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SENATE—*Wednesday, October 2, 1985*

(Legislative day of Monday, September 30, 1985)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the Honorable ALFONSE M. D'AMATO, a Senator from the State of New York.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Almighty God, sovereign of history, we pray for our leaders, Senators DOLE and BYRD. They have the whole picture and bear the burden of Senate business in its totality as well as responsibility for party solidarity. Thou knowest their concerns, their expectations, and their desire to get the business of the Senate done efficiently, productively and equitably. Grant to them a special dispensation of grace and patience when controversy stalls legislation, when colleagues seem something less than cooperative, and when tension builds between House or White House. May their relationship with each other be strong and enduring as they seek commonality of purpose while they honor their differences. Bless them and their loved ones and help us all to be supportive of them in their heavy duties. In the name of Him who was the servant of servants.Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. THURMOND].

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, October 2, 1985.

To the Senate:

Under the provisions of Rule I, Section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ALFONSE M. D'AMATO, a Senator from the State of New York, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. D'AMATO thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The acting majority leader is recognized.

SCHEDULE

Mr. GOLDWATER. Mr. President, under the standing orders, both leaders are recognized for 10 minutes, and the acting majority leader will yield his 10 minutes to the minority leader.

We have special orders in favor of Senators GOLDWATER, NUNN, BINGAMAN, and PROXMIRE. I believe everything else has been mentioned. There will be rollcall votes throughout today, and we may turn to any legislative or executive items which have been cleared for action, with possible items being House Joint Resolution 393, temporary extension of certain housing programs, and H.R. 3453, a 45-day extension of the Superfund bill.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Democratic leader is recognized.

Mr. BYRD. Mr. President, I thank the distinguished Senator from Arizona [Mr. GOLDWATER] the acting Republican leader, for his offer of the time. I do not have the feeling I will need any of it at this point.

Mr. President, I ask unanimous consent that I may reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BYRD. I yield the floor.

RECOGNITION OF SENATOR GOLDWATER

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Arizona [Mr. GOLDWATER] is recognized for a period not to exceed 15 minutes.

DOD ORGANIZATION—A HISTORICAL PERSPECTIVE

Mr. GOLDWATER. Mr. President, yesterday Senator NUNN and I began a series of speeches about the very serious problems in the organization of our national defense establishment. We addressed Congress' role in helping to create and perpetuate some of these problems. Today, we will discuss specific examples in our military history where the military services' inability, or unwillingness, to work together has led this Nation to military disaster or near disaster. This has happened not once, or twice, but repeatedly since our military services were first required to coordinate their efforts. And the sad fact is that these problems persist. Our statements today show that problems in the U.S. military establishment did not emerge just recently, they have plagued our defense efforts for much of this century.

The inability of the military services to work together effectively has not gone unnoticed. Attempts have been made in the past to correct this problem, but it is still with us. It is still extremely detrimental to our Nation's ability to adequately defend ourselves. As someone who has devoted his entire life to the military, I am saddened that the services are still unable to put national interest above parochial interest.

The problem is twofold; first, there is the lack of true unity of command, and second, there is inadequate cooperation among U.S. military services when called upon to perform joint operations. As I indicated, this is not a new problem; in fact, it dates back at least as far as the Spanish-American War. The admiral and general in

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

charge of the Navy and Army forces in the Cuban campaign were on such bad terms that the general refused to let the admiral's representative sign the surrender agreement. Why? Because the commanders couldn't agree on a plan for the one major joint operation of the war, the seizure of Santiago. Since a compromise proved impossible, the Army was obliged to capture the city with only minimal support from the Navy, and with much greater risk to American lives.

Although it created unnecessary problems and risks, the presence of two independent commanders did not affect the ultimate outcome of the Santiago campaign. Perhaps this is why no lessons were learned from the experience, for there were two independent commanders at Pearl Harbor, too.

PEARL HARBOR

At Pearl Harbor, the Army and Navy commanders were not feuding; they were just not talking to each other. The fact that there were two commanders and two separate chains of command running back to Washington was a major factor in the devastating success of Japan's surprise attack. No one below President Roosevelt had unified command authority. Consequently, no one had access to all the intelligence information on Japan's plans, and even if they had, they would not have had the authority to order both the Army and Navy to act. On the scene at Pearl Harbor, the divided command authority also contributed to the lack of preparation and warning. General Short and Admiral Kimmel commanded by mutual cooperation—but neither inquired into the plans or operations of the other. General Short assumed that the Navy was conducting long-range air reconnaissance, while Admiral Kimmel assumed that the Army's radar was fully operational. Both assumptions were wrong—tragically wrong. At Pearl Harbor, poor service cooperation was no substitute for unified command.

Recognizing that the lack of unity of command was a fundamental ingredient of the disaster at Pearl Harbor, the "Report of the Joint Committee on the Investigation of the Pearl Harbor Attack" listed as its first recommendation:

That immediate action be taken to ensure that unity of command is imposed at all military and naval outposts.

Despite this specific congressional direction in 1946, we are still struggling with unity of command problems.

LEYTE GULF

Incredibly, the painful lesson of Pearl Harbor was not fully heeded—during World War II. The war in the Pacific was divided into two separate theaters with two separate commanders: General MacArthur was in charge of the southwest Pacific region, which included Australia and the Philippines, while Admiral Nimitz was responsible for the rest of the Pacific Ocean. Each received orders from his own service chief acting for the Joint Chiefs of Staff. Nowhere below the Joint Chiefs was there an authority to make decisions for the entire Pacific theater. Simple common sense dictates that this arrangement would lead to a lack of unity of effort, inconsistencies, duplication, and lack of understanding. And it did.

This arrangement almost turned the crucial battle of Leyte Gulf, on which the liberation of the Philippines depended, into the greatest American Naval defeat since Pearl Harbor. The naval forces supporting the landing at Leyte were divided, one fleet under MacArthur's jurisdiction commanded by Admiral Kinkaid and the other commanded by Admiral Halsey who reported to Admiral Nimitz in Hawaii. Kinkaid expected Halsey to guard the San Bernardino Strait, one of the two entrances into Leyte Gulf. However, Halsey's orders stated that, should he find the Japanese force on the high seas, destroying that force was his top priority. When Halsey fell for the decoy battle group that the Japanese had deployed for just this purpose, he steamed away from Leyte Gulf. And he took with him the ships of Task Force 34, which Kinkaid assumed were still guarding the strait, until he learned the Japanese were already on their way through. Kinkaid was powerless to summon Halsey back. He sent frantic, desperate messages but Halsey ignored all pleas for help until he received the famous message from Nimitz in Hawaii, "Where is Task Force 34, the whole world wants to know?" Only then did Halsey turn back, but by the time he arrived the U.S. forces on the scene had already won the battle by the dint of heroic effort and timely Japanese blunders. But the outcome could have been disasterous due to the intolerable weaknessses of divided command.

NATIONAL SECURITY ACT OF 1947

After World War II, the lessons did not go unheeded. We did learn. Congress tried to correct the problem of fractured command authority and poor service cooperation by means of the National Security Act of 1947 which provided for unified commands in strategic areas. As declared in the law, Congress' intent was to provide for the "strategic direction of the Armed Forces and for their operation under unified control and for their integration into an efficient team of land, naval, and air forces." But the responsibility to serve as executive agents for the unified commands remained the province of individual services. And as a result true unity was never achieved. Moreover, service forces in unified commands were given substantial autonomy. We still have situations today where a unified commander cannot tell forces under his command where to store ammunition for war—even if it is in the wrong place. Without true unity, we remain vulnerable to military disasters. A weak unified command structure means our ability to defend ourselves and protect our interests in regions vital to our national security are still held hostage to the will of the individual services. Tomorrow, we will discuss the problems which have resulted from this situation.

THE 1958 AMENDMENTS

In 1958 President Eisenhower proposed changes to the 1947 act to strengthen the unity of the Armed Forces and their ability to conduct joint operations, In the message he sent to Congress, Eisenhower declared:

> Separate ground, sea, and air warfare is gone forever. If ever again we should be involved in war, we will fight it in all elements, with all services, as one single concentrated effort. Peacetime preparatory and organizational activitity must conform to this fact. Strategic and tactical planning must be completely unified, combat forces organized into unified commands, each equipped with the most efficient weapons systems that science can develop, singly led and prepared to fight as one, regardless of service.

But unfortunately, the influence of the individual services remained too strong. Although Congress approved Eisenhower's proposals, the concept of unified command that Ike articulated has not been adequately implemented by the Department of Defense at any time over the last 27 years. They should have listened to Ike.

President Eisenhower's proposals remain the last serious attempt in this century to correct these serious flaws in our unified command system; 1958 was a long time ago, but the problems Ike identified have not been corrected. And it is clear that the Department of Defense won't make the necessary changes. It is going to be up to the U.S. Congress. This is our challenge; this is our responsibility under the Constitution.

I have said on many occasions that if we can straighten out the Department of Defense, it may be the most significant contribution to this country that many of us will make in our lifetimes. I feel that strongly about it. Congress has a responsibility to properly oversee the Department of Defense, and it is now time for us to act.

Thus the problems that General, and later President, Eisenhower identified persist.

VIETNAM

In Vietnam, we never had unity of command. Unity of command is one of the fundamental principles of any military operation. Every West Point plebe knows that. It means that there's only one commander. It means there is only one chief and he's over all the Indians—no matter what tribe. In his "Maxims of War," Napoleon said: "Nothing is so important in war as an undivided command." Too many cooks mean spoiled broth, and too many commanders mean lost battles. General Westmoreland never had command over all the forces in the Vietnam theater. Single service interests continued to block and frustrate unity of command and joint operations. For example, Gen. David Jones, a former Chairman of the Joint Chiefs, has observed:

> Each service, instead of integrating efforts with the others, considered Vietnam its own war and sought to carve out a large mission for itself. For example, each fought its own air war, agreeing only to limited measures for a coordinated effort. "Body count" and "tons dropped" became the measures of merit. Lack of integration persisted right through the 1975 evacuation of Saigon—when responsibility was split between two separate commands, one on land and one at sea; each of these set a different "H-hour," which caused confusion and delays.

I don't need to dwell on the outcome of our more than 10-year military commitment in Vietnam.

SEIZURE OF THE "PUEBLO"

There are other smaller scale, military operations which also serve as useful examples of this problem: Seizure of the *Pueblo* in 1968, the disasterous Iranian hostage rescue mission of 1980, and even the successful 1983 invasion of Grenada.

The *Pueblo* was a virtually unarmed intelligence-gathering ship which was seized in international waters by the North Koreans on January 23, 1968. Since its mission had been evaluated by the military as being of "minimal risk," no forces were specifically dedicated to its support. Consequently, when the *Pueblo* was seized no single commander in the vicinity had adequate forces to come to her rescue. The *Pueblo* was under operational control of the commander, Naval Forces Japan, who had to request forces from other commands in the region. When the *Pueblo* was seized, the commander, Naval Forces Japan requested air support forces from the commander of the 5th Air Force in Japan, who had none available since he had not been asked to provide contingency forces prior to the crisis. The commander of Naval Forces Japan could have asked for help from the aircraft carrier *Enterprise* which was on maneuvers 500 miles from the *Pueblo*. But since the *Enterprise* was under the command of the commander of the 7th Fleet, the commander in Japan assumed the 7th Fleet would receive direct notification from Washington to go to the *Pueblo's* aid. So he didn't directly contact the 7th Fleet. As a result, it took almost 3 hours for the *Enterprise* to receive orders from Washington to change course. By that time, the *Pueblo* was firmly in the North Koreans' grasp.

So because there was no real unification in the Pacific below the Commander in Chief, Pacific Command—no command with an integrated understanding of the status of service forces in the vicinity or capable of effective, multiservice communications—the ship's crew spent 11 months in brutal captivity, and the United States suffered a major international embarrassment. As Senator GOLDWATER so aptly stated, the weakness in the unified command structure means we may not be able to protect our vital interests.

Mr. President, this is the second in a series of speeches that Senator NUNN and I will make on these matters, which have been fully brought to the attention of our committee by a task force which has spent more than 3 years studying the problems of our defense.

I must remind my colleagues that we have the constitutional responsibility not just to raise the Army and the Navy, but also to oversee their operations. That is something we have not done since 1958.

I am very happy now to yield to the distinguished Senator from Georgia [Mr. NUNN].

Mr. NUNN. I thank the Senator.

The ACTING PRESIDENT pro tempore. The Senator from Georgia is recognized.

Mr. NUNN. I thank the President.

Mr. President, first, let me say that I hope all of our colleagues who are not able to be here in the Chamber personally this morning will take a look at the RECORD, be briefed by their staff, or listen in from their offices as these speeches are made, because Senator GOLDWATER has given an extraordinarily important recitation of the history of our military forces going back to the Spanish-American War, going through Pearl Harbor, Leyte Gulf, Vietnam, and the *Pueblo*.

I think he has made a very, very strong and convincing case of why problems that have existed for many, many years through both Democratic and Republican administrations have to be addressed, and they have to be addressed by Congress, certainly hopefully with the cooperation of the executive branch.

He discussed the history of this problem going back to the Spanish-American War, and I think it is evident that this problem or these problems certainly transcend any one administration or any one political party.

We have had problems for a long time. Senator GOLDWATER was speaking about problems that are still with us today.

Many people do not remember and have not read the history of the Spanish-American War. Pearl Harbor, though very vivid as a symbolic event, is really not remembered by many people, in terms of the details of what transpired.

The Vietnam era is much fresher in our minds, although the problems of unity of command, in my opinion, were never thoroughly discussed and never thoroughly understood by the media, the general public, or Congress.

And the *Pueblo*, though in the headlines for a few months, was never examined, at least in the public dialog, from the point of view of what really went wrong.

We all remember the disaster of Desert One, when the daring and extremely dangerous plan to rescue the American hostages from the American Embassy in Iran failed probably before the forces reached a landing strip in the Iranian desert. As risky as it was, it might have worked. But it did not get that chance, and the reason can be traced to the planning stages of the mission, when all the military services insisted on being involved regardless of whether or not their participation was appropriate. Both the Holloway Commission and our committee's investigation strongly suggest that interservice rivalry and the incompatibility of equipment and training were at the root of the decision to use Marine pilots instead of the Air Force pilots who were experienced and trained for precisely the long-distance, low-altitude flying required by the hostage rescue mission. Furthermore, the postmission investigations revealed that the Joint Chiefs of Staff plans for this kind of contingency were disregarded in favor of ad hoc arrangements, indicating that the contingency plans were of no practical use when it actually came time to stage the mission. Finally, in the aftermath of the disaster, it became apparent that the joint training for such operations had been very poorly coordinated. There were numerous "lessons learned" from Desert One. Unfortunately, the services are still quibbling over special operations roles and missions. The most likely contingencies in these areas are still receiving inadequate attention in joint planning and in budget deliberations.

Lest we think, Mr. President, that these inadequacies are limited to highly specialized operations such as hostage rescues, let us look at another type operation, the invasion of Grenada. Grenada has been touted as a victory, and it was a victory. It was successful. I underscore that. But it is sobering to look at how much went wrong and at how many failures of coordination and communication there were. One cannot help but wonder what would have happened if the opposition on the island had been better armed, organized, or larger.

We have all enjoyed the story of the Army officer who used his AT&T calling card to phone his office in North

BEST COPY AVAILABLE

Carolina in an effort to coordinate Navy fire support for his position. He was forced to use Ma Bell because the Army units on the ground could not talk to the Navy ships who were supposed to be providing fire support.

Let me emphasize again. He was forced to use Ma Bell because the Army units on the ground could not talk to the Navy ships who were supposed to be providing fire support.

Their radios were incompatible. One officer from the 82d Airborne Division even went to the flagship, the *Guam*, and borrowed a Marine radio. But that still did not work because he did not know the Navy codes and procedures. Moreover, the Marine and Army units on the ground were not under a unified commander. They each reported directly to the commander of the joint task force who was offshore. This decreased their effectiveness and increased the danger to each force where they operated in proximity. In summary, the invasion was plagued by the forces' inability to communicate, a problem caused by the services' continued practice of buying radios which are not compatible.

We have a major problem with our allies in Europe. We have been trying for years to get compatible equipment so we can communicate with our allies, and I would venture to say in a conventional war in Europe if it ever occurs, and God forbid, that we would have a mammoth problem in communicating with our allies. But how in the world do we expect to solve that problem between different countries, different languages, if our Navy here in this country cannot even talk to our Army, and vice versa.

Another instance of failed communications could have ended in tragedy. As you may recall, one of our purposes in going into Grenada, in fact the major purpose, was to rescue American medical students. The planners of the invasion were aware of only one campus on Grenada where American students were located. But in fact there were two. Washington learned of this error very late in the planning and sent a message to the Army commander on the ground in Grenada. But he never received it. The 82d Airborne learned of the second campus only when the students there telephoned to report they were surrounded by Cuban soldiers and asked to be rescued. If the enemy forces had behaved differently, this failure in communication could have cost the lives of the 224 Americans at the second campus. We were saved again by Ma Bell.

I had the great privilege of going down and welcoming back the 82nd Airborne that came out of Fort Stewart, GA. I had the honor of talking to these young people. I talked at length with the commander of the forces who made the decision to go in and to bail out at a very low altitude because they wanted to avoid the possibility of being shot down as they floated in from high altitude. That is a very dangerous procedure, paratroopers bailing out at low altitude. They did it. They did it well. They were very brave and they were very successful.

But I will never forget the shock when I was told by that commander that he went to the first dormitory after they secured it, the only dormitory he had been told about—and this was the man in charge—he went to that dormitory and a few minutes later he received a telephone call from the second dormitory located several miles away on the beach which he had never been informed about. The caller said to him:

> We are surrounded by Cuban and Grenadian forces. They are not inside our dormitory but they are outside surrounding us with guns. We need your help.

It took until the following day for those people to be rescued, during which time had the Cubans or Grenadian forces decided to do so they could have executed them, executed every one of them before they were rescued. This was not the fault of the military on the ground. They did everything they could do, but it was a very direct fault of the proposition we are talking about, the inability to communicate and lack of unit coordination and unit of command.

In sum, reports and analyses conducted after the invasion reveal a woeful lack of interservice coordination in planning the operation. Planning sessions were held separately, and service counterparts were not invited to attend. Furthermore, the services demonstrated a remarkable lack of knowledge about how each other operates. Finally, it is most telling that the Joint Deployment Agency, which was established specifically to coordinate this kind of mission, was completely shut out of the planning and execution of the Grenada operation. A logical question: Why create an agency that you do not use in this situation?

A close look at the Grenada operation can only lead to the conclusion that, despite our victory and success, despite the performance of the individual troops who fought bravely, the U.S. Armed Forces have serious problems conducting joint operations. We were lucky in Grenada; we may not be so fortunate the next time.

I say we were lucky. We also had—and I emphasize this—some very dedicated and courageous individuals and leaders who conducted the operation. Again, I underscore their courage, their bravery, and the effectiveness with which they fought, but the organization itself, the overall chain of command, and the ability to communicate made their mission much more dangerous than it otherwise would have been.

Mr. President, today we have seen, from the lessons of history recited by Senator GOLDWATER and the more recent examples that I have talked about, how the inability of the services to effectively conduct joint operations has severely hampered, and, in some cases seriously crippled past military missions. We have seen the dangers posed by the lack of truly unified commands. As we will see in the coming days, the root causes of these problems are still firmly imbedded in the current organizational structure of the Department of Defense. In our speeches, we will discuss specific entities—the Joint Chiefs of Staff, the unified and specified commands, the Office of the Secretary of Defense and the military departments. We will explore aspects of their organization and their operation which manifest these problems. And we will see how much needs desperately to be changed.

As we said yesterday, these problems are not the fault of the current, or any previous administration. But the time is long past when we can tolerant these failings. President Eisenhower was right in 1958 when he said that modern wars will be fought as joint operations. If we want to be able to defend ourselves in any future war, we must act now to correct these very serious problems.

We must act promptly and I think we need to take a close look at the history. Our staff will be revealing within the next week or two their very thorough study in this whole area. I think it is the most thorough study that has ever been conducted in this area under the guidance and leadership of Jim Locher, who has accompanied Senator GOLDWATER on the floor this morning; Jeff Smith and Collen Getz of my staff, who have been assigned to this task; and Rick Finn, who has done a tremendous job himself in working with Jim; plus a lot of other capable staff who have worked on this. Their study is not endorsed and has not been endorsed in terms of recommendations by either Senator GOLDWATER or myself. We do endorse their effort, though, and we endorse the thoroughness with which they prepared their study.

The recommendations will be the subject, probably, of a great deal of discussion, as they should be. A great deal of difference of opinion is inevitable and a great deal of controversy as well. But these recommendations need to be paid careful heed to by the news media, by our colleagues in this body, by the House of Representatives, and, certainly, by the executive branch.

We have started a series of meetings with the Packard Commission. We hope to coordinate as best we can with them. I believe they are moving toward the same purpose. They have the same goals in mind in trying to deal with this problem.

I believe it is also important to point out that, while procurement will be discussed, and we are addressing that subject also, many of these problems exist separate and apart from our procurement problems. We are not talking here about how to prevent $500 hammers from being purchased and $600 monkey wrenches and $10,000 toilet seats, and that sort of thing. We are talking about the survival of our Nation. Waste, fraud, and inefficiency are very important problems. We are addressing that in the committee. We will talk some about planning and budgeting in this presentation, but no one should confuse the two. We are talking about here whether this country indeed can fight and fight effectively and, therefore, whether we can prevent war, whether we can deter war. And that is, after all, the major mission of our military forces. The ability to fight and the way this ability is perceived around the world is all-important in preserving the peace.

So, again, I emphasize that I am totally in accord with the chairman's efforts. I hope that we can continue to get the attention of our colleagues on this very important subject as we proceed to talk about the problems. We are not identifying the solutions in this series of speeches. That will come later. But we do think it is very important for our colleagues, for the news media of the country, and also for the American public to understand the scope of the problems, the depth of the problems, the significance of the problems, and the history of the problems that we will be proposing legislation on in the coming months.

Mr. President, I do not know whether the chairman has further remarks. I yield the floor.

Mr. GOLDWATER. Mr. President, I have no further remarks of any great extent. I just wish to thank my friend from Georgia, not just for his effort this morning, because his has been a continuing effort in the interest of our country.

I wish to remind my colleagues in this body and my friends around America, the American citizens, that nobody has ever attacked a stronger person. No country has ever gone to war with a country that had the dominant force. That is what the Armed Services Committee is attempting to accomplish.

Eisenhower always said, "Get more bang for the buck." Both Senator NUNN and I and our staffs and our whole committee are dedicated to the idea that strength keeps peace. And we intend to keep the peace.

Mr. President, I see no other Senator on the floor to speak, so I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BINGAMAN. Mr President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF SENATOR BINGAMAN

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from New Mexico [Mr. BINGAMAN] is recognized for not to exceed 15 minutes.

S. 1727—FEDERAL SCIENCE AND TECHNOLOGY REVITALIZATION ACT OF 1985

Mr. BINGAMAN. Mr. President, I send a bill to the desk and ask that it be referred to the appropriate committee.

Mr. President, today, along with Senators GOLDWATER, NUNN, QUAYLE, CHILES, WILSON, GORE, and ROCKEFELLER, I am introducing the Federal Science and Technology Revitalization Act of 1985, a bill to authorize a more flexible personnel management system for scientific and technical personnel in the Federal Government.

This legislation responds to an urgent problem facing the Federal agencies: their inability to compete with the private sector in the recruitment and retention of civilian scientists and engineers. I have worked closely with Mr. David Packard and his staff in formulating this legislation. Three years ago, the President's Science Adviser, Dr. George A. Keyworth, asked Mr. Packard to head a review of the health of the Federal scientific laboratories. The White House Science Council's Federal Laboratory Review Panel reported its findings in May 1983. Let me quote the panel's central findings:

> The panel is convinced that the Federal laboratories have great potential and are an essential part of the American institutions where R&D is performed and scientists and engineers receive training. At the same time, the panel has observed a number of serious deficiencies in the Federal laboratories. These deficiencies limit both the quality and the cost-effectiveness of research done by the Federal laboratories. The negative effects of these deficiencies have increased to serious levels during the past decade.

In the personnel area, the panel found "that almost all of the Federal laboratories * * * suffer serious disadvantages in their inabilities to attract, retain, and motivate scientific and technical personnel required to fulfill their missions." They went on to find that "the principal disadvantage is the inability of the Federal laboratories, particularly those under the civil service system, to provide scientists and engineers with competitive compensation at entry and top senior levels."

They recommended that "administrative and legislative actions should be initiated now to create, at Government-operated laboratories. A scientific/technical personnel system independent of current civil service personnel systems." They pointed to the experimental system for managing scientific and technical personnel at the Naval Weapons Center and the Naval Ocean Systems Center as an example of how this can be approached. I will speak more about this experiment, carried out under the authority of the Civil Service Reform Act of 1978, in a moment.

Mr. President, this was a seminal report that the Packard panel did. Numerous other reports had reached a similar conclusion regarding the Federal agencies' ability to attract, retain, and motivate scientists and engineers. But this report finally raised the issue to the White House level. The President was briefed on the report in July 1983, and in August 1983, the President directed the Office of Science and Technology Policy and the Office of Management and Budget to lead an interagency effort to respond to the central thrust of the report. As part of that interagency effort, the legislation which I am introducing today was developed.

Unfortunately, the interagency deliberations have dragged on and have been disrupted by the departure of key players from Government service. As I understand it, the key difference in the interagency community is whether the authority for alternate personnel management systems should be limited to scientists and engineers, or whether agencies should be given authority to expand to other occupational groups in future years. I have chosen the narrower scope for this legislation because I believe that Mr. Packard's panel. The Grace Commission, and numerous other studies have made a compelling case for the urgent problems we face with our Federal scientific and technical personnel. I am not opposed to broadening the authority in the future, for example to those with specialized management skills, once an equally compelling case is made. I place this legislation before the Senate, and Congressman FUQUA is introducing almost identical legislation today in the House of Representatives, because I hope that the 99th Congress can pass this bill before we conclude our work 1 year from now.

It is urgent that we do so, for the problem of inadequate compensation to attract and retain first-rate scientific and technical, personnel, especially at the entry and senior levels, has rapidly been growing worse. For example, the acceptance rate for NASA's offers to recent engineering graduates has dropped from 62 percent in 1981 to 46 percent in 1984. The number of Air Force civilian scientists and engineers who resigned from Federal service has doubled from 1981 to 1984. Resignations of the Air Force civilian scientists now account for 50 percent of attrition compared to 35 percent in 1981. In a recent survey of problems in recruiting at the Naval Research Laboratory, 93 of 102 unsuccessful recruiting actions were found to be due to low Federal salaries. In 1984, a GAO report indicated that Federal agencies employing engineers experienced a pay disparity of 47 percent below the private sector at entry level and 25 percent at the experienced GS-11 level.

A particularly disturbing report on the quality of our scientific and technical work force comes from the Defense Department whose data show declining aptitude test scores of scientist and engineer new-hires as compared to national norms. The National Bureau of Standards has found in recent recruiting actions that the top Federal salary offers to Ph.D, scientists, engineers, and applied mathematicians in high-technology fields are averaging about $10,000 per year less than industry and university salaries. The Agricultural Research Service is having difficulty recruiting Ph.D. agricultural engineers, molecular biologists, and other specialists in job categories where there is high demand in the private sector. Industry and universities are making higher offers and also are hiring away technical staff from Federal agricultural laboratories. Salary differentials as high as 40 percent have been reported.

Mr. President, in my view, this situation cannot be allowed to continue. The role that the Government-operated laboratories play in our national scientific enterprise is simply too important. For example, the 72 DOD in-house laboratories employ some 27,500 scientists and engineers and spend over $6 billion annually in research and development. We simply must try to get the very best people we can to manage those R&D resources. As the Packard panel observed in its report, "The key to a laboratory's success is a high-quality and properly motivated scientific staff."

The legislation which my colleagues and I are introducing today attempts to ensure that we can attract such staff in the Federal agencies. Let me summarize the key features of the bill.

The legislation would permit agencies to establish alternative systems for managing scientific and technical personnel based upon guidelines established by the Office of Personnel Management.

These guidelines make performance the primary determinant of pay in lieu of longevity. They provide for equal pay for substantially equal work. They simplify job classification and performance evaluation and create broad pay bands in lieu of the civil service General Schedule grade structure. They create a Senior Scientific and Technical Personnel Service analogous to the Senior Executive Service.

The legislation would allow up to 5 percent of scientific and technical personnel in the alternative systems to be paid salaries above the executive level V pay cap, but not to exceed the maximum base pay of the director of a Government-owned contractor-operated laboratory. The bill would remove bonuses from pay cap limits. It would establish a 3-year probationary period for new employees coming under the alternative systems. It would permit the establishment of a special retirement program for employees coming under the alternative system. Finally, it would specify that GAO will evaluate the implementation of the legislation within 5 years of its enactment.

The bill is intended to allow each Federal agency a great deal of flexibility to design an alternative personnel management system or systems which best serve its needs. Instead of prescribing a single acceptable alternative system, the bill defines a general framework which each such system must possess. The legislation provides the opportunity to straightforwardly connect the job classification process for Federal scientific and technical personnel to the marketplace. This connection is cumbersome, if it exists at all, in the current system. The legislation also recognizes that the viability of the Federal laboratory system depends on the employment of a small number of highly talented, highly marketable, prestigious scientific and technical personnel. These individuals, although their numbers are small, are of extreme importance to creative enterprises.

This legislation would essentially allow the Federal agencies to manage their scientific and technical personnel more like the way the Department of Energy allows its contractors to operate its government-owned contractor-operated [GOCO] laboratories. The GOCO Laboratories, such as Los Alamos, Sandia, Lawrence Berkeley, Lawrence Livermore, and Argonne, all have much more flexible personnel management systems than the Federal civil service system. The principles on which these management systems operate are the same as those included in the proposed bill. And these more flexible management systems work. The result is evident in the achievements and the excellence of these GOCO laboratories.

Let me cite one example. The five Department of Energy laboratories I named earlier—Los Alamos, Sandia, Lawrence Berkeley, Lawrence Livermore, and Argonne—spend about 2.5 percent of our national R&D resources. Yet, in survey conducted by Science Digest about 1 year ago of the 100 top young scientists in America under age 40, 21 of those 100 scientists were employed at those five laboratories. Over 20 percent. In contrast, only two scientists were employed at government-owned government-operated [GOGO] laboratories, one at the Uniformed Services University of the Health Sciences and the other at the Centers for Disease Control. And I note that doctors at these laboratories are among the few Federal scientific personnel drawing special pay today. We should be proud of the contractor-operated [GOCO] laboratories' ability to attract, retain, and motivate their scientists and engineers. I believe we must try through this legislation to allow our Federal agencies, and especially their in-house laboratories, to achieve similar quality and excellence.

Let me note that the Federal agencies are not without some experience with more flexible personnel systems. Unfortunately that experience is limited to two Navy laboratories, the Naval Ocean Systems Center [NOSC], San Diego, and the Naval Weapons Center [NWC], China Lake, CA, and a much smaller project at the Federal Aviation Administration. These were the only demonstration projects carried out under the authority of the Civil Services Reform Act of 1978. Last year, in testimony before the Civil Service Subcommittee of the Governmental Affairs Committee, the architect of the Navy's demonstration projects, Mr. Robert M. Hillyer, reported that these projects had produced outstanding results in the view of both management and employees. Morale was high at the two laboratories, with 82 percent of the employees preferring the alternative system. The labs had experienced an improvement in the quality of their entry-level recruits. Retention had improved at more senior levels.

Just as we have seen a revitalization of these laboratories, I believe that the legislation which we are introducing today could revitalize our entire Federal science and technology enterprise.

The legislation could potentially affect up to some 169,000 scientists and engineers employed by the Federal agencies. The definition of "scientific and technical personnel" included in the bill is restricted to the hard sciences and engineering, corresponding essentially with series 400, 800, 1300, and 1500 found in OPM's Position Classification Standards of May 1983. We excluded personnel in the medical sciences because they are covered by separate special pay provisions, and apparently wanted to continue to work within that system. We excluded the social sciences because evidence was not available that the Federal agencies faced similar recruitment and retention problems in those fields.

We did consider other options for both broader and narrower application of the authority granted in this bill. As I mentioned earlier, there are some in the executive branch who would like the authority to extend the alternative systems to other occupational groups, subject to OPM approval. We have instead kept the proposed legislation focused on the problem area with which we are familiar, the recruitment and retention of quality scientists and engineers. the congressional committees of jurisdiction will be in a better position to judge whether other occupational groups should be included now or in the future. Consideration was also given to restricting the legislation to scientists and engineers in the Federal laboratories. This would have significantly reduced the number of personnel covered by alternative personnel systems but would have created significant mobility problems within Federal agencies. A topnotch scientist in a covered laboratory would have been reluctant to take on management assignments outside the laboratory system.

It would be up to the agencies to decide how broadly to use the authority granted to them in this proposed legislation. At a minimum, my hope would be that the bulk of the Federal laboratories would be brought under the legislation as soon as possible. In the case of the Department of Defense, other key scientific and technical personnel, for instance, in the acquisition and logistics commands should, in my opinion, also be brought under this system. For one of the key problems in the defense procurement area, which has been highlighted in hearings before the Senate Armed Services Committee's Acquisition Subcommittee, is retention and recruitment of qualified technical personnel by these commands.

I should make very clear at this point, however, that the goal of this legislation is to provide flexibility in personnel management, not to simply give an across-the-board pay raise to Federal civilian scientists and engineers. The cost of giving 169,000 people even a modest pay raise would quickly run afoul of the budget resolution's constraints. The problem which Mr. Packard and others have identified is more a question of the quality than of the quantity of scientific and technical personnel in the Federal agencies and the in-house laboratories. I intend that this legislation be implemented at no additional cost to the Government. To the extent that pay is increased to attract and retain top quality scientists and engineers, the number of scientists and engineers employed will have to be decreased through attrition or pay of less productive scientists and engineers will have to be frozen. I do not see this as a hardship for the Federal agencies because science and engineering are inherently elitist professions. The productivity of the very best scientists and engineers is many times that of their less talented colleagues. The productivity of a whole laboratory can be increased by the presence of a single gifted individual.

Perhaps finally I should add a disclaimer about the legislation I am proposing. This legislation aims at implementing just one recommendation of the Packard report and other similar reports. It is, in my view, the most urgent recommendation and, if passed and implemented, this legislation will improve the quality of our Federal laboratories and the overall ability of the Government to perform its scientific and technical work. But there are other reasons that scientists and engineers choose not to work for the Federal Government. Modern research facilities, equipment, and instrumentation are also required to attract, retain, and motivate the best scientists and engineers. Unfortunately, these facilities in our in-house laboratories often do not compete well with the facilities available in the private sector, in our best universities, and in the Government-owned contractor-operated laboratories. Another area of serious concern is the contracting for technology support at the laboratories. The laboratories are embedded in the overall Federal procurement system with all of its long delays and bureaucratic obstacles. Frustration can build when a Federal scientist sees how much more flexible the procurement system is for his colleagues at a university or in industry. If we are to make the very best use of the Federal in-house laboratories, we are going to have to address the facilities and contracting issues also at some point. But we have to start somewhere and I believe the Packard panel has correctly pointed toward the personnel issue as the most critical issue requiring our attention here in the Congress. Providing the finest facilities without first establishing a personnel system capable of attracting, retaining, and motivating a quality scientific work force would make little sense.

I call upon my colleagues to look very carefully at this legislation and to give it their support.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1727

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Science and Technology Revitalization Act of 1985".

SEC. 2. (a)(1) Title 5, United States Code, is amended by inserting after chapter 55 the following new chapter:

"CHAPTER 56—ALTERNATIVE SCIENTIFIC AND TECHNICAL PERSONNEL MANAGEMENT SYSTEMS

"Sec.
"5601. Purposes.
"5602. Definitions.
"5603. Requirements for alternative scientific and technical personnel management systems.
"5604. Authority to establish alternative scientific and technical personnel management systems.
"5605. Special provisions relating to employment authority.
"5606. Special provisions relating to compensation.
"5607. Special retirement provisions.
"5608. Regulations, systems approval, and oversight.
"5609. Transition provisions.

"§ 5601. Purposes

"The purpose of this chapter are—

"(1) to enable the Federal Government to attract, retain, motivate, and improve the quality of Federal scientific and technical employees;

"(2) to improve the quality of laboratories operated by the Federal Government in order that the laboratories may fulfill efficiently and effectively their agency-assigned missions and become and remain centers of scientific excellence; and

"(3) to improve the overall ability of the Federal Government to perform scientific and technical work.

"§ 5602. Definitions

"For the purposes of this chapter—

"(1) 'agency' has the same meaning as provided in section 5721(1) of this title, except that the term does not include the government of the District of Columbia;

"(2) 'alternative personnel management system' means an alternative personnel management system established under section 5604 of this title;

"(3) 'career category' means a grouping of occupations or professions which are sufficiently similar that similar treatment of such positions in personnel and pay administration is appropriate;

"(4) 'compensation' means all pay, awards, differentials, and benefits, except for compensation payable for work injuries as authorized in chapter 81 of this title and benefits payable under subchapter III of chapter 83 of this title;

"(5) 'employee' has the same meaning as provided in section 2105 of this title, but does not include a prevailing rate employee (as defined in section 5342(a)(2) of this title);

"(6) 'Office' means the Office of Personnel Management;

"(7) 'performance' means how well an employee accomplishes assigned duties and responsibilities as measured by such factors as quality, quantity, timeliness, and manner of performance;

"(8) 'salary structure' means a range of basic pay consisting of minimum and maximum rates;

"(9) 'scientific and technical employee' means an employee of an agency, including a manager and a supervisor—

"(A) who—

"(i) is required to have an advanced level of knowledge in one of the mathematical, computer, physical, or natural sciences or in chemical, electrical, mechanical, or other engineering and is customarily expected to have acquired such advanced level of knowledge in a prolonged program of specialized intellectual instruction and study in an institution of higher education (rather than in a program of general academic education, a program of apprenticeship, or a program of training in the performance of routine mental, manual, mechanical, or physical activities); and

"(ii) is engaged in the performance of work which consistently requires the exercise of discretion and judgment and is of such character that the output or other result of such work cannot be standardized in relation to any period of time; or

"(B) who has completed a prolonged program of specialized intellectual instruction and study described in subparagraph (A)(i) of this paragraph and is performing related work under appropriate direction or guidance to qualify the employee as a scientific and technical employee described in subparagraph (A) of this paragraph;

"(10) 'senior scientific and technical employee' means a scientific and technical employee who is covered by an alternative personnel management system and is serving in a position equivalent to a position in the Senior Executive Service, but does not include an employee whose position is required to be filled by an appointment by the President by and with the advice and consent of the Senate; and

"(11) 'special award' means a nonmonetary award or a lump-sum payment based on tangible savings or intangible benefits to the Federal Government and given to reward special acts or services outside normal job responsibilities, including suggestions and inventions, a scientific achievement, or an act of heroism.

"§ 5603. Requirements for alternative scientific and technical personnel management systems

"(a) The Office shall prescribe, in regulations, requirements for agency alternative personnel management systems for scientific and technical employees in accordance with the purposes set out in section 5601 of this title.

"(b) In prescribing regulations under subsection (a) of this section, the Office shall take into account the principles that—

"(1) equal rates of pay should be paid for substantially equal work; and

"(2) pay distinctions should be based on (A) substantial differences in skills, effort, responsibilities, and working conditions, and (B) performance appraisals.

"(c) The regulations prescribed by the Office for agency alternative personnel management systems under subsection (a) of this section shall—

"(1) require the establishment of job evaluation plans which reflect internal job alignment that is based upon the level of skill, effort, responsibility, and working conditions required to perform the work;

"(2) include procedures for the Office—

"(A) to establish, for position of scientific and technical employees, salary structures which (i) are competitive with salary structures applicable to similar positions outside the Federal Government, and (ii) reflect job evaluations made under an internal job evaluation system which recognizes labor market factors as the primary basis for setting pay; and

"(B) to adjust such salary structures annually to enable agencies to implement sections 5604(b)(3) and 5606(a) of this title;

"(3) include methods for determining appropriate compensation for an employee, including basic pay, which are consistent with the purposes of this chapter and provide for consideration of such factors as the employee's level of experience and achievement, labor market factors, and job responsibilities; and

"(4) establish a Senior Scientific and Technical Personnel Service and authorize agencies to include in such service senior scientific and technical employees.

"(d)(1) The Office shall include in the regulations prescribed under subsection (a) of this section provisions for the following matters under alternative personnel management systems:

"(A) Utilization of compensation surveys.

"(B) Interrupted service.

"(C) Overtime pay.

"(D) Compensatory time.

"(E) Sunday pay.

"(F) Holiday pay.

"(G) Standby or on-call pay.

"(H) Night differential pay.

"(I) Hazardous pay.

"(J) Environmental pay.

"(K) The conversion of a position from and to the General Schedule, the performance management and recognition system under chapter 54 of this title, the Senior Executive Service, or another system as appropriate upon the establishment or disestablishment of an alternative personnel management system.

"(L) The transfer of an individual to, from, or between alternative personnel management systems.

"(2) The Office may include in the regulations issued under subsection (a) of this section provisions to limit the cost and amount of pay, differentials, and benefits and provisions for retirement plans authorized by section 5607 of this title.

"(e) The regulations relating to the Senior Scientific and Technical Personnel Service prescribe under subsection (c)(5) of this section shall authorize—

"(1) accumulation of annual leave in the same manner as is authorized for members of the Senior Executive Service under section 6304 of this title;

"(2) sabbaticals in the same manner as is authorized for career appointees of the Senior Executive Service under section 3396(c) of this title;

"(3) presidential rank awards in the same manner as is authorized for career appointees in the Senior Executive Service under section 4507 of this title;

"(4) the payment of the travel expenses of a Senior Scientific and Technical Personnel Service appointee to the appointee's first post of duty in the same manner as is authorized for the members of the Senior Executive Service under section 5723 of this title;

"(5) the payment of travel expenses of Senior Scientific and Technical Personnel Service candidates for preemployment interviews requested by an agency in the same manner as is authorized for candidates for Senior Executive Service positions under section 5752 of this title; and

"(6) the retention of Senior Scientific and Technical Personnel Service pay and benefits by an employee in such Service who receives a Presidential appointment in the same manner as is authorized for career appointees in the Senior Executive Service under section 3392(c) of this title.

"§ 5604. Authority to establish alternative scientific and technical personnel management systems

"(a) Under regulations prescribed by the Office pursuant to section 5603 of this title, the head of each agency may establish alternative personnel systems for scientific and technical employees of the agency.

"(b) An alternative personnel management system established by an agency under subsection (a) of this section—

"(1) may identify separate career categories for employees in positions which are subject to the system;

"(2) shall include a performance appraisal system which (A) provides for peer comparison and ranking when considered appropriate by the head of the agency, and (B) is otherwise in accordance with section 4302 of this title;

"(3) shall provide for the rate of basic pay of an employee to be set and adjusted within salary structures based on such factors as the experience and achievement of the employee, labor market factors, position in a pay range, job responsibilities, rates of pay for similar jobs outside the Federal Government, and (consistent with section 5334 of this title) changes in positions or types of appointments;

"(4) shall provide supervisory and managerial pay differentials (which shall be considered a part of basic pay only for the purposes of chapters 81 and 87 of this title and subchapter III of chapter 83 of this title);

"(5) may authorize special awards under this chaper (which shall not be considered a part of basic pay for any purpose);

"(6) shall authorize performance recognition in the form of—

"(A) a lump-sum payment (which shall not be considered a part of basic pay for any purpose);

"(B) an increase of an employee's rate of basic pay within a pay range or to a higher pay range; or

"(C) nonmonetary recognition;

"(7) shall provide special procedures for recruitment for an appointment to positions of employment;

"(8) shall provide an employee development program which may include provisions for sabbaticals; and

"(9) shall provide for job evaluations.

"(c)(1) Under an alternative personnel management system of an agency, the head of the agency may designate certain scientific and technical positions in the agency (including managerial and supervisory positions) as positions which require specially qualified scientific and technical employees. The head of an agency shall exercise the authority prescribed in this paragraph primarily in the case of positions in Federal Government laboratories which are under the jurisdiction of the agency.

"(2) The number of positions in an agency which are designated for the purpose of paragraph (1) of this subsection may not exceed the number equal to 5 percent of the total number of positions covered by alternative personnel management systems of the agency.

"§ 5605. Special provisions relating to employment authority

"(a) Except as otherwise provided in this section, the provisions relating to employment authority included in an alternative personnel management system shall be consistent with civil service laws relating to employment authority.

"(b) The head of an agency may employ scientific and technical employees in positions which are under an alternative personnel management system without regard to section 3101 of this title.

"(c)(1) Notwithstanding any other provision of law, except as provided in paragraph (2) of this subsection, an individual's examination under an alternative personnel management system shall be complete and selection for appointment to a position covered by the system shall become final only after the individual has satisfactorily completed a probationary period of service of 3 years in accordance with regulations prescribed by the Office.

"(2) An employee who has satisfactorily completed a probationary or trial period of service and a total of 3 years of service in the competitive service, excepted service, or Senior Executive Service is not required by paragraph (1) of this subsection to complete an additional probationary period of service under an alternative personnel management system.

"(d) The head of an agency may make an appointment to a position designated under section 5604(c) of this title as requiring a specially qualified scientific and technical employee without regard to provisions of law requiring competitive examinations.

"§ 5606. Special provisions relating to compensation

"(a) The head of an agency may, pursuant to the provisions of an alternative personnel management system of the agency (1) classify the positions of scientific and technical employees covered by the system, and (2) set and annually adjust the compensation of such employees to be competitive with compensation practices for personnel employed in positions outside the Federal Government which are similar to the positions of such employees.

"(b) Except as provided in subsection (c) of this section, the rate of basic pay of an individual employed under an alternative personnel management system may not exceed the rate of basic pay for level IV of the Executive Schedule under section 5315 of this title.

"(c)(1) The head of an agency designating a position under section 5604(c) of this title as a position which requires a specially qualified scientific and technical employee may set the maximum rate of basic pay for such position at a level which is competitive with rates of pay of scientific and technical personnel for work performed in similar positions outside the Federal Government, including the rates of pay of scientific and technical personnel at national laboratories owned by the Federal Government and operated by a contractor.

"(2) A maximum rate of pay set under paragraph (1) of this subsection shall not be less than the rate of basic pay for level IV of the Executive Schedule under section 5315 of this title and, if higher, not more than the maximum rate of basic pay of the head of any laboratory referred to in such paragraph.

"(d) Notwithstanding sections 1341, 1342, 1349 through 1351 of title 31 and the provisions of subchapter II of chapter 15 of such title, whenever the rate of basic pay for level IV of the Executive Schedule is increased pursuant to section 5318 of this title, the rates of basic pay of scientific and technical employees serving in positions covered by an alternative personnel management system in an agency may be adjusted by the head of the agency if appropriate to maintain rates of basic pay of such employees at levels which are competitive with rates of basic pay of scientific and technical personnel in similar positions outside the Federal Government.

"(e) For the purpose of section 5941 of this title, rates of basic pay fixed under this chapter shall be considered to be fixed by statute.

"(f) The rate of basic pay set for a scientific and technical employee under an alternative personnel management system may not be increased solely by reason of an increase, authorized under this chapter, in the minimum rate of basic pay set for the pay range of the employee's position. If such minimum rate of basic pay, after the increase, exceeds the rate of basic pay of such employee, the employee's position may be placed in the next lower pay range.

"(g) A lump-sum performance or a special award may be paid under this chapter to an employee without regard to any other provision of law limiting either the amount or the rate of basic pay that an employee may receive in a single year.

"§ 5607. Special retirement provisions

"(a) The head of an agency may, under an alternative personnel management system, establish a special retirement program for scientific and technical employees covered by the agency. Enrollment of any such employee shall be voluntary.

"(b)(1) Under a retirement program established under subsection (a) of the section, an agency employing a scientific and technical employee enrolled in the program may deduct and withhold from the basic pay of the employee such amount not exceeding 10 percent of the employee's rate of basic pay as the employee elects. Amounts deducted and withheld under the program shall be deposited in interest-earning accounts. The agencies may contribute for the benefit of the employee, for deposit in like manner, an amount not exceeding one-half of the amount of the employee's contribution.

"(2) For purposes of the Internal Revenue Code of 1954—

"(A) the amount of an employee's pay which is deducted and withheld as provided in paragraph (1) of this subsection and the amount of the employing agency's contributions for the benefit of the employee under such paragraph shall not be included in the gross income of the employee; and

"(B) the accounts in which such amounts are deposited under such paragraph shall be treated, for purposes of determining when such amounts and the interest earned on such amounts are included in the income of the employee, as described in section 401(a) of such Code.

"§ 5608. Regulations, system approval, and oversight

"(a) The Office may prescribe such additional regulations as the Office considers appropriate to carry out this chapter.

"(b) The Office shall review each alternative personnel management system proposed to be established by an agency under section 5604 of this title to determine whether the system meets the requirements of law and the regulations issued under this chapter.

"(c) The Office shall monitor the Department of alternative personnel management systems and evaluate such systems to ensure compliance with the provisions of this chapter, other applicable provisions of law, and the regulations prescribed by the Office under this chapter.

"(d) The Office may require an agency, with appropriate notice, to make changes in any alternative personnel management system of the agency and, if the agency does not comply with such requirement and the system is not administered in accordance with the purposes set out in section 5601 of this title, as determined by the Office, may terminate or modify all or part of the system.

"§ 5609. Transition provisions

"(a) Each employee serving in a position at the time the position is designated to become subject to an alternative personnel management system shall be given written notice of the designation in accordance with procedures prescribed by the agency establishing the system. The rate of basic pay of such employee may not be reduced by reason of the establishment of the system.

"(b)(1) Each employee referred to in subsection (a) of this section shall be paid—

"(A) in the case of an employee serving in a position under the General Schedule on the date the position becomes subject to an alternative personnel management system, a lump-sum pro rata share of the equivalent of any within-grade increase which would have been due the employee under section 5335 of this title, computed as provided in paragraph (2) of this subsection, and

"(B) in the case of an employee serving in a position subject to chapter 54 of this title on such date, a lump-sum pro rata share of the equivalent of an employee's merit increase which would have been due under such chapter, computed as provided in paragraph (2) of this subsection,

taking into account the performance requirements applicable to such increase.

"(2) for the purposes of paragraph (1) of this subsection, the pro rata share of the equivalent of an increase referred to in such paragraph shall be computed through the day before the date referred to in such paragraph.

"(3) The amount of a lump-sum payment made under paragraph (1) of this subsection shall not be considered part of basic pay for any purpose.

"(c) Any increases authorized under section 5305(a) of this title which occur before conversion of a position to a position covered by an alternative personnel management system shall be given to the employee serving in such position.

"(d)(1) Pursuant to regulations prescribed by the Office, each agency which establishes an alternative personnel management system shall prescribe procedures to convert employees to the system.

"(2) Pursuant to regulations prescribed by the Office, each agency which establishes an alternative personnel management system shall prescribe procedures to convert employees to the General Schedule, the performance management and recognition system under chapter 54 of this title, the Senior Executive Service, or another appropriate system in the event the alternative personnel management system is terminated.".

(2) The table of chapters at the beginning of part III of such title is amended by inserting after the item relating to chapter 55 the following new item:

"56. Alternative Scientific and Technical Personnel Management Systems .... 5601.".

(b) The Office of Personnel Management shall issue regulations under chapter 56 of title 5, United States Code (as added by subsection (a)(1) of this section), not later than 6 months after the date of enactment of this Act.

CONFORMING AMENDMENTS

SEC. 3. (a) Section 2102(a)(1) of title 5, United States Code, is amended—

(1) by striking out "and" at the end of subparagraph (B);

(2) by inserting "and" at the end of subparagraph (C); and

(3) by inserting after subparagraph (C) the following new subparagraph:

"(D) positions designated under section 5604(c) of this title as requiring the services of specially qualified scientific and technical employees.".

(b) Section 2108(3) of such title is amended by striking out "or the General Accounting Office" and inserting in lieu thereof "the General Accounting Office, or the Senior Scientific and Technical Personnel Service referred to in section 5603(c)(5) of this title".

(c) Section 3104(a)(2) of such title is amended to read as follows:

"(2) The provisions of paragraph (1) of this subsection shall not apply to any Senior Executive Service position (as defined in section 3132(a) of this title) or to any position designated under section 5604(c) of this title as requiring a specially qualified scientific and technical employee.".

(d) Subsection (a) of section 3132 of such title is amended—

(1) by striking out "or" at the end of paragraph (2)(ii);

(2) by inserting "or" at the end of paragraph (2)(iii); and

(3) by adding at the end thereof the following:

"(iv) any position included in an alternative personnel management system established under section 5604 of this title:".

(e) Subsection (f) of section 4303 of such title is amended—

(1) by striking out "or" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof: ", or"; and

(3) by adding at the end thereof the following new paragraph:

"(4) the reduction in pay, the reduction from one pay range to another, or the removal of an employee who, pursuant to section 5605(c) of this title, is serving a probationary or trial period under an initial appointment to a position covered by an alternative personnel management system established under section 5604 of this title.".

(f) Section 4501(2) of such title is amended—

(1) by striking out "and" at the end of subparagraph (A);

(2) by inserting after subparagraph (B) the following:

"(C) an individual employed in a scientific and technical position covered by an alternative personnel management system established under section 5604 of this title; and".

(g) Subsection (c) of section 5102 of such title is amended—

(1) by striking out "or" at the end of paragraph (26);

(2) by striking out the period at the end of paragraph (27) and inserting in lieu thereof "; or";

(3) by adding at the end thereof the following new paragraph:

"(28) Employees covered by alternative personnel management systems established under section 5604 of this title.".

(h) Section 5363 of such title is amended by adding at the end thereof the following new subsection:

"(b) The pay retention rights applicable to an employee covered by an alternative personnel management system established under section 5604 of this title shall be the pay retention rights prescribed by the Office of Personnel Management in regulations issued under chapter 56 of this title.".

(i) Section 5373 of such title is amended—

(1) by striking out "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof the following new paragraph:

"(5) chapter 56 of this title.".

(j) Section 7501(1) of such title is amended to read as follows:

"(1) 'employee' means an individual in the competitive service who is not serving a probationary or trial period under an initial appointment or who, in the case of an individual other than one serving in a position in an alternative personnel management system established under section 5604 of this title, has completed 1 year of current continuous employment in the same or similar position or positions under other than a temporary appointment limited to 1 year or less; and".

(k)(1) Subsection (a)(1)(B) of section 7511 of such title is amended by striking out the semicolon at the end thereof and inserting in lieu thereof: "or who has completed a probationary period of service as provided in section 5605(c) of this title in a position that is covered by an alternative personnel management system established under section 5604 of this title;".

(2) Subsection (b) of such section is amended—

(A) by striking out the period at the end of paragraph (2) and inserting in lieu thereof: "; or"; and

(B) by adding at the end thereof the following new paragraph:

"(3) who is serving a probationary period pursuant to section 5605(c)(1) of this title in a position that is covered by an alternative personnel management system established under section 5604 of this title.".

GENERAL ACCOUNTING OFFICE REVIEW AND EVALUATION

SEC. 4. (a) The Comptroller General of the United States shall review and evaluate alternative scientific and technical personnel management systems established under section 5604 of title 5, United States Code (as added by section 2 of this Act).

(b)(1) Not later than 5 years after the date of enactment of this Act, the Comptroller General shall transmit to the Congress and to the Office of Personnel Management a report on the review and evaluation carried out under subsection (a).

(2) The report required by paragraph (1) shall include an evaluation of the implementation and operation of the alternative personnel management systems referred to in subsection (a), a comparison of the cost of the systems with the cost of the classification and pay systems which would otherwise be applicable to employees of the Federal Government covered by such systems as provided by law, an assessment of the acceptability of the systems to employees and managers of the Federal Government, and such recommendations for changes or improvements in the systems as the Comptroller General considers appropriate.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER (Mr. HUMPHREY). Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is recognized for not to exceed 15 minutes.

LET'S USE THE SCC TO MAKE ARMS CONTROL WORK

Mr. PROXMIRE. Mr. President, in June of this year, a group of obscure Americans and Russians successfully negotiated two important arms control agreements. Those arms control successes passed almost unnoticed. One settled concerns our Government has had since 1973 that the Soviets are testing their radars for use as a defensive shield against ballistic missiles. The other would help prevent terrorist attacks from setting off a superpower nuclear war. What agency achieved these agreements? It is known as the Standing Consultative Commission or SCC. It consists of some 20 persons—half American and half Russian. It was established in 1972 in the SALT I Treaty. The superpowers established the agency to help resolve compliance charges by either side on arms control matters. When it has been called on to act, it has successfully resolved differences between the two superpowers. It has allayed our suspicions of Soviet violations or persuaded the Soviets to desist from violations in some cases.

Why haven't we heard more about this agency? Answer: Because it operates in secrecy. It rarely reports its accomplishments. When it does, the accomplishments are reported in very brief press releases with no elaboration and no background or documentation provided. Also, Assistant Secretary of Defense Richard Perle, who has been a dominant and critical voice on arms control in the administration, has belittled the SCC. Perle says the overall record of the SCC does not amount to much. He contends we might as well forget it. If you share Perle's consistently negative view of arms control, you may share his contempt for the SCC.

On the other hand, if you believe that arms control represents our best passage to survival in this nuclear world, then you may feel we should give the SCC far more of a chance to do its job. In fact, this country should insist that the SCC consider in detail every responsible charge against the Soviet Union of Arms Control Treaty violation. We should welcome its consideration of every charge against the United States of treaty violation. We should also insist on far more comprehensive reports from the SCC on their findings and on the resolution of charges of treaty violations by either side.

In a recent article in Science magazine, Jeffrey Smith points out how deliberately obscure has been our handling of the successes of the SCC. For instance, the only notice of the success of the SCC in persuading the Soviets to desist from testing of their radar defenses against antiballistic missiles was in a press release from Geneva, Switzerland. Here was the statement. It was a great achievement in winning compliance with the treaty, but they certainly played it down in the announcement. All they said was: "During this [SCC] session, the parties signed a common understanding intended to further enhance the viability of the ABM Treaty." That was it. There was no more.

As Jeffrey Smith writes:

> No mention was made of the fact that a loophole in the treaty, which permitted the Soviets to operate certain air defense radars during missile tests from a site at Sary Shagan, has now been closed. (In the future, the radars may not be operated during missile tests unless potentially hostile aircraft are clearly in the vicinity, and their operation then must be fully explained, according to the agreement). The radar operation had figured prominently in the administration's most recent report on Soviet treaty compliance, where it was cited as evidence "that the U.S.S.R. may be preparing an ABM defense of its national territory."

Mr. President, this Senator does not argue that the SCC represents the complete answer to the threat of future violations of arms control agreements with the Soviet Union. But I firmly believe that the SCC does constitute a useful enforcement tool that we have neglected. No question about it. The SCC is a technical group. It is competent to make technical findings. But it cannot resolve issues when both of the superpowers do not want them resolved. Nevertheless, in the long run both the United States and the Soviet Union have everything to gain by successful arms control and everything to lose by its failure. What does that mean? That means we have everything to gain from pushing the SCC process to the utmost. We can measure the true commitment of an administration to arms control by the extent to which it uses the SCC. And this Congress can play a vital part, too. As we know, a number of our colleagues have persistently pressed the administration to reveal Soviet violations of arms control agreements. No American who believes in the security of our country can object to that. But at the same time, should we in the Congress not also insist that we receive a full account of the arms control issues the SCC has resolved? We need to know the successes of arms control as well as its failures. This Senator fully appreciates that much of the discussion of these matters in the SCC must continue to be secret. The SCC is not and cannot be a public debating society airing wild charges and propaganda if it is to be successful.

Finally, Mr. President, let's be clear about it. The difference of opinion this Senator has expressed in this statement with Mr. Perle and the administration is more fundamentally a difference of opinion with the Soviets. They live by secrecy. They regularly attack the disclosure of SCC activities of any kind. The SCC disclosures have and will continue to expose Soviet cheating as well as Soviet proof that the cheating charges may, in some cases, have been mistaken. Adequate SCC reports will also disclose the Soviets changing their policies to stop cheating and comply with the particular arms control treaty under discussion. That, of course, is embarrassing to the Soviets. But it represents an accomplishment of arms control.

Mr. President, I ask unanimous consent that a copy of the article to which I referred from Science magazine by Jeffrey Smith be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ARMS AGREEMENT BREATHES NEW LIFE INTO SCC

Two months ago, the United States and the Soviet Union signed two little-known but important arms control agreements. One resolved U.S. concerns, dating back to 1973, that the Soviets are secretly practicing to use their air defense radars in a comprehensive shield against ballistic missiles. The other was drafted in hopes of preventing World War III from being ignited by a nuclear explosion caused by terrorists.

The reason that neither of these agreements has been widely publicized is that they were negotiated and signed by a group that deliberately seeks obscurity—a group of nine or so Russians and ten Americans that compose the Standing Consultative Commission (SCC). The group, established under the provisions of the SALT I treaty in 1972, serves as the sole existing forum for the resolution of U.S.-Soviet treaty compliance disputes. As such, it lies at the heart of a growing controversy over a long list of Soviet treaty infractions, such as construction of a new phased-array radar at Abalakova and testing of the SS25 intercontinental ballistic missile (*Science*, 22 March, p. 1442; 12 April, p. 155), as well as a variety of Soviet allegations about illegal U.S. radars and missile defense research.

Critics such as Richard Perle, an assistant secretary of defense, say that the overall negotiating record of the SCC is poor, and charge that it has long outlived its usefulness. But supporters, including a number of former SCC officials, insist that its capabilities have not been fully exploited by the Reagan Administration, and that in any event its effectiveness could be vastly improved by fine-tuning its operation.

Fueling the debate is a general sense that the United States will soon be at an arms control crossroads—a point at which an irrevocable decision could be made either to resolve the major compliance disputes or to abandon diplomacy and retaliate against Soviet infractions by formally abrogating major treaties. Many expected such a decision in June, when President Reagan was scheduled to resolve a long-running dispute among his appointees over continued U.S. adherence to the unratified SALT II treaty. But the decision was instead postponed, and will be taken up either in December, the original SALT II expiration date, or in the spring, when the deployment of a new submarine could push the United States over the treaty's limits.

Informed public debate about the SCC is hampered by the fact that its detailed proceedings as well as the fruit of its negotiations are considered privileged information, available only to select officials in the executive branch, interested congressmen, and a handful of congressional aides with the appropriate security clearance. State Department officials explain that the purpose of this secrecy is to foster uninhibited debate the twice-yearly SCC negotiating sessions, as well as to avert any reluctance by the participants to compromise for fear of public embarrassment.

Many supporters of the SCC say that in practice the veil of secrecy surrounding the panel's activities is often lifted, but in the context of a diplomatic stalemate rather than a successful resolution. Specifically, they note that the Reagan Administration has released three detailed reports listing Soviet treaty infractions that the SCC has failed to resolve (*Science*, 8 March, p. 1180). But the only official U.S. notice of the recent agreement on radars was given in a press release from Geneva, Switzerland, for example. "During this [SCC] session, the parties signed a Common Understanding intended to further enhance the viability of the ABM treaty," the relevant passage states in entirety.

No mention was made of the fact that a loophole in the treaty, which permitted the Soviets to operate certain air defense radars during missile tests from a site at Sary Shagan, has now been closed. (In the future, the radars may not be operated during missile tests unless potentially hostile aircraft are clearly in the vicinity, and their operation must then be fully explained, according to the agreement.) The radar operation had figured prominently in the Administration's most recent report on Soviet treaty compliance, where it was cited as evidence "that the U.S.S.R. may be preparing an ABM defense of its national territory."

A second recent SCC agreement, involving potential nuclear terrorism, has also received little notice. Mentioned only briefly in the official press release, it actually calls for joint preparation of messages on nuclear terrorist acts that would be transmitted on the Hot Line in order to prevent potentially catastrophic U.S.-Soviet misunderstandings. It is classified "Secret," along with seven older SCC agreements on such esoteric matters as the dismantling of ballistic missiles and the use of shelters over missile silos.

Supporters of the SCC acknowledge that its performance has not been sterling in recent years and that even more important disputes remain unresolved. But they blame the Administration for avoiding the forum and undermining its effectiveness. Former SALT negotiator Paul Warnke, for example, is critical of Reagan's past reluctance to make formal, detailed complaints at the SCC about a variety of apparent SALT II infractions as soon as they were detected. He also faults the frequent public criticism of Soviet activities. "It never pays to paint someone into a corner," he says. "Public comments tend to choke off resolutions."

Several high-level State and Defense Department officials, most of whom decline to be identified because of the formal pledge of SCC confidentiality, respond that SALT II issues were indeed raised quickly at the SCC, although they were not earnestly pursued at first because of the Reagan Administration's uncertain commitment to the treaty. They also note that the Administration sought a special SCC session to discuss the illegal Soviet radar at Abalakova as soon as it was detected by reconnaissance satellites in mid-1983, and the Soviets refused. But they also acknowledge that for awhile the Administration was primarily interested in raising such issues outside the SCC—in direct demarchers with senior Soviet officials—so as to avoid the forum's strictures on publicity.

Indeed, some officials still favor this policy. "In my judgment, the SCC has failed to produce results," says Perle. "It is hardly surprising. It is simply a forum where American technicians and Soviet technicians are able to talk to one another. Neither side in my judgment has significant authority to alter the practices of its national authorities, and because there exist no clear incentives to comply, I think it would be unreasonable to expect a forum like the SCC to produce compliance. . . . The assignment of these compliance issues to the SCC for years at a time has in my judgment conveyed to the Soviets the signal that we are not serious about resolving the issues." As evidence of the usefulness of waging a campaign against Soviet treaty violations in public, rather than through the SCC, Perle cites "the affirmative Soviet response" to U.S. complaints about chemical weapons attacks in southeast Asia.

SCC supporters, in contrast, argue that the panel's low rate of success in recent years could be improved if the Administration invested more authority in the U.S. delegation and more energy in the proceedings. Sidney Graybeal, a former U.S. commissioner of the SCC, and Michael Krepon, an expert on treaty compliance at the Carnegie Endowment, argue in a forthcoming issue of International Security, for example, that so-called "back channel" approaches by high-level officials outside the SCC undermine its effectiveness, divert those who have less time and technical expertise than the SCC staff, "and result in a hardening of positions, making ultimate resolution more difficult."

They are also critical of the fact that the SCC commissioner is "nominated by unanimous consent of many different bureaucracies . . . and has no single patron." As a result, according to various officials, the commissioner's instructions are sometimes changed in the middle of negotiations, as one part of the bureaucracy temporarily displaces another as White House favorite. This happened to Richard Ellis, a lawyer and former commander in chief of the Strategic Air Command who serves as the present commissioner, during negotiations on the radar agreement, forcing him to withdraw a demand at one point that the Soviets had already accepted. Graybeal and Krepon recommend that a clear line of authority should be established between the principal SCC commissioner and the President's national security adviser, and that the commissioner's office "should be located with the national security council staff."

Finally, there is an "emerging consensus," as former SALT I legal adviser John Rhinelander puts it, that the fruits of SCC negotiations should be disclosed. "Clearly, the effectiveness of the panel depends of the process remaining secret," he says. "But we must obtain an agreement that the results be made public." Krepon and Graybeal agree. "Popular misconceptions about the role and record of the SCC as well as public concern over unresolved compliance problems have reached the point at which constructive factual reports would be useful." Since Congress has recently been demanding annual reports on Soviet transgressions, it should also be interested in open accounts of those issues that the SCC has resolved.

The major obstacle to such a reform will clearly be resistance by the Soviets. They routinely attack unauthorized U.S. disclosures about SCC proceedings as major treaty violations in and of themselves. "An approach devoid of elementary decency," is the way they described the first Administration compliance report. "This is impermissible and must be stopped." But Mark Lowenthal, a national defense specialist with the Congressional Research Service, suggests that "this is the price the Soviets have to pay for dealing with a democracy."

One Administration official, who is highly critical of Soviet noncompliance yet supportive of the SCC process, argues that no matter what reforms are made, "it is still a technical group, buffeted by politics, with insufficient clout to resolve issues like the radar at Abalakova. Its ability to resolve issues will always be limited in periods of real tension. In the end, it will only be as successful as the overall political relationship." The fact that few agreements have been reached at the SCC over the past 4 years is emblematic of how seriously U.S.-Soviet relations have deteriorated. But the fact that two were signed last month may be cause for hope.

MYTH OF THE DAY: PRESIDENT REAGAN WIELDS THE VETO KNIFE

Mr. PROXMIRE. Mr. President, Ronald Reagan likes to give the impression that he wields the veto knife to kill off what he considers to be bad bills. How about it? Is the President playing Rambo with his veto pen? Or is this a myth pure and simple?

Let's look at the facts. President Gerald R. Ford, during the 93d and 94th Congresses, vetoed a total of 66 bills in only 3 years. How about Jimmy Carter? During the 95th and 96th Congresses, President Carter used his veto power a total of 31 times in 4 years. And President Reagan. About the same pace as President Carter, far behind President Ford. President Reagan has vetoed measures sent to him by the Congress only 39 times during the 97th and 98th Congresses.

Mr. President, President Reagan should match his rhetoric with performance when it comes to exercising the veto power He is considered to be strong in all the polls when it comes to leadership qualities. What better test of leadership could there be than a firm and consistent display of the veto power, especially when it comes to spending measures that are excessive or misconceived?

Ronald Reagan talks a good game when it comes to vetoing bills sent to him by the Congress. Unfortunately, the record shows that he has not, in fact, been a tough wielder of the veto pen. It is high time he began to match promises with performance.

Now would be an especially good time for President Reagan to begin living up to his self-anointed "veto king" label. As the appropriations bills start to reach his desk, Mr. Reagan should put the veto stamp on each and everyone one that exceeds his budget recommendations. Let the veto myth become the economy reality.

THE PERSISTENCE OF DOCTOR CHARLES KREMER

Mr. PROXMIRE. Mr. President, the National Association of Jewish Legislators, in conjunction with the Institute for the Study of Genocide, recently commemorated the installation of Dr. Charles Kremer's archives at John Jay College in Manhattan. This inclusion pays tribute to Dr. Kremer's persistent pursuit of Nazi criminals living in the United States.

The most notorious of these criminals is Valerian Trifa, a leader of the Romanian Iron Guard during World War II. I have spoken about Trifa before and now wish to mention the man responsible for his deportation.

Dr. Charles Kremer remembers well hearing of the destruction of the Bucharest Jewish quarter in February of 1941. Though living in New York, Kremer was very concerned about the welfare of his family back in Romania. Ultimately, he ended up losing 77 family members to the Nazis. Dr. Kremer carefully studied the names of the men responsible for ordering the February massacre, and when 10 years later he came across the name Valerian Trifa, he recognized it immediately.

A three-decade struggle began in 1951 in which Charles Kremer devoted his life to gathering documents, writing letters, and making telephone calls. Charles Kremer tirelessly hounded various Government agencies in his pursuit of justice.

After 20 years and hundreds of letters and calls, Dr. Kremer finally received word of Justice Department action. Proceedings against Trifa began in 1975, and after many appeals and postponements, he finally agreed to leave the United States. Thanks to Dr. Kremer's undying persistence, Trifa was finally deported in 1984.

Charles Kremer is an inspiring individual whose tenacity and devotion have remained steadfast through nearly three decades of frustration. Dr. Kremer embodies the eternal spirit of those affected by the Holocaust, and should serve as an example that it is never too late to pursue what is right.

Mr. President, as Senators know, I have been involved in my own fight to achieve what is right. I have discussed the merits of the Genocide Convention on every day of every session since 1967. I am inspired by Dr. Charles Kremer and am determined to see the Genocide Treaty brought before this body. After almost 40 years, it is time to take action and outlaw genocide. It is time to end this struggle and do what is right. It is time to ratify the Genocide Convention.

ROUTINE MORNING BUSINESS

The **PRESIDING OFFICER**. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond 1 p.m., with statements therein limited to 5 minutes each.

BILLIE SCHNEIDER

Mr. **BUMPERS**. Mr. President, Arkansas has recently lost one of its treasures with the death of Mrs. Billie Schneider of Fayetteville. She was a key force in Democratic Party circles in northwest Arkansas for many years. She was loved by all who had the privilege to meet and know her. One of her last wishes was that Senator Pryor give the eulogy at her funeral. I am certain it was the most difficult constituent requests David ever received. I also know he was pleased to do it and most flattered that Billie wanted him to do it. It is one of the most beautiful eulogies I have ever read or heard about a truly unique and remarkable woman and altogether appropriate that it be placed in the Record. So, Mr. President, I ask unanimous consent that Senator Pryor's eulogy be printed in the Record.

There being no objection, the eulogy was ordered to be printed in the Record, as follows:

Eulogy for Billie Schneider

(By David Pryor)

Billie, we hope you can hear us today. You can't fool us. You're sitting up there with that big smile across your face and the big, red flower in your hair.

Now you're laughing because for once you don't have to cook the hot dogs, move the chairs, pass out the cards, or clean up the place.

We know what you told us—no tears, no long faces, no sermons. In fact, if you'd planned this event, it'd be posters, balloons, flags and "Happy Days are Here Again."

Billie, along with Mother, Leroy, Dorris and family, what you'd call your "Ole Gang" are here—people you've known and touched. Every one of us—and they've asked me, of all people, to say a few words.

Today is the celebration of a life of a most remarkable and unselfish human being. To compare her to anyone we've ever known is an exercise in futility. She was Billie. She was "Mamma". We were her "family", and she was ours.

For a stray dog or a homeless cat or a forgotten human, Billie was friend and shelter. In all of us, she saw the best and forgot the worst. In victory and defeat, her friendship was changeless—and loyalty was fierce.

When we did wrong and knew we'd not done our best, the phone would ring and you'd hear her voice, "Well, I guess you're proud of yourself" (expletives deleted).

Billie refused to accept the idea that any of us were ever any better or worse than the rest. We were all the same—rich, poor, black, white. But we all had a duty—to be intolerant of injustice.

Yes, Billie Schneider loved us all in spite of ourselves—but on even numbered-election years, one might detect a slight preference if you were a yellow dog Democrat!

"I only want one thing on my tombstone," Billie told someone last week, "Yellow Dog Democrat". Billie was a walking, talking, living campaign rally. She cared about politics because she cared about people. At the end of one election, she started getting ready for the next one. If we won, she put us in our place. If we lost, she gave us hope. If we got too serious, she made us laugh at ourselves. If we got too big, she whittled us down. But when we hurt, she nursed our wounds. Old, forgotten or lonely—on Thanksgiving, Billie brought the turkey. Young, down or lost—Billie became a rock. Always there. Always giving. Always a friend.

Each one of us here today has a special memory of Billie, a particular recollection that swells in us.

The truth is, she probably knew all of us better than we know ourselves.

Billie knew exactly when to suggest, advise, listen, nudge, threaten, or frontally assault.

All of us at one time or another became her students. To learn from Billie was to learn from the best. For Billie, it was not so much that each vote counted—it was that every person counted.

No riches. She didn't leave a will. She gave everything to everyone else. No office. No degree. But oh how she knew things. She knew people. The joys and sorrows of life. But above all, there was a nerve ending flow of warmth and compassion that touched us all. Today, we celebrate her life and honor. This beautiful and legendary character who was our best pal.

Can't you imagine her first few days up there? Certainly by now she's accosted Herbert Hoover about causing The Depression.

Surely she's registering people to vote and figuring out some way to vote absentee.

Yes, on election night she'll do like always—find out about the boxes from West Fork, Prairie Grove and Madison County. And if it doesn't come out the way she wants—she'll simply say, "There'll be another day" (expletives deleted).

Some day when Diane Blair or Steve Smith or other political historians write the account of modern day Northwest Arkansas politics, there should be a special section devoted to this special friend, who had ingenious political instincts, we all knew as a legend. Hopefully, it will embody her creed:

1. Go the extra mile;
2. Hard work;
3. Tell it like it is;
4. Be honest; and
5. Fight injustice.

In a few moments, those she carried so many miles will now carry Billie to her final resting place.

It is so fitting that Billie's body will be laid to rest in the Hills of the Ozarks—where she knew and loved every rock, crevice, tree and human being.

Lord, please show kindness to our pal Billie. And in behalf of all her "gang" thank you, Lord, for letting her come our way.

SOME POSITIVE SIGNS ON THE POW-MIA ISSUE

Mr. **DOLE**. Mr. President, I would like to insert into the Record at this time a letter I received from Richard L. Armitage, Assistant Secretary of Defense for International Security Affairs, detailing a U.S. delegation's recent meetings in Hanoi and Vietiane on POW-MIA issues.

I recommend my colleagues read his letter. You will find it both thorough and comprehensive.

Those Americans still missing as a result of the Vietnam conflict, fought in the deep conviction that they were helping to preserve liberty for their families and for their countrymen. They fought with a deep determination to do their duty to their country. And they fought with a valor that reflects the highest ideals of our history.

We owe them something in return. Whatever our other national problems and priorities, we owe them a firm determination to persist in our efforts to get a full accounting for them from the Communist authorities of Southeast Asia. There can be no higher priority in our dealings with those countries. We can talk all we want about national interests, but none is more important than caring for and about our own citizens.

It is my hope, as a result of this delegation's visit, that some progress can now be made. Again, Mr. President, I urge my colleagues to read Secretary Armitage's letter.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Assistant Secretary of Defense,
Washington, DC, September 25, 1985.

Hon. Robert Dole,
U.S. Senate,
Washington, DC.

Dear Senator: I am writing to provide you with specific information regarding the recent meetings in Hanoi and Vientiane on POW/MIA matters. We accepted the Vietnamese offer to meet in Hanoi in late August. A stop in Vientiane was planned before our arrival in Hanoi to discuss further steps with the Laotian government to resolve the fate of 556 Americans still missing in that country. The results were the most productive yet and have given us cause for optimism that the POW/MIA question has taken on new seriousness in both capitals.

The Hanoi talks took place on August 28 and 29. Because of the absence from Hanoi of Foreign Minister Nguyen Co Thach, Assistant Secretary of State Wolfowitz and I did not participate in them as we had originally anticipated. The delegation which did go was headed by Richard Childress of the National Security Council staff and included Mrs. Ann Griffiths, Executive Director of the League of Families; Lyall Breckon, Director of State Department's Office of Vietnam, Laos and Cambodian Affairs; and Lt.

Col. Paul Mather, the Joint Casualty Resolution Center's liaison officer in Bangkok.

Our delegation met with Vietnam's Acting Foreign Minister Vo Dong Giang. The discussions were businesslike, substantive and free of polemics. The Vietnamese did not raise any non-POW/MIA issues such as normalization of relations or a political settlement in Cambodia. We had previously given the Vietnamese our proposal for achieving the fullest possible resolution of the POW/MIA question in Vietnam in two years, the time period specified when they proposed these talks. They outlined their own plan at the meeting. There were many similarities between the two plans. We agreed to hold frequent technical meetings with them to facilitate the process by increasing significantly the data available to the Vietnamese on specific cases. We expect a technical level meeting to take place later this month.

Acting Foreign Minister Giang stated that the SRV will not ask for compensation, but in difficult cases requiring special equipment, such as powerful cranes or water pumps, the SRV would request this from us and that "voluntary contributions" from the U.S. would be welcome.

We are encouraged by the Vietnamese outline plan, their apparently flexible approach and their commitment to complete the work in two years, though they acknowledged that some cases might remain unresolved and require further work. Although the Vietnamese reiterated that they hold no Americans captive, they indicated that they receive occasional live sighting reports and investigate them, something they pledged to continue to do.

The lack of rhetoric during the visit and the absence of linkage to any other issues suggests we are seeing a government-wide policy decision in Hanoi to attempt to resolve this issue.

In Vientiane, a productive atmosphere similar to that in Hanoi prevailed. The Lao reiterated their agreement to conduct another joint excavation during the upcoming dry season (December-April). They also emphasized their ongoing, unilateral effort and indicated we would be seeing the results of this in 1986. The presence during the talks in Vientiane of a senior Laotian Ministry of Defense official is a promising development in getting greater cooperation from that key ministry.

The Lao also agreed to visit the Joint Casualty Resolution Center and the Central Identification Laboratory in Hawaii September 15-19. I believe that such a visit will add impetus to cooperative efforts with the Lao on the POW/MIA issue.

These steps, along with the previous excavation at Pakse, constitute a pattern of progress that has prompted the Administration to request the removal of Laos from the list of enemy countries concerning developmental aid. It has been emphasized that such a step is separate from an actual aid program and the Lao government understands this.

In short, we are pleased with what has been accomplished and are hopeful that follow-up steps in the near term will continue the momentum.

Sincerely,

RICHARD L. ARMITAGE.

RETIREMENT OF SENATOR MATHIAS

Mr. DOLE. Mr. President, Senator "MAC" MATHIAS' announcement on September 27 that he would not seek reelection in 1986 means that the Senate will lose a unique voice of reason and compassion.

My congressional career and MAC's have paralleled each other's. We both entered the House in 1961, and each of us was elected to the Senate in 1968. During these years, we worked together on many issues—especially those dealing with civil rights, such as the Voting Rights Act. And MAC's commitment to ensuring opportunity and hope to every American has been instrumental in achieving many of the civil rights gains over the past 20 years.

Although MAC will be sincerely missed, I understand his desire to return to private life. And I know we all wish him well in his future endeavors.

On October 2, the Baltimore Sun ran a piece entitled, "Mac Mathias: Not Really Like a Death in the Family," which sums up the way many of us in the Senate feel about MAC.

Mr. President, I ask unanimous consent, that the article be printed in the RECORD

[From the Baltimore Sun, Oct. 2, 1985]

MAC MATHIAS: NOT REALLY 'LIKE A DEATH IN THE FAMILY'

(By Ernest B. Furgurson)

WASHINGTON.—The first time I focused on the freshman from Frederick was when he stood in the House of Delegates and delivered a quiet homily about Abraham Lincoln on the great man's 150th birthday.

Almost everything Mac Mathias has done since then, in Washington and the world, has reminded me of that moment in Annapolis more than a quarter-century ago.

The simple fact of that little eulogy testified to his quaint, lingering notion that the Republican Party remains the party of Lincoln. It demonstrated his devotion to American history, his acute consciousness that public men today have giants from long before looking over their shoulders.

When he announced the other day that he was retiring from the Senate after next year, the lonely band of Republicans who still consider it Lincoln's party thought ahead about how they would miss him. "This is like a death in the family," said one of them from Maryland.

I thought back over the 26 years and realized his friends had much to be grateful for. It has been a full career, in which Mac Mathias was out in front of his party on the most fundamental issue of our time, civil rights.

Early on, he put himself on what proved to be the right side about Vietnam. He recalls the day when a friend named Daniel Ellsberg "dropped off a large pack of papers, wrapped in brown paper, and said here was some material on the war we ought to read.

"Well, there's never any lack of reading material on the Hill, so we put that on the shelf until we got to it. Some days later the story broke about the Pentagon papers. We looked at each other and wondered out loud what was in that Ellsberg package. Sure enough, there it was, super top-secret stuff.

"I took it immediately to Hugh Scott and Mike Mansfield [GOP and Democratic leaders in the Senate], and we locked it up in the Foreign Relations Committee safe. We had a huge hoopla with [Nixon attorney general] John Mitchell about whose it was. He said it belonged to the executive, but we kept it, saying it had been entrusted to the legislative."

To say that his beliefs did not mesh neatly with Nixon-Mitchell philosophy is a massive understatement. He stood against their flawed nominees to the Supreme Court, as he has stood against some of Mr. Reagan's choices for other offices. He was among the first Republicans to see and say what was wrong in the Watergate episode.

But he believes his most important contribution in the long run may be pushing through the Emergency Powers Act, a major blow for the legislative branch against usurpation of power by the executive. Passed in the aftermath of Watergate, it ended hundreds of official emergencies unilaterally declared by presidents over more than four decades, and set rules for future crises.

When he came to Washington, the Capitol was home to legendary figures. He reveres departed colleagues like John Sherman Cooper, Jacob Javits, Clifford Case, Mike Mansfield, George Aliken, Philip Hart and William Fullbright. And there are those who will revere him when he is gone.

Richard Lugar, chairman of the Foreign Relations Committee, is not his ideological soulmate. But he says he will "deeply regret" Mr. Mathias's departure because of his "friendship, counsel, his enormous experience."

Those are the standard cliches, but Mr. Lugar quickly recalls an instance that gives them flesh.

When his committee was moving the foreign aid bill, Alan Cranston threatened to bring up a south African amendment. "But Mac trumped it with one of his own," the chairman says—"and then he had the good grace to suggest that since he had a 9-8 margin, we could separate it from foreign aid.

"He has a sense of the possible. Not to do that might have killed the foreign aid bill." Mr. Lugar did not have to add that some of the committee's zealots would never have been so accommodating.

Mr. Mathias' agenda is not complete. In his remaining year, he hopes to improve fair housing laws, deal with unitary taxation, open the way for televising Senate proceedings, reform election financing, and (he smiles) get back the $200,000 his home town of Frederick paid as ranson in the Civil War.

In all his reminiscing, he betrays no bitterness over one of the things that helped him decide to retire. It was his right-wing GOP colleagues' shifting about to deny him the chairmanship of the Judiciary Committee. That spot would have been the culmination of his long love affair with the U.S. Constitution.

But they still show no willingness to clear it for him and now his leaving increases the chance that the Democrats will win a Senate majority next year. So instead of Republican liberal Mathias, the mossbacks can deal with Democratic liberal Joe Biden as chairman instead.

The fact of that Lincoln's birthday speech long ago said much about the ideals of the young, slim delegate just beginning his political career. None of us listening then could realize how pertinent its content would be.

"I prefer to think it was not his genius but his principles that raised Lincoln so far above his own day and generation," Mac Mathias said. "And this may be the lesson of Lincoln—that each of us must live by and for our principles, however they may be shaped by our individual philosophies. Not very one of us can be born a prodigy, but every man and woman in this chamber can live a life true to his or her convictions. . . ."

A REMARKABLE LADY—JODY BALDWIN RETIRES FROM SENATE DUTIES

Mr. HELMS. Mr. President, this week Jody Baldwin, a valuable member of the Republican Policy Committee staff, will retire. She will be missed by all of us who have relied on her expert counsel over the years. Mrs. Baldwin has been a fixture on the Republican side of the aisle for most of the last 25 years. Her service has been truly remarkable.

During her distinguished career, Mrs. Baldwin has served on the personal staff of Senators, and served for 2 years as an official in the old Department of Health, Education, and Welfare. But most of her time has been spent as a legislative analyst on the Republican Policy Committee. It was she who established the practice of providing the legislative notices, so valuable to Republican Members of the Senate.

While carrying a full load in her various duties here, she has managed to be a loving wife and caring mother to her family. She has long been a trusted friend and a totally unselfish worker in the vineyards of the U.S. Senate.

Mr. President, I am pleased that Jody will continue to make available to us her many talents and that her legislative analysis will still be available to us, although now as a private citizen.

I will miss her pleasant presence and her reliable counsel and I wish her every happiness in her retirement.

SOLIDARITY WITH SOVIET JEWRY RALLY

Mr. TRIBLE. Mr. President, last Friday, the Jewish Community Council of Greater Washington held a solidarity with Soviet Jewry rally to condemn the continuing abuses of human rights in the Soviet Union.

The effort to combat the persecution of all believers in the Soviet Union deserves the support of every American. I was privileged to participate in the rally. I ask unanimous consent that my remarks be inserted in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Solidarity With Soviet Jewry Rally, Remarks of Senator Paul Trible

We are here today to bear witness to one of the most sustained, systematic, and severe acts of repression in history—the continuing persecution of Jews in the Soviet Union.

To be a Jew in the Soviet Union is to suffer harassment and mistreatment because of your faith.

To be a Jew in the Soviet Union is to be imprisoned within its borders with only faint hope of release.

To be a Jew in the Soviet Union is to be forbidden access to the Torah and the Talmud—the touchstones of your faith.

To be a Jew in the Soviet Union is to be denied the opportunity to teach your children about God's wisdom and his righteousness.

To be a Jew in the Soviet Union is to face each day knowing that it can hold beatings or imprisonment.

To be a Jew in the Soviet Union is to understand that your faith—a faith that has endured for more than 5,700 years—is threatened.

My friends, that harsh reality demands a response from all of us!

Today and in the days ahead, the United States and the Soviet will meet to discuss their differences. There is no difference more profound than the freedom we enjoy and the sustained persecution of Jews by the Soviet Union.

Recently, I wrote to President Reagan urging that the Soviets' oppression of Jews, Christians, and other religious believers be raised at the forthcoming summit meeting. I am encouraged to learn that this will indeed occur.

We must not let our vigilance lapse. The Soviets would like nothing more.

Today's gathering is an encouraging sign that we will remain vigilant. It is a welcome indication of America's belief that the spirit of God and hope can pierce the walls of the Soviet's prisons, and give support to the Jews imprisoned there and in the Soviet Union at large.

You see, my friends, freedom in this world is indivisible. When the freedom of Jews in the Soviet Union is curtailed, our own liberty is diminished. We must pray and work for the day when the storm of repression will pass and the sweet light of freedom will shine in the Soviet Union and around the world.

THE LADY MARION

Mr. WILSON. Mr. President, there is a matter that causes me concern with regard to the Compact of Free Association.

On May 22, 1985, the Federated States of Micronesia [FSM] filed charges in the Supreme Court of the FSM against the tuna fishing vessel "*Lady Marion*, her gear, equipment, engines, cargo, provisions, and supplies; Ralston Purina Co., her owner, and John Doe No. 1, her master or captain," for fishing within its 200-mile Exclusive Economic Zone [EEZ]. In fact, Ralston Purina Co. is not the owner, but the *Lady Marion* does fish for the company.

In filing the charges, the FSM is seeking forfeiture of the vessel and all its gear and cargo, forfeiture of all the fish caught by the vessel and $2 million in civil penalties. The assistant attorney general of FSM also informed Ralston Purina Co. that the government of FSM could seek extradition of the vessel's captain regarding criminal charges. Potentially, total penalties exceed $10 million.

The charges were the result of a sighting by an aircraft chartered by the FSM for fisheries surveillance. On May 18, 1985, the aircraft twice flew closely alongside the tuna fishing vessel *Lady Marion*.

At the time of the sighting, the *Lady Marion's* position was reported to be 0°16′ N. and 154°17′ E., which is a high seas area far from land.

U.S. POSITION

Mr. President, the United States has had a consistent position for many years regarding fishing rights for highly migratory species of fish, specifically tuna. The U.S. position is, and has been, that fishing for such species outside the recognized territorial sea of any nation is a high seas right, and that coastal states lack the competence to assert jurisdiction unilaterally over such species. The FSM has taken a different position.

As a trust territory, the Federated States of Micronesia are subject to U.S. law and U.S. policy. Until such time as the Compact of Free Association is approved by all parties, and the FSM ceases to be a trust territory, U.S. law and policy continue to govern the fishing for tuna in FSM waters.

As a trust territory of the United States, the Federated States of Micronesia had no legal authority to file the illegal fishing charges against the tuna boat *Lady Marion*.

I am aware that extensive communications have taken place between the governments of the FSM and the United States in an attempt by the United States to resolve the matter. However, the FSM is continuing with its legal proceedings.

The obvious concern that arises here is that if the FSM acts in this manner as a trust territory, how will it act as a freely associated state? Reasonably, we might ask if the FSM will abide by its agreement under the compact.

The compact, if enacted, will be mutually beneficial both to the FSM and to the United States. It is in the interest of both parties to conduct themselves in a harmonious and orderly fashion.

In addition, all parties including the U.S. Government, the FSM, and the tuna industry, support establishment of a multilateral regional licensing agreement to govern the fishing for tuna. Under such an agreement, the FSM and other governments in the region would be compensated for the fish harvested in their waters.

In recent years, a multilateral licensing agreement with the FSM and other states in the region has been in existence. This has been a voluntary agreement between the governments of the area and the American Tunaboat Association [ATA]. Millions of dollars in licensing fees have been paid through these arrangements. More recent attempts by the ATA to renew the agreements, at least on an interim basis, have so far failed. Consequently, establishment of a regional licensing agreement, now being negotiated, becomes all the more important. This agreement will be between the United States and the interested nations of the south and western Pacific.

It is important that the Federated States of Micronesia and the United States move forward into the relationship under the Compact of Free Association without disputes and without tension between the two governments and the two countries.

Accordingly, it is my sincere hope that the government of FSM will drop the charges against the *Lady Marion* and refrain from taking similar actions against other U.S. tuna boats. I would urge all appropriate U.S. agencies to make every effort toward achieving this goal so that this continuing source of aggravation will be removed from the Regional Licensing Agreement negotiations and from the relations between the two countries.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I have been asked by the distinguished minority leader, Senator BYRD, that we might stand in recess until 2 p.m. because they have an important meeting, and I am perfectly willing to do that.

DEBT LIMIT EXTENSION

Mr. DOLE. Mr. President, I shall include in the RECORD at this point a second letter from Treasury Secretary James A. Baker indicating the necessity of acting very quickly on the debt ceiling extension. He points out that the cash balance will be virtually exhausted by October 7 and the situation will deteriorate sharply thereafter. It is imperative that the Senate act on the debt limit bill by October 7.

> Also, as we informed you earlier, as of yesterday we have been unable to comply with the statutory requirements to fully invest several trust funds, thus costing them interest earnings.

There is some indication they could use the Federal Financing Bank because the Federal Financing Bank Act of 1973 might permit them to borrow a certain amount of money if we did not complete action by October 7.

Mr. President, I ask unanimous consent to have printed in the RECORD the letter to which I have referred.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> THE SECRETARY OF THE TREASURY,
> *Washington, October 1, 1985.*
>
> Hon. ROBERT DOLE,
> *Majority Leader, U.S. Senate, Washington, DC.*
>
> DEAR BOB: As I promised in my letter to you of September 25, this letter will update you on our current cash and debt estimates and thus our need for action by the Senate on legislation to increase the public debt limit.
>
> Our current estimates still show that Treasury's cash balance will be virtually exhausted by October 7, and the situation will deteriorate sharply thereafter. Consequently, it is imperative that the Senate act on the debt limit bill by October 7. Also, as we informed you earlier, as of yesterday we have been unable to comply with statutory requirements to fully invest several trust funds, thus costing them interest earnings.
>
> Congressional staff have inquired as to the possibility of having the Federal Financing Bank issue its own securities directly in the market as a means of raising cash while avoiding direct Treasury issues subject to the debt limit. I believe this approach presents two significant problems.
>
> First, the legislative history of the Federal Financing Bank Act of 1973 raises questions as to whether such action would be contrary to the intent of Congress that the FFB not be used to evade the purpose of the debt limit statute. Second, it is clear that an FFB issue in the market would be a very costly means of financing, compared to Treasury borrowing, especially if such an FFB issue were required to be done on short notice without adequate market preparation. Thus a failure to act by October 7 would cost the taxpayers just as our inability to fully invest the trust funds is costing these funds right now. Hence, I believe we should avoid using the Federal Financing Bank borrowing authority for this purpose.
>
> Accordingly, I continue to urge the Senate to act on the debt limit by October 7.
>
> Sincerely,
> JAMES A. BAKER III.

Mr. DOLE. Mr. President, with that in mind, we hope to be able to start on the debt limit extension either late today or tomorrow.

We have received from the House of Representatives a temporary extension of certain housing programs and also a 45-day extension of the Superfund Program. I would encourage the House of Representatives to pass the Superfund bill as quickly as possible so a final resolution can be reached on the future of this program. The Senate passed its bill. Maybe they could pass theirs.

We have still not decided on a strategy on the debt ceiling. We would hope there would be a limited number of amendments. It is my hope that maybe amendments on our side will be limited to one and maybe that could be the case on the other side. But again that is up to the individual Members.

But I am convinced now that the Treasury is being realistic when they say October 7 is short of the drop dead date. So we will make an effort to complete action by October 7.

RECESS UNTIL 2 P.M.

Mr. DOLE. Mr. President, I move that the Senate stand in recess until 2 p.m.

The motion was agreed to, and at 12:27 p.m., the Senate took a recess.

The Senate reassembled at 2 p.m., when called to order by the Presiding Officer [Mr. GARN].

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, it is my hope that we will be able to turn to Senate Joint Resolution 77 very soon. It is a matter that should have been completed prior to October 1. There is still some hope we can complete action today. But I will indicate that if we cannot complete action today, it is my intention tomorrow to turn to the debt ceiling and that might take tomorrow and Friday. There will not be a Saturday session, as I have indicated earlier. The Treasury Secretary advised me that October 7 is the critical day; that they would very much like to complete action by that time.

Mr. McCLURE. Will the Senator yield?

Mr. DOLE. I will be happy to yield to the Senator from Idaho.

Mr. McCLURE. I thank the Senator for yielding, and I thank him for notifying Members that we hope to move to the resolution on the compact of free association with Micronesia as soon as possible. The Senator is correct in suggesting that it should have been passed prior to October 1.

For those who may be listening, to illustrate just briefly the reasons for the time-sensitive nature of that question, our Western Pacific test range is based at two ends, one in southern California and the other in Kwajalein, and that agreement has expired October 1. It would be extended by the terms of the compact.

Second, we have claims that are pending for compensation to the natives of Bikini as a result of the nuclear tests conducted by our country, and those claims pending in the Court will be adjudicated if we do not get a settlement. Those claims are settled as a matter of one of the compact terms as negotiated between our Government and the Government of the people of the Marshall Islands.

So I am hopeful that for both of those reasons we will be able to get this compact approved and proceed with the business of trying to negotiate with the other body on the final resolution of the terms of the tax and trade provisions.

Finally, Mr. President, I say to the majority leader that all of this is a matter of some sensitivity in terms of foreign relations and the responsibility that we have under the terms of the trusteeship agreed to by the United Nations many years ago, and whatever we do is subject to the approval of the United Nations. There is some critical need to get that matter to the United Nations so it can be resolved there in a favorable manner.

I hope all Members understand the urgency and the need to get on with this legislation and that there will be no objection to us moving forward.

Mr. DOLE. Mr. President, until I make contact with the distinguished minority leader, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SCHEDULE

Mr. DOLE. Mr. President, let me indicate again—because there are other Members present and others may be listening in their offices—that I would like to ask unanimous consent that we proceed to the consideration of Calendar No. 257, Senate Joint Resolution 77, the Compact of Free Association measure. The distinguished Senator from Idaho has just indicated how important that legislation is. In fact, we probably should have done it even earlier.

I am not unmindful of amendments that could be offered to that legislation. I know that the distinguished Senator from Utah [Mr. HATCH] has an amendment. I understand that one or both Senators from South Carolina may have an amendment on textile legislation, and I understand that Senator HART has an amendment. The Senator from Oklahoma has one relating to Micronesia.

Mr. BOREN. It refers to political action. It has some reference to Micronesia.

Mr. DOLE. Do they have a PAC?

Mr. BOREN. I do not know.

Mr. DOLE. In any event, I have a feeling that, after some discussion of the textile amendment, there may be efforts to table that amendment or efforts to amend it or discuss it at length.

If that should develop, I would then turn to the consideration of House Joint Resolution 372, the debt limit, either late this afternoon or early tomorrow. The rights of everyone who has an interest will be protected. It is imperative that we take final action on the debt limit extension by sometime Monday, October 7.

Mr. BYRD. Mr. President, we on this side of the aisle are ready to proceed on the debt limit any time the Senator wishes to proceed to it today. We would waive the 3-day rule for the remainder of the day, or tomorrow, whichever the majority leader wishes.

Mr. DOLE. I thank the distinguished minority leader for his cooperation.

I must inform my colleagues that there probably will be a full day on Friday if we are on the debt ceiling, because we need to have an abbreviated day tomorrow in order to accommodate about 15 or 16 Senators who made commitments some time ago. Those commitments will begin about 3 p.m. tomorrow.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MATTINGLY). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE DEBT LIMIT MEASURE

Mr. BUMPERS. Mr. President, I will only speak for 2 or 3 minutes and will be happy to yield the floor when the majority leader is ready to bring up the Compact of Free Association.

As we all know, there are at least two or three proposals being circulated which deal with the national debt and the deficits for the coming years. One or more of these proposals apparently are going to be offered as amendments to the debt ceiling bill. It seems to me that we have a great opportunity to do something very dramatic on the debt and deficits which would reassure the people of this country that Congress is prepared to take a leadership role in reducing these deficits in a sensible and dramatic way.

I hope we are not rushing to judgment on these proposals. These are very dramatic proposals that are about to be offered here, raising important issues about the budget process and congressional powers. We should all be devoting a good part of our time studying the proposal that Senator GRAMM and Senator HOLLINGS are going to make and the proposal that Senator CHILES and Senator BYRD are going to make.

They each have much to be said for them. They each have some provisions that trouble me considerably. I am not going to get into the substance of those proposals now. I would suspect that many Members are going to vote for one or both of those proposals.

But there is one thing that I just want to point out to my colleagues which I think they should bear in mind as we debate these proposals, and it deals with the status of education in this country.

I made a speech about 3 weeks ago to a group of educators and did some research on the status of education in this country, I uncovered some really alarming statistics. Thomas Jefferson would unequivocably be whirling in his grave if he heard them.

First, about 45 percent of the youngsters who start in the first grade in this country do not finish high school. In my State that figure is almost 50 percent.

Second, we have roughly 165 million adults in this country, over the age of 21; 20 million of that 165 million are functionally illiterate.

There are definitions in this country that are used to define illiteracy. One is that the person either does not read at all or he reads with great difficulty.

A second definition is that the person is not capable of making such simple transactions as a bank deposit. The person is incapable of writing a check and keeping up with their balances in the bank.

Then there are, in addition to the 20 million people in this category, 25 million more adults in the country who are defined or described as marginally illiterate. That is a separate definition that is just slightly higher than illiteracy.

In this second category, for example, are people who are not able to look at an 8-ounce package on a grocery shelf and a 12-ounce package and determine which is the better buy on a pure quantitative basis.

I recommend to all of you that you look at some of these statistics and these definitions for illiteracy and marginal literacy.

Here is what I really want to say; one of the reasons I hope that we can fully debate these budget proposals in the next 2 or 3 days is that I know some people will say you cannot exempt anything from the spending cuts. But I am hoping that we will be able to exempt funds in the budget for education because we are the only developed nation on Earth where the illiteracy rate is on the increase. It is a staggering indictment of a nation that prides itself on being the strongest militarily and the strongest economically and that is allowing its illiteracy rate to go up almost at an exponential rate. This is more than benign neglect. Here is the final statistic that I want to bring to your attention. It was given to me by Senator SIMON, who probably knows more about education than anyone else in this body. There are 158 nations on Earth and we are 49th in literacy.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMPACT OF FREE ASSOCIATION

Mr. McCLURE. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of Calendar Order No. 257, Senate Joint Resolution 77, the compact of free association.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 77) to approve the "compact of free association," and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Idaho?

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on Energy and Natural Resources, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italics.)

Whereas the United States is the administering authority of the Trust Territory of the Pacific Islands under the terms of the Trusteeship Agreement for the former Japanese Mandated Islands entered into by the United States with the Security Council of the United Nations on April 2, 1947, and approved by the United States on July 18, 1947; and

Whereas the United States, in accordance with the Trusteeship Agreement, the Charter of the United Nations and the objectives of the international trusteeship system, has promoted the development of the peoples of the Trust Territory toward self-government or independence as appropriate to the particular circumstances of the Trust Territory and its peoples and the freely expressed wishes of the peoples concerned; and

Whereas the United States, in response to the desires of the peoples of the Federated States of Micronesia and the Marshall Islands expressed through their freely-elected representatives and by the official pronouncements and enactments of their lawfully constituted governments, and in consideration of its own obligations under the Trusteeship Agreement to promote self-determination, entered into political status negotiations with representatives of the peoples of the Federated States of Micronesia, and the Marshall Islands; and

Whereas these negotiations resulted in the "Compact of Free Association" which, together with its related agreements, was signed by the United States and by the Federated States of Micronesia and the Republic of the Marshall Islands on October 1, 1982 and June 25, 1983, respectively; and

Whereas the Compact of Free Association was approved by majorities of the peoples of the Federated States of Micronesia and the Marshall Islands in United Nations-observed plebiscites conducted on June 21, 1983 and September 7, 1983, respectively; and

Whereas the Compact of Free Association has been approved by the Governments of the Federated States of Micronesia and the Marshall Islands in accordance with their respective constitutional processes, thus completing fully for the Federated States of Micronesia and the Marshall Islands their domestic approval processes with respect to the Compact as contemplated in Compact Section 411: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Compact of Free Association, the text of which follows, is hereby approved and the President is authorized to agree to an effective date for and thereafter to implement the Compact of Free **[Association, having]** *Association, subject to the provisions of section 4, having* taken into account any procedures with respect to the United Nations for termination of the Trusteeship Agreement:

COMPACT OF FREE ASSOCIATION

PREAMBLE

THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENTS OF THE MARSHALL ISLANDS AND THE FEDERATED STATES OF MICRONESIA

Affirming that their Governments and their relationships as Governments are founded upon respect for human rights and fundamental freedoms for all, and that the peoples of the Trust Territory of the Pacific Islands have the right to enjoy self-government; and

Affirming the common interests of the United States of America and the peoples of the Trust Territory of the Pacific Islands in creating close and mutually beneficial relationships through two free and voluntary associations of their respective Governments; and

Affirming the interest of the Government of the United States in promoting the economic advancement and self-sufficiency of the peoples of the Trust Territory of the Pacific Islands; and

Recognizing that their previous relationship has been based upon the International Trusteeship System of the United Nations Charter, and in particular Article 76 of the Charter; and that pursuant to Article 76 of the Charter, the peoples of the Trust Territory have progressively developed their institutions of self-government, and that in the exercise of their sovereign right to self-determination they have, through their freely-expressed wishes, adopted Constitutions appropriate to their particular circumstances; and

Recognizing their common desire to terminate the Trusteeship and establish two new government-to-government relationships each of which is in accordance with a new political status based on the freely-expressed wishes of peoples of the Trust Territory of the Pacific Islands and appropriate to their particular circumstances; and

Recognizing that the peoples of the Trust Territory of the Pacific Islands have and retain their sovereignty and their sovereign right to self-determination and the inherent right to adopt and amend their own Constitutions and forms of government and that the approval of the entry of their respective Governments into this Compact of Free Association by the peoples of the Trust Territory of the Pacific Islands constitutes an exercise of their sovereign right to self-determination;

NOW, THEREFORE, AGREE to enter into relationships of free association which provide a full measure of self-government for the peoples of the Marshall Islands and the Federated States of Micronesia; and

FURTHER AGREE that the relationships of free association derive from and are as set forth in this Compact; and that, during such relationships of free association, the respective rights and responsibilities of the Government of the United States and the Governments of the freely associated states of the Marshall Islands and the Federated States of Micronesia in regard to these relationships of free association derive from and are as set forth in this Compact.

TITLE ONE

GOVERNMENTAL RELATIONS

Article I

Self-Government

Section 111

The peoples of the Marshall Islands and the Federated States of Micronesia, acting through the Governments established under their respective Constitutions, are self-governing.

Article II

Foreign Affairs

Section 121

(a) The Governments of the Marshall Islands and the Federated States of Micronesia have the capacity to conduct foreign affairs and shall do so in their own name and right, except as otherwise provided in this Compact.

(b) The foreign affairs capacity of the Governments of the Marshall Islands and the Federated States of Micronesia includes:

(1) the conduct of foreign affairs relating to law of the sea and marine resources matters, including the harvesting, conservation, exploration or exploitation of living and non-living resources from the sea, seabed or subsoil to the full extent recognized under international law;

(2) the conduct of their commercial, diplomatic, consular, economic, trade, banking, postal, civil aviation, communications, and cultural relations, including negotiations for the receipt of developmental loans and grants and the conclusion of arrangements with other governments and international and intergovernmental organizations, including any matters specially benefiting their individual citizens.

(c) The Government of the United States recognizes that the Governments of the Marshall Islands and the Federated States of Micronesia have the capacity to enter into, in their own name and right, treaties and other international agreements with governments and regional and international organizations.

(d) In the conduct of their foreign affairs, the Governments of the Marshall Islands and the Federated States of Micronesia confirm that they shall act in accordance with principles of international law and shall settle their international disputes by peaceful means.

Section 122

The Government of the United States shall support applications by the Governments of the Marshall Islands and the Federated States of Micronesia for membership or other participation in regional or international organizations as may be mutually agreed. The Government of the United States agrees to accept for training and instruction at the Foreign Service Institute, established under 22 U.S.C. 4021, citizens of the Marshall Islands and the Federated States of Micronesia. The qualifications of candidates for such training and instruction and all other terms and conditions of participation by citizens of the Marshall Islands and the Federated States of Micronesia in Foreign Service Institute programs shall be as mutually agreed between the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia.

Section 123

(a) In recognition of the authority and responsibility of the Government of the United States under Title Three, the Governments of the Marshall Islands and the Federated States of Micronesia shall consult, in the conduct of their foreign affairs, with the Government of the United States.

(b) In recognition of the respective foreign affairs capacities of the Governments of the Marshall Islands and the Federated States of Micronesia, the Government of the United States, in the conduct of its foreign affairs, shall consult with the Government of the Marshall Islands or the Federated States of Micronesia on matters which the Government of the United States regards as relating to or affecting any such Government.

Section 124

The Government of the United States may assist or act on behalf of the Government of the Marshall Islands or the Federated States of Micronesia in the area of foreign affairs as may be requested and mutually agreed from time to time. The Government of the United States shall not be responsible to third parties for the actions of the Government of the Marshall Islands or the Federated States of Micronesia undertaken with the assistance or through the agency of the Government of the United States pursuant to this Section unless expressly agreed.

Section 125

The Government of the United States shall not be responsible for nor obligated by any actions taken by the Government of the Marshall Islands or the Federated States of Micronesia in the area of foreign affairs, except as may from time to time be expressly agreed.

Section 126

At the request of the Government of the Marshall Islands or the Federated States of Micronesia and subject to the consent of the receiving state, the Government of the United States shall extend consular assistance on the same basis as for citizens of the United States to citizens of the Marshall Islands and the Federated States of Micronesia for travel outside the Marshall Islands and the Federated States of Micronesia, the United States and its territories and possessions.

Section 127

Except as otherwise provided in this Compact or its related agreements, all obligations, responsibilities, rights and benefits of the Government of the United States as Administering Authority which have resulted from the application pursuant to the Trusteeship Agreement of any treaty or other international agreement to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact are no longer assumed and enjoyed by the Government of the United States.

Article III

Communications

Section 131

(a) The Governments of the Marshall Islands and the Federated States of Micronesia have full authority and responsibility to regulate their respective domestic and foreign communications, and the Government of the United States shall provide communications assistance in accordance with the terms of a separate agreement which shall come into effect simultaneously with this Compact, and such agreement shall remain in effect until such time as any election is made pursuant to Section 131(b) and which shall provide for the following:

(1) the Government of the United States remains the sole administration entitled to make notification to the International Frequency Registration Board of the International Telecommunications Union of frequency assignments to radio communications stations respectively in the Marshall Islands and the Federated States of Micronesia; and to submit to the International Frequency Registration Board seasonal schedules for the broadcasting stations respectively in the Marshall Islands and the Federated States of Micronesia in the bands allocated exclusively to the broadcasting service between 5,950 and 26,100 kHz and in any other additional frequency bands that may be allocated to use by high frequency broadcasting stations; and

(2) the United States Federal Communications Commission has jurisdiction, pursuant to the Communications Act of 1934, 47 U.S.C. 151 *et seq.*, and the Communications Satellite Act of 1962, 47 U.S.C. 721 *et seq.*, over all domestic and foreign communications services furnished by means of satellite earth terminal stations where such stations are owned or operated by United States common carriers and are located in the Marshall Islands or the Federated States of Micronesia.

(b) The Government of the Marshall Islands or the Federated States of Micronesia may elect at any time to undertake the functions enumerated in Section 131(a) and previously performed by the Government of the United States. Upon such election, the Government of the United States shall so notify the International Frequency Registration Board and shall take such other actions as may be necessary to transfer to the electing Government the notification authority referred to in Section 131(a) and all rights deriving from the previous exercise of any such notification authority by the Government of the United States.

Section 132

The Governments of the Marshall Islands and the Federated States of Micronesia shall permit the Government of the United States to operate telecommunications services in the Marshall Islands and the Federated States of Micronesia to the extent necessary to fulfill the obligations of the Government of the United States under this Compact in accordance with the terms of separate agreements which shall come into effect simultaneously with this Compact.

ARTICLE IV

Immigration

Section 141

(a) Any person in the following categories may enter into, lawfully engage in occupations, and establish residence as a nonimmigrant in the United States and its territories and possessions without regard to paragraphs (14), (20), and (26) of section 212(a) of the Immigration and Nationality Act, 8 U.S.C. 1182(a) (14), (20), and (26):

(1) a person who, on the day preceding the effective date of this Compact, is a citizen of the Trust Territory of the Pacific Islands, as defined in Title 53 of the Trust Territory Code in force on Janaury 1, 1979, and has become a citizen of the Marshall Islands or the Federated States of Micronesia.

(2) a person who acquires the citizenship of the Marshall Islands or the Federated States of Micronesia at birth, on or after the effective date of the respective Constitution;

(3) a naturalized citizen of the Marshall Islands or the Federated States of Micronesia who has been an actual resident there for not less than five years after attaining such naturalization and who holds a certificate of actual residence; or

(4) a person entitled to citizenship in the Marshall Islands by lineal descent whose name is included in a list to be furnished by the Government of the Marshall Islands to the United States Immigration and Naturalization Service and any descendants of such persons, provided that such person holds a certificate of lineal descent issued by the Government of the Marshall Islands.

Such persons shall be considered to have the permission of the Attorney General of the United States to accept employment in the United States.

(b) The right of such persons to establish habitual residence in a territory or possession of the United States may, however, be subjected to non-discriminatory limitations provided for:

(1) in statutes or regulations of the United States; or

(2) in those statutes or regulations of the territory or possession concerned which are authorized by the laws of the United States.

(c) Section 141(a) does not confer on a citizen of the Marshall Islands or the Federated States of Micronesia the right to establish the residence necessary for naturalization under the Immigration and Nationality Act, or to petition for benefits for alien relatives under that Act. Section 141(a), however, shall not prevent a citizen of the Marshall Islands or the Federated States of Micronesia from otherwise acquiring such rights or lawful permanent resident alien status in the United States.

Section 142

(a) Any citizen or national of the United States may enter into, lawfully engage in occupations, and reside in the Marshall Islands or the Federated States of Micronesia, subject to the rights of those Governments to deny entry to or deport any such citizen or national as an undesirable alien. A citizen or national of the United States may establish habitual residence or domicile in the Marshall Islands or the Federated States of Micronesia only in accordance with the laws of the jurisdiction in which habitual residence or domicile is sought.

(b) With respect to the subject matter of this Section, the Government of the Marshall Islands or the Federated States of Micronesia shall accord to citizens and nationals of the United States treatment no less favorable than that accorded to citizens of other countries; any denial of entry to or deportation of a citizen or national of the United States as an undesirable alien must be pursuant to reasonable statutory grounds.

Section 143

(a) The privileges set forth in Sections 141 and 142 shall not apply to any person who takes an affirmative step to preserve or acquire a citizenship or nationality other than that of the Marshall Islands, the Federated States of Micronesia or the United States.

(b) Every person having the privileges set forth in Sections 141 and 142 who possesses a citizenship or nationality other than that of the Marshall Islands, the Federated States of Micronesia or the United States ceases to have these privileges two years after the effective date of this Compact, or within six months after becoming 21 years of age, whichever comes later, unless such person executes an oath of renunciation of that other citizenship or nationality.

Section 144

(a) A citizen or national of the United States who, after notification to the Government of the United States of an intention to employ such person by the Government of the Marshall Islands or the Federated States of Micronesia, commences employment with such Government shall not be deprived of his United States nationality pursuant to Section 349(a)(2) and (a)(4) of the Immigration and Nationality Act, 8 U.S.C. 1481 (a)(2) and (a)(4).

(b) Upon such notification by the Government of the Marshall Islands or the Federated States of Micronesia, the Government of the United States may consult with or provide information to the notifying Government concerning the prospective employee, subject to the provisions of the Privacy Act, 5 U.S.C. 552a.

(c) The requirement of prior notification shall not apply to those citizens or nationals of the United States who are employed by the Government of the Marshall Islands or the Federated States of Micronesia on the effective date of this Compact with respect to the positions held by them at that time.

Article V

Representation

Section 151

The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia may establish and maintain representative offices in the capital of the other for the purpose of maintaining close and regular consultations on matters arising in the course of the relationship of free association and conducting other government business. The Governments may establish and maintain additional offices on terms and in locations as may be mutually agreed.

Section 152

(a) The premises of such representative offices, and their archives wherever located, shall be inviolable. The property and assets of such representative offices shall be immune from search, requisition, attachment and any form of seizure unless such immunity is expressly waived. Official communications in transit shall be inviolable and accorded the freedom and protections accorded by recognized principles of international law to official communications of a diplomatic mission.

(b) persons designated by the sending Government may serve in the capacity of its resident representatives with the consent of the receiving Government. Such designated persons shall be immune from civil and criminal process relating to words spoken or written and all acts performed by them in their official capacity and falling within their functions as such representatives, except insofar as such immunity may be expressly waived by the sending Government. While serving in a resident representative capacity, such designated persons shall not be liable to arrest or detention pending trial, except in the case of a grave crime and pursuant to a decision by a competent judicial authority, and such persons shall enjoy immunity from seizure of personal property, immigration restrictions, and laws relating to alien registration, fingerprinting, and the registration of foreign agents.

(c) The sending Governments and their respective assets, income and other property shall be exempt from all direct taxes, except those direct taxes representing payment for specific goods and services, and shall be exempt from all customs duties and restrictions on the import or export of articles required for the official functions and personal use of their representatives and representative offices.

(d) Persons designated by the sending Government to serve in the capacity of its resident representatives shall enjoy the same taxation exemptions as are set forth in Article 34 of the Vienna Convention on Diplomatic Relations.

(e) The privileges, exemptions and immunities accorded under this Section are not for the personal benefit of the individuals concerned but are to safeguard the independent exercise of their official functions. Without prejudice to those privileges, exemptions and immunities, it is the duty of all such persons to respect the laws and regulations of the Government to which they are assigned.

Section 153

(a) Any citizen or national of the United States who, after consultation between the designating Government and the Government of the United States, is designated by the Government of the Marshall Islands or the Federated States of Micronesia as its agent, shall enjoy exemption from the requirements of the laws of the United States relating to the registration of foreign agents. The Government of the United States shall promptly comply with a request for consultation made by the prospective designating Government. During the course of the consultation, the Government of the United States may, in its discretion, and subject to the provisions of the Privacy Act, 5 U.S.C. 552a, transmit such information concerning the prospective designee as may be available to it to the prospective designating Government.

(b) Any citizen or national of the United States may be employed by the Government of the Marshall Islands or the Federated States of Micronesia to represent to foreign governments, officers or agents thereof the positions of the Government of the Marshall Islands or the Federated States of Micronesia, without regard to the provisions of 18 U.S.C. 953.

Article VI

Environmental Protection

Section 161

The Governments of the United States, the Marshall Islands and the Federated States of Micronesia declare that it is their policy to promote efforts to prevent or eliminate damage to the environment and biosphere and to enrich understanding of the natural resources of the Marshall Islands and the Federated States of Micronesia. In order to carry out this policy, the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia agree to the following mutual and reciprocal undertakings.

(a) The Government of the United States:

(1) shall continue to apply the environmental controls in effect on the day preceding the effective date of this Compact to those of its continuing activities subject to Section 161(a)(2), unless and until those controls are modified under Sections 161(a)(3) and 161(a)(4);

(2) shall apply the National Environmental Policy Act of 1969, 83 Stat. 852, 42 U.S.C. 4321 *et seq.*, to its activities under the Compact and its related agreements as if the Marshall Islands and the Federated States of Micronesia were the United States;

(3) shall comply also, in the conduct of any activity requiring the preparation of an Environmental Impact Statement under Section 161(a)(2), with standards substantively similar to those required by the following laws of the United States, taking into account the particular environments of the Marshall Islands and the Federated States of Micronesia: the Endangered Species Act of 1973, 87 Stat. 884, 16 U.S.C. 1531 *et seq.*; the Clean Air Act, 77 Stat. 392, 42 U.S.C. Supp. 7401 *et seq.*; the Clean Water Act (Federal Water Pollution Control Act), 86 Stat. 896, 33 U.S.C. 1251 *et seq.*; the Ocean Dumping Act (Title I of the Marine Protection, Research and Sanctuaries Act of 1972), 86 Stat. 1053, 33 U.S.C. 1411 *et seq.*; the Toxic Substances Control Act, 90 Stat. 2003, 15 U.S.C. 2601 *et seq.*; the Resources Conservation and Recovery Act of 1976, 90 Stat. 2796, 42 U.S.C. 6901 *et seq.*; and such other environmental protection laws of the United States as may be mutually agreed from time to time with the Government of the Marshall Islands or the Federated States of Micronesia; and

(4) shall develop, prior to conducting any activity requiring the preparation of an Environmental Impact Statement under Section 161(a)(2), appropriate mechanisms, including regulations or other judicially reviewable standards and procedures, to regulate its activities governed by Section 161(a)(3) in the Marshall Islands and the Federated States of Micronesia in a manner appropriate to the special governmental relationship set forth in this Compact. The agencies of the Government of the United States designated by law to administer the laws set forth in Section 161(a)(3) shall participate as appropriate in the development of any regulation, standard or procedure under this Section, and the Government of the United States shall provide the affected Government of the Marshall Islands or the Federated States of Micronesia with the opportunity to comment during such development.

(b) The Governments of the Marshall Islands and the Federated States of Micronesia shall develop standards and procedures to protect their environments. As a reciprocal obligation to the undertakings of the Government of the United States under this Article, the Governments of the Marshall Islands and the Federated States of Micronesia, taking into account their particular environments, shall develop standards for environmental protection substantively similar to those required of the Government of the United States by Section 161(a)(3) prior to their conducting activities in the Marshall Islands and the Federated States of Micronesia, respectively, substantively equivalent to activities conducted there by the Government of the United States and, as a further reciprocal obligation, shall enforce those standards.

(c) Section 161(a), including any standard or procedure applicable thereunder, and Section 161(b) may be modified or superseded in whole or in part by agreement of the Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia.

(d) In the event that an Environmental Impact Statement is no longer required under the laws of the United States for major federal actions significantly affecting the quality of the human environment, the regulatory regime established under Sections 161(a)(3) and 161(a)(4) shall continue to apply to such activities of the Government of the United States until amended by mutual agreement.

(e) The President of the United States may exempt any of the activities of the Government of the United States under this Compact and its related agreements from any environmental standard or procedure which may be applicable under Sections 161(a)(3) and 161(a)(4) if the President determines it to be in the paramount interest of the Government of the United States to do so, consistent with Title Three of this Compact and the obligations of the Government of the United States under international law. Prior to any decision pursuant to this subsection, the views of the affected Government of the Marshall Islands or the Federated States of Micronesia shall be sought and considered to the extent practicable. If the President grants such an exemption, to the extent practicable, a report with his reasons for granting such exemption shall be given promptly to the affected Government.

(f) The laws of the United States referred to in Section 161(a)(3) shall apply to the activities of the Government of the United States under this Compact and its related agreements only to the extent provided for in this Section.

Section 162

The Government of the Marshall Islands or the Federated States of Micronesia may bring an action for judicial review of any administrative agency action or any activity of the Government of the United States pursuant to Sections 161(a), 161(d) or 161(e) or for enforcement of the obligations of the Government of the United States arising thereunder. The United States District Court for the District of Hawaii and the United States District Court for the District of Columbia shall have jurisdiction over such action or activity, and over actions brought under Section 172(b) which relate to the activities of the Government of the United States and its officers and employees, governed by Section 161, provided that:

(a) Such actions may only be civil actions for any appropriate civil relief other than punitive damages against the Government of the United States or, where required by law, its officers in their official capacity; no criminal actions may arise under this Section;

(b) Actions brought pursuant to this Section may be initiated only by the Government concerned;

(c) Administrative agency actions arising under Section 161 shall be reviewed pursuant to the standard of judicial review set forth in 5 U.S.C. 706;

(d) The District Court shall have jurisdiction to issue all necessary processes, and the Government of the United States agrees to submit itself to the jurisdiction of the court; decisions of the District Court shall be reviewable in the United States Court of Appeals for the Ninth Circuit or the United States Court of Appeals for the District of Columbia, respectively, or in the United States Supreme Court as provided by the laws of the United States;

(e) The judicial remedy provided for in this Section shall be the exclusive remedy for the judicial review or enforcement of the obligations of the Government of the United States under this Article and actions brought under Section 172(b) which relate to the activities of the Government of the United States and its officers and employees governed by Section 161; and

(f) In actions pursuant to this Section, the Governments of the Marshall Islands and the Federated States of Micronesia shall be treated as if they were United States citizens.

Section 163

(a) For the purpose of gathering data necessary to study the environmental effects of activities of the Government of the United States subject to the requirements of this Article, the Governments of the Marshall Islands and the Federated States of Micronesia shall be granted access to facilities operated by the Government of the United States in the Marshall Islands and the Federated States of Micronesia, to the extent necessary for this purpose, except to the extent such access would unreasonably interfere with the exercise of the authority and responsibility of the Government of the United States under Title Three.

(b) The Government of the United States, in turn, shall be granted access to the Marshall Islands or the Federated States of Micronesia for the purpose of gathering data necessary to discharge its obligations under this Article, except to the extent such access would unreasonably interfere with the exercise of the authority and responsibility of the Government of the Marshall Islands or the Federated States of Micronesia under Title One, and to the extent necessary for this purpose shall be granted access to documents and other information to the same extent similar access is provided those Governments under the Freedom of Information Act, 5 U.S.C. 552.

(c) The Governments of the Marshall Islands and the Federated States of Micronesia shall not impede efforts by the Government of the United States to comply with applicable standards and procedures.

Article VII

General Legal Provisions

Section 171

Except as provided in this Compact or its related agreements, the application of the laws of the United States to the Trust Territory of the Pacific Islands by virtue of the Trusteeship Agreement ceases with respect to the Marshall Islands and the Federated States of Micronesia as of the effective date of this Compact.

Section 172

(a) Every citizen of the Marshall Islands or the Federated States of Micronesia who is not a resident of the United States shall enjoy the rights and remedies under the laws of the United States enjoyed by any non-resident alien.

(b) The Governments of the Marshall Islands and the Federated States of Micronesia and every citizen of the Marshall Islands or the Federated States of Micronesia shall be considered a "person" within the meaning of the Freedom of Information Act, 5 U.S.C. 552, and of the judicial review provisions of the Administrative Procedure Act, 5 U.S.C. 701-706, except that only the Government of the Marshall Islands or the Federated States of Micronesia may seek judicial review under the Administrative Procedure Act or judicial enforcement under the Freedom of Information Act when such judicial review or enforcement relates to the activities of the Government of the United States governed by Sections 161 and 162.

Section 173

The Governments of the United States, the Marshall Islands and the Federated States of Micronesia agree to adopt and enforce such measures, consistent with this Compact and its related agreements, as may be necessary to protect the personnel, property, installations, services, programs and official archives and documents maintained by the Government of the United States in the Marshall Islands and the Federated States of Micronesia pursuant to this Compact and its related agreements and by those Governments in the United States pursuant to this Compact and its related agreements.

Section 174

Except as otherwise provided in this Compact and its related agreements:

(a) The Governments of the Marshall Islands and the Federated States of Micronesia shall be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall be immune from the jurisdiction of the courts of the Marshall Islands and the Federated States of Micronesia.

(b) The Government of the United States accepts responsibility for and shall pay:

(1) any unpaid money judgment rendered by the High Court of the Trust Territory of the Pacific Islands against the Government of the Trust Territory of the Pacific Islands or the Government of the United States with regard to any cause of action arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact;

(2) any claim settled by the claimant and the Government of the Trust Territory of the Pacific Islands but not paid as of the effective date of this Compact; and

(3) settlement of any administrative claim or of any action before a court of the Trust Territory of the Pacific Islands, pending as of the effective date of this Compact, against the Government of the Trust Territory of the Pacific Islands or the Government of the United States, arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States.

(c) Any claim not referred to in Section 174(b) and arising from an act or omission of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact shall be adjudicated in the same manner as a claim adjudicated according to Section 174(d). In any claim against the Government of the Trust Territory of the Pacific Islands, the Government of the United States shall stand in the place of the Government of the Trust Territory of the Pacific Islands. A judgment on any claim referred to in Section 174(b) or this subsection, not otherwise satisfied by the Government of the United States, may be presented for certification to the United States Court of Appeals for the Federal Circuit, or its successor court, which shall have jurisdiction therefor, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States. The United States Court of Appeals for the Federal Circuit shall certify such judgment, and order payment thereof, unless it finds, after a hearing, that such judgment is manifestly erroneous as to law or fact, or manifestly excessive. In either of such cases the United States Court of Appeals for the Federal Circuit shall have jurisdiction to modify such judgment.

(d) The Governments of the Marshall Islands and the Federated States of Micronesia shall not be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall not be immune from the jurisdiction of the courts of the Marshall Islands and the Federated States of Micronesia in any case in which the action is based on a commercial activity of the defendant Government where the action is brought, or in a case in which damages are sought for personal injury or death or damage to or loss of property occurring where the action is brought.

Section 175

A separate agreement, which shall come into effect simultaneously with this Compact, shall be concluded between the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia regarding mutual assistance and cooperation in law enforcement matters including the pursuit, capture, imprisonment and extradition of fugitives from justice and the transfer of prisoners. The separate agreement shall have the force of law. In the United States, the laws of the United States governing international extradition, including 18 U.S.C. 3184, 3186 and 3188–3195, shall be applicable to the extradition of fugitives under the separate agreement, and the laws of the United States governing the transfer of prisoners, including 18 U.S.C. 4100–4115, shall be applicable to the transfer of prisoners under the separate agreement.

Section 176

The Governments of the Marshall Islands and the Federated States of Micronesia confirm that final judgments in civil cases rendered by any court of the Trust Territory of the Pacific Islands shall continue in full force and effect, subject to the constitutional power of the courts of the Marshall Islands and the Federated States of Micronesia to grant relief from judgments in appropriate cases.

Section 177

(a) The Government of the United States accepts the responsibility for compensation owing to citizens of the Marshall Islands, or the Federated States of Micronesia (or Palau) for loss or damage to property and person of the citizens of the Marshall Islands, or the Federated States of Micronesia or resulting from the nuclear testing program which the Government of the United States conducted in the Northern Marshall Islands between June 30, 1946, and August 18, 1958.

(b) The Government of the United States and the Government of the Marshall Islands shall set forth in a separate agreement provisions for the just and adequate settlement of all such claims which have arisen in regard to the Marshall Islands and its citizens and which have not as yet been compensated or which in the future may arise, for the continued administration by the Government of the United States of direct radiation related medical surveillance and treatment programs and radiological monitoring activities and for such additional programs and activities as may be mutually agreed, and for the assumption by the Government of the Marshall Islands of responsibility for enforcement of limitations on the utilization of affected areas developed in cooperation with the Government of the United States and for the assistance by the Government of the United States in the exercise of such responsibility as may be mutually agreed. This separate agreement shall come into effect simultaneously with this Compact and shall remain in effect in accordance with its own terms.

(c) The Government of the United States shall provide to the Government of the Marshall Islands, on a grant basis, the amount of $150 million to be paid and distributed in accordance with the separate agreement referred to in this Section, and shall provide the services and programs set forth in this separate agreement, the language of which is incorporated into this Compact.

Section 178

(a) The federal agencies of the Government of the United States which provide the services and related programs in the Marshall Islands or the Federated States of Micronesia pursuant to Articles II and III of Title Two are authorized to settle and pay tort claims arising in the Marshall Islands or the Federated States of Micronesia from the activities of such agencies or from the acts or omissions of the employees of such agencies. Except as provided in Section 178(b), the provisions of 28 U.S.C. 2672 and 31 U.S.C. 1304 shall apply exclusively to such administrative settlements and payments.

(b) Claims under Section 178(a) which cannot be settled under Section 178(a) shall be disposed of exclusively in accordance with Article II of Title Four. Arbitration awards rendered pursuant to this subsection shall be paid out of funds under 31 U.S.C. 1304.

(c) The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia shall, in the separate agreements referred to in Section 232, provide for:

(1) the administrative settlement of claims referred to in Section 178(a), including designation of local agents in the Marshall Islands and each State of the Federated States of Micronesia; such agents to be empowered to accept, investigate and settle such claims, in a timely manner, as provided in such separate agreements; and

(2) arbitration, referred to in Section 178(b), in a timely manner, at a site convenient to the claimant, in the event a claim is not otherwise settled pursuant to Section 178(a).

(d) The provisions of Section 174(d) shall not apply to claims covered by this Section.

TITLE TWO

ECONOMIC RELATIONS

Article I

Grant Assistance

Section 211

(a) In order to assist the Governments of the Marshall Islands and the Federated States of Micronesia in their efforts to advance the economic self-sufficiency of their peoples and in recognition of the special relationship that exists between them and the United States, the Government of the United States shall provide on a grant basis the following amounts:

(1) to the Government of the Marshall Islands, $26.1 million annually for five years commencing on the effective date of this Compact, $22.1 million annually for five years commencing on the fifth anniversary of the effective date of this Compact, and $19.1 million annually for five years commencing on the tenth anniversary of this Compact. Over this fifteen-year period, the Government of the Marshall Islands shall dedicate an average of no less than 40 percent of these amounts to the capital account subject to provision for revision of this percentage incorporated into the plan referred to in Section 211(b).

(2) to the Government of the Federated States of Micronesia, $60 million annually for five years commencing on the effective date of this Compact, $51 million annually for five years commencing on the fifth anniversary of the effective date of this Compact, and $40 million annually for five years commencing on the tenth anniversary of the effective date of this Compact. Over this fifteen-year period, the Government of the Federated States of Micronesia shall dedicate an average of no less than 40 percent of these amounts annually to the capital account subject to provision for revision of this percentage incorporated into the plan referred to in Section 211(b). To take into account the special nature of the assistance, to be provided under this paragraph and Sections 212(b), 213(c), 214(c), 215(a)(3), 215(b)(3), 216(a), 216(b), 221(a), and 221(b), the division of these amounts among the national and state governments of the Federated States of Micronesia shall be certified to the Government of the United States by the Government of the Federated States of Micronesia.

(b) The annual expenditure of the grant amounts specified for the capital account in Section 211(a) by the Governments of the Marshall Islands and the Federated States of Micronesia shall be in accordance with official overall economic development plans provided by those Governments and concurred in by the Government of the United States prior to the effective date of this Compact. These plans may be amended from time to time by the Government of the Marshall Islands or the Federated States of Micronesia.

(c) The Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia recognize that the achievement of the goals of the plans referred to in Section 211(b) depends upon the availability of adequate internal revenue as well as economic assistance from sources outside of the Marshall Islands and the Federated States of Micronesia, including the Government of the United States, and may, in addition, be affected by the impact of exceptional economically adverse circumstances. Each of the Governments of the Marshall Islands and the Federated States of Micronesia shall therefore report annually to the President of the United States and to the Congress of the United States on the implementation of the plans and on their use of the funds specified in this Article. These reports shall outline the achievements of the plans to date and the need, if any, for an additional authorization and appropriation of economic assistance for that year to account for any exceptional, economically adverse circumstances. It is understood that the Government of the United States cannot be committed by this Section to seek or support such additional economic assistance.

Section 212

In recognition of the special development needs of the Federated States of Micronesia, the Government of the United States shall provide to the Government of the Federated States of Micronesia $1 million annually for fourteen years commencing on the first anniversary of the effective date of this Compact. This amount may be used by the Government of the Federated States of Micronesia to defray current account expenditures attendant to the operation of the United States military Civic Action Teams made available in accordance with the separate agreement referred to in Section 227.

Section 213

(a) The Government of the United States shall provide on a grant basis $1.9 million annually to the Government of the Marshall Islands in conjunction with Section 321(a). The Government of the Marshall Islands, in its use of such funds, shall take into account the impact of the activities of the Government of the United States in the Kwajalein Atoll area of the Marshall Islands.

(b) The Government of the United States shall provide on a grant basis to the Government of the Federated States of Micronesia the sum of $160,000 in conjunction with Section 321(a). This sum shall be made available concurrently with the grant assistance provided pursuant to this Article during the first year after the effective date of this Compact. The Government of the Federated States of Micronesia, in its use of such funds, shall take into account the impact of the activities of the Government of the United States in Yap State, Federated States of Micronesia.

Section 214

As a contribution to efforts aimed at achieving increased self-sufficiency in energy production, the Government of the United States shall provide on a current account grant basis for fourteen years commencing on the first anniversary of the effective date of this Compact the following amounts:

(a) To the Government of the Marshall Islands, $2 million annually; and

(b) To the Government of the Federated States of Micronesia, $3 million annually.

Section 215

(a) As a contribution to the current account operations and maintenance of communications systems, the Government of the United States shall provide on a grant basis for fifteen years commencing on the effective date of this Compact the following amounts:

(1) to the Government of the Marshall Islands, $300,000 annually; and

(2) to the Government of the Federated States of Micronesia, $600,000 annually.

(b) For the purpose of acquiring such communications hardware as may be located within the Marshall Islands and the Federated States of Micronesia or for such other current or capital account activity as may be selected, the Government of the United States shall provide, concurrently with the grant assistance provided pursuant to this Article during the first year after the effective date of this Compact, the sum of $9 million to be allocated as follows:

(1) to the Government of the Marshall Islands, $3 million; and

(2) to the Government of the Federated States of Micronesia, $6 million.

Section 216

(a) The Government of the United States shall provide on a current account basis an annual grant of $5.369 million for fifteen years commencing on the effective date of this Compact for the purposes set forth below:

(1) $890,000 annually for the surveillance and enforcement by the Governments of the Marshall Islands and the Federated States of Micronesia of their respective maritime zones;

(2) $1.791 million annually for health and medical programs, including referrals to hospital and treatment centers; and

(3) $2.687 million annually for a scholarship fund or funds to support the post-secondary education of citizens of the Marshall Islands and the Federated States of Micronesia attending United States accredited, post-secondary institutions in the United States, its territories and possessions, the Marshall Islands or the Federated States of Micronesia. The curricula criteria for the award of scholarships shall be designed to advance the purposes of the plans referred to in Section 211(b).

(b) The Government of the United States shall provide the sum of $1.333 million as a contribution to the commencement of activities pursuant to Section 216(a)(1).

(c) The annual grants referred to in Section 216(a) and the sum referred to in Section 216(b) shall be made available by the Government of the United States promptly after it receives instruction for their distribution agreed upon by the Governments of the Marshall Islands and the Federated States of Micronesia.

Section 217

Except as otherwise provided, the amounts stated in Sections 211, 212, 214, 215 and 231 shall be adjusted for each Fiscal Year by the percent which equals two-thirds of the percentage change in the United States Gross National Product Implicit Price Deflator, or seven percent, whichever is less in any one year, using the beginning of Fiscal Year 1981 as the base.

Section 218

If in any year the funds made available by the Government of the United States for that year pursuant to this Article or Section 231 are not completely obligated by the recipient Government, the unobligated balances shall remain available in addition to the funds to be provided in subsequent years.

Section 219

All funds previously appropriated to the Trust Territory of the Pacific Islands which are unobligated by the Government of the Trust Territory of the Pacific Islands as of the effective date of this Compact shall accrue to the Governments of the Marshall Islands and the Federated States of Micronesia for the purposes for which such funds were originally appropriated as determined by the Government of the United States.

Article II

Program Assistance

Section 221

(a) The Government of the United States shall make available to the Marshall Islands and the Federated States of Micronesia, in accordance with and to the extent provided in the separate agreements referred to in section 232, without compensation and at the levels equivalent to those available to the Trust Territory of the Pacific Islands during the year prior to the effective date of this Compact, the services and related programs:

(1) of the United States Weather Service;

(2) of the United States Federal Emergency Management Agency;

(3) provided pursuant to the Postal Reorganization Act, 39 U.S.C. 101 *et seq.*;

(4) of the United States Federal Aviation Administration; and

(5) of the United States Civil Aeronautics Board or its successor agencies which has the authority to implement the provisions of paragraph 5 of Article IX of such separate agreements, the language of which is incorporated into this Compact.

(b) The Government of the United States, recognizing the special needs of the Marshall Islands and the Federated States of Micronesia particularly in the fields of education and health care, shall make available, as provided by the laws of the United States, the annual amount of $10 million which shall be allocated in accordance with the provisions of the separate agreement referred to in Section 232.

(c) The Government of the United States shall make available to the Marshall Islands and the Federated States of Micronesia such alternate energy development projects, studies and conservation measures as are applicable to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact, for the purposes and duration provided in the laws of the United States.

(d) The Government of the United States shall have and exercise such authority as is necessary for the purposes of this Article and as is set forth in the separate agreements referred to in Section 232, which shall also set forth the extent to which services and programs shall be provided to the Marshall Islands and the Federated States of Micronesia.

Section 222

The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia shall consult regularly or upon request regarding:

(a) The economic development of the Marshall Islands or the Federated States of Micronesia; or

(b) The services and programs referred to in this Article. These services and programs shall continue to be provided by the Government of the United States unless their modification is provided by mutual agreement or their termination in whole or in part is requested by any recipient Government.

Section 223

The citizens of the Marshall Islands and the Federated States of Micronesia who are receiving post-secondary educational assistance from the Government of the United States on the day preceding the effective date of this Compact shall continue to be eligible, if otherwise qualified, to receive such assistance to complete their academic programs for a maximum of four years after the effective date of this Compact.

Section 224

The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia may agree from time to time to the extension of additional United States grant assistance, services and programs as provided by the Laws of the United States, to the Marshall Islands or the Federated States of Micronesia, respectively.

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Section 225

The Governments of the Marshall Islands and the Federated States of Micronesia shall make available to the Government of the United States at no cost such land as may be necessary for the operations of the services and programs provided pursuant to this Article, and such facilities as are provided by the Government of the Marshall Islands or the Federated States of Micronesia at no cost to the Government of the United States as of the effective date of this Compact or as may be mutually agreed thereafter.

Section 226

The Governments of the Marshall Islands and the Federated States of Micronesia may request, from time to time, technical assistance from the federal agencies and institutions of the Government of the United States, which are authorized to grant such technical assistance in accordance with its laws and which shall grant such technical assistance in a manner which gives priority consideration to the Marshall Islands and the Federated States of Micronesia over other recipients not a part of the United States, its territories or possessions. The Government of the United States shall coordinate the provision of such technical assistance in consultation with the respective recipient Government.

Section 227

In recognition of the special development needs of the Federated States of Micronesia, the Government of the United States shall make available United States military Civic Action Teams for use in the Federated States of Micronesia under terms and conditions specified in a separate agreement which shall come into effect simultaneously with this Compact.

Article III

Administrative Provisions

Section 231

Upon the thirteenth anniversary of the effective date of this Compact, the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia shall commence negotiations regarding those provisions of this Compact which expire on the fifteenth anniversary of its effective date. If these negotiations are not concluded by the fifteenth anniversary of the effective date of this Compact, the period of negotiations shall extend for not more than two additional years, during which time the provisions of this Compact including Title Three shall remain in full force and effect. During this additional period of negotiations, the Government of the United States shall continue its assistance to the Governments with which it is negotiating pursuant to this Section at a level which is the average of the annual amounts granted pursuant to Sections 211, 212, 213, 214, 215 and 216 during the first fifteen years of this Compact. The average annual amount paid pursuant to Sections 211, 212, 214 and 215 shall be adjusted pursuant to Section 217.

Section 232

The specific nature, extent and contractual arrangements of the services and programs provided for in Section 221 as well as the legal status of agencies of the Government of the United States, their civilian employees and contractors, and the dependents of such personnel while present in the Marshall Islands or the Federated States of Micronesia, and other arrangements in connection with a service or program furnished by the Government of the United States, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Section 233

The Government of the United States, in consultation with the Governments of the Marshall Islands and the Federated States of Micronesia, shall determine and implement procedures for the periodic audit of all grants and other assistance made under Article I of this Title and of all funds expended for the services and programs provided under Article II of this Title. Such audits shall be conducted on an annual basis during the first five years following the effective date of this Compact and shall be at no cost to the Government of the Marshall Islands or the Federated States of Micronesia.

Section 234

Title to the property of the Government of the United States situated in the Trust Territory of the Pacific Islands or acquired for or used by the Government of the Trust Territory of the Pacific Islands on or before the day preceding the effective date of this Compact shall, without reimbursement or transfer of funds, vest in the Government of the Marshall Islands and the Federated States of Micronesia as set forth in a separate agreement which shall come into effect simultaneously with this Compact. The provisions of this Section shall not apply to the property of the Government of the United States for which the Government of the United States determines a continuing requirement.

Section 235

(a) Funds held in trust by the High Commissioner of the Trust Territory of the Pacific Islands, in his official capacity, as of the effective date of this Compact shall remain available as trust funds to their designated beneficiaries. The Government of the United States, in consultation with the Government of the Marshall Islands or the Federated States of Micronesia, shall appoint a new trustee who shall exercise the functions formerly exercised by the High Commissioner of the Trust Territory of the Pacific Islands.

(b) To provide for the continuity of administration, and to assure the Governments of the Marshall Islands and the Federated States of Micronesia that the purposes of the laws of the United States are carried out and that the funds of any other trust fund in which the High Commissioner of the Trust Territory of the Pacific Islands has authority of a statutory or customary nature shall remain available as trust funds to their designated beneficiaries, the Government of the United States agrees to assume the authority formerly vested in the High Commissioner of the Trust Territory of the Pacific Islands.

Section 236

Except as otherwise provided, approval of this Compact by the Government of the United States shall constitute a pledge of the full faith and credit of the United States for the full payment of the sums and amounts specified in Articles I and III of this Title. The obligation of the United States under Articles I and III of this Title shall be enforceable in the United States Claims Court, or its successor court, which shall have jurisdiction in cases arising under this Section, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States.

Article IV

Trade

Section 241

The Marshall Islands and the Federated States of Micronesia are not included in the customs territory of the United States.

Section 242

For the purpose of assessing duties on their products imported into the customs territory of the United States, the Marshall Islands and the Federated States of Micronesia shall be treated as if they were insular possessions of the United States within the meaning of General Headnote 3(a) of the Tariff Schedules of the United States. The exceptions, valuation procedures and all other provisions of General Headnote 3(a) shall apply to any product deriving from the Marshall Islands or the Federated States of Micronesia.

Section 243

All products of the Marshall Islands or the Federated States of Micronesia imported into the customs territory of the United States which are not accorded the treatment set forth in Section 242 and all products of the United States imported into the Marshall Islands or the Federated States of Micronesia shall receive treatment no less favorable than that accorded like products of any foreign country with respect to customs duties or charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage or use.

Article V

Finance and Taxation

Section 251

The currency of the United States is the official circulating legal tender of the Marshall Islands and the Federated States of Micronesia. Should the Government of the Marshall Islands or the Federated States of Micronesia act to institute another currency, the terms of an appropriate currency transitional period shall be as agreed with the Government of the United States.

Section 252

The Government of the Marshall Islands or the Federated States of Micronesia may, with respect to United States persons, tax income derived from sources within its respective jurisdiction, property situated therein, including transfers of such property by gift or at death, and products consumed therein, in such manner as such Government deems appropriate. The determination of the source of any income, or the situs of any property, shall for purposes of this Compact be made according to the United States Internal Revenue Code.

Section 253

A citizen of the Marshall Islands or the Federated States of Micronesia, domiciled therein, shall be exempt from:

(a) Income taxes imposed by the Government of the United States upon fixed or determinable annual income; and

(b) Estate, gift, and generation-skipping transfer taxes imposed by the Government of the United States.

Section 254

(a) In determining any income tax imposed by the Government of the Marshall Islands or the Federated States of Micronesia, those Governments shall have authority to impose tax upon income derived by a resident of the Marshall Islands or the Federated States of Micronesia from sources without the Marshall Islands and the Federated States of Micronesia, in the same manner and to the same extent as those Governments impose tax upon income derived from within their respective jurisdictions. If the Government of the Marshall Islands or the Federated States of Micronesia exercises such authority as provided in this subsection, any individual resident of the Marshall Islands or the Federated States of Micronesia who is subject to tax by the Government of the United States on income which is also taxed by the Government of the Marshall Islands or the Federated States of Micronesia shall be relieved of liability to the Government of the United States for the tax which, but for this subsection, would otherwise be imposed by the Government of the United States on such income. For purposes of this Section, the term "resident of the Marshall Islands or the Federated States of Micronesia" shall be deemed to include any person who was physically present in the Marshall Islands or the Federated States of Micronesia for a period of 183 or more days during any taxable year; provided, that as between the Government of the Marshall Islands and the Federated States of Micronesia, the authority to tax an individual resident of the Marshall Islands or the Federated States of Micronesia in respect of income from sources without the Marshall Islands and the Federated States of Micronesia as provided in this subsection may be exercised only by the Government in whose jurisdiction such individual was physically present for the greatest number of days during the taxable year.

(b) If the Government of the Marshall Islands or the Federated States of Micronesia subjects income to taxation substantially similar to that imposed by the Trust Territory Code in effect on January 1, 1980, such Government shall be deemed to have exercised the authority described in Section 254(a).

Section 255

Where not otherwise manifestly inconsistent with the intent of this Compact, provisions in the United States Internal Revenue Code that are applicable to possessions of the United States as of January 1, 1980 shall be treated as applying to the Marshall Islands and the Federated States of Micronesia. If such provisions of the Internal Revenue Code are amended, modified or repealed after that date, such provisions shall continue in effect as to the Marshall Islands and the Federated States of Micronesia for a period of two years during which time the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia shall negotiate an agreement which shall provide benefits substantially equivalent to those which obtained under such provisions.

TITLE THREE

SECURITY AND DEFENSE RELATIONS

Article I

Authority and Responsibility

Section 311

(a) The Government of the United States has full authority and responsibility for security and defense matters in or relating to the Marshall Islands and the Federated States of Micronesia.

(b) This authority and responsibility includes:

(1) the obligation to defend the Marshall Islands and the Federated States of Micronesia and their peoples from attack or threats thereof as the United States and its citizens are defended;

(2) the option to foreclose access to or use of the Marshall Islands and the Federated States of Micronesia by military personnel or for the military purposes of any third country; and

(3) the option to establish and use military areas and facilities in the Marshall Islands and the Federated States of Micronesia, subject to the terms of the separate agreements referred to in Sections 321 and 323.

(c) The Government of the United States confirms that it shall act in accordance with the principles of international law and the Charter of the United Nations in the exercise of this authority and responsibility.

Section 312

Subject to the terms of any agreements negotiated in accordance with Sections 321 and 323, the Government of the United States may conduct within the lands, waters and airspace of the Marshall Islands and the Federated States of Micronesia the activities and operations necessary for the exercise of its authority and responsibility under this Title.

Section 313

(a) The Governments of the Marshall Islands and the Federated States of Micronesia shall refrain from actions which the Government of the United States determines, after appropriate consultation with those Governments, to be incompatible with its authority and responsibility for security and defense matters in or relating to the Marshall Islands and the Federated States of Micronesia.

(b) The consultations referred to in this Section shall be conducted expeditiously at senior levels of the Governments concerned, and the subsequent determination by the Government of the United States referred to in this Section shall be made only at senior interagency levels of the Government of the United States.

(c) The Government of the Marshall Islands or the Federated States of Micronesia shall be afforded, on an expeditious basis, an opportunity to raise its concerns with the United States Secretary of State personally and the United States Secretary of Defense personally regarding any determination made in accordance with this Section.

Section 314

(a) Unless otherwise agreed, the Government of the United States shall not, in the Marshall Islands or the Federated States of Micronesia:

(1) test by detonation or dispose of any nuclear weapon, nor test, dispose of, or discharge any toxic chemical or biological weapon; or

(2) test, dispose of, or discharge any other radioactive, toxic chemical or biological materials in an amount or manner which would be hazardous to public health or safety.

(b) Unless otherwise agreed, other than for transit or over flight purposes or during time of a national emergency declared by the President of the United States, a state of war declared by the Congress of the United States or as necessary to defend against an actual or impending armed attack on the United States, the Marshall Islands or the Federated States of Micronesia, the Government of the United States shall not store in the Marshall Islands or the Federated States of Micronesia any toxic chemical weapon, nor any radioactive materials nor any toxic chemical materials intended for weapons use.

(c) Radioactive, toxic chemical, or biological materials not intended for weapons use shall not be affected by Section 314(b).

(d) No material or substance referred to in this Section shall be stored in the Marshall Islands or the Federated States of Micronesia except in an amount and manner which would not be hazardous to public health or safety. In determining what shall be an amount or manner which would be hazardous to public health or safety under this Section, the Government of the United States shall comply with any applicable mutual agreement, international guidelines accepted by the Government of the United States, and the laws of the United States and their implementing regulations.

(e) Any exercise of the exemption authority set forth in Section 161(e) shall have no effect on the obligations of the Government of the United States under this Section or on the application of this subsection.

(f) The provisions of this Section shall apply in the areas in which the Government of the Marshall Islands or the Federated States of Micronesia exercises jurisdiction over the living resources of the seabed, subsoil or water column adjacent to its coasts.

Section 315

The Government of the United States may invite members of the armed forces of other countries to use military areas and facilities in the Marshall Islands or the Federated States of Micronesia, in conjunction with and under the control of United States Armed Forces. Use by units of the armed forces of other countries of such military areas and facilities, other than for transit and overflight purposes, shall be subject to consultation with and, in the case of major units, approval by the Government of the Marshall Islands or the Federated States of Micronesia.

Section 316

The authority and responsibility of the Government of the United States under this Title may not be transferred or otherwise assigned.

Article II

Defense Facilities and Operating Rights

Section 321

(a) Specific arrangements for the establishment and use by the Government of the United States of military areas and facilities in the Marshall Islands or the Federated States of Micronesia are set forth in separate agreements which shall come into effect simultaneously with this Compact.

(b) If, in the exercise of its authority and responsibility under this Title, the Government of the United States requires the use of areas within the Marshall Islands or the Federated States of Micronesia in addition to those for which specific arrangements are concluded pursuant to Section 321(a), it may request the Government concerned to satisfy those requirements through leases or other arrangements. The Government of the Marshall Islands or the Federated States of Micronesia shall sympathetically consider any such request and shall establish suitable procedures to discuss it with and provide a prompt response to the Government of the United States.

(c) The Government of the United States recognizes and respects the scarcity and special importance of land in the Marshall Islands and the Federated States of Micronesia. In making any requests pursuant to Section 321(b), the Government of the United States shall follow the policy of requesting the minimum area necessary to accomplish the required security and defense purpose, of requesting only the minimum interest in real property necessary to support such purpose, and of requesting first to satisfy its requirement through public real property, where available, rather than through private real property.

Section 322

The Government of the United States shall provide and maintain fixed and floating aids to navigation in the Marshall Islands and the Federated States of Micronesia at least to the extent necessary for the exercise of its authority and responsibility under this Title.

Section 323

The military operating rights of the Government of the United States and the legal status and contractual arrangements of the United States Armed Forces, their members, and associated civilians, while present in the Marshall Islands or the Federated States of Micronesia, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Article III

Defense Treaties and International Security Agreements

Section 331

Subject to the terms of this Compact and its related agreements, the Government of the United States, exclusively, shall assume and enjoy, as to the Marshall Islands and the Federated States of Micronesia, all obligations, responsibilities, rights and benefits of:

(a) Any defense treaty or other international security agreement applied by the Government of the United States as Administering Authority of the Trust Territory of the Pacific Islands as of the day preceding the effective date of this Compact; and

(b) Any defense treaty or other international security agreement to which the Government of the United States is or may become a party which it determines to be applicable in the Marshall Islands and the Federated States of Micronesia. Such a determination by the Government of the United States shall be preceded by appropriate consultation with the Government of the Marshall Islands or the Federated States of Micronesia.

Article IV

Service in Armed Forces of the United States

Section 341

Any person entitled to the privileges set forth in Section 141 shall be eligible to volunteer for service in the Armed Forces of the United States, but shall not be subject to involuntary induction into military service of the United States so long as such person does not establish habitual residence in the United States, its territories or possessions.

Section 342

The Government of the United States shall have enrolled, at any one time, at least two qualified students, one each from the Marshall Islands and the Federated States of Micronesia, as may be nominated by their respective Governments, in each of:

(a) The United States Coast Guard Academy pursuant to 14 U.S.C. 195; and

(b) The United States Merchant Marine Academy pursuant to 46 U.S.C. 1295b(b)(6), provided that the provisions of 46 U.S.C. 1295b(b)(6)(C) shall not apply to the enrollment of students pursuant to Section 342(b) of this Compact.

Article V

General Provisions

Section 351

(a) The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia shall establish two Joint Committees empowered to consider disputes under the implementation of this Title and its related agreements.

(b) The membership of each Joint Committee shall comprise selected senior officials of each of the two participating Governments. The senior United States military commander in the Pacific area shall be the senior United States member of each Joint Committee. For the meetings of each Joint Committee, each of the two participating Governments may designate additional or alternate representatives as appropriate for the subject matter under consideration.

(c) Unless otherwise mutually agreed, each Joint Committee shall meet semi-annually at a time and place to be designated, after appropriate consultation, by the Government of the United States. A Joint Committee also shall meet promptly upon request of either of its members. Upon notification by the Government of the United States, the Joint Committees so notified shall meet promptly in a combined session to consider matters within the jurisdiction of more than one Joint Committee. Each Joint Committee shall follow such procedures, including the establishment of functional subcommittees, as the members may from time to time agree.

(d) Unresolved issues in each Joint Committee shall be referred to the Governments concerned for resolution, and the Government of the Marshall Islands or the Federated States of Micronesia shall be afforded, on an expeditious basis, an opportunity to raise its concerns with the United States Secretary of Defense personally regarding any unresolved issue which threatens its continued association with the Government of the United States.

Section 352

In the exercise of its authority and responsibility under Title Three, the Government of the United States shall accord due respect to the authority and responsibility of the Governments of the Marshall Islands and the Federated States of Micronesia under Titles One, Two and Four and to their responsibility to assure the well-being of their peoples.

Section 353

(a) The Government of the United States shall not include any of the Governments of the Marshall Islands and the Federated States of Micronesia as named parties to a formal declaration of war, without their respective consent.

(b) Absent such consent, this Compact is without prejudice, on the ground of belligerence or the existence of a state of war, to any claims for damages which are advanced by the citizens, nationals or Government of the Marshall Islands or the Federated States of Micronesia, which arise out of armed conflict subsequent to the effective date of this Compact and which are:

(1) petitions to the Government of the United States for redress; or

(2) claims in any manner against the government, citizens, nationals or entities of any third country.

(c) Petitions under Section 353(b)(1) shall be treated as if they were made by citizens of the United States.

Section 354

(a) Notwithstanding any other provision of this Compact, the provisions of this Title are binding from the effective date of this Compact for a period of fifteen years between the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia and thereafter as mutually agreed or in accordance with Section 231, unless earlier terminated by mutual agreement pursuant to Section 441, or amended pursuant to Article III of Title Four.

(b) The Government of the United States recognizes, in view of the special relationship between the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia, and in view of the existence of separate agreements with each of them pursuant to Sections 321 and 323, that, even if this Title should terminate, any attack on the Marshall Islands or the Federated States of Micronesia during the period in which such separate agreements are in effect, would constitute a threat to the peace and security of the entire region and a danger to the United States. In the event of such an attack, the Government of the United States would take action to meet the danger to the United States and to the Marshall Islands and the Federated States of Micronesia in accordance with its constitutional processes.

TITLE FOUR

GENERAL PROVISIONS

Article I

Approval and Effective Date

Section 411

This Compact shall come into effect upon mutual agreement between the Government of the United States, acting in fulfillment of its responsibilities as Administering Authority of the Trust Territory of the Pacific Islands, and the Government of the Marshall Islands or the Federated States of Micronesia and subsequent to completion of the following:

(a) Approval by the Government of the Marshall Islands or the Federated States of Micronesia in accordance with its constitutional processes;

(b) Conduct of the plebiscite referred to in Section 412; and

(c) Approval by the Government of the United States in accordance with its constitutional processes.

Section 412

A plebiscite shall be conducted in each of the Marshall Islands and the Federated States of Micronesia for the free and voluntary choice by the peoples of the Trust Territory of the Pacific Islands of their future political status through informed and democratic processes. The Marshall Islands and the Federated States of Micronesia shall each be considered a voting jurisdiction, and the plebiscite shall be conducted under fair and equitable standards in each voting jurisdiction. The Administering Authority of the Trust Territory of the Pacific Islands, after consultation with the Governments of the Marshall Islands and the Federated States of Micronesia, shall fix the date on which the plebiscite shall be called in each voting jurisdiction. The plebiscite shall be called jointly by the Administering Authority of the Trust Territory of the Pacific Islands and the other Signatory Government concerned. The results of the plebiscite in each voting jurisdiction shall be determined by a majority of the valid ballots cast in that voting jurisdiction.

Article II

Conference and Dispute Resolution

Section 421

The Government of the United States shall confer promptly at the request of the Government of the Marshall Islands or the Federated States of Micronesia and any of those Governments shall confer promptly at the request of the Government of the United States on matters relating to the provisions of this Compact or of its related agreements.

Section 422

In the event the Government of the United States, or the Government of the Marshall Islands or the Federated States of Micronesia, after conferring pursuant to Section 421, determines that there is a dispute and gives written notice thereof, the Governments which are parties to the dispute shall make a good faith effort to resolve the dispute among themselves.

Section 423

If a dispute between the Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia cannot be resolved within 90 days of written notification in the manner provided in Section 422, either party to the dispute may refer it to arbitration in accordance with Section 424.

Section 424

Should a dispute be referred to arbitration as provided for in Section 423, an Arbitration Board shall be established for the purpose of hearing the dispute and rendering a decision which shall be binding upon the two parties to the dispute unless the two parties mutually agree that the decision shall be advisory. Arbitration shall occur according to the following terms:

(a) An Arbitration Board shall consist of a Chairman and two other members, each of whom shall be a citizen of a party to the dispute. Each of the two Governments which is a party to the dispute shall appoint one member to the Arbitration Board. If either party to the dispute does not fulfill the appointment requirements of this Section within 30 days of referral of the dispute to arbitration pursuant to Section 423, its member on the Arbitration Board shall be selected from its own standing list by the other party to the dispute. Each Government shall maintain a standing list of 10 candidates. The parties to the dispute shall jointly appoint a Chairman within 15 days after selection of the other members of the Arbitration Board. Failing agreement on a Chairman, the Chairman shall be chosen by lot from the standing lists of the parties to the dispute within 5 days after such failure.

(b) The Arbitration Board shall have jurisdiction to hear and render its final determination on all disputes arising exclusively under Articles I, II, III, IV and V of Title One, Title Two, Title Four and their related agreements.

(c) Each member of the Arbitration Board shall have one vote. Each decision of the Arbitration Board shall be reached by majority vote.

(d) In determining any legal issue, the Arbitration Board may have reference to international law and, in such reference, shall apply as guidelines the provisions set forth in Article 38 of the Statute of the International Court of Justice.

(e) The Arbitration Board shall adopt such rules for its proceedings as it may deem appropriate and necessary, but such rules shall not contravene the provisions of this Compact. Unless the parties provide otherwise by mutual agreement, the Arbitration Board shall endeavor to render its decision within 30 days after the conclusion of arguments. The Arbitration Board shall make findings of fact and conclusions of law and its members may issue dissenting or individual opinions. Except as may be otherwise decided by the Arbitration Board, one-half of all costs of the arbitration shall be borne by the Government of the United States and the remainder shall be borne by the other party to the dispute.

Article III

Amendment

Section 431

The provisions of this Compact may be amended as to the Governments of the Marshall Islands and the Federated States of Micronesia and as to the Government of the United States at any time by mutual agreement.

Section 432

The provisions of this Compact may be amended as to any one of the Governments of the Marshall Islands or the Federated States of Micronesia and as to the Government of the United States at any time by mutual agreement. The effect of any amendment made pursuant to this Section shall be restricted to the relationship between the Governments agreeing to such amendment, but the other Governments signatory to this Compact shall be notified promptly by the Government of the United States of any such amendment.

Article IV

Termination

Section 441

This Compact may be terminated as to any one of the Governments of the Marshall Islands or the Federated States of Micronesia and as to the Government of the United States by mutual agreement and subject to Section 451.

Section 442

This Compact may be terminated by the Goverment of the United States as to the Government of the Marshall Islands or the Federated States of Micronesia subject to Section 452, such termination to be effective on the date specified in the notice of termination by the Government of the United States but not earlier than six months following delivery of such notice. The time specified in the notice of termination may be extended.

Section 443

This Compact shall be terminated, pursuant to their respective constitutional processes, by the Government of the Marshall Islands or the Federated States of Micronesia subject to Section 453 if the people represented by such Government vote in a plebiscite to terminate. Such Government shall notify the Government of the United States of its intention to call such a plebiscite which shall take place not earlier than three months after delivery of such notice. The plebiscite shall be administered by such Government in accordance with its constitutional and legislative processes, but the Government of the United States may send its own observers and invite observers from a mutually agreed party. If a majority of the valid ballots cast in the plebiscite favors termination, such Government shall, upon certification of the results of the plebiscite, give notice of termination to the Government of the United States, such termination to be effective on the date specified in such notice but not earlier than three months following the date of delivery of such notice. The time specified in the notice of termination may be extended.

Article V

Survivability

Section 451

Should termination occur pursuant to Section 441, economic assistance by the Government of the United States shall continue on mutually agreed terms.

Section 452

(a) Should termination occur pursuant to Section 442, the following provisions of this Compact shall remain in full force and effect until the fifteenth anniversary of the effective date of this Compact between the Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia and thereafter as mutually agreed:

(1) Article VI and Sections 172, 173, 176 and 177 of Title One;

(2) Article I and Section 233 of Title Two;

(3) Title Three; and

(4) Articles II, III, V and VI of Title Four.

(b) The Government of the United States shall also provide the Government as to which termination occurs pursuant to Section 442 with either the programs or services provided pursuant to Article II of Title Two as the time of termination, or their equivalent, as determined by the Government of the United States. Such assistance shall continue until the fifteenth anniversary of the effective date of this Compact, and thereafter as mutually agreed.

Section 453

(a) Should termination occur pursuant to Section 443, the following provisions of this Compact shall remain in full force and effect until the fifteenth anniversary of the effective date of this Compact between the Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia and thereafter as mutually agreed:

(1) Article VI and Sections 172, 173, 176 and 177 of Title One;

(2) Title Three; and

(3) Articles II, III, V and VI of Title Four.

(b) Upon receipt of notice of termination pursuant to Section 443, the Government of the United States and the Government so terminating shall promptly consult with regard to their future relationship. These consultations shall determine the level of economic assistance which the Government of the United States shall provide to the Government so terminating for the period ending on the fifteenth anniversary of the effective date of this Compact provided that the annual amounts specified in Sections 211, 212, 214, 215 and 216 shall continue without diminution. Such amounts, with the exception of those specified in Section 216, shall be adjusted according to the formula set forth in Section 217.

Section 454

Notwithstanding any other provision of this Compact:

(a) The Government of the United States reaffirms its continuing interest in promoting the long-term economic advancement and self-sufficiency of the peoples of the Marshall Islands and the Federated States of Micronesia; and

(b) The separate agreements referred to in Article II of the Title Three shall remain in effect in accordance with their terms which shall also determine the duration of Section 213.

Article VI

Definition of Terms

Section 461

For the purpose of this Compact only and without prejudice to the views of the Government of the United States or the Government of the Marshall Islands or the Federated States of Micronesia as to the nature and extent of the jurisdiction under international law of any of them, the following terms shall have the following meanings:

(a) "Trust Territory of the Pacific Islands" means the area established in the Trusteeship Agreement consisting of the administrative districts of Kosrae, Yap, Ponape, the Marshall Islands and Truk as described in Title One, Trust Territory Code, Section 1, in force on Jaunary 1, 1979. This term does not include the area of Palau or the Northern Mariana Islands.

(b) "Trusteeship Agreement" means the agreement setting forth the terms of trusteeship for the Trust Territory of the Pacific Islands, approved by the Security Council of the United Nations April 2, 1947, and by the United States July 18, 1947, entered into force July 18, 1947, 61 Stat. 3301, T.I.A.S. 1665, 8 U.N.T.S. 189.

(c) "The Marshall Islands" and "the Federated States of Micronesia" are used in a geographic sense and include the land and water areas to the outer limits of the territorial sea and the air space above such areas as now or hereafter recognized by the Government of the United States.

(d) "Government of the Marshall Islands" means the Government established and organized by the Constitution of the Marshall Islands including all the political subdivisions and entities comprising that Government.

"Government of the Federated States of Micronesia" means the Government established and organized by the Constitution of the Federated States of Micronesia including all the political subdivisions and entities comprising that Government.

(e) The following terms shall be defined consistent with the 1976 Edition of the Radio Regulations of the International Telecommunications Union (ISBN 92-61-0081-5) as follows:

(1) "Radio Communications" means telecommunication by means of radio waves.

(2) "Station" means one or more transmitters or receivers or a combination of transmitters and receivers, including the accessory equipment, necessary at one location for carrying on a radio communication service; each station shall be classified by the service in which it operates permanently or temporarily.

(3) "Broadcasting Service" means a radio communication service in which the transmissions are intended for direct reception by the general public, and which may include sound transmissions, television transmissions or other types of transmissions.

(4) "Broadcasting Station" means a station in the broadcasting service.

(f) "Frequency Assignment" means the same as 'Frequency Assignment' means in the 1976 Edition of the Radio Regulations of the International Telecommunications Union (ISBN 92-61-0081-5).

(g) "Habitual Residence" means a place of general abode or a principal, actual dwelling place of a continuing or lasting nature; provided, however, that this term shall not apply to the residence of any person who entered the United States for the purpose of full-time studies as long as such person maintains that status, or who has been physically present in the United States, the Marshall Islands, or the Federated States of Micronesia for less than one year, or who is a dependent of a resident representative, as described in Section 152.

(h) For the purposes of Article IV of Title One of this Compact:

(1) "Actual Residence" means physical presence in the Marshall Islands or the Federated States of Micronesia during eighty-five percent of the period of residency required by Section 141(a)(3); and

(2) "Certificate of Actual Residence" means a certificate issued to a naturalized citizen by the Government which has naturalized him stating that the citizen has complied with the actual residence requirement of Section 141(a)(3).

(i) "Military Areas and Facilities" means those areas and facilities in the Marshall Islands or the Federated States of Micronesia reserved or acquired by the Government of the Marshall Islands or the Federated States of Micronesia for use by the Government of the United States, as set forth in the separate agreements referred to in Section 321.

(j) "Capital Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, adjusted by Section 217, which are to be obligated for:

(1) the construction or major repair of capital infrastructure; or

(2) public and private sector projects identified in the official overall economic development plan.

(k) "Current Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, adjusted by Section 217, which are to be obligated for recurring operational activities including infrastructure maintenance as identified in the annual budget justifications submitted yearly to the Government of the United States.

(l) "Official Overall Economic Development Plan" means the documented program of annual development which identifies the specific policy and project activities necessary to achieve a specified set of economic goals and objectives during the period of free association, consistent with the economic assistance authority in Title Two. Such a document should include an analysis of population trends, manpower requirements, social needs, gross national product estimates, resource utilization, infrastructure needs and expenditures, and the specific private sector projects required to develop the local economy of the Marshall Islands or the Federated States of Micronesia. Project identification should include initial cost estimates, with project purposes related to specific development goals and objectives.

(m) "Tariff Schedules of the United States" means the Tariff Schedules of the United States as amended from time to time and as promulgated pursuant to United States law and includes the Tariff Schedules of the United States Annotated (TSUSA), as amended.

(n) "Vienna Convention on Diplomatic Relations" means the Vienna Convention on Diplomatic Relations, done April 18, 1961, 23 U.S.T. 3227, T.I.A.S. 7502, 500 U.N.T.S. 95.

Section 462

The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia, as appropriate, shall conclude related agreements which shall come into effect and shall survive in accordance with their terms, as follows:

(a) Agreement Regarding the Provision of Telecommunication Services by the Government of the United States to the Marshall Islands and the Federated States of Micronesia Concluded Pursuant to Section 131 of the Compact of Free Association;

(b) Agreement Regarding the Operation of Telecommunication Services of the Government of the United States in the Marshall Islands and the Federated States of Micronesia Concluded Pursuant to Section 132 of the Compact of Free Association;

(c) Agreement on Extradition, Mutual Assistance in Law Enforcement Matters and Penal Sanctions Concluded Pursuant to Section 175 of the Compact of Free Association;

(d) Agreement Between the Government of the United States and the Government of the Marshall Islands for the Implementation of Section 177 of the Compact of Free Association;

(e) Federal Programs and Services Agreement Concluded Pursuant to Article II of Title Two and Section 232 of the Compact of Free Association;

(f) Agreement Concluded Pursuant to Section 234 of the Compact of Free Association;

(g) Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Marshall Islands Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association;

(h) Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Federated States of Micronesia Concluded Pursuant to Sections 227, 321 and 323 of the Compact of Free Association;

(i) Status of Forces Agreement Concluded Pursuant to Section 323 of the Compact of Free Association;

(j) Agreement Between the Government of the United States and the Government of the Federated States of Micronesia Regarding Friendship, Cooperation and Mutual Security Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association; and

(k) Agreement Between the Government of the United States and the Government of the Marshall Islands Regarding Mutual Security Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association.

Section 463

(a) Except as set forth in Section 463(b), any reference in this Compact to a provision of the United States Code or the Statutes at Large of the United States constitutes the incorporation of the language of such provision into this Compact, as such provision was in force on January 1, 1980.

(b) Any reference in Article VI of Title One and Sections 131, 174, 175, 178 and 342 to a provision of the United States Code or the Statutes at Large of the United States or to the Privacy Act, the Freedom of Information Act or the Administrative Procedure Act constitutes the incorporation of the language of such provision into this Compact as such provision is in force on the effective date of this Compact or as it may be amended thereafter on a non-discriminatory basis according to the constitutional processes of the United States.

Article VII

Concluding Provisions

Section 471

(a) The Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia agree that they have full authority under their respective Constitutions to enter into this Compact and its related agreements and to fulfill all of their respective responsibilities in accordance with the terms of this Compact and its related agreements. The Governments pledge that they are so committed.

(b) Each of the Governments of the United States, the Marshall Islands and the Federated States of Micronesia shall take all necessary steps, of a general or particular character, to ensure, not later than the effective date of this Compact, the conformity of its laws, regulations and administrative procedures with the provisions of this Compact.

(c) Without prejudice to the effects of this Compact under international law, this Compact has the force and effect of a statute under the laws of the United States.

Section 472

This Compact may be accepted, by signature or otherwise, by the Government of the United States, the Government of the Marshall Islands, and the Government of the Federated States of Micronesia. Each Government accepting this Compact shall possess an original English language version.

IN WITNESS WHEREOF, the undersigned, duly authorized, have signed this Compact of Free Association which shall come into effect in accordance with its terms between the Government of the United States and each of the other Governments signatory to this Compact.

DONE AT HONOLULU, HAWAII, THIS 1ST DAY OF
OCTOBER, ONE THOUSAND, NINE HUNDRED
EIGHTY-TWO
FOR THE GOVERNMENT
OF
THE UNITED STATES OF AMERICA

AMBASSADOR FRED M. ZEDER, II
PRESIDENT'S PERSONAL REPRESENTATIVE
FOR MICRONESIAN STATUS NEGOTIATIONS

DONE AT HONOLULU, HAWAII, THIS 1ST DAY OF
OCTOBER, ONE THOUSAND, NINE HUNDRED
EIGHTY-TWO
FOR THE GOVERNMENT
OF
THE FEDERATED STATES OF MICRONESIA

HONORABLE ANDON L. AMARAICH
CHAIRMAN, COMMISSION ON FUTURE
POLITICAL STATUS AND TRANSITION

DONE AT MAJURO, MARSHALL ISLANDS, THIS
25TH DAY
OF JUNE, ONE THOUSAND, NINE HUNDRED,
EIGHTY-THREE
FOR THE GOVERNMENT
OF
THE UNITED STATES OF AMERICA

AMBASSADOR FRED M. ZEDER, II
PRESIDENT'S PERSONAL REPRESENTATIVE
FOR MICRONESIAN STATUS NEGOTIATIONS
DONE AT MAJURO, MARSHALL ISLANDS, THIS
25TH DAY
OF JUNE, ONE THOUSAND, NINE HUNDRED
EIGHTY-THREE
FOR THE GOVERNMENT
OF
THE MARSHALL ISLANDS
PRESIDENT AMATA KABUA
PRESIDENT OF THE REPUBLIC
OF THE MARSHALL ISLANDS

SEC. 2. (a) With respect to section 321 of the Compact of Free Association and its related agreements, the jurisdictional provisions set forth in subsection (b) of this section shall apply only to the citizens and nationals of the United States and aliens lawfully admitted to the United States for permanent residence who are in the Marshall Islands or the Federated States of Micronesia.

(b)(1) The defense sites of the United States established in the Marshall Islands or the Federated States of Micronesia in accordance with the Compact of Free Association and its related agreements are within the special maritime and territorial jurisdiction of the United States as set forth in section 7, title 18, United States Code.

(2) Any person referred to in subsection (a) of this section who within or upon such defense sites is guilty of any act or omission which, although not made punishable by any enactment of Congress, would be punishable if committed or omitted within the jurisdiction of the State of Hawaii by the laws thereof, in force at the time of such act or omission, shall be guilty of a like offense and subject to a like punishment.

(3) The United States District Court for the District of Hawaii shall have jurisdiction to try all criminal offenses against the United States, including the laws of the State of Hawaii made applicable to the defense sites in the Marshall Islands or the Federated States of Micronesia by virtue of paragraph (2) of this subsection, committed by any person referred to in subsection (a) of this section.

(4) The United States District Court for the District of Hawaii may appoint one or more magistrates for the defense sites in the Marshall Islands. Such Magistrates shall have the power and the status of Magistrates appointed pursuant to chapter 43, title 28, United States Code, provided, however that such Magistrates shall have the power to try persons accused of and sentence persons convicted of petty offenses, as defined in section 1(3), title 18, United States Code, including violations of regulations for the maintenance of peace, order, and health issued by the Commanding Officer on such defense sites, without being subject to the restrictions provided for in section 3401(b), title 18, United States Code.

SEC. 3. Upon the effective date of the Compact of Free Association, the laws of the United States generally applicable to the Trust Territory of the Pacific Islands shall continue to apply to the Republic of Palau and the Republic of Palau shall be eligible for such proportion of Federal assistance as it would otherwise have been eligible to receive under such laws prior to the effective date of the [Compact, as determined by the Government of the United States.] *Compact, as provided in appropriation acts.*

SEC. 4. (a) Mutual agreement by the Government of the United States as provided in the Compact which results in amendment, change, or termination of all or any part thereof, shall be effected only by Act of Congress and no unilateral action by the Government of the United States provided for in the Compact, and having such result, may be effected other than by Act of Congress.

(b) The provisions of subsection (a) shall apply to all actions of the Government of the United States under the Compact including, but not limited to, actions taken pursuant to sections 431, 432, 441 or 442 and shall also apply to any amendment, change, or termination in the Agreement between the Government of the United States and the Government of the Federated States of Micronesia Regarding Friendship, Cooperation and Mutual Security Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association referred to in section 462(j) of the Compact and the Agreement Between the Government of the United States and the Government of the Marshall Islands Regarding Mutual Security Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association referred to in section 462(k) of the Compact and shall apply to the amendment, change, or termination of any agreement the terms of which are incorporated by reference into the Compact.

(c) The determination by the Government of the United States under section 219 of the Compact shall be as provided in appropriation acts.

SEC. 5. (a) The authorization provided by the Act of June 30, 1954 (68 Stat. 330) shall remain available after the effective date of the Compact with respect to the Federated States of Micronesia and the Republic of the Marshall Islands for the following purposes: (1) prior to October 1, 1986 for any purpose authorized by the Compact and (2) transition, including, but not limited to, completion of projects and fulfillment of commitments or obligations; termination of the Trust Territory Government and the operation of the High Court; health and education as a result of exceptional circumstances; ex gratia contributions to or for the populations of Bikini, Enewetak, Rongelap, and Utrik; and technical assistance and training in financial management, program administration, and maintenance of infrastructure.

(b) Technical assistance may be provided pursuant to section 226 of the Compact by Federal agencies and institutions of the Government of the United States to the extent such assistance may be provided to States, territories, or units of local government, or to the Trust Territory of the Pacific Islands prior to the effective date of the Compact.

(c) In addition to the programs and services set forth in section 221 and pursuant to section 224, the programs and services of the following agencies shall be made available as on the day prior to the effective date of the Compact:

(1) to the Federated States of Micronesia—

(A) Farmers Home Administration: Provided, That, in lieu of continuation of the program, the President may transfer to the Government of the Federated States of Micronesia, without cost, the portfolio of the Farmers Home Loan Administration applicable to the Federated States of Micronesia and provide such technical assistance in management of the portfolio as may be requested;

(B) Legal Services Corporation

(C) Public Health Service

(2) to the Republic of the Marshall Islands—

(A) Legal Services Corporation

(B) Public Health Service

(d) Upon the request of the government of the Federated States of Micronesia or the Republic of the Marshall Islands, pursuant to section 224 of the Compact the President may, by proclamation, continue any Federal program which has been extended to the Trust Territory of the Pacific Islands to such government for a transition period of not to exceed three years from the effective date of the Compact if he determines that

such a temporary continuation of the program would assist the requesting government in its transition.

Sec. 6. (a) Appropriations made pursuant to the Compact of Free Association or any other provision of this Act may be made only to the Secretary of the Interior who shall have authority over any program or activity provided to the Federated States of Micronesia or the Republic of the Marshall Islands by the United States pursuant to the Compact of Free Association or pursuant to any other authorization except for the provisions of sections 161(e), 313, and 351 of the Compact of Free Association and the authorization of the President to agree to an effective date contained in section 1 of this Act. The resident representatives of the United States to the Federated States of Micronesia and to the Republic of the Marshall Islands pursuant to Article V of Title I of the Compact of Free Association shall be appointed by the Secretary of the Interior.

(b) All programs and services provided to the Federated States of Micronesia or the Republic of the Marshall Islands by Federal agencies may be provided only after consultation with, approval by, and under the supervision of the Secretary of the Interior, and the head of each Federal agency is directed to cooperate with the Secretary of the Interior and to make such personnel and services available as the Secretary of the Interior may request.

and from the Committee on Finance, with an amendment, on page 91, after line 23, insert the following:

Sec. 7. (a) Sections 242 and 243 of the Compact shall be construed and applied as if they read as follows:

"Sections 242 and 243

"For such time as the Federated States of Micronesia or the Marshall Islands are designated by the President as beneficiary developing countries under title V of the Trade Act of 1974 (relating to Generalized System of Preferences)—

"(1) if the cost or value of materials produced in the customs territory of the United States is included with respect to an eligible article which is a product of the Federated States of Micronesia or the Marshall Islands, an amount not to exceed 15 percent of the appraised value of the article at the time it is entered that is attributable to such United States cost or value may be applied toward determining the percentage referred to in section 503(b)(2) of such title; and

"(2) canned tuna that is the product of such States or Islands may not be treated as an eligible article under such title.".

(b)(1) Subsection (a) of section 253 of the Compact shall not apply.

(2) Subsection (b) of section 253 of the Compact shall apply only to individuals who are nonresidents and not citizens of the United States.

(c) The relief from liability referred to in the second sentence of section 254(a) of the Compact means only—

(1) relief in the form of the foreign tax credit (or deduction in lieu thereof) available with respect to the income taxes of a possession of the United States, and

(2) relief in the form of the exclusion under section 911 of the Internal Revenue Code of 1954.

(d) Section 255 of the Compact shall be construed and applied as if it read as follows:

"Section 255

"(a) Extension of Section 936 to the Marshall Islands and the Federated States Of Micronesia.—For purposes of section 936 of the Internal Revenue Code of 1954, the Marshall Islands and the Federated States of Micronesia shall be treated as if they were possessions of the United States.

"(b) Exchange of Information.—Subsection (a) shall not apply to the Marshall Islands and the Federated States of Micronesia (as the case may be) for any period after December 31, 1986, during which there is not in effect between the appropriate government and the United States an exchange of information agreement of the kind described in section 274(h)(6)(C) (other than clause (ii) thereof) of the Internal Revenue Code of 1954.

"(c) Procedure if Section 936 Incentives Reduced.—If the tax incentives extended to the Marshall Islands and the Federated States of Micronesia under subsection (a) are, at any time during which the Compact is in effect, reduced, the Secretary of the Treasury shall negotiate an agreement with the Marshall Islands and the Federated States of Micronesia under which, when such agreement is approved by law, they will be provided with benefits substantially equivalent to such reduction in benefits. If, within the 1-year period after the date of the enactment of the Act making the reduction in benefits, an agreement negotiated under the preceding sentence is not approved by law, the matter shall be submitted to the Arbitration Board established pursuant to section 424 of the Compact. For purposes of article V of title two of the Compact, the Secretary of the Treasury or his delegate shall be the member of such Board representing the Government of the United States. Any decision of such Board in the matter when approved by law shall be binding on the United States.

"(d) The Marshall Islands and the Federated States of Micronesia Treated as North American Area.—For purposes of section 274(h)(3)(A) of the Internal Revenue Code of 1954, the term 'North American area' shall include the Marshall Islands and the Federated States of Micronesia.".

(e) Nothing in any provision of this joint resolution (other than this section) which is inconsistent with any provision of this section shall have any force or effect.

(f) This section shall apply to income earned, and transactions occurring, after September 30, 1985, in taxable years ending after such date.

(g) The Secretary of the Treasury or his delegate—

(1) shall conduct a study of the effects of the tax provisions of the Compact (as clarified by the foregoing provisions of this section), and

(2) shall report the results of such study before October 1, 1987, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

Mr. McCLURE. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc and agreed to en bloc, and that the text as amended be considered as original text for further amendment.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object, I wish the Senator would not make that request at this moment.

Mr. McCLURE. Mr. President, I will withhold that request. I will proceed with my opening statement and then make the request. As everyone knows, we have other amendments to be offered. The question is whether they will be offered as second-degree amendments to the committee amendments or whether they will be offered as first-degree amendments to the amended text. I will withhold that request for the moment.

Mr. President, I rise in strong support of Senate Joint Resolution 77 as reported by the Committee on Energy and Natural Resources. Senate Joint Resolution 77 was transmitted to the Congress by the President with his strong endorsement and would approve the Compact of Free Association between the United States and the Federated States of Micronesia and the Republic of the Marshall Islands, two of the four governments of the Trust Territory of the Pacific Islands. Approval of the compact will lay the basis for termination of the trusteeship and the achievement of sovereignty and self-government by the Federated States and the Marshalls.

Congress has previously provided its approval to the covenant with the Northern Marianas Islands under the terms of which the Northern Marianas will become a part of the United States upon the termination of the trusteeship. Identical legislation, Senate Joint Resolution 286, was unanimously reported by the committee late last year.

The compact is the product of 13 years of negotiations beginning in 1969 under President Nixon and continuing through succeeding administrations. Its origins lie in the original decision after World War II to place under the United Nations trusteeship system the islands formerly entrusted to Japan by the League of Nations under a class C mandate. Micronesia is the last remaining trusteeship and the only one designated as a strategic trust.

The trusteeship agreement with the United Nations, under which the United States is the administering authority requires that the United States "foster the development of such political institutions as are suited to the trust territory and shall promote the development of the inhabitants of the trust territory toward self-government or independence as may be appropriate to the particular circumstances of the trust territory and its peoples and the freely expressed wishes of the peoples concerned."

The backgound and history of Micronesia and the negotiations are fully covered in the hearings which the committee conducted in 1975 on the covenant for the Northern Marianas and the committee's report in 1975 to accompany House Joint Resolution 549, the resolution to approve the covenant with the Northern Marianas, the hearings which the committee conducted in May of last year on Senate Joint Resolution 286, the report accompanying Senate Joint Resolution 286 and in the report to accompany Senate Joint Resolution 77.

I will not go into extensive detail on that history, however, I think it is important to note that the compact which the President has requested the Congress to approve has already been approved by both the peoples and the governments of both the Federated States of Micronesia and the Marshall Islands. In separate plebescites conducted by the governments of the Federated States and the Marshall Islands and observed by a visiting mission from the United Nations Trusteeship Council, the Federated States of Micronesia approved the compact by 79 percent on June 21, 1983, and later on September 7, 1983, the Marshall Islands similarly approved the compact by a vote of 58 percent.

The desires of the peoples of both the Federated States and the Marshalls to have the compact approved and their understandings and expectations with respect to the compact were eloquently stated by their elected representatives who testified at the committee hearing. I ask unanimous consent that the statements of Tosiwo Nakayama, president of the Federated States of Micronesia, and Amata Kabua, president of the Republic of the Marshall Islands before the Committee on Energy and Natural Resources be made a part of the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT OF PRESIDENT AMATA KABUA, REPUBLIC OF THE MARSHALL ISLANDS, TO THE COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. Chairman and distinguished members of this Committee:

On behalf of the Government and the people of the Marshall Islands, I would like to thank this Committee for the opportunity to testify on the Compact of Free Association (the Compact). We are here today to tell you what the Compact means to us, and to seek expeditious approval of the Compact.

However, before I go further, I would like to introduce the other members of the Marshall Islands delegation: Philip Muller, Minister in Assistance; Oscar de Brum, Chief Secretary; and Carl B. Ingram, Advisor to the President.

THE POLITICAL STATUS NEGOTIATIONS

Mr. Chairman, it has taken us 15 years of sometimes difficult negotiations with the United States to conclude the Compact of Free Association. Progress was often made slowly, if at all. On at least one occasion, intervention from this Committee was necessary to move the process forward.

Also, as divergent views within the Marshall Islands came to the forefront, they were examined and were often incorporated into the negotiating process. In recognition of the special interests of the people of Bikini, Enewetak, Rongelap and Utrik, the Government of the Republic of the Marshall Islands included their representatives within its delegation to the nuclear claims negotiations. Similarly, in recognition of the special interest of the Kwajalein people, the Government included their representatives in negotiations on the military land use agreement. As a result, the nuclear claims agreement and the military land use agreement, as concluded, incorporate input from those Marshallese most directly affected.

Through this whole process, the Marshall Islands has consistently sought a "free association" with the United States which included—

Recognition of the right of our people to adopt and amend their own constitution;

Recognition that sovereignty over the Marshall Islands resides in the people of the Marshall Islands and their duly constituted government;

Recognition that the people of the Marshall Islands possess the right of self-determination and may therefore choose independence or self-government in free association; and

Recognition that the Marshall Islands may unilaterally terminate free association.

Under the Compact, as negotiated, these objectives have been met. That is not to say the Compact is a perfect document. The Compact by its very nature is a document of compromises. However, the people of the Marshall Islands believe free association under the Compact is a fair and equitable relationship. On 7 September 1983, the people of the Marshall Islands by a 58 percent majority approved the Compact, and its related agreements, and in October of 1983, the Government of the Marshall Islands approved the Compact, and its related agreements, pursuant to its constitutional processes.

THE COMPACT OF FREE ASSOCIATION

Mr. Chairman, if I may, I would like to share with you, in general terms, what the Compact means to the people of the Marshall Islands.

First, and foremost, the Compact recognizes that through the exercise of our sovereign right to self-determination we have created a constitutional government, approved the Compact, and have authority and responsibility over our internal and foreign affairs. This sir, is very important to us. We are a free and sovereign people.

Under the economic provisions of the Compact, we have for the first time a dependable stream of funds for the implementation of income generating development projects. With these funds, we can begin to plan for the future, instead of only getting by for today. We can also provide our outer islands with the infrastructure they need, such as loading ramps for landing craft type vessels, and improvements to the air service we now provide.

Under the security and defense provisions of the Compact, we have the guarantee of a stable environment in which our economy can grow, and our government can mature.

Further, in recognition of the special relationship that exists between the people of the Marshall Islands and the United States, the United States has affirmed in a separate agreement, the Mutual Security Agreement, that in the event the security and defense provisions of the Compact expire or are terminated, the United States will treat an attack on the Marshall Islands as a danger to the United States, and will take action to meet the danger. Under this agreement, the United States will also have the authority to deny access to the Marshall Islands by the military forces of third countries. This agreement also reaffirms the commitment of the United States to assist the Marshall Islands to achieve long term economic advancement and self-sufficiency. These provisions of the Mutual Security Agreement will remain in effect until mutually terminated or modified.

Mr. Chairman, this is how we view the Compact, and this is why we seek its expeditious approval.

THE MILITARY USE AND OPERATING RIGHTS AGREEMENT (MUORA)

Mr. Chairman, as I mentioned above, the nuclear claims agreement and the military land use agreement are of great interest and significance to many Marshallese. For this reason, I would like to discuss these agreements in greater detail.

The main features of the MUORA are as follows:

1. For the sum of $9.0 million annually ($7.1 million from Section 211 funds and $1.9 million from Section 213 funds), the United States for an initial term of 15 years will have free access to and unrestricted control of designated defense sites within Kwajalein Atoll, and the United States will control entry and movement of people within the mid-corridor as described in the MUORA.

2. At the option of the United States, its use rights on Kwajalein Atoll can be extended another 15 years. Annual payments of $9.0 million would continue, and there would be a one time payment of $2.5 million. Under an earlier version of this agreement, the United States could extend its use rights 35 years. The option term was shortened at the request of Kwajalein landowners.

3. In the exercise of its use rights, the United States must use its best efforts to avoid harm to the people, environment and commerce of the Marshall Islands.

4. Should the United States need additional land within the Marshall Islands, the United States may request of the Government of the Marshall Islands that it provide such land by lease or other arrangements. The Government of the Marshall Islands will sympathetically consider any such request and shall provide a prompt response.

5. There shall continue to be a Community Relations Council (CRC) with representatives from the Government of the United States, the Government of the Marshall Islands, and the Kwajalein Atoll community. The CRC shall identify and consider all matters affecting relations between the defense site and the Kwajalein community, and shall recommend action as appropriate.

6. Those Marshallese now working on the defense site will continue to be employed at United States pay scales, and all Marshallese employees, including new hires, shall receive equal pay for work.

The sums received by the Government of the Marshall Islands under the MUORA shall, by a separate agreement entered into between the Government of the Marshall Islands and the Kwajalein landowners, be passed through to the landowners. Under that agreement, the Kwajalein landowners must during the first fifteen years dedicate $2.84 million annually to development projects. The remainder will be available for use payments to the landowners. Should the United States decide to extend its use of Kwajalein an additional 15 years, the Kwajalein landowners must dedicate $1.9 million of the $9 million they will receive annually to development projects. The remaining $7.1

million will be available for use payments. Over 30, years, this will result in $71.1 millions for development projects for Kwajalein Atoll alone, and $198.9 million in land use payments for the landowners. Both sums will, in part, be adjusted for inflation.

THE NUCLEAR CLAIMS AGREEMENT

Mr. Chairman, between 1947 and 1958 the United States detonated 66 nuclear weapons at Bikini Atoll and Enewetak Atoll, contaminating to some extent all of the atolls in the northern Marshall Islands, causing the dislocation of 167 Bikinians and 134 Enewetakese, and subjecting other Marshallese, including 253 Rongelapese and Utrikese, to dangerously high levels of radiation.

On 25 June 1983, we were able to renegotiate an agreement with the Reagan administration to settle claims arising out of the United States Nuclear Testing Program. This agreement was renegotiated when an earlier version, concluded in May of 1982, had proven to be unacceptable to the people. The main features of the renegotiated nuclear claims agreement are as follows—

1. On the effective date of the Compact, the United States will pay to the Marshall Islands $150 million. This sum will be invested by the Marshall Islands in a perpetual fund that will yield $18 million per year for each of the first 15 years. The fund and its earnings can not, without the consent of the Governments of the United States and the Marshall Islands, be used or pledged for any purpose other than to address the unique needs of the people of the Marshall Islands as a result of the nuclear testing program.

2. From fund earnings in the first 15 years, the Government of the Republic of the Marshall Islands shall receive $2 million annually to purchase from the United States services to assist the government to include, in its health-care system, health-care programs and services related to consequences of the nuclear testing program and contemplated in United States Public Law 95-134 and United States Public Law 96-205.

3. During the first 15 years of the fund, the people of Bikini, Enewetak, Rongelap and Utrik will receive a guaranteed total of $183,750,000 in quarterly payments allocated as follows:

To the people of Bikini: $75 million;

To the people of Enewetak: $48.75 million;

To the people of Rongelap: $37.5 million; and

To the people of Utrik: $22.5 million.

4. The local government council for each of the above atolls will be the distribution authority for the sums allocated to its people. These funds are to be used to compensate the people for loss or damage to property and person as a result of the nuclear testing program, and can be used for projects such as supplemental feeding programs, rehabilitation of contaminated lands, resettlement, education and the like. Pursuant to an agreed minute, the people of Enewetak intend to set aside $5.0 million of the funds they shall receive to provide continuing funding for the agricultural and food supplement programs they now receive from the United States.

5. Under the provisions of the nuclear claims agreement, the Government of the Marshall Islands can contract with the United States for the continuation of the Enewetak agriculture and food supplement programs and for the continuation of the Bikini food supplement program. Should the people of Enewetak or Bikini decide they wish to dedicate a portion of their claims funds for the continuation of such programs, it is the intent of the Government of the Marshall Islands to enter into the necessary contractual arrangements with the United States on a reimburseable basis.

6. Also during the first 15 years of the Fund, a Claims Tribunal will be established for the adjudication of uncompensated claims. A total of $45.75 million will be available to the Tribunal for payment of any such claims of the people of the abovementioned atolls or any other Marshallese. The Tribunal will be established by the Government of the Marshall Islands, but will be independent of its executive and legislative branches.

7. After the first 15 years, it is contemplated that the original sum of $150 million will remain intact and that up to 75% of the interest earned by the fund will be available to the Claims Tribunal to pay uncompensated claims, if any. Interest earned by the fund, but not required to make the abovementioned payments, shall be made part of the fund or used by the Government of the Marshall Islands for other programs and services for the people of the Marshall Islands as their unique needs and circumstances resulting from the nuclear testing program may require, including the continuation of health and radiological monitoring programs.

8. The agreement will settle all claims of the Marshallese people against the United States as a result of the nuclear testing program, and no United States court will have jurisdiction to entertain such claims. Claims now pending in the United States courts will be dismissed.

The present nuclear claims agreement is a significant improvement over the earlier one which provided only $150 million over 15 years. The new agreement provides $420 million over the same period of time. For those 554 plus Marshallese and their descendants who suffered loss or damage to property and person as a result of the United States Nuclear Testing Program, this settlement compares very favorably to the settlement obtained by United States servicemen claiming injuries as a result of exposure to agent orange, and it compares favorably to a court judgment obtained by families of those exposed to radiation from nuclear tests within the United States. According to the 21 May 1984 issue of Time Magazine, a $180 million trust fund will be used to compensate an estimated 50,000 to 60,000 servicemen exposed to agent orange. According to that same issue of Time Magazine, the families of 10 now deceased leukemia victims shall receive $2.66 million for the death of their family member as a result of the Nevada nuclear testing program.

A segment of those Marshallese affected by the nuclear testing program contends that the level of compensation under the revised nuclear claims agreement is not sufficient. We ask that you consider these claims, although we believe that the revised agreement is not only comparatively a good settlement, it is fair, and the best we could negotiate with the Administration.

With conclusion of the nuclear claims agreement in June of 1983, the Compact of Free Association and its related agreements were put to a plebiscite of the people on 7 September 1983.

THE PLEBISCITE

The plebiscite was preceeded by an extensive education program which included frequent radio broadcasts and 129 community meetings sponsored by a non-partisan plebiscite task force. These meetings were attended by 4,495 Marshallese, about 30 percent of the estimated number of eligible voters. The task force teams visited almost all of the populated centers in the Marshall Islands, as well as five cities in the United States.

During the plebiscite program pro-compact and anti-compact forces also made radio broadcasts, issued newspaper advertisements and held rallies throughout the Marshall Islands. The Government of the Marshall Islands can say with confidence that everyone who wanted to learn about the Compact of Free Association and its related agreements had an opportunity to do so, and many did.

On 7 September 1983, over 10,000 Marshallese, or 60 percent of the eligible voters, participated in the plebiscite. In response to Part 1 of the plebiscite ballot, the Compact and its related agreements were approved by a 58 percent majority. The results represent a free and informed sovereign act of self-determination by the people of the Marshall Islands, and provide the basis for termination of the Trusteeship and implementation of the Compact. In response to Part 2 of the plebiscite ballot, less than 30 percent of the voters indicated a preference for any political status other than free association (in the event free association was not approved). Moreover, less than five percent of the voters indicated a preference for either independence or commonwealth. Those who now advocate commonwealth or independence for the Marshall Islands do not have the support of the people. The people of the Marshall Islands have spoken, and they have chosen free association as set forth in the Compact.

TRANSITION MATTERS

Although the Compact adequately provides for our future relationship with the United States, there are certain transition matters in respect to which we seek this Committee's assistance, including—

Funds for pre-1982 deficits, approximately $17 million for The Trust Territory;

Funds to retire medical referral debts, $4.5 million;

Funding of prior service benefits for those who worked for the Navy and the Trust Territory Government prior to 1968, $15 million;

Funds to construct a new facility for the College of Micronesia Nursing School in the Marshall Islands, $3 million;

Funds for the construction of a new capitol building for the Marshall Islands, $7.0 million; and

Funding for war claim awards, $12.5 million.

These items represent unfinished business of the United States as the Administering Authority under the Trusteeship Agreement.

We also believe that during, at least, the initial stages of free association we will be in need of technical assistance from the United States in many areas, including financial management, management of our medical referral program, and law enforcement.

In this regard, we seek the assistance of this Committee in obtaining funds for these projects. We believe these projects to be worthwhile and cost effective.

CONCLUSION

Mr. Chairman, with approval of the Compact by the people of the Marshall Islands on 7 September 1983, and with final acceptance of the Compact as a treaty by the Government of the Republic of the Marshall Islands in October of 1983, the Marshall Islands has done its part and is ready to move forward into free association with the United States During the 37 year history of the Trusteeship Agreement, we have, with the assistance of the Government of the United States and this Committee, reached a point of political, economic and social maturity which provides the basis for termination of the Trusteeship Agreement and implementation of the Compact. It remains now for the United States to approve the Compact.

On 30 March 1984, President Reagan submitted the Compact to the Congress for approval after a five month delay. Hearings are now being held in the House of Representatives as well as here in the Senate.

After you have thoroughly reviewed the Compact as we have, and if you find it to be fair and equitable as we have, we ask that you seek expeditious approval of the Compact. Komoltata.

STATEMENT OF HON. TOISWO NAKAYAMA, PRESIDENT OF THE FEDERATED STATES OF MICRONESIA TO THE COMMITTEE ON ENERGY AND NATURAL RESOURCES OF THE U.S. SENATE

Mr. Chairman and distinguished members, I am honored to appear before you today to offer testimony on behalf of the people of the Federated States of Micronesia. I am here to urge the U.S. Congress to take prompt and favorable action on Senate Joint Resolution No. 286. By that action, you would approve the Compact of Free Association between our two countries and set the stage for termination of the 1947 U.N. Trusteeship Agreement.

With me today are: from the FSM National Government, Mr. Bethwel Henry who is the Speaker of the Congress of the Federated States of Micronesia and Mr. Andon Amaraich, Chairman of the Commission on the Future Political Status and Transition. From the State governments are Governors John Mangefel of Yap State and Resio Moses of Ponape State. State legislature Speakers Kisande Sos of Truk, Gaius Nedlic of Kosrae, Salter Etse and Vice Speaker Joannes Edmond of Ponape. Also with me today are: Senator Kasiano Joseph of Ponape, High Chief Kenmed of Yap and Chief Magistrate Damian Primo of Ponape.

Following approval of the Compact last year in a plebiscite, our people anxiously awaited consideration of this historic document by the Congress of the United States. It is my hope in coming here to impress upon you the strong hopes of my people that you will approve the Compact, and do so in this congressional session. Mr. Chairman, we in the Federated States of Micronesia deeply desire to terminate the United Nations Trusteeship under which we have lived for 37 years and become freely associated with the United States.

The occurrence of this hearing today marks one of the final steps in a long and complex process of political development in Micronesia. Remarkably, the document before you is the product of the longest unbroken series of political negotiations in your great nation's history.

I am especially privileged to have been associated with the long struggle toward free association since its very inception in the mid-1960's. At that time, Micronesia's newly elected congress members initiated a careful study of possible future status options. I served in its first Congress of Micronesia and as a member of the original Micronesian status negotiating team. Thus, I speak from firsthand knowledge in applauding the consistent dedication and untiring effort of the United States under successive administrations both Republican and Democrat. This steady commitment has reassured Micronesians at every stage of our journey that the United States was adhering to its basic trusteeship responsibility. That is, to foster the advancement of the territory toward self-government or independence, according to the wishes of the Micronesian people.

The people of my country take great pride in their new constitution and look forward to their post-trusteeship association with the United States. I feel that every American citizen today, can and should take pride in the Compact of Free Association. The Compact reflects the continued validity of the same democratic principles and ideals that set the United States on its own course over 200 years ago.

When one stops to think about it, there are a number of striking parallels between the Federated States of Micronesia today and the new nation that evolved from the 13 original United States colonies. We are, as you were, a diverse people separated by relatively great distances and lacking effective means to communicate with one another. Just as it was with you, our sense of a need to deal effectively as one nation with an outside world which we can no longer ignore led us to adopt a constitution, uniting our states in a federation with a central government. This institution is entirely new to us and in some ways contrary to our traditions. The only thing that makes it possible for that government to work, and it has worked well, is the thing that also made your constitution work. In spite of our local differences, we all share a common belief in the freedom and dignity of the individual, and in the need to work together to protect, nurture and enjoy that individual freedom.

To many Americans, our Pacific islands are a very long distance away and must seem unknown and even mysterious. But, as you consider the Compact and the proposed new relationship of free association, it is extremely important for you to realize that a strong natural affinity exists between my people and yours which transcends even the close working relationships that have grown up between us during the trusteeship. The fact is that we Micronesians are and always have been very "American" in spirit. While we are intrigued to think of entering into a formal association with a great nation such as the United States, this does not strike us as an odd or unnatural result of the years of trusteeship. Quite the contrary. The relationship of free association as embodied in the Compact serves our people's sense of need for identity. It meets our ambition after so long a colonial period to take a real place in the community of nations. But at the same time, our free choice of association with the United States allows us to accept your considerable generosity with a sense of dignity. We make our contribution toward the relationship and toward the maintenance of world peace and security by entrusting the defense of our vast area to the United States. Again, given your country's and our mutual dedication to the principles of democracy, and especially our common respect for individual freedoms, the prospect of free association with the United States is a natural alliance.

At this point, Mr. Chairman, I refer to the genuine enthusiasm that is felt by our people throughout the Federated States of Micronesia for the Compact of Free Association. I speak of our individual citizens, who charged their first elected leaders to define that political status which would best ensure a stable and beneficial environment for themselves and future generations.

A variety of options for our political future were discussed widely in Micronesia throughout the mid-1960's. Finally, in 1969, our Joint Committee on Future Political Status informed the United States that the Micronesian people wished to develop a relationship of free association with the United States, based on four fundamental principles; namely.

(1) that sovereignty in Micronesia resides in the people of Micronesia and their duty constituted government;

(2) that the people of Micronesia possess the right of self-determination and, may, therefore, choose independence or self-government in free association with any nation or organization of nations;

(3) that the people of Micronesia have the right to adopt their own constitution and to amend, change or revoke any constitution or government plan at any time; and

(4) that free association should be in the form of a revocable compact terminable unilaterally by either party.

I cannot take time here to describe in detail the lengthy Compact negotiations. Suffice to say, that all parties concerned were aware that we were working on a relationship which would be unique in international law. While the term, "free association" has found other forms of expression, free association for Micronesia and the United States was to involve a unique blending of principles and arrangements tailored to the needs of the parties involved. However unique the relationship may be, it has the support of the people of the Federated States of Micronesia. It has that support largely because the basic principles of the free association relationship embodied in the Compact are consistent with each of the four original charges given to our negotiators.

It is also noteworthy that the negotiations did not take place in static circumstances. The political status of the Micronesian parties evolved in quite significant ways, even while the negotiations on free association proceeded. In fact, one of the original fundamental goals was realized when in 1979 the Micronesian parties with assistance of the United States installed governments pursuant to constitutions drafted and freely chosen by the Micronesian peoples themselves. Thus, the people have witnessed and participated in an ongoing process of self-determination throughout the period from 1965 till this very day.

I do not speak lightly of the process of participation. Our leaders and negotiators have taken conscious steps over the past years to inform the people of the various twists and turns in the negotiations and to develop an accurate sense of their preference on a multitude of issues as we went along. Partly because of the necessity for that ongoing consultation, some have criticized the resultant slow pace of negotiations and even at times accused the Federated States of Micronesia of lacking the resolve to complete the task. Mr. Chairman, we have never lacked that resolve, and I might add that neither we, the leaders, nor the people have ever put aside our dedication to the original goal.

We Micronesians are a thoughtful people. We have a strong traditional sense of consensus. We know that these qualities lend strength and soundness to our efforts. We have formed our institutions of government and negotiated the free association relationship with meticulous care. For that reason, I am able to appear before you today and state with utter confidence that the people of the Federated States of Micronesia embrace the Compact of Free Association.

I am also able to state with equal confidence that we stand ready to meet the obligations and expectations arising from the Compact. Thanks to the dedication of our people, and thanks also to the unflagging support of the United States, we have not had to wait for the termination of the trusteeship to become self-governing.

The United States has wisely fostered our political development in recent years. As a consequence, you are not asked to approve the considerable undertakings in the Compact absent the knowledge that the Micronesian people can and will successfully shoulder their responsibilities.

We are both proud and grateful that in a world where the evolution of so many former colonies into nationhood has been fraught with difficulty, instability and dissolutionment, our transition out of trusteeship is occurring in an atmosphere of well-founded optimism for the future. Frankly, Mr. Chairman, we in the Federated States of Micronesia would have had it no other way.

This statement would be seriously deficient were I not to lay stress on the gratitude of my people specifically for the willingness of the United States to make strong financial commitments to our country, long after your trusteeship obligations have ceased. For our part, let me say that in a broad sense, the obligation of "full faith and credit" will flow in both directions under the Compact. For us, it will be an obligation of stewardship, to apply your assistance wisely and effectively. We are by no means oblivious to the burdens placed on your budgets in future years, and we are determined to see that your investment is amply rewarded.

In closing, I wish to reiterate that it has been and remains my people's wish to have a close relationship with the United States. While the Compact is commonly viewed from a fifteen-year perspective, given our common principles and ideals, we cannot foresee that the closeness between our countries would ever dissipate. I firmly believe you can share your pride in this document as a carefully crafted instrument which will protect freedom and democracy in the western Pacific for many years to come. I thank you for this opportunity to address you, and I hope that you will see fit to act favorably on Senate Joint Resolution No. 286 during this session.

Mr. McCLURE. Mr. President, the compact which we are approving is not a simple document. It represents the efforts by several administrations and representatives of the Micronesian governments to achieve a basis under which the peace and security of the region could be maintained and the peoples of Micronesia can enjoy full self-government for the first time in 400 years.

The compact acknowledges that each of the two governments are self-governing and competent to conduct their own foreign affairs. The compact also makes available to these governments various levels of financial and program assistance to enable them to develop their economies and provide for the health and education of their residents. The compact also guarantees the security of the area so that these countries may develop in peace.

In recommending that the Senate approve the compact of free association, the Committee on Energy and Natural Resources has adopted several amendments. The committee amendments would clarify that the allocation of funds among the various governments of the trust territory will be as provided for in appropriation acts in order to insure that the intent expressed by the Congress in appropriating funds is fully achieved. The committee has also recommended clarifying language as a condition of congressional approval that any change, alteration, amendment or termination of the compact or any of its provisions by the Government of the United States may be done only through the enactment of legislation. While the compact carries with it international obligations, it is also a domestic law of the United States, and should not be subject to any unilateral action by any administration. The proposed new section 4 makes it clear that not only the compact but those subsidiary agreements the terms of which are incorporated by reference into the compact as well as the two mutual security agreements will remain unaltered unless the Congress acts specifically to change their provisions.

The committee has also recommended the addition of a new section which would continue the current authorization for the Trust Territory of the Pacific Islands for a variety of purposes including the completion of ongoing projects and the fulfillment of commitments or obligations which the United States has to the trust territory but which are not specifically addressed in the compact. I believe it is important in entering into this new relationship that the United States fulfills its obligations and I think it is unfortunate that budgetary considerations have delayed the completion of the infrastructure program in the trust territory well beyond the 5-year program which the Congress first approved. The authorization also will permit the appropriation of necessary funds to wind down the activities of the trust territory government including the activities of the high court as well as any necessary health and education assistance as a result of exceptional circumstances. When the compact was under negotiation, the parties did not contemplate either the cholera epidemic in Truk nor the growth of leprosy within the federated states. The essence of free association is that the United States will be in a position, at the request of the governments of the federated states or the Marshall Islands, to render assistance in this and other areas as circumstances may warrant. The committee strongly supports the continuance of the authorization for this purpose.

The section would also authorize ex gratia contributions to or for the populations of Bikini, Enewetak, Rongelap, and Utrik. Section 177 of the compact addresses and resolves the legal issues surrounding the nuclear testing program in the northern Marshalls, but the committee believes that the United States has and will continue to have a strong humanitarian interest in the welfare of the populations of the four affected atolls. This authorization is not intended in any way to indicate any dissatisfaction with the terms of the subsidiary agreement to section 177 or the adequacy of the compensation contained therein. The authorization is designed to afford the government of the Marshall Islands and the populations of the fourth affected atolls access to the Congress in the event that needs arise for which we can be of assistance.

The section also provides for the continuation of technical assistance and training in financial management, program administration, and maintenance of infrastructure. It is clear from the results of both inspector general reports and studies by the General Accounting Office that these three areas are the ones which pose the greatest difficulties for both the federated states and the Marshall Islands in the years to come. The achievement of self-government in both these areas requires more than just the devolution of political control, it also requires the development of management capability and the experience of administration. The experience of the Northern Mariana Islands serves as an important and useful measure of the potential of these governments to exercise self-government. In the few short years since the Northern Marianas has enjoyed constitutional self-government, its experience and capability in managing its own affairs and preparing and implementing budget and fiscal responsibility has been remarkable. Three years ago, during the appropriations process, I noted that the budget justifications submitted by the Northern Mariana Islands were better than several submitted by Federal agencies which had far more experience in preparing such material. While there are still deficiencies in the Marianas, their progress has far exceeded expectations. The provision of this technical assistance is, I believe, essential and should not in any way be interpreted as a disparagement of the ability of either the federated states or the Marshalls, but rather as a firm belief in their capability to fully assume the responsibilities of self-government.

The committee has also proposed the continuation of three programs to the Federated States of Micronesia and two to the Republic of the Marshall Islands during the posttrusteeship period. To the Federated States of Micronesia, the committee is recommending the continuation of the programs of the Farmers Home Administration, the Legal Services Corporation, and the Public Health Service. The federated states recommended the continuation of these programs and the committee believes that their continuation would be of benefit. The importance of the Public Health Service in light of both the cholera and leprosy problems in the federated states should not be underestimated. To the Republic of the Marshall Islands, the committee has recommended the continuation of the programs of both the Legal Services Corporation and the Public Health Service at the request of that government. Since it is unclear when the compact will actually go into effect and when the trusteeship will terminate, the committee believes it is advisable to confer upon the President the authority to continue for a period of not to exceed 3 years the programs and services of any other Federal agency operating within the area as a matter of transition. It may be that the effective date will occur in the middle of a fiscal year and that the orderly conclusion and winding down of programmatic assistance can best be achieved by delaying the termination of individual programs to the end of the fiscal year or later as the circumstances warrant.

The final amendment recommended by the committee addresses a matter of considerable concern to the committee and that is the commitment of the United States to assist these two governments in their future development and the ability of the executive branch to provide the financial and programmatic assistance which is integral in the relationship. There seems to be a persistent inability or unwillingness within the administration to recognize there is a distinction and a difference between recognition of self-government and the provision of assistance. In opening the hearings on the compact I stated:

> I am very concerned over the attitude of the administration not only with respect to past commitments and undertakings but also with respect to the commitments and promises both explicit and implicit in the compact. The compact proposes a close and continuing relationship between these countries and the United States. The United States agrees to undertake certain responsibilities to assist these countries. There is no reason why these commitments cannot be implemented in a way which fully recognizes the sovereignty of these countries, respects their right to self-government and control over their internal and external affairs, and that at the same time makes available the resources and assistance which they will need in order to develop.
>
> I want to make it as clear as necessary that the United States will fulfill its obligations, both those of the past and the promises of the future. This committee has repeatedly offered to work with the administration to develop a format to do this and I simply want to caution the administration that it will be done with or without your support. The undertakings in this compact will not be allowed to become empty promises as a result of budget and organizational maneuvering by the Office of Management and Budget or other agencies.

Mr. President, this is not simply my personal view but has represented the views of all those directly involved with the trust territory and the process of the negotiations. In 1980, this issue came before the committee during confirmation hearings and the chairman of the committee at that time, Senator Jackson, eloquently pointed out the mistake which would be involved in the designation of the Department of State as the lead agency for the provision of assistance. Senator Jackson at that time correctly pointed out that such a designation would be damaging to the basic mission of the State Department in requiring them to undertake. responsibilities for which they were neither equipped or trained and would be disastrous as far as the intended beneficiaries of the assistance were concerned. There are certain responsibilities provided for under the compact for which the Department of State is the agency best qualified, such as the provision of consular assistance for the Micronesian governments in other countries. That is a role which they presently perform and which they should perform in the posttrusteeship as requested by the Micronesian governments. However, those limited and well identified ministerial roles should not overshadow nor dictate the internal United States-free associated state relationship with respect to the provision of financial, programmatic, or technical assistance. The compact does not provide for foreign aid assistance in the traditional sense but rather a series of financial and programmatic as well as technical assistance to be provided on a government to government basis in many of the same areas and for similar purposes as such assistance is currently provided to American Samoa, Guam, and the Northern Mariana Islands. The nature of such assistance does not in any fashion detract from the sovereign and self-governing status of either the federated states nor the Marshall Islands but represents a commitment by the United States to these two governments and their peoples who have chosen to enter into a close relationship of free association with the United States. I would point out that the compact itself in articles IV and V of title II treats the freely associated states in much the same manner as the territories. Section 242 actually uses the language "the Marshall Islands and the Federated States of Micronesia shall be treated as if they were insular possessions of the United States * * *" without diminishing or limiting either their sovereignty or self-government. To subordinate the ability of the United States to fulfill its obligations and its promises in the provision of such assistance to jurisdictional empire building should not and will not be permitted. While the committee remains agreeable to discussing with the administration organizational options to coordinate and consolidate U.S. responsibilities in the area, we are not prepared to support an arrangement which would undermine the basic relationship which this compact is designed to achieve.

To those who might think that the Department of State would be more sensitive to the needs of these areas than the Department of the Interior has been, I suggest that a review of recent history would be enlightening. In 1979 the committee was forced to hold hearings and propose legislation, which was later enacted, to ensure that the peoples of the territories and the trust territory would be aware of any proposal to use a Pacific island to store spent nuclear fuel. The hearing record demonstrates that when the Department of State embarked on the proposed study they did not inform the Department of the Interior which had administrative responsibility for the areas, and when it became clear that the names of the islands under consideration should be disclosed, they resisted the Department of the Interior informing the territorial and trust territory governments at the same time the Department of State was informing foreign governments. More recently, the administration issued interim regulations regarding textiles, and, without any consultation with Interior or analysis of the effect on the territorial economies, included the territories. While I am pleased that Secretary Clark raised his concerns within the administration as Secretary Andrus previously did with respect to the spent fuel proposal, the committee amendment directly addresses this problem by requiring agencies to consult with and obtain the approval of the Secretary of the Interior with respect to actions taken or proposed under the compact.

Mr. President, I believe that the compact lays a good foundation for the termination of the trusteeship and, with the committee amendments, the United States will be in a position to fulfill its obligations and promises to these governments. I offer my congratulations to the peoples of both the Federated States of Micronesia and the Republic of the Marshall Islands and my commitment to the continued friendship and mutual respect which we have. I urge the adoption of the committee amendments and the passage of Senate Joint Resolution 77, as amended.

Mr. President, I ask unanimous consent that the committee amendments be considered en bloc and agreed to en bloc.

The PRESIDING OFFICER. Is there objection?

Mr. DANFORTH. Mr. President, reserving the right to object, is it my understanding that the committee amendments referred to by the Senator from Idaho would include the amendment of the Finance Committee?

Mr. McCLURE. The committee amendment of the Finance Committee would be separately considered. This request covers only the committee amendments of the Committee on Energy and Natural Resources.

Mr. DANFORTH. I thank the Senator.

Mr. BYRD. I was going to ask the same question, Mr. President. Now it has been asked and answered.

The PRESIDING OFFICER. Is there objection?

The amendments of the Committee on Energy and Natural Resources were considered and agreed to en bloc.

AMENDMENT NO. 719

(Purpose: To achieve the objectives of the Multi-Fiber Arrangement, to promote the economic recovery of the United States textile and apparel industry and its workers, to reduce unemployment, and for other purposes)

Mr. THURMOND. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Carolina [Mr. Thurmond], for himself, Mr. Hollings, Mr. Moynihan, Mr. Helms, Mr. Heflin, Mr. Heinz, Mr. Cohen, Mr. Warner, Mr. Kennedy, Mr. Mitchell, Mr. Eagleton, Mr. Specter, Mr. East, Mr. Cochran, Mr. Trible, Mr. Denton, Mr. D'Amato, Mr. Sasser, Mr. Hatch, Mr. Pell, Mr. Mattingly, Mr. Garn, Mr. Laxalt, Mr. Rockefeller, Mrs. Hawkins, Mr. Gore, Mr. Dixon, Mr. Dodd, Mr. Simon, Mr. Ford, Mr. DeConcini, Mr. Pryor, Mr. Mathias, Mr. Long, Mr. Leahy, Mr. Metzenbaum, Mr. Riegle, Mr. Weicker, Mr. McConnell, Mr. Kasten, Mr. Glenn, Mr. Bumpers, Mr. Nunn, and Mr. Byrd, proposes an amendment numbered 719.

Mr. THURMOND. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

TITLE II—TEXTILE AND APPAREL TRADE ENFORCEMENT

SEC. 201. SHORT TITLE.

This title may be cited as the 'Textile and Apparel Trade Enforcement Act of 1985'.

SEC. 202. POLICY.

The policy of the title is—

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Until the Committee on Finance amendments have been acted on, no other amendments are in order.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendments of the Committee on Finance be temporarily set aside and that the amendment of the Senator from South Carolina be in order.

Mr. BYRD. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

AMENDMENT NO. 720 TO AMENDMENT NO. 719

(Purpose: To achieve the objectives of the Multi-Fiber Arrangement, to promote the economic recovery of the United States textile and apparel industry and its workers, to provide for orderly trade in nonrubber footwear, to reduce unemployment, and for other purposes)

Mr. THURMOND. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. BYRD. Mr. President, the amendment is not at the desk yet, is it?

The PRESIDING OFFICER. Yes; it is.

Mr. BYRD. This is not the one the Senator from South Carolina asked for the yeas and nays on?

Mr. HELMS. That is correct.

The PRESIDING OFFICER. The yeas and nays were ordered on the first-degree amendment, not the amendment just submitted.

The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from South Carolina [Mr. Thurmond] for himself, and Mr. Moynihan, Mr. Helms, Mr. Heflin, Mr. Heinz, Mr. Cohen, Mr. Warner, Mr. Kennedy, Mr. Mitchell, Mr. Eagleton, Mr. Specter, Mr. East, Mr. Cochran, Mr. Trible, Mr. Denton, Mr. D'Amato, Mr. Sasser, Mr. Hatch, Mr. Pell, Mr. Mattingly, Mr. Garn, Mr. Laxalt, Mr. Rockefeller, Mrs. Hawkins, Mr. Gore, Mr. Dixon, Mr. Dodd, Mr. Simon, Mr. Ford, Mr. DeConcini, Mr. Pryor, Mr. Mathias, Mr. Long, Mr. Leahy, Mr. Metzenbaum, Mr. Riegle, Mr. Weicker, Mr. McConnell, Mr. Kasten, Mr. Glenn, Mr. Bumpers, Mr. Nunn, and Mr. Byrd, proposes an amendment numbered 720 to amendment No. 719.

Mr. THURMOND. Mr. President, I ask unanimous consent that further reading be dispensed with.

Mr. BRADLEY. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the reading of the amendment.

Mr. THURMOND. Mr. President, I ask unanimous consent that further reading be dispensed with.

Mr. BRADLEY. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the reading of the amendment.

Mr. THURMOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment is as follows:

At the end of the matter proposed to be inserted, insert the following:

(1) to prevent further disruption of the United States textiles and textile products markets, damage to United States textile and apparel manufacturers, and loss of jobs by United States workers by providing for orderly and nondisruptive growth of imports of textiles and textile products; and

(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

SEC. 203. FINDINGS.

The Congress finds that—

(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

(2) the Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December, 1981, through July 1986, contemplates a 6 per centum annual rate of growth for imports for most producing countries and provides for a lower rate of growth for imports from significant producing countries;

(3) since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984 imports of textiles and textile products into the United States have grown at an annual rate of 19 per centum, far in excess of the 1 per centum growth rate of the United States market for textiles and textile products during the same period and far in excess of the annual rate of import growth of less than 2 per centum that prevailed during the period 1974 through 1980;

(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Arrangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last six years, reaching a level of 50 per centum in 1984;

(6) based on a nationwide audit of major retail outlets, the import penetration of

such major items of apparel as trousers, blouses, shirts, suits, skirts and sweaters exceeds 50 per centum of domestic consumption;

(7) since the most recent extension of the Multi-Fiber Arrangement, certain producing countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

(8) imports of textiles and textile products into the United States are predominantly the product of significant producing countries, with five large producing countries now accounting for more than 50 per centum of all imports of textiles and textile products;

(9) the domination of import trade by producers in the significant producing countries has limited participation in the United States market by other producing countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment, with the United States;

(10) a change in United States textile trade policy to afford the smaller producing countries and countries in the Caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 per centum over 1983, and accounted for 13 per centum of the Nation's overall merchandise trade deficit;

(12) the current level of imports of textiles and textile products, ten billion square yard equivalents in 1984, represents over one million job opportunities lost to United States workers;

(13) imported textiles and textile products now account for 38 per centum (the equivalent of three million two hundred thousand bales of cotton) of the annual cotton consumption in the United States; only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States; the result of the massive increases in cotton textile and apparel imports has been a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone, which was only partially offset by Federal cotton program benefits; another result is that United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

(14) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool; the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries in those countries and import growth rates of 1 per centum or less have been permitted in such cases;

(15) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

(16) the increase in imports and increased import penetration of the United States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity, as measured by output per man hour, in the textile mill products sector has increased in the last ten years at the average annual rate of 4.2 per centum and in the apparel sector at the average annual rate of 3.4 per centum, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 per centum;

(17) the factors described above are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this Act;

(18) based on experience during the past ten years and on other factors, the growth of the United States market for textiles and textile products is unlikely to exceed an average annual rate of 1 per centum during the next several years;

(19) if the rate of growth of imports of textiles and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

(20) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

(A) to require the establishment of import levels for textiles and textile products supplied by major producing countries that reflect—

(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 per centum annual growth rate contemplated by the Multi-Fiber Arrangement, or 1 per centum in the case of wool products, or

(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 per centum,

whichever is the lesser,

(B) to require the establishment of import levels for textiles and textile products supplied by producing countries that reflect their 1984 import levels,

(C) to require the establishment of import levels for textiles and textile products supplied by small producing countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

(D) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

(21) the establishment of import levels, and limitation on future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

(22) as the Department of Defense has long recognized, a strong, viable and efficient domestic textiles and textile products industry is essential in order to avoid impairment of the national security of the United States;

(23) the developments that have led to the sharp increase in imports of textiles and textile products since 1980 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

(24) the sharp increase in imports of textiles and textile products since 1980, and the effect of this increase on the United States textiles and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

SEC. 204. DEFINITIONS.

For purposes of this title—

(1) The term "textiles and textile products" includes, but is not limited to, all manmade fibers, tops, yarns, piece goods, madeup articles, apparel, and other textile manufactured products (which derive their chief characteristics from their textile components) made in whole or in part from any natural or manmade fiber, or blend thereof, that are classified under schedule 3, part 6 of schedule 6, part 1, 4, 5 (except subpart E), 7, or 13 of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States or part 1 of the Appendix to the Tariff Schedules of the United States;

(2) The term "category" means, with respect to textiles and textile products that are the product of a country, each of the following—

(A) each category of textiles and textile products identified by a three-digit textile category number in the Department of Commerce publication "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", dated January 1985 and, subsequently, in the first edition of such document that is revised to reflect the adoption by the United States of the Nomenclature Structure of the Harmonized System;

(B) with respect to each country with which the United States has (i) an agreement on the date of enactment of this title limiting exports of textiles and textile products to the United States that includes specific limitations on subdivisions of a category described in subparagraph (A), or (ii) taken unilateral action to limit products entered under such a subdivision, each such subdivision;

(C) a category consisting of the man-made fiber products classified under subpart E of part 1 of schedule 3 to the Tariff Schedules of the United States; and

(D) each category consisting of each of the following products when, because of any fiber content, that product is not subject to the Multi-Fiber Arrangement:

(i) yarn,

(ii) fabric,

(iii) apparel, and

(iv) other textile products;

(3) The term "import sensitive category" means—

(A) a category (other than a category applicable to textiles and textile products that are a product of a country in the Caribbean region) for which the ratio of imports to domestic production, as reported in the Department of Commerce publication "U.S. Production, Imports and Import/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel", equals or exceeds 40.0 for the preceding calendar year; and

(B) a category covering wool products;

(4) The term "country" means a foreign country (other than Canada and the Member States of the European Economic Community as constituted on January 1, 1985), a foreign territory, an insular possession of the United States, or any other territory, possession, colony, trusteeship or political entity, whether affiliated with the United States or not, that is outside the customs territory of the United States;

(5) The term "major producing country" means a country the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in paragraph (2)(A) during calendar year 1984 equalled or exceeded 10 percent of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(6) The term "producing country" means a country (other than a major producing country and a country in the Caribbean region) the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in paragraph (2)(A) during calendar year 1984 equalled or exceeded 1.25 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(7) The term "small producing country" means a country other than a major producing country and a producing country;

(8) The term "country in the Caribbean region" means Mexico and a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702);

(9) The term "wool product" means an article containing over 17 per centum by weight of wool;

(10) The term "cotton, wool and manmade fiber sweaters" means articles classified under categories 345, 445, 446, 645 or 646 as defined in the Department of Commerce publication "Correlation Textile and Apparel Categories with Tariff Schedules of the United States Annotated," dated January 1985;

(11) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States;

(12) The term "imported" means entered; and

(13) The term "Multi-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva, December 22, 1981.

SEC. 205. LIMITS ON TEXTILE AND APPAREL IMPORTS.

(a) CALENDAR YEAR 1985.—Notwithstanding any other provision of law, the aggregate quantity of textiles and textile products classified under a category that is entered during calendar year 1985 shall not exceed—

(1) in the case of textiles and textile products that are a product of a major producing country other than textile luggage and textile flat goods subject (as of the date of enactment of this Act) to a specific limitation under an agreement with a major producing country, the lesser of an amount equal to 101 per centum—

(A) of the aggregate quantity of such products of such country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of such products of such country classified under such category entered during calendar year 1980 had increased by 6 per centum annually, or 1 per centum annually in the case of a category covering a wool product, during calendar years 1981, 1982, 1983, and 1984, or

(B) if the United States has an agreement with such country providing for an annual growth rate for such category of less than 6 per centum, of the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984;

(2) in the case of textile luggage and textile flat goods subject (as of the date of enactment of this Act) to specific limitation under an agreement with a major producing country, the specific limitation quantity in effect as of the date of enactment of the Act;

(3) in the case of textiles and textile products that are a product of a producing country, an amount equal to the aggregate quantity of—

(A) such products from such country classified under such category that entered during calendar year 1984, or

(B) in the case of textile luggage and textile flat goods subject (as of the date of enactment of this Act) to specific limitation under an agreement with a producing country, the specific limitation quantity in effect as of the date of enactment of this Act;

(4) in the case of textiles and textile products that are a product of a small producing country (other than cotton, wool, and manmade fiber sweaters described in paragraph (5)), an amount equal to the sum of—

(A) the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984, plus

(B) an amount equal to—

(i) 15 per centum of such quantity, in the case of a category that is not an import sensitive category, or

(ii) 1 per centum of such quantity, in the case of a category that is an import sensitive category; and

(5) in the case of cotton, wool and manmade fiber sweaters that are—

(A) the product of substantial assembly operations in Guam from otherwise completed knit-to-shape component parts, an aggregate amount equal to 160,000 dozen; and

(B) the product of substantial assembly operations in the Commonwealth of the Northern Mariana Islands from otherwise completed knit-to-shape component parts, an aggregate amount equal to 70,000 dozen.

If application of paragraph (1) would result in the aggregate quantity of textiles and textile products of a major producing country classified under all categories permitted to enter during calendar year 1985 to be less than 70 per centum of the aggregate quantity of such products of such country that entered during calendar year 1984, then, notwithstanding paragraph (1), the aggregate quantity of textiles and textile products of such country that may be entered under each category during calendar year 1985 shall not be less than 40 per centum of the aggregate quantity of such products of such country that entered under such category during calendar year 1984.

(b) GROWTH ADJUSTMENT.—For calendar years after 1985, the aggregate quantity of textiles and textile products classified under each category that may be entered during each such calendar year shall—

(1) in the case of such products that are a product of a major producing country or of a producing country, be increased by an amount equal to 1 per centum of the aggregate quantity that could be entered under such category during the preceding calendar year; and

(2) in the case of such products that are a product of a small producing country, be increased by an amount equal to—

(A) in the case of a category (other than an import sensitive category), 6 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year, and

(B) in the case of an import sensitive category, 1 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year.

If the aggregate quantity that could be entered under a category for a calendar year after 1985 is reduced under section 210(b), than in the first calendar year in which there is no such reduction, this subsection shall be applied as if there had been no reduction under section 210(b) in previous calendar years.

(c) MINIMUM QUANTITIES.—If, under subsection (a) or (b), the aggregate quantity of textiles and textile products of a country that may be entered during a calendar year under a category is—

(1) less than one million square yard equivalents, in the case of a category covering yarn, fabric, made-ups, and miscellaneous products, other than wool products;

(2) less than seven hundred thousand square yard equivalents, in the case of a category covering apparel, other than wool products apparel; or

(3) less than one hundred thousand square yard equivalents, in the case of a category covering wool products,

then, notwithstanding subsection (a) or (b), the aggregate quantity of textiles and textile products that may be entered from such country under such category during the calendar year shall be one million, seven hundred thousand, or one hundred thousand square yard equivalents, respectively. The amount prescribed in the preceding sentence shall be accorded growth subject to the provisions of subsection (b) beginning the first calendar year after the aggregate quantity of imports from such country under such category equals the minimum quantity prescribed under this subsection.

(d) SPECIAL RULE.— For purposes of this section, if during any calendar year after 1984, the aggregate quantity of textiles and textile products that are the product of a small producing country, other than a country in the Caribbean region, and that are entered under the categories referred to in paragraph (2)(A) of section 204 equals or exceeds 1.25 per centum of all textiles and textile products entered under such categories from all countries and from Canada and the Member States of the European Economic Community during such calendar year, then such small producing country shall be considered to be a producing country for all succeeding calendar years.

(e) Enforcement.—The Secretary of Commerce shall prescribe such regulations governing the entry, or withdrawal from warehouse, for consumption of textiles and textile products as may be necessary to carry out this title.

SEC. 206. IMPORT LICENSING.

In order to ensure the equitable and efficient administration of section 205 of this title, the Secretary of Commerce shall, within six months after the date of enactment of this title, establish and administer an import licensing system under which an importer of any textiles and textile products from any country and from Canada and the Member States of the European Economic Community, will be required to present an import permit as a condition of entry. The Secretary shall charge a fee for import licenses in such amount as may be necessary to cover the cost of administration of the system.

SEC. 207. ANNUAL REPORT.

Not later than March 15, 1986, and March 15 of each calendar year thereafter, the President shall submit to the Congress a report on the administration of this title during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the limitations established under section 205. All departments and agencies shall cooperate in preparation of this report, as requested by the President.

SEC. 208. REVIEW.

The Secretary of Commerce shall commence ten years after the date of enactment of this title a formal review of the operation of the Textile Import Control Program under the provisions of this title. The Secretary shall consult members and committees of Congress, representatives of the labor unions and the industries affected by the program, and appropriate government agencies. Within six months after the commencement of the study, the Secretary shall submit to Congress his findings as well as his recommendations for the future conduct of the program.

SEC. 209. DUTY FREE ENTRY OF CERTAIN SWEATERS FROM GUAM AND THE NORTHERN MARIANAS.

Subpart A of part 7, schedule 3 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new item:

" 385.97	Cotton, wool and man-made fiber sweaters that are entitled to enter under the quotas established under section 205(a)(5) of the Textile and Apparel Trade Enforcement Act of 1985 or the increased quotas under section 205(b) of such Act that adjust the quotas under such section 205(a)(5) and that do not contain foreign materials to the value of more than 50 percent of their total value as this standard is applied pursuant to Headnote 3(a) of the General Headnotes and Rules of Interpretation.	Free."

SEC. 210. EFFECTIVE DATE.

(a) In General.—Subject to the provisions of subsection (b), the provisions of this title shall apply to textiles and textile products entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Act.

(b) Calendar Years 1985 and 1986.—The Secretary of Commerce shall determine, and publish in the Federal Register, the aggregate quantity, if any, of textiles and textile products that may be entered under section 205 (a) or (c) of this title from each country under each category during the period beginning on the date of enactment of this title and ending December 31, 1985. Notwithstanding subsection (a), to the extent that the aggregate quantity of imports of textiles and textile products from a country under a category entered after December 31, 1984, and before the date of enactment of this title exceeds the quantity permitted entry for such country and such category during calendar year 1985 under subsection (a) or (c) of section 205, then the limit that would otherwise apply under section 205(b) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 205(b) for such category for such country for calendar year 1986, then the limit for such category and country for calendar years after 1986 shall be reduced until such excess is accounted for.

TITLE III—FOOTWEAR

SEC. 301. SHORT TITLE.

This title may be cited as the "American Footwear Industry Recovery Act of 1985".

SEC. 302. FINDINGS AND PURPOSE.

(a) The Congress finds that—

(1) The domestic nonrubber footwear industry is important to the national economy, and footwear firms are vital to the economic health of small towns throughout the United States.

(2) The domestic nonrubber footwear industry is highly labor intensive, and low capital requirements for entry into footwear production make it a primary target for industrializing or newly industrialized countries. As a consequence, footwear is produced in virtually every footwear consuming country in the world.

(3) Tremendous competitive pressure has been created in the world footwear market in the last decade as a result of rapidly growing production and capacity in numerous developing and developed countries. This development has resulted in the widespread erection of tariff and nontariff barriers by foreign countries designed to protect their domestic footwear industries.

(4) The United States has historically resisted the protectionist trends of other producing nations and has instead maintained a market distinguished by its accessibility. As a result, the United States market has become a focal point for world trade in nonrubber footwear.

(5) The diversion of international trade to the United States market has resulted in serious injury to domestic producers as manifested by—

(A) the loss of 155,000 footwear jobs since 1968,

(B) a decline in domestic production and production capacity, and

(C) the permanent closure of over 500 plants during the same period.

(6) The serious injury to domestic producers poses a significant danger to the industry's supplier base as well.

(7) The domestic nonrubber footwear producers have made a significant commitment to the future of the industry through substantial capital investment.

(8) Since the termination of temporary import relief in 1981, capital investment in the domestic nonrubber footwear industry has declined as the industry struggled to battle the massive surge in imports which increased the percentage share of imported footwear in the United States market from, 51 percent in 1981 to 77 percent in 1985.

(9) Without the restriction of import levels, capital investment in this domestic industry will continue to decrease.

(10) The domestic nonrubber footwear industry has thrice been judged by the International Trade Commission, as recently as May 1985, to be seriously injured by imports.

(11) Since the termination of the two, four-year orderly marketing agreements in 1981, the harm to the domestic industry is even more critical then the serious injury which triggered the Commission's unanimous findings in 1976 and 1977.

(12) The domestic nonrubber footwear industry has not been afforded adequate and appropriate relief from imports; therefore, the Congress concludes that—

(A) the administrative process under sections 201, 202, and 203 of the Trade Act of 1974 has proven inadequate; and

(B) in the absence of and effective remedy under such process, legislative relief is essential.

(b)(1) It is the purpose of Congress in enacting this section to—

(A) promote and expend the economic health of the United States nonrubber footwear industry,

(B) preserve the jobs of American workers, and

(C) prevent the further decline of this important domestic industry.

(2) It is declared to be the policy of Congress that access to the United States market for foreign-produced nonrubber footwear should be on an equitable basis to ensure orderly trade in nonrubber footwear, reduce unfair trade in nonrubber footwear, and address United States balance-of-payments problems, of which footwear is the seventh largest component. In order to accomplish these objectives, it is deemed necessary and appropriate to limit imports of nonrubber footwear into the United States market.

SEC. 303. DEFINITIONS.

For purposes of this title—

(1) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(2) The term "Secretary" means Secretary of Commerce.

(3) The term "nonrubber footwear" means the following categories of nonrubber footwear products, identified by reference to the following item numbers of the Tariff Schedules of the United States (as in effect on January 1, 1985): 700.05 through 700.45; 700.56; 700.72 through 700.83; and 700.95.

(4) The term "apparent domestic consumption" means, with respect to any 1-year period, the sum of imports plus domestic production less exports.

SEC. 304. QUANTITATIVE LIMITATION ON NONRUBBER FOOTWEAR.

(a)(1) During the 8-year period beginning on the date of enactment of this title, the aggregate number of pairs of nonrubber footwear which may be entered during any 1-year period shall not exceed 60 percent of the estimated apparent domestic consumption of nonrubber footwear for such period.

(2) The quantitative limitation imposed by paragraph (1) for any 1-year period shall be distributed among the following categories of nonrubber footwear so that the aggregate

number of pairs of nonrubber footwear in such category which may be entered during any 1-year period shall not exceed the quantity equal to—

(A) in the case of nonrubber footwear with a customs value that does not exceed $1.25 per pair, 10 percent of apparent domestic consumption of nonrubber footwear for such period,

(B) in the case of nonrubber footwear with a customs value that exceeds $1.25 per pair but does not exceed $2.50 per pair, 5.4 percent of apparent domestic consumption of nonrubber footwear for such period, and

(C) in the case of nonrubber footwear with a customs value that exceeds $2.50 per pair, 44.6 percent of apparent domestic consumption of nonrubber footwear for such period.

(b) Within sixty days after the effective date of this title, and on the first day of the fourth quarter of each 1 year period thereafter, the Secretary shall determine on the basis of the best information available, including his own or independent forecasts, the expected apparent domestic consumption of nonrubber footwear for, in the case of the initial determination, the remainder of the current 1 year period and in the case of the first day of the fourth quarter of each 1 year period thereafter, the next succeeding 1 year period. On each such date, the Secretary shall determine and publish in the Federal Register the allocation for the next succeeding 1 year period of permissible imports of nonrubber footwear as required by this section.

(c) On the first days of the first, second, and third quarters of each 1 year period, the Secretary shall revise the determinations of expected apparent domestic consumption made under subsection (b) for the current 1 year period on the basis of the best information then available and shall make such adjustments in the quantity of nonrubber footwear permitted to be imported under this section as indicated by the revision. All revisions and adjustments made under this subsection shall be published in the Federal Register.

(d) If the revised determination of expected apparent domestic consumption published in the Federal Register under subsection (c) on the first day of the third quarter in any 1 year period for nonrubber footwear varies from the actual apparent domestic consumption of nonrubber footwear for such 1 year period, the Secretary shall publish in the Federal Register on the first day of the second quarter of such succeeding 1 year period a revision to the determination of expected apparent domestic consumption for such 1 year period made under subsection (c) of this section. The revision shall be in the amount of such variance and shall be in addition to any other revision that would be made on any such first day of the second quarter under subsection (c) of this section.

(e)(1) The Secretary and the Secretary of the Treasury shall take such actions within their respective jurisdictions as may be necessary or appropriate to enforce the provisions of this section, including without limitation, the issuance of orders to customs officers to bar entry to merchandise if the entry of such merchandise would cause the limitations established under this section to be exceeded.

(2)(A) The Secretary and the Secretary of the Treasury are each authorized to issue such implementing regulations, including the issuance of import licenses, as may be necessary or appropriate to effect the purposes of this section and to enforce the provisions of this section.

(B) Before prescribing any regulations under subparagraph (A), the Secretary or the Secretary of the Treasury, as the case may be, shall—

(i) consult with interested domestic parties,

(ii) afford an opportunity for such parties to comment on the proposed regulations, and

(iii) consider all such comments before prescribing final regulations.

SEC. 305. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the imposition of the quantitative limitation under section 204 shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).

Mr. THURMOND. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, will the distinguished Senator yield for a question?

Mr. THURMOND. I shall be pleased to yield. The amendment I sent up was in behalf of Senator HOLLINGS and other Senators.

Mr. HOLLINGS. Is this not the same amendment the Senator put in in behalf of himself and me on September 25 on Senate Joint Resolution 77, where we had a copy made, but it was not printed?

Mr. THURMOND. Mr. President, my response is that, in essence, it is the same amendment.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. EVANS. Mr. President, will the Senator from South Carolina yield for a question?

Mr. THURMOND. I shall be very pleased to yield to the distinguished Senator from Washington.

Mr. EVANS. The senior Senator from South Carolina responded in answer to the junior Senator from South Carolina that the amendment was in essence the same or close to the same. Would he elaborate more so we could be more explicit as to what those differences are? I have learned in my short stay here that "almost the same" and "generally alike" can hide a good deal of truth.

Mr. THURMOND. This Senator, in response to the Senator from Washington, will say that the major exporting countries are now called producing countries. I think that is the main difference, that instead of exporting countries they are called producing countries.

Mr. EVANS. Mr. President, is that merely a change in designation, or is that a significantly different meaning as far as major exporting countries or producing countries?

Mr. THURMOND. The producing countries are the ones that are sending the imports.

Mr. EVANS. I understand that. So are exporting countries. I just want to understand what changes there are in the proposal as put in the CONGRESSIONAL RECORD from the proposal he is now introducing.

Mr. THURMOND. Mr. President, in response, I say there are no substantive changes. That is the main change.

Mr. EVANS. I thank the Senator.

Mr. THURMOND. Mr. President, this amendment would significantly strengthen and promote the future enforcement of our trade laws and agreements. It would add to the pending measure a modified version of S. 680, the Textile and Apparel Trade Enforcement Act of 1985.

Mr. President, S. 680 was the end result of months of work by a bipartisan coalition of agriculture, textile, apparel, and manmade fiber industry and labor leaders, as well as Members of Congress. It has attracted strong bipartisan support in the Congress. The modification embodies in this amendment, many of which are only technical, were recommended by this same broad-based coalition.

Mr. President, this amendment is designed to promote the orderly, nondisruptive future growth of world trade in fibers, textiles, and apparel products. This would be accomplished through the establishment of import growth rates, providing for the orderly growth of future textile/apparel imports into the United States.

Under the provisions of this amendment, textile/apparel exporting nations, except for Canada and European Economic Community member nations, which are exempted from coverage, would be classified as either "major exporting countries," "exporting countries," or "small exporting countries,"—that terminology has now been changed to "major producer"—depending upon the relative share of total U.S. imports represented by the exports of a particular exporting nation. Major exporting countries would be defined as countries whose exports to the United States account for 10 percent—approximately 1 billion square yards—or more of the total U.S. textile/apparel imports. Those countries whose exports represent 1.25 percent or more of our total imports, but less than 10 percent, would be classified as "exporting countries." All other countries, including Mexico and those nations eligible for assistance under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702) would be defined as small exporting countries.

Imports from major exporting countries in 1985 would, on a product category basis, be limited to the aggregate amounts exported to the United

States in 1980 increased by a 6-percent compounded rate for each year 1981-84, plus 1 percent. Imports from exporting countries would, on a product category basis, be limited this year to their 1984 levels. Thereafter, imports from those countries could grow by 1 percent per year. With regard to small exporting countries, imports in 1985 could grow as high—again on a product category basis—as 115 percent of the 1984 levels, except in categories defined as import sensitive. Thereafter, imports from these countries could grow by 6 percent per year. In the import-sensitive categories, which are defined as categories containing wool products or categories in which imports equal 40 percent or more of our domestic production, 1985 import levels would be 101 percent of 1984 levels, and could increase by 1 percent per year thereafter.

Additionally, the Secretary of Commerce would be responsible for issuing regulations governing the entry of textile/apparel imports, and also for establishing an import licensing system to facilitate and ensure efficient, effective enforcement of the act.

This amendment also contains a title relating to imports of shoes, which will be discussed and explained by other cosponsors of the amendment.

IMPORTANCE OF TEXTILE/APPAREL INDUSTRY

Mr. President, a viable textile/apparel industry is absolutely essential to the economy and national security of this Nation. Although seriously threatened, and already heavily impacted by massive imports, this vital industry still provides employment nationwide for 2 million Americans. One out of every 10 manufacturing jobs is a textile/apparel-created job. More people, and more families, depend upon the textile/apparel industry for their livelihoods than steel and auto industries combined.

If the current trends in job losses due to import penetration are allowed to continue, massive economic hardships will result for those who depend on this industry for their livelihoods. However, the repercussions will extend far beyond the boundaries of this industry. Continued decline of the textile/apparel industry will be felt throughout our entire economy as related and supporting industries, which account for another 2 million jobs, also begin to fail. Those who lose their jobs will inevitably reduce their consumption of goods, draw against whatever savings they may have accumulated, and turn to unemployment compensation for their subsistence.

In this regard, Mr. President, newspapers in my home State of South Carolina and other States report textile plant closings and layoffs on an almost daily basis. The same is also true with regard to apparel plants which are located in virtually every State.

In addition to its economic importance, the textile/apparel industry is critical to the defense and security of this Nation. In fact, previous testimony before the Senate established that the textile industry ranks second only to steel in its importance to national defense.

We simply cannot allow ourselves to become dependent upon foreign nations for the basic defense requirements of our Armed Forces. While the production of military apparel may come to mind first, the contributions of our domestic textile/apparel industry toward defense go far beyond fulfilling the basic necessity of clothing our fighting men. In World War I, for example, the struggle to produce a manmade fiber, which we know today as rayon, resulted in the discovery of a lacquer coating that proved useful in the production of warplanes.

The textile/apparel industry also greatly assisted in the successful effort to achieve victory during World War II, when over 70 percent of its capacity turned toward production of items essential to the war effort. When the United States supply of Japanese silk was cut off, we turned to the textile/apparel industry for a substitute, and the industry responded with a wide range of products—from parachutes to tires—manufactured from a newly developed synthetic fiber, nylon. The contributions continue today as this industry continually strives to produce new, better, and more durable textile/apparel products that are so essential and necessary to a strong military.

MAGNITUDE OF PROBLEM

Mr. President, having outlined the importance of the textile/apparel industry to this country, I believe it appropriate now to discuss the magnitude of the crisis confronting this vitally important industry today.

About one-half of all textile/apparel goods sold in the United States today are made abroad. In certain product categories, imports have captured 80 percent of the domestic market. Although imports have adversely impacted almost all of our domestic industries, the situation is particularly acute with regard to the textile/apparel industry. Import penetration in the auto and steel industries is only 25 percent, or about one-half the rate experienced by the textile/apparel industry.

During the past 5 years, textile/apparel imports have increased at an average rate of 19 percent per year, displacing over 350,000 American workers in the process. Incredibly, imports last year rose by 32 percent over the level of the previous year, resulting in a textile/apparel trade deficit of $16.5 billion, or 13 percent of the record $123 billion total U.S. trade deficit for 1984.

For the first 7 months of this year the textile/apparel deficit climbed to $10.3 billion, which is a 10-percent rise over the first 7 months of last year. It looks like the textile/apparel deficit is headed for another record-breaking year. In fact, if recent trends continue and nothing is done to provide for the smooth and orderly flow of imports into our country, we may see our domestic textile/apparel industry completely closed down. Yet imports are allowed to continue to surge unrestrained into our country.

INDUSTRY EFFORTS

Mr. President, the phenomenal growth in textile/apparel imports experienced during the last 4 years has not come about due to any laxity on the part of our domestic industry. In fact, the American textile/apparel industry is the most modern and productive of any in the world.

Management and labor have made every effort to modernize, compete, and survive. Productivity gains greatly exceeding the national average have been achieved. Wage rates have been held to only about 75 percent of the national average. Nevertheless, imports have continued to grow.

WHY HAS THE IMPORT RATE CONTINUED TO INCREASE?

Mr. President, the reason imports have been capturing larger and larger percentages of our domestic market is because foreign manufacturer do not compete with our domestic textile/apparel producers on a level playing field. If they did, then the U.S. textile/apparel industry, the most modern in the world, could confidently compete with that of any other nation. However, this domestic industry cannot, nor should it be expected to, compete with foreign industries subsidized by their governments.

Many foreign governments have artificially bolstered their textile/apparel industries in order to fulfill the threefold purposes of creating jobs for their workers, acquiring U.S. dollars, and achieving a more favorable balance of trade. These governments have been creative, innovative, and remarkably successful in these efforts as, unfortunately for our domestic industries, the import statistics too well illustrate.

A myriad of means have been employed by those countries to subsidize and promote their own textile/apparel industries, and all at the expense of the American industry. Typically, developing countries have provided low-interest, subsidized loans for capital formation and expansion within their textile and apparel sectors. They have created tax and other incentives for exporting textile/apparel products. They have fostered and protected their own industries and markets through currency manipulation and trade restrictions. In many cases, formal partnerships have even been arranged between foreign textile firms and their governments.

In addition to the conscious, calculated efforts of foreign governments to unfairly enhance the competitive position of their own textile/apparel industries, other factors have also contributed to the erosion of our domestic markets. Chief among these factors is the relative wage rates. For example, Chinese textile workers are paid only about $0.16 per hour—many times less than their American counterparts. Although wage rates in the other major textile/apparel exporting countries are slightly higher, they fall far short of American standards and minimum wage laws.

Furthermore, much of the foreign textile/apparel industry operates free of the health and environmental regulatios we believe eassential to the protection of our own workers and environment. While I do not question the necessity or wisdom of having such reasonable regulations, I merely wish to emphasize that the large expenditures required for compliance by our domestic manufacturers are not imposed on foreign manufacturers, thus further lessening their relative cost of production.

Also contributing to the massive import growth of textile/apparel products, of course, is the continual strong valuation of the U.S. dollar in world monetary markets. As the value of the dollar has grown, the relative cost of imported textile/apparel products has declined.

Mr. President, the limits this amendment would set on future growth rates are essential to the survival of one of the most important industries in our Nation. It is imperative that we maintain a strong, viable, domestic textile and apparel industry. I urge my colleagues to support adoption of the amendment.

Mr. President, I ask unanimous consent that the name of the distinguished Senator from West Virginia [Mr. BYRD] be added as a cosponsor of this amendment.

The PRESIDING OFFICER (Mr. PRESSLER). Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I now yield to the distinguished Senator from North Carolina [Mr. HELMS] for the purpose of inserting a statement in the RECORD.

Mr. HELMS. I thank the distinguished Senator from South Carolina.

Mr. President, I am pleased to be a cosponsor of this amendment, which essentially embodies S. 680, the Textile and Apparel Trade Enforcement Act of 1985.

The purpose of this amendment is to require effective enforcement of the Multi-Fiber Arrangement, to limit the growth of textile and apparel imports, to prevent further disruption of textile and apparel markets by imports, to permit the economic recovery of the U.S. textile and apparel industry, to protect American textile and apparel workers against further job loss due to imports, and to provide for orderly trade in nonrubber footwear.

The amendment, Mr. President, would impose import growth rates on the major low-wage Far Eastern producers of textiles and apparel—countries that have been flooding the U.S. market with their products. These growth rates would be consistent with the MFA and the protocol extending the MFA. At the same time, less developed countries such as our neighbors in the Caribbean Basin would be allowed to increase their share of the U.S. textile and apparel market. No new restrictions would be placed on United States trading partners such as Mexico, Canada, and countries in Western Europe.

Mr. President, problems in the textile and apparel industry in this country continue to worsen daily as imports pour into this country at record levels from countries such as Hong Kong, Taiwan, Korea, and the People's Republic of China—many of which pay essentially slave wages.

Over the past several years, with the help of other Members of Congress and the administration, I have sought fair play for the domestic textile and apparel industry. We have toughened enforcement of existing trade agreements by establishing country-of-origin regulations and by increasing the number of Customs Service officers to police the illegal entry of textile and apparel products into our borders. Congress has enacted legislation requiring textile and apparel goods manufactured in the United States to be so labeled.

But the underlying problem persists. The textlie industry is headed for disaster. What does it take to convince the decisionmakers of our country that an entire industry is going down the drain?

Since 1982 textile and apparel imports have increased 64.9 percent. In 1984 imports were up 31.7 percent over 1983; and in 1983, up 25 percent over 1982. At these rates import growth has far outstripped the growth of the domestic market. Import growth is well above the 6-percent annual increases anticipated in the Multi-Fiber Arrangement.

According to one survey, imports of such major items of apparel as trousers, blouses, shirts, suits, skirts, and sweaters exceed 50 percent of domestic consumption.

The textile and apparel trade deficit is a significant contributor to the total record-high trade deficit of all products, which reached $123 billion in 1984. Textiles and apparel accounted for 13 percent, or $16.5 billion of this trade deficit.

The rise in imports has deeply affected the textile industry's labor force nationally. The textile industry is part of the fiber/textile/apparel complex, which is one of the Nation's largest industrial employers. One of every nine manufacturing jobs nationwide is held by a fiber/textile/apparel worker.

Since 1980, roughly 300,000 textile and apparel workers lost their jobs nationwide. In North Carolina alone, during the same period, 26,300 textile workers lost their jobs; 198 plants have closed in North Carolina since 1982.

Whenever a textile mill closes, the impact is felt by an entire community. In many places in North Carolina the textile mill is a town's major employer. When that employer shuts down, the entire community suffers.

The domestic textile and apparel industry is in trouble despite record levels of productivity. I'll put the American textile worker up against his or her counterpart anywhere in the world. Domestic manufacturers have given their workers the tools to do the job, having invested significant sums for new plants and facilities. As a result, productivity has increased 4.2 percent in textiles and 3.9 percent in apparel in each of the past 10 years. Compare this with the productivity gains for all manufacturing—1.9 percent for the same period.

This amendment would reduce the level of textile and apparel import penetration supplied by the major exporting countries to levels consistent with our international agreements. It would also reduce the overall growth of imports to the United States to the level of the long-term rate of growth of the domestic market. Finally, the amendment would roll back imports from the so-called Big Three—Hong Kong, Korea, and Taiwan. This additional action is necessary to bring import levels from these countries more in line with levels of growth anticipated in the 1981 renewal of the MFA.

Effective enforcement of the guidelines set forth in this amendment is essential to providing orderly growth of textile imports. The amendment stipulates that the Secretary of Commerce shall establish and administer an import licensing system to insure effective enforcement of this act. In 1985 and 1986 the Secretary of Commerce shall dictate by regulation the amount of textiles and textile products that may enter the United States from each country under each category.

The President shall report annually detailing the information regarding the operation of the limitations. This yearly review should be of great value to the industry, as the import situation is kept under constant surveillance.

Mr. President, this amendment includes a section limiting footwear imports to reasonable levels. The International Trade Commission [ITC] recommended earlier this year the imposition of quotas on nonrubber footwear imports after finding that the domestic industry had been injured by imports. Unfortunately, the administration did not implement the recommendation. Congress must therefore take action to stem the flood of nonrubber footwear imports.

Mr. President, U.S. textile and apparel and shoe workers are not competing on a level playing field with their counterparts around the world, and I intend to do whatever possible to bring this situation back into balance. The enforcement of these limitations cannot be implemented until this act is in place.

Mr. President, the textile apparel and shoe industries need our help now: 2.4 million Americans depend on textile and apparel for their jobs. Countless others depend on shoes. Hesitation will result in continued unemployment and the possible end to some of the Nation's most efficient and competitive industries.

Mr. President, I urge adoption of the amendment.

(By request of Mr. Helms, the following statement was ordered to be printed in the Record:)

● Mr. EAST. Mr. President, as indicated by my cosponsorship of the Textile and Apparel Trade Enforcement Act, I support this amendment placing realistic limits on textile product imports. I favor this amendment and am anxious that it be adopted today.

The amendment before us strongly recommends itself by its carefully crafted equity and prescribed import growth provisions. While appropriately restraining import growth in the major low wage, Far Eastern countries from flooding the U.S. marketplace, it allows less developed countries to develop further their industry through increased imports to the United States. And, it places no new restrictions on imports from Canada, Mexico, and Western European countries.

Mr. President, I want to be perfectly understood as to the motives which prompt my wholehearted support of this amendment. I believe it will preserve the manufacturing interest which is working hard to compete with foreign made goods. Much of the textile industry has invested extensively in modernizing plant and equipment.

Despite this massive effort, imports have soared 32 percent over record levels set in 1983. The upward trend continues over the most recent period, and it threatens tens of thousands of jobs and millions of dollars of American investment.

The textile industry is suffering greatly. Its economic well being is at stake. We are talking about nationwide impact. There are more payroll jobs in textile manufacturing than in automobile and steel manufacturing combined. There is no reason to write the industry off and give away gainful, productive employment. A measure of relief is necessary.

Mr. President, I urge my colleagues to join in this effort to bring textile trade under control. Many American families are depending on Congress to take fair trade action. I commend this legislation and ask it be accepted.●

Mr. THURMOND. Mr. President, I now yield to my distinguished colleague from South Carolina [Mr. Hollings].

Mr. HOLLINGS. I thank my distinguished senior colleague.

Mr. President, the distinguished Senator from Maine [Mr. Mitchell] wished to be recognized. I only note that because the floor leader on this Micronesia compact measure indicated that he might take some action or make a motion later, and I hope we will grant this courtesy to the Senator from Maine when he returns to the floor.

Mr. McCLURE. Mr. President, will the Senator yield on that point?

Mr. HOLLINGS. I yield

Mr. McCLURE. I am glad to know of his desire to speak. It will not be my desire to cut off the opportunity for any Member to speak.

Obviously, the distinguished majority leader has given us a timeframe in which to complete the action on this measure; and in view of the number of amendments, I cannot say that I will be persuaded to let this go on into the night.

Mr. HOLLINGS. On that point, could the Senator assure us that we could get an up-and-down vote on the amendent?

Mr. McCLURE. I rather suspect that at some point I will make a motion to table.

Mr. HOLLINGS. And if that does not succeed?

Mr. McCLURE. If that does not succeed, I have lost control of the situation, and I cannot make any assurances to anyone as to what will happen.

Mr. EVANS. Mr. President, will the Senator from South Carolina yield?

Mr. HOLLINGS. I yield for a question.

Mr. EVANS. Maybe this is an answer to the Senator's question to the Senator from Idaho: If a motion to table fails, I expect that there will be extended debate.

Mr. HOLLINGS. I am sorry to see that development, but that is the way things occur.

Mr. President, perhaps in order for this amendment to be offered, we should understand the procedure, because I am sure that later we will hear much about putting an amendment of this kind on the Compact of Free Association, the Micronesia Compact.

What really occurred is that the distinguished Senator from Missouri, the chairman of the Commerce Committee, Senator Danforth, who also serves as the chairman of the Subcommittee on Trade of the Committee on Finance, informed me that this textile bill would never get out of the Senate Finance Committee.

In July, knowing that, I then searched around, not in a secretive way but trying to take what bills would appear, and I filed the textile bill as an amendment on the Micronesia Compact, both the House version and the Senate version of our own Interior Committee, and I also filed it on Senator Danforth's trade bill, S. 1404.

I informed the distinguished Senator from Missouri that I was filing it on his trade bill, and I also informed the distinguished majority leader, Senator Dole, I was trying to play the game on top of the table and not mislead anybody. We are ending the session, and now I am more active than ever. We are in October, and we are still having hearings.

So this is the recourse we have for a measure cosponsored by a majority of the U.S. Senate, as well as more than 300 Members on the House side. I think that, for the moment, that is sufficient explanation for this procedure.

We are not disrupting. It is October and we are facing up to a real problem. The problem, in one sentence, is the lack of enforcement of our 34 bilateral agreements.

I hope my colleagues will please take notice that it is not protectionism, not unilateral action, not tariffs, not quotas, not subsidies, but just enforcing the law, and our agreements with some 34 different countries. If any Senator has a question about a particular country, I will do my best, to give the name of the signer on behalf of that particular country.

For example, we have the agreement between the United States and Thailand: A bilateral agreement, signed on July 27, 1983. It has been signed by the official representatives of the Thai Government and our Government. Similarly, Hong Kong, Taiwan, Indonesia, Korea, People's Republic of China, and on down the list.

It is not my intent to belabor or lose the attention of the Members, but to emphasize that you are going to hear a lot of nonsensical talk—there is no better way to describe it politely—about protectionism. There will be talk of quotas and disrupting free trade; when, in essence, what has occurred has occurred over a 30-year period and we have obtained these bilateral agreements between nations. This is not the beginning. This is nearing the end of a particular chapter in international trade when the U.S.

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Government, in my opinion, will definitely start formulating a trade policy.

True, it is the textile question that is bringing it to the fore. We have the strongest case possible. There is nothing better than sitting down around the table with individual countries and saying "Now, let's see what we can agree on, what categories, what classes, what amounts," and then signing a formal agreement and adhering to it. When I talk about adhering to it, by way of illustration, I have a table we will put in the Record that shows that Japan has enforced their agreements under the multifiber arrangement. The European Economic Community has enforced their agreements under the multifiber arrangement.

Mr. President, due to lack of enforcement we are trying to bring us to where we are at the particular moment and hold fast at what was agreed to. Specifically, rollbacks. You will hear inaccurate references to this measure as rolling back. It reminds me of Willie Sutton stealing $100,000 out of the bank and then we take the hundred grand from him and say, "Oh, my Heavens, you are going to rollback really $100,000."

We have Thailand, the first agreement on top of the deck, in 1984 shipping 20 million square yards in violation of that particular agreement. When we object to that, that is not protectionism; that is objecting to a lack of enforcement. I heard the distinguished Senator from Washington say earlier say that textiles was the most protected industry. It is absolutely false. On the contrary, we have agreements between nations that are not being enforced by this administration. There is no better reference to that than the remarks of the distinguished Senator from South Carolina, Senator Thurmond, who said in the Record earlier this year had we had the enforcement of our laws and of these agreements, had this administration kept its commitment to the people of America to hold import growth to the growth of the domestic market, there would be no need for textile legislation.

What we are asking for here, in essence, is enforcement and the only way we can get this administration's attention is to introduce a measure of this kind. It is not a rampage of protectionism running through the U.S. Senate. It is not a partisan initiative, whereby the Democrats have finally found a particular initiative to whipsaw the Republicans, assuming, of course, the Republicans do not filibuster. If the Republicans are going to start a filibuster, then I am going to have to respond to their particular filibuster in character.

But Senator Thurmond and I have worked closely over the months. We have had discussions about the recent changes made in this measure. But we have ironed out some differences and we are 100 percent going in this direction. I have implored this side of the aisle not to have a filibuster, but to give a fair chance for a vote on something that is important to the American people. I am pleased that I have a majority of the Members on this side of the aisle as cosponsors of this amendment.

It is not a question of protectionism, it is not a question of free trade, and it is not a question of fair trade. It is a question of competitive trade.

I am glad my distinguished colleague, the Senator from New Jersey, is on the floor, because he has been very concerned about free trade and he cites a article that appeared in the Washington Post last Sunday, written by the distinguished columnist, Michael Barone. I will include it in the Record during my remarks here this afternoon. I ask unanimous consent that the article by Mr. Barone be printed in the Record. Mr. President, if you read that article it is, in essence, a sort of partisan jambalaya of some trade facts not historically accurate and other political points admonishing and warning the Democrats that we are heading down a blind alley, and that we have picked out a particular issue that we are not going to be able to live with.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, Sept. 29, 1985]

DEMOCRAT PROTECTIONISM: IT WON'T WIN ELECTIONS OR HELP THE ECONOMY

(By Michael Barone)

For more than 100 years the one issue that distinguished the two major parties more consistently than any other was trade. The Democratic Party from the time of Andrew Jackson tended to favor low tariffs and was hostile to trade barriers. The Republican Party from the time of Abraham Lincoln favored high tariffs and protection for American producers.

One of the first things the Republicans did when they got into power in 1861, even as war was swirling around them, was to raise the tariff. One of the first things the Democrats did when they got a majority in Congress was move to lower trade barriers. Fights over trade were central issues in American politics. Smoot-Hawley was passed by a Republican Congress in 1930; the architects of the low tariff free trade policies after World War II were Democrats such as Cordell Hull and Dean Acheson.

Now the issue is on the front pages again, but turned upside down. The leading proponent of free trade is the Republican president, Ronald Reagan; you could almost say that support of free-trade principles is one constant that connects the young New Dealer movie star with the cheerful conservative president. And the leading fighters for trade barriers are the Democrats.

In the last campaign Walter Mondale called for a tougher trade policy, and this year leading congressional Democrats—Sen. Lloyd Bentsen, Reps. Dan Rostenkowski and Richard Gephardt—have sponsored a bill that would put a 25 percent surcharge on imports from Japan, Korea, Taiwan and Brazil, unless they lower trade barriers or cut their trade surpluses. Most Democrats supported domestic content legislation for autos and are now supporting the textile measure sponsored by Rep. Ed Jenkins (D-Ga.). Not all Democrats are going in that direction; the Democratic Leadership Council is about to announce a policy package aimed at increasing American competitiveness. But if there is a protectionist party today, it's the Democrats.

In a special congressional election this summer in rural Texas, Democrat Jim Chapman's tough talk on trade—and his Republican opponent's gaffe when he said that he couldn't see how trade affected east Texas—helped the Democrats hold a Deep South seat they had feared they would lose. Democratic congressional campaign chief Tony Coelho thinks the trade issue—truculent protectionism—will work like gangbusters for the Democrats next year.

Cordell Hull, who as a young congressman voted against the Payne-Aldrich tariff and as an elderly secretary of state helped put together the postwar free trading system, must be turning over in his grave.

What gives? Why have the Democrats switched from free trade to protectionism? There are two answers. One relates to the Democrats' short-term campaign needs. The other relates to their long-term policy prescriptions. Neither casts much credit on the Democrats or augurs particularly well for their future. In the short term, protectionism is not likely to do as much for the Democrats as some of them think. In the long term, it is not a viable formula for a sustainable policy.

Start with the short term. Imagine yourself a Democratic campaign strategist. You have commissioned a poll, and one of the quesitons asks voters which party will do a better job on a couple of dozen different issues. On some the Republicans have a huge advantage: maintaining a strong defense and asserting American interests abroad, holding down inflation, even—despite the Reagan deficits—restraining government spending. The old Democratic issue of maintaining prosperity now works for the Republicans. A lot of other issues are washes.

What works for the Democrats? Social Security, for one, and your guys are already milking that for maximum advantage. But it's not going to help you do better than you did in 1982 or 1984. Then there's reducing unemployment. But the Democratic edge is not what it used to be (see maintaining prosperity, above), and anyway there may not be a spurt of unemployment in 1986. Tip O'Neill, who foresaw the high unemployment of 1982, isn't so sure this time.

So what does a Democrat campaign on? You look down the list and don't see anything. You ask the people around the table if they can think of something. You get a few blank stares. Then someone says trade.

That begins to look very good when you think of a couple of other problems your candidates have. They've been losing white male votes in droves: Kennedy had over half the white male vote in 1960, Mondale had about one-third in 1984.

White males see the Democrats as too soft and too critical of America, as undermining American defense and American social mores. "They always," in the words of that favorite of white male voters, Jeane Kirkpatrick, "blame America first."

Protectionism puts a Democrat in a different posture. For once he or she sounds aggressive and nationalistic. None of that

Andrew Young talk about how Americans must accept a new order in the world. Instead, we're telling the Japanese to take their Toyotas and . . . let them rot on the docks in Yokohama.

In one sense, the Democrats' protectionist initiative is a logical step in their own development. Once they were the party of laissez-faire economics. While Henry Clay's Whigs wanted the government to build canals and charter banks, Andrew Jackson wanted it to leave the field clear for individuals. Democrat Grover Cleveland in the 1890s declined to take action against a depression except to send federal troops in to suppress the Pullman strike. His Republican successors—McKinley, Roosevelt and Taft—backed a more active federal government and established a Republican majority that won most elections up through 1930.

Even Woodrow Wilson justified activist government on the ground that it kept the field free for individuals: The Federal Reserve would preserve the independence of local bankers and the Federal Trade Commission the ability of little businessmen to compete on an even basis against the giants. It was the Republicans, from their anti-slavery days, who were the meddlers and interveners. It was the Democrats up through the 1930s who were hostile to busybody government interference in the form of Prohibition or enforcement of civil rights.

In this context, free trade was consistent with the Democrats' bias against government interference. It was something of an anomaly that the Democrats, having abandoned in the New Deal years their unwillingness to intervene in the economy generally, nonetheless remained unwilling to intervene in foreign trade. The anomaly was attributable, arguably, to the enthusiastic efforts of well-placed free traders such as Hull and Acheson (who were also skeptical about government interference in the economy generally; the only reason Acheson supported FDR in 1936 was Hull's trade policy) and to the fact that free trade policies helped the pre-1930s Democrats' core constituencies of poor Southern and Western farmers and big city immigrants who produced low-priced commodities and wanted access to low-priced products in return.

In this view, it was just a matter of time before the Democrats would favor government intervention in trade. And now that many of the Democrats' core constituencies—auto and steel union members most notably—see themselves in need of trade protection, that time has finally come.

The problem with that view is that the Democrats have lost their faith generally in the efficacy of government intervention and planning in the economy. If the lesson of the 1930s, drawn in the time by most Republicans as well as almost all Democrats, was that government works better than markets, the lesson of the 1970s, drawn by most Democrats as well as almost all Republicans, is that markets work better than government. You must look pretty hard for a Democrat who has a macroeconomic policy that he believes will bring inflationless prosperity and economic growth.

Keynesian demand management, they all agree, doesn't work too well in a world Keynes never imagined. The no-growth and "era of limits" politics popularized by the likes of Jerry Brown in the 1970s—the notion that economic growth is icky and who wants it anyway?—is not a view that you'll find many practical politicians embracing these days, outside of Colorado or Vermont.

Nonetheless, the reflex for government action is there. The reflex of Democrats, when they see a problem, is to call for the government to do something. The reflex may point toward such goals as the practical steps of raising taxes to cut the deficit or, as Bill Bradley and Dick Gephardt were urging in 1983, lowering tax rates in recognition and ratification of the erosion of the progressivity of the income tax. But they still wonder whether government can do something.

That wondering, when directed where the polls suggest, rouses such proposals as energy price controls in the 1970s, industrial policy in the early 1980s and trade protectionism now. All have the advantages of giving government a lot to do and of giving politicians the chance to say they'll do something themselves.

The problem is that trade policy is no longer a choice between the government doing something (trade barriers) and the government doing nothing (free trade). In a complicated economic world a complicated set of laws, economic regulations and customs has grown up which influence trade.

Politicians as sophisticated as Bentsen and Gephardt undoubtedly see themselves not as the equivalents of Britain's Joseph Chamberlain, who sought in the 1890s to replace free trade with what was quaintly called Imperial Preference, but as players in a complicated game who are changing the odds a bit.

They don't really want their 25 percent import barriers imposed; they are trying to put pressure on the Japanese and others to change the system in various ways. "We need a stick in the closet," Gephardt says. At the same time, they're playing quite a different domestic political game. Bentsen, in particular, when he advanced his initiative, surely had an eye on the special election in Texas. His political base is the rural counties, fundamentalist in cultural values and often rebellious against elites on the economic issues.

Trade lets Democrats say they're populists again—populist in the sense that the word is usually used, which is to say, opposed to what the elites say is responsible. It's always fun to campaign, and to tell reporters you're campaigning, as a populist.

But like most populist appeals made by elite politicians, the Democrats' trade ploy is cynical and therefore not likely in the long run to work. Doubly cynical: first, because its supporters know it's not likely to have the intended effect on trade and second, because, as they sooner or later will become aware, it's not likely to have the desired political effect.

Even its eager initiators see that it is dangerous, as well. Elevating the trade issue even for a moment to the top of the political agenda invites retaliation by the Republicans and a bidding war between the two parties to court protectionist interest. The result could be a kind of feeding frenzy, with every lobbyist thrashing to the surface in wild pursuit of sustenance before everyone else gets his and the feeding period is over. The Democrats stimulated this kind of frenzy in 1981, when they tried to outflank the Republicans by offering bigger business tax cuts. We're still paying the price in the form of huge deficits.

The Republicans who championed protectionism for almost 100 years after Lincoln at least had a theory of how their policy would produce economic growth. So did the Democrats who championed free trade. The Republicans believed that infant industries, built up behind walls of protectionism, would grow so rapidly in a rapidly growing nation that they would come to be competitive by themselves, at least in the American market; and so for the most part they did. The Democrats believed that the increase in international economic growth that would be spurred by free trade would in turn build a stronger American economy; and so it did in the 25 years after World War II.

Doomsayers note that the United States accounted for half the world's gross national product in 1950 and a far smaller national product in 1950 and a far smaller percentage today. But of course the absolute size of the American GNP today would be much smaller if the U.S. still accounted for 50 percent of world GNP. The growth of other countries—first Europe, then Latin America and East Asia—has helped the United States grow more than it would have alone as a Fortress America.

What vision of economic growth is there behind the Democrats' trade initiative? Not surely the vision of a world in which America has half the GNP again; we'd all be poorer. Not the vision of an America in which steel and autos again lead the economy; no one believes it can be revived. At best it is a vision in which politicians and officeholders tinker with the workings of a complex welfare and regulatory state, in the hope of getting it to work a little better. But that's not very inspiring stuff for a party that once promised to cure the ills of the one-third of a nation ill-clothed, ill-housed and ill-fed.

To see what's likely to happen to the trade initiative—unless the Democrats and Republicans work together to inspire a feeding frenzy—think back to what happened to their other recent policy initiative, industrial policy. This was never very clearly defined, but the idea was that government was going to work together with business and labor to (take your pick) revive industries in trouble or start industries with a potenital for growth. It sounded appealing. It gave the Democrats, who had finally decided that Keynesian fine-tuning didn't produce economic growth, another recipe for it. But not for long.

Charles Schultze wrote a devastating column on industrial policy in The Washington Post in October 1983. "One thing the American political system cannot do well at all," he argues, "is to choose among particular firms, industries and regions, coldbloodedly determining, on grounds of economic efficiency, which shall prosper and which shall wither." Officeholders were quickly drained of confidence that government had the ability to manage an industrial policy well, and politicians quickly began to think an industrial policy plank would be attacked as a boondoggle. You heard almost nothing of the issue in 1984.

Protectionism, like industrial policy, can also be undercut by events. The rapid economic growth of 1983-84 made industrial policy seem unnecessary. The appeal of protectionism rests in large part on the trade deficit, which results more from the high value of the dollar than from foreign trade barriers. But the dollar may fall in value. The administration is already taking steps with other major economic powers to see that it does, and for all I know they may succeed. If so, the appeal of the trade issue will diminish greatly.

The protectionist initiative may continue to work locally for the Democrats where there are particular distressed industries: Of the five million-plus metro areas Mondale carried in 1984 two, Pittsburgh and Buffalo, were in steel country. (The others were Minneapolis-St. Paul, Washington and San Francisco, where Mondale grew up, worked for 20 years and was nominated, respectively.)

It will hurt in areas that identify themselves with growing industries in no need of protectionism. And it will simply miss the target in most of the rest of the country. It's just not possible for a party to win votes on an initiative which most of its politicians believe is a futile gesture.

As for 1988, a Democratic presidential candidate campaigning on protectionism will have to answer some uncomfortable questions. He will be asked why he is campaigning on an issue of economic interest to particular unions and local areas—the "special interests" that dogged Mondale in 1984. He will be asked whether he wants Americans to pay more for videotape machines and stereos. He will be asked whether he had confidence in Americans' ability to work and produce and grow, or whether he is a doomsayer who concentrates only on a few isolated losers.

And he will be asked whether he has an actual plan for action, or just an attractive-sounding campaign slogan. Walter Mondale, a smart and for the moment underestimated politician, had as good a set of answers to these questions as anyone could come up with. But even he, with not a whole lot of other strong issues to choose from, talked less and less about trade as the campaign went on, and more about other things.

Democratic strategists, once they get over their glee at seeing how well their off-year tirades on trade play with friendly audiences, will need to give some thought again to how their protectionist initiatives can be made to work in election years.

Mr. HOLLINGS. On the contrary, Mr. President, this particular amendment is an initiative that not only we are going to live with, whether adopted or not, but it is going to continue to grow and have an impact on other categories of trade so that we in the United States understand the real world of international competition.

I, in offering for the Presidency, sat down with the best brain trusts that you can find on various issues. In foreign policy we had the best of minds, the best of Soviet experts, whether they were liberal or conservative, whether they were confrontational or detentish.

Since I have been in this trading game, having worked as a customs attorney in private life, having testified almost 27 years ago before the old U.S. Tariff Commission when Tom Dewey represented the Japanese Government and chased me around the hearing room all day long, and having finally reached the conclusion in my own mind that this was really not a parochial South Carolina textile jobs problem, but rather a national crisis and a national issue, I then went to all the different people that I could find—economists, financiers, business leaders, and others, and now I am more persuaded than ever that this is a national crisis and a national issue.

I have been to the Harvard campus with the economists and sat around for 2 hours with the economists and argued my point and I did not expect to win any arguments. But when I started winning the arguments and hearing these shibboleths about "Smoot-Hawley" protectionism, then I realized I am probably a little bit better read and more experienced than some of these economists who, when they find something in practice, wonder whether it will work in theory.

More recently, our good friend, Martin Feldstein, whom I respect most highly, one of the most able economists you will ever find, said, on the program, "Face the Nation," "Of course, if I were the Senator from South Carolina, then I would, of course, offer this amendment,". That means, in translation, "What you are doing is a partisan thing, for local consumption back home, and this, too, will pass, so let him have his day."

No; that is not the case at all. The textile bill, as I pointed out, has some 55 cosponsors and will receive even more votes from Senators representing States all over the country, North, South, East, and West.

This not only affects the textile workers; it affects the cotton grower, the wool grower, and the sheep herder. It affects the minorities in America, which comprise 27 percent of the employment in textiles, and it affects women, with 67 percent of the work force in this industry.

This is a national industry joined together, both labor and management, and everyone that you can find concerned.

What about free trade?

Mr. President, there is not now, there never was, nor will there ever be free trade. There is not now, there never was, nor will there ever be free trade.

What we have, in essence, is when the Phoenicians invented money, they invented protectionism, and they started competitive trade.

Rather than belabor my colleagues on the history of so-called free trade, protectionism, and trade wars, I go back to the historic beginning days of this great republic and remember the struggle that they went through.

If you go back to those days, we had 96 percent, of our people on the farm and only 4 percent in industry. So, our distinguished forefather, Alexander Hamilton, came up with his report on manufacturing, and we recommended and installed protective tariffs so that the great United States of America, then just a fledgling republic, could build up its industrial base. We started with protective tariffs. Of course, we had a struggle over this over 100 years ago, in 1860.

There is a provision in the Constitution, Article I, Section 8, that the Congress shall regulate commerce with foreign nations. That is the constitutional charge that we have in this body.

Now, we southerners were rather illiterate. We could not read that provision. But you northerners taught us how to read. So we now, having read, go to a great southerner, by the name of Cordell Hull from Tennessee. Cordell Hull is the father of reciprocal free trade and emphasizes reciprocity. I know all Senators have a word-synonym finder. If they would please check they will see reciprocal means retaliation and retaliation means reciprocity. "So it is necessarily a retaliatory kind of trade," said Cordell Hull. The lesser the barriers, the better off we are. No one disputes that, because, in competitive trade you know exactly what the tradeoff is. No one wants to start any kind of trade war or tariff war. That would necessarily be noncompetitive and frustrate our own designs.

Cordell Hull came in with reciprocal free trade, and the very same Congress provided protectionism for those in the agricultural sector. We had import quotas to protect the price supports. That started the famous American agriculture story of the highest productivity in the entire world, one that we all take pride in, whereby we not only feed ourselves but many other countries of the world. The Soviets have tried to emulate it, and the Chinese are trying now. They have changed from communes to a little bit of incentive, hoping they will begin to produce. After putting in those protective quotas to protect our price supports, we then put in subsidies 50 years ago, in 1935, for the Export-Import Bank, to subsidize our grain shipments to the Soviets at a reduced interest cost.

I will jump quickly now to President Eisenhower. I am giving you this historical information because the President took a pledge in the rotunda in January: "I hereby pledge to preserve, protect, and defend." If you walk a few feet down into this Senate Chamber and mention the word "protect," people say, "Protectionism. We can't have that. You are going to ruin free trade." Free trade—something we have never had and never will have.

But, in essence, President Eisenhower said, "We ought to protect our oil production." He put in oil import quotas in 1955. And we can come right on down the line and at every particular turn we have had it.

Now, what happens to the Japanese? Hobart Rowan talks about "bashing" the Japanese. We are not going to do that. We are not anti-Japanese. I am trying to bash Washington. The Japanese did what I would do, or what you would do, or what any competitive country arising from the ashes after World War II would do. They looked at the American example of productivity—and saw success. And they came along and put in these protective measures, subsidies, and the like, and they have worked. The Japanese have now given us the state-of-the-art model, updated protectionism, real protection, starting with money for research, protecting their domestic market for the sale of particular products to enable it to build its market, and then hitting on a targeted basis, the international market, not only with subsidies for the international market on a value-added tax price differential, but going even further.

And we run around, hollering, "Fair trade. fair trade. You have got to be fair. You have got to be fair."

I saw the Japanese back under the Kennedy administration 25 years ago. They came to what we called then the fish room. We would sit around and they would jawbone. We ought to make them our arms control advisers. They do not give up anything. They are totally successful.

They sat around and worried and cajoled and everything else. Then they just continued doing what is required to be done to keep their competitive position, their ascendancy, and predomination. The Japanese know exactly what they are doing, using their Government at every turn to subsidize, financing, licensing, inspection practices, and so on.

But, having done those things, they have now not just emulated our protected trade, not free trade, but they have improved upon it. And, in order to sustain and compete, other countries have followed, and we have a dynamic situation, a real, red-hot trade war.

Some say we are starting something. Wake up. We are about 20 years late; definitely 10 years late. We should have moved long, long ago. That war is out there. I go into the automobile factories in Detroit and I find that there is a Japanese robot assembling foreign parts. We do not make American cars. That Chrysler has a Mitsubishi engine. I thought I was smart. I got me a Pontiac. I was buying American. I found out the other day that it came from Canada.

You could not get a discussion on trade in the Presidential campaign. You could not get a reporter to ask you a sensible question about trade. They would just ask you about the domestic content bill and move on.

It was more than just a little bill. The clutch, the gears, the drive shaft, the engine, of our American cars are foreign parts.

When I saw a Japanese robot, having worked with the folks at Giddings and Lewis and Cincinnati Milacron, I said, "Of course, we make a better robot." They said, "Quite true, Senator, but the Japanese finance it."

So they are in there not only financing that robot, just a few years ago they financed the State of Michigan. That is how competitive they are. They put up a line of credit.

The country of Japan came in and put a line of credit up in the New York finance market of $500 million so they could borrow at a triple A credit rating. That is a competitive crowd. We are not bashing Japan, we are bashing Washington. This is a competitive world we are living in. There is not any free trade. There is not any fair trade. It is competitive trade.

After World War II, Mr. President, we rebuilt Europe and Japan with the Marshall plan and it worked. We are not complaining about it. It did exactly what we wanted done.

We sent the best of America's blue-chip corporations overseas and we said, "Look, if we can invest and teach these countries the capitalistic free-enterprise system, these disparate countries would become capitalistic, competitive, democratic societies."

And it worked. I can cite Singapore, Taiwan, and many others.

Having emulated the Amerian example, they have built up and now international competition has turned into what you might call government-to-government enterprise, with the particular government being the decisive factor.

We are constantly berating businessmen. "You have to speak the language." I have a fellow in Roanoke, VA, with a shoe factory. He speaks the language. They told him, "You have to get a partner and work on it." He has a partner. He has been trying for 7 years but cannot get a license.

I went on a television program with Vic Kiam. He owns Clairol. He tried and tried and finally got permission to sell Clairol in Japan. But what has happened? They have now classified Clairol as a medical product requiring a doctor's certificate for shipment. "Well, there isn't any Clairol in Japan."

Cigarettes? Sure, you can advertise them, so long as you do not advertise them in the Japanese language.

I just had breakfast with one fellow who has been there for 25 years who surreptitiously built up a competitor. They will spot you, though, and they will stop you. They will do everything in the world to keep moving and jawboning that Government in Washington. As long as they continue to jawbone and we continue to talk with meaningless phrases about free trade, when it is competitive trade, and say a trade war may start when it has been underway for 20 years, they are going to continue to win and our companies are going to continue to go out of business.

After these Governments came in, like Japan, with Government-to-Government enterprise, the European Economic Community and others emulated it and it has gotten very competitive out there.

I have numerous examples. They land Porsche automobiles in the afternoon in my backyard in Charleston. They are given an inspection, a free inspection. In many instances, owners can pick up the automobiles that same afternoon.

Once you get an American car on the dock in Japan, it takes 4 months to inspect it. Then they will put in a new regulation about the battery cable, the carburetor, or some other part, and they will bureaucratize you to death. They would be good Washington administrators. They know the game.

If you think that 4 months is bad for Japan, in France it takes 1 year to inspect a Toyota.

You cannot buy, in Paris, France, this afternoon, a 1985 model. They start inspecting it in January and they complete their inspection in January of next year.

But if you think that is bad, in Italy they will allow in only 2,000 Japanese automobiles, period. It does not matter what kind.

Why do we put up with this nonsense? Because there is a perception in this land that we have free trade when we do not have. It has been an intentional perception fostered in order to keep the richest market open for products, fostered by these blue-chip corporations of America.

I said they went off at our behest and it worked.

They found that rather than paying the stipulated wage in the United States, they could produce much more economically, cheaper, without all of the particular requirements that Senators and Congressmen put on their backs.

What happens is that these multinationals started investing and moving offshore. One does it, the next one does it, and then the next one does it. In this post-World War II period, they gradually began moving offshore so that about 10 years ago—they became truly multinationals. Business is business: it is not fair; it is not free; it is competitive.

If I am on the board of directors of Exxon, if I am on the board of General Electric, I know I am living in an international competition. I am not thinking of the vote in South Carolina or the job in Arkansas. I am thinking about making a greater profit than Westinghouse or GTE or anybody else in my particular business.

The multinationals then begin to organize.

In the distinguished hometown of the Senator from New York I have gone to the Foreign Policy Association and listen to the distinguished Mr. Wriston.

Running for President is a wonderful education. You have to go to the Trilateral Commission. You have to meet the big bankers such as Chase Manhattan, our good friend David Rockefeller. They will tell you that Japan is our most important ally.

Mr. MOYNIHAN. Will the Senator yield for a question?

Mr. HOLLINGS. No. I want to save the time of my colleagues. I want to continue on. I am sure we will save time.

But with the multinationals in the Trilateral Commission, what they do——

Mr. MOYNIHAN. Will the Senator yield for a point of personal privilege?

Mr. HOLLINGS. Certainly.

Mr. MOYNIHAN. Mr. President, is it appropriate for the Senator to speak in such a manner of the Deputy Secretary of State, Walter Wriston, and David Rockefeller, who have been distinguished citizens of this country for many years.

Mr. HOLLINGS. The Senator did not make a characterization, but I did say distinguished.

The PRESIDING OFFICER. The only restriction as it applies to other persons is the restriction as it applies to Members of the Senate.

Mr. MOYNIHAN. I thank the Chair.

Mr. HOLLINGS. What we do is we say to the distinguished Walter Wriston and the distinguished David Rockefeller, they organize this Trilateral Commission. These banks make the majority of their profit outside the United States and it is of interest to them.

You may not like that statement, but I am going to make it time and time again. I am going to look out for this country and I am going to look out for the standard of living of this country and I am going to look out for our capacity to maintain ourselves as a world power. That is really what is at issue.

But these gentlemen come and organize and spew out editorials. The editorials come out and they are about free trade, bashing Japan, with economists commenting. They will not say anything about the fact that we have lost 1.5 million manufacturing jobs since 1981.

They will say anything but how we have lost 1.5 million jobs. They will say we've created jobs, but they will not say those are service jobs, making hamburgers. We have lost 24,000 textile jobs just in the State of South Carolina, but they would have us praise each other for our wonderful success because we are maintaining free trade. Utter nonsense.

One Senator is not going to do it in one speech in one afternoon. We are beginning, you might say, a re-education process. We are seeing that the founders of this country knew how to compete. It was the Yankee trader, the American businessman. I will elaborate about that American businessman and how competitive he is.

I can go to different industries or specifically, the textile industry. I shall be glad to do that this afternoon.

We still have—that is one thing I learned in my 3 years of travel to some 50 States—out there in America, the human ingenuity, the scientific imagination, the industrial muscle, the financial resources, and the zeal to compete. Whenever we sacrifice and work together, there is no force on Earth that can stop this country. We have the most productive workers in the United States of America. I ask unanimous consent that a table comparing international productivity be inserted in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

INTERNATIONAL PRODUCTIVITY COMPARISONS—GROSS DOMESTIC PRODUCT PER EMPLOYED PERSON

	1983	1981
United States	100.0	100.0
Netherlands	96.7	94.0
France	94.3	92.8
Germany	93.8	91.2
Belgium	92.5	90.8
Canada	92.0	92.8
Japan	73.7	72.1
Italy	66.3	68.0
United Kingdom	56.0	62.4

Source: Bureau of Labor Statistics, January 1985.

Mr. HOLLINGS. Mr. President, we have had the Japanese come to my great State of South Carolina. We have had them in South Carolina and they are not sending our workers back to Japan to learn how to sing company songs. What we have in the United States of America is the most productive worker and the most competitive business leaders you can find. It is the Government in Washington which is not producing and not competing.

They laugh. We had a meeting the other day of Senators from all over the country and when I used the phrase "this nonsense about free trade," there was a giggle, a titter because I am from the southland and know not of what I speak. I have worked in the vineyard on this. I have read a lot. Over the years, I have had much, much to learn about it. But I would not yield in my objectivity on this particular score. I told the industry that they had to modernize 25 years ago, and now that they have spent almost $8 billion in the last 5 years and have the most competitive industry there is, and I am going to speak the truth and tell about it.

What we have is an unreal situation. We must change the premise of free trade if we are going to discuss this problem intelligently. It is not a matter of free trade, it is not a matter of fair trade. It is a matter of competitive trade.

The Smoot-Hawley tariff should be brought into perspective. It is best to start with the account put in the record over 5 years ago by our distinguished colleague, Senator HEINZ of Pennsylvania. I have talked to the distinguished Congressman on the other side, Representative KEMP. He said, "Smoot-Hawley passed before the crash." It actually passed the House, and we shall put the schedule in the record, in May 1929. The crash was on October 29, 1929. Smoot-Hawley passed the Senate in March, then was signed after a conference in June 1930, 8 months after the crash. I ask unanimous consent that a chronological schedule of the consideration Smoot-Hawley be included in the RECORD.

Mr. President, if anyone thinks that Smoot-Hawley caused the crash or the crash caused Smoot-Hawley, look and see that we had an increase in trade in 1929 over 1928 and a diminution trade after the crash for both dutiable and duty-tariff and nontariff—free goods.

There being no objection, the chronology was ordered to be printed in the RECORD, as follows:

HISTORY OF SMOOT-HAWLEY

January 29, 1929—Hearings began in House Ways & Means.

May 7, 1929—Rep. Hawley (R, Ore.) introduced a tariff bill.

May 24, 1929—House passed the bill 264-147.

October 29, 1929—Crash.

March 24, 1930—Senator Smoot (R, Utah) guides the bill to passage in the Senate 53-31.

June 13, 1930—Senate passes the conference report.

June 14, 1930—House passes the conference report.

June 17, 1930—President Hoover signed the bill (eight months after the Crash.

Mr. HOLLINGS. Smoot-Hawley only referred to one-third of our imports. Only 1.5 percent of our GNP. All we are talking about is $231 million. And today we face a $150 billion trade deficit. When you go to Smoot-Hawley, it occurred after the crash and it was the crash that caused our decline in trade.

Under Smoot-Hawley in 1933, we find trade swinging back up and increasing after we passed the Cordell Hull's Reciprocal Trade Act in 1934.

Only one-third of our imports were affected by Smoot-Hawley, but both our dutiable and duty-free imports declined. No one now can logically argue that on the one hand, Smoot-Hawley caused the crash and the Depression.

As for the retailers opposed to this amendment, they were putting out this stuff before we could get to this particular amendment, the senior Senator from South Carolina and myself; you received three letters in the early part of the year on trade, noting what a terrible thing this would do to consumers and everything else. But Smoot-Hawley did not cause the crash.

And let us, for the purpose of argument, say it did. We live in a far more complex world. This is not 55 years ago. Trade was a rather minimal thing in the economy and GNP at that particular time. It is just as relevant to talk about a tariff wall of Smoot-Hawley as it is to talk about the Maginot Line. President James Earl Carter learned it. He embargoed grain. He put up an embargo wall up and our customers went straight around it to Argentina or Canada.

If we want to try to be obstructionist, if we want to try to be what they characterize as protectionist, in this dynamic situation, that is impossible. It is literally impossible. You can produce anything anywhere in the world. I remember about 30 years ago, when, at that time, representatives against us on a textile measure said, "Senator, that textile industry is filthy and arcane, low-skilled, low wages, dirty air, noisy, sweatshops. Get rid of it. Give it to the third world countries."

Well, I immediately began correcting that impression. I will go into it in a second. But the truth of the matter is that at that time in the 1950's, you could not produce anything anywhere in the world. But now, in the mid-1980's, you can. You have Atari going to Taiwan, Tandy going to Singapore, Digital and others going to Mexico. As for automobiles, Fiat has a factory on the Ivory Coast, Peugeot in Algeria. You have semiconductors in Brazil, high technology in Mexico.

If the Senator from Arkansas and I were going to open up a business here today and we went down to our friend, Luther Hodges, the banker, and said, "Luther, we have been good old buddies, you remember, and we want to borrow $10 million over a 3-year period to produce this gadget," he would study the matter and say, "Wait a minute, I think I see you have been studying your market and you think you can make it in about 3 years," and we say, "That is right."

He would say, "Anybody can go across the line from El Paso into Juarez, Mexico, and for about 30 cents an hour, can produce in that market and capture your market, so we had better make it a 5-year loan." And the Senator would look at me and say, "We cannot get anything out of this in 10 years." I would say, "Don't sweat it, we will not build this plant in Little Rock or Charleston. We will go down to Juarez and get ahead of the curve."

This is American business. There are over 200 blue-chip American corporations operating in Mexico. There are five General Electrics, five General Motors. RCA has its biggest factory there, due to the lack of a trade policy in this Government. And those who run around talking about free trade are forcing industry, in order to sustain in the international competition, to move overseas.

As you look around at these industries, for example. Pratt-Reed—they make pianos—we brought them to Liberty, SC. They increased their productivity. More than that, they had to move to Mexico to exist within this international competition. We can fill up the RECORD with all kinds of examples. This is not just a problem in October 1985 of Democrat and Republican politics or the President's vetoing or not vetoing a particular bill. What is going to happen is we are just beginning a debate that will go past the 1986 race and into the 1988 race and on because it is impossible, in essence, to correct this situation in a 1-, 2- or 3-year period.

You would say, Mr. President, "How do you correct it?" I can tell you immediately how to correct it, and that is the same way we did with the problem of foreign policy at the end of World War II. We had a tremendous difficulty, then, in correlating the Department of State and the Department of Defense, and so what we finally did in the late forties was to institute what we call a National Security Council to get them together and have a coordinated foreign policy.

Now we are running pellmell. I have heard that there are some 300 bills—I have not bothered to count them—a shoe bill, a steel bill, a textile bill, a communications bill, a Japanese bill, a Canadian bill, a wood bill, a pork bill, coming out of the woodwork. What really has occurred is Congress has been responding, responding, responding, responding. And over the last several years we passed not only the 1979 Trade Act which provided for licensing, which this administration does not do, but we have countervailing duty, escape clause, and antidumping laws. Last year, in the heat of the campaign they said we needed customs agents. Don Regan wanted 500 more customs agents. We put in the money. He did not hire one.

The election is over. They treat this as a political problem. This is a problem of our standard of living and our capacity as a world power, but this is also a problem really of correlation, coordination, and enforcement. There are 25 departments and agencies involved in trade, and we have the Roth bill, the Hollings bill, and many other bills and we all keep knocking at the door. We really do not need any of these bills, including this textile bill, if we had enforcement. The solution to this problem is to take some balanced, objective, erudite leader, put him in and say, "Now you are the trade czar." We need to have a national trade council that will coordinate, orchestrate, and begin to enforce our laws, not any new laws. Let us use the laws already on the books for dumping, countervailing duties, escape clause, trigger price, and the rest, and systematically put the Japanese and everybody else on notice that we are going to coordinate our agencies—State, Defense, Commerce, Agriculture, Labor, Special Trade Representative, 25 in all. When you catch them over here, they go over there. When you go over there, they get out over here. It is quicksilver in the palm of your hands. I believe President Reagan, and I feel the same way about competing, but he has been told by the best of his financial advisers, "Mr. President, you are going the way of President Carter with 18 percent interest rates unless you let the imports flow. And what's going to happen is if you don't let these imports flow, you are going to high inflation and 18 percent interest rates." You cannot sustain with these deficits in excess of $200 billion anymore.

Go to a timber State. The Canadians have taken over a third of the market and we cannot get anything done. I go down to Florida and try to get a little bit of Florida orange juice. They say, "No, Senator, this is from Brazil." I go out to see my nephew, and he and another enterprising group are taking over a floral operation—big, beautiful thing. They are shipping in all kinds of plants. I said, "That plant there, nice ivy." They said, "No, that's not from here. That's from Guatemala." I said, "Guatemala?" They said, "Yes. It cost us 2.8 cents down here in Monk's Corner to put that sprig in a very small pot, whereas we bring them in from Guatemala to Miami to the airport at Charleston cheaper and we pick them up there.

This is international competition. I move into the office in the Customs house and there are all the long faces of the cement producers. I said, "Heavens, if you can't grow flowers or oranges, textiles or timber, at least we can make cement. Oh, no, Senator, the feedstock is natural gas and they are shipping cement up to the State of Washington as well as to South Carolina. They have got 10 percent of the market. They will have near 30 percent of the market at the end of this year." And the giant Portland plant in South Carolina and the other plants that we have will have to close.

This is not textiles. This is not shoes. This is not Republican or Democrat. This is not a momentary political issue that these narrow-minded, shielded Washington writers want to get rid of and move on. They are going to have to live with this one, and they are going to have to understand it because what do we do? We are the ones that run up the cost, and we believe in it. It is a bipartisan runup of cost.

But you and I, Mr. President, at the congressional level have established a high standard of living, the highest in the world. And we tell the manufacturer, "Look, you have to provide a minimum wage. You are going to have to have clean air and water. You are going to have to have Social Security. You are going to have to have unemployment compensation. You are going to have to provide a safe place to work. You are going to have to have safe machinery with which to work." And recently we added another $7.5 billion and told our manufacturers, "You have got to clean up your toxic waste."

Now, we believe in those things. We vote for those things, but do not heap all of those costs on America's productivity and yell about free trade. You cannot have the highest standard of living in the world with the lowest cost.

This is not a welfare Congress just to take care of cheap prices and consumers. You have to be producers before you can be consumers. We are not looking for retraining and trade adjustment assistance. We are looking for a job. I have all the technical training I can handle. I am looking for a job. We set that standard of living and then sit around here totally ignoring it, like it does not have any relation at all to this issue.

Our manufacturers are paying a 30-percent penalty because the Government can't pay its bills.

Now, that is something that many of us on both sides of the aisle are trying to treat with the Gramm-Hollings amendment. We are going to try to enforce the discipline on an impartial basis, so we say what we mean, we mean what we say, and we have truth in the budget. Yes; I will agree, the economists try to overdescribe that particular effect. That is the effect when we compete with relative equal standards of living in Europe and Canada.

(Mr. ABDNOR assumed the chair.)

Mr. HOLLINGS. Mr. President, this particular amendment, Senate amendment 720, does not relate to Canada or the European Economic Community because we have similar standards, and the only difference is the overvalued dollar. It is not a "white man's" bill. We are going out to the Far East because we are going after the violators. We are going where the competition requires. Protection. Why has protection taken on such a pejorative sense? We have the Army to protect us from enemies without, the FBI to protect us from enemies within, unemployment compensation to protect us from the loss of a job, Social Security to protect us from the ravages of old age, environmental laws to protect the air we breathe, the water we drink. The fundamental of Government is to protect. These people cannot pronounce it, except when they take the oath of office, and then forget it. That is in the oath, and we will continue to take it. Let us look at it seriously, because there is the competition out there. In essence, we have put that standard of living there, so we need some kind of balance.

I have asked the best economists and financial minds, "What would you do?" They said: "What you really have to do is to have a cutoff point to protect your industrial base." They say 15 percent. Let us say 20 percent. We will not argue over 5 percent. Not allowing more than 20 percent import penetration of your domestic market in this country.

You can look down the list of where we are, and it is time to talk of textiles and shoes. That ought to wake them up and tell them something really is wrong. That should tell them something. What it is trying to tell them is that you cannot buy a VCR or a black-and-white television that is made in the United States. Well, the world is not going to end on that.

I had occasion to have breakfast with a gentleman from Elgin, IL. I went up there to carpetbag Illinois. Put it on record, I say to the Senator from Illinois [Mr. SIMON]. I was trying to get the glorious opportunity that he has in his magnificent State. I went to Elgin, IL. I got to the Elgin Watch Co., and I brought them down to Blaney, SC, and I renamed the town Elgin, SC, so you can now go to Elgin.

They increased their productivity and the craftsmanship to the tune of 35 percent. But they do not make an Elgin watch in the United States of America, nor, I am told advisedly, do they even make a watch. I know that in Arkansas they repair them and do a little assembling. My understanding is that we do not make watches.

You can go down the list: Every other garment in this Chamber and in the gallery is imported. That is 50 percent. Look down at your feet. Seventy-seven percent of the shoes are imported. The distinguished economist, Mr. Martin Feldstein, said on "Face The Nation," "Get rid of the shoe industry." He is wrong. I have seen the shoe industry, and the two distinguished Senators from Maine are going to talk about that.

What they do not want to acknowledge is our wages and our standard of living. They want to jump you mentally to a service economy.

They told that to Great Britain at the end of World War II. They said, "As you withdraw from the colonies, don't worry. You will be a nation of brains rather than brawn, and instead of producing products, you will provide services. Instead of creating wealth, you will handle it. You will be a financial center."

England has gone down, sadly, to a second-rate nation. They are not investing in Great Britain. It is "small Britain" and "great Japan," because they did not learn how to compete.

That is the one objection I have to the London economists I read regularly. They have their bit in their teeth, and they are in an ivory tower. I hope to bring the London writers down on the floor to the real world, because we do not want to go, like England, to a service economy, taking in each other's wash.

In addition to that standard of living, we have to have productive capacity as a world power. We are not a Third World nation. We act like it, as a government. You and I know that when you talk about retaliation, they just fight to get into the richest market, and they should be worried about us retaliating. But we are sitting around and talking about a nonproblem when we have a $150 billion trade deficit. They are not going to come back at us. They have already retaliated.

We act like a Third World government and do not understand that to maintain as a world power, you have to produce.

As the distinguished senior Senator from South Carolina pointed out, I brought the witnesses to that particular hearing. Hickman Price of Michigan conducted the hearings. There was the Under Secretary of Commerce, Arthur Goldberg's outfit, George Ball, and Mr. Dillon of the Treasury.

We had all these departments in a crash hearing program in the first part of the Kennedy administration, because he believed in carrying out his commitments. Believing in carrying out his commitment, President Jack Kennedy had these hearings and found that, next to steel, textiles was the second most important to our national security. It was under the old Office of Civilian Defense Mobilization. We had to show that the national security was impaired in order to get the seven-point program that Kennedy instituted. We made that showing.

You have to have textiles. You cannot send our troops to war in a Japanese uniform. In Vietnam, it was an embarrassment that they were running up. At one end of a plant in Canada, we were getting a woolen product because we could not produce it in the United States, and we got another out of the other end of the mill in Canada.

Glass, rubber, aluminum, what have you—the necessities to produce the weaponry of war and to maintain a world economy. We are not a Third World nation. We have a tremendous responsibility not only for the freedom of ourselves but also the freedom of people around the world.

We are trying our dead-level best to maintain this productive capacity on the one hand, and we are trying to maintain that standard of living on the other hand; and then we hear a totally unrealistic and irrelevant charge about free trade.

With respect to the matter of costing consumers, you will hear all kinds of different examples about consumerism. I think that if we had to make a choice, we would have to make the choice as the world's most powerful nation, and responsible for freedom, on the side of productivity rather than consumerism. I wish we were getting a bargain. I know that in textiles we are not.

We know that last year, for example, a shirt bought in Hong Kong cost $5.92, and in the United States the price was $7.50. Both shirts were sold for $18. I ask unanimous consent that the table be placed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Even when foreign workers are paid as little as $0.16 per hour, the *savings are not passed along to consumers.* A leading national retailer sells a shirt which may be made in any of four countries, with different base costs, all for the same price to consumers:

Country of origin	Cost to—	
	Retailer	Consumer
Hong Kong	$5.92	$18.00
Guyana	5.43	18.00
Colombia	6.35	18.00
United States	7.50	18.00

Mr. HOLLINGS. Mr. President, we can go to children's and women's clothing, and where the U.S. product was $7.65, the U.S. imported product was $7.72.

So what they are doing is coming up and playing a good game, and I do not blame them for it. What they are trying to say is: "We're working here for a cheap price. We're working up here to maintain as a world power. We are trying to maintain a standard of living. We are trying to maintain a productivity." And, in essence, they are trying to talk about consumerism, consumerism.

They have given a false impression and are getting a free ride on this particular score.

The whole thing is that we must have some kind of understanding on the subject of world trade. It is a dynamic.

We try to get an agreement and come back and everybody is in violation of it.

Now, in the public relations department, you can go on national TV, and say you are going to put up $300 million for export subsidies. That is no good. That does not help us. We have been through all of this stuff. We are not just nibbling around. We are dead serious.

I hope we succeed on this particular initiative because it is well considered. We are not asking for tariffs. We are not asking for any of these other things that they talk about with respect to free trade.

All we are asking for is that the agreements made be properly enforced. This has been going on a long, long time in this country and our textile trade deficit is now excess of some $16.2 billion.

We started with President Carter—let us be politically impartial on this one. I took my distinguished colleague from Louisiana who was then chairman of the Finance Committee; I took Bob Strauss, the Special Trade Ambassador; and I took your President and my President, Jimmy Carter, and we had this same free trade and protectionism nonsense and we finally debated it. We debated it all Friday night, all day Saturday. We debated it Saturday night. We debated it Sunday. We went around the clock and we finally got a bill passed that President Carter vetoed.

But at the time of the veto he assured us of his commitment to enforcement of the Multi-fiber Arrangement and our trade agreements.

We had a bit of stability then in 1979 for the remainder of that year and in 1980.

At that particular time, Senator THURMOND went to candidate Reagan, and I will put that letter in the RECORD, and he committed to relating import growth to the growth of the domestic market. I ask unanimous consent that that letter be inserted in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SEPTEMBER 3, 1980.

The Honorable STROM THURMOND,
Russell Senate Office Building,
Washington, DC.

DEAR STROM: The fiber/textile/apparel manufacturing complex provides 2.3 million vitally needed American jobs, including a high percentage of female and minority employees. As President, I shall make sure that these jobs remain in this country.

The Multifiber Arrangement (MFA), which is supposed to provide orderly international trade in fibers, textiles, and apparels, was first negotiated under a Republican Administration. The MFA expires at the end of 1981 and needs to be strengthened by relating import growth from all sources to domestic market growth. I shall work to achieve that goal.

Sincerely,

RONALD REAGAN.

Mr. HOLLINGS. Mr. President, we never asked for rollbacks. We are not asking for rollbacks in this particular measure. We just asked for stability so we can sustain an industry fundamental to the American economy that is not one of the highest wage industries. People talk when we get in here that they want jobs for minorities. We employ 27 percent minorities. They want jobs for women; we employ at least 67 percent women. We are talking about jobs all over the country. It affects all 50 of the States. It is a national industry.

Every time we go over there they tell us, "Oh, we will study it, we can't have protectionism" and they get on the radio and on the TV more, and then you have these narrow-minded little southern Senators who only have a little local problem back there in South Carolina and that is how they get elected; and that is nonsense.

This is a national concern, a national crisis. This has gone from textiles all the way to steel.

But right to the point, with respect to Brazil, if they are dumping it, you are giving them all these modern steel plants. I know the gentleman who built them all named William Koff. He built one in Georgetown. He is from Germany. And now he comes around and by gosh the word is out that business is way down.

So we have an overcapacity in steel and it is dumped here at less than cost from Brazil.

You find as a result, United States Steel buys Marathon Oil. You see, the businessmen are way ahead of you and me, we politicians. We have had a problem. We have been disregarding it. They are responding to it. They now are soliciting business for the islands offshore. They have moved there.

I can give you industry after industry that has gradually closed down, and here when we get to the matter of jobs for minorities and women, we have the biggest employer of minorities, we have the biggest employer of women, we have management, we have organized labor and we are trying to work together and get the attention of the people.

It is surprising to me the lack of understanding that so-called protectionism. We are living in a one-world productivity.

I can move my plant, like the one Allied just moved to Pakistan. They are doing well. They are making good money. And I have talked to them. They keep on moving. We are going out of business. We are not going to maintain as a world power. This is America and we are talking about our national security. And in order for us to be the world power that we expect, we have to be productive. We are not protectionist. We do not mind perhaps giving up in this 20 percent of our market to imports. But semiconductor imports now have jumped to 42 percent.

We are losing the productive capacity of the United States of America. It is a national crisis. It is not a momentary problem to be smoothed over, over at the White House. This thing is coming through from the people and they are asking us as their representatives, "Heavens above, we are working, we are producing, we are the most productive worker in the world, and we need your help." I have shown that the American industrial worker is the most productive in the world. The Japanese are seventh on the list.

But we have in the United States the most productive worker, according to the Bureau of Labor. The United States is the most productive, then the Netherlands, France, Germany, Belgium, Canada, Japan, Italy, and then the United Kingdom. Now Japan is No. 7 down that list.

I visited some 41 plants in August and September and it would amaze you to see how they had modernized.

I used to go through those plants when I was running for the legislature and when I was running for Lieutenant Governor.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. HOLLINGS. Without losing the floor, I yield for a question.

Mr. McCLURE. I hate to interrupt the Senator but I just want to know if I could, to get an indication as to what I will tell other Members. They asked me earlier if I would withhold the motion to table until some other Senators had the opportunity to be heard. Some Senators are now asking me if indeed they are going to have the opportunity to be heard.

Mr. HOLLINGS. Yes.

Mr. McCLURE. So I will be able to respond to them.

Mr. HOLLINGS. Most respectfully I understand the pressures the Senator is under. He has some on his side prepared, after he makes the motion to table, to filibuster, but they are in a very small minority and he is prepared, as he has indicated to me, to move to table. The Senator is courteous and he is a very courteous gentleman and I respect him for it, trying to give those an opportunity to talk, to allow them to talk and then make his motion. Then if it is not carried, I will ask the Senator then if we could get his help on a time limit to get a final vote and he said, "Oh, no, I would have done my best at that particular time and then it would be out of my control."

So with that record having been made, most respectfully, I understand the pressures, I am going to give up here. I am not trying to hold the floor. I am not giving up, but I will be ready to speak on this this evening, all night, tomorrow and beyond, because we have no more important a measure come before us, and I want to share the time. I am not the authority. There are others who are the authorities. But we are not going to treat this as a casual amendment to be brought up to satisfy a political objective and get a vote and then when they cannot do it move onto important business in the Senate, to pass the debt limit, or to pass this particular bill or that particular bill.

There is nothing, nothing more important than this particular measure we are discussing now because this is going to set our policy and the way we proceed in this government.

So I will continue on and yield the floor in just a little while. I am trying to give the Senator an honest indication.

Mr. McCLURE. I thank the Senator for answering.

Mr. HOLLINGS. I am most respectful to the Senator because the Senator has been very indulgent of me and I do not like to make long talks, but we have to have an opportunity here for the people to understand exactly what is involved.

What is involved here is that over many years the United States has increased our productivity. And where in the midfifties I used to go in the plants with the dust and the fuzz and everything in my eyes and I would rub them and it was in my ears and everything else. This industry, in a 5-year period, has invested $7.91 billion. They are not cheap. They are modernized.

I could hear that Mr. Gilman now, the Trade Representative, saying: "Senator, you have a cheap, old industry. You don't want it. They are just a cheap bunch. They are just a bunch of Republicans. Why don't you get rid of them?"

They are everybody. This is America, "crafted with pride." We are going to continue to debate this issue. The industry had modernized—they have all this new machinery where, without the touch of a hand, that bale of cotton is put on that roller track and it goes right in through the cart without touching a human hand and the next thing you know it is into the spinner. And they have these spinning machines, not at 100 or 150 picks, but 550 picks. They have the most modern of machinery there.

When I used to go into that weave room, we would have 135 people in that weave room. There are 15 now. They have streamlined. People have lost jobs in the streamlining process. They are all honest, productive, hardworking people.

In addition to that, they have a particular mechanization that is computerized for the dyeing. We used to have anywhere—we thought we were big shots if we had 20 or 30 dyes. They go in for over 600 different shades. It is the most competitive of industries I have ever seen.

Then they go into the cutting of that cloth, electronically done by a pattern. Incidentally, I saw that happen and they were throwing that pattern up on a satellite into the country of Australia, taken down by an industry that was buying it and copying that pattern for the Australians.

So do not talk to me about a rundown, third-rate industry. I have heard that in debates over the last 30 years.

We have the most modernized, mechanized, computerized, electronically controlled industry that you have ever seen.

If you go into the sewing room, they have machinery there that stamps on the pockets, stamps on the buttons, the collars on the shirt. I used to go through factories where they had 3,000 women. I would spend the whole afternoon there. I could cover it now in 2 hours, because they have only 1,500. They have cut it in half with mechanization.

We have the ILGWU and the Amalgamated Clothing & Textile Workers Union, working hand in glove with Mr. Roger Milliken. And when they are working hand in glove with Roger Milliken, you know you have got a national crisis. When they work with Roger Milliken, you have national opportunity and the opportunity ends right here as to whether or not we take it at the flood, as old Shakespeare would say. Because you can go into that particular sewing room and see what they are producing. And it is the most amazing thing in the entire world. It is the most mechanized, computerized, competitive industry that you can find.

I do not take a back seat for this industry. I used to have to talk at one time 30 years ago with tongue-in-cheek. This is not a local problem. This is a problem with a very modernized, competitive industry.

I can give you examples where we are selling, in some instances, in Hong Kong, where we are accepted. We sell on the fashion and we sell on style. Our American industry is competitive as can be.

But they cannot compete and maintain our standard of living against clothes made by workers paid 18 cents an hour in downtown Shanghai. Two months ago, they dropped on the docks a shipload of corn from Shanghai. And corn farmers from Nebraska and South Carolina rushed in and said, "They are getting into wheat, they are getting into corn. Before long, we will be uncompetitive," because, of course, China is not free trade or a free society. They have no unemployment. Everybody is employed. It takes 12 people to hang a picture on the wall, but they all have jobs. That is the full-employment system of communism.

We have an increase in productivity in the textile industry of 5 percent each year for the last 5 years. It is the most productive, competitive industry in this country. So do not tell them to speak Japanese or get a Japanese counterpart.

We have been into this thing for 30 years now. Most of them are Republican, so I am not making a particular impression on them. But I hope to make an impression on you, my colleagues in this Congress.

This is not, I say to Senator McCLURE, the chairman of the Energy Committee, most respectfully, an afternoon problem to let three or four Senators talk and then have a vote and then if it does not go your way, then have the leader come in and set it aside. We would oppose that. I want that understood. We are ready to stay. This is that kind of a problem. I have been through more kinds of little problems around here.

We have been knocking on the door. Senator THURMOND and I have been told and the cosponsors have been told, "You will not get it out of committee." There are over 300 cosponsors that have gotten it out over on the House side. We have it moving here on this side.

We need a national policy with respect to enforcing our bilaterals. This is the only way we know of to get hold of it. We have been the indulgent, we have been the understanding, we have been the tolerant. But we cannot go back to see the best of the best, these women workers and minority workers, working their hearts out with tremendous pride not for the highest wage as in automobiles and steel, but around the clock, sending their kids to college and tell them, "Well, you know, let the Third World countries have it because it is a semiskilled industry."

This is a highly skilled, highly mechanized machinery-intensified industry now. Over the past 25 years we have lost thousands and thousands of jobs. Since 1981, we have lost 1,500,000 manufacturing jobs. We have lost 300,000 textile jobs nationwide and 24,000 in the State of South Carolina over the last 5 years. We continue to close good plants and lose good, competitive people, who have dedicated their lives to this industry. And all we can tell them is that we will give them trade adjustment assistance. "Trade adjustment assistance." Do not put the good, hard-working people of America on welfare. We need not if we pass this amendment. At the same time we can give the foreign competitors production. If you want to produce in the Third World, and what we propose is tilted that way.

We have given special treatment to the Caribbean Basin Initiative countries. We want to help Mexico and Guatemala and we have gone into Panama trying to help in this particular hemisphere to build up competitive, dynamic economies. We are willing to help it along there.

But I cannot compete with 18 cents an hour in downtown Shanghai with 1 billion Chinese.

I do not know where we are, literally. I say that most respectfully. I have been in your States. I have met with the industry leaders, the labor leaders there. I have had their support. I am grateful for it.

But let us not let them down now with cliches and phrases and say now, with an important problem of this kind, that what we want is three or four Senators to just put a few speeches in the RECORD and then have a vote on a motion to table and then, if you cannot win that, go from there.

Let me say, I do not know whether I will be able to get this floor again. I am going to try my dead level best, because I want to talk a little longer and find out where we stand.

But, I hope Senators will look at our amendment. What we have done, in essence, in this particular amendment is update 680.

We have included shoes. Shoes have a real case. If you want to go to New Hampshire, I will take you to the Timberland shoe factory. They are producers of a unique product that sells the world around. But generally speaking, you are back to a wage scale problem with other countries which have none of the environmental laws, safety rules of OSHA, and everything else that we work under in our shoe industry.

As a result, we are losing. We are competitive. We are productive. We have to look out for our friends in the shoe industry. We do not want to try to make this a Christmas tree, but they have a real case and we will go along with it.

Let me address the People's Republic of China and answer that question, if I am not asked. I want to be honest with my colleagues. I resisted for a solid week the change from S. 680 to this amendment—720. The reason I resisted is that when you have 55 cosponsors, why give in to the People's Republic of China?

There is a simple answer. There was a meeting of the leadership in the White House and I have been told responsibly, and I believe my friend because he was there, that he was told by Senator DOLE and the Vice President of the United States, Vice President BUSH, that the President would have the disposition to sign it if we could take care. I do not want to misrepresent. That was the expression used. I do not say the President is committed.

But I said with that kind of representation, I do not want to hold up any more. I hate to give in 480 million square yards to the People's Republic of China. My problem is to develop Mexico. My problem is to develop El Salvador. My problem is to develop Panama. My problem is to develop many of the nations here under the Monroe Doctrine.

My problem is not to develop Russia and the People's Republic of China. I know that is where the business opportunities are. I know that is where you can make some money momentarily. Momentarily, a lot of our American businessmen have gone to Japan and made themselves rich. Now they are being squeezed out. Like my friend I had breakfast with today, he is being squeezed out.

Now they are making airplanes and building ships over there with government subsidies.

In the olden days, we said, "We will make the airplanes and computers and let others make the semiskilled textiles."

They are making the Airbus in Europe and they are making computers and semiconductors, to the tune of 44 percent of our market, in Japan. So we are not competing there.

But we are trying to maintain and do our duty here to maintain our standard of living and our capacity to continue as a world power.

Do not tell me about rollback. A lot of you were not on the floor. I used the example of Willie Sutton stealing that $100,000. We bring him into court and when we say we want the $100,000 back, he said, "Don't roll me back a $100,000."

These amounts, when they say they will roll back 50 or 68 percent, is a bunch of nonsense. Ours is a measured approach designed to meet the problems created by a lack of enforcement of the agreements we have with our trading partners. The 34 bilaterals set out the terms. They were entered into in good faith by both parties. We want enforcement. This amendment provides that, taking into account the terms of the agreements, and provides for orderly growth in the future—the goal of the MFA.

We did not roll back the People's Republic of China as I described. We do with Korea, Taiwan, and Hong Kong. We did not with Europe and Canada because they are affected by the overvalued dollar.

Do not say we all ought to do our duty, pay our bills, and get rid of the budget deficit.

You can get rid of five deficits, Senator, and I can tell you right now that in Malaysia the value of the dollar has gone up, over the 4-year period, 1.7 percent, with textile imports from Malaysia to the United States having gone up 227 percent.

As for Thailand, value in the dollar has gone up 7.1 percent, but the increase in textile imports from Thailand, in violation of the agreement, has gone up 167 percent.

I can go to Taiwan and, yes; there the dollar has gone up 7.3 percent, but imports have increased 43 percent. That is a big productive operation.

We have the answers, if you give us time. That is why I am telling our distinguished Senator from Idaho that there are all kinds of alleys they chase us up and try to say we do not know what we are talking about, that there should be reciprocal free trade.

It is dynamic; it is competitive. We competed. We sat down and made these agreements. We are only asking for a holding of the line and a guaranteed increase—holding the line and a guaranteed increase. That is our textile bill. Do not let them tell you differently.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Mr. COHEN. Mr. President, I rise in support of the amendment offered by my distinguished colleagues. As the section of this amendment covering the textile issue has already been addressed, I will limit my comments to title 2, the American Footwear Industry Recovery Act of 1985.

I have come before this body many times over the past 2 years with the warning that the American footwear industry is being systematically decimated by a flood of cheap foreign imports. Since 1981, imports of nonrubber footwear have risen from 50 percent of the U.S. market to an astonishing 77 percent. Unemployment in the footwear industry has risen to 21 percent. Over 125 plants across the country shut their doors in the past 1½ years. Some 100,000 Americans have lost their jobs since the late 1960's. In my own State of Maine, over 6,000 workers have lost their jobs since 1981. Sadly, it has become commonplace to read in the Maine newspapers that yet another factory has shut its doors. Just last week, a major manufacturer in Bangor closed a factory, and a major shoe company in Hallowell recently announced that it was laying off 300 workers.

As my colleagues are aware, there exists a mechanism for the objective hearing of an industry's trade grievances and the means to provide assistance to that industry when it can prove that it has been injured by imports. Section 201 of the Trade Act, which is fully consistent with our obligations under GATT, the General Agreement of Tariffs and Trade, was designed by the Congress to address precisely the crisis faced by the American shoe industry. All major trading nations have similar laws because they recognize that situations will arise where the injury and suffering are so severe that a government must act to alleviate the injury and facilitate the process of adjustment to competition.

The domestic shoe industry pursued relief under this law. The International Trade Commission unanimously determined that this industry had been injured by imports and recommended that temporary import quotas be implemented. Only 3 weeks ago, the President told the American shoe industry that despite the recommendation of the trade experts of the ITC, despite the staggering 77 percent import penetration, and despite all of the factual evidence of injury, that he had simply decided to write off this industry and let it die.

I heard the Senator from South Carolina talk about trade adjustment assistance. It will not work for this industry because most of the plants are located in rural areas. Most of the people who are employed are between the ages of 45 and 60. Many of them have less than a high school education. Most of them cannot be retrained and if they could be retrained, there are no other jobs available. Trade adjustment assistance really is not a viable option.

Second, I point out the absolute hypocrisy of this administration in recommending trade adjustment assistance as another form of relief when in fact the administration has called for the termination of this program.

As my colleague, JACK DANFORTH, the distinguished chairman of the Trade Subcommittee has so succinctly stated.

> The President's decision makes a mockery of U.S. trade law. The law is now a dead letter. The President has said that playing by the rules is for suckers. If the shoe industry cannot secure relief under section 201, then no industry—I repeat, no industry can expect help from section 201.

With this decision, the President has confirmed in my mind that his administration has no coherent international trade policy and no idea about how to even use the existing authority.

I have been left with no alternative but to support legislation implementing the temporary quotas that the President refused to provide under the administrative section 201 process. The American Footwear Industry Recovery Act of 1985 embodies the main tenets of the ITC's recommendation to the President. Specifically, the legislation would do the following.

It would provide an 8-year, global, market share quota for nonrubber footwear;

Imports would retain 60 percent of the U.S. Market, leaving only 40 percent for the domestic industry;

To prevent upgrading by importers, and to ensure an adequate supply of low-price footwear, this legislation allows imports of shoes with a customs value of $2.50 and under at the 1984 record-high level of 15.4 percent of the U.S. apparent domestic consumption as reported by the Department of Commerce;

Imported footwear with a customs validation of $2.50 and over will be allocated 44.6 percent of the U.S. market;

To ensure that this legislation is consistent with the GATT, language has been included which refers to the injury finding of the ITC, and authority is granted to the President to grant compensation to any trading partner disadvantaged by these temporary quotas; and

Finally, the Department of Commerce and the Department of the Treasury are authorized to implement a licensing system to fairly allocate the 60-percent import market share among the various footwear importers.

Let me emphasize that this legislative remedy is entirely consistently with U.S. obligations under the GATT. Retaliation by our trading partners is simply not warranted. This relief measure is recognized by our trading partners as a necessary tool when a surge in imports threatens to injure a domestic industry. This is not a protectionist measure, as it merely provides for a period of temporary relief from imports so that this beleaguered industry will have the opportunity to recapitalize and adjust to the current competition in the marketplace.

The American footwear and textile industries deserve our attention and support during this difficult period, and I strongly urge my colleagues to join us in this effort.

Senator BRADLEY, Senator GRAMM, and Senator DANFORTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. I thank the Chair.

Mr. President, I rise in opposition to the amendment and in opposition to protectionism.

Protectionism is as old as America. We have had protectionist legislation almost forever. Wherever producer and labor groups were organized or wherever people were producing in one area and selling in another, there has always been political support for protectionism. We adopted a protective tariff under the new Constitution before we adopted the Bill of Rights.

Protectionism has contributed to sectionalism. In fact, the part of the country that the two sponsors of this amendment are from has suffered more from protectionism than any part of the country.

Protectionism was the primary cause of the Civil War and protectionism dominated the American political scene until the end of World War II.

At the end of World War II, we saw a growth of economic enlightenment on the protectionist issue which really culminated under President Kennedy in the GATT negotiations that opened up trade and markets and produced an economic blooming of the Western World. Much of the progress that we have enjoyed, millions of jobs all over the Earth, were created as part of that movement. During the postwar period, until the last couple of years, the promotion of trade and growth in jobs and movement toward free trade, was supported by both political parties. In the last year or so, we have seen a wave of protectionism sweep the country and we have not heard before today, a discussion of this new protectionism.

Mr. President, let me say to my colleagues in the Senate that if you are a protectionist, you ought to vote for this bill. If you are willing to stand up and say "I want to protect the textile industry and the people who work in that industry and the people who own that industry and I am willing to do it at everybody else's expense, at America's expense, at the world's expense," you ought to vote for this bill. But if you are not a protectionist, there is not a reason to vote for this bill.

If you are a protectionist, vote for it. I would like to go through it as briefly as an ex-schoolteacher can be brief and outline all the new elements of this new protectionism.

What is new here is not that the voice of protectionism is loud in the Senate. It has always been loud. What is new is that it has been wrapped in this cloak of Americanism. It is being wrapped in this cloak of jobs. We hear all over the country, "We are exporting jobs." I shall give some quotes that we read in the newspaper every day: "We export not goods but jobs." "Every billion dollars in deficit in United States trade represents 25,000 jobs the United States has lost."

That statement is made so often that it is verified by repetition. We are told now that we are losing 3,500,000 jobs because of exports. What is remarkable, Mr. President, is that despite all these assertions, nobody has apparently looked at the facts.

What are the facts? In the last 3 years, as the trade deficit has grown from $43 billion to a projected $150 billion, what has happened to jobs in America? If you listen to the protectionists, employment has collapsed; we are exporting jobs; we have lost 3½ million jobs to those countries with bigger surpluses.

The truth is, Mr. President, we have created 8 million jobs in the most spectacular economic recovery in the postwar period.

What about these nations with the big trade surpluses, these places that jobs are going to? In the last 3 years, Europe has gone from a deficit to a surplus; Japan has had a mounting surplus. What has happened there? Europe has not created a job in 10 years. We have created more jobs than Europe and Japan combined, in the last 3 years. We have created more jobs than they have created, combined, for the last 15 years.

While our unemployment rate has declined over the last 3 years, the unemployment rate in Japan has risen by 13 percent and the unemployment rate in Europe has risen by 17 percent.

As I have listened to my colleagues talk about textiles and shoes in speaking of the massive unemployment in the States, my reaction is, obviously, there must be a problem. So I decided, Mr. President, when coming to the floor for this debate, to do something that apparently nobody is doing in this body and around the country. That is, look at the facts.

So I looked up what the top producing States in the country were which are producing textiles and apparel. I looked up the top States in producton of shoes.

Now, Mr. President, if you listen to this debate on the floor—and let me say, the debate is being carried out by people I greatly respect and admire. Here we have a difference of opinion. But let us look at textiles. The five largest textile-producing States in the country are North Carolina, Georgia, New York, South Carolina, and Pennsylvania. In listening to this tale of woe, we would assume that employment is collapsing in these States. It is not so.

In North Carolina, the unemployment rate has declined from 9 percent in 1982 to 5.5 percent in June of this year. Do I not wish Texas had that problem.

In Georgia, the unemployment rate has fallen from 7.8 percent in 1982 down to 7 percent.

In New York, the unemployment rate has declined from 8.6 percent down to 6.6 percent. In South Carolina, the unemployment rate was 10.8 in 1982, 10 percent in 1983, 7.1 percent in 1984, and in June 1985 it is 6.1 percent. In Pennsylvania, the unemployment rate has fallen from 10.9 to 9.1. In fact, of the top five textile-producing States, only one of them has above the national average in unemployment, and that is Pennsylvania. If you look at the average of the top five, in June it was 10 percent below the national average. So our colleagues ask us to impose a quota that will clearly raise the price of textiles on the people of all the States because they have an unemployment problem.

Granted, there is an unemployment problem in textiles. Textiles face tough competition. But I cannot justify imposing quotas when the unemployment rate in the top textile States is below the national average, not above it.

In shoes, the picture is even clearer. Maine is the largest shoe-producing State in the country. Unemployment there was 9 percent in 1983. In June 1985, it was 4.9 percent; in Missouri, from 9.9 percent in 1983 down to 6.6 percent; in Tennessee, 11.5 percent in 1983 down to 8 percent; Massachusetts, 6.9 percent down to 3.9 percent; New York, 8.6 to 6.6. In fact, the unemployment rate in the States that are being decimated by the importation of shoes is 25 percent below the national average today.

Granted, in Maine people are losing jobs in shoes, but they are clearly gaining jobs in other areas.

Now, we hear this cry from textiles for protection. Let me remind my colleagues that we have implemented 300 quotas in textiles since 1981. The average protection level in tariffs for textiles is 22 percent, the average for all manufacturing is less than 5 percent. We are already talking about the most protected industry in America.

Mr. President, let me talk about quotas and tariffs and about the deficit. Again, if you are for protectionism, you ought to vote for this amendment, but if you are concerned about the deficit you ought not. And let me explain why. We have an exchange rate, Mr. President, that is determined on the free market. It is determined by the supply and demand for dollars in terms of every foreign currency. It is a complicated system, but when you get right down to it, it is pretty simple. The value of the dollar relative to every foreign currency is determined by the supply and demand for those currencies. It is a perfect market—$150 billion a day go through this market. The idea that Government could come in and set the value of the dollar is laughable. We are talking about a market with tremendous volume, a tremendous amount of information and homogeneous products. The bottom line is that the value of the dollar on the world market is set with the amount that Americans want to spend or invest or use to pay debt in each foreign country. The number of dollars that Americans want to convert into that currency to spend or to invest or to pay debt is equal to the number of dollars that people in that country want to get by converting their currency into dollars. If Americans decide, for example, to buy more Japanese goods, that represents an increase in the demand for the yen and the value of the yen goes up. And vice versa; if people in Japan want to buy dollars, the value of the dollar goes up.

Now, all over the world today these exchange rates are set on a free market. If we impose this quota, what we are going to do is say, "You can't buy textiles from these countries. We are going to roll back on some countries, we are going to limit the penetration of others." There may be people here who are tempted to say, "Well, I want to vote for that. I am not a protectionist, but I am going to vote for it because I want to do something about this terrible deficit."

But let me explain why it will not happen, why the deficit will not go down. What this is going to mean is a reduction in the number of Americans who are trying to convert dollars into foreign currency because they are not buying the textiles. That means the value of the dollar goes up and not down. That means that every industry which is exporting finds the price of its product goes up. So what happens is we protect some jobs in textiles. But the value of the dollar goes up and we lose jobs in those areas where we are competitive on the world market. In fact, there will be no reduction in the trade deficit by the implementation of this quota or by any tariff. What will happen is the value of the dollar will rise, the American export industry, where we are competitive, will suffer, the areas where we are not affected in competing will gain, America will become less competitive, and we all lose.

Mr. President, let me say—and I am not going to dwell on the prices—I assume that all of my colleagues have taken a look at studies which have been done by everybody from the Federal Trade Commission to various economic firms around the country. I once was an expert so I never claimed too much from expertise, but whether you are looking at the Federal Trade Commission or the International Business and Economic Research Corporation, the data is uniform in telling us one thing—the cost of protectionism is exceedingly high. The estimates, for example, on jobs saved through voluntary restraint on automobiles is $241,000 per job.

Now, that is assuming no retaliation, and it is assuming no real change in the exchange rate as I outlined before. That is not counting the jobs we lost. That is what we paid to protect the job.

On the tuna tariff, we are talking about roughly the same price, $240,000 per job; in textile quotas of Hong Kong, about $43,000 per job; on steel quotas, we are talking about $114,000.

I could go on and on, but my point is, forgetting retaliation, forgetting the change in the exchange rate, protectionism is a very expensive, very inefficient way to create jobs.

Let me talk about several other issues and then I will let my colleagues have their opportunity, Mr. President. The second point I will go into has to do with debt. We have heard colleagues talk about the big banks and their lending and their interest, but I should like to make a point that seems to be lost in all of this talk about the trade deficit. We have a major piece of legislation introduced in the House and the Senate which would impose a 25-percent tariff against Brazil and South Korea, for example, because their surplus is too big; our deficit with them is too big. Now, Brazil has a $5.6 billion trade surplus with the United States, and South Korea has a $4.1 billion surplus. We have proposals—not this one, but others, but I want to address the general issue here as well as the specific—that would impose a 25-percent tariff against those two countries because their trade surplus is too big. In the aggregate, not just looking at the United States but at every country, Brazil has had over the last 3 years about a $12 billion surplus, and South Korea, though they have a surplus with us, has had a deficit.

But the truth is that Brazil has a $102 billion foreign debt. They have to generate $11 billion of trade surplus to pay interest on that debt, much less pay it off. South Korea has about a $45 billion debt, much of it to the United States, and they have to have about $5 billion to service that debt.

The truth is that the only way nations can service debt, the only way you can make an interest payment, is to have a trade surplus. So if you are going to take a position that every country with a trade surplus is somehow a villain, we are going to force the Third World into bankruptcy, and we are going to produce a financial crisis such as this world has never known.

Finally, Mr. President, let me say that what we are talking about here is a problem that really has one origin. We hear that the dollar is overvalued and that as a result of the dollar being overvalued, we have a trade deficit. That is true in the sense that the dollar is about 40 percent overvalued in terms of the goods and services it will buy relative to the goods and services of foreign currencies. But the question is, why? Why are foreigners willing to pay this premium for a dollar? The reason is that they want to invest in the United States.

We have the highest real interest rates in the world. We have the most rapid, promising economic recovery on Earth. As a result, billions of dollars of foreign capital are flowing into the United States and inflating the value of the dollar.

We cannot deal with that problem by raising tariffs. That will raise the value of the dollar and will not deal with that problem. The way to deal with that problem is to deal with its cause.

Why do we have the highest interest rates on Earth? We have the highest rates because we have a deficit of $200 billion, because the Federal Government is competing against the private sector for available capital; and, as a result, we have interest rates that have inflated the value of the dollar and have generated the trade deficit for us, a surplus for our trading partners.

There are those who say this is a crisis. We have become a debtor nation. I have not heard that today, but I have heard it on the floor as I have presided here, as Members have spoken during general orders. We are becoming a debtor nation—as if this is somehow a crisis, as if somehow there is a stigma involved.

I remind my colleagues that the last time we were a debtor nation between 1867 and 1914, we grew more rapidly than any other nation on Earth has grown in terms of real productive capacity. The last time we were a debtor nation, we had a more rapid, sustained period of economic growth than any other nation before or since has had—20 million immigrants came to this country in search of opportunity and freedom, and they found both.

The truth is, to summarize—I have spoken longer than I intended to, and I apologize to my colleagues—that trade deficits and trade surpluses, being a debtor nation or a creditor nation, in and of themselves are not good or bad. The important point is, why is it happening? We could become a creditor nation again by just making more bad loans to South America, but our banks have stopped that.

With our high interest rates, we have become a magnet, drawing capital to this country. The only way we can reverse that process and bring the value of the dollar down is by dealing with the deficit, and that is our deficit—the deficit in the Federal budget.

I urge my colleagues to look at this measure very closely. I urge my colleagues to reject this amendment and to get on with the real job of dealing with the deficit that matters, the deficit in the Federal budget.

I am concerned, Mr. President, that if we go down this road toward protectionism, if we respond to the special interests and not the public interest, we are going to repeat a sad experience that this country has seen before.

I think it is especially true when you look at what this amendment does and to whom it does it. We do not roll back Communist China. They retaliated against us the last time we imposed a quota. But we zapped Taiwan. Where is the logic in that? Do we protect a new-found friend and zap an old friend?

We roll back Korea—the bastion of our defense in Northeast Asia—in terms of their ability to sell. We decimate their No. 1 industry. Here in a nation that is the real success story in America. We rebuilt Europe and Japan with the Marshall plan, but they have already been rebuilt. Korea is the American miracle of the postwar period. They are spending a larger percentage on defense than we are. But in this measure, we are going to decimate their economy—all in the name of protecting jobs, when we are not protecting jobs at all.

Finally, Hong Kong: I wish I had a dollar for everybody I have heard say, "We want free trade, but we want fair trade." Tell me how it is fair to impose a quota against the only place on Earth that has no quotas. How can it possibly be fair to impose a quota against the one place on Earth that does trade fairly?

I argue that it is not fair, that it is not in the interest of world development, and it is not in the interest of America to do that to the only place that is doing what we claim we want everybody else to do.

So, I think that with respect to this amendment, while the objective in moving from the initial bill was to make it more politically palatable, the truth is that it shows the dirty underwear of the whole process. We protect Communist China and we zap Taiwan. We hit Korea and we impose very heavy limitations on the ability of the only place on Earth that is a free-trader to sell to America. It makes absolutely no sense.

So we are going to debate this today. There is going to be a motion to table. My guess is that it will fail. My guess is that the forces of protectionism are still strong on this floor. But I am convinced that the tide is turning in this country, that we are not going to go back on the policy of John Kennedy, the policy that brought us to world development.

I am convinced that every day we delay the passage of a protectionist bill is a day that the American people get the facts; and when they get the facts, they are going to reject protectionism.

Finally—and I am closing with this statement—there are those who say that I should be for this bill because Texas is a textile State, and it is in the top 10 in textiles. But something cannot be good for Texas if it is bad for America, and this bill is bad for America. It is the wrong thing to do.

I urge my colleagues who might have cosponsored this bill out of friendship to somebody else, or because they thought it was a good thing to say you are for fair trade, to look at this bill and measure what it really does.

I wonder how may people voted for the Smoot-Hawley tariff, thinking that it would never become law, that the other body would never adopt it, that it would never come up for final passage.

We do not know what is going to happen here. We may be shooting with real bullets. I urge Senators to look at the facts, because I believe that in looking at the facts, they will be convinced that this is a bad bill and a bill that is not good for America.

Several **SENATORS** addressed the Chair.

The **PRESIDING OFFICER** (Mr. McCONNELL). The Senator from Missouri.

Mr. **DANFORTH**. Mr. President, the pending amendment is based on S. 680, the textile-apparel quota bill. It is terrible legislation. It would cost American consumers nearly $14 billion per year. It would increase employment in the domestic textile and apparel industries by no more than 4 percent at a cost of almost $140,000 per job. It would risk retaliation against $33 billion of U.S. exports, including soybeans, corn, wheat, aircraft, and chemicals. It would strengthen the value of the dollar, further punishing other import sensitive industries. It would save some textile and apparel jobs and it would cost the jobs of countless other Americans.

The amendment, which as I say is based on S. 680, violates the General Agreement on Tariffs and Trade. It violates the Multifiber Arrangement. It violates 32 bilateral agreements with other countries covering textile and apparel. Advocates of the bill say that loopholes in the Multifiber Arrangement have created unanticipated imports. Yet most of the loopholes complained about were expressly insisted upon by the textile and apparel industries when bilateral agreements with Hong Kong, Korea, and Taiwan under the Multifiber Arrangement were negotiated in 1982.

The bill excludes from its coverage textile and apparel producers in Europe and Canada, despite the fact that the European Economic Community is the second largest supplier of textile and apparel to the United States. Imports of textile and apparel from the European Economic Community increased 80 percent in 1984 and have already increased 22 percent through August 1985. Yet the EEC is not covered by this legislation. By contrast, other countries are clobbered by S. 680. Bangladesh would be cutback 66 percent; Turkey, 30 percent; Korea and Taiwan, over 17 percent. This exclusion of the European Community, coupled with draconian cutbacks on imports from the Orient, have caused this amendment to be labeled "racist" legislation.

During the past few weeks, I have discussed this amendment with a number of my colleagues in the Senate. Many Senators have said they will vote for the bill. Few have expressed any enthusiasm for it. Most Senators who told me they would support this legislation went on to express their chagrin about their positions. They told me that they really did not like the bill. They stated their understanding of its effect on the trading system. They recognized that this is special interest legislation in the extreme, that it would save some people's jobs at the expense of the jobs of others and at the expense of the cost of living of everyone. Yet, this amendment will probably be agreed to by the Senate, will be passed by the Congress of the United States, and the reason for this state of affairs is the total exasperation of Members of Congress, Republicans and Democrats, with the trade policies of the administration.

The President has brought this situation upon himself. This textile and apparel bill stands a good chance of enactment because many Members of Congress feel that cooperation with the administration is impossible. They feel, and for good reason, the trade remedies provided for by our international agreements are not available to the American people. Therefore, when the trading system has broken down, when standard remedies are no longer available, quota legislation appears irresistibly tempting.

The specific incident that brought this state of affairs to existence was the President's determination to ignore the recommendation of the International Trade Commission and to refuse import relief to our beleaguered shoe industry.

The shoe industry had played by the rules. It brought its case before the International Trade Commission. It presented its evidence and it convinced a unanimous International Trade Commission to find injury and a strong majority of the Commission to recommend relief.

The procedure followed by the shoe industry is set out in section 201 of the Trade Act of 1974. Under the law, industries in this country that have been affected by imports are not entitled to automatic relief. Nor is it a basis of relief that they flex political muscle in Congress. Rather, under the legal system they must bring their cases before the ITC, meet the criteria of the statute, and prove injury. The shoe industry made its case and proved its case. It showed import penetration of 78 percent. Then, when it came time for the President to act, he did nothing. The elaborate procedure provided in the law was all for naught. Section 201 was a dead-end street. The shoe industry expended years of its time and countless dollars on a path that led to nowhere. They came out of the entire laborious process with absolutely nothing to show for it. It was a total waste of time.

The shoe decision by the President was also a clear sign that, during this administration, section 201 of the Trade Act will no longer be available to any industry. I would submit to the Senate that if 78 percent import penetration does not warrant relief, then no case will ever warrant relief in this administration. In effect, section 201 has been repealed, de facto, by the President. He has blue penciled the provision out of the statute.

Relief under section 201 has been branded by the President as "protectionist." The President has made the decision that the United States unilaterally will not avail itself of rights provided for under article XIX of the General Agreement of Tariff and Trade. Safeguard relief for injured industries is available to all other members of GATT. It is available to the Europeans, but it is not available to Americans. It is available to Canadians, but it is not available to Americans. It is available to Japanese and Koreans, and people in Taiwan, but it is not available to Americans.

So, when section 201 is not available, Members of Congress do what they would rather not be doing. They pass quota legislation.

Mr. President, the details of American trade policy should not be administered on the floor of the U.S. Senate. Yet, that is exactly what we are doing in this bill. We are determining in this legislation that imported sweaters from Guam should not exceed 160,000 dozen. Who in the Senate of the United States can tell us that the precise figure for imported sweaters from Guam should be 160,000 dozen. The fact of the matter is that no one in the Senate can come up with that figure. The figure was produced by industry lobbyists. They dictated those numbers to their dutiful scribes in Congress. Congress has gotten into the act of micromanaging trade policy because the basic provisions of the trade laws were rendered unavailable by the President's decision on shoes.

Mr. President, I have wrestled long and hard on whether to support this legislation. I have spent a great part of my last 5 years working on the problems of the shoe industry, which is so important to my State. I have also done my share of work on behalf of the textile people. I have been sorely tempted to support this legislation simply to do my part for these beleaguered industries. I share completely the utterances of exasperation with an administration that will not make international agreements operate to the benefit of our people. It is very tempting to vote for this amendment in order to send the President a message. In fact, many of my colleagues have given that reason for their support for the textile bill.

But, Mr. President, in good conscience, I cannot support this legislation. It is just too damaging to too many people. It is bad trade policy. It would send shock waves throughout the world trading system. It would hurt many, many more Americans than it would help.

What, then, do I suggest should be done? I would suggest to the President that he undertake a renegotiation of the Multifiber Arrangement, using as negotiating objectives the concerns addressed in S. 680. I would make that suggestion had I not long since given up on the administration's willingness to provide any relief for import affected industries. Therefore, I have a different suggestion. It is a suggestion which does not depend on sending the President a message. It is a suggestion that does not require the President to have a change of heart and it is a suggestion that does not put Congress in the business of writing detailed product specific quota legislation. It is, instead, a suggestion to revitalize the relief available under section 201 so that safeguard remedies from imports can be returned to the forum of the International Trade Commission without fear that the President can totally undo the ITC's recommendations.

Mr. President, I am reasonably sure that this amendment is not going to be tabled. I am going to vote to table the amendment because I believe that it is bad trade legislation, and at the appropriate time, it would be my intention to offer a substitute for the pending amendment.

The substitute would require the International Trade Commission to institute a section 201 case on textile and apparel imports and would require the President to put in place remedies that are substantially equivalent to those recommendations by the ITC.

This substitute amendment would also cover the shoe case by requiring the President to institute remedies for the shoe industry substantially equivalent to those recommended by the ITC in June. The President would retain discretion to fashion the exact nature of the remedy but he would no longer have the discretion to provide no relief at all.

Mr. President, it is my position that this matter should be taken out of the congressional forum. I believe that if we were to pass this quota legislation a whole parade of industries would be following the textile industry—not only shoes, but steel, lumber, and a host of others.

I think we should take this out of the hands of Congress and put it into the hands of the ITC. However, under the present set of circumstances, where the administration has made it clear that section 210 is a dead-end street, I think that it is necessary that, at the same time, we remove some of the discretion from the hands of the President so that the recommendations of the ITC will mean something.

That is the suggestion that I will make. That is the substitute amendment that I intend to offer at the appropriate time.

Mr. KASTEN. Mr. President, I rise today as a cosponsor of Senator THURMOND's amendment regarding imports of footwear and textiles.

Mr. President, American jobs are the issue here. Thousands of jobs have already been lost because we have allowed the flow of cheap imported goods to go unchecked.

Jobs are being lost because we have refused to get tough with our trading partners. Free trade is still our goal—but free trade cannot be a oneway street.

Consider the fact that Spain will not accept imported shoes from Italy. Italy won't accept imported shoes from Brazil. And Brazil won't allow shoe imports from Spain. None of theses countries will accept imported shoes from the United States. But all of these nations can easily dump their shoes on the American market, and they do.

Brazil isn't losing jobs because of foreign imports. Neither are Spain or Italy. But with the imbalance of trade which we have allowed, American factories have continued to close. Thousands of jobs have been lost.

Mr. President, it's time for the U.S. Government to get tough on trade. When the import penetration growth of textiles grows an average of 65 percent 2 years in a row to account for over 50 percent of the American market, and when the import penetration of shoes goes from 41 percent in 1975 to 80 percent—and rising—in 1985, it is obvious that we need to rethink our trade policies.

More than 18,000 workers are employed by the textile and footwear industries in Wisconsin alone. Eighteen thousand Wisconsinites and their families rely on these industries for their livelihoods. Nationally, hundreds of thousands are still employed in these industries. We cannot afford to pull the rug on these people. Congress needs to act immediately.

There are two things we in Congress have the responsibility to do.

First, we must enact preventative measures to guarantee that we do not lose any more industries or jobs. To do this, we must pass Senator THURMOND's amendment which will place new restrictions on the imports from our partners in unfair trade.

Second, we must work together for a new trade policy which will take us into the 21st century. This policy should incorporate the idealism of free trade with the realism of trade imbalance.

We should never lower our sights from someday having truly free trade. However, to accomplish this goal, our trading partners need to be educated on the virtues of free trade.

Our trading partners need to understand that we will not allow our Nation to be the dumping ground for the world's cheap imports. Once they realize the effects that trade restrictions can have on their own economies, they just may see how important free trade is to the global economy.

Only then will American workers be truly free to compete.

Mr. President, again, I am very pleased to join Senator THURMOND in cosponsoring this very important and necessary amendment that is so vital to the future of the American worker.

Mr. MATTINGLY. Mr. President, I rise as an original cosponsor of amendment No. 720 to Senate Joint Resolution 77. My esteemed colleague, the senior Senator from South Carolina, has given a thorough and excellent summary of his amendment so there is no need for me to discuss the details of the provision. However, I would like to add to my colleague's remarks my thoughts on the broader issue at hand.

If we take this amendment literally, it addresses the impact of trade inequities on two very important U.S. industries. However, I urge my colleagues to think in broader terms. The issue here is not just textiles and footwear, but what course of action and policy direction we, as a country, need to take to correct blatant trade inequities. These trade inequities are affecting virtually every economic sector of our country. We have tried closing legal loopholes that have allowed imports to flood our markets unfairly. We have attempted to eliminate foreign trading practices that unfairly close our exports out of overseas markets. We have attempted to impose the use of existing trade laws to keep out unfairly subsidized or other illegal imports. We have tried to negotiate with our trading partners in an effort to promote open and fair trading practices and policies. We have been unsuccessful.

It is critical that Congress send a clear and forceful signal of our unity and determination that we will not allow the illegal or discriminatory policies of our trading partners to persist; we will insist on reciprocity, one way or another. We must have a rejuvenation of an open and fair world trade order.

TEXTILES AND AGRICULTURAL TRADE

Mr. BOREN. Mr. President, though I am most sympathetic to the problems confronting the textile industry, I cannot support the amendment offered by my distinguished colleague, Senator THURMOND. The impact this would have on our agricultural exports to many Asian countries would be devastating.

I am well aware that over 300,000 textile/apparel/fiber jobs have been lost in this country over the past 5 years. I, too, am concerned about the impact on the industrial productivity of this Nation that the 100-percent increase in textile/apparel imports since 1980 will have.

I am very strongly committed to retaining the industrial base in our Nation. And, I am quite willing to support legislation which will preserve this base. However, I am not willing to do so at the expense of the agricultural sector of our country.

Unlike the agricultural economy, the textile/apparel industry is among the most heavily protected industries in the United States. The average tariff rate for textile/apparel is 18.2 percent, compared with 4.3 percent for the all-industrial average (excluding petroleum). An estimated $4.1 billion will be collected in 1985 from textile/apparel tariffs.

The textile/apparel industry has experienced profits slightly higher than the all-manufacturing average. This, too, is just the opposite of what has been happening in the agricultural sector.

I do not, in any way, want to imply that I believe the textile industry does not need any assistance. In fact, I, too, fear that without some form of assistance the textile industry could be severely devastated in the next 5 years. There is, additionally, a distinct possibility that there will not be a domestic textile industry in the future in our country. I am well aware that something must be done. However, I do not believe this method is the proper one. I cannot, in good conscience, support a measure that will prop up the textile industry while devastating agricultural exports.

Over the past 5 years, agricultural exports have declined dramatically. In 1980, agricultural exports were valued at $43.78 billion. This year, agricultural exports will decline to $32 billion, representing a drop of $11.78 billion. Because of the decline in agricultural exports, 353,400 jobs have been lost during the past 5 years. Any further reduction in agricultural exports will put more people on the unemployment roles.

The amendment now pending will result in retaliation by some of our most important agricultural customers. The Chinese have made it perfectly clear that if this amendment is enacted, they will stop buying U.S. agricultural products. In 1982, unilateral restrictions of Chinese textile apparel imports resulted in a boycott of U.S. wheat, soybeans, cotton—raw product, and chemical fibers. This boycott presented a loss of nearly $700 million to U.S. wheat producers alone. A total agricultural boycott from China, at 1983-84 levels, would be a loss of over half a billion dollars.

The fiscal year 1985 estimate of agricultural exports to China is $5.8 billion, representing approximately 174,000 jobs. The fiscal year 1985 estimate for East Asia—which includes Korea, Hong Kong and Taiwan—is $3.2 billion, representing approximately 96,000 jobs. Just these two regions alone would mean the loss of 270,000 jobs, almost as much as the textile industry has lost over the past 5 years.

My colleagues have stated that this amendment is important for the 300,000 textile workers. It is also important for the 270,000 persons employed due to agricultural exports to the countries most affected by this amendment. Regretfully, to save 300,000 textile workers we are being asked to sacrifice 270,000 jobs relative to agricultural exports.

Mr. President, I wish my colleagues would go back to the drawing table and design a proposal to aid the textile industry which would not sacrifice American agricultural exports. The loss of agricultural exports does not just affect 270,000 people. It will directly affect the 2.4 million farm families dependent upon agriculture for a living by reducing their income, by reducing the price they receive for their products.

I urge the Senator from South Carolina to modify his proposal in a way that will not only benefit the textile industry but will not impair the future of our agricultural export market. I would be quite willing to work with the proponents of this amendment to devise a program which would provide aid to the textile industry. I believe we are acting too hastily if we adopt this amendment. There are certainly ways to help the textile industry without jeopardizing agricultural exports. I would be glad to support legislation which would do this.

Mr. CHAFEE. Mr. President, I cannot support this amendment because of the restrictions it proposes on footwear imports. Before this footwear proposal was included, I had every intention of supporting this measure.

The textile and apparel industries are very important to this Nation. This industry employs 2 million people nationwide. That's more than employment in automobiles and steel combined. Textile employment comprises a substantial percentage of workers in my State of Rhode Island.

Jobs are being lost and factories are being closed. Although much of this can be blamed on the dollar, which can be linked to our budget deficits, clearly the multifiber arrangement, the worldwide framework for controlling textile trade, is not working as expected.

This point has been made repeatedly in hearings in the Finance Committee. Bilateral commitments made under the MFA are simply not being adequately enforced by this administration. In the upcoming renegotiation of this multilateral agreement the administration must be tough and must make it clear that we will no longer accept noncompliance with these bilateral arrangements.

Mr. President, I do not support legislated quotas and prefer to observe our trading obligations. The original version of S. 680 was designed to help just the textile industry by enforcing the agreements under the MFA. S. 680 was intended to deal with loopholes in our international textile agreements which have allowed exporting countries to boost their shipments of goods beyond expected levels, costing jobs throughout our Nation, including, in Rhode Island.

However I cannot support this amendment, because it now contains a proposal for extensive quotas for the footwear industry. President Reagan rejected footwear protection on August 28 of this year. The President was absolutely right in deciding what was right for the national economy and for the consumer. These quotas would cost consumers $2.3 billion in added shoe prices, would hit low-income consumers the hardest, and would cost up to $70,000 per year for each job saved.

Such action does not make sense. The real losers would be American consumers, including Rhode Islanders who are struggling to make ends meet.

Several Senators addressed the Chair.

The **PRESIDING OFFICER**. The Senator from New Jersey.

Mr. **BRADLEY**. Mr. President, I call for regular order and send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The regular order is the excepted committee amendment.

The clerk will report the amendment.

Mr. **McCLURE**. Parliamentary inquiry, Mr. President.

The **PRESIDING OFFICER**. The clerk will report the amendment.

Mr. **McCLURE**. Mr. President, parliamentary inquiry.

The **PRESIDING OFFICER**. The Senator will state it.

Mr. **McCLURE**. The committee amendments were adopted en bloc, am I not correct?

The **PRESIDING OFFICER**. One committee amendment was excluded from the en bloc agreement.

Mr. **McCLURE**. The amendment of the Committee on Finance was set aside by unanimous consent so that the amendment of the Senator from South Carolina could be entertained, am I not correct?

The **PRESIDING OFFICER**. The Senator is correct.

Mr. **McCLURE**. And the pending business is the amendment offered by the Senator from South Carolina?

The **PRESIDING OFFICER**. The pending business was the amendment of the Senator from South Carolina. Under the Senate's precedents, a call for the regular order returns the Senate to the amendment that was set aside by unanimous consent.

Mr. **McCLURE**. Mr. President, may I be heard on the question of the ruling of the Chair?

Mr. President, that is certainly true if indeed the pending amendment was not set aside by unanimous consent, but the action taken by the Senate in granting unanimous consent to set it aside requires unanimous consent to bring it back. When the pending amendment is disposed of, the regular order calls back the amendment which was set aside.

The **PRESIDING OFFICER**. The day of the precedent is May 22, 1985. When one amendment is set aside by unanimous consent to consider another amendment, a call for a regular order brings back the original amendment.

Mr. **McCLURE**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. **McCLURE**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **BRADLEY** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from New Jersey.

AMENDMENT NO. 723 TO COMMITTEE AMENDMENT ON PAGE 92

(Purpose: To provide a substitute)

Mr. **BRADLEY**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The clerk will report.

The legislative clerk read as follows:

The Senator from New Jersey [Mr. BRADLEY] proposes an amendment numbered 723 to committee amendment on page 92.

Mr. **BRADLEY**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the matter proposed to be inserted, insert the following: Strike all after section 7, page 92, line one, and insert in lieu of the following:

SEC. . TEXTILE AND APPAREL TRADE ENFORCEMENT.

(a) The Congress finds that—

(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

(2) The Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December 1981 through July 1986, contemplates a 6-percent annual rate of growth for imports for most exporting countries and providers for a lower rate of growth for imports from major exporting countries:

(3) Since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984, imports of textiles and textile products into the United States have grown at an annual rate of 19 percent, far in excess of the 1 percent growth rate of the United States market for textile and textile products during the same period and far in excess of the annual rate of import growth of less than 2 percent that prevailed during the period 1974 through 1980;

(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Arrangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last 6 years, reaching a level of 50 percent in 1984;

(6) based on a nationwide audit of major retail outlets, the import penetration of such major items of apparel as trousers, blouses, shirts, suits, skirts, and sweaters exceeds 50 percent of domestic consumption;

(7) since the most recent extension of the Multi-Fiber Arrangement, certain exporting countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

(8) imports of textiles and textile products into the United States are predominantly the product of major exporting countries, with 5 large exporting countries now accounting for more than 50 percent of all imports of textiles and textile products;

(9) the domination of import trade by producers in the major exporting countries has limited participation in the United States market by other exporting countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment, with the United States;

(10) a change in United States textile trade policy to afford the smaller exporting countries and countries in the caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 percent over 1983, and accounted for 13 percent of the Nation's overall merchandise trade deficit;

(12) the current level of imports of textiles and textile products, 9,800,000,000 square yard equivalents in 1984, represents over 1,000,000 job opportunities lost to United States workers;

(13) imported textiles and textile products now account for 38 percent (the equivalent of 3.2 million bales of cotton) of the annual cotton consumption in the United States, only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States;

(14) the massive increase in cotton textile and apparel imports has resulted in a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone which was only partially offset by Federal cotton program benefits.

(15) United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

(16) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool;

(17) the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries, in those countries and import growth rates of 1 percent or less have been permitted in such cases;

(18) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have

been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

(19) the increase in imports and increased import penetration of the United States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity (as measured by output per man-hour) in the textile mill products sector has increased in the last 10 years at the average annual rate of 4.2 percent and in the apparel sector at the average annual rate of 3.4 percent, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 percent;

(20) the factors described in the preceding paragraphs are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this Act;

(21) bsaed on experience during the past 10 years and on other factors, the growth of the United States market for textile and textile products is unlikely to exceed an average annual rate of 1 percent during the next several years;

(22) if the rate of growth of imports of textiles and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

(23) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

(A) to require the establishment of import levels for textiles and textile products supplied by major exporting countries that reflect the lesser of—

(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 percent annual growth rate contemplated by the Multi-Fiber Arrangement, or

(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 percent.

(B) to require the establishment of import levels for textiles and textile products supplied by smaller exporting countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

(C) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

(24) the establishment of import levels, and limitation of future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

(25) as the Department of Defense has long recognized, a strong, viable, and efficient domestic textiles and textile products industry is essential in order to avoid impairment of the national security of the United States;

(26) the developments that have led to the sharp increase in imports of textiles and textile products since 1980 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

(27) the sharp increase in imports of textiles and textile products since 1980, and the effect of this increase on the United States textile and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

(b) The purpose of this section is—

(1) to prevent further—

(A) disruption of the United States textiles and textile products markets,

(B) damage to United States textile and apparel manufacturers, and

(C) loss of jobs by United States workers,

by providing for orderly and nondisruptive growth of imports of textile and textile products;

(2) to provide temporary relief in order to provide an opportunity for adjustment to import competition; and

(3) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

(c) For purposes of this section—

(1) The term "textiles and textile products" includes, but is not limited to—

(A) all man-made fibers, and

(B) all—

(i) tops,

(ii) yarns,

(iii) piece goods,

(iv) made-up articles,

(v) garments, and

(vi) other textile manufactured products which derive their chief characteristics from their textile components,

made in whole or in part from any natural or man-made fiber, or blend thereof,

that are classified under schedule 3, part 6 of schedule 6, part 1, 4, 5, 7, or 13 of schedule 7, or part 1 of schedule B of the Tariff Schedules of the United States or part 1 of the Appendix to such Schedules.

(2)(A) The term "category" means, with respect to any textile or textile product, the category into which such textile or textile product is classified under subparagraph (B).

(B) The Secretary of the Treasury shall classify all textiles and textile products according to a system which uses the following categories:

(i) each of the categories of textiles and textile products identified by a 3-digit textile category number in the Department of Commerce publication of January 1985 entitled "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated";

(ii) a separate category for man-made fiber articles classified under subpart E of part 1 of schedule 3 of the Tariff Schedules of the United States; and

(iii) a separate category for each of the following articles which, because of fiber content, are not subject to the Multi-Fiber Arrangement:

(I) yarn,

(II) fabric,

(III) apparel, and

(IV) other textile products.

(3) The term "foreign country" includes any foreign territory or insular possession of the United States.

(4) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(5) The term "Mutli-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva on December 22, 1981.

(6) The term "Commission" means the United States International Trade Commission.

(d)(1) The Commission shall conduct an investigation for the purpose of—

(A) determining—

(i) the extent to which the domestic textile industry has been seriously injured, and is threatened with serious injury by reason of imports of textiles, and

(ii) the extent to which domestic apparel industry has been seriously injured, and is threatened with serious injury, by reason of imports of apparel, and

(B) recommending—

(i) the amount of any increase in, or imposition of, a duty or other import restriction on textiles which is necessary to prevent or remedy such injury to the domestic textile industry, and

(ii) the amount of any increase in, or imposition of, a duty or other import restriction on apparel which is necessary to prevent or remedy such injury to the domestic apparel industry.

(2) By no later than the date that is 90 days after the date of enactment of this Act, the Commission shall—

(A) submit to the President a report on the determinations and recommendations made by the Commission under paragraph (1), and

(B) publish a summary of such report in the Federal Register.

(3)(A) By no later than the date that is 15 days after the date on which the report is submitted to the President under paragraph (2), the President shall issue a proclamation implementing the recommendations of the Commission set forth in such report.

(B) Any increase in, or imposition of, any duty or other import restriction which is proclaimed under subparagraph (A) shall apply with respect to articles entered after July 31, 1985, and before August 1, 1986.

(e)(1) Except as otherwise provided in this Act and notwithstanding any other provision of law, the aggregate quantity of textiles and textile products of any foreign country classified under the same category that may be entered during the 1-year period beginning on August 1, 1986, shall not exceed the sum of—

(A) the aggregate quantity of textiles and textile products of such country classified under such category that was entered during the 1-year period beginning on August 1, 1985, plus

(B)(6) percent of the aggregate quantity described in subparagraph (A).

(2) Except as otherwise provided in this Act and notwithstanding any other provision of law, the aggregate quantity of textiles and textile products of any foreign

country classified under the same category that may be entered during the 1-year period beginning on August 1, 1987, and during any succeeding 1-year period, shall not exceed the sum of—

(A) the aggregate quantity of textiles and textile products of such country classified under such category that could have been entered under this subsection (determined without regard to paragraph (3)) during the year preceding such 1-year period, plus

(B) 6 percent of the aggregate quantity described in subparagraph (A).

(3) If the aggregate quantity of textiles and textile products of a foreign country classified under the same category that enter after August 1, 1985, and before the date on which a proclamation is issued under subsection (d)(3) exceeds any limitation imposed by such proclamation on the quantity of textiles and textile products of such country classified under such category that may be entered during the 1-year period beginning on August 1, 1985, the limitation imposed under paragraph (1) on the quantity of textiles and textile products of such country classified under such category that may otherwise be entered during the 1-year period beginning on August 1, 1986, shall be reduced by the amount of such excess.

(f) For purposes of applying section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the issuance of a proclamation under subsection (d)(3), and the imposition of a quantitative limitation under subsection (e), shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).

(g)(1) The Secretary of the Treasury shall take such actions and issue such regulations as may be necessary or appropriate to enforce the provisions of this section, including, without limitation, the issuance of orders to Customs officers to bar entry to any article if the entry of such article would cause any quantitative limitations imposed under this section to be exceeded.

(2) In order to ensure the equitable and efficient administration of subsection (e), the Secretary of Commerce shall establish and administer an import licensing system under which an importer of any textiles and textile products from any foreign country will be required, during the 10-year period beginning on August 1, 1986, to present an import license as a condition of entry for such textiles or textile products. The Secretary of Commerce shall charge a fee for such import licenses in such amount as may be necessary to cover the cost of administrating such system.

(3) During the 1-year period beginning on August 1, 1986, and during each succeeding 1-year period, the Secretary of Commerce shall, at least once during every quarter within each of such 1-year periods, provide written notice to each foreign country which states the aggregate quantity of each category of textiles and textile products of such country that may be entered during the remaining portion of such 1-year period.

(h)(1) By no later than October 15 of 1987, and of each calendar year thereafter, the President shall submit to the Congress an annual report on the administration of this section during the preceding year. Such report shall include detailed information about the implementation and operation of the quantitative limitations imposed by this section. All departments and agencies shall cooperate in the preparation of such report.

(2)(A) The Comptroller General of the United States shall submit an annual report to the Congress on—

(i) the allocation of United States Customs Service personnel in the import specialist and inspector functions necessary to fully enforce this section, and

(ii) the impact of computerization on trade law enforcement.

(B) The Secretary of the Treasury shall cooperate with the Comptroller General of the United States in the preparation of the report required under subparagraph (A).

(3)(A) The Secretary of the Treasury shall conduct a study of the categories of textiles and textile products to determine whether the quantitative limitations imposed by this section could be specified in terms of the weight of such textiles or textile products in order to simplify administration of such limitations through use of shipping weight. In conducting such study, the Secretary of the Treasury shall consult with recognized unions and groups representing workers in the textiles and textile products industry.

(B) The Secretary of the Treasury shall submit to the Congress a report on the study conducted under subparagraph (A) by no later than the date that is 6 months after the date of enactment of this Act.

(i)(1) Except as provided in paragraph (2), the provisions of subsection (e) shall apply to textiles and textile products entered—

(A) after July 31, 1986, and

(B) before August 1, 1996.

(2) Notwithstanding any other provision of this section, the provisions of this section shall cease to apply on the day on which the President submits to the Congress a written statement certifying that Taiwan, the Republic of Korea, Hong Kong, the Peoples' Republic of China, Japan, Pakistan, Mexico, India, Indonesia, the Philippines, Thailand, Brazil, Singapore, the European Communities, and Canada have, after the date of enactment of this Act, each entered into a new textiles and textile products agreement with the United States that contains provisions which are consistent with the purposes of this Act.

Mr. BRADLEY. Mr. President, the Textile and Apparel Trade Enforcement Act has serious problems as a piece of trade legislation. It would force us to renege on commitments in several dozen trade treaties, it is discriminatory in its treatment of different textile and apparel producing countries, it rules out U.S. participation in future textile and apparel trade negotiations, and it abandons our philosophy of providing temporary import relief for the purpose of adjustment rather than permanent protection. Nevertheless, the two main premises behind the bill are just and demand our attention. The first premise is that we have let imports demolish the apparel and textile industry despite standards for protection under our own laws that should have been adequate for orderly import growth. Between 1980 and 1985, under the Multifiber Arrangement, total textile and apparel imports should have grown 13 percent per year; but in reality, they grew 20 percent per year. The second premise is that we have given workers in this industry no reason to hope the next 4 years will be any better than the last. A combination of import fraud, slack enforcement, and incomplete treaty coverage has allowed import growth as high as 31 percent in the past year. We must make significant changes in our textile and apparel trade policy if we are to provide even minimal security to those who are truly dependent on the industry. For example, the ILGWU supports 120,000 retirees on pension. What is their future if we let the industry go suddenly bankrupt?

The challenge before us is to meet the legitimate and pressing needs of nearly 2 million hard-working people in the textile and apparel industry and their dependents without causing irreparable damage to the international trading system. I am offering a substitute to this bill that would free us from needlessly reneging on our own trade agreements, unfairly discriminating between supplying countries, cutting off our future options for international trade agreements, or abandoning our philosophy of providing temporary import relief for adjustment rather than permanent protection. And yet this amendment allows the textiles bill to restore import levels to a fair volume consistent with the objectives of the Multifiber Arrangement, and to provide a plan for orderly, nondisruptive import growth.

The first part of the amendment I am offering requires the International Trade Commission to determine, within 3 months, the extent of injury to the textile and or apparel industries due to import competition. It directs the President to take action on the basis of the ITC findings to provide temporary relief to injured parts of the textile or apparel industries within 15 days of the ITC report. The ITC recommendations would restrict textile and apparel imports between August 1, 1985, and July 31, 1986, the date on which the current MultiFiber Arrangement expires, to the extent that surges in imports have injured our domestic industry.

The second part of the amendment I am offering would impose a 6-percent uniform cap on annual textile and apparel import growth from all countries, starting August 1, 1986. The growth cap would remain in effect until the major textile and apparel producing countries and the United States agreed to a new textile product trade treaty. This is different from the textiles bill because of its nondiscriminatory treatment of all textile and apparel producing countries, not just a few. Under the substitute for S. 680—I think the amendment is No. 720—imports from many Asian countries are allowed to grow 1 percent per year; imports from Mexico and Central American countries can grow 1 percent or 6 percent per year, depending on the import sensitivity of the product category; and Canadian and European import growth is unrestricted. The country-to-country differences in import growth caps under the S. 680 substitute are likely to intensify the pressures for retaliation from countries that feel they are being treated unfairly. The nations hit hardest by the proposed textile import restrictions under the substitute for S. 680 import $33 billion of American goods that could be replaced with competing products and commodities from other countries. No textile bill will ever be free from retaliation, but a bill that places a uniform, nondiscriminatory cap on import growth from all countries will be less likely to attract devastating retaliation than a discriminatory bill like S. 680 or the substitute to S. 680. By leaving open the possibility that an acceptable trade treaty will result in a relaxation of U.S. import quotas, my amendment further reduces the chances of retaliation while providing an incentive for continuing international negotiations on textile and apparel trade. CRS estimates that such a 6-percent uniform growth cap on textile product imports is likely to be slightly more restrictive than S. 680 or the proposed substitute. In fact, CRS estimates that the series of growth caps under the proposed textile bill would be equivalent to a uniform 8.5-percent per year growth cap if Euorpean countries stepped up their exports to take advantage of their exemptions under the bill.

The amendment improves the enforceability of our textile and apparel trade laws in four ways. First, by restricting allowable import growth from all countries rather than from just some countries, my amendment closes a loophole for import fraud. Exporters in restricted countries under the S. 680 substitute would have a strong incentive to declare fraudulent points of origin for their products or to trans-ship those products through unrestricted countries.

Second, this amendment proposes to notify every textile and apparel producing country of the status of its quota on a quarterly basis. Countries exceeding one fourth of their yearly quota in any given quarter are notified early so they can plan to reduce exports to the United States for the remaining quarters in order to bring their total to 6 percent growth from the preceding year.

Third, the amendment calls for a GAO report determining the number and deployment of Customs Service textile import specialists and inspectors needed to enforce this law.

Fourth, it calls on Customs and the textile and apparel industries to recommend product categories in which we could more effectively specify quotas by weight. Quotas specified by weight are less subject to shipping fraud, since shippers have an incentive to determine the precise weight of their cargoes.

The last part of the amendment calls for a repeal of all provisions of this amendment, in 10 years. No industry should enjoy the special privilege of permanent protection in an open economy. Permanent protection makes productivity improvement and innovation unprofitable. If we destroy the incentives our economy provides for innovation, we will become followers in global industrial competition. On the other hand, 10 years is a very generous window for the industry to restructure itself. And we can rely on this industry to do so. Its aggressive attack on productivity has been unparalleled. But investment in new equipment alone may not be the answer. A clear 10 year limit on import relief should give us the time to see if there is a long-term solution to the interntional challenges in textiles and apparel competition.

There is no excuse for second-best trade policy Mr. President. The urgency of an issue like the problems facing the textile and apparel industry today should not prevent us from putting together the best legislation we can. This amendment establishes a quota that would set import levels in the current year in accordance with the extent of injury suffered by the domestic industry due to import competition. We are entitled to provide import relief due to injury from disruptive import competition under our international agreements and the GATT. This amendment also sets a limit on total import growth that is nondiscriminatory and does not cut off the road to future negotiations. At the same time, it improves our ability to enforce our trade laws. And last, it reaffirms our commitment to the principles of temporary import relief ultimately seeking humane answers to the problem of adjustment in a changing world economy.

Mr. President, this amendment, I believe, is balanced and it tries to seek a common ground. For that reason, I offer it and hope that it will be given consideration.

Mr. McCLURE. Mr. President, on behalf of myself and the Senators from South Carolina (Mr. HOLLINGS and Mr. THURMOND), I move to lay the amendment on the table.

Mr. BRADLEY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from New Jersey. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Florida [Mrs. HAWKINS], and the Senator from Pennsylvania [Mr. HEINZ] are necessarily absent.

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. HEINZ] would vote yea.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN] is necessarily absent.

The PRESIDING OFFICER (Mr. COCHRAN). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 87, nays 9, as follows:

[Rollcall Vote No. 200 Leg.]

YEAS—87

Abdnor
Andrews
Armstrong
Bentsen
Bingaman
Boschwitz
Bumpers
Burdick
Byrd
Cochran
Cohen
Cranston
D'Amato
DeConcini
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
Evans
Exon
Ford
Garn
Glenn
Goldwater
Gore
Gortor
Gramm
Grassley
Harkin
Hatch
Hatfield
Hecht
Heflin
Helms
Hollings
Inouye
Johnston
Kassebaum
Kasten
Kennedy
Lautenberg
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
Mattingly
McClure
McConnell
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Pressler
Proxmire
Pryor
Quayle
Riegle
Rockefeller
Roth
Rudman
Sarbanes
Sasser
Simon
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Weicker
Wilson
Zorinsky

NAYS—9

Baucus
Boren
Bradley
Chafee
Chiles
Danforth
Hart
Humphrey
Kerry

NOT VOTING—4

Biden
East
Hawkins
Heinz

So the motion to lay on the table the amendment (No. 723) was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 724

(Purpose: To achieve the objectives of the Multi-Fiber Arrangement, to promote the economic recovery of the United States textile and apparel industry and its workers, to reduce unemployment, and for other purposes)

Mr. THURMOND. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Carolina [Mr. THURMOND] proposes an amendment numbered 724.

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Mr. THURMOND. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following:

"TITLE II—TEXTILE AND APPAREL TRADE ENFORCEMENT

"SEC. 201. SHORT TITLE.

"This title may be cited as the 'Textile and Apparel Trade Enforcement Act of 1985'.

"SEC. 202. POLICY.

"The policy of this title is—

"(1) to prevent further disruption of the United States textiles and textile products markets, damage to United States textile and apparel manufacturers, and loss of jobs by United States workers by providing for orderly and nondisruptive growth of imports of textiles and textile products; and

"(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

"SEC. 203. FINDINGS.

"The Congress finds that—

"(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

"(2) the Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December, 1981, through July 1986, contemplates a 6 per centum annual rate of growth for imports for most exporting countries and provides for a lower rate of growth for imports from significant exporting countries;

"(3) since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984 imports of textiles and textile products into the United States have grown at an annual rate of 19 per centum, far in excess of the 1 per centum growth rate of the United States market for textiles and textile products during the same period and far in excess of the annual rate of import growth of less than 2 per centum that prevailed during the period 1974 through 1980;

"(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Arrangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

"(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last six years, reaching a level of 50 per centum in 1984;

"(6) based on a nationwide audit of major retail outlets, the import penetration of such major items of apparel as trousers, blouses, shirts, suits, skirts and sweaters exceeds 50 per centum of domestic consumption;

"(7) since the most recent extension of the Multi-Fiber Arrangement, certain exporting countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

"(8) imports of textiles and textile products into the United States are predominantly the product of significant exporting countries, with five large exporting countries now accounting for more than 50 per centum of all imports of textiles and textile products;

"(9) the domination of import trade by producers in the significant producing countries has limited participation in the United States market by other producing countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment, with the United States;

"(10) a change in United States textile trade policy to afford the smaller producing countries and countries in the Caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

"(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 per centum over 1983, and accounted for 13 per centum of the Nation's overall merchandise trade deficit;

"(12) the current level of imports of textiles and textile products, ten billion square yard equivalents in 1984, represents over one million job opportunities lost to United States workers;

"(13) imported textiles and textile products now account for 38 per centum (the equivalent of three million two hundred thousand bales of cotton) of the annual cotton consumption in the United States; only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States; the result of the massive increases in cotton textile and apparel imports has been a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone, which was only partially offset by Federal cotton program benefits; another result is that United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

"(14) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool; the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries in those countries and import growth rates of 1 per centum or less have been permitted in such cases;

"(15) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

"(16) the increase in imports and increased import penetration of the United States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity, as measured by output per man hour, in the textile mill products sector has increased in the last ten years at the average annual rate of 4.2 per centum and in the apparel sector at the average annual rate of 3.4 per centum, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 per centum;

"(17) the factors described above are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this Act;

"(18) based on experience during the past ten years and on other factors, the growth of the United States market for textiles and textile products is unlikely to exceed an average annual rate of 1 per centum during the next several years;

"(19) if the rate of growth of imports of textiles and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

"(20) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

"(A) to require the establishment of import levels for textiles and textile products supplied by major producing countries that reflect—

"(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 per centum annual growth rate contemplated by the Multi-Fiber Arrangement, or 1 per centum in the case of wool products, or

"(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 per centum,

whichever is the lesser,

"(B) to require the establishment of import levels for textiles and textile products supplied by producing countries that reflect their 1984 import levels,

"(C) to require the establishment of import levels for textiles and textile products supplied by small producing countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

"(D) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

"(21) the establishment of import levels, and limitation on future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

"(22) as the Department of Defense has long recognized, a strong, viable and efficient domestic textiles and textile products industry is essential in order to avoid impairment of the national security of the United States;

"(23) the developments that have led to the sharp increase in imports of textiles and textile products since 1980 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

"(24) the sharp increase in imports of textiles and textile products since 1980, and the effect of this increase on the United States textiles and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

"SEC. 204. DEFINITIONS.

"For purposes of this title—

"(1) The term "textiles and textile products" includes, but is not limited to, all manmade fibers, tops, yarns, piece goods, madeup articles, apparel, and other textile manufactured products (which derive their chief characteristics from their textile components) made in whole or in part from any natural or manmade fiber, or blend thereof, that are classified under schedule 3, part 6 of schedule 6, part 1, 4, 5 (except subpart E), 7, or 13 of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States or part 1 of the Appendix to the Tariff Schedules of the United States;

"(2) The term "category" means, with respect to textiles and textile products that are the product of a country, each of the following—

"(A) each category of textiles and textile products identified by a three-digit textile category number in the Department of Commerce publication "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", dated January 1985 and, subsequently, in the first edition of such document that is revised to reflect the adoption by the United States of the Nomenclature Structure of the Harmonized System;

"(B) with respect to each country with which the United States has (i) an agreement on the date of enactment of this title limiting exports of textiles and textile products to the United States that includes specific limitations on subdivisions of a category described in subparagraph (A), or (ii) taken unilateral action to limit products entered under such a subdivision, each such subdivision;

"(C) a category consisting of the manmade fiber products classified under subpart E of part 1 of schedule 3 to the Tariff Schedules of the United States; and

"(D) each category consisting of each of the following products when, because of any fiber content, that product is not subject to the Multi-Fiber Arrangement:

"(i) yarn,

"(ii) fabric,

"(iii) apparel, and

"(iv) other textile products;

"(3) The term "import sensitive category" means—

"(A) a category (other than a category applicable to textiles and textile products that are a product of a country in the Caribbean region) for which the ratio of imports to domestic production, as reported in the Department of Commerce publication "U.S. Production, Imports and Import/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel", equals or exceeds 40.0 for the preceding calendar year; and

"(B) a category covering wool products;

"(4) The term "country" means a foreign country (other than Canada and the Member States of the European Economic Community as constituted on January 1, 1985), a foreign territory, an insular possession of the United States, or any other territory, possession, colony, trusteeship or political entity, whether affiliated with the United States or not, that is outside the customs territory of the United States;

"(5) The term "major producing country" means a country the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in paragraph (2)(A) during calendar year 1984 equalled or exceeded 10 percent of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

"(6) The term "producing country" means a country (other than a major producing country and a country in the Caribbean region) the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in paragraph (2)(A) during calendar year 1984 equalled or exceeded 1.25 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

"(7) The term "small producing country" means a country other than a major producing country and a producing country;

"(8) The term "country in the Caribbean region" means Mexico and a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702);

"(9) The term "wool product" means an article containing over 17 per centum by weight of wool;

"(10) The term "cotton, wool and manmade fiber sweaters" means articles classified under categories 345, 445, 446, 645 or 646 as defined in the Department of Commerce publication "Correlation Textile and Apparel Categories with Tariff Schedules of the United States Annotated," dated January 1985;

"(11) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States;

"(12) The term "imported" means entered; and

"(13) The term "Milti-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva, December 22, 1981.

"SEC. 205. LIMITS ON TEXTILE AND APPAREL IMPORTS.

"(a) CALENDAR YEAR 1985.—Notwithstanding any other provision of law, the aggregate quantity of textiles and textile products classified under a category that is entered during calendar year 1985 shall not exceed—

"(1) in the case of textiles and textile products that are a product of a major producing country other than textile luggage and textile flat goods subject (as of the date of enactment of this Act) to a specific limitation under an agreement with a major producing country, the lesser of an amount equal to 101 per centum—

"(A) of the aggregate quantity of such products of such country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of such products of such country classified under such category entered during calendar year 1980 had increased by 6 per centum annually, or 1 per centum annually in the case of a category covering a wool product, during calendar years 1981, 1982, 1983, and 1984, or

"(B) if the United States has an agreement with such country providing for an annual growth rate for such category of less than 6 per centum, of the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984;

"(2) in the case of textile luggage and textile flat goods subject (as of the date of enactment of this Act) to specific limitation under an agreement with a major producing country, the specific limitation quantity in effect as of the date of enactment of the Act;

"(3) in the case of textiles and textile products that are a product of a producing country, an amount equal to the aggregate quantity of—

"(A) such products from such country classified under such category that entered during calendar year 1984, or

"(B) in the case of textile luggage and textile flat goods subject (as of the date of enactment of this Act) to specific limitation under an agreement with a producing country, the specific limitation quantity in effect as of the date of enactment of this Act;

"(4) in the case of textiles and textile products that are a product of a small producing country (other than cotton, wool, and man-made fiber sweaters described in paragraph (5)), an amount equal to the sum of—

"(A) the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984, plus

"(B) an amount equal to—

"(i) 15 per centum of such quantity, in the case of a category that is not an import sensitive category, or

"(ii) 1 per centum of such quantity, in the case of a category that is an import sensitive category; and

"(5) in the case of cotton, wool and manmade fiber sweaters that are—

"(A) the product of substantial assembly operations in Guam from otherwise completed knit-to-shape component parts, an aggregate amount equal to 160,000 dozen; and

"(B) the product of substantial assembly operations in the Commonwealth of the Northern Mariana Islands from otherwise completed knit-to-shape component parts, an aggregate amount equal to 70,000 dozen.

"If application of paragraph (1) would result in the aggregate quantity of textiles and textile products of a major producing country classified under all categories permitted to enter during calendar year 1985 to be less than 70 per centum of the aggregate quantity of such products of such country that entered during calendar year 1984, then, notwithstanding paragraph (1), the aggregate quantity of textiles and textile products of such country that may be entered under each category during calendar year 1985 shall not be less than 40 per centum of the aggregate quantity of such products of such country that entered under such category during calendar year 1984.

"(b) Growth Adjustment.—For calendar years after 1985, the aggregate quantity of textiles and textile products classified under each category that may be entered during each such calendar year shall—

"(1) in the case of such products that are a product of a major producing country or of a producing country, be increased by an amount equal to 1 per centum of the aggregate quantity that could be entered under such category during the preceding calendar year; and

"(2) in the case of such products that are a product of a small producing country, be increased by an amount equal to—

"(A) in the case of a category (other than an import sensitive category), 6 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year, and

"(B) in the case of an import sensitive category, 1 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year.

"If the aggregate quantity that could be entered under a category for a calendar year after 1985 is reduced under section 210(b), than in the first calendar year in which there is no such reduction, this subsection shall be applied as if there had been no reduction under section 210(b) in previous calendar years.

"(c) Minimum Quantities.—If, under subsection (a) or (b), the aggregate quantity of textiles and textile products of a country that may be entered during a calendar year under a category is—

"(1) less than one million square yard equivalents, in the case of a category covering yarn, fabric, made-ups, and miscellaneous products, other than wool products;

"(2) less than seven hundred thousand square yard equivalents, in the case of a category covering apparel, other than wool products apparel; or

"(3) less than one hundred thousand square yard equivalents, in the case of a category covering wool products,

"then, notwithstanding subsection (a) or (b), the aggregate quantity of textiles and textile products that may be entered from such country under such category during the calendar year shall be one million, seven hundred thousand, or one hundred thousand square yard equivalents, respectively. The amount prescribed in the preceding sentence shall be accorded growth subject to the provisions of subsection (b) beginning the first calendar year after the aggregate quantity of imports from such country under such category equals the minimum quantity prescribed under this subsection.

"(d) Special Rule.—For purposes of this section, if during any calendar year after 1984, the aggregate quantity of textiles and textile products that are the product of a small producing country, other than a country in the Caribbean region, and that are entered under the categories referred to in paragraph (2)(A) of section 204 equals or exceeds 1.25 per centum of all textiles and textile products entered under such categories from all countries and from Canada and the Member States of the European Economic Community during such calendar year, then such small producing country shall be considered to be a producing country for all succeeding calendar years.

"(e) Enforcement.—The Secretary of Commerce shall prescribe such regulations governing the entry, or withdrawal from warehouse, for consumption of textiles and textile products as may be necessary to carry out this title.

"SEC. 206. IMPORT LICENSING.

"In order to ensure the equitable and efficient administration of section 205 of this title, the Secretary of Commerce shall, within six months after the date of enactment of this title, establish and administer an import licensing system under which an importer of any textiles and textile products from any country and from Canada and the Member States of the European Economic Community, will be required to present an import permit as a condition of entry. The Secretary shall charge a fee for import licenses in such amount as may be necessary to cover the cost of administration of the system.

"SEC. 207. ANNUAL REPORT.

"Not later than March 15, 1986, and March 15 of each calendar year thereafter, the President shall submit to the Congress a report on the administration of this title during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the limitations established under section 205. All departments and agencies shall cooperate in preparation of this report, as requested by the President.

"SEC. 208. REVIEW.

"The Secretary of Commerce shall commence ten years after the date of enactment of this title a formal review of the operation of the Textile Import Control Program under the provisions of this title. The Secretary shall consult members and committees of Congress, representatives of the labor unions and the industries affected by the program, and appropriate government agencies. Within six months after the commencement of the study, the Secretary shall submit to Congress his findings as well as his recommendations for the future conduct of the program.

"SEC. 209. DUTY FREE ENTRY OF CERTAIN SWEATERS FROM GUAM AND THE NORTHERN MARIANAS.

"Subpart A of part 7, schedule 3 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new item:

" '385.97	Cotton, wool and man-made fiber sweaters that are entitled to enter under the quotas established under section 205(a)(5) of the Textile and Apparel Trade Enforcement Act of 1985 or the increased quotas under section 205(b) of such Act that adjust the quotas under such section 205(a)(5) and that do not contain foreign materials to the value of more than 50 percent of their total value as this standard is applied pursuant to Headnote 3(a) of the General Headnotes and Rules of Interpretation.	Free'.

"SEC. 210. EFFECTIVE DATE.

"(a) In General.—Subject to the provisions of subsection (b), the provisions of this title shall apply to textiles and textile products entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Act.

"(b) Calendar Years 1985 and 1986.—The Secretary of Commerce shall determine, and publish in the Federal Register, the aggregate quantity, if any, of textiles and textile products that may be entered under section 205 (a) or (c) of this title from each country under each category during the period beginning on the date of enactment of this title and ending December 31, 1985. Notwithstanding subsection (a), to the extent that the aggregate quantity of imports of textiles and textile products from a country under a category entered after December 31, 1984, and before the date of enactment of this title exceeds the quantity permitted entry for such country and such category during calendar year 1985 under subsection (a) or (c) of section 205, then the limit that would otherwise apply under section 205(b) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 205(b) for such category for such country for calendar year 1986, then the limit for such category and country for calendar years after 1986 shall be reduced until such excess is accounted for.

"TITLE III—FOOTWEAR

"SEC. 301. SHORT TITLE.

"This title may be cited as the 'American Footwear Industry Recovery Act of 1985'.

"SEC. 302. FINDINGS AND PURPOSE.

"(a) The Congress finds that—

"(1) The domestic nonrubber footwear industry is important to the national economy, and footwear firms are vital to the economic health of small towns throughout the United States.

"(2) The domestic nonrubber footwear industry is highly labor intensive, and low capital requirements for entry into footwear production make it a primary target for industrializing or newly industrialized countries. As a consequence, footwear is produced in virtually every footwear consuming country in the world.

"(3) Tremendous competitive pressure has been created in the world footwear market in the last decade as a result of rapidly growing production and capacity in numerous developing and developed countries. This development has resulted in the widespread erection of tariff and nontariff barriers by foreign countries designed to protect their domestic footwear industries.

"(4) The United States has historically resisted the protectionist trends of other producing nations and has instead maintained a market distinguished by its accessibility. As a result, the United States market has become a focal point for world trade in nonrubber footwear.

"(5) The diversion of international trade to the United States market has resulted in serious injury to domestic producers as manifested by—

"(A) the loss of 155,000 footwear jobs since 1968,

"(B) a decline in domestic production and production capacity, and

"(C) the permanent closure of over 500 plants during the same period.

"(6) The serious injury to domestic producers poses a significant danger to the industry's supplier base as well.

"(7) The domestic nonrubber footwear producers have made a significant commitment to the future of the industry through substantial capital investment.

"(8) Since the termination of temporary import relief in 1981, capital investment in the domestic nonrubber footwear industry has declined as the industry struggled to battle the massive surge in imports which increased the percentage share of imported footwear in the United States market from, 51 percent in 1981 to 77 percent in 1985.

"(9) Without the restriction of import levels, capital investment in this domestic industry will continue to decrease.

"(10) The domestic nonrubber footwear industry has thrice been judged by the International Trade Commission, as recently as May 1985, to be seriously injured by imports.

"(11) Since the termination of the two, four-year orderly marketing agreements in 1981, the harm to the domestic industry is even more critical then the serious injury which triggered the Commission's unanimous findings in 1976 and 1977.

"(12) The domestic nonrubber footwear industry has not been afforded adequate and appropriate relief from imports; therefore, the Congress concludes that—

"(A) the administrative process under sections 201, 202, and 203 of the Trade Act of 1974 has proven inadequate; and

"(B) in the absence of and effective remedy under such process, legislative relief is essential.

"(b)(1) It is the purpose of Congress in enacting this section to—

"(A) promote and expend the economic health of the United States nonrubber footwear industry,

"(B) preserve the jobs of American workers, and

"(C) prevent the further decline of this important domestic industry.

"(2) It is declared to be the policy of Congress that access to the United States market for foreign-produced nonrubber footwear should be on an equitable basis to ensure orderly trade in nonrubber footwear, reduce unfair trade in nonrubber footwear, and address United States balance-of-payments problems, of which footwear is the seventh largest component. In order to accomplish these objectives, it is deemed necessary and appropriate to limit imports of nonrubber footwear into the United States market.

"SEC. 303. DEFINITIONS.

For purposes of this title—

"(1) The term 'entered' means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

"(2) The term 'Secretary' means Secretary of Commerce.

"(3) The term 'nonrubber footwear' means the following categories of nonrubber footwear products, identified by reference to the following item numbers of the Tariff Schedules of the United States (as in effect on January 1, 1985): 700.05 through 700.45; 700.56; 700.72 through 700.83; and 700.95.

"(4) The term 'apparent domestic consumption' means, with respect to any 1-year period, the sum of imports plus domestic production less exports.

"SEC. 304. QUANTITATIVE LIMITATION ON NONRUBBER FOOTWEAR.

"(a)(1) During the 8-year period beginning on the date of enactment of this title, the aggregate number of pairs of nonrubber footwear which may be entered during any 1-year period shall not exceed 60 percent of the estimated apparent domestic consumption of nonrubber footwear for such period.

"(2) The quantitative limitation imposed by paragraph (1) for any 1-year period shall be distributed among the following categories of nonrubber footwear so that the aggregate number of pairs of nonrubber footwear in such category which may be entered during any 1-year period shall not exceed the quantity equal to—

"(A) in the case of nonrubber footwear with a customs value that does not exceed $1.25 per pair, 10 percent of apparent domestic consumption of nonrubber footwear for such period,

"(B) in the case of nonrubber footwear with a customs value that exceeds $1.25 per pair but does not exceed $2.50 per pair, 5.4 percent of apparent domestic consumption of nonrubber footwear for such period, and

"(C) in the case of nonrubber footwear with a customs value that exceeds $2.50 per pair, 44.6 percent of apparent domestic consumption of nonrubber footwear for such period.

"(b) Within sixty days after the effective date of this title, and on the first day of the fourth quarter of each 1 year period thereafter, the Secretary shall determine on the basis of the best information available, including his own or independent forecasts, the expected apparent domestic consumption of nonrubber footwear for, in the case of the initial determination, the remainder of the current 1 year period and in the case of the first day of the fourth quarter of each 1 year period thereafter, the next succeeding 1 year period. On each such date, the Secretary shall determine and publish in the Federal Register the allocation for the next succeeding 1 year period of permissible imports of nonrubber footwear as required by this section.

"(c) On the first days of the first, second, and third quarters of each 1 year period, the Secretary shall revise the determinations of expected apparent domestic consumption made under subsection (b) for the current 1 year period on the basis of the best information then available and shall make such adjustments in the quantity of nonrubber footwear permitted to be imported under this section as indicated by the revision. All revisions and adjustments made under this subsection shall be published in the Federal Register.

"(d) If the revised determination of expected apparent domestic consumption published in the Federal Register under subsection (c) on the first day of the third quarter in any 1 year period for nonrubber footwear varies from the actual apparent domestic consumption of nonrubber footwear for such 1 year period, the Secretary shall publish in the Federal Register on the first day of the second quarter of such succeeding 1 year period a revision to the determination of expected apparent domestic consumption for such 1 year period made under subsection (c) of this section. The revision shall be in the amount of such variance and shall be in addition to any other revision that would be made on any such first day of the second quarter under subsection (c) of this section.

"(e)(1) The Secretary and the Secretary of the Treasury shall take such actions within their respective jurisdictions as may be necessary or appropriate to enforce the provisions of this section, including without limitation, the issuance of orders to customs officers to bar entry to merchandise if the entry of such merchandise would cause the limitations established under this section to be exceeded.

"(2)(A) The Secretary and the Secretary of the Treasury are each authorized to issue such implementing regulations, including the issuance of import licenses, as may be necessary or appropriate to effect the purposes of this section and to enforce the provisions of this section.

"(B) Before prescribing any regulations under subparagraph (A), the Secretary or the Secretary of the Treasury, as the case may be, shall—

"(i) consult with interested domestic parties,

"(ii) afford an opportunity for such parties to comment on the proposed regulations, and

"(iii) consider all such comments before prescribing final regulations.

"SEC. 305. COMPENSATION AUTHORITY.

"For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the imposition of the quantitative limitation under section 204 shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).".

Cosponsors of the Amendment on Textiles

Strom Thurmond, Ernest Hollings, Daniel P. Moynihan, Jesse Helms, Howell Heflin, John Heinz, William Cohen, John W. Warner, Edward M. Kennedy, George J. Mitchell, Thomas F. Eagleton, Arlen Specter, John P. East, Thad Cochran, Paul S. Trible, Jeremiah Denton, Alfonse M. D'Amato, Jim Sasser, Orrin Hatch, Claiborne Pell, Mack Mattingly, Jake Garn, Paul Laxalt, John D. Rockefeller,

Paula Hawkins, Albert Gore, Jr., Alan J. Dixon, Christopher J. Dodd, Paul Simon, Wendell H. Ford, Dennis DeConcini, David Pryor, Charles Mathias, Russell B. Long, Patrick J. Leahy, Howard M. Metzenbaum, Donald W. Riegle, Jr., Lowell P. Weicker, Jr., Mitch McConnell, Robert W. Kasten, John H. Glenn, Jr., Dale Bumpers, Sam Nunn, and Robert Byrd.

Mr. HOLLINGS. Mr. President, this is on the Finance Committee amendment in the second degree.

The PRESIDING OFFICER. The Senator from Washington.

Mr. EVANS. I thank you, Mr. President.

Mr. President, earlier this afternoon we had some extended comments on trade legislation on the textile bill and the comment by the Senator from South Carolina that indeed this was a national issue. Of course, it is true that it is a national issue. Trade has been a national issue in this Nation for more than 200 years.

Our forefathers during the years leading up to the Revolution acted against the Stamp Act and citizens of that colonial era itched under homespun when they refused to import textiles from Britain and from other nations. But that did not solve the trade problems. It merely led to reaction, retaliation and ultimately the American Revolution.

The effect of this legislation, Mr. President, would substitute an internal trade war in the United States for an external trade war, an internal trade war which would pit one region against another, one State against another, one industry against another, and one worker against another.

I do not think that is the kind of unity which is desirable or necessary in a period of growing international competitiveness. We have to be able to work together as a nation and not against each other.

I think it is important to attempt to differentiate between unfair trade and fair trade. Unfair trade we have legislated against for years, and there is some question in this body and in this country as to whether we have always used every bit of our current ability to work against unfair trade relationships.

But the mere fact that another nation may pay lower wages or that another nation has better ideas, or that another nation has more of a certain kind of resource of itself does not constitute unfair trade practice.

I recognize the difficulty of changing industries and markets in this Nation.

Unemployment rates were referred to by the Senator from Texas in his remarks earlier this afternoon and they bear repeating. If you examine the current unemployment rates of those States most involved in the shoe industry and in the textile industry, you find that in virtually every case current unemployment rates are lower than the national average; in fact in some of those States they are among the lowest in the Nation.

Who might be hurt by such legislation as is now being proposed? It is unquestionably those States of this Nation, those workers of this Nation engaged in export trade, where we are competitive, where we are selling American goods, American technology, and American know-how overseas.

We happen to be in the State of Washington the largest export trading State in the Nation on a per capita basis. But current unemployment in the State of Washington is not as low as any, any of the States seeking relief under this act, any of the leading textile States, any of the leading shoe-producing States. The State of Washington now has unemployment in June of this year over 8 percent. Our neighbors to the south, Oregon, have an unemployment rate of 9.4 percent. The west coast, generally an export community, is facing high unemployment rates, with a good deal of change in the kind of industries and the jobs we are engaged in.

But now we are asked to bear an even greater burden because those States with low unemployment seek to protect an industry that already is the most protected in this Nation.

Some call it retaliation, but other nations most certainly would retaliate against American production if we were to limit imports from those nations into the United States.

I am not so sure that retaliation is an appropriate term. After all, if you as a developing country cannot earn American dollars, cannot sell into the American market, how in the world are you expected to pay for American goods?

I doubt very much that the Boeing Aircraft Co. is interested in selling its 747's to the People's Republic of China in trade for tons of rice. They want dollars, just as all American exporters want dollars.

The fundamental basic of foreign trade is that it must be two-way trade. And what really has gone wrong in the past several years? What has caused the enormous explosion of trade protectionism and the proposals which have landed with increasing frequency on the desks of Congress?

Have foreign exporters become more unfair? Have foreign nations become more unfair in the last 2 or 3 years than they have been before? Mr. President, I doubt it. We have made progress, admittedly slow, not as much as we would like to make. But through hard and tedious negotiations, we have begun to change practices that are unfair, not to the degree many would wish, but I think it is safe to say that other countries are no more unfair today than they were 3 years ago. And yet what has happened in terms of the imbalance of trade? It soared enormously, not because American exports have declined precipitously, because they have not. Our exports have maintained a fairly substantial level. But imports have soared, and clearly if there is a reason it is the imbalance of the dollar which has paralleled almost exactly that trade imbalance which we have faced over the last several years.

We are striking out. We are striking out, however, by treating symptoms and not the disease. And if we forever treat symptoms we will never cure the disease. The disease, if it is the imbalance of the dollar, comes from the size of our American deficit. And instead of piling regulation on top of regulation and law on top of law to restrict or curtail trade, it seems to me it is time to return once again to the disease and an attempt to correct that disease, the size of our deficit.

Mr. MATTINGLY. Will the Senator yield for a question?

Mr. EVANS. I am pleased to respond to a question of my colleague from Georgia.

Mr. MATTINGLY. When we are talking about unfair trade and fair trade, there is a differentiation between the two. The Senator made the comment that we might have an international trade war amongst ourselves, region against region. I recall 1 year ago when we were talking about fraudulent entries in relation to country-of-origin requirements, the State from which the Senator comes was fighting the illegal practices in which some of our trading partners engage and that we were allowing to happen. Do you not feel that having legislation like this more forward can force a change in trade policy? I am certain the Senator from Washington agrees that we really do not have a strong trade policy in this country, nor one that we all understand.

Mr. EVANS. I certainly agree with my friend from Georgia that we indeed have not been as aggressive as we should have been, but I do not believe that we need more legislation. What we really need to do is to take more aggressive and more certain action. I believe that is beginning to happen, and just about that time, as is too often the case, we in Congress pass new legislation when the problem itself is beginning to shift and to modify.

Mr. MATTINGLY. If the Senator will yield for another question, if there is a law that is not being abided by or if there is a trade treaty that is not being agreed to or followed, what do you suggest in order to change that inequity?

Mr. EVANS. The first thing you do—and if the Senator would listen for a few more moments I will try to get to that more precisely—but it is the question of whether in fact we have not lived up to international agreements we have signed, and I think there is some considerable question as to whether we have or have not. But let me continue, if I might.

Mr. MATTINGLY. The Senator will address specific countries?

Mr. EVANS. I will indeed. I would be the first to say that we have big problems with the nation of Canada just on our northern border. We have big problems with timber imports from Canada. My approach to that problem is to lower the barriers, not raise the barriers, to lower the barriers so that we can go across the border into Canada and have an opportunity to buy their cheap timber and I think that is a perfectly appropriate mechanism. Let us lower barriers and open trade rather than build barriers and close trade, which is what I think we are doing here.

Mr. MATTINGLY. I hope the Senator would agree that when a country in a specific region does not agree or does not abide by the country-of-origin regulations or laws, that they are in fact wrong and that that fact should be rectified?

Mr. EVANS. They are wrong because there are existing laws which say it is wrong. We do not need new laws for that.

But let me continue.

Mr. MURKOWSKI. I wonder if my colleague from Washington would respond to just one quick question?

Mr. EVANS. Indeed, I say to my colleague from Alaska, if it is a quick question.

Mr. MURKOWSKI. The point was made concerning the high unemployment in the State of Washington as it compares with other States. Is not, to a large degree, that unemployment due to the substantial decline in the timber industry as a consequence of Canadian imports to the United States, and as a consequence of the Japanese market being reduced? There is, in fact, an increase of timber into Japan from other countries including the Soviet Union.

How can you divorce the unemployment issue, which is of concern certainly to you and all of us in our particular States as we see traditional industries decline, from the realization of more imports from Canada to your State or Oregon, which increases unemployment and is extremely detrimental to your timber industry? There has to be equity in our trade relations—trade cannot be a one-way street. And while I understand the concerns of my colleagues and his commitment to free markets, I would suggest to him that the free market must be a reciprocal market. And that we do not have. So my specific question, as you address your own unemployment and as you argue for a free market, aren't you adding to your unemployment problem unless there is trade reciprocity?

Mr. EVANS. I do not believe so. I think, while the timber industry or its decline has some share of our unemployment problems, it is by no means all nor even the major share. It is a piece of a bigger problem, a problem of transition, a transition of a State which had long been dependent on a natural resource economy and is now shifting. I think that we will see, as years go by, a parallel—I hope it is a parallel—in our own State to the situation in Massachusetts. A decade ago, Massachusetts was an economic basket case. An economic basket case because it, too, was suffering the pangs of a declining textile industry and other industries where they found it was no longer possible to effectively compete. They did not give up. They did not look for undue restrictions. They looked for new industries and new opportunities. And currently, in June 1985, Massachusetts has an unemployment rate of 3.9 percent, the lowest in the Nation.

I suggest there are other ways rather than protecting what we now have or protecting an industry that finds increasing difficulties in competing; that is, to seek out new opportunities, new markets, and new ways. At the same time, I say to the Senator from Alaska, that I will indeed continue to work as strongly as I can—and I know the Senator has as well—in convincing for instance the Japanese that tariffs on timber imports, plywood imports, and lumber imports need to be reduced, and reduced now. That has had some effect. Those reductions are now scheduled. They are scheduled far too late, a year and a half from now. I think there is a fair indication that we may get that moved up. We will do everything we can to move it up.

But those are the kinds of answers—reducing barriers rather than increasing barriers. But let me continue for just a few moments.

The effect of this legislation now in front of us would abrogate bilateral agreements the United States has signed. It would abrogate the multifiber agreement. It would abrogate our responsibilities under GATT. Is that really the thing we want to do as a nation? For 200 years we have prided ourselves on hewing closely to those treaties and agreements which we have signed internationally. This is not the time, Mr. President, for us to now say we are not strong enough, we are not good enough, we are not competitive enough, that in order to change we are going to abrogate international agreements we have signed with 43 other nations, and then to come up with a bill that sort of selectively picks—and picks from among some of our closest friends to lay on some harsh and debilitating restrictions.

I had the opportunity to visit, along with Senator Dole, the Orient this August—Taiwan and South Korea, two of our closest friends and two of our strongest supporters. And South Korea is still the bastion of our defense in the Pacific. And we are going to aim squarely at those two nations, and hit them a body blow in their ability to earn dollars and to carry on their economy. Hong Kong, as my colleague from Texas pointed out earlier today—as we visited this August—asked a question. It is a question that I think is unanswerable if we are to proceed on legislation like this; that is, the question of why us? Why us? We have no tariffs. We have no restrictions. We encourage everyone to come, to sell, and to trade. It is the freest trading market perhaps in the whole world.

Yet, we are going to hit them harshly for what earthly reason? The sponsors of this amendment say that they have eliminated or taken China out of the bill. Not so. They have treated China differently than some other major exporting nations but China will be severely restricted in their exports of textiles in the next few years.

That represents half of their total exports, and the United States represents half of their textile market. We do not even have a substantial trade imbalance with China. But here they are potentially the largest market of the 21st century. What are we about to do, cut them off, cause them to look elsewhere, or to build trading relationships with the many other nations of the world with whom they could build relationships? Who do we hurt? China? Perhaps, and temporarily, but ultimately and in the long run we hurt ourselves—all of us, even including those who serve in the textile industry.

What about the American consumer, Mr. President? The American consumer after all helps to run the marketplace. They decide what they want. They decide what they can afford. And we are about to restrict their choice. We are to ensure higher prices. And in fact, we are to ensure higher prices to those people at the cheaper end of the clothing line who can least afford, and least afford added costs. We will be faced as a Senate and a Congress very shortly with increased cost of Government because the cost of living will certainly go up. Those famous COLA's will go up along with the cost of living, and we will be facing a several billion dollar a year bill just to allow our citizens to keep up with that cost of living.

Mr. President, I ask unanimous consent that a table from the Bureau of Labor Statistics on unemployment be printed in the Record at this point, and that a sheet detailing the U.S. imports of textiles and apparel and the percentage change from last year to this year be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

TABLE 1.—CIVILIAN LABOR

[Numbers in thousands]

State	Unemployment							
	Number				Percent of labor force			
	June		July		June		July	
	1984	1985	1984	1985	1984	1985	1984	1985 [1]
Alabama	200.6	166.0	211.6	166.8	11.0	9.2	11.7	9.3
Alaska	24.8	24.7	23.6	24.3	9.8	9.5	9.0	9.2
Arizona	72.3	99.1	75.2	101.5	5.1	6.9	5.3	7.1
Arkansas	92.5	82.8	92.5	94.5	8.7	7.8	8.8	8.8

TABLE 1.—CIVILIAN LABOR—Continued

[Numbers in thousands]

State	Unemployment							
	Number				Percent of labor force			
	June		July		June		July	
	1984	1985	1984	1985	1984	1985	1984	1985 [1]
California [2]	934.2	963.8	1,064.5	993.2	7.4	[2] 7.6	8.4	7.7
Colorado	95.7	95.1	90.7	93.9	5.5	5.5	5.3	5.4
Connecticut	76.7	90.5	77.7	98.3	4.5	5.2	4.6	5.7
Delaware	22.9	16.7	22.9	17.7	7.2	5.3	7.2	5.5
District of Columbia	28.7	27.6	31.0	30.3	8.9	8.5	9.4	8.9
Florida [1]	337.2	361.6	352.3	368.4	6.6	6.9	6.8	7.0
Georgia	172.2	204.0	179.8	210.5	6.2	7.1	6.5	7.3
Hawaii	28.0	28.0	26.4	27.1	5.8	5.7	5.5	5.6
Idaho	29.9	34.7	31.4	36.4	6.2	7.0	6.6	7.4
Illinois	506.6	539.4	490.1	514.2	8.8	9.4	8.6	8.9
Indiana	222.5	225.4	222.9	202.6	8.4	8.1	8.4	7.3
Iowa	95.6	108.8	93.6	107.3	6.5	7.4	6.5	7.4
Kansas	62.4	57.2	61.4	59.6	5.1	4.4	5.1	4.7
Kentucky	155.4	142.0	156.3	156.1	8.9	8.3	9.1	9.1
Louisiana	198.4	229.8	194.9	229.1	10.0	11.6	9.9	11.6
Maine [3]	30.7	28.6	40.3	32.4	5.4	[3] 4.9	6.9	5.6
Maryland	122.3	102.2	120.9	102.2	5.4	4.5	5.3	4.4
Massachusetts	138.1	123.4	134.5	134.2	4.5	3.9	4.3	4.3
Michigan [1]	505.1	449.8	508.7	475.7	11.3	10.2	11.3	10.8
Minnesota	136.4	112.2	129.5	120.8	6.0	5.0	5.7	5.4
Mississippi	123.2	113.8	121.8	123.6	11.3	10.2	11.2	10.9
Missouri [3]	166.1	167.0	167.7	158.5	6.9	[3] 6.7	7.0	6.3
Montana	30.6	29.2	29.4	28.2	7.2	6.8	7.0	6.7
Nebraska	33.3	42.4	32.8	41.8	4.0	5.1	4.0	5.1
Nevada	38.4	40.3	38.5	42.0	7.7	7.9	7.7	8.2
New Hampshire [3]	23.8	24.1	28.5	28.1	4.5	[3] 4.4	5.4	5.1
New Jersey	203.5	214.3	246.7	237.7	5.3	5.5	6.3	6.0
New Mexico	46.3	59.0	46.1	61.1	7.3	9.1	7.3	9.5
New York	582.8	548.9	680.1	516.0	7.2	6.6	8.2	6.1
North Carolina [4]	208.1	170.2	212.0	177.2	6.8	[4] 5.5	6.9	5.6
North Dakota	16.4	18.6	16.4	18.9	4.8	5.3	4.6	5.2
Ohio	468.8	440.2	447.4	487.7	9.0	8.5	8.4	9.3
Oklahoma	111.9	115.3	111.2	106.6	7.1	7.3	7.1	6.8
Oregon [2]	124.4	125.1	119.7	118.8	9.1	[2] 9.4	8.9	9.0
Pennsylvania	517.9	517.3	539.9	450.3	9.2	9.1	9.5	7.8
Rhode Island	24.4	26.4	28.2	28.4	4.9	5.2	5.7	5.6
South Carolina [4]	103.5	96.6	110.5	106.1	6.9	[4] 6.1	7.4	6.7
South Dakota	14.8	19.3	13.5	19.4	4.0	5.3	3.8	5.3
Tennessee	188.1	181.4	197.3	198.0	8.4	8.0	8.8	8.7
Texas	440.0	624.0	509.9	624.8	5.5	7.7	6.3	7.7
Utah	44.8	44.5	44.3	42.6	6.1	6.0	6.1	5.7
Vermont	13.3	13.3	12.8	13.3	4.9	4.9	4.7	4.9
Virginia	140.8	157.6	148.8	168.0	4.9	5.4	5.2	5.8
Washington [2]	187.3	173.0	188.7	165.2	8.9	[2] 8.1	9.1	7.9
West Virginia	105.4	90.6	107.5	102.8	13.6	12.0	13.9	13.4
Wisconsin	165.0	158.0	162.8	159.4	6.9	6.6	6.8	6.7
Wyoming	15.9	16.4	14.7	16.2	5.9	6.1	5.6	6.2
Puerto Rico	191.4	229.5	207.2	217.6	20.4	23.3	21.7	22.5

[1] Preliminary. [2] Importing States. [3] Shoes. [4] Textiles.

Source: Bureau of Labor Statistics.

U.S. IMPORTS OF TEXTILES AND APPAREL

[Millions of square yards equivalent]

	January-August		Percent change
	1984	1985	
Supplier:			
World	7,207	7,067	−2.0
EEC	742	908	+22.5
Excluding EEC	6,465	6,159	−4.7
Taiwan	1,177	1,057	−10.3
Korea	[illegible]	801	−9.4
Hong Kong	716	657	−8.2
China	732	582	−20.6
Japan	515	469	−8.7

Mr. EVANS. I say, Mr. President, that this chart shows clearly—and I think accurately—what has happened, and what is happening in the Nation today. There have been a lot of figures thrown around today. Many of them have been inaccurate, and some have been misleading. The figures, and I believe they are as accurate as you can get, from our Government statistical departments are that the current import penetration on the overall for textile is 20 percent—not the 50 percent or higher that was suggested earlier, and for apparel that is 32 percent. Those are the figures as of the end of 1984.

This textile and apparel industry already has 34 bilateral agreements, over 1,000 quotas, and interestingly enough the statistics show that average profits in this industry have been 14 percent a year over the last 5 years, hardly an industry that is dying.

We have imposed 400 new quotas, 100 of them in 1985 alone. We have enforced those bilateral agreements in spite of what some of my colleagues say. The response is to each special condition and to each individual element. Flexibility is a portion of those bilateral agreements. Rather, Mr. President, than attempting at this point at least to answer directly the arguments made by those who spoke earlier, let me close by suggesting that there is a better direction than this in which to go. Before I do, let me also add, Mr. President, another sheet on impact of the revised textile bill and I ask unanimous consent that that be added to the RECORD at this point.

There being no objection, the material ordered to be printed in the RECORD, as follows:

IMPACT OF REVISED TEXTILE BILL

The revised bill would establish new quotas unilaterally on uncontrolled products in a manner inconsistent with the Multifiber Arrangement (MFA) and our bilateral textile agreements. Also, exports from our three largest textile and apparel suppliers, defined under the bill as "Major Exporting Countries," would be cut back from the 1984 trade levels of MFA products as follows:

	Percent
Taiwan	19
Korea	17
Hong Kong	8

Suppliers defined as "Producing Countries" would be forced to cut back their exports from the levels negotiated with the U.S. by the following amounts:

	Percent
Singapore	34
India	32
China	30
Brazil	20
Japan	20
Thailand	4
Indonesia	3

Suppliers defined as "Small Producing Countries" would be cut back from their rights under our bilateral agreements as follows:

	Percent
Haiti	26
Dominican Republic	18
Mexico	16
Peru	9
Malaysia	5

Other "Small Exporting Countries", which are relatively new suppliers of textile and apparel products to the U.S., would be cut back from their export levels achieved through July 1985 by the following amounts:

	Percent
Bangladesh	66
Turkey	30
Portugal	18

Mr. EVANS. Mr. President, where should we go? Do we close the doors? Do we batten down the hatches? Do we fear our competitors? I think not. Or do we look at a different future? I mentioned earlier that our exports have not declined. Imports have increased. There is a reason for that—not that we are doing any poorer job in our sales overseas. In fact, we are doing a better job because it is tougher with the price of the dollar for us to export. But it is clear that it is the imbalance in the dollar that represents the disease and the cure is to once again return to the question of deficit reduction.

We ought not to be spending the time we are spending on this floor attempting to fiddle with each element of our economy, and how it can be protected. We ought to instead spend our time on another try at deficit reduction. And in successfully doing so, we ought to help further bring unemployment down as it has come down over the past several years, to help ensure continued price stability which we have also had over the last several yeas, to expand the opportunities for new jobs. And we have created 8 million new jobs in this Nation in the last 5 years.

And, what is more important, a higher percentage of the population between 18 and 65 is working today than at any time in the Nation's history.

If we get the deficit down, the 30-percent differential will tend to disappear. When that 30-percent differential disappears or moves toward disappearing, we have given the best gift we can give for competitiveness and for those industries in trouble and others which may not be in trouble.

Mr. President, let me end by suggesting that the State of Washington 10 years ago was the Nation's leader in the manufacture of outerwear garments. We made down clothing, ski clothing, and similar kinds of clothing than any other State in the Nation. We had a very big apparel business.

Much of it is now gone, but it has been replaced. It has been replaced by the fact that the city of Seattle has now become the fourth major fashion center in the United States, behind New York, Los Angeles, and San Francisco.

In doing so, we have created new jobs to replace some of those old jobs. Those new jobs now, instead of at the sewing machines to the same degree, are in marketing, in sales, and in distribution; new jobs for the longshoremen and the dockworkers. And, yes, even continued jobs in the apppAREL industry because we can now work in concert with local manufacturers and foreign manufacturers to build a bigger, a better, and more diverse industry.

Mr. President, let me close by asking unanimous consent that a series of editorials and articles be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follow:

[From the Atlanta Constitution, Sept. 11, 1985]

POSITIVE IF OVERDUE TRADE POLICY

President Reagan, it seems increasingly certain, will veto the quotas on imported textiles that Congress, it looks increasingly certain, will enact. If the matter rested there, little could be said for either gesture.

But the White House apparently is looking for ways not only to beat back the urge to protectionism that has come over Congress and a widening array of U.S. industries. It also is looking for ways to help the other side of America's world-trade ledger.

It is to that other side—not to import restriction but to trade promotion—that national policy can most wisely be directed. The president is right in finally attending to it, where until now he has soundly but only single-mindedly hung tough against protectionism.

Textiles are a good case in point. You don't have to buy into the conclusion of a study done for the industry—the conclusion that other countries are aiding the exports of their textile-makers unfairly—in order to be aware that the governments of most exporting nations are anything but neutral. They actively assist their own producers in a variety of legitimate ways.

American textile-makers and apparel-makers, facing stiff foreign competition, have in the main modernized and increased productivity, as recommended to them if they were to hold a place in their domestic market and find export opportunities. Even so, they are suffering their worst industry shrinkage ever, with Georgia and other southeastern states especially hard hit.

But if the industry has done what it should do to meet competition and still is lagging, what could the problem be? And can anything more be done short of closing down our own borders (and running up the prices to American consumers in the bargain)? The problem is not foreign devils; the answer is not protection against them.

Some of the answer surely lies in private initiatives. The textile, apparel and cotton states in particular, but the whole nation as well, can take heart from the recent coordination among all those interrelated industries in promoting their activities and products. Additionally, the industry deserves a good part of the $300 million in export assistance that the Reagan administrationis said to be putting together, partly to help fend off the protectionist surge in Congress but also in an honest effort to get together an (overdue) positive trade policy.

Crucially, however, the federal deficit simply must be cut back sharply. It artificially exaggerates the dollar's worth, pricing U.S. goods out of foreign markets while making foreign goods unrealistically cheap here. Better than any devil theory, the very mundane deficit explains the largest part of our country's current $150 billion a year trade imbalance.

Additional revenue and less federal spending must be engaged to make any real difference. Industry pressure on Congress for spending restraint and on the White House for revenue increase would serve American trade interests far better than any protectionist or quota legislation.

[From the Detroit Free Press, Aug. 4, 1985]

TRADE: WASHINGTON TRIES TO ERECT WALLS INSTEAD OF MINDING THE DEFICIT

As the U.S. economy remains sluggish and the trade deficit projection for 1985 approaches a record $150 billion, Congress is gearing up to do something silly about the trade issue.

Pressed by angry labor and industry lobbies and personally frustrated by the persistence of the trade problem after months of lofty rhetoric on the Hill, members of Congress have recently introduced more than 300 protectionist bills. Some of those bills are freak proposals designed only to appease this or that group of constituents. But others are serious.

The much-publicized plan of the Democrats calls for comprehensive import surcharges; a GOP-sponsored project would ban all Japanese imports unless Tokyo dramatically increases its acquisition of American goods; a bill with bipartisan support would slash imports of textile products from developing countries.

What all those bills have in common is a desire to saddle U.S. consumers with the cost of propping up a number of domestic industries that have difficulty competing in the marketplace, or so they claim. Proponents of protectionism ignore the fact that the U.S. economy has intricate connections with world markets, and therefore is vulnerable to a crushing retaliation. Whether we like it or not, our hope for lasting prosperity is with free trade, not a global economic war that no one can win.

Congress could do a lot to ease the trade deficit by trimming the federal budget deficit. That would let hot air out of the U.S. dollar and make our besieged manufacturers competitive again. Many in Washington understand this. Yet, if the trade deficit continues to grow and the Reagan administration won't come up with a credible political alternative to import restrictions, the odds are good that some bad trade law will end up on the books by year's end.

Should that happen, the country will only be worse off. The trade imbalance that the United States registers with the rest of the world is merely drippage from the red ink in the federal budget. The real challenge for both Congress and the administration is to fix that deficit first. Erecting trade barriers, or, as President Reagan appears to want to do, merely resisting protectionist measures without removing the cause of protectionist sentiments, won't do much to protect our jobs. The time is running out.

[From the New York Times, Sept. 13, 1985]

Budget Deficits Are the Key to Trade

To ward off Congress's attack on imports, President Reagan has been reacting to the politics of the protest but ignoring the economic fundamentals. He is straining now to produce a trade policy that can stem the tide of dangerous protectionism; but he still refuses to make the connection between the huge Federal budget deficits and the loss of America's competitiveness.

The political force behind protectionism is formidable. The imminent threat is a bill to erect stiff quota barriers against *foreign-made clothing* and fabrics. More than half the members of Congress are signed up as co-sponsors, and despite the Administration's active opposition they have now been joined by the Senate majority leader, Bob Dole. The President's *veto is* virtually certain, and it may stick. But 300 other protectionist measures lie in the same hopper. All are inspired by the spreading anxiety about surging imports and sluggish exports.

The toll in jobs is heavy in some areas and widespread enough to make foreign competition an issue in all sections. As Mr. Reagan points out, the losses have been more than offset by the steady creation of new jobs in other businesses. But that is small consolation to the communities savaged by layoffs. And their distress will not be quelled by free-trade lectures and a Maginot Line of vetoes.

Finally roused to the danger, the Administration is patching together a long-overdue trade policy that promises more vigorous promotion of exports and defense against unfair trade practices. In this respect, Mr. Reagan's basic instincts are commendable. In opposing new barriers, he rightly declares, "There are no winners in a trade war; only losers." And despite some lapses from this philosophy he has resisted a good deal of pressure, notably last month when he rejected a recommendation from the United States International Trade Commission to strike hard at shoe imports.

To head off other barriers, the President then proposed a new attack on restrictive trade practices by four key trading partners. And hastily, the Administration has promised still other measures, including a $300 million "war chest" for export subsidies, which it had scorned only a few months ago.

This rush to the trenches cannot compensate for the long neglect of the many warnings that the budget deficits and high price of the dollar were producing a firestorm of protectionism. Huge Federal borrowing has kept interest rates high and promises to keep them high through the decade. This has attracted a heavy flow of foreign capital into dollar investments and made the dollar yet more valuable, raising the price of all American goods to uncompetitive levels and making imports ever more attractive.

Though it was clear for years that curbing the deficits required cuts in the military buildup or higher taxes, and probably both, Mr. Reagan stood rigid. And even now he refuses to make the vital connection between deficit-cutting and the defense of America's trade and jobs.

Congress's responses are wrong, but the anxieties from which they spring are real. It is never too late to get at the core of the problem and to cut more, much more, from the deficit this year. The fastest, fairest way is with higher taxes, on gasoline if not incomes. The nation can choose the pain by which to restore the balance of its economy, but there's no trade policy worthy of the name without the pain of deficit reduction.

[From the New York Times, Sept. 24, 1985]

Weakening the Dollar Is Not Enough

President Reagan has belatedly recognized that protectionist sentiment in Congress may be stronger than his veto power. Shoring up the veto is the purpose of his new attacks against the high-priced dollar and unfair foreign competition. Both efforts mark a change of policy. Both can be helpful. Both continue to address symptoms rather than causes of America's painful trade imbalance and loss of manufacturing jobs.

Congress is poised to vote for tight quotas on textile and clothing imports. Close behind wait 300 other bills, a major one of which would levy extra tariffs on *all* imports from countries that sell us substantially more than they buy from us—notably Japan.

Mr. Reagan valiantly resists this protectionism as damaging to trade and growth the world over. But if he wants his vetos sustained, he needs to persuade a third of the legislators that he is acting forcefully to make American industry more competitive. That explains Sunday's extraordinary five-nation ministerial conference about the dollar and yesterday's proposals to strike at unfair foreign trade practices.

An effort to weaken the dollar is the more promising response, but if it helps at all it will not be soon. Attacking unfair trade practices is certainly justified, but will also draw attention to America's restrictions. And it's unlikely to reduce the $150 billion trade deficit by more than 2 or 3 percent, if that.

As for subsidizing exports from a new $300 million "war chest," that's a game many nations can play, and do. Joining in, Mr. Reagan now proposes to breathe new life into the Export-Import Bank, an agency he sought to abolish on the persuasive ground that it mostly helped only a few big American companies.

The major policy shift is the apparent willingness to intervene in international currency markets. The Administration had stoutly insisted that the dollar's high value was a compliment to America. Now it has agreed to join with Japan, West Germany, Britian and France to try to lower the dollar's cost in other currencies. The allies promise again to stimulate consumption, Mr. Reagan again promises to cut his budget deficit, and all are expected to sell off dollars to make them cheaper.

How does that help Americans to sell more and import less? In theory and in time, it can. The high price of the dollar made foreign goods cheaper for Americans while making American goods more expensive abroad. It's not certain that maneuvers in currency markets can have more than temporary effect. Even if they do, it will be many months before imports decline and exports increase.

All this, in any case, falls short of addressing the underlying problem of America's budget deficit. The Administration denies it, but most economists believe that the huge Federal borrowing of the past four years kept interest rates abnormally high, attracting a tremendous flow of foreign capital into dollar investments and pushing up the dollar's value. If that is right—and we think it is—any new attack on the dollar without deficit reduction may actually raise America's interest rates.

Until the President and Congress attack the budget deficit, by cutting spending and raising some taxes, their tilting at trade imbalances will not suffice, or protect them from the wrath of hard-hit American industries.

[From the Washington Post, Sept. 29, 1985]

Second Thoughts About Textiles

The textile bill seemed, a month ago, certain to sweep through Congress and easily overcome a presidential veto. It's a genuinely bad bill—fiercely protectionist, written to push imports far below present levels and to keep them there. But at first the idea was immensely popular. More than two thirds of the House and well over half the Senate signed on as cosponsors.

Lately the congressional enthusiasm for it has abated. In the Senate its managers have anxiously substituted a diluted version in an attempt to hold their uneasy supporters. The House Ways and Means Committee reported it only after its supporters staved off, by a margin of one vote, an amendment that would have substantially weakened it. The change in the atmosphere suggests that the meaning of this bill is becoming clearer.

The retail trade industry—department stores, clothing stores and so forth—have organized a vigorous campaign against it. True, it would save jobs at least temporarily in the American textile industry. It would also raise the prices of textiles and everything that is made from them. That would hurt sales in the stores. The retailers ask pointedly why jobs and profits should be protected in the textile factories at the cost of jobs and profits in the shopping malls.

The farmers have also begun to take an interest in the bill. China, for example, sells textiles to this country and buys substantial amounts of American grain. The Chinese have declared explicitly that if the United States interferes with their textiles, they will find other sources for their wheat. Some of the senators have been hearing from farmers, and that's why the revised draft of the Senate bill drops China from the list of countries that would bear the chief impact of the textile quotas.

Congress is also beginning to be aware of certain aspects of this bill that are not precisely economic but which ought to make any American uncomfortable. The textile restrictions would apply to Latin America, Africa and especially Asia. But Europe and Canada would not be affected. Rep. Sam Gibbons, the chairman of the House Trade subcommittee, has denounced it as a "white man's bill."

The imports come mostly into the inexpensive end of the market. Curbing them would mean that the price increases mainly hit the kinds of clothes bought by people who don't have a lot of money to spend. That's another kind of discrimination that deserves a little more thought than it's been given.

Despite its manifest defects, the bill will probably be passed in one form or another. President Reagan intends to veto it. The real struggle now is over votes to sustain the veto. That will require a change of some congressional minds but, on closer acquaintance with this bill, a good many minds are evidently changing.

[From the New York Times, Apr. 18, 1985]

Trade Deficit: Good Fixes and Bad

Each succeeding month brings news that our trade deficit is damaging the American economy. In 1982 Americans bought $36 billion more from the rest of the world than the nation sold in foreign markets. The trade deficit then jumped to $61 billion in 1983 and $108 billion in 1984. It's only a matter of time before it hits a $150 billion annual rate.

These massive trade deficits are doing substantial damage to American firms that try to export or that must compete with imports from the rest of the world. Manufacturers have been particularly hard hit. Manufacturing imports are running at nearly twice their 1980 level, while manufacturing exports are basically unchanged. But industries as different from manufacturing as agriculture and timber are also suffering because of the deteriorating trade situation.

Congress has responded to the growing national anguish over trade in two quite different ways—one good and one bad. The potentially useful response has been to bear down harder on the job of reducing the future budget deficits. Most of the increase in the trade deficit since 1980 has been caused by the rising dollar, which in turn has been the result of the huge budget deficit. The currently projected budget deficits raise real interest rates in the United States and attract funds from the rest of the world. This has raised the dollar's real value in comparison to other currencies by more than 70 percent since 1980. And with American prices up 70 percent in comparison to our overseas competition, it's not surprising that our trade deficit has exploded.

The agreement recently reached between President Reagan and the Senate Republican leadership shows that the projected deficits can be reduced sharply in the years ahead if Congress is willing to face the politically difficult task of reducing spending in every major part of the budget. The Republican package would cut the projected 1988 deficit from $244 billion to $100 billion. More than one-third of the program cuts are in the defense budget. A wide range of domestic programs are temporarily frozen or phased out. Social Security cost-of-living increases are reduced in an ingenious plan that includes a minimum guaranteed increase and full protection against rising inflation. If this plan is enacted in anything like its current form, the result will be a significant decline in real interest rates, in the dollar and in our trade deficit.

The other more direct approach to limiting the trade deficit by an import surcharge is misguided and dangerous. The 20 percent tax on imports that has been proposed in Congress would immediately hurt American consumers and contribute to rising inflation. Moreover, a decreased demand for imports would reduce the demand for foreign currency and thereby actually cause the dollar to be strengthened further. As a result, American firms would find that they have an even harder time selling their products abroad. While American firms that compete with foreign products here at home would be able to raise their prices and profits, their gain would be more than offset by the losses experienced by American consumers and exporters.

The greater risk is that American tariff could easily provoke retaliation by foreign governments and initiate a trade war that would cause world trade to shrivel. The last major trade war, precipitated by our 1930 Hawley-Smoot tariff, was a key source of the downward spiral of economic activity that became the Great Depression. The risk of repeating that experience if far too great to be ignored.

The president was right when he let the so-called voluntary restraints on Japanese autos come to an end. As a result, American consumers will pay lower prices not only for Japanese cars but for American cars as well. The Japanese announcement that their auto exports to the United States will be allowed to rise by 25 percent means that the price decline will be substantial. This decline in auto prices is a boon to American consumers. Congress seems to have forgotten this when it voted overwhelmingly to instruct the president to take steps to offset the increased trade deficit.

Moreover, Congress was wrong to assume that an increased import of Japanese cars will raise our total trade deficit. The inceased sale of Japanese cars to the United States will raise the value of the yen and lower the value of the dollar. The more competitive dollar will make it easier for U.S. firms to export and will reduce the attractiveness of other foreign products in U.S. markets. Since our trade deficit is essentially a reflection of the capital inflow from the rest of the world, the increased sale of Japanese cars in the United States will change the composition of our trade deficit but will have very little effect on its total size.

Congress is reacting more out of anger and frustration than on the basis of economic logic. But the Japanese should understand that the true basis of this frustration is the sense that Japan as a government and as a people are being unfair in their support of policies that restrict American products from Japanese markets. If the international trading system is to continue to flourish and to bring benefits to consumers throughout the world, the Japanese must truly open their markets to foreign products.

[From the Tri-City Herald, Sept. 24, 1985]

ANOTHER TRADE WAR?

Sen. Dan Evans, R-Wash. is on solid ground in opposing the Textile and Apparel Trade Enforcement Act now before the Senate Finance Subcommittee.

The bill proposes high tariff protection for the clothing industry.

Mr. Evans called the legislation a sham and said that instead of helping "it would cost the American consumer dearly and burden the government with additional expenditures."

He said the bill "blatantly discriminates against our Asian trading partners" and would set "a gruesome precedent by singling out an industry which already is well protected for further preferential treatment."

The Reagan Administration estimates the tariff, if enacted, would cost American consumers $14 billion a year, driving up clothing prices 20 percent or more.

Enactment of the textile tariff would increase the presure on Congress from other industries clamoring for protection from foreign imports. About 300 protectionist bills have been introduced in the past few months.

Members of Congress say they found during their August vacation that loss of jobs to foreign competitors is a growing concern in many parts of the country.

Some political analysts fear a repeat of the protectionist fever that prompted Congress to pass the notorious Smoot-Hawley Tariff Act in 1930. That folly started as relief for the farmers. But relief for almost every important industry was piled on and in two years American foreign trade dropped about 60 percent.

Most economists believe the Smoot-Hawley tariff wall, and the trade walls other countries erected in retaliation, deepened and prolonged the Great Depression. Everyone lost that trade war. Now we seem intent on starting a new one.

Mr. Evans warned that "we are flirting with a real and serious risk of retaliation against U.S. products." "Let's not kid ourselves," he said, "we are not the only supplier in the world for products to these countries."

He said to pass the textile tariff would "shoot ourselves in the foot" while doing nothing to solve the real problem, which he wisely identifies as "our high budget deficit, the high value of the dollar and greater international competition." He advised that Congress concentrate on the deficits, "the biggest single factor in the imbalance of trade," and stop "wasting time on bogus bills that look like easy solutions (but) do more harm than good to the American consumer in the long run."

It's good advice.

Mr. EVANS. I would like to then close by reading a short editorial.

(From Wilmington, NC, Morning Star, Sept. 17, 1985)

PROTECTION WE DON'T NEED

North Carolina's textile industry is in bad shape. But what is good for the textile industry might not be good for the country, or even for North Carolina. Protecting textile jobs by restricting imports would lead to the loss of jobs in other industries.

If foreigners can't sell us what they produce, they won't have the dollars to buy what we produce. And if we won't let foreigners sell here, they will retaliate by refusing to let us sell there.

If we keep out foreign sports shirts and cars, foreigners can keep out American soybeans and timber. We will have saved some jobs, lost others, and driven up prices for consumers. We also may have antagonized and weakened our anti-communist friends in developing countries—particularly Asian ones.

To be sure, our trading partners don't always play fair in international trade. Some countries offer various kinds of help to favored industries.

But so does the United States. We protect or subsidize, among other things, sugar, ships, dairy products, military equipment and, yes, textiles. The average American tariff (tax) on textile imports is 22 percent, compared with an average of 5 percent for all other types of imports.

Yet the textile industry is clamoring for *more* protection that would cut imports by perhaps 30 percent. You can imagine what that would do to clothing prices. You can imagine what that would do to retailers.

But the textile industry has found some powerful friends: the Democrats. They know a hot issue when they see one, and they have decided to hang this one around the neck of Ronald Reagan.

Even many Republicans—Gov. Jim Martin and Sen. Jesse Helms among them—are reluctant to be seen as "against protecting American jobs."

So the textile protection bill appears to be a cinch to pass Congress. President Reagan vows to veto it. That would hurt him here in North Carolina and in other textile states. But Reagan is right.

Passing protectionist legislation is like jumping out of a burning skyscraper: The relief you feel doesn't last very long.

Mr. President, you might guess that that editorial would come from the Seattle Times or the Portland Oregonian, but, Mr. President, this is an editorial dated September 17, 1985, from the Wilmington, NC, Morning Star.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MITCHELL. Mr. President, I will yield briefly to the Senator from Virginia.

Mr. TRIBLE. I thank the Senator for yielding.

Mr. President, I rise in support of this amendment.

Mr. President, the textile and apparel industry provides employment for 2 million Americans—that is 1 out of every 10 manufacturing jobs. In Virginia the textile industry employs 76,000 people. Nationally, more people and more families depend on the textile-apparel industry than steel and autos combined.

Today our Nation is awash in a sea of foreign-made textile and apparel goods. Fifty percent of all textile and apparel goods sold in the United States today are made abroad. During the last 4 years our domestic market has grown at a rate of 1 to 1.5 percent each year and textile imports have exploded at an average rate of 19 percent per year.

Now our textile and apparel industry has responded to this challenge. Just this week, I toured the facilities of Dan River, Inc., in Danville, VA—one of America's finest textile companies. Dan River has a highly productive work force and state of the art equipment. Indeed, all across America management and labor have responded positively to the foreign challenge. Productivity gains greatly exceed the national average. Wage rates have been held to 75 percent of the national average for all manufacturing jobs. Nevertheless, imports saturate our market.

American enterprise cannot compete successfully with foreign governments like the People's Republic of China or against textile products heavily supported by foreign countries. Routinely, foreign textile products benefit from low-interest, subsidized loans, currency manipulation, high tariffs, and, of course, from lower wage rates. The average textile wage in the People's Republic of China is 16 cents per hour.

The truth is that international trade is neither free nor fair. We have to recognize that reality and deal with it. We must demand access to foreign markets for American products—textiles and apparel, tobacco, high technology, and all products made in the United States of America.

America must also take responsible action to retain its industrial base. A great nation must be able to build ships and produce steel and shoes and textile products. Smokestacks mean jobs and provide the use for our high technology.

The textile industry is not the only industry threatened by unfair foreign competition. Our footwear industry—as the International Trade Commission confirmed—is severely injured by foreign competition.

As a result of unfair competition, more than 500 plants have closed since 1968 and the market share of imported footwear has risen from 51 percent in 1981 to 77 percent today. Think of it, more than three out of every four pair of shoes sold in this country are imported.

The reason for this massive share of the American market is obvious. Because of the relative ease of producing shoes, many less developed countries use their shoe industry as a means to industrialize.

And then what do these nations do? They erect tariff and nontariff barriers to protect their fledgling shoe industries. Shoes, in other words, become instruments of national economic policy for many nations.

The time has come for the United States to respond in kind. The only solution now available to us is to limit our markets. The shoe manufacturing in Lynchburg cannot compete with foreign governments—and should not be expected to.

It is time to respond selectively and judiciously to the realities of the international marketplace. The actions contemplated by this amendment are absolutely consistent with international agreements and the findings of the International Trade Commission.

There is something very wrong with a trade policy that jeopardizes the jobs and well-being of millions of Americans. The truth is that today we have no policy but have simply surrendered to predatory international trade practices. It is time to fight for jobs in America. It is time to fight for those good people and families that depend on the textile and footwear industries for their livelihood, and it is time to put the world on notice that international trade must be fair.

Mr. MITCHELL. Mr. President, the record setting trade deficits of the last several years have finally forced our Nation to begin the debate over trade policy. This Senate floor action has become part of that national debate because the realities of the trading world have overtaken the normal process of developing a consensus and formulating policy.

We have before us a proposal to respond to one part of our trade problem by enforcing the multi-fiber arrangement which controls the growth of textile and apparel imports, and to provide, through legislation, the relief that our footwear industry was denied by a lack of administration action.

The proposal before us, therefore, addresses two primary manufacturing sectors—the two which have suffered the most from import surges in the past 5 years.

But we should not overlook the fact that 15 of our 20 basic manufacturing industries have trade deficits at the present time.

That is in large part due to a lack of aggressive action by our Government to enforce its rhetorical commitment to free trade.

The trade laws written by Congress have never been intended to permit unfettered access to our markets by the products of all nations without reciprocal treatment for our products.

The trade laws written by Congress have, in fact, contemplated that the effective threat of retaliatory action by our Nation would be a lever in moving other governments toward the goal of free trade.

But that has not been the case in the last 5 years.

For 5 years, while this administration has pursued a rhetoric of free trade, other nations—our trading partners—have pursued highly effective strategies to close their borders to imports; to limit the access that American goods have to their consumers; and to develop, protect, and enhance industrial sectors whose only purpose is to exploit the U.S. market.

The results of this highly successful effort on the part of our trading partners can be read in the rising tide of trade deficits that now threatens to swamp our manufacturing sector. They can be read in the jobs lost and the new jobs forfeited in textile manufacturing, apparel, footwear, and a host of other industries. They can be read in the fact that our Nation has, for the first time since the First World War, become a net debtor nation, meaning that the value of all our goods, all our services and a half century and more of American investments all over the world do not now suffice to offset the cost of our current consumption of imported manufactured goods.

Yet, despite the very clear and very direct evidence that the world trade situation has deteriorated, the principal response of this administration has been to claim that free trade is good and protectionism is bad.

Not only do such truisms mock the men and women whose jobs have been lost, they betray a lamentable lack of understanding of the most elementary facts about world trade today.

We do not face today, as the administration would like to believe, an international free trade regime that is threatened by unilateral and unwarranted protectionism from the U.S. Congress.

If we ever, in fact, had such a world, it has long vanished.

The reality of today's trading world is that governments—not private enterprise, or multinational corporations, or consortiums of industries—but governments all over the developed and developing world are running trade policies whose goals are to protect and preserve their domestic industries and to develop manufacturing sectors that can take advantage of the U.S. market.

In a hearing last month, I made reference to the sheer volume of such government actions, and it is a reference that bears repetition.

The Department of Commerce has published a report which takes 249 pages to simply list all the restrictions other nations have developed against the import of U.S. textiles. They range from prohibitive tariff structures, to licensing requirements which must be approved by domestic competitors, to outright import prohibitions.

Another volume prepared for the Fiber, Fabric & Apparel Coalition for Trade examines in detail the subsidies and market barriers that almost every nation in the world uses to protect its textile and apparel industries.

While our administration lectures the Congress about the importance of free trade, every other nation—and virtually all our trading partners—pursue policies that are the antithesis of free trade.

And some of the nations which have made the loudest objections to this legislation have the worst, most protectionist policies. They threaten retaliation even as they adopt more subsidies for their industry and more barriers against our products.

On July 16, the Journal of Commerce reported that "the Government of China, in a letter to U.S. Trade Representative Clayton Yeutter, * * * condemned efforts in Congress to impose tighter curbs on textile and apparel imports." And on the same day, in the same paper, an article appeared entitled "Chinese Effect New Import Taxes." That article reported that on top of existing tariff and nontariff restrictions, the Chinese were announcing additional import taxes to reduce imports on a variety of products. According to the article, the new import taxes would apply to certain textile articles including polyester yarn and synthetic fabrics.

Let me repeat this: The same day the Chinese Government threatens the USTR over this textile/apparel legislation, it imposes new import taxes on United States textile and fiber products.

And that is only a small part of this picture.

Korea is one of the largest exporters of textile, apparel, and footwear products into the United States.

What are Korea's policies toward United States imports?

According to the Department of Commerce, Korea imposes four different types of import taxes—a national defense surtax, a value-added tax, a special consumption tax, and a special charge. And then Korea requires a prior import guarantee deposit.

That amounts to a great many taxes. But surprisingly enough, those taxes don't really make much difference because if an American textile company wants to export to Korea it has to get the approval of the Korean textile association. And the United States product can be kept out simply on the grounds that it can be produced in Korea, whether or not it actually is produced there. I am sure the U.S. textile industry would love to be in a position of approving all import licenses on textile products.

Another leading importer of textile and apparel products into the United States is Taiwan. It has similar controls on textile imports through a licensing system, in addition to an ad valorem duty averaging 51 percent.

Brazil imposes five different import taxes in addition to temporary tariffs ranging up to 205 percent. Most goods may simply not be imported at all if similar goods are manufactured in Brazil.

But in the unlikely event that a United States made product does slip through the maze of import restrictions, Brazil imposes a special tariff on United States textiles and garments at a rate that is 100 percent above the rates assessed for all other countries.

A depressingly similar range of barriers faces American-made footwear. The notorious case of Panama, which has a worldwide quota for all footwear imports of 12 pairs is too well known to belabor.

Japan is another example. It imposes strict quotas on almost all leather related products including a limitation of 1 million imports per year. Japan, incidentally, has also experienced a recent increase in textile and apparel imports. In contrast to the prolonged anxiety in this Nation, the reaction of the Japanese Government to this import surge was quick and to the point. Through administrative action and Government directives to importers, the Japanese just recently moved to restrict textile imports from China, South Korea, Taiwan, and Pakistan. This action occurs while Japan runs record trade surpluses and within 2 months of the much publicized "action program" to encourage imports.

And in the face of such a world reality, our President continues to berate the Congress for the dangers that congressional action pose to free trade.

In reality, there is no free trade and there has not been free trade in the field of textile, apparel, and footwear for decades. It is only our Nation that continues to operate as though there were.

It is only our Government that refuses to recognize that American workers need help, and that American industry is as deserving of protection as the industries of other nations.

But the President's firm position has been to encourage the surge of imports because he believes they help hold down inflation. What he does not acknowledge is that whatever help imports may be in holding down inflation is obtained at a hidden cost—a hidden cost on American consumers—in terms of lost jobs, higher unemployment costs, lost production capacity, and lost future production and future economic growth.

The administration which has presided over the return of our Nation to a debtor status despite half a century of accumulated American investment here and abroad has imposed an enormous hidden tax on the future of our Nation.

That hidden tax will be paid in the form of lower living standards, as our children labor to pay the debts that are being accumulated today. That hidden tax will be paid in the continuation of the drift from well-paid, secure manufacturing jobs on which families can rely to lower paid work in other fields, where such work is available. That hidden tax will be paid in the continued need to send abroad the products of American labor in order to pay the bills we are running up right now.

The debate over this amendment is not a debate between free trade and protectionism.

It is a debate over the future of our manufacturing industries. Although this amendment goes directly to two principal sectors, our actions here have the potential for a far wider impact.

For if our trading partners see that we fail to take even the most elementary and modest steps to preserve two particularly threatened American industries—and the measure before us is a modest one—they will see that we do not have the will to preserve any part of our manufacturing base.

The measure before us does not seek to return American import levels to those of the Great Depression, as the President tried to imply the other evening. It does not even go so far to restrict imports as our products face in foreign markets.

It would not result in an immediate doubling of all consumer prices because the retail markup on imported textiles, apparel, and footwear is already sufficiently high that consumers are not seeing the benefit of cheap imports. What our consumers enjoy—and what they would continue to enjoy under this measure—is the vibrant competition that exists within the American textile, apparel, and footwear manufacturing sector that acts to hold down prices.

It is misleading in the extreme to characterize this measure as one that would force retailers to raise prices. It is commonly known that the retail markup on domestic production—the so-called keystone markup—of 100 percent is doubled and even tripled on imported products.

In fact, the misleading rhetoric about this measure does not even acknowledge that it would permit imports to grow along with growth in our domestic market.

Nothing could be more reasonable than to permit expansion of imports along with expansion of the market to consume those imports. That is what this measure permits.

But it is nonetheless being characterized as though it would slam the door to all imports immediately and deny consumers the price advantages and choices to which they have become accustomed.

This debate is not a debate over free trade versus protectionism, not only because tariffs and import barriers in other nations prevent free trade, although they do.

It is not such a debate because the free enterprise system on which our Nation depends is a rarity in today's world, not the norm.

Our major trade competitors in textile and apparel products heavily subsidize their exports. They subsidize production for sale overseas. They provide special tax treatment for export production. In myriad ways, the governments of our trading partners manipulate and manage their industry in a way totally unknown in this country.

According to trade expert Alan Wolff, "global textile and apparel trade is tightly managed by virtually all foreign governments." Many lesser developed countries have designated textiles, apparel, and footwear as "export strategy" industries entitled to financial incentives and export subsidies.

To this known fact, the European Community has responded by adopting and enforcing stringent restrictions on imports in these fields. Japan has done likewise. Only our Nation, beguiled by the repetitive free trade mantra, has refused to do so. The entirely predictable result is that U.S. imports have accounted for almost all the growth in world textile and apparel trade, especially in the last 5 years.

U.S. per capita imports of clothing from the lesser developed countries has doubled since 1980; today, we import the equivalent of $56.63 for every man, woman, and child in the United States.

The corresponding European Community figure is $18.47. What is more interesting is that this level has actually shown a decline in the past 5 years, even though world production has grown during that period.

Japan's per capita consumption of these imports from lesser developed nations stands at $10.39 per capita. So our imports of clothing from the developing nations are five times the level of imports by Japan and three times the per capita level of imports by Europe.

The only conclusion to draw is that we in the United States are a bunch of suckers. Our competitors heavily subsidize and protect their textile and apparel industries. Meanwhile we wring our hands for months over legislation designed simply to enforce existing trade agreements governing textile and apparel trade.

In the face of the world trading realities, we are offered rhetoric and platitudes by our Government. Today, the administration is again pledging strong and aggressive action against unfair trade practices.

The same promise was made in 1984. Yet this year's import levels in both textiles and shoes have set new records over last year's. And last year's set records over the year before.

Just how much longer can we afford to respond to effective Government policies that hurt us with rhetoric and platitudes? Yet that is the sum total of this administration's trade policy as it has worked to date.

It is not good enough. Our people deserve better. Our industry deserves better. This measure that is before us today is one small step in making good on those repeated and unkept administration promises. I urge my colleagues to support it.

I ask unanimous consent to have printed in the RECORD articles from the Journal of Commerce and the Far Eastern Economic Review.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Chinese President Li Will Meet Reagan as Nuclear Pact Nears, Trade Woes Loom

(By Eduardo Lachica and Amanda Bennett)

While the major focus of Chinese President Li Xiannian's visit to Washington next week will be the completion of a long-stalled nuclear cooperation pact, an emerging trade problem may be more difficult to resolve.

In recent months, U.S. companies have become concerned about delays in Chinese orders for Western goods as Peking has reviewed its economic strategy.

The situation apparently isn't as tense as in 1980-81, when China scaled back its development goals and canceled or postponed billions of dollars in contracts. U.S. exports to China did well in the January-April period, up 34% from the year before, to $1.05 billion.

But if the current slowdown in orders continues, U.S. exports could falter later this year. Japan also could be hurt, since its consumer electronics products are a major target for cutbacks.

The State Department isn't sure whether the decrease in orders could be prudently brought up as a summit issue. Chinese officials have advised U.S. diplomats that they simply are being "prudent and cautious" about spending hard currency. But they didn't want to go any further into something that they consider a purely internal affair.

PLUNGE IN RESERVES

U.S. traders, however, ascribe the partial freeze in buying to a Chinese effort to halt a rapid drawdown of foreign-exchange reserves.

The International Monetary Fund reports that these reserves shrank to $11.9 billion in March from a peak of $17.3 billion in September 1984, but some analysts believe this pool could have more recently dropped below $10 billion. One Chinese investment manager explains the cutbacks in orders from the U.S. by saying, "Unless we watch our dollars China could become another Argentina."

Chinese officials continue to emphasize that they will need American capital goods over the long haul. The completion of the nuclear pact would open the possibility of large sales to China by allowing Westinghouse Electric Corp. and other U.S. suppliers to bid for some other estimated $10 billion to $20 billion in Chinese nuclear power projects over the next 15 years.

The nuclear agreement requires the endorsement of Congress, which is more disposed toward approval than in the spring of 1984, when the administration had to withdraw it from consideration. Rep. Don Bonder (D., Wash.), chairman of the House Foreign Affairs Committee panel on international economic policy, is leaning towards House approval in the interest of furthering U.S.-China trade.

SHARPER SCRUTINY IN SENATE

It's in the Senate where the treaty could receive the sharpest scrutiny. Last year Sen. William Proxmire (D., Wis.) and Sen. Alan Cranston (D., Calif.) used the accord as a peg to examine the administration's commitment to nuclear nonproliferation goals and found it wanting. Their arguments were supported by intelligence reports that China had aided Pakistan in obtaining sensitive bomb-making technology.

In his latest talks with Vice Premier Li Peng—no relation to the Chinese president—Ambassador Richard Kennedy, a U.S. special envoy on nuclear affairs, appears to have obtained further assurances that China's record would withstand congressional examination.

Otherwise, the circumstances of the state visit aren't the best for problem-solving at the highest level. The While House says President Reagan will hold only a brief meeting with President Li Tuesday before Mr. Reagan flies to his California home to complete his recovery from a cancer operation. Mr. Li, 76, years old, is even older than Mr. Reagan, 74, so U.S. officials expect Vice Premier Li, 56, to carry much of the load during the visit.

In fact, U.S. officials see the visit as an occasion to help cultivate Vice Premier Li, a Soviet-trained technocrat who wields considerable power, especially in the areas of energy and technology. "Li Peng is clearly one of the men of the future" and could influence U.S.-China relations for years to come, says a senior U.S. diplomat.

[From the Journal of Commerce, July 16, 1985]

Chinese Effect New Import Taxes

(By P.T. Bangsberg)

HONG KONG—China imposed new import taxes in an effort to curb what officials call "blind" purchasing and to conserve foreign reserves.

A circular from the State Council, the day-to-day governing body, did not state the amount of the levy.

It applies to cars, motorcycles, mini-buses and off-road vehicles, video cassette recorders, large-screen color television projection sets, mini-computers and peripherals, processed polyester yarn, synthetic chemical fabrics and other, unspecified items.

The new taxes, which took effect Monday, also apply in the four special economic zones and Hainan Island, another developing area, the circular said. The SEZs were created especially to attract foreign investment with a variety of tax and other incentives and a relaxation of bureaucratic controls.

The circular said the taxes were being imposed because "some localities and units had imported in a blind way commodities with big price differentials. This had an unfavorable impact on domestic economic development."

The new levies are in addition to existing customs and other imposts and are likely to rankle with foreign investors.

Some overseas companies already complain about the lack of access to the domestic market—which they thought they had been promised—and about the high cost of doing business, particularly accommodation in major cities.

China's foreign reserves have dwindled due to the buying spree, especially of consumer goods. Figures published last week showed a 30 percent fall to $11.3 billion in the six months to March 31, from $16.3 billion. Overseas debt rose in the same period from $3.7 billion to $3.9 billion, according to the People's Bank of China, the central bank.

Hu Yaobang, head of the communist party, told a pro-Peking newspaper in Hong Kong last week that China would slow the pace of its economic growth over the next five years "to concentrate on efficiency and management."

In a meeting in Peking on Monday with the visiting prime minister of Trindad and Tabago, George Michael Chambers, Supreme Leader Deng Xiaoping nevertheless expressed confidence that China's economic reforms would be successful.

The reforms and the policy of opening to the outside world were an important test, he said. "We must pass this test. If we do not persevere, it will be impossible for us to attain our strategic objective of economic development," he said.

Mr. Deng, who has spearheaded the reforms, said there would be "twists and turns and even mistakes of various degrees," but that China would correct them.

He went out of his way to reiterate that the "experiment" with special economic zones was correct, though there were problems to be solved on imports of foreign technology and earning of foreign exchange through exports.

Diplomatic sources in Peking, however, say China plans to curtail the number of coastal cities open to foreign investment because of problems with their development.

[From the Far Eastern Economic Review, Sept. 12, 1985]

Japan to the Barricades—Tokyo Exerts subtle Pressure To Slow Textiles Inflows

(By Bruce Roscoe)

Within two months of announcing its market-opening "action programme" aimed at easing US complaints against its import barriers the Japanese Government is implementing a series of measures designed to restrict surging textiles imports from China, South Korea, Taiwan and Pakistan.

Japan has not decided at this stage to invoke formally provisions of the Multi-Fibre Arrangement (MFA), which under the General Agreement on Tariffs and Trade permits developed nations to limit growth in their imports of textiles from developing nations to 6% a year. Instead, the import restrictions will be in form of "administrative guidance" given to textiles importers by the Ministry of International Trade and Industry (Miti). The ruling Liberal Democratic Party (LDP) also has put pressure on trading companies to cut textiles imports.

The measures, in effect, amount to Japan's version of the US' Jenkins Bill. (Drafted by Ed Jenkins, who chairs the US House of Representatives textiles committee, the Jenkins Bill is intended to reduce drastically US imports of textiles from developing nations.) But while the Jenkins Bill has attracted widespread publicity, Japan's measures, because of their lack of transparency, seem to have gone unnoticed.

In 1984, Japan's imports of cotton yarn and cotton fabrics from China, Pakistan and South Korea grew by about 50%, while imports of knitwear from China, South Korea and Taiwan rose by 60%. Pakistan, whose cotton-yarn exports to Japan jumped 69.4% in January–June this year, worries the Japan Cotton and Staple Fibre Weavers' Association most.

Led by the Japan Textile Federation, several industry associations have exerted pressure on the government to limit imports. Earlier this year, the textiles federation argued for invocation of the MFA. But Miti opposed this on the grounds that Japan could not be seen to be restricting imports when Prime Minister Nakasone had committed the nation to trade liberalisation. Some Miti officials also noted that a case for invoking the MFA would be weakened by the fact that many Japanese spinning companies recorded an increase in profits for the year ended 31 March. Japan has not applied the MFA before—the US, on the other hand, has applied the MFA against Japan on about 18 textiles items.

Nonetheless, the industry's lobby was strong enough to persuade Miti to exempt cotton yarn, cotton fabrics and knitwear from the July tariff reductions, which formed a part of Nakasone's import-action programme.

Undaunted by Miti's cool reception to the idea of using the MFA, the federation took its case to the LDP's special committee on textiles. At a meeting on 4 June the LDP committee sided with the Japanese industry, and produced a statement advising Miti that Japan was within its rights to invoke the MFA. This statement also advised the ministry to "make efforts" to protect the local textiles industry from imports.

On 29 August, the LDP committee met in Tokyo to finalise the protective measures. According to a participant of the meeting, committee members said that on 28 August they had approached several trading houses to request that textiles imports be conducted in an "orderly" manner—in Japanese, "orderly" or chitsujo is often used euphemistically to denote informally restricted marketing or improving.

The committee further decided to ask the Ministry of Finance to appropriate an emergency fund from this year's budget of Y5 billion (US$21 million) which would be distributed as low-interest loans to small and medium-size textiles companies to enhance their competitiveness. The size of a single loan would be set at Y30 million, and interest would be 5% a year. The loan programme was to be launched by 1 October at the earliest.

Yoshibumi Muto, who chaired the LDP meeting, later was reported as saying: "There is no difficulty in invoking the MFA within the current mood of promoting liberalisation of Japan's markets. If orderly importing does not produce results, we will invoke the MFA, and if imports of cotton yarn from Pakistan continue to increase at crazy levels, we will adopt tough measures.

The textiles federation, in papers * * * says a Miti official, "We are not telling them they cannot sell more. We just want them to slow down the growth in their exports." He said Pakistan was rejecting the request on grounds that last year its total trade with Japan was in deficit by U.S. $608.8 million, up from a deficit of U.S. $497.5 million in 1983.

Taiwan and South Korea, too, have been asked to restrain exports of knitwear, and Miti appears to be happy with the results so far. Imports of sweaters, for instance declined 12% in volume in the January-July period compared with the same period last year—in July alone, they fell by 15%.

While Miti has not said it will not seek to apply the MFA—some officials reportedly have referred to the MFA as Japan's "trump card" in the event administrative guidance fails—the ministry appears to recognize that invocation of the MFA would cast Japan in a dim international light. For one thing, Japan would the only country to take such action while enjoying a surplus in its overall textiles trade.

Mr. MITCHELL. Mr. President, I would like to discuss briefly the footwear portion of the legislation, then the textile portion, hopefully not to repeat what has been said earlier by others, and then I would like to comment on some of the assertions made here today by those who oppose this legislation.

The amendment proposed includes mandated quotas on the importation of foreign made, nonrubber footwear into the United States. It is the last resort for those who are concerned about the devastation of this American industry and the enormous loss of jobs and productive capacity associated with it.

This amendment, and the language establishing limits on textile imports, are not what Congress contemplated when the 1974 Trade Act was written. It is not the route that many of us would prefer to take.

But it is the only step remaining in the face of the President's decision not to enforce existing American trade laws. It is a step we are taking because we have no other choice.

The American footwear industry obeyed the letter and the spirit of our trade law. It carefully gathered evidence demonstrating that a massive dumping of worldwide overproduction of footwear was directly responsible for massive inroads into our domestic footwear market and the associated dislocation of domestic industry. The loss of jobs, plant closings, community displacements, corporate bankruptcies have all flowed from the trade situation.

The industry did what the law requires be done. It collected data that demonstrates that three-fourths, over 75 percent, of the domestic market is now taken by imports. It collected data that demonstrates that the domestic industry can be competitive given a breathing space against these imports. It collected data that demonstrates that American jobs are being lost and American lives ruined by the pursuit of a trade policy inimical to American industry.

According to the law, it took that case to the properly constituted body, the International Trade Commission, and it persuaded the Commission on the evidence that injury to the domestic industry has resulted.

Under our trade law, the next step is the granting of relief to the injured industry, either in accord with the Commission's expert opinion, or in some other form at the discretion of the President.

The footwear industry did what the law requires. The International Trade Commission did what the law requires. The President did not. That is the root cause of why we are here today dealing with this legislation. If the footwear industry went through months and years of legal proceedings, spent hundreds of thousands of dollars under the law, and was summarily rejected by the President, why should the textile industry, or any other industry, follow the course established by law?

If an industry in which imports have reached 78 percent of the domestic market is unable to gain relief under the existing procedures of the law, why should any other industry follow the law and think they can gain relief? The hard reality is that President Reagan has unilaterally—unilaterally—declared the trade laws of this country to be a nullity, to have no force, no effect. The history of the past year demonstrates clearly that there are no circumstances, no economic circumstances, and no trade situation under which American trade law will provide relief to an adversely affected industry.

The Senator from Missouri [Mr. DANFORTH], the distinguished chairman of the Senate Subcommittee on Trade of the Committee on Finance, clearly, emphatically, and correctly described that situation today. That is why this action on footwear is necessary.

The amendment is a modest degree of restraint. What does it provide? It provides that imports will take no more than 60 percent of the domestic market. I challenge any Member of this body to stand up and describe, to name a single American industry that is prepared to accept 60 percent import penetration, even for a limited period of time. There is simply no factual basis on which to support the claims made in this body that this amendment constitutes a major blow to free trade in the world. In the area of footwear and most especially in textiles, there is not now and has not been for decades free trade in that sense.

The debate today by the opponents of this legislation mirrors the arguments made by the President, who seeks to persuade the American people that there are only two choices available to us: Either we have total free trade with no restrictions of any kind, or we have total protection with no trade of any kind. The reality of the world is different and our policy must reflect that reality.

Mr. President, I am not going to repeat the arguments made on textiles because the hour is late and a lot has been said, but I do want to make a few comments, particularly in light of the arguments made by some of the opponents of this legislation.

Concern earlier was expressed about China. On July 16 of this year, the Journal of Commerce reported that the Government of China, in a letter to the United States trade representative, condemned efforts to impose tighter curbs on textile and apparel exports. On the same day, in the same paper, a separate article appeared entitled "Chinese Effect New Import Taxes." The article reported that on top of existing tariff and nontariff restrictions, the Chinese had announced additional import taxes to reduce imports on a variety of products. According to the article, the new import taxes would apply to certain textile articles including polyester yarn and synthetic fabrics.

Let me repeat that: On the very same day that the Chinese Government protested an effort by this Congress regarding textile imports into this country, it imposed new import taxes on United States textile and fiber products that might go into that country. That is only a small part of the picture.

Concern earlier was expressed about Korea. What we are doing, it was asked, to Korea, described by one Senator as the American miracle of the Far East. Korea is one of the largest exporters of textile, apparel and footwear products into the United States. And what are Korea's policies toward United States products? According to the Department of Commerce, Korea imposes four different types of import taxes—a national defense surtax, a value-added tax, a special consumption tax, and a special charge. On top of those four taxes, Korea then requires a prior import guarantee deposit.

And surprisingly enough, even after all those taxes, Korea demands one more thing. That is, if an American textile company wants to sell its product there, if it is willing to pay the national defense surtax, if it is willing to pay the value-added tax, if it is willing to pay the special consumption tax, if it is willing to pay the special charge, if it is willing to make the prior import guarantee deposit, then it must get the approval of the Korean textile manufacturers association to sell its products in Korea.

Mr. HOLLINGS. Hear, hear.

Mr. MITCHELL. The manufacturers in Korea can then deny license approval to any American manufacturer and they can deny it even if that textile product is not made anywhere in Korea. That is, if it could be produced in Korea, whether or not it is produced, the license can be and ordinarily is denied by the Korean manufacturers association.

And here, today, Senators expressed concern, what are we doing to Korea. I say, what are we doing to the United States?

Another leading importer of textile and apparel products into the United States is Taiwan. Concern was expressed here about Taiwan—what are we doing to Taiwan? A list of their restrictions on American exports is similar and lengthy and I shall not repeat them all here. I shall simply ask the Senators who are unaware of it to take a look at this publication entitled "Foreign Regulations Affecting United States Textile And Apparel Exports," 251 pages of narrow, single-space type required just to list the restrictions that the other nations impose upon American textile products.

And U.S. Senators stand here and say, what are we doing to these other countries—when, as I say, the real question is, what are we doing to our own country?

Japan. So much has been heard about Japan. I shall try not to be repetitious, but I will point out that, first, Japan imposes strict quotas on almost all leather-related products, including a specific limitation on footwear of 1 million imports a year. Incidentally, Japan, like the United States, has also recently experienced an increase in textile and apparel imports. What have they done? Here we are debating, expressing anxiety about the effect on other countries, while the Japanese acted and acted swiftly. Just 2 weeks ago they took administrative action to limit textile and apparel imports. Then they issued Government directives to importers to restrict textile imports from China, South Korea, Taiwan, and Pakistan. That occurs at a time when Japan runs record trade surpluses and less than 2 months after it announced its much publicized "action program" to encourage imports.

Does anyone here today think that any member of the Japanese Diet stood up and said, "What are we doing to Taiwan? What are we doing to Korea? What are we doing to these other countries?" Of course they did not. While we wring our hands here, while we express fragile concerns, while we worry about the effects on workers in Korea, in Taiwan, and Hong Kong, millions more of American jobs are being lost.

I make two brief comments in closing about some of the arguments made today by opponents of this legislation. Earlier today one Senator stood up and said. "What are we doing? Unemployment is coming down, new jobs are being created." Since 1982, it was argued, unemployment has declined in America and 8 million jobs have been created.

Well, it just so happens that the year used for the base period, 1982, was the year in which unemployment reached the highest level in America in a half century. From 1940 to 1981, unemployment in the United States of America never once reached 9 percent. For almost the entire period of 1982, it was over 10 percent. So to say we have done well because unemployment has declined since 1982 reminds me of a case I once tried as a young prosecuting attorney. A man was charged with speeding at 75 miles an hour. When the officer stopped him, he said, "Why, officer, what are you talking about? I just slowed down by 25 miles an hour." He was going 100 miles an hour a little while earlier and protested against being charged with speeding at only 75 miles an hour.

Senators stand here and say what a brilliant record has been demonstrated in this country because unemployment has declined since 1982, not pointing out that in 1982 unemployment was the highest it has been in the United States in a half century.

In the decade of the 1960's unemployment in America averaged 4 percent. In the decade of the 1970's, it averaged 6 percent. Who among us will boast then of an unemployment rate of only about 7.5 percent and likely to average over 8 percent for the decade of the 1980's?

The real world requires more than just a choice between total free trade and total protection. It requires every nation to act out of intelligent self-interest. Every other trading nation has aggressively used the authority granted under the General Agreement on Tariff and Trade to protect their industries when suffering from swift surges of imports. Only the United States has failed to do so under an administration which has refused to pursue any trade policy other than the encouragement of massive imports in every sector of our economy. And let there be no mistake about it; that is the deliberate economic policy of this administration—not only to deny the erection of any barrier to imports but to encourage imports in every sector of the economy. The reason is simple and publicly stated by the administration. The President's singular economic and political achievement has been the control of inflation, and it is increasingly being achieved by a single mechanism alone—to encourage imports from whatever source, and take advantage of the depressing effect on prices in this country. It is a short-term gain at a massive long-term cost. Unless we begin to recognize that intelligent American self-interest requires us to take these limited, measured steps to protect our industries and American jobs in accordance with the dictates of American law, then, my colleagues, we will in the long run be causing this Nation very great harm.

I urge my colleagues to support this legislation. I yield the floor.

The PRESIDING OFFICER (Mr. GRASSLEY). The Senator from Washington is recognized.

Mr. GORTON. Mr. President, while this debate has been both relatively lengthy and considerably enlightening, at least two points have been mentioned only in passing if at best. The first of those points is, of course, that the bill with which we are dealing has nothing to do with quotas on either textiles or shoes. The Compact of Free Association is a matter of not only considerable importance but of great urgency, and it is for just that reason that the Senator from Idaho, the chairman of the committee which dealt with it, has been so impatiently waiting to attempt to get us back on that subject.

I am in agreement with him on that point. We should be considering that compact. We should be voting on that compact. We should deal with this issue, which is important, whatever side one takes on it, on its own merits and not as something which creates a crushing burden for an otherwise important proposition.

The second point, which it seems to me important to make at this stage in the debate, is that we are dealing primarily at least in this amendment with textiles, and textiles are already perhaps the most heavily protected of all major American industries. We already subject textile imports to an average tariff of some 22 percent, more than 4 times the average tariff for goods entering the United States. Four-fifths, roughly, of all textile imports are controlled by one form of quota or another.

The administration was persuaded as recently as last fall to tighten up its country of origin rules, and yet in spite of that protection we are now asked to provide additional, wide-ranging protection for this industry, even though it is clear—and for that matter hardly gainsaid—that the impact on other industries in the United States, on other forms of business in the United States, will be seriously adverse.

I want to make in passing one set of remarks expressing my admiration for the forcefulness and eloquence of the presentation of my own colleague from the State of Washington, and particularly to express my admiration for the distinguished Senator from Missouri [Mr. DANFORTH] who is obviously tugged in both directions by the issues which are contained in this bill but who at the same time in the finest tradition of this body feels it appropriate to deal with problems relating with trade in a constructive and in a straightforward fashion, one which will be to the benefit of the United States and is not designed only for one or two groups at the expense of others.

Finally, to remark also on the eloquence of my colleague from Texas, who so forcefully pointed out the impact this can have not only on the U.S. domestic economy but on many of our good friends and allies overseas. Each of them has pointed out that this bill is a direct violation of our solemnly undertaken international agreements in GATT and the MFA. I need not elaborate on that point except to say it is important for the Nation to take great care about potential violations of agreements into which it has solemnly entered. Others, the Senator from Texas with particular eloquence, pointed out the terrible discrimination inherent in this bill, which seems primarily to be aimed at some of our closest friends and allies. The Senator from Maine, I may say, in speaking on the other side of the issue, did point out with great eloquence a number of the limitations, the negative and wrongful limitations placed by the Republic of Korea on American textile imports. That might well justify legislation which was designed to remove those restrictions. It does not justify legislation which simply tells that Republic no matter what it does, its access to the American market will be totally and completely limited. Many Senators who have preceded me in this debate pointed out the great expense to the American people, all of whom are consumers of these textile and apparel goods and the questionable benefits resulting therefrom, the expense to the American consumer for each job saved.

I need not elaborate on that thinking. I must, however, point out, as did my own distinguished colleague from Washington, the potentially damaging effect on the agricultural sector of our economy, which is ripe for any kind of retaliation because it produces goods which are fungible, which are readily available elsewhere.

Markets which are already difficult for us to penetrate by reason of the high value of the dollar may well become much more difficult to penetrate should a bill such as this pass and should the form of retaliation take the course of simply purchasing those agricultural commodities from other nations which do not share our views on the protection of their textile industries.

The Senator from Missouri was right. We are dealing with a real issue here. This Nation cannot long survive $150 billion per year trade deficits. The Senator from Missouri was right when he pointed out that the administration's response to this very real challenge has been both weak and ineffective. While it has seemed to have sped up to a certain degree in the last few weeks, it is still marred by the kind of testimony which was presented on a House companion bill on telecommunications yesterday, which signals that we will talk big but take no action if other nations refuse to open their markets to us. That will be in the future, as it has been in the past, a serious mistake.

So the real challenge to us is not whether or not these trade deficits are important. They are. Every Member of this body agrees with that. The challenge to us is whether or not we attempt to deal with them by balancing down or balancing up.

That is to say, are we going to attempt to lower those trade deficits simply by closing American markets to competition by foreign producers, no matter how adverse the impact of that kind of action is on jobs for our people, or are we going to attempt to do so by balancing up—that is to say, by moving much more aggressively than in the past to see that foreign markets, whether they are in the Republic of Korea, Japan, the European Economic Community, or Latin America, are opened up to the United States and its producers on equal terms?

I am not yet convinced that the administration sees that as the emergent challenge which I believe it to be. I believe that the Congress of the United States can play a constructive role in legislation which urges or even requires the administration to take such action.

It is in that direction we should move—the opening up of more markets for Americans, whether they produce telecommunications equipment, wheat, soybeans, apparel, textiles, or any of a multitude of other commodities in this country—rather than to take the inevitable dead-end road of attempting to improve our economy by restricting our markets, with the inevitable effect that all Americans from all parts of this country will be hurt.

Mr. President, I expect that at some time in the immediate future, a motion to table this amendment will be presented. I urge my colleagues to support that motion, both because the amendment is a destructive and a negative one and because it is important that we pass the bill to which this amendment is attempted to be attached.

Mr. JOHNSTON. Mr. President, I rise in support of Senate Joint Resolution 77, which would approve the compact of free association. I would like to associate myself with the remarks made by the chairman of the committee, specifically with his description of the committee amendments and the reasons therefor. As the chairman noted, the history of U.S. administration of the trust territory and the negotiations is amply documented and that the most eloquent testimony in support of the compacts came from the peoples affected.

Mr. President, I have particular familiarity with the subject. My first assignment when I came to the Senate was as chairman of the Subcommittee on Territories of the then Committee on Interior and Insular Affairs. I have visited Micronesia, and in 1974 and 1975 I participated in and chaired the comprehensive oversight on public works programs in the trust territory which the Committee on Interior and Insular Affairs conducted. That oversight led to the establishment of the 5-year Capital Infrastructure Program which is only now reaching completion. Together with Senator McCLURE and the then chairman of the committee, Senator Jackson, I participated in a series of oversight hearings which the committee conducted on the process of negotiations and together with Senator Jackson, Senator McCLURE, and others floor managed House Joint Resolution 549, which approved the covenant to establish a Commonwealth of the Northern Mariana Islands.

Mr. President, one of the most eloquent statements given before the committee during our hearings on the compact was presented by John Mangefel, Governor of the State of Yap in the Federated States of Micronesia. One of the issues addressed by Governor Mangefel was any possible concern over whether the financial assistance provided for in the compact would be spent wisely. I think his answer is not only reassuring but also demonstrates that the confidence which we have in the future of this relationship is well placed. He stated:

> If we do not spend the compact and our local funds wisely, we will be hurting ourselves. It is a well known fact that in the past, it was impossible to audit the Trust Territory. This was partly because of centralized control, partly because of changing Administrations, and partly through poor management and accounting practices. I for one have complained loudly about practices of past administrations. When administrators waste U.S. taxpayers money, they are also short changing Micronesians. We know that better than anybody, and you can be sure we will be careful with the money.

I ask unanimous consent that the entire statement by Governor Mangefel be placed in the RECORD at the conclusion of my remarks. His statement also indicates how important it is that we continue to provide technical assistance in financial management, program administration, and infrastructure maintenance.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. JOHNSTON. Mr. President, I think the Department of the Interior under Assistant Secretary Montoya has done an excellent job so far, although I wish the Office of Management and Budget would someday realize how important the investment in technical assistance is not only in future budget savings, but in the achievement of self-government and the welfare of the peoples concerned.

Mr. President, I want to add my strong endorsement to the amendments adopted by the committee and briefly touch on my reasons for supporting two of those amendments. I concur in the analysis provided by the chairman of the committee with respect to the continuation of authorization for various programs and the discretionary authority provided to the President to continue other Federal programs during a transition period. Of specific concern to me is the adoption of the new section 4 which makes it clear that Congress will be directly involved in any attempt to change, modify, alter, or terminate any provision of the compact or subsidiary agreements incorporated into the compact by reference or the two mutual security arrangements. The peace and security of the Pacific area lay at the heart of the designation of Micronesia as a strategic trusteeship and should not be subject to the whims of particular administrations. The security of the region is as important to the Micronesians, who have seen battles rage across their islands, as it is to the United States which fought those battles. The commitment made by the United States to protect and defend the Federated States of Micronesia and the Marshall Islands is as important as the financial assistance in permitting these Governments to develop and provide for future generations in peace. There is a tendency in all administrations to forget the constitutional role of the Congress in the formulation and conduct of U.S. policy and I believe section 4 is an important provision to guarantee the role of the Congress and the opportunity of the Micronesian governments to have their desires and concerns fully considered prior to any change, alteration, modification, or termination of all or any part of the compact.

The second provision which I completely support is section 6 which places responsibility for the management of U.S. assistance to the freely associated states with the Secretary of the Interior. I participated in the hearing which the chairman referred to when Senator Jackson criticized the idea of placing the responsibility in the Department of State, and I concur wholeheartedly in the assessment by Senator Jackson and the concerns just expressed by the chairman of the committee. The record of the Department of the Interior is not without fault, and I have joined with the chairman of the committee in trying to correct those deficiencies. Despite this committee's efforts to enter into some dialog with the administration with respect to the future management of program and other assistance to Micronesia as well as the territories, the administration seems unwilling to discuss the issue. Last year, in a House hearing, the Department of State announced that its concept of post management relationship consisted in a:

> Two tiered interdepartmental body consisting of, first, a policy steering committee chaired by the Department of State . . . and second, an interdepartmental staff tailored to the requirements of the new relationship, attached to State for administrative support purposes and headed by State . . .

Of all the ill-considered and mischievous proposals which have surfaced, this is probably the worst. The original concept which Senator Jackson addressed would have been a simple transfer of authority from the Department of the Interior to the Department of State. That seemed to have been the administration's intention in submitting its fiscal year 1985 and fiscal year 1986 budget proposals, when funding was proposed under function 150 of the budget within the Department of State. Anyone familiar with the process of the foreign aid appropriations can guess what the possibilities would be for the Micronesians ever seeing any assistance from the Department of State, much less prompt attention to a situation such as the cholera epidemic in Truk or the leprosy outbreak in Ponape. In fact, the only significant efforts which the Department of State has made with respect to budgeting for Micronesia has been to seek funds for lavish residences for State Department employees, the cost of which exceeds the limited funding which the Office of Management and Budget has grudgingly agreed to for assistance to the Micronesian governments in the relocation of their capitals. I fully agree with the chairman of the committee that the proper provision of the financial, programmatic, and technical assistance contemplated under the compact, as well as the ability of the United States to respond in a timely fashion to any needs which might arise, has virtually nothing to do with the recognition of either the Federated States or the Marshall Islands as fully sovereign self-governing countries in free association with the United States. On the contrary, I would argue that the nature of the financial and other assistance lies at the heart of the relationship and it is as important to the United States as to the Micronesians that it be provided by agencies with the expertise, the knowledge, and the capability to provide such assistance. That is neither the role nor the mission of the Department of State. I would also note that the provision in section 6 providing that the Secretary of the Interior would appoint the resident representative for the United States in each of these areas is consistent with the answers which the administration provided to the questions posed by the committee during our May 1984 hearing. At that time, the committee inquired as to whether the resident representative would be involved in the provision of technical and other assistance, basically line agency functions, and who would appoint the representative. The administration responded that the resident representative would engage in line agency functions and would be appointed by the head of the new management office. Since it is not appropriate for the Department of State to undertake line agency functions, it is also consistent that the agency designated in the legislation appoint the resident representative. It would make little sense to assign the responsibility for the provision of line agency functions to one agency only to have the implementation of that assistance frustrated because the person on site was not responsible to the head of that agency.

Mr. President, I join with the chairman of the committee in offering my congratulations to the peoples of the Federated States of Micronesia and the Republic of the Marshall Islands and specifically to their elected representatives who came to Washington to testify in favor of the compact. Free association has been the desire of the Micronesian Governments since the beginning of the negotiations and was the recommendation of the Congress of Micronesia's Future Political Status Commission in 1969. I ask unanimous consent that the statement of intent from the July 1969 report be printed in the Record at the conclusion of my remarks. It is a remarkable statement and I believe demonstrates the friendship and trust with which the Micronesians enter into this relationship and I would like to assure them that it represents mine.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. JOHNSTON. Mr. President, I also join with the chairman, Senator McClure, in endorsing this legislation as reported by the Committee on Energy and Natural Resources, and I urge its enactment.

Mr. President, I am for this bill. As a matter of fact, I am a coauthor of this bill, but I shall nevertheless vote to table. Very quickly, I will state why.

We have been working on the instant legislation, the Compact of Free Association, for a dozen years. It is of vital importance to the territories involved. There is a short time fuse involved.

The problem is that this legislation is in that intermediate zone. It is legislation that should pass, but it is not must pass legislation. Therefore, it is certain, I think, to attract a Presidential veto and probably not be overridden.

I urge the authors of this good legislation to put it on the debt limit bill. That way it will be certain to pass, and then I will vote for it, but not on this legislation, because this needs to pass, and it should pass quickly.

EXHIBIT 1

GOV. JOHN A. MANGEFEL—STATE OF YAP, FEDERATED STATES OF MICRONESIA

Mr. Chairman and members of the committee: I wish to express my gratitude for having the opportunity to place a statement in the record enouraging your favorable consideration of the Compact of Free Association for the Federated States of Micronesia. I apologize if this statement seems too long.

In this statement I hope to put the compact and Micronesia in perspective historically, politically, and financially.

As you may know it was an act of a pope some 400 years ago which has brought us to this moment. At that time we were self-sufficient. We made war and love on our own terms like everyone else. We were independent. we didn't know we were ignorant and undeveloped.

But along came the Spanish for gold and God. In Micronesia they gave us a lot of God, but no gold. The Germans then followed. They were interested in commerce and exporting copra. But they weren't around very long. Something to do with a big disagreement in Europe. We were then mandated to the Japanese Government. The Japanese were interested in colonizing and developing Micronesia. By this I mean the islands, of course, not the people. Well, finally, along comes the United States and we get trusteeshipped to you by the United Nations. During this 400 years a lot of important events and changes took place. Micronesia didn't change much, though.

Since U.S. Forces set foot on Micronesian Islands, a lot of changes have taken place. During that 40 years the United States has had many Presidents, both Democrat and Republican. We are a young nation, and our first President came into office only in 1979.

I was 34 years old when I first heard about the status issue in 1966. I have been connected with the status negotiations when they started 14 years ago. I am now 52 years old. That is a lot of time to invest in one project. Micronesians, however, on the whole are a patient people. Despite this, I hope that this Congress will have the distinction and honor of approving the Compact of Free Association. There is not much to say about the political perspective. Because we are part of a United Nations trusteeship, members of the U.S. Congress do not have a political constituency in Micronesia. Since the negotiations started we have worked with three Republican and one Democratic administration in the executive branch, and, of course, with Senators and Representatives of both parties in the Congress. Consideration of Micronesia has always been a nonpartisan activity and I think this fact has served everyone well.

I mentioned financial considerations. Some people will think there is a lot of money in the compact. I agree. It is a lot of money. They may see that there are not a lot of people. So if you divide the lot of money into the not a lot of people, it looks like a lot of money for few people. Well, if you packed us all onto one island like Americans do in their cities, it would be a lot of money. But when you are talking about hundreds of Islands spread over thousands of miles, then it not so much. The FSM, for example, has four major airports, hospitals, docks, powerplants, and so on and they have to be maintained. Like democracy, it is an expensive proposition.

Like the expense of democracy, it is also a good investment. It costs less than building a nuclear submarine, or aircraft carrier, but Micronesia is not in danger of sinking. It costs less than what Americans pay for alcohol and tobacco every year, and it certainly is a lot healthier. It costs less than it does to operate the U.S. Congress, and it certainly is a lot less political.

Now, if I were on your side of the table, and I was when I was in the Congress of Micronesia, I would ask: "How do we know that the money will be spent wisely?" There are a lot of easy answers to that question, provisions in the compact, and so on. But the most realistic answer is if we do not spend the compact and our local funds wisely, we will be hurting ourselves. It is a well-known fact that in the past, it was impossible to audit the trust territory. This was partly because of centralized control, partly because of changing administrations, and partly through poor management and accounting practices. I for one have complained loudly about practices of past administrations. When administrators waste U.S. taxpayers' money, they are also shortchanging Micronesians. We know that better than anybody, and you can be sure we will be careful with the money.

Let me close with this thought: "Because the compact reflects the will of the people, I hope that both the U.S. Congress and the international community will recognize that self-government for the peoples of the trust territory should not be delayed." Those are not my words. They are from President Reagan in the recent issue of Pacific Magazine. I heartily agree with them, so we can soon get back to the self-government we had 400 years ago.

Thank you very much.

Exhibit 2

Statement of Intent

Twenty-two years ago, when the islands of Micronesia were constituted as the Trust Territory of the Pacific Islands and placed under American administration, the United Nations directed that the administering authority "promote the development of the inhabitants of the Trust Territory toward self-government or independence as may be appropriate to the particular circumstances of the Trust Territory and its peoples and the freely expressed wishes of the people concerned." At that time, when the traumatic damage and dislocation of war had barely passed, when the distance between the Territory's six districts seemed so great as to call into question the area's very existence as a single administrative unit, when American plans in the Trust Territory were as vague as Micronesians' future intentions, there was little urgency about what has come to be known as the "future political status" of the Trust Territory. Yet with the passage of time, with the formation in 1961 of the Council of Micronesia, in 1964 of the Congress of Micronesia, and in 1967 of the Congress' Political Status Commission, we have reached our years of decision.

The Political Status Commission was created to study the alternatives before Micronesia and to make its recommendations to the Congress and to the people of Micronesia. We have not taken this task lightly nor have we accomplished our work quickly. Two years of study have gone into the recommendations we now make. We have consulted amongst ourselves. We have consulted scholars and administrators. We have weighed the interests of America and our own people. Members of the Commission have travelled to the Virgin Islands, a territory of the United States, to Puerto Rico, a commonwealth of the United States, as well as to Washington.

Most recently, in order to learn what these islands could reasonably expect or hope for in the future, the whole Commission visited island groups throughout the Pacific. We saw American Samoa, a territory of the United States, and Western Samoa, a former territory which has chosen independence. In Fiji we visited a crown colony of Britain. In Papua-New Guinea we toured the only other surviving Trust Territory in the world. Also, in our travels, we talked with leaders of Nauru, an independent island-nation, and the Cook Islands, a state in free association with New Zealand. We believe that we have acquainted ourselves with every alternative we might possibly face; that we have studied and contemplated every reasonable political arrangement for Micronesia. After all our study and travel, after candid discussion with each other and deep personal thought, after having considered as many as a dozen political possibilities, we have reduced the desirable alternatives to two, and from among these two, we have chosen one.

To the Congress of Micronesia, to the district legislatures and municipal governments of Micronesia, to the Trust Territory administration and the Government of the United States, the Political Status Commission makes the following recommendation: that the Trust Territory of the Pacific Islands be constituted as a self-governing state and that this Micronesian state—internally self-governing and with Micronesian control of all its branches, including the executive—negotiate entry into free association with the United States.

In recommending that the Trust Territory become a free associated state, the Political Status Commission recognizes two inescapable realities: the need for Micronesian self-government and the fact of long-standing American interest in this area.

We choose a free state because the continuation of a quasi-colonial status would prove degrading to Micronesia and unworthy of America. Difficulties and problems will surely arise, but the administering authority in these islands must become an authority administered by Micronesians. At the same time, we choose an associated state because we recognize the historically unique partnership between Micronesia and the United States. In recommending free association with the United States, we seek not an end but a re-definition, renewal and improvement of this partnership.

Whatever our particular evaluations of the American administration in Micronesia may be, we feel that one contribution has been indelible, one achievement almost unqualified: the idea of democratic, representative, constitutional government. Our recommendation of a free associated state is indissolubly lined to our desire for such a democratic, representative, constitutional government. We endorse this system—which was brought to us by America and which we have come to know as an essentially American system.

Yet our partnership with the United States and our endorsement of the American democratic system must be joined by our wish to live as Micronesians, to maintain our Micronesian identity, to create a Micronesian state. Such a state, we believe, would be a credit to America and to ourselves. As a self-governing state in free association with the United States, our past twenty years of partnership would be raised to a new level in a compact, not between guardian and ward, but between more nearly equal friends.

Now we must ask, as others will ask, what can a self-governing Micronesian state hope for from its free association with the United States? And what can the United States expect from Micronesia? As a self-governing state, Micronesia will continue to look to America: for representation and protection in international affairs, for material and human assistance in the affairs of government, but in times of crisis and in day-to-day operations. As a self-Governing state, Micronesia's needs will be as great or greater than as a Territory. We do not underestimate the problems we will face. We do not wish for any lessening of American concern for Micronesia or of American presence in Micronesia.

How, then, will America benefit by entering into association with Micronesia? How can Micronesia hope to reward continued American contributions to its development? We would point out—without the slightest suggestion of self-righteousness—that there was an element of trust, of moral obligation, involved when the United States undertook responsibility for these islands, and that such an obligation, which was begun when these islands were in ruins, should not be ended when they are reaching for political maturity.

Yet there is one item of material value which Micronesians can offer the United States—an item which is most precious in Micronesia and to Micronesians: the use of their land. Micronesians recognize that their islands are of strategic value, that the United States may require the use of some areas for purposes of military training and defense. We have seen the strategic value of these islands, have seen them conquered in historic battles, have seen them used for nuclear experiments and missile testing. Our experience with the military has not always been encouraging. But as a self-governing state in free association with the United States, we would accept the necessity of such military needs and we would feel confident that we could enter into responsible negotiations with the military, endeavoring to meet American requirements while protecting our own interests.

Relinquishing use of land, accepting the presence of large numbers of military personnel, accepting the risk of treatment as a target area by a hostile power in war are not conditions to be lightly undertaken. But as a self-governing state we would be far more prepared to face these prospects than as a Trust Territory.

Thus, with a sense of the profound responsibilities upon all concerned, the Political Status Commission repeats its recommendation that Micronesia be constituted as a self-governing state in free association with the United States.

To turn this recommendation into reality, we must face long and complex negotiations. The United States may be called upon to make unprecedented provisions and accommodations, but we are confident that they will meet with us openly and in good faith. From the time it acquired territories in the Louisiana Purchase of 1803, through the settlement of the continental United States, the acquisition of Alaska and Hawaii, Puerto Rico and other island areas, the United States has dealt flexibly and imaginatively with its territories. It has shown a willingness to evaluate each territory as a separate case—and Micronesia surely is that.

For ourselves, we look forward to the success of future negotiations with the United States. But if these negotiations should fail, if it should not be possible to achieve the alternative we recommend, then we have only one remaining course. It is the second alternative mentioned in the Trusteeship Agreement, an alternative which might bring economic hardship and administrative difficulties. That alternative is independence. Independence is not the alternative we now recommend, but if it should prove impossible to renew our partnership with the United States as an associated free state, the Political Status Commission feels that independence would be the only road left open to us.

In the times to come, we will look to the United States for friendship and aid; but, whatever our relationship with the United States, whether as an independent nation or an associated free state, we must also look to Micronesians, look to ourselves. We maintain that the basic ownership of these islands rests with Micronesians and so does the basic responsibility for governing them.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, we have now been on this matter for 5 hours. I do not say that because it is unimportant. I say it because it is extraneous to the matter that is before the Senate, which is the Compact of Free Association.

I indicated to all Members at the outset that I did not wish to stifle debate or the opportunity for them to express themselves on this issue. But I am prepared to make a motion to table, and I will do so very soon. But I want to tell my colleagues why, because I think the Senator from Louisiana and I have the same opinion: Trade legislation is important legislation. It ought to be decided by this body and by Congress and by the legislative-political process in this country.

Mr. President, I have to oppose this amendment at this time, although I am a cosponsor of this amendment. I have great sympathy for the objective of the amendment. I agreed to cosponsor it when it was introduced originally as S. 680.

I have talked with the chairman of the Finance Committee. The Finance Committee has had 9 or 10 hearings this year on this subject matter. It is not that the matter is not being considered. It has not yet been brought to the floor of the Senate by the Finance Committee, but it is being considered in the appropriate forum where it, and all trade matters, can have an equal hearing in a balanced manner and not just one commodity or just one area of trade policy affected.

This compact, however, is now being held hostage not just to this amendment, because there will be a whole series of amendments to be offered, and on a whole variety of extraneous and unrelated, nongermane subjects.

The compact is the result of 15 years of negotiations. It has twice been reported unanimously by the Committee on Energy and Natural Resources. It has been passed by the House. It has been sitting on the Senate calendar—and sitting and sitting.

The compact would provide the basis for terminating the United Nations trusteeship and ending 400 years of foreign domination of these islands. It protects the security of these islands from future foreign influence and provides the opportunity for the people of Micronesia to live and develop according to their own desires and aspirations.

This is not some casual measure to be used as a vehicle for everyone's current cause. The textile amendment is only one amendment suggested to date.

The Senator from Utah has indicated a desire to add a compensation package, which also has never reported by a committee. The Senator from Colorado has indicated that he wants to use this as a vehicle for a $10 a barrel oil import fee. The Senator from New Hampshire wants to repeal most-favored-nation status for Afghanistan. The Senator from Iowa has three nongermane amendments that he would like to offer to this legislative package when he has the opportunity to do so.

If we are going to get into this, I would like to repeal section 2(c) of the Mineral Leasing Act and set a grazing fee for public lands at a rational figure, such as $1 per animal unit month.

Perhaps we could solve that problem after several hours or days of debate.

I am certain that the Senator from Louisiana would probably like to do the coal slurry pipeline——

Mr. JOHNSTON. Good idea.

Mr. McCLURE [continuing]. On this legislation and get that one out and settle it here on the floor of the Senate.

This is not the last train out of the station. This is not the place we have to solve all the current problems that any individual Member may be able to bring to mind.

The senior Senator from California has some strong feelings about a moratorium on the Outer Continental Shelf, as do I, and we could probably debate that for 2 or 3 days if we had time.

Maybe what we should do is put out a hotline request to all Members of the Senate and say pick out your one favorite issue and come on, we will take them all, and after we have amended the bill with 99 or 100 different amendments, we will take it over to the House and let them sort it out.

Maybe that is the way to advance the cause that is a very important question for this country not just this Congress or just this Senate, but the important question of resolving the status of the Trust Territory of the Pacific Islands.

Mr. President, this compact should have been passed by the Senate last Congress when the President transmitted it. It should have been passed clean without any of these collateral amendments. It should have been passed clean earlier this year when we again reported it favorably to the Senate.

Mr. President, on October 1 the lease for the use of the Kwajalein missile range expired. We have important military considerations in the use of that missile range, and that contract has expired.

We have claims pending against the United States Government for compensation of those who were affected by our atmospheric testing of atomic bombs at Bikini Island. That is under a stay order in the Court, but in spite of the fact that is it not proceeding forward to resolution, the pretrial discovery is going forward and we are responsible for all those bills.

So you have a host of lawyers going all around the world looking for every person who was at or near Bikini Island at the time of the explosion and they will get depositions from all of them and there will be hundreds and thousands of those depositions. People have suggested that the pretrial discovery process itself could cost as much as $100 million. That cost is not for settlement of the claims, but is just to pay the lawyers for all the busywork.

This compact, if we can get to it and pass it, settles those claims. It avoids that litigation. If approved by the court, we would have brought that matter to a conclusion.

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I outlined the question of the trusteeship in my opening statement—how we came to have this kind of a trusteeship relationship over these islands in the Pacific and why it is important to us to resolve the question of their future status. We are not sole actors in this. We have a responsibility under an agreement with the United Nations. We seek to get an agreement from the people who are involved so that they and we can go to the United Nations together and say we want to create a new relationship and dissolve the old trusteeship.

The Compact of Free Association for the Marshalls and for the Federated States of Micronesia has been submitted to a plebiscite of the peoples involved and they approved it 2 years ago and they have been waiting for our action for 2 years. At some point they may well decide they have waited long enough.

I happen to be just old enough to regard World War II as my war. It is the one I lived through. It is the one I relate to. It is the one I have some emotions about. I watched as American GI's went out across the pacific to extinguish the Japanese military presence in these islands and thousands of American young men died in those islands as a result of a trusteeship under the League of Nations in which Japan abused their relationship and fortified them and made them military bases. It cost us dearly.

I do not want to see a time in the future where because of our unwillingness to act on this question we see a foreign military presence in those islands again.

This compact, if ratified, would avoid that possibility because there is a mutual security arrangement expressed in the compact that makes foreign military presence impossible.

It guarantees the security of the area but is importantly in the interest of the United States to resolve in that manner. We have no assurance that if these compacts are not adopted by the United States Government that indeed we will be able to achieve the result in any other manner.

Mr. President, the Senator from Louisiana said it very well. No matter how we feel about the issue of trade relationships or trade problems of this country, no matter how we feel about the textile questions themselves, no matter how I feel about the import of lumber from Canada, no matter how I feel about the grain trade with the Far East, this is not the time and place to try to resolve those complex issues at the price of exacerbating the relationships and creating tensions and problems for our country and threatening the security of our country just in order to resolve or attempt to resolve those issues as important as they are.

Mr. President, this amendment will not solve those problems. For that reason I am going to make a motion to table. If the motion to table is not agreed to, we still have not passed the amendment. We have only stopped the progress toward passage of the compact.

Mr. President, this, it seems to me, is not the time and the place and the manner to debate what is understandably an extremely difficult issue, but it has no place on this compact and I not only will offer the motion to table but I will fight the adoption of this or any other amendment that has the potential for killing the result of 15 years of work that is so vitally important to the United States. I say that reluctantly to my friends who feel very strongly about the textile issue, but it simply cannot be allowed to jeopardize the interest of the United States that would be solved by the passage of the Compact of Free Association.

Mr. HEFLIN. Mr. President, some experts have linked declining manufacturing employment particularly in the textile industry with mounting trade deficits. I believe they are correct.

I do know that the Southeast and Alabama has lost thousands of manufacturing jobs in the past 5 years primarily due to high value of the dollar in the world market and the foreign competition, in many instances unfair foreign competition.

This declining manufacturing employment—which has averaged more than 6 percent annually—has been the reason for some of the economic stagnation felt in Alabama and our sister States and the remainder of the Nation.

I have been, and still am, very disturbed about the developing trend of foreign subsidized products being dumped in America at below market prices. It is unfair, and uncompetitive, and blatantly illegal. existing trade laws prohibit these activities. The past failure of the U.S. Goverment to enforce these laws is a major problem. The lack of strict enforcement has significantly contributed to the decline of textile industry in this country. That is absolutely inexcusable.

The pending amendment would limit textile imports from various countries and is absolutely necessary for the survival of the textile industry in the United states. I have pledged to the people of Alabama and to the textile workers of Alabama my wholehearted efforts to pass this legislation as swiftly as possible while there is still a textile industry to save.

Regardless of administration claims of assistance to the American textile and apparel industry and to workers employed in that industry, it is impossible to deny the following facts: No. 1. Over 300,000 textile/apparel/fiber jobs have been lost in this country since 1980. No. 2. Over that same 5-year period textile/apparel imports have increased 100 percent. No. 3. Fifty percent of all finished apparel items sold in this country are now imported.

Even though this industry has been devastated by imports, the domestic textile/apparel/fiber industry is making every effort to remain competitive.

Over $1 billion a year have been reinvested by the textile/apparel industry to improve technology. In 1985, a record $2.1 billion will be reinvested.

The textile industry has imported productivity 10 percent since 1980, which is significantly higher than the national manufacturing average.

Meanwhile since 1981, this industry has found itself in a deteriorating economic environment.

It is no coincidence that it was that year that the dollar began its sharp ascent over other currencies of the world, and it is neither a coincidence that 1981 was the year the Federal Government began piling up record budget deficits.

The volume of U.S. exports has fallen 10 percent since then, while imports increased more than 40 percent.

A few years ago, we sold the rest of the world far more than we bought from them. This past year we bought from other countries $120 billion more than we sold to them. And now the Commerce Department estimates that the red ink will add up to a $169 billion annual trade deficit.

These trade deficits shake the very foundations of our country.

First, they are endangering our national security. I know that in recent months the United States has become a debtor nation. As our trade deficits increase, foreign interests will own and control more and more of our Nation's businesses, institutions, and resources.

Second, we are exporting American jobs to other countries. Every time we import $1 billion more in goods and services from abroad over than we are able to sell, we export 20,000 to 30,000 jobs from this country.

Third, these mounting trade deficits are damaging key and essential sectors of our economy—not just the textile industry which we are addressing today, but every major segment of our economy. For example, our agricultural economy is being devastated by foreign competition enhanced by the high value of the dollar.

And our textile industry is being strangled. Since 1981 Alabama and every Southeastern State have steadily lost textile jobs. The region's mills have reduced their employees by 20 percent—that's 120,000 workers.

In the Southeast States, producers of metal and metal products have lost more than 30,000 jobs during the last 6 years, more than two-thirds of which were in Alabama, due primarily to high-dollar foreign competition.

We must not lose sight that the first priority is and must be to bring into control the massive Federal budget deficits. These budget deficits are a substantial cause of the overvaluation of the dollar, which in turn pushes trade deficits higher and higher.

We must address the root of the problem and bring Federal spending under control. I am convinced that the only long-range solution to put our financial house in order is a constitutional amendment to balance the Federal budget.

In addition, we must work to improve the productivity of our national workforce by investing in training and education. The jobs of the 21st century will require higher and higher educational levels.

To improve the technology level of our industry, innovative ideas and ingenious incentives must be tried. If this country is to keep the highest standard of living in the world, we must have the best educated work force, the most productive workforce, working in the best environment and circumstances we can provide.

But I fear that our textile/apparel/fiber industry, faced with an onslaught of foreign competition, must have relief if it is to remain viable enough to be helped by those remedies I have just mentioned.

Today, almost one half of all textiles/apparel sold in this country have been manufactured abroad. That percentage grows daily.

Clearly, U.S. textiles/apparel management and labor are making every effort to modernize, compete, and survive; but this industry must be supported in those efforts by more vigorous, effective enforcement of our trade laws. The time to begin is now.

Mr. GRASSLEY. Mr. President, while I am deeply concerned about conditions facing the domestic textile and apparel industry and its workers, I must reluctantly oppose this legislation. I do so only from the standpoint of, while aiding an admittedly ailing industry, it may simultaneously deal a body blow to another troubled sector of the economy—agriculture.

As my colleagues are aware, agriculture has already suffered tremendously as a result of some of our own domestic policies, and we can ill afford to pound another nail into the coffin. American farmers remember well the 1983 decision to restrict Chinese textile products and the resulting grain sale losses of $500 million.

With U.S. farm exports in the midst of a prolonged slump, we cannot risk retaliation from the countries at which this bill is aimed, and upon which agriculture exports are dependant. The total value of U.S. agricultural exports to East and Southeast Asia in fiscal 1984 was $12.5 billion—up some $1.5 billion from 1983. These Asian countries purchased about one-third of all agricultural exports from the United States last year.

In addition, the bill would have other effects—less direct perhaps—but just as harmful, on our potential export markets. By stifling the development of some of the more severely in-debted countries and draining them of important foreign exchange currency, we further threaten them with insolvency. All of this results in decreased export markets for U.S. products and threatens the solvency of our own domestic banking institutions.

The effects of this legislation, I believe, are not only damaging to our U.S. economy, but to our long term international interest. Domestically it would cost American consumers an estimated $14 billion per year, with low-income families hit the hardest. While it could be argued that jobs would be created in the textile industry, the International Business and Economic Research Corporation estimated that 62,000 retail jobs would be lost—743 of which would be in Iowa alone. With the economic conditions as they are in Iowa today, we can't afford to lose one job, let alone another 743.

I feel that all of us, whether we work in agriculture, steel, textiles or some other industries, need to look for broader solutions to solve our trade problems. We need to begin by establishing a national trade policy, further reduce our budget deficits, bring down an over-valued dollar, enforce our existing trade laws and get at the root cause of our trade problems rather than simply treating the symptoms. These solutions offer more long-term hope to industry as well as agriculture than do any short-term remedies such as this bill.

Mr. PRYOR. Mr. President, today the Senate has an opportunity to go beyond the empty rhetoric of the administration and take some meaningful action in the area of international trade. I support the pending amendment and I hope it is adopted by the full Senate.

Mr. President, the American people are growing increasingly weary over plant closings that literally devastate communities across this country. They are growing tired of seeing a flood of imports come into this Nation, and each of us is constantly being asked about our country's trade policies. I have frequently mentioned that lately we have had no trade policy, and recent actions by the administration have shown that when certain industries come forward, demonstrate the necessary injury under existing trade laws, and relief is recommended, this plea will be ignored. This is the case even though it is consistent with the letter and spirit of international law and the obligations we have to our trading partners.

This is what happened to the shoe industry, a very critical industry to certain parts of the State of Arkansas. Arkansas ranks 10th in shoe production, and shoe production is the principal manufacturing industry in five counties in my State—all of which have a population of less than 25,000 each.

With imported shoes now accounting for 77 percent of the market, this industry sought relief from the International Trade Commission [ITC]. It was clearly demonstrated that serious injury was present, and yet, after the ITC recommended relief for the industry, this was rejected by the President.

Likewise, the textile and apparel industries are seeing an annual increasing tide of imports. In the last 18 months the State of Arkansas has lost 12 textile plants, and over 3,800 workers have lost their jobs. With the continuing import surge, this trend will continue. If the administration would fully enforce the terms of the multifiber agreement, this amendment would not be necessary. But, that has not occurred. Therefore, the textile workers, and the cotton producers, who saw their markets taken as the import surge continued, want to be able to compete on a fair basis.

Mr. President, we need fair trade. Approval of the pending amendment will not only help these industries and our constituents, but it will send a strongly worded message to the President and his trade advisers—it is time to work for fair trade, and very importantly, it is time to enforce the laws that are now on the books.

Mr. HEINZ. Mr. President, let us not doubt the importance of the decision we are making today. We are talking about an industry that employs 2 million people—more than basic metals and automobile manufacturing combined—and sustains another 2 million in associated industries. It is an industry that accounts for $45 billion of our GNP, that is by far and away the largest employer of women and ethnic minorities.

Let us also realize that the textile and apparel industry is facing its demise. Over the past 4 years imports of textiles and apparel grew at an average rate of 19 percent, now taking one-half of the domestic apparel market. The impact of this deluge of imports has been devastating. More than 300,000 jobs have been lost in the industry, 250 plants have been closed, and last year's deficit amounted to $16 billion. The economic research firm Data Resource, Inc., has estimated that if current trends continue the import share of the apparel market will be over 80 percent by 1995. They have calculated that the high import scenario they envisage, compared to allowing imports to grow at the rate of domestic market growth as President

Reagan promised in 1980 will cause a loss of 947,000 jobs in the textile and apparel industries, and an additional 943,000 jobs lost in other industries due to the ripple effect. That is a total of 1,890,000 jobs lost. Furthermore the Federal budget deficit, if trends continue, and the President's commitment is abrogated, will be worse by $24 billion, the trade deficit will increase by $21 billion, GNP will decrease by $40 billion, and disposable income by $19 billion.

The question we are addressing today is twofold. Should we do anything to try to reverse this? And if we should do nothing, that is best to concentrate our resources at what we are competitive at producing. Others say we should do somethng, but that we are better off with the present flexible Multifiber Arrangement.

As to whether we should do anything, although I believe in the principle of free trade, I think the textile and apparel industry is a special case. First, it is not an inefficient industry. Over the last two decades textiles have invested an average of $1 billion a year on modernization, including a record $1.7 billion last year. The combination of U.S. technology and U.S. working men and women have made America the world leader in productivity.

The problem is that we are competing with countries that do not give us a chance. China makes no pretense with this; it pays its workers 16 cents an hour, and aims straight at the United States market. Taiwan, Hong Kong, Japan, and South Korea all subsidize their industries through grants, no-interest loans, tax incentives, research and development aid and government industry partnerships. Furthermore they set low import quotas, which unlike the United States they adhere to manufacturing decisions are not based on the marketplace, as are ours, but on domestic needs; wages and profits are sacrificed for this greater goal. This amendment, which is the text of S. 680 is necessary not to protect an inefficient declining industry, but to put us on the same footing as our trading partners, and to restore some kind of equity to the marketplace.

Second, the free-trade argument as extolled by David Ricardo is based on the assumption that we should be concentrating resources where we have a comparative advantage. We should switch the million or so workers from textiles to an industry we have an advantage in. In principle this argument has some logic to it, but in the case of textiles, a majority of the workers are unemployable elsewhere, and so a rapid transfer of resources is not a viable short or medium term alternative. In recent testimony to the Subcommittee on International Trade of the Finance Committee, John R. Meinert, vice chairman of Hartmarx, and president of the Clothing Manufacturers Association, illustrated this point from his own experience. I quote:

> Among the 12,500 people we employ in our factories, many are first and second generation Americans who lack the language and skills to participate in other sectors of the economy.

Traditionally textiles has been the way immigrants have become integrated into our society. It would be ironic to say the least now to penalize these people by providing additional benefits to the countries they left. Not only are many of its workers from ethnic minorities, but a majority are women, who often are not in a position to move to areas with more job opportunities, and are not available for many types of employment. At Hartmarx 10,000 of the 12,500 manufacturing employees are women. Textiles, in the words of Meinert "provides the underpinning of the maintenance of their families, and we give marginally employable but earnest workers the skills to pursue a lifetime of employment." It is an industry that is of fundamental social value, and because of the nature of its labor force those laid off are not likely to find work elsewhere.

Third, the demise of the textile industry in this country would have serious national security repercussions. Clearly it would be impossible to equip and supply military personnel without textile and apparel products—uniforms, parachutes, medical dressings are but three examples. On April 3, 1984 their U.S. Trade Representative Bill Brock said:

> Every U.S. industry insists it is essential for national security. Textiles is the only one we accept, and that goes back 20 years.

Dr. Kennedy of the U.S. Army Netwick Laboratories has concluded that if the import trends of the 1980's continue it would be impossible for the textile industry to support any major military mobilization, let alone support the needs of the civilian population.

Mr. President it is for these reasons, because the industry is efficient, but facing unfair subsidized competition, because resources devoted to it cannot easily be utilized in other parts of the economy, and because for national security having no textile industry is unacceptable, that advocates of free trade in principle, like myself, believe textiles should be an exception. It is for these reasons that the current administration pledged, in the words of Ronald Reagan "to relate total import growth to the rate of growth in the domestic market" and it is for these reasons that the MFA was negotiated.

As we have learned in the last 4 years, this pledge was broken. Even the more generous growth limits MFA were not kept. Imports from Hong Kong, Korea, and Taiwan were supposed to be kept to 1 percent per year—in fact they have grown by 40 percent. The argument that continuing the MFA is the best way to protect our industry, if examined in view of what has happened in the last decade, is nothing short of absurd. Perhaps one might argue that things will change, that the administration will enforce the MFA with a new determination. I considered this, until I heard Ambassador Yeutter, our current U.S. Trade Representative, at the subcommittee hearing on this issue indicates that no rollbacks would be sought by the administration in future MFA negotiations, and that he thought ample protection was enjoyed at the moment—so "ample" is this protection that the industry may cease to exist in 10 years.

Past experience and current administration statements have convinced me that we need to translate the intent of the MFA into law. This is what S. 680 does; it will limit imports to the level they would have reached had the multilateral agreement been adhered to. It will restrict the largest exporting countries which have dominated our market and allow for growth from the smaller countries. Thus for major exporting countries imports in 1985 would be reduced to what they were in 1980, plus 6-percent growth for each subsequent year, as permitted by the MFA. From 1985 onward import growth for these suppliers would be limited to 1 percent per year. For smaller suppliers growth limitations would be 6 percent per year.

Opponents of this bill argue it will have the effect of raising textile and apparel prices. My own research makes me doubt it—at the press conference announcing the bill's introduction, I produced four blue shirts bought at Sears made or assembled in Colombia, Guyana, Hong Kong, and the United States. All were selling for $18.99, despite different costs to Sears. Independent research has backed up my findings. Monroe H. Greenstein, a retail analyst with Bear, Stearns & Co. in New York, has written:

> Retailers here don't go to all the trouble to buy overseas to pass on the reduced price to the consumer.

John Meinert in his testimony to the Subcommittee on International Trade makes this same point. I quote:

> The high margins available on these imported goods are used to benefit those who import them, as the differential is retained by the import-seller. The American consumer does not receive lower prices, and we know this to be true from our information about companies which compete in ovr retail markets.

In fact the real danger to the consumer might come about if we let our domestic industry deteriorate, and allow foreign suppliers to fix the price. Last year Crompton Co. folded, America's last producer of velveteen. A 33-

percent increase in the price of Japanese velveteen followed. The danger is real, but we have the opportunity to avert it.

Further, it is argued that the action this bill entails would lead to compensation/retaliation. Again this is something I doubt. Since the bill only tries to enforce the MFA compensation demands through GATT ought not to be successful. Unilateral retaliation by the major foreign producers—Korea, Hong Kong, Taiwan, is equally unlikely in view of the fact that they all now have trade surpluses with us. Any retaliatory war will hurt them more than us. China is in a somewhat different situation, but its significant increases in production of agricultural goods in the last few years make it less dependent on agricultural imports and likely it will continue to reduce such imports regardless of what policy we pursue.

Finally, I have heard it said that this bill overreacts to the situation. The strong dollar, it is held, is responsible for the problems of the textile and apparel industry. The trade deficit is the product of our budget deficit, once we deal with that, the other will vanish. In general, taking the trade deficit as a whole, I believe the best way of dealing with it is to reduce the budget deficit, lower interest rates and thereby lower the value of the dollar. But that policy by itself will not adequately address certain sectional problems like textiles and will not help us recover the ground we have lost. A majority of U.S. imports of textiles and apparel has come from countries which have maintained a relatively stable exchange rate with the U.S. dollar. Three of the four largest apparel exporters, Taiwan, Hong Kong, China, and the Philippines not to mention the increasingly important countries Singapore, Sri Lanka, Thailand, and the Dominican Republic have not been affected by the exchange rate to the extent others have. The countries that have been significantly affected by the U.S. dollar's appreciation—the European Community and Canada—are not included in the provisions of this bill.

Mr. President, for the reasons that I have outlined, I urge my colleagues to support our textile and apparel industry by adopting this amendment. We have a chance to save the Nation's largest employer, to make a commitment to fair trade, to serve the best interests of the consumer. I ask that we take it.

Mr. McCLURE. Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second. The yeas and nays were ordered.

The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. East], the Senator from Arizona [Mr. Goldwater], the Senator from Florida [Mrs. Hawkins], and the Senator from Indiana [Mr. Quayle] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. Biden] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 42, nays 53, as follows:

[Rollcall Vote No. 201 Leg.]

YEAS—42

Abdnor
Andrews
Armstrong
Baucus
Bentsen
Bingaman
Boren
Boschwitz
Bradley
Burdick
Chafee
Chiles
Cranston
Danforth
Domenici
Durenberger
Evans
Exon
Garn
Gorton
Gramm
Grassley
Hart
Hatfield
Hecht
Humphrey
Inouye
Johnston
Kassebaum
Lugar
Matsunaga
McClure
Nickles
Packwood
Pressler
Simpson
Stafford
Stevens
Symms
Wallop
Wilson
Zorinsky

NAYS—53

Bumpers
Byrd
Cochran
Cohen
D'Amato
DeConcini
Denton
Dixon
Dodd
Dole
Eagleton
Ford
Glenn
Gore
Harkin
Hatch
Heflin
Heinz
Helms
Hollings
Kasten
Kennedy
Kerry
Lautenberg
Laxalt
Leahy
Levin
Long
Mathias
Mattingly
McConnell
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nunn
Pell
Proxmire
Pryor
Riegle
Rockefeller
Roth
Rudman
Sarbanes
Sasser
Simon
Specter
Stennis
Thurmond
Trible
Warner
Weicker

NOT VOTING—5

Biden
East
Goldwater
Hawkins
Quayle

So the motion to lay on the table amendment No. 724 was rejected.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CLOTURE MOTION

Mr. THURMOND. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on amendment No. 724 to S.J. Res. 77, a joint resolution to approve the "Compact of Free Association", and for other purposes.

Strom Thurmond, Ernest F. Hollings, Bill Cohen, George J. Mitchell, David Pryor, Russell B. Long, John D. Rockefeller, Paul Simon, Jesse Helms, Paul Trible, Mack Mattingly, Alphonse D'Amato, Bob Dole, Christopher Dodd, Orrin G. Hatch, Al Simpson, Jeremiah Denton, John Warner, Robert Kasten, and John Heinz.

ORDER OF BUSINESS

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I seek recognition at this time in order to ask the distinguished majority leader if he could give us a rundown on the program for the rest of the evening and tomorrow and Friday and Monday.

Mr. DOLE. Mr. President, I thank the distinguished minority leader. It is my hope that tomorrow, we can move to the extension of the debt ceiling and, hopefully, complete action on that on Friday. I hope tomorrow will be an abbreviated day because a number of Senators have outside commitments starting at 3 p.m. On Friday, I do not know of any other way to say it except that we are going to be in session, and we hope to complete action on the debt ceiling on Friday. We are advised by the Treasury Department that October 7 is a sort of "drop-dead" day as far as what will happen at Treasury.

It is still my hope we might work out some agreement on each side that we will have an equal number of amendments on the debt ceiling relating to deficit reduction and perhaps dispose of the debt ceiling, at least on the Senate side, and go to conference early next week.

Mr. BYRD. Mr. President, does the distinguished majority leader anticipate more rollcall votes tonight?

Mr. DOLE. Not tonight, Mr. President. I was hoping that a cloture motion would not be filed to the pending amendment. I find myself now in a position where I shall be voting against cloture because I need to move on to the debt ceiling. If we are going to start having everybody calling the shots, then I shall have to abandon my support for the textile bill.

Mr. BYRD. Mr. President, as I understand the distinguished majority leader, there will be no more rollcall votes after 3 o'clock tomorrow?

Mr. DOLE. That is correct.

Mr. BYRD. And on Friday, does he expect rollcall votes?

Mr. DOLE. On Friday, I expect rollcall votes. As to Saturday, we indicated earlier we might have a session, but we shall not have a session on Saturday.

If we should not finish the debt ceiling on Friday, we shall have to go back and vote on cloture on Friday on the pending amendment, which will take some time. Then we anticipate rollcall votes on Monday on the debt ceiling.

Mr. BYRD. Can the distinguished majority leader indicate at this point at what hour on Monday rollcall votes might begin?

Mr. DOLE. Mr. President, I think it depends on where we are on the debt ceiling. I do not think we can protect people until 4 o'clock on Monday if we have not made substantial progress, because of the need to go to conference. Apparently, on Monday, the taxpayers start feeling the crunch on the lack of a debt ceiling. Checks are in the mail. There will not be enough cash in the Treasury to honor the checks when they return and somebody will be looking for someone about that time.

Mr. BYRD. Mr. President, I thank the distinguished majority leader.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, let me ask the distinguished majority leader, as he can well understand how to prevail, we are ready for a vote. Obviously, the membership has been told there are not to be any more votes tonight. I understand his desire is to set this aside. For what reason is that?

Mr. DOLE. Because we need to consider the debt ceiling so we can borrow the money and honor the checks that will be due and pay our debts.

Mr. HOLLINGS. I am not against that. As the Senator knows, I am principal cosponsor with Senator GRAMM on deficit reduction. But we are ready to go, and I think some on your side want to have extended remarks. On this side, we use the crude word, "filibuster," I guess.

Is that the concern of the majority leader?

Mr. DOLE. My primary concern is to pass the debt ceiling extension.

Mr. HOLLINGS. We are ready to vote on our amendment now or we can reach a time tomorrow morning on an up-and-down vote is what I am saying. We are not trying to delay cloture for obvious reasons.

Mr. DOLE. I understand that, but there are 40-some who have a different view. I think a number of those 40 would like to discuss their views on the pending amendment, which up until now I have supported.

Mr. HOLLINGS. I understand the majority leader, but I do not know of any of those on this side who would filibuster, or extend debate, at all. In fact, on cloture, I feel confident we probably can get the vote. What we are saying is we are ready to vote. We are not trying to disrupt the majority leader's handling of events. But after all, since we have had all of this discussion, then why not get that final vote?

Mr. DOLE. I would have no objection to that, but I am advised by a number of colleagues that they would not want that to happen soon.

Mr. HOLLINGS. Soon.

Mr. DOLE. Yes.

Mr. HOLLINGS. What is the intent of the majority leader tonight, to go over with this bill still pending?

Mr. DOLE. To go over with this bill still pending and hope to move to the debt ceiling extension at around 11 o'clock, or no later than noon tomorrow. We have only about 3 hours tomorrow because of the necessary absence of a number of Senators on each side of the aisle starting at 3.

We will come back in early on Friday morning and hopefully complete action on the debt ceiling extension. Part of that day will be chewed up now because a cloture motion has been filed. We will have to waste a couple of hours on that on Friday.

Mr. HOLLINGS. The Senator sees my point. I am trying to press forward to finalize the matter with all the debate fresh in our minds. We would agree to a time certain for an up-and-down vote Friday, Monday, or Tuesday. I do not think the debt extension—I am positive it is not the intention of the 40 Senators to debate it, that is, with respect to the particular procedures but on the merits of this bill. We can look at the other amendment where there were only nine votes, and in that light I hope the majority leader would work us in so we can get an up-and-down vote. That is what we want. I thought that is what he wanted. I did not put in the motion.

Mr. DOLE. If the sponsors of the amendment can work out an agreement, I would certainly be happy to propose it, if we can get a unanimous-consent agreement to vote at a certain time. But I will leave that up to the sponsors of the amendment.

Mr. HOLLINGS. We are ready. I think we ought to take the time, if the majority leader says he can work it out.

Mr. THURMOND. Mr. President, I realize the importance of the debt limit bill. I was hoping that could be taken up tomorrow and passes. I certainly want to cooperate with the able majority leader. That is a measure that has to pass. I was thinking, if he could finish that tomorrow, then everything takes care of itself.

Mr. DOLE. We only have 3 hours tomorrow, so I doubt that will happen, because at 3 o'clock about 16 Senators have commitments elsewhere. So we have Friday to work on it, and hopefully we can finish it Friday.

Mr. THURMOND. Then on Friday how does the majority leader suggest we handle the cloture matter and at the same time take care of the debt limit? We want to cooperate with him.

Mr. DOLE. What I suggest is that the Senator withdraw the cloture motion and let us complete action on the debt ceiling. Then the next order of business will be reconciliation, which is privileged. We are trying to work this out so we can do other business while we are still pursuing the particular matters of interest to the Senators from South Carolina and others.

Mr. THURMOND. I feel we can work this out.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ARMSTRONG). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CLOTURE MOTION WITHDRAWN

Mr. THURMOND. Mr. President, after consideration and conferring with the majority leader and the minority leader, as well as Senator EVANS and others representing all concerned, I ask unanimous consent to withdraw the cloture motion.

The PRESIDING OFFICER. Is there objection to the request of the Senator that the cloture motion be withdrawn? The Chair hears none, and it is so ordered.

Mr. DOLE. Mr. President, I have indicated to all Senators who have an interest on both sides that it would be my intention to complete action on the debt ceiling extension and the reconciliation package and then return to the consideration of the pending measure and the pending amendment.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION MARINE FISHERIES PROGRAM AUTHORIZATION ACT OF 1985

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of Calendar No. 148, S. 991, to authorize certain fisheries activities.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (S. 991) to provide authorization of appropriations for certain fisheries activities.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee of Commerce, Science, and Transportation, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italic.)

S. 991

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That this Act may be cited as the "National Oceanic and Atmospheric Administration Marine Fisheries Program Authorization Act of 1985".

SEC. 2. The National Oceanic and Atmospheric Administration Marine Fisheries Program Authorization Act (Public Law 98-210; 97 Stat. 1409) is amended—

(1) in section 2(a), by striking "and" after "1984,", and by inserting and ", $27,382,000 for fiscal year 1986, and $28,614,190 for fiscal year 1987" immediately after "1985";

(2) in section 3(a), by striking "and" after "1984," and by inserting ", $25,933,000 for fiscal year 1986, and $27,099,985 for fiscal year 1987" immediately after "1985"; and

(3) in section 4(a), by striking "and" after "1984," and by inserting ", $11,395,000 for fiscal year 1986, and $11,907,775 for fiscal year 1987" immediately after "1985"; and

SEC. 3. Section 4(a) of the Commercial Fisheries Research and Development Act of 1964 (16 U.S.C. 779b(a)) is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting in lieu thereof ", and"; and

(3) by adding at the end thereof the following new paragraph:

"(4) $4,500,000 for the fiscal year ending September 30, 1986, and $4,702,500 for the fiscal year ending September 30, 1987.".

SEC. 4. Section 4(a) of the Anadromous Fish Conservation Act (16 U.S.C. 757d(a)) is amended by adding after paragraph (4) the following new paragraph:

"(5) $3,500,000 for fiscal year 1986, and $3,657,500 for fiscal year 1987.".

SEC. 5. (a) Section 2 of the Central, Western, and South Pacific Fisheries Development Act (16 U.S.C. 758e) is amended by striking "Tuna" and inserting in lieu thereof "Fisheries".

(b) Section 8 of the Central, Western, and South Pacific Fisheries Development Act (16 U.S.C. 758e-5) is amended—

(1) by striking "and" after "1984,"; and

(2) by isnserting immediately after "1985" the following: ", 1986, 1987, and 1988".

The PRESIDING OFFICER. Does the Senator wish to have the committee amendments agreed to en bloc?

Mr. DOLE. Mr. President, I move adoption of the committee amendments en bloc.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments en bloc.

The committee amendments en bloc were agreed to.

AMENDMENT NO. 726

(Purpose: To provide authorization of appropriations for certain activities of the Fish and Wildlife Service)

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of the distinguished Senator from Missouri [Mr. DANFORTH] and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] for Mr. DANFORTH proposes an amendment numbered 726.

On page 3, line 7, strike "$3,500,000" and insert in lieu thereof "$6,935,000"; and on line 8, strike "$3,657,500" and insert in lieu thereof "$7,247,075".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 726) was agreed to.

Mr. DANFORTH. Mr. President, I am offering today S. 991, a bill to authorize appropriations for the National Oceanic and Atmospheric Administration's [NOAA] Marine Fisheries Programs. Over the past several years, the Commerce Committee has worked to bring NOAA's programs under active authorizations that require periodic review and renewal, rather than relying on standing authorizations. The purpose of this approach is to ensure that NOAA is held fully accountable in carrying out its activities and functions. Toward this end, S. 991 authorizes appropriations under four separate fishery acts: the NOAA Marine Fisheries Program Act; the Commercial Fisheries Research and Development Act of 1964; the Anadromous Fish Conservation Act; and the Central, Western, and South Pacific Fisheries Development Act.

The funds authorized by this bill will be used by NOAA's National Marine Fisheries Service to carry out a portion of its duties in the areas of information collection and analysis, fisheries conservation and management, and State and industry assistance programs. The balance of the funding needed by the Service to carry out these functions is authorized under several cyclical authorizations, the primary one being the Magnuson Fishery Conservation and Management Act.

Mr. President, S. 991 reauthorizes the NOAA Marine Fisheries Program Authorization Act at $64,710,000 during fiscal year 1986 and $67,621,950 for fiscal year 1987. The Commercial Fisheries Research and Development Act is reauthorized at $3,500,000 for fiscal year 1986 and $4,702,500 for fiscal year 1987, and the Anadromous Fish Conservation Act at a funding level of $3,500,000 for fiscal year 1986 and $3,657,500 for fiscal year 1987. The 1986 authorization levels are capped at the 1985 appropriation level and a 4.5-percent increase is provided for 1987 reflecting the need to provide essential Government services while restraining Federal spending.

The Central, Western, and South Pacific Fisheries Development Act is reauthorized for 3 years at the current authorization level of $5,000,000.

I am also offering, Mr. President, an amendment to S. 991. The amendment increases the authorization level in the Anadromous Fish Conservation Act to $6,935,000 in fiscal year 1986 and $7,247,075 in fiscal year 1987. Both the Fish and Wildlife Service of the Department of Interior and NOAA's National Marine Fisheries Service receive appropriations under the Anadromous Fish Conservation Act. The amendment is necessary to assure an authorization for funds appropriated to the Fish and Wildlife Service under the act which will otherwise not be provided. The Fish and Wildlife Service uses these funds for emergency striped bass research and cooperative agreements with States for conservation and enhancement of the anadromous fishery resources in our Nation. The amendment I am offering will freeze the fiscal year 1986 authorization at the fiscal year 1985 appropriation level for both of these agencies combined and allow for a 4.5-percent increase in fiscal year 1987.

Among the varied important services provided by the authorizations in S. 991 are enhancement of Columbia River fisheries, research and analysis of fisheries habitat, research required under the recently ratified Pacific Salmon Treaty and overall management of fisheries. Mr. President, marine waters of the United States contain approximately 20 percent of the world's fishery resources. The commercial and recreational marine fisheries of this country contribute $15 billion annually and some 600,000 jobs to our Nation's economy. This level of economic activity can be sustained and improved under the conservation and management programs authorized under this bill.

Mr. President, the Commerce Committee unanimously ordered S. 991 reported. I urge my colleagues to support this important authorization measure.

Mr. HOLLINGS. Mr. President, I join with my colleagues from the Commerce Committee in supporting S. 991, the National Oceanic and Atmospheric Administration Marine Fisheries Act of 1985. In conjunction with the reauthorization of the Magnuson Fishery Conservation and Management Act, this legislation would authorize the fisheries programs carried out by NOAA's National Marine Fisheries Service [NMFS] for fiscal years 1986 and 1987. The bill also contains 2-year reauthorizations for the Anadromous Fish Conservation Act, the Commercial Fisheries Research and Development Act and the Central, Western and South Pacific Fisheries Development Act.

As a nation, we have entrusted NOAA with the responsibility of providing the scientific and technical information needed to manage, develop, and conserve our living marine resources. S. 991 authorizes programs which are important to NOAA in fulfilling this mission. These programs go beyond science and fishery issues. They touch on the health and environmental concerns of most Americans.

One example is the ongoing research at the Charleston Seafood Laboratory, an NMFS facility in my own State of South Carolina. Scientists there are cooperating with the National Institutes of Health to determine the beneficial health aspects of the fish oils present in seafood. Of no suprise to fishermen, preliminary results indicate that eating seafood is good for you. Researchers are examining the therapeutic and preventative effects of fish oil on heart disease, strokes, arthritis, and even some forms of cancer.

Last year, in response to public concern, we initiated a study to determine the extent of PCB contamination in Atlantic bluefish. The results of that study should resolve the issue of whether such contamination creates a threat to public health. Researchers in Charleston are also working to develop methods to detect and remove dangerous contaminants from shellfish. These and similar programs promise substantial health benefits at a relatively modest cost.

In recent years, we have begun to understand the importance of the marine habitat in maintaining and enhancing the production of ocean resources. S. 991 authorizes funds to implement a large portion of NMFS's habitat conservation policy. In addition to supporting habitat research, the program establishes interagency cooperation to provide more effective oil-spill mitigation, Lacey Act enforcement, and oversight of federally permitted coastal and marine activities.

I remain committed to achieving optimal use of living marine resources for the benefit of our Nation. The diverse programs which are reauthorized by this legislation clearly contribute to that goal. I urge Senate support for S. 991.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill (S. 991), as amended, was passed, as follows:

S. 991

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Oceanic and Atmospheric Administration Marine Fisheries Program Authorization Act of 1985".

Sec. 2. The National Oceanic and Atmospheric Administration Marine Fisheries Program Authorization Act (Public Law 98-210; 97 Stat. 1409) is amended—

(1) in section 2(a), by striking "and" after "1984,", and by inserting ", $27,382,000 for fiscal year 1986, and $28,614,190 for fiscal year 1987" immediately after "1985";

(2) in section 3(a), by striking "and" after "1984," and by inserting ", $25,933,000 for fiscal year 1986, and $27,099,985 for fiscal year 1987" immediately after "1985"; and

(3) in section 4(a), by striking "and" after "1984,", and by inserting ", $11,395,000 for fiscal year 1986, and $11,907,775 for fiscal year 1987" immediately after "1985".

Sec. 3. Section 4(a) of the Commercial Fisheries Research and Development Act of 1964 (16 U.S.C. 779b(a)) is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting in lieu thereof ", and"; and

(3) by adding at the end thereof the following new paragraph:

"(4) $4,500,000 for the fiscal year ending September 30, 1986, and $4,702,500 for the fiscal year ending September 30, 1987.".

Sec. 4. Section 4(a) of the Anadromous Fish Conservation Act (16 U.S.C. 757d(a)) is amended by adding after paragraph (4) the following new paragraph:

"(5) $6,935,000 for fiscal year 1986, and $7,247,075 for fiscal year 1987.".

Sec. 5. (a) Section 2 of the Central, Western, and South Pacific Fisheries Development Act (16 U.S.C. 758e) is amended by striking "Tuna" and inserting in lieu thereof "Fisheries".

(b) Section 8 of the Central, Western, and South Pacific Fisheries Development Act (16 U.S.C. 758e-5) is amended—

(1) by striking "and" after "1984,"; and

(2) by inserting immediately after "1985" the following: ", 1986, 1987, and 1988".

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ADDITIONAL CONFEREES TO H.R. 2419

Mr. DOLE. Mr. President, I ask unanimous consent that the following Senators be added as conferees to H.R. 2419, intelligence authorization: Senators Roth and Hollings.

The PRESIDING OFFICER. Without objection, it is so ordered.

TEMPORARY EXTENSION OF CERTAIN HOUSING PROGRAMS

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate now turn to House Joint Resolution 393, temporary extension of certain housing programs being held at the desk.

The PRESIDING OFFICER. The clerk will state the joint resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 393) to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

AMENDMENT NO. 727

(Purpose: To extend certain provisions of the Garn-St Germain Act)

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of the distinguished chairman of the committee, Mr. Garn, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. Dole], for Mr. Garn, proposes an amendment numbered 727.

Mr. DOLE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the joint resolution, add the following:

SEC. . EXTENSIONS OF GARN-ST GERMAIN ACT.

(a) Section 141(a) of the Garn-St Germain Depository Institutions Act of 1982 is amended by striking out "upon the expiration of three years after the date of enactment of this Act" and inserting in lieu thereof "on April 15, 1986".

(b) Section 206(a) of such Act is amended by striking out "Upon the expiration of three years after the date of enactment of this Act" and inserting in lieu thereof "On April 15, 1986".

Mr. GARN. Mr. President, I ask unanimous consent that a letter from the Federal Emergency Management Agency, dated October 1, 1985, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Federal Emergency
Management Agency,
Washington, DC, October 1, 1985.

Hon. Jake Garn,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.

Dear Mr. Chairman: In recent discussions, your staff has indicated that there is some misunderstanding about whether or not the Federal Emergency Management Agency intends to issue Federal Crime Insurance policies following passage of House Joint Resolution 393. I want to assure you that, as Federal Insurance Administrator, I fully intend to continue to issue new and renewal policies under the Federal Crime Insurance Program until November 14, 1985.

Sincerely,

Jeffrey S. Bragg,
Administrator, Federal Insurance Administration.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 727) was agreed to.

Mr. EXON. Mr. President, the bill before us includes a provision which extends for several months the Net Worth Certificate Program, which has been available to savings and loan associations and savings banks since 1982, as a way to temporarily strengthen the net worth of those thrift institutions that are in financial difficulty.

Earlier in the year, I introduced legislation, S. 795, which is designed to extend a similar kind of temporary capital assistance to commercial banks that are heavily involved in agricultural lending and which are experiencing similar financial pressures. The Senate Banking Committee held hearings on my bill earlier this year.

The FDIC has expressed opposition to my bill, despite the fact that the FDIC is currently extending the same type of net worth assistance to savings banks subject to that agency's jurisdiction. Furthermore, although some have tried to distinguish between the types of problems experienced by the thrifts and the problems of the farm banks, the fact is that problem assets, problem loans, are now at the base of the difficulties of both types of institution. The FSLIC has acknowledged as much in their public statements in recent months.

Mr. President, I am not going to move to amend the pending bill to extend the Net Worth Certificate Program to agricultural banks at this time, although I am convinced that the situation would fully warrant that I do so.

Instead, I want to take this time to impress upon the Senate the need to take constructive action in regard to farm banks and their farmer and rancher borrowers, to provide an opportunity for them to work their way out of the present difficulties. I understand that the Senate will likely be considering legislation this fall for the restructuring of farm debt, in order to help deal with some of the problems that the farm credit system is having.

As this occurs, I would hope that the Senate will work to achieve a farm debt package which addresses the problems of commercial agricultural banks and their farm borrowers as well as other lenders who are heavily committed to our agricultural economy.

I intend to be actively involved in that effort. I also will maintain an active interest in the Net Worth Assistance Program and will hold open the option of moving at a later date to expand this program to agricultural banks, unless other, more broad-based efforts to assist farm banks and their borrowers is enacted and implemented in the meantime.

Mr. President, a significant number of agricultural lenders face serious problems because of the high value of the dollar, low farm income, and the depressed market for farmland. Thus far in 1985, nine banks have been closed in my State and the depressed agricultural economy has been a major factor in those closings. Nationwide, 44 farm banks have been closed this year. As a result of these closings, hundreds of farmers must now deal with the FDIC on their outstanding loans, rather than their local banker. Across the Nation, agricultural bankers face the difficult choice of foreclosing on farmers or risking their own liquidation or forced merger by bank regulators.

These are serious problems facing ag lenders. I am concerned that the Federal regulators do not give these lenders the same consideration they give to Continental Illinois and other institutions which are "too large to fail." Several weeks ago, the Elba State Bank in Elba, NE was closed. Elba is a small community of around 200 people in the middle part of my State. While this closing will not affect the Nation's banking system, this was the only bank in that town and the closing will definitely affect the families and businesses in the community.

I am hopeful that the Senate Banking Committee will work with the Senate Committee on Agriculture in the coming weeks to address the serious problems facing the farm credit system and a growing number of commercial banks with extensive investment in agriculture.

Mr. MOYNIHAN. Mr. President, I rise to voice my support for H.J. Res. 393, a bill to extend certain programs on a temporary basis, among them the Federal Crime Insurance Program [FCIP]. I also rise to congratulate my colleagues on the Committee on Banking, Housing, and Urban Affairs, who agreed today to extend the FCIP for 45 days. I and others concerned about the protection of residential and commercial property in areas plagued by crime regard this as a prudent and practical approach to deal with this problem.

Mr. President, Congress established the Federal Crime Insurance Program under the Housing and Urban Development Act in 1970. It provides affordable insurance against robbery, theft, burglary, and vandalism to tens of thousands of businesses and residents of high crime areas—insurance not otherwise affordable in the private insurance markets. In 1984, more than 42,000 people held FCIP policies, and more than 3,500 claims were paid in 27 States, the District of Columbia, Puerto Rico, and the Virgin Islands. Roughly one-third of FCIP beneficiaries are small businesses located in areas engulfed by crime and vandalism. Many of these businesses, absent support from the FCIP, might abandon their neighborhoods to further decay, taking with them jobs and tax revenues.

The Federal Crime Insurance Program is particularly important to New York. More than 25,000 New York residents and businesses hold FCIP policies—more than all other States combined. Some 97 percent of those policies, worth more than $209 million, are held in New York City, in neighborhoods which vitally need continued support and investment. In 1984, the FCIP paid more than 2,000 claims in New York City, worth $7.4 million.

Under a proposed arrangement considered by the Banking, Housing and Labor Affairs Committee, Federal responsibility for the program would have been shifted to the States. Not only would States such as New York be unable to minister as efficiently to the needs of policyholders under this arrangement, but in many cases the insured also would not be able to receive coverage commensurate with their needs.

That is why today's committee action is particularly welcome. And that is why I rise today to praise my colleagues, especially the Senator from Connecticut, Mr. Dodd, for their foresight and sound judgment.

I also want to add my praise for the House Subcommittee on Housing and Community Development, particularly its chairman, Mr. Gonzalez, and one of its members, Mr. Schumer. Both of these gentleman have played important roles in the effort to secure an extension of this program.

At the same time, I want to urge this body once again to reauthorize the Federal Crime Insurance Program. Although the FCIP serves a comparatively small segment of the population, those it serves are no less important, nor the services they receive less valuable, than similar programs for crop and flood insurance. The Federal Crime Insurance Program is an effective means to protect and encourage business investment in high-crime areas. I strongly recommend that it be reauthorized for another year.

The PRESIDING OFFICER. The joint resolution is open to further amendment. If there be no further amendment to be proposed, the question is on engrossment of the amendment and third reading of the joint resolution.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution (H.J. Res. 393) was read the third time.

The PRESIDING OFFICER. The question is, Shall the joint resolution pass?

So, the joint resolution (H.J. Res. 393), as amended, was passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NO. 99-10

Mr. DOLE. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from a tax convention with Sri Lanka (treaty document No. 99-10) which was transmitted to the Senate today by the President of the United States; and also ask that the treaty be considered as having been read the first time; that it be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's message be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message of the President is as follows:

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification the Convention between the Government of the United States of America and the Government of the Democratic Socialist Republic of Sri Lanka for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Colombo on March 14, 1985. I also transmit the report of the Department of State on the Convention.

The Convention is the first income tax treaty to be negotiated between the United States and Sri Lanka. It is based on model income tax treaties developed by the Department of the Treasury and the Organization for Economic Cooperation and Development. The Convention deviates from these models, however, in several significant respects, as indicated in the attached report of the Department of State, to reflect Sri Lanka's status as a developing country. These deviations generally provide for broader source country right to tax than is found in the model treaties.

Among the principal features of the Convention are provisions to prevent third-country residents from taking unwarranted advantage of the treaty. Also included are the usual articles on nondiscrimination, mutual agreement, and exchange of information.

I recommend that the Senate give early and favorable consideration to the Convention and give its advice and consent to ratification.

Ronald Reagan.

The White House, *October 2, 1985.*

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations and a treaty which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ANNUAL REPORTS ON MINE SAFETY AND HEALTH ACTIVITIES—MESSAGE FROM THE PRESIDENT—PM 86

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying reports; which was referred to the Committee on Labor and Human Resources.

To the Congress of the United States:

In accordance with Section 511(a) of the Federal Mine Safety and Health Act of 1977, as amended (30 U.S.C. 958(a)), I transmit herewith the annual reports for Fiscal Years 1981 and 1982 on mine safety and health activities as submitted by the Secretary of Labor.

Ronald Reagan.

The White House, *October 2, 1985.*

PRESIDENTIAL APPROVALS

A message from the President of the United States announced that he had approved and signed the following enrolled bills and joint resolutions:

On September 30, 1985:

S. 817. An act to authorize appropriations under the Earthquake Hazards Reduction Act of 1977 for fiscal years 1986 and 1987, and for other purposes.

S. 1514. An act to approve the Interstate Cost Estimate and Interstate Substitute Cost Estimate.

S. 1671. An act to amend title 38, United States Code, to provide interim extensions of the authority of the Veterans' Administration to operate a regional office in the Republic of the Philippines, to contract for hospital care and outpatient services in Puerto Rico and the Virgin Islands, and to contract for treatment and rehabilitation services for alcohol and drug dependence and abuse disabilities; and to amend the Emergency Veterans' Job Training Act of 1983 to extend the period for entering into training under such Act.

S.J. Res. 127. Joint resolution to grant the consent of Congress to certain additional powers conferred upon the Bi-State Development Agency by the States of Missouri and Illinois.

On October 1, 1985:

S.J. Res. 67. Joint resolution to designate the week of October 6, 1985, through October 12, 1985, as "Mental Illness Awareness Week".

S.J. Res. 111. Joint resolution to designate the month of October 1985 as "National Spina Bifida Month".

MESSAGES FROM THE HOUSE

At 11:02 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 3453. An act to amend the Internal Revenue Code of 1954 to extend the Superfund taxes for 45 days.

At 6:20 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the bill (S. 1712) to provide an extension of certain excise taxes, in the opinion of the House, contravenes the first clause of the seventh section of the first article of the Constitution of the United States and is an infringement of the privileges of the House and that such bill is respectively returned to the Senate (pursuant to the provisions of H. Res. 283).

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1261. An act for the relief of Richard W. Ireland;

H.R. 1863. An act for the relief of O. Edmund Clubb; and

H.R. 2991. An act for the relief of Betsy L. Randall.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 1261. An act for the relief of Richard W. Ireland; to the Committee on the Judiciary.

H.R. 1863. An act for the relief of O. Edmund Clubb; to the Committee on the Judiciary.

H.R. 2991. An act for the relief of Betsy L. Randall; to the Committee on Agriculture, Nutrition, and Forestry.

MEASURE PLACED ON THE CALENDAR

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 3453. An act to amend the Internal Revenue Code of 1954 to extend the Superfund taxes for 45 days.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1829. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Nuclear Waste Policy Act: 1984 Implementation Status, Progress, and Problems"; to the Committee on Energy and Natural Resources.

EC-1830. A communication from the Comptroller General of the United States, transmitting, pursuant to law, the seventh annual review of the Department of the Interior's methodology for allowing OCS wells to be shut in or to flare natural gas; to the Committee on Energy and Natural Resources.

EC-1831. A communication from the Secretary of Energy, transmitting, pursuant to law, the annual determination of the viability of the domestic uranium mining and milling industry; to the Committee on Energy and Natural Resources.

EC-1832. A communication from the Chairwoman of the International Trade Commission, transmitting, pursuant to law, the 43d quarterly report on trade between the United States and nonmarket economy countries for the period April-June 1985; to the Committee on Finance.

EC-1833. A communication from the Secretary of the Treasury, transmitting, pursuant to law, a report on Federal-State-local fiscal relations; to the Committee on Finance.

EC-1834. A communication from the Assistant Secretary of State (Legislative and Intergovernmental Affairs), transmitting, pursuant to law, a Presidential determination regarding the reprogramming of an additional $13 million for El Salvador from the fiscal year 1985 continuing resolution; to the Committee on Foreign Relations.

EC-1835. A communication from the Chairperson of the National Council on the Handicapped, transmitting, pursuant to law, the fifth annual report of the Council covering fiscal year 1984; to the Committee on Labor and Human Resources.

EC-1836. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on 31 major issues that need to be addressed in an effort to constrain health care costs; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. 1730. An original bill to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, 99th Congress) (Rept. No. 99-146).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Richard H. Francis, of Virginia, to be President of the Solar Energy and Energy Conservation Bank.

(The above nomination was reported from the Committee on Banking, Housing, and Urban Affairs with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. ROTH, from the Committee on Governmental Affairs:

Barbara Jean Mahone, of Ohio, to be Chairman of the Special Panel on Appeals for a term of six years; and

Bill D. Colvin, of Virginia, to be Inspector General, National Aeronautics and Space Administration.

(The above nominations were reported from the Committee on Governmental Affairs with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. THURMOND, from the Committee on the Judiciary:

To be members of the U.S. Sentencing Commission for a term of 2 years: Stephen G. Breyer, of Massachusetts; and Paul H. Robinson, of New Jersey.

To be members of the U.S. Sentencing Commission for a term of 4 years: Michael K. Block, of Arizona; Helen G. Corrothers, of Arkansas; and George E. MacKinnon, of Maryland.

To be members of the U.S. Sentencing Commission for a term of 6 years: Ilene H. Nagel, of Indiana; and William W. Wilkins, Jr., of South Carolina.

By Mr. THURMOND, from the Committee on the Judiciary:

William W. Wilkins, Jr., of South Carolina, to be Chairman of the U.S. Sentencing Commission.

(The above nominations were reported from the Committee on the Judiciary with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BINGAMAN (for himself, Mr. Goldwater, Mr. Nunn, Mr. Quayle, Mr. Chiles, Mr. Wilson, Mr. Gore, and Mr. Rockefeller):

S. 1727. A bill to amend title 5, United States Code, to authorize alternative personnel management systems for scientific and technical personnel in the Federal Government, and for other purposes; to the Committee on Governmental Affairs.

By Mr. NICKLES (for himself and Mr. Boren):

S. 1728. A bill to authorize the Cherokee Nation of Oklahoma to lease certain lands held in trust for up to 99 years; to the Select Committee on Indian Affairs.

By Mr. HEINZ:

S. 1729. A bill to amend title XVIII of the Social Security Act to provide a more fair method for determining the inpatient hospital deductible and the extended care coinsurance amount; to the Committee on Finance.

By Mr. DOMENICI, from the Committee on the Budget:

S. 1730. An original bill to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, 99th Congress); placed on the calendar.

By Mr. GORE:

S. 1731. A bill to require that not more than one-fourth of the budget authority of any department or agency of the executive branch may be obligated during the last quarter of a fiscal year; to the Committee on Governmental Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BINGAMAN (for himself, Mr. Goldwater, Mr. Nunn, Mr. Quayle, Mr. Chiles, Mr. Wilson, Mr. Gore, and Mr. Rockefeller):

S. 1727. A bill to amend title 5, United States Code, to authorize alternative personnel management systems for scientific and technical personnel in the Federal Government, and for other purposes; to the Committee on Governmental Affairs.

(The remarks of Mr. Bingaman and the text of the legislation appear earlier in today's Record.)

By Mr. NICKLES (for himself and Mr. Boren):

S. 1728. A bill to authorize the Cherokee Nation of Oklahoma to lease certain lands held in trust for up to 99 years; to the Select Committee on Indian Affairs.

AUTHORIZING THE LEASE OF CERTAIN LANDS BY THE CHEROKEE NATION OF OKLAHOMA

● Mr. NICKLES. Mr. President, today I am introducing a bill on behalf of myself and Senator Boren for the Cherokee Nation of Oklahoma. This bill would allow them to lease certain lands held in trust for 99 years.

Under current law, the Bureau of Indian Affairs can only grant 25-year land leases with a 25-year option. Many tribes have legislatively amended the United States Code (25 U.S.C. 415) to allow for 99 year leases. This bill that I am introducing today would do just that and therefore would include the Cherokee Nation as a tribe with this right.

This legislation is timely in that the Cherokee Nation is currently involved in litigation with the Muskogee Port Authority regarding the Cherokee's ownership of the Arkansas Riverbed. If this legislation is passed, the port authority and the Cherokee Nation can settle their differences without further litigation.

Therefore, Mr. President, I request the timely consideration and passage of this legislation.●

By Mr. HEINZ:

S. 1729. A bill to amend title XVIII of the Social Security Act to provide a more fair method for determining the inpatient hospital deductible and the extended care coinsurance amount; to the Committee on Finance.

MEDICARE BENEFICIARY FAIRNESS ACT

● Mr. HEINZ. Mr. President, the Health Care Financing Administration has just announced that the part a hospital deductible—that fee paid out of pocket by Medicare beneficiaries for their first day of a hospital stay—will increase from $400 to $492. That is a whopping 23 percent hike in 1 year, Mr. President, and close to a 141-percent jump since 1981. Its impact will be felt not only by those beneficiaries requiring hospitalization; it will also affect those beneficiaries requiring extended nursing home stays since the copayment for skilled nursing care is linked to the inpatient deductible.

Mr. President, today I am introducing legislation to prevent this new attack on the pocketbooks of older Americans. My bill, the Medicare Beneficiary Fairness Act, will establish a more equitable formula for calculating and updating the hospital inpatient deductible and the skilled nursing facility copayment. Under this bill, the inpatient deductible will be determined on the basis of the annual increase in the hospital DRG prospective payment rates, instead of on the average cost of care for one day's hospitalization, as it is currently calculated. In addition, under my bill the copayment for extended nursing home care will be linked to the DRG payment rate, and will be lowered to a more affordable rate. This will help to ensure that Medicare beneficiaries share in the savings of the prospective payment system.

Mr. President, it is entirely unjust that Medicare beneficiaries should be asked to bear the heavy financial burden of this $492 inpatient deductible. Under the new prospective payment system, Medicare is saving millions over what it would have spent. Only this past summer, Secretary Heckler reported that the double-digit inflation in health care, with us since at least 1971, had at last been arrested. Costs were only up 9.1 percent overall; hospital costs—the biggest single item driving inflation in the health sector—had climbed only 6.1 percent. Secretary Heckler attributed this success to the new Medicare prospective payment system, increasing competition in the health sector and the overall reduction in inflation achieved by the administration's economic program.

Yet, the administration is now saying that beneficiaries will have to pay almost $500 upon each hospitalization and $62 for each day spent in a skilled nursing facility after the first 20 days. For those beneficiaries living on the margins, this hefty sick tax could delay or completely discourage necessary care, thus jeopardizing their health in the short run and possibly even adding to Medicare's costs over the long run.

Why, when Medicare's part A costs are finally under control, are beneficiaries being asked to dig deeper into their wallets? Why shouldn't beneficiaries share in the economies of the prospective payment system and the easing pressures of inflation?

Because of current law, HCFA must use an outmoded methodology for determining the annual increase in the inpatient deductible: it is made by calculating the average cost incurred by a patient for 1 day's stay in a hospital. However, under the prospective payment system, reimbursement is based on resources needed to care for a patient with a specified diagnosis or DRG. As DRG's are fully phased in, the length of stay has and will continue to drop, but the intensity of services delivered per day are becoming greater. Thus costs per day are rising even while the escalation in total hospital costs under Medicare has slowed. Using the existing method of calculating the inpatient deductible, patients will continue to be asked to pay more and more for first day coverage even as they are being discharged quicker and sicker than before.

If these patients are discharged to the care of a nursing home or home health agency, their financial burdens are even greater. Because of the tight administrative restrictions on reimbursement for these services, beneficiaries are caught in a ever-squeezing vise—higher payments on the front end of a hospital stay and higher out-of-pocket costs for post-hospital care. The jaws of this vise are closing in on patients—taking a substantial toll on their pocketbooks and, in all too many cases, the quality of their health care. America's elderly already pay over 15 percent of their incomes on their health care; by 1990, the figure is expected to reach about 19 percent. How much more can we ask them to pay?

On September 3, Secretary Heckler issued regulations imposing a freeze on Medicare reimbursements to hospitals. While Congress has to date rejected the freeze, opting instead for a one-half or 1-percent increase in payments to hospitals, all signs point to 1986 as a banner year for hospital cost containment. Even under the 1 percent proposal, Medicare will save $1.34 billion in fiscal year 1986 over current law. Surely, some of the savings in Medicare spending should be passed along to beneficiaries. I urge my colleagues to join me in this effort to hold down the price of health care for our Nation's most vulnerable citizens by supporting this bill.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1729

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Medicare Beneficiary Fairness Act of 1985".

SEC. 2. CHANGES IN INPATIENT HOSPITAL DEDUCTIBLE AND EXTENDED CARE COINSURANCE AMOUNT.

(a) IN GENERAL.—Section 1813(b) of the Social Security Act is amended to read as follows:

"(b)(1) The inpatient hospital deductible shall be $400 in the case of any spell of illness beginning in calendar year 1985. The inpatient hospital deductible for any spell of illness beginning in any succeeding year shall be an amount equal to the inpatient hospital deductible for spells of illness beginning in the preceding calendar year, increased or decreased by the same percentage increase or decrease as applies for purposes of DRG prospective payment rates under section 1886(b)(3) or 1886(e)(4) (whichever is applicable) to discharges in the fiscal year which begins on October 1 of such preceding calendar year. Any amount determined under the preceding sentence which is not a multiple of $1 shall be rounded to the nearest multiple of $1 (or, if it is midway between two multiples of $1, to the next higher multiple of $1).

"(2) The extended care coinsurance amount for any spell of illness beginning in any calendar year shall be an amount equal to one-twelfth of the inpatient hospital deductible for spells of illness beginning in such calendar year. Any amount determined under the preceding sentence which is not a multiple of $1 shall be rounded to the nearest multiple of $1 (or, if it is midway between two multiples of $1, to the next higher multiple of $1).

"(3) The Secretary shall promulgate the inpatient hospital deductible and all coinsurance amounts under this section between July 1 and October 1 of the year preceding the year to which they will apply.".

(b) CONFORMING AMENDMENT.—Section 1813(a)(3) of such Act is amended by striking out "by a coinsurance amount equal to one-eighth of the inpatient hospital deductible" and inserting in lieu thereof "by the extended care coinsurance amount (determined under subsection (b)(2))".

(c) EFFECTIVE DATE.—The amendments made by this Act shall apply to spells of illness beginning in or after calendar year 1986.●

By Mr. GORE:

S. 1731. A bill to require that not more than one-fourth of the budget authority of any department or agency of the executive branch may be obligated during the last quarter of a fiscal year; to the Committee on Governmental Affairs.

CURBING YEAR-END FEDERAL SPENDING

● Mr. GORE. Mr. President, I do not believe that a single magic solution is going to make the federal budget deficit disappear. The real reduction of government spending is going to take place in a piecemeal fashion and it is going to be slow, tough work. With that thought in mind, I am introducing a bill today that could be a part of the solution.

Billions of dollars are wasted each year by Federal agencies and programs in year-end spending sprees. These groups spend surplus allocations on questionable projects and purchases as the year ends because they are afraid. They fear that their budgets for the following year will be cut by a concerned Congress looking for money left in the coffers. The logic behind this is painfully clear. It is the "use it or lose it" syndrome that is a part of the mentality of any bureaucratic power. What they don't use this year will be harder to justify for the budget next year. In the end, it is the American taxpayers and, sadly, their children, who will pay the cost of billions of dollars of questionable spending. This money could be put to much better use reducing our extraordinary Federal deficit.

We need to stop the bureaucratic equivalent of a 2-minute drill in the final quarter of the fiscal year.

It is difficult to say how much of these last-minute expenditures are on legitimate items and how many are outright wastes of taxpayers' dollars. But we need to blow the whistle on the practice and require greater scrutiny of year-end expenditures.

Let me cite a few examples of expenditures that at least raise the need for further scrutiny. According to a General Accounting Office report released just 2 weeks ago, the Veterans' Administration obligated 27 percent of its total annual appropriation in fiscal 1982 in the final quarter of that year, 50 percent of its total annual appropriation for fiscal 1983 in the final quarter and 71 percent of its total appropriation for fiscal 1984 in the final quarter.

During fiscal 1982, the Federal Emergency Management Agency spent 50 percent of its entire appropriation in the final quarter. During fiscal 1983, FEMA spent 70 percent of its entire year appropriation in the final quarter. Even more outrageous was the fact that FEMA's Director spent approximately $360,000 of the agency's appropriated funds for a number of personal items, including leased autos, renovation of a dormitory for a personal residence, and other items for his personal use.

The bill I am introducing today is identical to a bill I introduced in the House last year. It is designed to bring an end to these last-minute spending sprees in a realistic, yet cautious manner. It limits the amount of money an agency can spend in the last quarter of the fiscal year to 25 percent of its total annual appropriation.

The bill does include some flexibility. It would not harm an agency's ability to function and provide the services for which it was created. If an agency or project would be seriously disrupted by this 25-percent limitation, the Director of the Office of Management and Budget could authorize exceptions on a case-by-case basis. An obligation to report all such deviations to Congress would prevent abuse of this important safety valve.

Unfortunately, the vigorous management policies of the OMB have not been sufficient to end this questionable use of taxpayers' money. We are obligated to do what we can to help reduce our country's deficit. If we can't do it all at once, then we should do so through measures like this legislation—one step at a time.

It was at an open meeting in Tennessee that a constituent suggested that I do something to end these final quarter spending sprees. And it is at the advise of another constituent who attended an open meeting just a couple of weeks ago that I am introducing the bill in the Senate on this, the first day of the Federal fiscal year.

Mr. President, I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1731

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1512 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(e)(1) In exercising his apportionment authority under this section, the Director of the Office of Management and Budget shall assure that not more than 25 percent of the total budget authority available to and planned for use by each agency for each such fiscal year may be obligated during the last three calendar months of each fiscal year. Upon his determination that full compliance with the requirements of this paragraph would seriously disrupt the execution of any agency program, the Director may authorize such departures from these requirements as are necessary to avoid the disruption.

"(2) The Director shall keep the Congress fully informed of actions taken pursuant to paragraph (1) for each covered fiscal year. The Director shall also report to the Congress all departures from the percentage requirements of paragraph (1), as authorized therein, and the reasons for such departures.

"(3) Any reserves established or other actions taken in connection with the apportionment process solely for the purpose of satisfying the requirements of paragraph (1) shall be exempt from subsection (c)(1) of this section and from sections 1012(a) and 1013(a) of the Impoundment Control Control Act of 1974. Nothing herein affects the authority of the Comptroller General under section 1015 of the Impoundment Control Act to report a reserve or deferral to the Congress if he concludes that the exemption provision of this subparagraph is not applicable.".●

ADDITIONAL COSPONSORS

S. 89

At the request of Mr. Inouye, the name of the Senator from Vermont [Mr. Leahy] was added as a cosponsor of S. 89, a bill to recognize the organization known as the National Academies of Practice.

S. 231

At the request of Mr. Dole, the name of the Senator from South Dakota [Mr. Abdnor] was added as a cosponsor of S. 231, a bill to establish a National Commission on Neurofibromatosis.

S. 434

At the request of Mr. D'Amato, the name of the Senator from New York [Mr. Moynihan] was added as a cosponsor of S. 434, a bill to extend the authorization of the Robert A. Taft Institute Assistance Act.

S. 723

At the request of Mr. Matsunaga, the name of the Senator from North Dakota [Mr. Burdick] was added as a cosponsor of S. 723, a bill to amend title XVIII of the Social Security Act to authorize payment for occupational therapy services under part B of the Medicare Program.

S. 925

At the request of Mr. Humphrey, the names of the Senator from Vermont [Mr. Leahy], the Senator from Illinois [Mr. Dixon], and the Senator from North Dakota [Mr. Andrews] were added as cosponsors of S. 295, a bill to deny most-favored-nation trading status to Afghanistan.

S. 961

At the request of Mr. Sarbanes, the name of the Senator from South Carolina [Mr. Hollings] was added as a cosponsor of S. 961, a bill to authorize the Alpha Phi Alpha Fraternity to establish a memorial to Martin Luther King, Jr., in the District of Columbia.

S. 987

At the request of Mr. Exon, the name of the Senator from New Hampshire [Mr. Humphrey] was added as a cosponsor of S. 987, a bill to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-65.

S. 1084

At the request of Mr. Goldwater, the name of the Senator from Texas [Mr. Bentsen] was added as a cosponsor of S. 1084, a bill to authorize appropriations of funds for activities of the Corporation for Public Broadcasting, and for other purposes.

S. 1209

At the request of Mr. Chiles, the name of the Senator from South Carolina [Mr. Thurmond] was added as a cosponsor of S. 1209, a bill to establish the National Commission to Prevent Infant Mortality.

S. 1223

At the request of Mr. Armstrong, the name of the Senator from Georgia [Mr. Nunn] was added as a cosponsor of S. 1223, a bill to authorize the erection of a memorial on Federal land in the District of Columbia or its environs to honor members of the Armed Forces of the United States who served in the Korean war.

S. 1296

At the request of Mr. Kennedy, his name was added as a cosponsor of S. 1296, a bill to amend the Immigration and Nationality Act to modify the requirement for naturalization of an understanding of the English language.

S. 1310

At the request of Mr. Danforth, the name of the Senator from Montana [Mr. Baucus] was added as a cosponsor of S. 1310, a bill to amend the Communications Act of 1934 regarding the broadcasting of certain material regarding candidates for Federal elective office, and for other purposes.

S. 1356

At the request of Mr. Heinz, the name of the Senator from Ohio [Mr. Glenn] was added as a cosponsor of S. 1356, a bill to give the Nation's performance in international trade appropriately greater importance in the formulation of Government policy, to modernize the remedies available to U.S. producers regarding unfair and injurious foreign trade practices, and for other purposes.

S. 1451

At the request of Mr. Chafee, the names of the Senator from Washington [Mr. Gorton], the Senator from North Dakota [Mr. Andrews], and the Senator from Maine [Mr. Mitchell] were added as cosponsors of S. 1451, a bill to allocate funds appropriated to carry out section 103 of the Foreign Assistance Act of 1961 for nutrition programs which reduce vitamin A deficiency.

S. 1476

At the request of Mr. Chafee, the name of the Senator from Iowa [Mr. Grassley] was added as a cosponsor of S. 1476, a bill to strengthen the Nation's competitive position in international trade and to improve its ability to respond to unfair and injurious foreign trade practices.

S. 1579

At the request of Mr. Cranston, the name of the Senator from Illinois [Mr. Simon] was added as a cosponsor of S. 1579, a bill to clarify that the remedies available for the enforcement of certain civil rights statutes are applicable to the States.

S. 1617

At the request of Mr. Stevens, his name was added as a cosponsor of S. 1617, a bill to provide for more effective management of lands of the United States which are subject to conflicting claims or disputes, and to require the Secretary of the Interior to report annually thereon.

S. 1639

At the request of Mr. Exon, the name of the Senator from Alaska [Mr. Murkowski] was added as a cosponsor of S. 1639, a bill to authorize the minting of gold bullion coins.

S. 1640

At the request of Mr. Grassley, the names of the Senator from Michigan [Mr. Riegle], the Senator from South Dakota [Mr. Abdnor], and the Senator from Mississippi [Mr. Cochran] were added as cosponsors of S. 1640, a bill to amend title XVIII of the Social Security Act to provide for coverage under the Medicare Program of services performed by a physician assistant.

SENATE JOINT RESOLUTION 2

At the request of Mr. Hatch, the name of the Senator from Iowa [Mr. Grassley] was added as a cosponsor of Senate Joint Resolution 2, a joint resolution proposing an amendment to the Constitution of the United States relating to voluntary silent prayer or reflection.

SENATE JOINT RESOLUTION 10

At the request of Mr. Kennedy, the name of the Senator from California [Mr. Wilson] was added as a cosponsor of Senate Joint Resolution 10, a joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for women and men.

SENATE JOINT RESOLUTION 74

At the request of Mr. Thurmond, the names of the Senator from New Jersey [Mr. Lautenberg], and the Senator from New Hampshire [Mr. Humphrey] were added as cosponsors of Senate Joint Resolution 74, a joint resolution to provide for the designation of the month of February, 1986, as "National Black (Afro-American) History Month."

SENATE JOINT RESOLUTION 134

At the request of Mr. Biden, the name of the Senator from Tennessee [Mr. Sasser] was added as a cosponsor of Senate Joint Resolution 134, a joint resolution to designate "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 177

At the request of Mr. Matsunaga, the names of the Senator from Maine [Mr. Cohen], the Senator from Tennessee [Mr. Gore], the Senator from Utah [Mr. Hatch], the Senator from Alaska [Mr. Murkowski], the Senator from Illinios [Mr. Simon], and the Senator from Nebraska [Mr. Zorinsky] were added as cosponsors of S. 177, a joint resolution relating to an International Space Year in 1992.

SENATE JOINT RESOLUTION 203

At the request of Mr. Murkowski, the names of the Senator from New York [Mr. Moynihan], the Senator from Massachusetts [Mr. Kerry], the Senator from South Dakota [Mr. Abdnor], the Senator from Indiana [Mr. Lugar], the Senator from South Carolina [Mr. Hollings], the Senator from New Jersey [Mr. Bradley], the Senator from South Carolina [Mr. Thurmond], the Senator from Indiana [Mr. Quayle], the Senator from Utah [Mr. Garn], the Senator from Maryland [Mr. Sarbanes], the Senator from Michigan [Mr. Levin], and the Senator from Arizona [Mr. DeConcini] were added as cosponsors of Senate Joint Resolution 203, a joint resolution designating November 6, 1985, as "Ignacy Jan Paderewski Day."

SENATE JOINT RESOLUTION 211

At the request of Mr. Durenberger, the names of the Senator from Nebraska [Mr. Zorinsky], the Senator from North Dakota [Mr. Burdick], the Senator from South Carolina [Mr. Hollings], the Senator from Kansas [Mrs. Kassebaum], the Senator from Minnesota [Mr. Boschwitz], the Senator from Kansas [Mr. Dole], the Senator from Wisconsin [Mr. Proxmire], the Senator from South Dakota [Mr. Abdnor], the Senator from Maryland [Mr. Mathias], the Senator from Connecticut [Mr. Weicker], the Senator from Kentucky [Mr. Ford], and the Senator from Idaho [Mr. McClure] were added as cosponsors of Senate Joint Resolution 211, a joint resolution to provide for the designation of the week of October 6, 1985, as "National Sudden Death Syndrome Awareness Week."

SENATE CONCURRENT RESOLUTION 68

At the request of Mr. Durenberger, the name of the Senator from Virginia [Mr. Trible] was added as cosponsor of Senate Concurrent Resolution 68, a concurrent resolution expressing support for Chile's National Accord for the Transition to Full Democracy.

SENATE CONCURRENT RESOLUTION 71

At the request of Mr. Weicker, the names of the Senator from Maine [Mr. Cohen], the Senator from California [Mr. Cranston], the Senator from Arizona [Mr. DeConcini], the Senator from Minnesota [Mr. Durenberger], the Senator from New Jersey [Mr. Lautenberg], the Senator from Rhode Island [Mr. Pell], the Senator from Arkansas [Mr. Pryor], the Senator from Utah [Mr. Garn], the Senator from Iowa [Mr. Grassley] and the Senator from Delaware [Mr. Roth] were added as cosponsors of Senate Concurrent Resolution 71, a concurrent resolution to commemorate the accomplishments of Public Law 94-142, the Education for All Handicapped Children Act on the 10th anniversary of its enactment.

SENATE RESOLUTION 96

At the request of Mr. Goldwater, the name of the Senator from Indiana [Mr. Lugar] was added as a cosponsor of Senate Resolution 96, a resolution relating to the centennial observance of the University of Arizona.

AMENDMENTS SUBMITTED

APPROVAL OF COMPACT OF FREE ASSOCIATION

THURMOND (AND OTHERS) AMENDMENT NO. 719

Mr. THURMOND (for himself, Mr. HOLLINGS, Mr. HELMS, Mr. MOYNIHAN, Mr. HEFLIN, Mr. HEINZ, Mr. COHEN, Mr. WARNER, Mr. KENNEDY, Mr. MITCHELL, Mr. EAGLETON, Mr. SPECTER, Mr. EAST, Mr. COCHRAN, Mr. TRIBLE, Mr. DENTON, Mr. D'AMATO, Mr. SASSER, Mr. HATCH, Mr. PELL, Mr. MATTINGLY, Mr. GARN, Mr. LAXALT, Mr. ROCKEFELLER, Mrs. HAWKINS, Mr. GORE, Mr. DIXON, Mr. DODD, Mr. SIMON, Mr. FORD, Mr. DECONCINI, Mr. PRYOR, Mr. MATHIAS, Mr. LONG, Mr. LEAHY, Mr. METZENBAUM, Mr. RIEGLE, Mr. WEICKER, Mr. MCCONNELL, Mr. KASTEN, Mr. GLENN, Mr. BUMPERS, Mr. NUNN, and Mr. BYRD) proposed an amendment to the joint resolution (S.J. Res. 77) to approve the Compact of Free Association, and for other purposes; as follows:

At the end of the joint resolution, insert the following:

TITLE II—TEXTILE AND APPAREL TRADE ENFORCEMENT

SEC. 201. SHORT TITLE.

This title may be cited as the 'Textile and Apparel Trade Enforcement Act of 1985'.

SEC. 202. POLICY.

The policy of this title is—

THURMOND (AND OTHERS) AMENDMENT NO. 720

Mr. THURMOND (for himself, Mr. HOLLINGS, Mr. HELMS, Mr. MOYNIHAN, Mr. HEFLIN, Mr. HEINZ, Mr. COHEN, Mr. WARNER, Mr. KENNEDY, Mr. MITCHELL, Mr. EAGLETON, Mr. SPECTER, Mr. EAST, Mr. COCHRAN, Mr. TRIBLE, Mr. DENTON, Mr. D'AMATO, Mr. SASSER, Mr. HATCH, Mr. PELL, Mr. MATTINGLY, Mr. GARN, Mr. LAXALT, Mr. ROCKEFELLER, Mrs. HAWKINS, Mr. GORE, Mr. DIXON, Mr. DODD, Mr. SIMON, Mr. FORD, Mr. DECONCINI, Mr. PRYOR, Mr. MATHIAS, Mr. LONG, Mr. LEAHY, Mr. METZENBAUM, Mr. RIEGLE, Mr. WEICKER, Mr. MCCONNELL, Mr. KASTEN, Mr. GLENN, Mr. BUMPERS, Mr. NUNN, and Mr. BYRD) proposed an amendment to amendment No. 719 proposed by Mr. THURMOND (and others) to the joint resolution Senate Joint Resolution 77, supra; as follows:

At the end of the matter proposed to be inserted, insert the following:

(1) to prevent further disruption of the United States textiles and textile products markets, damage to United States textile and apparel manufacturers, and loss of jobs by United States workers by providing for orderly and nondisruptive growth of imports of textiles and textile products; and

(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

SEC. 203. FINDINGS.

The Congress finds that—

(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

(2) the Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December 1981, through July 1986, contemplates a 6 per centum annual rate of growth for imports for most producing countries and provides for a lower rate of growth for imports from significant producing countries;

(3) since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984 imports of textiles and textile products into the United States have grown at an annual rate of 19 per centum, far in excess of the 1 per centum growth rate of the United States market for textiles and textile products during the same period and far in excess of the annual rate of import growth of less than 2 per centum that prevailed during the period 1974 through 1980;

(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Arrangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last six years, reaching a level of 50 per centum in 1984;

(6) based on a nationwide audit of major retail outlets, the import penetration of such major items of apparel as trousers, blouses, shirts, suits, skirts and sweaters exceeds 50 per centum of domestic consumption;

(7) since the most recent extension of the Multi-Fiber Arrangement, certain producing countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

(8) imports of textiles and textile products into the United States are predominantly the product of significant producing countries, with five large producing countries now accounting for more than 50 per centum of all imports of textiles and textile products;

(9) the domination of import trade by producers in the significant producing countries has limited participation in the United States market by other producing countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment with the United States;

(10) a change in United States textile trade policy to afford the smaller producing countries and countries in the Caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 per centum over 1983, and accounted for 13 per centum of the Nation's overall merchandise trade deficit;

(12) the current level of imports of textiles and textile products, ten billion square yard equivalents in 1984, represents over one million job opportunities lost to United States workers;

(13) imported textiles and textile products now account for 38 per centum (the equivalent of three million two hundred thousand bales of cotton) of the annual cotton consumption in the United States; only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States; the result of the massive increases in cotton textile and apparel imports has been a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone, which was only partially offset by Federal cotton program benefits; another result is that United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

(14) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool; the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries in those countries and import growth rates of 1 per centum or less have been permitted in such cases;

(15) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

(16) the increase in imports and increased import penetration of the United States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity, as measured by output per man hour, in the textile mill products sector has increased in the last ten years at the average annual rate of 4.2 per centum and in the apparel sector at the average annual rate of 3.4 per centum, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 per centum;

(17) the factors described above are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this Act;

(18) based on experience during the past ten years and on other factors, the growth of the United States market for textiles and textile products is unlikely to exceed an average annual rate of 1 per centum during the next several years;

(19) if the rate of growth of imports of textiles and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

(20) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

(A) to require the establishment of import levels for textiles and textile products supplied by major producing countries that reflect—

(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 per centum annual growth rate contemplated by the Multi-Fiber Arrangement, or 1 per centum in the case of wool products, or

(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 per centum,

whichever is the lesser,

(B) to require the establishment of import levels for textiles and textile products supplied by producing countries that reflect their 1984 import levels,

(C) to require the establishment of import levels for textiles and textile products supplied by small producing countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

(D) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

(21) the establishment of import levels, and limitation on future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

(22) as the Department of Defense has long recognized, a strong, viable and efficient domestic textiles and textile products industry is essential in order to avoid impairment of the national security of the United States;

(23) the developments that have led to the sharp increase in imports of textiles and textile products since 1980 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

(24) the sharp increase in imports of textiles and textile products since 1980, and the effect of this increase on the United States textiles and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

SEC. 204. DEFINITIONS.

For purposes of this title—

(1) The term "textiles and textile products" includes, but is not limited to, all manmade fibers, tops, yarns, piece goods, madeup articles, apparel, and other textile manufactured products (which derive their chief characteristics from their textile components) made in whole or in part from any natural or manmade fiber, or blend thereof, that are classified under schedule 3, part 6 of schedule 6, part 1, 4, 5 (except subpart E), 7, or 13 of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States or part 1 of the Appendix to the Tariff Schedules of the United States;

(2) The term "category" means, with respect to textiles and textile products that are the product of a country, each of the following—

(A) each category of textiles and textile products identified by a three-digit textile category number in the Department of Commerce publication "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", dated January 1985 and, subsequently, in the first edition of such document that is revised to reflect the adoption by the United States of the Nomenclature Structure of the Harmonized System;

(B) with respect to each country with which the United States has (i) an agreement on the date of enactment of this title limiting exports of textiles and textile products to the United States that includes specific limitations on subdivisions of a category described in subparagraph (A), or (ii) taken unilateral action to limit products entered under such a subdivision, each such subdivision;

(C) a category consisting of the man-made fiber products classified under subpart E of part 1 of schedule 3 to the Tariff Schedules of the United States; and

(D) each category consisting of each of the following products when, because of any fiber content, that product is not subject to the Multi-Fiber Arrangement:

(i) yarn,

(ii) fabric,

(iii) apparel, and

(iv) other textile products;

(3) The term "import sensitive category" means—

(A) a category (other than a category applicable to textiles and textile products that are a product of a country in the Caribbean region) for which the ratio of imports to domestic production, as reported in the Department of Commerce publication "U.S. Production, Imports and Import/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel", equals or exceeds 40.0 for the preceding calendar year; and

(B) a category covering wool products;

(4) The term "country" means a foreign country (other than Canada and the Member States of the European Economic Community as constituted on January 1, 1985), a foreign territory, an insular possession of the United States, or any other territory, possession, colony, trusteeship or political entity, whether affiliated with the United States or not, that is outside the customs territory of the United States;

(5) The term "major producing country" means a country the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in paragraph (2)(A) during calendar year 1984 equalled or exceeded 10 percent of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(6) The term "producing country" means a country (other than a major producing country and a country in the Caribbean region) the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in paragraph (2)(A) during calendar year 1984 equalled or exceeded 1.25 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(7) The term "small producing country" means a country other than a major producing country and a producing country;

(8) The term "country in the Caribbean region" means Mexico and a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702);

(9) The term "wool product" means an article containing over 17 per centum by weight of wool;

(10) The term "cotton, wool and manmade fiber sweaters" means articles classified under categories 345, 445, 446, 645 or 646 as defined in the Department of Commerce publication "Correlation Textile and Apparel Categories with Tariff Schedules of the United States Annotated," dated January 1985;

(11) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States;

(12) The term "imported" means entered; and

(13) The term "Multi-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva, December 22, 1981.

SEC. 205. LIMITS ON TEXTILE AND APPAREL IMPORTS.

(a) CALENDAR YEAR 1985.—Notwithstanding any other provision of law, the aggregate quantity of textiles and textile products classified under a category that is entered during calendar year 1985 shall not exceed—

(1) in the case of textiles and textile products that are a product of a major producing country other than textile luggage and textile flat goods subject (as of the date of enactment of this Act) to a specific limitation under an agreement with a major producing country, the lesser of an amount equal to 101 per centum—

(A) of the aggregate quantity of such products of such country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of such products of such country classified under such category entered during calendar year 1980 had increased by 6 per centum annually, or 1 per centum annually in the case of a category covering a wool product, during calendar years 1981, 1982, 1983, and 1984, or

(B) if the United States has an agreement with such country providing for an annual growth rate for such category of less than 6 per centum, of the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984;

(2) in the case of textile luggage and textile flat goods subject (as of the date of enactment of this Act) to specific limitation under an agreement with a major producing country, the specific limitation quantity in effect as of the date of enactment of the Act;

(3) in the case of textiles and textile products that are a product of a producing country, an amount equal to the aggregate quantity of—

(A) such products from such country classified under such category that entered during calendar year 1984, or

(B) in the case of textile luggage and textile flat goods subject (as of the date of enactment of this Act) to specific limitation under an agreement with a producing country, the specific limitation quantity in effect as of the date of enactment of this Act;

(4) in the case of textiles and textile products that are a product of a small producing country (other than cotton, wool, and man-made fiber sweaters described in paragraph (5)), an amount equal to the sum of—

(A) the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984, plus

(B) an amount equal to—

(i) 15 per centum of such quantity, in the case of a category that is not an import sensitive category, or

(ii) 1 per centum of such quantity, in the case of a category that is an import sensitive category; and

(5) in the case of cotton, wool and man-made fiber sweaters that are—

(A) the product of substantial assembly operations in Guam from otherwise completed knit-to-shape component parts, an aggregate amount equal to 160,000 dozen; and

(B) the product of substantial assembly operations in the Commonwealth of the Northern Mariana Islands from otherwise completed knit-to-shape component parts, an aggregate amount equal to 70,000 dozen.

If application of paragraph (1) would result in the aggregate quantity of textiles and textile products of a major producing country classified under all categories permitted to enter during calendar year 1985 to be less than 70 per centum of the aggregate quantity of such products of such country that entered during calendar year 1984, then, notwithstanding paragraph (1), the aggregate quantity of textiles and textile products of such country that may be entered under each category during calendar year 1985 shall not be less than 40 per centum of the aggregate quantity of such products of such country that entered under such category during calendar year 1984.

(b) Growth Adjustment.—For calendar years after 1985, the aggregate quantity of textiles and textile products classified under each category that may be entered during each such calendar year shall—

(1) in the case of such products that are a product of a major producing country or of a producing country, be increased by an amount equal to 1 per centum of the aggregate quantity that could be entered under such category during the preceding calendar year; and

(2) in the case of such products that are a product of a small producing country, be increased by an amount equal to—

(A) in the case of a category (other than an import sensitive category), 6 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year, and

(B) in the case of an import sensitive category, 1 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year.

If the aggregate quantity that could be entered under a category for a calendar year after 1985 is reduced under section 210(b), than in the first calendar year in which there is no such reduction, this subsection shall be applied as if there had been no reduction under section 210(b) in previous calendar years.

(c) Minimum Quantities.—If, under subsection (a) or (b), the aggregate quantity of textiles and textile products of a country that may be entered during a calendar year under a category is—

(1) less than one million square yard equivalents, in the case of a category covering yarn, fabric, made-ups, and miscellaneous products, other than wool products;

(2) less than seven hundred thousand square yard equivalents, in the case of a category covering apparel, other than wool products apparel; or

(3) less than one hundred thousand square yard equivalents, in the case of a category covering wool products,

then, notwithstanding subsection (a) or (b), the aggregate quantity of textiles and textile products that may be entered from such country under such category during the calendar year shall be one million, seven hundred thousand, or one hundred thousand square yard equivalents, respectively. The amount prescribed in the preceding sentence shall be accorded growth subject to the provisions of subsection (b) beginning the first calendar year after the aggregate quantity of imports from such country under such category equals the minimum quantity prescribed under this subsection.

(d) Special Rule.— For purposes of this section, if during any calendar year after 1984, the aggregate quantity of textiles and textile products that are the product of a small producing country, other than a country in the Caribbean region, and that are entered under the categories referred to in paragraph (2)(A) of section 204 equals or exceeds 1.25 per centum of all textiles and textile products entered under such categories from all countries and from Canada and the Member States of the European Economic Community during such calendar year, then such small producing country shall be considered to be a producing country for all succeeding calendar years.

(e) Enforcement.—The Secretary of Commerce shall prescribe such regulations governing the entry, or withdrawal from warehouse, for consumption of textiles and textile products as may be necessary to carry out this title.

SEC. 206. IMPORT LICENSING.

In order to ensure the equitable and efficient administration of section 205 of this title, the Secretary of Commerce shall, within six months after the date of enactment of this title, establish and administer an import licensing system under which an importer of any textiles and textile products from any country and from Canada and the Member States of the European Economic Community, will be required to present an import permit as a condition of entry. The Secretary shall charge a fee for import licenses in such amount as may be necessary to cover the cost of administration of the system.

SEC. 207. ANNUAL REPORT.

Not later than March 15, 1986, and March 15 of each calendar year thereafter, the President shall submit to the Congress a report on the administration of this title during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the limitations established under section 205. All departments and agencies shall cooperate in preparation of this report, as requested by the President.

SEC. 208. REVIEW.

The Secretary of Commerce shall commence ten years after the date of enactment of this title a formal review of the operation of the Textile Import Control Program under the provisions of this title. The Secretary shall consult members and committees of Congress, representatives of the labor unions and the industries affected by the program, and appropriate government agencies. Within six months after the commencement of the study, the Secretary shall submit to Congress his findings as well as his recommendations for the future conduct of the program.

SEC. 209. DUTY FREE ENTRY OF CERTAIN SWEATERS FROM GUAM AND THE NORTHERN MARIANAS.

Subpart A of part 7, schedule 3 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new item:

" 385.97	Cotton, wool and man-made fiber sweaters that are entitled to enter under the quotas established under section 205(a)(5) of the Textile and Apparel Trade Enforcement Act of 1985 or the increased quotas under section 205(b) of such Act that adjust the quotas under such section 205(a)(5) and that do not contain foreign materials to the value of more than 50 percent of their total value as this standard is applied pursuant to Headnote 3(a) of the General Headnotes and Rules of Interpretation.	Free."

SEC. 210. EFFECTIVE DATE.

(a) In General.—Subject to the provisions of subsection (b), the provisions of this title shall apply to textiles and textile products entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Act.

(b) Calendar Years 1985 and 1986.—The Secretary of Commerce shall determine, and publish in the Federal Register, the aggregate quantity, if any, of textiles and textile products that may be entered under section 205 (a) or (c) of this title from each country under each category during the period beginning on the date of enactment of this title and ending December 31, 1985. Notwithstanding subsection (a), to the extent that the aggregate quantity of imports of textiles and textile products from a country under a category entered after December 31, 1984, and before the date of enactment of this title exceeds the quantity permitted entry for such country and such category during calendar year 1985 under subsection (a) or (c) of section 205, then the limit that would otherwise pply under section 205(b) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 205(b) for such category for such country for calendar year 1986, then the limit for such category and country for calendar years after 1986 shall be reduced until such excess is accounted for.

TITLE III—FOOTWEAR

SEC. 301. SHORT TITLE.

This title may be cited as the "American Footwear Industry Recovery Act of 1985".

SEC. 302. FINDINGS AND PURPOSE.

(a) The Congress finds that—

(1) The domestic nonrubber footwear industry is important to the national economy, and footwear firms are vital to the economic health of small towns throughout the United States.

(2) The domestic nonrubber footwear industry is highly labor intensive, and low capital requirements for entry into footwear production make it a primary target for industrializing or newly industrialized countries. As a consequence, footwear is produced in virtually every footwear consuming country in the world.

(3) Tremendous competitive pressure has been created in the world footwear market in the last decade as a result of rapidly growing production and capacity in numerous developing and developed countries. This development has resulted in the widespread erection of tariff and nontariff barriers by foreign countries designed to protect their domestic footwear industries.

(4) The United States has historically resisted the protectionist trends of other producing nations and has instead maintained a market distinguished by its accessibility. As a result, the United States market has become a focal point for world trade in nonrubber footwear.

(5) The diversion of international trade to the United States market has resulted in serious injury to domestic producers as manifested by—

(A) the loss of 155,000 footwear jobs since 1968,

(B) a decline in domestic production and production capacity, and

(C) the permanent closure of over 500 plants during the same period.

(6) The serious injury to domestic producers poses a significant danger to the industry's supplier base as well.

(7) The domestic nonrubber footwear producers have made a significant commitment to the future of the industry through substantial capital investment.

(8) Since the termination of temporary import relief in 1981, capital investment in the domestic nonrubber footwear industry has declined as the industry struggled to battle the massive surge in imports which increased the percentage share of imported footwear in the United States market from, 51 percent in 1981 to 77 percent in 1985.

(9) Without the restriction of import levels, capital investment in this domestic industry will continue to decrease.

(10) The domestic nonrubber footwear industry has thrice been judged by the International Trade Commission, as recently as May 1985, to be seriously injured by imports.

(11) Since the termination of the two, four-year orderly marketing agreements in 1981, the harm to the domestic industry is even more critical then the serious injury which triggered the Commission's unanimous findings in 1976 and 1977.

(12) The domestic nonrubber footwear industry has not been afforded adequate and appropriate relief from imports; therefore, the Congress concludes that—

(A) the administrative process under sections 201, 202, and 203 of the Trade Act of 1974 has proven inadequate; and

(B) in the absence of and effective remedy under such process, legislative relief is essential.

(b)(1) It is the purpose of Congress in enacting this section to—

(A) promote and expend the economic health of the United States nonrubber footwear industry,

(B) preserve the jobs of American workers, and

(C) prevent the further decline of this important domestic industry.

(2) It is declared to be the policy of Congress that access to the United States market for foreign-produced nonrubber footwear should be on an equitable basis to ensure orderly trade in nonrubber footwear, reduce unfair trade in nonrubber footwear, and address United States balance-of-payments problems, of which footwear is the seventh largest component. In order to accomplish these objectives, it is deemed necessary and appropriate to limit imports of nonrubber footwear into the United States market.

SEC. 303. DEFINITIONS.

For purposes of this title—

(1) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(2) The term "Secretary" means Secretary of Commerce.

(3) The term "nonrubber footwear" means the following categories of nonrubber footwear products, identified by reference to the following item numbers of the Tariff Schedules of the United States (as in effect on January 1, 1985): 700.05 through 700.45; 700.56; 700.72 through 700.83; and 700.95.

(4) The term "apparent domestic consumption" means, with respect to any 1-year period, the sum of imports plus domestic production less exports.

SEC. 304. QUANTITATIVE LIMITATION ON NONRUBBER FOOTWEAR.

(a)(1) During the 8-year period beginning on the date of enactment of this title, the aggregate number of pairs of nonrubber footwear which may be entered during any 1-year period shall not exceed 60 percent of the estimated apparent domestic consumption of nonrubber footwear for such period.

(2) The quantitative limitation imposed by paragraph (1) for any 1-year period shall be distributed among the following categories of nonrubber footwear so that the aggregate number of pairs of nonrubber footwear in such category which may be entered during any 1-year period shall not exceed the quantity equal to—

(A) in the case of nonrubber footwear with a customs value that does not exceed $1.25 per pair, 10 percent of apparent domestic consumption of nonrubber footwear for such period,

(B) in the case of nonrubber footwear with a customs value that exceeds $1.25 per pair but does not exceed $2.50 per pair, 5.4 percent of apparent domestic consumption of nonrubber footwear for such period, and

(C) in the case of nonrubber footwear with a customs value that exceeds $2.50 per pair, 44.6 percent of apparent domestic consumption of nonrubber footwear for such period.

(b) Within sixty days after the effective date of this title, and on the first day of the fourth quarter of each 1 year period thereafter, the Secretary shall determine on the basis of the best information available, including his own or independent forecasts, the expected apparent domestic consumption of nonrubber footwear for, in the case of the initial determination, the remainder of the current 1 year period and in the case of the first day of the fourth quarter of each 1 year period thereafter, the next succeeding 1 year period. On each such date, the Secretary shall determine and publish in the Federal Register the allocation for the next succeeding 1 year period of permissible imports of nonrubber footwear as required by this section.

(c) On the first days of the first, second, and third quarters of each 1 year period, the Secretary shall revise the determinations of expected apparent domestic consumption made under subsection (b) for the current 1 year period on the basis of the best information then available and shall make such adjustments in the quantity of nonrubber footwear permitted to be imported under this section as indicated by the revision. All revisions and adjustments made under this subsection shall be published in the Federal Register.

(d) If the revised determination of expected apparent domestic consumption published in the Federal Register under subsection (c) on the first day of the third quarter in any 1 year period for nonrubber footwear varies from the actual apparent domestic consumption of nonrubber footwear for such 1 year period, the Secretary shall publish in the Federal Register on the first day of the second quarter of such succeeding 1 year period a revision to the determination of expected apparent domestic consumption for such 1 year period made under subsection (c) of this section. The revision shall be in the amount of such variance and shall be in addition to any other revision that would be made on any such first day of the second quarter under subsection (c) of this section.

(e)(1) The Secretary and the Secretary of the Treasury shall take such actions within their respective jurisdictions as may be necessary or appropriate to enforce the provisions of this section, including without limitation, the issuance of orders to customs officers to bar entry to merchandise if the entry of such merchandise would cause the limitations established under this section to be exceeded.

(2)(A) The Secretary and the Secretary of the Treasury are each authorized to issue such implementing regulations, including the issuance of import licenses, as may be necessary or appropriate to effect the purposes of this section and to enforce the provisions of this section.

(B) Before prescribing any regulations under subparagraph (A), the Secretary or the Secretary of the Treasury, as the case may be, shall—

(i) consult with interested domestic parties,

(ii) afford an opportunity for such parties to comment on the proposed regulations, and

(iii) consider all such comments before prescribing final regulations.

SEC. 305. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the imposition of the quantitative limitation under section 204 shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).

MATSUNAGA AMENDMENT NOS. 721 AND 722

(Ordered to lie on the table)

Mr. MATSUNAGA submitted two amendments intended to be proposed by him to the joint resolution Senate Joint Resolution 77, supra; as follows:

Amendment No. 721

At the end of the matter proposed to be inserted, add the following:

Sec. . For purposes of applying the provisions of this Act relating to the imposition of a limitation on the quantity of textiles and textile products that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States, the term "country", notwithstanding any other provision of this Act—

(1) shall mean any foreign country or any territory of a foreign country, and

(2) shall not include any territory or insular possession of the United States.

Amendment No. 722

At the end of the matter proposed to be inserted, add the following:

Sec. . For purposes of applying the provisions of this Act relating to the imposition of a limitation on the quantity of textiles and textile products that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States, the term "textiles and textile products" shall, notwithstanding any other provision of this Act, not include any printed textiles.

BRADLEY AMENDMENT NO. 723

Mr. BRADLEY proposed an amendment to the amendment of the Committee on Finance on page 92 of the joint resolution, Senate Joint Resolution 77, supra; as follows:

Strike all after sect 7 p. 92, line one, and insert in lieu of the following:

TEXTILE AND APPAREL TRADE ENFORCEMENT

(a) The Congress finds that—

(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

(2) the Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December 1986 through July 1986, contemplates a 6-percent annual rate of growth for imports for most exporting countries and provides for a lower rate of growth for imports from major exporting countries;

(3) since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984, imports of textiles and textile products into the United States have grown at an annual rate of 19 percent, far in excess of the 1 percent growth rate of the United States market for textiles and textile products during the same period and far in excess of the annual rate of import growth of less than 2 percent that prevailed during the period 1974 through 1980;

(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Arrangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last 6 years, reaching a level of 50 percent in 1984;

(6) based on a nationwide audit of major retail outlets, the import penetration of such major items of apparel as trousers, blouses, shirts, suits, skirts, and sweaters exceeds 50 percent of domestic consumption;

(7) since the most recent extension of the Multi-Fiber Arrangement, certain exporting countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

(8) imports of textiles and textile products into the United States are predominantly the product of major exporting countries, with 5 large exporting countries now accounting for more than 50 percent of all imports of textiles and textile products;

(9) the domination of import trade by producers in the major exporting countries has limited participation in the United States market by other exporting countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment, with the United States;

(10) a change in United States textile trade policy to afford the smaller exporting countries and countries in the Caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 percent over 1983, and accounted for 13 percent of the Nation's overall merchandise trade deficit;

(12) the current level of imports of textiles and textile products, 9,800,000,000 square yard equivalents in 1984, represents over 1,000,000 job opportunities lost to United States workers;

(13) imported textiles and textile products now account for 38 percent (the equivalent of 3.2 million bales of cotton) of the annual cotton consumption in the United States, only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States;

(14) the massive increase in cotton textile and apparel imports had resulted in a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone which was only partially offset by Federal cotton program benefits;

(15) United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

(16) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool;

(17) the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries, in those countries and import growth rates of 1 percent or less have been permitted in such cases;

(18) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

(19) the increase in imports and increased import penetration of the United States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity (as measured by output per man-hour) in the textile mill products sector has increased in the last 10 years at the average annual rate of 4.2 percent and in the apparel sector at the average annual rate of 3.4 percent, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 percent;

(20) the factors described in the preceding paragraphs are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this Act;

(21) based on experience during the past 10 years and on other factors, the growth of the United States market for textile and textile products is unlikely to exceed an average annual rate of 1 percent during the next several years;

(22) if the rate of growth of imports of textile and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

(23) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

(A) to require the establishment of import levels for textiles and textile products supplied by major exporting countries that reflect the lesser of—

(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 percent annual growth rate contemplated by the Multi-Fiber Arrangement, or

(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 percent,

(B) to require the establishment of import levels for textiles and textile products supplied by smaller exporting countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

(C) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

(24) the establishment of import levels, and limitation of future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also

reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

(25) as the Department of Defense has long recognized, a strong, viable, and efficient domestic textiles and textile products industry is essential in order to avoid impairment of the national security of the United States;

(26) the developments that have led to the sharp increase in imports of textiles and textile products since 1982 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

(27) the sharp increase in imports of textiles and textile products since 1980, and the effort of this increase on the United States textile and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

(b) The purpose of this section is—

(1) to prevent further—

(A) disruption of the United States textiles and textile products markets,

(B) damage to United States textile and apparel manufacturers, and

(C) loss of jobs by United States workers, by providing for orderly and nondisruptive growth of imports of textiles and textile products;

(2) to provide temporary relief in order to provide an opportunity for adjustment to import competition; and

(3) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

(c) For purposes of this section—

(1) The term "textiles and textile products" includes, but is not limited to—

(A) all man-made fibers, and

(B) all—

(i) tops,

(ii) yarns,

(iii) piece goods,

(iv) made-up articles,

(v) garments, and

(vi) other textile manufactured products which derive their chief characteristics from their textile components.

made in whole or in part from any natural or man-made fiber, or blend thereof,

that are classified under schedule 3, part 6 of schedule 6, part 1, 4, 5, 7, or 13 of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States or part 1 of the Appendix to such Schedules.

(2)(A) The term "category" means, with respect to any textile or textile product, the category into which such textile or textile product is classified under subparagraph (B).

(B) The Secretary of the Treasury shall classify all textiles and textile products according to a system which uses the following categories:

(i) each of the categories of textiles and textile products identified by a 3-digit textile category number in the Department of Commerce publication of January 1985 entitled "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated";

(ii) a separate category for man-made fiber articles classified under subpart E of part 1 of schedule 3 of the Tariff Schedules of the United States; and

(iii) a separate category for each of the following articles which, because of fiber content, are not subject to the Multi-Fiber Arrangement:

(I) yarn,

(II) fabric,

(III) apparel, and

(IV) other textile products.

(3) The term "foreign country" includes any foreign territory or insular possession of the United States.

(4) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(5) The term "Multi-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva on December 22, 1981.

(6) The term "Commission" means the United States International Trade Commission.

(d)(1) The Commission shall conduct an investigation for the purpose of—

(A) determining—

(i) the extent to which the domestic textile industry has been seriously injured, and is threatened with serious injury, by reason of imports of textiles, and

(ii) the extent to which the domestic apparel industry has been seriously injured, and is threatened with serious injury, by reason of imports of apparel, and

(B) recommending—

(i) the amount of any increase in, or imposition of, a duty or other import restriction on textiles which is necessary to prevent or remedy such injury to the domestic textile industry, and

(ii) the amount of any increase in, or imposition of, a duty or other import restriction on apparel which is necessary to prevent or remedy such injury to the domestic apparel industry.

(2) By no later than the date that is 90 days after the date of enactment of this Act, the Commission shall—

(A) submit to the President a report on the determinations and recommendations made by the Commission under paragraph (1), and

(B) publish a summary of such report in the Federal Register.

(3)(A) By no later than the date that is 15 days after the date on which the report is submitted to the President under paragraph (2), the President shall issue a proclamation implementing the recommendations of the Commission set forth in such report.

(B) Any increase in, or imposition of, any duty or other import restriction which is proclaimed under subparagraph (A) shall apply with respect to articles entered after July 31, 1985, and before August 1, 1986.

(e)(1) Except as otherwise provided in this Act and notwithstanding any other provision of law, the aggregate quantity of textiles and textile products of any foreign country classified under the same category that may be entered during the 1-year period beginning on August 1, 1986, shall not exceed the sum of—

(A) the aggregate quantity of textiles and textile products of such country classified under such category that was entered during the 1-year period beginning on August 1, 1985, plus

(B) 6 percent of the aggregate quantity described in subparagraph (A).

(2) Except as otherwise provided in this Act and notwithstanding any other provision of law, the aggregate quantity of textiles and textile products of any foreign country classified under the same category that may be entered during the 1-year period beginning on August 1, 1987, and during any succeeding 1-year period, shall not exceed the sum of—

(A) the aggregate quantity of textiles and textile products of such country classified under such category that could have been entered under this subsection (determined without regard to paragraph (3)) during the year proceeding such 1-year period, plus

(B) 6 percent of the aggregate quantity described in subparagraph (A).

(3) If the aggregate quantity of textiles and textile products of a foreign country classified under the same category that enter after August 1, 1985, and before the date on which a proclamation is issued under subsection (d)(3) exceeds any limitation imposed by such proclamation on the quantity of textiles and textile products of such country classified under such category that may be entered during the 1-year period beginning on August 1, 1985, the limitation imposed under paragraph (1) on the quantity of textiles and textile products of such country classified under such category that may otherwise be entered during the 1-year period beginning on August 1, 1986, shall be reduced by the amount of such excess.

(f) For purposes of applying section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the issuance of a proclamation under subsection (d)(3), and the imposition of a quantitative limitation under subsection (e), shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).

(g)(1) The Secretary of the Treasury shall take such actions and issue such regulations as may be necessary or appropriate to enforce the provisions of this section, including, without limitation, the issuance of orders to Customs officers to bar entry to any article if the entry of such article would cause any quantitative limitations imposed under this section to be exceeded.

(2) In order to ensure the equitable and efficient administration of subsection (e), the Secretary of Commerce shall establish and administer an import licensing system under which an importer of any textiles and textile products from any foreign country will be required, during the 10-year period beginning on August 1, 1986, to present an import license as a condition of entry for such textiles or textile products. The Secretary of Commerce shall charge a fee for such import licenses in such amount as may be necessary to cover the cost of administrating such system.

(3) During the 1-year period beginning on August 1, 1986, and during each succeeding 1-year period, the Secretary of Commerce shall, at least once during every quarter within each of such 1-year periods, provide written notice to each foreign country which states the aggregate quantity of each category of textiles and textile products of such country that may be entered during the remaining portion of such 1-year period.

(h)(1) By no later than October 15 of 1987, and of each calendar year thereafter, the President shall submit to the Congress an annual report on the administration of this section during the preceding year. Such report shall include detailed information about the implementation and operation of the quantitative limitations imposed by this section. All departments and agencies shall cooperate in the preparation of such report.

(2)(A) The Comptroller General of the United States shall submit an annual report to the Congress on—

(i) the allocation of United States Customs Service personnel in the import specialist and inspector functions necessary to fully enforce this section, and

(ii) the impact of computerization on trade law enforcement.

(3) The Secretary of the Treasury shall cooperate with the Comptroller General of the United States in the preparation of the report required under subparagraph (A).

(3)(A) The Secretary of the Treasury shall conduct a study of the categories of textiles and textile products to determine whether the quantitative limitations imposed by this section could be specified in terms of the weight of such textiles or textile products in order to simplify administration of such limitations through use of shipping weight. In conducting such study, the Secretary of the Treasury shall consult with recognized unions and groups representing workers in the textile and textile products industry.

(B) The Secretary of the Treasury shall submit to the Congress a report on the study conducted under subparagraph (A) by no later than the date that is 6 months after the date of enactment of this Act.

(i)(1) Except as provided in paragraph (2), the provisions of subsection (e) shall apply to textiles and textile products entered—

(A) after July 31, 1986, and

(B) before August 1, 1996.

(2) Notwithstanding any other provision of this section, the provisions of this section shall cease to apply on the day on which the President submits to the Congress a written statement certifying that Taiwan, the Republic of Korea, Hong Kong, the Peoples' Republic of China, Japan, Pakistan, Mexico, India, Indonesia, the Philippines, Thailand, Brazil, Singapore, the European Communities, and Canada have, after the date of enactment of this Act, each entered into a new textiles and textile products agreement with the United States that contains provisions which are consistent with the purposes of this Act.

THURMOND (AND OTHERS) AMENDMENT NO. 724

Mr. THURMOND (for himself, Mr. HOLLINGS, Mr. MOYNIHAN, Mr. HELMS, Mr. HEFLIN, Mr. HEINZ, Mr. COHEN, Mr. WARNER, Mr. KENNEDY, Mr. MITCHELL, Mr. EAGLETON, Mr. SPECTER, Mr. EAST, Mr. COCHRAN, Mr. TRIBLE, Mr. DENTON, Mr. D'AMATO, Mr. SASSER, Mr. HATCH, Mr. PELL, Mr. MATTINGLY, Mr. GARN, Mr. LAXALT, Mr. ROCKEFELLER, Mrs. HAWKINS, Mr. GORE, Mr. DIXON, Mr. DODD, Mr. SIMON, Mr. FORD, Mr. DECONCINI, Mr. PRYOR, Mr. MATHIAS, Mr. LONG, Mr. LEAHY, Mr. METZENBAUM, Mr. RIEGLE, Mr. WEICKER, Mr. MCCONNELL, Mr. KASTEN, Mr. GLENN, Mr. BUMPERS, Mr. NUNN, AND MR. BYRD) proposed an amendment to amendment No. 723 proposed by Mr. BRADLEY to the joint resolution Senate Joint Resolution 77, supra; as follows:

At the end of the pending amendment add the following:

"TITLE II—TEXTILE AND APPAREL TRADE ENFORCEMENT

"SEC. 201. SHORT TITLE.

"This title may be cited as the 'Textile and Apparel Trade Enforcement Act of 1985'.

"SEC. 202. POLICY.

"The policy of this title is—

"(1) to prevent further disruption of the United States textiles and textile products markets, damage to United States textile and apparel manufacturers, and loss of jobs by United States workers by providing for orderly and nondisruptive growth of imports of textiles and textile products; and

"(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

"SEC. 203. FINDINGS.

"The Congress finds that—

"(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

"(2) the Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December, 1981, through July 1986, contemplates a 6 per centum annual rate of growth for imports for most exporting countries and provides for a lower rate of growth for imports from significant exporting countries;

"(3) since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984 imports of textiles and textile products into the United States have grown at an annual rate of 19 per centum, far in excess of the 1 per centum growth rate of the United States market for textiles and textile products during the same period and far in excess of the annual rate of import growth of less than 2 per centum that prevailed during the period 1974 through 1980;

"(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Arrangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

"(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last six years, reaching a level of 50 per centum in 1984;

"(6) based on a nationwide audit of major retail outlets, the import penetration of such major items of apparel as trousers, blouses, shirts, suits, skirts and sweaters exceeds 50 per centum of domestic consumption;

"(7) since the most recent extension of the Multi-Fiber Arrangement, certain exporting countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

"(8) imports of textiles and textile products into the United States are predominantly the product of significant exporting countries, with five large exporting countries now accounting for more than 50 per centum of all imports of textiles and textile products;

"(9) the domination of import trade by producers in the significant producing countries has limited participation in the United States market by other producing countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment, with the United States;

"(10) a change in United States textile trade policy to afford the smaller producing countries and countries in the Caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

"(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 per centum over 1983, and accounted for 13 per centum of the Nation's overall merchandise trade deficit;

"(12) the current level of imports of textiles and textile products, ten billion square yard equivalents in 1984, represents over one million job opportunities lost to United States workers;

"(13) imported textiles and textile products now account for 38 per centum (the equivalent of three million two hundred thousand bales of cotton) of the annual cotton consumption in the United States; only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States; the result of the massive increases in cotton textile and apparel imports has been a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone, which was only partially offset by Federal cotton program benefits; another result is that United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

"(14) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool; the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries in those countries and import growth rates of 1 per centum or less have been permitted in such cases;

"(15) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

"(16) the increase in imports and increased import penetration of the United

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States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity, as measured by output per man hour, in the textile mill products sector has increased in the last ten years at the average annual rate of 4.2 per centum and in the apparel sector at the average annual rate of 3.4 per centum, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 per centum;

"(17) the factors described above are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this Act;

"(18) based on experience during the past ten years and on other factors, the growth of the United States market for textiles and textile products is unlikely to exceed an average annual rate of 1 per centum during the next several years;

"(19) if the rate of growth of imports of textiles and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

"(20) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

"(A) to require the establishment of import levels for textiles and textile products supplied by major producing countries that reflect—

"(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 per centum annual growth rate contemplated by the Multi-Fiber Arrangement, or 1 per centum in the case of wool products, or

"(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 per centum,

whichever is the lesser,

"(B) to require the establishment of import levels for textiles and textile products supplied by producing countries that reflect their 1984 import levels,

"(C) to require the establishment of import levels for textiles and textile products supplied by small producing countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

"(D) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

"(21) the establishment of import levels, and limitation on future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

"(22) as the Department of Defense has long recognized, a strong, viable and efficient domestic textiles and textile products industry is essential in order to avoid impairment of the national security of the United States;

"(23) the developments that have led to the sharp increase in imports of textiles and textile products since 1980 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

"(24) the sharp increase in imports of textiles and textile products since 1980, and the effect of this increase on the United States textiles and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

"SEC. 204. DEFINITIONS.

"For purposes of this title—

"(1) The term "textiles and textile products" includes, but is not limited to, all manmade fibers, tops, yarns, piece goods, made-up articles, apparel, and other textile manufactured products (which derive their chief characteristics from their textile components) made in whole or in part from any natural or manmade fiber, or blend thereof, that are classified under schedule 3, part 6 of schedule 6, part 1, 4, 5 (except subpart E), 7, or 13 of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States or part 1 of the Appendix to the Tariff Schedules of the United States;

"(2) The term "category" means, with respect to textiles and textile products that are the product of a country, each of the following—

"(A) each category of textiles and textile products identified by a three-digit textile category number in the Department of Commerce publication "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", dated January 1985 and, subsequently, in the first edition of such document that is revised to reflect the adoption by the United States of the Nomenclature Structure of the Harmonized System;

"(B) with respect to each country with which the United States has (i) an agreement on the date of enactment of this title limiting exports of textiles and textile products to the United States that includes specific limitations on subdivisions of a category described in subparagraph (A), or (ii) taken unilateral action to limit products entered under such a subdivision, each such subdivision;

"(C) a category consisting of the manmade fiber products classified under subpart E of part 1 of schedule 3 to the Tariff Schedules of the United States; and

"(D) each category consisting of each of the following products when, because of any fiber content, that product is not subject to the Multi-Fiber Arrangement:

"(i) yarn,

"(ii) fabric,

"(iii) apparel, and

"(iv) other textile products;

"(3) The term "import sensitive category" means—

"(A) a category (other than a category applicable to textiles and textile products that are a product of a country in the Caribbean region) for which the ratio of imports to domestic production, as reported in the Department of Commerce publication "U.S. Production, Imports and Import/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel", equals or exceeds 40.0 for the preceding calendar year; and

"(B) a category covering wool products;

"(4) The term "country" means a foreign country (other than Canada and the Member States of the European Economic Community as constituted on January 1, 1985), a foreign territory, an insular possession of the United States, or any other territory, possession, colony, trusteeship or political entity, whether affiliated with the United States or not, that is outside the customs territory of the United States;

"(5) The term "major producing country" means a country the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in paragraph (2)(A) during calendar year 1984 equalled or exceeded 10 percent of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

"(6) The term "producing country" means a country (other than a major producing country and a country in the Caribbean region) the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in paragraph (2)(A) during calendar year 1984 equalled or exceeded 1.25 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

"(7) The term "small producing country" means a country other than a major producing country and a producing country;

"(8) The term "country in the Caribbean region" means Mexico and a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702);

"(9) The term "wool product" means an article containing over 17 per centum by weight of wool;

"(10) The term "cotton, wool and manmade fiber sweaters" means articles classified under categories 345, 445, 446, 645 or 646 as defined in the Department of Commerce publication "Correlation Textile and Apparel Categories with Tariff Schedules of the United States Annotated," dated January 1985;

"(11) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States;

"(12) The term "imported" means entered; and

"(13) The term "Milti-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva, December 22, 1981.

"SEC. 205. LIMITS ON TEXTILE AND APPAREL IMPORTS.

"(a) CALENDAR YEAR 1985.—Notwithstanding any other provision of law, the aggregate quantity of textiles and textile products classified under a category that is entered during calendar year 1985 shall not exceed—

"(1) in the case of textiles and textile products that are a product of a major producing country other than textile luggage and textile flat goods subject (as of the date of enactment of this Act) to a specific limitation under an agreement with a major producing country, the lesser of an amount equal to 101 per centum—

"(A) of the aggregate quantity of such products of such country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of such products of such country classified under such category entered during calendar year 1980 had increased by 6 per centum annually, or 1 per centum annually in the case of a category covering a wool product, during calendar years 1981, 1982, 1983, and 1984, or

"(B) if the United States has an agreement with such country providing for an annual growth rate for such category of less than 6 per centum, of the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984;

"(2) in the case of textile luggage and textile flat goods subject (as of the date of enactment of this Act) to specific limitation under an agreement with a major producing country, the specific limitation quantity in effect as of the date of enactment of the Act;

"(3) in the case of textiles and textile products that are a product of a producing country, an amount equal to the aggregate quantity of—

"(A) such products from such country classified under such category that entered during calendar year 1984, or

"(B) in the case of textile luggage and textile flat goods subject (as of the date of enactment of this Act) to specific limitation under an agreement with a producing country, the specific limitation quantity in effect as of the date of enactment of this Act;

"(4) in the case of textiles and textile products that are a product of a small producing country (other than cotton, wool, and man-made fiber sweaters described in paragraph (5)), an amount equal to the sum of—

"(A) the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984, plus

"(B) an amount equal to—

"(i) 15 per centum of such quantity, in the case of a category that is not an import sensitive category, or

"(ii) 1 per centum of such quantity, in the case of a category that is an import sensitive category; and

"(5) in the case of cotton, wool and man-made fiber sweaters that are—

"(A) the product of substantial assembly operations in Guam from otherwise completed knit-to-shape component parts, an aggregate amount equal to 160,000 dozen; and

"(B) the product of substantial assembly operations in the Commonwealth of the Northern Mariana Islands from otherwise completed knit-to-shape component parts, an aggregate amount equal to 70,000 dozen.

"If application of paragraph (1) would result in the aggregate quantity of textiles and textile products of a major producing country classified under all categories permitted to enter during calendar year 1985 to be less than 70 per centum of the aggregate quantity of such products of such country that entered during calendar year 1984, then, notwithstanding paragraph (1), the aggregate quantity of textiles and textile products of such country that may be entered under each category during calendar year 1985 shall not be less than 40 per centum of the aggregate quantity of such products of such country that entered under such category during calendar year 1984.

"(b) GROWTH ADJUSTMENT.—For calendar years after 1985, the aggregate quantity of textiles and textile products classified under each category that may be entered during each such calendar year shall—

"(1) in the case of such products that are a product of a major producing country or of a producing country, be increased by an amount equal to 1 per centum of the aggregate quantity that could be entered under such category during the preceding calendar year; and

"(2) in the case of such products that are a product of a small producing country, be increased by an amount equal to—

"(A) in the case of a category (other than an import sensitive category), 6 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year, and

"(B) in the case of an import sensitive category, 1 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year.

"If the aggregate quantity that could be entered under a category for a calendar year after 1985 is reduced under section 210(b), than in the first calendar year in which there is no such reduction, this subsection shall be applied as if there had been no reduction under section 210(b) in previous calendar years.

"(c) MINIMUM QUANTITIES.—If, under subsection (a) or (b), the aggregate quantity of textiles and textile products of a country that may be entered during a calendar year under a category is—

"(1) less than one million square yard equivalents, in the case of a category covering yarn, fabric, made-ups, and miscellaneous products, other than wool products;

"(2) less than seven hundred thousand square yard equivalents, in the case of a category covering apparel, other than wool products apparel; or

"(3) less than one hundred thousand square yard equivalents, in the case of a category covering wool products,

"then, notwithstanding subsection (a) or (b), the aggregate quantity of textiles and textile products that may be entered from such country under such category during the calendar year shall be one million, seven hundred thousand, or one hundred thousand square yard equivalents, respectively. The amount prescribed in the preceding sentence shall be accorded growth subject to the provisions of subsection (b) beginning the first calendar year after the aggregate quantity of imports from such country under such category equals the minimum quantity prescribed under this subsection.

"(d) SPECIAL RULE.— For purposes of this section, if during any calendar year after 1984, the aggregate quantity of textiles and textile products that are the product of a small producing country, other than a country in the Caribbean region, and that are entered under the categories referred to in paragraph (2)(A) of section 204 equals or exceeds 1.25 per centum of all textiles and textile products entered under such categories from all countries and from Canada and the Member States of the European Economic Community during such calendar year, then such small producing country shall be considered to be a producing country for all succeeding calendar years.

"(e) ENFORCEMENT.—The Secretary of Commerce shall prescribe such regulations governing the entry, or withdrawal from warehouse, for consumption of textiles and textile products as may be necessary to carry out this title.

"SEC. 206. IMPORT LICENSING.

"In order to ensure the equitable and efficient administration of section 205 of this title, the Secretary of Commerce shall, within six months after the date of enactment of this title, establish and administer an import licensing system under which an importer of any textiles and textile products from any country and from Canada and the Member States of the European Economic Community, will be required to present an import permit as a condition of entry. The Secretary shall charge a fee for import licenses in such amount as may be necessary to cover the cost of administration of the system.

"SEC. 207. ANNUAL REPORT.

"Not later than March 15, 1986, and March 15 of each calendar year thereafter, the President shall submit to the Congress a report on the administration of this title during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the limitations established under section 205. All departments and agencies shall cooperate in preparation of this report, as requested by the President.

"SEC. 208. REVIEW.

"The Secretary of Commerce shall commence ten years after the date of enactment of this title a formal review of the operation of the Textile Import Control Program under the provisions of this title. The Secretary shall consult members and committees of Congress, representatives of the labor unions and the industries affected by the program, and appropriate government agencies. Within six months after the commencement of the study, the Secretary shall submit to Congress his findings as well as his recommendations for the future conduct of the program.

"SEC. 209. DUTY FREE ENTRY OF CERTAIN SWEATERS FROM GUAM AND THE NORTHERN MARIANAS.

"Subpart A of part 7, schedule 3 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new item:

" '385.97	Cotton, wool and man-made fiber sweaters that are entitled to enter under the quotas established under section 205(a)(5) of the Textile and Apparel Trade Enforcement Act of 1985 or the increased quotas under section 205(b) of such Act that adjust the quotas under such section 205(a)(5) and that do not contain foreign materials to the value of more than 50 percent of their total value as this standard is applied pursuant to Headnote 3(a) of the General Headnotes and Rules of Interpretation.	Free'.

"SEC. 210. EFFECTIVE DATE.

"(a) IN GENERAL.—Subject to the provisions of subsection (b), the provisions of this title shall apply to textiles and textile products entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Act.

"(b) CALENDAR YEARS 1985 AND 1986.—The Secretary of Commerce shall determine, and publish in the Federal Register, the aggregate quantity, if any, of textiles and textile products that may be entered under section 205(a) or (c) of this title from each country under each category during the period beginning on the date of enactment of this title and ending December 31, 1985. Notwithstanding subsection (a), to the extent that the aggregate quantity of imports of textiles and textile products from a country under a category entered after December 31, 1984, and before the date of enactment of this title exceeds the quantity permitted entry for such country and such category during calendar year 1985 under subsection (a) or (c) of section 205, then the limit that would otherwise apply under section 205(b) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 205(b) for such category for such country for calendar year 1986, then the limit for such category and country for calendar years after 1986 shall be reduced until such excess is accounted for.

"TITLE III—FOOTWEAR

"SEC. 301. SHORT TITLE.

"This title may be cited as the 'American Footwear Industry Recovery Act of 1985'.

"SEC. 302. FINDINGS AND PURPOSE.

"(a) The Congress finds that—

"(1) The domestic nonrubber footwear industry is important to the national economy, and footwear firms are vital to the economic health of small towns throughout the United States.

"(2) The domestic nonrubber footwear industry is highly labor intensive, and low capital requirements for entry into footwear production make it a primary target for industrializing or newly industrialized countries. As a consequence, footwear is produced in virtually every footwear consuming country in the world.

"(3) Tremendous competitive pressure has been created in the world footwear market in the last decade as a result of rapidly growing production and capacity in numerous developing and developed countries. This development has resulted in the widespread erection of tariff and nontariff barriers by foreign countries designed to protect their domestic footwear industries.

"(4) The United States has historically resisted the protectionist trends of other producing nations and has instead maintained a market distinguished by its accessibility. As a result, the United States market has become a focal point for world trade in nonrubber footwear.

"(5) The diversion of international trade to the United States market has resulted in serious injury to domestic producers as manifested by—

"(A) the loss of 155,000 footwear jobs since 1968,

"(B) a decline in domestic production and production capacity, and

"(C) the permanent closure of over 500 plants during the same period.

"(6) The serious injury to domestic producers poses a significant danger to the industry's supplier base as well.

"(7) The domestic nonrubber footwear producers have made a significant commitment to the future of the industry through substantial capital investment.

"(8) Since the termination of temporary import relief in 1981, capital investment in the domestic nonrubber footwear industry has declined as the industry struggled to battle the massive surge in imports which increased the percentage share of imported footwear in the United States market from, 51 percent in 1981 to 77 percent in 1985.

"(9) Without the restriction of import levels, capital investment in this domestic industry will continue to decrease.

"(10) The domestic nonrubber footwear industry has thrice been judged by the International Trade Commission, as recently as May 1985, to be seriously injured by imports.

"(11) Since the termination of the two, four-year orderly marketing agreements in 1981, the harm to the domestic industry is even more critical then the serious injury which triggered the Commission's unanimous findings in 1976 and 1977.

"(12) The domestic nonrubber footwear industry has not been afforded adequate and appropriate relief from imports; therefore, the Congress concludes that—

"(A) the administrative process under sections 201, 202, and 203 of the Trade Act of 1974 has proven inadequate; and

"(B) in the absence of and effective remedy under such process, legislative relief is essential.

"(b)(1) It is the purpose of Congress in enacting this section to—

"(A) promote and expend the economic health of the United States nonrubber footwear industry,

"(B) preserve the jobs of American workers, and

"(C) prevent the further decline of this important domestic industry.

"(2) It is declared to be the policy of Congress that access to the United States market for foreign-produced nonrubber footwear should be on an equitable basis to ensure orderly trade in nonrubber footwear, reduce unfair trade in nonrubber footwear, and address United States balance-of-payments problems, of which footwear is the seventh largest component. In order to accomplish these objectives, it is deemed necessary and appropriate to limit imports of nonrubber footwear into the United States market.

"SEC. 303. DEFINITIONS.

For purposes of this title—

"(1) The term 'entered' means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

"(2) The term 'Secretary' means Secretary of Commerce.

"(3) The term 'nonrubber footwear' means the following categories of nonrubber footwear products, identified by reference to the following item numbers of the Tariff Schedules of the United States (as in effect on Janury 1, 1985): 700.05 through 700.45; 700.56; 700.72 through 700.83; and 700.95.

"(4) The term 'apparent domestic consumption' means, with respect to any 1-year period, the sum of imports plus domestic production less exports.

"SEC. 304. QUANTITATIVE LIMITATION ON NONRUBBER FOOTWEAR.

"(a)(1) During the 8-year period beginning on the date of enactment of this title, the aggregate number of pairs of nonrubber footwear which may be entered during any 1-year period shall not exceed 60 percent of the estimated apparent domestic consumption of nonrubber footwear for such period.

"(2) The quantitative limitation imposed by paragraph (1) for any 1-year period shall be distributed among the following categories of nonrubber footwear so that the aggregate number of pairs of nonrubber footwear in such category which may be entered during any 1-year period shall not exceed the quantity equal to—

"(A) in the case of nonrubber footwear with a customs value that does not exceed $1.25 per pair, 10 percent of apparent domestic consumption of nonrubber footwear for such period,

"(B) in the case of nonrubber footwear with a customs value that exceeds $1.25 per pair but does not exceed $2.50 per pair, 5.4 percent of apparent domestic consumption of nonrubber footwear for such period, and

"(C) in the case of nonrubber footwear with a customs value that exceeds $2.50 per pair, 44.6 percent of apparent domestic consumption of nonrubber footwear for such period.

"(b) Within sixty days after the effective date of this title, and on the first day of the fourth quarter of each 1 year period thereafter, the Secretary shall determine on the basis of the best information available, including his own or independent forecasts, the expected apparent domestic consumption of nonrubber footwear for, in the case of the initial determination, the remainder of the current 1 year period and in the case of the first day of the fourth quarter of each 1 year period thereafter, the next succeeding 1 year period. On each such date, the Secretary shall determine and publish in the Federal Register the allocation for the next succeeding 1 year period of permissible imports of nonrubber footwear as required by this section.

"(c) On the first days of the first, second, and third quarters of each 1 year period, the Secretary shall revise the determinations of expected apparent domestic consumption made under subsection (b) for the current 1 year period on the basis of the best information then available and shall make such adjustments in the quantity of nonrubber footwear permitted to be imported under this section as indicated by the revision. All revisions and adjustments made under this subsection shall be published in the Federal Register.

"(d) If the revised determination of expected apparent domestic consumption published in the Federal Register under subsection (c) on the first day of the third quarter in any 1 year period for nonrubber footwear varies from the actual apparent domestic consumption of nonrubber footwear for such 1 year period, the Secretary shall publish in the Federal Register on the first day of the second quarter of such succeeding 1 year period a revision to the determination of expected apparent domestic consumption for such 1 year period made under subsection (c) of this section. The revision shall be in the amount of such variance and shall be in addition to any other revision that would be made on any such first day of the second quarter under subsection (c) of this section.

"(e)(1) The Secretary and the Secretary of the Treasury shall take such actions within their respective jurisdictions as may be necessary or appropriate to enforce the provisions of this section, including without limitation, the issuance of orders to customs officers to bar entry to merchandise if the entry of such merchandise would cause the limitations established under this section to be exceeded.

"(2)(A) The Secretary and the Secretary of the Treasury are each authorized to issue such implementing regulations, including the issuance of import licenses, as may be necessary or appropriate to effect the purposes of this section and to enforce the provisions of this section.

"(B) Before prescribing any regulations under subparagraph (A), the Secretary or the Secretary of the Treasury, as the case may be, shall—

"(i) consult with interested domestic parties,

"(ii) afford an opportunity for such parties to comment on the proposed regulations, and

"(iii) consider all such comments before prescribing final regulations.

"SEC. 305. COMPENSATION AUTHORITY.

"For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the imposition of the quantitative limitation under section 204 shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).".

BAUCUS AMENDMENT NO. 725

(Ordered to lie on the table.)

Mr. BAUCUS submitted an amendment intended to be proposed by him to the joint resolution Senate Joint Resolution 77, supra; as follows:

At the end of the amendment, add the following:

SEC. . (a) Notwithstanding any other provision of this Act, any provisions of this Act that impose a limitation on the quantity of textiles and textile products that may be entered shall not apply with respect to the products of any foreign country entered in a calendar year if the aggregate value of agricultural products of the United States exported to such foreign country during the calendar year preceding such calendar year exceeded $400,000,000.

(b) For purposes of this section, the term "entered" means entered, or withdrawn from warehosue, for consumption in the customs territory of the United States.

AUTHORIZATION OF CERTAIN FISHERIES PROGRAMS

DANFORTH AMENDMENT NO. 726

Mr. DOLE (for Mr. DANFORTH) proposed an amendment to the bill (S. 991) to provide authorization of appropriations for certain fisheries activities; as follows:

On page 3, line 7, strike "$3,500,000" and insert in lieu thereof "$6,935,000"; and on line 8 strike "$3,657,500" and insert in lieu thereof "$7,247,075".

TEMPORARY EXTENSION OF CERTAIN HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

GARN AMENDMENT NO. 727

Mr. DOLE (for Mr. GARN) proposed an amendment to the joint resolution (H.J. Res. 393) to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes; as follows:

At the end of the joint resolution, add the following:

SEC. EXTENSIONS OF GARN-ST GERMAIN ACT.

(a) Section 141(a) of the Garn-St Germain Depository Institutions Act of 1982 is amended by striking out "upon the expiration of three years after the date of enactment of this Act" and inserting in lieu thereof "on April 15, 1986".

(b) Section 206(a) of such Act is amended by striking out "upon the expiration of three years after the date of enactment of this Act" and inserting in lieu thereof "On April 15, 1986".

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce that on October 31, 1985 the Senate Small Business Committee will hold an oversight hearing on the activities of the Small Business Administration's Office of Veterans Affairs. The hearing will be held in room 428A of the Russell Senate Office Building and will begin at 10 a.m. For further information, please call Lisa Linden, of the committee staff at 224-5175.

SUBCOMMITTEE ON PUBLIC LANDS, RESERVED WATER AND RESOURCE CONSERVATION

Mr. WALLOP. Mr. President, I would like to announce for the information of the Senate and the public a modification to the information in the announcement of the hearing scheduled before the Subcommittee on Public Lands, Reserved Water and Resource Conservation of the Committee on Energy and Natural Resources on Thursday, October 10, 1985, at 9:30 a.m. in room SD-366 of the Senate Dirksen Office Building, Washington, DC.

The original hearing announcement stated that testimony would be received on S. 1596, Senate Joint Resolution 187, and S. 1116. In addition, testimony will be received on H.R. 2776, a companion bill S. 1596, a bill to amend the District of Columbia Stadium Act of 1957 to direct the Secretary of the Interior to convey title to the Robert F. Kennedy Memorial Stadium to the District of Columbia.

For further information, please contact Patty Kennedy of the subcommittee staff at (202) 224-2878.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public of a change to the hearing previously scheduled before the Committee on Energy and Natural Resources on Thursday, October 3, 1985, 10 a.m., room SD-366 of the Senate Dirksen Office Building in Washington, DC.

The nomination of Anthony G. Sousa of Hawaii to be a member of the Federal Energy Regulatory Commission will be the only nomination considered at this hearing. The nominations of Donna R. Fitzpatrick of the District of Columbia to be an Assistant Secretary of Energy (Conservation and Renewable Energy) and Mary L. Walker of Maryland to be an Assistant Secretary of Energy (Environment, Safety, and Health) will not be considered at this hearing as previously announced.

For further information, please contact David Doane or Gerry Hardy at (202) 224-5305.

SUBCOMMITTEE ON NATURAL RESOURCES DEVELOPMENT AND PRODUCTION

Mr. WARNER. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of public hearings before the Subcommittee on Natural Resources Development and Production of the Senate Energy and Natural Resources Committee.

The hearings are scheduled for October 22 and 24, beginning at 9:30 in room SD-366, Dirksen Senate Office Building. Testimony is invited regarding Senate bills, S. 570, S. 372, and S. 946, bills to amend the Mineral Lands Leasing Act of 1920, as amended. In addition, the subcommittee invites testimony on other coal-related issues that might be pending or introduced prior to the hearings.

For further information regarding the hearings, you may wish to contact Mr. Robert Terrell or Mr. Patrick Sullivan of the subcommittee staff on extension (202) 224-5205. Those wishing to testify or who wish to submit written testimony for the hearing should write to the Committee on Energy and Natural Resources, Subcommittee on Natural Resources Development and Production, room SD-306, Dirksen Senate Office Building, Washington, DC 20510.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON CIVIL SERVICE, POST OFFICE, AND GENERAL SERVICES

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Civil Service, Post Office, and General Services, of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, October 2, 1985, in order to conduct a hearing on S. 1440, the Non-Smokers Rights Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, October 2, 1985, in order to receive testimony concerning S. 237, to amend title 18 to limit the application of the exclusionary rule.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, October 2, in order to receive testimony concerning S. 412, Malt Beverage Interbrand Competition Act of 1985.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. **McCLURE.** Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, October 2, in order to receive testimony concerning the following nominations:

UNITED STATES CIRCUIT JUDGE

Laurence H. Silberman, of the District of Columbia, to be United States Circuit Judge for the District of Columbia.

UNITED STATES DISTRICT JUDGE

Paul N. Brown, of Texas, to be United States District Judge for the Eastern District of Texas.

Alan A. McDonald of Washington, to be United States District Judge for the Eastern District of Washington.

Alan H. Nevas, of Connecticut, to be United States District Judge for the District of Connecticut.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. **DOLE.** Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, October 2, to mark up the following legislation and nominations:

Civil service retirement legislation; Presidential libraries legislation; Bill Colvin, for Inspector General at NASA; and Barbara Mahone, for Chairman of the Special Panel on Appeals.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. **DOLE.** Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, October 2, in closed session, to hold a hearing on the national intelligence strategy.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. **DOLE.** Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, October 2, 1985, in order to conduct a hearing on nuclear winter.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. **DOLE.** Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Wednesday, October 2, 1985, in order to conduct a meeting to consider legislative and administrative business currently pending, including S. 581, S. 582, and S. 583, bills which concern the Smithsonian Institution.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

ADDITIONAL STATEMENTS

NATIONAL COUNCIL OF PUBLIC WORKS IMPROVEMENT ORGANIZES

● Mr. **STAFFORD.** Mr. President, the Congress enacted Public Law 98-501 nearly a year ago. I was honored to be the Senate author of that legislation, which has come to be known as the infrastructure law.

Title I of that law establishes a 3-year National Council on Public Works Improvement. The Council is required to examine the state of our infrastructure, and to look at ways we can finance future improvements.

Mr. President, I am pleased to report to the Senate that the Council is now in business. The President and the Congress recently completed the selection of the Council's five members. The members are:

Robert E. Farris, commissioner, Tennessee Department of Transportation, appointed by the President to the Council, and the person selected by his colleagues on the Council to serve as its Chairman.

Joseph M. Giglio, a general partner of the investment firm of Bear, Stearns & Co., New York City. Mr. Giglio is the Senate appointee, and has been selected to serve as Vice Chairman of the Council.

A. Freeman Holmer, a councilor from Eugene, OR, former director of finance and administration for the State of Oregon, and an appointee of the President.

Frieda K. Wallison, an attorney with the Washington, DC, firm of Jones, Day, Reavis, & Pogue. She, too, is a Presidential selection.

Peter C. Goldmark, vice president of the Times Mirror Co., and the appointee on behalf of the House of Representatives.

Mr. President, I am most pleased that this important work is moving forward. I commend the President as well as the members selected to serve on this important Council.●

THE BUDGET PROCESS

● Mr. **D'AMATO.** Mr. President, I rise today to cosponsor S. 1702, a bill introduced by my distinguished colleague from Texas, to amend the budget process to establish a maximum allowable annual deficit ceiling beginning with the $180 billion deficit established in the 1986 budget and reducing the allowable deficit over 5 years to zero by fiscal year 1991.

The Federal budget is now a disaster. A contributing factor to this disaster is the failure of the budget process. Once again, the Congress is being forced to raise the debt ceiling in order to pay the Government's bills. This increase will raise the total debt to over $2 trillion. This increase is an admittance that the budget process has failed.

The Federal sector continues to show imbalances. The fiscal year 1985 deficit is expected to be $25 billion higher than the fiscal year 1984 deficit. This is not due to a lack of receipts. The root cause of the deficit is excessive Government spending. Preliminary estimates put receipts growth at 10 percent in fiscal year 1985. Total outlays, however, are expected to be up 11 percent. Many are quick to blame the increase on defense and interest outlays and claim that other programs are being squeezed. The fact, however, is that growth in real outlays, even excluding defense and interest payments, have accelerated rapidly in fiscal year 1985.

I believe that in order to reduce Government expenditures, the budget process must be reformed. Legislation, such as S. 1702, the Balanced Budget and Emergency Deficit Control Act of 1985, is the proper first step toward reducing Government spending.

I believe the economy is beginning to show signs of renewed strength that will carry forward into 1986. I, however, remain wary of economic indicators. These signs could quickly change, unless something is done with the budget process. This bill is timely and I urge my colleagues to support it.●

CONAGRA: 1985 FOOD PROCESSOR OF THE YEAR

● Mr. **ZORINSKY.** Mr. President, one of the biggest success stories of the decade in the Midwest has been the revitalization of ConAgra, Inc., a diversified food company headquartered in Omaha, NE. Under chairman and chief executive officer Charles M. "Mike" Harper, ConAgra has seen annual sales grow from $580 million in 1975 to $5.5 billion this year. Acquired along the way were companies with such familiar names as Armour Foods, Banquet, and Singleton Seafood.

In recognition of this tremendous growth, ConAgra recently was named 1985 Processor of the Year by Prepared Foods magazine. A cover story by executive editor Mike Pehanich chronicles ConAgra's rise to leadership among U.S. food companies.

Mr. President, I think those unfamiliar with ConAgra should learn about this remarkable company and its recent record of success in the Great Plains. Accordingly, I ask that a partial text of the Prepared Foods article be printed in the CONGRESSIONAL RECORD.

The material follows:

[From Prepared Foods, Sept. 1985]

CONAGRA: NEW LEADER IN ITS FIELD

(By Mike Pehanich)

Picking top managers is the topic, and, by all rights, it is one that Charles M. "Mike" Harper should own.

ConAgra's chairman and chief executive officer has nursed a lifeless Omaha-based commodities merchant from the brink of bankruptcy to fiscal health and gone on to coach it to prepared foods leadership in a mere decade. The former Pillsbury group vice president has done so, too, with a lean corporate staff that hardly seems large enough to direct a company that recorded fiscal '85 sales of $5½ billion with remarkable efficiency.

The question is asked: What is that blend of princely and pragmatic qualities that makes successful managers?

Harper peers over his reading specs a la Lyndon Johnson and eases into a philosophy of accountability, discussing how top drawer people attract other top drawer people and the need for "balanced businessmen" and a balanced approach to business. Yet still the question remains.

But when do you know you have a top manager, who has what the others don't?

He shakes his head for seconds, unable to speak—an enlightened man tongue-tied in truth's self-evidence. "You can tell," he says, finally. "You just can tell."

Curiously, that is the way it is with so much of the success of ConAgra, newcomer to prepared foods stardom. The strengths are apparent; the record uncontested. But when it comes to explaining why it is such a remarkable food company, well . . . you can tell, you just can tell.

TOP OF THE CHARTS

ConAgra could very well be, as Harper once described it, "the best damn food company in the U.S." Yet with only 10 years between its lofty current achievements and its courtship with ruin in 1976, its success seems to have come too rapidly to be fully believed, as if wizardry rather than business acumen had generated its success.

Its growth alone has been remarkable. When Harper joined ConAgra in 1975, its sales, coming from stubbornly priced commodities, amounted to $580 million. By fiscal 1985, sales had increased about tenfold to $5.5 billion.

Among the Fortune 500 leaders in ten-year average annual return to investors, it ranked tenth in 1984 with a 49.51% figure, set against an industry average of 19.35%. It has averaged 23% return on stockholders' equity over the past five years, posting 22% in 1985 against an industry average of 16.2%.

Even more remarkable has been how its prepared foods business has come to flower. In 1980, the company's second season in the value-added business, it amassed combined broiler chicken and catfish sales of $250 million and lost money. At the end of fiscal 1985, food sales outside agri-business totaled $3.6 billion and generated $154.1 million in profit.

"Much of ConAgra's success has to be credited to Mike Harper," says Bob White, v.p. of corporate planning and development. "Early on he said he wanted us to be the 'best damn food company' in terms of earnings. He put us on the fast track, and now he has believers."

Among its successfully integrated acquisitions are Banquet, Singleton Seafood, Sea Alaska seafood, Pfaelzer Bros. premium meats, Home Brands jellies and peanut butter, and Armour Foods.

Today, ConAgra claims to be the largest frozen prepared foods processor in the world.

The "new ConAgra" is probably exemplified in the Banquet turnaround. The undistinguished Banquet brand had generated a new product in a decade under its former parent. In contrast, 24 new Banquet products were introduced in 1984; 30 in fiscal '85. In addition, the Banquet image has received a facelift, with quality and consistency elevating consumer estimation of the brand. Sales of the brand were up more than 15% in 1984.

SURVIVOR TO LEADER

The frontispiece of ConAgra's commitment is to survive hard times. Fear of the financial graveyard is, indeed, so prominent that it precedes excellence and growth in the company's general strategy.

It stems, no doubt, from the decade-ago brush with disaster and is perhaps Harper's way of reminding his managers from whence they came.

The company had to move deftly. Unused property was unloaded and 25 assets were cut to pare debt by $35 million. A year later and already in the black, Harper and company rendezvoused in the Rocky Mountains and set down the company's financial objectives. Debt would not exceed 40% of capital. Trend line earnings should exceed 14% per year from the fiscal 1973 base—the company's best performance year prior to its rebirth. Dividend payout was targeted at 30 to 35% of trend line earnings. Finally, it aimed for minimum 20% return on year beginning common stockholders' equity.

"Twenty percent R.O.E. We live, breathe, and die by that," says Philip Fletcher, president and chief operating officer of ConAgra Frozen Prepared Foods Companies.

Such requirements have made the selection of acquisition candidates especially challenging, despite the company's reputation for making track stars of lame firms. Roughly 60 acquisitions have been completed since fiscal 1976 which in part explains the company's enormous leap in dollar volume during the same period.

"We look for a good fit within the broad food industry spectrum or allied product lines," explains White.

ConAgra has strategically expanded its operating base, linking agricultural commodities businesses with processing operations and imposing uniformly high standards upon all of its businesses. Few argue the strategy's effectiveness. On the commodities end, it leads the U.S. market in flour, pesticides, and poultry sales. On the finished end are processed poultry, frozen prepared foods, and processed fish and seafood.

"Full integration is not an overriding consideration in all of our businesses, but we do it where it makes economic sense," claims White, partially explaining the seemingly puzzle-like fit of ConAgra acquisitions. "Basically, we say we will look at the food business from the farmer's gate to the consumer's stomach."

The Armour acquisition in late 1983 has carried the company into further-processed red meats and strengthened its center-of-the-plate protein presence.

In truth, not everything the company touches turns to gold. ConAgra bailed out of a small pet food business which it didn't think could compete effectively. This past year, it left the frozen salmon processing business, and its Sea Alaska unit took a pounding with the king crab supply which went from 180 million lbs. in 1980 to 15-20 million lbs. last year.

How ConAgra is approaching Sea Alaska is indicative of the level-headedness with which management decisions are made. Current strategy is to manage the business to break even for the present while positioning it to make money when the crab curve turns upward. It is also examining surimi, the Japanese process whereby minced bottom fish is made into shellfish imitations and other types of products, as a buffer against market misery.

"Twenty percent R.O.E. is a goal that drives our company, but you have to look at the total picture," says Mike Harper. "Other large companies got out of the broiler business because they couldn't get stair-step earnings. *Average* return and long-term earnings growth are more important."

Diversification is important, too, Harper points out. The cycle of every individual segment has its good and bad years.

"We are spread out across the agribusiness chain so that someting is always doing well," says Harper.

INDEPENDENT OPERATIONS

Regarded by both peers and analysts as one of the top 10 CEOs in the U.S., Mike Harper seems to ascribe to a minimalist management philosophy that manifests itself in the de-centralized structure of ConAgra.●

TRIBUTE TO INDIANA VOLUNTEERS

● Mr. LUGAR. Mr. President, today I would like to acknowledge the volunteer efforts in Indiana during the wake of the recent tragedy in Mexico. Beginning Thursday evening, September 19, my Indianapolis office received over 166 inquiries on separate individuals who may have been affected by the earthquake.

Largely through the efforts of the amateur radio community of central Indiana we were able to locate a large number of these individuals. The staff and volunteers of the Hispano American Center, Inc., and the Mexican Association of Central Indiana were equally invaluable with their help during this crisis. These volunteers and the leaders of the Hispanic community worked tirelessly with the State Department to locate relatives and insure that they were alive and well. I commend these volunteers and applaud their deligent work.

I would also like to pay tribute to the local news media who continually provided information, many times in Spanish as well as English, on where people could phone to locate relatives and what organizations were accepting donations.●

O'GORMAN NAMED ONE OF NATION'S OUTSTANDING SCHOOLS

● Mr. ABDNOR. Mr. President, today I would like to call to the attention of my colleagues an outstanding high school from the State of South Dakota, O'Gorman High School in Sioux Falls.

O'Gorman High School, a parochial school, has been named 1 of 281 outstanding secondary schools in the Nation by the U.S. Department of Education. President Reagan and the

Department of Education yesterday honored O'Gorman High School at ceremonies at the White House.

This school was chosen on the basis of 14 criteria outlined by the Commission on Excellence in Education. These criteria include academic goals, discipline, and students progress. It pleases me that O'Gorman was so chosen on these and other points.

I ask you to join me in giving O'Gorman High School and its students and faculty, a well-deserved congratulations for its achievement of excellence in education.●

RELIGIOUS OPPRESSION IN SOVIET UNION

● Mr. SYMMS. Mr. President, as a participant in the 1985 Call to Congressional Conscience, I wish to bring to the attention of my colleagues the serious plight facing the thousands of religiously oppressed peoples in the Soviet Union. We must make the Soviet Union realize that peace and better relations between our two countries is dependent upon respect for human rights. As Americans, freedom of religion is often taken lightly, for we know that written in our Constitution is the inalienable right to choose a religion which we believe to be true. But for others in foreign lands such as the Soviet Union, the exercise of this "right" is a constant struggle against harassment, eviction from housing and schools, and even persecution and imprisonment. How can we, as leaders of this free Nation, ever come to an understanding with the Soviets, when the two countries disagree on basic human rights? How can we as Americans, find harmony with the Soviets when they deny the right of a person to exercise and practice a religious belief? I feel, that if we are to reach these goals, the Soviet Government must agree, and we as Americans must stress that the rights and freedoms of human beings are independent of the prerogatives of a government. We have learned through many sources, that the struggle for religious freedom continues in the Soviet Union and East Europe. We must voice our complaints to the Soviets. We must let those oppressed know we recognize their plight and pray that they will not give up hope to practice and preach their beliefs.

Real world peace cannot come about as long as the Soviet Union continues the harassments, beatings, imprisonments and deaths of its citizens who wish to emigrate or practice their religious beliefs. I urge my colleagues to pray to God that those who suffer these tragedies be permitted to practice and preach their faith unmolested. We must continually voice our concerns to our President and foreign policy officials to employ whatever powers are available, to extend our freedoms to others who long to share them.

During the first 6 months of 1985, 500 Jewish emigrants, or refuseniks, were permitted visas to leave the Soviet Union. Others wait, for many up to 10 years, to emigrate. The number of emigrants declined since the signing of the Helsinki Final Act of 1975. This decline must be reversed. A very few are permitted to leave, and there remain thousands that have the hope that they too will be allowed to start a new life of freedom outside the U.S.S.R. We must see to it that this hope is never extinguished, that it is kindled by our support and efforts. I urge my colleagues today to exercise their inalienable rights, as I am, and voice their complaints against Soviet religious persecution.●

SIMPLIFIED IMPUTED INTEREST RATES

● Mr. SIMON. Mr. President, earlier this year I voted for simplification of the reporting requirements for imputed interest rates on real estate sales. Yesterday, by voice vote, we in the Senate unanimously agreed to the conference report and sent it to the White House for signing.

I supported final passage but did vote for an amendment to put off a recorded vote for 10 days until reconciliation of Government appropriations bills could take place. I feel strongly that we have to move toward a balanced budget, and I favored requiring revenue replacement for the temporary loss from this bill. I want these votes interpreted as my continued strong support for a simplified and fairer imputed interest rate and as an expression of my strong support for a balanced budget.●

REPUBLIC OF CYPRUS COMMEMORATES 25TH ANNIVERSARY OF INDEPENDENCE

● Mr. LEAHY. Mr. President, the Republic of Cyprus commemorated its 25th anniversary of independence on Tuesday this week, and I urge my colleagues to reflect upon the history of that island. As we know, the island of Cyprus is of major strategic importance in the Eastern Mediterranean. Its people are blessed with a land of great beauty. In addition, Cyprus has been very helpful to the United States. Cyprus was utilized by wounded American soldiers stationed in Beirut after the bombings there. It is the base for C-130 transport planes to resupply U.S. troops and the 6th Fleet in the Mediterranean. And Cyprus was instrumental in the successful effort to remove thousands of PLO members from Lebanon in 1982.

Currently, the U.N. Secretary General is working strenuously to resolve the conflict on Cyprus and to restore the island's unity. The United States supports this effort, and I believe that the U.N. can be helpful in arranging a peaceful resolution of the divisions on the island. On this 25th anniversary of Cyprus' independence, we should take note of the special historical importance of Cyprus and work for a peaceful future.●

THE IMPACT OF EXPLODING HEALTH CARE COSTS

● Mr. STEVENS. Mr. President, I had the pleasure to hear former Secretary of Health, Education, and Welfare, Joseph Califano Jr., speak on August 7, before Commonwealth North in Anchorage, AK. Commonwealth North is composed of very prominent business and professional people throughout Alaska.

Secretary Califano made some very significant observations and comments regarding the explosion of health care costs and the impact on business and government. I highly recommend that all taxpayers read his words. To assist in facilitating that, I ask that his comments be printed in the RECORD.

The comments follow.

CHRYSLER'S HEALTH CARE COST CONTAINMENT: THE FIRST RESULTS

(Remarks of Joseph A. Califano, Jr.[1])

For years my message about health care costs has been bad news. I've been telling everyone who would listen that the megaton explosion in health care costs could cripple business, crush taxpayers, and compel government to ration medical care.

From the time I served on President Lyndon Johnson's White House staff, I've been working on this problem. To get Medicare and Medicaid passed in 1965, we acceded to the demands of doctors for payment of their usual and customary fees-for-service, and of hospitals for cost-based reimbursement.

By 1968, we knew these payment systems were at the hard core of health care inflation. In his Message on Health to the Congress that year, President Johnson sounded the alarm and cited three "major deficiencies" to be corrected:

The tilt of insurance plans that "encourage doctors and patients to choose hospitalization,"

The fee-for-service system with "no strong economic incentives to encourage [doctors] to avoid providing care that is unnecessary," and

The fact that "hospitals charge on a cost basis, which places no penalty on inefficient operations."

The President asked for authority to "employ new methods of payment." He warned that unless the nation restrained hospital costs, its health bill could reach $100 billion by 1975 and the cost of medical care for a typical American family would double in 7 years.

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[1] Mr. Califano is a director of Chrysler Corporation and Chairman of the Board's Commitee on Health Care. He is senior partner of the Washington law firm of Dewey, Ballantine, Bushby, Palmer & Wood. He was President Lyndon Johnson's Special Assistant for Domestic Affairs and Secretary of Health, Education and Welfare from 1977 to 1979. His forthcoming book, "America's Health Care Revolution: Who Lives, Who Dies, Who Pays," will be published by Random House next January.

Newspapers and leaders on Capitol Hill dismissed Johnson's numbers as hyperbole to get his program passed. Congress failed to act, bowing to pressures from the American Medical and Hospital Associations.

As it turned out, Johnson's numbers weren't right. By 1975, America's health care bill actually hit $133 billion. And the cost of medical care for an American family did not double in 7 years, it doubled in less than six.

My next heavy engagement with health care costs came as Secretary of Health, Education and Welfare in the late 1970's. Our repeated attempts to cap hospital costs were rebuffed by a Congress just beginning to bubble with anti-regulatory sentiment and once again responsive to pleas of doctors, hospitals, and hospital trustees. The cap we then proposed on hospital charges was across-the-board, designed to control payments by commercial insurers and Blues as well as Medicare and Medicaid. At that time, I was convinced that the job of in health care costs was too big for the private sector, that only government could do it, and that government had to do the whole thing.

Well, I've learned a lot during the last six years. I now believe the great hope to cut health care costs rests in an awakened, varied, competitive world of business purchasers insisting on high quality care at much lower cost, and health care providers competing to make the sale.

Government has to do its share, get its own house in order. But a Congress whose members must depend on private contributions for election campaigns, who are responsible to represent constituencies in their home districts and states, and who will inevitably worry about offending hospital trustees and influential state and local medical societies cannot do the job alone.

My conviction that the key to health care cost containment rests in an aroused private sector in no small measure relates to the first returns on our program at Chrysler.

Last year Chrysler cut its health care bill by $58 million, down from the $460 million projected in its budget. That amounts to savings of more than $300 for each employee and retiree. The $402 million is still high, but remember that for many years every time we made up a health care budget at Chrysler, we exceeded it. And our savings were achieved against double-digit hospital inflation and a 17 percent increase in Medicare deductibles and co-payments.

How did we achieve these big savings?

Let me start by giving you a bit of recent history.

In 1981, when Lee Iacocca asked me to join the Chrysler board, he told me Chrysler's health care costs alone could block the company's recovery. He asked me to set up and chair a Health Care Committee of the Board of Directors. As far as I know, it is still the only committee of its kind in corporate America.

For starters, the committee would include the two of us, Lee and me, and United Auto Workers President Doug Frasier.[2] As only Lee could put it, the three of us had done more to create the problem than any three people in America. I'd helped invent and administer Medicare, Medicaid and the Great Society's other health programs. Doug Fraser had demanded richer and richer health care benefits for the United Auto Workers. And Lee Iacocca had agreed to nearly every one of Fraser's demands. All of us—government, progressive management and labor—did all of this, with the best of intentions, for the most compassionate of reasons.

And Chrysler's experience is not unique. Since World War II, government, unions and corporate management have focused on providing more and more health care benefits for our people, without realizing they were becoming hostages to costs beyond their control. We all assumed that more was better, without ever assessing the correlation betwen higher costs and better quality care. So today, Americans take more tests, use more drugs, get more x-rays, have more surgery and spend more time in hospitals for minor medical procedures than any people in the world.

I don't need to belabor health care cost inflation trends. Last year our nation began to spend more than $1 billion a day on health care. For Chrysler, knuckling under to these costs would have meant disaster.

The first thing our committee did was ask: What were we getting for our health care dollars? The first thing we discovered was that we didn't know. Chrysler was spending more than $300 million for health care in 1982, and had no idea what it was buying or from whom. We didn't know who the efficient suppliers were. We had no quality controls. We didn't have the slightest idea what health care our employees needed.

Like most businesses, Chrysler had historically relied on whatever information its insurance carriers provided—or didn't provide. We didn't know how much we were paying, for what medical tests, diagnoses or procedures, to what doctors, hospitals or laboratories, for which employees, retirees and dependents, or how often. So the first step was to get the facts—the kind of information any businessman or individual buyer should get from any seller.

We took a 30-month snapshot of our health care purchases. We examined more than 67,000 hospital admissions, and more than $200 million in charges, incurred over a 30-month period. We cataloged each incident of inpatient and outpatient care for each Chrysler employee, retiree and dependent, doctor by doctor, hospital by hospital, diagnosis by diagnosis, test by test, x-ray by x-ray. What we found was appalling: unnecessary care, inefficiency, waste, even abuse and fraud. Unneeded care costs money. What's worse, subjecting individuals to unnecessary blood transfusions or x-rays, or to inappropriate surgery or hospitalization, endangers their health and often even their lives.

Here's the kind of thing we discovered for one year alone, the year 1981:

Chrysler insured got more than one million lab tests at a cost of $12 million. That's more than 5 for every man, woman and child we insured. Lee Iacocca quipped that since he didn't have any, someone got at least 10.

In the Detroit area, at the six largest acute care hospitals used by Chrysler employees, the cost for average length of stay ranged from $3,028 up to $6,077—a 100 percent spread.

The variances were just as wide in fees different physicians charged for the same services and the tests and x-rays they prescribed for the same diagnoses.

The single most costly medical procedure Chrysler paid for turned out to be the $4 million doctors billed the company for post-admission visits to hospitalized patients—$4 million for those bed visits doctors make as they walk down the hall.

Cataract surgery charges were skewed. The procedure is fairly common for the elderly; it takes about 20 minutes, and rarely requires a general anesthetic. The average ophthalmologist charge in the Detroit area is $2,000 for the operation. If a docotor does just three 20 minute procedures a day, four days a week, 42 weeks a year, he grosses more than $1 million for less than 200 hours of actual surgery. By comparison, in the Detroit area, the average physician charge for serious abdominal surgery is only $1,500; such surgery takes four to five hours, and its risks are far greater.

Against this backdrop of inefficiency, waste and abuse, we acted. Here are some of the things we did.

One of our early efforts focused on prescription drugs. Employees and retirees could get any prescription drug, no matter how expensive, for a $3 co-payment. Chrysler paid the pharmacist for the rest, whether it was a $35 brand-name product or a $7 generic equivalent. With the United Auto Workers' cooperation, we now limit Chrysler's payment to the price of the generic drug, unless the physician prohibits substitution. Employees can have the brand name equivalent, if they want to pay the price difference. The program saved $250,000 in the first partial year and promises much larger savings in the future.

We wanted our insured to be active and alert consumers, to review their medical bills for accuracy. So we started a program called "One Check Leads to Another." Under it, Chrysler shares refunded overcharges with employees and retirees who find them.

We've begun encouraging outpatient surgery, at a savings in 1984 of $2 million.

For dental care, we had offered only a fee-for-service plan. Unlike our medical coverage, however, the dental plan had meaningful co-payments and a maximum ceiling. We offered our employees an alternative: a dental Health Maintenance Organization. The Michigan HMO offers full coverage of all dental services with no deductibles, no co-payments and no yearly maximums. All services are performed at a fixed, pre-negotiated price to Chrysler.

Our dental HMO program already has more than 17,000 members. The dentists didn't like this program—in fact, they tried to stop it by writing letters to every Chrysler employee. The 1984 savings were $3 million.

We've mounted a major health promotion and disease prevention effort to keep our people out of the hospital and in good health. We inform our people about the dangers of smoking and urge them to quit. We tell them about the benefits of proper diet, exercise and rest, and the dangers of alcohol and drug abuse. We are beginning to provide financial incentives to adopt healthy life styles. More than one executive quit smoking upon learning that company life insurance rates were 75 percent higher for smokers. We also let our employees know that health care costs are a serious problem—and that they can get the same or better care for less money if they make informed choices.

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[2] The present committee is composed of UAW President Owen F. Bieber, former Michigan governor William G. Milliken, Owens-Illinois Chairman and Chief Executive Officer Robert J. Lanigan, Lee and me.

All these actions are paying off in savings to Chrysler and in better health care for its employees. But the big bucks have come from our move on unnecessary hospitalization.

First, we changed our view of hospitals. At Chrysler, we now regard them as institutions to stay out of, settings of last resort, places to go for treatment only when all else fails.

Second, we directly confronted hospitals with high profiles of unnecessary admissions or needlessly extended stays.

Third—and of critical importance—we instituted a prescreening program for hospitalization for salaried employees. Chrysler will not pay for hospitalization in non-emergency, non-maternity cases unless the need for admission is confirmed in advance by a second, independent, medical opinion. Where hospitalization is warranted, a specific number of days for reimbursement is approved before admission. If the admitting physician believes the stay should be extended beyond the specified period, he must go to Blue Cross in advance, explain why, and get approval. Otherwise, Blue Cross will not pay for the extra time.

Reducing hospitalization, more than any other single effort, has been responsible for enormous savings in 1984. Of the $58 million saved, we believe that about $32 million is attributable to hospital costs, and about $22 million to doctors fees and tests largely associated with hospitalization.

The most important lesson from the Chrysler experience is not the $58 million that have been saved in 1984. The most important lesson is that hard negotiating buyers, who treat health care like the other products they purchase, can change the system.

Where this comes through most clearly in the Chrysler experience is what's happened to Blue Cross/Blue Shield premiums compared to the price of Health Maintenance Organizations. For Chrysler salaried employees, we have been able to put in place all changes as soon as they appear to make sense. As a result, for salaried employees, in 1985 the Michigan Blue Cross/Blue Shield premiums are lower than the charges of Detroit health maintenance organizations.

What's the reason for this?

The largest single reason is that we are wringing unnecessary hospitalization related tests and care out of the Blue Cross/Blue Shield plan.

What does this portend for the future?

Intense competition, and a revolution in attitudes and in the delivery of health care.

We have already approached Michigan HMOs, and asked them to reduce their charges to us.

We intend to confront physicians as we have hospitals, to ask those who charge twice as much or more for the same services why they do, to redress the imbalance of skewed payments for cataract operations and dermatology as opposed to general surgery and family physicians, to establish professional screens and cost-benefit standards for psychiatric care, to seek out the most efficient hospitals, doctors, dentists, laboratories and radiologists and give our business to them. Simply put, Chrysler has reclaimed its right as a health care consumer to buy from efficient producers and to buy only the health care its employees need. And other businesses are doing the same.

Chrysler is mounting a frontal assault because a wide-open, fee-for-service, cost-based payment system simply can't deliver cost-effective, high quality medicine. The system is not an evil empire; it's just that all the incentives in it have pointed in the wrong direction. Doctors paid fees only when they deliver services will deliver more services. Hospitals paid on a cost or cost-plus basis will not purchase equipment prudently or care about efficient care of patients. Employees who think health care is a free lunch are likely to have insatiable appetites.

There isn't one single answer, certainly not at this early stage in the health care revolution and probably never. We need a variety of systems: commercial insurers, Blues, HMOs, preferred providers, hospitals, doctors and outpatient clinics, independent laboratories and radiologists, all competing with each other.

There has been some good news at Chrysler but the burden of health care costs still roosts on our shoulders.

Even though we saved $58 million, Chrysler still spent more than $400 million on health care in 1984. That's enough to make Blue Cross and Blue Shield Chrysler's single largest supplier.

Even with our savings, Chrysler's total health care bill, including its share of the Medicare payroll tax, came to more than $530 for every car we sold in 1984. That's about 10 percent of the cost of Chrysler's lower-priced models, and seven times the $75 per car that health care cost Chrysler in 1970.

Even with our savings, Chrysler's health care bill exceeded the amount Chrysler paid in cash retirement benefits to all of its 65,000 pensioners in 1984. And it was more than 4 times what we paid our shareholders in dividends.

It's no wonder Chrysler has so much more to do, and America has so many surplus hospital beds, duplicated services, and hospital staffing levels that often make the featherbedding that brought down the nation's railroads look like a lean and mean model of efficiency. The financial structure of the health care system stems from bad seeds of fee-for-service physician payments; cost and cost-plus hospital reimbursement; artificial monopolization of the practice of medicine and dentistry; unpredictable standards of malpractice and whopping judgments against hospitals and doctors that don't live up to them; government, corporate and union health care plans that let providers write their own checks; and decades of cozy intimacy that has characterized the relationship of the Blues and commercial insurers with doctors and hospitals.

Chrysler and corporate America are at last moving and shaking the health industry. But the problems are bigger than we and our insurers can solve. The government must work to restructure the health care system. DRGs—Diagnostic Related Groups—which set hospital payments for illnesses in advance regardless of the length of stay, are an important step. They have sparked a change in the attitude of hospitals that has helped Chrysler and other corporations. But too much of what the national government does simply shifts costs to the states and the private sector.

Medicare increases deductibles and co-payments to help control federal spending. Chrysler and other businesses with broad coverage for retirees, pick up most of those costs, dollar for dollar. Individuals not fortunate enough to have such retirement benefits must themselves bear these costs—if they have the money. So costs that disappear from the federal budget reappear as corporate or individual expenses. The feds cut Medicaid and drop beneficiaries from its rolls, and the costs pop up on state budgets. Nothing is saved. The system isn't any more efficient. The feds have simply hidden the pea under someone else's shell.

The national government must abandon its penchant for merely shifting costs, turn its head to structural changes in health care payment and delivery, and be sensitive to the tidal effects its cost cutting moves can have on these turbulent waters.

There is another task our government must perform. Hard-nosed bargaining by business and governments will bring down costs and give us a system efficient enough to provide quality care for all our people at a reasonable cost. But pressures of vigorous competition leave little space to provide Robin Hood care for the elderly, the poor and the unemployed. Competitive forces signal an end even to well-intended cost-shifting to pay for the poor by charging the well-insured more. By law, Medicare does not allow payments for anyone except Medicare patients. Business pressure to bring its own costs down will now prevent imposing higher charges on its insured. In such an environment, government must protect the vulnerable, and assure them access to medical services, or they will be squeezed out of the health care system.

Why am I so concerned about health care costs?

This nation cannot afford further delay in addressing the health care cost crisis. The graying of America is forcing the issue, with an ever-growing population demanding more expensive high technology hospital care.

In 1940, roughly seven percent of our population was 65 or older. Today that proportion is about 12 percent. When the baby boom ripens into the senior boom in the first quarter of the next century, some 20 percent of our population—about 60 million Americans—will be 65 or older.

And the composition of our older citizens is changing. In 1940, less than 30 percent of our senior citizens were 75 or older. By the end of this century, almost 50 percent of those over 65 will be 75 or older.

It's not just that life expectancy is now 72 for a man and 78 for a woman. Far more important is that those who live to be 65 now have a life expectancy of 82.

The effect of the aging of our population on health care costs is sobering. The Congressional Budget Office now projects that Medicare's hospital insurance trust fund will go bust by the early 1990's.

Yet, the hospital fund crisis is only the tip of the iceberg.

Few Americans have even begun to think about the unfunded health care liabilities of our nation. As our health care costs increase and our population ages, the present, unfunded post-employment health care cost liability of the Fortune 500 American companies alone—with about 15 million employees—approaches $2 trillion. That's more than the total assets of those companies.

That unfunded liability number alone should make us all realize that in health care costs, we face one of the greatest financial and social crises in this nation's history.

We simply don't have the money to maintain an inefficient health care system.

That stark fact presages a terrifying triage for the American people, and a debate over euthanasia more searing than our debate over abortion. In a book recently published by Brookings Institution, the authors, Henry Aaron and William Schwartz, argue persuasively that, like Great Britain, we will soon ration health care in our country.

We always have had rationing, of course, related to individual economic wealth. But with Medicare, the government becomes the rationer of health care for those who use and need the acute care system most. This role is reinforced by the fact that the federal government funds 90 percent of all the basic biomedical research in America, and, together with state and local governments, pays most hospital bills.

Bluntly put, Uncle Sam will soon be playing King Solomon with your father and mother, and mine, and with you and me.

We face a frightening specter in our nation as medical technology and spiraling costs combine to blur the lines in hospital rooms among natural death, euthanasia, suicide and murder.

Without the most energetic pursuit of efficiencies, we will soon face a world in which there is no kidney dialysis for people over 55, no hip operations (or artificial hips) for those over 65, a world in which eligibility for expensive anti-cancer therapy will be based on statistical assessments of success, and key organ transplants will be severely limited to special cases of virtually certain recovery—all as defined in pages and pages of government regulations.

What kind of a vision for the future is that? It's not a very pleasant one. But, in Great Britain, that future is now. That's just what they do today. We in America are fortunate because we still have time to avoid that fate. We can learn from Britain's experience. We have a far more productive society. We can well afford to provide quality medical care to all. But we must eliminate inefficiencies and reduce the cost of health care for our society as a whole.

These issues, which go to the very sanctity of human life, are what add a special dimension and solemn responsibility to you who lead our people in the private and public sectors—and what make it such a privilege for me to speak to you for a few moments this morning.●

THE CIGARETTEE TAX

● Mr. SIMON. Mr. President, government should be encouraging people to live healthier lives. Leaders and lawmakers also should be doing everything possible to reduce the Federal deficit. Congress and the administration will sabotage both goals if they allow the cigarette tax to be cut in half October 1. In a weekly column I write for newspapers in my State, I note a new study by Harvard University that projects hundreds of thousands more teenagers will start smoking if the cigarette tax is lowered. This would be a travesty. I ask that the column be printed in the Record.

U.S Senator Paul Simon

A Deadly Decision Soon Takes Hold

Unless Congress and the Administration changes their minds, come Oct. 1 the nation will take a step that will increase the deficit and cost thousands of lives.

On Oct. 1, the cigarette tax is scheduled to drop 8 cents a pack, from 16 cents a pack. That will cost the federal treasury about $1.8 billion a year in income.

Why are we doing this?

Because the tobacco interests want it.

Why do they want it,

It's not very subtle. When you are my age—56—you either smoke or you do not smoke and sending the cost of a pack of cigarettes up or down 8 cents will not make much difference, except for the poorest people.

But teenagers are very price sensitive. When the price of cigarettes goes up, fewer teenagers smoke. When the price goes down, more teenagers smoke—hundreds of thousands more according to a new study by Harvard University.

The tobacco interests want to hook more young people on smoking. It's that simple.

And Congress and the Administration are going along with the tobacco industry, hurting the economic health of the country and hurting the physical health of its people.

The Harvard study says that "over 480,000 Americans will die prematurely if the 8-cent tax decrease takes effect." It estimates as many as 1 million additional young people will join the ranks of smokers if the tax cut takes place.

If their study is wrong by 50 percent, that still means 240,000 shortened lives, 500,000 more teenagers smoking.

It also means a bigger deficit for a country already awash in red ink.

The Harvard study also says that approximately 333,000 adult Americans would quit smoking if the tax were raised 8 cents a pack.

A University of Michigan health specialist reaches even more startling conclusions.

What the exact figures are no one knows.

But we do know some things from other sources:

Smoking is the most important cause of preventable death.

Eighty percent of all lung cancer deaths and 30 percent of all coronary deaths are attributable to smoking.

Lung cancer soon will surpass breast cancer as the leading cause of cancer among women.

The number of high school seniors who smoke is now down to 21 percent.

The last statistic is what bothers the tobacco people. Unless that changes, the cigarette industry in the United States will eventually be hurting.

With a near $200 billion federal deficit, we should be talking about ways to reduce the deficit, not increase it.

With the nation's health gradually improving, we should be talking about ways to improve it further, not harm it.

We are about to take a senseless, tragic step backward.

COMMENDATION OF 111TH SESSION OF THE WEST TENNESSEE ANNUAL CONFERENCE OF THE AFRICAN METHODIST EPISCOPAL CHURCH

● Mr. SASSER. Mr. President, this weekend will mark the 111th session of the West Tennessee Annual Conference of the African Methodist Episcopal Church.

The 13th District of the African Methodist Episcopal Church covers my own State of Tennessee and that of Kentucky. I am pleased that this year's conference will be held at the Greater Bethel A.M.E. Church in Jackson, TN.

Special honor will be paid to Bishop C.E. Thomas, bishop of the 13th District, Rev. James L. Gleese and Rev. J.C. Miller, heads of the conference, Rev. E.M. Martin, head pastor of the 13th District, and Mrs. H.L. Starks for her outstanding contribution to the good work of the A.M.E. Church. Rev. Elmer Martin deserves a special coord of praise for his devotion to the church through his work in behalf of the conference.

I extend my welcome to all those participating in the conference—from Tennessee and Kentucky. I wish them every success in this most important conference.●

IN MEMORY OF E.B. WHITE

● Mr. LAUTENBERG. Mr. President, E.B. White was a hero to nearly everyone who cares about words. He died yesterday, but he left us a lot. As almost any child knows, E.B. White left us "Charlotte's Web," "The Trumpet of the Swan," and "Stuart Little."

And as nearly anyone who has ever taken English I-A can tell you, Mr. White was responsible for the famous book "The Elements of Style." It is a book that English teachers send their students back to again and again.

Mr. White was a modest man, yet he was celebrated for his devotion to the English language. He was a guardian of our language, pointing the way to its simple, direct use.

Mr. White ended his book "Charlotte's Web" by describing Charlotte, the spider, in this way:

"It is not often that someone comes along who is a true friend and a good writer. Charlotte was both."

Mr. White was both a good writer and a good man. He will be missed. ●

A YOUNG MAN'S TREK

● Mr. DURENBERGER. Mr. President, a revival is taking place today among America's youth. Many of our young people are demonstrating beyond a doubt, that they are not a "me" generation of selfish individuals who believe their needs come first. They are displaying a remarkable sense of compassion, energy and personal commitment to improving the quality of life for their fellow Americans through their voluntary efforts.

Wayne Meisel, a 25-year old from Minneapolis, makes me proud to represent Minnesota in the United States Senate. Wayne's dedication and commitment to the volunteer spirit is inspiring. With a backpack on his back and a painter's cap on his head, Wayne embarked on a 5-month, 1,500 mile walk around the United States stopping at university and college campuses along the way to promote student-run community volunteer programs.

Since Wayne's walk, he has formed a national coalition of student involvement programs, pointing out the importance and rewards of volunteering in community projects outside of campus walls.

The influence of Wayne's commitment—and others like him—goes beyond the immediate results. Young adults like Wayne will someday lead our Nation. Knowing the commitment of their hearts and minds should reassure us about leaving the responsibility of running this country to future generations.

I ask that the text of a recent New York Times article on Wayne Meisel be printed in the Record:

The article follows:

[From New York Times, Sept. 1, 1985]

A Young Man's Trek for Voluntarism Links Campus Projects

Early last year, when Wayne Meisel told his father about his plan to go on a 1,500-mile trek through 13 Eastern states to interest college students in volunteering for public service projects, his father grimaced.

"My mom laughed at first," the softspoken, 25-year-old Harvard graduate said, "but finally gave me her support."

With a backpack, his painter's cap and letters of introduction from Derek Bok, the president of Harvard, and Senator David Durenberger, Republican of Minnesota, Mr. Meisel set off last January on a five-month, zig-zagging journey from Waterville, Me., to Washington, stopping off at 70 colleges along the way. At each college, he consulted with campus leaders on techniques for promoting community service projects run by students.

He made his walk on a shoestring budget. "I've slept on the floors and couches of 180 dormitories and fraternities," he said. "In Maine, I even stayed in an abandoned fried-clam stand."

"Sure, some people thought what I was doing was crazy," he said. "But I wanted to show students what someone with little money and strong ideals could accomplish."

Mr. Meisel said his reasons for completing his journey on foot were practical: "By walking, I was able to draw attention to the importance of student involvement in community life beyond the campus walls. And besides, at the time I didn't own a car."

Pooling the contacts he made on his walk, Mr. Meisel has since formed the Campus Outreach Opportunity League, a national coalition of student volunteer programs. Financed by a one-year $17,400 grant from the Edward W. Hazen Foundation in New Haven, Mr. Meisel and the staff of his New Haven-based organization provide technical assistance to students and university administrators seeking to improve off-campus volunteer programs. The coalition also organizes national student conferences on aspects of student voluntarism and publishes pamphlets listing job opportunities in community service.

"We want to stay away from the notion that students should be involved in community service out of a sense of moral obligation," said Robert Hackett, 24, a co-director of the group. "Rather, if we can convey to students that voluntarism can be enriching and fun, we'll stand a better chance of attracting more people to it."

This fall the Campus Outreach Opportunity League will coordinate a series of workshops on volunteer program management and skill development in New York, New Jersey, Connecticut, Rhode Isand and Massachusetts. Mr. Meisel and Mr. Hackett have also recently received a $60,000 grant from the Lyndhurst Foundation in Chattanooga, Tenn., to enable them to try to expand their work to more than 50 universities in the South.

Senator Durenberger, who is on the board of directors of Action, a federal volunteer agency, praises Mr. Meisel's efforts, saying, "in my 30 years of work with volunteer organizations, I have never met anyone Mr. Meisel's age with his level of commitment."

Mark Koide, 22, president of the American Association of University Students and a senior at Brown University in Providence, R.I., agrees.

The effort proves "students today are no longer part of the 'me generation,'" Mr. Koide said. "If Wayne is successful, his group could become a vanguard of a new generation of college students."

As the organization continues to grow, however, some volunteer groups express concern that the group may duplicate the efforts of existing agencies like Volunteer, a Washington clearinghouse. "In order to be successful," said Kenn Allen, president of Volunteer, "the Campus Outreach Opportunity League must be sensitive to what is already out there. They have to remember to respect the leadership and initiative of local volunteer operations, and to build upon, not replace, that base."

Mr. Meisel is optimistic, however. "As long as we can get college students to believe in what we are trying to do," he said, "then nothing can stop us."●

TOWARD A FREE MARKET IN SUGAR

Mr. CHAFEE. Mr. President, the artificially high price of sugar costs American consumers between $3 and $5 billion per year. The domestic price of raw sugar is approximately five times its world market price—that adds about $60 per year to the grocery bill of the average family of four.

Today I am pleased to join my colleagues Senator Gorton and Senator Bradley in cosponsoring S. 1222, a bill to lower the price support for sugar by 10 cents over the next 4 years.

The price of sugar—like that of other commodities—is supported through a system of nonrecourse loans. The current loan rates, or price support levels, were set by Congress as part of the 1981 farm bill.

Currently, the price support is 17.75 cents per pound. If participating producers cannot get that price in the marketplace, they sell it to the government instead—at 17.75 cents per pound.

This support level is significantly higher than the world market price of 3 to 4 cents. To keep the domestic price up—and thus to avoid buying sugar—the administration has imposed progressively tighter import quotas, starting with 5 million tons in 1981 and possibly going as low as 2 million tons next year.

The adverse effects of such high price supports and tight import quotas have been documented in series of recent editorials criticizing U.S. sugar policy. The burden is greatest on the American consumer, who pays more for sugar than do consumers in most parts of the world.

Producers, on the other hand, enjoy a level of subsidization unrivalled among other Federal farm programs. Whereas the Federal Government pays approximately $3,500 in benefits to each of 800,000 wheat farmers, and $9,000 in benefits to each of 300,000 milk producers, benefits under the sugar program average about $250,000 per year per producer.

High domestic sugar prices and tight import restrictions mean higher costs to U.S. manufacturers of processed foods containing sugar. Many manufacturers are finding it impossible to compete with low-priced products containing sugar purchased on the world market. Without action to remedy the situation, some may have no alternative but to move their operations overseas. This means more lost jobs.

These sugar price supports also mean a heavy burden for developing countries, notably those in Latin America and the Caribbean. These countries have borrowed extensively from American banks and depend heavily on export earnings to service their debts.

To stave off major debt defaults among these Third World countries, the United States must keep its markets open to LDC exports. Maintaining this protectionist scheme as welfare for the American sugar industry—despite the opportunities which this market presents for more competitive sugar producers abroad—is totally inconsistent with our obligation to keep markets open and to prevent damage to American lenders.

It also serves the interests of U.S. exporters to keep our market open to competitive products like sugar from LDCs. To alleviate their tremendous debt burden, these countries resort to austerity programs which promote exports and inhibit imports, causing U.S. exporters to lose traditional Latin markets. The more we restrict their exports to the United States, the more they must restrict their imports of U.S. goods, in order to conserve foreign exchange.

The debt crisis, more than anything else, is responsible for our loss of Latin markets. Why encourage the use of these barriers in Latin countries by cutting off lucrative export opportunities for them in our markets? American banks can rightfully blame this protectionist scheme and others like them for the inability of these countries to adequately service their debt.

Mr. President, the articles which follow are right on target in their criticism of our present sugar policy. I ask that they be printed in the record at this point.

The articles follow:

[From the New York Times, Aug. 25, 1985]

Sugar's Sure Danger: Price

It's summertime and the slurping is heavy: Americans are consuming more sweeteners in everything from wine coolers to granola bars. Experts disagree on whether sugar and sugar substitutes pose a serious health risk. But there is no doubt that protecting a few thousand domestic sugar producers in the United States and Europe costs the consumer, and is bringing ruin to our friends in the third world. Common sense and common decency argue for serious reforms.

Sugar is nature's most concentrated source of carbohydrates and cane is the world's most efficient source of sugar. It needs a warm, wet climate and plenty of labor to cultivate.

Ideally, all the world's demand would be met by relatively poor, tropical countries like Brazil, Guatemala and the Philippines. The revenue generated from its export would increase demand for goods from consuming nations. Processing the raw cane would, as the British historian Sidney Mintz points out, offer much-needed training in low-tech manufacturing and business organization skills.

Unfortunately, cane can be grown—at higher cost—in Florida, Louisiana and Hawaii. And sugar can be also extracted from sugar beets or synthesized from corn, both of which can be grown in temperate climates. Once these methods gained an economic toehold in the developed world, their managers used their political muscle to limit competition from lower-cost sources.

Third-world sugar now sells for about 4 cents a pound. The United States imposes import quotas and tariffs to keep the domestic price at 22 cents a pound. That's so much of a difference that customs officials have been excluding sweetened foods ranging from jam to kosher pizza on the theory that people could profitably extract and sell the sugar.

The Common Market pays about the same price to beet farmers. They respond by producing so much sugar that Europe now exports it. The result is a triple whammy:

Consumers and taxpayers in America and Europe end up paying an extra $3 billion to $4 billion for sweeteners.

With demand for third-world sugar artificially depressed by protectionism, the free-market price has fallen to a third of the production cost for efficient Latin America growers. Brazil, desperate to unload the crop, is converting much of it into alcohol, for export as an octane booster in gasoline. Even that market may soon close, as American distillers fight to keep out the competition.

Low sugar prices mean low export earnings for sugar-producing countries. That makes it almost impossible for debtors like the Philippines to repay their loans to American and European banks. And it squeezes living standards, inviting perilous political effects.

The end of this madness is not in sight; the domestic sugar lobbies carry too much weight to be pushed off welfare. But at least there are now reforms in the wind worth rooting for. The Common Market's sugar subsidies are up for review this year in Brussels. There is hope that Europe will take steps to reduce production, if only to reduce the general pressure on the Common Market budget for agricultural subsidies.

On this side of the Atlantic, Senators Slade Gorton of Washington and Bill Bradley of New Jersey are sponsoring legislation that would trim a few cents from the domestic support price.

These are small steps. Consumers in rich countries and sugar producers in poor ones deserve much more. But as long as policies in Europe and America are tailored to protect special interests, small steps are probably the best we can expect.

[From the Wall Street Journal, Sept. 17, 1985]

U.S. Sugar Policy Rots Neighboring Economies

(By Georges Fauriol and Andrew D. Kopperl)

U.S. agricultural policy is fundamental to economic and political viability in the Americas. Directly and adversely affecting the Caribbean Basin region in particular is the sugar price-support program, which began with the 1981 farm bill.

As the 1985 farm bill is considered in Congress, and as President Reagan considers a change in sugar import quotas, the U.S. needs to ask whether the current sugar program is in its national interest, not only because it brings on higher consumer prices and inefficient agricultural practices, but perhaps more important, because it threatens the economies of nations that depend on sugar exports to survive.

The problem stems not so much from the existence of sugar price supports as much as it does the level of the support price, and the necessity to maintain that price through quotas. Under current law the U.S. government lends domestic growers—of which there are just over 11,000—18 cents for each pound of raw sugar cane produced. As long as the artificial domestic price is maintained at a pre-determined level above that 18 cents, the growers will sell to the market and pay off their loans. If, however, the price drops below that level, the growers may forfeit their crop to the government without obligation to pay off the loan. In its efforts to reduce deficit spending, the Reagan administration has kept foreign sugar out of the U.S. market simply to avoid a price drop and the likely result of crop forfeiture.

While this seemingly benign program protects the few U.S. growers from bankruptcy with artificially high prices (the U.S. price for raw sugar is above 20 cents while the international price is below five cents), it also denies highly leveraged countries one of their most important commodity markets.

During the 1970s, Western nations channeled credit to Third World nations to assist the development of industry, natural resources and agriculture, and to generate a sufficient level of foreign trade required to keep the entire system afloat. Latin America, not unlike most Third World nations, used this free-flowing capital to finance the expansion of basic national infrastructures. To a degree, foreign capital was concentrated on creating urban-industrial sectors in societies whose major source of foreign exchange lay in the trade of a very few commodities.

As the price of sugar, coffee, bananas, bauxite and oil skyrocketed at various times during the 1970s, repaying those foreign loans looked easy. But with the downturn in commodity prices in the early 1980s and the drying up of credits to the modernizing sectors, a squeeze was applied.

To its credit the Reagan administration has responded with a constructive policy in Central America and the Caribbean. In 1982 the administration launched the Caribbean Basin Initiative to encourage greater U.S. market access for the region's products. This was followed by the so-called Kissinger Commission agenda for economic development and political stability in the larger region.

Unfortunately, the encouragement of Caribbean Basin exports to the U.S. has been derailed by the U.S. sugar-quota system. When sugar is added to the products that do not fall within the duty-free provision of the CBI (textiles, petroleum products, tuna and leather), the Caribbean Basin export capability is back to a level that brought on the CBI. The loss of income for the Caribbean Basin countries on sugar alone is estimated to reach at least $250 million in 1985. When considering, for example, that the Dominican Republic has earned as much as 40% of its foreign exchange from sugar, any reduction in exports can have a drastic impact on that nations' economic stability—and its roughly $3 billion debt.

Moreover, as U.S. sugar imports have declined from five million short tons in 1981 to an expected quota well below one million short tons for 1986, those producers have had to find other large consumers, the most worrisome being the Soviet Union. As a precentage of total regional sugar exports, excluding Cuba, the Soviet's share increased from 10% in 1981 to more than 25% in 1983 while the U.S. share has dropped during the same period from 52% to 30%. Thus, fundamentally, inattention to this sugar-export issue undercuts the intended purposes of U.S. economic and political diplomacy in the region.

It may strike the casual observer as exaggerating the case to suggest that sugar is a key aspect of our problems in the Americas. Clearly, there are broader issues at stake here, but it takes little insight into the developing world to see that economic development and diversification cannot occur unless the indigenous product base is strengthened first—or at minimum not allowed to die before a suitable alternative economic base is found. For if a nation cannot develop a constant source of foreign exchange, it will not be able to finance its foreign debt and strengthen the value of its currency. The foreign debt becomes perpetually larger while foreign investment into the nation is discouraged. And whatever direct foreign aid the nation receives goes to servicing the debt instead of developing new economic ventures.

With the loss of capital, the inability to service foreign debt, and the inevitable result of increasing inflationary pressures, the developing nation is even more prone to grass-roots social instabilities that question the worth and propriety of democratic institutions. Then as the Western world looks onto the quagmire it may have unintentionally produced, the political problems will become of a character requiring drastic—perhaps military—solution.

In the past 12 months, rioting in Jamaica and the Dominican Republic, gas lines in Guatemala, and migration of populations to the U.S. are indicative of the political implications of destabilized economies. If a root to the Central America-Caribbean problem is commodities trading, is it not simpler to encourage freer trade than to commit to an endless spiral of aid and intervention?

[From the Washington Post, Sept. 17, 1985]

Could Life Be So Sweet

The sugar price support system is one of the least defensible items in the federal candy store, a program in which several billion dollars a year are plucked by fist from a large group of losers—U.S. consumers—for a small group of domestic producers. The mechanism has foreign policy implications as well; its net effect has probably been to squeeze the economies of Third World producing countries, including some in Latin America and the Caribbean Basin though vital to U.S. interests. The program was put in place four years ago, over administration objections, by power of a kind that has characterized sugar politics in Congress for 50 years. There is now an opportunity to roll the program back, as part of the pending farm bill. We hope it will succeed.

The sugar support system was set up in the farm bill of 1981, which is now expiring. The lore was that the administration dropped its opposition in return for the votes of sugar-state congressmen for its budget bill that year. "I went with the best deal," Rep. John Breaux of Louisiana, one of 29 Democrats to side with the administration on a key vote, was quoted as saying at the time. No, he went on to explain in one of the better moments of the 97th Congress, that did not mean his vote was for sale, but "it can be rented."

The program works like those for other supported commodities, through loan rates—guaranteed amounts for which producers can park their products with the government if market prices are too low. This loan rate for domestic sugar is now about 18 cents a pound. The world price is about a nickel. U.S. users could thus be expected to buy on the world market, and leave the government to buy up domestic production. To keep the government from having to do that, there is a second part to the program; the government has the power to set import quotas. Only enough foreign sugar is supposed to be let in to fill U.S. needs, after all U.S. sugar has already been bought.

Most years the program has worked out exactly that way. The legislated price has all been passed on to consumers, and sugar has not shown up as a budget item. This year for the first time the government will buy some—over 400,000 tons at a cost of around $200 million; domestic production plus allowed imports exceeded demand. Next year it may have to buy some more: apparently in response to pleas from hurting Caribbean Basin countries, quotas were not cut as they should have been to hold the government harmless.

The House and Senate farm bills would preserve this loan-and-quota system. Their one concession would be to freeze the loan rate at next year's expected 18 cents; it would then erode with inflation. Critics are at work on amendments that would take the rate down a penny a year instead. That is the least Congress should do. There are about 3,000 sugar cane farms in this country (mostly in Florida, Louisiana and Hawaii) and 6,000 sugar beet producers (mostly in California and the Midwest). The corn industry also benefits from the system; corn sweeteners now have half the U.S. market, and the higher the price of sugar, the higher the price of sweetners can also be. Spokesmen for these beneficiaries make impressive arguments in behalf of their protected market. One is a trade argument; that sugar is entitled to at least as much protection as shoes and textiles, both objects of sympathy just now in Congress. On this we agree with the sugar people. We don't think the shoe and textile industries should be protected, either. If something doesn't cost much, why not leave it be?

[From the Chicago Tribune, Aug. 30, 1985]

Dangerous Sugar Quotas

Ten Central American and Caribbean nations have joined forces to press the United States to ease its harsh quotas on imported sugar and help save them from desperate economic troubles. With protectionist sentiment running so high, the request is not expected to have a warm welcome in Congress, but these sugar countries have logic, fairness and common sense on their side, not to speak of American consumers and sugar refiners and the best interests of American national security.

Because of the quotas, American consumers are now paying an artificially high price of 21.75 cents a pound for sugar, mainly to keep a mere 1,500 Louisiana sugar growers in profitable business. Many shoppers are turning to corn syrup-based sweeteners, with a number of U.S. sugar refiners going bankrupt as a result. This is occurring at a time when world sugar prices are at a rock bottom low of just 2.5 cents a pound!

Many of the countries in this group depend on sugar as their only export and are now facing economic catastrophe and political upheaval. Theirs is a region where the American government is expending considerable effort and money to resist communist revolution and maintain political stability. The administration is supposedly trying to help them with a Caribbean Basin economic assistance plan. Yet the sugar quotas are undermining everything.

A decision is expected by Sept. 15, the deadline for setting the 1985-86 sugar quota levels. If the administration is to adhere to its free trade principles, the quota ought to be eliminated entirely, though that can only come as part of the expected congressional struggle this fall over the next farm bill. The cost to the consumer and America's strategic interests is too high a price to pay for this kind of needless government dole.●

E.B. WHITE

● Mr. DURENBERGER. Mr. President, as you know, the esteemed American author E.B. White died yesterday at the age of 86. I can claim no personal or even geographical connection with Mr. White. His life and outlook were tied primarily to the East, and mine to the Midwest. I wish I could say I met him, but I never did.

I knew E.B. White only as millions of others do, through his brilliant, peculiarly American prose. He had a way of describing the most mundane event or the most common object in a singularly eloquent style, at once folksy and incisive.

Many of our children grew up with Charlotte's Web—and many of us grew somehow younger reading it ourselves. The New Yorker, Harper's and other publications were strengthened by his contributions. The Elements of Style, his "small wonder" on usage of the English language, has guided writers for a quarter of a century. His essays are among the most evocative and entertaining in American literature. In fact, it seems fitting that Mr. White lived his last days at his much-loved farm in Maine, the setting for so many of those essays.

Mr. President, rather than memorializing E.B. White with a potentially massive biographical sketch—which the author himself would no doubt find tedious—I prefer to let his prose speak for itself. I ask that Mr. White's brief 1957 essay, "A Report in Spring," be printed in the Record.

The essay follows:

A Report in Spring

New York, May 10, 1957.—I bought a puppy last week in the outskirts of Boston and drove him to Maine in a rented Ford that looked like a sculpin. There had been talk in our family of getting a "sensible" dog this time, and my wife and I had gone over the list of sensible dogs, and had even ventured once or twice into the company of sensible dogs. A friend had a litter of Labradors, and there were other opportunities. But after a period of uncertainty and waste motion my wife suddenly exclaimed one evening, "Oh, let's just get a dachshund!" She had had a glass of wine, and I could see that the truth was coming out. Her tone was one of exasperation laced with affection. So I engaged a black male without further ado.

For the long ordeal of owning another dachshund we prepared ourselves by putting up for a night at the Boston Ritz in a room overlooking the Public Garden, where from our window we could gaze, perhaps for the last time, on a world of order and peace. I say "for the last time" because it occurred to me early in the proceedings that this was our first adoption case in which there was a strong likelihood that the dog would survive the man. It had always been the other way round. The garden had never seemed so beautiful. We were both up early the next morning for a final look at the fresh, untroubled scene; then we checked out hastily, sped to the kennel, and claimed our prize, who is the grandson of an animal named Direct Stretch of the Walls. He turned out to be a good traveler, and except for an interruption caused by my wife's falling out of the car in Gardiner, the journey went very well. At present, I am a sojourner in the city again, but here in the green warmth of a city backyard I see only the countenance of spring in the country. No matter what changes take place in the world, or in me, nothing ever seems to disturb the face of spring.

The smelts are running in the brooks. We had a mess for Monday lunch, brought to us by our son, who was fishing at two in the morning. At this season, a smelt brook is the nightclub of the town, and when the tide is a late one, smelting is for the young, who like small hours and late society.

No rain has fallen in several weeks. The gardens are dry, the road to the shore is dusty. The ditches, which in May are usually swollen to bursting, are no more than a summer trickle. Trout fishermen are not allowed on the streams; pond fishing from a boat is still permissible. The landscape is lovely to behold, but the hot, dry wind carries the smell of trouble. The other day we saw the smoke of a fire over in the direction of the mountain.

Mice have eaten the crowns of the Canterbury bells, my whitefaced steer has warts on his neck (I'm told it's a virus, like everything else these days), and the dwarf pear has bark trouble. My puppy has no bark trouble. He arises at three, for tennis. The puppy's health, in fact, is exceptionally good. When my wife and I took him from the kennel, a week ago today, his mother kissed all three of us good-bye, and the lady who ran the establishment presented me with complete feeding instructions, which included a mineral supplement called Pervinal and some vitamin drops called Vi-syneral. But I knew that as soon as the puppy reached home and got his sea legs he would switch to the supplement *du jour*—a flake of well-rotted cow manure from my boot, a dead crocus bulb from the lawn, a shingle from the kindling box, a bloody feather from the execution block behind the barn. Time has borne me out; the puppy was not long in discovering the delicious supplements of the farm, and he now knows where very vitamin hides, under its stone, under its loose board. I even introduced him to the toni smell of coon.

On Tuesday, in broad daylight, the coon arrived, heavy with young, to take possession of the hole in the tree, but she found another coon in possession, and there was a grim fight high in the branches. The new tenant won, or so it appeared to me, and our old coon came down the tree in defeat and hustled off into the woods to examine her wounds and make other plans for her confinement. I was sorry for her, as I am for any who are evicted from their haunts by the younger and stronger—always a sad occasion for man or beast.

The stalks of rhubarb show red, the asparagus has broken through. Peas and potatoes are in, but it is not much use putting seeds in the ground the way things are. The bittern spent a day at the pond, creeping slowly around the shores like a little round-shouldered peddler. A setting of goose eggs has arrived by parcel post from Vermont, my goose having been taken by the fox last fall. I carried the package into the barn and sat down to unpack the eggs. They came out of the box in perfect condition, each one wrapped in a page torn from the New England Homestead. Clustered around me on the floor, they looked as though I had been hard at it. There is no one to sit on them but me, and I had to return to New York, so I ordered a trio of Muscovies from a man in New Hampshire, in the hope of persuading a Muscovy duck to give me a Toulouse gosling. (The theme of my life is complexity-through-joy.) In reply to my order, the duck-farm man wrote saying there would be a slight delay in the shipment of Muscovies, as he was "in the midst of a forest-fire scare." I did not know from this whether he was too scared to drive to the post office with a duck or too worried to fit a duck into a crate.

By day the goldfinches dip in yellow flight, by night the frogs sing the song that never goes out of favor. We opened the lower sash of the window in the barn loft, and the swallows are already building, but mud for their nests is not so easy to come by as in most springtimes. One afternoon, I found my wife kneeling at the edge of her pernnial border on the north side, trying to disengage Achillea-the-Pearl from Coral Bell. "If I could afford it," she said bitterly, "I would take every damn bit of Achillea out of this border." She is a woman in comfortable circumstances, arrived at through her own hard labor, and this sudden burst of poverty, and her inability to indulge herself in a horticultural purge, startled me. I was so moved by her plight and her unhappiness that I went to the barn and returned with an edger, and we spent a fine, peaceable hour in the pretty twilight, rapping Achillea over the knuckles and saving Coral Bell.

One never knows what images one is going to hold in memory, returning to the city after a brief orgy in the country. I find this morning that what I most vividly and longingly recall is the sight of my grandson and his little sunburnt sister returning to their kitchen door from an excursion, with trophies of the meadow clutched in their hands—she with a couple of violets, and smiling, he serious and holding dandelions, strangling them in a responsible grip. Children hold spring so tightly in their brown fists—just as grownups, who are less sure of it, hold it in their hearts.●

ORDERS FOR THURSDAY

RECESS UNTIL 10:30 A.M. TOMORROW

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 10:30 a.m. on Thursday, October 3, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF CERTAIN SENATORS

Mr. DOLE. Mr. President, I ask unanimous consent that on tomorrow, following the recognition of the two leaders under the standing order, there be special orders in favor of the following Senators for not to exceed 15 minutes each: Senators CHAFEE, MURKOWSKI, COHEN, SIMPSON, ARMSTRONG, GOLDWATER, NUNN, and PROXMIRE.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, following the special orders just identified, I ask unanimous consent that on tomorrow there be a period for the transaction of routine morning business, not to extend beyond 12 noon, with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, following the transaction of routine morning business on tomorrow, it will be the intention of the majority leader to proceed to the consideration of House Joint Resolution 372, the debt limit extention. If we can proceed to that at 12 noon until approximately 3 p.m., I advise my colleagues that it is quite likely that rollcall votes could occur during that period.

Mr. President, I ask unanimous consent that at 12 noon tomorrow, the Senate proceed to the consideration of House Joint Resolution 372, the debt limit extension.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 10:30 A.M.

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move that the Senate stand in recess until 10:30 a.m. tomorrow.

The motion was agreed to; and, at 8:46 p.m., the Senate recessed until Thursday, October 3, 1985, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate October 2, 1985:

DEPARTMENT OF STATE

Richard Schifter, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs, vice Elliott Abrams, resigned.

THE JUDICIARY

Edward R. Korman, of New York, to be U.S. district judge for the eastern district of New York vice a new position created by Public Law 98-353, approved July 10, 1984.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

C. Everett Koop, of Pennsylvania, to be Surgeon General of the Public Health Service for a term of 4 years. (Reappointment.)

IN THE NAVY

Robert A. Fabrini, Naval Reserve Officers Training Corps candidate, to be appointed permanent ensign in the line or staff corps of the U.S. Navy, pursuant to title 10, United States Code, section 531.

The following-named Navy Enlisted Commissioning Program candidates to be appointed permanent ensign in the line or staff corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Benoit, Thomas H.
Berry, Steven C.
Bethel, Jane P.
Brock, Arthur E.
Descampo, Anje
Frame, Charles E.
Garland, Michael A.
Graham, Douglas W.
Harkelroad, Joseph
Hill, Rodney A.
Hoffman, Jo E.
Holm, Keith
Keys, Richard T.
Kipps, Mark R.
Klotz, Michael D.
Koch, Robert W.
Leatherman, Brian C.
Lescault, F. Randall
Malsburg, John H.
Mangrum, Gerald G.
McGaffrey, Mark B.
McGibbon, Henry M.
Merz, Paul V.
Mickeline, Mark W.
Morgan, Edric O.
Morris, Debra A.
Perry, Douglas L.
Plum, Gregory L.
Reiser, Bernell A.
Sanford, William E.
Weber, Carl A.
Whiston, Richard A.
White, George D.
Williams, James A.

The following-named Naval Reserve officers to be appointed permanent ensign in the line or staff corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Couch, Kevin J.
Ferris, Thomas M.
Seines, James P.
Wilson, John S.

William A. Crowell, Navy enlisted candidate, to be appointed permanent chief warrant officer, W-2, in the U.S. Navy, pursuant to title 10 United States Code, section 555.

Earl S. Stewart, ex-Naval Reserve officer, to be appointed permanent commander in the Medical Corps of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593.

The following-named U.S. Navy officers to be appointed permanent commander in the Medical Corps of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593:

DeTriquet, John M.
Roberts, John C.
Ware, Lewis L.

HOUSE OF REPRESENTATIVES—*Wednesday, October 2, 1985*

The House met at 11 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Protect Your people, O God, from all the adversaries that seek to destroy Your good gifts of life and freedom. We pray for those who have known the violence of terrorists or have been held hostage away from family and friend. May they experience Your comforting love and spirit in spite of their isolation and may we keep them ever in our prayers. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which concurrence of the House is requested:

S.J. Res. 158. Joint resolution designating February 1986 as "National Community College Month."

JOINT CHIEFS OF STAFF REORGANIZATION ACT OF 1985

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, Monday, I described the provision of the Joint Chiefs of Staff Reorganization Act of 1985 that makes the Chairman of the JCS the principal military adviser to the President, the Secretary of Defense, and the National Security Council.

Today, I want to talk about the provision of the bill that establishes the new position of Deputy Chairman of the JCS. At the present time, the Secretary of Defense, each of the three service Secretaries, and each of the four service chiefs has a deputy, someone who can assist him in his duties and carry on when he is not in Washington. The Chairman is the only key individual in the Pentagon not having a deputy. Mr. Speaker, even a platoon leader has an assistant, known as a platoon sergeant.

Our intent in putting in this feature was to give the Chairman the help he needs in managing the JCS organization. He needs an alter ego, an individual who will understand the issues as they come to his desk. The arrangement that has been in effect over the past 3 years, having one of the service chiefs on call for 3 months at a time to fill in for the Chairman when he is not in Washington, is a workable solution, but it is not the best one. These four men already have two full-time jobs—running their respective services and participating in JCS deliberations—and to add a third job is simply asking one man to do too much.

The Deputy Chairman would be the second ranking officer in the Armed Forces and also be the director of the joint staff, those staff officers from the four services who assist the joint chiefs in the performance of their duties. He would also be selected from a service other than that of the Chairman.

INSURANCE FOR THE TRANSPORTATION INDUSTRY

(Mr. SHUSTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHUSTER. Mr. Speaker, I rise to alert my colleagues to a serious problem confronting our Nation's transportation industries, one which I fear is going to become even more serious in the months ahead.

In recent months, insurance companies have canceled insurance policies, refused to renew them, or demanded huge increases, often on the order of several hundred percent. One reputable bus company with an excellent safety record had to pay a whopping 800-percent premium increase to renew its insurance.

Unfortunately, this is typical of what is happening in transportation, not only in the bus industry, but also in truck, rail, and transit. Our Surface Transportation Subcommittee of the Public Works Committee will hold hearings to investigate how this could happen in a supposedly competitive insurance industry, and search for ways to alleviate this problem.

Without reasonably priced insurance, our Nation's transportation system may cease to operate efficiently.

EMERGENCY ECONOMIC SITUATION IN IOWA

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, yesterday, the Governor of the State of Iowa declared a state of economic emergency existing in Iowa because of the agricultural situation. This is the first time this has been done since the Great Depression in my State of Iowa.

This afternoon, most likely, we are going to have a chance to vote on a provision that is now in the committee print of the farm bill, and the question we are going to face is whether we are going to say, as the committee does, that we ought to give farmers a chance to vote on something that would give them better income than they will otherwise have, or whether we are going to say they do not have that choice, and we, in Congress, are going to mandate that they have to take a cut in income in a program that is similar to what we have already had.

I hope, in view of the problem we have, that this House will show some compassion, show some concern for those who are in serious trouble. I hope this House will stay with what is in the committee bill and say that we do want to give farmers some hope in this time of very great difficulty. It may be worse in Iowa than in some other States, but let me tell my colleagues that other States are going to follow if Iowa collapses. According to the Governor, there are 40 percent of the Iowa farmers who face financial difficulty at this time. I do not think that we want to see that problem made even worse.

IN OPPOSITION TO THE REPEAL OR SUBSTANTIAL REDUCTION OF THE CURRENT DEDUCTION FOR STATE AND LOCAL TAXES

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SEIBERLING. Mr. Speaker, the Ways and Means Committee is now in the process of marking up a tax reform bill. One of the key provisions of concern to individual income taxpayers is President Reagan's proposal to eliminate the current deduction for State and local taxes.

Repeal of this deduction would have a serious impact on individual taxpayers, and on State and local governments. The deduction for State and local taxes is the oldest in the Federal system, dating back to 1913. The idea behind the deduction is quite clear: to prevent the Federal Government from engaging in the double taxation of

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

income already paid out as taxes to State and local governments.

The State and local tax deduction has been characterized as one which benefits the wealthy the most. This is simply not true. Over 50 percent of households taking the deduction have incomes of less than $30,000, and 87 percent have incomes of less than $50,000. In fact, more taxpayers—33 million in 1982—claim the State and local deductions than any other deduction, including the deduction for home mortgage interest.

Repeal of the deduction would impose a harsh penalty on States in the Northeast-Midwest region of the country. Residents of our area constitute 44 percent of the Nation's population, but would pay nearly 60 percent of the cost of eliminating deductibility. In Ohio, the average taxpayer claims $725 for the deduction each year.

The decline in Federal funding of social services under the Reagan administration has forced States and localities to pick up a bigger share of the load of caring for those who need help. These governments rely on the Federal deduction to help their taxpayers afford the cost of the services. If the deduction is repealed or substantially curtailed, you can bet there is going to be enormous pressure on States and localities to provide relief from this double taxation by cutting tax rates themselves. So the repeal of the State and local deduction would put the squeeze on States and localities when they can least afford it.

□ 1110

BAD TIMING FOR HOUSE CONCURRENT RESOLUTION 3

(Mr. COURTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COURTER. Mr. Speaker, tomorrow, Thursday, the House of Representatives is poised to debate House Concurrent Resolution 3. This resolution calls for the President to submit to the Senate for ratification the threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty, and as well urges the President of the United States to enter into negotiations on a comprehensive test ban treaty.

Needless to say, these issues are important. They deserve full airing in this body now as they have been debated before.

My problem is the timing of this resolution. The President of the United States is to be meeting Mr. Gorbachev in Geneva in November. The Soviet Union put on the table their most serious proposal with regard to reductions in offensive weapons.

I fail to see why the House of Representatives this week should enter into a long and devisive debate on the arms control policy of this administration. The timing is wrong, Mr. Speaker. It simply does not make sense.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE JOINT RESOLUTION 90

Mr. ATKINS. Mr. Speaker, I ask unanimous consent that the name of the gentleman from Virginia [Mr. WHITEHURST] be removed from the list of cosponsors of House Joint Resolution 90, of which I am the chief sponsor.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DEDUCTIBILITY OF STATE AND LOCAL TAXES

(Mr. HENRY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HENRY. Mr. Speaker, for several months, since the Treasury Department's first formal proposal last November, we have been debating the question of whether taxes paid to the State and local governments will continue to be deductible under the Federal income tax system. Both the original Treasury Department proposal and the subsequent tax plan submitted to the Congress in May would completely eliminate the current deduction. The Ways and Means Committee now has before it staff options which propose a compromise which would eliminate the current deductibility of State and local sales taxes and personal property taxes, and would allow State and local income and real property taxes to be deducted up to the greater of $1,000—for a joint return—or 5 percent of adjusted gross income.

While the proposed compromise is certainly a recognition of the importance of deductibility for income used to pay State and local taxes, it does not go far enough. I remain concerned about what such taxation of State and local taxes would mean, both to the ability of State and local governments to operate and finance programs, and on taxpayers, particularly homeowners, who pay these taxes in States like mine. Fundamentally, the elimination or the large-scale curtailing of this deduction runs directly counter to our traditional federal system of government—it amounts to the Federal Government discouraging State and local governments from collecting revenues in the way they choose—particularly for States like mine, which are not able to raise revenue through exportable taxes like energy taxes. I support a strong Federal system—State and local governments can and frequently do try programs and initiatives which the Federal cannot do or cannot do as effectively. Indeed, a good deal of the change and activity in our country over the past few years—in areas from education to resource recovery to health care—has taken place at the State and local levels. Taking away the deductibility of State and local taxes, in essence, taxing people twice, would severely discourage States like mine from undertaking these initiatives. The benefits would be short term; the result would be the Government again being called upon to assume the responsibilities in these areas.

MARGARET HECKLER AS NEW AMBASSADOR TO IRELAND

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, when President Reagan named Margaret Heckler as his Secretary for the Department of Health and Human Services, I commended him. Yesterday, he named Margaret Mary O'Shaughnessy Heckler as our new Ambassador to Ireland. I commend him again.

Secretary Heckler did an outstanding job, under occasionally trying circumstances. Her imprint and contribution were clear on landmark laws to increase child support payments, expand tax credits for day care, and bolster research to combat the dual scourges of Alzheimer's disease and AID's. She was an effective watchdog over his agency's programs and on many occasions her sense of compassion triumphed over others whose passion was simply to cut.

Margaret Heckler will make a good Ambassador to Ireland. She assumes this position at a most pivotal time. In the coming months a new round of Anglo-Irish talks are scheduled to discuss the future of Northern Ireland. The United States has a direct stake in the outcome of these discussions especially with regard to providing future economic assistance once a solution is reached. Margaret Heckler with her varied background as a Member of Congress and a Cabinet secretary adds prestige to the ambassadorship. She will also be aware and sensitive to the deep and growing interest in America about the Irish question. I look forward to working with Margaret and wish her every success in this new and most challenging endeavor.

THE 565TH DAY OF LEBANON HOSTAGE CRISIS

(Mr. O'BRIEN asked and was given permisison to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'BRIEN. Mr. Speaker, today is the 565th day U.S. citizens have been held hostage in Lebanon. Think of it. That's more than 1½ years.

William Buckley was kidnaped on the streets of Beirut, March 16, 1984, 565 days ago today.

Father Lawrence Jenco has been held hostage in Lebanon for 268 days.

Two hundred days ago today, Terry Anderson, the Associated Press bureau chief in Beirut, was taken hostage.

Today marks the 127th day of captivity for David Jacobsen, director of the American University hospital in Beirut.

Thomas Sutherland, dean of the American University agriculture school, was taken hostage 114 days ago.

Today also marks the 302d day since the kidnaping of Peter Kilburn, the American University librarian.

Mr. Speaker, the American hostage crisis in Lebanon continues. It won't be over until all six remaining Americans are back home safe and sound. In all the turbulence surrounding their captivity let us pray they are not disheartened. Let us pray for them as they hope and pray for freedom. They are not criminals, like the prisoners in Kuwait. They are the salt of the Earth.

FREE TRADE ZONE WITH CANADA

(Mr. LUNDINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNDINE. Mr. Speaker, last Friday, Canadian Prime Minister Mulroney told President Reagan that he was interested in negotiating a free trade zone with the United States and asked whether Congress would be receptive. Yes, I for one say we are very interested, Mr. Prime Minister.

President Reagan must secure authority from Congress to proceed with these negotiations. Instead of lecturing the Congress about protectionism, President Reagan should immediately request negotiating authority from the Congress to establish a Canadian free trade zone.

Canada is our largest trading partner. Total trade with Canada last year reached $113 billion. About 22 percent of United States exports go to Canada.

The United States values its trade relationship with Canada. We are in search of expanding trade for our mutual benefit. There may be a few exceptions to the negotiation of a free-trade agreement which may require some extended form of managed trade. The issue of transshipment of European and other goods also must be addressed. These notwithstanding, the United States should move forward aggressively to begin these negotiations in earnest to complete a free trade agreement with Canada.

TAX REFORM

(Mr. BOEHLERT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOEHLERT. Mr. Speaker, I am joining with my colleagues today to take a firm stand against any proposal to reduce or eliminate the deductibility of State and local taxes.

This is a matter of principle; there can be no compromise.

There simply is no convincing case to be made for changing this deduction, which is as old as the Tax Code itself.

Tax reform is supposed to make the Tax Code simpler. Can anyone honestly argue that the State and local tax deduction is confusing, contorted or baffling? I wish the same question could be asked rhetorically about the arguments used against the deduction.

Tax reform is supposed to make the Tax Code fairer. Is it fair to impose double taxation? Is it fair to tamper with a deduction that limits the tax burden on the middle class? Is it fair to make it more difficult for local school districts across the country to raise the money they need to educate our children? Is it fair to ask States to shoulder more responsibility while making them less able to afford those responsibilities?

The answer is "no," and I hope that answer resounds through this Chamber. This is not an issue of concern to a particular State or region; we are all threatened by this proposal.

In its summary of Treasury II, the administration listed State and local taxes under the heading "Preferred Uses of Income." That viewpoint, I assume, is limited to the administration. This deduction is not subsidizing some crazy whim.

The real reason for the proposal to eliminate the deduction was political expedience. It was a quick way to raise revenue.

We must tell the administration and our colleagues that the quick way is not always the soundest way.

The power to tax truly is the power to destroy. This proposal is destructive of our Federal system and of the middle class. It must not prevail.

TAX REFORM

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, the Ways and Means Committee will soon present us with a tax reform proposal. Recently there have been reports that the voters: First, are not interested in tax reform; second, that they prefer that we deal with deficit reduction and trade; third, that the issues in this legislation are too politically hot; and fourth, that they offend too many people and constituencies.

Mr. Speaker, I disagree with these reports. There is a tremendous ground swell for tax reform in this country, and we should not retreat from this commitment to reform our tax laws.

In this connection, both the President's plan and the Ways and Means draft outline are steps in the right direction, although more improvements can and will be made in both pieces of legislation.

Mr. Speaker, let us not retreat from tax reform this calendar year. Maybe it is politically hot, and there are a lot of painful things that have to be done. But it is the right thing to do.

GORBACHEV INTERVIEW ON FRENCH TV

(Mr. RITTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RITTER. Mr. Speaker, yesterday, Party Secretary Gorbachev was interviewed by journalists on French TV, and some of the clips turned up on Ted Koppel's "Nightline." You did not read about it in the morning papers; it was not there.

But there were some crucial exchanges with Gorbachev. When he was questioned about problems with Soviet Jewry, Mr. Gorbachev responded that Jews had it better in the Soviet Union than anywhere else in the world, and this in spite of the fact that 100,000 Jews would like to leave the Soviet Union and only 1,000 got out last year.

In addition, Mr. Gorbachev, when asked about political prisoners, and this was really a telling insight, when asked about political prisoners, Mr. Gorbachev stated that there really were not any. And he proceeded to berate the French journalist who asked the question for some 1 minute plus. He said, and I paraphrase here, "How could somebody like you, with your education, with your background, with your experience, even bring up such nonsense?" Yes, he actually berated a French journalist for asking a question about political prisoners.

There is a real elegant packaging of Gorbachev in our media these days. I think our journalists should insist on a little "truth in packaging."

RELEASE TARGETED ASSISTANCE FUNDS

(Mr. SMITH of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Florida. Mr. Speaker, a U.S. district court has directed the administration to stop an illegal impoundment of $11.5 million in targeted assistance funds and to release this money. I urge OMB to comply with the law and to give this money to the States and localities that await it.

The people of Florida and other States bear a disproportionate share of the refugee adjustment burden. These funds—including the $3 million due to Florida—are really a repayment for State and local money being spent on a national problem.

Congress approved this money to help the States. GAO indicated that the impoundment was illegal. Now, the court has directed the administration to release the money.

OMB either may continue to flout the law, or else meet its obligation to repay the States that are carrying the greatest share of the resettlement program.

How it acts will determine what the administration really thinks about the taxpayers of the impacted States.

GORBACHEV'S PROPAGANDA CAMPAIGN

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, Soviet leader Gorbachev has begun another phase of his current propaganda campaign.

His well-crafted television address to the French people spoke of historic ties between Russia and France.

He did not mention that when France was invaded by the Nazis in 1940, Mr. Gorbachev's Communist Party was an ally of the Nazis. It was Soviet oil that fueled the panzer attacks that defeated France.

Mr. Gorbachev's Communist Party of the Soviet Union—the de facto government of the U.S.S.R.—is the sole remaining former ally of the Nazis still holding power.

Mr. Gorbachev appears to have forgotten this.

Gorbachev wants to go to the summit with the Western alliance split and with political discord within the United States.

The question is: Are we going to fall for one of the greatest propaganda blitzkriegs since the days of Dr. Goebels?

I hope not. It would be fatal if we lost the battle of the summit before we ever got to the summit.

□ 1125

STOP LOSS OF OCS DRILLING REVENUES TO THE TREASURY

(Mr. SHARP asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHARP. Mr. Speaker, I want to alert Members of the House to one provision in the reconciliation bill that is going to make it much harder for us in the future to cut Federal deficits.

Mr. Speaker, money that rightfully belongs in the Federal Treasury is about to be given to a few coastal States unless the House votes to block this action. The measure in question gives away revenues from the Outer Continental Shelf drilling for gas and oil on what are clearly Federal lands.

This giveaway is occurring in defiance of Federal court rulings, in defiance of the intent of Congress in the 1978 OCS Lands Act, in defiance of the chairman and ranking Republican of the Committee on Interior which have jurisdiction on this issue, in defiance of the Reagan administration.

Help us block this OCS giveaway of billions of Federal dollars; help us to cut the Federal deficit in the future; urge the Rules Committee to allow us to vote on this critical issue.

HYPOCRISY ON TRADE

(Mr. PORTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, there are many tragic consequences of this Congress' failure to make real progress on the deficit this year. Simply wishing the deficit away, as we have done with a budget resolution that uses numerical sleight-of-hand, will not make it so.

One tragic consequence of our repeated huge budget deficits is the destruction of U.S. international competitiveness and the dismantling of America's manufacturing base. Mr. Speaker, the Federal budget deficit, which keeps real interest rates high and requires capital financing from abroad, contributes greatly to our overvalued dollar. Imports become cheap and exports expensive, and the American worker—in agriculture, textiles, machine tools, and a host of other occupations—pays the price.

The trade deficit is a byproduct of the Federal budget deficit and no amount of rhetoric will change that fact.

But rather than take the bull by the horns, Mr. Speaker, we now hear the war cry of protectionism—tariffs and quotas to save American jobs. Mr. Speaker, there are trade practices of other countries which are abhorrent and must be stopped. But let's not be hypocrites. Congress' failure in the war on budget deficits is the real culprit. We have met the enemy and he is us.

GLENBROOK MIDDLE SCHOOL, LONGMEADOW, MA, HONORED AS ONE OF THE NATION'S BEST

(Mr. BOLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOLAND. Mr. Speaker, on numerous occasions in recent years, we have heard lengthy discourses from this well on the ills which beset our educational system. All is not perfect in American education, but there is much that is good and much that deserves praise. Today, I want to call the attention of the House to examples of excellence in the secondary schools of the United States.

Yesterday, at the White House, President Reagan formally recognized 281 public and private schools selected by Education Secretary Bennett as winners of outstanding secondary school awards. Each of the outstanding schools was rated on the basis of 14 criteria including incentives for students, teacher leadership, and administrative support; and seven indicators of success, including student performance on standardized tests, faculty achievement, and quality of school programs. I think the Members of this House would agree that the schools scoring highest in these rating areas can truly serve as models for American education.

Mr. Speaker, one of the schools honored by the President yesterday was the Glenbrook Middle School of Longmeadow, MA, one of the communities I am privileged to represent in the House. Opened in 1968, Glenbrook serves 318 students in grades, 6, 7, and 8. For 17 years, Glenbrook has provided excellence in education to the young people of Longmeadow. I am delighted that its curriculum, faculty, students, and administrators have now received national recognition. Five members of the staff—Principal Robert Mumford; guidance counselor Joanne Gendron; and teachers Neil McMahon, Andrea Campbell, and Thoma Miller represented Glenbrook at the White House ceremony. I want to welcome them to Washington and congratulate them, and those at Glenbrook they represent, for the honor they have received.

Herbert Wells wrote that "human history becomes more and more a race between education and catastrophe." Our educational institutions, and those that work in them, are the factors which will determine whether we win or lose that race. I want to commend President Reagan and Secretary Bennett for recognizing and promoting the qualities exemplified in schools like Glenbrook, that make the American system of education unique and successful.

NEED FOR A BALANCED BUDGET AMENDMENT

(Mr. LAGOMARSINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, the Federal Government's budget deficit is getting to be like the weather: Everybody talks about it, but nobody does much about it. If we are really serious about bringing the Federal budget under control, then we need to consider alternate ways to restrain spending. One proven method already used in 36 States, including my own State of California, is the balanced budget requirement. Deficits have been the simple result of congressional spending which has doubled from 1960 to 1970, and tripled from 1970 to 1980. Since the balanced budget amendment would bring fiscal responsibility through the limitation of Federal spending and taxes, it would foster economic growth and establish congressional accountability. With more money available to private markets, interest rates would tend to go down. Lower long-term interest rates would lead to greater investment, higher employment, and increased trade. Seventy-five percent of the American people favor a balanced budget amendment. Thirty-two States have already called for a national constitutional convention on this issue with a vote on the amendment expected in Michigan this month. Huge Federal budget deficits are the most crucial economic problem facing this country. I strongly urge my colleagues to support the balanced budget/tax limitation amendment.

AN OFFICE OF INSPECTOR GENERAL FOR THE TENNESSEE VALLEY AUTHORITY

(Mrs. LLOYD asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. LLOYD. Mr. Speaker, I am pleased to be a cosponsor of legislation to provide for an Office of Inspector General for the Tennessee Valley Authority.

The Tennessee Valley Authority brought innumerable benefits to the residents of the Tennessee Valley in more than 50 years. I applaud their efforts in raising the standard of living for the area and its commitment to economic development.

However, as do all things, the times have changed and the corporate makeup of TVA no longer reflects the spirit of American government. TVA has long been an autonomous entity which offers no avenue of recourse for its customers nor its employees. The attitude of TVA's management has evolved into a single-mindedness that no longer carefully guards the people of the valley.

TVA's credibility has suffered immense damage during its recent nuclear woes, and the relationship between management and employees has deteriorated to the point where the workers won't even talk to their own managers. If they could allow this to happen within their own organization, how can the public have confidence that they are guarding public interests.

This bill, which I cosponsor with Congressman FLIPPO, has my full support. I believe this legislation can help TVA in the long run by offering the citizens of the valley an overseer. I believe this will help TVA rebuild public confidence.

For too long, TVA has been allowed to adjust its rates without any participation from any other agency, without any oversight, and without any public participation. A private utility must go through a public service commission in order to raise rates. I don't think the public is well served if the Federal utility is not required to follow a similar procedure. Checks and balances are the core of our government. Without these elements, public trust would not exist. Even privately owned businesses have checks and balances through its owners and stockholders.

The need for an Inspector General was made clear when 2 weeks ago, TVA Chairman Chili Dean said he was not concerned about the debt ratio of TVA as long as he controlled the rates. This is not a healthy business attitude for the ratepayers of the Tennessee Valley.

I support TVA's efforts to turn its operations around, but let's face it, they got where they are by their own means. Perhaps, if there had been an inspector general 10 years ago, we would not be looking at the shutdown of five nuclearplants today.

Only public good can come from the independent review of the corporation's policies, its actions to implement policies in matters concerning direction of the corporation, changes in the electric rate structure and periodic rate adjustments, and personnel policies and their implementation.

The citizens of the valley and the employees of the agency have no effective avenues for addressing legitimate complaints against TVA. Additionally, the utility's effectiveness in the valley is lessened considerably by the loss of confidence of the citizens and employees. Support from both these groups is necessary for the future well-being of TVA.

As stated in the bill, an Office of Inspector General for the Tennessee Valley Authority will provide the board, the employees, and the people of the service area with an independent and objective review and appraisal of the agency.

ISRAEL'S RETALIATION AGAINST THE PLO

(Mr. BURTON of Indiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURTON of Indiana. Mr. Speaker, yesterday Israel retaliated against the Palestinian Liberation Organization [PLO] for the cold-blooded murder of three Israeli civilians on Judaism's holiest day, Yom Kippur. The Israelis leveled PLO headquarters in Tunisia, including the building housing the PLO's Force 17, which Israel blamed for the terrorist attack.

Israel's Yitshak Rabin said:

> This action was intended to demonstrate that there is no immunity for any element of the PLO anywhere.

Mr. Speaker, this should be a message that the Free world sends to every terrorist: That there will be no sanctuary for you anywhere because those who love freedom will seek you out and mete out severe retribution wherever you hide. Those who give sanctuary must be willing to accept this retribution, right along with the terrorist that perpetrated the attrocity.

The allegations that the Israeli retaliation is contrary to international law or the "peace process" are completely ridiculous. The world must support those who respond to terrorism, not defend the rights of nations who harbor terrorists.

□ 1135

ANOTHER U.S. COMPANY BITES THE DUST

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BENTLEY. Mr. Speaker, yesterday the business press carried the announcement that Houdaille Industries, one of the top 10 machine tool companies in the country is closing its operations. This follows an 8.3-percent decline in orders for the industry in August and a July drop of 35.9 percent just from 1984 orders! In one year the industry has suffered that kind of loss.

In 1982, Houdaille sought relief from imports through a Government petition to the White House. They were turned down by the President after a favorable finding for Houdaille.

The National Machine Tool Builders' Association filed a 232 petition in 1983 seeking relief from import penetration based on national security. The Commerce Department found in favor of the industry. However, the White House still has the petition 20 months after it was answered by Commerce. And the machine tool industry is left hanging and turning in the wind.

BEST COPY AVAILABLE

What is happening to our country? Laws, in place, intended to protect the security of our country are being ignored.

Our defense, which must have an industrial capability to sustain itself, has been stretched to Southeast Asia. We are in a frightening situation.

AMERICAN PEOPLE ANSWER MEXICO'S CALL FOR HUMANITARIAN AID

(Mr. TORRES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TORRES. Mr. Speaker, last week I stood here in the well of the House and asked my colleagues to join with me and the American people to answer the call of humanitarian aid for the victims of Mexico's tragic earthquake.

The American people have answered most generously. This weekend I participated in a telethon beamed around the world through the auspices of the Spanish International Network, SIN. The response was overwhelming. Americans from every walk of life, from every Spanish-speaking community of this country, and from every community around the world contributed.

Credit for the genius of this worldwide endevour must go to: Danny Villanueva, general manager of KMEX-TV in Los Angeles; Rene Anselmo, president of SIN in New York; and the countless artists, singers, and entertainers who helped to raise the almost $5.29 million.

The telethon host and hostess, Ricardo Montalban and Vikki Carr, did an outstanding job. They were joined by Morgan Fairchild and Sammy Davis, Jr.

Mr. Speaker, to my congressional colleagues and staff members who contributed, I owe a vote of thanks. I especially want to thank the California delegation which responded with generous contributions for the people of Mexico.

LET US STAND UP FOR REGIONAL FAIRNESS ON THE TAX REFORM ISSUE

(Mr. EDGAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDGAR. Mr. Speaker, this morning the Democratic Caucus met to discuss tax reform. As a member of the executive council of the Northeast-Midwest Congressional Coalition. I have strongly opposed eliminating the State and local tax deduction. In my view, the President's proposal is unwise, unfair, and economically unsound.

Last week the Ways and Means Committee was presented with options to structure debate on tax reform. I commend Chairman ROSTENKOWSKI for many of his revisions, and for rejecting tax cuts that favor the wealthy at the expense of middle-income families. Yet while the options constitute an improvement, the compromise being contemplated on State and local tax deductibility remains unworkable.

States in the Northeast and Midwest will still bear the brunt of this proposal. The income of taxpayers will still be taxed twice. The principle of federalism is still compromised. Middle-income homeowners, families who send their children to public schools, and all Americans who depend on vital State and local services remain the losers under this scheme.

My constituents back in Pennsylvania have been quite clear on this issue. Getting rid of unfair shelters, closing abusive loopholes, and making sure everyone pays a fair share is their idea of tax reform. They want to cut the unfairness, but keep what works well.

And for most Americans, for middle-income working families, the State and local tax deduction is the one tax break that works for them—it is the section of the Tax Code that belongs to the people, not some special interest or multimillionaire.

Mr. Speaker, let's not muddy the waters and doom tax reform by compromising on this issue. Let's stand up for regional fairness, for the principles upon which our Government rests, for the bulk of the Americans we are elected to represent. Let's retain State and local tax deductibility in its full and present form.

STATE AND LOCAL TAX DEDUCTIONS

(Mr. WORTLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WORTLEY. Mr. Speaker, long ago, a political television advertisement showed a large map of America, then a hacksaw severing New York from the map. Next, New York was adrift, floating out to sea.

The announcer said something to the effect that if New York were to fall into the ocean, the Nation as a whole would benefit.

New Yorkers were offended. So were citizens of other States.

Twenty years later, some still want to cast New York adrift. This time, New York would not be alone. New York would have lots of company, States like Pennsylvania, Massachusetts, Wisconsin, New Jersey, and Michigan.

I'm talking about the tax bill provision that would do away with deductions for State and local taxes. Some view these deductions, taken by 99 percent of American taxpayers who itemize, as a plague to be eradicated.

Nobody likes big taxes. Yet, State and local governments develop tax systems that fit their needs. States with commitments to quality education and good health services should not be penalized because they didn't have the foresight to locate borders on top of oil and gas deposits.

We are all part of America.

Pitting high tax States against low tax States mocks the principles of federalism.

Some advocate a compromise. They would institute an elaborate formula and cap the dollar amount allowed if State and local taxes exceed 5 percent of adjusted gross income. That idea is gross, all right.

Sometimes, the status quo isn't so bad. Compared to what is proposed, the status quo is outstanding. If we are serious about tax reform, let's come up with a plan that deals in real reform, not just for some, but for all taxpayers.

REFUGEE AID DISPUTE

(Mr. EDWARDS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDWARDS of California. Mr. Speaker, those of us from the 21 States with large refugee populations are delighted by the action of the U.S. District Court for Northern California directing the Reagan administration to release forthwith $11.5 million in refugee targeted assistance funds.

These funds are used to provide refugee employment and employment-related services in heavily impacted areas. This money is absolutely essential if we are to enable refugees to achieve self-sufficiency. Our investment now in job training for refugees will be repaid many times over by the contributions that employable and self-sufficient refugees will be able to make to the communities in which they live.

I regret that we were forced to take the extreme measure of suing the administration to compel their release of the funds. I hope now that they will move speedily to comply with the court's order so that this money, so desperately needed, can be put to good use.

PORTER AMENDMENT DELAYS ENFORCEMENT DATE OF SUPREME COURT'S GARCIA DECISION

(Mr. FAWELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FAWELL. Mr. Speaker, in a short while, we will consider H.R.

3424, appropriations for the Departments of Labor, Health and Human Services, and Education. I urge my colleagues to defeat a motion that the committee arise. After that, Members would then be able to vote in support of the Porter amendment. The Porter amendment delays for 1 month the enforcement date of the Supreme Court's Garcia decision.

As you know, Mr. Speaker, the Department of Labor's October 15 enforcement date is just around the corner. The Education and Labor Committee, however, has only completed one in a series of hearings on the Garcia decision. The next hearing, in fact, is conveniently scheduled for October 15.

It appears to my distinguished colleague from Illinois and me that this is the right opportunity to save the Department of Labor from having to expend what may turn out to be unnecessary manpower and resources for enforcing the Garcia decision after October 15. More importantly, this amendment provides State and local governments temporary relief from complying with Garcia until Congress decides what it exactly wants to do.

Because it is quite evident that this body will not approve corrective legislation by October 15, it makes little sense to enforce a court decision whose impact is still being investigated by the Education and Labor Committee. Assuming that some type of corrective legislation is passed by Congress, it will require State and local governments to adjust course and meet new policy requirements for a second time. It is this type of meddling and indecision on the part of Congress which merely reinforces the notion that the Washington bureaucracy is alive and well.

With the Porter amendment, we now have the opportunity to at least temporarily spare State and local governments from the onerous financial and bureaucratic nightmare of Garcia. Let's not punish local governments because Congress failed to adequately address the Garcia issue by October 15. If we do not postpone the enforcement date, we will effectively punish municipal governments financially and with redtape bureaucracy.

The main concern of towns and cities is that the Fair Labor Standards Act does not permit the use of compensatory time off in lieu of overtime at time and one-half. The International City Management Association estimates that compliance with the FLSA overtime provisions alone will cost local governments nationwide approximately $1.5 billion.

Until the Education and Labor Committee has had the opportunity to investigate these matters, let's not impose upon State and local governments a Supreme Court decision which we know little of what its impact will be. For these reasons, I urge my colleagues to defeat the motion to arise, and to then support the Porter amendment.

CONGRESSIONAL FOREIGN TRAVEL ACCOUNTABILITY ACT

(Mr. WISE asked and was given permission to address the House for 1 minute.)

Mr. WISE. Mr. Speaker, after every recess questions always are raised about congressional travel. Was it necessary? How much did it cost? Was it worth it? Much of the travel is meritorious, Mr. Speaker, but there should not be even the appearance of a question about it. That is why I have introduced the Congressional Foreign Travel Accountability Act. Mr. Speaker, if a State or Federal employee or someone traveling in the private sector makes a trip, they do two basic things; they get approval of the trip, and they file an expense account.

My legislation would simply require the same from Members of Congress, that money for travel be appropriated and that committees file quarterly reports of all trips, who went on them, the purpose of the trip, all expenses incurred, and a statement of what was accomplished.

The information of course would be public.

Mr. Speaker, I do not feel this creates any hardship since I do not know any other organization that gets to travel on the "fly-now/explain-later" plan.

Cosponsoring this bill would show that Congress is serious about travel being for fact-finding and cutting down on public fault-finding.

Mr. Speaker, I urge cosponsorship of this important act.

REFUGEE TARGETED ASSISTANCE APPROPRIATIONS

(Mr. LEHMAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEHMAN of California. Mr. Speaker, I want to bring to the attention of this House an important dispute between Congress and OMB over funds directed to counties heavily impacted by refugees.

OMB has refused to release $11.5 of a total of $89 million Congress appropriated for refugee targeted assistance in fiscal 1985. This action was in direct violation of a binding decision of the Comptroller General which ordered the release of the full $89 million. As a result, the Comptroller notified the Congress of an illegal impoundment of funds in the nature of a recission, only the second such notice during the entire Reagan administration.

Yet, OMB persisted, and six Members of this House joined a lawsuit filed in California to order the release of the funds. On Monday, a Federal judge ordered OMB to release the aid. Yet, today OMB still is withholding the funds.

Mr. Speaker, this case demonstrates that the arrogance of the President's budget office has exceeded even that we came to expect from the Nixon administration. This pattern of behavior by OMB is becoming all too common. OMB has thwarted the legislative intent of Congress. OMB has thwarted the legal authority of a binding decision from the Comptroller. And, OMB has failed to abide by a Federal court order. Without the trust that the administration will faithfully execute the laws that Congress makes, our system of government is jeopardized.

□ 1150

THE AMERICAN PEOPLE DESERVE BETTER GOVERNMENT

(Mr. HARTNETT was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARTNETT. Mr. Speaker, appearing on the front page of the Washington Times this morning is an article about an employee of the U.S. Information Agency. Upon his return from Uruguay, he devised a unique method of travel. He flew to New Orleans, and then he and his family boarded the *Mississippi Queen* for a 16-day, $17,000 cruise up the Mississippi River to Burlington, IA. This money was paid by the USIA as travel expense.

When asked to repay this money, the gentleman said not only was he not going to repay it, but he was going to take it up with the grievance committee. The committee ruled not only was he correct in choosing that mode of travel, but the U.S. Information Agency owed him $1,770 more in spending money that they had not given him for per diem allowance.

Mr. Speaker, when a government cannot fire such an employee who has such a callous disregard for his agency, for his government, for the taxpayers' dollars, when they cannot fire him but they turn around and promoted him, it is a sad state of affairs. But I guess he probably saw the example of some of us here in Congress who take military aircraft and take junkets all over the world at large expense to the taxpayers.

The American people deserve better government than we have given them, Mr. Speaker, and I think Congress should decide we are going to give them the better government they deserve.

STATE AND LOCAL TAX DEDUCTIBILITY

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, ever since the Federal income tax was first enacted in 1913, taxes paid to State and local governments have not been considered income. The reasoning then, as it should be now, was that to put a tax on a tax represented an unfair form of double taxation. Nevertheless, the President has proposed eliminating the deductibility of State and local taxes. This double taxation will harm individual taxpayers, burden States and localities around the Nation, and seriously undermine our Federal system of government.

State and local governments would be under enormous pressure to reduce taxes and to cut services. Interstate tax competition, already at an unhealthy level, would increase. Care of the Nation's poor, a national responsibility, will fall even more heavily on the Nation's cities.

I urge the Ways and Means Committee not to report a tax bill that calls for either full or partial repeal of the deductibility of State and local taxes. Double taxation, even if only on some taxes and not others, would unfairly burden America's middle class. We need tax reform, but not at the expense of fairness or the integrity of our Federal system.

TAX DEDUCTIONS FOR STATE AND LOCAL TAXES

(Mr. CARPER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARPER. Mr. Speaker, I rise today to address an issue which critically affects the State of Delaware, as it does many of the States represented in this Chamber today. The deductibility of State and local taxes is of great concern to Delawareans as 55 percent of Delaware's taxpayers itemize their deductions. In 1982, Delaware's taxpayers realized a total savings from this deduction of $97 million.

Recently, my office conducted a survey of Delawareans to determine their views on the critical issue embodied in tax reform. By far their strongest opposition was expressed to the administration's proposal to repeal State and local tax deductions. Even as a means of reducing overall Federal rates, 75 percent of those individuals who responded to the survey do not favor the elimination of this deduction. This is consistent with the overall message I hear from my constituents that tax fairness, not tax simplification, is their primary goal for tax reform.

It is my sincere concern that any tax reform approved by this Congress embody the principles of tax fairness, and maintain the principle of the deductibility of State and local taxes.

HUMAN RIGHTS VIOLATIONS IN THE SOVIET UNION

(Mr. LEVIN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, I heard last night the Gorbachev interview on French television. I heard him react with disbelief when asked about political prisoners in the U.S.S.R., and I heard him claim that Soviet Jewry had a position, he claimed, of privilege, not persecution.

In both cases Mr. Gorbachev was dissembling, tragically distorting the truth about human rights violations in the Soviet Union.

Our reaction should be to criticize not the Western media for airing Mr. Gorbachev's views but should be to criticize Mr. Gorbachev. We should point out that while Mr. Gorbachev can appear on United States and French television, Mr. Mitterrand and President Reagan cannot appear on Russian television.

Our leaders should react by raising issues of human rights violations at the summit, strongly and visibly.

We need an arms control agreement. We equally need to press vigilantly the issue of human rights everywhere.

OMB IMPOUNDMENT OF $11.5 MILLION IN REFUGEE TARGETED ASSISTANCE ILLEGAL

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, last week the Comptroller General informed Congress that the Office of Management and Budget [OMB] acted illegally when it impounded $11.5 million in refugee targeted assistance funds. On September 30, thanks to the efforts of our colleagues, Mr. Edwards and Mr. Lehman, the U.S. district court for northern California issued a temporary restraining order prohibiting OMB from withholding these funds. Without this court order, these funds would have reverted to the Treasury at the end of fiscal year 1985.

Ramsey County, MN, has one of the largest populations of Southeast Asian refugees of any county in the United States. Over 26,000 refugees, mostly from Southeast Asia, live in Minnesota. The vast majority of these refugees live in Ramsey and Hennepin Counties. These two Minnesota counties would have lost over $300,000 in targeted assistance if OMB's action were allowed to stand.

OMB has acted illegally. The GAO has said so and so has a Federal court. The committee report for H.R. 3424, the Labor-HHS appropriations bill which the House is considering today, contains specific language which should remove whatever doubt OMB may have had regarding Congress' intent that these funds could be carried over from 1 fiscal year to another. I commend the committee and urge this House to approve the same. I hope that the administration will not appeal the court's decision but will instead promptly comply with the letter and the spirit of the court's ruling.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1523

Mr. RAHALL. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 1523.

The SPEAKER pro tempore (Mr. Atkins). Is there objection to the request of the gentleman from West Virginia?

There was no objection.

DISMISSING THE ELECTION CONTEST AGAINST RICHARD HOWARD STALLINGS

Mr. BATES. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 272) dismissing the election contest against Richard Howard Stallings, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 272

Resolved, That the election contest of George Vernon Hansen, contestant, against Richard Howard Stallings, contestee, relating to the office of Representative from the Second Congressional District of Idaho, is dismissed.

The SPEAKER pro tempore. The gentleman from California [Mr. Bates] is recognized for 1 hour.

Mr. BATES. Mr. Speaker, I yield 30 minutes, for the purpose of debate only, to the gentleman from Kansas [Mr. Roberts], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 272 is a resolution to dismiss the election contest regarding the seat of the Representative from the Second Congressional District of Idaho.

Under the U.S. Constitution, title 2 of the United States Code, and the Rules of the House of Representatives, the Committee on House Administration is charged with the responsibility of hearing contested election cases, and recommending disposition of such cases to the House

Pursuant to the rules of the Committee on House Administration, Chairman Frank Annunzio established a task force to examine the documentary record, and to receive oral arguments from contestant and contestee. I chaired the task force. Serving with me were Mr. SWIFT and Mr. ROBERTS.

SUMMARY OF PROCEEDINGS

After presentation of oral arguments, and examination of the record, the task force determined that the contestant did not meet his burden of presenting sufficient documentary and other evidence to warrant further proceedings. The task force then recommended dismissal of the contest to the Committee on House Administration. On July 24, the Committee on House Administration, by a vote of 12 ayes and 1 nay, directed me to bring to the floor this resolution dismissing the election contest of George Hansen against RICHARD STALLINGS.

Although contestant Hansen raised a number of issues regarding the administration of the election, which the State of Idaho has addressed for future elections, the committee concluded that the issues raised were not adequately supported by documentary or other materials as required by House precedent, and were in any case insufficient to overturn the outcome of the election. The election night canvass of the ballots, and a subsequent partial recount at contestant Hansen's request, gave STALLINGS an initial winning margin of 133 votes, which was increased to 170 votes after the recount.

SUMMARY OF PRIMARY GROUNDS

There were two primary grounds upon which the contest was based. First, Hansen claimed that a number of illegal votes were cast for Mr. STALLINGS which, if removed, would change the outcome of the election. The essence of this claim is that these allegedly illegal votes were cast by voters who were not properly registered.

The second ground for the contest was that the results of a partial recount, which was conducted at contestant Hansen's request, required the House of Representatives to conduct a full recount. Contestant Hansen also raised during oral argument, various ancillary claims of irregularity, which I will address later, even though they were not a part of contestant's original notice of contest. For example, after filing the notice of contest, contestant Hansen suggested that the canvass of votes by the State on election night was not conducted in accordance with Idaho law, and that an impoundment order, protecting the balloting materials, was not properly issued by the secretary of state.

The committee reviewed these and other agruments put forth by contestant, but found that the various issues raised were not, individually or collectively, sufficient to change the result of the election, and were not supported by an evidenciary showing.

Consequently the task force, and the committee recommend that the House adopt the resolution dismissing the election contest.

ILLEGAL VOTES

Mr. Hansen's first claim was that a number of illegal votes were cast for Mr. STALLINGS, which, if invalidated, would change the outcome of the election. The task force found that the claim was without foundation.

Contestant Hansen claimed that approximately 2,500 voters were illegally registered. Contestant based his claim on an interpretation of an Idaho statute which specifies the information to be gathered by State registrars in registering voters. In Idaho, the State election official completes a voter registration form based upon information provided to the election official by the prospective voter. Based on that information, and any additional information provided by the prospective voter, the election official then makes a determination as to whether or not the applicant is qualified to register and to vote.

In some instances, State election officials registered voters whose addresses were listed as post office boxes, or were incomplete or missing. Contestant Hansen argued that since these registration forms, filled out by State election officials, lacked some or all of the elements of a conventional address; for example, street numbers and street names, that these citizens should be declared ineligible to vote.

Election officials from urban and suburban areas can, by and large, specifically locate eligible voters by street name and street address. However citizens living in remote or rural areas seldom live on a block or in a subdivision, and may live where there are no streets, or where rural access roads are unpaved, unnamed and unnumbered. These voters may receive their mail through a post box, or by rural free delivery. The lack of a street address is not a basis for depriving an otherwise eligible citizen of the State of Idaho his or her opportunity and right to vote.

In this instance, contestant Hansen's complaint relates largely to the rural areas of Blaine County, where many people live in areas remote from any town. The election officials registering these voters made determinations about their eligibility, even in the absence of a street name or number. In making that determination, that the applicants were residents and citizens qualified to vote in the election, the election officials satisfied themselves as to the fact. But notwithstanding the determinations made by the State election officials, contestant Hansen complained that these 2,500 voters should be disenfranchised, and their votes thrown out.

Contestant Hansen did not challenge these voters on election day as Idaho law provides. Rather he raised this complaint only after the election result was announced. He sought investigations by the county prosecutor, the State attorney general, the Justice Department and the FBI. He also asked the State court to rule that the results of the election were invalid, because of the registration practices complained about.

The State attorney general's office, and the Blaine County magistrate conducted independent investigations. At the conclusion of the investigations, public reports were issued. The results were that not a single voter was found to have been unqualified to vote. These investigations fully supported the declared result of the election.

Based on the results of these investigations, the task force found that contestant's claim of a right to the seat, due to registration irregularities, was without merit.

RESULTS OF PARTIAL RECOUNT

Contestant Hansen's second ground for contesting the election was based upon a partial recount. Contestant availed himself of an Idaho statute which allows a disappointed candidate to obtain a full or partial recount. The disappointed candidate posts a $100 bond for each precinct he chooses to have recounted. Obviously he has multiple incentives to pick those precincts which he believes will best support his position or claim. If the results of the candidate-initiated recount demonstrate to the State officials that a full recount is justified, then the State takes over and conducts a districtwide recount at State expense, and refunds to the disappointed candidate the entire bond posted in support of the partial recount.

In this instance, contestant Hansen picked 45 precincts, posted the necessary bond, and a partial recount was conducted. As a result, contestant lost ground to contestee STALLINGS by an additional 37 votes. Although this unfavorable trend did not support contestant Hansen's position that he was entitled to the seat, at the conclusion of the recount of the 45 precincts, contestant Hansen petitioned the State attorney general for a full State-paid recount, citing the results of the partial recount. The State attorney general concluded that a full State-paid recount was not justified by the results, and rejected Hansen's request for a full State-paid recount, whereupon contestant Hansen appealed the decision of the attorney general to the Idaho Supreme Court. The Idaho Supreme Court reviewed the arguments of contestant Hansen and the Idaho Attorney General, and rejected contestant Hansen's argument that the results of the partial recount justified a full recount at State expense. After a review of the written and oral arguments presented by contestant

Hansen, both the task force and the Committee on House Administration came to the same conclusion. Contestant Hansen's second claim was determined to be without merit, and the committee, like the Idaho Attorney General and the Idaho Supreme Court, rejected it.

CONCLUSION REGARDING PRIMARY GROUNDS

Hence, contestant's two principal claims, raised in his notice of contest, were determined to be inadequate to change the result of the election, or to justify a full recount by the State of Idaho or the House of Representatives.

ANCILLARY GROUNDS

During the course of oral arguments, contestant raised some additional issues which he suggested might serve as a basis for throwing out the results of the election. For example, contestant Hansen suggested that an impoundment order, issued after the election night canvass, was not proper or in accordance with State law, and that the proceedings prevented local election officials from performing their duties in verifying the election totals. Contestant made this claim unsuccessfully in the State court. However, he did not make this claim in his notice of contest. He raised it only after his claim of illegal voting had been investigated and found to be without merit. Contestant's claim identifies no errors, nor did contestant identify the types of errors he believed may have occurred. He merely alleges irregularity, and speculates as to the impact. Under House precedent, bare allegations of irregularity do not overcome the presumption that State election officials have acted in accordance with law, nor do such allegations serve as a basis for imputing errors. Contestant was unable to convince the courts of Idaho that the election night canvass was in any sense defective, and the task force and the committee found contestant Hansen's arguments similarly unpersuasive.

Contestant raised various other matters which were not contained in the notice of contest. But the task force and the committee found that, both individually and collectively, these claims were not sufficient nor specific enough to put into serious question the propriety or accuracy of the canvass. This committee found no reason to believe that there was anything illegal or improper in the conduct of the canvass, and that these ancillary claims do not provide a basis for changing the result of the election.

DISMISSAL RECOMMENDATION

For the reasons given and upon recommendation of the task force, the Committee on House Administration, by a vote of 12 ayes and 1 nay, recommended to the House that the election contest be dismissed.

□ 1205

Mr. ROBERTS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we are here today to perform a most solemn responsibility—judging the qualifications, returns and election of one of our colleagues. The questions presented by this case are not easy ones—especially in light of the precedent set in this House earlier this year and in light of recent events.

The task force to determine the outcome of this election was made up of myself, Mr. Bates and Mr. Swift. While I do not agree with the conclusion of the task force, I do wish to thank both gentlemen for their demeanor during the proceedings.

As I stated, the questions presented by this case are not easy ones and I would like to call to the attention of my colleagues the four basic issues that we feel are both primary and pertinent to this case.

First, there is the canvassing issue. The impoundment order issued by the Secretary of State of Idaho resulted in the ballots being impounded but it also resulted in an inconsistent and defective canvass of the votes. The board of canvassers in the largest county in Idaho, Bonneville County, was unable to verify the accuracy of the count. They have so certified by means of an affidavit filed with the notice of contest. In addition to having no access to the ballots, the county commissioners in 14 of the 26 counties in the congressional district had a best limited access, and in many cases, no access to the precinct poll books and tally books when they conducted their canvass of the vote.

Now, under Idaho law, the impoundment of the ballot boxes is authorized only upon a request for a recount. And, such a request may only be made after the completion of the canvass by the county commissioners. There was no complete canvass. There was no recount. The Secretary of State's impoundment order was premature. It interfered with the ordinary and necessary access to all election materials.

Second, there was a recount of 10 percent of the precincts. Yes, Mr. Hansen lost ground. That recount demonstrated a rate of error in the total count of more than 3½ times the margin of victory. Mr. Hansen was denied a State-sponsored recount of the remaining 90 percent of the precincts. And, I want to stress that now, after the election and the partial recount and the impoundment of ballots, Idaho's law has been changed. After the fact, State law now provides for automatic State-conducted recounts in races as close as this race.

Third, the address of the voters issue. Idaho law requires that in order to be a qualified voter, an individual must include in his or her voter registration application information which definitely locates his or her residence. But, in Blaine County, some 5,400 voters failed to provide this information and approximately 1,000 voters listed only their post office boxes.

More to the point, this requirement was inconsistently applied throughout the election district—13 counties accepted post office box registrations to identify residences and the remaining 13 did not.

Fourth, we do have an important precedent in this case and all election disputes from this date forward.

Mr. Speaker, as I said during that debate earlier this year for me and for my Republican colleagues, this House is not the same. The collective sense of unfairness symbolized by the McIntyre precedent remains in our hearts. There is in fact, a pall hanging over contested election deliberations by the House.

You, in the majority changed the precedents we must follow by your actions in McIntyre. As majority leader, Mr. Wright, stated on the floor of this House on January 3, 1985, the results of an election are called into question when "the very ability of the State election procedures to determine the outcome accurately is put into serious question."

The majority in the McIntyre election dispute decided to ignore State law and adopt House mandated rules. But, in this case you have decided to rely on State law and the doctrine of the exhaustion of State remedies.

This is an inconsistent application of House precedents and underscores the abuses served on this House and the American people when you seated Mr. McCloskey. Inconsistent application of Indiana law from county to county was alleged to be intolerable in McIntyre-McCloskey while in Hansen-Stallings it is merely viewed as the vagaries of the State system and is considered a virtue. I suggest the record will clearly show you cannot have it both ways. Mr. Hansen desires a recount to determine if the inconsistent application of Idaho law denied him the election. On a similar basis Mr. McCloskey was granted such a recount.

It appears as if the majority in this House once again is willing to yield to State law, to continue the high threshold of proof heretofore used in election disputes prior to the McIntyre case. It appears as if like Halley's Comet, the McIntyre precedent was no precedent at all. It has apparently gone. I can assure my colleagues it has not been forgotten. Under the precedent set by the majority in McIntyre, Mr. Hansen should be granted a recount.

□ 1215

Mr. Speaker, I reserve the balance of my time.

Mr. BATES. Mr. Speaker, I yield such time as he may require to the gentleman from Washington [Mr. Swift].

Mr. SWIFT. Mr. Speaker, the issue is whether this contest should be dismissed. I believe it should, and for the same reason this House has regularly recommended dismissing contests, including most recently the Guam contest. Under our precedents a contestant has a substantial burden. A contestant must allege with specificity irregularities that, if proven, would likely change the result of the election. This is the standard the House has consistently applied. To my mind, the contestant, Mr. Hansen, did not satisfy this test.

A contest is subject to dismissal at any time if the contestant's claims are not sufficiently specific to put into serious question the outcome of the election.

Are contestant's claims sufficiently specific in light of the evidence presented to meet this test? In my opinion they are not. Contestant's primary claim is that substantial illegal voting marred and likely changed the result of the election. Allegedly, nonresidents were allowed to vote. After a full investigation of these charges, Idaho's attorney general found them meritless. Not a single instance in which an unqualified person was permitted to vote was discovered. The attorney general's findings stand unrefuted by contestant. Consequently, I find no merit in contestant's claim of illegal voting.

Do the results of the partial State recount justify, as contestant claims that they do, a full House recount? Again, under our precedents, I believe not. The State recount revealed no material difference in the count. Although the recount was conducted only in those precincts where the contestant felt a mistake favorable to him was most likely, the recount only increased Mr. Stallings' margin. Again Mr. Hansen does not dispute the result of the State recount. Nor does he identify specific problems in the count or the recount. His claim rests on no more than mere speculation. If contestant had evidence of significant irregularity, he was obliged to produce it. Without such evidence his claim is to be dismissed.

Lastly, contestant claims that the canvass of votes was not conducted in accordance with State law. Mr. Hansen made this claim unsuccessfully in State court. This claim was not made in Mr. Hansen's notice of contest. I suspect it is only now being raised because all the other claims have proven to be unsupportable. There is no reason to believe that there was anything illegal or improper in the manner that the votes were canvassed.

For these reasons I would recommend that the contest be dismissed.

Mr. ROBERTS. Mr. Speaker, I yield 10 minutes to my distinguished colleague and friend, the gentleman from California [Mr. Thomas].

Mr. THOMAS of California. Mr. Speaker, on election day in November of 1984, there was a very close election, but there was a winner and the State certified that winner. Oh, there was a State official involved in some questionable procedure. It was challenged by county officials. There were election materials that were handled differently in different counties. State election law was not followed precisely in some counties in that congressional district.

Are we back home again in Indiana? No; we are in Idaho's Second District.

But the similarities between those two contests does not end there. This House decided to send to the House Administration Committee and a task force dominated 2 to 1 by Democrats the question of how to resolve those elections.

And so, were there hearings in Idaho's Second District, as there were in Indiana's Eighth District? No. Were there witnesses brought forth to examine the information of individuals who participated in the election, as was done in Indiana? No.

In fact, the motion filed by the Democrat to dismiss under the laws by which he certainly has that privilege was not even filed in a timely fashion. How was that handled? By a 2-to-1 vote.

I recall in the debate on Indiana's Eighth, a number of Democrats pointing out that there was a bill in the Indiana Legislature. It had been introduced, and the contents of that bill that had been introduced has some change suggested in Indiana law which was supportive of the Democrats' position, and on this floor they touted how significant the fact was that the Indiana Legislature was considering a possible change in Indiana State law. It was evidence for them of a clear direction, not just of the voters but of the State government of Indiana. What happened to the bill? It did not even get out of one House.

In Idaho a bill was introduced, passed by the legislature, and signed by the Governor. It is now the law of the State of Idaho, repudiating the action that was taken by State election officials. It is the law of the State of Idaho based upon what occurred in this contest.

Did this task force consider what occurred in Idaho? No.

In Indiana the people elected a candidate in the Eighth Congressional District. His name was Rick McIntyre. The State of Indiana certified him as the winner, once during the election and a second time after the recount. He came to this floor on January 3, like any other Member-elect. He held a valid certificate from the State of Indiana. Was that good enough for the Democratic majority in this House? No.

Did we get to an investigation of Indiana's Eighth Congressional District based upon a motion filed by the loser, Frank McCloskey? No. That contest, that motion that was filed has not been handled by the House Administration Committee. Perhaps it is for the reason that the gentleman from Washington gave as to why he believes we should now support the task force and the committee's position, and that the motion is without merit. But that did not stop the majority of Democrats in this House. They sent it to the committee, and as a matter of fact, by a series of 2-to-1 votes, the choice of the people of Indiana was overturned, the Indiana State election laws were trashed, and by a majority of Democrats on the floor of the House Frank McCloskey was selected as the Representative from the Eighth District of Indiana.

Now, in Idaho's Second District, we may have an individual who was elected by the people. He was certified by the State. But Idaho's election law was not followed in terms of a canvassing of those votes to determine in fact if the initial count was an accurate count. Idaho State law requires that. It was not done. The presumption is that Mr. Stallings holds a valid State certificate.

But did the task force look behind the certificate, as they did in Indiana? Did they examine the irregularities of Idaho law as they did in Indiana? No. By a series of 2-to-1 votes, they dismissed all of the discrepancies and the inaccuracies and the inadvertent errors in Idaho's Second District.

Now, Mr. and Mrs. America may be a little bit confused by what has gone on over a span of 6 months. Why in the world would we spend the time in Indiana to go behind the State certificate and attempt to overturn and in fact, by a straight Democratic vote on the floor of the House, overturn that certificate when in Idaho we will not even hold one hearing to question any violation of State law in Idaho? Well Mr. and Mrs. America, let me clarify it for you. In Indiana the holder of the State certificate was a Republican; in Idaho the holder of the State certificate is a Democrat.

So, Mr. and Mrs. America, if the wind shifts westward and you notice a bit of a putrid smell on the wind, let me tell you what that is. That is the House of Representatives writing chapter 2 in their book of political arrogance.

I would ask the Members of this House to simply not participate any longer in these kinds of charades unless and until the Committee on House Administration and this House decide that election contests are at least equal to ethics questions against the Members and we treat election contests as we treat questions of ethics, and that is that there be an equal number of Democrats and an equal number of Republicans deciding what the truth is.

□ 1230

Unless and until that structural procedure is changed, I think we can understand what every case coming to this floor from House Administration and any task force formed by that committee is going to be, and that will be by a series of 2-to-1 votes making sure that the outcome is exactly as the majority wishes.

In Indiana's Eighth, it was to overturn the valid State certificate, deny the election to the Republican and seat the Democrat.

In Idaho, since the Democrat won, the Democratic majority upholds State law, does not examine the changes taken place, and somehow within a period of 6 months, the Democrats are attempting to convince everyone that black is white and then white is black.

You do not believe it and I do not believe it, but it is going to happen. It is going to happen when the majority, through sheer arrogance, exercises the tyranny of the majority. Mr. Speaker, I yield back the balance of my time.

Mr. BATES. Mr. Speaker, I have some final remarks that I would make, and I now reserve the balance of my time.

Mr. ROBERTS. Mr. Speaker, I yield 1 minute to my friend and colleague, the gentleman from Idaho [Mr. CRAIG].

Mr. CRAIG. Mr. Speaker, I would like to associate myself with the remarks of my colleague from Nebraska and my colleague from California as it relates to this issue.

In January when we convened to seat Members, I took the floor hoping to convince my colleagues here in the House to uphold State law, both in the instance of Indiana and in the instance of Idaho. I stood and encouraged this House to seat RICHARD STALLINGS. Although there was a question and a cloud in Idaho as to whether he was officially elected, the State had certified as they had in Indiana.

I am not sure yet whether I erred, but at least I was very ignorant as to what would follow the proceedings in this House. Now we know. The story has unraveled. There is no question as to how the House planned to proceed at that time and then proceeded.

My ignorance was this: What I failed to recognize was that the incumbent in the Indiana race, Mr. McCLOSKEY, was a Democrat, and the incumbent in the Idaho race, Mr. Hansen, was a Republican. In that rests the whole question and, of course, in that is the result of the outcome.

Mr. ROBERTS. Mr. speaker, I yield 3 minutes to my friend and colleague, the gentleman from Indiana [Mr. MYERS].

Mr. MYERS of Indiana. Mr. Speaker, I rise for clarification. I thought I understood what was happening until I came to the floor today. I have looked for the committee hearings. Were the committee hearings printed, I ask the gentleman from California [Mr. BATES]? I have a committee print, but I mean the hearings where they investigated the facts that I have heard discussed here today.

I yield to the gentleman for his response.

Mr. BATES. As the House Administration Committee has done on all contested elections, we have several this year. The task force holds a hearing. If the gentleman is referring to field hearings, there were none held in this case because the evidence was not overwhelming to warrant such hearings.

Mr. MYERS of Indiana. No hearings held in Washington?

Mr. BATES. There were hearings in Washington.

Mr. MYERS of Indiana. Were there any hearings held in Idaho to investigate the allegations and the facts as has been presented here today?

Mr. BATES. Hearings held in Washington, none held in Idaho.

Mr. MYERS of Indiana. There were none held in Idaho?

Mr. BATES. None.

Mr. MYERS of Indiana. Were there any witnesses from Idaho that appeared here to substantiate or to raise any further questions about what happened in Idaho?

Mr. BATES. No. In order to go to the expense and hold those hearings, we handled this the same as all the other contested elections similar to the one in Guam. We did not go to Guam. We did not go to Idaho. We did not go to all these other places. In fact, the McCloskey-McIntyre is the only one in which the additional effort and expense of holding the hearings in the District of Columbia occurred, to my knowledge.

Mr. MYERS of Indiana. Well, the statement was made by the gentleman from California, as I recall, today that the questionable ballots of 2,500, or whatever they were, that they were valid ballots. How does the gentleman know that?

Mr. BATES. How do we know that any——

Mr. MYERS of Indiana. How do we know that people exist who cast those ballots? The gentleman said they lived on rural routes way out so they got their mail at a post office box. How does the gentleman know that without any hearings?

Mr. BATES. An investigation was conducted.

Mr. MYERS of Indiana. By whom?

Mr. BATES. The district attorney in Idaho.

Mr. MYERS of Indiana. Idaho's officials were accepted? Indiana's officials were not valid? Why is Idaho acceptable and Indiana was not?

Mr. BATES. I did not chair the task force.

Mr. MYERS of Indiana. I am asking the gentleman, the gentleman chaired this one.

I yield to the gentleman for the response as to why Idaho's officials were valid and Indiana's were not, the officials of that State.

Mr. BATES. As the gentleman may be aware, the contested election procedure is under a different statute than the one which the Indiana is under.

Mr. MYERS of Indiana. Indiana, action by this House, had no contested election. There was not one.

Mr. BATES. There were two separate procedures.

Mr. MYERS of Indiana. As it has already been drawn out, the Indiana case was instigated by this House.

Why was it not similar? Why was it handled entirely different? There was a very close examination, in Indiana ballot by ballot, which ignored Indiana law entirely, and yet we have not examined Idaho law. As has been said, Idaho law has been changed because they recognized it was wrong. Indiana examined theirs and said, "We have a valid law. We did not change it."

I am shocked today. I did not agree with what happened in the Indiana case. I did not think the House had the right to come into Indiana and rewrite the election laws. But if that was going to be the precedent, if that was going to be the new rule that this House decided for its membership, so be it.

But today we have gone back and said, "Oh, we're going to abolish all of that."

Inconsistency, and I am shocked at this House and am very disappointed in this task force and the House Administration Committee and the leadership of this House.

Mr. ROBERTS. Mr. Speaker, to close debate on our side, I yield such time as he may consume to my friend and colleague, the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Speaker, there is in this specific case before us no bitterness, no allegation of misconduct by either contestee or contestant or by the people who are promoting either person.

The bitterness that has infected our debate today is a residual of discussions and decisions made with respect to Indiana's Eighth District earlier in the year. The reason that that bitterness floods over, spreads over this whole Chamber today, is that the cases are so similar.

As has already been pointed out, in the case of the Indiana Eighth, the House decided that it had to upset the laws of the State of Indiana. It said that the Indiana laws were no good, that Indiana State officials were incompetent and that the election was therefore invalid. We literally caused another election under rules invented by the elections task force as it went along. Then, those rules were changed on the last day of that subcommittee's work so that it could declare the person it wanted as the winner, even though he had not won the election.

In the Idaho case which is now before us, we have a very similar situation. I recall our distinguished majority leader saying that the laws of Indiana were not carried out in a timely, regular, and fair manner.

What do we have in Idaho? Exactly the same kind of problem. The gentleman from Kansas outlined the difficulty with canvassing, the address problem, the error rate. But did the task force and the committee make a similar decision? No. In this case the committee decided by a 2-to-1 vote that the contestee's complaint was without merit. In a similar case, the committee will back up Idaho law, but it trashed Indiana law.

I submit that the difference between these actions was simply the difference in the way it was handled; that is, the McIntyre-McCloskey matter was not handled under the Federal Contested Elections Act. It was handled under an exercise in pure cronyism.

The Hansen-Stallings matter was handled under the Federal Contested Elections Act. It follows, in my judgment, the precedents of the House; that is, the elections task force said that the State did the best it could under the circumstances. The State ought to be upheld.

The problem is not with Hansen-Stallings. The problem is the atrocity wrought in the case of McIntyre versus McCloskey, the egregious exercise in cronyism that I have already discussed.

The bottom line after all the exclusions, deductions, tax credits, and carry-forwards, the net, net, net in that case, is that we overturned Indiana. We discredited the State, its law and its officials. Here we are going to uphold Idaho, its State law and its officials.

There is clearly something wrong in this House of Representatives. It is not with the matter before us today. It is the matter which was stuffed down the throats of the minority by the Democratic majority in our previous Indiana decision.

Now, my judgment is that the best way that the Republican minority can express its absolute disgust with the previous McIntyre-McCloskey matter and not befoul the matter that is before us is to vote "present" on the rollcall which I expect will follow.

If we are to follow the precedents of the House and good procedures and the Federal Contested Elections Act, many Members would be inclined, as I am inclined, to vote "yes" on the recommendation of the House Administration Committee. It is pretty straightforward. A "yes" vote means that we agree with the State of Idaho.

If we are to follow the McIntyre precedent that you gave us, that our friends in the Democrat majority inflicted on us, we would have to vote "no". A "no" vote would say the State has not done a good job, that it has not done its job in a timely manner. I do not believe that is the way Republicans should vote, either.

I think our only choice is to vote "present" and leave the Democrat majority with its own mess, the mess of conflict of precedent, and counter-precedent, which they have awarded to themselves. Let them remain hoisted on their own petards, swinging in the wind. They have justly earned that position of embarrassment.

I will remind my Republican friends that we have already voted to seat Congressman STALLINGS. On the previous January 3 vote to seat him, no Republican voted against Mr. STALLINGS. He presented a valid certificate presented to him by his State. We accepted it and we voted to make him a Congressman, like all the rest of us.

It is only Mr. McIntyre who is the victim of partisan cronyism in this House.

I think the good news in this matter is the information that I started with. That is, whatever irregularities we have found in the committee and in the task force, there was no allegation of fraud, no intentional wrongdoing. We do not know, as stated before, whether the State did right or not. But, as should have been our precedent in the McIntyre case, the committee decided that the State's laws and its certificate should be upheld.

Mr. Speaker, I urge on my Republican colleagues a "present" vote and on my Democrat colleagues examination of their consciences.

Mr. ANNUNZIO. Mr. Speaker, I want to take this opportunity to compliment the members of the task force for their thorough examination and review of this contested election.

Both majority and minority have expressed differing views as to the conclusion of this contest. However, the hearing and the meeting of the committee at which the matter was considered was conspicuously without the rancor which has characterized deliberations on earlier contests. I congratulate Mr. BATES who chaired the task force as well as Mr. SWIFT and Mr. ROBERTS who served ably thereon. I congratulate Mr. FRENZEL, the ranking minority of the committee, for his objectivity and candor.

I look forward to a continued constructive relationship with the minority and I believe that we are working in the right direction.

Mr. ROBERTS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BATES. Mr. Speaker, just a few final remarks.

I would for the record want to clarify that there is no similarity between this contested election and the McIntyre-McCloskey issue which was under House Resolution 1 and was under a different set of rules.

This particular resolution is brought up under Federal statute of contested elections, quite similar to the one for the Territory of Guam in which a Republican Delegate from Guam did have his election challenged. He was seated unanimously by the task force, dominated by Democrats and by the full committee which also has a Democratic majority and by the full House.

So I think to make a comparison of the cases requires a comparison of these two cases where we did without incident, without bitterness, without hostility, seat the Member and followed through with the recommendations, as I think we should do on this one.

I might say that the members on the task force and the full committee have conducted themselves quite properly in voting out a 12-to-1 bipartisan vote for approval; so I think we should not add to the hostility and bitterness that has been brought about by previous actions.

I call on the House of Representatives to support this recommendation, House Resolution 272, and vote "aye."

☐ 1245

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken, and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ROBERTS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 247, nays 4, answered "present" 169, not voting 14, as follows:

[Roll No. 326]

YEAS—247

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Aspin
Atkins
AuCoin
Barnard
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Bevill
Biaggi
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Brown (CA)
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Carper
Carr
Chapman
Chappell
Clay

Coelho
Coleman (TX)
Collins
Conyers
Cooper
Coyne
Crockett
Daniel
Darden
Daschle
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Edgar
Edwards (CA)
English
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Glickman
Gonzalez
Gordon
Gray (IL)
Gray (PA)
Hall (OH)
Hall, Ralph
Hamilton
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Lloyd
Long
Lowry (WA)
Luken
Lundine
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Mollohan
Montgomery
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Natcher
Neal
Nelson
Nichols
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Panetta
Pease
Penny
Pepper
Perkins
Pickle
Price
Rahall
Rangel
Ray
Reid
Richardson
Robinson
Rodino
Roe
Roemer
Rose
Rostenkowski
Rowland (GA)
Roybal
Russo
Sabo
Savage
Scheuer
Schroeder
Schumer
Seiberling
Sharp
Shelby
Shuster
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tallon
Tauzin
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whitten
Williams
Wilson
Wirth
Wise
Wolpe
Wyden
Yates
Yatron
Young (MO)

NAYS—4

Armey
Sensenbrenner
Siljander
Swindall

ANSWERED "PRESENT"—169

Archer
Badham
Bartlett
Barton
Bateman
Bentley
Bereuter
Bilirakis
Bliley
Boehlert
Boulter
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Callahan
Campbell
Carney
Chandler
Chappie
Cheney
Clinger
Coats
Cobey
Coble
Coleman (MO)
Combest
Conte
Coughlin
Courter
Craig
Crane
Dannemeyer
Daub
Davis
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Duncan
Eckert (NY)
Edwards (OK)
Emerson
Evans (IA)
Fawell
Fields
Fish
Franklin
Frenzel
Gallo
Gilman
Goodling
Gradison
Green
Gregg
Grotberg
Gunderson
Hammerschmidt
Hansen
Hartnett
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Horton
Hunter
Hyde
Ireland
Jacobs
Jeffords
Johnson
Kasich
Kemp
Kolbe
Kramer
Lagomarsino
Latta
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
McCain
McCandless
McCollum
McDade
McEwen
McGrath
McKernan
McKinney
McMillan
Meyers
Miller (OH)
Miller (WA)
Molinari
Monson
Moore
Moorhead
Morrison (WA)
Myers
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Petri
Porter
Pursell
Quillen
Regula
Ridge
Rinaldo
Ritter
Roberts
Rogers
Roth
Roukema
Rowland (CT)
Rudd
Saxton
Schaefer
Schneider
Schuette
Schulze
Shaw
Shumway
Skeen
Slaughter
Smith (NE)
Smith (NJ)
Smith, Denny
Smith (NH)
Smith, Robert
Snowe
Snyder
Solomon
Spence
Stangeland
Strang
Stump
Sundquist
Sweeney
Tauke
Taylor
Thomas (CA)
Vander Jagt
Vucanovich
Walker
Whitehurst
Whittaker
Wolf
Wylie
Young (AK)
Young (FL)

NOT VOTING—14

Addabbo
Fiedler
Gingrich
Guarini
Kindness
Lantos
Martin (NY)
Michel
Moakley
Nowak
Weber
Wortley
Wright
Zschau

☐ 1255

Mr. McDADE changed his vote from "yea" to "present."

Mr. SWINDALL changed his vote from "present" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BATES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

PERSONAL EXPLANATION

Mr. STALLINGS. Mr. Speaker, a few moments ago, on rollcall No. 326, relating to the contested-election contest in Idaho, I intended to vote "present." As circumstances developed on the floor, it became apparent that a present vote was developing as a protest vote, one disapproving of the process carried out by the Committee on House Administration. Thus, I voted "aye," not wanting to have my vote thus construed. I reiterate that I intended to vote "present" and that was my desire.

GENERAL LEAVE

Mr. NATCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 3424, and to include extraneous matter, along with tables and charts.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATION ACT, 1986

Mr. NATCHER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3424), making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1986, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from Massachusetts [Mr. CONTE] and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kentucky [Mr. NATCHER].

The motion was agreed to.

☐ 1307

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3424, with Mr. FUQUA in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Kentucky [Mr. NATCHER] will be recognized for 30 minutes and the gentleman from Massachusetts [Mr. CONTE] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Kentucky [Mr. NATCHER].

Mr. NATCHER. Mr. Chairman, I yield myself 12 minutes.

☐ 1310

Mr. NATCHER. Mr. Chairman, as you know, H.R. 3424 which we present to the House today appropriates the money for the Departments of Labor, Health and Human Services, and Education. In addition, we have in the bill funds for 10 related agencies and various trust fund limitations.

Let me begin by saying that it is a distinct honor and a privilege, Mr. Chairman, to serve on this subcommittee with my distinguished friend, the gentleman from Massachusetts [Mr. CONTE], the ranking minority member on the full Committee on Appropriations and the ranking minority member on this subcommittee. It is a pleasure to serve with all of the subcommittee members. In particular, I want to thank my distinguished chairman, Mr. WHITTEN, for his help on this bill. He always helps us.

All of these members, Mr. Chairman, are able Members of the House. In addition, we have an excellent staff on this subcommittee, Mr. Chairman; the hearings on the items funded by this bill are held over a period of some 14 or 15 weeks. The staff provided great assistance in helping to prepare for these hearings and I want the Chairman to know that this is one of the best subcommittee staffs on Capitol Hill.

Mr. Chairman, the bill provides a total of $104,881,197,000 for the Agencies and Departments under our jurisdiction; 96.5 percent of this amount is for entitlement programs. These programs have funding levels that are determined by basic authorizing legislation principally various provisions of the Social Security Act.

The bill includes $72,638,317,000 for these entitlements in fiscal year 1986, an increase of $1,312,000 over the amounts requested by the President, and $947,307,000 below the amounts appropriated for the fiscal year 1985.

For discretionary programs, Mr. Chairman, in which spending is controlled through the annual appropriation bill, the bill includes $31,779,395,000 for fiscal year 1986. This is an increase, Mr. Chairman, of $4,272,446,000 over the President's budget, but a decrease of $5,575,000 below the amount appropriated for fiscal year 1985.

For Labor, we recommend $6,672,184,000 for fiscal year 1986.

For the Department of Health and Human Services, we recommend $68,440,788,000 for fiscal year 1986. In addition, the bill includes advance appropriations of $11,473,754,000 for fiscal year 1987 for their Department.

For the Department of Education, Mr. Chairman, we recommend to the Committee $17,526,805,000.

For related agencies in the bill, we recommend the sum of $767,660,000 for fiscal year 1986.

Mr. Chairman, the bill as presented to the Committee on Appropriations and as presented to the House restores funding for a number of programs which were proposed to be eliminated or drastically reduced in the President's budget. Programs such as the Job Corps. In this bill, we have placed the Job Corps back into the bill, and the amount is $640 million.

Community services block grant was deleted by OMB. The bill before us today, Mr. Chairman, carries $361,700,000 to restore this program.

Nurses Training Program, deleted by OMB, $59,600,000. We placed that back into the bill and recommend it to the Committee, Mr. Chairman.

Impact aid, category B; $130 million is restored to the bill and we recommend it to the Committee.

Mr. Chairman, for student aid the President's budget proposed a reduction of $1,341 million. We restore that to the bill and recommend it to the Committee.

For library services, the sum of $123,600,000 is included in the bill. The budget proposed to terminate this program.

In addition, Mr. Chairman, budget requests were submitted to our Committee on Appropriations totaling $1,450,828,000 for programs that are not currently authorized. The Committee has deferred consideration of these items until they are reauthorized. Mr. Chairman; these programs if carried at the 1985 level would total $1,880,832,000. These programs are funded on an interim basis in the continuing resolution.

These programs, Mr. Chairman, are all important programs. One, for instance, is the Refugee and Entrant Assistance Program, $444,262,000.

Health resources and service, $934,174,000.

Corporation for Public Broadcasting, $200 million.

The programs that are not authorized appear on page 4 of the committee report.

Mr. Chairman, let me review for the Members, some of the programs that we recommend. In the Department of Labor for instance:

Training and employment services, we recommend $3,621,045,000.

For the Job Corps, as I pointed out, $640 million.

Summer youth employment, we have $824,549,000.

For community service employment for older Americans, $326 million.

Dislocated workers, $100 million.

Black lung disability trust fund money, which we authorized the expenditure of, $984,778,000.

The State unemployment insurance and employment service operation, Mr. Chairman, $2,483,540,000.

Bureau of Labor Statistics, $194,925,000.

Mr. Chairman, in this bill, we carry the amount of $189,666,000 for AIDS; acquired immune deficiency syndrome $189,666,000. This is an increase over the 1985 level of 90 percent. It is a $70 million increase over the President's budget.

Mr. Chairman, the number of reported cases of AIDS in this country at this time are 13,332. Of this number, 6,481 have died. This amount that we carry of $189,666,000 is larger than three of the NIH Institutes that are in the bill.

One is the Dental Institute. Another one is the Eye Institute. Another is the Institute on Aging.

The amount we carry in the bill for AIDS is larger than any one of those three Institutes; and Mr. Chairman, it is justified at this time. This is a serious matter. The people in this country, 226 million people, are concerned about it. The people in our 50 States are concerned about it.

Mr. Chairman, as far as nurses training, as I pointed out, we placed back in the bill $59,600,000 the 1985 level.

For the Center for Disease Control, we carry $441,194,000. A little over $40 million of the money for AIDS is in the Center for Disease Control.

National Cancer Institute, Mr. Chairman, $1,221,590,000, the highest amount ever appropriated for the National Cancer Institute.

National Heart, Lung and Blood Institute, $812,882,000.

Mr. Chairman, for Medicare contractors, we have $972 million; we have an increase there of $37 million over the budget.

For Social Security, we have in the hill authority to spend $4,022 million from the trust funds for administrative costs including funds to restore 1,000 positions. For the programs for the aging, $701,600,000 including $265 million for supportive services and centers.

Mr. Chairman, I now yield to the gentleman from Iowa [Mr. SMITH].

☐ 1320

Mr. SMITH of Iowa. Mr. Chairman, I want to commend the gentleman for his work in this bill. He discussed the bill very thoroughly, but I also want to point out that caps were put on this bill on August 1, when this Congress adopted this budget resolution. It would be very easy for people to say there should be more money for one or the other of the institutes or for some of the programs in the bill, but the fact of the matter in that the caps were put on when the House adopted the budget resolution, and the bill is almost up to the level that we could possibly appropriate under that bill, is that not correct?

Mr. NATCHER. The gentleman is correct.

Mr. Chairman, one other matter in closing that I would want to point out to the Committee, and that is this: Let me say to you, ladies and gentlemen of the House, that on the Committee on Appropriations we have reported out of the committee 12 of our 13 bills. Every one of these bills, Mr. Chairman, with the exception of one, was reported out under the 1985 level. Foreign aid is 21 percent under the 1985 fiscal year level. This bill is over $5 million under the 1985 fiscal year level.

Only one bill has been reported out that was a little over the 1985 fiscal year level. Mr. Chairman, it speaks well for the Committee on Appropriations and for every Member of this House.

H.R. 3424, which we present to the House today, includes a total of $104,881,197,000 for programs under the jurisdiction of the Subcommittee on the Departments of Labor, Health and Human Services and Education and Related Agencies. This amount is an increase of $4,273,758,000 above the amount recommended by the President but a decrease of $3,417,666,000 below the comparable appropriations for fiscal year 1985. The increase over the President's request is principally the result of the Committee's decision to restore programs to the 1985 level which were either eliminated or drastically reduced under the President's proposal. The decrease below the 1985 level results from changes in appropriations for entitlement programs. The Committee has for the most part included in the bill the amounts requested by the President for these entitlements. This has been done on an interim basis pending consideration of the President's legislative package. Current estimates by the Congressional Budget Office indicate that an additional $2 billion will be needed for these entitlements once the legislation is completed. The Committee expects the President to request these funds in a supplemental. In addition the 1985 supplemental included a one-time general funds supplemental of $3.5 billion for Social Security as required by Public Law 98-21. This one-time payment substantially distorts the year-to-year comparisons.

For discretionary programs where funding is controlled through the annual appropriation process, we recommend $31,779,395,000 for fiscal year 1986. This is $4,272,446,000 above the President's request but $5,575,000 below the comparable amount appropriated for fiscal year 1985. Spending for these activities has, as a whole, been held at the 1985 level. In those cases where the Committee has recommended increases over the 1985 level, we have also recommended offsetting decreases in other programs and projects. There are many other programs which we would have liked to have increased above the 1985 level. However, given the current deficit and given the decision to maintain overall discretionary spending at the 1985 level, this was not possible. Because of these constraints, we have not recommended funding for any new programs at this time.

The Committee has deferred consideration of appropriations for programs which are not currently authorized for fiscal year 1986. This includes refugee assistance, health professions training, community and migrant health centers, health planning and trade adjustment assistance. A complete list of these programs appears on page 4 of the Committee report. These programs, many of which are proposed for termination in the President's request, received $1,880,832,000 in 1985.

DEPARTMENT OF LABOR

The bill provides a total for the Department of Labor of $6,672,184,000, including $4,952,906,000 for discretionary programs and $1,719,278,000 for entitlements. The bill exceeds the President's budget request by $843,511,000, all in discretionary programs, and exceeds the 1985 level by $359,709,000. All of the increase over 1985 is in the entitlement programs which are not subject to control through the appropriations process.

In addition, the bill includes a total of $2,700,975,000 in trust fund transfers, an increase of $57,507,000 over the budget request and $68,124,000 over the 1985 amount. Virtually all of the trust funds are for financing the administrative costs of the State Employment Security Agencies.

We recommend $3,621,045,000 for programs under the Job Training Partnership Act, an increase of $815,524,000 over the President's request. Most of the increase is accounted for by the appropriation of $640,000,000 for the Job Corps; the budget request proposed to terminate it. This is an excellent program, as the Members of the House know, and is deserving of our continued support. We also added $160,000,000 for summer youth employment, including $100,000,000 for the summer of 1986 to bring it up to the 1985 level. We included $20,698,000 to restore job training pilots and demonstrations to the 1985 level; the budget proposed elimination of these.

We were forced to defer consideration of trade adjustment assistance activities because of lack of authorizing legislation. In the meantime, all trade adjustment activities under the Trade Act are being continued at the 1985 level until November 14 under the continuing resolution.

The bill includes $326,000,000 for the title V older workers program, the same as the 1985 level. This funds about 64,000 part-time community service jobs.

We provide $800,700,000 for Employment Service State grants, an increase of $45,500,000 over the budget request and $23,302,000 over 1985. The small increase over 1985 is to cover built-in increases, primarily State employee salary increases. The bill includes $1,654,100,000 for State administration of the unemployment insurance system, an increase of $10,000,000 over the budget request to maintain nonpersonal services funding at the 1985 level.

The Committee added $1,304,000 to the budget of the Mine Safety and Health Administration to restore 46 mine inspector positions that the budget proposed to eliminate. In light of recent adverse GAO findings concerning statutorily—required numbers of inspections, the Committee felt it was necessary to restore these resources.

With regard to the Bureau of Labor Statistics, we added $6,763,000 to the budget request. This was primarily for two purposes: First, to restore $5,000,000 to maintain the plant closing and mass layoff survey begun in 1985 but eliminated from the President's budget and second, to add $1,300,000 to continue the expansion of service sector data collection.

We added $7,092,000 to the request for the Office of inspector general to maintain the 1985 funding level. We could see no good reason to cut the inspector general by 16 percent. This office, if properly managed, should save the Government a considerable amount of money.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

We recommend $79,914,542,000 for programs of the Department of Health and Human Services including $11,473,754,000 in advance appropriations for fiscal year 1987. When this amount is added to those amounts available under current law from the Social Security and Medicare trust funds, this department is expected to spend more than $300 billion in fiscal year 1986. Social Security alone is expected to make cash payments totalling more than $198 billion to more than 40 million Americans.

The amount included in the bill for these programs is $1,362,932,000 above the President's budget but $2,530,581,000 below the comparable appropriation for 1985. As is the case with other parts of the bill, this recommendation is based on freezing overall discretionary spending at the 1985 level and funding entitlements at the level requested by the President pending consideration of the legislative program affecting these accounts. In those cases where the Committee has recommended increases over 1985 we have also recommended offsetting decreases. Increases have been restricted for the most part to two items. First the bill includes an increase of $290 million for biomedical research at the National Institutes of Health and the Alcohol, Drug Abuse, and Mental Health Administration. This increase is required to support the expanded level of research projects agreed to in 1985. Second, the bill includes a further increase of $70 million over the President's request for NIH for acquired immune deficiency syndrome [AIDS].

ACQUIRED IMMUNE DEFICIENCY SYNDROME

The largest increase recommended by the Committee for the Department is for work related to the problem of acquired immune deficiency syndrome. The Public Health Service considers this disease to be the most serious and devastating public health problem to appear in recent memory. In its full-blown form, AIDS is the only epidemic disease that is essentially uniformly fatal. Over 13,000 people in the United States have contracted AIDS. Half of them have died, and the prospects for the remainder are poor. The number of cases is doubling each year.

The Committee recommends a total appropriation for 1986 of $189,666,000 for all activities associated with acquired immune deficiency syndrome [AIDS]. This does not include funds provided for the Food and Drug Administration which is funded in the Agriculture, Rural Development, and Related Agencies appropriations bill. The amount provided is an increase of $70,000,000 over the President's revised budget request and $89,711,000 over the 1985 level. This represents a 90 percent increase over 1985. By agency, the amounts appropriated are as follows: Centers for Disease Control, $45,645,000; National Institutes of Health, $140,562,000; and the Alcohol, Drug Abuse and Mental Health Administration, $3,459,000.

The committee firmly believes that an all-out effort to overcome AIDS is required and that the funding and other recommendations in this bill will assist in making that effort possible.

As usual our committee has placed the very highest priority on support for biomedical research through the National Institutes of Health.

The 16 appropriations included in the bill for the NIH total $5,247,836,000. This is an increase of $616,058,000 over the budget estimates for NIH and $335,147,000 over the comparable fiscal year 1985 appropriations.

The NIH is the largest source of support for biomedical research conducted in the universities, medical schools, dental schools, and research institutions of this Nation. For the past 36 years, the support of investigator initiated research grants has been the principal mechanism for distributing funds provided for NIH-supported research. The committee believes that the support of these projects must be sustained and enhanced so that the current momentum of scientific discovery is preserved and future health gains are assured.

The funds provided in the bill, together with unobligated balances carried forward from fiscal year 1985, will provide a total of $3,050,802,000 for research project grants in 1986, an increase of $278,035,000 over the amount available for research project grants in 1985. The bill will fund the full amounts currently estimated to be required for noncompeting continuations of grants awarded in prior years, as well as providing a total of $942,968,000 for competing renewals and new grants, an increase of $22,592,000 over 1985.

The committee believes that the NIH must continue and expand its current efforts in the fight against AIDS. Progress has been made—the causative agent has been identified and a blood screening test has been developed—but much remains to be done. Although the NIH has identified approximately $70.7 million for AIDS research within its amended request, the committee believes that, in the interest of accelerating the program so that all promising avenues can be pursued, additional amounts are needed. Therefore, the committee is providing an additional $70 million within the appropriation of the Office of the Director for the Director, NIH, to disburse among the Institutes for new AIDS initiatives and expanded programs. The committee intends that whatever additional staffing is required for the AIDS research effort and its intensified management should be provided.

The committee also expects the NIH to take steps to stimulate greater participation in AIDS research by the extramural research community.

The committee has included $564,853,000 for the Health Resources and Services Administration for those activities which are currently authorized. This is $5.1 million below the 1985 level but $60 million above the President's budget. The committee has added $59.6 million to the President's budget to fund nursing programs at the 1985 level. The committee has also added $400,000 to continue the activities of the new organ transplant program which was initiated in the 1985 supplemental. The largest single item in this account is the Maternal and Child Health Block Grant. The bill includes $478 million for this program which is the maximum amount currently authorized. As I indicated earlier, almost two-thirds of the programs of this agency are not currently authorized and we have deferred consideration of these pending completion of legislative action. These include health professions, health planning and many health service programs.

We have included $441,194,000 for programs administered by the Centers for Disease Control including $80,717,000 for infectious diseases. This agency plays a key role in the fight against AIDS. The task of preventing the spread of this disease and tracking its epidemiology falls to the CDC. The amount for infectious diseases is $20.6 million above the comparable appropriation for 1985.

We have included $947,333,000 for activities under the jurisdiction of the Alcohol, Drug Abuse and Mental Health Administration including $43,696,000 for the Federal share of expenses at St. Elizabeths Hospital; $490 million is for the Alcohol, Drug Abuse and Mental Health Block Grant which is funded at the 1985 level. We recommend a total of $329.8 million for research activities of this agency which is an increase of $23.6 million over the 1985 appropriation. This will fund continuation costs of projects begun in previous years and will also provide $74.5 million for new projects, the same amount appropriated for new grants in fiscal year 1985. We have recommended $8 million for mental health clinical training which is a reduction of $14 million from last year's level but an increase of $8 million over the President's budget. The clincal training program has been reduced by almost 70 percent over the last 5 years because of its success in increasing the supply of psychiatrists, psychologists, social workers, and nurses. Given the need for funds for other mental health activities, especially research, we believe that a further reduction is now justified.

The bill which we present today includes $43,869 million in general fund support for the Medicare and Medicaid program administered by the Health Care Financing Administration. This funding is mandated by various provisions of the Social Security Act. This includes $24,210 million for the Federal share of State Medicaid Program costs and $19,659 million for the general funds share of Medicare. The bill also includes $1,271 million for administrative costs of the Health Care Financing Administration. This includes $972 million to pay the cost of processing Medicare claims. We have added $37 million to the President's budget for Medicare contractors because of the large increase in the number of claims to be processed in 1986.

We have also included $20.4 billion for the general fund entitlement programs administered by the Social Security Administration including Aid to Families with Dependent Children, Supplemental Security Income and Black Lung. More than 15 million Americans are directly assisted by these programs which serve our neediest citizens. Also included is $2.1 billion for the Low Income Energy Assistance Program which is the same level appropriated in fiscal year 1985.

H.R. 3424 provides authority to spend $4,022 million to administer the trust fund progrmas of the Social Scurity Administration. This is $30 million above the President's budget an $236 million above the limitation last year. The committee has restored 1,000 full-time positions to the Social

Security Administration which the President's budget proposed to eliminate. The report makes very clear the position of the committee that no large scale reductions in staff or field offices is to be implemented in fiscal year 1986.

We have included $5,699 million for human development programs including $2.7 billion for the title XX Social Services Block Grant and $527 million for foster care. These amounts are mandated by law. Other important programs of this agency include $1,087 million for Headstart, $701.6 million for programs administered by the Administration on Aging, and $200 million for child welfare services. We have recommended an appropriation of $250 million for WIN, which the President's budget proposed to eliminate.

We have also recommended an appropriation of $361.7 million for the Community Services Block Grants which the President proposed to terminate.

DEPARTMENT OF EDUCATION

For the Department of Education, the bill includes $17,526,805,000, an increase of $2,054,654,000 over the budget request for fiscal year 1986. The total amount in the bill is $1,218,003,000 below the 1985 appropriations including amounts in the recent supplemental appropriations bill enacted on August 15, 1985. The decrease from 1985 is primarily in the Guaranteed Study Loan Program where the committee has included the amount requested in the budget. This is an entitlement program for which the committee has no control over the cost of the program. If additional funds are required during 1986, a supplemental budget request will have to be submitted to cover the actual cost of the program.

For Chapter 1 grants for disadvantaged children, the bill includes $3,688,163,000, an increase of $41,548,000 over the budget request. These funds help the States and local school districts to provide supplementary education for over 5 million disadvantaged children.

The committee recommends $695 million to continue the Impact Aid Program at the same level as in fiscal year 1985. This is $152 million over the budget request. The committee restored $130 million for category B payments for which the budget proposes to terminate. In addition, increases over the budget have been provided to maintain construction and special payments at current levels.

For special programs in elementary and secondary education, the bill includes $655,609,000, an increase of $7,700,000 over the budget request but a decrease of $102,500,000 below fiscal year 1985. The reduction is mainly in science and mathematics education where the committee has postponed further funding until the program is reauthorized. The Chapter 2 Block Grant Program will be continued at $531,909,000, the same amount as fiscal year 1985. Civil rights training, women's educational equity, magnet schools, territorial assistance, and Ellender fellowships will be maintained at 1985 levels. The budget proposed to terminate these programs. Follow Through would be funded at $7,500,000, the full amount authorized for 1986.

The committee recommends $172,951,000 for bilingual education programs, an increase of $30,000,000 over the budget. The amount recommended includes funds to continue the Emergency Immigrant Education Assistance Program at the 1985 funding level.

In the bill, we include $1,320,100,000 for the education of handicapped children at the elementary and secondary school levels. This amount is $14 million over the budget request, but a relatively slight decrease from the 1985 appropriation. The amount provided in the bill will assist State and local educational agencies in providing special education to 4.2 million handicapped children.

For rehabilitation services to disabled youths and adults, the bill provides $1,233,900,000 an increase of $17,500,000 over the budget request and about the same as the 1985 appropriation. The amount includes $1,100 million for basic State grants, $27 million for independent living program, $22 million training, and $4,200,000 for the Helen Keller Center. The committee recommends $41 million, an increase of $2 million over the 1985 amount for the National Institute of Handicapped Research.

The bill includes $933,277,000 for vocational and adult education programs, an increase of $101,963,000 over the budget request. The amounts provided will continue these programs at current levels. Both of these programs were reauthorized in 1984 and received additional funds in the recent supplemental appropriations bill. Consumer and homemaker education programs would continue at $31,633,000, the same as in 1985.

The committee recommends $4,910,482,000 for student assistance programs. This is an increase of $1,341,482,000 over the budget request and maintains all student aid programs at the 1985 funding level. The budget request is based on a legislative proposal to restructure the existing student aid programs. Since Congress has taken no action on this proposal, the committee recommendation is based on current law.

The bill includes $3,612 million for Pell grants to permit a maximum grant of $2,100 up to 60 percent of the cost of attendance—the same policy as in the previous year. Also included in the bill is $592,500,000 for college work study, $412,500,000 for supplemental opportunity grants, $217,482,000 for direct loans, and $76 million for State incentive grants.

For guaranteed student loans, the committee has approved the budget request of $2,714,482,000, but has not agreed to the program changes requested as part of the budget. If no legislative changes are made by Congress during fiscal year 1986, the amount provided may be insufficient to meet program costs. Thus a supplemental budget request may be necessary for 1986. This is an entitlement program and appropriations have to be provided to meet the costs of the program authorized by law.

For the various higher education institutional aid programs, the bill includes $450,238,000 an increase of $203,160,000 over the budget request. Generally, the committee has restored these programs to the 1985 funding level—including special programs for the disadvantaged [TRIO], cooperative education, international education, graduate training programs, and the fund for the improvement of post secondary education. The Committee has approved the budget request of $141,208,000 for aid to developing institutions. For college housing loans, the committee authorizes $80 million in new loans compared to $40 million in 1985 and zero requested in the budget.

Again as in previous years, the budget proposes to terminate all Federal assistance to libraries. The bill restores the funding to $123,680,000 or about the same amount as in fiscal year 1985. The recommendation includes $23,680,000 for public library construction.

For payments to certain institutions the bill includes $5,500,000 for the American Printing House for the Blind; $31,400,000 for the National Technical Institute for the Deaf; $58,700,000 for Gallaudet College; and $164,230,000 for Howard University.

RELATED AGENCIES

The bill includes $767,666,000 for 10 related agencies. This is entirely discretionary spending. We exceed the budget request by $12,661,000, but we are below 1985 by $28,791,000. In addition, there are trust fund transfers here totaling $74,693,000, an increase of $5,892,000 over the budget request.

The ACTION agency is funded at the 1985 level of $150,164,000. This includes $18,364,000 for VISTA, an increase of $1,364,000 over the 1985 amount. the older Americans volunteer programs are continued at the 1985 level of $103,806,000.

The remaining related agencies are basically funded at or slightly below the 1985 levels. One agency, the National Commission on Libraries and Information Science, is not funded in

1986. The U.S. Institute of Peace will be funded in 1986 by utilization of a $4 million carryover from the 1985 appropriation; no new budget authority is required at this time.

The Corporation for Public Broadcasting is not yet authorized and has been left out of the bill. The House Rules, of course, prevent us from including unauthorized appropriations.

Mr. CONTE. Mr. Chairman, I yield myself such time as I may consume, and I rise in support of this legislation.

Mr. Chairman, it is indeed an honor and a privilege to join with the chairman of the subcommittee, the distinguished gentleman from Kentucky, the Pete Rose of the House of Representatives, in bringing H.R. 3424, the fiscal year 1986 Labor, Health and Human Services, and Education appropriations bill to the House floor. There is no more fair, no more hardworking, no more responsible, a chairman than BILL NATCHER, and it continues to be a pleasure to work with him on this bill.

No legislation that comes before this Congress is more subject to being pulled apart—on the one hand, by those who say the bill is inadequate in meeting the needs of the people; and, on the other, by those who say this bill contains irresponsible spending. And I bet you we hear from both sides of that tug of war today.

But for the past 2 years, under the leadership of the gentleman from Kentucky, we have passed bills that have been signed into law by the President, after years of vetoes and continuing resolutions. And, Mr. Chairman, this year, with the bill we bring before you, I believe we stand a good chance of striking that golden mean again.

Let me remind my colleagues what we accomplished over the last 2 years.

In fiscal year 1985, funding for the Department of Education increased by $3.4 billion, from $15.3 billion to $18.7 billion.

In last year's bill, funding for biomedical research went up by $650 million.

In last year's bill, maternal and child health increased by $79 million, Head Start increased by $79 million, child welfare services increased by $35 million, Chapter 1 Education for Disadvantaged Children increased by $208 million, and many other programs too numerous to name received major increases, in a bill signed by the President.

In H.R. 3424, which we present to you today, we have sustained those increases, and to do it, we have added $4.3 billion to the President's request.

But, in sustaining those funding levels, and in restoring all these proposed cuts, Mr. Chairman, we have also held the line in fiscal year 1986, and we have held it, almost across the board at fiscal year 1985 levels.

For total discretionary spending in this bill, we are $5.6 million below our fiscal year 1985 level.

Mr. Chairman, this bill provides a total of $104.9 billion in new budget authority, $3.4 billion below the comparable fiscal year 1985 amount, and $4.3 billion above the President's request.

As usual, the majority of the money in this bill is for mandatory spending, over which the Appropriations Committee can exercise little, if any, control. For approximately 69.5 percent of the funds in this bill, or $72.6 billion, we simply act as a conduit.

As my colleagues know, the fate of these mandatory program spending levels, for programs such as Medicaid, Medicare part B, Aid to Families with Dependent Children, Supplemental Security Income, Guaranteed Student Loans, and so forth, are now being considered by the various authorizing committees, under the reconciliation process.

We are not privy to the deliberations of the Ways and Means Committee, the Education and Labor Committee, and other authorization committees. Nor are we able to predict what final spending levels will result from this process.

So, we have no choice, really, but to go with the President's requested levels for these entitlement programs, and wait for the dust to settle to see whether those requested levels are sufficient.

For discretionary spending, which is what this bill is about, and by which this bill is judged, H.R. 3424 provides $31.8 billion, $5.5 million under the comparable fiscal year 1985 level, and $4.3 billion over the budget request as I've indicated.

Within the overriding principle of holding the line, Mr. Chairman, we have nonetheless taken it upon ourselves to respond to one of the most pressing public health crises of the day, and potentially of the century, acquired immune deficiency syndrome [AIDS].

Within the overall total, H.R. 3424 provides nearly $189 million for the AIDS effort, $70 million over the budget request, and an increase of $89.7 million over fiscal year 1985.

This major addition of $70 million is provided to the National Institutes of Health, to double their requested level of research, so that no stone will be left unturned in research into the causes, treatments, and potential cures for AIDS.

There are now, Mr. Chairman, at least 12,000 confirmed cases of AIDS in this country. The number is doubling every 10 months.

Eighty-five percent of these diagnosed with the disease die within 3 years.

Many thousands more have what is called AIDS-related complex, some of whom will go on to develop AIDS.

It is estimated that up to 1 million people have been exposed to the virus, HTLV-III, responsible for the disease.

Recent studies indicate that more than 50 percent of the gay men in San Francisco show signs of having been exposed to the virus.

Other studies indicate that an increasingly large number of prostitutes are showing exposure to the virus, providing an apparent means for this disease to continue to spread.

And, tragically, babies and young children are not immune to infection.

It is the committee's intention that no avenue be left unexplored for lack of funding, and that progress be made as fast as is humanly possible.

In addition, in report language, that I sponsored, we call upon the Secretary of Health and Human Services to appoint a coordinator to the AID effort, an AIDS czar, if you will. Up until now, at least nine agencies have been involved in this effort. From the outside, it appears that this has been an ad hoc effort.

What we need is a well-coordinated, well-planned effort, with one person running the show, making decisions about what needs to be done, what resources are needed, and how the resources should be utilized most effectively.

What we need, in my opinion, is someone of the caliber of the people who ran the successful campaign to abolish smallpox from the face of the Earth. I hope the Department will move immediately to implement this recommendation, so that we can mount a similar campaign on AIDS.

The other major increase over fiscal year 1985 program levels is an increase of $265 million for the National Institutes of Health. This increase is required to continue the higher level of activity that was initiated in the last couple of years. It represents the minimum necessary to prevent any ongoing activities from having the plug pulled.

For new grants and projects to be initiated in fiscal year 1986, we have frozen funding at the same amount provided for new activities in fiscal year 1985.

The $4.3 billion in program restorations result from the administration's budget request to terminate some 58 programs, like the Job Corps, and to make deep cuts in other programs, like student financial assistance, which this Congress, through its debate on the budget, has made clear it does not intend to go along with.

These restorations preserve some of the most important programs in this bill that benefit millions of people in this country. The bill restores $1.3 billion for student financial aid; $815 million for employment and training programs; $361 million for the Community Services Block Grant; $150 million for the Work Incentives or WIN Program, providing job opportunities to welfare recipients; $100 million for vocational education; $152 million for impact aid, affecting schools in nearly every congressional district in the country; $124 million for library programs; $200 million for higher education programs; and many others.

For those concerned about Job Corps, which was proposed for termination; there is $640 million in this bill, an increase of $23 million over fiscal year 1985, just about the amount necessary, according to the Department of Labor's figures, to prevent any current Job Corps center from being closed.

In order to provide additional funding for the two programs I mentioned earlier, and yet to stay within the fiscal year 1985 total for discretionary programs, H.R. 3424 makes major adjustments in two accounts.

The committee has accepted a proposed reduction of $121 million in the JTPA title III Dislocated Worker Program. The reason is that the Labor Department has testified several times that there is a very large carryover accumulating in this program.

The experience under this program, initiated in fiscal year 1984, under the Job Training Partnership Act, is that the average cost of retraining a worker under this program is turning out to be much lower than anyone anticipated. The large amount of accumulated carryover is expected to be sufficient to permit the current level of operation to be carried on, and so the program should suffer no harm.

The other major adjustment is that no new funding has been provided for the $100 million math and science program. This is a new program, funded for the first time last year, and the authorization has expired. No reauthorization activity has started in the House, to my knowledge, and so we do not yet have an idea if whether and in what form this program will be reauthorized.

The last particular thing about H.R. 3424 that I would point out to my colleagues, is that, as usual, and in accordance with House rules, the committee has deferred action on unauthorized programs, for which some $1.9 billion in funding was provided in fiscal year 1985. These programs include trade adjustment assistance, health professions programs (except nursing), NIH and NIMH research training, refugee programs, and the Corporation for Public Broadcasting. These programs are currently being continued at their present rate, and under current terms and conditions, through the continuing resolution.

Let me make just a point or two regarding some of the issues in H.R. 3424.

For Head Start, the bill provides an increase of $12 million. It is one of the few programs to receive an increase, and demonstrates the support the program has.

I would call attention to two provisions in the report language. First, the committee is quite concerned about the adequacy of salaries for Head Start employees, and is quite serious about the study it has asked for on that issue.

Second, I would call attention to the provision I sponsored relating to providing permanent funding for temporary enrollment expansions in Head Start projects. I am aware of situations where retrenchment in the number of children that can be served by a local project would work hardship, and it is my expectation that the Department will follow this report language and rectify situations such as these.

In the National Institutes of Health, I am pleased to see a modest growth rate in the National Institute of Arthritis, Diabetes, Digestive and Kidney Diseases. In addition to some other critical items, it appears there are sufficient fiscal resources to sustain the development and implementation of the Digestive Disease Research Centers Program.

In addition, I would point with pride to a number of other items in the bill: The $5 million for the Bureau of Labor Statistics to maintain the second full year of funding for the plant closing and mass layoff survey; the fact that we were able to keep some funding for mental health clinical training, with the hope of agreeing to an even higher figure; the doubling of the College Housing Loan Program; the restoration of funds for the Women's Bureau's Demonstration Grant Program, to continue activities like the Displaced Homemaker's Network and to initiate after an unexpected delay, the Corporate Linkage Program.

In addition, there are several important pieces of report language that I would call attention to, including the call for a report on Alzheimer's disease, to once again try to get the Department of Health and Human Services to face up to an issue it has ducked in every possible way—the provision and coverage of services for victims of Alzheimer's disease and their families; the call for a full-scale plan to do the necessary research on the health effects of acid rain; and language calling attention to the next steps necessary to continue recent progress in the areas of neurofibromatosis and head injury. I also look forward to the expanded efforts of the interagency panel working on learning disabilities.

Finally, I would like to call attention to two user fees that are now being initiated. The first is the National Library of Medicine, which, in response to a 2-year campaign I waged, has agreed to charge foreign users an unsubsidized price for using the library's data base, which should bring in over $1 million a year. The second is contained in this bill, and was contained in the budget request, to assess fees for the production and distribution of reference reagents to private manufacturers, and for the participation by commercial laboratories in the proficiency testing program established and operated by CDC. These new user fees are expected to raise nearly $500,000 a year.

Mr. Chairman, we worked long and hard on this bill. We held hearings on every aspect of this bill from late February to late May, 4 days a week. We heard from hundreds of administration witnesses, Members of Congress, and public witnesses.

Our hearings take up 12 volumes.

Mr. Chairman, the members of the subcommittee, including those on my side, GEORGE O'BRIEN, CARL PURSELL, JOHN PORTER, and BILL YOUNG, care deeply about the programs in this bill.

These are the programs that the children in our districts, our teachers, our college students, our unemployed and eager to be employed, our poor, our disabled, our old.

This bill is the bill that says "we care", and that says "opportunity" and "access", "education" and "jobs", and, maybe, above all, "health."

In this bill, we have not retreated. We have not taken a backward step. We have not turned away.

What we have done is retained, and maintained, the programs that we have built over the years.

But, Mr. Chairman, in this bill, the members of the subcommittee have also taken a long, hard look at reality.

We, know, that without a good economy, there is no opportunity, there is little to educate for, or obtain access to.

You cannot reduce the deficit by pointing to someone else and telling them to tighten their belt. This bill does its job, and holds the line.

For all the pressures to spend more money; for all the serious and pressing needs like AIDS; this bill comes in $5 million below fiscal year 1985 spending levels for the discretionary programs under our control.

That took a lot of courage, and restraint, and bipartisan effort.

For all of my colleagues, who care about the people of this country, and who care about the future of our economy and ultimately of our country, I say to you that this bill strikes the golden mean, and I urge your strong support.

□ 1335

Mr. NATCHER. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from California [Mr. HAWKINS], the chairman of the Committee on Education and Labor. And, Mr. Chairman, I want the chairman and the members of this committee to know that I appreciate the opportunity that I have had to work with the gentleman in the well. The gentleman from California [Mr. HAWKINS] is serving as chairman of his committee, he is an able chairman, and I want to thank him at this time.

Mr. HAWKINS. Mr. Chairman, I appreciate the remarks of the gentleman from Kentucky and his cooperation and support, and I express my appreciation for this time which he has given to me.

Mr. Chairman, I reluctantly rise, however, to express my dismay at how much this bill deviates from the priorities included in the first budget resolution for fiscal year 1986.

The chairman of the committee, the gentleman from Kentucky, has assured me that he will continue to work with me to address some of these concerns. It is my hope that the future will place us in the position of giving much broader support than what I personally feel that is being done today.

The budget resolution, I would like to remind the Members, passed this House by a vote of 309 to 119, and it provided sufficient authority to fund the programs targeted to the low income and otherwise disadvantaged people at their current policy levels in fiscal year 1985 plus an inflation adjustment, which we agreed to.

Already the poor of this country have suffered because of previous deficit reductions. Their condition has worsened. On this basis, many of us supported the budget resolution as a means of more adequate funding for low-income programs.

Now, agreeing to the fact that the bill before us today does a lot of good things—and I commend the members of the committee on both sides of the aisle for the good that it does—I cannot, in all good conscience, not take recognition of the fact that some of the most disadvantaged will be further disadvantaged by this particular bill, despite the fact that, as compared with the budget resolution itself, there is sufficient money available to make the adjustments in these programs as we envisioned in the budget resolution itself.

These programs, I would like to remind the Members, include such programs as chapter I, the Compensatory Education Program. The cut in this bill will reduce the program by at least 340,000 children. That is the practical effect. That type of reduction, I think, cannot be challenged, and I think that is the type of reduction that we did not commit ourselves to in the budget resolution.

Furthermore, such programs as handicapped education, the Pell grants and child welfare services will be cut. And, in addition to this, such training programs as the Job Training Partnership Act and the WIN Program will be cut or reduced even below the 1985 level.

Now, the fact that there is money left over in these programs is no indication that we do not need the money. It is an indication of the unwillingness of certain officials to provide the money for the displaced, for the severely economically disadvantaged, for the children of our Nation, that the administration has said is so tragic that we must pass a program of subminimal wages in order to put our youth to work. Here is an opportunity for us to provide definite constructive programs.

So it seems to me that when we talk of a safety net, we make a mockery of that concept, and we have to admit that in the spring of the year we have a love affair in a budget resolution, and we say we are going to protect these programs, and everybody agrees that it should be done, and we have a committee, the Education and Labor Committee, that tailors its recommendations to fit that budget resolution, and we will further be asked to go into a process of reconciliation to make sure that we do it, and here the very programs that we recommend to you, you are now cutting back. This, I submit, makes a mockery of the budget process, and I say today that some of us have voted for a budget resolution the last time in this House.

Mr. CONTE. Mr. Chairman, I yield 1 minute to my good friend, the gentleman from Illinois [Mr. O'BRIEN].

Mr. O'BRIEN. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Kentucky [Mr. NATCHER] and the gentleman from Massachusetts [Mr. CONTE] said it all. All of us on the committee had additions considered desirable but untimely. There are no new programs in this bill. We are as close to the 1985 level as we can possibly get. This bill is a rather remarkable accomplishment which I think credits the entire committee, but Congressman NATCHER and Congressman CONTE most of all.

I rise in complete support of this bill.

Mr. CONTE. Mr. Chairman, I yield 3 minutes to my good friend, the gentleman from Michigan [Mr. PURSELL].

Mr. PURSELL. I thank the gentleman for yielding.

Mr. Chairman, last evening our Wednesday group met with many outstanding national economists, Paul Volcker, Martin Feldstein, Paul McCracken, and others who were looking at the future of this Nation. Though many issues were discussed there was no question that the single greatest problem facing this Nation is the deficit. Our Labor-HEW appropriation bill has almost across-the-board bipartisan effort to show restraint, and yet as my good friend, the gentleman from Massachusetts [Mr. CONTE], indicated, a degree of balance between those who think we should spend more and those who think we should spend less.

This is the first time, as a member of this committee, that I can recall that almost every member of our committee used restraint in the markup process to keep our expenditures at the 1985 levels. That is not easy, with the enormous pressures on this bill, which is one of the most important components of the Federal budget. The subcommittee followed the freeze principle, in keeping the spending level below the 1985 current level. This bipartisan effort does signal a responsible change of direction and keeps our appropriation bills in a position to be signed by the President.

I want to congratulate the chairman of the committee, the gentleman from Kentucky, BILL NATCHER, and the ranking minority member, SILVIO CONTE, with whom I have had the honor to serve for many years. I also want to congratulate our great staff who exercised understanding and wisdom and worked carefully with the members of this committee to fashion a bill that I think meets the targets for 1985 and looks to the future on key programs, whether it be student aid or nursing research.

Mr. NATCHER. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Maryland [Mr. HOYER], a member of the subcommittee, and a good member, Mr. Chairman.

Mr. HOYER. I thank the gentleman for yielding time to me.

Mr. Chairman, I am pleased to be given this opportunity to stand with two of the most distinguished leaders of this body, Chairman WILLIAM NATCHER and the ranking member, SILVIO CONTE, and the other members of the subcommittee in support of the fiscal year 1986 appropriations bill for the Departments of Labor, Health and Human Services, and Education. As has been stated this bill is $4.3 billion over the President's budget request for discretionary spending programs and $5.6 million below the fiscal 1985 level.

We had to make some very tough decisions in reaching this compromise that we have before us today. This is exactly what we have Mr. Chairman. This bill reflects a compromise and, in many ways, a retreat. It is a compromise because no single member or single constitutuency will be totally satisfied. It is a retreat because this bill reflects the retreat by the administration and American public policy in providing services for the poor, the young, the disabled, and the aged.

As Mr. Natcher often says this bill is "the people's bill."

It is, Mr. Chairman, and the members of the subcommittee have been and will continue to be placed in a precarious position. Until the people of this country and this Congress are willing to come to grips with reducing the budget deficit in a responsible manner and increasing revenues, our subcommittee will year after year be forced to continue the juggling act between fiscal and programmatic responsibilities.

This is a fiscally responsible bill. But, let there be no mistake: We can't have our cake and eat it too. Mr. Chairman, a majority of the subcommittee members decided to vote out a bill at or below the fiscal year 1985 level and, therefore, make the tough decisions that were necessary. We had to cut or freeze some accounts which we would have desired to increase. At the same time, however, we are aware of the tremendous need that exists to provide services, particularly health and education services, to millions of underserved and unserved Americans.

Mr. Chairman, this is not the bill that I would like to see come out of the subcommittee, but these are not the best of times.

I am not totally pleased with the results but I stand behind our decision. I am supportive of the increase, a 90-percent increase over 1985, for activities related to the acquired immune deficiency syndrome [AIDS] that we have provided. We have recommended a total of $189.6 million, an increase of $70 million over the President revised budget request and $89.7 over the 1985 level. We believe this expenditure is necessary and crucial. This disease is not limited to a small class of Americans. It is a disease which threatens all of us. We believe that an all-out national effort is necessary to attack this dreaded disease.

In the Department of Health and Human Services, I would have liked to have been able to provide funds up to the full authorized levels for aging programs, for the social services block grant, for family social services, the AFDC program and human development services just to name a few. I am painfully aware that the children of this Nation represent approximately 40 pecent of the total poor population in the country.

In education, we have all heard much talk about a "Nation at risk" and what has been the Federal response: Retreat. The fiscal year 1986 appropriation for chapter 1 is approximately $1 billion short of the fiscal year 1980 level as adjusted for inflation.

Mr. Chairman, a society can be judged in large part by its priorities. The President's budget proposed to spend 30 percent of the budget on defense and 1½ percent on the education of our children. That is not good policy. We are biting a hard bullet in this bill. The fiscal policies that we have pursued over the past 5 years have forced this result incorporated in H.R. 3424. To continue along this path is not good policy for the future vitality of our country. As a nation we must recognize our fiscal responsibilities to this and future generations.

As I have said, I rise in support of H.R. 3424. It is the best that we can do in light of budget shortfalls that confront us. But, to continue to short change health and education while sharply increasing payments on an ever escalating debt and to add to the already substantial defense budget is neither good policy nor good sense.

□ 1350

Mr. CONTE. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. Bartlett].

Mr. RITTER. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Pennsylvania.

Mr. RITTER. I thank the gentleman for yielding.

Mr. Chairman, I would just like to comment on the remarks of the gentleman who was just in the well. This Nation spends over $200 billion on education. It is true that only a small percentage of that does come from the Federal Government, but in that context, education overall is more like two-thirds of the Defense budget. The 1½ percent figure the gentleman referred to doesn't accurately reflect resources allocated for education. And, I yield back to the gentleman.

Mr. BARTLETT. Mr. Chairman, I rise to support the Porter amendment which will be offered and which I believe will be generally agreed to by both sides of the aisle.

The Porter amendment will not resolve the adverse impact on employee rights that was caused by the Garcia decision, but the Porter amendment will give all parties and additional 30 days extension to avoid a disruption in the budget process and the employee relations process while Congress addresses the Garcia decision directly.

The Porter amendment for a 30-day extension is not done merely for the convenience of Congress, but to assure reasonable time to negotiate a settlement and an agreement on what those employee rights ought to be. Mr. Chairman, much has been discussed about the Garcia decision in terms of its impact on State and municipal budgets, and that is true in terms of negative impact on taxpayers. But the Garcia decision, if left unamended, would primarily have a negative impact on the rights of employees, and I think that is what this Congress has to focus on.

I commend the chairman of the Committee, Mr. Hawkins, and the chairman of the subcommittee and the ranking members of the subcommittee and the full committee for attempting to reach a settlement on the Garcia decision. The Garcia decision, with or without the Porter amendment to extend it for 30 days will not go away. We will be back on the floor within 30 days to resolve the employee rights issues in the Garcia decision. I thank the gentleman from Illinois for offering his amendment.

Mr. NATCHER. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from California [Mr. Roybal], who is not only a Member, Mr. Chairman, of this subcommittee, but is, as one of the 13 subcommittee chairmen, the chairman of the subcommittee that appropriates the money for the Department of Treasury and the Post Office. And the gentleman is an able Member of the House.

Mr. ROYBAL. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in support of H.R. 3424, the Labor-HHS-Education appropriation bill for fiscal year 1986. This bill does not accept the Presidents' proposed reductions in funding for those programs vital to the elderly, the poor, the disadvantaged, and in fact, all the people of this great Nation. As a member of the subcommittee which drafted this bill, I want to commend Chairman Natcher and the ranking minority member, Mr. Conte, on their hard work and objectivity and for their unwavering support of the programs administered by the three agencies for which we are appropriating funds today.

The bill we are considering today contains a $70 million increase over the President's amended request for the National Institute of Health to conduct research on AIDS. Having worked on this issue since it first came to the attention of health officials and from discussions with experts on AIDS, I am convinced that over $100 million is needed and could efficiently be used this year to deal effectively with this dreaded disease.

In 1982 we had less than 1,000 reported AIDS cases. Today there are more than 1 million Americans infected with AIDS and this number is expected to double every year. What is needed is a well-funded and coordinated plan to confront this insidious and deadly disease. The bill before us today is a major step in that direction.

In addition to increasing the research funds, this bill also urges the Secretary of Health and Human Services to appoint a permanent coordinator to exercise oversight over the funds appropriated for the national effort against AIDS. I hope the Secretary of HHS not only heeds this advice but also appoints a national blue ribbon panel composed of governmental and nongovernmental experts on AIDS to address all public health aspects of the AIDS crisis and to develop a unified policy direction on such issues related to the science, risk-reduction/health education, social, legal, and ethical dimensions of AIDS and HTLV-III infection. Such a panel is needed in order to coordinate the scientific and social efforts of not only HHS, the Department of Defense, the Department of Education, and other Federal agencies, but also our universities and other private groups and organizations.

There may be some who would question whether the increased funding is going to be properly spent. It is my understanding that NIH has prepared an internal document identifying a number of new initiatives which would be conducted in fiscal year 1986 if increased resources were made available. These new initiatives total more than the additional $70 million we are providing in this bill and include the development of better methods for the identification and inactivation of the HTLV-III virus on the blood, as well as the development and testing of drugs for the treatment of AIDS and opportunistic infections. I can assure my colleagues that the $70 million is going to be well spent and will not be enough. I will continue to request additional funds through the appropriations process until we eradicate or at least control this world-wide epidemic.

I also want to bring to the attention of my colleagues that this bill also contains funding for many other programs of vital importance to all our constituencies. It maintains the funding of the Older Americans Act including the meals and employment programs. The ten research centers of excellence on Alzheimer's disease and related disorders and the initiative focusing on family stress problems started last year at NIMH will continue.

With regard to social security staffing and office closings, the bill restores 1,000 of the 1,689 full-time employee positions that were proposed to be reduced, and report language states clearly that no funds have been approved by this committee for the implementation of a restructuring of the SSA field organization.

The bill also includes an increase of $30 million over the President's request for bilingual education programs assisting limited English proficient children to improve their academic skills and performance. The committee rejected the administration's proposal for language to override the mandatory allocations of Title VII of the Elementary and Secondary Education Act, including the requirement that specific percentages of part A funds be used for transitional bilingual education programs and for alternative instructional programs. Those allocations were arrived at after full legislative consideration of the Bilingual Education Act. As they reflect the will of Congress, they should be fully respected and complied with.

Contrary to the administration's request, the bill would also maintain Emergency Immigrant Education assistance to the States. Under this program, grants are provided to States with school districts enrolling substantial numbers of immigrant children. In this way, the Federal Government will help cover the costs of educating about 300,000 immigrant children, whom overburdened school districts might otherwise be unable to serve adequately.

With regard to job training, almost $21 million over the President's request has been added to restore funding for national pilot and demonstration programs. A chief aim of these programs is to improve the delivery of services to special populations. Sufficient funds are provided for an important initiative, a new national program to begin addressing the severe problems of Hispanic unemployment and underemployment.

One of the most effective early childhood programs is the Head Start Program, which is intended primarily for preschoolers from low-income families. The bill includes a $12 million increase over last year's level for this most worthwhile program. It seeks to ensure continued funding for the Early Childhood Bilingual Multicultural Resource Centers. These centers have been very important in providing support services to Head Start Programs serving disadvantaged bilingual children.

I urge my colleagues to support this bill and to oppose any efforts to reduce any of the funding levels recommended within it.

Mr. CONTE. Mr. Chairman, I yield 4 minutes to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. I thank the gentleman for yielding me this time.

Mr. Chairman, I wish to commend our chairman, Mr. NATCHER, and our ranking minority member, Mr. CONTE, for their statesmanship and for their hard work and dedicated leadership in drafting this bill.

I support the amendment soon to be offered by my friend from Illinois, [Mr. PORTER], to delay the appropriation of funds to the Department of Labor that would be used to enforce the Supreme Courts' Garcia decision.

This ruling, which overruled a previous Supreme Court decision, extended the Fair Labor Standards Act [FLSA] to nearly all State and local government employees.

Most significantly, these governing units must pay workers overtime pay in cash, regardless of any comp time arrangements they may have with their employees. Ironically, I have found that many employees see the Garcia decision as resulting in the loss of the compensatory time-off benefit that they cherished, and not a gain.

The costs to State and local governments associated with the overtime provisions of the FLSA threaten to result in reductions in public services, tax increases, and possible layoffs of public employees. In the final analysis, the citizens of the United States are the ultimate losers with the Garcia decision.

On a national scale, complete coverage under the FLSA or all State and local government employees is likely to cost governments between $1 to $3 billion in overtime wage payments this year alone. My home State of Nebraska has 32,667 State employees and 81,974 county and city employees, most of which now fall under the FLSA because of the Garcia decision.

The following are estimated financial effects of the Garcia decision as they relate to some local governments in Nebraska. Hamilton County, NE, estimates that it will incur $10,000 in additional snow removal costs and $8,000 in overtime pay for deputy sheriffs and jail dispatchers. Stanton County was forced to add two part-time deputies on a three-man police force to prevent overtime at a cost of $6,615.86. Cass County expects expenditures of $20,810.77 in overtime pay for road workers, $5,281.07 in overtime for the sheriffs department, and $3,302.32 in overtime for dispatchers over a 12-month period. This computes to a $25,543.96 cost to Cass County for 1 year's time.

The city of Scottsbluff, NE, expects to pay $25,000 in overtime and administrative costs over the next year because of the Garcia decision. The city of Grand Island estimates overtime and administrative costs at $10,000 to $15,000. Hastings, NE, expects overtime costs of $30,000. The city of Kearney has already paid over $8,000 in back overtime pay since the Garcia decision went into effect, and expects $30,000 per year in future overtime costs. Ogallala, NE, expects to pay a minimun of $14,000 in first year direct payroll costs. The city of Seward estimates overtime and administrative costs of $2,000 to $3,000, and Fremont, NE, expects overtime payments surpassing $12,000.

I think that the application of the FLSA to seasonal jobs such as State brand inspectors highlights particularly well some of the problems of the Garcia decision. The Nebraska State brand committee currently employs 56 full-time brand inspectors. The committee estimates that during the busiest months of this seasonal job the total overtime wages for the 56 brand inspectors could be as high as $23,116.80 per month, not including additional sums in Social Security and retirement payments that would be incurred.

That is a significant expenditure of money from just one small agency of the Nebraska State government. All of the overtime wage payments I have mentioned will take a great toll on the already financially strapped State and local governments in my State.

Now there can be no doubt that each State and local public servant should be fairly and equitably compensated for the important duties he or she performs. One time-honored method of fairly compensating public workers, while at the same time preserving the financial stability of State and local governments, was compensatory time-off arrangements. The Garcia decision renders comp time arrangements nearly useless.

That is why it is vital that the authorizing committee have a complete and full opportunity to consider the impact of the Garcia decision before the Department of Labor begins its investigations of State and local governments for compliance. Unless a delay is enacted, the Department of Labor will begin its investigations on October 15.

I have introduced legislation in response to the Garcia decision, H.R. 3237, that already has 37 cosponsors, and I know of at least 11 other bills in the House that pertain to this same issue. Clearly, there is a great deal of concern in the House with Garcia.

The Labor Standards Subcommittee has held only one hearing on this issue to date; that hearing was held, September 24. Although more hearings may occur, it is extremely unlikely that the subcommittee, much less the full Hosue, will have the chance to give this issue the consideration it deserves before the October 15 deadline.

The Garcia decision has the potential to adversely affect every State, city, and county government in this country. I think a Federal intrusion on this scale makes it incumbent upon us to at least study the matter before administrative enforcement.

After all, it was Justice Blackman himself, the author of the Garcia opinion, who wrote that it is up to Congress to determine the limits of the FLSA under the commerce clause.

I hope you will join us in voting to delay enactment of Garcia so that the House has the chance to work its will before our State and local governments have to give up their sovereignty through forced compliance to the FLSA.

□ 1400

Mr. NATCHER. Mr. Chairman, I yield 4 minutes to one of our good subcommittee members, the distinguished gentleman from Ohio [Mr. STOKES].

Mr. STOKES. Mr. Chairman, I am pleased to join with my distinguished chairman, BILL NATCHER, and the ranking minority member, SIL CONTE, in supporting this bill. It is a great privilege to serve on this subcommittee with both of these distinguished gentlemen.

Mr. Chairman, Mr. NATCHER has performed a meaningful service in crafting a bill which successfully accommodates the needs of the elderly, the poor, children and families, workers, the unemployed, and countless others, while still meeting stringent budget targets.

Mr. Chairman, I have said many times that a strong national defense in the absence of a strong, healthy and educated populace does not provide for the longevity and prosperity of a society. The priorities of this bill are the health, education, and wellbeing of our Nation. In protecting human needs programs for our Nation's citizens, this bill includes funding of $104.4 billion, $4.3 billion more than the amounts requested by President Reagan. The committee debated long and hard concerning which programs could be targeted for additional resources, in a time of budget restraint, and which programs could survive without a budgetary adjustment for inflation.

In the area of health, this bill recommends $5.248 billion for the National Institutes of Health. These resources will help to sustain an explosion of progress in the field of medical research and will ensure a continued strong investment in the future health of this Nation.

I am delighted also that the NIH appropriations include $10 million for the research in minority institutions [RCMI] awards. The purpose of this initiative, begun in 1985, is to strengthen the research environment of a select group of predominately minority educational institutions in order to enhance their contributions to the biomedical sciences. These funds will permit highly meritorious and approved but unfunded applications to be financed in fiscal year 1986.

The bill also continues critical funding for primary health services to mothers and children through the maternal and child health block grant, the preventive health services block grant, Childhood Immunization Program.

In the area of employment, the committee found no evidence to substantiate the Reagan administration's request to terminate the Job Corps Program. We recommend $640 million to support an average enrollment level of 40,500 slots. Disadvantaged youth and adults will also benefit from the additional resources provided in the bill for summer jobs and for the work incentive program, also targeted for elimination by the administration.

With the approval of $17.6 billion in the bill for the Department of Education, critical educational services will also be maintained. The subcommittee agreed unanimously that the severely underfunded student financial assistance programs would have to be restored. We also recommend an increase of $1.3 billion over the budget request for Pell grants, college work study, direct loans and guaranteed student loans. These recommendations for student aid, as well as the $176 million included in the bill for the trio program, will help to ensure that equal educational opportunity remains a reality for millions of college-age students in our Nation.

I have highlighed only a few of the very important programs provided for in this legislation. Mr. Chairman, millions of Americans and their families will benefit from this legislation. It is an excellent bill and I urge my colleagues to join me in supporting this bill.

Mr. CONTE. Mr. Chairman, I yield 6 minutes to the gentleman from Illinois [Mr. PORTER].

Mr. PORTER. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, there are not two Members that are more easy to work with than my chairman, the gentleman from Kentucky [Mr. NATCHER], and my ranking minority member, the gentleman from Massachusetts [Mr. CONTE]. And for their cooperation I thank the members of our subcommittee and the wonderful staff that we are blessed with in working on this very important appropriation bill.

I commend my chairman, my ranking member, and the subcommittee members for bringing out a bill that is below the 1985 spending level. It joins a list of other bills, all but one coming out of the Appropriations Committee so far this year, that have been below the 1985 level. I have said from the very beginning of the year that if we are going to address the budget deficit, staying below the 1985 level in each appropriations bill is the standard we must meet at least and I am proud that our subcommittee has done so.

One matter that was not addressed in the bill that I thought ought to be addressed—and it has been referred to by the gentleman from Texas [Mr. BARTLETT] and the gentlewoman from Nebraska [Mrs. SMITH]—is what will be done regarding the enforcement of the decision in Garcia versus San Antonio Metropolitan Transit Authority handed down by the Supreme Court earlier this year. The Garcia decision extended the Fair Labor Standards Act to all State and local governments—something that I think Congress never intended to do. One effect of the decision is to deny to public employees the option of compensatory time off in lieu of overtime pay. In most cases public employees have fought hard to include the comp-time option in their collective-bargaining agreements, and this decision would abrogate those agreements. I have heard from public employees, many of them in my district, who wish to retain the choice between comp time and overtime pay.

I will, therefore, be offering, as I did in the subcommittee and in the full committee, an amendment to this bill at the appropriate time that would deny funds to the Department of Labor for enforcement of the Garcia decision until November 14, 1985, the day that the current continuing resolution expires.

There was originally in this amendment a provision to deny to the Department of Labor retroactive enforcement of Garcia. Deferring to the judgment of my colleague, the gentleman from Texas [Mr. BARTLETT], I have removed that provision from the amendment so that the matter can be worked out, as it should be worked out, by the authorizing committee. The denial of funds for retroactive enforcement could in any case have effected only Department of Labor efforts and could not have any effect on individual claims accrued in accordance with Garcia.

Hopefully, by November 14 the authorizing committee will have reported substantive legislation that effectively deals with the many problems that are posed by that decision. I would say to the gentleman on the authorizing committee that the support that I have seen and I think they have seen for my amendment is a strong indication that the people across America expect that this matter will be addressed by the committee, that they will work out the differences, and that they will bring a bill to the floor in a timely manner that does make corrections in what would otherwise occur under Garcia.

I urge them to act. There has been only one hearing held on the matter since February 19 when the decision was handed down. The second hearing is scheduled for October 15, the very day that the Department of Labor was scheduled to begin enforcement. These efforts appear insufficient to protect units of local government and their employees. Their message to the authorizing committee today is clear: bring forward proper corrective legislation.

Mr. LOEFFLER. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Texas.

Mr. LOEFFLER. Mr. Chairman, I thank my friend, the gentleman from Illinois, for yielding, and commend him on the amendment he will offer later during the amendment process.

I, as well as the gentleman from Illinois, worked hard during the markup process to try to resolve the Garcia dilemma we all face, and I recognize that this is the best effort that we can achieve during the course of the appropriation process. Joining in support of the gentleman's amendment, I think we need to remind this body that the Garcia decision was rendered on February 19 of this year. October 15, less than 2 weeks from now, is when it is to be implemented, and this institution has not moved forward. But both the gentleman from Illinois and this gentleman from Texas are saying that if we do not move forward with the authorizing process, then we will act as we move ahead with the appropriation bills in the future.

There is just no reason for the Congress to be dragging its feet, refusing to act, when every State, every city, every local government, and every school district in this country is going to be forced to make an overtime payment in lieu of compensatory pay. What we are doing is draining the local budgets and then taking away the ability of the local governments to be able to provide services.

Mr. Chairman, in my judgment, the Garcia decision is a decision where Washington just meddled in State and local governments' business when it should not have. I thank the gentleman from Illinois and commend him for his amendment.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Chairman, I thank the gentleman for yielding, and I very much appreciate the gentleman's persistence in this matter in assuring that the House get a chance to address this issue even in a limited way on appropriation bills today. And I commend the gentleman for his commitment to employee rights.

I would make one further point for the gentleman and for the record, and that is the point on the issue of retroactive liability. The retroactive liability that is in the Garcia decision must be resolved. It will not be resolved today, but it must be resolved in the final package. It is essential that Congress determine the specifics of compensatory time and overtime and volunteer personnel and split shift and other issues, and it is also essential that the liability for those new rules will begin only after the effective date of the legislation and not before. So whatever the final version of the legislation will be, we must remove that liability overhang that is presently retroactive back to February 19, the date of Garcia.

Today will not end the Garcia controversy, but we will make some progress by giving 30 days for additional reasonable discussion. Garcia will not go away. I hope that the committee will come back with some authorizing legislation, but whether the committee comes back or not, the Garcia decision will be and must be addressed by this body this year.

Mr. Chairman, I thank the gentleman for yielding and for his initiative.

Mr. PORTER. Mr. Chairman, I thank the gentleman for his statement, and I might say that I certainly defer to his judgment in working out substantive legislation. It is a matter for his committee and his subcommittee alone and not for the Appropriations Committee. But I remind the Members of the House that there is $3 to $4 billion of additional liability each year that would accrue to the taxpayers of State and local governments if this matter is not addressed by the authorizing committee.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. PORTER] has expired.

The gentleman from Massachusetts [Mr. CONTE] has one-half minute remaining, and the gentleman from Kentucky [Mr. NATCHER] has 2 minutes remaining.

Mr. NATCHER. Mr. Chairman, I yield the balance of our time, 2 minutes to the distinguished gentleman from Massachusetts [Mr. EARLY] an able member of this subcommittee.

Mr. EARLY. Mr. Chairman, I thank the gentleman for the time.

Mr. Chairman, as a member of this subcommittee, I am delighted to be here to speak to one aspect of this particular bill. I am pleased to report on what the subcommittee on which I am very proud to serve, at the request of the gentleman from California [Mr. ROYBAL], did with regard to AIDS. What we did, I say to the Members, is we listened. We listened to the experts. The experts told us about the uncertainties of this disease and the threat of this disease.

So the subcommittee funded the $45 million in CDC to do surveys and studies in the followup of the disease. Then we listened to the experts, and we put $145 million in NIH. That was done for three reasons: First, for discovery, because no one knows what this disease is yet; second, to develop a vaccine to cure the disease; and third, to educate the people, both the public and the young people. The threat of this disease, according to the experts, is to the young people, not just to the gay community but to all of America.

This subcommittee, as the gentleman from Kentucky [Mr. NATCHER] said in his opening statement, increased the funding for AIDS 90 percent. I really urge this House not to grandstand on this particular issue. This is a threat. This is one of the biggest threats the United States ever

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faced. We have increased this account 90 percent over what the President wanted. We have told the experts, "Make the discovery. Find a vaccine and educate the American people."

Mr. Chairman, I commend the gentleman from Kentucky [Mr. NATCHER] and the gentleman from Massachusetts [Mr. CONTE] especially for what they have done on this problem. I urge the Members not to grandstand on this issue, and let us face one of the most serious threats facing America.

Mr. FAZIO. Mr. Chairman, I rise to pay tribute to the hard work of the chairman of the subcommittee, the gentleman from Kentucky, and the ranking minority member of the subcommittee, the gentleman from Massachusetts, and the other members of the panel, for taking steps to provide adequate funding to combat AIDS.

The subcommittee has approved a total of $189,666,000 for all activities associated with AIDS, a full $70 million over the President's revised budget request. As we are all aware, however, the head of the Public Health Service indicated last week that the Service has requested an additional $70 million from the Office of Management and Budget. So the subcommittee's recommendation is on target in terms of addressing the real funding needs with respect to AIDS.

I commend the subcommittee for its foresight and for taking steps to ensure that research to control this deadly virus will not be restrained by a lack of funds.

On another matter, Mr. Chairman, I would just like to commend the subcommittee and its chairman and ranking minority member for their support of our efforts to send a strong signal to the Office of Management and Budget that the Congress expects OMB to release the $11.5 million it has withheld in what the Comptroller General of the United States has termed an illegal impoundment of Federal refugee assistance money.

I appreciate the chairman's efforts, and I am pleased to report to the House that in a preliminary injunction, the U.S. District Court in northern California has directed OMB to "take all steps necessary to ensure that the full sums are released forthwith and do not revert to the Treasury at the end of the fiscal year."

I am confident we will ultimately succeed in getting these funds released.

Mr. RANGEL. Mr. Chairman, I rise in support of H.R. 3424, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1986. As chairman of the Select Committee on Narcotics Abuse and Control I want to comment specifically on a few of the bill's provisions that relate to drug abuse.

The bill provides $490 million for the Alcohol, Drug Abuse and Mental Health Services block grant. The block grant is the primary source of Federal funding to States to support community based drug abuse treatment and prevention programs as well as alcohol abuse and mental health services. The amount in the bill is the amount requested for 1986 by the administration. It is also the same amount appropriated in fiscal year 1985.

Since the block grant was implemented in 1982, Federal support for drug abuse services has declined by approximately 40 percent. Some States have been able to maintain the level of services by offsetting Federal cuts with increased State appropriations for drug abuse programs. Other States have been forced to close programs, denying treatment to those who need it to overcome their drug dependency and lead productive lives.

The problems created by cuts in Federal funding have been exacerbated by earmarking requirements in the block grant. For example, the 5-percent set-aside for women's substance abuse services enacted last year, while well-intentioned, has had unfortunate results. Without providing any new funding and without regard to a State's level of commitment to women's programs, the set-aside requires States to increase services for women at the expense of existing services for other needy clients, both men and women.

While treatment capacity overall has been shrinking, the demand for treatment over the past few years has been growing, fueled by the abundant supplies of heroin, cocaine, marijuana, and other dangerous drugs. Hearings held by the Select Committee in Chicago, New England, Washington, DC, and other parts of the country confirm that States cannot meet the increased need for drug abuse services and that treatment programs are already operating at over 100-percent capacity. As is always the case, those who are denied treatment are those who cannot afford to pay for expensive private care.

I support the recommended appropriation for the block grant for 1986, but it is clear that more needs to be done. Drug abuse is fast becoming our most serious national health problem, and the Federal Government bears a heavy responsibility to support State and local treatment and prevention efforts. I urge my colleagues to support H.R. 526, legislation I have introduced that will provide an additional $125 million annually for 5 years to expand State and local drug abuse treatment and prevention programs. Considering the billions of dollars that drug abuse costs in terms of increased crime, incarceration of offenders, increased health and welfare payments, increased unemployment, and a host of other social costs, we simply cannot afford to continue denying drug abuse treatment and prevention services to those who need and want such services.

H.R. 3424 also provides $65,539,000 for drug abuse research by the National Institute on Drug Abuse. This amount is $3,221,000 less than the budget request but $1,219,000 over the 1985 appropriation. It is sufficient to maintain the same level of funding for new research projects as in 1985.

Over the years, NIDA's research program has made important strides in understanding drug abuse. Some of NIDA's research findings have made important contributions to other areas of biomedical research as well. For example, NIDA-sponsored research has been responsible for unlocking some of the puzzles about how durgs work in the body and for the discoveries of opiate receptors in the brain and natural opiate-like substances in the body. NIDA's research has also led to an increased understanding of the serious health risks of drugs such as marijuana, and has helped to document the effectiveness of drug abuse treatment. Naltrexone, a new, nonaddictive drug to treat opiate dependence, was also developed with NIDA's support. NIDA is also playing an important role in investigating the links between intravenous drug use and AIDS.

A strong emphasis on drug abuse research is essential to acquire the new knowledge needed for advances in drug abuse treatement and prevention. An effective, well-coordinated research program cannot be carried out by the States and the private sector alone but needs Federal leadership and financial support. While I would like to see significantly greater amounts appropriated for NIDA's important research efforts, I urge my colleagues to support the funding provided in H.R. 3424.

I note that the bill defers funding for NIDA's research training program pending the enactment of authorizing legislation. Because maintaining an adequate number of skilled drug abuse researches is critical to continue high quality drug abuse research efforts, I urge early congressional action on this important authorization so that funding for research training programs can be considered.

Finally, I want to comment on the role of the Department of Education in drug abuse education efforts in our Nation's schools. The bill appropriates $17.5 billion for the Department of Education, approximately $2 billion more than the administration's request. At a hearing of the select committee last week on the impact of drug abuse on education and high school dropout rates, the Department of Education witness testified that only $3 million is allocated by the Department for school-based drug abuse prevention efforts through the Alcohol and Drug Abuse Education Program. Testimony received by the select committee from local school representatives who have participated in the program confirm its value. But this $3 million effort is a wholly inadequate response to the epidemic of drug abuse among our school-age children.

Numerous drug abuse prevention and education experts who have testified before the select committee have emphasized the need to incorporate drug abuse education programs in school curriculums for grades K-12. Because children often try drugs as early as the fourth and fifth grades, it is essential to reach them before they get to junior high and high school and to reinforce antidrug messages throughout their developing years. Most State and local school agencies, however, lack the resources, and oftentimes the expertise, to implement such programs.

Our children are the future of our country. Through effective drug abuse education programs in our schools, we can prevent drug abuse from destroying the lives of so many of our young people. I urge Congress and the Administration to work together to forge a strong leadership role for the Department of Education in helping schools establish sound drug education programs.

Mr. ROGERS. Mr. Chairman, I rise in strong support of the bill. I would like to begin by commending the distinguished chairman, Mr. NATCHER, and the ranking minority member for their strong leadership on this bill.

In addition, I would like to state my strong support for an amendment to be offered by my distinguished colleague from West Virginia. I understand that this amendment will add $4.5 million to provide for additional administrative law judges for the Black Lung Program.

Mr. Chairman, these administrative law judges are desperately needed. Today, there is a backlog of over 21,000 claims for black lung pending at the Department of Labor. New claims are coming in at the rate of about 5,000 cases per year. But as it now stands, they can only handle abut 5,400 cases per year. By my calculations, at that rate, it will take over 50 years to work our way through the backlog.

There is a wise saying that justice delayed is justice denied. The current delays in the adjudication of black lung cases clearly represents such a denial of justice. When Congress established the Black Lung Program, it clearly intended to provide benefits on a timely basis for miners afflicted with this terrible disease and their families. Unfortunately, today we're at the point where these individuals have to wait for years for a resolution of their claims. And I've even heard of heart-rending cases where the intended beneficiaries died before their claims were settled. Clearly, this was not how Congress intended this program to be administered.

This amendment will go a long way toward solving this serious problem. I urge my colleagues to support this bill and the amendment to add these needed funds for the Black Lung Program.

Mr. ERDREICH. Mr. Chairman, I am pleased to see the strong support in this bill for continued biomedical research, especially as related to our battle against cancer. This administration's goal of reducing cancer mortality in the United States by 50 percent by the year 2000 is certainly a positive step.

As you know, Mr. Chairman, the cancer centers of this country play a strong role in this effort, and each day new research and developments at these centers brings us closer to that goal. I am concerned about what I understand is an effort to reduce levels of funding for some of these centers. Not only will this action threaten cancer research, but, because these reductions have not been applied fairly to all centers, and because they disregard peer review recommendations, its effect is to undermine the integrity of the merit-based peer review system, a system that, as you know Mr. Chairman, is viewed as one of the most rational and effective systems for allocating limited Federal dollars.

Our center in Alabama received its review a year ago. This review recommended with enthusiasm the renewal of the grant. Also recognized were exemplary interdisciplinary coordination and superb organizational capabilities and facilities. New programs of cancer research were recommended and have been developed at our center. The first centers funded last year received 95 percent of their recommended levels, but when it came to UAB and six other centers, NCI set their approved funding levels at a much lower percentage. As a result, we understand that wide variations exist presently in funding levels among the cancer centers funded in fiscal year 1985.

Last year our colleagues in the other body attempted to address this problem by expressing a desire "that these cancer core grants be funded at full peer review levels." Unfortunately the administration ignored the committee's directive. This year we understand that the other body will once again address this problem in even stronger terms. We ask, Mr. Chairman, that in your conference on this bill, you closely consider the Senate language with a view toward seeing that all centers are treated fairly and equitably, and that the integrity of the peer review process be maintained.

Mr. FORD of Tennessee. Mr. Chairman, I rise today in support of the provisions within H.R. 3424 that appropriate the necessary moneys to administer programs under the Job Training Partnership Act [JTPA], including the Job Corps Program.

There are a vast number of disadvantaged and dislocated workers in our country today. However, it is well documented that a disproportionate number of disadvantaged and dislocated workers are not sufficiently benefiting from the Federal job training programs designed to serve them.

The reasons range from problems in the structure of the JTPA itself, to deficiencies in local implementation that demonstrate both a lack of understanding of the special needs of disadvantaged and dislocated persons and, in some instances outright discrimination.

Until these persons needs are met more effectively, the stated goals of the JTPA to reduce welfare rolls and unemployment will never be reached.

Mr. Chairman, the programs are simply not serving the persons they were designed to serve. There appears to be a total lack of understanding on the part of the Department of Labor officials, private industry councils, and others concerned with the implementation of the JTPA.

Some of these problems arise when those responsible for the implementation of the programs, attempt to treat all workers in a similar manner, although their basic needs are entirely different.

The JTPA is clearly taking the wrong direction when it concentrates on such things as short-term exposure to job search techniques and résumé writing. This is not the correct approach for welfare mothers, battered women, the disadvantaged, and most dislocated workers.

People who have work skills do not have the same needs as those who are burdened by serious disadvantages, multiple deterrents and no work history. JTPA does not seem to allow for these differences. It prefers the quick-fix approach that yields low-paying, exploitative work, with negligible opportunities for upward mobility.

TPA programs tend to be structured to deal with the trainee who is motivated, has skills, is practically job ready and needs little support services or remedial assistance. Program administrators can relate to this trainee profile, but have little sensitivity to the larger pool of economically disadvantaged for whom the legislation was supposedly enacted.

Mr. Chairman, as chairman of the Subcommittee on Public Assistance and Unemployment Compensation, I am confronted with statistics that show the poverty levels in this country swelling on a daily basis.

The statistics indicate that two out of very three persons below the poverty level are women, and half the families below the poverty level are headed by single women.

However, even with the disproportionate number of women in poverty, and in low-paying jobs, JTPA data indicates the job training programs, designed to serve this group, have been neither equitable nor effective.

Mr. Chairman, these facts I have presented are truely troublesome, not only to the persons in need of these programs, but to society as a whole. Chronic joblessness and poverty mean heavier economic burdens for us all.

Therefore I ask my colleagues to support the funding of these programs. However, we must hold accountable those responsible for the implementation of these programs.

We must make certain these programs are consistently monitored and that training assistance is provided for those workers who are most in need.

We must see that these needs are met and that persons who want to work can work and become self-sufficient. It will be less costly to society in the long run to make the types of long-term training investments most likely to produce positive results.

Mr. HOYER. Mr. Chairman, the health consequences of the medical disorders and health-related behaviors in the Alcohol, Drug Abuse, and Mental Health Administration [ADAMHA] domain are immense. This legislation also provides over $900 million for the ADAMHA, an increase of $36 million over the President's budget request. Mental disorders and addictive states cause personal, economic, and social upheaval and conservative estimates suggest that mental disorders and addictions directly afflict 30 to 45 million people and cost $185 billion annually. In direct health-care expenditures the annual cost is $20 billion and the indirect costs to society—(including lost productivity, social services, and crime control)—are estimated at $165 billion. The committee has provided $329 million to initiate high priority research into some very promising areas of investigation in mental illness, alcoholism, and drug abuse.

As my colleagues know, the Nation has made remarkable progress in understanding, preventing and treating mental illness and addictive disorders and highly promising directions for future advances are on the horizon. I personally am confident that the research community is ready for substantial progress and that the funds we have provided in this bill will yield valuable dividends. The prestigious institute of Medicine of the National Academy of Sciences released a landmark report on the status of ADAMHA-supported research and concluded that a doubling of the Federal investment in this area over the next 5 years is necessary based on the magnitude of the mission. Many public witnesses testified in support of the IOM recommendations during our hearings on this bill including, for example, the American Psychiatric Association, a medical specialty society who has taken a leadership role in advocating for responsible and well justified increased Federal support for ADAMHA research, training and service programs. While fiscal pressures prevented us from recommending greater budgetary support this year, I am confident that in subsequent years we can begin the necessary program growth. Research support is cost effective; a failure to invest in research today can cost much more in the future.

Mr. FORD of Tennessee. Mr. Chairman, I rise today to voice my support for continued Federal student aid programs, especially the Pell grants. These financial aid programs gives millions of low- and middle-income students the opportunity of a college education that they might not otherwise have.

This appropriation bill does not reduce the financial aid budget by the $1.34 billion as the administration would like. It does, however, fund the student aid programs at the fiscal year 1985 level of $4.9 billion. The young men and women of this country need this continued support.

President Reagan has implored our youth "to hitch your wagon to a shooting star." Well, Mr. President, a college education and the opportunities that it brings is a falling star for the many young people who cannot afford the cost of a degree these days.

By the Federal Government providing a small subsidy to enable someone to go to college, the taxpayer will be reaping a double dividend. Over a 40-year working lifetime, a college gradutate will contribute an extra $86,000 in tax revenue to the Federal Government.

The investment in an educated, technically competent society is essential if the United States is to compete, much less lead, a world into the 21st century.

I urge my collegues on both sides of the isle to support the appropriations on financial assistance. We owe it to ourselves as well as our children to continue financial support to deserving students across the land.

Mr. TRAFICANT. Mr. Chairman, as we consider H.R. 3424, the Labor-HHS-Education appropriations, I would like to express my deep concern over previous HHS funding of the Head Injury Clinical Research Center at the University of Pennsylvania. Given the gross abuses and inhumane practices that occurred at that facility in recent years, I was gratified to learn that HHS had terminated funding of this clinic and that the clinic has been closed down.

I rise today to reassert to my colleagues that this clinic must remain closed and that HHS should not—under any circumstances—renew funding for this clinic. I want to stress the point that I am not against animal research, but I am adamantly opposed to animal cruelty and inhumanity. I believe that the limited funds that HHS has to work with for medical research should be funneled into research efforts that are productive and conducted under humane conditions. An examination of the practices at the Head Injury Clinical Research [HICRC] at the University of Pennsylvania reveals a abhorrent record of animal abuse and mistreatment.

In September 1985, the Department of Agriculture found the University of Pennsylvania guilty of violating regulations of the Animal Welfare Act. Those violations occurred through experiments conducted at the HICRC in which a test animal's head was encased in a hard plastic helment, its head positioned in a machine that delivered a piston blow, after which the helmet was chipped off with a hammer and screwdriver. Horrifyingly enough, these animals were forced to have their heads bashed in while unanesthetized. This type of inhumane treatment was in clear violation of the Animal Welfare Act, and, sadly, it was typical of the inhumane practices undertaken at the HICRC before it was closed down and funds were justifiably cut off.

New evidence reveals that as far back as 1982, experiments at the HICRC were halted by the dean of the school of medicine because of flagrant violations of National Institutes of Health [NIH] standards. Evidence has shown that between 1982 and 1985 flagrant violations of both the Animal Welfare Act and NIH continued at the HICRC. After 3 years of subjecting animals to cruel, inhumane, and irresponsible experiments, the clinic has finally been closed down and government funds have finally been cut off. Given their track record, I feel that both the shutdown and cutoff off of funds should remain in effect. I was pleased to join over 30 of my colleagues in an effort to ensure the cut off of HHS funds. I want to state again that I am not against animal research—only research that employs cruel and inhumane methods.

I want to applaud all of my colleagues who got involved in this effort and I want to commend their efforts to uphold the important standards and regulations set forth in the Animal Welfare Act.

Mr. FRENZEL. Mr. Chairman, I would like to applaud the Appropriations Committee for bringing forth a bill that appears to conform to the budget resolution, and even to freeze funding at last year's level. There will be some slippage when we add funds for programs awaiting authorization and when we supplement this bill's insufficient funding for student financial aid. But even with these anticipated shortfalls added in, the bill falls within the subcommittee's budget target.

All too often we fail to meet our own budget requirements. In that regard, at least, this bill is satisfactory. That is the good news of this bill.

The bad news is that the bill fails to achieve any real savings from the previous year. The bill's totals are $3.5 billion below the fiscal year 1985 level, but that savings is in fact an illusion. Last year we made a one-time payment of $3.5 billion to the Social Security Trust Fund to compensate for the inclusion of pre-1957 military service credits. With that one-time expenditure subtracted from last year's total, what remains is a freeze. We will fail to hold that level when we experience the inevitable cost overruns from which we cannot seem to escape.

I am particularly nervous about the likely need for a supplemental to meet a possible future shortfall in funding for supplemental security income. The size of the supplemental will depend on legislative changes now being considered by the Committee on Ways and Means, but it seems likely that we will need to add a considerable expense. That pretty much destroys the illusion of fiscal responsibility in this bill.

The bottom line as presented by the committee is vastly improved over past performances, and for that I am grateful. But the true bottom line will once again indicate a missed opportunity to cut spending and attack the deficit. For that reason I shall vote against this bill.

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Mr. CONTE. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time has expired.

The Clerk will read.

The Clerk read as follows:

H.R. 3424

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1986, and for other purposes, namely:

Mr. NATCHER (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The text of the remainder of the bill, beginning with title I, is as follows:

TITLE I—DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

PROGRAM ADMINISTRATION

For expenses of administering employment and training programs, $68,355,000, together with not to exceed $42,243,000 which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.

TRAINING AND EMPLOYMENT SERVICES

For expenses necessary to carry into effect the Job Training Partnership Act, including the purchase and hire of passenger motor vehicles, the construction, alteration, and repair of buildings and other facilities, and the purchase of real property for training centers as authorized by the Job Training Partnership Act, $3,521,045,000 plus reimbursements, to be available for obligation for the period July 1, 1986, through June 30, 1987, including $2,000,000 for the National Commission for Employment Policy, including $3,000,000 for all activities conducted by and through the National Occupational Information Coordinating Committee under the Job Training Partnership Act, and including $10,000,000 for service delivery areas under section 101(a)(4)(A)(iii) of the Job Training Partnership Act in addition to amounts otherwise provided under sections 202 and 251(b) of the Act: *Provided*, That no funds from any other appropriation shall be used to provide meal services at or for Job Corps centers: *Provided further*, That of the funds made available for obligation for the Summer Youth Employment and Training Program for the program years 1985 and 1986 the Secretary of Labor may reserve an amount, which, when combined with excess unexpended funds, shall not exceed fifteen percent of the total provided for the program, and allot such funds to the States so that each service delivery area receives, as nearly as possible, an amount equal to its prior year allocation for this program. For the purposes of this provision, "excess unexpended funds" shall mean for program year 1985, any amount unexpended as of September 30, 1985, in excess of 10 percent of the prior year State allotment, and for program year 1986, any amount unexpended as of September 30, 1986, in excess of 10 percent of the prior year State allotment. Reallocations of excess unexpended funds pursuant to this provision shall be accomplished by reducing, by an amount equivalent to the amount of excess unexpended funds, allotments made to the States.

For the summer youth employment and training program authorized by the Job Training Partnership Act, $100,000,000, in addition to amounts otherwise provided herein for these purposes, to be available for obligation for the period July 1, 1985, through June 30, 1986.

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

To carry out the activities for national grants or contracts with public agencies and public or private nonprofit organizations under paragraph (1)(A) of section 506(a) of title V of the Older Americans Act of 1965, as amended, $254,280,000.

To carry out the activities for grants to States under paragraph (3) of section 506(a) of title V of the Older Americans Act of 1965, as amended, $71,720,000.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

For payments during the current fiscal year of benefits and payments as authorized by title II of Public Law 95-250, as amended, and of trade adjustment benefit payments and allowances, as provided by law (part I, subchapter B, chapter 2, title II of the Trade Act of 1974, as amended) $10,000,000, together with such amounts as may be necessary to be charged to the subsequent appropriation for payments for any period subsequent to September 15 of the current year: *Provided*, That amounts received or recovered pursuant to section 208(e) of Public Law 95-250 shall be available for payments.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

For activities authorized by the Act of June 6, 1933, as amended (29 U.S.C. 49-491-1; 39 U.S.C. 3202(a)(1)(E)); title III of the Social Security Act, as amended (42 U.S.C. 502-504); necessary administrative expenses for carrying out 5 U.S.C. 8501-8523, and sections 231-235 and 243-244, title II of the Trade Act of 1974, as amended; and as authorized by section 7c of the Act of June 6, 1933, as amended, necessary administrative expenses under sections 101(a)(15)(H)(ii) and 212(a)(14) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101 et seq.), and section 51 of the Internal Revenue Code of 1954, as amended (26 U.S.C. 51), notwithstanding section 261(f)(2)(A) of the Economic Recovery Tax Act of 1981, as amended, $23,600,000, together with not to exceed $2,459,940,000 which may be expended from the Employment Security Administration account in the Unemployment Trust Fund, and of which $22,700,000 together with not to exceed $778,000,000 of the amount which may be expended from said trust fund shall be available for obligation for the period July 1, 1986, through June 30, 1987, to fund activities under section 6 of the Act of June 6, 1933, as amended, including the cost of penalty mail made available to States in lieu of allotments for such purpose, and of which $278,732,000 shall be available only to the extent necessary to administer unemployment compensation laws to meet increased costs of administration resulting from changes in a State law or increases in the number of unemployment insurance claims filed and claims paid or increased salary costs resulting from changes in State salary compensation plans embracing employees of the State generally over those upon which the State's basic allocation was based, which cannot be provided for by normal budgetary adjustments.

ADVANCES TO THE UNEMPLOYMENT TRUST FUND AND OTHER FUNDS

For repayable advances to the Unemployment Trust Fund as authorized by sections 905(d) and 1203 of the Social Security Act, as amended, and to the Black Lung Disability Trust Fund as authorized by section 9501(c)(1) of the Internal Revenue Code of 1954, as amended, and for nonrepayable advances to the Unemployment Trust Fund as authorized by section 8509 of title 5, United States Code, and to the "Federal unemployment benefits and allowances" account, to remain available until September 30, 1987, $465,000,000.

LABOR-MANAGEMENT SERVICES

SALARIES AND EXPENSES

For necessary expenses for Labor-Management Services, $57,505,000.

PENSION BENEFIT GUARANTY CORPORATION

PENSION BENEFIT GUARANTY CORPORATION FUND

The Pension Benefit Guaranty Corporation is authorized to make such expenditures, including financial assistance authorized by section 104 of Public Law 96-364, within limits of funds and borrowing authority available to such Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended (31 U.S.C. 9104), as may be necessary in carrying out the program through September 30, 1986, for such Corporation: *Provided*, That not to exceed $33,040,000 shall be available for administrative expenses of the Corporation.

EMPLOYMENT STANDARDS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Employment Standards Administration, including reimbursement to State, Federal, and local agencies and their employees for inspection services rendered, $191,118,000, together with $406,000, which may be expended from the Special Fund in accordance with sections 39(c) and 44(j) of the Longshoremen's and Harbor Workers' Compensation Act.

SPECIAL BENEFITS

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation, benefits, and expenses (except administrative expenses) accruing during the current or any prior fiscal year authorized by title V, chapter 81 of the United States Code; continuation of benefits as provided for under the head "Civilian War Benefits" in the Federal Security Agency Appropriation Act, 1947; the Employees' Compensation Commission Appropriation Act, 1944; and sections 4(c) and 5(f) of the War Claims Act of 1948 (50 U.S.C. App. 2012); and 50 per centum of the additional compensation and benefits required by section 10(h) of the Longshoremen's and Harbor Workers' Compensation Act, as amended, $259,500,000, together with such amounts as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to September 15 of the current year: *Provided*, That in addition there shall be transferred from the Postal Service fund to this appropriation such sums as the Secretary of Labor determines to be the cost of administration for Postal Service employees through September 30, 1986.

BLACK LUNG DISABILITY TRUST FUND

For payments from the Black Lung Disability Trust Fund, $984,022,000, of which $942,868,000 shall be available until September 30, 1987, for payment of all benefits and interest on advances under subsection (c)(2) of section 9501 of the Internal Revenue Code of 1954, as amended, as authorized by section 9501(d) (1), (2), (4), and (7) of that Act and of which $25,481,000 shall be available for transfer to Employment Standards Administration, Salaries and Expenses, and $15,297,000 for transfer to Departmental Management, Salaries and Expenses, and $376,000 for transfer to Departmental Management, Office of Inspector General, for expenses of operation and administration of the Black Lung Benefits program as authorized by section 9501(d)(5)(A) of that Act: *Provided*, That in addition, such amounts as may be necessary may be charged to the subsequent year appropriation for the payment of compensation, other benefits, or interest on advances for any period subsequent to June 15 of the current year: *Provided further,* That in addition, such amounts shall be paid from this fund into miscellaneous receipts as the Secretary of the Treasury determines to be the administrative expenses of the Department of the Treasury for administering the fund during the current fiscal year, as authorized by section 9501(d)(5)(B) of that Act.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Occupational Safety and Health Administration, $218,045,000, including not to exceed $53,021,000, which shall be the maximum amount available for grants to States under section 23(g) of the Occupational Safety and Health Act, which grants shall be no less than fifty percent of the costs of State occupational safety and health programs required to be incurred under plans approved by the Secretary under section 18 of the Occupational Safety and Health Act of 1970: *Provided,* That none of the funds appropriated under this paragraph shall be obligated or expended for the assessment of civil penalties issued for first instance violations of any standard, rule, or regulation promulgated under the Occupational Safety and Health Act of 1970 (other than serious, willful, or repeated violations under section 17 of the Act) resulting from the inspection of any establishment or workplace subject to the Act, unless such establishment or workplace is cited, on the basis of such inspection, for ten or more violations: *Provided further,* That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 which is applicable to any person who is engaged in a farming operation which does not maintain a temporary labor camp and employs ten or fewer employees: *Provided further,* That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, order or administrative action under the Occupational Safety and Health Act of 1970 affecting any work activity by reason of recreational hunting, shooting, or fishing: *Provided further,* That no funds appropriated under this paragraph shall be obligated or expended to administer or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 with respect to any employer of ten or fewer employees who is included within a category having an occupational injury lost work day case rate, at the most precise Standard Industrial Classification Code for which such data are published, less than the national average rate as such rates are most recently published by the Secretary, acting through the Bureau of Labor Statistics, in accordance with section 24 of that Act (29 U.S.C. 673), except—

(1) to provide, as authorized by such Act, consultation, technical assistance, educational and training services, and to conduct surveys and studies;

(2) to conduct an inspection or investigation in response to an employee complaint, to issue a citation for violations found during such inspection, and to assess a penalty for violations which are not corrected within a reasonable abatement period and for any willful violations found;

(3) to take any action authorized by such Act with respect to imminent dangers;

(4) to take any action authorized by such Act with respect to health hazards;

(5) to take any action authorized by such Act with respect to a report of an employment accident which is fatal to one or more employees or which results in hospitalization of five or more employees, and to take any action pursuant to such investigation authorized by such Act; and

(6) to take any action authorized by such Act with respect to complaints of discrimination against employees for exercising rights under such Act:

Provided further, That the foregoing proviso shall not apply to any person who is engaged in a farming operation which does not maintain a temporary labor camp and employs ten or fewer employees: *Provided further,* That none of the funds appropriated under this paragraph shall be obligated or expended for the proposal or assessment of any civil penalties for the violation or alleged violation by an employer of ten or fewer employees of any standard, rule, regulation, or order promulgated under the Occupational Safety and Health Act of 1970 (other than serious, willful or repeated violations and violations which pose imminent danger under section 13 of the Act) if, prior to the inspection which gives rise to the alleged violation, the employer cited has (1) voluntarily requested consultation under a program operated pursuant to section 7(c)(1) or section 18 of the Occupational Safety and Health Act of 1970 or from a private consultative source approved by the Administration and (2) had the consultant examine the condition cited and (3) made or is in the process of making a reasonable good faith effort to eliminate the hazard created by the condition cited as such, which was identified by the aforementioned consultant, unless changing circumstances or workplace conditions render inapplicable the advice obtained from such consultants: *Provided further,* That none of the funds appropriated under this paragraph may be obligated or expended for any State plan monitoring visit by the Secretary of Labor under section 18 of the Occupational Safety and Health Act of 1970, of any factory, plant, establishment, construction site, or other area, workplace or environment where such a workplace or environment has been inspected by an employee of a State acting pursuant to section 18 of such Act within the six months preceding such inspection: *Provided further,* That this limitation does not prohibit the Secretary of Labor from conducting such monitoring visit at the time and place of an inspection by an employee of a State acting pursuant to section 18 of such Act, or in order to investigate a complaint about State program administration including a failure to respond to a worker complaint regarding a violation of such Act, or in order to investigate a discrimination complaint under section 11(c) of such Act, or as part of a special study monitoring program, or to investigate a fatality or catastrophe: *Provided further,* That none of the funds appropriated under this paragraph may be obligated or expended for the inspection, investigation, or enforcement of any activity occurring on the Outer Continental Shelf which exceeds the authority granted to the Occupational Safety and Health Administration by any provision of the Outer Continental Shelf Lands Act, or the Outer Continental Shelf Lands Act Amendments of 1978.

MINE SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Mine Safety and Health Administration, $150,215,000, including purchase and bestowal of certificates and trophies in connection with mine rescue and first-aid work, and the purchase of not to exceed fifty-two passenger motor vehicles for replacement only; the Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to prosecute projects in cooperation with other agencies, Federal, State, or private; the Mine Safety and Health Administration is authorized to promote health and safety education and training in the mining community through cooperative programs with States, industry, and safety associations; and any funds available to the Department may be used, with the approval of the Secretary, to provide for the costs of mine rescue and survival operations in the event of major disaster: *Provided,* That none of the funds appropriated under this paragraph shall be obligated or expended to carry out section 115 of the Federal Mine Safety and Health Act of 1977 or to carry out that portion of section 104(g)(1) of such Act relating to the enforcement of any training requirements, with respect to shell dredging, or with respect to any sand, gravel, surface stone, surface clay, colloidal phosphate, or surface limestone mine.

BUREAU OF LABOR STATISTICS

SALARIES AND EXPENSES

For necessary expenses for the Bureau of Labor Statistics, including advances or reimbursements to State, Federal, and local agencies and their employees for services rendered, $158,616,000, of which $13,258,000 shall be for expenses of revising the Consumer Price Index, together with not to exceed $36,309,000, which may be expended from the Employment Security Administration account in the Unemployment Trust Fund: *Provided,* That $5,848,000 shall remain available until September 30, 1987.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

For necessary expenses for Departmental Management, including $2,136,000 for the President's Committee on Employment of the Handicapped, $99,037,000, together with not to exceed $252,000 which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.

ASSISTANT SECRETARY FOR VETERANS EMPLOYMENT AND TRAINING

Not to exceed $124,485,000 may be derived from the Employment Security Administration account in the Unemployment Trust Fund to carry out the provisions of 38 U.S.C. 2001–08 and 2021–26.

OFFICE OF THE INSPECTOR GENERAL

For salaries and expenses of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, $39,323,000, together with not to exceed $4,300,000 which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.

SPECIAL FOREIGN CURRENCY PROGRAM

For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for necessary expenses of the Department of Labor, as authorized by law,

$47,000, to remain available until expended. This appropriation shall be available in addition to other appropriations to such agency for payments in foreign currencies.

General Provisions

Sec. 101. Appropriations in this Act available for salaries and expenses shall be available for supplies, services, and rental of conference space within the District of Columbia, as the Secretary of Labor shall deem necessary for settlement of labor-management disputes.

Sec. 102. None of the funds appropriated under this Act shall be used to grant variances, interim orders or letters of clarification to employers which will allow exposure of workers to chemicals or other workplace hazards in excess of existing Occupational Safety and Health Administration standards for the purpose of conducting experiments on workers' health or safety.

This title may be cited as the "Department of Labor Appropriation Act, 1986".

TITLE II—DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

HEALTH RESOURCES AND SERVICES

For carrying out titles III, VII, VIII, and XXI of the Public Health Service Act, and section 427(a) of the Federal Coal Mine Health and Safety Act, and title V of the Social Security Act, $564,853,000, of which $2,500,000 shall be available only for payments to the State of Hawaii for care and treatment of persons afflicted with Hansen's disease; of which $750,000 to be available until expended, shall be used to renovate the National Hansen's Disease Center; and of which $1,200,000 shall remain available until expended for interest subsidies on loan guarantees made prior to fiscal year 1981 under part B of title VII of the Public Health Service Act: *Provided*, That this appropriation shall be available for payment of the costs of medical care, related expenses, and burial expenses hereafter incurred by or on behalf of any person who has participated in the study of untreated syphilis initiated in Tuskegee, Alabama, in 1932, in such amounts and subject to such terms and conditions as prescribed by the Secretary of Health and Human Services and for payment, in such amounts and subject to such terms and conditions, of such costs and expenses hereafter incurred by or on behalf of such person's wife or offspring determined by the Secretary to have suffered injury or disease from syphilis contracted from such person: *Provided further*, That when the Department of Health and Human Services administers or operates an employee health program for any Federal department or agency, payment for the full estimated cost shall be made by way of reimbursement or in advance to this appropriation: *Provided further*, That none of the funds made available by this Act shall be used to provide special retention pay (bonuses) under paragraph (4) of 37 U.S.C. 302(a) to any regular or reserve officer of the Public Health Service for any period during which the officer is providing obligated service under section 338B (or under former sections 225(e) or 752) of the Public Health Service Act except that this proviso shall not apply to any period of service covered by an agreement entered into by an officer under 37 U.S.C. 302(c)(1) before the date of enactment of Public Law 97-377: *Provided further*, That in addition to the amounts provided herein, $15,750,000 shall be available to the Health Resources and Services Administration from reimbursements from other Federal Agencies and Departments for the operation of employee occupational health programs under 5 U.S.C. 7901.

MEDICAL FACILITIES GUARANTEE AND LOAN FUND

FEDERAL INTEREST SUBSIDIES FOR MEDICAL FACILITIES

For carrying out subsections (d) and (e) of section 1602 of the Public Health Service Act, $25,000,000 together with any amounts received by the Secretary in connection with loans and loan guarantees under the Public Health Service Act, to be available without fiscal year limitation for the payment of interest subsidies. During the fiscal year no commitments for direct loans, or loan guarantees shall be made.

HEALTH MAINTENANCE ORGANIZATION LOAN AND LOAN GUARANTEE FUND

Any amounts received by the Secretary in connection with loans and loan guarantees under title XIII of the Public Health Service Act, and not to exceed $700,000, may be disbursed with respect to any liability or contingent liability incurred prior to 1985.

Centers for Disease Control

DISEASE CONTROL

(INCLUDING TRANSFER OF FUNDS)

To carry out titles III and XIX and section 1102 of the Public Health Service Act, sections 101, 102, 103, 201, 202, and 203 of the Federal Mine Safety and Health Act of 1977, and sections 20, 21, and 22 of the Occupational Safety and Health Act of 1970; including insurance of official motor vehicles in foreign countries; and hire, maintenance, and operation of aircraft, $441,194,000, of which $3,797,000 shall remain available until expended for equipment and construction and renovation of facilities: *Provided*, That training of employees of private agencies shall be made subject to reimbursement or advances to this appropriation for the full cost of such training: *Provided further*, That not to exceed $1,266,000 in collections from user fees, including collections from training and reimbursements and advances for the full cost of proficiency testing of private clinical laboratories, may be credited to this appropriation: *Provided further*, That $10,000,000 shall be derived from unobligated balances provided under Public Law 94-266 for national influenza immunization.

National Institutes of Health

NATIONAL CANCER INSTITUTE

For carrying out section 301 of the Public Health Service Act with respect to cancer, $1,221,590,000.

NATIONAL HEART, LUNG, AND BLOOD INSTITUTE

For carrying out section 301 and section 1105 of the Public Health Service Act with respect to cardiovascular, lung, and blood diseases, and blood and blood products, $812,882,000.

NATIONAL INSTITUTE OF DENTAL RESEARCH

For carrying out section 301 of the Public Health Service Act with respect to dental diseases, $97,691,000.

NATIONAL INSTITUTE OF ARTHRITIS, DIABETES, AND DIGESTIVE AND KIDNEY DISEASES

For carrying out section 301 of the Public Health Service Act with respect to arthritis, diabetes, and digestive and kidney diseases, $541,298,000.

NATIONAL INSTITUTE OF NEUROLOGICAL AND COMMUNICATIVE DISORDERS AND STROKE

For carrying out section 301 of the Public Health Service Act with respect to neurological and communicative disorders and stroke, $418,590,000.

NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

For carrying out section 301 of the Public Health Service Act with respect to allergy and infectious diseases, $371,941,000.

NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES

For carrying out section 301 of the Public Health Service Act with respect to general medical sciences, $455,593,000.

NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

For carrying out section 301 of the Public Health Service Act with respect to child health and human development, $306,812,000.

NATIONAL EYE INSTITUTE

For carrying out section 301 and part F of title IV of the Public Health Service Act with respect to eye diseases and visual disorders, $188,988,000.

NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES

For carrying out sections 301 and 311 of the Public Health Service Act with respect to environmental health sciences, $188,319,000.

NATIONAL INSTITUTE ON AGING

For carrying out section 301 of the Public Health Service Act with respect to aging, $149,067,000.

RESEARCH RESOURCES

For carrying out section 301 of the Public Health Service Act with respect to research resources and general research support grants, $304,579,000: *Provided*, That none of these funds, with the exception of funds for the Minority Biomedical Research Support program, shall be used to pay recipients of the general research support grants program any amount for indirect expenses in connection with such grants.

JOHN E. FOGARTY INTERNATIONAL CENTER

For carrying out the activities at the John E. Fogarty International Center, $11,529,000, of which $1,999,000 shall be available for payment to the Gorgas Memorial Institute for maintenance and operation of the Gorgas Memorial Laboratory.

NATIONAL LIBRARY OF MEDICINE

For carrying out section 301 with respect to health information communications and part I of title III of the Public Health Service Act, $46,972,000.

OFFICE OF THE DIRECTOR

For carrying out the responsibilities of the Office of the Director, National Institutes of Health, $117,085,000, including purchase of not to exceed ten passenger motor vehicles for replacement only.

BUILDINGS AND FACILITIES

For construction of, and acquisition of sites and equipment for, facilities of or used by the National Institutes of Health, $14,900,000, to remain available until expended.

Alcohol, Drug Abuse, and Mental Health Administration

ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH

For carrying out the Public Health Service Act with respect to mental health, drug abuse, alcohol abuse, and alcoholism, $903,637,000 of which $100,000 for design, modernization, and improvement of government owned or leased intramural research facilities shall remain available until expended.

FEDERAL SUBSIDY FOR SAINT ELIZABETHS HOSPITAL

For a portion of the cost of the maintenance and operation of Saint Elizabeths Hospital in the District of Columbia $43,696,000: *Provided*, That in fiscal year 1986 and thereafter the maximum amount available to Saint Elizabeths Hospital from Federal sources shall not exceed the total of the following amounts: the appropriations made under this heading, amounts billed to Federal agencies and entities by the Secretary of Health and Human Services for services provided at Saint Elizabeths Hospital, and amounts authorized by titles XVIII and XIX of the Social Security Act: *Provided further*, That this amount shall not include Federal funds appropriated to the District of Columbia under "Federal Payment to the District of Columbia" and payments made pursuant to section 9(c) of Public Law 98-621: *Provided further*, That the Secretary of Health and Human Services may set rates which in the aggregate do not exceed the estimated total cost of inpatient and outpatient services provided through Saint Elizabeths Hospital as authorized by title 16, sections 2315 and 2320, title 21, sections 511, 513, 522, 545, 902, and 1116, and title 24, sections 301 and 302 of the District of Columbia Code, and may bill and collect from (prospectively or otherwise) individuals, the District of Columbia and other entities for any services so provided: *Provided further*, That the Secretary of Health and Human Services may set rates which in the aggregate do not exceed the estimated total cost of inpatient and outpatient services provided through Saint Elizabeths Hospital as authorized by title 24, sections 191, 196, 211, 212, 222, 253, and 324, title 31, section 1535, and title 42, sections 249 and 251 of the United States Code, and may bill and collect (prospectively or otherwise) from individuals, and Federal agencies, and other entities for any services so provided. Amounts so collected shall be credited to the appropriation for Saint Elizabeths Hospital and shall remain available until expended.

OFFICE OF ASSISTANT SECRETARY FOR HEALTH

PUBLIC HEALTH SERVICE MANAGEMENT

For the expenses necessary for the Office of Assistant Secretary for Health and for carrying out title III of the Public Health Service Act, $87,621,000, together with not to exceed $1,050,000 to be transferred and expended as authorized by section 201(g) of the Social Security Act, from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds referred to therein and, in addition, amounts collected by the National Center for Health Statistics from the sale of data tapes shall be credited to this appropriation and shall remain available until expended.

RETIREMENT PAY AND MEDICAL BENEFITS FOR COMMISSIONED OFFICERS

For retirement pay and medical benefits of Public Health Service Commissioned Officers as authorized by law, and for payments under the Retired Serviceman's Family Protection Plan and Survivor Benefit Plan and for medical care of dependents and retired personnel under the Dependents' Medical Care Act (10 U.S.C., ch. 55), such amounts as may be required during the current fiscal year.

HEALTH CARE FINANCING ADMINISTRATION

GRANTS TO STATES FOR MEDICAID

For carrying out, except as otherwise provided, title XIX of the Social Security Act, $17,710,469,000, to remain available until expended.

For making, after May 31, 1986, payments to States under title XIX of the Social Security Act, for the last quarter of fiscal year 1986 for unanticipated costs, incurred for the current fiscal year, such sums as may be necessary, the obligations and the expenditures to be charged to the subsequent appropriations for the current or succeeding fiscal year.

Payment under title XIX may be made for any quarter beginning after June 30, 1985, and before October 1, 1986, with respect to any State plan or plan amendment in effect during any such quarter, if submitted in, or prior to such quarter and approved in that or any such subsequent quarter.

For making payments to States under title XIX of the Social Security Act for the first quarter of fiscal year 1987, $6,500,000,000, to remain available until expended.

PAYMENTS TO HEALTH CARE TRUST FUNDS

For payment to the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds, as provided under sections 217(g), 229(b) and 1844 of the Social Security Act, sections 103(c) and 111(d) of the Social Security Amendments of 1965, and section 278(d) of Public Law 97-248, $19,659,000,000.

PROGRAM MANAGEMENT

For carrying out, except as otherwise provided, titles XI, XVIII, and XIX of the Social Security Act, $88,185,000, together with not to exceed $1,168,108,000 to be transferred to this appropriation as authorized by section 201(g) of the Social Security Act, from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds referred to therein: *Provided*, That in addition, $15,000,000 shall similarly be derived by transfer from said trust funds and shall be expended only to the extent necessary to process workloads not anticipated in the budget estimates and to meet unanticipated costs of agencies or organizations with which agreements have been made to participate in the administration of title XVIII and after maximum absorption of such costs within the remainder of the existing limitation has been achieved.

SOCIAL SECURITY ADMINISTRATION

PAYMENTS TO SOCIAL SECURITY TRUST FUNDS

For payment to the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance Trust Funds, as provided under sections 201(m), 217(g), 228(g), 229(b), and 1131(b)(2) of the Social Security Act and section 152 of Public Law 98-21, $497,008,000.

SPECIAL BENEFITS FOR DISABLED COAL MINERS

For carrying out title IV of the Federal Mine Safety and Health Act of 1977, including the payment of travel expenses on an actual cost or commuted basis, to an individual, for travel incident to medical examinations, and to parties, their representatives, and all reasonably necessary witnesses for travel within the United States, Puerto Rico, and the Virgin Islands, to reconsideration interviews and to proceedings before administrative law judges, $727,908,000. For making, after July 31, of the current fiscal year, benefit payments to individuals under title IV of the Federal Mine Safety and Health Act of 1977, for costs incurred in the current fiscal year, such amounts as may be necessary, the obligations and expenditures to be charged to the subsequent appropriations for the current or succeeding fiscal year.

For making benefit payments under title IV of the Federal Mine Safety and Health Act of 1977 for the first quarter of fiscal year 1987, $270,000,000, to remain available until expended.

SUPPLEMENTAL SECURITY INCOME PROGRAM

For carrying out the Supplemental Security Income Program, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the social security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, $7,712,089,000, to remain available until expended: *Provided*, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury. For making, after July 31 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary, the obligations and expenditures therefor to be charged to the subsequent appropriations for the current or succeeding fiscal year.

For carrying out the Supplemental Security Income Program for the first quarter of fiscal year 1987, $2,339,250,000, to remain available until expended.

ASSISTANCE PAYMENTS PROGRAM

For carrying out, except as otherwise provided, titles I, IV-A and -D, X, XI, XIV, and XVI of the Social Security Act and the Act of July 5, 1960 (24 U.S.C., ch. 9), $6,679,578,000, to remain available until expended.

For making, after May 31 of the current fiscal year, payments to States under titles I, IV-A and -D, X, XIV, and XVI of the Social Security Act, for the last three months of the current fiscal year, for unanticipated costs, incurred for the current fiscal year, such sums as may be necessary, the obligations and expenditures to be charged to the subsequent appropriations for the current or succeeding fiscal year.

For making payments to States under titles I, IV-A and -D, X, XIV, and XVI of the Social Security Act for the first quarter of fiscal year 1987, $2,193,754,000, to remain available until expended.

CHILD SUPPORT ENFORCEMENT

For carrying out, except as otherwise provided, titles IV-D and XI of the Social Security Act, $432,601,000, to remain available until expended.

For making, after May 31 of the current fiscal year, payments to States under title IV-D of the Social Security Act, for the last three months of the current fiscal year, for unanticipated costs, incurred for the current fiscal year, such sums as may be necessary, the obligations and the expenditures to be charged to the subsequent appropriations for the current or succeeding fiscal year.

For making payments to States under title IV-D of the Social Security Act for the first quarter of fiscal year 1987, $170,750,000, to remain available until expended.

LOW INCOME HOME ENERGY ASSISTANCE

For carrying out title XXVI of the Omnibus Budget Reconciliation Act of 1981, $2,100,000,000.

LIMITATION ON ADMINISTRATIVE EXPENSES

For necessary expenses, not more than $4,022,486,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein: *Provided*, That travel expense payments under section 1631(h) of such Act may be made only when travel of more than seventy-five miles is required: *Provided further*, That $175,000,000 of the foregoing amount shall be apportioned for use only to the extent necessary to process workloads not anticipated in the budget estimates, for automation projects and their impact on the work force, and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of titles XVI and XVIII and section 221 of the Social Security Act, and after maximum absorption of such costs within the remainder of the existing limitation has been achieved: *Provided further*, That $182,939,000 for automatic data processing and telecommunications activities shall remain available until expended: *Provided further*, That none of the funds appropriated by this Act may be used for the manufacture, printing, or procuring of social security cards, as provided in section 205(c)(2)(D) of the Social Security Act, where paper and other materials used in the manufacture of such cards are produced, manufactured, or assembled outside of the United States.

Human Development Services

SOCIAL SERVICES BLOCK GRANT

For carrying out the Social Services Block Grant Act, $2,700,000,000.

HUMAN DEVELOPMENT SERVICES

For carrying out, except as otherwise provided, the Older Americans Act of 1965, the Runaway and Homeless Youth Act, the Native Americans Programs Act, the Developmental Disabilities Assistance and Bill of Rights Act, the Child Abuse Prevention and Treatment Act, and the Head Start Act, $2,003,722,000: *Provided*, That $76,349,000 shall be the maximum amount available for Indian and migrant Head Start programs for fiscal year 1986.

FAMILY SOCIAL SERVICES

For carrying out parts B and E of title IV and section 1110 of the Social Security Act, and title II of Public Law 95-266 (adoption opportunities), $745,019,000.

WORK INCENTIVES

For carrying out a work incentive program, as authorized by part C of title IV of the Social Security Act, including registration of individuals for such programs, and for related child care and other supportive services, as authorized by section 402(a)(19)(G) of the Act, including transfer to the Secretary of Labor, as authorized by section 431 of the Act, $250,000,000 which shall be the maximum amount available for transfer to the Secretary of Labor and to which the States may become entitled pursuant to section 403(d) of such Act, for these purposes.

Office of Community Services

COMMUNITY SERVICES BLOCK GRANT

For carrying out the Community Services Block Grant Act, $361,700,000, of which $18,350,000 shall be for carrying out section 681(a)(2)(A), $3,720,000 shall be for carrying out section 681(a)(2)(D), $2,800,000 shall be for carrying out section 681(a)(2)(E), and $6,130,000 shall be for carrying out section 681(a)(2)(F).

Departmental Management

GENERAL DEPARTMENTAL MANAGEMENT

For necessary expenses, not otherwise provided, for general departmental management, including hire of six medium sedans, $123,949,000 together with not to exceed $8,000,000 to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from any one or all of the trust funds referred to therein.

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, $42,219,000 together with not to exceed $30,000,000 to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from any one or all of the trust funds referred to therein.

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, $15,636,000 together with not to exceed $4,000,000 to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from any one or all of the trust funds referred to therein.

POLICY RESEARCH

For carrying out, to the extent not otherwise provided, research studies under section 1110 of the Social Security Act, $6,500,000.

General Provisions

SEC. 201. None of the funds appropriated by this title for grants-in-aid of State agencies to cover, in whole or in part, the cost of operation of said agencies, including the salaries and expenses of officers and employees of said agencies, shall be withheld from the said agencies of any State which have established by legislative enactment and have in operation a merit system and classification and compensation plan covering the selection, tenure in office, and compensation of their employees, because of any disapproval of their personnel or the manner of their selection by the agencies of the said States, or the rates of pay of said officers or employees.

SEC. 202. None of the funds provided herein shall be used to pay any recipient of a grant for the conduct of research an amount equal to as much as the entire cost of such research.

SEC. 203. Appropriations in this Act for the Health Resources and Services Administration, the National Institutes of Health, the Centers for Disease Control, the Alcohol, Drug Abuse, and Mental Health Administration, the Office of the Assistant Secretary for Health, the Health Care Financing Administration, and Departmental Management shall be available for expenses for active commissioned officers in the Public Health Service Reserve Corps and for not to exceed two thousand four hundred commissioned officers in the Regular Corps; expenses incident to the dissemination of health information in foreign countries through exhibits and other appropriate means; advances of funds for compensation, travel, and subsistence expenses (or per diem in lieu thereof) for persons coming from abroad to participate in health or scientific activities of the Department pursuant to law; expenses of primary and secondary schooling of dependents in foreign countries, of Public Health Service commissioned officers stationed in foreign countries, at costs for any given area not in excess of those of the Department of Defense for the same area, when it is determined by the Secretary that the schools available in the locality are unable to provide adequately for the education of such dependents, and for the transportation of such dependents, between such schools and their places of residence when the schools are not accessible to such dependents by regular means of transportation; expenses for medical care for civilian and commissioned employees of the Public Health Service and their dependents, assigned abroad on a permanent basis in accordance with such regulations as the Secretary may provide; rental or lease of living quarters (for periods not exceeding five years), and provision of heat, fuel, and light and maintenance, improvement, and repair of such quarters, and advance payments therefor, for civilian officers, and employees of the Public Health Service who are United States citizens and who have a permanent station in a foreign country; purchase, erection, and maintenance of temporary or portable structures; and for the payment of compensation to consultants or individual scientists appointed for limited periods of time pursuant to section 207(f) or section 207(g) of the Public Health Service Act, at rates established by the Assistant Secretary for Health, or the Secretary where such action is required by statute, not to exceed the per diem rate equivalent to the rate for GS-18; not to exceed $9,500 for official reception and representation expenses related to any health agency of the Department when specifically approved by the Assistant Secretary for Health.

SEC. 204. None of the funds contained in this Act shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term.

SEC. 205. Funds advanced to the National Institutes of Health Management Fund from appropriations in this Act shall be available for the expenses of sharing medical care facilities and resources pursuant to section 327A of the Public Health Service Act.

SEC. 206. Funds appropriated in this title for the Social Security Administration and the Office of Child Support Enforcement shall be available for not to exceed $5,000 for official reception and representation expenses related to income maintenance or child support enforcement activities of the Department when specifically approved by the Commissioner of Social Security.

SEC. 207. Funds appropriated in this title for the Health Care Financing Administration shall be available for not to exceed $2,000 for official reception and representation expenses when specifically approved by the Administrator of the Health Care Financing Administration.

SEC. 208. No funds appropriated for the fiscal year ending September 30, 1986, by this or any other Act, may be used to pay basic pay, special pays, basic allowance for subsistence and basic allowances for quarters of the commissioned corps of the Public Health Service described in section 204 of title 42, United States Code, at a level that exceeds 110 percent of the Executive Level I annual rate of basic pay: *Provided*, That amounts received from employees of the Department in payment for room and board may be credited to the appropriation accounts "Health Resources and Services", National Institutes of Health "Office of the Director", "Disease Control", and "Federal Subsidy for Saint Elizabeths Hospital".

SEC. 209. None of the funds appropriated in this title shall be used to transfer the general administration of programs authorized under the Native American Programs Act from the Department of Health and

Human Services to the Department of the Interior.

SEC. 210. Funds provided in this Act may be used for one-year contracts which are to be performed in two fiscal years, so long as the total amount for such contracts is obligated in the year for which the funds are appropriated.

This title may be cited as the "Department of Health and Human Services Appropriation Act, 1986".

TITLE III—DEPARTMENT OF EDUCATION

COMPENSATORY EDUCATION FOR THE DISADVANTAGED

For carrying out chapter 1 of the Education Consolidation and Improvement Act of 1981, as amended, $3,688,163,000, of which $5,246,000 shall be used for purposes of section 555(d) of said Act to provide technical assistance and evaluate programs, and the remaining $3,682,917,000 shall become available on July 1, 1986, and remain available until September 30, 1987: *Provided*, That of these remaining funds, no funds shall be used for purposes of section 554(a)(1)(B), $264,524,000 shall be available for purposes of section 554(a)(2)(A), $150,170,000 shall be available for purposes of section 554(a)(2)(B), $32,616,000 shall be available for purposes of section 554(a)(2)(C) and $35,607,000 shall be available for purposes of section 554(b)(1)(D).

For carrying out section 418A of the Higher Education Act, $7,500,000.

IMPACT AID

For carrying out title I of the Act of September 30, 1950, as amended (20 U.S.C. ch. 13), $675,000,000, of which $22,000,000 shall be for entitlements under section 2 of said Act, $10,000,000, which shall remain available until expended, shall be for payments under section 7 of said Act and $643,000,000 shall be for entitlements under section 3 of said Act of which $513,000,000 shall be for entitlements under section 3(a) of said Act: *Provided*, That payment with respect to entitlements under section 3(a) to any local educational agency described in section 3(d)(1)(A) of said Act shall be at 100 per centum of entitlement except that payment to such agency attributable to children who reside on property which is described in section 403(1)(C) of said Act shall be limited to 15 per centum of entitlement: *Provided further*, That payment with respect to entitlements under section 3(a) to any local educational agency not described in section 3(d)(1)(A) shall be ratably reduced from 100 per centum of entitlement except that payment to such agency attributable to children who reside on property which is described in section 403(1)(C) shall be ratably reduced from 15 per centum of entitlement: *Provided further*, That payment with respect to entitlements under section 3(b) of said Act to any local educational agency in which 20 per centum or more of the total average daily attendance is made up of children determined eligible under section 3(b) shall be at 60 per centum of entitlement and payment with respect to entitlements under section 3(b) of said Act to any local educational agency in which less than 20 per centum of the total average daily attendance is made up of children determined eligible under section 3(b) shall be ratably reduced from 100 per centum of entitlement: *Provided further*, That the provisions of section 5(c) of said Act shall not apply to funds provided herein: *Provided further*, That no payments shall be made under section 7 of said Act to any local educational agency whose need for assistance under that section fails to exceed the lesser of $10,000 or 5 per centum of the district's current operating expenditures during the fiscal year preceding the one in which the disaster occurred: *Provided further*, That in determining entitlements under section 3 of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), the local contribution rate for each local educational agency shall not be more than the local contribution rate for that agency for fiscal year 1985: *Provided further*, That in the case of a local educational agency that did not have a local contribution rate for fiscal year 1985, the Secretary shall base such agency's fiscal year 1986 payment on a local contribution rate the agency could have received for fiscal year 1985.

For carrying out the Act of September 23, 1950, as amended (20 U.S.C. ch. 19), $20,000,000 which shall remain available until expended, shall be for providing school facilities as authorized by said Act, of which $8,500,000 shall be for awards under section 10 of said Act, $8,500,000 shall be for awards under sections 14(a) and 14(b) of said Act, and $3,000,000 shall be for awards under sections 5 and 14(c) of said Act.

SPECIAL PROGRAMS

For carrying out the consolidated programs and projects authorized under chapter 2 of the Education Consolidation and Improvement Act of 1981, as amended $531,909,000, of which $31,909,000 shall be for programs and projects authorized under subchapter D of said Act, including $10,700,000 for programs and projects authorized under subsection 583(a)(1) of said Act; $6,052,000 shall be used for awards, which, except for educational television programming, are not to exceed a cumulative amount of $1,000,000 to any recipient for national impact demonstration or research projects; $7,000,000 for activities authorized under subsection 583(b)(1) of said Act; $3,157,000 for programs authorized under subsection 583(b)(2) of said Act; $3,000,000 for programs authorized under subsection 583(b)(3) of said Act; and $2,000,000 for activities authorized under subsection 583(b)(4) of said Act: *Provided*, That $500,000,000 to carry out the State block grant program authorized under chapter 2 of said Act shall become available for obligation on July 1, 1986, and shall remain available until September 30, 1987.

For grants to State educational agencies and desegregation assistance centers authorized under section 403 of the Civil Rights Act of 1964, $24,000,000.

For carrying out activities authorized under title IX, part C of the Elementary and Secondary Education Act, $6,000,000.

For carrying out activities authorized under section 1524 of the Education Amendments of 1978, $2,700,000.

For carrying out activities authorized under section 1525 of the Education Amendments of 1978, $2,000,000.

For carrying out activities authorized under Public Law 92-506, as amended, $1,500,000: *Provided*, That said sum shall become available on July 1, 1986, and shall remain available until September 30, 1987.

For carrying out the provisions of title VII of the Education for Economic Security Act, relating to magnet schools assistance, $75,000,000: *Provided*, That not more than $4,000,000 in the fiscal year may be paid to any single eligible local educational agency.

For carrying out the provisions of title VI of the Education for Economic Security Act, $5,000,000 to remain available until expended.

For carrying out activities authorized under the Follow Through Act, $7,500,000.

BILINGUAL EDUCATION

For carrying out, to the extent not otherwise provided, title VII of the Elementary and Secondary Education Act, title VI of the Education Amendments of 1984, and title IV, part E of the Carl D. Perkins Vocational Education Act, $172,951,000, of which $5,000,000 shall be for section 732 of title VII of the Elementary and Secondary Education Act and $30,000,000 shall be for the Emergency Immigrant Education Program authorized by title VI of the Education Amendments of 1984.

EDUCATION FOR THE HANDICAPPED

For carrying out the Education of the Handicapped Act, $1,320,100,000, of which $1,135,145,000 for section 611 and $29,000,000 for section 619 shall become available for obligation on July 1, 1986, and shall remain available until September 30, 1987.

REHABILITATION SERVICES AND HANDICAPPED RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, as amended, and the Helen Keller National Center Act, $1,233,900,000, of which $1,305,916 shall be for activities under section 110(b)(3) of the Rehabilitation Act, $14,635,000 shall be for special demonstration programs for the severely disabled under section 311 of the Rehabilitation Act, $2,100,000 shall be for special recreational programs under section 316 of the Rehabilitation Act, $5,000,000 shall be for State grants under title VII, part A of the Rehabilitation Act, and $4,200,000 shall be for continued operation of the Helen Keller National Center for Deaf-Blind Youths and Adults.

VOCATIONAL AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, the Carl D. Perkins Vocational Education Act, and the Adult Education Act, $933,277,000 which shall become available for obligation on July 1, 1986, and shall remain available until September 30, 1987: *Provided*, That $10,178,000 shall be available for title IV, parts A and C of the Carl D. Perkins Vocational Education Act including $6,000,000 for section 404 of said title: *Provided further*, That $7,000,000 for State advisory councils under section 112 of the Carl D. Perkins Vocational Education Act shall be used to provide to each State an amount equal to the amount it received in the previous fiscal year: *Provided further*, That no State shall receive less under title II of the Carl D. Perkins Vocational Education Act than it received in the previous year: *Provided further*, That $101,963,000 for the Adult Education Act shall be used to provide to each State an amount equal to the amount it received under said Act in the previous year.

STUDENT FINANCIAL ASSISTANCE

For carrying out subparts 1, 2, and 3 of part A, and parts C and E of title IV of the Higher Education Act, as amended, $4,910,482,000 which shall remain available until September 30, 1987, of which $412,500,000 shall be available for carrying out subpart 2 of part A of title IV of the Higher Education Act: *Provided*, That amounts appropriated for Pell Grants shall be available first to meet any insufficiencies in entitlements resulting from the payment schedule for Pell Grants published by the Secretary of Education for the 1985-86 academic year: *Provided further,* That pursuant to section 411(b)(4)(A) of the Higher Education Act, amounts appropriated herein for Pell Grants which exceed the amounts required to meet the payment schedule published for any fiscal year by 15 per centum or less shall be carried forward and merged with amounts appropriated for the next fiscal year: *Provided further,* That the maximum Pell grant a student may receive in the 1986-87 academic year shall be $2,100: *Provided further,* That the cost of attendance criteria used for calculating eligibility for and the amount of the Pell Grants for academic year 1986-87 shall be the same as the cost of attendance criteria used for academic year 1985-86.

GUARANTEED STUDENT LOANS

For necessary expenses under title IV, part B of the Higher Education Act, $2,714,482,000 to remain available until expended, of which $87,000,000, shall be for administrative cost allowances under section 428(f) of said title and loan advances under section 422(c) of said title.

HIGHER EDUCATION

For carrying out title III of the Higher Education Act of 1965, as amended, $141,208,000, of which $23,208,000 for the endowment grant program under section 333 of title III of said Act shall remain available until September 30, 1987: *Provided,* That not less than $45,741,000 of funds appropriated for title III of said Act shall be available only to historically black colleges and universities.

For carrying out subpart 4 of part A of title IV ; titles VI, VII, VIII, and X, parts B, C, D, and E of title IX; and sections 420, 734, and 1204(c) of the Higher Education Act of 1965, as amended; title XIII, part H, subpart 1 of the Education Amendments of 1980; and section 102(b)(6) of the Mutual Educational and Cultural Exchange Act of 1961, $303,030,000, of which $23,500,000 made available for interest subsidy grants under section 734 of the Higher Education Act and $20,000,000 made available for undergraduate and graduate facilities grants under part B of title VII of said Act shall remain available until expended: *Provided further,* That sections 922(b)(2) and 922(e)(2) and the funding limitations set forth in section 922(e) of the Higher Education Act shall not apply to funds in this Act.

For carrying out title V, section 501 of the Human Services Reauthorization Act, Public Law 98-558, not to exceed $6,000,000 to remain available until September 30, 1987: *Provided,* That the Federal share of the cost of the facility shall not exceed 50 percent.

HIGHER EDUCATION FACILITIES LOANS AND INSURANCE

For the payment of principal and interest, including interest insufficiencies, as authorized by the Department of Health, Education, and Welfare Appropriation Act, 1968, on account of outstanding beneficial interests or participations held by the Government National Mortgage Association, as trustee, on behalf of the Department of Education, and issued pursuant to the Participation Sales Act of 1966 (section 302(c) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(c)), and for the payment of interest to the Treasury as required by title VII, part C, section 733(b)(2) of the Higher Education Act, as amended (20 U.S.C. 1132d-2(b)(2)), $17,996,000, to remain available until expended. The Secretary is hereby authorized to make such expenditures, within the limits of funds available under this heading and in accord with law, and to make such contracts and commitments without regard to fiscal year limitation, as provided by section 104 of the Government Corporation Control Act (31 U.S.C. 9104), as may be necessary in carrying out the program set forth in the budget for the current fiscal year. For the fiscal year 1986, no new commitments for loans may be made from the fund established pursuant to title VII, section 733 of the Higher Education Act, as amended (20 U.S.C. 1132d-2).

COLLEGE HOUSING LOANS

The aggregate amount of commitments for loans made from the fund established pursuant to title IV of the Housing Act of 1950, as amended (12 U.S.C. 1749), for the fiscal year 1986 shall not exceed the total of loan repayments and other income available during such period, less operating costs. Payments of interest insufficiencies for the fiscal year 1986 as may be required by the Government National Mortgage Association, as trustee, on account of outstanding beneficial interests or participations issued pursuant to the Participation Sales Act of 1966 (section 302(c) of the Federal National Mortgage Association Charter Act, as amended (12 U.S.C. 1717(c))) shall be made from the fund established pursuant to title IV of the Housing Act of 1950, as amended (12 U.S.C. 1749-1749c) using loan repayments and other income available during such fiscal year. During the fiscal year 1986 and within the resources and authority available, gross commitments for the principal amount of direct loans shall be $80,000,000.

EDUCATIONAL RESEARCH AND STATISTICS

For necessary expenses to carry out sections 405 and 406 of the General Education Provisions Act, as amended, $59,978,000.

LIBRARIES

For carrying out, to the extent not otherwise provided, titles I, II and III of the Library Services and Construction Act (20 U.S.C., ch. 16); and title II, part B except section 224, and part C of the Higher Education Act, notwithstanding the provisions of section 221, $123,680,000: *Provided,* That $23,680,000 of the sums appropriated shall be used to carry out the provisions of title II of the Library Services and Construction Act and shall remain available until expended.

SPECIAL INSTITUTIONS

AMERICAN PRINTING HOUSE FOR THE BLIND

For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101-106), including provision of materials to adults undergoing rehabilitation on the same basis as provided in 1985, $5,500,000.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

For carrying out the National Technical Institute for the Deaf Act (20 U.S.C. 681 et seq.), $31,400,000.

GALLAUDET COLLEGE

For carrying out the Model Secondary School for the Deaf Act (80 Stat. 1027) and for the partial support of Gallaudet College authorized by the Act of June 18, 1954 (68 Stat. 265), including continuing education activities, existing extension centers and the National Center for Law and the Deaf, $58,700,000.

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), $164,230,000, of which $2,000,000 shall be for an endowment matching grant in accordance with policies and procedures as appropriate for comparable grants under the Challenge Grant Amendments of 1983 (Public Law 98-95) and shall remain available until expended.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of three passenger motor vehicles, $224,157,000.

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, $44,181,000.

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, $15,281,000.

GENERAL PROVISIONS

SEC. 301. None of the funds appropriated by this title for grants-in-aid of State agencies to cover, in whole or in part, the cost of operation of said agencies, including the salaries and expenses of officers and employees of said agencies, shall be withheld from the said agencies of any State which have established by legislative enactment and have in operation a merit system and classification and compensation plan covering the selection, tenure in office, and compensation of their employees, because of any disapproval of their personnel or the manner of their selection by the agencies of the said States, or the rates of pay of said officers or employees.

SEC. 302. Funds appropriated in this Act to the American Printing House for the Blind, Howard University, the National Technical Institute for the Deaf, and Gallaudet College shall be subject to audit by the Secretary of Education.

SEC. 303. None of the funds provided herein shall be used to pay any recipient of a grant for the conduct of research an amount equal to as much as the entire cost of such research.

SEC. 304. No part of the funds contained in this title may be used to force any school or school district which is desegregated as that term is defined in title IV of the Civil Rights Act of 1964, Public Law 88-352, to take any action to force the busing of students; to force on account of race, creed or color the abolishment of any school so desegregated; or to force the transfer or assignment of any student attending any elementary or secondary school so desegregated to or from a particular school over the protest of his or her parents or parent.

SEC. 305. (a) No part of the funds contained in this title shall be used to force any school or school district which is desegregated as that term is defined in title IV of the Civil Rights Act of 1964, Public Law 88-352, to take any action to force the busing of students; to require the abolishment of any school so desegregated; or to force on account of race, creed or color the transfer of students to or from a particular school so desegregated as a condition precedent to obtaining Federal funds otherwise available to any State, school district or school.

(b) No funds appropriated in this Act may be used for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to overcome racial imbalance in any school or school system, or for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to carry out a plan of racial desegregation of any school or school system.

SEC. 306. None of the funds contained in this Act shall be used to require, directly or indirectly, the transportation of any student to a school other than the school which is nearest the student's home, except for a student requiring special education, to the school offering such special education, in order to comply with title VI of the Civil Rights Act of 1964. For the purpose of this section an indirect requirement of transportation of students includes the transportation of students to carry out a plan involving the reorganization of the grade structure of schools, the pairing of schools, or the clustering of schools, or any combination of grade restructuring, pairing or clustering. The prohibition described in this section does not include the establishment of magnet schools.

SEC. 307. No funds appropriated under this Act may be used to prevent the implementation of programs of voluntary prayer and meditation in the public schools.

SEC. 308. Section 402(c) of the Housing Act of 1950 is amended by striking out in clause (9) "October 1, 1985" and inserting in its place "October 1, 1986".

This title may be cited as the "Department of Education Appropriation Act, 1986".

TITLE IV—RELATED AGENCIES

ACTION

OPERATING EXPENSES

For expenses necessary for Action to carry out the provisions of the Domestic Volunteer Service Act of 1973, as amended (42 U.S.C. 4951 et seq.), $150,164,000, of which $18,364,000 shall be available to carry out title I, part A of said Act.

FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

For expenses necessary for the Federal Mediation and Conciliation Service to carry out the functions vested in it by the Labor-Management Relations Act, 1947 (29 U.S.C. 171-180, 182), including expenses of the Labor-Management Panel and boards of inquiry appointed by the President, hire of passenger motor vehicles, and rental of conference rooms in the District of Columbia; and for expenses necessary pursuant to Public Law 93-360 for mandatory mediation in health care industry negotiation disputes and for convening factfinding boards of inquiry appointed by the Director in the health care industry; and for expenses necessary for the Labor-Management Cooperation Act of 1978 (29 U.S.C. 125a); and for expenses necessary for the Service to carry out the functions vested in it by the Civil Service Reform Act, Public Law 95-454 (5 U.S.C. Chapter 71), $23,394,000.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

SALARIES AND EXPENSES

For expenses necessary for the Federal Mine Safety and Health Review Commission (30 U.S.C. 801 et seq.), $3,815,000.

NATIONAL COUNCIL ON THE HANDICAPPED

SALARIES AND EXPENSES

For expenses necessary for the National Council on the Handicapped as authorized by section 405 of the Rehabilitation Act of 1973, as amended, $704,000.

NATIONAL LABOR RELATIONS BOARD

SALARIES AND EXPENSES

For expenses necessary for the National Labor Relations Board to carry out the functions vested in it by the Labor-Management Relations Act, 1947, as amended (29 U.S.C. 141-167), and other laws, $134,854,000: *Provided*, That no part of this appropriation shall be available to organize or assist in organizing agricultural laborers or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers as referred to in section 2(3) of the Act of July 5, 1935 (29 U.S.C. 152), and as amended by the Labor-Management Relations Act, 1947, as amended, and as defined in section 3(f) of the Act of June 25, 1938 (29 U.S.C. 203), and including in said definition employees engaged in the maintenance and operation of ditches, canals, reservoirs, and waterways when maintained or operated on a mutual, nonprofit basis and at least 95 per centum of the water stored or supplied thereby is used for farming purposes.

NATIONAL MEDIATION BOARD

SALARIES AND EXPENSES

For expenses necessary to carry out the provisions of the Railway Labor Act, as amended (45 U.S.C. 151-188), including emergency boards appointed by the President, $6,358,000.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

SALARIES AND EXPENSES

For the expenses necessary for the Occupational Safety and Health Review Commission, $5,901,000.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

SALARIES AND EXPENSES

For expenses necessary to carry out section 601 of Public Law 98-21, $2,784,000 to be transferred to this appropriation from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds.

RAILROAD RETIREMENT BOARD

DUAL BENEFITS PAYMENTS ACCOUNT

For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, $392,000,000 which shall be credited to the account in 12 approximately equal amounts on the first day of each month in the fiscal year.

FEDERAL PAYMENT TO THE RAILROAD RETIREMENT ACCOUNTS

For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for unnegotiated checks, $2,200,000 which shall be the maximum amount available for payments pursuant to section 417 of Public Law 98-76: *Provided*, That these funds shall remain available through September 30, 1987.

LIMITATION ON ADMINISTRATION

For expenses necessary for the Railroad Retirement Board, $55,422,000 to be derived from the railroad retirement accounts: *Provided*, That such portion of the foregoing amount as may be necessary shall be available for the payment of personnel compensation and benefits for not less than 1,199 full-time equivalent employees: *Provided further*, That $500,000 of the foregoing amount shall be available only to the extent necessary to process workloads not anticipated in the budget estimates and after maximum absorption of the costs of such workloads within the remainder of the existing limitation has been achieved: *Provided further*, That notwithstanding any other provision of law, no portion of this limitation shall be available for payments of standard level user charges pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(j); 45 U.S.C. 228a-r).

LIMITATION ON RAILROAD UNEMPLOYMENT INSURANCE ADMINISTRATION FUND

For further expenses necessary for the Railroad Retirement Board, for administration of the Railroad Unemployment Insurance Act, not less than $16,487,000 shall be apportioned for fiscal year 1986 pursuant to section 3679 of the Revised Statutes, as amended (31 U.S.C. 655), from moneys credited to the railroad unemployment insurance administration fund, and of this amount $1,280,000 shall be derived from contributions credited to the railroad unemployment insurance account and shall be credited to the railroad unemployment insurance administration fund as authorized by section 11(a)(iv) of the Railroad Unemployment Insurance Act: *Provided*, That such portion of the foregoing amount as may be necessary shall be available for the payment of personnel compensation and benefits for not less than 379 full-time equivalent employees.

SOLDIERS' AND AIRMEN'S HOME

OPERATION AND MAINTENANCE

For maintenance and operation of the United States Soldiers' and Airmen's Home, to be paid from the Soldiers' and Airmen's Home permanent fund, $33,276,000: *Provided*, That this appropriation shall not be available for the payment of hospitalization of members of the Home in United States Army hospitals at rates in excess of those prescribed by the Secretary of the Army upon recommendation of the Board of Commissioners and the Surgeon General of the Army.

CAPITAL OUTLAY

For construction and renovation of the physical plant, to be paid from the Soldiers' and Airmen's Home permanent fund, $15,000,000, to remain available until expended.

TITLE V—GENERAL PROVISIONS

SEC. 501. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

SEC. 502. No part of any appropriation contained in this Act shall be expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), pursuant to any obligation for services by contract, unless such executive agency has awarded and entered into such contract in full compliance with such Act and regulations promulgated thereunder.

SEC. 503. Appropriations contained in this Act, available for salaries and expenses, shall be available for services as authorized by 5 U.S.C. 3109 but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS-18.

Sec. 504. Appropriations contained in this Act, available for salaries and expenses, shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901-5902).

Sec. 505. Appropriations contained in this Act, available for salaries and expenses, shall be available for expenses of attendance at meetings which are concerned with the functions or activities for which the appropriation is made or which will contribute to improved conduct, supervision, or management of those functions or activities.

Sec. 506. No part of the funds appropriated under this Act shall be used to provide a loan, guarantee of a loan, a grant, the salary of or any remuneration whatever to any individual applying for admission, attending, employed by, teaching at, or doing research at an institution of higher education who has engaged in conduct on or after August 1, 1969, which involves the use of (or the assistance to others in the use of) force or the threat of force or the seizure of property under the control of an institution of higher education, to require or prevent the availability of certain curricula, or to prevent the faculty, administrative officials, or students in such institution from engaging in their duties or pursuing their studies at such institution.

Sec. 507. The Secretaries of Labor, Health and Human Services, and Education are authorized to transfer unexpended balances of prior appropriations to accounts corresponding to current appropriations provided in this Act: *Provided*, That such transferred balances are used for the same purpose, and for the same periods of time, for which they were originally appropriated.

Sec. 508. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Sec. 509. No part of any appropriation contained in this Act shall be used, other than for normal and recognized executive-legislative relationships, for publicity or propaganda purposes, for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, radio, television, or film presentation designed to support or defeat legislation pending before the Congress, except in presentation to the Congress itself.

No part of any appropriation contained in this Act shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence legislation or appropriations pending before the Congress.

Sec. 510. The Secretaries of Labor, Health and Human Services, and Education are each authorized to make available not to exceed $7,500 from funds available for salaries and expenses under titles I, II, and III, respectively, for official reception and representation expenses; the Director of the Federal Mediation and Conciliation Service is authorized to make available for official reception and representation expenses not to exceed $2,500 from the funds available for "Salaries and expenses, Federal Mediation and Conciliation Service"; and the Chairman of the National Mediation Board is authorized to make available for official reception and representation expenses not to exceed $2,500 from funds available for "Salaries and expenses, National Mediation Board".

Sec. 511. None of the funds appropriated by this Act shall be used to pay for any research program or project or any program, project, or course which is of an experimental nature, or any other activity involving human participants, which is determined by the Secretary or a court of competent jurisdiction to present a danger to the physical, mental, or emotional well-being of a participant or subject of such program, project, or course, without the written, informed consent of each participant or subject, or a participant's parents or legal guardian, if such participant or subject is under eighteen years of age. The Secretary shall adopt appropriate regulations respecting this section.

Sec. 512. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between his domicile and his place of employment, with the exception of the Secretaries of Labor, Health and Human Services, and Education, and medical officers and other health personnel on out-patient medical service who are exempted from such limitations under 31 U.S.C. 1344.

Sec. 513. Notwithstanding any other provision of this Act, no funds appropriated by this Act may be used to execute or carry out any contract with a non-governmental entity to administer or manage a Civilian Conservation center of the Job Corps which was not under such a contract as of September 1, 1984.

Sec. 514. Upon the enactment of the Compact of Free Association, amounts appropriated by this Act for Federal financial assistance to the Trust Territory of the Pacific Islands shall be available only for the Republic of Palau, but only in amounts that such Republic would have received had the Compact not been enacted.

This Act may be cited as the "Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1986".

The CHAIRMAN. Are there any points of order against the bill?

Are there any amendments?

Mr. RAY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise today to congratulate Congressman Natcher and my other colleagues on the Appropriations Committee on the Labor, HHS, and Education Subcommittee for keeping this appropriations bill under 1985 levels by $3.4 billion.

They have not sought to appropriate in areas which have not yet been covered by authorizing legislation. Even with projected funding in the areas not yet authorized, this subcommittee has shown its commitment to cutting the deficit without gutting programs which are crucial to many Americans—programs such as: Job Training Partnership Act, Social Security, Low-Income Energy Assistance, Vocational and Adult Education, Rehabilitation Services and Handicapped Research, Medicaid, and Impact Aid.

These are programs which are critical to the needs of many disadvantaged Americans.

Mr. Chairman, I applaud the efforts of Congressman Natcher and my colleagues to report a fiscally responsible bill to the House for its consideration.

Mr. LELAND. Mr. Chairman, will the gentleman yield?

Mr. RAY. I yield to the gentleman from Texas.

Mr. LELAND. Mr. Chairman, I have asked the gentleman to yield for the purpose of engaging in a colloquy between the subcommittee chairman, the gentleman from Kentucky [Mr. Natcher], and also the ranking minority member on that subcommittee, the gentleman from Massachusetts [Mr. Conte], and the ranking minority member on the Select Committee on Hunger. I really appreciate the gentleman's yielding to me.

A few months ago we conversed on the issue of expanding the Center for Disease Control's nutrition surveillance system to include reporting and investigating cases of severe undernutrition in the United States. The Select Committee on Hunger, which I chair, conducted a hearing earlier this year on the effects of hunger on infant and child health. During this hearing several medical and nutrition experts testified that they are seeing and treating a significant number of children with third degree malnutrition—a condition caused by inadequate food intake. This current surveillance system is inadequate for two reasons. First, it includes information only on low-income children and some pregnant women who enter public health centers for health screening. Second, the medical data collected is insufficient to diagnose severe undernutrition. Based on this information, our medical witnesses expressed the need for a more comprehensive reporting system.

Mr. NATCHER. Mr. Chairman, if the gentleman will yield, I would like to say to the gentleman from Texas that I recall our conversation well. I remember our agreement that the subcommittee would address this issue during hearings next year. The gentleman is correct.

Mr. LELAND. Mr. Chairman, since the select committee hearing, we have heard from physicians, nutrition experts, and professional medical organizations across the country that an expanded surveillance program is essential in assessing and treating severe malnutrition. I thank the gentleman for his consideration of this issue.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. RAY. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, as ranking minority member on the subcommittee, I agree that our hearings next year should include investigation of this inadequacy in our present surveillance system. Three prominent health and nutrition experts from my State testifed at the select committee hearing on the urgent need for a national system for reporting severe undernutrition. I fully support their statements. To assure that food and health services are available to treat severe malnutrition, we must know who and where the victims are.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman from Georgia yield?

Mr. RAY. Yes; I yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. Mr. Chairman, I thank my colleague.

I want to thank the Chairman and the gentleman from Massachusetts [Mr. Conte] and also my Hunger Committee chairman.

I would also like to add my support to the concept of the subcommittee studying this issue next year. As the ranking Republican on the Hunger Committee, I believe it is essential for us to have more complete data on severe malnutrition. It is only with these data that we can address the underlying socioeconomic causes of poverty and hunger. Given the budget restraints that we face, we must have reliable information in order for us to address malnutrition in the most efficient and effective way; so I anticipate the subcommittee's investigation and appreciate the cooperation we have been given.

I thank the gentleman very much.

Mr. LELAND. Mr. Chairman, I certainly want to thank the gentleman for yielding and all of those who have participated, and the gentlewoman from New Jersey, particularly, for their interest and look forward to working together to address this issue in the future.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. RAY. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for yielding. I rise to engage in a colloquy with the gentleman [Mr. Natcher], who as usual does a most superb job in producing difficult legislation.

Mr. Chairman, earlier this year I introduced H.R. 776, a bill to require the Secretary of Health and Human Services to study duplicative collection of information and to recommend methods for reducing such duplicative collection. It is aimed at having HHS take the lead for the Federal Government in simplifying and reducing those forms required to be filled out by senior citizens in order to participate in certain Federal benefit programs.

This bill was prompted by such absurdities as senior citizens having to fill out as many as 12 different forms all for programs administered by the Social Security Administration.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. Ray] has expired.

(At the request of Mr. Biaggi, and by unanimous consent, Mr. Ray was allowed to proceed for an additional 5 minutes.)

Mr. RAY. Mr. Chairman, I yield further to the gentleman from New York [Mr. Biaggi].

Mr. BIAGGI. Mr. Chairman, the study called for in my bill would not require any new expenditures. Instead funds already appropriated for administrative costs for certain of these programs would be pooled to finance the study.

Considering that H.R. 776 has been cosponsored by 82 of our colleagues on a bipartisan basis, I was considering offering it as an amendment to this legislation. In lieu of this, I wonder if the chairman would be willing in a letter to the Secretary to have the Department undertake this study during fiscal year 1986 with available resources and have it completed prior to final action on their fiscal year 1987 appropriation bill?

Mr. NATCHER. Mr. Chairman, if the gentleman will yield to me, I would like the gentleman to know that the answer to the gentleman's question is yes. The gentleman is correct.

Mr. Chairman, further, I want to commend the gentleman from New York City for the work that he has done all through the years since he has been a Member of the Congress, not only pertaining to this matter, but pertaining to all the matters of the committee on which he serves. He does it well.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman from Kentucky.

I would like to engage in a colloquy with the distinguished chairman of the subcommittee on the matter of expenditures for vocational education funds for older workers under the Carl D. Perkins Act.

Section 417 of the act, named after our distinguished former colleague and chairman of the Education and Labor Committee, requires the Secretary of Education to establish model centers for vocational education for older individuals.

I contacted Secretary Bennett last year in order to learn of the Department's plans for funding section 417. He advised me in a letter that the appropriations bill for fiscal year 1985 had been made prior to passage of the act and funding for these centers would not be provided in fiscal year 1985.

Could the gentleman advise me as to the discretionary funding levels for vocational education in this bill and if, in fact, the Department should not be in a position to fund these centers?

Mr. NATCHER. Mr. Chairman, if the gentleman will yield; the gentleman is correct. The committee bill provides $10,178,000 for the Carl D. Perkins Act. Accordingly, the Secretary of Education is required, as outlined in the law, to fund these centers since this is the first fiscal year that the program has operated under the reauthorized statute.

Mr. BIAGGI. I appreciate the gentleman's comments and expect that the Department will review its funding priorities in fiscal year 1986 in light of these comments and the statute.

Mr. ROSE. Mr. Chairman, will the gentleman yield?

Mr. RAY. I yield to the gentleman from North Carolina.

Mr. ROSE. Mr. Chairman, would the chairman engage in a brief colloquy with me?

Mr. NATCHER. Certainly.

Mr. ROSE. Mr. Chairman, under the leadership of the gentleman from Kentucky, earlier this year I testified before the gentleman's committee about the atrocities that many of us were concerned about at the Head Injury Clinical Research Center at the University of Pennsylvania. The gentleman very patiently listened to us and the gentleman asked his staff to investigate. Mrs. Heckler took certain action and now I understand from the dean of the School of Medicine at the University of Pennsylvania that the Head Injury Clinical Research Center has been closed and, according to his word to my office this morning, would remain closed.

I have prepared an amendment which I had discussed with the gentleman from Kentucky that would ask Congress to say that none of the funds in this bill should be used to fund the Head Injury Clinical Research Center at the University of Pennsylvania.

Could I now ask the gentleman, since the center has been closed, Mr. Chairman, and since this action has been taken, it will not be necessary and we certainly will not offer an amendment; but in the gentleman's opinion, will any of the funds in this bill be used in any way to fund the Head Injury Clinical Research Center at the University of Pennsylvania?

Mr. NATCHER. Mr. Chairman, if the gentleman will yield, first I want the gentleman from North Carolina [Mr. Rose] to know that we appreciate the assistance that the gentleman has given to our subcommittee on this matter. The gentleman not only appeared before the subcommittee and made an excellent statement, but the gentleman has been nice and kind enough to talk to the gentleman from Massachusetts [Mr. Conte] and myself on a number of occasions about this matter.

This laboratory is now closed. It will remain closed. There is no money in this bill for the operation of that laboratory and the gentleman is mainly the reason why this took place.

Mr. ROSE. Mr. Chairman, I thank the gentleman from Kentucky for that and for his willingness to listen to us. It characterizes the gentleman's whole career in this body that he has been so willing to listen to his colleagues when we had a concern, sometimes that was a little controversial. We appreciate the gentleman's help.

Mr. GUNDERSON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to engage the distinguished chairman of our committee and the distinguished ranking member in a colloquy to clarify three particular areas of the bill.

I want to first compliment both gentleman on the excellent legislation which they have brought forth to us. I do, however, want to bring three concerns up and ask these gentleman their opinion exactly what was intended.

One area in which there seems to be a rather glaring cut is in the area of guaranteed student loans. We note that the gentleman's proposal calls for a $1,083 million reduction in guaranteed student loans for 1986 over 1985.

Could the gentleman somehow assure the Members that we will have adequate funds to meet the guaranteed student loans in this country?

Mr. NATCHER. Mr. Chairman, if the gentleman will yield to me at this point, in the supplemental appropriation bill that was signed into law on August 15 by the President, we carried $720 million additional money for guaranteed student loans. There was a funding deficit as far as this particular account was concerned.

In addition to that, Mr. Chairman, for guaranteed student loans, the committee has approved the 1986 budget request of $2,714,482,000, but has not agreed to the program changes requested as part of the budget. If no legislative changes are made by Congress during fiscal year 1986, the amount provided may be insufficient to meet program costs. Thus a supplemental budget request will probably be necessary for 1986. This is an entitlement program and appropriations have to be provided to meet the costs of the program authorized by law.

I would like for the gentleman to further know that it is the intention of our subcommittee, the distinguished gentleman from Massachusetts [Mr. Conte], the ranking member, and all the other members of the subcommittee, that we intend to follow this matter carefully to see that adequate funds are appropriated.

Mr. GUNDERSON. Mr. Chairman, I appreciate the gentleman's comments.

Mr. Chairman, as we consider H.R. 3424 today, it is clear that Congress is maintaining the longstanding Federal commitment to education. For the most part, funding levels proposed for fiscal year 1986 are equal to those provided in the current fiscal year.

Specifically, in the postsecondary education area, $933 million is appropriated for vocational and adult education and while $4.910 billion will be spent on student financial assistance, including $3.612 billion on Pell grants, $412 million on supplemental educational opportunity grants [SEOG's], $592 million on college work study, $217 million on direct loans, and $76 million for State student incentive grants.

In the guaranteed student loan area, $2.714 billion is appropriated—a sum which is $1.083 billion below the fiscal year 1985 level, which needed $720 million in supplemental appropriations this year. The committee indicates that this should be a sufficient sum, but that—in the event it is not enough—a supplemental appropriation can be requested since the GSL Program is an entitlement.

Quite frankly, if the committee bill is subject to criticism at any point, it is here. In recent years, we have all too frequently dismissed convenient underestimates of spending on entitlement programs by saying that we can always pass a supplemental appropriation. In this case, as well, we should provide what we truly feel is necessary to fund a program. If that means we have to make reductions elsewhere, so be it. Planned supplemental appropriations only lead to larger and larger deficits.

The committee bill also contains a $24 million, 2 percent reduction in higher education funding. A review of the various individual programs, however, demonstrates that they are all funded at their fiscal year 1985 levels except for the construction grant programs.

In the elementary and secondary education areas, title I funding—compensatory education for the disadvantaged—is maintained at $3.696 billion, the fiscal year 1985 funding level, as are impact aid, at $695 million, and bilingual education, at $173 million.

Within the special programs portion of the elementary and secondary education budget, funding is held constant for virtually every program—State block grants, $532 million, the Secretary's discretionary fund, $32 million, civil rights training and advisory services, $24 million, and the women's educational equity fund, $6 million.

Only the Follow-Through Program, reduced by $2.5 million to a $7.5 million appropriation, the maximum authorized by law, and the math and science education programs, reduced by $100 million due to no 1986 authorization and no departmental explanation of how previous appropriations were spent, did not receive the same level of funding as they did in fiscal year 1985.

In short, Mr. Chairman we are keeping within the overall spending limitations of fiscal year 1985 while, at the same time, maintaining the Federal commitment to education. In a word, access to education is maintained.

Similarly, H.R. 3424 also preserves the delicate balance between maintaining fiscal responsibility and providing necessary health services and research.

For example, H.R. 3424 continues to fund programs authorized under the Nurse Training Act. This appropriation is vital in our continuing quest to provide quality health care to millions of Americans annually.

The bill also directs research funds to the paramount medical issue of our time, AIDS. With the additional Federal commitment contained in H.R. 3424, it is our hope that an effective treatment and an ultimate cure can be developed in the very near future.

Finally, H.R. 3424 retains funding for essential job training and work experience programs, but at slightly reduced level—a total of $3.621 billion for the Job Training Partnership Act, $128 million below fiscal year 1985, a 3.5-percent decrease. That total figure includes $1.863 billion for title II-A; $23 million less than fiscal year 1985, a 1.2-percent reduction, $725 million for summer youth employment the same as fiscal year 1985, and $640 million for the Job Corps, $23 million more than fiscal year 1985, a 3.6-percent increase.

The WIN Program, which assists AFDC recipients to gain employment and work experience, is also retained at a $250 million level, $17 million less than fiscal year 1985, a 6.8-percent cut.

In summary, Mr. Chairman, the committee has done a credible job under difficult fiscal circumstances.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, I might add one other item here. Under the budget resolution, both the Senate and the House Education Committees have received instructions under the reconciliation process to cut down the amount of spending for the GSL Program.

The Chairman, the gentleman from Kentucky, is absolutely right. We have always provided the amount required to fully fund the GSL Program. If a supplemental is necessary, we will give that our immediate attention, and move an appropriation right away to provide the additional funds.

Mr. GUNDERSON. Mr. Chairman, I appreciate the gentleman's remarks.

Mr. Chairman, if I may move on to another subject, I am one of two Members who serve on the board of directors of Gallaudet College. I notice by the committee report that they are proposing $189,000 below what the President's budget request was for Gallaudet College. Can the gentleman comment on the amount that is being appropriated?

Mr. CONTE. The gentleman is absolutely right. The only reason we did that is to keep it at the 1985 level. For Gallaudet, it is a very small amount. We did that to almost every item in the budget. We tried to keep every item under or at the 1985 level.

Mr. GUNDERSON. Mr. Chairman, one final comment if I might, in the area of the Job Training Partnership Act. There is a $23 million cut in job training. Can the gentleman assure us that there will be adequate funds in the Job Training Program to maintain it at the 1985 level?

□ 1430

Mr. CONTE. Definitely. There is, I believe, an estimated carryover of $496,527,000, and that should be more than sufficient to cover the small reduction.

Mr. GUNDERSON. Mr. Chairman, I appreciate the gentleman's assurances, and would like to again commend both our chairman and ranking member.

The CHAIRMAN. The Chair would like to inform the Committee that at this point the Chair is only entertaining those amendments that are not prohibited by clause 2(c) of rule XXI.

AMENDMENT OFFERED BY MR. DORNAN OF CALIFORNIA

Mr. DORNAN of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Dornan of California: On page 38, after line 14, add the following new section.
>
> "Sec. 211. Pursuant to United States Code title 42, paragraph 264, funds provided in this act for research into the causes and transmission of the acquired immune deficiency syndrome disease may be used by the Surgeon General for closing or quarantining as a public health hazard any bathhouse or massage parlor which in his judgment pursuant to law can be determined to facilitate this transmission or spread of the AIDS epidemic."

Mr. DORNAN of California. Mr. Chairman, the potential for damage to our society by this disease, properly called a venereal disease finally by the doctor in our country with most of the responsibility for doing something about it, the Under Secretary for Health, Dr. James Mason, is reaching almost catastrophic proportions.

At noon today, our time, 9 o'clock in Los Angeles, Mr. Rock Hudson died of this disease. I think that if all the Members had been at a luncheon that I sponsored last Thursday with Dr. James Mason, they would have heard him clearly say the following, which was also in last week's Washington Post. Dr. James Mason said:

> We could stop transmission of this disease today if only homosexuals and intravenous drug users—

But they are another story—

> were willing to observe certain precautions.

Certainly it is beyond question, beyond question to every doctor with whom I have spoken—and that is dozens—that the transmission of this disease is certainly furthered by bath houses and massage parlors. This is not a partisan issue. It was the mayor of San Francisco who temporarily got these bath houses closed. They were reopened with a proviso that the cubicle doors stay open in the bath houses. I do not know what that is going to accomplish.

In today's New York Times, there is an article with several quotes from the health officials in New York who are struggling with this enormous problem. The mayor himself said that he would have to quarantine a quarter of a million who are AIDS carriers. Mayor Koch, one of our former colleagues, said that such a quarantine is simply not possible.

Judge Hyman, who is hearing the case about the young boy whose parents are fighting to put him into the school system, who is not an AIDS carrier but an AIDS victim, and by all accounts will die within the next 2 or 3 years unless a cure is found said, "Why are AIDS patients with 2 or 3 months to live still allowed to circulate in public, infecting other people?"

So we have a problem that not many of us in this House know much about, and we have confusing briefings coming out from very skillful doctors in every one of our major cities. In this 2-hour luncheon downstairs last Thursday, which was supposed to be a half-hour luncheon, Dr. Mason admitted to me that the tail of this dragon is only 4 years old. We do not have conclusive answers on anything except this—that the bath houses are transmitting points for a disease that next year will have infected 18,000 people as victims, and we are already at a point where there are a million and a half carriers. Thirty-six hundred Americans have already died!

I announced publicly from the well 3 weeks ago that I would support any allocation of funds that could substantially help clinical research. I said I would support making those moneys available, and I have heard no one on either side of the aisle, or in either body, say he would not be willing to spend the tax dollars necessary to give relief to the victims. All you have to do is see these young victims on television and your heart goes out to them as they waste away. They make statements, and 2 weeks later, television stations bring back a videotape of a deceased person and replay his tragic final statements.

The dollars allocated now are $126 million. We had Members from both parties at my luncheon, where Dr. Mason said that OMB would soon be sending up a request for an additional $70 million. Like cancer research, we cannot just throw billions at it. We have to progress in a somewhat orderly manner, but I think the generosity of both bodies is unlimited, almost, on what we can do to turn back the tide on this modern-day plague. But certainly this amendment of mine is a tiny, small step forward to do something to help people who in many cases seem unable or unwilling to help themselves as far as stopping the transmission of this disease.

Mr. Chairman, I yield back the balance of my time but will engage in further colloquy and debate on this amendment if anybody so desires.

Mr. WEISS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, let me start off by extending my appreciation to the Committee on Appropriations for reporting a bill which has a 90-percent increase in funding for AIDS, acquired immune deficiency syndrome, activities and I want to take this opportunity especially to commend the distinguished gentleman from Kentucky [Mr. Natcher] for the leadership he has exercised to insure increased funding levels to fight this fatal disease. His efforts will bring us to halting this dreaded epidemic and finding a cure for those already suffering.

I also want to express my appreciation to the learned gentleman from Massachusetts [Mr. Conte], who has joined in that effort, and to my friend, the gentleman from California [Mr. Roybal], who has worked so effectively to provide adequate funding levels.

Let me address very briefly the amendment that has been offered by the gentleman from California [Mr. Dornan].

The substance of the amendment, which says in essence that the Surgeon General may be allowed to use funds for closing or quarantining as a public health hazard certain facilities simply restates the obvious. It restates authority that the Surgeon General already has relating to infectious or contagious diseases. So the amendment really does nothing new and there is no way that one can really oppose it. One would hope that the Surgeon General, in whatever action he decides to take regarding facilities in any locality in this country, would in fact recognize that the local public health officials are the best ones to rely on as to what kind of action should be taken. Historically, that has been the procedure that has been followed by the Surgeon General and I would hope and expect that the same process would be followed in regard to this particular dread disease.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I would be delighted to yield to the gentleman from New York.

Mr. GREEN. I thank my colleague from New York for yielding.

Mr. Chairman, it is a fact that there are public health experts who believe that it would be a serious mistake in terms of trying to reach out and educate the at-risk population to close places like this where some members of the at-risk population tend to gather.

Mr. WEISS. I thank the gentleman for that point, and it is very important because one of the things that may be done by the offering of this kind of an amendment is to suggest that in some fashion the very people whose lives are being lost to this disease are in some way cavalier and disregarding of the nature and the impact of that disease.

That happens to be directly contrary to the fact. The Centers for Disease Control reported in June 1984 that in New York City rates of gonorrhea among men aged 15 to 44 declined to their lowest rates in the past 7 years.

□ 1440

There was a story in the New York Times on September 22 of this year that said that in New York City, sexually transmitted diseases have decreased by 80 percent over the last 2 years among gay men. We are talking about venereal disease. Over the last 3 years, there has been a 72-percent decline in sexually transmitted diseases among gay men in San Francisco.

Obviously in those two cities, which have been the hardest hit by this awful disease, there has been concurrently, because of efforts undertaken by the gay community and the public health organizations of those cities, a very positive and effective educational program as to what constitutes safer sex practices and what constitutes dangerous and unsafe sex practices.

So the gentleman's point is well taken that in many ways the bath houses being open may provide an opportunity for people to be educated about the dangers of AIDS and how the disease is spread.

The CHAIRMAN. The time of the gentleman from New York [Mr. WEISS] has expired.

(By unanimous consent, Mr. WEISS was allowed to proceed for 3 additional minutes.)

Mr. WEISS. With the broad powers that the Surgeon General already has this amendment gives him no additional powers whatsoever. I would hope that in exercising that power he would rely on the advice of local public health officials.

There is a suggestion at least implicit in some of the discussion that in some way this disease affects only or preponderantly members of the male homosexual community. It should be noted, however, that in other parts of the world, it is members of the heterosexual community who through sexual contact have been the prime targets of this dreaded disease. In Central Africa, in Zaire, for example, it is a heterosexual disease, and the ratio of disease affecting men as compared to women is 1.1 to 1. So there is no occasion for any of us to stand back and to think that AIDS only happens to those "other" people. This is a disease that can affect any and everyone in our society, and that is why the efforts of the Appropriations Committee under the leadership of the gentleman from Kentucky, Mr. NATCHER, are so important.

What we are doing by moving ahead to deal with this disease, to try to find a vaccine for it, to try to find effective treatment for it, is not only to help "others," but to help every one of us in this society, heterosexual and homosexual men and women, the young and the old. What is remarkable about the successful effort of the Congress to increase funding is that it has been done in the face of opposition from this administration. The $70 million increase which the gentleman from California [Mr. DORNAN] says that Dr. Mason was talking about is $70 million already included in this particular bill, at the insistence of the gentleman from Kentucky. The other body has decided to go along with that and Dr. Mason is attempting to persuade the administration to go along.

I would hope that all of us would watch the progress of this disease and the needs of the scientific community during this coming year, because we may find that even the $200 million in this bill may not be enough, for this year, and we may have to go much further in providing funds in order to deal effectively with this problem.

The AIDS epidemic has now afflicted over 13,000 Americans and caused over 6,600 fatalities. The tragedy deepens daily, with each life that is lost, and with each person that it touches. The Government estimates that over 40,000 individuals will have contracted the disease by the end of next year. AIDS does not discriminate—it knows no geographic boundaries and afflicts men, women and children in all walks of life. The American people, all across the country, are looking to the Federal Government to launch an exhaustive and immediate attack to resolve this health crisis.

The money in this appropriations bill is essential for funding continued and expanded research on AIDS, especially in the quest for a treatment and a vaccine. The appropriations committee wisely doubled the administration's request for NIH funding to insure that resources would be available to support collaborative work on the development and testing of drugs for the treatment of AIDS. In addition, over $20 million is allocated to CDC to support vital education and prevention programs to help reduce the transmission of this disease.

The subcommittee which I chair, the Intergovernmental Relations and Human Resources Subcommittee, recently held two field hearings on AIDS in New York City and San Francisco. In both cities, researchers, public health officials, and health care providers urged the Congress to continue its leadership role in appropriating additional funds for AIDS activities. I am proud that the Appropriations Committee has heeded this call and urge that all of us continue to monitor the situation in order to assess whether additional funds will be needed in the upcoming months. The health of all Americans depends on this commitment.

Mr. WAXMAN. Mr. Chairman, I would only point out that this amendment does not give the Surgeon General any authority that he and the Secretary do not have under the Public Health Service Act. If some new power were to be authorized here, clearly the amendment would be out of order on an appropriations bill.

I would also say that I hope that the Surgeon General and the Secretary would use careful judgment in exercising the authority of the Public Health Service Act. The authority is tightly circumscribed and most responsibility for the control of infectious diseases has been traditionally left to the State and local authorities.

I will vote for the amendment, but I would urge the Secretary and the Surgeon General to use the ability that it restates with great discretion.

Mr. NATCHER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, first I want to commend the gentleman from New York, Mr. Weiss, for the role that he has played in regard to this matter pertaining to AIDS and the amount of money that is in the bill. Many months ago, the gentleman, along with several other Members, I recall the gentleman from New York [Mr. GREEN], and several others appeared before our committee and testified concerning this matter. It is through the help of these Members, Mr. Chairman, that we were able to bring this bill out with $189,666,000 in the bill for this particular matter.

Mr. Chairman, as far as this amendment is concerned, we have no objection to this amendment on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. DORNAN].

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. WALKER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Fifty-two Members are present, not a quorum. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 327]

Ackerman
Akaka
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bates
Bedell
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Boxer
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)

Broyhill
Bruce
Bryant
Burton (CA)
Burton (IN)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Crockett
Daniel
Dannemeyer
Darden
Daschle
Daub
Davis
de la Garza
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kildee
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
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Leland
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Lewis (CA)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Olin
Ortiz
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Rudd
Russo
Sabo
Savage
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NH)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)

□ 1455

The CHAIRMAN. Four hundred twenty-three Members have answered to their names, a quorum is present, and the Committee will resume its business.

□ 1505

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Pennsylvania [Mr. WALKER] for a recorded vote.

This will be a 5-minute vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 417, noes 8, answered "present" 1, not voting 8, as follows:

[Roll No. 328]

AYES—417

Ackerman
Akaka
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bates
Bedell
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Bryant
Burton (CA)
Burton (IN)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Daniel
Dannemeyer
Darden
Daschle
Daub
Davis
de la Garza
DeLay
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kildee
Kindness
Kleczka
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Lewis (FL)
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Lipinski
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McMillan
Meyers
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Rudd
Russo
Sabo
Savage
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NH)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Wheat

Whitehurst
Whitley
Whittaker
Whitten
Williams
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)

NOES—8

Clay
Conyers
Crockett
Dellums
Dymally
Green
McKinney
Roybal

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—8

Addabbo
Alexander
Boulter
Fiedler
Martinez
Rodino
Wright
Zschau

Mr. BROWN of California changed his vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. BOULTER. Mr. Chairman, on rollcall No. 328, the vote on the amendment offered by the gentleman from California [Mr. DORNAN], I was inadvertently detained because of my attendance at a meeting concerning the fiscal year 1986 farm bill. Had I been present, I would have voted "aye."

Mr. NATCHER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto conclude not later than 4 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

PARLIAMENTARY INQUIRY

Mr. DANNEMEYER. Mr. Chairman, reserving the right to object, I would like to make a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DANNEMEYER. Would this limitation as to time pertain as to any amendment that may be offered at the conclusion of the bill, only conditioned upon preventing the committee from rising?

The CHAIRMAN. After 4 o'clock amendments would not be debatable, unless they are printed in the RECORD and protected by the 5-minute rule.

Mr. DANNEMEYER. This limitation would then be applicable to an amendment that this Member seeks to offer at the end of the bill that can only be offered on condition that the Committee be prevented from rising, is that right?

The CHAIRMAN. After 4 o'clock.

Mr. DANNEMEYER. I object, Mr. Chairman.

Mr. NATCHER. Mr. Chairman, I wonder if the gentleman would withhold just momentarily.

Mr. DANNEMEYER. I reserve the right to object, Mr. Chairman.

Mr. NATCHER. Mr. Chairman, I would like to advise the distinguished gentleman from California and all the members of the committee that we have left two money amendments. Both involve trust funds. With the agreement of my distinguished friend from Massachusetts we will accept these two amendments, only two money amendments.

In addition, we have the Garcia amendment. According to my information, it has been worked out from the standpoint of all of those involved.

We have, Mr. Chairman, one or two other matters that should be handled within that time limit without any trouble at all. I would hope that the gentleman would not object.

We are going to take the two money amendments now, and I say to the gentleman that if we cannot handle the amendments that are now pending, I will ask unanimous consent to set this aside.

Mr. DANNEMEYER. What is the time that the gentleman suggests as a conclusion?

Mr. NATCHER. Four o'clock.

Mr. DANNEMEYER. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The unanimous consent request is agreed to.

Mr. NATCHER. Mr. Chairman, I yield back the balance of my time.

AMENDMENT OFFERED BY MR. RAHALL

Mr. RAHALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr.. Rahall: Page 8, line 18, strike out "$984,022,000" and insert in lieu thereof "$988,471,000".

Page 8, line 25, strike out "$15,297,000" and insert in lieu thereof "$19,746,000".

Mr. CONTE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. RAHALL. Mr. Chairman, the amendment I, along with my colleagues in the West Virginia delegation, are offering would increase the level of funding from the Black Lung Disability Trust Fund suggested by H.R. 3424 by $4,449,000 for management, salaries, and expenses.

We are offering this amendment pursuant to the recommendation for this increased funding made by the Secretary of Labor Bill Brock, earlier this week.

There currently exists at the Labor Department a massive backlog of black lung cases waiting review, especially in the Office of Administrative Law Judges.

At this time, this backlog amounts to some 21,000 cases, many of which have been pending for years and even up to a decade.

Meanwhile, about 5,000 cases are added annually and the Department is capable of resolving only 5,400 cases a year.

Secretary Brock has recommended that $4,449,000 be added for fiscal year 1986 to eliminate this backlog. Of this amount, $3,523,000 is for increased staff at the Office of Administrative Law Judges and $926,000 is for increased staff in the Department's Solicitor's Office.

According to Secretary Brock, this proposal calls for an OALJ disposition level of 8,500 cases in each of the next 4 years.

I should also add that the Office of Management and Budget has given its general approval to this recommendation.

Mr. Chairman, many in the coalfields of this Nation are suffering great hardships due to the current backlog of black lung cases at the Department of Labor. I commend Secretary Brock for making this recommendation and for recognizing the problems caused by this situation.

The West Virginia delegation has been in the forefront of efforts to resolve this problem, as have been the gentlemen from Pennsylvania, AUSTIN MURPHY and JOHN MURTHA.

Further, I wish to compliment the chairman of the Subcommittee on Labor—HHS—Education, BILL NATCHER, for his diligent work on this matter and for allowing us to offer this amendment today.

Mr. Chairman, I yield to the distinguished chairman of the subcommittee, the gentleman from Kentucky [Mr. NATCHER].

Mr. NATCHER. Mr. Chairman, the gentleman who has presented this amendment, the gentleman from West Virginia, along with his three colleagues who sit right here with him, have talked with us about this matter for the last 2 or 3 days. In addition to that, I have in my hand a letter dated September 30 from the Secretary of Labor advising the committee that this is a serious matter and requesting additional funds. The money is definitely needed.

Mr. Chairman, this letter from the Secretary came too late for us to consider this in committee. The amendment would provide for a total of about $4.5 million. It would be trust fund money, as Mr. CONTE, the ranking minority member, will tell you. It does not affect our overall bill total as far as discretionary new budget authority is concerned and as far as our relationship to the 1985 level is concerned.

Mr. Chairman, on this side we accept the amendment.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. RAHALL. I yield to the ranking minority member of the committee.

Mr. CONTE. I thank the gentleman for yielding.

Mr. Chairman, the minority accepts the amendment. We received the same letter from the Secretary of Labor. There is a tremendous backlog of these black lung cases. They need additional judges in order to clean up the backlog.

The amendment is a good amendment and should be adopted.

Mr. RAHALL. I thank the gentleman for his comments.

Mr. Chairman, I commend the ranking minority member, the gentleman from Massachusetts [Mr. CONTE] and the chairman of the subcommittee, my dear friend, the gentleman from Kentucky [Mr. NATCHER] for their strong support of this amendment. It is an effort on behalf of the entire West Virginia delegation whom I thank also for their efforts. I salute them.

Mr. MOLLOHAN. Mr. Chairman, will the gentleman yield?

Mr. RAHALL. I yield to my colleague from West Virginia.

Mr. MOLLOHAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of Mr. RAHALL's amendment to increase the Department of Labor appropriations by $4.5 million so that the cruel backlog of black lung cases can be adequately addressed.

Mr. Chairman, the hopes and prayers of thousands of retired coal miners support this amendment. A backlog of 21,000 cases at the administrative law judge level of the black lung appeal process has created a situation that forces afflicted men to wait years and years for decisions on their appeals.

After much discussion and input by Chairman NATCHER, my West Virginia colleagues and myself, the Department of Labor has come up with a viable plan to attack the backlog. Mr. RAHALL's amendment is designed to begin implementing that plan.

Mr. Chairman, I implore my colleagues to see the justice of this amendment which would allow the Department of Labor to add 15 more administrative law judges to the force of men and women who will work hard to yield decisions on cases that have been languishing for years in the mire of bureaucracy. The men of West Virginia who labored long and hard in coal mines are entitled to timely decisions on their black lung appeals, and I know the other veteran miners of America share in that reasonable expectation. Thank you.

Mr. RAHALL. Mr. Chairman, I yield to the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Chairman, I congratulate my colleague, the gentleman from West Virginia [Mr. RAHALL], for offering this amendment.

Mr. Chairman, I rise in strong support of this important amendment and commend my colleague from West Virginia [Mr. RAHALL] for his prompt action.

There are currently some 21,000 black lung cases awaiting review at the Department of Labor's Office of Administrative Law Judges. This tremendous backlog has resulted in some disabled miners or their widows waiting for years to receive benefits and medical care they so desperately need. Unfortunately, some miners die of black lung disease before their claims are reviewed and a decision is reached. This situation must not be allowed to continue.

Secretary Block has assured us that reducing this backlog is one of his highest priorities. Under the Secretary's direction, a Black Lung Task Force was established in July of this year to develop proposals to reduce the backlog. The task force has worked diligently on this problem and they have considered many options. Some of these options were administrative in nature and have been implemented by the Secretary at no additional cost.

In addition to these administrative changes, the Secretary has proposed the hiring of additional staff at the Office of Administrative Law Judges and at the Office of the Solicitor. The Office of Management and Budget has given general approval to this plan which will cost approximately $4.5 million. We are willing to work with the Secretary to ensure that he has the resources necessary to begin immediately to reduce the black lung backlog. The additional $4.5 million requested by Secretary Brock will allow the Department of Labor to increase staff, beginning in fiscal year 1986, so that processing of these 21,000 black lung claims can be expedited and the backlog eliminated.

I look forward to the day when coal miners, disabled black lung disease, can receive the benefits to which they are entitled in a timely fashion.

Mr. RAHALL. Mr. Chairman, I yield to my dear friend, the gentleman from West Virginia [Mr. WISE].

Mr. WISE. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of this important amendment offered by the entire West Virginia delegation. It will mean that if somebody walks into my office right now and I have to tell him that it will take 7 years to have a hearing on his black lung claim, we have finally begun to cut that down. It has been agreed to by the administration, by both sides, and it goes a long way toward ending this inequity. I urge support of this amendment.

Mr. RAHALL. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. MURPHY].

Mr. MURPHY. I thank the gentleman for yielding, and I thank the gentleman from West Virginia and his colleagues for offering this amendment. I rise in strong support of this amendment.

Mr. Chairman, we have held hearings all during this past 7 months on the tremendous backlog of black lung cases. We are now securing very favorable cooperation from Secretary Brock at the Department of Labor. He is attempting to assign personnel to handle these cases. These funds will certainly go a long way in helping to alleviate what has become a terrible backlog in our black lung claims.

Mr. CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia [Mr. RAHALL].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DASCHLE

Mr. DASCHLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DASCHLE: Page 15, line 25, strike out "$124,485,000" and insert in lieu thereof "$132,975,000".

Mr. DASCHLE. Mr. Chairman, my amendment would restore the $8.49 million budget shortfall in funding for two veterans' employment programs administered by the Department of Labor during the next fiscal year. The Department of Labor budget request for fiscal year 1986 did not provide sufficient dollars to fund the legislatively mandated personnel levels for the Disabled Veterans' Outreach Program [DVOP] and local Veterans' Employment Representatives Program [LVER].

Both programs are congressionally mandated and are funded from Federal Unemployment Tax Act [FUTA] revenues. Being a trust fund, these dollars do not delete or add to the Treasury's deficit. The projected fiscal year 1986 end-of-year balance in the FUTA Employment Security Administration account, from which the DVOP and LVER Programs are funded, is $920 million. Accordingly, the revenues for these programs are available and should be appropriated as intended by Congress.

For the DVOP, an additional $4,058,000 is required, based on current veteran population statistics, for a total of $64,903,000. For the LVER program, an additional $4,432,000 is needed, for a total of $55,073,000. I understand the Department of Labor, having recognized this shortfall, has already initiated a supplemental budget request for these funds. However, since the new fiscal year began yesterday, some States will have to proceed with some reductions in force of staff if we do not act quickly.

I approached the very able chairman of the subcommittee recently to discuss the amendment I am offering. The distinguished gentleman from Kentucky [Mr. NATCHER] has supported veterans programs throughout his distinguished service in the House and I wanted to seek his help in correcting the problem. The gentleman has been most cooperative and on behalf of our veterans I want to thank him for his leadership. The shortfall is not the fault of the committee. The Office of Management and Budget underestimated the staffing requirements based on the formula contained in chapter 41 of title 38, United States Code.

The official population data received from the Veterans' Administration and Department of Defense indicates the need for 2,028 positions to comply with the mandate of Congress that there be one Disabled Veterans Outreach Program specialists for each 5,300 disabled and Vietnam-era veterans. The funding level contained in the committee bill would provide for 1,932 staff. This difference of 96 positions means, as I said previously, that some States will have to terminate the jobs of disabled veterans who hold these positions.

The measure before us contains funds for 1,489 staff-years for the local veteran employment representative program, also administered by the Department of Labor through the Employment Service. The 1,489 figure was based on forecasts of the number of veterans expected to register for services at local offices. Data now available supports a staffing level of 1,598 positions in order to comply with regulations implementing chapter 41 of the code. These positions are very important because local veterans' employment representatives supervise the delivery of mandated employment services to veterans in each local job service office.

Mr. Chairman, now that the administration has proposed the increase, why wait for a supplemental? If we don't restore the amount contained in my amendment, there will be a tremendous adverse impact on veterans throughout the country.

I therefore, urge the adoption of my amendment.

Mr. Chairman, I yield to the gentleman from Kentucky [Mr. Natcher], the subcommittee chairman.

Mr. NATCHER. Mr. Chairman, one of the Assistant Secretaries of the Department of Labor has sent us a memorandum concerning this particular matter. This is an oversight on the part of the administration, as far as the Department is concerned, and is simply a short funding of two veterans' programs. This money is needed at this time, Mr. Chairman, $8,490,000.

We have no objection to the amendment on this side. We accept it.

Mr. DASCHLE. I thank the chairman.

Mr. Chairman, I yield to the gentleman from Massachusetts [Mr. Conte], the ranking minority member of the committee.

Mr. CONTE. I join in the chairman's assessment of the amendment. We have looked the amendment over. There is certainly a great need for it. We have no objection to the amendment.

Mr. NATCHER. Mr. Chairman, if the gentleman will further yield to me, I would like the members of the committee to know that this $8,490,000 is trust fund money. Mr. Chairman, it does not change the new budget authority members in our bill.

Mr. DASCHLE. I thank the chairman for reemphasizing that fact.

Mr. Chairman, I yield to the gentleman from Mississippi [Mr. Montgomery], the chairman of the Committee on Veterans' Affairs.

Mr. MONTGOMERY. I thank the gentleman for yielding.

Mr. Chairman, I rise in full support of this amendment. In 1980, the Congress enacted Public Law 96-466 which created the Disabled Veterans Outreach Program [DVOP]. This is a program designed to assist Vietnam-era veterans, especially disabled Vietnam-era veterans, in obtaining employment. The program utilizes employment specialists, many of whom are themselves disabled veterans, to develop job and training opportunities for veterans. The legislation authorizing this program calls for the assignment of one DVOP specialist for each 5,300 veterans of the Vietnam era and disabled veterans residing in each State.

Local veteran employment representatives [LVER] perform all of the functions which are delegated to the Secretary of Labor with regard to employment assistance for veterans. This program is administered through State employment offices, and provides counseling, placement assistance, job development, and job advancement activities for eligible veterans.

As the chairman of the Veterans' Affairs Committee's Subcommittee on Education, Training, and Employment, Mr. Daschle has done an admirable job of overseeing this important program. He has developed a good working relationship with the officials who administer this program in the Department of Labor. As Mr. Daschle noted, there is a shortfall in the funding for the DVOP and LVER Programs because of low estimates of veteran population relied on by the Office of Management and Budget. Mr. Daschle is a vigilant chairman, and I applaud his efforts on behalf of veterans seeking employment. This amendment will require no additional appropriations, since the funds for this program are drawn from the unemployment trust fund. I urge my colleagues to support the amendment so that the Secretary of Labor can provide the level of services required by law.

Mr. DASCHLE. I thank the chairman.

Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. Edgar].

Mr. EDGAR. I thank the gentleman from yielding.

Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from South Dakota. As a past chairman of the House Veterans Affairs Subcommittee on Education, Training and Employment I share his concern to maintain adequate funding levels for all veterans employment programs.

It has recently been brought to our attention that the Department of Labor budget request for fiscal year 1986 did not provide sufficient funding for the legislatively required personnel levels for the Disabled Veterans Outreach Program [DVOP] and Local Veterans Employment Representatives [LVER] Program.

We understand that the personnel level formula mandated in title 38, United States Code, for the DVOP Program and that required by regulations for the LVER program were improperly applied by OMB at the time of the President's fiscal year 1986 budget request. As a result, the funding totals currently contained in H.R. 3424, the Labor-HHS-Education Appropriations for fiscal year 1986, if enacted, would create a shortfall in DVOP and LVER personnel for this fiscal year.

The DVOP and LVER programs are congressionally mandated and are funded from Federal Unemployment Tax Act [FUTA] revenues. Being a trust fund, these dollars do not delete or add to the treasury's deficit. The projected fiscal year 1986 end-of-year balance in the FUTA Employment Security Administration Account, from which the DVOP and LVER programs are funded, is $920 million. Accordingly, we feel that the revenues for these programs are available and should be appropriated as intended by Congress.

For the DVOP Program, an additional $4,058,000 is required, based on current veteran population statistics, for a total of $64,903,000. For the LVER Program, an additional $4,432,000 is needed, for a total of $55,073,000. We understand that the Department of Labor has recognized this shortfall and has already initiated a supplemental budget request for these funds. Since the request is tied to the fiscal year 1987 budget process, however, it will be too late to fulfill their legislative requirements and States will proceed to initiate lay-offs of affected staff this fiscal year.

I believe the Office of Management and Budget is intentionally ignoring the will of the Congress and attempting to curtail a veterans' employment program by way of the appropriations process. We in the legislative branch cannot allow OMB to manipulate this process in a way which results in seriously diminished services to those veterans seeking employment assistance.

Mr. Chairman, the House Veterans Affairs Committee has made a strong

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commitment through title 38, United States Code, in requiring the Department of Labor to fully fill these positions. Vietnam veterans and disabled veterans still have high percentages of unemployment.

I would like to express my appreciation for the consideration of this amendment on the part of the chairman of the subcommittee Mr. Natcher and its ranking member Mr. Conte. I would also like to commend the gentleman from South Dakota for his continuing hard work on behalf of Vietnam veterans and all veterans.

Mr. DASCHLE. I thank the gentleman from Pennsylvania.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. Daschle].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PORTER

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Porter: Page 17, insert after line 4 the following:

Sec. 103. Notwithstanding any other provision of this Act, none of the funds appropriated or otherwise made available by this Act may be obligated or expended prior to November 14, 1985, in order to enforce the decision of February 19, 1985, by the United States Supreme Court in *Garcia* v. *San Antonio Metropolitan Transit Authority et al, (SAMTA).*

Mr. PORTER. Mr. Chairman, this is the amendment that I referred to in the general debate. It does exactly what the Clerk read. It defers the enforcement of the Garcia decision by the Department of Labor to November 14, 1985.

I yield to my chairman.

Mr. NATCHER. Mr. Chairman, before the gentleman from Pennsylvania [Mr. Murphy] moves to strike the last word, I want the gentleman from Illinois and the gentleman from Pennsylvania [Mr. Murphy] and the chairman of the committee involved in this particular matter, Mr. Hawkins, to know that on our subcommittee we appreciate their efforts. This matter has been worked out by all of the groups that were interested, Mr. Chairman. As far as the amendment that is now being presented, there is no reason why every Member of this committee cannot vote for this amendment. I want to thank both of these gentlemen and all of those involved in working this matter out.

Mr. PORTER. I thank the gentleman.

Mr. MURPHY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to thank the gentleman from Illinois for offering this amendment and in cooperating and making it in the form that he has. It is merely an extension of time to allow the Education and Labor Committee to address a very serious problem, the effects of the Garcia case on municipal government.

I want to thank the gentleman from Kentucky [Mr. Natcher] and the gentleman from Massachusetts [Mr. Conte] for their cooperation in the full committee in allowing us sufficient time in the Education and Labor Committee to properly address this matter. I want to thank the majority of the members of that committee who gave us the additional time to hold a hearing, schedule another hearing and look into such things as compensatory time, comp time, during the gap period that is now allowed in the National Labor Relations Act, should we allow an accumulation of comp time, how should we define "volunteer workers," the calculation of the basic wage rates, honoring labor agreements, protecting our municipalities from retroactive liability. These are very serious matters. I want to say that we have not delayed, Mr. Chairman. I want to assure my colleagues on both sides we have not delayed. We are addressing the problem. I know the problem, although it may have originated last spring with the Supreme Court decision, we heard nothing about it here in Congress until the Secretary of Labor placed an arbitrary date of October 15 for enforcement. We have been racing against that time since following our summer recess. We are addressing the problem. I want to thank my chairman, the gentleman from California [Mr. Hawkins], for his guidance in the matter, the gentleman from Texas [Mr. Bartlett] and the gentleman from Wisconsin [Mr. Petri] on the minority side. We are attempting to bring this about to a favorable resolution, and I appreciate the additional time.

Mr. BARTLETT. Mr. Chariman, will the gentleman yield?

Mr. MURPHY. I yield to the gentleman from Texas.

Mr. BARTLETT. I would like to add my compliments and I think the gratitude of all of the Members of this House and municipal and State government employees everywhere to the gentleman from Pennsylvania [Mr. Murphy] for taking this issue seriously, for not only agreeing to this 30-day extension of time but for the diligence he has shown during the last several months in attempting to arrive at a legislatively precise settlement of the issues that he recited and other issues that are involved.

The Supreme Court ruled in Garcia that Congress must now go in and make a specific legislative determination as to what our intent is with regard to State and municipal employees. So my special commendation goes to the chairman of the subcommittee, the gentleman from Pennsylvania [Mr. Murphy], and the chairman of the full committee, the gentleman from California [Mr. Hawkins], for their willingness to address this issue legislatively.

Mr. MURPHY. I thank the gentleman, and I want to assure all of the Members that the gentleman from Texas [Mr. Bartlett] and I have been spending 10 to 12 hours every week since Labor Day on this very issue.

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mr. MURPHY. I yield to the gentleman from California.

Mr. HAWKINS. Mr. Chairman, I really do not intend to delay, but may I, in answer to some remarks made earlier, assure the membership that the Education and Labor Committee, as well as the subcommittee headed by the gentleman from Pennsylvania [Mr. Murphy], are moving diligently ahead. The parties involved in this problem are negotiating on a daily basis. They are meeting in good faith, including the National League of Cities, the Conference of Mayors, the AFL-CIO, and other relevant groups. I would hope that we use some prudence ourselves in remarks that we make so as not to in any way disturb what I consider to be very critical negotiations. I think in some degree of caution that we are very close to a resolution of the problem, and I would hope that within the next few days, even before this expiration date that is included in this motion, that before that date we would have a resolution of the problem.

May I again thank the gentleman from Illinois [Mr. Porter] for the amendment that he has offered and for the changes that he has made. I think they are in the direction of helping out in the negotiations, and for that we are certainly thankful.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to compliment the gentleman from Pennsylvania and expecially the gentleman from California, [Mr. Hawkins] for hammering this amendment out today. We fought the amendment as originally proposed in committee, as you well know, myself and Bill Natcher. I thought it was an improper place to propose it. It belonged in your jurisdiction, because the amendment as proposed in committee was such a far-reaching one. We won by only one vote. It was a very, very close vote. So I want to commend you gentlemen today for working out the changes and restrictions in scope, and because of the changes, and the work that has been done to make it more acceptable, I now support the amendment as proposed here today.

I yield to my good friend, the gentleman from California [Mr. Hawkins].

Mr. HAWKINS. May I say that this is a distinctly different amendment, and I commend the committee for its position in the committee. Since that time, the gentleman from Illinois has I think wisely made the changes so that in your wisdom you were correct, you would be correct today in voting to support the amendment which is now before us.

Mr. CONTE. I thank the gentleman.

Mr. VALENTINE. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from North Carolina.

Mr. VALENTINE. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois.

As I have said before in this Chamber, the Garcia decision struck a potentially crippling blow against State and local governments throughout the United States. I am delighted that my distinguished colleague from Illinois has introduced this measure to delay enforcement of the Garcia decision until corrective action can be taken.

In the Garcia decision, the Court sharply curtailed the traditional practice of allowing many employees of State and local governments to take compensatory time off in lieu of overtime pay. The decision even as the effect of preventing many of these employees from volunteering their time to local authorities.

This decision will hurt the very group it apparently intended to help. Local government employees often "bank" their compensatory time off. This has been one of the few extra benefits for professionals whose dedicated efforts on behalf of their fellow citizens cannot be adequately compensated.

This decision will also result either in much heavier burdens on taxpayers or in decreased government services. Gov. Jim Martin of my State has testified that the decision will cost North Carolina more than $15 million in additional overtime payments in fiscal years 1985-86 alone. The State will also have to acquire an additional 100 highway patrol officers merely to maintain the current level of enforcement. In some localities, services will almost certainly be curtailed.

In testimony before the Senate Labor Committee, Secretary of Labor William E. Brock expressed the administration's support for legislation to correct the Garcia decision. In his testimony, Secretary Brock pointed out that both local officials and local government employees are concerned about the Garcia decision. This concern by employees are well as officials merely underscores the fact that the system for delivering State and local services was working well before the Garcia decision. State and local authorities need the flexibility that they had before this decision.

The potential impact of the Garcia decision is staggering. Virtually every service provided by State and local governments, including the life and death matters of law enforcement, fire protection, and emergency medical services, is treatened by the Court's ruling.

We cannot allow these essential services to be curtailed. The welfare of our citizens, as well as the interests of State and local government employees across the Nation, demands that the Congress take action. Several bills to correct the Garcia decision have been introduced, and the Committee on education and Labor is holding hearings on this issue. This amendment simply provides an extra month for this legislation to be considered fully by both Houses of Congress.

This amendment provides vital breathing space for our State and local governments. I urge my colleagues to support this measure.

Mr. JEFFORDS. Mr. Chairman, I want to commend Mr. PORTER for working with members of the Education and Labor Committee and for offering this amendment. The impact of the Garcia decision is far-reaching and complex. I think many of those parties involved—Congress, labor, State and local government—are only now beginning to understand the full effects of this decision.

With this increasing knowledge, I think and hope that there is an increased willingness to sit down and work out a mutually acceptable compromise. I know my colleague, Mr. PORTER, wants to see a substantive solution to these problems, and I think the vast majority of Members want to see the same result.

I may be guilty of overoptimism, but I think the Education and Labor Committee, working with the interested parties, the administration and the other body, can resolve this issue in the next few weeks. While I cannot speak for them, I think the chairmen of the committee and the Labor Standards Subcommittee, Mr. HAWKINS and Mr. MURPHY, desire an resolution of this issue as much as I do. I might add that the prudence they have exhibited to date is understandable given the honest misunderstandings that have surrounded this debate for the past few months.

For the moment, however, the question before us is whether we should further delay enforcement of the Supreme Court's decision. Although I have some serious concerns about the approach this amendment takes, I think at this point it is the only option we have.

Legislating on an appropriations bill is a poor way to do business. We all know that. And we all know that the Education and Labor Committee has not yet acted on this issue. Let me make it clear that I do not fault our Chairmen, Mr. HAWKINS of the full committee and Mr. MURPHY of the subcommittee, for the progress of their deliberation. Let's face it—there is a lot of misunderstanding on this issue. It only stands to reason that we should try to sort through the rhetoric and work out a reasonable solution.

I think we can do this, and I think we can do it quickly. How quickly? I don't know. And for that reason, a limited delay of enforcement, despite the many problems it creates, should be enacted.

If we can reach an agreement tomorrow or 2 weeks hence, the issue is moot. But I can't guarantee we will. And rather than begin enforcement only to alter the particulars of enforcement shortly thereafter seems to me about the worst of all possible worlds.

With misgivings, and with hope for a better solution, I urge adoption of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. PORTER].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FORD OF TENNESSEE

Mr. FORD of Tennessee. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FORD of Tennessee: Page 20, after line 18, insert the following:

For carrying out section 406 of the Public Health Service Act through a grant to the University of Tennessee Center for Health Sciences in Memphis, Tennessee, for the establishment of a center for basic and clinical research into, training in, and demonstration of, advanced diagnostic, prevention, and treatment methods for cancer, $25,000,000.

Mr. NATCHER. Mr. Chairman, I reserve a point of order on the amendment offered by the gentleman from Tennessee.

Mr. FORD of Tennessee. Mr. Chairman, the amendment calls for the appropriation of $25 million to a comprehensive cancer research center in Memphis, TE.

Mr. Chairman, each year over 850,000 new Americans are treated as having some form of cancer, and about half of those will die in the course of a year. The National Cancer Institute proposes to reduce cancer mortality by 50 percent by the year 2000.

Frankly, Mr. Chairman, with our current rate of investment in research, this is merely a pipe dream to think in terms of a 50-percent reduction. It simply will not happen without new comprehensive cancer research centers in this Nation.

Mr. Chairman, the Midsouth is one of the last remaining major geographics in population bases within the Nation without ready access to a comprehensive cancer research center. All other ingredients for this complete spectrum of medical services already exist in the Memphis medical area.

□ 1535

A children's comprehensive cancer research center; St. Jude's Children's Research Hospital is fully operational in Memphis and will help bring biomedical scientists and clinical investigators to that region and to the Midsouth. Mr. Chairman, planning has already been underway for a 5-year period to activate a Memphis comprehensive cancer center. The cost of such a center has been carefully worked out by the medical institution. In my amendment that I offer today, it will provide Federal funds necessary to get this center off the ground.

We have already submitted the necessary documents to the National Institutes of Health. We have already been in contact with that Institute because the funds that we are talking about today are brick and mortar funds.

I would call upon my colleagues in this Congress to join with us today. Tennesseans, Mississippians, Arkansans, and also the foothills of Missouri to bring that cancer research comprehensive center to that Midsouth region.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FORD of Tennessee. I yield to the gentleman.

Mr. JONES of Tennessee. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in support of the amendment being offered by my colleague from Tennessee, Mr. FORD. He has already provided an excellent explanation of it and its justification.

It is my contention that Memphis, and the medical research personnel and facilities there, can be readily adapted to joining in the national crusade against cancer. Actions have already been taken by the State of Tennessee to strengthen the capabilities of the University of Tennessee Center for the Health Sciences. St Jude's Children's Research Hospital has already developed as one of the premier cancer research facilities in the world.

Finally, the Memphis area has developed as one of the great medical centers of this country. It is located in the middle of a tristate area and is one of America's great cities. Where would it be better, than Memphis, TN, to locate such a cancer research center as this amendment provides? To approve this amendment will allow the Federal Government to build on what is already an excellent base of medical knowledge, commitment, and skill. I urge that my colleagues vote for this amendment.

Mr. FORD of Tennessee. I thank my colleague for those comments and I would like to say to my colleagues once again that we have a unique opportunity to provide a comprehensive cancer research center in the Midsouth. I certainly would hope that the chairman of the subcommittee, Mr. NATCHER, as well as Mr. WAXMAN on Health and Environment and the Subcommittee on Commerce would see fit to in some way support and embrace this amendment that is before the House today.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. FORD of Tennessee. I yield to the gentleman.

Mr. WAXMAN. I understand the frustration and feeling that the gentleman must offer this amendment at this time. One of the problems that we have had is we have not passed the authorization bill that would protect the cancer centers program around this country.

We are now in conference on the NIH bill. I am hopeful that in the next several weeks we will be able to reach an agreement with the Senate and send a bill to the President that he will agree to.

I would be reluctant to support this specific amendment only for this one reason: I think it is inappropriate to spell out a specific cancer center or specific research program and to designate it without letting the people who make the peer review of these programs have the say as to what program or center ought to be recognized for a grant of money.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. FORD] has expired.

(By unanimous consent, Mr. FORD of Tennessee was allowed to proceed for 3 additional minutes.)

Mr. FORD of Tennessee. Mr. Chairman, I continue to yield to the gentleman from California.

Mr. WAXMAN. I would say to the gentleman that I know of the work of this particular center. I have certainly heard of their very fine reputation. Once we get the authorization bill adopted, it seems to me that when the cancer centers are protected, that this would be one of those that I understand would be high up for consideration for the funds that the gentleman seeks to have obtained through this bill.

I am hopeful that we will get that bill passed. I would hope that we would not go to a vote on this particular amendment because I do not really think it is the wisest thing for us to do. I share the gentleman's concern.

Mr. FORD of Tennessee. I certainly understand that we are talking about the appropriations and the authorization bill has not been acted upon by the Senate. I would hope that the NIH 1985 budget is only $4 million for construction costs. I wanted to bring this amendment to the House floor because the applications are being submitted to the National Institutes of Health, but we will not be able to get those amendments in until the 1986 appropriations by this body or this Congress.

Hopefully, the chairman of the subcommittee would certainly give us some support at NIH in saying that this particular project ought to be a priority to NIH in which we feel on the merits of this application it will be a high priority for the National Institutes of Health.

Mr. WAXMAN. If the gentleman would yield further, the reputation of this institution is very, very high. I would therefore guess that it would be high up for consideration. But I would not be in a position to say that one center or another should be given the designation by the NIH. I think it is their decision through their peer review.

Mr. FORD of Tennessee. Georgraphics, though. We are looking at, geographically speaking, Mr. WAXMAN, we are late in filing the application because of the St. Jude Children's Research Hospital in the city and the problems that we are having with that institution now. We have childhood cancer research. We must, in that region, have cancer research, and we feel that in the Midsouth region that this is the location.

I know it is not appropriate to name or identify the institution, but we have to, in this particular case, because of the geographical problem that we are faced with.

Mr. WAXMAN. If the gentleman would yield further, I would hope and expect that NIH would look at the geographical considerations as well as everything else they will have before them. Under those circumstances, I am sure they are going to want to review this one carefully.

Mr. SUNDQUIST. Mr. Chairman, will the gentleman yield?

Mr. FORD of Tennessee. I yield to the gentleman.

Mr. SUNDQUIST. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in support of his amendment and I want to make the point that this is bipartisan support that we have for a very critical problem in this country; that of cancer research. My distinguished colleague from Tennessee, Congressman JONES, has already explained this thoroughly, so I do not need to comment on it any further. But it is important to know that we must have geographical, regional cancer centers, and Memphis, as my colleague has described, is uniquely located, and has the facilities with St. Jude's and the University of Tennessee to qualify.

I am pleased that our colleague from California has pointed out the events in the next few weeks that are going to occur and feel confident that when he looks at this that we will find that Memphis uniquely qualifies.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. FORD] has again expired.

(By unanimous consent, Mr. FORD of Tennessee was allowed to proceed for 1 additional minute.)

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. FORD of Tennessee. I yield to the gentleman.

Mr. NATCHER. Mr. Chairman, as pointed out by the distinguished gentleman from California, the chairman of the subcommittee on health that is in charge of the authorizations for NIH, the gentleman knows that of course this project is not authorized and would be subject to a point of order.

I want to commend the gentleman on an excellent statement concerning this particular matter, and certainly after the authorization is enacted, and any time that the gentleman appears before our committee, he is going to get a good hearing.

Mr. FORD of Tennessee. I thank the distinguished subcommittee chairman for that.

Mr. Chairman, in light of that, I ask unamious consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. DANNEMEYER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take the well at this time to explain my reasoning for requesting that the Committee do not rise so that this Member from California will have an opportunity of offering an amendment that relates to the prohibition on the use of funds. The proposed amendment reads as follows:

> Add at the end, the following:
>
> Sec. . None of the funds appropriated by this Act may be expended to issue or enforce any regulation, or fund any program which would permit some personnel in medical facilities to wear protective garments in treating AIDS patients and not permit other personnel to do so.

We Californians have about 10 percent of everything in America: About 10 percent of the people, but in this case, we have sadly, 25 percent of the AIDS cases currently existing in this country. About 13,000 people have AIDS. Half of them have died. As I say, 25 percent of those are in California. Forty percent are in New York City.

A set of circumstances came to my attention during the August recess that prompts me to draw your attention to this matter at this time. A lawyer from San Francisco called my office in Fullerton relating a situation about some nurses working in the San Francisco General Hospital. They are general practitioners taking care of routine patients, including AIDS patients.

□ 1545

These four nurses were told that in taking care of AIDS patients they could not wear gowns, masks, and gloves because they would impinge on the sensitivity of the AIDS patients. Bear in mind that every other health practitioner in that hospital taking care of AIDS patients wears gowns, masks, and gloves. These nurses were singled out, saying, "You cannot wear this protective clothing in the performance of your duties." It is weird to even think that this could exist. These nurses complained to CAL-OSHA and OSHA came from Sacramento to San Francisco to conduct an investigation. They asked, "Is this true?"

CAL-OSHA ruled with the nurses and said to the hospital administrators, "You may not discriminate against these nurses in the performance of their duties except in those cases where the doctors have notated on the chart of the AIDS patient that something else shall take place."

And what do you know? The day after CAL-OSHA issued its decision siding with the nurses against the discrimination, doctors went around to the AIDS patients in the San Francisco General Hospital and noted on the chart that the nurses were not to wear gowns, masks, and gloves. And get this: At the moment when the doctor himself was writing that notation on the AIDS patient's chart, that doctor was wearing not one set of gloves but two and a gown and a mask to protect his physical self and the ones he works with and his loved ones. But these doctors seek a different standard for these nurses in the performance of their duties.

In response to this situation, I wrote to the Director of HHS, Public Health and Human Services, and also the Public Health Service and complained that this situation is intolerable. These nurses should be able to protect themselves as they go about their duties. And today I received a response from PHS in which they said, "This is a matter that we will relegate to the discretion of the hospital in question." In other words——

Mrs. BURTON of California. Mr. Chairman, will the gentleman yield, please?

Mr. DANNEMEYER. Not at this time.

PHS is not going to do anything about this discrimination. The State has finessed it, PHS has finessed it, and I do not think we should permit this. There is uncertainty in the medical community as to whether AIDS can be transmitted by normal social contact, but those doctors and dentists and technicians and x-ray people and dietitians treating those AIDS patients are wearing gowns, masks, and gloves, and I happen to believe that those nurses should be permitted to do the same.

All my amendment says is that none of the funds appropriated by this act may be expended to issue or enforce any regulation or fund any program which would permit some personnel in medical facilities to wear protective garments in treating AIDS patients and not permit other personnel to do so.

Mr. CHAIRMAN. The time of the gentleman from California [Mr. DANNEMEYER] has expired.

(By unanimous consent, Mr. DANNEMEYER was allowed to proceed for 1 additional minute.)

Mr. DANNEMEYER. Mr. Chairman, I ask for the assistance of my colleagues to keep the Committee from rising so that this Member would be able to offer this relatively minor amendment. I am hopeful that we will not even have to keep the Committee from rising and that the Committee will accept it.

Mrs. BURTON of California. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I am happy to yield to my friend, the gentlewoman from San Francisco, CA.

Mrs. BURTON of California. Mr. Chairman, I happen to represent the city of San Francisco, and the gentleman is talking about our general hospital. Now, I talked to the public affairs officer of the Department of Public Health at San Francisco General Hospital just a little while ago.

No. 1, nurses at San Francisco General have not been denied the right to wear protective clothing when treating AIDS patients. Both CAL-OSHA and the California Labor Relations Board heard the nurses' complaint and ruled in the hospital's favor.

No. 2, the doctors may wear whatever they want, and most of the doctors——

The CHAIRMAN. The time of the gentleman from California [Mr. DANNEMEYER] has again expired.

Mrs. BURTON of California. Mr. Chairman, could I have an additional minute. I am asking the gentleman.

Mr. DANNEMEYER. It is not my time.

The CHAIRMAN. Does the gentlewoman from California [Mrs. BURTON] seek recognition?

Mrs. BURTON of California. Mr. Chairman, I ask unanimous consent for 1 minute.

The CHAIRMAN. Does the gentlewoman move to strike the last word?

Mrs. BURTON of California. Yes; I do, Mr. Chairman.

Mr. KEMP. I have been on my feet, Mr. Chairman.

The CHAIRMAN. The gentleman is a member of the committee, and the Chair recognizes the gentleman from New York [Mr. KEMP].

Mr. KEMP. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. KEMP].

Mr. KEMP. Mr. Chairman, I would like to engage the chairman of the subcommittee in a colloquy, and then, if I have time left over, I would be glad to yield to other Members.

Mrs. BURTON of California. Mr. Chairman, will the gentleman yield for half a minute and let me finish my statement?

Mr. KEMP. Yes; briefly, I yield to my colleague, the gentlewoman from California.

Mrs. BURTON of California. Mr. Chairman I thank the gentleman for yielding.

No. 2, the doctors at San Francisco General Hospital may wear whatever they want, and most have chosen not to wear protective clothing. These are the doctors, mind you. This is even when examining AIDS patients. Other hospital personnel are treated like the nurses. No personnel are punished for unnecessarily using protective clothing. And the hospital follows the Center for Disease Control guidelines, as it should.

So all of the statements that the gentleman from California [Mr. DANNEMEYER] made are not true about San Francisco General Hospital.

Mr. DANNEMEYER. Mr. Chairman, will my colleague yield?

Mr. KEMP. Mr. Chairman, since I have the time, I will be glad to yield briefly. I have a very important colloquy that I would like to engage in with the chairman of the subcommittee, so I would appreciate the gentleman's using just a brief amount of time.

Mr. DANNEMEYER. Mr. Chairman, I can respond to my colleague, the gentlewoman from San Francisco, CA, to repeat that CAL-OSHA found the discrimination that I have described. One of the nurses' names is Watson. The recitations I made to the Members of this House are absolutely correct. Discrimination has been practiced against those nurses, and I would ask my colleague, who has a long history of exhibiting antidiscrimination and voting against discrimination to follow me in this instance, assuring to these nurses that they may have the same protection that other health care personnel in that facility have. What is wrong with that?

Mrs. BURTON of California. Mr. Chairman, if the gentleman will yield——

Mr. KEMP. Mr. Chairman, I am going to apologize to my colleagues, but I must reclaim my time. I am glad they had a chance to make their points.

Mr. NATCHER. Mr. Chairman, before the gentleman proceeds, would the gentleman be kind enough to yield to the gentleman from California [Mr. LEHMAN]? If the gentleman needs more time, we can seek to get additional time for him.

Mr. KEMP. I am happy to yield to the gentleman from California.

Mr. LEHMAN of California. Mr. Chairman, I thank the gentleman for yielding. I take this time for two reasons. First I want to commend the gentleman from Kentucky for his help on an issue important to my district and my State, targeted refugee aid, and to commend my good friend from California for his efforts in this regard as well.

I bring to the attention of this House the committee report language adopted unanimously by the full committee last week which directs OMB to release $11.5 million in disputed refugee funds. The gentleman from California led the effort to secure this language making it clear to OMB that Congress intended all $89 million appropriated for the Targeted Assistance Program in 1985.

I also would like to bring the attention of this body to a court order signed just hours ago by U.S. District Court Judge Robert P. Aguillar which instructs OMB to immediately release the disputed $11.5 million to eligible counties and ask unanimous consent to have the court order inserted into the RECORD of this debate.

Thank you Mr. Chairman, and again my commendation to my good friend and colleague for his efforts in protecting integrity and constitutional prerogatives of the Congress.

The court order follows:

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA

No. C 85-20593 RPA

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE WHY PRELIMINARY INJUNCTION SHOULD NOT ISSUE

Don Edwards, Richard H. Lehman, Sala Burton, Howard Berman, Robert T. Matsui, Vic Fazio, County of Santa Clara, Lao Family Community, Inc., Bach Viet Association, Inc., and Teng Khang, on behalf of himself and all others similarly situated, plaintiffs, versus, Margaret Heckler, as Secretary of the United States Department of Health and Human Services, James Baker, as Secretary of the United States Department of Treasury, and Joseph Wright, as Acting Director of the Office of Management and Budget, Defendants.

Plaintiffs have moved for a temporary restraining order pursuant to Federal Rules of Civil Procedure 65. Defendants have filed a memorandum in opposition. The parties have appeared through their respective attorneys. After reading and considering the relevant papers and hearing oral arguments, the Court finds and orders as follows:

This case arises from a conflict between the legislative and executive branches of government over the interpretation of an appropriate bill. This Court finds that it has jurisdiction over this matter through the right of judicial review and further finds that all plaintiffs have standing to bring this action.

Good cause appearing therefor, the Court makes the following findings:

1. Plaintiffs have shown probable success on the merits;

2. Plaintiffs have shown possible irreparable harm;

3. Plaintiffs have shown that the balance of hardships tips decidedly in their favor.

Plaintiffs have shown probable success on the merits by establishing the intent of Congress to make available for obligation the full amount of $89,026,000. This finding is based on the following considerastions:

1. the decision of the Comptroller General, dated June 28, 1985, attached to plaintiffs' Memorandum of Points and Authorities in Support of a Motion for a Temporary Restraining Order and/or a Preliminary Injunction, as plaintiffs' Exhibit D;

2. the letter of the Comptroller General, dated September 26, 1985, attached as plaintiffs' Exhibit H;

3. the letter from Secretary Heckler to Congressman Edwards, dated July 26, 1985, attached as plaintiffs' Exhibit F; and;

4. an examination of the legislative history of the appropriation statute, Fiscal Year 1985 Continuing Resolution.

The plaintiffs have shown irresparable harm because of the lack of any alternate remedy at this late date for any person to enforce the Continuing Resolution. Congress' powers, pursuant to 2 U.S.C. § 683, have been nullified because the fiscal year will end prior to the expiration of the statutory period set forth in § 683, and the disputed funds will revert to the General Fund of the U.S. Treasury. Similarly, the Comptroller General cannot seek the relief authorized by 2 U.S.C. § 687 because the disputed funds will revert to the General Fund of the U.S. Treasury at the end of the fiscal year, prior to the expiration of the statutory period set forth in § 687. Finally, individual plaintiffs will be injured as a result of the unavailability of funds and will be unable to receive the employment training mandated by the Refugee Targeted Assistance Program.

The plaintiffs have shown that the balance of hardship tips decidedly in their favor. There is a lack of any other available remedies, and the funds are necessary to effectuate the legislative intent of the Continuing Resolution to assist the absorption of the continuing influx of refugees in the United States.

It is therefore ordered that defendants are hereby enjoined to make available for obligation the full sums ($89,026,000) appropriated by Congress for the Refugee Targeted Assistance Program in Fiscal Year 1985.

It is further ordered that defendants shall take all steps necessary to ensure that the full sums ($89,026,000) appropriated by Congress for the Refugee Targeted Assistance Program in Fiscal Year 1985 are released forthwith and do not revert to the General Fund of the U.S. Treasury at the end of the Fiscal Year 1985.

It is further ordered that defendants are hereby enjoined to obligate and disburse immediately the full sums ($89,026,000) appropriated by Congress for the Refugee Targeted Assistance Program in Fiscal Year 1985 to the recipient/grantee states and/or state agencies, in accordance with 45 C.F.R. §§400.4 and 400.5 and the Refugee Targeted Assistance Program.

It is further ordered that defendants and each of them appear before this Court on October 25, 1985, at 9:00 a.m., or as soon thereafter as the matter can be heard, in Courtroom 1, before the Honorable Robert P. Aguillar, United States District Judge and show cause then and there why a preliminary injunction should not issue in the form and with the terms contained in this Temporary Restraining Order.

A true copy of this Temporary Restraining Order shall immediately be served upon defendants by serving their counsel. Defendants shall personally serve upon counsel for plaintiffs all papers in opposition to this Order to Show Cause no later than 10:00 a.m. on October 11, 1985. Plaintiff shall personally serve upon counsel for defendants any papers in reply to defendants' opposition no later than 10:00 a.m. on October 18, 1985.

This Temporary Restraining Order shall remain in full force and effort through October 25, 1985, pursuant to the consent of all parties, or until further order of this Court, after which time it shall be void in accordance with Rule 65 of the Federal Rules of Civil Procedure.

It is so ordered.

Dated: October 2, 1985.

ROBERT P. AGUILLAR,
U.S. District Judge.

Mr. KEMP. Mr. Chairman, I would state to the subcommittee chairman, the gentleman from Kentucky [Mr. NATCHER], that many of us on both sides of the aisle are supporters of a Federal commitment to provide family planning services to the poor. Many of us, Mr. Chairman, have been concerned about the activities of some of the recipients of title X family planning grants who have, in our opinion, encouraged the use of abortions as a mechanism of family planning and have done so with Federal funds.

Most of us would agree, I think, that abortion by its very nature is not a method of family planning. In June the House defeated the reauthorization of title X of the Public Health Services Act under suspension of the rules because many Members wanted the opportunity to deal with this very important issue. The distinguished chairman of the subcommittee, the gentleman from Kentucky [Mr. NATCHER], did not include title X moneys in the bill because the program lacks an authorization, but the other body has included funding for title 10 at the subcommittee level.

Could the subcommittee chairman give us his assurance that I or some other Member who is concerned about this issue would be able to offer an amendment to the continuing resolution when it is considered by the House in November?

Mr. NATCHER. Mr. Chairman, will the gentleman yield to me?

Mr. KEMP. I am glad to yield to my chairman.

Mr. NATCHER. Mr. Chairman, as the gentleman knows, on November 14 the first continuing resolution expires. The distinguished gentleman from New York is a member of the Committee on Appropriations, and certainly it would be his right and privilege at that time before the full Committee on Appropriations to offer his amendment, at the time we take up the second continuing resolution. That would be his right and his privilege as a member of the committee.

Mr. KEMP. Mr. Chairman, I thank the subcommittee chairman. I strongly support an amendment, whether it be to an authorization or an appropriation, that will provide family planning services to the poor while prohibiting U.S. funding for organizations that perform, counsel, and refer for abortion. It is a simple point, but one that bears repeating again and again: Abortion is not a method of family planning! When title X was first enacted in 1970 it was intended to provide contraceptive services to women in the poor and near-poor categories, and to subsidize research into the development of new contraceptive techniques. Congress clearly intended to establish a wall of separation between pregnancy prevention and pregnancy termination. Planned Partenthood argued in testimony to the House that:

> Title X deals positively with the problem of unwanted fertility by preventing unwanted pregnancies. Indeed, the law makes it clear, by excluding abortion from the services authorized under title X, that all of the funds are to be used for prevention.

Congressman JOHN DINGELL, in explaining the intent of his amendment barring the use of funds in programs that include abortion as a method of family planning, said: "There is a fundamental difference between the prevention of conception and the destruction of human life." Yet title X grantees perform and counsel for thousands of abortions each year. Planned parenthood performed 84,947 abortions in 1984. My amendment supports family planning by rebuilding the wall of separation between contraception and abortion. This all of separation will make it clear that Congress is committed to encouraging the use of family planning but will not require U.S. taxpayers to underwrite the use of abortion as a means of family planning. It is time to send a clear signal to receipients of title X funds—many of whom are confused and concerned by our failure to fully address this issue—that abortion is not a method of contraception or family planning and that those programs that continue to advocate abortion will be ineligible for the taxpayer's dollars. Those title X grantees that are truly concerned about the need to provide family planning services to the poor will choose Federal funding over abortion.

Earlier this year the House voted to uphold President Reagan's policy on population and prohibit funding for international organizations that include abortion as a method of family planning by a vote of 234 to 189. My amendment extends the same rights and responsibilities to domestic family planning agencies. These agencies would be provided with a choice between Federal funding and abortion advocacy, just as international family planning agencies have been asked to choose. Many have chosen to continue their commitment to family planning without abortion, and with the benefit of Federal funding. I hope that our domestic family planning agencies will make the same choice.

Children are our most precious resource. Let us support those organizations that help people plan their families with dignity and hope for the future, and end taxpayer subsidies for the practice of abortion as a family planning alternative.

Mr. FRANK. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to welcome my friend, the gentleman from California, to the cause of zealous antidiscrimination issues. It is not a guise in which I had previously envisioned him, but it is nice to have him here.

I do think, however, that we ought to understand that if the motion to rise is defeated, if we are going to get beyond the appropriations part of it and into the question of using this bill to deal with nondiscrimination it would be unworthy of genuine antidiscrimination proponents to deal only with this issue.

I can say parenthetically that I am inclined to agree with the gentlewoman from California on the issue, although the very factual dispute points out the difficulty we have if we become, through the appropriations subcommittee process, the author of each discrimination dispute amendment. But if we are not to rise and we are to deal with discrimination, I just want to advise Members that the Grove City issue will then be before us.

During the rollcall, if we have one, I have amendments that will be prepared, and if we are going to say that within this bill we are going to prevent discrimination, it seems to me we ought to deal with this question of the Supreme Court having overturned legislation, because at least, as I remember, over 400 Members of this House signed a brief the gentlewoman from Rhode Island had initiated saying the Supreme Court was wrong. So if we are going to deal with the question of antidiscrimination—and I will yield to my friend, the gentleman from California, who stands there—I would ask him, would he not agree with me that if this is an appropriate vehicle to deal with the question of antidiscrimination, on the matter of the question of the Grove City decision, sex discrimination, race discrimination, and discrimination against the handicapped, ought we not, if we are to deal with this issue, deal with this one as well?

Mr. Chairman, I yield to the gentleman from California in order to respond to the question.

Mr. DANNEMEYER. Mr. Chairman, to the observation of my friend I can make this statement——

Mr. FRANK. If the gentleman will allow me to say this, it was not an observation. I want to be sure the gentleman understands. It was a question, not an observation.

Mr. DANNEMEYER. In response to the gentleman's question, I can make the observation that my amendment relates to discrimination in a very narrow segment of health care personnel——

Mr. FRANK. I understand, but I just wanted to ask the gentleman's a question. I take back my time because I want to ask the gentleman a question and get an answer. He had time to explain his amendment, and it was fairly simple. Certainly its genesis was.

But my question to him was, if we are to deal with antidiscrimination, ought we not deal with these fundamental questions of antidiscrimination? It is my intention to abide by the will of the House. If the House wants to rise and deal in the appropriations process with appropriations questions, that is fine. But if the House want to deal with antidiscrimination, that is also fine, but I think that we ought to then deal with more fundamental discrimination questions. I would not want the gentleman from California to be a nitpicking antidiscriminator. If he is going to become a born-again antidiscriminator, let us deal with fundamental issues.

Mrs. BOXER. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentlewoman from California.

Mrs. BOXER. Mr. Chairman, I thank the gentleman for yielding.

I truly agree with the gentleman that since my colleague, the gentleman from California, has shown his great desire to see that women have equality in the workplace, we should definitely, if we do not rise, take up these broader questions.

But I support the motion to rise, and I want to really tell the gentleman why. I say to the gentleman——

Mr. FRANK. Mr. Chairman, let me take back my time. The gentlewoman from California can get her own time. I want to be fair to my friends.

Mrs. BOXER. Mr. Chairman, I want to say to the gentleman that I will not be able to because we will rise very shortly. I need just 10 seconds to just say that I have here an actual report the gentleman would be interested in.

Mr. FRANK. I yield to the gentlewoman from California.

Mrs. BOXER. I think the gentleman will appreciate that I have something that he would be interested in. I have a copy of the report of the inspector who inspected for Cal-OSHA San Francisco General Hospital, in which he said there are no violations of OSHA health and safety standards, and that the hospital policy closely adheres to CDC guidelines for infectious disease control for AIDS.

So there is no point of taking this whole issue up when it is clearly on the record that there are no violations. Nurses can wear whatever protective garments they want. That is clearly the policy.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from California to answer my question.

Mr. DANNEMEYER. Is there any real reason why we should not adopt this amendment?

Mr. FRANK. I take back my time. Will the gentleman from California tell me, does he favor, if we are going to deal with antidiscrimination, dealing with the question of Grove City? It may be his intention to reaffirm the Supreme Court, but is it not a legitimate topic, if we are going to deal with questions of antidiscrimination?

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. FRANK. Yes, I yield to the gentleman from California.

Mr. DANNEMEYER. I can tell my colleague that he will have ample opportunity to address the issues of discrimination that he has described when the bill comes before the floor dealing with those issues.

Mr. FRANK. Mr. Chairman, I will take back time.

In other words, the gentleman says the only antidiscrimination issue he wants to deal with is this one, and I want to advise him that he does not have that option. If the House is going to deviate from normal procedure to deal with antidiscrimination, then all of it will be on the table. Otherwise Members ought to vote for the motion to rise.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from California.

Mr. WAXMAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I think it would be really wonderful if this House would take its time to discuss the OSHA dispute at San Francisco General Hospital in depth. I will be putting in the RECORD a letter I received from the Department of Health and Human Services clarifying what the regulations are. There is a dispute, I think, factually whether CAL-OSHA ruled one way or the other. This is all being appealed.

It seems clear to me, however, that this is the kind of issue that is most appropriately resolved by public health officials, hospital administrators, and local agencies. The Congress should not intervene to sustain or overrule each local decision about each hospital, each health professional, and each patient. Clearly the Centers for Disease Control, the State of California, the city of San Francisco, San Francisco General Hospital, the various nursing unions and professional organization—all have given a great deal of consideration about how to contain the AIDS epidemic and how to treat patients effectively and humanely. I would hope that the Congress would not now suddenly choose to enter into this discussion without benefit of full information and advice.

Mr. Chairman, the letter to which I referred is as follows:

DEPARTMENT OF HEALTH AND HUMAN SERVICES,
Washington, DC, October 2, 1985.

The Hon. HENRY A. WAXMAN,
House of Representatives,
Washington, DC.

DEAR MR. WAXMAN: This is in response to your inquiry concerning the protection of health professionals who provide care to patients with acquired immunodeficiency syndrome (AIDS).

The Public Health Service (PHS) has recommended safety guidelines for all health care workers and allied professionals, which would include nurses, who work with patients with diagnosed or suspected AIDS. This approach with AIDS is consistent with the way Federal health officials have addressed other contagious diseases, such as smallpox, polio and hepatitis. A copy of the guidelines regarding health care workers and AIDS is enclosed. The guidelines clarify when special precautions, such as using protective gear, are indicated. Further, the guidelines do not restrict hospitals from implementing additional precautions.

PHS and others have been conducting studies of health-care workers who are exposed to AIDS patients in the course of their work, as through needlestick injury or providing mouth-to-mouth resuscitation. Of the 1,758 health-care workers participating in such studies who have been tested for antibody to the virus that causes AIDS, 26 (1.5%) were seropositive. All but three of the persons belonged to groups recognized to be at increased risk for AIDS. Epidemiologic information is not available for one of these three health-care workers who was tested anonymously. The other two suffered needlestick injuries that were potentially preventable had they followed the current guidelines. The enclosed MMWR article dated September 27, 1985, contains more information on these workers.

The PHS recommendations have been widely accepted, and the evidence is persuasive that they are appropriate. Infection control policies work best when they are consistent, reliable, easy to follow, and based on sound medical evidence. We believe that the current PHS guidelines for clinical and laboratory workers meet those criteria.

We appreciate your interest in AIDS and efforts to control it.

Sincerely yours,
JAMES O. MASON, M.D., DR.P.H.,
Acting Assistant Secretary for Health.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. FRANK] has expired.

□ 1600

Mr. NATCHER. Mr. Chairman, before moving that the Committee do now rise, I want to call the attention of the Members of the Committee to the fact that the gentleman who sits in the Chair presiding over this bill, the chairman of the Committee on Science and Technology, and one of the able Members of the House, always presides with dignity and honor, and I want the Chairman to know that we appreciate it.

The CHAIRMAN. The gentleman is recognized for another minute if he wishes.

Mr. NATCHER. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundary amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The CHAIRMAN. The question is on the motion offered by the gentleman from Kentucky [Mr. NATCHER].

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. DANNEMEYER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Seventy-six Members are present, not a quorum. Pursuant to the provisions of clause 2, rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 329]

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bates
Bedell
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Boxer
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Bryant
Burton (CA)
Burton (IN)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Crockett
Daniel
Dannemeyer
Darden
Daschle
Daub
Davis
de la Garza
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flippo
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Gray (IL)
Green
Gregg
Grotberg
Guarini
Gunderson
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kildee
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Monson
Montgomery
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Rudd
Russo
Sabo
Savage
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, (NH)
Smith, Robert
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weber
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)

☐ 1615

The CHAIRMAN. Four hundred twenty-two Members have responded to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from California [Mr. DANNEMEYER] for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. The vote is on the preferential motion offered by the gentleman from Kentucky [Mr. NATCHER] that the Committee do now rise.

The Chair will remind the Members that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 238, noes 185, not voting 11, as follows:

[Roll No. 330]

AYES—238

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Applegate
Aspin
Atkins
AuCoin
Barnard
Barnes
Bates
Bedell
Beilenson
Berman
Bevill
Biaggi
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Brooks
Brown (CA)
Bryant
Burton (CA)
Bustamante
Byron
Carper
Carr
Chapman
Chappell
Clay
Clinger
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coyne
Crockett
Darden
Daschle
de la Garza
Dellums
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer
Dymally
Early
Eckart (OH)
Edgar
Edwards (CA)
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Glickman
Gonzalez
Gordon
Gray (IL)
Green
Guarini
Hall (OH)
Hamilton
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Horton
Howard
Hoyer
Hughes
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lantos
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Lowry (WA)
Lundine
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
McCloskey
McCurdy
McDade
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Moakley
Mollohan
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Natcher
Neal
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Oxley
Panetta
Pease
Penny
Pepper
Perkins
Pickle
Porter
Price
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Roe
Rose
Rostenkowski
Rowland (GA)
Roybal
Russo
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sharp
Shuster
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stokes
Stratton
Studds
Swift
Synar
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler

Udall
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whittaker
Whitten
Wilson
Wirth
Wise
Wolpe
Wyden
Yates
Yatron
Young (MO)

NOES—185

Anthony
Archer
Armey
Badham
Bartlett
Barton
Bateman
Bennett
Bentley
Bereuter
Bilirakis
Bliley
Boehlert
Boggs
Boulter
Breaux
Broomfield
Brown (CO)
Broyhill
Bruce
Burton (IN)
Callahan
Campbell
Carney
Chandler
Chappie
Cheney
Coats
Cobey
Coble
Coleman (MO)
Combest
Coughlin
Courter
Craig
Crane
Daniel
Dannemeyer
Daub
Davis
DeLay
Derrick
DeWine
DioGuardi
Dornan (CA)
Dreier
Duncan
Dyson
Eckert (NY)
Edwards (OK)
Emerson
English
Evans (IA)
Fawell
Fields
Fish
Franklin
Frenzel
Gallo
Gekas
Gilman
Gingrich
Goodling
Gradison
Gregg
Grotberg
Gunderson
Hall, Ralph
Hammerschmidt
Hansen
Hartnett
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Hubbard
Huckaby
Hutto
Hyde
Ireland
Kasich
Kemp
Kindness
Kolbe
Kramer
Lagomarsino
Latta
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lujan
Luken
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
Mazzoli
McCain
McCandless
McCollum
McEwen
McGrath
McKernan
McMillan
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Monson
Montgomery
Moore
Moorhead
Myers
Nelson
Nielson
Packard
Parris
Pashayan
Petri
Pursell
Quillen
Rinaldo
Ritter
Roberts
Robinson
Roemer
Rogers
Roth
Roukema
Rowland (CT)
Rudd
Saxton
Schaefer
Schuette
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Siljander
Skeen
Slaughter
Smith (NE)
Smith (NJ)
Smith, Denny
Smith (NH)
Smith, Robert
Snowe
Snyder
Solomon
Spence
Stangeland
Stenholm
Strang
Stump
Sundquist
Sweeney
Swindall
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Vander Jagt
Vucanovich
Walker
Whitehurst
Wolf
Wortley
Wylie
Young (AK)
Young (FL)

NOT VOTING—11

Addabbo
Dickinson
Fiedler
Gray (PA)
Hunter
Moody
Rodino
Weber
Williams
Wright
Zschau

☐ 1625

So the motion was agreed to.

The result of the vote was announced as above recorded.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FUQUA, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 3424), making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1986, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FRENZEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 322, nays 107, not voting 5, as follows:

[Roll No. 331]

AYES—322

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Aspin
Atkins
AuCoin
Barnard
Barnes
Bateman
Bates
Bedell
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Brown (CA)
Broyhill
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Carney
Carper
Carr
Chapman
Chappell
Clay
Clinger
Cobey
Coelho
Coleman (MO)
Coleman (TX)
Collins
Conte
Cooper
Coughlin
Courter
Coyne
Crockett
Daniel
Darden
Daschle
Daub
Davis
de la Garza
Dellums
Derrick
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Edgar
Edwards (CA)
Emerson
English
Erdreich
Evans (IL)
Fascell
Fawell
Fazio
Feighan
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Goodling
Gordon
Gray (IL)
Gray (PA)
Green
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hatcher
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Hyde
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kolbe
Kolter
Kostmayer
LaFalce
Lantos
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lipinski
Livingston
Lloyd
Long
Lowry (WA)
Lujan
Luken
Lundine
MacKay
Madigan
Manton
Markey
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCloskey
McCurdy
McDade
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Mikulski
Miller (CA)
Miller (WA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Montgomery
Moody
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Panetta
Parris
Pease
Penny
Pepper
Perkins
Pickle
Porter
Price
Pursell
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Robinson
Roe
Roemer
Rogers
Rose
Rostenkowski
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Savage
Saxton
Scheuer
Schneider
Schuette
Schumer
Seiberling
Sharp
Shelby
Sikorski
Sisisky
Skeen
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Snowe
Snyder
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stokes
Stratton
Studds
Sundquist
Swift
Synar
Tallon
Tauzin
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whittaker
Whitten
Williams
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)

NOES—107

Archer
Armey
Badham
Bartlett
Barton
Bilirakis
Bliley
Boulter
Broomfield
Brown (CO)
Burton (IN)
Callahan
Campbell
Chandler
Chappie
Cheney
Coats
Coble
Combest
Conyers
Craig
Crane
Dannemeyer
DeLay
DeWine
Dickinson
Dornan (CA)
Dreier
Eckert (NY)
Edwards (OK)
Evans (IA)
Fields
Frenzel
Gekas
Gingrich
Gradison
Gregg
Hansen
Hartnett
Hawkins
Hiler
Hillis
Hunter
Ireland
Kasich
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach (IA)
Leath (TX)
Lewis (CA)
Lightfoot
Loeffler
Lott
Lowery (CA)
Lungren
Mack
Marlenee
Martin (IL)
McCandless
McCollum
McEwen
Michel
Miller (OH)
Monson
Moore
Moorhead
Nielson
Oxley
Packard
Pashayan
Petri
Quillen
Ritter
Roberts
Roth
Rudd
Schaefer
Schroeder
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Slaughter
Smith, Denny
Smith (NH)
Smith, Robert
Solomon
Spence
Stangeland
Stenholm
Strang
Stump
Sweeney
Swindall
Tauke
Taylor
Thomas (CA)
Vucanovich
Walker
Weber
Whitehurst
Wylie

NOT VOTING—5

Addabbo	Rodino	Zschau
Fiedler	Wright	

☐ 1640

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

DETAILED FIGURES AND DATA RELATIVE TO H.R. 3424, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATION ACT, 1986

Mr. NATCHER. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point a detailed table showing the amounts in H.R. 3424, just passed, for each of the programs funded in the bill, together with appropriate comparisons.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	---- House Bill compared to ----- FY 1985	FY 1986 Budget	Man/ Dis	Auth/ Unauth
SUMMARY							
Title I - Department of Labor:							
Federal Funds	6,312,475,000	5,828,673,000	6,676,633,000	+364,158,000	+847,960,000		
Trust Funds	(2,632,851,000)	(2,643,468,000)	(2,709,465,000)	(+76,614,000)	(+65,997,000)		
Title II - Department of Health and Human Services:							
Federal Funds (all years)	82,445,123,000	78,551,610,000	79,914,542,000	-2,530,581,000	+1,362,932,000		
Current year	(71,594,354,000)	(67,077,856,000)	(68,440,788,000)	(-3,153,566,000)	(+1,362,932,000)		
1987 advance	(10,850,769,000)	(11,473,754,000)	(11,473,754,000)	(+622,985,000)	---		
Trust Funds	(4,904,868,000)	(5,168,334,000)	(5,248,644,000)	(+343,776,000)	(+80,310,000)		
Title III - Department of Education:							
Federal Funds	18,744,808,000	15,472,151,000	17,526,805,000	-1,218,003,000	+2,054,654,000		
Title IV - Related Agencies:							
Federal Funds	796,457,000	755,005,000	767,666,000	-28,791,000	+12,661,000		
Trust Funds	(74,524,000)	(68,801,000)	(74,693,000)	(+169,000)	(+5,892,000)		
Total, all titles:							
Federal Funds (all years)	108,298,863,000	100,607,439,000	104,885,646,000	-3,413,217,000	+4,278,207,000		
Current year	(97,448,094,000)	(89,133,685,000)	(93,411,892,000)	(-4,036,202,000)	(+4,278,207,000)		
1987 advance	(10,850,769,000)	(11,473,754,000)	(11,473,754,000)	(+622,985,000)	---		
Trust Funds	(7,610,743,000)	(7,880,603,000)	(8,032,802,000)	(+422,059,000)	(+152,199,000)		
Unauthorized, not considered, current year	1,680,832,000	1,236,828,000	DEFER				
Unauthorized, not considered, 1988 advance	(200,000,000)	(214,000,000)	DEFER				
CURRENT YEAR, INCLUDING PRIOR YEAR ADVANCES:							
Mandatory, current appropriations	(65,663,124,000)	(61,626,736,000)	(61,632,497,000)	(-4,030,627,000)	(+5,761,000)		
Mandatory, prior year advances	(7,922,500,000)	(11,010,269,000)	(11,010,269,000)	(+3,087,769,000)	---		
Subtotal, Mandatory	(73,585,624,000)	(72,637,005,000)	(72,642,766,000)	(-942,858,000)	(+5,761,000)		
Discretionary, current appropriations	(31,784,970,000)	(27,506,949,000)	(31,779,395,000)	(-5,575,000)	(+4,272,446,000)		
Total, Adjusted current year	105,370,594,000	100,143,954,000	104,422,161,000	-948,433,000	+4,278,207,000		
TITLE I, DEPARTMENT OF LABOR							
EMPLOYMENT AND TRAINING ADMINISTRATION							
PROGRAM ADMINISTRATION							
Job training programs	8,221,000	6,901,000	---	-8,221,000	-6,901,000	D	
Employment security	1,035,000	1,100,000	---	-1,035,000	-1,100,000	D	
Trust funds	(16,200,000)	(15,498,000)	---	(-16,200,000)	(-15,498,000)	TF	
Financial control and management systems	14,088,000	15,549,000	---	-14,088,000	-15,549,000	D	
Trust funds	(8,000,000)	(8,871,000)	---	(-8,000,000)	(-8,871,000)	TF	
Executive direction and administration	2,949,000	2,585,000	---	-2,949,000	-2,585,000	D	
Trust funds	(2,800,000)	(2,465,000)	---	(-2,800,000)	(-2,465,000)	TF	
Regional operations	28,777,000	25,259,000	---	-28,777,000	-25,259,000	D	
Trust funds	(18,200,000)	(15,541,000)	---	(-18,200,000)	(-15,541,000)	TF	
Apprenticeship services	12,555,000	11,520,000	---	-12,555,000	-11,520,000	D	
Undistributed, Federal funds	---	---	68,355,000	+68,355,000	+68,355,000	D	
Undistributed, Trust funds	---	---	(42,243,000)	(+42,243,000)	(+42,243,000)	TF	
Total, Program Administration	112,825,000	105,289,000	110,598,000	-2,227,000	+5,309,000		
Federal funds	67,625,000	62,914,000	68,355,000	+730,000	+5,441,000		
Trust funds	(45,200,000)	(42,375,000)	(42,243,000)	(-2,957,000)	(-132,000)		
TRAINING AND EMPLOYMENT SERVICES							
Grants to States:							
Block grant	1,886,151,000	1,886,151,000	1,863,151,000	-23,000,000	-23,000,000	D	
Summer youth employment and training program:							
(Summer, 1985 and 1986)	100,000,000	---	100,000,000	---	+100,000,000	D	
(Summer, 1986 and 1987)	724,549,000	664,549,000	724,549,000	---	+60,000,000	D	
Dislocated worker assistance	222,500,000	100,000,000	100,000,000	-122,500,000	---	D	
Federally administered programs:							
Native Americans	62,243,000	62,243,000	62,243,000	---	---	D	
Migrants and seasonal farmworkers	65,474,000	60,357,000	60,357,000	-5,117,000	---	D	
Job Corps	617,000,000	---	640,000,000	+23,000,000	+640,000,000	D	
Veterans' employment	9,667,000	7,741,000	9,667,000	---	+1,926,000	D	
National activities	61,078,000	24,480,000	61,078,000	---	+36,598,000	D	
(Pilots and demonstrations)	(20,698,000)	---	(20,698,000)	---	(+20,698,000)	NA	
(Research, demonstration and evaluation)	(12,190,000)	(15,190,000)	(15,190,000)	(+3,000,000)	---	NA	
(Other)	(28,190,000)	(9,290,000)	(25,190,000)	(-3,000,000)	(+15,900,000)	NA	
Subtotal, Federal activities	815,462,000	154,821,000	833,345,000	+17,883,000	+678,524,000		
Total, Job Training Partnership Act (comparable)	3,748,662,000	2,805,521,000	3,621,045,000	-127,617,000	+815,524,000		
Trade adjustment program activities	(26,000,000)	---	DEFER			D	NA
Total, Training and Employment Services	3,748,662,000	2,805,521,000	3,621,045,000	-127,617,000	+815,524,000		
COMMUNITY SERVICE FOR OLDER AMERICANS	326,000,000	326,000,000	326,000,000	---	---	D	

HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	---- House Bill compared to -----		Man/ Dis	Auth/ Unauth
				FY 1985	FY 1986 Budget		
FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES							
Trade adjustment assistance	70,000,000	5,000,000	5,000,000	-65,000,000	---	M	
Unemployment assistance and payments under other Federal unemployment programs	5,000,000	5,000,000	5,000,000	---	---	M	
Total, FUBA	75,000,000	10,000,000	10,000,000	-65,000,000	---		
STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS							
Unemployment Compensation (Trust Funds):							
State Operations	(1,116,602,000)	(1,139,960,000)	(1,149,960,000)	(+33,358,000)	(+10,000,000)	TF	
State integrity activities	(203,375,000)	(222,500,000)	(222,500,000)	(+19,125,000)	---	TF	
National Activities	(3,145,000)	(2,908,000)	(2,908,000)	(-237,000)	---	TF	
Contingency	(263,817,000)	(278,732,000)	(278,732,000)	(+14,915,000)	---	TF	
Subtotal, Unemployment Compensation(trust funds)	(1,586,939,000)	(1,644,100,000)	(1,654,100,000)	(+67,161,000)	(+10,000,000)		
Employment Service:							
Allotments to States:							
Current year:							
Federal funds	22,200,000	22,700,000	22,700,000	+500,000	---	D	
Trust funds	(755,198,000)	(732,500,000)	(778,000,000)	(+22,802,000)	(+45,500,000)	TF	
Subtotal	777,398,000	755,200,000	800,700,000	+23,302,000	+45,500,000		
National Activities:							
Federal funds	1,300,000	900,000	900,000	-400,000	---	D	
Trust funds	(51,267,000)	(27,840,000)	(27,840,000)	(-23,427,000)	---	TF	
Subtotal, Employment Service	829,965,000	783,940,000	829,440,000	-525,000	+45,500,000		
Federal funds	23,500,000	23,600,000	23,600,000	+100,000	---		
Trust funds	(806,465,000)	(760,340,000)	(805,840,000)	(-625,000)	(+45,500,000)		
Total, State Unempl. Ins. and Empl. Ser. Opers.	2,416,904,000	2,428,040,000	2,483,540,000	+66,636,000	+55,500,000		
Federal Funds	23,500,000	23,600,000	23,600,000	+100,000	---		
Trust Funds	(2,393,404,000)	(2,404,440,000)	(2,459,940,000)	(+66,536,000)	(+55,500,000)		
ADVANCES TO UNEMPLOYMENT TRUST FUND AND OTHER FUNDS	---	465,000,000	465,000,000	+465,000,000	---	M	
Total, Employment & Training Administration	6,679,391,000	6,139,850,000	7,016,183,000	+336,792,000	+876,333,000		
Federal funds	4,240,787,000	3,693,035,000	4,514,000,000	+273,213,000	+820,965,000		
Trust funds	(2,438,604,000)	(2,446,815,000)	(2,502,183,000)	(+63,579,000)	(+55,368,000)		
LABOR - MANAGEMENT SERVICES							
SALARIES AND EXPENSES							
Labor-management relations service	5,120,000	4,797,000	4,797,000	-323,000	---	D	
Labor-management standards enforcement	24,537,000	23,662,000	23,662,000	-875,000	---	D	
Pension and welfare benefit programs	30,374,000	29,046,000	29,046,000	-1,328,000	---	D	
Total, LMS	60,031,000	57,505,000	57,505,000	-2,526,000	---		
PENSION BENEFIT GUARANTY CORPORATION							
Program Administration (Trust Funds)	(33,057,000)	(33,040,000)	(33,040,000)	(-17,000)	---	TF	
EMPLOYMENT STANDARDS ADMINISTRATION							
SALARIES AND EXPENSES							
Enforcement of wage and hour standards	73,744,000	69,980,000	---	-73,744,000	-69,980,000	D	
Federal contractor EEO standards enforcement	46,630,000	44,101,000	---	-46,630,000	-44,101,000	D	
Federal programs for workers' compensation	59,444,000	58,276,000	---	-59,444,000	-58,276,000	D	
Trust funds	(397,000)	(406,000)	---	(-397,000)	(-406,000)	TF	
Executive direction and support services	12,764,000	11,624,000	---	-12,764,000	-11,624,000	D	
Undistributed, Federal funds	---	---	191,118,000	+191,118,000	+191,118,000	D	
Undistributed, Trust funds	---	---	(406,000)	(+406,000)	(+406,000)	TF	
Total, salaries and expenses	192,979,000	184,387,000	191,524,000	-1,455,000	+7,137,000		
Federal funds	192,582,000	183,981,000	191,118,000	-1,464,000	+7,137,000		
Trust funds	(397,000)	(406,000)	(406,000)	(+9,000)	---		
SPECIAL BENEFITS							
Federal employees compensation act benefits	207,000,000	255,000,000	255,000,000	+48,000,000	---	M	
Longshore and harbor workers' benefits	4,400,000	4,500,000	4,500,000	+100,000	---	M	
Total, Special Benefits	211,400,000	259,500,000	259,500,000	+48,100,000	---		

HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	---- House Bill compared to -----		Man/ Dis	Auth/ Unauth
				FY 1985	FY 1986 Budget		
BLACK LUNG DISABILILTY TRUST FUND							
Benefit payments and interest on advances	910,781,000	942,868,000	942,868,000	+32,087,000	---	M	
Employment Standards Admin., salaries & expenses	24,579,000	25,481,000	25,481,000	+902,000	---	M	
Departmental Management, salaries and expenses	13,688,000	15,297,000	19,746,000	+6,058,000	+4,449,000	M	
Departmental Management, inspector general	372,000	376,000	376,000	+4,000	---	M	
Subtotal, Black Lung Disabltw. Trust Fund, apprn	949,420,000	984,022,000	988,471,000	+39,051,000	+4,449,000		
Appropriation available in prior year	-7,463,000	---	---	+7,463,000	---	M	
Total adjusted apprn. including drawdown: Federal Funds	941,957,000	984,022,000	988,471,000	+46,514,000	+4,449,000		
Treasury administrative costs (indefinite)	756,000	756,000	756,000	---	---	M	
Total, Employment Standards Administration	1,347,092,000	1,428,665,000	1,440,251,000	+93,159,000	+11,586,000		
Federal funds	1,346,695,000	1,428,259,000	1,439,845,000	+93,150,000	+11,586,000		
Trust funds	(397,000)	(406,000)	(406,000)	(+9,000)	---		
OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION							
SALARIES AND EXPENSES							
Safety and health standards	6,165,000	6,161,000	6,161,000	-4,000	---	D	
Enforcement:							
Federal Enforcement	82,443,000	86,206,000	87,043,000	+4,600,000	+837,000	D	
State programs	53,021,000	53,021,000	53,021,000	---	---	D	
Technical Support	13,213,000	14,029,000	14,029,000	+816,000	---	D	
Compliance Assistance	37,755,000	34,968,000	34,968,000	-2,787,000	---	D	
Safety and health statistics	21,697,000	18,013,000	18,013,000	-3,684,000	---	D	
Executive direction and administration	5,358,000	4,810,000	4,810,000	-548,000	---	D	
Total, OSHA	219,652,000	217,208,000	218,045,000	-1,607,000	+837,000		
MINE SAFETY AND HEALTH ADMINISTRATION							
SALARIES AND EXPENSES							
Enforcement:							
Coal	75,130,000	75,507,000	---	-75,130,000	-75,507,000	D	
Metal/nonmetal	29,245,000	28,753,000	---	-29,245,000	-28,753,000	D	
Standards development	928,000	897,000	---	-928,000	-897,000	D	
Assessments	1,901,000	1,755,000	---	-1,901,000	-1,755,000	D	
Educational policy and development	12,298,000	11,629,000	---	-12,298,000	-11,629,000	D	
Technical support	18,412,000	18,402,000	---	-18,412,000	-18,402,000	D	
Program administration	12,636,000	11,968,000	---	-12,636,000	-11,968,000	D	
Undistributed	---	---	150,215,000	+150,215,000	+150,215,000	D	
Total, Mine Safety and Health Administration	150,550,000	148,911,000	150,215,000	-335,000	+1,304,000		
BUREAU OF LABOR STATISTICS							
SALARIES AND EXPENSES							
Employment and Unemployment Statistics	55,355,000	50,428,000	---	-55,355,000	-50,428,000	D	
Labor Market Information (Trust Funds)	(34,081,000)	(36,309,000)	---	(-34,081,000)	(-36,309,000)	TF	
Prices and cost of living	48,779,000	50,187,000	---	-48,779,000	-50,187,000	D	
Wages and industrial relations	16,694,000	17,361,000	---	-16,694,000	-17,361,000	D	
Productivity and technology	4,680,000	4,797,000	---	-4,680,000	-4,797,000	D	
Economic growth and employment projections	2,959,000	3,138,000	---	-2,959,000	-3,138,000	D	
Executive direction and staff services	14,768,000	12,684,000	---	-14,768,000	-12,684,000	D	
Consumer Price Index Revision	9,625,000	13,258,000	---	-9,625,000	-13,258,000	D	
Undistributed, Federal funds	---	---	158,616,000	+158,616,000	+158,616,000	D	
Undistributed, Trust funds	---	---	(36,309,000)	(+36,309,000)	(+36,309,000)	TF	
Total, Bureau of Labor Statistics	186,941,000	188,162,000	194,925,000	+7,984,000	+6,763,000		
Federal Funds	152,860,000	151,853,000	158,616,000	+5,756,000	+6,763,000		
Trust Funds	(34,081,000)	(36,309,000)	(36,309,000)	(+2,228,000)	---		
DEPARTMENTAL MANAGEMENT							
SALARIES AND EXPENSES							
Executive direction	11,232,000	10,840,000	11,280,000	+48,000	+440,000	D	
Legal services	39,598,000	39,677,000	39,878,000	+280,000	+201,000	D	
Trust funds	(240,000)	(252,000)	(252,000)	(+12,000)	---	TF	
International labor affairs	4,794,000	4,220,000	4,220,000	-574,000	---	D	
Administration and management	24,666,000	21,841,000	21,841,000	-2,825,000	---	D	
Adjudication	11,693,000	11,124,000	11,124,000	-569,000	---	D	
Promoting employment of the handicapped	2,129,000	2,136,000	2,136,000	+7,000	---	D	
Women's Bureau	5,130,000	4,751,000	5,251,000	+121,000	+500,000	D	
Civil Rights Activities	3,268,000	2,896,000	3,307,000	+39,000	+411,000	D	
Total, Salaries and expenses	102,750,000	97,737,000	99,289,000	-3,461,000	+1,552,000		
Federal funds	102,510,000	97,485,000	99,037,000	-3,473,000	+1,552,000		
Trust funds	(240,000)	(252,000)	(252,000)	(+12,000)	---		
VETERANS EMPLOYMENT AND TRAINING							
Trust funds	(122,172,000)	(124,485,000)	(132,975,000)	(+10,803,000)	(+8,490,000)	TF	

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	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	---- House Bill compared to ----- FY 1985	FY 1986 Budget	Man/ Dis	Auth/ Unauth
OFFICE OF THE INSPECTOR GENERAL							
Audit:							
Federal funds	22,655,000	17,487,000	22,655,000	---	+5,168,000	D	
Trust funds	(3,755,000)	(1,541,000)	(3,755,000)	---	(+2,214,000)	TF	
Investigation:							
Federal funds	5,504,000	5,862,000	5,504,000	---	-358,000	D	
Trust funds	(545,000)	(620,000)	(545,000)	---	(-75,000)	TF	
Office of Labor Racketeering	5,960,000	6,483,000	5,960,000	---	-523,000	D	
Administration and management	5,204,000	4,538,000	5,204,000	---	+666,000	D	
Total, Office of the Inspector General	43,623,000	36,531,000	43,623,000	---	+7,092,000		
Federal funds	39,323,000	34,370,000	39,323,000	---	+4,953,000		
Trust funds	(4,300,000)	(2,161,000)	(4,300,000)	---	(+2,139,000)		
SPECIAL FOREIGN CURRENCY PROGRAM	67,000	47,000	47,000	-20,000	---	D	
Total, Departmental Management	268,612,000	258,800,000	275,934,000	+7,322,000	+17,134,000		
Federal funds	141,900,000	131,902,000	138,407,000	-3,493,000	+6,505,000		
Trust funds	(126,712,000)	(126,898,000)	(137,527,000)	(+10,815,000)	(+10,629,000)		
Total, Labor Department	8,945,326,000	8,472,141,000	9,386,098,000	+440,772,000	+913,957,000		
Federal funds	6,312,475,000	5,828,673,000	6,676,633,000	+364,158,000	+847,960,000		
Trust funds	(2,632,851,000)	(2,643,468,000)	(2,709,465,000)	(+76,614,000)	(+65,997,000)		
TITLE II--DEPARTMENT OF HEALTH AND HUMAN SERVICES							
PUBLIC HEALTH SERVICE HEALTH RESOURCES AND SERVICES ADMINISTRATION							
HEALTH RESOURCES AND SERVICES							
AUTHORIZED ACTIVITIES							
Maternal and Child Health Block Grant	478,000,000	478,000,000	478,000,000	---	---	D	
Black lung clinics 1/	3,300,000	3,300,000	3,300,000	---	---	D	
Home health demonstrations and training	3,000,000	---	---	-3,000,000	---	D	
Hansen's disease services (Carville)	18,881,000	19,103,000	19,103,000	+222,000	---	D	
Federal employee occupational health	600,000	---	---	-600,000	---	D	
Reimburseable activities (non-add)	(15,750,000)	---	(15,750,000)	---	(+15,750,000)	NA	
Payment to Hawaii for treatment of Hansen's Dis.	2,500,000	2,500,000	2,500,000	---	---	D	
Health teaching facilities	1,228,000	1,200,000	1,200,000	-28,000	---	D	
Buildings and facilities	---	750,000	750,000	+750,000	---	D	
Organ transplants	800,000	---	400,000	-400,000	+400,000	D	
Pediatric emergency care	2,000,000	---	---	-2,000,000	---	D	
Nurse training:							
Advanced nurse training	16,450,000	---	16,450,000	---	+16,450,000	D	
Nurse practitioner	12,000,000	---	12,000,000	---	+12,000,000	D	
Special projects	9,500,000	---	9,500,000	---	+9,500,000	D	
Traineeships	11,450,000	---	11,450,000	---	+11,450,000	D	
Research grants	9,400,000	---	9,400,000	---	+9,400,000	D	
Nurse Anesthetists	800,000	---	800,000	---	+800,000	D	
Special projects for new purposes	---	---	---	---	---	D	
Faculty fellowships	---	---	---	---	---	D	
Subtotal, Nurse training	59,600,000	---	59,600,000	---	+59,600,000		
Subtotal, Authorized activities	569,909,000	504,853,000	564,853,000	-5,056,000	+60,000,000		
UNAUTHORIZED ACTIVITIES							
Health Care Delivery and Assistance:							
Primary Care Block Grant:							
Community health centers 1/	(383,000,000)	(360,000,000)	DEFER			D	NA
Migrant health 1/	(44,300,000)	(44,300,000)	DEFER			D	NA
Family planning 1/	(142,500,000)	(142,500,000)	DEFER			D	NA
Subtotal, Primary Care	(569,800,000)	(546,800,000)	DEFER				
Block grant program support	(2,060,000)	(1,009,000)	DEFER			D	NA
National Health Service Corps	(45,726,000)	(45,793,000)	DEFER			D	NA
Direct operations	(40,940,000)	(27,136,000)	DEFER			D	NA
Total, Health Care Delivery & Assistance	(658,526,000)	(620,738,000)	DEFER				
Health Professions:							
Health professions student assistance:							
Exceptional need scholarships	(7,000,000)	---	DEFER			D	NA
National Health Service Scholarships	(2,300,000)	---	DEFER			D	NA
Health professions institutional assistance:							
Financial distress	(5,600,000)	---	DEFER			D	NA
Public health/health administration:							
Public Health capitation	(5,000,000)	---	DEFER			D	NA
Health Administration grants	(1,500,000)	---	DEFER			D	NA
Public Health traineeships	(3,000,000)	---	DEFER			D	NA
Health Administration traineeships	(500,000)	---	DEFER			D	NA
Preventive medicine residencies	(1,600,000)	---	DEFER			D	NA
Subtotal, PH/HA	(11,600,000)	---	DEFER				

1/ Requested as a consolidated grant in President's budget.

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Family Med/Gen Dentistry res. & trns	(35,950,000)	---	DEFER			D	NA
General Internal Medicine and Pediatrics	(18,450,000)	---	DEFER			D	NA
Family medicine departments	(7,500,000)	---	DEFER			D	NA
Physician assistants	(4,800,000)	---	DEFER			D	NA
Area health education centers	(18,000,000)	---	DEFER			D	NA
Health professions data analysis	(2,000,000)	---	DEFER			D	NA
Disadvantaged Assistance	(24,000,000)	---	DEFER			D	NA
Health professions spec ed initiatives	(3,000,000)	---	DEFER			D	NA
Geriatric training initiative	(5,000,000)	---	DEFER			D	NA
Pacific Basin initiative	(2,500,000)	---	DEFER			D	NA
Nurse training:							
Fellowships	(2,000,000)	---	DEFER			D	NA
Center for Nursing Research	(5,000,000)	---	DEFER			D	NA
Health professions direct operations	(20,000,000)	(2,980,000)	DEFER			D	NA
Total, Health professions	(174,700,000)	(2,980,000)	DEFER				
HMO and Resources Development:							
Health Planning	(64,986,000)	---	DEFER			D	NA
Direct operations	(13,714,000)	(14,648,000)	DEFER			D	NA
Total, HMO & Resources Development	(78,700,000)	(14,648,000)	DEFER				
Program management / Program support	(22,248,000)	(12,238,000)	DEFER			D	NA
Subtotal, Unauthorized activities	(934,174,000)	(650,604,000)	DEFER				
Total, Health Resources and Services	569,909,000	504,853,000	564,853,000	-5,056,000	+60,000,000		
Total, authorized and unauthorized	1,504,083,000	1,155,457,000	564,853,000	-939,230,000	-590,604,000		
MEDICAL FACILITIES GUARANTEE AND LOAN FUND	26,500,000	25,000,000	25,000,000	-1,500,000	---	M	
HMO LOAN AND LOAN GUARANTEE FUND:							
Capital contribution	1,720,000	---	---	-1,720,000	---	M	
Loan disbursements (non-add)	(2,600,000)	, (700,000)	(700,000)	(-1,900,000)	---	NA	
HEAL	(250,000,000)	---	---	(-250,000,000)	---	NA	
CENTERS FOR DISEASE CONTROL							
DISEASE CONTROL							
Preventive Health Services Block Grant	89,500,000	89,525,000	89,525,000	+25,000	---	D	
Prevention centers	---	---	---	---	---	D	
Sexually transmitted diseases:							
Grants	43,768,000	45,510,000	45,510,000	+1,742,000	---	D	
Direct operations	9,207,000	9,653,000	9,653,000	+446,000	---	D	
Subtotal	52,975,000	55,163,000	55,163,000	+2,188,000	---		
Immunization:							
Grants	42,256,000	42,400,000	42,400,000	+144,000	---	D	
Direct operations	7,991,000	8,128,000	8,128,000	+137,000	---	D	
Vaccine stockpile	4,000,000	4,000,000	4,000,000	---	---	D	
Subtotal	54,247,000	54,528,000	54,528,000	+281,000	---		
Infectious disease	60,102,000	80,717,000	80,717,000	+20,615,000	---	D	
Tuberculosis grants	5,000,000	---	5,000,000	---	+5,000,000	D	
Chronic & environmental disease prevention	28,198,000	24,425,000	29,425,000	+1,227,000	+5,000,000	D	
Occupational Safety and Health (NIOSH):							
Research	57,413,000	58,923,000	58,923,000	+1,510,000	---	D	
Training	8,760,000	---	8,760,000	---	+8,760,000	D	
Subtotal, NIOSH	66,173,000	58,923,000	67,683,000	+1,510,000	+8,760,000		
Epidemic services	48,477,000	50,726,000	50,726,000	+2,249,000	---	D	
Buildings and facilities	6,310,000	3,797,000	3,797,000	-2,513,000	---	D	
Program management	3,042,000	3,096,000	3,096,000	+54,000	---	D	
User fees	---	-466,000	-466,000	-466,000	---	D	
User fees (non-add)	---	---	---	---	---	NA	
Undistributed	---	---	2,000,000	+2,000,000	+2,000,000	D	
Total, Disease Control	414,024,000	420,434,000	441,194,000	+27,170,000	+20,760,000		
NATIONAL INSTITUTES OF HEALTH							
National Cancer Institute:							
Authorized activities	1,160,333,000	1,097,641,000	1,221,590,000	+61,257,000	+123,949,000	D	
Construction	(6,500,000)	(3,000,000)	DEFER			D	NA
Research training	(30,838,000)	(30,838,000)	DEFER			D	NA
Total, NCI	1,160,333,000	1,097,641,000	1,221,590,000	+61,257,000	+123,949,000		
National Heart, Lung, and Blood Institute:							
Authorized activities	761,490,000	733,941,000	812,882,000	+51,392,000	+78,941,000	D	
Construction	(3,300,000)	---	DEFER			D	NA
Research training	(40,206,000)	(40,206,000)	DEFER			D	NA
Total, NHLBI	761,490,000	733,941,000	812,882,000	+51,392,000	+78,941,000		

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National Institute of Dental Research:							
Authorized activities	96,374,000	90,116,000	97,691,000	+1,317,000	+7,575,000	D	
Research training	(4,562,000)	(4,562,000)	DEFER			D	NA
Total, NIDR	96,374,000	90,116,000	97,691,000	+1,317,000	+7,575,000		
National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases:							
Authorized activities	512,796,000	494,886,000	541,298,000	+28,502,000	+46,412,000	D	
Research training	(26,730,000)	(26,730,000)	DEFER			D	NA
Total, NIADDKD	512,796,000	494,886,000	541,298,000	+28,502,000	+46,412,000		
National Institute of Neurological and Communicative Disorders and Stroke:							
Authorized activities	382,506,000	362,362,000	418,590,000	+36,084,000	+56,228,000	D	
Research training	(13,153,000)	(13,153,000)	DEFER			D	NA
Total, NINCDS	382,506,000	362,362,000	418,590,000	+36,084,000	+56,228,000		
National Institute of Allergy and Infectious Diseases:							
Authorized activities	356,960,000	347,431,000	371,941,000	+14,981,000	+24,510,000	D	
Research training	(11,382,000)	(11,382,000)	DEFER			D	NA
Total, NIAID	356,960,000	347,431,000	371,941,000	+14,981,000	+24,510,000		
National Institute of General Medical Sciences:							
Authorized activities	425,096,000	401,133,000	455,593,000	+30,497,000	+54,460,000	D	
Research training	(57,721,000)	(57,721,000)	DEFER			D	NA
Total, NIGMS	425,096,000	401,133,000	455,593,000	+30,497,000	+54,460,000		
National Institute of Child Health and Human Development:							
Authorized activities	296,494,000	280,381,000	306,812,000	+10,318,000	+26,431,000	D	
Research training	(13,901,000)	(13,901,000)	DEFER			D	NA
Total, NICHHD	296,494,000	280,381,000	306,812,000	+10,318,000	+26,431,000		
National Eye Institute:							
Authorized activities	173,268,000	156,438,000	188,988,000	+15,720,000	+32,550,000	D	
Research training	(5,231,000)	(5,231,000)	DEFER			D	NA
Total, NEI	173,268,000	156,438,000	188,988,000	+15,720,000	+32,550,000		
National Institute of Environmental Health Sciences:							
Authorized activities	185,288,000	175,177,000	188,319,000	+3,031,000	+13,142,000	D	
Research training	(8,502,000)	(8,502,000)	DEFER			D	NA
Total, NIEHS	185,288,000	175,177,000	188,319,000	+3,031,000	+13,142,000		
National Institute on Aging:							
Authorized activities	140,143,000	130,734,000	149,067,000	+8,924,000	+18,333,000	D	
Research training	(4,642,000)	(4,642,000)	DEFER			D	NA
Total, NIA	140,143,000	130,734,000	149,067,000	+8,924,000	+18,333,000		
Research Resources:							
Authorized activities	304,579,000	262,149,000	304,579,000	---	+42,430,000	D	
Research training	(1,075,000)	(1,075,000)	DEFER			D	NA
Total, Research Resources	304,579,000	262,149,000	304,579,000	---	+42,430,000		
John E. Fogarty International Center	11,529,000	11,464,000	11,529,000	---	+65,000	D	
National Library of Medicine:							
Authorized activities	46,972,000	46,334,000	46,972,000	---	+638,000	D	
Assistance to medical libraries	(7,790,000)	(7,790,000)	DEFER			D	NA
Total, NLM	46,972,000	46,334,000	46,972,000	---	+638,000		
Office of the Director	37,131,000	36,591,000	117,085,000	+79,954,000	+80,494,000	D	
Buildings and facilities	21,730,000	5,000,000	14,900,000	-6,830,000	+9,900,000	D	
Total, National Institutes of Health(authorized)	4,912,689,000	4,631,778,000	5,247,836,000	+335,147,000	+616,058,000		
Total, Unauthorized	(235,533,000)	(228,733,000)	DEFER				
Total, NIH authorized and unauthorized	5,148,222,000	4,860,511,000	5,247,836,000	+99,614,000	+387,325,000		
ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION							
ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH							
Alcohol, Drug Abuse and Mental Health Block Grant:							
State grants	490,000,000	490,000,000	490,000,000	---	---	D	
State planning	2,500,000	---	---	-2,500,000	---	D	
Block grant program support	1,028,000	1,028,000	1,028,000	---	---	D	
Subtotal, Block Grant	493,528,000	491,028,000	491,028,000	-2,500,000	---		

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	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	House Bill compared to FY 1985	House Bill compared to FY 1986 Budget	Man/ Dis	Auth/ Unauth
Mental Health:							
Mental Health Services Demonstrations, (CSP)	10,500,000	---	10,500,000	---	+10,500,000	D	
Research	193,342,000	191,178,000	209,979,000	+16,637,000	+18,801,000	D	
Research training	(18,000,000)	(18,000,000)	DEFER			D	NA
Clinical training	22,000,000	---	8,000,000	-14,000,000	+8,000,000	D	
Direct operations	34,413,000	32,397,000	32,897,000	-1,516,000	+500,000	D	
Protection and advocacy	---	---	---	---	---	D	
Subtotal, mental health	260,255,000	223,575,000	261,376,000	+1,121,000	+37,801,000		
Drug Abuse:							
Research	64,320,000	68,760,000	65,539,000	+1,219,000	-3,221,000	D	
Research training	(1,500,000)	(1,500,000)	DEFER			D	NA
Direct operations	15,305,000	14,282,000	14,282,000	-1,023,000	---	D	
Subtotal, drug abuse	79,625,000	83,042,000	79,821,000	+196,000	-3,221,000		
Alcoholism:							
Research	48,509,000	52,787,000	54,259,000	+5,750,000	+1,472,000	D	
Research training	(1,500,000)	(1,500,000)	DEFER			D	NA
Direct operations	11,958,000	10,880,000	10,880,000	-1,078,000	---	D	
Subtotal, alcoholism	60,467,000	63,667,000	65,139,000	+4,672,000	+1,472,000		
Buildings and facilities	---	100,000	100,000	+100,000	---	D	
Program management, ADAMHA	6,592,000	6,173,000	6,173,000	-419,000	---	D	
Total, Alcohol, Drug Abuse and Mental Health	900,467,000	867,585,000	903,637,000	+3,170,000	+36,052,000		
Total, Unauthorized	(21,000,000)	(21,000,000)	DEFER				
ST. ELIZABETH'S HOSPITAL:							
Total obligations	126,743,000	132,923,000	132,923,000	+6,180,000	---	D	
Less reimbursements	-78,148,000	-89,227,000	-89,227,000	-11,079,000	---	D	
Subtotal, St. Elizabeth's Hospital	48,595,000	43,696,000	43,696,000	-4,899,000	---		
Total, ADAMHA	949,062,000	911,281,000	947,333,000	-1,729,000	+36,052,000		
OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH							
PUBLIC HEALTH SERVICE MANAGEMENT							
Research, Statistics and Technology:							
Health Services Research:							
Research	14,435,000	14,590,000	14,590,000	+155,000	---	D	
Trust funds	(1,050,000)	(1,050,000)	(1,050,000)	---	---	TF	
Program support	2,024,000	1,852,000	1,852,000	-172,000	---	D	
Subtotal	17,509,000	17,492,000	17,492,000	-17,000	---		
Health Statistics:							
Program operations	39,258,000	45,491,000	41,032,000	+1,774,000	-4,459,000	D	
Program support	3,472,000	3,193,000	3,193,000	-279,000	---	D	
Subtotal	42,730,000	48,684,000	44,225,000	+1,495,000	-4,459,000		
Adolescent family life	(14,863,000)	(14,729,000)	DEFER			D	NA
Smoking and health	3,538,000	3,526,000	3,526,000	-12,000	---	D	
Health promotion	3,645,000	3,539,000	3,539,000	-106,000	---	D	
Physical fitness and sports	1,364,000	1,379,000	1,379,000	+15,000	---	D	
Public Health Service Management	19,885,000	18,510,000	18,510,000	-1,375,000	---	D	
Total, PHS management	87,621,000	92,080,000	87,621,000	---	-4,459,000		
RETIREMENT PAY AND MED. BENEFITS FOR COMM. OFFICERS							
Retirement payments	59,803,000	70,169,000	70,169,000	+10,366,000	---	M	
Survivors benefits	3,026,000	3,564,000	3,564,000	+538,000	---	M	
Dependent's medical care	9,292,000	9,781,000	9,781,000	+489,000	---	M	
Contingency reserve	---	16,188,000	---	---	-16,188,000	M	
Legislative proposal	---	-2,573,000	-2,573,000	-2,573,000	---	M	
Total, Retirement pay and medical benefits	72,121,000	97,129,000	80,941,000	+8,820,000	-16,188,000		
Total, Public Health Service	7,033,646,000	6,682,555,000	7,394,778,000	+361,132,000	+712,223,000		
HEALTH CARE FINANCING ADMINISTRATION							
GRANTS TO STATES FOR MEDICAID							
Medicaid current law benefits	20,639,831,000	23,382,959,000	22,442,753,000	+1,802,922,000	-940,206,000	M	
State and local administration	1,214,660,000	1,247,716,000	1,247,716,000	+33,056,000	---	M	
Subtotal, current law	21,854,491,000	24,630,675,000	23,690,469,000	+1,835,978,000	-940,206,000		

HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	---- House Bill compared to -----		Man/ Dis	Auth/ Unauth
				FY 1985	FY 1986 Budget		
Legislative proposals:							
GNP deficit limit (cap payments)	---	-888,300,000	---	---	+888,300,000	M	
State and local admin cost freeze	---	-51,906,000	---	---	+51,906,000	M	
Subtotal, legislative proposals	---	-940,206,000	---	---	+940,206,000		
Total, MEDICAID current year program level	21,854,491,000	23,690,469,000	23,690,469,000	+1,835,978,000	---		
Less funds advanced in prior year	-5,561,000,000	-5,980,000,000	-5,980,000,000	-419,000,000	---	M	
Total appropriation, current request	16,293,491,000	17,710,469,000	17,710,469,000	+1,416,978,000	---		
Subsequent year advance appropriation	5,980,000,000	6,500,000,000	6,500,000,000	+520,000,000	---	M	
PAYMENTS TO HEALTH CARE TRUST FUNDS							
Supplemental medical insurance	17,898,000,000	19,002,000,000	19,002,000,000	+1,104,000,000	---	M	
Military Service Credits	86,000,000	91,000,000	91,000,000	+5,000,000	---	M	
Hospital insurance for uninsured	762,000,000	554,000,000	554,000,000	-208,000,000	---	M	
Federal uninsured payment	4,000,000	12,000,000	12,000,000	+8,000,000	---	M	
Total, Payment to Trust Funds	18,750,000,000	19,659,000,000	19,659,000,000	+909,000,000	---		
PROGRAM MANAGEMENT							
Research, demonstration, and evaluation:							
Federal funds	22,000,000	14,300,000	16,000,000	-6,000,000	+1,700,000	D	
Trust funds	(12,000,000)	(7,700,000)	(12,000,000)	---	(+4,300,000)	TF	
Subtotal, Research and evaluation	34,000,000	22,000,000	28,000,000	-6,000,000	+6,000,000		
Medicare Contractors (Trust Funds) 1/	(852,600,000)	(920,000,000)	(957,000,000)	(+104,400,000)	(+37,000,000)	TF	
Contingency fund (Trust Fund)	(20,000,000)	(15,000,000)	(15,000,000)	(-5,000,000)	---	TF	
Subtotal, Contractors	(872,600,000)	(935,000,000)	(972,000,000)	(+99,400,000)	(+37,000,000)		
State Certification:							
Medicare certification, trust funds 2/	(47,074,000)	(48,434,000)	(48,434,000)	(+1,360,000)	---	TF	
General program support, federal funds	2,685,000	1,325,000	1,325,000	-1,360,000	---	D	
End Stage Renal Disease (ESRD) Networks (trust funds).	(4,837,000)	---	(4,837,000)	---	(+4,837,000)	TF	
Federal Administration:							
Federal funds	72,030,000	68,633,000	70,860,000	-1,170,000	+2,227,000	D	
Trust funds	(149,197,000)	(141,664,000)	(145,837,000)	(-3,360,000)	(+4,173,000)	TF	
Subtotal, Federal Administration	221,227,000	210,297,000	216,697,000	-4,530,000	+6,400,000		
Total, Program management	1,182,423,000	1,217,056,000	1,271,293,000	+88,870,000	+54,237,000		
Federal funds	96,715,000	84,258,000	88,185,000	-8,530,000	+3,927,000		
Trust funds	(1,085,708,000)	(1,132,798,000)	(1,183,108,000)	(+97,400,000)	(+50,310,000)		
Total, Health Care Financing Administration:							
Federal funds:							
Current year	35,140,206,000	37,453,727,000	37,457,654,000	+2,317,448,000	+3,927,000		
Subsequent year advance	5,980,000,000	6,500,000,000	6,500,000,000	+520,000,000	---		
Trust funds	(1,085,708,000)	(1,132,798,000)	(1,183,108,000)	(+97,400,000)	(+50,310,000)		
SOCIAL SECURITY ADMINISTRATION							
PAYMENTS TO SOCIAL SECURITY TRUST FUNDS	4,012,722,000	497,008,000	497,008,000	-3,515,714,000	---	M	
SPECIAL BENEFITS FOR DISABLED COAL MINERS							
Benefit payments	1,015,000,000	959,389,000	991,389,000	-23,611,000	+32,000,000	M	
Administration	9,131,000	6,519,000	6,519,000	-2,612,000	---	M	
Legislative proposals	---	32,000,000	---	---	-32,000,000	M	
Subtotal, Black Lung, program level	1,024,131,000	997,908,000	997,908,000	-26,223,000	---		
Less funds advanced in prior year	---	-270,000,000	-270,000,000	-270,000,000	---	M	
Total, Black Lung, current request	1,024,131,000	727,908,000	727,908,000	-296,223,000	---		
Apprn. available from subsequent year	12,389,000	---	---	-12,389,000	---	M	
Apprn. available in prior year	---	-12,389,000	-12,389,000	-12,389,000	---	M	
Subsequent year advance appropriation	270,000,000	270,000,000	270,000,000	---	---	M	

1/ Does not incl. $45 m. in FY 85 from PL 97-248.

2/ Medicaid funds totalling 39,610,000 in 1985 and 46,785,000 in 1986 appropriated in "Grants to States".

HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	---- House Bill compared to ----- FY 1985	FY 1986 Budget	Man/ Dis	Auth/ Unauth
SUPPLEMENTAL SECURITY INCOME							
Federal benefit payments	8,399,496,000	9,040,551,000	9,040,551,000	+641,055,000	---	M	
Beneficiary services	5,000,000	6,800,000	6,800,000	+1,800,000	---	M	
Federal fiscal liability	21,115,000	---	---	-21,115,000	---	M	
Administration	936,175,000	1,010,507,000	1,010,507,000	+74,332,000	---	M	
Subtotal, Supplemental Security Income, program.	9,361,786,000	10,057,858,000	10,057,858,000	+696,072,000	---		
Less funds advanced in prior year	---	-2,345,769,000	-2,345,769,000	-2,345,769,000	---	M	
Total, SSI, current request	9,361,786,000	7,712,089,000	7,712,089,000	-1,649,697,000	---		
Apprn. available in prior year	-328,618,000	-176,868,000	-176,868,000	+151,750,000	---	M	
Apprn. available from subsequent year	176,868,000	---	---	-176,868,000	---	M	
Subsequent year advance appropriation	2,345,769,000	2,339,250,000	2,339,250,000	-6,519,000	---	M	
ASSISTANCE PAYMENTS							
AFDC benefit payments	7,219,925,000	7,844,316,000	7,664,316,000	+444,391,000	-180,000,000	M	
Adult categories	14,014,000	13,743,000	13,743,000	-271,000	---	M	
Emergency assistance	56,100,000	70,100,000	70,100,000	+14,000,000	---	M	
State and local administrations	908,083,000	982,416,000	982,416,000	+74,333,000	---	M	
Admin. and training, Territories	5,717,000	6,077,000	6,077,000	+360,000	---	M	
Repatriation	1,520,000	1,069,000	1,069,000	-451,000	---	M	
Research & evaluation	2,575,000	2,925,000	2,925,000	+350,000	---	M	
Federal administration	34,760,000	33,932,000	33,932,000	-828,000	---	M	
Legislative proposals	---	-180,000,000	---	---	+180,000,000	M	
Subtotal, current year program level	8,242,694,000	8,774,578,000	8,774,578,000	+531,884,000	---		
Less funds advanced in previous years	-2,073,000,000	-2,095,000,000	-2,095,000,000	-22,000,000	---	M	
Total, Assistance payments, current request	6,169,694,000	6,679,578,000	6,679,578,000	+509,884,000	---		
Appropriation available in prior year	-580,115,000	-620,316,000	-620,316,000	-40,201,000	---	M	
Apprn. available from subsequent year	620,316,000	---	---	-620,316,000	---	M	
Subsequent year advance appropriation	2,095,000,000	2,193,754,000	2,193,754,000	+98,754,000	---	M	
CHILD SUPPORT ENFORCEMENT							
Program level, current law	635,000,000	592,601,000	592,601,000	-42,399,000	---	M	
Less funds advanced in previous years	-138,000,000	-160,000,000	-160,000,000	-22,000,000	---	M	
Current request, Child Support Enforcement	497,000,000	432,601,000	432,601,000	-64,399,000	---		
Subsequent year advance appropriation	160,000,000	170,750,000	170,750,000	+10,750,000	---	M	
LOW INCOME HOME ENERGY ASSISTANCE 1/							
Energy Assistance Block Grant	2,097,704,000	2,097,840,000	2,097,765,000	+61,000	-75,000	D	
Federal Administration	2,296,000	2,235,000	2,235,000	-61,000	---	D	
Subtotal, Energy assistance	2,100,000,000	2,100,075,000	2,100,000,000	---	-75,000		
OFFICE OF REFUGEE RESETTLEMENT							
Refugee and Entrant Assistance							
Cash and medical assistance	(247,157,000)	(221,654,000)	DEFER			D	NA
State administration	(40,000,000)	(33,249,000)	DEFER			D	NA
Social services	(71,700,000)	(44,802,000)	DEFER			D	NA
Voluntary agency program	(4,000,000)	(2,000,000)	DEFER			D	NA
Education assistance for children	(16,600,000)	---	DEFER			D	NA
Preventive health	(8,400,000)	(9,032,000)	DEFER			D	NA
Targeted assistance	(50,000,000)	---	DEFER			D	NA
Federal Administration	(6,405,000)	(6,025,000)	DEFER			D	NA
Total, Refugee Resettlement	(444,262,000)	(316,762,000)	DEFER				
LIMITATION ON ADMINISTRATIVE EXPENSES (Trust Funds)	(3,786,260,000)	(3,992,486,000)	(4,022,486,000)	(+236,226,000)	(+30,000,000)	TF	
Total, Social Security Administration:							
Federal funds:							
Current year	23,066,173,000	17,339,686,000	17,339,611,000	-5,726,562,000	-75,000		
Subsequent year advance appropriations	4,870,769,000	4,973,754,000	4,973,754,000	+102,985,000	---		
Trust funds	(3,786,260,000)	(3,992,486,000)	(4,022,486,000)	(+236,226,000)	(+30,000,000)		
ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES							
SOCIAL SERVICES BLOCK GRANT (TITLE XX)	2,725,000,000	2,700,000,000	2,700,000,000	-25,000,000	---	M	

1/ President's budget proposes legislation to offset $809,476,000 with oil overcharge recoveries.

HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	---- House Bill compared to ----- FY 1985	FY 1986 Budget	Man/ Dis	Auth/ Unauth
HUMAN DEVELOPMENT SERVICES							
Programs for Children, Youth, and Families:							
Head start	1,074,959,000	1,075,059,000	1,087,059,000	+12,100,000	+12,000,000	D	
Child abuse:							
State grants	12,000,000	12,000,000	12,000,000	---	---	D	
Discretionary activities	14,000,000	10,000,000	14,000,000	---	+4,000,000	D	
Challenge grants	5,000,000	---	---	-5,000,000	---	D	
Runaway youth	23,250,000	23,250,000	23,250,000	---	---	D	
Dependent Care Planning and Development	---	---	---	---	---	D	
Family violence	6,000,000	---	---	-6,000,000	---	D	
Subtotal, CY & Families	1,135,209,000	1,120,309,000	1,136,309,000	+1,100,000	+16,000,000		
Programs for the Aging:							
Grants to States:							
Supportive Services and Centers	265,000,000	265,000,000	265,000,000	---	---	D	
Nutrition:							
Congregate meals	336,000,000	336,000,000	336,000,000	---	---	D	
Home-delivered meals	67,900,000	67,900,000	67,900,000	---	---	D	
Grants to Indians	7,500,000	7,500,000	7,500,000	---	---	D	
Research, training, and special projects	25,000,000	12,500,000	25,000,000	---	+12,500,000	D	
Federal Council on Aging	200,000	200,000	200,000	---	---	D	
Subtotal, Aging programs	701,600,000	689,100,000	701,600,000	---	+12,500,000		
Developmental disabilities program:							
State grants	50,250,000	50,250,000	50,250,000	---	---	D	
Protection and advocacy	13,750,000	13,750,000	13,750,000	---	---	D	
Special projects	2,700,000	---	2,700,000	---	+2,700,000	D	
University affiliated facilities	9,000,000	9,000,000	9,000,000	---	---	D	
Subtotal, Developmental disabilities	75,700,000	73,000,000	75,700,000	---	+2,700,000		
Native American Programs	29,000,000	27,300,000	29,000,000	---	+1,700,000	D	
Program direction	64,842,000	59,458,000	61,113,000	-3,729,000	+1,655,000	D	
Total, Human Development Services	2,006,351,000	1,969,167,000	2,003,722,000	-2,629,000	+34,555,000		
FAMILY SOCIAL SERVICES							
Discretionary activities:							
Child welfare assistance	200,000,000	200,000,000	200,000,000	---	---	D	
Child welfare training	3,823,000	3,823,000	3,823,000	---	---	D	
Adoption opportunities	2,000,000	1,400,000	2,000,000	---	+600,000	D	
Child welfare research	11,825,000	8,400,000	11,825,000	---	+3,425,000	D	
Subtotal	217,648,000	213,623,000	217,648,000	---	+4,025,000		
Entitlement activities:							
Foster care	517,223,000	485,423,000	485,423,000	-31,800,000	---	M	
Adoption assistance	35,351,000	41,948,000	41,948,000	+6,597,000	---	M	
Subtotal	552,574,000	527,371,000	527,371,000	-25,203,000	---		
Total, Family Social Services	770,222,000	740,994,000	745,019,000	-25,203,000	+4,025,000		
WORK INCENTIVES							
Grants to States	256,760,000	---	242,000,000	-14,760,000	+242,000,000	D	
Program direction and evaluation	10,000,000	---	8,000,000	-2,000,000	+8,000,000	D	
Total, Work incentives	266,760,000	---	250,000,000	-16,760,000	+250,000,000		
Total, Asst. Sec. for Human Development	5,768,333,000	5,410,161,000	5,698,741,000	-69,592,000	+288,580,000		
COMMUNITY SERVICES BLOCK GRANT							
Grants to States	335,000,000	---	326,700,000	-8,300,000	+326,700,000	D	
Discretionary funds	33,135,000	---	31,000,000	-2,135,000	+31,000,000	D	
Program support	4,300,000	3,923,000	4,000,000	-300,000	+77,000	D	
Total, Community Services appropriation	372,435,000	3,923,000	361,700,000	-10,735,000	+357,777,000		
DEPARTMENTAL MANAGEMENT							
GENERAL DEPARTMENTAL MANAGEMENT:							
Federal funds	132,924,000	123,949,000	123,949,000	-8,975,000	---	D	
Trust funds	(8,000,000)	(8,000,000)	(8,000,000)	---	---	TF	
Total, Departmental management	140,924,000	131,949,000	131,949,000	-8,975,000	---		
OFFICE OF THE INSPECTOR GENERAL:							
Federal activities:							
Federal funds	53,037,000	42,219,000	42,219,000	-10,818,000	---	D	
Trust funds	(20,000,000)	(30,000,000)	(30,000,000)	(+10,000,000)	---	TF	
Total, Inspector General	73,037,000	72,219,000	72,219,000	-818,000	---		

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HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	House Bill compared to FY 1985	House Bill compared to FY 1986 Budget	Man/ Dis	Auth/ Unauth
OFFICE FOR CIVIL RIGHTS:							
Federal funds	17,850,000	15,636,000	15,636,000	-2,214,000	---	D	
Trust funds	(2,350,000)	(4,000,000)	(4,000,000)	(+1,650,000)	---	TF	
Total, Civil Rights	20,200,000	19,636,000	19,636,000	-564,000	---		
POLICY RESEARCH	9,750,000	6,000,000	6,500,000	-3,250,000	+500,000	D	
Total, Departmental management:							
Federal funds	213,561,000	187,804,000	188,304,000	-25,257,000	+500,000		
Trust funds	(30,350,000)	(42,000,000)	(42,000,000)	(+11,650,000)	---		
Total, Department of Health and Human Services:							
Federal Funds (all years)	82,445,123,000	78,551,610,000	79,914,542,000	-2,530,581,000	+1,362,932,000		
Current year	(71,594,354,000)	(67,077,856,000)	(68,440,788,000)	(-3,153,566,000)	(+1,362,932,000)		
Subsequent year advances	(10,850,769,000)	(11,473,754,000)	(11,473,754,000)	(+622,985,000)	---		
Trust funds	(4,904,868,000)	(5,168,334,000)	(5,248,644,000)	(+343,776,000)	(+80,310,000)		
TITLE III--DEPARTMENT OF EDUCATION							
COMPENSATORY EDUCATION FOR THE DISADVANTAGED							
Grants for the Disadvantaged (Chapter 1):							
Grants to local educational agencies	3,200,000,000	3,200,000,000	3,200,000,000	---	---	D	
State agency programs:							
Migrants	264,524,000	222,976,000	264,524,000	---	+41,548,000	D	
Handicapped	150,170,000	150,170,000	150,170,000	---	---	D	
Neglected and delinquent	32,616,000	32,616,000	32,616,000	---	---	D	
State administration	35,607,000	35,607,000	35,607,000	---	---	D	
Evaluation and technical assistance	5,246,000	5,246,000	5,246,000	---	---	D	
Total, Chapter 1	3,688,163,000	3,646,615,000	3,688,163,000	---	+41,548,000		
Migrant education:							
High school equivalency program	6,300,000	---	6,300,000	---	+6,300,000	D	
College assistance migrant program	1,200,000	---	1,200,000	---	+1,200,000	D	
Total, Compensatory Education programs	3,695,663,000	3,646,615,000	3,695,663,000	---	+49,048,000		
IMPACT AID							
Maintenance and operations:							
Payments for "a" children	513,000,000	513,000,000	513,000,000	---	---	D	
Payments for "b" children	130,000,000	---	130,000,000	---	+130,000,000	D	
Special provisions (Section 2)	22,000,000	20,000,000	22,000,000	---	+2,000,000	D	
Subtotal	665,000,000	533,000,000	665,000,000	---	+132,000,000		
Disaster assistance	10,000,000	10,000,000	10,000,000	---	---	D	
Construction	20,000,000	---	20,000,000	---	+20,000,000	D	
Total	695,000,000	543,000,000	695,000,000	---	+152,000,000		
SPECIAL PROGRAMS							
Improving School Programs (Chapter 2):							
State block grants	500,000,000	500,000,000	500,000,000	---	---	D	
Secretary's discretionary fund:							
Inexpensive book distribution (including RIF)	7,000,000	---	7,000,000	---	+7,000,000	D	
Arts in education	3,157,000	---	3,157,000	---	+3,157,000	D	
Alcohol and drug abuse education	3,000,000	---	3,000,000	---	+3,000,000	D	
Law related education	2,000,000	---	2,000,000	---	+2,000,000	D	
National Diffusion Network	10,700,000	---	10,700,000	---	+10,700,000	D	
Discretionary projects	6,052,000	31,909,000	6,052,000	---	-25,857,000	D	
Subtotal, Secretary's discretionary fund	31,909,000	31,909,000	31,909,000	---	---		
Total, Chapter 2	531,909,000	531,909,000	531,909,000	---	---		
Other Special Programs:							
Training and advisory services (Civil Rights IVA)	24,000,000	16,000,000	24,000,000	---	+8,000,000	D	
Follow through	10,000,000	---	7,500,000	-2,500,000	+7,500,000	D	
Territorial teacher training assistance	2,000,000	---	2,000,000	---	+2,000,000	D	
General assistance for the Virgin Islands	2,700,000	---	2,700,000	---	+2,700,000	D	
Ellender fellowships	1,500,000	---	1,500,000	---	+1,500,000	D	
Women's educational equity	6,000,000	---	6,000,000	---	+6,000,000	D	
Science and mathematics education:							
State grants	90,100,000	90,100,000	---	-90,100,000	-90,100,000	D	
Secretary's discretionary fund	9,900,000	9,900,000	---	-9,900,000	-9,900,000	D	
Subtotal	100,000,000	100,000,000	---	-100,000,000	-100,000,000		
Magnet schools	75,000,000	---	75,000,000	---	+75,000,000	D	
Excellence in education	5,000,000	---	5,000,000	---	+5,000,000	D	
LEAD	---	---	---	---	---	D	
Subtotal, Other special programs	226,200,000	116,000,000	123,700,000	-102,500,000	+7,700,000		
Total, Special programs	758,109,000	647,909,000	655,609,000	-102,500,000	+7,700,000		

HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	House Bill compared to FY 1985	House Bill compared to FY 1986 Budget	Man/ Dis Auth/ Unauth
BILINGUAL EDUCATION						
Bilingual programs	95,099,000	104,165,000	95,099,000	---	-9,066,000	D
Training grants	33,566,000	24,000,000	33,566,000	---	+9,566,000	D
Support services	10,600,000	11,100,000	10,600,000	---	-500,000	D
Vocational training	3,686,000	3,686,000	3,686,000	---	---	D
Emergency immigrant education	30,000,000	---	30,000,000	---	+30,000,000	D
Total	172,951,000	142,951,000	172,951,000	---	+30,000,000	
EDUCATION FOR THE HANDICAPPED						
Education for the handicapped:						
State assistance:						
State grant program	1,135,145,000	1,135,145,000	1,135,145,000	---	---	D
Preschool incentive grants	29,000,000	29,000,000	29,000,000	---	---	D
Special purpose funds:						
Deaf-blind centers	15,000,000	12,000,000	15,000,000	---	+3,000,000	D
Severely handicapped projects	4,300,000	4,300,000	4,300,000	---	---	D
Early childhood education	22,500,000	22,500,000	22,500,000	---	---	D
Secondary and transitional services	6,330,000	6,330,000	6,330,000	---	---	D
Postsecondary programs	5,300,000	5,300,000	5,300,000	---	---	D
Innovation and development	16,000,000	16,000,000	16,000,000	---	---	D
Media services and captioned films	16,500,000	16,500,000	16,500,000	---	---	D
Regional resource centers	6,000,000	6,000,000	6,000,000	---	---	D
Recruitment and information	1,025,000	1,025,000	1,025,000	---	---	D
Special education personnel development	61,000,000	50,000,000	61,000,000	---	+11,000,000	D
Special studies	3,170,000	2,000,000	2,000,000	-1,170,000	---	D
Total, Education for the handicapped	1,321,270,000	1,306,100,000	1,320,100,000	-1,170,000	+14,000,000	
REHABILITATION SERVICES AND HANDICAPPED RESEARCH						
Rehabilitation services:						
Basic State grants	1,100,000,000	1,100,000,000	1,100,000,000	---	---	M
Service projects	33,515,000	29,300,000	32,800,000	-715,000	+3,500,000	M
Helen Keller Center	4,200,000	4,200,000	4,200,000	---	---	M
Client assistance	6,300,000	6,300,000	6,300,000	---	---	M
Independent living	27,000,000	22,000,000	27,000,000	---	+5,000,000	M
Training	22,000,000	15,000,000	22,000,000	---	+7,000,000	M
Supported Work Program	---	---	---	---	---	M
Special Recreation	---	---	---	---	---	M
Subtotal	1,193,015,000	1,176,800,000	1,192,300,000	-715,000	+15,500,000	
National Institute of Handicapped Research	39,000,000	39,000,000	41,000,000	+2,000,000	+2,000,000	M
Evaluation	2,000,000	600,000	600,000	-1,400,000	---	M
Total	1,234,015,000	1,216,400,000	1,233,900,000	-115,000	+17,500,000	
VOCATIONAL AND ADULT EDUCATION						
Vocational education:						
Basic grants	782,503,000	716,136,000	782,503,000	---	+66,367,000	D
National research & data programs	10,178,000	8,178,000	10,178,000	---	+2,000,000	D
Consumer and homemaker education	31,633,000	---	31,633,000	---	+31,633,000	D
State advisory councils	7,000,000	7,000,000	7,000,000	---	---	D
Community based organizations	---	---	---	---	---	D
Subtotal, Vocational education	831,314,000	731,314,000	831,314,000	---	+100,000,000	
Adult education	101,963,000	100,000,000	101,963,000	---	+1,963,000	D
Total	933,277,000	831,314,000	933,277,000	---	+101,963,000	
STUDENT FINANCIAL ASSISTANCE						
Pell Grants:						
Current year	3,612,000,000	2,691,000,000	3,612,000,000	---	+921,000,000	D
Prior year shortfalls (non-add)	(250,000,000)	---	---	(-250,000,000)	---	NA
Subtotal, Pell Grants	3,612,000,000	2,691,000,000	3,612,000,000	---	+921,000,000	
Supplemental grants	412,500,000	---	412,500,000	---	+412,500,000	D
Work-study	592,500,000	850,000,000	592,500,000	---	-257,500,000	D
Direct loans:						
Capital	192,482,000	---	189,482,000	-3,000,000	+189,482,000	D
Cancellations	25,000,000	28,000,000	28,000,000	+3,000,000	---	D
State student incentive grants	76,000,000	---	76,000,000	---	+76,000,000	D
Total, Student Financial Assistance	4,910,482,000	3,569,000,000	4,910,482,000	---	+1,341,482,000	
GUARANTEED STUDENT LOANS						
Guaranteed student loan program	3,798,323,000	2,714,482,000	2,714,482,000	-1,083,841,000	---	M

HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	---- House Bill compared to ----- FY 1985	FY 1986 Budget	Man/ Dis	Auth/ Unauth
HIGHER EDUCATION							
Program development:							
Aid for developing institutions....................	141,208,000	141,208,000	141,208,000	---	---	D	
Minority institutions science improvement..........	(5,000,000)	(5,000,000)	DEFER			D	NA
International education and foreign language studies:							
Domestic programs............................	26,550,000	---	26,550,000	---	+26,550,000	D	
Overseas programs............................	5,500,000	---	5,500,000	---	+5,500,000	D	
Fund for the Improvement of Postsec. Education....	12,710,000	---	12,710,000	---	+12,710,000	D	
Cooperative education..............................	14,400,000	---	14,400,000	---	+14,400,000	D	
Subtotal, Program development.................	200,368,000	141,208,000	200,368,000	---	+59,160,000		
Student support services:							
Special programs for the disadvantaged............	174,940,000	82,370,000	176,370,000	+1,430,000	+94,000,000	D	
Veterans' cost of instruction......................	3,000,000	---	3,000,000	---	+3,000,000	D	
Academic facilities and projects:							
Interest subsidy grants............................	18,775,000	23,500,000	23,500,000	+4,725,000	---	D	
Academic facilities construction grants(Title VII)	28,000,000	---	20,000,000	-8,000,000	+20,000,000	D	
Special higher education projects..................	22,000,000	---	6,000,000	-16,000,000	+6,000,000	D	
Subtotal, Academic facilities and projects......	68,775,000	23,500,000	49,500,000	-19,275,000	+26,000,000		
Graduate programs:							
Graduate/professional opportunity fellowships.....	11,750,000	---	11,750,000	---	+11,750,000	D	
Public service fellowships.........................	2,500,000	---	2,500,000	---	+2,500,000	D	
National Graduate Fellowships......................	2,500,000	---	2,500,000	---	+2,500,000	D	
Legal training for disadvantaged...................	1,500,000	---	1,500,000	---	+1,500,000	D	
Law school clinical experience.....................	1,500,000	---	1,500,000	---	+1,500,000	D	
Subtotal, Graduate programs.....................	19,750,000	---	19,750,000	---	+19,750,000		
Special grants:							
Assistance to Guam.................................	500,000	---	500,000	---	+500,000	D	
Land-grant endowments/American Samoa, Micronesia..	6,000,000	---	---	-6,000,000	---	D	
Robert A. Taft Institute of Government.............	750,000	---	750,000	---	+750,000	D	
Federal Merit Scholarships.........................	---	---	---	---	---	D	
Subtotal, Special grants........................	7,250,000	---	1,250,000	-6,000,000	+1,250,000		
Total...	474,083,000	247,078,000	450,238,000	-23,845,000	+203,160,000		
HIGHER EDUCATION FACILITIES LOANS AND INSURANCE.......	14,094,000	17,996,000	17,996,000	+3,902,000	---	M	
COLLEGE HOUSING LOANS, LOAN LIMITATION (non-add)......	(40,000,000)	---	(80,000,000)	(+40,000,000)	(+80,000,000)	NA	
EDUCATIONAL RESEARCH AND STATISTICS							
National Institute of Education.......................	51,231,000	51,231,000	51,231,000	---	---	D	
National Center for Education Statistics..............	8,747,000	8,747,000	8,747,000	---	---	D	
Total...	59,978,000	59,978,000	59,978,000	---	---		
LIBRARIES							
Public libraries:							
Services..	75,000,000	---	75,000,000	---	+75,000,000	D	
Interlibrary cooperation............................	18,000,000	---	18,000,000	---	+18,000,000	D	
Training and demonstrations...........................	1,000,000	---	1,000,000	---	+1,000,000	D	
Research libraries....................................	6,000,000	---	6,000,000	---	+6,000,000	D	
Construction..	25,000,000	---	23,680,000	-1,320,000	+23,680,000	D	
Literacy Initiative...................................	---	---	---	---	---	D	
Total...	125,000,000	---	123,680,000	-1,320,000	+123,680,000		
PAYMENTS TO SPECIAL INSTITUTIONS							
AMERICAN PRINTING HOUSE FOR THE BLIND.................	5,500,000	5,510,000	5,500,000	---	-10,000	D	
NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.............	31,400,000	30,080,000	31,400,000	---	+1,320,000	D	
GALLAUDET COLLEGE.....................................	58,700,000	58,889,000	58,700,000	---	-189,000	D	
HOWARD UNIVERSITY.....................................	158,230,000	151,230,000	164,230,000	+6,000,000	+13,000,000	D	
Total, Payments to Special Institutions.........	253,830,000	245,709,000	259,830,000	+6,000,000	+14,121,000		
DEPARTMENTAL MANAGEMENT							
OFFICE OF THE INSPECTOR GENERAL, SALARIES AND EXPENSES	15,312,000	---	15,281,000	-31,000	+15,281,000	D	
OFFICE FOR CIVIL RIGHTS, SALARIES AND EXPENSES........	44,580,000	---	44,181,000	-399,000	+44,181,000	D	
SALARIES AND EXPENSES.................................	238,841,000	283,619,000	224,157,000	-14,684,000	-59,462,000	D	
Total, Departmental management..................	298,733,000	283,619,000	283,619,000	-15,114,000	---		
Total, Department of Education:							
Federal funds.................................	18,744,808,000	15,472,151,000	17,526,805,000	-1,218,003,000	+2,054,654,000		

HR 3424 - FY 1986 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

	FY 1985 Enacted (Comparable)	FY 1986 President's Budget	FY 1986 House Bill	---- House Bill compared to ----- FY 1985	FY 1986 Budget	Man/ Dis	Auth/ Unauth
TITLE IV - RELATED AGENCIES							
Action (Domestic Programs):							
Volunteers in Service to America:							
VISTA operations	17,000,000	17,000,000	18,364,000	+1,364,000	+1,364,000	D	
Service learning	1,757,000	1,368,000	1,368,000	-389,000	---	D	
Subtotal	18,757,000	18,368,000	19,732,000	+975,000	+1,364,000		
Citizen Participation and Volunteer Demonstration Programs	1,801,000	1,801,000	1,801,000	---	---	D	
Older Americans Volunteer Programs:							
Foster Grandparents Program	56,100,000	55,780,000	56,100,000	---	+320,000	D	
Senior Companion Program	18,086,000	17,805,000	18,086,000	---	+281,000	D	
Retired Senior Volunteer Program	29,620,000	29,620,000	29,620,000	---	---	D	
Subtotal, Older Volunteers	103,806,000	103,205,000	103,806,000	---	+601,000		
Program Support	25,800,000	24,825,000	24,825,000	-975,000	---	D	
Total, Action	150,164,000	148,199,000	150,164,000	---	+1,965,000		
Corporation for Public Broadcasting (unauthorized):							
FY 1988 advance (current request) 1/	(200,000,000)	(214,000,000)	DEFER			D	NA
Federal Mediation and Conciliation Service	23,845,000	23,394,000	23,394,000	-451,000	---	D	
Federal Mine Safety and Health Review Commission	3,837,000	3,815,000	3,815,000	-22,000	---	D	
National Commission on Libraries and Information Science	720,000	---	---	-720,000	---	D	
National Council on the Handicapped	750,000	704,000	704,000	-46,000	---	D	
National Labor Relations Board	137,964,000	134,854,000	134,854,000	-3,110,000	---	D	
National Mediation Board	6,358,000	6,432,000	6,358,000	---	-74,000	D	
Occupational Safety and Health Review Commission	6,143,000	5,901,000	5,901,000	-242,000	---	D	
Prospective Payment Assessment Commission(trust funds)	(2,424,000)	(2,893,000)	(2,784,000)	(+360,000)	(-109,000)	TF	
Railroad Retirement Board:							
Dual benefits payments account	405,000,000	392,000,000	392,000,000	-13,000,000	---	D	
Federal payment to the Railroad Retirement Account	15,000,000	2,200,000	2,200,000	-12,800,000	---	D	
(Limitation on administration, retirement)	(55,422,000)	(56,501,000)	(55,422,000)	---	(-1,079,000)	TF	
(Limitation on administration, unemployment)	(16,678,000)	(9,407,000)	(16,487,000)	(-191,000)	(+7,080,000)	TF	
Soldiers' and Airmen's Home (trust fund limitation):							
Operation and maintenance	33,276,000	33,506,000	33,276,000	---	-230,000	D	
Capital outlay	9,400,000	4,000,000	15,000,000	+5,600,000	+11,000,000	D	
United States Institute of Peace	4,000,000	---	---	-4,000,000	---	D	
Total, Related Agencies:							
Federal funds (all years)	796,457,000	755,005,000	767,666,000	-28,791,000	+12,661,000		
Current year	(796,457,000)	(755,005,000)	(767,666,000)	(-28,791,000)	(+12,661,000)		
1988 advance	(200,000,000)	(214,000,000)	DEFER				
Trust funds	(74,524,000)	(68,801,000)	(74,693,000)	(+169,000)	(+5,892,000)		
SUMMARY							
Title I - Department of Labor:							
Federal Funds	6,312,475,000	5,828,673,000	6,676,633,000	+364,158,000	+847,960,000		
Trust Funds	(2,632,851,000)	(2,643,468,000)	(2,709,465,000)	(+76,614,000)	(+65,997,000)		
Title II - Department of Health and Human Services:							
Federal Funds (all years)	82,445,123,000	78,551,610,000	79,914,542,000	-2,530,581,000	+1,362,932,000		
Current year	(71,594,354,000)	(67,077,856,000)	(68,440,788,000)	(-3,153,566,000)	(+1,362,932,000)		
1987 advance	(10,850,769,000)	(11,473,754,000)	(11,473,754,000)	(+622,985,000)	---		
Trust Funds	(4,904,868,000)	(5,168,334,000)	(5,248,644,000)	(+343,776,000)	(+80,310,000)		
Title III - Department of Education:							
Federal Funds	18,744,808,000	15,472,151,000	17,526,805,000	-1,218,003,000	+2,054,654,000		
Title IV - Related Agencies:							
Federal Funds	796,457,000	755,005,000	767,666,000	-28,791,000	+12,661,000		
Trust Funds	(74,524,000)	(68,801,000)	(74,693,000)	(+169,000)	(+5,892,000)		
Total, all titles:							
Federal Funds (all years)	108,298,863,000	100,607,439,000	104,885,646,000	-3,413,217,000	+4,278,207,000		
Current year	(97,448,094,000)	(89,133,685,000)	(93,411,892,000)	(-4,036,202,000)	(+4,278,207,000)		
1987 advance	(10,850,769,000)	(11,473,754,000)	(11,473,754,000)	(+622,985,000)	---		
Trust Funds	(7,610,743,000)	(7,880,603,000)	(8,032,802,000)	(+422,059,000)	(+152,199,000)		
Unauthorized, not considered, current year	1,680,832,000	1,236,828,000	DEFER				
Unauthorized, not considered, 1988 advance	(200,000,000)	(214,000,000)	DEFER				
CURRENT YEAR, INCLUDING PRIOR YEAR ADVANCES:							
Mandatory, current appropriations	(65,663,124,000)	(61,626,736,000)	(61,632,497,000)	(-4,030,627,000)	(+5,761,000)		
Mandatory, prior year advances	(7,922,500,000)	(11,010,269,000)	(11,010,269,000)	(+3,087,769,000)	---		
Subtotal, Mandatory	(73,585,624,000)	(72,637,005,000)	(72,642,766,000)	(-942,858,000)	(+5,761,000)		
Discretionary, current appropriations	(31,784,970,000)	(27,506,949,000)	(31,779,395,000)	(-5,575,000)	(+4,272,446,000)		
Total, Adjusted current year	105,370,594,000	100,143,954,000	104,422,161,000	-948,433,000	+4,278,207,000		

1/ FY 1985 approp. adv. in FY83 is $150.5 million.
FY 1986 approp. adv. in FY84 is $159.5 million.
FY 1987 approp. adv. in FY85 is $200 million.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

ANNUAL REPORTS ON MINE SAFETY AND HEALTH ACTIVITIES FOR FISCAL YEARS 1981 AND 1982—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Education and Labor.

(For message, see proceedings of the Senate of today, Wednesday, October 2, 1985.)

FOOD SECURITY ACT OF 1985

The SPEAKER. Pursuant to House Resolution 267 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 2100.

☐ 1650

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, with Mr. BONIOR of Michigan in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Tuesday, October 1, title VA was open to amendment at any point to amendments printed in the CONGRESSIONAL RECORD before September 24, 1985, and pending was an amendment offered by the gentleman from Illinois [Mr. MADIGAN].

Mr. OLIN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois [Mr. MADIGAN]. There are many, many reasons to be in favor of this amendment, which would have the effect of striking from a committee bill the Bedell provisions for wheat and feed grains.

☐ 1650

I absolutely support the statements made when this was previously debated by the gentleman from Illinois [Mr. MADIGAN] and the gentleman from Texas [Mr. STENHOLM].

I would like my remarks to be associated with their remarks. I do not intend to take the full time here, but I would like to mention a few of the problems with the Bedell provisions with due respect for my colleague, my colleague and good friend from Iowa. I think the thing that really bothers me the most about the amendment is that I just cannot really believe that the Bedell provisions are really going to help the farmers. This may sound foolish to say, but that is the way it looks to me. The program is basically mandatory. People are not going to be able to market their wheat or feed grains unless they have certificates and the program is voted for. If they do not join the program, they cannot market at all except in the export market, and then they will not be able to get the benefit of the subsidies in the program. Estimates of the set-asides required under this program to meet the carryover requirements are anywhere between one-third to 30 and 50 percent. It is hard for me to understand how the price level farmers are going to receive is going to offset one-third to 40 to 50 percent reduction in production and end up with their being better off financially. That is very hard to buy.

The second point: The loan rates, instead of being under the market price, as they are in most commodities in our program, are raised to $4.50 for wheat and $3.25 for corn. This will result in an immediate increase in the market price. Any of you who have livestock, poultry, or other agricultural products that live off feed grains, poultry, for example, 70 percent of the cost of raising poultry is feed. Most poultry growers do not raise their own feed. They are going to have to buy it.

They have to pay $4.50 for the equivalent of wheat, $3.25 for corn, when their competitors in the foreign markets are paying world price levels.

Poultry, for example, that gets no subsidy, wants no subsidy, does not need a subsidy, they are engaging in world markets on a competitive basis. Immediately we are going to put them in a noncompetitive mode. Basically the same thing happens with livestock. The thing that really bothers me the most is the export provision of the Bedell proposal. The Bedell provisions provide for a subsidy for all wheat and feed grain exports where a marketing certificate exists and the committee bill encourages maximum sales in the international market at competitive world levels.

It is not stated what that level is; it is whatever level it takes to move the grain.

To make up the exporters for their trouble, the exporter is reimbursed by the Federal Treasury for the acquisition cost of the grain, for the handling of the grain, and for a fair return to boot.

It seems to me like we have got a completely open-ended commitment with regard to exports. Any price the exporter pays is made up. Any price he gets out of the world market is made up. This is done in the name of making agricultural imports more competitive. In actuality, this program, without any question, is going to be probably, if we ever put it into effect, which is unlikely, it would be one of the major and the most extensive dumping programs engaged in by this Nation in the history of the world. You can imagine just what would happen when you have no restrictions on the price the exporter can pay for the grain. He can export as much as he wants at any price he wants to pay to get it, and that is made up by the Government.

The Department of Agriculture estimates that the subsidy cost to the Federal Government of this program would be $30 million at least in the first 5-year period. You can just imagine what other countries would do, faced by this kind of a dumping situation, you cannot imagine that they would let it go on for very long before they closed their border.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. OLIN] has expired.

(By unanimous consent, Mr. OLIN was allowed to proceed for 2 additional minutes.)

Mr. OLIN. If they close their borders, the next thing they would do would be to take their lower priced grains and try to get it into this country. We could not stand that either. All of our poultry farmers and livestock farmers would be looking for that grain. We would have to close our borders. What happens then? Well the bill that is supposed to benefit the wheat and feed grain farmers results in no exports.

Exports would dry right up. There would be no way the world could stand that amount of commotion.

Mr. Chairman, you can talk a long time on this bill, but if you analyze what it is in it, contrary to some of the people who are promoting the bill, it is a program that is fraught with difficulties, very likely to be not in the interests of the farmer it is designed to help.

I urge my colleagues to vote against the provision of that program and for the Madigan amendment.

Mr. ROBERT F. SMITH. Mr. Chairman, will the gentleman yield?

Mr. OLIN. I certainly will yield to the gentleman from Oregon.

Mr. ROBERT F. SMITH. I thank the gentleman for yielding, and I compliment the gentleman on his statement. I just want him to know that he has been joined by many associations in this country. Just to name a few: the National Cattlemen's Association, American Farm Bureau Association, the National Grange, the National Grain & Feed Association, the National Pork Producers Council, the National Association of Wheat Growers, the National Corn Growers Association, American Soybean Association, and the National Cotton Council. The gentleman is among fine people.

Mr. OLIN. Mr. Chairman, I appreciate the remarks of the gentleman.

Mr. Chairman, I yield back the balance of my time.

Mr. GLICKMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I will not take very long, so that I may yield to Mr. BEDELL or Mr. DASCHLE, if they would require time.

I would like to make the following points: No. 1 agriculture is really at a crossroads in this country. I think if we continue going down the road for very much longer, another 5, 10, or 15 years, there are not going to be any more farmers left in America. That pattern has been continuing now for 30, 40, or 50 years. It is accelerating now. That acceleration is happening so fast that I could lose half of the farmers in my State in the next 10 years.

Now since we are at this crossroads we have to explain, or ask ourselves: Do we want to continue to go down the same road with the same policy, or do we want to at least give a try to something else, something that provides some stability to farm income? Yes; something that involves a lot of risk but something that just might save a lot of farmers in the next 10, 15, or 20 years.

Now the Bedell amendment, which I support and which the Madigan amendment attempts to knock out, does just that. It gives farmers the option of voting whether they want a program of higher price supports in order to keep them in business over a longer period of time. There are down sides to this program as well as up sides. It is not perfect. None of us believe that this program does not have some problems. But Mr. BEDELL, I am sure, will talk about and refute a lot of the things that Mr. SMITH just talked about. The fact of the matter is, what is wrong with giving farmers a choice on a program which is different, in a sense contradictory with the base voluntary program in this bill? That is very democratic. We have done it over and over again in this country. We have done it in the 1949 Agricultural Adjustment Act. Wheat farmers in 1963 were permitted a referendum to vote on similar programs. We have done it over and over again in marketing orders in this country, in terms of check-off programs. We have given farmers the option, the right to vote, to decide their own fate. Now what we are doing in this amendment is giving farmers that right to vote on a program which many people believe is like the current peanut program and which has given people in that part of the country who produce that crop a great deal of stability in their programs. I am not saying it is perfect, but what I am saying is that that crossroads is here. While I am going to vote for the committee bill because it is better than the status quo and better than what the administration proposed, we may just be going down a road which continues downhill for an awful long time and we are going to lose a lot of people in the process. Farmers ought to be given the right to vote if they want an alternative and different kind of program. They have had that right before. It has been given to them under the current permanent law. They have that right, and they think it ought to be given to them under this bill.

Mr. Chairman, I urge my colleagues to vote against the Madigan amendment and to keep the Bedell amendment in the language of the bill.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman.

Mr. MARLENEE. I thank the gentleman for yielding.

Well, if you concur in the idea that we should give the farmers the right to vote, would the gentleman support a proposition or an amendment to this referendum proposal that would allow the livestock producers, the chicken and poultry people a vote on this referendum because their prices are going to go up, their costs are going to go up, and they have no right to vote in this matter. Would the gentleman support that?

Mr. GLICKMAN. In the first place, I supported a similar amendment in the committee. I do not know what is going to be offered here. I will tell you this, I am going to support the Bedell amendment as it came out of committee because I think it provides the best kind of balanced referendum that we can give the farmers as an alternative to this bill.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I thank the gentleman for yielding.

If the gentleman from Montana would go back to the microphone, I would like to respond a little bit to his question. I think it deserves an answer. I sponsored in the committee a beef check-off plan that we hope will help tremendously as far as our beef producers are concerned. It gives them an opportunity to go out and promote beef and hopefully will increase the amount of consumption.

Would the gentleman at the same time then suggest we allow all the cotton producers, peanut producers, wheat producers, corn producers, and sugar producers, and everybody else to come in and have a hand and a say in that beef promotion program and vote on the referendum that is to take place down the road?

Mr. MARLENEE. Mr. Chairman, will the gentleman from Kansas continue to yield?

Mr. GLICKMAN. I yield to the gentleman.

Mr. MARLENEE. I thank the gentleman for yielding.

I would like to respond to the question. The poultry and livestock people are directly involved because it is the source of their feed.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. GLICKMAN] has expired.

(On request of Mr. ENGLISH and by unanimous consent, Mr. GLICKMAN was allowed to proceed for 1 additional minute.)

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I thank the gentleman for yielding.

Mr. Chairman, I would suggest to the gentleman that I think very much so, that the people that are producing wheat, and corn, and feed grains, they can definitely make the argument that they are going to be directly affected as far as anything that is done as far as beef is concerned. So they should have a say, they should be able to vote. The thing we really get down to, and this is in what we are talking about here, all these commodities are interrelated. That is something that those of us on the Agriculture Committee know about. That is the reason we try to support each other. We also recognize there are different philosophies and different approaches on each of the commodities and there is regionalism which comes into play also. We try to accommodate each other, work with each other. But if we are going to get into this business of saying, "Well, now, your program may affect me somehow, and then I want to come in and have a say in your program," then everybody is going to start, quite frankly, messing each other up, and that is going to cause great problems.

Mr. GLICKMAN. Mr. Chairman, I would just conclude by saying that this program requires a super majority of farmers, 60 percent to approve it. It provides farmers with a choice of going for the basic voluntary program or one that has a greater mandatory nature but one that would increase prices for them. And I would encourage my colleagues to give the farmers in such distress the option of voting on a referendum.

Mr. ROBERT F. SMITH. Mr. Chairman, I move to strike the requisite number of words, and I rise in favor of the Madigan amendment.

Mr. Chairman, there are three reasons why I oppose the Bedell amendment and favor the Madigan amendment to strike. The first is total government control of farming by the Federal Government as a result of the Bedell amendment and its passage. Then, it will provide a ghost-town syndrome in America. Then, it is very unfair.

Mr. Chairman, first of all, this program in the first year is a plum and then it turns to a lemon for farmers. It is a giant and cruel hoax. Let me tell you why.

During the first year the set-aside is limited to no more than 30 percent for wheat and 20 percent for corn at a price of $4.50 for wheat and $2.25 for corn.

During the second year, however, the U.S. Department of Agriculture has estimated that the set-aside would have to be at least 40 percent. During the third year the set-asides may go higher than that. These set-asides are necessary to maintain a high domestic wheat and feed grain price in the Bedell amendment. These set-asides make farmers slaves to the Bedell amendment. Bedell is not voluntary compliance; it is involuntary servitude. You must sign up or you suffer the vagaries of world prices.

□ 1705

Let me provide you with an example of the cruel hoax of promise of better income in 1986 that will be snatched away in 1987, by giving you an example of a farm in Illinois, 500 acres, with a yield of 120 bushel, which may be a little low. In 1986, under Bedell, the gross income from that farm would be $156,000, with a 20-percent set-aside; in 1987, that farm, with a 40-percent set-aside, would have a gross of $117,0000.

This program reduces farm income. However, those that set up the program and would require exorbitant reductions in set-asides will no doubt blame the Secretary of Agriculture because in the bill the Secretary of Agriculture is the person who must adjust the set-aside to stop the surpluses from building and to make sure that the wheat and corn prices are at that level, that high level target. This is a mandated program.

Mr. Chairman, this proposal will also result in the extinction of the true family farmer. Why is that? Farmers who vote in this referendum we all know can own as few as 15 acres. They have a job in town. This is a hobby farm. Losing 7½ acres of their land is not going to affect them whatsoever. The referendum would be controlled by this group who receives a majority of their income from off farm sources. Why is that? Because, again, according to the USDA, 75 percent of all farms in America have gross sales of less than $100,000. These farms have more than 75 percent of their income from off farm. Full-time farmers, operating on one-half or slightly more of their land, will not be able to meet their tax payments, their debt load, their marketing payments, as well as feed and clothe their families. There is no chance. Therefore, the referendum will be controlled by those people living on income off farm.

Why is it a ghost-town syndrome? Because the large set-aside that would be required under this provision would make a ghost town of Main Street, America. The ripple effect on downtown rural America would be devastating. This measure would export jobs. Those who process mill wheat and corn will either turn to imports or just move to Canada or Mexico to take advantage of world prices, which will be, of course, much lower. Then, of course, they will send their finished product back to America. Livestock feeders will follow suit, to take advantage, or course, of cheap feed. The same will hold true of meat and poultry processors. These feed, seed, fertilizer equipment manufacture salesmen will be run out of business in small town, America.

Corn sweeteners, which were once competitive with sugar, will have their competitive edge removed, and the alcohol fuels industry will be forced out of business.

Under this provision, in the first year feed will increase drastically, as much as 60 percent, compared with no referendum. What does that mean?

The CHAIRMAN. The time of the gentleman from Oregon [Mr. ROBERT F. SMITH] has expired.

(By unanimous consent, Mr. ROBERT F. SMITH was allowed to proceed for 2 additional minutes.)

Mr. ROBERT F. SMITH. Livestock liquidation would obviously follow this huge increase in cost of feed, not to say what would occur in the poultry and pork industry throughout America.

The very people that this amendment is supposed to help oppose it? It is supposed to help wheat growers and corn growers and small grain growers in America. And who opposes it? The two national associations it is supposed to help, besides influencing the rest of agriculture in America.

So I suggest to you that, Mr. Chairman, this referendum sinks Uncle Sam's hand even deeper into the pockets of American agriculture. It is bad policy. It is bad for agriculture. It is bad for America. It ought to be stricken.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. ROBERT F. SMITH. I have no more time. I yield back the balance of my time.

Mr. DASCHLE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Iowa.

Mr. BEDELL. Since the gentleman refused to yield for a question, I understand his sincerity, and I do not question but what he believes what he is saying. But if I might address the gentleman, does he agree that under the proposal, the referendum proposal that is in the bill, that there is a buy-down of exports, and actually, under this circumstance, we will actually hold our exports better than in any other program? Does the gentleman understand that and does the gentleman agree with that?

Mr. ROBERT F. SMITH. If the gentleman will yield, I understand the buy-down. I suggest, however, that the buy-down is going to be so expensive to the United States of America and to the USDA and to the taxpayers that we will not be able to afford the buy-down.

When the world prices, which they well may do, sink to maybe $2—we do not know what the world price of wheat will be, let us say it is $2—the buy-down, then, of course, makes up the difference between the world price and $4.50 in wheat.

Mr. BEDELL. If the gentleman will yield further, we do not want to take forever debating it, but the reality is that in the provision that is in there at this time for the referendum, it says that we are going to buy down and be competitive. The CBO says it is going to cost significantly less than the current program. If we are going to do everything we can to hold our exports, then it is quite clear we are not going to need a bigger set-aside. And the Department of Agriculture, there is no secret about it, they have been against this all the way, they have skewed the figures any way they could to make it look bad, and I just hope that our colleagues in the Congress will realize that when those figures are quoted from the Department of Agriculture that at least I think most of us on the committee, after hearing them, realized that we better take those figures with a grain of salt.

Mr. EVANS of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Illinois.

Mr. EVANS of Illinois. I thank the gentleman for yielding, and I rise in strong opposition to the Madigan amendment and urge my colleagues to support the Bedell provisions in the bill.

I oppose the Madigan amendment to strike the producer-approved wheat and feed grains program included in H.R. 2100, the Food Security Act of 1985.

I oppose this amendment for a number of reasons, the primary being that of farm income. Beyond a doubt, the culprit in the conditions ravaging our farm sector is low farm income. For the past 4 years our Nation's farmers have been faced with the frightening reality of sinking commodity prices, sharply declining land values and, worst of all, little prospect of recovery in the agricultural economy in the near future.

This combination of factors has resulted in the inability of the most efficient and productive farmers on Earth to make a decent profit. Low prices translate into reduced land values, reduced land values in turn translate into less equity. Our farmers are faced with a seemingly impossible situation: They can't pay off their loans because they can't get a reasonable price for their product, and they can't get sufficient credit because low prices have eroded their equity.

The producer referendum title of H.R. 2100 will give our farmers the opportunity, should our Nation's farmers decide that this policy is desirable, to increase their farm income, while idling those lands which are contributing to our persistent commodity surplus. Through a nationwide referendum, our wheat and feed grain producers are provided the deserved and democratic opportunity to determine the direction of Federal farm policy over the next 4 years.

Most importantly, the producer referendum title to H.R. 2100 offers our struggling farmers an alternative to the current outmoded and failed farm policy. Current farm policy is so poor that the Governor of my home State of Illinois recently announced a major statewide program to assist financially-strapped farmers remain in business through a restructuring of their debts. A farm policy so ineffective that just yesterday the Governor of the state of Iowa was forced to declare a state of economic emergency, and a moratorium on farm foreclosures.

In short, the producer referendum title gives our producers a just price for their energy and investment in the sector that is the very heart of our Nation's strength and security. In addition, this proposal provides the needed mechanisms to control our soaring stockpiles of commodities, while reducing the cost of the Federal farm program to our taxpayers more than any other farm proposal offered in the 99th Congress. This cost savings benefits all Americans.

I strongly believe that this proposal, by increasing farm income, is in the best interests of our Nation's farmers. This increase will also benefit those industries which rely on a healthy agricultural sector, such as the agricultural implement industry, and the merchants in main street rural America who depend on the purchasing power of our farmers. American consumers who pay less than the citizens of any other country in the world for food will benefit by the strengthening of our farm sector, a sector which has consistently provided an abundance of high-quality foodstuffs.

Mr. DASCHLE. Mr. Chairman, as I said earlier, I rise in opposition to the Madigan amendment. I am amused by those who found fault with the concept of a referendum and who at the same time say that all of these organizations, farm organizations, who clearly represent their membership, are opposed to a referendum in this provision of the bill.

It seems to me that there is no better way to judge whether any farm organization is for or against any provision of the bill than to allow them to vote on it, which is exactly what we do.

I am also amused that there is opposition to allowing the little guy to vote. I cannot help but think that back about 50, 100 years ago, when those who had no property—I guess it was longer than 50 years ago, 100 to 150 years ago, perhaps—those who had no property were not allowed to vote, either, and there were all kinds of reasons why those people, true citizens of our Nation, were not provided an opportunity to vote, but we decided that everyone in this country ought to have a right, big and small, and so we provided that right to every citizen. And unless someone can come up with a better way, unless someone can tell us how to better serve all the interests in agriculture, not separating big from small, then I think that this is the very best provision that we can establish in a referendum.

As we talk about this particular part of the bill, I think everyone has to understand, those who are watching from their offices as well as those who may be watching from around the country, clearly agriculture is in a depression and clearly if we are in that kind of a depression, something has gone wrong over the last 4 years. Something has to fundamentally change if we are going to resolve this crisis.

It is no secret that the very next piece of legislation to come before the House Agriculture Committee is going to be a bill that provides additional emergency credit to farmers.

Well, I have to say that I doubt that that bill would be necessary at all if we had been doing everything right over the last 4 years, if farmers were in a position of financial strength. But they are not. We are in a depression. And if anyone has to be reminded, only yesterday the Governor of Iowa declared a moratorium across the board on all farm creditors. During that announcement, it was the Governor who said it was the Congress and the President to blame. For doing what? For not providing the mechanism by which farmers are going to be able to enhance their income.

Well, if we have done anything in this bill, if we have set any goal, it has to be that we have tried as best we know how under very difficult circumstances to provide farmers what they have told us categorically we have to have, and that is a better price and better income, that we have to do something different from what we have done over the last 4 years. This bill does it. And this provision, perhaps more than any other provision dealing with wheat and feed grain farmers does it better than any other part of the bill. It does it at less cost to the Government. We do not have to take our word for it. The CBO says so. It does it without any new huge subsidy. Do not take my word for it. The CBO says so. And it does it by providing a reasonable compromise between those who say that we have to mandate supply control and those who want market orientation. It is a blend.

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. DASCHLE] has expired.

(By unanimous consent, Mr. DASCHLE was allowed to proceed for 4 additional minutes.)

Mr. DASCHLE. To those who oppose this provision I would only ask one question: What is the alternative? If the alternative is to go back to what we have done over the last 4 years, then clearly we have failed in setting out a new course and a new direction to provide farmers some hope that we can give them what they need the most, not complicated new programs, not a whole broad range of new ideas that cannot work, a simple concept based on their opportunity to vote. For what? For a better price and more income. If we fail to do that, then we fail to accomplish our goal.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding. At the outset I want to make the point that I am not now nor would I ever challenge the sincerity or the integrity of the gentleman from South Dakota. I believe that he sincerely cares about the farmers and ranchers in every region of this country. But because there continues to be reference to the CBO, I want to read to the gentleman from a letter from CBO to me, under date of October 1. Page 2 of that letter says:

"However, the market assumptions underlying the more recent August baseline suggest that acreage reductions of 40 percent in wheat and 25 percent in feed grains would be required to keep carryover stocks from rising substantially. Since the amendment"—referring to Mr. BEDELL's provision—"limits the size of acreage reductions to 35 percent in wheat and 20 percent in feed grains, this provision of the amendment would increase"—I underline "increase"—"outlays under the bill using the assumptions. Export subsidies and net lending costs are both greater in our estimates under the August baseline than under the resolution baseline assumptions."

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Iowa.

Mr. BEDELL. I think the gentleman from Illinois is well aware that that letter was sent before we froze the bases on the amendment that was passed here in the House. I think the gentleman would agree that if you are going to increase bases by 20 percent, you are going to have a bigger set-aside than you are if you freeze the bases, and I hope the gentleman is well aware of the fact, and I am sure the gentleman does not want to mislead anybody on that matter.

Mr. DASCHLE. Mr. Chairman, in addition to what the gentleman from Iowa has stated, that assumes that the Bedell substitute, which has passed, accepted by the Congress, had not been enacted. Clearly it has been enacted, bringing us completely in line and underscoring once again the budgetary positives that can be brought about as a result of this legislation.

Mr. ENGLISH. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, in July of this year, the subcommittee I chair in Government Operations held a hearing dealing with the crisis that we have all been hearing about in the farm credit system. One thing that we learned that I do not think should be particularly surprising is the fact that that crisis can be traced directly to the lack of farm income. The one point that everyone seemed to agree on is that the fastest way to deal with the farm crisis in the credit system of this Nation is for the farmers to have some income to pay their debts.

Now, I do not suppose that that should be very surprising. However, I think it should also be underscored that there is going to be little in a positive nature that is done to assist in the farm credit system if we do not deal with the income facing the farmers of this Nation.

We had before us that day the historian of the Department of Agriculture, and he was giving us the history of the farm credit system and going through how it all developed. During that discussion, though, he made the comment that he found a great number of similarities between what was taking place in 1985 in agriculture and what took place in 1926.

□ 1720

For those people who are not familiar, 1926 was the beginning of the Great Depression for agriculture in this country. Most economists would agree that it was not the stock market crash of 1929 that drew this Nation into the Great Depression of the 1930's, but instead it was the agriculture depression of the late 1920's, and the stock market crash was simply a symptom of that fact.

I think that this should underscore the fact that we are facing a very serious problem. This matter should not be approached as business as usual. We should not expect that we are going to continue to go along with the same old proposals, the same old bills, the same old programs, and expect that we are going to avert a possible crisis.

I wish it were true; I wish it did not call for strong medicine. I wish it did not call for strong action. I wish that we could all close our eyes, and hide our head in the sand, and expect that we are all going to wake up to high prices tomorrow and farmers are going to live happily ever after and all the financial woes of this Nation are going to go away. That is not likely to be the case. We cannot depend upon that.

What we have before us in the Bedell proposal is some strong medicine. It is a strong program. It was designed to be as such. It was recognized that there are differences in the farm community. We do have farmers that do not want to take that step. That is the reason that the Bedell proposal contains a provision that farmers be allowed to vote. They ought not have to take that medicine. The U.S. Government will not give them that medicine; the Congress will not give them that medicine. They will have to decide themselves as to whether or not they want to take that extra step. Whether they think the situation is bad enough for some strong steps.

Now there is some discussion of servitude. That has been brought up. If farmers should vote, if over 60 percent of the farmers should vote to approve the Bedell proposal and to implement it, what it says is this: Those people who are willing to sacrifice, those people who are willing to cut back on their production, those are the people who will receive benefits of the program.

Now those people who want to continue to be a part of the problem, who want to continue to go out and grow fence row to fence row, who want to continue to produce larger and larger supluses, they are going to have to take their chances. They are going to have to take their chances on the world market. I do not see that there is a great deal of unfairness about that. I do think that it is unfair, however, to expect those farmers who are making the sacrifices to share those benefits with those people who are not willing to make the sacrifices. That is what we have been doing in the past. That is what we have been doing in the past and that is what the Bedell amendment stops.

We see that discussion of the fact it would require half the land to be taken out of production in order to comply with the Bedell amendment. We have heard statements from the Congressional Budget Office that it would be somewhere in the neighborhood of 40 percent.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. ENGLISH] has expired.

(By unanimous consent, Mr. ENGLISH was allowed to proceed for 2 additional minutes.)

Mr. ENGLISH. That is a fact the farmers of this Nation will know going into that vote. That is a decision for them to make. Let them decide whether or not they are willing to make that kind of a tradeoff. A substantial reduction in their production in exchange for a good price. I would suggest to the Members that that is fair. Some studies that we have done, though, if we do not take those steps, if we do not reduce that production, indicate that unless you have at least a 35-percent acreage reduction that this Nation will continue to increase the surpluses in wheat and feed grains from year, to year, to year. Even at 35 percent it would require at least 6 years to reduce the carryover that we have down to a level to where it is even 1 year's domestic consumption.

The point was also raised with regard to any type of export subsidy. What if the price goes down to $2? I would ask you that what are we going to do if the price goes to $2 under the program that we have today? Because we are going to be stuck with a loan rate of $2.47 a bushel, and that is not going to be any different than what is happening today. The U.S. Government will take title to virtually every bushel of crop that is grown on this land, for wheat and feed grains alike.

The bottom line is this: The American farmer should have the right to decide his own fate. We have two different philosophical approaches. One is to allow the farmers to grow fence row to fence row, increase the surpluses to even greater levels, and push the price down to where we break foreign governments. Now that takes a lot of farmers with it; there is no question about it. I do not think that those who support that approach disagree with that fact.

Or we go the other direction. We tell the American farmer we do make substantial cutbacks in our production, but we can assure you that you will get a better price, and you also will be able to look forward to year, after year, after year an improvement in the overall farm situation. Let the farmer decide which of these directions he wants to go; let him make the ultimate decision because it is on his head that it is ultimately going to rest.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. ENGLISH] has again expired.

(On request of Mr. DORGAN of North Dakota and by unanimous consent, Mr. ENGLISH was allowed to proceed for 2 additional minutes.)

Mr. DORGAN of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman.

Mr. DORGAN of North Dakota. I thank the gentleman for yielding to me.

Mr. Chairman, as always, the gentleman has spoken eloquently and I want to associate myself with his remarks. I want to say the issue here is that the gentleman from Iowa has come forward with a new proposal; a different approach. I do not know if there is anyone left in the Chamber who really thinks that what is going on out there in the country is working. It is not.

The present approach to dealing with agricultural problems, the present approach to try to keep family farmers on the farm is not working. Farmers are going broke in record numbers; prices are going down; the Federal budget exposure is going up. What are we doing about it? Do we continue to do more of the same? No. What we do, in my judgment, is to try something different; try a new approach. That is exactly what the gentleman from Iowa has offered this House. An opportunity to do something different. More important than that, to give the farmer an opportunity to choose to do something different.

I just think that the proposal before us today from Mr. BEDELL is a good one. I hope that we reject the amendment offered by Mr. MADIGAN, and I hope this House will give those farmers out there something to look forward to. What they have today fundamentally does not work. I come from rural America. I wish that we had the time to read the letters on the floor of the House from young men and women who are desperately trying to make a go of it on the family farm and are discovering they are not just losing their land, their machinery, their savings, but their dreams. We have a responsibility to do something about it.

One last point. In Europe, Western Europe, Japan, and other countries their farmers are doing better than ours. Why? Because they have made a decision that they want to maintain a network of family farms. That is a policy decision they have made. I think the amendment offered by Mr. BEDELL moves us down that road to make a decision about whether or not we really want to do something to make sure there is a network of family farmers in America's future.

I hope we defeat this amendment, and I hope we give Mr. BEDELL's amendment the kind of vote of confidence we should.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. ENGLISH] has again expired.

(On request of Mr. BROWN of Colorado and by unanimous consent, Mr. ENGLISH was allowed to proceed for 2 additional minutes.)

Mr. BROWN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman.

Mr. BROWN of Colorado. I thank the gentleman for yielding.

Mr. Chairman, I would just address one point, because I know the gentleman to be a sincere and a strong advocate of strong agriculture in this country, and that it is of particular concern not only for his district but this Nation.

The gentleman mentioned a concern about this bill being fair with regard to providing marketing certificates and with the area that it does not provide marketing certificates. I think he makes a good point. I guess the point I would like him to respond to, if he would, is the unique feature that was passed yesterday where we provided marketing certificates at the significantly higher price for imported grain for people who have not participated in the program. In other words, a program that has an aspect of providing a price support program for world producers.

Mr. ENGLISH. If the gentleman could explain that to me, I am not sure I understood that feature of the bill.

Mr. BROWN of Colorado. Certainly. The Bedell amendment yesterday, and I quote:

"The Secretary may make available to importers marketing certificates," the higher price, "for wheat or wheat products imported during the marketing years." They go on to expand.

Mr. ENGLISH. Well, let us go on to expand; let us get the other conditions on there. I think you are leaving a little something out as to why that is being done. Would you enlighten us on that?

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Mr. BROWN of Colorado. The reference, of course, that follows down is to section 22 of the Agriculture Adjustment Act. Let me emphasize that the question of controlling imports under that Agriculture Adjustment Act is one that is discretionary with the President and not mandatory.

But what we have done in this program is provided price supports for imported grain. At the same time we will force American producers, some of them, to sell at a lower price.

Mr. ENGLISH. If the gentleman will go ahead, I think the gentleman is leaving a good deal out as to under what conditions that that should be done, that the Secretary should issue those certificates. Would the gentleman go ahead and provide us that information?

Mr. BROWN of Colorado. I would be glad to read. This says:

> A marketing certificate applicable to a quantity of wheat or wheat products issued to an importer shall authorize such importer to market, barter or donate without restriction an amount of wheat or wheat products equal to the amount of such marketing certificate.

Now, to make the gentleman's point——

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. ENGLISH] has again expired.

(At the request of Mr. BEDELL, and by unanimous consent, Mr ENGLISH was allowed to proceed for 1 additional minute.)

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I would be happy to yield to the gentleman from Iowa.

Mr. BEDELL. The gentleman needs to read the amendment very carefully, and the gentleman did very rapidly. It says the Secretary may. I hope the gentleman understands it says the Secretary may. The purpose of that is so he would not be in violation of any GATT arrangements.

Does the gentleman think the Secretary is going to go out and issue a whole bunch of certificates to let people go ahead and import items?

There is some concern that in the way the bill was originally written that those who have been bringing in some imports, and there have been some minimum imports, that it would adversely affect them.

Further than that, the gentleman said section 22 is discretionary with the Secretary. Let me read to the gentleman exactly what it says: "any loan, purchase, or other program or operation undertaken by the Department of Agriculture or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof," that he is mandated to advise the President to take section 22 into acount.

Mr. BROWN of Colorado. Mr. Chairman, may I respond to the gentleman from Iowa?

Mr. ENGLISH. I yield.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. ENGLISH] has again expired.

(At the request of Mr. BROWN, and by unanimous consent, Mr. ENGLISH was allowed to proceed for 2 additional minutes.)

Mr. ENGLISH. Mr. Chairman, I am happy to yield to the gentleman from Colorado.

Mr. BROWN of Colorado. I think the gentleman from Iowa makes several good points and I will try to respond.

It is mandatory to the Secretary that he advise the President. The program is discretionary I said in terms of the President's decision on it. In other words, this allows marketing certificates for imported wheat. It is up to the President whether or not——

Mr. ENGLISH. Mr. Chairman, I yield to the gentleman from Iowa.

Mr. BEDELL. No; that is not true. It says that the Secretary may do this.

Mr. BROWN of Colorado. Section 22 is discretionary within the President's purview of acting.

So this not only allows marketing certificates for imported grain, but the decision on how you enforce section 22 is very much discretionary in the President's hands.

Just to respond to the gentleman's question with regard to the Secretary and imported products, let me suggest this President had acted very forcefully to encourage imports from the Caribbean basin related to the Caribbean initiative. Would he allow grain to come in under the pressures of the international marketplace?

Mr. BEDELL. Mr. Chairman, would the gentleman yield?

Mr. ENGLISH. I would be happy to yield to the gentleman from Iowa.

Mr. BEDELL. Right now we are not importing grain to any extent. If we have a Secretary that is foolish enough to say we are going to limit production here in the United States among all our farmers, and then we are going to encourage foreigners to ship grain into here, I have an awful lot of disagreements with this Secretary, but I really do not think this Secretary is really about to do anything as foolish as that.

Mr. ENGLISH. Mr. Chairman, if I may reclaim my time, I would simply like to make one comment.

Mr. BROWN of Colorado. That is exactly what the bill provides.

Mr. ENGLISH. Mr. Chairman, if the gentleman would allow me to reclaim my time, I would simply make one point. I think the gentleman is well aware of this and it is very clear that the reason for that provision is so we would not be in violation of our trade agreements. That basically comes down to the Secretary of Agriculture and the President.

Now I have to say very candidly if we have got a President who is willing to go to that extent to work against and cut the throats of his own farmers to issue such certificates without the need of violating the trade agreements, then obviously then we are going to put ourselves in the position in which we are going to have a President down there that I think is going to be surrounded by farmers and tractors for the rest of his term. That is the simple fact of life about it.

The gentleman knows full well why that provision was put in, so we would not be in violation of those trade agreements.

Let me say this. Any of these arguments that are made like this, then I would suggest that the best place to make those arguments is to the American farmer and allow him to decide.

Mr. MARLENEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the Beverly Hills-Fonda-Willie Nelson-Harkin referendum plan is a damaging and ludicrous concept. It has been ginned up by those who could know very little about farm management and who know very little about our export position and what is needed to export grain out of this country.

Editorial writer after editorial writer across this country have come to recognize, what the referendum plan entails and forebodes from this Nation. The Washington Post, the very liberal Washington Post, comes out and says the Harkin plan, the referendum plan should die, it should be vetoed. The Washington Times also did a scathing editorial on the referendum plan.

Let me quote from the very heart of the country where the author comes from the editorial in the Des Moines Register: "Psst. Hey, you on the combine. How about a guaranteed price for corn of $3.60 a bushel?" Now this is in the Harkin plan and, of course, that is just a few cents difference from the gentleman from Iowa, the author, Mr. BEDELL.

> How about almost $7.00 for soybeans. And it won't cost the taxpayers a thing.
>
> Such a deal. No wonder Senator Tom Harkin's proposed farm bill is a hit among country singers.
>
> Unfortunately, in concentrating on the single goal of raising commodity prices, some other things are sort of brushed over—the rights of land owners, higher food prices, possible devastation of the livestock industry, the withdrawal of U.S. agriculture from world markets.
>
> The proposal to raise commodity prices by limiting production. That would be done with mandatory acreage reductions, if a 60 percent majority of producers approved in a referendum. For the minority whose operations might be imperiled by acreage reductions—too bad.

I ask why should we have a referendum that penalizes every rural community in America while at the same time we reward every foreign producing nation that competes with us? Why should we have that kind of a referendum?

Yes; vote for a referendum if you want to encourage foreign pro-duction.

Yes; vote for a referendum if you want to have grain farmers putting 50 percent of their land into some kind of an idle status.

Yes; vote for a referendum if you want to destroy our efforts at proving ourselves a reliable supplier of grain to the world.

Yes; vote for a referendum if you want to cut the volume of income flowing into rural America and you want to see more empty store fronts, more suppliers going out of business.

Yes; vote for a referendum if you want to insert instability into the planning process of every agricultural producer in America.

Mr. Chairman, a lot of Congressmen will vote for the referendum process because it has been propagandized by those popular country singers and by a vocal minority who offer it as a panacea.

Some Congressmen will vote for it because they want to avoid a vote to which they can be held responsible. The referendum is not responsible. The referendum is nothing but a trap. It exploits the fears and depressions in rural America. It will create conflicts, State versus State, commodity versus commodity, farmer versus farmers, generation versus generation and strife, and even within families it will create strife, a domestic conflict not seen in this country since the Civil War.

Those who desire to divide and conquer agriculture, the livestock producer against the feed supplier, could not ask for a better method to do it.

The only responsible vote right now is a vote for the Madigan amendment that will strike out the referendum. A vote for Madigan that would leave in place the basic provisions of this farm bill, responsible provisions that provide income protection, that provide market capability, that provide market clearing grain.

Farm organization after farm organization opposes this referendum, as was pointed out by my colleague from Oregon [ROBERT F. SMITH].

After examining it, it is no wonder the producers themselves have—rejected the idea. Wheat growers do not want the ill-conceived referendum: Vote it out by voting for Madigan.

The CHAIRMAN. The time of the gentleman from Montana [Mr. MARLENEE] has expired.

Mr. MARLENEE. Mr. Chairman, I ask unanimous consent that I may proceed for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

Mr. WEAVER. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do so to inquire if maybe there might not be a possibility that we could get a vote by, let us say, 6 o'clock. We had debated this issue yesterday extensively and we are debating it now. I would not want to cut anyone off, but conceivably we could do this with 2 minutes each or something like that to make our final plea.

The leadership has requested that we rise by 6 o'clock and then come back tomorrow. I would hope that the issue is settled and that we might get the vote this evening.

Mr. Chairman, I would ask unanimous consent that all debate on this amendment cease at 6 o'clock and we proceed to vote at that time.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. BEREUTER. Mr. Chairman, reserving the right to object, I am particularly anxious to be cooperative with the Chairman and members of the committee, but this committee is debating the future of my State and only members of the Agriculture Committee have been able to participate in the debate at this point.

I understand the urgency that seems to be upon us.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I am pleased to yield.

Mr. DE LA GARZA. Mr. Chairman, I would be happy to yield the balance of my time to the gentleman from Nebraska.

Mr. BEREUTER. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. WEAVER. Mr. Chairman, reserving the right to object.

The CHAIRMAN. The gentleman from Oregon [Mr. WEAVER] reserves the right to object.

Mr. BROWN of Colorado. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. DE LA GARZA. Mr. Chairman, I continue under my time. I offer the gentleman my time in good faith, and I would be happy to yield to the gentleman.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield.

Mr. MADIGAN. Mr. Chairman, I think part of the problem, I would say to my distinguished chairman, that nobody on this side of the aisle has objected to an extension of time for anyone speaking on that side of the aisle. Nobody on this side of the aisle has objected to any unanimous-consent request coming from that side of the aisle. Last evening and again this evening we have had objections being made to members of the committee even having 10 seconds beyond the 5 minutes. One of them just happened.

So the gentleman cannot expect people over here to not object to an extension of time.

Mr. DE LA GARZA. Let me plead with my colleagues not to get into this type of a situation. I cannot control who objects and who does not object. I hope that we do not get into this side of the aisle and the other side of the aisle.

Mr. Chairman, I would yield the balance of my time to my colleague from Nebraska [Mr. BEREUTER] at this point if the gentleman wishes to take it. I am offering it in good faith.

I have not made a unanimous consent request.

Mr. ROBERTS. Mr. Chairman, would my chairman yield?

Mr. DE LA GARZA. I yield.

Mr. ROBERTS. Mr. Chairman, I have been waiting patiently for 2 days as a member of the committee to have my 5 minutes' worth, and I thought perhaps it might take 7 minutes. The same thing happened in committee when we were discussing this.

Mr. DE LA GARZA. Mr. Chairman, if I may reclaim my time, did I make a unanimous-consent request? If I did so, I withdraw it.

The CHAIRMAN. The unanimous consent request was objected to.

Mr. DE LA GARZA. So it was objected to.

We are just wasting time. The Chairman would just like to accommodate the members.

At this time, I yield the balance of my time to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. I thank the gentleman for his courtesy. I would prefer to permit the members of the committee who have not spoken to have that opportunity. So I thank the chairman for his courtesy and I will ask for my own time.

Mr. DE LA GARZA. Mr. Chairman, I do not wish to take time to make a motion and force a vote when the membership is not ready. I would say, Mr. Chairman, that I make the same plea again. We have a bill that is structured as comprehensively as we could.

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There is passion on both sides of this issue. I would hope that the membership would stay with the committee. It may not be the best of solutions, but it is the best we can do.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, could we have everybody stand who is interested in still talking on this and take a quick headcount and try to multiply that by some time for each one and then see if we can set a time limit?

Mr. DE LA GARZA. I would be willing to do that.

The CHAIRMAN. Is there a request that the Chair ask Members who wish to speak to stand?

Mr. DE LA GARZA. We are just taking a referendum, Mr. Chairman, on my time.

The CHAIRMAN. The time of the gentleman from Texas [Mr. DE LA GARZA] has expired.

(By unanimous consent, Mr. DE LA GARZA was allowed to proceed for 1 additional minute.)

Mr. DE LA GARZA. Mr. Chairman, I have asked for this additional time to conclude our referendum to see how many want to speak. Who is counting?

I count about 17. I figure with 1 minute each we would need about 20 minutes.

The leadership has requested that we rise at 6. That means that we will go until tomorrow before we have a vote on this.

I yield back the balance of my time, Mr. Chairman.

Mr. WEAVER. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I first would like to say to my dear friend, the gentleman from Illinois, that our other dear colleague, the gentleman from Montana, has spoken three times now on the amendment. The last time the gentleman spoke required a unanimous-consent request to speak again for 5 minutes.

I have not spoken on this farm bill at all. I have served on the Agriculture Committee for 10 years. This issue has been one that I alone raised in session after session of the Congress, and yet I have not spoken on this amendment at all; so I think we were generous.

I did not object when the gentleman from Montana got up and asked to speak for the third time, and with time short, the chairman of the committee says, "I think it was only fair that we reserve a little bit of time for those of us who have not spoken at all on the floor of the House on this provision."

Now, I rise in opposition to the Madigan amendment and in support of the language that was put in this bill in the Agriculture Committee by the gentleman from Iowa [Mr. BEDELL].

I think that people do not understand what is going on in the markets for grain. We continue to talk about how we are subject to world prices and world prices for corn and soybeans and wheat fall and we cannot do anything about it.

The truth is, and we must understand this, that the United States makes the world price. We set the world price. I remember when I used to offer my barrel-for-bushel bill and I would get letters from Australia. I would get letters from Canada, from their wheat boards, and they would say, "Mr. Weaver, you are the only one talking sense. Everyone is going broke in this business unless the United States wakes up and raises the price of its grain so we can all make a living."

They said time and again, "You make the world price."

Now, the Bedell language is going to raise the domestic price for farmers and if we raise the domestic price for farmers, we are going to raise the world price as well.

What is not understood, and we had better understand it, is that we could raise the world price by $2 a bushel and we would sell just as much grain as we do today. We have been giving away all our grain. This I think is the thing I resent more about our past farm policies than any other single thing, and that is by allowing stupidly, ridiculously allowing our grain prices to fall below the cost of production.

We have been selling to the Soviet Union at below our cost and therefore subsidizing the Soviet Union. I have to stand here on the floor of the House and watch the House vote massive amounts for the defense of our Nation and at the same time we provide the Soviet Union with massive amounts of grain at below the cost of production.

My estimates are that we have in the last 4 years subsidized the Soviet Union for 3 billion dollars' worth of grain. We also subsidized Japan, our largest buyer of our grain, by billions of dollars.

I think this is the height of stupidity. The language of the gentleman from Iowa, Mr. BERKLEY BEDELL, will raise the price not only in the domestic market, but in the world market and stop these subsidies to the Soviet Union.

The farmer is going broke because of our inability and unwillingness to act to allow him to control his supply.

Now, let me tell you, if you think that our markets will be hurt by controlling supply, in the last 2 years, and these are figures that were affirmed by the U.S. Department of Agriculture and I understand that they do not often tell what really goes on, but these are my figures and I called the Department of Agriculture and got them affirmed today. You think we have been hurt in our market share of grain in the last 3 years? We sell 70 percent of all the corn in world markets.

We sell 70 percent of all the soybeans in world markets.

We sell 35 percent of all the wheat in world markets and the only reason it has fallen to that point is that India and China have had huge crops in the last few years.

But let me tell you something, OPEC—and I will finish immediately—OPEC has 30 percent of the world market in oil and it controls the price. We can control our price the same way.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. WEAVER] has expired.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent that the gentleman from Oregon be given the rest of the evening.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. WEAVER. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. HUCKABY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to engage in a brief colloquy with the gentleman from Iowa.

The gentleman from Illinois [Mr. MADIGAN] earlier suggested that this section of the bill limits the amount of the acreage reduction of the set-aside of corn to 20 percent and wheat to 35 percent. It was my impression that there are no maximum limits. Could the gentleman clarify that? Which is correct?

Mr. BEDELL. Mr. Chairman, if the gentleman will yield, that is absolutely correct. There is no limitation, only in the first year. In the first year, there is. Following that, there is not.

Mr. HUCKABY. But what are the limitations in the out years?

Mr. BEDELL. The same as in the rest of the bill, there is no other limitation.

Mr. HUCKABY. There are no limitations?

Mr. BEDELL. There are none.

Mr. MADIGAN. No, no.

Mr. HUCKABY. In addition, there has been concern, and I think rightfully so, expressed regarding the poultry industry as such. We export a lot of poultry and there is concern that we will penalize our poultry industry by significantly increasing the price they have to pay for grain.

Is it the gentleman's intent to address this concern anywhere during the legislative process?

Mr. BEDELL. I would be receptive toward addressing that in the trade section, if we could do so.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I want to thank the gentleman for yielding, because I have been trying for 45 minutes to get somebody to yield to me.

Earlier in an exchange between the gentleman from South Dakota and the gentleman from Iowa and myself, the point was made that the letter that I am quoting from that was from the Congressional Budget Office does not take into account the changes made by the gentleman from Iowa [Mr. BEDELL] in his own provision by dint of the amendment here.

As a matter of fact, on page 1 of the letter, it specifically says that the amendment would prohibit farmers from increasing acreages of certified crops, the thing that the gentleman from Iowa said was not contemplated.

Now, I have tried for 45 minutes to get recognized to respond to the gentleman and now nobody knows what I am talking about.

The other thing I would like to say, if the gentleman will continue to yield, is that the exchange that the two gentlemen have just had about there not being any limits on acreage reduction in the out years, 1987 through 1990, is one of the very principal objections to the thing, because the Secretary of Agriculture estimates that on wheat he would have to go to a 50-percent set-aside and on corn he would have to go to a 40-percent set-aside and under the terms of the provision in the bill he would be allowed to do that.

Now, the gentleman is vesting in the Secretary of Agriculture, whom the gentleman from Iowa has asked to resign, the gentleman proposes to invest in this man, who he wants to resign, total control over all the production of agriculture in corn and wheat crops in the United States.

I would suggest there is a little bit of inconsistency there and it is almost a tie.

Mr. HUCKABY. Mr. Chairman, if I can reclaim my time, is it not true that under existing legislation and under the Foley-Marlenee provisions today that the Secretary of Agriculture can determine the set-aside, whether it be 20 or 50 percent in wheat?

Mr. MADIGAN. No, it specifically says in Foley-Marlenee what the set-aside is to be and it says that in Bedell for the first year.

Mr. HUCKABY. What does it say, what is the set-aside for wheat under Foley-Marlenee?

Mr. MADIGAN. It calls for under Foley-Marlenee 20 percent on corn and 30 percent on wheat.

Mr. HUCKABY. Is that a maximum or a minimum?

Mr. MADIGAN. That is the minimum.

Mr. HUCKABY. That is the minimum, so you could have more than that.

Mr. MADIGAN. But let me make the distinction to the gentleman. If the farmer chooses not to go long with that, he can still be in business, just like he is today; but under Bedell, if he chooses not to go along with that, he cannot sell his commodities in the United States of America.

Now, that is a pretty significant difference, and I thank the gentleman for yielding.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Iowa.

Mr. BEDELL. It is a shame that we cannot debate this on the facts of the situation.

The letter that the gentleman had from the CBO assumed that the gentleman from Iowa was going to offer his other amendment, which would limit the set-aside for the whole period. That is the assumption they had at the time they wrote the letter.

Sure, that is why they say it limits it; but as the gentleman knows, the gentleman from Iowa did not offer that amendment and I hope that the gentleman will correct the record so that we will not mislead everyone with regard to what is in it.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Kansas.

Mr. ROBERTS. Mr. Chairman, if I could have the attention of the gentleman from Iowa, I am now confused in regard to the set-aside requirements under the gentleman's program.

Did the gentleman say that for wheat in the first year it would be 30 percent and then thereafter it was at the discretion of the Secretary?

Mr. BEDELL. Just exactly the same as under the base provision in the bill.

Mr. ROBERTS. Mr. Chairman, if the gentleman will continue to yield, if I could ask my subcommittee chairman, whose sincerity and integrity is unquestioned, by the way, in regards to what he is trying to do, have we frozen the acreage basis at their current levels for 3 years running, 5 years running, or what is the status of that?

The CHAIRMAN. The time of the gentleman from Louisiana [Mr. HUCKABY] has expired.

(At the request of Mr. ROBERTS, and by unanimous consent, Mr. HUCKABY was allowed to proceed for 1 additional minute.)

Mr. HUCKABY. Mr. Chairman, I yield to the gentleman from Iowa.

Mr. BEDELL. As long as the referendum, if it were to be in effect, it keeps the same program for acreage limitations.

Mr. ROBERTS. So that would be for 2 years, if the gentleman will continue to yield, because the referendum would be held again after 2 years, so we are going to freeze the acreage base for 2 years at current levels?

Mr. BEDELL. Not exactly; the program is the same as it is at this time. If the farmer could go to the committee and show that his acreage base was not what he had been planting or anything, the county committee has the authority to make whatever changes seem appropriate.

Mr. ROBERTS. But what I am getting at, if the gentleman will continue to yield, is can the acreage base in the yield bill that the gentleman from Texas [Mr. STENHOLM] and myself authored, we had a 20-percent kind of freedom there where a farmer could rotate from one program off to another; that is not the case now?

Mr. BEDELL. The gentleman is correct.

Mr. ROBERTS. Mr. Chairman, I thank the gentleman.

Mr. DE LA GARZA. Mr. Chairman, I ask unanimous consent that all debate on this amendment, the Madigan amendment, end in 1 hour and that the time be divided equally between the chairman of the committee and the ranking minority member.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RICHARDSON. Mr. Chairman, I rise in support of H.R. 2100, the Food Security Act, which governs Federal Farm Income and Price Support Programs, Soil Conservation Programs, and Domestic and International Food Assistance Programs.

The economy of rural America is on the verge of collapse; New Mexico is among those predominantly rural States which shares this plight. While foreclosures and the failures of rural businesses increase, agricultural exports, land prices, and product prices decrease, at unprecedented rates. Export levels have steadily declined by 30 percent since 1980; farmland values have dropped by 20 to 25 percent in many States; most major commodity and livestock prices are at their lowest levels in several years. The crisis is not due to the inefficiency of the U.S. farmer but rather to his extraordinary capacity to produce far more than he can sell domestically or internationally. The USDA predicts that farmers will produce another bumper crop this year. As prices have rapidly fallen, U.S. farmers have been forced to plant fence row to fence row in an attempt to make an acceptable living; clearly, this has not worked.

Nearly a third of middle-sized commercial farms face financial difficulties with high debt loans and negative cash flows today. Farms producing cash grains, general livestock, or dairy products account for more than three-quarters of the financially stressed farms; such is the composition of the farming community in New Mexico. Our middle-sized family farms are bearing a disproportionate share of the debt of the farming community. The continued health of rural and urban America depends on saving this sector of our Nation from insolvency. The collapse of our agricultural communities, the closing of banks, businesses, and farm suppliers, will affect the stability of food to all communities and add to the burdens of densely populated urban communities.

Our responsibility lies in ensuring that our food supply remains stable, competitive, and diversified, both domestically and internationally. While hunger abroad is well documented, hunger, malnutrition, infant mortality and low birth weight rates, too, are on the rise in this country. Our Nation faces a hunger problem which has been described as a "public health epidemic." The Food Stamp and Child Nutrition Programs, as described in H.R. 2100, are our Nation's primary and most successful responses to hunger in America. These programs not only help those most in need of assistance but also assist our farmers by guaranteeing that their products will be used and not wasted in Government storage facilities. The Federal farm program provides low cost and effective nutrition to our Nation.

As we consider H.R. 2100, we must remember that our farmers need income. Increased Federal support of farmers will be necessary unless farm income improves dramatically in the next year. We need a farm policy which does not bankrupt farmers and taxpayers at the same time. A gradual move toward a market-oriented policy is acceptable and desirable farm policy. H.R. 2100 respresents a realistic farm policy. I urge my colleagues to support this bill on which the economic future of our agricultural and urban sector depend.

Mr. SCHAEFER. Mr. Chairman, the current provisions in H.R. 2100 providing for a producer referendum on marketing certificates for wheat and feedgrains will prove to be disastrous to livestock producers, consumers, and agricultural industries. Under the bill, if 60 percent or more of the producers of wheat and feedgrains—including at least 50 percent of the wheat and 50 percent of the feedgrain producers—vote affirmatively, then marketing certificates would be in effect for the following 2 years.

Should the referendum pass, the marketing certificates and the corresponding acreage reduction programs would effectively constitute mandatory controls on production. Participation in the program would be practically 100 percent, since nonparticipants would not be allowed to sell or even trade their grain in the domestic market. They could only sell their grain for the export market or consume it on the farm.

Under such a referendum, U.S. wheat and feedgrains would be rendered noncompetitive, minus large export subsidies. The USDA estimates that, under this referendum, export subsidies—cash and in-kind—for corn and wheat would total $16 billion during fiscal year 1986 through fiscal year 1988. Per-bushel-subsidies would be high because grain exporting companies would have a strong incentive to sell at any price since the Government would guarantee the companies that their costs would be covered, including "acquisition, handling, and a fair return."

As a result of the large export subsidies, Government outlays for wheat and corn during fiscal years 1986–88 would be about $3 billion above the House bill with no referendum. The referendum also allows for subsidies to be paid to domestic grain purchasers, which could add another $3 to $4 billion-per-bushel to Government outlays.

Under this proposal, consumers would pay much more for less food. During 1986–90, spending for cereal, bakery products, meat, and poultry alone would be $26 bil-

lion above spending under the House bill without the referendum. Low-income families would be hit the hardest, since they spend the largest portion of their income on food. In addition, outlays for food stamps would rise about $1.5 billion over the life of the bill.

Other sectors of agriculture and the related industries would be severely impacted. Livestock, dairy, and poultry producers could expect 60-percent higher feed costs if the referendum passed. Brokers, trading houses, transportation, and marketing firms would experience significantly less business. With reduced acreages and production, input and food processing industries could expect considerably less business. At the same time, import restrictions would have to be applied to processed products such as flour and bakery products to prevent less expensive foreign products from taking over the domestic market. This would heighten world trade tensions and, no doubt, bring retaliation from our trading partners.

In sum, the referendum would place U.S. consumers in the ironic position of paying more for grain products than consumers in most other countries. In fact, foreign importers would benefit directly from cheaper U.S. grain and, thus, become more competitive than the United States in both domestic and world markets for products produced from grain.

For these reasons, I stand in opposition to this referendum.

Mr. TRAFICANT. Mr. Chairman, I rise in strong support of provisions in H.R. 2100, the Food Security Act, that extend the Food Stamp Program for 5 years, providing modest increases in benefits and eligibility, and requiring States to set up employment and training programs. I also urge my colleagues to oppose any amendments to delete these increases and limit the eligibility requirements as outlined in the bill.

Mr. Chairman, if one takes a look at what has happened to the Food Stamp Program over the last 4 years in terms of funding, it becomes obvious that this worthwhile program has suffered drastic cuts. At the same time the Food Stamp Program was being cut, defense spending was massively increased. Well, now we find ourselves in a position where hunger and poverty in America have increased at an alarming rate. I believe that it is a disgrace for a nation, as wealthy and powerful as ours, to have a hunger problem. But we do have a hunger problem in this country and it is growing. Simply put, the modest increases in the Food Stamp Program outlined in H.R. 2100, are necessary to offset the devastating impact previous cuts in food stamp spending have had, and to combat the continuing problem of hunger and poverty in America.

Study after study indicates that hunger, malnutrition, infant mortality, and low birth weight rates are all on the rise in America. Equally disturbing is the fact that one out of every four children under the age of 6 is living in poverty—virtually guaranteeing increased social and Government costs down the road. Children going hungry, undernourished infants and pregnant mothers—one would think this scenario describes a Third World country—but this grim scenario is of America. An America haunted by the specter of an ever growing number of hungry, malnourished children living in poverty. Facing this growing problem should be one of our No. 1 priorities in the Congress. The Food Stamp Program is one small step toward setting our priorities straight. It is a step we must take—the modest increases in the Food Stamp Program are of vital importance.

Doesn't it make good sense to provide modest increases now in order to prevent much greater expenditures in the future? Of course it does. The increases in deductions provided for in the bill will be of great help to the working poor—people struggling to get ahead. By providing a greater deduction for child care expenses, for example, single mothers will find it easier to get a job and become self-supporting.

The increases in benefits and expansion of deductions outlined in H.R. 2100 for the Food Stamp Program are modest. Yet these modest increases are vital to our effort to respond to the growing problem of hunger and poverty in this country. Times are changing and we must be flexible enough to respond to those changes in a positive fashion. These increases in benefits and deductions will provide much needed relief to poverty stricken families—especially single mothers struggling to make a better life for their families. We cannot turn a cold shoulder on the pressing needs of these people. By supporting these modest increases we are making a sound investment in the future of this Nation. I again urge my colleagues to oppose any amendments seeking to eliminate or limit the increases in the Food Stamp Program provided for in H.R. 2100.

Mr. DE LA GARZA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. DURBIN] having assumed the chair, Mr. BONIOR of Michigan, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, had come to no resolution thereon.

□ 1800

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on today's consideration of H.R. 2100.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

MEDICARE PAYMENT FOR THERAPEUTIC SHOES

(Mr. SMITH of New Jersey asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SMITH of New Jersey. Mr. Speaker, diabetes affects approximately 5½ million people in the United States with an estimated 2.1 million of those affected individuals aged 65 or over and, therefore, potential Medicare beneficiaries.

Two weeks ago, I asked that the Rules Committee make in order under the rule for the Deficit Reduction Amendments of 1985 an amendment that would permit payment for therapeutic shoes under Medicare part B for individuals with severe diabetic foot disease. This language was developed and drafted in conjunction with the American Diabetes Association and is essentially H.R. 2543, a bill I introduced in May. According to information compiled by the ADA, this amendment is a cost-effective piece of legislation. In fact, the ADA has made what they consider a conservative estimate that implementation of such legislation could result in a gross cost savings of $105 million in 1 year alone. Savings would occur through decreased need for costly amputation versus the use of the less expensive therapeutic shoes.

Mr. Speaker, the preventive aspect of providing these therapeutic shoes cannot be overstated. According to a statement I will include in the RECORD by the American Diabetes Association, the Centers for Disease Control [CDC] estimates that each year 40,000 diabetics are required to have a lower extremity amputation. The CDC estimates further that of the 40,000 amputations per year among diabetics, 64 percent or 25,600 occur among individuals 65 or over. The rate of amputation could, however, be substantially diminished—ADA estimates a 40 percent reduction—if proper foot care were available and affordable.

Furthermore, Mr. Speaker, Mr. Pomeroy Sinnock, chief, information and training section of the Center for Prevention Services of the Division of Diabetes Control [CDC] has said that the CDC is currently working on a comprehensive program for prevention of certain developments in the severe diabetic, including lower extremity amputation, of which prescription and use of therapeutic shoes is an integral part.

Mr. Speaker, the cost of a pair of specially fitted molded shoes can vary around the United States from about $150 to $400. My amendment would cap the reimbursable cost at $375 so that under Medicare part B the system would pay no more than $300—or 80 percent of the cost of the shoes. It is likely, however, that the reasonable charge will be less. The amendment contains provisions to allow the health care financing administration to contract regionally for the supply of the shoes in order to keep costs at their minimum. It also provides for peer review organization monitoring of prescription for the shoes.

When one compares the cost of shoes with the cost of amputation, the savings become obvious. What price can we affix to the quality of life enjoyed by an individual who has through preventive medical practices been spared an amputation? The ADA estimates that individuals who undergo lower extremity amputations will live only 2 to 5 years following amputation. And yet Medicare continues to only pay for amputations while not allowing for reimbursement for therapeutic footwear that can prevent the trauma of amputation.

Perhaps you are already aware, Mr. Speaker, that the Veterans' Administration currently provides reimbursement for therapeutic shoes and has done so for approximately 10 years. According to Dr. Richard Baerg, head of podiatry services with the Veterans' Administration, their program using therapeutic shoes has been justified as a program which reduces the rate of surgery and, therefore, reduces costs.

Mr. Speaker, an amputation costs Medicare approximately $15,000 per patient. But therapeutic footware can prevent more than just amputation. Medicare now pays for costs of hospitalization for surgery on lesions, debridement of ulcers and infections. Members should also be aware that many individuals undergo more than one amputation on a single limb. This occurs when the first amputation does not properly heal.

Very simply, Mr. Speaker, this amendment provides Congress with the opportunity to substantially improve the quality of life for diabetics while actually reducing costs to the Medicare system. I urge the Rules Committee to permit House consideration of my amendment.

AMERICAN DIABETES ASSOCIATION

The amendment offered by Congressman Christopher Smith (R-NJ) is strongly supported by the ADA as it will provide Medicare payment for therapeutic shoes for individuals with severe diabetic foot disease. This provision would amend Section 1861(s) of the SS Act to include coverage under Part B of Medicare for specially molded therapeutic shoes if they are prescribed by a physician who certifies that the individual has severe diabetic foot disease and is under a comprehensive plan of care related to their diabetic condition. Severe diabetic foot disease is intended to include those individuals who have severely deformed or ulcerated feet. The shoes must be fitted and furnished by a certified pedorthist, a certified orthotist, or other qualified individuals as to be defined by the Secretary.

This amendment would provide payment for 80 percent of the fair costs of a pair of shoes incurred in any calendar year but could not exceed $300.00 (80 percent of $375).

It is intended that the requirement of physician certification would act as a control to guard against possible misuse or abuse. It is also intended that the individual be under a plan of care which would be directed toward their diabetes generally as well as their foot disease. This would include patient education. It is believed that this requirement would allow the patient to maximize the benefits provided by the shoes.

It is also understood that the Health Care Financing Administration could promulgate regulations requiring that there be prior authorization by a PRO or other entity before shoes are provided. This would make sure that the benefit is limited to those individuals who have severe foot disease marked by deformity and/or ulceration. It would also help assure that the patient is under a plan of care in which their diabetic condition generally, not just their foot disease, was being treated. It is not intended that this require that the individual be part of a diabetes clinic; rather, that they be under the care of a physician who is overseeing the treatment of their diabetes and monitoring their condition.

JUSTIFICATION

Of the approximately 5½ million diabetics in the United States, it is estimated that about 2.1 million are 65 and over and Medicare eligible.[1]

Diabetics are particularly prone to foot disease. Many suffer from peripheral neuropathy or loss of feeling or sensation in the extremities. This can lead to repeated injury or trauma resulting in ulceration and infections.

Diabetics also suffer from peripheral vascular disease. This disease causes the blood supply to the lower extremities to be severely diminished. A diminished blood supply impairs or prevents the healing of ulcers and infections. This can lead to gangrene and ultimately to amputation.

The Center for Disease Control estimates that each year 40,000 diabetics are required to have a lower extremity amputation.[2] Of these 40,000 amputations a year anywhere from 10,000 to 25,000 occur in individuals aged 65 and over.[3] It is estimated that individuals who undergo lower extremity amputations will live only 2-5 years following the amputation.

The rate of amputations could be substantially diminished if proper foot care were available. Proper foot care involves patient education and where the foot disease is only mild, the use of extra-depth shoes and plastizote inserts. For patients who suffer from severe diabetic foot disease, that is deformity and ulceration, specifically designed therapeutic shoes molded to the individual are necessary. It is these specially designed shoes that the Smith Amendment would provide coverage for.

Of the 2.1 million individuals 65 and over who suffer from diabetes, it is believed that at least 3 percent have severe diabetic foot disease.[4] If these high risk individuals had properly fitting therapeutic shoes, it is believed that at least 40 percent of these amputations could be prevented.[5]

The cost of a pair of specially fitted molded shoes can vary from about $150 to $400.[6] The Smith amendment would cap the amount at $375 so that Medicare would pay no more than $300 (80 percent of $375). However, it is likely that the reasonable charge will be less. In our cost analysis, however, we use the maximum cost to Medicare of $300 per pair, per year. While the amendment would alllow only one pair of shoes annually, it is believed that in 30 percent to 40 percent of cases, the shoes will last longer, anywhere from 18 months to two years. The shoes can be resoled, and can be fitted with new inexpensive inserts to extend their life. Thus, while our cost analysis assumes all eligible persons will avail themselves of a new pair every year, this is not likely to be the case.

When one compares this with the cost of an amputation, the savings becomes obvious. An amputation costs Medicare approximately $15,000 per patient.[7] Even if shoes prevent only 40% of amputation, this could result in a gross cost savings in one year of $105 million.[8] This would result in a net savings of $86.1 million (the cost of amputation prevented minus the cost to Medicare of shoes for the eligible population). (See discussion, *infra*)

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[1] National Diabetes Data Group and the Center for Disease Control.

[2] This information was derived by the CDC from the statistics collected by The National Center for Health Statistics from the National Hospital Discharge Survey, 1980.

[3] HCFA reports 10,262 cases under DRG 285 which is limited to individuals with an entry diagnosis of amputation for endocrinology disorders which encompasses diabetes. This DRG does not include individuals admitted for other diabetes related illnesses who then undergo an amputation. The CDC estimates that of the 40,000 amputations per year among diabetics, 64 percent or 25,600 occur among individuals 65 and over. Most, Sinnock, *Diabetes Care*, V. 6, 87-91, 1983.

[4] Podiatrists and Diabetologists consulted by the American Diabetes Association estimate the amount as somewhere between 3 percent and 5 percent.

[5] J.K. Davidson, "The Grady Memorial Hospital Diabetes Program," *Diabetes in Epidemiological Perspective*, London, 1983. In that study amputations were reduced approximately 40 percent when individuals participated in a comprehensive plan of care which included proper foot care and shoes where indicated and where affordable. Because that study was done among an indigent population, many study participants were unable to afford shoes. Had shoes been readily available, it is possible that the amputation rate would have been reduced even more. In another study at Kings College in London, amputations were reduced approximately 50 percent where individuals participated in a foot care program which included special shoes.

[6] Diabetologists and Podiatrists consulted by the ADA estimate the price as generally not less than $350. However, the Veterans Administration, which operates a comprehensive foot care program, pays approximately $100 to $150 per pair.

[7] HCFA 1981 cost data for Part A is approximately $10,000. The $15,000 was derived by a 5 percent inflation index and adding on the estimated Part B costs which include surgical and anesthesia costs and prosthesis, in some cases.

[8] This figure is derived as follows: If we take the average of the range of estimates for numbers of amputations per year in individuals 65 and over, that is, the average of 25,000 and 10,000, we get 17,500 amputations per year. Forty percent, the number expected to be prevented, would be approximately 7,000. $15,000 times 7,000 equals $105 million.

What is not included in this estimate is the medical costs attributable to foot disease which does not result in an amputation. This includes costs of hospitalization for surgery on lesions, debridement of ulcers and infection.[*] It also does not take into effect the fact that many individuals undergo more than one amputation on a single limb, when the first amputation does not properly heal. Nor does it reflect the added costs incurred by the Social Security System associated with permanent disability due to amputation.

This amendment clearly represents the opportunity to improve the quality of life for diabetics while reducing costs to the Medicare system.

U.S. WATERWAYS IMPORTANT TO TRADE MARKET

(Mr. BEVILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEVILL. Mr. Speaker, we Americans have an advantage in the international trade market. We have the best inland waterway system in the world. And, we need to use it to fight some of the unfair foreign trade competition we've seen in recent years. With our waterways, we can ship American goods at less cost and be competitive in foreign markets. That means jobs for our workers.

When we let foreign countries dominate our trade market, we are exporting American jobs instead of American products. We need to turn that trend around. A good place to start is by recognizing the need to modernize our waterways and ports. Every dollar we spend renovating our waterways and deepening our ports helps our economy. We cannot afford to let the valuable resources deteriorate. We need to replace those outdated locks that keep our barges tied up for hours and deepen our ports to accommodate the biggest ships.

Mr. Speaker, a modern waterway system can help lower that massive trade deficit. The entire text of my remarks follows:

Mr. BEVILL. Mr. Speaker, at a time when Congress is considering new trade legislation, I would like to point out the importance of our Nation's waterways in foreign trade. We have more than 25,000 miles of inland, intracoastal and coastal waterways and more than 200 ports that serve 42 of our 50 States directly and each one indirectly. This system can move large loads over long distances at low costs. When we can move coal and grains at lower costs because of these waterways, we are better able to compete for foreign markets. Our goal should be to more fully develop these lanes of commerce so that we can ship our goods to export centers more economically.

We don't want to export American jobs. We want to export American products. But we have been on the losing side of an escalating trade war. The foreign trade deficits have been at record high levels. That hurts us all, especially our Nation's farmers, our textile, coal and metals industries. In coming weeks, we will be debating the pros and cons of protectionism for American industry in the face of unfair trade practices by foreign countries. I believe we can win part of the battle here in our own backyard.

I have long supported and will continue to fight for legislation which will enable us to start construction on some of the most urgently needed water projects across the country. We cannot turn our backs on this vital renovation and development of our waterway system.

The United States is a major contender in world trade. But, sadly, our ports are not keeping pace with the efficiency of those of major world trading nations. Port depths along the critical Atlantic and gulf coasts were designed for the early 20th century trade. These ports are now dominant in the coal and grain trades but cannot accommodate 35 percent of the world's dry bulk fleet fully loaded. That 35 percent includes ships which require depths of 50 feet or more. The major coal ports of Norfolk and Baltimore which ship out over two-thirds of U.S. export coal have depths of 45 and 42 feet, respectively. The major grain ports of the United States on the lower Mississippi River handle two-thirds of U.S. grain exports, but have depths of only 40 feet.

The fastest-growing coal ports are Mobile in my home State of Alabama and the lower Mississippi ports, on the gulf. Their link to the river barge system is responsible for this growth. We expect that the Tennessee-Tombigbee Waterway will make U.S. coal even more competitive in foreign markets by cutting the costs of shipping Appalachian coal. It appears that we have cleared the way for deepening the major coal and grain ports—Norfolk, Baltimore, lower Mississippi, and Mobile. And this is a step in the right direction. Each bargeload of coal we export means a job for an American worker. Each load of grain we export is good news for our farmers.

We must consider that investment in modernizing our waterway system is an investment in the future. Without that, we are more likely to lag behind other nations in the trade arena.

Deepening our ports is a start. We also have locks and dams that are deteriorating. We cannot continue delaying this development. We need to get work underway for these projects because they will be needed in the next century. It can easily take 25 years to get a project to completion. What are we waiting for? The 21st century will be here before we know it.

My Energy and Water Development Appropriations Subcommittee has recognized this need. My subcommittee and I have traveled across this country looking at projects which need attention. On the Mississippi, there's the need for a second chamber at locks and dam 26; there is a backlog of barges waiting at the Gallipolis Lock and Dam on the Ohio River; in Pennsylvania, locks 7 and 8 are antiquated as is the Winfield Lock in West Virginia. Fisherman's Wharf in San Francisco needs improvement. And, in Alabama, we desperately need to replace the Oliver Lock and Dam on the Warrior River where barge traffic gets backed up.

Barges move 46 percent of America's export grain. Add a few cents per bushel because those barges have to waste time waiting at an outdated lock and that could mean the difference between loss and profit for our farmers and barge operators. Failure to modernize our waterways harms not only the water transportation industry, but our overall economy as well. We need the competition that a stronger network of waterways will provide. We should also keep in mind that when any one water project in this Nation is developed, it helps the entire Nation.

The U.S. waterways support the Nation and serve the world. We are the No. 1 world exporter of both grain and coal. Our grain exports are the largest single contributor to the U.S. balance of trade—over $33 billion in 1984. The inland waterways move over half of all exported grain from river terminal to export elevator, an inland journey of over 1,100 miles. We cannot afford to jeopardize this important commerce by allowing our infrastructure to deteriorate. Already, grain exports are falling because of the high price of U.S. grain and the rise of foreign grain production. Do we want to deal our grain producers another blow with costly transportation costs because our inland waterways and ports don't measure up to world class standards?

I might also point out that we have a common interest in our Nation's defense. Our waterways are essential for a secure America. Coastal ports serve Navy, military transport, and U.S. Coast Guard vessels in peacetime and during mobilization. The Navy's new homeport policy will expand the number of ports serving as a permanent base for its fleets. Shipyards are essential for defense and they must have access to maintained waterways. Most of the U.S. stockpiles and domestic sources of strategic commodities are served by the inland rivers and Great Lakes. Would we want delays in shipping these goods in time of war? I don't think so. That's another reason why it's our job to make sure our waterway system is in tip-top shape.

Improving our Nation's waterways won't be the only step toward balancing our foreign trade. But it's an important part of achieving that goal. That's why my subcommittee continues to include appropriations for this vital work.

We must also reduce the Federal deficit, lower interest rates and establish a healthier and truer value of the American dollar in relation to foreign currency. The strong dollar keeps foreign products flowing into our country.

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[*] A study at the Kings College Foot Clinic in London found the recurrence of diabetic foot ulcers for individuals furnished with therapeutic shoes to be 19 percent compared with 91 percent for individuals who wear regular shoes.

We can be cautiously optimistic about the recent drop in our trade deficit from a high of $13.4 billion in June to $9.9 billion in August. But it's too early to say we are seeing a turnabout in trade. And, even with that drop, our trade deficit has totaled $91.2 billion for the first 8 months of this year. That's 8.6 percent greater than last year's trade deficit during those same 8 months. Government officials still believe the 1985 trade deficit could reach $150 billion. Any way you slice it, the trade deficit is taking too big of a chunk out of our economy.

It's time for us to do what we can to help make American farm products, lumber, coal and other products more attractive and competitive to world markets. Improvements to our export system will lower transportation costs for goods going to export. Those increased exports will bring greater profits. That means more jobs back to America. That's what I'm working for. That's what America needs. That's what America wants.

THOUGHTS ON "AN INTERVIEW WITH GORBACHEV"

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DORNAN of California. Mr. Speaker, I had intended to speak yesterday on the first day of our fiscal year about the problem of continuing resolutions in this House where we run from our fiscal responsibility, and I will still do that, but I will submit most of my remarks as written. I just wanted to comment, because my leader gave a brilliant exposition of Soviet hypocrisy and phoniness today, that this September 9 issue of "An Interview With Gorbachev," where they even go to the trouble of airbrushing off the birthmark on his forehead, is the most disgusting, groveling, bootlicking interview I have ever seen with a public figure in my entire life.

His pinstripe suit is "resplendent," his shirt is "gleaming," he brings down in a "karate style" chop on the desk, but always "quite gently;" he is "tanned," he is "solid but not fat," he "laughs easily," he "dominates the meeting with the five Time executives including senior editor Henry Grunwald;" he "dominates" the meeting with three extraordinary tools: Eyes, hands, and voice." The voice is "extraordinary, deep but also quite soft."

You have never seen an article like this about our leaders, even in the house organs of our great parties.

No President has ever been covered like this.

HYPOCRISY: THEIRS AND OURS

Mr. DORNAN of California. Mr. Speaker, here it is, the beginning of a new fiscal year and we still have not completed our constitutionally mandated responsibility of looking after the Nation's finances.

Because of our negligence, we have been forced to pass another embarrassing continuing resolution. This clearly illustrates two things: That the "tax and spend" liberals in the House are not capable of producing a serious budget; and that the budget process is the problem, not the solution.

Let's face facts my dear colleagues, the budget process is out of control and it threatens irreparable harm by increasing the deficit, and therefore hurting the economy. Something must be done to reform our budget process.

During the last 5 years Congress has exceeded the target in its budget resolution by an average of $28 billion a year. In fact, since fiscal year 1977 Congress has been forced to pass, and the President forced to sign, 24 continuing resolutions. And the only reason we pushed through a budget this year was because our August recess vacation was about to commence. How's that for responsibility.

But the fact is that the big spenders here on the Hill actually prefer to spend money this way. By waiting until the last minute Congress attempts to pressure the President into accepting appropriations bills that exceed the limits established in our own budget resolution. The President is then forced to either shut the Government down, an unpleasant prospect, or take what Congress dumps on him. This is a sort of "budgetary terrorism" whereby the Congress holds the budget hostage until the administration meets its demands.

For instance, this year the continuing resolution contains some $900 million for the World Bank's International Development Association, a good portion of which is for zero interest loans to Communist countries and to Third World countries hostile to U.S. interests. Because these zero interest loans are part of the continuing resolution, there is never any debate or individual voting record established on this controversial spending of U.S. tax dollars. This is a devious way to sneak in the back door what cannot be brought across the front porch with open debate. This is irresponsible, and very wrong. My colleagues, just ask any of your voting taxpayers.

THE DEDUCTION FOR STATE AND LOCAL TAXES

(Mr. HORTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HORTON. Mr. Speaker, I rise, as cochair of the Northeast-Midwest Congressional Coalition, to express in the strongest terms our total opposition to any tax reform package which restricts the deduction for State and local taxes. Our position on this matter is not new. My cochair, Congressman WOLPE, and I have stated our concerns on behalf of the Executive Committee of the Coalition in testimony before the Ways and Means Committee and in meetings with Treasury Secretary Baker.

With the Ways and Means Committee beginning markup, however, our concerns take on greater urgency. We have heard a great deal of talk lately about a possible compromise on the issue of deductibility, and it is important that we let the committee—and the administration—know the depth of our opposition.

Over the days and weeks ahead, you will be hearing from Members across the country who share our concerns. I urge you to weigh their statements carefully and examine the impact that repeal or restriction would have on the delivery of Government services and education in your own district.

I want to emphasize first of all that we welcome the interest of the administration in reform of our tax system. The Nation's Internal Revenue Code has grown extremely complex, and in recent years it has become overloaded with provisions designed to benefit special interests. Any effort to make it simpler for the average American to file tax returns and to produce a system that distributes the tax burden more fairly deserves our close attention.

However, we cannot ignore the fact that the tax system is a major instrument through which our National Government seeks to achieve its policy goals. What we do on taxes may have more impact on our national and regional economies than almost any other action we take.

Our responsibility as legislators is to insure that, in addition to creating a fairer and simpler system, tax reform also contributes to economic growth, especially in those areas of the country that have lagged behind the recovery.

By these criteria, we find repeal of deductibility to be potentially the most damaging element of the administration's tax reform proposal. Residents of our region constitute 44 percent of the Nation's population, but would pay 57 percent of the cost of eliminating deductibility. Our fear is that this would exacerbate the drain of income out of our region. My State of New York, for example, currently gets back only 92 cents in Federal spending for every dollar in taxes it sends to Washington. Eliminating deductibility only would make the situation worse.

Repeal also would violate one of the most basic principles of federalism upon which the Nation's intergovernmental system is based. The deduction for State and local taxes is the oldest in the federal system. It was included in the legislation establishing the modern income tax in 1913. The intent of the framers of that legislation was clear: They did not want the Federal Government engaging in "double taxation"—taxing individuals on income they already had paid as taxes to State and local governments.

The administration claims that the reason for the discrepancy between States in terms of the value of deductibility is that we have higher State and local tax rates.

Our States—all of which are net energy importers—rely mainly on income, sales, and property taxes for their revenues. Energy-producing States, on the other hand, have maintained low personal tax rates by imposing severance taxes on oil, gas, and coal. In 1983, eight so-called "low tax" States—Alaska, Wyoming, North Dakota, New Mexico, Oklahoma, Louisiana, Montana, and Texas—collected $6.5 billion from severance taxes. That was more than 25 percent of their State tax revenues.

Under the administration plan, these severance taxes—which ultimately are passed on to consumers throughout the country—would be considered business taxes, and therefore would remain deductible.

The argument also has been made that the wealthy benefit most from deductibility. This is not the case. Repeal would hit middle-income taxpayers hardest. Over half the households that take the State and local deduction have incomes below $30,000, and 87 percent have incomes below $50,000. In addition, half of all households with incomes between $20,000 and $25,000, two-thirds of those between $25,000 and $30,000, and fully 80 percent of those between $30,000 and $50,000 deduct their State and local taxes.

In fact, more taxpayers claim the State and local deduction than any other deduction, including the one for home mortgage interest. In 1982, 33 million filers took the State and local deduction; 24.5 million—that's 25 percent fewer—took the home mortgage interest deduction. Households deducting State and local taxes were distributed fairly evenly around the country—not concentrated in a few high-tax States.

For these reasons—and for others that will be enumerated—we oppose any compromise on the issue of retaining full deductibility for nonbusiness State and local taxes.

LEGISLATION TO MAKE SOCIAL SECURITY AN INDEPENDENT AGENCY AND REMOVE IT FROM THE UNIFIED BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma [Mr. Jones] is recognized for 5 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, I take this special order to inform the House that I have introduced legislation which has been cosponsored by the members of the Social Security Subcommittee and by about 20 other colleagues of ours here in the House.

The bill we have introduced does essentially two things: First, it makes Social Security an independent agency; and second, it removes Social Security from the unified budget beginning in 1987.

The purpose of this legislation, simply stated, is to take Social Security out of politics, to quit making Social Security a political football and creating insecurity for the older Americans it is designed to help; and second, to give Social Security Administration a sense of continuity and stability.

As I pointed out, this legislation is sponsored in a strong bipartisan way, and also it crosses philosophical lines. For example, we have such known conservatives on the Republican side as Bill Archer, who is the ranking Republican member on the Social Security Subcommittee, Jake Pickle of Texas, the former chairman of the Social Security Subcommittee, and liberals such as Ed Roybal, who heads up the Aging Committee, and the distinguished gentleman from Florida, Claude Pepper, who formerly headed the Aging Committee. They are all cosponsors of this legislation.

Social Security, unfortunately, has been used as a political football by both parties in past years. It has been unstable in the sense that there have been nine Social Security Commissioners just in the last 12 years, and that has created management turmoil within the administration, and this bill is designed to combat that.

What the bill does is, first of all, create a new independent agency free of the redundant layers of bureaucracy and redtape that was created by the Department of Health and Human Services. It has a bipartisan three-member Board appointed by the President with staggered 6-year terms. The board would have broad legislative, regulatory and administrative authority and would generally serve as the policymaking arm of the agency. In order to manage the day-to-day administration, the board would appoint a commissioner to a 5-year term to serve as the chief operating officer for the Social Security Administration.

The second thing it does is to take Social Security out of the unified budget beginning in 1987. My colleagues will recall that the Social Security Amendments of 1983, which saved the Social Security Trust Fund, already dictated that Social Security be taken out of the unified budget in 1993. This just accelerates it to 1987.

The fact is, the Social Security Trust Fund, the disability and retirement trust fund, has begun this year building up surpluses, and those surpluses will continue to build, assuming we have some semblance of economic growth, until the year 2020, when we start dipping into those surpluses to pay for the baby boom generation as it enters into retirement years.

Those trust funds are not contributing to the deficit of the United States, and by taking it out of the unified budget, we take Social Security out of the politics of budget debate because it does not belong there, and we also focus the true attention that we ought to be focusing on where the budget deficits are being created.

So I hope that others of my colleagues will be interested in joining us on this legislation. It has been reported unanimously out of the Social Security Subcommittee, and I expect that when tax reform is concluded one way or the other that we will be reporting it out of the Committee on Ways and Means.

Mr. CRAIG. Mr. Speaker, will the gentleman yield?

Mr. JONES of Oklahoma. I would be happy to yield to the gentleman from Idaho.

Mr. CRAIG. I thank the gentleman for yielding.

Mr. Speaker, I would like to thank my colleague, the gentleman from Oklahoma, for taking this special order to discuss the legislation that he has just introduced. I have heard about it. I have not had an opportunity to look at it in detail, but I would applaud his action.

For some time, I and a good many others have felt that Social Security needed to be viewed separately, apart from, as an independent agency, away from the unified budget, to do exactly what the gentleman is saying should be done, to view it in the cold light that we need to examine it for its soundness, for its actuarial soundness, and how it properly can be dealt with from one trust fund to another, and certainly not be embroiled, as it has been over the last 4 or 5 years, in the whole budget debate and the politics of that budget debate.

I know I, as one Member of this body, for some time have been very disturbed when I hear the argument, made in a bipartisan way on this floor, that as we work to balance the budget or as we work to cut the budget, we are balancing the budget on the backs of the Social Security recipients. This is an argument that could no longer be placed if the gentleman's bill is passed and becomes law. It does, then, allow not only the Congress but the administrative body that would be setup under the gentleman's legislation to administer Social Security, an opportunity to view it separately, as it was historically, and as it would be again.

I congratulate the gentleman on this effort.

Mr. JONES of Oklahoma. Mr. Speaker, I thank the gentleman very much and look forward to working with him and Members on both sides of the aisle to make sure that this becomes law.

TRIBUTE TO RUSSELL SIDNEY GIDEON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. Stokes] is recognized for 5 minutes.

Mr. STOKES. Mr. Speaker, I take this time to advise the House of the passing of a good friend of mine and an exceptional human being—Russell

Sidney Gideon. Russell Gideon was the Emeritus Past Sovereign Grand Commander of the United Supreme Council, A.A.S.R. of Freemasonry, Prince Hall affiliation, northern jurisdiction. Russell Gideon was revered by masons around the globe. He leaves a host of friends and admirers.

Dr. Gideon was born in 1904 in Liverpool, Nova Scotia, Canada. When he was 9, his family moved to Calgary, Alberta. While growing up in Calgary, Gideon was an all-star athlete in hockey, baseball, track, and football. He is reported to have caught the first forward pass in Canadian football while playing for the Calgary Tigers. He, while often being the only black man in the competition, led the Victorian Athletic Club to multisport championships from 1921-24.

One of the many attributes for which Dr. Gideon was known was his intense energy, drive, and motivation. Many of these attributes grew out of his experiences in Calgary. Russell Gideon became engaged in multiple enterprises as early as age 15. At that age, he began working as a delivery boy in a drug store in Calgary, while he organized a five-piece band on the side. After going to school, then working at the drug store, the band, with Russ as the drummer, would then play at hotels on weekends.

The drug store part time job made a lasting impression. The drug store owner had a son the same age as Russell Gideon. The owner decided to send his son to become a pharmacist while at the same time, he told Russell Gideon that he would help him get a job as a railroad porter. Mr. Speaker, nothing could have given Russell Gideon more determination to become a pharmacist.

Determined to pursue his dream, Russell Gideon left Calgary in 1932 and moved to Boston. At that time, pharmacy schools did not admit black students. Undeterred, Russell Gideon began studying at the Patrick School of Pharmacy. Dr. Patrick was a black pharmacist who seriously felt the need to train others. When Massachusetts pharmacy schools finally admitted blacks, Russell Gideon enrolled at Western Massachusetts School of Pharmacy where he graduated in 1941.

In 1933, Russell Gideon met Lillian Morris. They were married in 1934 and during the past year, celebrated their 50th wedding anniversary.

The Gideons were deeply involved in World War II. Lillian served in the Red Cross in England and France while Russell was a tech sergeant in the 366th Infantry Medical Corps.

After the war, the Gideons planned to move from Boston to North Carolina. Just before going to North Carolina, they went to visit one of Russell's relatives in Seattle. The trip changed their minds and their futures.

Mr. Speaker, the Gideons moved to Seattle where Russell operated a pharmacy for 13 years. He later became a rehabilitation counselor and was appointed to the Washington State Parole Board by Governor Rossilini in 1963.

As a result of his numerous civic activities, Russell Gideon has been awarded many honors and commendations. He is listed by Ebony magazine as one of Amercia's 100 influential blacks and he is listed in "Who's Who in Black America."

In addition to being a national officer with the masons, Dr. Gideon served as a national officer with Phi Beta Sigma Fraternity. He was also an officer of the National Business League and a life member of Kiwanis International. In Seattle, he will be remembered as a founding member of the Central Area Business League; a charter member of the Central Area Kiwanis Club; the past chairman of the Trustee Board of Mr. Zion Baptist Church; and for his service on the boards of the Seattle OIC, Seattle Urban League, East Madison YMCA, and other organizations.

Mr. Speaker, Dr. Gideon leaves his wife, Lillian, his son Melvin and his sister, Ms. Lela Dodd of Toronto. At this time, I ask my colleagues to join me in extending condolences to his family. We will all miss this faithful servant and outstanding leader.

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PRESIDENT'S ACTION ON TRADE CRISIS MAY BE TOO LITTLE TOO LATE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama [Mr. SHELBY] is recognized for 5 minutes.

Mr. SHELBY. Mr. Speaker, at dawn today, America's coasts were the target of a massive foreign invasion—not by a foreign army, but by foreign imports—auto, steel, textiles, electronics, forest products, just to list a few.

I was glad to see this week that the President has turned from his nonchalance and recognized the fact that we have a trade crisis. I fear, however, that the President's response may be too little too late.

The President said in his announcement of a new trade policy this past Monday morning that he had worked for 4 years at Versailles, Williamsburg, London, and Bonn to get our trading partners to dismantle their trade barriers, eliminate their subsidies and other unfair trade practices.

During those 4 years, employment in the steel industry declined by more than 50 percent, or about 240,000 jobs. In Alabama, the steel industry has been devastated by imports resulting in the loss of thousands of jobs. Lumber operations have had to close their doors or prune their work force in the face of soaring Canadian lumber imports.

On August 28, the President refused to grant relief to the footwear industry, which has seen 105 plants closed in this country in 1984 alone—costing 13,300 jobs.

Then, a few Saturdays ago, in his weekly radio address, the President announced that he had asked the United States Trade Representative to investigate Korean prohibitions on United States insurance firms, Brazil's restriction of United States high technology products, and Japanese restrictions on United States tobacco products.

Since then, the Debra Knit textile plant in Northport, AL, in my district, has announced that due to imports, it will close its doors on October 15, throwing 300 people out of work, adding to the 7,000 textile workers who have already lost their jobs in Alabama and the estimated 400,000 nationwide. Many of these employees had worked in the once thriving textile industry for years.

In the past 5 years, almost 3 million American jobs have been lost to foreign competition.

All across this Nation communities are threatened by a new wave of plant closings and unemployed workers are worried about feeding and educating their families. Our very industrial base is jeopardized by imports.

Meanwhile, the President continues to tell us that the economy is doing well. Our trade deficit this year is expected to be a once unimaginable $150 billion. We have become a debtor nation for the first time since 1914. The President is obviously looking at our economy through rose-colored glasses—probably imported from Japan.

There is no simple, magic solution to our trade crisis. Developing a response—one which will determine who works and who doesn't, and the price consumers will pay for goods—is a complex and delicate task.

As part of the solution, I suggest that we get our own fiscal house in order and restore some sanity to this Nation's fiscal policy. There is a direct link between our trade deficit and our Federal budget deficit. Large budget deficits drive up interest rates which leads to a strengthened dollar. With a strong dollar, imports increase and exports decrease. The result is a soaring trade deficit. Economists estimate that the overvalued dollar accounts for 60 to 80 percent of our current trade deficit. Action must be taken to make significant cuts in our Federal deficit now.

America must also regain its competitive edge in world trade. Americans have the willingness and ability

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to use our ingenuity to modernize and make the technological advancements necessary to compete head to head with foreign producers.

We need, also, to stand up to the unfair trade practices of our trading partners through tougher enforcement of our trade laws. We must also apply the principle of reciprocity and force other countries to grant access to our products, as well as initiative an aggressive program encouraging and promoting the sale of U.S. goods, both at home and abroad.

Furthermore, we need to call for a new round of GATT negotiations. The international business environment has changed since 1948 when GATT became the principal international body negotiating trade relations. Many of the GATT provisions are no longer justified in the new international economic order.

Of course, there is a clamor for a strict protectionist response. History shows that such strict measures may be counterproductive and lead to higher prices. I believe that we should heed the warnings of the ghost of Smoot-Hawley.

Alabama's economy, like most States, is comprised of industries which are dependent on export of their products. Retaliation to unreasonable trade barriers erected by the United States could cost even more American jobs.

I certainly will not deny the benefits and virtues of free trade. However, our definition of what "free" actually means does not always correspond with that of our trading partners. While we must be cautious not to unravel a fragile world-trading system and cause an inevitable trade war, there comes a time when additional pressures must be brought to bear.

One response may be to grant our industries troubled by imports short-term relief in exchange for commitments to modernize and adjust so to become a more competitive industry.

This is particularly important in light of estimates that it may take 12 to 18 months for the President's plan to have any appreciable impact on the trade deficit. How many plants will close and how many jobs will be lost in the interim?

The President said Monday, "I will not stand by and watch American workers lose their jobs because other nations do not play by the rules." Yet, in the midst of this rhetoric, Mr. Reagan threatens to veto the Textile and Apparel Enforcement Act of 1985, of which I am a cosponsor. I invite the President to come to Alabama and veto this legislation at a closed textile plant, face to face with unemployed textile workers.

In facing the challenge posed by the trade crisis, I urge strong leadership by both the President and Congress.

Positive action must now be taken to design a sensible rationale, coherent, trade policy to replace the daily jumble of reactive announcements so that we may combat swiftly and effectively this crisis threatening our economic foundation.

ORDER OF BUSINESS

Mr. PARRIS. Mr. Speaker, I ask unanimous consent that I be recognized ahead of the gentleman from California [Mr. DORNAN] who has graciously consented to that request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

PROPOSED AMENDMENTS TO FOREIGN ASSISTANCE ACT APPROPRIATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia [Mr. PARRIS] is recognized for 60 minutes.

Mr. PARRIS. Mr. Speaker, in San Francisco, CA, on October 24, 1945, almost 40 years ago, to the day, the United States became one of the original 51 members of the United Nations. The United States was a key organizer of the United Nations and is still by far the world body's most important source of funds.

The regular budget of the United Nations has grown from $58 million in 1960 to $685 million in 1983—more than two-thirds of a billion dollars. That is an astounding 1,081 percent increase over the past 23 years. Even more astounding is the fact that that averages out to a 47-percent increase per year—and that doesn't even include funding of the so-called special programs.

Let me provide you with a little more in-depth view into several of these special programs. I would point out that what I will relate to you is not even the tip of the proverbial iceberg; however, it is indicative of what is happening with most of these programs.

The first of these programs is the U.N. Development Program [UNDP]. During the 1965 session of the U.N. General Assembly, on November 22, 1965, a resolution was agreed to which combined the U.N. Expanded Program of Technical Assistance [UNEPTA] with the U.N. Special Fund [UNSF]. The result was the UNDP, the U.N. Development Program.

The purpose of the organization, as originally stated, was to assist lesser-developed countries in their efforts to accelerate social and economic development.

When established in 1965, the Governing Council had only 37 members; however, in 1971 this number was increased to 48. Developing countries now hold 27 seats on the Governing Council and Eastern Europe holds 4. At the same time, Western European countries and "others" normally considered out allies hold only 17 of the 48 seats, or approximately 35 percent of the total membership. "Others" includes such countries as the United States, Australia, Canada, Japan, and Turkey.

Keeping in mind the originally stated purpose of the program, as well as the unbalanced vote ratio, lets look at some of the grants which have been issued by UNDP in the past several years. This information is derived from the annual reports of the Administrator and the compendium of approved projects for January-September 1982—the last year for which a quasi-complete compendium of programs is available.

In Ethiopia, a nation virtually paralized with drought and famine, a nation with adequate food to feed the hungry rotting on the docks for lack of adequate transport capability, UNDP granted $980,000 for logistical and technical support for food aid transport.

At the same time, however, the UNDP issued grants to Ethiopia for the following: $4 million for handicraft industries and leather development; $100,000 for solar power for telecommunications; $716,000 for preservation and presentation of selected sites and monuments.

All in all, the UNDP, in just one part of calendar year 1982, finalized grants to Ethiopia totaling $61 million.

While we are on the subject of grants to Ethiopia, consider that in December 1984, over U.S. objections, the U.N. General Assembly approved the construction of a $73.5 million conference center in Ethiopia, even as millions of Ethiopians were starving. Now that is food for thought.

Other UNDP grants in that portion of 1982 included:

To Afghanistan, illegally occupied by the Soviets, grants were made for: Phase I, administrative reform, $800,000; World Bank development project, $3.1 million; civil aviation fellowships, $2 million; assistance to the Afghan Institute of Management, $1.5 million.

To Bulgaria, grants were made for: Ship Hydrodynamics Center and Robotics Institute, $1 million; ship handling and maneuverability tests, $500,000; various science and technology projects, $2 million.

To Costa Rica, grants were made for: Implementation of the national development plan, $500,000; National Center for Port Training and Preparation, $200,000.

To Cuba, a pawn of the Kremlin with a Communist presence just 90 miles from our shores, grants were made for: Training of personnel for the hotel and tourist industry, $1.5 million;

Introduction of nuclear techniques into the national economy $1.8 million. A total of $24.3 million went to Cuba for just a part of 1982.

For Czechoslovakia, an Eastern European satellite of the Soviet Union, grants were made for: Strengthening of maintenance in iron and steel industries, $1.1 million grants to Czechoslovakia totaled $3.1 million.

To Iran, a grant was made for: Phase II, administrative support services, $2 million.

To Laos, grants totaling $27.2 million were made.

To Libya, a base for the worldwide export of terrorism under the leadership of Mu'ammar Qadhafi, grants totaling $5.5 million were made for: Phase II economic planning, $1.5 million; industrial research center, $2 million.

To Mongolia, grants totaling $7.5 million were made.

To Nicaragua, the home of the Sandinista government which is virtually at war with the balance of its neighbors in Central America, grants totaling $6 million were made for: Public finance administration and budget system, $700,000; other policy and planning areas, $2.3 million; support for the finance corporation of Nicaragua, $30,000; salaries for national development plan, $200,000; international trade and development, $336,000.

To Poland, grants totaling $8 million were made for: The trans-European north-south motorway connecting Soviet bloc nations, $1.8 million.

To Romania, an Eastern European nation, grants totaling $11.1 million were made for: Phase II, development of nuclear technology, $700,000; various transportation building programs, including the north-south motorway, $1.6 million; industrial development, $1.5 million.

To Syria, grants totaling $16.8 million were made for: Phase II, testing, research and development center, $1.5 million; shipbuilding and ship repair industry, $13,000; development planning, phase II, $1 million; hotel and tourism training center, $1.9 million; management development and productivity center, $1 million.

To North Vietnam grants totaling $57 million were made for: Feasibility study for four dams, $5 million; natural resources projects, $12.6 million; institute of agricultural sciences, $7 million; logging training, $3.6 million; industry, $5.5 million; transportation and communications, $4.6 million; science and technology, $1.2 million.

To Yugoslavia, grants totaling $7.5 million were made for: High energy ionizing radiation (industry), $170,000; relocation of slide bearings factory, $120,000.

These are just a few examples of the grant activities approved by the UNDP in just 1 year.

Since 1976, the United States annual contribution to the UNDP has increased by 65 percent. In that time, the United States has contributed over $1.3 billion to this program. This year alone, the United States contributed $165 million—25 percent of the entire budget. And that is how Americans' tax dollars are being spent without any real control by the United States.

Getting back to the United Nations regular budget, let's look at its grown over the past 40 years. In 1946, the regular budget for the United Nations was $19.3 million. By 1984, that budget had grown to $792 million—an astounding 4,168-percent increase since 1946. I want my colleagues to understand that that is an average increase of 107 percent per year, or over 1,000 percent per decade over the last 40 years—and that doesn't include our contributions to the various so-called special programs. Clearly, this whole situation has gotten quite out of hand. This is especially true when you consider what the United Nations is spending all of this money on and who decides where it is to go.

You have got to answer the questions, "What kind of voice does the United States have in the votes and day-to-day operations of this institution," and "Is the United Nations good for the United States and for the rest of the free world?" I would hope to provide you with sufficient information with which to answer these questions. Based on available information, the conclusions were not at all difficult for me to draw, and I believe anybody reviewing this situation from the standpoint of the interests of the United States can only reach the same conclusion.

Let's review how the $14 billion in American taxpayers' money contributed to the United Nations has been spent since 1946.

There is simply no incentive at the United Nations to cut costs or otherwise hold down budget growth. The vast majority of nations voting on the U.N. budget pay a miniscule share of U.N. outlays. For every $1 million increase in the budget, the 80 developing countries who contribute the minimum 0.01 percent of the budget are assessed only $100 per nation. Clearly, these developing countries receive substantial return for their $100 investment; yet it is the United States and other developed nations that bear the brunt of these increased costs. The trouble is that the United States and the developed nations have, by comparison, relatively few votes with which to control or even influence budget decisions.

Let's look, also, at some other ways in which our taxpayers money is put to use in the United Nations. Look, for example, at the U.N. Conference on Trade and Development [UNCTAD]. It spends $9 million in U.S. contributions on maintaining its permanent offices, $1 million for conferences and $314,000 for consultants. By comparison, however, it spent only $284,000 of the $9 million U.S. contribution on programs to promote and expand world trade and only $875,000 for encouraging economic cooperation among developing countries. That was in 1982—since then, the situation has only worsened.

Indeed, UNCTAD was created to foster the economic development of Third World nations through increased trade and improved access to world markets. Instead, however, UNCTAD has actually undermined the Third World's potential for growth by spearheading the drive to create the new international economic order.

In another area, consider what was done with the 1984-85 U.S. contribution to UNICEF: $3.3 million was used for child health in Africa and $724,000 was used for child nutrition in Africa. At the same time, however, only $22,000 was used for child nutrition in Central and South America; $953,000, almost $1 million was used for social welfare programs for children in Africa while only $24,000 was used for social welfare programs for children in East Asia and Pakistan; and, finally, $2.5 million was used for formal education in Africa while a mere $119,000 was used for education in Central and South America.

Although the Continent of Africa and its children certainly need and deserve our help and assistance, the question remains, is this a fair and equitable distribution of our taxpayers money and the programs it supports throughout the world? I think not, to the exclusion of proportionate assistance for many of our other friends around the world.

The United States really does not have any control over the actions of the United Nations or its related agencies. We don't determine where these funds go, to whom, or how much—the Soviet Union has seen to that. The United Nations has evolved into a valuable tool used by the Soviet Union and her satellites in executing their expansionist policies. The United Nation has deteriorated to a forum for propaganda for the Soviets, and a very effective one at that.

Four decades after it was founded with the goal of maintaining world peace, the United Nations has become instead a symbol of largely failed dreams and a center of anti-American rhetoric. It has drifted away from its role as an institution for the resolution of conflict. Even our U.S. Ambassador has acknowledged that regretable fact. And now we find that the vast amounts of money spread around the Third World countries at will by the Soviets, are no more than international, political bribery.

The saddest thing about all this is that it is the American citizens who are paying for over 25 percent of these activities.

The Soviet bloc and the "group of 77"—the Third World bloc—use the United Nations to attack the free enterprise system in general, and multinational corporations in particular, as the alleged source of the world's economic ills. Increasingly over the years, there has been a developing pattern of so-called nonaligned nations voting with the Soviet Union in a knee-jerk reaction condemning the United States. In fact, a review of voting history indicates that the nonaligned nations have voted 86.2 percent of the time with the Soviet Union. That can hardly be considered nonaligned.

This U.N. majority uses a double standard in practicing selective indignation over alleged human rights violations by the United States, Israel, South Africa and other Western states, while so often overlooking outrages committed by Socialist and Communist countries.

When was the last time the United Nations passed a resolution condemning Soviet use of chemical weapons in Cambodia or Kampuchea? When was the last time the United Nations passed a resolution condemning the Soviet occupation of Poland or the military invasion of Afghanistan? When was the last time the United Nations passed a resolution condemning human rights abuses by the governments in Cuba and Nicaragua—or by the Soviets in Russia, for that matter?

In his book, "1984," George Orwell made the point that totalitarian regimes seek to hide their own despotic practices by accusing others of acts in which they themselves systematically engage. I think it is clear what is going on in New York.

Let us now focus on other ways in which the Soviet Union manipulates the United Nations to suit its own purposes, beginning with article 3 of the U.N. Charter which declares all "states" that ratified the U.N. Declaration of January 1, 1942, to be "original members of the United Nations." Accordingly, the Soviet Union is represented at the United Nations by three countries: the U.S.S.R. proper, the Ukraine, and Byelorussia, despite the fact that these two republics enjoy no independence from the Soviet system today. Not only does this afford Moscow three votes in the General Assembly, but also permits three separate New York-based missions, about a third of whose employees, according to the FBI, are deeply involved in espionage.

Section 2 of article 17 of the U.N. Charter states that "the expenses of the organization shall be borne by the members as apportioned by the General Assembly." The Charter failed to specifically mention peacekeeping operations. The Soviet Union has taken full advantage of this failure by contributing virtually nothing to peacekeeping missions in the Congo, the Golan Heights, or Lebanon. Currently, the U.S.S.R. is in arrears on its payments to the United Nations by about $200 million, nearly all of which is peacekeeping nonsupport.

The ambiguity of article 17 also gives the Soviets the option of paying its share of assessed and voluntary contributions to the United Nations in rubles, at an exchange rate determined by the Soviets themselves. In recent years, the U.S.S.R. has chosen to make virtually all of its payments in rubles, which are useless outside the Soviet Union.

The spirit of articles 100 and 101 of the U.N. Charter is clearly stated: Secretariat employees are to be international civil servants, loyal to the United Nations rather than to any particular nation. However, paragraph 1 of article 101 opened up a loophole allowing the Secretary General to appoint staff according to General Assembly recommendations. In 1968, Platon Morozov, the Soviet member of the 1968 Committee on the Reorganization of the Secretariat, demanded that permanent employment contracts—U.N. civil service contracts—no longer be issued. As a result today, virtually every one of the 200-plus professional Secretariat employees from the U.S.S.R. are on a fixed-term contract.

In addition, all the activities of these employees are coordinated in detail by the Soviet Mission to the United Nations. According to Arcady Shevchenko, the Soviet who was United Nations Under Secretary General until his 1978 defection to the United States, Soviet employees are required to turn their U.N. salaries over to the Soviet Government and receive only a fraction of it in return for their compensation. It was estimated in 1974 that about $15.2 million of the $22.7 million earned each year by the Soviet Secretariat staff ends up in Moscow. In short, the United States and the world are indirectly underwriting the work of the Kremlin.

According to knowledgable sources within the FBI, the United Nations is an established base for Soviet espionage. U.N. employees ae permitted, by U.N. headquarters agreement, to travel almost freely anywhere in the United States. About 333 of the 1,100 Communist-bloc officials in New York are professional Soviet Secretariat employees—greater than one-third of those 333, it is estimated, are agents of the KGB and other Soviet intelligence services. According to Arcady Shevchenko, the agents in New York frequently take advantage of the freedom-of-travel capabilities to conduct high technology espionage activities. The only restriction on Soviet travel is the so-called 25-mile restriction. This is not really a restriction at all inasmuch as the Soviet representative need only give as little as 24 hours notice of intent to travel inside the United States outside of the 25-mile limit, and he or she thereafter is free to do so. It is interesting to note that even these restrictions are not applied to employees from the East European satellite countries.

Next, we come to the Department of Public Information which used U.S. 1982-83 contributions for the following purposes: permanent posts, $8 million; public information contracts, $1.6 million; radio and visual services, $5 million; press and publications, $2.2 million; and information centers, $5 million.

At least several of these require further comment, in my view. First, the Radio and Visual Services Division. This includes television news summaries of U.N. events, 7,000 radio news programs on U.N. events, photo coverage of meetings, 6,200 radio programs in 18 languages, all used largely for the dissemination of Soviet propaganda.

Second, the Press and Publications Division, which publishes booklets, pamphlets and leaflets on the United Nations and its activities, disarmament and international security, racial discrimination, Namibia, decolonization, and the new international economic order, among other subjects.

With that in mind, consider that the Director of the External Relations Division of this Department, Anatoly Mkrtchyan, has been identified by Mr. Shevchenko as a KGB colonel—and, yet, he directs the dissemination of U.N. material to all 64 U.N. information centers throughout the world. The Department's practice of slanting U.N. publications in line with Soviet propaganda efforts has been more than amply documented. Case in point: the Department of Public Information [DPI] has managed to avoid any reference to the Soviet destruction of KAL flight 007 and the premeditated murder of all of its passengers. In its press releases, DPI referred to "the Korean airliner draft decision," "The destruction of Korean aircraft," "the loss of a Korean airliner," and "the disappearance of a Korean airliner;" but never once was there reference to its Soviet perpetrators.

In addition to the above, the Soviets literally control many other departments of the United Nations which include, but are not limited to, Personnel, Conference Services, Office of Legal Affairs, and the U.N. Library.

I have only touched the tip of the proverbial iceberg in these remarks today. The fact of the matter is that we, the people of the United States, are subsidizing Soviet expansionism. What I have told you today is not rhetoric, it is not American propaganda—it is pure, unadulterated, and substantiated facts, taken largely from U.S. records. And if that doesn't worry you and move you to action, then, quite frankly, I'm scared for the Congress as an institution and for America as a people; because a little of everything we believe in as a nation is wrapped up in this whole seemly mess.

This is not a partisan issue. This is something over which we should share the same concerns. We should also, as an institution, make a collective effort to put a halt to these abuses—it's not too late—yet.

I am not suggesting that we withdraw from the United Nations. In fact, I believe we should maintain our membership and continue our efforts to bring it back to the original purpose for which it was created. But until it returns to an institution dedicated to the resolution of world conflict, I believe we should and must substantially and dramatically reduce our financial support of its operating budgets.

If permitted by the resolution approved by the Rules Committee, I intend to offer several amendments to the foreign aid bill at such time as it comes to the floor for consideration. These amendments would be aimed at reducing U.S. financial participation in the United Nations. It is my profound hope that, based upon the facts which I have shared with you today and upon your own review of the situation, you will see your way clear to support either one or the other of these amendments. But, first, I hope you will give me your support when I request consideration of these amendments on the floor of the House as we consider the foreign aid bill.

I invite and urge any and all of you to investigate this matter for yourself. My staff and I would be happy to provide you with whatever assistance or information you may need or desire.

Mr. Speaker, at this point I include for the RECORD my amendments referred to.

AMENDMENTS TO H.R. 3228; AS REPORTED

OFFERED BY MR. PARRIS OF VIRGINIA

Page 48, after line 2, insert the following:

TITLE VI—LIMITATIONS

SEC. 601 Notwithstanding any other provision of law, the total amount of both the assessed and voluntary contributions of the United States to the United Nations and its affiliated agencies (including any United Nations organization or program) during any fiscal year may not exceed $146,658,000 (which is the total amount of such contributions of the Soviet Union, including Byelorussia and the Ukraine, for 1984).

Page 48, after line 2, insert the following:

TITLE VI—LIMITATIONS

SEC. 601. (a) Notwithstanding any other provision of law, the United States contribution to a United Nations organization during any fiscal year may not exceed 50 percent of the amount of such contribution during fiscal year 1985.

(b) For purposes of subsection (a)—

(1) the term "United Nations organization" means the United Nations or any of its affiliated agencies; and

(2) the term "United States contribution" means the total amount of the assessed and voluntary contributions made by the United States.

Page 8, line 10, strike out the period and insert in lieu thereof the following: ": *Provided further*, That notwithstanding any other provision of law, the total amount of both the assessed and voluntary contributions of the United States to the United Nations and its affiliated agencies (including any United Nations organization or program) during any fiscal year may not exceed $146,658,000 (which is the total amount of such contributions of the Soviet Union, including Byelorussia and the Ukraine, for 1984).".

Page 8, line 10, strike out the period and insert in lieu thereof the following: "*Provided further*, That notwithstanding any other provision of law, the total amount of the assessed and voluntary contributions made by the United States to the United Nations or any of its affiliated agencies during any fiscal year may not exceed 50 percent of the amount of such contribution during fiscal year 1985.".

Page 48, after line 2, insert the following:

TITLE VI—LIMITATIONS

SEC. 601. None of the funds made available by this Act may be used for a United States voluntary contribution to the United Nations or any of its affiliated agencies (including any United Nations organization or program) if the amount of such contribution would exceed 50 percent of the amount of such contribution made by the United States during fiscal year 1985.

Page 7, line 10, strike out "$298,364,800" and insert in lieu thereof "$224,114,800".

Page 7, line 14, strike out "$148,500,000" and insert in lieu thereof "$74,250,000".

Page 7, line 10, strike out "$298,364,800" and insert in lieu thereof "$273,065,550".

Page 7, line 15, strike out "$48,150,000" and insert in lieu thereof "$24,075,000".

Page 7, line 19, strike out "$2,282,500" and insert in lieu thereof "$1,141,250".

Page 8, line 6, strike out "$166,000" and insert in lieu thereof "$83,000".

□ 1835

Mr. Speaker, I yield to the gentleman from California [Mr. DORNAN].

Mr. DORNAN of California. I thank the gentleman for yielding.

Mr. Speaker, I had the honor of being one of the initial cosponsors of the effort of the gentleman in this area. I just wanted to go back to one point that the gentleman made earlier.

I have a special order tonight following Mr. DAN BURTON, and I intend to talk about SDI because tomorrow is the 13th anniversary of the Soviet signing of the ABM Treaty in 1972.

We ratified it on the 30th of September, and they did so 3 days later. The gentleman said earlier that we have been the most substantial giver of money in the expansionism of the Soviet empire around the world. And the United Nations, their delegation to the United Nations, all three of their delegations plus their civilian employees that the gentleman informed me about that I did not know they had, civilian employees in the work pool that were not attached to Byelo-U.S.S.R., Ukraine, S.S.R., or U.S.S.R.

Would the gentleman repeat that statement again about the effort that we have contributed to for the Soviet empire?

Mr. PARRIS. The fundamental point I would say to the gentleman from California is that the United States contributes in round dollars, in average budgets, and has in recent years, and we did this year, contributed fundamentally 25 percent of the total budget of the United Nations. That means we are by far, by a factor of 4, 5, or 10, contributing more money than any other nation to the operating budgets of the United Nations.

I pose to the gentleman and to the Nation the rhetorical question: What is it we are getting for that? The answer is, we are being condemned by resolutions, by name, for our perceived failures in a number of areas around the world and yet, never, as I pointed out in my statement, has there been a resolution condemning the invasion of Afghanistan; never has there been a prohibition, if you will, of the involvement of the Soviet Union in so many areas that the gentleman is aware of on the continent of Africa, and so forth.

Mr. DORNAN of California. The gentleman mentioned yellow rain. Of course it was the Soviet KGB colonel who was part of the scientific arm of the United Nations who had the responsibility to investigate their part in poison gas.

I just want to make an observation that the gentleman certainly did not know I was going to make, that makes this a part of the RECORD for everyone who is watching through the capabilities of C-SPAN television. I have some friends and relatives that are watching tonight in California. I would just like to point out some historical background to this House. There are Members on both sides of the aisle, some of them injured permanently, who wear or wore the Purple Heart because of wounds inflicted upon them by the military of Nazi Germany. There are Members in this House, very few, who have Purple Hearts because of wounds inflicted upon them by Communist pilots, possibly Russian pilots in Russian-made Mig aircraft, and the gentleman [Mr. PARRIS] is one of those Members who flew for the U.S. Air Force when it had just barely separated from the U.S. Army. The gentleman not only received Purple Hearts, but decorations for bravery in combat.

I followed the gentleman by a few years as a peacetime fighter pilot, because the gentleman at least brought the war to an end. I did not have to go through what he went through.

We now have a Member on the majority side who was murdered by a Soviet fighter, a Sukhoi fighter, Larry McDonald of Georgia. There are very few Members of this House, JOHN McCAIN on our side, who suffered several Purple Hearts, some in combat and others in the most vile type of combat, Purple Hearts sustained under severe torture by the Vietnamese Communist forces.

I think it behooves the citizens of this country and all of the Members of this House when those who have been awarded Purple Hearts and other medals for valor get up to talk about how our tax dollars are used to implement the growth of the Soviet empire, that they listen and pay attention to those Members or any Member who has taken the time to research what really is the obvious.

We are undergoing a propaganda onslaught in Western Europe and in the United States, with the man at the point of that propaganda onslaught, Mr. Gorbachev, who, as former Secretary of State and former four-star General Al Haig said last night on an ABC show, is absolutely as smooth as they come. Going through all the leaders of our lifetime, Stalin 29 years, Khruschev 11 years, Brezhnev 18 years, and we had a lot of consistency in defense budgets there. Then we get 3 deaths in a row, the head of the KGB takes over for a while, Andropov, then Chernenko, a caretaker while Gorbachev got his act together, because they knew he was dying. Now we have a man probably at the age of the gentleman from Virginia, middle fifties, who may be there for 20 years, as long as most of us are in the House who are here now.

They are back to real consistency in their defense budget. He is smoother than all the rest put together. He is getting a lot of cooperation out of some segments of European and United States-Canadian media, and we had better be on our guard as we go up toward Geneva, to the convening of the meeting between President Reagan and Gorbachev on November 19.

So I thank the gentleman for his special order and hope that some of the people, Members in their offices and people out there across America, continue to watch through Mr. BURTON's special order which ties into that of the gentleman and to my special order which also ties in, on SDI, ties in with that of the gentleman from Virginia.

I thank the gentleman.

Mr. PARRIS. I thank the gentleman.

I think it is certainly accurate to say that there is no Member of this Congress who has been more dedicated in this area of concern of greater magnitude to the interests of the United States than the gentleman from California, Mr. DORNAN.

At this time I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. I thank the gentleman for yielding.

One thing I would like to add: We do spend approximately 25 percent, pay for approximately 25 percent of the budget of the United Nations, as the gentleman from Virginia has stated.

It appears as though that is an exercise in self-flagellation, sometimes because of what we get out of the United Nations for our investment.

One of the things that goes along with that, in the area of funding the Communist expansion in the world that really chagrins me is that sometimes we directly support Communist regimes with American taxpayers' dollars when we really should not be doing it. One case in point happened over the past couple of months and I would like to bring it to the attention of the American people and I appreciate the gentleman giving me just a moment to do that. That is in the case of Mozambique; the president of that country, if you want to call him a president, a man named Machel, as the gentleman knows. He has killed approximately 70,000 of his countrymen in concentration camps, many tortured to death. Two hundred thousand to three hundred thousand have been incarcerated in these so-called reeducation camps. He has been sending thousands of young people from his country to Cuba to educate them in Marxist-Leninist dogma and revolutionary tactics, so that he could keep the Communist regime going for the next 2 or 3 generations over there, and further. They received over a billion dollars from the Soviet Union in direct military support. They have about 20,000 Soviet bloc troops in their country. The man is a sworn supporter of Karl Marx and Lenin, said he is a lifetime member of the Communist bloc.

□ 1850

Now, in the foreign aid bill this year, the State Department wanted to give economic and military aid to this tyrant at the very time that the freedom fighters over there controlled 80 percent of the country and appeared to be headed for victory, and because this man is on the ropes and the freedom fighters are about to win, he struck his hand out to the West, the United States of America, and has asked for military and economic assistance and has said, "If you help me, folks, I might change my ways."

Now, 3 weeks before he was to meet with our President—and these are facts—he signed another agreement with the Soviet Union, and he made some more derogatory comments about the imperialist Americans.

Last week, our President, at the behest of the State Department, had this man visit the White House, and the flag of his country flew in front of the White House of the United States of America, it had the hammer and sickle up on the corner and an Ak-47 machine gun, and I could not figure out why, because when I talked to this man in the Foreign Affairs meeting later that day when he came, I asked him if he was a Marxist-Leninist, and because of what we had read and heard through top secret documents about his country, why should we be giving him economic and military aid. And he had no answer for us.

We added in the conference committee of the foreign aid bill $12 million in economic aid this year. We were able to stop the military assistance, but the State Department still got $12 million for economic aid for this dictator, this Communist dictator.

And my question to the State Department, to the people of this country and the administration, whom I support—I support President Reagan, I think he is doing a fine job, but I question the judgment of the State Department when a freedom fighting force, Renamo in Mozambique, is about to be victorious, and we are about to see that country go back into a free column, that our Government gives $12 million in economic aid to the other side, and brings this dictator into our White House to meet with our President. And the dictator is asking for military support to defeat the freedom fighters at the very time that they are about to win.

It makes no sense to me, just as it makes no sense to you, to pay for 25 percent of the budget of the United Nations and to continually have those people beat us in the head and support the Soviets. there is an inconsistency that I just do not understand.

Mr. PARRIS. I thank the gentleman for his contribution.

I would simply add to that, on the question of Mozambique, which is modestly off the subject here, but let me share this with you: I have been told, I think from reliable sources, there are, in fact, MIG fighters stationed in a military airfield which is closed to civilian traffic in Mozambique.

Mr. BURTON of Indiana. No question.

Mr. PARRIS. There is, in fact, a Marxist dictator by the name of Michel, with whom I had the opportunity of spending 2 hours talking—there is no question about his political ideological orientation—he, I think, is largely responsible for what has been thousands—and I have been told the number is 36,000—emigrants from Mozambique to come to other nations in the southern African sphere, and they have the classic problem, they are in a small isolated village, and the rebels, if you will, the freedom fighters, whatever you choose to call them, come to their village and say, "Share with us your money, your food, lodging, whatever." If they do that, the next day literally the government forces of Mozambique come to their village, put a gun in their mouth and shoot their heads off. If they do not do that, the freedom fighters, the rebels, the whatever, take their own measure of retaliation for their failure of cooperation. So these persons have no defense by anybody for anything. And they have no alternative but to flee across the borders, where I would remind the gentleman that this is the part of the world that has lions and leopards and whatever crawling all over, and they are getting fatter by the day.

Mr. BURTON of Indiana. That is right.

Mr. PARRIS. I thank the gentleman for his contribution.

Let me, Mr. Speaker, simply remind my colleagues that in his book "1984" George Orwell made the point that totalitarian regimes seek to hide their own despotic practices by accusing others of acts in which they themselves systematically engage.

I think, Mr. Speaker, it is perfectly clear to those of us who review these facts that that is what is going on in New York, in this Nation, at the United Nations. I think it is time that we do something about it.

ORDER OF BUSINESS

Mr. BURTON of Indiana. Mr. Speaker, I ask unanimous consent to be recognized ahead of the gentleman from California [Mr. Dornan] on my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

SOVIET SPIES IN THE UNITED STATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. Burton] is recognized for 30 minutes.

Mr. BURTON of Indiana. I thank my colleague, the gentleman from California [Mr. Dornan], for letting me go ahead of him in this special order tonight.

My special order is going to be very brief. It involves two editorials, one of which I would like to enter into the Record, Mr. Speaker, and the other I would like to read into the Record.

This editorial I plan to read deals with the subject that my colleague, the gentleman from Virginia [Mr. Parris], just talked about, that being the Communist spies that we have here in the United States and how they get here, many of which come through the United Nations and are employees of that body that we support. The title of this editorial, which was in the Indianapolis Star, a newspaper in my district, is "Privileged Spies," and I think everybody in America ought to be aware of this. It reads as follows:

[From the Indianapolis Star, Oct. 1, 1985]

Privileged Spies

There are many hundreds of Soviet bloc spies, moles and double agents on our shores—the world's biggest collection of alien snoops—doing their dirty work against the United States. They have a privileged status: Few are caught or expelled. Who is protecting them?

KGB agents keep defecting to the West. They divulge names of Soviet spies in Britain, Italy, France and Greece. But if they expose the identities of spies in this country, that is the end of it. Those spies are allowed to go on spying.

The magnitude of Soviet espionage is outlined by recent events. A high-ranking KGB member Vitaly Dzhurtchenko, who held the rank of first counselor with the Soviet Foreign Ministry, disappeared last month in Rome and defected to the United States.

Intelligence sources said he had detailed knowledge of Soviet intelligence operations in the United States and elsewhere. A New York Times story said he revealed that there were Soviet double agents in the CIA. A CIA official said the story was untrue. Who is right?

The report linked the Rome defection to those of Oleg Gordievski, chief of the KGB in London, and Sergei Bokhan, deputy director of the GRU, Soviet military intelligence, in Athens, Greece.

Gordievski was said to have given British intelligence the names of more than 100 Soviet agents, including British nationals, working for the KGB. Bokhan reportedly disclosed the identities of Soviet agents in Greece, including three officers in the Greek army.

After the London defection, Britain expelled 31 Soviet nationals, including diplomats, "businessmen" and "reporters." The USSR retaliated by expelling 31 British nationals.

Meanwhile, in West Germany, a Bavarian engineer suspected of being a communist spy fled to East Germany, bringing to nine the number of West Germans, including the chief of West German counter-intelligence and a secretary in the office of Chancellor Helmut Kohl, who have defected to the East out of fear they would be exposed as communist agents.

For communist spies in the United States, it was espionage as usual.

Now why should swarms of Soviet spies be allowed to continue to operate with impunity in the United States, eavesdropping electronically on U.S. officials, stealing military and high-tech industrial secrets, planting disinformation in the media and gulling Americans into helping attain crucial Soviet strategic goals?

Who is behind our hands-off-spies policy?

Britain in 1971 expelled 105 Soviets accused of spying. At the time British intelligence reported finding links with Soviet expionage in the United States. Then the matter was dropped.

France in April 1983 expelled 47 Soviet agents, half the Soviet diplomatic staff there, charging them with trying to steal scientific, technological and military information.

Charles Lichenstein, former alternate U.S. representative to the United Nations, estimates 800 to 1,200 communist and client-state nationals are actively engaged in espionage against the United States in the United States.

The usual official U.S. excuse for the handsoff policy is that if we kick out their spies they will kick out ours and it will be much easier for theirs to bore back into our open society than for ours to bore back into their closed society.

That's slippery logic. It overlooks too many risks. It does not justify handing our most powerful and conspiratorial adversaries the keys to our undoing.

Mr. Speaker, this is a very crucial problem facing the United States. We have spies in this country. We know it. We know who they are, and we do not do anything about it. It is time that we expelled them.

Representative Courter has a bill which he has introduced, which I am supporting, which would limit the number of employees that the Soviet Union has in the United States to the same number we have in the Soviet Union. That is a great first step to eliminating these Soviet spies in the United States. A great deal more needs to be done, but we need to get them out of here.

[From the Indianapolis Star, Oct. 1, 1985]

Between a Terrorist and a Freedom Fighter

(By Joseph Sobran)

Washington.—The question is often raised. What is the difference between a terrorist and a freedom fighter? Often the question is rhetorical, a rather cynical flippancy implying that the distinction is a semantic quibble. The people fighting on your side are freedom fighters, and those on the other side are terrorists.

I heard this point made for the umpteenth time the other day, and of course it's the umpteenth time that often sets you thinking. The speaker was implying, I gathered, that the Nicaraguan rebels, the so-called Contras, are no better than the sort of people who try to assassinate popes and things.

Well, we can begin by acknowledging that the terms "terrorist" and "freedom fighter" are not logically exclusive. One term refers to a means, the other to an end. You can use terror tactics on behalf of, say, a war for national independence, as has often been done. We hate to see evil means used for ends we admire, but in this world that sort of thing happens.

I haven't been to Nicaragua, and I don't know to what extent, if any, the anti-communist rebels employ terror against noncombatants to secure their acquiescence, which is what terrorism boils down to. Central American wars generally tend not to adhere too closely to the code of chivalry, but whether the Contras are *egregious* in this respect is not for me to say. Several points have to be considered: the frequency of terror tactics; the nature of the target; whether such tactics are matters of policy by the central command, or whether they occur because there is in fact no effective central command to speak of.

But none of this affects the question of whether the cause of the rebels is essentially right. We think the cause of American independence from Britain was right, and few of us would change our minds, though we might be chastened, if we learned that George Washington's troops made a practice of massacring civilians as a lesson to Tory diehards.

To put it another way, we must beware of defining terrorism ideologically. Whether one is a terrorist has little to do with what side one is fighting on, only with the methods used. In fact, it's perfectly possible to be a terrorist and a freedom fighter at the same time—for the simple reason that it is possible to use bad methods for good purposes.

Of course, we wish it weren't so. We feel that a good cause is disgraced by evil tactics, and it is unbecoming to a side that is striving for human freedom to be killing and terrifying the innocent. The nature of the cause should both win adherents and deter its votaries from needless inhumanity.

By the same token, we feel no incongruity about a communist terrorist. Communism itself is state terrorism. The Soviet Union not only uses fear to control its own populace, but is conducting a war in Afghanistan that employs such devices as boobytrapped toys that can blow the hands off a curious child.

The strange thing is that we hear so little about communist terrorism, especially from the folks who are eagerly imputing terrorism to anticommunist forces. One suspects that their real target is not terrorism, but anti-communism. It is one thing to point out that freedom fighters sometimes sink to the use of atrocities for the purpose of demoralizing and enemy population; it is another to fail to point out, at the same time, that communism does this habitually.

A brother-in-law of mine came back from Vietnam telling the story of a cleaning woman at his Army base. She went home one day and found her baby in his crib, his head cut off. This was to discourage others from working for the Americans. No doubt it worked. There is nothing in communist ideology to discourage that sort of thing—as long as it works.

We can concede to the left the point that some people on our side may do things that shame us. We not only can—we should. At the same time, we should insist that it is the left that such tactics are most typical of.

True, there are times when we can't be to choosy about our allies. We fought on this side of Stalin to stop Hitler. That should prevent us from being self-righteous. But it should never prevent us from being righteous.

INADEQUACIES OF THE SALT PROCESS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California [Mr. DORNAN] is recognized for 60 minutes.

Mr. DORNAN of California. Mr. Speaker, it is coming up on 7 o'clock here. That means in London it is midnight, Paris it is 1 a.m., so in Moscow it is already 2 o'clock a.m. on October 3. So they are already at the 13th anniversary of the day when they ratified the Anti-Ballistic Missile Treaty. We had ratified it on September 30, 1972. Because we are going to go late tomorrow night, Mr. Speaker, on the farm bill, I decided to take this special order tonight instead of tomorrow night. I believe that it is fitting that we should discuss the inadequacies of the entire SALT process that led to the ABM Treaty that has encouraged Soviet noncompliance and current Soviet strategic defense programs.

I heard the good news today that we will be having an administration briefing on Soviet strategic defense programs, on this Chamber floor, before we go into regular session on October 10.—and I thank you, Mr. Speaker, for allowing this—I hope all 435 Members, everyone who is not in the hospital, and, hopefully, nobody will be, will all be on this floor to get this defense briefing. The specific focus will be strategic defense, or whatever you wish to call it "Soviet SDI," "Soviet star wars," "Soviet star peace." I began using "Star Peace" myself 2½ years ago, and now I see that Soviet Foreign Minister Mr. Shevardnadze is using that term to confuse the issue. Whatever you want to call strategic defense, I do not think one one-hundredth of the American public is aware that the Soviet Union has five branches of military service to our three branches. Most Americans are not aware that our Marine Corps is not a separate branch. It is under the U.S. Department of the Navy. We have the Department of the Air Force and the Department of the Army, and we have a chairman of the Joint Chiefs. The Marine Corps Commandant, as of a few years ago, is a voting member of the five member Joint Chiefs of Staff. These five members include the Chairman, who now is a naval officer. Prior to that, it was an Army officer. But the Soviet Union has five separate branches. In addition to the Navy, the Army, and the Soviet Air Force, the Soviet military has two specific branches that all people of the free world should be aware of. One of them is called the Soviet Strategic Rocket Forces. It is a separate branch of service with a different color uniform, different type insignia for rank and identification for that branch of service. The fifth, and newest branch, although it has been in existence for years, is called the Soviet Strategic Defense Forces. Again, different color uniforms, different insignia, different style for rank. This separate branch of service has under it all the interceptor aircraft of the Soviet Air Force.

The Soviet pilot who appeared on television, only 2 years ago last month, and, in essence, bragged that he had shot down a gigantic 747 jumbo jet and murdered a U.S. Member of Congress of 10 years' service, Larry McDonald of Georgia, that fighter pilot flying that Sukho-15 interceptor aircraft was an officer of the Soviet Strategic Defense Forces. What is left of our active duty interceptors, only five squadrons, is still inside our Air Force. We do not have a separate command for our interceptors. We do not have a single SAM site in this country to protect us against Backfire bombers or the new Blackjack bombers. The Soviet Union has almost 10,000 SAM sites 7,000 radars, as well as the entire effort to implement a newer ballistic missile force, or antiballistic missile force under the Soviet strategic defense force. We do not have any strategic defense of the United States. The Soviet strategic defense currently consists of 64 sites that are being split, and then split again, all around Moscow. The Galosh sites, are product improved, not yearly, but monthly. We do not have any antiballistic missiles sites, although we are allowed one site to protect one of our ICBM fields.

□ 1905

But they have an antiballistic missile system in effect, operational, have had for years, and that is under their Soviet strategic defense forces.

All of the research and development that they are doing is to be used in this command. They want to continue their extensive R&D on strategic defense while Mr. Gorbachev is orchestrating and taking the lead, with his foreign minister, Mr. Shevardnadze, in a massive propaganda effort to make us shut down our SDI research and development. I will explain why that is the most important communist goal in the world over the next few months as we go through this special order tonight.

Mr. Speaker, what I would like to do is briefly go through for my colleagues, and anyone else who is interested, some charts tonight, and I will go through them in more detail next week to alert my colleagues. All of these charts have been shown on the floor of the U.S. Senate, but the U.S. Senate, as we know, is not televised.

I want to go through them again next week in more detail, because when you are seeing them for the first time, it is a little difficult to absorb them; and, some of them are designed only to be shown to an audience at close range.

So let me explain why I am doing this. The ABM Treaty is hailed by liberal arms control people, the arms control establishment, as the jewel of the whole MAD theory, the MAD-capped theory of Mutually Assured Destruction. It is this immoral theory, and I do not use the word "immoral" lightly. I believe that we learned, or should have learned, from World War II and the strategic bombing studies that were done after World War II that we did not need, for example, to bomb Dresden in Europe. We probably could have sat longer after the first atomic bomb on Hiroshima before the

72 or less hour period when we dropped a second nuclear weapon on Nagasaki. To deliberately target innocent population centers, even if that nation is a dictatorial power, Facist or Communist is wrong. We still must consider the population innocent, even more innocent than in a democracy because for decades they have had no privilege to vote as to what leader is going to determine their destiny. To target, as we never did tactically in Vietnam, no matter what Jane Fonda or Tom Hayden said, orphanages, hospitals, schools, old peoples' homes or churches is wrong. Yet, we heard those charges ad nauseam in estremis throughout this country as the debate over our involvement in Vietnam worsened.

But under mutual assured destruction, the MAD cappers would have the Soviet Union, the United States, the Force de Frappe in France, and the British Strategic Forces targeting orphanages and old peoples' homes and schools and hospitals and churches and everything else in between. Because somehow or other in this approach to nuclear weaponry, it is OK for each side to target the innocents of their societies.

When I came to this Congress and began to study this, and had been given the privilege of top secret briefings on our strategic policy which every Member of this and the other body, should receive. We are given that trust. I took advantage of that trust, and had because of a long association with the military in reserve status and peacetime years, flying as a fighter pilot, I was able to absorb and digest the information thoroughly.

The first briefing I received was in this building, in the rotunda area, on the fourth floor, in the old Atomic Energy Committee rooms which are very secure as secure as any briefing room in this city—it is now used by the Select Intelligence Committees of both bodies—I learned in that room, sitting with Larry McDonald, and now Senator STEVE SYMMS of the other body, just how immoral our targeting practices were and those of the Soviet Union. Only four members attend the series of briefings on a regular basis. We learned that we were conned through a process, that started with Robert Strange McNamara under John F. Kennedy, and furthered by Clark Clifford, and most of the defense establishment until the mid 1970's, when we started to move away from this theory, this implemented policy of mutual assured destruction. Ironically the acronym MAD fits it perfectly like a glove. So I do not use the word "immoral" lightly.

I made one of my freshmen speeches, saying that as long as I was in this Chamber I would work to change that policy to something that made more sense than "blowing away" one another's population centers and making our bombing of Hamburg and Dresden pale in comparison. Even if these bombings were brought about by Adolf Hitler's aggression, they were still implemented, as policy by one of my heros, Winston Churchill. Because in the pressure of war, you begin to let things begin to happen. The Germans hit London accidentally, they claimed, and there is some justification they did, so Churchill responded and hit Berlin. Each side upped the ante, and finally we had an 800-degree Centigrade firestorm in the middle of Hamburg in 1943. We proceeded to try and set firestorms for a year and half after that and succeeded again in Dresden in February 1945 and Tokyo in March 1945. These firestorms killed far more people than either of the atomic bombs we dropped over Japan in August 1945.

Yet, when we began our analysis as to what role this played in bringing the war to a close we found out that one series of raids on the ball bearing plants in Schweinfurt had more effect on ending the war, a strategic targeted mission against military-industrial targets, had more effect than the slaughter of the population of Hamburg. Yet, we found ourselves evolving, partly for fiscal reasons, into this immoral policy of mutual assured destruction.

Now, this immoral theory implies that America must hold hostage innocent civilian centers, and that is the best way to defend against aggression. It is this antiquated treaty of a bygone era that is becoming the greatest obstacle to the development of a comprehensive strategic defense plan for the free world, and its leading nation both industrially and with military might, the United States.

The Soviet Union has never abandoned its efforts to defend against ballistic missiles. The Kremlin leaders have used the interregnum period between the signing of the ABM Treaty in May 1972 and the present to continue to research, develop, test, and deploy ABM systems in direct violation of that ratified agreement.

In addition, the Soviet efforts in anti-tactical missile defense, surface-to-air missiles, anti-satellite issues and space-based issues have circumvented the original provisions and intent of the ABM Treaty. The result is that while the United States has scrupulously adhered to its part of the treaty, the Soviet Union has steadfastly moved forward.

Now, let me point out something that is so obvious I am almost ashamed that it almost escaped me. I only learned it recently at a small luncheon of a few Members where I asked someone from the Defense Department, who is quite deeply involved in the course we are going to take at Geneva, to come over and speak to us about Soviet violations. I learned that we have a built-in watchdog system that prevents the United States from violating any agreement we have entered into—even if we wanted to.

□ 1915

As I recall our well-known and loved, if not respected, American personalities like Paul Newman and Charlton Heston got into this argument back in 1982 on different sides. Mr. Newman made a statement to Mr. Charlton Heston in a nationwide debate on ABC that we were as guilty of as many violations as they were. He came up with a figure that had been supplied to him that literally came off the wall. He said that there have been eight violations. I forget whether he broke it down to five being theirs and three being ours, but he gave the impression that we violated all the time. In fact, it was only a handful and we resolved it with the standing consultant committee, both sides were pleased and there were no problems.

Well, at that moment there had been 57 serious violations in the open public discourse available in open debate on the Senate floor, in this Chamber, in Aviation Week and Space Technology magazine, and in all sorts of other defense publications. I had just put this in the RECORD, and I had it cleared by all the intelligence agencies so I had not inadvertently slipped into an area of violating any intelligence sources. So I put in the 57 Soviet violations.

But Paul Newman was telling America in a nationwide discussion show that there were only eight and they were almost evenly divided. Well, it turns out that the United States did not violate these treaties but we have lawyers, counsels at the State Department, and in the Defense Department, so that if we inadvertently started to violate something, they stop us, advise us, and very easily it goes public. All the various groups, from pacifist organizations to antidefense groups of all shapes and descriptions, can easily get leaks from some of these protagonist lawyers for their point of view. They are hidden throughout the bureaucracy of the Defense Department and the State Department. This means, in one sentence, that in this open, free society there is a built-in process by legal counsel that prevents us from violating one of these signed and ratified treaties.

In other words, the Soviets do not have to rely on our good will or the integrity of our President and his Secretary of Defense or Secretary of State. There is a legal system here that prevents us from cheating.

The Soviet Union is in violation of the treaty that some have called the most successful treaty between the United States and the U.S.S.R. ever—

the ABM Treaty. They are in violation of this treaty in three different ways. No. 1, Article 5, No. 1, Common Understanding (C) prohibits the development and deployment of a mobile ABM radar. This provision was inserted to prevent either side from developing a quick ABM breakout capability. When the research and development reaches such a point, one side can break out and the other side is given a fiat accompli. It would be sort of like the Hitler-Stalin pact of 1939, when the world's two greatest tyrannies, communism and nazism, found themselves in bed together, with von Ribbentrop signing this treaty in Hitler's name. Within 2 years Nazi Panzer divisions, implementing Operation Barbarrosa in June of 1941, smashed the Soviet Army right in the face and arbitrarily undoing a treaty that Stalin was relying on. I guess he thought there was some honor among thieves and dictators and this would never happen to him.

At that time the Soviet Union was rolled back with losses of millions of lives. It was only because of the Soviet winter on the eve of Pearl Harbor, December 6, with the advanced German recon units looking at the Kremlin with their binoculars, that the same fate that befell Napoleon, befell the German armies and they were bogged down. Given the winter respite, the incredibly heroic Soviet fighting and resistance and a massive tank buildup behind the Ural Mountains that rolled out the violators of this treaty.

However, the Soviet Union, as our Republican leader, BOB MICHEL, pointed out at this microphone today, remains today with a government in force that is the only government in power on the face of this Earth that signed a treaty of friendship with the Nazi Government, with Adolf Hitler.

Now, in 1975 the Soviets developed and deployed a mobile radar on the Kamchatka Peninsula in clear violation of this section of the treaty. It is because the Boeing 747 Korean Airlines flight 007 was lost and coming near this Kamchatka Peninsula that supposedly they had the right to murder 269 men, women, and children, including over 60 Americans. Hence we know why they are sensitive about this peninsula of Siberia.

The military significance of this type of ABM radar is that it can be moved and set up quickly, providng the Soviets with the capability of rapidly setting up a nationwide ABM radar system.

The second way they violated this treaty: Article 6, section B, limits the location of early-warning radar sites to the periphery of the territory of each nation, the United States and the Soviet Union. Their orientation must also be outward. Their radars have to point outward to prevent them from having the capability for use in an antiballistic missile mode, a war-fighting capability to stave off a missile attack.

Starting in 1981, the Soviets began building a large phased-array radar, state of the art, near the city of Krasnoyarsk. By the way, just a few months ago, as all my colleagues know, this was secret information. It has since been declassified. The site's location is thousands of kilometers from their borders internally, deep into that massive Soviet land mass, clearly not on the periphery of their territory. This radar also is not oriented outward, as required under the treaty.

No. 3, the treaty limits each side, as I said earlier, to one ABM site—not a single site but a series of sites—one ABM system in each country. It also prohibits giving components, other than ABM system components, the capability of knocking out incoming strategic ballistic missiles. This provision in the treaty was geared toward preventing the use of surface-to-air missiles—SAM's, as they are called—in the dual role of both antiaircraft and antiballistic missile. They are only supposed to be antiaircraft under this treaty.

In several instances the Soviets have tested their air-defense radars, along with their SAM's, up through the SAM-5 series and the SAM-10 series, which are hypersonic in speed and have the capability of going way over a hundred thousand feet beyond the altitude of any American aircraft, including our advanced intelligence aircraft like the SR-71.

The Soviets have tested these modern new SAM missiles in an ABM mode. They now have a nationwide SAM air defense system that possesses an ABM capability. According to the President's report—and I am quoting the President's report verbatim—"This and other such Soviet activity suggests that the U.S.S.R. may be preparing an ABM defense of its national territory."

I do not think there is any doubt about it.

"Following an established pattern, the Soviets negotiated and signed the ABM treaty to prevent U.S. development."

The Soviets thought they would just slow U.S. ABM programs or slightly cripple them. They got more than they ever bargained for. We even shut down the research and development part that we were allowed because no U.S. scientist wanted to work on something that had no future and the money just dried up quickly in this Congress, particularly in this House. On the appropriations, in the House, they really took the initial lead against even having an ABM system surrounding Washington, DC.

Many of those who object to the President's strategic defense initiative—which they love pejoratively to sneeringly call star wars—do so on the ground that the United States will be violating the ABM Treaty. They ignore the reality that the Soviets have already riddled the ABM Treaty with violations.

Now, at this point I want my colleagues to understand what we are up against with not only Mr. Gorbachev but the way our free world media is interacting with them. If one of the reporters who covers the White House asks President Reagan a question—let us say we take the dean of the reporters, Helen Thomas or Sam Donaldson or Bill Plante of CBS, or let us say Chris Wallace asks the President a question, and rather than respond to the question, the President says, "Well Chris," or "Helen, I am shocked that someone of your education and your cultural level would ever ask such an offensive question."

Well, this is what happened to a French reporter last night. We got to see it on Ted Koppel's "Nightline" show. He makes an ad hominem attack, that is, Mr Gorbachev, on a French reporter because the reporter asked, "Do you have 4 million people in political prisons?"

Now, do not think ill of my colleagues or of my Speaker if you ask him, "Did you read the September 9, 1985 article in Time magazine, the cover story on Mr. Gorbachev?" And they respond negatively. Because I tell all my constituents and my colleagues' constituents that this position of power and trust you have given us increases in such complexity with each passing year. We have, in all probability wisely frozen the number of Members here at an arbitrary figure. Four hundred thirty-five means nothing. We froze it in 1912 with the admission of Arizona as a State, and we increased it only for 2 years when Alaska became a State. When Hawaii became a State, we took away seats from the rest of the continental 48 and left the number at 435. We have 435 Members representing a country that had barely over 100 million people at the turn of the century. It is now 238 million. With more and more complexity and more issues, from social problems like abortion and controlling the AIDS epidemic through all of the fiscal problems that we do not seem to have the guts to solve around here, and then you come to these defense issues, believe me, it is easy to miss one Time magazine article, even a cover story on the brandnew leader of the Soviet empire.

I asked 30 Members today if they had read this article, and every one told me, "No." And I told every one of them, "I will send you copies of it to your office. Please just read the preface."

Now, here are excerpts from the preface. It is very short. I should really read the whole thing, but I want to show you some of the charts. Here is the prolog by five important Time magazine people, including their editor-in-chief, Mr. Henry A. Grunwald. And I swear to you, the founder of this magazine, the man who also founded Life, Fortune, and thereby the magazine that brings us People magazine, I swear to you that Mr. Henry Luce is rolling in his grave at this article.

Mr. Henry Grunwald, editor-in-chief of Time; Ray Cave, managing editor of Time; Richard Duncan, chief of all correspondents worldwide; Moscow bureau chief James O. Jackson; and the Moscow bureau's Felix Rosenthal. It says: "Their report:"

Then comes the prolog. I guess one or all contributed to this opening before we get into answers to written questions, and it is just pure Communist propaganda. Gorbachev is allowed to use our oldest and longest established publication—in fact, it was established the year I was born; it is as old as I am, established in the fifties. He uses these pages to answer written questions, and then he gets a few softball questions, no tough questions like the one the French journalist asked yesterday and transmitted over American television within hours. And you can imagine what is coming up in the article. I will submit if for the RECORD at this point, as follows:

AN INTERVIEW WITH GORBACHEV

CANDID VIEWS ABOUT UNITED STATES-SOVIET RELATIONS AND HIS GOALS FOR HIS PEOPLE

(Any leader of the Soviet Union is inevitably and rightfully an object of worldwide curiosity. That interest is only increased by the secrecy and mystery that traditionally shroud the Kremlin. In the case of Mikhail Gorbachev, the world's attention is intensified still further because he represents a new generation of Soviet leadership, a new attitude and a new style. But until last week, the General Secretary of the Communist Party had never met with Western journalists for a face-to-face interview. Now he has granted that first interview, a remarkably detailed, frank and far-ranging one, to a group from Time: Henry A. Grunwald, editor in chief of Time Inc.; Ray Cave, managing editor of Time; Richard Duncan, chief of correspondents; Moscow Bureau Chief James O. Jackson; and the Moscow Bureau's Felix Rosenthal. Their report:)

Newly back from a vacation on the Crimean seashore, Mikhail Gorbachev looks well tanned, just a bit ruddy in the cheek. He conveys an image of robust health and naturally controlled energy. He is solid but not fat. He laughs easily.

He dominates a meeting with three extraordinary tools: eyes, hands and voice. The eyes go into action first. They are an intense dark brown. During conversation they will lock onto a listener and not let go until the listener gives some sign of acknowledgment, agreement—or flinches. The eyes are neither harsh nor kind. They are big and strong and sometimes quick, too.

The hands have a variety of specific functions. The right often holds the steel-rimmed glasses, occasionally manipulating them when Gorbachev pauses to search for a word. The left hand talks. It can lecture, pointing with one finger, or declaim with the palm up, or thump with its edge on the table, karate style, but always quite gently. It is seldom still. Sometimes both hands work together, the fingers clasped, drumming the table for emphasis.

The voice is extraordinary, deep but also quite soft. Sometimes Gorbachev talks for several minutes in a near whisper, low and melodious. Then, without warning, his voice can cut across the room. It is not angry or bullying, just stronger than any other sound in the room. Occasionally the eyes, the hands and the voice reach peak power at the same time, and then it is clear why this man is General Secretary.

Resplendent in a well-tailored blue pinstripe suit, diagonally striped tie and gleaming white shirt, Gorbachev ushered the interviewers into a large, spare third-floor office lined with cream-colored silk wall coverings. On the walls hung portraits of Marx and Lenin. The center of action was a table flanked by 18 chairs, covered with green baize and amply supplied with plates of sweet pirozhki (bite-size pastries), mineral water, lemon soda and cut-glass vases filled with colored pencils. Extensively briefed by his aides, Gorbachev had brought along typewritten notes ruled in red, blue and green. He also brought an expert: seated next to him was Georgi Arbatov, Moscow's best-known Americanologist. Viktor Sukhodrev, who has served as the top-level Kremlin interpreter since the Khrushchev era, again acted in that role.

At the end of the extensive interview, Grunwald lightened the serious tone by inquiring whether Gorbachev's attractive wife Raisa would accompany the General Secretary to the summit talks in Geneva. Gorbachev said she would. "That's good," said Grunwald. "You know, the Western press is in love with her." The jocular answer was vintage Gorbachev: "Well, in that case, maybe I should reconsider."

Time originally submitted six written questions, and Gorbachev then agreed to supplement his written answers with oral ones to other questions. Herewith the slightly condensed transcripts of the written interview, followed by more than two hours of conversation with his American visitors, [whimps].

Sitting at Mr. Gorbachev's side is a gentleman who is on television all the time, Mr. Georgi Arbatov. I have met with him in his office in Moscow. I have been to the Soviet Union five times. I have seen him two of those five times. I have met him at cocktail parties in our Ambassador's house in Moscow. He sits there at the side. He is the head of the institute that studies the United States and Canada. His title is American chronologist by Time magazine. He is their top American chronologist or Americanologist. He sits right at the left of Gorbachev during this small interview that is tacked onto the answers to these written questions.

Here is the prolog. It is only about six paragraphs.

"Newly back from a vacation on the Crimean seashore, Mikhail Gorbachev looks well tanned, just a bit ruddy in the cheek. He conveys an image of robust health and naturally controlled energy. He is solid but not fat. He laughs easily."

☐ 1930

Every one of us in this Chamber would love that little description. This is a lovable guy.

"He dominates a meeting with three extraordinary tools: His eyes, his hands, and his voice. The eyes go into action first." It sounds like fiction. Sounds like one of America's great detective writers, Dashiell Hammitt.

"The eyes go into action first. They are an intense dark brown." I guess if he had blue eyes, they would be described as piercing, crystal blue, like Paul Newman. By the way, Paul Newman was on the cover of this magazine a few months back. I do not think he got any better prolog than this.

"The eyes go into action first. They are an intense dark brown. During conversation, they will lock on to a listener and not let go until the listener gives some sign of acknowledgment, agreement—or flinches." Sounds like these five males from Time magazine flinched a lot.

"The eyes are neither harsh nor kind. They are big and strong, and sometimes quick, too." Like Bambi, I guess.

"The hands have a variety of specific functions. The right often holds the steel-rimmed glasses"—no plastic glass for Mikhail—"occasionally manipulating them when Gorbachev pauses to search for a word." No doubt as Georgi Arbatov whispers in his ear.

"The left hand talks. It can lecture, pointing with one finger, or declaim with the palm up, or thump with its edge on the table, karate style, but always quite gently. It is seldom still. Sometimes both hands work together, the fingers clasped, drumming the table for emphasis"—gently again, I am sure.

"The voice is extraordinary, deep but also quite soft." Deep, but soft.

"Sometimes Gorbachev talks for several minutes in a near whisper, low and melodious. Then, without warning, his voice can cut across the room. It is not angry or bullying, just stronger than any other sound in the room"—stronger than Grunwald, Cave, Duncan, Jackson, and Rosenthal, I assume.

"Occasionally the eyes, the hands, and the voice reach peak power at the same time, and then it is clear why this man is General Secretary of the Soviet Union." What a crescendo to see those eyes, hands, and voice all work together. Then comes the sartorial of the article.

"Resplendent in a well-tailored blue pinstripe suit, diagonally stripped tie and gleaming white shirt"—gleaming white shirt. Can you imagine that you would throw aside an article that started off that President Reagan was resplendent in his brown suit or his pinstriped blue suit and was wearing a gleaming white shirt at a press conference?

It goes on. "Gorbachev ushered the interviewers into a large, spare third-floor office lined with cream-colored silk wall coverings"—they do not need somebody from the accent section or the style section. They do not need any chauvinism here, to hire some woman to analyze the tapestries in the room. These five men covered it well. It is cream-colored silk wall coverings.

"On the walls hung portraits of Marx and Lenin.

"The center of action was a table flanked by 18 chairs, covered with green baize and amply supplied with plates of sweet pirozhki (bite-size pastries)"—it points out in brackets—"mineral water, lemon soda, and cut-glass vases filled with colored pencils. Extensively briefed by his aides, Gorbachev had brought along typewritten notes ruled in red, blue and green." Now, I hope my staff will forgive me for carrying red, blue, and green felt pens to use for separate accent or emphasis.

"He also brought an expert: Seated next to him was Georgi Arbatov, Moscow's best-known Americanologist"—and I might add America's best-known Americanologist, who although he is a Communist and an important member of their Politburo, has been on American television as a regular.

"Victor Sukhodrev, who has served as the top-level Kremlin interpreter since the Khrushchev era, again acted in that role." Do not think that he is not a trusted person. He goes back to John F. Kennedy's days.

"At the end of the extensive interview, Grunwald lightened the serious tone by inquiring whether Gorbachev's attractive wife, Raisa, would accompany the General Secretary to the summit talks in Geneva. Gorbachev said she would. 'That's good,' said Grunwald."

Then he says, Grunwald, "You know, the western press is in love with her.

"The jocular answer was vintage Gorbachev"—remember, he smiles easily.

"Well, in that case," Mr. Gorbachev says, "maybe I should reconsider." Cannot have these press guys in love with his wife.

"Time originally submitted six written questions, and Gorbachev then agreed to supplement his written answers with oral ones to other questions. Here with the slightly condensed transcripts of the written interview, followed by more than 2 hours of conversation with his American visitors." Somebody scratched out "visitors" and wrote "whimps," and they spelled it right. They spelled it with an "H," because "whimp" is only short for "whimpering." It should always be spelled with an "H." You people who use the media coast to coast should know that. Some of you have started to spell it correctly.

I implore my colleagues, anyone who is interested in the Geneva talks coming up in November, to read this Time magazine article. Anyone who wants to write to my office, I will send you as many duplicated copies as we can.

Now let me continue with this first chart. I know it is very difficult to see even for Members on the House floor unless they are in the first few rows—this shows that since 1960 through the SALT I and SALT II exactly what the Soviets have done in building up their armaments, adding planes like the Backfire and the Black Jack, which will go into production soon, what they have done in increasing their submarine fleets, how they have achieved parity and gone way beyond it.

This second chart shows, on a red line at a 45-degree angle of growth, what the Soviets have accomplished under the SALT process just with longer range, what they call INF, for Intermediate Nuclear Forces weapons. These are things like our Pershings and their SS-20's.

They began their SS-20 deployment, in my first year in the Congress back in 1977. It was also Jimmy Carter's first year. Look at the Brezhnev statement in October 1979. "A balance of forces has taken shape in Europe." He claimed parity.

Then later on in October 1980, he said, "A balance now exists."

Then he said, a few months later, in February 1981, "There is approximate equality now." They are claiming it is across the board with all weapons systems.

Then in August 1982, Ustinov their former Minister of Defense, said, "Approximate parity of forces continues to exist today."

Tass quote says that in April 1983, "currently existing parity." By this time, they had gone so far beyond our worst scenario intelligence estimates of what they were doing with these SS-20's that now they have all of Europe under the gun with these missiles, but they proceed to organize one propaganda attempt after another to break up NATO, tear us away from our European allies. All this time, while they deployed hundreds of SS-20's, we deployed absolutely no new nuclear weapons and even retired over 2,000 nuclear warheads.

Gorbachev spoke in his interview with a Frenchman yesterday afternoon on the Ted Koppel Show about the long relationship of the Soviet Union with France. As BOB MICHEL pointed out in this well, remember that when the German Panzer divisions on May 10, 1940, ripped into France, Holland, and Belgium, they were allies of Joseph Stalin. That was after the 1939 Hitler-Stalin pact; so they have a great history with France all right. Ask the historians about Napoleon's fun in Russia.

So here is one chart showing you exactly how they abused the INF negotiations to move way past parity into a superior position.

On October 9, I will start at the beginning of the special order and go into more depth on these charts. Here is the U.S.S.R. and the U.S. ICBM launcher and reentry vehicles. Some of these huge missiles carry up to 10 different warheads; we suspect some Soviet ICBM's carry even more than that. There is no way for our best intelligence satellites to look inside the head of a missile that is already hidden in a silo and take their word or determine whether or not they are lying about how they have MIRV'ed the heads of their missiles.

Again, we cannot cheat because our lawyers in the Defense Department and the State Department go around and check how many warheads we have inside of our Minuteman III's, which have three warheads. Our Titans only have one warhead and it should be noted, they will be gone within a few months. The one we keep fighting about on this House floor, the Peacekeeper, that also has a MIRV'ed warhead; but we will never cheat on the 10 warheads it carries, because we have these lawyers who are going to keep us honest.

Here again you can see that with Soviet reentry vehicles, as opposed to just the lift system, the delivery system of the ICBM's, the RV's break off from the red line and go so far beyond the U.S. reentry vehicles. There is a projected 1988 figure where we are just beyond 3,000 and the Soviets have burst through the top of the chart way beyond 6,000 reentry vehicles.

The next chart could not be more clear. This combines our missiles and bombers. Most of our megatonnage is still on our B-52 bombers. I was there on June 29 for the delivery of our first active duty B-1. They will not be combat ready for another year, and then it will take us another series of years to deliver, not the 244 B-1's that Jimmy Carter killed, but only 100. We still rely on the 1955-G2 vintage B-52's.

So today I introduced a bill not to shut down the B-1 production lines until one of three things happen. The President certifies that the Soviet Union is in total compliance with all strategic arms agreements, the Stealth bomber is in production, or the original, programmed number of 244 aircraft is reached.

In 1962, there was a relative balance in combined systems. The U.S.S.R. is way under 1,000, we are under 2,000.

By 1972, when Nixon signed the ABM Treaty, the Soviet Union had almost caught us. But we allowed the Soviet Union under that treaty and the SALT process to continue their production. We had no new systems, except the B-1, planned for production.

All right, the next one. U.S. nuclear weapons stockpile. My colleagues on the other side of the aisle used to always use this as the determining factor of whether or not we had parity, whether or not they were ahead of us. If you look at these charts, and I know my colleagues, unless they are in the front row, really have difficulty reading this, the U.S. stockpile was one-third higher in 1967 than it is today, the U.S. nuclear weapons.

The total yield in power of all U.S. nuclear weapons has gone down. Look at that chart plummeting. Our high-water mark was in 1960. Current yield total, only one-quarter of our peak when John F. Kennedy discovered that there was no missile gap, the one that he had used so effectively against Richard Nixon in the fall of 1960.

Over 14 cases, look at that second chart, 14 cases of Soviet SALT negotiating deceptions; 120 cases of forgeries, active measures, and propaganda campaigns.

Soviet violations and circumventions, 1972 SALT-I Antiballistic Missile Treaty. I want to go over this again the evening of October 9 to set the scene for the briefing on this House floor of Soviet strategic advances.

The Soviet SAM testing in the ABM mode, the SAM 5, the SAM 10, the SAM 12; deployment of six ABM battle management radars; deployment of one ABM battle management radar in the interior of U.S.S.R., as I said earlier, they are not facing outward, at Abalakovo; that is two names, both of these classified earlier, I said Krasnoyarsh. Abalakovo is the same site.

Potential ICBM defense.

ABM camouflage and concealment. Falsification of ABM deactivation. Use of new test ranges without prior notification. Development of rapidly deployable mobile antiballistic missile No. 3. Testing of rapid refire ABM capability.

Just as with their ICBM, cold fire, which we did not have for years. When a Titan blows out of its hole, the hole is rendered obsolete. They have the cold fire capability where they spring up out of the hole and they have hidden in the woods a refire capability, other missiles to launch—violation of treaties.

□ 1945

Deployment of a nationwide ABM defense. Over 20 large radars, and so on, and so forth.

Presidentially confirmed violations of the SALT-I ABM Treaty. This is what President Reagan is trying to get out to Chris, to Sam, to Helen, and to Bill. This is what he is trying to get out to these fellows and ladies at these Presidential press conferences.

Six points. First, the siting, orientation, and capabilities of the Soviet Krasnoyarsk battle management radar violated the SALT-I Treaty.

Second, the ABM mode test of the Soviet surface, air missiles, and radars are a probable violation of SALT-I ABM Treaty.

Third, the mobility of the ABM-3 system. Potential violation of SALT-I ABM Treaty. Rapid relocation of the flat twin ABM-3 radar in violation of SALT-I ABM Treaty, and that all comes from the President's General Advisory Council on Arms Control [GAC] report.

Fifth, the Soviets may be developing and deploying a territorial ABM defense which would violate the SALT-I ABM Treaty.

Sixth, deliberate concealment activities, the impeding of verification, in violation of SALT-I ABM Treaty, and that is also from the GAC report.

Dr. Bill Graham, who was head of the GAC, is now about to be confirmed this week as the No. 2 man in NASA, a finer Ph.D. I have never seen serving his Government, trying to keep track of all of these violations.

Here are the Soviet violations and the circumventions of the 1970 SALT-I interim agreement on offensive weapons. Deployment of heavy SS-19 ICBM's as a replacement for the light 11's. That is when Henry Kissinger said, "I have been lied to for the last time by the Soviets." He felt personally betrayed on this violation.

Failure to deactivate old ICBM's on time, continuous falsification of those deactivation reports.

By the way, during the B-1 test program under President Carter, all four B-1's that were flying in the test program were counted against us, and not one of them had the capability of delivering bombs. We would have to cut up our B-52's down at Davis-Monthan Air Force Base out in the desert and spread the wings apart, cut the tail off, move it away, so that Soviet satellites could see our deactivated B-52's. They can read about it in Aviation Week. They can even call the legal offices of these counsels that I have told you about at the State Department and Defense Department and find out everything is going on with us. But meanwhile, they continuously falsify what they are doing in their deactivation reports.

Returning ICBM equipment to deactivated ICBM complexes. They return the equipment that is something they have already told us is deactivated.

Keeping 18 SS-9 ICBM's illegally operational at a ICBM test range. Let me explain that. They tell us, "Oh, this is only a test." We have Vandenberg Air Force Base where we test our ICBM crews in SAC, our Strategic Air Command, but we have never left silos in the ground at Vandenberg where we put an operational team on that ICBM and take it out of the test process and make it an operational missile capable of delivering an ICBM against the Soviet Union.

But they have these sites that are supposed to be test sites, and they are sitting there with active duty crews, ready to launch against the United States.

Deployment of III-X silos with a configuration similar to a missile launch silo.

Deliberate camouflage of ICBM testing, production, and deployment. They have reached a state of the art in camouflage unknown in any country in all history. The camouflage that I saw as a young boy arriving in California from New York over Douglas Aircraft in Santa Monica, huge fishnets that went for a mile, with all sorts of trees and designs painted on them, the way the Germans would hide their battleships in the fjords of Norway, nothing that we have ever seen in the history of the world reaches the level of sophistication of Soviet concealment at this point. Contrary to what several younger Members say on this side of the aisle in this House, or what Senator KENNEDY says in the other Chamber, our big bird KH-11 does not have the capability of the world's finest intelligence gathering satellite to work effectively through weather at night or through the sophisticated forms of camouflage the Soviets use.

Deliberate encryption of all missile telemetry. We have agreement to open up to one another's listening devices what is being said about these tests. They deliberately foul up or encrypt codes so cleverly that we half the time cannot find out what they are doing. We have to use our intelligence skills to the state of the art level to attempt to break this encryption.

Concealment of submarine-launched ballistic missiles, sub construction, the berthing, the berthing tunnels, dummy subs. This was classified only a few years ago. Literally blowing up big rubber submarines. The way that we found this out once is that one of them lost some air and the wind bent it in two, so here is a sub broken in two, and then we knew it was a big, yellow, rubber duckie that they are trying to confuse us with to give us a false count. All of this is supposed to be open because we have treaties on this.

Constructing over 68 strategic submarines, when only 62 were allowed, for a total of 981 submarine-launched ballistic missiles capable on those 68 subs.

Violation of Brezhnev's pledge not to build mobile intercontinental ballistic missiles, another promise given to Henry Kissinger.

Deploying SS-11 ICBM's at SS-11 medium-range ballistic missile sites.

Keeping 1,300 to several thousand old ICBM's stockpiled for both covert, soft launch and rapid silo reload for refire. I guess when your country is as economically strapped as the Soviet Union, you throw absolutely nothing away.

The final chart, at least tonight: Presidentially confirmed—confirmed—Soviet violations by the SALT-I interim agreement, three of them.

Deployment of heavy SS-19 and medium SS-17's to replace the light SS-11's. That was a circumvention defeating the object and purpose of SALT-I.

Second, deployment of modern submarines exceeding the limit of 740 ballistic missile submarine launchers, without dismantling other ICBM or other submarine-launched ballistic launchers. That violated also the SALT-I interim agreement.

And third, deliberate concealment activities that hurt the verification, and this was in violation of the SALT-I interim agreement also.

So I would like to conclude now by submitting for the Record some further reports at this point that will help my colleagues and others who are interested to try to get a handle on these issues as we move forward to November 19, when the President for the first time, because he accurately said the Soviet leaders kept dying on him, it is not President Reagan's fault that it has taken 5 years to get a Soviet leader healthy enough for him to meet. When the President meets with Gorbachev on November 19, in a media phantasmagoria we may never see again in all of reported history. More sight, sound, and motion from this November event in that famous city of Geneva, Switzerland, will be pumped around the world to every corner of Asia, Africa, down to the small, little country of Belize, which now has satellite capability from the United States. More people will be watching this event than any Super Bowl, than any signing of any armistice treaty. No event in history will have ever been covered like this, and it behooves every free-voting American who has a capability to make judgments on these issues that no poor Soviet citizen has, that not any one of the Russians or other 130-some ethnic groups throughout their 15 so-called republics have this right, nor do any of the 1 billion 200 million people in China. Those Americans who have the right to vote should exercise that treasured right, and they should also vote with some sort of knowledge about these issues of war and peace and the verification problems and the cheating that goes on, and they should also please, I say in closing, read this puff-piece of Mikhail Gorbachev in the September 9 issue of Time magazine.

I look forward to coming back with another special order on the night of October 9 at the close of business.

The report follows:

Soviet Strategic Force Developments

(Testimony Before a Joint Session of the Subcommittee on Strategic and Theater Nuclear Forces of the Senate Armed Services Committee and the Defense Subcommittee of the Senate Committee on Appropriations, June 26, 1985, by Robert M. Gates, Chairman, National Intelligence Council, and Deputy Director for Intelligence Central Intelligence Agency; Lawrence K. Gershwin, National Intelligence Officer for Strategic Programs, National Intelligence Council)

I. INTRODUCTION

By the mid-1990s, nearly all of the Soviets' currently deployed intercontinental nuclear attack forces—land, and sea-based ballistic missiles and heavy bombers—will be replaced by new and improved systems. New mobile intercontinental ballistic missiles (ICBMs) and a variety of cruise missiles are about to enter the force. The number of deployed strategic force warheads will increase by a few thousand over the next five years, with the potential for greater expansion in the 1990s. We are concerned about the Soviets' longstanding commitment to strategic defense, including an extensive program to protect their leadership, their potential to deploy widespread defenses against ballistic missiles, and their extensive efforts in directed-energy weapons technologies, particularly high-energy lasers. Their vigorous effort in stategic force research, development, and deployment is not new, but is the result of an unswerving commitment for the past two decades to build up and improve their strategic force capabilities.

Soviet leaders are attempting to prepare their military forces for the possibility that they will actually have to fight a nuclear war. They have seriously addressed many of the problems of conducting military operations in a nuclear war, thereby improving their ability to deal with the many contingencies of such a conflict.

We judge that the Soviets would plan to conduct a military campaign that would seek to end a nuclear war on their terms—by neutralizing the ability of U.S. intercontinental and theater nuclear forces to intefere with Soviet capabilities to prevail in a conflict in Eurasia.

II. STRATEGIC OFFENSIVE FORCES

The most notable recent trend in offensive forces is the construction of bases for mobile strategic missiles—SS-20 intermediate-range ballistic missiles (IRBMs) and new ICBMs:

During 1984, the Soviets embarked on an unprecedented program for constructing new SS-20 bases, starting more new bases than in any previous year.

The Soviets have made major strides in preparing for the deployment of their two new mobile ICBMs—the road-mobile SS-X-25 and the rail-mobile SS-X-24. The Soviets' commitment to deploy mobile ICBMs represents a major resource decision; such systems require substantially more support infrastructure than do silo-based systems, and thus are much more costly to operate and maintain.

All elements of Soviet strategic offensive forces will be extensively modernized by the mid-1990s, as the result of programs that have been in train for many years. While the Soviets will continue to rely on fixed, silo-based ICBMs, mobile ICBMs will be deployed in large numbers (see figure 1), and major improvements will be made to the sea-based and bomber forces. The major changes in the force will include:

An improved capability against hardened targets. The Soviets already have enough hard-target-capable ICBM reentry vehicles today to attack all US ICBM silos and launch control centers and will have larger numbers of hard-target-capable RVs in the future. In such an attack today, they would stand a good chance of destroying minuteman silos. The projected accuracy improvements for the new heavy ICBM we expect the Soviets to deploy in the late 1980s would result in a substantial increase in this damage capability.

Significantly better survivability from improvements in the submarine-launched ballistic missile (SLBM) force—through quieter submarines and longer range missiles—and deployment of mobile ICBMs. Today, a large part of the Soviet silo-based ICBM force would survive an attack by US forces. However, with the increasing vulnerability of Soviet ICBM silos in the next ten years if more accurate US missiles are deployed, the Soviets will increasingly depend on the survivability of their mobile ICBM and SLBM forces.

A substantial increase in the number of deliverable warheads for the bomber force as a result of the deployment of new bombers with long-range, land-attack cruise missiles.

ICBMS

Chart 1 shows new Soviet strategic ballistic missiles, land- and sea-based, and submarines—those recently deployed or now in testing and those we expect to see tested over the next five years.

The ICBM force, as shown in figure 2, will have been almost entirely replaced with new systems by the mid-1990s:

The Soviets are preparing to deploy the SS-X-24 ICBM in silos in 1986 and on rail-mobile launchers in 1987. We expect SS-X-24-class ICMBs equipped with 10 multiple independently targetable reentry vehicles (MIRVs) to replace the MIRVed SS-17 and SS-19 silo-based ICBMs, which carry fewer warheads.

The Soviets have started to retire older silo-based single-RV SS-11s as they prepare to deploy the single-RV road-mobile SS-X-25. We expect the SS-X-25 to be operational by late 1985.

We expect at least three new ICBMs will be flight-tested in the 1986-90 time period:

A new silo-based heavy ICBM, to replace the SS-18.

A new version of the SS-X-24.

A new version of the mobile SS-X-25, which could have a MIRVed payload option.

SS-20'S

The SS-20 force of intermediate-range ballistic missiles is expected to expand to over 450 deployed launchers by 1987, as a result of an extensive program of constructing new bases. More new bases were started in 1984 than in any previous year. The total would have been considerably higher if the Soviets had not deactivated SS-20 bases in the central USSR to convert to SS-X-25

ICBM bases. A follow-on to the SS-20, which also carries three warheads and is probably designed to improve lethality, began flight-testing in 1984.

SLBM'S

An extensive modernization program will result in replacement of the entire MIRVed Soviet SLBM force and deployment of much better nuclear-powered ballistic missile submarines (SSBNs). The major changes, as shown in figure 3, will include:

Deployment of Delta-IV and additional Typhoon SSBNs. These boats have improvements that will contribute to their survivability. In addition, a new class of submarines is likely to enter the force in the early 1990s.

Deployment of the new SS-NX-23 SLBM beginning in late 1985 or early 1986 on Delta-IVs and on Delta-IIIs. The increased range of the SS-NX-23, relative to that of the SS-N-18 missile currently on Delta-IIIs, will make SS-NX-23-equipped SSBNs more survivable because they will be able to operate closer to Soviet shores, where the Soviet Navy can better protect them.

A replacement for the SS-N-20 on Typhoon SSBNs will probably be flight-tested in late 1985 or 1986, and a missile in the SS-NX-23 class will probably be tested later in the 1980s.

HEAVY BOMBERS

Chart 2 shows new Soviet strategic bombers and a variety of new long-range, land-attack cruise missiles.

The Soviet heavy bomber force is undergoing its first major modernization since the 1960s; by the mid-1990s, as shown in figure 4, most of the older bombers will have been replaced. The heavy bomber force will have a greater role in intercontinental attack:

The AS-15 air-launched cruise missile (ALCM) became operational on newly produced Bear H aircraft in 1984. By using newly produced aircraft of an old design, the Soviets were able to deploy ALCMs at least four years earlier than if they had waited for the new Blackjack bomber.

We project Blackjack will be operational in 1988 or 1989, carrying both ALCMs and bombs.

CRUISE MISSILES

The ALCM is the first in a series of deployments of long-range, land-attack cruise missiles. Over the next 10 years, we expect them to deploy 2,000 to 3,000 nuclear-armed ALCMs, sea-launched cruise missiles (SLCMs), and ground-launched cruise missiles (GLCMs). The deployment of cruise missiles provides the Soviets with new multidirectional capabilities against US targets.

GROWTH OF INTERCONTINENTAL ATTACK FORCES

The projected growth in the number of deployed warheads on Soviet intercontinental attack forces, under various assumptions, is shown in figure 5:

The force currently consists of over 9,000 deployed warheads on some 2,500 deployed ballistic missile launchers and heavy bombers. Most warheads are in the ICBM force.

Warheads are increasing: new Soviet Typhoon and Delta-IV submarines, Bear H bombers, and SS-X-24 ICBMs will carry many more warheads than the systems they are replacing.

By 1990, if the Soviets continue to have about 2,500 missile launchers and heavy bombers and if they are within the quantitative sublimits of SALT II, the deployed warheads will grow to over 12,000.

The 1983 Soviet proposal at the strategic arms reduction talks (START) would also result in an expansion in the number of warheads, although under its limits the Soviets would have about 1,000 fewer by 1990 than under SALT II limits.

The effect of the 1983 US START proposal would be to reverse this trend and, by the 1990s, lead to substantial reductions.

While the Soviets would not necessarily expand their intercontinental attack forces beyond some 12,000 to 13,000 warheads in the absence of arms control constraints, they clearly have the capability for significant further expansion, to between 16,000 and 21,000 deployed warheads by the mid-1990s. The lower figure represents a continuation of recent trends in deployment rates; the upper figure is not a maximum effort but would require a substantially greater commitment of resources.

The Soviets will face important decisions in the next few years, as they proceed with flight-testing the ballistic missiles which are scheduled to begin deployment in the late 1980s and early 1990s. (See Chart 1) Specifically, they have technical options to test new ICBMs in such a way as to conform with, or exceed, the limitations on characteristics and improvements in the unratified SALT II Treaty.

III. STRATEGIC DEFENSE

Soviet active and passive strategic defenses, while unable to prevent large-scale damage from a major attack, are intended to provide a degree of protection for the leadership, military, and military-related facilities necessary for wartime operations. The Soviets will significantly improve the capabilities of their strategic defenses over the next 10 years, as a number of new types of weapons are introduced and many of the older systems retired. Significant developments include the following:

BALLISTIC MISSILE DEFENSE

The Soviets have actively engaged in antiballistic missile (ABM) research, development, and deployment programs for many years.

When completed by about 1987, the improved Moscow ABM system will consist of 100 silo-based high acceleration missiles and modified Galosh interceptors, providing an improved intercept capability against small-scale attacks on key targets around Moscow.

By the end of the decade, when a new network of large phased-array radars (including the Krasnoyarsk radar) is expected to be fully operational, the Soviets will have a much improved capability for ballistic missile early warning, attack assessment, and accurate target tracking. These radars will be technically capable of providing battle management support to a widespread ABM system, but there are uncertainties about whether the Soviets would rely on these radars to support a widespread ABM deployment.

The SA-X-12 system, to be deployed in the Soviet ground forces in 1985-86, can engage conventional aircraft, cruise missiles, and tactical ballistic missiles. It could have capabilities to intercept some types of US strategic ballistic missile RVs. Its technical capabilities bring to the forefront the problem that improving technology is blurring the distinction between air defense and ABM systems. This problem will be further complicated as newer, more complex air defense missile systems are developed.

We are particularly concerned that the Soviets' continuing development efforts give them the potential for widespread ABM deployments. The Soviets have the major components for an ABM system that could be used for widespread ABM deployments well in excess of ABM Treaty limits. The components include radars, an above ground launcher, and the high acceleration missile that will be deployed around Moscow. The potential exists for the production lines associated with the upgrade of the Moscow ABM system to be used to support a widespread deployment. We judge they could undertake rapidly paced ABM deployments to strengthen the defenses at Moscow and cover key targets in the western USSR, and to extend protection to key targets east of the Urals, by the early 1990s. In contemplating such a deployment, however, the Soviets will have to weigh the military advantages they would see in such defenses, against the disadvantages of such a move, particularly the responses by the United States and its Allies.

AIR DEFENSE

Deployment of new low-altitude-capable strategic air defense systems will increase. (See figure 6.) The Soviets are continuing to deploy the new SA-10 all-altitude surface-to-air missile (SAM), are deploying new aircraft with much better capabilities against low-flying targets, and will deploy the Mainstay airborne warning and control system (AWACS) aircraft in 1985. Penetration of Soviet air defenses by currently deployed bombers would be more difficult as improved systems are deployed. These defenses, however, would be considerably less effective against US cruise missiles. Against a combined attack of penetrating bombers and cruise missiles, Soviet air defenses during the next 10 years probably would not be capable of inflicting sufficient losses to prevent large-scale damage to the USSR. We judge, however, that the Soviets will be able to provide an increasingly capable air defense for many key leadership, control, and military and industrial installations essential to wartime operations.

ANTISUBMARINE WARFARE

The Soviets still lack effective means to locate US ballistic missile submarines at sea. We expect them to continue to pursue vigorously all antisubmarine warfare (ASW) technologies as potential solutions to the problems of countering US SSBNs and defending their own SSBNs against US attack submarines. We are concerned about the energetic Soviet ASW research and technology efforts. However, we do not believe there is a realistic possibility that the Soviets will be able to deploy in the 1990s a system that could pose any significant threat to US SSBNs on patrol.

LEADERSHIP PROTECTION

The Soviets have a large program to provide protection for their leadership. We judge that, with as little as a few hours' warning, a large percentage of the wartime management structure would survive the initial effects of a large-scale US nuclear attack. We estimate there are at least 800, perhaps as many as 1,500, relocation facilities for leaders at the national and regional levels. Deep underground facilities for the top national leadership might enable the top leadership to survive—a key objective of their wartime management plans.

IV. COMMAND AND CONTROL CONSIDERATIONS

While significant improvements in the capabilities of both Soviet and US strategic offensive forces will occur throughout the next 10 years, sizable forces on both sides would survive large-scale nuclear strikes. The Soviets' confidence in their capabilities for global conflict and in their ability to limit damage to the Soviet Union would be affected to a large extent by command and control considerations—the need for continuity in their own command and control capabilities, and their prospects for disrupting and destroying the ability of the United States and its Allies to command and to operate their forces.

Although US attacks could destroy many known fixed command, control, and communications facilities, the Soviets' emphasis in this area has resulted in their having many key hardened facilities and redundant means of communications; thus, it seems highly likely that the Soviets could maintain overall continuity of command and control, although it would probably be degraded and they could experience difficulty in maintaining endurance.

We believe the Soviets would launch continuing attacks on US and Allied Strategic command, control, and communications to try to prevent or impair the coordination of retaliatory strikes, thereby easing the burden on Soviet strategic defenses, and impairing US and Allied abilities to marshal military and civilian resources to reconstitute forces. While the Soviets would devote substantial efforts to this mission, they probably are not confident that they could accomplish these objectives.

V. SPACE PROGRAM

The vigorous Soviet space program is predominantly military in nature. More than 70 percent of Soviet space missions are for military purposes only, with much of the rest serving a dual military-civil function. The Soviets view space as an integral part of their overall offensive and defensive force structure, not as a separate arena or as a sanctuary. While the Soviets seek to be able to deny enemy use of space in wartime, current Soviet antisatellite capabilities are limited and fall short of meeting this apparent requirement. Today, in addition to the dedicated nonnuclear orbital interceptor, other systems—the nuclear Galosh ABM interceptor and two ground-based high-energy lasers—have the potential to destroy or interfere with some satellites in near-Earth orbit, but the potential threat to satellites in higher orbit is limited. It is likely that the Soviets would attempt to destroy or interfere with US satellites during an intense conventional conflict, and in the initial stages of a nuclear war. These capabilities, however, would not survive a nuclear attack. Some improvements in Soviet antisatellite capabilities are expected.

VI. DIRECTED-ENERGY AND HYPERVELOCITY KINETIC-ENERGY WEAPONS

Directed-energy and kinetic-energy weapons potentially could be developed for several strategic weapons applications—antisatellite (ASAT), air defense, battlefield use, and, in the longer term, ballistic missile defense (BMD).

There is strong evidence of Soviet efforts to develop high-energy laser weapons, and these efforts have been taking place, in some cases, since the 1960s:

We estimate a laser weapon program of the magnitude of the Soviet effort would cost roughly $1 billion per year if carried out in the United States.

Two facilities at the Saryshagan test range are assessed to have high-energy lasers with the potential to function as ASAT weapons.

We are concerned about a large Soviet program to develop ground-based laser weapons for terminal defense against reentry vehicles. There are major uncertainties, however, concerning the feasibility and practicality of using ground-based lasers for BMD. We expect the Soviets to test the feasibility of such a system during the 1980s, probably using one of the high-energy laser facilities at Saryshagan. An operational system could not be deployed until many years later, probably not until after the year 2000.

The Soviets appear to be developing two high-energy laser weapons with potential strategic air defense applications—ground-based and naval point defense.

The Soviets are continuing to develop an airborne laser.

Soviet research includes a project to develop high-energy laser weapons for use in space. A prototype high-energy, space-based laser ASAT weapon could be tested in low orbit in the early 1990s. Even if testing were successful, such a system probably could not be operational before the mid-1990s.

The Soviets are also conducting research under military sponsorship for the purpose of acquiring the ability to develop particle beam weapons (PBWs). We believe the Soviets will eventually attempt to build a space-based PBW, but the technical requirements are so severe that we estimate there is a low probability they will test a prototype before the year 2000.

The Soviets are strong in the technologies appropriate for radio frequency (RF) weapons, which could be used to interfere with or destroy components of missiles or satellites, and we judge they are probably capable of developing a prototype RF weapon system.

We are concerned that Soviet directed-energy programs may have proceeded to the point where they could construct operational ground-based ASAT weapons.

The Soviets have expended significant resources since the 1960s in R&D on technologies with potential applications for hypervelocity kinetic-energy weapons.

VII. RESOURCES FOR PROJECTED DEVELOPMENTS AND ARMS CONTROL CONSIDERATIONS

Strategic offensive and defensive forces account for about one-fifth of total defense spending—about one-tenth each. The Soviets are increasing their resource commitments to their already formidable strategic forces research, development, and deployment programs. We estimate that total investment and operating expenditures for projected Soviet strategic offensive forces (intercontinental attack and intermediate range) and strategic defensive forces (assuming no widespread ABM deployments) will result in a growth in total Soviet strategic force expenditures of between 5 and 7 percent a year over the next five years. (The rate would be 7 to 10 percent if widespread ABM defenses were deployed.)

A growth rate of 5 to 7 percent a year for strategic programs, combined with the projected growth rate for nonstrategic programs of about 3 percent, would lead to a growth in total defense spending of between 3 and 4 percent per year—at the same time that we foresee sluggish growth in the Soviet economy for the rest of the decade. Increasing the share of the GNP devoted to defense will confront the Soviets with the difficult choice of reducing the growth in investment, which is critical to modernizing the industrial base, or curtailing growth in consumption, which is an important factor in the Soviet drive to improve labor productivity.

Despite serious economic problems since the mid-1970s, Soviet military procurement has been at high annual levels; in particular, the Soviets have continued to procure large quantities of new strategic weapons. Since the mid-1970s, for example, the Soviets fielded their MIRVed ICBM force, and then improved it; deployed the MIRVed SLBM force on new SSBNs; and deployed their mobile SS-20 force. In recent years the Soviets have increased their resource commitments to emerging new systems, particularly with respect to the deployment of costly mobile missile systems.

While Soviet economic problems are severe, we see no signs that the Soviets feel compelled to forgo important strategic programs or that they will make substantial concessions in arms control in order to relieve economic pressures. Soviet force decisions and arms control decisions are likely to continue to be driven by calculations of political-strategic benefits and the dynamism of weapons technology. We judge that strategic forces will continue to command the highest resource priorities and therefore would be affected less by economic problems than any other element of the Soviet military. We believe, however, that, as a result of the stark economic realities, decisions involving the rate of strategic force modernization probably will be influenced by economic factors more now than in the past and some deployment programs could be stretched out.

We believe the Soviets are determined to prevent any erosion of the military gains the USSR has made over the past decade. They recognize that new U.S. strategic systems being deployed or under development will increase the threat to the survivability of their silo-based ICBM force, complicate their ASW efforts, and present their air defense forces with increasingly complex problems. By their actions and propaganda, the Soviets have demonstrated they are very concerned about the US Strategic Defense Initiative (SDI) and its focus on advanced technology. In their view, it could force them to redirect their offensive ballistic missile development programs to reduce vulnerabilities or could stimulate a costly, open-ended high-technology competition for which they probably are concerned that the United States can outpace their own ongoing efforts. They are probably also concerned that SDI will lead to a sustained US effort in strategic defenses.

Soviet leaders view arms control policy as an important factor in advancing their strategy of achieving strategic advantage. They have been willing to negotiate restraints on force improvements and deployments when it served their interests. Moscow has long believed that arms control must first and foremost protect the capabilities of Soviet military forces relative to their opponents. The Soviets seek to limit US force modernization through both the arms control process and any resulting agreements. A salient feature of Soviet arms control policy will be its emphasis on trying to limit US ballistic missile defense and space warfare capabilities. The Soviets will try to use arms control discussions as a means of delaying or undercutting the US SDI program.

□ 1955

GATT, TRADE POLICY AND CAMDEN WIRE CO.

(Mr. HORTON asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HORTON. Mr. Speaker, we are hearing much today about trade, and about our Nation's ability to compete in the international marketplace. My position is clear and has been for many years; American companies and industries ought to be competing under the same terms as our foreign competitors in the U.S. market and abroad. This is not the situation today.

The General Agreement on Trade and Tariffs [GATT] was negotiated just after World War II—at a time when Europe and Japan were all but devastated by the ravages of war. GATT is the rule book of international trade. The United States conceded much in this rule book so that these nations might rebuild their industrial bases. Their industries have been rebuilt; their economies are strong; their trade surpluses with the United States are enormous. Our trade deficit is outrageous.

There have been two rounds of trade talks since World War II within the limits of GATT—the Kennedy Round in the early 1960's and the Tokyo Round in the late 1970's. GATT itself has never been renegotiated because it requires agreement among all signatory nations before renegotiation can be conducted.

The trade advantage enjoyed by our trading partners is seriously affecting broad sectors of our economy. Americans are losing jobs by the millions. Entire industries have fallen. The erosion continues.

The Northeast-Midwest Congressional Coalition, on which I serve as cochairman, is currently developing a broad trade policy to address a number of issues. I hope to have an omnibus bill to present to my colleagues in the near future.

Mr. Speaker, trade problems are a major and growing concern of all Americans. Trade inequities are threatening jobs, companies and industries everywhere. These must be addressed. Just last week, Mr. Sam Lanzafame, who is the president and chief executive officer of Camden Wire in Camden, NY, flew to Washington for the sole purpose of personally delivering to me a letter from his employees. The letter, which I will insert in the Record today, illustrates their concern over unfair trade practices and the threat these pose to this company and this industry.

Camden Wire is an outstanding company; its employees are dedicated, hard working American citizens. I have been through the plant personally and can attest to the company's commitment to continual upgrading of its operations to ensure state-of-the-art manufacturing. Camden Wire enjoys a strong position in the market. Yet this company is starting to see an increase in foreign copper wire sold in this country. These employees have seen too many industries fall as imports have been allowed to increase unchallenged by those responsible for our trade laws and enforcement of these laws. These employees just saw 60 of their friends and fellow workers lose their jobs—permanently.

The employees of Camden Wire aren't pushing a panic button; they aren't seeking advantages over anyone and are willing to, and can, compete on equal terms with any copper wire manufacturer in the world. They want to be sure that the rules are the same; they don't want foreign products in this country that are subsidized. They seek equity. I will be investigating this industry in the weeks and months ahead and will seek and appreciate the support of my colleagues should a time arise where action is needed. At this time, however, I want to share the concerns of these employees—my constituents—with my colleagues in the House. Their concern is indicative of a nationwide problem, and a nationwide concern. I hope we don't lose our focus on trade, and I will do all I can to see that we move forward to enactment of a sweeping and omnibus trade policy.

Following is the letter signed by more than 500 Camden Wire employees:

> Dear Congressman Horton: We the employees of the Camden Wire Company would like to bring to your attention our concern over the amount of foreign made copper wire products that are being imported into the United States.
>
> Our company is a progressive company and we have recognized the need for change. Camden Wire has invested heavily in new equipment and new techniques to improve productivity and make us more competitive. In addition, we have all made sacrifices to strengthen our company. We have been hurt by having to say farewell to fellow workers who have lost their jobs. We feel we have done our part as President Reagan has asked.
>
> However, we do not want the loss of jobs at Camden Wire to be a common occurrence. Please help us in our fight against foreign competition. We ask that you vote no on any legislation that would give a foreign manufacturer an advantage over an American company. We ask that you assist our management in obtaining any available funds to help ease the burden placed upon our fellow workers who have lost their jobs. Finally, we ask that you bring a message to President Reagan on our behalf that foreign made products are hurting the welfare of the Camden Wire Company and are hurting the welfare of the United States of America.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Slaughter) to revise and extend their remarks and include extraneous materials.)

Mr. Parris, for 60 minutes, on October 3.

Mr. Burton of Indiana, for 30 minutes today.

(The following Members (at the request of Mr. Hatcher) to revise and extend their remarks and include extraneous materials.)

Mr. Jones of Oklahoma, for 5 minutes, today.

Mr. Pepper, for 5 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Stokes, for 5 minutes, today.

Mr. Brown of California, for 5 minutes, today.

(The following Member (at the request of Mr. Jones) to revise and extend his remarks and include extraneous materials.)

Mr. Shelby, for 5 minutes, today.

(The following Member (at the request of Mr. Dornan of California) to revise and extend his remarks and include extraneous materials.)

Mr. Dornan of California, for 60 minutes, on October 9.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Boulter, following the vote on rollcall No. 328, in the Committee of the Whole, today.

Mr. Stallings, following the vote on rollcall No. 326 in the House, today.

(The following Members (at the request of Mr. Slaughter) and to include extraneous matter.)

Mr. Gilman in three instances.
Mr. Blaz.
Mr. Kemp in two instances.
Mr. Denny Smith.
Mr. Dannemeyer in two instances.
Ms. Snowe.
Mr. Gallo.
Mr. Bereuter.
Mr. Green in two instances.
Mr. Gingrich.
Mr. McKernan.

(The following Members (at the request of Mr. Hatcher) and to include extraneous matter:)

Mr. Traficant.
Mr. Torres.
Mr. Gejdenson.
Mr. Ford of Michigan in two instances.
Mr. Markey in three instances.
Mr. Berman.
Mr. Hamilton.
Mr. Pepper.
Mr. Kolter in two instances.
Mr. Ford of Tennessee.
Mr. Guarini.
Mr. Dicks.
Mr. Thomas of Georgia.
Mr. Stokes.
Mr. Florio.
Mr. Wirth in two instances.
Mr. Torricelli.
Mr. Feighan

ADJOURNMENT

Mr. DORNAN of California. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 55 minutes p.m.) the House adjourned until tomorrow, Thursday, October 3, 1985, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2073. A letter from the Director, Defense Security Assistance Agency, transmitting information concerning the Department of the Navy's proposal letter of offer to the United Kingdom for defense articles estimated to cost $50 million or more, pursuant to 10 U.S.C. 133b (96 Stat. 1288); to the Committee on Armed Services.

2074. A letter from the Auditor, District of Columbia, transmitting a report entitled, "Review of Marshall Heights Street Improvement Program," pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

2075. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notification of a proposed manufacturing license agreement for the production in Malaysia of .22 caliber firearms (Transmittal No. MC-29-85), pursuant to 22 U.S.C. 2776(4); to the Committee on Foreign Affairs.

2076. A letter from the Director, Defense Security Assistance Agency, transmitting the Department of the Navy's proposed letter of offer to the United Kingdom for defense articles and services estimated to cost $80 million, pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

2077. A letter from the Director, Defense Security Assistance Agency, transmitting the Department of the Army's proposed letter of offer to the Netherlands for defense articles and services estimated to cost $32 million, pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

2078. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a copy of the original report of political contributions for Robert L. Barry, of New Hampshire, a career member of the Senior Foreign Service, Class of Career Minister, for the rank of Ambassador during the tenure of his service as U.S. Representative to the Conference on Confidence and Security Building Measures and Disarmament in Europe, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

2079. A letter from the Secretary of the Treasury, transmitting a report on Federal-State-local fiscal relations, pursuant to Public Law 98-185, section 10(c); to the Committee on Government Operations.

2080. A letter from the Secretary of Labor, transmitting a draft of proposed legislation to provide for a Deputy Secretary of Labor, an Assistant Secretary of Labor for Administration and Management, three additional Assistant Secretaries of Labor; and for other purposes; jointly, to the Committees on Education and Labor and Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAWKINS: Committee on Education and Labor. H.R. 1523. A bill to amend the Education of the Handicapped Act to authorize the award of reasonable attorneys' fees to certain prevailing parties, to clarify the effect of the Education of the Handicapped Act on rights, procedures, and remedies under other laws relating to the prohibition of discrimination, and for other purposes; with an amendment (Rept. 99-296). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 3443. A bill to designate the Closed Basin Conveyance Channel of the Closed Basin Division, San Luis Valley Project, Colorado as the "Franklin Eddy Canal" (Rept. 99-297). Referred to the House Calendar.

Mr. UDALL: Committee on Interior and Insular Affairs. S. 1349. A bill to provide for the use and distribution of funds awarded in docket 363 to the Mdewakanton and Wahpekute Eastern or Mississippi Sioux before the U.S. Court of Claims and Claims Court. (Rept. 99-298). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on aviation security: Are our airports safe? (Rept. 99-299). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BRUCE (for himself, Mr. Atkins, Mr. Biaggi, Mr. Dymally, Mr. Eckart of Ohio, Mr. Hayes, Mr. Owens, and Mr. Perkins):

H.R. 3476. A bill to create a program to encourage the involvement of postsecondary education institutions in activities furthering economic growth and productivity; to the Committee on Education and Labor.

By Mr. BURTON of Indiana (for himself, Mr. Siljander, Mr. Kemp, Mr. Hyde, Mr. Dornan of California, Mr. DeLay, and Mr. Dannemeyer):

H.R. 3477. A bill to provide for assistance to the noncommunist resistance forces in Mozambique and to prohibit economic and military assistance to the People's Republic of Mozambique; to the Committee on Foreign Affairs.

By Mr. DELLUMS:

H.R. 3478. A bill to provide for improvements in the local planning process in the District of Columbia and for the transfer of certain local planning activities to the government of the District of Columbia, to increase the rate of compensation payable to citizen members of the National Capital Planning Commission, and to establish the responsibilities of such commission relating to demolitions; to the Committee on the District of Columbia.

By Mr. ENGLISH:

H.R. 3479. A bill to amend the Tariff Act of 1980 to increase measures to combat smuggling by vessels, vehicles, and aircraft, and for other purposes; jointly, to the Committees on Ways and Means, and Public Works and Transportation.

By Mr. FUQUA:

H.R. 3480. A bill to amend title 5, United States Code, to authorize alternative personnel management systems for scientific and technical personnel in the Federal Government, and for other purposes; to the Committee on Post Office and Civil Service.

By. Mr. HARTNETT:

H.R. 3481. A bill to prohibit the importation into the customs territory of the United States of high-carbon ferrochromium from South Africa; to the Committee on Ways and Means.

By Mr. MITCHELL:

H.R. 3482. A bill to amend the Small Business Act to clarify and expand the Capitol Ownership Development Program and for other purposes; to the Committee on Small Business.

H.R. 3483. A bill to provide increased opportunities for small business concerns to participate in procurements made by legislative and independent agencies of the United States and for other purposes; to the Committee on Small Business.

By Mr. MITCHELL (for himself, Mr. McDade, Mr. Addabbo, Mr. Gonzalez, Mr. Bedell, Mr. Nowak, Mr. Luken, Mr. Skelton, Mr. Stenholm, Mr. Mavroules, Mr. Hatcher, Mr. Wyden, Mr. Eckart of Ohio, Mr. Savage, Mr. Roemer, Mr. Sisisky, Mr. Torres, Mr. Cooper, Mr. Olin, Mr. Ray, Mr. Hayes, Mrs. Long, Mr. Chapman, Mr. Robinson, Mr. Conte, Mr. Broomfield, Mr. Ireland, Mr. Hiler, Mr. Weber, Mr. Dreier of California, Mr. Kolbe, Mr. Cobey, Mr. Coble, Mr. DioGuardi, Mrs. Meyers of Kansas, Mr. Gallo, and Mr. Grotberg):

H.R. 3484. A bill to amend the Small Business Investment Act of 1958 to create the Corporation for Small Business Investment and to transfer certain functions of the Small Business Administration to the Corporation; to the Committee on Small Business.

By Mr. PEPPER:

H.R. 3485. A bill to provide for the accreditation of courses of study at foreign medical schools and to prohibit payment under Federal law for physicians' services furnished by physicians who are graduates of unaccredited courses of study; jointly, to the Committees on Ways and Means, and Energy and Commerce.

By Mr. REGULA (for himself, and Mr. Tauke):

H.R. 3486. A bill to amend title VII of the Public Health Service Act and title IV of the Higher Education Act of 1965 to prohibit the guaranteeing of loans and similar assistance for certain students attending medical school abroad and to amend title XVIII of the Social Security Act to prohibit payments for direct medical education costs to hospitals that have too many foreign medical graduates in their residency training programs; jointly, to the Committees on Ways and Means, Energy and Commerce, and Education and Labor.

By Mr. ROBINSON:

H.R. 3487. A bill to amend the Fair Labor Standards Act of 1938 and the Tariff Act of 1930 to promote fair trade based on a fair wage; jointly, to the Committees on Education and Labor, and Ways and Means.

By Mr. SEIBERLING:

H.R. 3488. A bill to amend the Agricultural Marketing Act of 1946 to require the Secretary of Agriculture to make nutritional content a criterion in the classification of agricultural products; to the Committee on Agriculture.

By Mr. JONES of Oklahoma (for himself, Mr. Synar, Mr. Watkins, Mr. McCurdy, Mr. Edwards of Oklahoma, and Mr. English):

H.R. 3489. A bill to amend the Fair Labor Standards Act of 1938 to authorize the provision of compensatory time in lieu of overtime compensation for employees of State, political subdivisions of States, and interstate governmental agencies and for other purposes; to the Committee on Education and Labor.

By Mr. DORNAN of California:

H.R. 3490. A bill to authorize the Secretary of the Air Force, subject to certain conditions, to contract for the purchase of additional B–1B bomber aircraft to complete the B–1B bomber aircraft acquisition program; to the Committee on Armed Services.

By Mr. FORD of Michigan:

H.J. Res. 407. Joint resolution designating the 12-month period ending on October 28, 1986, as the "Centennial Year of Liberty in the United States"; to the Committee on Post Office and Civil Service.

By Mr. GUARINI:

H.J. Res. 408. Joint resolution to require the President to issue a proclamation which designates the week beginning February 2, 1986, as "National Crime Prevention Week"; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. BENNETT introduced a bill (H.R. 3491) for the relief of Thomas Wilson; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 472: Mr. Lightfoot, Mr. Fawell, Mr. Eckert of New York, and Mr. Chandler.

H.R. 526: Mrs. Vucanovich, Mr. Barnes, Mr. Conte, and Mr. Moakley.

H.R. 585: Mr. Wolf.

H.R. 696: Mr. Zschau and Mr. Glickman.

H.R. 776: Mr. Williams.

H.R. 780: Mr. Dorgan of North Dakota.

H.R. 947: Mr. Markey.

H.R. 1036: Mr. Towns, Mr. Ortiz, Mr. Moody, Mr. Wheat, Mr. Mrazek, Mr. Ackerman, Mr. Bedell, Mr. Sunia, Mr. Rose, Mr. Mavroules, and Mr. Skelton.

H.R. 1059: Mr. Sensenbrenner, Mr. Derrick, Mr. Moore, and Mr. Wirth.

H.R. 1069: Mr. DioGuardi.

H.R. 1318: Mrs. Lloyd.

H.R. 1769: Mr. Carper.

H.R. 1918: Mr. Borski, Mr. Campbell, Ms. Kaptur, Mr. Porter, Mr. Towns, Mr. Traficant, Mr. Weiss, and Mr. Wirth.

H.R. 1926: Mr. Gejdenson.

H.R. 2164: Mr. Lightfoot, Mr. McEwen, and Mr. DioGuardi.

H.R. 2443: Mr. Markey, Mr. Wolpe, Mr. MacKay, Mr. Martinez, Mr. Smith of New Jersey, Mr. LaFalce, Mr. Leach of Iowa, Mr. Moody, Mr. Leath of Texas, Mr. Ackerman, Mr. Daniel, Mrs. Burton of California, Mr. Jenkins, Mrs. Lloyd, Mr. Stallings, Mr. Traficant, Mr. Roybal, Mr. Torricelli, Mr. Durbin, Mr. Morrison of Connecticut, Mr. Kastenmeier, Mr. Scheuer, Mr. Morrison of Washington, Mr. Hawkins, Mr. Huckaby, Mr. Jones of North Carolina, Mr. Fuqua, Mr. Oberstar, Mr. Nowak, Mr. Coleman of Texas, Mr. Roe, and Mr. Sensenbrenner.

H.R. 2539: Mr. Hamilton and Mr. Smith of Florida.

H.R. 2591: Mr. Denny Smith, Mr. Blaz, Mr. Panetta, Mr. Pashayan, and Mr. Grotberg.

H.R. 2661: Mr. Matsui.

H.R. 2700: Mr. Leland, Mr. McKinney, Mr. Howard, Mr. Wheat, Mr. Weiss, Mr. Solomon, Mr. Dellums, and Mr. Roe.

H.R. 2833: Mr. Leach of Iowa, Mr. Murtha, Mr. Frank, Mr. Rangel, Mr. Levine of California, Mr. Berman, Mr. Weiss, and Mr. Traficant.

H.R. 2907: Mr. Owens, Mr. Stokes, Mr. Wise, Mr. Edwards of California, Mr. Kildee, Mr. Fowler, Mr. Hefner, Mr. Wirth, Mr. Dellums, Mr. Gray of Pennsylvania, Mr. Clay, Mr. Garcia, Mr. Heftel of Hawaii, Mrs. Collins, Mr. Roybal, Mr. Akaka, Mr. Ackerman, Mr. Valentine, Mr. Bustamante, Mr. de Lugo, Mr. Fuqua, Mr. Dowdy of Mississippi, Mr. Richardson, and Mr. Bennett.

H.R. 2957: Mr. Conte, Mr. Fuster, Mr. Gingrich, Mr. Wirth, Mr. Berman, and Mr. Bosco.

H.R. 2958: Mr. Conte, Mr. Fuster, Mr. Gingrich, Mr. Wirth, Mr. Berman, and Mr. Bosco.

H.R. 2983: Mr. Davis, Mr. Levin of Michigan, and Mr. Broomfield.

H.R. 3099: Mr. Barnes.

H.R. 3132: Mr. Atkins, Mr. St Germain, Mrs. Schneider, Mr. Pepper, Mr. Heftel of Hawaii, Mr. Sabo, Mr. Solarz, Mrs. Martin of Illinois, Mr. Jacobs, and Mr. de Lugo.

H.R. 3147: Mr. Lent and Mrs. Bentley.

H.R. 3202: Mr. Rogers, Mrs. Byron, Mr. Chandler, Mr. Hefner, and Mr. Gordon.

H.R. 3263: Mr. Heftel of Hawaii, Mr. Martinez, Mr. Hayes, Mr. Perkins, and Mr. Atkins.

H.R. 3281: Mr. Heftel of Hawaii.

H.R. 3292: Mr. DioGuardi, Ms. Kaptur, Mr. Sensenbrenner, Mr. Badham, and Mr. Eckart of Ohio.

H.R. 3438: Mrs. Schneider, and Mr. Leath of Texas.

H.J. Res. 126: Mr. Pashayan, Mr. Nelson of Florida, Mr. Rowland of Georgia, Mr. Sharp, and Mr. Livingston.

H.J. Res. 151: Mr. McCloskey and Mr. Lowry of Washington.

H.J. Res. 172: Mr. Mineta, Mr. de la Garza, Mr. Gregg, Mr. Wolf, Mr. Valentine, Mr. Fuster, Mr. Porter, Mr. McEwen, Mr. Bates, Mr. Coyne, Mr. Hawkins, Mr. Gonzalez, Mr. Burton of Indiana, Mr. Kildee, Mr. Hutto. Mr. Gingrich, Mr. Lowry of Washington, Mr. Rogers, Mr. Yatron, Mr. Gray of Pennsylvania, Mr. Staggers, Mr. Morrison of Connecticut, Mr. Latta, Mr. Clinger, Mr. Bilirakis, Mr. Solomon, Mr. Goodling, and Mrs. Smith of Nebraska.

H.J. Res. 244: Mr. Akaka, Mr. Mrazek, Mr. Feighan, Mr. Rangel, Mr. Sikorski, Mr. Roe, Mr. Sabo, Mr. Martinez, Mr. Guarini, and Mr. Barnes.

H.J. Res. 288: Mr. Morrison of Washington, Mr. Hatcher, Mr. Hyde, Mr. Miller of Ohio, Mr. Bevill, Mr. Tauke, and Mr. Craig.

H.J. Res. 313: Mr. Hefner, Mr. Murtha, Mr. Chappell, Mr. Latta, Mr. Tauzin, Mr. McGrath, Mr. Dyson, Mr. Valentine, Mr. Olin, Mr. Green, Mr. Howard, Mrs. Roukema, Mr. Regula, Mrs. Meyers of Kansas, and Mr. Flippo.

H.J. Res. 322: Mr. Beilenson, Mr. Fuster, Mr. Hunter, Mr. Kramer, Mr. Madigan, and Mr. McCain.

H.J. Res. 350: Mr. Walgren.

H.J. Res. 386: Mr. Rangel, Mr. Bryant, Mr. Crockett, Mr. Levin of Michigan, Mrs. Roukema, Mr. Berman, Mr. Dixon, Mr. Dymally, Mrs. Holt, Mr. Lightfoot, Mr. Perkins, Mr. Volkmer, Mr. Howard, Mr. Gallo, Mr. Boehlert, Mr. Clinger, Mr. Valentine, Mr. DeLay, Mr. Applegate, Mr. de Lugo, Mr. Sunia, Mr. Chapman, Mr. Cooper, Mr. Martin of New York, Mr. Rogers, Mr. Traficant, Mr. Young of Alaska, Mr. McKernan, Mr. Gregg, Mr. Barton of Texas, Mr. Denny Smith, Mr. Schuette, Mr. Dannemeyer, Mr. Ralph M. Hall, Mr. Ortiz, Ms. Kaptur, Mr. Boulter, Mr. Stratton, Mr. Whitley, Mr. Owens, Mr. Rinaldo, Mr. Roth, Mr. Robert F. Smith, Mr. Nelson of Florida, Mr. Shuster, Mr. Hyde, Mr. Schaefer, Mr. Hall of Ohio, Mr. Shaw, and Mr. Borski.

H. Con. Res. 129: Mr. Edgar, Mr. McGrath, and Mr. Glickman.

H. Con. Res. 194: Mr. Frenzel, Mr. Reid, Mr. Lightfoot, Mr. Lagomarsino, Mr. Oxley, Mr. Eckert of New York, Mrs. Bentley, Mr. Livingston, Mr. Kindness, Mr. Daniel, Mr. Siljander, Mr. Gingrich, Mr. Roemer, Mr. Sensenbrenner, Mr. Dornan of California, Mr. Panetta, Mr. Nichols, Mr. Schaefer, Mr. Smith of Florida, Mr. Kasich, Mr. DeWine, Mrs. Johnson, Mr. Kemp, Mr. Hendon, Mr. Ritter, Mr. Boulter, Mr. Emerson, and Mr. Hartnett.

H. Res. 40: Mr. Gunderson and Mr. Monson.

H. Res. 194: Mr. Grotberg, Mr. Kanjorski, Mr. Wortley, Mr. Robinson, Mr. Coble, Mr. Coughlin, Mrs. Kennelly, Mr. Cooper, and Mr. Green.

H. Res. 268: Mrs. Long, Mr. Rangel, Mr. Pepper, Mr. Coble, Mr. Biaggi, Mrs. Boxer, Mr. Lehman of California, Mr. Seiberling, Mr. Edwards of California, Mr. Brown of California, Mr. Lantos, Mr. Whitley, Mr. Barnard, Mr. Hughes, Mr. Kemp, Mr. DeLay, Mr. Price, Mr. Jacobs, Mr. Wirth, Mr. Atkins, Mr. Wolf, Mr. Anderson, Mr. Young of Alaska, Mr. Hatcher, Mr. Reid, Mr. Whittaker, Mr. Dannemeyer, Mr. Kindness, and Mr. Schumer.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 1523: Mr. Rahall.

H.J. Res. 90: Mr. Whitehurst.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1409

By Mr. WHITEHURST:

—Page 54, line 13, strike out "Secretary of Defense" and insert in lieu thereof "Secretary of Defense or Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy".

Page 54, after line 17, insert the following:

(b) AUTHORITY OF SECRETARY OF TRANSPORTATION.—Section 2775 of such title is amended—

(1) in subsections (a) and (b), by inserting after "the Secretary of Defense" the following: "and the Secretary of Transportation when the Coast Guard is not operating as a service in the Navy"; and

Page 55, line 7, insert after "Defense" the following: ", and the Secretary of Transportation when the Coast Guard is not operating as a service in the Navy,".

(2) in subsection (d), by inserting after "or defense agency concerned" the following: ", or the operating expenses account of the Coast Guard, as appropriate".

Page 54, line 18, strike out "(b)" and insert in lieu thereof "(c)".

Page 55, line 21, strike out "(c)" and insert in lieu thereof "(d)".

EXTENSIONS OF REMARKS

FEDERAL PENSIONS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, October 2, 1985, into the Congressional Record:

Federal Pensions

Like other employers, the U.S. government has a duty to offer its employees pension programs that provide for security after retirement or disability. Military and civilian pensions have been valuable in attracting and retaining quality personnel in public service. However, their price has grown to over $40 billion, 5% of the federal budget. Pensions have become the feature of federal employment mentioned most often to me by Hoosiers, and an area of federal spending in which they are increasingly interested.

FEDERAL RETIREMENT SYSTEM

The Civil Service Retirement System (CSRS) allows retirement without benefit penalty at age 55 for employees with 30 years of service. CSRS provides automatic annual cost-of-living-adjustments (COLA) equal to changes in the Consumer Price Index (CPI). The system is funded by employees, who pay 7% of their gross annual pay, by matching contributions from employing agencies, by interest from CSRS trust fund assets, and by direct revenues from the U.S. Treasury. Revenues in 1984 totaled $36 billion, including $4.4 billion paid by employees, and about $22 billion was paid in benefits.

Ballooning costs have led to criticism of the CSRS. The main charge is that the system is overly generous. A study commissioned by Congress and conducted by the Hay Group, a respected private consulting firm, recently found that, in the long term, average federal retirement benefits exceed those in the private sector. Also, private sector employees wait until ages 62 or 65 before retiring with full benefits, and receive COLAs averaging only one-third of the CPI. A second criticism is that the system is too costly: CSRS payments are 25% of payroll, but private sector pension plans take only 18%. Critics also predict future insolvency of the system. The pension's unfunded liability—the amount the government is obligated to pay present and eligible retirees—is $528 billion and grows by $1 billion a month.

Supporters of CSRS point out that when total compensation—both pay and benefits—is compared, federal employees trail private sector workers by 7.2%, lower pay and other benefits more than cancelling the advantage in pensions. Further, few federal employees take advantage of early retirement, retiring on average at age 61, just below the private sector average age of 62. Defenders also note that the plan continues to meet its obligations. The funding gap cited by critics is merely an "accounting fiction" that assumes all current workers will draw pensions, when only a third will actually do so.

MILITARY RETIREMENT SYSTEMS

Members of the armed services can retire at any age after 20 years of service and draw half their final salaries. Pension payments begin right after retirement and are adjusted annually for increases in the cost of living. Servicemen do not contribute to their retirement plan, although they do contribute to social security. The projected cost of the system in 1986 is $18.2 billion.

Like the CSRS, the military pension is criticized for its price tag and generosity. Since 1975, cost increases have far outpaced inflation, tripling in just ten years. Pension payments now account for 55% of total military payroll. The automatic COLAs, the absence of any contribution by military personnel to their own retirement, and the availability of early retirement with immediate and full annuity are frequently cited as causing the increase.

Military pensions also seem to cause the military to lose experienced personnel to early retirement. The average age of retirement is 43 for officers and 40 for enlisted personnel. Military retirees can collect half their final salaries in pension benefits and also earn salaries in the private sector. At age 65 they can draw social security with no reduction in military benefits. The Defense Department says it needs big pensions to attract and retain qualified people, and that military personnel deserve extra benefits for undertaking the risk of war. But far from encouraging experienced personnel to remain in the military, current benefits are a strong incentive to leave the service after 20 years.

REFORM EFFORTS

In 1984, Congress set up an interim plan to supplement federal employee participation in social security while it studied ways to replace the current pension system. New government workers make full contributions to social security, and pay 1.3% to CSRS. The interim plan ends on December 31, 1985. Unless a new plan is developed or the temporary system continued, federal employees hired after January 1, 1984, will have to pay 7.05% of their salaries to social security and another 7% to CSRS.

One reform proposal would create a new pension plan built upon social security for workers hired after January 1, 1984. Savings in the plan would come from raising from 55 to 62 the age at which full retirement benefits could be received. Further savings would come from cutting COLAs to 2% below the CPI and basing retirement benefits on an average of the highest five years of salary, rather than on the highest three. The plan includes a capital accumulation plan (CAP), not offered in CSRS, to which employees could contribute up to 10% of pay, matched by a 5% employer contribution. With the CAP, benefits under this proposal would actually exceed those of CSRS for retirees age 62 and older.

Reforms in military pensions have also been undertaken. A bill now being considered would cut from $18.2 billion to $14.2 billion the sum paid into the military retirement trust fund in 1986. The proposal stipulates that savings can be made only by changing the amount of retirement benefits paid to future enlistees, forcing the Defense Department to recommend permanent changes in the military pension system and to report to Congress how it will achieve the $4 billion savings.

Although it is unclear what changes will be made in the pension systems, the issue cannot be avoided for long. Congress must look for reforms that restrian cost increases but retain features that attract skilled people to public service and encourage experienced workers to remain.

(Please help me update my mailing lists by notifying me of any incorrect or duplicate mailings.)

HURRICANE DAMAGE IN APALACHICOLA BAY

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. FUQUA. Mr. Speaker, the people of Franklin and Wakulla Counties suffered immense damage as a result of Hurricane Elena. Apalachicola Bay is famous throughout the world for its oysters and it may be 2 years or more before they can be harvested again. This is a most serious economic blow to the thousands of people who depend on the oysters for their livelihood.

I wrote to President Reagan last week to urge that steps be taken to expedite Federal relief efforts to these counties which have already been designated as major disaster areas. I have received far too many complaints of excess bureaucracy and paperwork and these people need the assistance of their Government and they need it now.

Recently, the New York Times ran an article explaining the situation facing the people on Apalachicola Bay and I insert this article into the Record at this point and want to call to the attention of my colleagues the situation in Franklin and Wakulla Counties.

Florida Oysters and a Hardy Livelihood Left Devastated After Hurricane Elena

(By Jon Nordheimer)

Apalachicola, Fla.—For more than a century the oyster was the pride of bountiful Apalachicola Bay and a handy symbol of the hardy men who harvested the mollusks from the 6,000 acres of beds lying in shallow waters protected by offshore barrier islands.

In recent years the oystermen presented a tough, doughty exterior as they went about their bone-weary work out on the bay, hand-tonging oysters from the bottom. They clung tenaciously to old ways in a world that gripped them with viselike pressure to change.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.
Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

BEST COPY AVAILABLE

They resisted plans to speed up the development of St. George Island, one of the barrier islands, fearing that the construction of resorts would pollute the bay and damage the oyster beds.

When they talked among themselves about the future on the flyblown docks of Eastpoint and Apalachicola, where mounds of sunbleached shells piled high outside the corrugated shucking sheds, they seemed vulnerable but never yielding.

Now the forces of nature have done what the developers could not.

DEVASTATION OF HURRICANE

Hurricane Elena, which brushed Apalachicola, with 95-mile-an-hour winds at the beginning of September, created conditions that killed up to 90 percent of the oysters in the bay. Experts say it will take two years or longer before oysters will again be ready for commercial harvesting.

"Might be eight to 10 years before things get back to the way they was," observed Curtis Gilbert, a third-generation oysterman. Mr. Gilbert, a medium-size man 30 years old with the thick arms of one who has worked since the age of 12 out on the bay hauling oysters from the water with 12-foot-long tongs, was standing in line inside the gymnasium of the Brown Elementary School here, waiting to sign forms for Federal disaster relief.

There are some 1,000 men like Mr. Gilbert who work the oyster beds in Apalachicola Bay, and 3,000 others who depend in one way or another on the oyster for a living. When the hurricane's sustained northeast winds drove a carpet of mud and silt across the beds, suffocating the oysters, the men's livelihoods died with the shellfish.

"I went out a few days after the storm," Mr. Gilbert recalled mournfully. "There was nothing but mounds of sand where there used to be oysters."

Loss of the oysters, the mainstay of the $20 million seafood industry derived from the 200-square-mile system of bays nourished by the Apalachicola River, was the biggest blow the storm delivered to Florida. The state escaped the full force of the hurricane as it stalled in the Gulf of Mexico off the coast before reversing itself and backtracking to a landfill in Louisiana.

Still, storm damage in Florida totaled $75 million, according to Tom Lewis Jr., Secretary of the Florida Department of Community Affairs.

"The damage is worse than I thought it would be, considering Elena only gave us a peck on the cheek," Mr. Lewis said. "I hate to think of the disaster that a good solid kiss would have meant."

Beach erosion and damage to waterfront properties were concentrated farther to the south, north of St. Petersburg, he said. "The beach at Indian Rocks is now a sandbar out in the Gulf," he added.

NEW BUILDING GUIDELINES

Redevelopment of that area is presenting thorny issues to a state that is attempting to slow down or end construction along the coast. The Legislature has created guidelines that beginning next year will prevent owners of storm-damaged homes from rebuilding unless they conform with higher standards of construction, such as elevating the structure and assuring that it can withstand winds of 140 miles an hour.

Franklin County, which embraces Apalachicola Bay, was already one of the poorest in the state before Elena struck. With fewer than 6,000 residents, many of them poorly educated and living on the hard edge of poverty, there are few choices open to workers other than taking up the time-honored but difficult task of harvesting oysters.

In recent years a controversy flared over a move by outside investors to build a 386-room hotel, a tennis complex, a marina and 381 condominium units on the western end of St. George Island. The project was seen as a step to create a resort playground similar to Hilton Head, a successful development on a South Carolina barrier island. Oystermen joined with environmentalists to oppose the application, but major portions of it were approved this year, and the fight continues over whether the developers will be granted the right to dig a marina.

St. George, connected to the mainland by a 4.4-mile bridge and causeway link, already has more than 400 dwellings, mostly vacation homes, and some 300 permanent residents. The hurricane washed out part of the causeway and for two weeks residents and schoolchildren used a ferry to reach the mainland until the damage was repaired.

Backers of the project contended it would help bring economic diversity to the area and that the plans contained enough safeguards to protect the bay from pollutants.

Tens of millions of dollars has been spent by the state and the Federal Government to protect Apalachicola Bay and its estuary, with the result that it is one of the cleanest big-river systems in the United States.

The bay's shallowness (its average depth is less than seven feet), low-salinity levels and other elements combine to make it one of the most productive oyster breeding grounds anywhere, according to Robert J. Livingston, director of the Center for Aquatic Research and Resource Management at Florida State University. Dr. Livingston is considered a leading expert on the bay and its oysters.

IRONY OF NATURAL DISASTER

"A striking irony of this is that a lot of time and money has been spent protecting this resource from man and now a natural disaster has wiped out oyster production," he observed.

The storm also struck at the end of the spawning season, which means that regeneration will not begin on a large scale until the end of next summer, he said.

"In the short term it will be very hard on the people who depend on the bay for their livelihood, but the bay's going to come back," he added. "It's just a matter of time."

Too long a time for oystermen like Curtis Gilbert. "If I get the chance, I'm clearing out," he said. "This is the end as far as I'm concerned," he added in a pause in the processing of his application for unemployment assistance. He held his 2-year-old son, Lee, on a knee as he waited on makeshift bleachers set up in the school gym.

"Maybe it's too late for me to get out, but not for him," he continued, indicating his son with a nod of his head. "It's too hard a life. There has to be something more for him than tonging oysters all his life."

AN OPEN LETTER TO THE CONGRESS OF THE UNITED STATES

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. RUDD. Mr. Speaker, the budget resolution adopted in August is filled with smoke and mirrors. The House and Senate Budget Committees report its savings at differing levels—$57.5 billion and $55.5 billion respectively—contrasted with the Congressional Budget Office's estimate of only $39 billion in fiscal year 1986.

Regardless of which of these projections you believe, however, it's clear we haven't gone far enough because deficits will still be in the range of $200 billion annually.

Difficult choices are ahead of us. A constituent of mine, John Young, of Phoenix, AZ, recently wrote an open letter to Congress with some thought-provoking remarks about deficit spending and the need for decisive action by Congress. I ask unanimous consent that Mr. Young's letter be printed in the RECORD at this point for my colleague's review.

An Open Letter to the Congress of the United States:

Most of us out here in the real world know what is wrong with the federal budget and how to fix it. We also know how the deficit got so large and we are pretty certain it will continue to grow.

We are also certain those of you in congress know all of these things too, but you probably are not really that serious about putting things in order. You will raise the total debt ceiling to two trillion dollars. You are currently playing political football with a 50 billion dollar deficit reduction bill in the shadow of a 200 billion dollar per year mountain of red ink. This is going to be a real fix of the old system, right? Wrong.

The debt is a direct result of years of promising us something for nothing—free lunches so to speak, and delivering on those promises. You also got us into a couple of wars along the way, wasted huge sums of money, lost the wars and seriously demorlaized us as an added benefit. The end result of this huge debt will be inflation, then depression and economic and social chaos.

"If it ain't broke, don't fix it" does not apply here. It is broke and in desperate need of fixing. We know that the budget can be balanced by a planned and systematic reduction in spending, by insisting on getting fair value for that spending, by letting private enterprise take over all of the things the government does poorly (mail delivery would be a good place to begin), and last of all by collecting taxes on a fair and equal basis through the least complicated flat tax system conceivable.

You have to recognize the difference between a hand and a hand out, between wants and needs. All programs that serve any real purpose should be immediately put on a needs test basis. We believe each person should be given the freedom to work out his own destiny. Freedom is more important than security. We must be allowed to succeed and fail. You've probably forgotten, but the word is "free" enterprise.

The only legitimate purposes of government, as established by the Constitution, are protection against foreign enemies (invasion) maintenance of law and order domestically (putting down insurrection and riots), and ensuring justice (enforcing contracts).

Now here's the hard part! You have to tell us there will be no more free lunches; no subsidies for not working or producing, no cost-plus contracts, no fact-finding junkets (that's a tough one), no more gain with no pain. And, from now on, everyone pays his fair share. The word "rights" should be hyphenated to become rights-responsibilities. You must also pledge never to begin the free lunch promises oever again by providing a balanced budget amendment to the Constitution. That's going to be really tough!

"But," you say, "my re-election will be in jeopardy." If re-election is that important to you, then you probably shouldn't be there in the first place. After all, you are our elected representatives, the caretakers of our country, serving in the congress on our behalf.

We really don't think you will do it. You will keep talking, playing politics, pointing fingers, and blaming everyone and everything. You should have mirrors mounted on your desks for the finger pointing exercises. And, if you don't do it, the consequences will be the greatly diminished capacity and eventually the demise of a once proud, strong and respected country.

If there is *any* justice in all of this, it will lie in the fact that your children and their children will have to bear the consequences right along side of our's. The ball is now in your court. Drop it this time and the game is over.

Respectfully,

JOHN YOUNG,
Young Builders, Inc.

AN INTERVIEW WITH MAX KAMPELMAN ON AN INSIDE LOOK AT GENEVA

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. KEMP. Mr. Speaker, with the resumption of the latest round of arms control negotiations in Geneva, the West has been treated to a barrage of rhetoric from the Soviets about their purported arms control efforts. There is little doubt that the Soviets are intent on raising expectations in anticipation of the November meeting between Gorbachev and President Reagan. They would like that meeting to be dominated by arms control posturing, and thus avoid such hard questions as human rights violations, the continuing Soviet occupation of Afghanistan, Soviet violations of past arms control agreements, and Soviet support of international terrorism and subversion in many parts of the world.

Meanwhile, our dedicated arms control negotiating team, under the outstanding leadership of Ambassador Max Kampelman, is returning to the table, day after day, patiently and diligently working to advance U.S. goals to reduce the levels of destabilizing offensive weapons and to advance prospects for a more stable strategic environment that will protect the peace.

In an exclusive interview with White House correspondent Trude Feldman, Ambassador Kampelman strips aside some of the rhetoric that characterizes Soviet public statements. Arms control negotiations, he says, like other areas of interaction with the Soviet Union, are plodding ordeals. They require patience and a clear grasp of strategy. Fortunately for the United States, Max Kampelman has a generous measure of both.

Mr. Speaker, I insert Trude Feldman's enlightening interview with the President's Ambassador to the arms talks in the RECORD:

[From the Evening Sun, Sept. 18, 1985]

CONFESSIONS OF AN ARMS CONTROL NEGOTIATOR: PATIENCE IS THE KEY

(By Trude B. Feldman)

The third round of formal talks on arms control begins tomorrow in Geneva, and the Soviet and American delegations are braced for difficult and prolonged sessions.

The negotiators are bound by confidentiality from giving interviews on details of their talks. However, Max M. Kampelman, head of the U.S. delegation, did agree to tell what it's like to negotiate with the Soviets on issues of war and peace.

"It is the greatest challenge of my life, albeit the most difficult and grueling," Kampelman said in an exclusive interview. "I am direct and firm about the positions I take and I do not mislead. I need to be tenacious if the Soviets are to take me seriously."

He said the negotiating process is vital to managing relations with the Soviet Union, and that the managing function can be as important as the particular solution to a specific problem. "It isn't simply two people talking to each other," he said. "I'm trying to see what, if anything, can reduce tensions. The Soviets are well-trained people with much experience. I, of course, treat them like human beings. They are."

Last January, President Reagan asked Kampelman to lead the three-track negotiating team, which includes former Senator John Tower of Texas, who handles negotiations on strategic nuclear arms, and Maynard W. Glitman, a career foreign service officer, who is responsible for intermediate range nuclear forces. Kampelman's responsibility is to oversee negotiations on defense and space weapons.

He said despite personal and professional sacrifices he took the assignment because he appreciates the urgency of the mission and the enormity the responsibility. "I am public service-oriented," he said, "and this is a chance to do my best to help avoid war without losing our values."

Prior to this current assignment, Kampelman was appointed by President Carter, and reappointed by President Reagan, as ambassador and head of the U.S. Delegation to the Conference on Security and Cooperation in Europe. The three-year conference in Madrid led to the only significant agreement between Reagan and the Soviet Union. (It strengthened the humanitarian provisions of the Helsinki Final Act of 1975).

Secretary of State George Shultz said Kampelman had "demonstrated anew the value of patience, firmness and the maintenance of Western unity" in East West negotiations.

The Madrid sessions, Kampelman said, taught him an enormous amount of negotiating strategy. In particular he learned that patience is the key factor.

Kampelman said that the Soviets generally do not get involved on making substantial or serious concessions until the end of negotiations, because they hope we'll make concessions without a requirement to match them. He added that they want to test our strength and support before they are prepared to set forth concessions. They know that in the past our allies and our Congress have, on occasion, led us to make unilateral concessions.

A practicing attorney for 30 years, Kampelman noted that negotiating with the Soviets has similarities to practicing law. "One needs extensive preparation and one needs to analyze possible arguments of the other side," he said. We must try to figure out what's in the best interest of the other side, and what are their objectives. Then we must explore whether their interests and objectives overlap with ours. That means we must think through, and be firm about our interests and objectives. To the extent they overlap, that's what we try to emphasize."

He said it is important not to let personalities interfere with issues and interests. "We want to persuade them that we want an agreement—if we really want an agreement. But, if we're over-eager to reach an agreement, we're at a disadvantage because we could lose sight of our interests *just* for the sake of a piece of paper," he said. "And the other side would then see our eagerness and expect us to make concessions. The one fundamental difference between a business negotiation and negotiating with the Soviets is that in dealing with the Soviets the issue is much more complex."

Aside from the fact that there is a question of war and peace involved, the U.S. has fundamental differences with the Soviet Union—different cultures and values. While we believe in freedom and democracy, the Soviets believe in authority, and our individual perceptions are that we have differing national interest, Kampelman explained.

Moreover, there is mistrust one with the other and this realization is so basic that it can't permit the U.S. to think about negotiations as if the U.S. is doing business as usual.

Kampelman was asked if the Russian position is predictable in that there is no difference who is on the Soviet negotiating team. He responded that the individual selected to negotiate for the Soviets is not as important as he might be in private negotiation because the decisions are made in Moscow on the fundamental issues, and the instructions sent are precise and circumscribed. The negotiator is then asked to try to achieve those goals within those circumscribed instructions.

After accepting the job of chief of the U.S. delegation to Geneva, and prior to the opening of the first round of talks last March, Kampelman attended numerous briefings with experts in various fields. He spent 80 percent of his time in preparation.

In Geneva, no two days are alike. Kampelman is on the job 12 hours a day. His schedule includes constant reading and studying, countless briefings and long periods of negotiating with his Soviet counterparts. He sometimes sees them socially and tries to further explore how to expand "substantive understanding."

Kampelman visited the Soviet Union on eight occasions, and as a student and a teacher he studied the Soviets system. He is well acquainted with how it functions. He sees no signs, as yet, of a change in policy, but expects that the November summit with Mikhail Gorbachev and President Reagan will be "mutually beneficial."

Kampelman is in frequent touch with the President, Shultz and National Security Adviser Robert C. McFarlane, and each give him much flexibility. He finds the President to be "well informed and intensely interested" in his progress. And because the administration place a high priority on the negotiations, Kampelman said that priority "further instills in us a strong determination to do all we can" to reach an agreement.

Kampelman, 64, explains that he was raised to believe in the Golden Rule, in the fatherhood of God and in the brotherhood of man. He looks upon these religious principles as the essence of the Judeo-Christian contribution to civilization. "These values do motivate me now in the Geneva negotiations," he told me.

His credo—that democracy is the political expression of the Judaeo-Christian ethic—stands him in good stead during the complex and arduous negotiations. As an educator, he looks upon the political process in which he is now engaged as a unique opportunity to educate the body politic. As a diplomat, he is motivated with a genuine concern to advance human dignity and the integrity of self for all peoples.

"There is much satisfaction in engaging in a process where so much is at stake for all of us," he said. "The dignity of the human being must be paramount."

Anticipating the third round of talks, Kampelman is neither pessimistic nor optimistic. "I try to be realistic," he said. "It takes two to negotiate. I know what the U.S. is prepared to do. But, as yet, I don't know what the Soviets are prepared to do."

Declining to speculate as to the length of the total negotiating period, he said the issues are so pressing, complicated and monumental, that no one is able to predict a time frame.

"We must be prepared to stay at the negotiating table for at least one day longer than the Russians are prepared to stay," he concludes. "Patience is the name of the game."

ARE WEAPONS LABORATORIES TRYING TO TORPEDO A CTB?

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. MARKEY. Mr. Speaker, in a forthcoming issue of the Bulletin of the Atomic Scientists, Hugh DeWitt, a physicist at the Lawrence Livermore National Laboratory, and Gerald Marsh, a physicist at the IIT Research Institute in Chicago, shed some light on the ongoing argument over the necessity of conducting reliability testing of nuclear warheads—an argument that plays a central role in the current CTB debate.

As you know, expert supporters of a comprehensive test ban have long maintained that it is not necessary for the United States to conduct explosive tests in order to assure itself of the reliability of the nuclear stockpile. Expert opponents of a CTB—many of them from the national weapons labs—argue that explosive testing is absolutely essential.

DeWitt and Marsh suggest that claims by the weapons labs that the current nuclear warhead stockpile was designed assuming that testing would always continue can be accurate only if the labs were deliberately designing warheads that required continued reliability testing. They note that pursuit of such a policy would run counter to "the widespread agreement, even among many weapons designers, that weapons can be designed so that they don't need repeated nuclear testing."

According to the article, former Atomic Energy Commission Chairman Glenn Seaborg has indicated that during his tenure in office (1961-71), the nuclear weapons labs had the responsibility of designing weapons which could be remanufactured in the future without future tests. Seaborg has stressed that during these years weapons were designed under the assumption that there would be a CTB. Weapons reliability was assured by a careful program of maintenance and replacement. But last June, Paul Brown, the Assistant Associate Director for arms control at the Lawrence Livermore National Laboratory, delivered a briefing in which he claimed that "The designs we put into stockpile were done on the assumption that nuclear testing would continue."

If Brown's assertion is accurate, DeWitt and Marsh argue, one must ask whether the national labs, the Department of Energy, or the Department of Defense have now reversed the longstanding national policy favoring eventual negotiation of comprehensive test ban, and preparation for such agreement to go into effect. For Brown's statement to be accurate, sometime after 1971, the weapons labs would have had to begun designing nuclear warheads so that testing was necessary and as if it would always be possible.

But if Brown's statement is inaccurate, the Directors of the Livermore and Los Alamos Laboratories may be incorrect in suggesting that "continued nuclear testing is absolutely essential to ensure the reliability of our nuclear weapons." If this is the case, one must ask whether the nuclear weapons bureaucracy has been misleading Congress and the American people.

The authors suggest that this is precisely what is happening, citing physicist Richard Garwin's finding that reliability testing of the existing stockpile is not needed—so long as nonexplosive testing of the stockpile continues, and bombmakers are able to remanufacture weapons components using the original specifications. The authors conclude that "There may be a cost penalty and some inconvenience in maintaining stockpile reliability by means of exact remanufacture of weapons design that were proof-tested many years previously, but this seems a small price to pay for the possibility of obtaining a nuclear test ban agreement."

Mr. Speaker, at this point I would like to insert into the RECORD a copy of the DeWitt-Marsh article.

The article follows:

[From the Bulletin of the Atomic Scientists, November 1965]

WEAPONS DESIGN POLICY IMPEDES TEST BAN

(By Hugh E. DeWitt and Gerald E. Marsh)

The two letters accompanying this article take opposing positions on a central issue in the debate on a comprehensive nuclear test ban agreement: is continued nuclear testing necessary to ensure the reliability of the U.S. nuclear stockpile? Hans Bethe and cosigners say it is not; Roger Batzel and Donald Kerr, speaking for the nuclear weapons design laboratories, claim that continued testing is "absolutely essential."

The debate is a replay of one which occurred seven years ago, with similar positions being argued by some of the same adversaries. What makes this debate difficult to understand—and may account for its recurrence—is that either side's argument can be valid, depending on the underlying assumptions. The generally overlooked fact is that the weapons laboratories are now operating under the deliberate assumption that continued nuclear testing will always be possible and are designing weapons accordingly.

This policy is being pursued by the laboratories despite the widespread agreement, even among many weapons designers, that weapons can be designed so that they do not need repeated nuclear testing. Indeed, it is apparent that the current weapons design approach represents a reversal of the policy in effect at least until 1971.

Glenn Seaborg, who served as chairman of the Atomic Energy Commission from 1961 to 1971, stresses that during that period nuclear weapons were designed with the assumption that there would eventually be a comprehensive test ban.[1] Therefore the laboratories had the responsibility of designing weapons which could be duplicated in coming years without requiring further nuclear tests.

It is clear that at some point after 1971, the weapons design policy was deliberately changed. Last June Paul Brown, the assistant associate director for arms control at the Livermore Laboratory, started the current policy to participants in a classified colloquium: "The designs we put into stockpile were done on the assumption that nuclear testing would continue."[2] Brown's description of the policy has been confirmed by the Department of Energy.[3]

With this policy governing weapons design work, the laboratories have produced very sophisticated and efficient designs that are, according to Batzel and Kerr, so delicate that the reliability of remanufactured copies cannot be guaranteed without nuclear tests—a policy which in their eyes precludes the United States from ever acceding to a nuclear test ban agreement.

It is unlikely that the United States would agree to any form of test ban accord unless the U.S. nuclear stockpile was believed to be reliable for many years to come, since the perceived need for a nuclear deterrent may persist for sometime. With the signing of the Limited Test Ban Treaty in 1963, however, the United States and the Soviet Union assumed the obligation to work toward an agreement to end all nuclear testing, and official U.S. policy apparently directed the laboratories to prepare for such a test ban.

Yet, by the summer of 1978, the policy—or the weapons laboratories' understanding of the policy—had changed. When negotiations toward a comprehensive test ban treaty seemed likely to succeed, three weapons experts—Norris Bradbury, Richard Garwin, and Carson Mark—wrote to President Carter explaining why, in their view, the U.S. nuclear stockpile could be maintained reliably without continued nuclear testing.[4] Their letter provoked a strong reaction from the Livermore and Los Alamos weapons design laboratories, and directors Batzel and Harold Agnew—then head of Los Alamos—met with the president to plead the case against the proposed treaty. Their arguments were evidently persuasive, and no further progress was made toward a treaty during the Carter Administration.[5]

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[1] Michael Heylin, "Soviet Moratorium Raises Test Ban Issues," Chemical and Engineering News (Aug. 12, 1985), p. 27.

[2] Paul Brown, from a colloquium to the Defense Systems Department of the Livermore Laboratory, June 25, 1985.

[3] Heylin, op. cit.

[4] Letter to President Jimmy Carter from Norris Bradbury, Richard Garwin, and Carson Mark, Aug. 15, 1978 in House Armed Services Committee Report No. 95-89, "Effect of Comprehensive Test Ban Treaty on United States National Security Interests," Aug. 14, 15, 1978. Appendix 3, p. 181.

While the weapons design policy obviously changed, it is not clear who was responsible for that decision. The chain of command, however, is somewhat clearer. At the bottom, the nuclear weapons design laboratories enjoy a great deal of autonomy and influence but do not have the authority to establish a policy. Nor does the University of California, which manages both laboratories under contract with the Department of Energy. The Energy Department's office of the assistant secretary for defense programs, to which the laboratories report, bears much responsibility for the present nuclear design policy. In addition, the Defense Department must have the authority to place some requirements on designs. Although the Defense Nuclear Agency maintains custody of the stockpile, policy matters are decided at a higher level in the Defense structure, most likely in the office of the assistant secretary of defense for international security, a position currently held by Richard Perle.

Seaborg, and the signers of the 1985 letter to Congressman Fascell are not the only experts who believe that it is possible to design nuclear weapons that can be reliably remanufactured in the years following a test ban.

In 1983, Ray Kidder, a senior scientist at Lawrence Livermore, stated: " I believe that robust nuclear weapons can be designed without excessive penalty in performance. That is, once designed, built, and proof-tested, their continued operability in stockpile can be assured with appropriate inspection, correction, and remanufacture programs without requiring further nuclear tests." [6] This statement of principle was extended to *current* nuclear weapons designs by Richard Garwin in a prior exchange with Batzel.[7]

The weapons laboratory directors, on the other hand, cite a number of reasons why they think a test ban would eventually result in unreliable weapons:

The inability to modernize and correct minor design errors;

Subtle changes in available materials over a period of many years;

Subtle changes in manufacturing processes;

The loss of experienced personnel to oversee stockpile maintenance; and

The need to proof-test weapons remanufactured from proven designs.

To judge the importance of these arguments, particularly the last one, it must be understood that nuclear weapons in the stockpile have a shelf life of only 10 to 20 years because of chemical corrosion. When the stockpile weapons are no longer deemed reliable, they must be replaced.

In the absence of a comprehensive test ban, U.S. policy has been to replace retired weapons with new designs which require nuclear testing for their development. Since the work of the design laboratories has never been seriously hindered by arms control agreements nuclear weapons technology can advance considerably during a weapon's shelf life. Consequently, the stockpile has been continually modernized.

A nuclear test ban would drastically change this policy. Old weapons would have to be replaced with remanufactured copies of proven designs, and the weapons laboratories would be expected to certify their reliability; hence the concerns about the availability of specified materials, experienced personnel, and so forth.

There may be a cost penalty and some inconvenience in maintaining stockpile reliability by means of exact remanufacture of weapons design that were proof-tested many years previously, but this seems a small price to pay for the possibility of obtaining a nuclear test ban agreement.

A more important point in the Batzel-Kerr letter is the claim that even weapons remanufactured from proven designs cannot be certified as reliable without occasional nuclear testing. This contention is maintained—in a manner that transcends logic—despite their acceptance of the point made by Bethe and others that such limited testing cannot establish a statistically meaningful measure of stockpile reliability.

Batzel and Kerr suggest the possibility of a Soviet advantage developing a few years after a test ban agreement, if the Soviets relied on robust designs that did not require further nuclear testing, while U.S. designs did in fact require periodic testing. If U.S. weapons labs were instructed to develop robust designs, this kind of asymmetry would be avoided.

Another kind of Soviet advantage, they suggest, might develop from cheating by conducting underground explosions in large cavities or by testing in deep space. On the latter point, we would challenge Batzel and Kerr to propose a realistic method of instrumenting and conducting clandestine nuclear tests in deep space.

The possibility of cheating on underground tests depends very much on the state of verification technology—particularly seismic methods. Lynn Sykes, a seismologist at Columbia University, has stated in testimony to the House Foreign Affairs Committee that with proper seismic arrays, even explosions decoupled (muffled) in cavities could be detected down to one kiloton.[8] And as the accompanying figure shows, very few U.S. weapons tests since 1980 have been below two kilotons; the large peak is between 10 and 15 kilotons. Seismic data from Soviet tests show a similar pattern.[9] Thus a threshold test ban agreement that forbade explosions over one or two kilotons would effectively prevent further testing in the range that currently seems to have the greatest military significance.

Since it is unlikely that additional strategic nuclear weapons could be developed under a low-yield threshold treaty, such a ban should be considered as a serious alternative to a comprehensive test ban. As for the dubious argument that yields below one kiloton—which may be nonverifiable with current seismic technology—would have military significance, no asymmetry could develop because both sides would be allowed to conduct such tests. A low-yield treaty is a realistic alternative to a comprehensive test ban treaty and would stand a real chance of being concluded even in the current political climate.

E.B. WHITE

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Ms. SNOWE. Mr. Speaker, in the foreward to his "Essays" in 1977, E.B. White wrote that an essayist is one who "can pull on any sort of shirt, be any sort of person, according to his mood or his subject matter—philosopher, scold, jester, raconteur, confidant, pundit, devil's advocate, enthusiast." With the passing of this great craftsman yesterday, we have lost all of those and more.

While E.B. White's death finally stilled a voice that had spoken to America since the 1920's, he has left behind a rich landscape of essays, letters, stories, and poems which will attract readers for generations yet to come. As J. Russell Wiggins, a longtime friend of White's and now head of the Ellsworth American, said, "He left a lot of himself around us." White's writing reflected the concerns of everyday life in our country, yet managed to impart the perspective and outlook, uniquely his, of a man who was thinking about things just a bit more clearly than the rest of us.

The style of E.B. White's prose, in many ways, had it mirror in the lives along the Maine coast which he had adopted as his home: Clear and clean, pointed and concise, indulging in little nonsense but always maintaining a soft touch of humor. As Henry Mitchell writes in this morning's Washington Post:

> E.B. White took pains not to be grand and all for naught; he wound up grand for all his avoidance of grandeur, and the more he avoided noble and elevated style the more convinced his readers were that he was noble—a word not always trotted out for writers of short and casual pieces.

Mr. Speaker, generations have tried, usually without success, to live up to the dictum expressed by William Strunk and championed by E.B. White: "Omit needless words." The words of E.B. White will never be omitted by that standard. I would only like to express, for myself and for his neighbors in the State of Maine, a great sorrow for his death, but a profound gratefulness for his life and noble works.

Mr. Speaker, I insert the following articles in full in the RECORD:

WHAT E.B. WHITE HAD TO SAY

ELLSWORTH, ME.—E.B. (Andy) White, who died Tuesday morning at his home in North Brooklin, was a many-sided man who cherished the companionship of neighboring farmers, fishermen, carpenters and craftsmen and that of scholars and statesmen. He was one of America's foremost essayists, the distinguished editor of The New Yorker and author of many books.

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[5] Interview with Harold Agnew, Los Almos Science, 152 (Summer/Fall 1981), p. 152.

[6] R.E. Kidder, *Physics Today*, 13 (Dec. 1983), p. 11-13.

[7] Hugh E. DeWitt and Gerald E. Marsh, "Stockpile Reliability and Nuclear Testing," *Bulletin* (April 1984), p. 40.

[8] Lynn Sykes, Testimony before the Subcommittee on Arms Control, International Security and Science of the House Committee on Foreign Affairs, May 8, 1985; see also Jack F. Evernden, "Politics, Technology, and the Test Ban," Bulletin (March 1985), pp. 9-12.

[9] Lamont, no. 11 (Summer 1985) (a publication of the Lamont-Doherty Geological Observatory at Columbia University).

Some of the secrets of his writing success can be found in "The Elements of Style," on which he and William Strunk collaborated. The first edition of that book ran to 2 million copies, and there have been many subsequent editions. That single work has made a great contribution to the written word, but it did not disclose the real secret of his great success as a writer. The secret of his writing—whether it was in "Charlotte's Web" or in his commentaries on national and foreign affairs—was that he had something to say, and that he had an urge to say it.

In a conversation in the last few weeks of his life he said, sorrowfully, "I have so much to tell and so little time to tell it."

He left in his published works a veritable monument to his industrious response to the impulse to write. He had something to say—something he felt his fellow man ought to hear, and he was committed to saying it with the utmost care, with precision, with accuracy and so devised as to achieve the exact effect for which he was striving. His conversation like his writing was filled with wisdom, wit and humor. He viewed life seriously but delighted in its lighter side. He loved the association with good friends and old companions. He was curiously shy and retiring, refusing all manner of invitations to public appearances (even, or perhaps especially, those devised to honor him). He shrunk from interviews to which he seldom consented.

A notable aspect of his writing and thinking was in his individuality and originality. He fit no mold. Many American intellectuals have strongly disliked big cities. He wrote about them with great perception and genuine affection. At the same time, he loved rural life, delighting in the behavior of domestic farm animals and wild creatures, intrigued by his bantam chickens, his Wyandotte laying hens, geese, sheep and dogs. He brought his two natures together in the portraits of Brooklin village life he wrote for The New Yorker.

He will be greatly missed by the people of this community, among whom he has lived for many years, and by many in the wider world beyond it about which and for which he has written; but fortunately he has left much of himself in the books, essays, editorials and poems that will continue to delight his readers, young and old, throughout the land.

[From the Washington Post, Oct. 2, 1985]

THE MAN BEHIND THE MASTERY

E.B. WHITE: THE ELEGANT, UNMISTAKABLE VOICE OF THE ESSAYIST

(By Henry Mitchell)

E.B. White, who died yesterday at 86, took pains not to be grand and all for naught; he wound up grand for all his avoidances of grandeur, and the more he avoided noble and elevated style the more convinced his readers were that he was noble—a word not always trotted out for writers of short and casual pieces.

He joined The New Yorker in 1926 (it was founded in 1925) and his work was often unsigned, as in his "Talk of the Town" sketches. His work was better than that of most others at the magazine, and readers soon started pawing through the pages for traces of E.B. White and were commonly rewarded.

But he did not assume superstar status and while there was, of course, a slight letdown when one passed from him to other writers equally full of comment, still his writing was a garland for the team, you might say, rather than a spotlight so blinding that the others looked poor.

He has been called the best American essayist of the century, though most of his readers possibly have wondered who the competition was supposed to be.

His work was civil and polite; he either had no gift of vitriol or else never felt any. He was commonly funny, never in the high breathtaking way of an Aristophanes and never in the sparkling knock-'em-dead manner of the century's favorite one-line wits.

He gave the impression of getting through the day like an ordinary hard-pressed man trying to remember the hour of a meeting and the need to pick up dog food before the store closed, but then retiring for a time to think what the hell is *this* all about.

He achieved answers, and one of them was not to get carried away with words, to seem to feel more than he felt, and not to feel (in writing) in the first place without thinking it over a spell.

The trouble with many potentially nice writers is that once they think about things they either conclude (often correctly, no doubt) they have nothing to say and therefore write nothing, or they bull it through anyway to the temporary dazzlement of the easily dazzled, but not to the sustenance or delight of the civilized.

Nobody who only met and talked with White through a long and golden day at his house in Maine has any real idea of his life, however gratifying to see the deep courtesy and affection shown his wife of many years and his near-adoration of a rather grim and almost certainly brain-damaged terrier named Jones who despised the world and everything in it except his master whom he had conveniently converted to slavery. To love an unlovable dog suggests depths of commitment worth remarking.

White was a lyrical man in the sense that if wonder is lacking it is impossible to write at all, but because he was polite and therefore restrained and because he descended from respectable people who had an iron vase on the lawn and doubtless thought well of Emerson, he distrusted a too-easy loveliness and mush in general, first, because he wished to be honest all the way through and not to paint things sweeter than those things are, and second, because he had sufficient technical competence to notice that rhapsodies defeat the lofty effect aimed at.

He was not sentimental, or his work was not. He liked taking care of sheep partly because he simply loved animals, partly because he loved the bondage animals incur—lambs are invariably born at disgusting cold seasons and during prolonged and inconvenient hours—and partly, one may guess, because he liked to think of himself as a new Hesiod, bound through the night by the requirements of the beasts and through the day by the routine of the farmer's lot. He did not fool himself he was a plain farmer or did the hard work of a farmer, but he took extraordinary care to keep in touch with the cycling of the sun and the reality of growth and death.

Things must have welled up in him not just sometimes but most of the time. He had a powerful sense of life's sweetness and took the risk (a risk for a writer) of letting it show. He liked to set the stage by opening one of his pieces in a matter-of-fact way, forecasting in only the most tenuous way how the piece would end:

"To perceive Christmas through its wrapping becomes more difficult with every year."

He speaks of those ear trumpets hunters can buy to hear the otherwise inaudible and distant music of the hounds, and says something of the kind would help us hear Christmas. But, alarmed this might seem a little too sweet, he follows it:

"We rode down in an escalator the other morning . . ." just to show you he does not avoid commonplace things or ugly words like escalators. Then he dares an emotional charge again, but damps it down at once, but goes on to prepare for the climax by orderly reasoning and useful but not blinding images. He remains conversational, casual, letting the effect of brooding build up very gradually, alluding to rabbit tracks, rocket travel, packages of energy and so on, to show you this is only ordinary thought and ordinary stuff. Then the thing he has with difficulty been holding back and is now ready to let fly:

"This week many will be reminded that no explosion of atoms generates so hopeful a light as the reflection of a star seen appreciatively in a pasture pond. It is there we perceive Christmas—and the sheep quiet and the world waiting."

Intellectually it may make no great sense; Christmas is not perceived by anything in any pond, but what he really wants to get to is "and the sheep quiet and the world waiting," and by the time he gets you to it there are few readers whose throats have not got tense.

One of his funny masterful wrenching sketches concerned a wimp's visit to a psychiatrist, during which he felt nervous, afraid, a general incompetent mess. He was out on the street and something magical happens; he sees trees on the street and focuses on the second one from the corner. White wants to say what the Damascus Road is like, and how the soul can leap from a dingy cave to the high clear ether in a bound, but he will show it, not talk about it. He will show it funny, pathetic, stupid—he will sketch us as we are most of the time. He will also show the transcendent minute in which the wimp looks at the ordinary tree of a city street, and after the nonsense of his psychiatric session and its attendant confusion and garble about what he really wants, he looks at the tree:

"I want the second tree from the corner, just as it stands," he said, answering an imaginary question from an imaginary physician. And he felt a slow pride in realizing that what he wanted none could bestow, and that what he had, none could take away. He felt content to be sick, unembarrassed at being afraid; and in the jungle of his fear he glimpsed them before the flashy tail feathers of the bird courage."

Then he winds up with a paragraph of funny letdown. Only not before attempting and achieving in a mere handful of paragraphs a stunning salute to the soul of man in a way that makes nobody wince at the bush, and in a way that makes anybody proud to be a poor bifurcated simian and immortal diamond.

Never mind the "classic" children's books so lavishly praised, and rightly praised. Turn to "The Second Tree From the Corner," a good start and a good finish to the man or to any man.

Virgil reported on the kingdom of the dead and Socrates, too modest to claim any knowledge of it, yet looked forward to speaking there with the heroes, arguing the sweet day long. They wrestle (Virgil assures us) on the yellow sands in sport. And there are the sons of Teucros, they are not without beauty.

White's sad and grateful readers may in their own vision see that wrestling on that yellow sand today. Dear Lord, if it isn't E.B. White and his dachshund Fred, the one so interested in the farm pigs, the one so full of mischief (White used to go visit his grave) and with whom White could not romp for all these recent years. Look at them going at it. They are not without beauty.

[From the Bangor Daily News]

E.B. WHITE

Wherever English is written and read, yesterday will be recalled with sadness. On Tuesday, E.B. White, author, editor, and Maine resident died at the age of 86 at his home in North Brooklin.

White was the embodiment of the writer's art. With a few words, each carefully chosen, he could enchant, entertain, persuade. The complete craftsman, he could speak to the high-brow New Yorker readership or regale a family with the seemingly simple tale of a spider and her compassion for a pig.

White's Charlotte, like her creator, has a special sensitivity and may have had the gift of genius. He wove his words like a web but he also had the instinct for structure and hard work.

Many writers try to borrow his style. The few who succeed at the craft earn his lesson of discipline.

Wherever English is written and read, there is sadness, but also a debt to E.B. White.

SECRETARY OF ENERGY: OCS IS VITAL TO NATIONAL SECURITY

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. DANNEMEYER. Mr. Speaker, with the issue of energy development off the coast of California a major item in the news and the likelihood that it will reach the House floor in some context this year, I wanted to draw my colleagues' attention to the statement submitted for the record by Energy Secretary John Herrington at a recent subcommittee hearing of the Merchant Marine and Fisheries Committee.

Secretary Herrington is in an excellent position to speak to the merits of the OCS issue. As Secretary of Energy, he is responsible for assuring our energy security through appropriate policy recommendations and administration of our basic energy programs. In addition, as a native Californian he is sensitive to the environmental concerns of those along the coast. Given these credentials, the House should give great weight to the Secretary's conclusions that OCS development can be carried out "with full environmental safety" and that OCS resources are essential to national security.

While the Energy Secretary submitted an excellent full statement, I ask permission to insert a summary which appeared in the September 23, 1985, edition of the Oil Daily.

TIMELY OCS DEVELOPMENT VITAL TO NATIONAL SECURITY

(By John S. Herrington)

Timely development of oil and gas resources on federally managed areas of the outer continental shelf (OSC) is essential to realize the objectives of energy stability, security, and strength.

OSC production has been an important source of our energy supplies in recent years and has the potential to contribute substantially to America's future energy needs.

In light of recent forecasts indicating increased import levels of crude oil and refined products in the 1990s, we need to develop the OSC resources to both reduce dependence on foreign imports and to increase our energy security.

In 1984, state and federal offshore production provided more than 14 percent of all domestic crude oil and condensate production, averaging about 1.27 million barrels of oil a day (469 million barrels a year).

In the same year, offshore production provided more than 28 percent of all domestic natural gas production averaging about 14.2 billion cubic feet a day (5.18 trillion cubic feet a year).

CALIFORNIA POTENTIAL

The only federal offshore areas that are currently productive are in the Gulf of Mexico and in the Pacific Ocean off southern California.

These regions have combined proven reserves of 3.5 billion barrels of oil and 38.5 trillion cubic feet of natural gas. This is equal to about 12 percent of the total proved U.S. oil reserves and 19 percent of the total proved U.S. natural gas reserves.

The California section of the Pacific OCS has the potential to become a particularly important source of our future oil and gas production.

In 1984, more than half of all new oil field discoveries for the U.S. were found in California—95 percent of these discoveries were made offshore. These new fields were discovered in the Santa Maria Basin and the Santa Barbara Channel.

By the early 1990s, U.S. oil firms developing deposits in the Santa Maria Basin and the Santa Barbara Channel areas project production of 300,000 to 500,000 barrels of oil per day, with the potential for total production of up to 2 billion barrels of oil.

From 1980 to 1984, dry natural gas production offshore California has almost tripled. During the same period, total U.S. production of natural gas declined.

Between 1980 and 1984, proven oil reserves offshore California have more than doubled.

Estimates of undiscovered resources in the Pacific region of the OCS also indicate that this can be a very promising area. The Minerals Management Service (MMS) of the Department of the Interior recently estimated undiscovered economically recoverable oil and gas resources totalling 2.2 billion barrels of oil and 4.7 trillion cubic feet of gas for the Pacific OCS region.

The American Petroleum Institute also estimated undiscovered *oil* resources in the Pacific OCS. According to their estimates, additional resources totalling 5 billion barrels of oil could be discovered and produced.

LEASING NEEDED

It is important to note, however, that these are only estimates of recoverable resources. We will not know how much oil and gas is ultimately recoverable or how quickly it can be economically produced without leasing tracts and allowing private exploration and development to continue, subject to careful review of environmental and safety concerns.

Timely development of OCS resources is particularly important in light of the long lead times that are often required to find and produce oil and gas once a tract has been leased.

On average, it requires two years to obtain the appropriate permits to begin drilling once a lease has been awarded. Several more years may pass before actual delivery of oil or gas can occur.

For example, frontier areas may require up to 15 years for exploration, production, and delivery. In central and northern California, delivery would be delayed not only by the extensive permitting process, which may take five or more years in California, but also by the necessity of developing an appropriate infrastructure to support development operations.

The U.S. is now in its fourth year of moratoria on offshore oil and gas exploration. We are very concerned that the nation will soon enter into its fifth year of a ban on OCS development in certain areas.

MORATORIA HURT

By preventing timely production of available low-cost domestic energy resources in the OCS, moratoria on OCS development cause U.S. consumers to pay more for oil and natural gas, increase our nation's dependence on imported oil and natural gas, reduce our energy security, and lower our economic growth.

OCS moratoria do not serve the long-term interests of the American public, nor do they strike an appropriate balance between timely development of public resources and environmental protection.

The current moratoria on OCS leasing reduce both current and future production of domestic oil and gas resources. Because less domestic oil and gas is available to meet domestic demand, demand for oil and gas from foreign producers increases.

This increased demand for foreign oil in turn creates pressures for increases in the world oil price. It also encourages increased domestic consumption of insecure energy supplies.

Because an OCS moratorium shifts energy production from domestic companies to foreign companies, it also reduces domestic economic growth.

Offshore oil and gas development stimulates regional economies through the creation of jobs, the expansion of local and regional tax bases, and the demand for goods and services required by OCS workers and equipment.

These effects extend beyond the region where development is taking place, since oil and gas drilling and production requires a broad variety of support to provide equipment and other services to the companies developing a lease.

PROTECT ENVIRONMENT

Let me emphasize that I appreciate the environmental qualities of the California coast as well as anyone. I was raised near the adjoining beaches and have used these areas for recreation for many years.

Certainly, steps must be taken to assure environmental protection; however, we have learned that offshore drilling can be conducted with full environmental safety.

The decision on how to proceed in the development of OCS lands is extremely important for America's energy future. We believe the preferable way to proceed is through the balanced planning process of the OCS Lands Act Amendments.

The decision Congress makes on whether to continue current moratoria on OCS development needs to balance all of the important considerations outlined here. I commend Interior Secretary Donald Hodel for his efforts to achieve consensus on these issues.

I believe that these are issues that require carefully reasoned decisions. We can best accomplish this by lifting current moratoria and pursuing reasoned course of OCS development through the planning mechanisms currently in place.

CYPRUS

HON. DAN LUNGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 1, 1985

Mr. LUNGREN. Mr. Speaker, I would like to thank my distinguished colleague from Ohio, Mr FEIGHAN, for holding this special order this evening. Clearly his efforts are representative of America's resolve to see progress toward a fair, negotiated settlement in Cyprus.

Today, as we mark the 25th anniversary of independence for the Republic of Cyprus, we must also understand that the Greek people and many of Greek extraction residing here in the United States agonize over the fact that Cyprus is subject to division.

Mr. Speaker, we in the United States must continue our willingness to assist the parties in the search for a settlement. President Reagan has made clear his opposition to actions which forestall or prejudice progress.

In this light, the current efforts by United Nations Secretary General Javier Perez de Cuellar appears to be an important first step in the search for progress toward a Cyprus settlement. Although failure to reach a settlement occurred earlier this year, the point is that we should not squander the progress that has been made. Pursuit of a negotiated settlement must continue. The talks must continue. Clearly, the prospects for peace are better than they have been in recent years.

I hold out hopes for improvement of relations between Greece and Turkey, and it seems that the more favorable atmosphere may make it easier for the two sides to address areas of tension. A negotiated settlement of Cyprus would be an important beginning.

Mr. Speaker, I again want to thank Mr. FEIGHAN for his initiative this evening.

AN INDEPENDENT CYPRUS

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 1, 1985

Mr. DYMALLY. Mr. Speaker, we mark today the 25th anniversary of the independence of Cyprus, but we cannot celebrate this day. With a Turkish Army still occupying 40 percent of the most productive part of the island, we know that Cyprus is not truly independent. Could we as Americans celebrate the Fourth of July if 40 percent of the United States, more than the entire area east of the Mississippi, were occupied by a foreign army?

Usually the problem is to safeguard the rights of the minority, but in Cyprus we haved a tyranny of the minority. Here only 18 percent of the population of Turkish Cypriots, backed by 25,000 Turkish troops, not only holds 40 percent of the best land but also demands the power of the veto over 82 percent of the population, the Greek Cypriots. Could we Americans celebrate our Fourth of July if 18 percent of our people had the power to stop our Government from functioning?

This year, the 40th anniversary of the founding of the United Nations, Cyprus provides a test case for the U.N. principle of solving problems peacefully and according to international law, and not be the use of armed force. We should reaffirm our support for the U.N. principle of respect for independence, sovereignty and territorial integrity as it applies to Cyprus, and ask our State Department to work toward a solution based on past U.N. resolutions and the recent proposals of the Secretary General.

Although the United Nations can provide the framework for a just and peaceful settlement, it does not have the influence to bring about a solution on Cyprus. Only our determined effort can break the current impasse. Only we have sufficient leverage with Turkey to move the situation off dead center.

Unfortunately, our Government so far has given preference to the military importance of Turkey in the area. Only if we focus on the potential benefits to be derived from a stable and independent Cyprus will there be progress.

A stable and independent Cyprus could bring improvement in Greek-Turkish relations and lessen tensions in the Middle East. It could also be a neutral meeting place for East and West, Christians, Moslems, and Jews. Cyprus could be tomorrow what Switzerland is today. This would give us, as Americans and as citizens of the world, cause to celebrate October 1 as Cyprus independence day.

401(k) RETIREMENT SAVINGS PROGRAMS MUST BE RETAINED AND STRENGTHENED

HON. ROD CHANDLER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. CHANDLER. Mr. Speaker, at a time when Americans are living longer and retiring younger, I am deeply concerned that a very popular and effective retirement savings program—401(k) plans—is being seriously jeopardized or, at worst, may be eliminated entirely.

Last November the Treasury Department suggested that 401(k) plans be eliminated; in May, the President recommended they be retained but at a substantially reduced limit, with debilitating coverage rules, and that they not be made available to nonprofit groups. In August, the Treasury Secretary again reversed the administration's position and proposed the complete elimination of 401(k) plans. Finally, the staff of the Joint Committee on Taxation has recently proposed to the Ways and Means Committee the retention of 401(k) but at even more reduced levels, with a dollar for dollar offset for contributions to individual retirement accounts.

Mr. Speaker, we must actively encourage private initiatives for retirement, yet the administration and the Joint Taxation Committee seem to be headed in the opposite direction. We must provide incentives for individual preparation for retirement and strengthening 401(k) plans is one positive step in that direction.

Just what is a 401(k) plan? Cash-or-deferred arrangements [CODA's] enable participating employees to make pretax contributions in lieu of salary. These contributions, matched by the employer in 80 percent of 401(k) plans, are typically placed in a profit-sharing or stock bonus plan where they grow tax free until the worker receives a taxable distribution or payment. Some plans permit workers access to funds prior to retirement or termination of employment, either by borrowing or by withdrawing money in special hardship situations.

Although authorized by the 1978 Revenue Act and effective in January 1980, the IRS did not issue necessary regulations governing 401(k)'s until November 1981; final regulations have yet to be issued.

Nonetheless, 401(k) plans have grown at a dramatic rate in just 3 years.

Mr. Speaker, our colleagues should consider the following facts:

About 20 million American workers have 401(k) plans available where they work. When spouses and dependents are considered, a substantial percentage of all Americans are eligible to benefit from these plans. It is estimated that nearly 10 million workers are currently participating.

Tough nondiscrimination standards have always prevented 401(k) plans from operating substantially for the benefit of the highly compensated. Indeed, participation in 401(k) plans by workers earning less than $20,000 is three times greater than their IRA participation.

Many participating employees have no other significant savings besides their 401(k) account. Nearly one-third of the 56 million workers covered by an employer-sponsored retirement plan have little or no savings beyond the assets in those plans.

Retirement savings encouraged through programs like 401(k) plans will help reduce financial demands on all levels of government when participants retire.

Mr. Speaker, I urge our colleagues—and most particularly those 36 who serve on the Ways and Means Committee—to reflect carefully on the significant antisavings

nature of the administration's and the Joint Tax Committee's proposal to eliminate or undermine 401(k) plans and to join with me and others in working to encourage greater individual savings initiatives.

INDIA AND THE UNITED STATES

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. GARCIA. Mr. Speaker, today is Mahatmi Ghandi's birthday and the Indian American Forum for Political Education [IAFPE] celebrated it by hosting a luncheon for Congress on Capitol Hill. I would like to take a moment both to thank the IAFPE for their kind gesture, and to use this occasion to insert in the RECORD a letter from Paul Kreisberg of the Council on Foreign Relations which describes a report published by the Council on Indo-United States relations.

Although the letter and the report were sent prior to Prime Minister Gandhi's visit to the United States earlier this year, they are still useful in assessing our relationship with India. Part of the work of the IAFPE has been not only to promote the concerns of the Indian American community in the United States but to foster better relations between the United States and India. I believe that the council's report as pointed out by Mr. Kreisberg's letter complements the work of the IAFPE. I, therefore, submit that letter for my colleague's perusal.

The letter follows:

COUNCIL ON
FOREIGN RELATIONS, INC.,
New York, NY, May 31, 1985.

In anticipation of Prime Minister Rajiv Gandhi's upcoming meeting with President Reagan following his visit last week with Gorbachev in Moscow, and in light of other new developments such as the agreement to permit the transfer of high technology from the U.S. to India, I think you will find the enclosed report on Indo-U.S. relations especially timely. It may be of particular help in placing the present state of relations between the two countries in proper perspective.

A product of two extended meetings between groups of Americans and Indians (one in 1982 and the other last year) the report provides insights into the attitudes of both sides, which—in part because the discussions were originally not intended for publication—are freer of official policy postures than is usually the case in such exchanges.

Although the conferences both occurred while Indira Gandhi was Prime Minister, it is striking that most of the Indian views expressed still remain—even after nearly three years in the case of the first conference—both relevant and up to date, and the concerns of Americans, I believe, remain equally valid.

The new government of Rajiv Gandhi is in the process of implementing some of the policy actions which many of the participants in the conferences thought would be wise while reaffirming some other policies that American participants saw as creating unease in the United States.

Whatever the results of those policy moves, the conclusion that can be drawn from the conferences and subsequent events is that many of the comments on national purpose and interest—both Indian and American—recounted in this report represent fundamental social, cultural, political, and strategic points of view, which are likely to affect the way in which India and the U.S. see the world and each other for a considerable time to come.

Among the major broad themes that emerged in both conferences are the following:

India is determined to pursue an independent foreign policy, based on an understanding of non-alignment that has national, regional, and international aspects, all of which relate to an Indian effort to avoid being drawn into involvement in conflicts and tensions between the Great Powers.

This contrasts with the U.S. view that the United States and the Soviet Union cannot be judged as equal in the justice of their policies or their intentions, and third countries like India cannot always balance in the middle.

Most Americans believe that the Soviet Union has had a major responsibility in creating international tension, including in Third World areas, though many Americans also acknowledge that the causes of such tension are more complex and diffuse than they may once have believed.

Indians believe that the overriding causes of Third World tensions are domestic social, economic, and political forces which the superpowers at times exacerbate but do not create. At the same time, they see the developed countries, particularly the United States, as bearing responsibility for many of the economic woes currently afflicting the Third World.

Many Americans see the U.S. as increasingly and legitimately concerned about its own economic problems in a world in which American economic predominance is no longer what it once was. The U.S. has consequently been less willing to support international financial and economic assistance programs for developing countries at levels it did before. It has focused increasing policy attenton on private investment and credits, trade, and technology transfers as basic instruments for encouraging greater self-reliance in the development of poorer countries.

Indians, on the other hand, still believe that increased international concessional aid is critical for development needs. They are reluctant to see India become too heavily dependent on private financial transfers. Although there was greater willingness expressed at both the conferences, and more recently in Indian Government policies, to stimulate trade and foreign investment in India from the U.S., India believes these must be heavily supplemented by continuing aid flows.

Indian concern about Pakistan as a potential source of danger to Indian security and about Islamic fundamentalism as a threat to secularism in India remains strong. Indians believe the U.S. does not give sufficient attention to these Indian concerns and to the impact of U.S. actions on stability in the subcontinent as it evolves its policy toward the region.

Even those Americans who sympathize with Indian concerns believe that India often does not give sufficient weight to broader strategic considerations involving Soviet policies relating to Afghanistan, Southwest Asia, and the Indian Ocean, which directly affect U.S. interests.

Nevertheless, Americans appear to have greater understanding now than in the past of the complex Indian relationship with the Soviet Union and appreciate that India is not a Soviet satellite.

But the Indo-Soviet relationship remains a difficult issue for many Americans just as the complex U.S. relationship with China remains a source of suspicion and unease for many Indians.

The ability to communicate easily in English, common strong commitment to democratic institutions, and intellectual empathy and admiration among Indian elites for American technology and some aspects of American culture constitute important cultural links between Indians and Americans.

These also, however, often hide even more fundamental differences in cultural and religious traditions and patterns of thought in the two societies. Communication, exchange, and education help ease these differences, but the differences are likely to remain as obstacles to broad understanding for some time.

Above all, the conclusion that can be drawn from these discussions is that the importance of India and the U.S. for each other is likely to grow, not diminish, in the years ahead.

Sincerely,

PAUL H. KREISBERG.

QUICKENING CHANGE IN SOUTH AFRICA

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. MARKEY. Mr. Speaker, as time passes since the President's announcement of limited sanctions against the country of South Africa, and the turmoil, strife, and unrest that occurs there temporarily fades from the front pages of the news, I think it is important to remember the basic miscarriage of justice that is being perpetrated on the majority of the population in that country.

This miscarriage of justice is continuing to contribute to an extremely volatile situation in South Africa. The sanctions that President Reagan imposed are ineffectual at best, and simply because the condition in South Africa is not in the news does not mean by any stretch of the imagination that it has gone away. Indeed, it is a pressure cooker that grows worse each day. I urge my colleagues to read the accompanying article by Peter Grothe, professor of international policy studies at the Monterey Institute of International Studies. This article illuminates the desperate situation faced by all South Africans, and the potential for devastating conflict and conflagration there.

QUICKENING CHANGE IN SOUTH AFRICA

(By Peter Grothe)

MONTEREY, CALIF.—A visitor returning to South Africa after an absence of five years is reminded of the story of the old fellow who heard the clock strike 13 and said, "It's never been this late before."

When I was in South Africa in 1980, giving guest lectures at universities, a highly respected Western diplomat told me that the most likely model for change in South

Africa was not Mount St. Helens but rather a boiling caldron.

In his view, then, a large and sudden eruption was unlikely. What he expected instead was limited black violence that would be met by repression from the Government, followed by limited accommodation and then a period of relative quiet. A series of such cycles of violence, repression and limited accommodation would, he thought, take place over a period of years until fundamental change had been accomplished.

At the time, I found this prediction plausible. It may still be, but my recent trip suggested that the Mount St. Helens metaphor is perhaps more appropriate today than it was five years ago.

The returning visitor finds nine significant differences between South Africa in 1980 and 1985.

First, unlike five years ago, blacks now feel a genuine sense of power and a decreasing reluctance to use it. Many blacks recognize that the South African Army and police are the strongest in Africa and that, in a violent confrontation, blacks would come out the losers. Nevertheless, many militant young blacks are ready for violence—including violence in white areas. Perhaps more important, the power to withhold one's labor and to boycott white stores gives blacks enormous economic clout, and they are now aware of it.

Second, the perceptual gap between ruling Afrikaners and blacks has widened. Whites point with pride to abolition of some of the worst aspects of apartheid—many of the better hotels and restaurants have been integrated, for instance, the mixed-marriage law has been abolished and many blacks are being promoted to middle-level jobs. Many Afrikaners speak about the enormous significance of these changes and the sacrifices they have made. The black view was summed up by one resident of Soweto: "Man, that's nothing but cosmetics. I'll only be satisfied when I get the vote."

Blacks and Afrikaners also have different timetables for change. Members of the Government talk about gradual, long-range solutions. The patience of the blacks is wearing thin. They want one man, one vote—and they want it now. The Rev. Beyers Naude, the general secretary of the South African Council of Churches, told me, "My fellow whites have no idea of the deep sense of outrage in the black townships."

Third, five years ago the economy was strong. Now it is in turmoil. Many white business leaders, terrified by economic alarm signals and by the specter of foreign banks refusing to roll over their short-term loans, have urged the Government to release Nelson Mandela, negotiate with the banned African National Congress and immediately dismantle the apartheid system. This would have been unheard-of even six months ago.

Fourth, Afrikaners—once called "the white tribe of Africa"—are no longer unified. A significant and vocal minority has bolted the ruling National Party and formed their own ultraright group, the Conservative Party. Many observers see this faction, which argues against all concessions to blacks, as a constraint on President P.W. Botha's announced intentions of reform.

Fifth, there have been perceptible shifts in the attitudes of many whites in the last five years. The Afrikaner students I met seemed to be troubled and searching. Most seemed to hold views more liberal than those of their parents' generation. English-speaking students, who have traditionally held more liberal views than Afrikaners, have gone even further. Many of them now seem willing "to put their bodies on the line," as they did last month when hundreds of demonstrating Cape Town University students were whipped and tear-gassed by police. Further, many more English-speaking whites are now considering emigration. One English-speaking businessman told me: "More than half of my friends are planning to leave the country."

Sixth, there are growing fissures among blacks. Militant young blacks are becoming increasingly impatient with the moderate views of their parents' generation and with moderate leaders like the Zulu chief, Gatsha Buthelezi, and Bishop Desmond Tutu. Meanwhile, the Government continues to jail or ban moderate black leaders who want peaceful change, causing young militants to ask: "Look, the Government arrests the peaceful moderates. What option is there other than violence?"

Seventh, although President Botha denies it, it is quite clear that white South Africans are much more sensitive to outside political and economic pressures then used to be the case. Talks with many whites and a perusal of the press leave no doubt about this, and it would suggest that President Reagan's tranquilizing notion that the Botha Government has substantially solved its problems makes for the wrong strategy at the wrong time.

Eighth, blacks are experiencing what the American historian Crane Brinton once called "the revolution of rising expectations." When Rhodesia became Zimbabwe, South Africa became the last white domino on the continent. President Botha said to whites, "Adapt or die." Those and other events have given blacks the expectation that the complete dismantling of apartheid is within reach—not for their grandchildren's generation, but for them.

Finally, in the fall of 1980, President Jimmy Carter was extremely unpopular with South African whites and extremely popular with blacks. In sharp contrast, Ronald Reagan is extremely popular with whites and arguably the most unpopular President in American history with blacks.

What conclusions can one draw? No one can accurately predict the future, and the caldron may continue to simmer, more or less quietly, for some time to come. Yet most of the trends I noticed suggested to me that a volcanic eruption becomes more and more likely with every passing month.

In Alan Paton's classic novel, "Cry, The Beloved Country," a black South African clergyman says about whites. "I have one great fear in my heart—that one day when they are turned to loving, they will find that we are turned to hating." It strikes me now as a sadly accurate prophecy.

GAS DECONTROL CAN AID U.S. SECURITY

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. DANNEMEYER. Mr. Speaker, there is now a chill in the air as summer turns to fall and that means old man winter cannot be far behind. Unlike past winters, though, it is unlikely that our consumers will experience either supply shortages or increased rates for heating oil or natural gas to heat their homes.

Natural gas ratepayers will see falling to stable rates in their monthly bills because of the competition which has been injected into the industry with the partial deregulation of wellhead prices, which took effect on January 1 of this year. Prices have gone down since then, not up as advocates of reregulation had predicted.

More, however, must be done if we are to bring about the efficiencies which will bring greater price and supply benefits to our consumers. We need to remove the remaining price contols. Mr. RICHARDSON and I, joined by a bipartisan coalition of a majority of the Subcommittee on Fossil and Synthetic Fuels, introduced H.R. 2734 on June 11, 1985.

Energy Secretary Herrington recently spoke to the Kansas Independent Oil and Gas Association. A summary of his prepared remarks appeared in the Oil Daily. His speech sets forth the persuasive case for natural gas deregulation and even more flexibility for the industry. I insert it at this point in the RECORD:

Comprehensive Gas Decontrol Can Aid U.S. Security

(By John S. Herrington)

Natural gas, which accounts for about one-third of all domestically produced energy, is the only primary fuel whose prices remain under federal controls.

The presence of these controls has slowed the ability of gas to respond to market conditions, constrained competition between gas and other fuels, and distorted the economic decisions of gas producers and consumers.

These distortions have resulted in significant costs to the U.S. economy. The Reagan administration continues to support elimination of price controls on natural gas.

On Jan. 1, 1985, wellhead price controls were removed from about 50 percent of domestic natural gas supplies. Partial decontrol has increased competition and introduced greater price flexibility into the natural gas market.

Although partial price decontrol has yielded some benefits, the remaining price controls on old gas and the complex regulatory system imposed on the industry will continue to distort the domestic natural gas market and reduce the supply of gas available at competitive prices.

These controls and regulations have allowed some pipeline companies to refuse to transport gas for producers and consumers even though excess capacity is readily available. This has contributed to the artificially high prices and the large volumes of unmarketed gas of the past several years.

TOTAL DECONTROL VITAL

In his State of the Union address, the president reiterated his support for the full deregulation of all natural gas supplies. We believe that comprehensive deregulation of the natural gas market would provide large economic benefits to natural gas consumers and the U.S. economy.

It is our hope that the evidence of increasing competition and stable or declining prices since partial decontrol became effective will generate a climate of widespread support for comprehensive deregulation.

One important by-product is that comprehensive deregulation would increase the recovery of low-cost gas supplies by 27 trillion to 48 trillion cubic feet. This would translate into an increase of about 1 tcf in the amount of natural gas produced in this country each year.

If price controls remain in effect, these supplies would stay in the ground forever. It is important that we take whatever actions are necessary to ensure that these supplies are produced whenever economical. Production of our recoverable, low-cost supplies will benefit domestic producers, consumers and the economy as a whole.

IMPACT ON IMPORTS

Decontrol of all domestic gas prices will increase our energy security, not only because it will allow us to produce more low-cost gas, but because of the effect it will have on natural gas and oil imports.

As many of you have seen recently in the markets where your gas is sold, competition from domestic supplies has reduced both the amount of gas we import and the price we pay for gas imports.

We are confident that comprehensive deregulation would allow domestic producers to compete even more effectively with imports of gas as well as oil.

We estimate that over the next 10 years, comprehensive deregulation would reduce our payments for gas imports by over $7 billion, and would reduce the amount of oil we import by over 360,000 barrels a day.

Natural gas cannot make its full contribution to our nation's energy security until all domestic gas supplies are decontrolled. But price decontrol is not enough. We also have to find a way to ensure that producers can get their gas to market.

Pipeline companies are now able to shut-in low-cost gas supplies because regulations have allowed them to restrict access to available transportation capacity and thus prevent competition for shut-in supplies.

Regulation has also allowed pipeline companies to keep their core market customers from switching to lower-cost gas producers. We must work to eliminate this type of inappropriate interference in the marketplace by the government.

FERC'S PROPOSALS

Recently the Federal Energy Regulatory Commission proposed a number of changes in existing regulations to promote greater competition among pipeline companies.

The most important aspect of the commission's proposal is the removal of inefficient and discriminatory restrictions on access to available transportation capacity.

The Department of Energy strongly supports the commission's efforts to foster competition in the gas market and has encouraged the commission to allow open access to all producers and consumers.

The adoption of these changes to existing regulations would enhance competition by allowing all consumers access to the least costly sources of supply.

We do not believe that these actions to enhance competition need affect the validity of existing gas supply contracts, and have strongly emphasized to FERC that we do not support actions that would upset such contracts.

Finally, the administration also supports repeal of restraints on oil and gas consumption in the Fuel Use Act. The Fuel Use Act imposes strict prohibitions against the use of gas by certain new electric generation facilities.

Given today's economics, most utilities will prefer to use coal in new baseload facilities. But changes in relative coal and gas prices could make the prohibition very costly. We believe that energy consumers should always be able to utilize the lowest-cost form of energy.

REASONS FOR OPPOSING H.R. 1562

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. DENNY SMITH. Mr Speaker, earlier this year, I signed on as a cosponsor to H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985. After a great deal of consideration, I have decided that I can no longer support this piece of legislation. House rules prevent me from removing my name as a cosponsor at this time, but I would like to explain my reasons for now opposing this bill.

There is no doubt in anyone's mind about the severity of the trade imbalance in this country. As I'm sure everyone knows, we are now a debtor nation for the first time since 1914. Action has to be taken to correct this problem, but as the trade imbalance grows, I have become convinced that H.R. 1562 will not solve it.

The textile and apparel industry is going through the same difficulties that the timber industry in my part of the country has been facing for the past several years. High interest rates, increased competition from abroad, decreased demand for domestic production and an overvalued dollar were all reasons that unemployment in Oregon reached into double figures in the early eighties and have not come down to the national average of 7 percent.

When I signed on to H.R. 1562 in April, I did so to send two signals, one to our trading partners, and one to the administration.

The message to our trading partners is simple. Fairness. We want no more, and we expect no less. It is not fair that countries like Canada can support the timber industry in such a way that their companies can compete in the U.S. markets at far below our own costs in this country. It is not fair that our Pacific Rim trading partners not only subsidize their industries, but they also close their markets so that U.S. companies cannot get in to them for open and honest competition. It is not fair that our European allies rely heavily upon the United States to help defend them from the Warsaw Pact countries, yet they do not agree with our efforts to open up new and expand old trade relationships with them.

Here in the United States, H.R. 1562, and similar measures, were introduced because the Reagan administration was not perceived as doing its part to protect our interests within the world trade community. Trade-related jobs were being lost from Portland, ME, to Portland, OR. Jobs were being lost in textile mills, lumber yards, auto plants and steel industries. Something had to be done to correct these problems.

H.R. 1562 seemed to be the bill that could get that message across to our trading partners and the administration.

It worked.

Since April, and especially during the August district work period, many of our constituents have written to us about the effects of our current trade deficit. It moved up in the awareness of the media and the general public. This mood also struck a chord with those that we wanted to reach the most, President Reagan and our trading partners.

Our trading partners, most notably Japan, are taking steps to open their markets to our goods and services; 51 of the 90 members of the General Agreement on Tariffs and Trade [GATT] petitioned for a new round of talks to deal with service industries. These talks began on September 30. The Canadian Government has just appointed their representatives to a new round of bilateral talks on trade which are scheduled to begin sometime in the near future.

One of the major causes of the trade imbalance is the high value of the dollar. Clyde Farnsworth, in his September 24 article in the New York Times, quoted administration officials as saying that the elimination of unfair trade practices would only reduce the trade deficit by 10 to 20 percent.

The finance officials from the five major industrial nations gathered in New York last week and took the first steps in decreasing the inflated value of the U.S. dollar. In addition, the Japanese have offered to help drive down the value of the dollar by liberalizing financial and capital markets.

The administration is also taking steps to solve this problem. The President has proposed a fund of $300 million to the Export-Import Bank. This $300 million could lead up to $1 billion in mixed credit loans to targeted buyers.

The President also decided to change section 301 grievance procedures. These changes will not only hurry up the process, but it will now be easier to prove unfair trade practices against individual companies as well as countries.

These are all positive steps in the right direction. These are not steps that will bring about immediate results. We have to realize that there is always a lag time, sometimes several months, before we start seeing the benefits of these actions. It will require patience on our parts here in the Congress.

The problem with many of the trade bills that we are now asked to consider here in the Congress is that they could be counterproductive if passed. The sponsors of H.R. 1562 ask us to restrict trade in the name of free trade. It is important to realize that the subject of world trade is extremely complicated, and no country is totally innocent in its practice. While we advocate free trade, we also have some 200 to 300 quotas and tariffs already in place on commodities from steel to autos to agriculture to textiles.

As a representative from the Pacific Northwest, I can honestly say that I understand the feelings of my colleagues who have constituents who have lost jobs in their districts due to the trade situation. I know that there is a lot of pressure to pass bills such as H.R. 1562.

But bills like H.R. 1562 are nothing more than stopgap measures. They will bring immediate relief to some within certain industries in particular regions of the country, but may well harm the well being of other industries at the same time. If relief does not address the root causes of the problem, it will be temporary at best.

Those of us in trade dependent regions and industries would also feel an immediate adverse effect through protectionist measures—but it will not be temporary, and it could be devastating. It will be retaliatory. It will come from countries that will no longer buy the lumber from our mills, or the wheat from our farms. It will be the people who work in places like the Port of Portland who will lose import and export business. It will be the retail workers, often at the low end of the wage scales, who will be laid off. It will be the consumers of the United States who will have to pick up the increased costs of goods and services.

There are other actions that we can take, both at home and here in the Congress, that would send just as strong a message but not hurt us in the long run. We can start by making sure that we buy American goods whenever possible. We know that American-made goods are just as good as any produced in the world.

We, in the Congress, can also do our part by reducing the value of the dollar. The best way to do that is by cutting Government spending. Our Federal deficit is the single most important factor in the value of the dollar. As long as we come back each year and spend more than we did the year before, it seems wrong for us to then turn on our trading partners for taking advantage of our profligate ways.

Let's make sure that we are patient through this. More importantly, let's make sure that we aren't bringing a lot of this on ourselves. H.R. 1562 will lead to more problems, not solve the ones we now have.

CORPORATION FOR SMALL BUSINESS INVESTMENT CHARTER ACT

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. MITCHELL. Mr. Speaker, today I am introducing, with the cosponsorship of 36 of my colleagues on the Small Business Committee, legislation to amend the Small Business Investment Act of 1958 to create the Corporation for Small Business Investment [COSBI], and to transfer the investment programs currently administered by the Small Business Administration [SBA] to the Corporation.

This new institution would be a Government-sponsored, private Corporation designed to provide access to the private capital markets for small business investment companies [SBIC's] and minority small business investment companies [MESBIC's] so that they, in turn, can provide a stable and continuing flow of venture capital to small and minority small business.

The SBIC and MESBIC Programs have compiled an outstanding record in providing growth capital to small and minority businesses. Over the past 36 years, SBIC's and MESBIC's have invested more than $6 billion in over 70,000 small firms, thereby providing benefits to the American economy in terms of job creation, business ownership by minority persons, innovative products and generation of new tax revenues.

Despite their success, however, the stability of these programs is threatened by persistent Federal deficits and the necessity to carefully allocate scarce Federal resources. We can all agree on the important economic dividends small business provides for our economy. The challenge is to establish a workable system which gives these vital small firms continued access to private sources of growth capital, while minimizing cost to the taxpayer.

The legislation being introduced today would achieve these objectives. The bill would establish a Corporation for Small Business Investment to serve as a financial intermediary to the private capital markets for SBIC's and MESBIC's. With an assured source of capital, SBIC's and MESBIC's can make a continuing stream of investments in small firms in search of growth capital. While COSBI will be a congressionally sponsored corporation, it would operate as a private-sector company, capitalized and managed by the SBIC and MESBIC industries.

Once COSBI is operating, continued authorizations for Federal guarantees of SBIC debentures will no longer be necessary and annual appropriations to support SBIC and MESBIC investment activities also should disappear.

It is my hope that this legislation will be found to represent a unique and creative solution to the problem small business continually faces in trying to secure long-term investment capital. It is endorsed by the SBIC and MESBIC industries, as well as by many of the leading small business organizations.

The Small Business Committee will commence hearings on the bill next month. It is my expectation that they will justify pursuit and refinement of this concept. If so, we should have a bill ready for consideration by the full House early next year.

FEDERAL SCIENCE AND TECHNOLOGY REVITALIZATION ACT OF 1985

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. FUQUA. Mr. Speaker, today I am introducing the Federal Science and Technology Revitalization Act, which would establish an alternative personnel management system for scientific and technical people in the Federal Government. This is something I have been interested in for a long time, and I am hopeful that the proposal I am introducing will be able to help improve the quality of Government-operated Federal laboratories by encouraging the recruiting and retention of highly qualified scientific and technical individuals.

The major provisions of the bill will: Permit agencies to include scientific and technical personnel in the new personnel management systems;

Simplify job evaluation and remove covered positions from the position classification requirements of 5 U.S.C., chapter 51;

Provide flexibility to develop salary structures which ensure a competitive position in the labor market and which reflect the hiring and pay policies needed to attract, retain, and motivate a highly qualified scientific and technical work force;

Base pay increases on performance, not longevity;

Allow waiver of the pay cap for up to 5 percent of specially qualified scientific and technical personnel;

Provide for performance and special awards and remove the pay cap for lump-sum awards; and

Create a Senior Scientific and Technical Personnel Service.

No employee's basic pay would be reduced as a result of being included under an alternative personnel management system.

In May 1983, the Federal Laboratory Review Panel of the White House Science Council, chaired by David Packard, reported that Federal laboratories have several serious deficiencies and, consequently, a number of the laboratories do not meet the quality and productivity standards that can be expected of them.

Specifically, the panel reported that salaries at Federal laboratories are noncompetitive with the private sector at entry and senior levels. In addition, it found that Federal laboratories must deal with a personnel management system that is cumbersome and has little flexibility. As a result, there exists what the panel referred to as an alarming "inability of many Federal laboratories—especially those under Civil Service constraints—to attract, retain, and motivate qualified scientists and engineers * * *" "[T]his situation," warned the panel, "limits the productivity of the laboratories * * * [and,] [i]f not corrected, * * * will seriously threaten their vitality." For, as the Panel observed in its report, "[t]he key to a laboratory's success is a high quality and properly motivated scientific staff."

The panel concluded that "administrative and legislative actions should be initiated * * * to create, at Government-operated laboratories, a scientific/technical personnel system that is independent of current Civil Service personnel systems."

The bill is the legislative attempt to deal with these very real problems. The bill has been drafted to provide authority for agencies to construct alternative personnel systems which are appropriate to the scientific and technical personnel employed by the Federal Government. The legislative does not attempt to define the specific agency personnel systems beyond establishing some general guidelines. It is believed that this approach will provide the Government the greatest flexibility in dealing with a very complex problem. My own experience, gained from both my constituent service, and committee work, is that the requirements for NASA and Department of Agriculture labs may be very different, but attracting and retaining quality personnel is absolutely essential for the space program and for emerging fields in agriculture.

In spirit, the model legislation is very similar to the demonstration project section (5 U.S.C. 4703) of the Civil Service Reform Act of 1978. The model legislation provides the Office of Personnel Management [OPM] and the agencies the authority to develop alternative personnel systems for scientific and technical personnel at Federal laboratories and, under appropriate conditions, outside of Federal laboratories. These systems can be tailored to the peculiar needs of a given agency or of a given laboratory. It is anticipated that any changes in agency personnel systems would be accomplished, over time, within existing budget resources and be the basis for improving the use of those resources.

CONGRESSIONAL TENNIS TOURNAMENT BENEFITS D.C. AREA YOUTH

HON. NORMAN D. DICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. DICKS. Mr. Speaker, on Tuesday, October 8, many of my colleagues will join me in support of New England Life's Congressional Tennis Tournament to benefit the Washington Area Tennis Patrons Foundation, a nonprofit, charitable organization committed to fostering youth tennis in the Capital area.

For over 27 years, the tennis patrons have raised funds that are used to motivate, educate, train and supervise youngsters in tennis skills, teamplay, sportsmanship and an opportunity to have fun.

As Arthur Ashe said of the patron's program, "The accent here is on learning."

The patrons have been responsible for a number of special events and programs, among them: The Washington Tennis Center; the National Junior Tennis League of Washington, Maryland and Virginia; the Middle Atlantic Junior Grand Prix Tournament Series; instructional programs for the mentally and physically handicapped, junior outdoor and indoor tournaments; college scholarships and Summer Campership Program; travel assistance to national tournaments; and other developmental programs.

On October 8 Members from both sides of the aisle and both the House and Senate will compete in a special tournament to benefit this important activity. The congressional tournament and the mixed doubles finals to be held in the month, will cap this year's effort by NEL as the prime mover of a very worthy program.

New England Life, with its extensive community service program in Boston and its sponsorship of young people's tennis programs in Washington, epitomizes corporate good citizenship.

I commend as well, the WATP Foundation for its continual interest in helping the young people of the Washington area with enthusiasm and dedication.

MILTON H. WOODSIDE, JR.

HON. ROBERT LINDSAY THOMAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. THOMAS of Georgia. Mr. Speaker, for all of our concern in this Chamber with bills, amendments, and resolutions, the truth is that the Congress is about people. It is about our efforts to help the citizens of this Nation have a better life through the fulfillment of the promise of the dream that was born in America more than 200 years ago.

I want to join today with my friend and predecessor in office, the Honorable Bo Ginn, to call to the attention of the House the fact that one of the men who has helped us in the Congress in that work for some 13 years is leaving Federal service this month. His name is Milton H. Woodside, Jr., a young man whom I and thousands of others know as Woody.

Woody joined the staff of the U.S. Congress in 1973 in the service of Bo Ginn in Washington, and then assumed the duties of opening and managing his congressional office in Brunswick, GA. I had the good fortune to have Woody agree to continue to work in that office when I assumed the duties of Congressman for the First District of Georgia when Bo retired from congressional service in 1982.

On Friday of this week, Bo and I will join with many others in a special salute to Woody as he accepts the challenging new job as executive director of the Brunswick-Golden Isles Chamber of Commerce.

I have given a great deal of thought as to how I can best describe to the House the kind of contribution that Woody has made to the people of the First District, the State of Georgia, and the United States. But this is a time when words fail.

I could tell of the literally thousands of projects that Woody has worked on in our State, from the selection of Glynn County as the site for the Federl Law Enforcement Training Center, to the development of our deepwater seaport in Brunswick, to the establishment of the Kings Bay Submarine Base, to the economic growth of communities throughout the coastal area of Georgia. I could tell about the many times I have relied upon his counsel on issues of every magnitude.

But the truth is that the official record, as impressive as it is, does not tell the full story. The real story about Woody is about people. Woody has a heart as big as this country, and he has devoted his time and his talents to helping his fellow citizens. We could fill this Chamber a dozen times over with the people who have called on him, as my representative, for help of all kinds.

Whether it has been to assist a family whose child is in desperate need of health care they cannot afford, or a promising young student who needs financial aid to attend college, or an elderly citizen whose Social Security check has been lost—no matter what the problem, Woody has been there to help. His lovely wife Ellen could testify to the fact that their telephone rings at home at all hours with calls from citizens seeking his aid. And I can testify to the fact that he is immediately on the phone to me to mobilize the resources of the Congress to help a constituent.

In short, Woody is the kind of staff assistant who has been the essential link between me as Congressman and the people who I have the privilege to serve. My tribute to him is from my heart, but he can have no greater tribute than the long and honorable record of service he has given to the Congress and his fellow citizens.

Mr. Speaker, I would like to conclude my own remarks by placing into the RECORD at this point some comments which I have invited my predecessor in office, the Honorable Bo Ginn, to provide.

REMARKS OF HON. BO GINN

Milton H. Woodside, Jr., or Woody, as he is affectionately known by his countless friends, is very special to my family and I.

Woody came into our lives during my frist campaign for Congress in 1972, and he quickly became an integral part of our family. Because of his loyalty, enthusiasm and integrity, he earned our everlasting love and respect.

His dedicated service to me and my distinguished successor, Lindsay Thomas, and to the citizens of the First Congressional District, has been invaluable.

Woody joined my staff in Washington, and then he took on the job of opening my District office in Glynn County. This was an especially challenging task because Glynn County, one of the most important counties in our state, had just been included in the boundaries of the First District.

In a very short time, Woody became a welcome neighbor and partner in the growth of Glynn County. More than that, Glynn County came to realize that he is a young man of honor who takes his commitment to public service very seriously. He proved that Congress is an institution made up of people who care about this country.

As Woody leaves government service to enter the private sector, he can do so with the satisfaction that his efforts will long be remembered. The people of Glynn County and Georgia can take satisfaction in the knowledge that in his new duties with the Brunswick-Golden Isles Chamber of Commerce, he will continue to serve his community with the same high standards and dedication that have been his hallmark as a Congressional employee.

My family joins me in extending warmest thanks and personal best wishes to Woody and Ellen and to Mary Gould and Jay. I am proud to have had Woody work on my staff in the Congress, but more than that, I am proud to call him my friend.

RESETTLING REFUGEES FROM SOUTHEAST ASIA AND LATIN AMERICA

HON. CHARLES PASHAYAN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. PASHAYAN. Mr. Speaker, the Office of Management and Budget [OMB] is engaged in a confrontation with the Congress over the spending of funds to assist county and State governments in resettling refugees from Southeast Asia and Latin America.

Although the refugees are in the United States owing to Federal policies, some officials of the administration seem determined to reduce financial aid to the counties and States to which the refugees have migrated. But the Comptroller General has determined that the action amounts to an illegal impoundment of funds.

At issue is the funding appropriated by Congress for the Refugee and Entrant Targeted Assistance Program. Monday, a Federal judge ordered the administration to release all the funds made available by the Congress during 1985 for the program.

In what amounts to a further effort to interfere with the will of the Congress, OMB has asked the judge to clarify his order to them to provide the much-needed funding to the needy county and State governments.

Mr. Speaker, I call upon the President to direct the OMB to respond to the legislation passed by the Congress, to repsond to repeated orders from the Comptroller General, to respond to the orders of a Federal judge, to respond to the needs of county and local governments, and, most of all, to respond to the plight of innocent people who find themselves refugees in our land directly because of policies of a Federal Government that now seems unwilling to care for them.

A GREAT SALUTE

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. FORD of Michigan. Mr. Speaker, it is not by chance or happenstance that the Congress of the United States chartered the American Legion because the representatives of a grateful citizenry recognized the indispensable role our veterans have played in the rich and remarkable drama of the American experience.

As a member of the Legion myself, it is a special personal honor and distinction to join in saluting the 40th anniversary of the Garden City, MI, Post 396 of the American Legion. This post has worked diligently during the past four decades to present an exemplary model of all that is worthy in the tenants of the American Legion. It has been mindful of the trust we must all advance in caring for our veterans and their families. It has continued to advocate the best aspects of our rich tradition of service to our country in a time of peril.

Members of the Garden City Post are to be lauded for their individual contributions to the many successful projects their post has undertaken during the last 40 years. Michigan's 15th Congressional District is especially enhanced by this post of the American Legion and I know I speak for all my constituents in extending this special form of recognition on this happy and significant occasion.

NATIONAL CRIME PREVENTION WEEK

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. GUARINI. Mr. Speaker, I am introducing legislation to call my colleagues' attention to the importance of crime prevention measures in America today. My bill would designate the week beginning with February 2, 1986 as National Crime Prevention Week.

The incidence of crime has reached epidemic proportions throughout urban and rural areas alike. Recent FBI statistics show that in America there is a murder every 28 minutes, a rape every 6 minutes, a robbery every 65 seconds, and a aggravated assult every 46 seconds. This amounts to one violent crime every 25 seconds. In the theft category there is a burglary every 11 seconds, a larceny every 5 seconds and an auto theft every 31 seconds. This amounts to one property crime every 31 seconds. The presence of crime in our country is detrimental to the general welfare of society, and many people have responded by learning how to prevent crime.

Citizens have joined with law enforcement agencies to form various crime prevention programs, including neighborhood vigilance organizations. National Crime Prevention Week would draw national attention to this united effort for combating crime. As a valuable tool in the fight for safety in our communities, neighbors have joined in groups of concerned residents committed to being aware of suspicious activities in their area. The major emphasis of this program is the quick and efficient reporting of unusual occurrences to the authorities. In this way the citizen works together with the police to stop crime.

It is our duty as elected officials to invoke the leadership entrusted to us, and focus public attention on the importance of crime prevention and citizen action. National Crime Prevention Week is a primary tool for educating a beleaguered American public on the importance of fighting crime.

People need to be aware that cooperation with each other and the police can be the most effective deterrent to the disturbing number of violent crimes and thefts. There have been too many cases of crime witnesses passively standing by as a helpless victim becomes another statistic. Fear and ignorance have kept many of America's citizens prisoners by criminals who prey upon their inaction. As more and more people learn that they can become a formidable deterrent to crime by adopting effective prevention measures, the frightening statistics which currently plague our society will diminish.

It is now time to reestablish an environment in which Americans may live and work free of the fear of crime. National Crime Prevention Week will provide the focus which law enforcement agencies, private businesses, and all citizens need to join in the fight against crime. It is our privilege to provide the people of this country with a unique forum for heightening our awareness of crime. Mr. Chairman, I respectfully urge my colleagues' support for this timely legislation.

TRIBUTE TO ELMIRA GONZALEZ

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. TORRES. Mr. Speaker, I would like to bring to the attention of my colleagues an individual that has worked tirelessly on behalf of the southern California business community.

Elmira Gonzalez is retiring from her position as director of minority business development for the Atlantic Richfield Co. [ARCO]. She has distinguished herself as an outstanding advocate for minority participation with corporate America.

She pioneered the notion of "Corporate Responsibility," making ARCO an example of how the minority business community and corporate America can best develop a mutually beneficial partnership.

Because of Ms. Gonzalez' commitment to serving her community, she has been the recipient of many awards and honors.

The list of Ms. Gonzalez' achievements is much too long to recount in this RECORD. I would, however, like to mention just some of her accomplishments. In 1975, she was awarded the East Los Angeles Community Union's Women's Achievement Award, in 1983 the California Association of Minority American Contractors Individual Award. Also in 1984 she earned the YMCA Business and Community Involvement Award, in 1985 the Caminos Magazine Hispanic of the Year Award for Outstanding Service in the Community, the United Hispanic College Fund Corporate Executive of the Year Award, and the National Association of Women Business Owners Individual Award.

Elmira Gonzalez leaves all of us a legacy of commitment, dedication, and accomplishments. I share the pride her husband

Bob and her two sons must feel for her work in the community and her efforts in improving business opportunities for all Americans.

I am personally grateful to Elmira Gonzalez for the oustanding job she has done at ARCO.

Mr. Speaker, I ask that my colleagues join me and Ms. Gonzalez' family in congratulating her on a job well done and wishing her an active and satisfying retirement.

ALPHA DELTA KAPPA WEEK

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. GEJDENSON. Mr. Speaker, I would like to draw my colleagues' attention to a very special international celebration of women educators to be held during the week of October 13-19. This week has been designated to honor the Alpha Delta Kappa Sorority of women educators by the sorority's international headquarters.

The goals of this international organization are to give recognition to outstanding educators, to promote a fraternal friendship among educators on a worldwide scale, to develop standards of excellence for educational and charitable projects and engage in activities which will enrich society.

My constituents in the Norwich Chapter of Alpha Delta Kappa have served the citizens of Norwich and all of eastern Connecticut for many years. The chapter's activities include enabling children to attend camp, donating books to the pediatrics ward at Backus Hospital in Norwich, providing scholarships to the Norwich free academy art classes, and remembering retired teachers in convalescent homes.

I am most pleased and proud to represent the fine women educators in Alpha Delta Kappa. I am confident that they will continue to enrich the quality of our schools and communities for years to come.

NUTRITION CONTENT SHOULD BE IMPORTANT IN GRADING OF FOOD PRODUCTS

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. SEIBERLING. Mr. Speaker, today I have introduced legislation which would require that the U.S. Department of Agriculture consider the nutritional content of food products in its agricultural grading system.

Under the provisions of the Agriculture Marketing Act of 1946, the Secretary of Agriculture has developed a grading and classification system for agricultural products. Unfortunately, the grading system emphasizes the cosmetic features of food products, and totally ignores the nutritional value of foods. For example, under the current classification system, a "grade A" apple may have a perfect appearance but have very little nutritional value. Another apple may have a few blemishes on its skin, but be a much better buy for the consumer because it has a high nutritional content. I think that the American consumer wants and needs to know about the nutritional content of agricultural products. And I think we should change the current grading system so that the USDA is required to provide nutritional information to consumers.

My bill is very simple. The Agricultural Marketing Act of 1946 requires that the Secretary of Agriculture must "inspect, certify, and identify" the "class, quality, quantity and condition of agricultural products." My bill simply adds the phrase, "nutritional content" to this list. Although the act lists as one of its purposes "that dietary and nutritional standards be improved," the USDA regulations do not currently provide for the consideration of the nutritional content of food products in the USDA grading and classification system. The act also lists as one of its purposes that "consumers may be able to obtain the quality product they desire." I think that by requiring USDA to consider the nutritional value of agricultural products, the purposes of the Agricultural Marketing Act will be better served. I urge my colleagues to support this measure.

POPE HONORS "APOSTLE OF GUAM AND MARIANAS"

HON. BEN GARRIDO BLAZ

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. BLAZ. Mr. Speaker, this Sunday, His Holiness Pope John Paul II will confer a great honor on the American Territory of Guam and the Commonwealth of the Northern Marianas. In a ceremony at St. Peter's Basilica in Vatican City, the pontiff will proclaim the Venerable Father Luis Diego de San Vitores, Blessed Diego, Apostle of the Marianas.

More than 300 faithful will attend the October 6 ceremony, including the Archbishop of Agana, the Most Rev. Felixberto C. Flores; and the Most Rev. Anthony S. Apuron, auxiliary bishop of Agana; as well as the Most Rev. Thomas Camacho, bishop of Chalan Kanoa. Archbiship John R. Quinn and Auxiliary Bishop Daniel Walsh, representing the Archdiocese of San Francisco, will attend. Also joining the delegation are the heads of Guam's three branches of government: Gov. Ricardo J. Bordallo, Speaker Carl T.C. Gutierrez, and Judge Paul J. Abbate, a deacon of the Archdiocese of Agana.

The beatification of Father San Vitores is a milestone for the people of Guam and the Marianas who have prayed and worked for many years to have this holy man canonized a saint. His beatification brings sainthood one giant step closer.

This is a tremendous honor for the United States because it recognizes the historic importance of San Vitores' work and elevates toward sainthood a man from an American community. Father San Vitores, who brought the Catholic faith to Guam and the Marianas more than 300 years ago, was martyred on April 2, 1672, while evangelizing the Marianas.

The beatification of Father San Vitores also highlights the Hispanic aspect of our history and tradition, which is woven through the fabric of our culture. Our deep religious faith and devotion as well as our novenas, rosaries, religious processions, and fiestas exemplify this heritage.

Today the Marianas are predominantly Catholic and our spiritual community is flourishing. There are two dioceses, including the Archdiocese of Agana, scores of churches and more than 100,000 faithful. Our three bishops as well as numerous priests and religious are from Guam and the Marianas.

MALDEN, MA, WILL CELEBRATE ITS 100TH BIRTHDAY

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. MARKEY. Mr. Speaker, on October 18, 1985, the YMCA in my hometown, Malden, MA, will celebrate its 100th birthday. Like thousands of YMCA's in this country, the Malden Y has provided wonderful programs to people of all ages and income. Over the years the Y has offered such diverse activities as physical and health education and training, aquatic instruction, group and club activities, parent-child programs, camping, and counseling. But the Y is much more than just recreational programs. In its early history the YMCA engaged in a variety of community services, always lending its facilities and personnel to the general public. These services included visitations of the sick, distribution of coal to the poor, the clothing of destitute children, and the provision of holiday dinners to the homeless. Today, the Malden Y continues this tradition by providng day care and outreach programs to hundreds of people.

I am sure my colleagues join with me in wishing Director Robert Perry and the Y's 40 employees and volunteers a very special anniversary.

A SALUTE TO MR. NICK NICKLAS

HON. JOE KOLTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. KOLTER. Mr. Speaker, today I rise to salute a constituent of the Fourth District of Pennsylvania, Mr. Nick Nicklas of Aliquippa.

Since 1928, Mr. Nicklas has been a dedicated volunteer to the promotion of traffic safety. Born in 1911, Mr. Nicklas earned his living being employed by the Babcock & Wilcox Co. and the Jones & Laughlin Co., but he contributed much more to his community. I am proud to share with my colleagues his list of accomplishments, especially in traffic safety.

Appointed county traffic inspector by the Beaver County Commissioners during the years of 1936 through 1958, he was chairman of the Beaver County Better Traffic Committee since 1936, and has been special consultant to the Federal Health and Safety Council since 1945.

Director of the Beaver County Crusade for Safety since 1948, he was winner of the Alfred P. Sloan Award—radio's highest award—and winner of 11 first place awards by the National Safety Council in the radio category.

Since 1956, Mr. Nicklas has been host of "Traffic Beat" on radio stations WBVP and WPIT since 1956, and has been an executive board member of the Citizen's Advisory Committee of the Governor's Traffic Safety Council since 1973. He is also chairman of the Safety and Health Committee and Blue Ribbon Committee of Beaver County.

The achievements of Mr. Nicklas have benefited the people of Beaver County. His commitment has resulted in increased public awarenes of traffic safety, and I am honored to list the accomplishments of Mr. Nick Nicklas before the U.S. House of Representatives.

PERSONAL EXPLANATION

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. GILMAN. Mr. Speaker, I regret that I was unavoidably absent on Thursday evening, September 26, 1985, preventing me from casting my vote on the amendment offered by the gentleman from Wisconsin [Mr. OBEY], establishing a mandatory Supply Management Dairy Program. Had I been present I would have voted "nay" on rollcall No. 320.

MICHAEL GOLAND

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. BERMAN. Mr. Speaker, I rise today to pay tribute to a truly outstanding individual, Michael Goland. I ask my colleagues to join me in honoring this exceptional member of my community. Mr. Goland will be honored for his community service at a special dinner, in October, celebrating the 20th anniversary of Israel Today and the formation of the Joshua Foundation.

An honor graduate of the University of Southern California, Michael Goland entered the self-service storage business in 1973 and has from these modest beginnings built this business into a multi-State enterprise which makes him one of the largest owner-operators of mini-warehouse facilities in the country. At the present time, Mr. Goland's mini-warehouse operations consist of 43 facilities located in California, Indiana, Texas, Colorado, and Georgia.

Throughout his career as a businessman Mr. Goland has always shown a willingness and desire to give generously of his valuable time to aid organizations or causes important to his community. While directing a thriving business he has found time to become the founder and primary benefactor of the Bayit project. He served on the Herzl School Board and the Group Services Committee of the Jewish Federation Council. In addition, Michael was a prime mover of the dramatic rescue of Ethiopian Jews from the Sudan known as Operation Joshua.

It is my pleasure and honor to join with my colleagues and Israel Today and the Joshua Foundation to pay tribute to Michael Goland, a successful businessman, humanitarian, and an invaluable resource to the community.

COURT ORDERS REFUGEE AID RELEASED TO STATES

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. LEHMAN of California. Mr. Speaker, today, U.S. District Court Judge Robert P. Aguillar signed a written order directing the Office of Management and Budget to release refugee funds illegally impounded by this administration.

The significance of this order is that it clearly refutes the interpretation by OMB of the judge's oral order on Monday of this week that the funds were not to be released to State governments. OMB had engaged in another semantic game and misinterpreted a court order, just as they have misinterpreted the will of Congress, to suit policy objectives contrary to the laws we have made. For the benefit of all interested parties, I am inserting a copy of the judge's order of today so there can be no mistake of the intent of the court that 21 States should immediately receive their rightful portion of $11.5 million in refugee aid this administration has unlawfully withheld.

United States District Court

Northern District of California

[No. C 85-20593 RPA]

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE WHY PRELIMINARY INJUNCTION SHOULD NOT BE ISSUED

DON EDWARDS, RICHARD H. LEHMAN, SALA BURTON, HOWARD BERMAN, ROBERT T. MATSUI, VIC FAZIO, COUNTY OF SANTA CLARA, LAO FAMILY COMMUNITY, INC., BACH VIET ASSOCIATION, INC., AND TENG KHANG, ON BEHALF OF HIMSELF AND ALL OTHERS SIMILARLY SITUATED, PLAINTIFFS, *vs.* MARGARET HECKLER, AS SECRETARY OF THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES, JAMES BAKER, AS SECRETARY OF THE UNITED STATES DEPARTMENT OF TREASURY, AND JOSEPH WRIGHT, AS ACTING DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET, DEFENDANTS.

Plaintiffs have moved for a temporary restraining order pursuant to Federal Rules of Civil Procedure 65. Defendants have filed a memorandum in opposition. The parties have appeared through their respective attorneys. After reading and considering the relevant papers and hearing oral arguments, the Court finds and orders as follows.

This case arises from a conflict between the legislative and executive branches of government over the interpretation of an appropriations bill. This Court finds that it has jurisdiction over this matter through the right of judicial review and further finds that all plaintiffs have standing to bring this action.

Good cause appearing therefor, the Court makes the following findings:

1. Plaintiffs have shown probable success on the merits;

2. Plaintiffs have shown possible irreparable harm;

3. Plaintiffs have shown that the balance of hardships tips decidedly in their favor.

Plaintiffs have shown probable success on the merits by establishing the intent of Congress to make available for obligation the full amount of $89,026,000. This finding is based on the following considerations:

1. the decision of the Comptroller General, dated June 28, 1985, attached to plaintiffs' Memorandum of Points and Authorities in Support of a Motion for a Temporary Restraining order and/or a Preliminary Injunction, as plaintiffs' Exhibit D;

2. the letter of the Comptroller General, dated Septembet 26, 1985, attached as plaintiffs' Exhibit H;

3. the letter from Secretary Heckler to Congressman Edwards, dated July 26, 1985, attached as plaintifs' Exhibit F; and,

4. an examination of the legislative history of the appropriations statute, Fiscal Year 1985 Continuing Resolution.

The plaintiffs have shown irreparable harm because of the lack of any alternate remedy at this late date for any person to enforce the Continuing Resolution. Congress' powers, pursuant to 2 U.S.C. § 683, have been nullified because the fiscal year will end prior to the expiration of the statutory period set forth in § 683, and the disputed funds will revert to the General Fund of the U.S. Treasury. Similarly, the Comptroller General cannot seek the relief authorized by 2 U.S.C. § 687 because the disputed funds will revert to the General Fund of the U.S. Treasury at the end of the fiscal year, prior to the expiration of the statutory period set forth in § 687. Finally, individual plaintiffs will be injured as a result of the unavailability of funds and will be unable to receive the employment training mandated by the Refugee Targeted Assistance Program.

The plaintiffs have shown that the balance of hardships tips decidedly in their favor. There is a lack of any other available remedies, and the funds are necessary to effectuate the legislative intent of the Continuing Resolution to assist the absorption of the continuing influx of refugees in the United States.

It is therefore ordered that defendants are hereby enjoined to make available for obligation the full sums ($89,026,000) appropriated by Congress for the Refugee Targeted Resistance Program in Fiscal Year 1985.

It is further ordered that defendants shall take all steps necessary to ensure that the full sums ($89,026,000) appropriated by Congress for the Refugee Targeted Assistance Program in Fiscal Year 1985 are released forthwith and do not revert to the General Fund of the U.S. Treasury at the end of the Fiscal Year 1985.

It is further ordered that defendants are hereby enjoined to obligate and disburse immediately the full sums ($89,026,000) appropriated by Congress for the Refugee Targeted Assistance Program in Fiscal Year 1985 to the recipient/grantee states and/or state agencies, in accordance with 45 C.F.R. §§ 400.4 anf 400.5 and the Refugee Targeted Assistance Program.

It is further ordered that defendants and each of them appear before this Court on October 25, 1985, at 9:00 a.m., or as soon thereafter as the matter can be heard, in Courtroom 1, before the Honorable Robert P. Aguilar, United States District Judge and show cause then and there why a preliminary injunction should not issue in the form and with the terms contained in this Temporary Restraining Order.

A true copy of this Temporary Restraining Order shall immediately be served upon defendants by serving their counsel. Defendants shall personally serve upon counsel for plaintiffs all papers in opposition to this Order to Show Cause no later than 10:00 a.m. on October 11, 1985. Plaintiff shall personally serve upon counsel for defendants any papers in reply to defendants' opposition no later than 10:00 a.m. on October 18, 1985.

This Temporary Restraining Order shall remain in full force and effect through October 25, 1985, pursuant to the consent of all parties, or until further order of this Court, after which time it shall be void in accordance with Rule 65 of the Federal Rules of Civil Procedure.

It is so ordered.

Dated: October 2, 1985.

ROBERT P. AGUILAR,
United States District Judge.

A PROPER ROLE FOR GOVERNMENT IN AGRICULTURE

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. WIRTH. Mr. Speaker, as we debate the farm bill, our colleagues will gain important perspective from the following comments drafted by Dr. John R. Stulp, Jr., of Lamar, CO.

In this clear and thoughtful presentation, John argues with feeling for strong Federal action to help stabilize this vital sector of our economy and society.

I commend this short but forceful piece to my colleagues:

A PROPER ROLE FOR GOVERNMENT IN AGRICULTURE

Agriculture is in trouble! The changes that occur in agriculture in the next few years will not only change agriculture as we know it today but the repercussions on how these changes come about will have effects throughout this nation and around the world.

Everyone thinks he "knows" something about agriculture, and this is a part of the problem. Just because grandpa had a farm doesn't mean a person is as knowledgeable as he may think. Agriculture is a highly-capitalized, high-risk, quickly changing, unique facet in our economy.

Excessive surpluses are often cited as the reason for low prices. Often the cause of surpluses is the low price? As prices decrease, the only way an adequate cash flow can be generated is to produce more of the low-priced commodity. Lower commodity prices will lower production only when enough producers go broke.

Past farm programs are quickly faulted as the cause. Nonsense. The *administration* of past programs is where the fault lies. Past administrations, Democratic and Republican, have usually administered farm programs at minimal levels.

Farmers have usually outfigured the experts at USDA and participated in programs only when production problems or low market prices caused farm programs to look attractive enough to participate in.

It seems the actions of this and previous administrations have been aimed at causing farm programs to be ineffective, misunderstood, and designed to fail.

Beware of those who gallantly say "Agriculture would be better off if the Government would get completely out." *There is a proper role of government that we must obtain.* Any civilized government that neglects a proper role in agriculture is doomed to failure. People who are hungry do not respond to any form of govenrment.

So, like it or not, govenment has been and always will be involved in agriculture. The present administration only seeks to remove itself from the financial responsibility of agriculture.

Without financial responsibility in agriculture, the government would be free to use agricultural products as its pleases in embargoes, trade wars, etc.

The crisis in agriculture is immediate—it is already too late for some. Most agriculture producers who depend on production agriculture are losing equity and their debt will only increase. A significant percentage of the production base of this country is in financial trouble. The Farm Credit System is now admitting major financial problems and requesting outside assistance.

What is the solution? *Money*—money infused into agriculture in the form of profitable prices for agricultural products.

More credit—not unless it is accompanied by a means of repaying that credit. We cannot borrow ourselves out of debt! Only with profitable values for production can credit be repaid.

Lower interest rates—this would help very much, but even 1% interest rates won't bale agriculture out if the ability to repay principal and interest is not returned to the producer in the value received for his product!

The free market—this is a mystical term that unknowing, misinformed, well meaning politicians like to throw up as the solution to the financial problem of agriculture. Where do you find the profit to retire debt in free market prices that compete with the treasuries of the European Common Market, Australian and Canadian Grain Boards or the Government of Argentina?

How can American producers compete on a free market basis when by laws they are regulated on their cost of production for such inputs as minimum wages, Workmen's Compensation Insurance, OSHA regulations, EPA regulations, FDA regulations, IRS imputed interest rates, and on and on.

Are the Americans on the assembly lines that manufacture the tractors, trucks, and implements that agriculture uses willing to reduce their salaries and standard of living to the point that American farmers can compete in this world free market?

There are several methods of infusing money into agriculture and responsible government programs will have to be a part of any solution. Past government programs have been very successful when measured by the percentage of income Americans pay for the food they eat. American spend less of their incomes for food than any country on earth.

By doubling the price of wheat the producer receives, the housewife purchasing a loaf would only have to pay 3 to 4 cents more!

Subsidy programs, direct payment programs, land retirement incentives, minimum price legislation, mandatory programs, loan programs, export credit programs, etc. all have some merit. A combination of these and other programs can put the necessary profits back into agriculture. But it will take more than sympathy; it will take action on the part of responsible elected representatives that will put some profit and money back into agriculture now—not in 3 or 4 years but now—the sooner the better.

USHER'S CLUB OF ELLWOOD CITY

HON. JOE KOLTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. KOLTER. Mr. Speaker, today I rise to pay tribute to the Usher's Club of Ellwood City, PA.

The Usher's Club, a youth organization of Lincoln High School, in recognition of its many accomplishments and service to the community, has been awarded the International Youth Year Award from the U.S. Secretary of Education. The club was nominated for the award by Assistant Principal George Reese. Jeff Prokovich, last year's president, was presented with the award on Thursday, September 26. With your permission Mr. Speaker, I would like to take this opportunity to share with my colleagues some information about the Usher's Club.

The Usher's Club was formed 14 years ago by Mr. Donald Hollerman, the current club sponsor and teacher at the high school, because he saw the need for a service organization in the school. The club has since been dedicated to school and community involvement. The club includes a co-ed

membership of 76 students—civic-minded student leaders who enjoy responsibility.

The organization logged over 2,580 hours of community and school service and donated over $2,118 to worthy causes, including a donation to a family who lost their home in a fire. The projects that the Usher's Club have taken on include ushering at events held in the high school auditorium, operating concession stands at football games, holding March of Dimes canister drives, and setting up American Red Cross blood bank donating centers.

Through their hard work and perserverance the Usher's Club has demonstrated its dedication to the values of charitableness and civic responsibility. This organization is certainly an exemplary model and inspiration for today's youth. It is surely an honor to inform and acknowledge the accomplishments of such an admirable constituent group as the Usher's Club of my district, before the U.S. House of Representatives.

Thank you.

FEDERAL EMPLOYEES' BENEFITS IMPROVEMENT ACT OF 1985

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. WOLF. Mr. Speaker, I rise in support of the legislation offered by the gentlelady from Ohio. As an original sponsor of this initiative allowing retirees from the Federal Government and former spouses of Government employees to participate in an announced health benefit rebate program, I want to recognize and commend my colleague's diligence and work on this bill. I also want to commend the work of the subcommittee's staff director, Jerry Klepner, for his work on this important bill.

Earlier this summer, Blue Cross and Blue Shield announced its plans to provide a rebate to its Federal subscribers. Through a technical oversight in the drafting of the statute, only active employees are now eligible for this planning refund. I introduced H.R. 3031 which was designed to correct this oversight.

In evaluating this issue and the best course of action to take to correct this matter, the professional staff of the House Post Office and Civil Service Committee identified several areas of weakness in the Federal Employee Health Benefits Program [FEHBP] which also needed attention to ensure the efficient and equitable implementation of the rebate program.

Several amendments to my original bill have been made and I am in general support of recognizing the need for a mandatory open season annually, a statement of support for mental health benefit coverage and providing benefits for underserved health areas. I believe this bill represents a well-balanced approach to some necessary reforms in the health benefit system for Federal employees and I urge my colleagues' support of H.R. 3384.

WHAT E.B. WHITE HAD TO SAY

HON. JOHN R. McKERNAN, JR.

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. McKERNAN. Mr. Speaker, E.B. White, distinguished author and essayist, noted editor and storyteller, died yesterday morning at his home in North Brooklin, ME.

It is with great sadness that I note his passing, for there have been few individuals whose eloquence and gift for writing matched E.B. White's.

I ask that the following column from the Washington Post, written by Mr. James Russell Wiggins, a former editor of the Post and now publisher of the Ellsworth American (Maine), be printed in the RECORD. As Mr. Wiggins notes, those of us in this Chamber, our children, and our children's children, will still have the benefit of what E.B. White had to say.

WHAT E.B. WHITE HAD TO SAY

(By James Russell Wiggins)

ELLSWORTH, ME.—E.B. (Andy) White, who died Tuesday morning at his home in North Brooklin, was a many-sided man who cherished the companionship of neighboring farmers, fishermen, carpenters and craftsmen and that of scholars and statesmen. He was one of America's foremost essayists, the distinguished editor of The New Yorker and author of many books.

Some of the secrets of his writing success can be found in "The Elements of Style," on which he and William Strunk collaborated. The first edition of that book ran to 2 million copies, and there have been many subsequent editions. That single work has made a great contribution to the written word, but it did not disclose the real secret of his great success as a writer. The secret of his writing—whether it was in "Charlotte's Web" or in his commentaries on national and foreign affairs—was that he had something to say, and that he had an urge to say it.

In a conversation in the last few weeks of his life he said, sorrowfully, "I have so much to tell and so little time to tell it."

He left in his published works a veritable monument to his industrious response to the impulse to write. He had something to say—something he felt his fellow man ought to hear, and he was committed to saying it with the utmost care, with precision, with accuracy and so devised as to achieve the exact effect for which he was striving. His conversation like his writing was filled with wisdom, wit and humor. He viewed life seriously but delighted in its lighter side. He loved the association with good friends and old companions. He was curiously shy and retiring, refusing all manner of invitations to public appearances (even, or perhaps especially, those devised to honor him). He shrunk from interviews to which he seldom consented.

A notable aspect of his writing and thinking was in his individuality and orginality. He fit no mold. Many American intellectuals have strongly disliked big cities. He wrote about them with great perception and genuine affection. At the same time, he loved rural life delighting in the behavior of domestic farm animals and wild creatures, intrigued by his bantam chickens, his Wyandotte laying hens, geese, sheep and dogs. He brought his two natures together in the portraits of Brooklin village life he wrote for The New Yorker.

He will be greatly missed by the people of this community, among whom he has lived for many years, and by many in the wider world beyond it about which and for which he has written; but fortunately he has left much of himself in the books, essays, editorials and poems that will continue to delight his readers, young and old, throughout the land.

CONGRATULATIONS TO BARBARA EASTERLING

HON. EDWARD F. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. FEIGHAN. Mr. Speaker, I would like to take this opportunity to congratulate Barbara Easterling, a northeastern Ohio native, on her election as executive vice president of the Communications Workers of America. Ms. Easterling's election to the union's executive board makes her the first woman in America to win a national elected position in a major trade union. Her rise to this position is based on years of dedication, enthusiasm, and commitment, working her way up through the union ranks. Her election is an example of a trade unionist who marshaled her qualities and abilities to rise to the top.

Barbara Easterling has been a union leader and a community activist for over three decades. She served for many years as a shop steward, vice president, and acting president of CWA Local 4302 in Akron, OH, and joined the union's staff as a CWA representative in Ohio and Michigan. In 1974, she became the first woman elected to the board of the Ohio AFL-CIO. Currently, she is serving her third term as vice president of the State federation.

In addition, Ms. Easterling served on advisory committees to the University of Akron and the Akron Public Schools System, and was the labor chair of the United Fund drive. Today, she also serves as an alternate on the national executive board of the Coalition on Labor Union Women.

Her service to the CWA was interrupted for a time while she served as labor division chief in the Ohio Department of Labor under Gov. John Gilligan. There, she helped to write landmark labor legislation and secured over $100,000 in back pay for wages illegally withheld from minors.

Barbara Easterling's commitment to service, and her willingess to tackle tough jobs, have made a major contribution to the CWA and the working people of northeast Ohio. On behalf of all her friends in the Greater Cleveland area and throughout northeast Ohio, I am happy to congratulate her on her election and to wish her well in the years ahead.

THE WORKMEN'S CIRCLE

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. GREEN. Mr. Speaker, 85 years ago, in my district, which encompasses the Lower East Side, a group of Jewish immigrants, workers in the sweatshops, imbued with a social conscience and with the pioneering spirit of their new homeland, formed a unique fraternal order: the Workmen's Circle. It was a self-help organization in the truest sense but with innovations. Although the members came from many Eastern European lands which had known oppression from which they had fled, their common bond was the Yiddish language. A fledgling newspaper, the Jewish Daily Forward, became their conduit. And the International Ladies' Garment Workers' Union and the United Hebrew Trades, born at the same time, became their connection to the American trade union movement. Within a short period of time they created their own medical centers, built a sanitorium in Liberty, NY, because tuberculosis was then rampant in the sweatshops and built labor lyceums which became havens for Jewish cultural pursuits and where a network of secular Yiddish-language schools was born that soon extended across the Nation. The Workmen's Circle has been in the forefront of the antitotalitarian movement fighting communistic erosion of the democratic institutions and was the spearhead of the drive against Hitler when its leadership in 1933 sparked the anti-Nazi boycott movement. Together with its allies in the trade union movement in those years it created the Jewish Labor Committee to rescue Jewish and non-Jewish labor leaders from the threat of rising nazism. Historians will find that the Workmen's Circle leadership, true to its pioneering heritage, was among the first to spotlight the plight of Soviet Jewry just as it had been the first to spotlight the beginnings of the Holocaust when few, even then, refused to believe its predictable disaster.

On Sunday afternoon, October 13, at town hall, Mayor Edward I. Koch will lead the tributes at the 85th Anniversary Jubilee of the Workmen's Circle. I want to add my own tribute to that of President Reagan, ILGWU President Sol "Chick" Chaikin, among others, for this trail-blazing, innovative, Jewish labor-fraternal-cultural order, which has not only served its own family members but has continued to serve communities throughout the United States. Its objectives are another indication of how Jewish immigrants have contributed and, through their children and grandchildren who have picked up the torch continue to thank, not just serve, the American community for its opportunities.

I am privileged to also give you the text here of President Reagan's letter of greeting to them on their 85th anniversary:

THE WHITE HOUSE,
Washington, July 12, 1985.

I am pleased to have this opportunity to extend warmest greetings and congratulations to the members of the Workmen's Circle and all others who join you in celebrating the 85th anniversary of your esteemed organization.

Throughout this century the Workmen's Circle and its members have represented and promoted the finest values of our Republic. Your organization has had a great and positive influence on many throughout the nation. I know firsthand of your commitment to the working man and to the traditions of your ancient faith and culture. Yours is the spirit of tolerance and democracy that has made our people a model for others. Because of your example, I have every confidence that our country and its ideals will continue to flourish and grow.

Nancy joins me in sending our best wishes for your anniversary celebrations and for the future of the Workmen's Circle, a great American institution.

RONALD REAGAN.

NEBRASKA'S EXCELLENT SCHOOLS

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. BEREUTER. Mr. Speaker, most of the news coming from Nebraska these days is dominated by gloomy stories of a troubled farm economy. This Member, therefore, is honored and proud to extend congratulatons to three genuine success stories in the first district of Nebraska—the recipients of the Excellence in Education Awards, Tri-County School of the DeWitt Nebraska area, Norris Middle School of the Firsh Nebraska area and Norfolk Senior High School in Norfolk.

The Department of Education examined public schools across the country with a discerning eye, looking for clear academic goals, opportunities for meaningful student participation, teacher leadership and rewards and incentives for teachers, administrative leadership, and community involvement and support, among other criteria. The Department analyzed student performance on standard achievement tests and minimum competency tests; numbers of students going on to post-secondary schools, military service, or permanent, full-time jobs; and student success and school awards in academic and vocational competitions. Through this rigorous process, the Nation's outstanding schools were identified, and 270 of them were awarded the Department of Education's highest accolade.

In any time, this Member would extend congratulations to these outstanding institutions. But the success of these schools, located in the heart of the agricultural crisis, tells us much about the students, teachers, administrators, and parents in these communities. These successful schools suggest that determination, optimism, and the will to prevail and grow still characterizes rural America. If one views the school as a microcosm of society, much can be learned about the spiritual health and values of rural Nebraska. While we currently agonize about the future of Federal farm programs and debate their fine points on the House floor, let us also celebrate the excellence and hope that successful schools in involved communities do represent.

HARP EXEMPLIFIES MUNICIPAL EXCELLENCE

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. GALLO. Mr. Speaker, local governments are the backbone of our American system, operating closest to the people and providing government services of greatest importance to the people.

As a former local elected official myself, I know the challenges faced by those men and women who make local government their careers—municipal managers.

Working with mayors and members of town councils or committees, managers must coordinate a hundred projects at one time, understanding the needs of the community and the wishes of the elected officials who employ that person.

It can be a very thankless job, but for a skilled municipal manager the rewards of accomplishment can be great.

For almost 29 years, Livingston Township in Essex County, NJ, has been blessed with the services of just such a township manager.

Robert H. Harp came to Livingston from North Adams, MA, in January 1957. At age 35, Bob already had extensive experience in municipal government, having served as assistant manager in Yonkers, NY, before going to North Adams.

Now, as he prepares for a well-earned retirement, Bob can look back on a long list of major accomplishments achieved by the township of Livingston during his watch.

Bob's length of service in Livingston makes him the longest continually serving municipal manager in the State. He has served faithfully under Republican and Democratic administrations.

As a major force behind the process of rational municipal planning in Livingston, Bob can be proud of Livingston's record as a community that has been consistent in its commitment to rational growth and development.

Bob has taken part in a process of development for Livingston that has allowed that community to meet the challenges of growth through rational development.

Livingston has a fine system of parks and recreational facilities.

Livingston has an up-to-date water distribution system and a strong commitment to water pollution control.

Livingston's modern municipal facilities include a townhall and police station, a new fire house and additions to two other fire houses, and a new library, all devel-

oped during Bob's time of service as township manager.

Bob has encouraged a new generation of young people who have chosen a career in public administration through internships and his private efforts to develop scholarship programs.

In 1981, Bob was recognized by his colleagues, receiving the excellence in public management award from the New Jersey Municipal Management Association.

We wish Bob all of the best, and congratulate him for giving all of his best to the township of Livingston.

THE 11TH ANNUAL CHRISTOPHER COLUMBUS DINNER

HON. JOE KOLTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. KOLTER. Mr. Speaker, I want to bring to the attention of my colleagues in the House of Representatives the 11th Annual Christopher Columbus Dinner at the New Englander in New Castle, PA.

This forthcoming event is on October 13, 1985, and will be celebrated with much honor and thanksgiving. The purpose of the dinner is to honor Christopher Columbus as well as the mothers, fathers, and grandparents who came to the United States from Italy. Their sacrifice has made it possible for children to have a better life.

I would like to commend Pete "Figo" Carvella, the chairman, and the rest of the Columbus Day Committee for their efforts and dedication in putting on such a great event. Much of the money raised at the dinner will be used to help local charities. The Columbus Day Committee's activities make New Castle, and our Nation, a better place to live.

NEW TECHNOLOGY TO END TOXIC WASTE

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. FLORIO. Mr. Speaker, last week the Senate passed Superfund legislation to renew the effort begun 5 years ago to rid our Nation of toxic wastes. While I have several reservations about the Senate bill, I congratulate its recognition of a new direction in toxic waste cleanup. For the first time, the Superfund will offer opportunities for new and innovative technologies to be tested and proven for use of Superfund sites.

I am proud that we in the House of Representatives have taken the lead in charting this new course. My friend and colleague, Representative ROBERT G. TORRICELLI of New Jersey, introduced legislation to require the EPA to demonstrate new technologies. In an article that appeared in the Wall Street Journal on September 26, Mr. TORRICELLI makes a strong case for this legislation, and I would like to share it with my colleagues.

Let's Destroy Toxic Waste, Not Just Move It Around

(By Robert G. Torricelli)

Five years ago, Congress approved the superfund program in order to rid our nation of toxic wastes. An expanded $7.5 billion Superfund program scheduled for final Senate approval today recognizes the limits of that original effort. The unfortunate truth is that America's 20,000 toxic-waste sites are not being cleaned up. Hazardous dumps have merely been moved from one location to another, often creating new toxic sites in the process.

The Superfund program promotes the storage of contaminated materials, not their permanent destruction. Despite the great intentions and accomplishments of the program, the result has been a lethal shell game that threatens to indefinitely prolong America's toxic legacy.

The Office of Technology Assessment recently reported that as many as one-half of the storage facilities currently under construction could themselves become Superfund dump sites in the near future. Some 87% of the repositories now in use are in danger of leaking their toxic contents into the environment. If the Superfund program continues unchanged, the government will squander millions in federal dollars on the same sites every decade and leave our children with a life-threatening inheritance.

America does have an alternative: the development and implementation of innovative technologies to safely and permanently destroy toxic waste. The same profit motive that led some to create these hazardous materials is today leading many entrepreneurs into a billion-dollar market for their destruction. Meeting this challenge, however, requires a new partnership between government and private industry.

Numerous alternative clean-up technologies have already been developed. The Office of Technology Assessment cited 26 systems or products that could effectively and permanently destroy toxic sites. Some alternatives include:

Chemical Detoxification—Rather than resorting to underground storage, chemical treatments can break down toxins into less-toxic or even nontoxic compounds. Some of these new compounds can be safely used in industry.

Biodegradation—Natural and synthetic bacteria can be applied to contaminated soil or water and actually ingest the toxic chemicals. Biological treatment of waste water has already proved to be effective and tests have shown that such organisms can destroy certain toxic wastes.

Encapsulation—A synthetic compound chemically bonds with and physically encapsulates both organic and inorganic toxic chemicals. Polluted soil or water is converted into an inert state, surpassing toxicity standards set by the Enviromental Protection Agency. This process has been used successfully in Japan for more than 15 years in decontaminating rivers, lakes and industrial sites.

Supercritical Water Oxidation—This process neutralizes organic wastes into nontoxic substances such as water, salt and carbon dioxide. Oxidation has proved to be 99.99% efficient in destroying a wide range of environmental hazards such as PCBs and dioxin.

Tragically, the full development and implementation of these and other emerging toxic treatments in the U.S. has been hindred by bureaucratic indifference and shortsighted planning. Despite the serious interest of private industry in finding a final solution, the federal government has failed to provide the incentives and means to test and apply new techniques. As Joel Hirschhorn of the Office of Technology Assessment told the House Science and Technology Committee earlier this year: "EPA has [made] a very small effort to evaluate and approve new technologies. It does not develop the methodology to evaluate new technologies . . . and it simply really does not go out of its way to help companies with new technologies prove their effectiveness."

Measured in only annual terms, storage will always seem to be less expensive than the destruction of toxic waste. But the time has come for us to realize that the long-term expense and growing hazard of constantly shuffling toxic storage sites poses monumental costs, both to the federal budget and human health. Reclaiming America's neighborhoods and workplaces requires a bold shift in national policy.

An amendment by Sen. Daniel P. Moynihan (D., N.Y.) to the Superfund bill being voted on today would order the EPA to offer samples of Superfund site materials to companies developing alternative technologies, begin 10 pilot demonstration projects, and provide clear guidelines for testing, demonstrating and licensing new clean-up systems. I am offering an identical amendment in the House. Without these measures, companies willing to help clean up our environment may soon give up their efforts.

The dangers of toxic pollution are not confined to the U.S. What is unique about the American problem is our near-total reliance on storage rather than on destruction as a remedy.

Japan and some European nations have made great strides in the use of new technologies, including some from the U.S. In the 1960's, Japan was the most polluted nation in the world. Its hazardous-waste crisis far exceeded America's. Government initiative and private imagination produced a cleaner environment by creating alternatives to toxic storage.

In adopting the original Superfund program, Congress first recognized the vast danger of our hazardous-waste problem. Now we must use all the means at hand to end the problem of toxic wastes, and not just transfer it to our children.

RETIREMENT LUNCHEON HONORING JOSEPH J. SQUILLACE

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. TORRICELLI. Mr. Speaker, I rise today to honor Joseph J. Squillace, who has recently retired as city manager of the city of Hackensack. Joe Squillace and Hackensack are synonomous.

Mr. Squillace's career in the city began as a health officer in 1948. He advanced from that position to deputy city manager and then to city manager on October 5, 1964. He has held that position in Hackensack for 20 years.

Mr. Squillace served in the military in the 1940's and was a most distinguished soldier. He came back to Hackensack, and

with his lovely wife, Eleanor, raised their two sons, John and Ronald. He has been active in many organizations, but most especially the Rotary, the Boy Scouts of America, and serves as director of the board of the Hackensack Medical Center.

Joe has been a moving force in the growth and development of the city and his considerable talents as city manager are known throughout our State.

I am pleased to have this opportunity to wish him success in his future endeavors and thank him for his dedication to our city. I thus rise to honor him today.

INNOVATION IN THE BEEF INDUSTRY

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. WIRTH. Mr. Speaker, the importance of the beef industry in America is well known. In a long, innovative, and often romantic history, the industry has faced and overcome innumerable challenges.

And innovation still characterizes the industry, as reflected in the following article about Monfort of Colorado. I commend this piece to my colleagues, especially in this time when the farm bill is before both Chambers of Congress.

The article follows:

[From the Rocky Mountain News, Sept. 29, 1985]

BEEF PRODUCTS WITH SEX APPEAL

(By Thomas Schilling)

GREELEY.—Researchers at Monfort of Colorado Inc.'s headquarters here are searching for beef products with sex appeal in preparation for the company's first foray into the nation's supermarkets.

The company wants to find more stable sources of profits after spending 20 years buying, feeding and butchering cattle, then selling their carcasses to beef wholesalers—a business that garnered $1.5 billion in sales and $15 million in profits last year.

At its $12 million, processing plant in Hastings, Neb., the company is using state-of-the-art equipment to prepare deli meats and, eventually, such frozen entrees as sauerbraten, medallions of tenderloin in Burgundy sauce and fajitas.

During an era when beef and red meat are depicted as unhealthful, Monfort of Colorado's entry into the consumer markets gives the stagnated beef industry a new weapon in its battle against the more aggressive poultry producers.

Besides squaring off with chicken nuggets and turkey patties, Monfort of Colorado—a company with no mass-marketing expertise—will be competing against such giants as the Campbell Soup Co. and Oscar Meyer.

"We have always thought of ourselves as a commodity company, sort of like an auto plant in reverse," said Kenneth Monfort, president and chief executive officer. "But we think there is an opportunity in these new products."

The new products—which eventually will account for up to 10 percent of Monfort of Colorado's income—will offer a more stable source of profits, less sensitive to the swings of the commodity markets than the carcass business that the company has relied upon for so long, Monfort said.

"There is more profit in processing the products," said Glenn Schmidt, a Colorado State University agriculture professor who is advising the company's researchers.

But it's a big step for a company that's never mass marketed a product and has little identity among consumers. Packages of the new Monfort Gold deli meats are in area supermarkets, some grocers said.

But consumer attitudes toward meat complicate Monfort of Colorado's effort. Research indicating that fatty foods such as red meat may cause cancer and other health problems has driven many consumers away from beef and to poultry.

Monfort makes no secret of his skepticism. "Will we go into this in a big way? I don't know," he said. "Part of it is getting me emotionally ready to do some of the things."

Despite Monfort's pessimism, his company is being hailed in the beef industry for taking a few tentative steps toward offering consumers new beef products.

Beef producers have been somewhat slow in adjusting to consumer trends, and some analysts believe that's reflected in the declining beef consumption. From a high of 99.5 pounds per person in 1977, consumption declined to 77.4 pounds last year.

"They have been selling the same cuts—steaks and roasts—for years," said Roger Berglund, spokesman for the National Cattlemen's Association.

Most consumers are looking for foods that can be prepared quickly, usually within 30 minutes, Schmidt said. That convenience is lacking in many traditional beef cuts. A chuck roast, for example, may take several hours to cook, Berglund said.

"The consuming public is changing," said Schmidt, "and prepared cooked products fit into those changes."

So far, it's been the new poultry products that have captured the consumer's imagination.

While beef declined, poultry consumption rose from 53.2 pounds per person in 1978 to 65.6 pounds last year—an increase of 25 percent.

Much of that success can be attributed to innovative products such as chicken and turkey patties, nuggets, delicatessen items and a growing number of frozen entrees. Beef can use the same techniques to increase its sales, say analysts.

"I do think that to be competitive, they have got to come up with some convenience-oriented products," said Mikki Dorsey, editor of the Lempert Report, a food marketing journal. "And they can do it—just look at what the frankfurter industry did by putting stuffings like cheese or chili inside the frankfurters. Their sales were way down, and it helped bring them back."

Monfort and others in the beef industry are defensive about their products, claiming that all of the beef produced is sold, despite turkey patties.

However, beef prices are far lower than they were a decade ago and Monfort of Colorado's researchers and marketers see the chicken nuggets, turkey patties and their ilk as the enemy.

"We're trying to compete with poultry," said Rhonda Miller, director of research and development. "We're trying to get dollars back from chicken and turkey."

Monfort of Colorado's first foray into the consumer market has been in deli markets, offering 12-ounce packages of such precooked products as corned-beef brisket, roast beef and pastrami. The company already had been selling beef products to supermarkets for deli counters and had supplied individual steaks and other beef and lamb cuts to restaurants for many years.

The initial response to Monfort's prepackaged meats has been restrained except in upper-income, white-collar neighborhoods, say grocers and the company's marketers. But if the products are properly marketed, they say, they will sell well.

"We think it will be a slow sales builder, but it's definitely a product whose time has come," said Jeffery Stroh, a spokesman for Safeway, which has offered Monfort Gold in its Denver-area stores since midsummer.

"The products look real promising," agreed Jan Loutzenhiser, vice president of manufacturing and distribution for King Scoopers, which already sells Monfort Gold corned beef and will begin offering more products this week.

But research at Monfort of Colorado doesn't stop at the deli counter. A list of potential products on the desk of Robert Parris, vice president of sales, includes 21 new entrees ranging from common plates such as roasted prime rib to exotic offering such as seared lamb-kabobs.

"We have some ideas for some more exotic offerings," said Parris. "They have a lot of sex appeal."

But in the eyes of some hardcore beef-and-potato fans, one of Miller's projects may have gone too far when it employed a seaweed extract to enhance a beef classic—the steak.

The company used the seaweed byproduct as a gel to hold together shredded beef molded into a steak as part of the effort to make beef products more visually appealing, Miller said. Because the seaweed extract binds the meat together without being frozen, it allow, the steak to display a fresh, red color when placed in supermarket meat counters, said Miller.

The seaweed steak still is in the research stage, she said.

Monfort has his reasons for being skeptical about his company's entrance into the consumer arena. The company has no consumer marketing experience, its name is not well-known by shoppers and it faces stiff competition from Campbell Soup Co., Armour Foods and Oscar Meyer, all of which are developing beef products.

"I think the market is ripe—but there will still be product failures," agreed Schmidt. "You have to enter this business carefully."

Although he controls one of the nation's largest beef empires, Monfort remembers the bad times in 1980 when the company suffered a $23 million loss. He intends to move carefully into a market that appears profitable but is filled with risk.

"In 1980, our company got into serious financial trouble," said Monfort. "I will be carefully now not to do things that we can't afford to do."

KILDEE PAYS TRIBUTE TO MR. AND MRS. HENRY KRAUS

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. KILDEE. Mr. Speaker, I would like to bring to the attention of my colleagues and the Nation a recognition ceremony

BEST COPY AVAILABLE

that will be held Tuesday, October 8, in Flint, MI, honoring Mr. and Mrs. Henry Kraus. Mr. Kraus is the only participant in the Flint Sitdown Strike of 1936-37 to chronicle one of the most pivotal labor disputes in American history. "The Many and the Few" recounts this dramatic story. Mrs. Kraus played a key role as well during the strike as one of the chief organizers of workers, especially women. Mr. and Mrs. Kraus were major contributors in helping to forge the early foundation of the UAW.

Mr. Speaker, the foundation which Mr. and Mrs. Kraus helped lay in 1936-37 resulted in the formation of a solid UAW organization. The UAW has been a stabilizing force in our national economy and a bulwark of our democratic society. The gains that the UAW has been able to achieve have brought benefits, direct and indirect, to the public as a whole. Over the past 50 years, the UAW has played an important role in the elevation of the American standard of living. The benefits which the UAW negotiated for workers are now widespread in the economy and enjoyed by millions of their fellow citizens. It is often not remembered that many benefits we now take for granted never existed on any meaningful scale until the UAW, fellow unions, and labor's supporters in legislative halls, won them for working people.

Mr. and Mrs. Kraus are the embodiment of the UAW heritage. I am honored to have had an opportunity to know this couple who have so greatly distinguished themselves through helping others.

ROY GOODMAN

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. GREEN. Mr. Speaker, tonight hundreds of New Yorkers of all political persuasions will join State Senator Roy M. Goodman to celebrate his 20 years of continuous public service.

The tribute to Senator Goodman has been well earned, for his 20 years have been of great benefit to New York State and New York City. Senator Goodman's leadership, as chairman of the City Charter Revision Commission, gave New York City a new charter which greatly increased the access of the ordinary citizen to the political process. For his role in Albany he has been described as "the statesman of the State senate." Earlier, as city finance administrator, he modernized the city's archaic tax collection processes. As Republican county chairman he has been an outstanding party leader, and I can personally testify how much that has meant to my campaigns.

While my official duties here in Washington will keep me from joining the senator in New York this evening, I do want to join his many admirers in wishing him many more years of productive public service.

THE 100TH ANNIVERSARY OF ST. FRANCIS CHURCH PARISH

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. APPLEGATE. Mr. Speaker, I rise today to inform the House of Representatives of a significant event in my congressional district now ongoing; 1985 marks the 100th anniversary of the St. Francis Church parish in Toronto, OH. The milestone is being commemorated during this week, from September 29 until October 6, 1985.

As in most communities, churches often serves as the centerpiece of activity and this was certainly the case in the beginning days of St. Francis parish. When this area was still known as Sloan's Station, St. Francis was a mission belonging to the Columbus, OH, diocese, which was administered from Steubenville, OH. On weekdays, religious services were held in private homes and public halls; but on Sundays, the parishioners had to travel across the Ohio River to West Virginia to attend church.

After doing this for several years, some 35 families petitioned the bishop of Columbus to send a priest to Toronto for the purpose of organizing a parish. It was at this time in 1885, that Rev. Thomas F. Delaney was appointed and served as the first resident pastor. It was during Father Delaney's pastorate that plans were made for a new church which was finally completed in April 1887. The building was formally dedicated on October 25, 1887.

The parish continued to grow in every way as the 1900's began, despite several fires and attacks of vandalism, and a parochial school was added. Also, there were renovations and additions made to the original structure. A rectory and convent were constructed as well. By 1917, the congregation numbered over 240 families. The majority of these were Irish, but there were also about 60 Slovak and Polish families and many Italian, German, Hungarian, and Croatian families as well. This well reflects the ethic makeup of the community itself, even today.

As time went on, the parish continued to be a mainstay in the community and is proud of the tremendous growth that is has enjoyed over the years to the present time. It is said that the strength of any organization lies in its membership, and this certainly applies to St. Francis parish. The church should be proud of its congregation and the congregation of its church.

Mr. Speaker, on behalf of the U.S. House of Representatives, I want to commend St. Francis parish on their 100th anniversary and extend best wishes for many more anniversaries in the future.

EX-OFFICIAL RAPS LOAN STANDARDS ON FARM CREDIT

HON. JIM ROSS LIGHTFOOT

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. LIGHTFOOT. Mr. Speaker, to date, much has been said, and altogether too much left unsaid about the farm credit system. Farmers caught in the squeeze between weather, trying economic conditions and an election-bent Congress are being kicked from another direction—the farm credit system.

In my job as a farm editor prior to coming to Congress, I was quite concerned with the shape of things in the farm credit system. Those fears have been borne out in the ensuing months.

James Allen Flannery, a highly respected reporter with the Omaha World Herald, has been researching and reporting on the farm credit system and its impact on rural America.

Because the information on and within the system is sensitive and closely guarded, it is not an easy task to get people to speak freely about the system.

However, Mr. Flannery has persisted in gathering sound information from borrowers, current and ex-employees of the farm credit system and others affected by the actions of the system.

As a former farm editor and Member of Congress vitally interested in what is happening within the farm credit system, I strongly urge anyone with an interest in agriculture to read Mr. Flannery's article of Sunday, September 29. It clearly brings to the forefront what has gone on and is going on with the system.

I commend Mr. Flannery for his objective reporting of this issue and encourage him to pursue what, in my opinion, will be one of the most important stories of these times.

The article follows:

EX-OFFICIAL RAPS LOAN STANDARDS ON FARM CREDIT

(By James Allen Flannery)

Donald Hovendick says he was forced to resign 17 months ago as president of the Federal Intermediate Credit Bank of Omaha after disagreeing with the governing board on how to handle mounting financial problems.

Hovendick declined to discuss the nature of the disagreement. But six people close to the bank say Hovendick was pressured to resign after refusing to adopt what he regarded as severe new credit standards for farm borrowers.

Farm Credit System documents indicate the standards called for borrowers with widely varying financial problems to be evaluated as if all faced foreclosure. Anticipated foreclosure costs were to be added to borrowers' existing debts.

The standards—adopted a month after Hovendick's April 1984 departure—helped push some farmers out of business and contributed to worsening conditions for the bank's affiliated production Credit Associations, say the six people. They are all former or current Farm Credit System officials and asked not to be identified.

Prompted by PCA loan losses, the Federal intermediate Credit Bank of Omaha is seeking up to $340 million worth of aid from the Farm Credit System.

Several former officials interviewed and they believe the new standards have contributed to the growth in volume of nonperforming PCA loans in the district.

Non-performing loans totaled $303.1 million on June 30, compared with $158.8 million at the end of 1984. A June * * * figure was unavailable.

The critics' * * * are disputed by William Hoffman, a deputy governor of the Farm Credit Administration, and by John Harling, who was named president of the combined Farm Credit Banks of Omaha after Hovendick's departure.

"The standards—in and of themselves—did not force anybody out of farming," Harling said. Declining land values and prices were the culprits, he said.

'SURVIVAL PLANS'

Harling said the new standards have helped detect potential problems for borrowers in time to develop "survival plans" to keep them in business.

He and Hoffman said the standards also give a more realistic picture of how much money a PCA can realize if a foreclosure actually occurs.

Harling said the new standards originated with the Farm Credit Administration, a federal agency that monitors the Farm Credit System, which is a cooperative network that holds about 35 percent of the nation's $212 billion farm debt.

The system has 12 districts, one of which is based in Omaha and covers Nebraska, Iowa, South Dakota and Wyoming.

Hovendick, 58, was president of the Federal Intermediate Credit Bank of Omaha for 12 years and a past recipient of the prestigious. Ak-Sar-Ben Agricultural Achievement Award. He said he was not fired by his governing board.

"But if I had persisted two or three more weeks, I would have been fired," Hovendick said. "I didn't have the muscle to prevail.

MERGER PROPOSED

For example, he said, he could not persuade the Farm Credit Administration to adopt a plan he developed in late 1983 for merging some PCAs in the district.

If the plan had been approved, he said, the failures last year of PCAs in Valentine and O'Neill, Neb., might have been avoided.

Now, the district is seeking to merge all 37 PCAs and 31 federal land bank associations into two districtwide associations. Farm borrowers are scheduled to vote on the proposal in November.

Jim Peterson of Underwood, Iowa, chairman of a seven-member board that sets policy for the Omaha district of the Farm Credit System, confirmed that Hovendick resisted the new credit standards and was pressured to resign.

Peterson said the board also was concerned about the quality of supervision of PCAs and the quality of PCA management under Hovendick.

"There were significant deficiencies in management of some PCAs that had been tolerated over a longer period than they should have been," Peterson said.

MOUNTING PRESSURE

Hovendick, who granted an interview for the first time since his resignation, said that in 34 years with the Farm Credit System, "I was right part of the time, and I was not right part of the time."

Peterson said the governing board consulted with the Farm Credit Administration about problems in the Omaha district. But he disagreed with a contention by some critics that the federal agency had pressured the board.

A former PCA president said pressure had been mounting for some time.

He pointed to a Nov. 22, 1982, memo sent to Hovendick and 11 others then serving as intermediate credit bank presidents from Larry Edwards, a deputy governor of the Farm Credit Administration.

Edwards said in the memo that the Farm Credit Administration would consider requests by PCAs to exceed existing loan limits in light of several factors.

Among them, the memo said, was "the (intermediate credit) bank's perspective on whether (the PCA board and management) need to be removed."

'ADVERSARY' POSITION

If a change was deemed necessary, the memo said, the Farm Credit Administration would want to know "the bank's plans for achieving this transition to a new board and/or management."

A January 1985 memo circulated among Omaha district PCAs said they should not consider compromising with problem-ridden borrowers unless the compromise "results in the greatest net return to the association and the (federal intermediate credit) bank."

Nebraska Attorney General Robert Spire said last week he was concerned by what he regarded as increasing evidence that Farm Credit System leaders were taking an adversarial position toward farmers and ranchers who are member-borrowers.

"The Farm Credit System was designed to help farmers and treat farmers on a preferential basis," Spire said. "Instead, we see a hard-line approach."

Spire, who had a law office for 30 years in the Farm Credit Banks of Omaha building, is one of 11 state attorneys general demanding that system leaders change various practices as a condition for gaining federal assistance.

The new credit standards were ordered for Omaha-district PCAs in a May 21, 1984, memo from the Federal Intermediate Credit Bank of Omaha.

The memo directed all PCA presidents within the district to evaluate "adversely classified loans"—or loans with moderate to severe problems—in terms of "standards for real estate liquidation."

The memo directed loan officers to add expenses anticipated during foreclosure proceedings—including one year's worth of future interest on real estate debt and one year's future taxes—to a borrower's existing debt.

Although the standards could be waived for problem-ridden borrowers who pledged to improve their operations, application of the standards troubled a number of people within the system, the six current and former officials said.

"Some of us felt we were adding liabilities that had not even occurred yet," said a one-time senior Farm Credit Banks of Omaha official.

"Many of the people to which the standards were applied were not facing foreclosure," said another one-time senior official.

PRECARIOUS POSITION

Applying the standards helped plunge some farmers with debts already approximating assets into an even more precarious position, the officials said.

To illustrate, one official cited an example of a farm borrower with total debts of $100,000, including obligations on land being purchased.

The farmer fails to pay all his annual expenses, which include $13,500 in interest payments on the land as well as property taxes.

The farmer ends the year with a net worth of $10,000.

Applying the new standards adds another $13,500 in interest and taxes to the farmer's debt—leaving him with a negative net worth of $3,500.

Thus, the six critics say, the farmer moves from a borderline position to a loss.

PCA's have been harmed, critics say, because they have had to move money out of reserves to cover these losses. That, in turn, has resulted in increases in interest rates to replenish reserves, they said.

LOYAL TO SYSTEM

Harling said it was possible that the new standards resulted in an increase in loan losses. But, he said, it is hard to distinguish losses that have occurred that way from those attributable to declining land and commodity prices.

Other borrowers whose repayment problems were not as severe also saw their loans deteriorate in quality, the six critics said.

"A pretty good operator in less than perfect shape could have this formula applied and be borderline or in a loss position," one former official said.

Hovendick, now a private consultant in Omaha, said he remained loyal to the system and sympathized with Harling and other leaders.

"But I still disagree with some of the things being done," he said.

"I don't know how much of the emergency (facing the system) is on the books and how much is anticipated," Hovendick said.

"It is my belief the system probably has the resources by itself to survive if there are no further declines in the agricultural economy. But if things get worse, the system could dissolve in front of all of us."

OMB DRAGS ITS FEET ON RELEASE OF REFUGEE ASSISTANCE TO THE STATES

HON. C.W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Mr. YOUNG of Florida. Mr. Speaker, the Office of Management and Budget once again is circumventing congressional intent by dragging its feet on the release of $11.5 million in refugee assistance funds to the States.

Providing for refugee assistance is a Federal responsibility, but many State and local governments, such as those in Florida, have had to shoulder a large portion of refugee costs. As a member of the Appropriations Subcommittee which funds refugee programs, I have opposed past attempts by OMB to shirk its payments to the States.

The General Accounting Office has ruled that OMB's latest effort to withhold targeted assistance funds is an illegal impoundment. These funds, to be allocated to 20 States and the District of Columbia, would have lapsed yesterday because they were

not expended before the end of the fiscal year. But a California Federal judge imposed a temporary injunction against OMB preventing the money from reverting to the Federal Treasury.

Unfortunately, despite congressional intent, a GAO ruling, and a Federal judge's injunction, OMB still refuses to release the $11.5 million in refugee assistance owed to the States. It's my hope OMB will cease its delaying tactics and meet its Federal obligation to reimburse our State and local governments for the costs they have incurred due to the influx of refugees to our Nation.

IN CLEVELAND, THE HEART OF ROCK-N-ROLL, IS THE BEAT

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 2, 1985

Ms. OAKAR. Mr. Speaker, today I rise in support of the Greater Cleveland Growth Association in their efforts to establish the "Rock-N-Roll Hall of Fame and Museum" in Cleveland, OH.

I would also like to salute Mr. Ahmet Ertegun, a legendary figure in the recording field and the chairman of Atlantic Records. Mr. Ertegun is serving as chairman of the Rock and Roll Hall of Fame Foundation, with a board of directors who are also luminaries in this industry: Walter Yetnikoff, president of CBS Records Group; Seymour Stein, president of Sire Records; Jann Wenner, editor and publisher of Rolling Stone; Allen Grubman, Esq., of Grubman, Indursky & Schindler; Neshui Ertegun, president of WEA International; Clive Davis, president of Arista Records; Robert Stigwood, chairman of Stigwood Group Co.; Guentler Hensler, president of Polygram Records; Jerry Moss, chairman of A&M Records; Bob Summer, president of RCA Records; Bhaskar Menon, chairman of EMI-Capitol Records; Bob Krasnow, chairman of Elecktra-Asylum Records; Bob Pittman, chief operating officer of MTV; David Geffen, president of Geffen Records; Irv Azoff, president of MCA Records; David Btaun, Esq., Wyman, Bautzer, Kuchel & Silbert; Bill Graham, president of Bill Graham Productions: Mo Ostin, chairman of Warner Brothers Records; John Hammond, consultant producer of CBS Records: and Quincy Jones, president of Quincy Jones Productions.

Mr. Chairman, I would like to pledge my support, as a Representative of downtown Cleveland, for the establishment of the "Rock-N-Roll Hall of Fame and Museum" in my district.

Cleveland, OH, has for many years enjoyed the reputation as one of the leading cultural capitals in the United States. The Cleveland Orchestra is world reknown, as is the Cleveland Museum of Art, which houses, among its other outstanding collections, one of the greatest Asian art collections in the world. The Cleveland Ballet is one of the few great companies in the world to have its own permanent performing theatre, located in the historic Playhouse Square area.

Cleveland is also home to many fine repertory theatres, including The Cleveland Playhouse, which has served as an important training ground for actors such as Joel Gray, Paul Newman, and Margaret Hamilton, and the nationally known black repertory theatre, Karamu House.

Yet, few people know that Cleveland has been a leader in the commercial radio and recording industry. Many of Cleveland's leading disc jockeys of the 1950's, which included Alan Freed, Norm N. Nite, and Bill Randall, revolutionized the A.M. radio format. They were among the first to play rock-n-roll and rhythm and blues recorded by black performers. Previously, this music was only given air time by radio stations if it was performed and recorded by white artists. Therefore, the function performed by these rock-n-roll DJ's was significant not only to the recording industry but to the American public as a whole.

Since the 1950's, rock-n-roll, (a phrase coined by Cleveland disc jockey Alan Freed), has indeed been alive and well in Cleveland, OH.

Mr. Speaker, Cleveland and the entire northeast Ohio area continue to be one of the most important marketing areas of the recording industry. Cleveland continues to be a major "break out" market for rock-n-roll artists. For example, the first concert of Elvis Presley's held north of the Mason-Dixon Line was in Cleveland, OH. David Bowie broke first in the Cleveland market in the 1970's. More recently, much of Bruce Springsteen's early success was from Cleveland audiences and record buyers.

Mr. Speaker, I believe that in an era of resurgence of nationalism and pride in being Americans, we also give a place of prominence to an art form that is truly American. Our music is listened to and emulated by millions of people around the world. It is a thing that unites us as one people, one world. American rock-n-roll, in all its various forms, has influenced other types of music, the visual arts, style and fashion, and dance. It has even given birth to its own universal language. Rock-n-roll music is our unique American art form in which we can indeed be proud and share with the rest of the world.

Mr. Speaker, symbols of contemporary culture are often overlooked by traditional museums and galleries in this country. The "Rock-N-Roll Hall of Fame and Museum" would be a valuable asset in celebration of contemporary and American culture.

The city of Cleveland is enjoying a major revitalization, in terms of construction and investment with regard to projects from the public and private sectors. The city of Cleveland, with its unique lakefront location, has a history of support for major cultural institutions, and particularly a unique and historical relationship with the recording industry. Its long time promotion and support of rock-n-roll artists, make it a prime location for the "Rock-N-Roll Hall of Fame and Museum."

Mr. Speaker, I enthusiastically support the concept of a "Rock-N-Roll Hall of Fame and Museum", both as a Member of Congress who represents the city of Cleveland, and as a Member who is very active in sponsoring and supporting legislation relative to the arts, humanities, and museums in this country. This museum would be a valuable cultural and educational asset to the city of Cleveland and to the Nation as a whole.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, October 3, 1985, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

OCTOBER 4

9:30 a.m.

Finance

To continue hearings on the President's tax reform proposal.

SD-215

*Joint Economic

To hold hearings on the employment/unemployment situation for September.

SD-628

10:00 a.m.

Energy and Natural Resources

Public Lands, Reserved Water and Resource Conservation Subcommittee

To hold hearings on certain land conveyance measures, including S. 304, S. 360, S. 446, S. 565, S. 567, S. 829, S. 1503, S. 1625, and S. 1690.

SD-366

Governmental Affairs

Civil Service, Post Office, and General Services Subcommittee

To hold oversight hearings on the implementation of the Randolph-Sheppard Act of 1936.

SD-342

OCTOBER 7

10:00 a.m.

Labor and Human Resources

To hold hearings on alternative programs for troubled youth.

SD-430

OCTOBER 8

9:30 a.m.

Energy and Natural Resources

Energy Research and Development Subcommittee

To hold joint hearings with the Committee on Environment and Public Works' Subcommittee on Nuclear Regulation on S. 1517, to provide continued financial and technical assistance of the Department of Energy to the regional low-level waste compact regions, and to revise the guidelines and procedures for the establishment and use of regional disposal facilities for low-level radioactive waste, and S. 1578, to improve procedures for the implementation of compacts providing for the establishment and operation of regional disposal facilities for low-level radioactive waste.

SD-366

Environment and Public Works

Nuclear Regulation Subcommittee

To hold joint hearings with the Committee on Energy and Natural Resources' Subcommittee on Energy Research and Development on S. 1517, to provide continued financial and technical assistance of the Department of Energy to the regional low-level waste compact regions, and to revise the guidelines and procedures for the establishment and use of regional disposal facilities for low-level radioactive waste, and S. 1578, to improve procedures for the implementation of compacts providing for the establishment and operation of regional disposal facilities for low-level radioactive waste.

SD-366

Judiciary

To hold hearings on S. 238, to reform procedures for collateral review of criminal judgments.

SD-226

10:00 a.m.

*Commerce, Science, and Transportation

To resume hearings on S. 1310, the Clean Campaign Act.

SR-253

Foreign Relations

To hold closed hearings to discuss a nuclear agreement between the United States and the Peoples' Republic of China.

S-116, Capitol

Judiciary

Constitution Subcommittee

To hold hearings on S. 1580, to revise federally mandated attorneys' fees applicable to civil, criminal, and administrative proceedings involving the United States and civil proceedings involving State and local governments.

SD-628

Joint Economic

Monetary and Fiscal Policy Subcommittee

To hold oversight hearings on proposals to balance the Federal budget.

SD-562

OCTOBER 9

9:00 a.m.

Labor and Human Resources

Business meeting, to mark up S. 1570, to exempt State and local governments from certain maximum hours provisions of the Fair Labor Standards Act, as a result of the impact of the Supreme Court's decision in Garcia versus San Antonio Metropolitan Transit Authority on cities, and other pending calendar business.

SD-430

9:30 a.m.

Commerce, Science, and Transportation

To hold hearings on Robert Elsner, of Alaska, and Karen Pryor, of Washington, each to be a Member of the Marine Mammal Commission.

SR-253

Finance

To resume hearings on the President's tax reform proposal.

SD-215

Foreign Relations

To continue hearings on a nuclear agreement between the United States and the Peoples' Republic of China.

SD-419

*Labor and Human Resources

To hold hearings to examine certain barriers to health care.

SD-430

Select on Intelligence

To resume closed hearings on the development of a national intelligence strategy (Phase II).

SH-219

10:00 a.m.

Commerce, Science, and Transportation

To hold oversight hearings in conjunction with the National Ocean Policy Study on Pelagic driftnets.

SR-253

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

Environment and Public Works

Business meeting, to consider the nominations of Jennifer Joy Manson, of Virginia, to be Assistant Administrator for External Affairs, and Lawrence J. Jensen, of Virginia, to be Assistant Administrator for Water, both of the Environmental Protection Agency, and Orson G. Swindle, III, to be Assistant Secretary of Commerce for Economic Development, and other pending calendar business.

SD-406

Judiciary

To hold hearings on S. 1140, to preserve and promote wholesale and retail competition in the retail gasoline market and to protect the motoring safety of the American public.

SD-226

Judiciary

Courts Subcommittee

To hold hearings on S. 704, to establish an Intercircuit Panel of the United States Courts of Appeals to decide cases referred by the Supreme Court.

SD-106

2:00 p.m.

Judiciary

To hold hearings on pending nominations.

SD-226

OCTOBER 10

9:30 a.m.

Energy and Natural Resources

Public Lands, Reserved Water and Resource Conservation Subcommittee

To hold hearings on S.J. Res. 187, to designate Patrick Henry's last home and burial place, in Virginia, as a National Memorial to Patrick Henry, S. 1596 and H.R. 2776, bills to direct the Secretary of the Interior to convey title to the Robert F. Kennedy Memorial Stadium to the District of Columbia, and S. 1116, to authorize funds for financial assistance and grants to the Bethune Museum and Archives in the District of Columbia.

SD-366

Finance

To continue hearings on the President's tax reform proposal.

SD-215

Foreign Relations

To hold hearings to discuss the proposed U.S. arms sale to the Kingdom of Jordan.

SD-419

10:00 a.m.

Commerce, Science, and Transportation

Merchant Marine Subcommittee

To hold hearings on fishing vessel safety and insurance.

SD-562

Judiciary

Business meeting, to consider pending calendar business.

SD-226

Labor and Human Resources

To hold hearings on mandatory nutritional labeling.

SD-430

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To resume hearings on proposed legislation authorizing funds for programs of the Higher Education Act.

SR-385

10:30 a.m.

Commerce, Science, and Transportation

Business, Trade, and Tourism Subcommittee

To hold hearings on the promotion of domestic tourism.

SR-253

4:00 p.m.

Select on Intelligence

Closed briefing on worldwide intelligence matters.

SH-219

4:30 p.m.

Select on Intelligence

Closed briefing on the Philippines.

SH-219

OCTOBER 16

9:30 a.m.

Labor and Human Resources

Business meeting, to consider pending calendar business.

SD-430

Select on Intelligence

To resume closed hearings on the development of a national intelligence strategy (Phase II).

SH-219

10:00

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

Select on Indian Affairs

To hold hearings on the nomination of Ross O. Swimmer, of Oklahoma, to be an Assistant Secretary of the Interior.

SR-325

10:30 a.m.

Foreign Relations

To hold hearings to discuss certain trade barriers to U.S. exports.

SD-419

OCTOBER 17

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings on espionage activities in the United States.
SD-342

10:00 a.m.
Foreign Relations
To hold hearings on the nominations of Alan L. Keyes, of Maryland, to be an Assistant Secretary of State, Robert G. Houdek, of Illinois, to be Ambassador to the Republic of Uganda, and Natale H. Bellocchi, of New York, to be Ambassador to the Republic of Botswana.
SD-419

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold hearings to examine measures to discourage students from dropping out of high school.
SD-430

Labor and Human Resources
Aging Subcommittee
To hold hearings on pension accrual and the older worker.
SD-628

4:00 p.m.
Select on Intelligence
Closed briefing on intelligence matters.
SH-219

OCTOBER 18

9:00 a.m.
Energy and Natural Resources
Energy Regulation and Conservation Subcommittee
To hold oversight hearings on innovative approaches in industrial energy efficiency.
SD-366

OCTOBER 21

9:30 a.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings on the implementation of the Household Goods Transportation Act (P.L. 96-454), and the Bus Regulatory Reform Act (P.L. 97-261).
SR-253

OCTOBER 22

9:30 a.m.
Environment and Public Works
Nuclear Regulation Subcommittee
To hold hearings on S. 445 and S. 1225, bills to revise certain provisions of the Atomic Energy Act of 1954 regarding liability for nuclear incidents.
SD-406

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on espionage activities in the United States.
SD-342

Labor and Human Resources
Employment and Productivity Subcommittee
To hold hearings on the impact of trade on employment and productivity.
SD-430

2:00 p.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings to review innovative State and local programs to expand student and parental choice in elementary and secondary education and on Federal policies to provide such innovation.
SD-342

OCTOBER 23

9:30 a.m.
Environment and Public Works
Nuclear Regulation Subcommittee
To continue hearings on S. 445 and S. 1225, bills to revise certain provisions of the Atomic Energy Act of 1954 regarding liability for nuclear incidents.
SD-406

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

OCTOBER 24

9:00 a.m.
Veterans' Affairs
Business meeting, to mark up proposed legislation to provide a cost-of-living increase for fiscal year 1986 in the rates of veterans disability compensation and dependency and indemnity compensation for surviving spouses and children.
SR-418

10:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings on the role of the entertainment industry in deglamorizing drug use.
SD-342

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Higher Education Act.
SD-430

4:00 p.m.
Select on Intelligence
Closed briefing on worldwide intelligence matters.
SH-219

4:30 p.m.
Select on Intelligence
Closed briefing on intelligence matters.
SH-219

OCTOBER 28

9:30 a.m.
Finance
Health Subcommittee
To hold hearings on S. 1551, to provide for administrative appeals and judicial review under Part B of Medicare, and to review the beneficiary and provider appeals provisions under Part A and B of the Medicare program.
SD -215

OCOBTER 29

9:30 a.m.
Labor and Human Resources
Handicapped Subcommittee
To hold hearings on the Tenth Anniversary of the Education for All Handicapped Children Act (P.L. 94-142).
SD-430

10:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings on the Federal enforcement of the Bank Secrecy Act (title 31 of the U.S. Code).
SD-342

OCTOBER 30

9:30 a.m.
Labor and Human Resources
To resume hearings to examine certain barriers to health care.
SD-430

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Labor and Human Resources
Children, Family, Drugs, and Alcoholism Subcommittee
To hold hearings on the effects of domestic violence.
SD-628

OCTOBER 31

10:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings on S. 1209, to establish the National Commission to Prevent Infant Mortality.
SD-342

Labor and Human Resources
Employment and Productivity Subcommittee
To resume hearings on the impact of trade on employment and productivity.
SD-430

Small Business
To hold oversight hearings on activities of the Small Business Administration's Office of Veterans Affairs.
SR-428A

4:00 p.m.
Select on Intelligence
Closed briefing on intelligence matters.
SH-219

NOVEMBER 6

9:30 a.m.
Labor and Human Resources
To hold hearings on nutrition and fitness in public health.
SD-430

NOVEMBER 7

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on insurance and space commercialization.
SR-253

NOVEMBER 12

9:30 a.m.
Labor and Human Resources
Employment and Productivity Subcommittee
To resume hearings on the impact of trade on employment and productivity.
SD-430

NOVEMBER 14

10:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings on regulatory activities of the Office of Management and Budget.
SD-342

CANCELLATIONS

OCTOBER 3

10:00 a.m.
Governmental Affairs
To hold hearings on the President's management initiatives and related measures.
SD-342

SENATE—*Monday, October 3, 1985*

(*Legislative day of Monday, September 30, 1985*)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. Our prayer will be offered by the Reverend Adam Lewis, rector, Christ Church Christiana Hundred, Greenville, DE. He is sponsored by Senator WILLIAM ROTH, Jr., and he is Senator ROTH's pastor.

PRAYER

The Reverend Adam Lewis, rector, Christ Church Christiana Hundred, Greenville, DE, offered the following prayer:

Almighty God, in this hour we offer prayers for all people and nations who on this Earth do dwell and most especially for the United States of America.

We pray for the Members of this Senate, that Thou wouldst be pleased to direct and prosper all their consultations to the advancement of the safety, honor, and welfare of Thy people; that their endeavors may be so ordered as to provide the best and surest foundations for peace, justice, and the pursuit of happiness.

We further beseech Thee O God that as a nation we may prove ourselves mindful of Thy favor. Bless this land with honorable industry; instill in us a sincere desire for peace on Earth and good will to men and women of every kindred and tongue. Save us from violence, discord, and confusion; from pride, arrogancy, and every evil way. Endue with wisdom those to whom in Thy name we have entrusted the authority of this Government that they may be obedient to Thy law and that we as a people may show forth Thy praise among all nations.

Finally, we pray for our fellow men and women who are hungry, destitute, and homeless. By Thy mercy, lift up the poor, those who are cast down and the innocent who suffer. Open our eyes, our minds, and our hearts to the less fortunate and by Thy grace may we have wisdom to relieve the sorrow of pain throughout the world.

Grant these petitions for Thy sake and for Thy glory, O God. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

Mr. DOLE. Mr. President, I yield to the distinguished Senator from Delaware.

TRIBUTE TO THE REVEREND ADAM LEWIS

Mr. ROTH. I thank the distinguished majority leader.

I would like to take this opportunity to express my deep appreciation to Reverend Lewis for being with us here today and offering such a thoughtful prayer.

In the 2 short years that he has guided and carefully tended our church at home, Reverend Lewis has distinguished himself both as a deeply spiritual man and one of the most articulate, thought-provoking rectors our congregation has ever had. I greatly appreciate his taking the time to open the Senate today. And I would also like to welcome his lovely wife, Linda, who is sitting in the family gallery. We look forward to seeing more of them, and I wish them well and Godspeed.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER (Mr. ARMSTRONG). The distinguished majority leader.

Mr. DOLE. Mr. President, I thank my distinguished colleague from Delaware for those comments, and I share the views which the Senator expressed.

SCHEDULE

Mr. DOLE. Under the standing order, the leaders have 10 minutes each, followed by special orders for the following Senators: CHAFEE, MURKOWSKI, COHEN, DOLE, SIMPSON, ARMSTRONG, GOLDWATER, NUNN, and PROXMIRE for not to exceed 15 minutes each.

I ask unanimous consent that the special orders in favor of Senators DOLE, SIMPSON, and ARMSTRONG for today be under the control of the Senator from Maine [Mr. COHEN].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Following special orders, there will be routine morning business not to extend beyond the hour of 12 noon with Senators permitted to speak therein for not more than 5 minutes. That time limit may by necessity have to be extended if everyone uses his special order. But in any event, at about 12 noon we hope to turn to the consideration of House Joint Resolution 372, the debt limit extension.

Rollcall votes can be expected during today's session but will not occur after the hour of 3 p.m. today. We could also turn to any other legislative matters or any matters on the Executive Calendar that might not require rollcall votes after 3 o'clock—hopefully, even beyond 3 o'clock. If there are discussions with reference to any amendment or amendments on the debt ceiling, we can have some debate after 3 o'clock.

A number of our colleagues have made long-time commitments—about an equal number on each side—to be absent after 3 p.m. today.

We will have a Friday session. It would be my hope we could come in early tomorrow morning. If we can limit the number of amendments on the debt ceiling extension on each side, then I see no reason we cannot complete action on the debt ceiling extension fairly early tomorrow afternoon. We would then recess until Monday at which time if we complete action on the debt ceiling extension we would move to the reconciliation bill. Senator DOMENICI and Senator CHILES, I understand, are prepared to do that. That could consume Monday, Tuesday, Wednesday, and Thursday of next week. If not, as I indicated last night, it would be my intention to return to the Micronesia bill and the pending textile amendment unless we can work out some other arrangement because that will then interfere with the consideration of the farm bill. I hope that between now and next week those interested in the textile amendment and the Micronesia bill can all get together to resolve the problem and compromise the textile bill. It is obviously in some difficulty with 42 votes to table the amendment. I would think those who are strong supporters of the textile bill might want to review the proposed modifications to that amendment if in fact they intend to finally succeed. But in any event, that will be up to the distinguished Senators from South Carolina, Senator THURMOND and Senator HOLLINGS; and Senator HELMS and others who have taken the lead in this particular amendment.

I will confer with the distinguished minority leader as soon as I have additional information on the debt ceiling extension and what I feel may be the number of amendments to be offered on this side.

I reserve the balance of my time.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. Under the previous order, the minority leader is recognized.

THE DEBT LIMIT EXTENSION

Mr. BYRD. Mr. President, in listening to the distinguished majority leader, I wish to say that once the situation is clear on the other side as to the number and nature of amendments that may be called up to the debt limit extension, I feel that on this side we may be able to reach a decision as to how many amendments we may have to offer.

I hope that we will not have many amendments. I hope we can confine them to the area of the budget deficit.

The distinguished majority leader and I have discussed this more than once. I think each of us would have been happier if no amendments were going to be offered and none adopted. But that does not seem to be the way the stream is flowing. Monday night is the deadline. I hope the distinguished majority leader could perhaps, before the day is over, tell us what the Monday situation will be.

Mr. President, I am not sanguine about the prospects of finishing action on this bill tomorrow. I am not expressing an attitude of reluctance to see it passed. I would be happy to see it passed tomorrow. But in view of the event that if it is not adopted on Friday, and in view of the fact that we will not have a session on Saturday, I think it would be of benefit to all of us, including the distinguished majority leader, to determine whether or not we can really get the debt limit legislation passed Monday, which will necessitate rollcall votes, or whether or not there is indeed a likelihood that it might go over until Tuesday for final action.

I am not suggesting that we go over until Tuesday, but I think that is a real possibility. If the Senate is still on the debt limit Monday, it might require some rollcalls prior to the usual threshold on Mondays, 4 or 5 o'clock.

I would be happy to engage in a conversation with the majority leader as to how we might do that by Monday.

Mr. DOLE. Or maybe even by Friday.

Mr. BYRD. I hope so, but I have a feeling that Monday is probably going to be the day.

Mr. DOLE. If the distinguished minority leader will yield, I think the only problem is in delaying. There is an amendment, of course, which may be adopted. And it would take a day or two, I assume, to get in and out of conference. We would be looking at the end of next week.

This next week, as the distinguished minority leader knows, is a short week because of the Interparliamentary Conference in San Francisco where about a dozen Senators will be participating. That starts on Friday morning.

It is also our hope, at least, to finish reconciliation next week. If we can somehow figure out how to do both of those, that would help in resolving the problem. I know Senator HATFIELD, the chairman of the Appropriations Committee, is eager to get into the appropriations bills, but I do not see how we can do many of those next week unless there is some kind of double-tracking.

Mr. BYRD. What I have said, of course, is partly based on the fact that after 3 o'clock today, several Senators on both sides of the aisle will not be here. The distinguished majority leader has been very understanding and gracious to all those Senators on both sides of the aisle in assuring that there will be no rollcall votes after 3 o'clock today. So for votes on amendments to the debt limit, this only leaves up to 3 o'clock today and Friday and Monday, unless we go beyond Monday.

Anyhow, the distinguished majority leader and I will be talking more during the day.

I ask the Chair if I have any time remaining.

The PRESIDING OFFICER. The minority leader has 5 minutes remaining.

Mr. BYRD. I thank the distinguished Presiding Officer.

Mr. President, I ask unanimous consent that I may reserve the remainder of my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I yield the floor.

RECOGNITION OF SENATOR CHAFEE

The PRESIDING OFFICER. Under the previous order, the Senator from Rhode Island [Mr. CHAFEE] is recognized for not to exceed 15 minutes.

JOE CONNORS, U.S. SENATE PAGE

Mr. CHAFEE. Mr. President, during the month of July this year, the U.S. Senate had an opportunity to learn first hand something I have always believed—that disabled individuals have something to offer all of us.

Joe Connors, a 16-year-old young man, became the first Senate page with Downs syndrome. To Joe, it was not a major event. He came, tried his best to do a good job, had a good time in Washington and then went back home—just like every other page. To the rest of us, his tenure in the job was a special event because he was not just like every other page.

Because of the nature of Congress, Joe Connors was probably one of the most visible demonstrations that we have been able to give of the abilities of individuals with disabilities. Most people would have thought someone like Joe would be unable to be a U.S. Senate page. However, through appearing on the Today Show with Bryant Gumbel, on various news programs, and in the print media, Joe showed us all that we ought to open our eyes to the capabilities of those considered to have disabilities.

After Joe's appearance on the Today Show I received many letters from all over the country about Joe. I ask unanimous consent to have the most touching of those letters inserted in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

PROVIDENCE, RI,
July 24, 1985.

Senator JOHN CHAFEE,
Senate Office Building,
Washington, DC.

DEAR SENATOR CHAFEE: I was very much impressed with your appearance on the Today Show this morning. Your sensitivity to the needs and abilities of a person, Joseph Connors, afflicted with Down's Syndrome and your willingness to bring the facts before a national TV audience very much pleased me. Not to mention the fact that Joseph himself was also willing to appear—apparently with the approval of his family.

You see, many years ago—in 1927, to be exact—a sister was born into my family, also afflicted with what was then simply known as Mongoloid Idiocy. Although she only lived to May, 1929, and therefore we never could come to understand that she probably had much more potential than we could realize it was understood within the family that she would not be institutionalized, but rather that she would be brought up within the family setting. yet institutionalization was the more normal way of handling such cases simply because science and medicine had really no idea of the causes, the treatment, the potential of such a condition. It was simply viewed as a tragedy—even within my own family where both my father and mother were doctors.

Again, many thanks to you and to Joseph. The nation really learned something! Joseph by serving as your page spoke volumes for you and is certainly a credit to himslf.

Faithfully yours,
REV. EDWIN K. PACKARD.

PAWTUCKET, RI,
July 25, 1985.

Hon. JOHN H. CHAFEE,
U.S. Senate,
Washington, DC.

DEAR SENATOR CHAFEE: It was with interest that I recently viewed the story on television about your recent hiring as a Senate Page the young boy with Down's Syndrome. Words can't express how deeply moving it was to learn about this young man who, despite his disability, is determined to prove to the general public that if given the chance the disabled have a valuable contribution to make.

I am very proud to have you as our Senator and I support you in your efforts to bring to the forefront this important issue. Please continue your efforts to assist those in society who suffer from disabling afflictions. While it is true that we do need social programs to support those incapable of engaging in meaningful and gainful employment, it occurs all to frequently that this problem is swept under the rug simply by throwing federal dollars out the window to support these individuals without giving them a chance to prove the valuable contribution they have to make. To be sure, many of these unfortunate people would rather find jobs if only people would give them a chance.

Please keep up the good work.

Yours truly,

RAYMOND A. PACIA.

MOUNT LEBANON, PA,
July 24, 1985.

DEAR SENATOR CHAFEE: As my husband and three children were eating breakfast with me this morning, we enjoyed Bryant Gumbel's interview with you and your page, Joseph. It was very special for us as we are the "parents" of three children with Down's Syndrome. I put that term in quotes as they are not our children legally, but we have been their houseparents in our community living program for nine years. As we have no natural children and two of them have no families. We have become a much closer family than most people would expect.

I thank you for your support of so many pieces of legislation which betters the lives of our exceptional citizens and helps them become more productive members of our society.

I hope that Joseph continues to enjoy and to learn from his experience at the Capitol. Also, I hope that others will learn from him that our exceptional citizens are caring, giving, and productive members of this country.

Please share with Joseph how wonderful a young man I find him to be and how sincerely caring a man you are. Thank you for what you have done for Joseph, my Jim, Michael, and Mario, and others like them.

Sincerely,

NANCY J. MURRAY.

PEORIA, IL, *July 26, 1985.*

DEAR SENATOR CHAFEE: I say you on television Thursday, July 25th with Joseph Connors. I was delighted that finally someone realized that a Down's person can do almost anything if given the challenge.

I wish you luck and success. This is a positive step that I hope will educate the public about Down's Syndrome.

My granddaughter, Katie, aged 2½ has Down's and she is a real darling. She, too, has a lot of ability and I want to help her reach her full potential.

With people like yourself in high places willing to teach and set an example I feel much encouraged as you have taken a positive step and I hope others will follows.

Gratefully yours,

ELEANOR MCGRATH.

P.S.—Please convey my congratulations to Joseph for me, also my best wishes!

Thank you,

E. MCG.

LAMAR, PA.

DEAR SENATOR CHAFEE: I saw you and Joe O'Conner on the Today Show. I think that you are doing something fantastic. I have two adopted Downs babies. I am associated with other parents of Downs children also (adopted and home made). I hope this shows the President and the other law makers and the people who decide where moneys go that these people are a plus to society not a burden. They deserve all they can get to bring them to their full potential. Thank you for giving them a chance.

Yours truly,

CHARLAINE SHANK.

FLAGSTAFF, AZ, *July 24, 1985.*

Mr. JOSEPH CONNORS,
c/o Senator John Chafee

DEAR JOSEPH: We saw you on TV this morning, and congratulate you for your work at the Capitol. I used to spend a few weeks each summer in Washington when I was your age, and I know how exciting it is there.

I hope my own boy can have the same kinds of opportunities when he grows older. Your boss, Senator Chafee, is a great man for fighting for these opportunities. And your fine work—though it's too bad people need special proof—will likely help many other people to have the chances in life that they deserve.

Enjoy your trip back to Rhode Island!

Sincerely yours,

FRANK ROACH.

WALTHAM, MA, *July 24, 1985.*

DEAR SENATOR CHAFEE: I am sure this will be one of many letters you will receive regarding your appearance on the "Today" show with Joe, Mr. Joseph Connors.

I am writing through my tears, my heart is so full—what a wonderful thing for you to do—what an opportunity, a life experience for Joe—to be integrated into the real world.

As the mother of a retarded son, Mark, I have always been so frustrated with the lack of opportunity and challenge; acceptance in general, for people like him. He has so many untapped resources. Mark is twenty-six, and so what is, will be, but for the younger generation perhaps, a newer world. With people like you in the Senate, showing the way, with new ideas, greater understanding, and tolerance, God will bless us all.

My best wishes to you.

MARGARET CINCOTTA.
(Mrs. Anthony)

P.S.—I am enclosing a note for Joe.

DEAR SENATOR CHAFEE: I was so pleased to see you on TV with the young man who is working in Washington as a page.

So little is really understood by most people concerning "Downs Syndrome." I think you do a great service by showing that, given training, etc., most persons suffering from this disorder can live happy and productive lives.

Having a little great-granddaughter who is a "Downs Child" I am aware, for the first time, how much can be done for these children through the wonderful programs that exist.

I thank you for taking the time to show how much one courageous young man has been able to accomplish despite his handicap.

Sincerely,

MARY E. MCSWEENEY.

Mr. CHAFEE. Unfortunately, because of space limitations I cannot insert all of the letters I received. However, I would like to thank everyone who took the time to share their very touching thoughts and experiences with me.

I also ask unanimous consent to insert at this point in the RECORD some of the articles that appeared in the Providence Journal about Joe.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

16-Year-Old From East Providence Makes His Mark on U.S. Senate

WASHINGTON.—He took in the July Fourth fireworks-and-Beach Boys blast on the National Mall. He has chatted about space with Jake Garn of Utah, the Senate's only space shuttle veteran. And he has a standing invitation to go swimming in Sen. Edward M. Kennedy's pool.

For a 16-year-old away from home for the first time, this is the kind of heady stuff that goes with the title tagged on his blue uniform blazer: "U.S. Senate Page Joe Connors."

* * * * *

The emblem is Connors' gold medal (first place, butterfly stoke) from the Special Olympics last month at the University of Rhode Island. He was born with Down's Syndrome, a genetic condition associated with retardation and—until recent years—with virtual exclusion from the mainstream of society.

Connors is the first such disabled person to work as a Senate page. But the distinction, in a way, is less extraordinary than it sounds, according to Sen. John H. Chafee.

Chafee said he gave Connors a three-week appointment as a page because "I just felt in Joe's case that it would illustrate to the world the capabilities of people with certain disabilities."

His case and his plucky capabilities are getting plenty of illustration. He has sat for several interviews and camera sessions (one of which will air this morning on NBC's "Today" show), displaying a flair for the limelight and a proper irreverence toward politics.

Questioned yesterday as to his early favorite in the 1988 presidential sweepstakes, Connors shot back, "Me."

* * * * *

That stands to reason. Rock and radio (his tastes run to heavy metal and Madonna) are part of the daily routine that Connors ticked off yesterday:

"Wake up call. Turn on the radio. Get myself ready—shower and shave—get my wallet and keys. Then I turn off the radio and air-conditioner and call Chafee's office."

Then, depending on the orders of the day, it's out of the pages' dormitory on Capitol Hill and over to Chafee's office or the Senate chamber, where pages are expected to know 100 new faces and master unteenagerly habits of deference and promptness as they make their rounds.

Connors, by all accounts, has taken it in stride. His mother, Barbara, reported to Chafee during a visit this week that her son, the youngest of six children, has adapted remarkably well to the independence and responsibility that are heaped on the youthful couriers of the Senate.

"It's been a challenge," said Christine Ferguson, the Chafee aide who supervises Connors. Joe, for example, has never before had to deal with little things like remembering housekeys and finding subways.

But he's not shy about figuring the shortcuts and getting things pat. If he's lost in the maze of tunnels under the Capitol he said, "I just find a guard, or call Chafee's office."

"He's gotten confidence in knowing his way around," said Chafee. The senator is pushing legislation to promote group homes and other "community living" arrangements for the great numbers of disabled Americans who can blossom "to their highest potential," as he put it, outside of state institutions.

"There are plenty of others like Joe that don't get a whole lot of press," said Ferguson, "but they're out there making it."

Speaking for himself, Connors is unimpressed by any sort of inspirational talk. When he was asked late in the afternoon to state his ambitions for the future, he said, "Go to dinner and go home." He said that with a grin.

Senate Page Who Sets an Unusual Example

Together a United States senator and a 16-year-old boy from East Providence have made an eloquent statement.

Sen. John H. Chafee appointed Joseph Connors a senatorial page for three weeks this summer. "I just felt in Joe's case," the senator said, "that it would illustrate to the world the capabilities of people with certain disabilities."

Joseph was born with Down's Syndrome or mongolism, a genetic defect manifested in mental retardation and physical disabilities. Last month he won a gold medal in the Special Olympics at the University of Rhode Island.

When he joined Senator Chafee's staff he gained a new distinction. He became the first person with such disabilities to be appointed a Senate page. He is doing things he's never done before and bearing responsibilities of which some might think him incapable. But he's making it and by his example is telling all of us that handicapped people have potential to live normal lives in the community and make a significant contribution.

When Joe and the senator appeared on NBC's "Today" show Wednesday morning, that message got network coverage. Stories in the print media have spread Joe's story far and wide, bolstering the hope that some day the stigma some still attach to being handicapped will be eliminated. When that day comes, Senator Chafee and Joe Connors will be ushered to the front ranks of those who broke down the barriers and helped to promote understanding and compassion for people who struggle daily to overcome mental or physical handicaps.

Mr. CHAFEE. Mr. President, one of the people most overlooked in this event was Joe's mother, Barbara Connors. Soon after Joe's birth, Barbara Connors lost her husband. She has six children. Joe is the youngest. She raised her children on her own. Being a parent is not easy in the best of circumstances, but when you have a child with special needs, it takes even more energy, patience, and love. Barbara Connors believes in Joe's abilities and potential. That belief has been the most essential part of Joe's development.

Some people would say that Joe is an exceptional case, that other people with his disability could not do the same. I would suggest, however, that if Joe is extraordinary, it was because his family never gave up on him. Because he had the advantage of living at home, not in an institution. Because he had the advantage of being born late enough that he had the chance to attend school with nonhandicapped children. Because he had the support, friendship, and encouragement from older brothers and sisters at home.

Joe is an example of how lives can be changed with the simple passage of important legislation—in his case the passage of the Education for all Handicapped Children Act of 1973. The next step is to ensure that Medicaid funds are available and widely used in noninstitutional settings—a situation that does not exist today.

I hope that all of my colleagues in Congress will remember Joe and his experiences here as we consider legislation that affects disabled individuals. There are people like Joe all over this country, in all of our communities. They deserve a chance that we are not giving them today—a chance to grow, to flourish and to become part of society. Each of us should have the opportunity to work and live our lives with dignity. We should be challenged and given the chance to feel good about our achievements. Joe and the hundreds of thousands of individuals like him in our country today have a contribution to make to society. I hope that everyone who has been touched by Joe—through meeting him or seeing him on television—will think seriously about giving them that chance, which is through legislation that we have sponsored here to provide that Medicaid funds can be used for those who are living in the community rather than solely in institutions.

RECOGNITION OF SENATOR COHEN

The PRESIDING OFFICER. Under the previous order, the Senator from Maine [Mr. Cohen] is recognized for not to exceed 15 minutes.

EXECUTIVE DEPARTMENT COMPLIANCE WITH LAW

Mr. COHEN. Mr. President, soon the Senate will consider the nomination of James C. Miller to be the new Director of the Office of Management and Budget. I participated in the Governmental Affairs Committee's hearing last week on this important nomination and found Mr. Miller to be a man of integrity and good character. His answers to tough questions were forthright and candid.

Based on that hearing and what I know of Mr. Miller's background, I believe that he is an excellent choice to head the OMB. His outstanding academic credentials, as well as his distinguished service in previous Government posts, make him eminently qualified to lead what is arguably the most powerful agency in the Federal Government.

I intend to support his nomination.

I am, however, deeply troubled by his response to a question that I asked at his nomination hearing that goes right to the heart of our constitutional system of Government. I asked Mr. Miller whether or not he believes that the executive branch has an obligation to follow a law that is duly enacted by Congress and signed by the President, provided that no court has ruled it unconstitutional.

This was not a hypothetical question. Last year, Mr. Miller's predecessor at the OMB, acting at the behest of the Attorney General, issued a directive ordering Federal agencies to ignore certain provisions of the Competition in Contracting Act that the Justice Department believed to be unconstitutional.

Mr. Miller's response, in essence, was that he would defer to the Department of Justice should such an issue arise. Since it was the Department of Justice which ordered his predecessor to direct all agencies to ignore the law, his response greatly concerns me. I ask unanimous consent that my exchange with Mr. Miller during the September 24 Governmental Affairs Committee hearing be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Excerpt From the Governmental Affairs Committee Transcript of the Hearing on the Nomination of James Miller September 24, 1985

Senator Cohen. Last year, the Congress passed into law the Competition in Contracting Act. The President signed it.

At the time, the President expressed some reservations about certin provisions of the bill, but the President, nonetheless, did sign the bill, which was designed to get at some of the problems that Chairman Roth has talked about in terms of contractor competition, reducing fraud, waste, abuse, et cetera.

Shortly after it was signed into law, the former Director of the OMB issued a directive, a memorandum, ordering all federal officials to ignore certain provisions of the law because the Justice Department thought they were unconstitutional, even though no court had ruled those provisions unconstitutional.

Senator Gramm has indicated, and I accept this, knowing your reputation, that you have been successful in carrying out the letter of the law. The question I have is, would you make a recommendation that any federal officials ignore certain provisions of a law that has been passed by Congress and signed by the President?

Mr. Miller. That's a very complicated question on a complicated issue, Senator. We are—of course, part of the oath of office is to uphold the Constitution. If you believe, truly, that something was adverse to the Constitution, I don't see how, someone, a public official in good conscience, could carry out that provision.

Senator Cohen. No, no, the decision to sign the bill into law is the real test, isn't it? Once the President puts his stamp of approval, saying, "I don't like certain provisions and I might question them, but I am going to sign this bill into law," it seems to me the issue is whether you or anybody within the Administration can subsequently question the constitutionality of the law in the absence of a court ruling. It seems to me you have to uphold the letter of the law.

Mr. Miller. Well, I would certainly defer, I think, to the legal scholars at the Department of Justice and those who would guide me in such a case. But I do recognize that the Constitution is the supreme law of the land and is—and all others are subservient to it.

Senator Cohen. A court subsequently ruled that the law, in fact, was constitutional and said that the Executive Branch's decision to deliberately disobey the law flatly violates the express instruction of the Constitution that the President "take care that the laws be faithfully executed." I think that we have to arrive at some sort of an understanding as to whether or not you believe that once the President signs a bill into law, in the absence of a court decision is it your belief that the Administration has an obligation to carry out the law?

Mr. Miller. Well, I would say, given the language you have just read, that would be an admonition to do as you suggest, and as I indicated, I would defer, think, to the legal scholars on what was required.

Senator Cohen. So you would recommend that we carry out the law in the absence of an opinion of legal scholars. Who would they be, the Justice Department?

Mr. Miller. Justice Department, primarily, the Office of Legal Counsel. They do that.

Senator Cohen. And if the Justice Department recommended that a certain provision was unconstitutional, you would then feel obligated to issue such a memo?

Mr. Miller. If the Office of Legal Counsel concluded that I would be violating the Constitution itself by doing, making, engaging in a certain act, I would not engage in that certain act. I would have sworn to uphold the Constitutional laws.

Senator Cohen. Do you think that the Justice Department and the Office of Legal Counsel have an obligation to make that determination before the President signs the bill into law? Isn't that the way it should be done?

Mr. Miller. It ususally is done that way, Senator,

This is a hypothetical. I would have to see the facts. I would have to see the facts.

Senator Cohen. It is not hypothetical. We have an exact case involving the Competition in Contracting Act. What I am trying to get at is what is the orderly processing of the rule of the law so we don't have a President signing something into law and then later, having a postscript added by the Justice Department saying, "By the way, we don't like section 201," or whatever the section might be, "and don't enforce it." It seems to me that erodes respect for the law.

Mr. Miller. I would just have to know the facts, and I am not trained as a lawyer, Senator Cohen. I would have to defer, I think, judgment to officials that would counsel me on that matter.

Mr. COHEN. Mr. President, it perhaps would be helpful to my colleagues if I provided some background on the Competition in Contracting Act. This law was enacted, after nearly 5 years of careful deliberation, to strengthen and reform the laws governing Federal contracting. In the Senate, the Competition Act was reported unanimously by both the Governmental Affairs and Armed Service Committees, passed unanimously by the full Senate, and eventually was incorporated into the deficit reduction package, which the President signed in July 1984.

Upon signing the bill, however, the President objected to certain provisions of the Competition Act that he believed to be unconstitutional. On October 17, the Justice Department's Office of Legal Counsel subsequently issued an opinion recommending that executive agencies should take no action to implement the provisions in question.

Briefly, these provisions codify and strengthen the Comptroller General's role in resolving bid protests. The provisions in dispute include the triggering of contract award and performance stays when protests are filed, and the authorization to award costs to successful protestors. The Justice Department contested the constitutionality of these provisions on the grounds that they purportedly authorize the Comptroller General to exercise executive authority in violation of the principle of separation of powers.

The Justice Department, however, stands alone in its judgment. The General Accounting Office, the American Law Division of the Congressional Research Service, the Senate and House legal counsels, the American Bar Association, and a number of constitutional scholars all agree that the provisions of the Competition in Contracting Act pass constitutional scrutiny. I ask unanimous consent that their opinions be printed in the Record.

There being no objection, the materials were ordered to be printed in the Record, as follows:

U.S. Senate,
Office of Senate Legal Counsel,
Washington, DC.

Memorandum

To: Link Hoewing, Ira Shapiro.
From: Morgan J. Frankel.
Date: August 1, 1984.
Re Constitutionality of Procurement Statute.

INTRODUCTION

You have requested our views concerning the opinion of the Department of Justice that provisions of Title VII of the Deficit Reduction Act of 1984 ("the Act") establishing a statutory basis for the bid protest system administered by the Comptroller General are unconstitutional. The Department raised two principal separation-of-powers objections to the enactment of an earlier version of the Act, H.R. 5184. First, it asserted that the bill's vesting of judicial or executive powers in the Comptroller General violates the Appointments Clause of the Constitution and *Buckley v. Valeo*, 424 U.S. 1 (1976). Second, it contended that the bill violates the prohibition of *Immigration and Naturalization Service v. Chadha*, 103 S.Ct. 2764 (1983), against legislative action by the legislative branch without action by both Houses and presentation to the President. We disagree with the Department's conclusions and believe that Title VII is consistent with the doctrine of separation of powers as illuminated by the Supreme Court.

THE STATUTORY SCHEME

The Department's objections are directed at two provisions of the Act.[1] First, section 2741(a) establishes a statutory procedure for interested parties to file protests with the Comptroller General alleging violations of government procurement requirements. Under the statutory scheme, the initiation of a bid protest with the Comptroller General automatically stays the authority of the procuring agency to award a contract. The purpose of the stay is to enable the Comptroller General expeditiously to consider the protest and the agency's response, and to preclude the intervening award of a contract from altering the circumstances of his decision. To that end, the statute prohibits the award of a contract in a procurement subject to a pending protest, unless the procuring agency has advised the Comptroller General that "urgent and compelling circumstances which significantly affect interests of the United States will not permit waiting for the decision of the Comptroller General." (To be codified at 31 U.S.C. § 3553(c).) The Act provides the Comptroller General with discretion to establish a period of forty-five days, ninety days, or a longer period if necessary, to complete his review of the protest or to dismiss a protest as frivolous at any time. (To be codified at 31 U.S.C. § 3554(a).)

If the Comptroller General determines that a protested procurement does not comply with a statute or regulation, he may recommend that the agency take actions, such as recompeting the contract or issuing a new solicitation, to promote compliance with its procurement obligations. (To be codified at 31 U.S.C. § 3554(b).) To complete this purely recommendatory scheme, procuring agencies must report to the Comptroller General if they have not fully implemented the Comptroller General's recommendations, and the Comptroller General must annually report to Congress on agencies' failures to implement his recommendations. (To be codified at 31 U.S.C. § 3554(e).)

Second, section 2441(a) of the Act authorizes the Comptroller General to award to a successful protesting party his costs, including attorney's fees, of pursuing the protest and of bidding on the procurement. (To be cofified at 31 U.S.C. § 3554(c).) The statute provides that such monetary awards "shall be paid promptly by the Federal agency concerned." (To be codified at 31 U.S.C. § 3554(e).)

THE DEPARTMENT OF JUSTICE'S OBJECTIONS

The Justice Department asserts that the statutory bid protest system violates *Chadha* because it "delegates to an entity such as GAO the power effectively to block Executive action outside the legislative process." Letter of Assistant Attorney General Robert A. McConnell to Representative Jack Brooks, Apr. 20, 1984, at 3. The Department analogizes the role of the Comptroller General in the protest process to that of a congressional committee in a "committee approval" provision, "the only difference being that the GAO would play the pivotal role." *Id.* This argument is grounded upon the Department's view that the Comptroller General is a legislative entity: "The GAO is an instrumentality 'independent of the executive branch,' 31 U.S.C. § 702(a), and the Comptroller General is properly considered to be an officer of the Legislative Branch." *Id.* at 1.

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[1] While the legislation was pending in the Congress, the Department also objected to a provision of H.R. 5184 that would have authorized courts to refer bid disputes to the Comptroller General. This provision is not contained in the Act. Instead the conference report states, "The Comptroller General currently receives from courts and agencies requests concerning the propriety of procurements. The conferees intend that the Comptroller General have the discretion to continue to process these requests in a manner consistent with the one used for bid protests." 130 Cong. Rec. H6760 (daily ed. June 22, 1984).

THE STATUS OF THE COMPTROLLER GENERAL AS AN OFFICER OF THE UNITED STATES

The Department's separation of powers objections to the statute's vesting of authority in the Comptroller General fail because the Department miscomprehends the status of the Comptroller General. Although for some purposes he may be considered a legislative official, [t]he Comptroller General has also a second status as the chief accounting officer of the Government. . . . *This is an executive function and in performing it the Comptroller General acts as a member of the Executive Branch of the Government.* The dual status of the General Accounting Office is not anomalous, for many regulatory commissions fulfill in part a legislative function and in part carry out executive duties, . . . *United States v. Stewart,* 264 F.Supp. 89, 99 (D.D.C.), *Aff'd,* 339 F.2d 753 (D.C. Cir. 1964) (emphasis supplied). The fact that the General Accounting Office is statutorily "independent of the executive departments," 31 U.S.C. § 702(a), no more renders it a legislative entity than the independence of the Federal Trade Commission renders it a congressional body. The Supreme Court has long recognized the legitimacy of agencies, like the Federal Trade Commission, that perform a combination of quasi-judicial, quasi-legislative, or quasi-executive functions and that, though composed of presidential appointees, operate free from executive control. *See Humphrey's Executor v. United States,* 295 U.S. 602, 628 (1935) (the Federal Trade Commission is "a body which shall be independent of executive authority, *except in its selection*").

Rather than focusing on the hybrid functions of such an entity, for separation of powers purposes the Supreme Court looks to its mode of selection. In *Buckley v. Valeo,* 424 U.S. 1, 133 (1975) (per curiam) (quoting *Humphrey's Executor*), the Court held that the Appointments Clause of the Constitution[2] "controls the appointment of the members of typical administrative agency even though its functions . . . may be 'predominantly quasi-judicial and quasi-legislative' rather than executive." Congress had given the Federal Election Commission, whose membership then included individuals appointed by Members of Congress, "extensive rulemaking and adjudicative powers," *Id.* at 110. The Court concluded that the composition and duties of the Commission violated the Appointent Clause: "[A]ny appointee exercising significant authority pursuant to the laws of the United States is an 'Officer of the United States,' and must, therefore, he appointed in the manner prescribed by § 2, cl. 2 of" article two of the Constitution. *Id.* at 126.

The Comptroller General is "appointed by the President, by and with the advice and consent of the Senate." 31 U.S.C. § 703(a)(1).[3] Accordingly, under *Buckley* he properly exercises authority as an officer of the United States.[4] Because of the Comptroller General's status as an officer of the United States, the Department's invocation of *Chadha* is inapposite. Consistent with the Court's decisions in *Buckley* and *Chadha,* the Congress has a choice: it may create purely legislative entities and appoint purely legislative officials to administer them, in which case any authority the officials exercise outside the legislative branch must meet the constitutional requirements of bicameralism and presentation to the President. Alternatively, the Congress may establish governmental entities to exercise delegated authority, in which case the officials in those entities may be appointed only by the President, the courts, or the heads of departments. Here, the Congress has properly chosen to delegate authority to an officer appointed by the President.[5]

This understanding of the role of the Comptroller General as an officer of the United States coheres with the functions previously assigned to the Comptroller General by statute. The Comptroller General has sweeping statutory authority to audit accounts and expenditures of agencies of the United States Government. 31 U.S.C. §§ 3522-3525. The Comptroller General also has statutory authority to settle all accounts of Government, to settle claims of or against the Government, and to supervise the recovery of debts due the Government. 31 U.S.C. §§ 3526-31, 3702. Moreover, decisions of the Comptroller General are binding upon agencies of the Executive Branch. *See United States ex rel. Skinner & Eddy Corp. v. McCarl,* 275 U.S. 1, 4 n.2 (1927).

The suggestion by the Executive Branch that the delegation of authority to the Comptroller General in the Deficit Reduction Act contravenes the separation of powers brings into question the broad responsibilities that the Congress has delegated to the Comptroller General over time. The Justice Department here maintains that the statutory role of the Comptroller General in the bid protest system constitutes an unconstitutional authority "to block Executive action outside the legislative process." McConnell Letter, *supra,* at 3. Further, the Department objects specifically to the Comptroller General's authority to award legal costs against procuring agencies: Whether this authority is analyzed as GAO's performing a judicial function which is binding on an executive agency, or as GAO's rendering an administrative decision for the Executive Branch, it is clearly unconstitutional. The doctrine of separation of powers does not . . . permit the Legislative Branch to execute the law by determining how contracts should be awarded or to adjudicate claims against the Executive Branch. *Id.* (citation omitted). There is no language in *Buckley* or *Chadha* to support such an attack on the important role of the Comptroller General in assuring the sound and lawful administration of the Government's finances.

CONCLUSION

In sum, nothing in the Supreme Court's decisions in *Buckley* or *Chadha* nor in the doctrine of separation of powers appears to forbid the Comptroller General's role in the bid protest system contained in Title VII of the Deficit Reduction Act of 1984, because the Comptroller General is an office of the United States, appointed by the President and confirmed by the Senate. The fact that the Comptroller General also performs numerous distinct functions at the direction of Congress, in aid of the legislative function, does nothing to alter this conclusion.

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, October 2, 1984.

MEMORANDUM

To: The Honorable Jack Brooks, Chairman, Committee on Government Operations.
From: Steven R. Ross, General Counsel to the Clerk; Charles Tiefer, Assistant General Counsel to the Clerk.
Subject: Constitutionality of the Competition in Contracting Act.

We have been asked to address the constitutionality of the Competition in Contracting Act of 1984 ("the Act") (enacted as Title VII of the Deficit Reduction Act of 1984), and in particular the new 35 U.S.C. §§ 3551-3556 (enacted by section 2741 of the Act). On April 20, 1984, the Department of Justice presented its views on the predecessor bill of the Committee on Government Operations, H.R. 5184.[1] The Department's analysis focused on a key provision, section 204(b)(2), which provides for a stay of an agency's award of a contract upon notification of the agency that bid illegalities are being protested. As its conclusion, the Department stated that this provision is unconstitutional as violating the separation of powers. We disagree.

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[2] *[The President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint* Ambassadors, other public Mininsters and Consuls, Judges of the Supreme Court, and *all other Offices of the United States,* whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments. Art. II, Sec. 2, Cl. 2 (emphasis supplied).

[3] The Comptroller General's status as an officer of the United States is not affected by the existence of statutory restrictions on his removal. 31 U.S.C. § 703(e)(1). Although these limitations have never been tested, *see, e.g., Myers v. United States,* 272 U.S. 52 (1926); *Humphrey's Executor, supra* under the Constitution it is solely the mode of appointment that determines whether an official is "an officer of the United States."

[4] In fact, the Supreme Court explicitly recognized the propriety of the Comptroller General's status in *Buckley.* In that case the Federal Election Commission had attempted to analogize its role to that of the Comptroller General. The Court pointed out the weakness of the analogy: "[I]rrespective of Congress' designation . . . [of the Comptroller General as a legislative officer], the Comptroller General is appointed by the President in conformity with the Appointments Clause." *Buckley, supra,* 424 U.S. at 128 n.165.

Moreover, the Justice Department has previously acknowledged the Comptroller General's status as an officer of the United States. The plaintiff in *The Boeing Co. v. United States,* 680 F.2d 132 (Ct.Cl. 1982), *cert. denied,* 103 S.Ct. 1768 (1983), raised, among many issues, a challenge to the constitutionality under *Buckley* of the appointment of members to a former governmental entity known as the Cost Accounting Standards Board, which was comprised of the Comptroller General and four individuals appointed by him. Construing the Board's functions as advisory, the Department viewed it as a legislative entity. However, the Department agreed with the plaintiff that, irrespective of the characterization, although the appointment of the four other members of the Board might be troublesome under *Buckley,* the participation on the Board of the Comptroller General, an officer of the United States appointed by the President, raised no constitutional problems. *See* Letter of Deputy Assistant Attorney General Stuart E. Schiffer to Senate Legal Counsel Michael Davidson, Nov. 25, 1980, at 4 ("Comptroller General passes muster" under Appointments Clause). The court did not reach the constitutional issue.

[5] The fact that the Comptroller General also performs statutory reporting and investigatory duties in aid of Congress, *See. e.g.,* 31 U.S.C. §§ 712, 717-719, does not alter his status as an officer of the United States. The Supreme Court recognized in *Humphrey's Executor* that the Federal Trade Commission performs both types of statutory duties. 295 U.S. at 628.

[1] Letter to the Honorable Jack Brooks, Chairman, Committee on Government Operations, from Robert A. McConnell, Assistant Attorney General

STATUTORY MECHANISM

A review of the statutory mechanism is appropriate, particularly since the Justice Department's analysis centers on its assertion that the statute is a means for the Comptroller General to put a permanent hold on contracting. The Competition in Contract Act of 1984 seeks to deal with endemic agency failures of competitive procurement by insuring proper proceedings for charges of illegalities. It works through an automatic stay and a recommendation by the Comptroller General.[2] Under the Act, an "interested party," meaning an "actual or prospective bidder or offeror," [3] can file a protest concerning alleged violations of procurement statutes or regulations. The agency immediately receives notice of the protest, section 3553(b)(1), and the agency's receipt of notice automatically stays the award of any contract,[4] absent "urgent and compelling circumstances." [5]

While that automatic stay is in effect, the agency and the Comptroller General proceed with the bid protest. Within twenty-five days after notification of the protest (subject to shortening or lengthening for various reasons),[6] the agency submits "a complete report (including all relevant documents) on the protested procurement." Section 3553(b)(2).[7] Then, the Comptroller General decides the protest, by "determin[ing] whether the solicitation, proposed award, or award complies with statute and regulation." Sections 3552, 3553(a), and 3554(b)(1). He must "issue a final decision concerning a protest within 90 working days." Section 3554(a)(1).[8]

If "the Comptroller General determines that the solicitation, proposed award, or award does not comply with a statute or regulation, the Comptroller General shall recommend that the Federal agency" take one of several steps, such as terminating the contract, issuing a new solicitation, or recompeting the contract. Section 3554(b)(1).[9] Also, the Comptroller General has discretion to declare the protester to be entitled to its costs for filing and pursuing the protest and for bid and proposal preparation, to be paid by the agency. Section 3554(c).

In its challenge to this provision, the Justice Department characterizes the provision as providing the GAO with "the power effectively to block Executive Action. . . ." DOJ Letter at 3. The Justice Department letter states that the Act's stay provision "clearly contemplates the possibility that with respect to some contracts, the agency will simply be put on permanent 'hold' until after GAO has announced its 'recommendation.'" Id. One reason for the Justice Department's assertion is apparently that H.R. 5184, which it analyzed, did not set a 90-day time limit (absent particular circumstances) on Comptroller General consideration; the conference committee set that limit on the statute. In any event, the Department likens the Act's stay to a legislative veto or committee approval provision, citing *INS* v. *Chadha*, 103 S. Ct. 2764 (1983).[10]

ANALYSIS

The Justice Department's analysis strains the plain meaning of the statute in attempting to make it appear improper. Congress has tried to clear and simple mechanism for dealing with the endemic problems of wasteful agency procurement violations. The Act provides for an automatic, nondiscretionary stay of a contract award upon notification of a bid protest. Thus, the statute gives bid protesters, whose protests trigger the automatic stay—not the Comptroller General, who makes no decision regarding a stay—the power to invoke the statutory stay. In essence, based on years of investigations of improper procurement awards, Congress decided that it was better to let bid protesters stay allegedly illegal awards before they occurred so that the matter could be looked into immediately, than to leave it to agencies to give out awards and then, maybe, rectify illegalities later. Obviously, the judgment that such a mechanism should be implemented to get agency procurement onto the lawful track could be made rationally by the Committee on Government Operations, which has spent years studying the problems of the procurement system.

In any event, it is the bid protester who invokes the statute staying the award, and the legislative veto cases, involving decisions by one House of Congress to veto agency decisions, have nothing to do with the matter. Rather than acknowledging that bid protests cause the stay, the Justice Department contends that the statute is a means for the GAO to put agencies "on permanent 'hold.'" This Justice Department analysis predated the 90-day limit placed on the Comptroller General in the statute as enacted, rendering the Justice Department letter obsolete. With the 90-day limit in place, the real authority to stay contract awards temporarily conferred by the statute lies with the bid protester, not the Comptroller General.[11]

The real thrust of the Department's argument is its a historical challenge to the very notion of an independent audit and account-settlement officer addressing contract matters—a challenge plainly inconsistent with the Framers' own constitutional understanding. In its key argument, the Justice Department challenges the GAO's authority "to settle the accounts of the Government, 31 U.S.C. § 3702," contending that "there has been considerable discussion over the years questioning whether this settlement authority is properly lodged in a legislative body like GAO." DOJ Letter at 2 n.2. The Justice Department argument appears to be that "the Comptroller General is properly considered to be an officer of the Legislative Branch," DOJ Letter at 1, and thus cannot exercise the authority to settle accounts which gave rise to his contract role.

Of course, the Justice Department makes no reference whatsoever to the history of the comptroller function in the government, for that history squarely refutes the Departments views.[12] The First Congress—the Congress with unparallel understanding of the Constitution, based among other factors on its numbering as Members many of the Framers themselves[13]—specifically addressed the need for independent judgment in resolution of the government's accounts, much like any operation must have an independent auditor. By statute, the First Congress established the office of Comptroller of the Treasury, "the great grandparent of

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for Legislative Affairs, of April 20, 1984 ("DOJ Letter").

[2] Legislative hearings concerning the act were held on March 27 and 29, 1984.

[3] Section 3551 provides definitions.

[4] "[A] contract may not be awarded in any procurement after the Federal agency has received notice of a protest . . . while the protest is pending." Section 3553(b)(2).

[5] An escape clause allows "(t)he head of the procuring activity . . . [to] authorize the award of the contract (notwithstanding a protest . . .) . . . upon a written finding that urgent and compelling circumstances which significantly affect interests of the United States will not permit waiting for the decision" on the protest. Section 3553(c)(2)(A).

If the contract has been awarded before notice of a protest, performance ceases, section 3553(d)(1), unless the head of the procuring activity makes a similar written finding about "urgent and compelling circumstances." Section 3553(d)(2).

[6] Section 3554(a)(2) provides an express procedure. Section 3554(a)(3) provides for the Comptroller General to dismiss protests which on their face do not state a valid basis.

[7] Interested parties receive that report and relevant unprivileged documents. Section 3553(1).

[8] The Comptroller General can take longer than 90 days if he "determines and states in writing the reasons that the specific circumstances of the protest require a longer period." Section 3554(a)(1).

[9] An agency which does not fully implement those recommendations within 60 days must so report to the Comptroller General, and he, in turn, reports annually on instances of nonimplementation. Section 3554(e).

[10] The Department also assails the provision allowing the Comptroller General to assess costs to a bid protester of an illegal action as unconstitutional under *Buckley* v. *Valeo*, 424 U.S. 1 (1976).

[11] Of course, a provision giving such effect to a private bid protest involves no separation of powers problem since the bid protester is not another Branch of the government. See, *e.g.*, *Currin* v. *Wallace*, 306 U.S. 1 (1939).

The conferees on the bill noted emphatically regarding deadline extensions, including extension of the 90-day limit, that they "regard such extensions as exceptional, however, and to be used in unique circumstances only." H.R. Rep. No. 861 98th Cong., 2d Sess. 1435-36 (1984). If the Justice Department continued to adhere to its view of the statute as a means to make a "permanent 'hold'", that could only be regarded as hyperbole. For occasions in which the Comptroller General takes a longer period than 90 days notwithstanding the conference report language, he must cite "specific circumstances," which would be of importance in any concrete challenge to the statute. To take a likely example, if the Comptroller General's decision takes longer than 90 days only because the agency accused of illegality interposes delays before providing information, or organizes its procurement mechanism to defy swift analysis, then the responsibility for delay may lie with the agency, not the GAO.

[12] The Department's vague assertion that "there has been considerable discussion over the years," with the implication that many believe the Comptroller General's authority to settle accounts to be unconstitutional, appears to be an attempt by the Department to manufacture a historical record in its favor where there has been none. Not one source is cited on this point by the Department. Elsewhere, the Department cites the classic study of the GAO by the eminent W.F. Willoughby, Director of the Institute for Government Research and one of the founders of modern public policy studies. W.F. Willoughby, The Legal Status and Functions of the General Accounting Office of the National Government (1927), cited in DOJ Letter at 1 n.1. However, the Department did not cite that key authority on this point, for good reason. Regarding the position that the law establishing the GAO as the agency that would settle accounts was unconstitutional, Willoughby comments disparagingly: "the position [may] be taken that Congress was without constitutional authority to create any such agency. Through this position may be taken, it is hard to see how it can be maintained." Id. at 14. The reasons set forth by Willoughby are those confirmed by the unanimous Supreme Court decision in *Humphrey's Executor* v. *United States*, 295 U.S. 602 (1935).

[13] See *Myers* v. *United States*, 272 U.S. 52 (1926).

the modern Comptroller General,"[14] with the duty to superintend the accounts of the government. James Madison, one of the authors of the Federalist Papers, and Representative who had successfully led the crucial debate that kept Cabinet officers subject to the presidential removal, argued that "there my be strong reasons why an officer of this kind should not hold his office at the pleasure of the Executive branch of the Government."[15]

Madison's sound judgment ultimately prevailed in the evolution of the Comptroller General's role. In 1795 Congress made the Comptroller of the Treasury's judgments "final and conclusive," as of March 3, 1795, ch. 48, § 4, 1 Stat. 441, 442, to put the comptroller's functions outside of political will.[16] By 1809, the Comptroller's "independence of status . . . seemed clearly indicated."[17] In 1838, the Supreme Court confirmed the validity of investiture of officers with independent responsibilities: "in such cases, the duty and responsibility grow out of and are subject to the control of the law and not to the direction of the President," *Kendall* v. *United States,* 37 U.S. (12 Pet.) 524 (1838.)[18] Ultimately, the Budget and Accounting Act of 1921 implemented the historically-based necessity for independent supervision of the accounts, by vesting the count-settlement function in the Comptroller General who was not subject to Presidential removal.

The constitutional power of the Congress so to provide was confirmed in *Humphrey's Executor* v. *United States,* 295 U.S. 602 (1935), the fundamental authority on this subject, which cited directly to Madison's original observation about the Comptroller, 295 U.S. at 631. Conveniently in citing *Buckley* v. *Valeo,* supra, the Justice Department avoids mentioning that the Supreme Court expressly reconfirmed its *Humphrey's Executor* holding. "[T]he President may not insist that such functions be delegated to an appointee of his removable at will, *Humphrey's Executor* v. *United States,* 295 U.S. 602 (1935)." *Buckley* v. *Valeo,* supra, 424 U.S. at 141 (emphasis supplied.[19] Also conveniently, the Justice Department avoids mentioning that the Court expressly distinguished between true officers of the House or Senate, who are chosen by their House, and "the Comptroller General [who] is appointed by the President in conformity with the Appointments Clause." *Buckley* v. *Valeo,* 424 U.S. at 128 n.165. The Comptroller General can hardly be equated with a legislative veto which could be voted at will by Congress, when he is neither appointed by the Congress, nor subject to removal by it (absent enactment of a joint resolution); there is nothing in *Chadha* v. *INS,* supra, regarding legislative vetoes, which undermines the validity of independent officers reconfirmed in *Buckley* v. *Valeo.*

CONCLUSION

Not a shred of historical support has been assembled by the Justice Department for challenging the account-settlement function from which the Comptroller General's contract functions arise. By fundamental American tradition started, and amply justified, by the Framers themselves, the Congress' sound approach to limiting Government waste and fraud has been to stand an independent officer over the government's accounts and contracts. *Buckley* v. *Valeo,* supra, expressly validates that tradition, by confirming the validity of an officer appointed by the President but not subject to his removal for the performance of independent functions. The Competition in Contracting Act of 1984 is well within that tradition, particularly considering that the Comptroller General, an independent officer who can be vested with non-legislative functions, is only empowered to make "recommendations" and that the statute's automatic stay feature vests the real authority to stay awards in the bid protester, not the Comptroller General. This statutory response to endemic procurement problems passes constitutional muster.

COMPTROLLER GENERAL OF THE
UNITED STATES,
Washington, DC, May 8, 1984.

Hon. JACK BROOKS,
Chairman, Committee on Government Operations, House of Representatives.

DEAR MR. CHAIRMAN: You ask us to comment on a letter dated April 20, 1984, from the Department of Justice (Department) regarding H.R. 5184, a bill "to revise the procedures for soliciting and evaluating bids and proposals for government contracts using full and open competition, and for other purposes."

The Department states the bill, which would authorize the General Accounting Office (GAO) to take a formal role in the awarding of government contracts, raises substantial constitutional problems and permits an unnecessary and unwise intrusion into executive branch activities. Specifically, the Department points to the provisions that would authorize federal courts to refer bid protests to GAO, would provide for a stay of the award or performance of a contract pending GAO consideration of a protest, and would authorize GAO to grant the costs of pursuing a protest, including attorney fees.

The Department states that these provisions call for the exercise of either executive or judicial authority and that the head of GAO, the Comptroller General, as an officer of the legislative branch of government cannot exercise executive or judicial authority without violating the doctrine of separation of powers. The Department cites *Buckley* v. *Valeo,* 424 U.S. 1, 139 (1976), for this proposition and it cites *INS* v. *Chadha,* 103 S. Ct. 2764 (1983), for the proposition that Congress may not stay the award or performance of a contract pending review by a legislative official.

We point out first that GAO already has a formal role in the awarding of executive branch contracts. GAO has been deciding executive branch contract award protests for about 60 years based on its authority to determine the legality of public expenditures. *See* 31 U.S.C § 3526 (1982). Indeed, GAO has become the principal forum for resolving the protests of disappointed bidders.

Over the years the bid protest process has been an integral part of the government's procurement system. That system is administered under a complex array of laws and regulations designed to achieve beneficial results through fair treatment of those bidding for the government's business. An effective protest process not only assures that the thousands of procurement officials administering this complex system observe the procurement laws and regulations, it also serves to assure bidders that they will be treated fairly.

All concerned with the government's procurement process rely upon bid protest decisions as the definitive body of administrative law governing the award process. GAO decisions are used by the Congress, the courts, and the procurement community, including the executive branch contracting agencies. Executive branch procurement regulations have long recognized GAO's bid protest role.

In fact, the bill would not give GAO any more authority to decide protests than it now exercises. The bill would not authorize GAO to suspend the award or performance of a government contract while a protest is pending or to determine the form of relief that must be provided by agencies once a protest is decided. Although the bill generally calls for agencies to suspend the award or performance of a contract pending a GAO decision, agencies would be authorized to override this general requirement in appropriate cases. GAO would only declare whether awards or proposed awards comply with law and regulation, recommend a form of relief when appropriate, and provide monetary relief where warranted. With the exception of granting attorney fees GAO now makes these determinations under existing procedures with full cooperation of the executive branch and often upon requests for assistance from the judicial branch. We do not view the addition of recognizing payment of attorney fees in appropriate cases as a significant extension of authority in a constitutional sense.

The bill would give specific statutory recognition to GAO as an arbiter of executive branch contract award protests. It appears to be the statutory recognition of the function rather than execution of the function itself which forms the basis of Department's constitutional argument. The Department argues that the Comptroller General is a legislative officer and that the Congress may not constitutionally authorize a legislative officer to decide bid protests.

The Comptroller General's status does not constitutionally prevent him from performing the audit and settlement of accounts functions. As indicated above, the bill would not authorize the Comptroller General to order contracting agencies to take specific actions. He would only, as under present procedures, declare whether particular contract awards comport with law and regulation. We fail to understand why statutory recognition of the current bid protest process leads to a determination of unconstitutionality.

The *Buckley* v. *Valeo* case, *supra,* dealt with a situation where congressionally appointed officers were given executive functions to perform. The Supreme Court held that these officers could not constitutionally perform executive functions since they had not been appointed to office by the

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[14] F. Mosher, The GAO: The Quest for Accountability in American Government 25 (1979).

[15] 2 Annals of Cong. 612 (1789), noted with approval, *Humphrey's Executor* v. *United States,* 295 U.S. 602, 631 (1935).

[16] It may be fairly conjectured that Congress learned a great deal about improper Government procurement, and thus began to understand the necessity for independent auditing judgment, from its very first investigation. That investigation concerned a military disaster largely brought on by faulty procurement. See Chalou, St. Clair's defeat, 1792, in Congress Investigates; 1792-1794 I-18 (A. Schlesinger & R. Bruns eds. 1975).

[17] D. Smith, The General Accounting Office: Its History, Activities and Organization 22 (1927).

[18] For further discussion of the firm historic grounding of such independent officers, see Tiefer * * * Constitutionality of Independent Officers as Checks on Abuses of Executive Power, 63 B. * * * Rev. 59 (1983).

[19] The Justice Department's contention that in contract inquiries directly related to his auditing function, the Comptroller General cannot award costs, something that could be done by any of the independent agencies validated by *Humphrey's Executor,* is without merit.

President. The Court noted that in contrast the Comptroller General is appointed by the President. Id. at 128 n. 165. We do not believe the holding in *Buckley* v. *Valeo* forecloses the Comptroller General's role as provided under H.R. 5184.

The *Chadha* case cited by the Department, simply stated, stands for the proposition that Congress may not overrule executive action outside of the legislative process. Because H.R. 5184 would require an executive agency to hold up the award or performance of its contract pending a decision on a protest by the Comptroller General, the Department argues that the *Chadha* holding would be violated.

The delay would not be for the purpose declared unconstitutional in *Chadha.* It would be for the purpose of providing the Comptroller General's views to the agency while meaningful relief could still be provided. Although procurements are to be delayed pending the outcome of protests at GAO, the bill does provide for override of the requirement for delay where the vital interests of the United States are involved. As we suggested in testimony before your Committee, it would be more appropriate to allow override of the delay requirement on the basis of a less rigid standard such as "the interests of the United States," which in turn would eliminate any question of constitutionality.

The provision in the bill authorizing federal courts to refer bid protests to GAO, merely codifies existing procedure. Since 1971 federal courts have requested advisory opinions from GAO in cases brought before them by disappointed bidders. *See Steinthal* v. *Seamans,* 455 F.2d 1289 (D.C. Cir. 1971); *Wheelabrator* v. *Chafee,* 455 F.2d 1306 (D.C. Cir. 1971). In those cases the courts specifically recognized GAO's bid protest competency and concluded that a judge's request for a nonbinding GAO opinion could provide a "felicitous blending of remedies and mutual reenforcement of forums." *Wheelabrator* v. *Chafee, supra,* at 1316. It is quite common for both the United States Claims Court and for federal district courts to make known their interest in having a GAO decision on a pending matter before rendering judgment on it. *See Drexel Heritage Furnishings, Inc.* v. *U.S.,* 4 Cl. Ct. 162 (1983); *Aero Corp* v. *Department of the Navy,* 558 F. Supp. 404 (D.D.C. 1983). We do not see how this well-established practice constitutes "usurping the judiciary's function" by GAO.

The Department objects to the payment of attorney fees in protest cases as encouraging baseless attacks on agency procurements. Attorney fees would not be allowed except where a protest had merit. In some of these cases, reimbursement of a protester's costs may be the only remedy possible. And it should be recognized that the protest process is a means for assuring the continuing integrity of government procurements. There would not seem to be any sound basis for objecting to the payment of reasonable attorney fees in cases where protesters have served to correct procurement deficiencies.

The Department also objects to permitting any interested party to file a protest, arguing that it would not be in the public interest to allow parties other than bidders to interfere with the procurement of goods and services. The bill reflects current GAO bid protest procedures. GAO determines whether a party is an "interested party"—and thus eligible to protest a procurement—by considering the party's status in relation to the procurement, the nature of the issues involved and whether the circumstances show the existence of a direct or substantial economic interest. This standard is sufficient to prevent those without a legitimate interest from having their protests considered.

Finally, we note that the Department objects to the provision in the bill that would give the General Services Administration Board of Contract Appeals authority to decide protests involving certain types of procurements. We also question this provision as noted in our March 27 testimony on the bill.

We hope our comments are helpful.

Sincerely yours,

SHELTON J. FOWLER,
Acting Comptroller General of the United States.

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, DC, August 8, 1984.

To: Senate Committee on Governmental Affairs: Subcommittee on Oversight and Management. Attn: Jeffrey A. Minsky.
From: American Law Division.
Subject: Constitutionality of Providing a Statutory Base for General Accounting Office Bid Protest System.

Reference is made to your recent inquiry requesting our comments on certain features of the procurement Protest System established by Subtitle D, Deficit Reduction Act of 1984, P.L. 98-369.

In order "to insure that the mandate for ['full and open'] competition is enforced and that vendors wrongfully excluded from competing for government contracts receive equitable relief", Subtitle D of P.L. 98-368 codifies and strengthens "the bid protest function currently in operation at the General Accounting Officer (GAO)." H. (Conference) Rept. 98-861, p. 1435 (1984).) Up to the present time, GAO has been deciding executive branch contract award protests on the basis of its authority to determine the legality of public expenditures. 31 U.S.C. § 3526. See *United States* v. *Stewart,* 234 F. Supp. 94, 99 (D.C.C. 1964), *affd.* 339 F. 2d 753 (D.C. Cir. 1964). The formalized bid protest procedures of the new law, codified at sections 3551-3556 of Title 31, United States Code, become effective with respect to any protest filed after January 14, 1985.

The procedures authorized by the law are set in motion by submission of a protest by an interested party (§ 3553(a)) who alleges that a contract or proposed contract award fails to comply with procurement law or regulations (§ 3552). An interested party is any actual or prospective bidder or offeror whose direct economic interest would be affected by the award of the contract or by failure to award the contract for the procurement of property or services (§ 3551).

When a protest is filed with GAO, the Comptroller General (CG) must notify the executive agency involved within one working day of receipt of the protest (§ 3553(b)(1)). The executive agency is given 25 working days to respond to the protest (§ 3553(b)(2)(A)); 10 days are allowed for a response if the CG selects the express option procedures authorized by § 3554(a)(2) that apply when a protest is susceptible of earlier resolution (§ 3553(b)(2)(C)).

The CG has 90 working days from receipt of the protest (§ 3554(a)(1)) or 45 calendar days under the express option (§ 3554(a)(2)) to declare whether the award or proposed award of a contract complies with procurement law or regulations (§§ 3552 and 3553). Generally, a contract challenged on these grounds cannot be awarded pending a decision by the CG (§ 3553(c)(1)). Moreover, if a protest is filed within 10 days after the award of the contract, performance on that contract must cease and all related activities that may result in additional obligations being incurred by the United States must be suspended pending a decision by the CG (§ 3553(d)(1)). However, the executive agency involved may go ahead and make the award or continue to perform on an awarded contract when it determines and notifies the CG that compelling circumstances which significantly affect interests of the United States require it (§ 3553(c)(2)). This go ahead authority, however, is available only if the award of the contract is likely to occur within 30 calendar days (§ 3553(c)(3), (d)(2)).

If the CG determines that the solicitation, proposed award or award does not comply with procurement law or regulations, he is required to recommend corrective action to the agency that promotes compliance with legal requirements (§ 3554(b)(1)). The CG additionally may recommend monetary awards and costs, including reasonable attorneys' fees (§ 3554(c)).

The authority granted the CG to decide bid protests is not exclusive. Accordingly, an interested party retains the ability to pursue other administrative or judicial relief for any violation of a procurement law or regulations (§ 3556).

As previously indicated, the law largely formalizes functions presently being performed by GAO in connection with the award of executive branch contracts. Specific authority to recommend attorneys' fees is among the few departures from current practice made by the law.

In brief, when a protest is filed, the CG has to decide whether awards or proposed awards comply with law or regulations, and recommend appropriate relief. For the most part, the law, not the CG, holds up a proposed award or suspends in certain circumstances further performance on an award previously made to enable the CG to decide the issue. Some limited discretion is granted the CG to extend the time which an agency has to respond to a protest (§ 3553(a)(2)(B)) and which he has to decide the merits of the protest (§ 3554(a)(1)). The conference report indicates that the latter authority is to be used sparingly and "in unique circumstances only." H. Rept. 98-861 at 1436.

Constitutional objections have been lodged against the law. At the time of signing the Deficit Reduction Act of 1984, President Reagan charged that the bid protest provisions appear to violate the Constitution's separation of powers doctrine by giving GAO a formal role in the awarding of executive branch contracts. The President's view in this matter reflects the position previously taken by the Department of Justice regarding similar legislation. See April 20, 1984, letter to Representative Jack Brooks, Chairman, Committee on Government Operations, House of Representatives.

Generally speaking, the Department takes the position that the law gives to a legislative officer, i.e., the CG, executive or judicial authority contrary to the doctrine of separation of powers. The Department relies chiefly on *Buckley* v. *Valeo,* 424 U.S. 1, 139 (1976) in support of this conclusion and invokes *INS* v. *Chadha,* 103 S. Ct. 2764 (1983) to assert that Congress and, therefore, the CG as a legislative officer, may not stay the award or performance of a contract pending review by a legislative official.

These constitutional conclusions are based on the assumption that the CG is a purely legislative officer. That assumption is crucial to the Department's constitutional objections stated in the aforementioned April 20, letter to Chairman Jack Brooks.

The Department's April 20 letter, additionally, necessarily assumes that the bid protest functions formally adopted by the law are essentially executive or judicial rather than legislative in nature. If these assumptions are correct, the law's provisions applicable to bid protests would raise the constitutional issues described by the department. That "the legislature cannot engraft executive duties on a [purely] legislative office" consistent with the separation of powers doctrine is virtually beyond question. *Springer* v. *Philippine Islands,* 217 U.S. 189, 202 (1908). Similarly, it is fundamental that the authority to administer and enforce the public laws is an executive function which can only be enforced by "Officers of the United States". *Buckley* v. *Valeo,* 424 U.S. at 139-141.

The congressional power to allocate responsibilities for the execution of laws is a broad power. "To Congress under its legislative power is given the establishment of offices, the determination of their jurisdiction, the prescribing of reasonable and relevant qualifications and rules of eligibility of appointees, and the fixing of the term for which they are appointed and their compensation . . ." *Meyers* v. *United States,* 272 U.S. 52, 129 (1926); *Buckley* v. *Valeo,* 424 U.S. 1, 134 (1976). Also, Congress may devolve upon an executive official already in office additional duties which are germane to that office. *Shoemaker* v. *United States,* 147 U.S. 282, 301 (1893).

In light of the acknowledged power of Congress to establish offices and to reasonably regulate many incidents relating to offices within constraints flowing from the separation of powers doctrine, the propriety of the role given to GAO in awarding government contracts by the law turns on the resolution of two matters: first, the status of the CG as either an executive or legislative officer; second, the nature of the functions to be carried out by the GAO.

Clearly, if the CG is a purely legislative officer, the grant of executive functions to him would pose separation of powers problems. However, if his functions relating to bid protests are such that Congress itself could have discharged them, Congress can delegate similar functions to a subordinate legislative unit, and "there can be no question that the [CG as a legislative officer] may execute them." *Buckley* v. *Valeo,* 424 U.S. at 137. Conversely, if the CG is an "Officer of the United States," the confiding of the functions in question on him would not violate the doctrine of separation of powers.

Although the answer to both these issues is not so conclusive as to be preclusive of contrary argument, evidence supporting the view that the CG is an "Officer of the United States" and that the bid protest functions formalized by the law are executive functions which he can discharge, commands more respect.

Turning to the latter first, it should be noted that but for the curious fashion in which the law for the most part formalizes GAO's current bid protest activities, they would clearly constitute executive functions. In the main, these involve administration and enforcement of procurement law "to ensure that . . . ['full and open'] competition is *enforced* and that vendors wrongfully excluded . . . from government contracts receive equitable *relief.*" H. Rept. No. 98-861 at 1435. (Emphasis added). These functions (i.e., deciding whether an award or prospective award complies with law and regulations, recommending administrative and other relief, including costs and attorneys' fees, issuing regulations, and extending response time and decision-making time) which are to be "exercised free from day-to-day supervision of either Congress or the Executive Branch . . . are of kinds usually performed by independent regulatory agencies or by some department in the Executive Branch under the direction of an Act of Congress . . . These administrative functions may therefore be exercised only by persons who are 'Officers of the United States.'" *Buckley* v. *Valeo,* 424 U.S. at 140-141.

Although the bid protests functions formalized by the law in our view entail essentially executive activities, the law is written in terms that seemingly make the CG an information gatherer and a reviewing and advisory official whose resolution of a bid controversy, while entitled to respect, is for the most part free of compulsion. He is authorized to *decide* the issue of an actual or prospective award's conformance with law or regulations, but he *only recommends* remedial relief. The latter's actual implementation is left to the contracting executive agency involved. Moreover, the latter, as indicated, can override the CG in appropriate circumstances. For the most part, the award of a contract or performance under a contract is suspended for fixed periods by the operation of law, not by action of the CG. See *INS* v. *Chadha,* 103 S. Ct. at 2786, note 19, re the validity of durational limits on authorizations. Finally, the CG's role is expressly made nonexclusive so that existing administrative and judicial avenues of remedial relief remain available to an interested party.

Viewed in this narrow, and in our view, artificial light, the activities to be carried out by the CG under the law could be carried out by Congress itself. "Insofar as the powers confided . . . are essentially of an investigative and informative nature, falling in the same general category as the powers which Congress might delegate to one of its own committees, there can be no question that . . . [a legislative officer] may exercise them." *Buckley* v. *Valeo,* 424 U.S. at 137. In other words, Congress could *informally* give its opinion regarding compliance vel non with law or regulations of a contract award and recommend appropriate relief when there has been a failure of compliance with legal requirements. An *informal* procedure along this line that is devoid of any compulsory effect seems to raise no separation of powers problems. See *City of Alexandria* v. *United States,* Appeal No. 84-713 (June 21, 1984). Accordingly, Congress might delegate their exercise to the CG.

However, it would blink at reality to conclude that the CG's functions in this regard are solely of an investigative and informative nature and that his influence on contracting executive agencies is limited to moral suasion. Cf. *City of Alexander* v. *United States, supra.* In enacting the bid protest procedures, the conferees stated that they "believe[d] that strong *enforcement* is necessary to insure that the mandate for competition is *enforced* . . ." H. Rept. 98-861 at 1435. (Emphasis added) Clearly, Congress did not intend that the CG decide whether awards or proposed awards comply with law or regulations and recommend appropriate administrative relief, including granting attorneys' fees, as an academic or training exercise. Although suspension of an award or performance of a contract pending a GAO decision flows largely by operation of law in the vast majority of cases and can be overridden by the contracting executive agency in appropriate cases, the CG's resolution and recommendations were obviously intended to weigh heavily on agency action. In the words of Judge Holtzoff directly on point: "As a practical matter, no disbursing officer would make any . . . payments in the face of . . . [the CG's contrary] ruling." *United States* v. *Stewart,* 234 F. Supp. at 98.

These speculative matters aside, however, the law in a number of particulars gives the GAO the kind of administrative discretion that is usually performed by independent regulatory agencies or by some department in the Executive Branch under the direction of an Act of Congress. Thus, while the time that an agency has to respond to a bid protest that is triggered by the filing of a protest by an interested party is generally fixed by the law at 25 working days (10 working days under the express option), the CG has discretion to determine a longer period (§ 3553(b)(2)(C)). Similarly, while an award or performance under a contract generally is to be suspended by law for a fixed period of 90 days, the CG is authorized to extend the period if he determines "that the specific circumstances of the protest require a longer period" (3554(a)(1)). The decision in *INS* v. *Chadha,* 103 S. Ct. at 2786 clearly signals that congressional actions at odds with the exercise of statutorily delegated authority to an agency have to take the form of law: "Congress must abide by its delegation of authority until that delegation is legislatively altered or revoked." If Congress is disabled from mandating an extension of time informally and thus preventing the exercise of authority delegated to an agency, a similar result obtains with respect to the CG if he is deemed to be a purely legislative officer. As such, he would stand in no better position than Congress.

Other features of the new law suggest that something more than moral suasion is involved. For example, monetary awards, "including reasonable attorneys' fees," that the CG may recommend *"shall* be paid promptly by the Federal agency concerned out of funds available to or for the use of the Federal agency for the procurement of property and service" (§ 3554(c)(2)). A federal agency which fails to fully implement the CG's recommendations within 60 days has to report it to him and he, inturn, is to include it in an annual report to Congress (§ 3554(e)). The exaction of fees and awards are typically functions exercised by agencies and courts.

Notwithstanding that the law generally relies on the agencies to enforce its provisions under GAO's direction, it does not seem unfair to state that it is instinct with obligation and compulsion imperfectly expressed. However, there is no need to speculate upon these matters since it has been judicially determined that the CG is performing executive functions in "approv[ing] or disapprov[ing] . . . payments made by Government departments and other agencies, as well as . . . [in] settling and adjusting accounts in which the Government is concerned . . . *United States* v. *Stewart,* 234 F. Supp. at 99. As executive functions they could not be exercised by the CG if he were a purely legislative officer.

The Department of Justice rests its assumption that CG is a legislative official and, therefore, ineligible to discharge executive functions on the statute establishing the GAO as an independent instrumentality and widespread perceptions of the CG as an officer of the Legislative Branch.

Although the department describes the agency's enabling statute, 31 U.S.C. § 702(a), as making the GAO an "instrumentality 'independent of the executive branch' ", the law reads "independent of the executive *departments*." The law on its face, therefore, gives GAO independence vis-a-vis the executive departments, not in express terms from the Executive Branch. At odds with the assertion that he is independent of the Executive Branch are the requirements that the CG report "to the President when requested by the President on the work of the . . . [GAO]," 31 U.S.C. § 719(a), and to "give the President information on expenditures and accounting the President requests" (31 U.S.C. § 719(f)).

Because the GAO which he heads is generally regarded as a congressional support agency, the CG is widely perceived on Capitol Hill as "their man". See, e.g., C.Q. *Guide to Congress* (2d ed.) 485 (1976). However, neither the statutory nor congressional designations preclude the courts from looking behind them and making determinations on the basis of functional activities and other factors. See, e.g., *Glidden Company* v. *Zdanok*, 370 U.S. 530, 552 (1962): ". . . whether a tribunal is to be recognized as one created under Article III depends basically upon whether its establishing legislation complies with the limitations of that article . . ." Likewise, the nature and status of an officer is not controlled by a statutory labels expressed or implied, but by the nature of the functions to be performed by the officer and the manner of his or her appointment. *Buckley* v. *Valeo*, 424 U.S. at 138-139.

Notwithstanding congressional and other assumptions regarding the CG, both the mode of his appointment and the nature of some of his duties make him an "Officer of the United States." He is appointed by the President with the advice and consent of the Senate for a term of 15 years. 31 U.S.C. § 703(a)(1) and (d). That the CG is an "Officer of the United States" is confirmed in *Buckley* v. *Valeo*, where the Supreme Court struck down the Federal Election Commission (FEC), none of whose members were appointed in conformity with Art. II, § 2, cl. 2. Finding that FEC performed significant enforcement authority pursuant to law, principally discretionary power to seek judicial relief, the Court held that such authority could be exercised only by persons who are appointed in conformity with the Constitution's Appointments Clause. In response to Commission's attempts to analogize itself with the CG, the Court observed as follows:

> Appellee Commission has relied for analogous support on the existence of the Comptroller General, who as a "legislative officer" has significant duties under the 1971 Act. § 308, 86 Stat. 16. *But irrespective of Congress' designation*, cf. 31 U.S.C. § 65(d), *the Comptroller General is appointed by the President in conformity with the Appointments Clause.* 424 U.S. 128, note 165. (Emphasis added)

Briefly, the CG as an "Officer of the United States" is capable of exercising administrative and enforcement functions which neither Congress itself nor purely legislative officers can perform consistent with separation of powers principles.

As previously noted, the exercise by the CG of executive as well as legislative functions was recognized in *United States* v. *Stewart*, 234 F. Supp. at 99-100. Noting his effective involvement in bid protest matters as an aspect of his statutory authority to settle public accounts and contrasting it with his auditing functions, the court observed as follows:

> The Comptroller General is the head of the General Acounting Office, 31 U.S.C. § 41. Unlike heads of most departments and establishments of the Government, he occupies a dual position and performs a two-fold function. First, he makes investigations of matters relating to the receipt, disbursement and application of public funds, and reports the results of his scrutiny to the Congress with appropriate recommendations. In addition he pursues investigations that may be ordered by either House of Congress, or by any Committee of either House, in matters relating to revenue, appropriations or expenditures, 31 U.S.C. § 53. In performing these functions the status of the Comptroller General is that of an officer of the legislative branch of the Government. The Congress has comprehensive authority to undertake investigations in aid of legislation, or in connection with the appropriation of funds. Investigations are an aid to legislation and to the making of appropriations and are therefore auxiliary to the basic functions of the Congress. The Congress may conduct investigations either through Committees or through an official such as the Comptroller General.
>
> The Comptroller General has also a second status as the chief accounting officer of the Government. His second principal function is that of approval or disapproval of payments made by Government departments and other agencies, as well as of settling and adjusting accounts in which the Government is concerned, 31 U.S.C. § 71. This is an executive function and in performing it the Comptroller General acts as a member of the Executive branch of the Government. The dual status of General Accounting Office is not anomalous, for many regulatory commissions fulfill in part a legislative function and in part carry out executive duties, *Humphrey's Executor* v. *United States*, 295 U.S. 602 55 S. Ct. 869, 79 L. Ed. 1611. Cf, *Myers* v. *United States*, 272 U.S. 52, 47 S. Ct. 21, 71 L. Ed. 160.

In more recent times, Congress has grafted other executive functions on the CG, conspicuously the power to seek judicial relief. The Congressional Budget and Impoundment Control Act of 1974, 2 U.S.C. §§ 686-687, authorizes the CG to monitor executive spending actions and to bring a civil action in the federal courts to require budget authority to be made available for obligation. Similarly, the General Accounting Office Act of 1980, 31 U.S.C. § 716(b), empowers the CG to bring a civil action to require the production of certain agency records. As stated by the Supreme Court in *Buckley* v. *Valeo*, 424 U.S. at 140: ". . . responsibility for conducting civil litigation in the courts of the United States for vindicating public rights . . . may be discharged only by persons who are 'Officers of the United States' ".

Notwithstanding that the CG is appointed in the manner constitutionally prescribed for the appointment of "Officers of the United States" and that he discharges unquestionably executive functions, it is sometimes contended that since he is not removable at the will of the President, he is a legislative officer. Initially, it may be noted that legislative qualifications on removal in the form of requiring removal for cause do not convert an officer into a purely legislative officer. See *Buckley* v. *Valeo*, 424 U.S. at 135 et seq. where the Court discusses the "trilogy of cases" dealing with the constitutional authority of Congress to circumscribe the President's power to remove officers of the United States. Although qualifications of this kind may not be imposed on purely executive officers, they are permissible in the case of officers who additionally exercise functions which are legislative or judicial in nature. As the CG exercises both legislative and executive functions, *United States* v. *Stewart*, 234 F. Supp. at 99-100, the constitutional authority of Congress to circumscribe the President's power to remove him is consistent with the Court's removal jurisprudence.

Under existing law, 31 U.S.C. § 703(e)(1), the CG "may be" removed by impeachment or by joint resolution for specified reasons including permanent disability, inefficiency, neglect of duty, malfeasance, or a felony or conduct involving moral turpitude. While the law provides that he "may be" removed by impeachment or by law (i.e., a joint resolution), the law on its face does not preclude removal by the President. Compare and contrast "may be" and "shall only be".

Despite some question regarding the propriety of removal by law for the enumerated reasons—a matter which need not concern us now—the alternative means of effecting the CG's removal are instructive. Clearly, if the CG were a purely legislative officer, Congress could remove him without recourse to law or the impeachment process. In providing for removal by a joint resolution which has to be submitted to the President, Congress signaled its appreciation of the fact that the CG was something more than a legislative officer. This signal is reinforced by the alternative removal procedure, namely impeachment, which under Art. II, § 4 is available only in the case of the President, the Vice President and all *civil* officers. Although the availability of impeachment to remove legislative officers who are neither Senators or Representatives is problematical, the Senate in the impeachment trial of Senator William Blount in 1797 effectively ruled that members of Congress cannot be impeached. 3 Hinds' Precedents of the House of Representatives § 2294 et seq. (1907) In brief, the statutory removal provisions applicable to the CG do not derogate from his being an "Officer of the United States" for certain purposes, but are consistent therewith.

In summary, notwithstanding GAO's independence vis-a-vis the executive departments and widespread misconceptions regarding the CG's status, there are good and compelling reasons for concluding that he is an "Officer of the United States" and as such has the capacity to discharge the executive functions of resolving bid protests as formalized by Subtitle D of the Deficit Reduction Act of 1984.

RAYMOND J. CELADA,
Senior Specialist in American public law, American Law Division, August 8, 1984.

Mr. COHEN. On October 26, I wrote to then-Attorney General William French Smith expressing my deep concern over the Justice Department's proposed action. In my letter, I pointed out that, absent a court ruling, the Justice Department recommendation to violate statutory provisions enacted by Congress and signed by the President raises the most serious questions under the doctrine of separation of powers. I emphasized, furthermore, that a unilateral decision by the executive branch to refuse to enforce a statute constitutes a usurpation of the proper role of the judiciary and a failure of the President to meet his constitutional responsibility to enforce the laws.

I ask unanimous consent to have that letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE, COMMITTEE ON GOVERNMENTAL AFFAIRS, SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT,
Washington, DC, October 26, 1984.

Hon. WILLIAM FRENCH SMITH,
Attorney General,
Department of Justice,
Washington, DC.

DEAR MR. ATTORNEY GENERAL: I am writing to share with you my grave concern over a memorandum that Acting Assistant Attorney General Larry L. Simms provided to you on October 17, 1984, regarding "Implementation of the Bid Protest Provisions of the Competition in Contracting Act," P.L. 98-369, §§ 2741, 2751, 98 Stat. 494, 1199-1203 (1984). Mr. Simms recommends in the memorandum that executive agencies should take no action to implement certain bid protest provisions which the Department of Justice believes to be unconstitutional.

Absent a court ruling, Mr. Simms' recommendation to violate statutory provisions enacted by the Congress and signed into law by the President raises the most serious questions under the doctrine of the separation of powers. A unilateral decision by the Executive Branch to refuse to enforce a statute constitutes a usurpation of the proper role of the judiciary and a failure by the President to meet his constitutional responsibility to "take Care that the Laws be faithfully executed." U.S. Const., Art. II, Sec. 3.

The bid protest provisions in question have been examined by the General Accounting Office, the Congressional Research Service, the Senate Legal Counsel, and the General Counsel to the Clerk of the House of Representatives, all of which concluded that these provisions passed constitutional scrutiny. I can appreciate that the Department sincerely differs from the conclusions these congressional entities have reached. I believe that it is nevertheless incumbent upon the Department to acknowledge that the constitutional issues are complex and important and that other positions are worthy of consideration. Surely such controversial and difficult issues should be decided after the presentation of divergent views in the courts, not within the confines of the Department of Justice.

Mr. Simms' recommendation, moreover, is inconsistent with the Department's historical understanding of the obligation of Executive Branch agencies to enforce those statutes whose consitutionality the Department doubts. The Department has previously recognized its responsibility to enforce statutes, even while disputing their constitutionality in court. Thus, in the controversy over the constitutionality of the legislative veto, for example, the Executive Branch had always respected the exercise of a legislative veto, notwithstanding the view of the Department that legislative vetoes were unconstitutional.

In *Immigration and Naturalization Service* v. *Chadha*, 103 S.Ct. 2764 (1983), the Solicitor General explicitly stated that, "[u]ntil and unless the court of appeals entered a decision holding the statute unconstitutional, INS intended to enforce the law." Reply Brief for Appellant in No. 80-1832, at 11. The Solicitor General explained there that the alternative approach of "ignoring a resolution of disapproval passed by one House of Congress and to cancel deportation proceedings and confer permanent resident status on the alien . . . would be inconsistent with the accepted view that constitutional questions arising in the administration of a statute should, if possible, be resolved by the courts, not by the administrative agency itself." Id. at 14.

The Solicitor General viewed the Department as having been constrained in *Chadha* to act "under the compulsion of [the statute] and [having] adhered to the established practice of many agencies of declining to rule on constitutional challenges to the statute they are charged with administrating, properly leaving such issues to the courts." Brief for the INS at 74. The Solicitor General concluded that the enforcement of the statute by the Executive Branch, despite its refusal to defend the statute once judicial proceedings were initiated, "was not merely permissible under the circumstances, but was a responsible and wholly appropriate response to the situation." Reply Brief at 14.

I am deeply concerned by the Department's contemplated deviation from this established practice for dealing with disputes between the branches over the constitutionality of statutes. Here, no less than in *Chadha*, "because the constitutional question in this case involves a conflict between the Executive and Legislative Branches, it is particularly important that it be resolved by the Judicial Branch." Id. Moreover, this is not an instance in which the Executive Branch's enforcement of the statutes could serve to insulate the constitutionality of the statute from judicial resolution. The context of government procurement disputes obviously provides a setting in which private parties can be anticipated expeditiously to institute litigation concerning the constitutionality of these provisions.

I strongly urge that you reject Mr. Simms' recommendation and instruct the executive agencies to conform to the historical understanding that they are obligated to enforce the laws of the United States unless and until those laws have been found unconstitutional in the courts.

Sincerely,

WILLIAM S. COHEN,
Chairman.

Mr. COHEN. Mr. President, unfortunately, I was not successful in persuading the Attorney General of the administration's legal obligation to follow the law. In his response to me dated November 21, Attorney General Smith wrote that he concurred with the conclusions of the Office of Legal Counsel and that he had determined that the executive branch should refrain from implementing the bid protest provisions of the Competition Act.

To implement the Department of Justice's decision not to enforce the law, the Attorney General turned to the Director of the Office of Management and Budget. And, on December 17, 1984, David Stockman issued Bulletin No. 85-8 which stated, in part, that "Agencies shall take no action including the issuance of regulations, based upon the invalid provisions." Another "Action Requirement" instructed agencies that "[w]ith respect to the 'stay' provision, agencies shall proceed with the procurement process as though no such provisions were contained in the act."

I am not alone in my belief that the executive branch—not the legislative branch—has acted in violation of the Constitution by suspending these provisions of the Competition in Contracting Act. Not only do the General Accounting Office, the American Law Division of the Congressional Research Service, the Senate and House Legal Counsels, the American Bar Association, and several constitutional scholars agree with my position, but, most important, so does a court of law.

In May of this year, a Federal judge ruled that the challenged provisions of the Competition in Contracting Act were constitutional, but that the decision of the executive branch to deliberately disobey the law was not. Judge Harold Ackerman of the Third District Court in New Jersey held in Ameron, Inc. versus U.S. Army Corps of Engineers that:

> Such a position by the Executive branch . . . flatly violates the express instruction of the Constitution that the President shall "take care that the laws be faithfully executed." . . . It has been one of the bedrocks of our system of government that only the Judiciary has the power to say what the law is . . . The rule that no executive official can decide for himself what laws he is bound to obey, but must await decisions of the judiciary and until then obey the laws, has deep roots in our constitutional history.

Judge Ackerman had earlier found the Competition in Contracting Act to be constitutional in a March decision granting Ameron a preliminary injunction. To add insult to arrogance, however, the Attorney General testified before the House Judiciary Committee that the administration would continue to ignore the law—except in the instant case—because the executive branch was waiting for "a court or competent jurisdiction to decide the constitutionality of the issue."

The district court, in its subsequent decision in May confirming the preliminary injunction granted in March, did not take too kindly to the Attorney General's assault on its jurisdiction. Judge Ackerman stated:

> The Executive Branch's position that they can say when a law is constitutional equates the powers of mere executive officials with those of the Judiciary. It flies in the face of the basic tenet laid out so long ago by the United States Supreme Court [that] . . . 'No man in this country is so high that he is above the law. No officer of the law may set that law at defiance, with impunity. All the

> officers of the government, from the highest to the lowest, are creatures of the law and are bound to obey it,' *United States* v. *Lee*, 106 U.S. 196 (1882).

In support of his decision, Judge Ackerman cited, among several other cases, the Supreme Court's decision almost 150 years ago in *Kendall* v. *United States*, 37 U.S. 524 (1938). In that case, a Cabinet member claimed that because he was subject to the President, who had vast authority under the "faithful execution" clause, he was not bound by certain laws.

The Supreme Court rejected the argument of executive supremacy, holding that—

> To contend at the obligation imposed on the President to see the laws faithfully executed, implies a power to forbid their execution, is a novel construction of the Constitution, and is entirely inadmissable.

In rejecting the executive's argument in Kendall, the Court explained that the effect of such power would be like:

> . . . vesting in the President a dispensing power, which has not countenance for its support, in any part of the Constitution; asserting a principle, which, if carried out in its results, to all cases falling within it, would be clothing the President with a power entirely to control the legislation of Congress and paralyze the administration of justice.

It is deplorable, in my judgment, that nearly a century and half later, the administration is again making the same fallacious argument rejected by the Court in 1838.

This time the administration's defense rests on what many constitutional experts believe to be, at best, a rather convoluted interpretation of the "faithful execution" clause of the Constitution. Deputy Attorney General Lowell Jensen stated in testimony before the House Government Operations Committee, which held extensive hearings on this issue in February, that—

> In the case of a conflict between the Constitution and a statute, the President's duty faithfully to execute the laws requires him not to observe a statute that is in conflict with the Constitution.

The administration's novel reasoning implies that, on the one hand, executive officials have a duty to uphold the Constitution, while on the other hand, they reserve for themselves the power to decide what the Constitution means. This view that the oath to support and defend the Constitution is a license to interpret the Constitution clearly contravenes the Supreme Court's landmark decision in Marbury versus Madison, in which Chief Justice John Marshall held—

> That it is, emphatically, the province and duty of the judicial department to say what the law is. 1 Cranch 137 (1803).

As the House Legal Counsel, Charles Tiefer, pointed out in his brief in Ameron submitted to the U.S. Court of Appeals:

> For the first time in two centuries, the Executive Branch would provide for *Marbury* v. *Madison* . . . a novel gloss. It would no longer be "emphatically the province and duty of the judicial department to say what the law is." Here, the Executive Branch assumed an inherent power of *deciding*—not just arguing—to strike down Acts of Congress, specifically, the Competition in Contracting Act.

The implications of the executive branch's interpretation of the "faithful execution" clause are chilling. Potentially if his Attorney General will issue a ruling that a law is unconstitutional, the President need not observe it. The executive branch could simply issue its own order not to follow the law prior to any judicial ruling against the statute. And the Attorney General has testified that the administration would not necessarily follow the law even after a district court has upheld it. What does this mean for other laws with which the administration disagrees?

The Constitution does not give the President any power to strike down acts of Congress other than through the exercise of his veto. At the Constitutional Convention, the framers specifically rejected a proposal to allow the Executive to suspend laws. The framers conferred only one specific power on the President with respect to legislation he did not approve: He could veto it.

There is a crucial difference between the Executive offering a view that a statute is unconstitutional, such as by declining to defend the statute in a court challenge, and deciding that a law is unconstitutional, as Judge Ackerman noted in his decision. Only the judiciary has the right to decide the constitutionality of a statute.

The Justice Department has also used as its defense the argument that "judicial resolution would be unlikely if the statute were fully enforced," in effect stating that the law must first be broken before it can be enforced. Again, Orwellian reasoning at best. This is not an instance in which the executive branch's enforcement of the statute would serve to insulate the constitutionality of the statute from judicial resolution. The context of Government procurement disputes obviously provides a setting in which private parties can be anticipated to institute litigation concerning the constitutionality of these provisions. Also, bidders could seek a determination of the bill's constitutionality under the Declaratory Judgment Act.

The Attorney General's November 1984 letter to me suggested that the Executive was disobeying the law in order to set up a test case. Yet, if that were the justification, why did the OMB, at the direction of the Justice Department, issue a Government-wide fiat ordering all agencies to ignore the law? The likelihood of a contractor challenging the law was already fairly strong, and the Department could have intervened in such a case to present its views to the court.

As a final defense, the Attorney General cited Public Law 96-132, which requires the Justice Department to notify Congress when it decides not to defend a statute that it believes to be unconstitutional, as an indication that "Congress has expressly anticipated situations in which the Department declines to enforce or defend the constitutionality of a statute."

Mr. President, the Attorney General is standing the law on its head. The purpose of this notification requirement is to allow Congress, through its legal counsels, to intervene to defend the constitutionality of laws which the Justice Department declines to defend in court. In no way does this law authorize the executive branch to ignore the laws duly enacted by Congress and signed by the President. It is inconceivable that Congress would ever pass a blanket authorization for the Executive to flout the laws it passes.

The administration, had it followed conventional constitutional practice, could have resolved this dispute in one of two ways. First, the President has the right, indeed the obligation, to refuse to sign a law that he believes to be unconstitutional. In testimony before the Senate Judiciary Committee in 1981, Attorney General Benjamin Civiletti stated that:

> The Framers gave the President a veto for the purpose, among others, of enabling him to defend his constitutional position. . . . That being so, an argument can be made that the Framers assumed that the President would not be free to ignore, on constitutional grounds or otherwise, an Act of Congress that he had been unwilling to veto or had been enacted over his veto.

The fact that the Competition in Contracting Act, in this case, was enacted as part of a larger measure does not detract from this point. As Mark Tushnet, professor of constitutional law at Georgetown University, testified before the House Government Operations Committee in February:

> If the President's constitutional qualms are serious enough, the package should be vetoed.

The Supreme Court affirmed this point in *Youngstown Sheet and Tube* v. *Sawyer*, 343 U.S. 579 (1952):

> In the framework of our Constitution, the President's power to see that the laws are faithfully executed refutes the idea that he is to be a lawmaker. The Constitution limits his functions in the lawmaking process to the recommending of laws he thinks wise and the vetoing of laws he thinks bad. And the Constitution is neither silent nor equivocal about who shall make the laws which the President is to execute.

By deciding to ignore the bid protest provisions of the Competition Act, the administration has assumed for itself a power that the President does not now have: The line-item veto, a back door line-item veto at that. Representative Peter Rodino, the chairman of the House Judiciary Committee, amplified this point in a recent letter to Attorney General Meese, stating:

> The President cannot . . . approve only that portion of the bill with which he agrees. While it may be his *practical preference* to do so, it is not a *constitutional option.*

Short of exercising the President's veto authority, a second option for the President is to sign the bill, enforce it, but refuse to defend its constitutionality in court. Indeed, this option would have been consistent with the Justice Department's own historical understanding of the obligation of executive branch agencies to enforce those statutes that the Department believes to be unconstitutional. The Department has previously recognized its responsibility to enforce statutes, even while disputing their constitutionality in court.

In the recent controversy over the constitutionality of the legislative veto, for example, the executive branch had always respected the exercise of a legislative veto, notwithstanding the Justice Department's view that legislative vetoes were unconstitutional. In *Immigration and Naturalization Service* v. *Chadha,* 103 S. Ct. 2764 (1983), the Solicitor General explicitly stated that—

> [U]ntil and unless the court of appeals entered a decision holding the statute unconstitutional, INS intended to enforce the law.

The Solicitor General explained that the alternative approach of "ignoring a resolution of disapproval passed by one House of Congress and to cancel deportation proceedings * * * would be inconsistent with the accepted view that constitutional questions arising in the administration of a statute should, if possible, be resolved by the courts, not by the administrative agency itself." The Solicitor General concluded that the enforcement of the statute once judicial proceedings were initiated, "was not merely permissible under the circumstances, but was a responsible and wholly appropriate response to the situation."

This issue, I might add, transcends both House and party lines. Committees in both the House and Senate, Republicans and Democrats, have condemned the administration's action.

Perhaps the most extensive review of this issue was conducted by the House Government Operations Committee, under the able leadership of Representatives Jack Brooks and Frank Horton. The committee received testimony from administration officials, the Comptroller General, several constitutional scholars, a representative of the American Bar Association, and others.

Charles Bowsher, the Comptroller General of the United States, supported the constitutionality of the Competition in Contracting Act and testified that:

> It is the President who has violated the separation of powers doctrine by defying a duly passed act of the Congress through the actions of the Attorney General and the Director of the OMB.

Eugene Gressman, a professor of constitutional law at the University of North Carolina Law School, agreed with Mr. Bowsher's assessment, stating that:

> If the execution of a law is to be faithful, it must be faithful to precisely what Congress has written into the law, no more and no less. But once the Executive oversteps the bounds of faithfulness, either by adding to or subtracting from what Congress has provided, then the separation of powers equilibrium established by our constitutional system tilts dangerously toward the Executive Branch.

Charles Tiefer, Deputy General Counsel to the Clerk of the House, was equally critical of the executive branch's actions in his testimony before the Government Operations Committee:

> There is not a shred of support in the record of the Constitutional Convention * * * to support the Justice Department's argument that the "faithful execution" clause was intended to allow the President to have the power of the Judiciary—to decide for himself whether he considered the laws unconstitutional, and if he felt so, to refuse to obey them. That view of Executive supremacy over the laws runs contrary both to the historic derivation of the "faithful execution" clause, and to the Constitutional Convention's stated decisions.

In fact, all of the witnesses, with the obvious exception of the Deputy Attorney General and the OMB Director, condemned the administration's decision to ignore parts of the Competition Act.

Based on these hearings, the Government Operations Committee recently issued a report, the title of which says it all: "The President's Suspension of the Competition in Contracting Act Is Unconstitutional." This report, which was endorsed by Democratic and Republican committee members alike, concludes that:

> The actions taken by the President, in unilaterally suspending portions of the Competition in Contracting Act, challenge the fundamental concepts under which our Government has operated since its inception.

In additional views, 13 Republican members of the committee emphasized their belief that the executive officials had violated the Constitution in refusing to enforce certain provisions of the Competition in Contracting Act:

> It has been clear since the Supreme Court's decision in *Marbury* v. *Madison* 182 years ago that the Judiciary, not the Executive, is charged with deciding what parts of the statutes are constitutional. The executive branch should now be carrying out all of the Competition Act. If the Attorney General believes that some provisions of that law are unconstitutional, he is free to challenge them in court. Until and unless the courts agree with his argument, however, those provisions are the law of the land. Failure to comply with them is a violation of the law.

The House Judiciary Committee also considered this issue during its April 18 hearing on the Department of Justice authorization bill. Attorney General Meese testified at the hearing and, in response to a question, reaffirmed the administration's policy that "there is a responsibility on the executive branch not to enforce a law or a portion of a law which it feels is unconstitutional." The Judiciary Committee, however, rejected the administration's policy and subsequently adopted an amendment to the fiscal 1986 Department of Justice authorization bill, which strikes all funds for the Office of Attorney General unless and until he instructs all executive officials to comply fully with the provisions of the Competition in Contracting Act. The need for this amendment, according to the report accompanying the authorization bill, results from:

> * * * the serious threat to the integrity of our constitutional system and the bedrock principle of separation of powers posed by the recent action of the Attorney General in unilaterally declaring a duly enacted statute unconstitutional and, on the basis of that declaration, in directing the entire Executive Branch to defy that statute. These actions on the part of the President and his Attorney General are unprecedented.

Finally, the Senate Appropriations Committee has spoken on this critical issue. In its report to accompany the fiscal 1985 supplemental appropriations bill, the committee issued a warning to the administration for failing to enforce provisions of the Competition in Contracting Act, stating:

> The Committee * * * reiterates the position that all provisions of (the Competition Act) should be vigorously enforced by all agencies. The Committee states a warning that agency actions will be monitored and failure to follow that law will encourage more direct and explicit action in appropriations approved by the Committee.

It is incumbent upon the executive branch to follow the law. Even though the Justice Department has been proven wrong in court and the OMB has rescinded its directive, I nonetheless believe there is an important constitutional issue at stake here. Surely such controversial and difficult constitutional issues should be decided after the presentation of divergent views in the courts, not within the confines of the Department of Justice. As Peter Rodino, the chairman of the House Judiciary Committee, wrote in his letter to the Attorney General on this issue,

> Until a judicial determination on the constitutionality of a statute, it is the responsibility of government officials, no less than average citizens, to comply with that statute.

Mr. President, I regret to say that the administration's disregard for the

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rule of law is not limited to the Competition in Contracting Act. The executive's action in that case is not unique; it is not an isolated example. Rather, the administration in other areas has tried to place itself above the Judiciary in interpreting the law.

An example with which I am very familiar involves the Social Security Administration's policy of refusing to apply the rulings are circuit courts beyond the individual case in which the decision was rendered. I first learned of the Social Security Administration's so-called nonacquiesence policy during hearings that Senator LEVIN and I held to investigate the Social Security Disability Program.

At our hearings, Social Security Administration officials acknowledged that they are bound by the judgment of Federal courts in specific cases, but maintained that they had no legal obligation to follow a circuit court ruling in subsequent cases within the same circuit.

The Social Security Administration's nonacquiesence policy is set forth in the handbook containing instructions for administrative law judges to follow in deciding cases. It tells the ALJ's that they "should not consider a district or circuit court decision binding on future cases simply because the case is not appealed" when SSA believes that the court's "interpretations of the law, regulations, or rulings are inconsistent with the Secretary's interpretations."

The Social Security Administration has implemented its nonacquiescence policy by two means. In some cases, the SSA has simply ignored a circuit court decision by leaving unchanged those agency regulations which conflict with the decision. In other cases, the agency has issued Social Security rulings which specifically direct agency personnel not to abide by particular circuit court decisions.

The Social Security Administration has chosen to nonacquiescence in seven significant judicial opinions. These cases have involved some major issues, such as whether the agency should have to show medical improvement or error in the initial decision before terminating benefits, which would have significantly altered disability determinations had they been followed.

The administration's nonacquiescence policy has been widely criticized by legal scholars, the courts, Members of Congress, and even the U.S. attorney for the southern district of New York.

Jerry Mashow, a professor of administrative law at Yale University, has written extensively on the Social Security Administration's nonacquiescence policy. I'd like to quote from one of his articles which mirrors my own views on this issue.

> A strong prima facie case can be made that persistent administrative noncompliance with circuit court precedents is nothing less than official lawlessness. It clearly would be unacceptable for a federal district judge to disregard an applicable decision of the court of appeals for the circuit in which he sat, on the grounds that other circuits had a better rule or that the local decision would eventually be overturned by the Supreme Court. It would be outrageous for a policeman or magistrate to ignore a controlling judicial precedent, enforce the law according to his own lights, and invite the aggrieved citizen to "appeal if you don't like it." Many would argue that an administrative agency's refusal to give effect to the rulings of a supervising federal court, at least in cases subject to review by that court and arising within its territorial authority, is a comparable affront to the rule of law.

The effect on disabled workers of the SSA's nonacquiescence policy also is deeply troubling. When the agency issues a ruling of nonacquiescence, it, in effect, forces an identically situated claimant to go to court in order to obtain a favorable ruling and relief. As Professor Mashow has pointed out, administrative disregard of court decisions can be "cruelly unfair" to disability claimants who stand to benefit from unheeded court decisions, "giving them a hard choice between burdensome litigation and the forfeiture of their court-declared rights." According to Professor Mashow:

> The end result is a double standard: One rule, the favorable court-made rule, ultimately comes to be applied to those persevering and resourceful enough to litigate, while another rule, the unfavorable agency rule, determines the fate of those, equally deserving but less determined, who do not go to court.

The consequence of the administration's noncompliance with court precedents is to withhold from citizens the rights to which the courts have held them entitled, the rights that they have earned by paying Social Security taxes, forcing them to pursue costly judicial remedies.

The SSA's nonacquiescence policy has been the subject of virtually universal comdemnation by those courts which have considered its legality. Numerous circuit and district courts—in the second, fourth, sixth, eighth, ninth, and 10 circuits—have either expressly or implicitly rejected the administration's contention that SSA may refuse to follow a Federal circuit court decision in deciding subsequent disability cases within the circuit.

The most recent court decision on the validity of the SSA's nonacquiescence policy was issued on August 19 by Judge Leonard Sand of the U.S. District Court for the Southern District of New York. The Judge's opinion in Stieberger versus Heckler is a thorough, scholarly analysis of the issues raised by nonacquiescence.

At issue in this case was the weight to be accorded the opinion of the claimant's treating physician—as opposed to the SSA-hired consulting physician. Ten different decisions of the second circuit had established that the opinions of treating physicians in disability cases are binding on the Social Security Administration, absent substantial evidence to the contrary. Yet, the court found that the agency's rulings consistently understated the significance of the evidence submitted by the treating doctor.

In support of its finding that the agency was not following the decisions of the circuit, Judge Sand pointed to the sheer volume of cases in the second circuit in which an administrative denial of benefits was overturned due to a failure to properly apply the second circuit's treating physician rule. In the last 2 years alone, no fewer than 26 decisions have been issued by 18 different judges of the Federal district courts of New York in which a disability determination of the Secretary was overturned based upon its inconsistency with the second circuit's treating physician rule.

Judge Sand found that:

> The evidence of agency non-acquiescence in the second circuit's treating physician rule is overwhelming. One or two decisions reversing an ALJ's improper consideration treating physician opinion testimony might be nothing more than the ordinary aberrations of the administrative agency adjudicative process. The striking pattern of consistent disregard for clear, repeatedly articulated standards is evidence of a wholly different character.

Judge Sand's principal finding was that the Social Security Administration's nonacquiescence policy is "inconsistent with the constitutionally required separation of powers and effected an arbitrary and unlawful discrimination among disability claimants."

In reaching this conclusion, Judge Sand relied on many of the same precedents cited by Judge Ackerman in his ruling that the Executive's had no authority to suspend provisions of the Competition in Contracting Act. Both judges cited the landmark decision of Marbury versus Madison in finding that the administration had violated the separation of powers doctrine of the Constitution. Both courts rejected the Executive's attempt to put itself above the judiciary in interpreting the law.

Judge Sand wrote that:

> Only a fundamental reordering of this constitutional balance would permit the SSA to exercise the power to which it claims an entitlement in this case. The fundamental principles of our constitutional scheme . . . establish the authority of federal courts to render decisions which bind all other participants in our constitutional system of government. The judiciary's duty and authority, as first established in *Marbury,* 'to say what the law is' would be rendered a virtual nullity if coordinate branches of government could effectively and unilaterally strip its pronouncements of any precedential force.

Judge Sand, echoing the views expressed by Professor Mashow, also points out that the administration's noncompliance policy is blatantly unfair and discriminatory to disabled workers.

According to SSA statistics, almost half of all disability claimants are without legal representation in their attempt to get benefits. As a consequence, many are unaware of their rights and of the fact that an appeal to Federal court would reserve the agency's negative decision. A different and adverse rule governs the rights of those claimants who lack legal representation or who do not understand their right to appeal the agency's denial decision to Federal court.

Judge Sand's reasoning parallels the observation of the ninth circuit in Lopez versus Heckler, where the court held that:

> If such a claimant has the determination and the financial and physical strength and lives long enough to make it through the administrative process, he can turn to the courts and ultimately expect them to apply the law. . . . If exhaustion overtakes him and he falls somewhere along the road leading to such ultimate relief, the non-acquiescence and the resulting termination stand. Particularly with respect to the types of individuals here concerned, whose resources, health and prospective longevity are, by definition, relatively limited, such a dual system of law is prejudicial and unfair.

The SSA justifies its nonacquiescence policy on the grounds that it has to run a national program. The agency emphasizes that following the decisions of different circuits would require the SSA to apply one legal standard in Connecticut but another in California. The court pointed out that greater disuniformity results from nonacquiescence since disabled individuals within the same circuit, the same State, the same town, may be governed by different standards:

> We have just as much, if not more, difficulty with a policy whereby one claimant is governed by one legal standard but his neighbor, lacking in either financial resources, litigational persistence, or physical or mental stamina, is governed by another.

In rejecting the uniformity justification, the court noted that conflicting court decisions create a situation ripe for Supreme Court review of the issue and a possible nationwide resolution in favor of the agency. But the administration has not chosen to appeal the circuit court decisions where it has refused to follow the precedent established.

As an alternative to appealing to the Supreme Court, the administration could pursue a legislative remedy to an unfavorable circuit court decision by seeking congressional amendment of the Social Security Act.

In sum, the SSA has constitutional alternatives to its unconstitutional policy of nonacquiescence.

Finally, Mr. President, I would note that the administration's policy of noncompliance with certain court decisions has even been rejected by the U.S. attorney for the southern district of New York, Rudolph Giuliani, who served the Reagan administration as the Associate Attorney General before becoming a U.S. attorney. Mr. Giuliani wrote to the chief judge of the second circuit stating that:

> It is our view that this policy, whatever it does permit, surely does not allow the United States Attorney's Office, HHS or any other federal agency to refuse to follow clear rules of law decided by the United States Court of Appeals . . . [T]here has never been any support to my knowledge for the notion that federal agencies within a particular Circuit could disagree with and refuse to follow clear rulings of that Circuit.

Mr. President, the administration's policy of nonacquiescence has been firmly rejected by the courts, sharply criticized by advocates for the disabled, and widely refuted by legal scholars. It is time for the executive branch to acknowledge that it does not have the powers of the judiciary and that it is bound by the rule of law.

I know there is a great reluctance on the part of some of my colleagues to raise such questions to this administration, perhaps because we feel the President is such a genial and gentle man.

The reason I take the floor is to forewarn my colleagues that we are ignoring a silent, but steady drift toward a dangerous imbalance of power under the Constitution.

I recall reading some years ago back in the mid-1970's a book written by George Reedy. It was called "The Twilight of the Presidency."

In that book Mr. Reedy traced the historical precedent for the abuse that had taken place during President Nixon's administration.

What he found was that whenever there is an overconcentration of power in the executive branch, it leads to an isolation from Congress, from the courts certainly, and from the country, and that isolation and unaccountability in turn lead to a sense of arrogance, disdain and contempt, and that arrogance ultimately results in the abuse of the rule of law.

Do not be beguiled by the geniality of a given President; he is only a temporary occupant of that office. The Constitution is equally violated whether the hand that would steal it comes wrapped in a velvet glove or a sheath of mail.

I hope my colleagues will be attentive to the fact that we have time to speak out against what is going on to raise this issue whenever and as often as possible and to seek corrective action.

THE UNPRETENTIOUS ELEGANCE OF E.B. WHITE

Mr. COHEN. Mr. President, I wish to take just a few moments this morning to talk about the passing of an extraordinary individual in our society, and discuss for a few minutes the unpretentious elegance of E.B. White.

When it is over, this century may be recalled chiefly for the overwhelming sense of impermanence it has conveyed, a sense of nervous fragility which has increased, perhaps incongruously, along with our standard of living.

Rarely during these decades of disorienting flux have voices of consistent insight, elegance, and gentle understatement been heard, voices which were not swayed by transitory passions or the myopia of the moment. Such a deft and graceful voice was stilled when E.B. White died at age 86 Tuesday. We are all the worse for his passing.

Maine had the same loving feeling about E.B. White as White had about his adopted State, and all Mainers felt a special sense of loss upon learning of his death. Perhaps no action better exemplified his lack of pretension than his decision in 1937, after 11 successful years at the New Yorker and with the New York literary world at his feet, to move to a farm in North Brooklin, ME, a farm he tended with skill and relish for the rest of his years.

It was, in part, his ability to blend these two disparate worlds which gave his writing a universal appeal. He wrote with equal crispness and tenderness about the tremor of a leaf in the afternoon sun in North Brooklin and the roar of New York City. He wrote with loving incredulity, rather than the weary acquiesence which has become fashionable, about everyday events which he found as amusing as he did fascinating.

He waged a lifelong struggle, tirelessly but utterly without vitriol, against flaccid and inexact writing. As a writer, he prized crisp, clean, deft, controlled writing, and he joined with William Strunk to produce "The Elements of Style," perhaps the most influential book ever published on the craft of writing. The mastery of form and perspective expressed in that book has given pause to all who have sailed in E.B. White's wake.

But his mastery of language was far from abstract and was matched by his creativity and imagination. This talent was seen perhaps most clearly in the characters of Wilbur, the runty pig, and Charlotte, the philosophical spider from "Charlotte's Web," a work which seems destined to endure for as long as American children read books.

Perhaps most notable in an age in which writers bask in the celebrity status which they are regularly accorded was E.B. White's reticence, his modesty. He routinely declined interviews, honorary awards, and other outward signs of fame. He preferred to live simply within his home and his writing, fearing the obliteration of self which inevitably accompanies the pursuit of recognition.

Russell Wiggins, who used to be the editor of the Washington Post and a former Ambassador to the United Nations, and now the editor and publisher of the highly esteemed Ellsworth American, an award-winning weekly newspaper in Ellsworth, ME, wrote a column in which he said perhaps the best way to commemorate E.B. White would be for each of us to turn off our television set, which we watch so much during the course of the day or evening, and pick up one of White's essays or perhaps one of his letters.

Last evening I opened Mr. White's book of collected letters and in the opening introductory item was a brief autobiographical sketch of Mr. White drawn of himself, and I will only quote the last portion of that. He is talking about his relationship with a young girl. He said:

> We didn't talk much, never embraced, we just skated for the ecstasy of skating—a magical glide. After one of these sessions, I would go home and play Liebestraum on the Autola, bathed in the splendor of perfect love and natural fatigue. This brief interlude on ice, in the days of my youth, had a dreamlike quality, a purity, that has stayed with me all my life; and when nowadays I see a winter sky and feel the wind dropping with the sun and the naked trees against a reddening west, I remember what it was like to be in love before any of love's complexities or realities or disturbances had entered in, to dilute its splendor and challenge its perfection.

When E.B. White was asked what he cherished most in life he said:

> When my wife's Aunt Caroline was in her nineties, she lived with us. She once remarked: "Remembrance is sufficient of the beauty we have seen." I cherish the remembrance of the beauty I have seen. I cherish the grave, compulsive world.

To that, Mr. President, I would add and it has cherished him.

Mr. President, I ask unanimous consent to have printed in the RECORD an article by Russell Wiggins entitled "What E.B. White Had to Say."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 2, 1985]

WHAT E. B. WHITE HAD TO SAY

(By James Russell Wiggins)

ELLSWORTH, ME.—E. B. (Andy) White, who died Tuesday morning at his home in North Brooklin, was a many-sided man who cherished the companionship of neighboring farmers, fishermen, carpenters and craftsmen and that of scholars and statesmen. He was one of America's foremost essayists, the distinguished editor of The New Yorker and author of many books.

Some of the secrets of his writing success can be found in "The Elements of Style," on which he and William Strunk collaborated. The first edition of that book ran to 2 million copies, and there have been many subsequent editions. That single work has made a great contribution to the written word, but it did not disclose the real secret of his great success as a writer. The secret of his writing—whether it was in "Charlotte's Web" or in his commentaries on national and foreign affairs—was that he had something to say, and that he had an urge to say it.

In a conversation in the last few weeks of his life he said, sorrowfully, "I have so much to tell and so little time to tell it."

He left in his published works a veritable monument to his industrious response to the impulse to write. He had something to say—something he felt his fellow man ought to hear, and he was committed to saying it with the utmost care, with precision, with accuracy and so devised as to achieve the exact effect for which he was striving. His conversation like his writing was filled with wisdom, wit and humor. He viewed life seriously but delighted in its lighter side. He loved the association with good friends and old companions. He was curiously shy and retiring, refusing all manner of invitations to public appearances (even, or perhaps especially, those devised to honor him). He shrunk from interviews to which he seldom consented.

A notable aspect of his writing and thinking was in his individuality and originality. He fit no mold. Many American intellectuals have strongly disliked big cities. He wrote about them with great perception and genuine affection. At the same time, he loved rural life, delighting in the behavior of domestic farm animals and wild creatures, intrigued by his bantam chickens, his Wyandotte laying hens, geese, sheep and dogs. He brought his two natures together in the portraits of Brooklin village life he wrote for The New Yorker.

He will be greatly missed by the people of this community, among whom he has lived for many years, and by many in the wider world beyond it about which and for which he has written; but fortunately he has left much of himself in the books, essays, editorials and poems that will continue to delight his readers, young and old, throughout the land.

Mr. COHEN. Mr. President, I yield the floor.

RECOGNITION OF SENATOR GOLDWATER

The PRESIDING OFFICER (Mr. KASTEN). Under the previous order the Senator from Arizona is recognized for not to exceed 15 minutes.

Mr. GOLDWATER. I thank the Chair.

I wish to take this opportunity to thank my friend for the great remarks he has just made about Mr. White in which I concur.

THE JOINT CHIEFS OF STAFF AND THE UNIFIED COMMANDS

Mr. GOLDWATER. Mr. President, today Senator NUNN and I give the third in our series of speeches on problems in the organization of the Department of Defense. Our subject today may be the most important because it deals with the Joint Chiefs of Staff and the unified commands. These are the organizations and the men who help make the decisions to go to war and who will command our military forces in the field if we have to fight again.

I would like to begin with a brief history of the Joint Chiefs and then outline some of the serious problems with the current organization. Senator NUNN will then talk about the unified commands and the significant problems we have in conducting joint operations.

Mr. President, I want to make it perfectly clear at the outset that nothing that I say today cases any reflection upon any member of any Joint Chiefs of Staff we have had. I happen to have known all of the men who served in that capacity since the organization was formed in 1947. I have served with many of them. I hold them in the highest respect. They have devoted their lives to the service of their country. The shortcomings, Mr. President, are not in the men, the shortcomings are in the office.

HISTORY OF THE JCS

Before World War II, a joint board of the Army and the Navy coordinated certain interservice activities. However, it could not direct the Army and the Navy in wartime operations. Instead, it only provided advise. Shortly after the United States entered World War II, President Roosevelt informally created the Joint Chiefs of Staff in order to work with the British Chiefs of Staff in a new supreme military body, the Combined Chiefs of Staff. The military played an extremely important leadership role in the war. They worked very closely with the President and planned and directed U.S. military operations throughout the war. However, there were clear liabilities and problems, some of which we outlined yesterday. Winston Churchill observed about these arrangements:

> I am increasingly impressed with the disadvantages of the present system of having Naval, Army and Air Force officers equally represented at all points and on all combined subjects, whether in committees or in commands. This has resulted in a paralysis of the offensive spirit.

NATIONAL SECURITY ACT OF 1947

Two years after the end of World War II and based on many of the "lessons learned," Congress passed the National Security Act of 1947 which remains today the foundation for the U.S. national security establishment. It established the Joint Chiefs of Staff as a permanent body. The members are the Chairman, the Chief of Staff of the Army, the Chief of Naval Operations, the Chief of Staff of the Air Force and the Commandant of the Marine Corps. The staff which supports the JCS numbers about 1,200 military personnel and is drawn in approximately equal number from each of the military departments.

The act also provides that the Joint Chiefs of Staff, subject to the authority and direction of the President and the Secretary of Defense, shall prepare strategic plans, prepare joint logistical plans, establish unified commands in strategic areas, formulate policies for joint training, and act as the principal military advisers to the President, the National Security Council and the Secretary of Defense.

There are a number of things to point out about the Joint Chiefs.

First, they consist of the individual service chiefs who are daul-hatted as members of the Joint Chiefs. They serve both as heads of their respective services, primarily concerned about that service's personnel, training and equipment, and as the joint advisers on a wide range of military matters. Thus, they are called on to do an almost impossible task: To represent their own service's viewpoint but, simultaneously, to sacrifice that view to the greater common good of joint considerations.

Second, they do not have command over any of the forces in the field. Command in wartime is by the field or unified commanders who, by law, report directly to the Secretary of Defense and the President. The President is, as you know, the Commander in Chief. By regulation, the chain of command runs from the Secretary through the JCS to the unified commanders.

Third, as a joint body they have almost no role in resource allocation. In fact, their role in budgetary matters is to argue for their own service programs as part of the resource allocation process.

All these factors combine to create serious problems that plague us to this day, including:

The inability of the JCS to provide useful and timely military advice; the poor performance in joint operations; the inadequate quality of the staff of the Organization of the Joint Chiefs; the confused command lines, and the lack of adequate advocates for joint interests in budgetary matters.

Many of these problems have their roots in the fact that the services continue to dominate the JCS structure. I regret to conclude after years of observing this process that the system is such that the members of the Joint Chiefs rarely override their individual service allegiances. When the rope from the individual services pulls in one direction and the rope from the Joint Chiefs pulls in the other direction, the individual services invariably win that tug-of-war. The services win the tug-of-war, but the country loses.

POOR ADVICE BY JCS

A number of distinguished Americans who have served in key positions as well as a number of studies have all concluded that the JCS do not provide useful and timely military advice to their civilian superiors. Former Secretary of Defense James Schlesinger has said:

> The central weakness of the existing system lies in the structure of the Joint Chiefs of Staff . . . . the recommendations and the plans of the Chiefs must pass through a screen designed to protect the institutional interests of each of the separate Services. The general rule is that no Service ox may be gored. If on rare occasions disputes do break out that adversely affect the interests of one or more of the Services, the subsequent turmoil within the institution will be such as to make a repetition appear ill-advised.
>
> The unavoidable outcome is a structure in which log-rolling, back-scratching, marriage agreements, and the like flourish. It is important not to rock the boat.
>
> . . . The proferred advice is generally irrelevant, normally unread, and almost always disregarded.

Reports commissioned by the executive branch in 1949, 1960, 1970, 1978, and 1982 reached these same conclusions. I regrettably have also reached the same conclusion: the Joint Chiefs do not provide useful and timely military advice.

There are several examples of this in the Kennedy administration. Early in his administration, President Kennedy relied on the Joint Chiefs of Staff for advice on two major issues: first, was an assessment of the chances of the CIA-trained Cuban guerrillas in the Bay of Pigs invasion; second, was the situation in Laos and whether U.S. forces would be needed to put down a Communist insurgency.

Shortly after he took office, President Kennedy was briefed on the CIA plan for the Bay of Pigs invasion. He asked the Joint Chiefs of Staff to conduct a thorough examination of the plan. According to Arthur Schlesinger, and again I am quoting:

> The Joint Chiefs of Staff . . . pronounced favorably on the chances of initial military success. The JCS evaluation was, however, a peculiar and ambiguous document.

Schlesinger goes on to note that there was "plainly a logical gap" and "inconsistencies" in the JCS analysis of whether or not the CIA operation would succeed. With this muddled advice, is it any wonder that the operation was a dismal failure?

Concerning Laos, Schlesinger says that President Kennedy was "appalled" at the sketchy nature of American military planning for Laos, and I quote—"the lack of detail and the unanswered questions."

In fact, President Kennedy was so dismayed at the advice he was getting from the Joint Chiefs that he said "My God, the bunch of advisers we inherited * * * can you imagine being President and leaving behind someone like all those people?"

One result of the failure to provide useful and timely military advice is that senior civilian officials rely on civilian staffs for counsel that should be provided by professional military officers.

POOR STAFF AND PROCEDURES

The Organization of the Joint Chief of Staff, or OJCS, consists of a number of offices and agencies that have been set up to provide staff assistance to the JCS. They do some of the most important staff work in the Department of Defense. But it is widely accepted in the services that it is not a good career step to serve on the Joint Staff. An officer's prospects for promotion and command are much better if he or she serves on their own service staff. This reaction has its roots in the same problem that leads the service chiefs to see their first duty as protecting their own services. Some services have even acknowledged that in their personnel system, duty on the joint staff is a low priority. For the most part, military officers do not want to be assigned to joint duty where they are pressured or monitored for loyalty by their services. They are not prepared by either education or experience to perform joint duties. As a result, their training must be on-the-job, and then they serve for only a short period of time.

Moreover, the method under which the Joint Chiefs operate leads to complexity and confusion. One of the principal operating assumptions of the Joint Chiefs is that they should reach unanimity in rendering advice. This means that watered-down, compromise positions must be worked out. Thus, the advice is often mushy and poorly presented. For example, retired Gen. Bruce Palmer, a former Army Vice Chief of Staff, has recently written about the Chiefs' performance during the Vietnam war, and I quote:

> Despite the fact that unanimity did not really exist among the Chiefs with respect to the air war, the JCS consistently submitted agreed recommendations to the Secretary of Defense and ultimately to the President.

This desire for unanimity that leads to the lowest common level of assent also greatly limits the range of alternatives offered to the Secretary of Defense.

The staffing procedure in the Joint Staff is enormously elaborate and cumbersome. It is worth describing for a moment. If the Joint Chiefs are asked for their position on, for example, an arms control issue, the Chiefs may ask the Air Force to do the first draft of a position paper. The paper is then circulated to the staffs of all the services and the organization of the Joint Chiefs of Staff where it goes through a series of reviews by increasingly higher ranking officers. If the JCS finally approves the paper, it is then red-striped; that is, typed of white paper with a red stripe around it. This is the position of the Joint

Chiefs. As you can imagine, the paper gets increasingly watered down as it moves through the process.

This cumbersome staffing procedure is another reason that good officers are discouraged from serving on the Joint Staff.

I know one thing, it leads to confusion.

OTHER PROBLEMS

Mr. President, there are a great many other problems with the JCS but I have highlighted only a few of them here this morning. Other problems include inadequate review of contingency plans, insufficient participation in decisions to allocate resources, and inadequate attention by the JCS to strategic planning. For example, retired Gen. John H. Cushman has written that the JCS "have published no how-to-fight doctrine at all. * * * But [only] guidance on organization and command relationships."

Now, Mr. President, interservice rivalry can be a good thing. Indeed, we wish to encourage competing views reaching senior-level decisionmakers. But the JCS process does not encourage independent thought. Previously I mentioned that President Kennedy was unhappy with advice he had gotten from the Joint Chiefs of Staff concerning Laos. As a result, he asked each of the service Chiefs to submit their individual views to him in writing. He was very pleased by the results because he got a much more candid and useful analysis directly from each of the Chiefs than he could get from them operating as a corporate body.

Therefore, any changes that are considered must assure that the Secretary and the President continue to have access to dissenting views by any of the service Chiefs.

But the services have got to understand that they must work together. They must put national interest above service interest. One of my favorite stories is told by Joe Lattin, a former Pentagon spokesman. As he tells it, on one occasion, the Chief of Naval Operations boasted to the Joint Chiefs of Staff about a successful naval operation. "Well, once again the Navy has saved the Nation," he said. Retorted a civilian who was present, "Well, Admiral, now that you have saved the Nation, how about joining it?"

Mr. President, one final point before I yield to Senator Nunn. It is true that there are problems with the Joint Chiefs. But by being critical of the Joint Chiefs, I do not intend to criticize individual service Chiefs or individual Chairmen. It is the system that has created the problems and it is the system that we must fix.

I want to alert my colleagues to the fact that the issues we are dealing with will generate a lot of interest and emotion in the Pentagon. You will hear over and over again the old maxim: "If it ain't broke, don't fix it." Well I say to my colleagues: It is broke and we need to fix it.

It is my pleasure and distinct honor to yield to my good friend from Georgia, Senator Nunn, an outstanding expert in the field that we are discussing.

RECOGNITION OF SENATOR NUNN

The PRESIDING OFFICER. Under the previous order, the Senator from Georgia, Mr. Nunn, is recognized for not to exceed 15 minutes.

Mr. NUNN. I thank the Chair.

Mr. President, the distinguished chairman of the Armed Services Committee has addressed the subject of the Joint Chiefs of Staff with the wisdom and experience he has acquired in over 40 years of service to this country. All of us should listen very carefully to what he has said because he speaks with great authority on these matters of such importance.

Chairman Goldwater's discussion of the Joint Chiefs of Staff is right on the mark. Gen. David Jones, a former Chairman of the Joint Chiefs as well as a service Chief, has described how the Chiefs spent an entire afternoon arguing over which service should provide the new attaché at our Embassy in Cairo. Now why, Mr. President, do we need five four-star officers sitting around all afternoon arguing about such a minor personnel matter?

I would like however to turn to another problem area, the unified commands. These are the major field or war-fighting commanders of our military.

Many people do not recognize it; but the services in Washington do not lead the war. The commanders in chief in the field are our commanders in wartime.

One of the lessons of World War II was that there should be unified commands in important strategic areas of the world. By unified commands, we mean commands that have forces assigned to them from two or more different services and are responsible for an entire part of the world. Examples are the U.S. European Command which covers NATO, the U.S. Atlantic Command which covers the Atlantic Ocean and the U.S. Pacific Command which covers the Pacific. Each is commanded by a four-star officer. By a tradition that almost amounts to a law, certain commanders always come from the same services. For example, the commanders in chief of the U.S. Atlantic Command and the U.S. Pacific Command are always Navy Admirals and the commanders in chief of the U.S. European Command is always an Army general.

Each of these unified commands have individual service components and each component has its own service commander.

The need for unified commands is well documented in President Eisenhower's 1958 quote in proposing changes to the National Security Act. Senator Goldwater read it yesterday, but it is worth repeating:

> . . . Separate ground, sea, and air warfare is gone forever. If ever again we should be involved in war, we will fight it in all elements, with all services, as one single concentrated effort. Peacetime preparatory and organizational activity must conform to this fact. Strategic and tactical planning must be completely unified, combat forces organized into unified commands, each equipped with the most efficient weapons systems that science can develop, singly led and prepared to fight as one, regardless of service.

That advice is just as sound today, in my view, as it was in 1958. It was not followed in 1958 and it is, regrettably, not followed today.

This principle is stated more succinctly by Napoleon and his quote is worth repeating as well:

> Nothing is so important in war as undivided command.

Well, Mr. President, I regret to report to you today that we have unified commanders but divided commands. In practice, the unified commander somewhat controls his joint staff but the services control the component commands. The unified commander reports to the Secretary of Defense and the President, but his subordinate commander reports directly to his respective service chief as well as to the unified commander.

This situation exists because when the unified commands were established, the services were reluctant to integrate and subordinate their forces into the multiservice unified commands. As a result, they developed the "Service Component Command" as the next level beneath the unified commander. Thus, the U.S. Pacific Command is headed by a Navy admiral who is the commander in chief, but under him are the component commands of the Army, Navy, and Air Force, which are also headed by four-star officers—except the Army commander who has three, but I am sure the Army would love to give him a fourth star. Each of these component commands are a uniservice command. There is essentially no unified command below the level of the commander in chief and his staff.

In answer to questions posed to him by the Defense Authorization Conference Committee in 1984, Adm. William Crowe, then the unified commander in chief of the Pacific, and now Chairman of the Joint Chiefs of Staff, addressed the issue of unity of command. He responded:

> Component commands are independent entities organized and commanded on a day-to-day basis along unilateral service lines . . . In the present elaborate command structure the component commander is in two command lines—one to the unified com-

> mander and one to his service chief. There are good and sufficient reasons for this, but the definitional lines between the two are often muddy. In turn, this situation diffuses authority and complicates operational/strategic decisionmaking. In pursuing such differences, the component commander by virtue of his position and future in the general service hierarchy is often placed in the position of being more an advocate for his service than the theater command. To be more effective, the unified commander's authority in strategic and operational matters needs better and broader definition, i.e., to include more voice in influencing service logistics and training decisions which affect his operational/strategic responsibilities.

In addressing the same question, the commander of the Readiness Command, Gen. Wallace Nutting, said:

> There is no unification below the unified command echelon. In this circumstance, the degree of operational unification in the Readiness Command and between its components is decidedly insufficient.

Moreover, the individual services retain the responsibilities to train, equip, organize, and station their own service personnel. Therefore, the Army, for example, is responsible for organizing, training, equipping, and stationing all of the Army forces assigned to the U.S. Pacific Command. The commander in chief of the U.S. Pacific Command must fight with what the Army gives him and with where they have been put by the Army. He has very little role in determining what Army forces are assigned to him, how they are equipped, how they are organized, and where they are located. This same situation applies in the other geographic areas as well.

For example, the individual services decide how much and what kind of ammunition to buy and where to store it. One commander in chief recently complained that one of his service component commands had decided to move some ammunition to a new location which was inconsistent with his war plans. The commander in chief had no authority to order the service component commander, who also had four stars, to keep the ammunition where it was. He could only use his persuasive powers and, in the end, had to settle on a compromise result that was not satisfactory to the commander in chief.

Mr. President, this is a sad state of affairs when the man in charge of fighting the war cannot tell his subordinates to store ammunition where the war plan requires. I guess, Mr. President, that we could change the war plans to suit where the individual services want to store their ammunition and hope that the enemy will agree to fight in that location, but that is not the desired course, obviously.

In addressing the issue of whether or not there is an imbalance between their responsibilities as an operational commander and their influence over resource decisions, several of the field commanders answered as follows:

Gen. Bernard Rogers, commander in chief of the European Command:

> There is an imbalance between my responsibilities and accountability as a unified operational commander and my influence on resource decisions . . . . There remains in Washington a preeminence of service goals in the program and budget process.

General Nutting of the Readiness Command:

> There is an imbalance between my operational responsibilities and influence over resource decisions . . . . The system as it is presently constituted depends inordinately on cooperation and goodwill in order to function—which is to say the present system contains internal contradictions.

Admiral Crowe, as commander in chief of the Pacific Command:

> On occasion the results of major service decisions, not previously coordinated with me, have affected my ability to execute [my command's] strategy . . . . In the field of logistics, except for the influence I am able to exercise in the development of service program priorities, I am dependent on my component commanders not only to compete successfully for sustainment resources within their service [plans] but also to represent me in balancing and distributing stocks, ammo, petroleum, etc., in locations and ways that support my theater strategy. Therefore, until the [unified commanders] have a greater input into general logistical matters, the unified command's plans and strategy remain largely dependent upon the degree of service chief support my component commanders and I are able to obtain.

In addition, having independent component commands leads to an enormous layering of bureaucracies. A senior Navy admiral recently observed privately that in the Mediterranean we have one carrier and six staffs whereas it ought be the other way around. The report on the Beirut bombing discussed the problems inherent in the layering of commands. Including the Joint Chiefs, there were eight distinct layers between the marines on the ground and the Secretary of Defense. The fact that we have a proliferation of headquarters and bureaucracies is evident in the following statistics:

On June 30, 1945, there were 12,123,455 men and women on active duty with 17,057 officers at the rank of O-6 and above including 101 three-star generals and admirals. On May 31, 1983, there were 2,127,422 men and women on active duty—roughly 10 million less—with 15,455 officers at the rank of O-6 and above, including 118 three-star generals and admirals, 17 more than in 1945.

I have said somewhat facetiously in the past that apparently it takes more admirals and generals to wage peace than to run a war.

There are reasons for this. It is a complex matter, but generally it is rather obvious that one of the biggest problems here is that there is too much command structure in terms of headquarters and in terms of layering.

This proliferation of bureaucracies and lack of unity can be very costly. Chairman GOLDWATER explained yesterday that when the *Pueblo* was seized in 1978, the command lines in the Pacific between the component commands were so confused that it was not possible to respond in a timely fashion. Today, those very same command lines exist. The only thing that has changed is that we now have improved communications and we have hopefully learned that we must be better prepared to protect ships like the *Pueblo*. However, the fundamental problem of the lack of unification below the level of the unified commander remains.

The power of the component commands, backed up by the individual services in Washington, makes joint planning very, very difficult. Recently, our committee has been looking into the lack of joint planning and coordination by the military services on wartime medical readiness in the Department of Defense. The results are scary, to say the least.

In the aftermath of the bombing of the Marine Corps barracks in Beirut 2 years ago, the Long Commission concluded that the on-scene medical care provided by U.S. personnel was heroic. However, the Long Commission Report also raised serious questions about the adequacy of wartime medical readiness planning in the U.S. European Command. As a result, Secretary Weinberger ordered a thorough review of wartime medical readiness planning in the European and Pacific Commands.

These reviews, Mr. President, were carried out by senior military medical officials, and revealed very serious deficiencies in joint service planning for wartime medical care. The details of these reports are classified, but their basic conclusions are not: There is a serious lack of joint planning by the military services in both the European and Pacific Commands in the area of wartime medical readiness. This problem both exists and is compounded because of the very limited capability for joint command and control of medical planning and medical resources within the theater by the staff of the unified commander.

Let me just mention two illustrations of this problem from the hearings of the Manpower and Personnel Subcommittee. Rear Adm. James A. Zimble, the chairman of the study of wartime medical readiness in Europe, pointed out in the introduction to his study that:

> Although no lives were lost that could have been saved, all those who have reviewed the events of October 23 [that is, the bombing of the Marine Corps barracks in Beirut] agree that had the ratio of killed outright-to-wounded been reversed, so that

> over 200 casualties had required treatment, rather than fewer than 100, the medical system might well have failed. Such is the measure of our medical readiness today.

Mr. President, this is a very sad and serious commentary by a senior military medical officer on the state of our medical readiness in a part of the world where we could have to treat many hundreds, even thousands, of casualties on a daily basis in the event of war.

He is saying that 200 casualties would have broken down the system. What can we expect if we ever have to really fight a war in that area?

In another example, we learned that the Air Force was planning to evacuate a particular hospital in Europe in the event of war because it believed that the hospital would be destroyed almost immediately. At the same time, the Army was planning to move in and use the same hospital after the Air Force left. Now, Mr. President, who is in charge over there anyway? There is no excuse for this type of situation.

An even more disturbing revelation from the hearings was to learn that the senior civilian leadership of the Pentagon is fully aware of these problems, is trying to address them in a meaningful way, but so far is not having much success due to the resistance of the individual services as well as the JCS.

The two reports on wartime medical readiness planning included a number of specific recommendations: To provide adequate medical planning staffs for the unified commanders; to reconcile inconsistencies in planning and procedures for the control and use of the aeromedical evacuation system in wartime; to establish joint command and control over medical planning and medical resources; and to direct joint utilization of medical resources in wartime.

Dr. William Mayer, the Assistant Secretary of Defense for Health Affairs, told the Manpower and Personnel Subcommittee 2 weeks ago that although a great deal of discussion has taken place about these problems over the last year and a half, "to date few definitive actions have taken place."

Mr. President, Dr. Mayer's testimony is a frank and candid admission that the senior civilian leadership in the Pentagon has so far not been successful in their efforts to direct the type of joint planning and cooperation by the military services that will be essential to providing adequate medical care for our soldiers in time of war. When the civilian leadership of the Defense Department makes this admission, it is time for Congress to do something about this structural problem.

Finally, Mr. President, I would like to comment on the chain of command. There is, unfortunately, confusion over how the chain of command runs from the President to the unified commands. Under the law, the President, through the Secretary of Defense, "shall * * * establish unified combatant commands." The statute also provides that "combatant commands * * * are responsible to the President and to the Secretary for such military missions as may be assigned to them by the Secretary with the approval of the President." Most people read this to mean that the Secretary of Defense is in the chain of command. It should be noted that the Joint Chiefs are not, by law, in the chain.

However, by regulation, the Secretary of Defense has determined that the chain of command runs from the President to the Secretary of Defense and through the Joint Chiefs of Staff to the commanders in chief of the unified commands.

Many commanders in chief of the unified commands have complained that they are not certain whether their boss is the Chairman of the Joint Chiefs or the Secretary of Defense. In a crisis, whom do they talk to? The answer is, it varies from individual to individual. Some commanders in chiefs have dealt directly with the Secretary of Defense, while others have chosen to go to the Chairman. Some have even dealt directly with the President. This ambiguity should be eliminated and the command relationship should be clarified.

Some previous members of the Joint Chiefs have believed they were in the chain of command and have acted as if they were.

As an example Mr. President, of the serious problems this can cause, I would like to close with an incident that occurred during the Cuban missile crisis. Secretary of Defense McNamara wanted to find out exactly how the Navy would implement the blockage which had been ordered by the President. According to Graham P. Allison's book, "Essence of Decision—Explaining the Cuban Missile Crisis"—Secretary McNamara went to the Navy Flag Plot where he put his questins harshly.

> Precisely what would the Navy do when the first interception occurred? [The Chief of Naval Operations, Admiral] Anderson replied that he had outlined the procedures in the National Security Council meeting and that there was no need to discuss it further. . . . McNamara returned to the line of detailed questioning. Who would make the first interception? Were Russian-speaking officers on board? How would submarines be dealt with? At one point McNamara asked Anderson what he would do if a Soviet ship's captain refused to answer questions about his cargo. At that point the Navy man picked up the Manual of Naval Regulations and, waving it in McNamara's face, shouted, "It's all in there." To which McNamara replied, "I don't give a damn what John Paul Jones would have done. I want to know what you are going to do now." The encounter ended on Anderson's remark: "Now, Mr. Secretary, if you and your Deputy will go back to your offices, the Navy will run the blockage.

Is this civilian control, Mr. President?

Mr. President, this example illustrates the importance of these issues. In times of crises, the chain of command and the division of responsibilities must be clear. Individual service interests must not prevent effective joint action. Senator GOLDWATER quoted the wise observation of President Eisenhower that separate land, sea, and air operations are gone forever. It is because we still have not learned those lessons, that the Armed Services Committee's Task Force on Defense Organization is looking into the problem. This is a big challenge, Mr. President, but it is one we must meet.

I agree with Chairman GOLDWATER: The system is broke and it must be fixed.

Mr. President, I yield the floor.

TIME EXTENSION

Mr. DOLE. Mr. President, I ask unanimous consent to extend until 12:30 p.m. the time for special orders, plus the time for morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER (Mr. HEINZ). Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is recognized for not to exceed 15 minutes.

Mr. PROXMIRE. Mr. President, I thank the Chair.

WHAT HAPPENED TO THE AMERICAN PASSION TO END THE NUCLEAR ARMS RACE?

Mr. PROXMIRE. What challenge poses the most serious threat to human life today? Answer—easy. What is it? Nuclear war. For 40 years—since the first and only nuclear bombs dropped in wartime on Hiroshima and Nagasaki—no nuclear weapon has killed anyone. Why has no country used this most devastating of all military weapons? Answer: One reason: We have been extraordinarily lucky. The nuclear arms race has speeded on between the two massive superpowers. The nuclear club—those nations which the world knows have nuclear arsenals—halted at just five countries more than 20 years ago. Since then other countries—notably Israel, India, and Pakistan—have been rumored to have developed a relatively modest number of nuclear weapons. But for a series of reasons that few have even speculated about the spread of nuclear weapons, so feared in the 1950's and 1960's, has not occurred.

This year, in July and August—the quiet news months and the 40th anniversary of the first nuclear bomb attacks—the media discussed nuclear weapons in some depths. But people throughout the world have started to live calmly, almost indifferently, with this terrible overhanging nuclear threat. And yet the prospect of nuclear war persists as a grim and permanent fact of life. With each passing year, there seems to be less passion or even concern about policies of this superpower, this United States, that may lead to the last war. In July, Gorbachev, the Russian head of state, announced that from August 5 until the end of 1985 the Soviet Union would forego any nuclear test explosions. Gorbachev invited the United States to join in the moratorium and to suspend nuclear weapons testing while negotiating for an agreement permanently stopping all nuclear weapons tests. In the considered judgment of this Senator, the Reagan administration made a serious mistake, a world class blunder in failing to take Mr. Gorbachev up on his proposal. Why did our President fail to do this? The administration gave a series of reasons: First, the Gorbachev proposal was a grandstand play. Second, said the administration, the Soviet Union had just finished its own series of tests. Gorbachev simply wanted to stop the United States from conducting its tests. Third, said the President, the two superpowers should get on with the on-going arms control negotiations at Geneva. According to the President, both superpowers should agree to reduce the number of nuclear weapons—until nuclear weapons are eliminated and then, President Reagan argued, there would be no need for testing; there would be no nuclear weapons.

Mr. President, the astonishing thing about this exchange between the heads of the two nuclear superpowers was the incredible performance of the American media. The Soviet media always performs in a completely predictable manner. They are supine, serving as a mindless, automatic mouthpiece of their Kremlin masters. But we expect something far different and better from the great independent American press. But did we get it? No way. The American media rolled over on this one like perfectly trained Communist stooges. They accepted the President's feeble alibis for failing to negotiate an end to nuclear testing without a challenge.

Mr. President, this is a serious tragedy. Nuclear weapons testing is the very heart of the arms race. Five minutes of consideration by any person of normal intelligence will convince such a person that the superpowers will not stop or even arrest the arms race by reducing the appalling numbers of nuclear weapons on both sides, even if superpowers agree to cut their arsenals in half or by three-quarters or by 90 percent. Numbers reduction cannot do the job. Why not? Because research in new weapons and the testing that is essential to give that research validity will develop new weapons, more devastating than ever. Breakthroughs with antimatter bombs, for instance, will shoot the nuclear arms race off on a new and more reckless course than ever. That will happen no matter how restrictive an agreement the superpowers work out with respect to their present nuclear arsenal, unless the superpowers agree to stop the crucial testing of new weapons. The American media has ignored this cardinal point. They have also failed to challenge the President to live up to the solemn promise this country has twice made in international treaties to stop nuclear testing. We made this promise in 1963 in the preamble to the Limited Test Ban Treaty. We made it again in 1974 in the body of the treaty that limited the size of underground weapons tests.

Finally, Mr. President, why not stop this testing? Why not? What do we expect these tests to do except to produce even more devastating weapons of death and destruction? What other purpose exists for them? There is none. Yes, indeed, our scientists have been consistently ahead of Soviet scientists. If anyone could win this arms race, the United States would very likely win it. But no one can win it. Everyone will lose in a nuclear war and that includes the United States. All of us should repeat that truth 10 times a day, every day. And we should negotiate arms control agreements on the basis of it. That means we negotiate a total end to nuclear testing now.

MYTH OF THE DAY: ECONOMIC FORECASTS ARE REASONABLY RELIABLE

Mr. PROXMIRE. Mr. President, every day we worry about the deficit and nearly every day we debate what should be done about it. Is it going to be $170 billion, or $200 billion, or even $225 billion? The truth is, aside from knowing that it is too large, no one—not even Nobel Prize winning economists—can tell you.

Every estimate of the size of the deficit is based on a fallible human forecast of what the economy will do. Year after year the forecasts are wrong. We—the administration and the Congress—have come to use these projections almost unthinkingly. Sure, we debate whether to use a higher or lower estimate of how fast the economy will grow. But our debates are based on the assumption that one projection is better—more accurate—than another.

Are our debates based on reason or are we arguing over a myth? Let's look at the record. Since 1970, the major economic forecasters have missed just about everything. It is really a joke at how incredibly incompetent the forecasters have been. The consensus of economists missed the 1973-75 recession, the 1978-79 inflation, the 1980 recovery, the 1981-82 recession, the strength of the 1984 recovery, and the slowdown this year. In other words, economic forecasts made 1 year ago in advance missed nearly every major turn in the economy during the past 15 years. The one sure thing you can bet on is that the forecast will be wrong. When it comes to those economic changes which hurt—high unemployment and inflation—economic forecasts have consistently missed the mark.

Given this record, why do we continue to make fiscal policy based on these forecasts? Well, they satisfy one of the most fundamental yearnings of the human intellect—to foresee the future. From that dim day in prehistory, when a shaman convinced his chief that the omens were favorable for battle the next day, to today, when computers grind away at complicated statistical models, we keep trying. The computer is no better than the shaman. We continue to be disappointed.

A danger lurks behind our use of these forecasts. A good rule of thumb in undertaking any risky endeavor is to prepare for the worst but to hope for the best. All too often, in making economic policy, we do exactly the opposite.

THE PLIGHT OF THE TURKISH MINORITY IN BULGARIA

Mr. PROXMIRE. Mr. President, I recently received a letter from Ali Ferda Sevin who is the first vice president of the Assembly of Turkish American Associations. Mr. Sevin enclosed the following statement, purportedly from a Bulgarian citizen of Turkish origin.

> On January 22, the Bulgarian Army came to our towns with guns, armored trucks and tanks. It seems like we're in a war. The following morning the soldiers were going from door to door and calling everyone to come to the City Hall to have their passports made with their new Bulgarian names, which are given to them by the communist regime, at the same time (they) are forcing them to sign certain forms saying that they are changing their names of their own free will. People who are resisting said orders are being punished, beaten, raped and many of them have been killed.

The Assembly of Turkish American Associations believes that the Bulgarian Government is currently practicing physical and cultural genocide on the people of Turkish origin who live within its borders. The assembly has learned through diplomatic sources from what they consider "reliable sources" that as many as 200 people have died in this barbaric campaign.

According to Sevin, the Bulgarian Government has made it virtually impossible for the Turkish minority, who comprise 10 percent of Bulgaria's 9 million citizens, to retain their cultural identity. A Bulgarian citizen of Turkish origin cannot be issued a birth certificate or a marriage license unless they have a Bulgarian name. In addition, without a Bulgarian name, they cannot be employed or travel.

The Assembly of Turkish American Associations further believes that Turks in Bulgaria are not allowed to engage in professions of their own choice because the Bulgarian Government restricts them to heavy manual labor. Finally, the assembly has also learned that Turks are not allowed to repair and renovate their homes and mosques, which restricts their rights of dwelling and worship.

The Bulgarian Government recently denied that Moslems were in any way restricted in their right to worship, and it issued a statement signed by Moslem leaders in Bulgaria. However, this statement made no reference at all to the rights of ethnic Turks.

Mr. Sevin asks, as a Turkish-American, that our Government condemn these despicable acts, and that the United States do all that it can to force the Bulgarian Government to cease its attempts to culturally eliminate the peaceful Turkish minority within its borders.

He is absolutely right. We must do everything we can to protect the rights of the ethnic Turkish population in Bulgaria. We should investigate further to determine if the provisions of the Genocide Convention are applicable to this situation. But if we do, the Bulgarians may simply shrug off our questions by saying that, since we are not a party to the Genocide Convention, we have no right to investigate their actions.

Mr. President, we are approaching a vital period for the Genocide Convention. The United States should and must ratify this crucial treaty right now so that we can focus world attention on the plight of the Turks in Bulgaria and of other threatened minorities elsewhere. We cannot afford to delay ratification again. If we do, it may mean the end of the Turkish population in Bulgaria.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business.

THIRTEENTH ANNIVERSARY OF THE ABM TREATY

Mr. HART. Mr. President, today marks the 13th anniversary of the day when the Anti-Ballistic Missile Treaty between our Nation and the Soviet Union entered into effect. Thirteen years later, that treaty stands as one of the crowning achievements in our efforts to control the competition in nuclear arms and reduce the likelihood of nuclear war.

The ABM Treaty has successfully allowed both nations to stem a destabilizing and costly competition in antiballistic systems. And the treaty has helped demonstrate that mutual, verifiable arms control agreements hold mankind's best hope for securing a lasting peace in this nuclear age.

Unfortuntely, the ABM Treaty is now imperiled. The steady development of defensive technologies by both nations and apparent failures of compliance with the treaty by the Soviets have combined to threaten the treaty's continued relevance. Indeed, if both nations continue their march toward spaced-based and other defensive technologies, the ABM Treaty may be abrogated as early as this next year.

For these reasons, I applaud today's statement in support of the ABM Treaty by six former Secretaries of Defense—Secretary Harold Brown, Secretary Clark M. Clifford, Secretary Melvin R. Laird, Secretary Robert S. McNamara, Secretary Elliot L. Richardson, and Secretary James R. Schlesinger. This eminently distinguished, bipartisan group calls upon both the United States and the Soviet Union to avoid any actions that would undermine the ABM Treaty, and they urge President Reagan and Soviet General Secretary Gorbachev to reach agreements in Geneva to assure the treaty's continued validity. An anxious world can only hope that the current Secretary of Defense—as well as President Reagan, his administration, and the Soviet leadership—will take this recommendation to heart.

I applaud today's statement, recommend it to my colleagues, and ask unanimous consent that the full statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT IN SUPPORT OF THE ABM TREATY

(By former Secretaries of Defense, released by the National Campaign to Save the ABM Treaty on October 3, 1985, the thirteenth anniversary of the Treaty)

On the thirteenth anniversary of the entering into force of the ABM Treaty, we reaffirm our view that this international agreement of unlimited duration makes an important contribution to American security and to reducing the risk of nuclear war. As former Secretaries of Defense, we call upon the American and Soviet governments both to avoid actions that would undermine the ABM Treaty and to bring to an end any prior departures from the terms of the Treaty, such as the Krasnoyarsk radar. We urge President Reagan and General Secretary Gorbachev to reach agreement in Geneva to negotiate new measures which would prevent further erosion of the Treaty and assure its continued viability.

Hon. HAROLD BROWN,
Hon. CLARK M. CLIFFORD,
Hon. MELVIN R. LAIRD,
Hon. ROBERT S. MCNAMARA,
Hon. ELLIOT L. RICHARDSON,
Hon. JAMES R. SCHLESINGER.

Mr. STAFFORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

BUDGET ACT WAIVER

Mr. STAFFORD. Mr. President, after conferring with both the majority leader and the minority leader, I ask unanimous consent that the Senate proceed to the consideration of Senate Resolution 226, the budget waiver to accompany S. 1264, National Foundation on the Arts and the Humanities Amendments of 1985.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 226) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1264.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to, as follows:

S. RES. 226

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1264, a bill to amend the National Foundation on the Arts and Humanities Act of 1965, to extend the authorization of appropriations for that Act, and for other purposes. Such waiver is necessary to permit the authorization of funds for the National Endowment for the Arts, the National Endowment for the Humanities and the Institute of Museum Services.

Mr. STAFFORD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES AMENDMENTS OF 1985

Mr. STAFFORD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 274, S. 1264.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1264) to amend the National Foundation on the Arts and Humanities Act of 1965, to extend the authorization of appropriations for that act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Human Resources, with an amendment to strike out all after the enacting clause and insert the following:

That this Act may be cited as the "National Foundation on the Arts and the Humanities Amendments of 1985".

PROJECT DEFINITION; CONSTRUCTION OF FACILITIES

Sec. 2. Section 3(d)(2) of the National Foundation on the Arts and the Humanities Act of 1965 (hereafter in this Act referred to as the "Act") is amended by inserting "for the purposes of section 5(l) only," after "(2)".

APPLICATION APPROVAL OF NATIONAL COUNCIL ON THE ARTS

Sec. 3. The last sentence of section 6(f) of the Act is amended by striking out "$17,500" and inserting in lieu thereof "$30,000".

STATE HUMANITIES COUNCILS

Sec. 4. Section 7(f)(2)(B)(i) of the Act is amended—

(1) by striking out "four" and inserting in lieu thereof "six"; and

(2) by striking out "20 per centum" and inserting in lieu thereof "25 per centum".

PROGRAM FOR THE COMMEMORATION OF THE BICENTENNIAL OF THE CONSTITUTION OF THE UNITED STATES AND THE BILL OF RIGHTS

Sec. 5. Section 7 of the Act is amended by adding at the end thereof the following new subsection:

"(i)(1) The Chairman of the National Endowment for the Humanities, with the advice of the National Council on the Humanities, shall, in accordance with the provisions of this subsection, carry out a program in the humanities for the commemoration of the bicentennial of the Constitution of the United States and the Bill of Rights.

"(2) To commemorate the bicentennial anniversary of the Constitution of the United States and the Bill of Rights, the Chairman of the National Endowment for the Humanities—

"(A) is authorized to make grants to local educational agencies, private elementary and secondary schools, private organizations, individuals, and State and local public agencies in the United States for the development of instructional materials and programs on the Constitution of the United States and the Bill of Rights which are designed for use by elementary or secondary school students; and

"(B) shall implement an annual national bicentennial Constitution and Bill of Rights competition based upon the programs developed and used by elementary and secondary schools.

"(3) In carrying out the program authorized by this subsection, the Chairman of the National Endowment for the Humanities shall have the same authority as is established in section 10.".

NATIONAL COUNCIL ON THE HUMANITIES

Sec. 6. The second sentence of section 8(b) of the Act is amended by inserting after "selected" the following: "from citizens of the United States who are recognized for their knowledge of, expertise in, or commitment to the humanities and".

AUTHORIZATION OF APPROPRIATONS

Sec. 7. (a) Extension of Authorizations.—(1)(A) The first sentence of section 11(a)(1)(A) of the Act is amended to read as follows: "For the purpose of carrying out section 5(c), there are authorized to be appropriated to the National Endowment for the Arts $118,678,000 for fiscal year 1986, $123,425,120 for fiscal year 1987, $128,362,125 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(B) The first sentence of section 11(a)(1)(B) of the Act is amended to read as follows: "For the purpose of carrying out section 7(c), there are authorized to be appropriated to the National Endowment for the Humanities $95,207,000 for fiscal year 1986, $99,015,280 for fiscal year 1987, $102,975,891 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(2)(A)(i) The matter preceding clause (i) of section 11(a)(2)(A) of the Act is amended by striking out "1985" and inserting in lieu thereof "1990".

(ii) The exception at the end of section 11(a)(2)(A) of the Act is amended to read as follows:

"except that the amounts so appropriated to the National Endownment for the Arts shall not exceed $8,820,000 for fiscal year 1986, $9,172,800 for fiscal year 1987, $9,539,712 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(B)(i) The matter preceding clause (i) of section 11(a)(2)(B) of the Act is amended by striking out "1985" and inserting in lieu thereof "1990".

(ii) Clause (ii) of section 11(a)(2)(B) of the Act is amended by inserting "and subgrantees" after "grantees" each time it appears in such clause.

(iii) The exception at the end of section 11(a)(2)(B) of the Act is amended re read as follows:

"except that the amounts so appropriated to the National Endowment for the Humanities shall not exceed $10,780,000 for fiscal year 1986, $11,211,200 for fiscal year 1987, $11,659,648 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(3)(A)(i) The matter preceding clause (i) of section 11(a)(3)(A) of the Act is amended by striking out "1985" and inserting in lieu thereof "1990".

(ii) The exception at the end of section 11(a)(3)(A) of the Act is amended to read as follows:

"except that the amounts so appropriated to such Endowment shall not exceed $20,580,000 for fiscal year 1986, $21,403,200 for fiscal year 1987, $22,259,328 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(B)(i) The matter preceding clause (i) of section 11(a)(3)(B) of the Act is amended by striking out "1985" and inserting in lieu thereof "1990".

(ii) The exception at the end of section 11(a)(3)(B) of the Act is amended to read as follows:

"except that the amounts so appropriated to such Endowment shall not exceed $19,600,000 for fiscal year 1986, $20,384,000 for fiscal year 1987, $21,199,360 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(b) Authorization for Constitution Bicentennial Program.—Section 11(a) of the Act is amended—

(1) by redesignating paragraph (4) as paragraph (5), and

(2) by inserting after paragraph (3) the following new paragraph:

"(4) Of the amounts appropriated for the fiscal year 1987 and for each of the succeeding fiscal years ending prior to October 1, 1990, $5,000,000 shall be available for the purpose of carrying out section 7(i).".

(c) Authorization for Administration.—(1) Section 11(c)(1) of the Act is amended to read as follows:

"(1) There are authorized to be appropriated to the National Endowment for the Arts $15,582,000 for fiscal year 1986, $16,205,280 for fiscal year 1987, $16,853,491 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990, to administer the provisions of this Act, or any other program for which the Chairman of the National Endowment for the Arts is responsible.".

(2) Section 11(c)(2) of the Act is amended to read as follows:

"(2) There are authorized to be appropriated to the National Endowment for the Humanities $13,891,000 for fiscal year 1986, $14,446,640 for fiscal year 1987, $15,024,506 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990, to administer the provisions of this Act, or any other program for which the Chairman of the National Endowment for the Humanities is responsible.".

(d) Authorization Maximums.—Section 11 of the Act is amended—

(1) by redesignating subsection (d) as subsection (e), and

(2) by inserting after subsection (c) the following new subsection:

"(d)(1) The total amount of appropriations to carry out the activities of the National Endowment for the Arts shall not exceed—

"(A) $163,660,000 for fiscal year 1986,

"(B) $170,206,400 for fiscal year 1987, and

"(C) $177,014,656 for fiscal year 1988.

"(2) The total amount of appropriations to carry out the activities for the National Endowment for the Humanities shall not exceed—

"(A) $139,478,000 for fiscal year 1986,

"(B) $145,057,120 for fiscal year 1987, and

"(C) $150,859,405 for fiscal year 1988.".

REPEALERS

Sec. 8. (a) Executed Indemnity Study Repealed.—Subsections (d) and (e) of section 9 of the Act are repealed.

(b) Executed Property Study Repealed.—Subsection (d) of section 10 of the Act is repealed.

MUSEUM SERVICES AUTHORIZATION

Sec. 9. Section 209(a) of the Museum Services Act is amended to read as follows:

"(a) For the purpose of making grants under section 206(a), there are authorized to be appropriated $21,600,000 for fiscal year 1986, $22,464,000 for fiscal year 1987, $23,362,560 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

ARTS AND ARTIFACTS INDEMNITY PROGRAM AMENDMENTS

Sec. 10. (a) Federal Council Membership.—Section 2(b) of the Arts and Artifacts Indemnity Act is amended—

(1) by inserting "(1) after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) For purposes of this Act, the Secretary of the Smithsonian Institution, the Director of the National Gallery of Art, the member designated by the Chairman of the Senate Commission of Art and Antiquities and the member designated by the Speaker of the House of Representatives shall not serve as members of the Council.".

(b) ELIGIBILITY FOR INDEMNITY.—(1) Section 3(b)(1) of the Arts and Artifacts Indemnity Act is amended by striking out ", or elsewhere when part of an exchange of exhibitions, but in no case shall both parts of such an exhibition be so covered" and inserting in lieu thereof "or eleswhere, preferably when part of an exchange of exhibitions".

(2) The amendment made by paragraph (1) shall apply with respect to any exhibition which is certified under section 3(a) of the Arts and Artifacts Indemnity Act after the date of enactment of this Act.

(c) INDEMNITY AGREEMENT LOSS LIMITATIONS.—(1) Section 5(b) of the Arts and Artifacts Indemnity Act is amended by striking out "$400,000,000" and inserting in lieu thereof "$650,000,000".

(2) Section 5(c) of the Arts and Artifacts Indemnity Act is amended by striking out "$50,000,000" and inserting in lieu thereof "$75,000,000".

STUDY OF ALTERNATIVE FEDERAL FUNDING OF THE ARTS AND THE HUMANITIES

SEC. 11. (a) STUDY REQUIRED.—(1) The Comptroller General of the United States shall conduct a study to determine the feasibility of supplementing expenditures made from the general fund of the Treasury of the United States for the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services through other Federal funding mechanisms. The study required by this section shall consider, but is not limited to, the consideration of the following funding sources:

(A) A revolving fund comprised of payments made to the Federal Government through an extension of the existing Federal copyright period for artistic, dramatic, literary, and musical works.

(B) A revolving fund comprised of payments made to the Federal Government for the right to use or publicly perform artistic, dramatic, literary, and musical works in the public domain.

(2) In carrying out the study required by this section, the Comptroller General shall frequently consult with and seek the advice of the Chairman of the National Endowment for the Arts, the Chairman of the National Endowment for the Humanities, the Director of the Institute of Museum Services, the Register of Copyrights, the Chairman of the Labor and Human Resources Committee of the Senate, and the Chairman of the Education and Labor Committee of the House of Representatives, concerning the scope, direction, and focus of the study.

(3) In conducting the study required by this section, the Comptroller General shall consider the impact which the implementation of each supplemental funding mechanism would have on—

(A) any international copyright treaties, commitments, and obligations to which the United States is a party;

(B) public participation in the arts and the humanities;

(C) private, corporate, and foundation support for the arts and the humanities;

(D) the overall quality of arts and the humanities in the United States;

(E) the creative activities of individual authors and artists; and

(F) the activities and operations of private copyrighting organizations.

(b) REPORT.—The Comptroller General shall prepare and submit to the Congress not later than one year after the date of enactment of this Act a report of the study required by this section, together with such recommendations as the Comptroller General deems appropriate.

Mr. STAFFORD. Mr. President, on behalf of the subcommittee on Education, Arts and Humanities, I am pleased to support S. 1264, the bill to reauthorize the National Foundation on the Arts and Humanities Act of 1965. In existence since 1965, this Act authorizes the National Endowment for the Arts, the National Endowment for the Humanities and the Institute of Museum Services. This bill is quite similar to the original bill introduced by our colleague, Senator QUAYLE, on June 7.

Since then, the merits of these programs have been described in hearings and throughout the entire reauthorization process. It has been stressed time and time again, Mr. President, that the combination of these three programs is important not only to our Nation's heritage and cultural developments but also to the educational wellbeing of all our citizens. Because of the success of the current programs, the bill we have before us is a relatively simple, straightforward reauthorization involving mostly technical changes.

First of all, Mr. President, in keeping with the Congress' concern over budget deficits, the numbers in this proposal stay within the limits contained in the first concurrent budget resolution.

This bill also reauthorizes the institute of Museum Services which, albeit small, is an important program for the operation of many of our Nation's museums. The administration has tried to eliminate the Institute repeatedly again, but we, the Congress, have just as consistently given our full support.

Furthermore, the bill amends the Arts and Artifacts Indemnity Act, the program which insures art works and thereby increases artistic and cultural opportunities in the United States. By increasing the aggregate level of insurance available at any one time to $650 million and the level of individual exhibits to $75,000 we take into consideration the inflationary impact on art works.

CBO estimates no cost increase to the Federal Government from this change as there has been only one claim submitted since enactment of this program in 1975. Furthermore, Mr. President, the amendment also modifies the exchange requirement in the Arts and Artifacts Indemnity Program to make it possible for coverage for a U.S.-owned work to go abroad. It is my belief that this change will allow for the consideration of unique exhibits which benefit the American taxpayer by fostering better worldwide understanding of American culture and heritage.

As I said earlier Mr. President, this bill is straightforward and includes mostly technical language to clarify congressional intent. I am very pleased with the bipartisan support that went into this reauthorization and am especially grateful to all the members of the subcommittee and, especially, their staff members. I commend this bill to my colleagues.

Mr. PELL. Mr. President, as the chief Senate sponsor of the original National Foundation on the Arts and Humanities Act of 1965, I am especially pleased to join with my colleague Senator STAFFORD in supporting the extension of the vital programs that assist the arts and humanities and provide critically needed aid to our Nation's museums.

With Senator STAFFORD's supportive leadership as chairman of the Subcommittee on Education, Arts and Humanities, we have developed what I believe is a sound and realistic bill that will reauthorize the component parts of the Foundation for 5 years. The current legislation expires as of October 1, 1985 and we propose to extend it through fiscal year 1990.

S. 1264 reflects the subcommittee's general satisfaction with the operation of the two Endowments and the Institute of Museum Services. The Arts and Humanities Endowments are coincidentally observing their 20th anniversary this year and it is a tremendous personal satisfaction to see the growth that has occurred over these two decades. The skepticism and distrust that met our original proposal has long since faded and these agencies are now the very cornerstone of American cultural activity. Endowment grants are now viewed as marks of distinction and achievement and they have had a profound impact on the development and appreciation of the arts and humanities in the United States.

It has also been personally rewarding to note how bipartisan support for these agencies has increased and strengthened over the years. It marks a reaffirmation that our Federal Government does indeed have an important role to play in the support of culture in this country. This role has always been that of the junior partner in any project so as to avoid a dominant Government role in dictating our cultural environment. A fundamental concept of the 1965 legislation holds true today—that private initiative should continue to be the principal and primary source for the support and encouragement of the arts and humanities in this country.

One major area which has been of particular concern to me over the past two decades has been the humanities programs in the States. I regret that these organizations were not mandated to be official agencies of the States when the legislation was first enacted in 1965. Arts councils have been official State organizations for this entire period and one cannot help but note how successful they have become in attracting State funds for their respective programs.

I believe that the humanities councils would benefit in the long run if they had similar status as official agencies of the States. However, since the first councils were established in the early 1970's, many of them have established very positive and fruitful relationships with their State governments and I commend them for this. In the 1980 reauthorization I asked that four members of each council be appointed by the Governor in each State to broaden the membership and reinforce the linkage between council and State.

The legislation before us today will increase the Governor's appointees to six. As most councils have between 20 and 25 members, 6 gubernatorial appointees is a reasonable and appropriate number and should serve to enhance relations with the States even further.

Many of the administration's own proposals for reauthorization have been incorporated into this bill—changes that are noncontroversial, reasonably and timely. In the Arts and Artifacts Indemnification Program, for example, the aggregate amount of insurance available for exhibitions is raised from $400 to $650 million. This is a sensible change which reflects the increased value of works of art as well as the greater demand by museums for indemnification of exhibitions. This program has made it possible for the American public to view an enormous variety of arts and artifacts while saving museums over $11 million in insurance premiums. The level of indemnity for individual exhibitions is also raised from $50 to $75 million in the first increase per exhibition in the history of the program.

The Institute of Museum Services was established in 1976 in the Department of Health, Education, and Welfare and in 1984 was moved by action of the congressional authorizing committees to its current place alongside the Endowments as the third independent cultural agency under the National Foundation on the Arts and Humanities. The Institute operates a unique grant program which provides urgently needed general operating support to our Nation's museums. It also has recently developed a highly useful program of conservation support which has greatly assisted museums in caring properly for their collections.

This year 449 American museums from every geographical area of the country received GOS awards which totaled $16,723,000. Funds are provided for basic services such as security, maintenance, education and outreach programs—areas that have traditionally been the most difficult to raise private funds for.

It is absolutely critical that these institutions which preserve our national heritage and make it accessible to the public be healthy and secure both fiscally and physically. The American museum-going public and their future generations deserve no less. The Institute of Museum Services makes an important contribution toward insuring the vitality and permanence of all our museums. I am pleased to support the extension of these important Federal cultural programs and I urge my colleagues to do the same.

Mr. HATCH. Mr. President, it is fitting that on the 20th anniversary of the creation of the Arts and Humanities Foundation we in Congress both reauthorize and remember this important program. The National Endowment for the Humanities, the National Endowment on the Arts, and the Institute of Museum Services have contributed significantly to the enrichment of our Nation's cultural life. Today we have the opportunity to reaffirm the importance of these programs.

Wide public support for and appreciation of the arts and humanities is critical to any society which wants to be a civilization. Science and technology have made our lives not only more meaningful but more safe and healthful as well. However, our society must also give equal emphasis to culture and beauty. In truth, the disciplines of the arts and the humanities are much the same as the disciplines of the sciences. They all seek to understand our world and are simply different methods for making our lives more satisfying and more meaningful.

It is important that we in Congress, as well as all Americans, continue to support these disciplines and the museums that protect and display our cultural heritage. The creative impulse that generates new ideas and new solutions to society's problems should be encouraged. Today, with the passage of this reauthorization bill, Congress signals to the rest of the Nation that these programs should continue to be a high priority for public and private support.

(By request of Mr. BYRD, the following statement was ordered printed in the RECORD:)

● Mr. KENNEDY. Mr. President, I am pleased to be a cosponsor of the legislation before us now, S. 1264, to reauthorize the activities of the National Foundation of the Arts and Humanities. The National Endowment for the Arts, the National Endowment for the Humanities and the Institute of Museum Services are programs which enjoy strong bipartisan support.

The hearings held by the Subcommittee on Education, Arts and Humanities reaffirmed our enthusiastic commitment to a Federal policy in support of the arts.

Over the period of the last 20 years, the Endowments have fully realized the expectation of their enabling legislation. They have helped enormously to bring quality arts programming to more Americans. They have helped increase awareness of the arts and have been a strong impetus for fundraising for private and local sources.

A provision which I strongly support provides important new improvements in the indemnity program so that it will have wider availability and application without a loss of focus.

I attended a press conference last week when the challenge grants for 1986 were announced. For five institutions in my State of Massachusetts, the new awards will mean major capital improvement and fundraising support. The national impact of the Challenge Program is extraordinary. The program has been an exceptional one, utilizing in a very positive way, the principles of public and private partnership. For these reasons, I believe it is one of the most effective programs sponsored by the Endowment.

I would like to commend Subcommittee Chairman STAFFORD and Senator PELL for their painstaking efforts to ensure a bill that strengthens these already sound agencies.

In these days of severe budget crisis, it would be easy to overlook the arts and humanities. This bill reaffirms congressional commitment to the program that ensures that our country is as proud of its artistic achievements as it is of its scientific and technical accomplishments. It is this vision for a more complete Nation which is at the center of this bill.

This week we celebrate the 20th anniversary of the Endowments and it is entirely appropriate that the Senate mark the occasion with its endorsement of this legislation to underscore our commitment not to a Federal arts policy, but to a Federal policy in support of the arts.

I read with great interest a recent article in the New York Times which discusses the traditional American support for the arts. It echoes much of our discussion today in the Senate Chamber and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

The Arts' Key Role in Our Society

(By Arthur Schlesinger, Jr.)

This is a year curiously dotted by anniversaries; and one must hope that, as we salute the bitter memories of war, a less dramatic anniversary will not slip by unnoticed.

Twenty years ago this week, the Congress passed the National Foundation of the Arts and Humanities Act. The act's preamble declared that support of the arts and humanities, "while primarily a matter for private and local initiative, is also an appropriate matter of concern to the Federal Government." In enacting this law, which led to the establishment of the National Endowments for the Arts and for the Humanities, Congress affirmed a conviction that the arts and humanities are vital to the health and glory of the Republic.

This was not a novel idea. In his first annual message, President George Washington told Congress he was "persuaded that you will agree with me in opinion that there is nothing which can better deserve your patronage than the promotion of science and literature." A third of a century later, President John Quincy Adams called for laws promoting "the cultivation and encouragement of the mechanic and of the elegant arts, the advancement of literature, and the progress of the sciences." In the third year of the Civil War, President Abraham Lincoln ordered that construction of the Capitol dome be completed. When critics objected to the diversion of labor and money from the prosecution of the war, President Lincoln said, "If people see the Capitol going on, it is a sign that we intend this Union shall go on."

President Franklin D. Roosevelt recalled this story in 1941 when, in a world ablaze with war, he dedicated the National Gallery of Art in Washington. And President John F. Kennedy recalled both these stories when he urged public support for the arts in 1962. Both Lincoln and Roosevelt, Kennedy said, "understood that the life of the arts, far from being an interruption, a distraction, in the life of a nation, is very close to the center of a nation's purpose—and is a test of the quality of a nation's civilization."

The policy of Federal support is an expression of the value the Republic places on the arts, a symbol of the role assigned to the arts in our national life. And Congress today remains steadfast in its belief in the centrality of arts to a civilized society. It has shown no disposition to repeal the act of 1965 and has steadily resisted Presidential attempts to cut National Endowments budgets.

Yet the idea of public support, and with it the idea that the state of the arts is a matter of national concern, are under increasing challenge—ironically not from Congress but from renegade parts of the intellectual community itself. We live in a decade that likes to disparage government and to exalt the market. We are told that, if a cultural institution cannot pay its way, then it has not economic justification and, if no economic justification, no social justification. Art, we are given to understand, must stand or fall by the box-office test, and the devil take the hindmost.

To deny the arts a public role is the real *trahison des clercs*. For painters, composers, writers, film-makers, sculptors, architects, orchestras, museums, libraries, concert halls, opera houses contribute indispensably to the pride and glory of the nation. They are crucial to the forming of national traditions and to the preservation of civic cohesion. George Washington wrote: "The Arts and Sciences essential to the prosperity of the State and to the ornament and happiness of human life have a primary claim to the encouragement of every lover of his Country and mankind." The arts and humanities serve us all. They are surely as worthy as banks, corporations and other agencies of private profit to be objects of Federal concern, subsidy and even bail-out.

If history tells us anything, it tells us that the United States, like all other nations, will be measured in the eyes of posterity less by the size of its gross national product and the menace of its military arsenal than by its character and achievement as a civilization. Government cannot create civilization. Its action can at best be marginal to the adventure and mystery of art. But public support reinvigorates the understanding of art as a common participation, a common possession.

"Great-nations," said John Ruskin, "Write their autobiographies in three manuscripts—the book of their deeds, the book of their words and the book of their art. Not one of these books can be understood unless we read the two others; but of the three the only quite trustworthy one is the last. The acts of a nation may be triumphant by its good fortune; and its words mighty by the genius of a few of its children; but its art only by the general gifts and common sympathies of the race."●

Mr. SIMON. Mr. President, I am pleased to support the reauthorization of the National Foundation on the Arts and Humanities Act before us today.

It is fitting that we consider a 5-year extension of the National Endowment for the Arts and the National Endowment for the Humanities on the 20th anniversary of their creation by Congress. Their sister agency, the Institute of Museum Services, is a newer addition to the Foundation and likewise makes a vital contribution to this Nation's cultural life.

Each of us has had an opportunity to benefit from the work of the two Endowments and the IMS. When we enjoy and learn from an afternoon at one of our Nation's museums or a local historical society, chances are that operations or exhibits have received support from the Endowments or the IMS. When a magnificent international touring exhibition such as the King Tut or Picasso shows comes to our country, we have the programs authorized under the Foundation Act to thank. Community outreach and touring programs by performing companies like the Eglevsky Ballet are largely the product of Foundation agency support. This year's publication of the first volumes of the Dictionary of American Dialects could not have happened without support from Foundation agencies. Many fine public broadcasting presentations, works of visual and performing artists and scholars, and local cultural agencies exist today because of the impetus they have received from small Federal grants.

These benefits come from a very small investment. Our 65 cents per capita investment in the arts and humanities can be compared to the $75 invested per capita by the Austrian Government. While Federal money is important, and the modest increases in the reauthorization bill recognize this, Foundation agencies have been very successful in generating private interest in arts and humanities program support. The Endowments leverage private support requirements of matching grants, and the substantial increase in private, foundation, and corporate giving over the past two decades is solid proof that the Endowments do spur private support.

This private/public cooperation has yielded great results. I am pleased to say that the achievements of past support for the arts and humanities can be seen in my home State of Illinois. The Newberry Library, the Art Institute of Chicago, the Field Museum, the Museum of Science and Technology, the Illinois Historical Society and individual scholars at the University of Chicago, Loyola, Northwestern, and many of our smaller private colleges and fine public institutions all receive Foundation or Foundation-generated support and provide a return on this investment that is enjoyed the world over. The Lyric Opera, the Chicago Symphony Orchestra, and experimental theater groups such as Steppenwolf and Widsom Bridge only begin to name the outstanding Illinois artists who have won the recognition and support of the Foundation agencies. I applaud the last two decades of achievement of the Endowments, and urge my colleagues to support this reauthorization bill to continue their excellent programs through fiscal year 1990. We will benefit as a people if we continue to support that which is best in creativity and scholarship.

Our Nation's continued support for the arts and humanities is possible within the constraints of fiscal responsibility. This bill before us falls within the budget limits set by the 1985 budget resolution yet provides modest increases for Arts, Humanities, and IMS. This funding will generate many times greater private support and cement the public/private partnership which was so carefully nurtured under the chairmanships of Roger Stevens, Nancy Hanks, Livingston Biddle, and Frank Hodsell at the Arts Endowment and of Barnaby Keeney, Ronald Berman, Joe Duffey, and Bill Bennett at the Humanities Endowment. Our firm support will continue their good work.

I am a strong supporter of the Foundation because it gives us all so much—from the third grader in Vermont who writes his first poem because of the artists-in-the-schools program, to the ghetto teenagers in Pittsburgh who hear their first opera through a community outreach program, to the folk artist in southern Illinois whose quiltmaking is recognized for its artistry and history, to the scholars who produce a collected edition of Colonial papers and make them available to both the academic community and the public. Individuals, institutions and indeed our Nation benefit from our support for the arts and humanities. The committment we make today will help insure that we will have a vital culture, and wide access to that culture, for generations to come.

AMENDMENT NO. 728

(Purpose: To authorize the Commission on the Bicentennial of the Constitution of the United States to carry out an education program for the commemoration of the Bicentennial of the Constitution of the United States and the Bill of Rights and to provide for the position of Poet Laureate Consultant in Poetry in the Library of Congress)

Mr. STAFFORD. Mr. President, I send to the desk an amendment to the committee substitute.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Vermont [Mr. STAFFORD] proposes an amendment numbered 728.

Mr. STAFFORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 9, beginning with line 5, strike out through line 10 on page 10.

On page 10, line 12, strike out "Sec. 6" and insert in lieu thereof "Sec. 5".

On page 10, line 18, strike out "Sec. 7" and insert in lieu thereof "Sec. 6".

On page 13, strike out lines 1 through 10.

On page 13, line 11, strike out "(c)" and insert in lieu thereof "(b)".

On page 14, line 6, strike out "(d)" and insert in lieu thereof "(c)".

On page 15, line 2, strike out "Sec. 8" and insert in lieu thereof "Sec. 7".

On page 15, line 8, strike out "Sec. 9" and insert in lieu thereof "Sec. 8".

On page 15, line 17, strike out "Sec. 10" and insert in lieu thereof "Sec. 9".

On page 16, line 9, strike out the comma.

On page 16, line 23, strike out "Sec. 11" and insert in lieu thereof "Sec. 10".

On page 18, between lines 20 and 21 insert the following:

EDUCATION PROGRAM FOR THE COMMEMORATION OF THE BICENTENNIAL OF THE CONSTITUTION OF THE UNITED STATES AND THE BILL OF RIGHTS

SEC. 11. (a) GENERAL AUTHORITY.—(1) The Commission on the Bicentennial of the United States Constitution shall, in accordance with the provisions of this section, carry out an education program for the commemoration of the bicentennial of the Constitution of the United States and the Bill of Rights.

(2) To commemorate the bicentennial anniversary of the Constitution of the United States and the Bill of Rights, the Commission—

(A) is authorized to make grants to local educational agencies, private elementary and secondary schools, private organizations, individuals, and State and local public agencies in the United States for the development of instructional materials and programs on the Constitution of the United States and the Bill of Rights which are designed for use by elementary or secondary school students; and

(B) shall implement an annual national bicentennial Constitution and Bill of Rights competition based upon the programs developed and used by elementary and secondary schools.

(3) In carrying out the program authorized by this section, the Chairman of the Commission shall have the same authority as is established in section 10 of the National Foundation on the Arts and the Humanities Act of 1965.

(b) DEFINITION.—For the purpose of this section, the term "Commission" means the Commission on the Bicentennial of the United States Constitution.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated $5,000,000 for each of the fiscal years 1987, 1988, 1989, 1990 and 1991 to carry out the provisions of this section.

(2) Amounts appropriated pursuant to paragraph (1) may be used for necessary administrative expenses, including staff.

POET LAUREATE CONSULTANT IN POETRY

SEC. 12. (a) RECOGNITION OF THE CONSULTANT IN POETRY.—The Congress recognizes that the Consultant in Poetry to the Library of Congress has for some time occupied a position of prominence in the literary life of the Nation, has spoken effectively for literary causes, and has occasionally performed duties and functions sometimes associated with the position of poet laureate in other nations and societies. Individuals are appointed to the position of Consultant in Poetry by the Librarian of Congress for one- or two-year terms solely on the basis of literary merit, and are compensated from endowment funds administered by the Library of Congress Trust Fund Board. The Congress further recognizes this position is equivalent to that of Poet Laureate of the United States

(b) POET LAUREATE CONSULTANT IN POETRY ESTABLISHED.—(1) There is established in the Library of Congress the position of Poet Laureate Consultant in Poetry. The Poet Laureate Consultant in Poetry shall be appointed by the Librarian of Congress pursuant to the same procedures of appointment as established on the date of enactment of this section for the Consultant in Poetry to the Library of Congress.

(2) Each department and office of the Federal Government is encouraged to make use of the services of the Poet Laureate Consultant in Poetry for ceremonial and other occasions of celebration under such procedures as the Librarian of Congress shall approve designed to assure that participation under this paragraph does not impair the continuation of the work of the individual chosen to fill the position of Poet Laureate Consultant in Poetry.

(c) POETRY PROGRAM.—(1) The Chairman of the National Endowment for the Arts, with the advice of the National Council on the Arts, shall annually sponsor a program at which the Poet Laureate Consultant in Poetry will present a major work or the work of other distinguished poets.

(2) There are authorized to be appropriated to the National Endowment for the Arts $10,000 for the fiscal year 1987 and for each succeeding fiscal year ending prior to October 1, 1990, for the purpose of carrying out this subsection.

Mr. MATSUNAGA. Mr. President, on behalf of myself and the Senator from Maine [Mr. COHEN], I rise in support of the committee amendment which would create the Office of poet laureate/consultant in poetry of the United States.

This amendment is based on the provisions of my bill, S. 313, which was introduced in January of this year. S. 313 provided for the appointment of a poet laureate of the United States by the President of the United States. During consideration of this measure in connection with the reauthorization of the National Foundation for the Arts and the Humanities Act, however, I was asked to consider combining the proposed poet laureate of the United States with the existing Office of Poetry Consultant in the Library of Congress, and this I agreed to do. My amendment provides that the poet laureate/consultant in poetry will be appointed and compensated by the Librarian of Congress pursuant to the same procedures in effect when this measure is enacted.

My amendment further encourages other departments and agencies of the Federal Government to use the services of the poet laureate/consultant in poetry for ceremonial occasions, as long as the work of the poet laureate/consultant in poetry is not impaired, and it provides for an annual program, sponsored by the National Endowment for the Arts, at which the poet laureate/consultant in poetry would present a major work or the work of other distinguished poets. Funds in the amount of $10,000 per year are authorized for this program under the provisions of my amendment.

Mr. President, my amendment recognizes the contributions made by the Library of Congress, which has appointed poetry consultants for nearly 50 years now. The Library's consultant in poetry is well-known among poets and writers and has occasionally performed functions associated with poet laureates in other countries. Nonetheless, the poetry consultant has remained all but invisible publicly. By upgrading this position, by making the poetry consultant a poet laureate, and by giving the poet laureate a public platform, I hope to foster increased recognition and appreciation of poetry in the United States. Our country is one of only a few advanced nations which has failed to give adequate recognition to its great poets. England, from which we inherited many of our cherished democratic ideals, officially created the position of poet laureate in the 17th century, but the unofficial origin of the position dates back to the reign of King Henry III in the 13th century. In this country, poets such as Carl Sandburg, Walt Whitman, Robert Frost, Henry Wadsworth Longfellow, Archibald MacLeish, Robert Penn

Warren, Phyllis McGinley and James Dickey have captured the American spirit in a unique and timeless way. Had they been recognized as poet laureates in their time, Americans in learning institutions would no doubt have been inspired to pursue poetry as a means of creative expression.

It is my hope that the work of the future poet laureate/consultant in poetry will also reflect our Nation's great diversity—its multiethnic, multicultural, multiracial heritage, its strength and compassion, and its democratic idealism. I anticipate that this more visible, more prestigious position will inspire younger, less well-known American poets and give them a goal to which they might aspire. In this spirit, I am looking forward to the installation of our Nation's first poet laureate/consultant in poetry. I strongly urge favorable consideration of my amendment by the Senate.

Mr. BRADLEY. Mr. President, when the word "Bicentennial" is mentioned, most Americans conjur up very fond memories of tall ships, fireworks, celebrations and festivities. In 1976, we held a celebration of national scale on the 200th anniversary of the signing of the Declaration of Independence, and Americans showed their pride in our 200 years of freedom.

Why do we as a people like to celebrate the signing of the Declaration of Independence? One hundred and twenty seven years ago, Abraham Lincoln said:

> We hold this annual celebration to remind ourselves of all the good done in this process of time, of how it was done and who did it, and how we are historically connected with it; and we go from these meetings in better humor with ourselves—we feel more attached the one to the other, and more firmly bound to the country we inhabit.

The Bicentennial of the Declaration of Independence gave Americans a chance to pause for a moment and reflect on the importance of the actions in 1776 and the shared values on which this Nation is based.

Mr. President, a new bicentennial will soon be upon us—the 200th anniversary of our Constitution and Bill of Rights. This bicentennial will give Americans another opportunity to celebrate that which binds us together as a people.

We should celebrate this monumental work. And in our celebration, it is my hope that Americans—young and old—will pause to consider the central principles of the Constitution—separation of powers, checks and balances, federalism, civil liberties, and republican government. Our Constitution—200 years young—is still the model for the world.

Mark Cannon, the Executive Director of the Commission on the Bicentennial of the Constitution, recently stated that:

> Very few projects in 1976 were intended primarily to educate. But the end result was, in varying degrees, education—not only of schoolchildren, but of all Americans. However successful the Declaration Bicentennial was, several things can and should be done differently from 1987 to 1989. The Constitution Bicentennial celebration should be more than tall ships and medallions. It should be a "celebration" with greater emphasis on civic education.

I fully agree with Mark Cannon's statement. The Bicentennial of the Constitution presents us with an opportunity to educate Americans—and the peoples of the world—about our Constitution and Bill of Rights. We need to take advantage of this opportunity.

It is to this end, Mr. President, that I am pleased to cosponsor an amendment with my colleague from Vermont [Mr. STAFFORD] to establish under the jurisdiction of the Commission on the Bicentennial of the Constitution a National Competition on the Constitution and the Bill of Rights.

The competition is aimed at awakening young Americans' interest in Government and the writings of the Constitution. The competition will involve classes in hundreds of school districts throughout the Nation in local, intermediate, and State level competitions. In addition, a national competition would be held in Washington, DC, for winning classes from each State participating in the program.

Mr. President, the Commission on the Bicentennial of the Constitution will be developing many programs to involve Americans in a greater understanding of the Constitution. This program deserves to be under their jurisdiction. I urge support of this measure.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 728) was agreed to.

Mr. STAFFORD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee substitute as amended.

The committee substitute, as amended, was agreed to.

Mr. STAFFORD. Mr. President, I move to reconsider the vote by which the committee substitute, as amended, was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mrs. HAWKINS. Mr. President, the Arts and Artifacts Indemnities Act is one of the most important steps ever taken to facilitate the international exchange of works of art. It has been of major benefit to American art lovers by bringing international art exhibitions to this country. The bill before us, S. 1264, would alter the eligibility requirements a bit for indemnification. Would the distinguished chairman of the subcommittee with jurisdiction of this bill, the Senator from Vermont, explain the nature of the proposed change in eligibility?

Mr. Stafford. I would be happy to.

The thrust of the current program is to bring international art to the United States. Statistics bear out this orientation: since its inception, indemnification has been approved for 164 foreign exhibits coming to the United States, and only 9 American exhibits going abroad. Under the present statutory requirements, an American exhibit going abroad can receive indemnification only if it is part of an exchange of exhibits. The committee feels that this exchange requirement is in some instances too restrictive. Occasionally there will be an American exhibit or program which warrants indemnification, but which is not part of an exchange of exhibits. The committee amendment would eliminate the present requirement for an exchange, and substitute a preference. This is not intended to encourage a major shift in emphasis in the program. Instead, this will give the Federal Council for the Arts and Humanities, the Government body with the final approval of indemnity applications, the flexibility to provide coverage for exceptional American exhibitions of national or international importance which are not part of an exchange of exhibits.

Mrs. HAWKINS. Is the chairman aware of the planned program of the Rauschenberg Overseas Culture Interchange [ROCI]? America's Bicentennial artist, Robert Rauschenberg, is in the process of creating 10 original works of art reflecting the culture of each of 22 nations. Exhibits of these works, eventually numbering over 200, will tour the 22 nations, and the interchange will conclude with an exhibition of all the works at the National Gallery in Washington late in this decade. One work from each of the nations will be donated to the National Gallery, a collection of very significant value.

Mr. Rauschenberg has not sought direct Government funding for the program, but has applied for indemnification. But ROCI is not part of an exchange of exhibits, so at present it cannot qualify.

Mr. STAFFORD. I am certainly aware of the Rauschenberg Overseas Culture Interchange. This is the sort of program which in my view qualified under the committee report language as an exceptional exhibition of national or international importance. Should the Senate provision become law, I hope the Federal Council will give careful consideration to indemnification for ROCI.

Mrs. **HAWKINS**. I thank the Senator, and join him in supporting ROCI.

Mr. **STAFFORD**. Mr. President, I know of no other speakers on this side with respect to the bill.

The **PRESIDING OFFICER**. The question is on the engrossment and third reading of the bill.

The bill (S. 1264), as amended was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 1264

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Foundation on the Arts and the Humanities Amendments of 1985".

PROJECT DEFINITION; CONSTRUCTION OF FACILITIES

Sec. 2. Section 3(d)(2) of the National Foundation on the Arts and the Humanities Act of 1965 (hereafter in this Act referred to as the "Act") is amended by inserting "for the purposes of section 5(l) only," after "(2)".

APPLICATION APPROVAL OF NATIONAL COUNCIL ON THE ARTS

Sec. 3. The last sentence of section 6(f) of the Act is amended by striking out "$17,500" and inserting in lieu thereof "$30,000".

STATE HUMANITIES COUNCILS

Sec. 4. Section 7(f)(2)(B)(i) of the Act is amended—

(1) by striking out "four" and inserting in lieu thereof "six"; and

(2) by striking out "20 per centum" and inserting in lieu thereof "25 per centum".

NATIONAL COUNCIL ON THE HUMANITIES

Sec. 5. The second sentence of section 8(b) of the Act is amended by inserting after "selected" the following: "from citizens of the United States who are recognized for their knowledge of, expertise in, or commitment to the humanities and".

AUTHORIZATION OF APPROPRIATIONS

Sec. 6. (a) Extension of Authorizations.—(1)(A) The first sentence of section 11(a)(1)(A) of the Act is amended to read as follows: "For the purpose of carrying out section 5(c), there are authorized to be appropriated to the National Endowment for the Arts $118,678,000 for fiscal year 1986, $123,425,120 for fiscal year 1987, $128,362,125 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(B) The first sentence of section 11(a)(1)(B) of the Act is amended to read as follows: "For the purpose of carrying out section 7(c), there are authorized to be appropriated to the National Endowment for the Humanities $95,207,000 for fiscal year 1986, $99,015,280 for fiscal year 1987, $102,975,891 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(2)(A)(i) The matter preceding clause (i) of section 11(a)(2)(A) of the Act is amended by striking out "1985" and inserting in lieu thereof "1990".

(ii) The exception at the end of section 11(a)(2)(A) of the Act is amended to read as follows:

"except that the amounts so appropriated to the National Endowment for the Arts shall not exceed $8,820,000 for fiscal year 1986, $9,172,800 for fiscal year 1987, $9,539,712 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(B)(i) The matter preceding clause (i) of section 11(a)(2)(B) of the Act is amended by striking out "1985" and inserting in lieu thereof "1990".

(ii) Clause (ii) of section 11(a)(2)(B) of the Act is amended by inserting "and subgrantees" after "grantees" each time it appears in such clause.

(iii) The exception at the end of section 11(a)(2)(B) of the Act is amended to read as follows:

"except that the amounts so appropriated to the National Endowment for the Humanities shall not exceed $10,780,000 for fiscal year 1986, $11,211,200 for fiscal year 1987, $11,659,648 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(3)(A)(i) The matter preceding clause (i) of section 11(a)(3)(A) of the Act is amended by striking out "1985" and inserting in lieu thereof "1990".

(ii) The exception at the end of section 11(a)(3)(A) of the Act is amended to read as follows:

"except that the amounts so appropriated to such Endowment shall not exceed $20,580,000 for fiscal year 1986, $21,403,200 for fiscal year 1987, $22,259,328 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(B)(i) The matter preceding clause (i) of section 11(a)(3)(B) of the Act is amended by striking out "1985" and inserting in lieu thereof "1990".

(ii) The exception at the end of section 11(a)(3)(B) of the Act is amended to read as follows:

"except that the amounts so appropriated to such Endowment shall not exceed $19,600,000 for fiscal year 1986, $20,384,000 for fiscal year 1987, $21,199,360 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

(b) Authorization for Administration.—(1) Section 11(c)(1) of the Act is amended to read as follows:

"(1) There are authorized to be appropriated to the National Endowment for the Arts $15,582,000 for fiscal year 1986, $16,205,280 for fiscal year 1987, $16,853,491 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990, to administer the provisions of this Act, or any other program for which the Chairman of the National Endowment for the Arts is responsible.".

(2) Section 11(c)(2) of the Act is amended to read as follows:

"(2) There are authorized to be appropriated to the National Endowment for the Humanities $13,891,000 for fiscal year 1986, $14,446,640 for fiscal year 1987, $15,024,506 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990, to administer the provisions of this Act, or any other program for which the Chairman of the National Endowment for the Humanities is responsible.".

(c) Authorization Maximums.—Section 11 of the Act is amended—

(1) by redesignating subsection (d) as subsection (e), and

(2) by inserting after subsection (c) the following new subsection:

"(d)(1) The total amount of appropriations to carry out the activities of the National Endowment for the Arts shall not exceed—

"(A) $163,660,000 for fiscal year 1986,

"(B) $170,206,400 for fiscal year 1987, and

"(C) $177,014,656 for fiscal year 1988.

"(2) The total amount of appropriations to carry out the activities for the National Endowment for the Humanities shall not exceed—

"(A) $139,478,000 for fiscal year 1986,

"(B) $145,057,120 for fiscal year 1987, and

"(C) $150,859,405 for fiscal year 1988.".

REPEALERS

Sec. 7. (a) Executed Indemnity Study Repealed.—Subsections (d) and (e) of section 9 of the Act are repealed.

(b) Executed Property Study Repealed.—Subsection (d) of section 10 of the Act is repealed.

MUSEUM SERVICES AUTHORIZATION

Sec. 8. Section 209(a) of the Museum Services Act is amended to read as follows:

"(a) For the purpose of making grants under section 206(a), there are authorized to be appropriated $21,600,000 for fiscal year 1986, $22,464,000 for fiscal year 1987, $23,362,560 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990.".

ARTS AND ARTIFACTS INDEMNITY PROGRAM AMENDMENTS

Sec. 9. (a) Federal Council Membership.—Section 2(b) of the Arts and Artifacts Indemnity Act is amended—

(1) by inserting "(1) after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) For purposes of this Act, the Secretary of the Smithsonian Institution, the Director of the National Gallery of Art, the member designated by the Chairman of the Senate Commission of Art and Antiquities and the member designated by the Speaker of the House of Representatives shall not serve as members of the Council.".

(b) Eligibility for Indemnity.—(1) Section 3(b)(1) of the Arts and Artifacts Indemnity Act is amended by striking out ", or elsewhere when part of an exchange of exhibitions, but in no case shall both parts of such an exhibition be so covered" and inserting in lieu thereof "or elsewhere preferably when part of an exchange of exhibitions".

(2) The amendment made by paragraph (1) shall apply with respect to any exhibition which is certified under section 3(a) of the Arts and Artifacts Indemnity Act after the date of enactment of this Act.

(c) Indemnity Agreement Loss Limitations.—(1) Section 5(b) of the Arts and Artifacts Indemnity Act is amended by striking out "$400,000,000" and inserting in lieu thereof "$650,000,000".

(2) Section 5(c) of the Arts and Artifacts Indemnity Act is amended by striking out "$50,000,000" and inserting in lieu thereof "$75,000,000".

STUDY OF ALTERNATIVE FEDERAL FUNDING OF THE ARTS AND THE HUMANITIES

Sec. 10. (a) Study Required.—(1) The Comptroller General of the United States shall conduct a study to determine the feasibility of supplementing expenditures made from the general fund of the Treasury of the United States for the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services through other Federal funding mechanisms. The study required by this section shall consider, but is not limited to, the consideration of the following funding sources:

(A) A revolving fund comprised of payments made to the Federal Government through an extension of the existing Federal copyright period for artistic, dramatic, literary, and musical works.

(B) A revolving fund comprised of payments made to the Federal Government for the right to use or publicly perform artistic, dramatic, literary, and musical works in the public domain.

(2) In carrying out the study required by this section, the Comptroller General shall frequently consult with and seek the advice of the Chairman of the National Endowment for the Arts, the Chairman of the National Endowment for the Humanities, the Director of the Institute of Museum Services, the Register of Copyrights, the Chairman of the Labor and Human Resources Committee of the Senate, and the Chairman of the Education and Labor Committee of the House of Representatives, concerning the scope, direction, and focus of the study.

(3) In conducting the study required by this section, the Comptroller General shall consider the impact which the implementation of each supplemental funding mechanism would have on—

(A) any international copyright treaties, commitments, and obligations to which the United States is a party;

(B) public participation in the arts and the humanities;

(C) private, corporate, and foundation support for the arts and the humanities;

(D) the overall quality of arts and the humanities in the United States;

(E) the creative activities of individual authors and artists; and

(F) the activities and operations of private copyrighting organizations.

(b) Report.—The Comptroller General shall prepare and submit to the Congress not later than one year after the date of enactment of this Act a report of the study required by this section, together with such recommendations as the Comptroller General deems appropriate.

EDUCATION PROGRAM FOR THE COMMEMORATION OF THE BICENTENNIAL OF THE CONSTITUTION OF THE UNITED STATES AND THE BILL OF RIGHTS

Sec. 11. (a) General Authority.—(1) The Commission on the Bicentennial of the United States Constitution shall, in accordance with the provisions of this section, carry out an education program for the commemoration of the bicentennial of the Constitution of the United States and the Bill of Rights.

(2) To commemorate the bicentennial anniversary of the Constitution of the United States and the Bill of Rights, the Commission—

(A) is authorized to make grants to local educational agencies, private elementary and secondary schools, private organizations, individuals, and State and local public agencies in the United States for the development of instructional materials and programs on the Constitution of the United States and the Bill of Rights which are designed for use by elementary or secondary school students; and

(B) shall implement an annual national bicentennial Constitution and Bill of Rights competition based upon the programs developed and used by elementary and secondary schools.

(3) In carrying out the program authorized by this section, the Chairman of the Commission shall have the same authority as is established in section 10 of the National Foundation on the Arts and the Humanities Act of 1965.

(b) Definition.—For the purpose of this section, the term "Commission" means the Commission on the Bicentennial of the United States Constitution.

(c) Authorization of Appropriations.—(1) There are authorized to be appropriated $5,000,000 for each of the fiscal years 1987, 1988, 1989, 1990, and 1991 to carry out the provisions of this section.

(2) Amounts appropriated pursuant to paragraph (1) may be used for necessary administrative expenses, including staff.

POET LAUREATE CONSULTANT IN POETRY

Sec. 12. (a) Recognition of the Consultant in Poetry.—The Congress recognizes that the Consultant in Poetry to the Library of Congress has for some time occupied a position of prominence in the literary life of the Nation, has spoken effectively for literary causes, and has occasionally performed duties and functions sometimes associated with the position of poet laureate in other nations and societies. Individuals are appointed to the position of Consultant in Poetry by the Librarian of Congress for one- or two-year terms solely on the basis of literary merit, and are compensated from endowment funds administered by the Library of Congress Trust Fund Board. The Congress further recognizes this position is equivalent to that of Poet Laureate of the United States.

(b) Poet Laureate Consultant in Poetry Established.—(1) There is established in the Library of Congress the position of Poet Laureate Consultant in Poetry. The Poet Laureate Consultant in Poetry shall be appointed by the Librarian of Congress pursuant to the same procedures of appointment as established on the date of enactment of this section for the Consultant in Poetry to the Library of Congress.

(2) Each department and office of the Federal Government is encouraged to make use of the services of the Poet Laureate Consultant in Poetry for ceremonial and other occasions of celebration under such procedures as the Librarian of Congress shall approve designed to assure that participation under this paragraph does not impair the continuation of the work of the individual chosen to fill the position of Poet Laureate Consultant in Poetry.

(c) Poetry Program.—(1) The Chairman of the National Endowment for the Arts, with the advice of the National Council on the Arts, shall annually sponsor a program at which the Poet Laureate Consultant in Poetry will present a major work or the work of other distinguished poets.

(2) There are authorized to be appropriated to the National Endowment for the Arts $10,000 for the fiscal year 1987 and for each succeeding fiscal year ending prior to October 1, 1990, for the purpose of carrying out this subsection.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STAFFORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended so as to read:

A bill to amend the National Foundation on the Arts and Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Indemnity Act, to extend the authorization of appropriations for such acts, and for other purposes.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that the period for the transaction of routine morning business be extended until 1 p.m., with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

CHILD HEALTH DAY

Mr. KASTEN. Mr. President, October 7 will mark the observance of Child Health Day, which has been celebrated on the first Monday of every October since 1928.

In 1983, President Reagan announced a new effort to ensure that no child in need of medical care is denied access to the care that he or she needs, and he enlisted the support of the American people—parents, volunteers, health professionals, and educators—in this effort.

The health care needs of our Nation's children are great, but in the last few years we have seen the overwhelming and agonizing needs of children around the world, who face death by starvation, by malnutrition, or by one of a myriad of accompanying diseases. Each year nearly 14 million children in developing countries die from malnutrition and disease.

This year the drought-driven epidemic of starvation and infant mortality affected 34 sub-Saharan African countries and prompted the creation of USA for Africa and the March 7 release of the multisuperstar recording of "We Are the World." In 9 weeks, the citizens of the United States contributed $45 million to the rescue effort. This was followed by the worldwide benefit concert by LiveAid. Tremendous support has been given not only by our own citizens but from many countries around the world to the people, and especially to the children, suffering in famine-scarred and poverty-stricken developing countries particularly in Africa, but also in the Americas, and the Near and Far East.

The world's governments increasingly are coming to the aid of those in terrible suffering, and progress is being made to save the children.

For instance, with the additional funds for health and nutrition appropriated by Congress in fiscal year 1985 for child survival, more than 50 projects and grants designed to have direct impact on the lives of developing countries' children have been obligated. The Agency for International Development [AID] is working with private voluntary organizations, and more than a third of the programs supported by the additional funds from Congress will be carried out jointly by the United States and developing country private voluntary organizations. A few other highlights of this program:

In Bangladesh, the initiation of a nationwide program to distribute oral rehydration salts packets [ORS] through more than 8,000 outlets is beginning. Oral rehydration solution is a low-cost, extremely effective mixture of salt, sugar, and water, a simple method of eliminating death by dehydration through diarrhea, which kills 4 million children a year.

Ecuador is planning their first national immunization day in late October.

AID will be supporting vitamin A activities in five countries. A study in Indonesia which distributed vitamin A suggested that moderate vitamin A deficiency results in increased sickness and death in children.

In December, AID will sponsor a second conference to discuss the challenges and achievements that 700 of the world's scientists, physicians, and health representatives have experienced in 72 countries around the world in their efforts to promote the use of oral rehydration therapy. The conference is being held in cooperation with the International Center for Diarrhoeal Disease Research/Bangladesh, the U.N. Children's Fund [UNICEF], the UN Development Program, The World Bank, and the World Health Organization. It will directly benefit program managers who are in the front line of child survival activities and is a further step to achieve near-universal availability of this life-saving therapy within 10 years.

We are making progress in saving the lives of children and we must continue to work vigorously toward future gains. Health aid has long been recognized as one of the most valuable forms of foreign assistance. It is not only humanitarian, in that it saves the lives of children, but clearly of high importance in improving the health and the productivity of developing countries, so that they may become self-sustaining. What we do in health for these children today may go far to establishing peace, cooperation, and economic well-being in future years for all of us.

MURDER OF BENIGNO AQUINO

Mr. MURKOWSKI. Mr. President, the trial of 27 persons accused of involvement in the murder of Philippine political leader Benigno Aquino on August 21, 1983, is currently underway in Manila, Republic of the Philippines. The Congress has on several occasions spoken out with regard to the need to bring to justice those responsible for this crime, most recently in the foreign assistance authorization bill, signed by the President in August of this year.

Mr. President, I wish to enter in the RECORD the text of an announcement made by the U.S. Department of State on September 16, 1985. The Department released the texts of affidavits from six U.S. Air Force officers who were on duty at two airbases in the Philippines on August 21, 1983. The affidavits were provided to Philippine prosecutors in the ongoing trial on August 30, 1985. On September 30, 1985, it was announced in Manila that the prosecutors do not intend to use the USAF affidavits and consider the matter closed.

I believe that the Department of State's comment on this matter speaks for itself.

I also enter into the RECORD, Mr. President, copies of the six affidavits in question. Five of these affidavits were executed in the presence of and notarized by the Assistant Legal Advisor of the Department of State, Mr. Patrick M. Norton, and authenticated by the Deputy Secretary of State, Mr. John C. Whitehead. The sixth affidavit was accomplished in Manila.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PHILIPPINES: AQUINO ASSASSINATION TRIAL—RELEASE OF USAF AFFADAVITS

It has been the consistent position of the United States since the 1983 murder of Benigno Aquino that the investigation of that crime be thorough and impartial, and that those responsible, no matter who they may be, be brought to justice and punished to the fullest extent of the law. The United States therefore believes it important that the outcome of the current Aquino assassination trial in Manila be seen by the Filipino people as based on a thorough, complete consideration of all pertinent information.

In mid-July, newspaper accounts reported that on August 21, 1983, the day of Senator Aquino's assassination in Manila, unusual levels of activity by the Philippine Air Force were witnessed at two airbases in the Philippines (Wallace Air Station and Villamor Air Force Base) by United States Air Force personnel. So far as we have been able to ascertain, no one in the Department of State, or the U.S. Embassy in Manila, or the Defense Department other than USAF personnel in the Philippines were aware of the reported activities until the July newspaper accounts.

On August 7, the Philippine Ministry of Foreign Affairs requested through the United States Embassy in Manila that the United States provide to the Philippine Government any information in its possession relating to events on August 21, 1983 as reported in the July newspaper accounts. In a discussion between the United States Ambassador in Manila and Acting Foreign Minister Castro on August 8, it was agreed that the United States would prepare sworn affidavits from the USAF personnel on duty on August 21, 1983 at the two airbases in question. It was further agreed that these affidavits would be transmitted to the prosecutors, through the Ministry of Foreign Affairs, in a sealed envelope.

In mid-August, the U.S. Air Force prepared affidavits from six USAF personnel who were on duty at Wallace Air Station or Villamor Air Base on August 21, 1983. The affidavits were sworn before a notary public. The affidavits were then "authenticated" by the Department of State and the U.S. Embassy in Manila before being presented on August 30, as had been previously agreed, in a sealed envelope to the Ministry of Foreign Affairs for transmittal to the prosecutors.

On September 13, the Chief Prosecutor (Tanodbayan), Bernardo Fernandez, announced that the prosecutors do not intend to use the USAF affidavits and consider this matter closed. We indicated to the Philippine authorities from the outset that we expected the affidavits to become public at an appropriate moment. We also indicated that we were prepared to consider any further Philippine requests for assistance in this matter. Since the Tanodbayan has stated that it will not examine this matter further, it appears to us appropriate to release the affidavits now.

Mr. Fernandez also suggested in his statement of September 13 that the affidavits had not been properly authenticated and this alleged infirmity was somehow related to the Prosecutors' decision not to use them. We do not understand the basis for this assertion. Authentication is a technical legal procedure by which the authenticity of documents is protected. There is no question of the authenticity of the affidavits. Nor is there any basis for challenging the procedures by which they were authenticated. Authentication is simply a series of attestations of the authenticity of the documents as they pass from hand-to-hand. There are several ways of doing this. In this case, the State Department verified under seal that the affidavits had been properly notarized, the U.S. Ambassador in Manila verified that the Department seal had been properly affixed. This was in accord with normal judicial procedures.

An alternative procedure would have been to involve the Philippine Consulate in Washington in the chain of authentications. We considered and rejected this alternative when the Consulate refused to make the authentications without copying the documents—a condition we considered inconsistent with the arrangements of August 8 with the Acting Foreign Minister to have the documents transmitted in a sealed envelope to the prosecutors. When it became clear that the United States would not agree to permit the Consulate to copy the affidavits, the Philippine Embassy in Washington specifically suggested precisely the procedure that we in fact followed. Under these circumstances, we cannot explain the Tanodbayan's criticism of the authentication process that was followed. The statements of Tanodbayan Fernandez on September 13 that the affidavits were somehow defective is, in our view, wholly without foundation.

The affidavits in question represent the best recollections of six different individuals as to events that occurred two years earlier. As one would expect, there are minor discrepancies in their recollections.

The one unambiguous conclusion to which the affidavits point is that there was, in fact, a highly unusual degree of activity by the Philippine Air Force on August 21, 1983 (a Sunday), and that two Philippine Air Force fighters were scrambled on that day. The affidavits include all we know about those events.

We cannot of course substitute our judgment for that of the Philippine judicial processes concerning the weight or probity of the information in the affidavits. We had hoped, however, that a rigorous examination of that information would have occurred within the judicial processes themselves.

Affidavit

I, Michael B. Etzler, being duly sworn, depose and say:

1. I am 29 years old and a First Lieutenant in the United States Air Force (USAF). I have been in the Air Force for ten and a half years and was commissioned in September 1982. I subsequently received training as a Weapons Controller and was later assigned to Wallace Air Station in the Philippines for my first commissioned duty assignment in March 1983. I departed the Philipines in March 1984.

2. Wallace Air Station is one of four Air Defense Direction Center (ADDC) in the Philippines. The other three are manned exclusively by Philippine Air Force (PAF) personnel. Wallace has about 14 radar scopes in what is known as the "dark room." These radar scopes are sometimes used by Philippine Air Force personnel. On weekdays the Wallace ADDC is manned by about 15-20 USAF and one or two PAF personnel. On weekends ordinarily only one PAF enlisted man is present and a reduced crew of from five to seven USAF personnel are on duty.

3. Air Defense instructions are issued from the Philippine Air Defense Control Center (PADCC) at Villamor (code named Arrow) and the Air Defense Centers support Air Defense by maintaining surveillance of their assigned area within the Philippine Air Defense Identification Zone (PADIZ). It was our function at Wallace to track and monitor aircraft in our area and for training purposes to control USAF aircraft and occasionally PAF aircraft. Additionally, we were responsible for controlling USAF aircraft intercepts of unidentified or unknown aircraft.

4. It was a routine matter for Philippine Air Force personnel to use one or more of our scopes. This could happen two to three times a week while the PAF was running training missions of PAF aircraft in the area.

5. On 21 August 1983, the crew I was on reported for duty about 7 AM as usual. Other USAF personnel on duty that day were Captain Black, the Senior Director, and T/Sgt Wendell Austin. It was a slow weekend. The USAF aircraft were not training on that Sunday. Our primary responsibility was to be ready to respond should our support or assistance be required.

6. About 1100 local time that morning, Major Farolan, the Philippine Air Force Commander at Wallace, Captain Bandong, the PAF Director of Operations, Captain Bibon, A PAF Air Controller and three or four other Philippine Air Force personnel came to the dark room and asked permission to use two of our scopes and at least two frequencies, possibly more. I was playing cards with some of the other crew members at the time and said "sure" hardly bothering to look up. When I did look up and see the number of PAF personnel who were there, I became concerned that something very unusual was going on, especially since Major Farolan was present. All of the PAF personnel were in uniform which was unusual for a weekend at Wallace. Except for exercises we never saw that many PAF personnel in the dark room and certainly never on a Sunday.

7. I sent someone to fetch Captain Black who was in the break room at the time. He appeared immediately and told the PAF personnel who were already setting up their equipment to stand by. Captain Black was attempting to find out what was going on but apparently without success. Someone placed a call to the PADCC at Villamor in an attempt to find out what was going on. He did not have any luck either.

8. At about this time Major Townsend appeared. On that day Major Townsend was our Director of Operations but not on duty in the facility; rather he was on call with a protable radio. I believe that Major Townsend and Captain Black discussed the situation with Major Farolan and perhaps some of the other PAF officers. I did not hear their conversation.

9. At about this time a US airman operating the surveillance radar and another airman manning the plotting board began to plot an incoming aircraft which appeared to be at the place and time sought by the PAF. This action was at our initiative and was not requested by or coordinated with the PAF. At about the same time apparently the PAF aircraft were launched to intercept the targeted aircraft. A short time later the USAF airman stopped plotting the course of the detected aircraft. I do not know if it was because it was lost on the screen or at the direction of Major Townsend on the basis that we did not really know what was going on and the PAF had requested no assistance. It was still possible for the PAF personnel manning the radar scopes to track the aircraft on their scopes. The PAF also had its own plotter but my memory is he was never asked to make any entries on the plotting board.

10. I heard bits and pieces of conversation of the Philippine Air Force personnel on duty that day. These conversations led me to believe that they were looking for a private, non-commercial aircraft. I also heard one of the Philippine officers, possibly Captain Bibon although I cannot be sure, say that the aircraft must land at Basa whether it wanted to or not and that in no circumstances could it be allowed to land in Manila. The Filipino's seemed unusually serious throughout this situation. They were uncharacteristically uncommunicative.

11. I have examined a copy of the Wallace log for 21 August 1983, and I am told that the entry at 0340Z contains the word "(Aquino)" written in a green felt pen. This is highly unusual as our standard operating procedure required that all entries be made in black ink. I do not recall ever seeing the entry before. Had it been in the log during my tour of duty at Wallace I am reasonably certain that I would have noticed it.

Affidavit

I, David B. Hampton, being duly sworn, depose and say:

1. I am a Staff Sergeant in the United States Air Force, currently stationed with the 3400th Technical Training Group at Keesler Air Force Base, Mississippi. I have served in the United States Air Force since September 15, 1971.

2. I have served three tours of duty in the Republic of the Philippines. In 1972-73, I was stationed for thirteen months at Wallace Air Station. In 1975-76, I was again stationed for approximately one year at Wallace. From December 1978 until May 1980 I was again stationed at Wallace. From May 1980 until May 1984, I was stationed with Detachment 1, 13th Air Force, Villamor Air Base, serving as advisor to the 1st Air Division of the Philippine Air Force.

3. The Philippine Air Defense Control Center is located at Villamor Air Base. It consists of one, two-story building, comprised primarily of offices. Below ground level is located an Air Defense Control Center, sometimes known as the "operations room." In the operations room is located a larger plotting board, consisting of a plexiglass map of the territory of the Philippines and surrounding areas.

4. The Philippine Air Defense Control Center is the central controlling operational center for all Philippine Air Defense functions. It has no radar capability of its own. It is, however, directly connected with several radar sites, including Wallace Air Station.

5. Eight United States Air Force personnel are normally assigned to Villamor, including two officers and six enlisted men. Four of the enlisted men serve as Senior Control Technicians, working twelve hour shifts seven days a week. The two officers and two of the enlisted men normally work regular office hours during the week. On a normal weekend or at night, there will be one Senior Control Technician on duty.

6. I do not know the number of Philippine Air Force personnel at Villamor officially on duty at any given time. It appeared to me that approximately ten to fifteen Philippine Air Force personnel were normally on duty during the day and a lesser number in the evenings and on weekends.

7. On Sunday, August 21, 1983, I was the Senior Control Technician on duty at Villamor from 0600 until 1800 (Local Time). At approximately 0900-0930, I received a telephone call from Captain Marion Black who was the Senior Director at Wallace Air Station that day. Captain Black asked me what was going on at Villamor. I asked him what he was talking about, and he informed me that the Philippine Air Force at Wallace was requesting the use of United States Air Force radar scopes there and would not tell him why.

8. Immediately after Captain Black's phone call, I went downstairs into the "operations room." I saw there at least four Philippine Air Force officers, including Colonel Kapawan, the Chief of the Air Defense Control Center. I asked Colonel Kapawan what was going on. He informed me that it was an "internal affair." Because I knew from the Manila newspaper that Senator Aquino was expected to arrive that day, I asked Colonel Kapawan if it had to do with Senator Aquino. He repeated that it was an "internal affair." I observed that the Philippine Air Force personnel were in position to plot aircraft routes on the plotting board in the operations room. I then returned to my office, called Captain Black at Wallace and informed him of what I had been told by Colonel Kapawan.

9. Some time later in the morning, I received a further telephone call from Wallace, this time from Major Paul Townsend. I do not recall the specific content of that conversation, but I believe I informed him that I knew nothing further than I had related to Captain Black in the previous conversations.

10. Somewhat later in the day, perhaps around noon, Colonel Kapawan came into my office. I asked him again if the activity in the operations room was related to Senator Aquino. He said yes, and advised me that the Philippine Air Force had wanted to divert Senator Aquino's flight to Basa Air Base. Colonel Kapawan told me they were looking for a China Airlines flight coming from Hong Kong. Colonel Kapawan told me

that they had failed to intercept the aircraft.

AFFIDAVIT

I, Wendell A. Austin, being duly sworn, depose and say:

1. I am a Technical Sergeant in the United States Air Force, currently stationed at Buckley Air National Guard Base in Aurora, Colorado. I have served in the United States Air Force since July 1967.

2. From March 1, 1983, until March 1, 1984, I was stationed at Wallace Air Station in the Republic of the Philippines. My principal duty there was to serve as Senior Director Technician and Combat Crew Supervisor. I was the senior enlisted person on duty and administratively supervised all other enlisted personnal on duty. Under the supervision and command of the Senior Director (normally a United States Air Force Captain), I also operationally supervised all other United States Air Force personnel.

3. Operations at Wallace Air Station take place in a single building comprised of various administrative offices and an operations room more commonly known as the "dark room." In the Wallace "dark room" were located approximately a dozen radar scopes. These radar scopes were turned on at all times. During normal work days, the majority of these scopes would be manned by United States Air Force personnel. At nights and on weekends, only a small number of the radar scopes would actually be manned.

4. During normal week day operations, there were approximately 15-20 United States Air Force personnel on duty at Wallace. At night and on weekends, there were normally about eight personnel, officers and enlisted men. On week days, there were normally two Philippine Air Force enlisted men on duty. At night and on weekends, there was ordinarily only one.

5. Among my duties as Senior Director Technician was the maintenance of the United States Air Force log book at Wallace. I have reviewed the attached xeroxed copy of the log entry for 21 August 1983 and recognize it as being in my own handwriting. The time entries in the log book are in so-called "ZULU Time," that is Greenwich Mean Time. The actual local time in the Philippines was eight hours later.

6. In the fifth line for the entry at 0340 on 21 August 1983 in the log book, there is a notation "(Aquino)". I have been informed that entry is made with a green felt pen. I did not make that entry and do not know who did. The United States Air Force used a strict color coding for log book entries at Wallace. Green entries were not authorized under this system.

7. On August 21, 1983, I reported to duty at 0730 and went off duty at 1530. When I entered on duty, the only Philippine Air Force personnel present was the enlisted man normally present on Sundays. Sometime during the course of the morning, two Philippine Air Force officers and two additional enlisted men entered the "dark room." The Philippine Senior Controller—a Captain whose name I do not recall—asked the United States Air Force Senior Director, Captain Marion Black, for the use of two radar scopes and four UHF radio frequencies to run a mission. Captain Black initially assigned the Philippine Senior Controller two scopes and four UHF frequencies.

7. At this point I asked the Philippine Senior Controller for information on their mission. He said that the mission was an intercept and gave me the call signs of two F-5 aircraft. Because it was highly unusual in my experience for the Philippine Air Force to fly on Sunday, I asked the Senior Controller for additional information. He told me that the intercept had been directed by the Philippine Air Defense Control Center at Villamor Air Base, known as "Arrow," and that was all he could or would tell me. I advised Captain Black that we should not permit the use of the radar scopes until we had more information. Captain Black immediately revoked his previous permission to use the radar scopes and frequencies.

8. I then contacted the Director of Operations at Wallace, Major Paul Townsend. Major Townsend was not on duty that day. I do not recall whether I contacted him by telephone or radio. Major Townsend was, however, on base and reported promptly to the operations room.

9. Major Townsend asked the Philippine Senior Controller to explain the nature of their mission. The Philippine Senior Controller, before answering, called Arrow and conducted a conversation in Tagolog. At the end of that conversation, he informed Major Townsend that the Philippine Air Force had orders to intercept a civilian aircraft and to force it to land at a Philippine Air Force Base, whether it wanted to or not.

10. Major Townsend then called the United States Air Force Senior Director at Arrow. Major Townsend indicated that the United States Air Force Senior Director at Arrow had been unable to determine from the Philippine Air Force there what was going on. Major Townsend indicated that, after the discussion with the United States Air Force Senior Director at Arrow, they had decided to allow the Philippine Air Force to use the radar scopes and frequencies at Wallace. He further indicated that the United States Air Force would disavow any involvement or responsibility for the intercept.

11. The Philippine Air Force Controllers then assumed their positions at the two radar scopes. They were there for approximately one to two hours. During that time, two Philippine Air Force F-5 aircraft were scrambled and placed on combat air patrol somewhere over the South China Sea just northwest of the Island of Luzon. This was unusual because it was only the second time, during my one year tour, that I had seen the PAF scramble alert aircraft other than during an exercise.

12. I was told by one of the Philippine Air Force weapons controllers (a Captain of the Philippine Air Force whose name I do not recall) that the flight they were attempting to intercept was enroute from Hong Kong to Manila. He told me at the time the flight number and name of the airlines and expected time of intercept. I do not remember this information except that it was not an American flag carrier involved.

13. Somewhat later in the day, the Philippine Air Force personnel at Wallace were informed that the airliner they had been looking for had landed in Manila and that their fighters could return to base. The Philippine Air Force Controller told me that they had never seen the target airliner on the radar scopes. I had no further discussions on this subject with anyone in the Philippine Air Force.

AFFIDAVIT

I, Marion Allen Black, having been duly sworn upon oath depose and say:

1. My name is Marion Allen Black. I am 29 year old, a Captain, and have been in the Air Force almost eight years. I trained in weapons control at Tyndall Air Force Base in Florida and have served in weapons control related duties at Tampa, Florida, Okinawa, Japan, and Wallace Air Station, Republic of the Philippines. I was assigned to a one year tour at Wallace Air Station in December 1982. I was the Senior Director of an Air Defense control crew consisting of approximately 20 people.

2. Wallace is an Air Defense Direction Center. It has about 14 radar scopes. These scopes are used by both the Philippine Air Force (PAF) and the United States Air Force (USAF). Air Defense instructions are issued from the Philippine Air Defense Control Center (PADCC) at Villamor (formerly Nichols Air Base). There are four Air Defense Direction Centers (ADDC) in the Philippines. The other three are manned exclusively by PAF personnel.

3. The mission of the ADDCs is to support air defense systems by maintaining surveillance of the assigned area within the Philippine Air Defense Identification Zone (PADIZ). Thus, it was our duty to track and monitor aircraft in our area and, for training purposes, to control USAF and occasionally PAF aircraft particularly with respect to flights originating or terminating at Clark Air Base. It was also our mission to control USAF intercepts of unidentified or unknown aircraft when directed by 13th Air Force.

4. On week days the Wallace ADDC is manned by about 15-20 USAF personnel and one or two PAF personnel. Most of the time the PAF personnel stayed in the administrative area and not in the "dark room" where the radar scopes and plotting boards are located. Several times a week when the Philippine Air Force was training, the PAF personnel would request permission to use the scopes and be assigned frequencies. Such requests were routinely granted. On weekends there would ordinarily be from five to seven USAF personnel and usually one Philippine Air Force enlisted person.

5. On 21 August 1983 my crew began duty at 0700. On duty with me were T/Sgt Wendell Austin, Lt. Michael Etzler and Sgt. Mike Adams plus several others whose names I cannot recall. The Director of Operations that day was Major Paul Townsend. He was not in the building but was on call.

6. Based on the entries in the log that day and my memory, about 1030 or 1100 AM local time, Major Farolan, the Wallace PAF Site Commander, Captain Bandong, the PAF Director of Operations, and four or five other PAF personnel came to the "dark room." They asked permission to use two scopes and be assigned four frequencies for radio communications.

7. This struck us all as very unusual because we rarely saw any PAF personnel on weekends and never in such numbers (full battle staff size) except during exercises. We USAF personnel became curious and discussed the unusual situation among ourselves. I asked Major Farolan what was happening and was told in effect that I need not worry about it, it was internal Philippine Air Force business. This also struck us as unusual because Major Farolan was ordinarily a very affable, communicative person.

8. At about this time, although I can no longer remember the exact sequence, we attempted to find out what was happening by calling Sgt. Hampton at Villamor who made inquiry there and was similarly rebuffed.

BEST COPY AVAILABLE

9. Major Townsend arrived in response to our call and discussed the matter with Major Farolan. Before Major Townsend arrived I had told the PAF to stand by on their operation until he arrived. After discussing the matter out of my hearing Major Townsend, Major Farolan and Captain Bandong seemed to come to some meeting of the minds on the issue. Major Farolan, Captain Bandong, Major Townsend and I went into an adjoining area where Major Farolan explained that the Philippine Air Force was going to launch two F-5's to intercept a civilian aircraft and either turn it back to its origin or escort it to Basa Air Base for landing. Major Townsend then authorized the PAF to use two radar scopes and four UHF frequencies, as they had requested, but Major Townsend stated that this activity was PAF affair, in which the USAF would not take part.

10. My impression throughout these events was that the PAF was looking for a commercial airliner. I do not know on what basis I formed that impression. I also recall being told by either Major Farolan or Captain Bandong that the Philippine Government felt that it was unsafe for the aircraft to land in Manila because of threats made against a passenger's life. As I remember it, the passenger was later identified as Senator Aquino.

11. The PAF personnel approached their duties with unusual seriousness and maintained surveillance until shortly after the F-5s returned to Basa about 1220 local time.

12. Regarding the log entries for August 21, 1983, in particular the one of 0340Z time, I am told that the word "(Aquino)" appears on the original log written with a green felt pen. To the best of my knowledge that entry was not there in the log when I left Wallace in December 1983. The log entries were made in black ink only. Sometimes, red ink was used to underline. Green was never used. As far as I can determine no intercept was ever made nor do I have any other reason to suspect that it was successful. I do not know the names of any other PAF personnel who may have been in the "dark room" that day.

AFFIDAVIT

I, James H. Keys, being duly sworn, depose and say:

1. My name is James H. Keys. I am 41 years old and a Lieutenant Colonel in the United States Air Force in which I have served for almost eighteen years. I was assigned as the United States Facilities Commander at Wallace Air Station in August 1983 and served there until August 1984. I was also the Commander of the 848th Aircraft Control and Warning Squadron. As Commander of the facility, my primary concern was with managing the entire facility and seeing that the 848th accomplished its mission successfully. I delegated most of the operational duties to my Director of Operations Major Paul Townsend, who served very capably.

2. On 21 August 1983, I was called by Major Townsend who requested me to come to the operations room. No further details were discussed in the call. When I arrived in the operations room, I observed three or four Philippine Air Force (PAF) personnel who appeared to be looking for an aircraft on the radar scopes they were using. As best I can remember it was Major Townsend who told me that was what they were doing. The activity was unusual in that PAF Controllers rarely came in on a weekend.

3. I exchanged a brief greeting with Major Farolan, the Phillippine Commander, who appeared to be hesitant to discuss his current mission but he may merely have been too busy to chat very much. I do not recall if any PAF aircraft had been launched on that day. What was clear to me was that the PAF personnel were running an operation in which the United States Air Force (USAF) was not involved. I do not recall making a connection between the activity at Wallace and Senator Aquino's arrival in the Philippines. I do not remember any plans or intentions to divert an aircraft to Basa Air Base.

[ORIGINAL PREPARED IN MANILA, AUGUST 30, 1985]

I, Jesse Moultry, having been duly sworn, upon oath, depose and say:

1. My name is Jesse Moultry, I enlisted in the United States Air Force on August 6, 1971. I received an Air Force Commission April 15, 1979. I became an Air Weapons Controller after completing the basic weapons controller school at Tyndall Air Force Base, FL, on June 21, 1979.

2. My first assignment as an Air Weapons Controller was at McChord Air Force Base in the Semi-Automated Ground Environment (SAGE) Air Defense System. I spent approximately three years in this system qualifying in a number of air defense related duties before being transferred to my present assignment, Detachment 1, 13th Air Force numbered Air Force Combat Operations Staff (NAFCOS).

3. DET 1 is a 13AF air defense unit which provides air component command interface to the Philippine Air Defense System (PADS). It is a small geographically separated unit composed of two USAF officers and six enlisted personnel. We are located on the first floor of Headquarters First Air Division, home to the Philippine Air Defense Control Center (PADCC). Our mission is to represent the 13AF Commander at the PADCC regarding all air defense matters involving U.S. resources operating in or committed to the air defense of the Philippines.

4. I am the unit's Operations Officer and one of two mission ready Senior Controllers. My duties as a Senior Controller are what I'll address here. As a USAF Senior Controller, I serve as the 13AF Commander's representative to the PADCC during day to day operations. I provide liaison between Philippine Air Force (PAF) and 13AF in a joint allied environment. I assume overall responsibility as well as provide for the continuity of USAF operations at the PADCC. I exercise control and accept responsibility for the duty performance and personal conduct of all operations personnel under my control.

5. On the morning of August 21, 1983, I was not on duty at the PADCC, but I was on call. Since there were only two USAF Officers in the unit, we had to inform on-duty personnel of our whereabouts in case of an emergency or actual contingency. I was at the United States Employees Association (USEA) Compound on Roxas Blvd. I telephoned my office from there to advise them of my location. I do not recall the exact time I placed this call, but I think it was somewhere between 0900 and 1100 local. Staff Sergeant Dave Hampton, the on-duty Senior Controller Technician (SCT) answered the phone. He informed me that the PAF were out in unusual numbers, that they had scrambled fighters and when he asked what was up, he said he was basically told by PAF personnel that it was none of his business. He also informed me that Lt. Col. Keys, the 848 ACWS Commander had called looking for Lt. Col. Mason, the Detachment Commander, to get his (Mason's) opinion as to whether he (Keys) should relinquish radar scopes to the PAF who would not inform him as to what was going on. Lt. Col. Mason could not be reached so I instructed Sgt. Hampton to refer Lt. Col. Keys' call to the 13AF Command Center.

6. Upon receiving this information from S.Sgt. Hampton, I did not feel an urgency to go to the office to monitor the situation. Sgt. Hampton had said the PAF informed him it was an internal matter and nothing that would concern the USAF.

7. Within a short time after my phone conversation with Sgt. Hampton, a special news bulletin appeared on the television set in USEA's cocktail lounge announcing the death of Senator Benigno Aquino, Jr. The report said Senator Aquino had been shot by an unidentified gunman who has also been killed by AVSECOM security personnel. I did not make any connection between this and the information I had received from Sgt. Hampton.

SOVIET BOMBER AND NAVAL ACTIVITY OFF THE COAST OF ALASKA

Mr. MURKOWSKI. Mr. President, on several occasions in the past I have sought to draw the attention of my colleagues to the increasing level of Soviet Bear bomber activity off the coast of Alaska, as well as Soviet harassment of U.S. scientific research vessels and oil drilling operations in the Bering Sea.

I have made these statements in order to point out the need for improved early warning systems, such as the North Warning System and the Over-the-Horizon Backscatter [OTH-B], and command and control AWAC's aircraft in Alaska. Moreover, I have urged the Department of State to protest those Soviet actions that recklessly and needlessly threaten American lives.

To give some flavor of the activity to which I am referring I would simply point out that between September 12-19 the Alaskan Air Command made four separate intercepts of eight Soviet Bear bombers exercising off the coast of Alaska. These included Bear-H aircraft capable of carrying long-range AS-15 cruise missiles. Soviet bombers were intercepted by F-15 fighter aircraft, assisted by E-3A AWAC's, off the north and northwest coast of Alaska, 60 miles north of Point Barrow, as well as further south off the Aleutian Chain. I believe that we can expect to see more of this kind of bomber activity in the future, and I can assure my colleagues and my constituents that I will support those modernization programs needed to address the Soviet bomber threat to North America.

Mr. President, a fascinating personal account of America's continuing boundary dispute with the Soviets on the high seas is contained in an article, "Seized by the Russians," by Tabb Thomas in the September 1985 Alaska magazine. Mr. Thomas served as the commander of the *Frieda-K*, a 120-foot landing craft providing support to a Houston-based company making a seismic survey of the Chukchi Sea off the northwest coast of Alaska, when it was seized by the Soviets on September 11, 1984. This is a chilling, real-life account that brings home the human dimension and stark reality of dealing with the Soviet Union.

Mr. President, I commend this article to the attention of my colleagues and ask that it be printed in the RECORD, along with those articles from the Anchorage Times and Washington Post that detail the recent activity of Soviet Bear bombers.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 23, 1985]

U.S. FIGHTERS TRACK SOVIET BOMBERS

ANCHORAGE, Sept. 22.—U.S. Air Force jet fighters scrambled four times in eight days this month to intercept Soviet bombers flying near Alaska, a military spokesman said.

"This is an unusual level of activity from what we have seen in the recent past," said Maj. Darrell C. Hayes, chief of public affairs for the 21st Tactical Fighter Wing at Elmendorf Air Force Base.

"But it has not increased the level of tensions," he said.

The interceptions by F15 Eagle fighters occurred between Sept. 12 and Sept. 19, he said. None of the Soviet planes, Bear A and Bear H models, carried visible armaments, Hayes said.

None of the bombers entered Alaskan airspace.

[From the Anchorage Times, Sept. 22, 1985]

F-15 Jet Fighters Intercept Soviet Bombers Near Alaska

(By Karen Robin)

F-15 jet fighters scrambled four times over an eight-day period ending last week to intercept and escort eight Soviet bombers flying near Alaska, an Elmendorf Air Force Base spokesman said Friday.

Military officials said the interceptions represented an "unusual" amount of activity by Soviet aircraft.

U.S. Air Force F-15 Eagles intercepted the big bombers between Sept. 12 and Sept. 19, said Maj. Darrell C. Hayes, chief of public affairs at the 21st Tactical Fighter Wing headquartered at Elmendorf.

None of the aircraft, Bear A and Bear H models, intercepted off the coast of the state, carried visible armaments, he said.

On Sept. 12, fighters on alert at Galena Airport intercepted two new Bear H bombers flying off the northern coast of Alaska.

Directed by controllers from the 11th Tactical Control Group in the NORAD Region Operations Control Center at Elmendorf and by an E-3 Ariborne Warning and Control System (AWACS) aircraft, the fighters located the bombers off the northern coast of Alaska and escorted them across the Arctic Sea for about an hour.

A KC-135 aerial tanker from the Alaskan Tanker Task Force at Eielson Air Force Base refueled the fighters during the mission to extend their flying range.

On Tuesday, Sept. 17, the same team of Air Force aircraft and controllers made contact with two pairs of Soviet Bear H and Bear A bombers flying off the Aleutian chain.

And Thursday, two F-15s, one from Elmendorf, found two more Soviet bombers crusing off the state's northwest coast.

The Air Force videotaped the Thursday encounter and released the tape to television stations Friday.

"This is an unusual level of activity from what we have seen in the recent past," Hayes said.

"But it has not increased the level of tensions" between the U.S. and the U.S.S.R., he added.

The bombers did not enter Alaska airspace, Hayes said.

The AWACS, temporarily assigned to Alaska, helped the F-15 fighters locate the Russian bombers after NORAD, or North American Aerospace Defense Command, radar screens revealed them approaching United States airspace.

The Bear A is the first model of the long-range bomber line, which was designed in the 1950s and modified through the years, but still employs propeller engines.

[From the Alaska Magazine, September 1985]

SEIZED BY THE RUSSIANS

(By Tabb Thoms)

The gray ship ahead of us in the Bering Sea appeared at first to be a fishing vessel, but it was bow-on and we couldn't be sure. We were unfamiliar with the Diomede area and dependent upon the book, *U.S. Coast Pilot*, and our marine charts for navigation. Having very little information regarding the channel between the Diomede Islands, we decided to ask the gray ship for local sailing information.

I slowed the *Frieda-K* as we neared the still bow-on ship. An officer on deck motioned, and I interpreted this to mean we should tie up. So we pulled alongside and threw our lines across. Suddenly about 30 soldiers swiftly leaped from the gray ship onto the *Frieda-K*. They wore camouflage uniforms and carried machine guns, knives and pistols.

They pointed their guns at my crew on the stern. Several guards and an officer came into the wheelhouse where I stood, bewildered, and pointed guns at me. One of the soldiers swiftly disconnected all of our radio communication equipment, pulling switches and plugs and disconnecting antennas.

They ordered us to shut down the main engines, and the *Frieda-K* sat silently, overrun with armed soldiers who spoke no English. They made their desires known by nudging us with machine guns and motioning what they wanted us to do. Another 30 or so armed soldiers stood waiting at the rail of the Russian ship.

We had been seized by a Russian Frontier Guard ship.

It was Tuesday, September 11, 1984, and our 120-foot landing craft, based in Homer, Alaska, and owned by Kemp Palucci Seafoods of Duluth, Minnesota, was under contract to Digicon Geophysical, a Houston-based company making a seismic survey of the Chukchi Sea off the northwest coast of Alaska.

Our job was hauling fuel, fresh water, parts and food supplies from Nome to the seismic vessels in the Arctic, returning with seismic tapes and other goods.

The four-man crew included my brother Tate, 19, engineer; Mark Halpin, 20, first mate; Tony Miller, 25, assistant engineer; and Charley Burrall, 29, cook. I was 25 and the ship's captain. I left school at the age of 15 to work on the *Frieda-K* as a deckhand, finishing my schooling by correspondence. I passed the master's seaman license examination when I was 18, but the Coast Guard withheld the license at the time because, by law, I was too young to hold such a license.

All of us who worked on the *Frieda-K* live in Homer, a small town at the southern tip of the Kenai Peninsula, and all of us belong to the Christian Community Church there.

We had just delivered 40,000 gallons of diesel fuel and 10,000 gallons of fresh water to the seismic vessels in the Arctic and had picked up a shipment of seismic recording tapes to take back to Nome. We were about 20 hours ahead of schedule and were interested in seeing the village on American-owned Little Diomede. As we neared the Diomede Islands on that beautiful calm day, there wasn't a cloud in the sky and the sea was like glass.

We decided to divert a few miles to look at and perhaps visit the Eskimo village on Little Diomede Island. It lies on the west side of the Island and faces Russian-owned Big Diomede Island across a two-mile wide channel. When we saw the gray ship north of the islands, it seemed logical to ask if they had local knowledge that could help us get to the village.

Soon after the soldiers boarded us, a twin-engined Russian aircraft circled overhead, as did a Russian helicopter. Around us were several small power boats, apparently launched from the Frontier Guard ship.

We gathered to pray on the stern deck. The situation was clearly out of our control. While we were praying, the guards grabbed me, ripped me away from the huddle and took me to the pilot house. My crew, in shirtsleeves, was held outside on the stern deck. The Russians wouldn't allow them to move. It appeared to us that they were waiting for something.

In two hours a Russian destroyer arrived. It stopped a good distance away, and a small boat brought a load of officers and an interpreter to the *Frieda-K*.

In the meantime I assumed that all was well, for we had done nothing wrong. I was sure that the Russians would realize they had made a mistake. The Loran-C radio navigation equipment of the *Frieda-K*, as well as our marine charts, showed us to be in U.S. waters.

Later, through their interpreter, the Russian officers told me that the *Frieda-K* was inside Russian waters. I maintained that we were on the U.S. side.

Right from the start the Russians told us nothing. They asked the questions.

"You have broken the law, and in our country you have no rights," I was told.

Later the tune changed. Another interpreter told me I could ask any questions I wanted, but when I asked questions, they ususally changed the subject.

Soon after the interpreter was brought aboard, an officer questioned me. Mainly he asked, "Why have you deliberately violated the Russian boundary?" He also asked when we had last talked with any one by radio, and he wanted to know if anyone knew where we were.

I denied crossing the Russian boundary, but he refused to accept that. The interpreter was taken to the destroyer. He brought back an official-looking paper and said, "You are located here," pointing to the latitude and longitude that had been written down, "and you must sign."

I refused.

Obviously our position was different from that of the destroyer. If, in fact, the Soviet boundary had been crossed, I was unaware. If I had signed, it would have been a lie. I also would have given the Russians an excuse to do anything they wanted with us. They would have my signature to prove to U.S. officials that we had intentionally violated the Russian boundary.

After a standoff they made Tate start the main engines and, with armed soldiers on each side of me, directed that I run the *Frieda-K* to the Russian destroyer. The main engines of the *Frieda-K* were then shut down, and the destroyer took us in tow with a soft line.

Several soldiers were ordered to take me down to my quarters. My crew, chilled from the cold, was still being held outside on the stern deck. It seemed pretty clear by this time that we were being taken to Russia.

"We need to turn things upside down," I said to Tate and Mark, as I walked by them on the stern.

Once we were under tow, the Russians relaxed a bit. Not a shot had been fired, and it was apparent that we weren't going to resist. Guards were posted on the bow, on the stern and along the decks. We weren't allowed near any exits or near the rails, apparently for fear that we might leap overboard, nor were we allowed to throw anything overboard. Whenever one of us got close to the rail a soldier would stop him with a machine gun pointed at his belly.

While under tow Tony Miller tripped the engine room alarm, which makes an extremely loud, almost frightening sound. The guards rushed about excitedly. In the confusion Tate and Mark did as I had told them to—they "turned things upside down."

They climbed atop the pilot house, pulled our emergency locator beacon from its holder and flipped it upside down, activating it.

It was our only chance of sending a distress signal, sort of like putting a message in a bottle and throwing it overboard.

The signal from the emergency locator is received by satellite. It must have been detected by a Russian satellite because after about two hours the destroyer stopped, a crew came aboard and found and dismantled it.

We were towed a little more than 24 hours. We were restricted to our quarters. I was not permitted to communicate with the crew. As we were being towed, they questioned us intensely, as they would throughout our entire captivity. They made each of us write everything we could remember about all of our family members, where they lived and what they did. They wanted to know why the *Frieda-K* was in the Bering Sea, and they wanted us to sign what we had written—but we refused to sign anything. While under tow they extensively searched the ship. They found everything we had and examined just about all of it.

The seismic tapes from the Digicon operation that we were delivering to Nome were kept in a storage van on the stern deck. The 40 sealed boxes were distinctively marked with fluorescent orange, "Do Not X-ray," and, in fluorescent green, "Digicon" was printed on each one. The Russians opened the van, looked inside, then closed it. The tapes were probably worth millions of dollars. It was as though they never saw them. Our prayers were being answered.

It was dark when we arrived in the bay of a Siberian port. The lights of a town across the bay were visible to our left. We had to start the main engines to tie up to an old sunken ship that served as a dock. Then more officials searched the ship again. We were told to display all literature on our bunks. They searched everything. They looked under mattresses, searched the engine room, pawed through the logs—even opened hundreds of boxes of filters in the engine room.

I don't know how many times they searched and re-searched the boat. After they were through, the usually neat ship appeared to be a total disaster with paper and objects strewn everywhere.

They wanted me to shut off the auxiliary power—the generator that keeps the heating system going, charges batteries, and runs the food freezers. It was cold, and I told the Russians that shutting down the power would damage the vessel. Water would freeze in the pipes, batteries would discharge, bilge pumps would be inoperative. They allowed us to leave the generator running. We were told to bring a change of clothing and one or two valuables to a place of confinement.

"For how long?" I asked. They refused to say.

All five of us wanted to take our Bibles. This they would not know. When Charley and I requested our Bibles as one of our valuables they answered, "You do it our way. Here, there is no God."

They escorted us to a covered paddy wagon, and I didn't know if we would ever see the *Frieda-K* again.

It was a 15-minute drive along a rough trail—not really a road, for we bounced and had to hang on—before we arrived at an old, run-down military barracks. The floors were rotting, and the doors wouldn't close properly. The "toilet" was a hole in the floor. There was a sink with running water. A single light bulb hung from the ceiling of each room.

We were given a simple physical by a doctor before being taken to the rooms assigned us. Then we were searched again. They took away the Bibles Charley and I had brought. Charley and I were put in one room, and the other three crew members in another. Our room was 7½ feet by 15 feet, and the windows were covered with paper. The room was cold. We had military bunks and several blankets.

More officers arrived, and they interrogated us all night for the second straight night. Question after question. We had to again write the same things over and over. I wrote my family history numerous times.

"We come to you with open hearts and friendship," was a common opening gambit. And then they'd get down to business.

Mainly they asked. "Why have you violated the Soviet boundary? Just write down you reason for violating the Soviet boundary and sign it," they repeated over an over.

None of us signed.

At times they screamed and yelled. All questions and answers had to pass through the interpreter. The officials spoke to us only in Russian. They asked about our business and our personal life. They wanted to know names of ships we had seen, including Russian ships. Except for the seismic vessels and the gray Russian ship, we had not seen any others.

The first three days were the worst. They wouldn't let us sleep. They would leave us briefly, we would lie down to rest, and then they'd come slamming back into the room, perhaps with a fresh interpreter and a new officer or two, and start the questioning all over again. The same questions repeatedly. They would not accept our explanation.

It became apparent from their questions that they had gone through our mail and literature. I said, "I want to talk to an attorney, the American Embassy, or someone in our company." They didn't respond when I made these requests.

We didn't know whether anyone in the United States knew where we were, for there had been no communications after we had been siezed.

They tried the good-guy, bad-guy approach. Two officers would question us. One would say, "let's take care of them right now." The other would say, "No, let's try to be friends" and he would be sympathetic to us. Then the first would insist. "No, let's do it right now."

They took away our watches. They did everything they could to demean us. We were met with hostility during times of interrogation. After a time the persistent interrogation began to wear on our nerves. But we determined not to sign anything that wasn't true.

The guards acted like they were in an old war movie. We could see their shadows on the windows at night, and guards were always outside the door. None would talk. They didn't even talk with each other. You would expect them to be more verbal, at least at the change of the watch. We'd hear footsteps when the fresh guard arrived, but not one word. Then the other guard would leave.

I asked one of the interpreters, "What would have happened if we had turned our ship around and tried to run."

"Korean jet 707 tried to escape," he answered, referring to the airliner shot down by the Russians in 1983. Then, mimicking an explosion with his hands, he said, "Boom! Five Americans. No problem."

At one point they told me they were going to blow up the *Frieda-K.*

They said that our barracks were luxurious compared to where they planned to take us. They threatened to put us in solitary confinement—cells with no heat, no blankets, bars and no windows. They led us to believe this is where we'd be kept—a cold, damp cell with no light. We accepted this as a very real possibility.

"How long can you hold us?" I asked.

I was told that minimum was between 5 and 10 years, but they intimated that if we didn't cooperate, sign their papers and answer their questions, it could be much longer.

By about the second day in the barracks, Tate, Mark and Tony, who had been isolated from Charley and myself, were not sure if I was still alive. They refused to eat until they had seen me.

It wasn't hard to refuse to eat the food. We could eat the bread, but the rest was pretty rugged. We were given cold, sliced, raw herring and some other kind of raw fish. There were things that looked like cubes of cheese, only weren't cheese: They were raw fat. I once stuck a spoon into some soup and when I pulled it out, it was covered with grease—like dipping a candle. It wasn't just a film of fat on top—it was a heavy layer of grease. We were thankful just to be alive.

When the others wouldn't eat, a solider came in and took me by the shoulder and led me into their room so they could see that I was still alive. Then he yanked me back into the room with Charley.

On the sixth day of our captivity at 9:15 p.m., when the officers and interpreter were gone, a solider came into the room and motioned me to follow him, pointing to me and holding his hand to his ear to indicate a telephone call.

Startled, I followed him to a room where there was an ancient telephone that looked to be about one model later than the hand-cranked style. I picked it up and heard, faintly, words in Russian.

"Hello, hello." I said, speaking and alternately listening for about a minute. Then I heard someone speaking English. It turned out to be Susan Arnold, calling from the U.S. Embassy in Moscow! People knew where we were. It was a tremendous relief.

Later the next morning, we received a telephone call from Alaska's Sen. Ted Stevens, calling from Washington, D.C. The connection (or the telephone equipment) was poor, but I understood that Senator Stevens wanted to know if any of us were hurt and what we were charged with. He told me that he had the State Department in Moscow working for our release.

"If you are being held on a technical violation, they should release you soon," he told me.

I told him that the Russians had tried to get me to sign many papers that said we had intentionally violated the Soviet boundary.

"Don't admit to anything you didn't do," he warned.

"We aren't going to sign anything," I told him.

"Is there anything you want me to tell your parents?"

"Everybody's fine."

I was taken back to my room, and minutes later the interpreter and an officer arrived. The telephone call had been a miracle. How they even found the number was incredible, let alone the timing. It was obvious the officers knew nothing about it. I think the guard who led me to the phone got into trouble over it, for we never saw him again after it was learned that I received a call.

The call came at a good time, for we were feeling low, having gone days without more than a few catnaps and without proper food. The stress was building, and we were wondering if we were going to get out. But now that our government knew we were here, we were encouraged.

After I had been questioned again, with the same questions over and over, the officer and the intepreter left. Later, when the officer learned about the phone calls, he was so angry he screamed. It didn't help his humor any when Charley and I refused to talk, answer or do anything he requested. I told him through the interpreter. "We've answered your questions numerous times. Enough is enough."

Then a lieutenant colonel arrived. We understood he was in charge of "Eastern Affairs." He was the highest military man we encountered, and the other officials were all very respectful to him. He was very friendly to us at first.

But that changed abruptly when Charley, a true missionary at heart, wrote out a plan of salvation and gave it to one of the guards who had been less unfriendly than the others. Charley figured that some day the Russian guard would get the letter translated. But he figured wrong; the guard gave the letter to his superior, and shortly thereafter the lieutenant colonel stomped into the room, slamming the door. All five of the crew of the *Frieda-K* were present. All Russians there stood to their feet. We did too, not knowing what was happening. The Colonel then spoke angrily in a loud voice for a long time—so long the interpreter couldn't keep up. It didn't matter: we understood he was steamed about something.

"What did he say?" we asked the interpreter when the Colonel stopped for breath.

The interpreter saluted and said, "He called it war propaganda and as Chief of Eastern Affairs, he denounces you and declares your actions as unfriendly to the Soviet Union."

It took awhile to shake it all out, but it turned out that he was burned up about the letter that Charley gave to the guard. War propaganda is punishable by imprisonment. From their solemn behavior, we figured we were in serious trouble. The Colonel stalked out and slammed the door behind him. We thought we were history.

I had several more phone calls, and as luck would have it, none of the officers was present when the calls came in.

About the seventh day the Russians mellowed. A whole six hours went by without them coming into our room. They allowed me to see the rest of my crew, and I filled them in on everything I knew.

At different times Tate and I were taken back to the *Frieda-K* to see that everything was all right. I was blindfolded when they took me to the boat. We brought back with us bread, cereal, peanut butter, jelly and a few other edibles.

On the eighth day of captivity the Russians entered our rooms, turned on the lights, searched us for everything we had written and confiscated what they found. Then they took us to the boat. None of the Russians was smiling.

At the dock a couple of their paddy wagons arrived loaded with all the stuff they had taken from the *Frieda-K*—all our papers, books, personal items—everything—and piled it on board. Some of the papers were left in plastic bags. Other bags were emptied on deck. They had even gone through our garbage. It was a complete disaster.

I got orders to fire up the main engines and to follow the *Aisberg*, a Russian icebreaker, as it departed the harbor. It was snowing, and there were many guards on board the *Frieda-K*.

"Where are we going? What is going on?" I repeatedly asked.

They wouldn't answer.

After running seven hours it was daylight and I spotted the U.S. Coast Guard Cutter *Sherman* ahead—a beautiful sight. It was only then that I began to think we were going to be released—with the *Frieda-K*.

They told me to stop, and we drifted. The *Aisberg* kept between us and the *Sherman* at all times. Capt. James Billingham from the *Sherman* came aboard with the lieutenant colonel who had earlier denounced us. They met without me being present, and the Colonel tried to talk Captain Billingham into signing a release that the *Frieda-K* had intentionally crossed into Russian waters.

Captain Billingham refused to sign anything until he could talk with me.

Nevertheless, he accepted the Russian's assertion that we had been in Russian waters, but not intentionally.

He signed a receipt stating that we and the *Frieda-K* were in good health. She was still a mess from the ransacking, but she was, of course, sound.

The Russians kept all of our personal film, a logbook, some marine charts and our video tapes. They did not touch the valuable seismic tapes, although they had repeatedly opened and peered into the storage van.

During the entire ordeal, none of us was physically harmed. Heading back to Alaska, escorted by the U.S. Coast Guard Cutter *Sherman*, the crew of the *Frieda-K* had a lot to think about. And so did the Russians.

FREE BALYS GAJAUSKAS CAMPAIGN

Mr. TRIBLE. Mr. President, it's a pleasure to announce to my colleagues the beginning of the "Free Balys Gajauskas Campaign," an effort by Americans in public and private life to free one of the many Christians imprisoned in the Soviet Union.

For years, CREED—the Christian rescue effort for the emancipation of dissidents—has labored to apprise the world of the plight of Christians in the U.S.S.R., and to ease the plight of individual believers. At a conference on Capitol Hill yesterday, CREED turned its attention to Balys Gajauskas, a Christian and former Helsinki monitor now serving his 33d year in a Soviet prison.

Balys' life has been one of continuous persecution. He was first imprisoned by the Nazi regime during its occupation of Lithuania. He escaped that regime, only to be jailed by the Soviets, who had since invaded the Baltic States.

Balys served the entire 25-year sentence he had received for anti-Soviet activities, an all-encompassing charge that the Soviets frequently employ against religious believers. He was released in 1973.

For 4 years following his release, Balys was harassed constantly by Soviet officials. The Soviets arrested him again, on his intended wedding day, and sentenced him to 10 years hard labor and 5 years internal exile.

One year later, Balys and his fiance were permitted to marry in the labor camp where he was being held. Their request that a Roman Catholic priest perform the ceremony was refused, and, today, his wife is not even permitted to visit him. The Soviets have refused this and other privileges because Balys has repeatedly protested the camp's interference in the religious activities of its inmates.

Throughout these tortuous years, Balys' faith and courage have remained steadfast. But for the past several years, his health has deteriorated rapidly. CREED's latest prisoner update indicates that his eyesight is failing badly, and his other health problems are worsening.

For this reason, CREED has begun a concerted effort to win Balys' freedom, to reunite him with his wife, and, hopefully, to gain for them and their daughter the right to emigrate. I am honored to serve on the advisory council to the "Free Balys Gajauskas Campaign," and I urge my colleagues to join me in contacting administration and Soviet officials in Balys' behalf.

But I also want to emphasize that Balys' case is not an isolated one. Throughout the Soviet Union today, Christians languish in prisons, labor camps, and psychiatric hospitals, for the simple reason that they have remained true to their faith.

Like Jews in the Soviet Union, Christians are the target of official Soviet repression. Those Christians who disobey state laws requiring churches to register and to limit their activities, are harassed and persecuted. As we have seen in the case of Balys Gajauskas, they are also imprisoned at length.

The "Free Balys Gajauskas Campaign" is a valuable effort to free one brave man from Soviet repression. But is it also part of a larger effort to combat the Soviets' ongoing persecution of all Christians and Jews, and to ensure for believers in the U.S.S.R. the fundamental right of religious freedom.

NATIONAL EMPLOY THE HANDICAPPED WEEK

Mr. ANDREWS. Mr. President, I rise today with pride to speak on behalf of National Employ the Handicapped Week, which is occurring this week. Last year at this time, in Fargo, ND, I spoke about our responsibility to the handicapped as a society. Now, as then, I firmly believe that a civilized society can be judged by how it treats its senior citizens and handicapped individuals. For not only do we risk denying the right of self-fulfillment to some of our citizens if we do not open the doors to a productive life, but we also risk failing as a society—failing to both complete our potential and to preserving the fundamental personal rights upon which this great Nation was built.

Today, I can boastfully speak of a young man from that very same town that I spoke of earlier, Fargo, ND, who has demonstrated to us all how much every individual, handicapped or otherwise, has to offer. Mr. Keith A. Bjornson, loan specialist, Fargo, ND, of the Small Business Administration stands tall among the citizens of my home State and this Nation. Mr. Bjornson will be honored on October 10, 1985, as one of the 10 outstanding handicapped Federal employees of America. Keith is a disaster loan officer who exemplifies, as a quadraplegic, the concept of a man undaunted by both the adversities of his own handicap and the prejudices and misconceptions of his fellow man as well.

Mr. President, we salute Keith Bjornson for his accomplishments, but it would be unfair to him to stop there. There are an estimated 21 million Americans who are in someway limited in their ability to work—that is approximately 17 percent of the working-age adults of this country. This is why we use this week to further the employer's knowledge of the handicapped individuals worth, and that is why we must continue to pursue these objectives here in the Senate.

There are some key measures that I have cosponsored that are needed to continue our momentum—the momentum demonstrated by a doubling in the handicapped undergraduate population in our Nation from 1978 to 1983. For example, just recently the Senate passed S. 415, the Handicapped Children's Protection Act of 1985. This legislation guarantees reasonable attorney's fees for parents prevailing in lawsuits designed to obtain fair and equal educational opportunities for handicapped children. As with all children, we must first ensure the educational future of our handicapped children if we wish to open the avenues of employment.

Similarly, while I want to reduce the Federal deficit, I do not want it done on the backs of any one group, particularly the handicapped. That is why I have joined Senator Dole in his efforts, on behalf of S. 887, to amend the Internal Revenue Code of 1954 to extend the deduction of expenses incurred in the removal of architectural transportation barriers. Both in rural areas and urban ones, the struggle for some individuals to get to work can be insurmountable. This is truly a tragedy and must be changed.

Unwarranted discrimination against anyone's human worth, whether with intent or by insensitivity to structurally inherent barriers, is a waste of the individual's, and society's, resources. We cannot afford to turn our backs on any section of our population for both economic reasons and moral ones. Let us all join together to lower the high rate of unemployment among the handicapped and return to them the dignity that goes with feeling useful again.

COX CABLE COMMENDED

Mr. TRIBLE. Mr. President, I would like to commend Cox Cable of Tidewater VA, for their outstanding achievements in serving their community and all of Virginia.

Cox Cable has set high standards of public service programming, providing the Tidewater VA, area with informative public affairs programming on economic, consumer, environmental and social issues.

Cox's consumer guideposts program represents the most indepth commitment to consumer awareness by any cable system in the United States. This program was recently recognized by Virginia Knauer, special assistant to the President for Consumer Affairs.

Cox Cable has devoted thousands of hours in providing their viewers with outstanding and important programs. I commend them for setting high standards in this important area of cablecasting.

THIRTEENTH ANNIVERSARY OF THE ANTIBALLISTIC MISSILE TREATY

Mr. CHAFEE. Mr. President, today marks a significant event in the history of arms control. Thirteen years ago today the Antiballistic Missile [ABM] Treaty, entered into force.

The ABM Treaty is the cornerstone of arms control efforts to limit the wasteful and destabilizing nuclear arms race, and I would like to take this opportunity to reiterate my own support for the treaty. With others, I join in the hope that President Reagan and Soviet General Secretary Gorbachev will take steps at the November summit meeting to bolster the ABM Treaty.

This treaty has prevented a dangerous arms race in antiballistic missiles. If that were its only accomplishment, the treaty would have made a valuable contribution to stability in the superpower relationship. This treaty has done much more than that. Defensive weapons, particularly in the nuclear age, are inextricably linked to offensive weapons. The ABM Treaty's major limitations on strategic defensive weapons was essential to the SALT I and SALT II limits on offensive weapons, and is equally essential to any future agreements limiting offensive weapons.

In addition the treaty embodies the assumption that nuclar war is not survivable. This self-evident proposition, stated by President Reagan on several occasions, is crucial to the maintenance of nuclear deterrence and thus our survival as a country and as a world.

Because of its central importance, the ABM Treaty will, I believe, be a major topic of discussion at the summit. Whatever else is done at this historical meeting, the ABM Treaty should emerge from it strengthened. Due to its underlying importance, I urge my colleagues to evaluate the critical defense issues before us—such as the SDI funding and antisatellite testing—in light of their potential impact on the ABM Treaty.

To commemorate today's anniversary former Secretaries of Defense Harold Brown, Clark M. Clifford, Melvin Laird, Robert S. McNamara, Elliot L. Richardson, and James R. Schlesinger, have released a statement in support of the ABM Treaty. I believe we all can fully appreciate the breadth of experience which lies behind this statement. I ask unanimous consent that their statement be printed in the Record at this point.

On the 13th anniversary of the entering into force of the ABM Treaty, we reaffirm our view that this international agreement of unlimited duration makes an important

> contribution to American security and to reducing the risk of nuclear war. As former Secretaries of Defense, we call upon the American and Soviet governments both to avoid actions that would undermine the ABM Treaty and to bring to an end any prior departures from the terms of the treaty, such as the Kranoyarsk radar. We urge President Reagan and General Secretary Gorbachev to reach agreement in Geneva to negotiate new measures which would prevent further erosion of the treaty and assure its continued viability.

RECOGNITION OF DISTINGUISHED SERVICE

Mr. CHAFEE. Mr. President, on October 13, 1985, three members of the 102d Tactical Control Squadron, Rhode Island Air National Guard will be honored, in Rhode Island, on the occasion of their retirement.

These being honored include: First Sergeant, Chief M. Sgt. Norman W. St. John; maintenance superintendent, Chief M. Sgt. Robert N. Falardeau; and maintenance control supervisor, Senior M. Sgt. Frank A. Romano. These men have provided the State of Rhode Island and the Nation with a total of 104 years of distinguished service both at home and abroad.

They have been valued members of the 102d Tactical Air Squadron. The 102d, has been in existence since 1948 with a mission for the air traffic control of fighters and refuelers in time of emergency.

As a former Governor of Rhode Island, I have true respect for the men of the 102d—for I know what a key role they play in the safety of the people of our State.

Individually, I wish to congratulate Chief St. John for 41 years of service. Chief St. John served in World War II in the Pacific, in the Korean conflict in Tripoli and in the Berlin crisis in Germany. Chief Falardeau served for 34 years. Chief Falardeau served in Germany in World War II from November 1943 to June 1946 and again during the Berlin crisis from October 1962 to September 1962. Sergeant Romano served for 29 years with an overseas rotation in Germany during the Berlin crisis in Germany in 1961 and 1962.

I would also like to take this opportunity to mention their wives: Ruth St. John, Gabrielle Falardeau, and Patricia Romano.

I join today with all Rhode Islanders in expressing my thanks to these three highly decorated men for their years of dedicated service and in wishing them continued good health and happiness in the years ahead.

WHY ARE U.S. TAXPAYERS BANKROLLING ANGOLAN MARXISM?

Mr. SYMMS. Mr. President, yesterday's Washington Post, under the headline "U.S. Banks Help Set Up Angola Oil Field Funds," reported that American banks have played a major role in arranging over $350 million in new loans and credits for development of a major oil field in Marxist Angola, based on remarks from the visiting Angolan Minister of Foreign Trade. The same story reports that this official's visit comes amid a major Cuban and Soviet-backed offensive by Angola against anti-Marxist opposition in southern Angola led by Jonas Savimbi.

It is incredible to me and surely to the freedom-loving American people that the United States State Department has been encouraging economic support for the Soviet puppet government of Angola, and ironically, or cynically, was pushing through this fat export-import loan at the same time Congress was shifting policy by repealing the Clark amendment. While State promotes investment in Communist Angola, they strongly oppose any United States investment in Namibia—southwest Africa. Namibia is the vast territory, for my colleagues who are unfamilliar with it, to the south of Angola. Namibia was administered under a 1920 League of Nations mandate until June 17, 1985, when the South African Government turned over to the people of Namibia all administrative powers of local self-government.

Namibia has the largest uranium mine in the world, vast reserves of strategic mineral resources for which United States industry is 100 percent import-dependent. And, it is the gateway to military, economic, and political control of such other vital minerals as chromium and platinum. The only place in the free world where these minerals are found is in southern Africa.

For nearly 20 years, the Soviets have provided equipment, financial help, and the back-up of upward of 40,000 Cuban soldiers to support the efforts of the Soviet-surrogate terrorists of Swapo in their campaign to seize control of Namibia and drag it behind the Soviet Iron Curtain.

The Swapo terrorists operate from bases in the southern part of Angola. To the extent United States banks help finance economic development in Angola, they are subsidizing the Marxist government of Angola which finances Soviet combat troops, Cuban forces, and Swapo terrorists in Angola.

The 1984 Republican platform stated that—

> The Reagan-Bush administration will continue its vigorous efforts to achieve Namibian independence and the explulsion of Cubans from occupied Angola.

It is obvious that the big loan and credit package, which Bankers Trust of New York syndicated, and in which the United States Export-Import Bank participated, undermines President Reagan's policy of constructive engagement in the southern Africa region.

I therefore strongly urge the United States State Department to take cognizance of the Namibian Transitional Government of National Unity [TGNU] which now governs Namibia and exercises all powers of local self-government.

The TGNU has abolished apartheid under criminal penalties. Its 8 member Cabinet and 62 member Legislative Assembly is made up of all ethnic groups and political parties in Namibia—black, white, and colored. There has been a peaceful transition from colonial status to commonwealth status.

The United States Government should be encouraging the Transitional Government of National Unity in Namibia by helping it develop an economic infrastructure to support independence.

At present, the South African Government provides some $600 million annually to Namibia, which is over 60 percent of the Namibia budget. Without United States investment and development of Namibia's natural resources, Namibia can neither achieve complete political independence nor the economic independence necessary to support and provide its public services.

On April 25 of this year, the South African Minister of Foreign Affairs stated to the Parliament in Capetown that natural resources in Namibian territorial waters belong to Namibia and that South Africa would not try to take a cent from it. Namibia's Government corporation Swacor subsequently completed a seismological survey of the Kudu gas field, discovered in the Atlantic Ocean off the Namibian coast more than a decade ago. It was then recognized as probably the biggest source of natural gas in the world. However, nothing was done to develop it pending clarification of the Namibian independence process.

Details of the Namibian Government survey have not been published, but informed sources report that the survey has confirmed the most optimistic estimates about the Kudu field. Apparently, the Kudu gas resource is the biggest on Earth, far overshadowing the North Sea field.

Namibia is now seeking international partners to develop the Kudu field, which will take several years and probably cost in excess of $35 million. The United States Government should take the blinders off its eyes and face the reality that the people of Namibia are now in control of their own destiny. We should extend a helping hand to Namibia's Transitional Government of National Unity. If we fail to take these positive, supportive steps, the United States will lose investment opportunities, tax-generating job opportunities, and a chance to participate in the economic development of Namibia. Unfailingly, British, French, West German, and other western countries will fill the vacuum.

At a time when the United States Government was busy promoting economic sanctions against South Africa and preventing the United States Ambassador from returning to his residence, the British and West Germans held firm and refused to either support sanctions or withdraw their Ambassadors. The diplomatic bureaucrats in the State Department, no matter how well intentioned, have managed to stick their thumbs in their own eyes one more time by following the same misguided approach with has led to Soviet empire expansionism throughout the world and a gradual diminution of United States influence. Unless the United States Government wakes up before it is too late, we will be shut out of Africa, as we have been shut out of Southeast Asia, and are being shut out of Central America while the Marxist-Leninist philosophy expands and flourishes in what were formerlly free countries of the Earth.

I encourage the State Department to take a new look at policy toward Angola and at policy toward Namibia. We have the opportunity to make great improvements in America's image in Africa, and we can do that by promoting democratic government, any by promoting investment in countries friendly to us and friendly to our system of government. We are only doing a disservice to ourselves and to the African people by bankrolling our enemies, and failing to support and invest in countries which believe us to be their friends.

Mr. President, I ask unanimous consent to have printed in the RECORD the aforementioned Washington Post article, an article by Edward Neilan from the Washington Times, entitled "Buildup by Soviets Targets South Africa"; and a piece by Rowland Evans and Robert Novak, "False Victory Claim by Angola Marxists," which appeared in the New York Post.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

U.S. BANKS HELP SET UP ANGOLA OIL FIELD FUNDS

(By David B. Ottaway)

U.S. banks have played a major role in arranging more than $350 million in new loans and credits for development of a major oil field in Marxist Angola, according to Angolan officials and banking sources.

Ismael Gaspar Martins, Angola's minister of foreign trade, told Washington Post editors and reporters Monday that Angola warmly welcomes the large investment and participation of U.S. companies in developing his war-ravaged country's depressed economy. He said he hopes others would follow the lead of U.S. oil companies.

"We are sure it can help Angola strengthen its economy," the American-educated Martins said.

The big loan and credit package, which Bankers Trust of New York syndicated and in which the U.S. Export-Import Bank participated, was signed July 26 in Paris and involved five U.S. and 10 European banks. It is believed to be one of the largest such deals for a sub-Saharan African country in many years.

Martins is visiting here as head of a five-person delegation seeking to attract more U.S. investment and promote better relations between the United States and Angola. The two have no diplomatic relations a decade after Angolan independence from Portuguese rule, but U.S. oil companies, led by Gulf, have become increasingly involved there.

His visit comes amid a major Cuban- and Soviet-backed offensive by Angola against anti-Marxist opposition in southern Angola led by Jonas Savimbi. The offensive has stirred concern among American conservatives about the fate of Savimbi's National Union for the Total Independence of Angola (UNITA).

Martins, educated on a Methodist scholarship at the University of Pennsylvania, said his government is "keeping its fingers crossed" that the United States will not provide open aid to UNITA. The 1976 Clark amendment barring clandestine aid to the anti-communist movement was repealed in July.

Martins also stressed that Angola hopes for revival of U.S.-led negotiations seeking independence of South African-administered Namibia and withdrawal of Cuban troops from Angola. The talks broke down last spring.

"We want, and are still willing to see the United States play an active role in solving regional problems." he said, stressing that Angola considers the negotiations "suspended" and does not want to abandon them.

The loan and credit package is for expansion of Angola's Takula field offshore at Cabinda in the far north. The field's "rated capacity" of production is 160,000 barrels a day compared with Angola's current level of about 220,500 barrels, a Bankers Trust official said.

The package involves $91 million in two loans for the Angolan state oil company Sonangol and the Cabinda Gulf Oil Co., a $130 million line of credit from the Export-Import Bank for equipment, a $115 million line of credit from the French state financing institution Coface and $17.2 million in other loans from commercial banks.

Martins said the total cost of developing the Takula field is $450 million but did not explain how the remaining financing would be acquired.

BUILDUP BY SOVIETS TARGETS SOUTH AFRICA

(By Edward Neilan)

The Soviet Union's stepped-up military role in Angola against the forces of anti-Marxist guerrilla leader Jonas Savimbi was dramatized on Sept. 3.

On that date, Soviet First Lt. K. Kirov Vioroshilov, instructor of the Angolan Army's 8th Motorized Brigade, was killed during an attack on Kunyamba, Cuando-Cubango Province, in southeastern Angola.

Five other Soviet officers were wounded and two armored vehicles were destroyed in the accident, according to Portuguese news agency reports.

The accelerated Soviet involvement was detailed last Wednesday in a Washington Times dispatch from Johannesburg. Quoting intelligence sources, the report by correspondent Michael Sullivan said that for the first time in Angola's civil war, Soviet officers had taken direct control of the fighting at the battalion level and and were coordinating armor, air, artillery, and ground troops against Mr. Savimbi's National Union for the Total Independence of Angola (UNITA).

"The tactics being used," wrote Mr. Sullivan, "while not new to Warsaw Pact countries, are new to the Angolan bush."

Commenting on the Times dispatch the following day, State Department spokesman Charles E. Redman said Soviet activities in Angola are "a matter of concern to the United States. It is important that the Soviet Union understand that such actions could have an effect on our relationship."

Mr. Redman, who declined to comment on the specifics of the Soviet activities, criticized Moscow's decade-long involvement in the conflict: "The Soviet role in Angola stands in sharp contrast to the role the United States is playing. We are seeking a peaceful negotiated settlement which would end the conflict in the region, the militarization of Angola's countryside and the presence of foreign troops in Angola. The Soviets are fueling that conflict."

The present Soviet-directed offensive against Mr. Savimbi's troops appears to have several goals. One is to keep the conflict going and reduce any inclination which factions in the Luanda government may have toward negotiating with Mr. Savimbi, whose movement is extremely popular with Angolans. Another is to apply pressure on the UNITA headquarters at Jamba and possibly force Mr. Savimbi's forces to flee. Such is the urgency the Soviets attach to blunting the military power of UNITA that they have introduced the HIND helicopter, MiG-23s, SU-22s and T62 tanks.

A further goal is to increase pressure on the South African government in every way possible. It is evident that in the past several months Moscow has increased its South Africa-watching and subversion capabilities in all the countries of southern Africa.

The most recent link in the Soviet surveillance chain is the newly-appointed Soviet ambassador to tiny Lesotho. South African intelligence sources point out that the appointment of Vladimir Ivanovich Gavryuskin plus a staff of 27 is out of all proportion, since Lesotho has no Soviet residents, very little trade and no other links with the Soviet Union. The new ambassador arrived recently along with several crates of sophisticated electronic monitoring equipment.

Previously, the Soviet ambassador to Mozambique, Yuri Sepellov, served concurrently as Moscow's envoy in Lesotho's capital of Maseru.

Mr. Gavryuskin, 61, studied economics at Moscow University and is said to speak English well. His first overseas posting was from 1962 to 1968 to the Soviet Embassy in London, where he served as second secretary in the economic section. In 1968 he was one of 40 Soviet officials ordered out of the country by the British Foreign Office. Mr. Gavryuskin subsequently was posted to the Soviet Embassy in Ottawa and then became consul general in Montreal. He was expelled from Canada in 1982, along with 17 other Soviet diplomats, on espionage charges.

Every Soviet embassy in Southern Africa has been beefed-up in the last six months. In the Angolan capital of Luanda, Soviet Ambassador Anatoly Kalinin heads a staff of 45. The entire Soviet intelligence operation for southern Africa is controlled by the KGB and GRU from Luanda.

The Soviet Embassy staff in Harare, Zimbabwe, was recently increased from 17 to 65, and in Gaborone, Botswana, from 21 to 60. Ambassador Sepeliov, who was kicked out of Britain in 1971 for spying, heads a staff of 100 in Maputo, Mozambique. Until a few months ago, the staff there numbered only 35.

In Lusaka, Zambia, Ambassador V. Cherendik has a staff of 130 with a Red Army general as military attache. Mr. Cherendik has been identified by South African political commentator Stephan Terblanche as "a general in the KGB who has been expelled from three African countries."

Destabilization of South Africa's political and economic structure is a known aim of the Soviet Union, and Moscow is obviously increasing its manpower in the region to accomplish that mission.

FALSE VICTORY CLAIM BY ANGOLA MARXISTS

(By Rowland Evans and Robert Novak)

JAMBA, ANGOLA.—We had just departed the place called Jamba in south-eastern Angola where Dr. Jonas Savimbi has his rear headquarters when the Marxist propaganda machine in Luanda announced that Savimbi had "abandoned" his guerrilla stronghold.

A surprising claim. Indeed, since the Jamba we had left 36 hours earlier was entirely peaceful with not even a distant gun booming, its alleged fall to the forces of Luanda's Marxist regime was a claim so astonishing that it may accurately be labelled a lie.

Reason enough exists for issuing such a lie. The regime has been trying to terminate Savimbi's courageous resistance for 10 years. Arrayed against the strongly pro Western, anti-Marxist Savimbi have been the entire armed forces of, Angola, an increasing contingent of Soviet fighter-advisers and, of course, those 25,000 or more Cuban mercenaries.

We left Jamba at 2 a.m. on Thursday, Sept. 26. A rooster had started to crow and a full moon cast a glow over the soft bush country. Not one sentry stopped our two-truck caravan, headlights glaring, as we started down the rutted track on our two-hour journey to the nearest air strip, a gravel runway smoothed out of the bush.

On Sept. 28, the correspondent of the Washington Post, Allister Sparks, wrote the following dispatch: "The Angolan government's news agency reported today that rebel leader Jonas Savimbi had abandoned his base in the southern part of the country and withdrawn into neighboring Namibia following "an important military victory by the Angolan Army."

In Savimbi's camp at Jamba, there had been quiet singing for two hours after our simple supper in a spacious, grass-thatched meeting hall where we earlier had our two-hour interview with Savimbi.

It is conceivable that the singers gathered somewhere out of sight in the darkness of late evening, were cradling loaded AK-47s in their laps with the safety catches off while they sang, waiting for the attack. Conceivable, but not likely. The soft sound of the singers helped put us to sleep in our small thatched hut.

The government's claim of overrunning Jamba is on a par with its claim several days earlier that South African troops were even then "defending" Jamba from capture. There were no South African troops here.

Yet, there propaganda claims were published around the world with the intent of building invincibility into the Communist camp. In the end, they may backfire. As surely as our eyes saw what they saw at Jamba last Thursday, the word will spread that Jamba has not fallen, seems not about to fall and may never fall.

DEBT LIMIT EXTENSION

Mr. DOLE. Mr. President, it will be my intention to proceed to the consideration of the debt limit extension. Right now, some negotiations are going on, and we hope to propose to the distinguished minority leader a limit on the number of amendments.

I know the minority leader is in the process of checking with Members on his side; we are in the process of checking with Members on our side.

It would seem to me, though, before we bring up the debt limit extension, jump right into some amendment, we might be better served to sort of find out where we are before we take off.

So I asked that the period for routine morning business be extended to 1 p.m. and that could even be extended beyond 1 p.m., but I want my colleagues to know that we are making an effort to condense the time it will take for consideration of the debt limit extension.

I am hopeful that Members who have planned on being absent tomorrow would be able to change their schedules because there is a hope that we might be able to complete action tomorrow. I say that because I am again advised by Treasury that Monday is a very, very important day and that if we intend to go conference with the House of Representatives, if we do not take final action until Monday or Tuesday, it could jeopardize, as I understand, some whose checks are in the mail.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 2 P.M.

Mr. DOLE. Mr. President, I understand they are still in the drafting stage on a couple of amendments which will be offered, I assume rather quickly when the debt ceiling legislation is called up.

While we are in the process of completing that drafting, I ask unanimous consent that the Senate stand in recess until 2 p.m.

There being no objection, the Senate, at 1 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HELMS).

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent to proceed as if in routine morning business for not to extend beyond the hour of 2:30 with statements limited there in to 5 minutes each.

The PRESIDING OFFICER (Mr. HELMS). Without objection, it is so ordered.

Mr. DENTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

NUCLEAR POWER PLANT SECURITY AND ANTI-TERRORISM ACT OF 1985

Mr. DENTON. Mr. President, I ask unanimous consent that the Senate now turn to Calendar No. 321, S. 274, dealing with certain Federal criminal history records.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill will be stated by title.

The bill clerk read as follows:

A bill (S. 274) to provide for the national security by allowing access to certain Federal criminal history records.

There being no objection, the Senate proceeded to consider the bill (S. 274), which had been reported from the Committee on the Judiciary, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italics.)

S. 274

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the **[**"Anti-nuclear Terrorism**]** *"Nuclear Power Plant Security and Anti-terrorism* Act of 1985".

FINDINGS

SEC. 2. The Congress finds that—

(1) the presence of nuclear power facilities, fuel cycle facilities, and nuclear materials in our society represents a potential and grave threat to our national security should terrorists gain access;

(2) the increasing threat of terrorism directed against the United States is greatly enhanced by insider access to nuclear power facilities and nuclear material; and

(3) the **[**Federal Bureau of Investigation**]** *Department of Justice* should assist in screening persons who have access to nuclear facilities and **[**material.**]** *material, by providing criminal history record checks.*

NATIONAL SECURITY ACCESS

SEC. 3. (a) The Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.) is amended by adding after section 148 the following new section:

"SEC. 149. FINGERPRINTING FOR SECURITY CLEARANCE.—

"a. Every person in the process of being licensed or licensed pursuant to section 103 or 104b to operate a utilization facility shall require that each individual allowed unescorted access to the facility be fingerprinted. All fingerprints obtained by a licensee as required in the preceding sentence shall be submitted to the Attorney General of the

United States through a person or persons designated by the Commission in consultation with the Attorney General for identification and [appropriate processing] *a criminal history records check. The costs of any identification and records check conducted pursuant to the preceding sentence shall be paid by the licensee.* Notwithstanding any other provision of law, the [applicant for or holder of the license may receive the results of such search from the Attorney General.] *Attorney General may provide all the results of the search to such person or persons as designated by the Commission in consultation with the Attorney General.*

"b. The Commission, by rule, may relieve persons from the obligations imposed by this section, upon specified terms, conditions, and periods, if the Commission finds that such action is consistent with its responsibilities to promote the common defense and security and to protect the health and safety of the public. [The Commission may also prescribe regulations to establish the conditions for use of information received from the Attorney General or to limit its redissemination.".]

"c. For purposes of administering this section, the Commission shall prescribe regulations to—

"(1) implement procedures for the taking of fingerprints;

"(2) establish the conditions for use of information received from the Attorney General in order to—

"(A) limit the redissemination of such information; and

"(B) assure that such information is used solely for the purposes provided in this section; and

"(3) provide individuals subject to fingerprinting the right to complete and correct information contained in the criminal history records prior to any final adverse action.".

(b) The provisions of subsection a of section 149 of the Atomic Energy Act of 1954, as added by this Act, shall take effect upon promulgation of regulations by the Commission as set forth in subsection c of such section. Such regulations shall be promulgated on or before January 1, 1986.

[(b)] *(c)* The table of contents at the beginning of such Act is amended by inserting after the item for section 148 the following new item:

"Sec. 149. Fingerprinting for security clearance.".

Mr. DENTON. Mr. President, on January 24, 1985, I introduced S. 274, the Nuclear Power Plant Security and Anti-Terrorism Act of 1985. The bill, which would amend the Atomic Energy Act of 1954, significantly improves the security of nuclear power facilities by granting nuclear power reactor licensees access to the criminal history files of the FBI. By creating a mechanism to conduct a background investigation on any individual having unescorted access to a nuclear power facility, the bill will help to ensure that only individuals who are reliable and trustworthy have access to critically sensitive areas, thereby significantly improving the security of that nuclear power facility.

On September 12, 1985, the Judiciary Committee met in executive session to consider S. 274. During the meeting, amendments were offered by Senator LEAHY and myself which incorporated into the bill a number of changes including certain suggestions by the Nuclear Regulatory Commission and the Department of Justice. The amendments were unanimously accepted and the bill unanimously ordered to be reported to the full Senate.

Mr. President, most background checks by nuclear power reactor licensees are limited to State and local files. Unfortunately, those files do not include information about an individual's criminal record, if any, in other parts of the country. By allowing nuclear power reactor operators to have access to the FBI's national files, they would be able to obtain more complete criminal histories. That information is essential to determine who will be granted unescorted access to nuclear facilities.

The Nuclear Regulatory Commission advises that there are 85 U.S. nuclear reactor plants that produce and are licensed for full power. There are five that are licensed for fuel loading and low power. Those facilities currently produce approximately 13 percent of all U.S. electrical power. As of December 1984, 37 additional plants had been granted construction permits. When those plants become operational, nuclear power will provide approximately 25 percent of all our electrical power. Although increasingly vital for energy, nuclear facilities can also present a grave danger to the environment and to human life if they are not managed properly.

The NRC has investigated more than a dozen incidents of suspected sabotage by plant employees. The incidents involved critical valves in the wrong position, miswired electrical equipment, and other problem areas. A Commission report indicated that between 1974 and 1982 there had been 32 possible deliberate acts of damage at 24 operating reactors and reactor construction sites, including the dozen reported since 1980.

Examples of incidents include instrument valves apparently deliberately mispositioned in a way that knocked out the steam generator fed-water pump, thus forcing the operator to reduce power immediately to keep the reactor from going into emergency shutdown. That incident happened on May 1, 1982, at the Salem atomic power station in southern New Jersey. At the Beaver Valley plant near Pittsburgh, a valve normally left in an open position was found closed, and the chain and padlock that secured the valve in the open position were missing. With the valve closed, emergency cooling water would not have been available for high pressure injection into the core.

The NRC reported:

> Since there were no indications of unauthorized entry to the sites of these incidents, they are thought to have involved insiders.

A 1983 Commission memorandum concluded that:

> The major threat of sabotage to a nuclear plant is associated with the insider.

More stringent employee screening procedures might have prevented many incidents of that kind.

If a nuclear power facility ever became a terrorist target, obviously, the consequences could be catastrophic. If we allow nuclear power reactor licensees access to FBI criminal history files, and thus give the Bureau the authority to help screen individuals having unescorted access to sensitive areas of the nuclear plant, we will greatly aid in preventing sabotage from within.

The act which is endorsed by the NRC, the Department of Justice, and private industry, would help to ensure the safety of nuclear powerplants, and thereby protect our citizens and our environment. It is urgently needed to safeguard the security of the United States and the welfare of the American people.

Mr. President, the bill has wide based bipartisan support. Among others, the bill is supported by Senator LEAHY, ranking minority member on the Judiciary Subcommittee on Security and Terrorism, whose efforts on this matter I commend; Senator SIMPSON, chairman of the Environment and Public Works Subcommittee on Nuclear Regulation; and Senators THURMOND and BIDEN, the chairman and ranking minority member of the Judiciary Committee.

Mr. DENTON. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are considered and agreed to en bloc.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and the third reading of the bill.

The bill (S. 274) was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DENTON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. WILSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEAHY. Mr. President, the legislation we have passed today addresses the real need for better security at our nuclear powerplants, while at the same time addressing the privacy needs and due process rights of individuals who are employed at or may be employed at these plants.

I want to especially thank my colleague and chairman of the Senate Judiciary Subcommittee on Security and Terrorism, Senator **Denton**, for his leadership in introducing this important bill and seeing it through the amendment process to final passage today.

There are currently 90 licensed nuclear reactor plants in this country. Thirty-seven permits had been issued for the construction of new plants as of December 1984. These plants pose an unprecedented danger to the environment if they are not managed properly. Since 1980, the Nuclear Regulatory Commission has reported a dozen incidents of suspected sabotage by plant employees. The NRC has concluded that "The major threat of sabotage to a nuclear plant is associated with the insider."

Until today, most background checks by nuclear powerplant operators of prospective employees have been limited to State and local criminal history files. Those files do not include information about a person's criminal record, if any, in other parts of the country.

This legislation will enable nuclear powerplant operators to have access to the fullest amount of information relevant to whether the person constitutes a security risk, while at the same time ensuring that a person is not fired or not hired based on faulty or incomplete records in the criminal justice system. The information provided to the plant operator will only be used to determine if a person is fit to be given unescorted access to the nuclear facility. The bill prohibits the redissemination of this information for any other purpose. Any person who is subject to a criminal record check will have the opportunity to complete and correct the information contained in the FBI records prior to any adverse job action being taken.

The full cost of this program will be borne by the nuclear powerplant operators.

This is a bill I have been proud to cosponsor. It will make our nuclear powerplants safer, while protecting the privacy rights of plant employees to the fullest extent possible.

THE DEATH OF ROCK HUDSON

Mr. WILSON. Mr. President, astronomers tell us that even stars are impermanent, that their light must eventually fade and die. But until then, they provide luster in the night skies, and beckon to the imagination of those of us who live an earthbound existence. There are stars in this world as well. Some are brighter than others.

The death yesterday of Rock Hudson will darken the lives of all those who knew him as a friend and colleague. It will also dim the glow cast by Hollywood's entertainment community throughout this country and the world. But the stars of stage and screen differ from their galactic counterparts. They leave behind indelible images, performances which live on to make us laugh or cry or challenge our own comfortable assumptions about life.

In the last weeks of his life, Rock Hudson challenged the assumption that illness must rob a man of his dignity or usefulness to others. He gave perhaps the greatest performance of his career—only in this case, it was a performance that did not depend for its meaningfulness on the scripted words of writers or the cinematography of Hollywood cameramen. An actor who was singularly gifted in the art of light comedy made us all see and feel the tragic implications of fate. He showed us more than a touch of the heroic as well. And this morning, who can doubt that along with the feeling of sorrow which pervades the film community, there is also a feeling of admiration and profound respect for a man who turned his own suffering into a cause for renewed hope for others, less celebrated than he, but like him, victims of a savage and merciless disease.

So long as other Americans fall prey to AIDS, then no one can feel either secure or smug in their own good health. The fact is that this is a scourge confined to no single element of the population. Its victims are to be regarded with the compassion extended to anyone who is sick. More than that, they should also be afforded the encouragement which comes with the knowledge that government and experts who rely on government for their funding are committed to doing everything conceivable to fight, and ultimately conquer, this insidious ailment. I am determined that we in Congress and throughout the Federal Establishment take every step and support every measure which can provide that solace. We cannot hope to nurse every AIDS victim back to good health. But we can make certain they do not go without hope, or struggle against their illness with a feeling of abandonment to worsen an already dreadful predicament.

One of Rock Hudson's greatest triumphs as an actor came in the film version of Edna Ferber's sprawling novel, "Giant." If anyone doubted it then, no one can doubt now, that the star of that film was an authetic Hollywood giant. Lives, like movies, do not always have happy endings. But they have enduring messages. The message of Mr. Hudson's life is essentially triumphant. It will outlive him, for as long as celluloid can preserve our dreams and convey our emotions.

(Mr. DENTON assumed the chair.)

JAPANESE BARRIERS TO UNITED STATES WINE EXPORTS

Mr. WILSON. Mr. President, I rise today to discuss a matter which has become all too common a subject for discussion on the floor of the Senate—still another barrier to trade between the United States and Japan. As we are all aware, legislators and businessmen continue to struggle against the endless obstacles which have been erected in the path of increased American exports and fair access to the Japanese market. The plight of U.S. vintners anxious to market their product in Japan provides another example of these impenetrable barriers to fair trade on their part to pursue tangible reforms of their own policies of protectionism.

Last month at the insistence of our Government, United States and Japanese negotiators attempted to conduct consultations aimed at the elimination of trade barriers to the sale of American wines in Japan. These consultations were required by the wine equity provisions of the Tariff and Trade Act of 1984, which directs the U.S. Trade Representative to designate countries that have significant market potential for U.S. wine sales, but maintain trade barriers, including tariffs, inhibiting such wine trade.

On September 3, 1985, the USTR designated six countries, including Japan, as "major wine trading countries," as defined in that law. As a next step, the law requires that consultations aimed at the elimination of the identified trade barriers be conducted and concluded by the end of October of this year. By the end of November, a report on the trade barriers and the results of these bilateral consultations must be submitted to the Congress.

My colleagues may recall that I was the author of the Wine Equity Act and have followed with keen interest the manner in which USTR has implemented its provisions and pursued the requisite consultations. With only one dismal exception, each of the other countries identified as a potentially strong export market for U.S. wines, absent existing trade barriers, has indicated a willingness to consult with USTR and attempt to provide American wineries with fair access to their markets.

The one dismal—but not surprising—exception is the Government of Japan whose negotiators have repeatedly rebuffed American requests to discuss the matter. Ironically, the maze of Japanese trade barriers are more complex than those of any other country identified by USTR and, therefore, will likely require more negotiating sessions to resolve.

For example, the Japanese impose an unacceptably high tariff rate of 38 percent on imports of premium bottled wine, in order to insulate Japanese wine producers and grape growers from foreign competition. Ironically, Japan's vineyards only provide 18 percent of the product used to process Japanese wines; the remaining 82 percent is acquired through imported bulk wine and grape concentrate, which receive preferential or duty free treatment, and are blended with domestic grapes to produce Japanese wines. While the Japanese suggest that the low tariffs on bulk and concentrated wines offset the prohibitively high tariffs on premium wines, in reality, their two-tiered tariff structure is blatantly self-serving and undeniably protectionistic.

In addition to these discriminatory tariffs on premium wines, the Japanese add an excise tax of 50 percent on all wines valued at or above $3 a liter. As a result, more than 90 percent of imported wines are valued at less than $3 a liter—predominately bulk wines—because premium bottled wines would be priced out of the market.

The tariffs and excise taxes are only part of the trade obstacles facing American wine exporters. In addition, the Japanese use a 7 percent dry extract level to determine tax for sweetened and unsweetened wines, stringent labeling and tolerance requirements for additives, as well as cumbersome licensing and certification requirements.

Suffice it to say that there is an abundance of complex barriers prohibiting American wine imports and requiring serious negotiations between our two countries. Obviously, the lack of cooperation displayed by Japan on this matter is not without risks. Japanese officials should realize that USTR must report to Congress with specific recommendations for further legislative action, if the negotiation process is unlikely to resolve existing trade barriers. Japan should know by now that the mood in Congress is disposed toward retaliatory trade sanctions against Japan and that any such recommendations from the Office of the U.S. Trade Representative are likely to receive a warm congressional reception and prompt action.

I caution our trading partners in Japan, whose products have long enjoyed unfettered access to American consumers and whose country presently enjoys an unacceptably large balance of trade surplus, that these bilateral consultations are not merely perfunctory. On the contrary, USTR is seeking to provide American wine exporters with fair access to Japan because the Congress of the United States has explicitly instructed the Trade Ambassador to do so. These talks, as well as any resultant recommendations for retaliatory trade actions, are not merely motivated by a desire to achieve fair trade between our two countries, but are required by U.S. law.

While the Government of Japan has gone to great lengths, including the use of a public relations firm, to convince us of their sincere interest in reversing a deteriorating trade relationship, the intransigence of Japanese negotiators regarding American wine exports speaks volumes.

On September 18, Japanese Ambassador Matsunaga told reporters at the National Press Club that his Government is "exerting its maximum efforts" to respond to United States concerns about Japanese trade barriers. According to the Ambassador, his Government "is moving ahead with very strong determination," and United States businesses should anticipate improved trading opportunities in Japanese markets.

Regrettably, I take small comfort in the Ambassador's assurances or in similar statements that were made to me personally during my recent visit to Japan. In fact, on the very day that Ambassador Matsunaga was promoting fair trade to a group of Washington reporters, Japanese negotiators were conveying to officials from USTR a disinterest in even discussing trade barriers to wine exports. As a result, nothing was accomplished. Obviously, actions by the Ambassador's negotiators did not substantiate the Ambassador's fine words about "moving ahead with a very strong determination" to improve trade opportunities. On the contrary, his negotiators conveyed an unmistakably strong determination to perpetuate the barriers to trade.

This attitude of obstructionism is truly regrettable, because Japan has an ideal opportunity to engage in meaningful negotiations with us on wine trade barriers and to demonstrate its good faith interest in improving our trade relations; however, that opportunity will expire October 31, when USTR is required to prepare its report to Congress on the status of these consultations. At that time, Congress will act to resolve unilaterally a matter that is more preferably negotiated bilaterally.

American wine is but one of hundreds of United States products for which the door to Japanese markets is tightly shut; however, it presents both of our countries with the same choice surrounding every other American commodity being denied fair access. The choice, which I have mentioned in the past, is one between a key and a fire ax. Either the negotiators for Japan can grasp the key to unlock the door for American wine exports, or the U.S. Congress will be forced to resort to the use of a statutory fire ax. Let there be no misconception within the Government of Japan—that door for American wines, as well as for American walnuts and nectarines, cherries and chocolate, forest products and telecommunications equipment, will be opened. For the long-term good of relations between our two nations, I hope that the key to fair, reciprocal trade will be found and that, within the next 4 weeks, USTR receives concrete evidence of improved opportunities within Japan for American wine exporters.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PERMANENT PUBLIC DEBT LIMIT

Mr. MOYNIHAN. Mr. President, in a very short while, we will be taking up the legislation reported by the Committee on Finance to increase the permanent public debt limit. In this case, we shall be asked to raise the debt ceiling above $2 trillion, having more than doubled that debt since January 21, 1981.

At the same time we will be asked to accept a proposal for reducing Federal budget deficits. There is a severity to this proposal that has not ever been, to my knowledge, contemplated or entertained in this body. If it has been the plan of this administration to use the Federal deficit—a deficit created by the legislation of 1981—to be the driving and compelling force behind the dismantling of Federal programs generally, certainly we see the embodiment of such a mechanism in the measure to be proposed by the distinguished Senator from Texas.

It strikes me as an extraordinary act of a legislature of our antiquity and presumed competence to think that we can fairly enact a measure of this kind, under an absolute deadline. This body and this Congress must increase the debt ceiling by a date, if not certain, within at most 2 or 3 days, after which the U.S. Government would simply default on its obligations. It is manifestly not possible to craft a measure dealing with automatic reductions in the budget of the U.S. Government and all that is behind it in this space of time. And such is obviously not desired by its sponsors, because any close inquiry would raise questions of the sort that could not be answered in a 7-day space.

But I would like to point out one thing before this debate begins, a matter that is very simple. We are going to be asked to put in place an automatic mechanism for cutting most of the major activities of the Federal Government—the CIA, the FBI, the Department of the Interior, the Department of Housing and Urban Development, and so on. But the striking and remarkable thing is that farm programs would not be cut. It does, indeed, reassure those of us who have thought that perhaps there was some weaning of political wile in the American body politic that we were no longer capable as perhaps we once were of achieving goals by indirection. In the name of forcing reductions in "bloated Federal programs", or however they are called, we are going to be asked to cut mass transit, and defense procurement not subject to prior contracts—which is, for example, future research and development on the strategic defense initiative—and all other discretionary programs.

May I expand on this point, Mr. President, about research programs. Successful research programs begin like babies. They cost very little, but they cannot do much either. As they begin to acquire real utility, they cost more. As they reach maturity, they cost a very great deal as well indeed, but then they can achieve things. What begins in the mind of a reseacher on, let us say, particle beam accelerators, costs little more than pencil and paper for a period, but by the time you produce and test machinery, it cost a great deal.

But to return to this proposal. We are going to cut back the funds that provide the Internal Revenue Service the capacity to examine income tax returns and collect payments. We will be automatically cutting the way we collect funds for the Treasury. We are going to cut back the FBI and its efforts to combat terrorism. We are going to cut back the CIA. We are going to cut back drug enforcement programs. Programs that fall under the general category of relatively controllable outlays will face a cut of about 9 percent. But to the wonder of the casual reader, what turns out not to be a relatively controllable outlay? Surprise. Of all things, the outlay which is growing faster than any other element of the budget of which I am aware, save interest on the debt—farm price support programs—farm programs are not considered to be a relatively controllable outlay. They are somehow incorporated in the category of programs with automatic spending increases, such as cost-of-living adjustments for retirees. And under this proposal, those programs could see their future COLA's cut, but spending for them at current levels would be protected.

There is, to my knowledge, Mr. President, no automatic spending increase in the farm program. None. It is an absolute arbitrary way of saying we are going to cut everything but this, and therefore will you vote for it?

I really do think that at the outset of this debate we have to ask if this is honest. Is it honest and open to suggest that farm price-support programs have about them an automatic spending increase characteristic of pension programs or such others as might exist—the principal one being Social Security, which has been removed from this proposal entirely.

Well, price supports are a form of Social Security but we thought them to be relatively controllable. We thought that we passed a farm bill every 4 years and declared how much we would spend on it. As of yesterday, this Senator was under the understanding that farm programs are in the area of relatively controllable outlays, only this morning to learn that, no, on closer examination this is not so. This has not been made clear. This is hidden. It is hidden in the text of the legislation. It would cut drug enforcement some 10 percent the first year, while farm spending would remain at current levels. If anyone knows about it, they have said nothing, to my knowledge.

If you wonder about how high these levels are, and the degree to which they are relatively controllable, could I point out that in fiscal year 1980, Commodity Credit Corporation [CCC] outlays totaled $2.7 billion. The Senate farm bill, S. 1714, is estimated to cost $22 billion in fiscal year 1987. We have gone from $2.7 billion to $22 billion in 7 years. If that is not relatively controllable—well, perhaps that is uncontrollable, but it certainly comes under the heading of legislative increases far beyond anything associated with changes in price levels. No program has grown as expensively, as fast, and as expansively in the last 4 years. Maybe there is a case for that. I am not always sure, Mr. President. I represent New York, and although this may not be immediately persuasive to my colleagues, I happen to live on a dairy farm and have done so for 25 years. It is our home. We are surrounded by cows. I do not claim to milk them, but I talk to them a lot, and joke with them more than I should. Not as much as my children did, of course.

In 1984 and early 1985, we had a milk diversion program. Before this program was enacted in November 1983, I spoke against it on the floor. The distinguished majority leader said to me that a very careful "agreement" had been worked out in the matter. I retorted that it seemed to be a very careful deal. Let me state how that diversion program worked.

In Arizona, the average payment per participating dairyman was $226,978. Those poor fellows! I am almost moved to some of the rhetorical heights of the Senator from South Carolina when I consider the plight of the Arizona dairymen who got a quarter-of-a-million dollars in 1984 for not milking their cows.

In Florida, the average participant got $216,590; in Nevada, $215,262; in California, $125,044. In New York, the average payment was $24,749—which I knew very well would be the case.

We had a farm program casually pay a quarter-of-a-million dollars to just a few dairymen; don't worry about the side effect: The price consumers pay for milk and other dairy products.

In my State, where there are a great many small farms, the simple problem, which I tried to explain on this floor, is that milk is no longer sent to market in cans. It is picked up by tanker trucks.

If the small New York farmer, perfectly capable of making a living under ordinary circumstances, is taxed for the milk he produces but given a return for the milk he does not produce, his situation is simple: If he takes advantage of the production cuts in the program—a program he pays for—his herd output falls below the level of milk production profitable—even economically possible—to be picked up. So he has no choice except to pay a tax on the milk he produces. He receives no benefit. Fifty cents a hundredweight, or go out of dairy farming altogether. But not in Arizona, where huge feed-lot operations exist to sell their surpluses to the Federal Government, and a few dairymen receive $226,978 per person.

Mr. President, to my knowledge this automatic mechanism for dismantling programs of the Federal Government—which will cut the FBI and cut the Navy and cut the Internal Revenue Service and cut the park services and cut aid to education, and cut research on the strategic defense initiative—will not touch farm programs, which benefit but a few.

As we approach our 200th anniversary, perhaps we are reverting to the agrarian body that we once were. But I think there ought to be some acknowledgement of two things: First, since 1920, the majority of the population has lived in places the census defines as cities. Second, we have some interests abroad, and we are preparing to cut our defense, cut our counterintelligence; we are cutting the National Security Agency; we are cutting the CIA; but we do not cut the farm program. It might not grow; but it could not be cut. That is not a program; that is a tradition. That is not an option; that is an obligation.

After all, if you were an Arizona dairyman and had to make do with $226,978 a year in payments, you might not be able to go to Acapulco in the winter.

Mr. DOLE. Mr. President, if the Senator will yield, if you live in Arizona, you would not want to go to Acapulco.

Mr. MOYNIHAN. Some people come to Manhattan. At those prices, you can come to Manhattan. I will not make the distinction.

Mr. President, I know that the distinguished majority leader has business to attend to. I should like him to respond to a question.

Am I correct in my understanding that the Gramm amendment, as it is generally called, does not include farm programs under the category of the relatively controllable outlays?

Mr. DOLE. First, maybe we should get on the bill before we debate it.

That is not my understanding. My understanding is that it would be included and could be affected, because there are increases in target prices on an annual basis.

So, to me, that still would be a program that would be ripe for action under the amendment to be offered soon by Senator GRAMM, Senator RUDMAN, and Senator HOLLINGS.

Mr. MOYNIHAN. But the Senator does understand that we divide our expenditures into two groups. One is the relatively controllable, such as the Defense Department and others, and in the second group we provide arrangements for automatic cost increases, and farm programs are in the second category.

Mr. DOLE. I indicate to the Senator from New York that we are prepared to respond to that; but what I would prefer to do, if there is no objection, would be to move to consideration of the debt ceiling extension, offer the amendment, and then, within a matter of minutes, I could have Senator GRAMM give the Senator from New York the information.

Mr. MOYNIHAN. That is entirely agreeable. We were in morning business and in a quorum, and I thought I would take advantage of this opportunity. This is essential to the equity of the measure, in my view.

Mr. President, I yield the floor.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

Mr. DOLE. Mr. President, I move that the Senate now proceed to the consideration of Calendar No. 327, House Joint Resolution 372, the debt limit extension.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to, and the Senate proceeded to consider the joint resolution.

AMENDMENT NO. 729

Mr. DOLE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE], for himself and others, proposes an amendment numbered 729:

At the end of the bill insert the following:

SEC. . DEFICIT REDUCTION PROCEDURES.

(a) SHORT TITLE.—This section may be cited as the "Balanced Budget and Emergency Deficit Control Act of 1985".

Cosponsors of the amendment are Senators GRAMM, RUDMAN, HOLLINGS, ABDNOR, ANDREWS, BOREN, BOSCHWITZ, COCHRAN, COHEN, D'AMATO, DANFORTH, DENTON, DODD, EAST, EVANS, GARN, GOLDWATER, GORTON, GRASSLEY, HATCH, HECHT, HELMS, HUMPHREY, KASTEN, KERRY, LAXALT, LUGAR, MATTINGLY, MCCLURE, MCCONNELL, MURKOWSKI, NICKLES, STEVENS, SYMMS, TRIBLE, WALLOP, WARNER, WILSON, ZORINSKY, and DIXON.

Mr. DOLE. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 730

(Purpose: To require a graduated reduction of the Federal budget deficit, to balance the budget, to establish emergency procedures to avoid deficit overages, and for other purposes)

Mr. DOLE. Mr. President, I send a second-degree amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE], for himself and others, proposes an amendment numbered 730.

Cosponsors of the amendment are Senators GRAMM, RUDMAN, HOLLINGS, ABDNOR, ANDREWS, BOREN, BOSCHWITZ, COCHRAN, COHEN, D'AMATO, DANFORTH, DENTON, DODD, EAST, EVANS, GARN, GOLDWATER, GORTON, GRASSLEY, HATCH, HECHT, HELMS, HUMPHREY, KASTEN, KERRY, LAXALT, LUGAR, MATTINGLY, MCCLURE, MCCONNELL, MURKOWSKI, NICKLES, STEVENS, SYMMS, TRIBLE, WALLOP, WARNER, WILSON, ZORINSKY, and DIXON.

The assistant legislative clerk proceeded to read the amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that we temporarily suspend the reading of the amendment and go into executive session.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate go into executive session to consider Calendar No. 377, Vice Admiral Trost.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Carlisle A.H. Trost to be admiral.

Mr. WARNER. Mr. President, I wish to thank the leadership.

Admiral Trost has long been my naval aide when I was Secretary. He was nominated by the President to take over the Atlantic Command and his change of command is tomorrow.

I thank the leadership for their cooperation and courtesy.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. WARNER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WARNER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

The Senate resumed consideration of House Joint Resolution 372.

Mr. HOLLINGS. Mr. President, will the distinguished majority leader yield for a question?

Mr. DOLE. I think now we go back to the reading of the amendment.

Mr. HOLLINGS. Will the majority leader yield for a question?

Mr. DOLE. I am happy to yield for a question.

Mr. HOLLINGS. Mr. President, I wish to clarify the record. I think I have something better than a unanimous consent. Ordinarily, I understand, the Senate procedure provides that by unanimous consent when we go off of the "Compact of Free Association" and the textile amendment then we automatically go back to it after we finish the pending matter. But as I understand the majority leader says he will call the "Compact of Free Association." It is back on the calendar now, and we have the leader's word on it.

Mr. DOLE. That is correct.

Mr. HOLLINGS. That is better than unanimous consent.

Mr. DOLE. That is correct. I hope so.

Mr. HOLLINGS. Good. I thank the majority leader.

The PRESIDING OFFICER. The clerk will resume reading the amendment.

The assistant legislative clerk resumed reading the amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the joint resolution, insert the following new section:

SEC. . DEFICIT REDUCTION PROCEDURES.

(a) Short Title.—This section may be cited as the "Balanced Budget and Emergency Deficit Control Act of 1985".

(b) Congressional Budget.—

(1) One concurrent resolution on the budget required annually.—

(A) In general.—Section 310 of the Congressional Budget Act of 1974 is amended—

(i) by striking out all beginning with "Sec. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"Sec. 310. (a) In General.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary, specify—"; and

(ii) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(B) Conforming changes.—

(i) The table of contents in subsection (b) of section 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(I) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(II) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(III) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(ii) Paragraph (4) of section 3 of such Act is amended—

(I) by adding "and" after the semicolon at the end of subparagraph (A);

(II) by striking out subparagraph (B); and

(III) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(iii) Section 300 of the Congressional Budget Act of 1974 is amended—

(I) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(II) by striking out the items relating to September 15 and September 25.

(iv)(I) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(II) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(III) Section 301(b) of such Act is amended—

(aa) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(bb) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(IV) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(V) Section 301(e) of such Act is amended—

(aa) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(bb) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(v) Section 302(c) of such Act is amended by striking out "or 310".

(vi)(I) The heading of section 303 of such Act is amended by striking out "FIRST".

(II) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(vii) Section 304 of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(II) by striking out "pursuant to section 301".

(viii)(I) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(II) Section 305(b) of such Act is amended—

(aa) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(bb) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ix) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(x) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(xi) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(xii) Section 311(a) of such Act is amended—

(I) by striking out "310(a)" the first place it appears and inserting in lieu thereof "301(a)"; and

(II) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(xiii) Clause 1. of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(2) Maximum Deficit Amounts.—

(A) Annual concurrent resolution on the budget.—

(i) Point of order.—Section 301 of the Congressional Budget Act of 1974 is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and inserting after subsection (b) the following new subsection:

"(c) Maximum Deficit Amount May Not Be Exceeded—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) Conforming change.—Section 301(e) of such Act, as redesignated by clause (i) of this subparagraph, is amended by inserting "; and when so reported such concurrent resolution shall comply with the requirement described in paragraph (1) of subsection (c), unless such paragraph does not apply to such fiscal year by reason of paragraph (2) of such subsection" after "October 1 of such year" in the second sentence thereof.

(B) Permissible revisions of concurrent resolutions on the budget.—Section 304 of such Act is amended—

(i) by inserting "(a) In General.—" after "Sec. 304."; and

(ii) by adding at the end thereof the following new subsection:

"(b) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(C) Definitions.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year. For purposes of this Act, and unless specifically superseded by a law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985, the receipts of the Federal Old-Age, Survivors, and Disability Insurance Trust Fund for a fiscal year, and the taxes payable under sections 1401(a), 3101(a), and

3111(a) of the Internal Revenue Code of 1954 during such fiscal year, shall be included in total revenues for such fiscal year, and the disbursements of such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985, $180,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000; and"

"(F) with respect to the fiscal year beginning October 1, 1990, zero.".

(3) RECONCILIATION.—

(A) ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

(i) DIRECTIONS TO COMMITTEES.—Section 301(b) of the Congressional Budget Act of 1974 (as amended by paragraph (1)(B)(iv)(III) of this subsection) is further amended—

(I) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(II) by inserting "require" after the paragraph designation in paragraph (1);

(III) by inserting "require" after the paragraph designation in paragraph (2); and

(IV) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(ii) CONFORMING CHANGES.—

(I) Section 310(a) of such Act is amended—

(aa) by inserting "or" at the end of paragraph (2);

(bb) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(cc) by striking out paragraph (4).

(II) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than June 15 of each year".

(III) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(IV) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"June 15............................ Congress completes action on reconciliation bill or resolution, or both, implementing first required concurrent resolution.".

(B) PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET.—

(i) IN GENERAL.—Section 304(a) of such Act (as redesignated by paragraph (2)(B)(i) of this subsection) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(ii) CONFORMING CHANGE.—Section 310(d) of such Act (as amended by subparagraph (A)(ii)(II) of this paragraph) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(4) LIMITATION ON AMENDMENTS.—

(A) CONCURRENT RESOLUTIONS ON THE BUDGET.—

(i) HOUSE OF REPRESENTATIVES.—Section 305(a)(6) of such Act is amended—

(I) by inserting "(A)" after the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget as reported, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution as reported, shall be in order unless such amendment ensures that the amount of total budget outlays set forth in the concurrent resolution as reported is not increased, and that the recommended level of total Federal revenues set forth in such concurrent resolution as reported is not reduced, by making an equivalent reduction in other specific budget outlays or an equivalent increase in other specific Federal revenues.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) SENATE.—Section 305(b)(2) of such Act is amended—

(I) by inserting "(A)" before the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget as reported, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution as reported, shall be in order unless such amendment ensures that the amount of total budget outlays set forth in the concurrent resolution as reported is not increased, and that the recommended level of total Federal revenues set forth in the concurrent resolution as reported is not reduced, by making an equivalent reduction in other specific budget outlays or an equivalent increase in other specific Federal revenues.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) RECONCILIATION BILLS AND RESOLUTIONS.—Section 310 of such Act is amended by inserting after subsection (b) (as redesignated by paragraph (1)(A)(ii) of this subsection) the following new subsection:

"(c) LIMITATION ON AMENDMENTS TO RECONCILIATION BILLS AND RESOLUTIONS.—

"(1) It shall not be in order in either the House of Representatives or the Senate to receive or consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution as reported, or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution as reported, unless such amendment ensures that total budget outlays are not increased, and that total Federal revenues are not reduced, by making an equivalent reduction in other specific budget outlays or an equivalent increase in other specific Federal revenues.

"(2) Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(5) ENFORCEMENT.—

(A) ALLOCATIONS OF BUDGET AUTHORITY AND OUTLAYS.—

(i) REPORTING DATE FOR ALLOCATIONS.—Section 302(b) of such Act is amended by striking out "Each such committee shall promptly report" in the last sentence and inserting in lieu thereof "Each such committee, within ten days of session after the concurrent resolution is agreed to, shall report".

(ii) ALLOCATIONS MADE BINDING.—Section 311 of such Act is amended by redesignating subsections (a) and (b) as subsections (b) and (c), respectively, and inserting immediately after "SEC. 311" the following new subsection:

"(a) LEGISLATION SUBJECT TO POINT OF ORDER AFTER ADOPTION OF ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

"(1) IN GENERAL.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in either the House of Representatives or the Senate—

"(A) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year; or

"(B) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides new spending authority described in section 401(c)(2)(C) to become effective during such fiscal year, if the amount of budget outlays or new budget authority that would be required for such year if such bill or resolution were enacted without change or such amendment were adopted would exceed the appropriate allocation of budget outlays or new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, unless such bill, resolution, or amendment was favorably reported by the Committee on Appropriations of the House involved under section 401(b)(2) along with a certification that if such bill, resolution, or amendment is enacted or adopted, the committee will reduce appropriations or take any other actions necessary to assure that the enactment or adoption of such bill, resolution, or amendment will not result in a deficit for such fiscal year in excess of the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) ALTERATION OF 302(b) ALLOCATIONS.—At the time after a committee reports the allocations required to be made under section 302(b), such committee may report to its House an alteration of such allocations, provided that any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

"(3) Exception.—Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) Maximum deficit amount may not be exceeded.—Section 311(b) of such Act, as redesignated by subparagraph (A)(ii) of this subsection, is amended by inserting before the period at the end thereof the following: ", or would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of subsection (b) of section 310 does not apply by reason of paragraph (2) of such subsection)".

(C) Reporting requirement extended to conference reports.—Section 308(a) of such Act is amended by striking out "the report accompanying that bill or resolution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "or whenever a conference report is filed in either House, the report accompanying that bill or resolution or the statement of managers accompanying that conference report".

(c) Budget Submitted by the President.—

(1) Maximum deficit amount may not be exceeded.—Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared on the basis of the best estimates then available, in such a manner as to ensure that the deficit for such fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974; and the President shall take such action under subsection (d)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 as is necessary to ensure that the deficit for such fiscal year does not exceed such maximum deficit amount.

"(2) Subject to paragraph (3) of this subsection, the deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible. The President may also recommend alternative budgets complying with the requirement of the preceding sentence, with outlays and revenues at higher or lower levels to take account of possible changes in economic conditions or other circumstances.

"(3) Paragraph (2) shall not apply with respect to any fiscal year for which a declaration of war has been enacted.".

(2) Revisions and supplemental summaries.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

(d) Emergency Powers To Eliminate Deficits in Excess of Maximum Deficits Amounts.—

(1) Reporting of deficits in excess of maximum deficit amounts.—

(A) In general.—

(i) Fiscal year for which concurrent resolution on the budget is adopted.—The Director of the Office of Management and Budget and the Director of the Congressional Budget Office (hereafter in this section referred to as "the Directors") shall, with respect to any fiscal year for which a concurrent resolution on the budget has been adopted before the first day of such fiscal year (I) estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year, (II) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (III) estimate the rate of real economic growth that will occur during such fiscal year. The Directors jointly shall report to the President and to the Congress not later than November 1 of such fiscal year (in the case of the fiscal year beginning October 1, 1985) and October 1 of such fiscal year (in the case of any succeeding fiscal year) if either such Director determines that the amount of the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year, identifying the amount of such excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced during such fiscal year in order to eliminate such excess. In the event that the Directors are unable to agree on an amount to be set forth with respect to any item in any such report, the amount set forth for such item in such report shall be the average of the amounts proposed by each of them with respect to such item.

(ii) Fiscal year without concurrent resolution on the budget.—Not later than October 1 of any fiscal year for which a concurrent resolution on the budget has not been adopted, the Directors shall (I) estimate the level of Federal revenues and budget outlays for such fiscal year, (II) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (III) estimate the rate of real economic growth that will occur during such fiscal year, and, if either such Director determines that the amount of the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year, shall jointly report to the President and the Congress, identifying the amount of such excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced in order to eliminate such excess. Any disagreement between the Directors on an amount to be set forth in any such report shall be resolved in the manner described in the last sentence of clause (i).

(B) Exception.—Subparagraph (A) shall not apply to any fiscal year for which a declaration of war has been enacted.

(2) Presidential Order.—

(A) Contents.—

(i) In general.—Except as provided in subparagraph (B), upon receipt of any report from the Directors under paragraph (1) of this subsection identifying an amount by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year, notwithstanding the Impoundment Control Act of 1974, the President shall issue an order that—

(I) subject to clause (ii) of this subparagraph, eliminates one-half of such excess by modifying or suspending the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during such fiscal year, in such a manner as to reduce by a uniform percentage (but not below zero) the amount of increase under each such provision, and

(II) subject to clause (ii) of this subparagraph, eliminates one-half of such excess by sequestering such amounts of budget authority, obligation limitations, and loan limitations as are necessary to reduce each relatively controllable expenditure by a uniform percentage and by adjusting payments provided by the Federal Government;

and shall transmit to both Houses of the Congress a message—

(III) identifying—

(aa) the total amount and the percentage by which automatic spending increases are to be reduced under subclause (I) of this clause;

(bb) the total amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and the total amount of payments which is to be adjusted under subclause (II) of this clause with respect to relatively controllable expenditures;

(cc) the amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and payments which are to be adjusted with respect to each such relatively controllable expenditure in order to reduce it by the required percentage; and

(dd) the account, department, or establishment of the Government to which each amount of budget authority, obligation limitations, and loan limitations and each payment specified under subdivision (cc) of this clause would be available for obligation (but for such order), and the specific project or governmental functions involved; and

(IV) providing a full supporting details with respect to each action to be taken under subclause (I) or (II) of this clause.

(ii) Limitation.—Actions taken under subclause (I) of clause (i) may reduce by less than one-half the amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year, and actions taken under subclause (II) of such clause may reduce such excess by more than one-half only to the extent that compliance with the requirement that actions taken under each such subclause reduce such excess by one-half would require the reduction of automatic spending increases below zero.

(B) Exception.—If the amount of the excess of the deficit for a fiscal year over the maximum deficit amount for such fiscal year set forth in a report from the Directors under paragraph (1) of this subsection is not statistically significant, subparagraph (A) shall be applied by substituting "may" for "shall" each place it appears.

(C) Date issued.—

(i) Positive real economic growth.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is zero or greater, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 14 days after transmittal of such report.

(ii) Negative real economic growth.—

(I) In general.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is less than zero, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 30 days after transmittal of such report.

(II) Alternative proposals.—The President may, during the 30-day period specified in subclause (I), submit to each House of the Congress a joint resolution that will, if enacted—

(aa) reduce the deficit for a fiscal year to an amount not greater than the maximum deficit amount for such fiscal year, or

(bb) subject to the requirements of subsection (e) of this section, suspend (in part or in whole) the requirements of this section and of the amendments made by this section with respect to such fiscal year.

Such joint resolution shall be introduced (by request) by the majority leader of each such House on the day on which it is submitted and shall be referred on such day to the appropriate committee of such House. The committee shall report the joint resolution not later than 10 days after the date on which it is introduced. A committee failing to report a joint resolution within the 10-day period referred to in the preceding sentence shall be automatically discharged from consideration of the joint resolution, and the joint resolution shall be placed on the appropriate calendar. The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget shall also apply to consideration of any joint resolution submitted under this subparagraph and to conference reports thereon. Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to any such joint resolution.

(D) Effective immediately.—Except to the extent that it is superseded by a joint resolution enacted under paragraph (3) of this subsection, an order issued pursuant to this paragraph shall be effective from and after its issuance. Any modification or suspension of a provision of law that would (but for such order) require an automatic spending increase to take effect during a fiscal year shall apply for the one-year period beginning with the date on which such automatic increase would have taken effect during such fiscal year (but for such order).

(E) Proposal of alternatives.—A message transmitted pursuant to this paragraph with respect to a fiscal year may be accompanied by a proposal setting forth in full detail alternative ways to reduce the deficit for such fiscal year to an amount not greater than the maximum deficit amount for such fiscal year.

(3) Congressional action.—

(A) Reporting of joint resolutions.—

(i) In general.—Not later than 10 days after issuance of an order by the President under paragraph (2) with respect to a fiscal year, the Committee on the Budget of the House of Representatives or the Senate may report to its House a joint resolution superseding such order. The report accompanying such joint resolution shall explain in full detail the nature and effects of each provision of the joint resolution.

(ii) Point of order.—It shall not be in order in the House of Representatives or the Senate to consider or agree to any joint resolution reported under clause (i) with respect to a fiscal year, any amendment thereto, or any conference report thereon if—

(I) the enactment of such joint resolution as reported;

(II) the adoption and enactment of such amendment; or

(III) the enactment of such joint resolution in the form recommended in such conference report;

would cause the amount of the deficit for such fiscal year to exceed the maximum deficit amount for such fiscal year.

(iii) Definition.—For purposes of clause (i), the term "day" shall mean any calendar day on which either House of the Congress is in session.

(B) Procedures.—

(i) In general.—The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to consideration of joint resolutions reported under this paragraph and conference reports thereon.

(ii) Limitation on amendments.—Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to joint resolutions reported under this paragraph.

(4) Definitions.—For purposes of this subsection:

(A) The term "automatic spending increase" shall include all Federal programs indexed directly or indirectly, whether appropriated or contained in current law. This shall include entitlements and other payments to individuals, open-ended programs and grants, and other similar programs, and shall not include increases in Government expenditures due to changes in program participation rates. Such term shall not include any increase in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

(B) The term "budget outlays" has the meaning given to such term in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974.

(C) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(D) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(E) The term "maximum deficit amount" has the meaning given to such term in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(F) The term "real economic growth" means, with respect to a fiscal year, the nominal growth in the production of goods and services during such fiscal year, adjusted for inflation.

(G) The term "relatively controllable expenditures" means budget outlays that are classified as relatively controllable outlays in Office of Management and Budget, *Controllability of Budget Outlays*, Report No. BPS07014 (August 27, 1985).

(H) The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount. For purposes of the fiscal year beginning October 1, 1985, the preceding sentence shall be applied by substituting "7" for "5".

(5) Conforming changes.—

(A) Rules of the House of Representatives.—

(i) Clause 1.(e)(3) of rule X of the Rules of the House of Representatives is amended—

(I) by striking out "and" at the end of subdivision (C);

(II) by redesignating subdivision (D) as subdivision (E); and

(III) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(ii) Clause 4.(a) of rule XI of such Rules is amended by inserting after "Budget Act of 1974" the following: "and on joint resolutions under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985".

(B) Standing rules of the senate.—Rule XXV(e)(2) of the Standing Rules of the Senate is amended—

(i) by striking out "and" at the end of subdivision (C);

(ii) by redesignating subdivision (D) as subdivision (E); and

(iii) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(e) Budgetary Treatment of Social Security Trust Funds.—

(1) Fiscal years 1986 through 1992.—

(A) In general.—Section 710 of the Social Security Act (as added by paragraph (1) of subsection (a) of section 346 of the Social Security Amendments of 1983) is amended—

(i) by striking out all beginning with "the" the first place it appears down through "Disability Insurance Trust Fund, the" and inserting in lieu thereof "The";

(ii) by striking out "sections 1401, 3101, and 3111" and inserting in lieu thereof "1401(b), 3101(b), and 3111(b)";

(iii) by redesignating all after the section designation as subsection (b);

(iv) by inserting after the section designation the following:

"(a) The receipts and disbursements of the Federal Old-Age, Survivors, and Disability Insurance Trust Fund, and the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government."; and

(v) by adding at the end thereof the following new subsection:

"(c) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to the Federal Old-Age, Survivors, and Disability Insurance Trust Fund, or for payments from such Trust Fund to the general fund of the Treasury.".

(B) Application.—The amendments made by subparagraph (A) shall apply with respect to fiscal years beginning after September 30, 1985, and ending before October 1, 1992.

(2) Fiscal year 1993 and thereafter.—Section 710(a) of the Social Security Act (42 U.S.C. 911 note), as amended by section

346(b) of the Social Security Amendments of 1983 (to be effective with respect to fiscal years beginning after September 30, 1992) is amended by—

(A) inserting "(1)" after the subsection designation; and

(B) adding at the end thereof the following new paragraph:

"(2) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in paragraph (1) or for payments from any such Trust Fund to the general fund of the Treasury.".

(f) Waivers and Amendments.—Notwithstanding section 904(b) of the Congressional Budget and Impoundment Control Act of 1974, any other provision of law, or any rule or standing order of the Senate or the House of Representatives, no provision of this section, or of any amendment made by this section, may be waived, amended, or otherwise modified except by a joint resolution that—

(1) does so in specific terms, referring to such provision by its designation and declaring that such joint resolution waives, amends, or otherwise modifies such provision; and

(2) is addressed solely to that subject.

(g) Section 1106(a) of title 31, United States Code, is amended by striking out "July 16" and inserting in lieu thereof "September 16".

(h) Notwithstanding any other provision of law, it shall not be in order in the Senate or House of Representatives to consider any reconciliation bill or reconciliation resolution reported pursuant to a concurrent resolution on the budget agreed to under section 301, 304, or 310 of the Congressional Budget Act of 1974, or any amendment thereto, or conference report thereon that contains recommendations with respect to the Federal Old-Age Survivors Trust Fund or the Federal Disability Insurance Trust Fund, with respect to revenues attributable to the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, with respect to the old-age, survivors, and disability insurance program established under title II of this Act.

(i) Application.—

(1) In general.—Except as provided in paragraphs (2) and (3), this section and the amendments made by this section shall become effective on the date of the enactment of this section and shall apply with respect to fiscal years beginning after September 30, 1985, and before October 1, 1991.

(2) Exception.—The amendments made by subsections (b)(1), (b)(2)(A), (b)(3)(A), (b)(5)(A)(i), and (c) of this section shall apply with respect to fiscal years beginning after September 30, 1986, and before October 1, 1990.

(3) OASDI Trust Funds.—The amendment made by subsection (e) shall apply as provided in such subsection.

Mr. DOLE. Mr. President, let me indicate for the Record cosponsors of both amendments. The principal sponsors are the distinguished Senator from Texas [Mr. Gramm], the distinguished Senator from New Hampshire [Mr. Rudman], the distinguished Senator from South Carolina [Mr. Hollings]; and in addition, the cosponsors are Senators Abdnor, Andrews, Boren, Boschwitz, Cochran, Cohen, D'Amato, Danforth, Denton, Dodd, East, Evans, Garn, Goldwater, Gorton, Grassley, Hatch, Hecht, Helms, Humphrey, Kassebaum, Kasten, Kerry, Laxalt, Lugar, Mattingly, McClure, McConnell, Murkowski, Nickles, Stevens, Symms, Trible, Wallop, Warner, Wilson, Zorinsky, and Dixon.

Mr. President, let me indicate we now have before us the Gramm-Rudman-Hollings amendment, and it would be my hope, although we have advised our colleagues there will be no votes after 3 p.m., this would be a good opportunity for the principals to explain the amendment, so it will be laid out in the Record.

Let me also indicate that there will be votes tomorrow. We have urged our colleagues to change their travel plans tomorrow, even those who may be leaving at 3 p.m. for St. Louis, to return to Washington.

It is my understanding there will be a Democratic caucus in the morning, so I would guess that votes could occur as early as 12 noon and we could have votes throughout tomorrow afternoon.

Again, the primary reason for this schedule is that according to the Treasury Secretary we must act on the debt ceiling extension by Monday. We could wait until Monday if we were passing a clean debt ceiling. We are not. We are probably going to amend the House debt ceiling bill maybe with one amendment, or maybe with more than one amendment. This means that the legislation will go back to the House of Representatives, which triggers a number of opportunities for the Speaker and others in the House of Representatives. They may go to conference. They may not go to conference. They may send us another debt ceiling without any amendment or another clean debt ceiling.

My point is that we cannot afford to wait until Monday or Tuesday to take final action in the Senate. We have already agreed to go out Thursday night to accommodate about a dozen Senators, and thus we are going to have a real problem of trying to complete action on the debt ceiling in addition to completing action of the reconciliation bill next week.

Following that, as I have indicated before, it would be my intention to go back to the Micronesia bill, with the textile amendment pending. At that time I assume the Senator from South Carolina would offer a cloture motion but hopefully during that period, while the petition is maturing, we might move on to the farm bill or some other legislation so that we can keep the calendar moving.

But I urge my colleagues that this would be a good opportunity between now and 6, 8, or 9 o'clock to debate the bill, make all the good arguments and any others you care to make between now and then.

I yield to the principal sponsor, Senator Gramm.

The PRESIDING OFFICER (Mr. Chafee). The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I rise to speak on behalf of our amendment, the Balanced Budget and Emergency Deficit Control Act of 1985.

Mr. President, we have before us for consideration an extraordinary request that we raise the debt ceiling to over $2 trillion.

I am not going to burden this body by trying to talk about how much money that is because, the truth is, no one knows.

But what we do know is it is twice the debt ceiling that existed only 5 years ago. In bringing this debt ceiling proposal to the floor, we admit to the American people that the budget process has failed and that we have failed.

And that brings us, Mr. President, to the point of our amendment. We have to raise the debt ceiling. To fail to act on the debt ceiling, to fail to raise the debt ceiling to allow the Federal Government to borrow money to cover the deficit, would insure the default on commitments the Federal Government has made to its people and has made around the world.

The question here is not whether or not we are going to raise the debt ceiling. The question is under what kind of circumstances are we going to raise it?

I remember, Mr. President, vividly, 7 years ago I had just gotten to the other body and we voted on raising the debt ceiling. I offered an amendment at the time to tie the debt ceiling to the budget process and mandate a balanced budget by 1983, and it failed by two votes. I remember a person in the leadership getting up and saying:

> Raising this debt ceiling is like a family paying its bills. Your spouse goes out and runs up big bills and you do not like it, but you don't have any alternative except to pay them.

And I got up and said:

> You are not taking the analogy far enough; that in any responsible family, when people go out and spend beyond their means, they pay their bills. But they also sit down around the kitchen table, call in the credit cards, get out the butcher knife and cut up the credit cards and set out an agreement to deal with the problem.

Well, Mr. President, in my 7 years in the Congress we have raised the debt ceiling but we have never called in the credit cards. We have never set out a method to deal with the problem. We are going to do that here on this increase in the debt ceiling. The time has come for us to do something about the deficit problem. The American people, by a margin of four to one, say the deficit problem of the Federal

Government is the No. 1 problem in the country. In fact, that has been true, Mr. President, since 1982. But today, for the first time since 1982, the No. 1 issue in America is now the No. 1 issue on the floor of the U.S. Senate.

This proposal, Mr. President, is an emergency program to deal with an economic emergency. It is a 5-year program that sets out extraordinary conditions related to the Federal budget and related to our target to balance the budget.

Beginning with a deficit of $180 billion for fiscal year 1986, we set out, over a 5-year period, a $36-billion-a-year reduction in the maximum allowable deficit to achieve our goal of balancing the budget in the budget that we will adopt in 1990 for fiscal year 1991.

Now that is important, Mr. President, not only because in 5 years we are going to deliver on a balanced budget—something we all claim to be for but we very seldom vote for—but that will be the last outyear budget submitted by Ronald Reagan. And it will give him an opportunity, under this bill, after going through very difficult and soul-searching decisions, to submit a balanced budget before he leaves the White House.

These budget ceilings, beginning with $180 billion and going to zero in the budget that we will adopt in calendar year 1990, represent the maximum allowable deficit under this emergency bill.

During the 5 years in which this emergency bill is in effect, the President will be required to submit budgets that do not have deficits that exceed these limits. During the 5-year emergency period under which this bill is in effect, it will not be in order in either the Senate or the House for the Budget Committees to bring to the floor of those respective Chambers budgets that have deficits that exceed these maximum allowable amounts.

Under this emergency measure, during the next 5 years in budget deliberations, all amendments will be zero-sum amendments. So that, if somebody wants to add money to a mother's milk program, they have to kill off a hog somewhere to pay for it. If somebody wants to raise spending in one area or reduce savings in another, or cut somebody's taxes somewhere else in the budget resolution, they have to come up with a corresponding way to pay for those programs.

Once the budget is adopted, within 10 legislative days during which either House of Congress is in session, the budget authority provided by the budget adopted under this emergency plan will be allocated down to the 302(b) levels, which, in English, means it will be allocated down to the subcommittee level, and those levels of spending will be binding. It will not be in order in either the House or the Senate to bring to the floor any amendment, any spending bill, any entitlement bill that violates the 302(b) allocations. So that for the first time ever under a budget, under this emergency procedure, the budget will be binding down to the subcommittee level.

Finally, Mr. President, on October 1 of every year except the first year—in the first year we are setting it into place on November 1—the Director of the Office of Management and Budget and the Director of the Congressional Budget Office must submit jointly a report setting out a series of economic projections for the fiscal year beginning on that day. If that projection shows a nonnegative real GNP growth—in other words, if there is no recession—and if that projection shows a deficit which exceeds the maximum allowable deficit by a significant amount, which is 7 percent in the first year, 5 percent thereafter, then this joint report will report to the President and the Congress the amount of the overage and the amount by which automatic increases and discretionary programs should be sequestered across the board proportionately so as to preserve the priorities of the Congress in order to terminate the deficit.

After the receipt of this report, the President must, in 14 days or less, enforce the sequester order and issue the order sequestering spending, discretionary spending, and automatic increases across the board. That order shall go into effect immediately upon promulgation.

At that point, the President can send to the Congress a proposed alternative, and that proposal is highly privileged under the procedures of the Budget Act. Either Budget Committee can report an alternative, which is also highly privileged in procedure. But none of those alternatives will be in order on the floor unless they totally eliminate the deficit. If the Congress acts on an alternative, sends it to the President, and the President signs it, that alternative savings plan is substituted for the automatic sequester.

Let me make it clear what is included and what is not included. The Social Security trust fund, as a freestanding trust fund, self-contained, is excluded from the budget process, is moved off-budget by this amendment and is not counted as part of the sequester process. In getting the aggregate budget to calculate the deficit, the Social Security trust fund is part of that calculation. But for consideration of the budget, submission by the President, and action by the Budget Committee, it is removed from consideration.

In those areas of entitlements, where the Federal Government sets out the conditions under which an entitlement is paid, where the Federal Government sets out eligibility standards and, therefore, where the expenditure is gauged by the number of people who qualify and the amount they qualified for, only automatic increases built into the budget will be subject to sequester.

Fifty percent of the initial overage shall be counted against those automatic increases, and not just entitlement programs but any automatic increase across the board except for that in the Social Security trust fund. The proviso that is operative, however, is that the automatic increase cannot be reduced below zero. If the automatic increase reaches zero before the deficit is terminated, then the remainder is transferred to discretionary programs. Under the discretionary programs the President must sequester across-the-board budget authority so as to produce a proportionate reduction in outlay.

Let me make note of the fact, Mr. President, why this is significantly different than impoundment, and why it is significantly different than any line-item veto approach. We all know that the difficulties in those procedures is that Members of Congress are jealous of their powers, and they do not want to transfer power to the executive branch. The executive branch likewise does not want to pass power to the Congress. This bill does not create new powers. What this bill does is simply makes the President the instrument of the will of Congress in sequestering across the board proportionately so as to preserve the congressional intent in terms of priorities.

A second option exists, Mr. President, and that exists in cases where we have a recession. I think it is important to say very briefly why that is important. In 1981, in the beginning of August, we were looking at about a $60 billion deficit depending on how you figured it. When the midyear review came out and it was clear how deep the recession was, in a 2-week period the deficit jumped from $60 billion to $140 billion. Of course, we have had it ever since. So we set out here special recognition that a recession plays havoc with the budget, and we set up a special proviso, or set out a special proviso to deal with that possibility. If on November 1, the joint report of OMB and CBO—and if they differ on their numbers, we are required by law to take the midpoint of those two projections—if they project a negative real GNP growth, a recession, then the President has 30 days instead of 14 days to submit the sequester order, or to impose it. He can send to the Congress a range of proposed alternatives, including the partial, total, temporary, or permanent suspension of the requirements of this bill. This bill is also suspended automatically in years when Congress has declared a state of war.

Mr. President, that in essence is the procedure. It is a simple procedure. There are those who have asked, is this the way you raise taxes? There are those who have asked is this the way you cut spending? Well, let me answer by saying this process does not prejudge the decisions made by Congress and by the President. This process, however, guarantees that action will be taken. It guarantees that we do not have the luxury of simply passing the buck to the American worker in terms of higher deficits. It means that we do not have the freedom to pass the burden of decisions not made onto the backs of our children and grandchildren. It means that a solution will occur. It does not dictate which solution. But it does dictate that the time has come for choosing, and that a choice will have to be made. I personally believe that with 5 years to balance the budget we can do the job, and the American people clearly believe that as well. With a $36 billion a year reduction in the deficit, at the same time that revenues are growing by over $7 billion a year, I believe that is doable by controlling spending. But the point is that if Congress and the President refuse to act, the across-the-board sequesture will occur, and the spending will be reduced.

There are those who say should we submit defense to these across-the-board cuts? Should we submit portions of the farm bill? Should we submit automatic increases? Let me remind you, Mr. President, and remind my colleagues that this automatic process need not occur if we do our job. If we adopt responsible budgets with realistic assumptions, with real savings, then this automatic sequester need never occur. No one need suffer from an across-the-board reduction in a Federal benefit if Congress does its job. So I say to those who will drag every dead cat across the table they can think of in terms of some motherhood, apple-pie program that if you do not want an automatic across-the-board reduction in spending to occur, do your job, vote to control spending, and vote to deal with the deficit.

Finally, Mr. President, let me conclude, since I know my two distinguished coauthors—at least one is here—and there are others who will want to speak on this amendment as well, by saying that when we adopt the debt ceiling every year, normally we wait around until the last minute and people are wondering whether mama's check is going to bounce in Social Security, or whether some Government employee is going to be laid off. And all the people that benefit from the Federal Government breathe a sigh of relief. In fact, we have done something for them when we raise the debt ceiling.

Mr. President, we have an opportunity on this amendment to do something not just for the people that are riding in the wagon; not just for the people that are benefiting from the Federal Government. But we have an opportunity to do something for somebody that Government seldom does much for. We have an opportunity to do something for the people who do the work, who pay the taxes, who pull the wagon, who make America work because in adopting this amendment like that responsible family that makes up all of our States and congressional districts in the Congress, we pay our bills. We are honorable. We meet our commitments. But also like that responsible family, when we are having trouble making ends meet, when there is runaway spending, when we have prodigal husbands, wives or children, we call in the credit cards. We set in force a procedure to deal with the problem. This is the procedure to deal with this problem. I believe Mr. President, that while we are all prone to exaggeration, that this is probably the most significant vote that we have cast in Congress in a long time. Certainly in my 7 years, only the 1981 budget and tax cut programs would rival this in terms of importance. We made a mistake in 1981, and in the subsequent years. We committed to a budget process we did not live with. We let the deficit get out of control. We came in, set out a budget, we cut taxes, we provided incentives for people to work, save and invest, and they have done it—8 million new jobs. We brought the inflation rate to a standstill. We have rebuilt national defense, saved Social Security, and cut taxes. And America has prospered. But we have one unfulfilled promise—one thing we said we would do we have not done. It has pained me ever since as a person who cosponsored that first budget. We said we would balance the budget. If we adopt this amendment, and the President signs it into law, we will have set into place the strongest provisions that can be written in statute to force fulfillment of that promise made long ago that we balance the budget. And I am convinced, Mr. President, that by doing this we will have fulfilled the commitments of the Reagan program, and will have made the progress that we have made in the last 5 years permanent.

So I urge my colleagues to adopt this amendment. I urge those on the Democratic side of the aisle to join with our Democratic cosponsors in making this a bipartisan approach to a problem—that it is a bipartisan problem.

I thank you, Mr. President.

Mr. RUDMAN. Will the Senator from Texas yield before giving up the floor?

Mr. GRAMM. Yes.

Mr. RUDMAN. I know the Senator from Texas has a great deal that he would like to say and ought to say on the bill. The Senator from South Carolina and I, who are cosponsors with the Senator from Texas, have a bit of a pressing problem in that we both are involved in marking up a bill before the Appropriations Committee this afternoon. And we would inquire of the Senator from Texas, who probably ought not to give up the floor at this time, whether he might like to yield to the Senator from South Carolina, who would like to address this issue, and then the Senator from New Hampshire, without giving up his right to be recognized. If the Senator from Texas would agree with that, I ask unanimous consent that the Senator from Texas might yield to the Senator from South Carolina and then the Senator from New Hampshire without giving up his right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. GRAMM. I am so proud to yield to my distinguished colleague from South Carolina.

Mr. HOLLINGS. I thank the distinguished authors, our distinguished friend from Texas, Senator GRAMM, and our distinguished Senator from New Hampshire, Senator RUDMAN.

Mr. President, I am very pleased to join in on this particular initiative because it is time that we have truth in budgeting and truth in description in what we have done and realize the absolute necessity for a mechanism of this kind. In reality, we never have had truth in description or truth in reporting of the budget process. I readily acknowledge it is a very complicated story to tell.

In essence, what we are going to stop and what we are really going to cut with this particular mechanism is the fraud that we have all perpetrated on the American people and ourselves in the adoption of the budget.

Our distinguished friend from New York was listing just a little while ago the cuts in the FBI, the cuts in all the important programs that none of us want to cut.

But we have given deliberate consideration to all of these particular items. I happen to be the ranking member on Commerce, Justice, State, and Judiciary Appropriations Subcommittee and handle the FBI budget. So no one could be more concerned and more considerate, I think the RECORD will show, about the increases in the FBI budget that have gone through at the insistence of this particular Senator.

What we really need to do is to cut the fraud that we engaged in which occurred about 2 months ago.

At the time of adoption in the Senate of the budget resolution we

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were all worn and weary and battle fatigue had set in. We began then the rhythmical rundown, getting ready for the August break.

At the time of that August break, I took the floor to outline exactly what we were doing, what the figures really were, and, as former chairman of the Budget Committee, why I was not voting for that budget.

I had been in the meetings all year long. I had been in the caucuses and conferences. So necessarily I feel loyalty to my comembers on the Budget Committee and deeply respect the hard work that they have performed, with the great leadership on both sides of the aisle, of Senator CHILES, the ranking member, and Senator DOMENICI, the chairman.

But I have to say that the budget they came up with didn't do enough about the deficit. I said at that particular time, "Look, this is not a $171.9 billion deficit." If you will look at the RECORD of August 1, I said, "It is nearly $192 billion to $200 billion."

Now, this afternoon as we present the Balanced Budget and Emergency Deficit Control Act—I do not believe we can get far with that title; I would prefer to call it truth in budgeting. We present the Truth in Budgeting Act because we want to accomplish something. This is not a political charade to find out who is who and what is what, to embarrass anyone, make members take a tough vote, or any of that stuff. We have been through those exercises.

This is a bipartisan move amongst colleagues to try to gain credibility in this particular body for truth in budgeting.

In going down the numbers, Senator GRAMM and I have had to make some adjustments.

First, rather than using the figure over the 5-year period in 1986 of $171.9 billion, we adjust it upward to $180 billion. We saw we were going above that, maybe substantially above it. It worried us because we were not trying to pass this particular mechanism to make traumatic cuts or require revenues and all the particular histrionics that you are going to hear as we discuss this thing. On the contrary, we want to make it realistically politically attainable.

Even after adjusting it to the $180 billion, counseling as we have with the Congressional Budget Office and the Office of Management and Budget, we have now made the adjustment for the first year rather than a 5-percent triggering figure over and above the stated deficit level of $171.9 billion, or $180 billion now—rather than the 5 percent, we put in 7 percent.

If the distinguished Senators will refer to that, they can take the 7 percent of the $180 billion and we are now working at a figure of $192.6 billion before the trigger is set on cutting the deficit. I said on August 1 it would be $192 billion. I have good authority standing here at this moment in truth in description and truth in budgeting from both the Office of Management and Budget and the Congressional Budget Office that it is going to be nearer that $192 billion figure.

What we wanted to do is to get right at the trigger level and perhaps not trigger it.

I would be the one who would say I still think perhaps we might trigger something as I relate it back to the various items. I will refer to the offshore drilling. We always embellish that some $4 billion and we are lucky to get $2 billion in offshore drilling. You know of the difficulties in California and down in the gulf, the problems we have there.

We always overdescribe the attainments of the Congress, such as Conrail. We were hoping to save $1.2 billion that we would get from Southern or somebody who wanted to buy it, or at least that amount.

We had a saving of $11.9 billion in agriculture. If we can get the bill in the next few moments on the floor we will be discussing $7.9 billion, so there is $4 billion as an outage right there.

We can get the rosy scenario where we were talking about an August 1 growth in GNP of 4 percent but now it is 1.67 percent.

So here in this period what we are trying to do is to lay our plan out on the table for our colleagues with no tricks, no pressures, no politics, as best we can keep them out of this. Everybody has priorities. Some will talk about education or what will happen to this or what will happen to that.

In my joining with Senator RUDMAN and Senator GRAMM, we have insisted that we be as impartial as we possibly could be and as unprejudiced as we possibly could be with respect to the executive branch and the Congress; with respect to the two bodies and the priorities that have been set therein, one priority being with respect to defense and the other with respect to the Social Security or social programs; with respect to the different parties, Republican and Democrats.

Democrats pride themselves in preserving Social Security and the Republicans pride themselves in not raising taxes. Our distinguished President says, "Make my day." So we are trying to be realistic about it. We are not mandating revenues and we are not mandating this or that or anything else. In that impartial, nonpartisan, bipartisan fashion, we come and say, "Here is the budget that the Congress has passed." Then, at the beginning of the fiscal year, October 1, in some 14 days—OMB and CBO have already given the particular figures on October 1. So by October 15, the President moves, if there is not a recession with his cuts.

The Washington word for that is "sequester." Our distinguished leader, Senator GRAMM, who has come off the campus, taught me that word. I have gone through and improved my vocabulary every year.

I got up here and got in an argument, I say to Senator LONG, and found I was not in an argument, I was in a dichotomy. I tried to find out what we were talking about when we talked about increasing spending, and they talk about "exacerbating." If I can ever find what "destabilizing" means—I never found anything stabilized to get destabilized. The most delightful word I have ever learned up here is "honorarium." That is a nice one, the best one I ever heard.

Now I learn from my distinguished friend, Senator GRAMM, on this particular score, that when something is "sequestered," that means the President cuts. He cuts in equal percentages, having adhered to the division of controllables and uncontrollables.

So, if you look at it realistically and we are trying to really set in a mechanism that we can all join in now, we said, "Heavens above, Congress has already voted to take Social Security off budget in 1991." That has been a solid vote. There are many still in the ranks who feel it is not a part of the budget and its difficulties only commenced back in 1968-69 when President Johnson took it and put it into the unified budget.

I think perhaps if we had a vote in the next 2 seconds, the majority of the Senate would vote that way. There is no use, in these important closing days of the national Congress, trying to get a debt limit, to find out who is where on Social Security. That would bring them from Missouri; they would turn plain around in midair if we bring that up, and they would come out on the floor and everybody would start talking about Social Security and miss the point.

So realistically, we said look at it this way: We are supposed to believe that Social Security has helped us in our analysis and the adoption of the 1986 budget. So with the outlays and expenditures, we tried to count it in—we are not trying to exacerbate, to increase that 1986 budget. We are trying to keep it the way Congress acted on it. When it comes around to that Presidential cutting or "sequestering," that is off limits, that ends that argument. There should not be any in there and some feel strongly about that. We have not arrived at that literally.

I happen to have been one who recommended back in January to freeze the COLA's. I have been trying to do that for 3 or 4 years. That is what brings me to this particular point. We have fought the good fight on a bipartisan basis since 1981 of presenting a freeze across the board and somehow, it just does not get passed. The Budget Committee members were edging up to it at the Fourth of July break, but I am not going into that and reirritate some feelings with references to that. The fact is we did not do it.

I can identify with those on Social Security that perhaps everything should be included. But we have ended that argument with respect to this present action, because we are doing our dead-level best to pass something. We are not out here demonstrating this Thursday afternoon. We are trying to actually get this passed.

Along that line, we have been on the House side. There are some meetings going on over there right now. There is good, strong bipartisan support, I might say, in all of the House for going along with a mechanism of this kind. It may not be exactly what we may pass over here on the Senate side, but it will not be distorted in any particular fashion. I am really encouraged in that sense.

Mr. President, in the early days of the budget process, I would have liked to present my own version of a balanced budget along with Senator Muskie—because we as former Governors, in creating the budget process—thought we ought to have some teeth in it. As Governors we had developed a balanced budget approach before and it is a working thing that can be done. There is no use to look at the Federal Government and say it is an impossibility. If there is an impossibility part of the Government, it is the Congress, it is that the Congress does not want to do it.

So we want to entice and encourage and persuade as best we can all of our colleagues on both sides of the aisle—as I say, do it or work it out—and make sure that there is a mechanism instituted to balance the budget that we can live with.

On that point, Mr. President, there are some differences in thoughts that are going around, with others making suggestions about how to balance the budget. I have only recently seen the proposals made by some of my Democratic colleagues. I would take exception to the schedule for the deficit reduction and that is one reason I moved up Senator GRAMM's dates. That is when I got into the picture. We were talking about next year and we have to be realistic.

If we wait until January, when the President presents his budget along with an economic report, soon we will have Lincoln's Birthday recess, then we will finally gear up at the end of February, move into March and not get anything done until the end of April or May. But if you wait until then to "sequester" or cut, you will have already given COLA's in January, February, and perhaps March, and are not going to take them away. If, on the other hand, you want to go after defense and make some proportional cuts there, then, of course, the contracts will have already been let. I described how our distinguished Secretary of Defense, Cap Weinberger, over there, is staying up day and night, around the clock, to let all the contracts he can possibly get out before this catches him in November when we get it passed.

If you wait until next spring you will be in a position where all you can do with defense is cut operation, maintenance, readiness, or salaries, and we do not want to do that on either side of the aisle—conservative or liberal.

If we cut in defense, we should cut some new initiatives, some procurement contracts, hold them up, perhaps stretch them out, cut on some research, perhaps. But in any event, we want to make the cuts realistically obtainable and as prompt as possible.

But we did not play with real bullets this year. Nobody knew that we were going to do this or try this or even get this much support. There are some 40 Senators already here to begin with and I am confident we can get something of this kind passed in the Senate on a bipartisan basis. They did not think in these kinds of terms. No one listened at the particular time when we were trying to analyze what we had done, we were already $20 billion out. I have been telling my colleagues in the appropriations markups—we had beaten each other up. It is a good discipline and I follow Senators DOMENICI and CHILES on that, to at least stay within targets. But in reality, as we beat each other up about $50 million here or $50 million there, we are already $20 billion out. That appears on the face of this document.

On that basis, we have moved along now and picked up—I say to Senator GRAMM. I am going to ask unanimous consent that the distinguished Senator from Texas [Mr. BENTSEN] be added as a cosponsor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HOLLINGS. Senator GRAMM did not object?

Mr. GRAMM. I am delighted, Mr. President.

Mr. HOLLINGS. I thank the Senator very much.

Let me conclude by saying, one more time, that this is a realistic proposal. You find controllables—there are no tricks there—and uncontrollables. Those who have not worked within the budget system, and I am not speaking smugly as if that is some honor; I can tell my friends that politically, it is a negative. You can just say no, no, no to all your colleagues on all the programs. I have not picked up a vote being on the Budget Committee. But you learn and there are some descriptions for controllables and uncontrollables.

We cannot come in and change formative law, but we can take on the uncontrollable side of entitlements, whereby, at some $12.5 billion in COLA's or increases, $5.2 billion being off limits to the President—that is $5.2 billion of Social Security COLA's. You will have to go to the $7.3 billion there and then you would have to go to the other side, where the controllables are, and an equal proportional amount of defense and social programs and everything else.

And, yes, if you have gone along, you are going to have some cuts. We are trying, as I have indicated, to measure it right down the middle. It is very, very unfortunate, Mr. President, we never have listened and realized. This Congress already has approved a budget which mandates that when we meet again in the 2d session of the 99th Congress, in January, we spend some $80 billion to $85 billion more. It does this without revenues, in an election year we are back to cutting programs and everything else.

Now, that is the sort of political thing that I have tried to describe to my Democratic friends, that we have been playing a game and losing that game because we do not like to cut women, infants and children's feeding and school lunches and student loans for higher education, but those are the only places that can be cut under the game that is being played. We have already agreed, in the budget that we are talking about, not the debt limit now or the deficit, but for next year we have agreed to a 3-percent real growth or $25 billion in defense. We must pay the interest cost which is going up $30 billion. That is $55 billion. You have COLA's. If we did not cut it this year, we are not going to cut it in 1986, I can assume, so that is another $15 billion, $16 billion perhaps more if inflation goes up, CPI increases, so you are up there to $70 billion. And you look at health care costs. They run about $12 billion to $15 billion, so you already have committed on the floors of the Congress and in this administration—we have done it—$85 billion more next year and we are not going to have any revenues.

And then we will increase the deficit again. We offer this plan not just to reduce the $2 trillion debt. More important than that is the need to stop this onrushing, marathon kind of operation of rolling down the hill like a snowball, with the deficit and the debt getting bigger and bigger and bigger. If we just stopped it and did nothing more, we would have accomplished a tremendous act of progress on this whole charade that we have been playing. Why have we played this charade? Because we have committed in the adoption of the budget to spend some $85 billion more. At the same time we refused to talk about increasing revenues. There is just no way in the world to stop this mammoth snowballing other than the particular mechanism that we have here before our colleagues. I can go into some of the things that I am confident will be asked about it, but the Senator from Texas has been most indulgent. Our distinguished Senator RUDMAN of New Hampshire has been working not just on this particular balanced budget and deficit reduction act or truth in budgeting, but he is also the chairman of the Commerce, Justice, State Appropriations Subcommittee, which is having its markup this afternoon, so I am limiting my remarks and saying only one word. We are going to have to mean what we say and say what we mean and not play that game at the end of the year of, "Oops, we miscalculated," and then start pointing fingers at each other. As has been stated, we are pulling in the credit cards, we are playing with real bullets, we are trying to be serious and institute a mechanism to bring back credibility to the national Government. We have fiscal responsibility at the State level. The States have been able to raise revenues, pay bills, and maintain their credit ratings in face of increased financial burdens in recent years. They have balanced their budgets, I can tell you, as a professional politician and public servant for over 35 years now. It can work at the Federal level as well. I never have succeeded passing any kind of budget freeze or anything else, but I have not given up. I am optimistic and I am proud to join Senator GRAMM and Senator RUDMAN and the many cosponsors in this particular initiative. I thank the distinguished Senator from Texas [Mr. GRAMM]. I am proud to work with him on this one and with Senator RUDMAN.

Mr. GRAMM. I yield to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. RUDMAN. Mr. President, I will be brief because, as my friend from South Carolina has pointed out, the two of us must go back to the appropriations markup to finish work on the Commerce-State-Justice Department appropriation bill which is now pending. But I want to depart from the remarks made by the Senator from South Carolina and the Senator from Texas in describing the process because I think that has been explained by them in exquisite detail and needs no further expounding by me. I want to make a couple of observations for my colleagues and for the RECORD about the Senator from Texas and the Senator from South Carolina. The Senator from Texas, although he has come to this body only this year, brings to the U.S. Senate an encyclopedic knowledge of the process, again by his 4-year service on the House Budget Committee during his 6 years in the other body. He brings a knowledge and a precision to this that, frankly, I find astounding. Working with him on this has been a pleasure because he understands this process as well as anyone in this city.

As for my friend from South Carolina, Senator HOLLINGS, who was at one time the chairman of the Senate Budget Committee, and who serves with me on the Appropriations Subcommittee on Commerce-State-Justice, not only does he bring a great deal of knowledge to this task but an understanding of the dynamics of this body, and I think probably more important than anything else he brings a certain humanity and a sense of humor to the process that probably make it more understandable and more bearable for all of us. Mr. President, I am particularly pleased to work with the Senator from Texas and the Senator from South Carolina on this issue.

I believe it was Victor Hugo who said something to the effect that there is an idea whose time has come. More than a month ago Senator GRAMM and I discussed this very briefly, at the time of the passage of the budget resolution. I voted against that budget resolution at the time saying—some thought harshly—that the resoluion was not better than nothing, as it has been propounded, but in fact was nothing. And as we come down the road now roughly 60 days later, we find this country facing deficits anywhere from $20 billion to $30 billion more than the U.S. Congress said they would be by solemn declaration no more than 60 days ago.

The fact is that we had a very narrow window of opportunity.

As I got back to New Hampshire during the month of August and traveled all over that State, what I found was that people were concerned about the deficit more than anything else. They were concerned about their future, the future of this economy, and their children's future.

All of a sudden, the press started reporting that when Congress came back, we would be asked to vote on increasing the national debt ceiling to $2 trillion. I believe that that figure, more than any other, has given us this window of opportunity. Frankly, as we stand on this floor this afternoon, whereas that window was open slightly a crack, I think we have blown the glass out of the window. I think there is a prairie fire in this town right now, sweeping through the Senate, and it is going to roll right over the House of Representatives; because the American people are not going to stand by and see the U.S. Congress go "Ho hum" and vote for a $2 trillion national debt limit unless there is some indication that we have the intestinal fortitude—known in my State as guts—to put some tough structural reform into the process, which is a failure.

Let me comment about what the national debt means to the people of my State, the people sitting in the galleries today, the people across the country, and these young pages sitting at the foot of the Presiding Officer's dais.

For every family of four in America today, this week, you are paying $34.50 a week in taxes which go to pay interest on the national debt. If that is not an astounding figure, I have not heard one; $34.50 for every family of four in America is allocated from their after-tax income—not even before-tax income—to pay interest on the debt.

So what are we supposed to do, when we come back here from our home States after the recess? Simply sit here and play coy and cute and let the leadership trample on us and beat on us and, after holding it up, realize that we have to do the responsible thing and, finally, vote again, as I have done four times in the past, to increase the national debt, and this time to $2 trillion plus?

To me, the answer was clearly "No," although, as a responsible Member of this body, I recognize that that must be done.

So the Senator from Texas, the Senator from South Carolina, and I decided that we would raise the ante, that there ought to be a price for raising the debt; and I will be pleased, strike that, I will be willing to vote for the national debt in the event that this Congress adopts this proposal or one like it.

I am fascinated that the other body is now working very vigorously to get its version. I am delighted to hear that my friends on the other side of the aisle—and I have many—who are as deeply concerned about this deficit as we are on this side of the aisle are working on a Democratic alternative. I think that is wonderful, and I say that in all sincerity; because it was Disraeli who said that in democracies, as long as nobody cares who gets the credit, a lot can get done. I do not particularly care who gets the credit. I do not care if it is called "Gramm-Hollings-Rudman" or anything else.

The important thing to the people of America is that when we leave here, be it tonight, tomorrow night, next Monday night, or 4 o'clock in the morning next Friday, when we pass the increase in the national debt, the people of America can wake up in the morning and watch the morning news and be told that the U.S. Congress finally put a stop to the irresponsibility of Congress and administrations, present and past, which have failed to confront the basic policy decisions facing America.

What does this proposal do? What it does is of the most simple essence. It forces policy decisions.

There are those in this body who believe that we should have more taxes. There are those in this body who believe that we should have less defense spending. There are others who think that we should have more social spending. None of those is addressed in this proposal.

The purpose of this proposal is not to take up a slant for or against any of those points of view. The purpose of this proposal is simply, and in a straightforward manner, to say that when Jefferson and Madison talked about checks and balances, they did not realize that there was a safety valve called the deficit and that the checks and balances could lead to gridlock; that Congress and the administration could fail in addressing basic policy and pour it all into the deficit, with phony assumptions and phony numbers and phony speeches.

At our press conference the other day, the junior Senator from Connecticut [Mr. Dodd] coined a phrase that is the best I have heard in a long time. What he said was that people were practicing bumper sticker politics. That is what Congress has been practicing; and I must say, with some reluctance, that I think that is what the administration, to some extent, has been practicing—bumper sticker politics.

The Gramm-Hollings-Rudman proposal is only one thing: When all is said and done, we will stand on the floor in this body and the other body and we will vote. We will be forced to vote; because if we do not like what the President does in applying this formula, we must stand up and be counted. We cannot be engaged in a perpetual finger-pointing society, where we point our finger at the House, the House points its finger at the President, and the President points his finger back at Congress. That is what we have been doing for the last 4 years. That is precisely how dificit and debt has gone from $1 trillion to $2 trillion.

All we are asking our colleagues in this body and the other body is to give the original system of checks and balances a chance to work. Let us be responsible; let us be direct; let us be forthright. Whatever solutions come out of Congress next year, based on this proposal, only guarantee one thing, and that is that this never-ending, rising series of deficits plaguing this country and our future will end.

I again thank the Senator from South Carolina and the Senator from Texas, who truly have brought a breadth of experience to this effort, and I am glad to have had a small part in working with them.

Mr. GRAMM. Mr. President, it has been a great privilege for me to work with the distinguished Senator from New Hampshire and the distinguished Senator from South Carolina.

This is not a perfect proposal. May be somebody could come up with a better one. But it is a proposal that has been worked on for a long time. It has had input from a vast number of people with different perspectives on the problem and different backgrounds and different experiences. It is a proposal that I believe will work. It will not solve the problem, but it will make us make choices and do our job.

I recall that in my 6 years in the House, I used to read above the Speaker's chair a quotation that was carved in the wall by a Senator from New Hampshire—not our colleague Warren Rudman, but another Senator from New Hampshire, Daniel Webster. That quotation concluded: "May we do something in our time worthy of being remembered."

I believe that on this amendment, on this debt ceiling, we have an opportunity to do something worthy of being remembered. I believe that we are going to do it in the U.S. Senate. I believe that we are going to adopt this comprehensive reform measure to set in place a program that will balance the budget and make our economic recovery sustainable.

I hope that when the House votes on this measure, they will read that Webster quotation and that they will do something worthy of being remembered as well; because if they do, we will have truly made history and we will truly have dealt with a problem that our Nation and our people cry out to be dealt with.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that my name be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, we are on the debt ceiling bill, and just so that we might simply lay out what the debt ceiling bill is and why we are here to raise it, let me put it in illustrative and rather simple terms.

Assume that you have a country that has 12 people in it, and the Government promises to each of those 12 people that it will give them $100 a year—$1200. We are going to pay this out of the coffers of the Government. We raise taxes enough only to produce $1,000. So we have promised to pay $1,200, we have collected only enough to bring in $1,000, and if we are going to bring in the $1,200, we have to get the $200 someplace.

What we have been doing is borrowing it. The Government can only borrow money by authorization of Congress. So the President comes to Congress and he says to Congress, "Ladies and gentlemen of the Congress, please pass authority for the Government to borrow $200 so that we can have $1,000 of taxes and $200 of borrowed money to pay each of our citizens $100 a year." We approve it. The year goes by. We pay each of the citizens their $100. The year is gone.

Now we are into the next year. We still have 12 citizens. We are still promising to pay them $100 a year. We are still only collecting $1,000 total. So next year we are going to pay out $1,200 and have only $1,000 coming in. Again we are $200 short. Only now we have already borrowed $200 last year and all we are paying is the interest on it. We are not paying back any of the principal.

So when we get to this year the President says again to Congress, "Ladies and gentlemen of the Congress, last year you authorized me to borrow $200 to pay for the difference between what we are paying out and what we are collecting in taxes."

We are borrowing that and we are borrowing it all the time because we are not paying anything on the principal. Now by the laws that you passed we are going to continue this process of paying out $1,200 and taxing $1,000. So now we need to borrow another $200 on top of the $200 last year. And if we cannot borrow it because we are not going to tax it and we are not going to cut the spending or have not, then we cannot meet our obligations. So he asks us to increase the debt ceiling from $200 which was the ceiling last year to $400, again because we are paying nothing on the principal. So we pass a law that says the President can borrow $400.

And that is what we have been doing year after year after year, and now we are at a situation where we have borrowed up to the limit that the law allows, somewhat in excess of $1.8 trillion. And as we are going to have a deficit in the magnitude of $170 billion to $200 billion the President has come to us and said, "Ladies and gentlemen of the Congress, will you please raise the debt ceiling the slightest," in excess of $2 trillion so that we can borrow the money to pay the obligations that we said we are going to undertake?

And Congress really has no choice and Congress is as much at fault in this and is as much a partner as the President, because we have passed the laws authorizing the spending, we have even appropriated the money for the spending and now we either have to tax it, borrow it, or renege on the promises that we made about this spending, and there is an argument that can be made on occasion we should do that, but you must do one of the three.

So we are here before us today on the debate on the debt ceiling. On occasion I am amused by some of my colleagues who will vote for most of the expenditures month in, month out, month in, month out, and vote against any taxes or enough taxes to pay for it, and when it comes time to vote for the debt ceiling to borrow the money make their one vote of the year in defense of fiscal conservatism by voting against the debt ceiling, having voted to spend all the money.

The time to stop spending is not when you have already promised to spend it all and appropriated it all and at the end of it go out to borrow it. The time to stop the spending is before you make the promise to spend it.

And that is what the amendment of the Senators from Texas, New Hampshire, and South Carolina is intended to do over the next 6 years, to gradually reduce the amount of spending we do so that our income equals our outgo and that we will not have to have any more increases in the debt ceiling to fund expenditures.

I am delighted to join with my colleague from Texas and others in supporting this amendment.

Every now and then I get from a constituent a question about are we going to make any effort to pay back the national debt, and my response is I hope so but I will be happy now just if we can keep even and not add to the national debt.

This amendment will do that.

Now, is this amendment in the academic community universally agreed to? Probably not. I have been in this body 17 years. I served on the Banking Committee for eight. I have been on the Finance Committee now for 12. And in that time I have heard all of the great economists at least by reputation in this country and many of the world's great economists testify. Many of them have Nobel Prizes in economics. Many of them are heads of our great university economic departments. They are nice people. But I have come to the conclusion that they no better know what is going to happen to the economy of this country than any other citizen of average competence with a reasonably intuitive feeling about spending and receiving.

Oh, there are economists—I have heard them testify—there are economists—and my good friend from Texas heard them also—who will assure us we can go on borrowing $250 billion a year, ad infinitum, that we can handle that deficit, and it makes no difference that the interest that we pay each year goes up and becomes an increasing portion of our national budget, you can do it forever, somewhat akin to the magic saltbox in the fairy tale of our youth that sat on the bottom of the sea and perpetually turned out salt and that is why the sea was salty. There is unfortunately no similar moneybox, not even as some of our colleagues think the Federal Reserve System where they would suggest that it simply print money and that will solve our problems. It will not.

There are as many good economists who agree with the amendment of the Senator from Texas, many more than those who disagree. But at the bottom I think what most of us are going to have to do is vote on what we think or feel will work or is right, or define it as you want.

The Senator from Texas is himself a distinguished academic. The limit of my formal economic academic training is limited to an introductory course at Willamette University, first year's economics. Beyond that, I have no formal training. But intuitively it seems to me that you cannot borrow forever, not the Senator from Texas, not me, not the United States, without one day your creditor finally saying "No more and, by the way, pay back a little on what you owe in addition to trying to borrow more."

It has happened to most of the civilized countries in the world and what has happened is that they have gone bankrupt from time to time. It happened to Russia after the revolution. It happened to Germany in the early 1920's. It happened to Japan after World War II. In essence, it happened to Britain under the Labor Government. They did not call it bankruptcy but for all practical purposes, that is what it was. They simply spent and spent and borrowed and borrowed and finally, the international community would loan them no more money and they went bankrupt and started all over again. If you do that, it takes not just a decade or a generation, but decades and decades and decades to reestablish your good name and credit.

Could that happen to the United States? I hope not, but I am not sure that in this sense God set us apart from all of the others and said, "You and you alone can borrow forever without repercussion."

As a matter of fact, most of the countries of the world today do not have a credit rating in the normal sense that you would define the term. Most of the countries of the world today are probably bankrupt in the actual sense, perhaps not in the technical sense, because their creditors have not yet foreclosed on them.

But if you mean most of the countries of the world borrow money in the sense that we mean one country would extend credit to another on a creditworthy basis, the answer is no. They get soft loans from international organizations or renegotiated loans from banks that they had previously loaned the money and now are in a hopeless condition and cannot renegotiate them and all they can do is extend them.

They get foreign aid from countries, including ours, which we give to them because we think it is better that we help them, even though they have no credit, than that they go through revolutions or turn against us.

But finally, even the largess of the United States cannot extend to everyone. And we have discovered that, finally, it cannot even extend always to ourselves.

So, Mr. President, I am pleased to join my colleague from Texas in his endeavor. After 17 years of listening to the world's great credit minds on one side or the other of this issue, many of them from around the world, I have come to the conclusion that this country has lived too long on borrowed ideas, borrowed money, and borrowed time. The time has come to stop.

The debate on the debt ceiling, per se, is today, tomorrow, and until we act, really, but is a minor part of this drama. A much more significant part is the amendment proposed by the Senator from Texas and his colleagues. And, while I am technically manager of this bill, as chairman of the Finance Committee, I feel more akin to a picador at the bullfight when the matador is the Senator from Texas.

I wish him good luck. He has done an extraordinary thing for this body in bringing before us this amendment. We will eventually, if it passes here, go to conference with the House. I assure him I will do everything in my power to make sure that it is adopted or, at a minimum, make sure that the House must vote on it so that everyone will understand who attempted to adopt this amendment and, if it is defeated, who defeated it.

I yield the floor.

(Mr. QUAYLE assumed the chair.)

Mr. GORTON. Mr. President, as the Senator from Oregon has so eloquently pointed out, we are now debating an increase in the debt limit of the United States. It has always seemed to me a curious vehicle on which to debate extraneous subject matter, though year after year it becomes just such a vehicle.

It seems to me to be curious because, of course, the debt limit or the national debt itself simply reflects the mathematical necessity to pay for decisions which have already been made by a Congress and by a national administration. And, as a consequence, it has always seemed to me curious, particularly, that those who have been unwilling to cast a difficult or controversial vote on either spending programs or taxing programs, nonetheless are willing to speak eloquently about the foolhardiness of increasing the debt limit.

This amendment, however, does not fall into the category of the extraneous subject matter often debated when a debt limit ceiling is before the Senate of the United States. It is totally appropriate to consider a change in the system by which this body and the House of Representatives and the President of the United States made the decisions, as a part of this year's debate on the budget which inevitably led to the necessity to raise the debt limit.

Mark my words, Mr. President, and all those who will hear or read them, the Gramm-Rudman-Hollings amendment represents a dramatic, a radically new and different approach to the way in which the Congress of the United States deals with fiscal questions. In that sense, it is at least comparable in importance to the Budget Act of 1974 itself. It is a matter still of some surprise, to a Member who was not here in 1974, that it is only at that relatively recent date that the Congress first organized its debate over fiscal policy in such a fashion that all of the elements of that policy could be before the Congress at a single time. For the first time, beginning with the Budget Act of 1974, Members of this body and the House of Representatives were required to consider all spending programs and their impacts, all taxing and other revenue programs and their impacts, and the consequent deficit or, in theory, surplus—though no such surplus has ever had to be debated under the Budget Act of 1974—at one time and in the context of one single resolution.

The Budget Act of 1974, however, Mr. President, did not force action of any particular kind. While it enlightened, while it made it almost impossible for Members to ignore the consequences of their actions, the ultimate result of a debate over the budget under that act could be responsible action, it could be irresponsible action, or it could amount to no action at all.

This year, in 1985, there was perhaps more interest in the debate over the budget resolution than at any other time, with the possible exception of 1981. It took the Congress far longer than the Budget Act envisaged, from late in January until the first day of August, because many ideas designed to solve the problem of budget deficits were presented to the Members of this body and the other body and the people of the United States. Unfortunately, too many such ideas were presented for any to pass.

One of those proposals, rather late in the game, came to the conference committee on the budget at least under my name and the name of the distinguished ranking minority member of the Senate Budget Committee, the Senator from Florida, with the strong support of the Senator from South Carolina, who is one of the primary authors of this proposal. It took a different approach toward balancing the budget than I suspect the Senator from Texas would have taken or that would have been taken by a number of other Members on both sides of the aisle. It also, unfortunately, ran into opposition on the part of the President of the United States and the Speaker of the House of Representatives, and that combination was too much to overcome.

As a consequence, Mr. President, the conference committee and this body and the House accepted what we could get, accepted a budget resolution which, if enforced, would at least arrest the seemingly inevitable increase in each year's national deficit and begin perhaps modestly to reduce those deficits.

No person, however, seriously contends that the 1985 budget resolution can ever result in a balanced budget. Regrettably, no responsible person claims that it can have a dramatic and positive impact on strengthening our economy, on encouraging national growth, on providing hundreds of thousands of new jobs to Americans seeking those positions, on lowering the value of the dollar and thus on our terrible trade deficit. But it was, nonetheless, the best that could be done under the procedures set forth by the Budget Act of 1974.

Regrettably, Mr. President, to a certain extent, that agreement has already unraveled. We are unlikely to reach precisely the goals which it set, even for fiscal year 1986, much less for the years coming after 1986. Therein lies the genius of the Gramm-Rudman-Hollings proposal.

Its genius is not in the special detail, in the dates by which certain actions must be taken, or in the mechanics of the proposal. Its genius is in its theory. The amendment before us would accomplish this: change profoundly the consequences of a deadlock over budget priorities, and the consequences of inaction. To this point the consequences is deadlocked, the consequences of inaction, have been that budget deficits went on as they did before, growing for all practical purposes on automatic pilot, frustrating the people of the country, choking the economy, and frustrating even the members who vote for them.

Under Gramm-Rudman-Hollings, if the Members of the Congress of the United States cannot reach their goals, cannot reach the goals of that amendment which would result in a balanced budget by fiscal year 1990, through a course of creative compromise, then the amendment's formula will do it for us. That is to say, whereas under the present system the consequences of inaction or deadlock are a continuation of present policy and a growth of deficits, after the passage of this amendment the consequences of inaction or of a deadlock will be that we will nonetheless proceed in the direction of a balanced budget and of a stronger economy.

It is perhaps a secondary benefit of this proposal that the formula contained in the amendment by which we will reach those goals is not one which any Member would pick or would like for himself or for herself. Some of course will prefer that the entire burden of reaching a balanced budget be placed on the backs of many spending programs. Few who fall into that category, however, will feel that every spending program, domestic and foreign, defense and civilian, should be treated in a precisely equal fashion, because the needs of varying programs differ from one to another. But, in order to change the priorities set out in this amendment, they will be required to pass an alternative proposal which meets the same set of goals, and the alternative will have to be signed by the President of the United States. In other words, this amendment shifts the burden of proof, and that is the whole game. It is the most profound of all possible changes in budgeting priorities. We will reach goals which all of us share if this amendment passes this body, the House, and is signed by the President of the United States. I suspect we will reach it in a manner far different from what the mechanical formula contained in the amendment would require simply because the penalties for inaction will be so great, and the demands for a creative and sensitive response will be correspondingly great.

As a consequence, this is a magnificent idea. Its primary sponsors, the Senator from Texas, the Senator from New Hampshire and the Senator from South Carolina, are owed a great debt of gratitude, not only by every Member of this body but by the people of the United States. The finest way in which we can pay that debt, Mr. President, is to pass their proposal tomorrow by a huge majority here in the Senate, and hope that the House does likewise.

In setting out the details of their amendment, the sponsors have been particularly modest. Each of them has disclaimed the perfection of the proposal. Each has stated that he would be perfectly happy if an alternative could be discovered which would reach the same goals. In my view, Mr. President, they have been too modest. I doubt seriously that any Member of this body or of the House of Representatives will in fact come up with a better alternative. Each Member is, of course, invited to do so. In my view, this is a dramatic debate because this is a vitally important proposal. If it should pass, it would undoubtedly be the single most effective piece of legislation passed by the Congress in 1985.

We have been given a second chance, Mr. President.

We thought that we had a brief window of opportunity this summer in which to reach our goals through the budget resolution for 1985. We failed to do so. Many felt that opportunity would not present itself again for some time. Thanks to the genius of these three members, that opportunity has presented itself promptly. It has presented itself in a form which is at least semideterminant in nature, and which will, I hope, become a permanent part of the budget process.

I commend the amendment to you, Mr. President, to the Members of this body, and to the balance of the Congress of the United States.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SYMMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. SYMMS. Mr. President, as we gather here again for this annual ritual to so-call raise the debt ceiling, I would like to inquire with a couple of questions of the distinguished chairman. It is often said, and it was only last evening when I was in a meeting where people were talking about the fact that, well, there is no choice but to go ahead and raise this debt ceiling is the gist of the conversation. I say, Mr. President, that there is no choice but to go ahead because the Congress and the Government has already spent this money, and now they have to pay the bills. I made the observation to this gentleman that is not quite the case because what we are doing is establishing a line of credit for next year—starting fiscal year. Actually, it is for this year. We are starting in fiscal year 1986. I would like to ask the chairman what is the case here? We have not spent this $100 billion that is being borrowed at this point. Is that not correct?

Mr. PACKWOOD. My colleague from Idaho is right. We are not borrowing money to pay debts that we have already incurred. But what we have done is adopt a budget—as a matter of fact, it went into effect day before yesterday, and our fiscal year started October 1—in which we said we promise you, Mr. and Mrs. America, so many battleships, so much Social Security, so much education, and we will spend this over the next 12 months. That is the budget we have adopted. We voted for it. Congress voted for it. We have not spent the money. That money will be spent throughout the year—the 1st of October through the 30th of September.

If we spend money on the basis that we have said we are going to spend it in the budget resolution that we have adopted, we will spend about $180 to $200 billion more than we will take in. What we are going to borrow is that roughly $180 to $200 million to pay for the obligations which we have already voted to undertake.

Mr. SYMMS. I thank the chairman very much. I have made observations before that in the hypothetical case the President often asks for line item veto. I would say to the chairman, what would happen if the President would have his Attorney General give him a ruling that he as Chief Executive of this Government is not allowed to spend any money that he does not take in, he must then establish priorities where Congress has failed to do so, and just put them on a cash basis? It would not be $200 billion. It would be the first month's shortage like last month. In September, the Government actually ran a $3 billion surplus, I believe.

Mr. PACKWOOD. Actually, we are very close to being at that point right now. At of about next Monday, 3 or 4 days from now, we are out of cash. And the debt ceiling? We will have reached the amount of money we can borrow. We cannot borrow any more money under the existing debt ceiling. We will be out of cash. We will start to have more obligations coming due than we have cash coming in.

At that stage, the President has one of two choices, and I think he can probably constitutionally do either. We have never faced it, so no one knows.

Perhaps he might have the power to allocate, to say, "Instead of two battleships, we are going to have one, and instead of $500 million for education we are going to have $300 million."

That is technically impoundment. We had a battle in this Congress years ago regarding impoundment, as to whether the President could pick and choose things for which the money could be spent. The Congress said he was not able to do that.

But technically, it becomes a race to the bank to see who can cash their check first. It is first come, first served. If General Electric gets down there immediately for whatever money they should receive from the Government that month, and they happen to beat a little old lady with arthritis with a cane, if she does not get there faster, she would not be paid, but General Electric would get paid.

Where you have more cash coming in than going out, you can make it in that month. As the Senator is aware, the money does not come in in equal amounts each month. The months which are tax-collecting months are bigger months, and the quarterly payments months are bigger months. But over the year you would have about a $200 billion uneven flow on the average.

Mr. SYMMS. I thank the chairman very much. In other words, to accomplish the plan that I alluded to, and, in fact, have suggested to the President, he would have to put the country on notice in advance that he was going to do it, and what the Senator is saying is it has never been tested whether it is unconstitutional or not.

Mr. PACKWOOD. It has never been tested because we have always passed an increase in the debt ceiling, one, and, two, we have always been able to get people to buy the debt, to buy the bonds, to float the deficit.

Mr. SYMMS. I would envision that the President would have to announce the first priority of spending was going to be the notes, bonds and so on of the U.S. Government to keep our credit good. The chairman stated very clearly that we have to have credit. I would add that we live in a society where all debts are paid and we often think that these debts have to be paid. Either the person who lends the money pays the debt or the person who borrows the money pays the debt, but one way or the other the debt is paid.

What I would envision the President would do is he would first see that the interest is paid on all the notes and all the credit would be kept good. The little, old lady with arthritis would get her check and he would hold back for everyone else, like the States do.

The proposal that we are discussing here, the Gramm-Rudman-Hollings proposal, will, in effect, be a moderated version of that. Is that the case?

Mr. PACKWOOD. It is. There are some limitations on the Presidential sequestering power. It has to be somewhat proportionate. He cannot take it all out of defense or all out of education.

Mr. SYMMS. We will have some holdbacks that will start going into effect if we do not meet the targets?

Mr. PACKWOOD. That is correct. The President has a slight percentage of leeway, but basically the Senator is correct.

Mr. SYMMS. I share the views of the distinguished Senator from Washington who just spoke. This is very important legislation to pass. I wish there would be a way so that Congress would see fit to adopt another amendment in addition to it, after this has been resolved, that would actually take the budget that passed the House and the budget that passed the Senate and take the lowest number in each function and attach that to it so we can achieve some more savings in the first year, so we can get this started sooner.

It appears to me, and I have prepared that very amendment, as a matter of fact, that even though this is a moderated version of that, eventually if we stuck to the blueprint of the Gramm proposal we would eventually go down the road to a balanced budget in 3 or 4 years out.

Mr. PACKWOOD. If we stick to the Gramm proposal as written, in 6 years you come to a balanced budget. You cut back the deficit about $32 billion a year for the requisite number of years until you reach the balance, which, as I recall, is about 6 years.

Mr. SYMMS. I thank the chairman very much.

I might say that in my travels, Mr. President, in my State, the farmers and timber producers have that as the first thing on their minds. When will Government get its Federal house in order so they can enjoy lower interest rates and be more competitive in the international marketplace, particularly in our region of the United States where we are so dependent on the Pacific market for our agricultural products. It is vital that we make some important moves.

I hope this will be enough. I wish it was more dramatic. I would urge my colleagues to support this proposal. Of course, this is just one Senator, but I have long said that I wish the President would take the other course. I personally believe that if the President of the United States took the initiative and put the Federal Government on a cash basis, he would have the overwhelming support of the American people. Inside the beltway he might not have the support, but outside the beltway he would have enormous support.

In my town meetings, people have constantly said that we ought to hold back as they have had to do. Those stories are all over the country about people who have had freezes in wages, freezes in salaries, and so forth.

I certainly laud the Senator from Texas, the Senator from New Hampshire, and others who have joined in this effort. I am happy to lend them my support because I believe it is so important. There is nothing that we can do as Members of this Congress which is more important than restraining the growth of spending in the Federal Government. No matter where the responsibility goes, there are 435 Members of the House and 100 Senators and 1 President. The way the Constitution is set up, those 536 people have to take the responsibility for this.

We are all elected. We represent different constituencies and different States but we have to all take the responsibility for getting the President's budget in line with revenues. This effort, though it may not be the full answer, is a step in the right direction. I laud the chairman for supporting it and I laud my colleagues who joined in the effort to bring this about. I hope we have an expeditious passage of this.

In another year or two it will certainly force us to establish priorities and make some hard decisions. It may not take a year or two to do it.

Mr. PACKWOOD. If this is adopted now, we will be making those hard choices very soon, which is all the better.

Mr. SYMMS. That is all the better. On the point the Senator made about these debts that we incur that we agree must be paid, either by the person who lends the money or the one who borrows the money, we are reducing the risks of all the creditors of the United States and the risks of our constituents who are relying on Social Security checks and other means of support that comes through the Federal establishment a system that is going to see that the checks will always be good.

I think that is the best way we can serve our constituents. I urge passage of this amendment.

Mr. PACKWOOD. I thank the Senator for his support, Mr. President, and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeding to call the roll.

Mr. SYMMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMMS. Mr. President, I am not certain I asked my question clearly enough of the chairman of the Finance Committee.

The scenario I am trying to lay out is one in which President Reagan did not want the debt ceiling raised; if Congress chose to raise the debt ceiling anyway, he vetoes it; assuming we could then get 34 Senators to sustain the veto, it puts him in a situation where he would be on illegal grounds to borrow more money. So he would have to make a choice: Either do not pay all the bills or borrow money illegally.

If his Attorney General then ruled that, as Chief Executive Officer of the U.S. Government, he is not allowed to borrow money, that Congress did not approve the credit for him to borrow, then he would be in a position to say he was responsible to establish priorities of spending and put the Government on a cash basis overnight, which might mean furloughing workers, reducing the pay of Federal workers, freezing pay, possibly skewing COLAs on the high end of some of the pension programs. But he would certainly have to pay the interest on the debt.

That is the point I was making. Where would that put us constitutionally?

Mr. PACKWOOD. Let me take the question in two parts, Mr. President. I am not sure I know the answer to the latter part.

If we were to pass a debt ceiling bill and the President vetoes it and the veto is sustained, he has no legal power to borrow any money. That is the reason he is coming and asking for the increase now. If there is no increase in the debt ceiling, the Federal Government is no longer empowered to borrow any money.

If he tried to do it, my hunch is we could go to court and get a mandamus order to stop him, but I think it is a moot point. I will wager if we did not increase the debt ceiling or increased it and the President vetoed it and it was sustained, no money would be lent. It would be a very risky situation.

So let us assume the answer to the first part is he cannot borrow any money, he does not try, all of a sudden we are on a cash basis. I do not know if, under the present law, he has the legal authority to decide, himself, what to pay, what not to pay. He has to apportion it equally with the exception of contractual obligations of the United States, like the debt, which I assume he would have to pay or we could be sued on. Whether he has the power to apportion it as he chooses or has to pay it equally, reducing it equally, I do not know.

Mr. SYMMS. Mr. President, having spent the month of August in Idaho and having had a series of meetings and hearings and so forth, I would wager he has a consensus of support of the American people to go ahead and get it over with and get it settled. There would be a big crisis, as viewed in the headlines, for 1 or 2 days, but once everybody learned that the credit was still good, that the bonds and bills were still good and the money was still good, then we would live within our means and work out of what we have. Then I would perceive that, after a week or two of this showdown, he could come in and ask to raise the debt ceiling $50 billion instead of $200 billion and Congress would make these holdbacks and then we could force the issue and get it over with and still put it off.

I praise the effort being made here, because half a loaf is better than no loaf, in this case. The less money we spend, as this Senator sees it, the better off the country is going to be in the long run, because we will have accrued that much less debt that we will have to answer to in one of three ways—raise taxes, print money, or try to borrow more. All of those are rather unpleasant choices.

Mr. PACKWOOD. Those are unpleasant choices. I would not envy the President if he were put in that position, but the Senator has correctly assessed what he would have to do if he had to do it.

Mr. SYMMS. I think a prudent position for the President would be to take a look at this. Of course, I am one who thinks I am going to support this effort, but it will not break my heart if they do not raise the debt ceiling. As far as I am concerned, let them figure out as all the millions of Americans are doing, what households are doing, forcing themselves not to use their credit cards any more and paying off their past debts. Most of us have had that personal experience.

Many, many businesses are in a crunch. In my State, the mining industry is severely curtailed. They have had pay reductions of the workers. I have talked to sawmill operators who have had to reduce the pay of workers to keep the sawmill operating. We talked to many farmers who literally are on a very stringent budget, credit limits imposed on them by their banks and so forth, where they simply had no extra cash to spend.

I simply think this is a step that is really needed and I think the effort that is being made here—I foresee this will get some holdbacks. When you talk about a $1 trillion budget, if you just get a little bit of a holdback, just a percentage of a holdback, on that much money, pretty soon it adds up to real savings.

That is what we hope to achieve by the passage of the amendment. Then I hope that Congress will be willing to not come back and try to override the decision once the pressure starts mounting from around the country to spend a little bit for this and to waive that. Already, there has been some chipping away or compromise made here, as I understand it. The authors have had to agree to set Social Security aside. I hope we could limit it to just that one issue and not set anything else aside and keep that whole budget. Because is we have everything in the budget, then we shared sacrifice of everybody participating in the savings makes it much less unpleasant for people if they know that every segment of the budget—the defense part, the social welfare sector, the agriculture part, the land management, the regulatory agencies—that every part of the budget comes under the same tent, it will be much easier to accomplish this.

Mr. President, I yield the floor.

Mr. ZORINSKY. Mr. President, the time has come to declare war on these runaway deficits. I can think of no better place to begin the battle than with the bill to raise the debt ceiling. The amendment we are offering provides a mechanism which simply forces Congress to live up to its responsibility to reduce the deficit. Our amendment mandates a steady reduction in the size of the deficit, with provisions to make across-the-board cuts whenever Congress' budget does not achieve sufficient savings. By 1990, the deficit will be eliminated.

The amendment says nothing about how we should achieve our deficit reductions. I personally believe that spending cuts, not tax increases, should be used. I will shortly introduce legislation to that end. Others, however, may feel some mix of taxes and spending cuts should be used. Still others may feel that taxes alone should be used to eliminate the deficit. This amendment forecloses none of these options. It allows for that issue to be settled during the budget debate. This amendment is about the ends, not the means, of our budget dilemma. And I feel everyone here supports the end of reducing the deficit.

Mr. President, as one of the original cosponsors to this amendment, I am pleased with the groundswell of support it is receiving. While we may have to pay the bills, the time has come to call in the credit cards. I believe that the amendment provides a framework for calling in those cards and I encourage all of my colleagues to give their support.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, we have had good debate this afternoon on the pending amendment.

I will ask to have printed in the Record a third letter from the Secretary of the Treasury, James A. Baker III, in which he indicates that he wants to emphasize the need for final action—I underscore the words "final action"—by Congress, which means the House and the Senate, on the debt limit legislation no later than October 7, which is Monday.

"Final action," "Congress," and "Monday" would indicate that we are going to have a number of votes tomorrow. We do not have much choice.

He indicates that the cash balance of the Treasury is virtually exhausted. He says:

> This means that, unless a debt limit is passed by the Congress and signed into law by the President on or before October 7, 1985 or we take unprecedented and costly measures such as using Federal Financing Bank borrowing authority, the United States could be in the position of defaulting on its obligations for the first time in history.
>
> If the debt limit is not increased by October 7, the Government likely will be unable to meet all of its essential obligations when they fall due including social security checks, payroll checks, unemployment checks, defense contracts, and principal and interest on its securities. The full consequences of a default by the United States are impossible to predict and awesome to anticipate.

I suggest that it is imperative that we try to complete action on this bill tomorrow and go to conference on Monday and have some resolution on Monday before 5 p.m.

Therefore I indicate to my colleagues that we will attempt to complete action tomorrow. It is my hope that everyone can be here and that we can vote. We have had about 2½ hours of debate in favor of the proposal, presumably there may also be debate in opposition. Then I would hope we would be prepared to vote.

Mr. President, I ask unanimous consent to have the letter from Secretary of the Treasury Baker printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The Secretary of the Treasury,
Washington, DC, October 3, 1985.

Hon. Robert Dole,
Majority Leader, U.S. Senate, Washington, DC.

Dear Bob: I am writing to emphasize the need for final action by the Congress on debt limit legislation no later than October 7.

As I indicated in my letter to you on October 1, current projections indicate that Treasury's cash balance will be virtually exhausted by October 7 and the situation will deteriorate sharply thereafter.

This means that, unless a debt limit is passed by the Congress and signed into law by the President on or before October 7, 1985 or we take unprecedented and costly measures such as using Federal Financing Bank borrowing authority, the United States could be in the position of defaulting on its obligations for the first time in history.

If the debt limit is not increased by October 7, the Government likely will be unable to meet all of its essential obligations when they fall due including social security checks, payroll checks, unemployment checks, defense contracts, and principal and interest on its securities. The full consequences of a default by the United States are impossible to predict and awesome to anticipate.

I urge the Congress to pass this legislation at the earliest possible date but under no circumstances later than October 7, 1985.

Sincerely,

James A. Baker III.

MESSAGES FROM THE HOUSE

ENROLLED BILL SIGNED

At 10:48 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 2475. An act to amend the Internal Revenue Code of 1954 to simplify the imputed interest rules of sections 1274 and 483, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore (Mr. Thurmond).

At 2 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the joint resolution (H.J. Res. 393) to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 3424. An act making appropriations for the Department of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1985, and for other purposes.

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent, and referred as indicated:

H.R. 3424. An act making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1985, and for other purposes; to the Committee on Appropriations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry, with an amendment in the nature of a substitute and an amendment to the title:

S. 744. A bill to amend the Agriculture and Food Act of 1981 to provide protection for agricultural purchasers of farm products (Rept. No. 99-147).

By Mr. DOMENICI, from the Committee on the Budget, without recommendation without amendment:

S. Res. 226. Resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1264.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 150. Joint resolution to designate the month of March 1986 as "National Hempholia Month".

S.J. Res. 174. Joint resolution to designate November 18, 1985, as "Eugene Ormandy Appreciation Day".

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

Alan H. Nevas, of Connecticut, to be United States District Judge for the District of Connecticut;

Paul N. Brown, of Texas, to be United States District Judge for the Eastern District of Texas;

Alan A. McDonald, of Washington, to be United States District Judge for the Eastern District of Washington;

William A. Maddox, of Nevada, to be United States Attorney for the District of Nevada for a term of four years; and

Roger Hilfiger, of Oklahoma, to be United States Attorney for the Eastern District of Oklahoma.

By Mr. LUGAR, from the Committee on Foreign Relations:

Treaty Doc. 98-5. Extension of the 1971 International Wheat Agreement (Exec. Rept. No. 99-3).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BINGAMAN:

S. 1732. A bill to amend the Internal Revenue Code of 1954 by increasing the Federal excise tax on cigarettes by 8 cents per pack to a permanent 24 cents per pack and by providing that 50 percent of the revenues from the additional tax be deposited in the Federal Hospital Insurance Trust Fund under the Social Security Act and 50 percent of such revenues be used for health promotion and disease prevention programs in the Department of Health and Human Services; to the Committee on Finance.

By Mr. CRANSTON (for himself, Mr. KERRY, Mr. MATSUNAGA, Mr. DECONCINI, and Mr. ROCKEFELLER):

S. 1733. A bill to extend, improve, and authorize additional appropriations for the Emergency Veterans' Job Training Act of 1983, and for other purposes; to the Committee on Veterans' Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. CRANSTON:

S. Con. Res. 75. A concurrent resolution to request the President to provide economic assistance to Mexico while enhancing the national security and energy preparedness of the United States by further filling the Strategic Petroleum Reserve with petroleum obtained from Mexico; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BINGAMAN:

S. 1732. A bill to amend the Internal Revenue Code of 1954 by increasing the Federal excise tax on cigarettes by 8 cents per pack to a permanent 24 cents per pack and by providing that 50 percent of the revenues from the additional tax be deposited in the Federal Hospital Insurance Trust Fund under the Social Security Act and 50 percent of such revenues be used for health promotion and disease prevention programs in the Department of Health and Human Services; to the Committee on Finance.

HOSPITAL INSURANCE TRUST FUND AND HEALTH PROMOTION REVENUE ACT

Mr. BINGAMAN. Mr. President, today I am introducing legislation to promote better health and help prevent disease in our Nation. In doing so, I am pleased to join with many of my distinguished colleagues, as well as with health educators, health professionals, and concerned citizens across the country, who recognize the health threat posed by cigarette smoking.

Americans are becoming increasingly aware of the importance of better health and its relationship to the prevention of disease. This new health consciousness serves both the individual and the national interest.

At the individual level, Mr. President, cigarette smoking will kill 350,000 Americans this year. This human toll from smoking can be prevented. Recently, Harvard University's Institute for the Study of Smoking Behavior and Policy concluded that an excise tax on cigarettes is perhaps the most effective available tool to deter smoking and to reduce smoking related cost to the Federal Government. If we increase this tax, the institute explains, cigarette consumption would drop dramatically, especially among young people. For example, a 16-cent tax increase would diminish the number of teenage smokers by 17 percent or 820,000 teens. As for those smokers aged 36 and older, 630,000 would quit if the excise tax were increased to 32 cents per pack.

In addition to the health consequences of smoking, the economic costs are enormous. The Office of Technology Assessment estimates that disease and lost productivity from smoking cost our economy an estimated $65 billion a year. That is $2.17 for each pack of cigarettes sold.

The legislation which I am introducing today will raise the excise tax on cigarettes from 16 cents per pack to 24 cents per pack. I believe that this increase will provide a significant step toward discouraging cigarette smoking in the United States.

I am, however, convinced that simply increasing the cost of cigarettes is not enough, Mr. President. We must take action to address both the causes and effects of cigarette smoking. Therefore, this bill earmarks half of the additional revenues raised by the increased excise tax for health promotion and disease prevention programs already existing in the Department of Health and Human Services. It earmarks the other half for the Hospital Insurance Trust Fund, which is part A of the Medicare Program.

By earmarking funds for health promotion and disease prevention programs we will be taking necessary action to reduce the number of Americans who begin or continue to smoke, and, more important, we will save lives.

By earmarking funds for Medicare, we will help shift some of the financial burden generated by smoking to smokers. This will help to defray some of the $13 billion in smoking-related health care and medical costs paid by Medicare each year.

Mr. President, this is not a partisan issue. I commend my colleagues on both sides of the aisle who have worked to address this matter both on the floor and in committee, especially the distinguished Senator from New Jersey [Mr. BRADLEY], and the distinguished Senator from Rhode Island [Mr. CHAFEE]. I look forward to working with them and with all Senators on this important issue.

I ask unanimous consent that the text of the bill be inserted in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1732

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Hospital Insurance Trust Fund and Health Promotion Revenue Act of 1985".

SEC. 2. INCREASE IN TAX ON CIGARETTES.

(a) RATE OF TAX.—Subsection (b) of section 5701 of the Internal Revenue Code of 1954 (relating to rate of tax on cigarettes) is amended—

(1) by striking out "$8" in paragraph (1) and inserting in lieu thereof "$12"; and

(2) by striking out "$16.80" in paragraph (2) and inserting in lieu thereof "$25.20".

(b) FLOOR STOCKS.—

(1) IMPOSITION ON TAX.—On cigarettes manufactured in or imported into the United States which are removed before October 1, 1985, and held on such date for sale by any person, there shall be imposed the following taxes:

(A) SMALL CIGARETTES.—On cigarettes, weighing not more than 3 pounds per thousand, $12 per thousand;

(B) LARGE CIGARETTES.—On cigarettes, weighing more than 3 pounds per thousand, $25.20 per thousand; except that, if more than 6½ inches in length, they shall be taxable at the rate prescribed for cigarettes weighing not more than 3 pounds per thousand, counting each 2¾ inches, or fraction thereof, of the length of each as one cigarette.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding cigarettes on October 1, 1985, to which any tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1) shall be treated as a tax imposed under section 5701 of the Internal Revenue Code of 1954 and shall be due and payable on October 18, 1985, in the same manner as the tax imposed under such section is payable with respect to cigarettes removed on October 1, 1985.

(3) CIGARETTE.—For purposes of this subsection, the term "cigarette" shall have the meaning given to such term by subsection (b) of section 5702 of the Internal Revenue Code of 1954.

(4) EXCEPTION FOR RETAILERS.—The taxes imposed by paragraph (1) shall not apply to cigarettes in retail stocks held on October 1, 1985, at the place where intended to be sold at retail.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply with respect to cigarettes removed after September 30, 1985.

(2) CONFORMING AMENDMENT.—Subsection (c) of section 283 of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by striking out "and before October 1, 1985".

SEC. 3. TRANSFER OF 50 PERCENT OF ADDITIONAL REVENUES TO FEDERAL HOSPITAL INSURANCE TRUST FUND.

(a) IN GENERAL.—Subsection (a) of section 1817 of the Social Security Act is amended—

(1) by striking out "100 per centum of" in the matter preceding paragraph (1);

(2) by striking out "(1) the taxes" in paragraph (1) and inserting in lieu thereof "(1) 100 per centum of the taxes";

(3) by striking out "and" at the end of paragraph (1);

(4) by striking out "(2) the taxes" in paragraph (2) and inserting in lieu thereof "(2) 100 per centum of the taxes";

(5) by striking out the period at the end of paragraph (2) and inserting in lieu thereof a semicolon; and

(6) by adding at the end thereof the following new paragraphs:

"(3) 50 per centum of the taxes received in the Treasury under section 2(b) of the Hospital Insurance Trust Fund and Health Promotion Revenue Act of 1985; and

"(4) 25 per centum of the taxes received in the Treasury after September 30, 1985, under subsection (b) of section 5701 of the Internal Revenue Code of 1954.".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1985.

SEC. 4. TRANSFER OF 50 PERCENT OF ADDITIONAL REVENUES TO HEALTH PROMOTION AND DISEASE PREVENTION TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to Trust Fund Code) is amended by adding at the end thereof the following new section:

"SEC. 9505. HEALTH PROMOTION AND DISEASE PREVENTION TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Health Promotion and Disease Prevention Trust Fund', consisting of such amounts as may be appropriated, credited, or transferred to the Health Promotion and Disease Prevention Trust Fund as provided in this section and section 9602(b) (relating to crediting of interest, etc.).

"(b) TRANSFERS TO HEALTH PROMOTION AND DISEASE PREVENTION TRUST FUND.—There are hereby appropriated to the Health Promotion and Disease Prevention Trust Fund amounts equivalent to the following:

"(1) CIGARETTE TAXES.—25 percent of the taxes received in the Treasury after September 30, 1985, under subsection (b) of section 5701.

"(2) FLOOR STOCK TAXES.—50 percent of taxes received in the Treasury under section 2(b) of the Hospital Insurance Trust Fund and Health Promotion Revenue Act of 1985.

"(c) EXPENDITURES FROM TRUST FUND.—There are hereby appropriated and made available amounts in the Health Promotion and Disease Prevention Trust Fund for payment to the Secretary of Health and Human Services to provide funds, in addition to other appropriations and in amounts determined at the discretion of the Secretary, for any health promotion or disease prevention program administered by the Department of Health and Human Services.".

(b) CLERICAL AMENDMENT.—The table of sections for such subchapter A is amended by adding at the end thereof the following new item:

"SEC. 9505. HEALTH PROMOTION AND DISEASE PREVENTION TRUST FUND.".

EFFECTIVE DATE.—The amendments made by this section shall take effect on November 15, 1985.

By Mr. CRANSTON (for himself, Mr. KERRY, Mr. MATSUNAGA, Mr. DECONCINI, and Mr. ROCKEFELLER):

S. 1733. A bill to extend, improve, and authorize additional appropriations for the Emergency Veterans' Job Training Act of 1983, and for other purposes; to the Committee on Veterans' Affairs.

VETERANS' JOB TRAINING AMENDMENTS

Mr. CRANSTON. Mr. President, I am today introducing, as the ranking minority member of the Committee on Veterans' Affairs, S. 1733, the proposed Veterans' Job Training Amendments of 1985. Joining with me in introducing this measure is the distinguished Senator from Massachusetts [Mr. KERRY], as well as three of my fellow members of the Veterans' Affairs Committee, the distinguished Senators from Hawaii [Mr. MATSUNAGA], Arizona [Mr. DECONCINI], and West Virginia [Mr. ROCKEFELLER]. The purpose of this measure is to extend, make improvements in, and authorize the appropriation of additional funds for the Emergency Veterans' Job Training Act of 1983 [EVJTA], Public Law 98-77.

As the original Senate author of Public Law 98-77—along with the distinguished former chairman of the committee [Mr. SIMPSON], and of the extension of the program enacted last year in Public Law 98-543, I am intensely interested in this job training program. Indeed, on July 30, I joined with the distinguished chairman of the committee [Mr. MURKOWSKI] in offering an amendment that was approved by the Senate in the veterans' health bill—S. 876—to extend the period of time that veterans have to enter training under this job training program. A provision derived from our amendment that would extend that period until July 1, 1986, was incorporated into S. 1671 and signed into law on Monday, September 30, as Public Law 99-108.

BACKGROUND

Mr. President, the EVJTA originally authorized the appropriation of $150 million for each of 2 fiscal years, 1984 and 1985. However, only $150 million was appropriated for fiscal year 1984—approximately $142 milion of which has been available for the implementation of the job training program itself. At the present time, about $16 million remains unobligated under the program; however, as veterans discontinue or complete training, that amount will increase.

The program provides cash incentives to employers to hire and train certain long-term unemployed Vietnam-era and Korean conflict veterans. It has at the present time expired in one respect. The period during which veterans could apply for participation in an EVJTA job training position expired on February 28, 1985. However, as I noted, the period during which veterans who have been certified as eligible for the program may enter training, which had expired on September 1, 1985, has just been extended to July 1, 1986, by virtue of the enactment of S. 1671.

According to a recent evaluation of the EVJTA program—carried out under contract with and released by the Veterans' Administration—more than 27,000 veterans have enrolled in training under the program with more than two-thirds receiving training in structural work occupations, machine trades, and professional, technical, and managerial positions. Those who completed the program had an average hourly wage of $6.77. The completion rate for veterans who entered training under the program was estimated to be 44 percent and the direct cost of training per participant was estimated to be $3,000.

During the Senate's consideration of S. 876 of July 30, the distinguished Senator from Massachusetts [Mr. KERRY] raised the issue of further extending and expanding the EVJTA program, and the chairman and I expressed certain reservations about proceeding with extension legislation at that time. [CONGRESSIONAL RECORD, S10395, July 30, 1985, daily edition.] The result was an agreement which led to the committee's September 12 hearing regarding the program. Senator KERRY testified very movingly and persuasively. All testimony, except for that of the administration urged extension of the EVJTA program. After careful consideration of the issues raised at that hearing, I have concluded that more can and should be done under EVJTA but that certain program improvements are called for before we provide further funding.

Thus, the measure which I am introducing today would reopen the program for new applications by eligible veterans once new appropriations are made. It would also make a number of improvements in the program designed to overcome program weaknesses revealed by our hearings and the VA program evaluation—especially the high-veteran dropout rate—and to take into account employer's general satisfaction with the program.

PROVISIONS OF PROPOSED EVJTA AMENDMENTS

First, Mr. President, our proposal would authorize the appropriation of $53 million for fiscal year 1986—to remain available through fiscal year 1988—for the EVJTA program. This amount when added to the President's fiscal year 1986 budget estimate for fiscal year 1986 outlays for the program, $35 million, equals the amount estimated in that budget for fiscal year 1985 outlays under EVJTA, $88 million.

Second, our proposal would—effective on the date on which appropriations are made available to the VA for the program or March 1, 1986, whichever occurs later—provide an additional year for veterans to apply for participation in the program and an additional 18 months for veterans to enter into job training programs under the act.

One of the concerns I raised during the Senate's consideration of S. 876 and at the committee's hearings on September 12, was that a reopening of the program to new applicants would have the effect of causing those veterans already in the EVJTA pipeline who had not yet been placed in training—principally because they were more difficult to place—to be bypassed by VA and Department of Labor personnel involved with implementation of the program, including disabled veteran Outreach specialists and local veterans' employment representatives, and by employers who would focus on veterans who are easier to place and more job ready. As I previously noted, under current law, veterans were required to apply for participation in the EVJTA program by February 28, 1985, and, by virtue of the enactment of Public Law 99-108, have until July 1, 1986, to enter training. Setting the effective date of the reopening of the program at the latter of the date of the new appropriation or March 1, as our proposal would do, coupled with permitting entry into EVJTA training by veterans who have certifications of eligibility but who have not yet been placed, would enable the VA and the Department of Labor to direct their efforts to assisting those veterans who are likely to be those most in need of employment assistance—those who are not job-ready and who have hardcore unemployment difficulties.

Mr. President, it should be noted that those veterans who have been certified for the program, who are still unemployed, and who have not yet been placed in training under EVJTA are quite likely to have special problems in obtaining and retaining employment. Not surprisingly, the VA's evaluation of the program found that employers tended to select the most employable among the veterans certified for program participation. Thus, I believe strongly that the VA and the Department of Labor need to strengthen their efforts to assist veterans under EVJTA during the recently enacted extension and will need to explore ways to provide special types of assistance, particularly in the area of employment counseling to reduce the disturbingly high noncompletion rate. I intend very strongly to urge both agencies to do a better job in this area.

Indeed, just this morning, during a hearing of the Veterans' Affairs Committee I recommended to the VA's Chief Benefits Director, John Vogel, and he agreed that the VA send a letter to all certified veterans who had not yet been placed in training positions under EVJTA advising them that the act has been reopened and urging them, if they are still interested in the program, to contact the VA or the Department of Labor for assistance. Mr Vogel assured me that such an initiative would be undertaken within the next 30 days. VA officials have also indicated informally that they hope this notification can be accomplished in a much shorter timeframe, and I would urge them to take all possible steps to do so.

As well, since there is no limit on the time by which an employer must apply for participation in the program, I will also be urging both agencies to undertake an expanded employer outreach effort so that a maximum number of job opportunities for veterans will be provided. Section 15(a)(1)(B) of EVJTA requires the VA and the Labor Department jointly to provide for an outreach program to inform employers of the program and the advantages of participating in it.

Third, our bill proposes to respond to the unacceptably high-dropout rate for veterans placed in training positions by requiring the VA and the Labor Department—who share joint responsibility for implementation of the program—to provide two new support activities: First, counseling services designed to resolve difficulties encountered by veterans during EVJTA training, and, second, the assignment of a case manager to each veteran placed in an EVJTA training position and the maintenance by the case manager of periodic contact with the veteran in order to facilitate the successful completion of training.

In carrying out the first new activity, the VA and the Labor Department would be required to advise all veterans and employers participating in EVJTA of the availability of the counseling service and encourage them to request appropriate services whenever necessary. In addition, in order to offer additional assistance to veterans of the Vietnam era, the VA would be required to advise each veteran placed in training of the supportive services available through the VA—including through the VA's Vet Center Program—and through other appropriate agencies in the community.

In connection with the second activity, I want to point out that the case manager assigned to each veteran need not be, in each case, a trained or professional counselor. Rather, our proposal would envision that the type of case manager assigned to an individual veteran would be based on the particular needs of that veteran. For example, a veteran with no apparent, serious complicating problem or record of job difficulties—other than protracted unemployment—could be assigned a VA veterans' benefits counselor as a case manager and throughout the training period that counselor would be required to maintain contact with the veteran and the employer by making telephone contact with the veteran and the employer on a regular basis to ensure that no unforeseen problems had developed. On the other hand, a veteran who is in need of extensive job-readiness assistance might be assigned a disabled veteran Outreach specialist [DVOP] as a case manager who would maintain much more extensive contact, including periodic personal meetings with the veteran during the training period. A Vietnam veteran with a history of serious readjustment problems could be assigned a counselor from a VA vet center as his or her case manager. Also, of course, if a case manager discovered that a veteran needed more counseling than that case manager could provide, referral could be made to a counselor with the skills and experience needed to help the veteran.

The bill generally would leave to the discretion of the VA and the Department of Labor the development of a mechanism for implementing this approach and for determining how their personnel resources may best be used. The VA has more than 1,030 veterans' benefits counselors, 425 vocational rehabilitation counselors and specialists, and 221 professional counselors and approximately 350 other counseling personnel at its 189 vet centers, and the Department of Labor has the resources of more than 3,300 DVOP's and local veterans' employment representatives that could be assigned responsibilities for implementing this requirement.

Fourth, Mr. President, in light of the finding in the above-mentioned study that most employers who had hired veterans through the EVJTA Program reported that they were pleased with the program and would have hired the veteran with or without the possibility of receiving a wage subsidy, our proposal would modify the basis on which the amount of the EVJTA subsidy is based.

Under current law, payments are limited to 50 percent of the starting wages paid to the veteran for the entire training period, up to a maximum of $10,000. Maximum training periods are 15 months in the case of service-connected disabled veterans and 9 months in the case of all other eligible veterans.

Under our legislation, effective with respect to veterans hired after the latter of the date on which new appropriations are available for the program or March 1, the payments to employers would be determined based on 50 percent of the starting wages paid to the veterans during the first 3 months of the training period and 30 percent of the actual wages paid during the fourth and any succeeding months of training. I believe this approach would be more desirable than current law in a number of respects. It would still provide an attractive, marketable incentive to employers but would recognize the fact that after 3 months on the job an employee is likely to be making contributions to the employer's production levels. Also, by providing that payments in the fourth and succeeding months are to be based on actual, as opposed to starting, wages, the employer would have more incentive to give a raise to a veteran trainee. Our approach would also stretch funds that are available under EVJTA to serve more veterans. Finally, since most participating employers surveyed have indicated general satisfaction with the program and many employers have become familiar with EVJTA, this somewhat lower incentive should not reduce employer participation appreciably.

IMPROVEMENTS IN OTHER VA BENEFIT PROGRAMS

In addition to these improvements in the EVJTA authority, our measure would also make improvements and modifications, on a trial basis of about 22 months, in two existing VA authorities designed to assist certain veterans in obtaining employment and training experience.

First, Mr. President, with respect to the VA's program of assistance for apprenticeship or other on-job training programs conducted under section 1787 of title 38, United States Code, our proposal would permit a veteran to elect to have GI bill benefits which would otherwise be paid directly to the veteran to be paid to the employer instead. Veterans currently eligible for chapter 34 GI bill assistance are those who generally entered the service prior to January 1, 1977, and who have been discharged from active duty for less than 10 years. Under chapter 34, a veteran in training receives a monthly training assistance allowance—in the case of a single veteran, $274 a month for the first 6-month period of training, $205 a month for the second 6-month period, $136 a month for the third period, and $68 a month for the fourth and succeeding periods. However, no payments may be made to the employer, and there, thus, is no financial incentive for the employer to participate in the program. Indeed, the employer is required—by section 1777(b)(1) of title 38—to pay the veteran wages equal to the wages of other similarly situated employees. By permitting the veteran to elect to have the wages paid to the employer, our legislation would provide a mechanism creating an employer incentive for hiring and training eligible veterans. Let me stress, again, that this would be purely voluntary with the veteran.

In addition, since employers now approved for EVJTA training are familiar with the program and how it operates, our proposal would provide that EVJTA-approved programs would be considered to meet the requirements for approval as VA on-job training programs under the Vietnam-era GI bill. Therefore, as long as their OJT programs are currently approved under EVJTA, employers would not be required to be approved a second time pursuant to the criteria established in section 1777 of title 38, United States Code, in order to participate in the GI bill program.

Second, with respect to the VA's program of vocational rehabilitation for service-connected disabled veterans under chapter 31 of title 38, the VA would be required—for the benefit of participants in that program who are eligible to have payments made to employers in their behalf, pursuant to section 1516(b) of title 38—to take all feasible steps, utilizing such section 1516(b) payments, to establish and encourage the development of training opportunities that are consistent with the provisions of EVJTA.

The VA's chapter 31 vocational rehabilitation program is designed to assist service-connected disabled veterans who have employment handicaps to become employable and to obtain and maintain suitable employment. Under the section 1516(b) authority, the Administrator may make payments to employers for providing on-job training to veterans who have been rehabilitated to the point of employability when such payments are necessary to obtain needed training or begin employment. Pursuant to this authority, the VA has established a special employer incentives program to facilitate the placement of veterans who are generally qualified for suitable employment but who lack work experience required by an employer or who are difficult to place due to their disabilities. Under this program, an employer who hires an eligible veteran in an approved training position may be reimbursed for the direct expenses of hiring the veteran, up to one-half of the wages paid to the veteran.

Under our bill, the Administrator would be required to utilize EVJTA-approved job training programs under this segment of the VA's vocational rehabilitation program and to ensure that, in the case of a veteran who is eligible for participation in both programs, maximum efforts are made, consistent with the veteran's best interests, to utilize the title 38 authority. In this manner, the VA would be able to use a program with which employers are already familiar for the benefit of VA chapter 31 vocational rehabilitation trainees and to make maximum use of title 38 benefits in lieu of limited EVJTA funds. Additionally, since the terms and conditions for an employer's participation in a chapter 31 training program would be similar to the EVJTA program, employer involvement would be facilitated.

The provisions relating to the chapter 34 and chapter 31 programs would be in effect until the expiration of an 18-month period beginning on the later of the date on which funds are appropriated and made available for the EVJTA extension or March 1, 1986. This would provide a pilot program opportunity of about 22 months to evaluate the utility of these approaches. After about 18 months of operation, the VA Administrator would be directed to submit to the Veterans' Affairs Committees a report describing and evaluating the VA's use of these new chapters 34 and 31 related provisions.

SUMMARY

Mr. President, before closing, I want to take this opportunity to note the leadership and commitment of the distinguished Senator from Massachusetts [Mr. KERRY] in the development of this proposal. As I previously noted, he first raised this issue in July and has been a vital participant in developing this intitiative. His eloquent, heartfelt testimony before the committee on September 12 was a powerful factor leading to the introduction of this measure today. I am deeply indebted to him for his assistance and cooperation.

Mr. President, I intend to be working hard, along with Senators KERRY, MATSUNAGA, DECONCINI, ROCKEFELLER, and others, to secure enactment of this measure in the forthcoming weeks. I believe it proposes a responsible approach to a very real and continuing problem of unemployment difficulties among certain groups of veterans—particularly those who continue to suffer from long-term unemployment and readjustment difficulties. Although the vast majority of Vietnam-era veterans have good jobs and are steadily employed, there continue to be too many who need the sort of assistance that EVJTA can offer.

I urge my colleagues to review this measure carefully and to join with me in this effort.

Mr. President, I ask unanimous consent that a summary of the provisions of our proposal, followed by the text of the bill itself, be printed at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

"VETERANS' JOB TRAINING AMENDMENTS OF 1985"

SUMMARY OF PROVISIONS

A. The provisions of this measure, introduced by Senator Cranston, joined by Senators Kerry, Matsunaga, DeConcini, and Rockefeller, would amend the Emergency Veterans Job Training Act of 1983 (EVJTA) to:

1. Authorize the appropriation of $53 million for fiscal year 1986 (to remain available through fiscal year 1988) for EVJTA—an amount which, when added to the President's FY 1986 Budget estimate for fiscal year 1986 outlays for the program, equals the amount estimated in that budget for fiscal year 1985 outlays under EVJTA. (Section 2(c))

(Under current law, $150 million is authorized to be appropriated for each of fiscal years 1984 and 1985 (with appropriations to remain available through fiscal year 1987).)

2. Provide (effective on the date on which appropriations are made available to the Veterans' Administration for the program or March 1, 1986, whichever occurs later) an additional one-year period for veterans to apply for participation in the program and an additional 18-month period for veterans to enter into training programs under the Act. (Section 2(d))

(Under current law, veterans were required to apply for participation in the program by February 28, 1985, and to enter training prior to September 1, 1985. Provisions of S. 1671, recently approved by both the Senate and the House and pending approval by the President, would extend the latter date to July 1, 1985. Fixing the effective date of the reopening of the program as the date on which new appropriations are available to the VA or March 1, 1986, whichever occurs later, coupled with permitting veterans to enter EVJTA training who had certifications of eligibility prior to September 1, 1985, but who had not been placed in training, would enable the VA and the Department of Labor to assist those veterans who had previously established eligibility for EVJTA but who had not yet been served—presumably those who are not job-ready and who have hard-core unemployment difficulties.)

3. Require, effective on the date of enactment, the VA and the Department of Labor jointly to provide:

(A) A program of counseling services designed to resolve difficulties encountered by veterans during EVJTA training and to advise all veterans and employers of the availability of such services and encourage them to request services whenever appropriate.

(B) A program under which a case manager is assigned to each veteran placed in an EVJTA a training position through which periodic contact is maintained with the veteran so as to facilitate the veteran's successful completion of training. (Section 2(b))

4. Require, effective on the date of enactment, the VA to advise each veteran placed in a training program of the supportive services available through the VA (including through the VA's Vet Center program) and through other appropriate agencies in the community. (Section 2(b))

5. Provide that, with respect to payments made to employers on behalf of vetrans who enter training after the date on which appropriations are made available to the Veterans' Administration for the EVJTA program or March 1, 1986, whichever is the later, the amount of the payments will be based on—

(A) Fifty percent of the starting wages paid to the veterans during the first 3 months of the training period; and

(B) Thirty percent of the actual wages paid to the veteran during the remainder of the training. (Section 2(a))

(Under current law, payments are limited to 50 percent of the starting wages paid to the veteran for the entire training period, up to a maximum of $10,000. Maximum training periods are 15 months in the case of service-connected disabled veterans and 9 months in the case of all other eligible veterans.)

B. In addition, effective on the date of enactment and for the 18-month period in whic participants could enter training under these amendments, the proposed "Veterans' Job Training Amendments of 1985" would:

1. Permit veterans entering an apprenticeship or other on-job training program under the current chapter 34 Vietnam-era GI Bill (pursuant to the authority in section 1787 of title 38, United States Code) to elect to have benefits which would otherwise be paid to the veteran ($274/month for the first six-month period for a single veteran, $205/month for the second-six month period, $136 for the third six-month period, and $68/month for the four and succeeding six-month periods) to be paid to the employer instead. (Section 3 (b))

2. Provide that programs of training currently approved under EVJTA would be considered to meet the requirements for approval as VA on-job training programs for the purposes of receiving benefits under section 1787 of title 38, United States Code. (Section 3(a))

3. Require the Administrator of Veterans' Affairs to take all feasible steps—

(A) to establish and encourage the development of training opportunities for service-connected disabled veterans participating in the VA's vocational rehabilitation program (chapter 31 of title 38, United States Code) who are eligible for participation in a program under which payments are made to employers in their behalf (pursuant to section 1516(b) of title 38) that are consistent with the provisions of EVJTA;

(B) to utilize such EVJTA-approved job training programs under this segment of the VA's vocational rehabilitation program; and

(C) to ensure that, in the case of a veteran who is eligible for participation in both programs, maximum efforts are made, consistent with the veteran's best interests, to utilize the title 38 authority. (Section 3(c))

4. Require the Administrator to submit to the House and Senate Veterans' Affairs Committees a report on the implementation of these provisions in connection with the chapters 31 and 34 programs, together with recommendations for appropriate administrative or legislative action.

S. 1733

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Job Training Amendments of 1985".

SEC. 2. (a) The second sentence of section 8(a)(1) of the Emergency Veterans' Job Training Act of 1983 (Public Law 98-77; 97 Stat. 445) is amended to read as follows: "Subject to section 5(c) and paragraph (2), the amount paid to an employer on behalf of a veteran for a period of training under this Act shall be—

"(A) during the first three months of that period, 50 percent of the product of (i) the starting hourly rate of wages paid to the veteran by the employer (without regard to overtime or premium pay), and (ii) the number of hours worked by the veteran during those months; and

"(B) during the fourth and any subsequent month of that period, 30 percent of the product of (i) the actual hourly rate of wages paid to the veteran by the employer (without regard to overtime or premium pay), and (ii) the number of hours worked by the veteran during those months.".

(b) Section 14 of such Act is amended by inserting "(a)" before "The" and adding at the end the following new subsections:

"(b) The Administrator and the Secretary shall jointly provide for a program of counseling services designed to resolve difficulties that may be encountered by veterans during their training under this Act and shall advise all veterans and employers participating under this Act of the availability of such services and encourage them to request such services whenever appropriate.

"(c) The Administrator shall advise each veteran who enters a program of job training under this Act of the supportive services and resources available to such veteran through the Veterans' Administration, especially readjustment counseling services under section 612A of title 38, United States Code, and other appropriate agencies in the community.

"(d) The Administrator and the Secretary shall jointly provide for a program under which a case manager is assigned to each veteran participating in a program of job training under this Act and periodic (not less than monthly) contact is maintained with each such veteran for the purpose of avoiding unncessary termination of employment and facilitating the veteran's successful completion of such program.".

(c) Section 16 of such Act is amended—

(1) by inserting "and $53 million for fiscal year 1986" after "1985"; and

(2) by striking out "1987" and inserting in lieu thereof "1988".

(d) Section 17 of such Act is amended—

(1) by striking out "Assistance" and inserting in lieu thereof "(a) Except as provided in subsection (b), assistance"; and

(b) by adding at the end the following new subsection:

"(b) In the event that funds are appropriated under section 16 for fiscal year 1986, assistance may be paid to an employer under this Act—

"(1) on behalf of a veteran who initially applies for a program of job training under this Act during the one-year period beginning on (A) the date on which such funds appropriated under section 16 for fiscal year 1986 are made available by the Director of the Office of Management and Budget to the Veterans' Administration, or (B) March 1, 1986, whichever is the later; and

"(2) for any such program which begins during the eighteen-month period beginning on such date.".

(e)(1) Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this section.

(2) The amendment made by subsection (a) shall apply with respect to payments made for programs of training under such Act that begin after (A) the date on which the funds are appropriated pursuant to section 16 of such Act for fiscal year 1986 and are made available by the Director of the Office of Management and Budget to the Veterans' Administration, or (B) March 1, 1986, whichever is the later.

SEC. 3. (a) Notwithstanding any other provision of law and except as provided in section 1777(c)(2) of title 38, United States Code, a program of job training currently approved under section 7 of the Emergency Veterans' Job Training Act of 1983 (Public Law 98-77; 97 Stat. 443, 445) shall be considered to meet all requirements established under such section 1777 for approval of a program of training on the job.

(b) Subject to subsection (c), notwithstanding any other provision of law, a veteran pursuing a program of apprenticeship or other on-job training pursuant to section 1787 of such title may elect, upon entering such a program, to have the monthly training assistance allowance which would otherwise be paid to such veteran under such section paid (under and subject to the same terms and conditions as are applicable to payments to employers under such Act) to the employer who is conducting such program.

(c)(1) In carrying out section 1516(b) of such title, the Administrator of Veterans' Affairs shall take all feasible steps to establish and encourage, for veterans who are eligible for the making of payments on their behalf under such section, the development of training opportunities through programs of job training consistent with the provisions of such Act so as to utilize programs of job training established by employers pursuant to such Act.

(2) In carrying out such Act, the Administrator shall take all feasible steps to ensure that, in the cases of veterans who are eligible for the making of payments on their behalf under both such Act and such section, the authority to make payments under such section is utilized to the maximum extent feasible and consistent with the veteran's best interests to make payments to employers on behalf of such veterans.

(d)(1) The provisions of this section shall take effect on the date of the enactment of this section and shall expire on the last day of the eighteen-month period beginning on the later of (A) the date on which funds are appropriated pursuant to section 16 of such Act for fiscal year 1986 and are made available by the Director of the Office of Management and Budget to the Veterans' Administration, or (B) March 1, 1986.

(2) Not later than four months prior to the expiration of such provisions, the Administrator of Veterans' Affairs shall submit to the Committees on Veterans' Affairs of the House and the Senate a report on the implementation of and the activities carried out under this section. Such report shall contain the Administrator's evaluation of such implementation and activities and such recommendations for administrative or legislative action as the Administrator considers appropriate.

● Mr. KERRY. Mr. President, today I am pleased to cosponsor the Veterans' Job Training Amendments Act of 1985, a bill introduced by Senator CRANSTON to extend and broaden the Emergency Veterans' Job Training Act of 1983.

Last April, on behalf of Senator PRESSLER and myself, I sponsored the Veterans' Career Development Training and Job Bank Act, S. 1033, a bill which has subsequently also been cosponsored by Senators HARKIN, KENNEDY, MATSUNAGA, GORE, DURENBERGER, RIEGLE, LEVIN, and ROCKEFELLER.

In that act, I sought to retain EVJTA's basic mechanism—the principle that the United States would provide matching funding for employers who hired out-of-work veterans and placed them in job training programs leading to long-term employment—and to broaden the scope of the program so that it better met the continuing needs of unemployed veterans.

Specifically, the Veterans Career Development Training and Job Bank Act would authorize $75 million for job training in fiscal year 1986, and $100 million for fiscal year 1987 and 1988, and broaden the program by redefining eligibility to include underemployed veterans, and by adding counseling services and a Federal job bank to improve job matching.

Since that bill was filed, the House passed legislation to extend EVJTA which extended the Emergency Veterans' Training Act of 1983 for 1 more year, allowed unemployed veterans to enroll in the program after 5 weeks, instead of the 15 weeks now required, and which authorized $75 million to extend the program through fiscal year 1986.

Following the House action, I prepared an amendment to the Veterans' health care bill that would have substantially followed the action of the House. After extended discussions with Senator CRANSTON and Senator MURKOWSKI, I agreed to withhold the amendment from floor action in order that the Committee on Veterans' Affairs hold a hearing in September on my bill, EVJTA, and job training programs for veterans in general.

That hearing took place on September 17, with the full participation and involvement of the principal veterans organizations, and detailed questioning by the distinguished chairman of the Committee on Veterans' Affairs, Senator MURKOWSKI.

During that hearing, Senator CRANSTON, the ranking Democrat on the committee, reaffirmed his strong commitment to the concept of EVJTA, and to improving the program if possible. Because EVJTA would ever have come into existence without the leadership of Senator CRANSTON, I was especially pleased that Senator CRANSTON had decided to seek not only an extension of EVJTA, but such improvements to the program as he and the staff of the committee could develop.

I am glad to say that this bill embodies the profound and continued commitment to veterans that has always been displayed by Senator CRANSTON, as well as great creativity and care for the fiscal realities all of us here must work under.

The Veterans' Job Training Act Amendments of 1985 would authorize the appropriation of $53 million for fiscal year 1986 for EVJTA, provide the kind of counseling services which I suggested in S. 1033, and permit veterans entering on-job training programs under title 38 of the current Vietnam-era GI bill to elect paying the benefits to the employer under the mechanism of EVJTA.

It makes other changes in EVJTA, such as reducing the reimbursement paid to the employer from 50 percent of starting wages for the duration of training to 50 percent of starting wages for the first 3 months of training and 30 percent of actual wages for the remaining of the training period, which should make the program increasingly cost-effective.

As a package, the Cranston bill is enormously attractive, and a real step forward in the continuation of veterans' job training programs for those veterans who still need our help. For this reason, I am very happily a cosponsor of the bill, and enormously grateful to Senator CRANSTON for his work in putting it together and for his again taking on the leadership role in an area of vital importance to veterans, as he has so many times over his distinguished career.

I do have a continuing concern about one aspect of Senator CRANSTON's bill.

Specifically, the bill delays the ability of out-of-work veterans to become eligible under EVJTA until March 1, 1986, at the earliest.

It is my understanding that Senator CRANSTON decided to delay eligibility in an effort to be certain that the hardest to place veterans who are already eligible are placed first, before new veterans who may be easier to place may enter the program. Senator CRANSTON's continuing concern for the veterans who have had the hardest time entering the job market is well-placed. But I fear that in seeking to help these veterans, we will be ignoring the profound needs of many other veterans who have not been certified for eligibility, but who may well have been out of work as long as a year by the time that Senator CRANSTON's bill would permit them to become eligible for EVJTA.

Because I believe that period of delay for new eligibility is too long, I will continue to discuss alternatives to this aspect of the Veterans' Job Training Act Amendments of 1985, and look forward to continuing my discussions with Senator CRANSTON on this issue in the weeks to come.

In closing, let me also acknowledge the special leadership and commitment to EVJTA shown by Senator ROCKEFELLER, who as Governor of West Virginia made EVJTA work very effectively there.

Senator ROCKEFELLER clearly understands at a fundamental level that the private-public partnership mechanism of EVJTA represents one of the best approaches to Government in the 1980's, and his support for EVJTA both within and outside the Veterans' Committee has helped create a climate which should facilitate the passage of this much needed extension of EVJTA. ●

ADDITIONAL COSPONSORS

S. 925

At the request of Mr. HUMPHREY, the names of the Senator from Vermont [Mr. STAFFORD], the Senator from Arizona [Mr. GOLDWATER], the Senator from North Carolina [Mr. HELMS], the Senator from Virginia [Mr. TRIBLE], the Senator from New York [Mr. MOYNIHAN], the Senator from Illinois [Mr. SIMON], the Senator from Oklahoma [Mr. NICKLES], the Senator from South Dakota [Mr. ABDNOR], and the Senator from New Mexico [Mr. DOMENICI] were added as cosponsors of S. 925, a bill to deny most-favored-nation trading status to Afghanistan.

S. 942

At the request of Mr. DANFORTH, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of S. 942, a bill to promote expansion of international trade in telecommunications equipment and services, and for other purposes.

S. 1084

At the request of Mr. GOLDWATER, the name of the Senator from California [Mr. WILSON] was added as a cosponsor of S. 1084, a bill to authorize appropriations of funds for activities of the Corporation for Public Broadcasting, and for other purposes.

S. 1156

At the request of Mr. DENTON, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of S. 1156, a bill to amend chapter XIV of the Comprehensive Crime Control Act of 1984, relating to victims of crime, to provide funds to encourage States to implement protective reforms regarding the investigation and adjudication of child abuse cases which minimize the additional trauma to the child victim and improve the chances of successful criminal prosecution or legal action.

S. 1292

At the request of Mr. BAUCUS, the names of the Senator from South Carolina [Mr. HOLLINGS] and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of S. 1292, a bill to amend title VII of the Tariff Act of 1930 in order to apply countervailing duties with respect to resource input subsidies.

S. 1356

At the request of Mr. HEINZ, the name of the Senator from Connecticut [Mr. DODD] was added as a cosponsor of S. 1356, a bill to give the Nation's performance in international trade appropriately greater importance in the formulation of Government policy, to modernize the remedies available to U.S. producers regarding unfair and injurious foreign trade practices, and for other purposes.

S. 1446

At the request of Mr. ANDREWS, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 1446, a bill to amend title 38, United States Code, to improve veterans' benefits for former prisoners of wars.

S. 1513

At the request of Mr. BAUCUS, the name of the Senator from Colorado [Mr. ARMSTRONG] was added as a cosponsor of S. 1513, a bill to amend the Internal Revenue Code of 1954 to allow monthly deposits of payroll taxes for employers with monthly payroll tax payments under $5,000, and for other purposes.

S. 1622

At the request of Mr. MELCHER, the name of the Senator from Arizona [Mr. GOLDWATER] was added as a cosponsor of S. 1622, a bill to promote the development of Native American Culture and Art.

S. 1647

At the request of Mr. LAUTENBERG, the name of the Senator from Pennsylvania [Mr. HEINZ] was added as a cosponsor of S. 1647, a bill to amend the Tariff Act of 1930 to enhance the protection of intellectual property rights.

S. 1660

At the request of Mr. DENTON, the names of the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Maryland [Mr. MATHIAS], the Senator from South Dakota [Mr. PRESSLER], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Florida [Mr. CHILES], the Senator from Alaska [Mr. STEVENS], and the Senator from Hawaii [Mr. MATSUNAGA] were added as cosponsors of S. 1660, a bill to grant a Federal Charter to the Confederate Memorial Association.

S. 1672

At the request of Mr. BINGAMAN, the name of the Senator from Rhode Island [Mr. CHAFEE] was added as a cosponsor of S. 1672, a bill to establish an Export Promotion and Information Center.

S. 1702

At the request of Mr. THURMOND, the names of the Senator from Mississippi [Mr. COCHRAN], the Senator from Missouri [Mr. DANFORTH], the Senator from Connecticut [Mr. DODD], the Senator from Utah [Mr. GARN], the Senator from Massachusetts [Mr. KERRY], the Senator from Virginia [Mr. TRIBLE], and the Senator from Virginia [Mr. WARNER] were added as cosponsors of S. 1702, a bill to amend the Congressional Budget and Impoundment Control Act of 1974 to require a graduated reduction of the Federal budget deficit, to establish emergency procedures to avoid unanticipated deficits, and for other purposes.

SENATE JOINT RESOLUTION 145

At the request of Mr. DURENBERGER, the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of Senate Joint Resolution 145, a joint resolution designating November 1985 as "National Diabetes Month."

SENATE JOINT RESOLUTION 193

At the request of Mr. SYMMS, the names of the Senator from Indiana [Mr. LUGAR], the Senator from Idaho [Mr. MCCLURE], the Senator from Oklahoma [Mr. NICKLES], the Senator from Wyoming [Mr. WALLOP], the Senator from Wisconsin [Mr. KASTEN], the Senator from Georgia [Mr. MATTINGLY], the Senator from Indiana [Mr. QUAYLE], and the Senator from California [Mr. WILSON] were added as cosponsors of Senate Joint Resolution 193, a joint resolution to authorize the President to issue a proclamation designating the week beginning October 20, 1985, as "The Lessons of Grenada Week."

SENATE JOINT RESOLUTION 197

At the request of Mr. HECHT, the name of the Senator from Michigan [Mr. LEVIN] was added as cosponsor of Senate Joint Resolution 197, a joint resolution to designate the week of October 6, 1985 through October 13, 1985 as "National Housing Week."

SENATE JOINT RESOLUTION 199

At the request of Mr. MURKOWSKI, the names of the Senator from California [Mr. CRANSTON] and the Senator from Vermont [Mr. STAFFORD] were added as cosponsors of Senate Joint Resolution 199, a joint resolution to designate the month of November 1985 as "National Elks Veterans Rememberance Month."

SENATE JOINT RESOLUTION 202

At the request of Mr. HATCH, the names of the Senator from Oklahoma [Mr. NICKLES], the Senator from Nebraska [Mr. EXON], the Senator from Nebraska [Mr. ZORINSKY], the Senator from Oklahoma [Mr. BOREN], the Senator from Connecticut [Mr. DODD], and the Senator from New Jersey [Mr. BRADLEY] were added as cosponsors of Senate Joint Resolution 202, a joint resolution to designating November 1985 as "American Liver Foundation National Liver Awareness Month."

SENATE JOINT RESOLUTION 211

At the request of Mr. DURENBERGER, the names of the Senator from Rhode Island [Mr. CHAFEE] and the Senator from Vermont [Mr. LEAHY] were added as cosponsors of Senate Joint Resolution 211, a joint resolution to provide for the designation of the week of October 6, 1985, as "National Sudden Death Syndrome Awareness Week."

SENATE CONCURRENT RESOLUTION 68

At the request of Mr. DURENBERGER, the names of the Senator from Alaska [Mr. MURKOWSKI] and the Senator from Kansas [Mrs. KASSEBAUM] were added as cosponsors of Senate Concurrent Resolution 68, a concurrent resolution expressing support for Chile's national accord for the transition to full democracy.

SENATE RESOLUTION 233

At the request of Mr. PRESSLER, the names of the Senator from Michigan [Mr. LEVIN] and the Senator from Alaska [Mr. MURKOWSKI] were added as cosponsors of Senate Resolution 233, a resolution to express the sense of the Senate on the need to reject any tax reform proposal which would remove the tax-exempt status of private purpose State and local bond obligations.

SENATE CONCURRENT RESOLUTION 75—ECONOMIC ASSISTANCE TO MEXICO THROUGH PURCHASE OF OIL FOR THE STRATEGIC PETROLEUM RESERVE

Mr. CRANSTON submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 75

Whereas the people of Mexico are struggling valiantly to recover from recent devastating earthquakes that resulted in widespread tragedy;

Whereas recovery from this natural disaster will be a lengthy process that will have severe adverse effects on the Mexican economy that was having difficulty before such disaster;

Whereas the American people are responding, and desire to respond further, to this tragedy in meaningful ways that will promote the economic recovery of Mexico;

Whereas it is in the national security interest of the United States to fill the Strategic Petroleum Reserve;

Whereas it is in the long-term economic interest of the United States to fill the Strategic Petroleum Reserve while the world price of petroleum is low, as it is currently;

Whereas the United States can act in its own economic and national security interests and at the same time provide a needed boost to the economy of Mexico by purchasing petroleum from Mexico and using such petroleum to fill the Strategic Petroleum Reserve; and

Whereas there is an existing agreement with Mexico to purchase petroleum for the Reserve, the quantity of which could easily be increased; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the President should—

(1) purchase, by the earliest practicable date, petroleum from Mexico for the Strategic Petroleum Reserve by utilizing the total amount in the SPR Petroleum Account that is available for acquisition of petroleum products; and

(2) submit to the Congress a plan—

(A) to make available to Mexico an additional $1,500,000,000 in a loan that would be repaid, with interest, by Mexico with petroleum to be stored in the Strategic Petroleum Reserve; and

(B) to offset, in the Federal budget, the amount of the outlay of such loan by reducing expenditures.

Mr. CRANSTON. Mr. President, today I am pleased to submit a concurrent resolution expressing the sense of the Congress that this Nation stands willing to aid our neighbor and friend Mexico to overcome the devastation resulting from recent earthquakes in a way that will both be sensitive to the determination of the proud Mexican people to remain self-sufficient, and enhance our own national security and energy preparedness.

The world is witnessing that the monumental devastation caused by the earthquake is surpassed only by the great courage and strength of the Mexican people—a people absolutely determined to overcome this catastrophe.

As Mexico's neighbor and friend, we are in a position to share in their effort to regain their homes, rebuild their lives and restore the beauty of their magnificent capital city.

The United States can be a part of this effort in a mutually beneficial way.

My concurrent resolution calls on the administration to buy oil from Mexico for our strategic petroleum reserve [SPR] using funds already appropriated by Congress for petroleum acquisition in the SPR petroleum fund.

It also calls for a loan of $1.5 billion—at a negotiated rate of interest—to be paid back in oil which we will place into the SPR.

In light of both our desire to be helpful to Mexico and our need for an emergency energy supply, this resolution suggests a policy which can help us to achieve both goals simultaneously.

A very similar resolution, House Concurrent Resolution 202, has very recently been introduced into the other body by two distinguished California Members of the House of Representatives, BARBARA BOXER and GEORGE MILLER.

Mr. President, I urge my colleagues to join us in support of this concurrent resolution.

AMENDMENTS SUBMITTED

EXTENSION OF NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES ACT

STAFFORD AMENDMENT NO. 728

Mr. STAFFORD proposed an amendment to the bill (S. 1264) to amend the National Foundation on the Arts and Humanities Act of 1965, to extend the authorization of appropriations for that act, and for other purposes; as follows:

On page 9, beginning with line 5, strike out through line 10 on page 10.

On page 10, line 12, strike out "Sec. 6" and insert in lieu thereof "Sec. 5".

On page 10, line 18, strike out "Sec. 7" and insert in lieu thereof "Sec. 6".

On page 13, strike out lines 1 through 10.

On page 13, line 11, strike out "(c)" and insert in lieu thereof "(b)".

On page 14, line 6, strike out "(d)" and insert in lieu thereof "(c)".

On page 15, line 2, strike out "Sec. 8" and insert in lieu thereof "Sec. 7".

On page 15, line 8, strike out "Sec. 9" and insert in lieu thereof "Sec. 8".

On page 15, line 17, strike out "Sec. 10" and insert in lieu thereof "Sec. 9".

On page 16, line 9, strike out the comma.

On page 16, line 23, strike out "Sec. 11" and insert in lieu thereof "Sec. 10".

On page 18, between lines 20 and 21 insert the following:

EDUCATION PROGRAM FOR THE COMMEMORATION OF THE BICENTENNIAL OF THE CONSTITUTION OF THE UNITED STATES AND THE BILL OF RIGHTS

SEC. 11. (a) GENERAL AUTHORITY.—(1) The Commission on the Bicentennial of the United States Constitution shall, in accordance with the provisions of this section, carry out an education program for the commemoration of the bicentennial of the Constitution of the United States and the Bill of Rights.

(2) To commemorate the bicentennial anniversary of the Constitution of the United States and the Bill of Rights, the Commission—

(A) is authorized to make grants to local educational agencies, private elementary and secondary schools, private organizations, individuals, and State and local public agencies in the United States for the development of instructional materials and programs on the Constitution of the United States and the Bill of Rights which are designed for use by elementary or secondary school students; and

(B) shall implement an annual national bicentennial Constitution and Bill of Rights competition based upon the programs developed and used by elementary and secondary schools.

(3) In carrying out the program authorized by this section, the Chairman of the Commission shall have the same authority as is established in section 10 of the National Foundation of the Arts and the Humanities Act of 1965.

(b) DEFINITION.—For the purpose of this section, the term "Commission" means the Commission on the Bicentennial of the United States Constitution.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated $5,000,000 for each of the fiscal years 1987, 1988, 1989, 1990 and 1991 to carry out the provisions of this section.

(2) Amounts appropriated pursuant to paragraph (1) may be used for necessary administrative expenses, including staff.

POET LAUREATE CONSULTANT IN POETRY

SEC. 12. (a) RECOGNITION OF THE CONSULTANT IN POETRY.—The Congress recognizes that the Consultant in Poetry to the Library of Congress has for some time occupied a position of prominence in the literary life of the Nation, has spoken effectively for literary causes, and has occasionally performed duties and functions sometimes associated with the position of poet laureate in other nations and societies. Individuals are appointed to the position of Consultant in Poetry by the Librarian of Congress for one- or two-year terms solely on the basis of literary merit, and are compensated from endowment funds administered by the Library of Congress Trust Fund Board. The Congress further recognizes this position is equivalent to that of Poet Laureate of the United States.

(b) POET LAUREATE CONSULTANT IN POETRY ESTABLISHED.—(1) There is established in the Library of Congress the position of Poet Laureate Consultant in Poetry. The Poet Laureate Consultant in Poetry shall be appointed by the Librarian of Congress pursuant to the same procedures of appointment as established on the date of enactment of this section for the Consultant in Poetry to the Library of Congress.

(2) Each department and office of the Federal Government is encouraged to make use of the services of the Poet Laureate Consultant in Poetry for ceremonial and other occasions of celebration under such procedures as the Librarian of Congress shall approve designed to assure that participation under this paragraph does not impair the continuation of the work of the individual chosen to fill the position of Poet Laureate Consultant in Poetry.

(c) POETRY PROGRAM.—(1) The Chairman of the National Endowment for the Arts, with the advice of the National Council on the Arts, shall annually sponsor a program at which the Poet Laureate Consultant in Poetry will present a major work or the work of other distinguished poets.

(2) There are authorized to be appropriated to the National Endowment for the Arts $10,000 for the fiscal year 1987 and for each succeeding fiscal year ending prior to October 1, 1990, for the purpose of carrying out this subsection.

INCREASE IN PUBLIC DEBT LIMIT

GRAMM (AND OTHERS) AMENDMENT NO. 729

Mr. DOLE (for Mr. GRAMM, for himself, Mr. RUDMAN, Mr. HOLLINGS, Mr. ABDNOR, Mr. ANDREWS, Mr. BOREN, Mr. BOSCHWITZ, Mr. COCHRAN, Mr. COHEN, Mr. D'AMATO, Mr. DANFORTH, Mr. DENTON, Mr. DODD, Mr. EAST, Mr. EVANS, Mr. GARN, Mr. GOLDWATER, Mr. GORTON, Mr. GRASSLEY, Mr. HATCH, Mr. HECHT, Mr. HELMS, Mr. HUMPHREY, Mr. KASTEN, Mr. KERRY, Mr. LAXALT, Mr. LUGAR, Mr. MATTINGLY, Mr. MCCLURE, Mr. MCCONNELL, Mr. MURKOWSKI, Mr. NICKLES, Mr. STEVENS, Mr. SYMMS, Mr. TRIBLE, Mr. WALLOP, Mr. WARNER, Mr. WILSON, Mr. ZORINSKY, Mr. DIXON, Mr. BENTSEN, and Mr. PACKWOOD) proposed an amendment to the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt; as follows:

At the end of the bill insert the following:

SEC. ——. DEFICIT REDUCTION PROCEDURES.

(a) SHORT TITLE.—This section may be cited as the "Balanced Budget and Emergency Deficit Control Act of 1985".

GRAMM (AND OTHERS) AMENDMENT NO. 730

Mr. DOLE (for Mr. GRAMM, for himself, Mr. RUDMAN, Mr. HOLLINGS, Mr. ABDNOR, Mr. ANDREWS, Mr. BOREN, Mr. BOSCHWITZ, Mr. COCHRAN, Mr. COHEN, Mr. D'AMATO, Mr. DANFORTH, Mr. DENTON, Mr. DODD, Mr. EAST, Mr. EVANS, Mr. GARN, Mr. GOLDWATER, Mr. GORTON, Mr. GRASSLEY, Mr. HATCH, Mr. HECHT, Mr. HELMS, Mr. HUMPHREY, Mr. KASTEN, Mr. KERRY, Mr. LAXALT, Mr. LUGAR, Mr. MATTINGLY, Mr. MCCLURE, Mr. MCCONNELL, Mr. MURKOWSKI, Mr. NICKLES, Mr. STEVENS, Mr. SYMMS, Mr. TRIBLE, Mr. WALLOP, Mr. WARNER, Mr. WILSON, Mr. ZORINSKY, Mr. DIXON, Mr. BENTSEN, and Mr. PACKWOOD) proposed an amendment to amendment 729 proposed by Mr. DOLE (for Mr. GRAMM and others) to the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt; as follows:

At the end of the matter proposed to be inserted, insert the following:

(b) CONGRESSIONAL BUDGET.—

(1) ONE CONCURRENT RESOLUTION ON THE BUDGET REQUIRED ANNUALLY.—

(A) IN GENERAL.—Section 310 of the Congressional Budget Act of 1974 is amended—

(i) by striking out all beginning with "SEC. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"SEC. 310. (a) IN GENERAL.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary, specify—"; and

(ii) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(B) CONFORMING CHANGES.—

(i) The table of contents in subsection (b) of section 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(I) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(II) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(III) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(ii) Paragraph (4) of section 3 of such Act is amended—

(I) by adding "and" after the semicolon at the end of subparagraph (A);

(II) by striking out subparagraph (B); and

(III) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(iii) Section 300 of the Congressional Budget Act of 1974 is amended—

(I) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(II) by striking out the items relating to September 15 and September 25.

(iv)(I) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(II) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(III) Section 301(b) of such Act is amended—

(aa) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(bb) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(IV) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(V) Section 301(e) of such Act is amended—

(aa) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(bb) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(v) Section 302(c) of such Act is amended by striking out "or 310".

(vi)(I) The heading of section 303 of such Act is amended by striking out "FIRST".

(II) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(vii) Section 304 of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(II) by striking out "pursuant to section 301".

(viii)(I) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(II) Section 305(b) of such Act is amended—

(aa) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(bb) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ix) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(x) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(xi) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(xii) Section 311(a) of such Act is amended—

(I) by striking out "310(a)" the first place it appears and inserting in lieu thereof "301(a)"; and

(II) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(xiii) Clause 1. of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(2) Maximum Deficit Amounts.—

(A) Annual concurrent resolution on the budget.—

(i) Point of order.—Section 301 of the Congressional Budget Act of 1974 is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and inserting after subsection (b) the following new subsection:

"(c) Maximum Deficit Amount May Not Be Exceeded—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) Conforming change.—Section 301(e) of such Act, as redesignated by clause (i) of this subparagraph, is amended by inserting "; and when so reported such concurrent resolution shall comply with the requirement described in paragraph (1) of subsection (c), unless such paragraph does not apply to such fiscal year by reason of paragraph (2) of such subsection" after "October 1 of such year" in the second sentence thereof.

(B) Permissible revisions of concurrent resolutions on the budget.—Section 304 of such Act is amended—

(i) by inserting "(a) In General.—" after "Sec. 304."; and

(ii) by adding at the end thereof the following new subsection:

"(b) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(C) Definitions.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year. For purposes of this Act, and unless specifically superseded by a law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985, the receipts of the Federal Old-Age, Survivors, and Disability Insurance Trust Fund for a fiscal year, and the taxes payable under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 during such fiscal year, shall be included in total revenues for such fiscal year, and the disbursements of such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985, $180,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000; and"

"(F) with respect to the fiscal year beginning October 1, 1990, zero.".

(3) Reconciliation.—

(A) Annual concurrent resolution on the budget.—

(i) Directions to committees.—Section 301(b) of the Congressional Budget Act of 1974 (as amended by paragraph (1)(B)(iv)(III) of this subsection) is further amended—

(I) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(II) by inserting "require" after the paragraph designation in paragraph (1);

(III) by inserting "require" after the paragraph designation in paragraph (2); and

(IV) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(ii) Conforming changes.—

(I) Section 310(a) of such Act is amended—

(aa) by inserting "or" at the end of paragraph (2);

(bb) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(cc) by striking out paragraph (4).

(II) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than June 15 of each year".

(III) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(IV) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"June 15............................ Congress completes action on reconciliation bill or resolution, or both, implementing first required concurrent resolution.".

(B) Permissible revisions of concurrent resolutions on the budget.—

(i) In general.—Section 304(a) of such Act (as redesignated by paragraph (2)(B)(i) of this subsection) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(ii) Conforming change.—Section 310(d) of such Act (as amended by subparagraph (A)(ii)(II) of this paragraph) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(4) Limitation on amendments.—

(A) Concurrent resolutions on the budget.—

(i) House of Representatives.—Section 305(a)(6) of such Act is amended—

(I) by inserting "(A)" after the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget as reported, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution as reported, shall be in order unless such amendment ensures that the amount of total budget outlays set forth in the concurrent resolution as reported is not increased, and that the recommended level of total Federal revenues set forth in such concurrent resolution as reported is not reduced, by making an equivalent reduction in other specific budget outlays or an equivalent increase in other specific Federal revenues.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) Senate.—Section 305(b)(2) of such Act is amended—

(I) by inserting "(A)" before the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget as reported, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution as reported, shall be in order unless such amendment ensures that the amount of total budget outlays set forth in the concurrent resolution as reported is not increased, and that the recommended level of total Federal revenues set forth in the concurrent resolution as reported is not reduced, by making an equivalent reduction in other specific budget outlays or an equivalent increase in other specific Federal revenues.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) Reconciliation bills and resolutions.—Section 310 of such Act is amended by inserting after subsection (b) (as redesignated by paragraph (1)(A)(ii) of this subsection) the following new subsection:

"(c) Limitation on Amendments to Reconciliation Bills and Resolutions.—

"(1) It shall not be in order in either the House of Representatives or the Senate to receive or consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution as reported, or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution as reported, unless such amendment ensures that total budget outlays are not increased, and that total Federal revenues are not reduced, by making an equivalent reduction in other specific budget outlays or an equivalent increase in other specific Federal revenues.

"(2) Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(5) Enforcement.—

(A) Allocations of budget authority and outlays.—

(i) Reporting date for allocations.—Section 302(b) of such Act is amended by striking out "Each such committee shall promptly report" in the last sentence and inserting in lieu thereof "Each such committee, within ten days of session after the concurrent resolution is agreed to, shall report".

(ii) Allocations made binding.—Section 311 of such Act is amended by redesignating subsections (a) and (b) as subsections (b) and (c), respectively, and inserting immediately after "Sec. 311" the following new subsection:

"(a) Legislation Subject to Point of Order After Adoption of Annual Concurrent Resolution on the Budget.—

"(1) In general.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in either the House of Representatives or the Senate—

"(A) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year; or

"(B) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides new spending authority described in section 401(c)(2)(C) to become effective during such fiscal year, if the amount of budget outlays or new budget authority that would be required for such year if such bill or resolution were enacted without change or such amendment were adopted would exceed the appropriate allocation of budget outlays or new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, unless such bill, resolution, or amendment was favorably reported by the Committee on Appropriations of the House involved under section 401(b)(2) along with a certification that if such bill, resolution, or amendment is enacted or adopted, the committee will reduce appropriations or take any other actions necessary to assure that the enactment or adoption of such bill, resolution, or amendment will not result in a deficit for such fiscal year in excess of the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Alteration of 302(b) allocations.—At the time after a committee reports the allocations required to be made under section 302(b), such committee may report to its House an alteration of such allocations, provided that any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

"(3) Exception.—Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) Maximum deficit amount may not be exceeded.—Section 311(b) of such Act, as redesignated by subparagraph (A)(ii) of this subsection, is amended by inserting before the period at the end thereof the following: ", or would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of subsection (b) of section 310 does not apply by reason of paragraph (2) of such subsection)".

(C) Reporting requirement extended to conference reports.—Section 308(a) of such Act is amended by striking out "the report accompanying that bill or resolution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "or whenever a conference report is filed in either House, the report accompanying that bill or resolution or the statement of managers accompanying that conference report".

(c) Budget Submitted by the President.—

(1) Maximum deficit amount may not be exceeded.—Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared on the basis of the best estimates then available, in such a manner as to ensure that the deficit for such fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974; and the President shall take such action under subsection (d)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 as is necessary to ensure that the deficit for such fiscal year does not exceed such maximum deficit amount.

"(2) Subject to paragraph (3) of this subsection, the deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible. The President may also recommend alternative budgets complying with the requirement of the preceding sentence, with outlays and revenues at higher or lower levels to take account of possible changes in economic conditions or other circumstances.

"(3) Paragraph (2) shall not apply with respect to any fiscal year for which a declaration of war has been enacted.".

(2) Revisions and supplemental summaries.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

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(d) Emergency Powers To Eliminate Deficits in Excess of Maximum Deficits Amounts.—

(1) Reporting of deficits in excess of maximum deficit amounts.—

(A) In general.—

(i) Fiscal year for which concurrent resolution on the budget is adopted.—The Director of the Office of Management and Budget and the Director of the Congressional Budget Office (hereafter in this section referred to as "the Directors") shall, with respect to any fiscal year for which a concurrent resolution on the budget has been adopted before the first day of such fiscal year (I) estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year, (II) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (III) estimate the rate of real economic growth that will occur during such fiscal year. The Directors jointly shall report to the President and to the Congress not later than November 1 of such fiscal year (in the case of the fiscal year beginning October 1, 1985) and October 1 of such fiscal year (in the case of any succeeding fiscal year) if either such Director determines that the amount of the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year, identifying the amount of such excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced during such fiscal year in order to eliminate such excess. In the event that the Directors are unable to agree on an amount to be set forth with respect to any item in any such report, the amount set forth for such item in such report shall be the average of the amounts proposed by each of them with respect to such item.

(ii) Fiscal year without concurrent resolution on the budget.—Not later than October 1 of any fiscal year for which a concurrent resolution on the budget has not been adopted, the Directors shall (I) estimate the level of Federal revenues and budget outlays for such fiscal year, (II) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (III) estimate the rate of real economic growth that will occur during such fiscal year, and, if either such Director determines that the amount of the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year, shall jointly report to the President and the Congress, identifying the amount of such excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced in order to eliminate such excess. Any disagreement between the Directors on an amount to be set forth in any such report shall be resolved in the manner described in the last sentence of clause (i).

(B) Exception.—Subparagraph (A) shall not apply to any fiscal year for which a declaration of war has been enacted.

(2) Presidential Order.—

(A) Contents.—

(i) In general.—Except as provided in subparagraph (B), upon receipt of any report from the Directors under paragraph (1) of this subsection identifying an amount by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year, notwithstanding the Impoundment Control Act of 1974, the President shall issue an order that—

(I) subject to clause (ii) of this subparagraph, eliminates one-half of such excess by modifying or suspending the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during such fiscal year, in such a manner as to reduce by a uniform percentage (but not below zero) the amount of increase under each such provision, and

(II) subject to clause (ii) of this subparagraph, eliminates one-half of such excess by sequestering such amounts of budget authority, obligation limitations, and loan limitations as are necessary to reduce each relatively controllable expenditure by a uniform percentage and by adjusting payments provided by the Federal Government;

and shall transmit to both Houses of the Congress a message—

(III) identifying—

(aa) the total amount and the percentage by which automatic spending increases are to be reduced under subclause (I) of this clause;

(bb) the total amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and the total amount of payments which is to be adjusted under subclause (II) of this clause with respect to relatively controllable expenditures;

(cc) the amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and payments which are to be adjusted with respect to each such relatively controllable expenditure in order to reduce it by the required percentage; and

(dd) the account, department, or establishment of the Government to which each amount of budget authority, obligation limitations, and loan limitations and each payment specified under subdivision (cc) of this clause would be available for obligation (but for such order), and the specific project or governmental functions involved; and

(IV) providing a full supporting details with respect to each action to be taken under subclause (I) or (II) of this clause.

(ii) Limitation.—Actions taken under subclause (I) of clause (i) may reduce by less than one-half the amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year, and actions taken under subclause (II) of such clause may reduce such excess by more than one-half only to the extent that compliance with the requirement that actions taken under each such subclause reduce such excess by one-half would require the reduction of automatic spending increases below zero.

(B) Exception.—If the amount of the excess of the deficit for a fiscal year over the maximum deficit amount for such fiscal year set forth in a report from the Directors under paragraph (1) of this subsection is not statistically significant, subparagraph (A) shall be applied by substituting "may" for "shall" each place it appears.

(C) Date issued.—

(i) Positive real economic growth.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is zero or greater, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 14 days after transmittal of such report.

(ii) Negative real economic growth.—

(I) In general.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is less than zero, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 30 days after transmittal of such report.

(II) Alternative proposals.—The President may, during the 30-day period specified in subclause (I), submit to each House of the Congress a joint resolution that will, if enacted—

(aa) reduce the deficit for a fiscal year to an amount not greater than the maximum deficit amount for such fiscal year, or

(bb) subject to the requirements of subsection (e) of this section, suspend (in part or in whole) the requirements of this section and of the amendments made by this section with respect to such fiscal year.

Such joint resolution shall be introduced (by request) by the majority leader of each such House on the day on which it is submitted and shall be referred on such day to the appropriate committee of such House. The committee shall report the joint resolution not later than 10 days after the date on which it is introduced. A committee failing to report a joint resolution within the 10-day period referred to in the preceding sentence shall be automatically discharged from consideration of the joint resolution, and the joint resolution shall be placed on the appropriate calendar. The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget shall also apply to consideration of any joint resolution submitted under this subparagraph and to conference reports thereon. Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to any such joint resolution.

(D) Effective immediately.—Except to the extent that it is superseded by a joint resolution enacted under paragraph (3) of this subsection, an order issued pursuant to this paragraph shall be effective from and after its issuance. Any modification or suspension of a provision of law that would (but for such order) require an automatic spending increase to take effect during a fiscal year shall apply for the one-year period beginning with the date on which such automatic increase would have taken effect during such fiscal year (but for such order).

(E) Proposal of alternatives.—A message transmitted pursuant to this paragraph with respect to a fiscal year may be accompanied by a proposal setting forth in full detail alternative ways to reduce the deficit for such fiscal year to an amount not greater than the maximum deficit amount for such fiscal year.

(3) Congressional action.—

(A) Reporting of joint resolutions.—

(i) In general.—Not later than 10 days after issuance of an order by the President under paragraph (2) with respect to a fiscal year, the Committee on the Budget of the House of Representatives or the Senate may report to its House a joint resolution superseding such order. The report accompanying such joint resolution shall explain in full detail the nature and effects of each provision of the joint resolution.

(ii) Point of order.—It shall not be in order in the House of Representatives or the Senate to consider or agree to any joint resolution reported under clause (i) with respect to a fiscal year, any amendment thereto, or any conference report thereon if—

(I) the enactment of such joint resolution as reported;

(II) the adoption and enactment of such amendment; or

(III) the enactment of such joint resolution in the form recommended in such conference report;

would cause the amount of the deficit for such fiscal year to exceed the maximum deficit amount for such fiscal year.

(iii) Definition.—For purposes of clause (i), the term "day" shall mean any calendar day on which either House of the Congress is in session.

(B) Procedures.—

(i) In general.—The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to consideration of joint resolutions reported under this paragraph and conference reports thereon.

(ii) Limitation on amendments.—Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to joint resolutions reported under this paragraph.

(4) Definitions.—For purposes of this subsection:

(A) The term "automatic spending increase" shall include all Federal programs indexed directly or indirectly, whether appropriated or contained in current law. This shall include entitlements and other payments to individuals, open-ended programs and grants, and other similar programs, and shall not include increases in Government expenditures due to changes in program participation rates. Such term shall not include any increase in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

(B) The term "budget outlays" has the meaning given to such term in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974.

(C) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(D) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(E) The term "maximum deficit amount" has the meaning given to such term in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(F) The term "real economic growth" means, with respect to a fiscal year, the nominal growth in the production of goods and services during such fiscal year, adjusted for inflation.

(G) The term "relatively controllable expenditures" means budget outlays that are classified as relatively controllable outlays in Office of Management and Budget, *Controllability of Budget Outlays*, Report No. BPS07014 (August 27, 1985).

(H) The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount. For purposes of the fiscal year beginning October 1, 1985, the preceding sentence shall be applied by substituting "7" for "5".

(5) Conforming changes.—

(A) Rules of the House of Representatives.—

(i) Clause 1.(e)(3) of rule X of the Rules of the House of Representatives is amended—

(I) by striking out "and" at the end of subdivision (C);

(II) by redesignating subdivision (D) as subdivision (E); and

(III) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(ii) Clause 4.(a) of rule XI of such Rules is amended by inserting after "Budget Act of 1974" the following: "and on joint resolutions under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985".

(B) Standing Rules of the Senate.—Rule XXV(e)(2) of the Standing Rules of the Senate is amended—

(i) by striking out "and" at the end of subdivision (C);

(ii) by redesignating subdivision (D) as subdivision (E); and

(iii) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(e) Budgetary Treatment of Social Security Trust Funds.—

(1) Fiscal years 1986 through 1992.—

(A) In general.—Section 710 of the Social Security Act (as added by paragraph (1) of subsection (a) of section 346 of the Social Security Amendments of 1983) is amended—

(i) by striking out all beginning with "the" the first place it appears down through "Disability Insurance Trust Fund, the" and inserting in lieu thereof "The";

(ii) by striking out "sections 1401, 3101, and 3111" and inserting in lieu thereof "1401(b), 3101(b), and 3111(b)";

(iii) by redesignating all after the section designation as subsection (b);

(iv) by inserting after the section designation the following:

"(a) The receipts and disbursements of the Federal Old-Age, Survivors, and Disability Insurance Trust Fund, and the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government."; and

(v) by adding at the end thereof the following new subsection:

"(c) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to the Federal Old-Age, Survivors, and Disability Insurance Trust Fund, or for payments from such Trust Fund to the general fund of the Treasury.".

(B) Application.—The amendments made by subparagraph (A) shall apply with respect to fiscal years beginning after September 30, 1985, and ending before October 1, 1992.

(2) Fiscal year 1993 and thereafter.—Section 710(a) of the Social Security Act (42 U.S.C. 911 note), as amended by section 346(b) of the Social Security Amendments of 1983 (to be effective with respect to fiscal years beginning after September 30, 1992) is amended by—

(A) inserting "(1)" after the subsection designation; and

(B) adding at the end thereof the following new paragraph:

"(2) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in paragraph (1) or for payments from any such Trust Fund to the general fund of the Treasury.".

(f) Waivers and Amendments.—Notwithstanding section 904(b) of the Congressional Budget and Impoundment Control Act of 1974, any other provision of law, or any rule or standing order of the Senate or the House of Representatives, no provision of this section, or of any amendment made by this section, may be waived, amended, or otherwise modified except by a joint resolution that—

(1) does so in specific terms, referring to such provision by its designation and declaring that such joint resolution waives, amends, or otherwise modifies such provision; and

(2) is addressed solely to that subject.

(g) Section 1106(a) of title 31, United States Code, is amended by striking out "July 16" and inserting in lieu thereof "September 16".

(h) Notwithstanding any other provision of law, it shall not be in order in the Senate or House of Representatives to consider any reconciliation bill or reconciliation resolution reported pursuant to a concurrent resolution on the budget agreed to under section 301, 304, or 310 of the Congressional Budget Act of 1974, or any amendment thereto, or conference report thereon that contains recommendations with respect to the Federal Old-Age Survivors Trust Fund or the Federal Disability Insurance Trust Fund, with respect to revenues attributable to the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, with respect to the old-age, survivors, and disability insurance program established under title II of this Act.

(i) Application.—

(1) In general.—Except as provided in paragraphs (2) and (3), this section and the amendments made by this section shall become effective on the date of the enactment of this section and shall apply with respect to fiscal years beginning after September 30, 1985, and before October 1, 1991.

(2) Exception.—The amendments made by subsections (b)(1), (b)(2)(A), (b)(3)(A), (b)(5)(A)(i), and (c) of this section shall apply with respect to fiscal years beginning after September 30, 1986, and before October 1, 1990.

(3) OASDI TRUST FUNDS.—The amendment made by subsection (e) shall apply as provided in such subsection.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, October 3, to hold a hearing to consider the nomination of Anthony G. Sousa, to be a member of the Federal Energy Regulatory Commission.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Thursday, October 3, 1985, in order to conduct a hearing on nuclear winter.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. DOLE. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, October 3, in closed session, to receive a briefing on chemical, biological, and radiological terrorism.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SCIENCE, TECHNOLOGY, AND SPACE

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Science, Technology and Space of the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on Thursday, October 3, to conduct a meeting on earthquake preparedness.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

DEFENSE PROCUREMENT REFORM LEGISLATION FOR 1984

● Mr. QUAYLE. Mr. President, over the next 6 weeks, the Defense Acquisition Policy Subcommittee will be holding a series of hearings on the 1984 defense procurement reform legislation. The purpose of these hearings will be to take a preliminary look at the implementation of the amendments to title 10, United States Code, contained in the Competition in Contracting Act, the Defense Procurement Reform Act of 1984, and the Small Business and Federal Procurement Competition Enhancement Act of 1984.

Over the past 2 years, we have seen an unprecedented amount of legislation aimed at reforming the defense acquisition process. It is time that we began to review the status and impact of those legislative provisions that have already been enacted. Only by conducting oversight hearings on this issue can we have a proper understanding of the potential impact of future legislative proposals.

The subcommittee has scheduled a hearing on October 17 to receive the views of Hon. James P. Wade, Assistant Secretary of Defense for Acquisition and Logistics. We will follow with a hearing on October 29 in which the joint logistics commanders from the armed services and the Defense Logistics Agency have been asked to testify.

During November, we are planning three additional hearings on this topic. On November 5, we have asked the Director of the Strategic Defense Initiative Organization, Lt. Gen. James Abrahamson, to testify before the subcommittee. On November 7, we plan to receive testimony from the competition advocate generals of the services, as well as a representative of the Small Business Administration. Finally, on November 13, we will receive testimony from outside witnesses.●

THE SITUATION IN SOUTH AFRICA

● Mr. SARBANES. Mr. President, so long as news stories and pictures report the violent actions of the South African Government against South Africa's black population, public attention is understandably and rightly riveted on events in South Africa. But other actions of the South African Government, less easily photographed, deserve our attention as well. Among these is the speech which Prime Minister P.W. Botha gave to a Cape Province congress of the ruling National Party on September 30 in which he claimed to offer a "new manifesto for South Africa."

Despite the Prime Minister's assertion, there was nothing new in his speech. There was nothing in it that reflected willingness to confront the real nature of the crisis in South Africa, where black South Africans remain aliens in their own land, living under a brutal state of emergency that the government gives no indication of ending. The Botha speech does not hold out the prospect for the dismantling of the apartheid system, for the fundamental reforms that are the only remedy for the terrible injustice which persists in South Africa.

The true nature of the Botha speech has been described and commented upon this week in a news story and an editorial in the New York Times. I ask that both be printed in the Record:

The material follows:

[From the New York Times, Oct. 2, 1985]

APARTHEID EMBALMED

It is time to acknowledge a widespread misjudgment of South Africa's President, P.W. Botha. All year, with the storms of protest raging around him, he's been elaborating a blueprint for "reforming" the racist structure of apartheid. From afar he often seemed to be improvising, now soothing his nation's blacks, now rebuffing them, as if to stifle rebellion with ambiguity. But now that he has laid out his "manifesto for a new South Africa," only his foreign interpreters sound confused. For a man in his circumstance, he has been remarkably blunt, consistent and purposeful.

Mr. Botha is a semantic trickster. In one sentence he embraces "a united South Africa, one citizenship and a universal franchise." In the next, that becomes a South Africa of "units," with at least three categories of citizenship and a franchise that keeps voters a universe apart. With one breath, Mr. Botha describes black South Africans as a welter of distinctive tribes and "cultures." In the next, he calls them a single group that threatens to dominate the white minority.

Yet despite these obfuscations, Mr. Botha offers a program for reform that is totally coherent. It is also pathetic.

Implicitly, he acknowledges that his predecesors failed in their attempt to turn 23 million blacks into citizens of 10 barren, "independent" homelands. In the service of that scheme, millions have been uprooted or abused as aliens in their own land. Without abandoning this geographical apartheid, Mr. Botha would let the much-needed urban blacks remain in segregated townships and would invent new "group" boundaries to circumscribe their political rights and muscle.

The "homelands," four of which have been declared independent, could each become one or more "units" in Mr. Botha's reunited South Africa. So would the walled-off black townships. Blacks would then participate in political "structures" on a unit basis, managing "their own" affairs, like segregated education and housing, and having "a say at higher levels."

Even at higher levels, there could be no black chamber of Parliament alongside the new Asian and mixed-race chambers advising the white one. But a few blacks might be admitted to the still-more-advisory President's Council, to offer "inquiries and proposals,"

That is the Botha reform, unaltered by any of his moods over the year. Details to come. Black leaders who accept it might be consulted, but never those guided from "abroad" by the exiled leaders of banned black-power organizations.

No less devious than that apartheid of "homelands," Mr. Botha's scheme is even more explicit in its racism. And it is even more plainly designed to let whites divide and dominate blacks, without yielding any power or privilege. All this in the same week that South Africa's white business leaders publicly urge negotiation with acknowledged black leaders "about power sharing," full citizenship "to all our peoples" and restoration of the rule of law.

Anton Rupert, a leading Afrikaner businessman, says "Apartheid is dead, but the corpse stinks and it must be buried, not embalmed." President Botha remains, sly and stubborn, the embalmer.

[From the New York Times, Oct. 1, 1985]

BOTHA SETS OUT HIS "AGENDA" FOR RACIAL CHANGES

(By Alan Cowell)

PORT ELIZABETH, SOUTH AFRICA, September 30.—President P.W. Botha of South Africa, facing his Government's deepest racial crisis, delivered a speech tonight in which he set out what he termed an agenda for racial reform.

Hedged with qualifications, it offered political rights to black, including citizenship and an undefined vote. But it seemed to suggest that those rights would be exercised in complex and undefined political structures designed to "insure that one group is not placed in a position where it can dominate other groups."

The language is the Africaners' way of saying that white dominance in national affairs will be retained.

The "agenda," which restated in more detail some earlier proposals, also rejected the notion of a universal franchise in a unitary state and proposed continued segregation of schools, housing and "culture in the general meaning of the word."

Mr. Botha's speech was the fourth and last in a series of pronouncements on reform to party congresses, which he started in Durban on Aug. 15 with a bellicose rejection of eternal pressure on his Government to speed racial change. The Durban speech prompted a vast crumbling of international banking confidence, leading to a financial crisis that forced the authorities to suspend repayment of part of the foreign debt.

A UNITED SOUTH AFRICA

His speech tonight, at the start of the Provincial Congress of his ruling National Party, seemed to represent the most comprehensive statements he has made thus far on his intentions toward the voteless black majority of 23 million. It seemed certain, however, that many black activists would reject his proposals as falling far short of a political system reflecting South Africa's racial composition.

"I finally confirm," Mr. Botha said, "that my party and I are committed to the principle of a united South Africa, one citizenship and a universal franchise."

While the language seemed more dramatic and explicit than in the past, Mr. Botha clarified the statement by saying that his proposals—the practical implications of which are still unclear—foresaw "structures chosen by South Africans, not within structures prescribed from abroad."

The essence of his agenda, which represents a clear break from the traditional canons of apartheid, seemed to be a kind of federation or confederation of what he termed "units" based on geography and race.

"We are involved," Mr. Botha said, "in the mutual pursuance of both equal rights for individuals and security for each group."

CHANGES IN ADVISORY COUNCIL

To initiate negotiations with black personalities, he said, he was prepared to change the composition of the advisory President's Council to permit blacks to offer "inquiries and the submission of proposals" to him.

The President's Council is composed of representatives of political parties present in the segregated three-chamber Parliament and is supposed to advise Mr. Botha on policy issues and to break deadlocks in legislative debates.

A universal franchise in a unitary state, Mr. Botha said, "will cause a greater struggle and more bloodshed than we are experiencing today." More than 700 people, all but a handful of them nonwhite, have died in 13 months of protest and violence that prompted the authorities to declare a state of emergency in 36 districts on July 21.

Official security action to quell the protests, Mr. Botha said, was not "for purposes of oppression and maintaining the status quo" but "to protect the process of peaceful reform and to insure the necessary stability without which reform will be undermined by violence and revolution."

The reforms he mentioned seemed ambivalent. While Mr. Botha spoke of a "united South Africa," he made clear, for instance, that this did not mean the dismantling of the four so-called tribal homelands that have accepted a nominal independence from Pretoria and which are home to millions of blacks.

Similarly, when he spoke initially on Sept. 11 of the restoration of South African citizenship to millions of blacks, one of his senior lieutenants pointed out that citizenship did not imply South African political rights for those living the homelands.

Mr. Botha spoke tonight of a "wide spectrum of views" in South Africa that "recognizes the existence of minorities with their own language and culture, as well as an own way of life."

"It recognizes," he said, "the principle of self-determination of own community life such as education, residential areas and social welfare, local management and private ownership, in other words, in culture and the general meaning of the word."

COOPERATIVE COEXISTENCE

Much of what Mr. Botha said seemed a restatement and refining of ideas he has advanced since January for cautious political change designed, in his party's vocabulary, to replace traditional apartheid with what is called "cooperative coexistence."

His agenda, Mr. Botha said, foresaw a multiplicity of "units" that would be "recognized on a geographical and group basis," including the country's nine million urbanized blacks.

The intention, glimpsed through the code language of the dominant 2.8 million Afrikaners, seemed to be to offer some complex form of government to which the black majority, divided as before as ethnic minorities and between rural and urban dwellers, would have a say of some kind in central government that would not impinge on white life styles or on white power over white destinies and economic privilege.●

BILINGUAL EDUCATION

● **Mr. QUAYLE.** Mr. President, recently the Secretary of Education, William J. Bennett, announced that the Department of Education wanted to seek greater flexibility in the provision of services under the Federal Government's Bilingual Education Program. I am fully supportive of the Department's efforts and commend Secretary Bennett for putting forward this proposal.

The Bilingual Education Program has done a great deal of good over the years in helping thousands of schoolchildren learn English. However, many people associated with the programs, including teachers, parents, and school administrators, feel that the program could be improved by allowing greater flexibility in the teaching of English language skills. The Congress included a provision in last year's reauthorization of the Bilingual Education Act, to allow for a very small amount of innovation and freedom in providing bilingual education. I would have preferred to see greater reform of the act to allow local school districts much more discretion in selecting the most effective teaching method to meet the needs of their students. This is why Secretary Bennett's proposal is so commendable, and I am anxious to work with the Department of Education to give school districts more flexibility to help non-English-speaking children learn English as quickly as possible.

I would also like to include two editorials from the Washington Post. The more recent one, dated September 27, 1985, supports Secretary Bennett's recent recommendations for bilingual education. The older editorial, dated April 13, 1984, describes and is supportive of an experiment carried out by McAllen, TX, schools using the English-immersion teaching method. Language immersion is the preferred method used for teaching businessmen and women and diplomats who must learn languages quickly and thoroughly. If it works for them, we should allow our schools to use it to help our non-English-speaking children to learn English with the same quickness and efficiency. Mr. President, I ask that the two editorials be printed in the RECORD following my statement.

The editorials follow:

SECRETARY BENNETT MAKES SENSE

Students in the public schools of Fairfax County speak 70 different languages, among them Spanish, other more or less familiar European tongues and, most recently, the less familiar dialects of the Middle East, the Indian subcontinent and East Asia. School officials need federal help—and money—to teach children whose first language is a foreign one, and that help is available under the provisions of the Bilingual Education Act. Unfortunately, in recent years that program, devised to help children learn in school and become proficient in English, has placed far too much emphasis on teaching in the foreign language. It is hard enough for administrators to find qualified and dedicated teachers without having to worry about offering chemistry in Farsi or geometry in Hmong.

Secretary of Education William J. Bennett knows that the rigidity of federal policy is hampering this program, and he intends to do something about it. In a speech delivered in New York this week, Mr. Bennett announced that he will amend federal regulations to allow greater flexibility to local school districts in running bilingual programs. The law, he points out, only requires that instruction be provided in a child's native language *to the extent necessary* to allow him to achieve competence in English. Regulations mandating non-English instruction are intrusive and unnecessary, and he will revise them accordingly. The secretary will also ask Congress to eliminate the 4 percent ceiling on funds for alternative instruction using only English. Some of these programs, carefully structured and staffed by multilingual teachers, have been very successful, and Mr. Bennett wants to give local school boards the right to use them.

There will be opposition of course, mostly from those who have a vested interest in continuing the exact form of instruction now mandated by Washington. Parents and students who realize that proficiency in English is an absolute prerequisite to economic advancement will differ. Children with language difficulties must be given special help, and the cultures of their native lands deserve respect and understanding. But we need not apologize, as Secretary Bennett points out, for offering assistance in a form that brings children more quickly into American language and culture and strengthens their ability to participate more fully in national life.

The Best Way to Learn English

On issues over which there is a great deal of "expert" disagreement, it's useful now and then to hear from people most directly involved. A story in Monday's paper, for example, reports the views of Hispanic students, their parents and teachers who are participating in an "English-immersion" project in McAllen, Texas. How does the approach compare with the more widely touted bilingual education? "When you get instruction in two languages, it's confusing," reports a parent whose older child has received bilingual instruction. "I say give them only English in school."

This will not come as welcome advice to those spokesmen for the Hispanic community who have, in all good faith, equated bilingual teaching with a proper regard for the concerns of students with limited English-speaking ability. But no one is talking about a return to the bad old "sink or swim" days when children were punished for speaking in a language other than English. Thanks to a Supreme Court decision, every child with limited knowledge of English is entitled to special help. The only question—and it is, for the sake of the children, a very important one—is how best to provide that help.

Although the McAllen experiment is far from completed, experience thus far suggests strongly that bilingual education is not the best approach. Kindergarten students in five classes using the immersion approach last year showed gains in English proficiency about a third higher than those in traditional bilingual programs. Most heartening is the fact that these students come from families that are among the poorest in the nation and that even the slowest learners seemed to benefit. That's especially important, because bilingual programs, which typically keep children from moving into all-English classes until their test scores are high enough, may simply reinforce the future disadvantages these children will face in school and the labor market.

The Wall Street Journal, in an earlier report on the Texas pilot projects, notes that Hispanic parents in several other states are beginning to question bilingual teaching. Certainly the results, measured by achievement test results, are not impressive. In rebuttal, critics of the immersion method will point out that its advantages have not been sufficiently tested. But remember that immersion—in a much harsher form—was the way most earlier immigrants learned English. And it is immersion—not the ineffective bilingual approach by which most Americans failed to learn a second language in school—that is now the preferred method used to teach businessmen and diplomats to speak foreign languages efficiently. If immersion is the method chosen by those who can afford the best, you might ask why it shouldn't be used to teach the nation's children.●

ORDERS FOR FRIDAY

RECESS UNTIL 10:30 A.M.

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 10:30 a.m. on Friday, October 4.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF CERTAIN SENATORS

Mr. DOLE. Mr. President, I ask unanimous consent that there be special orders on tomorrow in favor of the following Senators, for not to exceed 15 minutes each: Senator GOLDWATER, Senator NUNN, and Senator PROXMIRE.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that on tomorrow, after the special orders just identified, there be a period for the transaction of routine morning business, not to extend beyond 11:30 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, following routine morning business on tomorrow, the Senate will resume consideration of House Joint Resolution 372, the debt limit extension, or any items on the Executive Calendar that may be ready for Senate action.

Rollcall votes will occur throughout Friday's session.

At some point, maybe prior to resuming or shortly after resuming action on the debt limit, we will consider the nomination of James Miller, the OMB Director, and I am guessing that a vote could occur on that nomination, and we will make that announcement tomorrow morning.

So there will be votes tomorrow. We are not certain how many. Perhaps we can limit the number of amendments to the debt ceiling measure. I say to my colleagues on the Democratic side that if we could have an agreement for one major amendment on each side, I believe we could complete action on this bill early tomorrow afternoon. Again I am speculating, but I think I can speak for most of my colleagues on this side of the aisle, and that we might be able to obtain that agreement.

If we can attain a similar agreement on the other side of the aisle, we can dispose of the debt limit extension early tomorrow afternoon, which would accommodate a number of Senators who have official commitments elsewhere.

RECESS UNTIL 10:30 A.M.

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move that the Senate stand in recess until 10:30 a.m. Friday, October 4, 1985.

The motion was agreed to; and, at 5:08 p.m., the Senate recessed until Friday, October 4, 1985, at 10:30 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate October 3, 1985:

In the Navy

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be admiral

Vice Adm. Carlisle A.H. Trost, 318-24-4658/1120, U.S. Navy.

HOUSE OF REPRESENTATIVES—*Thursday, October 3, 1985*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious God, we admit that we do not understand all the events of our time, nor do we grasp easy solutions for the concerns we face. Yet, O God, You have given us the direction in which we should go—the direction of justice among the peoples and respect between the nations. May Your spirit encourage us to use the talents that You have already given us, that all people will fully enjoy the gifts of Your hand. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. SCHUETTE. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SCHUETTE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will announce that there will be no 1-minutes today until legislative business has been concluded.

The vote was taken by electronic device, and there were—yeas 269, nays 119, answered "present" 5, not voting 41, as follows:

[Roll No. 332]

YEAS—269

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Atkins
Barnard
Barnes
Bateman
Bates
Bedell
Beilenson
Bennett
Bevill
Biaggi
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Broomfield
Brown (CA)
Broyhill
Bryant
Burton (CA)
Bustamante
Campbell
Carper
Carr
Chapman
Chappell
Clinger
Coelho
Coleman (TX)
Collins
Cooper
Coyne
Crockett
Daniel
Darden
Daschle
de la Garza
Dellums
Derrick
Dicks
Donnelly
Dorgan (ND)
Dowdy
Downey
Duncan
Dwyer
Dymally
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
English
Erdreich
Fascell
Fazio
Fish
Flippo
Florio
Foglietta
Foley
Fowler
Frank
Franklin
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gilman
Gonzalez
Gordon
Gray (IL)
Green
Guarini
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hayes
Hefner
Henry
Hertel
Hillis
Holt
Hopkins
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Jeffords
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kemp
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lantos
Leath (TX)
Lehman (CA)
Lehman (FL)
Levin (MI)
Levine (CA)
Lipinski
Long
Lujan
Luken
Lundine
Lungren
MacKay
Manton
Markey
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCollum
McCurdy
McDade
McHugh
McKinney
McMillan
Meyers
Mica
Miller (CA)
Miller (WA)
Mineta
Moakley
Molinari
Mollohan
Montgomery
Moody
Moore
Morrison (CT)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Panetta
Parris
Pashayan
Pease
Pepper
Perkins
Petri
Pickle
Porter
Price
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Rinaldo
Ritter
Robinson
Roe
Rose
Rostenkowski
Rowland (CT)
Rowland (GA)
Roybal
Rudd
Russo
Sabo
Savage
Scheuer
Schneider
Schulze
Schumer
Seiberling
Sharp
Shelby
Sisisky
Skelton
Slattery
Smith (IA)
Smith (NE)
Smith (NJ)
Snowe
Snyder
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Stratton
Studds
Sweeney
Swift
Synar
Tallon
Tauzin
Thomas (GA)
Torricelli
Towns
Traxler
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitehurst
Whitley
Whitten
Williams
Wirth
Wise
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (FL)
Young (MO)

NAYS—119

Armey
Badham
Bartlett
Barton
Bentley
Bilirakis
Bliley
Boehlert
Boulter
Brown (CO)
Bruce
Burton (IN)
Carney
Chandler
Chappie
Coats
Cobey
Coleman (MO)
Combest
Conte
Conyers
Coughlin
Courter
Craig
Dannemeyer
Daub
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Durbin
Emerson
Evans (IA)
Fawell
Fields
Frenzel
Gallo
Gekas
Gingrich
Goodling
Grotberg
Gunderson
Hiler
Ireland
Jacobs
Kasich
Kennelly
Kolbe
Kramer
Lagomarsino
Latta
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lowry (WA)
Mack
Madigan
Marlenee
Martin (IL)
McCain
McGrath
McKernan
Michel
Miller (OH)
Mitchell
Monson
Moorhead
Morrison (WA)
Nielson
Oxley
Packard
Penny
Ridge
Roemer
Rogers
Roth
Roukema
Saxton
Schaefer
Schroeder
Schuette
Sensenbrenner
Shaw
Shumway
Shuster
Sikorski
Siljander
Skeen
Slaughter
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Spence
Stangeland
Strang
Stump
Sundquist
Swindall
Tauke
Taylor
Thomas (CA)
Vander Jagt
Vucanovich
Walker
Weber
Whittaker
Wolf
Young (AK)
Zschau

ANSWERED "PRESENT"—5

Davis
Evans (IL)
Glickman
Leland
Smith (FL)

NOT VOTING—41

Addabbo
Aspin
AuCoin
Bereuter
Berman
Byron
Callahan
Cheney
Clay
Coble
Crane
Dingell
Dixon
Dyson
Feighan
Fiedler
Ford (MI)
Ford (TN)
Gibbons
Gradison
Gray (PA)
Gregg
Hawkins
Heftel
Hendon
Horton
Hoyer
Hunter
Johnson
Kindness
McCandless
McEwen
Mikulski
O'Brien
Roberts
Rodino
Torres
Traficant
Udall
Wilson
Wright

☐ 1025

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H.J. Res. 393. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2475) "An act to amend the

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☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

Internal Revenue Code of 1954 to simplify the imputed interest rules of sections 1274 and 483, and for other purposes."

The message also announced, that Mr. ROTH and Mr. HOLLINGS be additional conferees, on the part of the Senate, on the bill (H.R. 2419) "An act to authorize appropriations for fiscal year 1986 for intelligence and intelligence-related activities of the U.S. Government, the Intelligence Community Staff, and the Central Intelligence Agency retirement and disability system, and for other purposes.

The message also announced that the Senate had passed a bill of the following title in which the concurrence of the House is requested.

S. 991. An act to provide authorization of appropriations for certain fisheries activities.

LEGISLATIVE PROGRAM

(Mr. FOLEY asked and was given permission to address the House for 1 minute.)

Mr. FOLEY I yield to the distinguished minority whip.

Mr. LOTT. I thank the gentleman for yielding to me.

I understand that there has now been a very significant change, again, in the schedule for the rest of the day and tomorrow and Monday and next week, and I know that Members are very anxious to know what we might expect.

Mr. FOLEY. Mr. Speaker, I wish to announce to the Members that we will proceed today as previously announced, with consideration of the farm bill and will rise sometime between 5:30 and 6 this afternoon.

It was our original intention to try and finish the bill today, but the course of the debate so far indicates that that is unrealistic.

Mr. LOTT. If the gentleman would yield.

Mr. FOLEY. I yield to the gentleman.

Mr. LOTT. We have been working on this farm bill now, off and on, for at least a couple weeks, and everybody I assume agrees that we need to complete action on this farm bill; we were all under the impression earlier that we were going to go until we finished it tonight, or if we could not finish tonight we would go over until tomorrow; and now we are being told we are going to quit at 5:30 or 6. I do not understand that. Why could we not at least go until we have made a little more progress today on something as important as the farm bill?

Mr. FOLEY. I will tell the gentleman that we had made our plans based on an assumption that we would be much farther along in the bill than we in fact are. This is not a criticism; the Members have the right to debate these important questions. It merely recognizes that we have many key amendments to this bill still to be considered: There is a section on tobacco, an amendment on peanuts. Additionally we must deal with cargo preference and with food stamps.

Based on the experience of the past few days, I think most of us would agree that we would have to go well into the early morning hours of Friday morning, until perhaps 2 or 3 a.m., to complete action on this bill. We are not inclined to ask that of Members.

Mr. LOTT. If the gentleman will yield, I assume the Members were prepared to do that, or at least go over into tomorrow to try to finish this very important farm legislation.

Mr. FOLEY. I understand the gentleman's concern. However, I think it is clear to all of us now that the other body will probably take some action tomorrow or Monday on the debt ceiling; and it is my understanding that Treasury has indicated to the Committee on Ways and Means, to the Finance Committee, and to the leadership on both sides that the Government will be without adequate financial resources after the first days of next week.

Rather than have a session without votes on Monday or run the risk of not being in session at a time when the Government's financial situation was becoming critical, we are going to schedule a Monday session, and will work to complete action on the farm bill that day. Although that was not our original intention, under the circumstances, we think that is necessary.

Accordingly, we are not going to meet tomorrow. Instead, we will take up final consideration of the farm bill on Monday. On that day we will, in addition, take up two bills under suspension of the rules, the Nuclear Regulatory Commission extension, H.R. 1711, and H.R. 3174, the military medical malpractice. Votes on those will occur at the end of the day on Monday rather than at its beginning.

Mr. LOTT. If the gentleman would yield further, I understand it is difficult to coordinate the schedule, and I realize you have got to accommodate such important issues as the debt ceiling, but the inability for Members to be able to depend even from day to day on what the schedule is going to be is beginning to get to the point of being hard to endure.

Mr. FOLEY. Let me respond to the gentleman that from the beginning of 1985 until now we have not once changed the Monday schedule; nor have Members been asked to return on Monday when votes were clearly indicated.

We can be 99.9 percent about the schedule, but if we are held to absolute rigidity on it at key points in the affairs of the country, I think that that may be excessive.

Mr. LOTT. Will the gentleman yield?

Mr. FOLEY. I yield to the gentleman.

Mr. LOTT. I do not think that Members object to being here on Monday if they know in advance we are going to be here on Monday, or even if they do not, when it involves something like the debt ceiling or trying to find a process to move toward a balanced budget.

I think what the Members object to is not knowing even last night that we were not going to be in session on Friday and that we now are going to quit at 5:30 on the farm bill, for heaven's sake, at a crucial time in the history of farming in this country, and we are not going to even consider it at all tomorrow; the gentleman that is our ranking member on the Committee on Agriculture did not know 10 minutes ago, was not consulted with at all, that we were not going to continue with the farm bill after 5:30 or tomorrow.

Mr. FOLEY. The chairman of the committee was just advised as well, so he is not in any sense being disadvantageous.

Mr. LOTT. Does the chairman of the Committee on Agriculture on the farm bill wish to quit at 5:30 on Thursday when we were expecting to work into the night?

Mr. FOLEY. Well, if the gentleman is suggesting that we should go tonight until 10 o'clock, we will do that.

With the Speaker's permission, I would like to amend the schedule and say the House will rise by 10 o'clock tonight, unless the bill is finished by that time.

Mr. LOTT. I would like to say that this issue is very important, and we should continue working, either into the night or tomorrow to finish the important item of the farm bill, and let us try to be more consistent in what we can expect.

Mr. MADIGAN. Will the gentleman yield?

Mr. FOLEY. I yield to the gentleman.

Mr. MADIGAN. The gentleman has correctly enumerated the major issues that are yet before us, but this gentleman is quite willing to agree with the chairman of the committee that as soon as we dispose of the issue where we already have agreed to a 1-hour time limit and are back in debate on the farm bill, if the gentleman from Texas [Mr. DE LA GARZA] wants to make a motion to limit the debate on all of those issues, like 2 hours on cargo preference, 1 hour on tobacco, 1 hour on peanuts; whatever, I will support that motion.

Mr. DE LA GARZA. Will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Texas [Mr. DE LA GARZA] but

I will say in advance that we would, on our side I believe, be willing to agree to reasonable time limits, and have always taken that position.

In the past, historically, it has been the minority side which has had concerns, which I understand, about time limitations. In fact, almost every time limitation ever imposed that I can remember, has received heavily negative votes on the minority side.

For our part, I can assure the gentleman that we welcome an opportunity to efficiently complete the work on the farm bill after long debate.

I yield to the gentleman from Texas.

Mr. DE LA GARZA. I thank the gentleman for yielding and yes, I will be very happy to accept the recommendation of my distinguished colleague from Illinois.

Mr. MADIGAN. If the gentleman will yield further, let us get on with it.

Mr. FOLEY. Mr. Speaker, if I may proceed further out of order, I would like to take this opportunity to complete the announcement of next week's schedule, and I reiterate that we intend now to continue work on the farm bill until 10 p.m. this evening, or until it is completed, with the understanding that both sides will attempt to work out time limitations on debate, in the interest of finishing the bill tonight.

The House will then not be in session tomorrow, as previously announced.

We will be in session on Monday at noon to consider the two suspension bills, and in the event that work on the farm bill is completed prior to that time, we will consider any debt limit legislation that may be sent to us by the other body.

□ 1035

We will try to keep Members advised through their respective leadership of any action in the other body on this matter later this week.

The SPEAKER. Will the gentleman make specific that we do intend to have votes on Monday.

Mr. FOLEY. Yes. Mr. Speaker, we do intend to have votes on Monday on the two suspensions previously mentioned and any consideration of the debt ceiling.

The pay equity practices in civil service is scheduled for Tuesday, October 8. On Wednesday and for the balance of the week the House will meet at 10 a.m. and will consider, subject to rules being granted, the conference report on S. 1160, the fiscal 1986 Department of Defense and H.R. 1562, the Textile Trade Enforcement Act. Additionally we will take up H.R. 3248, the Arts and Humanities authorizations, to complete consideration; and H.R. 1409, military construction authorizations, under an open rule with 2 hours of debate. The rule has already been adopted.

This announcement is made subject to the usual reservation that a further program may be announced later, and conference reports may be brought up at any time.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. May the Chair announce that in the event that the farm bill and suspensions are acted upon, and the debt ceiling is not over from the other body, we could move up the equitable pay practices in the civil service legislation to Monday.

Mr. FOLEY. I would like to repeat that for Members who did not hear it: The Chair has announced that in the event no action is taken by the other body on the debt ceiling, we will consider the Pay Equity Act on Monday. There will be votes, in other words, on Monday on one or more legislative matters.

Mr. LOTT. Mr. Speaker, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Mississippi.

Mr. LOTT. I thank the gentleman for yielding.

All other issues could be subject to change depending on what happens the day before.

Mr. FOLEY. I will tell the gentleman that we will try earnestly not to make major changes in the schedule, subject to the usual reservations that the other body has important matters under consideration.

Mr. LOTT. On Friday will we be in session? Can we expect votes or not?

Mr. FOLEY. We will not plan to be in session on Friday.

Mr. LOTT. Do not plan to be in session on Friday, so the Members can expect not to have votes on Friday at this time.

Mr. FOLEY. That is correct.

Mr. LOTT. "We will notify you later if there is a change on that."

AUTHORIZING THE SPEAKER TO DECLARE RECESSES ON OCTOBER 9, 1985, TO RECEIVE THE PRIME MINISTER OF THE REPUBLIC OF SINGAPORE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Wednesday, October 9, 1985, for the Speaker to declare recesses, subject to the call of the Chair, for the purpose of receiving in joint meeting the Prime Minister of the Republic of Singapore.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

TEMPORARY EXTENSION OF CERTAIN PROGRAMS RELATING TO HOUSING AND COMMUNITY DEVELOPMENT

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H.R. Res. 383), to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the joint resolution.

The Clerk read the Senate amendment as follows:

Page 7, after line 2, insert:

SEC. 6. EXTENSIONS OF GARN-ST GERMAIN ACT.

(a) Section 141(a) of the Garn-St Germain Depository Institutions Act of 1982 is amended by striking out "upon the expiration of three years after the date of enactment of this Act" and inserting in lieu thereof "on April 15, 1986".

(b) Section 206(a) of such Act is amended by striking out "Upon the expiration of three years after the date of enactment of this Act" and inserting in lieu thereof "on April 15, 1986".

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. WYLIE. Mr. Speaker, I reserve the right to object and do not intend to object, but I reserve this time so that the chairman of the Subcommittee on Housing may explain what we are doing here.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. WYLIE. Under my reservation I yield to the gentleman from Texas.

Mr. GONZALEZ. I thank the gentleman for yielding, the distinguished minority ranking Member.

Mr. Speaker, the Senate accepted the resolution as we passed it out, that is, House Joint Resolution 393, except that it added two amendments having to do with an extension of provisions in the Garn-St Germain bill, also extending the effective dates of those provisions to April 15, 1986, mostly.

Now as we have done always, this is an agreement with the minority leaders on our side at the subcommittee level, and there is no objection to accepting the Senate's addition.

Mr. WYLIE. Further reserving the right to object, the gentleman from Texas has explained what this bill does. It is a simple extension of three programs, the FHA program which has already expired on September 30 needs to be extended, and it will be extended to November 14 in this bill; the so-called Net Worth Guaranty Certificate Program will be extended to April 15 of next year, and the emergency acquisition authority for failing thrift institutions will be extended to April 15, 1986.

Mr. McKINNEY. Mr. Speaker, will the gentleman yield?

Mr. WYLIE. Further reserving the right to object, I yield to the gentleman from Connecticut.

Mr. McKINNEY. I thank the gentleman for yielding.

Mr. Speaker, I think the extensions in this bill were absolutely necessary. They are short-term extensions. Certainly we need the acquisition power for troubled and failing thrift institutions.

I do want to say, however, that some serious questions have recently been raised about the usefulness on net worth certificates which are also extended by this particular prices of legislation.

In fact, GAO has reported that while, as a whole, federally insured thrifts were profitable for the period they examined, most thrifts receiving this kind of assistance, in fact, were still reporting losses and declining net worth. I think that if we are going to have this program we certainly should not extend it any more than the simple short-term extension until April so that the Banking Committee can really continue to look at the validity of this method of, quote, unquote, bailing out troubled thrift institutions with pieces of paper which really do not mean much of anything.

Mr. WYLIE. Mr. Speaker, I thank the gentleman for his contribution.

Mr. Speaker, I would yield to the chairman of the full committee, the gentleman from Rhode Island.

Mr. ST GERMAIN. I thank the gentleman for yielding.

I would say to the Members that the two provisions, the net worth certificate and the emergency acquisition powers, they are to a tee, that i's are dotted the same way, all the punctuation is similar, no changes whatsoever. And I do indeed agree with our colleague from Connecticut that there must be a review of the efficacy of the Net Worth Certificate Program, and for that reason we are granting an extension to April of next year rather than a blanket extension.

I thank the gentleman for yielding.

Mr. BEREUTER. Mr. Speaker, would the gentleman yield under his reservation?

Mr. WYLIE. I yield to the gentleman from Nebraska.

Mr. BEREUTER. I thank the gentleman for yielding.

I will not object to this procedure, but I would like to engage in a brief colloquy here. I certainly think it is important that we extend the net worth certificate legislation as well as the other items. There are about 3 percent of the savings and loan institutions that do utilize this. But I would say that we had hoped that the extension of the net worth certificate to the savings and loan institutions would be the vehicle for consideration of a similar provision for net worth certificates for agricultural banks; that is, banks that have over 20 percent of their assets in agricultural loans.

The gentleman from Kentucky [Mr. HUBBARD], the gentleman from New York, and I are sponsoring legislation to do that. We know about the opposition from various regulators, but I would ask—and the chairman of the full committee has implied—that we have an opportunity to vote on that this year. I am wondering if anyone from the majority, either the chairman or the subcommittee chairman, would be able to speak to our concern about the extension of net worth certificates to agricultural banks.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. WYLIE. I yield to the chairman of the subcommittee.

Mr. GONZALEZ. I thank the gentleman for yielding.

The chairman of the full committee, who is the author and coauthor of the Garn-St Germain legislation that contains these particular provisions that are being extended insofar as the equity provision and the other is concerned; but I will point this out, though he has left the floor I will answer this way, that with respect to extending the same provisos for the farm credit banks, that banking institution, if I recall correctly, comes under the jurisdiction of the Agriculture Committee not the Banking Committee.

Mr. BEREUTER. No. I would say to the gentleman I am talking about commercial banks that happen to be agricultural lenders out to the 20 percent. I am talking about commercial banks under the control of FDIC.

Mr. GONZALEZ. I see no reason why, if there is any immediate cause to seek that change at this time, that it could not be done. But as the chairman very aptly explained, what this extender does is simply keep alive those provisos now in the law and will give us ample opportunity between now and April 15 to seek revisions and perhaps in that process, if that is a proper vehicle to bring in these commercial banks that have farm credit associations, it could be done then.

Mr. BEREUTER. And would the gentleman repeat how many days we are extending the net worth certificates.

Mr. GONZALEZ. Actually the extender proviso of the Senate amendment would be to April 15, 1986.

Mr. WYLIE. Further reserving the right to object, may I say to the gentleman from Nebraska the chairman of the full committee has said that he would have hearings on your bill and would like to get into this subject. It is a little complicated and more than burdensome. We do need to extend the FHA program which has already expired. I do not want to take a chance of not extending the net worth program for the thrift institutions. I am not sure it does all it is supposed to do either, but I would rather be safe than sorry. We do need to extend the emergency thrift acquisition program also. This is as much as we could get out of the Senate. Members of the other body indicated they were not willing to put any new programs in any bill. So I would encourage all Members to support this legislation.

Further reserving the right to object, let me just say that the Senate amendment will extend, until April 15, 1986, the provisions contained in the Garn-St Germain Act authorizing the FDIC and the FSLIC to make emergency capital contributions to ailing thrift institutions. This assistance, commonly referred to as the "Net Worth Certificate Program," would otherwise expire on October 15 of this year.

Recently, however, serious questions have been raised about the usefulness of this type of assistance. For example, the General Accounting Office issued a report earlier this year which indicates that the program has not been successful in restoring institutions to good health. In fact, the GAO reported that while as a whole federally insured thrifts were profitable for the period examined, most thrifts receiving this kind of assistance were still reporting losses and declining net worth.

Since this issue has not been fully explored by the Banking Committee, and in view of the present problems facing the thrift industry, it is perhaps appropriate to have a short-term extension while the issues can be studied further, rather than to simply allow the authority to expire. A short-term extension will also give the Congress time to study other possible improvements in the deposit insurance system, accounting practices, disclosure requirements, and capital requirements.

The amendment will also extend, until April 15, 1986, the authority contained in the Garn-St Germain Act permitting the FDIC and the FSLIC to arrange for emergency interstate mergers and acquisitions. Under this authority, the FDIC and FSLIC may arrange for such interstate actions with respect to failed banks or failing thrift institutions. It should be noted that this authority does not authorize an interstate acquisition or merger if an in-State institution is willing to acquire the failing bank or thrift. I would like to add that while I am supporting a temporary extension of this authority, I believe that this emergency power is an extremely useful tool for the insurance agencies, will help to conserve their resources in the long run, and should be made permanent law.

Another important authority extended by this amendment is the conservatorship power of the National Credit Union Administration Board. Conservatorship has proven to be a very effective tool for the NCUA Board. It permits the Board to assume control of an institution, with no interruption in service to members, until

the credit union is back on its feet. It also prevents a dissipation of assets that could have a substantial adverse effect on the credit union and the share insurance fund. It has been estimated that over $20 million already has been saved through the use of this authority. However, unless extended, this power will expire on October 15.

Finally, Mr. Chairman, I want to emphasize that this legislation should not be considered the answer to the many financial institution questions facing this Congress. Rather, it is a stopgap measure designed to continue certain emergency programs which otherwise will expire in a matter of days. We still need to deal with the major issues—the existence of nonbank banks, the continued appropriateness of geographic boundaries, the competitive advantages between different types of financial institutions, and the reform of our deposit insurance system.

These larger issues are interrelated and extremely important both to the financial stability of our economy as a whole and to the individual depositor who places his or her faith in the Government's insurance of deposits. These issues must be confronted, and should be addressed soon, or the problems will be only that much greater and the solutions that much harder to achieve.

Mr. Speaker, in the housing area the primary authority that is extended is the insuring authority for FHA programs at the Department of Housing and Urban Development. In addition, the resolution would also extend certain housing programs under the jurisdiction of the Farmers Home Administration and the Flood and Crime Insurance Programs of the Federal Insurance Administration. These authorizations have now expired and the resolution would extend them until November 14, 1985.

I support limiting this extension to November 14 because I hope we will be able to enact the annual housing authorization bill during the interim. In the meantime, we will be assuring that these important authorities will be in place to aid potential homebuyers and insurance victims.

I support extending the authority for all the programs mentioned even though I do not support the reauthorization of the Crime Insurance Program, nor do I support a long-term authorization of the Home Mortgage Disclosure Act. These issues, however, can best be dealt with in regular order in connection with the housing authorization legislation.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding.

Mr. Speaker, I am reluctant to intervene here, but if this is the unanimous-consent procedure I hope we can reach a decision on whether unanimous consent is going to be granted.

Mr. WYLIE. All right. I further reserve the right to object for just 30 seconds. I yield to the gentleman from Virginia.

Mr. PARRIS. I thank the gentleman for yielding. I will be extremely brief. My only concern with this matter, with most, if not all, of us on the committee being extremely supportive of the extensions, but I cannot permit this matter to go by without making for the record the point that we have totally circumvented the committee process in this situation. The full committee, nor appropriate subcommittee, has never addressed this problem. We have had no hearings. We have had no chance for consideration or debate. We have known the extension was upon us for some time. We have not dealt with it. I regret that on this floor, while we are trying, as the gentleman from Washington [Mr. FOLEY] indicates, to try to get on to a critical agriculture bill, here we are debating, if you will, for the first time, the extension of this important program. I want to indicate for the record that in my view that is a regrettable circumstance.

Mr. WYLIE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

ADJOURNMENT TO MONDAY, OCTOBER 7, 1985

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE AMENDMENTS OF 1985

Mr. WAXMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2410) to amend the Public Health Service Act to revise and extend the programs under title VII of that act, with a Senate amendment thereto, and concur in the Senate amendment with an amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment and the House amendment to the Senate amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

That this Act may be cited as the "Health Professions Training Assistance Act of 1985".

REFERENCE

SEC. 2. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

TITLE I—AUTHORIZATIONS OF APPROPRIATIONS

SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

SEC. 101. (a) The first sentence of section 728(a) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$250,000,000 for the fiscal year ending September 30, 1985; $275,000,000 for the fiscal year ending September 30, 1986; $290,000,000 for the fiscal year ending September 30, 1987; and $305,000,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "1987," and inserting in lieu thereof "1991,".

SCHOLARSHIPS FOR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 102. Section 758(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$7,000,000 for the fiscal year ending September 30, 1986, $7,000,000 for the fiscal year ending September 30, 1987, and $7,000,000 for the fiscal year ending September 30, 1988".

DEPARTMENTS OF FAMILY MEDICINE

SEC. 103. Section 780(c) is amended by striking out "and" after "1983," and by inserting a comma and "$7,000,000 for the fiscal year ending September 30, 1986, $7,000,000 for the fiscal year ending September 30, 1987, and $7,000,000 for the fiscal year ending September 30, 1988" after "1984".

AREA HEALTH EDUCATION CENTERS

SEC. 104. The first sentence of section 781(g) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$18,000,000 for the fiscal year ending September 30, 1986, $18,000,000 for the fiscal year ending September 30, 1987, and $18,000,000 for the fiscal year ending September 30, 1988".

PHYSICIAN ASSISTANTS

SEC. 105. Section 783(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$4,800,000 for the fiscal year ending September 30, 1986, $4,800,000 for the fiscal year ending September 30, 1987, and $4,800,000 for the fiscal year ending September 30, 1988".

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 106. Section 784(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$18,500,000 for the fiscal year ending September 30, 1986, $19,500,000 for the fiscal year ending September 30, 1987, and $22,000,000 for the fiscal year ending September 30, 1988".

FAMILY MEDICINE AND GENERAL PRACTICE OF DENTISTRY

SEC. 107. (a) The first sentence of section 786(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$36,000,000 for the fiscal year ending September 30, 1986, $37,000,000 for the fiscal year ending September 30, 1987, and $39,400,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "and" after "1983," and by inserting "September 30, 1986, September 30, 1987, and September 30, 1988," after "1984,".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 108. The first sentence of section 787(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$26,000,000 for the fiscal year ending September 30, 1986, $28,000,000 for the fiscal year ending September 30, 1987, and $30,000,000 for the fiscal year ending September 30, 1988".

CURRICULUM DEVELOPMENT AND FACULTY TRAINING GRANTS

SEC. 109. Section 788(f) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$8,000,000 for the fiscal year ending September 30, 1986; $8,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for the fiscal year ending September 30, 1988".

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 110. The first sentence of section 788B(h) is amended by inserting before the period a comma and "$4,200,000 for the fiscal year ending September 30, 1986, and $3,800,000 for the fiscal year ending September 30, 1987".

GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 111. Section 791(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,500,000 for the fiscal year ending September 30, 1986, $1,500,000 for the fiscal year ending September 30, 1987, and $1,500,000 for the fiscal year ending September 30, 1988".

TRAINEESHIPS FOR STUDENTS IN OTHER GRADUATE PROGRAMS

SEC. 112. Section 791A(c) is amended by striking out "and" after "1980;" and by inserting before the period a semicolon and "and $500,000 for the fiscal year ending September 30, 1986, and each of the next two fiscal years".

PUBLIC HEALTH TRAINEESHIPS

SEC. 113. Section 792(c) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$3,000,000 for the fiscal year ending September 30, 1986; $3,075,000 for the fiscal year ending September 30, 1987; and $3,150,000 for the fiscal year ending September 30, 1988".

TRAINING IN PREVENTIVE MEDICINE

SEC. 114. Section 793(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,600,000 for the fiscal year ending September 30, 1986, $1,600,000 for the fiscal year ending September 30, 1987, and $1,600,000 for the fiscal year ending September 30, 1988".

TITLE II—PROGRAM REVISIONS

SCHOOLS OF CHIROPRACTIC

SEC. 201. (a) The first sentence of section 701(4) is amended—

(1) by striking out "and" after " 'school of veterinary medicine',";

(2) by inserting a comma and "and 'school of chiropractic' " after " 'school of public health' ";

(3) by striking out "and" after "a degree of doctor of veterinary medicine or an equivalent degree,"; and

(4) by inserting "and a degree of doctor of chiropractic or an equivalent degree," before "and including advanced training related to".

(b) Section 701(5) is amended—

(1) by striking out "or" after "pharmacy,"; and

(2) by inserting "or chiropractic," after "public health,".

(c) Section 737 is amended by striking out paragraph (2) and by redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively.

TRAINING OF PHYSICIAN ASSISTANTS

SEC. 202. Section 701(8) is amended to read as follows:

"(8)(A) The term 'program for the training of physician assistants' means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to provide primary health care under the supervision of a physician, and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

"(B) After consultation with appropriate organizations, the Secretary shall, not later than October 1, 1986, prescribe regulations for programs for the training of physician assistants. Such regulations shall, as a minimum, require that such a program—

"(i) extend for at least one academic year and consist of—

"(I) supervised clinical practice, and

"(II) at least four months (in the aggregate) of classroom instruction,

directed toward preparing students to deliver health care;

"(ii) have an enrollment of not less than eight students; and

"(iii) train students in primary care, disease prevention, health promotion, geriatric medicine, and home health care.".

SCHOOLS OF ALLIED HEALTH

SEC. 203. (a) Section 701(10) is amended—

(1) by inserting "college," before "junior college,"; and

(2) by striking out "in a discipline of allied health leading to a baccalaureate or associate degree (or an equivalent degree of either) or to a more advanced degree" in subparagraph (A) and inserting in lieu thereof "to enable individuals to become allied health professionals or to provide additional training for allied health professionals".

(b) Section 701 is amended by adding at the end thereof the following new paragraph:

"(13) The term 'allied health professional' means an individual—

"(A) who has received a certificate, an associate's degree, a bachelor's degree, a masters' degree, a doctoral degree, or postbaccalaureate training, in a science relating to health care;

"(B) who shares in the responsibility for the delivery of health care services or related services, including—

"(i) services relating to the identification, evaluation, and prevention of diseases and disorders;

"(ii) dietary and nutrition services;

"(iii) health promotion services;

"(iv) rehabilitation services; or

"(v) health systems management services; and

"(C) who has not received a degree of doctor of medicine, a degree of doctor of osteopathy, a degree of doctor of dentistry or an equivalent degree, a degree of doctor of veterinary medicine or an equivalent degree, a degree of doctor of optometry or an equivalent degree, a degree of doctor of podiatry or an equivalent degree, a degree of bachelor of science in pharmacy or an equivalent degree, a degree of doctor of pharmacy or an equivalent degree, a graduate degree in public health or an equivalent degree, a degree of doctor of chiropractic or an equivalent degree, a graduate degree in health administration or an equivalent degree, or a doctoral degree in clinical psychology or an equivalent degree.".

GRADUATE PROGRAMS IN CLINICAL PSYCHOLOGY

SEC. 204. (a) Section 701 (as amended by section 203(b) of this Act) is further amended by adding at the end thereof the following new paragraph:

"(14) The term 'graduate program in clinical psychology' means an accredited graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology or an equivalent degree.".

(b) Section 701(5) (as amended by section 201(b) of this Act) is further amended—

(1) by striking out "or" after "chiropractic,"; and

(2) by inserting "or a graduate program in clinical psychology," after "health administration,".

(c) Section 737 (as amended by section 201(c) of this Act) is further amended by striking out paragraph (2) (as redesignated by section 201(c) of this Act) and by redesignating paragraphs (3) and (4) (as redesignated by section 201(c) of this Act) as paragraphs (2) and (3), respectively.

NATIONAL ADVISORY COUNCIL ON HEALTH PROFESSIONS EDUCATION

SEC. 205. (a) Section 702(a) is amended by striking out the last sentence and inserting in lieu thereof the following: "Of the appointed members of the Council—

"(1) twelve shall be representatives of the health professions schools assisted under programs authorized under this title, including—

"(A) one representative of each of schools of veterinary medicine, optometry, pharmacy, podiatry, public health, and allied health, and graduate programs in health administration; and

"(B) at least six persons experienced in university administration, at least one of whom shall be a representative of a school described in subparagraph (A);

"(2) two shall be full-time students enrolled in health professions schools; and

"(3) six shall be members of the general public.".

TECHNICAL ASSISTANCE

SEC. 206. Section 709(d) is amended to read as follows:

"(d) Funds appropriated under this title may be used by the Secretary to provide technical assistance in relation to any of the authorities under this title.".

RECOVERY OF ASSISTANCE

SEC. 207. (a) Section 723 is amended to read as follows:

"RECOVERY

"SEC. 723. (a) If at any time within twenty years (or within such shorter period as the Secretary may prescribe by regulation for an interim facility) after the completion of construction of a facility with respect to which funds have been paid under section 720(a)—

"(1)(A) in case of a facility which was an affiliated hospital or outpatient facility with respect to which funds have been paid under section 720(a)(1), the owner of the facility ceases to be a public or other nonprofit agency that would have been qualified to file an application under section 605,

"(B) in case of a facility which was not an affiliated hospital or outpatient facility but was a facility with respect to which funds have been paid under paragraph (1) or (3) of section 720(a), the owner of the facility ceases to be a public or nonprofit school, or

"(C) in case of a facility which was a facility with respect to which funds have been paid under section 720(a)(2), the owner of the facility ceases to be a public or nonprofit entity,

"(2) the facility ceases to be used for the teaching or training purposes (or other purposes permitted under section 722) for which it was constructed, or

"(3) the facility is used for sectarian instruction or as a place for religious worship, the United States shall be entitled to recover from the owner of the facility the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).

"(b) The owner of a facility which ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or the owner of a facility the use of which changes as described in paragraph (2) or (3) of subsection (a), shall provide the Secretary written notice of such cessation or change of use within 10 days after the date on which such cessation or change of use occurs or within 30 days after the date of enactment of this subsection, whichever is later.

"(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of the facility as the amount of the Federal participation bore to the cost of construction.

"(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which the owner of the facility ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or 191 days after the date on which the use of the facility changes as described in paragraph (2) or (3) of subsection (a), or

"(ii) if notice is not provided as prescribed by subsection (b), 11 days after the date on which such cessation or change of use occurs,

and ending on the date the amount the United States is entitled to recover is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a)(2) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.

"(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.".

(b) In the case of any facility that was or is constructed on or before the date of enactment of this Act or within 180 days after the date of enactment of this Act, the period described in clause (i) or (ii), as the case may be, of section 723(c)(2)(B) of the Public Health Service Act (as amended by subsection (a) of this section) shall begin no earlier than 181 days after the date of enactment of this Act.

(c) The amendment made by subsection (a) of this section shall not adversely affect other legal rights of the United States.

(d) In addition to the authority of the Secretary of Health and Human Services under subsection (d) of section 723 of the Public Health Service Act (as amended by subsection (a) of this section), the Secretary may waive the recovery rights of the United States under subsection (a) of such section 723 with respect to St. Joseph's Hospital in Omaha, Nebraska, if the Secretary determines that adequate provision has been made, through establishment of an irrevocable trust or other legally enforceable means, to assure that the teaching and other obligations assumed with respect to such St. Joseph's Hospital as a condition of assistance under title VII of the Public Health Service Act will continue to be met.

(e)(1) Section 858(b) is amended—

(A) by striking out "not later than" and inserting in lieu thereof "within"; and

(B) by inserting "or within 30 days after the date of enactment of the Health Professions Training Assistance Act of 1985, whichever is later" before the period.

(2) Section 858(c)(2)(B) is amended by striking out "(1)" and inserting in lieu thereof "(i)".

(3) Section 858(d) is amended by striking out "subsection (a)" and inserting in lieu thereof "subsection (a)(2)".

(4) Section 9(c)(2) of the Nurse Education Amendments of 1985 is amended by striking out "subsection (c)(2)(B)(i) of section 858" and inserting in lieu thereof "clause (i) or (ii), as the case may be, of section 858(c)(2)(B)".

HEALTH EDUCATION ASSISTANCE LOAN PROGRAM

SEC. 208. (a)(1) Section 731(a)(1)(A) is amended by striking out "and" at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following:

"(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and".

(2) Section 731(a)(1)(B) is amended by striking out "and" at the end of clause (ii), and by inserting after clause (iii) the following:

"(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and".

(b)(1) Section 731(a)(2)(B) is amended to read as follows:

"(B) provides for repayment of the principal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 25 years beginning not earlier than 9 months nor later than 12 months after the later of—

"(i) the date on which—

"(I) the borrower ceases to be a participant in an accredited internship or residency program of not more than four years in duration;

"(II) the borrower completes the fourth year of an accredited internship or residency program of more than four years in duration; or

"(III) the borrower, if not a participant in a program described in subclause (I) or (II), ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution; or

"(ii) the date on which a borrower who is a graduate of an eligible institution ceases to be a participant in a fellowship training program not in excess of two years or a participant in a full-time educational activity not in excess of two years, which—

"(I) is directly related to the health profession for which the borrower prepared at an eligible institution, as determined by the Secretary; and

"(II) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in a program described in subclause (I) or (II) of clause (i) or prior to the completion of the borrower's participation in such program,

except as provided in subparagraph (C), except that the period of the loan may not exceed 33 years from the date of execution of the note or written agreement evidencing it, and except that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the costs of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;".

(2) Section 731(a)(2)(C) is amended—

(A) by inserting "(including any period in such a program described in subclause (I) or subclause (II) of subparagraph (B)(i))" before the comma in clause (ii);

(B) by striking out "or the 33-year period" in clause (vi);

(C) by striking out "or" after "National Health Service Corps," in clause (v); and

(D) by inserting "or (vii) any period not in excess of two years which is described in subparagraph (B)(ii)," after "Domestic Volunteer Service Act of 1973,".

(3)(A) The provisions of clause (i) of section 731(a)(2)(B) of the Public Health Service Act (as amended by paragraph (1) of this subsection) and the provisions of clauses (ii) and (vi) of section 731(a)(2)(C) of such Act (as amended by subparagraphs (A) and (B) of paragraph (2)) shall not apply to any individual who, prior to the date of enactment of this Act, received a loan insured under subpart I of part C of title VII of such Act.

(B) The provisions of clause (ii) of section 731(a)(2)(B) of the Public Health Service Act and clause (vii) of section 731(a)(2)(C) of such Act (as added by the amendments made by paragraphs (1) and (2)(D) of this subsection, respectively) shall apply to any loan insured under subpart I of part C of title VII of such Act after the date of enactment of this Act.

(4) Within 90 days after the date of enactment of this Act, the Secretary of Health and Human Services shall promulgate regulations to carry out clause (ii) of section 731(a)(2)(B) of the Public Health Service Act and clause (vii) of section 731(a)(2)(C) of such Act (as added by the amendments made by paragraphs (1) and (2)(D) of this subsection, respectively). Such regulations shall—

(A) prescribe criteria for the determination of the types of fellowship training programs and full-time educational activities which will be permitted under such clauses; and

(B) establish procedures for a borrower to apply to the Secretary for a determination concerning whether a particular fellowship training program or full-time educational activity will be permitted under such clauses.

(c)(1) Section 731(b) is amended by striking out "3½" and inserting in lieu thereof "3".

(2) The amendment made by paragraph (1) of this subsection shall apply to any loan insured under subpart I of part C of title VII of the Public Health Service Act after the date of enactment of this Act.

(d) Section 731(c) is amended—

(1) by striking out "section 731(a)(2)(C)" and inserting in lieu thereof "subsection (a)(2)(C)"; and

(2) by inserting before the period a comma and "unless the borrower, in the written agreement described in subsection (a)(2), agrees to make payments during any year or any repayment period in a lesser amount".

(e) Section 732(c) is amended—

(1) by redesignating clauses (1) and (2) of the second sentence as clauses (A) and (B), respectively;

(2) by inserting "(1)" before "The" in the first sentence;

(3) by striking out "2 percent per year" in the first sentence and inserting in lieu thereof "8 percent";

(4) by striking out "in advance, at such times" in the first sentence and inserting in lieu thereof "in advance at the time the loan is made"; and

(5) by adding at the end thereof the following new paragraph:

"(2) The Secretary may not increase the percentage on the principal balance of loans charged pursuant to paragraph (1) for insurance premiums, unless the Secretary has, prior to any such increase—

"(A) requested a qualified public accounting firm to evaluate whether an increase in such percentage is necessary to ensure the solvency of the student loan fund established by section 734, and to determine the amount of such an increase, if necessary; and

"(B) such accounting firm has recommended such an increase and has determined the amount of such increase necessary to ensure the solvency of such fund. The Secretary may not increase such percentage in excess of the maximum percentage permitted by paragraph (1) or increase such percentage by an amount in excess of the amount of the increase determined by a qualified accounting firm pursuant to this paragraph.".

(f) The first sentence of subsection (a) of section 734 and the first sentence of subsection (b) of such section are each amended by inserting "collection or" before "default".

(g)(1) Section 729(a) is amended by inserting "allied health," after "public health," each place it appears.

(2) Section 737 (as amended by sections 201(c) and 204(c) of this Act) is further amended—

(A) by inserting a comma and "allied health," after "public health" in paragraph (1); and

(B) by adding at the end thereof the following new paragraph:

"(4) The term 'school of allied health' means a program in a school of allied health (as defined in section 701(10)) which leads to a masters' degree or a doctoral degree.".

(h) Section 728(a) (as amended by section 101 of this Act) is further amended by inserting after the first sentence the following new sentence: "If the total amount of new loans made and installments paid pursuant to lines of credit in any fiscal year is less than the ceiling established for such year, the difference between the loans made and installments paid and the ceiling shall be carried over to the next fiscal year and added to the ceiling applicable to that fiscal year.".

(i) Section 731(a)(2) is amended by striking out "and" at the end of subparagraph (F), by redesignating subparagraph (G) as subparagraph (H), and by inserting after subparagraph (F) the following new subparagraph:

"(G) provides that the check for the proceeds of the loan shall be made payable jointly to the borrower and the eligible institution in which the borrower is enrolled; and".

HEALTH PROFESSIONS STUDENT LOAN PROGRAM

SEC. 209. (a)(1) Section 740(b)(4) is amended by inserting "doctor of pharmacy or an equivalent degree," before "doctor of podiatry".

(2) Section 741(b) is amended by inserting "doctor of pharmacy or an equivalent degree," before "doctor of podiatry".

(3) Section 741(f)(1)(A) is amended by inserting "doctor of pharmacy or an equivalent degree," before "or doctor of podiatry or an equivalent degree".

(4) Subpart II of part C of title VII is amended by adding at the end thereof the following new section:

"DEFINITION

"SEC. 745. For purposes of this subpart, the term 'school of pharmacy' means a public or nonprofit private school in a State that provides training leading to a degree of bachelor of science in pharmacy or an equivalent degree or a degree of doctor of pharmacy or an equivalent degree and which is accredited in the manner described in section 701(5).".

(b) Section 741(b) (as amended by subsection (a)(2) of this section) is further amended by inserting "(1) who is" after "student" and by inserting before the period a comma and the following: "(2) who, if pursuing a full-time course of study at the school leading to a degree of doctor of medicine or doctor of osteopathy, is of exceptional financial need (as defined by regulations of the Secretary), and (3) who, if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section.".

(c)(1) Section 741(c) is amended to read as follows:

"(c) Such loans shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins one year after the student ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, veterinary medicine, excluding from such ten-year period—

"(1) all periods—

"(A) not in excess of three years of active duty performed by the borrower as a member of a uniformed service;

"(B) not in excess of three years during which the borrower serves as a volunteer under the Peace Corps Act; and

"(C) during which the borrower participates in advanced professional training, including internships and residencies; and

"(2) a period—

"(A) not in excess of two years during which a borrower who is a full-time student in such a school leaves the school, with the intent to return to such school as a full-time student, in order to engage in a full-time educational activity which is directly related to the health profession for which the borrower is preparing, as determined by the Secretary; or

"(B) not in excess of two years during which a borrower who is a graduate of such a school is a participant in a fellowship training program or a full-time educational activity which—

"(i) is directly related to the health profession for which such borrower prepared at such school, as determined by the Secretary; and

"(ii) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in advanced professional training described in paragraph (1)(C) or prior to the completion of such borrower's participation in such training.".

(2) The provisions of section 741(c)(2)(A) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) shall apply to—

(A) any individual who received a loan under subpart II of part C of title VII of the Public Health Service Act and to whom the provisions of such section (if such provisions had been in effect) would have applied between June 17, 1982, and July 7, 1983; and

(B) any individual who, after the date of enactment of this Act, is a full-time student in a school referred to in such section and who (prior to, on, or after the date of enactment of this Act), receives a loan under such subpart to assist such student in such student's studies in such school.

(3) The provisions of section 741(c)(2)(B) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) shall apply to any loan made under subpart II of part C of title VII of such Act after the date of enactment of this Act.

(4) Within 90 days after the date of enactment of this Act, the Secretary of Health and Human Services shall promulgate regulations to carry out section 741(c)(2) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this

subsection) with respect to any loan made under subpart II of part C of title VII of such Act on or after the date of enactment of this Act. Such regulations shall—

(A) with respect to the provisions of subparagraph (A) of such section—

(i) prescribe criteria for the determination of the types of full-time educational activities which will be permitted under such subparagraph;

(ii) require the school in which the borrower was enrolled as a full-time student to determine, prior to the borrower's leaving such school, whether an educational activity in which the student proposes to engage qualifies for purposes of such subparagraph and such regulations; and

(B) with respect to the provisions of subparagraph (B) of such section—

(i) prescribe criteria for the determination of the types of fellowship training programs and full-time educational activities which will be permitted under such subparagraph; and

(ii) establish procedures for a borrower to apply to the Secretary for a determination concerning whether a particular fellowship training program or full-time educational activity will be permitted under such subparagraph.

(d) Section 741(i) is amended to read as follows:

"(i) Subject to regulations of the Secretary, a school may assess a charge with respect to loans made under this subpart to cover the costs of insuring against cancellation of liability under subsection (d).".

(e) Section 741(j) is amended—

(1) by inserting "and in accordance with this section" after "Secretary" in the first sentence;

(2) by striking out "may" in such sentence and inserting in lieu thereof "shall"; and

(3) by striking out the second sentence and inserting in lieu thereof the following: "No such charge may be made if the payment of such installment or the filing of such evidence is made within 60 days after the date on which such installment or filing is due. The amount of any such charge may not exceed an amount equal to 6 percent of the amount of such installment.".

(f) Section 741 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary is authorized to attempt to collect any loan which was made under this subpart, which is in default, and which was referred to the Secretary by a school with which the Secretary has an agreement under this subpart, on behalf of that school under such terms and conditions as the Secretary may prescribe (including reimbursement from the school's student loan fund for expenses the Secretary may reasonably incur in attempting collection), but only if the school has complied with such requirements as the Secretary may specify by regulation with respect to the collection of loans under this subpart. A loan so referred shall be treated as a debt subject to section 5514 of title 5, United States Code. Amounts collected shall be deposited in the school's student loan fund. Whenever the Secretary desires the institution of a civil action regarding any such loan, the Secretary shall refer the matter to the Attorney General for appropriate action.".

(g) Section 742(b) is amended by adding at the end thereof the following new paragraph:

"(5) Any funds from a student loan fund established under this subpart which are returned to the Secretary in any fiscal year shall be available for allotment under this subpart, in such fiscal year and the fiscal year succeeding such fiscal year, to schools which, during the period beginning on July 1, 1972, and ending on September 30, 1985, established student loan funds with Federal capital contributions under this subpart.".

(h) Subpart II of part C of title VII (as amended by subsection (a)(4) of this subsection) is further amended—

(1) by redesignating section 745 (as added by subsection (a)(4) of this section) as section 747; and

(2) by inserting after section 744 the following new sections:

"STUDENT LOAN INFORMATION BY INSTITUTIONS

"SEC. 745. (a) With respect to loans made by a school under this subpart after June 30, 1986, each school, in order to carry out the provisions of sections 740 and 741, shall, at any time such school makes such a loan to a student under this subpart, provide thorough and adequate loan information on loans made under this subpart to the student. The loan information required to be provided to the student by this subsection shall include—

"(1) the yearly and cumulative maximum amounts that may be borrowed by the student;

"(2) the terms under which repayment of the loan will begin;

"(3) the maximum number of years in which the loan must be repaid;

"(4) the interest rate that will be paid by the borrower and the minimum amount of the required monthly payment;

"(5) the amount of any other fees charged to the borrower by the lender;

"(6) any options the borrower may have for deferral, cancellation, prepayment, consolidation, or other refinancing of the loan;

"(7) a definition of default on the loan and a specification of the consequences which will result to the borrower if the borrower defaults, including a description of any arrangements which may be made with credit bureau organizations;

"(8) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

"(9) a description of the actions that may be taken by the Federal Government to collect the loan, including a description of the type of information concerning the borrower that the Federal Government may disclose to (A) officers, employees, or agents of the Department of Health and Human Services, (B) officers, employees, or agents of schools with which the Secretary has an agreement under this subpart, or (C) any other person involved in the collection of a loan under this subpart.

"(b) Each school shall, immediately prior to the graduation from such school of a student who receives a loan under this subpart after June 30, 1986, provide such student with a statement specifying—

"(1) each amount borrowed by the student under this subpart;

"(2) the total amount borrowed by the student under this subpart; and

"(3) a schedule for the repayment of the amounts borrowed under this subpart, including the number, amount, and frequency of payments to be made.

"PROCEDURES FOR APPEAL OF TERMINATIONS

"SEC. 746. In any case in which the Secretary intends to terminate an agreement with a school under this subpart, the Secretary shall provide the school with a written notice specifying such intention and stating that the school may request a formal hearing with respect to such termination. If the school requests such a hearing within 30 days after the receipt of such notice, the Secretary shall provide such school with a hearing conducted by an administrative law judge.".

(i) Section 743 is amended by striking out "1987" each place it appears and inserting in lieu thereof "1991".

(j)(1) Section 740 is amended by adding at the end thereof the following new subsection:

"(c)(1) Any standard established by the Secretary by regulation for the collection by schools of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine of loans made pursuant to loan agreements under this subpart shall provide that the failure of any such school to collect such loans shall be measured in accordance with this subsection.

"(2) The measurement of a school's failure to collect loans made under this subpart shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of such school bears to the matured loans of such school.

"(3) For purposes of this subsection—

"(A) the term 'default' means the failure of a borrower of a loan made under this subpart to—

"(i) make an installment payment when due; or

"(ii) comply with any other term of the promissory note for such loan,

except that a loan made under this subpart shall not be considered to be in default if the loan is discharged in bankruptcy or if the school reasonably concludes from written contacts with the borrower that the borrower intends to repay the loan;

"(B) the term 'defaulted principal amount outstanding' means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or cancelled) on loans—

"(i) repayable monthly and in default for at least 120 days; and

"(ii) repayable less frequently than monthly and in default for at least 180 days;

"(C) the term 'grace period' means the period of one year beginning on the date on which the borrower ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine; and

"(D) the term 'matured loans' means the total principal amount of all loans made by a school under this subpart minus the total principal amount of loans made by such school to students who are—

"(i) enrolled in a full-time course of study at such school; or

"(ii) in their grace period.".

(2) Section 835(c)(3) is amended—

(A) by striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) the term 'grace period' means the period of nine months beginning on the date on which the borrower ceases to pursue a full-time or half-time course of study at a school of nursing; and"; and

(B) by striking out "first" in subparagraph (D)(ii).

SCHOLARSHIPS FOR FIRST-YEAR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 210. (a) Section 758(b) is amended by redesignating paragraph (3) as paragraph

(6) and by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) A scholarship provided to a student for a school year under a grant under subsection (a) shall consist of—

"(A) payment to, or (in accordance with paragraph (4)) on behalf of, the student of the amount (except as provided in section 710) of—

"(i) the tuition of the student in such school year; and

"(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and

"(B) payment to the student of a stipend of $400 per month (adjusted in accordance with paragraph (5)) for each of the 12 consecutive months beginning with the first month of such school year.

"(3) Notwithstanding paragraph (2), the total scholarship award to a student for each year shall not exceed the cost of attendance for that year at the educational institution attended by the student (as determined by such educational institution).

"(4) The Secretary may contract with an educational institution in which is enrolled a student who has received a scholarship with a grant under subsection (a) for the payment to the educational institution of the amounts of tuition and other reasonable educational expenses described in paragraph (2)(A). Payment to such an educational institution may be made without regard to section 3324 of title 31, United States Code.

"(5) The amount of the monthly stipend, specified in paragraph (2)(B) and as previously adjusted (if at all) in accordance with this paragraph, shall be increased by the Secretary for each school year by an amount (rounded to the next highest multiple of $1) equal to the amount of such stipend multiplied by the overall percentage (as set forth in the report transmitted to the Congress under section 5305 of title 5, United States Code) of the adjustment (if such adjustment is an increase) in the rates of pay under the General Schedule made effective in the fiscal year in which such school year ends.".

(b) Section 338A(g)(1) is amended by striking out "or under section 758 (relating to scholarships for first-year students of exceptional financial need),".

CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

SEC. 211. (a)(1) Section 770 is amended to read as follows:

"CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

"SEC. 770. (a)(1) The Secretary shall make annual grants to schools of public health for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year in accordance with paragraphs (2) and (3).

"(2) Each school of public health shall receive for the fiscal year ending September 30, 1986, and for each of the next two fiscal years, an amount equal to the product of—

"(A) $1,400, and

"(B) the sum of (i) the number of full-time students enrolled in degree programs in such school in the school year beginning in such fiscal year, and (ii) the number of full-time equivalents of part-time students enrolled in degree programs in such school, determined pursuant to paragraph (3), for such school for such school year.

"(3) For purposes of paragraph (2), the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—

"(A) the total number of credit hours of instruction in such year for which part-time students of such school, who are pursuing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by

"(B) the greater of (i) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (ii) 9,

rounded to the next highest whole number.

"(b) Notwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to schools of public health with approved applications exceeds the total of the amounts appropriated for such grants for such schools under subsection (e), the amount of a school's grant for such fiscal year shall be an amount which bears the same ratio to the amount determined for the school under subsection (a) as the total of the amounts appropriated for that year under subsection (e) for grants to schools of public health bears to the amount required to make grants in accordance with subsection (a) to each of the schools of public health with approved applications.

"(c)(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as the Secretary deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

"(2) For purposes of this section, the term 'full-time students' (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a graduate degree in public health or equivalent degree.

"(d) In the case of a new school of public health which applies for a grant under this section in the fiscal year preceding the fiscal year in which it will admit its first class, the enrollment for purposes of subsection (a) shall be the number of full-time students which the Secretary determines, on the basis of assurances provided by the school, will be enrolled in the school, in the fiscal year after the fiscal year in which the grant is made.

"(e) For payments under this section, there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1986, $5,125,000 for the fiscal year ending September 30, 1987, and $5,250,000 for the fiscal year ending September 30, 1988.".

(2) Section 731(a)(1)(A)(ii) is amended by striking out "(as defined in section 770(c)(2))" and inserting in lieu thereof "(as defined in section 770(c)(2) (as such section was in effect on September 30, 1985))".

(b) Section 771 is amended to read as follows:

"ELIGIBILITY FOR CAPITATION GRANTS

"SEC. 771. (a)(1) The Secretary shall not make a grant under section 770 to any school of public health in a fiscal year beginning after September 30, 1985, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—

"(A) the enrollment of full-time equivalent students enrolled in degree programs in the school in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the enrollment of such students in degree programs in the school in the school year beginning in the fiscal year ending September 30, 1983; and

"(B) the applicant will expend in carrying out its functions as a school of public health during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.

"(2) For purposes of subsection (a)(1)(A), the number of full-time equivalent students enrolled in a degree program in a school in a school year is equal to the sum calculated under section 770(a)(2)(B) for that school year.

"(b) The Secretary may waive (in whole or in part) application to a school of public health of the requirement of subsection (a)(1)(A) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation.".

(c)(1) Section 772(b) is amended—

(A) by striking out "or subsection (a) or (b) of section 788";

(B) by striking out "medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry," and inserting in lieu thereof "public health,";

(C) by striking out "Commissioner of Education" and inserting in lieu thereof "Secretary of Education"; and

(D) by striking out "Commissioner" each place it appears and inserting in lieu thereof "Secretary of Education".

(2) The section heading for section 772 is amended to read as follows:

"APPLICATIONS FOR CAPITATION GRANTS".

(d) The heading for part E of title VII is amended to read as follows:

"PART E—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF PUBLIC HEALTH".

DEPARTMENTS OF FAMILY MEDICINE

SEC. 212. Section 780 is amended by redesignating subsection (c) (as amended by section 103 of this Act) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.".

AREA HEALTH EDUCATION CENTERS

SEC. 213. (a) Section 781(a)(2) is amended by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and by striking out all that precedes clause (i) (as so redesignated) and inserting in lieu thereof the following:

"(2)(A) The Secretary shall enter into contracts with schools of medicine and osteopathy—

"(i) which have previously received Federal financial assistance for an area health education center program under section 802 of the Health Professionals Educational Assistance Act of 1976 in fiscal year 1979 or under paragraph (1), or

"(ii) which are receiving assistance under paragraph (1),

to carry out projects described in subparagraph (B) through area health education centers for which Federal financial assistance was provided under paragraph (1) and which are no longer eligible to receive such assistance.

"(B) Projects for which assistance may be provided under subparagraph (A) are—".

(b) The last sentence of section 781(g) is amended by striking out "may" and inserting in lieu thereof "shall".

(c) Section 781(d)(2)(F) is amended to read as follows:

"(F) conduct interdisciplinary training and practice involving physicians and other health personnel including, where practicable, physician assistants and nurse practitioners;".

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 214. Section 784 is amended by redesignating subsection (b) (as amended by section 106 of this Act) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) In making grants and entering into contracts under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to general internal medicine and general pediatrics in their medical education training programs.".

FAMILY MEDICINE AND GENERAL DENTISTRY

SEC. 215. (a) Section 786(b) is amended—

(1) by inserting "or an approved advanced educational program in the general practice of dentistry" before the semicolon in paragraph (1); and

(2) by striking out "residents" in paragraph (2) and inserting in lieu thereof "participants".

(b) Section 786 is amended by redesignating subsection (c) (as amended by section 107 of this Act) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) In making grants and entering into contracts under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.".

(c) Section 786(d) (as amended by section 107 of this Act and redesignated by subsection (b) of this section) is further amended by inserting before the period in the second sentence a comma and "and shall obligate not less than 7.5 percent of such amounts in each such fiscal year for grants under subsection (b)".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 216. (a) Section 787(a)(1) is amended—

(1) by inserting "chiropractic," after "allied health,"; and

(2) by inserting after "podiatry" a comma and "public and nonprofit private schools which offer graduate programs in clinical psychology,".

(b) Section 787(a)(2) is amended—

(1) by striking out "and" after the last comma in subparagraph (D);

(2) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof a comma and "and"; and

(3) by inserting after subparagraph (E) the following:

"(F) paying such stipends as the Secretary may determine for such individuals for any period of health professions education at a school of medicine, osteopathy, or dentistry. The term 'regular course of education of such a school' as used in subparagraph (D) includes a graduate program in clinical psychology.".

(c) Section 787(b) is amended by adding at the end thereof the following new sentence: "Of the funds appropriated under this section for any fiscal year, 20 percent shall be obligated for stipends under subsection (a)(2)(F) to individuals of exceptional financial need (as defined by regulations promulgated by the Secretary under section 758) who are students at schools of medicine, osteopathy, or dentistry.".

SPECIAL PROJECTS

SEC. 217. (a)(1) Section 788(a)(1) is amended to read as follows:

"(a)(1) The Secretary may make grants to maintain and improve schools which provide the first or last two years of education leading to the degree of doctor of medicine or osteopathy. Grants provided under this paragraph to schools which were in existence on September 30, 1985, may be used for construction and the purchase of equipment.".

(2) Paragraph (2) of section 788(a) is repealed and paragraph (3) of such section is redesignated as paragraph (2).

(3) Section 788(a)(2) (as redesignated by paragraph (2) of this subsection) is amended by inserting "or last" after "the first", by inserting "or osteopathy" after "medicine" and by inserting "or be operated jointly with a school that is accredited by" after "accredited by".

(b) Section 788(b) is amended to read as follows:

"(b)(1) The Secretary may make grants to and enter into contracts with any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for projects in areas such as—

"(A) health promotion and disease prevention;

"(B) curriculum development and training in health policy and policy analysis, including curriculum development and training in areas such as—

"(i) the organization, delivery, and financing of health care;

"(ii) the determinants of health and the role of medicine in health; and

"(iii) the promotion of economy in health professions teaching, health care practice, and health care systems management;

"(C) curriculum development in clinical nutrition;

"(D) the development of initiatives for assuring the competence of health professionals; and

"(E) curriculum and program development and training in applying the social and behavioral sciences to the study of health and health care delivery issues.

"(2)(A) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g), at least 75 percent shall be obligated for grants to and contracts with health professions institutions, allied health institutions, and nurse training institutions.

"(B) Any application for a grant to institutions described in subparagraph (A) shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

"(C) The Secretary may not approve or disapprove an application for a grant to an institution described in subparagraph (A) unless the Secretary has received recommendations with respect to such application from the appropriate peer review group required under subparagraph (B) and has consulted with the National Advisory Council on Health Professions Education with respect to such application.

"(3) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g), not more than 25 percent shall be obligated for grants to and contracts with public and nonprofit entities which are not health professions institutions, allied health institutions, or nurse training institutions.".

(c) Section 788(d) is amended to read as follows:

"(d)(1) The Secretary may make grants to and enter into contracts with accredited health professions schools referred to in section 701(4) or 701(10) and programs referred to in section 701(8) to assist in meeting the costs of such schools or programs of providing projects to—

"(A) improve the training of health professionals in geriatrics;

"(B) develop and disseminate curricula relating to the treatment of the health problems of elderly individuals;

"(C) expand and strengthen instruction in methods of such treatment;

"(D) support the training and retraining of faculty to provide such instruction;

"(E) support continuing education of health professionals and allied health professionals who provide such treatment; and

"(F) establish new affiliations with nursing homes, chronic and acute disease hospitals, ambulatory care centers, and senior centers in order to provide students with clinical training in geriatric medicine.

"(2)(A) Any application for a grant or contract under this subsection shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

"(B) The Secretary may not approve or disapprove an application for a grant or contract under this subsection unless the Secretary has received recommendations with respect to such application from the appropriate peer review group required under subparagraph (A) and has consulted with the National Advisory Council on Health Professions Education with respect to such application.".

(d) Section 788(f) (as amended by section 109 of this Act) is further amended by adding at the end thereof the following new sentence: "Of the amounts appropriated for each fiscal year to carry out this section—

"(1) 25 percent of such amount for the fiscal year ending September 30, 1986; and

"(2) 37.5 percent of such amount for each of the fiscal years ending September 30, 1987, and September 30, 1988,

shall be available to carry out subsection (d).".

(e) Section 788 is amended by redesignating subsection (f) (as amended by section 109 of this Act and subsection (d) of this section) as subsection (g) and by inserting after subsection (e) the following:

"(f) The Secretary may make grants to schools of veterinary medicine for—

"(1) the development of curricula for training in the care of animals used in research, the treatment of animals while being used in research, and the development of alternatives to the use of animals in research;

"(2) the provision of such training; and

"(3) large animal care and research.".

(f) The heading for section 788 is amended to read as follows:

"TWO-YEAR SCHOOLS OF MEDICINE, INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT".

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 218. Subsections (b)(1) and (f) of section 788B are each amended by striking out "five" and inserting in lieu thereof "six".

GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 219. Section 791(c)(2)(A)(i) is amended by inserting before the semicolon a comma and "except that in any case in which the number of minority students enrolled in the graduate educational programs of such entity in such school year will exceed an amount equal to 45 percent of the number of all students that will be enrolled in such programs in such school year, such application shall only be required to contain assurances that at least 20 individuals will complete such programs in such school year".

PROGRAM ELIMINATIONS

SEC. 220. (a) Section 703 is repealed.

(b) Section 708(c) is repealed.

(c) Part D of title VII is repealed.

(d) Section 782 is repealed.

(e) Section 785 is repealed.

(f)(1) Section 788A is repealed.

(2) The second sentence of section 788B(a) is amended by inserting "(as such section was in effect prior to October 1, 1985)" after "section 788A".

(3) Section 788B(f) (as amended by section 218 of this Act) is further amended by striking out the last sentence.

(4) Section 788B(h) (as amended by section 110 of this Act) is further amended—

(A) by striking out "and section 788A" in the first sentence; and

(B) by striking out the second sentence.

(g) Section 789 is repealed.

ANALYSIS OF FINANCIAL DISINCENTIVES TO CAREER CHOICES IN HEALTH PROFESSIONS

SEC. 221. By October 1, 1986, the Secretary of Health and Human Services shall prepare and transmit to the Congress a report which contains—

(1) an analysis of any financial disincentive to graduates of health professions schools which affects the specialty of practice chosen by such graduates or the decision of such graduates to practice their profession in an area which lacks an adequate number of health care professionals; and

(2) recommendations for legislation and administrative action to correct any disincentives which are identified pursuant to clause (1) and which are contrary to the achievement of national health goals, including recommendations concerning the appropriateness of providing financial assistance to mitigate such disincentives.

STUDY ON COMPLIANCE WITH SELECTIVE SERVICE ACT

SEC. 222. The Secretary of Health and Human Services, in cooperation with the Director of Selective Service, shall conduct a study to determine if health professions schools are engaged in a pattern or practice of failure to comply with section 12(f) of the Military Selective Service Act (50 U.S.C. App. 462(f)) (or regulations issued under such section) or are engaged in a pattern or practice of providing loans or work assistance to persons who are required to register under section 3 of such Act (and any proclamation of the President and regulations prescribed under that section) and have not so registered. The Secretary shall complete the study and report its results to the Congress not later than one year after the date of enactment of this Act.

STUDY OF THE ROLE OF ALLIED HEALTH PERSONNEL IN HEALTH CARE DELIVERY

SEC. 223. (a)(1) The Secretary of Health and Human Services shall arrange for the conduct of a study concerning the role of allied health personnel in health care delivery. The Secretary shall request the National Academy of Sciences to conduct the study under an arrangement under which the actual expenses incurred by the Academy in conducting such study will be paid by the Secretary and the Academy will prepare the report required by subsection (c). If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with the Academy for the conduct of the study.

(2) If the National Academy of Sciences is unwilling to conduct the study required by paragraph (1) under the type of arrangement described in such paragraph, the Secretary shall enter into a similar arrangement with one or more appropriate nonprofit private entities.

(b) The study required by subsection (a) shall—

(1) assess the role of allied health personnel in health care delivery;

(2) identify projected needs, availability, and requirements of various types of health care delivery systems for each type of allied health personnel;

(3) investigate current practices under which each type of allied health personnel obtain licenses, credentials, and accreditation;

(4) assess changes in programs and curricula for the education of allied personnel and in the delivery of services by such personnel which are necessary to meet the needs and requirements identified pursuant to paragraph (2); and

(5) assess the role of the Federal, State, and local governments, educational institutions, and health care facilities in meeting the needs and requirements identified pursuant to paragraph (2).

(c) By October 1, 1987, the Secretary of Health and Human Services shall transmit to the Committee on Labor and Human Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives, and make available to the public, a report—

(1) describing the study conducted under this section;

(2) containing a statement of the data obtained under such study; and

(3) specifying such recommendations for legislation and administrative action as the Secretary considers appropriate.

STUDY OF THE SUPPLY OF, AND REQUIREMENTS FOR, HEALTH PROFESSIONALS

SEC. 224. (a) The Secretary of Health and Human Services shall conduct or enter into contracts for the conduct of analytic and descriptive studies of chiropractors, clinical psychologists, veterinarians, optometrists, pharmacists, podiatrists, public health professionals, and health administrators. The studies shall include evaluations and projections of the supply of, and requirements for, each such profession by specialty and geographic location. The Secretary shall include in the report submitted on October 1, 1987, under section 708(d)(1) of the Public Health Service Act the results of the studies conducted under this subsection.

(b) The authority of the Secretary of Health and Human Services to enter into contracts under subsection (a) shall be effective for any fiscal year only to the extent or in such amounts as are provided in advance by appropriation Acts.

STUDY OF THE DELIVERY OF HEALTH CARE SERVICES TO HOMELESS INDIVIDUALS

SEC. 225. (a) The Secretary of Health and Human Services shall arrange, in accordance with subsection (c), for the conduct of a study of the delivery of inpatient and outpatient health care services to homeless individuals. Such study shall include—

(1) an evaluation of whether eligibility requirements in existing health care programs prevent homeless individuals from receiving health care services;

(2) an evaluation of the efficiency of the delivery of health care services to homeless individuals; and

(3) recommendations for activities by Federal, State, and local governments and private entities that would improve the availability of health care service delivery to homeless individuals.

(b) The Secretary shall report the results of the study required by subsection (a) to the Committee on Labor and Human Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives not later than September 30, 1986.

(c)(1) The Secretary shall request the National Academy of Sciences, acting through the Institute of Medicine, to conduct the study required by subsection (a) under an arrangement whereby the actual expenses incurred by the Academy directly related to the conduct of such study will be paid by the Secretary. If the Academy agrees to such request, the Secretary shall enter into such an agreement with the Academy.

(2) If the National Academy of Sciences declines the Secretary's request to conduct such study under such arrangement, then the Secretary, after consultation with the Committee on Labor and Human Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives, shall enter into a similar arrangement with another appropriate public or nonprofit entity to conduct such study.

RECOVERY OF ASSISTANCE FOR COMMUNITY MENTAL HEALTH CENTERS

SEC. 226. (a) Section 2115 is amended to read as follows:

"RECOVERY

"SEC. 2115. (a) If any facility with respect to which funds have been paid under the Community Mental Health Centers Act (as such Act was in effect prior to October 1, 1981) is, at any time within twenty years after the completion of remodeling, construction, or expansion or after the date of its acquisition—

"(1) sold or transferred to any entity (A) which would not have been qualified to file an application under section 222 of such Act (as such section was in effect prior to October 1, 1981) or (B) which is disapproved as a transferee by the State mental health agency or by another entity designated by the chief executive officer of the State, or

"(2) ceases to be used by a community mental health center in the provision of comprehensive mental health services,

the United States shall be entitled to recover from the transferor, transferee, or owner of the facility, the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).

"(b) The transferor and transferee of a facility that is sold or transferred as described in subsection (a)(1), or the owner of a facility the use of which changes as described in subsection (a)(2), shall provide the Secretary written notice of such sale, transfer, or change within 10 days after the date on which such sale, transfer, or cessation of use occurs or within 30 days after the date of enactment of this subsection, whichever is later.

"(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of so much of the facility as constituted an approved project or projects as the amount of the Federal participation bore to the cost of the remodeling, construction, expansion, or acquisition of the project or projects.

"(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which such sale, transfer, or cessation of use occurs, or

"(ii) if notice is not provided as prescribed by subsection (b), 11 days after such sale, transfer, or cessation of use occurs,

and ending on the date the amount the United States is entitled to recover is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a)(2) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.

"(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.".

(b) In the case of any facility that was or is constructed, remodeled, expanded, or acquired on or before the date of enactment of this Act or within 180 days after the date of enactment of this Act, the period described in clause (i) or (ii), as the case may be, of section 2115(c)(2)(B) of the Public Health Service Act (as amended by subsection (a) of this section) shall begin no earlier than 181 days after the date of enactment of this Act.

(c) The amendments made by subsection (a) of this section shall not adversely affect other legal rights of the United States.

NURSING EDUCATION IN GERIATRICS

Sec. 227. (a)(1) Section 820(a) is amended by redesignating paragraphs (4), (5), (6), (7), and (8) as paragraphs (5), (6), (7), (8), and (9), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) demonstrate improved geriatric training in preventive care, acute care, and long-term care (including home health care and institutional care);".

(2) Section 820(d) is amended—

(A) by striking out "paragraphs (1) through (5)" in paragraph (1) and inserting in lieu thereof "paragraphs (1) through (6)";

(B) by striking out "paragraphs (6), (7), and (8)" in the first sentence of paragraph (2) and inserting in lieu thereof "paragraphs (7), (8), and (9)"; and

(C) by striking out "paragraph (7)" in the second sentence of paragraph (2) and inserting in lieu thereof "paragraph (8)".

(b) Section 821(a) is amended by adding at the end thereof the following new sentence: "In making grants and entering into contracts under this section, the Secretary shall give priority to applications for grants and contracts for education projects in geriatric and gerontological nursing.".

(c) The second sentence of section 822(a)(1) is amended by inserting "(particularly problems in the delivery of preventive care, acute care, and long-term care (including home health care and institutional care) to such patients)" after "geriatric patients".

EFFECTIVE DATE

Sec. 228. (a) Except as provided in subsection (b), this Act and the amendments and repeals made by this Act shall take effect on the date of enactment of this Act.

(b)(1) The amendments made by section 101(a) of this Act shall take effect as of October 1, 1985.

(2) The amendments made by section 208(e) of this Act shall take effect nine months after the date of enactment of this Act.

(3) The amendment made by section 208(h) of this Act shall take effect as of October 1, 1983.

(4) The provisions of section 746 of the Public Health Service Act (as added by the amendment made by section 209(h)(2) of this Act) shall take effect as of June 30, 1984.

(5) The amendments made by section 209(j) of this Act shall take effect as of June 30, 1984.

(6) The amendments made by section 213(a) of this Act shall take effect as of October 1, 1985.

Senate amendment:

Strike out all after the enacting clause and insert:

That this Act may be cited as the "Health Professions Training Assistance Act of 1985".

REFERENCE

Sec. 2. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

TITLE I—AUTHORIZATIONS OF APPROPRIATIONS

SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

Sec. 101. (a) The first sentence of section 728(a) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$250,000,000 for the fiscal year ending September 30, 1985; $275,000,000 for the fiscal year ending September 30, 1986; $290,000,000 for the fiscal year ending September 30, 1987; and $300,000,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "1987," and inserting in lieu thereof "1991,".

SCHOLARSHIPS FOR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

Sec. 102. Section 758(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$7,000,000 for the fiscal year ending September 30, 1986, $7,000,000 for the fiscal year ending September 30, 1987, and $7,000,000 for the fiscal year ending September 30, 1988".

DEPARTMENTS OF FAMILY MEDICINE

Sec. 103. Section 780(c) is amended by striking out "and" after "1983," and by inserting a comma and "$7,500,000 for the fiscal year ending September 30, 1986, $7,500,000 for the fiscal year ending September 30, 1987, and $7,500,000 for the fiscal year ending September 30, 1988" after "1984".

AREA HEALTH EDUCATION CENTERS

Sec. 104. The first sentence of section 781(g) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$18,000,000 for the fiscal year ending September 30, 1986, $18,000,000 for the fiscal year ending September 30, 1987, and $18,000,000 for the fiscal year ending September 30, 1988".

PHYSICIAN ASSISTANTS

Sec. 105. Section 783(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$4,800,000 for the fiscal year ending September 30, 1986, $4,800,000 for the fiscal year ending September 30, 1987, and $4,800,000 for the fiscal year ending September 30, 1988".

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

Sec. 106. Section 784(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$18,500,000 for the fiscal year ending September 30, 1986, $18,500,000 for the fiscal year ending September 30, 1987, and $18,500,000 for the fiscal year ending September 30, 1988".

FAMILY MEDICINE AND GENERAL PRACTICE OF DENTISTRY

Sec. 107. (a) The first sentence of section 786(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$36,000,000 for the fiscal year ending September 30, 1986, $36,000,000 for the fiscal year ending September 30, 1987, and $36,000,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "and" after "1983," and by inserting "September 30, 1986, September 30, 1987, and September 30, 1988," after "1984,".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

Sec. 108. The first sentence of section 787(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$24,000,000 for the fiscal year ending September 30, 1986, $24,000,000 for the fiscal year ending September 30, 1987, and $24,000,000 for the fiscal year ending September 30, 1988".

CURRICULUM DEVELOPMENT AND FACULTY TRAINING GRANTS

Sec. 109. Section 788(f) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$8,000,000 for the fiscal year ending September 30, 1986; $8,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for the fiscal year ending September 30, 1988".

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 110. The first sentence of section 788B(h) is amended by inserting before the period a comma and "$5,600,000 for the fiscal year ending September 30, 1986, and $5,600,000 for the fiscal year ending September 30, 1987".

GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 111. Section 791(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,500,000 for the fiscal year ending September 30, 1986, $1,500,000 for the fiscal year ending September 30, 1987, and $1,500,000 for the fiscal year ending September 30, 1988".

TRAINEESHIPS FOR STUDENTS IN OTHER GRADUATE PROGRAMS

SEC. 112. Section 791A(c) is amended by striking out "and" after "1980;" and by inserting before the period a semicolon and "and $500,000 for the fiscal year ending September 30, 1986, and each of the next two fiscal years".

PUBLIC HEALTH TRAINEESHIPS

SEC. 113. Section 792(c) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$3,000,000 for the fiscal year ending September 30, 1986; $3,000,000 for the fiscal year ending September 30, 1987; and $3,000,000 for the fiscal year ending September 30, 1988".

TRAINING IN PREVENTIVE MEDICINE

SEC. 114. Section 793(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,600,000 for the fiscal year ending September 30, 1986, $1,600,000 for the fiscal year ending September 30, 1987, and $1,600,000 for the fiscal year ending September 30, 1988".

TITLE II—PROGRAM REVISIONS

SCHOOLS OF CHIROPRACTIC

SEC. 201. (a) Section 701(4) is amended—

(1) by striking out "and" after " 'school of veterinary medicine',";

(2) by inserting a comma and "and 'school of chiropractic' " after " 'school of public health' ";

(3) by striking out "and" after "a degree of doctor of veterinary medicine or an equivalent degree,"; and

(4) by inserting "and a degree of doctor of chiropractic or an equivalent degree," before "and including advanced training related to".

(b) Section 701(5) is amended—

(1) by striking out "or" after "pharmacy,"; and

(2) by inserting "or chiropractic," after "public health,".

(c) Section 737 is amended by striking out paragraph (2) and by redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively.

TRAINING OF PHYSICIAN ASSISTANTS

SEC. 202. Section 701(8) is amended to read as follows:

"(8)(A) The term 'program for the training of physician assistants' means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to provide primary health care under the supervision of a physician, and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

"(B) After consultation with appropriate organizations, the Secretary shall, not later than October 1, 1986, prescribe regulations for programs for the training of physician assistants. Such regulations shall, as a minimum, require that such a program—

"(i) extend for at least one academic year and consist of—

"(I) supervised clinical practice, and

"(II) at least four months (in the aggregate) of classroom instruction,

directed toward preparing students to deliver health care;

"(ii) have an enrollment of not less than eight students; and

"(iii) train students in primary care, disease prevention, health promotion, geriatric medicine, and home health care.".

SCHOOLS OF ALLIED HEALTH

SEC. 203. (a) Section 701(10) is amended—

(1) by inserting "college," before "junior college,"; and

(2) by striking out "in a discipline of allied health leading to a baccalaureate or associate degree (or an equivalent degree of either) or to a more advanced degree" in subparagraph (A) and inserting in lieu thereof "to enable individuals to become allied health professionals or to provide additional training for allied health professionals".

(b) Section 701 is amended by adding at the end thereof the following new paragraph:

"(13) The term 'allied health professional' means an individual—

"(A) who has received a certificate, an associate's degree, a bachelor's degree, a masters' degree, a doctoral degree, or postbaccalaureate training, in a science relating to health care;

"(B) who has responsibility for the delivery of health care services or related services, including—

"(i) services relating to the identification, evaluation, and prevention of diseases and disorders;

"(ii) dietary and nutrition services;

"(iii) health promotion services;

"(iv) rehabilitation services; or

"(v) health systems management services; and

"(C) who has not received a degree of doctor of medicine, a degree of doctor of osteopathy, a degree of doctor of dentistry or an equivalent degree, a degree of doctor of veterinary medicine or an equivalent degree, a degree of doctor of optometry or an equivalent degree, a degree of doctor of podiatry or an equivalent degree, a degree of bachelor of science in pharmacy or an equivalent degree, a degree of doctor of pharmacy or an equivalent degree, a graduate degree in public health or an equivalent degree, a degree of doctor of chiropractic or an equivalent degree, a graduate degree in health administration or an equivalent degree, or a doctoral degree in clinical psychology or an equivalent degree.".

GRADUATE PROGRAMS IN CLINICAL PSYCHOLOGY

SEC. 204. (a) Section 701 (as amended by section 203(b) of this Act) is further amended by adding at the end thereof the following new paragraph:

"(14) The term 'graduate program in clinical psychology' means an accredited graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology or an equivalent degree.".

(b) Section 701(5) (as amended by section 201(b) of this Act) is further amended—

(1) by striking out "or" after "chiropractic,"; and

(2) by inserting "or a graduate program in clinical psychology," after "health administration,".

(c) Section 737 (as amended by section 201(c) of this Act) is further amended by striking out paragraph (2) (as redesignated by section 201(c) of this Act) and by redesignating paragraphs (3) and (4) (as redesignated by section 201(c) of this Act) as paragraphs (2) and (3), respectively.

NATIONAL ADVISORY COUNCIL ON HEALTH PROFESSIONS EDUCATION

SEC. 205. (a) Section 702(a) is amended by striking out the last sentence and inserting in lieu thereof the following: "Of the appointed members of the Council—

"(1) twelve shall be representatives of the health professions schools assisted under programs authorized under this title, including—

"(A) one representative of each of schools of veterinary medicine, optometry, pharmacy, podiatry, public health, and allied health, and graduate programs in health administration; and

"(B) at least six persons experienced in university administration, at least one of whom shall be a representative of a school described in subparagraph (A);

"(2) two shall be full-time students enrolled in health professions schools; and

"(3) six shall be members of the general public.".

TECHNICAL ASSISTANCE

SEC. 206. Section 709(d) is amended to read as follows:

"(d) Funds appropriated under this title may be used by the Secretary to provide technical assistance in relation to any of the authorities under this title.".

RECOVERY OF ASSISTANCE

SEC. 207. (a) Section 723 is amended to read as follows:

"RECOVERY

"SEC. 723. (a) If at any time within twenty years (or within such shorter period as the Secretary may prescribe by regulation for an interim facility) after the completion of construction of a facility with respect to which funds have been paid under section 720(a)—

"(1)(A) in case of a facility which was an affiliated hospital or outpatient facility with respect to which funds have been paid under section 720(a)(1), the owner of the facility ceases to be a public or other nonprofit agency that would have been qualified to file an application under section 605,

"(B) in case of a facility which was not an affiliated hospital or outpatient facility but was a facility with respect to which funds have been paid under paragraph (1) or (3) of section 720(a), the owner of the facility ceases to be a public or nonprofit school, or

"(C) in case of a facility which was a facility with respect to which funds have been paid under section 720(a)(2), the owner of the facility ceases to be a public or nonprofit entity,

"(2) the facility ceases to be used for the teaching or training purposes (or other purposes permitted under section 722) for which it was constructed, or

"(3) the facility is used for sectarian instruction or as a place for religious worship,

the United States shall be entitled to recover from the owner of the facility the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).

"(b) The owner of a facility which ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or the owner of a facility the use of which changes as described in paragraph (2) or (3) of subsection (a), shall provide the Secretary written notice of such cessation or change of use not later than 10 days after the date on which such cessation or change of use occurs.

"(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of the facility as the amount of the Federal participation bore to the cost of construction.

"(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which the owner of the facility ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or 191 days after the date on which the use of the facility changes as described in paragraph (2) or (3) of subsection (a), or

"(ii) if notice is not provided as prescribed by subsection (b), 11 days after the date on which such cessation or change of use occurs,

and ending on the date the amount the United States is entitled to recover is collected.

"(d)(1) The Secretary may waive the recovery rights of the United States under subsection (a) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.

"(2) In addition to the authority of the Secretary under paragraph (1), the Secretary may waive the recovery rights of the United States under subsection (a) with respect to a hospital affiliated with a school of medicine if the Secretary determines, in accordance with regulations, that adequate provision has been made, through establishment of an irrevocable trust or other legally enforceable means, to assure that the teaching and other obligations assumed with respect to the facility as a condition of assistance under this title will continue to be met.

"(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.".

(b) In the case of any facility that was or is constructed on or before the date of enactment of this Act or within 180 days after the date of enactment of this Act, the period described in subsection (c)(2)(B)(i) of section 723 of the Public Health Service Act (as amended by subsection (a) of this section) shall begin no earlier than 181 days after the date of enactment of this Act.

(c) The amendment made by subsection (a) of this section shall not adversely affect other legal rights of the United States.

HEALTH EDUCATION ASSISTANCE LOAN PROGRAM

SEC. 208. (a)(1) Section 731(a)(1)(A) is amended by striking out "and" at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following:

"(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and".

(2) Section 731(a)(1)(B) is amended by striking out "and" at the end of clause (ii), and by inserting after clause (iii) the following:

"(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and".

(b)(1) Section 731(a)(2)(B) is amended to read as follows:

"(B) provides for repayment of the principal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 25 years beginning not earlier than 9 months nor later than 12 months after the later of—

"(i) the date on which—

"(I) the borrower ceases to be a participant in an accredited internship or residency program of not more than four years in duration;

"(II) the borrower completes the fourth year of an accredited internship or residency program of more than four years in duration; or

"(III) the borrower, if not a participant in a program described in subclause (I) or (II), ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution; or

"(ii) the date on which a borrower who is a graduate of an eligible institution ceases to be a participant in a fellowship training program not in excess of two years or a participant in a full-time educational activity not in excess of two years, which—

"(I) is directly related to the health profession for which the borrower prepared at an eligible institution, as determined by the Secretary; and

"(II) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in a program described in subclause (I) or (II) of clause (i) or prior to the completion of the borrower's participation in such program,

except as provided in subparagraph (C), except that the period of the loan may not exceed 33 years from the date of execution of the note or written agreement evidencing it, and except that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the costs of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;".

(2) Section 731(a)(2)(C) is amended—

(A) by inserting "(including any period in such a program described in subclause (I) or subclause (II) of subparagraph (B)(i))" before the comma in clause (ii);

(B) by striking out "or the 33-year period" in clause (vi);

(C) by striking out "or" after "National Health Service Corps," in clause (v); and

(D) by inserting "or (vii) any period not in excess of two years which is described in subparagraph (B)(ii)," after "Domestic Volunteer Service Act of 1973,".

(3)(A) The provisions of clause (i) of section 731(a)(2)(B) of the Public Health Service Act (as amended by paragraph (1) of this subsection) and the provisions of clauses (ii) and (vi) of section 731(a)(2)(C) of such Act (as amended by subparagraphs (A) and (B) of paragraph (2)) shall not apply to any individual who, prior to the effective date of this Act, received a loan insured under subpart I of part C of title VII of such Act.

(B) The provisions of clause (ii) of section 731(a)(2)(B) of the Public Health Service Act and clause (vii) of section 731(a)(2)(C) of such Act (as added by the amendments made by paragraphs (1) and (2)(D) of this subsection, respectively) shall apply to any loan insured under subpart I of part C of title VII of such Act after the effective date of this Act.

(4) Within 90 days after the effective date of this Act, the Secretary of Health and Human Services shall promulgate regulations to carry out clause (ii) of section 731(a)(2)(B) of the Public Health Service Act and clause (vii) of section 731(a)(2)(C) of such Act (as added by the amendments made by paragraphs (1) and (2)(D) of this subsection, respectively). Such regulations shall—

(A) prescribe criteria for the determination of the types of fellowship training programs and full-time educational activities which will be permitted under such clauses; and

(B) establish procedures for a borrower to apply to the Secretary for a determination concerning whether a particular fellowship training program or full-time educational activity will be permitted under such clauses.

(c) Section 731(b) is amended by striking out "3½" and inserting in lieu thereof "3".

(d) Section 731(c) is amended—

(1) by striking out "section 731(a)(2)(C)" and inserting in lieu thereof "subsection (a)(2)(C)"; and

(2) by inserting before the period a comma and "unless the borrower, in the written agreement described in subsection (a)(2), agrees to make payments during any year or any repayment period in a lesser amount".

(e) Section 732(c) is amended—

(1) by redesignating clauses (1) and (2) of the second sentence as clauses (A) and (B), respectively;

(2) by inserting "(1)" before "The" in the first sentence;

(3) by striking out "2 percent per year" in the first sentence and inserting in lieu thereof "6 percent";

(4) by striking out "in advance, at such times" in the first sentence and inserting in lieu thereof "in advance at the time the loan is made"; and

(5) by adding at the end thereof the following new paragraph:

"(2) The Secretary may not increase the percentage per year on the principal balance of loans charged pursuant to paragraph (1) for insurance premiums, unless the Secretary has, prior to any such increase—

"(A) requested a qualified public accounting firm to evaluate whether an increase in such percentage is necessary to ensure the solvency of the student loan fund established by section 734, and to determine the amount of such an increase, if necessary; and

"(B) such accounting firm has recommended such an increase and has determined the amount of such increase necessary to ensure the solvency of such fund.

The Secretary may not increase such percentage in excess of the maximum percentage permitted by paragraph (1) or increase such percentage by an amount in excess of the amount of the increase determined by a qualified accounting firm pursuant to this paragraph.".

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(f) The first sentence of subsection (a) of section 734 and the first sentence of subsection (b) of such section are each amended by inserting "collection or" before "default".

(g)(1) Section 729(a) is amended by inserting "allied health," after "public health," each place it appears.

(2) Section 737 (as amended by sections 201(c) and 204(c) of this Act) is further amended—

(1) by inserting a comma and "allied health," after "public health" in paragraph (1); and

(2) by adding at the end thereof the following new paragraph:

"(4) The term 'school of allied health' means a program in a school of allied health (as defined in section 701(10)) which leads to a masters' degree or a doctoral degree.".

(h) Section 728(a) (as amended by section 101 of this Act) is further amended—

(1) by striking out "The" in the first sentence and inserting in lieu thereof "(1) Except as provided in paragraph (2), the"; and

(2) by adding at the end thereof the following new paragraph:

"(2) Any portion of the total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 737) to borrowers which is—

"(A) permitted under paragraph (1) to be covered by Federal loan insurance under this subpart for a fiscal year; and

"(B) is not, prior to the end of such fiscal year, subject to commitments for the provision of such coverage,

shall be available for such commitments in the next fiscal year succeeding such fiscal year. Any amount available under the preceding sentence in a succeeding fiscal year shall not decrease the total principal amount of new loans made and installments paid pursuant to lines of credit to borrowers which pursuant to paragraph (1) may be covered by Federal loan insurance under this subpart for that succeeding fiscal year.".

HEALTH PROFESSIONS STUDENT LOAN PROGRAM

SEC. 209. (a)(1) Section 740(b)(4) is amended by inserting "doctor of pharmacy or an equivalent degree," before "doctor of podiatry".

(2) Section 741(b) is amended by inserting "doctor of pharmacy or an equivalent degree," before "doctor of podiatry".

(3) Section 741(f)(1)(A) is amended by inserting "doctor of pharmacy or an equivalent degree," before "or doctor of podiatry or an equivalent degree".

(4) Subpart II of part C of title VII is amended by adding at the end thereof the following new section:

"DEFINITION

"SEC. 745. For purposes of this subpart, the term 'school of pharmacy' means a public or nonprofit private school in a State that provides training leading to a degree of bachelor of science in pharmacy or an equivalent degree or a degree of doctor of pharmacy or an equivalent degree and which is accredited in the manner described in section 701(5).".

(b) Section 741(b) (as amended by subsection (a)(2) of this section) is further amended by inserting "(1) who is" after "student" and by inserting before the period a comma and the following: "(2) who, if pursuing a full-time course of study at the school leading to a degree of doctor of medicine or doctor of osteopathy, is of exceptional financial need (as defined by regulations of the Secretary), and (3) who, if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section.".

(c)(1) Section 741(c) is amended to read as follows:

"(c) Such loans shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins one year after the student ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine, excluding from such ten-year period—

"(1) all periods—

"(A) not in excess of three years of active duty performed by the borrower as a member of a uniformed service;

"(B) not in excess of three years during which the borrower serves as a volunteer under the Peace Corps Act; and

"(C) during which the borrower participates in advanced professional training, including internships and residencies; and

"(2) a period—

"(A) not in excess of two years during which a borrower who is a full-time student in such a school leaves the school, with the intent to return to such school as a full-time student, in order to engage in a full-time educational activity which is directly related to the health profession for which the individual is preparing, as determined by the Secretary; or

"(B) not in excess of two years during which a borrower who is a graduate of such a school is a participant in a fellowship training program or a full-time educational activity which—

"(i) is directly related to the health profession for which such borrower prepared at such school, as determined by the Secretary; and

"(ii) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in advanced professional training described in paragraph (1)(C) or prior to the completion of such borrower's participation in such training.".

(2) The provisions of section 741(c)(2)(A) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) shall apply to—

(A) any individual who received a loan under subpart II of part C of title VII of the Public Health Service Act and to whom the provisions of such section (if such provisions had been in effect) would have applied between June 17, 1982, and July 7, 1983; and

(B) any individual who, after the effective date of this Act, is a full-time student in a school referred to in such section and who (prior to, on, or after the effective date of this Act), received a loan under such subpart to assist such student in such student's studies in such school.

(3) The provisions of section 741(c)(2)(B) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) shall apply to any loan made under subpart II of part C of title VII of such Act after the effective date of this Act.

(4) Within 90 days after the effective date of this Act, the Secretary of Health and Human Services shall promulgate regulations to carry out section 741(c)(2) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) with respect to any loan made under subpart II of part C of title VII of such Act on or after the effective date of this Act. Such regulations shall—

(A) with respect to the provisions of subparagraph (A) of such section—

(i) prescribe criteria for the determination of the types of full-time educational activities which will be permitted under such subparagraph;

(ii) require the school in which the borrower was enrolled as a full-time student to determine, prior to the borrower's leaving such school, whether an educational activity in which the student proposes to engage qualifies for purposes of such subparagraph and such regulations; and

(B) with respect to the provisions of subparagraph (B) of such section—

(i) prescribe criteria for the determination of the types of fellowship training programs and full-time educational activities which will be permitted under such subparagraph; and

(ii) establish procedures for a borrower to apply to the Secretary for a determination concerning whether a particular fellowship training program or full-time educational activity will be permitted under such subparagraph.

(d) Section 741(i) is amended to read as follows:

"(i) Subject to regulations of the Secretary, a school may assess a charge with respect to loans made under this subpart to cover the costs of insuring against cancellation of liability under subsection (d).".

(e) Section 741(j) is amended—

(1) by inserting "and in accordance with this section" after "Secretary" in the first sentence;

(2) by striking out "may" in such sentence and inserting in lieu thereof "shall"; and

(3) by striking out the second sentence and inserting in lieu thereof the following: "No such charge may be made if the payment of such installment or the filing of such evidence is made within 60 days after the date on which such installment or filing is due. The amount of any such charge may not exceed an amount equal to 6 percent of the amount of such installment.".

(f) Section 741 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary is authorized to attempt to collect any loan which was made under this subpart, which is in default, and which was referred to the Secretary by a school with which the Secretary has an agreement under this subpart, on behalf of that school under such terms and conditions as the Secretary may prescribe (including reimbursement from the school's student loan fund for expenses the Secretary may reasonably incur in attempting collection), but only if the school has complied with such requirements as the Secretary may specify by regulation with respect to the collection of loans under this subpart. A loan so referred shall be treated as a debt subject to section 5514 of title 5, United States Code. Amounts collected shall be deposited in the school's student loan fund. Whenever the Secretary desires the institution of a civil action regarding any such loan, the Secretary shall refer the matter to the Attorney General for appropriate action.".

(g) Section 742(b) is amended by adding at the end thereof the following new paragraph:

"(5) Any funds from a student loan fund established under this subpart which are returned to the Secretary in any fiscal year shall be available for allotment under this subpart, in such fiscal year and the fiscal year succeeding such fiscal year, to schools which, during the period beginning on July

1, 1972, and ending on September 30, 1985, established student loan funds with Federal capital contributions under this subpart.".

(h) Subpart II of part C of title VII (as amended by subsection (a)(4) of this subsection) is further amended—

(1) by redesignating section 745 (as added by subsection (a)(4) of this section) as section 747; and

(2) by inserting after section 744 the following new sections:

"STUDENT LOAN INFORMATION BY INSTITUTIONS

"SEC. 745. (a) With respect to loans made by a school under this subpart after June 30, 1986, each school, in order to carry out the provisions of sections 740 and 741, shall, at any time such school makes such a loan to a student under this subpart, provide thorough and adequate loan information on loans made under this subpart to the student. The loan information required to be provided to the student by this subsection shall include—

"(1) the yearly and cumulative maximum amounts that may be borrowed by the student;

"(2) the terms under which repayment of the loan will begin;

"(3) the maximum number of years in which the loan must be repaid;

"(4) the interest rate that will be paid by the borrower and the minimum amount of the required monthly payment;

"(5) the amount of any other fees charged to the borrower by the lender;

"(6) any options the borrower may have for deferral, cancellation, prepayment, consolidation, or other refinancing of the loan;

"(7) a definition of default on the loan and a specification of the consequences which will result to the borrower if the borrower defaults, including a description of any arrangements which may be made with credit bureau organizations;

"(8) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

"(9) a description of the actions that may be taken by the Federal Government to collect the loan, including a description of the type of information concerning the borrower that the Federal Government may disclose to (A) officers, employees, or agents of the Department of Health and Human Services, (B) officers, employees, or agents of schools with which the Secretary has an agreement under this subpart, or (C) any other person involved in the collection of a loan under this subpart.

"(b) Each school shall, immediately prior to the graduation from such school of a student who received a loan under this subpart after June 30, 1986, provide such student with a statement specifying—

"(1) each amount borrowed by the student under this subpart;

"(2) the total amount borrowed by the student under this subpart; and

"(3) a schedule for the repayment of the amounts borrowed under this subpart, including the number, amount, and frequency of payments to be made.

"PROCEDURES FOR APPEAL OF TERMINATIONS

"SEC. 746. In any case in which the Secretary intends to terminate an agreement with a school under this subpart, the Secretary shall provide the school with a written notice specifying such intention and stating that the school may request a formal hearing with respect to such termination. If the school requests such a hearing within 30 days after the receipt of such notice, the Secretary shall provide such school with a hearing conducted by an administrative law judge.".

(i) Section 743 is amended by striking out "1987" each place it appears and inserting in lieu thereof "1991".

(j) Section 740 is amended by adding at the end thereof the following new subsection:

"(c)(1) Any standard established by the Secretary by regulation for the collection by schools of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine of loans made pursuant to loan agreements under this subpart shall provide that the failure of any such school to collect such loans shall be measured in accordance with this subsection.

"(2) The measurement of a school's failure to collect loans made under this subpart shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of such school bears to the matured loans of such school.

"(3) For purposes of this subsection—

"(A) the term 'default' means the failure of a borrower of a loan made under this subpart to—

"(i) make an installment payment when due; or

"(ii) comply with any other term of the promissory note for such loan,

except that a loan made under this subpart shall not be considered to be in default if the loan is discharged in bankruptcy or if the school reasonably concludes from written contacts with the borrower that the borrower intends to repay the loan;

"(B) the term 'defaulted principal amount outstanding' means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or cancelled) on loans—

"(i) repayable monthly and in default for at least 120 days; and

"(ii) repayable less frequently than monthly and in default for at least 180 days;

"(C) the term 'grace period' means the period of one year beginning on—

"(i) the date on which the borrower ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine; or

"(ii) the date on which ends any period described in paragraph (1) or (2) of section 741(c) which is applicable to such borrower,

whichever is later; and

"(D) the term 'matured loans' means the total principal amount of all loans made by a school under this subpart minus the total principal amount of loans made by such school to students who are—

"(i) enrolled in a full-time course of study at such school; or

"(ii) in their first grace period.".

(k) Section 6103(m) of the Internal Revenue Code of 1954 is amended—

(1) by inserting "ADMINISTERED BY THE DEPARTMENT OF EDUCATION" before the period in the paragraph heading of paragraph (4); and

(2) by adding at the end thereof the following new paragraph:

"(5) INDIVIDUALS WHO HAVE DEFAULTED ON STUDENT LOANS ADMINISTERED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—

"(A) IN GENERAL.—Upon written request by the Secretary of Health and Human Services, the Secretary may disclose the mailing address of any taxpayer who has defaulted on a loan made under part C of title VII of the Public Health Service Act or under subpart II of part B of title VIII of such Act, for use only by officers, employees, or agents of the Department of Health and Human Services for purposes of locating such taxpayer for purposes of collecting such loan.

"(B) DISCLOSURE TO SCHOOLS AND ELIGIBLE LENDERS.—Any mailing address disclosed under subparagraph (A) may be disclosed by the Secretary of Health and Human Services to—

"(i) any school with which the Secretary of Health and Human Services has an agreement under subpart II of part C of title VII of the Public Health Service Act or subpart II of part B of title VIII of such Act, or

"(ii) any eligible lender (within the meaning of section 737(2) of such Act) participating under subpart I of part C of title VII of such Act,

for use only by officers, employees, or agents of such school or eligible lender whose duties relate to the collection of student loans for purposes of locating individuals who have defaulted on student loans made under such subparts for the purposes of collecting such loans.".

SCHOLARSHIPS FOR FIRST-YEAR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 210. (a) Section 758(b) is amended by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) A scholarship provided to a student for a school year under a grant under subsection (a) shall consist of—

"(A) payment to, or (in accordance with paragraph (4)) on behalf of, the student of the amount (except as provided in section 710) of—

"(i) the tuition of the student in such school year; and

"(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and

"(B) payment to the student of a stipend of $400 per month (adjusted in accordance with paragraph (5)) for each of the 12 consecutive months beginning with the first month of such school year.

"(3) Notwithstanding paragraph (2), the total scholarship award to a student for each year shall not exceed the cost of attendance for that year at the educational institution attended by the student (as determined by such educational institution).

"(4) The Secretary may contract with an educational institution in which is enrolled a student who has received a scholarship with a grant under subsection (a) for the payment to the educational institution of the amounts of tuition and other reasonable educational expenses described in paragraph (2)(A). Payment to such an educational institution may be made without regard to section 3324 of title 31, United States Code.

"(5) The amount of the monthly stipend, specified in paragraph (2)(B) and as previously adjusted (if at all) in accordance with this paragraph, shall be increased by the Secretary for each school year by an amount (rounded to the next highest multiple of $1) equal to the amount of such stipend multiplied by the overall percentage (as set forth in the report transmitted to the Congress under section 5305 of title 5, United States Code) of the adjustment (if such adjustment is an increase) in the rates of pay under the General Schedule made effective in the fiscal year in which such school year ends.".

(b) Section 338A(g)(1) is amended by striking out "or under section 758 (relating to scholarships for first-year students of exceptional financial need),".

CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

SEC. 211. (a)(1) Section 770 is amended to read as follows:

"CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

"SEC. 770. (a)(1) The Secretary shall make annual grants to schools of public health for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year in accordance with paragraphs (2) and (3).

"(2) Each school of public health shall receive for the fiscal year ending September 30, 1986, and for each of the next two fiscal years, an amount equal to the product of—

"(A) $1,400, and

"(B) the sum of (i) the number of full-time students enrolled in degree programs in such school in the school year beginning in such fiscal year, and (ii) the number of full-time equivalents of part-time students enrolled in degree programs in such school, determined pursuant to paragraph (3), for such school for such school year.

"(3) For purposes of paragraph (2), the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—

"(A) the total number of credit hours of instruction in such year for which part-time students of such school, who are pursuing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by

"(B) the greater of (i) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (ii) 9,

rounded to the next highest whole number.

"(b) Notwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to schools of public health with approved applications exceeds the total of the amounts appropriated for such grants for such schools under subsection (e), the amount of a school's grant for such fiscal year shall be an amount which bears the same ratio to the amount determined for the school under subsection (a) as the total of the amounts appropriated for that year under subsection (e) for grants to schools of public health bears to the amount required to make grants in accordance with subsection (a) to each of the schools of public health with approved applications.

"(c)(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as the Secretary deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

"(2) For purposes of this section, the term 'full-time students' (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a graduate degree in public health or equivalent degree.

"(d) In the case of a new school of public health which applies for a grant under this section in the fiscal year preceding the fiscal year in which it will admit its first class, the enrollment for purposes of subsection (a) shall be the number of full-time students which the Secretary determines, on the basis of assurances provided by the school, will be enrolled in the school, in the fiscal year after the fiscal year in which the grant is made.

"(e) For payments under this section, there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1986, and for each of the two succeeding fiscal years.".

(2) Section 731(a)(1)(A)(ii) is amended by striking out "(as defined in section 770(c)(2))" and inserting in lieu thereof "(as defined in section 770(c)(2) (as such section was in effect on September 30, 1985))".

(b) Section 771 is amended to read as follows:

"ELIGIBILITY FOR CAPITATION GRANTS

"SEC. 771. (a)(1) The Secretary shall not make a grant under section 770 to any school of public health in a fiscal year beginning after September 30, 1985, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—

"(A) the enrollment of full-time equivalent students enrolled in degree programs in the school in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the enrollment of such students in degree programs in the school in the school year beginning in the fiscal year ending September 30, 1983; and

"(B) the applicant will expend in carrying out its functions as a school of public health during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.

"(2) For purposes of subsection (a)(1)(A), the number of full-time equivalent students enrolled in a degree program in a school in a school year is equal to the sum calculated under section 770(a)(2)(B) for that school year.

"(b) The Secretary may waive (in whole or in part) application to a school of public health of the requirement of subsection (a)(1)(A) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation.".

(c)(1) Section 772(b) is amended—

(A) by striking out "or subsection (a) or (b) of section 788";

(B) by striking out "medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry," and inserting in lieu thereof "public health,";

(C) by striking out "Commissioner of Education" and inserting in lieu thereof "Secretary of Education"; and

(D) by striking out "Commissioner" each place it appears and inserting in lieu thereof "Secretary of Education".

(2) The section heading for section 772 is amended to read as follows:

"APPLICATIONS FOR CAPITATION GRANTS".

(d) The heading for part E of title VII is amended to read as follows:

"PART E—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF PUBLIC HEALTH".

DEPARTMENTS OF FAMILY MEDICINE

SEC. 212. Section 780 is amended by redesignating subsection (c) (as amended by section 103 of this Act) as subsection (d) and by inserting after subsection (b) the following:

"(c) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.".

AREA HEALTH EDUCATION CENTERS

SEC. 213. (a) Section 781(a)(2) is amended by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and by striking out all that precedes clause (i) (as so redesignated) and inserting in lieu thereof the following:

"(2)(A) The Secretary shall enter into contracts with schools of medicine and osteopathy—

"(i) which have previously received Federal financial assistance for an area health education center program under section 802 of the Health Professionals Educational Assistance Act of 1976 in fiscal year 1979 or under paragraph (1), or

"(ii) which are receiving assistance under paragraph (1),

to carry out projects described in subparagraph (B) through area health education centers for which Federal financial assistance was provided under paragraph (1) and which are no longer eligible to receive such assistance.

"(B) Projects for which assistance may be provided under subparagraph (A) are—".

(b) The last sentence of section 781(g) is amended by striking out "may" and inserting in lieu thereof "shall".

(c) Section 781(d)(2)(F) is amended to read as follows:

"(F) conduct interdisciplinary training and practice involving physicians and other health personnel including, where practicable, physician assistants and nurse practitioners;".

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 214. Section 784 is amended by redesignating subsection (b) (as amended by section 106 of this Act) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) In making grants and entering into contracts under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to general internal medicine and general pediatrics in their medical education training programs.".

FAMILY MEDICINE AND GENERAL DENTISTRY

SEC. 215. (a) Section 786(b) is amended—

(1) by inserting "or an approved advanced educational program in the general practice of dentistry" before the semicolon in paragraph (1); and

(2) by striking out "residents" in paragraph (2) and inserting in lieu thereof "participants".

(b) Section 786 is amended by redesignating subsection (c) (as amended by section 107 of this Act) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.".

(c) Section 786(d) (as amended by section 107 of this Act and redesignated by subsection (b) of this section) is further amended by inserting before the period in the second sentence a comma and "and shall obligate not less than 7.5 percent of such amounts in each such fiscal year for grants under subsection (b)".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 216. (a) Section 787(a)(1) is amended—

(1) by inserting "chiropractic," after "allied health,"; and

(2) by inserting after "podiatry" a comma and "public and nonprofit private schools which offer graduate programs in clinical psychology,".

(b) Section 787(a)(2) is amended—

(1) by striking out "and" after the last comma in subparagraph (D);

(2) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof a comma and "and"; and

(3) by inserting after subparagraph (E) the following:

"(F) paying such stipends as the Secretary may determine for such individuals for any period of health professions education at such a school.

The term 'regular course of education of such a school' as used in subparagraph (D) includes a graduate program in clinical psychology.".

(c) Section 787(b) is amended by adding at the end thereof the following new sentence: "Not less than 25 percent, and not more than 35 percent, of the funds appropriated under this section for any fiscal year shall be obligated for stipends under subsection (a)(2)(F) to individuals of exceptional financial need (as defined by regulations promulgated by the Secretary under section 758).".

SPECIAL PROJECTS

SEC. 217. (a)(1) Section 788(a)(1) is amended to read as follows:

"(a)(1) The Secretary may make grants to maintain and improve schools which provide the first or last two years of education leading to the degree of doctor of medicine or osteopathy. Grants provided under this paragraph to schools which were in existence on September 30, 1985, may be used for construction and the purchase of equipment.".

(2) Paragraph (2) of section 788(a) is repealed and paragraph (3) of such section is redesignated as paragraph (2).

(3) Section 788(a)(2) (as redesignated by paragraph (2) of this subsection) is amended by inserting "or last" after "the first", by inserting "or osteopathy" after "medicine" and by inserting "or be operated jointly with a school that is accredited by" after "accredited by".

(b) Section 788(b) is amended to read as follows:

"(b)(1) The Secretary may make grants to and enter into contracts with any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for projects in areas such as—

"(A) health promotion and disease prevention;

"(B) curriculum development and training in health policy and policy analysis, including curriculum development and training in areas such as—

"(i) the organization, delivery, and financing of health care;

"(ii) the determinants of health and the role of medicine in health; and

"(iii) the promotion of economy in health professions teaching, health care practice, and health care systems management;

"(C) curriculum development in clinical nutrition;

"(D) the development of initiatives for assuring the competence of health professionals; and

"(E) curriculum and program development and training in applying the social and behavioral sciences to the study of health and health care delivery issues.

"(2)(A) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g)(1), at least 75 percent shall be obligated for grants to and contracts with health professions institutions, allied health institutions, and nurse training institutions.

"(B) Any application for a grant to institutions described in subparagraph (A) shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

"(C) The Secretary may not approve or disapprove an application for a grant to an institution described in subparagraph (A) unless the Secretary has consulted with the National Advisory Council on Health Professions Education with respect to such application.

"(3) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g)(1), not more than 25 percent shall be obligated for grants to and contracts with public and nonprofit entities which are not health professions institutions, allied health institutions, or nurse training institutions.".

(c) Section 788(d) is amended to read as follows:

"(d)(1) The Secretary may make grants to and enter into contracts with schools of medicine and osteopathy or other appropriate public or nonprofit private entities to assist in meeting the costs of such schools or entities of providing projects to—

"(A) improve the training of health professionals in geriatrics;

"(B) develop and disseminate curricula relating to the treatment of the health problems of elderly individuals;

"(C) expand and strengthen instruction in methods of such treatment;

"(D) support the training and retraining of faculty to provide such instruction;

"(E) support continuing education of health professionals and allied health professionals who provide such treatment; and"

"(F) establish new affiliations with nursing homes, chronic and acute disease hospitals, ambulatory care centers, and senior centers in order to provide students with clinical training in geriatric medicine.

"(2)(A) Any application for a grant under this subsection shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

"(B) The Secretary may not approve or disapprove an application for a grant under this subsection unless the Secretary has consulted with the National Advisory Council on Health Professions Education with respect to such application.".

(d) Section 788 is amended by redesignating subsection (f) (as amended by section 109 of this Act) as subsection (g) and by inserting after subsection (e) the following:

"(f) The Secretary may make grants to schools of veterinary medicine for—

"(1) the development of curricula for training in the care of animals used in research, the treatment of animals while being used in research, and the development of alternatives to the use of animals in research;

"(2) the provision of such training; and

"(3) large animal care and research.".

(e) The heading for section 788 is amended to read as follows:

"TWO-YEAR SCHOOLS OF MEDICINE, INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT".

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 218. Subsections (b)(1) and (f) of section 788B are each amended by striking out "five" and inserting in lieu thereof "six".

GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 219. Section 791(c)(2)(A)(i) is amended by inserting before the semicolon a comma and "except that in any case in which the number of minority students enrolled in the graduate educational programs of such entity in such school year will exceed an amount equal to 45 percent of the number of all students that will be enrolled in such programs in such school year, such application shall only be required to contain assurances that at least 20 individuals will complete such programs in such school year".

PROGRAM ELIMINATIONS

SEC. 220. (a) Section 703 is repealed.

(b) Section 708(c) is repealed.

(c) Part D of title VII is repealed.

(d) Section 782 is repealed.

(e) Section 785 is repealed.

(f)(1) Section 788A is repealed.

(2) The second sentence of section 788B(a) is amended by inserting "(as such section was in effect prior to October 1, 1985)" after "section 788A".

(3) Section 788B(f) (as amended by section 218 of this Act) is further amended by striking out the last sentence.

(4) Section 788B(h) (as amended by section 110 of this Act) is further amended—

(A) by striking out "and section 788A" in the first sentence; and

(B) by striking out the second sentence.

(g) Section 789 is repealed.

ANALYSIS OF FINANCIAL DISINCENTIVES TO CAREER CHOICES IN HEALTH PROFESSIONS

SEC. 221. By October 1, 1986, the Secretary of Health and Human Services shall prepare and transmit to the Congress a report which contains—

(1) an analysis of any financial disincentive to graduates of health professions schools which affects the specialty of practice chosen by such graduates or the decision of such graduates to practice their profession in an area which lacks an adequate number of health care professionals; and

(2) recommendations for legislation and administrative action to correct any disincentives which are identified pursuant to clause (1) and which are contrary to the achievement of national health goals, including recommendations concerning the appropriateness of providing financial assistance to mitigate such disincentives.

STUDY ON COMPLIANCE WITH SELECTIVE SERVICE ACT

SEC. 222. The Secretary of Health and Human Services, in cooperation with the Director of Selective Service, shall conduct a study to determine if health professions schools are engaged in a pattern or practice of failure to comply with section 12(f) of the Military Selective Service Act (50 U.S.C. App. 462(f)) (or regulations issued under *such section) or are engaged in a pattern or practice of providing loans or work assistance to persons who are required to register under section 3 of such Act (and any proclamation of the President and regulations prescribed under that section) and have not so registered. The Secretary shall complete the study and report its results to the Congress not later than one year after the effective date of this Act.*

STUDY OF THE ROLE OF ALLIED HEALTH PERSONNEL IN HEALTH CARE DELIVERY

SEC. 223. (a)(1) The Secretary of Health and Human Services shall arrange for the conduct of a study concerning the role of allied health personnel in health care delivery. The Secretary shall request the National Academy of Sciences to conduct the study under an arrangement under which the actual expenses incurred by the Academy in conducting such study will be paid by the Secretary and the Academy will prepare the report required by subsection (c). If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with the Academy for the conduct of the study.

(2) If the National Academy of Sciences is unwilling to conduct the study required by paragraph (1) under the type of arrangement described in such paragraph, the Secretary shall enter into a similar arrangement with one or more appropriate nonprofit private entities.

(b) The study required by subsection (a) shall—

(1) assess the role of allied health personnel in health care delivery;

(2) identify projected needs, availability, and requirements of various types of health care delivery systems for each type of allied health personnel;

(3) investigate current practices under which each type of allied health personnel obtain licenses, credentials, and accreditation;

(4) assess changes in programs and curricula for the education of allied personnel and in the delivery of services by such personnel which are necessary to meet the needs and requirements identified pursuant to paragraph (2); and

(5) assess the role of the Federal, State, and local governments, educational institutions, and health care facilities in meeting the needs and requirements identified pursuant to paragraph (2).

(c) By October 1, 1987, the Secretary of Health and Human Services shall transmit to the Committee on Labor and Human Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives, and make available to the public, a report—

(1) describing the study conducted under this section;

(2) containing a statement of the data obtained under such study; and

(3) specifying such recommendations for legislation and administrative action as the Secretary considers appropriate.

RECOVERY OF ASSISTANCE FOR COMMUNITY MENTAL HEALTH CENTERS

SEC. 224. (a) Section 2115 is amended to read as follows:

"RECOVERY

"SEC. 2115. (a) If any facility with respect to which funds have been paid under the Community Mental Health Centers Act (as such Act was in effect prior to October 1, 1981) is, at any time within twenty years after the completion of remodeling, construction, or expansion or after the date of its acquisition—

"(1) sold or transferred to any entity (A) which would not have been qualified to file an application under section 222 of such Act (as such section was in effect prior to October 1, 1981) or (B) which is disapproved as a transferee by the State mental health agency or by another entity designated by the chief executive officer of the State, or

"(2) ceases to be used by a community mental health center in the provision of comprehensive mental health services,

the United States shall be entitled to recover from the transferor, transferee, or owner of the facility, the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).

"(b) The transferor and transferee of a facility that is sold or transferred as described in subsection (a)(1), or the owner of a facility the use of which changes as described in subsection (a)(2), shall provide the Secretary written notice of such sale, transfer, or change not later than 10 days after the date on which such sale, transfer, or cessation of use occurs.

"(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of so much of the facility as constituted an approved project or projects as the amount of the Federal participation bore to the cost of the remodeling, construction, expansion, or acquisition of the project or projects.

"(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which such sale, transfer, or cessation of use occurs, or

"(ii) if notice is not provided as prescribed by subsection (b), 11 days after such sale, transfer, or cessation of use occurs,

and ending on the date the amount the United States is entitled to recover is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.

"(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.".

(b) In the case of any facility that was or is constructed, remodeled, expanded, or acquired on or before the date of enactment of this Act or within 180 days after the date of enactment of this Act, the period described in subsection (c)(2)(B)(i) of section 2115 of the Public Health Service Act (as amended by subsection (a) of this section) shall begin no earlier than 181 days after the date of enactment of this Act.

(c) The amendments made by subsection (a) of this section shall not adversely affect other legal rights of the United States.

EFFECTIVE DATE

SEC. 225. (a) Except as provided in subsection (b), this Act and the amendments and repeals made by this Act shall take effect on October 1, 1985.

(b)(1) The provisions of section 207 of this Act and the amendment made by subsection (a) of such section shall take effect on the date of enactment of this Act.

(2) The amendment made by section 209(j) of this Act shall take effect June 30, 1984.

(3) The provisions of section 224 of this Act and the amendment made by subsection (a) of such section shall take effect on the date of enactment of this Act.

Mr. WAXMAN (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment and the House amendment to the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. Is there objection to the initial request of the gentleman from California?

Mr. MADIGAN. Mr. Speaker, reserving the right to object, I would ask the gentleman from California to explain the amendment at the desk.

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Mr. WAXMAN. If the gentleman will permit, this amendment is an amendment that would bring the Health Professions Training Assistance Act of 1985 to the terms that were agreed upon by the majority and minority of both this House and the other body.

Mr. MADIGAN. Can the gentleman assure me that the objection of the ranking minority member of the Committee on Energy and Commerce, the gentleman from North Carolina [Mr. BROYHILL], has been addressed in this amendment?

Mr. WAXMAN. As I understood the gentleman's objection, there was an extraneous matter in this legislation, and we at his request have removed that objectionable provision from the bill.

Mr. Speaker, on behalf of myself and my distinguished colleague from Illinois [Mr. MADIGAN], I am pleased to present an amendment to H.R. 2410, the Health Professions Training Assistance Act of 1985 and accompanying Senate amendment. The amendment I am offering today represents a compromise betweeen the original bill that passed the House on July 15, 1985, and S. 1283, the companion legislation that passed the Senate and was returned to the House as an amendment to H.R. 2410.

This compromise was the result of lengthy negotiations between the Subcommittee on Health and the Environment and the Senate Committee on Labor and Human Resources. It has broad bipartisan support. Approval of this amendment will permit immediate consideration in the Senate of this long-overdue legislation. Immediate action is necessary to remove the cloud that has been hanging over the education of many students for nearly a year.

This bill should never have been necessary. Last year a bill with similar provisions passed the Congress by an overwhelming, bipartisan vote. Unfortunately, the President pocket-vetoed that legislation. This year the President has proposed to eliminate the educational assistance programs in title VII of the Public Health Service Act, citing the current perception that there is or will soon be a surplus of physicians. But this ignores the two principal purposes of these programs: First, helping disadvantaged students enter the health professions; and second, addressing persistent national personnel shortages in primary care, public health, and preventive medicine. This legislation demonstrates that in spite of recognized increases in the supply of health professionals, persistent geographic and specialty maldistribution problems warrant reauthorization of title VII programs.

The pocket veto also has threatened the important loan programs in title VII. This is entirely unreasonable, since those programs involve either private money or revolving funds and can continue with no new Federal appropriations. In addition, the pocket veto prevented from taking effect numerous provisions needed to reduce student loan default rates and to strengthen collection procedures.

The funding levels in this bill are quite modest. The total authorizations are frozen at the 1985 appropriations level for 1 year. For the 2 subsequent years, funding is permitted to increase at rates of 2.7 percent and 2.3 percent, respectively, or about one-half of the level estimated by the CBO as necessary to continue current services.

The bill reflects more than a $50 million reduction in spending from the earlier vetoed bill.

Mr. Speaker, these important programs have enjoyed strong bipartisan support in the past. I hope that this House will continue that tradition.

I urge each Member's support for this important legislation.

Mr. Speaker, the following comments and description are presented to aid in the interpretation of this legislation. The same material will be included in the RECORD when the Senate approves this amendment.

COMMENTS AND LEGISLATIVE DESCRIPTION

This legislation reauthorizes Title VII of the Public Health Service Act, commonly referred to as the health manpower law. However, current law is significantly modified, recognizing that it is no longer necessary or appropriate for the Federal Government to provide incentives for training increasing numbers of health professionals. Instead, this revised version of title VII is focused on three areas:

First, student assistance through a Loan Guarantee Program and a limited federally financed loan program—neither of which requires the appropriation of funds—and through scholarships and stipends to disadvantaged students. Management and accountability of all student support programs have been clarified and strengthed to ensure timely payment of debts.

Second, support for programs designed to encourage minority and disadvantaged students to pursue careers in the health professions. The statute was amended to clarify that the federally funded loan program is only for economically disadvantaged students, and the Disadvantaged Assistance Program was amended to direct 20 percent of those funds to stipends for students.

Third, support for primary care training programs in family medicine, general internal medicine, and general pediatrics.

Furthermore, this revised bill repeals numerous obsolete and redundant sections of title VII and the budget authority for fiscal year 1986 is reduced by $31 million from the authorized for fiscal year 1984, the most recent fiscal year for which funds were authorized by this act.

AUTHORIZATIONS FOR APPROPRIATIONS

This legislation is a strong endorsement of the importance of reauthorizing the programs in title VII, but Federal budget deficits warrant freezing total funding at the level of the fiscal year 1985 appropriation for 1 year. It is not possible to provide for continuing services at that level, but funding in the 2 subsequent years is authorized to rise by about one-half of the appropriate inflationary estimates of the Congressional Budget Office. These Authorizations are some $50 million below the levels for comparable years that were in the conference agreement that was pocket-vetoed late in 1984.

HEAL LOAN PROGRAM

Under the HEAL Program, students borrow private, not Federal, funds from commercial lenders at market rates. The Secretary maintains a student loan insurance fund with premiums charged to lenders, who pass on the premium costs to the student borrowers. The Federal Government reinsures the loan insurance pool and would be liable if the pool were bankrupted by excessive defaults.

When the reauthorization of title VII was pocket-vetoed, the authority for issuing Federal guarantees for loans to new borrowers expired. The program was continued into fiscal year 1985 with unused obligational authority from previous fiscal years. There have been numerous reports that this balance will soon be exhausted and no further loans to new borrowers could be made.

Because this program involves very limited Federal expenditures—only administrative costs unless the insurance fund were to have insufficient funds—and is a critical source of last-resort funds for many health professions students, authority for loans for fiscal year 1985 and authority to carryover unobligated balances from previous years have been added. The authorized level for subsequent years was raised by $25 million for fiscal year 1986, and by $15 million for each of the remaining 2 years. If the total amount of new loans made and installments paid is less than the authorized level for a fiscal year, the balance remaining is added to the authorized level for the next fiscal year. Thus in any year, the ceiling established for that year is the authorized amount for that year plus any balance carried over from previous years.

The inspector general of the Department of Health and Human Services completed an extensive report on the HEAL Program on March 22, 1985. The report identified serious interrelated deficiencies in program operations, insufficient insurance premiums, unnecessary borrowing by students and inefficient collection efforts. A number of the inspector general's recommendations to improve collections and stabilize the insurance pool are included in this bill, including increased insurance premiums, requiring an actuarial analysis as a basis for increases in the insurance premiums, narrowing the payback period, and allowing negative amortization. In addition, loan disbursements must be issued jointly to the student and eligible institution.

The majority of the inspector general's recommendations can be accomplished through regulations, and the Secretary of Health and Human Services is encouraged to implement those recommendations that are consistent with the overall purposes of the HEAL Program. Specifically, the following should be incorporated in regulations as soon as possible:

First, require financial aid officers to reconcile information provided on the HEAL application with any prior loan application on file, and report any discrepancies found in that examination which cannot be reconciled to the lender.

Second, allow borrowers to receive loan payments covering costs for no more than 6 months at one time.

Third, formalize specific requirements for entrance and exit interviews, including debt counseling for student borrowers.

Fourth, require lenders to inform borrowers of their loan balance and projected payment for that balance at least semiannually.

Fifth, require lenders to contact borrowers promptly to convert loans to repayment status.

Sixth, require lenders to determine that an applicant has no prior default on any loan.

Seventh, require lenders to use collection practices which are at least as extensive and effective as those used in other collections done by the lender. These requirements should include at least the use of a collection agency—which may be internal—and the referral of delinquent accounts to a national credit agency.

The cost to borrowers who participate in this unsubsidized loan program are substantial. At the same time, it is important to provide access to adequate capital for health professions students from limited financial backgrounds, who must finance the high cost of obtaining their professional training. In order to maximize the availability of this essential program while minimizing student indebtedness, the HEAL Program should be used only to meet necessary educational expenses. In considering the amount for which a student is eligible, the institution shall review at least the financial assistance available to the student and the income available to the student and to the student's spouse.

The vetoed bill also contained a provision, added by Mr. STOKES on the House Floor, that would have changed the way in which interest accrues on HEAL loans prior to the payback period, from semiannual compound to simple interest. Some banks, however, claimed that this provision would threaten their continued participation in the HEAL Program because of the cost of holding assets drawing simple interest that cannot be collected annually. This bill modifies the Stokes amendment by returning to semiannual compounding but lowering the interest rate form T-bill + 3½ percent to T-bill + 3 percent. This modification was found acceptable because the monthly payments would be virtually the same as they would have been under the simple interest formula, thus accomplishing Mr. STOKES' intent of reducing student indebtedness. This version of the Stokes amendment was preferred by the banks that had raised concerns about simple interest and is intended to assure their continued participation.

The bill also incorporates a provision increasing the insurance premium payable by borrowers to cover the cost of loan defaults and requiring a qualified public accounting firm to evaluate whether additional funds are needed to keep the fund solvent. Insurance premiums must be collected at the time the loan is made, not over the life of the loan, so that persons who ultimately default will share equally in the costs of insurance. It is expected that the Department of Health and Human Services will coordinate better with lenders and schools the ongoing administration of the HEAL Program with respect to the collection of delinquent and defaulted loans.

Another provision allows insurance funds to be used for collection costs. It is intended that this refers only to those costs incurred by the Federal Government, not the costs incurred by lenders. Lenders are expected to make every effort to collect loans prior to requesting reimbursement from the insurance fund. The costs of such collection activities are to be borne out of the interest rates provided.

To stimulate repayment during low-earning years, the prohibition against negative amortization is modified. The bill now gives to students—not to lenders—the option to elect a repayment schedule incorporating annual payments that are less than the interest accruing during that year.

HEALTH PROFESSIONS STUDENT LOANS

Under the HPSL Program, health professions schools maintain revolving funds from which they make loans at 9 percent interest to their students. Medical and osteopathic students must meet a definition of exceptional financial need to qualify for these loans. Because no funds were appropriated in fiscal year 1984 or fiscal year 1985 for new Federal capital contributions to the revolving funds, no new authorizations are included at this time. The bill does provide that any excess cash or other funds returned to the Secretary from a school loan fund in any fiscal year are required to be available in that and succeeding fiscal years for payment to other school loan funds. To assist schools that have relatively small revolving funds, many of which also have a high proportion of students from disadvantaged backgrounds, distribution of this money is limited to schools establishing loan funds in recent years.

The bill includes last year's conference provisions intended to improve loan collections. Schools may refer defaulted loans to the Secretary for assistance in collection. Penalty charges are provided for when installments are past due, and detailed information is to be made available to students on their loan obligations. Health professionals who have received low-interest loans at public expense for their education must be held to their responsibility to repay their loans, and, in so doing, to replenish the revolving loan funds.

Many schools have commented that the June 3, 1983, regulations regarding loan collection performance standards have placed an impossible burden on them by redefining previously ambiguous regulations in ways that cannot now be met. Further, they argue that they should not be excluded from the loan program for previous administrative inadequacies that were not monitored adequately by the Department and for which no corrective action was ever recommended by the Department.

Schools should be required to do everything currently possible to collect old loans and come into compliance on a reasonable timetable. In addition, when determining compliance, the Department should consider administrative problems beyond the control of current officials responsible for loan collection. Termination of a loan agreement with a school benefits virtually no one and may preclude needy students from attending a particular school. Therefore, termination should be reserved for recalcitrant institutions that do not make good faith efforts to redress previous administrative shortcomings. In particular, the Department should not take measures that would penalize future students unfairly by terminating loan agreements before schools have adequate opportunity to bring their collection procedures into conformance with current regulations. Thus, the bill includes the conference provision requiring written notice and a formal hearing before an administrative law judge when agreements are to be terminated. The bill also includes a new formula for determining loan collection performance standards. The Committee on Labor and Human Resources and the Subcommittee on Health and the Environment intend to monitor the performance of the Department in improving loan collections and will consider the need for additional legislation in the future if insufficient progress is made or unfair procedures are applied.

Under current law, when a loan is canceled, the Secretary is required to pay the schools its proportionate share of the loan. The bill deletes this requirement but allows schools to assess charges to cover the costs of insuring against cancellation caused by the death or permanent and total disability of the borrower. It is intended that regulations implementing this charge will provide for a uniform insurance program based on expected national rates of cancellation, rather than permit individual schools to determine the charges.

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

The bill includes new authority directing that 20 percent of the funds appropriated for this program in each fiscal year be awarded as stipends to students who meet the exceptional financial need criteria set forth by the Secretary pursuant to section 758 and who are enrolled at schools of medicine, osteopathy, or dentistry.

In light of increasing tuition costs and limited Federal resources it is appropriate to target a portion of the funds under this program directly to students in serious financial need. These funds are to be utilized to assist students in schools of medicine, osteopathy, and dentistry in all years of attendance. The stipends awarded under this program are to be awarded only to assist students in attendance at these schools for the purpose of meeting the costs of their tuition, books and equipment, and living expenses. Such stipends are to be awarded to needy students in amounts no greater than $10,000 per student per year.

This new aspect of the Disadvantaged Assistance Program should be administered by the Division of Student Assistance in the Bureau of Health Professions.

CAPITATION SUPPORT FOR SCHOOLS OF PUBLIC HEALTH

Capitation support is intended to create incentives to address personnel shortages in the various health professions. The capitation provisions for all professions other than schools of public health have had no appropriations authorized in recent years because personnel needs appear to have been met or even exceeded in those fields. Those provisions are repealed by the bill.

Because public health can still demonstrate some shortages, the bill reauthorizes appropriations for capitation for schools of public health.

The schools have reported that many students now must attend graduate school part time and that this makes it difficult for some schools of public health to meet the capitation requirements in current law. But since capitation is meant to stimulate enrollment, it would not be appropriate to continue reauthorizing appropriations while deleting or seriously weakening that requirement. To address the situation of schools with increasing numbers of part-time students, the bill changes the method of calculating a school's eligibility. The capitation requirement is expressed in terms of "full-time equivalent" students as of 1983, and calculates enrollments using the formula already applied under section 770(A)(2)(A) of the act. This eliminates the burdensome aspects of the current requirement while continuing the encouragment to keep up enrollments that is embodied in the capitation approach.

A waiver from these requirements exists in the current law. Quality of education is essential, and when enrollment requirements clearly would compromise training of a limited number of public health specialists to meet documented needs, the waiver provision should be utilized. However, the waiver should not be applied in a way that undermines the enrollment requirement.

SUPPORT FOR PRIMARY CARE PROGRAMS IN FAMILY MEDICINE, GENERAL INTERNAL MEDICINE, AND GENERAL PEDIATRICS

Continuing support for these programs is necessary because of the difficulty in financing primary care training programs out of patient care revenues, research moneys and institutional support as other departments and programs can do. Because these programs serve important national health care needs and cost-containment objectives by encouraging medical students into primry care specialties. This is particularly important while the method of payment for primary care services and education are being revised to provide more equity with other specialities. In addition, schools should demonstrate a real commitment to primary care training and, accordingly, the bill instructs the Secretary to give priority to applicant institutions that demonstrate such commitment. Because expressions of commitment might vary among programs, the bill leaves the definition of commitment flexible, to be interpreted by the Secretary taking into account the characteristics of the applicant institution and its other training programs.

Development of adequate numbers of educators in general internal medicine and general pediatrics is an important adjunct to efforts to foster primary care medicine through the funding of residency programs. The training of such faculty further enhances the necessary integration of general internal medicine and general pediatrics into traditional medical education training programs. Accordingly, if sufficient funds are available to maintain approved residencies, it would be appropriate for a portion of funds under section 784 to be used for model faculty development programs.

SUPPORT FOR PROGRAMS IN GENERAL DENTISTRY

The need to expand the number of types of programs to train general dentists has become clear in recent years. Accordingly, the bill expands the program to include advanced educational programs, in addition to residencies, and sets aside for general dentistry 7½ percent of funds appropriated for programs in family medicine and general dentistry.

TWO-YEAR SCHOOLS OF MEDICINE, INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT

It is no longer appropriate to encourage additional conversion of 2-year schools of medicine to 4-year schools. Nevertheless, some existing 2-year schools require assistance in maintaining and improving their programs. This is equally the case for schools that provide the first 2 years of training as for those that provide the last 2 years, and the restriction of grants to only the former group was eliminated. Because of the importance of certain improvements such as medical libraries for schools without libraries, it should be clear that grants under this section may be used for construction and the purchase of equipment, as well as for other projects, in schools already in existence.

This list of 24 areas for special projects in existing law provides insufficient direction to the Secretary. Accordingly, the list was reduced to five high-priority topics. One particular area that needs greater emphasis is training of health professionals in geriatrics and the problems of the elderly, as documented by recent studies. To highlight this need the bill specifies it in greater detail and provides that a specified portion of appropriations for this section shall be devoted to such training and curriculum development.

The bill also incorporates a provision requiring that at least 75 percent of amounts appropriated for special projects shall go to peer-reviewed applications from health professions schools and not more than 25 percent to other applicants. Two-year schools that are eligible for grants for their maintenance or improvement should be considered health professions schools for the other projects in this provision.

REPEALS

The bill includes provisions adopted in the conference agreement repealing numerous sections considered obsolete or redundant. None of the repealed authorities relate to currently funded activities in health professions training.

Mr. MADIGAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the initial request of the gentleman from California?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WAXMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

FOOD SECURITY ACT OF 1985

The SPEAKER. Pursuant to House Resolution 267 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 2100.

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IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, with Mr. Bonior of Michigan in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole House rose on Wednesday, October 2, title VA was open for amendment at any point to amendments printed in the Congressional Record before September 24, 1985, and pending was an amendment offered by the gentleman from Illinois [Mr. Madigan] on which debate had been limited to 1 hour, to be equally divided and controlled by the gentleman from Texas [Mr. de la Garza] and the gentleman from Illinois [Mr. Madigan].

The Chair recognizes the gentleman from Texas [Mr. de la Garza].

Mr. de la GARZA Mr. Chairman, I yield 4 minutes to the gentleman from Minnesota [Mr. Penny].

Mr. PENNY. Mr. Chairman, this is our last opportunity to vote for a better price for farm commodities. If we adopt the Madigan amendment, we are telling farmers across America that this farm bill will not give you an opportunity to improve farm commodity prices. For those who argue that we ought to strike the Bedell provision what they are really arguing is for us to continue the same farm program for the next several years. What they are really arguing is for us to lower farm income. What they are really arguing is for us to say that there is nothing we are going to do to stop the departure from agriculture of 200,000 to 500,000 farmers across the United States of America.

The Bedell referendum plan is the last element in this farm bill that gives grain producers a chance to vote for a better price for their grain commodities. If we vote this down, there is no alternative. Keep that in mind.

Those who are asking us to strike this provision from the bill are not offering an alternative that does a better job of providing a price for agriculture. They are here to tell us that we should strike this and then leave the same old stuff in place for the next 5 years. If the same old stuff was working, we would not have monumental farm debt out there in farm country! It is not working. If we strike the Bedell program, we tell folks that deterioration of our farm economy is going to continue for the next several years.

Mr. BROWN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. PENNY. I yield to the gentleman from Colorado.

Mr. BROWN of Colorado. The gentleman might want to look at the other amendments that are in the Record, because there are alternatives offered that do not run into the major problems that I think this amendment offers.

Mr. PENNY. The amendment would provide for a better farm price. I think I might concur that there are alternatives available to us. But to my knowledge the amendments do not improve farm income as this amendment would. They do not improve farm income as the Stangeland-Glickman approach would have. Any alternative that is left to us if we strike Bedell from the bill leaves us with a lower income for farmers, a lower price.

Mr. BROWN of Colorado. I would just submit to the gentleman that the way this bill is structured now, it would eliminate most livestock feeding in the gentleman's State and transfer it across the border to Canada. If that is an assistance to agriculture in anybody's book, I cannot believe it.

I ask the gentleman to take a look at the economics of this bill, because it will significantly reduce livestock feeding in his State. The bill will reduce the price of feeder cattle and calves. Farmer-feeders will face much higher cost for feed ground or mixed off the farm.

Mr. PENNY. If I might respond, livestock producers in my State would have an opportunity under this approach to continue to grow their grain and to feed it to their livestock. They are not, as some livestock producers are in other regions of the Nation, buying large quantities of grain or feed for consumption on their farm. We do not have major livestock factories in southern Minnesota. We are not there with such a large herd that we have to go out and buy our grain, for the most part, to feed our livestock. Our farmers could, under the provisions of this program, produce for consumption on the farm, and that is not going to be a detriment to them. So livestock producers in Minnesota are going to find that this program will get better grain prices but will not be a detriment to the livestock industry. It may be a detriment to the biggest livestock operations in America, but I do not think we ought to be about the business of promoting that kind of agriculture.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. Latta].

Mr. LATTA. Mr. Chairman, I had the extreme pleasure of serving on the Committee on Agriculture when I first came to this Congress, and that was before the chairman or the ranking minority member came to the committee. I have heard this two-price system that we now have before us debated many, many times, and it was always turned down, for the very same reasons. So I take this time to point them out, with an inquiry and a colloquy with the ranking minority member, whose amendment must pass—and I emphasize that: whose amendment must pass—or we could very conceivably have a two-price system for agriculture in this country that we have not adopted these many years.

Let me start by asking the gentleman who proposes the amendment, the ranking minority member on the committee, what this two-price system actually means to, say, U.S. consumers versus foreign consumers of our U.S.-produced corn and feed grains? Does it mean higher prices for American consumers versus lower prices for, say, a consumer in the Soviet Union?

Mr. MADIGAN. The gentleman is correct that our grain exports would be subsidized so as to sell lower in the world market, whether that was the Soviet Union, Canada, Mexico, wherever. The price of our subsidized grain selling in those markets would be less than the mandated price in the domestic market.

Mr. LATTA. So the gentleman is saying that even though we are going to be producing this grain, that our consumers across the country would have to pay a higher price than the people who would be purchasing it offshore?

Mr. MADIGAN. That is correct.

Mr. LATTA. Well, that is going to be very hard to explain, and it was pretty hard to explain when I was on the Committee on Agriculture when these things came up, that we would have a situation like this.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. LATTA. No, I cannot yield now. The gentleman knows what is in his amendment, and so do I.

Mr. BEDELL. I do not think the gentleman does.

Mr. LATTA. I do not yield to the gentleman at this time. I will be happy to yield to him if he has something to say, but not at this time.

Let me proceed. I can remember when I was on the Committee on Agriculture that we had a wheat program my farmers could not and did not support. Incidentally, I happen to represent what I think is the best agricultural district in the State of Ohio, we have a lot of farmers, and they are hurting financially and we must do something about it. Whether or not this is what we want to do about it is the question. Back in those days farmers had to carry a little card around in their pockets to indicate he was authorized to sell his own wheat. There was a great deal of aggravation and unhappiness with this program. It was so restrictive that a chicken farmer in Michigan sold out and went to Australia because of it.

Now, I am going to ask the gentleman whether or not we are going to have a certificate-type plan where you have to have certificates to sell grain in our domestic market versus the foreign market which we will be subsidizing?

Mr. MADIGAN. If the gentleman will yield, if a person participates in the program, they would get a marketing certificate which would allow them to sell in the domestic market. If they choose not to participate in the program, they could still grow a commodity but they could not sell it in the United States. They would either have to consume it on their farm or find a way to sell it outside the United States themselves.

Mr. LATTA. So they would still have to produce a certificate in order to sell their grain domestically.

Let me just ask another question, because it has been brought up here by the previous speaker that you could still produce if this bill passed as is, without the gentleman's amendment, they could still produce for livestock raised on your own land to feed to your own livestock.

But let me ask the gentleman whether or not these large cattle yards would be able to purchase the lower-priced feed to feed to their cattle that foreign competitors would be able to purchase?

Mr. MADIGAN. No. The gentleman is touching on the objection of the gentleman from Colorado [Mr. Brown] and others, that if you were not able to grow as much as you needed for your hogs or your cattle or whatever, you would be obliged to buy the higher priced U.S. grain which would be selling to your Canadian competitor for less money in Canada than you would have to pay for it in the United States. The gentleman is correct.

Mr. LATTA. Everybody knows that we have had a problem with the importation of pork from Canada. Does the gentleman mean to tell me that under this program Canadians would be able to buy the cheaper exported grain to feed to their hogs and ship these hogs produced with cheaper feed into the United States.

Mr. MADIGAN. If the gentleman will yield, I will soon have to reclaim the time for other speakers, but the gentleman is correct, and that is one of the objections being raised by the Department of Agriculture, one of the objections being raised by the pork producers, by the livestock industry and by others, and it is also an objection that was raised yesterday in a letter addressed to me from the U.S. Trade Representative.

Mr. LATTA. I have one further question. May I ask the gentleman about the vote by which this amendment came out of the committee? Was it a close vote, or was it overwhelming, after members had studied it?

Mr. MADIGAN. It was at one point in the committee defeated as a mandatory provision. It was brought back as a referendum provision, adopted by a 22 to 18 vote, with Members of both parties voting on both sides of the question.

Mr. LATTA. Was the vote 20 to 18?

Mr. MADIGAN. 22 to 18.

Mr. LATTA. 22 to 18. So it was not overwhelming. There was quite a split, politically, within the committee after members had studied it.

Mr. MADIGAN. On both sides.

Mr. LATTA. I thank the gentleman and in conclusion, I believe the committee should look at other ways to raise farm income. A good ethanol program would help. The Department of Agriculture estimates the export subsidies to be paid under this plan could reach $10 billion. They could consider giving this export subsidy to the farmer rather than to an exporter.

Mr. MADIGAN. I thank the gentleman from Ohio.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. English].

Mr. ENGLISH. Mr. Chairman, I think that we probably have gone through the Bedell amendment to the point where most people have a good understanding of what the issues are that face us. There have been those who are opposed to this amendment and would seek to strike it from the legislation that have cited various instances as to why they do not think this legislation should be included and approved.

I would simply say that the place to make those arguments are to the farmers of this Nation. Let the farmers determine whether or not they feel that this particular approach is one that should be followed. That is the reason that the bill as it stands today provides the farmers with the options. It allows the farmers to decide. It allows the farmers to determine their own fate.

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That is where those who do not favor this approach for one reason or another should be making the arguments.

I think that for this body to deny those farmers the opportunity to vote particularly during the times in which we are facing the most serious financial crisis since the Great Depression, I think would do a disservice to American agriculture, certainly to the American farmer, and I would dare say to the economy of this Nation in total. Because if the agriculture situation continues to deteriorate, and if we find ourselves in a position in which farmer income is reduced year after year through the life of this bill, there is no way that other segments of this Nation's economy are going to escape.

I would urge that this particular amendment be defeated.

Mr. MADIGAN. Mr. Chairman, I yield 4 minutes to the gentleman from Mississippi [Mr. Franklin].

Mr. FRANKLIN. I thank the ranking member on the committee for yielding me this time.

Mr. Chairman, I want to commend the chairman of the committee and all others for extending this debate on what I consider to be the most crucial issue of the 1985 farm bill.

Make no mistake about it, my colleagues, this vote that we will take very shortly is the crucial vote because it determines the philosophical approach that the United States of America is going to take toward agriculture for the next 5 years. That philosophical question boils down, really, to this: Are the farmers of this country going to be able to choose for themselves what they can plant on their land, how productive they need to be, or are they going to rely on the U.S. Government to mandate to them what they can and what they cannot do? That is the Bedell provisions that the Madigan amendment attacks, and I rise in strong support of the Madigan amendment.

I have heard it argued here throughout this debate that we need to take those farmers out in this country who are causing a problem and mandate that they come into the Government program and comply with that program. Now what that means, my fellow colleagues, is that to be efficient and to be productive in this country has now been termed to be bad, and that we have got to do something about that. Because there are those who argue that there are farmers in this country who by their efficiency of production are causing a problem and have to be reined in and mandated and controlled by the Government. That is what this amendment actually does.

I have to say to you, my colleagues, that we will change the philosophy toward ownership on the farm; we will change our philosophy toward the decision that individual farmer makes when he decides what he is going to do with the resources he has if we allow this particular provision to remain in the agriculture bill.

It has also been argued that we need higher farm income. I do not think that there is one member of the Agriculture Committee or one Member of this great body who does not agree with that statement that we do need to have a higher farm income. The question is how do we do that?

I do not think that we ought to bite into the shiny apple that the serpent offered to Eve and to allow that to happen through a referendum that promises all would be devastating in the outyears. You have heard the arguments over and over again that in the first year the amount of land that has to be set aside is somewhat limited. But in the outyears, 1987, 1988, 1989, the amount of land that would have to be set aside by the American farmer, manditorily, where he would have no choice, is left to the discretion of the Secretary of Agriculture and would have to come into line with the amount of production we need in this country.

The Members also heard that the Department of Agriculture estimates in order to get that production in line that the set-asides would have to be upward of 40 or 50 percent in those outyears. My friends, the district that I represent is a rural district. It is 268 miles long and 150 miles wide. It does not have a big city in it. It is all rural, small town communities. Those rural, small town communities depend on agriculture almost totally for their survival. Not only the people who participate directly in agriculture, but all the subsidiary input industries, the feed, the seed suppliers, the fertilizer dealers, and the agricultural aviators. Even the barbers have to depend on the farm economy for their survival.

I urge my colleagues to vote for the Madigan amendment so that we can hopefully restore higher income to our American farmers.

Mr. de le GARZA. Mr. Chairman, I yield 5 minutes to the author of the amendment as it appears in the bill, the gentleman from Iowa [Mr. Bedell].

Mr. BEDELL. I thank the gentleman for yielding me this time.

Mr. Chairman, first of all, I want to commend the chairman and I want to commend the committee for the work they have done. I even want to commend the other side of the aisle. We do not agree on these issues, but thank God we live in a country where we can debate what be believe. I do not question their sincerity one bit.

Yesterday, the Governor of Iowa declared an economic emergency in Iowa. That is the first time that has been done since the Great Depression. Our committee has worked long and hard to try to fashion the best farm bill that we possibly could under the budget restraints that we face, and it has not been easy. I would like to see a better farm bill.

One of the provisions in that farm bill is the referendum. There are some misconceptions that I think need to be straightened out a little bit in regard to what that would do. One of them is that we would lose our exports. It is admitted by the Department that our exports will increase under the Bedell amendment if we keep it in the bill, compared to if we lose it.

It is said that we would cause tremendous set-asides. The fact is that your set-asides are primarily dependent upon your exports, and if we are going to have the strongest export program we possibly can have, certainly we are doing everything we can to limit our exports.

It is said that it would be devastating to livestock producers. Actually, we are going to have corn at $3.25. The average price in next year's dollars of corn over the past 10 years has been $3.51. Somebody tell me how by lowering the price from what it has been over the last 10 years, we are going to devastate an industry. My people would tell you that cheap corn is cheap cattle. I believe that. I believe that is correct. We have got a chart here to show what has generally happened with corn prices and cattle prices. Clearly, as corn prices have gone up, cattle prices have gone up.

Sure, the gentleman from California represents a tremendously big commercial feedlot; they are taking the work away from our farmers because the cattle are moving there. They are moving there partly because of the special tax breaks we have given them, and they are moving there partly because we are selling them corn cheaper than it costs our own feeders to raise that corn. I do not think that is what we want to do for our farmers.

Mr. BROWN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I will not yield. I only have a limited amount of time.

Mr. Chairman, there are three sources farmers have for income. One of them is the domestic market. Another is the foreign market. Another one is the Government. We are going to give them less money from the Government; we said that in our budget. Foreign markets are in a disaster. Farmers are going to get less money from the foreign markets—no question. The only thing that is left is the domestic market. All the provisions we have say we are going to lower loan rates and lower domestic prices and lower that source of income.

Now, it may be all right to do that in some areas of the country, but let me tell you, in Iowa, for us to come out of this body saying we are going to lower farm income of all three sources of income to farmers is not what I think they expect this Congress to do.

Mr. Chairman, whenever anybody proposes something different, there are always those people who say it will not work, and it will not work for this reason; they can always find a million reasons why it will not work. I understand that and I do not doubt the sincerity of those people.

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But, Mr. Chairman, I think we need to look at the alternative. Agriculture is in trouble today. Without the referendum, the bill would simply continue the present program except that it would lower farm income from where it is under the present program.

Somebody said that this is a philosophical approach. That is exactly right. This is a philosophical approach, and the question is, Are we going to continue with the program we have had, with the problems we have in agriculture, or are we going to say that we think maybe farmers ought to have a chance to vote to try to help themselves have a program that would cost the taxpayers less money and would help us to solve our problem?

Let us not forget that it still would not take effect unless 60 percent of the farmers said that is what they want. When New York City was in trouble, I voted to help them out even though it might cost us some money. The same with Chrysler.

Mr. Chairman, we are one Nation. We are now simply asking to give farmers a chance to vote on whether or not they prefer a different farm policy—one, I repeat, that would reduce Government cost. I plead with the Members at this time, with the problems that we have in our rural areas, not to turn their backs. Give farmers this one opportunity to at least have an opportunity to vote as to whether or not we will have a better program for farmers.

Mr. Chairman, I urge Members to stay with the committee bill. I urge them not to turn their backs on the farmers and knock out the one opportunity we have to try to help agriculture in these most difficult times.

Mr. BROWN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Colorado.

Mr. BROWN of Colorado. The gentleman made reference to whom I represent. I do not have time yet, and I hope to get some, but very briefly the gentleman's representation of who I represent is not accurate, and I would be glad to fill the gentleman in on that.

Mr. BEDELL. Does the gentleman not represent the Monford feeders?

Mr. BROWN of Colorado. I represent the eastern part of Colorado, not California, and if the gentleman would grant me time, I would be happy to explain why his bill harms Iowa livestockmen and hurts his farmers.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. BEDELL] has expired.

Mr. MADIGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. ROBERTS]

Mr. ROBERTS. Mr. Chairman, first, if New York City or the State of Massachusetts were in the kind of trouble that we are experiencing in farm country we would be debating this issue for months. I must tell my colleagues that I bitterly resent this farm bill being debated under strict time limits. My people are going through extreme hardship and adversity, and I have 5 minutes to debate the bill that will affect their daily lives and pocketbooks perhaps more than any other provision. I bitterly resent that.

Throughout this effort I have felt that a referendum on a workable policy alternative was a goal we should explore fully. But I also believe it is absolutely crucial that farmers and ranchers know what we have to live with once the speeches are over. The times are such in farm country we cannot afford a stump speech or cotton candy referendum. We have to determine as best we can what the producer has to live with in black and white when he signs up at the local ASCS office. If we are to have a mandatory program of supply management, it cannot in my judgment be mandatory for some and voluntary for others. Given the interrelationship between cotton, rice, and especially soybeans, a mandatory program on only two commodities—wheat and feed grains—will eventually lead to all sorts of planting and cropping aberrations.

Now I know the gentleman from Iowa has frozen the current acreage base so that that will not happen. That too will lead to distortions and the loss of individual cropping freedom, not to mention the complete undoing of acreage base reform as sponsored by the gentleman from Texas [Mr. STENHOLM] and myself.

This program provides for a loan rate for wheat at $4.50 a bushel. Now that is only 12 cents above the current target price. We are asking producers to live with an entirely different marketing system for only 12 cents. And if you discount the storage cost, it goes down from $4.50 to $4.30; that is 8 cents below the current target price. If we are going to embrace a program of strict supply management in order to guarantee a fair price, then we should be paying farmers some parity prices. That loan should be at 90 percent of parity if we go down this road.

Now the amount of ground that the farmer would have to set aside in order to qualify for that $4.50 loan is 30 percent the first year, and then up to the discretion of the Secretary in the remaining years. And the Secretary tells me that that set-aside in order to balance the supply and demand would be near 50 percent of the farmer's acreage base. The gentleman from Iowa [Mr. BEDELL] says that is not true, he disagrees, it is not that much, that with mandated export subsidies that the USDA is wrong. I would only point out that if export demand follows our current projections, we will be taking under loan mountains of grain, more mountains of grain, with a corresponding cost. In this case we have a real difference of opinion to say the least.

A real problem occurs in allowing one sector of our agriculture economy to impose burdens on another sector. Farmer feeders who cannot feed their own grain on the farm are in a much different situation than anyone else in the feeding business who will have to purchase their feed at the higher price. I suspect that, really given the comparative advantage our feedlots in Kansas have gained in recent years, in comparison to the gentleman's home State, this bill could be called the Iowa Feedlot Restoration Act of 1985.

The USDA estimates that if this provision becomes law, there will be a 14-percent decline in the red meat industry. Again I know that the gentleman from Iowa [Mr. BEDELL] disagrees, but that is the estimate. If that is the case, then this bill's theme song will be "Mamas, Don't Let Your Babies Grow Up To Be Cowboys."

Now, suppose in a farm family we have one youngster working down at the commercial feedlot, another is in the local implement dealership, and another is on the home place. One youngster would be getting a $4.50 loan—he deserves more than that really—minus the storage. But that legislated price may be at the expense of his other two brothers. If this legislation has a pocketbook impact on the livestock industry, then our cowboys at least ought to have a right to vote.

In this provision we mandate the Secretary of Agriculture to match unfair trading practices with our surplus grain or with payments. How does the Secretary do this? Well, we do not tell him how or at what cost; we just say, "Do it, Mr. Secretary." And we have the CBO, the Congressional Budget Office, to say that it will cost less money.

Now, the gentleman from Iowa [Mr. BEDELL] has emphasized that the USDA is wrong, and others have said CBO is vague to say the least. Let us try "PRE"—that is the Pat Roberts estimate. We have 1.8 billion bushels of wheat in surplus. The world price is estimated to be as low as $2 a bushel. Take the difference between that price and the $4.50 loan rate, and we have a subsidy cost of at least $2.6 billion for wheat. The "PRE" does not include corn. What we have proposed, then, is to take that $4.50 grain under loan in the front door and then mandate to the Secretary of Agriculture to kick that same surplus out the back door.

I have not even touched on the proposition that we can somehow impose section 22 authority to impose a 50-percent tariff on imports of all grain products coming into this country. But even those sanctions would not be sufficient. If the world price for wheat stood at $2.50, a 50-percent tariff would price foreign wheat at $3.75, and that is still below the loan level in this bill.

Let's talk about something not mentioned before during the debate, enforcement. These certificates will have to be handled by every processor, flour miller, baker, or anyone who buys grain domestically. Keeping track and making sure that fraud and abuse is kept to a minimum will be a real burden to the USDA.

Say you are a farmer feeder and you generally purchase grain from your neighbor to guarantee your feed supply. Home grown is your cost of production. More than home grown is $4.50. Haul a load of grain at a handshake price with your neighbor and you are subject to a civil penalty in an amount three times the loan rate and your acreage base is reduced for next year. Who enforces this and at what cost? It's not spelled out.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. ROBERTS] has expired.

Mr. ROBERTS. Mr. Chairman, I would ask my leader for 1 additional minute.

Mr. MADIGAN. Mr. Chairman, I have very little time remaining, but since the gentleman from Missouri [Mr. EMERSON] has indicated he will not need all of his time, I do yield 1 additional minute to the gentleman from Kansas [Mr. ROBERTS].

Mr. ROBERTS. Mr. Chairman, I thank the gentleman, and I thank my colleague, the gentleman from Missouri.

I will not have time to go into all the additional points in regard to what I think the farmer would face at the ASCS office, but I want to talk a little bit about this referendum, or farmers and ranchers having a voice in their destiny. They did that when they elected us to do this job. If this is a good idea because we have not done our job well or late or because of differences of opinion, then it should also be a good idea in regard to the deficit or the proposed tax bill. Let the taxpayer decide every 2 years how much in taxes he is going to pay.

In earlier debate, the chairman of the committee, the gentleman from Texas [Mr. DE LA GARZA] said the situation in farm country is so serious we cannot afford to gamble, that my marketing loan concept was too risky. The gentleman from Washington [Mr. FOLEY], the recognized godfather of the very best farm program legislation we have on the books, underscored the need for stability and predictability. If the marketing loan was unpredictable, this program is a virtual land mine. Where are those voices today?

It is not predictable. This referendum occurs every 2 years. Can we see a referendum every 2 years, given the adversity we are going through and the strong differences of opinion all throughout farm country on what we need to do?

At least, if the farmer would vote the program in we should keep it intact for 4 years. But that is not the point. The point is that every Memer of this House knows full well the President is going to veto this bill if Mr. BEDELL'S referendum is included. Democrat members have stated in public, that different agriculture interests need not worry, that the referendum will be dropped in conference.

So, you see you don't have to answer the tough questions I have raised. But the farmer would have to live with them. We don't even have to vote on the proposed program. We only vote on the referendum. Why not a truth in referendum. Vote on the program, up or down. But, that will not be the case.

In closing, I thank the gentleman from Iowa. He has offered his program in good faith. We both share concern and fear regarding what is happening to our people. But, in the case of the gentleman's proposition, I fear this is not an expedition that will open up new frontiers of price and profit but a referendum that will lead us into a box canyon with no way out.

Mr. Chairman, I urge my colleagues to vote for the Madigan motion.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. ROBERTS] has expired.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. ROSE].

Mr. ROSE. Mr. Chairman, I thank the gentleman for yielding me this time.

We have just heard two of the most sincere and intelligent Members of this body express entirely opposing views on a very controversial piece of legislation. As a member of the Committee on Agriculture, I watched the Bedell amendment take effect and shape and finally come to be marginally adopted by the Agriculture Committee. It did not win by any landslide, nobody has been here to say that, but it did represent the hard work and the thinking of a great number of our colleagues who thought this was something that was worth trying.

I am always saying, "If it ain't broke, don't fix it." I say that about the programs from my area. But something is clearly broke in the area that this amendment addresses, and I would in all sincerity urge that my colleagues in the House give the Bedell provision a chance and vote down the Madigan amendment.

Mr. MADIGAN. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. EMERSON].

Mr. EMERSON. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois [Mr. MADIGAN] to strike the Bedell mandatory certificate program. I also want to associate myself with the remarks of the able ranking minority member of the Committee on Agriculture and all that he has said about this proposal. The gentleman is absolutely correct, in my view.

This particular option of the Bedell language, however attractive it might appear at first glance, would be devastating to the agriculture economy. Now, that is what my farmers tell me.

Sure, it will increase income to producers on the acres they produce, but they will be planting on a greatly reduced number of acres. More money on a smaller production base is not the answer and really does not provide more income overall, as the proponents of Bedell argue.

Additionally, the farm community, quite realistically, includes more than just wheat and corn farmers. Seed, fertilizer, and implement dealers are a part of that community, too. So are red meat producers. So are the producers of a myriad of other commodities.

If this program is enacted, the large reductions in corn and wheat production necessary to make this program work would be financially disastrous to this other group that is so affected by farm policy. If these businesses leave the rural community, they take with them jobs, tax bases, and services vital to rural America.

If Members do not want to believe me on that subject or if they do not want to believe my farmers, the Des Moines Register, a highly respected newspaper in the State of Iowa, from whence comes the author of the language we are seeking to strike, says so itself, and I wish to quote from an editorial in that newspaper. Granted this newspaper is referring to the proposal offered by the gentleman from Iowa who serves in the other body. The gentleman from Iowa who serves in this body says that they are two different proposals, but there are great similarities in the two proposals, and in that regard I wish to include a comparison of the two proposals:

SIMILARITIES BETWEEN BEDELL AND HARKIN/ALEXANDER

Both mandatory control programs. The Bedell provisions are a back-door mandatory control program. The name may be different—National Marketing Certificate Program—but the intent is the same: anyone who doesn't comply with its "mandatory controls" could not sell in the U.S.

Both include producer referendums. A producer regardless of size gets one vote. Some producers have a much greater stake in this mandatory/voluntary control decision than other producers and this degree of interest is not reflected in the referendum in Bedell.

Both harm the export market for agricultural commodities. Neither program contains any export promotion programs. This is not surprising because it would be impossible to promote the sale of $4.50 or $5.00 wheat in export markets.

Both would require subsidies of $5-$7 billion each year to maintain exports at a constant level.

Given the level of the loan rates in both proposals, there is little question that the government will eventually assume ownership of all output which can't be sold domestically.

Similar implications for the livestock industry—the other half of agriculture: Feed costs will rise, livestock producers (beef, pork, poultry) have no vote in either referendum.

I will quote from the editorial in the Des Moines Register, as follows:

> Psst. Hey, you on the combine. How about a guaranteed price for corn of $3.60 a bushel? How about almost $7 for soybeans. And it won't cost the taxpayers a thing.
>
> Such a deal! No wonder Senator Tom Harkin's proposed farm bill is a hit among country singers. It's a quick, simple answer to farm problems, and it's temptingly different from existing law, which hasn't exactly brought prosperity to the Corn Belt.
>
> Unfortunately, in concentrating on the single goal of raising commodity prices, some other things are sort of brushed over—the rights of land owners, higher food prices, possible devastation of the livestock industry, the withdrawal of U.S. agriculture from world markets.
>
> The proposal is to raise commodity prices by limiting production. That would be done with mandatory acreage reductions, if a 60-percent majority of producers approved in a referendum. For the minority whose operations might be imperiled by acreage reductions—too bad.
>
> To maintain the price levels envisioned, the legislation would necessitate that about 30 percent of the corn acreage and 40 percent of the soybean acreage be idled. It would be like PIK every year. A third of rural America would be shut down, permanently.
>
> Not many farmers would be content operating at 30 percent under capacity for long. The legislation would be an incentive for farms to get bigger.
>
> The most basic problem is the difficulty in maintaining a domestic price for commodities that is substantially above the world market price.
>
> Aside from forfeiting the export market and destroying export-related jobs, there would be a tendency for livestock and poultry production to shift abroad, where feed costs would be lower.
>
> Either that or the domestic livestock industry would have to be protected. One protectionist measure would lead to another.
>
> There also would be an incentive for livestock producers to switch to alternative feed sources, just as the soft-drink industry switched from sugar to corn syrup when price supports forced U.S. sugar prices substantially above world prices. What would high corn price supports do to the economics of corn syrup? Of corn-based ethanol?
>
> Along with the question of freedom of choice vs. mandatory production controls, the plan has too many unexplored side effects. It could create as many problems as it solved.
>
> The clincher is to look at existing programs, such as those for sugar and tobacco, that feature high price supports and mandatory production controls.
>
> Harkin's legislation is billed as the way to save the family farm, but existing programs like it tend to work mostly to the advantage of landlords or big operators.
>
> There aren't any easy solutions to big, complex problems.

Mr. DE LA GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. VOLKMER].

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I think it ought to be pointed out that that same Des Moines Register to which the gentleman referred ran a poll, and their poll in the State of Iowa showed that by a 2-to-1 margin Iowa farmers preferred a mandatory program as compared to what is now in the bill.

Mr. VOLKMER. Mr. Chairman, I thank the gentleman from Iowa for that observation.

I would just like to say to the House that it has been my pleasure to work with the gentleman from Iowa [Mr. BEDELL] on the incorporation of this provision in the farm bill, and I strongly urge all Members to vote against the Madigan amendment. I, for one, would have much preferred to have the mandatory program that I had offered as an amendment. The program of the gentleman from Iowa that is in the bill is really a compromise. It is a compromise between what is in the bill as present law and what some of us feel would have been much better for agriculture, that is, higher prices for reduced production.

We were unable to get that. This is something that perhaps we can take back to our farmers and say, "Look, we have at least got you a little bit higher price."

The provisions in the present bill do not provide for higher income; in fact, they are lower cash prices each year for the next 4 years. The Bedell amendment would provide a stabilized higher income for farmers.

I say let the farmers decide. Let them have a choice. That is all we are asking, that the farmers have a choice whether they want to go for reduced production and higher income—higher net income, if you figure it out—or all-out production, as the administration has proposed, at lower prices.

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Now the gentleman who has offered the amendment to strike is the same gentleman who offered H.R. 1420 to the House Agriculture Committee which was the administration proposal. Under that proposal, which is basically the Barney Frank amendment on target prices that this House overwhelmingly rejected, the administration had proposed that farm income go down each year dramatically, at least 10 percent a year, until by the end of 4 years we had a market clearing price. What is a market clearing price? Four dollars for beans is what they want. How much for corn? Less than $2 is what they want. How much for wheat? Around $2.25.

How many farmers will we have? We will clear the market maybe of some of our commodities, but we are going to clear this country of a lot more farmers unless we have the Bedell amendment and give the option to the farmers to vote on it.

If we had followed this administration, and if we follow the gentleman from Illinois, we are going to have about 50 percent fewer farmers in this country at the end of the next 4-year period.

Mr. Chairman, before I yield back the balance of my time, I would like to emphasize that for those who are budget conscious, the Bedell amendment saves more on the budget than what is in the bill than any other program.

Mr. Chairman, I yield back the balance of my time.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota [Mr. STANGELAND].

Mr. STANGELAND. Mr. Chairman, I rise in support of the Madigan amendment.

First, let me say that no Member is more aware of the current agricultural crisis because I am one of the few Members of this body who came to Congress as a hands-on, practicing family farmer.

I have good friends who I know are just as sincere in their convictions and who support a mandatory controls referendum. Many of them worked very closely with me and strongly supported my "marketing loan" amendment with deficiency payments "targeted" to family-sized farms—Mr. DORGAN of North Dakota, Mr. PENNY of Minnesota, Mr. DASCHLE of South Dakota, and Mr. GLICKMAN of Kansas, just to name a few.

I deeply respect each of these Members' convictions and intentions. But I must sincerely disagree with them that the answer to our problems rests with mandatory Government controls.

We must not seek what may seem a tempting, short-term fix that in truth will destroy all future hope and opportunity for America's family farmers.

The debate on the 1985 farm bill was launched over 6 months ago with the release of the administration's proposed farm plan. I have vehemently opposed the administration's 1985 farm bill proposals because I believe they would be disastrous for my Minnesota producers and all of American agriculture.

But those who actually believe that we can turn our backs completely on the export market by implementing mandatory Government controls are pursuing just as narrow and shortsighted a course as the Reagan plan which assumes all of our problems can be solved by the export market.

Either one of these plans—the administration's naive "free market" ideology and the mandatory control advocates' "no market" ideology—would most certainly put American agriculture on a sure fire course for self-destruction.

There is no question that strict mandatory production controls would ultimately raise farm prices. But would it be worth permanently retiring 50 percent of the richest cropland in the world? Saying goodbye to our hard-earned export markets? Dashing any hopes for significant market growth in the future? Adding American agriculture to the list of slowly dying U.S. industries that have already conceded defeat to foreign competition? I don't think so.

I wish I knew for sure just what these proposed mandatory controls would mean for our farmers. For instance, I have seen conservative estimates showing that 5 years of 40 to 45 percent mandatory set-asides for wheat would still not permit us to reach a desired level of ending stocks. Yet the authors of mandatory control programs in the House Agriculture Committee argue that 35 percent set-asides will be sufficient. And believe it or not, I've got people back in my home State of Minnesota who actually tell farmers they will only have 15 percent set-asides.

Who am I to believe? More to the point, who should my farmers believe? Is it 15, 35, or more than 50 percent of their farmland that my producers are going to be forced, by law, to lay idle for the next 5 years and beyond?

Regarding exports, the mandatory controls approach raises even more questions. On the one hand, I hear the authors in the Agriculture Committee admit that mandatory controls would guarantee our farmers the role of residual supplier in the world market. In other words, every foreign buyer would first go to Argentina, Australia, Canada, France, and anyone else with grain to sell, and only then—after they had exhausted every other possible source—would they turn to the United States to satisfy any remaining grain needs. Yet even though some are forthcoming enough to admit their proposal would make America's farmers the world's residual supplier, there are people in Minnesota telling my farmers that—believe it or not—our exports would not be affected due to Government subsidies.

Don't they realize we already have a "bonus bushel" program in place that, so far, has proven more of an embarrassment than a cureall? Even if it could be made to work, how long will the American people put up with the Government subsidizing grain so it is cheaper in Moscow than Minneapolis? How long will farmers be content to see the Government operate a farm program that devotes billions of dollars in subsidies for Cargill, or the Soviet Union, or any other exporter or foreign buyer?

The fact of the matter is that once we go the route of mandatory Government controls in agriculture there is no turning back. There are hundreds of millions of acres of potential cropland in Argentina and Brazil that is just waiting to go into production should we foolishly try to artificially price ourselves out of the export market. Once these acres begin to be cropped they will be permanent, and this additional production from Argentina, Brazil, and other countries will perpetually displace our farmer's exports for decades into the future.

Make no mistake about it—going the route of mandatory controls for just 1 year would do more damage to our farmers' future export opportunities than all past agricultural embargoes combined. Members of both political parties have often spoke about the long-term damage previous embargoes have done to our reputation as a reliable supplier. We repeatedly cite the historical evidence showing how the Soviet Union, Japan, and others channeled their purchases and agricultural investments to other food-selling nations for one reason—because our credibility as a reliable supplier had been impaired. What do the proponents of mandatory controls honestly think our export customers will do when we deliberately step away from the export market and convert American agriculture into a strictly domestic industry? By the time we calculate the amount of foreign capital that will begin flowing into the cultivation of additional land in Argentina, Brazil, and our other export competitors, our present share of the world export market will be an irretrievable memory of the past.

And to those who claim that the referendum contained in the committee bill is not mandatory, that sort of ridiculous analogy is like saying Jimmy Carter would have merely imposed a "voluntary" Soviet grain embargo had he allowed farmers to sell in the Soviet market but not in our own. There is no choice to be made by farmers under this program. As important as the export market is to U.S. grain farmers, by preventing them from selling one kernel in our own country if they choose to export, you have left them with no alternative but to abide by the mandatory restrictions handed down from Washington.

I realize that much of the disagreement over the mandatory controls issue boils down to personal philosophy—but I find it difficult to understand how the proponents of mandatory Government controls can place their total confidence in "pointy headed bureaucrats" in Washington dictating how farmers, by law, must manage their farming operations. In other words, do they really believe that the same Government which in the past has imposed embargoes, put foreign policy considerations ahead of agriculture, pursued high interest rate Federal Reserve Board policies, run up $200 billion deficits, and created a burdensome overvalued dollar is now going to be trusted to solve all of agriculture's problems by dictating to Farmers: First, what crops they can plant; second, how much they can plant; third, the amount they can harvest; and fourth, where and to whom they can sell. To sincerely believe that the same Government responsible for screwing up American agriculture is now going to be suddenly transformed into the total salvation of our farmers is almost laughable, except that the true result of running American agriculture by Government fiat is enough to make all of us cry.

I am convinced that the imposition of mandatory Government controls would permanently condemn American agriculture to the same plight as the slowly dying U.S. industries that have already withdrawn and conceded defeat to foreign competition.

Farmers are not quitters. Most have had to fight for everything they've got. But they want to see our Government start imple-

menting policies like the "marketing loan" that work for them when competing in the world market, instead of embargoes, an overvalued dollar, or mandatory controls, which only further jeopardize farm exports and work against the interest of family farmers and all of rural America.

Mr. MADIGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. Lightfoot].

Mr. LIGHTFOOT. Mr. Chairman, for a week now this body has been debating the merits of a variety of proposals for a new farm bill. This is by no means the beginning of the debate, but a culmination of months of sometimes agonizing negotiation, compromise and soul searching. This has been a long road where the continued problems on the farm serve as a constant reminder that the action we take here today, this week, must realistically and responsibly address these concerns. As happens with any attempt to respond to major problems, there are delays and there is the inertia of the system which prolongs a final decision. While this process has dragged on, the emotionalism of the issue has built along with it. In the past few weeks, we've seen people from the entertainment industry and others far removed from agriculture espouse the merits of this or that farm plan. Though I respect and appreciate the vital role they have played in getting the message across that this country's farm problems are real and widespread, they are simply not qualified to set the agenda for this farm bill debate. I would suggest to those entertainers who advocate a mandatory farm program to apply the same standards to their industry. How would it be if the United States dictated what bookings could be accepted, dictated that next year those bookings will be decreased by 40 percent and dictated what price they would receive for their work? I suggest that all the amplifiers at the Farmaid Concert would have clicked off.

I think, more than anything else, the strong emotions surrounding the farm crisis brings into sharp focus our responsibilities here—to keep a cool head, and not to make bad decisions in the face of bad times. I think we're seeing a congressional response fueled by that emotion and I'm not convinced that this response in the best interest of this country's farmers.

As a part of the Agriculture Committee's farm bill, we're being asked to approve a referendum where the country's farmers would be voting on mandatory controls in exchange for a guaranteed price for their feed grains. My first problem with this part of the bill—and I have several—is the contention that it is a voluntary program. I have to wonder how voluntary a decision it is when a choice not to participate would in effect be a choice to forfeit the ability to sell on the domestic market. A farmer couldn't even sell to his next door neighbor. I object not to the idea of a referendum, but to the consequences of this particular referendum. In the past, I've supported a number of referendums for corn, soybeans, beef, and pork. I will support more in the future.

The proposal also leaves a series of unanswered questions. For example, there is the suggestion that the plan will increase the value of our exports by some 15 percent. With many nations in the world already underselling us at current prices, I have heard no convincing argument to lead me to believe that this portion of the bill would do anything but aggravate this situation. By the same token, I challenge you to show me how American agriculture is to survive without a strong export market. This is not a risk we should be willing to take in times where our balance of trade stands at record deficits.

Nor do I believe that we should stand up here and pit one segment of the agricultural economy against the other. As we watch beef producers taking losses of over $100 per head and more, we're seriously considering a plan which would guarantee a substantial increase in their production costs. Also, the Congressional Budget Office estimates that set-asides of corn acreage would have to reach 40 percent to maintain the prices in the Bedell section of the bill, seriously affecting farm equipment and fertilizer dealers, and the countless other rural business that are so essential to the agricultural equation.

On the issue of increased farm income, I've seen reports that on a 100-acre corn base at the average Iowa per acre land cost, this plan will actually yield less net income than our present program. Tell me this is an improvement. Even if there were to be a net gain in the first year of the program, as we continue in the succeeding years to cut back our production to meet the commodity surplus cap, how many farmers do you know that can survive on a 40-percent reduction of their productive capacity?

As I told you at the outset, I have listened to and participated in this debate for months. I have met regularly with every conceivable farm and commodity group and have heard their stories and positions. Some of them supported this proposal, many did not. I have the greatest respect and admiration for my colleague from Iowa, Mr. Bedell, and I know that he is doing what he feels is the best thing for the farmer in Iowa and in this country. I also appreciate the dedication and sincerity of the various groups participating in this debate. What I hear from them, what I hear from the Agriculture Committee, and what I hear from the farmers and mainstreet businesses in my district—regardless of their position—is do something, anything. They are absolutely right, and we must heed that call. But our responsibiltiy is to do what is right, what most likely will create the circumstances under which our agricultural economy and the farmer who turns its giant wheel, will survive. For the reasons I've stated, I do not feel that the Bedell proposal offers the likelihood that we will accomplish those ends. The agricultural industry is not an island off by itself, unaffected by the forces of national or world economies. We know that now more than ever. Just as I know that agriculture does not exist in a free world market and could not survive if stripped totally and immediately of Government support, I am equally convinced that a dramatic increase in Government intervention is not the solution.

Agriculture's problems will not be solved by the consequences of a single farm bill, but its continued decline can be assured by the actions we take here today. We must have an agricultural policy that does not take away from us our ability to respond to the forces of trade and commerce. We must have an agricultural policy that does not deny farmers the ability to creatively and independently market their commodities. And we must have an agricultural policy that supports prices in the worst of circumstances and frees the farmer to take advantage of the best of circumstances. And I don't believe Congressman Bedell's plan allows us to meet these important goals.

However, with the rejection of mandatory controls, we are not left without an option. The Agriculture Committee has given us the opportunity to address those concerns I just mentioned through another part of its bill. Although this plan is not without its own problems, it will supply the necessary support in the short run without eliminating our options in the longer term. This approach could be substantially improved by an increase in target prices for corn to somewhere around the $3.50 Mark, and I would support a clean amendment to that effect.

But our efforts to defend rural America must not end there. We must muster the courage and take the responsibility to address those forces which have done more to burden the American farmer than anything else. We have a Federal deficit that is an outrage, a trade policy that is about as predictable and consistent as the Iowa weather, and a farm credit system that is reeling under record losses.

Beyond this farm bill, here is where our task lies. And without addressing these parallel challenges, our efforts here today might well be in vain. The greatest mistake we could make is to put into place a policy that would further tie our hands as we attempt to make responsible, long range, fundamental improvements in agriculture.

America was not built, nor will she prosper in the future if we turn away from the basic principles of free men and women working in a free society. A government that guarantees that one will never fail is one that guarantees that one will never succeed. Our farmers and our Nation deserve more than that.

Mr. **de la GARZA**. Mr. Chairman, in order to facilitate the debate for the rest of the day, I ask unanimous consent that the remainder of the bill after this title be printed in the Record, and open to amendment at any point.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Texas?

There was no objection.

The text of the remainder of the bill following title VA is as follows:

TITLE VI—COTTON

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF UPLAND COTTON

Sec. 601. Effective only for the 1986 through 1990 crops of upland cotton, section 103 of the Agricultural Act of 1949 (7 U.S.C. 1444) is amended by adding at the end thereof the following:

"(i) Notwithstanding any other provision of law—

"LOANS

"(1) The Secretary, on presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, shall make available for each of the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level, per pound, as will reflect for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (A) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (B) 90 per centum of the average, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest-priced growths of the growths quoted for Middling one-and-three-thirty-seconds-inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9)). If for any crop the average northern European price determined under clause (B) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (A) of the first sentence of this paragraph, notwithstanding the foregoing provisions of this paragraph, the Secretary may increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under clause (A) of the first sentence of this paragraph. In no event (other than as provided in the next sentence) shall the loan level for a crop of upland cotton be less than 95 per centum of the loan level for the preceding crop of upland cotton as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of upland cotton is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary for upland cotton to be competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. Nonrecourse loans provided for in this subsection, on request of the producer during the tenth month of the loan period for the cotton, shall be made available for an additional term of eight months, except that such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period.

"LIMITED GLOBAL IMPORT QUOTA

"(2) Whenever the Secretary determines that the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available.

"(B) If a special quota has been established under this paragraph during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth in subparagraph (A) or the amount required to increase the supply to 130 per centum of the demand.

"(C) As used in subparagraph (B), the term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four-hundred-and-eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales, for the marketing year in which the special quota is established.

"(D) When a special quota is established under the provisions of this paragraph, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

Notwithstanding the foregoing provisions of this paragraph, a special quota period shall not be established that overlaps an existing quota period.

"TARGET PRICES

"(3)(A) The Secretary shall make payments available for each of the 1986 through 1990 crops of upland cotton to the producers on each farm at a rate equal to the amount by which the higher of—

"(i) the average market price per pound received by farmers for upland cotton during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop,

is less than the established price per pound times in each case the farm program acreage for upland cotton (determined in accordance with paragraph (5) or (8)(C), but in no event on a greater acreage than the acreage actually planted to upland cotton for harvest), multiplied by the program yield for the farm for upland cotton (determined in accordance with paragraph (7)).

"(B)(i) The established price for the 1986 and 1987 crops of upland cotton shall be 81 cents per pound. Subject to the provisions of clause (ii), the established price per pound for upland cotton for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per pound for the three crop years immediately preceding the crop year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of upland cotton be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of upland cotton at a level less than the level for the preceding crop of upland cotton unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of upland cotton for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of upland cotton for all producers.

"(C) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the loan level for a crop of upland cotton in accordance with the fourth sentence of paragraph (1) or the loan level for the crop before such adjustment is established at a level below $0.55 per pound, the Secretary shall provide emergency compensation by increasing the established price payments for upland cotton by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the loan level had not been made or as if the reduction in the loan level before such adjustment to a level

below $0.55 had not occurred, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTION

"(4)(A)(i) With respect to a crop of upland cotton, if the Secretary estimates (not later than November 1 of the year before the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of upland cotton on hand in the United States on the last day of the marketing year for the crop will exceed one-third of the quantity of upland cotton that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on acreage planted to upland cotton in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of upland cotton on hand on the last day of the marketing year for such crop will not exceed one-third of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop; nor

"(II) acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop.

"(B)(i) If an upland cotton acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the upland cotton crop acreage base for the crop for each cotton-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to upland cotton, by (II) the number of acres authorized to be planted to upland cotton under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to upland cotton for harvest on a farm shall be limited to the upland cotton crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction required under subparagraph (B), and land diversion payments in kind shall be made to producers who devote to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the upland cotton crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from the stocks of upland cotton owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of upland cotton may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(5) Producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established under paragraph (4), shall be ineligible for upland cotton loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (4) for a crop of upland cotton, paragraph (8) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (8) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under paragraph (4).

"ACREAGE BASES

"(6) Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title VI.

"YIELDS

"(7) The program yields for farms for each crop of upland cotton shall be determined under title VI.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(8)(A) Except for crops for which there is an acreage limitation program under paragraph (4), the Secretary shall establish a national program acreage for each of the 1986 through 1990 crops of upland cotton. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established. The Secretary may revise the national program acreage first announced for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines it necessary based on the latest information, and the Secretary shall announce such revised national program acreage as soon as it is made. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the upland cotton program yields for the crop for which the determination is made) will produce the quantity of upland cotton (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of upland cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than ten million acres.

"(B) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(C) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of upland cotton planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to upland cotton for harvest from the upland cotton crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the announcement of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to upland cotton for harvest is less than the upland cotton crop acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(9)(A) An operator of a farm desiring to participate in the program conducted under paragraph (4) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by

mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans and payments, the Secretary nevertheless may make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(10) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by such producers.

"RECOURSE LOANS FOR SEED COTTON

"(11) To encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with the authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 602. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1991, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 603. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1990 crops.

SKIPROW PRACTICES

SEC. 604. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

MARKETING CERTIFICATES

SEC. 605. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price of upland cotton (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for upland cotton determined under section 103(i) of the Agricultural Act of 1949, to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of payment-in-kind certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available for domestic consumption or for export at competitive prices, including such payments as may be necessary to make raw cotton in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for upland cotton as determined under section 103(i) of the Agricultural Act of 1949, and the prevailing world market price of upland cotton, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) upland cotton owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary of Agriculture shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to cotton handlers under this section may be transferred to other handlers and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 103(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VII—RICE

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF RICE

SEC. 701. Effective only for the 1986 through 1990 crops of rice, section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding at the end thereof the following:

"(j) Notwithstanding any other provision of law—

"LOANS

"(1) The Secretary shall make available to producers in the several States of the United States loans and purchases for each of the 1986 through 1990 crops of rice at a level, per hundredweight, not less than 85 per centum of the average price per hundredweight for rice received by farmers during the marketing years for the three preceding crops of rice, as determined by the Secretary. In no event (other than as provided in the next sentence) shall the level of loans and purchases for a crop of rice be less than 95 per centum of the level for the preceding crop of rice as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of rice is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary to make rice competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan and purchase level and the established price for each of the 1986 through 1990 crops of rice shall be announced not later than January 31 of the calendar year for the crop harvested in that calendar year. Any loan made under this paragraph shall have a term of ten months beginning on the first day of the month in which the loan is made.

"TARGET PRICES

"(2)(A) The Secretary shall make payments available to producers for each of the 1986 through 1990 crops of rice grown in the several States of the United States in amounts computed as provided in this paragraph. Payments for each such crop of rice shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the program yield established for the crop for the farm. In no event shall payments be made under this para-

graph for any crop on a greater acreage than the acreage actually planted to rice.

"(B) The payment rate for a crop of rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(i) the national average market price per hundredweight received by farmers during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop.

"(C)(i) The established price per hundredweight for rice for the 1986 and 1987 crops shall be $11.90 per hundredweight. Subject to the provisions of clause (ii) the established price per hundredweight for rice for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per hundredweight for the three crop years immediately preceding the year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of rice be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of rice at a level less than the level for the preceding crop of rice unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of rice for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of rice for all producers.

"(D) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the level of loans and purchases for a crop of rice in accordance with the third sentence of paragraph (1), the Secretary shall provide emergency compensation by increasing the established price payments for rice by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTIONS

"(3)(A)(i) With respect to a crop of rice, if the Secretary estimates (not later than January 31 of the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of rice on hand in the United States on the last day of the marketing year for the crop will exceed one-fifth of the quantity of rice that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on the acreage planted to rice in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of rice on hand at the last day of the marketing year for such crop will not exceed one-fifth of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop; nor

"(II) the acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop.

"(B)(i) If a rice acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the rice crop acreage base for the crop for each rice-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to rice, by (II) the number of acres authorized to be planted to rice under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to rice for harvest on a farm shall be limited to the rice crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction under subparagraph (B), and land diversion payments in kind shall be made to producers who devote, to the extent prescribed by the Secretary, to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the rice crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from stocks of rice owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of rice may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(4) Producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established under paragraph (3), shall be ineligible for rice loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (3) for a crop of rice, paragraph (7) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (7) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to rice for harvest within the permitted rice acreage for the farm as established under paragraph (3).

"ACREAGE BASES

"(5) Rice crop acreage bases for each crop of rice shall be determined under title VI.

"YIELDS

"(6) The program yields for farms for each crop of rice shall be determined under title VI.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(7)(A) Except for crops in which there is an acreage limitation program under paragraph (3), the Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of rice. The proclamation shall be made not later than January 31 of the calendar year for the crop harvested in that calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines a revision necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the rice program yields for the crop for which the determination is made) will produce the quantity of rice (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(B) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvest-

ed for such crop. In no event may the allocation factor for any crop of rice be more than 100 per centum nor less than 80 per centum.

"(C) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to rice for harvest from the rice crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to rice for harvest is less than the rice acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(8)(A) An operator of a farm desiring to participate in the program conducted under paragraph (3) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(9) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by such producers.".

NONAPPLICABILITY OF SECTION 101 OF THE AGRICULTURAL ACT OF 1949

SEC. 602. That portion of section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) preceding subsection (a) shall not be applicable to the 1986 through 1990 crops of rice.

EXPORT MARKETING CERTIFICATES

SEC. 703. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price for rice (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for rice determined under section 101(j) of the Agricultural Act of 1949, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, may make payments, through the issuance of payment-in-kind certificates, to exporters of rice who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available for export at competitive prices consistent with the purposes of this section, including such payments as may be necessary to make rice in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for rice, as determined under section 101(j) of the Agricultural Act of 1949, and the prevailing world market price for rice, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) rice owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to rice exporters under this section may be transferred to other exporters and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 101(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VIII—PEANUTS

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 801. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1990 crops of peanuts:

(1) subsections (a) through (j) of section 358;

(2) subsections (a) through (h) of section 358a;

(3) subsections (a), (b), (d), and (e) of section 359;

(4) part I of subtitle C of title III; and

(5) section 371.

POUNDAGE QUOTAS

SEC. 802. Effective only for the 1986 through 1990 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358) is amended by adding at the end thereof the following:

"(q) The national poundage quota for peanuts for each of the 1986 through 1990 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible, seed, and related uses, except that the national poundage quota for any such marketing year shall not be less than one million one hundred thousand tons. The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding such marketing year.

"(r) The national poundage quota established under subsection (q) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(s)(1) A farm poundage quota for each of the 1986 through 1990 marketing years shall be established—

"(A) for each farm that had a farm poundage quota for the 1985 marketing year; and

"(B) if the poundage quota apportioned to a State under subsection (r) of this section for any such marketing year is larger than such quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least two of the three immediately preceding crop years, as determined by the Secretary.

The farm poundage quota for each of the 1986 through 1990 marketing years for each farm described in subparagraph (A) of the

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preceding sentence shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year, as adjusted under paragraph (2) of this subsection, but not including any increases for undermarketings from previous years or any increases resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection. The farm poundage quota, if any, for each of the 1986 through 1990 marketing years for each farm described in subparagraph (B) of the first sentence of this paragraph shall be equal to the quantity of peanuts allocated to such farm for such year under paragraph (2) of this subsection. For the purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm poundage quotas (or portion thereof) of the transferring farm for all subsequent marketing years.

"(2) If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1986 through 1990 marketing years is increased over the poundage quota apportioned to the State for the immediately preceding marketing year, such increase shall be allocated equally to—

"(A) each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(B) each other farm in the State on which peanuts were produced in at least two of the three immediately preceding crop years, as determined by the Secretary.

If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1987 through 1990 marketing years is decreased from the poundage quota apportioned to the State under such subsection for the immediately preceding marketing year, such decrease shall be allocated equally to each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(3) The farm poundage quota established for a farm for any of the 1986 through 1990 marketing years shall be reduced, insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, to the extent that the Secretary determines that the farm poundage quota established for the farm for any two of the three marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm. For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increases for undermarketing of quota peanuts from previous years or any increase resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection.

"(4) For purposes of this subsection, the farm poundage quota shall be considered produced on a farm if—

"(A) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary; or

"(B) the farm poundage quota for the farm was released voluntarily under paragraph (7) of this subsection for only one of the three marketing years immediately preceding the marketing year for which the determination is being made.

"(5) Notwithstanding any other provision of law, the farm poundage quota established for a farm under this subsection, or any part of such quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner, and the poundage quota for the farm for which such quota is released shall be adjusted downward to reflect the quota that is so released.

"(6) The total amount of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) of this subsection shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least two of the three crop years immediately preceding the year for which such allocation is being made, except that not less than 25 per centum of such total amount of farm poundage quota in the State shall be allocated to farms for which no farm poundage quota was established for the immediately preceding year's crop.

"(7) The farm poundage quota, or any portion thereof, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that such quota, or any part thereof, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe. Any adjustment in the farm poundage quota for a farm under this paragraph shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which such quota was released for any subsequent marketing year.

"(8) The farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years, except that no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the quota on such farm for the marketing year was reduced under paragraph (3) of this subsection for failure to produce. Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved. Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) of this subsection exceeds 10 per centum of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 per centum of the national poundage quota.

"(t) For each farm for which a farm poundage quota is established under subsection (s) of this section, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. If peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(u) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the five calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, fourth, and fifth years of the period. The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held, and if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(v) For the purposes of this part and title I of the Agricultural Act of 1949—

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (s) of this section, that are eligible for domestic edible use as determined by the Secretary, that are marketed or considered marketed from a farm, and that do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (s) of this section;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 803. Effective only for the 1986 through 1990 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a) is amended by adding at the end thereof the following:

"(k) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm, except that any such lease of poundage quota may be entered into in the fall only if the quota has been planted on the farm from which the quota is to be leased and only under such terms and conditions as the Secretary may by regulation prescribe. The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop. Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than ten thousand tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(l) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) no transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders;

"(2) no transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota;

"(3) no transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and

"(4) such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 804. Effective only for the 1986 through 1990 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by adding at the end thereof the following:

"(m)(1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are—

"(A) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(B) marketed through an area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949; or

"(C) marketed under contracts between handlers and producers pursuant to the provisions of subsection (q) of this section.

Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(t) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts, and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered to be marketing violations except in cases of fraud or conspiracy.

"(n) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c) of this section, are unique strains, and are not commercially available. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (r) of this section. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(o) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(p)(1) Except as otherwise provided in paragraph (2) of this subsection, the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) of this subsection if the handler agrees in writing, prior to any handling or disposal of such peanuts, to comply with provisions that the Secretary shall by regulation prescribe.

"(B) The regulations issued by the Secretary under subparagraph (A) of this paragraph shall include, but need not be limited to, the following provisions:

"(i) A handler of shelled peanuts may export peanuts classified by type in the following quantities (less such reasonable allowance for shrinkage as the Secretary may prescribe):

"(I) sound split kernel peanuts in an amount equal to twice the poundage of such peanuts purchased by the handler as additional peanuts;

"(II) sound mature kernel peanuts in an amount equal to the poundage of such peanuts purchased by the handler as additional peanuts less the amount of sound split kernel peanuts purchased by the handler as additional peanuts; and

"(III) the remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts and not crushed domestically.

"(ii) A handler shall ensure that any additional peanuts exported are evidenced by onboard bills of lading, or other appropriate documentation as may be required by the Secretary, or both.

"(iii) If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total peanut purchases for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, to ensure the handler's compliance with the obligation to export peanuts.

"(4) Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(5) The failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation. A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(6) If any additional peanuts exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts reentered.

"(q) A handler may, under such regulations as the Secretary may issue, contract with producers for the purchase of addition-

al peanuts for crushing or export or both. Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval before August 1 of the year in which the crop is produced. Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(r) Subject to the provisions of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer;

"(2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

"(3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this sentence to facilitate the orderly marketing of additional peanuts.

"(s)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section, other than a penalty on an importer under subsection (p)(6), is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulation may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation upon which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program, except that the amount of any penalty imposed on a handler under this section that resulted from the failure to export contracted additional peanuts shall not be reduced by the Secretary.".

PRICE SUPPORT PROGRAM

SEC. 805. Effective only for the 1986 through 1990 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A the following:

"PRICE SUPPORT FOR 1986 THROUGH 1989 CROPS OF PEANUTS

"SEC. 108B. Notwithstanding any other provision of law—

"(1) the Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1986 through 1990 crops. The national average quota support rate for the 1986 crop of quota peanuts shall be equal to the national average support rate established for the 1985 crop of quota peanuts, adjusted by the Secretary by a percentage equal to the percentage of any increase in the prices paid by farmers for commodities and services, interest, taxes, and wage rates during the period beginning with calendar year 1981 and ending with calendar year 1985, as determined by the Secretary. The national average quota support rate for each of the 1987 through 1990 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 per centum the national average quota support rate for the preceding crop. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage. The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403 of this Act. The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(2) the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1990 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(3)(A) in carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.60 of title 7 of the Code of Federal Regulations (January 1, 1985)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938;

"(B) the Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico, and bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing such pools. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of—

"(i) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts, to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts; and

"(ii) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

"(4) notwithstanding any other provision of this section—

"(A) any distribution of net gains on additional peanuts shall be first reduced to the

extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan; and

"(B)(i) the proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under the provisions of section 358(s)(8) of the Agricultural Adjustment Act of 1938; and

"(ii) losses in area quota pools other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(s)(8) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under the first sentence of paragraph (3)(B) in such manner as the Secretary shall by regulation prescribe;

"(5) notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(u) of the Agricultural Adjustment Act of 1938.".

REPORTS AND RECORDS

SEC. 806. Effective only for the 1986 through 1990 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1990 crops of peanuts.

TITLE IX—SOYBEANS

SOYBEAN PRICE SUPPORT

SEC. 901. Effective only for the 1986 through 1990 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by—

(1) inserting in the first sentence "soybeans," after "tung nuts,"; and

(2) adding at the end thereof the following:

"(g)(1) The price of soybeans shall be supported through loans and purchases during each of the five marketing years beginning with the 1986 marketing year at a level equal to 75 per centum of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low valued years, except that in no event shall the Secretary establish a support price of less than $5.02 per bushel. Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of soybeans received by producers in the previous marketing year (including the marketing year for the 1985 crop of soybeans) was not more than 105 per centum of the level of loans and purchases for soybeans for such marketing year, or (B) with respect to the 1986 crop only, that the level of loans or purchases computed under the foregoing provisions would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the Secretary may reduce the level of loans and purchases for soybeans for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that (subject to the following sentence) the level of loans and purchases may not be reduced by more than 10 per centum in any year nor below $4.50 per bushel. If the Secretary exercises the authority provided in the preceding sentence with respect to the level of loans and purchases for the 1986 crop of soybeans based on a determination that the level of loans and purchases computed under the first sentence of this paragraph would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the level of loans and purchases for such crop may not be reduced by more than 5 per centum. For the purposes of this subsection, the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the market year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies; nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law, the Secretary shall not require participation in any production adjustment control program for soybeans or any other commodity as a condition of eligibility for price support for soybeans or allow the planting of soybeans for harvest on acreage set aside or diverted from production under any other Government program.".

TITLE X—GENERAL COMMODITY PROVISIONS

Subtitle A—The Agricultural Efficiency and Equity Act of 1985

SHORT TITLE

SEC. 1001. This subtitle may be cited as the "Agricultural Efficiency and Equity Act of 1985".

ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

SEC. 1002. The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting, after title V, as added by section 551 of this Act, the following:

"TITLE VI—ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

"SEC. 601. The purpose of this title is to prescribe a system for establishing farm and crop acreage bases and program yields for the wheat, feed grain, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

"DEFINITIONS

"SEC. 602. For purposes of this title—

"(1) the term 'program' means the farm and crop acreage base and program yield system established under this title;

"(2) the term 'program crop' means any crop of wheat, feed grains, upland cotton, or rice;

"(3) the term 'crop year' means the calendar year in which a crop is normally harvested, except that, in the case of a crop that is normally harvested in January, February, or March of any calendar year, the term 'crop year' with respect to such crop means the calendar year in which such crop is planted and during which substantially all growth occurs;

"(4) the term 'county committee' means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for the county in which the farm is located; and

"(5) the term 'cooperator' means any producer of any program crop who is considered a cooperator under the provisions of section 101(e).

"FARM ACREAGE BASES

"SEC. 603. (a) The Secretary shall provide, for each farm on which at least one program crop was produced during at least one of the five crop years immediately preceding the 1986 crop year, for the establishment and maintenance of farm acreage bases.

"(b)(1) The county committee shall determine the farm acreage base for any crop year beginning after the 1985 crop year for any farm referred to in subsection (a), which, except as otherwise provided in paragraph (2), shall be the number of acres equal to the total of—

"(A) the average of the total acres on the farm planted to wheat and feed grains for harvest (or considered as so planted under section 609) in each of the five crop years immediately preceding such crop year;

"(B) the average of the total acres on the farm planted to upland cotton and rice for harvest (or considered as so planted under section 609)—

"(i) (for each of the 1986 through 1988 crop years for which such base is being determined) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) (for each of the 1989 and succeeding crop years for which such base is being determined) in each of the five crop years immediately preceding such crop year; and

"(C) the average of the total acres on the farm otherwise considered, under section 609, as planted to program crops for harvest in each of the five crop years immediately preceding such crop year,

except that for each of the 1986 through 1988 crop years for which such base is being determined, such number of acres may not exceed the average acreage on the farm planted to program crops (or considered as so planted under section 609) for harvest during the two preceding crop years.

"(2) For the purpose of determining the farm acreage base for the 1986 crop year for any farm referred to in subsection (a), the county committee may construct a planting history for such farm if—

"(A) planting records for such farm for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year of such crop, no program crop was produced on such farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"CROP ACREAGE BASES

"SEC. 604. (a)(1) The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop (including any program crop produced under an established practice of double cropping) produced on each farm referred to in section 603(a).

"(2) The sum of the crop acreage bases for all program crops produced on any farm for any crop year shall not exceed the farm acreage base for such farm for such crop year, except to the extent that the excess is due to *an established practice of double cropping, as determined by the county committee and subject to such regulations as the Secretary may prescribe. To the extent that, because of the different procedures for calculating crop acreage bases for wheat and feed grains and for upland cotton and rice provided for in subsection (b), the sum of crop acreage bases for the farm for a crop year would exceed the farm acreage base for the crop year but for the operation of the preceding sentence, the crop acreage bases for the farm shall be adjusted by the county committee, in consultation with the farm operator, so that the sum of the crop acreage bases does not exceed the farm acreage base.*

"(b)(1) The county committee shall determine the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a). Except as otherwise provided in subsection (a)(2), the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a) shall be—

"(A) if the program crop is wheat or feed grains, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the five crop years preceding such crop year; and

"(B) if the program crop is upland cotton or rice—

"(i) for each of the 1986 through 1988 crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) for each of the 1989 and succeeding crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the five crop years preceding such crop year.

"(2) For the purpose of determining the crop acreage base for any program crop for the 1986 crop year for any farm referred to in section 603(a), the county committee may construct a planting history for such crop if—

"(A) planting records for such crop for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year, the program crop was not produced on the farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"ADJUSTMENT OF CROP ACREAGE BASES BY PRODUCERS

"SEC. 605. (a) Any producer, by submitting notice to the county committee before the time specified in subsection (c) with respect to any crop year, may increase or decrease the crop acreage base for any program crop for the producer's farm for such crop year to the extent provided in subsection (b).

"(b)(1) An adjustment of any crop acreage base for any farm under subsection (a) (or, in the case of an adjustment in the crop acreage bases for two or more program crops, the sum of the number of acres by which each such crop acreage base is increased or decreased) may not exceed the number of acres that is equal to 10 per centum of the farm acreage base for such farm for such crop year, except that such adjustment (or the sum of the number of acres by which crop acreage bases are increased or decreased when bases for two or more program crops are adjusted) for the 1986 crop year may not exceed the number of acres that is equal to 20 per centum of the farm acreage base for such farm for such crop year. No such adjustment shall be construed to increase the farm acreage base for such farm for such crop year.

"(2) The Secretary may suspend, on a nationwide basis, any limitation contained in paragraph (1) with respect to the crop acreage base for any program crop if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to the program crop; or

"(B) market factors exist that require the suspension of the limitation to achieve the purposes of the program.

"(c) Any notice under subsection (a) shall be submitted by the producer to the county committee before the first day of the sixty-day period ending on—

"(1) the final date required by law for the announcement by the Secretary of any acreage or supply control program with respect to the program crop for the crop year involved; or

"(2) in the case of—

"(A) wheat, July 1 of the year preceding such crop year;

"(B) feed grains, September 30 of the year preceding such crop year;

"(C) upland cotton, November 1 of the year preceding such crop year; and

"(D) rice, January 1 of such crop year,

whichever date occurs first with respect to the program crop.

"PROGRAM YIELDS

"SEC. 606. (a) The Secretary shall provide for establishing a program yield for each program crop for each crop year for any farm.

"(b)(1) The county committee shall determine the program yield for any program crop for any crop year beginning with the 1986 crop for any farm. Subject to paragraphs (2) and (3), and except as otherwise provided in subsection (d), the program yield for any program crop for any crop year for any farm shall be the average of the actual yield per harvested acre for the crop for such farm for each of the five crop years immediately preceding such crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm.

"(2) The program yield for any program crop for any crop year for any farm shall not be more than 150 per centum nor, except as provided in paragraph (3), less than 90 per centum of the program yield for the crop for the immediately preceding crop year for the farm.

"(3) The program yield for any program crop for the 1986 crop year shall not be less than the yield established for the crop for the 1985 crop year under this Act.

"(c) Under such regulations as the Secretary may prescribe, the county committee for any county may adjust any program yield for any program crop for any farm within the county to the extent that the committee determines that—

"(1) a significant change in any farming practice on the farm will materially and permanently affect the yield for the crop on the farm, or

"(2) because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, the program yield for the crop on the farm does not accurately reflect the productive potential of the farm.

"(d) In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (b)(1) for any crop year is not available, the county committee may assign the farm a yield for the crop for such crop year on the basis of actual yields for the crop for such crop year on farms that the committee determines are similar to such farm with respect to size, location, and farming practices.

"RESPONSIBILITIES OF COUNTY COMMITTEES

"SEC. 607. (a)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to specify the total number of acres on the farm planted to program crops for harvest in each of the five crop years immediately preceding such crop year, and the total number of acres on the farm planted to each program crop in each such crop year for harvest. Before the beginning of the crop year, the county committee shall—

"(A) establish or adjust the farm acreage base and each crop acreage base for the crop year for each such farm on the basis of such information; and

"(B) notify each such producer of the farm acreage base and each crop acreage base that shall apply to such farm for such crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the farm acreage base for each farm operated by a producer within the county and the crop acreage base for each program crop produced on each such farm.

"(3) The records of the farm acreage base and crop acreage base for a farm for the 1986 crop year shall reflect the determinations made under sections 603(b) and 604(b) and shall include—

"(A) any crop planting history for the farm, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act; and

"(B) any construction of planting history for the farm made by the county committee to the extent provided in sections 603(b)(2) and 604(b)(2).

"(b)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to supply such information as may be necessary for determining the program yield as provided in section 606 for any program crop produced on any farm within such county by the producer for the crop year. The county committee shall notify each producer of such determination for each crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records

of the program yield for any program crop for any crop year for any farm operated by a producer within the county.

"(3) The records of program yield for any program crop for any crop year for a farm shall reflect the determinations made under section 606 and shall include—

"(A) any crop history for the five crop years immediately preceding the 1986 crop year, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act;

"(B) any construction of crop yield history for the farm made by the county committee to the extent provided in section 606(d);

"(C) the actual yield per harvested acre for the crop for the farm for the 1986 and each subsequent crop year; and

"(D) any adjustment in the program yield for the crop for the farm made by the county committee under section 606(c).

"NEW PRODUCERS AND SIMILAR SITUATIONS

"SEC. 608. Each county committee may provide for the establishment of a farm acreage base and crop acreage bases with respect to any farm located within the county if such farm acreage base and crop acreage bases cannot be established under sections 603 and 604. Such bases shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985, except that no such bases shall be established for a farm if the producer on such farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

"SPECIAL RULES

"SEC. 609. (a) For purposes of determining any farm acreage base or any crop acreage base under this title, the number of acres planted to any program crop in a crop year includes any acreage that, under any other provision of law, is reserved from production of a program crop for such crop year because of the participation of the producer in an acreage or crop limitation program under such provision of law (except to the extent that such acreage is planted to soybeans), including any acreage devoted to conserving uses, or planted to program crops not for harvest or to nonprogram crops (except soybeans), by a person participating in the program in excess of the acreage required to be reserved from production of the program crop for such crop year.

"(b) For purposes of determining any farm acreage base under this title, the number of acres planted to a program crop in a crop year also includes any acreage that—

"(1) is devoted by the producer to a conserving use during such crop year in the normal course of farming operations, as determined by the county committee under regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985;

"(2) the producer is unable to plant to such crop (or, if planted to such crop, is unable to harvest) during such crop year because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, as determined by the county committee; or

"(3) except as provided in subsection (c), is planted to soybeans.

"(c) In any crop year that acreage planted and considered planted under the provisions of subsections (a) and (b) to all program crops on a farm, before the application of the rules under this subsection, would be determined to exceed the farm acreage base for the farm for such crop year, and such determination would not occur but for the planting of soybeans, a number of acres equal to the difference between (1) the total of (A) the acreage planted (and considered planted under the provisions of subsections (a) and (b)) to wheat, feed grains, upland cotton, and rice for the farm for such crop year and (B) the total acreage planted to soybeans, and (2) the farm acreage base for such farm for such crop year, shall not be considered planted under subsection (b)(3).

"(d) If a county committee determines that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), under such regulations as the Secretary may prescribe, the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of such program crop. For purposes of determining the farm acreage base, the crop acreage base, or the eligibility of such producer to be considered a cooperator or otherwise participate in a commodity program under this Act, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

"APPEAL PROCEDURE

"SEC. 610. The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this title may seek administrative review of such determination.".

REPEAL OF OUTDATED PROGRAM PROVISIONS

SEC. 1003. (a) Effective beginning with the 1986 crop of wheat, feed grains, upland cotton, and rice, the Agricultural Adjustment Act of 1938 is amended by—

(1) striking out sections 326, 327, 328, 329, 330, 332, 333, 334, 334a, 335, 336, 338, 339, 342, 342a, 343, 344, 344a, 345, 346, 372(a), 379b, 379c, 379d, 379e, 379f, 379g, 379h, 379i, and 379j (7 U.S.C. 1326, 1327, 1328, 1329, 1441 note, 1332, 1333, 1334, 1334b, 1335, 1336, 1338, 1339, 1342, 1342a, 1343, 1344, 1344b, 1345, 1346, 1372a, 1379b, 1379c, 1379d, 1379e, 1379f, 1379g, 1379h, 1379i, and 1379j, respectively)

(2) in section 361 (7 U.S.C. 1361), striking out "corn, wheat, cotton, peanuts, and rice" and inserting in lieu thereof "and peanuts";

(3) in section 371(a) (7 U.S.C. 1371(a)), striking out "cotton, rice,", and striking out the comma after "peanuts";

(4) in section 371(b) (7 U.S.C. 1371(b)), striking out "cotton, rice,";

(5) in section 373 (7 U.S.C. 1373), striking out "corn, wheat, cotton, rice, peanuts," in subsection (b) and both places it appears in subsection (a), and inserting in lieu thereof "peanuts";

(6) section 374(b) (7 U.S.C. 1374(b)), striking out the phrase "farm acreage allotment" each time it appears and inserting in lieu thereof the phrase "crop acreage base";

(7) in the last sentence of section 374(c) (7 U.S.C. 1374(c)), inserting "or permitted acreage" after "allotment";

(8) in section 375(a) (7 U.S.C. 1375(a)), striking out "corn, wheat, cotton, rice, peanuts," and inserting in lieu thereof "peanuts";

(9) in section 377 (7 U.S.C. 1377)—

(A) striking out "(excluding any allotment released from the farm or reapportioned to the farm and any allotment provided for the farm pursuant to subsection (f)(7)(A) of section 344)"; and

(B) in the first proviso, striking out "or, in the case of upland cotton on a farm which qualified for price support on the crop produced in any such year under section 103(b) of the Agricultural Act of 1949, as amended, 75 per centum of the farm domestic allotment established under section 350 for any such year"; and

(10) in section 378 (7 U.S.C. 1378), adding at the end thereof the following:

"(g) In applying the provisions of this section to a farm for which a farm acreage base has been determined under the provisions of the Agricultural Efficiency and Equity Act of 1985, the word 'allotment', wherever it appears, shall be construed to mean 'farm acreage base and any crop acreage base comprised therein'.".

(b) Effective beginning with the 1986 crop of wheat, Public Law 74, 77th Congress, is repealed.

PRICE SUPPORT LEVELS FOR COOPERATORS UNDER PERMANENT LAW

SEC. 1004. (a) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by—

(1) in section 101 (7 U.S.C. 1441)—

(A) in the introductory paragraph, inserting "(with respect only to tobacco and peanuts)" before "producers have not disapproved marketing quotas for such crop"; and

(B) amending subsection (d)(3) to read as follows:

"(3) the level of price support to cooperators for any crop of peanuts for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price therefor; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;"; and

(C) in paragraph (5) of subsection (d), inserting "except with respect to wheat, corn, upland cotton, and rice," before "price support may be made";

(2) in section 103(a) (7 U.S.C. 1444(a))—

(A) in the first sentence, striking out "for which producers have not disapproved marketing quotas"; and

(B) in the third sentence, striking out "and in case marketing quotas are disapproved";

(3) in section 105 (7 U.S.C. 1444) striking out "producers" both places it appears and inserting in lieu thereof "cooperators";

(4) in section 107 (7 U.S.C. 1445a)—

(A) in paragraph (1), striking out "accompanied by domestic certificates" and inserting in lieu thereof "produced by a cooperator";

(B) striking out paragraphs (2), (3), (5), and (6); and

(C) redesignating paragraph (4) as paragraph (2); and

(5) amending section 408(b) (7 U.S.C. 1428(b)) to read as follows:

"(b) A 'cooperator' (1) with respect to wheat, feed grains, upland cotton, and rice, shall be a 'cooperator' as that term is defined in section 101(e) of this Act, and (2) with respect to any other basic agricultural commodity, shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938.".

(b) Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding after subsection (d) the following:

"(e)(1) Only a producer who is a cooperator for a crop shall be eligible for price support under any program carried out by the Secretary for rice, upland cotton, feed grains, or wheat for such crop under this section, or section 103(a), 105, or 107 of this Act, respectively.

"(2) A producer of wheat, feed grains, upland cotton, or rice shall be considered a cooperator for a crop of such commodity with respect to a farm if the producer has a farm acreage base for the crop year involved for the farm, and a crop acreage base for the crop year involved for each program crop (as defined in section 602(2) of this Act) produced on such farm, under title VI of this Act, and—

"(A) the number of acres on the farm planted to all program crops (as defined in section 602(2) of this Act) for harvest by such producer for such crop does not exceed the farm acreage base for such farm for the crop year involved, except to the extent that such excess is due to an established practice of double cropping, and

"(B) the number of acres on the farm planted to each program crop (as defined in section 602(2) of this Act) for harvest by such producer for the crop year involved does not exceed the crop acreage base for such program crop for such farm for such crop year.

"(3) The Secretary may suspend, on a nationwide basis, any farm acreage base limitation or any crop acreage base limitation with respect to a crop of a commodity under this subsection, if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to any such commodity; or

"(B) market factors exist that require the suspension of any such limitation to achieve the purposes of the farm and crop acreage base and program yield system established under title VI of this Act.

"(4) Notwithstanding any other provision of this subsection, the Secretary may, on a nationwide basis, consider a producer a cooperator for any crop of rice, upland cotton, feed grains, or wheat produced on a farm by such producer if—

"(A) such producer has established and maintained a farm acreage base and a crop acreage base applicable to such commodity for such crop year on such farm, and

"(B) the number of acres on such farm planted to such commodity for harvest by such producer in such crop year does not exceed the crop acreage base for such commodity on such farm for such crop year.".

CONFORMING CHANGES

Sec. 1005. (a) Effective beginning with the 1986 crop of wheat, section 327 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339b) is repealed.

(b) Effective beginning with the 1986 crops, the first sentence of section 706 of the Food and Agriculture Act of 1965 (7 U.S.C. 1305) is amended by striking out "feed grain" and inserting in lieu thereof the word "acreage".

(c) Effective beginning with the 1986 crop of upland cotton, section 506 of the Agriculture and Food Act of 1981 (7 U.S.C. 1342 note) is repealed.

Subtitle B—Miscellaneous Commodity Provisions

PAYMENT LIMITATIONS FOR WHEAT, FEED GRAINS, COTTON, AND RICE

Sec. 1011. Notwithstanding any other provision of law—

(1) The total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, extra long staple cotton, and rice shall not exceed $50,000 for each of the 1986 through 1990 crops.

(2) The total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat and feed grains shall not exceed $100,000 for each of the 1986 through 1990 crops.

(3) The term "payments" as used in this section shall not include loans or purchases, nor any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments other than those diversion payments in kind made under section 103(i) or 101(j) of the Agricultural Act of 1949, as added by this Act, or section 1021 of this Act) or public access for recreation.

(4) If the Secretary of Agriculture determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5) The Secretary of Agriculture shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of such limitation: Provided, That the provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

NONRECOURSE LOAN LIMIT

Sec. 1012. Effective with respect to the 1986 through 1990 crops of wheat, feed grains, soybeans, peanuts, and tobacco, section 405 of the Agricultural Act of 1949 (7 U.S.C. 1425) is amended by—

(1) designating the existing text thereof as subsection (a);

(2) striking out "No producer" in the first sentence and inserting in lieu thereof "Except as otherwise provided in subsection (b) of this section, no producer"; and

(3) adding at the end thereof the following:

"(b) For each of the 1986 through 1990 crops, the total amount of nonrecourse loans that a person may receive for wheat, feed grains, soybeans, peanuts, or tobacco under one or more of the annual programs established under this Act for such crop shall not exceed an amount that causes the total outstanding principal balance for the person for such nonrecourse loans for all such commodities of the crop to exceed $250,000. Any such loan to the person whenever the outstanding principal balance for the person for nonrecourse loans for such commodities is $250,000 shall be recourse in nature. The regulations defining the term 'person' and prescribing rules applicable to limitations issued under section 1011(5) of the Food Security Act of 1985 shall apply to the term 'person' as used in this subsection and the limitation established under this subsection, except that the term 'person', as used in this subsection, shall not include any association to which loans are made under sections 106A(b) and 108B(3) of this Act.".

EXTENSION OF THE NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

Sec. 1013. (a) Subsection (c) of section 1006 of the Agriculture and Food Act of 1981 (7 U.S.C. 4102(c)) is amended to read as follows:

"(c) A person may serve as a member of the Board for one or more terms.".

(b) Section 1014 of the Agriculture and Food Act of 1981 (7 U.S.C. 4110) is amended by striking out "1985" and inserting in lieu thereof "1990".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS FOR WHEAT AND FEED GRAINS

Sec. 1014. Effective only for the marketing years for the 1986 through 1990 crops, section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by—

(1) striking out in the third sentence the matter following the third colon and inserting in lieu thereof the following: "Provided, That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges.";

(2) striking out in the fifth sentence "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) striking out in the seventh sentence ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

Sec. 1015. Effective only for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, section 408(k) of the Agricultural Act of 1949 (7 U.S.C. 1428(k)) is amended to read as follows:

"REFERENCES TO TERMS MADE APPLICABLE TO WHEAT, FEED GRAINS, UPLAND COTTON, AND RICE

"(k) References made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for wheat, feed grains, upland cotton, and rice under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat, feed grains, upland cotton, and rice under this Act.".

NORMALLY PLANTED ACREAGE AND TARGET PRICES

SEC. 1016. Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by striking out "1985" in each place that it appears in subsections (a) and (b) and inserting in lieu thereof "1990".

HAYING AND GRAZING

SEC. 1017. (a) Section 109 of the Agricultural Act of 1949 (7 U.S.C. 1445d) is amended by—

(1) striking out "1985" in the first sentence of subsection (a) and inserting in lieu thereof "1990"; and

(2) effective beginning with the 1986 crops, striking out "farm program payment yield" in the first sentence of subsection (c) and inserting in lieu thereof "program yield".

(b) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following new section:

"SEC. 424. Notwithstanding any other provisions of this Act, in carrying out any acreage limitation, set-aside, or land diversion program under this Act for wheat, feed grains, upland cotton, or rice, the Secretary shall permit participating producers in any State to devote all or any part of the acreage diverted from production under the program to haying and grazing during the eight months of each year selected by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for such State: Provided, That a producer may not sell any hay or other crop harvested from the acreage devoted to haying and grazing under this section.".

SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

SEC. 1018. Effective for the 1986 through 1990 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 (7 U.S.C. 1445h) is amended to read as follows:

"SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

"SEC. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105C or 107D of this title for one or more of the 1986 through 1990 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of Government. To carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.".

NORMAL SUPPLY

SEC. 1019. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1986 through 1990 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

MULTIYEAR SET-ASIDES

SEC. 1020. Notwithstanding any other provision of law—

(a) The Secretary of Agriculture may enter into multiyear set-aside contracts for a period not to extend beyond the 1990 crops. Such contracts may be entered into only as a part of the programs in effect for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, and only producers participating in one or more of such programs shall be eligible to contract with the Secretary under this section. Producers agreeing to a multiyear set-aside agreement shall be required to devote the set-aside acreage to vegetative cover capable of maintaining itself through such period to provide soil protection, water quality enhancement, wildlife production, and natural beauty. Grazing of livestock under this section shall be prohibited, except in areas of a major disaster, as determined by the President, if the Secretary finds there is a need for such grazing as a result of such disaster. Producers entering into agreements under this section shall also agree to comply with all applicable State and local laws and regulations governing noxious weed control.

(b) The Secretary of Agriculture shall provide cost-sharing incentives to farm operators for the establishment of vegetative cover, whenever a multiyear set-aside contract is entered into under this section.

(c) The Secretary of Agriculture may issue such regulations as the Secretary determines necessary to carry out this section.

(d) The Secretary of Agriculture shall carry out the program authorized by this section through the Commodity Credit Corporation.

COST REDUCTION OPTIONS

SEC. 1021. (a) Notwithstanding any other provision of law, whenever the Secretary of Agriculture determines that an action authorized under subsection (c), (d), or (e) of this section will reduce the total of the direct and indirect costs to the Government of a commodity program administered by the Secretary without adversely affecting income to small- and medium-sized producers participating in such program, the Secretary shall take such action with respect to the commodity program involved.

(b) In the announcement of the specific provisions of any commodity program administered by the Secretary of Agriculture, the Secretary shall include a statement setting forth which, if any, of the actions are to be initially included in the program, and a statement that the Secretary reserves the right to initiate at a later date any action not previously included but authorized by this section, including the right to reopen and change a contract entered into by a producer under the program if the producer voluntarily agrees to the change.

(c) When a nonrecourse loan program is in effect for a crop of a commodity, the Secretary of Agriculture may enter the commercial market to purchase such commodity if the Secretary determines that the cost of such purchases plus appropriate carrying charges will probably be less than the comparable cost of later acquiring the commodity through defaults on nonrecourse loans under the program.

(d) When the domestic market price of a commodity for which a nonrecourse loan program is in effect is insufficient to cover the principal and accumulated interest on a loan made under such program, thereby encouraging default by a producer, the Secretary of Agriculture may provide for settlement of such loan and redemption by the producer of the commodity securing such loan for less than the total of the principal and all interest accumulated thereon if the Secretary determines that such reduction in the settlement price will yield savings to the Government due to—

(1) receipt by the Government of a portion rather than none of the accumulated interest;

(2) avoidance of default; or

(3) elimination of storage, handling, and carrying charges on the forfeited commodity:

but the Secretary may not reduce the settlement price to less than the principal due on the loan.

(e) When a production control or loan program is in effect for a crop of a major agricultural commodity, the Secretary of Agriculture may at any time prior to harvest reopen the program to participating producers for the purpose of accepting bids from producers for the conversion of acreage planted to such crop to diverted acres in return for payment in kind from Commodity Credit Corporation surplus stocks of the commodity to which the acreage was planted, if the Secretary determines that (1) changes in domestic or world supply or demand conditions have substantially changed after announcement of the program for that crop, and (2) without action to further adjust production, the Government and producers will be faced with a burdensome and costly surplus. Such payments in kind shall not be included within the payment limitation of $50,000 per person established under section 1011 of this Act, but shall be limited to a total of $20,000 per year per producer for any one commodity.

(f) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture under any other provision of law.

PRODUCER RESERVE PROGRAM FOR WHEAT AND FEED GRAINS

SEC. 1022. (a) Except as provided by subsection (b) of this section, effective beginning with the 1986 crops, section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended by—

(1) in the first sentence of subsection (a), striking out "and" after "supply" and inserting in lieu thereof a comma, and inserting before the period at the end thereof the following: ", and provide for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities";

(2) in the third sentence of subsection (b)—

(A) in clause (1), striking out "nor more than five years" and inserting in lieu thereof ", with extensions as warranted by market conditions";

(B) in clause (4), striking out "before the market price for wheat or feed grains has reached" and inserting in lieu thereof "when the total amount of wheat or feed grains in storage under programs under this section is below the upper limits for such storage as set forth in clauses (A) and (B) of subsection (e)(2) and the market price for wheat or feed grains is below";

(C) in clause (5), striking out "a specified level, as determined by the Secretary" and inserting in lieu thereof "the higher of 140 per centum of the nonrecourse loan rate for the commodity or the established price for such commodity, as determined under title I of this Act";

(3) adding at the end of subsection (b) the following:

"Whenever—

"(A)(i) the total amount of wheat stored under storage programs established under this section is less than 17 per centum of the estimated total domestic and export usage of wheat during the then current marketing year for wheat, as determined by the Secretary, or

"(ii) the total amount of feed grains stored under storage programs established under this section is less than 7 per centum of the estimated total domestic and export usage of feed grains during the then current marketing year for feed grains, as determined by the Secretary; and

"(B) the market price of the commodity, as determined by the Secretary, does not exceed 140 per centum of the nonrecourse loan rate for the commodity,

the Secretary shall encourage participation in the programs under this section by offering producers increased storage payments and loan levels, interest waivers, or such other incentives as the Secretary determines necessary to maintain the total amount of storage under the programs at the levels specified in clauses (A) and (B). The Secretary shall ensure that producers are afforded a fair and equitable opportunity to participate in each producer storage program, taking into account regional differences in the time of harvest."; and

(4) in subsection (e)—

(A) inserting "(1)" after "(e)";

(B) inserting before the period at the end of the second sentence the following: ", subject to the upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section set out in paragraph (2)";

(C) striking out the third sentence; and

(D) adding at the end thereof the following:

"(2) Prior to the harvest of each crop of wheat and feed grains, the Secretary shall determine and establish upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section to be effective during the marketing year for such crop, as follows:

"(A) The upper limit on the total amount of wheat that may be stored under such programs shall not exceed 30 per centum of the estimated total domestic and export usage of wheat during the marketing year for the crop of wheat, as determined by the Secretary;

"(B) the upper limit on the total amount of feed grains that may be stored under such programs shall not exceed 15 per centum of the estimated total domestic and export usage of feed grains during the marketing year for the crop, as determined by the Secretary; and

"(C) notwithstanding clauses (A) and (B), the Secretary may establish the upper limits at higher levels—not in excess of 110 per centum of the levels determined under clauses (A) and (B)—if the Secretary determines that the higher limits are necessary to achieve the purposes of this section.".

(b) The amendment made by subsection (a)(2)(B) of this section shall take effect with respect to any loan made under section 110 of the Agricultural Act of 1949 the date for repayment of which occurs after the date of enactment of this Act.

ADVANCE DEFICIENCY PAYMENTS

SEC. 1023. Effective for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, the Agricultural Act of 1949 is amended by inserting before section 108 the following:

"SEC. 107E. (a) Effective for each of the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, if the Secretary establishes an acreage limitation or set-aside program for a crop of wheat, feed grains, upland cotton, and rice, under this title and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary shall make available advance deficiency payments to producers who agree to participate in such program.

"(b) Advance deficiency payments under this section shall be made to producers under the following terms and conditions:

"(1) Payments shall be made available to producers with respect to any such crop as soon as practicable after October 1 of the calendar year in which the crop is harvested; but the Secretary, at the Secretary's discretion, may make payments available to any producer prior to such date at any time after the producer files notice of intention to participate in the program for the crop.

"(2) Payments shall be made available to producers in such amounts as the Secretary determines appropriate to encourage adequate participation in the program, except that the amount may not exceed an amount determined by multiplying (A) the estimated farm program acreage for the crop, by (B) the program yield for the crop, by (C) 50 per centum of the projected payment rate, as determined by the Secretary.

"(3) In any case in which the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this title is less than the amount paid to the producer as an advance deficiency payment for the crop under this section, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(4) If the Secretary determines under this title that deficiency payments will not be made available on a crop with respect to which advance deficiency payments have already been made under this section, the producers who received such advance payments shall refund such payments.

"(5) Any refund required under paragraph (3) or (4) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(6) If a producer fails to comply with the requirements under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this section, the producer shall repay, immediately, the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulations.

"(c) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(d) The Secretary shall carry out the program provided for in this section through the Commodity Credit Corporation.

"(e) The program provided for in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.".

DISCRETIONARY WHEAT AND FEED GRAIN EXPORT CERTIFICATE PROGRAMS

SEC. 1024. Effective for the 1986 through 1990 crops of wheat and feed grains, the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting after section 107E, as added by section 1024 of this Act, the following:

"SEC. 107F. (a)(1) The Secretary may establish a program, applicable to any of the 1986 through 1990 crops of wheat or feed grains, to provide incentives for the export of any of such crops of wheat and feed grains from private stocks. The program for any such crop established under this subsection by the Secretary shall include the following terms:

"(A) The Secretary shall issue wheat or feed grain export certificates to producers to whom the Secretary makes loans and payments under section 107D or 105C, respectively, for a crop if such producers comply with the terms and conditions of the program for such crop.

"(B) Each such certificate shall bear a monetary denomination and a designation specifying a quantity of the crop of the commodity involved, selected by the Secretary.

"(C) The aggregate quantity of wheat or feed grains specified in all export certificates distributable to eligible producers of the crop involved shall be equal to—

"(i) the aggregate amount of wheat or feed grains produced by producers participating in the program for the crop under section 107D or 105C, as determined by multiplying the acreage planted by each such producer for harvest times the producer's program yield for the commodity; times

"(ii) an export production factor.

For purposes of this subparagraph, the export production factor for a crop shall be determined by the Secretary by dividing the quantity of such crop harvested domestically that the Secretary estimates will not be used domestically and will be available for export (excluding the portion of the crop expected to be added to carryover stocks) during the marketing year for such crop by the quantity of such crop that the Secretary estimates will be harvested domestically.

"(D) Wheat or feed grain export certificates shall be distributed among eligible producers in a manner that will ensure that each eligible producer receives certificates having an aggregate face value that represents an equal rate of return per unit of wheat or feed grains produced by such producer for such crop. For purposes of determining such rate of return, the Secretary shall take into consideration regional variations in the costs incurred by producers to market the commodity (including transportation costs).

"(E) An export certificate issued under this subsection shall be redeemed by the Secretary for a cash amount equal to the monetary denomination on such certificate (or, at the option of the Secretary, a quantity of the commodity involved having a current fair market value equal to such amount) only on presentation by a holder who exports a quantity of the crop involved (including processed wheat or feed grains) equal to the quantity designated in the certificate and only if the Secretary has not redeemed previously an export certificate issued under this subsection presented in connection with the particular wheat or feed grains so exported.

"(2) The Secretary shall carry out this subsection through the Commodity Credit Corporation. If sufficient funds are available to the Corporation, there shall be expended to carry out this subsection with respect to the export of the crop of wheat or feed grains involved an amount not less than the product of—

"(A) 21 cents for wheat, 11 cents for corn, and such amounts for grain sorghums, oats, and, if designated by the Secretary, barley as the Secretary determines fair and reasonable in relation to the amount specified for corn; times

"(B) the aggregate of the wheat or feed grain acreage planted to the commodity for harvest by producers participating in the program for the crop with respect to which deficiency payments are available under section 107D or 105C of this Act; times

"(C) the average of the program yields for the crop.

"(3) Funds expended to carry out export certificate programs established under this subsection shall be in addition to, and not in place of, funds authorized by any other law to be expended to finance or encourage the export of wheat or feed grains.

"(4) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.

"(b)(1) Effective for each of the 1986 through 1990 crops of wheat or feed grains, the Secretary may issue to eligible producers (who, for the purposes of this subsection, are producers of wheat or feed grains participating in the program under this Act for such crop who meet the requirements of paragraph (2)) export marketing certificates, denominated in bushels of wheat or feed grains, as applicable, for the crop, which shall be used, under such terms and conditions as the Secretary may prescribe consistent with the provisions of this subsection, as follows:

"(A) Not later than three months before the beginning of the marketing year for a crop of wheat or feed grains, the Secretary may issue to eligible producers that plant at least 50 per centum of the farm's wheat or feed grain crop acreage base for such crop, export marketing certificates to be applicable to such marketing year that, in the aggregate, shall equal the quantity of the commodity the Secretary estimates will be exported during the marketing year. Each such eligible producer shall receive certificates for a quantity of the commodity that bears the same ratio to the quantity of estimated exports as the producer's crop acreage base for that crop of the commodity bears to the aggregate total of all such eligible producers' crop acreage bases for that crop, rounded upward to the nearest full bushel.

"(B) The denomination of export marketing certificates shall be one bushel (with no accompanying cash face value), except that the Secretary may issue certificates in multiples of such denomination, and any certificate in the multiple of such denomination, may be exchanged by the producer, at the county Agricultural Stabilization and Conservation Service office, for certificates representing an equivalent quantity of the commodity in different multiples, to facilitate the operation of the program under this subsection. Each export marketing certificate shall designate the producer by name and the crop involved.

"(C) If seven months after the beginning of the marketing year for the crop, the Secretary determines that the amount of the commodity that will be exported during the marketing year for that crop will exceed the aggregate quantity of the commodity represented by all the export marketing certificates so issued, the Secretary may issue additional export marketing certificates to producers that initially received certificates for the crop sufficient to cover the additional exports, such certificates to be apportioned among such producers so that each producer receives the same portion of the additional certificates issued that the producer received of the export certificates initially issued for the crop, as provided in subparagraph (A), rounded upward to the nearest full bushel.

"(D) Producers may convey export marketing certificates issued under this subsection to purchasers of the commodity involved sold by the producers at any time prior to the end of the marketing year for the crop described in the certificate. If a producer has less wheat or feed grains to sell than the quantity represented by the export marketing certificates issued to the producer, because of reduced production or other reason or because, in the case of additional certificates issued under subparagraph (C), the producer had disposed of the producer's wheat or feed grains prior to the issuance of such additional certificates, the producer, at any time prior to the end of the marketing year for the crop involved, may sell the extra export marketing certificates to any person for such price as agreed on by the producer and purchaser. Any certificate may be reconveyed without restriction.

"(2) To be eligible to receive export certificates under this subsection for a crop of wheat or feed grains, a producer of such commodity must participate in the program under this title for such crop, and—

"(A) if there is no acreage limitation or set-aside in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable; or

"(B) if an acreage limitation is in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable, reduced to the extent required under the acreage limitation program, and comply with any other terms of the acreage limitation program established by the Secretary; or

"(C) if a set-aside program is in effect for the crop, comply with the set-aside and other terms of the set-aside program established by the Secretary.

"(3) Whenever the Secretary issues certificates under this subsection for a crop of wheat or feed grains, no person may export wheat or wheat products, or feed grains or feed grain products, from the United States during the marketing year for the crop without surrendering to the Secretary, at the time of export, export marketing certificates for such crop representing the quantity of the commodity being exported or, in the case of wheat or feed grain products, the equivalent quantity of the commodity contained in the products being exported. Persons that fail to comply with the requirements of the preceding sentence shall be guilty of a misdemeanor and shall be subject, on conviction for each violation thereof, to a fine of not more than $25,000 or imprisonment for not to exceed one year, or both such fine and imprisonment. This paragraph shall not apply to exports of commodities or products owned by the Government of the United States or agencies and instrumentalities thereof, nor to commodities or products provided to the exporter by the Commodity Credit Corporation under an export development program.

"(4) Any person who falsely makes, issues, alters, forges, or counterfeits any export marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely made, issued, altered, forged, or counterfeited export marketing certificate, shall be deemed guilty of a felony and on conviction thereof shall be subject to a fine of not more than $10,000 or imprisonment of not more than ten years, or both such fine and imprisonment.

"(5) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.".

REQUIRED DISPOSITION OF SURPLUS COMMODITIES

SEC. 1025. If the Secretary of Agriculture determines that Government-owned food and feed stocks acquired by the Commodity Credit Corporation through nonrecourse loan programs under the Agricultural Adjustment Act of 1938 or the Agricultural Act of 1949 cannot be disposed of in normal domestic trade channels without impairment of the price support programs under such Acts or sold abroad at competitive world prices, the Commodity Credit Corporation, under regulations issued by the Secretary, shall dispose of such commodities for the purposes of emergency domestic food assistance, emergency humanitarian food needs in developing countries, market development, export enhancement, or other such appropriate uses.

NONCOMPLIANCE BASED ON EXCESS IDLED ACRES

SEC. 1026. Title IV of the Agricultural Act of 1949 is amended by adding, after section 424, as added by section 1017 of this Act, the following:

"SEC. 425. A producer who removes land from production under an acreage limitation or set-aside program for a crop of wheat, feed grains, cotton, or rice under this Act and who idles more land than is required by the provisions of the program shall not have such producer's payments under this Act for such crop reduced, nor be subject to any other monetary fine or penalty, for failure to plant the program crop on acres so idled or to accurately report planted and idled acres unless the Secretary finds by the preponderance of the evidence that the producer's acts were committed to obtain funds from the Government of the United States to which such producer was not entitled by law.".

ADVANCE RECOURSE COMMODITY LOANS

SEC. 1027. Effective for the 1986 through 1990 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following:

"SEC. 426. Notwithstanding any other provision of this Act, the Secretary may make advance recourse loans available to producers of the commodities of the 1986 through 1990 crops for which nonrecourse loans are made available under this Act if the Secretary finds that such action is necessary to ensure that adequate operating credit is available to producers. These recourse loans may be made available under such reasonable terms and conditions as the Secretary may prescribe, except that the Secretary shall require that a producer obtain crop insurance for the crop as a condition of eligibility for a loan.".

LIQUID FUELS

SEC. 1028. Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation", and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of *agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities.".*

Division B—Trade, Conservation, and Credit

TITLE XI—TRADE

Subtitle A—Public Law 480 and Use of Surplus Commodities in International Programs

TITLE II OF PUBLIC LAW 480—FUNDING LEVELS

Sec. 1101. Effective October 1, 1985, section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by—

(1) striking out "$1,000,000,000" in the first sentence and inserting in lieu thereof "$1,200,000,000";

(2) striking out "calendar" both places it appears in the first sentence and inserting in lieu thereof "fiscal"; and

(3) inserting after the first sentence the following: "The President may waive the limitation in the preceding sentence if the President determines that such waiver is necessary to undertake programs of assistance to meet urgent humanitarian needs.".

TITLE II OF PUBLIC LAW 480—MINIMUM FOR FORTIFIED OR PROCESSED FOOD AND NONPROFIT AGENCY PROPOSALS

Sec. 1102. Effective October 1, 1985, title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721–1726) is amended by adding at the end thereof the following:

"Sec. 207. Not less than 75 per centum of the agricultural commodities made available for distribution in each fiscal year under this title for nonemergency programs shall be fortified or processed food. The President may waive the requirement under the preceding sentence, or make available a smaller percentage of fortified or processed food than required under the preceding sentence, during any fiscal year in which the President determines that the requirements of the programs established under this title will not be best served by the distribution of fortified or processed food in the amounts required under the preceding sentence. In making agricultural commodities available for distribution as provided in this section, the President shall consider the nutritional assistance to the recipients and benefits to the United States that would result from distributing such commodities in the form of processed milk and plant protein products, as well as fruit, nut, and vegetable products.

"Sec. 208. Any request by a nonprofit or voluntary agency for agricultural commodities for a nonemergency food program under this title shall include—

"(1) a statement of the intended use of any foreign currency proceeds generated by such agency through the use of commodities made available under this title for such program; and

"(2) a statement of any possible detrimental disruption of traditional cultural food consumption habits that might arise from the distribution of commodities under such program.".

EXTENSION OF THE PUBLIC LAW 480 AUTHORITIES

Sec. 1103. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended by—

(1) striking out "1985" in the first sentence and inserting in lieu thereof "1990"; and

(2) in the second sentence—

(A) striking out "amendment" and inserting in lieu thereof "amendments"; and

(B) inserting "and the Food Security Act of 1985" after "Agriculture and Food Act of 1981".

FACILITATION OF EXPORTS

Sec. 1104. It is the sense of Congress that—

(1) the President should work with the People's Republic of China to facilitate the export of commodities, including dairy products and white wheat (in quantities sufficient to establish the quality of United States white wheat), to that country under the Agricultural Trade Development and Assistance Act of 1954 and section 416 of the Agricultural Act of 1949 with a view to increasing markets for those commodities in the People's Republic of China; and

(2) the President, to the extent practicable, should respond favorably to any request of the People's Republic of China seeking such receipt of commodities.

FARMER-TO-FARMER PROGRAM UNDER PUBLIC LAW 480

Sec. 1105. (a) Notwithstanding any other provision of law, not less than one-tenth of 1 percent of the funds available for each of the fiscal years ending September 30, 1986, and September 30, 1987, to carry out the Agricultural Trade Development and Assistance Act of 1954 shall be used to carry out paragraphs (1) and (2) of section 406(a) of that Act. Any such funds used to carry out paragraph (2) of section 406(a) shall not constitute more than one-fourth of the funds used as provided by the first sentence of this subsection, shall be used for activities in direct support of the farmer-to-farmer program under paragraph (1) of section 406(a), and shall be administered whenever possible in conjunction with programs under sections 296 through 300 of the Foreign Assistance Act of 1961.

(b) Not later than 120 days after the date of enactment of this Act, the Administrator of the Agency for International Development, in conjunction with the Secretary of Agriculture, shall submit to Congress a report indicating the manner in which the Agency intends to implement the provisions of paragraphs (1) and (2) of section 406(a) of the Agricultural Trade Development and Assistance Act of 1954 with the funds made available under subsection (a).

USE OF SURPLUS COMMODITIES IN INTERNATIONAL PROGRAMS

Sec. 1106. Effective October 1, 1985, section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by—

(1) striking out the last two sentences of subsection (a); and

(2) amending subsection (b) to read as follows:

"(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries and friendly countries under title II of the Agricultural Trade Development and Assistance Act of 1954, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

"(2) As used in this subsection, the term 'eligible commodities' means—

"(A) dairy products, grains, and oilseeds acquired by the Commodity Credit Corporation through price support operations that the Secretary determines meet the criteria specified in subsection (a); and

"(B) such other edible agricultural commodities as may be acquired by the Secretary of Agriculture or the Commodity Credit Corporation in the normal course of operations and that are available for disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

"(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

"(B) The requirements of section 401(b) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that (i) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and (ii) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

"(C) The Secretary shall take reasonable precautions to ensure that—

"(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

"(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

"(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 shall apply to the commodities furnished under this subsection.

"(B) The Commodity Credit Corporation may pay the processing and domestic handling costs incurred, as authorized under this subsection, in the form of eligible commodities, as defined in paragraph (2)(A), if the Secretary determines that such in-kind payment will not disrupt domestic markets.

"(6) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 in connection with those commodities, shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs and finance.

"(7) Eligible commodities, and products thereof, furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

"(A) Sales and barter that are incidental to the donation of the commodities or products.

"(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in the importing country that are consistent with providing food assistance to needy people.

"(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

"(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

"(ii) Foreign currency proceeds generated from the sales of commodities and products under this subparagraph shall be used by nonprofit and voluntary agencies, or cooperatives, for activities carried out by the agency or cooperative that will directly supplement the transportation, distribution, and use of commodities and products donated under this subsection.

"(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than 5 per centum of the quantity of all commodities and products furnished for carrying out programs of assistance under this subsection in such fiscal year.

"(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection and (II) after one year of acquisition as appropriate to achieve the purposes of clause (i).

"(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

"(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

Except as otherwise provided in subparagraph (C), no portion of the proceeds or services realized from sales or barter under paragraph (7) may be used to meet operating and overhead expenses.

"(8)(A) To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

"(B) The Secretary shall issue regulations governing sales and barter, and the use of foreign currency proceeds, under paragraph (7) of this subsection that will provide reasonable safeguards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

"(9) Not later than April 1, 1987, and annually thereafter, the Secretary shall report to Congress on sales and barters, and use of foreign currency proceeds, under paragraph (7) during the preceding fiscal year. Such report shall include information on—

"(A) the quantity of commodities furnished for such sale or barter;

"(B) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barters in such fiscal year;

"(C) how such funds and services were used;

"(D) the amount of foreign currency proceeds that were used under agreements under subparagraph (D) of paragraph (7) in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this subsection in such fiscal year such use represented;

"(E) the Secretary's best estimate of the amount of foreign currency proceeds that will be used, under agreements under subparagraph (D) of paragraph (7), in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage of the quantity of all commodities and products that the Secretary estimates will be furnished under this subsection in each such fiscal year that such estimated use represents;

"(F) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this subsection;

"(G) the extent to which sales, barter, or use displaces or interferes with commercial sales of United States agricultural commodities and products that otherwise would be made, or affects usual marketings of the United States, or disrupts world prices of agricultural commodities or normal patterns of trade with friendly countries, or discourages local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

"(H) the Secretary's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under paragraph (7).

"(10)(A) Subject to the limitations established under paragraph (3), the Secretary shall make available for disposition under this subsection in each of the fiscal years ending September 30, 1986, and September 30, 1987, not less than the minimum quantities of eligible commodities specified in subparagraph (B).

"(B) The minimum quantity of eligible commodities that shall be made available for disposition under this subsection in each fiscal year shall be (i) 1,000,000 metric tons in fiscal year 1986, and 600,000 metric tons in fiscal year 1987, of grains and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 per centum of the Corporation's uncommitted stocks of grains and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less, and (ii) 10 per centum of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available. The Secretary shall make such estimation of expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year. The Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year shall be published in the Federal Register, along with a breakdown by kind of commodity and the quantity of each kind of commodity that shall be made available, before the beginning of such fiscal year.

"(C)(i) The Secretary may waive the minimum quantity requirements of subparagraphs (A) and (B) for a fiscal year—

"(I) to the extent that the Secretary determines and reports to Congress that there are not sufficient requests for eligible commodities under this subsection for such fiscal year; or

"(II) if the Secretary determines that the restrictions on the furnishing of commodities under paragraph (3) prevent the making available of commodities in such minimum quantities.

"(ii) For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) are not made available and during which any requests for commodities under this subsection are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests.".

Subtitle B—Food Security Wheat Reserve

EXTENSION OF THE RESERVE

SEC. 1111. Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1637f-1(i)) is amended by striking out "1985" both places it appears and inserting in lieu thereof "1990".

Subtitle C—Maintenance and Development of Export Markets

TRADE POLICY DECLARATION

SEC. 1121. (a) Congress finds that—

(1) the volume and value of United States agricultural exports have significantly declined in recent years as a result of unfair foreign competition and the high value of the dollar;

(2) this decline has been exacerbated by the lack of uniform and coherent objectives in United States agricultural trade policy and the absence of direction and coordination in trade policy formulation;

(3) agricultural interests have been underrepresented in councils of government responsible for determining economic policy that has contributed to a strengthening of the United States dollar;

(4) foreign policy objectives of the United States have been introduced into the trade policy process in a manner injurious to the goal of maximizing United States economic interests through trade; and

(5) the achievement of that goal is in the best interests of the United States.

(b) It is hereby declared to be the agricultural trade policy of the United States to—

(1) provide through all means possible agricultural commodities and their products for export at competitive prices, with full assurance of quality and reliability of supply;

(2) support the principle of free trade and the promotion of fairer trade in agricultural commodities and their products;

(3) cooperate fully in all efforts to negotiate with foreign countries reductions in current barriers to fair trade;

(4) counter aggressively unfair foreign trade practices using all available means, including export restitution, export bonus programs, and, if necessary, restrictions on United States imports of foreign agricultural commodities and their products, as a means to encourage fairer trade;

(5) remove foreign policy constraints to maximize United States economic interests through agricultural trade; and

(6) provide for consideration of United States agricultural trade interests in the design of national fiscal and monetary policy that may foster continued strength in the value of the dollar.

AGRICULTURAL TRADE CONSULTATIONS

SEC. 1122. (a) To improve the orderly marketing of United States agricultural commodities, to achieve higher income for United States producers of agricultural commodities, and to reduce the likelihood of an agricultural commodity price war and the need for export subsidy programs, the Secretary of Agriculture shall, in coordination with the United States Trade Representative, confer with representatives of other major agricultural producing countries and, at the earliest possible date, initiate and pursue multilateral agricultural trade consultations among major agricultural producing countries.

(b) It is the sense of Congress that the objectives of the consultations called for in subsection (a) should be to—

(1) increase the exchange of information on worldwide agricultural production, demand, and commodity supply levels;

(2) determine a more equitable sharing of responsibility for maintaining agricultural commodity reserves and managing supplies of agricultural commodities; and

(3) attain increased cooperation in restraining export subsidy programs.

(c) The Secretary of Agriculture shall report to Congress by July 1, 1986, and annually thereafter, on the progress of efforts to initiate and pursue the consultations called for in subsection (a), including any agreements reached with respect to the objectives set forth in subsection (b).

DEPARTMENT OF AGRICULTURE EXPORT DEVELOPMENT PROGRAMS

SEC. 1123. (a) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture may use $325,000,000 of funds of the Commodity Credit Corporation for direct export credit under the blended credit export sales program of the Department of Agriculture.

(b) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture shall make available under the Export Credit Guarantee Program (GSM-102) carried out by the Commodity Credit Corporation credit guarantees for not less than $5,000,000,000 in short-term credit extended to finance export sales of United States agricultural commodities.

(c) Notwithstanding any other provision of law, the Secretary of Agriculture may not charge an origination fee with respect to any credit guarantee transaction under the Export Credit Guarantee Program (GSM-102) in excess of an amount equal to one-third of one percent of the credit extended under the transaction.

COOPERATOR MARKET DEVELOPMENT PROGRAM

SEC. 1124. (a) It is the sense of Congress that the cooperator market development program of the Foreign Agricultural Service should be continued to help develop new markets and expand and maintain existing markets for United States agricultural commodities, using nonprofit agricultural trade organizations to the maximum extent practicable.

(b) The cooperator market development program shall be exempt from the requirements of Circular A 110 issued by the Office of Management and Budget.

DEVELOPMENT AND EXPANSION OF MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES

SEC. 1125. (a)(1) Notwithstanding any other provision of law, effective for the period provided in subsection (h), the Secretary of Agriculture shall formulate and carry out a program under which agricultural commodities acquired by the Commodity Credit Corporation are provided to United States exporters, processors, or foreign purchasers, at no cost or reduced cost, to encourage the development and expansion of export markets for United States agricultural commodities.

(2)(A) The term "agricultural commodities", as used in this section in referring to United States agricultural commodities, includes, but is not limited to—

(i) wheat, feed grains, upland cotton, rice, soybeans, and dairy products produced in the United States;

(ii) any other agricultural commodity produced in the United States that is determined by the Secretary of Agriculture to be in surplus supply and that can be purchased with funds availuble under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935; and

(iii) products of the commodities and products described in clauses (i) and (ii) that are processed in the United States.

(B) United States agricultural commodities, as described in clause (ii) of subparagraph (A), may not be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, for the sole purpose of use under the program under this section; and such commodities, or products thereof, may not be furnished to United States exporters, processors, or foreign purchasers under the program under this section except by mutual agreement of such exporter, processor, or purchaser and the Secretary.

(3) The Secretary of Agriculture—

"(A) shall provide agricultural commodities or cash, or both, under the program to the extent necessary, as determined by the Secretary,

(i) to counter or offset the adverse effect on United States exports of an agricultural commodity of export subsidies used by other countries to promote sales of that agricultural commodity, and

(ii) to reduce to world price levels, as determined by the Secretary, the cost to exporters (including the cost of acquisition, handling, and an amount that reflects a fair return to such exporters) of grain purchased for export by such exporters and accompanied by a marketing certificate as provided under title V of the Agricultural Act of 1949, and

(B) may provide agricultural commodities under the program—

(i) to compensate, in whole or in part, for the high value of the United States dollar relative to other currencies, to increase the competitiveness of United States agricultural commodities in world markets;

(ii) to compensate, in whole or in part, overseas purchasers that buy United States agricultural commodities on credit for any increases in the value of the United States dollar while such credit is outstanding;

(iii) to offset, in whole or in part, interest charges that accrue on credit purchases of United States agricultural commodities by export customers;

(iv) to offset, in whole or in part, transportation charges involved in the export of United States agricultural commodities;

(v) in barter or countertrade transactions in which United States agricultural commodities are exported in exchange for other commodities or products;

(vi) for overseas sale to obtain foreign currencies to finance overseas trade offices for the use and benefit of United States exporters and commodity groups working to expand exports of United States agricultural commodities; and

(vii) for any other comparable purpose that the Secretary determines appropriate to expand United States agricultural exports and ensure competitiveness in world markets for United States agricultural commodities.

(b) In carrying out the program established by this section, the Secretary of Agriculture—

(1) shall take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities in any case in which the importation into the United States of a manufactured product made, in whole or in part, from an agricultural commodity provided for export under the program would place domestic users of the agricultural commodity at a competitive disadvantage;

(2) may provide to a United States exporter, processor, or foreign purchaser, under the program, agricultural commodities of a kind different than the agricultural commodity involved in the transaction for which assistance under this section is being provided;

(3) may purchase, through the Commodity Credit Corporation, agricultural commodities for use under the program if Commodity Credit Corporation stocks are insufficient or not available for use under the program;

(4) shall consider for participation in the program all interested foreign purchasers, including those who have traditionally purchased United States agricultural commodities and who continue to purchase such commodities on an annual basis in quantities greater than the level of purchases in a previous representative period;

(5) shall ensure, insofar as possible, that any use of agricultural commodities made available under this section be made in such manner as to encourage increased use and avoid displacing usual marketings of United States agricultural commodities; and

(6) shall take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities provided under this section.

(c) The Secretary of Agriculture shall carry out the program established by this section through the Commodity Credit Corporation.

(d) Any price restrictions that otherwise may be applicable to dispositions of agricultural commodities owned by the Commodity Credit Corporation shall not apply to agricultural commodities provided under this section.

(e)(1) In carrying out barter and countertrade transactions, as authorized under subsection (a)(3), the Secretary of Agriculture may acquire and hold strategic or other materials that the United States does not domestically produce in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet, giving priority to materials that entail less risk of loss through deterioration and have lower storage costs than the agricultural commodities they replace. Each agency of the United States Government that procures strategic or other materials acquired under any such transaction shall reimburse the Commodity Credit Corporation for such procurement and otherwise cooperate with the Secretary in the conduct of the transaction.

(2) In addition to holding strategic and other materials to which title is acquired under such barter or countertrade transactions, the Secretary may (A) hold in storage strategic and other materials of the sort to which title may be so acquired even though it has not been (and impose a charge for costs incurred in storing such materials), and (B) issue negotiable warehouse receipts for such materials so stored to permit the use of such materials as collateral to secure loans to finance the export of United States agricultural commodities.

(f)(1) Except as otherwise expressly provided in this section, the Secretary of Agriculture shall aggressively administer the program under this section solely to develop and expand exports of United States agricultural commodities and maximize the total dollar return on such exports.

(2) The program under this section shall not be used to expand exports (A) to any country with which the United States does not have full diplomatic relations, except that the foregoing shall not be construed as preventing the Secretary from carrying out the program with the people of Taiwan under the provisions of the Taiwan Relations Act or (B) to any country against which an embargo on the export of United States agricultural commodities has been imposed by the President under law.

(3) The program under this section shall not be used to promote any goal of foreign policy of the United States other than those goals set forth in paragraph (1).

(g) Not later than March 1 of the second calendar year beginning after the date of the enactment of this Act, the Secretary of Agriculture shall report to Congress on the exports from the United States of agricultural commodities to each foreign country during the calendar years 1979 through 1982 and to each foreign country during the immediately preceding calendar year, and on the exports to each such country during the immediately preceding calendar year of agricultural commodities made available under the program under this section. The report shall also include, for the same time periods, information on exports to each such country of agricultural commodities produced outside the United States that are used for the same or similar purposes as exports of agricultural commodities to such country from the United States. For the purpose of the report, exports shall be listed by kind, value, and quantity, and for exports of agricultural commodities produced outside the United States, the country of origin shall be provided.

(h) The program under this section shall be in operation only during the marketing years for the 1985 through 1990 crops of agricultural commodities produced in the United States.

(i) The Secretary of Agriculture shall issue such regulations as are necessary to implement the provisions of this section, after consultation with the United States Trade Representative, not later than 60 days after the date of enactment of this Act.

(j) The program established under this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

EXPORT ADVISORY COUNCIL

Sec. 1126. (a) There is established an Export Advisory Council to advise the Secretary of Agriculture and the United States Trade Representative on how best to use the agricultural export development and expansion program established under section 1125.

(b) The Export Advisory Council shall be composed of the Secretary of Agriculture, the United States Trade Representative, and 12 other persons selected and appointed as follows:

(1) The Chairman and the ranking minority member of the Committee on Agriculture of the House of Representatives each shall appoint three members to the Council; and the Chairman and the ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate each shall appoint three members to the Council; and

(2) The 12 members so appointed shall be selected from among persons with experience and skills in world trade in agricultural commodities and products thereof.

(c) The members of the Export Advisory Council shall be appointed not later than 60 days after the date of enactment of this Act. A vacancy in the membership of the Council shall be filled in the same manner as the original appointment.

(d)(1) Each member of the Export Advisory Council who is not otherwise a fulltime employee of the Federal Government shall receive for each day such member is engaged in the performance of the functions of the Council the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5 of the United States Code.

(2) Each member of the Council shall be reimbursed for actual and necessary travel expenses incurred while away from such member's home or regular place of business and engaged in the performance of the functions of the Council in the same manner and to the same extent as provided under section 5703 of title 5 of the United States Code.

(e) The Secretary of Agriculture shall chair the Export Advisory Council, except that, in the Secretary's absence, the United States Trade Representative shall chair the Council.

(f) The Export Advisory Council shall meet not less frequently than once every two months. The Council shall review in detail the functioning of the agricultural export development and expansion program under section 1123, including any proposal (whether or not acted on) for use of the program that has been submitted to the Secretary, and make such recommendations for improvements in the operations of the program as the Council deems appropriate.

(g) The Export Advisory Council shall report semiannually to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on the state of the program under section 1123 and its operations. Each member of the Council shall have the opportunity to review each such report before its submission to the Committees and to have appended to the report, as an addendum, any comments such member may make on the report or on the operations of the program.

(h) On request of the Export Advisory Council, the Secretary of Agriculture shall furnish the Council with such personnel and support services as are necessary to assist the Council in carrying out its duties and functions.

(i) The term of the Export Advisory Council shall expire at the time that the agricultural export development and expansion program under section 1125 ceases operation.

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

Sec. 1127. Section 4(d) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(d)) is amended by—

(1) in paragraph (1)(A), striking out "three" and inserting in lieu thereof "ten";

(2) in paragraph (2), striking out all that follows "fund" and inserting in lieu thereof the following: "to extend credit for purposes of market development and expansion and to meet credit competition for export sales.";

(3) striking out the second sentence of paragraph (4), and inserting in lieu thereof the following: "All funds received by the Corporation in payment for direct credit extended by the Corporation after September 30, 1985, including interest or other receipts on investments and credit obligations, in financing export sales shall be added to and become a part of such revolving fund.";

(4) striking out "1985" both places it appears in paragraph (6) and inserting in lieu thereof "1990"; and

(5) striking out paragraph (8).

INTERMEDIATE CREDIT FOR AGRICULTURAL EXPORTS

Sec. 1128. Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended by—

(1) adding at the end of paragraph (1) the following: "Such financing may consist of the provision of direct credit or guaranteeing the repayment of loans made by entities other than the Corporation to finance such sales.";

(2) in paragraph (2)—

(A) striking out "or" at the end of clause (A);

(B) striking out the period at the end and inserting in lieu thereof "; or"; and

(C) adding at the end thereof the following:

"(C) otherwise promote the export of United States agricultural commodities.";

(3) in paragraph (3)—

(A) striking out "and" at the end of clause (C);

(B) striking out "credit" in clause (D);

(C) striking out the period at the end and inserting in lieu thereof "; and"; and

(D) adding at the end thereof the following:

"(E) otherwise to promote the export of United States agricultural commodities.";

(4) in paragraph (4), striking out "to encourage credit competition, or";

(5) in paragraph (5)—

(A) inserting "through the provision of direct credit" after "subsection"; and

(B) amending paragraph (A) to read as follows:

"(A) Repayment shall be in dollars with interest at a rate determined by the Secretary, except that the Secretary may permit a purchaser to make repayment in other currencies of a portion—not to exceed 10 per centum—of the principal and interest payments under any financing arrangement entered into under paragraph (3)(C), and the Secretary may use such portion of the principal and interest payments for the purpose of developing markets for agricultural products of the United States in the purchaser's country, in cooperation with the private sector."; and

(6) inserting at the end thereof the following:

"(10) The Secretary shall make available for the financing of transactions under this subsection not less than $500,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, of which not less than $150,000,000 shall be available, for each such fiscal year, for financing arrangements entered into under paragraph (3)(C). Not less than 25 per centum of the funds provided in any fiscal year for the financing of transactions under this subsection shall be made available for financing that consists of the provision of direct credit.".

MARKET EXPANSION RESEARCH

Sec. 1129. The Secretary of Agriculture, using available funds, shall increase and intensify research programs conducted by or for the Department of Agriculture that are *directed at developing technology to overcome barriers to expanded sales of United States agricultural commodities and the products of such commodities in foreign markets, including research programs for the development of procedures to meet plant quarantine requirements and improvement in the transportation and handling of perishable agricultural commodities.*

EXPORT SUBSIDY REPORTS

SEC. 1130. (a) Congress finds that—

(1) aggressive trading practices on the part of foreign competitors are eroding the sales of United States agricultural commodities and the products of such commodities in traditional foreign markets of the United States and are inhibiting the expansion of sales of such commodities and products in other foreign markets;

(2) export subsidies by foreign governments have severely undercut the sale of United States agricultural commodities and products in Third World country markets; and

(3) accurate, adequate, and current data on the nature and extent of such subsidies have not been readily available to appropriate United States officials or to agricultural sectors in the United States affected by such subsidies.

(b) The Secretary of Agriculture shall require appropriate officers and employees of the Department of Agriculture stationed in foreign countries to prepare and submit annually, directly to the Secretary, detailed information documenting the nature and extent of programs in such countries that provide direct government support for the export of agricultural commodities and the products of such commodities. The Secretary shall also require such reports to identify opportunities for the export of United States agricultural commodities and the products of such commodities to the foreign countries in which the officers and employees are stationed.

(c) The Secretary of Agriculture shall compile the information contained in the reports each year and make such information available to Congress and to other interested parties.

CONTRACT SANCTITY

SEC. 1131. It is hereby declared to be the policy of the United States—

(1) to foster and encourage the export of agricultural commodities and the products of such commodities;

(2) not to restrict or limit the export of such commodities and products except under the most compelling circumstances;

(3) that any prohibition or limitation on the export of such commodities or products should be imposed only in time of a national emergency declared by the President under the Export Administration Act; and

(4) that contracts for the export of such commodities or products entered into before the imposition of any prohibition or limitation on the export of such commodities or products should not be abrogated.

Subtitle D—Transportation Charges For Waterborne Cargoes of Donated Commodities

EFFECT ON OTHER LAWS

SEC. 1141. Nothing in this Act shall be construed as exempting export activities from the cargo preference laws except to the extent those activities were exempt under Public Law 95-501 (7 U.S.C. 1707a(b)) before September 13, 1985.

Subtitle E—Agricultural Imports

CONSULTATIONS ON IMPORT RESTRICTIONS

SEC. 1151. Before relaxing or removing a restriction on the importation of an agricultural commodity into the United States, the authority within the Department of Agriculture proposing that relaxation or removal shall consult with all other appropriate authorities within the Department of Agriculture, including the Foreign Agricultural Service and the Animal and Plant Health Inspection Service.

STUDY

SEC. 1152. (a) The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine—

(1) the effect of apricot imports into the United States on the domestic apricot industry; and

(2) the extent and nature of apricot subsidies existing in the countries from which such apricot imports are derived.

(b) The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

FINDINGS

SEC. 1153. Congress finds that—

(1) world trade in agricultural commodities has stagnated in recent years, and at the same time the United States has lost a considerable portion of its market share of such trade;

(2) since 1981 the decline in exports of United States agricultural commodities has amounted to a reduction of $10,000,000,000 and twenty-five million tons, a reduction of some 25 per centum in the export contribution to farm income;

(3) in part as a result of the loss of export markets, the farm economy in the United States has been in serious economic distress that has reached beyond the farmer and affected the businesses that serve the farmer and the entire economy of rural America as well;

(4) an increase in world trade in agricultural commodities and in the United States' share of such trade is essential to a healthy farm economy, since exports have accounted for over one-third of the demand for agricultural commodities;

(5) the reduction in exports is attributable to a number of factors, including, among others, the high value of the dollar, unfair trading practices used by other countries to the detriment of the United States, and severe financial problems in many developing countries that have restricted the purchasing power in those countries;

(6) there are many legislative authorities available to the United States that, if used creatively, could reverse this trend in exports and make a major long-term contribution toward increasing exports of agricultural commodities—authorities in existing law and new authorities provided under this Act;

(7) these authorities include programs to make commercial exports more competitive in world markets with exports of other countries, to develop new commercial markets, and to offset unfair trading practices of third countries, as well as programs to provide food assistance to developing countries to help their economies grow so that they may become larger markets for United States exports of agricultural commodities;

(8) the countries with the greatest potential for long-term growth in United States agricultural exports are the developing nations where three-fourths of the world's people live, many of them chronically hungry and subject to food emergencies. These are also countries where increased incomes readily translate into increased food and fiber consumption;

(9) the crisis in rural America calls for new initiatives on the part of the United States to apply long-range sustained planning in the use of its exports and food aid authorities that would enable this Nation to make maximum use of its agricultural and related resources;

(10) to accomplish these objectives, it is essential to identify those countries that have the greatest long-term economic growth potential, to treat each country as a unique market, and to coordinate and integrate the legislative authorities available to the United States in a manner that addresses the specific need of each country; and

(11) it is necessary for the President to appoint a Special Assistant for Agricultural Exports and Food Aid to provide improved long-term coordination and planning of efforts among United States Government agencies administering the commercial and foreign assistance programs and to provide integrated direction for these programs.

SPECIAL ASSISTANT FOR AGRICULTURAL EXPORTS AND FOOD AID

SEC. 1154. (a) In order to implement the findings set forth in section 1153, the President shall appoint, with the advice and consent of the Senate, a Special Assistant for Agricultural Exports and Food Aid, who shall hold office at the pleasure of the President, and shall have the rank of Ambassador. The Special Assistant for Agricultural Exports and Food Aid shall report directly to the President and the Congress.

(b) The Special Assistant for Agricultural Exports and Food Aid shall have overall responsibility for developing and coordinating a long-term international agricultural policy for utilizing the agricultural and related resources of the United States and its export and food aid programs in maximizing exports thereof of agricultrual commodities and products thereof consistent with economic and humanitarian objectives, and preparing reports as provided in subsection (c). The Special Assistant shall coordinate activities as provided under this section in consultation with the Secretary of Agriculture, the Secretary of State, the United States Trade Representative, and the Administrator of the Agency for International Development.

(c) Not later than one year after the date of enactment of this Act, the Special Assistant for Agricultural Exports and Food Aid shall submit to the President and the Congress a report that—

(1) contains a global analysis that evaluates future production and food needs in the world, with special attention to the developing countries;

(2) identifies a minimum of fifteen target countries that are most likely to emerge as growth markets for agricultural commodities and products thereof in the next five to ten years; and

(3) contains a detailed plan for using available export and food aid authorities to increase United States exports of agricultural commodities and products thereof to each of such target countries, and specifies the particular export and food aid authorities to be used in each such country and the manner in which such authorities are to be used. Each year thereafter the Special Assistant shall submit a revised report to the

President and the Congress that evaluates the progress made in implementing the plan, contains any changes that need to be made in the plan based on changed conditions, and recommends any changes in legislative authorities that are needed to accomplish the objectives of this section.

(d) The Special Assistant for Agricultural Exports and Food Aid may for the purpose of carrying out functions under this section—

(1) subject to the civil service and classification laws, appoint, employ, and fix the compensation of such officers and employees as are necessary, but not to exceed fifteen full-time employees, and prescribe their authority and duties;

(2) employ experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate individuals so employed for each day (including travel time) at rates not in excess of the maximum rate of pay for grade GS-18 as provided in section 5332 of title 5, United States Code, and while such experts and consultants are so serving away from their homes or regular places of business, to pay such employees travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5, United States Code, for persons in Government service intermittently employed;

(3) utilize, with their consent, the services, personnel and facilities of other Federal agencies;

(4) enter into and perform such contracts, leases, cooperative ageements, or other transactions as may be necessary in the conduct of the work under this section and on such terms as the Special Assistant may deem appropriate, with any agency or instrumentality of the United States, or with any public or private person, firm, association, corporation, or institution;

(5) accept voluntary and uncompensated services, notwithstanding the provisions of section 1342 of title 31, United States Code; and

(6) promulgate such rules and regulations as may be necessary to carry out the functions, powers, and duties vested in the Special Assistant.

(e) Effective October 1, 1985, there are authorized to be appropriated to the Office of the Special Assistant for Agricultural Exports and Food Aid for each fiscal year such sums as are necessary to carry out the provisions of this section.

TITLE XII—RESOURCE CONSERVATION

Subtitle A—Conservation of Highly Erodible Land and Wetlands

DEFINITIONS

SEC. 1201. As used in this subtitle—

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) the term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program, whether referred to as a conservation district, soil conservation district, soil and water conservation district, resource conservation district, natural resource district, land conservation committee, or by any similar name;

(3) the term "wetland", except when such term is part of the term "converted wetland", means land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions;

(4) the term "converted wetland"—

(A) means wetland that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity that results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if—

(i) such production would not have been possible but for such action; and

(ii) before such action—

(I) such land was wetland; and

(II) such land was neither highly erodible land nor highly erodible cropland, as defined in this section; but

(B) does not include—

(i) artificial lakes, ponds, or wetland created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation, settling basins, cooling, rice production, or flood control;

(ii) wet areas created by water delivery systems or the application of water for irrigation;

(iii) wetland on which production of agricultural commodities is possible as a result of natural conditions, such as drought, and without actions by the producer that destroy natural wetland characteristics; or

(iv) wetland on which such production is possible as a result of actions by the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal, as determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

(5) the term "field" means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that—

(A) any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of the enactment of this Act and that is not exempt under section 1203 shall be considered as part of the field in which such land was included on that date of enactment; and

(B) the Secretary shall provide for modification of the boundaries of fields to effectuate the purposes and facilitate the practical administration of this subtitle;

(6) the term "highly erodible land" means land—

(A) that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of this Act; or

(B) that, if used to produce an agricultural commodity, would have an excessive average annual rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope;

and, for the purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary;

(7) the term "highly erodible cropland" means highly erodible land that is in cropland uses, as determined by the Secretary; and

(8) the term "Secretary" means the Secretary of Agriculture.

PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND OR CONVERTED WETLAND

SEC. 1202. (a) Except as provided in section 1203 and notwithstanding any other provision of law, following the date of the enactment of this Act any person who in any crop year produces an agricultural commodity on highly erodible land or on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for—

(1) any type of price support or payments made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act;

(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act;

(3) crop insurance under the Federal Crop Insurance Act;

(4) a disaster payment under the Agricultural Act of 1949; or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this section) to produce agricultural commodities.

(b) The Secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of landlords, tenants, and sharecroppers. The ineligibility under subsection (a) of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on wetlands other than those operated by the tenant or sharecropper.

EXEMPTIONS

SEC. 1203. (a) No person shall become ineligible for program loans, payments, and benefits, as provided under section 1202, as the result of the production of a crop of an agricultural commodity—

(1) except as otherwise provided in section 1205(m), on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set aside, diverted, or otherwise not cultivated under provisions of a Department of Agriculture program for any such crops to reduce production of an agricultural commodity;

(2) planted before the date of the enactment of this Act;

(3) planted during any crop year beginning before the date of the enactment of this Act;

(4) on highly erodible land in an area—

(A) within a conservation district, under a conservation system that has been approved by the conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district; or

(B) not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of an agricultural commodity on highly erodible land;

(5) on highly erodible land that is planted in reliance on the determination by the Soil

Conservation Service that the land is not highly erodible land, but the exemption under this paragraph shall not apply to any crop that was planted on any land after the Soil Conservation Service determines that the land is highly erodible land;

(6) on converted wetland if the land became converted wetland before the date of the enactment of this Act; or

(7) on wetland that became converted wetland—

(A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service; or

(B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service.

(b) Section 1202 shall not apply to any loan made before the date of the enactment of this Act.

COMPLETION OF SOIL SURVEYS

SEC. 1204. The Secretary shall, as soon as practicable, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle, and, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

CONSERVATION RESERVE PROGRAM

SEC. 1205. (a) Notwithstanding any other provision of law, the Secretary shall formulate and carry out a program, in accordance with this section, of contracts with owners and operators of highly erodible cropland to assist them in conserving and improving the soil and water resources of their farms or ranches. Under the program, the Secretary shall not place under contract more than 25 percent of the cropland in any one county.

(b)(1) To carry out this section, except as otherwise provided in paragraph (2), during the period beginning October 1, 1985, and ending September 30, 1990, the Secretary shall enter into conservation reserve contracts, covering in the aggregate not in excess of 20 million acres of highly erodible cropland, with owners and operators of highly erodible cropland. Each such contract under this subsection shall be not less than ten years in duration; and in each such contract, the owner and operator shall agree to—

(A) effectuate during the contract period a plan approved by the local conservation district (or, in an area not within a conservation district, a plan approved by the Secretary) or, if the plan involves conversion to trees, a plan approved by the appropriate State forestry agency, for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch into a less intensive use, such as pasture, permanent grass or legumes, forbs, shrubs, or trees, substantially in accordance with the schedule outlined therein, except to the extent that any requirements thereof are waived or modified by the Secretary;

(B) forfeit all rights to further payments under the contract and refund to the United States all payments, with interest, received thereunder on the violation of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil conservation district and the Soil Conservation Service, determines that the violation is of such a nature as to warrant termination of the contract, or make refunds or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(C) on transfer of the owner's or operator's right and interest in the farm or ranch during the contract period, forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, or accept such payment adjustments or make such refunds as the Secretary may deem appropriate and consistent with the objectives of this section, unless the transferee agrees with the Secretary to assume all obligations under the contract;

(D) not conduct, during the term of the contract, any harvesting or grazing nor otherwise make commercial use of the forage on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency;

(E) not conduct, during the term of the contract, any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of such trees as Christmas trees is prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract. No contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning (including, but not limited to, thinning that results in commercial pulpwood and fence post harvesting), or stand improvement of trees, on lands converted to forestry use; and

(F) such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purposes of the program or to facilitate the practical administration thereof.

(2) Notwithstanding any provision of paragraph (1) that is inconsistent with this paragraph, as a part of the program, in addition to the conservation reserve contracts provided for under paragraph (1), the Secretary shall remove up to 5 million additional acres of highly erodible cropland from production through long-term conservation reserve contracts, of up to 10 years in duration, with the owners and operators of such cropland. Contract payments made to the owners and operators of highly erodible cropland under this paragraph shall be made in surplus agricultural commodities held by the Commodity Credit Corporation, except that, if the Secretary determines that sufficient stocks of commodities will not be available or that payment in commodities under this paragraph will have a depressing effect on the market price of such commodities, the Secretary may make such payments in cash.

(c) The plan, as described in subsection (b)(1)(A), for converting highly erodible cropland normally devoted to the production of agricultural commodities on a farm or ranch to a less intensive use shall set forth the conservation measures and practices to be installed by the owner or operator during the contract period and the commercial use, if any, to be made of the land during such period and may provide for the permanent retirement of any existing cropland base and allotment history for the land.

(d)(1)(A) In return for such agreement by the owner and operator, the Secretary shall agree to—

(i) provide technical assistance;

(ii) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost-sharing is appropriate and in the public interest; and

(iii) pay an annual land rental fee, for a period of years not in excess of the duration of the contract, necessary for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use and necessary for obtaining the retirement of any cropland base and allotment history that the owner and operator agree to retire permanently.

(B) The Secretary shall provide payment to each contracting party—

(i) with respect to any cost-share payment obligation incurred by the Secretary under the contract, as soon as possible after the obligation is incurred; and

(ii) with respect to any annual land rental fee obligation incurred by the Secretary under the contract, as soon as practicable after October 1 of each calendar year, except that the Secretary, at the Secretary's discretion, may pay any such fee prior to such date at any time during the year that the obligation is incurred.

(2) A reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve, as determined by the Secretary, shall be made during the period of the contract in crop bases, quotas, and allotments with respect to crops for which there is a production adjustment program.

(3) No persons who enter into a contract under this section for a farm or ranch may receive annual rental fees applicable to the farm or ranch under the contract in excess of $50,000 per year. The Secretary shall issue regulations defining the term "persons", as used in this paragraph, and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this paragraph; and the rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

(e) The Secretary shall pay 50 per centum of the cost of installing, and maintaining for the normally expected lifespan, conservation measures and practices set forth in contracts under this section for which the Secretary determines that cost-sharing is appropriate and in the public interest.

(f)(1) In determining the amount of annual land rental to be paid for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners and operators of highly erodible cropland to participate in the program under this section. The total amount payable to owners and operators in the form of annual land rental

fees under contracts entered into under this section may be determined through the submission of bids in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate.

(2) In determining the acceptability of contract offers, the Secretary may take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted and may, where appropriate, accept contract offers that provide for the establishment of—

(A) shelterbelts and windbreaks; or

(B) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially.

(g) Except as otherwise provided in this section, payments under this section—

(1) shall be made in cash or in commodities in such amount and on such time schedule as agreed on and specified in the contract; and

(2) may be made in advance of determination of performance.

(h) If a person who is entitled to any payment or compensation under this section dies, becomes incompetent, or disappears before receiving the payment or compensation, or is succeeded by another who renders or completes the required performance, the Secretary shall make or provide the payment or compensation, in accordance with appropriate regulations and without regard to any other provisions of law, in such manner as the Secretary determines to be fair and reasonable in light of all the circumstances.

(i)(1) No contract shall be entered into under this section concerning land with respect to which the ownership has changed in the three-year period preceding the first year of the contract period unless—

(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

(B) the new ownership was acquired before January 1, 1985; or

(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not acquired for the purpose of placing it in the program.

(2) Paragraph (1) shall not prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this section, nor require a person to own the land as a condition of eligibility for entering into the contract if the person has operated the land to be covered by a contract under this section for at least three years preceding the date of the contract or since January 1, 1985, whichever is later, and controls the land for the contract period.

(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program.

(k) The Secretary may terminate any contract under this section by mutual agreement with the owner and operator if the Secretary determines that termination would be in the public interest, or may agree to any modification of contracts as the Secretary may determine to be desirable to carry out the purposes of this section or facilitate its administration, or to be in the public interest.

(l) Notwithstanding section 1202, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under this section, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently that cropland base and allotment history.

(m) In the event of the termination of a contract under subsection (b)(1)(B) or (k) and on expiration of the term of any contract entered into under subsection (b), the highly erodible cropland that was the subject of such contract shall be considered highly erodible cropland for the purposes of section 1202.

(n) The Secretary may carry out the program under this section through the Commodity Credit Corporation. There are authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expended by it in accordance with this section and not previously reimbursed.

(o) The Secretary shall consider for inclusion in the program under this section those lands that are not highly erodible lands but that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity.

ADMINISTRATIVE PROVISIONS

Sec. 1206. (a) In addition to the appropriations authorized under section 1205(n), there are hereby authorized to be appropriated such other sums as may be necessary to carry out this subtitle.

(b) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the technical services of the Soil Conservation Service, the Forest Service, State foresters or equivalent State officials, and conservation districts.

(c) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(d) The Secretary shall, within 180 days after the enactment of this subtitle publish in the Federal Register such regulations as the Secretary determines desirable to implement this subtitle.

(e) The authority provided by this subtitle shall be in addition to and not in place of other authorities available to the Secretary and the Commodity Credit Corporation for carrying out soil and water conservation programs.

Subtitle B—Water Resource Conservation

TECHNICAL ASSISTANCE FOR WATER RESOURCES; REPORTS

Sec. 1211. (a) Notwithstanding any other provision of law, the Secretary of Agriculture may formulate plans and provide technical assistance to property owners and agencies of State and local governments and interstate river basin commissions, at their request, to—

(1) protect the quality and quantity of subsurface water including water in the Nation's aquifers,

(2) enable property owners to reduce their vulnerability to flood hazards that also may affect water resources, and

(3) control the salinity in the Nation's agricultural water resources.

(b) The Secretary shall submit by February 15, 1987, and the fifteenth day of February each year thereafter, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate reports evaluating the plans and technical assistance authorized in subsection (a). Each such report shall include any recommendations as to whether the plan and assistance should be extended, and, if so, how they could be improved, and any other relevant information and data relating to costs and other elements of the plan or assistance that would be helpful to such Committees.

Subtitle C—Soil and Water Resources Conservation Act of 1977

SHORT TITLE

Sec. 1221. This subtitle may be cited as the "Soil and Water Resources Conservation Act Amendments of 1985".

EXTENSION OF THE ACT

Sec. 1222. The Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001 et seq.) is amended by—

(1) amending section 5(d) to read as follows:

"(d) The Secretary shall conduct four comprehensive appraisals under this section, to be completed by December 31, 1979, December 31, 1985, December 31, 1995, and December 31, 2005, respectively. The Secretary may make such additional interim appraisals as the Secretary deems appropriate.";

(2) amending section 6(b) to read as follows:

"(b) The initial program shall be completed not later than December 31, 1979, and program updates shall be completed by December 31, 1987, December 31, 1997, and December 31, 2007, respectively.";

(3) amending section 7(a) to read as follows:

"Sec. 7. (a) At the time Congress convenes in 1980, 1986, 1996, and 2006, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the appraisal developed under section 5 of this Act and completed prior to the end of the previous year. At the time Congress convenes in 1980, 1988, 1998, and 2008, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the initial program or updated program developed under section 6 of this Act and completed prior to the end of the previous year, together with a detailed statement of policy regarding soil and water conservation activities of the United States Department of Agriculture.";

(4) striking out section 7(b) and redesignating section 7(c) as section 7(b); and

(5) amending section 10 to read as follows:

"Sec. 10. The provisions of this Act shall terminate on December 31, 2008.".

TITLE XIII—CREDIT

JOINT OPERATIONS

Sec. 1301. (a) Sections 302 and 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941(a), respectively) are each amended by—

(1) striking out "and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof;

(2) striking out ", and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof; and

(3) striking out "members, stockholders, or partners, as applicable," each place it appears and inserting "individuals" in lieu thereof.

(b) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended by—

(1) striking out "and" before "(6)"; and

(2) inserting before the period at the end thereof the following: ", and (7) the term 'joint operation' means a joint farming operation in which two or more farmers work together sharing equally or unequally land, labor, equipment, expenses, and income".

WATER AND WASTE DISPOSAL FACILITIES

SEC. 1302. Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by—

(1) adding at the end of paragraph (2) the following:

"The Secretary shall fix the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates establishing higher rates for projects in communities that have lower community population and income levels, except that the grant rate shall be the maximum rate permitted under this paragraph for any project in a community that has—

"(A) a population of 1,500 or fewer inhabitants; and

"(B) a median household income level that does not exceed the higher of—

"(i) the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)); or

"(ii) 80 per centum of the statewide nonmetropolitan median household income."; and

(2) adding at the end thereof the following:

"(16)(A) In providing financial assistance for water and waste disposal facilities under this section, the Secretary shall use a project selection system to determine which of the applicants for assistance meeting the basic requirements of this section shall be selected to receive assistance. The project selection system shall provide for the objective and uniform comparison of requests for assistance (in the form of preapplications) on the basis of relative need as reflected by factors to be determined by the Secretary.

"(B) The factors referred to in subparagraph (A) shall include—

"(i) low community median income;

"(ii) low population; and

"(iii) severity of health hazards resulting from inadequate provision for the reliable supply of potable water or from inadequate means of disposing of waste.

"(C) The three factors set forth in subparagraph (B) shall—

"(i) be weighted equally; and

"(ii) account for not less than 75 per centum of the total rating points in the project selection system.

"(17)(A) The Secretary may make grants to private nonprofit organizations for the purpose of enabling them to provide to associations described in paragraph (1) of this subsection technical assistance and training to—

"(i) identify, and evaluate alternative solutions to, problems relating to the obtaining, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

"(ii) prepare applications to receive financial assistance for any purpose specified in paragraph (2) of this subsection from any public or private source; and

"(iii) improve the operation and maintenance practices at any existing works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

"(B) In selecting recipients of grants to be made under subparagraph (A), the Secretary shall give priority to private nonprofit organizations that have experience in providing the technical assistance and training described in subparagraph (A) to associations serving rural areas in which residents have low income and in which water supply systems or waste facilities are unhealthful.

"(C) Not less than 2 per centum of any funds provided in appropriations acts to carry out paragraph (2) of this subsection for any fiscal year shall be reserved for grants under subparagraph (A) unless the applications, qualifying for grants, received by the Secretary from eligible nonprofit organizations for the fiscal year total less than 2 per centum of those funds.

"(18) In the case of water and waste disposal facility projects serving more than one separate rural community, the Secretary shall use the median population level and the community income level of all the separate communities to be served in applying the standards specified in paragraphs (2) and (16) of this subsection and section 307(a)(3)(A).

"(19) The Secretary may make grants, aggregating not to exceed $10,000,000 in any fiscal year, to associations described in paragraph (1) of this subsection to test cost-effective methods of meeting the basic needs of rural residents who do not have and cannot afford safe drinking water services. Such grants may include, but are not limited to, financing for—

"(A) costs associated with the development or improvement of individual or small, multiuser drinking water facilities;

"(B) costs associated with enabling such rural residents to connect to community water supply systems, such as the payment of connection fees;

"(C) costs associated with improving the operation, maintenance, or management of small community water systems that are currently unable to provide safe drinking water at affordable rates to such rural residents; or

"(D) costs associated with implementing other alternatives to meeting the basic drinking water needs of such rural residents.

"(20) Notwithstanding any other provision of law, grants under paragraph (2) of this subsection may be used to pay the local share requirements of another Federal grant-in-aid program.".

INTEREST RATES—WATER AND WASTE DISPOSAL FACILITY AND COMMUNITY FACILITY LOANS

SEC. 1303. Section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) is amended by—

(1) striking out "where the median family income of the persons to be served by such facility is below the poverty line prescribed by the Office of Management and Budget, as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971d)" and inserting in lieu thereof "where the median household income of the persons to be served by such facility is below the higher of 80 per centum of the statewide nonmetropolitan median household income or the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))";

(2) inserting before the period at the end thereof the following: "; and not in excess of 7 per centum per annum on loans for such facilities that do not qualify for the 5 per centum per annum interest rate but are located in areas where the median household income of the persons to be served by the facility does not exceed 100 per centum of the statewide nonmetropolitan median household income"; and

(3) adding at the end thereof the following: "The interest rate on loans for water and waste disposal facilities and loans for essential community facilities shall be the lower of (i) the rate in effect at the time of the loan approval, or (ii) the rate in effect at the time of the loan closing.".

EFFECTIVE DATE OF SECTIONS 1302 AND 1303

SEC. 1304. The amendments made by sections 1302 and 1303 shall become effective on October 1, 1985, and shall apply to any association described in section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) without regard to whether the application for the loan or grant involved was made by the association before that date.

MINERAL RIGHTS AS COLLATERAL

SEC. 1305. Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end thereof the following:

"(d) With respect to a farm ownership loan made after the date of the enactment of this subsection, unless appraised values of the rights to oil, gas, or other minerals are specifically included as part of the appraised value of collateral securing the loan, the rights to oil, gas, or other minerals located under the property shall not be considered part of the collateral securing the loan. Nothing in this subsection shall preclude including, as part of the collateral securing the loan, any payment or other compensation the borrower may receive for damages to the surface of the collateral real estate resulting from the exploration for or recovery of minerals.".

RURAL INDUSTRIAL ASSISTANCE

SEC. 1306. Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by—

(1) adding at the end of subsection (a) the following: "No loan may be made, insured, or guaranteed under this subsection that exceeds $25,000,000 in principal amount."; and

(2) effective on October 1, 1986, adding at the end thereof the following:

"(f)(1) The Secretary may make grants under this subsection to public and nonprofit private institutions for the purpose of enabling them to establish and operate centers of rural technology development that have, as a primary objective, the improvement of the economic condition of rural areas by promoting the development (through technological innovation and adaptation of existing technology) and commercialization of (A) new products that can be produced in rural areas, and (B) new processes that can be used in such production.

"(2) Grants under this subsection shall be made on a competitive basis. In making grants, the Secretary shall give preference to applicants that will establish centers for rural technology in areas that have (A) few industries and agribusinesses, (B) high levels of unemployment, (C) high rates of out-migration of people, business, and industries, and (D) low levels of per capita income.

"(3) The Secretary shall issue regulations implementing this subsection that shall include provisions for the monitoring and evaluation of the rural technology development activities carried out by institutions that receive grants under this subsection.".

ELIGIBILITY FOR EMERGENCY LOANS

SEC. 1307. (a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by—

(1) inserting after "United States" in clause (1) of the first sentence "and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms";

(2) in clause (2) of the first sentence, striking out "farm cooperatives or private domestic corporations or partnerships in which a majority interest is held by members, stockholders, or partners who are citizens of the United States if the cooperative, corporation, or partnership is engaged primarily in farming, ranching, or aquaculture," and inserting in lieu thereof the following: "farm cooperatives, private domestic corporations, partnerships, or joint operations (A) that are engaged primarily in farming, ranching, or aquaculture, and (B) in which a majority interest is held by individuals who are citizens of the United States and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms (or in the case of such cooperatives, corporations, partnerships, or joint operations in which a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary, such individuals must be either owners or operators of not larger than a family farm and at least one such individual must be an operator of not larger than a family farm),"; and

(3) inserting after the first sentence the following: "In addition to the foregoing requirements of this subsection, in the case of farm cooperatives, private domestic corporations, partnerships, and joint operations, the family farm requirement of the preceding sentence shall apply as well to all farms in which the entity has an ownership and operator interest (in the case of loans for a purpose under subtitle A) or an operator interest (in the case of loans for a purpose under subtitle B).".

(b) Effective with respect to disasters occurring after September 30, 1985, section 329 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1970) is amended by adding at the end thereof the following: "Notwithstanding the third sentence of section 321(a) of this subtitle, eligibility of an applicant for assistance under this subtitle based on production losses shall be determined solely on the basis of the factors designated in this section without regard to the Secretary's failure to designate a county or counties for emergency loan purposes.".

COUNTY COMMITTEES

SEC. 1308. Section 332(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is amended to read as follows:

"(a) In each county or area in which activities are carried out under this title, there shall be a county committee composed of three members. Two members shall be elected, from among their number, by farmers deriving the principal part of their income from farming who reside within the county or area, and one member, who shall reside within the county or area, shall be appointed by the Secretary for a term of three years. At the first election of county committee members under this subsection, one member shall be elected for a term of one year and one member shall be elected for a term of two years. Thereafter, elected members of the county committee shall be elected for a term of three years. The Secretary, in selecting the appointed member of the county committee, shall ensure that, to the greatest extent practicable, the committee is fairly representative of the farmers in the county or area. The Secretary may appoint an alternate for each member of the county committee. Appointed and alternate members of the county committee shall be removable by the Secretary for cause. The Secretary shall issue such regulations as are necessary relating to the election and appointment of members and alternate members of the county committees.".

USE OF PROCEEDS FROM MINERAL SALES OR LEASES

SEC. 1309. Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by—

(1) in subsection (d), striking out "and" following the semicolon;

(2) in subsection (e), striking out the period and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(f) with respect to loans made after the date of enactment of this subsection, unless the appraised value of rights to oil, gas, and other minerals is specifically included as part of the appraised value of collateral securing a loan, that a borrower having an outstanding loan made, insured, or held by the Secretary for farm ownership purposes under subtitle A, farm operating purposes under subtitle B, disaster emergency purposes under subtitle C, or economic emergency purposes under the Emergency Agricultural Credit Adjustment Act of 1978, be permitted to use the royalties generated from and any other proceeds under the sale or lease of rights to oil, gas, or other minerals located under the property securing the loan to make prospective scheduled payments on the loan.".

ADMINISTRATION OF FARM REAL ESTATE ACQUIRED BY THE SECRETARY

SEC. 1310. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding at the end thereof the following:

"(e)(1) Notwithstanding any other provision of this title, the Secretary shall administer any real property that is farmland and that is acquired under this title or under the Emergency Agricultural Credit Adjustment Act of 1978 in conformity with the following provisions:

"(A) The Secretary shall not offer for sale or sell any such real property—

"(i) if placing the property on the market will have a detrimental effect on the value of farmland in the area; or

"(ii) in any State or portion of a State identified by the Secretary as having suffered substantial reduction in the average value of farmland since 1980, until such time as such State or portion of the State experiences a period of 12 consecutive months for which the average farmland value therein, at the end of the 12 month period, equals or exceeds the value of the farmland at the beginning of such period.

"(B) The Secretary shall, with respect to any such real property that is offered for sale, make the property available, to the maximum extent practicable, in tracts not larger than those that can be operated efficiently as a family farm, and offer the property on a priority basis to the previous owner and to beginning farmers.

"(C) The Secretary shall, with respect to leasing and operating such real property—

"(i) not lease or operate the real property for the production of agricultural commodities that the Secretary has determined to be in surplus supply and shall devote such real estate to conserving uses; and

"(ii) if the real property is highly erodible cropland, devote that property to conserving uses;

"(D) To the extent the Secretary may lease or operate real property under this subsection, the Secretary shall—

"(i) offer to lease such real property on a competitive bid basis, giving priority in making awards to the previous owner, family farmers, and beginning farmers; and

"(ii) if the Secretary determines to administer such property through management contracts, offer the contracts on a competitive bid basis, giving preference to persons who will live in, and own and operate qualified small businesses in, the area where the property is located.

"(E) The Secretary may lease the property to the previous operator regardless of the restrictions in this paragraph (1), and priority in leasing shall be to the previous owner.

"(2) Notwithstanding any other provisions of law, compliance by the Secretary with this subsection shall not cause any acreage allotment, marketing quota, or acreage base assigned to such property to lapse, terminate, be reduced, or otherwise be adversely affected.".

FARM DEBT RESTRUCTURE AND CONSERVATION SET-ASIDE

SEC. 1311. (a) The last sentence of section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended by striking out "all of the interest of the United States, including mineral rights" and inserting in lieu thereof "all the interests of the United States (including mineral rights) other than easements acquired under subsection (f)".

(b) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding after the subsection added by section 1310 of this Act the following:

"(f)(1) The Secretary may acquire and retain easements for conservation, recreational, and wildlife purposes for a term of not less than 50 years, in real property that is wetlands, upland, highly erodible land, or any other land determined by the Secretary to be marginal for use as cropland if such real property—

"(A) is determined by the Secretary to be suitable for the purpose involved; and

"(B)(i) is administered under this title by the Secretary; or

"(ii)(I) secures any loan made under any law administered by the Farmers Home Administration and held by the Secretary, and the borrower involved is unable, as determined by the Secretary, to repay such loan in a timely manner; and

"(II) was row cropped in each year of the 3-year period ending on the effective date of this subsection.

"(2) The terms and conditions specified in the easement shall—

"(A) specify the uses to which the real property will be put by the owner of the real property (including such borrower and any successor in interest of such borrower);

"(B) identify the conservation measures to be taken, and the recreational and wildlife uses to be allowed, with respect to the real property; and

"(C) require the owner to allow the Secretary, and any person or governmental entity designated by the Secretary, to have access to the real property for the purpose of monitoring compliance with the easement.

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"(3) Any easement acquired by the Secretary under this subsection shall be purchased from the borrower involved by cancelling that part of the aggregate amount of the borrower's outstanding loans held by the Secretary under laws administered by the Farmers Home Administration that bears the same ratio to the aggregate amount of the borrower's outstanding loans held by the Secretary under all such laws as the number of acres of the borrower's real property that are subject to the easement bears to the aggregate number of acres securing such loans.

"(4) The Secretary shall consult with the Director of the Fish and Wildlife Service of the Department of the Interior for purposes of—

"(A) selecting real property in which the Secretary shall acquire easements under this subsection;

"(B) formulating the terms and conditions of those easements; and

"(C) enforcing those easements.

"(5) The Secretary, and any governmental entity or person designated by the Secretary, may enforce an easement acquired under this subsection by the Secretary.

"(6) For purposes of this subsection—

"(A) the term 'governmental entity' means any agency of the United States, of a State, or of a unit of local government of a State;

"(B) the term 'highly erodible land' means land classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the effective date of this subsection;

"(C) the term 'recreational uses' includes hunting;

"(D) the term 'wetlands' has the meaning given it in section 3 of the Water Bank Act; and

"(E) the term 'wildlife' means fish or wildlife as defined in section 2(a) of the Lacey Act Amendments of 1981.

"(7) This subsection shall not apply with respect to the cancellation of any part of any loan made after the date of enactment of this subsection.".

(c) The second sentence of section 1001 of the Agricultural Act of 1970 (16 U.S.C. 1501) is amended by—

(1) striking out "perpetual"; and

(2) inserting "for a term of not less than 50 years" after "easements".

(d) Any part of a loan cancelled under section 335(f) of the Consolidated Farm and Rural Development Act shall not be included in income, and shall not have any effect on any tax attribute with respect to any taxpayer or property, for purposes of the Internal Revenue Code of 1954.

REAUTHORIZATION

SEC. 1312. (a) Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended by adding at the end thereof the following:

"(f) Notwithstanding the provisions of subsection (a)—

"(1) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Agricultural Credit Insurance Fund as follows:

"(A)(i) for fiscal year 1986, real estate loans, $700,000,000, of which $650,000,000 shall be for insured loans and $50,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories;

"(ii) for each of the fiscal years 1987 and 1988, guaranteed real estate loans, $700,000,000;

"(B) operating loans, $3,150,000,000, of which $2,500,000,000 shall be for insured loans and $650,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories; and

"(C) insured or guaranteed emergency loans, $1,300,000,000 for fiscal year 1986, $700,000,000 for fiscal year 1987, and $600,000,000 for fiscal year 1988.

Not less than 25 per centum of the funds that may be used for insured loans for farm ownership purposes and not less than 25 per centum of the funds that may be used for insured loans for farm operating purposes shall be made available for loans to low-income, limited-resource applicants to the extent needed to meet applications filed by such farmers who are eligible for such loans. The Secretary shall inform in writing all applicants for loans for farm ownership and farm operating purposes of the availability of the loan program for low-income, limited-resource borrowers and the general nature of the program; and

"(2) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Rural Development Insurance Fund as follows:

"(A) Insured water and waste disposal facility loans, $340,000,000.

"(B) Industrial development loans, $250,000,000.

"(C) Insured community facility loans, $115,000,000.".

(b) Effective for the period ending September 30, 1988, the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by inserting, after section 346, the following:

"SEC. 346A. Notwithstanding any other provision of this Act, effective for the period beginning October 1, 1986, and ending September 30, 1988, no farm ownership loans made under subtitle A of this Act may be insured, or made to be sold or insured, under the Agricultural Credit Insurance Fund.".

ADMINISTRATION OF GUARANTEED FARM LOAN PROGRAMS; USE OF TALENTS OF OLDER AMERICANS

SEC. 1313. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following:

"SEC. 349. Notwithstanding any other provision of this title, the Secretary shall ensure that farm loan guarantee programs carried out under this title are designed so as to be responsive to borrower and lender needs and to include provision under reasonable terms and conditions for advances, before completion of the liquidation process, of guarantee proceeds on loans in default.

"SEC. 350. (a) Notwithstanding any other provision of law, the Secretary may make grants to, or enter into cooperative agreements with, private nonprofit organizations designated by the Secretary of Labor under title V of the Older Americans Act of 1965 to use the talents of older Americans in programs authorized by other provisions of this title. Funding for such grants or agreements may be made available from such programs.

"(b) Before awarding any grant or entering into any agreement under subsection (a) of this section, the Secretary shall certify that the grant or agreement will not—

"(1) result in the displacement of individuals currently employed by the agency concerned, including partial displacement through reduction of nonovertime hours, wages, or employment benefits;

"(2) result in the employment of any individual when any other individual is in a layoff status from the same or substantially equivalent job within the jurisdiction of the agency concerned; or

"(3) affect existing contracts for services.

"(c) The Secretary may not award a grant or enter into an agreement under this section unless funding for that grant or agreement is provided in advance in an appropriations Act.".

PROTECTION FOR PURCHASERS OF FARM PRODUCTS

SEC. 1314. (a) Congress finds that—

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the product, lacks any practical method for discovering the existence of the security interest, and has no reasonable means to ensure that the seller uses the sales proceeds to repay the lender;

(2) these laws subject the purchaser of farm products to double payment for the products, once at the time of purchase, and again when the seller fails to repay the lender;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to interstate commerce in farm products.

(b) The purpose of this section is to remove such burden on and obstruction to interstate commerce in farm products.

(c) For the purposes of this section—

(1) the term "buyer in the ordinary course of business" means a person who—

(A) in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products; and

(B) buys the products in good faith and without knowledge that the sale is in violation of the ownership rights or security interest of a third party in the products;

(2) the term "farm products" means crops or livestock used or produced in farming operations or products of crops or livestock in their unmanufactured states (such as ginned cotton, wool-clip, maple syrup, milk, and eggs) that are in the possession of a person engaged in farming operations;

(3) the term "security interest" means an interest in farm products that secures payment or performance of an obligation; and

(4) the term "knows" or "knowledge" means actually knows or actual knowledge.

(d) Notwithstanding any other provision of Federal, State, or local law, a buyer in the ordinary course of business who buys farm products from a seller engaged in farming operations shall take free of a security interest created by the seller even though the security interest is perfected and even though the buyer knows of its existence, except that a buyer of farm products takes subject to a security interest created by the seller if—

(1) within one year before the sale of the farm products the buyer has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the buyer by the secured party as conditions for waiver and release of the security interest; and

(2) the buyer has failed to perform those obligations.

(e) Notwithstanding any other provisions of Federal, State, or local law, a commission merchant or selling agent who sells farm products for others shall not be subject to a security interest created by the seller in such farm products even though the security interest is perfected and even though the commission merchant or selling agent knows of its existence, if the sale is made in the ordinary course of business, except that a commission merchant or selling agent who sells farm products for others shall be subject to a security interest created by the seller in such farm products if—

(1) within one year before the sale of the farm products the commission merchant or selling agent has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the commission merchant or selling agent by the secured party as conditions for waiver or release of the security interest; and

(2) the commission merchant or selling agent has failed to perform those obligations.

(f) A security agreement in which a seller of farm products creates a security interest in another may provide that the seller is obligated to furnish the secured party a list of the persons to whom the seller will sell the products. If a security agreement contains such a provision, the seller shall be subject to the provisions of subsection (g) if the seller sells the farm products collateral to a buyer not included on such a list unless the seller has—

(1) notified the secured party (in writing) of the identity of the buyer at least 7 days before the sale; or

(2) has accounted to the secured party for the proceeds of that sale within 10 days after the sale.

(g) A person violating subsection (f) shall be fined not more than $5,000.

(h) This section shall become effective 30 days after enactment, except that security interests created before the effective date shall be exempt for a period of one year from the provisions of this section.

PROHIBITING COORDINATED FINANCIAL STATEMENT

SEC. 1315. The Secretary of Agriculture shall not use or require the submission of, in connection with an application submitted on or after the date of the enactment of this Act for any initial or subsequent farmer-type loan under any program of the Department of Agriculture carried out by the Farmers Home Administration, the coordinated financial statement referred to in the proposed regulations of the Farmers Home Administration published in the Federal Register of November 8, 1983 (48 F.R. 51312-51317), or any other form or document in a format substantially similar to the coordinated financial statement.

REGULATORY RESTRAINT

SEC. 1316. (a) Congress finds and declares that—

(1) high production costs and low commodity prices have combined to reduce farm income to the lowest levels since the depths of the Depression in the 1930's, to subject many agricultural producers, through no fault of their own, to severe economic hardship, and in many cases temporarily but seriously to impair producers' ability to meet loan repayment schedules in a timely fashion; and

(2) a policy of adverse classification of agricultural loans by bank examiners under these circumstances will trigger a wave of foreclosures and similar actions on the part of banks, thereby depressing land values and prices for agricultural facilities and equipment and having a devastating effect on farmers and the banking industry, and upon rural areas of the United States in general.

(b) It is therefore the sense of Congress that the Federal bank regulatory agencies should ensure, in their examination procedures, that examiners exercise caution and restraint and give due consideration not only to the current cash flow of agricultural borrowers under financial stress, but to factors such as their loan collateral and ultimate ability to repay as well, for so long as the adverse economic effects of the cost-price squeeze of recent years continue to impair the ability of these borrowers to meet scheduled repayments on their loans.

Division C—Research, Extension, and Teaching

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985

SHORT TITLE

SEC. 1401. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985".

FINDINGS

SEC. 1402. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended by—

(1) in paragraph (8)—

(A) striking out "and" at the end of subparagraph (N);

(B) inserting "and" at the end of subparagraph (O); and

(C) adding, at the end thereof, the following:

"(P) research on new or improved food processing (such as food irradiation) or value-added food technologies;";

(2) in paragraph (10)—

(A) striking out "The research" and all that follows through the colon in the matter preceding the subparagraphs, and inserting in lieu thereof the following: "The research, extension, and teaching programs must be maintained and constantly adjusted to meet ever-changing challenges. National support of cooperative research, extension, and teaching efforts must be reaffirmed and strengthened to meet major needs and challenges in the following areas:";

(B) redesignating subparagraphs (B), (C), (D), (E), (F), and (G) as subparagraphs (C), (D), (F), (G), (H), and (I), respectively;

(C) inserting after subparagraph (A) the following:

"(B) AGRICULTURAL POLICY.—The effects of technological, economic, sociological, and environmental developments on our agricultural structure are strong and continuous. It is critical that emerging agricultural-related technologies, economic changes, and sociological and environmental developments, both national and international, be analyzed on a continuing basis in an interdisciplinary fashion to determine the effect of those forces on the structure of agriculture and to improve agricultural policy decisionmaking.";

(D) inserting after subparagraph (D), as redesignated by subparagraph (B) of this paragraph, the following:

"(E) COORDINATION OF THE REGULATORY RESPONSIBILITIES OF THE FEDERAL GOVERNMENT RELATING TO BIOTECHNOLOGY.—Biotechnology guidelines and regulations must be made consistent throughout the Federal Government so they may promote scientific development and protect the public. The biotechnology risk assessment processes used by various Federal agencies must be standardized.";

(E) amending subparagraph (F), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(F) NATURAL RESOURCES.—Improved management of soil, water, forest, and range resources is vital to maintain the resource base for food, fiber, and wood production. An expanded research program in the areas of soil and water conservation and forest and range production practices is needed to develop more economical and effective management systems. Key objectives of this research are—

"(i) incorporating water and soil-saving technologies into current and evolving production practices;

"(ii) developing more cost-effective and practical conservation technologies;

"(iii) managing water in stressed environments;

"(iv) protecting the quality of the Nation's surface water and groundwater resources;

"(v) establishing integrated multidisciplinary organic farming research projects, including research on alternative farming systems, that will identify options from which individual farmers may select the production components that are most appropriate for their individual situations;

"(vi) developing better targeted pest management systems; and

"(vii) improving forest and range management technologies that meet demands more efficiently, better protect multi-resource options, and enhance quality of output.";

(F) in subparagraph (G), as redesignated by subparagraph (B) of this paragraph, striking out "to" before "the economy" and striking out "owner-operated" before "family farms"; and

(G) amending subparagraph (I), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(I) INTERNATIONAL FOOD AND AGRICULTURE.—United States agricultural production has proven its ability to produce abundant quantities of food for an expanding world population. Despite rising expectation for improved diets in the world today, there are instances of drought, civil unrest, economic crisis, or other conditions that preclude the local production or distribution of food. There are instances where localized problems impede the ability of farmers to produce needed food products. It is also recognized that many nations have progressive and effective agricultural research programs that produce results of interest and applicability to United States agriculture. The exchange of knowledge and information between nations is essential to the well-being of all nations. A dedicated effort involving the Federal Government, the State cooperative institutions, and other colleges and universities is needed to expand international food and agricultural research, extension, and teaching programs. Improved cooperation and communication by the Department of Agriculture and the cooperators with international agricultural research centers, counterpart agencies, and universities in other nations are necessary to improve food and agricultural progress throughout the world.";

(3) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(4) adding at the end thereof the following:

"(12) the Nation's agricultural system is increasingly dependent on science and technology to maintain and improve productivity levels, manage the resource base, provide high quality products, and protect the environment. A constant source of food and agricultural scientific expertise is imperative to maintain this dynamic system.".

DEFINITIONS

SEC. 1403. Section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)) is amended by—

(1) striking out "and" at the end of subparagraph (H);

(2) adding "and" at the end of subparagraph (I); and

(3) adding at the end thereof the following:

"(J) international food and agricultural issues such as agricultural development, institution development, germ plasm collection and preservation, information exchange and storage, and scientific exchanges;".

COORDINATION OF EFFORTS FOR EFFECTIVE TRANSFER OF NEW TECHNOLOGIES

SEC. 1404. Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended by—

(1) striking out "and" at the end of paragraph (10);

(2) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(12) coordinate the efforts of States, State cooperative institutions, State extension services, the Joint Council, the Advisory Board, and other appropriate institutions in assessing the current status of, and developing a plan for, the effective transfer of new technologies, including biotechnology, to the farming community, with particular emphasis on addressing the unique problems of small- and medium-sized farms in gaining information about those technologies.".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1405. (a) Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1407(d)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(d)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (F);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(H) coordinate with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD

SEC. 1406. (a) Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1408(f)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(f)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (E);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(G) coordinating with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

PROJECT TERMINATION

SEC. 1407. Section 1409 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124) is amended by—

(1) inserting "(a)" after "SEC. 1409."; and

(2) adding at the end thereof the following:

"(b) In the event that a research project being conducted by the Agricultural Research Service is proposed to be terminated, notice in writing of such intended action shall be given to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least fifteen days prior to the date of the proposed termination of the project.".

FEDERAL-STATE PARTNERSHIP AND COORDINATION

SEC. 1408. Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a) is amended by—

(1) in the first sentence of subsection (a)—

(A) striking out "and" at the end of paragraph (2);

(B) striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(C) adding at the end thereof the following:

"(4) international agricultural programs under sections 296 through 300 of the Foreign Assistance Act of 1961 (22 U.S.C. 2220a-2220e)."; and

(2) adding at the end thereof the following:

"(d) To promote research for purposes of developing agricultural policy alternatives, the Secretary shall designate at least one State cooperative institution to conduct research in an interdisciplinary fashion and to report on a regular basis with respect to the effect of emerging technological, economic, sociological, and environmental developments on the structure of agriculture. Support for this effort should include grants to examine the role of various food production, processing, and distribution systems that may primarily benefit small- and medium-sized family farms, such as diversified farm plans, energy, water, and soil conservation technologies, direct and cooperative marketing, production and processing cooperatives, and rural community resource management.

"(e) To address more effectively the critical need for reducing farm input costs, improving soil, water, and energy conservation on farms and in rural areas, using sustainable agricultural methods, adopting alternative processing and marketing systems, and encouraging rural resources management, the Secretary shall designate at least one State agricultural experiment station and one Agricultural Research Service facility to examine these issues in an integrated and comprehensive manner, while conducting ongoing pilot projects contributing additional research through the Federal-State partnership.".

SECRETARY'S REPORT

SEC. 1409. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125) is amended by—

(1) adding "and" after the semicolon at the end of paragraph (2);

(2) striking out the semicolon and "and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) striking out paragraph (4).

COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS

SEC. 1410. (a) Section 2 of the Act entitled "An Act to facilitate the work of the Department of Agriculture, and for other purposes", approved August 4, 1965 (7 U.S.C. 450i), is amended by—

(1) in the third sentence of subsection (b)—

(A) in paragraph (2), inserting ", with emphasis on biotechnology," after "(2) research";

(B) striking out "and" at the end of paragraph (5);

(C) striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon; and

(D) adding at the end thereof the following:

"(7) interdisciplinary agricultural policy research on the effect of emerging technologies, economic changes, and sociological and environmental developments on the structure of agriculture; and

"(8) research to reduce farm input costs through the collection of national and international data and the transfer of appropriate technology relating to sustainable agricultural systems, soil, energy, and water conservation technologies, rural and farm resource management, and the diversification of farm product processing and marketing systems.";

(2) effective on the later of the date of the enactment of this Act or October 1, 1985, after the fourth sentence of subsection (b), inserting the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.";

(3) effective October 1, 1985, striking out the last sentence in subsection (b) and inserting in lieu thereof the following:

"There are hereby authorized to be appropriated annually, for the purpose of carrying out the provisions of this subsection, such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990. Four per centum of the amount appropriated for each of such fiscal years to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection.";

(4) effective on the later of the date of the enactment of this Act or October 1, 1985, in subsection (c) by adding after the first sentence the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.";

(5) effective October 1, 1985, adding at the end of subsection (c) the following:

"Four per centum of the amount appropriated for any fiscal year to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection."; and

(6) adding at the end thereof the following:

"(i) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food

and Agriculture Act of 1977 (7 U.S.C. 2281-2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

RESEARCH FACILITIES ACT

SEC. 1411. (a) Section 1 of the Act entitled "An Act to assist the States to provide additional facilities for research at the State agricultural experiment stations", approved July 22, 1963 (hereinafter in this section referred to as the "Act of July 22, 1963) (7 U.S.C. 390), is amended by—

(1) inserting "and equipment" after "finance physical facilities"; and

(2) striking out "an adequate research program" and inserting in lieu thereof "agricultural research and related academic programs".

(b) Section 2 of the Act of July 22, 1963 (7 U.S.C. 390a), is amended by striking out "which are to become a part of such buildings".

(c) Section 3 of the Act of July 22, 1963 (7 U.S.C. 390b), is amended by—

(1) amending paragraph (1) to read as follows:

"(1) the term 'State' means any one of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands of the United States;"; and

(2) inserting ", forestry, or veterinary medicine" after "to conduct agricultural" in paragraph (2).

(d) Section 4 of the Act of July 22, 1963 (7 U.S.C. 390c), is amended by—

(1) effective October 1, 1985, amending subsection (a) to read as follows:

"(a) There are hereby authorized to be appropriated, for grants to eligible institutions under this Act to be used for the purpose set out in section 2 of this Act, $20,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990."; and

(2) amending subsection (b) to read as follows:

"(b) No grant may be made under section 2 of this Act for an amount exceeding 50 per centum of the cost of the project for which such grant is made. The remaining cost of such project shall be paid with funds from non-Federal sources.".

(e) Section 5 of the Act of July 22, 1963 (7 U.S.C. 390d), is amended by—

(1) striking out "apportioned" and inserting in lieu thereof "appropriated"; and

(2) striking out ", which are to become part of such buildings".

(f) Section 6 of the Act of July 22, 1963 (7 U.S.C. 390e), is repealed.

(g) Section 7 of the Act of July 22, 1963 (7 U.S.C. 390f), is amended by—

(1) inserting "equipment and" after "multiple-purpose"; and

(2) inserting "and related programs, including forestry and veterinary medicine," after "food and agricultural research".

(h) Section 8 of the Act of July 22, 1963 (7 U.S.C. 390g), is repealed.

(i)(1) Section 9(a) of the Act of July 22, 1963 (7 U.S.C. 390h(a)), is amended by—

(A) striking out "authorized to receive" and inserting in lieu thereof "that receives";

(B) striking out "section 4" and inserting in lieu thereof "section 2"; and

(C) striking out "section 4(b)" and inserting in lieu thereof "section 3(2)".

(2) Section 9(b) of the Act of July 22, 1963 (7 U.S.C. 390h(b)), is amended by—

(A) striking out "allotted funds received" and inserting in lieu thereof "funds received under this Act"; and

(B) striking out "allocated or".

(j) Clause (3) of section 10 of the Act of July 22, 1963 (7 U.S.C. 390i), is amended to read as follows: "(3) those eligible institutions, if any, that were prevented, because of failure to repay funds as required by section 7(b) of this Act, from receiving any grant under this Act".

(k) Sections 7, 9, 10, and 11 of the Act of July 22, 1963 (7 U.S.C. 390f, 390h, 390i, 390j), are redesignated as sections 6, 7, 8, and 9, respectively.

(l) The Act of July 22, 1963 (7 U.S.C. 390 et seq.), is amended by adding at the end thereof the following:

"SEC. 10. This Act may be cited as the 'Research Facilities Act'.".

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

SEC. 1412. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended by—

(1) striking out "Such grants shall be made without regard to matching funds, but each" in the last sentence of paragraph (2) and inserting in lieu thereof "Each"; and

(2) striking out the last sentence in paragraph (3) and inserting in lieu thereof: "Each recipient institution shall have a significant ongoing commitment to the food and agricultural sciences generally and to the specific subject area for which such a grant is to be used.".

(b) Effective October 1, 1985, section 1417(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(d)) is amended by striking out all after "provisions of this section" and inserting in lieu thereof "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990.".

(c) Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended by adding at the end thereof the following new subsection:

"(e) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281-2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

STUDY

SEC. 1413. (a) Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1424. Study."

and inserting in lieu thereof

"Sec. 1424. Repealed.".

HUMAN NUTRITION RESEARCH AND INFORMATION MANAGEMENT SYSTEM

SEC. 1414. (a) Section 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3177) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1427. Report to Congress."

and inserting in lieu thereof

"Sec. 1427. Repealed.".

ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD

SEC. 1415. The first sentence of section 1432(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS

SEC. 1416. The first sentence of section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking out "1985" and all that follows through the end of the sentence and inserting in lieu thereof "1990.".

APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS

SEC. 1417. Subsection (a) of section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking out "1985" and all that follows through the end of the subsection and inserting in lieu thereof "1990.".

EXTENSION AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1418. The third sentence of section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by—

(1) striking out ", through the fiscal year ending September 30, 1985,"; and

(2) inserting before the period at the end thereof the following: ", and related acts pertaining to cooperative extension work at the land-grant institutions identified in the Act of May 8, 1914".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES

SEC. 1419. (a) It is hereby declared to be the intent of Congress to assist the institutions eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute (hereinafter referred to in this section as "eligible institutions"), in the acquisition and improvement of extension facilities and equipment so that eligible institutions may participate fully with the State cooperative extension services in a balanced way in meeting the extension needs of the people of their respective States.

(b) There are authorized to be appropriated for the purpose of carrying out this section $10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, such sums to remain available until expended.

(c) Four per centum of the sums appropriated under this section shall be available to the Secretary of Agriculture for administration of the grants program under this section. The remaining funds shall be made available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings, to provide adequate facilities to conduct extension work in their respective States.

(d) Grants awarded under this section shall be made in such amounts and under such terms and conditions as the Secretary of Agriculture shall determine necessary for carrying out the purposes of this section.

(e) Federal funds provided under this section may not be used for the payment of any overhead costs of the eligible institutions.

(f) The Secretary of Agriculture may promulgate such rules and regulations as the Secretary deems necessary to carry out the provisions of this section.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1420. Section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) is amended by—

(1) adding at the end of subsection (a) the following: "No more than 5 per centum of the funds received by an institution in any fiscal year, under this section, may be carried forward to the succeeding fiscal year."; and

(2) amending subsection (g)(2) to read as follows:

"(2) Whenever it shall appear to the Secretary from the annual statement of receipts and expenditures of funds by any eligible institution that an amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution under this section remains unexpended, such amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution shall be deducted from the next succeeding annual allotment to the institution.".

INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

SEC. 1421. Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended by—

(1) striking out "the training" in paragraph (3) and inserting in lieu thereof "technical assistance and the training and advising"; and

(2) inserting "through the development of highly qualified scientists with specialization in international development" in paragraph (4) after "countries".

INTERNATIONAL TRADE DEVELOPMENT CENTERS

SEC. 1422. (a) Effective October 1, 1985, the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting, after section 1458, the following:

"GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

"SEC. 1458A. (a) The Secretary shall establish and carry out a program to make grants to States for the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of agricultural products and related products. Such grants shall be based on a matching formula of 50 per centum Federal and 50 per centum State funding (including funds received by the State from private sources and from units of local government).

"(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to use, as sites for international trade development centers, land-grant colleges and universities (as defined in section 1404(10) of this Act) that—

"(1) operate agricultural programs;

"(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

"(3) have an effective and progressive communications system that might be linked on an international basis to conduct conferences or trade negotiations.

"(c) Such centers may—

"(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

"(2) be used to house permanent or temporary exhibits that will stimulate and educate trade delegations from foreign nations with respect to agricultural products and related products produced in the United States and be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

"(3) carry out such other activities relating to the exportation of agricultural products and related products as the Secretary may approve.

"(d) There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this section.".

(b) Effective October 1, 1985, the table of contents of the Food and Agriculture Act of 1977 is amended by inserting a new item:

"Sec. 1458A. Grants to States for international trade development centers."

after the item

"Sec. 1458. International agricultural research and extension.".

AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND

SEC. 1423. The Secretary of Agriculture shall undertake discussions with representatives of the Government of Ireland that may lead to an agreement that will provide for the development of a program between the United States and Ireland whereby there will be a greater exchange of agricultural scientific and educational information, techniques, and data; agricultural marketing information, techniques, and data; and agricultural producer, student, teacher, agribusiness (private and cooperative) personnel; and the fostering of joint investment ventures, cooperative research, and the expansion of United States trade with Ireland. The Secretary shall periodically report to the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate to keep such committees apprised of the progress and accomplishments, and such other information as the Secretary deems appropriate, with regard to the development of such program.

EVALUATION OF THE EXTENSION SERVICE AND THE COOPERATIVE EXTENSION SERVICES

SEC. 1424. (a) Section 1459 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3301) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1459. Evaluation of the Extension Service and the Cooperative Extension Services."

and inserting in lieu thereof

"Sec. 1459. Repealed.".

WEATHER AND WATER ALLOCATION STUDY

SEC. 1425. (a) Section 1460 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3302) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1460. Weather and water allocation study."

and inserting in lieu thereof

"Sec. 1460. Repealed.".

ORGANIC FARMING STUDY

SEC. 1426. (a) Section 1461 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3303) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1461. Organic farming study."

and inserting in lieu thereof

"Sec. 1461. Repealed.".

AGRICULTURAL RESEARCH FACILITIES STUDY

SEC. 1427. (a) Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3304) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1462. Agricultural research facilities study."

and inserting in lieu thereof

"Sec. 1462. Repealed.".

AUTHORIZATION OF APPROPRIATIONS FOR AGRICULTURAL RESEARCH PROGRAMS

SEC. 1428. (a) Effective October 1, 1985, section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking out "$505,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$600,000,000 for the fiscal year ending September 30, 1986, $610,000,000 for the fiscal year ending September 30, 1987, $620,000,000 for the fiscal year ending September 30, 1988, $630,000,000 for the fiscal year ending September 30, 1989, and $640,000,000 for the fiscal year ending September 30, 1990".

(b) Effective October 1, 1985, section 1463(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(b)) is amended by striking out "$120,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$270,000,000 for the fiscal year ending September 30, 1986, $280,000,000 for the fiscal year ending September 30, 1987, $290,000,000 for the fiscal year ending September 30, 1988, $300,000,000 for the fiscal year ending September 30, 1989, and $310,000,000 for the fiscal year ending September 30, 1990".

AUTHORIZATION OF APPROPRIATIONS FOR EXTENSION EDUCATION

SEC. 1429. Effective October 1, 1985, section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking out "$260,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$350,000,000 for the fiscal year ending September 30, 1986, $360,000,000 for the fiscal year ending September 30, 1987, $380,000,000 for the fiscal year ending September 30, 1988, $400,000,000 for the fiscal year ending September 30, 1989, and $420,000,000 for the fiscal year ending September 30, 1990".

GENERAL AUTHORITY TO ENTER INTO CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

SEC. 1430. Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318) is amended by—

(1) redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) inserting after subsection (a) the following:

"(b) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may use a cooperative agreement as the legal instrument reflecting a relationship between the Department of Agriculture and State cooperative institutions, as defined in section 1404(16) of this Act, State departments of agriculture, colleges and universities, other research or educational institutions and organizations, Federal and private agencies and organizations, individuals, or any other party, when the Secretary determines that the objectives of the agreement will serve a mutual interest of the parties to the agreement in agricultural research, extension, and teaching activities, including statistical reporting, and that all parties will contribute resources to the accomplishment of those objectives. Notwithstanding any other provision of law, any Federal agency may participate in any such cooperative agreement by contributing funds through the appropriate agency of the Department of Agriculture or otherwise when it is mutually agreed that the objectives of the agreement will further the authorized programs of the contributing agency.".

RESTRICTION ON TREATMENT OF INDIRECT COSTS AND TUITION REMISSION

SEC. 1431. Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319) is amended by inserting at the end thereof the following: "The prohibition on the use of funds for the reimbursement of indirect costs shall not apply to funds transferred, advanced, or reimbursed to the Department of Agriculture under the provisions of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.). For agreements involving the use of such funds, the amount of indirect costs to be reimbursed shall be negotiated on a case-by-case basis.".

DIRECTION OF TECHNOLOGY DEVELOPMENT

SEC. 1432. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting after section 1473 the following new sections 1473A and 1473B:

"TECHNOLOGY DEVELOPMENT FOR SMALL- AND MEDIUM-SIZED FARMING OPERATIONS

"SEC. 1473A. It is the sense of Congress that the agricultural research, extension, and teaching activities conducted by the Department of Agriculture relating to the development, application, transfer, or delivery of agricultural technology, and, to the greatest extent practicable, any funding that is received by the Department of Agriculture for such activities, should be directed to technology that can be used effectively by small- and medium-sized farming operations.

"SPECIAL TECHNOLOGY DEVELOPMENT RESEARCH PROGRAM

"SEC. 1473B. (a) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may enter into cooperative agreements with private agencies, organizations, and individuals to share the cost of research projects, or to allow the use of Federal facilities and services on a cost-sharing or cost-reimbursable basis, to develop new agricultural technology to further the research programs of the Department of Agriculture.

"(b) Any funds received by the Secretary under cooperative agreements made under subsection (a) shall be deposited in a separate account or accounts, to be available until expended. Such funds may be used to pay directly the cost of such research projects or to supplement appropriations of funds that do or will bear all or part of such cost.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by inserting new items:

"Sec. 1473A. Technology development for small- and medium-sized farming operations.

"Sec. 1473B. Special technology development research program."

after the item

"Sec. 1473. Restriction on treatment of indirect costs and tuition remission.".

SUPPLEMENTAL AND ALTERNATIVE CROPS

SEC. 1433. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.), as amended by section 1432 of this Act, is amended by inserting after section 1473B the following new section:

"PILOT PROGRAM AND TECHNICAL ASSISTANCE TO ESTABLISH SUPPLEMENTAL AND ALTERNATIVE CROPS

"SEC. 1473C. Notwithstanding any other provision of law, during the period beginning October 1, 1986, and ending September 30, 1989, the Secretary shall develop and implement a research and pilot project program for the development of supplemental and alternative crops, using such funds as are appropriated to the Secretary each fiscal year under this title. The development of supplemental and alternative crops is of critical importance to producers of agricultural commodities whose livelihood is threatened by the decline in demand experienced with respect to certain of their crops due to changes in consumption patterns or other related causes. The Secretary shall use such research funding, special or competitive grants, or other means, as the Secretary determines, to further the purposes of this section in the implementation of a comprehensive and integrated program. The program developed and implemented by the Secretary shall include—

"(1) an examination of the adaptation of supplemental and alternative crops;

"(2) the establishment and extension of various methods of planting, cultivating, harvesting, and processing supplemental and alternative crops at pilot sites in areas adversely affected by declining demand for crops grown in the area;

"(3) the transfer of such applied research from pilot sites to on-farm practice as soon as practicable;

"(4) the establishment through grants, cooperative agreements, or other means of such processing, storage, and transportation facilities near such pilot sites for supplemental and alternative crops as the Secretary determines will facilitate the achievement of a successful pilot program; and

"(5) the application of such other resources and expertise as the Secretary deems appropriate to support the program.

The pilot program may include, but shall not be limited to, agreements, grants, and other arrangements to conduct comprehensive resource and infrastructure assessments, to develop and introduce supplemental and alternative income-producing crops, to develop and expand domestic and export markets for such crops, and to provide technical assistance to farm owners and operators, marketing cooperatives, and others. The Secretary shall use the expertise and resources of the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, and the land-grant colleges and universities for the purpose of carrying out this section.".

(b) The table of contents of the Food and Agriculture Act of 1977, as amended by section 1432 of this Act, is amended by inserting after the item relating to section 1473B the following new item:

"Sec. 1473C. Pilot program and technical assistance to establish supplemental and alternate crops.".

AQUACULTURE ASSISTANCE PROGRAMS

SEC. 1434. Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended by—

(1) in the first sentence of subsection (b)—

(A) striking out "and" at the end of paragraph (2);

(B) inserting "and" at the end of paragraph (3); and

(C) inserting after paragraph (3) the following:

"(4) nonprofit private research institutions;";

(2) in the last sentence of subsection (b), inserting "(of which amount an in-kind contribution may not exceed 50 percent)" after "matching grant";

(3) in the first sentence of subsection (d), striking out "State agencies" and all that follows through "universities,", and inserting in lieu thereof "any of the non-Federal entities specified in subsection (b)"; and

(4) amending the last sentence of subsection (d) to read as follows:

"Funds made available for the operation of such regional centers may be used for the acquisition or rehabilitation of existing buildings or facilities, or the construction of new buildings or facilities, to house such centers, except that not more than $250,000 may be used for the acquisition, rehabilitation, or construction of any single building or facility. To the extent practicable, the aquaculture research, development, and demonstration centers established under this subsection shall be geographically located so that they are representative of the regional aquaculture opportunities in the United States.".

(5) in the first sentence of subsection (e), inserting "the House Committee on Merchant Marine and Fisheries," after "House Committee on Agriculture,".

AQUACULTURE ADVISORY BOARD

SEC. 1435. The first sentence of section 1476(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3323(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS— AQUACULTURE RESEARCH

SEC. 1436. (a) Section 1477(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

(b) Section 1477(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(b)) is amended by—

(1) striking out the first sentence; and

(2) in the second sentence, striking out "these funds" and inserting in lieu thereof "funds appropriated under subsection (a)".

RANGELAND RESEARCH ADVISORY BOARD

SEC. 1437. The first sentence of section 1482(a) of the National Agricultural Re-

search, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS—RANGELAND RESEARCH

SEC. 1438. Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL AGRICULTURAL RESEARCH FACILITIES

SEC. 1439. (a) There are authorized to be appropriated for fiscal year 1988 and for each succeeding fiscal year such sums as may be necessary for the planning, construction, acquisition, alteration, and repair of buildings and other public improvements, including the cost of acquiring or obtaining rights to use land, of or used by the Agricultural Research Service, except that the cost of planning any one facility shall not exceed $500,000, and the total cost of any one facility shall not exceed $5,000,000.

(b) Not later than 60 days after the end of each of the fiscal years 1986 through 1990, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report specifying—

(1) the location of each building, laboratory, research facility, and other public improvement of or to be used by the Agricultural Research Service that is planned, constructed, acquired, repaired, or remodeled, with funds appropriated under subsection (a), in the fiscal year involved; and

(2) with respect to each such building, laboratory, research facility, and improvement—

(A) the amount of such funds obligated in the fiscal year; and

(B) the amount of such funds expended in the fiscal year for such item.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1440. Effective October 1, 1985, section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3222 note) is amended by striking out "September" the first place it appears and all that follows through "1985", and inserting in lieu thereof "September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1441. (a) Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(a)) is amended by inserting ", including agricultural libraries," after "research facilities and equipment".

(b) Section 1433(b) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(b)) is amended by—

(1) striking out "and" before "September 30, 1986"; and

(2) inserting "and September 30, 1987," after "1986,".

SOYBEAN RESEARCH ADVISORY INSTITUTE

SEC. 1442. (a) Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 2281 note) is repealed.

(b) The table of contents of the Agriculture and Food Act of 1981 is amended by striking out

"Sec. 1446. Soybean Research Advisory Institute."

and inserting in lieu thereof

"Sec. 1446. Repealed.".

SMITH-LEVER ACT

SEC. 1443. (a) Section 2 of the Act entitled "An Act to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an Act of Congress approved July second, eighteen hundred and sixty-two, and Acts supplementary thereto, and the United States Department of Agriculture", approved May 8, 1914 (hereinafter in this section referred to as the Smith-Lever Act) (7 U.S.C. 342) is amended by—

(1) inserting "development of practical applications of research knowledge and" after "consist of the"; and

(2) inserting "of existing or improved practices or technologies" after "practical demonstrations".

(b) Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by adding at the end thereof the following:

"(f)(1) The Secretary of Agriculture may conduct educational, instructional, demonstration, and publication distribution programs through the Federal Extension Service and may enter into cooperative agreements with private nonprofit and profit organizations and individuals to share the cost of such programs through contributions from private sources as provided in this subsection.

"(2) The Secretary may receive contributions under this subsection from private sources for the purposes described in paragraph (1) and may provide matching funds in an amount not greater than 50 per centum of such contributions.

"(3) Notwithstanding any other provision of law, beginning with the fiscal year ending September 30, 1986, and for each fiscal year thereafter through the fiscal year ending September 30, 1991, not more than one-half of one per centum of the funds appropriated to the Federal Extension Service for such fiscal year may be used to provide matching funds in accordance with paragraph (2).

"(4) Not later than one year after the date of the enactment of the Food Security Act of 1985, the Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the progress of such programs and shall make recommendations to the committees regarding how other similar private sector initiatives could be used by the Federal Extension Service.".

(c) The Secretary of Agriculture shall conduct a study to determine whether any funds that are—

(1) appropriated after the date of the enactment of this Act to carry out the Smith-Lever Act (7 U.S.C. 341 et seq.), other than section 8 of such Act; and

(2) in excess of the aggregate amount appropriated to carry out the Smith-Lever Act (other than section 8 of such Act) in fiscal year 1985;

can be allocated more effectively among the States. Not later than one year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report summarizing the results of such study and containing the recommendations of the Secretary regarding the allocation of such funds.

(d) This section and the amendments made by this section shall take effect on October 1, 1985.

PESTICIDE RESISTANCE STUDY

SEC. 1444. The Secretary of Agriculture shall conduct a study on the detection and management of pesticide resistance and, within one year after the date of enactment of this Act, submit to the President and Congress a report on this study. The study shall include—

(1) a review of existing efforts to examine and identify the mechanisms, genetics, and ecological dynamics of target populations of insect and plant pests developing resistance to pesticides;

(2) a review of existing efforts to monitor current and historical patterns of pesticide resistance; and

(3) a strategy for the establishment of a national pesticide resistance monitoring program, involving Federal, State, and local agencies, as well as the private sector.

DIETARY ASSESSMENT AND STUDIES

SEC. 1445. (a)(1) The Secretary of Agriculture shall conduct an assessment of existing scientific literature regarding the relationship, if any, between dietary cholesterol and blood cholesterol. The Secretary shall consult with all agencies of the Federal Government that are involved in research relating to dietary and blood cholesterol in conducting the assessment. The assessment, to the extent practicable, shall summarize and evaluate all existing literature on this subject.

(2) The Secretary shall develop a protocol and conduct a feasibility assessment for a definitive study by the Department of Agriculture on the relationship between dietary and serum cholesterol. Such study shall be conducted under the supervision and coordination of the Department of Agriculture with such assistance from other agencies of government as the Secretary may deem appropriate.

(3) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the findings under paragraphs (1) and (2) not later than one year after date of the enactment of this Act. Such report shall contain a final report on the assessment of existing research and literature required under paragraph (1) and a detailed protocol and plan for implementation of the study mandated under paragraph (2). The report shall contain a budget estimate and timetable for conduct and completion of the study provided for in paragraph (2).

(b)(1) The Secretary of Agriculture shall conduct an assessment of existing research and literature with regard to dietary calcium and its importance as a nutrient. The Secretary shall consult with all agencies of the Federal Government that are involved in research relating to calcium in conducting the assessment. The assessment, to the extent practicable, shall summarize and evaluate all existing literature on this subject.

(2) The Secretary shall develop a protocol for a study to determine the importance of dietary calcium in human development and health promotion. The study shall include, at a minimum, a comprehensive investigation of the role of calcium in bone health and maintenance of skeletal integrity as well as in the regulation of hypertension.

The study shall be conducted under the supervision and coordination of the Department of Agriculture, with such assistance from other agencies of government and private sector organizations as the Secretary may deem appropriate.

(3) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the Secretary's findings under paragraphs (1) and (2) not later than one year after the date of the enactment of this Act. Such report shall contain an assessment of existing research and literature required by paragraph (1) and a detailed protocol and plan for implementation of the study required by paragraph (2). The report shall contain a budget estimate and timetable for conducting and completing the study required by paragraph (2).

NUTRITION RESEARCH

Sec. 1446. (a) Congress, by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, (1) in section 1421 of such Act, found that nutrition and health considerations are important factors in the agricultural policy of the United States; (2) in section 1405 of such Act, designated the Department of Agriculture as the lead agency of the Federal Government for human nutrition research, except with respect to the biomedical aspects of nutrition research concerned with diagnosis for treatment of disease; and (3) in section 1423 of such Act, required the Secretary of Agriculture to establish research in food and human nutrition as a separate and distinct mission of the Department of Agriculture.

(b) Congress acknowledges that the Secretary of Agriculture has established a nutrition education program and reaffirms its belief that nutrition research continues to have a vital role in agricultural production.

(c) Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the appropriate committees of Congress a comprehensive plan for implementing a national food and human nutrition research program. The plan shall include, but not be limited to, recommendations relating to research directions, educational activities, and funding levels necessary to carry out such plan. The Secretary shall thereafter submit an annual report to the Congress on the human nutrition research activities of the Department of Agriculture.

SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS

Sec. 1447. (a) Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by inserting at the end thereof the following:

"(f) Special Grants for Financially Stressed Farmers and Dislocated Farmers.—(1) The Secretary shall provide special grants for programs to develop income alternatives for farmers who have been adversely affected by the current farm and rural economic crisis and those displaced from farming. Such programs shall consist of educational and counseling services to farmers to assess human and nonhuman resources, assess income earning alternatives, identify resources and opportunities available to the farmer in the local community, county, and State, implement financial planning and management strategies, and provide linkages to specific resources and opportunities that are available to the farmer, such as reentering agriculture, new business opportunities, other off-farm jobs, job search programs, and retraining skills. The Secretary also may provide support to mental health officials in developing outreach programs in rural areas.

"(2) Grants may be made under paragraph (1) during the period beginning on the date of enactment of the Food Security Act of 1985 and ending three years thereafter.".

(b) Section 503(c) of the Rural Development Act of 1972 (7 U.S.C. 2663(c)) is amended by inserting "and section 502(f)" after "section 502(e)" both times it appears therein.

ANNUAL REPORT ON FAMILY FARMS

Sec. 1448. Section 102(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2266) is amended by—

(1) redesignating clause (3) as clause (5); and

(2) in clause (2), striking out "Federal" and all that follows through the end of the clause, and inserting in lieu thereof the following:

"current Federal income, excise, estate, and other tax laws, and proposed changes in such laws, may affect the structure and organization of, returns to, and investment opportunities by family and nonfamily farm owners and operators, both foreign and domestic, (3) identification and analysis of new food and agricultural production and processing technological developments, especially in the area of biotechnology, and evaluation of the potential effect of such developments on (A) the economic structure of the family farm system, (B) the competitive status of domestically produced agricultural commodities and foods in foreign markets, and (C) the achievement of Federal agricultural program objectives, (4) an assessment of the credit needs of family farms and the extent to which those needs are being met, and an analysis of the effects of the farm credit situation on the economic structure of the family farm system, and".

Division D—Food Assistance Programs

TITLE XV—FOOD STAMP AND RELATED PROVISIONS

ELIGIBILITY OF THE HOMELESS

Sec. 1501. (a) The first sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by—

(1) in clause (1), after "consumption", inserting "(or in the case of an individual who does not reside in a permanent dwelling or who has no fixed address, for such individual's consumption)"; and

(2) in clause (2), after "consumption" both places it appears, inserting "(or in the case of individuals who do not reside in permanent dwellings or who have no fixed addresses, for such individuals' consumption)".

(b) Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended by—

(1) striking out the semicolon at the end and inserting a period in lieu thereof; and

(2) adding at the end thereof the following: "The State agency shall provide a method of certifying and issuing coupons to eligible households who do not reside in permanent dwellings or who have no fixed addresses, and shall take steps to ensure that such method limits participation in the food stamp program to eligible households.".

DETERMINATION OF FOOD SALES VOLUME

Sec. 1502. Section 3(k) of the Food Stamp Act of 1977 (7 U.S.C. 2012(k)) is amended by inserting after "food sales volume" in clause (1) the following: ", as determined by visual inspection, sales records, purchase records, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry,".

THRIFTY FOOD PLAN

Sec. 1503. Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by—

(1) striking out "fifty-four" in the first sentence and inserting in lieu thereof "fifty";

(2) striking out "and" at the end of clause (7) of the second sentence;

(3) in clause (8) of the second sentence—

(A) striking out "and each October 1 thereafter,"; and

(B) inserting after "June 30" the following: "and, on February 1, 1986, further adjust the cost of such diet to reflect the Secretary's best estimate of the changes in the cost of the thrifty food plan occurring during the three-month period following June 30,"; and

(4) inserting before the proviso at the end of the second sentence the following: ", and (9) on October 1, 1986, and each October 1 thereafter, using the actual cost of the thrifty food plan as of September 30 of the previous calendar year as the base, adjust the cost of such diet to reflect changes in the cost of the thrifty food plan for the nine months ending the preceding June 30 and the Secretary's best estimate as to further changes in such cost occurring during the three-month period following June 30, and round the result to the nearest lower dollar increment for each household size".

DEFINITIONS OF THE DISABLED

Sec. 1504. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended by—

(1) inserting before the semicolon at the end of paragraph (2) the following: ", federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act if the Secretary determines that such benefits are conditioned on meeting the disability or blindness criteria used under title XVI of the Social Security Act, or federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note)";

(2) inserting before the semicolon at the end of paragraph (3) the following: "or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i))";

(3) inserting "or non-service-connected" after "service-connected" in paragraph (4)(A);

(4) striking out "or" at the end of paragraph (5);

(5) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; or"; and

(6) adding at the end thereof the following:

"(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act, and if an application for disability benefits had been filed.".

STATE AND LOCAL SALES TAXES

Sec. 1505. Effective October 1, 1987, section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended by inserting before the period at the end of the first sentence the following: ", except that a State may not participate in the food stamp program if the Secretary determines that State or local sales taxes are collected within that

State on purchases of food made with coupons issued under this Act".

RELATION OF FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

SEC. 1506. Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by—

(1) striking out the first sentence; and

(2) striking out "also" in the second sentence.

CATEGORICAL ELIGIBILITY

SEC. 1507. (a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by—

(1) inserting after the first sentence in subsection (a) the following: "Notwithstanding any other provisions of this Act, except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(i), households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act, supplemental security income benefits under title XVI of the Social Security Act, or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act, shall be eligible to participate in the food stamp program."; and

(2) striking out subsection (j).

(b) Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by adding at the end thereof the following: "No household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the statutes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program.".

EXCLUDED INCOME

SEC. 1508. (a) Effective February 1, 1986, section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by—

(1) inserting "except as provided in subsection (j)," after the comma at the end of clause (1);

(2) in clause (3)—

(A) striking out "higher education" and inserting in lieu thereof "post-secondary education"; and

(B) adding at the end thereof "and to the extent loans include any origination fees and insurance premiums,";

(3) inserting "and no portion of any Federal educational grant, to the extent it provides income assistance beyond that used for tuition and mandatory school fees," before "shall be considered such reimbursement" in the proviso of clause (5);

(4) inserting ", but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment" before the comma in clause (9);

(5) inserting "except as otherwise provided in subsection (k) of this section" after "food stamp program" in clause (10).

(b) Effective October 1, 1985, section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end thereof the following:

"(j) Assistance provided to a third party on behalf of a household for living expenses by a State or local government in place of a regular benefit payable directly to the household under title IV of the Social Security Act or a State or local general assistance program (but excluding medical, child care, energy, and emergency or special assistance) shall be treated as money payable directly to the household.

"(k) Notwithstanding the provisions of section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 205(5) of the Job Training Partnership Act shall be considered earned income for purposes of the food stamp program.".

DEDUCTIONS FROM INCOME

SEC. 1509. (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by—

(1) in the second sentence, striking out "homeownership component" and inserting in lieu thereof "homeowners' costs and maintenance and repair component";

(2) effective February 1, 1986, in the third sentence, striking out "18" and inserting in lieu thereof "20";

(3) amending the fourth sentence by—

(A) effective February 1, 1986—

(i) inserting ", excluding expenses paid on behalf of the household under the Low Income Home Energy Assistance Act (42 U.S.C. 8621 et seq.)," after "by a household for shelter" in clause (2);

(ii) amending the proviso to clause (2) to read as follows: ": Provided, That the amount of such excess shelter expense deduction shall not exceed $155 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $260, $215, $180, and $110 a month, respectively, adjusted on October 1, 1986, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter (exclusive of homeowners' costs and maintenance and repair component), fuel, and utilities components of housing costs in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the twelve months ending the preceding June 30,"; and

(iii) amending clause (3) to read as follows:

"(3) a deduction combining the dependent care and excess shelter expense deductions under clauses (1) and (2), the maximum allowable level of which shall not exceed the maximum allowable deduction under clause (2)";

(B) effective October 1, 1986—

(i) in clause (1), striking out "the same as" and all that follows through "clause (2) of this subsection", and inserting in lieu thereof "$160";

(ii) striking out ", or (2)" and inserting in lieu thereof "and (2)"; and

(iii) striking out ", or (3)" and all that follows down to the period at the end thereof; and

(4) after the seventh sentence, inserting the following: "A State agency may use one or more standard utility allowances for households on behalf of which a payment is made under the Low Income Home Energy Assistance Act (42 U.S.C. 8621, et seq.) but who also incur out-of-pocket heating or cooling expenses. A State agency shall allow a household to switch between any standard utility allowance and a deduction based on its actual utility costs at the end of any certification period and up to two additional times during each twelve-month period."; and

(5) effective February 1, 1986, in the last sentence—

(A) striking out "$35 a month" in clause (A) and inserting in lieu thereof "the lesser of $35 a month or 5 per centum of monthly household income after any exclusions and before any deductions provided for in this section"; and

(B) inserting ", excluding expenses paid on behalf of the household under the Low Income Home Energy Assistance Act (42 U.S.C. 8621 et seq.)," after "by a household for shelter" in clause (C).

RETROSPECTIVE BUDGETING AND MONTHLY REPORTING SIMPLIFICATION

SEC. 1510. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended by—

(1) amending subparagraph (A) to read as follows:

"(A) Household income for—

"(i) migrant farmworker households, and

"(ii) households—

"(I) that have no earned income, and

"(II) in which all adult members are elderly or disabled members,

shall be calculated on a prospective basis, as provided in paragraph (3)(A).";

(2) in subparagraph (B)—

(A) striking out "(i)";

(B) inserting "the first sentence of" after "under" the first place it appears; and

(C) striking out "(ii)" and all that follows through "this Act,"; and

(3) striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income and for households that include any member who has recent work history shall be calculated on a retrospective basis as provided in paragraph (3)(B).

"(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B).".

(b) Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended by—

(1) amending the first sentence to read as follows: "State agencies shall require households with respect to which household income is determined on a retrospective basis under section 5(f)(2)(C) of this Act to file periodic reports of household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may, with the prior approval of the Secretary, select categories of households (including all such households) that may report at specified less frequent intervals on a showing by the State agency, which is satisfactory to the Secretary, that to require households in such categories to report monthly would result in unwarranted expenditures for administration of this subsection."; and

(2) inserting after the second sentence the following: "State agencies may require households, other than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance with the standards prescribed by the Secretary under the preceding provisions of this paragraph.".

RESOURCES LIMITATION

SEC. 1511. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by—

(1) effective October 1, 1986, in the first sentence, striking out "$1,500, or, in the case of a household consisting of two or more persons, one of whom is age 60 or over, if its resources exceed $3,000" and inserting in lieu thereof "$2,250, or, in the case of a

household which consists of or includes a member who is 60 years of age or older, if its resources exceed $3,500"; and

(2) in the second sentence—

(A) inserting "and inaccessible resources" after "relating to licensed vehicles";

(B) after "physically disabled household member" inserting "and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle"; and

(C) inserting after "$4,500," the following: "except that the Secretary shall, on October 1, 1986, and on each October 1 thereafter, adjust such amount to reflect changes in the Consumer Price Index for All Urban Consumers, United States city average, for used cars (base year 1967=100), published by the Bureau of Labor Statistics, for the twelve months ending the preceding June 30, and round the result to the nearest $100 increment, but such amount, as adjusted, may not exceed $5,500,".

DISASTER TASK FORCE

SEC. 1512. Section 5(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(2)) is amended to read as follows:

"(2) The Secretary shall—

"(A) establish a Food Stamp Disaster Task Force to assist States in implementing and operating the disaster program and the regular food stamp program in the disaster area; and

"(B) send members of the Task Force to the disaster area as soon as possible after the disaster occurs to provide direct assistance to State and local officials.".

ELIGIBILITY DISQUALIFICATIONS

SEC. 1513. Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by—

(1) in the first sentence of subsection (d)(1)—

(A) striking out "no household shall be eligible for assistance under this Act if it includes a" and inserting in lieu thereof "(A) no person shall be eligible to participate in the food stamp program who is";

(B) striking out all that follows "(iii)" through "days; or (iv)"; and

(C) inserting before the period at the end thereof the following: "; and (B) no household shall be eligible to participate in the food stamp program (i) if the head of the household is a physically and mentally fit person between the ages of eighteen and sixty and such individual refuses to do any of those acts described in clause (A) of this sentence, or (ii) if the head of the household voluntarily quits any job without good cause, but, in such case, the period of ineligibility shall be ninety days";

(2) adding at the end of subsection (d)(1) the following: "Any period of ineligibility for violations under this paragraph shall end when the household member who committed the violation complies with the requirement that has been violated. If the household member who committed the violation leaves the household during the period of ineligibility, such household shall no longer be subject to sanction for such violation and, if it is otherwise eligible, may resume participation in the food stamp program, but any other household of which such person thereafter becomes the head of the household shall be ineligible for the balance of the period of ineligibility.";

(3) inserting at the end of clause (2) of subsection (e) the following: "except for individuals who are assigned to or placed in an institution of higher learning through a program under the Job Training Partnership Act,";

(4) striking out subclause (C) of clause (3) of subsection (e) and redesignating subclauses (D) and (E) thereof as subclauses (C) and (D), respectively; and

(5) in clause (2) of subsection (f)—

(A) striking out "section 203(a)(7)" and "(8 U.S.C. 1153(a)(7))" in subclause (D) and inserting in lieu thereof "sections 207 and 208" and "(8 U.S.C. 1157 and 1158)", respectively;

(B) striking out "because of persecution" and all that follows through "natural calamity" in subclause (D); and

(C) striking out "because of the judgment of the Attorney General" and all that follows in subclause (F) through "political opinion".

EMPLOYMENT AND TRAINING PROGRAM

SEC. 1514. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)), as amended by section 1513(1) of this Act, is amended by—

(1) amending clause (A)(ii) of paragraph (1) to read as follows:

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements as are prescribed by the State agency in accordance with paragraph (4), and the period of ineligibility shall be two months;"; and

(2) adding at the end thereof the following:

"(4)(A) Each State agency shall implement an employment and training program designed by the State agency for the purpose of assisting members of households participating in the food stamp program in gaining skills, training, or experience that will increase their ability to obtain regular employment. For purposes of this Act, an 'employment and training program' means a program that contains, at the option of the State agency, one or more of the following components:

"(i) Job search programs with terms and conditions comparable to those prescribed in subparagraphs (A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act, except that a State agency shall have no obligation to incur costs exceeding $25 per participant per month, as provided in subparagraph (B)(vi), and the State agency shall retain the option to apply employment requirements prescribed under this clause to program applicants at the time of application.

"(ii) Job search training programs that include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including educational programs, determined by the State agency to expand the job search abilities or employability of those subject to the program.

"(iii) Programs designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed under such programs to move promptly into regular public or private employment. The facilities of the State public employment offices and agencies operating programs under the Job Training Partnership Act may be used to find employment and training opportunities for household members under the programs. Employment or training experience assignments shall be limited to projects that serve a useful public purpose in fields such as health, social services, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of the participating member shall be used in making appropriate employment experience assignments. An employment or training experience program established under this clause shall—

"(I) not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program;

"(II) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours; and

"(III) reimburse participants for actual costs of transportation and other actual costs that are reasonably necessary and directly related to participation in the program, but not to exceed $25 in the aggregate per month.

"(iv) As approved by the Secretary, other programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program.

"(B)(i) The State agency may provide that participation in an employment and training program may supplement or supplant other requirements imposed on those subject to the program.

"(ii) Each State agency shall exempt from any requirement for participation in any program under this paragraph categories of household members to which the State agency determines that the application of such participation requirement is impracticable as applied to such categories due to factors such as, but not limited to, the availability of work opportunities and the cost-effectiveness of the employment requirements. In making such a determination, the State agency may designate a category consisting of all such household members residing in a specified area of the State. The State agency shall also exempt or suspend from such participation requirement individual household members not included in any such category but with respect to whom it determines that such participation is impracticable because of personal circumstances such as, but not limited to, lack of job readiness and employability, the remote location of work opportunities, and unavailability of dependent care. The State agency shall determine the extent to which any individual must fulfill the requirements of this paragraph.

"(iii) The total hours of work in an employment and training program carried out under this paragraph required of members of a household, together with the hours of work of such members in any other program carried out under section 20, in any month collectively may not exceed a number of hours equal to the household's allotment for such month divided by the higher of the applicable State minimum wage or Federal minimum hourly rate under the Fair Labor Standards Act of 1938. The total hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in another program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, shall not exceed one hundred and twenty hours per month.

"(iv) Each State agency shall establish requirements, determined by the State agency to be appropriate, for participation by individuals not exempt under clause (ii) in one or more employment and training programs

under this paragraph (which requirements may vary among participants), but may operate programs under this paragraph in which individuals elect to participate. The State agency shall permit individuals not subject to the requirements described in the preceding sentence or who have complied, or are in the process of complying, with such requirements to participate in any progam under this paragraph.

"(v) The Secretary shall promulgate guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program under this paragraph that is compatible and consistent with similar programs operated within the State.

"(vi) A State agency shall reimburse participants for transportation costs and other expenses incurred by participants in the employment and training program, except that the State agency may limit such reimbursement to each participant to $25 per month.".

(b) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by—

(1) striking out "and" at the end of paragraph (20);

(2) striking out the period at the end of paragraph (21) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(22) the manner in which the State agency will carry out the employment and training program under section 6(d)(4).".

(c) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end thereof the following:

"(h)(1) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1), the amount of $40,000,000 for the fiscal year ending September 30, 1986, $50,000,000 for the fiscal year ending September 30, 1987, $60,000,000 for the fiscal year ending September 30, 1988, and $75,000,000 for each of the fiscal years ending September 30, 1989, and September 30, 1990, to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during such fiscal year.

"(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the limitation in paragraph (3).

"(3) The Secretary shall reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably incurred by participants in the employment and training program, except that such total amount shall not exceed an amount representing $25 per participant per month.

"(4) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs. The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs.".

STAGGERING OF COUPON ISSUANCE

SEC. 1515. Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end thereof the following:

"(h)(1) The State agency may implement a procedure for staggering the issuance of coupons to eligible households throughout the entire month: Provided, That the procedure ensures that, in the transition period from other issuance procedures, no eligible household experiences an interval between coupon issuances of more than thirty-five days, either through regular issuances by the State agency or through supplemental issuances.

"(2) For any eligible household that applies for participation in the food stamp program during the last fifteen days of a month and is issued benefits within that period, coupons shall be issued for the first full month of participation by the later of five working days after the beginning of the following month or five working days after verification procedures are completed.".

DISCLOSURE OF INFORMATION SUBMITTED BY RETAIL STORES

SEC. 1516. Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended by inserting before the period at the end of the second sentence the following: ", except that such information may be disclosed to and used by State agencies that administer the special supplemental food program for women, infants and children, authorized under section 17 of the Child Nutrition Act of 1966, for purposes of administering the provisions of that Act and the regulations issued under that Act".

CREDIT UNIONS

SEC. 1517. Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by—

(1) inserting ", or which are insured under the Federal Credit Union Act and have retail food stores or wholesale food concerns in their field of membership" after "Federal Savings and Loan Insurance Corporation" the first place it appears; and

(2) inserting "or the Federal Credit Union Act" after "Federal Savings and Loan Insurance Corporation" the second place it appears.

CHARGES FOR REDEMPTION OF COUPONS

SEC. 1518. (a) Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019), as amended by section 1517 of this Act, is amended by adding at the end thereof the following: "No financial institution may impose on or collect from a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in a manner consistent with the requirements, other than any requirements relating to cancellation of coupons, for the presentation of coupons by financial institutions to the Federal Reserve banks.".

(b) The Secretary of Agriculture, in consultation with the Board of Governors of the Federal Reserve System, shall issue regulations implementing the amendment made by subsection (a).

PUBLIC INFORMATION

SEC. 1519. (a) Section 11(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)) is amended by inserting, after "funds provided under this Act", the following: "except for activities, implemented at the discretion of the State agency, that provide program information (including program eligibility and benefit guidelines) to unemployed, disabled, or elderly persons who apply, or may be eligible, for participation in the program".

(b) The first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "and (4) fair hearings" and inserting in lieu thereof "(4) fair hearings, and (5) activities providing program information to unemployed, disabled, or elderly persons".

OFFICE HOURS

SEC. 1520. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)), as amended by section 1501(c) of this Act, is amended by adding at the end thereof the following: "The State agency shall assess, from time to time, the need for operating food stamp offices within the State during evening and weekend hours;".

EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM

SEC. 1521. Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by adding at the end thereof the following: "State agencies shall encourage food stamp program participants to participate in the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), commonly known as the Smith-Lever Act. At the request of personnel of such education program, State agencies, wherever practicable, shall allow personnel and information materials of such education program to be placed in food stamp offices.".

FOOD STAMP PROGRAM INFORMATION AND SIMPLIFIED APPLICATION AT SOCIAL SECURITY ADMINISTRATION OFFICES

SEC. 1522. (a) Clause (2) of the first sentence of section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by—

(1) inserting "applicants for or" after "members are";

(2) striking out "permitted" and all that follows through "office", and inserting in lieu thereof "informed of the availability of benefits under the food stamp program and be assisted in making a simple application to participate in such program at the social security office".

(b) Section 11(j) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)) is amended to read as follows:

"(j)(1) Any individual who is an applicant for or recipient of social security benefits (under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services) shall be informed of the availability of benefits under the food stamp program and shall be provided with a simple application to participate in such program at the social security office.

"(2) The Secretary and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Food Security Act of 1985, regarding services to be provided in social security offices under this subsection and subsection (i), in a manner to ensure that—

"(A) applicants for and recipients of social security benefits are adequately notified in social security offices that assistance may be available to them under this Act;

"(B) applications for assistance under this Act from households in which all members are applicants for or recipients of supplemental security income will be forwarded immediately to the State agency in an efficient and timely manner; and

"(C) the Secretary of Health and Human Services receives from the Secretary reimbursement for costs incurred to provide such services.".

(c) Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit a report, to the Committee on Agriculture of the House of

Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, describing the nature and extent of the costs being incurred by the Secretary of Health and Human Servics to comply with subsections (i) and (j) of section 11 of the Food Stamp Act of 1977, as amended by subsections (a) and (b).

RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 1523. Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end thereof the following:

"(e)(1) In the event any retail food store or wholesale food concern that has been disqualified under subsection (a) is sold or the ownership thereof is otherwise transferred to a bona fide purchaser or transferee, the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern shall be subjected to a civil money penalty in an amount established by the Secretary through regulations to reflect that portion of the disqualification period that has not yet expired. If the retail food store or wholesale food concern has been disqualified permanently, the civil money penalty shall be double the penalty for a ten-year disqualification period, as calculated under regulations issued by the Secretary. The disqualification period imposed under subsection (b) shall continue in effect as to the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern notwithstanding the imposition of a civil money penalty under this subsection.

"(2) At any time after a civil money penalty imposed under paragraph (1) has become final under the provisions of section 14(a), the Secretary may request the Attorney General to institute a civil action against the person or persons subject to the penalty in a district court of the United States for any district in which such person or persons are found, reside, or transact business to collect the penalty and such court shall have jurisdiction to hear and decide such action. In such action, the validity and amount of such penalty shall not be subject to review.".

STATE AGENCY LIABILITY, QUALITY CONTROL, AND AUTOMATIC DATA PROCESSING

SEC. 1524. (a) Effective with respect to the fiscal year beginning October 1, 1985, and each fiscal year thereafter, section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by—

(1) in paragraph (2)(A) of subsection (d), inserting before the period at the end thereof the following:

"less any amount the payment of which is waived under paragraph (6) and less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency"; and

(2) adding, at the end of subsection (d), the following:

"(6)(A) The Secretary, at the request of a State agency, shall waive the payment of a portion—not more than 15 per centum—of a claim, asserted against the State for a fiscal year under paragraphs (2) and (3), equal to the amount that the State agency shows it will devote to the planning, design, development, installation, or expansion of automatic data processing, computerized information, or related systems, or to other administrative efforts, designed to reduce payment error rates and approved by the Secretary. To obtain such waiver, the State agency must show, to the satisfaction of the Secretary, that (i) the systems or administrative efforts on which the request for a waiver is based are in addition to systems or administrative efforts that are already in place or part of an existing plan for the State agency, and (ii) such systems or administrative efforts can reasonably be expected to improve the management, integrity, or efficiency of the food stamp program operated by the State agency.

"(B) Amounts used for systems or administrative efforts as a result of a waiver of a claim under this paragraph may not be credited by the State agency as its share of the costs incurred for data and information systems under the cost-sharing programs provided for in subsections (a) and (g).

"(C) If a proposed system or administrative effort on which a waiver of a claim under this paragraph is based is not implemented within six months after a target date for implementation agreed on by the Secretary and the State agency, the Secretary shall terminate the waiver unless the Secretary determines that there is good cause for the State agency's failure to implement the system or administrative effort (including good faith efforts to implement the system or administrative effort) in a timely manner, and, on such termination, the State agency shall again become liable for full payment of the claim under paragraphs (2) and (3).

"(7) To facilitate the implementation of paragraphs (2) and (3), each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount for which the State agency will be liable for such fiscal year under paragraphs (2) and (3). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraphs (2) and (3) for a fiscal year, except with respect to the portion of such payment that is waived under paragraph (6), and, as applicable, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 14 (as provided for in paragraph (5)), before the end of the fiscal year following such fiscal year."; and

(3) in subsection (g), inserting "(or in the case of State agencies that submit plans that satisfy the elements of the model automation and computerization plan under section 11(o), as determined by the Secretary, 90 per centum)" after "75 per centum".

(b) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following:

"(o)(1) The Secretary shall develop, after consultation with and with the assistance of an advisory group of State agencies appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act, a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program. The plan shall be developed and made available for public comment through publication of the proposed plan in the Federal Register not later than October 1, 1986. The Secretary shall complete the plan, taking into consideration public comments received, not later than December 1, 1986. The elements of the plan shall include, but not be limited to, intake procedures, eligibility determinations and calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, and program reporting.

"(2) Not later than April 1, 1987, the Secretary shall prepare and submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems for the administration of the food stamp program. Such report shall include, for each State, an analysis of additional steps needed for the State to achieve effective and cost-efficient data processing and information systems. The Secretary, thereafter, shall periodically update such report.

"(3) Based on the Secretary's findings in any of the reports submitted under paragraph (2), the Secretary may require a State agency, as necessary to rectify identified shortcomings in the administration of the food stamp program in the State, to take specified steps to automate data processing systems or computerize information systems for the administration of the food stamp program in the State if the Secretary finds that, in the absence of such systems, there will be program accountability or integrity problems that will substantially affect the administration of the food stamp program in the State.".

(c) The first sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by inserting "the automation or computerization requirements imposed on the State agency under subsection (o)(3) of this section," after "pursuant to subsection (d) of this section,".

PILOT PROJECTS

SEC. 1525. (a) Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "October 1, 1985" the last place it appears and inserting in lieu thereof "October 1, 1990".

(b) Section 17(d) of the Food Stamp Act of 1977 (7 U.S.C. 2026(d)) is amended by adding at the end thereof the following: "On the request of a State or political subdivision in which a pilot project is conducted under this subsection, the Secretary shall continue the project beyond any initial term established by the Secretary if the Secretary finds that the project has a beneficial effect on program administrative costs and error rates and the continuation of the project will not result in undue added program costs.".

AUTHORIZATION CEILING; AUTHORITY TO REDUCE BENEFITS

SEC. 1526. Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by—

(1) inserting, after the first sentence of subsection (a)(1), the following:

"To carry out the provisions of this Act, there are hereby authorized to be appropriated not in excess of $13,584,000,000 for the fiscal year ending September 30, 1986; not in excess of $14,369,000,000 for the fiscal year ending September 30, 1987; not in excess of $15,276,000,000 for the fiscal year ending September 30, 1988; not in excess of $16,142,000,000 for the fiscal year ending September 30, 1989; and not in excess of $16,985,000,000 for the fiscal year ending September 30, 1990."; and

(2) in the second sentence of subsection (b), striking out "the limitation set herein," and inserting in lieu thereof "the appropriation amount authorized in subsection (a)(1),".

PUERTO RICO BLOCK GRANT

SEC. 1527. Effective October 1, 1985, section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended by—

(1) striking out "for each fiscal year" in subsection (a)(1)(A) and inserting in lieu thereof "for the fiscal year ending September 30, 1986, $862,000,000 for the fiscal year ending September 30, 1987, $898,000,000 for the fiscal year ending September 30, 1988, $936,000,000 for the fiscal year ending September 30, 1989, and $974,000,000 for the fiscal year ending September 30, 1990,";

(2) striking out "noncash" in subsection (a)(1)(A);

(3) striking out the comma after "needy persons" and all that follows in subsection (a)(1)(A), and inserting in lieu thereof a period;

(4) striking out "and 50 per centum of the related administrative expenses" in subsection (a)(1)(B) and inserting in lieu thereof "and related administrative expenses"; and

(5) striking out "a single agency which shall be" in clause (i) of subsection (b)(1)(A) and inserting in lieu thereof "the agency or agencies directly."

FEASIBILITY STUDY

SEC. 1528. The Secretary of Agriculture shall conduct a study to determine the feasibility of extending the food stamp program under the Food Stamp Act of 1977 to American Samoa. The Secretary shall complete the study and submit a report of the study to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than April 1, 1986. In conducting the study, the Secretary shall—

(1) determine the various demographic and economic circumstances of the people of American Samoa; and

(2) analyze the features of the food stamp program under the Food Stamp Act of 1977, and the regulations issued thereunder, including benefit, eligibility, and administrative rules, that would have to be revised, with respect to American Samoa, to ensure that the program would operate efficiently and effectively in light of circumstances peculiar to American Samoa.

COMMODITY DISTRIBUTION PROGRAMS

SEC. 1529. (a) Effective October 1, 1985, section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out "1982, 1983, 1984, and 1985" in the first sentence of subsection (a) and inserting in lieu thereof "1986, 1987, 1988, 1989, and 1990"; and

(2) in subsection (b), striking out "under 18 years of age" and inserting in lieu thereof "18 years of age and under".

(b) Effective October 1, 1985, section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out ", which projects shall operate no longer than two years, and" in clause (1) and inserting in lieu thereof a semicolon;

(2) striking out "1982 through 1985" in clause (2) and inserting in lieu thereof "1986 through 1990";

(3) redesignating clause (2) as clause (5); and

(4) inserting after clause (1) the following:

"(2) shall permit local agencies administering the commodity supplemental food program, at their option, to provide supplemental commodities, furnished under the program, to low-income elderly persons under terms and conditions that the Secretary by regulation shall prescribe to ensure that (A) the provision of assistance under this clause does not serve to restrict the provision of assistance under the program to women, infants, and children eligible for such assistance, and (B) local agencies do not terminate or reduce commodity assistance to women, infants, and children to provide assistance to the elderly; (3) shall, in any fiscal year, approve applications of additional sites for the program in areas in which the program currently does not operate to the full extent that this can be done within the appropriations available for the program for that fiscal year and without reducing actual participation levels (including participation of elderly persons under clause (2)) in areas in which the program is in effect; (4) shall provide information on the program and its application procedures to agencies that could operate the program and that are located in areas covered neither by the program nor by the special supplemental food program for women, infants, and children authorized under section 17 of the Child Nutrition Act of 1966;".

(c) Notwithstanding any other provision of law, in implementing the commodity supplemental food program under section 4 of the Agriculture and Consumer Protection Act of 1973, the Secretary of Agriculture shall allow agencies distributing agricultural commodities to low-income elderly people under such programs on the date of enactment of this Act to continue such distribution at levels no lower than existing caseloads.

(d) Effective October 1, 1985—

(1) section 209 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is repealed; and

(2) clause (5) of section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note), as so redesignated by subsection (b)(3), is amended by striking out "amount appropriated for the provision of commodities to State agencies" and inserting in lieu thereof "sum of (A) the amount appropriated for the commodity supplemental food program and (B) the value of all additional commodities donated by the Secretary to State and local agencies that are provided without charge or credit for distribution to program participants".

TITLE XVI—AMENDMENTS TO THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 AND OTHER COMMODITY DISTRIBUTION PROVISIONS

Subtitle A—Amendments to the Temporary Emergency Food Assistance Act of 1983

EMERGENCY FEEDING ORGANIZATIONS—DEFINITIONS

SEC. 1601. Section 201A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by inserting, before the semicolon at the end of paragraph (1), the following:

"(including the activities and projects of charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit eligible recipient agencies) hereinafter in this title referred to as 'emergency feeding organizations' ".

REPEAL OF PROVISIONS RELATING TO THE FOOD SECURITY WHEAT RESERVE

SEC. 1602. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) striking out the subsection designation for subsection (a); and

(2) striking out subsection (b).

(b) The second sentence of section 203A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out ", except that wheat from the Food Security Wheat Reserve may not be used to pay such costs".

REPEAL OF PROVISIONS RELATING TO PROCESSING AGREEMENTS

SEC. 1603. (a) Section 203 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note), is repealed.

(b) Section 203B(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "and to private companies that process such commodities for eligible recipient agencies under sections 203 and 203A of this Act".

STATE COOPERATION

SEC. 1604. Section 203B of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following:

"(d) Each State agency receiving commodities under this title may—

"(1) enter into cooperative agreements with State agencies of other States for joint provision of such commodities to an emergency feeding organization that serves needy persons in a single geographical area part of which is situated in each of such States; or

"(2) transfer such commodities to any such emergency feeding organization in the other State under such agreement.".

REPORT ON COMMODITY DISPLACEMENT

SEC. 1605. Section 203C(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following: "The Secretary shall submit to Congress each year a report as to whether and to what extent such displacements or substitutions are occurring.".

AUTHORIZATION FOR FUNDING AND RELATED PROVISIONS

SEC. 1606. Section 204 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) redesignating subsection (c) as subsection (d); and

(2) after subsection (b), inserting the following:

"(c)(1) There are authorized to be appropriated $50,000,000 for each of the fiscal years ending September 30, 1986, and September 30, 1987, for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by emergency feeding organizations under this title. Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis, dividing such funds among the States in the same proportions as the commodities distributed under this title for such fiscal year are divided among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States in the same manner as the original allocations were made.

"(2) Each State shall make available to emergency feeding organizations in the State not less than 20 per centum of the funds provided as authorized in paragraph (1) that it has been allocated for a fiscal year, as necessary to pay for, or provide advance payments to cover, the direct expenses of the emergency feeding organizations for distributing commodities to needy persons. As used in this paragraph, the term 'direct expenses' includes costs of transporting, storing, handling, and distributing commodities incurred after they are received by the organization; costs associated with determinations of eligibility, verification, and documentation; costs involved in publishing

announcements of times and locations of distribution; and costs of recordkeeping, auditing, and other administrative procedures required for participation in the program under this title. If a State makes a payment, using State funds, to cover direct expenses of emergency feeding organizations, the amount of such payment shall be counted toward the amount a State must make available for direct expenses of emergency feeding organizations under this paragraph.

"(3) States to which funds are allocated for a fiscal year under this subsection shall submit financial reports to the Secretary, on a regular basis, as to the use of such funds. No such funds may be used by States or emergency feeding organizations for costs other than those involved in covering the expenses related to the distribution of commodities by emergency feeding organizations.".

REAUTHORIZATIONS

SEC. 1607. Section 210 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) in subsection (c)—

(A) striking out "the fiscal years ending September 30, 1984, and September 30, 1985" and inserting in lieu thereof "the period beginning October 1, 1983, and ending September 30, 1987";

(B) striking out "prior to the beginning of the fiscal year ending September 30, 1985" and inserting in lieu thereof "as early as feasible but not later than the beginning of each of the fiscal years ending September 30, 1985, September 30, 1986, and September 30, 1987"; and

(C) striking out "second twelve months" and inserting in lieu thereof "such fiscal year"; and

(2) adding at the end thereof the following:

"(d) The regulations issued by the Secretary under this section shall include provisions that set standards with respect to liability for commodity losses under the program under this title in situations in which there is no evidence of negligence or fraud, and conditions for payment to cover such losses. Such provisions shall take into consideration the special needs and circumstances of emergency feeding organizations, including use of volunteers, limited financial resources, and the effect that sanctions could have on the ability of such organizations to meet the food needs of low-income populations.".

PROGRAM TERMINATION

SEC. 1608. Section 212 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1987".

REPORT

SEC. 1609. Not later than April 1, 1987, the Secretary of Agriculture shall report to Congress on the activities of the program conducted under the Temporary Emergency Food Assistance Act of 1983. Such report shall include information on—

(1) the volume and types of commodities distributed under the program;

(2) the types of State and local agencies receiving commodities for distribution under the program;

(3) the populations served under the program and their characteristics;

(4) the Federal, State, and local costs of commodity distribution operations under the program (including transportation, storage, refrigeration, handling, distribution, and administrative costs); and

(5) the amount of Federal funds provided to cover State and local costs under the program.

Subtitle B—Commodity Distribution Amendments

DISTRIBUTION OF SURPLUS COMMODITIES; PROCESSING AGREEMENTS

SEC. 1611. Effective October 1, 1985, section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by—

(1) inserting "(1)" after "(a)";

(2) in the first sentence, inserting "(including, but not limited to, cheese, nonfat dry milk, and wheat)" after "commodities" the first place it appears; and

(3) adding, at the end thereof, the following:

"(2)(A) Effective through September 30, 1987, whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary of Agriculture, the Secretary shall encourage consumption of such commodity through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies. The expense of reprocessing shall be paid by such eligible recipient agencies.

"(B) To maintain eligibility to enter into, and to continue, any agreement with the Secretary of Agriculture under subparagraph (A), a private company shall annually settle all accounts with the Secretary and any appropriate State agency regarding commodities processed under such agreements.".

TITLE XVII—NUTRITION PROGRAMS

Subtitle A—Food, Nutrition, and Consumer Education

FINDINGS

SEC. 1701. Congress finds that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should have greater access to nutrition and consumer education to enable them to use their food budgets, including food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

PURPOSE

SEC. 1702. The purpose of the program provided for under section 1703 is to expand effective food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, including those participating in or eligible to participate in the programs under the Food Stamp Act of 1977, to assist them to—

(1) increase their ability to manage their food budgets, including food stamps and other food assistance;

(2) increase their ability to buy food that satisfies nutritional needs and promotes good health; and

(3) improve their food preparation, storage, safety, preservation, and sanitation practices.

PROGRAM

SEC. 1703. The cooperative extension services of the States shall, with funds made available under this subtitle, carry out an expanded program of food, nutrition, and consumer education for low-income individuals in a manner designed to achieve the purpose set forth in section 1702. In operating the program, the cooperative extension services may use the expanded food and nutrition education program, and other food, nutrition, and consumer education activities of the cooperative extension services or similar activities carried out by them in collaboration with other public or private nonprofit agencies or organizations. In carrying out their responsibilities under the program, the cooperative extension services are encouraged to—

(1) provide effective and meaningful food, nutrition, and consumer education services to as many low-income individuals as possible;

(2) employ educational methodologies, including innovative approaches, that accomplish the purpose set forth in section 1702; and

(3) to the extent practicable, coordinate activities carried out under the program with the delivery to low-income individuals of benefits under food assistance programs.

ADMINISTRATION

SEC. 1704. (a) The program provided for under section 1703 shall be administered by the Secretary of Agriculture through the Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service. The Secretary shall ensure that the Extension Service coordinates activities carried out under this subtitle with the ongoing food, nutrition, and consumer education activities of other agencies of the Department of Agriculture.

(b) The Secretary of Agriculture, not later than April 1, 1989, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the effectiveness of the program provided for under section 1703.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1705. (a) There are hereby authorized to be appropriated to to carry out this subtitle $5,000,000 for the fiscal year ending September 30, 1986; $6,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for each of the fiscal years ending September 30, 1988, September 30, 1989, and September 30, 1990.

(b) Any funds appropriated under this section for a fiscal year shall be allocated in the manner specified in subparagraphs (A) and (B) of section 1425(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

(c) Any funds appropriated to carry out this subtitle shall supplement any other funds appropriated to the Department of Agriculture for use by the Department and the cooperative extension services of the States for food, nutrition, and consumer education for low-income households.

Subtitle B—Nutrition Monitoring

SURVEY BY THE DEPARTMENT OF AGRICULTURE

SEC. 1711. The Secretary of Agriculture shall—

(1) in conducting the Department of Agriculture's continuing survey of food intakes of individuals and any nationwide food consumption survey, include a sample that is representative of low-income individuals and, to the extent practicable, the collection of information on food purchases and other household expenditures by such individuals;

(2) to the extent practicable, continue to maintain the nutrient data base established by the Department of Agriculture; and

(3) encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of the nutritional and dietary status of individuals.

Division E—Miscellaneous

TITLE XVIII—MISCELLANEOUS

Subtitle A—Processing, Inspection, and Labelling

EGG PROCESSING

SEC. 1801. Section 8 of the Egg Products Inspection Act (21 U.S.C. 1037) is amended by—

(1) redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(2) inserting after subsection (c) the following:

"(d) No person shall process, for commerce, any eggs for human food in any manner that—

"(1) does not allow examination of the content of individuals eggs being processed; and

"(2) allows egg content to commingle with the egg shell or shell membrane during processing.".

INSPECTION AND OTHER STANDARDS FOR IMPORTED POULTRY PRODUCTS

SEC. 1802. (a) Section 18 of the Poultry Products Inspection Act (21 U.S.C. 467) is amended by adding at the end thereof the following:

"(d) Notwithstanding any other provision of law, all poultry or poultry products capable of use as human food, offered for importation into the United States, shall be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any such imported poultry articles that do not meet such standards shall not be permitted entry into the United States. The Secretary shall enforce this provision through (1) the imposition of random inspections for such species verification and for residues, and (2) random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country in accordance with methods approved by the Secretary.".

(b) This section shall take effect six months after the date of enactment of this Act.

INSPECTION AND OTHER STANDARDS FOR IMPORTED MEAT AND MEAT FOOD PRODUCTS

SEC. 1803. Section 20(f) of the Federal Meat Inspection Act (21 U.S.C. 620(f)) is amended by striking out the last sentence and inserting in lieu thereof the following: "Each foreign country from which such meat articles are offered for importation into the United States shall obtain a certification issued by the Secretary stating that the country maintains a program using reliable analytical methods to ensure compliance with the United States standards for residues in such meat articles. No such meat articles shall be permitted entry into the United States from a country for which the Secretary has not issued such certification. The Secretary shall periodically review such certifications and shall revoke any certification if the Secretary determines that the country involved is not maintaining a program that uses reliable analytical methods to ensure compliance with United States standards for residues in such meat articles. The consideration of any application for a certification under this subsection and the review of any such certification, by the Secretary, shall include the inspection of individual establishments to ensure that the inspection program of the foreign country involved is meeting such United States standards.".

EXAMINATION AND REPORT OF LABELING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

SEC. 1804. (a)(1) The Comptroller General of the United States shall conduct a study of Department of Health and Human Services and Department of Agriculture product purity and inspection requirements and regulations currently in effect for imported food products and agricultural commodities. The study shall evaluate the effectiveness of Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form.

(2) The study shall include a review of Federal regulations and inspection procedures currently in effect to detect in imported live animals chemical and chemical residues the use of which is prohibited in the production of domestic live animals.

(3) The study shall include recommendations regarding the feasibility of requiring that quality control reports relating to product purity and inspection procedures be submitted from processing plants certified by the Secretary of Agriculture as eligible to export meat and meat food products to the United States.

(4) The study shall include recommendations on the adequacy of the Department of Health and Human Services and the Department of Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and food products.

(e) The study also shall evaluate the feasibility of requiring all imported meat and meat food products, agricultural commodities, and products of such commodities to bear a label stating the country of origin of such commodities and products. The study shall include an evaluation of the feasibility of requiring any person owning or operating an eating establishment that serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 7(c) of the Federal Meat Inspection Act (21 U.S.C. 607(c)) to inform individuals purchasing food from such establishment that meat or meat food products served at the establishment may be imported articles—

(1) by displaying a sign indicating that imported meat is served in such establishment; or

(2) by providing the information specified in paragraph (1) of such section 7(c) on the menus offered to such individuals.

(c) The Secretary shall submit the results of the study conducted under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than one year after the date of enactment of this Act.

Subtitle B—Beef Promotion and Research Act of 1985

AMENDMENT TO BEEF RESEARCH AND INFORMATION ACT

SEC. 1811. (a) This section may be cited as the "Beef Promotion and Research Act of 1985".

(b) Sections 2 through 20 of the Beef Research and Information Act (7 U.S.C. 2901-2918) are amended to read as follows:

"CONGRESSIONAL FINDINGS AND DECLARATION OF POLICY

"SEC. 2. (a) Congress finds that—

"(1) beef and beef products are basic foods that are a valuable part of human diet;

"(2) the production of beef and beef products plays a significant role in the Nation's economy, beef and beef products are produced by thousands of beef producers and processed by numerous processing entities, and beef and beef products are consumed by millions of people throughout the United States and foreign countries;

"(3) beef and beef products should be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

"(4) the maintenance and expansion of existing markets for beef and beef products are vital to the welfare of beef producers and those concerned with marketing, using, and producing beef products, as well as to the general economy of the Nation;

"(5) there exist established State and national organizations conducting beef promotion, research, and consumer education programs that are invaluable to the efforts of promoting the consumption of beef and beef products; and

"(6) beef and beef products move in interstate and foreign commerce, and beef and beef products that do not move in such channels of commerce directly burden or affect interstate commerce of beef and beef products.

"(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided herein, of an orderly procedure for financing (through assessments on all cattle sold in the United States and on cattle, beef, and beef products imported into the United States) and carrying out a coordinated program of promotion and research designed to strengthen the beef industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for beef and beef products. Nothing in this Act shall be construed to limit the right of individual producers to raise cattle.

"DEFINITIONS

"SEC. 3. For purposes of this Act—

"(1) the term 'promotion' means any action, including paid advertising, to advance the image and desirability of beef and beef products with the express intent of improving the competitive position and stimulating sales of beef and beef products in the marketplace;

"(2) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of beef and beef products, other related food science research, and new product development;

"(3) the term 'consumer information' means nutritional data and other information that will assist consumers and other persons in making evaluations and decisions regarding the purchasing, preparing, and use of beef and beef products;

"(4) the term 'industry information' means information and programs that will lead to the development of new markets, marketing strategies, increased efficiency, and activities to enhance the image of the cattle industry;

"(5) the term 'Board' means the Cattlemen's Beef Promotion and Research Board established under section 5(1);

"(6) the term 'Committee' means the Beef Promotion Operating Committee established under section 5(4);

"(7) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(8) the term 'cattle' means live domesticated bovine animals regardless of age;

"(9) the term 'beef' means flesh of cattle;

"(10) the term 'beef products' means edible products produced in whole or in part from beef, exclusive of milk and products made therefrom;

"(11) the term 'producer' means any person who owns or acquires ownership of cattle, except that a person shall not be considered to be a producer if the person's only share in the proceeds of a sale of cattle or beef is a sales commission, handling fee, or other service fee;

"(12) the term 'importer' means any person who imports cattle, beef, or beef products from outside the United States;

"(13) the term 'United States' means the several States and the District of Columbia;

"(14) the term 'qualified State beef council' means a beef promotion entity that is authorized by State statute or is organized and operating within a State, that receives voluntary contributions and conducts beef promotion, research, and consumer information programs, and that is recognized by the Board as the beef promotion entity within such State;

"(15) the term 'Secretary' means the Secretary of Agriculture; and

"(16) the term 'Department' means the Department of Agriculture.

"ISSUANCE OF ORDERS

"SEC. 4. (a) During the period beginning on the effective date of this section and ending thirty days after receipt of a proposal for a beef promotion and research order, the Secretary shall publish such proposed order and give due notice and opportunity for public comment on such proposed order. Such proposal may be submitted by any organization meeting the requirements for certification under section 6 or any interested person, including the Secretary.

"(b) After notice and opportunity for public comment are given, as provided for in subsection (a), the Secretary shall issue a beef promotion and research order. The order shall become effective not later than one hundred and twenty days following publication of the proposed order.

"REQUIRED TERMS IN ORDERS

"SEC. 5. An order issued under section 4(b) shall contain the following terms and conditions:

"(1) The order shall provide for the establishment and selection of a Cattlemen's Beef Promotion and Research Board. Members of the Board shall be cattle producers and importers appointed by the Secretary from (A) nominations submitted by eligible State organizations certified under section 6 (or, if the Secretary determines that there is no eligible State organization in a State, the Secretary may provide for nominations from such State to be made in a different manner), and (B) nominations submitted by importers under such procedures as the Secretary determines appropriate. In determining geographic representation for cattle producers on the Board, whole States shall be considered as a unit. Each unit that includes a total cattle inventory greater than five hundred thousand head shall be entitled to at least one representative on the Board. If there are units that do not have total cattle inventories equal to or greater than five hundred thousand head, such units shall be combined and provided collective representation on the Board. A unit may be represented on the Board by more than one member. For each additional million head of cattle within a unit, such unit shall be entitled to an additional member on the Board. The Board may recommend a change in the level of inventory per unit necessary for representation on the Board and, on such recommendation, the Secretary may change the level necessary for representation on the Board. The number of members on the Board that represent importers shall be determined by the Secretary on a proportional basis, by converting the volume of imported beef and beef products into live animal equivalencies.

"(2) The order shall define the powers and duties of the Board, which shall be exercised at an annual meeting, and shall include only the following powers:

"(A) To administer the order in accordance with its terms and provisions.

"(B) To make rules and regulations to effectuate the terms and provisions of the order.

"(C) To elect members of the Board to serve on the Committee.

"(D) To approve or disapprove budgets submitted by the Committee.

"(E) To receive, investigate, and report to the Secretary complaints of violations of the order.

"(F) To recommend to the Secretary amendments to the order.

In addition, the order shall determine the circumstances under which special meetings of the Board may be held.

"(3) The order shall provide that the term of appointment to the Board shall be three years with no member serving more than two consecutive terms, except that initial appointments shall be proportionately for one-year, two-year, and three-year terms; and that Board members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

"(4) The order shall provide that the Board shall elect from its membership ten members to serve on the Beef Promotion Operating Committee, which shall be composed of ten members of the Board and ten producers elected by a federation that includes as members the qualified State beef councils. The producers elected by the federation shall be certified by the Secretary as producers that are directors of a qualified State beef council. The Secretary also shall certify that such directors are duly elected by the federation as representatives to the Committee. The Committee shall develop plans or projects of promotion and advertising, research, consumer information, and industry information, which shall be paid for with assessments collected by the Board. The Committee shall be responsible for developing and submitting to the Board, for its approval, budgets on a fiscal year basis of its anticipated expenses and disbursements, including probable costs of advertising and promotion, research, consumer information, and industry information projects. The Board shall approve or disapprove such budgets and, if approved, shall submit such budget to the Secretary for the Secretary's approval. The total costs of collection of assessments and administrative staff incurred by the Board during any fiscal year shall not exceed 5 per centum of the projected total assessments to be collected by the Board for such fiscal year. The Board shall use, to the extent possible, the resources, staffs, and facilities of existing organizations.

"(5) The order shall provide that terms of appointment to the Committee shall be one year, and that no person may serve on the Committee for more than six consecutive terms. Committee members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee. The Committee shall use staff and facilities of the Board and of industry organizations to prevent duplication and inefficient use of funds, except that staff of industry organizations may not receive compensation from the Board, but shall be reimbursed for their reasonable expenses incurred in performing their duties on behalf of the Committee.

"(6) The order shall provide that, to ensure coordination and efficient use of funds, the Committee shall enter into contracts or agreements for implementing and carrying out the activities authorized by this Act with established national nonprofit industry-governed organizations, including the federation referred to in paragraph (4), to implement programs of promotion, research, consumer information, and industry information. Any such contract or agreement shall provide that—

"(A) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shows estimated costs to be incurred for the plan or project;

"(B) the plan or project shall become effective on the approval of the Secretary; and

"(C) the person entering the contract or agreement shall keep accurate records of all of its transactions, account for funds received and expended, and make periodic reports to the Committee of activities conducted, and such other reports as the Secretary, the Board, or the Committee may require.

"(7) The order shall require the Board and the Committee to—

"(A) maintain such books and records, which shall be available to the Secretary for inspection and audit, as the Secretary may prescribe;

"(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(C) account for the receipt and disbursement of all funds entrusted to them.

"(8) The order shall provide that each person making payment to a producer for cattle purchased from the producer shall, in the manner prescribed by the order, collect an assessment and remit the assessment to the Board. The Board shall use qualified State beef councils to collect such assessments. The order also shall provide that each importer of cattle, beef, or beef products shall pay an assessment, in the manner prescribed by the order, to the Board. The assessments shall be used for payment of the costs of plans and projects, as provided for in paragraph (4), and expenses in administering the order, including more administrative costs incurred by the Secretary after the order has been promulgated under this Act, and to establish a reasonable reserve. The rate of assessment prescribed by the order shall be one dollar per head of cattle, or the equivalent thereof in the case of imported beef and beef products. A producer who can establish that the producer is participating in a program of an established qualified State beef council shall receive credit, in determining the assessment due from such producer, for contributions to such program of up to 50 cents per head of cattle or the equivalent thereof. There shall be only one qualified State beef council in each State. Any person marketing from beef from cattle of the person's own production shall remit

the assessment to the Board in the manner prescribed by the order.

"(9) The order shall provide that the Board, with the approval of the Secretary, may invest, pending disbursement, funds collected through assessments only in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

"(10) The order shall prohibit any funds collected by the Board under the order from being used in any manner for the purpose of influencing governmental action or policy, with the exception of recommending amendments to the order.

"(11) The order shall require that each person making payment to a producer, any person marketing beef from cattle of the person's own production directly to consumers, and any importer of cattle, beef, or beef products maintain and make available for inspection such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order. Such information shall be made available to the Secretary as is appropriate to the administration or enforcement of this Act, the order, or any regulation issued under this Act. In addition, the Secretary shall authorize the use of information regarding persons paying producers that is accumulated under a law or regulation other than this Act or regulations under this Act.

"All information so obtained shall be kept confidential by all officers and employees of the Department, and only such information so obtained as the Secretary deems relevant may be disclosed by them and then only in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the order. Nothing in this paragraph may be deemed to prohibit—

"(A) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

"(B) the publication, by direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"No information obtained under the authority of this Act may be made available to any agency or officer of the United States for any purpose other than the implementation of this Act and any investigatory or enforcement act necessary for the implementation of this Act. Any person violating the provisions of this paragraph shall, on conviction, be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and if an officer or employee of the Board or the Department, shall be removed from office.

"(12) The order shall contain terms and conditions, not inconsistent with the provisions of this Act, as necessary to effectuate the provisions of the order.

"CERTIFICATION OF ORGANIZATIONS TO NOMINATE

"SEC. 6. (a) The eligibility of any State organization to represent producers and to participate in the making of nominations under section 5(1) shall be certified by the Secretary. The Secretary shall certify any State organization that the Secretary determines meets the eligibility criteria established under subsection (b) and such determination as to eligibility shall be final.

"(b) A State cattle association or State general farm organization may be certified as described in subsection (a) if such association or organization meets all of the following eligibility criteria:

"(1) The association or organization's total paid membership is comprised of at least a majority of cattle producers or the association or organization's total paid membership represents at least a majority of the cattle producers in the State.

"(2) The association or organization represents a substantial number of producers that produce a substantial number of cattle in the State.

"(3) The association or organization has a history of stability and permanency.

"(4) A primary or overriding purpose of the association or organization is to promote the economic welfare of cattle producers.

"(c) Certification of State cattle associations and State general farm organizations shall be based on a factual report submitted by the association or organization involved.

"(d) If more than one State organization is certified in a State (or in a unit referred to in section 5(1)), such organizations may caucus to determine any of such State's (or such unit's) nominations under section 5(1).

"REQUIREMENT OF REFERENDUM

"SEC. 7. (a) During the twenty-fourth month following implementation of the order issued under this Act, unless the Board recommends an earlier date, in which event such earlier date shall be used, the Secretary shall conduct a referendum among cattle producers who, during a representative period as determined by the Secretary, have been engaged in the production of cattle for the purpose of ascertaining whether the order shall be continued. The order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle. If continuation of the order is not approved by a majority of those voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months after the Secretary determines that continuation of the order is not favored by a majority voting in the referendum and shall terminate the order in an orderly manner as soon as practicable after such determination.

"(b) After the initial referendum, the Secretary may conduct a referendum on the request of a representative group comprising 10 per centum or more of the number of cattle producers to determine whether cattle producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

"(c) The Department shall be reimbursed from assessments collected by the Board for any expenses incurred by the Department in connection with conducting any referendum under this section, except for the salaries of Government employees. Any referendum conducted under this section shall be conducted on a date established by the Secretary, whereby producers shall certify that they were engaged in the production of cattle during the representative period and, on the same day, shall be provided an opportunity to vote in the referendum. Each referendum shall be conducted at county extension offices, and there shall be provision for an absentee mail ballot on request.

"ENFORCEMENT

"SEC. 8. The Secretary may issue orders to restrain or prevent any person from violating the order issued under section 4(b), or regulation issued thereunder, and may assess a civil penalty of not more than $1,000 for violation of the order issued under section 4(b), following an opportunity for an administrative hearing on the record, whenever the Secretary believes that the administration and enforcement of this Act and the order would be adequately served by such procedure. The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the order or any regulation made or issued under this Act. Any civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

"INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

"SEC. 9. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this Act or to determine whether any person subject to this Act has engaged or is about to engage in any act that constitutes or will constitute a violation of this Act, the order, or any rule or regulation issued under this Act. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony regarding the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

"ADMINISTRATIVE PROVISIONS

"SEC. 10. (a) Nothing in this Act may be construed to preempt or supersede any other program relating to beef promotion organized and operated under the laws of the United States or any State.

"(b) The provisions of this Act applicable to the order shall be applicable to amendments to the order.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 11. There are authorized to be appropriated such sums as may be necessary to carry out this Act. Sums appropriated to

carry out this Act shall not be available for payment of the expenses or expenditures of the Board or the Committee in administering any provisions of the order issued under section 4(b) of this Act.".

(c) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C—Pork Promotion, Research, and Consumer Information Act of 1985

SHORT TITLE

Sec. 1821. This subtitle may be cited as the "Pork Promotion, Research, and Consumer Information Act of 1985".

FINDINGS AND DECLARATION OF PURPOSE

Sec. 1822. (a) Congress finds that—

(1) pork and pork products are basic foods that are a valuable and healthy part of the human diet;

(2) the production of pork and pork products plays a significant role in the economy of the United States, because pork and pork products are produced by thousands of producers, organized in a federation by county, State, and national associations that include many small and medium-sized producers, and because pork and pork products are consumed by millions of people throughout the United States on a daily basis;

(3) pork and pork products must be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

(4) the maintenance and expansion of existing markets and development of new markets for pork and pork products are vital to the welfare of pork producers and those concerned with producing and marketing pork and pork products, as well as to the general economy of the United States;

(5) pork and pork products move in interstate and foreign commerce, and pork and pork products that do not move in such channels of commerce directly burden or affect interstate commerce in pork and pork products; and

(6) in recent years, increasing quantities of low-cost, imported pork and pork products have been brought into the United States, replacing domestic pork and pork products in normal channels of trade.

(b)(1) It is, therefore, the purpose of this subtitle to authorize the establishment of an orderly procedure for financing, through an adequate assessment, an effective and coordinated program of promotion, research, and consumer information designed to strengthen the position of the pork industry in the marketplace and to maintain, develop, and expand markets for pork and pork products. Such procedure shall be implemented and such program shall be conducted at no cost to the Government of the United States.

(2) Nothing in this subtitle may be construed to—

(A) permit or require the imposition of quality standards for pork or pork products;

(B) provide for control of the production of pork or pork products, or

(C) otherwise limit the right of the individual pork producer to produce pork and pork products.

DEFINITIONS

Sec. 1823. For purposes of this subtitle—

(1) the term "porcine animals" means swine raised for slaughter, feeder pigs, or seedstock;

(2) the term "pork" means the flesh of porcine animals;

(3) the term "pork products" means products produced or processed in whole or in part from pork;

(4) the term "Secretary" means the Secretary of Agriculture;

(5) the term "person" means any individual, group of individuals, partnership, corporation, association, organization, cooperative, or any other entity;

(6) the term "pork producer" means any person who produces porcine animals in the United States for sale in commerce;

(7) the term "importer" means any person who imports porcine animals, pork, or pork products into the United States;

(8) the term "promotion" means any action, including paid advertising, to present a favorable image for porcine animals, pork, or pork products to the public with the express intent of improving the competitive position and stimulating sales of porcine animals, pork, or pork products;

(9) the term "research" means any type of research designed to advance, expand, or improve the image, desirability, nutritional values, usage, marketability, production, or quality of porcine animals, pork, or pork products as well as any dissemination to any person of the results of such research;

(10) the term "consumer information" means activities intended to broaden the understanding of sound nutritional principles as they relate to pork and pork products, including the role of pork and pork products in a balanced, healthy diet;

(11) the term "marketing" means the sale or other disposition in commerce of pork or pork products;

(12) the term "Delegate Body" means the National Pork Producers Delegate Body provided for under section 1827(b) of this subtitle;

(13) the term "Board" means the National Pork Producers Board of Directors provided for under section 1827(c) of this subtitle;

(14) the term "Committee" means the National Pork Producers Executive Committee provided for under section 1827(d) of this subtitle;

(15) the term "order" means a pork and pork products promotion, research, and consumer information order issued under section 1826;

(16) the term "State association" means the organization of pork producers in a State that is generally recognized as representing the pork producers of that State;

(17) the term "State" means any of the 50 States; and

(18) the term "gross amount of checkoff" means the total amount of assessment collected throughout the United States under section 1827(g) in any applicable period of time.

PORK AND PORK PRODUCTS ORDER

Sec. 1824. To effectuate the declared policy of this subtitle, the Secretary shall, in accordance with this subtitle, issue and, from time to time, may amend orders applicable to persons engaged in the production and sale of pork and pork products in the United States. Not more than one order shall be in effect at any given time. Each order issued under this section shall become effective not more than 90 days following the publication of such order.

NOTICE AND HEARING

Sec. 1825. During the period ending 30 days after receipt of a proposal for an order submitted by any person who might be affected by this subtitle, the Secretary shall publish the proposed order and give due notice of and opportunity for a hearing on the proposed order.

FINDINGS AND ISSUANCE OF AN ORDER

Sec. 1826. After notice of and opportunity for a hearing has been provided in accordance with section 1825, the Secretary shall issue and publish an order if the Secretary finds, and sets forth in such order, that, on the evidence introduced at such hearing, the issuance of the order and all the terms and conditions thereof will assist in carrying out the purpose of this subtitle.

REQUIRED TERMS AND CONDITIONS IN ORDERS

Sec. 1827. (a) Any order issued by the Secretary under this subtitle shall contain the terms and conditions described in this section and, except as provided in section 1828, no others.

(b)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days of the effective date of the order, of a National Pork Producers Delegate Body, which shall consist of one or more members from each State. Nominations of members of the Delegate Body shall be submitted by each State association. Each State entitled to only one Delegate Body member may nominate an alternate who may attend Delegate Body meetings, but who shall serve only when the member is absent from a meeting. If a State association does not submit nominations, or there is no State association in a State, the Secretary may provide for nominations from that State to be made in a different manner.

(2) Members of the Delegate Body shall serve for a term of one year.

(3) At the first annual meeting, the Delegate Body shall select a Chairman by a majority vote. At every annual meeting thereafter, the Chairman of the Delegate Body shall be the President of the Committee provided for in subsection (d).

(4) The members of the Delegate Body shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Delegate Body.

(5) The Delegate Body shall nominate 11 pork producer members for appointment to the Committee from among the members of the Board provided for in subsection (c) and shall submit such nominations to the Secretary. The Delegate Body shall meet annually to make such nominations. A majority of the Delegate Body shall vote in person to nominate members to the Committee.

(c)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days after the effective date of the order, of a National Pork Producers Board of Directors whose primary function shall be to serve as liaison between the State associations and the Committee and to counsel with and advise the Committee on policy matters. The Board shall consist of one member from each State who is also a member of the Delegate Body and who is appointed from nominations submitted by each State association or, if a State association does not submit nominations or if there is no association in a State, from nominations submitted in a manner provided for by the Secretary.

(2) Members of the Board shall serve for 3-year terms, with no member serving more than two consecutive 3-years terms, except that initial appointments to the Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Chairman of the Board shall be the President of the Committee provided for in subsection (d)(3).

(4) The members of the Board shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

(d)(1) The order shall provide for the establishment and appointment by the Secretary of an 11-member National Pork Producers Executive Committee consisting of pork producers from among the members of the Board from nominations submitted to the Secretary by the Delegate Body in accordance with subsection (b)(5)

(2) Members of the Committee shall serve for 3-year terms with no member serving more than two consecutive 3-year terms, except that initial appointments to the Committee shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Committee shall select its President by a majority vote.

(4) A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, and a majority of votes cast at any meeting at which a quorum is present shall determine any motion or election.

(5) Members of the Committee shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee.

(6) The powers and duties of the Committee shall be to—

(A) develop on its own initiative, as well as to receive from other persons, proposals for promotion, research, and consumer information plans or projects and submit to the Secretary for approval any such plans or projects. Each plan or project must be approved by the Secretary before becoming effective;

(B) administer the order in accordance with its terms and provisions and consistent with the provision of this subtitle;

(C) prescribe rules and regulations to effectuate the terms and provisions of the order;

(D) receive, investigate, and report to the Secretary, complaints of violations of the order,

(E) make recommendations to the Secretary with respect to amendments that should be made to the order; and

(F) employ a staff and conduct routine business.

(e) The order shall provide that the Committee shall prepare and submit to the Secretary, for the Secretary's approval, budgets (on a fiscal period basis) of its anticipated expenses and disbursements in the administration of the order, including projected costs of pork and pork products promotion, research, and consumer information plans or projects.

(f) The order shall provide that the Committee, with the approval of the Secretary, may enter into contracts or agreements with any person for the development and conduct of the activities authorized under the order and for the payment of the cost thereof with funds collected through assessments under the order. Any such contract or agreement shall provide that—

(1) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shall show the estimated costs to be incurred from the plan or project;

(2) any such plan or project shall become effective on the approval of the Secretary; and

(3) the person entering the contract or agreement shall keep accurate records of all of its transactions and make periodic reports to the Committee of the activities it has conducted and accounting for funds received and expended, and such other reports as the Secretary or the Committee may require.

(g) The order shall provide that, in the manner prescribed by the order—

(1) each person who makes payment to a pork producer for porcine animals, pork, or pork products produced in the United States; and

(2) each importer with respect to imported porcine animals, pork, and pork products;

shall pay an assessment to the Committee, unless such person or importer proves that an assessment was previously paid under this subtitle by any person with respect to such porcine animals, pork, or pork products. The rate of assessment prescribed by the initial order shall be three-tenths of one per centum of the market value of the porcine animals, pork, or pork products involved in the sale or of the imported porcine animals, pork, or pork products. In orders issued after the initial order, the rate of assessment may be increased pursuant to a majority vote of the Delegate Body. No such increase may exceed one-tenth of one per centum of the market value and the rate of assessment may not exceed five-tenths of one per centum unless the Delegate Body, after the initial referendum called for in section 1829(a), recommends additional increases in the rate of assessment in any amount it determines and such additional increases are approved in a mandatory referendum conducted under section 1830(b).

(h) The order shall provide that funds collected by the Committee from the assessments shall be distributed in the following manner:

(1) Each State association that is operating a State pork promotion program under State law or on a voluntary basis as of the date of enactment of this Act shall receive an amount equal to the product of the gross amount of checkoff and the percentage applicable to such State association determined by the Delegate Body, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of such association.

(2) The National Pork Producers Council, a nonprofit corporation of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 and incorporated in the State of Iowa, shall receive an amount equal to 60 per centum of the gross amount of checkoff, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of that organization.

(3) The Committee shall retain the remaining funds for use in—

(A) financing promotion, research, and consumer information plans or projects in accordance with this section;

(B) expenses for the administration, maintenance, and functioning of the Committee as may be authorized by the Secretary;

(C) accumulation of reasonable reserve funds to permit an effective promotion, research, and consumer information program to continue in years when the assessment income may be reduced; and

(D) administrative costs incurred by the Secretary to carry out this subtitle after an order has been promulgated under this subtitle, including any expenses incurred for the conduct of referenda under this subtitle.

(i) The order shall provide that no promotion funded with assessments collected under this subtitle may make any false or misleading claims on behalf of pork or pork products or false or misleading statements with respect to the attributes or use of any competing product.

(j) The order shall provide that no funds collected through assessments may be used, in any manner, for the purpose of influencing legislation as defined in subsections (d) and (e)(2) of section 4911 of the Internal Revenue Code of 1954.

(k) The order shall provide that the Committee shall maintain books and records and prepare and submit to the Secretary such reports from time to time as may be required by the Secretary for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and shall cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

(l) The order shall provide that the Committee, with the approval of the Secretary, may invest, pending disbursement under a plan or project, funds collected through assessments only in obligations of the United States, or of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

PERMISSIVE PROVISIONS

SEC. 1828. (a) On the recommendation of the Delegate Body or Committee, and with the approval of the Secretary, any order issued by the Secretary under this subtitle may contain one or more of the provisions described in this section.

(b)(1) The order may provide that each person purchasing porcine animals from pork producers for commercial use and each importer shall maintain and make available for inspection such books and records as may be specified by the order and file reports at the time, in the manner, and having the content prescribed by the order, including documentation of the State of origin of the porcine animals being purchased or the place of origin of the porcine animals, pork, or pork products being imported. Such information shall be made available to the Secretary and the Committee as is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any order issued under to this subtitle.

(2) All information obtained under paragraph (1) shall be kept confidential by all employees of the Secretary and of the Committee. Only such information as the Secretary deems relevant shall be disclosed and only in a suit or administrative bearing brought at the direction or on the request of the Secretary, or to which the Secretary or any officer of the United States is a party, involving the order with reference to which the information was furnished or acquired. Nothing in this paragraph shall prohibit—

(A) issuance of general statements based on the reports of a number of persons subject to any order or statistical data collected therefrom if such statements or data do not identify the information furnished by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating any order issued under this subtitle, together with a statement of the particular provisions of the order violated by such person.

Any person willfully violating this paragraph shall, upon conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and, if an employee of the Committee or the Secretary, shall be removed from office.

(c) The order may contain terms and conditions incidental to, and not inconsistent

with, the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the order.

REQUIREMENT OF REFERENDUM

Sec. 1829. (a) The Secretary shall conduct a referendum during a period not earlier than two years, and not later than three years, after the date of the enactment of this Act, among pork producers who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, for the purpose of ascertaining whether the order then in effect shall be continued. Such order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the pork producers voting in the referendum. If continuation of the order is not approved by a majority of the pork producers voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months and shall terminate the order in an orderly manner as soon as practicable after such determination.

(b) The Secretary shall be reimbursed from assessments collected by the Committee for any expenses (other than compensation payable to officers and employees of the United States) incurred in connection with conducting any referendum under this section and section 1830.

SUSPENSION AND TERMINATION OF ORDERS; ADDITIONAL REFERENDA

Sec. 1830. (a) After the initial referendum provided for in section 1829(a), the Secretary shall, whenever the Secretary finds that any order issued under this subtitle or any provision of the order obstructs or does not tend to effectuate the declared policy of this subtitle, terminate or suspend the operation of such order or such provisions.

(b) After the initial referendum provided for in section 1829(a), the Secretary shall, on request of a number of pork producers who, during a representative period (as determined by the Secretary) have marketed the equivalent of at least 50 porcine animals and compromise 15 per centum or more of the number of pork producers subject to the order, conduct a referendum to determine whether the producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the pork producers voting in the referendum who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

(c) The termination or suspension of any order, or any provision of the order, shall not be considered an order within the meaning of this subtitle.

PETITION AND REVIEW

Sec. 1831. (a) Any person subject to any order issued under this subtitle may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and requesting a modification of the order or an exemption from the order. Such person shall thereupon be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary. After the hearing, the Secretary shall make a determination granting or denying the petition.

(b) The district courts of the United States in any district in which the person is an inhabitant or does business are hereby vested with jurisdiction to review such determination, if a complaint for that purpose is filed within 20 days after the date the person receives notice of such determination. Service of process in such proceedings may be had on the Secretary by delivering a copy of the complaint to the Secretary. If the court determines that the determination is not in accordance with law, the court shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires.

ENFORCEMENT

Sec. 1832. (a) The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order, rule, or regulation issued under this subtitle. Any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of this subtitle would be adequately served by suitable written notice or warning to any person committing such violation or by administrative action under subsection (b).

(b)(1) Any person who willfully violates any provision of any order, rule, or regulation issued by the Secretary under this subtitle may be assessed a civil penalty by the Secretary of not more than $1,000 for each such violation and, in the case of a willful failure to pay, collect, or remit any assessment as required by any order, in addition to the amount due, a penalty equal to the amount of the assessment payable with respect to porcine animals, pork, or pork products with respect to which the failure applies. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from violating such order, rule, or regulation. No penalty shall be assessed, nor cease and desist order issued, unless the Secretary gives such person notice and opportunity for a hearing on the record with respect to such violation. Any order issued under this paragraph by the Secretary shall be final and conclusive unless such person files an appeal from such order with the appropriate United States court of appeals not later than 30 days after such person receives notice of such order.

(2) Any person against whom an order is issued under paragraph (1) may obtain review of such order in the court of appeals of the United States for the circuit in which such person resides or does business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a valid cease and desist order issued under paragraph (1) by the Secretary shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing on the record, of not more than $5,000 for each offense. Each day during which such failure continues shall be deemed a separate violation of such order.

(4) If any person fails to pay a valid civil penalty imposed under this subsection by the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the order imposing such civil penalty shall not be subject to review.

(c) The remedies provided in subsections (a) and (b) shall be in addition to, and not exclusive of, other remedies that may be available.

INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

Sec. 1833. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this subtitle or to determine whether any person subject to the provisions of this subtitle has engaged or is about to engage in any act that constitutes or will constitute a violation of any provision of this subtitle or of any order, rule, or regulation issued under this subtitle. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or does business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony touching the matter under investigation. Any failure to obey an order issued under this section by the court may be punished by the court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

ADMINISTRATIVE PROVISION

Sec. 1834. The provisions of this subtitle applicable to orders shall be applicable to amendments to orders.

AUTHORIZATION OF APPROPRIATIONS

Sec. 1835. There are authorized to be appropriated such sums as may be necessary for the Secretary to carry out this subtitle, subject to reimbursement from the Committee under section 1827(h)(3)(D). Any sums appropriated to carry out this subtitle shall not be available for payment of the expenses or expenditures of the Committee in administering any provisions of any order issued under this subtitle.

PREEMPTION

Sec. 1836. This subtitle is intended to occupy the field of promotion, research, and consumer education involving pork and pork products and the obtaining of funds therefor from pork producers. Any regulation of such activities or requirements with respect to the promotion, research, and consumer education involving pork (other than any regulation or requirement relating to matters of public health) that is in addition to or different from those made under this subtitle may not be imposed by any State.

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Subtitle D—Watermelon Research and Promotion Act

SHORT TITLE

Sec. 1841. This subtitle may be cited as the "Watermelon Research and Promotion Act".

FINDINGS AND DECLARATION OF POLICY

Sec. 1842. (a) Congress finds that—

(1) the per capita consumption of watermelons in the United States has declined steadily in recent years;

(2) watermelons are an important cash crop to many farmers in the United States and are an economical, enjoyable, and healthful food for consumers;

(3) approximately 2,607,600,000 pounds of watermelons with a farm value of $158,923,000 were produced in 1981 in the United States;

(4) watermelons move in the channels of interstate commerce, and watermelons that do not move in such channels directly affect interstate commerce;

(5) the maintenance and expansion of existing markets and the establishment of new or improved markets and uses for watermelons are vital to the welfare of watermelon growers and those concerned with marketing, using, and handling watermelons, as well as the general economic welfare of the Nation; and

(6) the development and implementation of coordinated programs of research, development, advertising, and promotion are necessary to maintain and expand existing markets and establish new or improved markets and uses for watermelons.

(b) It is declared to be the policy of Congress that it is essential in the public interest, through the exercise of the powers provided herein, to authorize the establishment of an orderly procedure for the development, financing (through adequate assessments on watermelons harvested in the United States for commercial use), and carrying out of an effective, continuous, and coordinated program of research, development, advertising, and promotion designed to strengthen the watermelon's competitive position in the marketplace, and establish, maintain, and expand domestic and foreign markets for watermelons produced in the United States. The purpose of this subtitle is to so authorize the establishment of such procedure and the development, financing, and carrying out of such program. Nothing in this subtitle may be construed to dictate quality standards nor provide for the control of production or otherwise limit the right of individual watermelon producers to produce watermelons.

DEFINITIONS

Sec. 1843. As used in this subtitle—

(1) the term "Secretary" means the Secretary of Agriculture;

(2) the term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other entity;

(3) the term "watermelon" means all varieties of watermelon grown by producers in the forty-eight contiguous States of the United States;

(4) the term "handler" means any person (except a common or contract carrier of watermelons owned by another person) who handles watermelons in a manner specified in a plan issued under this subtitle or in regulations promulgated thereunder;

(5) the term "producer" means any person engaged in the growing of five or more acres of watermelons;

(6) the term "promotion" means any action taken by the Board, under this subtitle, to present a favorable image for watermelons to the public with the express intent of improving the competitive position of watermelons in the marketplace and stimulating sales of watermelons, and shall include, but not be limited to, paid advertising; and

(7) the term "Board" means the National Watermelon Promotion Board provided for in section 1847.

ISSUANCE OF PLANS

Sec. 1844. To effectuate the declared policy of this subtitle, the Secretary shall, under the provisions of this subtitle, issue, and from time to time may amend, orders (applicable to producers and handlers of watermelons) authorizing the collection of assessments on watermelons under this subtitle and the use of such funds to cover the costs of research, development, advertising, and promotion with respect to watermelons under this subtitle. Any order issued by the Secretary under this subtitle shall hereinafter in this subtitle be referred to as a "plan". Any plan shall be applicable to watermelons produced in the forty-eight contiguous States of the United States.

NOTICE AND HEARINGS

Sec. 1845. (a) When sufficient evidence, as determined by the Secretary, is presented to the Secretary by watermelon producers and handlers, or whenever the Secretary has reason to believe that a plan will tend to effectuate the declared policy of this subtitle, the Secretary shall give due notice and opportunity for a hearing on a proposed plan. Such hearing may be requested by watermelon producers or handlers or by any other interested person, including the Secretary, when the request for such hearing is accompanied by a proposal for a plan.

(b) After notice and opportunity for hearing as provided in subsection (a) of this section, the Secretary shall issue a plan if the Secretary finds, and sets forth in such plan, on the evidence introduced at the hearing that the issuance of the plan and all the terms and conditions thereof will tend to effectuate the declared policy of this subtitle.

REGULATIONS

Sec. 1846. The Secretary may issue such regulations as may be necessary to carry out the provisions of this subtitle and the powers vested in the Secretary under this subtitle.

REQUIRED TERMS IN PLANS

Sec. 1847. (a) Any plan issued under this subtitle shall contain the terms and provisions described in this section.

(b) The plan shall provide for the establishment by the Secretary of the National Watermelon Promotion Board and for defining its powers and duties, which shall include the powers to—

(1) administer the plan in accordance with its terms and conditions;

(2) make rules and regulations to effectuate the terms and conditions of the plan;

(3) receive, investigate, and report to the Secretary complaints of violations of the plan; and

(4) recommend to the Secretary amendments to the plan.

(c) The plan shall provide that the Board shall be composed of representatives of producers and handlers, and one representative of the public, appointed by the Secretary from nominations submitted in accordance with this subsection. An equal number of representatives of producers and handlers shall be nominated by producers and handlers, and the representative of the public shall be nominated by the producer and handler members of the Board, in such manner as may be prescribed by the Secretary. If producers and handlers fail to select nominees for appointment to the Board, the Secretary may appoint persons on the basis of representation as provided for in the plan. If the Board fails to nominate a public representative, the Secretary shall choose such representative for appointment.

(d) The plan shall provide that all Board members shall serve without compensation, but shall be reimbursed for reasonable expenses incurred in performing their duties as members of the Board.

(e) The plan shall provide that the Board shall prepare and submit to the Secretary for the Secretary's approval a budget, on a fiscal period basis, of its anticipated expenses and disbursements in the administration of the plan, including probable costs of research, development, advertising, and promotion.

(f) The plan shall provide for the fixing by the Secretary of assessments to cover costs incurred under the budgets provided for in subsection (e), and under section 1848(f), based on the Board's recommendation as to the appropriate rate of assessment, and for the collection of the assessments by the Board.

(g) The plan shall provide that—

(1) funds collected by the Board shall be used for research, development, advertising, or promotion of watermelons and such other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any referendum and administrative costs incurred by the Department of Agriculture under this subtitle;

(2) no advertising or sales promotion program under this subtitle shall make any reference to private brand names nor use false or unwarranted claims in behalf of watermelons or their products or false or unwarranted statements with respect to attributes or use of any competing products;

(3) no funds collected by the Board shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsections (b)(4) and (f); and

(4) assessments shall be made on watermelons produced by producers and watermelons handled by handlers, and the rate of such assessments shall be the same, on a per-unit basis, for producers and handlers. If a person performs both producing and handling functions, both assessments shall be paid by such person.

(h) The plan shall provide that, notwithstanding any other provisions of this subtitle, any watermelon producer or a refund of the assessment from the Board, under regulations, and on a form and within a time period (not less than 90 days), prescribed by the Board and approved by the Secretary. A producer or handler who timely makes demand in accord with the regulations, on submission of proof satisfactory to the Board that the producer or handler paid the assessment for which the refund is sought, shall receive such refund within 60 days after demand therefor.

(i) The plan shall provide that the Board, subject to the provisions of subsections (e), (f), and (g), shall develop and submit to the Secretary, for the Secretary's approval, any research, development, advertising, or promotion program or project, and that a program or project must be approved by the Secretary before becoming effective.

(j) The plan shall provide the Board with authority to enter into contracts or agreements, with the approval of the Secretary,

for the development and carrying out of research, development, advertising, or promotion programs or projects, and the payment of the cost thereof with funds collected under this subtitle.

(k) The plan shall provide that the Board shall (1) maintain books and records, (2) prepare and submit to the Secretary such reports from time to time as may be prescribed for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and (3) cause a complete audit report to be submitted to the Secretary at the end of each fiscal period.

PERMISSIVE TERMS IN PLANS

SEC. 1848. (a) Any plan issued under this subtitle may contain one or more of the terms and provisions described in this section, but except as provided in section 1847 no others.

(b) The plan may provide for the exemption, from the provisions of the plan, of watermelons used for nonfood uses, and authority for the Board to establish satisfactory safeguards against improper use of such exemption.

(c) The plan may provide for the designation of different handler payment and reporting schedules with respect to assessments, as provided for in sections 1847 and 1849, to recognize differences in marketing practices and procedures used in different production areas.

(d) The plan may provide for the establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertising and other sales promotion of watermelons and for the disbursement of necessary funds for such purposes. Any such program or project shall be directed toward increasing the general demand for watermelons, and promotional activities shall comply with the provisions of section 1847(g).

(e) The plan may provide for establishing and carrying out research and development projects and studies to the end that the marketing and use of watermelons may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(f) The plan may provide authority for the accumulation of reserve funds from assessments collected under this subtitle, to permit an effective and continuous coordinated program of research, development, advertising, and promotion in years when watermelon production and assessment income may be reduced, except that the total reserve fund may not exceed the amount budgeted for two years operation.

(g) The plan may provide for the use of funds from assessments collected under this subtitle, with the approval of the Secretary, for the development and expansion of sales of watermelons in foreign markets.

(h) The plan may contain terms and conditions incidental to and not inconsistent with the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the plan.

ASSESSMENT PROCEDURES

SEC. 1849. (a) Each handler required to pay assessments under a plan, as provided for under section 1847(f), shall be responsible for payment to the Board, as it may direct, of the assessments. A handler also shall collect from any producer, or shall deduct from the proceeds paid to any producer, on whose watermelons a producer assessment is made, the assessments required to be paid by the producer. The handler shall remit producer assessments to the Board as the Board directs. Such handler shall maintain a separate record with respect to each producer for whom watermelons were handled. Such records shall indicate the total quantity of watermelons handled by the handler, including those handled for producers and for the handler, the total quantity of watermelons handled by the handler that are included under the terms of the plan, as well as those that are exempt under the plan, and such other information as may be prescribed by the Board. To facilitate the collection and payment of assessments, the Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures used in any State or area. The handler shall be assessed an equal amount as the producer. No more than one assessment on a producer nor more than one assessment on a handler shall be made on any watermelons.

(b) Handlers responsible for payment of assessments under subsection (a) shall maintain and make available for inspection by the Secretary such books and records as required by the plan and file reports at the times, in the manner, and having the content prescribed by the plan, to the end that information and data shall be made available to the Board and to the Secretary that is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any plan or regulation issued under this subtitle.

(c) All information obtained under subsections (a) and (b) shall be kept confidential by all officers and employees of the Department of Agriculture and of the Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or on the request, of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the plan with reference to which the information to be disclosed was furnished or acquired. Nothing in this subsection shall be deemed to prohibit—

(1) the issuance of general statements based on the reports of a number of handlers subject to a plan if such statements do not identify the information furnished by any person; or

(2) the publication by direction of the Secretary of the name of any person violating any plan together with a statement of the particular provisions of the plan violated by such person.

Any such officer or employee violating the provisions of this subsection shall on conviction be subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both, and shall be removed from office.

PETITION AND REVIEW

SEC. 1850. (a) Any person subject to a plan may file a written petition with the Secretary, stating that the plan or any provision of the plan, or any obligation imposed in connection therewith, is not in accordance with law and praying for a modification thereof or to be exempted therefrom. The person shall be given an opportunity for a hearing on the petition, in accordance with regulations prescribed by the Secretary. After the hearing, the Secretary shall make a ruling on the petition, which shall be final if in accordance with the law.

(b) The district courts of the United States in any district in which the person is an inhabitant, or in which the person's principal place of business is located, are hereby vested with jurisdiction to review such ruling, provided that a complaint for that purpose is filed within twenty days from the date of the entry of the ruling. Service of process in such proceedings may be had on the Secretary by delivering to the Secretary a copy of the complaint. If the court determines that the ruling is not in accordance with law, it shall remand the proceedings to the Secretary with directions either to (1) make such ruling as the court shall determine to be in accordance with law, or (2) take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted under subsection (a) shall not impede or delay the United States or the Secretary from obtaining relief under section 1851(a).

ENFORCEMENT

SEC. 1851. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any plan or regulation made or issued under this subtitle. The facts relating to any civil action that may be brought under this subsection shall be referred to the Attorney General for appropriate action, except that nothing in this subtitle shall be construed as requiring the Secretary to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of the plan or regulation would be adequately served by administrative action under subsection (b) or suitable written notice or warning to any person committing the violations.

(b)(1) Any person who violates any provision of any plan or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit any assessment or fee required of the person thereunder, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring the person to cease and desist from continuing the violation. No penalty shall be assessed nor cease and desist order issued unless the person is given notice and opportunity for a hearing before the Secretary with respect to the violation. The order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the person affected by the order files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under paragraph (1) may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days after the date of the order and by simultaneously sending a copy of the notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which the violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures speci-

fied in paragraphs (1) and (2), of not more than $500 for each offense. Each day during which the failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

INVESTIGATION AND POWER TO SUBPOENA

SEC. 1852. (a) The Secretary may make such investigations as the Secretary deems necessary to carry out effectively the Secretary's responsibilities under this subtitle or to determine whether a handler or any other person has engaged or is engaging in any acts or practices that constitute a violation of any provision of this subtitle, or of any plan or regulation issued under this subtitle. For the purpose of an investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring the person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by the court as contempt thereof. All process in any such case may be served in the judicial district in which the person is an inhabitant or wherever the person may be found. The site of any hearing held under this subsection shall be within the judicial district in which the handler or other person is an inhabitant or in which the person's principal place of business is located.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpoena of the Secretary, or in any cause or proceeding, criminal or otherwise, based on, or growing out of, any alleged violation of this subtitle, or of any plan or regulation issued thereunder, on the grounds that the testimony or evidence, documentary or otherwise, required of the person may tend to incriminate the person or subject the person to a penalty or forfeiture. However, no person shall be prosecuted or subjected to any penalty or forfeiture on account of any transaction, matter, or thing concerning which the person is compelled, after having claimed the person's privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

REQUIREMENT OF REFERENDUM

SEC. 1853. The Secretary shall conduct a referendum among producers and handlers not exempt under sections 1843(5) and 1848(b) who, during a representative period determined by the Secretary, have been engaged in the production or handling of watermelons, for the purpose of ascertaining whether the issuance of a plan is approved or favored by producers and handlers. The referendum shall be conducted at the county extension offices. No plan issued under this subtitle shall be effective unless the Secretary determines that the issuance of the plan is approved or favored by not less than two-thirds of the producers and handlers voting in such referendum, or by the producers and handlers of not less than two-thirds of the watermelons produced and handled during the representative period by producers and handlers voting in such referendum, and by not less than a majority of the producers and a majority of the handlers voting in the referendum. The ballots and other information or reports that reveal or tend to reveal the vote of any producer or handler or the person's volume of watermelons produced or handled shall be held strictly confidential and shall not be disclosed. Any officer or employee of the Department of Agriculture violating the provisions hereof shall on conviction be subject to the penalties provided in section 1849(c) of this subtitle.

SUSPENSION OR TERMINATION OF PLANS

SEC. 1854. (a) Whenever the Secretary finds that a plan or any provision thereof obstructs or does not tend to effectuate the declared policy of this subtitle, the Secretary shall terminate or suspend the operation of the plan or provision.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of the Board or 10 per centum or more of the watermelon producers and handlers eligible to vote in a referendum, to determine if watermelon producers and handlers favor the termination or suspension of the plan. The Secretary shall terminate or suspend the plan at the end of the marketing year whenever the Secretary determines that the termination or suspension is favored by a majority of those voting in the referendum, and who produce or handle more than 50 per centum of the volume of the watermelons produced by the producers or handled by the handlers voting in the referendum. Any such referendum shall be conducted at county extension offices.

AMENDMENT PROCEDURE

AUTHORIZATION OF APPROPRIATIONS

SEC. 1857. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle, except that the funds so appropriated shall not be available for the payment of any expenses or expenditures of the Board in administering any provision of any plan issued under authority of this subtitle.

Subtitle E—Marketing Orders

MAXIMUM PENALTY FOR ORDER VIOLATIONS

SEC. 1861. (a) Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "$500" and inserting in lieu thereof "$5,000".

(b) The amendment made by subsection (a) shall not apply with respect to any violation described in section 8c(14) of the Agricultural Adjustment Act occurring before the date of the enactment of this Act.

LIMITATION ON AUTHORITY TO TERMINATE MARKETING ORDERS

SEC. 1862. (a) Section 8c(16) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) in subparagraph (A)—

(A) striking out "The Secretary" and inserting in lieu thereof "(i) Except as provided in clause (ii), the Secretary"; and

(B) adding at the end thereof the following:

"(ii) The Secretary may not terminate any order issued under this section for a commodity for which there is no Federal program established to support the price of such commodity unless the Secretary finds that termination is favored by a majority of the producers referred to in subparagraph (B). The Secretary may make such finding with respect to termination only in the manner specified in subparagraph (B)."; and

(2) in subparagraph (C), striking out "The termination" and inserting in lieu thereof "Except as otherwise provided in this subsection with respect to the termination of an order issued under this section, the termination".

(b) The amendment made by subsection (a) shall apply with respect to the termination of any order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, and in effect on or after July 10, 1985.

CONFIDENTIALITY OF INFORMATION

SEC. 1863. Section 8d(2) of the Agricultural Adjustment Act (7 U.S.C. 608d(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) inserting in the first sentence ", or provided by a producer or handler under section 8c," after "pursuant to this section"; and

(2) in clause (A) of the second sentence, striking out "the information furnished by any person", and inserting in lieu thereof "or disclose any specific item of information furnished by any person, or reveal the identity of such person".

Subtitle F—Grain Inspection

GRAIN STANDARDS

SEC. 1871. Section 4 of the United States Grain Standards Act (7 U.S.C. 76) is amended by adding at the end thereof the following:

"(c) If the Government of any country requests that moisture content remain a criterion in the official grade designations of grain, such criterion shall be included in determining the official grade designation of grain shipped to such country.

"(d) The Administrator shall issue regulations establishing a new grade for each type of grain that exceeds the standards in effect on September 30, 1985, for United States No. 1 grade of such grain.".

IMPROVED QUALITY STANDARDS FOR EXPORTED GRAIN

SEC. 1872. Section 6 of the United States Grain Standards Act (7 U.S.C. 78) is amended by adding at the end thereof the following:

"(c)(1) To protect the quality of grain exported from the United States, no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain when there is a possibility that the recombined product may be export-

ed from the United States; and no dockage or foreign material of any origin may be added to any grain that may be exported when the result will be to reduce the grade or quality of the grain or to reduce its ability to resist spoilage.

"(2) Nothing in paragraph (1) shall be construed to prohibit—

"(A) the treatment of grain to suppress, destroy, or prevent insects and fungi injurious to stored grain;

"(B) the export of dockage or foreign material removed from grain when such dockage or foreign material is pelletized or a part of a processed ration for livestock, poultry, or fish and is exported separately and uncombined with any whole grain;

"(C) the blending of grain with similar grain of a different grade to adjust the quality of the resulting mixture;

"(D) the addition to grain of confetti, or any other material that serves the same purpose, in an amount necessary to facilitate identification of ownership or origin of a particular lot of grain; and

"(E) the addition of any other foreign material that may be determined by the Secretary to be in the interest of grain producers and to be neutral or constructive in achieving the goal of protecting the quality of grain exported from the United States.

"(3) Adjustment of the moisture content of grain that may be exported is permitted by the blending of such grain with a similar grain of different moisture content if the difference between the moisture contents of the grains being blended does not exceed 4 per centum, but the addition of water to grain that may be exported is prohibited except by aeration of such grain with natural air.".

Subtitle G—Agricultural Stabilization and Conservation Committees

ASC COMMITTEE REFORM

SEC. 1881. (a)(1) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by striking out the first through the seventh sentences and inserting in lieu thereof:

"In carrying out the provisions of this section, the Secretary shall use the services of local and State committees selected as hereinafter provided. The Secretary shall designate local administrative areas as units for administration of programs. There shall be three local administrative areas in each county, except that, in counties with less than one hundred and fifty farmers, the county committee selected as hereinafter provided may reduce the number of local administrative areas to one, and except that the Secretary may include more than one county or parts of different countries in a local administrative area when the Secretary determines that there are insufficient farmers in an area to establish a slate of candidates for a community committee and hold an election. Each local administrative area shall have one community committee consisting of at least three members elected to three-year terms in a community election to be held every third year, except that there may be more than one community committee per administrative area in counties that, as of the date of enactment of the Food Security Act of 1985, have more than three community committees. Only one local administrative area shall hold an election in any given year in each county. Community committee members shall serve without pay. Community committees shall meet at least twice annually. Only farmers within a local administrative area who are producers who participate or cooperate in programs administered within their area shall be eligible for nomination and election to the community committee for that area. Only farmers who are participating or cooperating producers within an area shall be eligible to vote in the election in that area. Each county shall have a county committee which shall consist of three members, who shall be elected on a rotating basis—one each year from within one of the three administrative areas. The community committee candidate receiving the greatest number of votes shall be the county committee member and shall serve a three-year term. In an administrative area with more than one community committee, the one community committee candidate receiving the greatest number of votes shall be the county committee member. Should the candidate receiving the greatest number of votes decline to serve on the county committee, the candidate receiving the greatest number of votes and who is willing to serve shall become the county committee member. In counties with only one community and in administrative areas containing more than one county or parts of different counties, community and county committee members shall be elected for three-year terms in accordance with regulations to be issued by the Secretary. The Secretary, by regulation, may set levels of, and provide, pay for county committees.".

(2) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by striking out the 13th sentence.

(b) To ensure continuity of the farmer-elected committee system, the Secretary shall provide by regulation for the orderly implementation of the amendments made by subsection (a) by authorizing members of local and county committees duly elected on or before the effective date of this Act to serve out their unexpired terms.

Subtitle H—Miscellaneous

COMMODITY CREDIT CORPORATION STORAGE CONTRACTS

SEC. 1891. Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended by inserting, after the colon at the end of the second proviso, the following: "And provided further, That any contract entereigation of the Corporation to pay for the use of any space in a facility shall be relieved to the extent that the Corporation does not use the space and payment is made by another person for the use of such space, and (3) if the Corporation determines that it no longer needs the space reserved in the facility, the Corporation may be relieved, for the remaining term of the contract, of its obligations to an extent and in a manner that will provide significant savings to the Corporation while permitting the owner of the facility reasonable time to lease such space to another person:".

WEATHER AND CLIMATE INFORMATION IN AGRICULTURE

SEC. 1892. (a) Congress finds that—

(1) agricultural and silvicultural operations are vulnerable to damage from atmospheric conditions that accurate and timely reporting of weather information can help prevent;

(2) the maintenance of current weather and climate analysis and information dissemination systems, and Federal, State, and private efforts to improve these systems, is essential if agriculture and silviculture are to mitigate damage from atmospheric conditions;

(3) agricultural and silvicultural weather services at the Federal level should be maintained with joint planning between the National Oceanic and Atmospheric Administration and the Department of Agriculture; and

(4) efforts should be made, involving user groups, weather and climate information providers, and Federal and State governments, to expand the use of weather and climate information in agriculture and silviculture.

(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to maintain an active Federal involvement in providing agricultural and silvicultural weather and climate information and that efforts should be made, among users of this information and among private providers of this information, to improve use of this information.

EMERGENCY FEED PROGRAM

SEC. 1893. Clause (2) of section 1105(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2267(b)) is amended by striking out "feed for such person's livestock" and inscrting in lieu thereof "feed that has adequate nutritive value and is suitable for each of such person's respective particular types of livestock".

ILLEGAL ACTIVITIES

SEC. 1894. Notwithstanding any other provision of law, any person, corporation, or other legal entity convicted under Federal or State law of planting, growing, cultivating, producing, storing, or harvesting cannabis (marihuana) or other prohibited drug-producing plant on any part of the lands owned or controlled by such person or entity, or of permitting any such activity on lands owned or controlled by the person or entity, shall be ineligible for the year (or years) in which the illegal activity occurs to receive any benefits under any loan, purchase, payment, indemnity, land diversion, conservation, or other program administered by the Department of Agriculture for the benefit of agricultural producers.

DEPARTMENT OF DEFENSE LAND

SEC. 1895. Notwithstanding any other provision of law, land owned by or under control of the Department of Defense or any agency thereof, that is leased for the production of agricultural commodities, shall not be eligible for participation in any program administered by the Department of Agriculture.

TITLE XIX—NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

SHORT TITLE

SEC. 1901. This title may be cited as the "National Agricultural Policy Commission Act of 1985".

DEFINITIONS

SEC. 1902. As used in this title—

(1) the term "Commission" means the National Commission on Agricultural Policy established under section 1903;

(2) the term "Governor" means the chief executive officer of a State; and

(3) the term "State" means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, or the Trust Territory of the Pacific Islands.

ESTABLISHMENT OF COMMISSION

SEC. 1903. (a) There is established a National Commission on Agricultural Policy to conduct a study of the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States.

(b) In addition to the members specified in subsection (c), the Commission shall be com-

posed of fifteen members appointed or designated by the President and selected as follows:

(1) The President shall request Governors of States to nominate members representing individuals and industries directly affected by agricultural policies, including—

(A) producers of major agricultural commodities in the United States;

(B) processors or refiners of United States agricultural commodities;

(C) exporters, transporters, or shippers of United States agricultural commodities;

(D) suppliers of production equipment or materials to United States farmers;

(E) providers of financing or credit for agricultural purposes; and

(F) consumers of United States agricultural commodities.

(2) The Governor of a State may submit to the President a list of not less than two, nor more than four, nominees to serve on the Commission who represent individuals and industries referred to in paragraph (1).

(3)(A) Except as provided in subparagraphs (B) and (C), the President shall appoint 15 individuals from a total of, to the extent practicable, not less than sixty individuals nominated by States under paragraph (2) to serve on the Commission.

(B) The President may appoint to the Commission not more than—

(i) one individual nominated by a particular State; and

(ii) eight individuals of the same political party.

(C) If the President determines that the individuals nominated by States under paragraph (2) are not broadly representative of the individuals and industries referred to in paragraph (1), the President may substitute no more than three other individuals to serve on the Commission who represent such individuals and industries.

(c)(1) The chairmen and ranking minority members of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate shall—

(A) serve as ex officio members of the Commission; and

(B) have the same voting rights as the members of the Commission selected and appointed under subsection (b).

(2) The chairmen and ranking minority members may designate other members of the respective committees to serve in their stead as members of the Commission.

(d) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) The Commission shall elect a chairman from among the members of the Commission who are selected and appointed under the provisions of subsection (b).

(f) The Commission shall meet at the call of the chairman or a majority of the Commission.

CONDUCT OF STUDY

SEC. 1904. The Commission shall study the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States, including—

(1) the effectiveness of existing agricultural programs in improving farm income;

(2) the manner in which the programs may be improved to retain a family-farm system of agricultural production;

(3) the effect of legislative and administrative changes in agricultural policy on planning and long-term profitability of farmers;

(4) the effect on farmers of the existing system and structure of formulating and implementing agriculture policy;

(5) the effect of national and international economic trends on United States agricultural production;

(6) the means of adjusting the agricultural policies, programs, and practices of the United States to meet changing economic conditions;

(7) potential areas of conflict and compatibility between the structure of making agricultural policy and long-term stability in policy and practices;

(8) changing demographic trends and the way they affect agriculture and agricultural policy consistency; and

(9) the role of State and local governments in future agricultural policy.

REPORTS

SEC. 1905. Not later than twelve months after the date of the enactment of this Act, and each twelve months thereafter during the existence of the Commission, the Commission shall submit an annual report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1904. The Commission shall not comment on legislation pending before Congress unless specifically requested to do so by the Chairman of an appropriate committee.

ADMINISTRATION

SEC. 1906. (a) The heads of executive agencies, the General Accounting Office, the International Trade Commission, and the Congressional Budget Office, to the extent permitted by law, shall provide the Commission with such information as the Commission may require in carrying out duties and functions of the Commission.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Members who are private citizens of the United States may be allowed travel expenses, including a per diem in lieu of a subsistence expense, as authorized by law for persons serving intermittently in the Government service under sections 5701 through 5707 of title 5 of the United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5 of United States Code governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish the Commission with such personnel and support services as are necessary to assist the Commission in carrying out duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or Office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or the Office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act, the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be at the disposal of the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for the purpose of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committees Act and sections 4301 through 4308 of title 5 of the United States Code.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1907. (a) There are authorized to be appropriated such sums as are necessary to carry out this title.

(b) To the maximum extent practicable, expenses of the Commission shall be carried out using funds available to the Secretary of Agriculture.

TERMINATION

SEC. 1908. This title and the Commission shall terminate five years after the date of enactment of this Act.

TITLE XX—NATIONAL AQUACULTURE IMPROVEMENT ACT OF 1985

SHORT TITLE

Sec. 2001. This Act may be cited as the "National Aquaculture Improvement Act of 1985".

FINDINGS, PURPOSE, AND POLICY

SEC. 2002. Section 2 of the National Aquaculture Act of 1980 (which Act is hereinafter referred to as the "Act of 1980") (16 U.S.C. 2801) is amended—

(1) by amending subsection (a)(3)—

(A) by striking out "10 per centum" and inserting in lieu thereof "13 percent", and

(B) by striking out "3 per centum" and inserting in lieu thereof "6 percent";

(2) by amending subsection (a)(7) by inserting "scientific," before "economic,", and by inserting "the lack of supportive Government policies," immediately after "management information,";

(3) by amending subsection (b)—

(A) by striking out "and" at the end of paragraph (2),

(B) by redesignating paragraph (3) as paragraph (4), and

(C) by inserting after paragraph (2) the following new paragraph:

"(3) establishing the Department of Agriculture as the lead Federal agency with respect to the coordination and dissemination of national aquaculture information by designating the Secretary of Agriculture as the permanent chairman of the coordinating group and by establishing a National Aquaculture Information Center within the Department of Agriculture; and"; and

(4) by amending subsection (c) by inserting "for reducing the United States trade deficit in fisheries products," immediately after "potential" in the first sentence.

DEFINITIONS

SEC. 2003. Section 3 of the Act of 1980 (16 U.S.C. 2802) is amended—

(1) by redesignating paragraph (8) as paragraph (9); and

(2) by inserting after paragraph (7) the following new paragraph:

"(8) The term 'Secretary' means the Secretary of Agriculture.".

NATIONAL AQUACULTURE DEVELOPMENT PLAN

SEC. 2004. Section 4 of the Act of 1980 (16 U.S.C. 2803) is amended as follows:

(1) Subsection (a) is amended—

(A) by striking out "Secretaries" each place it appears in paragraph (2) and inserting in lieu thereof "Secretary";

(B) by amending the first sentence of paragraph (2) by inserting "the Secretary of Commerce and the Secretary of the Interior," immediately after "shall consult with".

(C) by striking out paragraph (3).

(2) Subsection (b) is amended—

(A) by inserting "to" immediately after "determine" in paragraph (1);

(B) by striking out "Secretaries deem" in paragraph (6) and inserting in lieu thereof "Secretary deems"; and

(C) by striking out "Secretaries" in the matter following paragraph (6) and inserting in lieu thereof "Secretary".

(3) Subsection (c) is amended—

(A) by striking out "Secretaries determine" in paragraph (1) and inserting in lieu thereof "Secretary determines";

(B) by striking out "and" at the end of subparagraph (A);

(C) by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; and"; and

(D) by inserting immediately after subparagraph (B) the following new subparagraph:

"(C) the concurrence of the Secretaries.".

FUNCTIONS AND POWERS OF SECRETARIES

SEC. 2005. Section 5 of the Act of 1980 (16 U.S.C. 2804) is amended as follows:

(1) Subsection (c) is amended to read as follows:

"(c) INFORMATION SERVICES.—(1) In addition to performing such other mandatory functions under this Act—

"(A) the Secretaries shall collect and analyze scientific, technical, legal, and economic information relating to aquaculture, including acreages, water use, production, marketing, culture techniques, and other relevant matters;

"(B) the Secretary shall—

"(i) establish, within the Department of Agriculture, a National Aquaculture Information Center that shall serve as a repository for the information generated under subparagraph (A) and other provisions of this Act and shall, on a request basis, make that information available to the public,

"(ii) arrange with foreign nations for the exchange of information relating to aquaculture and support a translation service, and

"(iii) conduct a study of the extent to which the United States aquaculture industry has access to relevant Federal programs which assist the agricultural sector and report to Congress on the findings of such study by December 31, 1986;

"(C) the Secretary of Commerce shall conduct a study, and report to Congress thereon by December 31, 1987, to determine whether existing capture fisheries could be adversely affected by competition from products produced by commercial aquacultural enterprises and include in such study an assessment of any adverse effect, by species and by geographical region, on such fisheries and recommend measures to ameliorate any such effect; and

"(D) the Secretary of the Interior, in consultation with the Secretary of Commerce, shall undertake a study, and report to Congress thereon by December 31, 1987, to identify exotic species introduced into the United States waters as a result of aquaculture activities, and to determine the potential benefits and impacts of the introduction of exotic species.

"(2) Any production information submitted to the Secretaries under paragraph (1)(A) shall be confidential and may only be disclosed if required under court order. The Secretaries shall preserve such confidentiality. The Secretaries may release or make public any information in any aggregate or summary form that does not directly or indirectly disclose the identity, business transactions, or trade secrets of any person who submits such information.".

(2) Subsection (d) is amended—

(A) by striking out "Secretaries" each place it appears and inserting in lieu thereof "Secretary";

(B) by inserting "and in consultation with the Secretary of Commerce and the Secretary of the Interior," immediately after "group" in the first sentence;

(C) by striking out "under section 4(d)" in the second sentence;

(D) by striking out "deem" in the second sentence and inserting in lieu thereof "deems"; and

(E) by striking out the last sentence and inserting in lieu thereof "The first report required under this subsection shall be submitted to Congress by February 1, 1987, and subsequent reports on February 1 of every other year thereafter.".

COORDINATION OF NATIONAL ACTIVITIES REGARDING AQUACULTURE

SEC. 2006. Section 6 of the Act of 1980 (16 U.S.C. 2805) is amended as follows:

(1) Subsection (a) is amended by inserting ", who shall be the permanent chairman of the coordinating group" immediately after "Agriculture" in paragraph (1).

(2) Subsection (c) is repealed.

(3) Subsections (d), (e), and (f) are redesignated as subsections (c), (d), and (e), respectively.

(4) Subsection (e) (as redesignated) is amended—

(A) by striking out "subsection (d)" in the second sentence and inserting in lieu thereof "subsection (c)".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2007. Section 10 of the Act of 1980 (16 U.S.C. 2809) is amended by striking out "1985" in each of paragraphs (1), (2), and (3) and inserting in lieu thereof "1985, and $1,000,000 for each of fiscal years 1986, 1987, and 1988".

Mr. DE LA GARZA. Mr. Chairman, further to facilitate and expedite the debate today, I ask unanimous consent that all debate on title VIII on peanuts, and all amendments thereto on that title, be limited to 1 hour, the time to be divided equally between the proponents and the opponents.

The **CHAIRMAN.** Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DE LA GARZA. Mr. Chairman, I ask unanimous consent that debate on title XV and all amendments thereto, which is the food stamps section, be limited to 1 hour, to be divided equally between the proponents and the opponents, and further, that the debate on the Petri amendment to title XXI be limited to 1 hour, the time to be equally divided between the proponents and the opponents.

The **CHAIRMAN.** Is there objection to the request of the gentleman from Texas?

Mr. ENGLISH. Reserving the right to object, Mr. Chairman, I did not hear the gentleman mention cargo preference, and I was wondering exactly what the time limit is to be on that.

I yield to the gentleman.

Mr. DE LA GARZA. Mr. Chairman, I did not ask for that at this point.

Mr. ENGLISH. Mr. Chairman, I withdraw by reservation of objection.

The **CHAIRMAN.** Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Chairman, I cannot add to much to what has been said, but I would urge a vote against the Madigan amendment. Basically, I would urge that we consider the fate and the structure of American agriculture right now. It is at a serious crossroads. We have lost thousands of farmers and are likely to lose hundreds of thousands more if the same old stuff continues.

Now, while this bill that the chairman has brought to the floor is much better than what the President has proposed and therefore it deserves a "yes" vote on final passage, it essentially is a continuation fundamentally of past practices.

Now, American agriculture is at a crossroads where we can see 30 or 40 years from now 10, 20, or 30 percent of the farmers out of business, maybe even 50 percent.

What is past is prolog. The past 30 years has seen a reduction dramatically in the number of farmers in America and that trend is continuing.

What the language in the bill offered by my colleague, the gentleman from Iowa, does is give farmers a choice if they want to take another fork in the road, and to go down that fork in the road they have to approve it by a super majority, 60 percent of the farmers voting, to have a program that, yes, does involve a more mandatory component; yes, does involve a fairly radical change in agriculture, but it is a new fork in the road that gives them the choice of voting on that just might save their lives.

Now, it is indeed possible that a majority of farmers would not support it and therefore we would continue under the voluntary program, the same old program of what we have been doing for the last 30 or 40 years. If that is the way, so be it; but why not let these farmers have the choice of deciding.

The future of American agriculture is very bleak indeed and this amendment by the gentleman from Illinois

[Mr. Madigan] will make it even bleaker.

Mr. Chairman, I urge opposition to the Madigan amendment and support for the Bedell amendment.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Utah [Mr. Nielson].

Mr. NIELSON of Utah. Mr. Chairman, I rise in strong support of the Madigan amendment.

Mr. MADIGAN. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. Stenholm].

Mr. STENHOLM. Mr. Chairman, I rise in support of the Madigan amendment to strike the Bedell amendment.

I do this, sincerely commending the efforts of the gentleman from Iowa [Mr. Bedell] to deal with the farm income problem. I recognize that the gentleman has worked extremely hard.

There is no question in my mind that income for wheat and corn farmers would go up theoretically by $277 million for wheat and $1.5 billion for corn farmers in the first year; but my opposition to the Bedell amendment comes from three major areas.

The first is, at what cost will this wheat and corn farm income increase be to other segment of agriculture, on the cattle industry, on the poultry industry, on the dairy industry and on the cotton industry?

I know the gentleman contends that he takes care of the export problems, but let me point out very clearly to this committee this House of Representatives, those who are not on the Agriculture Committee. I am on that committee. I saw the Bedell amendment after we voted on it in the Agriculture Committee. I never got a chance to look at it before we voted on it.

There are trade implications. If we are going to deal with something as major as the complete and total subsidization of wheat and corn in the world markets, should we not in the House Agriculture Committee have considered the trade implications? Should we not have contended with the Ways and Means Committee? Should we not have consulted between the two committees?

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I am happy to yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I just would like to point out to the gentleman and to the Members that the gentleman spoke vehemently against the Bedell amendment in the Agriculture Committee, did he not?

Mr. STENHOLM. Yes; but I did not know what I was talking on. That is why I was opposing it. I did not even see it. I did not have a copy of the amendment before we voted on it.

Mr. VOLKMER. Mr. Chairman, if the gentleman will yield further, it is the same amendment that we had in July and that we took up and debated, and the gentleman had a copy long before.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Kansas.

Mr. ROBERTS. Mr. Chairman, that is exactly the point. With the time constraints, I did not even have a chance to read into the record or for my colleagues to listen about the enforcement problems.

Who is going to enforce this act? There are treble damages, and if you reduce your acreage base, if you are caught selling your grain to your neighbor to his feed lot.

Now, that is just a small portion of this and we did not even get a chance to address it under these time constraints.

Mr. STENHOLM. Mr. Chairman, that is a fact. Most members of the Agriculture Committee did not see the Bedell amendment before it was voted on.

My second point is that I served on the State ASC committee during the previous administration. I am a very strong believer in the county-elected ASC system. Were this amendment to pass and a referendum occur next February, the policing of this certificate system will be tremendous.

I cannot say that we should not allow we farmers to vote. My opposition to the Bedell amendment is, Vote on what? This amendment, we should have spent more time on it if we wanted farmers to vote on it. We voted, we debated, we spent considerable time on the Volkmer amendment, and the House Agriculture Committee voted it down twice, 24 to 17 and 22 to 19.

The collective best judgment on the House Agriculture Committee is that we should not go to mandatory-referendum-certificated penalties on individuals who want to grow corn and wheat. That was the collective judgment of the House Agriculture Committe, not the Bedell amendment.

Nowhere were we ever in agreement that this is the direction to go. I think it is a cruel hoax on our farmers who do need the increased income, no question about that. We must have increased income, but I submit that nothing in this farm bill as it is, as is proposed by any amendment, is going to take care of the short-term economic farm problems in Iowa, in Texas, or the United States. Until we bring about a balanced budget for the Government of the United States, our farmers are going to continue to take it on the chin, and for us to make the kind of changes suggested and to take the Bedell approach, which is a compromise and again I commend the gentleman for his efforts to try to bring it about and I believe the gentleman would agree that we have tried to be helpful in some of the areas to try to make it work better; but it is physically impossible to do it under the current structure of the amendment.

I urge support for the Madigan amendment.

PARLIAMENTARY INQUIRY

Mr. de la GARZA. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. de la GARZA. Mr. Chairman, under the unanimous-consent agreement on the time and on opening the bill for amendment at any point, does the Chair intend to proceed title by title?

The CHAIRMAN. It is the intention of the Chair to proceed title by title for amendments.

Mr. de la GARZA. I thank the Chair.

Mr. Chairman, one of our concluding speakers is on the way. I wonder if the gentleman from Illinois would agree to yield time to one of his speakers on his side at this point.

□ 1145

Mr. MADIGAN. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska [Mr. Bereuter].

Mr. BEREUTER. I thank the gentleman for yielding this time to me.

Mr. Chairman, I have complimented the committee previously in the general debate; please consider this a reiteration of those compliments I have a very short period of time to discuss this amendment which is crucial to the future of my State, and much like the gentleman from Kansas, Mr. Roberts, I believe that if this was a California economy in total jeopardy or a New England economy, we would have adequate time to discuss it, even a special session if necessary.

I am probably one of those 5 percent or less of the Members of this body who does not have his feet set firmly in concerete on this particular issue at the moment, but I do have a couple of questions.

First of all, I recall the words, for example, of my colleague, the gentleman from North Dakota [Mr. Dorgan], who said; "what we have is not working," and he is absolutely right. On the other hand, the Bedell alternative is a very high-risk proposal. It is a high-risk proposal because basically we will be in competition with the European Community, and I think it is crucial that we not take out of production a third of our land or more because the dislocation, in the agribusiness community on mainstreet America, in whole communities, and in whole States and regions of the country even with a farm economy with restored health, is going to be incredible.

Farmers voting on a referendum are voting not just for themselves and their families but for everyone in States like Nebraska and the whole western Grain Belt. Therefore, I think that Members of Congress who support the Bedell referendum, if it is approved by the farmers in February, are simply going to have to commit themselves if events prove it necessary to the extraordinarily large export subsidies to avoid that kind of dislocation. I think that is a commitment that Members of Congress must understand and accept if they support the Bedell amendment here.

I would ask the gentleman from Iowa [Mr. Bedell] if he would respond quickly to a couple of questions.

Mr. BEDELL. I would be glad to.

Mr. BEREUTER. One: I assume that the export subsidies provided for under the gentleman's alternative do not carry with them cargo preference requirements with those subsidies.

Mr. BEDELL. That is the intent of the author.

Mr. BEREUTER. I thank the gentleman.

I would also hope that if, in fact, the Bedell amendment referendum is sustained in this bill and approved by the farm voters, that the Committee on Agriculture, with the leadership of the chairman and the leadership of the gentleman from Iowa [Mr. Bedell] would serve as a forum for discussions between now the passage of the farm bill and the referendum date so that the Nation might have the benefit of a full public dialog on this issue, because the future of so many American people and whole States are affected by the outcome of such a referendum.

Mr. BEDELL. I completely agree with the gentleman and that would certainly be my intent.

Mr. BEREUTER. I thank the gentleman.

Mr. Chairman, I would vote the agriculture groups are extremely divided on this issue. Even within the farm and agribusiness groups that have taken positions one finds, great division of opinion: So I believe it is essential, with the largest surpluses of grain in the history of the world out there, with bumper crops all over America today, that again we come back and carefully reexamine the kinds of export subsidies that will be required to meet and beat the subsidized competition of the European Economic Community and other competitive Nations. I hope that in debate here and in conference, we look for alternatives to the status quo of existing farm programs that will work, including the Stangeland-Roberts Marketing Loan approach as well.

The CHAIRMAN. The Chair will announce that the gentleman from Illinois [Mr. Madigan] has 3 minutes remaining and the gentleman from Texas [Mr. de la Garza] has 12 minutes remaining.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the distinguished majority whip, the gentleman from Washington [Mr. Foley].

Mr. FOLEY. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in opposition to the Madigan amendment. This bill has been the subject of long and very difficult debate for not only weeks, but months, of work by the Committee on Agriculture, and on a number of occasions the committee was sharply divided and not, I might say, usually on partisan grounds. It was usually divided among both sides of the aisle on various issues. This is one such division. There was a divided vote, and a relatively close vote, on retaining the so-called Bedell referendum in the bill.

It was, however, decided by the committee to make this an integral part of the Committee on Agriculture's report on the farm bill of 1985, and I urge all Members on both sides of the aisle, to the extent I can, to keep the bill together so we can bring this bill forward as a unified report of the Committee on Agriculture.

I might note that almost without exception, we have stayed with the Committee bill so far in this consideration. Since through the the consideration of earlier titles we have stayed with the committee position, and I would hope Members will stay with the committee position on this and allow the Bedell amendment and the Bedell referendum to continue to be a part of the farm bill as reported by the House of Representatives.

Mr. MADIGAN. Mr. Chairman, I yield 1 minute to the gentleman from Colorado [Mr. Brown].

Mr. BROWN of Colorado. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of the Madigan amendment, not in opposition to the gentleman from Iowa because he is a man of compassion and has a sincere interest in the lot of farmers.

Mr. Chairman, this amendment is a disaster for agriculture, and let me suggest why. We have heard from the gentleman from Minnesota, from the gentleman from Kansas, and others. If we look at the cost of transporting an animal, from the growing areas of this country to the Canadian and Mexican borders, that cost is going to run, for a 750-pound animal, from about $10 to $25. The cost differential for feeding that animal in Mexico or Canada under this bill, with $2 a hundred difference in the price of corn, will be from $50 to $75. This bill will cause the export of our livestock for feeding with less expensive grain.

What we are talking about is providing an incentive to remove animals from this country for livestock feeding overseas. We are talking about decimating the best customers our grain farmers have. The shift outside the country will occur because the cost of feeding will be enough cheaper outside the country to offset the cost of transportation. Remember that we don't have a quota on importing the animals after they have been fed.

Anyone who knows the feeding process in Iowa, in Minnesota, in North Dakota, and South Dakota, knows this will be a disaster for their people. The bill will dramatically reduce the domestic consumption of grain. The bill will drive the grain farmers best customer out of the country because of the price differential.

The higher cost of feeding in the United States will eliminate much of our $4.2 billion in annual exports of meat and related products. Our exports will be reduced because it will be less expensive for the products to be produced overseas than in the United States if the Bedell amendment passes.

Mr. de la GARZA. Mr. Chairman, I move to strike the requisite number of words, and I take this time on behalf of our committee to thank all the Members for their attendance and attention to this very important amendment.

Again, Mr. Chairman, I ask my colleagues to stay with the committee. We labored long and hard.

This process began at the beginning of last year. We had hearings throughout the country, and then at the beginning of July we began the markup process. Unfortunately, we find ourselves here on the floor at this late date, at this point in time, due to the budget process, of having to comply with the budget requirements. Our fiscal 1986 budget was not finished until August, and that is why we were forced to wait until now to bring the bill to the floor. But at last, the long process is nearing an end.

There are great philosophical differences on one issue or another before the House, but let me say that where we are now is that we have on the extreme right a submission of the President that was not embraced by anyone. We have on the extreme left a proportion that would be mandatory for everyone and would include, nonetheless, a referendum, but would not be acceptable to the House—as was seen by the action on the proposal offered by our colleague, the gentleman from Missouri [Mr. Volkmer].

Then we go toward the center, and somewhat to the right we have what came from the subcommittee, a more or less standard loan rate and target price, with some modifications, freezing target levels and trying not to reduce income, which has been our intent all along.

Then on the other side of that center line we have the proposal by our distinguished colleague, the gentleman from Iowa [Mr. Bedell].

So we have then, I would say, the best of two worlds. We have a proposition, the norm, from the subcommittee which would be a fallback to the proposition offered by the gentleman from Iowa, and this would then give the farmers an opportunity to vote.

I am not going to discuss who votes and who does not vote under the Bedell proposal. Perhaps even that could be refined later. The issue is, again, that agriculture is in very difficult circumstances, and I have said, and someone may wonder if I am changing position, and I am not, that we cannot do radical surgery. It is too much of a risk; too much of a gamble. This proposal is not new. It has been tried before, but certainly it is an opportunity for us to go the center, to take two routes.

Farmers will choose. Do they go the standard way or do they go this other way. Related provisions regarding exports we have further down the line in another section. Those provisions address how we would utilize the tools of government to try and stabilize the export situation.

What we need to do at this point, we have to sell what we produce. We do not produce to store it, whoever pays for it. We have to sell what we produce. Again, I repeat my phrase. It is not a question of supply and demand but, rather demand and supply.

□ 1155

We are working toward that end with the committee bill. We are seeking to anticipate future production trends. Some of the experts predict, Luther Tweeten, for example, predicts, that inbalance of supply and demand would be almost the same from now until the end of the century, almost the same every year.

Further, we have to be able to deal with, we should be dealing with, the variable prices weekly. We need the tools to do this. The Bedell proposal allows us a shorter span of time to deal with the variables in the prices.

What the farmer needs is not charity, nor food stamps. Basically, I would say respectfully not even understanding or sympathy. He needs the price for his crop.

We do not have unlimited supplies of money. The Treasury does not have unlimited funds to just prop up and pay the farmer for whatever he grows, however much he needs or we need for a reliable supply into the marketplace here and abroad.

So that, Mr. Chairman, is very briefly, without passion, just an attempt to state as best I can the facts. We think that we have in the committee version a proposal that is compatible with what we perceive to be the needs, and now is not the time to turn our backs on the farmer. We need to do something.

There are differences of opinion. You have seen that there are differences of opinion.

But I think, even on a close vote, that it is very difficult for Members from a particular district—it is very hard, Mr. Chairman—to see a farmer or visit with the farmer who tells you with tears in his eyes, "Do something. Do something."

This is an attempt to try to do something somewhere near the center in a way that provides the farmers two alternatives, and then let them choose: this or that. I would hope that the membership of the House would support the committee and stay with the committee to allow farmers to make that choice.

The CHAIRMAN. The gentleman from Texas [Mr. de la Garza] has 5½ minutes remaining.

Mr. de la GARZA. Mr. Chairman, I yield back the balance of my time.

Mr. MADIGAN. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Illinois [Mr. Madigan] is recognized for 2 minutes.

Mr. MADIGAN. Mr. Chairman, I want to read into the Record the list of the farm organizations that do not agree with the gentleman from Iowa [Mr. Bedell] and his provision: the National Cattlemen's Association, the American Farm Bureau Federation, the National Grange, the National Grain and Feed Association, the National Pork Producers Council, the National Association of Wheat Growers, the National Corn Growers Association, and the American Soybean Association. They all oppose the provision by the gentleman from Iowa [Mr. Bedell] and support the motion to strike.

Is it possible that all of those farm organizations are wrong and that the gentleman from Iowa [Mr. Bedell] is right? I suppose that is possible, but it is not very likely.

Let me read the list of the business organizations that say we would lose jobs in America if the Bedell provision becomes law: the American Bakers Association, the American Cotton Shippers Association, the American Meat Institute, the Florida Phosphate Council, the Food Marketing Institute, the Independent Bakers Association, the Milk Industry Foundation, Millers' National Foundation, the National-American Wholesale Grocers Association, and the National Broiler Council. All those business organizations are against Bedell and for the motion to strike. It is unlikely that they are all wrong.

With regard to another provision in the bill, the gentleman from Texas [Mr. de la Garza], our distinguished chairman, said it was no time to gamble with untried ideas. I suggest to the gentleman, ladies and gentlemen of the Committee of the Whole, that that is no less true with regard to the Bedell provision.

Questions have been raised by the Congressional Budget Office that have never been answered by the proponents. Questions have been raised by the Trade Department in the Department of Agriculture that have never been answered.

I have a letter from the Special Trade Representative opposing the Bedell provision and saying it was not corrected with regard to the trade deficiencies by the amendment adopted the day before yesterday.

I urge everyone who cares about the future of agriculture in America to support the motion to strike, and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. Madigan].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MADIGAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 251, noes 174, not voting 9, as follows:

[Roll No. 333]

AYES—251

Ackerman
Anderson
Andrews
Applegate
Archer
Armey
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bates
Bentley
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Bonker
Boucher
Boulter
Breaux
Broomfield
Brown (CO)
Broyhill
Bruce
Burton (IN)
Byron
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clinger
Coats
Cobey
Coble
Combest
Conte
Coughlin
Courter
Craig
Crane
Daniel
Dannemeyer
Daub
Davis
DeLay
DeWine
Dicks
DioGuardi
Dornan (CA)
Dreier
Duncan
Durbin
Dyson
Early
Eckart (OH)
Eckert (NY)
Emerson
Fawell
Fiedler
Fields
Fish
Flippo
Frank
Franklin
Frenzel
Fuqua
Gallo
Gekas
Gibbons
Gilman
Gingrich
Goodling
Gray (IL)
Green
Gregg
Grotberg
Hamilton
Hammerschmidt
Hansen
Hartnett
Heftel
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Horton
Hubbard
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Kanjorski
Kaptur
Kasich
Kemp
Kennelly
Kolbe
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach (IA)
Lehman (FL)
Lent
Levine (CA)
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Loeffler
Long
Lott
Lowery (CA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan

Markey
Marlenee
Martin (IL)
Martin (NY)
Mazzoli
McCain
McCandless
McCloskey
McCollum
McDade
McGrath
McKernan
McKinney
McMillan
Meyers
Michel
Mikulski
Miller (OH)
Miller (WA)
Molinari
Monson
Montgomery
Moore
Moorhead
Morrison (WA)
Mrazek
Myers
Nelson
Nielson
Nowak
O'Brien
Olin
Oxley
Packard
Parris
Pashayan
Pease
Petri
Pickle
Porter
Pursell
Quillen
Ray
Regula
Reid
Ridge
Rinaldo
Ritter
Roberts
Roemer
Rogers
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Rudd
Saxton
Schaefer
Schneider
Schroeder
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Siljander
Skeen
Slaughter
Smith (IA)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
Staggers
Stangeland
Stenholm
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swindall
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Vander Jagt
Visclosky
Vucanovich
Walker
Waxman
Whitehurst
Whittaker
Wolf
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Zschau

NOES—174

Akaka
Alexander
Annunzio
Anthony
Aspin
Atkins
Bedell
Beilenson
Bennett
Bereuter
Bevill
Boner (TN)
Bonior (MI)
Borski
Bosco
Boxer
Brooks
Brown (CA)
Bryant
Burton (CA)
Bustamante
Callahan
Coelho
Coleman (MO)
Coleman (TX)
Collins
Conyers
Cooper
Coyne
Crockett
Darden
Daschle
de la Garza
Dellums
Derrick
Dickinson
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Dwyer
Dymally
Edgar
Edwards (CA)
Edwards (OK)
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Florio
Foglietta
Foley
Ford (TN)
Fowler
Frost
Garcia
Gaydos
Gejdenson
Gephardt
Glickman
Gonzalez
Gordon
Gray (PA)
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hatcher
Hawkins
Hayes
Hefner
Hertel
Howard
Hoyer
Huckaby
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kildee
Kleczka
Kolter
Lantos
Leath (TX)
Lehman (CA)
Leland
Levin (MI)
Lipinski
Lloyd
Lowry (WA)
Manton
Martinez
Matsui
Mavroules
McCurdy
McHugh
Mica
Miller (CA)
Mineta
Mitchell
Moakley
Mollohan
Moody
Morrison (CT)
Murphy
Murtha
Natcher
Neal
Nichols
Oakar
Oberstar
Obey
Ortiz
Owens
Panetta
Penny
Pepper
Perkins
Price
Rahall
Rangel
Richardson
Robinson
Roe
Rose
Roybal
Russo
Sabo
Savage
Scheuer
Schuette
Seiberling
Shelby
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (NE)
St Germain
Stallings
Stark
Stokes
Swift
Synar
Tallon
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Volkmer
Walgren
Watkins
Weaver
Weber
Weiss
Wheat
Whitley
Whitten
Williams
Wilson
Wirth
Wise
Wolpe
Young (MO)

NOT VOTING—9

Addabbo
Berman
Clay
Ford (MI)
Gradison
Kindness
McEwen
Rodino
Wright

□ 1220

Mr. PERKINS, Mr. ANNUNZIO, and Mrs. LLOYD changed their votes from "aye" to "no."

Mrs. LLOYD, Mrs. BOGGS, Mrs. SCHROEDER, Mr. CHAPPEL, and Mr. DICKS changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. WEAVER. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Oregon [Mr. WEAVER] is recognized for 5 minutes.

There was no objection.

Mr. WEAVER. Mr. Chairman, with that vote we just placed the American farmer in his grave. It was his last hope and his last chance.

I talked to Members, and I asked them why they voted "aye," and most of them responded that they thought it was just another price-support program. That is exactly what the Bedell language was not.

It was to give the farmer a chance to control supply with marketing certificates, to bring it into balance with demand so the price could rise to a point where he could make a profit, pay off his debts, and stay in business producing food for this country. Now he has no chance.

The supports in the bill are so low that they are tantamount to bankruptcy, and that is what is going to happen now to the average American farmer. He no longer has a hope. A few fat cats will stay in business. Perhaps some Members were called by some fat cats and told to support the Madigan amendment. But the average American farmer in this country knew that this was his last hope, and I only hope that somehow, some way, we can get into this bill or a bill soon after some kind of language to allow the American farmer to control his own supply, to be a businessman and produce what the market will take.

Remember, and I wish we had been able to get the message across, the Bedell language was simply a way the farmer controlled his supply. It was not a price-support program that raised Government spending. It would have cut tens of billions of dollars from the deficit, tens of billions of dollars of deficit reduction had the Bedell language become law. It would have raised the prices for the farmers who could have stayed in business.

I deeply, deeply regret the action.

When I came to Congress 10 years ago this was the language I wanted to see in the farm bill, and I had hoped finally we could have done that. I am sorry we voted this way, but the will of the House is the will of the House.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Are there any amendments to title VI, cotton?

Are there any amendments to title VII, rice?

Are there any amendments to title VIII, peanuts?

AMENDMENT OFFERED BY MR. LUNDINE

Mr. LUNDINE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment Offered By Mr. LUNDINE: Page 159, strike out line 2 and all that follows through line 12 on page 185, and insert in lieu thereof the following:

NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA

SEC. 801. Effective only for the 1986 through 1988 crops of peanuts, subsections (k) through (p) of section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(k)–(p)) are amended to read as follows:

"(k) The national poundage quota for peanuts for each marketing year shall be 800,000 tons for 1986; 600,000 tons for 1987; and 400,000 tons for 1988.

"(l) The national poundage quota established under subsection (k) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(m)(1) A farm poundage quota shall be established for each farm which had a farm poundage quota for the 1985 crop year.

"(2) The poundage quota apportioned to a State under subsection (1) of this section shall be allocated among such farms in the State so that the poundage quota allocated to each farm shall be equal to the percentage of the poundage quota allocated to such farm for 1985.

"(n)(1) For each farm for which a farm poundage quota was established for the 1985 crop of peanuts, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each farm.

"(2) Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1981 through 1985.

"(3) In the event that peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(o)(1) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second and third years of the period.

"(2) The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held.

"(3) If more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(p) For the purposes of this part and title I of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.):

"(1) The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (m) of this section—

"(A) that are eligible for demestic edible use as determined by the Secretary,

"(B) that are marketed or considered marketed from a farm, and

"(C) that do not exceed the farm poundage quota of such farm for such year.

"(2) The term 'additional peanuts' means, for any marketing year—

"(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and

"(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (m) of this section.

"(3) The term 'crushing' means—

"(A) the processing of peanuts to extract oil for food uses and meal for feed uses, or

"(B) the processing of peanuts by crushing or processing into flakes or otherwise when authorized by the Secretary.

"(4) The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 802. Effective only for the 1986 through 1988 crops of peanuts, subsections (i) and (j) of section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a (i) and (j)) are amended to read as follows:

"(i)(1) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm.

"(2) The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same country or in a county contiguous to such county in the same State and that had a farm poundage quota for the 1985 crop.

"(3) Notwithstanding the foregoing provisions of this subsection—

"(A) in the case of any county in any State for which the poundage quota allocated to the State was less than 10,000 tons for the 1985 crop,

"(B) in any other State, in the case of any county for which the poundage quota allocated to the county was less than 10,000 tons for the 1985 crop, and

"(C) in the cae of any farm in any county in which the farm poundage quota established for the farm was not produced on the farm during any two of the three marketing years preceding the year of which the determination is being made, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(j) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

"(2) No transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590H(b)) determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota.

"(3) No transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section.

"(4) Such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 803. Effective only for the 1986 through 1988 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by striking out subsections (f) through (l) and inserting in lieu thereof the following new subsections:

"(f)(1)(A) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year in which such marketing occurs.

"(B) For purposes of this section, the marketing year for peanuts shall be the twelve-month period beginning on August 1 and ending on July 31.

"(C) The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are either—

"(i) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers,

"(ii) marketed through an area marketing association designated pursuant to section 108B(e)(1) of the Agricultural Act of 1949, or

"(iii) marketed under contracts between handlers and producers, pursuant to the provisions of subsection (j) of this section.

"(D)(i) Such penalty shall be paid—

"(I) by the person who buys or otherwise acquires the peanuts from the producer, or

"(II) if the peanuts are marketed by the producer through an agent, by such agent.

"(ii) If a person or agent is required to pay a penalty under clause (i) of this subparagraph, such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

"(E) If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty.

"(F) Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins.

"(G) If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 35B(n) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. The penalty in respect thereof shall be paid and remitted by the producer.

"(2)(A) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

"(B) Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document may not be considered marketing violations except in cases of fraud or conspiracy.

"(g)(1) Only quota peanuts may be retained for use as seed or for other uses on a farm.

"(2) Peanuts retained under paragraph (1) shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under section 395(c) of this Act, are unique strains, and are not commercially available.

"(3) Additional peanuts may not be retained for use on a farm and may not be marketed for domestic edible use, except as provided in subsection (k) of this section.

"(4) Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(h) On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(i)(1) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designed pursuant to section 108B(e)(1) of the Agricultural Act of 1949.

"(2) Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(3) Failure by the handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

"(j) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval prior to August 1 of the year in which the crop is produced.

"(k)(1) Subject to the provisions of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427), any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary.

"(2) Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all cost incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(A) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season on delivery by the producer,

"(B) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer by not later than December 31 of the marketing year, or

"(C) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

"(3) For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(e)(1) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price as determined under this section equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this paragraph in order to facilitate the orderly marketing of additional peanuts.

"(l)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate of interest which was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4)(A) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulations may prescribe.

"(B) The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and may not be reviewable by any other officer or agency of the Government.

"(C) Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations.

"(D) All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that—

"(A) the violation on which the penalty is based was minor or inadvertent, and

"(B) the reduction of the penalty will not impair the operation of the peanut program.

"(m) Notwithstanding any other provision of law, the Secretary may not permit peanuts which are otherwise ineligible for price support as quota peanuts because of defects, as determined by the Secretary, to be eligible for price support at levels applicable to quota peanuts regardless of whether the quota allocated to the farm has been fully utilized for the crop year. The Secretary may, if deemed necessary, make peanuts so ineligible for price support as quota peanuts, if they have been pledged as collateral for a price support loan, available to buyers for seed use or edible use at prices which are applicable to quota peanuts.".

PRICE SUPPORT PROGRAM

SEC. 804. Effective only for the 1986 through 1988 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A (7 U.S.C. 1445c-1)) the following new section:

"SEC. 108B. Notwithstanding any other provision of law: "(a)(1) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1986 through 1988 crops.

"(2) Except as provided in paragraphs (3) and (4) of this subsection, the national average quota support rate for each of the 1986 through 1988 crops of quota peanuts shall be $500 per ton for the 1986 crop, $480 per ton for the 1987 crop, and $460 per ton for the 1988 crop.

"(3) The Secretary may increase the national average quota support rate for a crop of peanuts prescribed under paragraph (2) by an account determined by the Secretary, taking into account the factors referred to in section 401(b) of this Act.

"(4) Such levels of support may not be reduced by any deductions for inspection, handling, or storage, except that the Secretary may make adjustments for the location of peanuts and such other factors as are authorized by section 403 of this Act.

"(b)(1) Except as provided in paragraph (2) of this subsection, the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1988 crops at such levels as the Secretary finds appropriate, taking into account the factors referred to in section 401(b) of this Act.

"(2) The Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(c)(1) Except as provided in paragraph (2) of this subsection, the Secretary shall make price support available to producers through loans, purchases, or other operations on peanuts of the 1989 crop at such level as the Secretary finds appropriate, taking into account the factors referred to in section 401(b) of this Act.

"(2) The Secretary shall set the support rate at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(d) The Secretary shall announce each of the levels of support determined under subsection (b) or (c) not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(e)(1)(A) In carrying out subsections (a), (b), and (c) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.11 of title 7, Code of Federal Regulations (1984 ed.)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purposes of conducting such loan activities.

"(B) The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and in section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(C) Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(D) Loans made under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(2)(A) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by type, area, and segregation for—

"(i) quota peanuts of the 1986 through 1988 crops handled under loan,

"(ii) additional peanuts of the 1986 through 1988 crops placed under loan,

"(iii) additional peanuts produced without a contract between a handler and a producer as described in section 359(j) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359(j)), and

"(iv) all peanuts of the 1989 crop placed under loan.

"(B) Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each producer.

"(C) For the 1986 through 1988 crops, net gains for peanuts in each pool shall consist of—

"(i) for quota peanuts—

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool, plus

"(II) an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts, and

"(ii) for additional peanuts—

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts, less

"(II) any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i) of this subparagraph.

"(D) Notwithstanding any other provision of this section, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such producer.

"(E) For the 1989 crop, net gains shall be the amount over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool.

"(f) Notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any of the 1986 through 1988 crops of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(o) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(o)).".

REPORTS AND RECORDS

SEC. 805. Effective only for the 1986 through 1988 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 806. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1989 crops of peanuts:

(1) Subsections (a) through (j) of section 358 (7 U.S.C. 1358(a)-(j));

(2) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a(a)-(h));

(3) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359(a), (b), (d), and (e));

(4) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.); and

(5) Section 371 (7 U.S.C. 1371).

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1989 crops of peanuts.

Mr. LUNDINE [during the reading]. Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Under the unanimous-consent request that was agreed to, 1 hour will be devoted to this title and all amendments thereto.

PARLIAMENTARY INQUIRIES

Mr. MADIGAN. I thank the Chair for that clarification. That time is to be evenly divided between the majority and the minority; is that the understanding, Mr. Chairman?

The CHAIRMAN. This title and all amendments thereto. Time has not been allocated.

Mr. ROSE. Mr. Chairman, I thought our understanding was that time would be divided between the proponents and the opponents of the Lundine amendment. That was my understanding.

Mr. MADIGAN. I am trying to establish the parameters of the agreement. If that is the agreement, I have no objection to it. I just want to be sure that everbody understands whatever it is that we have got here.

Mr. ROSE. I thought that was our understanding. I will be happy to accommodate any Member on the gentleman's side who wishes to speak in opposition to the Lundine amendment.

Mr. MADIGAN. Mr. Chairman, is it the Chair's understanding that the time on peanuts is divided between the proponents and opponents?

The CHAIRMAN. That is correct.

Mr. MADIGAN. May we then identify who is managing the time for the proponents and opponents?

Mr. ROSE. May I inquire, Mr. Chairman, does the gentleman from Illinois have the time?

The CHAIRMAN. The gentleman from Illinois has the time.

Mr. ROSE. Mr. Chairman, I would request that I be allowed to manage the time for the opponents of the Lundine amendment, and Mr. LUNDINE can capably manage his own 30 minutes.

Mr. MADIGAN. So that the time would be evenly divided between Mr. ROSE and Mr. LUNDINE.

Mr. ROSE. Yes. sir.

Mr. MADIGAN. I have no objection to that.

The CHAIRMAN. The Chair intends to recognize the gentleman from New York [Mr. LUNDINE], but before the Chair does that, let the Chair announce that there is another amendment to this title which may be offered.

Mr. LUNDINE. Mr. Chairman, I ask unanimous consent that debate on the Lundine amendment be restricted to 50 minutes, to be equally divided.

Mr. Chairman, I will inform the minority that I will honor requests for time in favor of the amendment, as Mr. ROSE has indicated he will to those opposed.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LUNDINE. Mr. Chairman, I have a technical amendment to the Lundine amendment to H.R. 2100. This technical amendment has been shared with both the majority and minority counsel, and I ask unanimous request to modify my amendment in conformity with the technical amendment.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read the modification as follows:

Modification offered by Mr. LUNDINE to the amendment offered by Mr. LUNDINE: In section 804, strike out "Effective only for the 1986 through 1988 crops of peanuts," and substitute in lieu thereof "Effective only for the 1986 through 1990 crops of peanuts,".

In section 804, in the amendment that adds section 108B to the Agriculture Act of 1949:

Strike out in section 108B(c)(1), "of the 1989 crop" and insert in lieu thereof "of each of the 1989 and 1990 crops,";

Strike out in section 108B(e)(2)(A)(iv) and section 108B(e)(2)(E), "1989 crop" and insert in lieu thereof "1989 and 1990 crops".

In sections 806 and 807, strike out "1986 through 1989" and substitute in lieu thereof "1986 through 1990".

Mr. LUNDINE (during the reading). Mr. Chairman, I ask unanimous consent that the modification be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Without objection, the modification is agreed to.

There was no objection.

The text of the Lundine amendment, as modified, is as follows:

Amendment offered by Mr. LUNDINE, as modified: Page 159, strike out line 2 and all that follows through line 12 on page 185, and insert in lieu thereof the following:

NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA

SEC. 801. Effective only for the 1986 through 1988 crops of peanuts, subsections (k) through (p) of section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(k)-(p)) are amended to read as follows:

"(k) The national poundage quota for peanuts for each marketing year shall be 800,000 tons for 1986; 600,000 tons for 1987; and 400,000 tons for 1988.

"(1) The national poundage quota established under subsection (k) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(m)(1) A farm poundage quota shall be established for each farm which had a farm poundage quota for the 1985 crop year.

"(2) The poundage quota apportioned to a State under subsection (1) of this section shall be allocated among such farms in the State so that the poundage quota allocated to each such farm shall be equal to the percentage of the poundage quota allocated to such farm for 1985.

"(n)(1) For each farm for which a farm poundage quota was established for the 1985 crop of peanuts, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each farm.

"(2) Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1981 through 1985.

"(3) In the event that peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(o)(1) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second and third years of the period.

"(2) The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held.

"(3) If more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(p) For the purposes of this part and title I of the Agriculture Act of 1949 (7 U.S.C. 1441 et seq.):

"(1) The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (m) of this section—

"(A) that are eligible for domestic edible use as determined by the Secretary,

"(B) that are marketed or considered marketed from a farm, and

"(C) that do not exceed the farm poundage quota of such farm for such year.

"(2) The term 'additional peanuts' means, for any marketing year—

"(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and

"(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (m) of this section.

"(3) The term 'crushing' means—

"(A) the processing of peanuts to extract oil for food uses and meal for feed uses, or

"(B) the processing of peanuts by crushing or processing into flakes or otherwise when authorized by the Secretary.

"(4) The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 802. Effective only for the 1986 through 1988 crops of peanuts, subsections (i) and (j) of section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 135a (i) and (j)) are amended to read as follows:

"(i)(1) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm.

"(2) The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the 1985 crop.

"(3) Notwithstanding the foregoing provisions of this subsection—

"(A) in the case of any county in any State for which the poundage quota allocated to the State was less than 10,000 tons for the 1985 crop,

"(B) in any other State, in the case of any county for which the poundage quota allocated to the county was less than 10,000 tons for the 1985 crop, and

"(C) in the case of any farm in any county in which the farm poundage quota established for the farm was not produced on the farm during any two of the three marketing years preceding the year for which the determination is being made,

all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(J) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

"(2) No transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota.

"(3) No transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section.

"(4) Such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 803. Effective only for the 1986 through 1988 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by striking out subsections (f) through (l) and inserting in lieu thereof the following new subsections:

"(f)(1)(A) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year in which such marketing occurs.

"(B) For purposes of this section, the marketing year for peanuts shall be the twelve-month period beginning on August 1 and ending on July 31.

"(C) The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are either—

"(i) placed under loan at the additional loan rate in effect for such peanuts under section 1088 of the Agricultural Act of 1949 and not redeemed by the producers,

"(ii) marketed through an area marketing association designated pursuant to section 1088(e)(1) of the Agricultural Act of 1949, or

"(iii) marketed under contracts between handlers and producers, pursuant to the provisions of subsection (j) of this section.

"(D)(i) Such penalty shall be paid—

"(I) by the person who buys or otherwise acquires the peanuts from the producer, or

"(II) if the peanuts are marketed by the producer through an agent, by such agent.

"(ii) If a person or agent is required to pay a penalty under clause (i) of this subparagraph, such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

"(E) If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty.

"(F) Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins.

"(G) If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(n) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. The penalty in respect thereof shall be paid and remitted by the producer.

"(2)(A) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

"(B) Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document may not be considered marketing violations except in cases of fraud or conspiracy.

"(g)(1) Only quota peanuts may be retained for use as seed or for other uses on a farm.

"(2) Peanuts retained under paragraph (1) shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.

"(3) Additional peanuts may not be retained for use on a farm and may not be marketed for domestic edible use, except as provided in subsection (k) of this section.

"(4) Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(h) On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(i)(1) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(e)(1) of the Agricultural Act of 1949.

"(2) Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(3) Failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

"(j) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval prior to August 1 of the year in which the crop is produced.

"(k)(1) Subject to the provisions of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427), any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary.

"(2) Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(A) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season on delivery by the producer,

"(B) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer by not later than December 31 of the marketing year, or

"(C) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

"(3) For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(e)(1) of the Agricultural Act of 1949 shall have the sole authority to accept or reject lot list bids when the sales price as determined under this section equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this paragraph in order to facilitate the orderly marketing of additional peanuts.

"(l)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate of interest which was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4)(A) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulations may prescribe.

"(B) The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and may not be reviewable by any other officer or agency of the Government.

"(C) Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination mady by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations.

"(D) All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that—

"(A) the violation on which the penalty is based was minor or inadvertent, and

"(B) the reduction of the penalty will not impair the operation of the peanut program.

"(m) Notwithstanding any other provision of law, the Secretary may not permit peanuts which are otherwise ineligible for price support as quota peanuts because of defects, as determined by the Secretary, to be eligible for price support at levels applicable to quota peanuts regardless of whether the quota allocated to the farm has been fully utilized for the crop year. The Secretary may, if deemed necessary, make peanuts so ineligible for price support as quota peanuts, if they have been pledged as collateral for a price support loan, available to buyers for seed use or edible use at prices which are applicable to quota peanuts.".

PRICE SUPPORT PROGRAM

SEC. 804. Effective only for the 1986 through 1990 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A (7 U.S.C. 1445c-1) the following new section:

"SEC. 108B. Notwithstanding any other provision of law:

"(a)(1) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1986 through 1988 crops.

"(2) Except as provided in paragraphs (3) and (4) of this subsection, the national average quota support rate for each of the 1986 through 1988 crops of peanuts shall be $500 per ton for the 1986 crop, $480 per ton for the 1987 crop, and $460 per ton for the 1988 crop.

"(3) The Secretary may increase the national average quota support rate for a crop of peanuts prescribed under paragraph (2) by an amount determined by the Secretary, taking into account the factors referred to in section 401(b) of this Act.

"(4) Such levels of support may not be reduced by any deductions for inspection, handling, or storage, except that the Secretary may make adjustments for the location of peanuts and such other factors as are authorized by section 403 of this Act.

"(b)(1) Except as provided in paragraph (2) of this subsection, the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1988 crops at such levels as the Secretary finds appropriate, taking into account the factors referred to in section 401(b) of this Act.

"(2) The Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(C)(1) Except as provided in paragraph (2) of this subsection, the Secretary shall make price support available to producers through loans, purchases, or other operations on peanuts of each of the 1989 and 1990 crops, at such level as the Secretary finds appropriate, taking into account the factors referred to in section 401(b) of this Act.

"(2) The Secretary shall set the support rate at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(d) The Secretary shall announce each of the levels of support determined under subsection (b) or (c) not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(e)(1)(A) In carrying out subsections (a), (b), and (c) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.11 of title 7, Code of Federal Regulations (1984 ed.)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities.

"(B) The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and in section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(C) Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(D) Loans made under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(2)(A) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by type, area, and segregation for—

"(i) quota peanuts of the 1986 through 1988 crops handled under loan,

"(ii) additional peanuts of the 1986 through 1988 crops placed under loan,

"(iii) additional peanuts produced without a contract between a handler and a producer as described in section 359(j) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359(j)), and

"(iv) all peanuts of the 1989 and 1990 crops placed under loan.

"(B) Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each producer.

"(C) For the 1986 through 1988 crops, net gains for peanuts in each pool shall consist of—

"(i) for quota peanuts—

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool, plus

"(II) an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts, and

"(ii) for additional peanuts—

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts, less

"(II) any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i) of this subparagraph.

"(D) Notwithstanding any other provision of this section, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such producer.

"(E) For the 1989 and 1990 crops, net gains shall be the amount over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool.

"(f) Notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any of the 1986 through 1988 crops of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(o) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(o)).".

REPORTS AND RECORDS

SEC. 805. Effective only for the 1986 through 1988 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 806. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1990 crops of peanuts:

(1) Subsections (a) through (j) of section 358 (7 U.S.C. 1358(a)-(j));

(2) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a(a)-(h));

(3) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359(a), (b), (d), and (e));

(4) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.); and

(5) Section 371 (7 U.S.C. 1371).

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1990 crops of peanuts.

The CHAIRMAN. The gentleman from New York [Mr. LUNDINE] is recognized for 25 minutes.

Mr. LUNDINE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am offering an amendment to the Food and Security Act (H.R. 2100) to phase out the current Peanut Price Support Program over the next 4 years. In 1981, I offered a similar amendment to the farm bill which the House overwhelmingly approved. We should take this action again this year as the Peanut Program remains in dire need of reform.

First, I want to assure my colleagues that my amendment is not an anti-farmer amendment. I am from an agricultural district myself, and the last thing I want to do is to increase the number of farmers facing hard times nearly equal in severity to those suffered during the great depression.

Under the terms of my amendment, any American farmer can grow and market peanuts in the United States, a right currently reserved only to poundage quota owners. The poundage quota is, in effect, a license to grow peanuts and sell them in this country. This exclusive right dates back to the allotments originally granted by the Government to the relatively few farmers growing peanuts in the 1930's.

One aspect of this program which particularly disturbs me is the fact that many quota owners earn handsome profits by leasing their quotas to less privileged farmers who assume all the risks and hardships of actually growing peanuts. In fact, according the U.S. Department of Agriculture [USDA], 50 percent of the quota owners do not farm peanuts themselves, but, instead, lease their quotas to others. This system is unfair to young farmers and those with fewer resources who do not own quota and are deprived of the right to receive a decent price for their crop on the domestic market. In addition, the quota system further distorts the market for peanuts by setting the level of quota at 1.1 million tons, which is 200 to 300 million pounds below the level of domestic demand.

Without the valuable quotas, a farmer can grow peanuts outside the monopolistic quota system, but such peanuts, referred to as additional, are earmarked for less lucrative export market or crushed into oil or meal at prices less than half the price of quota peanuts. Most peanut farmers simply cannot survive but only sells additional peanuts.

Second, the Peanut Program leads to artificially high consumer costs. The USDA estimates that the current program adds an additional 14 percent to the cost of a jar of peanuts ($250 to $300 million per year), a consumer tax which USDA says is on the rise. When we consider that peanut butter is an important source of protein for low-income families, the need for reform in this program is all the more evident.

Additionally, current supply limitations provide very little incentive for development of new food uses for the nutritious peanut. The market for peanut products is stagnating. My amendment would remove these production controls which have become an albatross around the neck of the peanut product market.

As an American consumer, I must pay $2.85 for a 10-pound bag of domestically produced peanuts. If I were to travel abroad, however, I would only have to pay $1.80 for that same bag of American-grown peanuts. Clearly, Mr. Chairman, this is not fair! The reason for this inequity is, as we can see in this graph, that our domestic support price of 28 cents per pound vastly exceeds the free market price of 15 cents per pound. The difference between those two lines is the windfall profit which peanut quota holders have been receiving for the last 50 years at the expense of the American consumer.

My final point, Mr. Chairman, is that this program is a boondoggle which benefits the few at the expense of the many. In fact, USDA data indicates that family farmers are not benefiting from the current program. In this chart, we can see that 3 percent of the 2,300 peanut farms in this country receive $60 million a year, and 17 percent of all peanut farms receive $156 million per year. This represents 60 percent of the consumer subsidy. In other words, well over half of the hidden tax paid by American consumers goes into the pockets of less than 20 percent of America's peanut farmers.

In this next chart, we can see how the 12 largest quota holders earn $250,000 each every year in consumer subsidy because of the excess costs associated with the quota system. To reiterate, Mr. Chairman, what this suggests to me, is that the majority of Americans who produce or could produce peanuts, are clearly being short-shrifted by the current program.

My last chart illustrates that peanut farmers, over the last decade, have been receiving disproportionate returns on their production as compared to farmers who grow corn, cotton, sorghum, soybeans, or wheat. At this point, Mr. Chairman, we need to recall my earlier statement that 50 percent of this profit does not go directly to the farmer, but rather to quota holders who are absentee landlords and never participate in the actual farming.

To conclude, my colleagues, allow me to repeat that my amendment is a proagriculture, proproducer amendment. It will afford to all Americans the right to grow peanuts and to sell them in this country. In addition, it will benefit consumers as it will bring down the cost of peanut products, especially peanut butter which is a dietary staple for many American children and the elderly. Finally, my amendment will reform and deregulate this feudal program and will bring its functioning in line with all other farm programs.

I urge my colleagues to support this amendment.

□ 1235

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. LUNDINE. I yield to the gentleman from Alabama.

Mr. DICKINSON. I appreciate the gentleman's yielding.

As we who are familiar with the product recognize, there is an ongoing tug of war between the producers and the growers and the farmers of peanuts and those who manufacture, who make them into candy and make them into confections and sell them on the retail market. I wonder if the gentleman who has spoken so eloquently on the Peanut Program could tell us how many peanut farmers the gentleman has in his district or in his State?

Mr. LUNDINE. Well, I have approximately 515,000 people who eat peanut products. I do not have any peanut farmers.

Mr. DICKINSON. I am not talking about eating. I am talking about producing. How many farmers does the gentleman have in his district?

Mr. LUNDINE. I do not have any peanut farmers in my district.

Mr. DICKINSON. That is what I thought. The gentleman is not protecting the farmers, he is out there protecting somebody else.

I thank the gentleman.

Mr. HATCHER. Mr. Chairman, will the gentleman yield?

Mr. LUNDINE. I yield to the gentleman from Georgia.

Mr. HATCHER. Is the gentleman aware that in the 1981 farm bill we tightened up the lease and transfer and that in fact for the last 4 years you cannot lease and transfer more than 1 year out of every 3, and that that was an effort to meet the objections the gentleman is speaking of?

Mr. LUNDINE. The improvements we made in the farm bill, in the Peanut Program, in 1981, were because the majority of my colleagues stood up and wanted to do away with an archaic feudalistic program.

The slight improvements made by the Committee on Agriculture this year deserve recognition for the threat of again the program being abolished, but they are very slight.

At this time I would like to reserve the balance of my time so that the other Members who wish to speak on this amendment may do so.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM], a distinguished member of the committee.

Mr. STENHOLM. I would like to follow up, Mr. Chairman, with the last questioning of the gentleman from New York [Mr. LUNDINE] and point out that, as a result of the efforts of the gentleman from New York [Mr. LUNDINE], and others, in the 1981 Farm Act, we have made significant changes in the direction of the Peanut Program. We have met the budget responsibilities, and I will say to the members of the committee there is a lot of smoke and mirrors in regard to budgets in this body, but in the area of the Peanut Program there is no smoke and mirrors. The cost is less than $5 million a year, and that is directly as a result of this body saying that is what we want done. We have reduced the quotas we have taken from nonproducers. We put them into the hands of the farmers. What more could anyone want, as far as the farm program?

I want to bring out two additional points, though. We just spent a lot of time on corn and wheat. I would point out that as of August, the parity price of corn was 59 percent as the target price in the farm bill that is being debated. What we are talking about in the farm bill that we are debating, the parity price for corn, 59 percent we are trying to guarantee our corn producers. In wheat, it is 63 percent. We have heard that that is inadequate. The Peanut Program is 61 percent, the quota price.

We talk about consumers. Let us not kid anyone. Whether the taxpayer pays the cost or the consumer, they are one and the same, and the committee has attempted to balance equity between the commodities in the committee bill to this point.

I want to further make the point, as far as the price of peanuts and the price of peanut butter and cookies, and all of the other things that we hear.

Mr. LUNDINE. Mr. Chairman, will the gentleman yield before he goes on to the next point?

Mr. STENHOLM. I yield to the gentleman from New York.

Mr. LUNDINE. Could I ask the gentleman, what is the source of his information for the cost of the program?

I have a letter from the Secretary of Agriculture that says that the average cost has been $40 million per year over the last 10 years. Is the gentleman citing another source than the USDA?

The CHAIRMAN. The time of the gentleman from Texas [Mr. STENHOLM] has expired.

Mr. ROSE. Mr. Chairman, I yield 1 additional minute to the gentleman from Texas [Mr. STENHOLM] and I will ask the gentleman if he will yield to me.

Mr. STENHOLM. I yield to the gentleman from North Carolina.

Mr. ROSE. I would like to thank the gentleman from Texas for the statement he has made, and I would answer the gentleman from New York by saying that when the USDA came before our committee, they testified that the Peanut Program that we have in this bill would cost $5 million over the next 4 years. They have changed their figures in the very last few weeks.

The cost of the Peanut Program, according to CBO's estimate, based on what USDA testified in the House and Senate committees, was $3 million over the whole life of the program.

Now, I am very upset at USDA for coming in at the last minute with gerrymandered, blown-out-of-proportion figures.

I would say to the gentleman that he said 10 years. That is going back over programs that we have long ago corrected.

I yield an additional minute to the gentleman from Texas [Mr. STENHOLM].

Mr. LUNDINE. If the gentleman will yield, I would submit that it is possible that the reason for the change in the USDA estimate is the change in the way peanut farmers are marketing or withholding their product from the market.

I here hold in my hand a report from the Georgia Peanut Producers Association, which indicates a conspiracy to withhold quota peanuts from the market, and I wonder if the gentleman from North Carolina might explain——

Mr. STENHOLM. If I might reclaim my time, we have only a limited amount of time, and as to these conspiracy theories we hear a lot about. Let me ask the gentleman a question: Thanks to you, we have reduced the cost of the Peanut Program to $5 million in 1985 and for 1986. We are talking today the next 5. And I submit to you that under the bill as it has been reported from the House Agriculture Committee, the cost of the program will be less than $5 million a year in the next 5 years. That is what we are trying to do. We do not want to talk about the last 10.

There is one final comment I would make, as far as the consumers' cost.

The CHAIRMAN. The time of the gentleman from Texas [Mr. STENHOLM] has expired.

Mr. ROSE. Mr. Chairman, I yield 1 additional minute to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. In constant dollars—and this is what we need to keep in consideration when we talk about consumer costs—in 1950, the peanut price cost to the consumer was 45 cents. In 1984, it was 25 cents in constant dollars, when you take inflation out of it and all of these other things. So to say that it is the cost of the Peanut Program, as the gentleman contends, you cannot say that, that the peanut farmer is doing it. It is the overall inflation in the United States. The peanut farmer is getting half of what he got in 1950, as far as cash in his pocket.

And again I make my point that when we talk about compatibility and fairness between commodities, corn is being supported in the bill, and we have heard from our corn farmers saying it is adequate, at 59 percent of parity. Wheat, 63 percent of parity. The support price to the peanut farmer is 61 percent parity which is fair and in line with other commodities, and that is what the committee has tried to do, tried to create a fair program for all the commodities.

I urge defeat of the Lundine amendment.

Mr. ROSE. Mr. Chairman, I yield myself 5½ minutes.

Mr. Chairman, I really get upset when I hear the Peanut Program called a boondoggle.

I have here a profit picture of Fischer Nuts, Peter Pan, Skippy, Hershey, Planter, Nabisco, Procter & Gamble, all 15- to 20-percent profit. These people are making money hand over fist out of the peanut farmer. In a Skippy peanut candy bar there is 1 cent worth of peanuts. In an 18-ounce jar of peanut butter there is 59 cents worth of peanuts.

Now, what do you pay in the store for an 18-ounce jar of peanut butter? If it is the generic brand, you pay something just over $1, $1.19, $1,29, I would even say $1.38. You pay $2, on the average, maybe $1.88, for the national brand peanuts.

Now, if the American housewife thinks that she is being ripped off and wants to save some money, I suggest that she start buying generic brands of peanut butter. She will save billions of dollars over what she pays buying what the peanut lobbyists are around here telling you is a ripoff for the American consumer.

The gentleman from New York [Mr. LUNDINE] mentioned Canada. He did not talk about what peanut butter costs in Canada. He talked about what a bag of peanuts costs in Canada. Peanut butter in Canada is made from additional peanuts grown in America, and the consumer in Canada pays 20 percent more than the American housewife does. They forgot to tell him that—20 percent more the Canadian housewife pays because the peanuts that they buy are on the so-called free market.

I submit to you that we have a program that is not broke. USDA testified in our committee that the projected cost of the program that we are here voting on right now is $5 million in the first year and in each of the years of this bill.

The administration's proposal was $75 million. The Lundine-Lugar amendment, $60 million.

Now, I ask you, this program works, it guarantees a decent income to the people who grow and raise peanuts. It is a very, very risky business. We give the cheapest nut that you can get in America—and I hesitate to expand on that, because there are a lot of nuts that might be cheaper in America, but the edible nuts that you can get in this country, peanuts, are the absolute cheapest.

I submit to you that my good friend from New York, as my dear friend from Alabama suggested, is representing well the interests of the people that he represents. He has the peanut butter manufacturers in his district. I understand. I have got peanut growers in my district. I try to represent them as best I can.

But I say to you that 59 cents is all that the grower is getting out of that jar, 1 cent is all that the peanut grower is getting out of a Snickers. If you cut the cost of peanuts in half, do you think that the American consumer is going to get a better break? Of course not.

I ask you to vote down the Lundine amendment and stick with the committee.

Mr. FOWLER. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to my friend, the gentleman from Georgia.

Mr. FOWLER. I would like to associate myself with the remarks of the gentleman from North Carolina [Mr. ROSE].

This is a program that, despite almost insurmountable odds in the last 5 or 6 years, has worked.

□ 1250

It provides a cost-efficient and cost-effective product that is a great necessity, not only to the nutrition of our country and to the world but for the livelihood of the growers. I applaud the gentleman's remarks and I would like to endorse them and oppose the Lundine amendment.

Mr. Chairman, I rise in strong support of the Peanut Program. More than 565,000 acres in my State of Georgia are planted in peanuts, and more than 50,000 Georgians are directly employed in the production of peanuts. This is obviously a matter of great importance to the economy, and the people, of Georgia.

While the continuation of the Peanut Program is vital to so many Georgians, it costs the taxpayer very little. Changes in the program made in 1977 and 1981 have resulted in a 90-percent decrease in Government costs. The Peanut Program cost only $1.2 million in 1984.

In addition, the changes made in 1981 have allowed almost 3,000 new peanut farms to be established, expanding opportunities for new farmers to participate fully in the Peanut Program.

Despite allegations to the contrary, consumer prices for peanut butter have not been greatly increased as a result of the Peanut Program. The wholesale price of peanut butter has increased 2½ times faster than the prices which peanut farmers receive for their product. From 1977 to 1984, wholesale peanut butter prices shot up 68 percent, while the farmers' return on his peanut crop increased only 28 percent.

I am proud to represent the Nation's leading producer of peanuts, and I urge my colleagues to support the Peanut Program as approved by the House Agriculture Committee.

Mr. LUNDINE. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I will be happy to talk to the gentleman on his time in just a minute.

Mr. Chairman, I would say to my colleagues that we have worked long and hard in the Agriculture Committee since 1981 to make the Peanut Program a no-cost program. In 1981 it was defeated because it did have a high price tag to it. We went to work in conference and built a practically no-cost Peanut Program. Do you know that this program that is in this bill is so designed that if one area of the country loses money on its Peanut Program, and there are profits from another area, as there always are, the areas will share the losses and the profits.

This is a revolutionary concept for various areas of the country to share in the costs of running the program. We guarantee you that we will come back before you 5 years from now and show you with pride a track record that will be even below $5 million.

Mr. LUNDINE. Mr. Chairman, I yield 5 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. I thank the gentleman for yielding to me at this time.

Mr. Chairman, I rise enthusiastically in support of Congressman LUNDINE's amendment to phase out the current peanut price support system over the next 4 years. The abolition of this Government-imposed peanut monopoly is the most straightforward consumer protection issue in this far-reaching legislation, and I commend the gentleman from New York for his efforts. His proposal makes all kinds of sense! It eliminates an outmoded and outrageous monopoly "thats not just peanuts." This program brings large profits to the allotment farmers and high prices to the consumers.

Peanuts today are the only food crop in this land which are under rigid production restrictions and marketing controls. It is the U.S. Government which determines where peanuts can be produced, who can produce them, and what quantity can be produced and marketed. In short, peanut farmers cannot grow peanuts without a license or an allotment.

Naturally, those peanut farmers already holding a Federal license, or poundage quota as it is formally known, are eager to maintain their currrent Government-imposed monopoly. But what of the farmer who does not hold a license? He or she has few options: Either rent a license from outsiders, grow peanuts for the substantially less-lucrative export market, or grow another crop.

As is the case with most monopolies, the current peanut program discourages efficiency. It rewards a privileged few by creating artificial crop shortages, and consumers are the ones who pay unjustifiably high prices for peanut products. In fact, the U.S. Department of Agriculture estimates that the current program adds an additional 14 percent to the cost of every jar of peanut butter sold in America. Translation: The American public spends an unnecessary $250 to $300 million each year to support its time-tested fondness for the peanut.

The Lundine amendment offered eliminates the artificial distinction which is now made between the price support level for domestic peanuts, and the price level for export peanuts; a distinction that causes a price differential of over $200 per ton. I ask: Why should American consumers have to pay up to four times as much for a peanut than foreign customers have to pay? Such as the Arabs, the Japanese, and the Europeans.

After a 3-year adjustment period, the amendment would put a straightforward loan support program for peanuts into place. This loan program would be similar to the current support program we have established for corn, wheat, soybeans, rice, and other crops.

Beginning in 1989, there would be one price level for all peanuts, which would be set by the Agriculture Department at a level that would ensure no Government cost. These important reforms would eliminate the current poundage quota rent which accounts for more than 30 percent of the average cost of producing peanuts.

Let me emphasize that the U.S. Department of Agriculture fully supports the Lundine amendment as the best way to ensure the long-term prosperity of peanut farmers. It is time for us to recognize that continued Government control over supply is not in the interests of the American peanut farmer nor the American consumer. The loan rate to be maintained under this amendment will function as a safety net to guard farmers against unexpected market conditions. The program will be designed, however, to operate at no cost to the American taxpayer.

As one Member who serves on both the Education and Labor Committee, as I have for 5 years, and now in my second year as the ranking member of the Select Committee on Hunger, I have sat through hours and hours of testimony and discussion about the need for better nutrition in this country.

We express concern about child nutrition programs and under the Older Americans Act we have authorized nutrition sites for senior citizens. The Select Committee on Hunger has examined evidence of severe malnutrition. If there is one nutritional product which should be made more readily available to all Americans, particularly those in the risk groups, young children and our senior citizens, it is peanut products. We should not be penalizing them at the expense of the high-rolling, license-owning peanut producers.

I remind my colleagues that similar legislation passed this House by a strong 91-vote margin in 1981. I urge you to support the Lundine amendment and end an outmoded Government program that today does a disservice to the American farmer and the American consumer.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. HOPKINS].

Mr. HOPKINS. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in support of the Peanut Program contained in the committee bill. The Peanut Program has been one of the most successful agricultural commodity programs that we have had and the committee bill, with some improvements, builds upon that successful track record.

Since the current two-tier system was put in place in 1977, and refined in 1981, Government costs have dropped dramatically. Last year's crop cost approximately $6 million and most of that cost was incurred under the program's "disaster" provision. I think you will readily see we have a successful program that supports over 30,000 farm families in 16 States at a very modest cost.

At the same time, peanut consumers have been assured of a reliable supply of high quality peanuts at very reasonable prices and exports of U.S. peanuts have increased steadily—despite the strong dollar—to the point where U.S. producers supply some 50 percent of the world market today.

I know many of my colleagues from peanut producing States desire to speak about the importance of the Peanut Program to their farmers and I do not want to take away from their time.

I urge my colleagues to support the committee bill.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. HOPKINS. I yield to the gentleman from North Carolina.

Mr. BROYHILL. I thank the gentleman for yielding to me.

Mr. Chairman, I want to commend the gentleman for his remarks. Certainly he has hit the right point about the cost of this program. I am glad that the gentleman brought out that fact.

I would like to just make one comment if the gentleman will permit me. I look at this amendment that has been offered by the gentleman from New York as resulting in a transfer of jobs from American farms to a foreign country. If you go as drastic as he wants you to go, the effect of it is going to be that the family farm, the peanut farmer, is going to go out of business, and where are you going to get the business? It is going to be adding to the trade imbalance. Those peanuts will be imported.

It seems to me that that is not in the best interests of not only the economy but the family farmer and that we should vote down this amendment.

Mr. HOPKINS. Mr. Chairman, I thank the gentleman for his contribution.

Mr. LUNDINE. Mr. Chairman, I yield myself 2 minutes.

The point has just been made about exports. As I pointed out in my opening statement, exporters are limited to only exporting additional peanuts at that very low price. It is a miracle that we have seen new people come into this business of growing peanuts since 1981, since the modifications in the program were made after the House wisely scuttled the futilistic program that existed up to that time.

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If American peanut farmers can compete successfully today selling only additionals, just think of how many exports we can get when we unleash the creative productivity of the American peanut producers and let them compete for domestic and export markets. We will see a great improvement in the balance of trade.

Mr. Chairman, I now yield 5 minutes to the gentleman from California [Mr. BROWN].

Mr. BROWN of California. I thank the gentleman for yielding time to me.

Mr. Chairman, I have listened to this debate not only on the peanut program but on the farm bill as a whole with great interest, trying to discern if there were any elements of principle involved in the way that we were acting. So far I have been unable to discern any. We have, for example, voted for a strong program of Federal involvement in the dairy industry, for a system of production controls, despite the high cost to the consumer that is represented by these controls. We turned around and voted to knock out the Bedell provisions which would have provided for production controls for wheat and feed grains because we felt that was too great an intrusion. And now we are debating the peanut program, in which we have had the highest degree of Federal involvement for lo these many years, at a very obvious cost to the consumer, and which has resulted in the development of severe inequities within the peanut industry itself.

I do not see any thread of principle involved here. What I do see is a committee effort to develop a sound bill which reflects the needs of the farmers and the interests of the various competing agricultural groups as seen by the members of the committee. When the bill reaches the floor, as it now has, we are seeing a different set of forces at work which sometimes support and which sometimes change the work of the committee. But it is the interplay of these diverse political forces on each issue, not some integrating principle, which determines the outcome.

Now I want to express admiration and appreciation to my good friend from North Carolina who has done such a good job on developing the peanut program. He has over the last few years rescued the tobacco from oblivion, and he deserves a great deal of credit in his own constituency and region for doing that. I admire him for it. I cannot wholeheartedly agree with him that what he has tailored here is the best program, or that it is a no-cost program. He told us that about tobacco a few years ago, and I know he tried very hard to make the tobacco program a no-cost program. I say this with deep sympathy, because I do not object in principle to supporting the tobacco farmers and the peanut farmers. If I had been in Congress during the depression, I would have been one of the strongest supporters of these programs, and I would continue to support them today if I thought their intent was being fulfilled, but I do not. I do not think that the tobacco program is a no-cost program, nor is the peanut program going to be a no-cost program.

But that is not my primary reason for opposing the peanut program. Frankly, I am here out of a parochial concern for the welfare of the farmers of California, and I will tell you that in all sincerity. We want to produce peanuts. We want to produce the peanuts that are now only produced by the quota peanut producers, and we cannot do that.

Mr. ROSE. You can produce peanuts in California.

Mr. BROWN of California. Nonquota peanuts, yes.

Mr. ROSE. And do you know that if there is any shortage in the domestic——

Mr. BROWN of California. Did the gentleman ask me if I would yield to him?

Mr. ROSE. I thought the gentleman did yield. I apologize.

Mr. BROWN of California. No; but if you will ask, I will.

Mr. ROSE. Well, will the gentleman yield?

Mr. BROWN of California. I am happy to yield to my friend.

Mr. ROSE. Well, I appreciate it.

Why are your farmers not growing peanuts right now in California?

Mr. BROWN of California. There are a few who are, but they are forced to do so under this two-tiered system in which the peanuts they grow are supported at—what is the percentage, half, or 60 percent?

Mr. ROSE. About 50 percent. Do you know that exports of those peanuts have gone up 40——

Mr. BROWN of California. I continue to yield to my friend.

Mr. ROSE. Do I have to say that every time I speak with you? I will get my own time, but I thank the gentleman for what appeared to be yielding.

Mr. BROWN of California. Mr. Chairman, I am sincere in my appreciation of what the gentleman has done. I think he knows I am sincere, and I hope he will respect the sincerity of my desire to open up the peanut-growing business on an equal basis to the farmers of California or to any of the other areas of this great United States where they are now precluded from raising peanuts because of this system.

We can produce in the Imperial Valley of California superior peanuts at a lower cost compared to anyplace else in the United States. It fits in with our cropping structure. We are having to cut back on cotton now for various reasons. We need alternative crops that can fit into our cropping scheme.

Yet the farmers there, looking into the situation, question whether they can achieve as high a level of profitability growing nonquota peanuts as they could if this system were open to all farmers on a uniform basis of price support which would apply to all peanuts.

Mr. LUNDINE. Mr. Chairman, I yield 1 minute to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Chairman, to follow on the comments of my colleague, the gentleman from California, just very briefly. Representative BROWN mentioned at the beginning of his statement the questions of principle that are involved here. I think there have been some of us who have been trying to adhere to the principle of need, because we recognize that there are some farmers in this country who are in dire need and there have to be some adjustments for that in this bill. However, the peanut farmer is not in that kind of dire need.

Statistics from the U.S. Department of Agriculture show us that their return on investment is anywhere from 5 to 20 times the kind of return on investments that our wheat, corn, or soybean farmers are gaining.

So I appreciate the fact that we are talking about principle here, and the principle here is that this is a system that benefits and profits the wealthy owners of the licensing system to the exclusion of the gentleman's California farmers and all other farmers across this Nation who do not own allotment licenses.

Mr. ROSE. Mr. Chairman, may I inquire, how much time do I have left?

The CHAIRMAN pro tempore (Mr. OBEY). The gentleman from North Carolina [Mr. ROSE] has 12½ minutes remaining and the gentleman from New York [Mr. LUNDINE] has 3 minutes remaining.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to a distinguished member of

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the subcommittee, the gentleman from Georgia [Mr. Hatcher].

Mr. PARRIS. Mr. Chairman, will the gentleman yield.?

Mr. HATCHER. I yield to the gentleman from Virginia.

Mr. PARRIS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the peanut program which historically has been of enormous benefit to my beloved Commonwealth of Virginia. I wish to indicate my support for the existing program without the Lundine proposal and would like to associate myself with the remarks of my friend from North Carolina [Mr. Rose] when he indicates that this program is working well and if it isn't broke we shouldn't try to fix it.

It is my sincere hope that the House will reject this proposal.

Mr. HATCHER. Mr. Chairman, I thank the gentleman for his support.

Mr. Chairman, in response to the gentlewoman who just spoke, I would like to say that I represent one of the largest peanut-producing areas in the country, and my constituents, I say to the dear gentlewoman, are broke. If they are not as broke as the farmers of the Midwest, I would submit to her that it is unseemly for any Member of Congress to come to the floor of the Congress and say, "Let's bring them all down and break their backs." We are having bankruptcies; we are having farmers sold out on a weekly basis.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. HATCHER. I yield to the gentleman from Kentucky.

Mr. ROGERS. Mr. Chairman, I thank the gentleman for yielding.

I wonder if the gentleman understands that there are those taking part in this debate opposed to this program who represent districts where the U.S. Government is subsidizing Amtrak fares in their districts to the tune last year of $750 million, three-quarters of a billion dollars. And those Members are coming in here and criticizing this program. I really find that sort of distasteful.

Mr. HATCHER. I do, too, Mr. Chairman. And I have been asked by my urban colleagues on almost a monthly basis now to help them with programs like Amtrak, like roads, and like transportation that are critical to them and their constituents, and we have come through and done that.

I find myself here today asking those same urban colleagues and my other rural colleagues throughout the country to stay with us, to stay with a program that is working. While our farmers are not perhaps as desperate as they are in the Midwest, they are broke and they are going bankrupt every day.

So, Mr. Chairman, I ask the Members to stick with a program that is costing but about $5 million a year, a program that is working.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Alabama [Mr. Dickinson].

Mr. DICKINSON. Mr. Chairman, Congress has several goals it wants to accomplish through this farm bill.

First, we want to bring supply in line with demand and eliminate some of our huge surpluses;

Second, we want to reduce the enormous cost of our commodity programs to the Federal Government;

Third, we want to encourage and expand our agricultural exports; and

Fourth, we want to assist both the family farmer and the consumer.

The Peanut Program already accomplishes all of these goals.

By limiting the amount of peanuts that can be grown for use in the United States through the quota system, we have closed the gap between supply and demand. We don't have gigantic surpluses of peanuts like we do of certain of our other commodities. The program has eliminated them. The national poundage quota is now at 1.1 million tons. National demand is currently about 1.3 million tons, so we're very close there.

By bringing supply in line with demand, we have eliminated Government purchases of surplus stock through farmers' default on nonrecourse loans. Since 1977, Government outlays for peanuts have been reduced by 90 percent. In 1983 the Peanut Program cost the U.S. Government nothing. Last year it cost our tax payers only $1.4 million. what we have here is a virtually no-cost program. Compare these negligible figures to the $60 million that the USDA calculates the Lundine amendment will cost next year.

At the same time that we have saved the Government millions, we have greatly expanded our export markets. Any farmer who wants to can grow peanuts for export, and the lower price support for additional peanuts makes our peanuts very competitive on the world market. Since the two-tiered price support system was started, we have increased peanut exports by 41 percent. The United States is now the world's largest exporter of peanuts.

Most peanut farmers are family farmers; 85 percent of them grow less than 100 acres of peanuts. They depend on this program for assurance of a stable price for their product.

Consumers also benefit from this program. The negligible cost of the program to the Government means that their tax dollars are saved. They benefit from stable supplies and stable prices for world's finest quality peanuts and one of the world's best and cheapest sources of protein.

The impetus to do away with this program comes from the manufacturers of products containing peanuts who would like to see the cost of their materials lowered. Many seriously doubt that savings from a lowering of the price of domestic peanuts would be passed on to the consumer. The consumer stands little to gain from the abolishment of this program, and there is every certainty that such a move will be a death blow to our 30,000 family peanut farmers.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the gentleman from Virginia [Mr. Sisisky].

Mr. SISISKY. Mr. Chairman, I say to the Members of the House that I have a parochial interest, too. I come from a peanut-growing area, representing peanut farmers. But let me tell the Members what else I represent. I represent processors. I represent probably the largest processor in the United States. You know his label. These are two peanut butter factories, producing the biggest brands in the United States.

But, more importantly, I represent 535,000 consumers. And guess what? If I really believed that we were doing harm to those consumers, I would be defending them.

I went to the Agriculture Committee meeting, and I worried about that small candy manufacturer. There was a gentleman from the Midwest who testified, and he said, "If you would cut the price of peanuts and cut this program out, I would reduce my price 30 percent."

Then I asked the chairman if I could interrupt him. I asked, "Are you using a penny's worth of peanuts in a 35-cent bar?"

And he said, "Just about that."

I asked, "If we cut it in half, would you really reduce it 30 percent?"

Then he started fidgeting around. No, he would not. He absolutely would not.

With this bill, we are representing the consumers and the processors. More importantly, let us not destroy the peanut farmer because he is producing other things. I ask the Members, please do not do it. The stable supply of peanuts is important to the nutrition of our young children, and this will preserve that program and the supply of peanuts.

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Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina [Mr. Jones], a distinguished member of the Agriculture Committee.

Mr. JONES of North Carolina. Mr. Chairman, I thank the gentleman from North Carolina for yielding.

I rise today in support of the peanut title of H.R. 2100 and in opposition to the amendment offered by the gentleman from

New York. I urge my colleagues on both sides of the aisle to vote likewise.

Looking at the overall status of American agriculture, we all can see that the farmer, the very heart of our ability to exist as a free nation, needs direction and assistance. They don't need theories and nauseum about why they are the world's most efficient producers yet face the constant threat of foreclosure, bankruptcy, or both. They need assistance and direction provided in a stable economic environment.

Some suggest the way to achieve this goal is to make American agriculture an example to the world of how a free market system works. This group seeks to adopt market clearing price supports and loan levels; to drastically reduce or better yet, eliminate any form of production controls; to eliminate the word "subsidy" from the vocabulary so we can pound our chest and shout for the world to hear "We operate in a free market, supply-side economy."

Not only will these efforts fall on deaf ears, they will place our agricultural economy in a vacuum: a vacuum destined to destroy the American farm as we know it and a vacuum which will serve as a springboard for increased productivity in foreign countries.

As a member of many years standing on the Agriculture Committee and its Subcommittee on Tobacco and Peanuts, I am painfully aware of the difficulty in drafting agriculture legislation. Nevertheless, I am convinced that the peanut title of this farm bill represents capable direction toward maintaining and further achieving economic stability for all concerned.

Every Member of this House is concerned with the Federal deficit. Since 1977, Federal outlays for the Peanut Program have decreased from $90 to approximately $5 million annually.

Every Member of this House is concerned with the need to have a strong agriculture export program. Under the Peanut Program currently in force and continued by this title, American peanut growers have become the world's leading exporter of edible peanuts.

Every Member of this House is concerned over the critical situation the farm credit system faces. Not only is H.R. 2100 within the budgetary guidelines adopted by the House, title 8 requires that revenues from profitable peanut associations be applied to any losses from sister associations, thus further decreasing any possible loss to CCC.

Before casting your vote on the amendment before us now, carefully consider the consequences of adopting the amendment. First, the amendment has a price tag to the Government in 1985-86 of approximately $45 to $50 million. The 1985 peanut crop simply will not be purchased due to anticipation of lower price support levels in subsequent years. Consequently, the taxpayer will bear the costs.

Second, you will not see decreased consumer prices. For example, FDA requires all brands of peanut butter to be 90 percent peanuts. In an 18-ounce jar, there is 59 cents' worth of peanuts, yet a name brand averages $1.78 while generic brands average $1.35 per jar. Both use edible or quota peanuts.

More to the point, peanut butter in Canada which uses the less expensive additional peanuts sells, on average, 20 percent higher than American brands.

Finally, maintaining the Peanut Program as embodied in title 8 is critically important not only to the farmers in North Carolina, but throughout the country. I urge my colleagues to support adoption of title 8 as reported by the Committee on Agriculture.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Florida [Mr. FUQUA].

Mr. FUQUA. Mr. Chairman, I stand before you today to speak in behalf of one of the best areas of our agricultural commmodities program—a program which is extremely cost effective, has been proven by over 50 years of activity and provides a quality product at minimal, federal cost. I am speaking, of course, of the Peanut Program.

The peanut industry is extremely important to our Nation in that it provides a lucrative product for trade on the world market, as the United States supplies more than half the world's peanuts. However, it affects us more directly here at home. Florida produces 6 percent of the Nation's peanuts and over 85 percent of them are grown in my district. I represent more than 1,200 registered peanut producers, who through their farms, provide jobs for over 3,000 employees. In Florida alone, cash receipts from the program pump $65 million into the State's economy, with a total of $350 million contributed by the industry as a whole.

My distinguished colleague from New York, Mr. LUNDINE, has offered an amendment to phase out the program. Of the reasons he cites to justify eradication, none can be proven. Of particular interest is the argument that a phaseout will reduce consumer prices of peanut products. There is absolutely no evidence that lower peanut prices to farmers will result in lower cost of peanut products. This is confirmed by the fact that between 1977 and 1984, peanut prices increased only 20 percent, while the wholesale price of peanut butter increased 68 percent.

We have many tough decisions to make this year in an effort to curb spending and reduce the Federal deficit. However, as a young farmer growing up in north Florida, an important lesson I learned was "if it's not broken, don't fix it." That is especially true regarding the Peanut Program. This program has a proven track record of providing stability to the family farm and producing a quality product. I urge my colleagues to stand firm for the future of the family farm and the American agricultural system and support the Peanut Program as it is written in the bill.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Alabama [Mr. SHELBY].

Mr. SHELBY. Mr. Chairman, if we in Congress had had the vision to restructure agriculture commodity programs as we have the Peanut Program, maybe American agriculture would be in better shape than it is today.

The United States is now the leading world exporter of edible peanuts—supplying almost 50 percent of the world market. The Peanut Program, in contrast to other commodity programs, has steadily increased exports—by 41 percent since 1977. That's a record to be proud of, especially against the damaging impact of our strong dollar abroad.

The program operates at a very low cost to Government—among the lowest of any commodity program and gives consumers, farmers, and manufacturers the highest return on their investment. For stability and consistency, not many programs rank higher.

In my conversations with peanut farmers across Alabama, I've learned that the Peanut Program is one of the few bright spots in American agriculture. Alabama's peanut crop ranked fifth in total cash receipts, at $166.9 million in 1984.

I think there's a misperception that our Peanut Program has an inflationary impact on consumer goods. The fact is that farm-level peanut prices have a moderating effect on consumer prices—other factors including production and marketing costs have pushed the price of peanut butter up over 50 percent.

Even so, American consumers pay an average of 15 percent less for peanut butter than do Canadians who import all of their peanuts.

Reforms enacted in 1977 and 1981 guarantee a peanut support price and program operation that is closer to that of the free market—eliminating allotments and permitting anyone, with or without a quota to grow peanuts. Almost 3,000 new peanut farms have been established since 1981—over 200 in my State of Alabama alone—and provisions in H.R. 2100 open up the program to even wider participation.

There's a false sense that because the Peanut Program is operating well—supplying high quality peanuts at a low cost to the Government—farmers are reaping in huge profits in an elite, feudalistic system. To the contrary, the average peanut farmer, in Alabama, and nationally, is a small family farmer harvesting less than 100 acres. Our average expenditure per grower was about $300 during fiscal 1978-83.

Additionally, that farmer is susceptible to the same problems endured by farmers nationwide—high interest rates and high production costs—contributing to lower rates of return than the increased revenue figures of 20 percent would suggest.

I urge my colleagues to give their closest attention to the arguments against the Lundine amendment which will effectively gut the Peanut Program. We have a solid, viable commodity program, unique from others, and one which has benefited the entire U.S. peanut industry, benefited consumers and benefited manufacturers. I urge a "no" vote on the Lundine amendment.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Georgia [Mr. ROWLAND].

Mr. ROWLAND of Georgia. Mr. Chairman, I represent one of the largest peanut-producing districts in this country.

Earlier this year I had some farm forums in my district with over 600 farmers attending, who are diversified farmers. I do not have any rich peanut farmers in my district. Many of my farmers depend on this Peanut Program so they can do other types of farming.

Let me tell you this also, that many others have suggested that perhaps we ought to look at some of our other commodities and pattern those after the Peanut Program, which has been so successful.

Mr. Chairman, I urge you very much to defeat this Lundine amendment.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the gentleman from Oklahoma [Mr. ENGLISH], a distinguished member of the subcommittee.

Mr. ENGLISH. Mr. Chairman, I would like to make a couple of points very quickly.

First of all, it should be understood that the Peanut Program is a rare animal, it is a farm program that is working today. It is doing the job. I think it would be a serious mistake if we take one of the few programs that is working for our farmers and destroy it through this amendment.

Second, I think we have to recognize this amendment for what it is. It is not a consumer amendment. It is an amendment for those people who are producing peanut products. They are the ones who would benefit.

We have seen this happen time and time again. We have had the price of wheat drop dramatically. In fact, it has fallen by almost 50 percent. Have we seen that passed on to the urban consumer? We have not.

We have seen beef prices fall. Have we seen those savings passed on to the urban consumer? We have not.

I would say to you that we have seen the same thing with regard to sugar. We have not seen those savings passed on to the American consumer.

Therefore, Mr. Chairman, I ask for defeat of the amendment.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina [Mr. VALENTINE].

Mr. VALENTINE. Mr. Chairman, I rise in opposition to the amendment.

Peanuts are important to North Carolina. They generate yearly revenues for the State of $125 million. If we eliminate the peanut price-support system, as some of my honorable colleagues intend, the small peanut farmers of North Carolina will suffer cruelly, along with the economies of the State and Nation. I rise, therefore, in strong opposition to the amendment offered by the gentleman from New York.

The Peanut Program has served the American farmer and consumer for nearly half a century. Since 1938, it has assured plentiful supplies of high quality peanuts at fair and reasonable prices. Because of the Peanut Program, American consumers have enjoyed an inexpensive source of valuable protein, and thousands of American growers have been able to remain on their small family farms.

The most important fact to keep in mind as we discuss the Peanut Program is that it works. During the past 40 years, the program has stabilized the entire peanut industry. It has eliminated wild swings in production and prices. It has answered the needs of producers, handlers, manufacturers, and consumers.

To guarantee a steady peanut supply, the Peanut Program allows peanut production in three separate areas of the country. This pattern has protected the crop from the vagaries of weather and disease. if we allow the Peanut Program to vanish, production would shift from small farmers to large growers. These growers would use powerful mechanized techniques to concentrate production in a single geographical area. This dramatic change would subject peanut prices to wide and erratic fluctuations caused by weather, insects, and disease. Boom-and-bust agriculture would drive untold numbers of family farmers out of the business they love.

Government outlays for the current Peanut Program are impressively low—

Since 1977, they have fallen by 90 percent, a savings of more than $500 million.

From 1978 to 1983, Government spending for the Peanut Program made up only one-tenth of 1 percent of spending for all agricultural commodities.

In 1983, there was no cost at all.

In 1984, only $1.4 million in program administration allowed the Nation's peanut farmers to produce over $1,117,800,000 in peanuts. In other words, for the Government's $1.4 million investment, farmers produced over $1.1 billion in peanuts. I would say that this was a pretty good investment.

The United States has become the world's No. 1 peanut exporter. With only 10 percent of the world's production, we have captured over 50 percent of the world's trade. This means that peanuts are a noticeable bright spot in an often dismal U.S. trade picture. From North Carolina, a third of the peanut crop is exported overseas, and another one-quarter of the State's production is shipped to locations across this country.

The Peanut Program has allowed new growers to grow and sell peanuts. Anyone can grow as many peanuts in the United States as they want.

Peanut product manufacturers claim that the Peanut Program has driven up prices to consumers. A contrasting view emerges, however, when we analyze the price of a product like peanut butter.

The major factors in the price of peanut butter are the costs of packaging, transportation, labor, and marketing, not the cost of peanuts themselves. In fact, the farm level price of peanuts represents only 59 cents out of the $1.78 retail price of an average jar of peanut butter.

The wholesale price of peanut butter has increased 2½ times as fast as the prices received by our farmers. In other words, from 1977 to 1984, wholesale peanut butter prices increased 68 percent, while the farmer's price of peanuts increased only 28 percent.

The Peanut Program has helped ensure that American peanuts are of the finest quality in the world. The recent importation of peanuts from throughout the world has only provided more proof that American peanuts are better than those grown anywhere else in the world. Imported peanuts have suffered from insect infestations as well as harmful chemical residues. In order to ensure the American consumer a quality food product, we must maintain the present Peanut Program.

Hundreds of small communities, concentrated in relatively small areas, base their economic well-being on peanut production. In my district and the neighboring First, two counties are responsible for no less than 30 percent of North Carolina production. If we eliminate the Peanut Program, I fear a devastating impact on these basically rural counties.

I have been as concerned about reducing the Federal budget deficit as any other Member of the House. But we serve no national purpose by killing a cost-effective program that has served the entire Nation for more than four decades.

I stand with the peanut growers 100 percent. I urge my colleagues to join me in preserving an outstanding success in American agricultural policy.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. Mr. Chairman, I rise in opposition to the amendment.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Oklahoma [Mr. WATKINS].

Mr. WATKINS. Mr. Chairman, I stand in opposition against the Lundine amendment and say that just a few years ago we took the allotment from the peanut farmer. During that time we shifted the quota and we lost over one-third of the peanut farmers during that time.

Also during this particular time we have tried to survive, a lot of the peanut farmers tried to survive on less acreage and with the changes in the policies of the lease, we actually voted more to the peanut farmers. I think the Lundine figures are wrong.

I would like to say that some of the people are wanting the cheapest. Let me tell you, some of us stand up against imports of shoes and steel and other things and now they are trying to wipe out the peanut farmer. I think we need to think about it.

Mr. RAY. Mr. Chairman, the present Peanut Program is one that has been carefully fashioned over the past 10 years through the cooperation of both congressional Agriculture Committees along with all segments of the peanut industry.

The result has been a program that works to the benefit of everyone in the industry as well as the American consumer. It shows that the Federal Government, working in conjunction with the private sector, can fashion a Federal program that did what it was intended to do at very little or no cost to the American taxpayer. It has been a success story.

The program was changed dramatically in 1977 and fine-tuned in 1981. Those changes have allowed an adequate supply of quality peanuts for domestic edible consumption while, at the same time, allowing competitive quality peanuts to assist in developing our foreign markets. The present program allows producers to make a decent return on their investment and, most importantly, it allows them the ability to obtain financing for their peanut and other crops. Destruction of the Peanut Program would only exacerbate the extreme economic problems now being experienced in the agricultural community throughout the United States.

Mr. Chairman, I have heard no great outcry from consumers in my district that they are paying too high a price for peanut products, but I have heard a great outcry from my constituents who work in the peanut industry as to what would happen if the program were destroyed.

In conclusion, let me reemphasize that the Peanut Program works for every segment of the industry. It provides financial support for the growers, but not at the expense of American consumers and this country's taxpayers. Its destruction would create an economic crisis among my producers in Georgia.

Mr. Chairman, I implore my colleagues in the House to support the committee position and oppose the Lundine amendment.

Mr. LEWIS of California. Mr. Chairman, for the last several weeks, we have been eulogizing the poor American farmer. We have agonized over his plight and have repeatedly passed provisions in this farm bill that call for higher price supports and additional protections.

Indeed, some farmers are facing extinction. And this body has decided through its debate that there should be protection for the majority of farmers over the next 5 years.

Be that as it may, the Peanut Program, my friends, does not belong in either of these categories. For in peanuts, a few select quota holders who were fortunate enough to have ancestors who grew that commodity, hold a vested, continuing windfall profit that has been passed down with the land.

The Government guaranteed price of raw peanuts and production controls have resulted in net returns to the peanut farmer 4 to 10 times greater than in any other competitive crop on a national basis, and 9 to 20 times greater when computed on a regional basis. For example, if soybean producers enjoyed a similar program, the support level would be $13 per bushel, rather than the current $4.50 per bushel. The support level for corn would be $4.77 per bushel, rather than $2.65.

Clearly, this program in its present form guarantees more than a fair share of economic return to an elite few.

A leading agricultural economist has estimated, based on USDA figures, that this year 12 farms with over 1,000 acres of peanuts each have received $250,000 each in subsidy payments from the current program through artificially inflated prices guaranteed by the Government and paid for by the consumer.

So, if we phase out this aristocratic program, do we devastate the little guy? I think not. With this amendment, we will eliminate, over the next few years, a program that is feudal at best, and at worst factors out sound economics and crop efficiency in the running of peanut business.

The most offensive feature of this program is its quota system. First, it bars all farmers except quota holders from growing peanuts for the domestic market. Second, it allows a significant number of absentee landlords to make money from the Government and taxpayers without even participating in the risks and hardships of farming business. I am referring to approximately 50 percent of the quotas. These are held by people who don't farm. They lease their land to growers who pay for the privilege of farming. Finally, quota restricts peanut production to regions that are less productive, and locks out fresh lands in other regions that are naturally better equipped to grow them.

This program makes a mockery of all we have sought to achieve in our 200 year history. What we have here is a system that reflects medieval ways when only a handful of wealthy landowners were allowed to prosper from working their own lands. Today, the small farmer is effectively prohibited from participating in the U.S. peanut market by our own insistence to support a monopoly.

This amendment is an opportunity to rid ourselves of the vestiges of the past. I urge my colleagues to support it.

Mr. HATCHER. Mr. Chairman, I rise in opposition to the amendment. The saying "If it ain't broke, don't fix it," has been used frequently when supporters describe the Peanut Program, and I would like to explain why.

The Peanut Program is one of the Federal Government's most successful agriculture programs—one that has been fair to the peanut farmer and has been cost-efficient to the taxpayer. Since 1977, Government outlays for the Peanut Program have been reduced to one-tenth of 1 percent of total outlays for all commodities.

Major changes in the 1977 and 1981 farm bills dealing with peanut production in the United States have shifted the Peanut Program into more of a "free market" system. The program that is contained in the 1985 farm bill has been designed to keep Government costs down and to be more market-oriented. Any drastic moves to alter the direction of the Peanut Program—such as contained in this amendment—would be devastating to the approximately 30,000 family peanut farmers in the Nation.

In Georgia, my home State, we have 11,000 family peanut farmers who depend on the Peanut Program for their livelihood. During the last year, America has witnessed the plight of the family farmer through each segment of the mass media. I come from a largely rural and agricultural district, and I can verify that the reports we hear are not exaggerated. Farmers are in bad times—the worst since the Great Depression—and the root of their troubles—a combination of a severe credit crunch and the spiraling deficit that has badly hurt export sales and driven up interest rates—is out of their control. Until we deal with these problems, it seems foolish to me to tinker with a low-cost Government program that helps to keep nearly 30,00 families in business.

I have met with family farmers in my district, throughout Georgia, and from around the Nation, and the message they are conveying is clear: America is perilously close to losing a way of life that has existed since the founding of this Nation. Shutting the door on farmers when they are in dire straits will have an adverse effect not only on the thousands and thousands of families who live off the land, but also on the thousands and thousands of small communities that depend on the farm economy for their subsistence.

I ask my colleagues to vote down the amendment and keep the Peanut Program intact. In short, the Peanut Program has been successful in guaranteeing consumers abundant supplies; in providing Americans with the best quality peanuts in the world; in insuring stable, low consumer prices; and in reducing Government costs. Let's not gut a program that is successful and that has proven to help our farmers.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the distinguished chairman of the committee, the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. Mr. Chairman, let me state that we have heard a lot of figures. I want to tell you I heard a quotation once that said, "Facts are the enemy of truth." So forget all the facts and listen to the truth.

I wish that my colleagues and the author of this amendment and those who support it, I wish you could come with me to Floresville in Wilson County, TX, when the peanut growers come and meet with me. I wish you could see how they dress. I wish you could see in their faces the pleading for all of agriculture, for rural America; so I ask my colleagues, we are still the best fed people in the world for the lowest amount of disposable income. Even in peanuts the lowest part of the price goes to the farmer. If you want to reduce peanut butter or candy prices, talk to your big manufacturers, that is where the highest percentage of the consumer cost is.

Mr. Chairman, we just lost an amendment because of philosophical differences. I plead with my colleagues, we cannot send the wrong message out there to the farmers that are dying on the farms—and make no mistake, the peanut growers are in the same position as corn and wheat farmers.

The problem is not only with the Peanut Program, or with figuring a way to phase it out. As a matter of fact, in California, almonds are in trouble, walnuts are in trouble, pistachios are in trouble, all the nuts in California are in trouble.

Mr. LUNDINE. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, I think I heard an objection from one nut from California, excuse me.

In conclusion, Mr. Chairman, I think that my friend and respected colleague from Texas has said it correctly. If you are going to vote against the Lundine amendment, you are going to have to forget the facts. The facts as demonstrated during this debate, there is no refutation on the consumer price increase of 14 percent in the jar of peanut butter. It is established. It is established by documented evidence and it cannot be argued that it does not drive up consumer prices.

Now, the point has been made, do consumer prices come down as they go up? We have experience with that. Following the 1980 drought, the prices went up in 1981, but they also came down in 1982 and 1983; so I think that there is price elasticity here.

There has been no demonstration that more producers, as the gentleman from California has stated, would be of any harm to anyone in this country.

The Lundine amendment is a proproducer, proagriculture bill. You could grow peanuts in California. You can grow peanuts in lands all over this country.

Why have we seen such a parade of my dear friends to the well? Because they are protecting the quota holders, who can only grow peanuts for domestic consumption on their lands, and I do not blame them for protecting them; but one can see what could happen if we opened it up. It would be to the benefit of efficient producers and consumers alike.

Finally, I would like to ask the attention of my colleagues to again reflect on the fact that this is not like any other agriculture program. This Peanut Program is a boondoggle, with import restrictions, with quotas on production, with favored preferences for certain producers over other producers.

It is the most complicated, unworkable, indefensible program imaginable, except for those who are favored, and I do not blame folks who are favored to fight for their position.

In conclusion, let me say that the Lundine amendment is a compromise. Four years ago I moved to strike out the Peanut Program immediately, cold turkey. Today we are moving to phase it out over a reasonable period of time. The allotments, the feudalistic system, have had enough time.

Vote for the Lundine amendment. It is a reasonable compromise.

Mr. ROSE. Mr. Chairman, I yield myself the final minute.

Mr. Chairman, this has been a remarkable argument and a remarkable debate, but to hear again my friends say that the Peanut Program is a boondoggle is only to remind myself and my colleagues that the gentleman is fighting valiantly for those who manufacture peanut butter in his district.

I submit, if my farmers gave their peanuts to the candy and the peanut butter manufacturers of this country, the peanut companies would still object because our attitude would be wrong.

One cent is all there is in a Snickers bar. If we cut peanuts in half, do you think the Snicker bar is coming down 50 percent? No.

If we give the peanuts to the people who make peanut butter, how much do you think they are going to pass on to the consumer? The answer is zip.

We are at rockbottom of a no-cost Peanut Program. We are struggling to survive in rural America. We have a program that works. We do not subsidize water that irrigates in California.

Mr. Chairman, vote down the Lundine amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. LUNDINE], as modified.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. LUNDINE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 195, noes 228, not voting 11, as follows:

[Roll No. 334]

AYES—195

Anderson
Annunzio
Archer
Armey
Atkins
AuCoin
Badham
Barnes
Bartlett
Barton
Bates
Beilenson
Bentley
Bereuter
Bilirakis
Boehlert
Boland
Bosco
Boulter
Broomfield
Brown (CA)
Brown (CO)
Burton (IN)
Carney
Carper
Chandler
Cheney
Clinger
Coats
Coleman (TX)
Collins
Conte
Cooper
Coughlin
Courter
Crane
Dannemeyer
Daub
Davis
DeLay
Dellums
DeWine
DioGuardi
Dornan (CA)
Dreier
Durbin
Dwyer
Dymally
Early
Eckert (NY)
Edgar
Edwards (CA)
Fawell
Fiedler
Fields
Fish
Florio
Foglietta
Frank
Frenzel
Gallo
Garcia
Gejdenson
Gekas
Gibbons
Gilman
Goodling
Gray (IL)
Green
Gregg
Grotberg
Hamilton
Hansen
Henry
Hiler
Hillis
Holt
Howard
Hughes
Hunter
Hyde
Ireland
Jacobs
Johnson
Kaptur
Kasich
Kemp
Kildee
Kolbe
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach (IA)
Lehman (FL)
Leland
Lent
Levine (CA)
Lewis (CA)
Lewis (FL)
Lightfoot
Lloyd
Lowery (CA)
Luken
Lundine
Lungren
Mack
Madigan
Markey
Martin (IL)
Martin (NY)
McCain
McCandless
McCollum
McDade
McGrath
McHugh
McKernan
McKinney
Meyers
Michel
Miller (OH)
Miller (WA)
Moakley
Molinari
Monson
Moody
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Nelson
Nielson
Nowak
O'Brien
Owens
Oxley
Packard
Pease
Petri
Porter
Price
Pursell
Regula
Reid
Ridge
Rinaldo
Ritter
Roukema
Rowland (CT)
Roybal
Rudd
Saxton
Schaefer
Schneider
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Siljander
Smith (IA)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Snowe
Solarz
Solomon
St Germain
Stark
Studds
Sundquist
Tauke
Torricelli
Vander Jagt
Vento
Visclosky
Vucanovich
Walker
Waxman
Weiss
Wirth
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (FL)
Zschau

NOES—228

Ackerman
Akaka
Alexander
Andrews
Anthony
Applegate
Aspin
Bateman
Bedell
Bennett
Bevill
Bliley
Boggs
Boner (TN)
Bonior (MI)
Bonker
Borski
Boucher
Boxer
Breaux
Brooks
Broyhill
Bruce
Bryant
Bustamante
Byron
Callahan
Campbell
Carr
Chapman
Chappell
Chappie
Clay
Cobey
Coble
Coelho
Coleman (MO)
Combest
Conyers
Coyne
Craig
Crockett
Daniel
Darden
Daschle
de la Garza
Derrick
Dickinson
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Duncan
Dyson
Eckart (OH)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Flippo
Foley
Ford (MI)
Ford (TN)
Fowler

Franklin
Frost
Fuqua
Gaydos
Gephardt
Gingrich
Glickman
Gonzalez
Gordon
Gray (PA)
Guarini
Gunderson
Hall, Ralph
Hammerschmidt
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hendon
Hertel
Hopkins
Horton
Hoyer
Hubbard
Huckaby
Hutto
Jeffords
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kastenmeier
Kennelly
Kleczka
Kolter
Lantos
Leath (TX)
Lehman (CA)
Levin (MI)
Lipinski
Livingston
Loeffler
Long
Lott
Lowry (WA)
Lujan
MacKay
Manton
Marlenee
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McMillan
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Mollohan
Montgomery
Moore
Murphy
Murtha
Myers
Natcher
Neal
Nichols
Oakar
Oberstar
Obey
Olin
Ortiz
Panetta
Parris
Pashayan
Penny
Pepper
Perkins
Pickle
Quillen
Rahall
Rangel
Ray
Richardson
Roberts
Robinson
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Rowland (GA)
Russo
Sabo
Savage
Scheuer
Schroeder
Schuette
Shelby
Sikorski
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (NE)
Smith, Robert (OR)
Snyder
Spence
Spratt
Staggers
Stallings
Stangeland
Stenholm
Stokes
Strang
Stratton
Stump
Sweeney
Swift
Swindall
Synar
Tallon
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Towns
Traficant
Traxler
Udall
Valentine
Volkmer
Walgren
Watkins
Weaver
Weber
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams
Wilson
Wise
Young (AK)
Young (MO)

NOT VOTING—11

Addabbo
Barnard
Berman
Biaggi
Burton (CA)
Gradison
Hall (OH)
Kindness
McEwen
Rodino
Wright

☐ 1340

The Clerk announced the following pairs:

On this vote:

Mr. Berman, for, with Mr. Barnard, against.

Messrs. GRAY of Illinois, OWENS, and DWYER of New Jersey changed their votes from "no" to "aye."

So the amendment, as modified, was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. LEWIS of Florida. Mr. Chairman, on rollcall No. 334 I am recorded as voting "aye." I had intended to vote "nay."

The CHAIRMAN. Are there further amendments to title VIII?

AMENDMENT OFFERED BY MR. COMBEST

Mr. COMBEST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COMBEST: Title VIII, page 169, before the period on line 9, insert the following: ": *Provided*, That, notwithstanding any other provision of this section, in the case of any county within the State of Texas for which a poundage allocation to such county was less than ten thousand tons for the preceding year's crop, transfers (including transfer by sale or lease) from an owner or operator of a farm from such county shall be permitted to any other owner or operator of a farm in any other country within the State."

Mr. COMBEST (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Under the unanimous-consent agreement previously entered into, there are 10 minutes left under title VIII.

The gentleman form Texas [Mr. COMBEST] will be recognized for 5 minutes in support of his amendment.

Mr. COMBEST. Mr. Chairman, the amendment is short. The amendment would allow within the State of Texas the transfer by sale or lease within counties of less than 10,000 tons quota to counties beyond the county line.

Basically what it would do would be to change and allow outside transfer of those allotments into smaller counties.

Mr. Chairman, this is not a mandatory program. It would be completely voluntary. It would only be if the individual who owned that allotment in the smaller county wanted to sell or lease to an outside county, and it would be a no-cost amendment and simply would transfer that allotment to another area. It would not increase the allotments or increase the quotas, but rather allow a farmer who did not wish to produce under that quota to sell or lease to another farmer who did wish to.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. COMBEST. I yield to the gentleman from Kansas.

Mr. ROBERTS. Mr. Chairman, this is an amendment that is limited to the State of Texas. The proposal would offer new growers an opportunity to obtain poundage quotas without adversely affecting existing growers in *the State. It would correct the situa*tion under current law where quotaholders are frozen, a system that is perpetuated, with a few limited exceptions, by H.R. 2100. Essentially the only persons who can hold quotas are those who held them years ago. New growers are limited to a second-class citizenship, to the production of additional peanuts at a support rate that is several hundred dollars a ton lower than the rate for quota peanuts.

The proposal would apply solely to counties in Texas having a quota of less than 10,000 tons and is patterned after existing law which permits the transfer of quotas from one county to another within States having a quota of less than 10,000 tons. The effect of the proposal in Texas is to authorize out of county transfers of approximately half the total State quota of 300 million pounds.

The proposals should not adversely affect any existing growers—it is to their advantage. A transfer outside a county would be entirely up to the election of the quotaholder. If he did not wish to make the transfer, he could not be forced to do so. Even if the quotaholder made the quota available for transfer outside the county, it could be retained within the county if local producers successfully competed in the bidding.

The reason that the amendment applies solely to Texas is that in recent years producers in west Texas have begun to produce peanuts. They have proven their ability to grow peanuts efficiently. They want to continue to do so on a parity with other producers in the State. They have been restricted, however, to the production of additional peanuts. To some extent in the past they have been able to obtain the benefits of a higher price than the loan rate for additional peanuts because the quota was not sufficient to meet the demand for domestic edible peanuts and the deficiency was made up through the sale of additional peanuts under loan. The west Texas producers received the benefit of the profits realized on these sales—referred to in the trade as sales under the "buy-back provision."

H.R. 2100 has largely closed this opportunity. It has increased the quota so that the entire demand for domestic edible peanuts will henceforth be filled by quota peanuts. Additional peanuts will rarely, if ever, be able to share in supplying the demand for domestic edible peanuts. The increase in the quota is not being allocated to new growers—rather it will be divided among all farms that produced peanuts in two out of the past 3 years. Only a fractional share of the increased quota would go to new growers.

Even if the entire amount were to be allocated to new growers, that alone is *not the answer. New growers within* the State should be able to share in quotas which an old grower wishes to sell or lease. There is no reason for discriminating against these growers merely because they happen to farm in a different county than the county in which the quota is located.

Mr. BROWN of California. Mr. Chairman, would the gentleman yield?

Mr. COMBEST. I appreciate the support of the gentleman from Kansas.

I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I intend to support the gentleman's amendment. I think it will improve the operation of the program.

I just wish that he would be willing to consider an amendment to make it possible to extend the quota to California also. Would the gentleman consider doing something like that?

Mr. COMBEST. I can understand the gentleman's concern, but I would be reluctant to do that simply because we have tried to work this program out within Texas, within some problems that we have there, particularly in my district. Again, I certainly understand the concerns of the gentleman from California, because again we have those same concerns in Texas.

However, sir, I would be reluctant to accept that amendment, and I feel there would be some reluctance to accept it on the other side as well.

Mr. BROWN of California. I thank the gentleman for his concern.

Mr. COMBEST. You are very kind, sir.

Mr. Chairman, I reserve the balance of my time.

Mr. DE LA GARZA. Mr. Chairman, I rise in opposition to the amendment, and I do so with a great deal of respect and admiration for our other Member from Texas.

Mr. Chairman, we just voted on sustaining the committee on a very carefully drafted provision in the peanut area. There is provision there for movement, there is provision there for growth. There is provision there for sharing, for expansion.

This amendment would throw this all out of kilter, only for the State of Texas. I hate to take issue with my colleague from Texas. You might say this is a family affair in Texas, but it is unfair to the other States.

What we have in the legislation is room for growth for all of the States. What we have in the legislation for expansion is for all of the States, and we have in our committee report also considered the need of this area of Texas. We are working, but it is a very delicate situation.

This amendment would only unravel everything that we have done. This amendment would only be applicable in Texas, and I have to be chairman for all of the Nation, Mr. Chairman. We have to be members of the committee for all of the Nation, and we have to provide national legislation.

This amendment is not in that tone and would not have that effect. On the contrary, it might have a tendency to disrupt in Texas where the manufacturers or where the shellers are, and it would be a disruption that eventually would be disastrous to both sides of the issue and where peanuts are grown in Texas.

I would hope that my distinguished colleague would continue working with us, as he has, continue working as diligently as he has. I assure you that he makes a valuable contribution to our committee. He is a valuable member of our committee, and it is with great pain personally that I have to oppose his amendment.

But we are dealing with national legislation. We cannot single out, we cannot carve out. We are trying very diligently to meet his need and we will continue to do so, I assure you.

So for the best interests of all concerned, I would hope that the committee, that our colleagues, would sustain the committee and vote no on the amendment so that we might continue working together to meet his needs, but doing it in an orderly fashion as we are already doing.

Mr. COMBEST. Mr. Chairman, to the distinguished chairman of the committee, for whom I have a great deal of respect, and certainly through the past several months in the development of a program, and certainly here with his able leadership on the floor, I would say that I would in no way want to only restrict this to Texas. Possibly that would be good, and if the chairman would desire, maybe we should consider what the gentleman from California, Mr. BROWN, said, and make it a national amendment. I would not just want to restrict this to Texas and, you know, it has been a problem we have been trying to deal with in Texas. I would certainly not want the other Members of the body to think I was shorting them simply by trying to work within Texas only, and certainly I would be willing to accept that, if that is what the chairman wished.

I would certainly be continually willing to try to work with him and the Members on the committee to try to work this problem out.

I reserve the balance of my time.

□ 1355

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. COMBEST].

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title VIII?

Mr. VENTO. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Minnesota [Mr. VENTO] is recognized.

There was no objection.

Mr. VENTO. Mr. Chairman, I would like to engage in a colloquy my colleague from California, the chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, Mr. PANETTA, concerning the Temporary Emergency Food Assistance Program [TEFAP].

Mr. PANETTA. I would be pleased to enter into a colloquy with the gentleman from Minnesota.

Mr. VENTO. The TEFAP program has been extremely beneficial for low-income households in Minnesota and I would like to thank the gentleman and the committee for their commitment to this program and their work to improve the TEFAP program. As you are aware, the TEFAP program provides hunger relief to needy individuals through monthly mass distributions of Government surplus commodities. Most affected households are experiencing long-term unemployment and persistent poverty and depend upon these commodities as a part of their daily food intake. And according to statistics that I have received from Minnesota food banks, the need for commodities has been increasing. As an example, in a food shelf in southern Minnesota, an area hard hit by the current agriculture crisis, the number of individuals through the door had increased almost tenfold between 1982 and 1984.

However, I am concerned about the problem that has been brought to my attention which is affecting my home State of Minnesota and approximately 15 other States, that will effectively cut Minnesota's allocation of cheese in half. The Secretary of Agriculture, exercising his discretionary authority, terminated an aspect of this program that allowed States to process bulk cheese. Minnesota, along with these 15 other States, have processing facilities within the State and had previously been processing 40-pound blocks of surplus cheese. The States received these surplus commodities and then processed them into 2- and 5-pound packages for distribution. This amount was in addition to the States' allocation of prepackaged 2- and 5-pound parcels of cheese.

This reduction in Minnesota's cheese allocation is occurring at a time when the demand for the cheese is actually rising. Not only is the need increasing in southwestern Minnesota, but throughout the rest of the State as well. If Minnesota is forced to absorb the anticipated shortfall resulting from the Secretary's decision, the needs simply will not be met.

I am very pleased with the USDA allocation that distributes approximately 500,000 pounds of cheese a month to Minnesota; however, if there is bulk cheese available for processing, and Minnesota along with other States have the facilities to process it, why shouldn't the States receive these allotments?

The real question here is not regarding the size or the makeup of the cheese, the question is, what is the amount of cheese available for distribution and will that amount be distributed as it is available? I would hope that the Secretary, when exercising his discretionary authority over this distribution program, takes into consideration the needs of the low-income individuals who are being helped by this program.

Mr. PANETTA. Mr. Chairman, if the gentleman will yield, I appreciate the gentleman bringing this matter to my attention and I would like to assure the gentleman that it is the intent of the committee that surplus commodities of cheese—processed or nonprocessed—be continued to be made available to the States in quantities sufficient to serve needy Americans, to the extent that this processed and nonprocessed cheese is available to the Secretary, and can be distributed consistent with legal requirements. I see no reason why distribution should have been reduced in recent months unless a shortage of processed or nonprocessed cheese has developed. As far as I know, the demand for surplus commodities remains high and the supply of cheese is considerable.

Mr. VENTO. I thank the gentleman for his assurances and for participating in this exchange, and am satisfied that the committee language and intent will insure the distribution of both processed and nonprocessed cheese as is necessary to serve the needy.

The CHAIRMAN. Are there amendments to title IX?

Are there amendments to title X, General Commodity Provisions?

Are there amendments to title XI?

Mr. DE LA GARZA. Mr. Chairman, are we still on title X?

The CHAIRMAN. The Chair will state that we can go back to title X.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent that we return to title X.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Are there amendments to title X?

AMENDMENTS OFFERED BY MR. MADIGAN

Mr. MADIGAN. Mr. Chairman, I offer two amendments to title X, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Chair would inquire of the gentlemen, are these amendments printed in the CONGRESSIONAL RECORD?

Mr. MADIGAN. Yes, they are, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. MADIGAN: Title X, page 239, after line 19, insert the following new section:

MARKETING YEAR

SEC. 1028. Section 301(b)(7) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)(7)) is amended by striking out "Corn, October 1—September 30;" and inserting in lieu thereof "Corn, September 1-August 31."

Title X, page 239, after line 19, insert the following new section:

ANALYSIS OF INFORMATION—CONFIDENTIALITY

SEC. 1029. (a) Neither the Secretary, nor any other officer or employee of the Department of Agriculture (hereinafter "the Department") or agency thereof, nor any other person may—

(1) Use the information furnished generally pursuant to sections 1622(g) and 2204(a) of title 7, United States Code, and specifically pursuant to sections 471, 501, 951, and 2248, title 7, United States Code, section 42, title 13, United States Code, and section 1516(a), title 15, United States Code, for any purpose other than statistical purposes which are defined as the development or reporting of aggregate data in such a way that the identity of specific establishment or individual data is not discernible and is not material to the intended uses of the data, or (2) disclose such information to the public unless it has been transformed into statistical or aggregate formats that do not allow the identification of the establishment or individual who supplied particular information.

(b) No department, agency, officer, or employee of the Government except the Secretary in carrying out the general purposes of sections 1622(g) and 2204(a), title 7, United States Code, and the specific purposes of sections 471, 501, 951, and 2248, title 7, United States Code, shall require for any reason, copies of the statistical information provided to the Department which have been retained by any such establishment or individual. Copies of such information which have been so retained shall be immune from mandatory disclosure of any type including legal process, and shall not, without the consent of the individual or establishment concerned, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(c) Any person who shall publish, cause to be published, or publicly release information collected pursuant to, generally, sections 1622(g) and 2204(a) of title 7, United States Code, and specifically pursuant to sections 471, 501, 951, and 2248, title 7 United States Code, section 42, title 13, United States Code, and section 1516(a), title 15, United States Code, in any manner or for any purpose prohibited in section (a) shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

Mr. MADIGAN [during the reading]. Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I am happy to yield to my distinguished chairman.

Mr. DE LA GARZA. Mr. Chairman, I would advise the membership and my distinguished colleague that we have examined both amendments, as offered en bloc, and we have no objection to the amendments.

Mr. MADIGAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Illinois [Mr. MADIGAN].

The amendments were agreed to.

The CHAIRMAN. Are there other amendments to title X?

Are there amendments to title XI?

AMENDMENT OFFERED BY MR. DURBIN

Mr. DURBIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DURBIN: Page 260, beginning in line 1, strike out "export subsidies" and all that follows through line 2, and insert in lieu thereof the following: "subsidies (including export subsidies, tax rebates on exports, financial assistance on preferential terms, provisions of funds to cover operating losses, assumption of costs or expenses of production, processing or distribution, differential export taxes or differential export duty exemptions, domestic consumption quotas, and other methods of furnishing or ensuring the availability of raw materials at artificially low prices) or other unfair trade practices of a foreign country that directly or indirectly benefit producers, processors, or exporters of agricultural commodities in that foreign country; and".

Mr. DURBIN [during the reading]. Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Chair would inquire, was the amendment printed in the CONGRESSIONAL RECORD as of September 24?

Mr. DURBIN. Yes, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois [Mr. DURBIN] is recognized for 5 minutes.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. DURBIN. I yield to the chairman of the committee.

Mr. DE LA GARZA. Mr. Chairman, I would inform the membership that we have examined the amendment and have no objection to it.

Mr. DURBIN. Mr. Chairman, the amendment which I have offered will strengthen the Secretary of Agriculture's authority to counteract export subsidies and other unfair trade practices which have resulted in the loss of U.S. agricultural export markets. This amendment broadens the current provisions of H.R. 2100 which require the Secretary of Agriculture to develop a program to counteract foreign "export subsidies" through the use of Commodity Credit Corporation stocks or funds.

Nations seeking to subsidize their exports have increasingly begun to develop new ways of achieving this result without violating the traditional definition of an "export subsidy." For example, Brazil and Argentina now employ a differential export tax system which has the same effect as an export subsidy. Spanish domestic consumption quotas on soybean oil and tax rebates on the export of soybean products have also hurt U.S. exports.

As a result of these practices, U.S. export revenues from soybeans and soybean products have declined significantly. The U.S. share of world soybean meal markets has decreased from 78 percent in 1973-74 to 30 percent in 1983-84. The U.S. share of soybean oil products decreased from 70 to 24 percent during this period. The U.S. balance of trade on soybean-related export earnings decreased from $8 billion in 1980 to only $5 billion in 1985.

The soybean industry sought relief from these practices through a petition filed in June 1983 under section 301 of the 1974 Trade Act. Despite the serious impact of these practices on U.S. exports, no relief has been granted by the U.S. Trade Representative. Apparently, our trade officials have been reluctant to act on these practices because GATT officials have not specifically identified practices such as those used by Brazil and Argentina against United States soybean processors as "export subsidies."

This amendment is designed to expand the authority given to the Secretary of Agriculture in H.R. 2100 to counteract export subsidies to include other unfair trade practices. The amendment also defines subsidies to include a number of specific practices such as differential export taxes, differential export duty exemptions, tax rebates on exports, financial assistance on preferential terms, funds to cover operating losses, and other methods of assuring the availability of raw materials at artificially low prices which have undermined the competitiveness of U.S. exports.

International markets are critically important to our Nation's agricultural economy. For example, soybean processors purchase approximately 60 percent of America's soybean crop to produce soybean meal and soybean oil. The loss of these markets will result in the further deterioration of farm prices. The loss of these markets will also jeopardize the jobs of 11,000 workers in the U.S. soybean processing industry.

I urge you to support this amendment to strengthen the Secretary of Agriculture's authority to protect U.S. agricultural producers from export subsidies and other unfair trade practices.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DURBIN. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding, and I advise the gentleman that we have had a chance to review his amendment. We think that it is a very good amendment and hope that it will be adopted.

Mr. DURBIN. Mr. Chairman, in light of the statements by the chairman and my colleagues, the gentleman from Illinois, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DURBIN].

The amendment was agreed to.

Mr. CONTE. Mr. Chairman, I ask unanimous consent to return to title X for one amendment, a bee amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

Mr. DE LA GARZA. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE: Page 211, line 12, add the following after the period: "The term 'payments' as used in this section shall include the amount by which any repayment of construction costs pursuant to Federal reclamation law (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof and supplementary thereto) is exceeded by the full cost, as defined by section 202(3) (A)-(C) of the Reclamation Reform Act of 1982 (Public Law 97-293, 96 Stat. 1263), less $5,000.".

Mr. CONTE. Mr. Chairman, I'm offering today what I call the "Conte Killer Bee" amendment, because I'm going to try and kill one of the most outrageous price support programs we've got going: the honey price supports. To those who will be fighting my amendment, I know what you'll say about this program: "How sweet it is."

How sweet it is that more than 75 percent of the honey produced in the United States is purchased by the Government.

How sweet it is that virtually every ounce of honey sold in the United States today comes from a foreign country.

How sweet it is that just about 30 percent of the honey producers in the United States get 90 percent of the benefits: one farmer got over $1 million.

How sweet it is that the 3 million pounds of honey is stored in a private warehouse at a cost of $3,000 per month.

Well, Mr. Chairman, I'm here to put an end to this boondoggle which costs the Government $100 million a year. It's a honey of a deal to a few queen bees, but it's the taxpayer who's getting stung.

Now, I don't want to drone on about this amendment, but I've been buzzing about this issue since the GAO report came out which recommended elimination of this wasteful program. I've combed through that report, and I don't want to bumble on this amendment. It's a sticky problem, but we've got to deal with it.

My amendment simply eliminates the program. It doesn't work: back in the 1950's, when honey prices dropped, Congress had a legitimate interest in insuring that enough beekeepers stayed in business to provide pollination. I'm a farmer myself—and I like the bees who pollinate my tomato plants.

For years and years, the program worked well: The support price remained well below the market price, beekeepers sold to the market, and the programs cost virtually nothing.

But in 1981, we reached the crossover point: the hives opened up. Argentina, Canada, Mexico, and the People's Republic of China began sending in imports of honey to plug the gap caused from a decline in domestic production. Honey prices went up, and last year—now, listen to this—the Government was buying almost 120 million pounds of honey.

The administration supports my amendment. "It's probably the most absurd program we administer," said an official from the Agriculture Department.

This program is so out of wax that even the bees are laughing. And these beekeepers are raking in the dough, laughing all the way to the bank. They should be ashamed of themselves.

Shame on you, the queen bees of the honey industry. Shame on you, for horneting in on this boondoggle. These people are hoping that my amendment goes down today, hoping that it won't fly. They're swarming around here, trying to kill this amendment, but let me tell you: Even Winnie the Pooh wouldn't stick his paw into this honeypot.

□ 1405

The CHAIRMAN. Will the gentleman from Massachusetts give the Chair his attention on this issue?

The Clerk reported an amendment offered by the gentleman from Massachusetts dealing with reclamation.

It would be in order for the gentleman from Massachusetts [Mr. CONTE] to ask unanimous consent that the amendment as reported be the one that the gentleman printed in the RECORD and spoke to concerning honey. Does the gentleman make that request at this time?

Mr. CONTE. Mr. Chairman, I ask unanimous consent that the amendment that I offered pertain to this honeybee amendment. The Clerk now has it at the desk.

The CHAIRMAN. Without objection, the Clerk will report the amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. CONTE:

(1) Section 201 of the Agriculture Act of 1949; 7 U.S.C. 1446 is amended by striking in the first sentence the word "honey."

(2) Subsection (b) of such section is hereby repealed.

The CHAIRMAN. Does the gentleman from Texas continue to reserve on his point of order?

Mr. DE LA GARZA. Yes, Mr. Chairman. This is the amendment I was reserving the point of order on.

POINT OF ORDER

Mr. DE LA GARZA. Mr. Chairman, if I may be heard on my point of order, I would not object to the gentleman having made his plea for the amendment. But the amendment as printed in the RECORD, Mr. Chairman, does not designate a proper page or title or section of the bill, and for that reason I would submit that it is out of order.

The CHAIRMAN. Does the gentleman from Massachusetts [Mr. CONTE] wish to be heard?

Mr. CONTE. Mr. Chairman, when we submitted the amendments, unfortunately the printer put them en bloc. That was the unfortunate part, but I feel the amendment is germane, and it is germane to section X of the bill.

The CHAIRMAN (Mr. BONIOR of Michigan). The Chair is prepared to rule.

The Chair will rule that the amendment as submitted was not correctly printed as a separate amendment, and the Chair will sustain the point of order of the gentleman from Texas.

AMENDMENTS OFFERED BY MR. BEREUTER

Mr. BEREUTER. Mr. Chairman, I ask unanimous consent that the three amendments that I now offer be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska for consideration of the amendments en bloc?

Mr. LENT. Reserving the right to object, Mr. Chairman, and I will not object, I would just like to ask the gentleman if any of these amendments have to do with the so-called preference laws.

Mr. BEREUTER. Mr. Chairman, if the gentleman will yield, I would say to the gentleman that none of the three has anything to do with cargo preference. They are studies for the U.S. Department of Agriculture on other subjects.

Mr. LENT. If the gentleman would yield further, these amendments do pertain to title XI, and the Committee has now reached the point in our deliberations where we are on title XI.

Mr. BEREUTER. Yes, that is my understanding, and that is how I am acting.

Mr. LENT. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I withdraw my reservation of objection.

PARLIAMENTARY INQUIRY

Mr. DE LA GARZA. Mr. Chairman, what is the parliamentary situation?

The CHAIRMAN. The parliamentary situation is that the gentleman from Nebraska has asked that his amendments be considered en bloc.

Is there objection to the request of the gentleman from Nebraska?

Mr. DE LA GARZA. Reserving the right to object, Mr. Chairman, I do so only to inform the gentleman that we are still studying his amendments, and there is a possibility that we might not be fully in accord with one of them. I wonder if the gentleman would continue with one of the amendments and make his request later.

Mr. BEREUTER. Mr. Chairman, if the gentleman will yield, I would be pleased to do that. I would ask the chairman which one he would want me to avoid.

Mr. DE LA GARZA. The agreement with Brazil on wheat and soybeans.

The CHAIRMAN. Does the gentleman object?

Mr. DE LA GARZA. Would the gentleman acquiesce to the request of the chairman?

Mr. BEREUTER. I would be pleased to do that.

Mr. DE LA GARZA. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. The gentleman from Nebraska [Mr. BEREUTER] will restate his request.

Mr. BEREUTER. Mr. Chairman, I ask unanimous consent that my amendments numbered 2 and 4 be considered en bloc.

Mr. CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. BEREUTER: Title 11, on page 282 following line 18 add the following new section:

STUDY RELATING TO BRAZILIAN ETHANOL IMPORTS

SEC. 1155. The Secretary of Agriculture shall conduct a study to determine the impact that the import of Brazilian ethanol has on the domestic price of corn and other grains and the domestic ethanol refining industry. The Secretary of Agriculture shall also, in consultation with the International Trade Commission and the United States Trade Representative, determine what relief should be granted because of the interference of subsidized Brazilian ethanol with the domestic ethanol industry. Not later than 60 days after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Title XI, on page 274 after line 18 add the following new section:

STUDY TO REDUCE FOREIGN EXCHANGE RISK

SEC. 1132. The Secretary of Agriculture shall conduct a study to determine the feasibility, practicability and cost of implementing a program to reduce the risk of foreign exchange fluctuations that is incurred by the purchasers of United States agricultural exports under United States export credit promotion programs. The purpose of the study is to examine whether the GSM-102 program and all other United States export credit initiatives relating to agricultural exports would be enhanced by the United States assuming the foreign exchange risk of the buyer which resulted from a rise in the value of the United States dollar compared to the trade-weighted index of the dollar. The index referred to is the "trade-weighted index" published by the Department of Commerce as a measurement of the relative buying power of the dollar compared to the currencies of nations trading with the United States. The elements of the program to be considered in this study would include the following:

(1) On the date a foreign buyer receives GSM-102 or other credit for purposes of purchasing United States agricultural products, the maximum loan repayment exchange rate would be tied to the trade-weighted value of the United States dollar on the same date.

(2) If in the future the United States dollar gains in strength (a higher trade-weighted index), the buyer would continue to repay the loan at the lower value fixed at the time the GSM-102 credit was extended.

(3) If the United States dollar falls in value during the term of the repayment period, the foreign buyer could calculate his repayment on the lower dollar value.

(b) Not later than six months after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Mr. BEREUTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

Mr. DE LA GARZA. Mr. Chairman, reserving the right to object, will the gentleman kindly identify the amendments beyond Nos. 3 and 4?

Mr. BEREUTER. Mr. Chairman, if the gentleman will yield, I would say to the committee chairman that the one that the chairman raised questions on is the one labeled "3," which is the Brazilian soybean and wheat exchange amendment. Amendment No. 2 is the one that requires a study of the impact of the Brazilian ethanol imports. Amendment No. 4 includes a study of the UDSA of the foreign exchange risk. So I am not taking up the one on which the chairman had a question.

Mr. DE LA GARZA. Let me ask the gentleman if he has another amendment, No. 1; is that another sequence?

Mr. BEREUTER. I am not taking that up at this time, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The CHAIRMAN. The gentleman from Nebraska [Mr. BEREUTER] is recognized for 5 minutes.

Mr. BEREUTER. Mr. Chairman, in order to expedite the procedure here, I did ask that these two amendments be considered en bloc. Both are related to studies which the Department of Agriculture would make.

The first of those two studies that I am going to discuss. This one labeled "No. 2," would require a study of the impact of Brazilian ethanol imports. This is a proposed study to which the Department has no objection. I believe, that given the situation we have had in recent months, it is particularly opportune that this study be conducted. I would be very pleased to answer questions about it if there are any at this time.

Mr. Chairman, this amendment would require the Secretary of Agriculture to conduct a study to determine the impact that the import of Brazilian ethanol has on the domestic price of corn and other grains, and the domestic ethanol refining industry. The Secretary of Agriculture shall also, in consultation with the International Trade Commission and the U.S. Trade Representative, determine what relief should be granted because of the interference of subsidized Brazilian ethanol with the domestic ethanol industry.

On August 26, the U.S. Customs Service and Treasury Department announced a decision exempting certain marketers and traders from the Customs Service's earlier decision to impose a 60-cent duty on blended ethanol imports. This decision could allow up to 500 million gallons of imported ethanol to enter this country duty free.

The impact of this ill-timed decision is disastrous:

First, 200 million bushels of corn will not be converted into ethanol in the United States in a year when the United States has a bumper crop of corn.

Second, adding 200 million bushels of corn to the U.S. market could drive down the price of corn 15 cents a bushel, according to the National Corn Growers.

Third, $1.2 billion in American farm income will be lost if the price of corn is reduced 15 cents a bushel.

Fourth, the U.S. Treasury will lose $300 million in import duties on the foreign-made ethanol. The Treasury will also face the added expense of purchasing and storing the surplus corn.

At a time when the American farmers are facing an economic crisis and we are confronted with a massive Federal deficit, this decision only aggravates a bad situation.

It is my sincere hope that the USDA will recognize the seriousness of this decision on imported ethanol and do everything within its power to persuade the other branches of the Federal Government responsible for decisions that it was a drastic mistake with monumental consequences for an already depressed agricultural economy.

If Members have questions, I would be happy to answer them at this time, and I urge my colleagues to support this amendment.

The second proposed study relates to the foreign exchange risk program. Again, it is a proposed study by the USDA attempting to ensure that as we have commercial sales of products, that the buyer and the seller are held in less risk by fluctuations in currency rates. I would be pleased to answer any questions about these two proposed studies if there are any at this time.

Mr. Chairman, this amendment is straightforward. It creates no additional burden on the budget, and it is a program which I believe the Department of Agriculture will seriously contemplate implementing once they have conducted the study which this amendment would require.

In 1981, U.S. agricultural exports peaked at $41.5 billion. By 1984, our total agricultural exports fell to $31.5 billion. Next year, estimates show that agricultural exports will drop below $30 billion for the first time since the mid-1970's.

Since 1981, the United States has lost a total of $36 billion in agricultural exports. As a result of these losses, the general economy has been deprived of economic activity that would have added $300 billion to the Nation's gross national product. In the absence of any downturn in exports, millions of jobs could have been added to the economy. Government costs of farm programs could have been slashed. Economic recovery could have buoyed the agricultural industry, generating wealth, and advancing the welfare of the Nation.

One of the major contributing factors in the decline of our agriculture exports has been the fear of foreign countries that the cost of U.S. agricultural products purchased under multiyear credit programs that their cost of repayment will escalate, or increase, with fluctuations in the dollar.

Basically, this amendment would require the Secretary of Agriculture to conduct a study to determine the feasibility, practicability, and cost of implementing a program to reduce the risk of foreign exchange fluctuations to foreign purchases of U.S. agricultural exports. The purpose of the study is to examine whether the GSM-102 program and all other U.S. export credit initiatives relating to agricultural exports would be enhanced by the United States assuming the foreign exchange of risk of the buyer which resulted from a rise in the value of the U.S. dollar compared to the trade-weighted index of the dollar. The index referred to is the trade-weighted index published by the Department of Commerce as a measurement of the relative buying power of the dollar compared to the currencies of nations trading with the United States. The elements of the program to be considered in this study would include the following:

First, on the date a foreign buyer receives GSM-102 or other credit for purposes of purchasing U.S. agricultural products, the maximum loan repayment exchange rate would be tied to the trade-weighted value of the U.S. dollar on the same date.

Second, if in the future the U.S. dollar gains in strength, a higher trade-weighted index, the buyer would continue to repay the loan at the lower value fixed at the time the GSM-102 credit was extended.

Third, if the U.S. dollar falls in value during the term of the repayment period, the foreign buyer could calculate his repayment on the lower dollar value.

If members have questions, I would be happy to answer them at this time, and I urge my colleagues to support these two amendments.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I would be pleased to yield to the chairman.

Mr. DE LA GARZA. I thank the gentleman for yielding.

I would advise the gentleman that these two amendments, his titles II and IV, we would have no objection to on this side.

Mr. BEREUTER. I thank the chairman.

I yield to the gentleman from Iowa, my neighbor and friend.

Mr. BEDELL. I commend the gentleman for his amendments, and I would certainly support them.

Mr. BEREUTER. I thank the gentleman for his comments.

Mr. Chairman, I yield back the balance of my time on these two amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Nebraska.

The amendments were agreed to.

AMENDMENT OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GILMAN: Page 244, line 12, after "title II" insert "and section 311".

Page 248, at the end of line 22, add the following: "The minimum allocation requirements of this clause apply with respect to commodities and products made available under this subsection for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to commodities and products made available to carry out section 311 of that Act.".

Page 252, after line 23, insert the following:

"(C) The minimum quantity requirements of subparagraphs (A) and (B) apply with respect to the eligible commodities to be made available for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to eligible commodities made available to carry out section 311 of that Act.".

Page 253, line 1, strike out "(C)" and insert in lieu thereof "(D)".

Page 253, after line 18, insert the following new section:

FOOD FOR PROGRESS PROGRAM AND PRIVATE ENTERPRISE PROMOTION

SEC. 1107. (a) Title III of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727-1727g) is amended by adding at the end thereof the following new section:

"SEC. 311. (a) The President is authorized to negotiate and carry out agreements with developing countries, that have made commitments to agricultural policy reforms, providing for the furnishing of agricultural commodities to such countries, on a credit or grant basis, to support reform and implementation of agricultural policy decisions based on free market principles. Such agreements may provide for commodities to be furnished on a multiyear basis.

"(b) The agreement between the United States Government and a recipient country which provides for the furnishing of commodities under this section shall be called a Food for Progress Program.

"(c) Before entering into an agreement with developing country for the furnishing of agricultural commodities under this section, the President shall be satisfied that such country is committed to carry out, or is carrying out, policies that promote economic freedom, private production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities. Such policies may provide for, among other things—

"(1) access, on the part of farmers in the country, to private, competitive markets for their products;

"(2) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the country's domestic needs;

"(3) establishment of market-determined foreign exchange rates;

"(4) timely availability of production inputs, such as seed, fertilizer, or pesticides, to farmers; and

"(5) access to technologies appropriate to the level of agricultural development in the country.

"(d)(1) Notwithstanding any other provision of law, the Commodity Credit Corporation may use funds appropriated to carry out title I of this Act in carrying out this section.

"(2) The Commodity Credit Corporation may finance the sale and exportation of commodities furnished to a developing country under this section.

"(3) The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as the President may request for purposes of furnishing commodities on a grant basis under this section.

"(4) Section 203 of this Act shall apply to commodities furnished on a grant basis to a developing country under this section.

"(e) Payment by any developing country for commodities purchased on credit terms under this section shall be on the same basis as the terms provided in section 106 of this Act.

"(f) Any new spending authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

"(g) Any preference to 'this title' in sections 301 through 307 of this title shall not apply with respect to this section.".

"(b) Section 106(b) of such Act (7 U.S.C. 1706(b)) is amended by adding at the end thereof the following new paragraph:

"(4)(A) Notwithstanding any other provision of this subsection, agreements under this title for the sale of agricultural commodities for dollars on credit terms may provide that proceeds from the sale of the commodities in the recipient country shall be used for such private sector development activities as are mutually agreed upon by the United States and the recipient government.

"(B) Proceeds used for private sector development activities pursuant to this paragraph shall be loaned by the recipient government to one or more financial intermediaries operating within the country for use by those financial intermediaries for loans to private individuals, private and voluntary organizations, corporations, cooperatives, and other entities within such country. Such proceeds shall not be used to promote the production of commodities or the products thereof that will compete, as determined by the President, in world markets with similar commodities or the products thereof produced in the United States.

"(C) As used in this paragraph—

"(i) the term 'private sector development activities' means activities which foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of goods and services within a recipient country; and

"(ii) the term 'financial intermediaries' includes banks, cooperatives, private and voluntary organizations, and other financial institutions capable of making and servicing loans.".

Mr. GILMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GILMAN. Mr. Chairman, I would be pleased to yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, I would advise the gentleman that we have no objection to the amendment on this side.

Mr. GILMAN. Mr. Chairman, I thank the chairman of the committee and I yield to the gentleman from the minority side.

Mr. ROBERTS. I would be happy to respond, Mr. Chairman. We have no objection to the amendment, and we thank the gentleman for offering it.

Mr. GILMAN. Mr. Chairman, I am pleased to offer this amendment for myself and on behalf of my colleague from Louisiana, [Mr. HUCKABY], the distinguished chairman of the Agriculture Subcommittee on Cotton, Rice, and Sugar.

The first portion of this amendment in essence contains the President's food for progress proposal. It authorizes the President to provide Public Law 480 commodities on a loan or grant basis to encourage countries to undertake agriculture reforms based on free market principles.

The Presidential proposal recognizes that a key obstacle in the war on hunger in many developing countries has been governmental policies which discourage or fail to provide incentives to the farmer. This amendment gives the President an additional, important tool to assist countries who are trying to build up their food production through the stimulus of economic freedom for their farmers.

The gentleman from Louisiana [Mr. HUCKABY] has made a particular contribution to this amendment by authoring a provision which allows commodities from the CCC's section 416 donation program also to be made available for food for progress. I am pleased to be associated with Mr. HUCKABY in this proposal.

The second part of my amendment provides for the use of Public Law 480 concessional sales aid in ways which would stimulate local private enterprise. It authorizes Public Law 480 agreements under which the recipient government will loan the local currencies it gets from the sale of those commodities to financial intermediaries such as local banks.

The intermediaries then will loan the money to businesses and other private entities in-country for economically productive activities.

When we see the chronic food deficits in many developing countries today and most tragically being demonstrated in Africa, we know we must do all we can to attack the hunger problem and to help these countries to help themselves. One means is to help stimulate free market systems for their farmers and the natural productive impetus of private enterprise.

It is my understanding that the executive branch agencies which would be administering the programs are supportive of this amendment. It does not add to the costs of their budgets. A similar amendment was passed by the House in July as part of the foreign aid bill, but could not be dealt with in conference at that time. Accordingly, I urge that it be included in this bill so we can take it to the Senate.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ROTH

Mr. ROTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment Offered By Mr. ROTH: Page 274, after line 18 insert the following:

TRADE LIBERALIZATION

SEC. 1132. (a) Congress finds that—

(1) the present high level of agricultural protectionism contrasts sharply with the general trade liberalization that has been achieved since the inception of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT");

(2) GATT procedures should explicitly recognize the protective effect of domestic subsidies that alter trade indirectly by reducing the demand for imports and increasing the supply of exports;

(3) current rules make a distinction between primary and manufactured products, and this allows for agricultural export subsidies;

(4) the rule that permits export subsidies on primary products that do not result in inequitable market shares has proven to be unworkable; and

(5) a unified treatment of tariffs and subsidies would clarify trading rules for market participants and simplify trade negotiations.

(b) It is the sense of Congress that the President should negotiate with other parties to GATT to revise GATT rules so that agricultural export subsidies would be treated the same as tariffs and primary products the same as manufactured products.

Mr. ROTH. (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The CHAIRMAN. The Chair would inquire if the amendment has been printed in the RECORD as of September 24.

Mr. ROTH. It has, Mr. Chairman.

The CHAIRMAN. The gentleman from Wisconsin [Mr. ROTH] is recognized for 5 minutes.

Mr. ROTH. Mr. Chairman, when GATT was negotiated after World War II it was to reduce the barriers of trade between industrialized nations. For various reasons agriculture did not receive the same consideration as manufactured goods. What does my amendment do? It will put agriculture and manufactured goods on an equal footing in GATT. This amendment is particularly timely as we are now preparing the new priorities for the new round of negotiations at GATT, and we are asking the administration to give this priority to agriculture.

My amendment by giving added consideration to agriculture will reduce those barriers that now exist.

If we lower the barriers, Mr. Chairman, we are going to be able to export many more agricultural products.

With a trade deficit of $150 billion this year and agriculture being the United States No. 1 export, I think it is preeminently the time for us to consider this amendment and give this added priority to agriculture. I feel confident that our negotiators at the GATT will welcome this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. ROTH].

The amendment was agreed to.

AMENDMENT OFFERED BY MRS. SMITH OF NEBRASKA

Mrs. SMITH of Nebraska. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. Smith of Nebraska: On Page 274, line 19, strike Subtitle D and all that follows therein and insert in lieu thereof the following:

"Subtitle D—Transportation Charges for Waterborne Cargoes of Donated Commodities

LIMITATION ON REQUIREMENTS

SEC. 1141. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end thereof the following: 'Export activities of the Corporation under this Act and activities of the Corporation or the Department of Agriculture to promote the export of agricultural commodities under any other Act shall not be subject to cargo preference requirements.'."

Mrs. SMITH of Nebraska. Mr. Chairman, this amendment was printed in the RECORD prior to September 24.

Mr. Chairman, I offer this amendment to title 11 of H.R. 2100, to exempt all agricultural exports from cargo preference requirements.

Mr. Chairman, the Cargo Preference Act of 1954 requirement that 50 percent of Government-sponsored cargoes be shipped on U.S.-flag bottoms sounds like a good idea until one learns that U.S.-flag ships cost two to four times as much as foreign-flag vessels, and the taxpayer, through the Department of Agriculture, is required to make up the difference.

This policy has had the effect of putting the cost of supporting the merchant marine on the backs of our American farmers—and poor, starving people around the world. Frankly, neither group can afford it.

In February of this year, due to a U.S. district court decision, cargo preference requirements were expanded from Public Law 480 to our Blended Credit Program. This would have at least tripled the net Government cost of the Blended Credit Program, and not surprisingly, the Department of Agriculture suspended the program's operation.

As a result, more than $500 million dollars worth of wheat and wheat product exports were lost, contributing to the 50-percent drop in wheat exports this season. Now we have word that the maritime interests will press for court action to expand cargo preference to our $5 billion Credit Guarantee Program, along with the Export Bonus Program. These actions would have the effect of expanding cargo preference to at least 20 percent of our agricultural exports.

Meanwhile, this year we will spend $155 million of Public Law 480 food for peace—money intended to feed starving people around the world—to pay shipping subsidies. Unfortunately, I must also report that during the recent famine crisis in the sub-Saharan, U.S. shipping companies increased the subsidies that they charged the Government as much as 186 percent—to the detriment of people who needed the food desperately. If cargo preference requirements had not applied for food aid shipments, we could have sent a pound of wheat per day to 5 million more people.

Mr. Chairman, this is an issue of fairness. Cargo preference payments to a handful of shipping companies will add up to $80,000 per crew member of U.S. bulk carriers. According to the Department of Agriculture's latest figures, the approximate average income for our 2.4 million farms this year will be about $10,000—including commodity price supports.

Mr. Chairman, the issue of cargo preference has provoked sharp, acrimonious debate. I know that Members of the House who are on the other side of this issue feel strongly about the importance of the merchant marine and are convinced that this effort will destroy the vitality of the merchant marine.

Yet if we need a strong merchant marine, which I feel we do, why are we placing it on the back of hungry people and our farmers? If funded anywhere, this should come from the Department of Transportation—or the Department of Defense.

Moreover, 31 years of cargo preference have given us anything but a strong merchant marine. To the contrary:

First, the U.S. merchant fleet shrank from 3,000 privately and Government-owned ships in 1955 to a fleet of 650 in 1984.

Second, in 1983, the average age of American ships was an average age nearing that of the normal useful lifespan of merchant vessels. The United States had three times as much merchant ships 30 years and older as any other country.

Third, as a result of the advanced age of these ships, our merchant fleet's safety record is very poor. Between 1963 and 1983, more than 350 seamen died in major accidents on old ships operating beyond their productive life.

□ 1420

The CHAIRMAN. The time of the gentlewoman from Nebraska (Mrs. SMITH) has expired.

(By unanimous consent, Mrs. SMITH of Nebraska was allowed to proceed for 1 additional minute.)

Mrs. SMITH of Nebraska. Mr. Chairman and colleagues, is this the record we want to continue—and compound—while victimizing American farmers and desperately hungry people abroad?

Let me read a few editorial opinions on this issue from across the country:

> Wall Street Journal editorial of May 24, 1985—"Repeal the Cargo Preference Act."
>
> Washington Post editorial of July 20, 1985—"Who in Congress will come forward to take on this fight and earn the credit for . . . unraveling the maritime subsidy system?"
>
> New York Times editorial of July 16, 1985—"It makes no sense to prolong the uneconomic old regulations just to atone for extravagant subsidies of the past."

Fellow members of the committee, join the congressionally established National Agricultural Export Commission, Interfaith Action for Economic Justice, Bread for the World, and virtually every farm organization in supporting this amendment. The choice is yours: Vote here for farmers and the hungry around the world—or sound the death knell to any Federal effort to bring American agriculture back to the world marketplace.

Mr. LEACH of Iowa. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I would just like to stress that cargo preference makes a victim of the African child as surely as it does the farm producer.

Last year, for instance, the cost of cargo preference alone, if applied to our foreign aid program for the transfer of wheat and soybean oil, would have fed 480,000 more Ethiopians 1 pound of wheat and 1 ounce of soybean oil per day per year.

Farm interests alone are not the only ones who are concerned with this issue. The Grace Commission has indicated that elimination of cargo preference on agricultural transfers would save $1 billion over a 5-year period.

As we all know, this is a classic issue where government intervention has produced counterproductive results. The gentlewoman from Nebraska has pointed out how our merchant marine has suffered under Government intervention. In addition, the provisions of this law have provided such stilted incentives that it has been revealed recently in the press that in several instances American shippers have used old vessels, taken grain to Africa, and then sunk them. That does not provide jobs for the American merchant marine. That provides a subsidy to a very few in the shipping industry.

All I would suggest is that adoption of this amendment could be a first step not only to balancing our trade but also balancing our budget and bringing a little more fairness into our economy and a great deal more fairness into our foreign policy.

I would urge adoption of the Smith amendment.

Mr. DORGAN of North Dakota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to discuss the amendment that has been offered by the gentlewoman from Nebraska. I think that this discussion today on cargo preference is appropriate, because this is a program that has been in existence for some time and we need to review it. The gentleman from Iowa just demonstrated what it costs. We need to continually evaluate programs by asking: What does something cost, and what do we get for that cost?

Mrs. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I yield to the gentlewoman from Maryland.

Mrs. BENTLEY. We are talking about costs. What is the cost of the Farm Program? What is the subsidy of the Farm Program per year? Forty billion dollars. And how much is the subsidy to the merchant marine in a year? Less than $400 million.

The gentlewoman from Nebraska was talking about how much more food could have been taken to the hungry in Ethiopia. Very true. But if we had bought the food in Argentina, we could have fed even that many more people.

I think we have to remember some of those things.

Mr. DORGAN of North Dakota. Let me reclaim my time.

I appreciate your interest, first of all, the cost of the Farm Program is nowhere near the $40 billion represented by the gentlewoman. The total cost of the commodity portions of the Farm Program, I think around $11 billion per year as I recall. But that is not what we are discussing here today. What we are discussing is cargo preference.

The gentleman from Iowa [Mr. Leach] I think made a very important point. Another way of expressing the same point is to say that on Food for Peace shipments, Public Law 480, one-tenth of that which should end up as grain in the mouths of someone who is hungry somewhere around the world does not end up feeding those hungry people. It ends up instead in a cargo preference payment.

I think that is what the gentlewoman from Nebraska is trying to say with her amendment.

I know there are going to be other amendments offered today to try to compromise this. I am just saying that I think cargo preference is something that we fundamentally ought to reevaluate. We attempt to use our money in Public Law 480 and in blended credit programs to serve other markets. In the case of Public Law 480, it is particularly to try to move food to people in this world who are hungry and who desperately need it. And I think any program that diminishes our ability and our willingness to move food to hungry people ought to be evaluated very carefully by this House.

We never had a very good or full productive discussion on the merits of cargo preference, that is, costs versus benefit; and I think that is what the gentlewoman from Nebraska [Mrs. Smith] is asking us to do today with her amendment. I am glad she introduced the amendment, and I think at the conclusion of this kind of a discussion the statistics and information offered just prior to my discussion by the gentleman from Iowa [Mr. Leach], and others, will demonstrate that this House needs to rethink its position on cargo preference.

The Supreme Court decision has, I guess, forced all of us to reevaluate some of the position on cargo preference, inasmuch as they extended it far afield from Public Law 480.

I just want to say that I appreciate your bringing this issue to the floor of the House and I hope this leads to a constructive approach in the future to enhance our ability to move what we produce in such great abundance to those who need it so desperately around the world.

Mr. LENT. Mr. Chairman, will the gentleman yield for a question?

Mr. DORGAN of North Dakota. I yield to the gentleman from New York.

Mr. LENT. I want to first of all commend the gentleman. I think some of the statistics that the gentleman is using seem to be at least reasonably accurate. I think the gentleman said that 10 percent of the cost of some of these agricultural programs are allocated to the Cargo Preference Program; is that correct?

Mr. DORGAN of North Dakota. What I said was that about one-tenth of the Public Law 480 funds are used for cargo preference. That is, an additional 10 percent of the food would get to those who are hungry under Public Law 480 if we were to use it for food rather than cargo preference. That is what I intended to say.

Mr. LENT. Now, when I heard the author of the amendment, the gentlewoman from Nebraska, speaking, she said, as I recall, that cargo preference requirements triple the cost of agricultural exports. It would seem that that is sort of an exaggeration. Perhaps we can have some clarification from the gentlewoman.

Mr. DORGAN of North Dakota. I would be happy to yield to the gentlewoman from Nebraska [Mrs. Smith].

Mrs. SMITH of Nebraska. The cost to the Government on blended credit. That was in my statement.

Mr. DORGAN of North Dakota. Let me reclaim my time and say that the gentleman can get his time and properly question the gentlewoman from Nebraska. I think that the discussion about blended credit is an appropriate discussion. I was talking about Public Law 480 particularly, but, as you know, cargo preference has been extended now to blended credit, so we are facing a different kind of situation which causes the need to reevaluate what cargo preferences are at this point and what we ought to do about them.

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. DORGAN] has expired.

(On request of Mr. LENT and by unanimous consent, Mr. DORGAN of North Dakota was allowed to proceed for 2 additional minutes.)

Mr. LENT. If the gentleman will yield, on the Blended Credit Program, my understanding of the way that program works is, it was approximately a $550 million program; is that the gentleman's understanding?

Mr. DORGAN of North Dakota. We could ask the subcommittee. I believe that is the case.

Mr. LENT. And the amount of that Blended Credit Program which would have been allocated to cargo preference was roughly $40 million; is that the gentleman's understanding?

Mr. DORGAN of North Dakota. Well, if the gentleman wants to visit with the gentlewoman from Nebraska concerning the statistics she offered, you are perfectly welcome to do that. In fact, the gentlewoman from Nebraska is ready to answer the gentleman's question, and I would be glad to yield to her.

Mrs. SMITH of Nebraska. I would like to answer the question, and I would like to do it by reading what the Secretary of Agriculture said about it so it will be very clear:

> The U.S. Department of Agriculture estimates that, without cargo preference costs, the blended credit treatment of the contracted shipments under the program would incur a net cost of $23 million. However, cargo preference costs would add $45 million in Government outlays—driving the total cost to $68 million or nearly tripling the cost of the program.

Mr. DORGAN of North Dakota. I would be glad to yield to the gentleman if he wishes to inquire further of the gentlewoman from Nebraska.

Mr. LENT. I thank the gentleman for yielding.

I think it is important that we define our terms before we begin what may be a rather interesting and animated debate.

□ 1435

But what the gentlewoman is saying now, as I understand it, is that it would triple the cost to the Government of cargo preference if cargo preference were to be applied to the Blended Credit Program.

Mrs. SMITH of Nebraska. Right.

Mr. LENT. The gentlewoman acknowledges that the Blended Credit Program was overall something in the order of a $550 million program.

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. DORGAN] has expired.

(On request of Mr. LENT and by unanimous consent, Mr. DORGAN of North Dakota was allowed to proceed for 2 additional minutes.)

Mr. LENT. Mr Chairman, will the gentleman continue to yield?

Mr. DORGAN of North Dakota. I yield to the gentleman.

Mr. LENT. I thank the gentleman.

That the Blended Credit Program was about a $550 million program and that the cargo preference that would have been paid on that program had the Secretary of Agriculture not chosen to suspend the program as a result of that court decision, would have been on the order of $40 million out of that $550 million.

Is that a correct statement?

Mrs. SMITH of Nebraska. If the gentleman from North Dakota would yield, the Secretary terminated that program which would have given shipping companies $2 worth of subsidies for every $1 of expected reduction in export prices. That is why the program was no longer affected because of the high cost of cargo preference.

Mr. DORGAN of North Dakota. Let me reclaim my time at this point; the gentleman can have ample opportunity to get his own time.

Mr. Chairman, I think the gentlewoman from Nebraska has described precisely her estimate of what the costs would be under the Blended Credit Program. That is, the increased costs that cargo preference places under the Blended Credit Program. That is the point the gentlewoman was trying to make, and I think she has made it clear to me and clear to the rest of the Members in this Chamber. I appreciate the gentleman's inquiries. I feel very strongly about cargo preference; that this is the time for us to reevaluate this program. Again, I'm pleased that the gentlewoman has offered her amendment.

Mr. Chairman, the recent series of articles in the Washington Post titled "Disaster at Sea: Our Sinking Maritime Fortunes," made it clear that the Federal subsidies directed at our domestic shipping industry have not achieved their intended goal. The U.S. merchant fleet shrank from 3,000 privately and Government-owned ships in 1955 to 650 in 1984. One hundred fifty of these remaining vessels are of World War II vintage. The percentage of cargo shipped by U.S.-flag vessels has decreased from 43 percent in 1950 to 3.5 percent. And, the safety record of U.S.-flag ships is deplorable. More than 350 seamen died in accidents on aging vessels between 1963 and 1983.

All of these statistics indicate that it is time to rethink our approach to the domestic shipping industry. Among the issues that should be explored is the application of cargo preference requirements—which state that 50 percent of all Government-sponsored cargoes must travel on U.S. bottoms—to our food aid and blended credit programs.

Personally, I believe that this program overall has become counterproductive. One of its main goals is to maintain a domestic shipping fleet to call upon in times of national emergency. Not only has our domestic fleet drastically declined, but our Navy has increased its ship numbers. The Washington Post noted in an editorial this summer that the national security argument "collapses under scrutiny. The Reagan administration has been increasing the Navy's supply of cargo ships, and the U.S. Government in time of war would have access to the hundreds of ships owned by U.S. companies and registered under Liberian and Panamanian flags of convenience."

But perhaps the strongest argument for abolishing cargo preference is its negative impact on the amount of food we can ship to hungry people under our food aid programs. The expected fiscal year 1985 cost of cargo preference under the Food for Peace Donation Programs is $155 million, or about one-tenth of the total Food for Peace budget. If food aid shipments were exempted from cargo preference, the added funds could be used to provide additional help. That $155 million cost is enough to provide 1 pound of wheat per day for a year to nearly 5 million people. And I won't even touch on the sorry situation of the increase in shipping rates on U.S.-flag bottoms during the recent famine crisis in Africa.

For all these reasons, Mr. Chairman, I believe it is time to reexamine the role of cargo preference in our food aid and blended credit programs. If we cannot abolish it entirely, then I support the compromise position contained in the amendment offered by my colleagues, Mr. ENGLISH and Mr. ROBERTS. This amendment returns cargo preference requirements to those in existence before the U.S. district court decision this summer, which extended cargo preference rules to USDA's blended credit programs. The impact of this decision on our already-depressed farm exports was devastating—the National Association of Wheat Growers estimates that $13 million worth of wheat exports have been lost per week as a result of the court decision.

Mr. Chairman, let's supply some common sense to the cargo preference program. If we decide that it is necessary for our national security, then the Department of Defense or the Maritime Administration under the Department of Transportation should pay the cost—not our family farmers, who are already struggling to survive under the worst economic conditions seen in farm country since the Great Depression.

Mr. LIGHTFOOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I, too, would like to congratulate the gentlewoman from Nebraska for her amendment, and I would like to associate myself with the remarks of our colleague from the Dakotas.

I think possibly sometimes we are accused of having vested interests. I am going to talk about wheat, which is in my colleague, Mr. ROBERTS' State. We do not raise much wheat in Iowa; about the only wheat we have there is already put into a loaf of bread. If you look at what has happened since the court decision back in February of this year, USDA terminated many of its programs because of the cargo preference rule.

The estimate from USDA was that the blended credit treatment of the contracted shipments was roughly 3.6 million metric tons, it lowered the effective price by about $6.40 per metric ton, which is a total cost to the Government or, more precisely, to the taxpayers of this country of approximately $23 million. It also, by giving a $6.40 per metric ton disadvantage to American wheat, priced us out of the market. Due to the position that our dollar is in in the world markets, we are priced out in many places anyway. We certainly do not need that kind of a kick in the teeth to continue to take markets away from us.

The costs were estimated to be $44.8 million. So the cost of shipments to the U.S. taxpayers would be tripled by the cost of cargo preference. I do not think that is what we want to do and where we want to go. I think we need a good, strong Merchant Marine, but I do not know that we need it at these kinds of prices to the people that are being charged those prices.

It looks like, from USDA figures, that 536 million dollars' worth of wheat and wheat flour exports have been lost since February 26. We have been arguing for a farm bill and we are trying to help with the situation where farmers are losing money every day, and then we take 536 million dollars' worth of exports away from them so that we can subsidize some shipowners.

Other figures also would indicate that we are subsidizing the shipping industry to the tune of about $42,000 per person. That seems to me to be a bit excessive. I will offer some amendments later to try and create better trade relations by mixing commercial sales with Public Law 480. But if cargo preference remains a part of this package, I think we can just kiss those things goodbye.

The Public Law 480 Program was designed to help people who are in need, and we are basically, as Mr. LEACH mentioned a moment ago, taking the food out of the mouths of hungry people to subsidize an industry. I do not believe that is what we intended to do and what we are here for.

Mr. SNYDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I oppose the amendment offered by the gentlelady from Nebraska, in the strongest possible terms. In fact, Mr. Chairman, I oppose the fact that we're having this debate at all, under these circumstances, for I agree with the sentiments of those who argue that the farm bill is not the place in which to decide the future applications of the Cargo Preference Act of 1954. Nevertheless, some of those who have helped formulate this bill, which serves the American farmer to the tune of $130-odd billion in outlays over the next 5 fiscal years, have chosen to go to war with the merchant marine over a program which may call for $500 to $600 million in Federal outlays over the same 5-year period. In the context of this bill, that's pretty small peanuts or potatoes, whichever you prefer.

Cargo preference is no harm to the American farmer; let's set the record straight on that right now. The farmer doesn't pay the ocean freight differential it costs to transport Government-impelled commodities on U.S.-flag ships; the U.S. Government pays those charges, at rates which are steadily declining. The farmer didn't lose some $530 million worth of grain exports under the suspended Blended Credit Program because of cargo preference; he lost those exports because the Secretary of Agriculture decided to take his ball and go home rather than play by the rules of the game, as a Federal judge determined them to be.

There's another myth about this debate in need of some clarification. The people behind the scenes who want to kill cargo preference generally aren't the American farmers. In fact, a great many of the farmers' and growers' groups joined with the maritime industry earlier this year in a concerted effort to develop a meaningful compromise on the issue, and in fact they did develop an alternative worthy of consideration—not here, but in committee. What they did not do, however, was curry the favor of the people who want to do away with cargo preference—the same people who killed that compromise effort, and who have about as much in common with the American farmer as Jane Fonda, Cissy Spacek, and Jessica Lange.

The people I'm talking about are agribusiness, emphasis on the "business". These are the international grain traders, whose best interests are served by buying American farmers' grain at the lowest possible prices and selling it on the export market for a tidy profit. The list is right here, appended to a letter from the Secretary of Agriculture. They are huge, multinational, closely held corporations whose business is their own and no one else's.

I have with me wire service stories about one of these multinational agribusinesses whose concern for the American farmer is so great that just a few short months ago, in January 1985, this booster of American agriculture proposed to buy 25,000 tons of Argentine red wheat for import into the United States. I have another wire service story about a proposed soybean oil purchase. I ask you, who's kidding whom? Saying that these people represent the American farmer is like saying that Toyota represents the American autoworkers.

You've heard the facts and figures in support of the Merchant Marine and Fisheries Committee's position on cargo preference. I thought it was about time you heard the rest of the story too. Don't blame the U.S. Merchant Marine for the sad plight of the American farmer, and don't kid yourself that a vote for the gentlelady's amendment is a vote for the farmer. It isn't—I know it, they know it, and now you know it.

I urge a "no" vote on the amendment.

Mr. LENT. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from New York.

Mr. LENT. I thank the gentleman for yielding.

Mr. Chairman, I wonder if the gentleman could clarify some of the allegations or charges that have been made that the cargo preference program triples the cost of the agricultural blended credit program. What are the facts on that?

Mr. SNYDER. Any additional costs that my be involved is paid by the U.S. Government; not by the farmer. The ODS subsidy is the labor differential picked up by the Government subsidy program.

□ 1445

There is a cost to keep the merchant marine viable and moving.

Mr. LENT. Is that cost not, as the gentleman said earlier, about 10 percent of the cost of the agricultural program in toto?

Mr. SNYDER. Oh, in toto, their total program is, as I understand it, some $130-odd billion in this bill as an outlay over the next 5 years. The ODS has estimated $500 to $600 million in the same period.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. SNYDER] has expired.

(On request of Mr. ROBERTS, and by unanimous consent, Mr. SNYDER was allowed to proceed for 1 additional minute.)

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Kansas.

Mr. ROBERTS. Mr. Chairman, if I could respond to the gentleman, I wanted to point out that the reason we planted the cargo-preference flag in the Subcommittee on Department Operations, Research, and Foreign Agriculture and in this farm bill is that we amended section 5 of the Commodity Credit Corporation Charter Act. Now the CCC is clearly within the jurisdiction of the Agriculture Committee. In addition, the maritime subsidy that you refer to, that is, cargo preference on Public Law 480 shipment and section 416, is paid for out of Department of Agriculture funds. Those are budgeted funds. You have a limit on those budgets.

If the gentleman would continue to yield on only one other point, if we pay for it and it is charged against our budget under our jurisdiction, I think the Rules Committee should have left the Agriculture Committee's language standing, and certainly we ought to be able to at least discuss this issue during this time when we are trying to export more of our products.

Mr. SNYDER. Well, the Rules Committee made its decision, and I am not arguing with the Rules Committee. I am sorry the gentleman is. We are discussing it on your bill.

Mr. SCHUETTE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Nebraska [Mrs. SMITH] for three reasons:

No. 1, the language of the Agriculture Committee that was in the committee bill that was presented and was going to be presented to this House was removed by the Rules Committee. I think that is unfair because in its place what we see now and what we are debating here this afternoon is an expanded cargo-preference concern.

I rise in support of the gentlewoman's amendment for a second reason. I think by supporting this amendment we can help needy, hungry people across this world.

Third, I rise in support of the Smith amendment because we need to help farmers in the middle of an export depression. Farmers today, American agricultural producers, are not participating on a level playing field. It is tilted against the agricultural producer. It is tilted against the farmer because of the strong value of the dollar, and it is tilted against the farmer because of heavy foreign subsidies. Those two factors mean that we are not price competitive in export markets.

The third reason the American agricultural producer is participating on an unfair, unlevel playing field is because of cargo preference.

Let me say that I have no bone or quarrel to pick with the maritime industry or the maritime unions or my good friends and colleagues on the Committee on Merchant Marine and Fisheries, but right now American farmers are in this export depression, and cargo preference means an increased cost to our product when we ship in overseas markets.

I have some facts and figures that I have reviewed, and there are two instances here that I want to cite of sorghum being shipped from Corpus Christi to Port Sudan. A U.S.-flag vessel was to transport 36,000 metric tons of sorghum at a rate of nearly $80 a ton. A foreign line, with 14,000 metric tons, was shipping at a rate of $29 per metric ton. That is 170 percent higher. That is almost $50 per ton more, and that means that the farmer is getting hit in the jugular at a time of great, great stress.

That specific example I share here with my colleagues means an additional cost to American taxpayers to ship the sorghum on an American vessel of almost $1.8 million.

To continue my comments on the export depression, from 1981 through 1984 we have seen exports decline from $44 to $38 billion—almost a 14-percent decline.

In 1983 we saw American wheat and coarse grains capturing 96 percent of the South Korean market. Now we see that dropping to 76 percent.

Cargo preference, I contend, is a major part of that problem. It is not the sole part, but a major part.

So, Mr. Chairman, I urge my colleagues to vote for the Smith amendment to help the farmer, to boost exports, and to try to give American agricultural producers the opportunity to participate on a level playing field. If it is a level playing field and a fair playing field, American farmers, I am convinced, can outcompete and beat anybody, any nation on the face of this Earth.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. SCHUETTE. I am happy to yield to my colleague, the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for yielding.

The gentleman said that cargo preference is the cause or the chief cause of the problem. How is that a cause of the problem?

Mr. SCHUETTE. Just so there is no misunderstanding, I said that cargo preference was a cause, in conjunction with the very strong and high value of the dollar and foreign subsidies. Those are three parts, three integral aspects of that unfair, unlevel playing field I spoke about.

Mr. BIAGGI. How does cargo preference reflect itself in the price?

Mr. SCHUETTE. I am happy to answer that question. I have before me a note from some good friends and representatives of the American Soybean Association, taking as their source the Journal of Commerce, stating that the costs per metric ton were increased from a foreign vessel. I think that is part of the problem when we are trying to ship and move and market our grain in foreign markets. That would be my opinion.

Mr. BIAGGI. Mr. Chairman, will the gentleman continue to yield?

Mr. SCHUETTE. I am happy to yield to the gentleman from New York.

Mr. BIAGGI. I think it has been pointed out several times, and I am sure it will be pointed out again and again and again, that the fact of the matter is that the extra cost is assumed by the Government and does not reflect itself in the cost or the price to the farmer. So it is not quite the way it is portrayed.

Mr. SCHUETTE. I would respectfully state that when we are trying to market and move and ship our product, the added cost or the end cost to foreign exporters wishing to purchase our products is increased because of cargo preference. That is an added burden that the American producer does not need.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. SCHUETTE] has expired.

(By unanimous consent, Mr. SCHUETTE was allowed to proceed for 1 additional minute.)

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. SCHUETTE. I am happy to yield to my friend, the gentleman from Louisiana.

Mr. HUCKABY. Mr. Chairman, I thank the gentleman for yielding.

I would like to point out to my colleague, the gentleman from New York, that the Department of Agriculture does have limited funds, and under the recent court decisions, as the gentleman knows, our GSM-102 and -105 lending credit programs have virtually ceased as such. That has clearly acted as a detriment to shipments of American agriculture. Thus they would have the ability to help these countries, but we no longer have this ability as such under present arrangements. I think the gentleman would agree with this.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. SCHUETTE. I am happy to yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, we are aware that Secretary Block has halted the entire program, but that is his responsibility. He has done it. Let him comply with the law, and that program will be forthcoming. What he has done, he has taken a very arbitrary and capricious action, as defined by the judge in this case. His action was arbitrary and capricious. Anyone can halt the program.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. SCHUETTE] has expired.

(On request of Mr. Huckaby, and by unanimous consent, Mr. Schuette was allowed to proceed for 30 additional seconds.)

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. SCHUETTE. I continue to yield to the gentleman from Louisiana.

Mr. HUCKABY. Mr. Chairman, if I might respond to the gentleman from New York, you cannot appropriate money to a particular program when the funds are not available. I do not think you can blame the Secretary of Agriculture in this instance. Clearly, if we are going to subsidize American ships, the Department of Transportation should be paying for this.

Mr. SCHUETTE. Mr. Chairman, I urge my colleagues to vote in support of the Smith amendment.

Mr. BEREUTER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, let me say to my colleagues that I rise in support of the amendment offered by my colleague, the gentlewoman from Nebraska [Mrs. Smith].

Mr. Chairman, I rise in support of the amendment offered by the distinguished gentlelady from Nebraska.

Since January of this yer, there have been a number of controversial subjects which have occupied considerable time and attention of this Congress. First, the Federal deficit; second, the economic plight of America's farmers; and third, the famine situation in Africa.

There is, however, one issue within this farm bill which affects all three of these issues and that is cargo preference.

Cargo preference is a 1954 law that requires that one-half of all U.S. food-aid shipments be transported on U.S.-flag vessels. On the surface this seems like a patriotic, even sensible gesture on the part of the Federal Government to support the U.S. maritime fleet. In reality, however, cargo preference is a deceptive hoax that is being perpetrated on the American taxpayer while guaranteeing the U.S. maritime industry a captive shipping market and permitting flagrant price gouging by U.S. shippers. Cargo preference has, in reality, ripped off millions of dollars from the Federal Government, diverted food from the mouths of thousands of starving and malnourished people, resulted in the loss of hundreds of millions of dollars of commercial export grain sales and hurt America's farmers.

It is time, therefore, that we as Members of Congress put a halt to this hidden Government subsidy which benefits a handful of maritime shipping interests at the expense of thousands of U.S. farmers and millions of hungry people.

Cargo preference is certainly not a new issue. For over 30 years, cargo preference has been an albatross hanging around the neck of agriculture. Now, however, it also threatens thousands of people in Africa who are faced with starvation. As food-aid shipments to Africa have increased during this past year, so have the freight rates charged by U.S. maritime shippers to haul food aid shipments.

During 1985, approximately $109 million in cargo preference subsidies will be divided among fewer than 30 U.S. maritime shipping companies to haul Public Law 480, title I—bulk grain—shipments. More disturbing is that U.S. maritime shippers are taking advantage of America's stepped-up famine efforts toward the drought-ravaged continent of Africa.

From August 1984 through April of this year, the Department of Agriculture shipped on bulk vessels 548,000 metric tons of U.S. commodities under title II of the Food for Peace program to Ethiopia, Kenya, Mauritania, Mozambique, and the Sudan. U.S.-flag vessels have carried 336,500 metric tons of the title II commodities at an average cost of $95.92 per metric ton, while foreign flag vessels carried 212,000 metric tons at only $40.97 per metric ton. The subsidy to the U.S. fleet averaged $54.95 per ton and, so far, has totaled $18.5 million.

Thus, in shipments to just five drought-stricken African nations alone, the USDA has been forced to pay differential transportation costs to the U.S. merchant marine an amount sufficient to donate 1 pound of wheat, and 1 ounce of soybean oil per day for 1 year to 470,000 people!

For fiscal year 1985, the Department of Agriculture expects to have paid out $155 million in ocean freight differentials to U.S.-flag shipping companies to ship half of the commodities exported under both titles I and II of the Food for Peace Program. This amount is what U.S.-flag shipping firms will earn in excess of the rate charged by foreign vessels, and is enough money to buy in the United States and ship to Sudan or Ethiopia an additional 815,000 metric tons of wheat—enough to provide 1 pound per day for 1 year to over 4.9 million people!

Even the extra cost of carrying one, single famine-relief cargo aboard an American ship can subtract more than a million dollars from the budget of the food-relief program. Lately we've had an example of a $2 million differential on a single ship.

For example, a foreign ship operator bid $30.30 a ton, or $757,000, to transport a cargo of sorghum from Houston to the Sudan this year. Instead, the American ship *Spirit of Liberty* made the trip, charging $107 a ton, or a total of $2.69 million. That amounts to an indirect subsidy of $1.93 million from the U.S. famine-relief funds for the American ship on one voyage—enough money to buy 14,296 tons of corn, with the potential for feeding 54,000 Africans for 1 year!

Over the last 17 months—a period when world shipping costs have been in decline—American ship operators have increased their fees to carry emergency famine-relief cargoes by $6 million—enough money to feed 170,000 starving people in Africa for a year!

Those rate increases, when added to the already extraordinary cost of using American ships, have required the Government to spend $34 million more on transportation of African food aid than would have been needed if foreign vessels had been used.

If that money had not been diverted to American ship operators, it could have been used to purchase and transport enough corn to Africa to feed 960,000 starving people for a year!

American ship owners and operators say that higher unloading fees and delays at African ports have increased their costs of carrying famine-relief cargoes. But rates charged by foreign vessels to carry relief cargoes between the United States and African ports have not climbed even though the foreign ship owners face the same problems.

It is unfortunate, if not tragic, that American shippers have been able to increase their rates at a time when world shipping charges are in decline simply because they have a monopoly on a portion of the famine-relief trade.

It has been verified by the World Food Program in Rome, a U.S. agency that distributes American relief grain, that some American ship operators have increased their rates on various routes to Africa.

The higher American shipping charges have helped push the transportation budget for the emergency relief efforts of the Food for Peace Program up from 30 percent of the total emergency relief budget in 1984 to a projected 41 percent of the 1985 budget.

We have seen the difference in U.S.- and foreign-flag shipping rates rise from $11 per ton to $37 a ton in one year on liners—a type of cargo vessel. If that's not price gouging, I don't know what is.

According to officials of the World Food Program—United States lines has increased its rates to South Africa, where some relief cargoes are shipped for other points in Africa, from about $62.50 per metric ton in 1984 to $120 per metric ton this year following the bankruptcy of a competitor and the surge of relief cargoes.

Officials in both the Agriculture and State Department confirm that cargo preference requirements and competition for the lucrative food-relief trade—cargo preference currently accounts for about 37 percent of all U.S. maritime income even though only 2 percent of all U.S. agricultural exports are hauled on U.S. ships—actually cause rates to go up because there are too many shippers chasing too few American-flag ships.

One of the arguments frequently made by supporters of cargo preference is that it assures a strong U.S. merchant marine for commercial and national security purposes. If maritime subsidies are good for national security and commercial trade, why is the cost being budgeted to the Agriculture Department? Last time I looked, we had a Defense Department to guard our national security, and a Transportation Department to look after the maritime industry among others. But for some reason, the cargo preference advocates prefer to keep the cost of their program hidden in the USDA budget.

In regard to national security argument, a review of Government ship records and cost data show that vessels supported by this cargo-preference legislation frequently are of limited national security value—and are so commercially uncompetitive that rates charged by U.S. bulk cargo carriers generally are double world rates, and frequently triple.

Most of the Nation's cargo-preference bulk fleet is composed of tanker and dry-bulk carriers. According to a 1984 Congressional Budget Office review of militarily useful vessels:

> Large tankers and dry-bulk carriers . . . are among the least useful ship types for military support.

A large number of America's liners are container vessels, commercially useful, but according to the Congressional Budget Office study:

> From a military standpoint, an old-fashioned, break-bulk freighter, with its loading booms and cargo nets, is usually more useful than a commercially efficient modern container ship that depends upon special port facilities for loading and off-loading.

From a commercial standpoint, cargo preference has been equally useless. After 30 years and expenditures over 1 billion dollars the United States can proudly point to a merchant marine fleet with nearly three times as many merchant ships 30 or more years old as any country. In 1983, the average of U.S. bulk vessels was 19 years, even though industry standards consider 20 years the normal useful life of a merchant vessel.

It is apparent that cargo preference subsidies have been milked by the maritime industry to maintain and keep old rust buckets afloat rather than build a modern merchant marine fleet. Many of the American ships chartered under the Government cargo-preference programs are old. Others are rated poorly, and are literally a safety hazard to those who serve on them.

For example, U.S. ships such as the *Spirit of Liberty, Cove Trader* and the *Golden Endeavor* have been given a 1 rating—the least favorable—by the Guide for Selection of Tankers, a respected publication used by the oil industry to rate the reliability of oil tankers. The best rating is 5.

Another ship, the *Inger*, a World War II—era tanker, was converted and enlarged in 1962 to carry bulk grain. This ship was of the same type and age as the *Marine Electric*, which sank in 1983 off the Virginia coast, killing 31 crew members. And, it is a near relative to the old converted World War II troop ship *Poet*, which sank in 1980, killing 34 crew members. According to Coast Guard records, the *Inger* reported difficulties in November 1984, "After explosion of main turbine and generator."

Reynolds Metal Co., the ship's owner, performed those repairs and did extensive work on the ship's rusted hull, and the *Inger* was cleared by the Coast Guard to carry grain to Kenya in February at a cost of $102 a ton—just short of triple the cost of a foreign bid of $34.75 a ton to carry the same cargo.

Ships such as the *Inger*, the *Spirit of Liberty*, the *Golden Endeavor*, and the *Cove Trader* carried famine cargoes this year and last at costs that, combined, were 9.45 million above prevailing world rates—enough money to buy a pound of corn each day for 260,000 people for 1 year.

In spite of the impact that cargo preference has had on the budget for our famine-relief efforts, and despite the fact that Congress has poured billions of dollars down a sinkhole to keep a rusting merchant marine fleet afloat, the real cause of recent uproar between farmers and maritime interests was the February 21 court decision by U.S. district court judge June Green who held that the USDA "blended credit" program was also covered by cargo preference requirements. The blended credit program was a $500 million commercial export promotion program until the February court decision. In response to the decision, the Secretary of Agriculture suspended over $500 million worth of grain sales rather than comply with cargo preference requirements.

At the time of the court decision the USDA had "leveraged" about $17 million into over $500 in commercial export sales. That in my opinion was money well spent because for every $1 million in agricultural exports, we create thousands of jobs and make a positive contribution to our balance of payments.

However, to comply with the February court decision on cargo preference, the USDA would have been required to spend an additional $40 to $60 million to ship the contracted grain. At that point, the blended credit program is no longer a viable program because: One, it's not cost efficient for the USDA, and two, it's not cost competitive with world prices.

What's been the result of the February cargo preference court case? Well, U.S. farmers have lost over $500 million in grain sales and the U.S. merchant fleet hasn't shipped one bushel of wheat or earned 1 cent. Many of these blended sales were to countries which have been traditionally good customers year after year. Since the decision, it is likely that these foreign markets may be lost permanently. Many of these markets for our agricultural exports have been cultivated by the efforts of the various commodity organizations in this country.

Are we wrong then to object to cargo preference, or, to the greedy attitude of the maritime industry? I don't think so. The point I wish to make is that this issue is not a fight which we picked. Rather, it was thrust upon us with little warning and no alternatives.

What does the maritime industry say in defense of the court decision to expand cargo preference?

They're saying that the court decision isn't really an expansion of cargo preference. But they're wrong—it is. Cargo preference has never applied to USDA's commercial export credit programs. Even grain shipped under direct export subsidies some years ago was not subject to cargo preference.

They're also saying that an attack on cargo preference is an attack on the maritime industry which cannot benefit farmers. Well, that's not quite right either. The court's cargo preference ruling certainly has hurt farmers. USDA has been forced to suspend the blended credit program because of it, and that's costing American farmer export sales. So rolling back that court decision certainly can help farmers.

Then they'll say that blended credit could go on if only USDA would let it; after all, the Government could simply pick up the cargo preference tab. Now, let's be honest; the extra shipping cost from cargo preference will be passed on to either: First, the overseas customer, in which case blended credit will simply cease to be of interest to our customers since they'll be able to buy cheaper elsewhere; or second, the U.S. taxpayer. The cost of paying cargo preference costs in 1985 for blended credit and the GSM-102 Credit Guarantee Program—which is threatened by the court ruling—would come to nearly $700 million.

Given or present deficits, asking the American taxpayer to cough up an extra $700 million a year just to accommodate the whims of a Federal judge is neither defensible, nor realistically achievable.

They'll say eliminating cargo preference won't increase America's farm exports. They're wrong. The blended credit was a $500 million program. Since cargo preference applied, it became a zero dollars program because the added shipping costs will make its credit terms unattractive. Preserving this and other export programs from cargo preference, then, certainly will allow the United States to export more farm products. That becomes even more clear when you look at the $5 billion GSM-102 Credit Guarantee Program, whose freedom from cargo preference the court ruling put in jeopardy.

If Congress does not exempt our commercial export programs from cargo preference requirements, I can assure you that everything we have done in this farm bill to rectify the problems in our agricultural economy will have been in vain.

Farmers today export 60 percent of their wheat, 50 percent of their soybeans and approximately a third of their feed grains. If our export markets are jeopardized by cargo preference, no domestic farm program will be of assistance to agriculture.

After the February court decision when I was reviewing the reasons why he had cargo preference and what it was costing us, I had a difficult time understanding why Congress had perpetuated cargo preference for so long. Then, someone brought to my attention the contributions made by the three major maritime political action committees.

The three major PAC's include the Marine Engineer's Beneficial Political Action Fund, the Seafarer's Political Activity Donation, and the Master, Mates and Pilots Political Action Contribution Fund. Cumulatively the three PAC's gave $2,443,910 to Presidential, Senate, and House candidates in the 1983-84 campaign cycle according to the Federal Election Commission. Of this amount, according to the FEC, $1,976,290—80.9 percent—went to Democratic candidates and $467,620—10.1 percent—to Republican candidates.

In a recent article in the Washington Post, entitled, "Disaster At Sea—Our Sinking Maritime Fortunes," July 18, 1985, it was noted that:" "When it comes to pure political strength, few can outmuscle the maritime unions." The Washington Post article makes some interesting points:

First, during the 1983-84 election season, the Seafarers' Political Action Committee poured $1.3 million into congressional campaigns, more than all but five other groups. What makes this remarkable is that the Seafarers have only 80,000 members.

Second, by contrast, among the top five money-givers, the National Association of Realtors has 650,000 members; the American Medical Association, 260,000; the National Association of Home Builders, 135,000; the United Auto Workers, 1.4 million; and the National Education Association, 1.7 million.

Third, the Marine Engineers Beneficial Association, with just 12,000 members, was No. 20 on the PAC list with $735,000 in contributions.

Fourth, other unions, from the Masters, Mates and Pilots International to the International Longshoremen's Association, also have considerable influence. And major shipbuilders such as General Dynamics have large and active PAC's.

I would again appeal to Members of this body that if you are concerned about providing more food-aid assistance to Africa, then they should support this amendment.

If Members are concerned about the state of our agricultural economy and our farmers, then you should support this amendment.

If Members are concerned about declining agricultural exports, then you should support this amendment.

And, if Members are concerned about the Federal deficit, then you should support this amendment and exempt all agricultural exports from cargo preference requirements.

Many of my colleagues who have maritime concerns within their districts may perceive this amendment as an anti-maritime amendment—but it is not. This amendment is a pro-farmer, pro-hunger relief and pro-deficit reducing amendment. If this amendment is defeated, then Congress will have planked a knife in the backs of our farmers, hungry people in Africa, and the American taxpayer.

If Congress wants to help the maritime industry—and it should—then let's do so in a separate piece of legislation—not the farm bill.

I think it is time that Members of Congress put a halt to this hidden Government subsidy. I underline the word, "hidden." I speak not necessarily against the concept of a subsidy but to the fact that it is hidden in the agriculture budget as a part of the Food for Peace Program. I think the cargo preference provisions benefit a handful of maritime interests at the expense of thousands of U.S. farmers and millions of hungry people.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. BEREUTER] has expired.

(By unanimous consent, Mr. BEREUTER was allowed to proceed for 2 additional minutes.)

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As the Member has indicated, I am not opposed to subsidies for the maritime industry, but it ought not to come out of what the American people think they are spending for food to assist people around the world.

I think as I stand here, I have behind me the taxpayer, the starving people from around the world, especially in Africa, and I think I have the U.S. farmer standing behind me.

Now, why not have a straightforward approach? It has been said a few minutes ago that with respect to the blended credit programs, the Secretary arbitrarily and capriciously decided not to proceed. His judgment was and continues to be that we were noncompetitive when cargo preference requirements were applied to the blended credit program.

Mr. Chairman, I urge my colleagues to vote for the amendment to eliminate cargo preference in the Food for Peace Program.

Mrs. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I am pleased to yield to the gentlewoman from Maryland.

Mrs. BENTLEY. Mr. Chairman, the gentleman from Nebraska gave the figure of $109 million spent on agriculture cargo preference and the gentleman said it was only for 30 companies, I believe, but the gentleman did not get into how many seamen were affected by that, that there are nearly 35,000 seamen and that amounted to about $2,800 per seafarer in subsidies.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. BEREUTER] has expired.

(At the request of Mrs. BENTLEY, and by unanimous consent, Mr. BEREUTER was allowed to proceed for 1 additional minute.)

Mrs. BENTLEY. Mr. Chairman, if the gentleman will continue to yield, in that same year there was $34.9 billion spent on farm supports, and if you divided that among the 2.7 American farmers, it comes to $14,725 each, so there is a big difference.

I am not opposed to assisting the farmers, but I say they both need to be helped.

Mr. BEREUTER. Mr. Chairman, reclaiming my time, I agree with the gentlewoman, they both do need to be helped, but not through a hidden subsidy.

As for part of the merchant marine people that we are helping by the subsidy, they should be helped, but let us talk a little bit about what the Philadelphia Enquirer said about some of these merchant seamen. They calculated that some people in that category are making over $140,000 a year in wages.

Now, I am not suggesting that we ought not subsidize the merchant marine and help keep people employed, but we ought to do it directly up front by a direct subsidy in the DOT or the Defense Department budget.

Mr. LENT. Mr. Chairman, will the gentleman yield?

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Mr. BEREUTER. I am pleased to yield to the gentleman from New York.

Mr. LENT. Mr. Chairman, the gentleman mentioned the Secretary of Agriculture's actions in the blended credit program, which we tried to establish.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. BEREUTER] has again expired.

(At the request of Mr. LENT, and by unanimous consent, Mr. BEREUTER was allowed to proceed for an additional 2 minutes.)

Mr. LENT. Mr. Chairman, will the gentleman continue to yield?

Mr. BEREUTER. I yield to the gentleman.

Mr. LENT. That was, as I understand it, about a $550-million program, of which roughly $48 million would have been allocated toward the cargo preference part of the program.

In suspending that program, the Secretary's decision meant that the American farmer lost $500 million, give or take a few, worth of sales.

The fact is as well that the USDA had the money in its budget at the time that program was suspended to pay the cost differential. That is a fact. It is in the budget, but they elected, the Secretary elected not to use it because he felt it would set a precedent and also he wanted to put pressure on Congress to change the cargo preference law, but really he shot the farmer in the foot.

Mr. BEREUTER. Reclaiming my time, Mr. Chairman, the person that shot the farmer in the foot was the judge when she made the decision that would make cargo preference provisions applicable to the blended credit commercial sales. The judge may have felt compelled to make that decision, but the Secretary has said the result is we are now noncompetitive. It does not matter how much money is authorized or appropriated. We are noncompetitive when you apply cargo preference to the blended credit program.

Mr. LENT. Mr. Chairman, if the gentleman will yield further, the cost of the cargo preference program is not passed on to the potential purchaser. The potential purchaser gets the benefit of the money out of the Department of Agriculture's budget spent to pay the cargo preference. No question it is a subsidy. We do not deny that cargo preference is a subsidy, but it is about less than 1 percent of the subsidy—what did someone say, $40 billion that is accorded to the agricultural community.

Mr. BEREUTER. Mr. Chairman, we are potentially talking about billions of dollars worth of commercial sales that are lost. If we are going to apply cargo preference across the board, we are talking about a lot of money, indeed.

Mr. QUILLEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong opposition to the amendment, perhaps for many reasons, but most of all, why are we fighting? We are all for the farmers. We all should be for our merchant marine fleet. Working together, we can accomplish a common goal; but I do not see why the farm subsidy and the farm people are trying to destroy our merchant marine fleet. It is badly needed. Already the Russians are far ahead of us. Only a small percentage of products are carried on American bottoms, yet internationally the Russians have increased some 70 percent and we in our merchant marine fleet, American bottoms, have decreased by 43 percent.

When this measure was before the Rules Committee, I took exception to the Agriculture Committee, not any member of the Agriculture Committee. But under the jurisdiction of this House the merchant marine authorization, the merchant marine legislation, is under the jurisdiction of the Merchant Marine Committee.

Why should another committee try to pirate, to beat around the mulberry bush, to take away that authority? I think it is most unfair.

Let us hit it head-on. As I said, working together, we can accomplish a common goal. There is nothing wrong with the merchant marine language being the original language. Let the Agriculture Committee try to amend it, if they wish.

They are making an argument that I do not think is going to help the American farmer one iota, to destroy our cargo preference, to destroy our American bottoms and our American merchant marine fleet. I know it is so critical and so important.

I served in World War II. I served in the Atlantic and the Pacific, went into the Yellow Sea and was discharged from an aircraft carrier there and went to Sasebo, Japan, for a return to the United States. I did not return on a Navy ship. America provided merchant marine ships and I returned to the United States on a merchant marine ship.

Mr. Chairman, without the merchant marine fleet during World War II, we would not have been as successful as we were in providing the backup for a great U.S. Navy and for a great war effort.

I have heard the discussion on the floor about, what did it cost? The farm subsidy costs $18.4 billion. The merchant marine subsidy is eight-tenths of 1 percent of that figure. Figure it out in your own mind. What are we arguing?

We are all for the farmers. I am for the farmers. I am from a semirural area. Growing up as a young man, I worked on the farm. I know how it is. I am also for the defense of this country and for a great merchant marine fleet. I do not intend to stand by, myself personally with one vote, to see it scuttled.

I oppose the amendment. I urgently request you to reconsider your views when you hammer away at American bottoms, trying to cut it even farther than it is and give the Russian flag and foreign flags an edge over American flags. I do not think it is right.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. QUILLEN. I am happy to yield.

Mr. SMITH of Iowa. Mr. Chairman, I am really somewhat at a loss to know why the subject is before us in the present form. I think to start with, it is too bad that this subject is even involved in this agriculture bill, because it could help prevent us from securing votes needed to pass the bill and go to conference with the bill. It would be better if the subject matter had never been in the bill at all.

I also think that there is nothing wrong with paying some subsidies to the merchant marine, as long as it is out in front and we do not in any way interfere with the competition or affect the price of the product being moved, the sale of grain and so forth. Of course, that is the case under Public Law 480 program.

In the case of African relief, I remember specifically in our Subcommittee on Appropriations that we appropriated separate money so they could pay for the transportation.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. QUILLEN] has expired.

(At the request of Mr. SMITH of Iowa, and by unanimous consent, Mr. QUILLEN was allowed to proceed for 2 additional minutes.)

Mr. QUILLEN. Mr. Chairman, I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. So, Mr. Chairman, what I want to know is, why did the Rules Committee make in order another approach to the cargo preference problem in this bill instead of just eliminating from the bill completely all reference to cargo preference.

Mr. QUILLEN. I cannot speak for other members of the Rules Committee, but as I recall, it was almost unanimous. We embraced the original language in the bill, rather than the agriculture language, which automatically amended the merchant marine provisions, so I think it was justified.

The burden then is not on the Merchant Marine Committee to prove that the Agriculture Committee was wrong. Now it is up to the Agriculture Committee to prove that the original language is wrong.

Mr. SMITH of Iowa. But would it not have been better to have no reference in this bill at all to cargo preference and settle that matter in a separate bill instead of jeopardizing this bill—perhaps some people want to kill the bill but I don't believe a majority do.

Mr. QUILLEN. Historically, the Rules Committee does not delete language from a bill. We try to make it palatable in accordance with the existing policies of both committees.

I appreciate the gentleman's comments, but I do not think that is going to solve the problem we are faced with today. The problem is this amendment before us and I would hope that the gentlewoman would withdraw her amendment, because I think it is dead wrong to try to bring more destruction on to the merchant marine fleet than we now have.

Mrs. BENTLEY. Mr. Chairman, will the gentleman from Tennessee yield?

Mr. QUILLEN. I am happy to yield.

Mrs. BENTLEY. Mr. Chairman, I would like to commend the gentleman from Tennessee for his very eloquent statement regarding the importance of the American merchant marine, American ships manned by American seamen in times of crisis, and my hat is off to the gentleman from Tennessee.

Mr. QUILLEN. Mr. Chairman, I thank the gentlewoman.

Mr. Chairman, in closing, I would like to say, let us buy American instead of bye, bye America. We are all Americans. Let us realize our goals and our aspirations and go forward and defeat this amendment.

Ms. MIKULSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to associate myself with the remarks made by the gentleman from Tennessee and not be repetitive.

I just want to make a few points. Everyone is concerned about the American farmers. We know that they are suffering, but the reason that they cannot export is because of the high value of the dollar, declining land values, low market prices, and huge crop surpluses.

In 1984, of 145 tons of U.S. agricultural products, only 2 percent was covered by cargo preference. The small amount of agricultural exports cannot be blamed on cargo preference.

I think it is a shame when one American worker is pitted against another American worker.

The amendment of the gentlewoman from Nebraska is ill-conceived. It is extremely poignant to see agriculture and merchant mariners pitted against each other. Both are in trouble. We should work together to resolve our trade problems that have crippled both farmers and the merchant marine. We are all hurt by the high value of the dollar and we should not seek to hurt one industry at the expense of the other.

We have lost merchant marine jobs. This amendment alone could mean as many as 6,000 more jobs lost.

We have already seen our shipbuilding industry decline. Again, since 1978, we have lost 27,000 jobs. We have already seen 2 million jobs exported overseas.

I would like to see us export food, not jobs. I would like to see us export democracy, not opportunity. As a result, I am going to oppose the Smith amendment and hope that my other colleagues also do.

☐ 1330

AMENDMENT OFFERED BY MR. ENGLISH AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MRS. SMITH OF NEBRASKA

Mr. ENGLISH. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. English as a substitute for the amendment offered by Mrs. Smith of Nebraska: On page 275, strike lines 6 through 11 and insert in lieu thereof the following:

"LIMITATION ON REQUIREMENTS

"Sec. 1141. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end thereof the following: 'Export activities of the Corporation under this Act and activities of the Corporation or the Department of Agriculture to promote the export of agricultural commodities under any other Act shall not be subject to cargo preference requirements, except to the extent otherwise required for exports under the Agricultural Trade Development and Assistance Act of 1954.'."

Mr. ENGLISH. Mr. Chairman, I support the aims of the amendment offered by the gentlewoman from Nebraska [Mrs. Smith]. I, too, feel that all agricultural exports should be free and clear from cargo preference legislation.

I also feel, however, that at this juncture, another road would be better for us to take, one that would allow agriculture and the shipping industries to work together in the coming months, and give each the time that is necessary to find a long-term, workable solution without further delaying agricultural exports which are financed by blended credit.

Mr. Chairman, the English-Roberts amendment is the same language that appeared in the House Committee on Agriculture's version of H.R. 2100. Our amendment reverses the appellate court decision which expanded cargo preference to specifically include blended credit agricultural sales. The court decision also implied that other subsidized commercial sales would also be subject to cargo preference.

Our amendment reverses this decision and allows cargo preference to continue to apply in the traditional concessional sales, as it has for over 30 years, right now no one, except for foreign grain producers, is benefiting from the expanded cargo preference decision. Over a half billion dollars in blended credit shipments were suspended in fiscal year 1985 because of this court decision.

The merchant marine got more cargo preference, but they did not get more cargo to ship, and without that cargo, there is no benefit to the merchant marine industry. Our farmers, however, have suffered a real loss. Shipments of their grain have been suspended, and that leaves over $500 million of grain still on our markets, further reducing the already depressed grain prices of this country.

The American Farm Bureau estimates that a reduction in wheat exports of 100 million bushels will reduce the season's average price of wheat by 32 cents per bushel. I dare say that this is a totally, unfair burden for the American farmer to carry.

The cargo preference decision has also weakened America's trading posture. Not only have we suspended blended credit sales, significantly adding to our growing trade deficit, but the suspension has again left us holding the grain bag. Our buyers have been victims of the destructive trade agreements and we once again are guilty of being unreliable trading partners.

The English-Roberts amendment will help restore a strong trade posture for American producers and shippers alike. Our amendment protects the trade policy that we have had for well over 30 years, and sends a strong signal to foreign buyers that we want to be reliable as a trading partner.

This amendment allows the House farm bill to promote the sale and shipment of American farm commodities abroad. This benefits both the American farmer and the American merchant marine. During the past 30 years, cargo preference has provided over $1 billion in shipment subsidies for the merchant marine. Our amendment does not in any way endanger this support of the merchant marine industry.

Mr. Chairman, I have always been a supporter of a strong national defense, and I value the role which the merchant marine plays in that defense. The English-Roberts amendment would help strengthen our national economy through increasing our exports. A strong national economy is vital to our national defense, and this amendment is an important step in that effort.

The English-Roberts amendment benefits the American farmer and the American shipper, and I urge my colleagues to vote for its passage.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. English] has expired.

(On request of Mr. LENT and by unanimous consent, Mr. ENGLISH was allowed to proceed for 3 additional minutes.)

Mr. LENT. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I would be happy to yield to the gentleman from New York.

Mr. LENT. I thank the gentleman for yielding.

Mr. Chairman, the gentleman indicated that the purpose of his amendment was to put the cargo preference law back to the point where it had been before the recent decision of the court. I have a copy of the Cargo Preference Act of 1954, which has been on the books for 31 years, and it specifically indicates that under this act, the use of U.S.-flag vessels is stipulated where the United States procures contracts, et cetera, et cetera, and then under item 3, it says, "advances funds or credits."

So the law has always been that where the United States advances funds or credits, such as in the program advanced by the Secretary of Agriculture, which is now under suspension, that law would apply. So I just wonder where the gentleman determines that the decision, which seems to me to clearly state the state of the existing law, extended the 31-year-old Cargo Preference Act.

Mr. ENGLISH. Mr. Chairman, as the gentleman well knows and is well aware, traditionally, in agricultural sales, the cargo preference legislation has applied to Public Law 480 as well as the AID programs. That is what we had been doing up until the first of this year when the court made its decision.

What we are saying is that we have no disagreement with that. The Department of Agriculture will continue to pay out of its budget—even during these pressing times when we have had to reduce the size of that budget, to make cuts in that budget—we have continued to do that to make certain that merchant marine receives those benefits. We are simply asking that we continue in that vein.

Let me say, too, at this point that I would strongly support the Committee on Merchant Marine and Fisheries and anyone within the industry if they would like to take additional steps as far as assisting our merchant marine fleet. As I said, I think it is vital for our national defense, and I would support that, but at a time such as this, when we are having to cut the agriculture budget, when we have the greatest crisis in the history of this country since the Great Depression in agriculture, please do not place this additional burden on us at this time. Let us try to work with you and support you in gaining that additional assistance and we will both be well served.

Mr. LENT. Mr. Chairman, if the gentleman will yield further, perhaps the gentleman could straighten me out and correct me if I am wrong, but is it not the fact that the Blended Credit Program, as conceived by the Secretary of Agriculture, had as its essence the extension of U.S. credit to foreign purchasers of American farm products?

Mr. ENGLISH. Mr. Chairman, I would simply point out to the gentleman that that program, of course, has been in place for some time, but we do not have a Blended Credit Program now and we have not had one since that decision because the Secretary of Agriculture refuses to use that program so long as it comes under the jurisdiction of cargo preference.

If the gentleman can assure us that this administration then will start paying the Blended Credit Program and using the Blended Credit Program to continue, then perhaps he is talking to the wrong person. Instead of talking to this Member, he needs to be talking to the President of the United States.

But the point is, there have been no additional shipments made under the Blended Credit Program. The Secretary has suspended that. There has been no benefit to the merchant marine industry. The President suspended that.

Mr. LENT. What about the farmer?

Mr. ENGLISH. The main point, though, is that not only have there been no sales to the farmer, but it has hurt the farmer because we have that sitting on the market and suppressing grain prices.

So I guess I am asking, on one hand, why insist on carrying out a program in which there is no benefit to the merchant marine people, while at the same time it is hurting, and hurting tremendously, the American farmer and is costing him, as the American Farm Bureau has estimated, up to 32 cents a bushel.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. ENGLISH] has again expired.

(On request of Mr. McCURDY and by unanimous consent, Mr. ENGLISH was allowed to proceed for 3 additional minutes.)

Mr. McCURDY. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Oklahoma.

Mr. McCURDY. I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of the amendment offered by my colleague, the gentleman from Oklahoma, and I want to commend him for his untiring efforts in bringing this issue to the floor and for the work that he has done in committee. I urge my colleagues to consider this amendment very carefully. This is perhaps one of the most important amendments in this bill.

I want to commend the gentleman from Oklahoma for his untiring efforts to prevent the expansion of cargo preference for American agriculture.

Our farmers may be frustrated by the unfair trading practices of America's foreign competitors but they are outraged that their own Government further restricts agricultural commodity export programs through cargo preference requirements.

I hate to see two American industries pitted against each other on the floor of this House. I know there was a time when agricultural exports so dominated the world market that perhaps our farmers could afford to help shore up the maritime industry.

But that is obviously not the case today. Foreign markets are more competitive and American agriculture is fighting to survive. The language inserted into the bill by the Merchant Marine Subcommittee is not acceptable to American farmers and it should be rejected by this body.

The livelihood of our farmers is already threatened by U.S. fiscal policy. Expanding cargo preference to commercial agriculture exports just closes another door of hope. I urge support of the English amendment.

Mr. ENGLISH. Mr. Chairman, let me say again, I want to really underscore and to stress my plea to the people from the Committee on Merchant Marine and Fisheries and to others who are certainly affected by this industry. The point is that we mean no harm to the merchant marine industry. We want to help the merchant marine industry. I will vote for assistance to the merchant marine industry. Let us do it through the Department of Transportation or the Department of Defense if we are going to put an additional cost into this program rather than trying to again pile additional costs onto the Department of Agriculture and onto the backs of the American farmer at a time like this, and particularly when the Secretary in this administration has already said that they simply will not spend the money.

□ 1525

So there is no benefit for the merchant marine people, but there is tremendous harm done to the farmer.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from New York.

Mr. BIAGGI. I thank the gentleman for yielding. I know the gentleman does not want to hurt the merchant marine, at least he does not intend to. But the unfortunate consequence of the additional amendment and yours will produce catastrophic devastation on the merchant marine.

Mr. ENGLISH. Could I ask the gentleman then perhaps could he explain to me, since you are receiving no benefit, and evidently would not as long as this administration is in power, you would not receive any additional benefit as far as blended credit is concerned, we have contained in the bill export subsidies which would also fall under the court's interpretation of cargo preference. The Secretary would not apply that, so there is no benefit and there you have no additional cargo that you are going to be shipping. How do we do harm by simply saying you know, please let us go, let us fund this in some other manner instead of simply placing this on the farm where it hurts the farmer, but it does not benefit the merchant marine?

Mr. BIAGGI. I think Congress can deal with that one as long as we understand clearly the nature of blended credit and how it came into being, and how it reflects the attitude of the Secretary. Cargo preference has been in place for some 30-odd years working effectively. It is probably one of the few programs that we have left in the maritime industry that is assisted by the Government.

The blended credit was a device, and simply a device, to circumvent the law.

At the time, then-Admiral Shear, who is the Administrator of Marad, said yes, it did belong within the Cargo Preference Act. But he was pressured to back off, and Secretary Block took the action that he did and there was a cessation, there was a cessation of transportation in that area. That is exactly why the Transportation Institute went to the court, and Judge Green made her statement which I will state one more time.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. English] has again expired.

(On request of Mr. Biaggi and by unanimous consent, Mr. English was allowed to proceed for 2 additional minutes.)

Mr. ENGLISH. I thank the gentleman. Again I would like to ask him, and again to plead with him, unless he knows of some way of requiring this administration to use the funds under the blended credit program, to use the funds for export subsidies that are contained within this bill, then again I would say there is no benefit to the merchant marine industry, but there is terrible damage and harm done to the American farmer. Now, unless he has that solution, what he is asking for is the sacrifice, and let me also say with the reduced budget, would you please at the same time provide that additional cost through funding through the Department of Transportation or the Department of Defense or someone that is appropriate rather than putting it on the head of the Department of Agriculture and the Department of Agriculture.

Mr. BIAGGI. If the gentleman will yield again, this brings us back to another point. But I would like to complete my statement.

Judge Green made a statement and gave her decision and said clearly that blended credit belonged within the purview of the Cargo Preference Act, unmistakably that it was it. If any one of us were to read her decision, and the law and the effect of blended credit, they would have to agree that it is as plain as the nose on your face.

Now this brings us back to the original problem.

How come this problem, which is really under the sole jurisdiction of the Merchant Marine and Fisheries Committee, all cargo preference laws emanate from that committee, finds itself in the agriculture bill? That is the problem.

Now I regret what has happened. The gentleman's alternative we can go back and review and have hearings on and do it in the proper way.

But let me tell the gentleman what I anticipate. I hope that the gentleman's amendment is defeated as well as the amendment of the gentlewoman from Nebraska being defeated because if they are enacted, you will find many folks that ordinarily would support this bill will vote against it.

Mr. JONES of North Carolina. Mr. Chairman, I rise in opposition to the amendment and to the substitute offered by the gentleman from Oklahoma [Mr. English].

Mr. MADIGAN. Mr. Chairman, will the gentleman from North Carolina yield?

Mr. JONES of North Carolina. I will be happy to yield.

Mr. MADIGAN. I thank the gentleman for yielding.

I wonder, earlier in the day, we had talked about the possibility of getting some time limitation on the various things to be considered here in this bill, and I think that we have got a time limitation on all of the matters of controversy with the exception of cargo preference. I would like to ask the gentleman from North Carolina [Mr. Jones], the chairman of the Merchant Marine and Fisheries Committee, and the gentleman from Texas [Mr. de la Garza], the chairman of the Agriculture Committee, if they think it would be possible at this point to get some sort of time limitation on the cargo preference provisions of the bill?

Mr. JONES of North Carolina. Mr. Chairman, I would say to the gentleman that earlier on in the day, I agreed to a 1-hour limitation, but certain Members on the gentleman's side wanted to be heard and I assume had good logic to oppose that, and we could come to no decision.

Yes, I will be very agreeable to cut off debate at a reasonable hour. But bear in mind that most of the time consumed up to this point has been by the anticargo people, and we sort of feel like our side needs a little time to be heard in rebuttal.

What did the gentleman have in mind?

Mr. MADIGAN. If the gentleman would yield so the gentleman from Texas could express himself?

Mr. JONES of North Carolina. Mr. Chairman, I yield to the gentleman from Texas [Mr. de la Garza].

Mr. de la GARZA. I thank the gentleman for yielding and appreciate the interest of the gentleman in facilitating the eventual finishing of this legislation.

I think the issue has been clearly defined and enunciated. With the exception of having some Members that may not have been heard, I would be agreeable to any reasonable time limit, and I think we can expedite the process. Also I would be very happy to agree to the gentleman's suggestion to accommodate the gentleman from North Carolina. I would think that 1 hour probably would allow Members to voice their wishes on this matter.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. JONES of North Carolina. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, does the gentleman from North Carolina have any objection to that suggestion?

Mr. JONES of North Carolina. I have no objection to the debate on this amendment and all substitutes ending at 4:45.

Mr. BEREUTER. Mr. Chairman, reserving the right to object, I reserve the right to object first of all to understand if the limit that has been proposed by the distinguished chairman of the Merchant Marine and Fisheries Committee applies only to the Smith amendment and the substitute by the gentleman from Oklahoma, or if it applies to the subject of cargo preference generally.

Mr. JONES of North Carolina. I would say to the gentleman that it applies to all amendments introduced and those pending for the remainder of the bill.

Mr. BEREUTER. Further reserving the right to object, I think that perhaps the gentleman knows that I have six or seven amendments pending; they are waiting after the English-Roberts substitute, if that substitute should fail. That substitute amendment should not be rejected, because it only restores a level playing field or the status quo. But then my pending amendments would reduce the amount of subsidy going to any one shipping company. I have an amendment that moves the cargo preference subsidy program to the DOT budget, and another that moves it to the Department of Defense budget.

I visualize the possibility of all of the time being exhausted on the English-Roberts substitute and this gentleman resultantly being without time to present his amendments, if that should be necessary.

So, therefore, I do object.

Mr. JONES of North Carolina. Mr. Chairman, I move that, for all amendments introduced and those pending, all debate on this particular section of cargo preference shall end at 4:45.

The CHAIRMAN. Is the gentleman moving to limit debate on section 1141 and all amendments thereto?

Mr. JONES of North Carolina. Only those pertaining to cargo preference, Mr. Chairman.

The CHAIRMAN. Would that include new sections following section 1141?

Mr. JONES of North Carolina. Yes, Mr. Chairman. I am confining my motion to cargo preference, the two amendments pending and those anticipated, and I had in mind the gentleman's amendments when I added 15 minutes to the original request.

The CHAIRMAN. Is the gentleman's request that the limitation be 1 hour? Is that what the gentleman suggested?

Mr. JONES of North Carolina. No, Mr. Chairman.

The CHAIRMAN. Will the gentleman restate his request?

Mr. JONES of North Carolina. Mr. Chairman, 5 minutes ago, the motion was at 4:45.

PARLIAMENTARY INQUIRY

Mr. BEREUTER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BEREUTER. Since I have six or seven amendments that would be covered by the chairman's motion, Mr. Chairman, do I then have, outside of this time limit, 5 minutes for discussion, or 10 minutes in the case of opposition? And the time for votes, does that come outside of the 1 hour or within?

The CHAIRMAN. If the amendments have not been offered within the timeframe which the gentleman from North Carolina has suggested, then the gentleman from Nebraska [Mr. BEREUTER] would have 5 minutes in support of each amendment, if they have been printed in the CONGRESSIONAL RECORD, and 5 minutes in opposition also.

Mr. JONES of North Carolina. Mr. Chairman, I move the previous question.

PARLIAMENTARY INQUIRY

Mr. ENGLISH. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. ENGLISH. Mr. Chairman, would it be proper under the procedures of the House for a limitation upon the English-Roberts-Smith proposals to end at, say, 4:30, and any other amendments that may arise to end by 5:00?

The CHAIRMAN. Overall time can be limited by motion. Allocation of time may be made under a unanimous-consent request.

Mr. ENGLISH. Mr. Chairman, under a unanimous-consent request, would such a procedure be in order?

Mr. JONES of North Carolina. Mr. Chairman, I have a motion.

The CHAIRMAN. The gentleman can move to limit debate on the Smith amendment and all amendments thereto.

The question is on the motion offered by the gentleman from North Carolina [Mr. JONES].

The question was taken; and on a division (demanded by Mr. BEREUTER) there were—ayes 39, noes 12.

So the motion was agreed to.

The CHAIRMAN. The gentleman from North Carolina [Mr. JONES] still has the time.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman from North Carolina yield?

Mr. JONES of North Carolina. I yield to the gentleman from Texas.

PARLIAMENTARY INQUIRY

Mr. DE LA GARZA. Mr. Chairman, I ask the gentleman to yield for the purpose of making a parliamentary inquiry as to how the time will be apportioned.

The CHAIRMAN. The Chair is unclear as to how many Members are interested in speaking on this amendment, although he has an idea, and will continue under the 5-minute rule unless there can be some agreement reached that the time should be apportioned among those Members who are standing as the Chair speaks. The Chair has the authority to do that, and it would be, I think, fair to the committee members that the Chair allocate that time to Members standing.

Mr. MADIGAN. Mr. Chairman, I have a unanimous-consent request.

Mr. Chairman, I ask unanimous consent that the time that has just been alloted by the successful motion be divided equally between the Merchant Marine and Fisheries Committee and the Agriculture Committee, and that the time allocated to each be divided equally between the majority and the minority.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The gentleman from Texas [Mr. DE LA GARZA] and the gentleman from North Carolina [Mr. JONES] will each have 15 minutes if they desire to control such time, and the gentleman from Illinois [Mr. MADIGAN] and the gentleman from New York [Mr. LENT] will each have 15 minutes.

□ 1540

Mr. JONES of North Carolina. Mr. Chairman, I go back to about 20 minutes ago when I rose to my feet and stated that I was rising to oppose the Smith amendment as well as the substitute offered by my good friend, the gentleman from Oklahoma [Mr. ENGLISH].

Now, obviously, the Smith amendment would completely obliterate, in all practical effects, what is known as our American merchant marine fleet. Back home, I find it very popular to oppose foreign aid, and so we all have our little gimmicks, I guess.

Now, the English amendment, or the substitute, has exactly the language, Mr. Chairman, that came out of the Committee on Agriculture, which came before the Committee on Merchant Marine, and which we felt was intruding on our jurisdiction and they have exceeded their bounds.

We removed that language and went to the Committee on Rules, and the Committee on Rules, as I understand it by an overwhelming vote, sustained the merchant marine position and the bill before you, which is the committee bill and which I intend to support has little or no language; one sentence referring to cargo preference.

So what we are doing if we adopt the English amendment, we are reversing the Committee on Merchant Marine, we are reversing the Committee on Rules, by an overwhelming vote; and I feel that should be put into the record, what we are doing if we vote for that amendment, and heaven's knows what we are doing if we vote for the Smith amendment. We are voting for the demise and the farewell to the American merchant marine fleet.

I yield to the gentleman from New York [Mr. BIAGGI].

Mr. BIAGGI. I thank the chairman for yielding.

Mr. Chairman, I think we know exactly where we are with blended credit and the Federal court decision, and the Secretary's arbitrary and capricious attitude, specifically defined by Judge Green of the Federal district court.

The gentleman from Tennessee [Mr. QUILLEN] talked in terms of the merchant marine as important to national defense. Clearly it is a critical part of the national defense.

Let me characterize this. I see it as a voracious and repacious vulture in the sky, looking down and seeing a little sparrow prepared to eat a morsel of food. That voracious vulture is going to come down and strike to get that food, but in the same process is going to kill the sparrow. It will not nourish the vulture one bit. And so be it with this matter.

These amendments will not help the farmers significantly, but it will kill the merchant marine.

Over the last few months, I have viewed the issue of cargo preference with great concern. I feared it was a volcano about to erupt. I have tried to defuse the issue. I had even hoped in vain that this amendment would not be offered, because I know this amendment will only gain opponents to H.R. 2100.

There will be many statements on both sides of this issue. What I would like to do is put things in perspective—not with rhetoric but with facts. If you objectively assess this issue, I think you will come to several conclusions.

First, the merchant marine is indispensable to our Armed Forces and national defense.

Second, cargo preference is essential to the survival of the U.S. maritime industry.

Third, a vote for cargo preference is not a vote against the American farmer.

Let's start with national defense. The merchant marine has played a major role in every military operation from the revolution to Granada. The heroic role of our merchant marine can be demonstrated by a grim statistic: The merchant marine had a higher casualty rate in World War II than any branch of the Armed Forces, except the Marine Corps.

An essential factor in waging a successful war is the availability of merchant vessels and skilled crews—capable of transporting necessary troops, arms, and supplies to various battle zones and our allies. Operation Safari—one of the most extensive peacetime military exercises in our history—has just ended. It tested our ability to protect cargo ships while they resupplied our NATO allies. The exercise is yet another example of recognition by the navy that our merchant marine is vitally important to our defense.

The importance of a healthy merchant marine is also fully recognized by the Soviets. Now listen to this: At the end of World War II, the Soviets had 308 vessels, now they have 2,531 merchant vessels in their fleet—an increase of 70 percent over the last 10 years. In 1945, we had 5,009 vessels, now we have 399 active vessels in our fleet. Let me remind you also that every Soviet merchant vessel is an adjunct to the Soviet military machine.

Clearly, our merchant marine is essential to our national defense, but why is cargo preference essential to our merchant marine?

The U.S. merchant marine is suffering from a number of problems—including a worldwide shipping crisis. In the years since World War II—but especially in the 1980's, there has been a serious decline in the number of ships, seagoing personnel, shipyards, and maritime support industries. The facts speak for themselves.

We have less than 400 oceangoing ships.

We carry only 4 percent of our international trade.

The number of seagoing personnel has dropped 50 percent in the last 3 years. This attrition has raised the average age of an unlicensed seaman to 52 years.

Forty-one shipyards have closed in the last 10 years.

The maritime industry is adamant about cargo preference, because it is one of the last few supports of the industry. In 1983, the Cargo Preference Program accounted for 37 percent of cargoes carried by the U.S. merchant fleet. GAO estimates that cargo preference, in 1980, provided work for between 21 and 33 additional ships and from 1,400 to 2,000 seagoing workers.

In 1981, there were five Government aids to the maritime industry:

Construction-differential subsidy, which in 1979 paid over $400 million for ship construction. That program has been eliminated.

Operating-differential subsidy, which provided direct assistance to ship operators, has been restricted, so no new contracts are being granted.

The capital construction fund allowed shipping companies to defer taxes in order to accumulate capital to build new ships. The administration's and the Ways and Means Committee's tax plan would eliminate this program.

The title XI Loan Guarantee Program is on OMB's hit list.

To reduce all of these events to dollar terms, consider this: Direct maritime subsidies dropped from $606 million in 1980 to $398 million in 1984. With these reductions taking place, the maritime industry is not exactly growing fat at the Government larder.

That brings us to the last Government support—cargo preference—also under siege. We know that cargo preference is essential to the maritime industry. The corollary question is, "How much does it affect the farm community?"

The farm interests are adamant about eliminating cargo preference. Opponents of cargo preference say the program adversely affects farm exports. Let's clear up this misconception.

The vast majority of agricultural commodities in international trade move without Government intervention and, therefore, are not subject to the cargo preference laws. In 1983, less than 2 percent of all agricultural exports were carried on U.S.-flag vessels under cargo preference.

Section 1141, adopted by the Merchant Marine and Fisheries Committee, maintains the status quo. It even preserves a cargo preference exemption enacted in 1978 to benefit the agricultural community by exempting some Government credit sales from cargo preference.

Opponents of cargo preference say the program discourages foreign sales.

This is not accurate. Since the added cost of using U.S.-flag vessels is paid by the Government, foreign purchasers incur no extra cost.

I would like to direct your attention to a recent statement by Robert D. Fondahn, president of protein grain products international. Mr. Fondahn correctly points out that the failure to make foreign sales is not a result of the cargo preference laws. He finds that "an exemption from cargo preference requirements on GSM-102, blended credit, and special bonus programs is but a minor factor in calculating the U.S. sales price. Whether we like it or not, world prices determine the frequency and volume of commercial sales—not ocean freight differentials."

In effect, this means that the added cost of cargo preference has an infinitesimal impact on farm exports. The added cost of cargo preference is a needle in the haystack when you look at the problems of the agricultural industry.

Opponents of cargo preference say that, to meet the unfair farm subsidies of foreign countries, we must eliminate cargo preference.

The farm community does not stand alone in fighting the battle of foreign subsidies. In fact, unfair subsidies given by foreign states to foreign-flag operators is one of the reasons our merchant marine is in the midst of a crisis. I could speak for hours on the subsidies provided foreign fleets: Tax advantages, direct cash payments, cargo-sharing agreements—the list goes on and on. Subsidies, whether direct or indirect, is one way to combat this problem. I wish we could eliminate this cost to the Government; but, until foreign governments cease and desist, we have no choice.

Farm interests say cargo preference must go. They say this is essential if they are to deal with a declining percentage of export markets, foreign subsidies, and the high value of the dollar. I hope that those who represent the farm community will hear me when I say that the U.S. maritime industry is trying to cope with these same problems. Let's attack those factors and not use cargo preference as the "whipping boy". Together, we can make things better for both industries.

Cargo preference means the difference between life and death to our merchant marine. This amendment would gut the cargo preference program. I contend it is not wise to change decades of Federal maritime policy by this amendment. If this essential program is to be changed, it should be done after full hearings, careful deliberations, and through legislation that can be considered fully on its own merits.

Mr. LENT. Mr. Chairman, I rise in opposition to the amendment and the substitute thereto, and I yield myself such time as I may consume.

Mr. Chairman, I rise in strong opposition to the amendment offered by the gentlewoman from Nebraska [Mrs. SMITH] and the English-Roberts substitute thereto.

I want to talk about the application of this Nation's cargo preference laws to the U.S. farm exports that are financed with Federal funding. For years when this country has sent surplus farm commodities abroad as part of our food-for-peace and other foreign-aid programs, we have sent 50 percent of those cargoes on U.S.-flag ships. This preference program was created to ensure that our Nation would have adequate cargoes for our U.S. merchant ships. The reason for this, of course, was to make sure we had a viable commercial fleet that we could call on in a time of war or national emergency. It has worked well over the years and we have supported the U.S. fleet.

As the economic problems of our country's farmers have gotten worse, we have seen a lot of pressure to do all sorts of things to help them out. We have heard in this regard on the floor here today a great deal of misinformation; for example, that if we can just export more farm products it will alleviate some of the problems. We are told that one thing that is impeding exports is the cargo preference requirement. They say that higher U.S. transportation costs price our farm products out of the world market and therefore the preference rules are responsible for declining exports, and we are told that cargo preference triples the cost of agricultural exports.

Now for the truth! U.S. cargo preference laws are not a barrier to farm exports. Of the 145 million tons of U.S. agricultural commodities exported in 1983, less than 2 percent were exported under the Food-for-Peace Program—Public Law 480—of the USDA and the Agency for International Development. These exports were carried on U.S.-flag vessels as a result of the preference laws. Any additional transportation costs resulting from the preference requirements are paid by the U.S. Government, not our farmers or the purchasers of the goods, so the preference requirement does not change the price of the Public Law 480 commodities in the world market. In addition, even though it does cost more today to ship on U.S.-flag ships, the total differential between United States and foreign ship costs is declining dramatically—and that means it requires less Federal money to make up the difference. The differential for the bulk shipments under title I of Public Law 480 has dropped from $58 per ton in 1981 to around $34 per ton in 1984.

I hope that my colleagues will note that the legislation before us today does not change the preference requirements for the Public Law 480 program. It does not expand the preference requirements for the Food-for-Peace Program.

Earlier this year, the Secretary of Agriculture stopped the Blended Credit Export Program because he did not want to follow the Federal court's decision that the cargo preference law applied to those sales, as well as the Public Law 480 exports. Note that I said the Secretary stopped the sales—the court decision just said the law applied. The Secretary's decision meant that American farmers lost $510 million worth of sales.

The fact is that the USDA had the money in its budget to pay the cost differential but they elected not to use it because they felt that it would set a precedent and they also wanted to put pressure on Congress to change the cargo preference laws. I, for one, do not think that it is the way we should be doing business.

We want to help our farmers, and we had a program to do just that, but the Secretary of Agriculture stopped these sales because he didn't want to pay the differential for U.S.-flag ships. That action hurt both farmers and the merchant marine.

The bill before us today—as a result of the action by the Merchant Marine Committee—would provide that the preference requirements would cover export promotional programs when the Federal Government funds or otherwise aids exports of farm products. This is consistent with the existing cargo preference laws that apply when the Government advances funds or credits or guarantees the convertibility of foreign currencies in connection with an export transaction. It is also exactly what the Federal court said should happen under the existing law! These new promotional programs like blended credit are not commercial transactions—they are concessional sales. So all we are doing is reflecting the current situation and saying that when the Government funds the exports, directly or indirectly, cargo preference laws should apply.

We have also heard that if we would just eliminate this terrible cargo preference subsidy for the merchant marine, we could feed millions more starving people somewhere in the world. Now that is just not true! Transportation costs are included in the Federal budget and if the U.S.-flag requirements were to be eliminated, any money saved would be swallowed up by the Federal deficit. It would not be spent for food aid. Anyone who thinks it would just doesn't comprehend the current budgetary situation and the fact that any budget savings will go toward reducing the deficit—not additional farm exports.

Let's be honest and put into perspective the funding we are talking about for merchant marine and agriculture programs. Total Government outlays to pay cargo preference freight differentials on agricultural exports in 1984 were around $100 million. The total Federal appropriations to the Maritime Administration for all merchant marine programs was $486 million in 1984 and $465 million in 1985. Total direct Federal subsidy paid to agribusiness was $4.8 billion in 1984, and is about $10.8 billion in 1985.

Mr. Chairman, this farm bill is almost $16 billion over the congressional budget resolution. The United States has not spent that much for all forms of assistance to the merchant marine in the 50 years since the Merchant Marine Act was passed in 1936. I think the Members should be aware of the miniscule amount of funding we are talking about for the maritime industry compared to agriculture.

We all know the American farmers have serious problems. But some of you may not be aware that the American merchant marine is suffering from exactly the same kinds of problems, and from many of the same causes—the high value of the U.S. dollar and foreign subsidies.

Congress needs to address the real problems of our farmers through farm programs. We should not enact legislation to help one sector of our economy at the expense of another. This Nation needs a healthy, productive merchant marine just as badly as it needs a strong agriculture base. Those of us on the Merchant Marine Committee know all about declining industries. I would urge my colleagues to look at the maritime problems—shipyards closing, lost seafaring and dockside jobs, declining cargoes—it sounds just like the litany of horrors we have heard from the Agriculture Committee.

So let's pull together to come up with good, realistic, workable solutions to the common problems of these two industries. But don't think you can solve the farm problems by eliminating the cargo preference rules. That won't help farmers at all and it will cripple the merchant marine. There must be another solution. We want to work with all of our colleagues to fashion a good farm bill, and we think the language that the Merchant Marine Committee added to section 1141 of H.R. 2100 will ensure fair treatment to the merchant marine industry while we are trying to develop a program to help our farmers.

So I would urge my colleagues to join me in supporting our language and opposing the Smith amendment and the English-Roberts substitute that would exempt farm export programs from cargo preference. We should be working for a healthy farming industry and a healthy merchant marine; we need both.

Mr. FIELDS. Will the gentleman yield?

Mr. LENT. I yield to the gentleman.

Mr. FIELDS. I realize the gentleman does not have much time, and he is trying to clear up some misconceptions and create a clear perception, so I want to ask just a couple of quick questions.

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Is it true that the maritime industry has lowered their cargo freight rates substantially in many cargo preference trades by not only operating ships with state-of-the-art technology but also by cutting their manning levels in half?

Mr. LENT. That is true. These subsidies are going down very dramatically.

It is far less today than it was 2, 3, 5 years ago.

Mr. FIELDS. Another quick question: Is cargo preference unique to America, or do other countries also have cargo reservation programs?

Mr. LENT. As we all know, many other nations have similar laws that protect their maritime industry. Certainly the Soviet Union and Japan.

Mr. FIELDS. Just one last question: Some facts that I do not think I heard anyone mention yet. It is my understanding in 1983 there were 145 million tons of agricultural commodities exported, and according to the Maritime Administration only 2.9 million tons, slightly less than 2 percent, of those exports were subject to cargo preference. Yet that cargo represented 37 percent of the total tonnage carried by U.S.-flag vessels.

Mr. LENT. The gentleman is correct.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. LENT. I would be happy to yield to the chairman of the committee.

Mr. JONES of North Carolina. I thank the gentleman for yielding.

Mr. Chairman, the time did not permit me to get this in my original statement, but I would like to emphasize: The argument that CCC has to divert funds from other sources to pay for cargo preference is not borne out by the facts. Indeed, according to the figures received from the Agency for International Development on inland transportation, excess funds were appropriated for ocean trade expended in 1984. During that year, according to fiscal year 1986 budget appendix, the actual appropriation for the line item for title II, "Ocean freight and inland transportation," was $218 million. According to the Agency for International Development, only a total of $164 million was expended on transportation, leaving $57,960,000 unexpended.

So the argument that the high cost of transportation subsidy killed blended credit does not bear weight.

Mr. LENT. The gentleman is absolutely correct.

Mr. HUNTER. Mr. Chairman, will the gentleman yield briefly?

Mr. LENT. I yield to the gentleman from California.

Mr. HUNTER. I thank the gentleman for yielding.

Let me rise in support of the arguments that the gentleman just laid out, and also to say that I think this is very much a national security problem at issue. I noted that in 1945 the Soviet fleet had approximately 308 maritime vessels, at that time we had about 5,000. Today we have 399 and they have 2,531.

My suggestion to Mr. ENGLISH in offering the amendment, and I understand that he has essentially said that Secretary of Agriculture John Block is holding at least part of this program, some $500 million-plus, hostage right now to the cargo preference situation, the cargo preference bill. I would simply say that we might want to put the shoe on the other foot, since he says nobody is getting anything right now, we are not shipping, and the maritime industry is obviously not getting the benefit of shipping that grain, that we might put the shoe on the other foot and in this bill perhaps make it mandatory that at least that initial $500 million worth of grain that is at issue, make that program mandatory for Mr. Block, and therefore he could not essentially take his basketball and go home, simply because the cargo preference subsidies would apply here. So I would ask perhaps if Mr. ENGLISH could come back in a few minutes and respond to that: Can we not do this so that this does not necessarily kill that initial $500 million program? Does the gentleman have any idea on that line?

Mr. LENT. The gentleman makes a good point.

As I understand the idea, the blended program suspension, the Secretary has in effect deprived the farmers of some $450 million worth of sales of agricultural products so that the maritime interests do not get the cargo preference which amounts to somewhere between $40 and $50 million in toto. So I do not see how this is helping the farmer. As I said earlier, it seems to me it is shooting the farmer in the foot.

Mr. HUNTER. I thank the gentleman.

Could the gentleman yield to Mr. ENGLISH so that he could respond as to whether or not in fact we could put Mr. Block in a position where he cannot hold it hostage?

Mr. LENT. I am not going to be able to yield to the gentleman because he has his own time and we are just about out.

Mr. HUNTER. Very well. I thank the gentleman.

The CHAIRMAN. The gentleman from New York [Mr. LENT] has consumed 10 minutes.

Mr. DE LA GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. HUCKABY.].

Mr. HUCKABY. I thank the gentleman for yielding me this time.

Mr. Chairman, the question was raised earlier: Why are we fighting amongst ourselves? We all know that in this great country we need strong American agriculture, and we all know we need a strong merchant marine. I think it is unfortunate that we find ourselves here this afternoon in conflict. I think we are really arguing over where the money comes from for the subsidy to merchant marine. I may be wrong, but I believe that the agricultural function took a larger cut in the budget this year than any other function of Government.

We have got to not only look at funds appropriated now but for the next 3 years for that budget. We were faced with cutting some $11 billion out of an agricultural program that only spends $35 billion to support the farmers anyway, and a part of that money goes to the maritime industry.

When we have to cut and reduce the amount of money that is available to operating loans, totally eliminate the ability to borrow directly from the Government to purchase land in order to get within the budget. Our complaint is, we are not against merchant marine, we are against this money that is Government money, coming from the agricultural budget, to subsidize the merchant marine program.

Now the gentleman from Oklahoma's amendment just takes us back to the status quo before the court decision and says that Public Law 480 will be shipped in American bottoms and we can resume the GSM-102 and GSM-105 plans so we can ship these hundreds of millions of dollars of grain. Then I would urge my colleagues on the Merchant Marine Committee, come forth with legislation, let us pay for it out of the Department of Transportation or maybe out of the Defense Department. Valid arguments have been made that we need a strong merchant marine for defense.

You could round it out to the third place, and the Defense Department would never miss the amount of money we are talking about.

But I plead with you, our colleagues, these two committees here in disagreement as to the agriculture budget; we do not feel that we can afford to subsidize merchant marine from there. Most of us do not disagree with the basic premise that we need a strong merchant marine fleet, and this might be a good idea to require it. It is just where the money comes from.

Mr. FRANKLIN. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Mississippi.

Mr. FRANKLIN. I thank the gentleman for yielding.

I want to compliment the gentleman as the chairman of the Cotton, Rice, and Sugar Subcommittee for some of the very innovative things that he has included in this agricultural bill.

Mr. HUCKABY. I thank the gentleman for his comments.

Mr. ROBERTS. Mr. Chairman, may I inquire, since it is my understanding that I am the leader of the agriculture minority posse, what is the status of the time? I understand I have 15 minutes, and the gentleman from New York has how much time remaining?

The CHAIRMAN. The gentleman from Kansas [Mr. ROBERTS] has 15 minutes remaining, and the gentleman from New York [Mr. LENT] has 5 minutes remaining.

Mr. ROBERTS. Mr. Chairman, I yield 1 minute to the gentlewoman from Nebraska [Mrs. Smith].

Mrs. SMITH of Nebraska. I thank the gentleman for yielding.

Mr. Chairman, I associate myself with the comments of my good friend, Mr. Huckaby, who was just in the well. We are all for a strong merchant marine, but our concern is that the subsidies have been handled in a way that have created serious problems for agriculture, and we think that must be changed. Now I appreciate the many positive comments that have been made in support of my amendment to eliminate cargo preference. However, in the interest of compromise I strongly support the English-Roberts amendment. It is aimed at getting agricultural exports going. That is what we are all for doing.

I thank the gentleman for yielding.

Mr. Chairman, I yield back the balance of my time.

Mr. ROBERTS. Mr. Chairman, I yield 3 minutes to my colleague, the gentleman from Missouri [Mr. Emerson].

Mr. EMERSON. I thank the gentleman for yielding to me.

The gentleman from Tennessee raised a question as to why are we fighting? I agree with him; we should not be. We just should not put the subsidy on the back of agriculture. As it works, it is a hidden subsidy. Put the subsidy where it belongs, on transportation and defense, and I dare say agriculture would support it. It has been said that agriculture and the merchant marine are pitted one against the other. That should not be. I do not know anyone on the Agriculture Committee who does not desire a strong merchant marine. The question is just where does the subsidy go? Give the subsidy under Transportation and Defense, and it would be unlikely that anyone would be pitted one against the other. I also want to take this opportunity to associate myself with the remarks made by the gentleman from Louisiana [Mr. Huckaby]. He has summarized my views quite well.

Mr. Chairman, I support the amendment offered by the gentlewoman from Nebraska, who has come in today with an amendment that is vitally necessary to increasing commodity prices through the expansion of agricultural exports and urgently needed if we are serious about addressing the Nation's mounting trade deficit.

I also want to associate myself with comments made on the floor today about the positive impact this amendment will have on food-aid shipments and our country's response to feeding the world's hungry.

As my colleague from Nebraska explained, a decision issued this past February 21 by the U.S. District Court of Washington, DC, has extended the cargo preference requirement to export sales made under the Blended Credit Program and the GSM-102 Export Guarantee Program. The result of this ruling has, for all practical purposes, made these programs useless. Subjecting these grain shipments to cargo preference increases shipping costs 15 to 30 percent and more than negates the 2-percent interest reduction provided under the Blended Credit Program.

Already this year, the application of cargo preference to the Blended Credit Program has resulted in the loss of an estimated 3.6 million metric tons of grain sales, valued at $536 million.

The loss of these markets, quite obviously, helped to worsen the Nation's trade balance and, most surely, put further downward pressure on already historically low domestic commodity prices. This is certainly not the direction we need to go, and here today, with this amendment, we have an opportunity to reverse course.

Agricultural exports clearly constitute one of America's most important exports—accounting for an estimated $32 billion in export trade during the current year—and they are a potential solution to reducing the trade deficit—which I remind my colleagues is expected to top a frightening $150 billion in 1985.

As U.S. exports, including U.S. agricultural exports, have declined in recent years, the Blended Credit and GSM-102 programs have remained bright spots in our export picture. Yet if we do not respond to the court's ruling today, we will either have to provide additional funds to pay for shipping these grain sales—and we are talking about at least tripling the cost to the taxpayers—or we can simply accept the fact that these sales will not be made.

I know what my constituents will say—do what needs to be done to save that money and reduce Federal spending—those tax dollars can be put to better use or applied toward deficit reduction. But I know, too, that the farmers cannot—indeed the country cannot—afford to lose more of the foreign market for our grain.

There is one other alternative—remove the burden of unjustified shipping costs. Cargo preference makes no economic sense, so let's exempt agriculture from cargo preference requirements. Support the Smith amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. JONES of North Carolina. Mr. Chairman, I yield 3½ minutes to the gentleman from California [Mr. Anderson].

Mr. ANDERSON. Mr. Chairman, I rise in opposition to this amendment, which restricts the cargo preference provisions as they were established by Congress and as they have been interpreted by the Federal court system. The Cargo Preference Program was established in 1954 in recognition of the national interest in promoting and preserving a strong merchant marine by reserving a substantial portion of Government-generated cargoes for American ships that are subject to requisition by the Government in a national emergency. I do not need to stand here and tell any Members of this House that our merchant marine is in much worse shape today than it was in 1954, and that we are still dependent on our merchant marine in times of emergency for defense sealift capability.

Why then, you may ask, would any Member of the U.S. Congress wish to restrict the Cargo Preference Program, and thereby damage America's trading capability, industrial base, and defense capability. Well, simply put, some Members of this body sincerely believe that by restricting cargo preference provisions they would save the farmers in their districts from bankruptcy.

The truth of the matter is that the restriction of cargo preference will have a devastating impact on every sector of the American maritime industry and on our defense capability, but will not provide any meaningful benefit to the American farmer.

It has been argued that the costs of cargo preference has increased the costs of U.S. commodities overseas. Cargo preference only applies to Government sponsored commodities, and therefore, the costs of American commerical agricultural shipments are not effected. Additionally, when cargo preference laws are applied to Government sponsored shipments, the cost of shipping on a U.S.-flag ship is not passed on to the U.S. farmer or to the foreign customer. The Department of Agriculture, through moneys provided by every taxpayer, finances the differential between foreign-flag freight rates and a reasonable rate for U.S.-flag commerical vessels. At any rate, they only apply to 2 percent of U.S. agricultural exports.

The other argument that is made for the restriction of cargo preference provisons is that the money saved by the USDA by not shipping on U.S. bottoms would be passed along to the farmer. However, if the USDA were exempted from cargo preference requirements, I believe that it is highly unlikely that Congress or the administration would continue to support appropriation of these funds to the USDA. The USDA has publicly stated that it will not support continued appropriation of these funds.

This amendment will hurt our already depressed merchant marine, and our damaged maritime industrial base, and our national defense capability in order to provide some minor financial benefit to American farmers. This amendment, however, will not even give the farmers the financial benefits which some seem willing to sacrifice our national security for. The farmer does not gain, and our national security and merchant marine will be seriously damaged by this amendment. This amendment is based on misguided notions, and would seriously affect merchant marine and armed services issues, without review by the committees with appropriate jurisdiction.

I urge my colleagues to join me in opposing this misguided amendment whose effects would be so damaging to our national interest.

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Mr. JONES of North Carolina. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. Coelho].

Mr. COELHO. Mr. Chairman, I rise in opposition to the Smith-English amendment, and I agree with the remarks of the gentleman from California [Mr. Anderson].

Mr. Chairman, the cargo preference issue was one of the most difficult faced by the House Agriculture Committee in drafting the Food Security Act of 1985. I support the cargo preference provisions in the bill before us now, and I will oppose any amendments to the farm bill that would in any way weaken or change the application of cargo preference to agricultural exports.

I take this position because cargo preference is not the source of the American farmers' problems. It is this administration's ineffective farm policies, unprecedented budget deficits, the high value of the American dollar, the President's nonexistent trade policy, and the predatory trade practices of foreign nations that are responsible for the hard times that many of our farmers are facing.

Cargo preference applies to a mere 2 percent of our total farm exports. The elimination of cargo preference will not solve our farmers' problems and will not result in greater exports of American farm commodities.

The bill we are debating will do much to help farmers and I intend to support it enthusiastically. But we will not help this bill or the farmer if we are sidetracked by a dispute between the farmers and the maritime industry over cargo preference. I believe that both groups can and should work together.

We need a strong merchant marine for our national defense and for the future economic bargaining power that we will forfeit if there is no alternative to the foreign-flag ship.

We also need to help our struggling farmers by attacking the real problems they face and by not diverting our energies to cutting down another American industry that faces many of the same troubles now confronting our farmers.

I urge my colleagues to recognize the consequences of eliminating the Cargo Preference Program and to reject any anticargo amendments that are offered to H.R. 2100.

Mr. de la GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. Stenholm].

Mr. STENHOLM. Mr. Chairman, at this time I want to try to focus attention on the real issue in this debate.

I rise in support of the English-Roberts substitute for the Smith amendment, in the belief that this is a compromise between the two extremes in this issue. I want to answer the questions that have been posed by those members of the Committee on Merchant Marine and Fisheries as to why the Committee on Agriculture is meddling in their business. I would say it is because you in your actions, supported by the Rules Committee, are attempting to put into permanent law the ruling of one district judge regarding this question.

I would suggest that the English-Roberts amendment is attempting to maintain the status quo of saying not take that one ruling and make that permanent law but leave things as they have been for these 30 years and not pick a fight between Agriculture and Merchant Marine.

I also would say that another reason why the Agriculture Committee has chosen to meddle is that we had to cut $7.9 billion from our budget baseline in order to meet the will of this body. We have got $7.9 billion less. And I suggest to those who are concerned about defense, which I am, and transportation and the need of a strong merchant marine, which I am, that our reason for saying, "Don't expand the authority and don't expand the amount of money you are taking from a little smaller pie, let's agree the way it has been working in the past has been working for everyone and we in fact need to expand on our merchant marine, do it as Mr. English has suggested, do it in the Transportation budget, do it in the Defense budget," because I suggest those two budgets have not taken the same proportion of cuts that we have taken.

And that is why the Agriculture Committee has chosen to meddle in your business. We did not do it to pick a fight, but we did it because we are having to operate with a smaller piece of pie, and it is difficult to stretch less dollars for more exports.

And you ask, "How does this affect farmers?" How many speakers have I heard up here, saying, "How can this affect farmers?"

Less product exports equal lower farm prices, folks, no matter how you cut it. And that is what is happening today.

And, sure, there have been a lot of good, truthful statements made on both sides of this question today. We do not want to pick a fight. That is the worst thing that could happen to us right now, because we are both in the same boat.

So I would urge members of this committee, look at the English-Roberts amendment as a compromise between the two viewpoints and support the Agriculture Committee on this issue, which is a fair approach.

Mr. ROBERTS. Mr. Chairman, I yield 3 minutes to my friend and colleague, the gentleman from Missouri [Mr. Coleman].

Mr. COLEMAN of Missouri. Mr. Chairman, I rise in support of the gentlewoman from Nebraska's amendment. I complement her on the strong leadership she has shown in helping to defeat this unfair subsidization of the maritime industry by agriculture.

The 1954 Cargo Preference Act requires the Department of Agriculture to ship 50 percent of the agricultural commodities sold or donated to other countries by the Government on U.S.-flag vessels. Historically, this has been applied only to the Public Law 480, Food for Peace Program, and the section 416 Commodity Donation Program. In February of this year, the courts ruled, in a lawsuit initiated by the maritime industry, that the USDA Blended Credit Export Program would also have to comply with cargo preference laws. This ruling overturned a 1963 Justice Department opinion exempting direct credit, blended credits, and credit guarantees from the 50-percent U.S.-flag vessel cargo preference rule. At the time of her decision earlier this year, Judge Green made it known that she would also apply the same ruling to the GSM-102 Credit Guarantee Program if she was asked to make such a ruling.

This decision is devestating to U.S. agricultural exports. At a time when our agricultural exports are expected to fall to around $32 billion in 1985, farmers should not be asked to subsidize the maritime industry by paying higher transportation costs to ship grain. Applying cargo preference laws to additional USDA exports will cause our exports to plummet even further. Cargo preference is nothing more than a subsidy to the maritime industry at the cost to the American farmer, to American agricultural exports, and America's soaring trade deficit.

While I am joining my colleague from Nebraska in calling for the total repeal of cargo preference not only for blended credit programs but also for the Public Law 480 Food for Peace and section 416 programs, but it disturbs me that the Public Law 480 food aid budget is being used to subsidize the maritime industry. We have people starving in Third World nations. We should concentrate the Public Law 480 funds on helping starving children rather than pumping up the maritime industry.

Since August 1984, the USDA shipped 2.8 million metric tons of commodities under the Public Law 480 Program, title II. 689,000 metric tons of the commodities were shipped on foreign-flag vessels and 711,000 metric tons of commodities were shipped on U.S.-flag ships.

U.S.-flag ships charged an average of $95.92 per metric ton on commodities shipped only to Ethiopia, the Sudan, Kenya, Mozambique, and Mauritania while foreign vessels charged an average of $40.97 per ton for the same route. The $54.95 subsidy is taken directly from the Food for Peace funds. The expected 1985 cost of cargo preference for the Food for Peace Program will be about $155 million, or about a tenth of the total Food for Peace budget. Some experts estimate that 5 million people could be fed almost 1 pound of wheat per day for an entire year with the $155 million now being used to subsidized the maritime industry. I say let's free the Public Law 480 Program from cargo preference laws so we can get assistance to starving people.

Some argue that we need cargo preference requirements in order to maintain a strong merchant marine fleet for defense purposes. I have a record of being a supporter of a strong defense program. I have not changed my position on defense. However, I do feel we need to take this hidden subsidy to the maritime interest out of the Department of Agriculture budget and transfer it to the Transportation Department or Defense Department budgets where it belongs.

The Agricultural Committee tried to take a compromise position by applying cargo preference to the pre-Judge Green ruling. We felt this compromise was fair to both the USDA and the maritime industry. However, maritime interest were successful in their lobby efforts to strike the committee language and insert its own which requires that cargo preference laws apply to all USDA export programs. This means cargo preference requirements would apply to GSM-102 and the blended credit programs. The GSM-102 Program has $5 billion authorized for its budget in fiscal year 1985. If cargo preference laws are applied to the GSM-102 Program, it would cost from $400 to $650 million in subsidies.

The cargo preference laws slap an additional $50 a ton charge on all American export commodities because U.S.-flag ships charge much higher rates than foreign-flag vessels. American farm products now are barely surviving in the international market due to the overvauled dollar and unfair foreign trade practices. An additional $50 a ton charge will erase whatever share we have left of the overseas market and further devastate our ailing farm economy. If we are to restore profits to U.S. agriculture, we must increase our agricultural exports, not decrease them.

American farmers, who continue to slide downhill while the rest of our Nation's economy races ahead, certainly cannot afford to carry the ball for the maritime industry. At some point, it must be recognized that the cargo preference policy only promotes one industry by undermining another.

I urge my colleagues to adopt the gentlebody's amendment that would exempt all USDA agricultural exports from unfair cargo preference laws or at least the substitute amendment.

Mr. JONES of North Carolina. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT. Mr. Chairman, as the Members might expect, I support the position of the Committee on Merchant Marine and Fisheries on this, primarily for defense reasons. But I think there are other reasons, as well. I guess you might call them political reasons. When we are deciding on what is the best thing to do for a particular need, we sort of have to feel like what kind of a group can you get together that will support a particular piece of legislation. For years we have had the cargo preference. People have lived with that, and it has been workable. They are not going to appreciate the fact that it is taken away, and I think you might cast some people in the position of not being very happy about supporting this legislation if that is abandoned.

Now, the real reason why I am talking is not because of the possibility that there might be some votes lost that way—although I do not know how strong this bill is going to be anyway, so you might need those kinds of votes. The real reason I am talking to you is because there really is a tremendous concern on the part of America today of not having adequate merchant marine to carry the things that we need to carry in a wartime situation.

Mr. JONES of North Carolina. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington [Mr. BONKER].

Mr. BONKER. Mr. Chairman, I rise in strong support for the cargo preference provisions of H.R. 2100, as reported by the Rules Committee, and in adamant opposition to any amendments which would weaken or eliminate our Nation's cargo preference policy.

Like many of the Members, I represent a region of the country which is heavily dependent upon both farming and the maritime industry. Both industries provide major economic activity, tax base, and employment in the Pacific Northwest, and I fully understand the importance of the cargo preference issue to both groups. In addition, both of these industries are in deep trouble, and I believe that both are deserving of Federal support.

Unfortunately, the version of the bill reported by the Agriculture Committee and the amendments before the House today would in effect force the House to choose our Nation's farmers over our vital maritime industry. I don't think this is the right way to do business, and I don't think that these amendments are in the best interests to our Nation as a whole.

Clearly, America's farmers are hurting. Farmland values have dropped more in the last 4 years than in any time since the Great Depression. Farm exports have fallen dramatically since the 1970's, creating severe problems for crops like wheat, corn, cotton, and rice. The farm crisis has become a national tragedy, endangering whole communities and an entire way of life.

But our maritime industry is in equally desperate condition. Maritime employment has dropped by an incredible 70 percent since the 1950's. Thirty years ago, our own merchant marine carried more than 35 percent of our ocean borne foreign commerce; today, America's ships carry less than 5 percent of our own cargo. In the area of bulk products like grains, U.S. vessels carry only about 2 percent of our own nation's shipments.

I strongly believe that both our agricultural exporters and our maritime fleet deserve the support of the Federal Government. I also believe that the needs of these two vital industries do not need to be mutually exclusive. We do not have to penalize the maritime industry in order to preserve America's farmers, or vice versa.

In my view, the opponents of cargo preference offer only a completely one-sided approach to this complex and difficult issue. Instead of a balanced package which offers some benefit to both of these ailing industries, the amendments before us would strip cargo preference requirements from a number of agricultural export promotion programs.

At this point, it's important to underscore several important facts in the cargo preference debate:

First, cargo preference is not to blame for the very real problems facing our Nation's farmers. Cargo preference is not even responsible for the difficulty our farmers are facing in the international marketplace. The real culprits in both of these problems are the Reagan administration's failed agricultural and trade policies, and the overvalued U.S. dollar which makes it impossible for our producers to compete overseas.

Second, cargo preference does not apply to any sales that are strictly commercial in nature, only those shipments which are Government sponsored or Government assisted. Typically, these federally impelled shipments represent less than 2 percent of the total shipments in any given year.

Third, cargo preference does not even hamper the competitiveness of our Government assisted shipments in foreign nations. Our Government picks up the cost differential between foreign flag freight rates and the higher U.S.-flag rate. The net impact upon the recipient is as if the cargo had been hauled on a foreign-flag vessel.

Fourth, cargo preference does not cost the American farmer 1 penny, nor does it make U.S. commodities any less affordable in foreign markets. The Federal Treasury pays 100 percent of the added cost of shipping preference cargoes in U.S.-flag vessels.

Finally, let's be honest about Federal subsidies. Our agricultural sector receives an estimated $18 to $20 billion per year in direct Federal subsidies. By comparison, our maritime sector receives roughly $500 to $600 million in Government assistance, about 2 percent of the subsidies given to farmers.

Once you accept the notion that cargo preference does not cost our farmers anything, the only possible rationale for the amendments before us today is that the agricultural sector wants even more.

I believe the agricultural sector should be fair and consistent in this area. Agriculture has its subsidies, and they are enormous. Certainly other distressed elements of our economy are entitled to modest support from the Federal Government, particularly the maritime sector which is so important to our national defense.

So I would urge my colleagues to reject these amendments today, and to oppose any unbalanced effort to change or weaken our Nation's traditional cargo preference policy.

In closing, Mr. Chairman, this issue will, obviously, not end today, no matter what we do in this bill. Earlier this year, the maritime industry sat down with elements of the farm community in an effort to develop a workable compromise that would resolve this impasse. While these groups did reach an agreement, this compromise has broken apart, due to dissatisfaction within the agricultural groups.

Rather than continuing to hammer away at one another and forcing Members of Congress to choose up sides, farm interests and maritime interests should go back to the negotiating table and come up with a compromise that will help insure the stability and future gorwth of both industries. But until such a balanced package is presented to this Congress, I would strongly urge my colleagues to reject any unilateral attack upon established cargo preference law.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Idaho [Mr. STALLINGS].

Mr. STALLINGS. Mr. Chairman, I am compelled to rise today in support of the English amendment to exempt agriculture export credit programs from cargo preference requirements. As so many of my colleagues have so eloquently stated here today—this body must stand firm in its resolve to do what it can to restore profitability to American agriculture.

Yet today we are contemplating actions that would further erode U.S. agriculture's competitiveness in world markets and seriously jeopardize our efforts to save the family farmer. Consider the facts concerning our farm exports. The U.S. share of world wheat trade has declined from 48 percent in 1981 to 36 percent this year. Our share of the world feed grain exports has fallen approximately 20 percent over the same 5 years. These declines have amounted to a loss of more than $10 billion in agricultural exports since 1981.

I am not suggesting that this disasterous decline in our farm exports is the direct result of cargo preference requirements. But rather, my point is this—our precarious farm exports have been further burdened by a Federal court ruling that expanded cargo preference to the USDA Commercial Blended Credit Program. The increased costs in shipping which experts have put at $40 to $60 million for the blended credit program alone forced the USDA to suspend shipments of some 3.6 million metric tons of agricultural commodities worth more than half a billion dollars.

The result of the court-ordered expansion in cargo preference has not been additional revenues for our maritime industries, but just the opposite. Without functioning commercial export programs, our maritime industries have gained nothing from this expansion in cargo preference and our farmers have lost millions of dollars in export sales.

This situation is intolerable for both our agricultural and maritime industries and can be remedied by the amendment before us. I believe our Agriculture Committee made a good faith effort to reach a workable accommodation on this cargo preference issue. But the price of this accommodation is too high if our commercial export promotion programs are not allowed to function as intended. Our farmers and maritime workers desperately need the revenues that are generated by these commercial export sales. Our only solution now is to adopt the English amendment and restore cargo preference rules to their status prior to the February court decision.

Mr. LENT. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia [Mr. PARRIS].

Mr. PARRIS. Mr. Chairman, I rise to indicate my opposition to the amendments to H.R. 2100, the 1985 farm bill, which would weaken or change the application of our time-honored cargo preference laws.

Let me say at the outset that I am completely sympathetic to the needs of our agriculture constituency and the importance of this constituency to the American economy. Indeed, I support the Food Security Act of 1985 and intend to vote for its passage. It is clear to me, nonetheless, that many either do not understand or totally underestimate the importance of a U.S.-flag maritime fleet. Although farm interests rightly point out the fierce foreign competition faced by them, they fail to recognize that our merchant marine is confronted by many of the same competitive forces and has been for many years.

Let me give an example that particularly concerns me in view of the administration's intentions to commence negotiations in just a few months toward a new maritime shipping agreement with the Soviet Union for carriage of grain. As we all know too well, countries with state-controlled economies do not have private merchant fleets in the same sense we do. It is impossible to determine whether the freight rates charged by these fleets even come close to covering their costs. In the past 20 years, the Soviets have set out on a course of rapid expansion into the cross trades so that today roughly half of Soviet cargoes involve these cross trades. The consequence for the West is that Soviet merchant ships move about 5.6 percent of all world cargoes even though the Soviet economy generates only 2.5 percent of world trade. The Soviet attitude and thus its policy towards its merchant fleet is dramatically different than ours. The Soviets consider every merchant vessel a military ship first and a commercial ship second; their goal is not profit, it is expansion and military capability. With these goals, the Soviets are able to penetrate into major trade routes by shunning conference prices and underbidding Western competitors by as much as 25 percent in some cases and 40 percent in others. So in this "free" market, certainly the Soviet freight rates are lower than ours. But surely American farm interests would not prefer to see our United States fleet replaced by Soviet and other state-owned fleets. Unfortunately, we would be headed in this direction if we were to take some of these attacks on cargo preference to heart.

Let's not play into the hands of our foreign competition—state-controlled or otherwise—by pitting two of our major American industries against another.

In view of the foregoing, I would strongly urge my colleagues to resist any attempts to weaken cargo preference application in this farm legislation which is much needed and which deserves early passage.

Mr. LENT. Mr. Chairman, I yield 2½ minutes to the gentlewoman from Maryland [Mrs. BENTLEY].

Mrs. BENTLEY. Mr. Chairman, I rise in strong opposition to the Smith-English amendments.

And I would like to correct some statements made here today.

There was the statement that U.S.-flag ships have dropped in number from 3,000 to 600 with the Speaker alluding that it was the fault of subsidy and U.S. Government assistance.

The fact is that shipping today is far different today than when we had 3,000 ships.

Vessels are much larger today by three four and even tenfold. This is true worldwide except under the Soviet flag because the Soviet Union continues to build so it can control the world sealanes and freight rates.

We have also heard how many more hungry persons could be fed if foreign- rather than American-flag-ships were used.

If, in fact, our primary interest is to feed starving people to the maximum extent possible, then why not buy America's food-for-peace commodities abroad—in Argentina, for example? Today, their wheat costs less than U.S. wheat on the world market. Currently, a ton of Argentine wheat sells for $115, which is $31—or more than 20 percent—less than a ton grown here. If our Public Law 480 food aid were to be purchased in Argentina and other low-cost foreign sources, the United States Treasury could save more than $250 million dollars—enough to provide 1 pound of wheat per day for a year to more than 8 million people.

Obviously, neither I nor anyone else that I know of advocates that we buy these products in a foreign country. We all agree that we need the independence and power that a strong farming industry provides. I make the point, however, to demonstrate the need for balanced presentations in this debate over cargo preference.

Much also has been said here today regarding Secretary Black's cancellation of the Blended Credit Program while blaming it on the Federal Court ruling.

The record of the past 2 years is indicative of the U.S. Department of Agriculture's attitude toward the American merchant marine and the laws on the books.

The records will show that in 1983 both the USDA and the Agency for International Development [AID] violated the cargo preference laws on the books by failing to allocate 50 percent of the cargo to U.S.-flag ships.

In 1983, the USDA only granted 48 percent of the cargo although there were ample ships available.

The record also shows that in 1983, only 45 percent of AID cargoes moved on American bottoms.

In 1984 both the New West African Release Program and Section 416 Dairy Donation Program violated cargo preference.

It should also be noted that in 1980 and 1981 when sufficient numbers of American ships were not available, only 41 and 42 percent of the USDA cargoes moved on U.S.-flag ships. Only 48 and 37 percent, respectively, of AID cargoes were U.S.-flag ships.

In the no cost GSM-102 program, the foreign loans guaranteed by the U.S. Government for grain programs cost the U.S. taxpayer $1.7 billion because of defaults.

The total since 1982 is $2.2 billion.

U.S.-flag ships were not involved in any of these defaults.

Cargo preference is essential to the U.S. merchant marine. Government agricultural preference cargoes account for a significant 37 percent of the tonnage carried in international trade by U.S.-flag vessels but less than 2 percent of the total 145 million tons of agricultural commodities exported from these United States in 1983. Yes, only a mere 2 percent of the total agricultural commodities exported were covered by the cargo preference requirements.

Both the agriculture and maritime industries are forced to compete abroad in the face of highly subsidized foreign competition, nontariff barriers and restrictive foreign policies. It is clear that both industries deserve, and are guaranteed under the present law, the support of our Government and neither should be helped at the expense of the other.

It is my belief that American agriculture and American maritime should work together for their mutual benefit, rather than expend their scarce resources in fighting each other, to the benefit of America's competitors.

Mr. ROBERTS. Mr. Chairman, I yield 3 minutes to my distinguished colleague, the gentleman from Mississippi [Mr. FRANKLIN].

Mr. FRANKLIN. I thank the gentleman for yielding.

Mr. Chairman, I would like to point out what I think is the crucial issue that we are discussing here on cargo preference and what is a Government-sponsored sale that would apply under the cargo preference ruling of Judge Green and the attempt to try to codify into the permanent law of the agriculture bill the decision of one Federal court judge.

Mr. Chairman, the market today for all of the commodities that we grow in this country is below loan prices in most instances. If we are going to sell any of our commodities overseas, we are going to have to do it with some innovative methods that we come up with in this farm bill. We have called some of those things blended credit, we have called some of those things marketing loans, we have called it bushel commodity bonus programs, and we have called them export certificate programs. But be that as it may, all of those innovative things that we have come up with to try to become competitive once again in world markets can be determined under the extension of Judge Green's ruling to be Government-sponsored transactions under which the cargo preference ruling is applied and cargo preference would then be applied to every agricultural sale of this country overseas.

□ 1620

Quite frankly, my friends, I do not think the agricultural community can stand that. We have seen the effects of the Blended Credit Program, which, by the way, is the first time that a commercial transaction—it is not a program where we as a benevolent country give our commodities in excess to feed the hungry of the world. These are private transactions where U.S. companies or individuals transact with others across the world in private commercial transaction with the aid of our Government through bonus credits and interest credits to get those goods moving.

If we take the logical extension of the ruling that is trying to be codified here into permanent law, and if we continue to see our commodity prices at the world level be below the loan rates of most of the commodities in this country, then every transaction of American agricultural products to overseas customers could be applied to the cargo preference ruling. Agriculture could not stand that for we would not be shipping any of our commodities overseas, and we would continue to be storing those commodities in our government warehouses and government bins.

There is one way we can remedy that problem; go back to the pre-Judge Green ruling where both the merchant marine interests of this country and the agricultural interests of this country seem to be satisfied, and benefiting by a program that was working. The way to do that is to support the Roberts-English substitute. I urge my colleagues to support that.

Mr. JONES of North Carolina. Mr. Chairman, I yield 2 minutes to the gentlewoman from Louisiana [Mrs. BOGGS].

Mrs. BOGGS. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong opposition to the amendment and to the substitute thereto. I represent the Nation's leading grain exporting port, and I certainly would not support any provision that had a negative impact on agricultural exports. Existing cargo preference provisions in the law are a subsidy for American flag maritime transportation, just as our agriculture programs are subsidies that are essential to the productivity and economic well-being of our farm interests.

Mr. Chairman, let us get some of these statistics straight. Less than 2 percent of American farm exports are shipped under existing cargo preference provisions. That makes it about 1.6 percent of the agricultural subsidies that go to subsidizing the maritime component.

The American flag bulk cargo ships are essential to our national sealift requirements. In a time of national emergency, we cannot fully depend on Allied shipping or flag of convenience ships to carry military equipment and materials or to move raw materials and bulk commodities for our domestic industries. If we wanted to ship American-subsidized commodities on the least expensive shipping mode possible, we would ship our goods on Soviet flag ships. They can undercut any free world market carrier.

Mr. Chairman, I know that the American farmer is probably the most patriotic of Americans. When our farmers recognize the essential role that cargo preference plays in maintaining the American flag shipping capability we need to meet our military sealift and our national cargo requirements, I am certain that they will oppose this amendment and the substitute thereto.

Mr. de la GARZA. Mr. Chairman, might I inquire how much time is left to the Members managing time?

The CHAIRMAN. The Chair states that the gentleman from Texas [Mr. de la Garza] has 7 minutes remaining; the gentleman from North Carolina [Mr. Jones] has 3 and one-half minutes remaining; the gentleman from New York [Mr. Lent] has 2 and one-half minutes remaining: and the gentleman from Kansas [Mr. Roberts] has 7 minutes remaining.

Mr. de la GARZA. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I repeat as I have throughout the process of this legislation, this is a very difficult situation for me. I served on the Merchant Marine Committee; when I became chairman I had to leave that committee. The situation is one, though, that is very simple but it brings out emotion in most of the Members.

We in the Agriculture Committee are only trying to bring back the basic law in operation up 20 this spring and the Merchant Marine Committee is trying to put into permanent law the decision of one district court. The sad situation is the same as the farmer, the merchant marine, the U.S. fleet is suffering. In this situation, no one wins because the Secretary is not spending the funds appropriated. He still has some $57 million.

What we are trying to do with the Robert-English substitute is to bring back the status quo, and keep working so that the merchant fleet can have 50 percent so that we do not provide undue harm or damage to our farmers. If we do not do this, no one wins. You will have no ports; you will have no merchant fleet. We will have no farmers selling abroad.

I submit to you that the court decision brings in private, commercial transactions. I submit to you that Blended Credit Program was not a way to get around the cargo preference law. But I will go personally with the Merchant Marine to try and get funds. I will do anything that can be done. But we cannot prejudice this farm bill. We cannot send a signal out that we are going to sacrifice either the farmer or the merchant fleet or the ports of America. The best thing that we can do is keep the status quo until we decide within the family what we are going to do. The best course to take under that is to support the English amendment because it does no damage to the merchant marine or the farmer.

Again, I repeat, they are not now shipping. The Secretary is not spending the money. You are keeping the farmer from having some sales. While we bring back the farmer, then we can go and try and correct this situation, because one district court decision can be annulled by another district court. We cannot put it into permanent law at this time. We need to have hearings, and they need to be in the Merchant Marine Committee also.

I urge the Members to stay with the Agriculture Committee. Later we can work out the family difference.

PARLIAMENTARY INQUIRY

Mr. JONES of North Carolina. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of North Carolina. Mr. Chairman, it seems according to the official timer that we are down to 3½ minutes. According to my records, we have approximately 7 minutes. I understand that during the debate on the time limitation, that that was charged to me, to our side.

The CHAIRMAN. The Chair would point out to his dear colleague and friend, the gentleman from North Carolina, that what was charged were these unanimous-consent requests. The reason they were charged is that under the motion that the gentleman made, the time expires at 4:45. In order for us to fulfill the 15-minute requirement, the Chair had to take the time out of that.

If the gentleman asks to extend the time the Chair can do that by unanimous consent.

Mr. ROBERTS. Mr. Chairman, if the gentleman would yield, in the spirit of compromise, I would be delighted to yield the gentleman 2 minutes from my time.

Mr. JONES of North Carolina. Mr. Chairman, in the spirit of brotherhood, let me express my appreciation.

Mr. Chairman, I yield 1 minute to the gentlewoman from California [Mrs. Boxer].

□ 1630

Mrs. BOXER. Mr. Chairman, I thank the chairman of the Merchant Marine and Fisheries Committee for this time.

I am a strong supporter of the American farmer. I have supported every aspect of this farm bill. But I say to my colleagues who are bleeding for their farmers—and I share that pain—I say it would be selfish—it would be hypocritical—and it would be wrong to turn your back on our merchant marine, and these amendments not only turn them on the merchant marine, these amendments stab the merchant marine in the back.

The cargo preference law that currently exists is keeping our merchant marine alive. This is an entirely valid goal, considering the importance of a U.S. merchant marine in times of both peace and war. It's as valid a goal as keeping our farmers alive.

I think that the cargo preference law should be clarified

Cargo preference does not single out the agricultural community. Instead, it applies to all shipments of Government-generated exports, whether they be soybeans or computers.

Cargo preference does not cost the American farmer or his foreign customer one penny. The farmer exporting his goods does not pay any additional cost of shipping on U.S. vessels nor does the foreign importer. Instead, the Department of Agriculture finances any differential between foreign-flag freight rates and a reasonable rate for U.S.-flag commercial vessels. The delivered price of american agricultural commodities to foreign purchasers is therefore not affected by cargo preference.

It should be noted that the rate differential between U.S. and foreign vessels is declining because the costs of U.S. shipping have decreased. In 1981 the average U.S. tanker rate for USDA-sponsored exports was $102 per ton. By 1983 the average was $51 per ton. With modernization of the U.S. fleet already underway, these rates will undoubtedly continue to decline.

The private American farmer is not substantially affected by cargo preference laws. But the merchant marine would be seriously affected by these amendments. In 1983, only 2 percent of U.S. agricultural shipments were subject to the cargo preference law. But this 2 percent accounted for nearly one-third of the total tonnage sent on U.S. vessels. Clearly, the merchant marine has much to lose if this amendment is adopted.

Let us not become a country that turns one group against another. The farmer needs help desperately—our merchant marine needs help desperately. We have gone from more than 5,000 active ships during World War II to less than 400 active ships now. Let us be caring Americans. Caring for the farmer; caring for the merchant marine; and by our policies, let us help both segments of our American economy.

Please vote "no" on this amendment.

Mr. JONES of North Carolina. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. Gaydos].

Mr. GAYDOS. I thank the committee chairman, the gentleman from North Carolina [Mr. Jones].

Mr. Chairman, thanks to the fine work of two of our colleagues on the Committee on Merchant Marine and Fisheries, Chairman Jones and Mr. Biaggi, the 1985 farm bill, maintains the House position on cargo preference requirements concerning shipments of American food products to overseas customers.

In all truth, despite the arguments to the contrary, cargo preference requirements do not affect either the price American farmers receive for their goods nor the price that overseas customers pay for those commodities.

So, those critics who claim that the cargo preference laws hurt our farmers are just trying to confuse the issue by bringing in elements that have no bearing on it.

In fact, the cost difference between shipping agricultural products on American vessels as opposed to foreign ships is paid by the American Government as part of cargo preference, a longstanding, 30-year national policy of support for the American maritime industry. It is part of a commitment we have made to keep our merchant marine as healthy as possible in very trying times.

According to some recent data from the U.S. Maritime Administration, the U.S.-flag dry bulk fleet, which virtually depends on cargo preference laws for its very survival, today consists of a mere 21 vessels. Just think, only 21 American-flag ships to carry dry bulk foodstuffs.

Fortunately, it is a young fleet, with 11 of those 21 ships 4 years or less in age and 19 of the 21 at 12 years or less.

Further, these newer ships in the American dry bulk fleet can carry more tonnage and operate with smaller crews. Thus, the merchant marine fleet, with the help of the Seafarers International Union, has been able to cut manning levels and lower wage structures to keep the fleet more productive and more competitive.

We cannot accept any amendments. If we do, than we will be telling our maritime industry and those men and women who work on those ships that we don't care, that their efforts to stay competitive with other nations aren't worthy of our support.

The maritime industry is vital to this Nation, as vital as steel and other basic industries for our growth and expansion as well as our protection.

As we depend more and more on foreign nations for the materials and goods that we no longer produce in this country, shouldn't we at least ensure that some American ships and some American seafarers are the ones who bring some of those materials and goods to our shores and carry some of our products abroad.

If we permit the cargo preference requirements to be deleted from this bill, then we are sending another signal to American industry, steel, shipbuilding, and maritime, that we are no longer interested in what happens.

We must preserve and protect these cargo preference requirements and keep them as part of H.R. 2100.

Mr. JONES of North Carolina. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. KOLTER].

Mr. KOLTER. Mr. Chairman, the Congress made a strong commitment to the Nation's merchant marine industry over 30 years ago. I see no reason for changing that commitment now. Any attempt designed to weaken the existing cargo preference laws should be defeated.

Some in the agriculture community have asserted that cargo preference laws make the American farmer less competitive on the world market. This is not true. Cargo preference only applies to Government-sponsored or Government-financed cargoes. Any commercial sales between an American farmer and a foreign importer, in which the U.S. Government does not participate, is exempt from cargo preference laws.

American tax dollars make international food aid possible. It is only fitting that a portion of that food be transported on American ships.

Others have argued that the U.S. merchant marine fleet is not competitive. While it is true that the U.S. fleet has had problems in the past, the U.S. Department of Agriculture's own research demonstrates that the cost of financing cargo preference is declining. Between 1981 and 1984, the USDA's cost differential for commodity shipments under the Public Law 480 title I program, declined by over 41 percent. Funds currently spent by the USDA, for cargo preference, amount to less than eight-tenths of 1 percent of the amounts expected to be spent in 1985 on farm income stabilization. This is a small price to pay for a strong U.S. merchant fleet.

Mr. Chairman, I understand that the merchant marine coalition, and the U.S. agriculture community, have been trying to come to a compromise on the cargo preference issue. It would not be wise to set these two important industries apart, now that they are working on a compromise. Adopting an anticargo preference amendment might do just that. We need all of our resources working together in order to be more competitive in the international marketplace. It would be a waste of valuable resources to have the farmer and the sailor disagreeing with each other. In the end, the only ones who would benefit would be our foreign competitors.

Mr. LENT. Mr. Chairman, I yield 2 minutes to the gentleman from Alaska [Mr. YOUNG].

Mr. YOUNG of Alaska. Mr. Chairman, I thank the gentleman from New York [Mr. LENT] for yielding me this time.

Mr. Chairman, I rise in strong opposition to this amendment, both amendments before us today.

I have been listening to this debate on the floor and I have been well involved in the committees. It is time we recognize the merchant marine would be dealt a death blow by these amendments.

It is unfortunate we are now in conflicting interests between the farmers and the merchant marine, but I truly believe this will not hurt the farmers, it will definitely hurt the merchant marine.

Mr. Chairman, I yield to the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman, I thank the gentleman from Alaska [Mr. YOUNG] for yielding to me.

Mr. Chairman, I rise in opposition to this amendment to reduce and restrict the cargo preference provisions of H.R. 2100.

Mr. Chairman, if we are going to make wise choices in confronting the massive Federal deficit, we must begin by asking: What is the purpose of each program, and does it achieve its goals in a cost-effective manner? I believe there is only one justification for cargo preference: That it contributes to our national security.

I confess that I was skeptical when this justification was first presented to me.

During the past couple of months, I have read and have listened to people both in favor of and in opposition to cargo preference. I dug deeper and deeper into this question. This is what I have learned:

First, there is a direct linkage between our shipping capacity and the ability to supply our troops. During an armed conflict abroad we will need to transport over 95 percent of our fuel and supplies by sea. This may require a fleet of 500 ships, as it did during the Vietnam war.

Second, our current active merchant fleet is less than 400 ships, and almost 40 percent of their cargo comes from the requirement that they carry 50 percent of agricultural goods that are purchased with U.S. subsidies.

Third, because of the shortage of active U.S.-flag merchant ships which can be relied on during the opening days of any crisis, the Navy has begun buying 116 cargo ships to keep in reserve.

Fourth, a 1984 Congressional Budget Office study shows that it is far less costly to keep our merchant fleet afloat and available with this limited cargo preference than for the Defense Department to buy or build more ships.

Reflecting further, I believe much of the misunderstanding over cargo preference arises because it does not come within the Defense Department budget. What we are voting on here is not best characterized as an agricultural program or even a merchant marine subsidy, but as a Defense Department expenditure.

Mr. Chairman, I urge that this amendment be defeated because it would damage one of the most cost effective elements of our national defense.

Mr. YOUNG of Alaska. Mr. Chairman, reclaiming the balance of my time, we should look at the rest of the nations in the world and how they ship to us the automobiles we are talking about in the trade bill that is coming up. It is all on the bottom of their ships.

It is time we recognize the one commodity we have is our agriculture commodity and it should be on our bottoms, not on their bottoms. It is time we recognize we need that merchant marine fleet. It is time we stopped putting this great Nation in the 11th place in the world. It is time we recognize this is vital not only to our security but to the employment of Americans. It is time we recognize that the one thing that the foreign countries need is our commodities and they should be on our ships.

I do not buy this idea that they will not buy from us if they cannot ship them on their bottoms. We are buying from them shipping on their bottoms. It is time we used American ships, American crews, and let us defeat these two amendments.

Mr. ROBERTS. Mr. Chairman, I yield 1 minute to my distinguished colleague, the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Chairman, I ask my colleagues to support the English-Roberts substitute. It preserves the status quo. The maritime industry does not receive benefits under the Blended Credit Program now. The adoption of the substitute does not take anything away from the maritime interests because they currently do not benefit from it now. Support the position of the Agriculture Committee.

I believe that all of you perhaps have seen the recent exposés in the Philadelphia Inquirer, the editorials in the New York Times, the Washington Post, and the Wall Street Journal pointing to problems in the cargo preference program and asking the Congress to make reforms. It is presently a shippers' market. We cannot find enough ships in reasonable condition to move the commodities now to meet the cargo preference provisions required by the Public Law 480 Program and other emergency or famine relief programs. One such ship sunk with the loss of over 30 people in 1983. The Indonesians will not let their citizens unload some of our ships because of unsafe conditions on those ships.

Now, I am going to have to feel compelled shortly hereafter if this substitute fails to try to limit the amount of price-gouging that can take place by the maritime industry and to reconsider the proper agency to fund the Cargo Preference Program.

So I say to my colleagues, save yourselves some grief. Support the English amendment and avoid the amendments I have awaiting you.

Mr. LENT. Mr. Chairman, I yield whatever time I have left to the gentleman from California [Mr. HUNTER].

Mr. HUNTER. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in opposition to the amendment, but I would hope that the chairmen of the respective committees and the committees could get together and perhaps work on some type of a compromise in the near future whereby we would be able to expand the tonnage of grain shipped under Public Law 480 which is about 2 percent of total shipments now to a tonnage figure around 10 percent, and yet ensure that it does not pervade the entire grain exporting market.

I would ask the Chairman if he could respond briefly to that.

Mr. JONES of North Carolina. I assure the gentleman that I support him.

Mr. ROBERTS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in the spirit of compromise.

I do not want to be a burr under the maritime saddle. I would not do anything to hurt my dear friend, the gentleman from North Carolina WALTER JONES. I want to smother the gentleman with grains of human kindness. I hope we could ship as much of it to North Carolina as he wants or wherever the gentleman would like to have it.

But I would like to set the record straight and ask my colleagues to vote on the merits of this issue. To my friends and colleagues on the Merchant Marine Committee I would only offer the comment that the real issue is that half of nothing is still nothing. Let me explain that statement. It is the same point as made by the chairman of the Agriculture Committee, Mr. DE LA GARZA.

As a result of a lawsuit brought by the maritime industry, not by agriculture—we did not start this—last February, a Federal court ruled that cargo preference applies to the Agriculture's Blended Credit Program, under which the USDA offers very attractive terms to promote the sale of farm products.

Now for over 30 years, cargo preference has applied to one-half of all cargo shipped under Public Law 480 and section 416 authority. I appreciate the merits of the application of cargo preference to the food aid programs. That is a totally different argument. I am not making that point. In addition, there are some in the Congress who wanted to totally repeal cargo preference. Now we have backed off. That is not what the English-Roberts argument and amendment is all about.

What the English-Roberts amendment is all about is simply half of nothing is still nothing. As a result of the court's ruling applying cargo preference to the Blended Credit Program, the Secretary did suspend the operation of the program. We have heard a lot of arguments as to why he did that, but it was suspended.

The court's ruling would have added $40 million to $50 million in additional cost. Since the ruling, no shipments have been made under that program. In short, while the maritime folks won a battle in the courts, they have not won the battle in the fight to round up the money to pay for the additional cost of applying your cargo preference to commercial export programs.

The great court victory has not resulted in one additional maritime sailor going to work. It has not resulted in any additional U.S.-carried cargoes. However, what has resulted from the ruling is that U.S. farm exports are down. As a result, the American farmer has lost over 3 million metric tons or $500 million worth of grain exports. When those exports are down, the surplus is up, the price is down, and that is how the farmer gets hurt.

During the Agriculture Committee's consideration of the farm bill, we included language reaffirming our commitment to a strong merchant marine. However, we also clarified the intent of Congress that cargo preference should, as it has in the past, apply to 50 percent of the shipments under Public Law 480 and section 416 and not commercial export promotion programs.

I know as a result what will happen if you do that in that district court, then it will be the GSM-102 Program, then it will be the Bicep Program, then it will be virtually every export program we have in the farm bill, mandated export subsidies to get our grain moving.

Quite simply, a vote for the English-Roberts compromise is a vote to allow our farmers to export their grain again, and is at the same time a vote for the maritime industry, because it does not repeal existing legislated cargo preference requirements.

I urge my colleagues to support this compromise in the committee bill.

□ 1645

Mr. JONES of North Carolina. Mr. Chairman, I yield 30 seconds to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Chairman, I support the maritime industry and I support the agricultural industry. You cannot have it both ways. I have gone down the line with the Agriculture Committee and really and truly, we are talking about jobs and a national security issue that relates to other regions of the country, where frankly subsidizing farmers is not a big issue.

So I hope that we can stick with the gentleman from North Carolina [Mr. JONES] and the gentleman from New York [Mr. BIAGGI] on this issue.

My only regret is that we do not have enough American-flag ships serving the Great Lakes region.

Mr. JONES of North Carolina. Mr. Chairman, I yield 30 seconds to the distinguished gentleman from Florida

[Mr. Pepper], chairman of the Committee on Rules.

Mr. PEPPER. Mr. Chairman, I thank the able gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment and wish to associate myself with the remarks of the able gentleman from North Carolina [Mr. Jones] and the able gentleman from New York [Mr. Biaggi].

Mr. JONES of North Carolina. Mr. Chairman, I reserve the balance of my time.

Mr. de la GARZA. Mr. Chairman, I yield the balance of our time to the gentleman from Oklahoma [Mr. English].

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I am happy to yield to the gentleman from Minnesota.

Mr. STANGELAND. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the English amendment.

I believe the Roberts/English substitute amendment is a responsible compromise position, enabling both the U.S. agricultural industry and the U.S. maritime industry to move forward.

Any proposal to wipe out the Cargo Preference Programs, without a positive alternative, does not promote our farmers or our commercial mariners.

It is imperative that our Nation rebuild its U.S. merchant marine, but not on the backs of the American farmer. The farm commodity organizations must not only support but also assist in the rejuvenation of the American maritime industry. The fleet's eventual demise will undermine and decimate our American agricultural base. American farmers will watch their commodities rot on the docks, or worse yet, be held captive by a future shipping cartel of foreign nations not having to compete on the high seas for any U.S. cargoes.

Now, the farm commodity groups must join with the various maritime interests to move the cargo preference programs into the budgets of either the Departments of Transportation and/or Defense where these programs belong.

I welcome the opportunity to assist in this cooperative dialog.

Thank you.

Mr. ENGLISH. Mr. Chairman, I have been listening with a great deal of interest to the debate that has taken place with regard to the proposal that the gentleman from Kansas [Mr. Roberts] and I have made, one that has been made in the spirit of compromise, one that I think is fair to all sides and, quite frankly, it is one that I have great difficulty in understanding why and how there could be any opposition to it.

We have heard some very interesting accusations and I think that is the only way they can be characterized. One Member said this proposal would be a death blow to the merchant marine industry. I have difficulty in understanding how that could be the case, since they are deriving no benefits whatever as it stands today.

All the amendment that we are proposing does is to take us back to where we were on January 1 of 1985, before the court decision. Everything else applies. All the subsidies, all the shipments that were being made under the interpretation of the law at that particular point would be made under the English-Roberts proposal. There is no difference. Nor has the court decision really made any difference. It has not helped the merchant marine industry. The merchant marine industry is not shipping a single bushel more today than they were on the 1st of January of 1985, not as a result at least of this court interpretation. It is simply not being done.

How in the world then could the adoption of this amendment, which simply preserves the status quo, how in the world could that have a deathblow effect upon the merchant marine industry? I simply do not understand it.

I can understand the merchant marine industry wanting an advantage, wanting to improve that industry. I want to improve it as well, but I certainly do not think that it makes any sense to go out and provide the merchant marine industry, where there is no advantage, and there is none under these circumstances; because what exists is this, that while there is no benefit to the merchant marine industry under this court interpretation, there is great harm being done to agriculture, simply because of the fact that the moneys that have been provided for the blended-credit sales are not being used. The Secretary is not using that money, and therefore sales are not being made, and since those sales are not being made, then shipments are not being made on U.S. bottoms. That means there is no benefit to the merchant marine industry, but it means there is a tremendous impact on the price the American farmer receives.

As I stated earlier, the American Farm Bureau projects that this law so far this year has reduced the price of wheat by 32 cents a bushel.

Mr. Chairman, I urge adoption of the amendment.

Mr. JONES of North Carolina. Mr. Chairman, I yield 30 seconds to the gentleman from Minnesota [Mr. Oberstar].

Mr. OBERSTAR. Mr. Chairman, just as Congress in the past has voted billions of dollars for a strong agricultural sector of our economy and will again in H.R. 2100, so also should it vote to sustain a strong merchant marine through the Cargo Preference Act.

The Great Lakes ports, however, have not fully benefited from the operation of the Cargo Preference Act because of the way the USDA has manipulated this program. I have asked the chairman of the Merchant Marine Committee to hold hearings to correct this problem of the USDA.

I would like to ask the gentleman from New York when those hearings could be held, and I yield to the gentleman.

Mr. BIAGGI. October 31. We recognize the problem of the Great Lakes and will address them I am sure to the gentleman's satisfaction.

Mr. JONES of North Carolina. Mr. Chairman, I yield myself the balance of the time.

In closing, I want to compliment the opponents and the proponents for what I consider a very high-level discussion of the issue at hand, but I cannot help but feel strange to be discussing a cargo preference bill in House agriculture bill. The two are not very compatible, regardless of the arguments advanced here today.

The question is one of where will the next attack on cargo preference occur? In another committee, another agriculture committee?

So, on the question of jurisdiction, we respectfully contend and respectfully ask the membership to respect that aspect of our procedure and vote no on both the Smith and the English amendments.

Mr. BORSKI. Mr. Chairman, I want to voice my strong opposition to amendments to H.R. 2100, the Food Security Act of 1985, which weaken U.S. cargo preference laws. Our cargo preference system is not responsible for today's farm crisis. The real culprits are this administration's huge budget deficits, high interest rates and over valued dollar.

Let me emphasize that cargo preference does not cost the American farmer money. Nor does it increase the price to the foreign customer. Restricting the application of cargo preference will not increase agricultural exports nor improve the competitive position of the American farmer. But, it will have a devastating impact on the U.S. maritime industry.

Congress enacted the Cargo Preference Act of 1954 in recognition of the critical role a merchant fleet plays in this nation's domestic and foreign commerce and national defense. The costs of cargo preference are borne by all American taxpayers in furtherance of these important national policies.

Congress established cargo preference to insure the survival of our merchant fleet and guarantee our national security in times of emergency or war. Without cargo preference, our maritime industry simply could not survive in a world where many foreign governments heavily subsidize their vessels and establish protective trade barriers to promote their fleets.

Reducing the scope of our cargo preference laws will cost thousands of U.S. jobs on our ships, in our shipyards and other related industries. Cutting back cargo preference will accelerate the decline of our

merchant marine at a time when the Soviet Union is steadily building up their fleet. In the last 10 years, the Soviet merchant fleet has increased almost 70 percent and now totals 2,531 ships, while the United States has only 399 oceangoing vessels in operation.

The focus of the current debate over cargo preference is misplaced. It is the future of our merchant marine which is at stake.

In 1983, 145 million tons of agricultural commodities were exported. According to the Maritime Administration, only 2.9 million tons—slightly less than 2 percent—of these exports were subject to cargo preference. Yet, the cargo preference laws generated more than 37 percent of the total tonnage carried by the U.S. merchant marine, providing America with a fourth line of defense, at a cost well below what would be necessary in the form of a direct subsidy.

Even the cost to the public of financing cargo preference is declining. USDA's own research shows a consistent downward trend in the differential between U.S.-flag and foreign-flag vessel rates. Average U.S. tank rates for USDA-sponsored exports went from $102.37 per ton in 1981 to $51.11 in 1983. Average U.S. bulk carrier rates went from $95.69 to $61.20 in the same period.

Both U.S. agriculture and the maritime industry are essential to our Nation's security, and I reject the notion that we must sacrifice the interests of one to help the other. I am committed to helping both our farmers and maritime community compete in an international marketplace dominated by subsidized foreign competition and discriminating trade barriers.

Eliminating cargo preference simply will not help the plight of our farmers. But, it will damage substantially our maritime industry and our merchant marine. I strongly urge my colleagues to vote against any weakening of our cargo preference laws.

Mr. DAUB. I strongly support the amendment to be offered by my distinguished colleague from Nebraska, Mrs. SMITH, to repeal all cargo preference requirements.

A court applied cargo preference costs to all blended credit exports. The costs for blended credit exports would have increased to $44.8 million. Understandably, USDA opted to terminate the program rather than pay this unacceptable price. These actions resulted in the loss of $536 million in wheat exports this year.

Congress established the National Commission on Agricultural Trade and Export Policy in 1984. This Commission wrote that it strongly supports legislation "* * * to achieve nothing less than the total exemption of all Government export programs from requirements of cargo preference laws."

The Commission's thinking is in line with the editorials of the New York Times, the Washington Post, and the Wall Street Journal which all advocate ending the folly of cargo preference.

And for good reason.

The disastrous impact of cargo preference is astounding:

It is shrinking our share of agriculture markets abroad and helping to maintain price depressing surpluses at home.

It is needlessly adding to the costs of taxpayer financed storage of unsold commodities.

It is senselessly penalizing the world's hungry by eating up a full 10 percent of the food-for-peace budget.

Mr. Chairman, cargo preference's time has gone. Lets adopt this amendment and do farmers, taxpayers, and the world's hungry a favor.

Mr. MANTON. Mr. Chairman, I rise to state my opposition to the English-Roberts amendment and any other amendment to this bill that would change the current status or legal basis for the application of cargo preference to American agricultural exports.

I support our farmers. I voted for the farm bailout bill which the President vetoed earlier this year. And I intend to work hard to see that this farm bill is passed and becomes law. America's farmers are essential to our security and economic well-being. Indeed, they are essential overseas. At this time the American farm industry faces one of its worst crises ever—stagnant prices, a steadily mounting debt, and predatory foreign competitors. These problems are compounded by this administration's farm and trade policies which are distinguished by their ineffectiveness and indeed marked by a sense of callous indifference which is hard to fathom by those of us who care about our security, our economy, and our people.

Cargo preference is not the cause of our farmers' problems. How could it be? It applies to only 2 percent of our entire farm exports, and exports account for only about one-third of our entire farm acreage. Elimination of cargo preference—or adoption of schemes that would, in effect, divert cargo out of programs to which it now applies—cannot begin to address the basic problems our farmers face. Those who say otherwise are merely making up excuses, and excuses are not what our farmers need today.

For these reasons alone I would oppose any amendments to weaken our cargo preference laws. But there is a second, equally important reason for my opposition. While cargo preference is insignificant in comparison to farm support programs, it is extremely important to our merchant fleet—particularly in today's severe, worldwide shipping depression. Indeed, cargo preference provides 37 percent of our fleet's revenues, and its removal now would devastate an entire industry. Any conceivable gain to agriculture would be dwarfed by its catastrophic effect on our fleet. To me, that simply is no way to pursue public policy in this Nation.

Mr. Chairman, we should not use the farm bill as a vehicle for major changes in our Nation's maritime and national security policies. Any such changes should occur only after full and careful consideration by all relevant committees—including merchant marine and armed services. We can improve the implementation of cargo preference programs to reduce costs. Both industries must work together to implement a fair compromise between them on this issue. But neither industry will be served by the hasty victory of one over the other. I intend to support this farm bill as a measure to help American farmers. However, we do not strengthen the bill's merits or its prospects if we permit it to be used by one industry to destroy another.

Thank you, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. ENGLISH] as a substitute for the amendment offered by the gentlewoman from Nebraska [Mrs. SMITH].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ENGLISH. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 179, noes 245, not voting 10, as follows:

[Roll No. 335]

AYES—179

Alexander
Anthony
Applegate
Archer
Armey
Atkins
Bartlett
Barton
Bedell
Bereuter
Boucher
Boulter
Breaux
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Burton (IN)
Chapman
Chappie
Cheney
Coats
Cobey
Coble
Coleman (MO)
Combest
Cooper
Craig
Crane
Daniel
Dannemeyer
Daschle
Daub
de la Garza
DeLay
DeWine
Dorgan (ND)
Dreier
Durbin
Eckert (NY)
Edwards (OK)
Emerson
English
Evans (IA)
Fawell
Fazio
Fiedler
Foley
Fowler
Frank
Franklin
Frenzel
Fuqua
Gibbons
Gingrich
Glickman
Gordon
Gradison
Grotberg
Gunderson
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hatcher
Hefner
Hendon
Henry
Hiler
Hillis
Hopkins
Huckaby
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Jones (OK)
Jones (TN)
Kasich
Kastenmeier
Kindness
Kolbe
Kostmayer
Kramer
Lagomarsino
Latta
Leach (IA)
Leath (TX)
Lightfoot
Loeffler
Lungren
Madigan
Marlenee
Martin (IL)
Mazzoli
McCandless
McCloskey
McCurdy
McEwen
McMillan
Meyers
Michel
Miller (OH)
Monson
Montgomery
Moore
Moorhead
Morrison (WA)
Myers
Neal
Nielson
O'Brien
Obey
Olin
Oxley
Panetta
Pashayan
Penny
Petri
Pickle
Porter
Pursell
Ray
Regula
Roberts
Robinson
Roemer
Rogers
Rose
Roth
Roukema
Rowland (GA)
Rudd
Schroeder
Schuette
Seiberling
Sensenbrenner
Sharp
Shuster
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (NE)
Smith, Robert
Spratt
Stallings
Stangeland
Stenholm
Strang
Stump
Sweeney
Swindall
Synar
Tauke
Taylor
Thomas (CA)
Thomas (GA)
Traxler
Udall
Valentine
Visclosky
Volkmer
Walker
Watkins
Weber
Whitley
Whittaker
Whitten
Wirth
Wolf
Wylie
Yates
Zschau

NOES—245

Ackerman
Akaka
Anderson
Andrews
Annunzio
Aspin
AuCoin
Badham
Barnes
Bateman
Bates
Beilenson
Bennett
Bentley
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boxer
Brooks
Bryant
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chappell
Clay
Clinger
Coelho
Coleman (TX)
Collins
Conte
Conyers
Coughlin
Courter
Coyne
Crockett
Darden
Davis
Dellums
Derrick
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dornan (CA)
Dowdy
Downey
Duncan
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Edgar
Edwards (CA)
Erdreich
Evans (IL)
Fascell
Feighan
Fields
Fish
Flippo
Florio
Foglietta
Ford (MI)
Ford (TN)
Frost
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gilman
Gonzalez
Gray (IL)
Green
Gregg
Guarini
Hall (OH)
Hartnett
Hawkins
Hayes
Heftel
Hertel
Holt
Horton
Howard
Hoyer
Hubbard
Hughes
Hunter
Hutto
Johnson
Jones (NC)
Kanjorski
Kaptur
Kemp
Kennelly
Kildee
Kleczka
Kolter
LaFalce
Lantos
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lipinski
Livingston
Lloyd
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Mack
MacKay
Markey
Martin (NY)
Martinez
Matsui
Mavroules
McCain
McCollum
McDade
McGrath
McHugh
McKernan
McKinney
Mica
Mikulski
Miller (CA)
Miller (WA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Natcher
Nelson
Nichols
Nowak
Oakar
Oberstar
Ortiz
Owens
Packard
Parris
Pease
Pepper
Perkins
Price
Quillen
Rahall
Rangel
Reid
Richardson
Ridge
Rinaldo
Ritter
Roe
Rostenkowski
Rowland (CT)
Roybal
Russo
Sabo
Savage
Saxton
Schaefer
Scheuer
Schneider
Schulze
Schumer
Shaw
Shelby
Shumway
Sikorski
Smith (FL)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Staggers
Stark
Stokes
Stratton
Studds
Sundquist
Swift
Tallon
Tauzin
Torres
Torricelli
Towns
Traficant
Vander Jagt
Vucanovich
Walgren
Waxman
Weaver
Weiss
Wheat
Whitehurst
Williams
Wilson
Wise
Wolpe
Wortley
Wyden
Yatron
Young (AK)
Young (FL)
Young (MO)

NOT VOTING—10

Addabbo
Barnard
Berman
Bevill
Goodling
Gray (PA)
Manton
Rodino
Vento
Wright

☐ 1700

The clerk announced the following pair:

On this vote:

Mr. Goodling for, with Mr. Rodino against.

Messrs. PACKARD, BEILENSON, LEWIS of Florida, NICHOLS, and Mrs. JOHNSON changed their votes from "aye" to "no."

Messrs. ALEXANDER, PORTER, HEFNER, and DANNEMEYER changed their votes from "no" to "aye."

So the amendment offered as a substitute for the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Nebraska [Mrs. Smith].

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title XI?

☐ 1710

Mr. de la GARZA. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The Chair will point out to Members that this is just to allow for filing of a report.

The question is on the motion offered by the gentleman from Texas [Mr. de la Garza].

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. Traxler] having assumed the chair, Mr. Bonior of Michigan, Chairman of the Committee on the Whole House on the State of the Union, reported that that Committee, having had under considering the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for the purposes, had come to no resolution thereon.

REPORT ON H.R. 3500, OMNIBUS BUDGET RECONCILIATION ACT OF 1985

Mr. DERRICK, from the Committee on the Budget, submitted a privileged report (Rept. No. 99-300) on the bill (H.R. 3500), to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for the fiscal year 1986, which was referred to the Union Calendar and ordered to be printed.

FOOD SECURITY ACT OF 1985

The SPEAKER. Pursuant to House Resolution 267 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 2100.

☐ 1717

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumer an abundance of food and fiber at reasonable prices, and for other purposes, with Mr. Bonior of Michigan in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, all time for debate had expired on section 1141 and all amendments thereto.

Are there further amendments to section 1141?

Mr. WHITTEN. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Mississippi [Mr. Whitten] is recognized for 5 minutes.

There was no objection.

Mr. WHITTEN. Mr. Chairman, our colleagues on the Committee on Agriculture have done as good a job on this bill before us as is possible in view of restrictions and other problems we all face.

Since I have been in Congress, among other work, I have spent months each year on the activities of agriculture—the Department and the industry.

Many of our problems, including the $214,000,000,000 debt of agriculture, need not have happened if the executive branch had retained our export markets and kept the program of supports paid for by the user.

I believe we must return to a farm program that maintains both volume and price. On September 11, 1985, I introduced House Joint Resolution 380, which included a section to return us to a proven farm program which worked. Such a program, which our Government changed, would have prevented the current condition from occurring and, if used, will help us to overcome the present deplorable financial condition of many farmers and their creditors.

Section 107 of House Joint Resolution 380 reads as follows:

Sec. 107. Pending the enactment of general farm legislation, the Secretary of Agriculture shall use his authority under existing law to provide for nonrecourse loans on agricultural commodities at such levels as will reflect a fair return to the farm producer above the cost of production, and to issue such regulations as will carry out this provision and as will provide for payment by the purchaser, rather than by appropriation, for commodities sold for domestic use, and the Secretary of Agriculture shall issue such regulations as will enable producers of any agricultural commodity to vote to limit their production to the volume estimated to be needed for domestic consumption, to maintain the pipeline, and to regain and retain by competitive sales our normal share of the world market.

To return to such a workable program is a must for today.

PRESENT PROGRAM A FAILURE

American agriculture is $214 billion in debt. Farm profits on basic commodities are nonexistent. Land values continue to plummet. Farm land secures much of the $214 billion debt. Of that debt, the Production Credit Associations and the Federal Land Banks of the Farm Credit System hold about $67 billion; commercial banks and insurance companies hold about $61 billion; the Government holds about $34 billion; and individuals and businesses hold the remaining $51 billion.

This debt comes largely from faulty Government policy of embargoes, threats of embargoes and failure to sell at competitive prices—which is a very real embargo—all used against the farmer.

Since World War II, the share of the consumer dollar that goes to industry and labor has increased from 49 to 73 percent by reason of protective laws while the farmer's share has declined from 51 percent down to 27 percent. Under existing farm programs, this shift in the consumer dollar under the law has forced the farmer to look for his income from the Treasury rather than from the purchaser of his commodities.

Some 30 years ago the then Secretary of Agriculture refused to sell in world trade at competitive prices U.S. commodities surplus to domestic needs. This resulted in tremendous storage costs. The press reports on storage costs were used against the farm program. Finally, we got the Secretary to let the Commodity Credit Corporation fulfill its function of selling competitively. Public opposition subsided. The program kept agriculture on a sound basis, financed on the domestic market by the purchaser, which is much, much less costly than what we have now.

Now, the administration, perhaps without meaning to, has destroyed the farm program by refusing to use the Commodity Credit Corporation, a $25 billion Corporation, to export at competitive prices basic commodities that we have and don't need domestically, which all other countries do. They have failed to use the authority which exists to have the Secretary set a fair price relative to cost, to be paid by the domestic purchaser. They leave the farmer dependent upon a payment from the Treasury.

Mr. Chairman, a balance between industry, labor and agriculture—the three basic parts of our society—is absolutely essential to the economic welfare of our country.

This has been proven many times. Yet today, agriculture, our largest industry, is no longer an equal partner in that triad.

When we fail to sell at competitive prices, we hold an umbrella over world prices, allow other nations to undersell us, and end up being the residual supplier.

ACTION NEEDED NOW

If we are to avoid the real danger of an all-out depression brought on by the collapse of American agriculture, its supporting financial institutions, and the hundreds of thousands who are employed in supporting businesses, with the resulting drastic reduction in land value, we must restore a prosperous agricultural income and we must do it now. I point out, that the drastic reduction in land values will continue unless we act now, and such a drop will bring us all down. The declining value of land used as collateral to secure existing loans will make much of the existing debt uncollectible, regardless of who is the lender.

We must do something to stretch out or otherwise deal with that $214 billion debt which could lead to massive foreclosures this year.

We must improve the price the farmer receives relative to his cost.

We must regain our fair share of world markets, either by using private firms or by using the Commodity Credit Corporation which was created for that purpose, and let the world know we expect to retain these markets. All other countries do that.

Farm land values have dropped an average of 25 percent—50 percent or more in some areas—and foreclosures will lead to further reductions as happened in the 1930's.

The pending farm bill would reduce volume and hold the line on price. Insofar as basic commodities are concerned the bill offers no hope of increased net income. Further reductions in land values are certain. Foreclosures speed the decline. Banks, Production Credit Associations, Federal Land Banks, insurance companies and other private lenders are pulled down. In fact, history shows such massive foreclosures would spread throughout the economy, bringing all sectors down.

RECONSTRUCTION FINANCE CORPORATION

I introduced a bill in 1981, 1983 and again on February 19, 1985, H.R. 1147, to recreate the Reconstruction Finance Corporation [RFC]. It is pending before the Banking and Finance Committee which held hearings last year. The RFC was created by Congress during the Great Depression to squeeze the inflation out of uncollectible debts and let the lenders and borrowers get together on a new start. It worked to help us recover from the Great Depression because it kept both creditor and debtor in business by taking over the debt for what it was really worth. It played a major role in pulling the country out of the terrible depression of the mid-1930's. We need to try it again. It should help to prevent a major depression that appears to be in the making.

While Congress acts to recreate the RFC, the Secretary of Agriculture should suspend repayment of principal and interest on Government loans as he has the authority to do. Other lenders should be urged to do the same and let the farmer obtain a new start.

COMMITTEE FACED WITH DIFFICULT DECISIONS

Mr. Chairman, my friends on the Agriculture Committee have been faced with an exceptionally difficult challenge this year in drafting a farm bill. Many affecting factors are beyond their jurisdiction. Because of this, I do not intend to offer amendments to their bill, but rather to urge that my proposal to return to a workable program be attempted in conference.

The administration's proposal says, "If we drive the price down low enough, the farmer will produce less." To meet reduced prices the farmer has always increased volume. It's the only way to offset a drop in price. Of course, most farmers cannot make it now and for those that are left, a lower price or volume would surely finish them off.

Then the Agriculture Committee is called on to live within an overall budget ceiling which would easily be met if we returned to the former policy of requiring that the purchasers pay a reasonable price to the producer. Agriculture is the foundation of our economy. If you let the farmers of this country go down the drain, it won't matter how much you're allocating to other programs because history shows the rest of the country will follow agriculture into depression. Remember, it was the agricultural depression of the 1920's that led to the Great Depression of the 1930's. The same goes for all other depressions.

As a result of the pressure their committee faced, the bill before us provides for further reductions in volume and does nothing to improve price. It does nothing to add to farm income nor to relieve this oppressive debt that the farmer faces.

PROGRAM WHICH WORKED

Mr. Chairman, section 107 of House Joint Resolution 380, which I read earlier, would embody many of the provisions of the pending bill but would also maintain both price and volume. My proposal would simply return us to time-tested farm programs that worked so well for years.

It would require the Secretary of Agriculture to use his authority under existing law to provide for nonrecourse loans on basic agricultural com-

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modities at such levels as will reflect a fair return above the cost of production to farm producers.

In determining that price, the Secretary would be required to determine a base period which reflects a period when the price of a given commodity was in balance with the cost of other farm inputs. That base period should be an appropriate interval during the years 1960 to 1980. Most people today can no longer relate to the concept of parity when it is based on the period of 1909 to 1914.

The Secretary would also be required to use his authority under existing law to issue such regulations as will enable producers of any basic agricultural commodity to vote to limit their production to the volume estimated to be needed for domestic consumption, to maintain the pipeline, and to regain and retain the United States' normal share of world markets.

Perishable commodities, where 1 year's surplus generally does not carry over into the next year, were and still are supported by section 32 funds—30 percent of tariff receipts on imports. These funds are used to buy up surpluses for use in the School Lunch Program, feeding programs for the needy, and other such outlets. Unfortunately, in recent years there have been attempts in Congress to transfer cash directly rather than commodities or to divert the fund to other uses, thereby defeating the intent of the program and its essential price support benefits.

Finally, the Secretary would be required to offer commodities, which are surplus to domestic needs, for sale for export to the highest bidder in such amounts and quantities as are necessary to assure our normal share of world markets as was done for many years.

Most sales would continue to be made by the export companies, many of which are international corporations, but the use of CCC—or the potential use of CCC—helps to keep the pressure on and keep U.S. commodities moving.

NEED TO KEEP FARMERS FARMING

Mr. Chairman, in view of this year's record harvest and commodity prices that are below the cost of production, it will be essential that the Secretary use his authority under existing law to provide for a moratorium on repayment of principal and interest. We must keep the farmer farming while the Congress enacts a new farm bill. We must restore the Reconstruction Finance Corporation so we can provide relief from that oppressive debt of $214 billion.

Mr. Chairman, my proposal provides for nothing radical or unusual. It merely reestablishes a proven farm program that is already available under permanent law. Mr. Chairman, when the conferees on this bill meet in conference, I hope they will keep my recommendations in mind. It's a proven approach that works.

AMENDMENT OFFERED BY MR. BEREUTER

Mr. BEREUTER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the gentleman's amendment been printed in the CONGRESSIONAL RECORD as of September 24, 1985?

Mr. BEREUTER. Yes; it has, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. BEREUTER: Page 275, after line 11, insert the following new section:

TRANSFER OF RESPONSIBILITIES

SEC. 1142. (a) Section 5(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(f)) is amended to read as follows:

"(f) Export or cause to be exported, or aid in the development of foreign markets for, agricultural commodities; except that no funds or assets of the Corporation may be used to pay for, or otherwise finance, the ocean freight charges for any such export to the extent that such charges are higher than would otherwise be the case by reason of a requirement that the commodity be transported in United States-flag vessels.".

(b) Notwithstanding any other provision of law, the Maritime Administration shall pay the ocean freight charges for the export of agricultural commodities arranged by or through the Commodity Credit Corporation under the authority of section 5(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(f)), or other law, to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. There are authorized to be appropriated to the Department of Commerce, for each fiscal year after fiscal year 1985, such sums as may be necessary to pay the ocean freight charges paid in accordance with the preceding sentence by the Maritime Administration during such year.

□ 1725

The CHAIRMAN. The gentleman from Nebraska [Mr. BEREUTER] is recognized for 5 minutes, as he has had the amendment printed in the CONGRESSIONAL RECORD; and when his 5 minutes have expired, an opponent thereto will be recognized for 5 minutes, if one rises.

The Chair recognizes the gentleman from Nebraska [Mr. BEREUTER.]

Mr. BEREUTER. Mr. Chairman, I permitted the Clerk to read the entire amendment in its entirety because I wanted the Members to hear it; it will save lengthy explanation of it. I think the issue is fairly straightforward.

The House having worked its will, continuing cargo preference on the Food for Peace Program, on our famine relief programs for Africa and in fact is apparently moving toward putting Judge Green's decision in statute.

We have heard much discussion about subsidies to the merchant marine and maritime industry and why they should be continued. I do not argue that a subsidy is appropriate; I support it.

For a long time, Members have said, "Well, perhaps we ought to fund the cargo preference program directly through the Department of Transportation, specifically the Maritime Administration or the Department of Defense, rather than through a hidden subsidy program in the USDA budget items distorting upward that budget. What my amendment does is straightforward. It provides that the cost of transporting these commodities under the Cargo Preference Program, either grain or processed food, be budgeted within the Maritime Administration.

I think that the issue is fairly clear. I want to give the Members an opportunity to vote on this issue. I strongly urge support for this amendment.

I yield back the balance of my time.

Mr. JONES of North Carolina. Mr. Chairman, I rise in opposition to the amendment, and for the moment yield to the distinguished chairman of the Committee on Agriculture.

Mr. DE LA GARZA. I thank the gentleman for yielding, and I do so to advise the gentleman and our colleagues that the only amendment that the Committee on Agriculture had has been disposed of. Any other amendments related to cargo preference are not amendments sponsored by the Committee on Agriculture.

Mr. JONES of North Carolina. I appreciate the chairman's support.

Now, Mr. Chairman, my opposition is based not so much on the merits of the proposal of the gentleman from Nebraska [Mr. BEREUTER]; perhaps it has some merit, but it is a major change. It is one which changes the whole procedure for financing cargo preference; it has not been considered by any committee; has not even been introduced as a bill; the chairman of the Committee on Agriculture just said it has not been discussed by his committee; it has not been presented to our committee and on that basis, at this late hour here on Thursday afternoon, I ask a "no" vote on the gentleman's amendment until such time as the committees of jurisdiction, whichever that might be, have an opportunity to consider debate, amend, et cetera, his proposal.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. BEREUTER].

The question was taken; and on a division (demanded by Mr. BEREUTER) there were—ayes 37, noes 45.

RECORDED VOTE

Mr. BEREUTER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 151, noes 269, not voting 14, as follows:

[Roll No. 336]

AYES—151

Alexander
Anthony
Archer
Armey
Bartlett
Barton
Bedell
Bereuter
Boulter
Breaux
Broomfield
Brown (CO)
Broyhill
Bruce
Burton (IN)
Chapman
Chappie
Cheney
Coats
Cobey
Coble
Coleman (MO)
Combest
Craig
Crane
Daniel
Dannemeyer
Daschle
Daub
DeLay
DeWine
Dorgan (ND)
Dreier
Durbin
Eckert (NY)
Edwards (OK)
Emerson
English
Evans (IA)
Evans (IL)
Fawell
Fiedler
Fowler
Franklin
Frenzel
Fuqua
Gingrich
Glickman
Goodling
Gradison
Grotberg

Gunderson
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hendon
Henry
Hiler
Hillis
Hopkins
Huckaby
Hyde
Ireland
Jeffords
Jenkins
Johnson
Jones (OK)
Kasich
Kastenmeier
Kolbe
Kramer
Lagomarsino
Latta
Leach (IA)
Leath (TX)
Lightfoot
Loeffler
Lundine
Lungren
Madigan
Marlenee
Martin (IL)
McCain
McCandless
McCurdy
McEwen
McHugh
McMillan
Meyers
Michel
Miller (OH)
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (WA)
Myers
Nelson
Nielson
Obey

Oxley
Pashayan
Penny
Petri
Porter
Pursell
Ray
Regula
Roberts
Robinson
Roemer
Rogers
Roth
Rudd
Schroeder
Schuette
Seiberling
Sensenbrenner
Sharp
Shuster
Siljander
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (NE)
Smith, Robert
(OR)
Stallings
Stangeland
Stenholm
Strang
Stump
Sweeney
Swindall
Synar
Tallon
Tauke
Taylor
Thomas (CA)
Visclosky
Volkmer
Walker
Watkins
Weber
Whittaker
Wirth
Wylie
Zschau

NOES—269

Ackerman
Akaka
Anderson
Andrews
Annunzio
Applegate
Aspin
Atkins
AuCoin
Badham
Barnes
Bateman
Bates
Beilenson
Bennett
Bentley
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Bosco
Boucher
Boxer
Brooks
Brown (CA)
Bryant
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr

Chandler
Chappell
Clay
Clinger
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Crockett
Darden
Davis
de la Garza
Dellums
Derrick
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dornan (CA)
Dowdy
Downey
Duncan
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Edgar
Edwards (CA)
Erdreich
Fascell
Fazio

Feighan
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Frost
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gonzalez
Gordon
Gray (IL)
Green
Gregg
Guarini
Hall (OH)
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Holt
Horton
Howard
Hoyer
Hubbard
Hughes

Hunter
Hutto
Jacobs
Jones (NC)
Jones (TN)
Kanjorski
Kaptur
Kemp
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lantos
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lipinski
Livingston
Lloyd
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Mack
MacKay
Markey
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCollum
McDade
McGrath
McKernan
McKinney
Mica
Mikulski
Miller (CA)
Miller (WA)
Mineta
Mitchell

Moakley
Molinari
Mollohan
Morrison (CT)
Mrazek
Murphy
Murtha
Natcher
Neal
Nichols
Nowak
O'Brien
Oakar
Oberstar
Olin
Ortiz
Packard
Panetta
Parris
Pease
Pepper
Perkins
Pickle
Price
Quillen
Rahall
Rangel
Reid
Richardson
Ridge
Rinaldo
Ritter
Roe
Rose
Rostenkowski
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Savage
Saxton
Schaefer
Scheuer
Schneider
Schulze
Schumer
Shaw
Shelby
Shumway
Sikorski

Sisisky
Smith (FL)
Smith (NJ)
Smith, Denny
(OR)
Smith, Robert
(NH)
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
Staggers
Stark
Stokes
Stratton
Studds
Sundquist
Swift
Tauzin
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Vucanovich
Walgren
Weaver
Weiss
Wheat
Whitehurst
Whitley
Whitten
Williams
Wilson
Wise
Wolf
Wolpe
Wortley
Wyden
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)

NOT VOTING—14

Addabbo
Barnard
Berman
Bevill
Borski

Gray (PA)
Kindness
Manton
Owens
Rodino

St Germain
Vento
Waxman
Wright

□ 1735

Mr. TALLON and Mr. SILJANDER changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. BEREUTER. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Nebraska [Mr. Bereuter] is recognized for 5 minutes.

There was no objection.

□ 1750

Mr. BEREUTER. Mr. Chairman, the hour is late, discretion is the better part of valor, the handwriting is on the wall, all those kinds of things that I might say which are applicable right now.

I would like to ask unanimous consent to revise and extend my remarks and engage in a colloquy with the distinguished chairman of the Merchant Marine and Fisheries Committee.

The chairman knows that the thrust of the other six amendments that I have pending basically include the idea of not only moving the funding to the Maritime Administration, moving the funding to the Defense Department and beginning to cap the differential or maximums on cargo preference cost between domestic shipping and foreign shipping, including, for example, a 25-percent limitation as the amount of domestic costs in excess of the foreign shipping.

In short, Mr. Chairman, I will not proceed with my remaining amendment, but I would like to ask the chairman if he would, as a part of his committee's jurisdiction, consider the intent of those amendments that are pending and consider in hearings such legislation as the legislation introduced by the gentleman from Iowa, Cooper Evans, which moves the funding to the Maritime Administration, and other legislation which moves it to the Department of Defense.

I yield to the chairman.

Mr. JONES of North Carolina. The gentleman and I have discussed this in private conversation, and he explained to me his intents and purposes, many of which I agree with. I think he has some very good ideas, but they need consideration, perhaps refining and amending, and what not, and I can assure the gentleman, as chairman of that committee, I would welcome at any time any of his legislation, it will be given a full and impartial hearing, and to whatever witnesses the gentleman sees fit to provide, the committee will be very gracious and understanding. I can assure the gentleman that his proposed legislation will in no way be pigeonholed or set aside.

Mr. BEREUTER. I thank the chairman for his gracious attitude and comments, and I look forward to working with him in pursuit of what are, hopefully, common objectives.

Mr. KLECZKA. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Wisconsin [Mr. Kleczka] is recognized for 5 minutes.

There was no objection.

Mr. KLECZKA. Mr. Chairman, I have an amendment at the desk which I have prepared to the cargo preference section of the bill. I will not bring the amendment before the body at this time.

I would like, however, to make a comment or two on the Cargo Preference Act itself.

We are now about to conclude debate on this section of the bill. During the lengthy debate on the amendments to the bill's cargo preference provisions, we were told that the program is working effectively. Well, after listening very intently over this period of time, I think one can conclude that it is not working effectively. It is not working in the best interest of the agricultural interests of the country, it is not working in the best interest of those who deal with the Blended Credit Program, it is not working in the best interest of the Public Law 480 program, and, most importantly, for the area I represent, it is not working in the best interest of the Great Lakes and the Port of Milwaukee.

Mr. Chairman, we were also told that the merchant marine's future is at stake. Well, let me tell you what is actually transpiring on the Great Lakes. Because of the Cargo Preference Act, and because of the 50-percent requirement, we are seeing cargoes diverted from the ports of the Great Lakes to the ocean ports.

Now, if you contend that the merchant marine will be adversely affected by any changes in the law, I assure you today, Mr. Chairman, that the Great Lakes are already affected today. We are losing revenue and we are losing jobs, from longshoremen, to truckers, to millers. So even though I will not introduce the amendment, the amendment would have the effect of going back to the old, sound practice wherein the Department of Agriculture would apportion these grain shipments under title II of Public Law 480 according to the lowest landed cost. That is not the case for this year, and what they are doing instead is diverting those shipments off the Great Lakes at a high premium.

The gentleman from Minnesota [Mr. OBERSTAR] did take the floor and did enumerate a short time ago some of the problems the Great Lakes ports are having, and I have personally talked to the chairman of the Merchant Marine Committee, the gentleman from North Carolina [Mr. JONES], and in listening to the colloquy between Mr. OBERSTAR and Mr. BIAGGI, the fact is that the subcommittee will be holding hearings on this important matter on October 31 of this year. I look forward to those hearings not only to resolve the problems of the Great Lake ports, but also, I hope, to take up the problems of our brothers and sisters in the agriculture community vis a vis cargo preference.

Mr. Chairman, my amendment addresses a serious problem in the export of agricultural commodities—the costs of cargo preference to the agricultural community and to the Great Lakes.

As we proceed with a farm bill that attempts to bolster the economy of America's heartland, we must remember the terrific importance of such export programs as Public Law 480 to several economies around this country.

In 1985, Food for Peace has resulted in over $1.5 billion in commodity purchases from American farmers. What may be less apparent is that Food for Peace shipments have also resulted in some 250,000 tons of cargo moved through Great Lakes ports. This cargo means revenue and jobs to our region—not just for longshoremen and port personnel, but for railroad workers, grain elevator operators, and thousands of milling company employees.

Although Public Law 480 shipments have been a blessing to the Great Lakes economy, that economy is also vulnerable. Due to declining exports of machine tools and other industrial products, Public Law 480 cargos now comprise over 90 percent of the general cargo leaving Milwaukee, Duluth, and Green Bay. A similar situation exists at Chicago and other ports throughout the region.

That vulnerability has been heightened by the cargo preference law. Since the lakes have limited U.S.-flag capability, our market has been limited primarily to the 50 percent available to foreign flags.

Despite this challenge, our ports have managed to hold their own over the years. Our proximity to the production and processing sites of the commodities, our superior port efficiency, and a host of inexpensive carriers have made Great Lakes shipping a good buy for America.

Now, however, the administration and USDA is turning its back on a good buy. As a result, the interests of the Great Lakes, the farm belt, and common sense are being tossed out the window.

Recently, nearly 100 million pounds of Public Law 480 cargo that would have traveled through the lakes according to standard competitive bidding procedures was diverted to other coastal ranges in search of scarce U.S. flagships over the past year, the extra cost of securing U.S. flagships just for title II has been a staggering $55 million. That's $55 million that could have bought food from farmers—$55 million that could have fed the hungry in Africa.

Some may argue that a $55 million premium is simply a cost of doing business. Mr. Chairman, that may be true for some programs, but not for title II. Title II is unique in that the U.S. Government pays every penny for both procurement and transportation. Beyond this, until 1984, USDA was able to meet its 50-percent requirement without the need for huge subsidies. Instead, USDA adhered to a lowest landed-cost system in which the lowest bidder won the cargo. At that time, U.S. flags faced up to the competition.

Mr. Chairman, the amendment that I am prepared to offer would avoid this $55 million waste of taxpayer funds by requiring that for title II of Public Law 480 USDA must again adhere to a lowest landed-cost system. Besides saving money, this amendment would allow the Great Lakes ports to compete, while encouraging U.S. flags to make themselves competitive.

Mr. Chairman, I would add that the lowest landed-cost approach need not be the only solution to the current cargo preference problem. As most of my colleagues know, the cargo preference law requires a 50-percent U.S.-flag participation to the extent such vessels are available at fair and reasonable rates.

To everyone's loss, the agencies responsible for administering the law have avoided defining availability to the point where this year a title I shipment of corn to Zambia resulted in U.S.-flag shipping costs of $95 per ton versus. $18 on a foreign flag. The cost of this premium to the taxpayer was over $2 million.

I ask my colleagues, is that a fair and reasonable rate? If the administration refuses to define availability, it is the responsibility of this Congress to do so, and I intend to offer legislation to that effect in the near future.

To sum up, Mr. Chairman, the Great Lakes and the agricultural community have a lot to lose if cargo preference continues on its current course. We recognize the need for a strong merchant fleet, and are willing to commit tax dollars to that end. Certainly no one wants to see American maritime workers lose their jobs. But there are thousands of American jobs in my district and throughout the region that also stand to be lost if our interests are ignored. If we can find a way to save cargo preference and respect the economic rights of the Great Lakes, I am all for it; but time is running out.

I will say that I am encouraged to hear that the Committee on Merchant Marine and Fisheries intends to address this issue on October 31, 1985.

Given the assurances of the upcoming hearing by the Merchant Marine Committee, I will decline to offer my amendment at this time. I will, however, continue to work for a fair deal for the Lakes on this issue, and hope that the chairman's concern will result in an early solution.

AMENDMENT OFFERED BY MR. BEDELL

Mr. BEDELL. Mr. Chairman, I offer an amendment.

Mr. CHAIRMAN. Is the amendment printed in the RECORD?

Mr. BEDELL. Yes, it is, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BEDELL: On page 278, line 16, add the word "and" following the semicolon.

On page 278, line 23, strike "; and" and insert a period in lieu thereof.

On page 278, beginning on line 24, strike paragraph (11).

On page 279. beginning on line 6, strike all that follows through line 18 on page 282, and insert in lieu thereof the following:

"EXPORT MARKET DEVELOPMENT REPORT

"SEC. 1154. In order to implement the findings set forth in section 1153, not later than one year after the date of enactment of this Act, the Secretary of Agriculture, in conjunction with the Administrator of the Agency for International Development, and in consultation with the Secretary of State and the United States Trade Representative, shall submit to the President and the Congress a report that—

"(1) contains a global analysis that evaluates future production and food needs in the world, with special attention to the developing countries;

"(2) identifies a minimum of fifteen target countries that are most likely to emerge as growth markets for agricultural commodities and products thereof in the next five to ten years; and

"(3) contains a detailed plan for using available export and food aid authorities to increase United States exports of agricultural commodities and products thereof to each of such target countries, and specifies the particular export and food aid authorities to be used in each such country and the manner in which such authorities are to be used. Each year thereafter, through fiscal year 1990, the Secretary shall submit a revised report to the President and the Congress that evaluates the progress made in implementing the plan, contains any changes that need to be made in the plan based on changed conditions, and recommends any changes in legislative authorities that are needed to accomplish the objectives of this section."

Mr. BEDELL [during the reading]. Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BEDELL. Mr. Chairman, this is an amendment that I think has been agreed to by all parties. It simply removes the special assistant that I had placed in the legislation during the committee deliberations.

Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. Gunderson].

Mr. GUNDERSON. Mr. Chairman, I am pleased to rise in support of the amendment of the gentleman from Iowa [Mr. Bedell] to section 1154 of H.R. 2100. During the consideration of this section by the full House Agriculture Committee, I voiced several concerns about the establishment of a new layer of bureaucracy in the whole area of agricultural exports and food aid.

While the proposed creation of a Special Assistant to the President for Ag Exports and Food Aid is well-intentioned, the facts are that we already have more than enough agencies and individuals within the Federal Government which work in this area including the U.S. Trade Representative and the Agency for International Development as well as the State Department, Commerce Department, and the Department of Agriculture. It seems to me that we need less—not more—bureaucracy in this regard.

Quite frankly, the creation of a new Special Assistant would only serve to duplicate, confuse, and further dilute the policymaking roles of the Secretary of Agriculture and the U.S. Trade Representative in agricultural trade. If there are problems in the existing structure, we should be finding ways to make that structure more effective, not confuse it further.

Accordingly, I printed an amendment in the Record on September 24 (page H7781) which, if adopted, would strike the new Special Assistant position provided in section 1154 while maintaining the study of export market development included in that section. Under my amendment, that study would now be conducted by the Secretary of Agriculture in conjunction with the U.S. Trade Representative.

The amendment offered by the gentleman from Iowa is virtually identical to that which I printed in the Record on September 24. I, therefore, commend him for offering it at this time and urge my colleagues to support it.

Mr. BEDELL. Mr. Chairman, this amendment is also offered because of some concerns that have been raised by other committees.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Bedell].

The amendment was agreed to.

The CHAIRMAN. Are there other amendments to title XI?

Mr. SKELTON. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Missouri [Mr. Skelton] is recognized for 5 minutes.

There was no objection.

Mr. SKELTON. Mr. Chairman, I rise in strong support of the agricultural trade provisions contained in H.R. 2100, the Food Security Act of 1985. It is my belief that there will be no substantial long-term improvement in our farm economy until we reverse the decline in agricultural exports, which has now reached its lowest level in 6 years. We need to begin creating new markets for our agricultural products, and expand existing ones. The maintenance and development of export markets is vital to our farm economy: Currently, about one-third of harvested crops are exported and between one-fifth and one-fourth of farm receipts are generated by exports.

Moreover, U.S. agricultural exports generate employment, income, and purchasing power across the entire economy. They help reduce the cost of farm programs. It has been estimated that each dollar of agricultural exports generates an additional dollar of domestic economic activity and that every $1 billion of farm exports creates 35,000 jobs. In addition, net U.S. agricultural exports help to offset the overall trade deficit by nearly $12 billion each year.

Mr. Chairman, the strong dollar, the world debt crisis, and the global recession have played major roles in the decline of U.S. agricultural exports in recent years. Other factors have also hurt, including unfair trading practices pursued by competing agricultural exporting nations, worldwide surpluses of agricultural commodities, limited U.S. use of export credit and loan guarantee programs, and the perception that the United States is an unreliable supplier of agricultural goods. H.R. 2100 contains strong provisions to help counter these factors.

Mr. Chairman, I am pleased that H.R. 2100 includes many of the proposals contained in a three-bill agricultural trade legislative package which I introduced earlier this year, including an export bonus program to encourage expansion of farm exports, extension of authority for the agricultural export credit revolving fund for 5 more years, and more stringent requirements on inspection and other standards for imported meat and meat products. My legislation also required the labeling of imported meat and meat products, and H.R. 2100 requires a study of the feasibility of such action.

I appreciate, Mr. Chairman, the attention of the Agriculture Committee to these recommendations and the legislation that I introduced along this line.

Mr. Chairman, the export bonus program is necessary in order for our Nation to counter the predatory export subsidies which many other nations provide to their farmers. This will help us regain some of the markets we have lost in recent years. Safeguards included in the legislation will help prevent the program from causing a disruption in the normal commercial marketings of U.S. commodities.

The reauthorization of the agricultural export credit revolving fund gives us an important tool for market development and expansion and to meet credit competition. I was the original House sponsor of agricultural export credit revolving fund legislation, and I cosponsored the amendment which attached the measure to the 1981 farm bill. I have been disappointed that, despite strong congressional support for the fund, the administration has not supported an appropriation to activate the program.

This, truly, is disappointing.

Thus, I strongly support the provision included in this bill by the House Agriculture Committee that provides for the fund to be self-financed from the repayments received by the CCC for commercially oriented direct export credit loans. That is a good idea, and I applaud them for doing this.

Mr. Chairman, strengthening the requirements on inspection and other standards for imported meat and meat products will help provide fairer trade for U.S. meat producers, and is also proconsumer. It protects both the American consumer from consumption of dangerous substances as well as American producers from unfair competition from foreign producers who are permitted to produce meat and meat products by using chemicals and drugs which are restricted in the United States for health and safety reasons. I believe that meat produced in foreign nations for importation into the United States should be subject to the same health and safety standards as meat produced in the United States of America. The legislation which I introduced went further and required the labeling of imported meat and meat products, and required that eating establishments serving imported meat inform their customers of that fact. H.R. 2100 contains a provision requiring a study to evaluate the feasibility of labeling imported meat and meat food products and agricultural commodities and the products of such commodities. I welcome this study and I am looking forward to its results. I believe that consumers have the right to be informed that they are buying foreign-produced agricultural commodities, both at the supermarket and in restaurants.

Mr. Chairman, I believe that the agricultural trade provisions of H.R. 2100 will help reverse the continuing slump in U.S. agricultural exports. This is essential if we are to see prosperity on our farms once again. I urge all of our colleagues to give their full support to the agricultural trade policy included in H.R. 2100, the Food Security Act of 1985.

AMENDMENT OFFERED BY MR. GEJDENSON

Mr. GEJDENSON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of September 24?

Mr. GEJDENSON. Yes, it has, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. GEJDENSON: Page 253, after line 18, insert the following new section:

CHILD IMMUNIZATION

SEC. 1107. (a) The Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in paragraph (11) of section 109 (7 U.S.C. 1709(11)) by inserting immediately before the period at the end thereof ", including the immunization of children";

(2) in the first sentence of section 206 (7 U.S.C. 1726) by striking out "or" before "(B)", and by inserting immediately before the period at the end thereof ", or (C) health progams and projects, including immunization of children"; and

(3) in the second sentence of section 301(b)(7 U.S.C. 1727(b)) by inserting "(including immunization of children)" immediately after "health services".

(b) In the implementation of health programs undertaken in relation to assistance provided under the Agricultural Trade Development and Assistance Act of 1954, it shall be the target for the organizations and agencies involved to provide for the immunization by fiscal year 1987 of at least three million more children annually than receive immunizations under such programs in fiscal year 1985. Such increased immunization activities should be taken in coordination with similar efforts of other organizations and in keeping with any national plans for expanded programs of immunization. The President shall include information concerning such immunization activities in the annual reports required by section 634 of the Foreign Assistance Act of 1961, including a report on the estimated number of immunizations provided each year pursuant to this subsection.

Mr. GEJDENSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GEJDENSON. Mr. Chairman, I will not take the entire 5 minutes. I believe that both the majority and the minority of the committee have accepted the amendment.

Mr. Chairman, preventative health care is clearly the most cost effective means of preventing childhood disease and death. It has been shown, for example, that for every 100 immunizations given, five children's lives are saved and another five are saved from a crippling disease. Thus, an increase of 3 million vaccinations annually would mean that 300,000 children would be saved from being crippled or killed. Currently, at least 4½ million children around the world die or are handicapped each year by only three vaccine-preventable diseases: neonatal tetanus, measles, or pertussis. If you include the deaths and disease attributed to three other diseases, the total number of children killed or handicapped by vaccine-preventable diseases rises to more than 10 million each year.

And yet, in 1984, only 20 percent of children in developing countries were protected against all or most of the common childhood diseases. One of the greatest obstacles in raising the immunization rate has not been the lack of vaccines or any unwillingness on the part of any agency, but the inconvenience associated with going to special health centers where vaccines are given. Many mothers are unable or unwilling to travel the distance to local health centers. One way to overcome this obstacle would be to take advantage of the fact that currently, 25 million children regularly visit Public Law 480 food distribution centers. So, a sensible thing to do would be to make vaccines available at those food distribution centers.

By combining the two services—food distribution and vaccinations—I foresee little difficulty in reaching the target of 3 million more immunizations annually.

Last, I would note that this amendment was approved by the Foreign Affairs Committee and the full House but was dropped in conference with the understanding that it would be included in another conference.

Mr. Chairman, I yield to the gentleman from Iowa [Mr. BEDELL].

Mr. BEDELL. Mr. Chairman, this side of the aisle has looked at the amendment, and we have no objection to the amendment.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. GEJDENSON. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I understand that we have also looked at the amendment, and we have no objections to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. GEJDENSON].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DASCHLE

Mr. DASCHLE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of September 24?

Mr. DASCHLE. Yes, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. DASCHLE: On page 282, after line 8, insert the following:

"Subtitle F—Trade Practices

"FINDINGS

"SEC. 1161. Congress finds that—

"(1) the production and marketing of agricultural commodities and products constitute one of the great basic industries of the United States, accounting for more than twenty percent of the gross national product and employing more than twenty-two million people or one-fifth of the total of private sector employment of the Nation;

"(2) the prosperity, security, general welfare, and economic progress and stability of the Nation are dependent on a productive, efficient, and profitable agricultural economy;

"(3) current unprofitable agricultural commodity production, depressed commodity prices, plummeting production asset values, massive agricultural indebtedness for which repayment ability does not exist constitute a dire economic emergency in the Nation's agricultural economy;

"(4) the equitable marketing of agricultural commodities and products in foreign commerce is essential in order for agricultural commodity producers to achieve a fair, reasonable, equitable, and adequate return on investment in production, economic stability, and profitability;

"(5) obstacles erected by foreign nations to the marketing of agricultural commodities and products in international commerce depress the price received by United States producers of such commodities impairing the purchasing power of such producers, destroying the value of agricultural assets, jeopardizing the credit structure on which such asset values are based, threatening the disruption and discontinuance of the production of agricultural commodities by such producers, increasing the net cost of commodity price support loans and payments made to such producers of commodities, all of which are contrary to the national interest.

"REPORT BY SECRETARY; TRADE PRACTICES

"SEC. 1162. Within 60 days after the date of enactment of this Act and within 30 days after the first day of each of the fiscal years 1987 through 1990, the Secretary of Agriculture shall submit to the President and Congress a report that describes in detail—

(1) any tariff, import restriction, nontariff barrier, or any similar trade practice or program, and

(2) any export subsidy, export restitution payment, export incentive, export reimbursement, or any similar trade practice or program

used by each foreign nation during the fiscal year preceding such report that has the effect of prohibiting, discouraging, decreasing, disadvantaging, or otherwise inhibiting or adversely affecting the exportation from the United States of agricultural commodities or products produced in the United States.

Mr. DASCHLE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. DASCHLE. Mr. Chairman, trade is becoming a growing concern to all of us. Trade barriers of all kinds are increasing in numbers, and that is especially true is world agricultural markets.

Recently, I attempted to learn the extent of these barriers. In fact, my study began, very simply, by attempting to determine the extent of increase in agricultural imports including all commodities in food, feed, fibre and fuel; both processed and unprocessed.

To my surprise, no comprehensive information such as this exists. In fact, there is no regular data even kept on the extent to which any tariffs or export subsidies exist within current trade practices by our foreign economic and agricultural competitors.

These facts are most disconcerting. How are we to decide the impact of trade barriers if we have no idea of what they are. How are we to decide what must be this country's response to these unfair trade practices if we know not what they are? How are we even to formulate sound agricultural trade policy if we do not have the facts?

My amendment is very simple. It requires the Secretary of Agriculture to submit a report to the President and the Congress within 60 days after the enactment of this act and each succeeding year through 1990 which describes two areas of trade practices used by our trading competitors in world agricultural trade.

First, any tariff, import restriction, or nontariff barrier.

Second, any export subsidy, export restitution payment, export incentive or export reimbursement.

Mr. Chairman, it is a reasonable and timely amendment. It deserves the support of the House.

At this time, Mr. Chairman, I yield to the gentleman from Illinois [Mr. MADIGAN].

Mr. MADIGAN. I thank my friend, the gentleman from South Dakota, and I wish to advise him that we have studied his amendment. We think it is a very good amendment, and we are anxious to see it adopted.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, we have also looked at the amendment on this side of the aisle and we support the amendment.

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The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. DASCHLE].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DORGAN OF NORTH DAKOTA

Mr. DORGAN of North Dakota. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of September 24?

Mr. DORGAN of North Dakota. That is correct, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. DORGAN of North Dakota: Page 263, line 14, insert "(A)" after "(1)".

Page 264, after line 2 insert the following:

(B)(i) The Secretary shall establish a pilot program to carry out, during the fiscal year ending September 30, 1986, barter and countertrade transactions which are authorized under subsection (a)(3) in which the Secretary acquires and holds strategic or other materials that the United States does not domestically produce in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet.

(ii) In establishing pilot programs under this subparagraph, the Secretary shall give priority—

(I) to materials that entail less risk of loss through deterioration and have lower storage costs than the agricultural commodities they replace; and

(II) to nations with food and currency reserve shortages.

(iii) In establishing such programs, the Secretary shall consider barter and countertrade opportunities with—

(I) Zaire, for wheat and wheat flour in exchange for cobalt, tantalum minerals, germanium, zinc, copper, and diamonds;

(II) Zimbabwe for corn (and soybean oil) in exchange for chromium;

(III) Zambia for corn (and oilseeds) in exchange for cobalt;

(IV) Malaysia for rice, wheat, tobacco, cheese, and corn in exchange for rubber and oil;

(V) Brazil for wheat, corn, and non-fat dry milk in exchange for manganese ore and columbian concentrate.

(VI) Nigeria for corn and rice in exchange for oil.

(iv) The Secretary shall cooperate fully with the private sector for the consummation of the proposed barter transactions.

(C) The Secretary shall report to Congress not later than March 30, 1986 on progress in implementing pilot programs under this subparagraph. Such report shall include—

(i) a statement as to any progress in establishing any such programs with any country listed in this subparagraph; and

(ii) with respect to each such program, a description of—

(I) the agricultural commodities and strategic materials or minerals to be involved in the program; and

(II) the scope and timetable of the transaction.

Mr. DORGAN of North Dakota (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. DORGAN of North Dakota. Mr. Chairman, let me briefly describe this bill. This bill would require a pilot barter project to be conducted in the next fiscal year by the U.S. Department of Agriculture. Congressman COOPER EVANS from Iowa has done a lot of work in this area. I have worked in this area.

There does exist in this farm bill a barter provision. This amendment strengthens that and says, look, there are a lot of cash-poor countries out there that need our food but have no money. They do have strategic materials that we ought to trade for.

President Eisenhower had a barter program in the 1950's. We bartered 6 billion dollars' worth of goods around the world. We do not now have a barter program. I would like to see us establish a barter program to enhance our exports markets. It does three things: It helps reduce our surplus commodities and increases trade. No. 2, it fights hunger, and No. 3, it helps fill our strategic stockpile.

Mr. EVANS of Iowa. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I yield to the gentleman.

Mr. EVANS of Iowa. I want to compliment the gentleman on his amendment. I think it is an excellent one. We have been trying to get the Department to do something actively in this area for a number of years. They have been unwilling to do so, and I think it is time we mandated the pilot project, and I strongly endorse your amendment.

Mr. ANTHONY. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I yield to the gentleman.

Mr. ANTHONY. I thank the gentleman.

Mr. Chairman, we just made a trip in August and we went to Japan and China, and I found an interesting thing there. China wanted to buy computers and certain things for their high-technology industry, but they had a surplus of corn in the northern part of China. They do not have a transportation system to get it to the southern part where they have a shortage. So they told the Japanese they would not buy their high-technology equipment until they bought their corn.

The Japanese wanted to sell their high-technology equipment, so they bartered out and bought their corn. Guess whose agricultural trade is down over 14 percent through the first half of this year with Japan? The United States because we lost the corn market.

I think we have got to fight fire with fire, and I think the gentleman has come with an excellent suggestion.

Mr. DORGAN of North Dakota. I appreciate the gentleman's statement; I think it is right on the mark. I would like to just mention one more thing for the record.

In the legislation, with the Congressional Research Service information, I have specifically outlined some areas. Trading corn to Zimbabwe in exchange for chromium. Corn to Zambia in exchange for cobalt. Rice, wheat, and tobacco to Malaysia in exchange for rubber and oil. The list goes on and on and on. I am just saying that this is a very modest step. It requires a pilot project of barter to be conducted in the next fiscal year; it requires that. We ought to do that. It is a modest first step. It is the right thing for us to do to increase those export markets for our farmers.

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I yield to the gentleman.

Mr. BEREUTER. I commend the gentleman for his initiative. Some of the things that he is asking for have been possible to previous administrations, including this one. This administration wants to demonstrate that it is serious in its effort to help farmers, agricultural exports and the trade imbalance. It can take some steps to implement the gentleman's idea and I commend him for it.

Mr. DORGAN of North Dakota. That is exactly the case. The largest growing area of world trade is noncash barter trade. It is not because that is the way that countries want to deal. It is because a lot of folks that need food around the world, their countries do not have cash to purchase it, so they barter for it.

I have visited with the majority and the minority side. I would be happy to yield to the gentleman from Illinois [Mr. MADIGAN].

Mr. MADIGAN. I am happy to join my colleagues on this side of the aisle in urging that the Committee of the Whole favorably consider the amendment which the gentleman has been kind enough to review with us. I think it is a good amendment and I hope it will be adopted.

Mr. TOWNS. Mr. Chairman, I want to lend my support to the gentleman from North Dakota's amendment on farm ownership loans. The ability of many black farmers to have access to direct loans from FmHA is critical to their ability to survive and hold onto their land. The Subcommittee on Government Information, Justice and Agriculture received testimony that only 181 black FmHA borrowers are under the age of 25 in the entire country.

We need to provide a specific authorization for the continuation of direct loans. These loans enable a new person who wants to get into farming a way into the credit market. Farmers, particularly small and black farmers, who must depend only on a guaranteed loan program will be out in the cold if we don't continue the direct loan program. I hope my colleagues will support this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. DORGAN].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. LIGHTFOOT

Mr. LIGHTFOOT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD of September 24?

Mr. LIGHTFOOT. That is correct, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. LIGHTFOOT: Page 275, after line 11, insert the following:

STUDY

SEC. 1142. The Secretary of Agriculture shall, using an interagency task force with representatives from the Departments of Agriculture, State, and Commerce, study the economic impact on agricultural exports of any law or administrative action that imposes barriers on the import of foreign goods and report to Congress as soon as practicable the results of such study.

Mr. LIGHTFOOT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. LIGHTFOOT. Mr. Chairman, the intent of this amendment is simple and straightfoward. In this time of growing trade deficits, every conceivable effort must be made to expand exports.

A frequent complaint arising from the agricultural sector is the lack of control the Department of Agriculture has over agricultural trade. A number of remedies have been proposed, some of them quite worthy, such as the creation of a Special Assistant for Agricultural Exports and Food Aid, which I support.

But even before we prescribe remedies to our trade problems, I think it might be worthwhile to make a thorough investigation of causes, especially those over which we, in the Federal Government, can have some control.

We've got several different agencies involved in trade policy, including USDA, the State Department, and the Commerce Department. I know I'm not the only Member of Congress who's heard allegations about interagency conflicts in trade policy. My amendment simply brings USDA, Commerce, and State together to identify these conflicts so that we, Congress, can work to alleviate them. It asks the Secretary of Agriculture to study, based on an interagency task force with representatives from USDA, Commerce, and State, the economic impact of laws or administrative regulations imposing import barriers, on our agricultural exports. Never has there been a greater need for this type of study than at this time of calls for trade protection. An excellent example would be the need to consider any relationship there might have been between textile quotas we imposed and the Chinese Government canceling a wheat purchase.

We're dealing with a relatively minor amendment in terms of cost—we'd basically be drawing upon existing personnel and putting no unrealistic time constraints on the agencies—but in terms of the results the amendment would bring, we'd be going a long way toward pinpointing problem areas. And after all, isn't that the key to problem solving?

I urge my colleagues' support for this amendment.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. LIGHTFOOT. I yield to the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. Mr. Chairman, I rise to support this amendment. I think it is an excellent amendment. It is something that is needed. It is vital that we expand our exports, and I urge favorable consideration of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. LIGHTFOOT].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. EMERSON

Mr. EMERSON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of September 24?

Mr. EMERSON. It has, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. EMERSON: Page 282, after line 18 insert the following:

Subtitle F—Administration of Certain Assistance

AVOIDANCE OF EXPORT DISPLACEMENT

SEC. 1161. Notwithstanding any other provision of the law, no funds administered by the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, the Office of International Cooperation and Development, or the Commodity Credit Corporation may be expended for the purpose of providing assistance for the production or marketing in any country of agricultural commodities which would displace imports by that country of United States agricultural commodities (or the products thereof) or which would displace exports of United States agricultural commodities (or the products thereof) to any other nation.

Mr. EMERSON (during the reading), Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. EMERSON. Mr. Chairman, I am offering an amendment that would, plain and simply, prevent the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, the Office of International Cooperation and Development, or the Commodity Credit Corporation from making expenditures that would displace exports of American agricultural commodities or the products thereof.

I had wanted to offer an amendment that would prevent the Agency for International Development from making such expenditures also, but I was informed by the Parliamentarian's Office that such an amendment would probably be ruled out of order.

It may come as somewhat of a surprise to many Members of the House, as it did to me, to learn that American farmers routinely pay to develop the agricultural industries of foreign nations. Even though farmers were, until recently, largely unaware that they were doing so. The manner by which they are doing so is by paying taxes that go to Federal agencies which, in turn, make expenditures to develop foreign agriculture. The expenditures themselves may appear small in comparison to the national debt, the Federal budget, and even to our foreign aid expenditures, but I can assure you that they are not small in terms of the long-term effects they have on American farmers.

Several land-grant universities across the United States, agricultural organizations, and even foreign agricultural research centers receive funding from the Agency for International Development to conduct research that cannot be applied to American agriculture. For example, one American university received funding to develop a variety of tropical soybeans. To my knowledge there aren't any typical soybean regions in the United States, but there are in Brazil.

I want to emphasize that this is not an amendment to end agricultural research. I am a strong supporter of research and the importance of education and research cannot be overemphasized, but if American taxpayers are going to continue to fund agricultural research let's fund things that will help us, such as the cyst nematode research at the Delta Center in Portageville, MS, rather than things that will help our competitors, such as the research done by one land-grant university on nematodes of importance to developing nations. We can sell other nations all the agricultural products they want to buy, but we cannot afford to increase their agricultural output.

Obviously, this is a situation that has to be changed. It is unconscionable and, quite frankly, hypocritical that some people are telling farmers to tighten their belts because the Government cannot continue to spend as much on farm programs as it has in the past, while at the same time we, in a sense, subsidize our competitors.

Although the problem of AID expenditures cannot be addressed by offering an amendment to the farm bill itself, it can be addressed by introducing legislation and that is exactly what I intend to do at this time. I hope this bill will receive the favorable consideration of the Foreign Affairs Committee in an expedited manner, and I invite the members of that committee, as well as all other Members of the House, to join in this effort by cosponsoring this bill.

Until legislation that would halt such expenditures of AID funds can be enacted into law, we can make certain that the U.S. Department of Agriculture doesn't make any such expenditures and that is the purpose of my amendment.

Mr. Chairman, I urge the adoption of the amendment.

AMENDMENT OFFERED BY MR. BEDELL AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. EMERSON

Mr. BEDELL. Mr. Chairman, I offer an amendment as a sustitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. Bedell as a substitute for the amendment offered by Mr. Emerson:

ASSESSMENT OF EXPORT DISPLACEMENT

Sec. 1161. (a) The Secretary of Agriculture shall assess each program, project, or activity administered by the Secretary or the Department of Agriculture that—

(1) provides assistance for establishing, expanding, or facilitating the production, marketing, or use of any agricultural commodity in a foreign country; and

(2) the Secretary determines is likely to have a detrimental impact on efforts to promote the export of United States agricultural commodities;

in order to determine if such program, project, or activity is likely to have such a detrimental impact.

(b) The Secretary shall provide the results of the assessment required under subsection (a)—

(1) in the case of current programs, projects, or activities, in a report made to the Congress not later than one year from the date of enactment of this section; and

(2) in the case of programs, projects, or activities undertaken after the date of enactment of this section, on a regular basis.

Mr. BEDELL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment offered as a substitute for the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BEDELL. Mr. Chairman, first of all, let me say that I agree completely with what the gentleman from Missouri [Mr. Emerson] is trying to do. I certainly agree that we should not be trying to fund efforts to enable Brazil to compete more directly with us with regard to soybeans and so on.

But there are some problems involved if we go all the way on this in that the gentleman's amendment could very possibly be construed to say that for starving countries in Africa, for example, that we would not be able to give them assistance to help them grow grains to feed their people that were the same type as we might be exporting ourselves.

Under those provisions and concerns and some of the concerns that have been expressed, I am offering this substitute amendment which would require the Secretary to report to the Congress the effects that they expected to see from any such efforts that were made.

Mr. EVANS of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Iowa.

Mr. EVANS of Iowa. Mr. Chairman, the USDA had expressed some concern about the amendment of the gentleman from Missouri [Mr. Emerson] that it might restrict some free exchange of scientific information and the international germ plasm exchange work.

Does the gentleman think that his substitute amendment will overcome any difficulties along that line?

Mr. BEDELL. Absolutely. Mr. Chairman, my substitute would take care of those requirements.

I am sure that everyone expects me to be trying to help the Department of Agriculture on whatever their concerns are.

Mr. EMERSON. Mr. Chairman, would the gentleman yield to me?

Mr. BEDELL. I yield to the gentleman.

Mr. EMERSON. Mr. Chairman, I understand the gentleman's point. I want to say that it was not the purpose of my amendment to prevent any reasonable assistance to the famine-ravaged nations of Africa or anywhere, as far as that goes.

But I want to stress to the gentleman that in the course of looking into the preparation of this amendment, and the idea for this comes from my constituents who are indeed on to the problem and want it addressed, I had very, very little cooperation from the Foreign Agricultural Service of the Department of Agriculture in trying to put together the information that I needed to address this problem. Indeed I asked them to work with me in crafting language that would address the problem that I am trying to address, and I did not receive the cooperation that I sought. Had I had it in a timely way, I would have presented it to the gentleman's subcommittee when the subcommittee was at work on this section of the bill before we even got to the full committee, and certainy I would have offered it in full committee had I had the information.

As it turned out, I got the information on which my amendment is based, and I have a lot of supporting data to back it up, from a variety of agricultural organizations representing various commodity groups, who feel that their government and our taxpayers are helping to finance our competition overseas.

The gentleman from Iowa [Mr. Bedell], the chairman of the subcommittee and I have had a very satisfactory discussion on this subject. I am happy to accept the gentleman's substitute amendment for my amendment. The gentleman and I have discussed it. I hope at an early date to hold hearings on this subject to further define the problem.

With the gentleman's pledge of cooperation, I am happy to accept his substitute amendment and look forward to working with the gentleman in coming to a realistic solution to what I think is a very critical problem.

Mr. BEDELL. The substitute amendment would address the gentleman's problem of getting information because it absolutely requires them to furnish the information to the Congress. As indicated to the gentleman, we do have some things we have to take care of in regard to hearings in the subcommittee. I will certainly try to work with the gentleman to have hearings and look into the problem further at the earliest time that we could work it into our schedule adequately.

Mr. EMERSON. I appreciate the gentleman's cooperation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Bedell] as a substitute for the amendment offered by the gentleman from Missouri [Mr. Emerson].

The amendment offered as a substitute for the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. Emerson], as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. LIGHTFOOT

Mr. LIGHTFOOT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair would inquire of the gentleman if his amendment has been printed in the Congressional Record as of September 24?

Mr. LIGHTFOOT. Mr. Chairman, yes, it has.

The Clerk read as follows:

Amendment offered by Mr. Lightfoot: Page 253, after line 18, insert the following:

"(11) The Secretary may furnish eligible commodities under this subsection in connection with (A) concessional sales agreements entered into under title I of the Agricultural Trade Development Act of 1954 or other statutes, or (B) agricultural export bonus or promotion programs carried out under the Commodity Credit Corporation Charter Act or other statutes.

"(12) Eligible commodities may be furnished by the Secretary under this subsection in connection with agreements by recipient countries to acquire additional agricultural commodities from the United States through commercial arrangements.

"(13) The amount of any commodity furnished under paragraphs (11) and (12) of this subsection in any fiscal year shall be considered for the purpose of determining whether the requirements of paragraph (10)(A) of this subsection has been met during such fiscal year.".

Page 253, line 18, strike out the close quotation mark and the period which follows.

Mr. LIGHTFOOT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. LIGHTFOOT. I yield to the gentleman from Texas.

Mr. de la GARZA. Mr. Chairman, will the gentleman identify which of the gentleman's amendments this is?

Mr. LIGHTFOOT. Mr. Chairman, this is the first one. It concerns the Public Law 480 exports.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. LIGHTFOOT. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, is this the one that requires them to publish a list of what is available?

Mr. LIGHTFOOT. No, that is not my amendment. Basically it is the mixing of concessional sales on the Public Law 480 Program.

The CHAIRMAN. The Clerk will re-report the amendment in full.

The Clerk re-reported the amendment.

□ 1825

Mr. LIGHTFOOT. Mr. Chairman, this amendment suggests no great policy change. But I feet it necessary for us to take every opportunity we can to boost exports in this time of mounting trade deficits. If there is one thing we have plenty of in this country it's agricultural commodities and if there is one thing that the world has plenty of it's hunger.

Essentially what this amendment does is provide another tool for expanding exports by mixing concessional sales under Public Law 480 with commercial sales. The amendment merely clarifies the Secretary of Agriculture's existing authority and suggests further possibilities for negotiating agricultural export transactions.

My concern here is that no great effort appears to have been made on the part of the administration to negotiate long-term bilateral agreements, or even short-term agreements, through commercial channels. This amendment merely says that if such efforts are undertaken with countries eligible for Public Law 480, we can and will mix and match authorities to add greater incentive for both parties to set up such transactions, to provide incentives for countries to purchase more than they might otherwise purchase.

Although I'm told that the administration has objected to the gist of this amendment, the basis for the objection is no greater than could be made to the administration's earlier announced Bisep Program. Furthermore, the possibilities posed in this amendment are discretionary, rather than mandatory, thus any concern with GATT or other trade agreement violations could be addressed prior to making use of the proposal.

I urge my colleagues' support for the amendment.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. LIGHTFOOT. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I think we need to understand the gentleman's amendment. Does the gentleman's amendment amend section 416?

Mr. LIGHTFOOT. I believe that is correct. In essence, what we are saying, if a country, for example, makes a purchase under the Public Law 480 Program, or just to use an example of a boat that is going and it is only one-third full, we try to encourage them to buy more grain through the commercial channels and we could offer some CCC commodities to help to make that come to them at the same price basically as the Public Law 480 is. It is somewhat like the export PIC or the Bisep Program, only a little different approach to it.

Mr. BEDELL. Mr. Chairman, if the gentleman will yield further, so we take the 416 commodities and given them—now 416 is a giveaway program, a donation?

Mr. LIGHTFOOT. Right.

Mr. BEDELL. We would take some of what we are going to donate and instead of donating it, we would say that that can be used as an export bonus program. Is it at the discretion of the Secretary?

Mr. LIGHTFOOT. Yes.

Mr. BEDELL. That he at his discretion could take what was otherwise going to be given away and use it as a bonus program to get additional sales; is that what we are saying?

Mr. LIGHTFOOT. It is to encourage the country that is buying the grain under a Public Law 480 contract. It also makes some commercial buys.

The gentleman's explanation is correct.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. LIGHTFOOT. Certainly, I yield to the distinguished gentleman.

Mr. de la GARZA. Mr. Chairman, we are not quite clear as to the amendment. We know what the intent of the gentleman is, but the wording of the amendment is not quite clear.

Perhaps it might be an amendment that we could agree on if we understood it more fully.

We would accept the gentleman's amendment, continue studying it with no assurance that when we are in conference that it would be kept in conference if we find objection to it in the process.

Mr. LIGHTFOOT. I accept that, Mr. Chairman.

Mr. de la GARZA. Mr. Chairman, with that, we have no objection to the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Lightfoot].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title XI?

If not, are there amendments to title XII?

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent to return to title X for the purpose of offering a one-sentence technical amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AMENDMENT OFFERED BY MR. MADIGAN

Mr. MADIGAN. Mr. Chairman, I offer an amendment. It is an amendment to a previously adopted amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. Madigan: Page 195, line 20, strike out "July 1" and insert in lieu thereof "May 1".

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from Texas.

Mr. de la GARZA. Mr. Chairman, we understand the need for the amendment and have no objection.

Mr. MADIGAN. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. Madigan].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title XXII?

AMENDMENT OFFERED BY MR. DE LA GARZA

Mr. de la GARZA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. de la GARZA: On page 301, strike out lines 20 through 23 and insert in lieu thereof the following:

"(e) Any authority to enter into contracts under this section, not within the authority of the Commodity Credit Corporation or the Secretary as of the date of enactment of the Food Security Act of 1985, shall be effective for any fiscal year to such extent or in such amounts as are provided in appropriation Acts.

The CHAIRMAN. The Chair would inquire of the gentleman, has the amendment been printed in the Congressional Record?

Mr. de la GARZA. Yes; it is, Mr. Chairman.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes in support of his amendment.

Mr. de la GARZA. Mr. Chairman, this is a technical amendment in order to conform to section 401(a) of the Budget Act.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. de la Garza].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. GLICKMAN

Mr. GLICKMAN. Mr. Chairman, I offer an amendment, which has been printed in the Congressional Record.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. Glickman: "On page 288, striking out line 14 and all that follows through line 20 and inserting in lieu thereof the following—

"(1) during the period which begins on the date of the enactment of this Act and ends on whichever is later than January 1, 1990 or the date which is two years after the date such land on which such crop is produced was mapped by the Soil Conservation Service for the purposes of classifying such land under the land capability classification system, on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set aside, diverted or otherwise not cultivated under provisions of a Department of Agriculture program for any such crops to reduce production of an agricultural commodity, except as otherwise provided in section 1205(m);"."

Mr. GLICKMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GLICKMAN. Mr. Chairman, first of all, I want to compliment the committee, and particularly the chairman of the subcommittee, the gentleman from Tennessee [Mr. Jones] and the ranking member, the gentleman from Missouri [Mr. Coleman] for producing the sodbuster language in this bill, which is something that not only can we all support, but something that reflects a great achievement in agricultural programs. For the first time in a farm bill, we are making a very dedicated and considered effort to try to reduce the amount of highly erodable land in this country.

Mr. Chairman, my amendment will strengthen the soil conservation provision of this bill. It is an amendment which will make a good and much-needed section of the bill even better. The amendment will close, after an ample notice of over 4 years, an exemption which otherwise would allow some producers to continue tilling some highly erodible ground and to continue receiving farm program benefits.

Ever since the great dust clouds of the Depression rolled across the countryside, the Federal Government has actively supported and encouraged efforts to conserve one of our Nation's most precious resources: Our rich, fertile topsoil. In those 50 years, we have made enormous progress but conservation must continue. As long as we all eat and 20 percent of our jobs, our trade, and our national economy depend on the productivity of our farmers, conservation must be a continuing job. And we still have much work to do.

We must do two things, both of which are done on this bill: We need to provide incentives to farmers to implement new conservation measures and we must remove incentives which encourage farmers to till highly erodible ground. By denying farm program benefits to farmers who till this land, the sodbuster measures of the bill will ensure that farm programs do not encourage erosive farming methods, and will also help alleviate some of the surplus problems caused by cultivating erodible ground.

However, the bill provides an exemption which I believe we must close. The bill will allow all highly erodible ground cultivated between 1981 and 1985 to forever escape the sodbuster sanctions. This amendment will close that loophole, after giving producers an appropriate time to adjust. The amendment provides that, as of January 1, 1990, all land will be subject to sodbuster, including the land now grandfathered. Producers will have to bring grandfathered, highly erosive land into compliance with soil conservation service-approved conservation plans to continue cultivating erodible ground and receiving benefits.

USDA estimates that each year we are losing some 1.6 billion tons of soil on land being cultivated at an estimated cost of as low as $3 billion annually to $13 billion for all associated costs. And a good portion of this loss is directly attributable to farm program benefits which encourage the cultivation of highly erodible ground. Now is the time to stop this practice on future lands, as the bill does, and gradually to treat all land the same and bring it into compliance with sound conservation measures.

Mr. Chairman, I am proud of the soil conservation provisions the committee has reported, and proud to be a member of the subcommittee which toiled on this bill. I can think of no other Member of this House more dedicated to the cause of soil conservation than our subcommittee chairman, Mr. Jones from Tennessee. Through his tireless persistence, at great odds at most times, he has brought a strong and sound package to this farm bill. I believe this amendment makes the package even better and I would urge my colleagues' support of the conservation compliance amendment.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. Glickman] has expired.

(At the request of Mr. Wolpe, and by unanimous consent, Mr. Glickman was allowed to proceed for 2 additional minutes.)

Mr. WOLPE. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to my colleague, the gentleman from Michigan [Mr. Wolpe].

Mr. WOLPE. Mr. Chairman, I thank the gentleman for yielding. I am very pleased to join the gentleman from Kansas, who has provided important leadership in the committee on this issue, in sponsoring this amendment.

Mr. Chairman, I want to commend Chairman de la Garza and the full Agriculture Committee for their diligent and painstaking efforts in crafting this year's farm bill. The committee's work on the conservation title of the bill is particularly commendable. They have crafted landmark legislation which offers a broad and innovative approach to protecting our Nation's fragile lands. It includes a tough sodbuster provision, a companion swampbuster provision, and a conservation reserve program.

The conservation compliance amendment that my distinguished colleague from Kansas, Mr. Glickman, and I are offering today merely "complements" the committee's fine work on the conservation title and provides a crucial "missing piece" to the conservation policy puzzle. It offers a cost-efficient and environmentally sound way to address one of our country's most serious—but understated—agricultural problems: Our Nation's soil erosion crisis.

The real question here is whether we want our Nation's farm programs as they are structured to continue to subsidize soil erosion, or whether we want them to encourage soil conservation.

The principle behind the amendment that we have coauthored is simple: We should not be subsidizing abuse of the land, especially at a time of mounting crop surpluses. It is exactly these surpluses which are in large part responsible for the decline in farm income and the explosive increase in farm program costs.

Our amendment would extend the sodbuster provision in the bill to include highly erodible land that is currently in production. It would give farmers 4 years—until 1990—to apply conservation techniques to their highly erodible cropland. During this 4-year grace period, farmers would be given the opportunity to adopt an acceptable conservation plan for their land approved by their local conservation district, or they could convert the land to soil-saving pasture, hay, or forest use. They would also have the option of putting their erodible land in the conservation reserve. If farmers choose not to comply by January 1, 1990, they will be subject to the same penalties that apply to the sodbuster provisions in the bill which will make them ineligible for Federal price supports, income supports, crop insurance, and Farmers' Home Administration loans.

Our amendment, in concert with the conservation program, is a firm but fair way to redress a classic inequity in current farm programs. Current farm programs as they presently exist reward farmers who abuse highly erodible land because program benefits are directly proportional to the amount of land farmers plant—the more land you plant, the more Federal subsidies you receive. Conservation-minded farmers, however, have long been penalized for keeping their erodible land out of production. After 1990, conservation compliance would handicap rather than reward farmers who abuse fragile soil in order to produce surplus crops.

Our amendment will help reduce price-depressing surpluses. Taking fragile land out of production will simultaneously help boost commodity prices, increase farm income, and reduce the costs of farm programs. Along with the conservation reserve, our amendment will benefit farmers, taxpayers, and our overall national conservation policy. Farmers would benefit because they would be paid to set aside highly erodible land; taxpayers would benefit because the reserve program would reduce crop surpluses, which in turn will lead to a reduction in farm programs; and finally our national conservation policy would benefit because lands protected or retired from production would help restore the productivity of the soil.

Also at issue here—and I hope my distinguished urban colleagues are listening—is whether our Nation's farm programs will continue to subsidize the contamination of our urban and rural water supplies. Numerous national studies indicate that soil erosion is perhaps the single greatest unregulated source of water pollution. According to a recent study by the Conservation Foundation, soil sediment washed from farm fields causes $3 billion to $13 billion in damages per year by clogging navigational channels and ruining our recreational lakes and streams. Our amendment would help alleviate the contamination of our urban and rural water supplies by requiring the retirement of fragile lands which are the primary source of runoff. In doing so, this measure will enhance our Nation's water quality, wildlife habitat, and outdoor recreation.

Mr. Chairman, the conservation compliance amendment offered by Mr. Glickman and myself seeks to complement and reinforce the committee's conservation provisions. Adoption of this amendment would ensure that the 1985 farm bill contains the strongest possible soil and water conservation title.

Mr. Chairman, I have enjoyed the opportunity of working with the gentleman from Kansas on this amendment. I hope it will enjoy the support of Members of this body on both sides of this aisle.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I am glad to yield to the gentleman from Montana.

Mr. MARLENEE. Mr. Chairman, would the author of the amendment inform me or enlighten us as to the position of the major farm organizations, the wheat growers, the grain growers, and the Farm Bureau?

The CHAIRMAN. The time of the gentleman from Kansas [Mr. Glickman] has again expired.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent that the gentleman may have 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. MARLENEE. Reserving the right to object, Mr. Chairman, I went through this situation the other evening when speaker after speaker for me had their time extended and when I got up to speak, there was a gentleman from the west coast, one of our colleagues who apparently was very concerned about my argument and I had needled him somewhat and apparently was too effective and he objected to my time.

I would hope this would not happen in this case.

Mr. GLICKMAN. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

Mr. MARLENEE. Further reserving the right to object, Mr. Chairman, that is all I asked for, and I will not object.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas [Mr. GLICKMAN] to proceed for 1 additional minute?

There was no objection.

Mr. GLICKMAN. Mr. Chairman, to answer the gentleman's question, at least to date the organizations that support this amendment are the following: National Farmers Union, National Farmers Organization, National Association of Conservation Districts, Soil Conservation Society of America, National Audubon Society, Sierra Club, National Wildlife Federation, Natural Resources Defense Council, American Farmland Trust, Izaak Walton League of America, Environmental Policy Institute, Wildlife Management Institute, International Association of Fish and Wildlife Agencies, the Wildlife Society, and the American Forestry Association.

□ 1840

Mr. COLEMAN of Missouri. Mr. Chairman, let me first of all say that, as the ranking Republican on the subcommittee dealing with conservation and credit, I want to reemphasize what the committee has done here and lay a little, pardon the pun, groundwork for the purpose of the amendment offered by the gentleman from Kansas [Mr. GLICKMAN].

We did have the Government in the 1970's request the farmers to plant fence-row to fence-row, and in doing so, a lot of farmers went out and cropped land which probably never have been put into production in the first place. That has contributed definitely to some of our surplus problems today, and it has definitely contributed to high erosion in many parts of our Nation.

So the committee has adopted very strong sodbuster legislation. With the leadership of the gentleman from Tennessee [Mr. JONES], we have been able to put forward a consensus package which has been supported by the administration and by, I think practically unanimous, perhaps maybe one or two dissenters on the committee, a sodbuster proposal which would, in fact, provide a disincentive to farmers to farm highly erodible soil if they are not so doing now.

We also have a conservation reserve portion of the bill which, for the first time, will pay farmers to help idle some highly erodible land and take it out of production, put it in grasses and tress, something that will save the soil. This will not only help the individual farmer in future generations; it also will help our budget because they will not be producing on this very marginal land and increasing the commodities and increasing the cost to the Treasury of our price support programs.

What the gentleman from Kansas [Mr. GLICKMAN] is doing in his amendment is very important. We ought to know exactly what he is doing, and that is, we felt that it was unfair to farmers who are plowing and have plowed in the last 5 years and are now currently cultivating on highly erodible land for us to say to them that they must conform their property to a conservation plan and have it fully in effect by 1990.

The reason I rise here in opposition to the amendment offered by the gentleman from Kansas [Mr. GLICKMAN], and eventually offer an amendment of my own to his, is that he is trying to eliminate the 5-year grandfather clause, as I so indicated.

At first blush, the Glickman amendment sounds appealing; however, its implications are very far reaching. At a time when America's farmers are obviously not having a success in meeting the cash-flow obligations that we know so well, how are they going to pay for the millions, and indeed billions, of dollars that would be required for them to put this property under a conservation plan and meet it by 1990, as required by the Glickman amendment.

I am concerned that the additional cost to the farmers to implement these conservation practices will be very, very high. There are 421 million acres of cropland throughout the country, and according to a 1982 study, only 236 million of these acres have adequate conservation practices applied to them presently. There are, therefore, 185 million acres that need additional work in some fashion. The additional cost to the farmer to comply could be unbearable during this time of farm income erosion, to the point where they cannot even maintain their own cash-flow presently.

So I am the first to agree that farmers should comply as soon as possible with the conservation plan if it only requires changes in some management practices or other minor improvements, but what do we say to a farmer who might be faced with an expenditure of $400 an acre to put this soil back to where it should be to comply with the conservation plan? So let me share with my colleagues some cost estimates.

By using the definitions of highly erodible land that are defined in this bill, up to 89 million acres could qualify as highly erodible. If 25 million acres, and that is our proposal for the conservation reserve, were used and put into a reserve, that still leaves about 64 million acres to qualify that would have to comply with some approved conservation plan, and this gets to the heart of the amendment offered by the gentleman from Kansas [Mr. GLICKMAN].

I think it could cost, and I think it has been submitted, $100 an acre for those 64 million acres to bring their conservation practices up to a level sufficient to allow them to continue to cultivate that and to be able to participate in the farm programs. Do not forget that under the Glickman amendment, if a current farmer who is cultivating on this highly erodible land does not conform by 1990, he will not get a Farmers Home loan, he will not qualify for any of the benefits of the farm program, including price supports, et cetera.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. COLEMAN] has expired.

(By unanimous consent, Mr. COLEMAN of Missouri was allowed to proceed for 5 additional minutes.)

Mr. COLEMAN of Missouri. So it could cost up to $6 billion for this proposal, and I am very concerned. How are the farmers going to come up with this money. Even with matching funds, there are not sufficient funds to be matched by the farm community.

Therefore, while I think that the intentions of the gentleman from Kansas are very good, and we want to save the soil and have worked closely together on this, I would at this time, Mr. Chairman, offer an amendment to the gentleman's amendment.

AMENDMENT OFFERED BY MR. COLEMAN OF MISSOURI TO THE AMENDMENT OFFERED BY MR. GLICKMAN

Mr. COLEMAN Of Missouri. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. COLEMAN of Missouri to the amendment offered by Mr. GLICKMAN: Amend the amendment to Title XII, page 288, by inserting at the end thereof after the words "except as otherwise provided in section 1205(m)", the following: "*Provided*, That such program loans, payments, and benefits, shall not be denied to any person if as of January 1, 1990, or two years after the Soil Conservation Service has completed a soil survey for the farm, whichever is later, such person is actively applying a conservation plan based on the local Soil Conservation Service technical guide and approved by the local soil conservation district or the Secretary, in whch event, such person shall have until January 1, 1995, to comply with the plan without being subject to program ineligibility."

Mr. COLEMAN of Missouri (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COLEMAN of Missouri. Mr. Chairman, what my amendment does is modify the Glickman amendment to allow until 1995 for a farmer who is presently cropping highly erodible land, and if he is by 1990 actively applying a conservation plan to that land, to be given an extension to 1995 before he completes that plan. It gives him another 5 years, or a 10-year period.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I thank the gentleman for yielding.

Mr. Chairman, first of all let me say three things: No. 1, is that I do not object to this amendment. It does give an additional 5 years providing, as I understand it, that that person is actively applying a conservation plan and he just cannot be out there looking at his land on January 1, 1990. He has to be doing something affirmative to implement that plan. Is that correct, I would ask the gentleman?

Mr. COLEMAN of Missouri. That is correct. It has to be something that he is actively engaged in and applying that plan to that land, and if by 1990, or 2 years after the Soil Conservation Service completes a soil survey of his property, then he would be able to receive an extension by the Secretary to be able to comply with that plan and not lose the benefits of any of the programs that he would be eligible for.

Mr. GLICKMAN. If the gentleman will yield further, I would say that I have no objection to the amendment. I would urge my colleagues to accept the amendment.

Mr. Chairman, I would mention just one quick thing so that people would know what the other body has done in this regard.

The other body has adopted an even more stringent enforcement deadline. I believe it is 1988, if I am correct, with respect to erodible lands that were planted between 1981 and 1985; that they would have to come into compliance by 1988 in order to be eligible for Federal farm benefits.

So by the adoption of the Coleman of Missouri amendment, which amends my amendment, we will be saying that any lands that were planted between 1981 and 1985 have to meet the standards of the bill by 1990, or they could have an extension of up to 5 years.

Mr. COLEMAN of Missouri. Mr. Chairman, if I might reclaim my time, I think the gentleman probably accurately portrays what the other body did, but I simply disagree with their timetable and I would hope in conference we could come up with a more reasonable position.

Mr. GLICKMAN. I accept the amendment, Mr. Chairman.

Mr. COLEMAN of Missouri. I thank the gentleman for accepting the amendment and working with me on this.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to my colleague, the gentleman from Missouri.

Mr. VOLKMER. I thank the gentleman for yielding.

Mr. Chairman, I just want to rise in support of the amendment offered by my colleague, the gentleman from Missouri [Mr. Coleman] and commend him for the work that he has done in this regard.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from Montana.

Mr. MARLENEE. I thank the gentleman for yielding.

Mr. Chairman, am I to understand that the gentleman from Kansas accepts the amendment and it is now part of the amendment by unanimous consent?

Mr. GLICKMAN. If the gentleman would yield, I think it would have to be voted on, but I am going to vote for the amendment.

Mr. JONES of Tennessee. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to commend both my friend, the gentleman from Kansas [Mr. Glickman] and the ranking member of the subcommittee, the gentleman from Missouri [Mr. Coleman] for having gotten together on these two important issues and bringing to this House a very important piece of legislation.

At first glance, I was not too warmed up to this piece of legislation, but as the gentleman from Missouri, Tom Coleman, began to do some research of bringing together these figures that he presented, and we did some research in that regard, and what the other body had been doing also, I feel that we have an amendment that everybody will accept and be happy with.

Mr. Chairman, I want to thank both members of my subcommittee for the very splended job that they have done. I urge the adoption of the Coleman amendment to the Glickman amendment.

□ 1850

Mr. MARLENEE. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, I have been searching for a title for this amendment offered on behalf of the Audubon Society, the Sierra Club and the wildlife groups and the other land-use planning proponents. As bad as the sodbuster legislation is, this is even worse. Sodbuster deals only with newly cultivated land. This amendment could well be called the Federal Intervention Act.

The practical effects of this amendment is that it confiscates, without a question, it confiscates property rights. It simply says that any property, any property you have, you will invite an agent of the Federal Government onto your property to make a subjective judgment on that property as to whether or not it is erodible. He will decide whether you can farm the land that you have farmed for years and years; land that your grandparents have farmed will be left at the mercy of Government agents.

The agents will first decide whether it is erodible or whether it is nonerodible. And if that land, in fact, fits certain classes of the erodible classification, then they will mandate that it must be taken out of production.

They have testified in front of our committee that certain classes of erodible land will not classify for any production, no matter what kind of conservation plan is put to it. That, my friends, when they tell that you cannot crop your land, crop land that has been in the family for years, that is confiscation of property without compensation. And I have reason, I have just reason to question the constitutionality of this amendment and this kind of action.

The agency will also require a conservation plan, of course subjective and approved by them. And I might add, paid for by the owner.

This amendment could also be called the Soil Conservation Service Enforcement Employment Act. We have no idea how many people, how many more people will be required by the Conservation Service to make the evaluation on soil classification, and then to say nothing of the final enforcement of this act.

This amendment paves the road of regulation, the road of land-use planning right up to the producer's kitchen table.

This bill was covered in the other body, and I think if we want to discuss that in conference committee, that is fine. We do not need to do that here in this proposal. This very proposal right here was defeated, and I repeat, defeated in the full committee in the House Agriculture Committee.

Let me quote to you what my friend, the author of this amendment, said about this in the full committee.

There is also the problem of the costs our producers will incur as a result of this amendment. During the Agriculture Committee consideration of the conservation title on July 9, the gentleman from Kansas expressed a great concern about removing the 5-year exemption and requiring all cultivated land to be subject to a Government-imposed conservation plan.

The gentleman said, "I'm wondering if the situation may be getting a little draconian and that is I don't know what the effect is of requiring all farmers to bring all of this land they've been farming this last 4 years up to the standard that it isn't highly erodible, but that may involve fairly significant costs."

Apparently the gentleman from Kansas is no longer concerned about the cost to the producer. But I can assure you, my colleagues, that the producer will be concerned.

As I said, this was defeated, this was defeated in the full Agriculture Committee.

I will ask for a rollcall vote on this because I want the producers 10 years from now to know who voted this inequity on them.

PARLIAMENTARY INQUIRY

Mr. COLEMAN of Missouri. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. COLEMAN of Missouri. Mr. Chairman, have we disposed of the Coleman amendment?

The CHAIRMAN. We have not.

Mr. COLEMAN of Missouri. Mr. Chairman, then I move the previous question.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. Coleman] to the amendment offered by the gentleman from Kansas [Mr. Glickman].

The amendment to the amendment was agreed to.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is one of those examples where everyone has the same objective, but overkill is going to do the opposite of what some people want done. I think we should take 55 million acres of highly erodable land out as fast as we can accomplish it.

But here are the facts: We have appropriated $190 million the last 2 years for soil conservation programs. There is 75-percent funding going wanting in some of the county offices right now because farmers cannot even put the 25 percent up to match the 75 percent. There is a lot of 50-percent money that is going wanting. There is going to be more than $30 million, probably $40 million left unused this year.

In the last year that we have records for, 1 million acres was put under terraces, and seven-tenths of a million under other conservation practices like trees. If we use that as a basis or even use 2 million per year as a basis, as the amount that can be terraced under these programs, even if farmers had the money they had in 1983, which they do not have now, it would take over 25 years to get all of it under a full conservation program unless a special program removes some of it. But even if we can get 25 million out under the conservation program in this bill, and I do not think we are going to get 25 million acres out because of another provision that is in this bill, but there is no possible way that enough land can be under an active participation in a conservation program by 1990 or 1995.

So this is what happens as a practical matter. What happens is the farms which cannot comply is going to be out of the supply management program on that farm.

So when it goes out of the program, that farm does not have the 10-percent set-aside for conservation purposes under the regular farm program. That farmer not only does not have that 10 percent in a soil conserving crop, but also he is under no constraint not to plow up the rest of the farm. So we go backward and more land comes out of conservation uses than goes in.

We would have more erosion as a result of overkill instead of less.

Now, in addition to that, in this bill, it provides for a wonderful conservation reserve program. However, it has a condition precedent in it that is going to keep people from putting the 20 million acres in that we want, and that is the provision which provides at the end of the 10 years that the sodbuster provision applies and they cannot put that land back into grain or any other annual crop. Now nobody is going to take an annual payment for 10 years and then give a permanent deed to the land. They are not going to do it. They cannot do it.

As a practical matter, most of the land in this country has a mortgage on it, and a lot of it has a wraparound interest from the seller. There is a retired farmer that sold it, and wrapped his equity around that mortgage, and there is a mortgage, and to secure a permanent easement such as would be required, would require having the mortgagor and the owner of the wraparound interest to agree to it. But they would never give up their security so the present titleholder can receive an annual rent—so as a practical matter that farm will not go into the Conservation Reserve Program and this Glickman amendment keeps him out of the annual program so he does not have any set-aside and we end up with less conservation instead of more.

This provision needs to be changed in conference. I do not propose to do it here on the floor, but conferees must eliminate that or the result will be exactly the opposite of what these conscientious organizations want to do. And I am one that thinks we need to have another bill, and I am for it. I will be for a bill, and I think you could pass it here, I really do, to take out another 30 million acres and use it for conservation purposes. I think we could dedicate it probably to State conservation commissions and let them use it for wildlife and other purposes. I think we could do it with a bill that secures and pays for permanent easements.

But this bill goes too far and this amendment sets up a condition precedent which cannot be met and as a result will do exactly the opposite of what we all want to do.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Texas.

Mr. de la GARZA. I appreciate the gentleman yielding. I think he has made an excellent suggestion that we continue looking at this in the process of the conference committee with the other body, plus there is a provision in the legislation, as I am sure the gentleman knows, for an appeal for anyone under this title of the legislation. So the procedure for appeal through the county committee, et cetera, is there.

But to address the concerns of the gentleman, if they should not be covered under the appeal process, I think that we could continue studying and take the gentleman's advice and work with him in cooperation with the authors of the amendment.

Mr. SMITH of Iowa. I agree with the gentleman, except for this: putting this out as if we really have done something is a hoax, it is a real hoax. This does not accomplish what many people are saying that it does. I will not say the authors, but the organizations think they have really done something when, in fact, they have hurt the conservation reserve program and by overkill will have reduced the acres of highly erodible soil removed from production of annual crops. You are going to have less acres in conservation reserve than you would without that subsection M of the bill.

So what we should do is keep the objective in mind and not engage in overkill which defeats a good portion of our common objective.

The CHAIRMAN pro tempore (Mr. Schumer). The time of the gentleman from Iowa [Mr. Smith] has expired.

(On request of Mr. Glickman and by unanimous consent, Mr. Smith of Iowa was allowed to proceed for 3 additional minutes.)

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I respect my colleague from Iowa very much, and he does know a great deal about agriculture, far more than I do. But I just think he is dead wrong when he says this is a hoax.

For the first time, what we will be saying to farmers, and with giving them an appeals process and 10 years to comply with lands that have been producing in the last 5 years, is if they want to continue to produce on highly erodable lands, they will not get Federal farm benefits at all. If they want to continue to do it, fine, they just do not get Uncle Sam to pay them for that.

Let me just make a point. The gentleman from Montana [Mr. MARLENEE] talks about the fact that Uncle Sam is going to come in and run the farm. Well, in the first place, we have sodbuster language in this. This just brings it up for the 5-year period.

But the gentleman and his constituents do not have to participate in Federal farm programs. That is Federal tax dollars that are going to subsidize farmers. I happen to support those Federal tax dollars, but that is money from the taxpayers of this country, and that money should not be going to subsidize farmers who plant on highly erodable land.

Here is a picture of some land from the State of Nebraska. It is an example of highly erodable land all over this country.

Now the gentleman from Iowa [Mr. SMITH] may say that the sodbuster program is worthless ab initio, whether we have got a 4-year grandfather, or a 20-year grandfather, it would not make any difference. And I gather the essence of the gentleman's comments is that sodbuster legislation does not work very well. You need more.

Mr. SMITH of Iowa. I did not say that at all. The sodbuster legislation in here is all right, except the committee added that subsection M that sets up the condition precedent that most farmers cannot possible meet. Therefore, a lot of the land we need in the program will not be in the program. The Government cannot take their property without due process of law, and so they are not going to force them into a program which denies them use of the land. The Government can deny them the opportunity to be in a set-aside program but that means they are not going to have their setaside acres in the program in conservation use either, and so they are then free to go out and plow up the rest of their fragile land.

Now you can have a provision that says any new lands plowed up can never be under grain production and that would work. But instead of that, what the bill says is that if they even continue farming 1 acre of fragile land, and you do not invest money in terraces and activate a full program by 1990, or do not have it in grass or hay after 1990, then the entire farm is not going to be in the program. Therefore, the farmer stays out of the annual supply management and set-aside program. He does not have his 10-percent, or 30-percent set-aside seeded down that year, in addition to not being in the conservation program at all.

Mr. GLICKMAN. In the first place, we talked about this in the committee, and the 1 acre is a red herring. We are talking about——

Mr. SMITH of Iowa. No; it is not. Why is it a red herring?

Mr. GLICKMAN. Because it is in the committee language and it is in the committee report that it is not the intent of Congress to get a man and his farm with only 1 acre.

Mr. SMITH of Iowa. That is what it says.

Mr. GLICKMAN. That is not the intent of the committee or the Congress.

Mr. SMITH of Iowa. If it is not the intent, then it ought to say something different. I will read it to you. It is right in here.

It says on page 286, "* * * following the date of the enactment of this Act, any person who in any crop year produces an agricultural commodity on highly erodable land or on converted wetland shall be ineligible, as to any commodity produced * * *."

If he produces 1 bushel on that kind of land, he is not eligible on any of the commodities that he produces.

Mr. GLICKMAN. But there is a predominant soil test for the land and it clearly does not apply to 1 acre.

The CHAIRMAN pro tempore. The time of the gentleman from Iowa [Mr. SMITH] has again expired.

(On request of Mr. MARLENEE and by unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 1 additional minute.)

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Montana.

Mr. MARLENEE. Mr. Chairman, the gentleman is exactly correct, and I tried to raise these points over and over again in the committee.

It would seem to me that it would enhance the conservation reserve that we have created, a good program as the gentleman has pointed out, a good program, if that farmer knew at the beginning of the program what he had to do at the end of the contract. Then he could start to build shelter belts or he could start to terrace, or he could start to seed grassbreakers and windbreaks on that land, or put it into some other kind of a conservation plan that would contribute to the environment, contribute to the enhancement of game habitat, and allow the farmer to know what is going on instead of at the end of the contract.

I thank the gentleman for yielding.

Mr. SMITH of Iowa. It just makes me feel bad that after all of these years that some of us have talked about getting 55 million acres of this erodible land out that when we finally have a chance, instead of doing it, we have overkill that is going to result in getting about half as far as we want to and could go. We should get 55 million acres of erodible land out of production but as result of the conditions set up in the bill so many people will be excluded from participation that we would be lucky to remove as much under the new special program as we lose under the regular programs. Some of the provisions hurt more than they help, in addition, we ought to have another bill which is capable of actually doing what this amendment cannot do. I urge the conferees to keep the overall objective in mind and remove the harmful provisions which will substantially reduce the number of highly erodible acres removed from uses which result in erosion.

Mr. BEREUTER. Mr. Chairman: I rise in strong support of the Glickman-Wolpe amendment.

This amendment will be a very good addition to the sodbuster provision already in the bill. There have been many farmers converting highly erodible lands into cropland in anticipation of the conservation reserve and the sodbuster provision in the farm bill. This amendment will assure that this particular group of landowners will be the subject to the bill's provisions.

Nebraska, my State, has the highest acreage of land in the United States not now cropped in capability classes IV, VI, VII, and VIII but with a high or medium potential for conversion to cropland—3,342,000 acres. This is why I advocate the conservation reserve and the sodbuster provisions of the bill, but I should further point out why Nebraska is in need of this amendment. Nebraska has approximately 2.5 million acres of highly erodible cropland that has not been treated with the proper conservation measures which will be subject to the amendment. You can probably upgrade this figure because of some landowners anticipation of a future sodbuster.

Because the amendment will not subject the land to the sodbuster until 1990—now 1995—or later, I believe it will give the farmers ample time to weigh their alternatives and it will give the Soil Conservation Service plenty of time to work with the farmers to develop the conservation plans.

Finally, if some form of a sodbuster law had been in effect 10 or 15 years ago, thousands of acres wouldn't have been torn up for the purpose of producing crops. Because of the advantages associated with converting relatively cheap highly erodible land to cropland, many farmers over expanded and that fact has contributed to their financial troubles today. Not ony will there be long term conservation problems if this amendment doesn't pass but many long term financial problems have surfaced because of the lack of a sodbuster law in the past. If necessary, additional financial assistance should be provided to landowners to make very expensive conservation expenditures required by an implementation plan.

I urge my colleagues to support this amendment as amended by the gentleman from Missouri.

☐ 1905

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. GLICKMAN], as amended.

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MARLENEE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 313, noes 90, not voting 31, as follows:

[Roll No. 337]

AYES—313

Ackerman
Akaka
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Aspin
Atkins
AuCoin
Barnes
Bartlett
Bateman
Bates
Bedell
Beilenson
Bennett
Bentley
Bereuter
Biaggi
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Bosco
Boucher
Boxer
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Carper
Chandler
Chapman
Chappell
Clay
Clinger
Coats
Coelho
Collins
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Crane
Crockett
Dannemeyer
Darden
Daschle
Daub
de la Garza
Dellums
Derrick
DeWine
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckart (OH)
Edgar
Edwards (CA)
English
Erdreich
Evans (IL)
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frenzel
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Goodling
Gordon
Gradison
Green
Gregg
Guarini
Gunderson
Hall (OH)
Hamilton
Hammerschmidt
Hartnett
Hayes
Hefner
Heftel
Henry
Hertel
Hiler
Horton
Howard
Hoyer
Huckaby
Hughes
Hunter
Hutto
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kildee
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lipinski
Lloyd
Long
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
MacKay
Markey
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
Meyers
Mica
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Moody
Morrison (CT)
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Panetta
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Quillen
Rahall
Rangel
Ray
Reid
Richardson
Ridge
Rinaldo
Ritter
Robinson
Roe
Roemer
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Savage
Saxton
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sensenbrenner
Sharp
Shelby
Sikorski
Sisisky
Slattery
Smith (FL)
Smith (NJ)
Smith, Robert (NH)
Snowe
Solarz
Spence
Spratt
Staggers
Stallings
Stangeland
Stark
Stokes
Stratton
Studds
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Valentine
Visclosky
Walgren
Watkins
Waxman
Weber
Weiss
Wheat
Whitley
Whittaker
Williams
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

NOES—90

Armey
Badham
Barton
Bilirakis
Boulter
Broyhill
Callahan
Carney
Carr
Chappie
Cheney
Cobey
Coble
Coleman (MO)
Coleman (TX)
Combest
Craig
Daniel
Davis
DeLay
Dickinson
Eckert (NY)
Edwards (OK)
Emerson
Evans (IA)
Fiedler
Franklin
Gekas
Gray (IL)
Grotberg
Hall, Ralph
Hansen
Hendon
Holt
Hopkins
Hubbard
Hyde
Ireland
Kasich
Latta
Leath (TX)
Lewis (CA)
Lightfoot
Livingston
Loeffler
Lott
Mack
Madigan
Marlenee
McCandless
McMillan
Michel
Monson
Montgomery
Moore
Moorhead
Morrison (WA)
Nichols
Nielson
Packard
Pursell
Regula
Roberts
Rogers
Rose
Schaefer
Schuette
Shaw
Shumway
Shuster
Siljander
Skeen
Skelton
Slaughter
Smith (IA)
Smith (NE)
Smith, Denny (OR)
Smith, Robert (OR)
Snyder
Solomon
Stenholm
Strang
Stump
Traxler
Vander Jagt
Volkmer
Vucanovich
Walker
Whitten
Wylie

NOT VOTING—31

Addabbo
Alexander
Barnard
Berman
Bevill
Borski
Burton (IN)
Campbell
Dymally
Frost
Gingrich
Gray (PA)
Hatcher
Hawkins
Hillis
Kemp
Manton
McKinney
Mrazek
Owens
Oxley
Parris
Rodino
Rudd
Schulze
St Germain
Udall
Vento
Weaver
Whitehurst
Wright

☐ 1915

Messrs. EDWARDS of Oklahoma, EMERSON, and MOORHEAD changed their votes from "aye" to "no."

Messrs. COUGHLIN, QUILLEN, DORNAN of California, BEREUTER, SAXTON, SPENCE, and KINDNESS changed their votes from "no" to "aye."

So the amendment, as amended, was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there other amendments to title XII?

Mr. JEFFORDS. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. JEFFORDS. Mr. Chairman, I asked to revise my remarks only to commend the chairman of the subcommittee and the ranking member on this side for their excellent work in providing us with a step forward in soil conservation.

Mr. Chairman, the conservation title of the 1985 farm bill is one of the most comprehensive changes in soil conservation policy in the last 50 years. It will at long last give us the tools to affect the underlying causes of soil erosion. It recognizes that effective soil conservation legislation must pursue several goals simultaneously. First, it establishes a program to take out of production the most highly erodible farmland that is responsible for the lion's share of current soil loss. The 1982 National Resources Inventory [NRI] completed by the Soil Conservation Service in USDA shows that just 12.5 percent of current cropland base of 421 million acres causes half of our excess cropland erosion nationally. This 53 million acres of highly erodible cropland accounts for over 1.3 billion tons of soil loss per year. Much of this land is of poor quality and is eroding at rates in excess of 15 tons per acre. In my State of Vermont this highly erodible cropland represents less than 5 percent of the total land being cropped in the State, but accounts for over half of the water erosion experienced within the State.

The conservation reserve established as a key part of H.R. 2100 will remove up to 25 million acres of this highly erodible cropland and place it back into grass or trees.

In order to understand the need for the Conservation Reserve Program, it is important to look back and examine the farm policies that have encouraged farmers to bring this type of fragile land into production.

In the mid-1970's, the Federal Government exhorted farmers to farm as many acres as they had available so that the United States could substantially increase its exports of food and feed grains. Farmers responded not only by removing shelter belts and other erosion control structures which used land that they felt they could crop, but also by breaking out highly erodible fields previously protected from erosion by perennial grasses and trees.

At the time, the market price for grains was adequate to encourage such actions. Many of these newly cultivated fields, however, were not suited to year in, year out production of annual crops because their shallow topsoil and lack of adequate moisture made consistently profitable yields unreliable. Much of this risk of failure, however, was shifted from the farmer to the

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Federal Government by virtue of the fact that the crops grown on these marginal soils were eligible for commodity price supports, crop insurance, farmers home loans and disaster payments, each of which is federally subsidized. In effect, Government policy encouraged the cropping of fragile soils and Government programs minimized the financial risk of doing so.

The Conservation Reserve Program will achieve two goals of U.S. farm policy: First, conserve the Nation's topsoil by reducing erosion, and second, help protect farmers and consumers from extremes in commodity prices.

The program would operate by allowing farmers to submit bids for the amount of cash or commodities that they would accept for enrolling their land in reserve. A payment limitation of $50,000 would ensure that a producer would not receive any more than this amount annually in rental payments. To be eligible for the reserve, the land would have to be: First, erosion prone and eroding excessively, as determined by the universal soil loss equation; and second, land on which conservation techniques generally cannot protect the soil adequately if it continues to be cropped. In addition, the land must have been used for cultivated crops at least 3 of the last 5 years.

Overall, the conservation reserve would provide the following benefits:

First, it would help curb production of surplus commodities and help reduce expenses of the commodity programs.

Second, it would remove the most severely eroding cropland from production, protecting land productivity, improving water quality and wildlife habitat.

Third, it would increase commodity prices.

Fourth, it would provide income support to producers making the transition from intensive cropping to less intensive land use.

Fifth, and it would reduce the need for annual production control programs to stabilize prices.

It is projected that the cost of the program will be between $11 and $13 billion over the next 13 years. Balanced against these outlays for the reserve however, would be lower Federal payments for loans, deficiency payments, and storage costs under the regular commodity programs. It is estimated by USDA and other private organizations that net savings of between $4 and $6 billion would be achieved over current program costs between 1986 and 1991.

In addition, land in the reserve would be eliminated from the farm's base acres after the 10-year period of the contract.

This program is clearly the best solution in removing from production the highly erodible land that has been brought into production in the past decade. I have enclosed a map showing the acres eligible, by State, for the conservation reserve. (Maps are not reproduced in the RECORD.)

Why is it so important to control soil erosion? First, the topsoil that we are losing is the source of our much-envied agricultural productivity. Annual crops use only the top 10 to 12 inches of soil. Over the millenia, this fraction has developed unique physical and chemical properties that make abundant crop yields possible. Soil erosion destroys this capacity by stripping away this layer of soil. What remains is a thinner layer of topsoil which forces plant roots to seek sustenance in subsoil which has a far poorer ability to hold the nutrients and water necessary for large yields. The net result is lower productivity and higher costs. [What actually destroyed the agricultural base that made Rome and Athens the wealthy city-states that they were was soil erosion. Degradation of their mostly hilly cropland caused the water table to fall to depths which plant roots could not reach.]

Soil erosion reduces agricultural productivity. If crop yields per acre are the measure of productivity, it may appear that soil erosion is of no consequence. But if erosion results in a need for ever greater quantities of fertilizer in order to maintain per acre yields, then the productivity of that input actually has declined.

There are, however, other costs that are more quantifiable. Soil, when it is washed from cropland, finds its way into watercourses. To the hydrologist, such soil becomes sediment; to those charged with keeping our waterways open and our water potable, it is a very costly form of pollution.

The Mississippi River drains nearly two-thirds of the Nation. Much of the cropland within the drainage basin is level to only gently sloping and does not suffer a great deal of soil loss. However, the remainder erodes at rates of 5 to over 50 tons per acre per year.

The following chart, which I would also like included in the RECORD, demonstrates that, in a single year, the Mississippi's drainage area yields 900 million tons of eroded soil.

Accounting of soil transportation within the Mississippi River basin [1]

	Tons
Average annual area yield (900,000,000 tons annually):	
A. Soil lost to Gulf of Mexico	250,000,000
B. Sediment inflow into dams within sub-basins off Mississippi mainstem	341,828,000
C. Sediment dredged from river channel (for navigation purposes only)	70,000,000
Total (A + B + C)	666,828,000
Soil moving within basin but not necessarily in river system	233,000,000

[1] From "Characterization of the Suspended-Sediment Regime and Bed-Material Gradation of Mississippi River Basin" Potamology Program (P-1), U.S. Army Corps of Engineers, Waterways Experimental Station, Vicksburg, MS (August 1981).

As you can see, 74 percent of this soil load finds it way into the Mississippi River or its tributaries and set-backs. Indeed the Mississippi Delta is the product of over 255 million tons of that sediment moving all the way to the Gulf of Mexico where it is deposited. Eighty percent of what is dropped at the mouth of the river is silt and other fine particles that are the most valuable fractions to topsoil.

The Army Corps of Engineers reports that some 70 million tons of soil per year are dredged from the lower Mississippi mainstem alone so that it may be kept open to barge and boat traffic. The annual expense of this activity is $170 million. Nationally, $300 to $350 million is spent each year on dredging water-borne sediment from rivers.

The sediment load in the Mississippi is so great that the corps has had to build weirs along its length to interrupt the transport of soil before it moves to the lower reaches of the river. Some 341,828,000 tons of such soil per year are caught by 362 dams of greater than 75,000 acre-feet of design capacity. The cost of removing this sediment ranges from $1 to $3 per ton per year.

The above figures do not include the cost of dredging the upstream areas of the Mississippi, its tributaries and associated ports; or of cleaning up commercial fisheries, recreation areas, flood control dams; or of building structures for sediment control.

Finally, there are many communities which must remove sediment from water before they can use it for drinking and other community services. This is a critical activity because the fine particles which are removed carry the chemical elements that are hazardous to human health. The city of St. Louis spends $5 to $6 million annually to precipitate soil sediment from Mississippi River water. Virtually all of this cleanup must be done in the spring when snowmelt and rainfall start to move soil that has been destabilized by agricultural cultivation.

Those costs are avoidable. The conservation reserve that we propose will reduce soil erosion on that fast eroding portion of our cropland and thereby make unnecessary much of the recurrent annual expenditure for water cleanup activities. Overall a recent study released by the Conservation Foundation placed the cost of off-site damages of soil erosion at a staggering $6 billion annually. The conservation reserve will reduce these costs and the damage from them substantially.

Let me now turn to the sodbuster provisions of this bill. The term "sodbuster," of course, describes the practice by which farmers break out highly erodible soils that have been previously protected from erosion by their grass or forest cover. Sodbusting is primarily to blame for the fact that only 12.5 percent of our Nation's cropland today yields 50 percent of our total soil loss. The fact is that most of this land should never have been plowed up in the first place. Yet it was, largely because Federal farm program benefits encouraged farmers to cultivate this fragile land.

If we are to minimize further sodbusting and the need for this costly water cleanup and conservation programs, we must do our utmost to ensure that no more highly erodible land is brought into production. To accomplish this, we must reorient our

Federal farm programs so that they no longer encourage the annual cultivation of these fragile soils.

The sodbuster provisions of title XII of H.R. 2100 will deny to farmers who persist in breaking out highly erodible soils: Price support payments; disaster payments; Commodity Credit Corporation loans; Federal crop insurance payments; and Farmers Home Administration loans.

The sanctions apply to all crops on all holdings. Sodbuster sanctions would not apply to land cultivated between 1981 and 1985 and farmers would be exempt from these provisions if they have implemented a locally approved conservation plan.

USDA would use either the land capability classification system or the universal soil loss equation or wind erosion equation in determining land covered by the sodbuster provisions. Attached is a map showing land covered by the sodbuster legislation as determined by the land capability classification system. It amounts to a little over 32 million acres nationally. (Maps are not reproduced in the Record).

The "sodbuster" portion of this bill will act as a brake on more highly erodiable land coming into production in the future. This legislation will not prevent anyone from plowing up highly erodible land in the future—but will merely say that, if a farmer does decide on his own to crop this type of fragile land, the Federal Government will no longer underwrite this decision by providing farm program benefits.

In addition to the "sodbuster" section of this bill, a new provision was added in the farm bill dealing with "wetlands." More commonly referred to as the "swampbuster" provision, it would deny farmers the same benefits outlined under the "sodbuster" title if they cleared and drained wetlands and converted them to cropland. In the last 20 years, millions of acres of wetlands have been cleared and drained, ruining the habitats of wildlife and adding additional cropland acres at a time when surpluses of wheat and feed grains are hurting farm prices. The Federal Government must stop the practice of underwriting these kind of practices. The "swampbuster" provision is a step in the right direction.

For years we have struggled with soil erosion. We have spent billions of dollars stabilizing land and purifying water. Most of these actions have been either after the fact or piecemeal. This legislation offers us the first comprehensive attack on the root of the problem—highly erodible soils already being farmed and highly erodible soils and wetlands in danger of being farmed. I urge you to support this title of the farm bill as one of the most progressive and timely pieces of legislation crafted to deal with one of our Nation's most serious resource problems.

Last, let me say that I support the Glickman-Wolpe amendment to require all farmers who wish to receive farm program benefits to farm their land in a conserving fashion by 1990. We cannot continue to subsidize the erosive practices of the few who account for the lion's share of soil erosion. This amendment will complete our efforts to encourage good farming practices and to ensure that tax dollars do not subsidize poor agricultural practices.

Mr. Chairman, I yield back the balance of my time.

ORDER OF BUSINESS

(By unanimous consent, Mr. Madigan asked and was given permission to proceed out of order.)

Mr. MADIGAN. Mr. Chairman, if I could have the attention of the gentleman from Texas, my distinguished colleague, the chairman of the committee, I wonder if the gentleman has any suggestions at this point as to how we should proceed for the balance of the evening.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the chairman.

Mr. de la GARZA. I thank the gentleman for yielding.

Mr. Chairman, we have under a previous order allocated 1 hour to the title on food stamps and 1 hour to a proposed amendment by Mr. Petri. Otherwise we have no other limitation.

Mr. Chairman, I had anticipated and hoped, as was suggested earlier, and had accepted as reasonable the suggestion by the minority whip that we might finish by 10 o'clock this evening. I think we could. We anticipate maybe 3 or 4 other amendments that might entail some debate.

If the gentleman would allow me, I would hope and ask for the cooperation of the Members that we might expedite the process by cooperating with the offerer, whoever offers an amendment, or whoever opposes the amendment, that we avail ourselves of the rules of revise and extend and so on. But I would hope that we could conclude by 10 o'clock.

Mr. MADIGAN. Mr. Chairman, would the gentleman like to make a unanimous consent request that we conclude debate on all titles of the bill by 10 o'clock?

Mr. de la GARZA. It had been suggested by the parliamentarian that there may be a technical problem.

But let me make an attempt.

Mr. Chairman, I would ask unanimous consent, excluding the 2 hours already mandated, that the balance of the bill, since it is now open for amendment at any point, be limited to 1 hour beyond the 2 hours already mandated.

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The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. MILLER of California. Reserving the right to object, Mr. Chairman, if I understand the gentleman's amendment, could he first tell us how much time or how many other amendments that would apply to?

Mr. de la GARZA. Mr. Chairman, we do not know, because we do not know how many amendments are in the record that might not be offered. But we anticipate just a very few.

Mr. MILLER of California. Mr. Chairman, I would just say that I know the committee does not want to stay late, but some of us have been now waiting for days and weeks to offer amendments that we happen to think are important. Some people may not agree with that. But we come at the end, and now we find that our time is going to be split up into one hour. If you are not first in line in that case, and in my case I come at the very end of the bill, I can conceivably be given 30 seconds or 1 minute, or whatever, to deal with my amendment. That just does not seem to be an equitable arrangement. I would have preferred to have been out of here in time for the 8 o'clock flight, but the leadership did not see it that way.

Mr. de la GARZA. If the gentleman will yeild, the gentleman has an amendment with which we have a problem with jurisdiction. There may be a point of order raised. But should the gentleman's amendment be ruled in order by the parliamentarian, I would have no objection. I do not know if the gentleman would require more than 15 minutes.

Mr. MILLER of California. I just do not want to preclude myself. I do not know how extensive the debate will be. I know that it is late, and I appreciate that. But I just do not want to be cut off at the pass with little or no debate. It is a controversial amendment. It may be ruled out of order. I do not know if that will happen yet or not. I would just prefer not to be included in that situation.

Mr. MADIGAN. If the gentleman will allow me to reclaim my time, I will ask the gentleman from California if his amendment is printed in the Record.

Mr. MILLER of California. Yes it is.

Mr. MADIGAN. Then the gentleman is entitled under a previous rule to 5 minutes. Is that adequate? Regardless of the time limitation, the gentleman is entitled to 5 minutes.

Mr. MILLER of California. I understand that. I was hoping that we might have some discussion on that amendment. I know there are others who wish to speak on that amendment.

I dare say, in all due respect, many of us have been very cooperative on the bill. We would like to have an opportunity to offer those amendments.

Mr. MADIGAN. I think we are probably wasting our time at the moment.

The CHAIRMAN pro tempore. The Chair would observe that the gentleman from California, or any others, could ask unanimous consent to be given more than 5 minutes at the time his amendment is offered, even if the time limitation has expired.

Mr. MILLER of California. I am aware of that. I have stepped in front of that train many an evening, Mr. Chairman.

Reluctantly, Mr. Chairman, I will object to the unanimous consent request.

I hope we can do this in an expeditious fashion. I have no intent to delay the Members of the House.

The CHAIRMAN pro tempore. Objection is heard.

Are there other amendments to title XII?

Mr. MARLENEE. Mr. Chairman, I move to strike the last word so that I might engage in a colloquy with the chairman of the Subcommittee on Conservation and Credit.

The CHAIRMAN pro tempore. Without objection, the gentleman from Montana [Mr. MARLENEE] is recognized for 5 minutes.

There was no objection.

Mr. MARLENEE. I would say to my chairman of the Subcommittee on Conservation and Credit that I have a great concern about the ability of those who want to participate in the conservation reserve being able to participate because of certain requirements of a conservation plan.

We have discussed this, and I wonder if we could revise and extend our remarks and have something adequate put into the language at this time.

Mr. Chairman, I am concerned with the provision of the conservation reserve section of H.R. 2100 that makes land enrolled by the conservation reserve subject to the sodbuster provision of the bill at the time that the conservation reserve contract expires. I am afraid that producers will sign up for the reserve, then find out that they are covered by the sodbuster provision. In some cases, this could seriously affect the value of the producers' equity in the land.

I would prefer that the conservation plan be prepared prior to the producer signing the conservation reserve contract so that he knows, in advance, what he will have to do in order to return the land to cultivation and be in compliance with the sodbuster provision.

However, I would point out that I am not interested in imposing an undue burden on the Department as they implement this bill. I am not asking that a detailed, highly complex conservation plan be prepared. I simply want to be assured that the producer is made aware, in advance, that he might be required to install certain conservation practices in order to return the land to cultivation in compliance with the sodbuster provisions. Also, I would like to know whether there are some lands that could not be returned to cultivation even with a conservation plan if the producer is to be in compliance with the sodbuster provisions?

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I yield to the gentleman from Tennessee.

Mr. JONES of Tennessee. I appreciate the gentleman yielding, and let me say that we have discussed it. I feel that we could save some time by revising and extending our remarks because there is nothing serious about the problem that the gentleman from Montana [Mr. MARLENEE] and I have discussed.

In implementing this program the Secretary should ensure that a producer is fully informed as to his responsibilities and the requirements that must be met as a condition of participation. One of the conditions of the sodbuster provision is that land which the producer returns to cultivation after the contract expires be covered by a conservation plan, developed with the assistance of the Soil Conservation Service District conservationist and, approved by the local Soil and Water Conservation District.

It would be very expensive and time-consuming for SCS to prepare detailed conservation plans for all land entering the conservation reserve. For instance, it is possible to use a number of combination of conservation practices to adequately treat the land. In this case, the producer might change his mind as to which combination of practices that he preferred several times during the life of the contract. This would require much extra time and resources by SCS in modifying the contract.

Those lands that SCS classifies as capability classes VI, VII, or VIII probably could not be returned to cultivation and meet the criteria for adequately treated cropland and thus meet the sodbuster provision. These lands should remain in permanent vegetation such as grass or trees in order for the producer to be in compliance with sodbuster. It should be possible to include a statement in the contract to this effect.

In addition, on those lands that are classified in other capability classes that probably can be returned to cultivation, a statement such as "In order to return the land covered by this contract to cultivation and meet the sodbuster provisions, the producer must operate the land in accordance with a conservation plan approved by the local Soil and Water Conservation District. Such conservation plans in this district, for the land capability classes covered by your contract, normally include practices such as conservation tillage, terracing, etc." could be included. That seems like a reasonable solution. It would assure that the producer is made aware of his responsibilities and the requirements that are placed on him as a consequence of his participation in the conservation reserve. It also seems to be a solution that would not place an undue burden on the Soil Conservation Service as the program is implemented.

The CHAIRMAN pro tempore. Are there other amendments to title XII?

Mr. BEREUTER. Mr. Chairman, I move to strike the last word.

The CHAIRMAN pro tempore. Without objection, the gentleman from Nebraska [Mr. BEREUTER] is recognized for 5 minutes.

There is no objection.

The CHAIRMAN pro tempore. Are there other amendments to title XII?

Mr. FRANKLIN. Mr. Chairman, I move to strike the last word.

The CHAIRMAN pro tempore. Without objection, the gentleman from Mississippi [Mr. FRANKLIN] is recognized for 5 minutes.

There is no objection.

Mr. FRANKLIN. Mr. Chairman, I take this time concerning the swampbuster provisions of the conservation title.

I would like to engage in a colloquy with my distinguished colleague, Mr. DASCHLE.

In my district, which in the past had been mainly swampland, small areas of wetland still exist. These areas are located on many farms.

Because of the devastating droughts and proven economic benefits of higher yields many farmers are considering going through the expense of installing a center pivot irrigation system. A center pivot irrigation system is the type of modern technology that enables the farmer to irrigate an entire field as long as the field is open and clear. However, if a small area of wetland is located within the field it is impossible for this equipment to function because these areas would be in the path of the irrigation system.

I am very concerned that these farmers would be prevented from breaking into small areas of wetland and installing an irrigation system because of the provisions that exist in the present farm bill, H.R. 2100.

Mr. DASCHLE, would the farmers in my district, given the situation that I described, be able to convert a small area of wetland into agricultural use in order to install a center pivot system?

Mr. DASCHLE. Mr. Chairman, if the gentleman will yield, in the bill, we have outlined a definition of wetland, and added specific unique agricultural practices that we intend to be exempt from swampbuster sanctions. In addition, we have added the following provision, under which wetlands conversions would be exempt from swampbuster sanctions:

> (iv) wetlands on which production is possible as a result of actions by the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal, as determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

Another section of the proposal directs the Secretary to encourage local conservation districts to reflect unique, local agricultural practices within the context of the definition and the above exemptions.

This legislation is not intended to preclude the situation you described. This legislation would provide clear direction that I, as the author, intend such requests to be considered within the wetlands conservation plan, and not automatically be ruled as a violation of swampbuster.

Mr. FRANKLIN. I thank the gentleman. Reclaiming my time, I would ask if it is your intention to exempt these farmers from any penalties that are presently in H.R. 2100 regarding swampbusting.

Mr. DASCHLE. If the gentleman will yield,

> Within the context of the definition contained in the legislation, the specifed exemptions, and the earlier clause to which I referred, it would not be unreasonable to consider economic impacts in determining "minimal impact".

Mr. FRANKLIN. And the last question:

> When the decision regarding the hydrological and biological impact on wetlands is made regarding the installation of a center pivot system will the economic benefits to the farmer also become and important and perhaps an overriding factor?

Mr. DASCHLE. If the gentleman will yield, I would certainly think that that would be within the confines of the definition as we intended it, and we would accept that kind of understanding.

Mr. FRANKLIN. I thank the gentleman.

Mr. Chairman, I had an amendment that would address these concerns I had with the swampbuster provisions. But in lieu of the conversation and the colloquy we have just had, I do not intend to introduce that amendment.

The CHAIRMAN pro tempore. Are there additional amendments to title XII? If not, are there any amendments to title XIII?

AMENDMENT OFFERED BY MR. ANTHONY

Mr. ANTHONY. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. Is the amendment printed in the RECORD?

Mr. ANTHONY. It is printed in the RECORD, Mr. Chairman.

The CHAIRMAN pro tempore. The Clerk will report the amendment.

Mr. ANTHONY. Mr. Chairman, I ask unanimous consent that the amendment be modified to read, "Page 323, strike lines 6 through 10."

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Arkansas?

Mr. FRANKLIN. Mr. Chairman, reserving the right to object, is this the amendment that was originally offered by the gentleman from Illinois [Mr. ROSTENKOWSKI]?

Mr. ANTHONY. Yes, it is.

Mr. FRANKLIN. I would like to ask, under the reservation, if I could, if the amendment that is presently at the desk is in the same form as the one printed in the RECORD.

Mr. ANTHONY. It is the identical amendment. All it does is correct the pages, inasmuch as when the amendment was filed, it was according to the bill that was reported out of the committee rather than the one that was under the Union Calendar version. It is the identical amendment.

Mr. FRANKLIN. Continuing under my reservation, then the amendment that is now offered is not in the same form as was printed in the RECORD?

Mr. ANTHONY. I think it is very clear it is the identical intent of the same amendment. All it does is correct the page and the lines under which the bill before us is being debated. There is no change in the amendment. All it does is correct the notations as to the page and the proper lines.

Mr. FRANKLIN. Mr. Chairman, I thank the gentleman.

POINT OF ORDER

Mr. FRANKLIN. Mr. Chairman, continuing under my reservation, I would like to raise a point of order to the amendment now offered, which was originally filed by the gentleman from Illinois [Mr. ROSTENKOWSKI], and state that the amendment as printed in the RECORD does not refer to the sections to be amended on H.R. 2100, the Union Calendar, under which we are dealing.

I would call the Chair's attention to a previous ruling on a point of order when the distinguished gentleman from Massachusetts attempted to strike the honey provisions of H.R. 2100 and the Chair ruled, because of a not specific reference to line and title and page number, that that amendment was ruled out of order.

I at this time insist on my point of order to the amendment.

The CHAIRMAN pro tempore. The amendment that is in the RECORD has a specific line and title and may be offered in that form.

The Clerk will report the amendment.

Mr. FRANKLIN. Mr. Chairman, if I could continue under my reservation of objection, I have the amendment here. It is not the same one printed in the RECORD and it does not refer to the line and title as attempted to be amended by the gentleman's amendment.

The CHAIRMAN pro tempore. Does the gentleman from Arkansas offer the amendment in the original form as printed in the RECORD?

Mr. ANTHONY. Yes, I do, Mr. Chairman.

The CHAIRMAN pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

> Amendment offered by Mr. ANTHONY: Page 322, strike out lines 17 through 21.

The CHAIRMAN pro tempore. The gentleman from Arkansas [Mr. ANTHONY] is recognized for 5 minutes.

Mr. ANTHONY. Mr. Chairman, this amendment would strike section 1311(d) of H.R. 2100 which modifies the Federal income tax consequences of certain loan cancellations. It is very clear that the tax treatment of cancellation of debt is an issue that is in the jurisdiction of the Committee on Ways and Means. The rule under which we are considering H.R. 2100 waives a point of order under clause (5)(b) of House rule XXI that this matter was not considered by a committee within whose jurisdiction this tax matter falls. Consequently, I offer an amendment to strike subsection 1311(d) of the substitute.

Mr. Chairman, it is my understanding that section 1311 of H.R. 2100 allows the Secretary of Agriculture to accept and retain certain easements in payment for farm loans which the borrower is unable to repay otherwise. Subsection 1311(d) provides that any part of a loan canceled under the section shall not be included in income and shall not have any effect on any tax attributable with respect to any taxpayer or property.

I understand and personally sympathize with the intent of this provision. As the gentleman knows, the Committee on Ways and Means has begun the long and difficult process of enacting tax reform. If the present tax laws make it impossible for today's farmers to get out from under their exorbitant debts through rational means such as the Easement Program contemplated by the gentleman, I will work, in the context of the tax bill, to correct the law.

Mr. Chairman, I offer this amendment now because this tax issue should be addressed in the context of tax legislation and not farm legislation.

I urge adoption of my amendment which would strike subsection 1311(d) from H.R. 2100.

Mr. FRANKLIN. Mr. Chairman, will the gentleman yield?

Mr. ANTHONY. I yield to the gentleman from Mississippi.

Mr. FRANKLIN. I thank the gentleman for his comments, particularly in support of the theory that is incorporated in H.R. 2100 that was originally H.R. 1000 that I introduced. I would like to point out to the gentleman, however, that without the tax relief as is stated in the agriculture reported bill, the effect of the amendment would be useless for those farmers who tried to take advantage of it. That is why I think it was allowed by the Committee on Agriculture to stay in, and I do not think that we in the Agriculture Committee, and I certainly did not intend to usurp the authority of the Ways and Means Committee, and I do hope that you and the other members of the Ways and Means Committee realize the possible benefits of this

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section and when considering the tax reform will realize it is not workable without some tax relief as is already in this agriculture bill that you now wish to strike.

Mr. ANTHONY. I can assure my colleague from Mississippi that I will work very hard. I will offer the amendment at the proper time during the tax reform markup.

Mr. FRANKLIN. If the gentleman will continue to yield, with that assurance, then I will have no objection to striking this, and, as I stated, I did not intend to usurp the power of the Ways and Means Committee.

Mr. ANTHONY. I thank the gentleman.

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The CHAIRMAN pro tempore. Does the gentleman wish to ask unanimous consent to modify his amendment?

Mr. ANTHONY. Mr. Chairman, I ask unanimous consent to modify my amendment to conform with the Union Calendar version of the bill.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The text of the amendment, as modified, is as follows:

Amendment offered by Mr. ANTHONY, as modified: Page 323, strike out lines 6 through 10.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Arkansas [Mr. ANTHONY], as modified.

The amendment, as modified, was agreed to.

AMENDMENT OFFERED BY MR. MICHEL

Mr. MICHEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MICHEL: Page 332, line 21, insert the following:

"FARM CREDIT REPORT

"SEC. 1317. The President shall, prior to November 1, 1985, prepare and submit to the Congress his findings and recommendations concerning the continued sound and efficient operation of the Farm Credit System."

Mr. MICHEL. Mr. Chairman, my amendment to H.R. 2100, would require the President to prepare and submit to the Congress by November 1, 1985, his findings and recommendations concerning the continued sound and efficient operation of the farm credit system.

First and foremost, I think we must recognize the critical importance of American agriculture to the well-being of our people, and to America's constructive role as leader of the free world. This is not an overstatement. Between 1970 and 1982, grain production in the United States climbed from 170 to 330 million metric tons. And while U.S. exports climbed from 38 to 150 million tons, Soviet imports climbed from 8 to 43 million tons. American enterprise agriculture accomplished this with 350 million acres of land under plow, in contrast to 500 million acres cultivated in the Soviet Union. The 44 billion dollars' worth of American agricultural exports in 1981 were an essential offset to our otherwise rapidly deteriorating balance of trade.

Despite this unexcelled record, American agriculture today stands at a troubled and uncertain crossroad. All is not well on the farm. Aggregate income is the lowest it has been in 50 years. Farmer return on equity in 1981 and 1982 was a negative 9.2 and 6.5 percent, respectively, and the negative return continued through 1984. Land values declined for the first time in 27 years. Exports have slipped, suffering more than a 20-percent shrinkage. The debt/equity ratio is way up as farm debt climbed 300 percent between 1971 and 1983. Bankruptcies and foreclosures have become daily events.

Our farmers are now in a most difficult financial bind because of high real interst rates, stagnant farm prices, rising production costs, and erosion in the value of farm assets, and the severe financial problems of our Nation's farmers are adversely affecting the single most important source of agricultural credit—the farm credit system. The privately financed farm credit system is a nationwide network of 37 farmer-owned banks and hundreds of cooperative associations. The system accounts for $70 to $80 billion worth of farmers' loans.

The system, which makes loans for farming, was formed after World War I, and except for its intital Federal seed money, it has required no Federal assistance until now even during the Depression. But the deteriorating farm economy and falling land values have led to an increasing number of bad loans. Many American family farmers are unable to carry their heavy det load, and are faced with the loss of further credit and, consequently, the loss of their farm.

Why is this happening? Are we talking about another American industry whose time has passed, whose methods and practices have become obsolete? Absolutely not. If anything, the American farmer is too good at his job, too efficient. This is not a sector of the economy which needs retraining, relocation, reindustrialization, reeducation, or reinvestment. On the contrary, the American family farmer is already high tech, and his methods and practices are envied and emulated around the world.

Exports account for nearly 40 percent of U.S. farm product sales. For the fourth time in 6 months, however, the USDA has lowered its value estimate of U.S. farm exports. As it looks now, farm export value is expected to decline to a 6-year low of $32 billion, down 16 percent from more than $38 billion in 1983-84. This decline in U.S. exports has been a major factor in the problems that have dogged the farm credit system.

How can it happen, then, that agriculture banks, historically a healthier group than any other commercial banks, are falling at a faster rate than the others—fastest since the Depression? I'm told that of the 77 banks that have closed their doors in the first half of this year, 43 were agriculture banks. How did we lose ground? How did we get ourselves into the mess we're in?

To be sure, agriculture has always been subject to great uncertainties. Historically, these uncertainties were predominantly on the supply side. No one can control the weather or the onslaught of disease and pests. The uncertainties will continue. But uncertainties in demand have now become as great, or greater. I refer to the astronomical national debt and the mounting trade deficit, the resulting high rate of dollar exchange that prices U.S. exports out of markets, the past embargoes, the confusing policies that called on farmers to "feed the world" and at the same time called for land retirement. That farmers are being forced to bear a major share of such burden is both unjust and unwise.

There are serious consequences of the farm debt crisis—and it is a crisis—of the U.S. economy. The unhappy results are higher interest rates, lower employment, reduced gross national product, fewer housing starts, lower personal income and a larger Federal deficit. If preemptive actions are not taken, the losses could significantly affect U.S. financial markets. Such outcomes would seriously jeopardize the farm sector and also impose important costs for even those people not employed by or involved in agriculture. The potential negative economywide effects of a farm financial crisis, and in addition to the direct adverse impacts on agriculture, call for comprehensive measures to address the problem.

I recognize that several committees of the Congress have already begun hearings, and that in due course they will be submitting legislative remedies. I recognize, too, the constructive effort our colleague, the gentleman from Montana [Mr. MARLENEE] has made in proposing a Commission on farm credit. In each of these instances, however, there is delay involved so I hope we can begin the process of remedy as soon as possible.

That is why I am offering this amendment requiring that the President recommend to the Congress the road we should take to bring strength and viability back to the farm credit system. Early corrective and preventive measures will be less costly than absorbing the impacts of doing nothing or approaching the problem in a divisive or reactionary mode. The stakes for agriculture and national economy performance are high.

In summary, I am asking that the President submit to the Congress, in 1 month, his recommendations for keeping the farm credit system solvent. In an interview just a few weeks ago, Secretary Block admitted that, "we don't have a good feeling for where the system really is," and that we need a "full accounting" of the depth of its problems. One can wonder why this has taken so long. American farmers have known about this problem for some time, and have been waiting on the farm bill for over 9 months to give them some direction and hope.

Mr. Chairman, it is time to get off the dime. It is time to move forward toward coping with the credit crisis.

It is time to adopt this amendment.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I thank the gentleman for yielding to me.

Mr. Chairman, I wish to advise the gentleman, I am sure that he already knows, that the subcommittee of jurisdiction has initiated hearings. They have already had the first of a series of hearings. They will have a second series of hearings and will listen to all concerned and will do the necessary research.

We have no objection to involving the President. I do not know why we should burden the President with any more work while the distinguished gentleman from Tennessee [Mr. Jones] is willing to do the work. Otherwise, we have no objection.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman.

Mr. JONES of Tennessee. I thank the gentleman.

Mr. Chairman, I certainly commend the distinguished minority leader for his interest and for his sincere concern about the future viability of the cooperative farm credit system. I share those views, and there are many others who share them the same as the gentleman and I do.

I assure the gentleman that we are going to do everything that we know to do in our subcommittee to make it a viable procedure to do something to save the farm credit system as well as the other institutions of higher lending that are in trouble. As my chairman has already said, we do have hearings scheduled. We have already had hearings. I am in constant touch with the Department of Agriculture. We are talking almost daily about what the procedure will be as well as the Farm Credit Administration and the farm credit system, because I realize, as the gentleman does, that we must all work together. We do have a very serious job in front of us.

Mr. MICHEL. I certainly appreciate what the chairman and his subcommittee have already done. I just want to put a little bit more pressure on that they fully, completely understand also downtown that it is of concern enough to us that we also have them cooperating fully with the intention of the Members of Congress to do what is right.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman.

Mr. MARLENEE. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in strong support of the Michel amendment, which instructs the President to prepare and submit to the Congress, prior to November 1, 1985, his findings and recommendations concerning the continued sound and efficient operation of the farm credit system.

I want to thank my distinguished Republican leader for offering this amendment, which compliments the measure I introduced on September 12—House Concurrent Resolution 190. My resolution calls on the President to appoint a select blue ribbon panel, called the National Commission on the Farm Credit System. This 12-member panel, composed of Members of Congress, officials of the Government and farm lending institutions, would examine the crisis and make recommendations to the Congress in 3 weeks time. This crisis in the farm credit system demands immediate action!

Mr. Chairman, many of us saw this farm credit crisis coming. This crisis, which now threatens the very existence of the farm credit system, is the result of years of selling farm products at prices below the cost of production, and then going to the lender to finance that cheap food policy.

The greatest transfer of wealth the world has ever seen is occurring: the credit crisis. We have two options: First, either we address the problem in a nonpartisan cooperative spirit or second, within 6 to 8 months we will see the damnedest crash in real estate values that this Nation has ever experienced. It will make the slide of the 1930's look like a mere seasonable adjustment.

Those of us in a position of responsibility, beginning with the President, must sit down and, without partisanship or pride of authorship, put in place actions which reestablish confidence in the farm credit system.

The Michel amendment instructs the administration to provide the required leadership to see that the problem is examined and addressed. I would remind my colleagues that, unless we take immediate action on the crisis in the farm credit system, the rest of the farm bill could be an exercise in futility.

Again, I want to thank the distinguished Republican leader for offering this amendment, and I strongly urge my colleagues to support it.

Mr. MICHEL. Mr. Chairman, in view of the receptive attitude on the part of the chairman, the distinguished chairmen of the full committee and the subcommittee, and I think apparently the agreement of our minority Member, I would certainly forego the very profound, extensive remarks that I might make in support of this amendment outlining the history of the bank, the credit institutions, the problems that are confronting the farmer today and ask for a favorable vote on the amendment.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman.

Mr. MADIGAN. Is the gentleman going to revise and extend so that those remarks will be in the Record for all of us to read?

Mr. MICHEL. That was the gentleman's intention particularly out of deference to the time restraints under which we find ourselves this evening and in all courtesy to those who have been so good to give the gentleman the time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. Michel].

The amendment was agreed to.

Mr. VOLKMER. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. VOLKMER. Mr. Chairman, I had previously introduced to have in the Record an amendment that would strike the authority of the Secretary to lease the land that Farmer's Home presently has, approximately 600,000 acres. Of course, there is language in the committee bill that may address this, but before I make a decision whether to offer the amendment, I would like to inquire either of the ranking minority Member or of the committee or subcommittee, especially the subcommittee, since he helped work it, in here it says:

> The Secretary shall not lease or operate the real property for the production of agricultural commodities that the Secretary has determined to be in surplus supply.

Now, those are the words that concern me as to, in other words, some of us do not really trust everything that the Secretary would do, to be honest with the Members. If he makes a determination and says that it is not in surplus, then he can go ahead and lease it.

I would like to get on the record here, what do we mean by "surplus"?

Do we mean at least 1 year's supply like of wheat we are going to have at the end of this year and carry over approximately 1.6 billion bushels?

Would the gentleman agree that would be a surplus supply of wheat?

I yield to the gentleman from Missouri [Mr. COLEMAN] for his response.

Mr. COLEMAN of Missouri. I would say to the gentleman the purpose of the language that he cited is to prohibit the Secretary from allowing crops to be grown under his authorization responsibility as the landowner, basically, of inventory property, any commodities that are in surplus.

The gentleman has asked about the definition of surplus and how you would handle that. Of course, I would assume that reasonable people could define it. There is a definition of normal supply in the 1949 act which he might conclude would be defined as an agricultural commodity in a marketing year under normal supplies, the estimated domestic consumption; the estimated exports of that commodity, plus an allowance for a carry over.

We do not want to drop down to the bare bottom. As a result, I think that definition within that framework would probably define the word surplus supply. From that standpoint, I think the intent is probably clear.

Mr. VOLKMER. In other words, if we had a supply beyond the normal supply, that would be in surplus?

Mr. COLEMAN of Missouri. If the gentleman will continue to yield, I would conclude that reading, normal reading of those words would conclude that, yes.

Mr. VOLKMER. I thank the gentleman and I will not offer my amendment.

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AMENDMENT OFFERED BY MR. BRUCE

Mr. BRUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BRUCE: On page 332, after line 21, insert the following:

"FMHA LOAN APPEAL STUDY

"SEC. 1317. (a)(1) The Secretary of Agriculture shall conduct a study concerning the administrative appeals procedure used under the farm loan programs of the Farmers Home Administration.

"(2) In conducting such study, the Secretary shall examine—

"(A) the number and type of appeals initiated by loan applicants and borrowers;

"(B) the extent to which initial administrative actions are reversed on appeal;

"(C) the reasons that administrative actions are reversed, modified, or sustained on appeal;

"(D) the number and disposition of appeals in which the loan applicant or borrower is represented by legal counsel;

"(E) the quantity of time required to complete action on appeals and the reasons for delays;

"(F) the feasibility of the use of administrative law judges in the appeals process; and

"(G) the desirability of electing members of county committees established under section 332 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982).

"(b) Not later than September 1, 1986, the Secretary shall submit a report describing the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

Mr. BRUCE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRUCE. Mr. Chairman, the amendment I am offering would call for a study to review FmHA loan appeal procedures. Nationwide, 97 percent of farmers who appeal when their loans are rejected have their appeals rejected as well. In my home State of Illinois, only 1 percent of farmers appealing had the loan decision reversed.

One reason appeals may be rejected is that in most cases the person who hears the appeal is the FmHA district director, the immediate boss of the FmHA county supervisor who turned down the loan. It seems to me that this process raises some questions about whether farmers can get a fair hearing. In addition, farmers often experience long delays before their appeals are heard. It can take months—months that a farmer waiting to plant cannot afford—to go through the entire loan-appeal-rejection process.

My amendment would initiate a study of why and to what extent loan decisions are sustained on appeal, of the reasons for delays, and of several ways the process could be made more impartial. Nothing in my amendment would increase the budget of the U.S. Department of Agriculture.

Given the current agricultural financial crisis, we need to be certain that farmers are not turned away without a just hearing of their loan appeals. I urge my colleagues to support this amendment to ensure that farmers are given a fair chance to stay in business.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. BRUCE. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, in the interest of conserving the time of the membership, I would like to say to the gentleman that we have had the opportunity to study his amendment over here, and we think it is a good amendment and are quite anxious to accept it.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. BRUCE. With that explanation, I will gladly yield to the gentleman from Tennessee.

Mr. JONES of Tennessee. Mr. Chairman, I thank the gentleman for yielding. I do commend the gentleman for offering this proposal, and certainly this side has no objection. We commend him for offering the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. BRUCE].

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. TOWNS

Mr. TOWNS. Mr. Chairman, I offer amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. TOWNS: Page 322, after line 21, insert the following:

PROMPT APPROVAL OF LOANS AND LOAN GUARANTEES

SEC. 1317. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove the application for a loan or loan guarantee made under this title, and notify the applicant of such action, within forty-five days after the Secretary has received a completed application for such loan or guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete within five days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b) If an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant within five days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary, except that, if the Secretary is unable to provide the loan proceeds to the applicant within such five-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event five days unless the applicant agrees to a longer period) after sufficient funds for that purpose become available to the Secretary.

"(c) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, but such action is subsequently reversed or revised as the result of an appeal within the Department of Agriculture or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secretary shall act on the application and provide the applicant with notice of the action within five days after return of the application to the Secretary.

"(d) If the Secretary fails to comply with subsection (a), (b), or (c) on an application for a loan or loan guarantee that is approved by the Secretary, the Secretary shall—

"(1) for insured loans, reduce the interest payments due on the loan, or

"(2) for loan guarantees, make payments on behalf of the borrower to cover interest due to the lender on the loan,

in an amount calculated by multiplying the outstanding principal of the loan by that part of the annual rate of interest being charged for the loan that bears the same proportion to the full annual rate of interest as the period furing which the Secretary was not in compliance with such subseciton bears to a full year.

"(e) Upon receipt of an application for a loan or loan guarantee under this title, the Secretary shall inform the applicant of the requirements of this section.".

(b) The amendment made by subsection for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act.

Page 332, after line 21 insert the following new section:

CONTINUATION OF SMALL FARMER TRAINING AND TECHNICAL ASSISTANCE PROGRAM

SEC. 1317. The Secretary of Agriculture shall maintain at substantially current levels the small farmer training and technical assistance program in the office of the Administrator of the Farmers' Home Administration.

Page 332 after line 21, insert the following:

NONSUPERVISED ACCOUNTS

SEC. 1317. Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended by adding at the end the following:

"(e) Notwithstanding any other provision of this title, the Secretary shall reserve at least 10 percent of any loan made under this subtitle to be placed in a nonsupervised bank account which may be used at the discretion of the borrower for necessary family living needs or purposes not inconsistent with previously agreed upon farming or ranching plans. If the borrower exhausts this reserve, the Secretary may review and adjust the farm plan with the borrower and consider rescheduling the loan, extending additional credit, the use of income proceeds to pay necessary farm, and home and other expenses, or additional available loan servicing.".

Page 232, after line 21, insert the following:

FARM PROGRAM APPEALS

SEC. 1318. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 1317(a) of this Act) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan or loan guarantee under this title who has been directly and adversely affected by a decision of the Secretary taken under this Act (hereinafter in the section referred to as the 'appellant') with the right to written notice, an opportunity for an informal meeting, and an opportunity for a hearing on the record, with respect to such decision, in accordance with regulations promulgated by the Secretary consistent with this section.

"(b) Within ten days of such adverse decision, the Secretary shall provide the appellant with written notice of the decision, the opportunity for an informal meeting and formal hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(c)(1) An appellant shall have the right to—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers Home Administration located in the area of the appellant; and

"(B) representation by an attorney or nonattorney at an inspection and reproduction of files under clause (A), an informal meeting under subsection (d), and a formal hearing under subsection (e).

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).

"(d)(1) In order to provide an opportunity for parties to reconsider and resolve differences over decisions referred to in subsection (a) and to minimize the need for formal appeals of such decisions, the Secretary shall establish producers for informal meetings between appellants and officials of the Farmers Home Administration to discuss such decisions.

"(2) In establishing procedures for an informal meeting between an appellant and official concerning a decision of the Secretary, the Secretary shall—

"(A) require the appellant and official to conduct an informal meeting, or to waive such meeting in accordance with clause (E), before a formal hearing may be conducted under subsection (e) on such decision;

"(B) preserve the rights of the appellant to further review under this section;

"(C) require completion of the informal meeting process (including notice of any reconsidered decision required under clause (F)) within thirty days after notice of the original adverse decision provided to the appellant under subsection (b);

"(D) provide for the direct involvement in the informal meeting of the official who originally made the decision and, if such official is a country supervisor of an office, the district director of the office;

"(E) permit a waiver of the informal meeting if the appellant and official agree that such process would likely not avoid a formal appeal under subsection (e); and

"(F) require the Secretary to provide the appellant with written notice of any reconsidered decision of the Secretary reached after such informal meeting or waiver and, in the case of an adverse reconsidered decision, the reasons therefor.

"(3) If an appellant and official agree to waive an informal meeting under paragraph (2)(E) with respect to a decision of the Secretary, the Secretary shall notify the appellant of the right of the appellant to a formal hearing on the decision under subsection (e).

"(4) For the purpose of an appeal, a reconsidered decision reached by the Secretary under paragraph (2)(E) shall become the record of the Secretary with respect to the original decision made by the Secretary.

"(e)(1) If an informal meeting is conducted or waived under subsection (d) with respect to the decision of the Secretary under this title and the reconsidered decision reached under subsection (d)(2)(E) remains adverse to the appellant, the appellant may request a hearing on such reconsidered decision before an administrative law judge appointed under section 3105 of title 5, United States Code, by filing a complaint with the Secretary with twenty days of notice of such reconsidered decision.

"(2) The Secretary may submit an answer to a complaint filed under paragraph (1).

"(3)(A) A hearing under this subsection shall take place within thirty days of the filing of the complaint of the appellant.

"(B) Such hearing shall be held at a Farmers Home Administration Office located in—

"(i) the state in which the appellant resides or in which the farmland of the appellant is located; or

"(ii) an adjacent State if the office in the adjacent State is no more than five hundred miles from the location at which the appellant resides or the farmland of the appellant is located.

"(C) Evidence at such hearing may include the complaint of the appellant, the answer of the Secretary, the notice of any reconsidered decision, and any testimony by any official of the Farmers Home Administration, the appellant, and any relevant expert, except that affidavits by such official, appellant, and expert may be substituted for direct testimony when agreed to by the parties or allowed by the administrative law judge.

"(D) Such hearing shall be tape recorded and a transcript of such hearing shall be made available at cost upon the request of any party to the proceeding.

"(4)(A) The administrative law judge shall decide all questions of fact and law in a proceeding brought under the subsection and shall uphold, reverse, or modify the reconsidered decision of the Secretary.

"(B) The decision of the administrative law judge shall be final unless appealed pursuant to subsection (f).

"(5) Within ten days of the hearing, both parties to the proceeding shall be provided with a copy of the decision of the administrative law judge setting forth all findings of fact and reasons for the decision.

"(6) The Secretary shall report and make available to the public—

"(A) a decision of an administrative law judge reached under this subsection; and

"(B) a description of any subsequent action taken by the Secretary pursuant to subsection (f).

"(f)(1) If a party is aggrieved by the decision of an administrative law judge under subsection (e), such aggrieved party may request a review of the decision within ten days of the issuance of such decision.

"(2) Upon such request, the Secretary shall review the decision of the administrative law judge and make a determination on the record to modify, uphold, or reverse such decision.

"(3) The Secretary shall make such review and determination within twenty days of the request for review.

"(4) Such determination shall be the final administrative determination subject to judicial review.".

Mr. TOWNS (during the reading). Mr. Chairman, I ask unanimous consent the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TOWNS. Mr. Chairman, my amendments will assist particularly the small farmer. I would like to move that these amendments be considered en bloc. This package would: First, continue the Small Farmer Training and Technical Assistance Program in the office of the Administrator of the Farmers' Home Administration; second, create a 10 percent discretionary account for farmers with supervised bank accounts; third, establish time limits on loan decisions; and fourth, create a program appeals procedure which emphasizes the farmers access to his records and his due process rights.

I want to emphasize that this amendment does not require new moneys but stresses administrative changes within the existing structure at FmHA. In this regard, I am pleased that a broad range of groups and individuals have indicated their support for this package including Governor Pepich of Minnesota, the Center for Rural Affairs in Nebraska, the Rural Coalition, the Interfaith Action for Economic Justice, the North American Farm Alliance, the United Farmers Organization of North and South Carolina, the American Agriculture Movement and the Federation of Southern Cooperatives.

Mr. Chairman, I believe that this amendment will improve the day-to-day operations at FmHA and this agency's relations with the American farmer. It's a sad day when an agency designed to help a constituency is viewed as "the enemy" by that constituency. I hope that this amendment will help to change the farmers' current attitude toward FmHA.

I urge my colleagues to support this amendment.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. TOWNS. I am happy to yield to the distinguished Chairman.

Mr. de la GARZA. Mr. Chairman, I appreciate the gentleman yielding to me.

I take this time very sincerely to commend the gentleman for his interest in the plight of rural America and in the small farmers.

As all of us know, the gentleman hails from Brooklyn, but he has roots from another area of the South. But the interest he has shown and the time which has devoted in this effort we welcome. We hope that we will have more participation in a positive way from the Brooklyns of all the urban areas of the United States.

As far as I am concerned, after commending the gentleman, we would be very happy to accept his amendment.

Mr. Chairman, I would like for the gentleman to yield to the distinguished chairman of the subcommittee to make that approval at this time.

Mr. TOWNS. I would be delighted to yield to the distinguished chairman of the subcommittee.

Mr. JONES of Tennessee. Mr. Chairman, I thank my good friend from New York [Mr. Towns] for yielding.

I, too, want to share in the praise and support of the amendment. I want to commend the gentleman for having done the research work that he has on the amendments, because I am familiar with what has taken place as far as staff work goes, and for the diligence that the gentleman has shown on behalf of all farmers and the small rural communities of rural America, particularly those who are hard pressed and who need some special assistance here in the country.

Time after time the committee has heard testimony from farmers who have been victims of discrimination and neglect by the Farmers Home Administration.

I think it is very appropriate that this study be made and that this kind of abuse is not confined to any one particular area of the Nation or any single class of borrower. It should not continue to be tolerated.

I share the gentleman's concern very much as chairman of this subcommittee and I commend the gentleman for the work he has done and certainly am willing to accept the amendments.

Mr. LEWIS of Florida. Mr. Chairman, will the gentleman yield?

Mr. TOWNS. I would be happy to yield to the gentleman from Florida [Mr. Lewis].

Mr. LEWIS of Florida. Mr. Chairman, will the gentleman give me just a quick explanation on a 10-percent allocation on supervised bank accounts, on that portion, and also the creation of a new appellate procedure for FmHA borrowers?

Mr. TOWNS. The 10-percent supervised bank accounts, as it stands now, many times small farmers have an opportunity to get things on sale or be able to buy at a discount. As a result of not being able to do it in a very quick fashion, they lose out on these things. So this would allow them to have 10 percent flexibility to go in and to avail themselves of these kinds of situations.

Many of the farmers in the hearings have said that they feel that if they are able to do this, this might make the difference between making it and not making it. As the gentleman knows, many of these small farmers are going out of business at a very, very rapid rate.

Mr. LEWIS of Florida. Mr. Chairman, will the gentleman also explain the new appellate procedure he is proposing?

Mr. TOWNS. What happens there is the informal process within the majority of appeals would be settled at that level. It would be an informal process, because what happens now is that they have to wait so long before this occurs that many of them do not have the——

The CHAIRMAN. The time of the gentleman from New York [Mr. Towns] has expired.

(At the request of Mr. Lewis of Florida, and by unanimous consent, Mr. Towns was allowed to proceed for 1 additional minute.)

Mr. TOWNS. What happens is, as the gentleman knows, as it stands now, while they are waiting to hear, many times they pass the season to plant. So what we are asking for is an informal process where they would be able to appeal and be able to get an answer and, as a result, that they would be able to do it within the time limit of planting.

Mr. LEWIS of Florida. Mr. Chairman, I thank the gentleman for yielding.

Mr. FAUNTROY. Mr. Chairman, the amendment offered by my distinguished colleague from New York, Congressman Edolphus Towns is deserving of support and is reflective of the gentleman's wisdom in recognizing the stake that urban consumers have in the survival of our Nation's hard-pressed small-scale agricultural producers.

This amendment would enhance the access of small farmers to the programs of the Farmers Home Administration. Specifically, the amendment would:

Continue the FmHA's Small Farmer Training and Technical Assistance Program;

Create a discretionary 10 percent allocation within FmHA-supervised bank accounts for use by the borrower for unforseen needs consistent with the original loan;

Require that an FmHA loan be approved or disapproved within 45 days and that funds be ordered within 5 days of a loan's approval; and

Create a new appellate procedure for FmHA borrowers.

We all know that our Nation's small farmers are in deep economic distress crushed by the impact of a huge budget deficit resulting in high interest rates and an overvalued dollar.

As is often the case, the problems confronting our Nation are hitting the most vulnerable. This is certainly the situation in the agricultural sector. Also, as is often the case, the problems that confront our Nation are most acutely reflected in the context of the black experience and the difficulties facing the 57,000 black farmers of America.

The amendment offered by Congressman Towns seeks to assist in the preservation of our small scale agricultural producers and in doing this it would also address the alarming situation described so graphically by the U.S. Civil Rights Commission in a 1982 report entitled, "The Decline of Black Farming in America." That report documented a disturbing pattern and practice of inaccessibility of the FmHA to black farmers. I urge all of my colleagues to study this most important and disturbing document. The conclusion of the report was that:

> The Farmers Home Administration has not given adequate emphasis or priority to the crisis facing black farmers today. * * * In 1981, blacks received only 2.5 percent of

the total dollar amount loaned through FmHA's farm credit programs.

I urge my colleagues to approve this amendment offered by Congressman TOWNS. It is a positive first step in improving FmHA's accessibility to our small farmers and in doing this will also begin to remove the barriers at the FmHA to the black framers of America.

Mrs. COLLINS. Mr. Chairman, I rise in support of Congressman TOWNS' amendment. This much-needed amendment would give new life to the Farmers Home Administration's [FmHA], small farmer support programs in a variety of ways, and in so doing, would provide vital assistance to this Nation's long ignored black farmer, who typically owns or operates a small farm.

First, the amendment would continue the Small Farmer Training and Technical Assistance Program. The clear value of this program is that it helps the small farmer help himself or herself. The dollars allocated for such training now are dollars saved later, for small farmers, black and white, armed with new technical knowledge, become increasingly able to manage without Government assistance. Without question, we cannot turn our backs on this important program.

Second, the amendment creates a discretionary 10 percent allocation within FmHA-supervised bank accounts for use by the borrower for unforeseen needs consistent with the original loan. Given the very hard times our Nation's farmers are facing, and the unprecedented conditions facing black farmers, this provision is both compassionate and realistic. Clearly as America faces its worst farm crisis since the Great Depression, Congress must ensure that our FmHA loans are flexible enough to help the small farmer through conditions not foreseen at the time of the original loan. When we live in a time where the farm crisis seems to grow worse each day, we must have a loan policy that can adapt to the tough realities of the situation.

Third, Mr. TOWNS' amendment would require that an FmHA loan be approved or disapproved within 45 days, and that funds be ordered within 5 days of a loan's approval. This provision squarely recognizes that time is the worst enemy of the struggling small farmer waiting for approval or receipt of a loan. Loans must be approved and funds must be ordered quickly, or the result will be one of deserving applicants facing financial disaster, while redtape grows longer and longer. Moreover, a uniform deadline reduces the possibility of unequal and unfair treatment by those who would quickly approve loans for certain farmers while others are still unable to plant their crops.

Fourth, this amendment would create a new appellate procedure for FmHA borrowers. Specifically, it would provide professional assistance for farmers appealing FmHA decisions on loans. This is a change that is long overdue, and one that will ensure that the small farmer, regardless of race, be treated fairly by the FmHA.

As I have already made clear, this amendment is particularly important because of its ability to ease the struggle of the black farmer. I would like for a moment to describe those difficulties, recently documented by the U.S. Civil Rights Commission's report, "The Decline of Black Farming in the United States." The Commission concluded that black family farmers are a rapidly diminishing group in this country, and could disappear by the end of the century. While all family farmers face problems in this dreadful farm crisis, the Commission stated that blacks face special problems of racism and a disproportionately low share of available credit, including the last resort credit supplied by the FmHA.

The statistics cited in this report underscore the dire situation. In the last decade, the number of black farmers fell 57 percent, which is about 2½ times the rate of decline for white farms. There were 926,000 black-run farms in 1920, and about 57,000 by the end of the 1970's. Unless we break the present trends by adopting such measures as the Towns amendment, the experts predict there will be only 10,000 black farms by the end of this century.

Given these shocking statistics, the FmHA can and must play a role in reversing these unacceptable trends. When the Civil Rights Commission released its report on the black farmer, it was revealed that despite the pressing need of black farmers for credit, they received only 2.5 percent of the total dollars lent by the FmHA. The Commission observed further, "There are indications that FmHA may be involved in the very kind of racial discrimination that it should be seeking to correct." That is why the Towns amendment, with its strengthened appellate procedures, its guarantees of speedy loan decisions, its adaptability to unforeseen credit needs, and its emphasis on small farmer training must be adopted today.

In the words of the Civil Rights Commission's report:

> A society where whites control virtually all agricultural production and land development * * * is not racially equal. Such an imbalance can only serve to further diminish the stake of blacks in the social order and reinforce their skepticism regarding the concept of equality under the law.

I call upon this Congress to ensure that this bleak possibility does not become a reality, to guarantee that racial equality is a goal we will strive for not just in our schools and factories, but on our farms.

Mr. Chairman, in closing, I am reminded of a line from an essay about Illinois farming, applicable, I think, to farming throughout this country. As the essayist aptly observed, "To plow is to pray—to plant is to prophesy, and the harvest answers and fulfills." I urge my colleagues to answer and fulfill the prayers and prophecies of black farmers all across this Nation. Please join me in supporting the Towns amendment. And together we shall plant the seed for a most bountiful harvest, not just of black agricultural revival, but of fairness, justice, and racial equality.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New York, [Mr. TOWNS].

The amendments were agreed to.

Mr. BEREUTER. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Nebraska [Mr. BEREUTER] is recognized for 5 minutes.

There was no objection.

Mr. BEREUTER. Mr. Chairman, I would like to use this time to engage in a discussion or a colloquy with some of my colleagues, particularly the gentleman from Texas [Mr. STENHOLM] and the gentleman from Wisconsin [Mr. GUNDERSON], who were active in committee in drafting this language and moving it through the committee markup.

First of all, I recognize that we need to move toward a more uniform system of handling the clear title/double jeopardy problem. I compliment the members of the Agriculture Committee for the effort they have put into this section and I know what a difficult issue it has been to resolve.

This issue has been a particularly divisive issue between farmers, ranchers, agriculture producers, purchasers of agricultural products, and lenders. Until it is resolved, double jeopardy will pose continual problems for lender, agricultural producers who each year must borrow operating capital to finance their operation, and for purchasers of agricultural products.

Indeed, the clear title issue has affected many of my constituents in Nebraska.

I wish to make it clear that I raise this issue not because I wish to champion the cause of bankers over that of farmers or ranchers. In fact, I am not sympathetic to the actions taken by banks in collecting double jeopardy claims when those claims bankrupt innocent purchasers of agricultural products.

Mr. BEREUTER. Mr. Chairman, I take this time to engage in a colloquy instead of offering an amendment that I had filed to this title. I would ask if the gentleman from Texas [Mr. STENHOLM] and the gentleman from Wisconsin [Mr. GUNDERSON] who have been very active in this subject would be willing to engage in a short colloquy with me.

As the Members know, I had filed a clear title amendment concerning the issue of double jeopardy. This is a matter of great concern to us. I agree with the objectives that I think the gentleman is attempting to pursue through the legislation. I have some questions and some doubts about its applicability.

I would like to submit a complete list of questions to the gentlemen since they have been so active.

One of the questions that I would like to have answers for, particularly since my State has just passed legislation to move to a highly accessible computerized information system on this subject, the questions include these: What would be written notice as described by the bill, certified or registered mail? If written notice does not in reality mean certified or registered mail, what does it mean? Would it preclude a computerized central filing system as some States have established? Does this require each lender in effect to keep his own filing system to protect their liens or to protect themselves from double jeopardy? Why is the maximum fine $5,000? I do believe the "clear title" provisions in the bill will create problems and hope that other relevant committees in the two bodies will also examine this crucial issue. Some States like Nebraska have struck a compromise, legislatively, after some difficulty and have taken steps to move to a highly accessible computerized information system. Of course there are problems of interstate sales, but the solution is technologies through a computerized filing system.

Mr. Chairman, I would be pleased to yield now to the gentleman from Texas.

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Mr. STENHOLM. Mr. Chairman, I thank the gentleman for yielding.

I have looked at the questions and listened as the gentleman has asked them. I believe that the answers to these questions will go a long way toward defining the legislative intent of the clear title legislation that we have in this bill.

After deferring to my colleague, the gentleman from Wisconsin [Mr. Gunderson], who has worked very hard with me on this legislation and within our committee, I would then ask unanimous consent that we be allowed to insert the answers to the questions that the gentleman has posed at this particular point in the Record.

Mr. Chairman, before addressing the specific questions, I want to clarify a misperception that runs through them. The questions suggest that, under the bill, the lender's security interest becomes somehow "unperfected" unless the lender prenotifies buyers. "Perfection" of security interests under the Uniform Commercial Code generally refers to the filing of financing statements in public offices, and this step is necessary for the lender to establish priority rights over other creditors and in bankruptcy. Nothing in the pending bill affects any lender's right to perfect his security interest in the normal way, and lenders may still gain a wide array of rights against third-party claims by doing so. All the bill does is modify the lender's position vis-a-vis buyers in the ordinary course of business. "Prenotification" is not the same as "perfection."

Question 1. Under the provisions of this bill, what burden is placed upon a purchaser to make an inquiry of the seller what liens are upon his farm products? What burden is upon the seller to notify the purchaser of existing liens on his products?

Answer 1. The bill places no burden on a buyer of farm products to make an inquiry of the seller about outstanding liens. Indeed the major purpose of the bill is to relieve the buyer of that burden, and the resulting risk of wrong, incomplete or misleading answers. The buyer, however, cannot be oblivious to information that comes to him, through lender pre-notification or otherwise.

Likewise, the bill imposes no specific burden on the seller (the farm products producer) to notify purchasers of existing liens. But the lender may require the seller to disclose such liens to prospective purchasers, by including such a provision in the underlying security agreement.

Questions 2 and 3. What type of notice does this provision prescribe? The bill prescribes "written notice." What constitutes written notices? Certified, or registered mail?

Answers 2 and 3. The bill contemplates that lenders may give prospective buyers "written notice" that identifies the lender and the seller, and contains a basic description of the collateral, sufficient to permit a buyer to relate specific farm products to that lender's security interest. The notice may also specify how the buyer is to account for the sale proceeds, such as by issuing a joint-payee check or otherwise arranging for the proceeds to be transmitted to the lender or applied on the debt. The notice could be in the form of a letter, a telegram or telex, or even a postcard. Registered or certified mail is not required, although a lender may choose one of those methods to assure that the notice is received.

Question 4. If written notice does not in reality mean certified or registered mail, how does a lender prove that the purchaser received notice? Or, the purchaser prove that a lender mailed a notice?

Answer 4. Whether a lender registered or certified mail, or ordinary mail, or even hand-delivers the notices, proof that the notice was given would be by the usual means of proving communications: receipts, business records, eyewitnesses, discovery (depositions, interrogatories, etc.) and similar means.

Question 5. Does written notice preclude the use of computerized central filing systems, which some states have established?

Answer 5. The bill contemplates that the lender's "prenotification" will be physically delivered to the prospective purchaser. Thus the existence of a statewide central filing system, where a buyer would have the burden and expense of inquiring about existing liens, would not provide sufficient notice to buyers to deny them protection under this bill. The bill, or course, does not preclude any state from instituting or maintaining a computerized central filing system for the various other purposes those systems serve.

Question 6. Doesn't this bill require each lender, and each purchaser, to maintain their own filing systems to either perfect their liens, or to protect themselves from double jeopardy claims?

Answer 6. As a matter of technicality, the bill does not assume any formal "filing system" and does not affect the "perfection" of a lender's security interest. As a practical matter, however, in order for lenders preserve their rights against ultimate purchasers, they will need to identify those prospective purchasers, and pre-notify them. In most cases, the borrower (seller) will be in a position to list his likely customers, and the bill contemplates that security agreements may require borrowers to produce such lists for their lenders from time to time.

The bill does assume that buyers who have received notices from lenders will retain them in some accessible form, so that when dealing with sellers the purchasers can ascertain whether the particular goods are encumbered. Buyers are willing to pay this price for clear title protection.

Question 7. Doesn't the clear title provision in this bill impose an unrealistic burden and expense on rural, small town banks if they are required to maintain their own filing systems to perfect and monitor their liens?

Answer 7. The incremental costs of establishing a prenotification system under this bill should be miniscule for any bank. There are no elaborate formalities beyond sending the prenotifications, and most banks should be abe to incorporate a routinized prenotification stage into their normal loan writing and monitoring operations. Indeed, some lenders may choose to ignore the prenotification mechanism altogether where their normal loan monitoring procedures provide adequate protection against the seller's dissipation of loan proceeds. Any measurable cost burden would fall on the *buyers* who will need to retain and index the notices they receive from lenders, consult those records in connection with specific purchasers, and make arrangements for joint-payee or similar payments. But this burden is one the buyers will assume in exchange for protection from double jeopardy claims.

The CHAIRMAN. The Chair would point out to the gentleman from Texas that he cannot insert a colloquy into the Record.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman. He is an expert and I appreciate the time he has delivered.

Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. Gunderson].

Mr. GUNDERSON. Mr. Chairman, I appreciate the gentleman yielding, and I join with my colleague in this regard.

I think the way to handle this, not only in the interests of time, because I thought I just heard the gentleman ask a question about a limit on penalty which was not on the list of questions we had. I think the way for it to be handled is for the gentleman to submit the questions in his revised and extended remarks and then following that, within the 5 legislative days that we have, we will be able to insert into the Record as well specific answers as to some of the details to these questions so that the legislative history is very clear on this issue.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman.

I would say that I did not think the approach the committee has taken will work adequately, but I would hope that we might be able to accommodate the States that are moving toward a computerized information system, because I think that when we cross State borders we are talking about a technological solution to this problem eventually.

Mr. MORRISON of Washington. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I am pleased to yield to the gentleman from Washington.

Mr. MORRISON of Washington. Mr. Chairman, I thank the gentleman from Nebraska for yielding. I, too, have some concerns about the clear title provisions included in the farm bill.

I rise to express my reservations to the "clear title" provisions of H.R. 2100. We all agree that these provisions address a very real problem. Currently, a farmer who sells farm products used as collateral for a loan can shift liability for the loan to the purchaser. Put another way, the lender has recourse against a purchaser of farm products because there is no clear title conveyed with a sale. Agricultural sales are often conducted on such short notice that purchasers have little opportunity to check property for liens. In some cases, purchasers have had to pay twice for the same product, once to the farmer who failed to repay the bank, and again to the bank that holds the loan.

H.R. 2100 contains provisions that are intended to protect agricultural purchasers from this double whammy. While I welcome the effort to address this problem, I believe the bill leans too far in protecting purchasers and places an unfair burden on agricultural lenders. This problem will come back to haunt us if we simply allow the pendulum to swing to the opposite extreme and require farm lenders to sustain all of the losses from defaulted loans. These are tough times for farm lending, and this is no time to dramatically change the rules.

I understand that the Senate Banking Committee will soon hold hearings on the clear title provisions of the Senate farm bill. I urge my colleagues in the House to be receptive to any compromise that might emerge in conference that would be fair to both agricultural lenders and purchasers.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I am pleased to yield to the gentleman from Montana.

Mr. MARLENEE. Mr. Chairman, I would certainly encourage the author of the bill to include in the legislative intent of this the fact that the State of Nebraska, the State of Montana, and other States that deal in livestock heavily and in agricultural loans have passed in fact very adequate lien laws and a computerized system for recording those. I think that they should be grandfathered into this situation or that they be covered under this situation.

I want to encourage the gentleman to do that in his remarks of legislative intent.

Mr. Chairman, I thank the gentleman for yielding.

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I am pleased to yield to the gentleman from Wisconsin once again.

Mr. GUNDERSON. Mr. Chairman, I just want to acknowledge to the committee that there are two important things here. No. 1, there is nothing—correct me if I am wrong—in the proposal that is now in front of us from the committee that prevents any State from using the registry if they so choose.

Second, by virtue of doing this I think we are going to be able to clarify under a mutually agreed set of scenarios to the Department, so that when the regulations are implemented, clearly they will be able to deal with any specific concerns the gentleman and others might have.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman, and I yield back the balance of my time.

PARLIAMENTARY INQUIRY

Mr. STENHOLM. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state the parliamentary inquiry.

Mr. STENHOLM. Mr. Chairman, in light of the statement that the Chair just made to me regarding the colloquy, is it not in order at this point in the RECORD to accept the questions that were stated from the gentleman from Nebraska [Mr. BEREUTER] and have the answers to those questions inserted into the RECORD at this point?

The CHAIRMAN. They can appear in the RECORD. It will not be effective legislative colloquy as a part of the legislative history, but it will appear.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. DE LA GARZA. Mr. Chairman, I take this time to advise the Members that unless the pace that we have been taking in the past several amendments and colloquies is accelerated tremendously, we would not be able to finish this legislation by 10 o'clock. We have a mandated 2 hours, 1 on the so-called Petri amendment, and 1 on food stamps, and we have various and sundry amendments. If we were to set a limit for 10 o'clock, I am sure that we could finish; otherwise, it does not look like we will, and I would be ready to rise at this time—I am not making that motion yet—and hopefully conclude on Monday.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to my distinguished colleague, the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I thank the gentleman for yielding.

I am looking at the list of what I understand is outstanding here in title XIII.

There is an amendment by Mr. DORGAN of North Dakota, which we are ready to accept on this side.

There is an amendment of mine, which the gentleman from Texas has indicated he is willing to accept.

There is a study amendment by the gentlewoman from Maine [Ms. SNOWE], which I am ready to accept.

In title XIV, there are two study amendments which we are ready to accept on this side.

That gets us down to the point where we really only have left tobacco and food stamps, on which we have a 1-hour limit on both of those, so theoretically by 10 after 10, plus the time to vote on those things, we could be done with this whole bill.

Mr. DE LA GARZA. I agree with the gentleman. I do not want to be accused of cutting anyone off or limiting debate. I would hope that we could conclude, and I am ready to proceed to conclusion, but there is no sense in prolonging the agony of many Members who have commitments otherwise, if we are not going to finish.

Perhaps if we could continue for another few minutes, but if we do not get the necessary cooperation, which we have not up to this point, we will not be able to proceed expeditiously.

Mr. Chairman, perhaps if we just attempt to finish the title we are on now, and then we will see where we are.

AMENDMENT OFFERED BY MR. MADIGAN

Mr. MADIGAN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Is the amendment reported in the CONGRESSIONAL RECORD as of September 24?

Mr. MADIGAN. Yes, it is, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. MADIGAN: Title XIII, page 332 insert the following new section and designate it accordingly:

SEC. . Sections 302 and 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941) are amended by adding, at the end of the parenthetical provision in clause (3) of the second sentence, the following: "or, in the case of holders of the entire interest who are related by blood or marriage and all of whom are or will become farm operators, the ownership interest of each such holder separately constitutes not larger than a family farm, even if their interests collectively constitute larger than a family farm, as defined by the Secretary.".

Mr. MADIGAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MADIGAN. Mr. Chairman, this amendment modifies the eligibility criteria for Farmers Home Administration operating and ownership loans. It is an amendment which has been discussed with the chairman of the committee.

Mr. NIELSON of Utah. Mr Chairman, I rise in strong support of the Madigan amendment which will strip from the bill the mandatory marketing certificate program authored by the gentleman from Iowa (Mr. BEDELL].

I do so for the following reasons:

First. Even though the Bedell provision claims to be voluntary, the fact is that 60 percent of the grain producers can dictate what the other 40 percent of the grain producers do. This is taking away people's property rights.

Second. As the gentleman from Montana (Mr. MARLENEE] observed, the vote impacts all of the grain consumers—the pork, beef, poultry, and dairy producers—and yet these groups have no say in the matter. I did not support the dairy diversion program, but even that program recognized the adverse effects of culling the dairy herds and made provisions to mitigate the economic impact on beef and pork producers by producing more meat.

Third. The Bedell provisions puts the livestock, dairy and poultry producers at a competitive disadvantage with respect to foreign competitiors who can buy American produced grain cheaper than can the domestic producers.

Fourth. The Bedell provision may lead to strict import restrictions to prevent foreign grain or meat or poultry products because of the artificially high prices relative to the world markets. The American farmer would definitely be less competitive than at persent.

Fifth. We already rejected the approach on the amendment regarding dairy by the gentleman from Wisconsin [Mr. OBEY]. What is not right for dairy is also not right for grain.

For all these reasons and many others which have been mentioned, I strongly urge a "yes" vote on the amendment from the ranking member of the Agriculture Committee, the gentleman from Illinois [Mr. MADIGAN].

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from Texas for any comment he might wish to make or would wish to make.

Mr. DE LA GARZA. Mr. Chairman, we have examined the gentleman's amendment and have no objection on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. MADIGAN].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to this title?

If not, the Clerk will designate title XIV.

AMENDMENT OFFERED BY MS. SNOWE

Ms. SNOWE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of September 24?

Ms. SNOWE. Yes, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Ms. SNOWE: Page 379, line 21, strike out "(5)" and insert "(7)" in lieu thereof.

Page 380, line 14, after "system," insert "(5) an assessment of how economic policies and trade policies of the United States affect the financial operation of, and prospects for, family farm operations, (6) an assessment of the effect of Federal farm programs and policies on family farms and nonfamily farms which (A) derive the majority of their income from non-farm sources, and (B) derive the majority of their income from farming operations,".

Ms. SNOWE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Maine?

There was no objection.

Ms. SNOWE. Mr. Chairman, my amendment to section 1448 would require the Secretary of Agriculture to report to Congress annually on the status of the family farm in this country.

My amendment simply broadens the scope of the annual report to include two additional analyses that are key to the survival of the family farm. First, the Secretary would be required to measure the effect of economic and trade policies on the family farm, and second, to evaluate the effect of Federal farm policies and programs on family and nonfamily farms which earn the major portion of their income from off-farm sources.

As we are all well aware, the agricultural sector has been fully integrated into this Nation's economic system. Probably the most fundamental difference between the agricultural industry of today and that of only a decade ago is the tremendous influence of national macroeconomic forces outside the farm sector on the U.S. food economy.

I contend that the survival of the family farm has become largely dependent upon Government choices in fiscal, monetary, and trade policies. These policies determine the rate of inflation and the level of interest rates, investment and savings, the value of the dollar, the volume of exports and imports, and employment opportunities. What is missing, in my opinion, is a firm understanding of how these policies effect the family farm. Without such an understanding, we may unknowingly cripple the very farms that need our assistance the most.

I believe it is particularly important for us to understand how our trade policies affect these smaller farm operations. Let me use Maine's potato industry as an example. The survival of this industry, composed largely of family farms, may depend on new trade policy developments, especially with Canada. Both the Maine farmers and agriculture officials concerned with trade matters need to fully understand the issues and concerns in need of redress during future bilateral negotiations. The Department of Agriculture, under my amendment, will be responsible for determining how trade policies and actions affect family farm operations. Such an annual review, I think, will be constructive for farmers and the Department.

My amendment calls on the Secretary of Agriculture to identify, review, and analyze economic and trade policy decisions made during the previous year and to assess their impact on the family farm.

The second part of my amendment would require the Secretary of Agriculture to report on the influence and effect of Federal farm programs and policies on those farms where the majority of income is earned from off-farm sources as opposed to those farms where the majority of income is earned on the farm.

I believe that one of our important responsibilities in enacting the 1985 farm bill is to ensure that our Federal farm programs primarily serve to support family farm operations. These farming families, now having to rely more and more on an off-farm source of income to keep their farms going, are the same ones that are in the most financial trouble today.

I am concerned that our policies are squeezing out family farm operations in favor of large, industrialized corporate farms and also, so-called hobby farms, whose owners depend almost totally on off-farm income and where farming is not their primary occupation.

Our policies should not work to discourage these hobby farms or the large, corporate farms. However, as this bill already makes clear in this section, neither should our Government policies work to the detriment of family farm operations.

The growing importance of off-farm income to keep a farm operation in business, Mr. Chairman, should be a real concern. We need to know more about the direction our farmers are heading in before the traditional family farm becomes truly extinct.

My amendment, by requiring the Department of Agriculture to focus on the importance of off-farm income, will help to determine whether our programs are efficient, and are helping the farmers who really need the assistance. I urge my colleagues to support these small, but important, additions to the Secretary's annual report so that we may better utilize scarce resources to further the cause of American agriculture.

Mr. BEDELL. Mr. Chairman, will the gentlewoman yield?

Ms. SNOWE. Yes, I am glad to yield to the gentleman.

Mr. BEDELL. Mr. Chairman, we have looked at the gentlewoman's amendment on this side of the aisle and we are willing to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Maine [Ms. SNOWE].

The amendment was agreed to.

The CHAIRMAN. Are there other amendments to title XIV?

AMENDMENT OFFERED BY MR. TALLON

Mr. TALLON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TALLON: Page 374, strike out line 12 and all that follows through line 17 of page 376 and insert in lieu thereof the following:

SEC. 1445. (a) The Secretary of Agriculture and the Secretary of Health and Human Services shall jointly conduct an assessment of existing scientific literature and research, respecting—

(1) the relationship between dietary cholesterol and blood cholesterol and human and nutrition, and

(2) dietary calcium and its importance in human health and nutrition.

In conducting the assesements under this subsection, the Secretaries shall consult with agencies of the Federal Government involved in related research. Upon completion of such assessments the Secretaries shall each recommend such further studies as the Secretaries consider useful.

(b) The Secretary of Agriculture and the Secretary of Health and Human Services shall each submit to the House Committees on Agriculture and Energy and Commerce and the Senate Committees on Agriculture, Nutrition, and Forestry and Labor and Human Resources a report on the results of the assessment conducted under subsection (a) and any recommendations made under such subsection, including a protocol, feasibility assessment, budget estimates and a timetable for such research as each Secretary shall deem appropriate.

Mr. TALLON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. TALLON. Mr. Chairman, I ask unanimous consent to modify the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The Clerk will report the modification to the amendment offered by the gentleman from South Carolina [Mr. TALLON].

The Clerk read as follows:

Modification of amendment offered by Mr. TALLON: Strike out page 2 of the proposed amendment and insert in lieu thereof the following:

(b) Not later than one year after the date of enactment of this Act, the Secretary of Agriculture and the Secretary of Health and Human Services shall each submit to the House Committees on Agriculture and Energy and Commerce and the Senate Committees on Agriculture, Nutrition and Forestry and Labor and Human Resources a report which shall include the results of the assessments conducted under subsection (a) and recommendations made under such subsection, for more complete studies of the issues examined under such subsection, including a protocol, feasibility assessment, budget estimates and a timetable for such research as each Secretary shall deem appropriate.

Mr. TALLON (during the reading). Mr. Chairman, I ask unanimous consent that the modification to the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The text of the amendment, as modified, is as follows:

Amendment offered by Mr. TALLON, as modified: Page 374, strike out line 12 and all that follows through line 17 of page 376 and insert in lieu thereof the following:

SEC. 1445. (a) The Secretary of Agriculture and the Secretary of Health and Human Services shall jointly conduct an assessment of existing scientific literature and research, respecting—

(1) the relationship between dietary cholesterol and blood cholesterol and human health and nutrition, and

(2) dietary calcium and its importance in human health and nutrition.

In conducting the assessments under this subsection, the Secretaries shall consult with agencies of the Federal Government involved in related research. Upon completion of such assessments the Secretaries shall each recommend such further studies as the Secretaries consider useful.

(b) Not later than one year after the date of enactment of this Act, the Secretary of Agriculture and the Secretary of Health and Human Services shall each submit to the House Committees on Agriculture and Energy and Commerce and the Senate Committees on Agriculture, Nutrition and Forestry and Labor and Human Resources a report which shall include the results of the assessments conducted under subsection (a) and recommendations made under such subsection, for more complete studies of the issues examined under such subsection, including a protocol, feasibility assessment, budget estimates and a timetable for such research as each Secretary shall deem appropriate.

Mr. TALLON. Mr. Chairman, this amendment clarifies section 1445 of H.R. 2100, dealing with research done by the U.S. Department of Agriculture.

It has been worked out and agreed upon by the commodity groups involved, the chairman of the Agriculture Committee and members of the House Energy and Commerce Committee, which had some jurisdictional concerns.

I appreciate the cooperation of the Energy and Commerce Committee, Chairman DINGELL, Subcommittee Chairman WAXMAN, and their staff in working out this compromise.

Quite simply, as reported from the House Agriculture Committee, the section requires the Secretary of Agriculture to conduct an assessment of existing literature and research on dietary cholesterol and blood cholesterol as well as calcium and their relationships to human health and nutrition. It also calls for a report to the Agriculture Committees on further research recommendations.

The amendment being offered now would make the assessment a joint project between USDA and HHS. This and some other changes will solve the jurisdictional situation between the two committees.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. TALLON. Yes, I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, we have looked at the amendment. We have no objection to the amendment on this side of the aisle.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield to me?

Mr. TALLON. I am happy to yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, we have no objection on this side of the aisle.

We further understand that with the gentleman's modification, the Energy and Commerce Committee no longer has a reservation against the gentleman's amendment.

Mr. Chairman, I thank the gentleman for yielding.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina [Mr. TALLON], as modified.

The amendment, as modified, was agreed to.

Mrs. KENNELLY. Mr. Chairman, I am pleased to note that the House Agriculture Committee has reconciled a printing error in its report to accompany H.R. 2100. Language was inadvertently omitted regarding the implementation of Integrated Pest Management under Title XIV, the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985. The official committee's report language that was omitted now appears on page H 7665 in the September 20, 1985, CONGRESSIONAL RECORD. This language is important to me because it incorporates a section of my bill, H.R. 2339. The language would essentially help farmers reduce their dependence on chemical pesticides. The First District of Connecticut, which I represent, is particularly concerned with pesticide pollution, where nearly 1,000 water wells have been contaminated by agricultural pesticides.

Again, Mr. Chairman, I am pleased this error was corrected and that the language was inserted in the CONGRESSIONAL RECORD.

The CHAIRMAN. Are there further amendments to title XIV?

If not, the Clerk will designate title XV.

Under the previous agreement, debate is limited to 1 hour on the food stamp section of title XV. Are there amendments?

AMENDMENTS OFFERED BY MR. GLICKMAN

Mr. GLICKMAN. Mr. Chairman, I offer two amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. GLICKMAN: On page 413, line 21, strike the word "and", and on line 22, insert before the period the following: ", and system security and privacy."

On page 414, line 4, strike the word "and" and insert in lieu thereof a comma, and after the word, "cost-effective", insert the following: ", and secure".

Mr. GLICKMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GLICKMAN. Mr. Chairman, the two amendments I am offering will strengthen accountability in the food stamp program by encouraging States to take steps to assure that both data and Federal food stamp dollars flowing through their automated data processing systems are secure.

Specifically, my first amendment adds "computer security and privacy" to the components of the model computer plan the Secretary is directed to develop under this section. As provided in the bill, States choosing to adopt this plan will receive 90-percent matching funds for improvements to their system, instead of the current 75 percent.

The second amendment requires the USDA's report on the adequacy of each State's automated data processing and computerized information system include not only analyses of steps needed to achieve system effectiveness and cost efficiency, as the bill currently directs, but an analysis of system security as well.

Mr. Chairman, the issue of computer security is not new to any of us; however, we are just beginning to realize the dimensions and the seriousness of the threat unprotected computer systems present to Federal agencies and Federal programs. I have participated in three congressional hearings on computer security and am convinced that the potential for fraud, vandalism and sabotage is great and growing, as Government programs move toward greater computerization.

The Office of Inspector General of the Department of Agriculture has just completed an audit evaluating the security of State computer systems which process food stamp and other Food and Nutrition Service Program payments. The objective of the survey was to determine if security controls were sufficient to prevent unauthorized access to or use of automated data processing systems to fraudulently create or maintain cases receiving food stamp benefits.

Although the Inspector General's final report is not yet completed, preliminary reports of the OIG's review of 13 computer systems disclose a number of significant security weaknesses. These weaknesses range from inadequate controls over physical security, thereby permitting unrestricted access to computer hardware, to inadequate software controls, enabling persons to improperly manipulate or change data bases.

An earlier audit by the Inspector General of the Department of Health and Human Services of computer-related fraud in Government agencies concluded that existing controls in the victimized systems were weak and easily bypassed, and it recommended implementation of additional controls to strengthen the integrity of automated systems and prevent the perception that "no one is watching." About half of the perpetrators interviewed for this audit worked for State, local, or private agencies which were administering Federal programs, including the Food Stamp Program.

Noting that "Federal agencies have a substantial investment in State, local, and private computer systems, both because the Federal Government finances most of the development and maintenance costs of such systems, and because those systems control the allocation of Federal funds," the audit also recommended that Federal agencies reevaluate their guidance to State, local, and private administering agencies regarding computer security and controls, and that vulnerabilities in these computer systems be addressed with the same energy and diligence as those in Federal systems.

My amendments take a small step toward addressing these concerns. They do not force any new requirements on the States, nor do they dictate to the Secretary how he should attack this problem. I urge my colleagues to adopt them.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, we have had an opportunity to look at the amendments that the gentleman has offered. It makes good sense in terms of improving computerization of the program.

I would have no objection to accepting the amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Kansas [Mr. GLICKMAN].

The amendments were agreed to.

The CHAIRMAN. Are there further amendments to title XV?

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AMENDMENT OFFERED BY MR. BEDELL

Mr. BEDELL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will inquire of the gentleman whether his amendment has been printed in the RECORD as of September 24?

Mr. BEDELL. Yes, it was, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. BEDELL: Page 385, after line 23, insert the following new section (and redesignate references and succeeding sections accordingly):

INCOME FROM SELF-EMPLOYMENT

SEC. 1508. Section 5(f)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)(A)) is amended by adding at the end thereof the following: "Notwithstanding the preceding sentence, if the averaged amount does not accurately reflect the household's actual monthly circumstances because the household has experienced a substantial increase or decrease in business, the State agency shall calculate the self-employment income based on anticipated earnings.".

Mr. BEDELL [during the reading]. Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BEDELL. Mr. Chairman, as I understand, this amendment has also been approved by both the minority and the majority.

This is a very simple, straightforward amendment. It is, however, an important amendment which will allow farmers to be treated more fairly in their efforts to qualify for food stamps.

My amendment simply clarifies in the law current USDA regulations which provide that a self-employed household, such as a farmer household, shall not have eligibility and benefits for the Food Stamp Program determined on the basis of income received in the past year if there has been a substantial change in business earnings in the current year.

While this is an existing regulation, there seems to be a number of States which continue to use prior year tax returns to make eligibility and benefit determinations in farm families who have experienced substantial decreases in income in the current year. This amendment simply states that in these cases, the States shall anticipate income for food stamp purposes based on a household's current income rather than last year's income tax form. As this is already a regulation, there is no cost involved in this amendment.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding.

Mr. Chairman, this also is an amendment which we have had an opportunity to review. It deals with counting countable income for self-employed persons.

We think it makes a great deal of sense and restates basically the current regulations. Therefore, I would have no objection to accepting it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. BEDELL].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title XV?

AMENDMENT OFFERED BY MR. EMERSON

Mr. EMERSON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will inquire whether the gentleman's amendment was printed in the RECORD as of September 24?

Mr. EMERSON. It was, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. EMERSON: Page 381, strike out line 25 and all that follows through line 25 on page 382, and insert in lieu thereof the following:

SEC. 1503. The first sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by striking out "fifty-four and inserting in lieu thereof "fifty".

Page 388, strike out line 1 and all that follows through line 22 on page 389, and insert in lieu thereof the following:

(2) effective October 1, 1985, inserting in clause (2) of the fourth sentence "excluding expenses paid on behalf of the household under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.)," after "by a household for shelter";

Page 389, line 23, strike out "(4)" and insert in lieu thereof "(3)".

Page 390, strike out lines 9 through 20, and insert in lieu thereof the following:

(4) effective October 1, 1985, inserting in clause (c) of the last sentence ", excluding expenses paid on behalf of the household under the Low-Income Home Energy Assistance Act of 1981 (7 U.S.C. 8621 et seq.)," after "by a household for shelter".

Page 393, strike out line 2 and all that follows through line 4 on page 394, and insert in lieu thereof the following:

SEC. 1511. The first sentence of section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by inserting "and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle" after "physically disabled household member".

Page 406, strike out lines 12 through 25.

Page 417, strike out lines 4 through 11.

Page 417, line 12, strike out "(2)" and insert in lieu thereof "(1)".

Page 417, line 14, strike out "(3)" and insert in lieu thereof "(2)".

Page 417, line 17, strike out "(4)" and insert in lieu thereof "(3)".

Page 417, line 21, strike out "(5)" and insert in lieu thereof "(4)".

Mr. EMERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. EMERSON. Mr. Chairman, within these three titles of the food stamp provisions of the farm bill there are many positive measures. The Food Stamp Program, the temporary Emergency Food Assistance Program and the Commodity Supplemental Food Program are reauthorized. A Mandatory Work and Employment Program designed by States is included. Monthly reporting and retrospective budgeting is better targeted. A Nutrition Education Program which strengthens the expanded Food and Education Program is authorized, and the USDA nutrition monitoring is expanded.

All of these are worthy of support and I do support them.

The Food Stamp Program itself serves on the average over 22 million people per month. In 1984 it is estimated that 38 million people were helped by the Food Stamp Program, up from a 35.3 million figure in 1980. Some of these same people, and more, are helped by the other USDA food assistance programs.

These are basically good programs. In fact, I believe the food stamp program is significantly improved. Ultimately, and I am going to get to the point here, this is an amendment designed to save $2 billion over the course of the bill, and I would hope that Members would give it some attention.

In fact, I think the Food Stamp Program is significantly improved by one provision in H.R. 2100. That is the mandatory employment and training program. However, there are several provisions within title XV with which I do not agree.

I offered an amendment in committee which failed on a 22 to 21 vote to delete additional spending in the Food Stamp Program. My amendment would have reduced the cost of H.R. 2100 by over $1 billion by 1988, and by 1990 it would have reduced the cost by over $2 billion. Bear in mind that that is a reduction in cost in the bill and it is not a cut in the program.

My amendment deletes much of the additional spending contained in the committee bill for food stamps. It does not—and I repeat for emphasis—it does not cut benefits. I urge my colleagues to look at this amendment very carefully. It takes out the add-ons, but it does allow all cost-of-living adjustments for benefits and deductions.

Under my amendment, the thrifty food plan for a family of 4 will increase from the present level of $268 a month to $295 a month by 1988. The standard deduction will increase from $98 to $107. The sheltered dependent care deduction will increase from $139 a month to $152 a month.

All increases are provided for in the act, and my amendment does not change that. This is not a freeze amendment. For those who think that we ought simply to freeze, this is not even a freeze amendment. Growth is allowed in this amendment and is accommodated.

My amendment removes the add-ons. The committee bill increases benefits and deductions over and above the cost-of-living adjustments. The committee bill expands the food stamp program, adopts methods of adjusting benefits and deductions that were repudiated as long ago as the Carter administration, and reinstates reforms of 1981 and 1982.

In addition, the amount of money to be provided for food assistance in Puerto Rico is increased by $370 million by 1990, and yet somehow, the way the budget is calculated, this $370 million increase in spending to occur by 1990 is described as a savings of $208 million.

My amendment deletes the add-ons in the committee bill. The additional increases above the cost-of-living adjustment for the thrifty food plan and the sheltered dependent care deduction are deleted. The expansion of earned income deduction and the separation of the sheltered dependent care deduction are eliminated.

I have agreed, and we will have a colloquy with the gentlewoman from New Jersey [Mrs. ROUKEMA] in a few moments, to add back the medical deductions.

Resource limits are retained at the current levels. Outreach is eliminated, and the Puerto Rico nutrition assistance grant is retained, retained at a level of $825 million a year. That is a higher level than any State receives except New York.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. EMERSON] has expired.

(By unanimous consent, Mr. EMERSON was allowed to proceed for 30 additional seconds.)

Mr. EMERSON. Mr. Chairman, I urge support of this amendment. We will be giving cost-of-living adjustments to food stamp participants. Benefits will go up and deductions will increase.

I remind this House that the debate over Social Security in the course of the budget debate was not whether or not there would be a COLA increase and an expansion of Social Security. The question was: Will there be a COLA or will there not be a COLA?

This amendment says that there will be a COLA in food stamps, but not an expansion of the program.

Mr. Chairman, I urge support for my amendment.

Mrs. ROUKEMA. Mr. Chairman, I would like to commend my colleague, the gentleman from Missouri, for his presentation here, and I want to express my support for his amendment in consideration or with the understanding that we can come to an agreement as to an amendment to the gentleman's amendment.

Mr. EMERSON. Mr. Chairman, if the gentlewoman will yield, the gentlewoman and I have discussed this, and I am perfectly happy to accept her amendment relating to a medical deduction.

Mrs. ROUKEMA. I would like to take a few moments, Mr. Chairman, please, to describe the amendment.

AMENDMENT OFFERED BY MRS. ROUKEMA TO THE AMENDMENT OFFERED BY MR. EMERSON

The CHAIRMAN. Does the gentlewoman wish to offer her amendment at this point?

Mrs. ROUKEMA. Yes, I do, Mr. Chairman. I offer an amendment to the amendment.

The CHAIRMAN. For what reason does the gentleman from Texas [Mr. de la Garza] rise?

Mr. de la GARZA. Mr. Chairman, may I ask, has the gentleman from Missouri concluded his time?

The CHAIRMAN. The gentleman from Missouri has concluded, and the Chair recognized the gentlewoman from New Jersey [Mrs. Roukema] who was the only Member on her feet. She was speaking and now has requested that an amendment be read by the Clerk.

Mr. de la GARZA. I would defer to the gentlewoman from New Jersey. It was my intention to rise at this time, but I will defer to her at this point.

Mrs. ROUKEMA. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mrs. Roukema to the amendment offered by Mr. Emerson: Page 1, strike out the amendment proposed to be made to page 390 of the bill, and insert in lieu thereof the following:

Page 390, line 9, strike out "(5)" and insert in lieu thereof "(4)".

Mrs. ROUKEMA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. ROUKEMA. Mr. Chairman, I will yield back to the chairman of the Committee on Agriculture for his consideration as long as my rights, as I understand it, can be reserved.

The CHAIRMAN. The gentlewoman has the time. She has 5 minutes in support of her amendment.

Mrs. ROUKEMA. I yield back to the distinguished chairman.

Mr. de la GARZA. I thank the gracious gentlewoman. If she does not wish to take her time at this time, the Chair would see that her time is protected when we next continue with the legislation.

Mr. HAYES. Mr. Chairman, I rise to make a few comments on the Food Security Act.

We all realize that American farmers are undergoing one of the most difficult periods in the history of our country. For years now we have been warned about their economic crisis and the dire consequences they face as a result of mounting debts and overdue credit obligations.

For years now the policy of our Government has been to pay farmers not to produce crops in an effort to keep commodity prices at profitable levels.

On the other hand, we are faced with another serious and growing problem in our Nation, and indeed, in the world. That is the problem of hunger. Several studies released in the past year indicate that hunger has increased even as the economy has improved and unemployment has dipped to its prerecession levels.

According to "Bitter Harvest," a survey of emergency food providers conducted by the Food Research and Action Center, there was an average increase of over 20 percent nationally in the number of households served by emergency food providers between 1983 and 1984.

For some 35 million Americans with below-poverty incomes, the thought that farmers are paid not to grow food is one that probably boggles their minds.

In my congressional district, I have far too many hungry constituents who would gladly take the excess food that our farmers could produce. And as evidenced when the Government released stored butter and cheese to the needy, many of my constituents would also fight to receive those products.

In the face of rising consumer prices and growing domestic and world hunger I ask this question—should we be in the business of paying farmers not to grow food? I believe the answer is self-evident.

It appears to me that what is needed is a reassessment and a rethinking of the guiding principals on which we base our farm policies. If there is a problem with storing excess commodities—let's correct it. If there is a problem with marketing excess commodities—let's correct it. If there is a problem with giving food to hungry people, by all means—let's correct it.

I am by no means an expert on food production. However, I do know that there are an increasing number of people who are hungry. I do know that where there is a will, there is a way.

We can cure the problem of hunger if we so desire. While it may be too late to make that commitment in H.R. 2100, it is not too late to get started on addressing the plight of the hungry of this Nation. You, my colleagues, owe it to your constituents. I know I owe it to mine.

Mr. DORGAN of North Dakota. Mr. Chairman, farm prices are continuing to drop, farmers are going broke in record numbers, and the Federal budget expenditures for agriculture, while increasing substantially in past years, have done nothing to stop the hemorrhaging.

We have a farm program that gives the biggest producers the biggest checks, and they're the ones who need it least. So we desperately need to change the farm program. But we face a roadblock here in the House, even in my own political party, from those who want to cling to what we've been doing for years—an approach that simply doesn't work.

But despite my frustration with members of my own party in the House of Representatives, the major stumbling block that we've faced in writing a new farm bill in 1985 has been President Reagan. He sent a farm bill to Congress that we described as "dead on arrival" by both Republicans and Democrats who view it as a ridiculous proposal, totally out of touch with reality. The President, in the middle of a farm crisis, suggested it's time to get back to the old Herbert Hoover approach and get rid of all farm programs. Then the President promptly vetoed an emergency farm credit relief bill passed by the House. Now he is threatening to veto either version of the farm bill reported out by the House or the Senate Agriculture Committees.

I call on this President to stop the political sloganeering on agriculture and give us some help. Let's design a policy that tries to save the network of family farms in America. There is money enough to do it. In fact, what we're spending today would do it if we spent the money the right way.

The inattention to family farms in the administration can probably be attributed to their preoccupation with the military. We have seen this administration spending itself silly for military weapons, both at home and abroad. The Defense Department has been showered with so much money that they apparently have to buy $800 toilet seats and $7,600 coffeemakers in order to spend it all.

The administration's requests for overseas military spending have been just as lavish—while it was proposing cuts of 38 percent for agriculture and a 25-percent reduction for higher education, it was asking for a giant increase in foreign aid, primarily for military and related security aid—an incredible 100 percent increase for security aid in the past 5 years. Much of this military assistance goes to the Third World, which has been encouraged to go on a weapons buying spree over the past several years, lured by easy credit terms. This is truly a sad state of affairs, when these nations have so many other more pressing needs, including simply feeding their citizens.

A farm wife who visited my office the other day was wearing a button which summed it all up neatly. It read, "Farms, not arms."

That is exactly what we need to remember here in Congress. We can have adequate military security without overspending on fraud and waste. We can far better contribute to the security of the world by sharing our farm abundance and technical knowledge through the Food for Peace and other assistance programs, than we can by arming every nation to the teeth. And our farms themselves, as Chairman de la Garza has recognized in naming the House farm bill the Food Security Act of 1985, are, in a very real sense, a basic building block of our national security.

I have said many times that we ought to compete with the Soviet Union not in arms sales to other countries—where they can match us weapon for weapon—but in agricultural exports, where there is no contest. We all know that the Soviet Union must buy a significant amount of grain even to meet its own needs, much of it from the United States.

But it is not enough just to point out the faults of this administration on farm policy. Responsible criticism must be accompanied by ideas for change. That is why, over the past months here in Congress, I have worked in three different areas for change in our farm and foreign policy:

First, I firmly believe that we can do a better job of spending those Federal resources we have for agriculture by targeting farm program benefits to family-size farms. I introduced such a bill early in this session, and I supported the amendment sponsored by Congressmen GLICKMAN, SLATTERY, and others, which incorporated targeting as a major component. I was disappointed when that amendment lost by a narrow margin in the House yesterday. I would hope, since the Senate Agriculture Committee's farm bill does have a targeting feature, that perhaps we could achieve this in the conference committee on the farm bill.

Second, we need to explore new ways to boost our slumping agricultural exports. I believe that barter presents us with such an opportunity. Since this administration has not agreed, I am introducing an amendment which requires the Secretary of Agriculture to conduct a barter pilot program to test the workability of this idea.

Third, I have worked to freeze foreign aid at current levels, preserving needed humanitarian aid and stopping the runaway growth in security and military aid.

I urge my colleagues to keep these principles in mind as we debate the 1985 farm bill. Our family farms are truly our first line of defense. I urge President Reagan to start caring about family farms.

Mr. BRUCE. Mr. Chairman, I rise in opposition to the attempt to reduce target prices.

The Agriculture Committee went through a painful process to get a farm bill which was within the budget limits. We had to cut several important programs, but the one thing we all agreed on was that the basic farm income supports must remain in place.

Farmers are being stretched to the limit trying to cover the gap between their rising costs of production and the falling farm prices. We can't promise them that this farm bill will solve their problems. But we can give them a bill that says, "Hang in there and we'll see you through." Now some Members want to take away even that assurance. Having seen the situation of farmers from Champaign County clear down to White County at the other end of my district. I cannot go along with the attempt to lower target prices.

The economic arguments we get here in the House sometimes overlook the human picture. Last spring the University of Illinois Extension Service opened a hotline for farmers in trouble. In the first 5 days the hotline handled 200 calls. Today they continue to field calls from farmers all over Illinois. The callers ask for financial counseling, they ask for help finding jobs off the farm, they ask how they can deal with the stress they are under. The farm crisis is real, and we cannot turn our backs on farmers.

A 5-percent drop in target prices each year may not sound like much, but over 4 years that means corn farmers would lose 60 cents on each bushel of corn they produce. I can tell you right now that corn is not going to be 60 cents cheaper to produce in 1990.

The farm bill the Agriculture Committee brought to the floor provides that if the cost of production does drop, the Secretary of Agriculture may lower target prices correspondingly. I believe that this approach makes sense. We have a farm budget Congress can live with—let's pass a farm bill farmers can live with. I urge you to defeat this amendment.

Mr. ALEXANDER. Mr. Chairman, in order to facilitate debate on H.R. 2100 and accommodate Members of this body, I offer to incorporate all previous actions heretofore taken in the Committee of the Whole House on the State of the Union during the consideration of H.R. 2100, excepting only title VA as printed in the RECORD as an amendment in the nature of a substitute under provisions of House Resolution 267.

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Food Security Act of 1985".

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Sec. 1901. Short title.
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TITLE I—SUGAR

SUGAR PRICE SUPPORT

SECTION 1. Effective only for the 1986 through 1990 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 is amended by—

(1) striking out in the first sentence "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) adding at the end thereof the following:

"(i) The price of each of the 1986 through 1990 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified in this subsection. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1986 through 1990 crops. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane. Notwithstanding the foregoing provisions of this subsection, the Secretary shall consider making annual adjustments in the loan rate for each of the 1986 through 1990 crops of domestically grown sugarcane and sugar beets, based upon changes, during the period in which the two crops immediately preceding the crop for which the determination is made were produced, in such factors as inflation, costs of production as reasonably determined by the Secretary, and other circumstances that may adversely affect domestic sugar production. If the Secretary determines not to make any such adjustment in the loan rate, the Secretary's findings, decision, and supporting data shall be submitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate prior to any public announcement of the loan rate for the crop involved. The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this subsection. Loans during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

Division A—Commodity Programs

TITLE II—DAIRY

SHORT TITLE

SEC. 201. This title may be cited as the "Dairy Unity Act of 1985".

Subtitle A—Milk Price Support and Producer-Supported Dairy Diversion

LEVEL OF MILK PRICE SUPPORT FOR FISCAL YEARS 1986 THROUGH 1990; REDUCTIONS IN THE PRICE OF MILK

SEC. 211. Effective October 1, 1985, section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by—

(1) redesignating paragraphs (3), (4), (5), and (6) as paragraphs (7), (8), (9), and (10), respectively; and

(2) striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) During the fiscal years 1986 through 1990, the price of milk shall be supported as provided in this subsection.

"(2)(A) On October 1 of each of such fiscal years, the Secretary shall establish the level of price support per hundredweight of milk having 3.67 per centum of milkfat, which level of price support shall be in effect throughout the fiscal year.

"(B) Such level of price support for a fiscal year shall be an amount equal to the product of (i) the preliminary support price for the fiscal year determined in accordance with paragraph (3) and (ii) the percentage determined in accordance with paragraph (4).

"(3)(A) For the fiscal year for which the level of price support is being determined, the preliminary support price per hundredweight of milk having 3.67 per centum milkfat shall be equal to the product of—

"(i) $8.83 per hundredweight; and

"(ii) the adjusted cost of production index.

"(B)(i) For purposes of subparagraph (A)(ii), the adjusted cost of production index for the fiscal year shall be equal to—

"(I) the cost of production index; less

"(II) the product of the cost of production index and the milk productivity factor.

"(ii) For purposes of subclauses (I) and (II) of clause (i), the cost of production index for the fiscal year shall be equal to the ratio of (I) the cost of production (determined in accordance with subparagraph (C)) for the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined to (II) the cost of production (determined in accordance with subparagraph (C)) for the three-year base period consisting of calendar years 1976, 1977, and 1978.

"(iii) For purposes of clause (i)(II), the milk productivity factor for the fiscal year shall be equal to the product of 0.2 per centum per hundredweight of milk having 3.67 per centum milkfat and the difference between—

"(I) the average quantity (measured in pounds) of milk produced annually per cow during the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined; and

"(II) 11,101 pounds.

"(C) For purposes of subparagraph (B)(ii), the cost of production for milk shall be determined by the Secretary in the same manner as the cost of production for milk is determined under section 808 of the Agricultural Act of 1970, except that the cost of production for purposes of such subparagraph shall be computed on the basis of the prices for the items (other than the Consumer Price Index for All Urban Consumers), and of the proportional value of each of the items, specified in the following schedule:

"Item	Contribution to Costs of Production
Consumer Price Index for All Urban Consumers, determined by the Bureau of Labor Statistics	10 per centum
Prices received by farmers for meat animals	10 per centum
Feed (consisting of: corn, 6.5 per centum 16 per centum dairy concentrate, 25 per centum hay, 1.5 per centum)	33 per centum
Interest (consisting of: production credit association rate, 3 per centum Federal land bank rate, 5 per centum)	8 per centum
Taxes	2.5 per centum
Fuel and energy	4 per centum
Milk hauling (consisting of: automobiles and trucks, 2 per centum bulk gasoline, 0.5 per centum diesel fuel, 0.5 per centum)	3 per centum
Machinery and building repair (consisting of: non-farm wage rate, 2 per centum farm and motor supplies, 1.5 per centum building and fencing, 0.5 per centum)	4 per centum
Hired labor	7 per centum
Farm services and cash rent	8.5 per centum
Seed	1.5 per centum
Fertilizer	3 per centum
Agricultural chemicals	0.5 per centum
Tractor and self-propelled machinery	3 per centum
Other farm machinery	2 per centum

"(4) For the fiscal year for which the level of price support is being determined, the Secretary shall estimate the level of purchases of milk and the products of milk (measured in billions of pounds milk equivalent), less sales under section 407 for unrestricted use, that the Secretary would acquire under this subsection if the level of price support were equal to the preliminary support price determined under paragraph (3) for the fiscal year. For purposes of paragraph (2)(B), the level of price support for the fiscal year shall be calculated in accordance with the following schedule:

"If the Secretary estimates that the amount of such purchases (in billions of pounds milk equivalent) for the fiscal year at such preliminary support price would be—.	then for the fiscal year the level of price support shall be equal to the following percentage of such preliminary support price:	
	Not less than	Not more than
Less than 1	107.8	A percentage determined by the Secretary to be appropriate
Not less than 1 but less than 2	105.2	107.8
Not less than 2 but less than 3	102.6	105.2
Not less than 3 but less than 4	100.0	102.6
Not less than 4 but less than 5	97.4	100.0
Not less than 5 but less than 6	94.8	97.4
Not less than 6 but less than 7	92.2	94.8
Not less than 7	92.2	92.2

"(5) The price of milk shall be supported through the purchase of milk and the products of milk.

"(6)(A) During any of the fiscal years 1986 through 1990 for which a milk diversion program is in effect under paragraph (7), the Secretary shall provide for a reduction (subject only to downward adjustment by the Secretary during the fiscal year) to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use.

"(B) The amount of such reduction for a fiscal year shall be the amount per hundredweight that when multiplied by the quantity of milk so marketed is equal to the sum of—

"(i) the cost in the fiscal year, as estimated by the Secretary, of the quantity of milk and the products of milk in excess of five billion pounds (milk equivalent), less sales under section 407 for unrestricted use, required to be purchased under this subsection;

"(ii) the cost, as estimated by the Secretary, of making payments to producers who reduce marketings in the fiscal year under the milk diversion program under paragraph (7); and

"(iii) $50,000,000 in each of the fiscal years 1986 and 1987, to be deducted by the Secretary from the funds remitted under subparagraph (C) and deposited in the Dairy Research Trust Fund established by section 135 of the Dairy Production Stabilization Act of 1983.

"(C) The funds represented by the reduction in the price required under subparagraph (A) to be applied to the marketings of milk by a producer shall be collected and remitted to the Commodity Credit Corporation, at such time and in such manner as prescribed by the Secretary, by each person making payment to a producer for milk purchased from such producer, except that in the case of a producer who markets milk of the producer's own production directly to consumers, such funds shall be remitted directly to the Corporation by such producer.

"(D)(i) If the funds remitted under subparagraph (C) for any fiscal year exceed the amount of funds necessary to satisfy the requirements of subparagraph (B) for the fiscal year, the Secretary shall refund the excess funds (together with interest determined in accordance with clause (iii)), on a pro rata basis, to producers who marketed in the fiscal year milk for commercial use.

"(ii) If for any fiscal year for which a milk diversion program is in effect under paragraph (7), the level of purchases of milk or the products of milk under this subsection does not exceed 5 billion pounds (milk equivalent on a milkfat basis), less sales under section 407 for unrestricted use, the Secretary shall refund, on a pro rata basis, to producers who marketed milk in the fiscal year for commercial use an amount equal to the difference between—

"(I) the cost, as estimated by the Secretary, of purchasing 5 billion pounds (milk equivalent on a milkfat basis); and

"(II) the sum of the actual cost of purchases by the Commodity Credit Corporation under this subsection for the fiscal year, and the amount, if any, deposited in *the Dairy Research Trust Fund under subparagraph (B)(iii);*

together with interest as determined in accordance with clause (iii).

"(iii) For purposes of clauses (i) and (ii), interest shall be paid at an annual rate established under section 6621 of the Internal Revenue Code of 1954 for the period beginning forty-five days after the end of the fiscal year involved and ending on a date (to be determined by the Secretary) preceding the date of the refund check by not more than thirty days, whether or not the refund check is accepted by the producer after tender of the refund check to the producer. The acceptance of a refund check shall be without prejudice to any right of the producer to claim any additional refund or interest thereon.

"(E) The funds remitted to the Corporation under this paragraph with respect to a producer, including any funds refunded under subparagraph (D) other than interest paid, shall be considered as included in the payments to the producer for purposes of the minimum price provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.".

EXTENSION OF MILK DIVERSION PROGRAM

SEC. 212. (a) Effective October 1, 1985, paragraph (7) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(3)), as redesignated by section 211(1), is amended by—

(1) amending subparagraph (A) to read as follows:

"(7)(A)(i)(I) If for any of the fiscal years 1986 through 1990 the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed five billion pounds (milk equivalent) but will not exceed seven billion pounds (milk equivalent), the Secretary may establish and carry out under this paragraph a milk diversion program for such fiscal year.

"(II) If for any of the fiscal years 1986 through 1990 the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed seven billion pounds (milk equivalent), the Secretary shall establish and carry out under this paragraph a milk diversion program for such fiscal year.

"(III) For purposes of adjusting under this clause the estimated level of purchases of milk and the products of milk for a fiscal year, the Secretary shall deduct from such level the net amount (measured in milk equivalent) of all reductions occurring during the period beginning on June 15, 1985, and ending on the first day of such fiscal year, in the quantitative limitations in effect on June 15, 1985, under section 22 of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, with respect to milk and the products of milk imported into the United States. For purposes of determining the amount of such reductions, milk equivalent shall be determined on either a solids-not-fat or milkfat milk equivalent basis, whichever produces a higher milk equivalent.

"(IV) Notwithstanding any other provision of this clause, if the Secretary establishes a milk diversion program for fiscal year 1986 under this paragraph, the program so established shall be carried out for fiscal years 1986 and 1987. Any contract entered into with a producer under the reduced production program formulated under clause (iii) for fiscal years 1986 through 1987 shall require the producer to make an equal reduction in the marketings of milk by the producer in each of such fiscal years.

"(ii) Not later than August 1 preceding any fiscal year for which a milk diversion program may or shall be so established under this paragraph (or August 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)) the Secretary shall publish in the Federal Register—

"(I) the estimated level of purchases of milk and products of milk under this subsection (less sales under section 407 for unrestricted use) in such fiscal year if no program is carried out during the year under this paragraph (or in each of fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)); and

"(II) if a milk diversion program is to be established under this paragraph for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)), notice of the establishment of the program and a detailed description of the nature of the program.

Any milk diversion program so established shall consist of the reduced production program formulated under clause (iii) and the production termination program formulated under clause (iv). The aggregate amount of the reduction, under the milk diversion program so established, in marketings of milk in each fiscal year for which such program is in effect shall be not less than the difference between the level of purchases so estimated and 4 billion pounds (milk equivalent), unless producers decline to enter into contracts to effect such aggregate amount of reduction.

"(iii) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph, the Secretary shall formulate, not later than August 1 preceding such fiscal year, a reduced production program under which the Secretary shall offer to enter into a contract, at any time before the beginning of such fiscal year, with any producer of milk in the United States for the purpose of reducing the quantity of milk marketed by such producer for commercial use during the contract period. Such contract shall be in effect throughout such fiscal year unless such contract is terminated under subparagraph (E). Each producer of milk in the United States seeking to enter into a contract for diversion payments under this clause shall, before entering into such contract, provide the Secretary with a plan that describes the manner in which the producer intends to achieve the reduction in milk marketings that would be required under such contract, and includes an estimate by the producer of the amount of such reduction that the producer intends to achieve through increased slaughter of dairy cattle (including the approximate number of dairy cattle that will be sold for slaughter during each month of the contract). In setting the terms and conditions of such contracts, the Secretary shall take into account any adverse effect of the reductions in milk production on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(iv) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph, the Secretary also shall formulate, not later than August 1 preceding such fiscal year, a production termination program under which the Secretary may offer, at the request of a producer of milk in the United States who submits to the Secretary a bid, to enter into a contract, at any time before November 1 of such fiscal year, with the producer for the purpose of terminating the production of milk by the producer in return for a payment to be made by the Secretary. In setting the terms and conditions of each contract made under this clause, the Secretary shall take into account any adverse effect of such contract, and of all contracts made under this clause, on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(v) For any fiscal year for which a milk diversion program under this paragraph is in effect, the Secretary shall determine, before the beginning of such fiscal year, the total number of dairy cattle the Secretary estimates will be marketed for slaughter as a result of such program and shall by regulation specify marketing procedures to ensure that not more than 40 per centum of the number of such dairy cattle that the Secretary estimates will be marketed for slaughter by the producers participating in the program, in excess of the number of dairy cattle such producers would market for slaughter (based on the historical dairy cow herd culling rate) during such fiscal year in the absence of such program, will be so marketed in such fiscal year in the months of October, November, December, January, February, and September. Such procedures also shall ensure that such sales of dairy cattle for slaughter shall occur on a basis estimated by the Secretary that maintains historical marketing patterns. During such fiscal year, the Secretary shall limit the total number of dairy cattle marketed for slaughter under the program in excess of the historical dairy cow herd culling rate to no more than 7 per centum of the national dairy cow herd.".

(2) in subparagraph (B)—

(A) striking out "(B) Each such contract" and inserting in lieu thereof "(B)(i) Each contract made under the program formulated under subparagraph (A)(iii)";

(B) redesignating clauses (i), (ii), (iii), and (iv) as subclauses (I), (II), (III), and (IV), respectively; and

(C) in subclause (III), as so redesignated—

(i) striking out "after November 8, 1983" and all that follows through "unless such cattle are sold", and inserting in lieu thereof "during the period beginning August 1 immediately preceding the fiscal year for which such contract is in effect and ending on the last day of such fiscal year (or during the period beginning on August 1, 1985, and ending on September 30, 1987, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)), unless, as established by evidence satisfactory to the Secretary (including any sales contract), such cattle are sold in good faith"; and

(ii) striking out "this subsection" and inserting in lieu thereof "the program for such fiscal year";

(D) in subclause (IV), as so redesignated, striking out "this paragraph" each place it appears and inserting in lieu thereof "the contract"; and

(E) adding at the end thereof the following:

"(ii) Each contract made under this program formulated under subparagraph (A)(iv) shall provide that—

"(I) the producer shall sell for slaughter or for export all the dairy cattle in which such producer owns an interest;

"(II) during a period of three, four, or five years specified by the Secretary and beginning on the day the producer completes compliance with subclause (I), the producer shall neither acquire any interest in the production of milk nor acquire, or make available to any person, any milk production capacity of a facility that becomes available because of compliance by any producer with such subclause; and

"(III) if the producer fails to comply with such contract, the producer shall repay to the Secretary the entire payment received under the contract, including simple interest payable at a rate prescribed by the Secretary, which shall, to the extent practicable, reflect the cost to the Corporation of its borrowings from the Treasury of the United States, commencing on the date payment is first received under such contract.";

(3) striking out "this paragraph" in subparagraph (C) and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(4) in subparagraph (D)—

(A) in clause (i)—

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction";

(ii) inserting "in such fiscal year;" after "marketed" the first place it appears; and

(iii) striking out "the producer has entered into under this paragraph" in subclause (I);

(B) in clause (ii)—

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction"; and

(ii) striking out "the producer has entered into under this paragraph" in subclause (I); and

(C) in clause (iii), striking out "as of the date of enactment of the Dairy Production Stabilization Act of 1983" and inserting in lieu thereof "throughout the fifteen-month period ending on October 1 of the fiscal year for which such contract is in effect (or ending on October 1, 1985, in the case of a program carried out under subparagraph (A)(i)(IV) for fiscal years 1986 and 1987)";

(5) in subparagraph (E)—

(A) in the first sentence—

(i) inserting "before November 1 of a fiscal year (or November 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)) and" after "The Secretary may,";

(ii) inserting "for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV))" after "this paragraph" the first place it appears;

(iii) in clause (i), striking out "there would be an excessive reduction in the level of milk production in the United States" and inserting in lieu thereof "the level of milk marketings in the United States would be reduced in excess of the aggregate amount of the reduction required by subparagraph (A)(ii)";

(iv) striking out "under this paragraph" each place it appears and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(v) striking out "dairy cattle,"; and

(B) striking out "reduce" in the third sentence and inserting in lieu thereof "lessen"; and

(C) adding at the end thereof the following:

"In acting to lessen the required reduction in milk marketings among all contracts made under the program formulated under subparagraph (A)(iii), the Secretary may apportion changes in the reduction among contracts so as to give preference to any small- or medium-sized producer who requests that the producer's reduction not be lessened. A producer who enters into a contract under subparagraph (A)(iii) may terminate such contract if the Secretary modifies such contract under this subparagraph and if such producer gives written notice of such termination, and returns any payment received under such contract, to the Secretary not later than December 1 of the fiscal year for which such contract is made (or December 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)).";

(6) striking out the second sentence in subparagraph (F) and inserting in lieu thereof the following:

"The marketing history, as established by the Secretary, of such producer shall be as follows:

"(i) Except as provided in clause (ii) and clause (iii), the marketing history of the producer shall be the marketings of milk by the producer for commercial use during the one-year period ending on June 30 immediately preceding the fiscal year for which the contract is sought.

"(ii) Except as provided in clause (iii), if the producer participated in a reduced production milk diversion program under this paragraph in effect for the fiscal year preceding the fiscal year for which the marketing history of the producer is being determined, the marketing history shall be the marketing history of the producer for the diversion program for the preceding fiscal year.

"(iii) If a reduced production milk diversion program is in effect under this paragraph for fiscal years 1986 and 1987, and if the producer participated in the milk diversion program carried out under paragraph (3) of this subsection as in effect on September 30, 1985, the marketing history of the producer for each of fiscal years 1986 and 1987 shall be, at the option of the producer—

"(I) the marketings of milk by the producer for commercial use during calendar year 1982, increased by 2.2 per centum; or

"(II) the average annual marketings of milk by the producer during calendar years 1981 and 1982, increased by 2.2 per centum.".

(7) in subparagraph (G), striking out "after December 31, 1982" and inserting in lieu thereof "in the fifteen-month period ending on October 1 of the fiscal year (or October 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)) for which the producer is seeking to enter into a contract for diversion payments under this paragraph".

(8) inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" in subparagraph (I) after "diversion payments";

(9) in subparagraph (J)—

(A) in clause (i), inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" after "diversion payments" the first place it appears; and

(B) in clause (ii), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(10) in subparagraph (L), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)"; and

(11) striking out "paragraph (2)" in subparagraph (N) and inserting in lieu thereof "paragraph (6)".

(b) Effective October 1, 1985, paragraph (9)(B) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(5)(B)), as so redesignated by section 212(1), is amended by—

(1) striking out "paragraph (2)" and inserting in lieu thereof "paragraph (6)";

(2) striking out "paragraph (2)(B)" and inserting in lieu thereof "paragraph (6)(C)";

(3) striking out "paragraph (3)" and inserting in lieu thereof "paragraph (7)";

(4) inserting "(i)" after "(B)"; and

(5) adding at the end thereof the following:

"(ii) Each person who buys, from a producer with respect to whom there is in effect at the time of such sale a contract entered into under paragraph (7), one or more dairy cattle sold for slaughter, who knows that such cattle are sold for slaughter, and who fails to cause the slaughter of such cattle within a reasonable time after receiving such cattle shall be liable for a civil penalty of not more than $5,000 with respect to each of such cattle.".

(c) Paragraph (10) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(6)), as so redesignated by section 212(1), is amended by striking out "paragraphs (2) and (3)" and inserting in lieu thereof "paragraphs (6) and (7)".

(d) Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out "The price" and inserting in lieu thereof "Except as provided in subsection (d), the price".

(e) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by adding at the end thereof the following:

"(11) The Secretary shall carry out this subsection through the Commodity Credit Corporation.".

(f) Notwithstanding section 201(d)(7) of the Agricultural Act of 1949, as added by this title, the Secretary of Agriculture—

(1) shall establish a milk diversion program, and publish the information required by such section, not later than 30 days after the date of the enactment of this Act; and

(2) shall offer to enter into contracts under such program with producers until 60 days after the date of the enactment of this Act;

if a milk diversion program is to be in effect for fiscal year 1986 and if this Act is enacted after August 1, 1985.

APPLICATION OF AMENDMENTS

SEC. 213. The amendments made by this subtitle shall not affect any liability of any person under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as in effect before October 1, 1985.

AVOIDANCE OF ADVERSE EFFECT OF DAIRY DIVERSION PROGRAM ON BEEF, PORK, AND LAMB PRODUCERS

SEC. 214. To minimize the adverse effect of the milk diversion program on beef, pork, and lamb producers in the United States during any fiscal year for which a milk diversion program is in effect under section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)), in such fiscal year—

(1) the Secretary of Agriculture shall use funds available for the purposes of clause (2)

of section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes" (7 U.S.C. 612c), approved August 14, 1935, including the contingency funds appropriated under such section 32, and other funds available to the Secretary under the commodity distribution and other nutrition programs of the Department of Agriculture, and including funds available through the Commodity Credit Corporation, to purchase and distribute two hundred million pounds of red meat in addition to those quantities normally purchased and distributed by the Secretary;

(2) the Secretary of Defense and other Federal agencies, to the maximum extent practicable, shall use increased quantities of red meat to meet the food needs of the programs that they administer, and State agencies are encouraged to cooperate in such effort; and

(3) the Secretary of Agriculture shall encourage the consumption of red meat by the public.

STUDY RELATING TO CASEIN

SEC. 215. The Secretary of Agriculture shall conduct a study to determine whether imports of casein tend to interfere with or render ineffective the milk price support program of the Department of Agriculture. Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

CONGRESSIONAL EVALUATION OF THE COST OF PRODUCTION SCHEDULE

SEC. 216. It is the sense of Congress that two years after the date of the enactment of this Act the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate should—

(1) determine the value of each of the items specified in the schedule established in section 201(d)(3)(C) of the Agricultural Act of 1949, and the contribution of each of such items to the cost of production referred to in such section, in order to assess the effect of each of such items on the cost of production index and the level of price support for milk determined under section 201(d) of such Act; and

(2) assess the effect of such index on the operation of the milk diversion program provided for in section 201(d)(7) of such Act.

Subtitle B—Dairy Research and Promotion

NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

SEC. 221. Effective October 1, 1985, the Dairy Production Stabilization Act of 1983 (7 U.S.C. 1421 note, et seq.) is amended by adding at the end thereof the following:

"Subtitle C—Dairy Research Program

"DEFINITIONS

"SEC. 130. For purposes of this subtitle—

"(1) the term 'board' means the board of trustees of the Institute;

"(2) the term 'Department' means the Department of Agriculture;

"(3) the term 'dairy products' means manufactured products that are derived from the processing of milk, and includes fluid milk products;

"(4) the term 'fluid milk products' means those milk products normally consumed in liquid form as a beverage;

"(5) the term 'Fund' means the Dairy Research Trust Fund established by section 135;

"(6) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(7) the term 'importer' means a person who imports any dairy product into the United States for commercial use;

"(8) the term 'Institute' means the National Dairy Research Endowment Institute established by section 131;

"(9) the term 'milk' means any class of cow's milk marketed in the United States;

"(10) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(11) the term 'producer' means any person engaged in the production of milk for commercial use;

"(12) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of milk and dairy products, and other related efforts to expand demand for milk and dairy products;

"(13) the term 'Secretary' means the Secretary of Agriculture unless the context specifies otherwise; and

"(14) the term 'United States' means the several States and the territories and possessions of the United States, except that for purposes of sections 131, 133(a), and 136, and paragraphs (6), (7), and (9) of this section, such term means the forty-eight contiguous States in the continental United States.

"ESTABLISHMENT OF NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

"SEC. 131. There is hereby established in the Department of Agriculture a National Dairy Research Endowment Institute whose function shall be to aid the dairy industry through the implementation of the dairy products research order, which its board of trustees shall administer, and the use of monies made available to its board of trustees from the Dairy Research Trust Fund to implement the order. In implementing the order, the Institute shall provide a permanent system for funding scientific research activities designed to facilitate the expansion of markets for milk and dairy products marketed in the United States. The Institute shall be headed by a board of trustees composed of the members of the National Dairy Promotion and Research Board. The board may appoint from among its members an executive committee whose membership, other than importers, shall reflect equally each of the different regions in the United States in which milk is produced. The executive committee shall have such duties and powers as are delegated to it by the board. The members of the board shall serve without compensation. While away from their homes or regular places of business in the performance of services for the board, members of the board shall be allowed reasonable travel expenses, including a per diem allowance in lieu of subsistence, as recommended by the board and approved by the Secretary, except that there shall be no duplication of payment for such expenses.

"ISSUANCE OF ORDER

"SEC. 132. (a) After the effective date of this subtitle and not later than thirty days after receipt of a proposed dairy products research order, the Secretary shall publish such proposed order in the Federal Register and shall give notice and reasonable opportunity for public comment on such proposed order. Such proposed order may be submitted by an organization certified under section 114 or by any interested person affected by the provisions of subtitle B.

"(b) After the Secretary complies with the requirements of subsection (a), the Secretary shall issue a dairy products research order. The order shall become effective not later than ninety days after publication in the Federal Register of the proposed order.

"(c) The Secretary may amend, from time to time, the dairy products research order issued under subsection (b).

"REQUIRED TERMS OF ORDER; AGREEMENTS UNDER ORDER; RECORDS

"SEC. 133. (a) The dairy products research order issued under section 132(b) shall—

"(1) provide for the establishment and administration, by the Institute, of appropriate scientific research activities designed to facilitate the expansion of markets for dairy products marketed in the United States;

"(2) specify the powers of the board, including the powers to—

"(A) receive and evaluate, or on its own initiative develop and budget for, research plans or projects designed to—

"(i) increase the knowledge of human nutritional needs and the relationship of milk and dairy products to these needs;

"(ii) improve dairy processing technologies, particularly those appropriate to small- and medium-sized family farms;

"(iii) develop new dairy products; and

"(iv) appraise the effect of such research on the marketing of dairy products;

"(B) make recommendations to the Secretary regarding such plans and projects;

"(C) administer the order in accordance with its terms and provisions;

"(D) make rules and regulations to effectuate the terms and provisions of the order;

"(E) receive, investigate, and report to the Secretary complaints of violations of the order;

"(F) recommend to the Secretary amendments to the order;

"(G) enter into agreements, with the approval of the Secretary, for the conduct of activities authorized under the order and for payment of the cost of such activities with any monies in the Fund other than monies deposited in the Fund by the Secretary;

"(H) with the approval of the Secretary, establish advisory committees composed of individuals other than members of the board, and pay the necessary and reasonable expenses and fees of the members of such committees; and

"(I) with the approval of the Secretary, appoint or employ such persons, other than members of the board, as the board deems necessary and define the duties and determine the compensation of each;

"(3) specify the duties of the board, including the duties to—

"(A) develop, and submit to the Secretary for approval before implementation, any research plan or project to be carried out under this subtitle;

"(B) submit to the Secretary for approval budgets, on a fiscal year basis, of the board's anticipated expenses and disbursements in the administration of the order, including projected costs of carrying out dairy products research plans and projects;

"(C) prepare and make public, at least annually, a report of the board's activities and an accounting for funds received and expended by the board;

"(D) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

"(E) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(F) account for the receipt and disbursement of all funds entrusted to the board;

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"(4) prohibit any monies received under this subtitle by the board to be used in any manner for the purpose of influencing governmental policy or actions, except as provided in paragraph (2)(F);

"(5) during fiscal years 1986 and 1987, require each importer to pay, in the manner prescribed by the order, an assessment to the Secretary, at a rate determined by the Secretary from time to time under subsection (d) and based on the number of hundredweights of milk having 3.67 percent milkfat contained in the quantity of dairy products imported into the United States in such fiscal years for commercial use by such importer; and

"(6) require that each person receiving milk from producers for commercial use, any person marketing milk of that person's own production directly to consumers, and each importer maintain and make available for inspection by the Secretary such books and records as may be required by the order and file with the Secretary reports at the time, in the manner, and having the content prescribed by the order.

"(b) Any agreement made under subsection (a)(2)(G) shall provide that—

"(1) the person with whom such agreement is made shall develop and submit to the board a research plan or project together with a budget that shows estimated costs to be incurred to carry out such plan or project;

"(2) such plan or project shall become effective on the approval of the Secretary; and

"(3) such person shall keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the board of activities conducted to carry out such plan or project, and submit such other reports as the Secretary or the board may require.

"(c)(1) Information, books, and records made available to, and reports filed with, the Secretary under subsection (a)(6) shall be kept confidential by all officers and employees of the Department, except that such information, books, records, and reports as the Secretary deems relevant may be disclosed by such officers and employees in any suit or administrative proceeding that is brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, and that involves the order issued under section 132(b).

"(2) Paragraph (1) shall not be construed to prohibit—

"(A) the issuance of general statements, based on such information, books, records, and reports, of the number of persons subject to the order or of statistical data collected from such persons if such statements do not specifically identify the data furnished by any one of such persons; or

"(B) the publication, at the direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"(3) No information obtained under the authority of this section may be made available to any agency, officer, or employee of the United States for any purpose other than the implementation of this subtitle and any investigatory or enforcement action necessary to implement this subtitle. Any person who violates this paragraph, on conviction, shall be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and, if such person is employed by the board or the Department, shall be terminated from such employment.

"(d) The rate of the assessment per hundredweight of milk required to be paid under an order issued under section 132(b) by importers shall be equal to that part of the amount of any reduction in the price per hundredweight received by producers for milk, in effect under section 201(d)(6)(B) of the Agricultural Act of 1949, that is attributable to satisfying the requirement of clause (iii) of section 201(d)(6)(B).

"PETITION AND REVIEW; ENFORCEMENT; INVESTIGATIONS

"SEC. 134. The provisions of sections 118, 119, and 120 shall apply, except when inconsistent with this subtitle, to the Institute, the board, the persons subject to the order issued under section 132(b), the jurisdiction of district courts of the United States, and the authority of the Secretary under this subtitle in the same manner as such sections apply with respect to subtitle B.

"DAIRY RESEARCH TRUST FUND

"SEC. 135. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the 'Dairy Research Trust Fund'.

"(b)(1) Monies shall be deposited in the Fund by the Secretary in accordance with section 201(d)(6)(B)(iii) of the Agricultural Act of 1949. The Secretary shall also deposit in the Fund monies received under section 133(a)(5) from importers.

"(2) If no monies are so deposited for a fiscal year in accordance with section 201(d)(6)(B)(iii), then the Secretary shall transfer from monies available to the Commodity Credit Corporation, and deposit in the Fund, $50,000,000 for such fiscal year.

"(3) Monies deposited in the Fund under paragraph (1) or (2) shall be invested by the Secretary of the Treasury in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States. Interest, dividends, and other payments that accrue from such investments shall be deposited in the Fund and also shall be so invested, subject to subsection (c).

"(c) Monies in the Fund, other than monies deposited or transferred under paragraph (1) or (2) of subsection (b), shall be available to the board, in such amounts, and for such activities authorized by this subtitle, as the Secretary may approve.

"TERMINATION OF ORDER, INSTITUTE, AND FUND

"SEC. 136. (a) After September 30, 1991, the Secretary, whenever the Secretary finds that the order issued under this subtitle or any provision of such order obstructs or does not tend to facilitate the expansion of markets for milk and dairy products marketed in the United States, shall terminate or suspend the operation of the order or such provision.

"(b) If the Secretary terminates the order, the Institute shall be dissolved 180 days after the termination of the order.

"(c) If the Institute is dissolved for any reason, the monies remaining in the Fund shall be disposed of as shall be agreed to by the board and the Secretary.

"ADDITIONAL AUTHORITY

"SEC. 137. (a) No provision of this subtitle shall be construed to preempt or supersede any other program relating to milk or dairy products research organized and operated under the laws of the United States or any State.

"(b) The provisions of this subtitle applicable to the order issued under section 132(b) shall be applicable to any amendment to the order.".

DAIRY PROMOTION PROGRAM

SEC. 222. (a) Section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended by inserting "and dairy products imported into" after "produced in" each place it appears.

(b) Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended by—

(1) redesignating paragraphs (a) through (f) as paragraphs (1) through (6), respectively,

(2) redesignating paragraphs (g) through (l) as paragraphs (9) through (14), respectively; and

(3) inserting after paragraph (6), as so redesignated, the following new paragraphs:

"(7) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(8) the term 'importer' means a person who imports any dairy product into the United States for commercial use;".

(c) Section 113 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504) is amended by—

(1) in subsection (b)—

(A) in the first sentence, striking out "thirty-six" and inserting in lieu thereof "thirty-seven";

(B) in the second sentence, striking out "Members" and inserting in lieu thereof "Except as provided in the following sentence, members";

(C) in the third sentence, striking out "such" and inserting in lieu thereof "producer"; and

(D) inserting after the second sentence the following:

"One or more members of the Board shall be importers appointed by the Secretary from nominations submitted by importers in the manner authorized by the Secretary. The number of importers to be appointed to the Board shall be determined by the Secretary on a proportional basis, taking into account the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use during a representative period, except that not fewer than one importer shall be appointed to the Board.";

(2) in subsection (g)—

(A) inserting after the first sentence the following:

"The order shall also provide that each importer shall remit to the Board, in the manner prescribed by the Board, an assessment based on the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use by such importer."; and

(B) in the third sentence, inserting ", in the case of dairy products other than milk," after "or"; and

(3) in the first sentence of subsection (k), striking out "farmers for commercial use" and inserting in lieu thereof "producers for commercial use, each importer".

(d) Section 116(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4507(b)) is amended by—

(1) inserting "and importers" after "producers" each place it appears; and

(2) in the last sentence, inserting ", or the importation of dairy products into the United States," after "the production of milk".

(e) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C—Milk Marketing Orders

MINIMUM ADJUSTMENTS TO PRICES FOR FLUID MILK UNDER MARKETING ORDERS

SEC. 231. (a) Section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following: "Throughout the 2-year period beginning on the effective date of this sentence (and subsequent to such 2-year period unless modified by amendment to the order involved), the minimum aggregate amount of the adjustments, under clauses (1) and (2) of the preceding sentence, to prices for milk of the highest use classification under orders that are in effect under this section on the date of the enactment of the Dairy Unity Act of 1985 shall be as follows:

"Marketing Area Subject to Order	Minimum Aggregate Amount of Such Adjustments Per Hundredweight of Milk Having 3.5 Per Centum Milkfat
New England	3.24
New York-New Jersey	3.14
Middle Atlantic	3.03
Georgia	3.08
Alabama-West Florida	3.08
Upper Florida	3.58
Tampa Bay	3.88
Southeastern Florida	4.18
Michigan Upper Peninsula	1.35
Southern Michigan	1.75
Eastern Ohio-Western Pennsylvania	1.95
Ohio Valley	2.04
Indiana	2.00
Chicago Regional	1.40
Central Illinois	1.61
Southern Illinois	1.92
Louisville-Lexington-Evansville	2.11
Upper Midwest	1.20
Eastern South Dakota	1.50
Black Hills, South Dakota	2.05
Iowa	1.55
Nebraska-Western Iowa	1.75
Greater Kansas City	1.92
Tennessee Valley	2.77
Nashville, Tennessee	2.52
Paducah, Kentucky	2.39
Memphis, Tennessee	2.77
Central Arkansas	2.77
Fort Smith, Arkansas	2.77
Southwest Plains	2.77
Texas Panhandle	2.49
Lubbock-Plainview, Texas	2.49
Texas	3.28
Greater Louisiana	3.28
New Orleans-Mississippi	3.85
Eastern Colorado	2.73
Western Colorado	2.00
Southwestern Idaho-Eastern Oregon	1.50
Great Basin	1.90
Lake Mead	1.60
Central Arizona	2.52
Rio Grande Valley	2.35
Puget Sound-Inland	1.85
Oregon-Washington	1.95

Effective at the beginning of such two-year period, the minimum prices for milk of the highest use classification shall be adjusted for the locations at which delivery of such milk is made to such handlers.".

(b) The amendment made by this section shall take effect on the first day of the first month beginning more than 120 days after the date of the enactment of this Act.

ADJUSTMENTS FOR SEASONAL PRODUCTION; HEARINGS ON AMENDMENTS; DETERMINATION OF MILK PRICES

SEC. 232. Effective October 1, 1985, section 101(b) of the Agriculture and Food Act of 1981 (7 U.S.C. 608c note) is amended by striking out "1985" and inserting in lieu thereof "1990".

COOPERATIVE ASSOCIATION REPRESENTATION

SEC. 233. Effective October 1, 1985, the second sentence of section 8c(17) of the Agricultural Adjustment Act (7 U.S.C. 608c(17)), as added by section 101 of the Agriculture and Food Act of 1981 and made effective for the period beginning January 1, 1986, and ending December 31, 1990 under section 132, is amended by striking out "not".

MARKETWIDE SERVICE PAYMENTS

SEC. 234. Effective October 1, 1985, section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end thereof the following:

"(J) Providing for the payment, from the total sums payable by all handlers for milk (irrespective of the use classification of such milk) and before computing uniform prices under paragraph (A) and making adjustments in payments under paragraph (C), to handlers that are cooperative marketing associations described in paragraph (F) and to handlers with respect to which adjustments in payments are made under paragraph (C), for services of marketwide benefit, including but not limited to—

"(i) providing facilities to furnish additional supplies of milk needed by handlers and to handle and dispose of milk supplies in excess of quantities needed by handlers;

"(ii) handling on specific days quantities of milk that exceed the quantities needed by handlers; and

"(iii) transporting milk from one location to another for the purpose of fulfilling requirements for milk of a higher use classification or for providing a market outlet for milk of any use classification.".

STATUS OF PRODUCER HANDLERS

SEC. 235. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall be the same after the amendments made by this title take effect as it was before the effective date of such amendments.

Subtitle D—National Commission on Dairy Policy

FINDINGS AND DECLARATION OF POLICY

SEC. 241. (a) Congress finds that—

(1) the Federal program established to support the price of milk marketed by producers in the United States was created to provide price and income protection for milk producers as well as to assure consumers of an adequate supply of milk and dairy products at reasonable prices;

(2) the milk production industry in the United States is composed primarily of small- and medium-sized family farm operations;

(3) consumers in the United States benefit financially from a milk price support program that prohibits large fluctuations in the price and supply of milk and dairy products;

(4) consumers in the United States also benefit financially from the current structure of the domestic milk production industry; and

(5) the Office of Technology Assessment, in its report entitled "Technology, Public Policy, and the Changing Structure of American Agriculture", found that larger milk production operations already enjoy a major advantage in the production of milk and that, under current Federal policy, the development and use of new technologies will permit a continued trend toward fewer and larger milk production operations throughout the country.

(b) It is hereby declared to be the policy of Congress to respond to the development of new technologies in the domestic milk production industry by reviewing the present milk price support program and its alternatives, and by adopting such policies as are needed to prevent significant surplus production in the future while ensuring that the current small- and medium-sized family farm structure of such industry will be preserved for new generations of producers and consumers alike.

ESTABLISHMENT OF COMMISSION

SEC. 242. (a) There is hereby established in the executive branch a National Commission on Dairy Policy, which shall study and make recommendations concerning the future operation of the Federal program established to support the price of milk marketed by producers in the United States.

(b) The Commission shall be composed of eighteen members who are engaged in the commercial production of milk in the United States, to be appointed by the Secretary of Agriculture. Not fewer than twelve members shall be appointed from nominations submitted to the Secretary by the following Members of Congress, after consultation with the other Members of Congress who sit on the specified committee of the respective House of Congress:

(1) The Chairman of the Committee on Agriculture of the House of Representatives.

(2) The ranking minority member of the Committee on Agriculture of the House of Representatives.

(3) The Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(4) The ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Each such Member of Congress shall make not fewer than eighteen such nominations for appointment to the Commission, but not more than two such nominations for any particular vacancy on the Commission. The Secretary shall appoint not fewer than three individuals from among the nominations submitted by each such Member of Congress. Each member of the Commission shall represent a milk-producing region of the United States. A region may be made up of more than one State and may be represented by more than one member of the Commission. In making such appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of milk production volume throughout the United States. In determining geographical representation, whole States shall be considered as a unit.

(c) A vacancy on the Commission shall be filled in the manner in which the original appointment was made.

(d) The Commission shall elect a chairman from among the members of the Commission.

(e) The Commission shall meet at the call of the chairman or a majority of the members of the Commission.

STUDY AND RECOMMENDATIONS

SEC. 243. (a) The National Commission on Dairy Policy shall study—

(1) the current Federal price support program for milk;

(2) alternatives to such program;

(3) the future functioning of such program;

(4) new technologies that will become a part of the milk production industry before the end of this century;

(5) the effect that developing technologies will have on surplus milk production; and

(6) the future structure of the milk production industry.

In conducting such study, the Commission shall consider, among other things, how effective the current Federal price support program for milk will be in preventing significant surpluses of dairy products in the future, how well such program will respond to the challenges to the family farm structure of the milk production industry created by developing technologies, and whether or not a better response to those challenges could be achieved through modifications or revisions of current Federal policy.

(b) On the basis of its study, the Commission shall make findings and develop recommendations for consideration by the Secretary of Agriculture and Congress with respect to the future operation of the Federal price support program for milk.

(c) The Commission shall submit to the Secretary of Agriculture and Congress, not later than March 31, 1987, a report containing the results of its study and recommendations based on such results.

ADMINISTRATION

SEC. 244. (a) The heads of executive agencies, the General Accounting Office, the Office of Technology Assessment, and the Congressional Budget Office, to the extent permitted by law, shall provide to the National Commission on Dairy Policy such information as the Commission may require to carry out its duties and functions.

(b) Members of the Commission shall serve without compensation for work on the Commission. While away from their homes or regular places of business in the performance of duties of the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service under section 5703 of title 5 of the United States Code.

(c) To the extent there are sufficient funds available to the Commission in advance under section 245, and subject to such rules as may be adopted by the Commission, the Commission, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, may—

(1) appoint and fix the compensation of a director; and

(2) appoint and fix the compensation of such additional personnel as the Commission determines necessary to assist it to carry out its duties and functions.

(d) On the request of the Commission, the heads of executive agencies, the General Accounting Office, and the Office of Technology Assessment may furnish the Commission with such personnel and support services as the head of the agency or office, and the chairman of the Commission agree are necessary to assist the Commission to carry out its duties and functions. The Commission shall not be required to pay or reimburse any agency or office for personnel and support services provided under this subsection.

(e) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act (5 U.S.C. App.).

(f) The Commission shall be exempt from the requirements of sections 4301 through 4305 of title 5 of the United States Code.

FINANCIAL SUPPORT

SEC. 245. (a) Following the appointment or designation of the members of the National Commission on Export Policy, notwithstanding the provisions of section 1342 of title 31 of the United States Code, the Secretary of Agriculture may receive on behalf of the Commission, from persons, groups, and entities within the United States, contributions of money and services to assist the Commission to carry out its duties and functions. Any money contributed under this section shall be made available to the Commission to carry out this subtitle. In no event may the Secretary accept an aggregate amount of contributions from any one person, group, or entity exceeding 10 percent of the budget of the Commission.

(b) If the contributions under subsection (a) are insufficient to carry out this subtitle, the Secretary of Agriculture may transfer to the Commission, from funds available to the Commodity Credit Corporation, an amount not to exceed $1,000,000 to carry out this subtitle.

TERMINATION OF COMMISSION

SEC. 246. The National Commission on Dairy Policy shall cease to exist thirty days following the submission of its report to the Secretary of Agriculture and Congress.

Subtitle E—Miscellaneous

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

SEC. 251. Subsections (a) and (b) of section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a) are each amended by striking out "1985" and inserting in lieu thereof "1990".

EXTENSION OF THE DAIRY INDEMNITY PROGRAM

SEC. 252. Section 3 of the Act entitled "An Act to provide indemnity payments to dairy farmers" (7 U.S.C. 4501), approved August 13, 1968, is amended by striking out "1985" and inserting in lieu thereof "1990".

TITLE III—WOOL AND MOHAIR

EXTENSION OF PRICE SUPPORT PROGRAM

SEC. 301. Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by—

(1) striking out "1985" in subsection (a) and inserting in lieu thereof "1990"; and

(2) striking out "1985" in subsection (b) and inserting in lieu thereof "1990".

FOREIGN PROMOTION PROGRAMS

SEC. 302. The second sentence of section 708 of the National Wool Act of 1954 (7 U.S.C. 1787) is amended by striking out "mohair or goats" and inserting in lieu thereof "wool, mohair, sheep, or goats".

TITLE IV—WHEAT

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION FOR THE 1986 THROUGH 1990 CROPS OF WHEAT

SEC. 401. Effective only for the 1986 through 1990 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following:

"SEC. 107D. Notwithstanding any other provision of law—

"(a)(1) For any crop of wheat for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of wheat as provided in this subsection.

"(2) Unless the Secretary, at the Secretary's discretion, makes available loans to producers under paragraph (3) for a crop of wheat, the Secretary shall make available to producers on each farm loans and purchases for each of the 1986 through 1990 crops of wheat for an amount of wheat of such crop produced on the farm equal to the acreage on the farm planted to wheat for harvest times the farm's program yield for the crop. Loans and purchases under this paragraph shall be made available during each of the five marketing years for such crops of wheat, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined prior to any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of wheat received by producers in the previous marketing year (including the marketing year for the 1985 crop of wheat) was not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, or (B) that the loan level computed under the foregoing provisions would discourage the exportation of wheat and cause excessive stocks of wheat in the United States, the Secretary may reduce the level of loans and purchases for wheat for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(3)(A) The Secretary may make available recourse loans to producers during each of the five marketing years for wheat, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the *foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this paragraph shall be 270 days.*

"(B) A producer may repay a loan made under subparagraph (A) at a level, per bushel, that is the lesser of—

"(i) the original loan level; or

"(ii) at any time through the maturity date of the loan that the producer redeems the wheat under loan—

"(I) the then current State monthly weighted average market price (per bushel) for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(II) the then current State weekly or daily weighted average market price (per bushel) for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers.

"(b)(1)(A)(i) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of wheat for which a national marketing certificate program is not in effect under title V in an amount computed as provided in this paragraph. Payments for any crop of wheat shall be computed by multiplying (I) the payment rate, by (II) the farm program acreage for the crop, by (III) the farm's program yield for the crop.

"(ii) Whenever an acreage limitation program is in effect for a crop of wheat, if producers on a farm devote a portion of the farm's permitted wheat acreage (as determined under subsection (e)(2)) equal to more than 5 per centum of the farm's wheat crop acreage base for the crop to conservation uses or nonprogram crops, such portion of the wheat permitted acreage in excess of 5 per centum of the base devoted to conservation uses or nonprogram crops shall be considered as part of the farm's wheat program acreage and the producers shall be eligible for payments under this paragraph on such acreage, subject to the producers' compliance with the next sentence. To be eligible for payments under the preceding sentence, the producers on the farm must actually plant wheat for harvest on at least 50 per centum of the farm's wheat crop acreage base. The farm's wheat crop acreage base and wheat program yield shall not be reduced due to the fact that such portion of the farm's permitted acreage was devoted to conserving uses or nonprogram crops.

"(iii) Other than as provided in clause (ii), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for a crop of wheat shall be the amount by which the established price for the crop of wheat (less 13 cents per bushel if the Secretary establishes a wheat export certificate program for the crop under section 107F(a)) exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a), prior to any adjustment made under the fourth sentence in subsection (a)(2) for the marketing year for such crop of wheat.

"(C) The established price for the 1986 and 1987 crops of wheat shall be $4.38 per bushel, and for each of the 1988, 1989, and 1990 crops of wheat shall be a price determined by the Secretary that is not less than 110 per centum nor more than 125 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the marketing years for the immediately preceding five crops, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period. The established price for a crop of wheat may not be established under the foregoing formula at a level that is less than 95 per centum of the established price for the preceding crop of wheat, nor may the Secretary set the established price for the 1988, 1989, and 1990 crop of wheat at a level less than the level for the preceding crop of wheat unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the costs of production for such crop of wheat for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of wheat for all producers. The simple average market price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(D)(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat in accordance with the fourth sentence of subsection (a)(2), the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

"(ii) In determining the payment rate, per bushel, for established price payments for a crop of wheat under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of wheat, received by farmers during the marketing year for such crop, as determined by the Secretary.

"(iii) Any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(E) The total quantity of wheat on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(2)(A) Except as otherwise provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm's program yield for wheat established by the Secretary for such crop times a payment rate equal to 33⅓ per centum of the established price for the crop. Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of wheat held by the Commodity Credit Corporation.

"(B) Except as otherwise provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm's program yield for wheat established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C), the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as a result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of wheat. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that for the 1986 crop, the proclamation shall be made as soon as practicable after the date of the enactment of the Food Security Act of 1985. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) if

the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the wheat program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event may the allocation factor for any crop of wheat be more than 100 per centum nor less than 80 per centum.

"(C) Except as provided in subsection (e)(2), the individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to wheat for harvest from the wheat crop acreage base established for the farm for the crop under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to wheat for harvest is less than the wheat crop acreage base established for the farm for the crop under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The program yields for farms for each crop of wheat shall be determined under title VI.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B), the Secretary may provide for any crop of wheat, either a program under which the acreage planted to wheat would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any wheat acreage limitation program or set-aside program under this subsection not later than July 1 prior to the calendar year in which the crop is harvested, and the Secretary may make appropriate adjustments in such announcement for the wheat acreage limitation program or the set-aside program not later than July 31 prior to the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement. Notwithstanding the preceding sentence, the Secretary shall announce the wheat acreage limitation program for the 1986 crop under subparagraph (B) as soon as practicable after the date of the enactment of the Food Security Act of 1985.

"(B)(i) For the 1986 crop of wheat the Secretary shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by a total of 30 per centum, except that, for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop, the Secretary shall provide for a combination of (I) an acreage limitation program, and (II) a paid diversion program, as described in paragraph (5), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by 20 per centum under the acreage limitation program and by an additional 10 per centum under the paid diversion program.

"(ii) With respect to any of the 1987 through 1990 crops of wheat, if the Secretary estimates, not later than July 1 of the year prior to the calendar year in which the crop is harvested, that the quantity of wheat on hand in the United States on the first day of the marketing year for that crop (not including any quantity of wheat of that crop) will exceed 800,000,000 bushels, the Secretary (I) shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 20 per centum, and (II) may provide for a paid diversion program, as described in paragraph (5), or an additional acreage limitation for any desired reduction in planted acreage in excess of 20 per centum of the wheat crop acreage base for the farm.

"(iii) As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program.

"(2) If a wheat acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the wheat crop acreage base for the crop for each wheat-producing farm. Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. Wheat crop acreage bases for each crop of wheat shall be determined under title VI. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to wheat by (B) the number of acres authorized to be planted to wheat under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (c) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (b)(1)(A)(ii), the individual farm program acreage shall be the acreage on the farm planted to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1), as a condition of eligibility for loans, purchases, and payments for wheat authorized by this Act, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. In determining the amount of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers,

the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(B) Notwithstanding the foregoing provisions of this paragraph, the Secretary shall implement a land diversion program for the 1986 crop of wheat as provided in subsection (e)(1)(B)(i) (for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop) under which the Secretary shall make crop retirement and conservation payments to any such producer of the 1986 crop of wheat whose acreage on the farm planted to wheat for harvest is reduced so that it does not exceed the wheat acreage base for the farm less an amount equivalent to 10 per centum of the wheat acreage base in addition to the reduction required under paragraph (2), and the producer devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the wheat acreage base under this paragraph. Payments under the preceding sentence shall be made in an amount computed by multiplying (i) the diversion payment rate by (ii) the acreage diverted under this paragraph by (iii) the farm program yield for the crop. The diversion payment rate shall be $2.00 per bushel.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit of the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) Notwithstanding the foregoing provisions of this subsection, in carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provision of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2), but may be required if a set-aside program is established under subsection (e)(3).".

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949

SEC. 402. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1990 crops of wheat.

TITLE V—FEED GRAINS

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION PAYMENTS FOR THE 1986 THROUGH 1990 CROPS OF FEED GRAINS

SEC. 501. Effective only for the 1986 through 1990 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following:

"SEC. 105C. Notwithstanding any other provision of law—

"(a)(1) For any crop of feed grains for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers as provided in this subsection.

"(2)(A) Unless the Secretary, at the Secretary's discretion, makes available loans to producers under paragraph (3) for a crop of corn, the Secretary shall make available to producers on each farm loans and purchases for each of the 1986 through 1990 crops of corn for an amount of corn of such crop produced on the farm equal to the acreage on the farm planted to corn for harvest times the farm's program yield for the crop. Loans and purchases under this paragraph shall be made available during each of the five marketing years for such crops of corn, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will encourage the exportation of feed grains and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn, except that the level of corn loans and purchases for a marketing year, including the marketing year for the 1986 crop of corn, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined before any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this subparagraph, if the Secretary determines (i) that the average price of corn received by producers in the previous marketing year (including the marketing year for the 1985 crop of corn) was not more than 105 per centum of the level of loans and purchases for corn for such marketing year, or (ii) that the loan level computed under the foregoing provisions would discourage the exportation of corn and cause excessive stocks of corn in the United States, the Secretary may reduce the level of loans and purchases for corn for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(B) Unless the Secretary, at the Secretary's discretion, makes available loans to producers under paragraph (3) for a crop of grain sorghums, barley, oats, or rye, the Secretary shall make available to producers under this paragraph loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn under this paragraph, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(3)(A) The Secretary may make available recourse loans to producers during each of the five marketing years for corn, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will encourage the exportation of feed grains and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn. The level of corn loans and purchases for a marketing year, including the marketing year for the 1986 crop of corn, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year. The simple average price received by farmers for the immediately pre-

ceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this paragraph shall be 270 days.

"(B) The Secretary may make available to producers under this paragraph recourse loans for each of the 1986 through 1990 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that recourse loans are made available under this paragraph for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(D) A producer may repay a loan made under subparagraph (A) or (B) at a level (per bushel) that is the lesser of—

"(i) the original loan level; or

"(ii) at any time through the date of maturity of the loan that the producer redeems the feed grain under loan—

"(I) the then current State monthly weighted average market price (per bushel) for the feed grain, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(II) the then current State weekly or daily weighted average market price (per bushel) for the feed grain, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers.

"(b)(1)(A)(i) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley for which a national marketing certificate program is not in effect under title V in an amount computed as provided in this paragraph. Payments for any crop of feed grains shall be computed by multiplying (I) the payment rate, by (II) the farm program acreage for the crop, by (III) the farm's program yield for the crop.

"(ii) Whenever an acreage limitation program is in effect for a crop of feed grains, if producers on a farm devote a portion of the farm's permitted feed grain acreage (as determined under subsection (e)(2)) equal to more than 5 per centum of the farm's feed grain crop acreage base for the crop to conservation uses or nonprogram crops, such portion of the feed grain permitted acreage in excess of 5 per centum of the base devoted to conservation uses or nonprogram crops shall be considered as part of the farm's feed grain program acreage and the producers shall be eligible for payments under this paragraph on such acreage, subject to the producers' compliance with the next sentence. To be eligible for payments under the preceding sentence, the producers on the farm must actually plant feed grains for harvest on at least 50 per centum of the farm's feed grain crop acreage base. The farm's feed grain crop acreage base and feed grain program yield shall not be reduced due to the fact that such portion of the farm's permitted acreage was devoted to conserving uses or nonprogram crops.

"(iii) Other than as provided in clause (ii), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

"(B) The payment rate for a crop of corn shall be the amount by which the established price for the crop of corn (less 6 cents per bushel if the Secretary establishes a feed grain export certificate program for the crop under section 107F(a)) exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a), before any adjustment made under the third sentence in subsection (a)(2)(A) for the marketing year for such crop of corn.

"(C) The established price for the 1986 and 1987 crops of corn shall be $3.03 per bushel, and for each of the 1988, 1989, and 1990 crops of corn shall be a price determined by the Secretary that is not less than 110 per centum nor more than 125 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the marketing years for the immediately preceding five crops, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period. The established price for a crop of corn may not be established under the foregoing formula at a level that is less than 95 per centum of the established price for the preceding crop of corn, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of corn at a level less than the level for the preceding crop of corn unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the costs of production for such crop of corn for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the previous crop of corn for all producers. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(D)(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for corn in accordance with the third sentence in subsection (a)(2)(A), the Secretary shall provide emergency compensation by increasing the established price payments for corn by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

"(ii) In determining the payment rate, per bushel, for established price payments for a crop of corn under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of corn, received by farmers during the marketing year for such crop, as determined by the Secretary.

"(iii) Any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(E) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.

"(F) The total quantity of feed grains on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(2)(A) Except as otherwise provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm's program yield for feed grains established by the Secretary for such crop times a payment rate equal to 33⅓ per centum of the established price for the crop. Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of feed grains held by the Commodity Credit Corporation.

"(B) Except as otherwise provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm's program yield for feed grains established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage.

"(D) Notwithstanding the provisions of subparagraph (C), the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available *under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.*

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of feed grains. The proclamation shall be made not later than September 30 of each calendar year for the crop harvested in the next succeeding calendar year, except that for the 1986 crop the proclamation shall be made as soon as practicable after the date of the enactment of the Food Security Act of 1985. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the feed grain program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event may the allocation factor for any crop of feed grains be more than 100 per centum nor less than 80 per centum.

"(3) Except as provided in subsection (e)(2), the individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to feed grains for harvest from the feed grain crop acreage base established for the farm for the crop under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to feed grains for harvest is less than the feed grain crop acreage base established for the farm for the crop under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The program yields for farms for each crop of feed grains shall be determined under title VI.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B), the Secretary may provide for any crop of feed grains either a program under which the acreage planted to feed grains would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any feed grain acreage limitation program or set-aside program under this subsection not later than September 30 prior to the calendar year in which the crop is harvested, and the Secretary may make appropriate adjustments in such announcement for the feed grain acreage limitation program or the set-aside program not later than October 30 before the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of feed grains since the earlier announcement. Notwithstanding the preceding sentence, the Secretary shall announce the feed grain acreage limitation program for the 1986 crop under subparagraph (B) as soon as practicable after the date of the enactment of the Food Security Act of 1985.

"(B)(i) For the 1986 crop of feed grains, the Secretary shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage on the farm planted to feed grains for harvest will be limited to the feed grain acreage base for the farm for the crop reduced by a total of 20 per centum, except that, for producers who plant the 1986 crop of feed grains before the announcement by the Secretary of the feed grain acreage limitation program for that crop, the Secretary shall provide for a combination of (I) an acreage limitation program, and (II) a paid diversion program, as described in paragraph (5), under which the acreage on the farm planted to feed grains for harvest will be limited to the feed grain crop acreage base for the farm for the crop reduced by 10 per centum under the acreage limitation program and by an additional 10 per centum under the paid diversion program.

"(ii) With respect to any of the 1987 through 1990 crops of feed grains, if the Secretary estimates, not later than September 30 of the year prior to the calendar year in which the crop is harvested, that the quantity of feed grains on hand in the United States on the first day of the marketing year for that crop (not including any quantity of feed grains of that crop) will exceed 1,100,000,000 bushels, the Secretary (I) shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not less than 10 per centum, and (II) may provide for a paid diversion program, as described in paragraph (5), or an additional acreage limitation for any desired reduction in planted acreage in excess of 10 per centum of the feed grain crop acreage base for the farm.

"(iii) As a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program.

"(2) If the feed grain acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the feed grain crop acreage base for the crop for each feed grain-producing farm. Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm. The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. Feed grain acreage bases for each crop of feed grains shall be determined under title VI. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to feed grains by (B) the number of acres authorized to be planted to feed grains under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (c) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (b)(1)(A)(ii), the individual farm program acreage shall be the acreage on the farm planted to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if

the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) In carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2), but may be required if a set-aside program is established under subsection (e)(3).".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949

SEC. 502. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

TITLE VA—PRODUCER-APPROVED WHEAT AND FEED GRAIN PROGRAMS

REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1990 CROPS OF WHEAT AND FEED GRAINS

SEC. 551. Effective only for the 1986 through 1990 crops, the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended by adding at the end thereof a new title V as follows:

"TITLE V—REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1990 CROPS OF WHEAT AND FEED GRAINS

"FINDINGS AND POLICY

"SEC. 501. (a) Congress finds that—

"(1) wheat and feed grains are essential agricultural commodities for the Nation, are produced throughout the United States by hundreds of thousands of farmers, and along with their products flow in substantial amounts through instrumentalities of interstate and foreign commerce from producers to consumers;

"(2) abnormally excessive and abnormally deficient supplies of wheat and feed grains on the country-wide market acutely and directly affect, burden, and obstruct interstate and foreign commerce; and

"(3) interstate and foreign commerce in wheat and feed grains, and their products, should be protected from burdensome surpluses and disruptive shortages, a supply of the commodities should be maintained to meet domestic consumption needs and export demand, and soil and water resources of the Nation should not be squandered in the production of surplus burdensome supplies of the commodities.

"(b) It hereby is declared to be the policy of Congress that it is in the interest of the general welfare to assist in the marketing of wheat and feed grains for domestic consumption and export; to regulate interstate and foreign commerce in the commodities to the extent necessary to provide an orderly, adequate, and balanced flow of the commodities in interstate and foreign commerce; and to provide loans and other means to maintain farm income for producers of the commodities, reduce excess production, and enable consumers to obtain an adequate and steady supply of such commodities at fair prices.

"CONSUMER SAFEGUARDS

"SEC. 502. The powers conferred under this title shall not be used to discourage the production of supplies of food and animal feed sufficient to meet normal domestic and export needs, as determined by the Secretary. In carrying out the purposes of this title, the Secretary shall give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair both to producers and consumers.

"WHEAT AND FEED GRAIN REFERENDA

"SEC. 503. (a) The Secretary shall conduct a referendum by secret ballot of wheat and feed grain producers every two years to determine whether they favor or oppose the national marketing certificate program under this title. In the case of the 1986 and 1987 crops, the referendum shall be conducted as soon as practicable after enactment of the Food Security Act of 1985, but not later than February 1, 1986. For the 1988 and 1989 crops, the referendum shall be conducted not later than July 1, 1987, and for the 1990 crop, year not later than July 1, 1989.

"(b) Any producer on a farm with a wheat or feed grain crop acreage base of fifteen or more acres for the then current crop, as determined under title VI, shall be eligible to vote in a referendum. For the purposes of this section, the term 'producer' shall include any person who is entitled to share in a crop of the commodity, or the proceeds thereof, because the person shares in the risks of production of the crop as an owner, landlord, tenant, or sharecropper. A landlord whose return from the crop is fixed regardless of the amount of the crop produced shall not be considered a producer.

"(c) The Secretary shall proclaim the results of any referendum held hereunder within fifteen days after the date of such referendum, and if the Secretary determines that 60 per centum or more of the producers of wheat and feed grains (including 50 per centum or more of the producers of wheat and 50 per centum or more of the producers of feed grains) voting in the referendum in favor of the implementation of a national marketing certificate program, the Secretary shall proclaim that a national marketing certificate program will be in effect for the crops of wheat and feed grains produced for harvest in—

"(1) with respect to the referendum held not later than February 1, 1986, the 1986 and 1987 crops of wheat and feed grains;

"(2) with respect to the referendum held not later than July 1, 1987, the 1988 and 1989 crops of wheat and feed grains; and

"(3) with respect to the referendum held not later than July 1, 1989, the 1990 crops of wheat and feed grains.

"(d) In the event that a national marketing certificate program is approved for the 1986 crops of wheat and feed grains, the Secretary shall provide fair and equitable compensation to producers who planted a crop in excess of their farm program acreage prior to the proclamation by the Secretary that marketing certificates will be in effect with respect to that crop. Such compensation shall cover, at a minimum, the costs incurred by the producer for planting such crop, as determined by the Secretary.

"(e) If marketing certificates are not approved by producers in a referendum conducted under this section with respect to any crop of wheat or feed grains, in lieu of a national marketing certificate program for that crop, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of wheat and feed grains as provided for elsewhere in this Act.

"NATIONAL MARKETING CERTIFICATE PROGRAM—WHEAT

"SEC. 504. (a) Notwithstanding any other provision of law, if a national marketing certificate program for a crop of wheat is approved under section 503, the Secretary shall make available to producers on each farm loans and purchases for such crop of wheat for an amount of wheat produced on the farm equal to the acreage on the farm that may be planted to wheat for harvest, as determined under subsection (c) or (e) of section 107D, times the farm program yield for the crop, as determined under title VI. Loans and purchases shall be made available during the marketing year for any such crop of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat, except that the level of wheat loans and purchases for any such marketing year may not be established at less than $4.50 per bushel of wheat.

"(b)(1) The Secretary shall make available to producers marketing certificates for any of the 1986 through 1990 crops of wheat for which a national marketing certificate program is in effect. The amount of such marketing certificates made available to the producers on a farm shall equal an amount of wheat produced on the farm equal to the acreage on the farm that may be planted to wheat for harvest as determined under subsection (c) or (e) of section 107D, times the farm program payment yield for the crop, as determined under title VI.

"(2) A marketing certificate applicable to a marketing year issued to a producer of wheat shall authorize such producer to market, barter, or donate, without restriction, during such marketing year an amount of wheat equal to the amount of such marketing certificate. Wheat may not be marketed, bartered, or donated domestically without a marketing certificate, except that wheat not accompanied by a marketing certificate may be used for feed, human consumption, or other purposes on the farm of the producer, or may be sold for export.

"(3) Wheat accompanied by a marketing certificate that is sold for export shall be eligible for an export incentive payment on such wheat, as provided in section 1125 of the Food Security Act of 1985.

"(4) If for any crop, wheat that the producer harvests exceeds the amount of the commodity that may be marketed, bartered, or donated under a marketing certificate, the excess may be carried over by the producer from one marketing year to the succeeding marketing year and marketed under a certificate in the succeeding marketing year to the extent that (A) the total amount of such wheat available for marketing under a certificate from the farm in the marketing year from which such commodity is carried over does not exceed the amount of the marketing certificate made available to the producers for that crop, and (B) the total amount of wheat available for marketing under a certificate in the succeeding marketing year (that is, the sum of the amount of such wheat carried over and the amount of such wheat produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the amount of marketing certificates made available to the producers for the succeeding marketing year.

"(5) Marketing certificates made available to a producer of wheat shall not be transferable, except to the extent that such certificates accompany wheat that is marketed, bartered, or donated under paragraph (2).

"(6) Wheat harvested in a calendar year in which marketing certificates are made available to producers for the marketing year beginning therein may not be marketed, except as provided in paragraph (2), prior to the date on which such marketing year begins.

"(7) A person may not purchase or otherwise acquire an amount of wheat from a producer in excess of the amount of wheat that may be marketed, bartered, or donated by such producer under a marketing certificate, except that wheat that must be exported may be acquired as provided under paragraph (2).

"(8) If marketing certificates for wheat are not made available to producers for any marketing year, all previous marketing certificates applicable to wheat shall be terminated, effective as of the first day of such marketing year.

"PENALTIES WITH RESPECT TO WHEAT

"SEC. 505. (a)(1) Except as provided in subsection (b), if a producer fails to comply with any term or condition of a wheat program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment under this Act for the crop of wheat involved.

"(2) Except as provided in subsection (c), if anyone markets, barters, or donates wheat other than for export without a marketing certificate required under section 504 or markets, barters, or donates an amount of wheat for use in excess of the amount of wheat the person or entity is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a civil penalty against such person or entity in an amount equal to three times the current minimum loan rate for the wheat so marketed, bartered, or donated, or

"(B) with respect to a producer, decrease the number of acres of the farm's wheat crop acreage base such producer may devote to production for the succeeding crop of wheat by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A).

"(3) If a person knowingly purchases or otherwise acquires an amount of wheat in excess of the amount of wheat that may be marketed, bartered, or donated under a marketing certificate issued under this title, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the wheat so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a wheat program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary determines that the penalties provided for in subsection (a) are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

"NATIONAL MARKETING CERTIFICATE PROGRAM—FEED GRAINS

"SEC. 506. (a) Notwithstanding any other provision of law, if a national marketing certificate program for a crop of feed grains is approved under section 503, the Secretary shall make available to producers on each farm loans and purchases for such crop of feed grains for an amount of feed grains produced on the farm equal to the acreage on the farm that may be planted to feed grains for harvest, as determined under subsection (c) or (e) of section 105C times the farm program yield for the crop, as determined under title VI. Loans and purchases shall be made available during the marketing year for any such crop of feed grains at such level as the Secretary determines will maintain the competitive relationship of feed grains to other grains in domestic and export markets after taking into consideration the cost of producing feed grains, supply and demand conditions, and world prices for feed grains, except that the level of feed grain loans and purchases for the 1986 through 1990 marketing years may not be established at less than $3.25 per bushel of corn.

"(b)(1) The Secretary shall make available to producers marketing certificates for any of the 1986 through 1990 crops of feed grains for which a national marketing certificate program is in effect. The amount of such marketing certificates made available to the producers on a farm shall equal an amount of feed grains produced on the farm equal to the acreage on the farm that may be planted to feed grains for harvest, as determined under subsection (c) or (e) of section 105C, times the farm program yield for the crop, as determined under title VI.

"(2) A marketing certificate applicable to a marketing year issued to a producer of feed grains shall authorize such producer to market, barter, or donate, without restriction, during such marketing year an amount of such feed grains equal to the amount of such marketing certificate. Feed grains may not be marketed, bartered, or donated domestically without a marketing certificate, except that feed grains not accompanied by a marketing certificate may be used for feed, human consumption, or other purposes on the farm of the producer, or may be sold for export.

"(3) Feed grains accompanied by a marketing certificate that is sold for export shall be eligible for an export incentive payment on such feed grains, as provided in section 1125 of the Food Security Act of 1985.

"(4) If for any crop, feed grains that the producer harvests exceed the amount of the commodity that may be marketed, bartered, or donated under a marketing certificate, the excess may be carried over by the producer from one marketing year to the succeeding marketing year and marketed under

a certificate in the succeeding marketing year to the extent that (A) the total amount of such feed grains available for marketing under a certificate from the farm in the marketing year from which such commodity is carried over does not exceed the amount of the marketing certificate made available to the producers for that crop, and (B) the total amount of feed grains available for marketing under a certificate in the succeeding marketing year (that is, the sum of the amount of such feed grains carried over and the amount of such feed grains produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the amount of marketing certificates made available to the producers for the succeeding marketing year.

"(5) Marketing certificates made available to a producer of feed grains shall not be transferable, except to the extent that such certificates accompany feed grains that are marketed, bartered, or donated under paragraph (2).

"(6) Feed grains harvested in a calendar year in which marketing certificates are made available to producers for the marketing year beginning therein may not be marketed, except as provided in paragraph (2), prior to the date on which such marketing year begins.

"(7) A person may not purchase or otherwise acquire an amount of feed grains from a producer in excess of the amount of feed grains that may be marketed, bartered, or donated by such producer under a marketing certificate, except that feed grains that must be exported may be acquired as provided under paragraph (2).

"(8) If marketing certificates for feed grains are not made available to producers for any marketing year, all previous marketing certificates applicable to feed grains shall be terminated, effective as of the first day of such marketing year.

"PENALTIES WITH RESPECT TO FEED GRAINS

"SEC. 507. (a)(1) Except as provided in subsection (b), if a producer fails to comply with any term or condition of a feed grain program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment under this Act for the crop of feed grains involved.

"(2) Except as provided in subsection (c), if anyone markets, barters, or donates feed grains other than for export without a marketing certificate required under section 506 or markets, barters, or donates an amount of feed grains for use in excess of the amount of the commodity the person or entity is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a civil penalty against such person or entity in an amount equal to three times the current minimum loan rate for the feed grains so marketed, bartered, or donated, or

"(B) with respect to a producer, decrease the number of acres of the farm's feed grain crop acreage base such producer may devote to production for the succeeding crop of feed grains by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A).

"(3) If a person knowingly purchases or otherwise acquires an amount of feed grains in excess of the amount of feed grains that may be marketed, bartered, or donated under a marketing certificate issued under this title, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the feed grains so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a feed grain program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary determines that the penalties provided for in subsection (a) are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

"REGULATIONS

"SEC. 508. The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.".

TITLE V-A—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

SEC. 501. Effective only for the 1986 through 1990 crops, title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended to read as follows:

"TITLE V—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

"DEFINITIONS

"SEC. 501. As used in this title:

"(1) The term 'acreage allotment percentage' means a percentage obtained by dividing $200,000 by the projected aggregate annual income of a producer from the sale of commodities during a calender year in which a commodity will be harvested, except that such percentage may not exceed 100 per centum.

"(2) The term 'commodity' means wheat, corn, grain sorghums, barley, oats, rye, upland cotton, rice, and soybeans.

"(3) The term 'eligible crop acres' means the number of acres a producer may cultivate for the production of a commodity during a crop year determined under section 506(b)(2).

"(4) The term 'normal crop acres' means the number of acres cultivated for the production of a commodity, or reduced, set-aside, or diverted under a program administered by the Secretary, during any of the four preceding crop years.

"(5) The term 'program period' means the—

"(A) 1986 through 1987 crop years; and

"(B) 1988 through 1990 crop years.

"(6) The term 'reserve' means the farmers disaster reserve established under section 510.

"REFERENDUM

"SEC. 502. (a) No later than February 1, 1986, and August 1, 1988, in order to determine whether the program established by this title shall be implemented during the succeeding program period, the Secretary shall conduct a referendum among producers who, during a representative period (as determined by the Secretary), have been engaged in the production of a commodity for commercial use.

"(b) If the program established by this title is approved by at least one-half of the eligible producers voting in a referendum, the Secretary shall implement such program during the succeeding program period.

"(c) If such program is not approved by at least one-half of the eligible producers voting in a referendum, during the succeeding program period, in lieu of such program, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of commodities as the Secretary considers appropriate.

"LOAN RATES

"SEC. 503. (a) The Secretary shall make available to producers loans and purchases for each crop of a commodity produced during a program period at such level, not less than the minimum support level for a commodity established under subsection (b), as the Secretary determines taking into consideration the actual cost of production of the commodity throughout the United States.

"(b) The minimum support level for a commodity during a crop year established under this subsection shall equal a specified per centum of the parity price of the commodity as provided in the following table:

"The minimum support level for a commodity during the:.	Shall equal the following per centum of the parity price of the commodity:
1986 crop year................	70 per centum
1987 crop year................	72 per centum
1988 crop year................	74 per centum
1989 crop year................	76 per centum
1990 crop year................	78 per centum

"(c) The term of a loan made under this section shall be thirty-six months.

"NATIONAL MARKETING QUOTAS

"SEC. 504. (a) The Secretary shall proclaim a national marketing quota for each commodity for each marketing year of the 1986 through 1990 crops of commodities. The proclamation shall be made as soon as practicable during each calendar year preceding the year in which the marketing year for the crop begins.

"(b) The amount of the national marketing quota for a commodity for a marketing year shall be an amount of the commodity (less imports) that the Secretary estimates will be utilized during the marketing year to meet (1) domestic demand, (2) export demand, (3) food aid requirements, and (4) carryover requirements.

"(c) The Secretary may revise the national marketing quota first proclaimed for any marketing year for the purpose of determining national acreage allotments under section 505 if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national production requirement as soon as it is made.

"(d) If the Secretary determines that domestic carryover stocks of a commodity are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national marketing quota by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"NATIONAL ACREAGE ALLOTMENTS

"SEC. 505. (a) The Secretary shall proclaim a national acreage allotment for each commodity for each of the 1986 through 1990 crop years.

"(b) The amount of the national acreage allotment for any crop of a commodity shall be the number of acres which the Secretary determines on the basis of the projected national yield and expected underplantings (acreage other than acreage not harvested because of program incentives) of farm acreage allotments will produce an amount of the commodity equal to the national marketing quota for the commodity for the marketing year for such crop.

"FARM ACREAGE ALLOTMENTS

"SEC. 506. (a) The national acreage allotment for a commodity shall be apportioned by the Secretary among farms, through local committees, in accordance with this section.

"(b)(1) To be eligible to receive a farm acreage allotment for a commodity for any crop year, a producer must complete and submit to the Secretary an application which contains—

"(A) the eligible crop acres of the producer, as determined under paragraph (2);

"(B) the objected annual income of the producer during the calendar year in which such commodity will be harvested, as determined under paragraph (3); and

"(C) the number of any bonus acres the producer requests to be awarded under subsection (f) for the production of each commodity during the crop year.

"(2)(A) Except as provided in subparagraphs (B), (C), and (D), the eligible crop acres of a producer shall equal the number of acres a producer requests to cultivate for the production of commodities during a crop year.

"(B) The total number of eligible crop acres of a producer during a crop year may not exceed the product obtained by multiplying—

"(i) the normal crop acres of the producer; by

"(ii) 80 per centum.

"(C) For purposes of subparagraph (B)(i), if a producer places acreage in the conservation reserve program estalished under section 16B of the Soil Conservation and Domestic Allotment Act, such acreages shall be added to the normal crop acres of the producer.

"(3) For purposes of this title, income shall—

"(A) include all farm and nonfarm income from whatever source;

"(B) be determined jointly for married couples; and

"(C) be determined separately for unmarried individuals living on a farm who—

"(i) are related by blood or marriage;

"(ii) are actively involved in the farming operation; and

"(iii) earn more than 50 per centum of their taxable income from farming operations.

"(c) The total farm acreage allotment of a producer for all commodities produced during a crop year under this section shall consist of the sum of—

"(1) the base acreage allotment for each commodity determined under subsection (d);

"(2) any supplemental acreage allotment for each commodity determined under subsection (e); and

"(3) any bonus acres for each commodity awarded under subsection (f).

"(d) The base acreage allotment of a producer for a comodity for a crop year shall equal the number of acres obtained by multiplying—

"(1) eligible crop acres of the producer; by

"(2) acreage allotment percentage of the producer.

"(e) Subject to the provisions of section 535(b) of this title, whenever a base acreage allotment for a crop is established for a farm, other than for a commodity which the producers on the farm use for on-farm feeding purposes and which the producers on the farm certify in writing will be used exclusively for on-farm feeding purposes during the period for which a national acreage allotment is in effect under this title, the producers on the farm may not plant an acreage on the farm to the commodities involved in excess of the base acreage of the producers for the farm for the respective commodities; and with respect to farms with base acreage allotments for such commodities and crop involved of less than fifteen acres, producer on such farms may not plan an acreage on such farms to the commodity for harvest for the crop in excess of fifteen acres.

"(f)(1) The Secretary shall determine the amount of any national supplemental acreage allotment for each commodity for each of the 1986 through 1990 crop years.

"(2) The amount of the national supplemental acreage allotment for a commodity for each crop year shall equal the difference between—

"(A) the amount of the national acreage allotment for such commodity for the crop year determined under section 505; less

"(B) the sum of the base acreage allotments of all producers for such commodity determined under subsection (d).

"(3) The supplemental acreage allotment of a producer for a commodity produced during a crop year shall equal the number of acres obtained by multiplying—

"(A) the difference between the eligible crop acres of the producer for such commodity and the base acreage allotment of the producer for such commodity; and

"(B) the percentage obtained by dividing—

"(i) the amount of the national supplemental acreage allotment for such commodity determined under paragraph (2); by

"(ii) the total of all supplemental acreage requests for such commodity determined under clause (A).

"(g) If the Secretary determines that the total amount of base and supplemental acreage allotments for a commodity for a crop year determined under subsections (d) and (f) would not produce an amound of the commodity equal to the national marketing quota for the commodity for the crop year determined under section 505, the Secretary shall award to each producer who requested bonus acres under subsection (b)(1)(C), in equal amounts, bonus acres for the production of such commodity which, in the aggregate and in conjunction with such allotments, would result in the production of an amount of such commodity equal to such national marketing quota.

"(h)(1) Except as provided in paragraph (2), a producer may plant one or more commodities (in the producer's discretion) on acreage permitted to be cultivated under a farm acreage allotment issued under this section for a crop year.

"(2) A producer may not increase the amount of acreage used for the production of a commodity during a crop year by more than 20 per centum over the amount of acreage used for the production of such commodity during the preceding crop year.

"(3) In order to permit the Secretary to issue marketing certificates under section 507, a producer shall inform the Secretary of the number of acres the producer will use for the production of each commodity during each crop year.

"(i) If the normal crop acres of a producer becomes available for any reason, such normal crop acres shall revert to the Secretary and be reapportioned by the Secretary to the next operator of the farm.

"MARKETING CERTIFICATES

"SEC. 507. (a) At the time a producer is assigned a farm acreage allotment under section 506 for any crop year, the Secretary shall issue marketing certificates to such producer for each commodity to be produced during such crop year.

"(b) Except as provided in subsections (c) and (d), a marketing certificate issued to a producer for any commodity for any crop year shall authorize such producer to market, barter, or donate an amount of such commodity determined by multiplying—

"(1) the number of acres the producer informed the Secretary the producer will use for the production of such commodity during such crop year under section 506(g)(3); by

"(2) the higher of—

"(A) the county average yield per acre for such commodity; or

"(B) the farm program yield of the producer for such commodity (as provided in section 508).

"(c) The Secretary may adjust the amount of a commodity which may be marketed, bartered, or donated under a marketing certificate to reflect the amount of such commodity which may be used for feed, human consumption, or other purposes on the farm of the producer.

"(d) If the amount of a commodity produced in a crop year exceeds the amount of the commodity which may be marketed, bartered, or donated under a marketing certificate, the surplus amount of such commodity may be—

"(1) used for feed, human consumption, or other purposes on the farm of the producer;

"(2) stored during the current marketing year and marketed under a marketing certificate issued for the subsequent marketing year;

"(3) donated to the Commodity Credit Corporation in order to be made available to provide famine relief and assistance to other foreign countries under title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.); or

"(4) sold to the Commodity Credit Corporation, at no more than 50 per centum of the loan level for such commodity determined under section 503, in order to be made available to provide such famine relief and assistance.

"(e) A person may not purchase or otherwise acquire an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate.

"FARM PROGRAM YIELDS

"SEC. 508. (a)(1) The farm program yield for each crop of a commodity shall be equal to the sum of the average yield established for the farm for the five most recent crop years, excluding the year in which the yield was the highest and the year in which the yield was the lowest, adjusted by the Secretary to provide a fair and equitable yield.

"(2) If no payment yield for such commodity was established for the farm in the five most recent crop years, the Secretary may determine such yield as the Secretary determines fair and reasonable.

"(b) Notwithstanding subsection (a):

"(1) In the determination of yields, the Secretary shall take into account the actual yields demonstrated by the producer to the satisfaction of the Secretary.

"(2) Neither such yields established for a commodity nor the farm program yield established on the basis of such yields shall be reduced under other provisions of this section.

"(c) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the base period, or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year concerned.

"(d) If national, State, or county program payment yields are established, the total farm program yields shall balance to the national, State or county program payment yields, respectively.

"CONSERVATION OF SET-ASIDE ACREAGE

"SEC. 509. (a) A producer of a commodity shall devote to approved conservation uses all acreage of the producer which the producer is required to set-aside under section 506.

"(b) The Secretary may make such adjustments in the amount of acreage the producer is required to set-aside under section 506 as the Secretary determines necessary to correct for abnormal factors affecting production and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines appropriate.

"(c)(1) Regulations issued by the Secretary under this section with respect to acreage required to be devoted to conservation uses shall require appropriate measures to protect such acreage against noxious weeds and wind and water erosion.

"(2) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to hay and grazing if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(d)(1) Any set-aside acreage may be devoted to wildlife food plots or wildlife habitats in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(2) The Secretary may pay such amount as the Secretary considers appropriate of the cost of practices designed to carry out the purposes of paragraph (1).

"(3) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(e)(1) A producer of a commodity shall execute an agreement with the Secretary which describes the means the producer will use to comply with this section not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreeement with such producer, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"SOIL CONSERVATION

"SEC. 510. (a) Notwithstanding any other provision of law, the Secretary shall require that producers on a farm in any area follow the conservation practices prescribed by the appropriate local soil conservation district for the area.

"(b) In areas in which no soil conservation district exists, the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) determine appropriate conservation practices.

"PENALTIES

"SEC. 511. (a)(1) Except as provided in subsection (b), if a producer fails to comply with any term or condition of the program conducted under this title, the producer shall be ineligible for any farm acreage allotment, loan, purchase, or payment authorized under this title.

"(2) Except as provided in subsection (c), if a producer markets, barters, or donates a commodity without a marketing certificate required under section 507 or markets, barters, or donates an amount of a commodity for commercial use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a fine against such producer in an amount equal to three times the value of the commodities so marketed; or

"(B) increase the number of acres such producer is required to set-aside under section 506 during the succeeding crop year by a number of acres which, if planted, would result in the production of a quantity sufficient to satisfy the fine referred to in clause (A).

"(3) If a person purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate issued under section 507, the Secretary shall assess a fine against such person in an amount equal to three times the value of the commodities so purchased or acquired.

"(b)(1) If a producer fails to comply fully with the terms and conditions of the program conducted under this section and the Secretary believes the failure should not preclude the making of a farm acreage allotment, or loans, purchases, or payments to the producer, the Secretary may make an allotment or loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure of producer.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"REGULATIONS

"SEC. 512. The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

"COMMODITY CREDIT CORPORATION

"SEC. 513. The Secretary shall carry out the program authorized by this title through the Commodity Credit Corporation.

"PAYMENTS

"SEC. 514. (a) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this title.

"(b) The Secretary shall provide for the sharing of payments made under this title for any farm among the producers on the farm on a fair and equitable basis.

"COMPLIANCE USING HIGHLY ERODIBLE LAND

"SEC. 515. If any land is required to be set aside, diverted, or otherwise not cultivated under the provisions of a program under this title, the producer shall satisfy such requirement to the extent possible with highly erodible cropland (as defined in section 1201 of the Food Security Act of 1985). Any such highly erodible land so set aside, diverted, or not cultivated, during a period of four succeeding crop years shall be excluded from any crop acreage base for any program crop.

"APPLICABILITY OF THIS TITLE

"SEC. 516. If marketing certificates are not approved for a program period by producers in a referendum conducted under this title, with respect to commodities, in lieu of a marketing certificate program for that program period, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of commodities as provided for elsewhere in this Act.".

SUSPENSION OF PERMANENT PROGRAM

SEC. 502. (a)(1) Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1991.

(2) Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1990 crops of wheat.

(3) The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1990.

(4) Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1990 crops of wheat.

(b) Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1990 crops of feed grains.

(c)(1) Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to upland cotton of the 1986 through 1990 crops.

(2) Effective only with respect to the period beginning August 1, 1987, and ending July 31, 1991, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all through "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

(3) Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1990 crops.

(4) Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as

provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379) shall be the preliminary allotments for the 1991 crop.

(c) If marketing certificates are not approved for a program period by producers in a referendum conducted under title V of the Agricultural Act of 1949, with respect to commodities, the amendments made by this section shall not take effect.

TITLE VI—COTTON

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF UPLAND COTTON

SEC. 601. Effective only for the 1986 through 1990 crops of upland cotton, section 103 of the Agricultural Act of 1949 (7 U.S.C. 1444) is amended by adding at the end thereof the following:

"(i) Notwithstanding any other provision of law for any crop of cotton for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of cotton as provided in this subsection.

"LOANS

"(1) The Secretary, on presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, shall make available for each of the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level, per pound, as will reflect for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (A) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (B) 90 per centum of the average, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest-priced growths of the growths quoted for Middling one-and-three-thirty-seconds-inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9)). If for any crop the average northern European price determined under clause (B) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (A) of the first sentence of this paragraph, notwithstanding the foregoing provisions of this paragraph, the Secretary may increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under clause (A) of the first sentence of this paragraph. In no event (other than as provided in the next sentence) shall the loan level for a crop of upland cotton be less than 95 per centum of the loan level for the preceding crop of upland cotton as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of upland cotton is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary for upland cotton to be competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. Nonrecourse loans provided for in this subsection, on request of the producer during the tenth month of the loan period for the cotton, shall be made available for an additional term of eight months, except that such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period.

"LIMITED GLOBAL IMPORT QUOTA

"(2) Whenever the Secretary determines that the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available.

"(B) If a special quota has been established under this paragraph during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth in subparagraph (A) or the amount required to increase the supply to 130 per centum of the demand.

"(C) As used in subparagraph (B), the term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four-hundred-and-eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales, for the marketing year in which the special quota is established.

"(D) When a special quota is established under the provisions of this paragraph, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

Notwithstanding the foregoing provisions of this paragraph, a special quota period shall not be established that overlaps an existing quota period.

"TARGET PRICES

"(3)(A) The Secretary shall make payments available for each of the 1986 through 1990 crops of upland cotton to the producers on each farm at a rate equal to the amount by which the higher of—

"(i) the average market price per pound received by farmers for upland cotton during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop,

is less than the established price per pound times in each case the farm program acreage for upland cotton (determined in accordance with paragraph (5) or (8)(C), but in no event on a greater acreage than the acreage actually planted to upland cotton for harvest), multiplied by the program yield for the farm for upland cotton (determined in accordance with paragraph (7)).

"(B)(i) The established price for the 1986 and 1987 crops of upland cotton shall be 81 cents per pound. Subject to the provisions of clause (ii), the established price per pound for upland cotton for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per pound for the three crop years immediately preceding the crop year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of upland cotton be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of upland cotton at a level less than the level for the preceding crop of upland cotton unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of upland cotton for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of upland cotton for all producers.

"(C) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the loan level for a crop of upland cotton in accordance with the fourth sentence of paragraph (1) or the loan level for the crop before such adjustment is established at a level below $0.55 per pound, the Secretary shall provide emergency compensation by increasing the established price payments for upland cotton by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the loan level had not been made or as if the reduction in the loan level before such adjustment to a level below $0.55 had not occurred, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTION

"(4)(A)(i) With respect to a crop of upland cotton, if the Secretary estimates (not later than November 1 of the year before the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of upland

cotton on hand in the United States on the last day of the marketing year for the crop will exceed one-third of the quantity of upland cotton that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on acreage planted to upland cotton in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of upland cotton on hand on the last day of the marketing year for such crop will not exceed one-third of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop; nor

"(II) acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop.

"(B)(i) If an upland cotton acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the upland cotton crop acreage base for the crop for each cotton-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to upland cotton, by (II) the number of acres authorized to be planted to upland cotton under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to upland cotton for harvest on a farm shall be limited to the upland cotton crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction required under subparagraph (B), and land diversion payments in kind shall be made to producers who devote to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the upland cotton crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from the stocks of upland cotton owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of upland cotton may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(5) Producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established under paragraph (4), shall be ineligible for upland cotton loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (4) for a crop of upland cotton, paragraph (8) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (8) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under paragraph (4).

"ACREAGE BASES

"(6) Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title VI.

"YIELDS

"(7) The program yields for farms for each crop of upland cotton shall be determined under title VI.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(8)(A) Except for crops for which there is an acreage limitation program under paragraph (4), the Secretary shall establish a national program acreage for each of the 1986 through 1990 crops of upland cotton. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established. The Secretary may revise the national program acreage first announced for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines it necessary based on the latest information, and the Secretary shall announce such revised national program acreage as soon as it is made. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the upland cotton program yields for the crop for which the determination is made) will produce the quantity of upland cotton (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of upland cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than ten million acres.

"(B) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(C) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of upland cotton planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to upland cotton for harvest from the upland cotton crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the announcement of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to upland cotton for harvest is less than the upland cotton crop acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(9)(A) An operator of a farm desiring to participate in the program conducted under paragraph (4) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans and payments, the Secretary nevertheless may make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(10) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by such producers.

"RECOURSE LOANS FOR SEED COTTON

"(11) To encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with the authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 602. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1991, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 603. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1990 crops.

SKIPROW PRACTICES

SEC. 604. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

MARKETING CERTIFICATES

SEC. 605. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price of upland cotton (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for upland cotton determined under section 103(i) of the Agricultural Act of 1949, to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of payment-in-kind certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available for domestic consumption or for export at competitive prices, including such payments as may be necessary to make raw cotton in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for upland cotton as determined under section 103(i) of the Agricultural Act of 1949, and the prevailing world market price of upland cotton, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) upland cotton owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary of Agriculture shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to cotton handlers under this section may be transferred to other handlers and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 103(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VII—RICE

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF RICE

SEC. 701. Effective only for the 1986 through 1990 crops of rice, section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding at the end thereof the following:

"(j) Notwithstanding any other provision of law, for any crop of rice for which a national marketing certificate program is not in effect under title V, loans and purchase shall be made available to producers of rice as provided in this subsection.

"LOANS

"(1) The Secretary shall make available to producers in the several States of the United States loans and purchases for each of the 1986 through 1990 crops of rice at a level, per hundredweight, not less than 85 per centum of the average price per hundredweight for rice received by farmers during the marketing years for the three preceding crops of rice, as determined by the Secretary. In no event (other than as provided in the next sentence) shall the level of loans and purchases for a crop of rice be less than 95 per centum of the level for the preceding crop of rice as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of rice is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary to make rice competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan and purchase level and the established price for each of the 1986 through 1990 crops of rice shall be announced not later than January 31 of the calendar year for the crop harvested in that calendar year. Any loan made under this paragraph shall have a term of ten months beginning on the first day of the month in which the loan is made.

"TARGET PRICES

"(2)(A) The Secretary shall make payments available to producers for each of the 1986 through 1990 crops of rice grown in the several States of the United States in amounts computed as provided in this paragraph. Payments for each such crop of rice shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the program yield established for the crop for the farm. In no event shall payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

"(B) The payment rate for a crop of rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(i) the national average market price per hundredweight received by farmers during the calendar year that includes the first five

months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop.

"(C)(i) The established price per hundredweight for rice for the 1986 and 1987 crops shall be $11.90 per hundredweight. Subject to the provisions of clause (ii) the established price per hundredweight for rice for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per hundredweight for the three crop years immediately preceding the year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of rice be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of rice at a level less than the level for the preceding crop of rice unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of rice for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of rice for all producers.

"(D) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the level of loans and purchases for a crop of rice in accordance with the third sentence of paragraph (1), the Secretary shall provide emergency compensation by increasing the established price payments for rice by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTIONS

"(3)(A)(i) With respect to a crop of rice, if the Secretary estimates (not later than January 31 of the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of rice on hand in the United States on the last day of the marketing year for the crop will exceed one-fifth of the quantity of rice that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on the acreage planted to rice in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of rice on hand at the last day of the marketing year for such crop will not exceed one-fifth of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop; nor

"(II) the acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop.

"(B)(i) If a rice acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the rice crop acreage base for the crop for each rice-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to rice, by (II) the number of acres authorized to be planted to rice under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to rice for harvest on a farm shall be limited to the rice crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction under subparagraph (B), and land diversion payments in kind shall be made to producers who devote, to the extent prescribed by the Secretary, to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the rice crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from stocks of rice owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of rice may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(4) Producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established under paragraph (3), shall be ineligible for rice loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (3) for a crop of rice, paragraph (7) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (7) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to rice for harvest within the permitted rice acreage for the farm as established under paragraph (3).

"ACREAGE BASES

"(5) Rice crop acreage bases for each crop of rice shall be determined under title VI.

"YIELDS

"(6) The program yields for farms for each crop of rice shall be determined under title VI.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(7)(A) Except for crops in which there is an acreage limitation program under paragraph (3), the Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of rice. The proclamation shall be made not later than January 31 of the calendar year for the crop harvested in that calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines a revision necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the rice program yields for the crop for which the determination is made) will produce the quantity of rice (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(B) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 per centum nor less than 80 per centum.

"(C) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program

acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to rice for harvest from the rice crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to rice for harvest is less than the rice acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(8)(A) An operator of a farm desiring to participate in the program conducted under paragraph (3) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(9) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by such producers.".

NONAPPLICABILITY OF SECTION 101 OF THE AGRICULTURAL ACT OF 1949

SEC. 602. That portion of section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) preceding subsection (a) shall not be applicable to the 1986 through 1990 crops of rice.

EXPORT MARKETING CERTIFICATES

SEC. 703. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price for rice (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for rice determined under section 101(j) of the Agricultural Act of 1949, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, may make payments, through the issuance of payment-in-kind certificates, to exporters of rice who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available for export at competitive prices consistent with the purposes of this section, including such payments as may be necessary to make rice in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for rice, as determined under section 101(j) of the Agricultural Act of 1949, and the prevailing world market price for rice, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) rice owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to rice exporters under this section may be transferred to other exporters and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 101(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VIII—PEANUTS

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 801. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1990 crops of peanuts:

(1) subsections (a) through (j) of section 358;

(2) subsections (a) through (h) of section 358a;

(3) subsections (a), (b), (d), and (e) of section 359;

(4) part I of subtitle C of title III; and

(5) section 371.

POUNDAGE QUOTAS

SEC. 802. Effective only for the 1986 through 1990 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358) is amended by adding at the end thereof the following:

"(q) The national poundage quota for peanuts for each of the 1986 through 1990 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible, seed, and related uses, except that the national poundage quota for any such marketing year shall not be less than one million one hundred thousand tons. The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding such marketing year.

"(r) The national poundage quota established under subsection (q) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(s)(1) A farm poundage quota for each of the 1986 through 1990 marketing years shall be established—

"(A) for each farm that had a farm poundage quota for the 1985 marketing year; and

"(B) if the poundage quota apportioned to a State under subsection (r) of this section for any such marketing year is larger than such quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least two of the three immediately preceding crop years, as determined by the Secretary.

The farm poundage quota for each of the 1986 through 1990 marketing years for each farm described in subparagraph (A) of the preceding sentence shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year, as adjusted under paragraph (2) of this subsection, but not including any increases for undermarketings from previous years or any increases resulting from the allocation of *quotas voluntarily released for one year under paragraph (7) of this subsection. The farm poundage quota, if any, for each of the 1986 through 1990 marketing years for each farm described in subparagraph (B) of the first sentence of this paragraph shall be equal to the quantity of peanuts allocated to such farm for such year under paragraph (2) of this subsection. For the purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm poundage quotas (or portion thereof) of the transferring farm for all subsequent marketing years.*

"(2) If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1986 through 1990 marketing years is increased over the poundage quota apportioned to the State for the immediately preceding marketing year, such increase shall be allocated equally to—

"(A) each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(B) each other farm in the State on which peanuts were produced in at least two of the three immediately preceding crop years, as determined by the Secretary.

If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1987 through 1990 marketing years is decreased from the poundage quota apportioned to the State under such subsection for the immediately preceding marketing year, such decrease shall be allocated equally to each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(3) The farm poundage quota established for a farm for any of the 1986 through 1990 marketing years shall be reduced, insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, to the extent that the Secretary determines that the farm poundage quota established for the farm for any two of the three marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm. For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increases for undermarketing of quota peanuts from previous years or any increase resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection.

"(4) For purposes of this subsection, the farm poundage quota shall be considered produced on a farm if—

"(A) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary; or

"(B) the farm poundage quota for the farm was released voluntarily under paragraph (7) of this subsection for only one of the three marketing years immediately preceding the marketing year for which the determination is being made.

"(5) Notwithstanding any other provision of law, the farm poundage quota established for a farm under this subsection, or any part of such quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner, and the poundage quota for the farm for which such quota is released shall be adjusted downward to reflect the quota that is so released.

"(6) The total amount of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) of this subsection shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least two of the three crop years immediately preceding the year for which such allocation is being made, except that not less than 25 per centum of such total amount of farm poundage quota in the State shall be allocated to farms for which no farm poundage quota was established for the immediately preceding year's crop.

"(7) The farm poundage quota, or any portion thereof, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that such quota, or any part thereof, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe. Any adjustment in the farm poundage quota for a farm under this paragraph shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which such quota was released for any subsequent marketing year.

"(8) The farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years, except that no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the quota on such farm for the marketing year was reduced under paragraph (3) of this subsection for failure to produce. Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved. Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) of this subsection exceeds 10 per centum of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 per centum of the national poundage quota.

"(t) For each farm for which a farm poundage quota is established under subsection (s) of this section, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. If peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(u) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the five calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, fourth, and fifth years of the period. The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held, and if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(v) For the purposes of this part and title I of the Agricultural Act of 1949—

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (s) of this section, that are eligible for domestic edible use as determined by the Secretary, that are marketed or considered marketed from a farm, and that do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (s) of this section;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 803. Effective only for the 1986 through 1990 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a) is amended by adding at the end thereof the following:

"(k) The owner, or the operator with permission of the owner, of any farm for which

a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm, except that any such lease of poundage quota may be entered into in the fall only if the quota has been planted on the farm from which the quota is to be leased and only under such terms and conditions as the Secretary may by regulation prescribe. The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner pr operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop. Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than ten thousand tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(l) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) no transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders;

"(2) no transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota;

"(3) no transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and

"(4) such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 804. *Effective only for the 1986 through 1990 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by adding at the end thereof the following:*

"(m)(1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are—

"(A) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(B) marketed through an area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949; or

"(C) marketed under contracts between handlers and producers pursuant to the provisions of subsection (q) of this section.

Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(l) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts, and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered to be marketing violations except in cases of fraud or conspiracy.

"(n) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c) of this section, are unique strains, and are not commercially available. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (r) of this section. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(o) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(p)(1) Except as otherwise provided in paragraph (2) of this subsection, the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) of this subsection if the handler agrees in writing, prior to any handling or disposal of such peanuts, to comply with provisions that the Secretary shall by regulation prescribe.

"(B) The regulations issued by the Secretary under subparagraph (A) of this paragraph shall include, but need not be limited to, the following provisions:

"(i) A handler of shelled peanuts may export peanuts classified by type in the following quantities (less such reasonable allowance for shrinkage as the Secretary may prescribe):

"(I) sound split kernel peanuts in an amount equal to twice the poundage of such peanuts purchased by the handler as additional peanuts;

"(II) sound mature kernel peanuts in an amount equal to the poundage of such peanuts purchased by the handler as additional peanuts less the amount of sound split kernel peanuts purchased by the handler as additional peanuts; and

"(III) the remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts and not crushed domestically.

"(ii) A handler shall ensure that any additional peanuts exported are evidenced by onboard bills of lading, or other appropriate documentation as may be required by the Secretary, or both.

"(iii) If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total peanut purchases for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, to ensure the handler's compliance with the obligation to export peanuts.

"(4) Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(5) The failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation. A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(6) If any additional peanuts exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts reentered.

"(q) A handler may, under such regulations as the Secretary may issue, contract with producers for the purchase of additional peanuts for crushing or export or both. Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval before August 1 of the year in which the crop is produced. Each such contract shall contain the final price to

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be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(r) Subject to the provisions of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer;

"(2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

"(3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this sentence to facilitate the orderly marketing of additional peanuts.

"(s)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section, other than a penalty on an importer under subsection (p)(6), is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulation may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation upon which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program, except that the amount of any penalty imposed on a handler under this section that resulted from the failure to export contracted additional peanuts shall not be reduced by the Secretary.".

PRICE SUPPORT PROGRAM

SEC. 805. Effective only for the 1986 through 1990 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A the following:

"PRICE SUPPORT FOR 1986 THROUGH 1989 CROPS OF PEANUTS

"SEC. 108B. Notwithstanding any other provision of law—

"(1) the Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1986 through 1990 crops. The national average quota support rate for the 1986 crop of quota peanuts shall be equal to the national average support rate established for the 1985 crop of quota peanuts, adjusted by the Secretary by a percentage equal to the percentage of any increase in the prices paid by farmers for commodities and services, interest, taxes, and wage rates during the period beginning with calendar year 1981 and ending with calendar year 1985, as determined by the Secretary. The national average quota support rate for each of the 1987 through 1990 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 per centum the national average quota support rate for the preceding crop. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage. The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403 of this Act. The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(2) the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1990 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(3)(A) in carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.60 of title 7 of the Code of Federal Regulations (January 1, 1985)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938;

"(B) the Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico, and bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing such pools. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of—

"(i) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts, to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts; and

"(ii) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

"(4) notwithstanding any other provision of this section—

"(A) any distribution of net gains on additional peanuts shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan; and

"(B)(i) the proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an addi-

tional loan pool to a quota loan pool under the provisions of section 358(s)(8) of the Agricultural Adjustment Act of 1938; and

"(ii) losses in area quota pools other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(s)(8) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under the first sentence of paragraph (3)(B) in such manner as the Secretary shall by regulation prescribe;

"(5) notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(u) of the Agricultural Adjustment Act of 1938.".

REPORTS AND RECORDS

SEC. 806. Effective only for the 1986 through 1990 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1990 crops of peanuts.

TITLE IX—SOYBEANS

SOYBEAN PRICE SUPPORT

SEC. 901. Effective only for the 1986 through 1990 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by—

(1) inserting in the first sentence "soybeans," after "tung nuts,"; and

(2) adding at the end thereof the following:

"(g)(1) The price of soybeans shall be supported through loans and purchases during each of the five marketing years beginning with the 1986 marketing year at a level equal to 75 per centum of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low valued years, except that in no event shall the Secretary establish a support price of less than $5.02 per bushel. Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of soybeans received by producers in the previous marketing year (including the marketing year for the 1985 crop of soybeans) was not more than 105 per centum of the level of loans and purchases for soybeans for such marketing year, or (B) with respect to the 1986 crop only, that the level of loans or purchases computed under the foregoing provisions would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the Secretary may reduce the level of loans and purchases for soybeans for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that (subject to the following sentence) the level of loans and purchases may not be reduced by more than 10 per centum in any year nor below $4.50 per bushel. If the Secretary exercises the authority provided in the preceding sentence with respect to the level of loans and purchases for the 1986 crop of soybeans based on a determination that the level of loans and purchases computed under the first sentence of this paragraph would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the level of loans and purchases for such crop may not be reduced by more than 5 per centum. For the purposes of this subsection, the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the market year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies; nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law, the Secretary shall not require participation in any production adjustment control program for soybeans or any other commodity as a condition of eligibility for price support for soybeans or allow the planting of soybeans for harvest on acreage set aside or diverted from production under any other Government program.".

"(3) For any crop of soybeans for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of soybeans as provided in this section.".

TITLE X—GENERAL COMMODITY PROVISIONS

Subtitle A—The Agricultural Efficiency and Equity Act of 1985

SHORT TITLE

SEC. 1001. This subtitle may be cited as the "Agricultural Efficiency and Equity Act of 1985".

ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

SEC. 1002. The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting, after title V, as added by section 551 of this Act, the following:

"TITLE VI—ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

"SEC. 601. The purpose of this title is to prescribe a system for establishing farm and crop acreage bases and program yields for the wheat, feed grain, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

"DEFINITIONS

"SEC. 602. For purposes of this title—

"(1) the term 'program' means the farm and crop acreage base and program yield system established under this title;

"(2) the term 'program crop' means any crop of wheat, feed grains, upland cotton, or rice;

"(3) the term 'crop year' means the calendar year in which a crop is normally harvested, except that, in the case of a crop that is normally harvested in January, February, or March of any calendar year, the term 'crop year' with respect to such crop means the calendar year in which such crop is planted and during which substantially all growth occurs;

"(4) the term 'county committee' means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for the county in which the farm is located; and

"(5) the term 'cooperator' means any producer of any program crop who is considered a cooperator under the provisions of section 101(e).

"FARM ACREAGE BASES

"SEC. 603. (a) The Secretary shall provide, for each farm on which at least one program crop was produced during at least one of the five crop years immediately preceding the 1986 crop year, for the establishment and maintenance of farm acreage bases.

"(b)(1) The county committee shall determine the farm acreage base for any crop year beginning after the 1985 crop year for any farm referred to in subsection (a), which, except as otherwise provided in paragraph (2), shall be the number of acres equal to the total of—

"(A) the average of the total acres on the farm planted to wheat and feed grains for harvest (or considered as so planted under section 609) in each of the five crop years immediately preceding such crop year;

"(B) the average of the total acres on the farm planted to upland cotton and rice for harvest (or considered as so planted under section 609)—

"(i) (for each of the 1986 through 1988 crop years for which such base is being determined) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) (for each of the 1989 and succeeding crop years for which such base is being determined) in each of the five crop years immediately preceding such crop year; and

"(C) the average of the total acres on the farm otherwise considered, under section 609, as planted to program crops for harvest in each of the five crop years immediately preceding such crop year,

except that for each of the 1986 through 1988 crop years for which such base is being determined, such number of acres may not exceed the average acreage on the farm planted to program crops (or considered as so planted under section 609) for harvest during the two preceding crop years.

"(2) For the purpose of determining the farm acreage base for the 1986 crop year for any farm referred to in subsection (a), the county committee may construct a planting history for such farm if—

"(A) planting records for such farm for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year of such crop, no program crop was produced on such farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"CROP ACREAGE BASES

"SEC. 604. (a)(1) The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop (including any program crop produced under an established practice of double cropping) produced on each farm referred to in section 603(a).

"(2) The sum of the crop acreage bases for all program crops produced on any farm for any crop year shall not exceed the farm acreage base for such farm for such crop year, except to the extent that the excess is due to an established practice of double cropping, as determined by the county committee and subject to such regulations as the Secretary *may prescribe. To the extent that, because of the different procedures for calculating crop acreage bases for wheat and feed grains and for upland cotton and rice provided for in subsection (b), the sum of crop acreage bases for the farm for a crop year would exceed the farm acreage base for the crop year but for the operation of the preceding sentence, the crop acreage bases for the farm shall be adjusted by the county committee, in consultation with the farm operator, so that the sum of the crop acreage bases does not exceed the farm acreage base.*

"(b)(1) The county committee shall determine the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a). Except as otherwise provided in subsection (a)(2), the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a) shall be—

"(A) if the program crop is wheat or feed grains, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the five crop years preceding such crop year; and

"(B) if the program crop is upland cotton or rice—

"(i) for each of the 1986 through 1988 crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) for each of the 1989 and succeeding crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the five crop years preceding such crop year.

"(2) For the purpose of determining the crop acreage base for any program crop for the 1986 crop year for any farm referred to in section 603(a), the county committee may construct a planting history for such crop if—

"(A) planting records for such crop for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year, the program crop was not produced on the farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"ADJUSTMENT OF CROP ACREAGE BASES BY PRODUCERS

"SEC. 605. (a) Any producer, by submitting notice to the county committee before the time specified in subsection (c) with respect to any crop year, may increase or decrease the crop acreage base for any program crop for the producer's farm for such crop year to the extent provided in subsection (b).

"(b)(1) An adjustment of any crop acreage base for any farm under subsection (a) (or, in the case of an adjustment in the crop acreage bases for two or more program crops, the sum of the number of acres by which each such crop acreage base is increased or decreased) may not exceed the number of acres that is equal to 10 per centum of the farm acreage base for such farm for such crop year, except that such adjustment (or the sum of the number of acres by which crop acreage bases are increased or decreased when bases for two or more program crops are adjusted) for the 1986 crop year may not exceed the number of acres that is equal to 20 per centum of the farm acreage base for such farm for such crop year. No such adjustment shall be construed to increase the farm acreage base for such farm for such crop year.

"(2) The Secretary may suspend, on a nationwide basis, any limitation contained in paragraph (1) with respect to the crop acreage base for any program crop if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to the program crop; or

"(B) market factors exist that require the suspension of the limitation to achieve the purposes of the program.

"(c) Any notice under subsection (a) shall be submitted by the producer to the county committee before the first day of the sixty-day period ending on—

"(1) the final date required by law for the announcement by the Secretary of any acreage or supply control program with respect to the program crop for the crop year involved; or

"(2) in the case of—

"(A) wheat, July 1 of the year preceding such crop year;

"(B) feed grains, September 30 of the year preceding such crop year;

"(C) upland cotton, November 1 of the year preceding such crop year; and

"(D) rice, January 1 of such crop year,

whichever date occurs first with respect to the program crop.

"PROGRAM YIELDS

"SEC. 606. (a) The Secretary shall provide for establishing a program yield for each program crop for each crop year for any farm.

"(b)(1) The county committee shall determine the program yield for any program crop for any crop year beginning with the 1986 crop for any farm. Subject to paragraphs (2) and (3), and except as otherwise provided in subsection (d), the program yield for any program crop for any crop year for any farm shall be the average of the actual yield per harvested acre for the crop for such farm for each of the five crop years immediately preceding such crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm.

"(2) The program yield for any program crop for any crop year for any farm shall not be more than 150 per centum nor, except as provided in paragraph (3), less than 90 per centum of the program yield for the crop for the immediately preceding crop year for the farm.

"(3) The program yield for any program crop for the 1986 crop year shall not be less than the yield established for the crop for the 1985 crop year under this Act.

"(c) Under such regulations as the Secretary may prescribe, the county committee for any county may adjust any program yield for any program crop for any farm within the county to the extent that the committee determines that—

"(1) a significant change in any farming practice on the farm will materially and permanently affect the yield for the crop on the farm, or

"(2) because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, the program yield for the crop on the farm does not accurately reflect the productive potential of the farm.

"(d) In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (b)(1) for any crop year is not available, the county committee may assign the farm a yield for the crop for such crop year on the basis of actual yields for the crop for such crop year on farms that the committee determines are similar to such farm with respect to size, location, and farming practices.

"RESPONSIBILITIES OF COUNTY COMMITTEES

"SEC. 607. (a)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to specify the total number of acres on the farm planted to program crops for harvest in each of the five crop years immediately preceding such crop year, and the total number of acres on the farm planted to each program crop in each such crop year for harvest. Before the beginning of the crop year, the county committee shall—

"(A) establish or adjust the farm acreage base and each crop acreage base for the crop year for each such farm on the basis of such information; and

"(B) notify each such producer of the farm acreage base and each crop acreage base that shall apply to such farm for such crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the farm acreage base for each farm operated by a producer within the county and the crop acreage base for each program crop produced on each such farm.

"(3) The records of the farm acreage base and crop acreage base for a farm for the 1986 crop year shall reflect the determinations made under sections 603(b) and 604(b) and shall include—

"(A) any crop planting history for the farm, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act; and

"(B) any construction of planting history for the farm made by the county committee to the extent provided in sections 603(b)(2) and 604(b)(2).

"(b)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to supply such information as may be necessary for determining the program yield as provided in section 606 for any program crop produced on any farm within such county by the producer for the crop year. The county committee shall notify each producer of such determination for each crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the program yield for any program crop for any crop year for any farm operated by a producer within the county.

"(3) The records of program yield for any program crop for any crop year for a farm shall reflect the determinations made under section 606 and shall include—

"(A) any crop history for the five crop years immediately preceding the 1986 crop year, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act;

"(B) any construction of crop yield history for the farm made by the county committee to the extent provided in section 606(d);

"(C) the actual yield per harvested acre for the crop for the farm for the 1986 and each subsequent crop year; and

"(D) any adjustment in the program yield for the crop for the farm made by the county committee under section 606(c).

"NEW PRODUCERS AND SIMILAR SITUATIONS

"SEC. 608. Each county committee may provide for the establishment of a farm acreage base and crop acreage bases with respect to any farm located within the county if such farm acreage base and crop acreage bases cannot be established under sections 603 and 604. Such bases shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985, except that no such bases shall be established for a farm if the producer on such farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

"SPECIAL RULES

"SEC. 609. (a) For purposes of determining any farm acreage base or any crop acreage base under this title, the number of acres planted to any program crop in a crop year includes any acreage that, under any other provision of law, is reserved from production of a program crop for such crop year because of the participation of the producer in an acreage or crop limitation program under such provision of law (except to the extent that such acreage is planted to soybeans), including any acreage devoted to conserving uses, or planted to program crops not for harvest or to nonprogram crops (except soybeans), by a person participating in the program in excess of the acreage required to be reserved from production of the program crop for such crop year.

"(b) For purposes of determining any farm acreage base under this title, the number of acres planted to a program crop in a crop year also includes any acreage that—

"(1) is devoted by the producer to a conserving use during such crop year in the normal course of farming operations, as determined by the county committee under regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985;

"(2) the producer is unable to plant to such crop (or, if planted to such crop, is unable to harvest) during such crop year because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, as determined by the county committee; or

"(3) except as provided in subsection (c), is planted to soybeans.

"(c) In any crop year that acreage planted and considered planted under the provisions of subsections (a) and (b) to all program crops on a farm, before the application of the rules under this subsection, would be determined to exceed the farm acreage base for the farm for such crop year, and such determination would not occur but for the planting of soybeans, a number of acres equal to the difference between (1) the total of (A) the acreage planted (and considered planted under the provisions of subsections (a) and (b)) to wheat, feed grains, upland cotton, and rice for the farm for such crop year and (B) the total acreage planted to soybeans, and (2) the farm acreage base for such farm for such crop year, shall not be considered planted under subsection (b)(3).

"(d) If a county committee determines that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), under such regulations as the Secretary may prescribe, the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of such program crop. For purposes of determining the farm acreage base, the crop acreage base, or the eligibility of such producer to be considered a cooperator or otherwise participate in a commodity program under this Act, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

"APPEAL PROCEDURE

"SEC. 610. The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this title may seek administrative review of such determination.".

REPEAL OF OUTDATED PROGRAM PROVISIONS

SEC. 1003. (a) Effective beginning with the 1986 crop of wheat, feed grains, upland cotton, and rice, the Agricultural Adjustment Act of 1938 is amended by—

(1) striking out sections 326, 327, 328, 329, 330, 332, 333, 334, 334a, 335, 336, 338, 339, 342, 342a, 343, 344, 344a, 345, 346, 372(a), 379b, 379c, 379d, 379e, 379f, 379g, 379h, 379i, and 379j (7 U.S.C. 1326, 1327, 1328, 1329, 1441 note, 1332, 1333, 1334, 1334b, 1335, 1336, 1338, 1339, 1342, 1342a, 1343, 1344, 1344b, 1345, 1346, 1372a, 1379b, 1379c, 1379d, 1379e, 1379f, 1379g, 1379h, 1379i, and 1379j, respectively)

(2) in section 361 (7 U.S.C. 1361), striking out "corn, wheat, cotton, peanuts, and rice" and inserting in lieu thereof "and peanuts";

(3) in section 371(a) (7 U.S.C. 1371(a)), striking out "cotton, rice,", and striking out the comma after "peanuts";

(4) in section 371(b) (7 U.S.C. 1371(b)), striking out "cotton, rice,";

(5) in section 373 (7 U.S.C. 1373), striking out "corn, wheat, cotton, rice, peanuts," in subsection (b) and both places it appears in subsection (a), and inserting in lieu thereof "peanuts";

(6) section 374(b) (7 U.S.C. 1374(b)), striking out the phrase "farm acreage allotment" each time it appears and inserting in lieu thereof the phrase "crop acreage base";

(7) in the last sentence of section 374(c) (7 U.S.C. 1374(c)), inserting "or permitted acreage" after "allotment";

(8) in section 375(a) (7 U.S.C. 1375(a)), striking out "corn, wheat, cotton, rice, peanuts," and inserting in lieu thereof "peanuts";

(9) in section 377 (7 U.S.C. 1377)—

(A) striking out "(excluding any allotment released from the farm or reapportioned to the farm and any allotment provided for the farm pursuant to subsection (f)(7)(A) of section 344)"; and

(B) in the first proviso, striking out "or, in the case of upland cotton on a farm which qualified for price support on the crop produced in any such year under section 103(b) of the Agricultural Act of 1949, as amended, 75 per centum of the farm domestic allotment established under section 350 for any such year"; and

(10) in section 378 (7 U.S.C. 1378), adding at the end thereof the following:

"(g) In applying the provisions of this section to a farm for which a farm acreage base has been determined under the provisions of the Agricultural Efficiency and Equity Act of 1985, the word 'allotment', wherever it appears, shall be construed to mean 'farm acreage base and any crop acreage base comprised therein'.".

(b) Effective beginning with the 1986 crop of wheat, Public Law 74, 77th Congress, is repealed.

PRICE SUPPORT LEVELS FOR COOPERATORS UNDER PERMANENT LAW

SEC. 1004. (a) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by—

(1) in section 101 (7 U.S.C. 1441)—

(A) in the introductory paragraph, inserting "(with respect only to tobacco and peanuts)" before "producers have not disapproved marketing quotas for such crop"; and

(B) amending subsection (d)(3) to read as follows:

"(3) the level of price support to cooperators for any crop of peanuts for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price therefor; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;"; and

(C) in paragraph (5) of subsection (d), inserting "except with respect to wheat, corn, upland cotton, and rice," before "price support may be made";

(2) in section 103(a) (7 U.S.C. 1444(a))—

(A) in the first sentence, striking out "for which producers have not disapproved marketing quotas"; and

(B) in the third sentence, striking out "and in case marketing quotas are disapproved";

(3) in section 105 (7 U.S.C. 1444) striking out "producers" both places it appears and inserting in lieu thereof "cooperators";

(4) in section 107 (7 U.S.C. 1445a)—

(A) in paragraph (1), striking out "accompanied by domestic certificates" and inserting in lieu thereof "produced by a cooperator";

(B) striking out paragraphs (2), (3), (5), and (6); and

(C) redesignating paragraph (4) as paragraph (2); and

(5) amending section 408(b) (7 U.S.C. 1428(b)) to read as follows:

"(b) A 'cooperator' (1) with respect to wheat, feed grains, upland cotton, and rice, shall be a 'cooperator' as that term is defined in section 101(e) of this Act, and (2) with respect to any other basic agricultural commodity, shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938.".

(b) Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding after subsection (d) the following:

"(e)(1) Only a producer who is a cooperator for a crop shall be eligible for price support under any program carried out by the Secretary for rice, upland cotton, feed grains, or wheat for such crop under this section, or section 103(a), 105, or 107 of this Act, respectively.

"(2) A producer of wheat, feed grains, upland cotton, or rice shall be considered a cooperator for a crop of such commodity with respect to a farm if the producer has a farm acreage base for the crop year involved for the farm, and a crop acreage base for the crop year involved for each program crop (as defined in section 602(2) of this Act) produced on such farm, under title VI of this Act, and—

"(A) the number of acres on the farm planted to all program crops (as defined in section 602(2) of this Act) for harvest by such producer for such crop does not exceed the farm acreage base for such farm for the crop year involved, except to the extent that such excess is due to an established practice of double cropping, and

"(B) the number of acres on the farm planted to each program crop (as defined in section 602(2) of this Act) for harvest by such producer for the crop year involved does not exceed the crop acreage base for such program crop for such farm for such crop year.

"(3) The Secretary may suspend, on a nationwide basis, any farm acreage base limitation or any crop acreage base limitation with respect to a crop of a commodity under this subsection, if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to any such commodity; or

"(B) market factors exist that require the suspension of any such limitation to achieve the purposes of the farm and crop acreage base and program yield system established under title VI of this Act.

"(4) Notwithstanding any other provision of this subsection, the Secretary may, on a nationwide basis, consider a producer a cooperator for any crop of rice, upland cotton, feed grains, or wheat produced on a farm by such producer if—

"(A) such producer has established and maintained a farm acreage base and a crop acreage base applicable to such commodity for such crop year on such farm, and

"(B) the number of acres on such farm planted to such commodity for harvest by such producer in such crop year does not exceed the crop acreage base for such commodity on such farm for such crop year.".

CONFORMING CHANGES

SEC. 1005. (a) Effective beginning with the 1986 crop of wheat, section 327 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339b) is repealed.

(b) Effective beginning with the 1986 crops, the first sentence of section 706 of the Food and Agriculture Act of 1965 (7 U.S.C. 1305) is amended by striking out "feed grain" and inserting in lieu thereof the word "acreage".

(c) Effective beginning with the 1986 crop of upland cotton, section 506 of the Agriculture and Food Act of 1981 (7 U.S.C. 1342 note) is repealed.

Subtitle B—Miscellaneous Commodity Provisions

PAYMENT LIMITATIONS FOR WHEAT, FEED GRAINS, COTTON, AND RICE

SEC. 1011. Notwithstanding any other provision of law—

(1) The total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, extra long staple cotton, and rice shall not exceed $50,000 for each of the 1986 through 1990 crops.

(2) The total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat and feed grains shall not exceed $100,000 for each of the 1986 through 1990 crops.

(3) The term "payments" as used in this section shall not include loans or purchases, nor any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments other than those diversion payments in kind made under section 103(i) or 101(j) of the Agricultural Act of 1949, as added by this Act, or section 1021 of this Act) or public access for recreation.

(4) If the Secretary of Agriculture determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5) The Secretary of Agriculture shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of such limitation: Provided, That the provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

NONRECOURSE LOAN LIMIT

SEC. 1012. Effective with respect to the 1986 through 1990 crops of wheat, feed grains, soybeans, peanuts, and tobacco, section 405 of the Agricultural Act of 1949 (7 U.S.C. 1425) is amended by—

(1) designating the existing text thereof as subsection (a);

(2) striking out "No producer" in the first sentence and inserting in lieu thereof "Except as otherwise provided in subsection (b) of this section, no producer"; and

(3) adding at the end thereof the following:

"(b) For each of the 1986 through 1990 crops, the total amount of nonrecourse loans that a person may receive for wheat, feed grains, soybeans, peanuts, or tobacco under one or more of the annual programs established under this Act for such crop shall not exceed an amount that causes the total outstanding principal balance for the person for such nonrecourse loans for all such commodities of the crop to exceed $250,000. Any such loan to the person whenever the outstanding principal balance for the person for nonrecourse loans for such commodities is $250,000 shall be recourse in nature. The regulations defining the term 'person' and prescribing rules applicable to limitations issued under section 1011(5) of the Food Security Act of 1985 shall apply to the term 'person' as used in this subsection and the limitation established under this subsection, except that the term 'person', as used in this subsection, shall not include any association to which loans are made under sections 106A(b) and 108B(3) of this Act.".

EXTENSION OF THE NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

SEC. 1013. (a) Subsection (c) of section 1006 of the Agriculture and Food Act of 1981 (7 U.S.C. 4102(c)) is amended to read as follows:

"(c) A person may serve as a member of the Board for one or more terms.".

(b) Section 1014 of the Agriculture and Food Act of 1981 (7 U.S.C. 4110) is amended by striking out "1985" and inserting in lieu thereof "1990".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS FOR WHEAT AND FEED GRAINS

SEC. 1014. Effective only for the marketing years for the 1986 through 1990 crops, section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by—

(1) striking out in the third sentence the matter following the third colon and inserting in lieu thereof the following: "Provided, That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges.";

(2) striking out in the fifth sentence "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) striking out in the seventh sentence ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 1015. Effective only for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, section 408(k) of the Agricultural Act of 1949 (7 U.S.C. 1428(k)) is amended to read as follows:

"REFERENCES TO TERMS MADE APPLICABLE TO WHEAT, FEED GRAINS, UPLAND COTTON, AND RICE

"(k) References made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for wheat, feed grains, upland cotton, and rice under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat, feed grains, upland cotton, and rice under this Act.".

NORMALLY PLANTED ACREAGE AND TARGET PRICES

SEC. 1016. Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is *amended by striking out "1985" in each place that it appears in subsections (a) and (b) and inserting in lieu thereof "1990".*

HAYING AND GRAZING

SEC. 1017. (a) Section 109 of the Agricultural Act of 1949 (7 U.S.C. 1445d) is amended by—

(1) striking out "1985" in the first sentence of subsection (a) and inserting in lieu thereof "1990"; and

(2) effective beginning with the 1986 crops, striking out "farm program payment yield" in the first sentence of subsection (c) and inserting in lieu thereof "program yield".

(b) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following new section:

"SEC. 424. Notwithstanding any other provisions of this Act, in carrying out any acreage limitation, set-aside, or land diversion program under this Act for wheat, feed grains, upland cotton, or rice, the Secretary shall permit participating producers in any State to devote all or any part of the acreage diverted from production under the program to haying and grazing during the eight months of each year selected by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for such State: Provided, That a producer may not sell any hay or other crop harvested from the acreage devoted to haying and grazing under this section.".

SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

SEC. 1018. Effective for the 1986 through 1990 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 (7 U.S.C. 1445h) is amended to read as follows:

"SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

"SEC. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105C or 107D of this title for one or more of the 1986 through 1990 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of Government. To carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.".

NORMAL SUPPLY

SEC. 1019. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1986 through 1990 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

MULTIYEAR SET-ASIDES

SEC. 1020. Notwithstanding any other provision of law—

(a) The Secretary of Agriculture may enter into multiyear set-aside contracts for a period not to extend beyond the 1990 crops. Such contracts may be entered into only as a part of the programs in effect for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, and only producers participating in one or more of such programs shall be eligible to contract with the Secretary under this section. Producers agreeing to a multiyear set-aside agreement shall be required to devote the set-aside acreage to vegetative cover capable of maintaining itself through such period to provide soil protection, water quality enhancement, wildlife production, and natural beauty. Grazing of livestock under this section shall be prohibited, except in areas of a major disaster, as determined by the President, if the Secretary finds there is a need for such grazing as a result of such disaster. Producers entering into agreements under this section shall also agree to comply with all applicable State and local laws and regulations governing noxious weed control.

(b) The Secretary of Agriculture shall provide cost-sharing incentives to farm operators for the establishment of vegetative cover, whenever a multiyear set-aside contract is entered into under this section.

(c) The Secretary of Agriculture may issue such regulations as the Secretary determines necessary to carry out this section.

(d) The Secretary of Agriculture shall carry out the program authorized by this section through the Commodity Credit Corporation.

COST REDUCTION OPTIONS

SEC. 1021. (a) Notwithstanding any other provision of law, whenever the Secretary of Agriculture determines that an action authorized under subsection (c), (d), or (e) of this section will reduce the total of the direct and indirect costs to the Government of a commodity program administered by the Secretary without adversely affecting income to small- and medium-sized producers participating in such program, the Secretary shall take such action with respect to the commodity program involved.

(b) In the announcement of the specific provisions of any commodity program administered by the Secretary of Agriculture, the Secretary shall include a statement setting forth which, if any, of the actions are to be initially included in the program, and a statement that the Secretary reserves the right to initiate at a later date any action not previously included but authorized by this section, including the right to reopen and change a contract entered into by a producer under the program if the producer voluntarily agrees to the change.

(c) When a nonrecourse loan program is in effect for a crop of a commodity, the Secretary of Agriculture may enter the commercial market to purchase such commodity if the Secretary determines that the cost of such purchases plus appropriate carrying charges will probably be less than the comparable cost of later acquiring the commodity through defaults on nonrecourse loans under the program.

(d) When the domestic market price of a commodity for which a nonrecourse loan program is in effect is insufficient to cover the principal and accumulated interest on a loan made under such program, thereby encouraging default by a producer, the Secretary of Agriculture may provide for settlement of such loan and redemption by the producer of the commodity securing such loan for less than the total of the principal and all interest accumulated thereon if the Secretary determines that such reduction in the settlement price will yield savings to the Government due to—

(1) receipt by the Government of a portion rather than none of the accumulated interest;

(2) avoidance of default; or

(3) elimination of storage, handling, and carrying charges on the forfeited commodity;

but the Secretary may not reduce the settlement price to less than the principal due on the loan.

(e) When a production control or loan program is in effect for a crop of a major agricultural commodity, the Secretary of Agriculture may at any time prior to harvest reopen the program to participating producers for the purpose of accepting bids from producers for the conversion of acreage planted to such crop to diverted acres in return for payment in kind from Commodity Credit Corporation surplus stocks of the commodity to which the acreage was planted, if the Secretary determines that (1) changes in domestic or world supply or demand conditions have substantially changed after announcement of the program for that crop, and (2) without action to further adjust production, the Government and producers will be faced with a burdensome and costly surplus. Such payments in kind shall not be included within the payment limitation of $50,000 per person established under section 1011 of this Act, but shall be limited to a total of $20,000 per year per producer for any one commodity.

(f) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture under any other provision of law.

PRODUCER RESERVE PROGRAM FOR WHEAT AND FEED GRAINS

SEC. 1022. (a) Except as provided by subsection (b) of this section, effective beginning with the 1986 crops, section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended by—

(1) in the first sentence of subsection (a), striking out "and" after "supply" and inserting in lieu thereof a comma, and inserting before the period at the end thereof the following: ", and provide for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities";

(2) in the third sentence of subsection (b)—

(A) in clause (1), striking out "nor more than five years" and inserting in lieu thereof ", with extensions as warranted by market conditions";

(B) in clause (4), striking out "before the market price for wheat or feed grains has reached" and inserting in lieu thereof "when the total amount of wheat or feed grains in storage under programs under this section is below the upper limits for such storage as set forth in clauses (A) and (B) of subsection (e)(2) and the market price for wheat or feed grains is below";

(C) in clause (5), striking out "a specified level, as determined by the Secretary" and inserting in lieu thereof "the higher of 140 per centum of the nonrecourse loan rate for the commodity or the established price for such commodity, as determined under title I of this Act";

(3) adding at the end of subsection (b) the following:

"Whenever—

"(A)(i) the total amount of wheat stored under storage programs established under this section is less than 17 per centum of the estimated total domestic and export usage of wheat during the then current marketing

year for wheat, as determined by the Secretary, or

"(ii) the total amount of feed grains stored under storage programs established under this section is less than 7 per centum of the estimated total domestic and export usage of feed grains during the then current marketing year for feed grains, as determined by the Secretary; and

"(B) the market price of the commodity, as determined by the Secretary, does not exceed 140 per centum of the nonrecourse loan rate for the commodity,

the Secretary shall encourage participation in the programs under this section by offering producers increased storage payments and loan levels, interest waivers, or such other incentives as the Secretary determines necessary to maintain the total amount of storage under the programs at the levels specified in clauses (A) and (B). The Secretary shall ensure that producers are afforded a fair and equitable opportunity to participate in each producer storage program, taking into account regional differences in the time of harvest."; and

(4) in subsection (e)—

(A) inserting "(1)" after "(e)";

(B) inserting before the period at the end of the second sentence the following: ", subject to the upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section set out in paragraph (2)";

(C) striking out the third sentence; and

(D) adding at the end thereof the following:

"(2) Prior to the harvest of each crop of wheat and feed grains, the Secretary shall determine and establish upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section to be effective during the marketing year for such crop, as follows:

"(A) The upper limit on the total amount of wheat that may be stored under such programs shall not exceed 30 per centum of the estimated total domestic and export usage of wheat during the marketing year for the crop of wheat, as determined by the Secretary;

"(B) the upper limit on the total amount of feed grains that may be stored under such programs shall not exceed 15 per centum of the estimated total domestic and export usage of feed grains during the marketing year for the crop, as determined by the Secretary; and

"(C) notwithstanding clauses (A) and (B), the Secretary may establish the upper limits at higher levels—not in excess of 110 per centum of the levels determined under clauses (A) and (B)—if the Secretary determines that the higher limits are necessary to achieve the purposes of this section.".

(b) The amendment made by subsection (a)(2)(B) of this section shall take effect with respect to any loan made under section 110 of the Agricultural Act of 1949 the date for repayment of which occurs after the date of enactment of this Act.

ADVANCE DEFICIENCY PAYMENTS

Sec. 1023. Effective for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, the Agricultural Act of 1949 is amended by inserting before section 108 the following:

"Sec. 107E. (a) Effective for each of the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, if the Secretary establishes an acreage limitation or set-aside program for a crop of wheat, feed grains, upland cotton, and rice, under this title and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary shall make available advance deficiency payments to producers who agree to participate in such program.

"(b) Advance deficiency payments under this section shall be made to producers under the following terms and conditions:

"(1) Payments shall be made available to producers with respect to any such crop as soon as practicable after October 1 of the calendar year in which the crop is harvested; but the Secretary, at the Secretary's discretion, may make payments available to any producer prior to such date at any time after the producer files notice of intention to participate in the program for the crop.

"(2) Payments shall be made available to producers in such amounts as the Secretary determines appropriate to encourage adequate participation in the program, except that the amount may not exceed an amount determined by multiplying (A) the estimated farm program acreage for the crop, by (B) the program yield for the crop, by (C) 50 per centum of the projected payment rate, as determined by the Secretary.

"(3) In any case in which the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this title is less than the amount paid to the producer as an advance deficiency payment for the crop under this section, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(4) If the Secretary determines under this title that deficiency payments will not be made available on a crop with respect to which advance deficiency payments have already been made under this section, the producers who received such advance payments shall refund such payments.

"(5) Any refund required under paragraph (3) or (4) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(6) If a producer fails to comply with the requirements under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this section, the producer shall repay, immediately, the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulations.

"(c) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(d) The Secretary shall carry out the program provided for in this section through the Commodity Credit Corporation.

"(e) The program provided for in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.".

DISCRETIONARY WHEAT AND FEED GRAIN EXPORT CERTIFICATE PROGRAMS

Sec. 1024. Effective for the 1986 through 1990 crops of wheat and feed grains, the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting after section 107E, as added by section 1024 of this Act, the following:

"Sec. 107F. (a)(1) The Secretary may establish a program, applicable to any of the 1986 through 1990 crops of wheat or feed grains, to provide incentives for the export of any of such crops of wheat and feed grains from private stocks. The program for any such crop established under this subsection by the Secretary shall include the following terms:

"(A) The Secretary shall issue wheat or feed grain export certificates to producers to whom the Secretary makes loans and payments under section 107D or 105C, respectively, for a crop if such producers comply with the terms and conditions of the program for such crop.

"(B) Each such certificate shall bear a monetary denomination and a designation specifying a quantity of the crop of the commodity involved, selected by the Secretary.

"(C) The aggregate quantity of wheat or feed grains specified in all export certificates distributable to eligible producers of the crop involved shall be equal to—

"(i) the aggregate amount of wheat or feed grains produced by producers participating in the program for the crop under section 107D or 105C, as determined by multiplying the acreage planted by each such producer for harvest times the producer's program yield for the commodity; times

"(ii) an export production factor.

For purposes of this subparagraph, the export production factor for a crop shall be determined by the Secretary by dividing the quantity of such crop harvested domestically that the Secretary estimates will not be used domestically and will be available for export (excluding the portion of the crop expected to be added to carryover stocks) during the marketing year for such crop by the quantity of such crop that the Secretary estimates will be harvested domestically.

"(D) Wheat or feed grain export certificates shall be distributed among eligible producers in a manner that will ensure that each eligible producer receives certificates having an aggregate face value that represents an equal rate of return per unit of wheat or feed grains produced by such producer for such crop. For purposes of determining such rate of return, the Secretary shall take into consideration regional variations in the costs incurred by producers to market the commodity (including transportation costs).

"(E) An export certificate issued under this subsection shall be redeemed by the Secretary for a cash amount equal to the monetary denomination on such certificate (or, at the option of the Secretary, a quantity of the commodity involved having a current fair market value equal to such amount) only on presentation by a holder who exports a quantity of the crop involved (including processed wheat or feed grains) equal to the quantity designated in the certificate and only if the Secretary has not redeemed previously an export certificate issued under this subsection presented in connection with the particular wheat or feed grains so exported.

"(2) The Secretary shall carry out this subsection through the Commodity Credit Corporation. If sufficient funds are available to the Corporation, there shall be expended to carry out this subsection with respect to the export of the crop of wheat or feed grains involved an amount not less than the product of—

"(A) 21 cents for wheat, 11 cents for corn, and such amounts for grain sorghums, oats, and, if designated by the Secretary, barley as the Secretary determines fair and reasonable in relation to the amount specified for corn; times

"(B) the aggregate of the wheat or feed grain acreage planted to the commodity for harvest by producers participating in the program for the crop with respect to which

deficiency payments are available under section 107D or 105C of this Act; times

"(C) the average of the program yields for the crop.

"(3) Funds expended to carry out export certificate programs established under this subsection shall be in addition to, and not in place of, funds authorized by any other law to be expended to finance or encourage the export of wheat or feed grains.

"(4) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.

"(b)(1) Effective for each of the 1986 through 1990 crops of wheat or feed grains, the Secretary may issue to eligible producers (who, for the purposes of this subsection, are producers of wheat or feed grains participating in the program under this Act for such crop who meet the requirements of paragraph (2)) export marketing certificates, denominated in bushels of wheat or feed grains, as applicable, for the crop, which shall be used, under such terms and conditions as the Secretary may prescribe consistent with the provisions of this subsection, as follows:

"(A) Not later than three months before the beginning of the marketing year for a crop of wheat or feed grains, the Secretary may issue to eligible producers that plant at least 50 per centum of the farm's wheat or feed grain crop acreage base for such crop, export marketing certificates to be applicable to such marketing year that, in the aggregate, shall equal the quantity of the commodity the Secretary estimates will be exported during the marketing year. Each such eligible producer shall receive certificates for a quantity of the commodity that bears the same ratio to the quantity of estimated exports as the producer's crop acreage base for that crop of the commodity bears to the aggregate total of all such eligible producers' crop acreage bases for that crop, rounded upward to the nearest full bushel.

"(B) The denomination of export marketing certificates shall be one bushel (with no accompanying cash face value), except that the Secretary may issue certificates in multiples of such denomination, and any certificate in the multiple of such denomination, may be exchanged by the producer, at the county Agricultural Stabilization and Conservation Service office, for certificates representing an equivalent quantity of the commodity in different multiples, to facilitate the operation of the program under this subsection. Each export marketing certificate shall designate the producer by name and the crop involved.

"(C) If seven months after the beginning of the marketing year for the crop, the Secretary determines that the amount of the commodity that will be exported during the marketing year for that crop will exceed the aggregate quantity of the commodity represented by all the export marketing certificates so issued, the Secretary may issue additional export marketing certificates to producers that initially received certificates for the crop sufficient to cover the additional exports, such certificates to be apportioned among such producers so that each producer receives the same portion of the additional certificates issued that the producer received of the export certificates initially issued for the crop, as provided in subparagraph (A), rounded upward to the nearest full bushel.

"(D) Producers may convey export marketing certificates issued under this subsection to purchasers of the commodity involved sold by the producers at any time prior to the end of the marketing year for the crop described in the certificate. If a producer has less wheat or feed grains to sell than the quantity represented by the export marketing certificates issued to the producer, because of reduced production or other reason or because, in the case of additional certificates issued under subparagraph (C), the producer had disposed of the producer's wheat or feed grains prior to the issuance of such additional certificates, the producer, at any time prior to the end of the marketing year for the crop involved, may sell the extra export marketing certificates to any person for such price as agreed on by the producer and purchaser. Any certificate may be reconveyed without restriction.

"(2) To be eligible to receive export certificates under this subsection for a crop of wheat or feed grains, a producer of such commodity must participate in the program under this title for such crop, and—

"(A) if there is no acreage limitation or set-aside in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable; or

"(B) if an acreage limitation is in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable, reduced to the extent required under the acreage limitation program, and comply with any other terms of the acreage limitation program established by the Secretary; or

"(C) if a set-aside program is in effect for the crop, comply with the set-aside and other terms of the set-aside program established by the Secretary.

"(3) Whenever the Secretary issues certificates under this subsection for a crop of wheat or feed grains, no person may export wheat or wheat products, or feed grains or feed grain products, from the United States during the marketing year for the crop without surrendering to the Secretary, at the time of export, export marketing certificates for such crop representing the quantity of the commodity being exported or, in the case of wheat or feed grain products, the equivalent quantity of the commodity contained in the products being exported. Persons that fail to comply with the requirements of the preceding sentence shall be guilty of a misdemeanor and shall be subject, on conviction for each violation thereof, to a fine of not more than $25,000 or imprisonment for not to exceed one year, or both such fine and imprisonment. This paragraph shall not apply to exports of commodities or products owned by the Government of the United States or agencies and instrumentalities thereof, nor to commodities or products provided to the exporter by the Commodity Credit Corporation under an export development program.

"(4) Any person who falsely makes, issues, alters, forges, or counterfeits any export marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely made, issued, altered, forged, or counterfeited export marketing certificate, shall be deemed guilty of a felony and on conviction thereof shall be subject to a fine of not more than $10,000 or imprisonment of not more than ten years, or both such fine and imprisonment.

"(5) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.".

REQUIRED DISPOSITION OF SURPLUS COMMODITIES

SEC. 1025. If the Secretary of Agriculture determines that Government-owned food and feed stocks acquired by the Commodity Credit Corporation through nonrecourse loan programs under the Agricultural Adjustment Act of 1938 or the Agricultural Act of 1949 cannot be disposed of in normal domestic trade channels without impairment of the price support programs under such Acts or sold abroad at competitive world prices, the Commodity Credit Corporation, under regulations issued by the Secretary, shall dispose of such commodities for the purposes of emergency domestic food assistance, emergency humanitarian food needs in developing countries, market development, export enhancement, or other such appropriate uses.

NONCOMPLIANCE BASED ON EXCESS IDLED ACRES

SEC. 1026. Title IV of the Agricultural Act of 1949 is amended by adding, after section 424, as added by section 1017 of this Act, the following:

"SEC. 425. A producer who removes land from production under an acreage limitation or set-aside program for a crop of wheat, feed grains, cotton, or rice under this Act and who idles more land than is required by the provisions of the program shall not have such producer's payments under this Act for such crop reduced, nor be subject to any other monetary fine or penalty, for failure to plant the program crop on acres so idled or to accurately report planted and idled acres unless the Secretary finds by the preponderance of the evidence that the producer's acts were committed to obtain funds from the Government of the United States to which such producer was not entitled by law.".

ADVANCE RECOURSE COMMODITY LOANS

SEC. 1027. Effective for the 1986 through 1990 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following:

"SEC. 426. Notwithstanding any other provision of this Act, the Secretary may make advance recourse loans available to producers of the commodities of the 1986 through 1990 crops for which nonrecourse loans are made available under this Act if the Secretary finds that such action is necessary to ensure that adequate operating credit is available to producers. These recourse loans may be made available under such reasonable terms and conditions as the Secretary may prescribe, except that the Secretary shall require that a producer obtain crop insurance for the crop as a condition of eligibility for a loan.".

LIQUID FUELS

SEC. 1028. Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation", and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities.".

Division B—Trade, Conservation, and Credit

TITLE XI—TRADE

Subtitle A—Public Law 480 and Use of Surplus Commodities in International Programs

TITLE II OF PUBLIC LAW 480—FUNDING LEVELS

SEC. 1101. Effective October 1, 1985, section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by—

(1) striking out "$1,000,000,000" in the first sentence and inserting in lieu thereof "$1,200,000,000";

(2) striking out "calendar" both places it appears in the first sentence and inserting in lieu thereof "fiscal"; and

(3) inserting after the first sentence the following: "The President may waive the limitation in the preceding sentence if the President determines that such waiver is necessary to undertake programs of assistance to meet urgent humanitarian needs.".

TITLE II OF PUBLIC LAW 480—MINIMUM FOR FORTIFIED OR PROCESSED FOOD AND NONPROFIT AGENCY PROPOSALS

SEC. 1102. Effective October 1, 1985, title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721-1726) is amended by adding at the end thereof the following:

"SEC. 207. Not less than 75 per centum of the agricultural commodities made available for distribution in each fiscal year under this title for nonemergency programs shall be fortified or processed food. The President may waive the requirement under the preceding sentence, or make available a smaller percentage of fortified or processed food than required under the preceding sentence, during any fiscal year in which the President determines that the requirements of the programs established under this title will not be best served by the distribution of fortified or processed food in the amounts required under the preceding sentence. In making agricultural commodities available for distribution as provided in this section, the President shall consider the nutritional assistance to the recipients and benefits to the United States that would result from distributing such commodities in the form of processed milk and plant protein products, as well as fruit, nut, and vegetable products.

"SEC. 208. Any request by a nonprofit or voluntary agency for agricultural commodities for a nonemergency food program under this title shall include—

"(1) a statement of the intended use of any foreign currency proceeds generated by such agency through the use of commodities made available under this title for such program; and

"(2) a statement of any possible detrimental disruption of traditional cultural food consumption habits that might arise from the distribution of commodities under such program.".

EXTENSION OF THE PUBLIC LAW 480 AUTHORITIES

SEC. 1103. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended by—

(1) striking out "1985" in the first sentence and inserting in lieu thereof "1990"; and

(2) in the second sentence—

(A) striking out "amendment" and inserting in lieu thereof "amendments"; and

(B) inserting "and the Food Security Act of 1985" after "Agriculture and Food Act of 1981".

FACILITATION OF EXPORTS

SEC. 1104. It is the sense of Congress that—

(1) the President should work with the People's Republic of China to facilitate the export of commodities, including dairy products and white wheat (in quantities sufficient to establish the quality of United States white wheat), to that country under the Agricultural Trade Development and Assistance Act of 1954 and section 416 of the Agricultural Act of 1949 with a view to increasing markets for those commodities in the People's Republic of China; and

(2) the President, to the extent practicable, should respond favorably to any request of the People's Republic of China seeking such receipt of commodities.

FARMER-TO-FARMER PROGRAM UNDER PUBLIC LAW 480

SEC. 1105. (a) Notwithstanding any other provision of law, not less than one-tenth of 1 percent of the funds available for each of the fiscal years ending September 30, 1986, and September 30, 1987, to carry out the Agricultural Trade Development and Assistance Act of 1954 shall be used to carry out paragraphs (1) and (2) of section 406(a) of that Act. Any such funds used to carry out paragraph (2) of section 406(a) shall not constitute more than one-fourth of the funds used as provided by the first sentence of this subsection, shall be used for activities in direct support of the farmer-to-farmer program under paragraph (1) of section 406(a), and shall be administered whenever possible in conjunction with programs under sections 296 through 300 of the Foreign Assistance Act of 1961.

(b) Not later than 120 days after the date of enactment of this Act, the Administrator of the Agency for International Development, in conjunction with the Secretary of Agriculture, shall submit to Congress a report indicating the manner in which the Agency intends to implement the provisions of paragraphs (1) and (2) of section 406(a) of the Agricultural Trade Development and Assistance Act of 1954 with the funds made available under subsection (a).

USE OF SURPLUS COMMODITIES IN INTERNATIONAL PROGRAMS

SEC. 1106. Effective October 1, 1985, section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by—

(1) striking out the last two sentences of subsection (a); and

(2) amending subsection (b) to read as follows:

"(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries and friendly countries under title II of the Agricultural Trade Development and Assistance Act of 1954, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

"(2) As used in this subsection, the term 'eligible commodities' means—

"(A) dairy products, grains, and oilseeds acquired by the Commodity Credit Corporation through price support operations that the Secretary determines meet the criteria specified in subsection (a); and

"(B) such other edible agricultural commodities as may be acquired by the Secretary of Agriculture or the Commodity Credit Corporation in the normal course of operations and that are available for disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

"(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

"(B) The requirements of section 401(b) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that (i) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and (ii) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

"(C) The Secretary shall take reasonable precautions to ensure that—

"(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

"(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

"(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 shall apply to the commodities furnished under this subsection.

"(B) The Commodity Credit Corporation may pay the processing and domestic handling costs incurred, as authorized under this subsection, in the form of eligible commodities, as defined in paragraph (2)(A), if the Secretary determines that such in-kind payment will not disrupt domestic markets.

"(6) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 in connection with those commodities, shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs and finance.

"(7) Eligible commodities, and products thereof, furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

"(A) Sales and barter that are incidental to the donation of the commodities or products.

"(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in the importing country that are consistent with providing food assistance to needy people.

"(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

"(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

"(ii) Foreign currency proceeds generated from the sales of commodities and products under this subparagraph shall be used by nonprofit and voluntary agencies, or cooperatives, for activities carried out by the agency or cooperative that will directly supplement the transportation, distribution, and use of commodities and products donated under this subsection.

"(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than 5 per centum of the quantity of all commodities and products furnished for carrying out programs of assistance under this subsection in such fiscal year.

"(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection and (II) after one year of acquisition as appropriate to achieve the purposes of clause (i).

"(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

"(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

Except as otherwise provided in subparagraph (C), no portion of the proceeds or services realized from sales or barter under paragraph (7) may be used to meet operating and overhead expenses.

"(8)(A) To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

"(B) The Secretary shall issue regulations governing sales and barter, and the use of foreign currency proceeds, under paragraph (7) of this subsection that will provide reasonable safeguards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

"(9) Not later than April 1, 1987, and annually thereafter, the Secretary shall report to Congress on sales and barters, and use of foreign currency proceeds, under paragraph (7) during the preceding fiscal year. Such report shall include information on—

"(A) the quantity of commodities furnished for such sale or barter;

"(B) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barters in such fiscal year;

"(C) how such funds and services were used;

"(D) the amount of foreign currency proceeds that were used under agreements under subparagraph (D) of paragraph (7) in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this subsection in such fiscal year such use represented;

"(E) the Secretary's best estimate of the amount of foreign currency proceeds that will be used, under agreements under subparagraph (D) of paragraph (7), in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage of the quantity of all commodities and products that the Secretary estimates will be furnished under this subsection in each such fiscal year that such estimated use represents;

"(F) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this subsection;

"(G) the extent to which sales, barter, or use displaces or interferes with commercial sales of United States agricultural commodities and products that otherwise would be made, or affects usual marketings of the United States, or disrupts world prices of agricultural commodities or normal patterns of trade with friendly countries, or discourages local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

"(H) the Secretary's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under paragraph (7).

"(10)(A) Subject to the limitations established under paragraph (3), the Secretary shall make available for disposition under this subsection in each of the fiscal years ending September 30, 1986, and September 30, 1987, not less than the minimum quantities of eligible commodities specified in subparagraph (B).

"(B) The minimum quantity of eligible commodities that shall be made available for disposition under this subsection in each fiscal year shall be (i) 1,000,000 metric tons in fiscal year 1986, and 600,000 metric tons in fiscal year 1987, of grains and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 per centum of the Corporation's uncommitted stocks of grains and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less, and (ii) 10 per centum of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available. The Secretary shall make such estimation of expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year. The Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year shall be published in the Federal Register, along with a breakdown by kind of commodity and the quantity of each kind of commodity that shall be made available, before the beginning of such fiscal year.

"(C)(i) The Secretary may waive the minimum quantity requirements of subparagraphs (A) and (B) for a fiscal year—

"(I) to the extent that the Secretary determines and reports to Congress that there are not sufficient requests for eligible commodities under this subsection for such fiscal year; or

"(II) if the Secretary determines that the restrictions on the furnishing of commodities under paragraph (3) prevent the making available of commodities in such minimum quantities.

"(ii) For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) are not made available and during which any requests for commodities under this subsection are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests.".

Subtitle B—Food Security Wheat Reserve

EXTENSION OF THE RESERVE

Sec. 1111. Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1637f-1(i)) is amended by striking out "1985" both places it appears and inserting in lieu thereof "1990".

Subtitle C—Maintenance and Development of Export Markets

TRADE POLICY DECLARATION

Sec. 1121. (a) Congress finds that—

(1) the volume and value of United States agricultural exports have significantly declined in recent years as a result of unfair foreign competition and the high value of the dollar;

(2) this decline has been exacerbated by the lack of uniform and coherent objectives in United States agricultural trade policy and the absence of direction and coordination in trade policy formulation;

(3) agricultural interests have been underrepresented in councils of government responsible for determining economic policy that has contributed to a strengthening of the United States dollar;

(4) foreign policy objectives of the United States have been introduced into the trade policy process in a manner injurious to the goal of maximizing United States economic interests through trade; and

(5) the achievement of that goal is in the best interests of the United States.

(b) It is hereby declared to be the agricultural trade policy of the United States to—

(1) provide through all means possible agricultural commodities and their products for export at competitive prices, with full assurance of quality and reliability of supply;

(2) support the principle of free trade and the promotion of fairer trade in agricultural commodities and their products;

(3) cooperate fully in all efforts to negotiate with foreign countries reductions in current barriers to fair trade;

(4) counter aggressively unfair foreign trade practices using all available means, including export restitution, export bonus programs, and, if necessary, restrictions on United States imports of foreign agricultural commodities and their products, as a means to encourage fairer trade;

(5) remove foreign policy constraints to maximize United States economic interests through agricultural trade; and

(6) provide for consideration of United States agricultural trade interests in the design of national fiscal and monetary policy that may foster continued strength in the value of the dollar.

AGRICULTURAL TRADE CONSULTATIONS

Sec. 1122. (a) To improve the orderly marketing of United States agricultural commodities, to achieve higher income for United States producers of agricultural commodities, and to reduce the likelihood of an agricultural commodity price war and the need for export subsidy programs, the Secretary of Agriculture shall, in coordination with the United States Trade Representative, confer with representatives of other major agricultural producing countries and, at the earliest possible date, initiate and pursue multilateral agricultural trade consultations among major agricultural producing countries.

(b) It is the sense of Congress that the objectives of the consultations called for in subsection (a) should be to—

(1) increase the exchange of information on worldwide agricultural production, demand, and commodity supply levels;

(2) determine a more equitable sharing of responsibility for maintaining agricultural commodity reserves and managing supplies of agricultural commodities; and

(3) attain increased cooperation in restraining export subsidy programs.

(c) The Secretary of Agriculture shall report to Congress by July 1, 1986, and annually thereafter, on the progress of efforts to initiate and pursue the consultations called for in subsection (a), including any agreements reached with respect to the objectives set forth in subsection (b).

DEPARTMENT OF AGRICULTURE EXPORT DEVELOPMENT PROGRAMS

SEC. 1123. (a) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture may use $325,000,000 of funds of the Commodity Credit Corporation for direct export credit under the blended credit export sales program of the Department of Agriculture.

(b) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture shall make available under the Export Credit Guarantee Program (GSM-102) carried out by the Commodity Credit Corporation credit guarantees for not less than $5,000,000,000 in short-term credit extended to finance export sales of United States agricultural commodities.

(c) Notwithstanding any other provision of law, the Secretary of Agriculture may not charge an origination fee with respect to any credit guarantee transaction under the Export Credit Guarantee Program (GSM-102) in excess of an amount equal to one-third of one percent of the credit extended under the transaction.

COOPERATOR MARKET DEVELOPMENT PROGRAM

SEC. 1124. (a) It is the sense of Congress that the cooperator market development program of the Foreign Agricultural Service should be continued to help develop new markets and expand and maintain existing markets for United States agricultural commodities, using nonprofit agricultural trade organizations to the maximum extent practicable.

(b) The cooperator market development program shall be exempt from the requirements of Circular A 110 issued by the Office of Management and Budget.

DEVELOPMENT AND EXPANSION OF MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES

SEC. 1125. (a)(1) Notwithstanding any other provision of law, effective for the period provided in subsection (h), the Secretary of Agriculture shall formulate and carry out a program under which agricultural commodities acquired by the Commodity Credit Corporation are provided to United States exporters, processors, or foreign purchasers, at no cost or reduced cost, to encourage the development and expansion of export markets for United States agricultural commodities.

(2)(A) The term "agricultural commodities", as used in this section in referring to United States agricultural commodities, includes, but is not limited to—

(i) wheat, feed grains, upland cotton, rice, soybeans, and dairy products produced in the United States;

(ii) any other agricultural commodity produced in the United States that is determined by the Secretary of Agriculture to be in surplus supply and that can be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935; and

(iii) products of the commodities and products described in clauses (i) and (ii) that are processed in the United States.

(B) United States agricultural commodities, as described in clause (ii) of subparagraph (A), may not be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, for the sole purpose of use under the program under this section; and such commodities, or products thereof, may not be furnished to United States exporters, processors, or foreign purchasers under the program under this section except by mutual agreement of such exporter, processors, or purchaser and the Secretary.

(3) The Secretary of Agriculture—

"(A) shall provide agricultural commodities or cash, or both, under the program to the extent necessary, as determined by the Secretary,

(i) to counter or offset the adverse effect on United States exports of an agricultural commodity of export subsidies used by other countries to promote sales of that agricultural commodity, and

(ii) to reduce to world price levels, as determined by the Secretary, the cost to exporters (including the cost of acquisition, handling, and an amount that reflects a fair return to such exporters) of grain purchased for export by such exporters and accompanied by a marketing certificate as provided under title V of the Agricultural Act of 1949, and

(B) may provide agricultural commodities under the program—

(i) to compensate, in whole or in part, for the high value of the United States dollar relative to other currencies, to increase the competitiveness of United States agricultural commodities in world markets;

(ii) to compensate, in whole or in part, overseas purchasers that buy United States agricultural commodities on credit for any increases in the value of the United States dollar while such credit is outstanding;

(iii) to offset, in whole or in part, interest charges that accrue on credit purchases of United States agricultural commodities by export customers;

(iv) to offset, in whole or in part, transportation charges involved in the export of United States agricultural commodities;

(v) in barter or countertrade transactions in which United States agricultural commodities are exported in exchange for other commodities or products;

(vi) for overseas sale to obtain foreign currencies to finance overseas trade offices for the use and benefit of United States exporters and commodity groups working to expand exports of United States agricultural commodities; and

(vii) for any other comparable purpose that the Secretary determines appropriate to expand United States agricultural exports and ensure competitiveness in world markets for United States agricultural commodities.

(b) In carrying out the program established by this section, the Secretary of Agriculture—

(1) shall take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities in any case in which the importation into the United States of a manufactured product made, in whole or in part, from an agricultural commodity provided for export under the program would place domestic users of the agricultural commodity at a competitive disadvantage;

(2) may provide to a United States exporter, processor, or foreign purchaser, under the program, agricultural commodities of a kind different than the agricultural commodity involved in the transaction for which assistance under this section is being provided;

(3) may purchase, through the Commodity Credit Corporation, agricultural commodities for use under the program if Commodity Credit Corporation stocks are insufficient or not available for use under the program;

(4) shall consider for participation in the program all interested foreign purchasers, including those who have traditionally purchased United States agricultural commodities and who continue to purchase such commodities on an annual basis in quantities greater than the level of purchases in a previous representative period;

(5) shall ensure, insofar as possible, that any use of agricultural commodities made available under this section be made in such manner as to encourage increased use and avoid displacing usual marketings of United States agricultural commodities; and

(6) shall take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities provided under this section.

(c) The Secretary of Agriculture shall carry out the program established by this section through the Commodity Credit Corporation.

(d) Any price restrictions that otherwise may be applicable to dispositions of agricultural commodities owned by the Commodity Credit Corporation shall not apply to agricultural commodities provided under this section.

(e)(1) In carrying out barter and countertrade transactions, as authorized under subsection (a)(3), the Secretary of Agriculture may acquire and hold strategic or other materials that the United States does not domestically produce in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet, giving priority to materials that entail less risk of loss through deterioration and have lower storage costs than the agricultural commodities they replace. Each agency of the United States Government that procures strategic or other materials acquired under any such transaction shall reimburse the Commodity Credit Corporation for such procurement and otherwise cooperate with the Secretary in the conduct of the transaction.

(2) In addition to holding strategic and other materials to which title is acquired under such barter or countertrade transactions, the Secretary may (A) hold in storage strategic and other materials of the sort to which title may be so acquired even though it has not been (and impose a charge for costs incurred in storing such materials), and (B) issue negotiable warehouse receipts for such materials so stored to permit the use of such materials as collateral to secure loans to finance the export of United States agricultural commodities.

(f)(1) Except as otherwise expressly provided in this section, the Secretary of Agriculture shall aggressively administer the program under this section solely to develop and expand exports of United States agricultural commodities and maximize the total dollar return on such exports.

(2) The program under this section shall not be used to expand exports (A) to any country with which the United States does not have full diplomatic relations, except that the foregoing shall not be construed as preventing the Secretary from carrying out the program with the people of Taiwan under the provisions of the Taiwan Relations Act or (B) to any country against which an embargo on the export of United States agricultural commodities has been imposed by the President under law.

(3) The program under this section shall not be used to promote any goal of foreign policy of the United States other than those goals set forth in paragraph (1).

(g) Not later than March 1 of the second calendar year beginning after the date of the enactment of this Act, the Secretary of Agriculture shall report to Congress on the exports from the United States of agricultural commodities to each foreign country during the calendar years 1979 through 1982 and to each foreign country during the immediately preceding calendar year, and on the exports to each such country during the immediately preceding calendar year of agricultural commodities made available under the program under this section. The report shall also include, for the same time periods, information on exports to each such country of agricultural commodities produced outside the United States that are used for the same or similar purposes as exports of agricultural commodities to such country from the United States. For the purpose of the report, exports shall be listed by kind, value, and quantity, and for exports of agricultural commodities produced outside the United States, the country of origin shall be provided.

(h) The program under this section shall be in operation only during the marketing years for the 1985 through 1990 crops of agricultural commodities produced in the United States.

(i) The Secretary of Agriculture shall issue such regulations as are necessary to implement the provisions of this section, after consultation with the United States Trade Representative, not later than 60 days after the date of enactment of this Act.

(j) The program established under this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

EXPORT ADVISORY COUNCIL

SEC. 1126. (a) There is established an Export Advisory Council to advise the Secretary of Agriculture and the United States Trade Representative on how best to use the agricultural export development and expansion program established under section 1125.

(b) The Export Advisory Council shall be composed of the Secretary of Agriculture, the United States Trade Representative, and 12 other persons selected and appointed as follows:

(1) The Chairman and the ranking minority member of the Committee on Agriculture of the House of Representatives each shall appoint three members to the Council; and the Chairman and the ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate each shall appoint three members to the Council; and

(2) The 12 members so appointed shall be selected from among persons with experience and skills in world trade in agricultural commodities and products thereof.

(c) The members of the Export Advisory Council shall be appointed not later than 60 days after the date of enactment of this Act. A vacancy in the membership of the Council shall be filled in the same manner as the original appointment.

(d)(1) Each member of the Export Advisory Council who is not otherwise a fulltime employee of the Federal Government shall receive for each day such member is engaged in the performance of the functions of the Council the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5 of the United States Code.

(2) Each member of the Council shall be reimbursed for actual and necessary travel expenses incurred while away from such member's home or regular place of business and engaged in the performance of the functions of the Council in the same manner and to the same extent as provided under section 5703 of title 5 of the United States Code.

(e) The Secretary of Agriculture shall chair the Export Advisory Council, except that, in the Secretary's absence, the United States Trade Representative shall chair the Council.

(f) The Export Advisory Council shall meet not less frequently than once every two months. The Council shall review in detail the functioning of the agricultural export development and expansion program under section 1123, including any proposal (whether or not acted on) for use of the program that has been submitted to the Secretary, and make such recommendations for improvements in the operations of the program as the Council deems appropriate.

(g) The Export Advisory Council shall report semiannually to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on the state of the program under section 1123 and its operations. Each member of the Council shall have the opportunity to review each such report before its submission to the Committees and to have appended to the report, as an addendum, any comments such member may make on the report or on the operations of the program.

(h) On request of the Export Advisory Council, the Secretary of Agriculture shall furnish the Council with such personnel and support services as are necessary to assist the Council in carrying out its duties and functions.

(i) The term of the Export Advisory Council shall expire at the time that the agricultural export development and expansion program under section 1125 ceases operation.

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 1127. Section 4(d) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(d)) is amended by—

(1) in paragraph (1)(A), striking out "three" and inserting in lieu thereof "ten";

(2) in paragraph (2), striking out all that follows "fund" and inserting in lieu thereof the following: "to extend credit for purposes of market development and expansion and to meet credit competition for export sales.";

(3) striking out the second sentence of paragraph (4), and inserting in lieu thereof the following: "All funds received by the Corporation in payment for direct credit extended by the Corporation after September 30, 1985, including interest or other receipts on investments and credit obligations, in financing export sales shall be added to and become a part of such revolving fund.";

(4) striking out "1985" both places it appears in paragraph (6) and inserting in lieu thereof "1990"; and

(5) striking out paragraph (8).

INTERMEDIATE CREDIT FOR AGRICULTURAL EXPORTS

SEC. 1128. Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended by—

(1) adding at the end of paragraph (1) the following: "Such financing may consist of the provision of direct credit or guaranteeing the repayment of loans made by entities other than the Corporation to finance such sales.";

(2) in paragraph (2)—

(A) striking out "or" at the end of clause (A);

(B) striking out the period at the end and inserting in lieu thereof "; or"; and

(C) adding at the end thereof the following:

"(C) otherwise promote the export of United States agricultural commodities.";

(3) in paragraph (3)—

(A) striking out "and" at the end of clause (C);

(B) striking out "credit" in clause (D);

(C) striking out the period at the end and inserting in lieu thereof "; and"; and

(D) adding at the end thereof the following:

"(E) otherwise to promote the export of United States agricultural commodities.";

(4) in paragraph (4), striking out "to encourage credit competition, or";

(5) in paragraph (5)—

(A) inserting "through the provision of direct credit" after "subsection"; and

(B) amending paragraph (A) to read as follows:

"(A) Repayment shall be in dollars with interest at a rate determined by the Secretary, except that the Secretary may permit a purchaser to make repayment in other currencies of a portion—not to exceed 10 per centum—of the principal and interest payments under any financing arrangement entered into under paragraph (3)(C), and the Secretary may use such portion of the principal and interest payments for the purpose of developing markets for agricultural products of the United States in the purchaser's country, in cooperation with the private sector."; and

(6) inserting at the end thereof the following:

"(10) The Secretary shall make available for the financing of transactions under this subsection not less than $500,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, of which not less than $150,000,000 shall be available, for each such fiscal year, for financing arrangements entered into under paragraph (3)(C). Not less than 25 per centum of the funds provided in any fiscal year for the financing of transactions under this subsection shall be made available for financing that consists of the provision of direct credit.".

MARKET EXPANSION RESEARCH

SEC. 1129. The Secretary of Agriculture, using available funds, shall increase and intensify research programs conducted by or for the Department of Agriculture that are directed at developing technology to overcome barriers to expanded sales of United States agricultural commodities and the products of such commodities in foreign markets, including research programs for the development of procedures to meet plant quarantine requirements and improvement in the transportation and handling of perishable agricultural commodities.

EXPORT SUBSIDY REPORTS

SEC. 1130. (a) Congress finds that—

(1) aggressive trading practices on the part of foreign competitors are eroding the sales of United States agricultural commodities and the products of such commodities in traditional foreign markets of the United States and are inhibiting the expansion of sales of such commodities and products in other foreign markets;

(2) export subsidies by foreign governments have severely undercut the sale of United States agricultural commodities and products in Third World country markets; and

(3) accurate, adequate, and current data on the nature and extent of such subsidies have not been readily available to appropriate United States officials or to agricultural sectors in the United States affected by such subsidies.

(b) The Secretary of Agriculture shall require appropriate officers and employees of the Department of Agriculture stationed in foreign countries to prepare and submit annually, directly to the Secretary, detailed information documenting the nature and extent of programs in such countries that provide direct government support for the export of agricultural commodities and the products of such commodities. The Secretary shall also require such reports to identify opportunities for the export of United States agricultural commodities and the products of such commodities to the foreign countries in which the officers and employees are stationed.

(c) The Secretary of Agriculture shall compile the information contained in the reports each year and make such information available to Congress and to other interested parties.

CONTRACT SANCTITY

SEC. 1131. It is hereby declared to be the policy of the United States—

(1) to foster and encourage the export of agricultural commodities and the products of such commodities;

(2) not to restrict or limit the export of such commodities and products except under the most compelling circumstances;

(3) that any prohibition or limitation on the export of such commodities or products should be imposed only in time of a national emergency declared by the President under the Export Administration Act; and

(4) that contracts for the export of such commodities or products entered into before the imposition of any prohibition or limitation on the export of such commodities or products should not be abrogated.

Subtitle D—Transportation Charges For Waterborne Cargoes of Donated Commodities

LIMITATION ON REQUIREMENTS

SEC. 1141. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end thereof the following: "Export activities of the Corporation under this Act and activities of the Corporation or the Department of Agriculture to promote the export of agricultural commodities under any other Act shall not be subject to cargo preference requirements, except to the extent otherwise required for exports under the Agricultural Trade Development and Assistance Act of 1954.".

Subtitle E—Agricultural Imports

CONSULTATIONS ON IMPORT RESTRICTIONS

SEC. 1151. Before relaxing or removing a restriction on the importation of an agricultural commodity into the United States, the authority within the Department of Agriculture proposing that relaxation or removal shall consult with all other appropriate authorities within the Department of Agriculture, including the Foreign Agricultural Service and the Animal and Plant Health Inspection Service.

STUDY

SEC. 1152. (a) The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine—

(1) the effect of apricot imports into the United States on the domestic apricot industry; and

(2) the extent and nature of apricot subsidies existing in the countries from which such apricot imports are derived.

(b) The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

FINDINGS

SEC. 1153. Congress finds that—

(1) world trade in agricultural commodities has stagnated in recent years, and at the same time the United States has lost a considerable portion of its market share of such trade;

(2) since 1981 the decline in exports of United States agricultural commodities has amounted to a reduction of $10,000,000,000 and twenty-five million tons, a reduction of some 25 per centum in the export contribution to farm income;

(3) in part as a result of the loss of export markets, the farm economy in the United States has been in serious economic distress that has reached beyond the farmer and affected the businesses that serve the farmer and the entire economy of rural America as well;

(4) an increase in world trade in agricultural commodities and in the United States' share of such trade is essential to a healthy farm economy, since exports have accounted for over one-third of the demand for agricultural commodities;

(5) the reduction in exports is attributable to a number of factors, including, among others, the high value of the dollar, unfair trading practices used by other countries to the detriment of the United States, and severe financial problems in many developing countries that have restricted the purchasing power in those countries;

(6) there are many legislative authorities available to the United States that, if used creatively, could reverse this trend in exports and make a major long-term contribution toward increasing exports of agricultural commodities—authorities in existing law and new authorities provided under this Act;

(7) these authorities include programs to make commercial exports more competitive in world markets with exports of other countries, to develop new commercial markets, and to offset unfair trading practices of third countries, as well as programs to provide food assistance to developing countries to help their economies grow so that they may become larger markets for United States exports of agricultural commodities;

(8) the countries with the greatest potential for long-term growth in United States agricultural exports are the developing nations where three-fourths of the world's people live, many of them chronically hungry and subject to food emergencies. These are also countries where increased incomes readily translate into increased food and fiber consumption;

(9) the crisis in rural America calls for new initiatives on the part of the United States to apply long-range sustained planning in the use of its exports and food aid authorities that would enable this Nation to make maximum use of its agricultural and related resources;

(10) to accomplish these objectives, it is essential to identify those countries that have the greatest long-term economic growth potential, to treat each country as a unique market, and to coordinate and integrate the legislative authorities available to the United States in a manner that addresses the specific need of each country; and

(11) it is necessary for the President to appoint a Special Assistant for Agricultural Exports and Food Aid to provide improved long-term coordination and planning of efforts among United States Government agencies administering the commercial and foreign assistance programs and to provide integrated direction for these programs.

SPECIAL ASSISTANT FOR AGRICULTURAL EXPORTS AND FOOD AID

SEC. 1154. (a) In order to implement the findings set forth in section 1153, the President shall appoint, with the advice and consent of the Senate, a Special Assistant for Agricultural Exports and Food Aid, who shall hold office at the pleasure of the President, and shall have the rank of Ambassador. The Special Assistant for Agricultural Exports and Food Aid shall report directly to the President and the Congress.

(b) The Special Assistant for Agricultural Exports and Food Aid shall have overall responsibility for developing and coordinating a long-term international agricultural policy for utilizing the agricultural and related resources of the United States and its export and food aid programs in maximizing exports of agricultural commodities and products thereof consistent with economic and humanitarian objectives, and preparing reports as provided in subsection (c). The Special Assistant shall coordinate activities as provided under this section in consultation with the Secretary of Agriculture, the Secretary of State, the United States Trade Representative, and the Administrator of the Agency for International Development.

(c) Not later than one year after the date of enactment of this Act, the Special Assistant for Agricultural Exports and Food Aid shall submit to the President and the Congress a report that—

(1) contains a global analysis that evaluates future production and food needs in the world, with special attention to the developing countries;

(2) identifies a minimum of fifteen target countries that are most likely to emerge as growth markets for agricultural commodities and products thereof in the next five to ten years; and

(3) contains a detailed plan for using available export and food aid authorities to increase United States exports of agricultural commodities and products thereof to each of such target countries, and specifies the particular export and food aid authorities to be used in each such country and the manner in which such authorities are to be used. Each year thereafter the Special Assistant shall submit a revised report to the President and the Congress that evaluates the progress made in implementing the plan, contains any changes that need to be made in the plan based on changed conditions, and recommends any changes in legislative authorities that are needed to accomplish the objectives of this section.

(d) The Special Assistant for Agricultural Exports and Food Aid may for the purpose of carrying out functions under this section—

(1) subject to the civil service and classification laws, appoint, employ, and fix the compensation of such officers and employees as are necessary, but not to exceed fifteen full-time employees, and prescribe their authority and duties;

(2) employ experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate individuals so employed for each day (including travel time) at rates not in excess of the maximum rate of pay for grade GS-18 as provided in section 5332 of title 5, United States Code, and while such experts and consultants are so serving away from their homes or regular places of business, to pay such employees travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5, United States Code, for persons in Government service intermittently employed;

(3) utilize, with their consent, the services, personnel and facilities of other Federal agencies;

(4) enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of the work under this section and on such terms as the Special Assistant may deem appropriate, with any agency or instrumentality of the United States, or with any public or private person, firm, association, corporation, or institution;

(5) accept voluntary and uncompensated services, notwithstanding the provisions of section 1342 of title 31, United States Code; and

(6) promulgate such rules and regulations as may be necessary to carry out the functions, powers, and duties vested in the Special Assistant.

(e) Effective October 1, 1985, there are authorized to be appropriated to the Office of the Special Assistant for Agricultural Exports and Food Aid for each fiscal year such sums as are necessary to carry out the provisions of this section.

TITLE XII—RESOURCE CONSERVATION

Subtitle A—Conservation of Highly Erodible Land and Wetlands

DEFINITIONS

SEC. 1201. As used in this subtitle—

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) the term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program, whether referred to as a conservation district, soil conservation district, soil and water conservation district, resource conservation district, natural resource district, land conservation committee, or by any similar name;

(3) the term "wetland", except when such term is part of the term "converted wetland", means land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions;

(4) the term "converted wetland"—

(A) means wetland that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity that results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if—

(i) such production would not have been possible but for such action; and

(ii) before such action—

(I) such land was wetland; and

(II) such land was neither highly erodible land nor highly erodible cropland, as defined in this section; but

(B) does not include—

(i) artificial lakes, ponds, or wetland created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation, settling basins, cooling, rice production, or flood control;

(ii) wet areas created by water delivery systems or the application of water for irrigation;

(iii) wetland on which production of agricultural commodities is possible as a result of natural conditions, such as drought, and without actions by the producer that destroy natural wetland characteristics; or

(iv) wetland on which such production is possible as a result of actions by the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal, as determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

(5) the term "field" means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that—

(A) any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of the enactment of this Act and that is not exempt under section 1203 shall be considered as part of the field in which such land was included on that date of enactment; and

(B) the Secretary shall provide for modification of the boundaries of fields to effectuate the purposes and facilitate the practical administration of this subtitle;

(6) the term "highly erodible land" means land—

(A) that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of this Act; or

(B) that, if used to produce an agricultural commodity, would have an excessive average annual rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope;

and, for the purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary;

(7) the term "highly erodible cropland" means highly erodible land that is in cropland uses, as determined by the Secretary; and

(8) the term "Secretary" means the Secretary of Agriculture.

PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND OR CONVERTED WETLAND

SEC. 1202. (a) Except as provided in section 1203 and notwithstanding any other provision of law, following the date of the enactment of this Act any person who in any crop year produces an agricultural commodity on highly erodible land or on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for—

(1) any type of price support or payments made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act;

(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act;

(3) crop insurance under the Federal Crop Insurance Act;

(4) a disaster payment under the Agricultural Act of 1949; or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this section) to produce agricultural commodities.

(b) The Secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of landlords, tenants, and sharecroppers. The ineligibility under subsection (a) of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on wetlands other than those operated by the tenant or sharecropper.

EXEMPTIONS

SEC. 1203. (a) No person shall become ineligible for program loans, payments, and benefits, as provided under section 1202, as the result of the production of a crop of an agricultural commodity—

(1) except as otherwise provided in section 1205(m), on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set aside, diverted, or otherwise not cultivated under provisions of a Department of Agriculture program for any such crops to reduce production of an agricultural commodity;

(2) planted before the date of the enactment of this Act;

(3) planted during any crop year beginning before the date of the enactment of this Act;

(4) on highly erodible land in an area—

(A) within a conservation district, under a conservation system that has been approved by the conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district; or

(B) not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of an agricultural commodity on highly erodible land;

(5) on highly erodible land that is planted in reliance on the determination by the Soil Conservation Service that the land is not highly erodible land, but the exemption under this paragraph shall not apply to any crop that was planted on any land after the Soil Conservation Service determines that the land is highly erodible land;

(6) on converted wetland if the land became converted wetland before the date of the enactment of this Act; or

(7) on wetland that became converted wetland—

(A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service; or

(B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service.

(b) Section 1202 shall not apply to any loan made before the date of the enactment of this Act.

COMPLETION OF SOIL SURVEYS

Sec. 1204. The Secretary shall, as soon as practicable, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle, and, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

CONSERVATION RESERVE PROGRAM

Sec. 1205. (a) Notwithstanding any other provision of law, the Secretary shall formulate and carry out a program, in accordance with this section, of contracts with owners and operators of highly erodible cropland to assist them in conserving and improving the soil and water resources of their farms or ranches. Under the program, the Secretary shall not place under contract more than 25 percent of the cropland in any one county.

(b)(1) To carry out this section, except as otherwise provided in paragraph (2), during the period beginning October 1, 1985, and ending September 30, 1990, the Secretary shall enter into conservation reserve contracts, covering in the aggregate not in excess of 20 million acres of highly erodible cropland, with owners and operators of highly erodible cropland. Each such contract under this subsection shall be not less than ten years in duration; and in each such contract, the owner and operator shall agree to—

(A) effectuate during the contract period a plan approved by the local conservation district (or, in an area not within a conservation district, a plan approved by the Secretary) or, if the plan involves conversion to trees, a plan approved by the appropriate State forestry agency, for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch into a less intensive use, such as pasture, permanent grass or legumes, forbs, shrubs, or trees, substantially in accordance with the schedule outlined therein, except to the extent that any requirements thereof are waived or modified by the Secretary;

(B) forfeit all rights to further payments under the contract and refund to the United States all payments, with interest, received thereunder on the violation of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil conservation district and the Soil Conservation Service, determines that the violation is of such a nature as to warrant termination of the contract, or make refunds or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(C) on transfer of the owner's or operator's right and interest in the farm or ranch during the contract period, forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, or accept such payment adjustments or make such refunds as the Secretary may deem appropriate and consistent with the objectives of this section, unless the transferee agrees with the Secretary to assume all obligations under the contract;

(D) not conduct, during the term of the contract, any harvesting or grazing nor otherwise make commercial use of the forage on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency;

(E) not conduct, during the term of the contract, any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of such trees as Christmas trees is prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract. No contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning (including, but not limited to, thinning that results in commercial pulpwood and fence post harvesting), or stand improvement of trees, on lands converted to forestry use; and

(F) such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purposes of the program or to facilitate the practical administration thereof.

(2) Notwithstanding any provision of paragraph (1) that is inconsistent with this paragraph, as a part of the program, in addition to the conservation reserve contracts provided for under paragraph (1), the Secretary shall remove up to 5 million additional acres of highly erodible cropland from production through long-term conservation reserve contracts, of up to 10 years in duration, with the owners and operators of such cropland. Contract payments made to the owners and operators of highly erodible cropland under this paragraph shall be made in surplus agricultural commodities held by the Commodity Credit Corporation, except that, if the Secretary determines that sufficient stocks of commodities will not be available or that payment in commodities under this paragraph will have a depressing effect on the market price of such commodities, the Secretary may make such payments in cash.

(c) The plan, as described in subsection (b)(1)(A), for converting highly erodible cropland normally devoted to the production of agricultural commodities on a farm or ranch to a less intensive use shall set forth the conservation measures and practices to be installed by the owner or operator during the contract period and the commercial use, if any, to be made of the land during such period and may provide for the permanent retirement of any existing cropland base and allotment history for the land.

(d)(1)(A) In return for such agreement by the owner and operator, the Secretary shall agree to—

(i) provide technical assistance;

(ii) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost-sharing is appropriate and in the public interest; and

(iii) pay an annual land rental fee, for a period of years not in excess of the duration of the contract, necessary for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use and necessary for obtaining the retirement of any cropland base and allotment history that the owner and operator agree to retire permanently.

(B) The Secretary shall provide payment to each contracting party—

(i) with respect to any cost-share payment obligation incurred by the Secretary under the contract, as soon as possible after the obligation is incurred; and

(ii) with respect to any annual land rental fee obligation incurred by the Secretary under the contract, as soon as practicable after October 1 of each calendar year, except that the Secretary, at the Secretary's discretion, may pay any such fee prior to such date at any time during the year that the obligation is incurred.

(2) A reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve, as determined by the Secretary, shall be made during the period of the contract in crop bases, quotas, and allotments with respect to crops for which there is a production adjustment program.

(3) No persons who enter into a contract under this section for a farm or ranch may receive annual rental fees applicable to the farm or ranch under the contract in excess of $50,000 per year. The Secretary shall issue regulations defining the term "persons", as used in this paragraph, and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this paragraph; and the rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

(e) The Secretary shall pay 50 per centum of the cost of installing, and maintaining for the normally expected lifespan, conservation measures and practices set forth in contracts under this section for which the Secretary determines that cost-sharing is appropriate and in the public interest.

(f)(1) In determining the amount of annual land rental to be paid for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners and operators of highly erodible cropland to participate in the program under this section. The total amount payable to owners and operators in the form of annual land rental fees under contracts entered into under this section may be determined through the submission of bids in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate.

(2) In determining the acceptability of contract offers, the Secretary may take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted and may, where appropriate, accept contract offers that provide for the establishment of—

(A) shelterbelts and windbreaks; or

(B) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially.

(g) Except as otherwise provided in this section, payments under this section—

(1) shall be made in cash or in commodities in such amount and on such time schedule as agreed on and specified in the contract; and

(2) may be made in advance of determination of performance.

(h) If a person who is entitled to any payment or compensation under this section dies, becomes incompetent, or disappears before receiving the payment or compensation, or is succeeded by another who renders or completes the required performance, the Secretary shall make or provide the payment or compensation, in accordance with appropriate regulations and without regard to any other provisions of law, in such manner as the Secretary determines to be fair and reasonable in light of all the circumstances.

(i)(1) No contract shall be entered into under this section concerning land with respect to which the ownership has changed in the three-year period preceding the first year of the contract period unless—

(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

(B) the new ownership was acquired before January 1, 1985; or

(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not acquired for the purpose of placing it in the program.

(2) Paragraph (1) shall not prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this section, nor require a person to own the land as a condition of eligibility for entering into the contract if the person has operated the land to be covered by a contract under this section for at least three years preceding the date of the contract or since January 1, 1985, whichever is later, and controls the land for the contract period.

(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program.

(k) The Secretary may terminate any contract under this section by mutual agreement with the owner and operator if the Secretary determines that termination would be in the public interest, or may agree to any modification of contracts as the Secretary may determine to be desirable to carry out the purposes of this section or facilitate its administration, or to be in the public interest.

(l) Notwithstanding section 1202, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under this section, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently that cropland base and allotment history.

(m) In the event of the termination of a contract under subsection (b)(1)(B) or (k) and on expiration of the term of any contract entered into under subsection (b), the highly erodible cropland that was the subject of such contract shall be considered highly erodible cropland for the purposes of section 1202.

(n) The Secretary may carry out the program under this section through the Commodity Credit Corporation. There are authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expended by it in accordance with this section and not previously reimbursed.

(o) The Secretary shall consider for inclusion in the program under this section those lands that are not highly erodible lands but that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity.

ADMINISTRATIVE PROVISIONS

SEC. 1206. (a) In addition to the appropriations authorized under section 1205(n), there are hereby authorized to be appropriated such other sums as may be necessary to carry out this subtitle.

(b) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the technical services of the Soil Conservation Service, the Forest Service, State foresters or equivalent State officials, and conservation districts.

(c) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(d) The Secretary shall, within 180 days after the enactment of this subtitle publish in the Federal Register such regulations as the Secretary determines desirable to implement this subtitle.

(e) The authority provided by this subtitle shall be in addition to and not in place of other authorities available to the Secretary and the Commodity Credit Corporation for carrying out soil and water conservation programs.

Subtitle B—Water Resource Conservation

TECHNICAL ASSISTANCE FOR WATER RESOURCES; REPORTS

SEC. 1211. (a) Notwithstanding any other provision of law, the Secretary of Agriculture may formulate plans and provide technical assistance to property owners and agencies of State and local governments and interstate river basin commissions, at their request, to—

(1) protect the quality and quantity of subsurface water including water in the Nation's aquifers,

(2) enable property owners to reduce their vulnerability to flood hazards that also may affect water resources, and

(3) control the salinity in the Nation's agricultural water resources.

(b) The Secretary shall submit by February 15, 1987, and the fifteenth day of February each year thereafter, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate reports evaluating the plans and technical assistance authorized in subsection (a). Each such report shall include any recommendations as to whether the plan and assistance should be extended, and, if so, how they could be improved, and any other relevant information and data relating to costs and other elements of the plan or assistance that would be helpful to such Committees.

Subtitle C—Soil and Water Resources Conservation Act of 1977

SHORT TITLE

SEC. 1221. This subtitle may be cited as the "Soil and Water Resources Conservation Act Amendments of 1985".

EXTENSION OF THE ACT

SEC. 1222. The Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001 et seq.) is amended by—

(1) amending section 5(d) to read as follows:

"(d) The Secretary shall conduct four comprehensive appraisals under this section, to be completed by December 31, 1979, December 31, 1985, December 31, 1995, and December 31, 2005, respectively. The Secretary may make such additional interim appraisals as the Secretary deems appropriate.";

(2) amending section 6(b) to read as follows:

"(b) The initial program shall be completed not later than December 31, 1979, and program updates shall be completed by December 31, 1987, December 31, 1997, and December 31, 2007, respectively.";

(3) amending section 7(a) to read as follows:

"SEC. 7. (a) At the time Congress convenes in 1980, 1986, 1996, and 2006, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the appraisal developed under section 5 of this Act and completed prior to the end of the previous year. At the time Congress convenes in 1980, 1988, 1998, and 2008, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the initial program or updated program developed under section 6 of this Act and completed prior to the end of the previous year, together with a detailed statement of policy regarding soil and water conservation activities of the United States Department of Agriculture.";

(4) striking out section 7(b) and redesignating section 7(c) as section 7(b); and

(5) amending section 10 to read as follows:

"SEC. 10. The provisions of this Act shall terminate on December 31, 2008.".

TITLE XIII—CREDIT

JOINT OPERATIONS

SEC. 1301. (a) Sections 302 and 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941(a), respectively) are each amended by—

(1) striking out "and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof;

(2) striking out ", and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof; and

(3) striking out "members, stockholders, or partners, as applicable," each place it appears and inserting "individuals" in lieu thereof.

(b) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended by—

(1) striking out "and" before "(6)"; and

(2) inserting before the period at the end thereof the following: ", and (7) the term 'joint operation' means a joint farming operation in which two or more farmers work

together sharing equally or unequally land, labor, equipment, expenses, and income".

WATER AND WASTE DISPOSAL FACILITIES

SEC. 1302. Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by—

(1) adding at the end of paragraph (2) the following:

"The Secretary shall fix the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates establishing higher rates for projects in communities that have lower community population and income levels, except that the grant rate shall be the maximum rate permitted under this paragraph for any project in a community that has—

"(A) a population of 1,500 or fewer inhabitants; and

"(B) a median household income level that does not exceed the higher of—

"(i) the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)); or

"(ii) 80 per centum of the statewide nonmetropolitan median household income."; and

(2) adding at the end thereof the following:

"(16)(A) In providing financial assistance for water and waste disposal facilities under this section, the Secretary shall use a project selection system to determine which of the applicants for assistance meeting the basic requirements of this section shall be selected to receive assistance. The project selection system shall provide for the objective and uniform comparison of requests for assistance (in the form of preapplications) on the basis of relative need as reflected by factors to be determined by the Secretary.

"(B) The factors referred to in subparagraph (A) shall include—

"(i) low community median income;

"(ii) low population; and

"(iii) severity of health hazards resulting from inadequate provision for the reliable supply of potable water or from inadequate means of disposing of waste.

"(C) The three factors set forth in subparagraph (B) shall—

"(i) be weighted equally; and

"(ii) account for not less than 75 per centum of the total rating points in the project selection system.

"(17)(A) The Secretary may make grants to private nonprofit organizations for the purpose of enabling them to provide to associations described in paragraph (1) of this subsection technical assistance and training to—

"(i) identify, and evaluate alternative solutions to, problems relating to the obtaining, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

"(ii) prepare applications to receive financial assistance for any purpose specified in paragraph (2) of this subsection from any public or private source; and

"(iii) improve the operation and maintenance practices at any existing works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

"(B) In selecting recipients of grants to be made under subparagraph (A), the Secretary shall give priority to private nonprofit organizations that have experience in providing the technical assistance and training described in subparagraph (A) to associations serving rural areas in which residents have low income and in which water supply systems or waste facilities are unhealthful.

"(C) Not less than 2 per centum of any funds provided in appropriations acts to carry out paragraph (2) of this subsection for any fiscal year shall be reserved for grants under subparagraph (A) unless the applications, qualifying for grants, received by the Secretary from eligible nonprofit organizations for the fiscal year total less than 2 per centum of those funds.

"(18) In the case of water and waste disposal facility projects serving more than one separate rural community, the Secretary shall use the median population level and the community income level of all the separate communities to be served in applying the standards specified in paragraphs (2) and (16) of this subsection and section 307(a)(3)(A).

"(19) The Secretary may make grants, aggregating not to exceed $10,000,000 in any fiscal year, to associations described in paragraph (1) of this subsection to test cost-effective methods of meeting the basic needs of rural residents who do not have and cannot afford safe drinking water services. Such grants may include, but are not limited to, financing for—

"(A) costs associated with the development or improvement of individual or small, multiuser drinking water facilities;

"(B) costs associated with enabling such rural residents to connect to community water supply systems, such as the payment of connection fees;

"(C) costs associated with improving the operation, maintenance, or management of small community water systems that are currently unable to provide safe drinking water at affordable rates to such rural residents; or

"(D) costs associated with implementing other alternatives to meeting the basic drinking water needs of such rural residents.

"(20) Notwithstanding any other provision of law, grants under paragraph (2) of this subsection may be used to pay the local share requirements of another Federal grant-in-aid program.".

INTEREST RATES—WATER AND WASTE DISPOSAL FACILITY AND COMMUNITY FACILITY LOANS

SEC. 1303. Section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) is amended by—

(1) striking out "where the median family income of the persons to be served by such facility is below the poverty line prescribed by the Office of Management and Budget, as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971d)" and inserting in lieu thereof "where the median household income of the persons to be served by such facility is below the higher of 80 per centum of the statewide nonmetropolitan median household income or the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))";

(2) inserting before the period at the end thereof the following: "; and not in excess of 7 per centum per annum on loans for such facilities that do not qualify for the 5 per centum per annum interest rate but are located in areas where the median household income of the persons to be served by the facility does not exceed 100 per centum of the statewide nonmetropolitan median household income"; and

(3) adding at the end thereof the following: "The interest rate on loans for water and waste disposal facilities and loans for essential community facilities shall be the lower of (i) the rate in effect at the time of the loan approval, or (ii) the rate in effect at the time of the loan closing.".

EFFECTIVE DATE OF SECTIONS 1302 AND 1303

SEC. 1304. The amendments made by sections 1302 and 1303 shall become effective on October 1, 1985, and shall apply to any association described in section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) without regard to whether the application for the loan or grant involved was made by the association before that date.

MINERAL RIGHTS AS COLLATERAL

SEC. 1305. Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end thereof the following:

"(d) With respect to a farm ownership loan made after the date of the enactment of this subsection, unless appraised values of the rights to oil, gas, or other minerals are specifically included as part of the appraised value of collateral securing the loan, the rights to oil, gas, or other minerals located under the property shall not be considered part of the collateral securing the loan. Nothing in this subsection shall preclude including, as part of the collateral securing the loan, any payment or other compensation the borrower may receive for damages to the surface of the collateral real estate resulting from the exploration for or recovery of minerals.".

RURAL INDUSTRIAL ASSISTANCE

SEC. 1306. Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by—

(1) adding at the end of subsection (a) the following: "No loan may be made, insured, or guaranteed under this subsection that exceeds $25,000,000 in principal amount."; and

(2) effective on October 1, 1986, adding at the end thereof the following:

"(f)(1) The Secretary may make grants under this subsection to public and nonprofit private institutions for the purpose of enabling them to establish and operate centers of rural technology development that have, as a primary objective, the improvement of the economic condition of rural areas by promoting the development (through technological innovation and adaptation of existing technology) and commercialization of (A) new products that can be produced in rural areas, and (B) new processes that can be used in such production.

"(2) Grants under this subsection shall be made on a competitive basis. In making grants, the Secretary shall give preference to applicants that will establish centers for rural technology in areas that have (A) few industries and agribusinesses, (B) high levels of unemployment, (C) high rates of out-migration of people, business, and industries, and (D) low levels of per capita income.

"(3) The Secretary shall issue regulations implementing this subsection that shall include provisions for the monitoring and evaluation of the rural technology development activities carried out by institutions that receive grants under this subsection.".

ELIGIBILITY FOR EMERGENCY LOANS

SEC. 1307. (a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by—

(1) inserting after "United States" in clause (1) of the first sentence "and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in

the case of loans for a purpose under subtitle B) of not larger than family farms";

(2) in clause (2) of the first sentence, striking out "farm cooperatives or private domestic corporations or partnerships in which a majority interest is held by members, stockholders, or partners who are citizens of the United States if the cooperative, corporation, or partnership is engaged primarily in farming, ranching, or aquaculture," and inserting in lieu thereof the following: "farm cooperatives, private domestic corporations, partnerships, or joint operations (A) that are engaged primarily in farming, ranching, or aquaculture, and (B) in which a majority interest is held by individuals who are citizens of the United States and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms (or in the case of such cooperatives, corporations, partnerships, or joint operations in which a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary, such individuals must be either owners or operators of not larger than a family farm and at least one such individual must be an operator of not larger than a family farm),"; and

(3) inserting after the first sentence the following: "In addition to the foregoing requirements of this subsection, in the case of farm cooperatives, private domestic corporations, partnerships, and joint operations, the family farm requirement of the preceding sentence shall apply as well to all farms in which the entity has an ownership and operator interest (in the case of loans for a purpose under subtitle A) or an operator interest (in the case of loans for a purpose under subtitle B).".

(b) Effective with respect to disasters occurring after September 30, 1985, section 329 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1970) is amended by adding at the end thereof the following: "Notwithstanding the third sentence of section 321(a) of this subtitle, eligibility of an applicant for assistance under this subtitle based on production losses shall be determined solely on the basis of the factors designated in this section without regard to the Secretary's failure to designate a county or counties for emergency loan purposes.".

COUNTY COMMITTEES

SEC. 1308. Section 332(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is amended to read as follows:

"(a) In each county or area in which activities are carried out under this title, there shall be a county committee composed of three members. Two members shall be elected, from among their number, by farmers deriving the principal part of their income from farming who reside within the county or area, and one member, who shall reside within the county or area, shall be appointed by the Secretary for a term of three years. At the first election of county committee members under this subsection, one member shall be elected for a term of one year and one member shall be elected for a term of two years. Thereafter, elected members of the county committee shall be elected for a term of three years. The Secretary, in selecting the appointed member of the county committee, shall ensure that, to the greatest extent practicable, the committee is fairly representative of the farmers in the county or area. The Secretary may appoint an alternate for each member of the county committee. Appointed and alternate members of the county committee shall be removable by the Secretary for cause. The Secretary shall issue such regulations as are necessary relating to the election and appointment of members and alternate members of the county committees.".

USE OF PROCEEDS FROM MINERAL SALES OR LEASES

SEC. 1309. Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by—

(1) in subsection (d), striking out "and" following the semicolon;

(2) in subsection (e), striking out the period and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(f) with respect to loans made after the date of enactment of this subsection, unless the appraised value of rights to oil, gas, and other minerals is specifically included as part of the appraised value of collateral securing a loan, that a borrower having an outstanding loan made, insured, or held by the Secretary for farm ownership purposes under subtitle A, farm operating purposes under subtitle B, disaster emergency purposes under subtitle C, or economic emergency purposes under the Emergency Agricultural Credit Adjustment Act of 1978, be permitted to use the royalties generated from and any other proceeds under the sale or lease of rights to oil, gas, or other minerals located under the property securing the loan to make prospective scheduled payments on the loan.".

ADMINISTRATION OF FARM REAL ESTATE ACQUIRED BY THE SECRETARY

SEC. 1310. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding at the end thereof the following:

"(e)(1) Notwithstanding any other provision of this title, the Secretary shall administer any real property that is farmland and that is acquired under this title or under the Emergency Agricultural Credit Adjustment Act of 1978 in conformity with the following provisions:

"(A) The Secretary shall not offer for sale or sell any such real property—

"(i) if placing the property on the market will have a detrimental effect on the value of farmland in the area; or

"(ii) in any State or portion of a State identified by the Secretary as having suffered substantial reduction in the average value of farmland since 1980, until such time as such State or portion of the State experiences a period of 12 consecutive months for which the average farmland value therein, at the end of the 12 month period, equals or exceeds the value of the farmland at the beginning of such period.

"(B) The Secretary shall, with respect to any such real property that is offered for sale, make the property available, to the maximum extent practicable, in tracts not larger than those that can be operated efficiently as a family farm, and offer the property on a priority basis to the previous owner and to beginning farmers.

"(C) The Secretary shall, with respect to leasing and operating such real property—

"(i) not lease or operate the real property for the production of agricultural commodities that the Secretary has determined to be in surplus supply and shall devote such real estate to conserving uses; and

"(ii) if the real property is highly erodible cropland, devote that property to conserving uses;

"(D) To the extent the Secretary may lease or operate real property under this subsection, the Secretary shall—

"(i) offer to lease such real property on a competitive bid basis, giving priority in making awards to the previous owner, family farmers, and beginning farmers; and

"(ii) if the Secretary determines to administer such property through management contracts, offer the contracts on a competitive bid basis, giving preference to persons who will live in, and own and operate qualified small businesses in, the area where the property is located.

"(E) The Secretary may lease the property to the previous operator regardless of the restrictions in this paragraph (1), and priority in leasing shall be to the previous owner.

"(2) Notwithstanding any other provisions of law, compliance by the Secretary with this subsection shall not cause any acreage allotment, marketing quota, or acreage base assigned to such property to lapse, terminate, be reduced, or otherwise be adversely affected.".

FARM DEBT RESTRUCTURE AND CONSERVATION SET-ASIDE

SEC. 1311. (a) The last sentence of section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended by striking out "all of the interest of the United States, including mineral rights" and inserting in lieu thereof "all the interests of the United States (including mineral rights) other than easements acquired under subsection (f)".

(b) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding after the subsection added by section 1310 of this Act the following:

"(f)(1) The Secretary may acquire and retain easements for conservation, recreational, and wildlife purposes for a term of not less than 50 years, in real property that is wetlands, upland, highly erodible land, or any other land determined by the Secretary to be marginal for use as cropland if such real property—

"(A) is determined by the Secretary to be suitable for the purpose involved; and

"(B)(i) is administered under this title by the Secretary; or

"(ii)(I) secures any loan made under any law administered by the Farmers Home Administration and held by the Secretary, and the borrower involved is unable, as determined by the Secretary, to repay such loan in a timely manner; and

"(II) was row cropped in each year of the 3-year period ending on the effective date of this subsection.

"(2) The terms and conditions specified in the easement shall—

"(A) specify the uses to which the real property will be put by the owner of the real property (including such borrower and any successor in interest of such borrower);

"(B) identify the conservation measures to be taken, and the recreational and wildlife uses to be allowed, with respect to the real property; and

"(C) require the owner to allow the Secretary, and any person or governmental entity designated by the Secretary, to have access to the real property for the purpose of monitoring compliance with the easement.

"(3) Any easement acquired by the Secretary under this subsection shall be purchased from the borrower involved by cancelling that part of the aggregate amount of the borrower's outstanding loans held by the Secretary under laws administered by the

Farmers Home Administration that bears the same ratio to the aggregate amount of the borrower's outstanding loans held by the Secretary under all such laws as the number of acres of the borrower's real property that are subject to the easement bears to the aggregate number of acres securing such loans.

"(4) The Secretary shall consult with the Director of the Fish and Wildlife Service of the Department of the Interior for purposes of—

"(A) selecting real property in which the Secretary shall acquire easements under this subsection;

"(B) formulating the terms and conditions of those easements; and

"(C) enforcing those easements.

"(5) The Secretary, and any governmental entity or person designated by the Secretary, may enforce an easement acquired under this subsection by the Secretary.

"(6) For purposes of this subsection—

"(A) the term 'governmental entity' means any agency of the United States, of a State, or of a unit of local government of a State;

"(B) the term 'highly erodible land' means land classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the effective date of this subsection;

"(C) the term 'recreational uses' includes hunting;

"(D) the term 'wetlands' has the meaning given it in section 3 of the Water Bank Act; and

"(E) the term 'wildlife' means fish or wildlife as defined in section 2(a) of the Lacey Act Amendments of 1981.

"(7) This subsection shall not apply with respect to the cancellation of any part of any loan made after the date of enactment of this subsection.".

(c) The second sentence of section 1001 of the Agricultural Act of 1970 (16 U.S.C. 1501) is amended by—

(1) striking out "perpetual"; and

(2) inserting "for a term of not less than 50 years" after "easements".

(d) Any part of a loan cancelled under section 335(f) of the Consolidated Farm and Rural Development Act shall not be included in income, and shall not have any effect on any tax attribute with respect to any taxpayer or property, for purposes of the Internal Revenue Code of 1954.

REAUTHORIZATION

SEC. 1312. Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended by adding at the end thereof the following:

"(f) Notwithstanding the provisions of subsection (a)—

"(1) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Agricultural Credit Insurance Fund as follows:

"(A)(i) for fiscal year 1986, real estate loans, $700,000,000, of which $650,000,000 shall be for insured loans and $50,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories;

"(ii) for each of the fiscal years 1987 and 1988, real estate loans, $700,000,000, of which not more than $650,000,000 shall be for insured loans (to the extent so provided in advance in appropriation Acts) and not less than $50,000,000 for guaranteed loans (as so provided in such Acts);

"(B) operating loans, $3,150,000,000, of which $2,500,000,000 shall be for insured loans and $650,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories; and

"(C) insured or guaranteed emergency loans, $1,300,000,000 for fiscal year 1986, $700,000,000 for fiscal year 1987, and $600,000,000 for fiscal year 1988.

Not less than 25 per centum of the funds that may be used for insured loans for farm ownership purposes and not less than 25 per centum of the funds that may be used for insured loans for farm operating purposes shall be made available for loans to low-income, limited-resource applicants to the extent needed to meet applications filed by such farmers who are eligible for such loans. The Secretary shall inform in writing all applicants for loans for farm ownership and farm operating purposes of the availability of the loan program for low-income, limited-resource borrowers and the general nature of the program; and

"(2) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Rural Development Insurance Fund as follows:

"(A) Insured water and waste disposal facility loans, $340,000,000.

"(B) Industrial development loans, $250,000,000.

"(C) Insured community facility loans, $115,000,000.".

ADMINISTRATION OF GUARANTEED FARM LOAN PROGRAMS; USE OF TALENTS OF OLDER AMERICANS

SEC. 1313. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following:

"SEC. 349. Notwithstanding any other provision of this title, the Secretary shall ensure that farm loan guarantee programs carried out under this title are designed so as to be responsive to borrower and lender needs and to include provision under reasonable terms and conditions for advances, before completion of the liquidation process, of guarantee proceeds on loans in default.

"SEC. 350. (a) Notwithstanding any other provision of law, the Secretary may make grants to, or enter into cooperative agreements with, private nonprofit organizations designated by the Secretary of Labor under title V of the Older Americans Act of 1965 to use the talents of older Americans in programs authorized by other provisions of this title. Funding for such grants or agreements may be made available from such programs.

"(b) Before awarding any grant or entering into any agreement under subsection (a) of this section, the Secretary shall certify that the grant or agreement will not—

"(1) result in the displacement of individuals currently employed by the agency concerned, including partial displacement through reduction of nonovertime hours, wages, or employment benefits;

"(2) result in the employment of any individual when any other individual is in a layoff status from the same or substantially equivalent job within the jurisdiction of the agency concerned; or

"(3) affect existing contracts for services.

"(c) The Secretary may not award a grant or enter into an agreement under this section unless funding for that grant or agreement is provided in advance in an appropriations Act.".

PROTECTION FOR PURCHASERS OF FARM PRODUCTS

SEC. 1314. (a) Congress finds that—

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the product, lacks any practical method for discovering the existence of the security interest, and has no reasonable means to ensure that the seller uses the sales proceeds to repay the lender;

(2) these laws subject the purchaser of farm products to double payment for the products, once at the time of purchase, and again when the seller fails to repay the lender;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to interstate commerce in farm products.

(b) The purpose of this section is to remove such burden on and obstruction to interstate commerce in farm products.

(c) For the purposes of this section—

(1) the term "buyer in the ordinary course of business" means a person who—

(A) in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products; and

(B) buys the products in good faith and without knowledge that the sale is in violation of the ownership rights or security interest of a third party in the products;

(2) the term "farm products" means crops or livestock used or produced in farming operations or products of crops or livestock in their unmanufactured states (such as ginned cotton, wool-clip, maple syrup, milk, and eggs) that are in the possession of a person engaged in farming operations;

(3) the term "security interest" means an interest in farm products that secures payment or performance of an obligation; and

(4) the term "knows" or "knowledge" means actually knows or actual knowledge.

(d) Notwithstanding any other provision of Federal, State, or local law, a buyer in the ordinary course of business who buys farm products from a seller engaged in farming operations shall take free of a security interest created by the seller even though the security interest is perfected and even though the buyer knows of its existence, except that a buyer of farm products takes subject to a security interest created by the seller if—

(1) within one year before the sale of the farm products the buyer has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the buyer by the secured party as conditions for waiver and release of the security interest; and

(2) the buyer has failed to perform those obligations.

(e) Notwithstanding any other provisions of Federal, State, or local law, a commission merchant or selling agent who sells farm products for others shall not be subject to a security interest created by the seller in such farm products even though the security interest is perfected and even though the commission merchant or selling agent knows of its existence, if the sale is made in the ordinary course of business, except that a commission merchant or selling agent who sells farm products for others shall be subject to a *security interest created by the seller in such farm products if—*

(1) within one year before the sale of the farm products the commission merchant or selling agent has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the commission merchant or selling agent by the secured party as conditions for waiver or release of the security interest; and

(2) the commission merchant or selling agent has failed to perform those obligations.

(f) A security agreement in which a seller of farm products creates a security interest in another may provide that the seller is obligated to furnish the secured party a list of the persons to whom the seller will sell the products. If a security agreement contains such a provision, the seller shall be subject to the provisions of subsection (g) if the seller sells the farm products collateral to a buyer not included on such a list unless the seller has—

(1) notified the secured party (in writing) of the identity of the buyer at least 7 days before the sale; or

(2) has accounted to the secured party for the proceeds of that sale within 10 days after the sale.

(g) A person violating subsection (f) shall be fined not more than $5,000.

(h) This section shall become effective 30 days after enactment, except that security interests created before the effective date shall be exempt for a period of one year from the provisions of this section.

PROHIBITING COORDINATED FINANCIAL STATEMENT

SEC. 1315. The Secretary of Agriculture shall not use or require the submission of, in connection with an application submitted on or after the date of the enactment of this Act for any initial or subsequent farmer-type loan under any program of the Department of Agriculture carried out by the Farmers Home Administration, the coordinated financial statement referred to in the proposed regulations of the Farmers Home Administration published in the Federal Register of November 8, 1983 (48 F.R. 51312-51317), or any other form or document in a format substantially similar to the coordinated financial statement.

REGULATORY RESTRAINT

SEC. 1316. (a) Congress finds and declares that—

(1) high production costs and low commodity prices have combined to reduce farm income to the lowest levels since the depths of the Depression in the 1930's, to subject many agricultural producers, through no fault of their own, to severe economic hardship, and in many cases temporarily but seriously to impair producers' ability to meet loan repayment schedules in a timely fashion; and

(2) a policy of adverse classification of agricultural loans by bank examiners under these circumstances will trigger a wave of foreclosures and similar actions on the part of banks, thereby depressing land values and prices for agricultural facilities and equipment and having a devastating effect on farmers and the banking industry, and upon rural areas of the United States in general.

(b) It is therefore the sense of Congress that the Federal bank regulatory agencies should ensure, in their examination procedures, that examiners exercise caution and restraint and give due consideration not only to the current cash flow of agricultural borrowers under financial stress, but to factors such as their loan collateral and ultimate ability to repay as well, for so long as the adverse economic effects of the cost-price squeeze of recent years continue to impair the ability of these borrowers to meet scheduled repayments on their loans.

LOAN MORATORIUM

SEC. 1317. (a) Effective only for the 1986 through 1990 crops, section 331A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981a) is amended to read as follows:

"SEC. 331A. (a) For purposes of this section, the term 'circumstances beyond the control of the borrower' includes, but is not limited to—

"(1) a reduction of the income of a borrower occurring after August 4, 1978, as a result of—

"(A) the unemployment, illness, or injury of the borrower;

"(B) the death of a member of the family of the borrower; or

"(C) the occurrence of a natural disaster, crop or livestock disease, insect damage, or adverse conditions in the farm economy (such as high interest rates, declining farm equity, or high cost of production relative to the market price for farm products); and

"(2) the occurrence of unplanned, essential farm and home operating expenses as a result of—

"(A) the illness or injury of the borrower;

"(B) the death of a member of the family of the borrower; or

"(C) the cost of repair, or uninsured loss, of property used to secure a loan made under this title.".

"(b) In addition to any other authority that the Secretary may have to defer principal and forego foreclosure, the Secretary shall, at the request of an eligible borrower described in subsection (c), defer principal and interest (in an amount determined under subsection (d)) on any outstanding loan made, insured, or held by the Secretary under this Act, or under any other law administered by the Farmers Home Administration, and shall forego foreclosure of any such loan, for the period described in subsection (e).

"(c) To be eligible to receive assistance under this section, a borrower of a loan must demonstrate that—

"(1) due to circumstances beyond the control of the borrower, the borrower is temporarily unable to continue making payments of principal and interest due on such loan without unduly impairing the standard of living of the borrower; and

"(2) the borrower is able to project a positive cash flow in accordance with the loan rate schedule established under section 503(b) of the Agricultural Act of 1949 within the five year period beginning on the date of deferral.

"(d) The Secretary shall defer principal and interest on a loan under this section in an amount which the Secretary determines will permit the borrower of the loan to maintain an adequate minimum standard of living for the area of the borrower.

"(e) The Secretary shall continue to defer principal and interest, and forego foreclosure, in accordance with subsection (b) on a loan made to a borrower until the date on which a positive cash flow can be projected for the borrower in accordance with the loan rate schedule established under section 503(b) of the Agriculture Act of 1949.

"(f) The Secretary may permit interest that accrues during the deferral period on any loan deferred under this section to bear no interest during or after such period, except that if the security instrument securing such loan is foreclosed such interest as is included in the purchase price at such foreclosure shall become part of the principal and draw interest from the date of foreclosure at the rate prescribed by law.

"(g) If a borrower conveys property to the Secretary in connection with a loan made under this title, the Secretary shall permit the borrower to redeem the rights of the borrower in the property at any time during the five year period beginning on the date of such conveyance.".

(b) To the extent practicable, the Secretary of Agriculture shall implement the amendment made by subsection (a) of this section no later than sixty days after the date of enactment of this Act.

EXEMPTION OF CERTAIN PROPERTY

SEC. 1318. (a) The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et. seq.) is amended by inserting after section 331B the following new sections:

"SEC. 331C. (a) Except as provided in this section, with respect to any interest of the United States in or to the security for any loan made, guaranteed, or insured under this title, the Secretary shall exempt the following property from foreclosure:

"(1) the principal residence of any obligor on such loan (together with sufficient acreage to make such residence eligible for purchase under this title), and

"(2) home furnishings, vehicles, equipment, jewelry, and clothing, to the extent that the aggregate appraised value of any interest in such property of all obligors on such loan does not exceed $7,500.

For the purpose of paragraph (2), such obligors shall select such property at such time and in such manner as the Secretary by regulations shall prescribe.

"(b)(1) Subsection (a) shall not apply in the case of a loan which—

"(A) was obtained for the purpose of acquiring, constructing, or improving a principal residence;

"(B) the Secretary subordinates to any other lien; or

"(C) an individual elects to waive.

"(2)(A) An individual may elect to waive subsection (a) only after receipt of notice of intent by the Secretary to take adverse action.

"(B) A waiver shall be revocable—

"(i) by such individual until the close of business on the second business day following the election to make such waiver, and

"(ii) after such day, upon consent of all parties to such loan.

"(c)(1) In lieu of the exemption in subsection (a)(1), the Secretary may exempt the first $50,000 of the proceeds from the sale of the principal residence if such residence may be sold under paragraph (2).

"(2) A principal residence may be sold if—

"(A) such residence is, and has been for less than 5 years, the principal residence of an obligor on such loan (determined as of the date the Secretary sends a notice of intent to take adverse action),

"(B) the appraised value of such residence is greater than $60,000, and

"(C) the highest acceptable bid for such residence is at least $60,000

"(d)(1) Any appraisal required by this section shall be by appraisers chosen by the Secretary.

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"(2) The amounts in subsection (a)(2), (c)(2)(B), and (c)(2)(C) shall be adjusted as provided in section 331D.

"SEC. 331D. (a) The amounts referred to in section 331C(d)(2) shall be adjusted to reflect the change in the Index of Prices Paid by Farmers.

"(b) For purposes of subsection (a), the change in the Index of Prices Paid by Farmers is the percentage (if any) by which—

"(1) the most recently published Index of Prices Paid by Farmers, bears to

"(2) the Index of Prices Paid by Farmers as of the date of the enactment of this Act.

"(c) For purposes of subsection (b), the "Index of Prices Paid by Farmers" is the Index of Prices Paid by Farmers published by the Statistical Reporting Service, Department of Agriculture.".

(b) The amendment made by subsection (a) shall apply to any foreclosure after the date of the enactment of this Act.

Division C—Research, Extension, and Teaching

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985

SHORT TITLE

SEC. 1401. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985".

FINDINGS

SEC. 1402. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended by—

(1) in paragraph (8)—

(A) striking out "and" at the end of subparagraph (N);

(B) inserting "and" at the end of subparagraph (O); and

(C) adding, at the end thereof, the following:

"(P) research on new or improved food processing (such as food irradiation) or value-added food technologies;";

(2) in paragraph (10)—

(A) striking out "The research" and all that follows through the colon in the matter preceding the subparagraphs, and inserting in lieu thereof the following: "The research, extension, and teaching programs must be maintained and constantly adjusted to meet ever-changing challenges. National support of cooperative research, extension, and teaching efforts must be reaffirmed and strengthened to meet major needs and challenges in the following areas:";

(B) redesignating subparagraphs (B), (C), (D), (E), (F), and (G) as subparagraphs (C), (D), (F), (G), (H), and (I), respectively;

(C) inserting after subparagraph (A) the following:

"(B) AGRICULTURAL POLICY.—The effects of technological, economic, sociological, and environmental developments on our agricultural structure are strong and continuous. It is critical that emerging agricultural-related technologies, economic changes, and sociological and environmental developments, both national and international, be analyzed on a continuing basis in an interdisciplinary fashion to determine the effect of those forces on the structure of agriculture and to improve agricultural policy decisionmaking.";

(D) inserting after subparagraph (D), as redesignated by subparagraph (B) of this paragraph, the following:

"(E) COORDINATION OF THE REGULATORY RESPONSIBILITIES OF THE FEDERAL GOVERNMENT RELATING TO BIOTECHNOLOGY.—Biotechnology guidelines and regulations must be made consistent throughout the Federal Government so they may promote scientific development and protect the public. The biotechnology risk assessment processes used by various Federal agencies must be standardized.";

(E) amending subparagraph (F), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(F) NATURAL RESOURCES.—Improved management of soil, water, forest, and range resources is vital to maintain the resource base for food, fiber, and wood production. An expanded research program in the areas of soil and water conservation and forest and range production practices is needed to develop more economical and effective management systems. Key objectives of this research are—

"(i) incorporating water and soil-saving technologies into current and evolving production practices;

"(ii) developing more cost-effective and practical conservation technologies;

"(iii) managing water in stressed environments;

"(iv) protecting the quality of the Nation's surface water and groundwater resources;

"(v) establishing integrated multidisciplinary organic farming research projects, including research on alternative farming systems, that will identify options from which individual farmers may select the production components that are most appropriate for their individual situations;

"(vi) developing better targeted pest management systems; and

"(vii) improving forest and range management technologies that meet demands more efficiently, better protect multi-resource options, and enhance quality of output.";

(F) in subparagraph (G), as redesignated by subparagraph (B) of this paragraph, striking out "to" before "the economy" and striking out "owner-operated" before "family farms"; and

(G) amending subparagraph (I), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(I) INTERNATIONAL FOOD AND AGRICULTURE.—United States agricultural production has proven its ability to produce abundant quantities of food for an expanding world population. Despite rising expectation for improved diets in the world today, there are instances of drought, civil unrest, economic crisis, or other conditions that preclude the local production or distribution of food. There are instances where localized problems impede the ability of farmers to produce needed food products. It is also recognized that many nations have progressive and effective agricultural research programs that produce results of interest and applicability to United States agriculture. The exchange of knowledge and information between nations is essential to the well-being of all nations. A dedicated effort involving the Federal Government, the State cooperative institutions, and other colleges and universities is needed to expand international food and agricultural research, extension, and teaching programs. Improved cooperation and communication by the Department of Agriculture and the cooperators with international agricultural research centers, counterpart agencies, and universities in other nations are necessary to improve food and agricultural progress throughout the world.";

(3) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(4) adding at the end thereof the following:

"(12) the Nation's agricultural system is increasingly dependent on science and technology to maintain and improve productivity levels, manage the resource base, provide high quality products, and protect the environment. A constant source of food and agricultural scientific expertise is imperative to maintain this dynamic system.".

DEFINITIONS

SEC. 1403. Section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)) is amended by—

(1) striking out "and" at the end of subparagraph (H);

(2) adding "and" at the end of subparagraph (I); and

(3) adding at the end thereof the following:

"(J) international food and agricultural issues such as agricultural development, institution development, germ plasm collection and preservation, information exchange and storage, and scientific exchanges;".

COORDINATION OF EFFORTS FOR EFFECTIVE TRANSFER OF NEW TECHNOLOGIES

SEC. 1404. Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended by—

(1) striking out "and" at the end of paragraph (10);

(2) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(12) coordinate the efforts of States, State cooperative institutions, State extension services, the Joint Council, the Advisory Board, and other appropriate institutions in assessing the current status of, and developing a plan for, the effective transfer of new technologies, including biotechnology, to the farming community, with particular emphasis on addressing the unique problems of small- and medium-sized farms in gaining information about those technologies.".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1405. (a) Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1407(d)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(d)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (F);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(H) coordinate with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD

SEC. 1406. (a) Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1408(f)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(f)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (E);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(G) coordinating with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

PROJECT TERMINATION

Sec. 1407. Section 1409 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124) is amended by—

(1) inserting "(a)" after "Sec. 1409."; and

(2) adding at the end thereof the following:

"(b) In the event that a research project being conducted by the Agricultural Research Service is proposed to be terminated, notice in writing of such intended action shall be given to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least fifteen days prior to the date of the proposed termination of the project.".

FEDERAL-STATE PARTNERSHIP AND COORDINATION

Sec. 1408. Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a) is amended by—

(1) in the first sentence of subsection (a)—

(A) striking out "and" at the end of paragraph (2);

(B) striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(C) adding at the end thereof the following:

"(4) international agricultural programs under sections 296 through 300 of the Foreign Assistance Act of 1961 (22 U.S.C. 2220a-2220e)."; and

(2) adding at the end thereof the following:

"(d) To promote research for purposes of developing agricultural policy alternatives, the Secretary shall designate at least one State cooperative institution to conduct research in an interdisciplinary fashion and to report on a regular basis with respect to the effect of emerging technological, economic, sociological, and environmental developments on the structure of agriculture. Support for this effort should include grants to examine the role of various food production, processing, and distribution systems that may primarily benefit small- and medium-sized family farms, such as diversified farm plans, energy, water, and soil conservation technologies, direct and cooperative marketing, production and processing cooperatives, and rural community resource management.

"(e) To address more effectively the critical need for reducing farm input costs, improving soil, water, and energy conservation on farms and in rural areas, using sustainable agricultural methods, adopting alternative processing and marketing systems, and encouraging rural resources management, the Secretary shall designate at least one State agricultural experiment station and one Agricultural Research Service facility to examine these issues in an integrated and comprehensive manner, while conducting ongoing pilot projects contributing additional research through the Federal-State partnership.".

SECRETARY'S REPORT

Sec. 1409. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125) is amended by—

(1) adding "and" after the semicolon at the end of paragraph (2);

(2) striking out the semicolon and "and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) striking out paragraph (4).

COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS

Sec. 1410. (a) Section 2 of the Act entitled "An Act to facilitate the work of the Department of Agriculture, and for other purposes", approved August 4, 1965 (7 U.S.C. 450i), is amended by—

(1) in the third sentence of subsection (b)—

(A) in paragraph (2), inserting ", with emphasis on biotechnology," after "(2) research";

(B) striking out "and" at the end of paragraph (5);

(C) striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon; and

(D) adding at the end thereof the following:

"(7) interdisciplinary agricultural policy research on the effect of emerging technologies, economic changes, and sociological and environmental developments on the structure of agriculture; and

"(8) research to reduce farm input costs through the collection of national and international data and the transfer of appropriate technology relating to sustainable agricultural systems, soil, energy, and water conservation technologies, rural and farm resource management, and the diversification of farm product processing and marketing systems.";

(2) effective on the later of the date of the enactment of this Act or October 1, 1985, after the fourth sentence of subsection (b), inserting the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.";

(3) effective October 1, 1985, striking out the last sentence in subsection (b) and inserting in lieu thereof the following:

"There are hereby authorized to be appropriated annually, for the purpose of carrying out the provisions of this subsection, such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990. Four per centum of the amount appropriated for each of such fiscal years to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection.";

(4) effective on the later of the date of the enactment of this Act or October 1, 1985, in subsection (c) by adding after the first sentence the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.";

(5) effective October 1, 1985, adding at the end of subsection (c) the following:

"Four per centum of the amount appropriated for any fiscal year to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection."; and

(6) adding at the end thereof the following:

"(i) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281-2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

RESEARCH FACILITIES ACT

Sec. 1411. (a) Section 1 of the Act entitled "An Act to assist the States to provide additional facilities for research at the State agricultural experiment stations", approved July 22, 1963 (hereinafter in this section referred to as the "Act of July 22, 1963) (7 U.S.C. 390), is amended by—

(1) inserting "and equipment" after "finance physical facilities"; and

(2) striking out "an adequate research program" and inserting in lieu thereof "agricultural research and related academic programs".

(b) Section 2 of the Act of July 22, 1963 (7 U.S.C. 390a), is amended by striking out "which are to become a part of such buildings".

(c) Section 3 of the Act of July 22, 1963 (7 U.S.C. 390b), is amended by—

(1) amending paragraph (1) to read as follows:

"(1) the term 'State' means any one of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands of the United States;"; and

(2) inserting ", forestry, or veterinary medicine" after "to conduct agricultural" in paragraph (2).

(d) Section 4 of the Act of July 22, 1963 (7 U.S.C. 390c), is amended by—

(1) effective October 1, 1985, amending subsection (a) to read as follows:

"(a) There are hereby authorized to be appropriated, for grants to eligible institutions under this Act to be used for the purpose set out in section 2 of this Act, $20,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990."; and

(2) amending subsection (b) to read as follows:

"(b) No grant may be made under section 2 of this Act for an amount exceeding 50 per centum of the cost of the project for which such grant is made. The remaining cost of such project shall be paid with funds from non-Federal sources.".

(e) Section 5 of the Act of July 22, 1963 (7 U.S.C. 390d), is amended by—

(1) striking out "apportioned" and inserting in lieu thereof "appropriated"; and

(2) striking out ", which are to become part of such buildings".

(f) Section 6 of the Act of July 22, 1963 (7 U.S.C. 390e), is repealed.

(g) Section 7 of the Act of July 22, 1963 (7 U.S.C. 390f), is amended by—

(1) inserting "equipment and" after "multiple-purpose"; and

(2) inserting "and related programs, including forestry and veterinary medicine," after "food and agricultural research".

(h) Section 8 of the Act of July 22, 1963 (7 U.S.C. 390g), is repealed.

(i)(1) Section 9(a) of the Act of July 22, 1963 (7 U.S.C. 390h(a)), is amended by—

(A) striking out "authorized to receive" and inserting in lieu thereof "that receives";

(B) striking out "section 4" and inserting in lieu thereof "section 2"; and

(C) striking out "section 4(b)" and inserting in lieu thereof "section 3(2)".

(2) Section 9(b) of the Act of July 22, 1963 (7 U.S.C. 390h(b)), is amended by—

(A) striking out "allotted funds received" and inserting in lieu thereof "funds received under this Act"; and

(B) striking out "allocated or".

(j) Clause (3) of section 10 of the Act of July 22, 1963 (7 U.S.C. 390i), is amended to read as follows: "(3) those eligible institutions, if any, that were prevented, because of failure to repay funds as required by section 7(b) of this Act, from receiving any grant under this Act".

(k) Sections 7, 9, 10, and 11 of the Act of July 22, 1963 (7 U.S.C. 390f, 390h, 390i, 390j), are redesignated as sections 6, 7, 8, and 9, respectively.

(l) The Act of July 22, 1963 (7 U.S.C. 390 et seq.), is amended by adding at the end thereof the following:

"SEC. 10. This Act may be cited as the 'Research Facilities Act'.".

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

SEC. 1412. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended by—

(1) striking out "Such grants shall be made without regard to matching funds, but each" in the last sentence of paragraph (2) and inserting in lieu thereof "Each"; and

(2) striking out the last sentence in paragraph (3) and inserting in lieu thereof: "Each recipient institution shall have a significant ongoing commitment to the food and agricultural sciences generally and to the specific subject area for which such a grant is to be used.".

(b) Effective October 1, 1985, section 1417(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(d)) is amended by striking out all after "provisions of this section" and inserting in lieu thereof "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990.".

(c) Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended by adding at the end thereof the following new subsection:

"(e) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281-2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

STUDY

SEC. 1413. (a) Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1424. Study."

and inserting in lieu thereof

"Sec. 1424. Repealed.".

HUMAN NUTRITION RESEARCH AND INFORMATION MANAGEMENT SYSTEM

SEC. 1414. (a) Section 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3177) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1427. Report to Congress."

and inserting in lieu thereof

"Sec. 1427. Repealed.".

ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD

SEC. 1415. The first sentence of section 1432(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS

SEC. 1416. The first sentence of section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking out "1985" and all that follows through the end of the sentence and inserting in lieu thereof "1990.".

APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS

SEC. 1417. Subsection (a) of section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking out "1985" and all that follows through the end of the subsection and inserting in lieu thereof "1990.".

EXTENSION AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1418. The third sentence of section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by—

(1) striking out ", through the fiscal year ending September 30, 1985,"; and

(2) inserting before the period at the end thereof the following: ", and related acts pertaining to cooperative extension work at the land-grant institutions identified in the Act of May 8, 1914".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES

SEC. 1419. (a) It is hereby declared to be the intent of Congress to assist the institutions eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute (hereinafter referred to in this section as "eligible institutions"), in the acquisition and improvement of extension facilities and equipment so that eligible institutions may participate fully with the State cooperative extension services in a balanced way in meeting the extension needs of the people of their respective States.

(b) There are authorized to be appropriated for the purpose of carrying out this section $10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, such sums to remain available until expended.

(c) Four per centum of the sums appropriated under this section shall be available to the Secretary of Agriculture for administration of the grants program under this section. The remaining funds shall be made available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings, to provide adequate facilities to conduct extension work in their respective States.

(d) Grants awarded under this section shall be made in such amounts and under such terms and conditions as the Secretary of Agriculture shall determine necessary for carrying out the purposes of this section.

(e) Federal funds provided under this section may not be used for the payment of any overhead costs of the eligible institutions.

(f) The Secretary of Agriculture may promulgate such rules and regulations as the Secretary deems necessary to carry out the provisions of this section.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1420. Section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) is amended by—

(1) adding at the end of subsection (a) the following: "No more than 5 per centum of the funds received by an institution in any fiscal year, under this section, may be carried forward to the succeeding fiscal year."; and

(2) amending subsection (g)(2) to read as follows:

"(2) Whenever it shall appear to the Secretary from the annual statement of receipts and expenditures of funds by any eligible institution that an amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution under this section remains unexpended, such amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution shall be deducted from the next succeeding annual allotment to the institution.".

INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

SEC. 1421. Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended by—

(1) striking out "the training" in paragraph (3) and inserting in lieu thereof "technical assistance and the training and advising"; and

(2) inserting "through the development of highly qualified scientists with specialization in international development" in paragraph (4) after "countries".

INTERNATIONAL TRADE DEVELOPMENT CENTERS

SEC. 1422. (a) Effective October 1, 1985, the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting, after section 1458, the following:

"GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

"SEC. 1458A. (a) The Secretary shall establish and carry out a program to make grants to States for the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of agricultural products and related products. Such grants shall be based on a matching formula of 50 per centum Federal and 50 per centum State funding (including funds received by the State from private sources and from units of local government).

"(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to use, as sites for international trade development centers, land-grant colleges and universities (as defined in section 1404(10) of this Act) that—

"(1) operate agricultural programs;

"(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

"(3) have an effective and progressive communications system that might be linked on an international basis to conduct conferences or trade negotiations.

"(c) Such centers may—

"(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

"(2) be used to house permanent or temporary exhibits that will stimulate and educate trade delegations from foreign nations with respect to agricultural products and related products produced in the United States and be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

"(3) carry out such other activities relating to the exportation of agricultural products and related products as the Secretary may approve.

"(d) There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this section.".

(b) Effective October 1, 1985, the table of contents of the Food and Agriculture Act of 1977 is amended by inserting a new item:

"Sec. 1458A. Grants to States for international trade development centers."

after the item

"Sec. 1458. International agricultural research and extension.".

AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND

SEC. 1423. The Secretary of Agriculture shall undertake discussions with representatives of the Government of Ireland that may lead to an agreement that will provide for the development of a program between the United States and Ireland whereby there will be a greater exchange of agricultural scientific and educational information, techniques, and data; agricultural marketing information, techniques, and data; and agricultural producer, student, teacher, agribusiness (private and cooperative) personnel; and the fostering of joint investment ventures, cooperative research, and the expansion of United States trade with Ireland. The Secretary shall periodically report to the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate to keep such committees apprised of the progress and accomplishments, and such other information as the Secretary deems appropriate, with regard to the development of such program.

EVALUATION OF THE EXTENSION SERVICE AND THE COOPERATIVE EXTENSION SERVICES

SEC. 1424. (a) Section 1459 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3301) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1459. Evaluation of the Extension Service and the Cooperative Extension Services."

and inserting in lieu thereof

"Sec. 1459. Repealed.".

WEATHER AND WATER ALLOCATION STUDY

SEC. 1425. (a) Section 1460 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3302) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1460. Weather and water allocation study."

and inserting in lieu thereof

"Sec. 1460. Repealed.".

ORGANIC FARMING STUDY

SEC. 1426. (a) Section 1461 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3303) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1461. Organic farming study."

and inserting in lieu thereof

"Sec. 1461. Repealed.".

AGRICULTURAL RESEARCH FACILITIES STUDY

SEC. 1427. (a) Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3304) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1462. Agricultural research facilities study."

and inserting in lieu thereof

"Sec. 1462. Repealed.".

AUTHORIZATION OF APPROPRIATIONS FOR AGRICULTURAL RESEARCH PROGRAMS

SEC. 1428. (a) Effective October 1, 1985, section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking out "$505,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$600,000,000 for the fiscal year ending September 30, 1986, $610,000,000 for the fiscal year ending September 30, 1987, $620,000,000 for the fiscal year ending September 30, 1988, $630,000,000 for the fiscal year ending September 30, 1989, and $640,000,000 for the fiscal year ending September 30, 1990".

(b) Effective October 1, 1985, section 1463(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(b)) is amended by striking out "$120,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$270,000,000 for the fiscal year ending September 30, 1986, $280,000,000 for the fiscal year ending September 30, 1987, $290,000,000 for the fiscal year ending September 30, 1988, $300,000,000 for the fiscal year ending September 30, 1989, and $310,000,000 for the fiscal year ending September 30, 1990".

AUTHORIZATION OF APPROPRIATIONS FOR EXTENSION EDUCATION

SEC. 1429. Effective October 1, 1985, section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking out "$260,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$350,000,000 for the fiscal year ending September 30, 1986, $360,000,000 for the fiscal year ending September 30, 1987, $380,000,000 for the fiscal year ending September 30, 1988, $400,000,000 for the fiscal year ending September 30, 1989, and $420,000,000 for the fiscal year ending September 30, 1990".

GENERAL AUTHORITY TO ENTER INTO CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

SEC. 1430. Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318) is amended by—

(1) redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) inserting after subsection (a) the following:

"(b) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may use a cooperative agreement as the legal instrument reflecting a relationship between the Department of Agriculture and State cooperative institutions, as defined in section 1404(16) of this Act, State departments of agriculture, colleges and universities, other research or educational institutions and organizations, Federal and private agencies and organizations, individuals, or any other party, when the Secretary determines that the objectives of the agreement will serve a mutual interest of the parties to the agreement in agricultural research, extension, and teaching activities, including statistical reporting, and that all parties will contribute resources to the accomplishment of those objectives. Notwithstanding any other provision of law, any Federal agency may participate in any such cooperative agreement by contributing funds through the appropriate agency of the Department of Agriculture or otherwise when it is mutually agreed that the objectives of the agreement will further the authorized programs of the contributing agency.".

RESTRICTION ON TREATMENT OF INDIRECT COSTS AND TUITION REMISSION

SEC. 1431. Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319) is amended by inserting at the end thereof the following: "The prohibition on the use of funds for the reimbursement of indirect costs shall not apply to funds transferred, advanced, or reimbursed to the Department of Agriculture under the provisions of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.). For agreements involving the use of such funds, the amount of indirect costs to be reimbursed shall be negotiated on a case-by-case basis.".

DIRECTION OF TECHNOLOGY DEVELOPMENT

SEC. 1432. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting after section 1473 the following new sections 1473A and 1473B:

"TECHNOLOGY DEVELOPMENT FOR SMALL- AND MEDIUM-SIZED FARMING OPERATIONS

"SEC. 1473A. It is the sense of Congress that the agricultural research, extension, and teaching activities conducted by the Department of Agriculture relating to the development, application, transfer, or delivery of agricultural technology, and, to the greatest extent practicable, any funding that is received by the Department of Agriculture for such activities, should be directed to technology that can be used effectively by small- and medium-sized farming operations.

"SPECIAL TECHNOLOGY DEVELOPMENT RESEARCH PROGRAM

"SEC. 1473B. (a) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may enter into cooperative agreements with private agencies, organizations, and individuals to share the cost of research projects, or to allow the use of Federal facilities and services on a cost-sharing or cost-reimbursable basis, to develop new agricultural technology to further the research programs of the Department of Agriculture.

"(b) Any funds received by the Secretary under cooperative agreements made under subsection (a) shall be deposited in a separate account or accounts, to be available until expended. Such funds may be used to pay directly the cost of such research projects or to supplement appropriations of funds that do or will bear all or part of such cost.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by inserting new items:

"Sec. 1473A. Technology development for small- and medium-sized farming operations.
"Sec. 1473B. Special technology development research program."

after the item

"Sec. 1473. Restriction on treatment of indirect costs and tuition remission.".

SUPPLEMENTAL AND ALTERNATIVE CROPS

SEC. 1433. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.), as amended by section 1432 of this Act, is amended by inserting after section 1473B the following new section:

"PILOT PROGRAM AND TECHNICAL ASSISTANCE TO ESTABLISH SUPPLEMENTAL AND ALTERNATIVE CROPS

"SEC. 1473C. Notwithstanding any other provision of law, during the period beginning October 1, 1986, and ending September 30, 1989, the Secretary shall develop and implement a research and pilot project program for the development of supplemental and alternative crops, using such funds as are appropriated to the Secretary each fiscal year under this title. The development of supplemental and alternative crops is of critical importance to producers of agricultural commodities whose livelihood is threatened by the decline in demand experienced with respect to certain of their crops due to changes in consumption patterns or other related causes. The Secretary shall use such research funding, special or competitive grants, or other means, as the Secretary determines, to further the purposes of this section in the implementation of a comprehensive and integrated program. The program developed and implemented by the Secretary shall include—

"(1) an examination of the adaptation of supplemental and alternative crops;

"(2) the establishment and extension of various methods of planting, cultivating, harvesting, and processing supplemental and alternative crops at pilot sites in areas adversely affected by declining demand for crops grown in the area;

"(3) the transfer of such applied research from pilot sites to on-farm practice as soon as practicable;

"(4) the establishment through grants, cooperative agreements, or other means of such processing, storage, and transportation facilities near such pilot sites for supplemental and alternative crops as the Secretary determines will facilitate the achievement of a successful pilot program; and

"(5) the application of such other resources and expertise as the Secretary deems appropriate to support the program.

The pilot program may include, but shall not be limited to, agreements, grants, and other arrangements to conduct comprehensive resource and infrastructure assessments, to develop and introduce supplemental and alternative income-producing crops, to develop and expand domestic and export markets for such crops, and to provide technical assistance to farm owners and operators, marketing cooperatives, and others. The Secretary shall use the expertise and resources of the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, and the land-grant colleges and universities for the purpose of carrying out this section.".

(b) The table of contents of the Food and Agriculture Act of 1977, as amended by section 1432 of this Act, is amended by inserting after the item relating to section 1473B the following new item:

"Sec. 1473C. Pilot program and technical assistance to establish supplemental and alternate crops.".

AQUACULTURE ASSISTANCE PROGRAMS

SEC. 1434. Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended by—

(1) in the first sentence of subsection (b)—

(A) striking out "and" at the end of paragraph (2);

(B) inserting "and" at the end of paragraph (3); and

(C) inserting after paragraph (3) the following:

"(4) nonprofit private research institutions;";

(2) in the last sentence of subsection (b), inserting "(of which amount an in-kind contribution may not exceed 50 percent)" after "matching grant";

(3) in the first sentence of subsection (d), striking out "State agencies" and all that follows through "universities,", and inserting in lieu thereof "any of the non-Federal entities specified in subsection (b)"; and

(4) amending the last sentence of subsection (d) to read as follows:

"Funds made available for the operation of such regional centers may be used for the acquisition or rehabilitation of existing buildings or facilities, or the construction of new buildings or facilities, to house such centers, except that not more than $250,000 may be used for the acquisition, rehabilitation, or construction of any single building or facility.".

AQUACULTURE ADVISORY BOARD

SEC. 1435. The first sentence of section 1476(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3323(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS—AQUACULTURE RESEARCH

SEC. 1436. (a) Section 1477(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

(b) Section 1477(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(b)) is amended by—

(1) striking out the first sentence; and

(2) in the second sentence, striking out "these funds" and inserting in lieu thereof "funds appropriated under subsection (a)".

RANGELAND RESEARCH ADVISORY BOARD

SEC. 1437. The first sentence of section 1482(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS—RANGELAND RESEARCH

SEC. 1438. Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL AGRICULTURAL RESEARCH FACILITIES

SEC. 1439. (a) There are authorized to be appropriated for fiscal year 1988 and for each succeeding fiscal year such sums as may be necessary for the planning, construction, acquisition, alteration, and repair of buildings and other public improvements, including the cost of acquiring or obtaining rights to use land, of or used by the Agricultural Research Service, except that the cost of planning any one facility shall not exceed $500,000, and the total cost of any one facility shall not exceed $5,000,000.

(b) Not later than 60 days after the end of each of the fiscal years 1986 through 1990, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report specifying—

(1) the location of each building, laboratory, research facility, and other public improvement of or to be used by the Agricultural Research Service that is planned, constructed, acquired, repaired, or remodeled, with funds appropriated under subsection (a), in the fiscal year involved; and

(2) with respect to each such building, laboratory, research facility, and improvement—

(A) the amount of such funds obligated in the fiscal year; and

(B) the amount of such funds expended in the fiscal year for such item.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1440. Effective October 1, 1985, section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3222 note) is amended by striking out "September" the first place it appears and all that follows through "1985", and inserting in lieu thereof "September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1441. (a) Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(a)) is amended by inserting ", including agricultural libraries," after "research facilities and equipment".

(b) Section 1433(b) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(b)) is amended by—

(1) striking out "and" before "September 30, 1986"; and

(2) inserting "and September 30, 1987," after "1986,".

SOYBEAN RESEARCH ADVISORY INSTITUTE

SEC. 1442. (a) Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 2281 note) is repealed.

(b) The table of contents of the Agriculture and Food Act of 1981 is amended by striking out

"Sec. 1446. Soybean Research Advisory Institute."

and inserting in lieu thereof

"Sec. 1446. Repealed.".

SMITH-LEVER ACT

SEC. 1443. (a) Section 2 of the Act entitled "An Act to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an Act of Congress approved July *second, eighteen hundred and sixty-two, and Acts supplementary thereto, and the United States Department of Agriculture", approved May 8, 1914 (hereinafter in this section referred to as the Smith-Lever Act) (7 U.S.C. 342) is amended by—*

(1) inserting "development of practical applications of research knowledge and" after "consist of the"; and

(2) inserting "of existing or improved practices or technologies" after "practical demonstrations".

(b) Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by adding at the end thereof the following:

"(f)(1) The Secretary of Agriculture may conduct educational, instructional, demonstration, and publication distribution programs through the Federal Extension Service and may enter into cooperative agreements with private nonprofit and profit organizations and individuals to share the cost of such programs through contributions from private sources as provided in this subsection.

"(2) The Secretary may receive contributions under this subsection from private sources for the purposes described in paragraph (1) and may provide matching funds in an amount not greater than 50 per centum of such contributions.

"(3) Notwithstanding any other provision of law, beginning with the fiscal year ending September 30, 1986, and for each fiscal year thereafter through the fiscal year ending September 30, 1991, not more than one-half of one per centum of the funds appropriated to the Federal Extension Service for such fiscal year may be used to provide matching funds in accordance with paragraph (2).

"(4) Not later than one year after the date of the enactment of the Food Security Act of 1985, the Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the progress of such programs and shall make recommendations to the committees regarding how other similar private sector initiatives could be used by the Federal Extension Service.".

(c) The Secretary of Agriculture shall conduct a study to determine whether any funds that are—

(1) appropriated after the date of the enactment of this Act to carry out the Smith-Lever Act (7 U.S.C. 341 et seq.), other than section 8 of such Act; and

(2) in excess of the aggregate amount appropriated to carry out the Smith-Lever Act (other than section 8 of such Act) in fiscal year 1985;

can be allocated more effectively among the States. Not later than one year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report summarizing the results of such study and containing the recommendations of the Secretary regarding the allocation of such funds.

(d) This section and the amendments made by this section shall take effect on October 1, 1985.

PESTICIDE RESISTANCE STUDY

SEC. 1444. The Secretary of Agriculture shall conduct a study on the detection and management of pesticide resistance and, within one year after the date of enactment of this Act, submit to the President and Congress a report on this study. The study shall include—

(1) a review of existing efforts to examine and identify the mechanisms, genetics, and ecological dynamics of target populations of insect and plant pests developing resistance to pesticides;

(2) a review of existing efforts to monitor current and historical patterns of pesticide resistance; and

(3) a strategy for the establishment of a national pesticide resistance monitoring program, involving Federal, State, and local agencies, as well as the private sector.

DIETARY ASSESSMENT AND STUDIES

SEC. 1445. (a)(1) The Secretary of Agriculture shall conduct an assessment of existing scientific literature regarding the relationship, if any, between dietary cholesterol and blood cholesterol. The Secretary shall consult with all agencies of the Federal Government that are involved in research relating to dietary and blood cholesterol in conducting the assessment. The assessment, to the extent practicable, shall summarize and evaluate all existing literature on this subject.

(2) The Secretary shall develop a protocol and conduct a feasibility assessment for a definitive study by the Department of Agriculture on the relationship between dietary and serum cholesterol. Such study shall be conducted under the supervision and coordination of the Department of Agriculture with such assistance from other agencies of government as the Secretary may deem appropriate.

(3) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the findings under paragraphs (1) and (2) not later than one year after date of the enactment of this Act. Such report shall contain a final report on the assessment of existing research and literature required under paragraph (1) and a detailed protocol and plan for implementation of the study mandated under paragraph (2). The report shall contain a budget estimate and timetable for conduct and completion of the study provided for in paragraph (2).

(b)(1) The Secretary of Agriculture shall conduct an assessment of existing research and literature with regard to dietary calcium and its importance as a nutrient. The Secretary shall consult with all agencies of the Federal Government that are involved in research relating to calcium in conducting the assessment. The assessment, to the extent practicable, shall summarize and evaluate all existing literature on this subject.

(2) The Secretary shall develop a protocol for a study to determine the importance of dietary calcium in human development and health promotion. The study shall include, at a minimum, a comprehensive investigation of the role of calcium in bone health and maintenance of skeletal integrity as well as in the regulation of hypertension. The study shall be conducted under the supervision and coordination of the Department of Agriculture, with such assistance from other agencies of government and private sector organizations as the Secretary may deem appropriate.

(3) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the Secretary's findings under paragraphs (1) and (2) not later than one year after the date of the enactment of this Act. Such report shall contain an assessment of existing research and literature required by paragraph (1) and a detailed protocol and plan for implementation of the study required by paragraph (2). The report shall contain a budget estimate and timetable for conducting and completing the study required by paragraph (2).

NUTRITION RESEARCH

SEC. 1446. (a) Congress, by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, (1) in section 1421 of such Act, found that nutrition and health considerations are important factors in the agricultural policy of the United States; (2) in section 1405 of such Act, designated the Department of Agriculture as the lead agency of the Federal Government for human nutrition research, except with respect to the biomedical aspects of nutrition research concerned with diagnosis for treatment of disease; and (3) in section 1423 of such Act, required the Secretary of Agriculture to establish research in food and human nutrition as a separate and distinct mission of the Department of Agriculture.

(b) Congress acknowledges that the Secretary of Agriculture has established a nutrition education program and reaffirms its belief that nutrition research continues to have a vital role in agricultural production.

(c) Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the appropriate committees of Congress a comprehensive plan for implementing a national food and human nutrition research program. The plan shall include, but not be limited to, recommendations relating to research directions, educational activities, and funding levels necessary to carry out such plan. The Secretary shall thereafter submit an annual report to the Congress on the human nutrition research activities of the Department of Agriculture.

SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS

SEC. 1447. (a) Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by inserting at the end thereof the following:

"(f) SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS.—(1) The Secretary shall provide special grants for programs to develop income alternatives for farmers who have been adversely affected by the current farm and rural economic crisis and those displaced from farming. Such programs shall consist of educational and counseling services to farmers to assess human and nonhuman resources, assess income earning alternatives, identify resources and opportunities available to the farmer in the local community, county, and State, implement financial planning and management strategies, and provide linkages to specific resources and opportunities that are available to the farmer, such as reentering agriculture, new business opportunities, other off-farm jobs, job search programs, and retraining skills. The Secretary also may provide support to mental health officials in developing outreach programs in rural areas.

"(2) Grants may be made under paragraph (1) during the period beginning on the date of enactment of the Food Security Act of 1985 and ending three years thereafter.".

(b) Section 503(c) of the Rural Development Act of 1972 (7 U.S.C. 2663(c)) is amended by inserting "and section 502(f)" after "section 502(e)" both times it appears therein.

ANNUAL REPORT ON FAMILY FARMS

SEC. 1448. Section 102(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2266) is amended by—

(1) redesignating clause (3) as clause (5); and

(2) in clause (2), striking out "Federal" and all that follows through the end of the clause, and inserting in lieu thereof the following: "current Federal income, excise, estate, and other tax laws, and proposed changes in such laws, may affect the structure and organization of, returns to, and investment opportunities by family and nonfamily farm owners and operators, both foreign and domestic, (3) identification and analysis of new food and agricultural production and processing technological developments, especially in the area of biotechnology, and evaluation of the potential effect of such developments on (A) the economic structure of the family farm system, (B) the competitive status of domestically-produced agricultural commodities and foods in foreign markets, and (C) the achievement of Federal agricultural program objectives, (4) an assessment of the credit needs of family farms and the extent to which those needs are being met, and an analysis of the effects of the farm credit situation on the economic structure of the family farm system, and".

Division D—Food Assistance Programs

TITLE XV—FOOD STAMP AND RELATED PROVISIONS

ELIGIBILITY OF THE HOMELESS

SEC. 1501. (a) The first sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by—

(1) in clause (1), after "consumption", inserting "(or in the case of an individual who does not reside in a permanent dwelling or who has no fixed address, for such individual's consumption)"; and

(2) in clause (2), after "consumption" both places it appears, inserting "(or in the case of individuals who do not reside in permanent dwellings or who have no fixed addresses, for such individuals' consumption)".

(b) Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended by—

(1) striking out the semicolon at the end and inserting a period in lieu thereof; and

(2) adding at the end thereof the following: "The State agency shall provide a method of certifying and issuing coupons to eligible households who do not reside in permanent dwellings or who have no fixed addresses, and shall take steps to ensure that such method limits participation in the food stamp program to eligible households.".

DETERMINATION OF FOOD SALES VOLUME

SEC. 1502. Section 3(k) of the Food Stamp Act of 1977 (7 U.S.C. 2012(k)) is amended by inserting after "food sales volume" in clause (1) the following: ", as determined by visual inspection, sales records, purchase records, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry,".

THRIFTY FOOD PLAN

SEC. 1503. Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by—

(1) striking out "fifty-four" in the first sentence and inserting in lieu thereof "fifty";

(2) striking out "and" at the end of clause (7) of the second sentence;

(3) in clause (8) of the second sentence—

(A) striking out "and each October 1 thereafter,"; and

(B) inserting after "June 30" the following: "and, on February 1, 1986, further adjust the cost of such diet to reflect the Secretary's best estimate of the changes in the cost of the thrifty food plan occurring during the three-month period following June 30,"; and

(4) inserting before the proviso at the end of the second sentence the following: ", and (9) on October 1, 1986, and each October 1 thereafter, using the actual cost of the thrifty food plan as of September 30 of the previous calendar year as the base, adjust the cost of such diet to reflect changes in the cost of the thrifty food plan for the nine months ending the preceding June 30 and the Secretary's best estimate as to further changes in such cost occurring during the three-month period following June 30, and round the result to the nearest lower dollar increment for each household size".

DEFINITIONS OF THE DISABLED

SEC. 1504. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended by—

(1) inserting before the semicolon at the end of paragraph (2) the following: ", federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act if the Secretary determines that such benefits are conditioned on meeting the disability or blindness criteria used under title XVI of the Social Security Act, or federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note)";

(2) inserting before the semicolon at the end of paragraph (3) the following: "or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i))";

(3) inserting "or non-service-connected" after "service-connected" in paragraph (4)(A);

(4) striking out "or" at the end of paragraph (5);

(5) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; or"; and

(6) adding at the end thereof the following:

"(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act, and if an application for disability benefits had been filed.".

STATE AND LOCAL SALES TAXES

SEC. 1505. Effective October 1, 1987, section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended by inserting before the period at the end of the first sentence the following: ", except that a State may not participate in the food stamp program if the Secretary determines that State or local sales taxes are collected within that State on purchases of food made with coupons issued under this Act".

RELATION OF FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

SEC. 1506. Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by—

(1) striking out the first sentence; and

(2) striking out "also" in the second sentence.

CATEGORICAL ELIGIBILITY

SEC. 1507. (a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by—

(1) inserting after the first sentence in subsection (a) the following: "Notwithstanding any other provisions of this Act, except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(i), households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act, supplemental security income benefits under title XVI of the Social Security Act, or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act, shall be eligible to participate in the food stamp program."; and

(2) striking out subsection (j).

(b) Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by adding at the end thereof the following: "No household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the statutes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program.".

EXCLUDED INCOME

SEC. 1508. (a) Effective February 1, 1986, section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by—

(1) inserting "except as provided in subsection (j)," after the comma at the end of clause (1);

(2) in clause (3)—

(A) striking out 'higher education" and inserting in lieu thereof "post-secondary education"; and

(B) adding at the end thereof "and to the extent loans include any origination fees and insurance premiums,";

(3) inserting "and no portion of any Federal educational grant, to the extent it provides income assistance beyond that used for tuition and mandatory school fees," before "shall be considered such reimbursement" in the proviso of clause (5);

(4) inserting ", but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment" before the comma in clause (9);

(5) inserting "except as otherwise provided in subsection (k) of this section" after "food stamp program" in clause (10).

(b) Effective October 1, 1985, section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end thereof the following:

"(j) Assistance provided to a third party on behalf of a household for living expenses by a State or local government in place of a regular benefit payable directly to the household under title IV of the Social Security Act or a State or local general assistance program (but excluding medical, child care, energy, and emergency or special assistance) shall be treated as money payable directly to the household.

"(k) Notwithstanding the provisions of section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 205(5) of the Job Training Partnership Act shall be considered earned income for purposes of the food stamp program.".

DEDUCTIONS FROM INCOME

SEC. 1509. (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by—

(1) in the second sentence, striking out "homeownership component" and inserting in lieu thereof "homeowners' costs and maintenance and repair component";

(2) effective February 1, 1986, in the third sentence, striking out "18" and inserting in lieu thereof "20";

(3) amending the fourth sentence by—

(A) effective February 1, 1986—

(i) inserting ", excluding expenses paid on behalf of the household under the Low Income Home Energy Assistance Act (42 U.S.C. 8621 et seq.)," after "by a household for shelter" in clause (2);

(ii) amending the proviso to clause (2) to read as follows: ": Provided, That the amount of such excess shelter expense deduction shall not exceed $155 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $260, $215, $180, and $110 a month, respectively, adjusted on October 1, 1986, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter (exclusive of homeowners' costs and maintenance and repair component), fuel, and utilities components of housing costs in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the twelve months ending the preceding June 30,"; and

(iii) amending clause (3) to read as follows:

"(3) a deduction combining the dependent care and excess shelter expense deductions under clauses (1) and (2), the maximum allowable level of which shall not exceed the maximum allowable deduction under clause (2)";

(B) effective October 1, 1986—

(i) in clause (1), striking out "the same as" and all that follows through "clause (2) of this subsection", and inserting in lieu thereof "$160";

(ii) striking out ", or (2)" and inserting in lieu thereof "and (2)"; and

(iii) striking out ", or (3)" and all that follows down to the period at the end thereof; and

(4) after the seventh sentence, inserting the following: "A State agency may use one or more standard utility allowances for households on behalf of which a payment is made under the Low Income Home Energy Assistance Act (42 U.S.C. 8621, et seq.) but who also incur out-of-pocket heating or cooling expenses. A State agency shall allow a household to switch between any standard utility allowance and a deduction based on its actual utility costs at the end of any certification period and up to two additional times during each twelve-month period."; and

(5) effective February 1, 1986, in the last sentence—

(A) striking out "$35 a month" in clause (A) and inserting in lieu thereof "the lesser of $35 a month or 5 per centum of monthly household income after any exclusions and before any deductions provided for in this section"; and

(B) inserting ", excluding expenses paid on behalf of the household under the Low Income Home Energy Assistance Act (42 U.S.C. 8621 et seq.)," after "by a household for shelter" in clause (C).

RETROSPECTIVE BUDGETING AND MONTHLY REPORTING SIMPLIFICATION

SEC. 1510. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended by—

(1) amending subparagraph (A) to read as follows:

"(A) Household income for—

"(i) migrant farmworker households, and

"(ii) households—

"(I) that have no earned income, and

"(II) in which all adult members are elderly or disabled members,

shall be calculated on a prospective basis, as provided in paragraph (3)(A).";

(2) in subparagraph (B)—

(A) striking out "(i)";

(B) inserting "the first sentence of" after "under" the first place it appears; and

(C) striking out "(ii)" and all that follows through "this Act,"; and

(3) striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income and for households that include any member who has recent work history shall be calculated on a retrospective basis as provided in paragraph (3)(B).

"(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B).".

(b) Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended by—

(1) amending the first sentence to read as follows: "State agencies shall require households with respect to which household income is determined on a retrospective basis under section 5(f)(2)(C) of this Act to file periodic reports of household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may, with the prior approval of the Secretary, select categories of households (including all such households) that may report at specified less frequent intervals on a showing by the State agency, which is satisfactory to the Secretary, that to require households in such categories to report monthly would result in unwarranted expenditures for administration of this subsection."; and

(2) inserting after the second sentence the following: "State agencies may require households, other than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance with the standards prescribed by the Secretary under the preceding provisions of this paragraph.".

RESOURCES LIMITATION

SEC. 1511. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by—

(1) effective October 1, 1986, in the first sentence, striking out "$1,500, or, in the case of a household consisting of two or more persons, one of whom is age 60 or over, if its resources exceed $3,000" and inserting in lieu thereof "$2,250, or, in the case of a household which consists of or includes a member who is 60 years of age or older, if its resources exceed $3,500"; and

(2) in the second sentence—

(A) inserting "and inaccessible resources" after "relating to licensed vehicles";

(B) after "physically disabled household member" inserting "and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle"; and

(C) inserting after "$4,500," the following: "except that the Secretary shall, on October 1, 1986, and on each October 1 thereafter, adjust such amount to reflect changes in the Consumer Price Index for All Urban Consumers, United States city average, for used cars (base year 1967=100), published by the Bureau of Labor Statistics, for the twelve months ending the preceding June 30, and round the result to the nearest $100 increment, but such amount, as adjusted, may not exceed $5,500,".

DISASTER TASK FORCE

SEC. 1512. Section 5(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(2)) is amended to read as follows:

"(2) The Secretary shall—

"(A) establish a Food Stamp Disaster Task Force to assist States in implementing and operating the disaster program and the regular food stamp program in the disaster area; and

"(B) send members of the Task Force to the disaster area as soon as possible after the disaster occurs to provide direct assistance to State and local officials.".

ELIGIBILITY DISQUALIFICATIONS

SEC. 1513. Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by—

(1) in the first sentence of subsection (d)(1)—

(A) striking out "no household shall be eligible for assistance under this Act if it includes a" and inserting in lieu thereof "(A) no person shall be eligible to participate in the food stamp program who is";

(B) striking out all that follows "(iii)" through "days; or (iv)"; and

(C) inserting before the period at the end thereof the following: "; and (B) no household shall be eligible to participate in the food stamp program (i) if the head of the household is a physically and mentally fit person between the ages of eighteen and sixty and such individual refuses to do any of those acts described in clause (A) of this sentence, or (ii) if the head of the household voluntarily quits any job without good cause, but, in such case, the period of ineligibility shall be ninety days";

(2) adding at the end of subsection (d)(1) the following: "Any period of ineligibility for violations under this paragraph shall end when the household member who committed the violation complies with the requirement that has been violated. If the household member who committed the violation leaves the household during the period of ineligibility, such household shall no longer be subject to sanction for such violation and, if it is otherwise eligible, may resume participation in the food stamp program, but any other household of which such person thereafter becomes the head of the household shall be ineligible for the balance of the period of ineligibility.";

(3) inserting at the end of clause (2) of subsection (e) the following: "except for individuals who are assigned to or placed in an institution of higher learning through a program under the Job Training Partnership Act,";

(4) striking out subclause (C) of clause (3) of subsection (e) and redesignating subclauses (D) and (E) thereof as subclauses (C) and (D), respectively; and

(5) in clause (2) of subsection (f)—

(A) striking out "section 203(a)(7)" and "(8 U.S.C. 1153(a)(7))" in subclause (D) and inserting in lieu thereof "sections 207 and 208" and "(8 U.S.C. 1157 and 1158)", respectively;

(B) striking out "because of persecution" and all that follows through "natural calamity" in subclause (D); and

(C) striking out "because of the judgment of the Attorney General" and all that follows in subclause (F) through "political opinion".

EMPLOYMENT AND TRAINING PROGRAM

SEC. 1514. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)), as amended by section 1513(1) of this Act, is amended by—

(1) amending clause (A)(ii) of paragraph (1) to read as follows:

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements as are prescribed by the State agency in accordance with paragraph (4), and the period of ineligibility shall be two months;"; and

(2) adding at the end thereof the following:

"(4)(A) Each State agency shall implement an employment and training program designed by the State agency for the purpose of assisting members of households participating in the food stamp program in gaining skills, training, or experience that will increase their ability to obtain regular employment. For purposes of this Act, an 'employment and training program' means a program that contains, at the option of the State agency, one or more of the following components:

"(i) Job search programs with terms and conditions comparable to those prescribed in subparagraphs (A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act, except that a State agency shall have no obligation to incur costs exceeding $25 per participant per month, as provided in subparagraph (B)(vi), and the State agency shall retain the option to apply employment requirements prescribed under this clause to program applicants at the time of application.

"(ii) Job search training programs that include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including educational programs, determined by the State agency to expand the job search abilities or employability of those subject to the program.

"(iii) Programs designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed under such programs to move promptly into regular public or private employment. The facilities of the State public employment offices and agencies operating programs under the Job Training Partnership Act may be used to find employment and training opportunities for household members under the programs. Employment or training experience assignments shall be limited to projects that serve a useful public purpose in fields such as health, social services, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of the participating member shall be used in making appropriate employment experience assignments. An employment or training experience program established under this clause shall—

"(I) not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program;

"(II) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours; and

"(III) reimburse participants for actual costs of transportation and other actual costs that are reasonably necessary and directly related to participation in the program, but not to exceed $25 in the aggregate per month.

"(iv) As approved by the Secretary, other programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program.

"(B)(i) The State agency may provide that participation in an employment and training program may supplement or supplant other requirements imposed on those subject to the program.

"(ii) Each State agency shall exempt from any requirement for participation in any program under this paragraph categories of household members to which the State agency determines that the application of such participation requirement is impracticable as applied to such categories due to factors such as, but not limited to, the availability of work opportunities and the cost-effectiveness of the employment requirements. In making such a determination, the State agency may designate a category consisting of all such household members residing in a specified area of the State. The State agency shall also exempt or suspend from such participation requirement individual household members not included in any such category but with respect to whom it determines that such participation is impracticable because of personal circumstances such as, but not limited to, lack of job readiness and employability, the remote location of work opportunities, and unavailability of dependent care. The State agency shall determine the extent to which any individual must fulfill the requirements of this paragraph.

"(iii) The total hours of work in an employment and training program carried out under this paragraph required of members of a household, together with the hours of work of such members in any other program carried out under section 20, in any month collectively may not exceed a number of hours equal to the household's allotment for such month divided by the higher of the applicable State minimum wage or Federal minimum hourly rate under the Fair Labor Standards Act of 1938. The total hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in another program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, shall not exceed one hundred and twenty hours per month.

"(iv) Each State agency shall establish requirements, determined by the State agency to be appropriate, for participation by individuals not exempt under clause (ii) in one or more employment and training programs under this paragraph (which requirements may vary among participants), but may operate programs under this paragraph in which individuals elect to participate. The State agency shall permit individuals not subject to the requirements described in the preceding sentence or who have complied, or are in the process of complying, with such requirements to participate in any progam under this paragraph.

"(v) The Secretary shall promulgate guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program under this paragraph that is compatible and consistent with similar programs operated within the State.

"(vi) A State agency shall reimburse participants for transportation costs and other expenses incurred by participants in the employment and training program, except that the State agency may limit such reimbursement to each participant to $25 per month.".

(b) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by—

(1) striking out "and" at the end of paragraph (20);

(2) striking out the period at the end of paragraph (21) and inserting in lieu thereof "; and "; and

(3) adding at the end thereof the following:

"(22) the manner in which the State agency will carry out the employment and training program under section 6(d)(4).".

(c) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end thereof the following:

"(h)(1) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1), the amount of $40,000,000 for the fiscal year ending September 30, 1986, $50,000,000 for the fiscal year ending September 30, 1987, $60,000,000 for the fiscal year ending September 30, 1988, and $75,000,000 for each of the fiscal years ending September 30, 1989, and September 30, 1990, to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during such fiscal year.

"(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the limitation in paragraph (3).

"(3) The Secretary shall reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably incurred by participants in the employment and training program, except that such total amount shall not exceed an amount representing $25 per participant per month.

"(4) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs. The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs.".

STAGGERING OF COUPON ISSUANCE

SEC. 1515. Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end thereof the following:

"(h)(1) The State agency may implement a procedure for staggering the issuance of coupons to eligible households throughout the entire month: Provided, That the procedure ensures that, in the transition period from other issuance procedures, no eligible house-

hold experiences an interval between coupon issuances of more than thirty-five days, either through regular issuances by the State agency or through supplemental issuances.

"(2) For any eligible household that applies for participation in the food stamp program during the last fifteen days of a month and is issued benefits within that period, coupons shall be issued for the first full month of participation by the later of five working days after the beginning of the following month or five working days after verification procedures are completed.".

DISCLOSURE OF INFORMATION SUBMITTED BY RETAIL STORES

SEC. 1516. Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended by inserting before the period at the end of the second sentence the following: ", except that such information may be disclosed to and used by State agencies that administer the special supplemental food program for women, infants and children, authorized under section 17 of the Child Nutrition Act of 1966, for purposes of administering the provisions of that Act and the regulations issued under that Act".

CREDIT UNIONS

SEC. 1517. Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by—

(1) inserting ", or which are insured under the Federal Credit Union Act and have retail food stores or wholesale food concerns in their field of membership" after "Federal Savings and Loan Insurance Corporation" the first place it appears; and

(2) inserting "or the Federal Credit Union Act" after "Federal Savings and Loan Insurance Corporation" the second place it appears.

CHARGES FOR REDEMPTION OF COUPONS

SEC. 1518. (a) Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019), as amended by section 1517 of this Act, is amended by adding at the end thereof the following: "No financial institution may impose on or collect from a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in a manner consistent with the requirements, other than any requirements relating to cancellation of coupons, for the presentation of coupons by financial institutions to the Federal Reserve banks.".

(b) The Secretary of Agriculture, in consultation with the Board of Governors of the Federal Reserve System, shall issue regulations implementing the amendment made by subsection (a).

PUBLIC INFORMATION

SEC. 1519. (a) Section 11(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)) is amended by inserting, after "funds provided under this Act", the following: "except for activities, implemented at the discretion of the State agency, that provide program information (including program eligibility and benefit guidelines) to unemployed, disabled, or elderly persons who apply, or may be eligible, for participation in the program".

(b) The first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "and (4) fair hearings" and inserting in lieu thereof "(4) fair hearings, and (5) activities providing program information to unemployed, disabled, or elderly persons".

OFFICE HOURS

SEC. 1520. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)), as amended by section 1501(c) of this Act, is amended by adding at the end thereof the following: "The State agency shall assess, from time to time, the need for operating food stamp offices within the State during evening and weekend hours;".

EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM

SEC. 1521. Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by adding at the end thereof the following: "State agencies shall encourage food stamp program participants to participate in the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), commonly known as the Smith-Lever Act. At the request of personnel of such education program, State agencies, wherever practicable, shall allow personnel and information materials of such education program to be placed in food stamp offices.".

FOOD STAMP PROGRAM INFORMATION AND SIMPLIFIED APPLICATION AT SOCIAL SECURITY ADMINISTRATION OFFICES

SEC. 1522. (a) Clause (2) of the first sentence of section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by—

(1) inserting "applicants for or" after "members are";

(2) striking out "permitted" and all that follows through "office", and inserting in lieu thereof "informed of the availability of benefits under the food stamp program and be assisted in making a simple application to participate in such program at the social security office".

(b) Section 11(j) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)) is amended to read as follows:

"(j)(1) Any individual who is an applicant for or recipient of social security benefits (under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services) shall be informed of the availability of benefits under the food stamp program and shall be provided with a simple application to participate in such program at the social security office.

"(2) The Secretary and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Food Security Act of 1985, regarding services to be provided in social security offices under this subsection and subsection (i), in a manner to ensure that—

"(A) applicants for and recipients of social security benefits are adequately notified in social security offices that assistance may be available to them under this Act;

"(B) applications for assistance under this Act from households in which all members are applicants for or recipients of supplemental security income will be forwarded immediately to the State agency in an efficient and timely manner; and

"(C) the Secretary of Health and Human Services receives from the Secretary reimbursement for costs incurred to provide such services.".

(c) Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit a report, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, describing the nature and extent of the costs being incurred by the Secretary of Health and Human Services to comply with subsections (i) and (j) of section 11 of the Food Stamp Act of 1977, as amended by subsections (a) and (b).

RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 1523. Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end thereof the following:

"(e)(1) In the event any retail food store or wholesale food concern that has been disqualified under subsection (a) is sold or the ownership thereof is otherwise transferred to a bona fide purchaser or transferee, the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern shall be subjected to a civil money penalty in an amount established by the Secretary through regulations to reflect that portion of the disqualification period that has not yet expired. If the retail food store or wholesale food concern has been disqualified permanently, the civil money penalty shall be double the penalty for a ten-year disqualification period, as calculated under regulations issued by the Secretary. The disqualification period imposed under subsection (b) shall continue in effect as to the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern notwithstanding the imposition of a civil money penalty under this subsection.

"(2) At any time after a civil money penalty imposed under paragraph (1) has become final under the provisions of section 14(a), the Secretary may request the Attorney General to institute a civil action against the person or persons subject to the penalty in a district court of the United States for any district in which such person or persons are found, reside, or transact business to collect the penalty and such court shall have jurisdiction to hear and decide such action. In such action, the validity and amount of such penalty shall not be subject to review.".

STATE AGENCY LIABILITY, QUALITY CONTROL, AND AUTOMATIC DATA PROCESSING

SEC. 1524. (a) Effective with respect to the fiscal year beginning October 1, 1985, and each fiscal year thereafter, section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by—

(1) in paragraph (2)(A) of subsection (d), inserting before the period at the end thereof the following: "less any amount the payment of which is waived under paragraph (6) and less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency"; and

(2) adding, at the end of subsection (d), the following:

"(6)(A) The Secretary, at the request of a State agency, shall waive the payment of a portion—not more than 15 per centum—of a claim, asserted against the State for a fiscal year under paragraphs (2) and (3), equal to the amount that the State agency shows it will devote to the planning, design, development, installation, or expansion of automatic data processing, computerized information, or related systems, or to other administrative efforts, designed to reduce payment error rates and approved by the Secretary. To obtain such waiver, the State agency must show, to the satisfaction of the Secretary, that (i) the systems or administrative efforts on which the request for a waiver is based are in addition to systems or administrative efforts that are already in place or part of an existing plan for the State agency, and (ii) such systems or administrative efforts can reasonably be expected to improve the management, integrity, or efficiency of

the food stamp program operated by the State agency.

"(B) Amounts used for systems or administrative efforts as a result of a waiver of a claim under this paragraph may not be credited by the State agency as its share of the costs incurred for data and information systems under the cost-sharing programs provided for in subsections (a) and (g).

"(C) If a proposed system or administrative effort on which a waiver of a claim under this paragraph is based is not implemented within six months after a target date for implementation agreed on by the Secretary and the State agency, the Secretary shall terminate the waiver unless the Secretary determines that there is good cause for the State agency's failure to implement the system or administrative effort (including good faith efforts to implement the system or administrative effort) in a timely manner, and, on such termination, the State agency shall again become liable for full payment of the claim under paragraphs (2) and (3).

"(7) To facilitate the implementation of paragraphs (2) and (3), each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount for which the State agency will be liable for such fiscal year under paragraphs (2) and (3). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraphs (2) and (3) for a fiscal year, except with respect to the portion of such payment that is waived under paragraph (6), and, as applicable, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 14 (as provided for in paragraph (5)), before the end of the fiscal year following such fiscal year."; and

(3) in subsection (g), inserting "(or in the case of State agencies that submit plans that satisfy the elements of the model automation and computerization plan under section 11(o), as determined by the Secretary, 90 per centum)" after "75 per centum".

(b) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following:

"(o)(1) The Secretary shall develop, after consultation with and with the assistance of an advisory group of State agencies appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act, a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program. The plan shall be developed and made available for public comment through publication of the proposed plan in the Federal Register not later than October 1, 1986. The Secretary shall complete the plan, taking into consideration public comments received, not later than December 1, 1986. The elements of the plan shall include, but not be limited to, intake procedures, eligibility determinations and calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, and program reporting.

"(2) Not later than April 1, 1987, the Secretary shall prepare and submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems for the administration of the food stamp program. Such report shall include, for each State, an analysis of additional steps needed for the State to achieve effective and cost-efficient data processing and information systems. The Secretary, thereafter, shall periodically update such report.

"(3) Based on the Secretary's findings in any of the reports submitted under paragraph (2), the Secretary may require a State agency, as necessary to rectify identified shortcomings in the administration of the food stamp program in the State, to take specified steps to automate data processing systems or computerize information systems for the administration of the food stamp program in the State if the Secretary finds that, in the absence of such systems, there will be program accountability or integrity problems that will substantially affect the administration of the food stamp program in the State.".

(c) The first sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by inserting "the automation or computerization requirements imposed on the State agency under subsection (o)(3) of this section," after "pursuant to subsection (d) of this section,".

PILOT PROJECTS

SEC. 1525. (a) Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "October 1, 1985" the last place it appears and inserting in lieu thereof "October 1, 1990".

(b) Section 17(d) of the Food Stamp Act of 1977 (7 U.S.C. 2026(d)) is amended by adding at the end thereof the following: "On the request of a State or political subdivision in which a pilot project is conducted under this subsection, the Secretary shall continue the project beyond any initial term established by the Secretary if the Secretary finds that the project has a beneficial effect on program administrative costs and error rates and the continuation of the project will not result in undue added program costs.".

AUTHORIZATION CEILING; AUTHORITY TO REDUCE BENEFITS

SEC. 1526. Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by—

(1) inserting, after the first sentence of subsection (a)(1), the following:

"To carry out the provisions of this Act, there are hereby authorized to be appropriated not in excess of $13,584,000,000 for the fiscal year ending September 30, 1986; not in excess of $14,369,000,000 for the fiscal year ending September 30, 1987; not in excess of $15,276,000,000 for the fiscal year ending September 30, 1988; not in excess of $16,142,000,000 for the fiscal year ending September 30, 1989; and not in excess of $16,985,000,000 for the fiscal year ending September 30, 1990."; and

(2) in the second sentence of subsection (b), striking out "the limitation set herein," and inserting in lieu thereof "the appropriation amount authorized in subsection (a)(1),".

PUERTO RICO BLOCK GRANT

SEC. 1527. Effective October 1, 1985, section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended by—

(1) striking out "for each fiscal year" in subsection (a)(1)(A) and inserting in lieu thereof "for the fiscal year ending September 30, 1986, $862,000,000 for the fiscal year ending September 30, 1987, $898,000,000 for the fiscal year ending September 30, 1988, $936,000,000 for the fiscal year ending September 30, 1989, and $974,000,000 for the fiscal year ending September 30, 1990,";

(2) striking out "noncash" in subsection (a)(1)(A);

(3) striking out the comma after "needy persons" and all that follows in subsection (a)(1)(A), and inserting in lieu thereof a period;

(4) striking out "and 50 per centum of the related administrative expenses" in subsection (a)(1)(B) and inserting in lieu thereof "and related administrative expenses"; and

(5) striking out "a single agency which shall be" in clause (i) of subsection (b)(1)(A) and inserting in lieu thereof "the agency or agencies directly."

FEASIBILITY STUDY

SEC. 1528. The Secretary of Agriculture shall conduct a study to determine the feasibility of extending the food stamp program under the Food Stamp Act of 1977 to American Samoa. The Secretary shall complete the study and submit a report of the study to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than April 1, 1986. In conducting the study, the Secretary shall—

(1) determine the various demographic and economic circumstances of the people of American Samoa; and

(2) analyze the features of the food stamp program under the Food Stamp Act of 1977, and the regulations issued thereunder, including benefit, eligibility, and administrative rules, that would have to be revised, with respect to American Samoa, to ensure that the program would operate efficiently and effectively in light of circumstances peculiar to American Samoa.

COMMODITY DISTRIBUTION PROGRAMS

SEC. 1529. (a) Effective October 1, 1985, section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out "1982, 1983, 1984, and 1985" in the first sentence of subsection (a) and inserting in lieu thereof "1986, 1987, 1988, 1989, and 1990"; and

(2) in subsection (b), striking out "under 18 years of age" and inserting in lieu thereof "18 years of age and under".

(b) Effective October 1, 1985, section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out ", which projects shall operate no longer than two years, and" in clause (1) and inserting in lieu thereof a semicolon;

(2) striking out "1982 through 1985" in clause (2) and inserting in lieu thereof "1986 through 1990";

(3) redesignating clause (2) as clause (5); and

(4) inserting after clause (1) the following: "(2) shall permit local agencies administering the commodity supplemental food program, at their option, to provide supplemental commodities, furnished under the program, to low-income elderly persons under terms and conditions that the Secretary by regulation shall prescribe to ensure that (A) the provision of assistance under this clause does not serve to restrict the provision of assistance under the program to women, infants, and children eligible for such assistance, and (B) local agencies do not terminate or reduce commodity assistance to women, infants, and children to provide assistance to the elderly; (3) shall, in any fiscal

year, approve applications of additional sites for the program in areas in which the program currently does not operate to the full extent that this can be done within the appropriations available for the program for that fiscal year and without reducing actual participation levels (including participation of elderly persons under clause (2)) in areas in which the program is in effect; (4) shall provide information on the program and its application procedures to agencies that could operate the program and that are located in areas covered neither by the program nor by the special supplemental food program for women, infants, and children authorized under section 17 of the Child Nutrition Act of 1966;".

(c) Notwithstanding any other provision of law, in implementing the commodity supplemental food program under section 4 of the Agriculture and Consumer Protection Act of 1973, the Secretary of Agriculture shall allow agencies distributing agricultural commodities to low-income elderly people under such programs on the date of enactment of this Act to continue such distribution at levels no lower than existing caseloads.

(d) Effective October 1, 1985—

(1) section 209 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is repealed; and

(2) clause (5) of section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note), as so redesignated by subsection (b)(3), is amended by striking out "amount appropriated for the provision of commodities to State agencies" and inserting in lieu thereof "sum of (A) the amount appropriated for the commodity supplemental food program and (B) the value of all additional commodities donated by the Secretary to State and local agencies that are provided without charge or credit for distribution to program participants".

TITLE XVI—AMENDMENTS TO THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 AND OTHER COMMODITY DISTRIBUTION PROVISIONS

Subtitle A—Amendments to the Temporary Emergency Food Assistance Act of 1983

EMERGENCY FEEDING ORGANIZATIONS—DEFINITIONS

SEC. 1601. Section 201A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by inserting, before the semicolon at the end of paragraph (1), the following: "(including the activities and projects of charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit eligible recipient agencies) hereinafter in this title referred to as 'emergency feeding organizations' ".

REPEAL OF PROVISIONS RELATING TO THE FOOD SECURITY WHEAT RESERVE

SEC. 1602. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) striking out the subsection designation for subsection (a); and

(2) striking out subsection (b).

(b) The second sentence of section 203A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out ", except that wheat from the Food Security Wheat Reserve may not be used to pay such costs".

REPEAL OF PROVISIONS RELATING TO PROCESSING AGREEMENTS

SEC. 1603. (a) Section 203 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note), is repealed.

(b) Section 203B(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "and to private companies that process such commodities for eligible recipient agencies under sections 203 and 203A of this Act".

STATE COOPERATION

SEC. 1604. Section 203B of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following:

"(d) Each State agency receiving commodities under this title may—

"(1) enter into cooperative agreements with State agencies of other States for joint provision of such commodities to an emergency feeding organization that serves needy persons in a single geographical area part of which is situated in each of such States; or

"(2) transfer such commodities to any such emergency feeding organization in the other State under such agreement.".

REPORT ON COMMODITY DISPLACEMENT

SEC. 1605. Section 203C(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following: "The Secretary shall submit to Congress each year a report as to whether and to what extent such displacements or substitutions are occurring.".

AUTHORIZATION FOR FUNDING AND RELATED PROVISIONS

SEC. 1606. Section 204 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) redesignating subsection (c) as subsection (d); and

(2) after subsection (b), inserting the following:

"(c)(1) There are authorized to be appropriated $50,000,000 for each of the fiscal years ending September 30, 1986, and September 30, 1987, for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by emergency feeding organizations under this title. Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis, dividing such funds among the States in the same proportions as the commodities distributed under this title for such fiscal year are divided among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States in the same manner as the original allocations were made.

"(2) Each State shall make available to emergency feeding organizations in the State not less than 20 per centum of the funds provided as authorized in paragraph (1) that it has been allocated for a fiscal year, as necessary to pay for, or provide advance payments to cover, the direct expenses of the emergency feeding organizations for distributing commodities to needy persons. As used in this paragraph, the term 'direct expenses' includes costs of transporting, storing, handling, and distributing commodities incurred after they are received by the organization; costs associated with determinations of eligibility, verification, and documentation; costs involved in publishing announcements of times and locations of distribution; and costs of recordkeeping, auditing, and other administrative procedures required for participation in the program under this title. If a State makes a payment, using State funds, to cover direct expenses of emergency feeding organizations, the amount of such payment shall be counted toward the amount a State must make available for direct expenses of emergency feeding organizations under this paragraph.

"(3) States to which funds are allocated for a fiscal year under this subsection shall submit financial reports to the Secretary, on a regular basis, as to the use of such funds. No such funds may be used by States or emergency feeding organizations for costs other than those involved in covering the expenses related to the distribution of commodities by emergency feeding organizations.".

REAUTHORIZATIONS

SEC. 1607. Section 210 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) in subsection (c)—

(A) striking out "the fiscal years ending September 30, 1984, and September 30, 1985" and inserting in lieu thereof "the period beginning October 1, 1983, and ending September 30, 1987";

(B) striking out "prior to the beginning of the fiscal year ending September 30, 1985" and inserting in lieu thereof "as early as feasible but not later than the beginning of each of the fiscal years ending September 30, 1985, September 30, 1986, and September 30, 1987"; and

(C) striking out "second twelve months" and inserting in lieu thereof "such fiscal year"; and

(2) adding at the end thereof the following:

"(d) The regulations issued by the Secretary under this section shall include provisions that set standards with respect to liability for commodity losses under the program under this title in situations in which there is no evidence of negligence or fraud, and conditions for payment to cover such losses. Such provisions shall take into consideration the special needs and circumstances of emergency feeding organizations, including use of volunteers, limited financial resources, and the effect that sanctions could have on the ability of such organizations to meet the food needs of low-income populations.".

PROGRAM TERMINATION

SEC. 1608. Section 212 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1987".

REPORT

SEC. 1609. Not later than April 1, 1987, the Secretary of Agriculture shall report to Congress on the activities of the program conducted under the Temporary Emergency Food Assistance Act of 1983. Such report shall include information on—

(1) the volume and types of commodities distributed under the program;

(2) the types of State and local agencies receiving commodities for distribution under the program;

(3) the populations served under the program and their characteristics;

(4) the Federal, State, and local costs of commodity distribution operations under the program (including transportation, storage, refrigeration, handling, distribution, and administrative costs); and

(5) the amount of Federal funds provided to cover State and local costs under the program.

Subtitle B—Commodity Distribution Amendments

DISTRIBUTION OF SURPLUS COMMODITIES; PROCESSING AGREEMENTS

SEC. 1611. Effective October 1, 1985, section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by—

(1) inserting "(1)" after "(a)";

(2) in the first sentence, inserting "(including, but not limited to, cheese, nonfat dry milk, and wheat)" after "commodities" the first place it appears; and

(3) adding, at the end thereof, the following:

"(2)(A) Effective through September 30, 1987, whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary of Agriculture, the Secretary shall encourage consumption of such commodity through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies. The expense of reprocessing shall be paid by such eligible recipient agencies.

"(B) To maintain eligibility to enter into, and to continue, any agreement with the Secretary of Agriculture under subparagraph (A), a private company shall annually settle all accounts with the Secretary and any appropriate State agency regarding commodities processed under such agreements.".

TITLE XVII—NUTRITION PROGRAMS

Subtitle A—Food, Nutrition, and Consumer Education

FINDINGS

SEC. 1701. Congress finds that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should have greater access to nutrition and consumer education to enable them to use their food budgets, including food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

PURPOSE

SEC. 1702. The purpose of the program provided for under section 1703 is to expand effective food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, including those participating in or eligible to participate in the programs under the Food Stamp Act of 1977, to assist them to—

(1) increase their ability to manage their food budgets, including food stamps and other food assistance;

(2) increase their ability to buy food that satisfies nutritional needs and promotes good health; and

(3) improve their food preparation, storage, safety, preservation, and sanitation practices.

PROGRAM

SEC. 1703. The cooperative extension services of the States shall, with funds made available under this subtitle, carry out an expanded program of food, nutrition, and consumer education for low-income individuals in a manner designed to achieve the purpose set forth in section 1702. In operating the program, the cooperative extension services may use the expanded food and nutrition education program, and other food, nutrition, and consumer education activities of the cooperative extension services or similar activities carried out by them in collaboration with other public or private nonprofit agencies or organizations. In carrying out their responsibilities under the program, the cooperative extension services are encouraged to—

(1) provide effective and meaningful food, nutrition, and consumer education services to as many low-income individuals as possible;

(2) employ educational methodologies, including innovative approaches, that accomplish the purpose set forth in section 1702; and

(3) to the extent practicable, coordinate activities carried out under the program with the delivery to low-income individuals of benefits under food assistance programs.

ADMINISTRATION

SEC. 1704. (a) The program provided for under section 1703 shall be administered by the Secretary of Agriculture through the Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service. The Secretary shall ensure that the Extension Service coordinates activities carried out under this subtitle with the ongoing food, nutrition, and consumer education activities of other agencies of the Department of Agriculture.

(b) The Secretary of Agriculture, not later than April 1, 1989, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the effectiveness of the program provided for under section 1703.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1705. (a) There are hereby authorized to be appropriated to to carry out this subtitle $5,000,000 for the fiscal year ending September 30, 1986; $6,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for each of the fiscal years ending September 30, 1988, September 30, 1989, and September 30, 1990.

(b) Any funds appropriated under this section for a fiscal year shall be allocated in the manner specified in subparagraphs (A) and (B) of section 1425(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

(c) Any funds appropriated to carry out this subtitle shall supplement any other funds appropriated to the Department of Agriculture for use by the Department and the cooperative extension services of the States for food, nutrition, and consumer education for low-income households.

Subtitle B—Nutrition Monitoring

SURVEY BY THE DEPARTMENT OF AGRICULTURE

SEC. 1711. The Secretary of Agriculture shall—

(1) in conducting the Department of Agriculture's continuing survey of food intakes of individuals and any nationwide food consumption survey, include a sample that is representative of low-income individuals and, to the extent practicable, the collection of information on food purchases and other household expenditures by such individuals;

(2) to the extent practicable, continue to maintain the nutrient data base established by the Department of Agriculture; and

(3) encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of the nutritional and dietary status of individuals.

TITLE XVII—NUTRITION PROGRAMS

Subtitle A—Food, Nutrition, and Consumer Education

FINDINGS

SEC. 1701. Congress finds that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should have greater access to nutrition and consumer education to enable them to use their food budgets, including food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

PURPOSE

SEC. 1702. The purpose of the program provided for under section 1703 is to expand effective food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, including those participating in or eligible to participate in the programs under the Food Stamp Act of 1977, to assist them to—

(1) increase their ability to manage their food budgets, including food stamps and other food assistance;

(2) increase their ability to buy food that satisfies nutritional needs and promotes good health; and

(3) improve their food preparation, storage, safety, preservation, and sanitation practices.

PROGRAM

SEC. 1703. The cooperative extension services of the States shall, with funds made available under this subtitle, carry out an expanded program of food, nutrition, and consumer education for low-income individuals in a manner designed to achieve the purpose set forth in section 1702. In operating the program, the cooperative extension services may use the expanded food and nutrition education program, and other food, nutrition, and consumer education activities of the cooperative extension services or similar activities carried out by them in collaboration with other public or private nonprofit agencies or organizations. In carrying out their responsibilities under the program, the cooperative extension services are encouraged to—

(1) provide effective and meaningful food, nutrition, and consumer education services to as many low-income individuals as possible;

(2) employ educational methodologies, including innovative approaches, that accomplish the purpose set forth in section 1702; and

(3) to the extent practicable, coordinate activities carried out under the program with the delivery to low-income individuals of benefits under food assistance programs.

ADMINISTRATION

SEC. 1704. (a) The program provided for under section 1703 shall be administered by the Secretary of Agriculture through the Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service. The Secretary shall ensure that the Extension Service coordinates activities carried out under this subtitle with the ongoing food, nutrition, and consumer education activities of other agencies of the Department of Agriculture.

(b) The Secretary of Agriculture, not later than April 1, 1989, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the effectiveness of the program provided for under section 1703.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1705. (a) There are hereby authorized to be appropriated to carry out this subtitle $5,000,000 for the fiscal year ending September 30, 1986; $6,000,000 for the fiscal year

ending September 30, 1987; and $8,000,000 for each of the fiscal years ending September 30, 1988, September 30, 1989, and September 30, 1990.

(b) Any funds appropriated under this section for a fiscal year shall be allocated in the manner specified in subparagraphs (A) and (B) of section 1425(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

(c) Any funds appropriated to carry out this subtitle shall supplement any other funds appropriated to the Department of Agriculture for use by the Department and the cooperative extension services of the States for food, nutrition, and consumer education for low-income households.

Subtitle B—Nutrition Monitoring

SURVEY BY THE DEPARTMENT OF AGRICULTURE

SEC. 1711. The Secretary of Agriculture shall—

(1) in conducting the Department of Agriculture's continuing survey of food intakes of individuals and any nationwide food consumption survey, include a sample that is representative of low-income individuals and, to the extent practicable, the collection of information on food purchases and other household expenditures by such individuals;

(2) to the extent practicable, continue to maintain the nutrient data base established by the Department of Agriculture; and

(3) encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of the nutritional and dietary status of individuals.

TITLE XIX—NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

SHORT TITLE

SEC. 1901. This title may be cited as the "National Agricultural Policy Commission Act of 1985".

DEFINITIONS

SEC. 1902. As used in this title—

(1) the term "Commission" means the National Commission on Agricultural Policy established under section 1903;

(2) the term "Governor" means the chief executive officer of a State; and

(3) the term "State" means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, or the Trust Territory of the Pacific Islands.

ESTABLISHMENT OF COMMISSION

SEC. 1903. (a) There is established a National Commission on Agricultural Policy to conduct a study of the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States.

(b) In addition to the members specified in subsecton (c), the Commission shall be composed of fifteen members appointed or designated by the President and selected as follows:

(1) The President shall request Governors of States to nominate members representing individuals and industries directly affected by agricultural policies, including—

(A) producers of major agricultural commodities in the United States;

(B) processors or refiners of United States agricultural commodities;

(C) exporters, transporters, or shippers of United States agricultural commodities;

(D) suppliers of production equipment or materials to United States farmers;

(E) providers of financing or credit for agricultural purposes; and

(F) consumers of United States agricultural commodites.

(2) The Governor of a State may submit to the President a list of not less than two, nor more than four, nominees to serve on the Commission who represent individuals and industries referred to in paragraph (1).

(3)(A) Except as provided in subparagraphs (B) and (C) the president shall appoint 15 individuals from a total of, to the extent practicable, not less than sixty individuals nominated by States under paragraph (2) to serve on the Commission.

(B) The President may appoint to the Commission not more than—

(i) one individual nominated by a particular State; and

(ii) eight individuals of the same political party.

(C) If the President determines that the individuals nominated by States under paragraph (2) are not broadly representative of the individuals and industries referred to in paragraph (1), the President may substitute no more than three other individuals to serve on the Commission who represent such individuals and industries.

(c)(1) The chairmen and ranking minority members of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate shall—

(A) serve as ex officio members of the Commission; and

(B) have the same voting rights as the members of the Commission selected and appointed under subsection (b).

(2) The chairmen and ranking minority members may designate other members of the respective committees to serve in their stead as members of the Commission.

(d) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) The Commission shall elect a chairman from among the members of the Commission who are selected and appointed under the provisions of subsection (b).

(f) The Commission shall meet at the call of the Chairman or a majority of the Commission.

CONDUCT OF STUDY

SEC. 1904. The Commission shall study the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States, including—

(1) the effectiveness of existing agricultural programs in improving farm income;

(2) the manner in which the programs may be improved to retain a family-farm system of agricultural production;

(3) the effect of legislative and administrative changes in agricultural policy on planning and long-term profitability of farmers;

(4) the effect on farmers of the existing system and structure of formulating and implementing agriculture policy;

(5) the effect of national and international economic trends on United States agricultural production;

(6) the means of adjusting the agricultural policies, programs, and practices of the United States to meet changing economic conditions;

(7) potential areas of conflict and compatibility between the structure of making agricultural policy and long-term stability in policy and practices;

(8) changing demographic trends and the way they affect agriculture and agricultural policy consistency; and

(9) the role of State and local governments in future agricultural policy.

REPORTS

SEC. 1905. Not later than twelve months after the date of the enactment of this Act, and each twelve months thereafter during the existence of the Commission, the Commission shall submit an annual report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1904. The Commission shall not comment on legislation pending before Congress unless specifically requested to do so by the Chairman of an appropriate committee.

ADMINISTRATION

SEC. 1906. (a) The heads of executive agencies, the General Accounting Office, the International Trade Commission, and the Congressional Budget Office, to the extent permitted by law, shall provide the Commission with such information as the Commission may require in carrying out duties and functions of the Commission.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Members who are private citizens of the United States may be allowed travel expenses, including a per diem in lieu of a subsistence expense, as authorized by law for persons serving intermittently in the Government service under sections 5701 through 5707 of title 5 of the United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5 of United States Code governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish the Commission with such personnel and support services as are necessary to assist the Commission in carrying out duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or Office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or the Office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act, the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be at the disposal of the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for the purpose of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committees Act and sections 4301 through 4308 of title 5 of the United States Code.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1907. (a) There are authorized to be appropriated such sums as are necessary to carry out this title.

(b) To the maximum extent practicable, expenses of the Commission shall be carried out using funds available to the Secretary of Agriculture.

TERMINATION

SEC. 1908. This title and the Commission shall terminate five years after the date of enactment of this Act.

Mr. DE LA GARZA. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion offered by the gentleman from Texas [Mr. DE LA GARZA].

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. WALKER. Mr. Chairman, on that I demand a recorded vote, and pending that I make the point of order that a quorum is not present.

Mr. CHAIRMAN. The Chair will count for a recorded vote.

Mr. WALKER. Mr. Chairman, I made a point of order that a quorum is not present.

□ 2030

The CHAIRMAN. The Chair would state to the gentleman that a quorum is not necessary on a motion to rise. It is only required on a negative vote, so if the gentleman requests a recorded vote, he will have to have Members rise.

The Chair will count all those standing.

An insufficient number; a recorded vote is rejected.

So the motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. FOLEY] having assumed the chair, Mr. BONIOR of Michigan, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2100), to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on consideration today of the bill, H.R. 2100.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. WALKER. Mr. Speaker, reserving the right to object, it was my understanding that the debate to which the gentleman has referred to in his request was going to go on until 10 o'clock tonight with the idea that maybe we had a chance of finishing this bill, and in hopes that we could get something concrete this week for farmers out across the country who are in great suffering.

Now it is my understanding that we are going to fold up, and we fold up for the week, and we come back on this bill on Monday. I understand we could conceivably be several hours into Monday.

I think having been assured that the House would go to at least 10 o'clock tonight that it is something less than within the procedures that we understood to rise at 8:30, and I am wondering if anybody could offer an explanation here as to why we do not proceed on and finish this bill tonight, since most Members have now committed to staying in town this evening?

The SPEAKER pro tempore. The Chair will advise the gentleman that undertakings were made that the House would rise by 10 o'clock tonight in the hopes of finishing the bill. It is clear, I think, to both sides of the aisle that the bill cannot be concluded tonight, even remaining until 10 o'clock, and therefore, it was the decision of the Chairman of the Committee, the gentleman from Texas [Mr. DE LA GARZA] to move that the Committee rise, to accommodate, among other things, Members that still have an opportunity for departure this evening.

Mr. WALKER. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from Kentucky [Mr. HOPKINS].

Mr. HOPKINS. I thank my colleague for yielding.

Let me ask of the Chair on the time constraints that were put on this bill prior to rising this evening, will those time constraints carry over into next week? As an example, the 1-hour time allotment for tobacco?

The SPEAKER pro tempore. The Chair assumes that the time limit, being without reference to any particular time of the day in which they were made, would continue to apply to any day on which the bill was considered. That, however, is a matter on which the Chairman of the Committee of the Whole House will have to rule if an appropriate question is presented.

Mr. WALKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas.

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1562, TEXTILE AND APPAREL TRADE ENFORCEMENT ACT OF 1985

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. 99-301) on the resolution (H. Res. 286) providing for the consideration of the bill (H.R. 1562) to achieve the objectives of the multifiber arrangement and to promote the economic recovery of the U.S. textile and apparel industry and its workers, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2237, HEALTH SERVICE CORPS AMENDMENTS OF 1985

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. 99-302), on the resolution (H. Res. 287) providing for the consideration of the bill (H.R. 2237) to amend the Public Health Service Act to revise and extend the program for the National Health Service Corps, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2095, DAYLIGHT SAVING EXTENSION ACT OF 1985

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. 99-303) on the resolution (H. Res. 288) providing for the consideration of the bill (H.R. 2095) to provide for daylight saving time on an expanded basis, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2418, HEALTH SERVICE AMENDMENTS ACT OF 1985

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. 99-304) on the resolution (H. Res. 289) providing for the consideration of the bill (H.R. 2418) to amend the Public Health Service Act to revise and extend the programs of assistance for primary health care, which was referred to the House Calendar and ordered to be printed.

REQUEST FOR ADJOURNMENT TO MONDAY, OCTOBER 7, 1985

Mr. MURTHA. Mr. Speaker, I ask unanimous-consent that the House meet at noon on Monday next.

The SPEAKER pro tempore. The Chair will state to the gentleman from

Pennsylvania that that unanimous consent request has already been obtained.

When the House adjourns tonight, it will meet at noon on Monday next.

HEALTH CARE SAVINGS ACCOUNTS

(Mr. SLAUGHTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SLAUGHTER. Mr. Speaker, for the past several months I have been working with three of my able colleagues—Mr. CRANE, Mr. DREIER, and Mr. SILJANDER—on legislation designed to deal with the impending financial difficulties of the Medicare Program.

Today we are introducing the Health Care Savings Account Act of 1985 as the potential solution to both the short- and long-term financing problems of Medicare's hospital insurance and supplemental medical insurance programs without tax increases, freezes on health care providers, or benefit cuts. We believe this legislation will improve the financial prospects for Medicare while encouraging workers to use a privately financed option for health care in retirement. At the same time, this bill would enhance the financial soundness of Medicare.

In a nutshell, the bill would permit workers to contribute funds to a health care savings account [HCSA], for which credits against income taxes would be allowed. These funds would accumulate interest over the working years in order to pay for health care costs after retirement. Payroll taxes from these workers would continue to flow into the Medicare trust fund, while future retirees would decrease their reliance on Medicare through the increased reliance on their accumulated HCSA funds for health care costs.

We are convinced that this legislation is workable and is an important first step in solving the impending Medicare financial crisis. Mr. Speaker, I insert a brief analysis of this proposal in the RECORD, and I would also like to invite and encourage my colleagues to participate in a special order we are taking out next Tuesday, October 8, to further explain this legislation.

THE HEALTH CARE SAVINGS ACCOUNT ACT OF 1985

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title: "Health Care Savings Account Act of 1985".

Section 2. Credit for Contributions to HCSA.

Adds a new section to the Internal Revenue Code to allow individuals and their employers to contribute to Health Care Savings Accounts an amount each year no greater than the combined employee and employer Hospital Insurance (Medicare) payroll tax in that year. (This amount is currently equal to 2.7% of wages up to the Social Security wage base [now $39,600], scheduled to increase to 2.9% next year). The employee and the employer will each receive a 60% tax credit for their respective portions of these contributions. The employee and employer may divide HCSA contributions in any manner they see fit each year.

Basically, this account is modeled after Individual Retirement Accounts (IRAs), in that HCSA funds earn interest that is deferred from taxation. A chief difference, however, is that funds distributed from an HCSA are not included as gross income (as are IRA distributions) provided that these funds are used for eligible medical expenses while the individual is eligible for Medicare (these funds do not count towards the income tax medical expense deduction). "Eligible medical expenses" refers to expenditures for health care and/or health insurance (including long-term [non-custodial] care insurance). Funds distributed from this account before the individual is eligible for Medicare are subject to the following tax penalties: 40% of the funds are subject to IRA early distribution penalties—that is, this amount to be included in gross income is increased by an additional 10% for tax purposes; 60% of the funds (that amount equal to the credits) may not be withdrawn early or else they will be subject to 100% confiscatory tax.

When an individual with a HCSA dies and leaves a surviving spouse, 50 percent of the HCSA funds not left to the surviving spouse will go to the government in the form of an excise tax. (This is a strong incentive to leave these health care funds to the surviving spouse). When an individual dies without a surviving spouse, HCSA funds become part of the individual's estates, as with a normal IRA.

When an individual with an HCSA becomes eligible for Medicare, HHS will calculate an annuity for that individual (and spouse, if applicable) based on the total assumed value of the HCSA credits, which equals the total credits for HCSA contributions plus an assumed rate of return equal to the average rates of interest for short-, medium-, and long-term debts of the Federal government over the course of these contributions.

Excess contributions to HCSA are treated like excess contributions to IRAs: no favorable tax treatment on contributions and interest earned on these excess contributions is taxable.

Subject prohibited transactions involving HCSA funds (pledging it for security, for example) to the same penalties as IRAs.

Trustees for HCSAs must file reports similar to those filed by IRA trustees or be subject to the same penalties.

Effective Date: individuals would be able to begin contributing to HCSAs in 1986.

Section 3. Adjustment of Medicare Benefits for Individuals With HCSAs.

Upon becoming eligible for Medicare, an individual with an HCSA will have an HCSA-related deductible for each year before Medicare (part A [HI] or B [SMI]) will cover his or her medical expenses. Any Medicare expenditures below this HCSA-related deductible amount will be the financial responsibility of the HCSA owner, through either HCSA funds (i.e., self-insurance) or insurance purchased through HCSA funds; normal Medicare coverage will resume above this amount. This HCSA-related deductible will be calculated by the HHS Secretary and will be equal to 60% of the amount of medical-related expenditures that could reasonably be underwritten (by an insurance company) for the average Medicare beneficiary assuming that the annual premium equals the HCSA annuity (defined above). [The 60% figure is used to take into account administrative and other nonmedical-related costs incurred by insurance companies in the course of a policy.]

Those individuals who cannot obtain insurance to cover their added deductible at the standard premium (determined by the HHS Secretary) are given special treatment as "high-cost insurance beneficiaries": their added deductible is reduced by a proportion reflecting 80 percent of the excess premium required above the standard rate, although the deductible may not drop below a value equal to 120% of the annuity.

Individuals who have spouses dependent on them for Medicare coverage or who have spouses who choose to combine HCSA assets into one joint HCSA for both spouses may have their annuity and HCSA-related deductible recalculated upon the qualification of the younger spouse for Medicare.

For individuals who have contributed to an HCSA: at least one-third of the maximum amount possible over the course of their careers, and at least $100 (indexed) or 50 percent of the maximum (whichever is greater) in 10 individual years; these individuals will qualify for Medicare protection against catastrophic health care expenses. That is, above the HCSA-related deductible amount, Medicare will pay for all health care costs covered by Medicare. This catastrophic coverage, therefore, does away with limits on the number of inpatient hospital services or post-hospital extended care services and coinsurance and deductible amounts (for part A [HI]), as well as copayments for part B [SMI] (so long as the individual is enrolled in part B and has exceeded $1000 [indexed] in SMI-covered costs in that calendar year) for qualified HCSA owners.

Surviving spouses without a separate HCSA of "their own shall only be eligible for this catastrophic coverage if: the deceased spouse was formerly eligible, and the surviving spouse rolls 100% of remaining HCSA funds of the deceased spouse into an HCSA. [This is a further powerful incentive for a spouse to leave all HCSA funds to surviving spouse's HCSA].

Spouses who decide to pool HCSA funds into one joint HCSA shall be eligible for catastrophic benefits provided that one of the spouses was eligible for these benefits individually.

FOREIGN MEDICAL SCHOOL GRADUATES: A FEDERAL RESPONSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. PEPPER] is recognized for 5 minutes.

Mr. PEPPER. Mr. Speaker, last December the Subcommittee on Health and Long-Term Care of the House Select Committee on Aging, which I have the privilege to chair, conducted a hearing on fraudulent medical credentials. The subcommittee found that over 10,000 individuals were practicing medicine in this country with fraudulent credentials, many of them American citizens who have obtained de-

grees from so-called medical schools in foreign countries.

Following the hearing, I called upon the U.S. General Accounting Office to conduct a thorough review of Federal, State, and private activities to address problems created by U.S. citizens studying medicine abroad and returning to this country to practice medicine. The results of their study, which I will release this week, indicate that this is a growing problem and that Government actions taken to deal with it have been inadequate.

I am introducing legislation today which I believe will offer a long-term solution to this problem. My bill would require the Federal Government to provide for a system of assuring that graduates of foreign medical schools coming to practice in the United States have completed courses of study at those schools which are of the same or comparable standards as those of accredited U.S. medical schools. This would be accomplished by the Secretary of the Department of Health and Human Services contracting with an appropriate body within this country—such as the Liaison Committee on Medical Education which accredits U.S. medical schools—to review and accredit those standards used by the medical school accrediting bodies of foreign nations. Thus, if it is determined that a foreign country uses the same or comparable standards to those used in the United States in accrediting its medical schools, all schools accredited by that nation would be considered accredited for the purposes of the Federal Government. Medical schools in foreign countries without accrediting systems could apply for accreditation with the accrediting body here in the United States or with a body in another foreign nation which has been approved under this system. Students graduating from schools which have not met these accreditation standards would not be considered physicians under Federal law. Thus, no payments under any Federal programs, including Medicare and Medicaid, would be made for services provided or ordered to be provided by graduates of unaccredited foreign medical schools.

This legislation would send a clear message to American students that in order to practice medicine in these United States, they will need to graduate from a school which does meet standards similar to those of accredited American schools. Before American students and their families spend $1 on a medical education outside of this country they will know that graduation from certain schools will not allow them to practice in the United States.

In its report, the General Accounting Office lists the many advantages of implementing this legislation including: Diminishing the current concern over the adequacy and appropriateness of the training provided by foreign medical schools; reducing the amount of verification of credentials—of graduates of foreign medical schools wishing to practice in the United States—required and thus conserving State and private resources now devoted to this effort; eliminating the need for the Department of Education and the Veterans' Administration to develop criteria for assuring comparability of education between foreign medical schools and those in this country; and, discouraging U.S. citizens from attending unaccredited foreign medical schools if they plan to practice in the United States.

Representatives of Federal, State, and private organizations including the American Medical Association, the Department of State, the National Institutes of Health, the Liaison Committee on Medical Education, the Educational Commission for Foreign Medical Graduates, and the Federation of State Medical Boards of the United States have agreed that this legislation would alleviate many of the problems currently encountered in the licensure and credentialing of foreign medical school graduates and detailed in the General Accounting Office report.

An article in the September 26, 1985 issue of the New England Journal of Medicine details the history relevant to the need for this reform. I commend this article to you and urge your support for this timely and important legislation. A full text of the legislation follows:

H.R. 3485

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ACCREDITATION OF FOREIGN MEDICAL SCHOOLS.

(a) ESTABLISHMENT OF ACCREDITATION SYSTEM.—The Secretary of Health and Human Services shall provide for a system for the accreditation of courses of study in medicine offered by medical schools located outside the United States.

(b) DESIGN OF SYSTEM.—In establishing such system and to the maximum extent feasible—

(1) the Secretary shall provide for operation of the system through an appropriate arrangement with an appropriate private organization that provides for the accreditation of courses of study in medicine in medical schools located in the United States;

(2) the standards to be used in determining accreditation shall be the same as, or comparable to, those used in determining accreditation of courses of study in medicine in medical schools located in the United States; and

(3) the Secretary shall provide that—

(A) if there is an appropriate accrediting body in the foreign country in which a medical school is located, the accreditation determinations of the body with respect to courses of study in medicine offered at the school will be recognized, and

(B) if there is not such an appropriate accrediting body, the accreditation determinations of another appropriate accrediting body described in subparagraph (A) may be recognized.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such amounts as may be necessary to carry out this subsection.

(d) UNITED STATES DEFINED.—In this section, the term "United States" means the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.

SEC. 2. PROHIBITING FEDERAL PAYMENTS FOR SERVICES OF GRADUATES OF UNACCREDITED COURSES OF STUDY.

(a) GENERAL RULE.—Notwithstanding any other provision of law, subject to subsection (b), no payment may be made under any Federal law (including under title XVIII of the Social Security Act and under section 1903(a) of such Act for medical assistance) for a service that is required to be furnished (or to be ordered to be furnished) by or under the supervision of a physician and is furnished (or ordered to be furnished) by or under the supervision of an individual whose qualification as a physician is based on the graduation from a medical school located outside the United States upon completion of a course of study that is not accredited under section 1 of this Act.

(b) EXCEPTIONS.—

(1) SERVICES FURNISHED OUTSIDE THE UNITED STATES.—Subsection (a) shall not apply to services furnished outside the United States, except for such services as are furnished by an individual in the individual's capacity as a member of the Armed Forces or as an employee of the Department of Defense.

(2) INDIVIDUALS MATRICULATING BEFORE MAY 1, 1987.—Subsection (a) shall not apply to individuals who have matriculated in a course of study at a medical school outside the United States before May 1, 1987.

(c) UNITED STATES DEFINED.—In this section, the term "United States" means the 50 States and the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.

THE ARMENIAN GENOCIDE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois, [Mr. ANNUNZIO] is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, a congressional resolution passed in 1896 entitled "Armenian Outrages" demonstrates for Members that as far back as 89 years ago our Senators and Representatives were extremely concerned about the fate of the Armenians in Ottoman Turkey. While reviewing the discussion that surrounded the resolution, I took particular note of the remarks made by Senator Shelby Moore Cullom of Illinois in the U.S. Senate on January 24, 1896. Senator Cullom, who also served as Governor of Illinois prior to his election to the U.S. Senate in 1882, reflected the concern of Members of Congress at that time, as follows:

The concurrent and accumulated testimony of hundreds and thousands of intelligent, humane, honest, and courageous Christians and Jews alike, Catholics and Protestants, Europeans and Americans, makes it absolutely certain as a dreadful truth that a massacre of innocence unparalleled for ages has been perpetrated in the Armenian provinces of Turkey.

The Senator stresses the point that these events took place at a time of peace:

Destruction and rapine have been and now are the orders obeyed in the beautiful valleys and on the rugged hills of Armenia. There has been no war, no confict between two contending powers, but a merciless, pitiless tornado of bloody ruin.

He also emphasizes that the Congress and the American people were agitated over reports of the massacres:

. . . a condition of affairs has for some time past existed in the Armenian portion of Turkey so appalling to the human heart that it is scarcely fit to be told. The Committee on Foreign Relations are not disposed to sit idly by and take no notice of such condition . . . The people of the United States are intensely excited over the condtion of affairs reported to exist in that country.

The House still has pending before it a resolution—House Joint Resolution 192—to designate a day of remembrance for those who perished in the tragic events that took place under Ottoman rule. I cosponsored that resolution and voted in favor of it during an earlier suspension vote in June. The purpose of my affirmative vote was not to embarrass a present-day NATO ally. My purpose was, and continues to be, to remember the tragedies of history in order to avoid their recurrence.

I now have a second purpose—to reaffirm the record of our predecessors in Congress. A vote against House Joint Resolution 192 now means a vote against the integrity of our own congressional history. We must pass House Joint Resolution 192 when it returns to the floor this fall.

ARMS TALKS: SEIZE THE INITIATIVE, MR. PRESIDENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. STARK] is recognized for 5 minutes.

Mr. STARK. Mr. Speaker, the Soviets have apparently put an arms reduction offer on the table to cut missile charges 50 percent.

Administration officials respond that they are studying it, there are problems, what about this, what about that, mumble, mumble, mumble.

Of course, these details have to be worked out. Of course, we need to know more.

But now—now Mr. President—is the time to seize the initiative. When you see Gorbachev face to face, say "I'll see your 50 percent and match it with a further 50 percent reduction. Let's cut the world's store of nuclear weapons by a total of 75 percent."

Mr. President, don't let your detail men bury you in doubts. Now, is the time to stake out great initiatives. The details can be worked out once you set the course.

Literally, the future of all mankind can depend on your initiative this fall.

CURRENT LEVEL OF SPENDING AND REVENUES FOR FISCAL YEAR 1986

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Carolina [Mr. DERRICK] is recognized for 5 minutes.

Mr. DERRICK. Mr. Speaker, on behalf of Chairman WILLIAM H. GRAY III, pursuant to the procedures of the Committee on the Budget and section 311(b) of the Congressional Budget act of 1974, I am submitting the official letter to the Speaker advising him of the current level of spending and revenues for fiscal year 1986.

This will be the first current level filed for fiscal year 1986. This report reflects the budget resolution aggregates and an estimate of current level of spending and revenues consistent with the economic and technical assumptions of Senate Concurrent Resolution 32 adopted by Congress on August 1, 1985. This report incorporates enactment of House Joint Resolution 388, continuing appropriations for fiscal year 1986 and H.R. 3452, Emergency Extension Act of 1985. Because the reconciliation bill has not been enacted the revenue floor and outlay ceiling have been breached.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC, October 3, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: On January 30, 1976, the Committee on the Budget outlined the procedure which it had adopted in connection with its responsibilities under Section 311 of the Congressional Budget Act of 1974 to provide estimates of the current level of revenues and spending.

Pursuant to Committee Rule 10, I am herewith transmitting the status report under S. Con. Res. 32, the First Concurrent Resolution on the Budget for Fiscal Year 1986. This report reflects the adopted budget resolution of August 1, 1985, and the current CBO estimates of budget authority, outlays and revenues.

As with last year, the procedural situation with regard to the spending ceiling is affected this year by Section 3(b) of S. Con. Res. 32. Enforcement against possible breaches of the spending ceiling under Section 311(a) of the Budget Act will not apply where a measure would not cause a committee to exceed its "appropriate allocation" made pursuant to Section 302(a) of the Budget Act. In the House, the appropriate 302(a) allocation includes "new discretionary budget authority" and "new entitlement authority" only. It should be noted that under this procedure neither the total level of outlays nor a committee's outlay allocation is considered. This exception is only provided because an automatic budget resolution is in effect and will cease to apply if Congress revises the budget resolution for fiscal year 1986.

The intent of the Section 302(a) "discretionary budget authority" and "new entitlement authority" subceiling provided by Section 3(b) of the resolution is to protect a committee that has stayed within its spending allocation—discretionary budget authority and new entitlement authority—from points of order if the total spending ceiling has been breached for reasons outside of its control. The 302(a) allocations to House committees made pursuant to the conference report on S. Con. Res. 32 were printed in the Congressional Record, September 5, 1985, H. 7290.

The enclosed tables compare enacted legislation to each committee's 302(a) allocation of discretionary budget authority and of new entitlement authority.

Sincerely,
WILLIAM H. GRAY III,
Chairman.

Enclosures.

REPORT TO THE SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES FROM THE COMMITTEE ON THE BUDGET ON THE STATUS OF THE FISCAL YEAR 1986 CONGRESSIONAL BUDGET ADOPTED IN SENATE CONCURRENT RESOLUTION

REFLECTING COMPLETED ACTION AS OF SEPT. 30, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriate Level	1,069,700	967,600	795,700
Current Level	1,066,861	980,115	792,927
Amount Under Ceilings	2,839		
Amount Over Ceilings		12,515	
Amount Under Floor			2,773

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate and that exceeds $2,839 million for fiscal year 1986, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in S. Con. Res. 32 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate in outlays for fiscal year 1986, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in S. Con. Res. 32 to be exceeded.

REVENUES

Any measure that would result in a revenue loss for fiscal year 1986, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in S. Con. Res. 32.

FISCAL YEAR 1986 BUDGET AUTHORITY—COMPARISON OF CURRENT LEVEL AND BUDGET RESOLUTION ALLOCATION BY COMMITTEE

[In millions of dollars]

	Current level budget authority
House committee:	
Total current level	−2,839
Appropriations Committee: Discretionary	(−15,767)
Authorizing committee—Discretionary action:	
Agriculture	(+1,250)
Armed Services	(...)
Banking, Finance, and Urban Affairs	(+2,067)
District of Columbia	(...)
Education and Labor	(...)
Energy and Commerce	(+14)
Foreign Affairs	(−25)
Government Operations	(...)
House Administration	(...)
Interior and Insular Affairs	(+3,827)
Judiciary	(...)
Merchant Marine and Fisheries	(+100)
Post Office and Civil Service	(...)
Public Works and Transportation	(...)
Science and Technology	(...)
Small Business	(+216)
Veterans' Affairs	(...)
Ways and Means	(+1,266)

Note.—Committees are over (+) or under (−) their 302(a) allocation.

CURRENT LEVEL—NEW ENTITLEMENT AUTHORITY [NEA]

	NEA target	Enacted NEA
Committee:		
Agriculture	−1,250	
Armed Services	−100	
Education and Labor	−339	
Energy and Commerce	−80	
Interior and Insular Affairs	+307	
Post Office and Civil Service	−145	
Veterans' Affairs	+45	
Ways and Means	−2,454	−236
Total	−4,016	−236

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 1, 1985.

Hon. WILLIAM H. GRAY III,
Chairman, Committee on the Budget, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to section 308(b) and in aid of section 311(b) of the Congressional Budget Act, this letter and supporting detail provide an up-to-date tabulation of the current levels of new budget authority, estimated outlays and estimated revenues in comparison with the appropriate levels for those items contained in the most recently agreed to concurrent resolution on the 1986 budget (S. Con. Res. 32). This report for fiscal year 1986 is tabulated as of close of business September 30, 1985, and is based on assumptions and estimates consistent with S. Con. Res. 32. A summary of this tabulation is as follows:

[In millions of dollars]

	Budget authority	Outlays	Revenues
Current level	1,066,861	980,115	792,927
1985 budget resolution, S. Con. Res. 32	1,069,700	967,600	795,700
Current level is:			
Over resolution by		12,515	
Under resolution by	2,839		2,773

This is my first report for fiscal year 1986. These amounts include the estimated funding levels of the continuing appropriation resolution, H.J. Res. 388, providing temporary spending authority until the regular 1986 appropriation legislation is completed. Congress has also completed action on H.R. 3452, the Emergency Extension Act of 1985, affecting budget authority, outlays, and revenues. These amounts do not reflect savings related to the pending 1986 budget reconciliation legislation.

With best wishes,
Sincerely,
RUDOLPH G. PENNER.

PARLIAMENTARIAN STATUS REPORT HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986 AS OF CLOSE OF BUSINESS SEPT. 30, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
I. Enacted in previous sessions:			
Revenues			792,700
Permanent appropriations and trust funds.	708,256	631,009	
Other appropriations		185,348	
Offsetting receipts	−162,006	−162,006	
Total enacted in previous sessions.	546,249	654,351	792,700
II. Enacted this session:			
Famine relief and recovery in Africa (Public Law 99–10).		421	
Appropriations for the MX missile (Public Law 99–18).		368	
Federal supplemental compensation phaseout (Public Law 99–15).			10
Statue of Liberty—Ellis Island Coin Act (Public Law 99–61).	−15	31	
Contemporaneous recordkeeping repeal bill (Public Law 99–44).			13
United States-Israel Free Trade Act (Public Law 99–47).			−8
State Department authorization (Public Law 99–93).			2
Supplemental appropriations bill (Public Law 99–88).	36	3,138	
International Security and Development Cooperation Act (Public Law 99–83).	−25	−25	
Emergency Extension Act of 1985 (H.R. 3452).	−49	−230	210
Total enacted this session.	−53	−3,702	227
III. Continuing resolution authority:			
1986 continuing resolution (H.J. Res. 388).	545,182	347,011	
Offsetting receipts	−27,233	−27,233	
Total continuing resolution authority.	517,949	319,778	
IV. Conference agreements ratified by both Houses.			
V. Entitlement authority and other mandatory items requiring further appropriate action:			
Payment to the CIA retirement fund.	10	10	
Claims, defense	7	3	
Payment to the Foreign Service retirement trust fund [1].	(7)	(7)	
Range improvements	1		
BLM: Miscellaneous trust fund.	([2])		
Payment to air carriers, DOT.	18	17	
Retired pay—Coast Guard	21	19	
Maritime, operating-differential subsidies.		3	
BIA: Miscellaneous trust funds.	([2])	([2])	
Higher education facilities loans and insurance.	4		
Retirement pay for PHS officers.	12	6	
Medicaid	1,617	1,285	
Payment to health care trust funds [1].	(1,011)	(1,011)	
Child nutrition programs	254	234	
Advances to unemployment trust fund [1].	(516)	(516)	
Special benefits (general retirement and Federal employee retirement).	48	48	
Black lung disability trust fund.	85	85	
Assistance payments	573	573	
Rehabilitation services	52		
Veterans pensions	10		
Salaries of judges	3	1	
Payment to Civil Service retirement [1].	(214)	(214)	
National wildlife refuge aid	(3)	([2])	
General revenue sharing [1]	(1,142)	(1,142)	
Total	2,715	2,284	
Total current level as of Sept. 30, 1985.	1,066,861	980,115	792,927
1986 Budget resolution (S. Con. Res. 32).	1,069,700	967,600	795,700
Curent level is:			
Over budget resolution		12,515	
Under budget resolution	2,839		2,773

[1] Interfund transactions do not add to budget totals.
[2] Less than $500,000.

Note.—Numbers may not add due to rounding.

ANTIBALLISTIC MISSILE TREATY

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOAKLEY. Mr. Speaker, today marks the 13th anniversary of the effective date of the Antiballistic Missile Treaty of 1972. Without a doubt, the ABM Treaty is one of the few meaningful and important arms control agreements that currently exists between the United States and the Soviet Union. This treaty, which was signed by President Nixon and Soviet Premier Brezhnev, bans the deployment of nationwide antimissile weaponry and also bans the testing of space-based antimissile components.

The ABM Treaty has served U.S. security interests well. It has prevented a destabilizing arms competition of antimissile weaponry, and it has saved the United States countless billions of dollars that would have been needed to maintain such an extravagant weapons race. I am especially disturbed that today, both the United States and the Soviet Union are moving toward a military policy that threatens the spirit, intent and letter of the ABM Treaty. Specifically, I am disturbed by the rapid pace in which we are moving toward the construction and deployment of space weaponry. There are those who would have us scrap the ABM Treaty in favor of a "star wars" fantasy. To those who believe that all our strategic problems can somehow magically disappear with the deployment of exotic-Hollywood weapons, I would only say; do not fool yourselves or the American people. "Star wars" at best, could offer us only a partial defense—which, in reality, is no defense at all.

I urge my colleagues to stand firm by the ABM Treaty and resist all efforts to undermine this important arms control agreement. And I pray that our negotiators in Geneva will reiterate this country's commitment to the ABM Treaty, or else we will enter a new era of arms competition that will be far more costly and dangerous than anything we have grappled with to date.

□ 2045

IMPROPER POLITICAL SOLICITATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi [Mr. LOTT] is recognized for 60 minutes.

Mr. LOTT. Mr. Speaker, on July 10, 1985 the gentleman from California [Mr. MCCANDLESS] and I filed a complaint with the Committee on Standards of Official Conduct, alleging that three House Members had illegally solicited campaign contributions from congressional staff. On September 19, the committee issued a report on its preliminary inquiry into the complaint, finding that the Members were not aware of the fundraising letter on which their names and signatures were used, and moreover, that the solicitation could not be considered violative of Federal law because it

was not "coercive," was not directed at staff, and was not received by staff.

Mr. Speaker, I have appealed to the Standards Committee to reconsider its "coercion" standard and return to the interpretation contained in the Ethics Committee manual in the 98th Congress that sections 602 and 607 of title 18 make unlawful all knowing solicitations of Federal employees by Members of Congress, and all solicitations in Federal buildings by any person. I fear that if we now open the House doors to so-called noncoercive solicitations, we will be subjecting our employees to all manner of indirect political pressures and intimidation. At this point I insert the text of my letter to the Ethics Committee:

CONGRESS OF THE UNITED STATES,
Washington, DC, September 27, 1985.
Hon. JULIAN C. DIXON,
Chairman, Committee on Standards of Official Conduct, H2-T Capitol Building, Washington, DC.

DEAR MR. CHAIRMAN: Your committee is to be commended on its expeditious disposal of our complaint alleging improper political solicitation of congressional employees. I certainly accept your committee's decision not to proceed further with your investigation based on the apparent unawareness of the respondent Members that their names and signatures had been used on the suspect solicitation letter.

However, I respectfully appeal to your committee to reconsider your finding that only "coercive" political solicitations are prohibited under 18 U.S.C. § 602 and § 607, and that noncoercive solicitations are, by inference, permissible. Though your report makes clear that you do not acquiesce in or condone such noncoercive solicitations, it also makes clear that you will only "aggressively pursue any allegations that a violation of these provisions has taken place," i.e., that a coercive solicitation was made.

While you have indicated that your report was issued to "serve as guidance to all Members or organizations which may seek such contributions," I fear the report may only serve to further confuse matters and even invite additional political abuse. My fear is that your interpretation of the law, albeit one supported by the Justice Department for prosecution purposes, may be interpreted by some as a license to fish for political contributions in the Federal employee pond, so long as the fish are being voluntarily hooked and not coercively netted. I do not think it is your committee's intention to invite such political activity in Federal office buildings, or to subject Federal employees to such targetting. But, I suspect that may be the unintended consequence of your report.

I appeal to your committee not just out of concern for the principle involved of insulating Federal employees from even the hint of political pressure, but because the three principal findings of the committee are inconsistent with the canons of statutory construction and the facts adduced by the committee as contained in the appendices to its report. The committee's three findings with which I take issue are that: (1) only "coercive" solicitations are prohibited by law; (2) the solicitation was not directed at congressional employees; and (3) that the solicitation was not called to the attention of congressional staff.

The facts, in corresponding order, are that: (1) "plain meaning" rule of statutory construction should have been applied to both sections in question since they are not ambiguous as to meaning, and therefore must be literally construed as a flat ban on any knowing solicitation of Federal employees, and any solicitation in a Federal building. Moreover, the legislative history reveals that while the provisions were indeed in response to political shakedowns and designed to eliminate such activities, the complete ban on political solicitations was considered the only way to accomplish that objective given the prevalent belief that any request for money from a superior was inherently coercive. (2) the statements of the author of the solicitation letter and the person who suggested additional language regarding staff involvement confirm that it was their intention to appeal to congressional staff as well as Members, and that some form of circulation to staff was contemplated; and (3) there are four statements in the report by staff members from three congressional offices confirming that the solicitation was circulated and/or posted in their offices.

In view of these facts which are fully elaborated on and discussed in the attached memorandum, I hope the committee will reconsider its findings for future reference and include a clarification in an advisory opinion and in the next edition of the ethics manual for the benefit of Members and organizations which solicit campaign contributions. I look forward to your respose.

With all best wishes, I am,
Sincerely yours,
TRENT LOTT.

PURPOSE

Mr. Speaker, the purpose of this special order is to layout the facts and arguments contained in my memorandum to the Committee on Standards of Official Conduct in which I strongly urged the committee to reconsider its finding that only "coercive" political solicitations are prohibited under 18 U.S.C. 602 and 607. My appeal was made not for the purpose of reversing the committee's decision not to proceed with its investigation of the instant complaint, but rather to clarify matters for the guidance of Members and organizations in the future, either through an advisory opinion and the ethics manual, or an amendment to the Code of Conduct if it is felt necessary.

The basis for this appeal is a belief that three of the committee's principal findings are inconsistent with the canons of statutory construction and the facts adduced by the committee as contained in the appendices to the report.

COMMITTEE FINDINGS

Mr. Speaker, the committee found that: First, the solicitation in question was not unlawful because it was not "coercive" in nature; second, the respondent Members did not "knowingly" solicit because they were unaware of the solicitation letter; third, there is no evidence that the solicitation was directed, or intended or perceived to be directed, at congressional staff; and fourth, there is no evidence that the solicitation was even brought to the attention of congressional staff.

"COERCION" STANDARD

The Committee Findings—The committee concludes that the solicitation letters "are statutorily suspect only if they are to be read as seeking coerced political contributions from Federal employees—that is, congressional staff." (Report, p. 13) The committee goes on to indicate that for "coercion" to be present, a solicitation must have the characteristic of a "shakedown," or involve "intimidation." (Id., p. 15)

The Justice Department Election Manual—The committee relies heavily on a Justice Department publication, "Federal Prosecution for Election Offenses" (4th edition, Oct. 1984), for this interpretation of the statute. The DOJ election manual indicates in regard to 18 U.S.C. 602 that "it was Congress' intention to criminalize only aggravated forms of involuntary political 'shakedowns,' and it is in these terms that the scope of section 602 has been customarily described by the courts that have interpreted it." And, the manual goes on:

> It is the Criminal Division's position that this statute does not reach the solicitation of voluntary political contributions between federal employees. * * * However, it does reach any situation where factors are present in a political transaction which indicate that the contribution being solicited was less than voluntary, and that the solicited employee was consciously placed in a position where he felt obliged to make the contribution. (Manual, p. 26)

It should be noted, however, that none of the four court cases cited by the DOJ manual in support of this interpretation specifically held that noncoercive solicitations were permissible under the law.

Mr. Speaker, the four cases cited in the DOJ manual are as follows:

First. *Brehm* v. *United States,* 196 F. 2d 769 (1952), upheld the conviction of a congressman for violating 18 U.S.C. 602 which then prohibited Members of Congress from receiving political contributions from any Federal employee. In that case, the solicitation was mandatory: The congressman had required an employee to hand over a certain amount of her monthly paycheck as a donation to the State party committee. The only issue in the case was whether it mattered if the giver understood the purpose of the contribution. The Court held it was immaterial.

Second. *Ex parte Curtis,* 106 U.S. 371 (1882), concerned the constitutionality of an 1876 statute which prohibited career civil service employees from requesting, giving to, or receiving from any other officer or employee, any money or other thing of value for a political purpose. While the Court indicated that the purpose of the statute was to protect employees "from being compelled to make contributions * * * through fear of dismissal if they refused," and "against unjust exactions," it also recognized that compulsion and exaction were in the eye of the beholder:

> If contributions from those in public employment may be solicited by others in official authority, it is easy to see that what begins as a request may end as a demand, and that a failure to meet the demand may te treated by those having the power of removal as a breach of some supposed duty, growing out of the political relations of the parties. Contributions secured under such circumstances will quite as likely be made to avoid the consequences of the personal dis-

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> pleasure of a superior, as to promote the political views of the contributor—to avoid a discharge from service, not to exercise a political privilege. (at 374)

In other words, the solicitation need not be a mandatory "shakedown" or a direct threat or "intimidation" for it to be unlawful.

Third. *United States* v. *Wurzbach,* 280 U.S. 396 (1930), unheld the conviction of a Congressman for receiving political contributions from Government employees in violation of 18 U.S.C. 208 which prohibited both the solicitation and receipt of such contributions. The Court upheld the constitutionality of the act on grounds that "Congress may provide that its officers and employees neither shall exercise nor be subjected to pressure for money for political purposes, upon or by others of their kind, while they retain their office or employment." (at 399) The decision did not go directly to the question of whether the contributions received were solicited, and, if so, the nature of the solicitation.

Fourth. *United States* v. *Burleson,* 127 F. Supp. 400 (1954), involved the political assessment of the employees of an electric company, which was a subcontractor, by a construction company which was a prime contractor for the Atomic Energy Commission. The Court held that 18 U.S.C. 602, prohibiting the solicition of political funds among Government employees and those deriving their salaries from the Treasury of the United States, does not apply to employees of such private firms which may be involved with Government contract work. The Court said that section 602 had as "its purpose the checking of a political abuse * * * called the shakedown system," and that it was intended "to protect those who are employees or quasi-employees of the Government and in those classes easily exposed to the abuse of coerced political contributions." (at 403, 404).

It should be underscored, however, that nowhere in its opinion does the Court in Burleson, nor in any of the other cases cited in the DOJ manual, indicate that section 602 applies only to "coerced" contributions. It is one thing to say that the statute was designed to check the political abuse of the "shakedown," and to protect employees who are "easily exposed to the abuse of coerced contributions." (emphasis added) It is quite another to say that the statute only applies to coercive shakedowns. None of the cases cited supports the argument that the statute applies exclusively to coercive solicitations; and none implies that noncoercive solicitations are permissible under the law.

Indeed, the author of the Justice Department manual, Mr. Craig C. Donsanto of the Public Integrity Section of the Criminal Division, confirmed in a phone conversation with the staff of this Member on September 23, 1985, that the "coercion" standard is simply a threshold for prosecution, and not an exclusive measure of whether the law has been violated. Mr. Donsanto also confirmed this with respect to 18 U.S.C. 607 prohibiting solicitations in Federal buildings.

The Legislative History—Both the DOJ manual and the committee report purport to rely on the legislative history of the relevant sections in support of their interpretation that they apply only to "aggravated forms of involuntary political shakedowns" and "intimidation."

Mr. Speaker, the committee report selectively cites "the legislative history of the so-called Pendleton Act, the predecessor provision to what is now codified at 18 U.S.C. 602, wherein a House committee" concluded in a 1914 report that it was not unlawful for Members of Congress to solicit campaign contributions from other Members. (Standards Committee Report, pp. 13–14). The ethics committee report, however, ignores those portions of the 1914 committee report which deal with the issue of coercive versus noncoercive solicitations in the context of the debate surrounding the enactment of the Pendleton Act in 1883.

The 1914 report of the House Committee on Election of President, Vice President, and Representatives in Congress, entitled, "Contributions for Political Purposes" (H. Rept. 63–677), contains an excellent legislative history of the Pendleton Act. It is observed that there "is no room for doubt as to what Congress intended to strike down. The exaction of contributions from those holding appointive positions in the Government service to promote the election of Members of Congress had become a national scandal." (Id., p. 6)

The report goes on to quote President Arthur's message to Congress of December 4, 1882, in which he observes that some employees have contributed to official superiors simply out of "fear of what might befall them if they refused." And the President continues: *"It goes without saying that such contributions are not voluntary, and in my judgment their collection should be prohibited by law."* (Id., p. 6, emphasis added)

Mr. Speaker, the following day, Senator Beck introduced a resolution to investigate the evil of congressional committees circularizing officeholders for contributions in definite sums. During the debate on that resolution, Senator Hoar said, "It is an entirely indelicate and improper relation for Senators or Members of the House of Representatives to be asking contributions, *voluntary or involuntary,* of persons in the civil service of the government." (Id., p. 6, emphasis added)

The 1914 House committee report then goes on to cite the Senate debate on S. 133, later enacted as the Pendleton Act, and the amendment of Senator Hawley of Connecticut which includes what are now 18 U.S.C. 602 and 607. The excerpts from the debate on the Hawley amendment include the following statement by Senator Harrison in support of the amendment:

> The intention is by this bill to remove not only coercive influences *but the semblance of them;* not only to withhold legal power to exact *but to withhold the use of official place which may be treated as an exaction.* (Id., p. 9, emphasis added)

It should be pointed out that these quotations from the legislative history surrounding the Pendleton Act are included in this Member's floor statement of July 19, 1985, reprinted at appendix A of the Standards Committee report (p. 26) but are nevertheless not referred to or responded to in the body of the report, even though taken from the 1914 House report which the committee cites as an authoritative source of legislative history in regard to the issue of Member-to-Member solicitations.

Mr. Speaker, unfortunately, the only quote from the author of the relevant amendments, Senator Hawley, contained in the 1914 House committee report, is to the effect that his amendment, "only forbids employees collecting from each other and forbids persons going into rooms and offices and there collecting money for political purposes." This is basically a restatement of the amendment itself, and hardly instructive on the issue of coercive versus noncoercive solicitations. For this reason, the actual debate on the Hawley amendment was consulted, with a focus on the statements of the author himself.

There is ample evidence in Senator Hawley's statements to support the contention that it was his intention that the sections prohibiting the solicitation of Federal employees, and solicitations in Federal buildings (S. 133, secs. 8 and 9), should only apply to coercive solicitations:

> All we have sought to punish, all that is the real gravamen and essence of the offense, is the unlawful and oppressive exaction of money, which might be applied to a harmless purpose. (14 Congressional Record 629, Dec. 23, 1882.)

And, again:

> The offense at which we are aiming is an oppressive exaction, and that is what we have sought, to the best of our ability . . . to reach in the amendment I have proposed. (Id., at 638)

However, there are two other statements which support the view that his intention was to make unlawful all such solicitations between Federal employees and in Federal buildings:

> We have a right to say to all officials and employees of the government that they shall not solicit or take from each other any thing for political purposes. * * * *It is clear they are open to corruption the moment we permit such a practice.* We are open to other abuses if we permit employees to levy and collect from each other. That we have a right to prohibit, and beyond that we ought not to go. (Id., at 622, emphasis added)

And again:

> Our object was to prevent any and every man who got money from the United States for his work collecting or assessing anything of value whatever from any other man in the United States who got a cent from the United States for his work. *That of itself will remove a vast deal of the evil.* But we went further and said that no human being could, inside of Uncle Sam's buildings or grounds, *solicit in any way* anybody for a single cent. Then we said that no officer should promote or remove or degrade a man because he did or did not give, and he is liable to a heavy fine and heavy imprisonment if he does anything of that sort. (Id., at 638, Dec. 27, 1882, emphasis added)

It should be noted that the latter provision, making it unlawful for any officer or employee of the Government to change, or "promise or threaten" to change, the employment status or compensation of another Government employee based on their giving or withholding a political contribution, deals directly with actual pressure, threats, shakedowns, and intimidation. (S. 133, sec. 10; now 18 U.S.C. 606.) This may have been what Hawley was referring to in his statements about the "oppressive exaction of money." In any event, that section would render the foregoing two sections (now sections 602 and 607) superfluous if they were only intended to address coercive solicitations if they were only intended to address coercive solicitations.

Mr. Speaker, the best that can be said about the legislative history behind the relevant sections is that it is far from conclusive as to what Congress intended. Even the statements of the author of the amendment are contradictory on the coercion issue (see, e.g., *Chandler* v. *Roudebush*, 425 U.S. 840, 859 (1975), in which the Court dismissed as not probative the statements of the bill's sponsor and floor manager because they were "self-contradictory."). However, there can be no question from the history leading up to the enactment of the Pendleton Act that the relevant provisions were aimed at eliminating the evil of mandatory assessments of Government employees. But there are numerous statements from the President on down that this could only be done by an outright ban on all such solicitations since the lines were blurred between what was voluntary and what was involuntary.

Statutory Construction—In the final analysis, the legislative history would have been rendered irrelevant if the committee had followed the usual canons of statutory construction, the first of which is the so-called plain meaning rule. That first rule is that, "the meaning of the statute must, in the first instance, be sought in the language in which the act is framed, and if that is plain, * * * the sole function of the courts is to enforce it according to its terms." (Sutherland Statutory Construction, section 46.01 (4th ed.).) The only exceptions to this rule are if it is obvious from the act itself that the legislature intended a meaning different from the common meaning, or if the literal interpretation would yield an absurd result.

As a general rule, the courts do not consult the legislative history of a statutory provision unless there is ambiguity in the meaning of the statute, and then the courts place most reliance on committee and conference reports. Statements made in floor debates are not a preferred source of assistance in statutory interpretation. (Sutherland, 48.06, 48.13). As the Supreme Court recently noted in *Regan* v. *Wald* (1984), "To permit what we regard as clear statutory language to be altered by such colloquies, which often take place before the bill has achieved its final form, would open the door to inadvertent, or perhaps even planned, undermining of the language actually voted on by Congress and signed into law by the President." (Slip Opinion, p. 14)

Neither 18 U.S.C. 602 nor 607 present any ambiguity in meaning on their face and therefore are subject to the plain meaning rule of statutory construction. Section 602 makes it unlawful for Members of Congress—and other Federal officers and employees—from knowingly soliciting any political contribution from any other Federal employees, including congressional staff. And section 607(a) makes it unlawful "for any person to solicit or receive any contribution" for campaign purposes "in any room or building" occupied by Federal employees "in the discharge of their official duties." Section 607(b) contains an exception for unsolicited contributions received in Federal buildings which must be forwarded within 7 days to a political committee. There is nothing in either section to imply that only coercive solicitations are unlawful.

KNOWING SOLICITATION

Mr. Speaker, while I do not take issue with the committee's decision not to pursue the complaint further because the respondent Members claimed that they were not aware their names had been used in connection with the solicitation sent to congressional offices, there remain some troubling and unanswered questions. According to the report, the Democratic Campaign Committee [DCC] is not responsible for the actions of one of its employees; that employee is not responsible for the actions of an employee of a subcontractor; the subcontractor is not responsible for the actions of its employee; respondent Members of Congress are not responsible for any of the above, or the suggestion of one of their administrative assistants to include certain additional language in the solicitation letter.

Unfortunately, the report does not indicate whether Members of Congress should be held responsible for permitting their administration assistants to authorize the use of their signatures on such solicitation letters, regardless of whether they had specific knowledge of the contents of the letter or for whom it was intended. Or, if not, would the AA's, who certainly did have knowledge of the contents and intended targets of the letter, be liable for having authorized the letter on their boss's behalf had the letter been found to be an unlawful solicitation? These are questions which should be raised and answered in connection with any future occurrences of this nature which may be found to involve an unlawful solicitation.

SOLICITATION OF STAFF

Mr. Speaker, the committee report finds that the solicitation was not directed at congressional staff, nor intended or perceived to be so directed. (Report, p. 14) It makes this finding on several grounds:

Salutation.—The report argues that the letter "was not addressed to congressional employees," nor "systematically distributed to congressional staff." It was "a 'Dear Colleague' letter, and the matter of staff involvement was left to each recipient member—in other words, a Member to Member communication, not a Member to staff letter." (Id., p. 14)

This argument attempts to equate salutation with solicitation—to argue that a solicitation can only be directed at the person to whom it is addressed. This might be supportable if one were not familiar with Hill practices and assumed the letter would only be opened and read by the addressee. However, such an interpretation ignores what are standard operating procedures in most Hill offices: First, a Congressman's mail is opened by a receptionist and given to the administrative assistant for further distribution to staff; Second, only mail of a most urgent, personal, or confidential nature is brought to the immediate attention of the Member; Third, the rest of the mail is assigned to staff by the AA for a response according to responsibilities; Fourth, general "Dear Colleague" letters are assigned either to the legislative assistant or the appointments secretary, depending on whether they are legislative or invitational in nature; Fifth, "Colleague" letters which invite Members and staff to a function are noted on the Member's schedule and circulated to staff or posted.

Mr. Speaker, in the case of the "Dear Colleague" solicitation letter in question, it would probably be treated as category No. 5. situation. This is not only because the letter strongly urges Members "to involve your staff" in the fundraiser—something which the committee seems to imply is the only potentially offensive passage—but because it asks "each Democratic office," not Member "to sell at least five $10 tickets," and because it closes with the hope of "seeing you and your staff" at the fundraiser. Even without the staff involvement passage this would have been construed by AA's as intended for Members and staff, and they either would have tossed it because of ethical concerns over the propriety of such a solicitation in the office, or they would have circulated it to staff or posted it in a common area.

Intent of Authors.—The report goes on to argue that, "the committee is unaware of any evidence suggesting that either the author of the letter, Howard Pulchin, envisioned the solicitation as directed *at* congressional staff, as opposed to Democratic *Members*, or that recipient *Members* were to implement any particular effort to notify their staffs of the fundraising event." (Report, pp. 14-15, emphasis in original)

And yet, this finding is directly refuted by the statement of the author of the letter, Howard Pulchin, contained at appendix K of the report:

> I wanted to inform Members of Congress *and congressional staffers* of our July 15 event, "Democrats Fight Back." The easiest way to do so, I thought, would be through a letter signed by Ed Feighan and Mike Andrews. (Id., p. 80, emphasis added)

Moreover, this admission that the solicitation was intended for staff as well as Members is buttressed by the statement of George Cody, administrative assistant to Congressman Feighan—and author of the staff involvement passage in the letter—found at appendix O of the committee report:

> *My intention* in making the suggestion was probably *to get the staff involved or to get them to go on their own volition* . . . I was just trying to get the staff involved, *whether the letter was posted or xeroxed and passed out.* (Id., pp. 95-96. emphasis added)

This is the testimony of an AA who knows office operations and how the letter would likely be treated: it was his intention that it would be called to the attention of staff through posting or circulation in the office. It is clear from both Pulchin and Cody's statements that, contrary to the report's finding, the solicitation was "knowingly" directed at and intended for staff, and this is how they expected the letter to be perceived and treated by the recipient offices.

STAFF AWARENESS

Mr. Speaker, the report attempts to prove its claim that the solicitation was not knowingly directed at staff by finding that there is no evidence the letters "were then systematically—or even haphazardly—brought to the attention of congressional staff in Members' offices," not even in the offices "most closely associated with the solicitations—those of the named respondents." (Id., p. 15)

These assertions are again clearly refuted by the statements contained in the appendices to the committee report. These include three statements by staffers in the offices "most closely associated with the solicitations," the respondents, and one by a staffer in another Member's office:

First. George Cody, administrative assistant to Congressman FEIGHAN, is alluded to in the July 23, 1985, statement of the respondents found at appendix J, based on his interview with counsel:

> George Cody recalls his receipt, at some point, of *copies of the invitation to the July 15 event which he deposited in employees' mailboxes.* Cody does not recall "posting" the June 24 letter or any other notice to Feighan employees relating to the July 15 event. (Id., p. 64, emphasis added)

Second. Vic Driscoll, administrative assistant to Congressman ANDREWS, in his July 31, 1985, statement to the committee found at appendix N, said the following:

> The June 24, 1985, letter and the materials enclosed therein were not passed around my office, nor did I bring the information to the staff's attention—I do recall however, that *there were a number of brochures in the area of the receptionist's desk, which I told her to keep there and not disseminate.* (*Id.*, p. 93, emphasis added)

Third. Jonathan Cedarbaum, a member of Congressman FEIGHAN's staff, in an August 2, 1985, statement to the committee found at appendix V of the committee report, said the following:

> I did not receive any of the letters personally, but *I do recall seeing the brochure for the fundraiser.* I cannot recall where I saw the material but I did not see the cover letter with the brochure. I am not a member of the Majority Party. (Id., p. 111, emphasis added)

Fourth. John Edgell, a staffer with Congressman DASCHLE, in his August 1, 1985, statement to the committee found at appendix Z, said the following:

> The June 24, 1985, letter came to Congressman Daschle's office and, after it was opened, I saw it on a table in the office and read it. A female in the office is a member of the Majority Party, and we discussed the invitation in general. *The June 24, 1985 letter ended up on the bulletin board.* (Id., p. 117, emphasis added)

Edgell also indicates in his statement that, "one of the July 9, 1985, letters came across my desk because of my duties as a computer operator." He later explains: "As the computer operator, I always get the 'last shot' at the mail." (Id., pp. 116 and 117, emphasis added)

While there is no indication in the report that the staff made any survey of other congressional offices to determine how the solicitation was treated, the fact remains that four of the six congressional staffers who were interviewed, representing three offices, admitted that the solicitations had been brought to their attention in a variety of ways: they were posted, circulated, put in staffers' boxes, and left in the general area of the receptionist's desk. While these statements cover both the letters and the invitation brochures, there can be no question from an examination of them that both qualify as a solicitation as defined by the Federal Election Commission: ". . . asking persons to purchase tickets to fundraisers and providing persons with information about a fundraising activity." (Report, Appendix C. p. 34, quoting FEC Advisory Opinion 1976-40.)

CONCLUSION

Mr. Speaker, it should be evident from the foregoing that the committee's findings do not follow from the facts adduced by the committee and do not comport with the canons of statutory construction or the legislative history surrounding the enactment of the Pendleton Act.

The plain meaning rule of statutory construction requires a literal reading of the relevant provisions of the Criminal Code so long as they are not ambiguous, and so long as such a reading does not yield absurd results or thwart the obvious purpose of the statutes.

The sections in question, 18 U.S.C. 602 and 607, are unambiguous and neither yield absurd results or thwart the intent of the Pendleton Act which was to regulate and improve the civil service. The two sections, quite plainly, ban the knowing solicitation of political contributions by Members of Congress from Federal employees, including congressional staffers, and all solicitations by any person in a Federal building.

The debate on these provisions indicates that they were addressed at eliminating the evil of coercive shakedowns, but that such solicitations, by their very nature, could be considered as intimidating, whether couched in voluntary or involuntary terms. (See Attorney General's opinion at p. 26, Report.) For that reason, Congress made no attempt to distinguish between voluntary and involuntary contributions in such situations, nor did it attempt to limit the scope of the statute to "coercive" solicitations. It was felt that the only way to eliminate the evil was to ban all solicitations which could possibly give rise to even the perception of threat or the fear of reprisal.

Mr. Speaker, the solicitation which was the subject of the complaint presented to the committee involves the kind of gray area situation which Congress intentionally avoided attempting to define by opting instead for a flat ban on solicitations. Who is to say that a staff member might not feel obligated to attend a fundraiser if such a letter to his employer was circulated to him, or posted in his office, regardless of whether neither the letter nor the Member applied any direct pressure or threat? Isn't it likely the staffer would feel more pressure to attend an event called to his attention through a letter to his boss, than he would if he had received a personal solicitation at his home? The answer is yes, and that's why Congress put an outright ban on the former, but not on the latter situation so long as the solicitation is not directed to Federal employees only.

Mr. Speaker, for the above reasons, the Committee on Standards of Official Conduct should clarify its position and uphold the plain meaning of the statute which bans such solicitations of Federal employees, and in Federal buildings. While the Justice Department may have a "coercion" threshold for prosecution, there is no reason why the House cannot maintain a lower threshold, and thus a higher standard, for its disciplinary purposes. To do less and permit so-called "noncoercive" solicitations of Hill staff could open the floodgates for such "voluntary" requests from Members to the staff of other Members and committees. Such a prospect can only harm the image and integrity of the House as an institution. Let's bar the House door now to solicitors.

GOV. DU PONT ON A STRATEGY FOR U.S. INTERNATIONAL COMPETITIVENESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. KEMP] is recognized for 60 minutes.

Mr. KEMP. Mr. Speaker, former Delaware Governor and our former House colleague Pete du Pont is courageously fighting the tide of protectionism engulfing Congress. His Policy Review article "Kamikaze Economics" is one of the finest contributions I have seen to understanding the costs of trade protectionism in lost jobs and economic growth. But he goes much further by putting forth an agenda to improve our industrial competitiveness, generate higher living standards, and expand U.S. exports.

He is to be commended for his leadership and understanding of this whole trade issue. I would only suggest the addition of these monetary reforms to round out the Du Pont strategy for world growth and opportunity:

First, we need to shelve the disastrous experiment with flexible exchange rates. The uncertainty caused by the enormous fluctuations in exchange rates has disrupted

international trade and impeded long term investment. We need a new international monetary system to help stabilize exchange rates and facilitate United States and world trade.

Second, we need to ease domestic monetary policy to allow interest rates to fall and to permit commodity prices to stabilize. The connection between tight money and the rise of protectionist sentiment is not commonly realized. Overly-tight monetary policy, however, exacerbates protectionist sentiment by raising interest rates and causing a deflationary fall in commodity prices.

These conditions have helped cause the farm crisis, bank failures, the decline of manufacturing, and our mining industry troubles—all of which are feeding the protectionist fever. Federal Reserve Board Monetary policy is the source of much of these domestic problems, not foreign trade barriers alone.

I hope that all my colleagues will carefully read Pete du Pont's article and seriously consider his positive agenda as a replacement for destructive protectionism. He truly is a leader in the movement to liberalize the trading climate of the world.

Excerpts of Mr. Du Pont's article follow:

KAMIKAZE ECONOMICS: PROSPERITY AND GROWTH ARE IMPERILED BY PROTECTIONISM

(By Pete du Pont]

It's the fall of 1985 and the American economy is robust and growing. In September, the United States Department of Labor announced that the August unemployment rate fell to a five-year low of 6.9 percent. Inflation remains consistently in the four percent range. Interest rates have fallen. The U.S. economy, fueled by the Reagan tax cuts and record levels of investment—much of it in the form of dollars returning to the United States from their short trip abroad to pay for America's import surplus—created 9 million net new jobs in five years. Now more than twice as dependent on trade as it was in the 1960s, the United States economy is the locomotive of the world recovery.

In the midst of this prosperity, voices of alarm are beginning to sound from several quarters. Speaker Thomas P. O'Neill says America is losing 3,000 jobs a day to imports; more than three million jobs per year according to some estimates. The steel industry says it is losing jobs because it cannot compete against the subsidies of European steel. The computer industry is up in arms because Brazil has declared U.S. computers off limits in their country. Robert Dole, the Senate Majority Leader, is now using mystical buzz words such as "fair trade" and "level playing field." Three hundred pieces of protectionist legislation await action by the returning Congress this fall.

What's going on? Doesn't anyone wonder how we can be losing 3,000 jobs daily while creating a record 9.4 million net new jobs in five years? Doesn't anyone think it's strange that our steel industry cannot compete against the Europeans who, on net, have not created a new job in 20 years? Are subsidies really the problem or does one suspect that our heavily protected industries are reaping the fruits of their shortsighted management policies and wages which are far above the national average? Is Wall Street really worried about IBM's ability to survive the Brazilian computer freeze? Or is it more worried about Brazil's ability to finance its debt load, which will require exports? Why doesn't someone stand up and say that even if the Japanese market were totally open to American goods, the resulting increase in our exports (less than $10 billion) would hardly put a dent in our trade deficit ($120 billion) and would primarily benefit those industries (communications and financial services) that are not losing jobs in the U.S. economy, but gaining them at record rates? Why doesn't someone point out that if the United States were to level its playing field, too (e.g., by repealing the protection on textiles, sugar, steel, etc.), the trade deficit might very well get worse, not better? Hasn't Bob Dole—a Republican leader—learned the Smoot-Hawley lesson, or the Mondale lesson of 1984, that pandering to special interests is a recipe for political disaster?

The driving political forces behind protectionism legislation are understandable. Industries that view their declining profitability or loss of employment as the result of import competition argue that the cure is to curtail or eliminate those imports. Americans who fear that jobs in their industry are endangered call upon their elected representatives to "do something." Exporters who see tariff and non-tariff barriers thrown up by our trading partners, denying them full access to world markets, also look to Congress for action.

WHY INDUSTRIES GROW

But the economic forces at work present a different picture. Overall manufacturing employment in the United States has declined only slightly since 1980. In fact, if the economy continues to grow at its current pace, we will shortly have as many manufacturing jobs in the United States as we did in 1980. And although certain industries have been particularly hard hit, primarily because of falling worldwide demand (not imports), others have grown rapidly.

Interestingly, and not by coincidence, the industries within manufacturing that have had the highest growth rate of employment since 1980 have several factors in common: an increased worldwide demand for their products, little if any protection, lower than average manufacturing wages, and typically increased import penetration into their markets. Electronics and computers are two good examples. Another interesting example is the automotive sector of our economy. Since 1980, largely because of increased efficiencies and expanded worldwide demand, the auto industry has actually gained 100,000 jobs in spite of increased import penetration.

Undoubtedly, there are very real problems. Some industries and firms are losing their ability to compete in the world market, causing great hardship to some working families. Some exporters are facing illegitimate barriers to the export of their goods and services. Congress is right to wish to help change the situation.

But protectionism is not the answer. Indeed, it would worsen the very problems it promises to fix. Its costs in higher prices, reduced trade opportunities, the stifling of innovation, and the threatened return to economic depression are prices too high to pay. But the cry for protectionism will become less shrill only when an alternative set of policies is put forward: policies that will create new jobs while recognizing the special problems of the dislocated worker, increase our competitiveness here and abroad, restore America's leadership in the world economy, and raise the general standard of living.

THE COSTS OF PROTECTIONISM

America today faces the same choice our country faced in 1929 when President Hoover abandoned the tax-cutting policies of Calvin Coolidge that had brought six years of strong economic growth, and instead indorsed the Smoot-Hawley Act, plunging the world into the Great Depression. Just as in 1929, the United States today faces a wave of protectionist sentiment fueled by a healthy dose of misplaced patriotism. And just as in 1929, protectionism threatens to send the United States economy straight down the chute.

We can respond to sectoral shifts in the economy by developing a strategy to improve the competitiveness of American goods and services and to respond with compassion to the special problems of the dislocated worker. The best way to do this is to continue the policies of tax cuts and deregulation that have created more than nine million new jobs in the past five years, and increased our productivity and national wealth, not to return to the path of protectionism and economic isolation, and repeat the disaster of the 1930s.

The costs of protectionist policies do not appear in black and white in the federal budget The cost imposed on consumers is not visible like a sales tax receipt. But the cost is real. It is high. And it is discernible.

Economist Michael Munger has calculated that in 1980 the total cost of existing import restrictions was $58.5 billion. Since then, new barriers have come into being, and today, the cost of protectionism comes to between $1,500 and $2,000 annually for a family of four. This, of course, is more than most families pay in federal income tax.

A NEW GATT ROUND

America must provide the leadership in bringing our trading partners together for another round of General Agreement on Tariffs and Trade (GATT) negotiations. A new GATT round must include agreements on services as well as merchandise trade, for services are becoming a larger segment of international trade. We should bring non-tariff barriers under the GATT, for they have become a loophole. And a new GATT round should include textiles, which are presently dealt with separately in the Multi-Fiber Agreement.

Multilateral and bilateral negotiations should strive to reduce all barriers to goods and services, both tariff and non-tariff. We cannot afford to get sidetracked by the illusion that our opening negotiating gambit should be to threaten or impose tariff barriers against our trading partners in the hope that they would respond with lower barriers of their own. Experience has shown the bankruptcy of this hope. Never in history has the imposition of higher tariffs by one nation led to the reduction of tariffs by one of its trading partners.

SUPPLY-SIDE SUCCESS STORIES

Taxes of all kinds also force the price of American goods up. Massachusetts for example, lost thousands of jobs in the late 1960s and early 1970s. But in 1980, when a citizens' initiative cut the property taxes by half, the exodus of jobs ceased and the high technology firms that had planned to leave the Bay State not only stayed but expanded. Today the unemployment rate in previously high-tax, high-unemployment Massachusetts is just four percent.

My own state of Delaware has had three major income tax reductions totaling 40 percent since 1979. As a result, old jobs have been retained and new ones gained. Delaware's growth of employment and income shifted from being one of the slowest in the late 1970s to one of the most rapid in the mid-1980s.

If we think of Massachusetts and Delaware as independent nations concerned with keeping jobs, we can see how reducing taxes played the central role. Would tariffs and quotas keeping competitive foods and services out of Massachusetts and Delaware have achieved the same results? Certainly not. Fortunately, the framers of our Constitution saw just this danger of protectionism at the state level and forbade state tariff restrictions, insisting on free trade between the states.

A great number of other changes would make us better competitors in the arena of world trade. Repealing the restriction that forbids us from selling Alaskan oil to Japan and allowing the export of timber cut from our federal lands would reduce our trade deficit by $20 billion, according to Murray Weidenbaum, former chairman of the Council of Economic Advisors.

Eliminating the Cargo Preference Act, which forces much of our exports or travel on more expensive ships, would increase our competitiveness as well. Reducing antitrust limitations on combining for research and development or marketing efforts would enhance America's ability to compete. Our antitrust regulations were passed at a time when the U.S. economy was largely self-contained. Today, the American firm faces world competition. Considering an alternative policy to agricultural price supports in order to help farmers export would be a welcome step forward.

Retraining for displaced workers is an important element in reducing the fear some workers and managers have in the constant change that is endemic in a free market. Already, there are a great number of retraining programs run by companies, federal and state governments, and private colleges. Indeed, American companies spent twice as much on education and training as the combined cost of all colleges in America.

Still more can be done. One suggestion is to allow a "retraining IRA," an account where working men and women could save tax-free money that, like regualr IRAs, would accumulate interest without being taxed. Should a worker need or wish retraining to shift from one job to another, he could make with withdrawals from the retraining IRA. Unemployment insurance benefits could be made available for retraining. (A test program in Delaware is quite promising.) Health insurance could also be integrated with the unemployment insurance program as workers are often vitally concerned about their health insurance during transitions.

Another innovation would be to make company pension plans more portable. When an employee leaves one firm and moves to another, he could carry his accumulated pension benefits with him. Fixed and non-transferrable pensions are a disincentive for workers to move, even when higher wages are available elsewhere.

The long-term answer to the structural adjustment issue has to include a fundamental reform of our education system. No longer is an education system which provides a "one skill per lifetime" worker going to be good enough for the United States to be able to compete in the modern world economy. Education, training, and retraining are going to have to be lifetime processes in our modern economy. The sooner we get on with the challenge of fundamental reforms of our education system the sooner all U.S. workers will have the tools to survive in a rapidly changing economic environment.

The challenge of the future is to create the millions of new jobs that will be necessary to employ young Americans entering the workforce. Protectionism cannot do that. Rather, we need an expanding American economy, an expanding world economy, and a modern education system to create new opportunities for entrepreneurship and innovation.

The protectionist lobbv argues imports take away American jobs. It is wrong. In 1985, we have a trade deficit of $120 billion and 9 million more jobs than we had in 1980, when the United States ran a trade surplus. These new jobs could not have been generated without the enormous capital inflow that has fueled the recent expansion of the U.S. economy. And because of balance of payments must even out, capital inflows would not have been possible without a trade deficit.

Imports do not cost jobs; they are a reflection of the relative strength of the American economy. We are growing faster than the rest of the world because we cut taxes in 1981 and because we began to deregulate our economy. Continued job creation requires that we continue on this path.

The President's tax reform package will be a great boost to job creation. Other bills will also help. The Youth Opportunity Wage Act would allow teenagers to work in the summer without being priced out of the market by the minimum wage. This bill would create an estimated 600,000 jobs for teenagers every summer. No present piece of protectionist legislation even claims to come close to creating this many jobs.

The "enterprise zone" legislation would create new jobs and opportunities in depressed urban and rural areas. Real jobs would be created, not uneconomical jobs temporarily protected by tariffs. Eliminating the Davis-Bacon Act would generate new jobs in the construction industry.

We can further improve our competitiveness by unleashing the innovative genius of the American people by removing the remaining obstacles to economic growth and job creation here at home, and by reforming our educational system. Already our free economic system is beginning to adjust. The dollar has fallen nearly 15 percent in recent months on world exchanges. The U.S. economy, after a dull first half, will have a better second half. Now is the time for patience and a careful use of the scalpel, not the meat cleaver.

Those who counsel despair, who would have us retreat behind a wall of high tariffs, have lost faith in America's most enduring qualities: the ability to adapt, innovate, and use challenges as a springboard to greater heights. They have become pessimists in a world where optimists create opportunity for the future.

DEDUCTIBILITY OF STATE AND LOCAL TAXES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont [Mr. JEFFORDS] is recognized for 15 minutes.

Mr. JEFFORDS. Mr. Speaker, under the tax reform option prepared by the staff of the Joint Tax Committee for consideration by the Ways and Means Committee, deductions for sales and personal property taxes will be disallowed. State and local income taxes would be deductible in part. The allowable deduction would be the greater of $1,000—$500 for unmarried taxpayers—or the portion of an individual's liability for income or property taxes in excess of 5 percent of adjusted gross income.

Such a provision will mean that State and local taxes will put a larger hole in taxpayers' pockets. The after-tax cost of services funded with State and local dollars will increase, and increased out-of-pocket tax payments could well translate into pressure for rollbacks in local taxes. Reductions in taxes, in turn, will mean cutbacks in services, including education—the single largest area of expenditure for State and local governments.

This is no time for a weakening of our commitment to education. With an economy moving in the direction of high technology and with ever-increasing foreign competition for unskilled jobs, an educated, skilled work force is more important than ever.

Exactly why sales taxes should be disallowed as a deduction is unclear. It appears to be an attempt by the Federal Government to dictate acceptable methods of revenue raising. In 10 States sales taxes are the major source of funding for education. In a majority of States, sales taxes account for over 20 percent of the funds for education.

In recent years several States have sought to improve their education systems by way of sales tax increases specifically earmarked for education. State lawmakers have voted in favor of such politically unpopular measures because of the importance they attached to improving their educational systems and because they wanted to see their States' educational systems rise above the mediocre level described by the President's Commission on Excellence in Education. Deductibility of such taxes made them more palatable to a resistant public. With the loss of deductibility for sales taxes, however, public resistance will no doubt increase, and such efforts will become even rarer, moving us even closer to becoming "A Nation At Risk."

States that rely heavily on sales taxes, however, are not the only losers. In 1980 the nationwide average of deductible State and local taxes as a percentage of gross income was 7.5 percent. Disallowing the deduction except to the extent that it exceeds 5 percent of adjusted gross income will mean the average itemizing taxpayer will lose two-thirds of his deduction.

Limiting the deduction for State and local taxes is but one of several ways that the tax reform proposal will adversely affect education. Under the proposal some scholarship awards—or parts thereof—will be taxed. Student loan bonds would no longer be tax free. Employee educational assistance will no longer be excludable from a taxpayer's gross income. Private colleges would be unable to make use of tax-exempt financing and the 5-percent rule would restrict the use of tax-exempt bonds by the public sector. Renewal of the deduction for charitable contributions by nonitemizers may limit donations to colleges and universities.

As the debate on any tax reform measure takes shape, we must not lose sight of the inherent implications for education. In reforming our tax system we must be careful not to deform our educational system.

THE ANNIVERSARY OF THE ABM TREATY

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, today marks the 13th anniversary of the effective date of the Anti-Ballistic Missile Treaty.

The ABM Treaty of 1972 is the cornerstone of all strategic nuclear weapons agreements between the United States and the Soviet Union, helping to ensure deterrence while preventing a defensive weapons race. It is a balanced and verifiable agreement whose merits have twice been reaffirmed by our two countries.

There are disquieting signals that the Reagan administration is pushing to undercut the treaty. Certainly, the President's star wars defense initiative, if deployed, will require abrogation of the ABM Treaty.

By ensuring that neither we nor the Soviets embark on a program of ballistic missile defense, the ABM Treaty acts to avoid adding to our already huge defense budget. The research alone on star wars will cost $30 billion, and deployment of a full-fledged star wars defense could cost as much as $1 trillion. So the ABM Treaty is helping to prevent a defensive weapons race which could well bankrupt us.

Strategically, the ABM Treaty has enhanced nuclear deterrence for 13 years. The treaty's ban on nationwide antimissile defenses deters either superpower from launching a nuclear attack by ensuring effective retaliation. The treaty reflects and strengthens the conviction that nuclear war is unwinnable.

Mr. Speaker, abrogation of the ABM Treaty would plunge the United States into an immediate, dangerous, destabilizing, and prohibitively costly defensive weapons race, on top of our current offensive weapons race. For 13 years, the ABM Treaty has endured as the linchpin which makes reductions in offensive weapons possible, and we should continue to abide by its terms.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Rodino (at the request of Mr. Wright), on October 3, on account of a death in the family.

Mr. McEwen (at the request of Mr. Michel), for today until 4 p.m., on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Schuette) to revise and extend their remarks and include extraneous material:)

Mr. Lott, for 60 minutes, today.

Mr. Kemp, for 60 minutes, today.

Mr. Jeffords, for 15 minutes, today.

Mr. Gingrich, for 60 minutes, today.

Mr. Gingrich, for 60 minutes, on October 7.

Mr. Dornan of California, for 60 minutes, on October 9.

Mr. McCain, for 5 minutes, on October 3.

(The following Members (at the request of Mr. Murtha) to revise and extend their remarks and include extraneous material:)

Mr. Jones Of Oklahoma, for 5 minutes, today.

Mr. Pepper, for 5 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Stark, for 5 minutes, today.

Mr. Crockett, for 5 minutes, today.

Mr. Derrick, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Lewis of Florida, following rollcall 334 in the Committee of the Whole today.

Mr. Bereuter, preceding rollcall 337 in the Committee of the Whole today.

(The following Members (at the request of Mr. Schuette) and to include extraneous matter:)

Mr. Broomfield in two instances.
Mr. Gingrich.
Mr. Conte.
Mr. Daub.
Mr. Kemp.
Mr. Gilman in two instances.
Mr. Crane.
Mr. DioGuardi.
Mr. Ritter.
Mr. Dornan of California in two instances.
Mr. Green in two instances.
Mr. Courter.
Mr. Young of Alaska.
Mr. Wolf.
Mr. Whitehurst.
Mr. O'Brien.
Mr. Kindness.
Mr. Solomon in two instances.
Mr. Hyde in three instances.
Mr. Chappie.
Mr. Broyhill.
Ms. Fiedler.
Mrs. Roukema.
Mr. Schuette.

The following Members (at the request of Mr. Murtha) and to include extraneous matter:

Mr. Coleman of Texas.
Mr. Lantos.
Mr. Frank.
Mr. Garcia in three instances.
Mr. Florio in two instances.
Mr. Vento.
Mr. Bonior of Michigan.
Mr. Sikorski.
Mr. Torres.
Mr. Kanjorski in four instances.
Mr. Manton.
Mr. Miller of California.
Mr. Fowler.
Mr. Mineta.
Mr. Aspin.
Mr. Solarz.
Mr. Lehman of Florida.
Mr. Traxler.
Mr. Applegate.
Mr. Erdreich.
Mr. Luken.
Mr. Conyers.
Mr. Matsui.
Mr. Synar.
Mr. Stratton.
Mr. Waxman.
Mr. Boland.
Mr. Wolpe.
Mr. Pease.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 991. An act to provide authorization of appropriations for certain fisheries activities; to the Committee on Merchant Marine and Fisheries.

ENROLLED BILL SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2475. An act to amend the Internal Revenue Code of 1954 to simplify the imputed interest rules of sections 1274 and 483, and for other purposes.

ADJOURNMENT

Mr. McCURDY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 51 minutes p.m.) under its previous order the

House adjourned until Monday, October 7, 1985, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2081. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-74, "Real Property Tax Rates for the Tax Year 1986 and Classifications Amendment Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2082. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-75, "Militia Exemption Amendment Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2083. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-76, "The George Washington University Revenue Bond Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2084. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-77, "Motor Vehicle Special Use Certificates and Tags Validity Period Extension Amendment Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2085. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-78, "D.C. Correctional Facility Study Commission Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2086. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-79, "Closing of a Public Alley in Square 277, S.O. 84-10, Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2087. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-80, "Consuming Alcohol During Pregnancy Warning Signs Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2088. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-81, "Extension of Education Financial Assistance Amendment Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2089. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-83, "Cable Television Franchise Agreement Modification Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2090. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-84, "General Obligation Bond Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2091. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. ACT 6-85, "Motor Vehicle Parking Regulation Amendment Act of 1985", and Report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2092. A letter from the Executive Director, American Chemical Society, transmitting the 1984 annual report, pursuant to Public Law 88-504, section 3 (36 U.S.C. 1103); to the Committee on the Judiciary.

2093. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend section 1110 of Title 11, United States Code; to the Committee on the Judiciary.

2094. A letter from the Secretay of Commerce, transmitting a draft of proposed legislation to amend Title 5, United States Code, to change the position of the Director of the Census Bureau to level IV from level V in the executive schedule; to the Committee on Post Office and Civil Service.

2095. A letter from the Acting Secretary of State, transmitting the seventh report on the situation in El Salvador for the period June 1, 1985 to September 30, 1985, pursuant to Public Law 98-332 (98 Stat. 285); jointly, to the Committees on Appropriations and Foreign Affairs.

2096. A letter from the Comptroller General of the United States, transmitting a report entitled, "The Nuclear Waste Policy Act: 1984 Implementation Status, Progress, and Problems", pursuant to Public Law 97-425, section 304(d); jointly, to the Committees on Government Operations, Interior and Insular Affairs, Energy and Commerce, and Science and Technology.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DERRICK: Committee on the Budget. H.R. 3500. A bill to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for the fiscal year 1986 (Rept. 99-300). Referred to the Committee of the Whole House on the State of the Union.

Mr. DERRICK: Committee on Rules. House Resolution 286. Resolution providing for the consideration of H.R. 1562, a bill to achieve the objectives of the Multi-Fiber Arrangement and to promote the economic recovery of the U.S. textile and apparel industry and its workers. (Rept. 99-301). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 287. Resolution providing for the consideration of H.R. 2237, a bill to amend the Public Health Service Act to revise and extend the program for the National Health Service Corps (Rept. 99-302). Referred to the House Calendar.

Mr. HALL of Ohio: Committee on Rules. House Resolution 288. Resolution providing for the consideration of H.R. 2095, a bill to provide for daylight saving time on an expanded basis, and for other purposes (Rept. 99-303). Referred to the House Calendar.

Mr. WHEAT: Committee on Rules. House Resolution 289. Resolution providing for the consideration of H.R. 2418, a bill to amend the Public Health Service Act to revise and extend the programs of assistance for primary health care (Rept. 99-304). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WAXMAN (for himself, and Mr. Bilirakis):

H.R. 3492. A bill to assist the States to establish and operate protection and advocacy systems for mentally ill individuals and to promote family support groups for Alzheimer's disease patients and their families; to the Committee on Energy and Commerce.

By Mr. COUGHLIN:

H.R. 3493. A bill to provide for the safeguarding of tax payer rights, and for other purposes; to the Committee on Ways and Means.

By Mr. GIBBONS:

H.R. 3494. A bill to amend the Internal Revenue Code of 1954 to conform the source rules for certain technical contract services with the source rules for other intangibles; to the Committee on Ways and Means.

H.R. 3495. A bill to amend the Internal Revenue Code of 1954 to relieve international double taxation of overseas construction projects of United States contractors; to the Committee on Ways and Means.

By Mr. KINDNESS (for himself, Mr. Wise, Mr. Towns, Mr. Lightfoot, and Mr. DioGuardi):

H.R. 3496. A bill to amend the Freedom of Information Act to provide procedures to protect the confidentiality of business information exempted from mandatory disclosure, and for other purposes; to the Committee on Government Operations.

By Mr. LUJAN:

H.R. 3497. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for blood donations of an individual; to the Committee on Ways and Means.

By Mr. LUNDINE:

H.R. 3498. A bill to stabilize international currency markets in support of fair global competition; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DAUB (for himself, Mr. Duncan, and Mr. Bereuter):

H.R. 3499. A bill to amend the Internal Revenue Code of 1954 to provide that interest credited on a deposit or account in a bank or other financial institution shall not be included in income if such interest cannot be withdrawn because of a bankruptcy or other insolvency proceeding, to provide that losses suffered by depositors due to bankruptcy or insolvency shall be treated as ordinary losses, and to provide that such losses shall be treated as a business debt; to the Committee on Ways and Means.

By Mr. McCOLLUM (for himself and Mr. Burton of Indiana):

H.R. 3501. A bill to unify the export administration functions of the U.S. Government within the Office of Strategic Trade, to improve the efficiency and strategic effectiveness of export regulation while minimizing interference with the ability to engage in commerce, and for other purposes; to the Committee on Foreign Affairs.

By Mr. MOLLOHAN:

H.R. 3502. A bill to amend the Longshore and Harbor Workers' Compensation Act to increase the number of permanent and temporary members of the Benefits Review Board in order to improve the handling of cases under the Black Lung Benefits Act; to the Committee on Education and Labor.

By Mr. MORRISON of Connecticut:

H.R. 3503. A bill to amend title II of the Social Security Act to protect the benefit levels of individuals becoming eligible for benefits in or after 1979 by eliminating the disparity (resulting from changes made in 1977 in the benefit computation formula) between those levels and the benefit levels of persons who become eligible before 1979; and to remove the ceiling on the amount of an individual's income which can be taken into account in computing his or her benefits and in determining his or her liability for Social Security taxes; to the Committee on Ways and Means.

By Mr. PRICE:

H.R. 3504. A bill to provide Federal coordination for continued development and commercialization of food irradiation; jointly, to the Committees on Energy and Commerce, and Science and Technology.

By Mr. SLAUGHTER (for himself, Mr. Crane, Mr. Dreier of California, and Mr. Siljander):

H.R. 3505. A bill to amend the Internal Revenue Code of 1954 to allow individuals a credit against income tax for amounts contributed to a health care savings account and to amend title XVIII of the Social Security Act to provide for a high deductible and protection against catastrophic medical care expenses for individuals who have established such accounts; jointly, to the Committee on Ways and Means, and Energy and Commerce.

By Mr. WOLF:

H.R. 3506. A bill to improve the enforcement of the restrictions against imported pornography; to the Committee on Ways and Means.

By Mr. EMERSON:

H.R. 3507. A bill entitled: the "Anti-Displacement of U.S. Agricultural Exports Act"; to the Committee on Foreign Affairs.

By Mr. LEHMAN of California (for himself, Mr. Kleczka, Mr. McKinney, Mr. Bryant, Mr. Coelho, Mr. Murphy, Mr. Fazio, Mr. Ralph M. Hall, Mr. Fuster, Mr. Cooper, Mr. Roe, Mr. Lagomarsino, Mr. Downey of New York, Mr. Andrews, Mr. Smith of Florida, Mr. Craig, Mr. Hefner, Mr. Jeffords, Mrs. Boxer, Mr. Conyers, Mr. Matsui, Mr. Owens, Mr. Cobey, Mr. Panetta, Mr. Reid, Mr. Towns, Mr. Spratt, Mr. Rogers, Mrs. Collins, Mr. Stark, Mr. Morrison of Washington, Mr. Rowland of Georgia, and Mr. Kolter):

H.R. 3508. A bill to amend chapter 35 of title 44, United States Code, to reduce the paperwork burden on citizen's by requiring Federal agency correspondence to include the name, official title, telephone number, and address of individuals to whom responses and inquiries may be made; to the Committee on Government Operations.

By Mr. TAYLOR (for himself, Mr. Ford of Michigan, Mr. Myers of Indiana, Ms. Oakar, Mr. Burton of Indiana, Mr. de Lugo, and Mr. Hansen):

H.R. 3509. A bill to amend title 5, United States Code, to extend certain benefits to former employees of county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WAXMAN (for himself, Mr. Synar, Mrs. Collins, Mr. Whittaker, Mr. Nielson of Utah, and Mr. Stratton):

H.R. 3510. A bill to establish a Federal initiative respecting the dangers of smokeless tobacco, to provide assistance to States for programs respecting such dangers, and to require labeling for all smokeless tobacco products and advertisements; to the Committee on Energy and Commerce.

By Mr. RUSSO:

H.J. Res. 409. Joint resolution to direct the President to issue a proclamation designating February 16, 1986, as "Lithuanian Independence Day"; to the Committee on Post Office and Civil Service.

H.J. Res. 410. Joint resolution to designate October 6, 1986, through October 10, 1986, as "National Social Studies Week"; to the Committee on Post Office and Civil Service.

By Mr. BOLAND (for himself, Mr. Conte, and Mr. Mineta):

H.J. Res. 411, Joint resolution to provide for the reappointment of Carlisle H. Humelsine as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

H.J. Res. 412. Joint resolution to provide for the reappointment of William G. Bowen as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

By Mr. SIKORSKI (for himself, Mr. Nelson of Florida, Mr. Fuster, Mr. Hoyer, Mr. Annunzio, Mr. Torricelli, Mr. Stratton, Mr. DioGuardi, Mr. Panetta, Mr. Porter, Mr. Kleczka, Mr. Bateman, Mr. Rinaldo, Mr. Wortley, Mrs. Johnson, Mr. Howard, Mr. Mavroules, Mr. Crockett, Mr. Roe, Mr. Dymally, Mrs. Meyers of Kansas, Mr. Edwards of California, Mr. Kindness, Mr. Conte, Mr. Boland, Mr. Horton, Mr. Dingell, Mr. Weiss, Mr. Fish, Mr. Blaz, Mr. Dwyer of New Jersey, Mr. Martinez, Mr. Bustamante, Mr. Hughes, Mr. Livingston, Mr. Chandler, Mr. Rangel, Mr. Borski, Mr. Bryant, Mrs. Boxer, Mr. Daschle, Mr. Morrison of Connecticut, Mr. Tallon, Mr. Traxler, Mr. Traficant, Ms. Kaptur, Mr. Smith of Florida, Mr. Lipinski, Mr. Vento, Ms. Oakar, Mr. Matsui, Mr. Walgren, and Mrs. Kennelly):

H.J. Res. 413. Joint resolution designating November 6, 1985, as "Ignacy Jan Paderewski Day"; to the Committee on Post Office and Civil Service.

By Mr. SWINDALL:

H.J. Res. 414. Joint resolution proposing an amendment to the Constitution to require that outlays of the United States in any fiscal year be no more than a certain percentage of the gross national product, and for other purposes; to the Committee on the Judiciary.

By Mr. FOWLER:

H. Con. Res. 204. Concurrent resolution endorsing the recommendations of the Committee on Solar and Space Physics for solar and space physics research through the year 2000; to the Committee on Science and Technology.

H. Con. Res. 205. Concurrent resolution endorsing the recommendations of the Solar System Exploration Committee for the continued exploration of the solar system by the United States; to the Committee on Science and Technology.

H. Con. Res. 206. Concurrent resolution endorsing the recommendations of the Astronomy Survey Committee for astronomical and astrophysical exploration and understanding during the 1980's; to the Committee on Science and Technology.

By Mr. COUGHLIN:

H. Res. 284. Resolution expressing the sense of the House of Representatives on the nature of comprehensive tax reform legislation; to the Committee on Ways and Means.

By Mr. de la GARZA:

H. Res. 285. Resolution to urge the House of Representatives to reject any tax reform proposal which would eliminate the Investment Tax Credit; to the Committee on Ways and Means.

By Mr. VOLKMER (for himself, Mr. Lott, Mr. Craig, and Mr. Robinson):

H. Res. 290. Resolution providing for the consideration of the bill (H.R. 945) to protect the rights of firearms owners; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

0268. By the SPEAKER: A memorial of the Legislature of the Commonwealth of Massachusetts, relative to postal efficiency; to the Committee on Post Office and Civil Service.

0269. Also, a memorial of the Legislature of the Commonwealth of Massachusetts, relative to extradition and fundamental justice; jointly, to the Committees on Foreign Affairs and the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 97: Mr. Burton of Indiana.

H.R. 585: Mr. Gregg.

H.R. 864: Mr. Grotberg, Mr. Mavroules, Mr. Callahan, and Mr. Saxton.

H.R. 989: Mr. Emerson and Mr. Young of Alaska.

H.R. 1059: Mr. Badham, Mr. Porter, and Mr. Bennett.

H.R. 1072: Mr. Tauke.

H.R. 1207: Mr. McKernan.

H.R. 1318: Mr. Cooper.

H.R. 1538: Mr. De Lugo.

H.R. 1566: Mr. Bedell and Mrs. Smith of Nebraska.

H.R. 1567: Mr. Bedell and Mrs. Smith of Nebraska.

H.R. 1616: Mr. Rinaldo, Mr. Jacobs, Mr. Scheuer, Mr. de Lugo, and Mr. Staggers.

H.R. 1704: Mr. Swindall, Mr. Pashayan, Mr. Schaefer, Mr. Livingston, Mr. Bateman, and Mrs. Lloyd.

H.R. 1759: Mr. Lehman of California.

H.R. 1811: Mr. Hartnett.

H.R. 1875: Mr. Hartnett, Mr. Darden, Mr. McHugh, Mr. Bilirakis, Mr. Gilman, Mr. Moakley, Mr. Conte, Mr. Smith of Florida, Mr. Scheuer, Mr. Rinaldo, Mr. Fazio, Mr. Hayes, Mr. Perkins, Mr. Denny Smith, Mr. Eckart of Ohio, Mr. McCain, and Mr. Matsui.

H.R. 2189: Mr. Robert F. Smith and Mr. Smith of Florida.

H.R. 2451: Mr. Rose and Mr. Stallings.

H.R. 2489: Mr. Ford of Tennessee.

H.R. 2761: Mr. Ford of Michigan, Mr. Kostmayer, and Mr. Stokes.

H.R. 2834: Mr. Gingrich and Mr. Campbell.

H.R. 2854: Mr. Wise, Mr. Rahall, Mr. Hansen, and Mr. Howard.

H.R. 2902: Mr. Fauntroy, Mr. Markey, Mr. St Germain, and Mr. Wirth.

H.R. 2907: Mr. Morrison of Connecticut, Mr. Robinson, Mr. Pepper, Mr. Bosco, Mr. Matsui, Mr. Fazio, Mrs. Boxer, Mr. Miller of California, Mr. Stark, Mr. Lantos, Mr. Mineta, Mr. Coelho, Mr. Panetta, Mr. Lehman of California, Mr. Beilenson, Mr. Waxman, Mr. Berman, Mr. Levine of California, Mr. Anderson, Mr. Brown of California, Mr. Bates, and Mrs. Schroeder.

H.R. 3043: Mr. DeWine.

H.R. 3099: Mr. Whittaker.

H.R. 3132: Mr. Gray of Pennsylvania, Mr. Foglietta, Mr. Coyne, and Mr. Conyers.

H.R. 3190: Mr. Borski and Mr. Sikorski.

H.R. 3222: Mr. de Lugo.

H.R. 3237: Mr. Bilirakis, Mr. Ireland, Mr. Sensenbrenner, Mr. Vander Jagt, Mr. Hillis, Mr. Kramer, Mr. Boulter, Mr. Young of Alaska and Mr. Cobey.

H.R. 3252: Mr. Lujan, Mr. Lagomarsino, Mr. Monson, Mrs. Bentley, Mr. Frenzel, Mr. DioGuardi, Mr. Daub, Mr. Sensenbrenner, Mr. Bliley, Mr. DeWine, and Mr. Hyde.

H.R. 3263: Mr. Murphy, Mr. Matsui, Mr. Schumer, and Mr. Fazio.

H.R. 3280: Mr. Siljander, Mr. Saxton, Mr. Mack, Mr. Hiler, Mr. Walker, Mr. Monson, Mr. Weber, Mr. Gingrich, Mr. Armey, Mr. Cobey, Mr. DioGuardi, Mr. MacKay, Mr. Swindall, Mr. Coble, and Mr. Dornan of California.

H.R. 3300: Mr. Moody and Mr. Saxton.

H.R. 3371: Mr. Kindness and Mrs. Bentley.

H.R. 3398: Mr. Conyers.

H.R. 3431: Mr. Weber.

H.J. Res. 7: Mrs. Martin of Illinois, and Mr. Bateman.

H.J. Res. 20: Mr. Conyers, Mr. Hatcher, Mr. Bonior of Michigan, Mrs. Lloyd, Mr. Bustamante, Mr. Shaw, Mr. Hendon, Mr. Matsui, Mr. Crockett, Mr. Emerson, and Mr. Kastenmeier.

H.J. Res. 172: Mr. McKernan, Mr. Livingston, Mr. Schuette, Mr. Anderson, Mr. Sisisky, Mr. Darden, and Mr. Tauzin.

H.J. Res. 254: Mr. Wylie, Mr. Smith of New Jersey, Mr. Gejdenson, Mr. Bliley, Mr. Gingrich, Mr. Smith of Florida, and Mr. Bateman.

H.J. Res. 259: Mr. Darden, Mr. Roberts, Mrs. Johnson, Mr. Tallon, Mr. Lehman of California, Mr. Lehman of Florida, Mr. Torricelli, Mr. Strang, Mr. Scheuer, Mr. Dannemeyer, Mr. Porter, Mr. Daniel, Mr. Mollohan, Mr. Markey, Ms. Oakar, Mr. Weaver, Mr. Coughlin, Mr. Akaka, Mr. Crockett, Mr. Dyson, Mr. Feighan, Mr. Sunia, Mr. Rowland of Connecticut, Mr. Durbin, Mr. Shelby, Mr. Dickinson, Mr. Flippo, Mr. Young of Alaska, Mr. Brown of California, Mr. Young of Florida, Mr. Valentine, Mr. Edwards of California, Mr. Berman, Mr. Moorhead, Mr. Udall, Mr. Stump, Mr. Erdreich, Mr. McCain, Mr. Robinson, Mr. Mica, Mr. Brown of Colorado, Mr. Bennett, Mr. Kramer, Mr. MacKay, Mr. McCandless, Mr. Packard, Mr. Bilirakis, Mr. Ireland, Mr. McCollum, Mr. Fascell, Mr. Shaw, Mr. Lewis of Florida, Mr. Schaefer, Mr. Carper, Mr. Nichols, Mr. Rowland of Georgia, Mr. Anthony, Mr. Wirth, Mr. Mack, Mr. Sharp, Mr. Jacobs, Mrs. Meyers of Kansas, Mr. Gingrich, Mr. Crane, Mr. Fowler, Mr. Smith of Florida, Mr. Hiler, Mr. Annunzio, Mr. Coats, Mr. Price, Mr. Hillis, Mr. Hamilton, Mr. Jenkins, Mr. Gray of Illinois, Mr. Visclosky, Mr. Lipinski, Mr. Madigan, Mr. Alexander, Mr. Stenholm, Mr. Hutto, Mr. Stallings, Mr. Bateman, Mr. Bates, Mr. Hunter, Ms. Fiedler, Mr. Lewis of California, Mr. Shumway, Mr. Levine of California, Mr. Torres, Mr. Lowery of California, Mr. Bereuter, Mr. Hammerschmidt, Mr. Bruce, Mr. Ralph M. Hall, Mr. Lujan, Mr. Skeen, Mrs. Long, Mr. Luken, Mr. Olin, Mr. Whitley, Mr. Craig, Mr. Thomas of California, Mr. Chappell, Mr. McCloskey, Mr. Leach of Iowa, Mr. Bedell, Mr. Tauke, Mr. Huckaby, Ms. Snowe, Mr. Hubbard, Mr. Perkins, Mr. Snyder, Mr. Hoyer, Mr. Frank, Mr. Levin of Michigan, Mr. Bonior of Michigan, Ms. Mikulski, Mr. Bevill, Mr. Tauzin, Mr. Roemer, Mr. Boland, Mr. Wolpe, Mr. Siljander, Mr. Hopkins, Mr. Kildee, Mr. Dowdy of Mississippi, Mr. Mavroules, Mr. Richardson, Mr. Whitten, Mr. Lott, Mr. Neal, Mr. Foley, Mr. Eckart of Ohio, Mr. Robert F. Smith, Mr. Traficant, Mr. Synar, Mr. Applegate, Mr. Sikorski, Mr. Oberstar, Mr. Smith of Iowa, Mr. Montgomery, Mr. Hefner, Mr. McGrath, Mr. Schuette, Mr. Michel, Mr. Broomfield, Mr. Hall of Ohio, Mr. Livingston, Mr. Miller of Ohio, Mr. Wylie, Mr. Regula, Mr. Lightfoot, Mrs. Boggs, Mr. Bustamante, and Mr. Moore.

H.J. Res. 267: Mr. Edwards of Oklahoma.

H.J. Res. 270: Mr. Addabbo, Mr. Borski, Mr. Broomfield, Mr. Burton of Indiana, Mr. Coughlin, Mr. Durbin, Mr. Gray of Pennsylvania, Mr. Levin of Michigan, and Mr. Torricelli.

H.J. Res. 334: Mr. Akaka, Mr. Bartlett, Mr. Bliley, Mr. Dowdy of Mississippi, Mr. Ridge, Mr. Denny Smith, Mr. Thomas of Georgia, Mr. Visclosky, Mr. Walker, Mr. Yates, Mr. Gekas, Mr. Goodling, Mr. Valentine, Mr. Ritter, Mr. Schumer, Mr. Leland, and Mr. Dornan of California.

H.J. Res. 347: Mr. Fish, Mr. Feighan, Mr. Lehman of Florida, Mr. Fazio, Mr. Beilenson, Mr. Coyne, Mr. Anthony, Mr. Levin of Michigan, Mr. Leland, Mrs. Bentley, Mr. Gregg, Ms. Oakar, Mr. Thomas of Georgia, Mr. Mrazek, Mr. Hatcher, Mr. Chandler, Mr. Rangel, Mr. Manton, Mr. Neal, Mr. Pepper, Mr. Erdreich, Mrs. Vucanovich, Mr. LaFalce, Mrs. Boxer, and Mr. Matsui.

H.J. Res. 350: Mrs. Boxer and Mr. Brown of Colorado.

H.J. Res. 377: Mr. Fish, Mr. Livingston, Mr. Shumway, Mr. Pepper, Mr. Lewis of California, Mrs. Bentley, Mr. Berman, Mr. Badham, Mr. Lehman of California, and Mr. Hansen.

H.J. Res. 381: Mr. Crockett, Mr. Smith of Florida, and Mr. Bonior of Michigan.

H. Con. Res. 50: Mr. Gray of Pennsylvania.

H. Con. Res. 166: Mr. Oberstar.

H. Con. Res. 196: Mr. Valentine, Mr. Wirth, Mr. Rangel, Mr. Levin of Michigan, Mr. Berman, and Mr. Barnes.

H. Res. 71: Mr. Savage, Mr. DeWine, Mr. Pursell, Mr. Fazio, Mr. Ortiz, Mr. DeLay, Mr. Stokes, Mr. Miller of California, Mr. Coats, Mr. Garcia, Mr. DioGuardi, Mrs. Roukema, Mr. Gonzalez, Mr. Levin of Michigan, Mr. Barton of Texas, Mr. Solarz, Mr. Monson, Mr. Hertel of Michigan, Mr. Conte, Mr. Jeffords, Mr. Dwyer of New Jersey, Mr. St Germain, and Mr. Tauzin.

H. Res. 216: Mr. Darden, Mr. Saxton, Mr. Armey, Mrs. Holt, Mr. Monson, Mr. Cobey, Mrs. Bentley, and Mr. Edwards of Oklahoma.

H. Res. 245: Mr. Bennett, Mr. Bevill, Mr. Foglietta, Mr. Frenzel, Mr. Fuster, Mr. Murtha, Mr. Myers of Indiana, Mr. Saxton, Mr. Skelton, and Mr. Denny Smith.

H. Res. 269: Mr. Rodino and Mr. Levine of California.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

0224. By the SPEAKER: Petition of the Commissioners Court of McCulloch County, TX., relative to the Fair Labor Standards Act; to the Committee on Education and Labor.

0225. Also, petition of Jeronimo Esteve-Abril, Hato Rey, Puerto Rico, relative to the Internal Revenue Code; to the Committee on Ways and Means.

0226. Also, petition of the Youngstown City Council, Youngstown, OH, jointly, to the Committees on the Judiciary and Energy and Commerce.

EXTENSIONS OF REMARKS

HOW TO SUPPORT THE DEMOCRATIC REVOLUTION

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. GINGRICH. Mr. Speaker, as this body considers the policies toward such nations as Chile and South Africa, this recent advice by Michael Ledeen supplies some very good advice for us. It should be read carefully by every Member:

How To Support the Democratic Revolution

(By Michael Ledeen)

The streets and campuses of our cities once again resound with the voices of demonstrators calling for the United States to "get tough" with its allies. Whether demanding that we sever all economic ties with the Union of South Africa, or that we pressure Philippine strongman Ferdinand Marcos to share power with his opponents, many Americans are clearly unhappy with the close embrace between their country and such regimes. In short order we can expect similar calls concerning our relationship with General Pinochet's dictatorial regime in Chile.

Such protests are by now a standard feature of public life in this country, but the issues raised by the protestors—which have to do with the nature of our alliances and the objectives of our foreign policy—remain among the most controversial in our national debate. The persistence of confusion about the basic purposes of American foreign policy, above and beyond the latest tactical wrinkle ("Nixon Doctrine," "Reagan Plan," or whatever), suggests that we have yet to come to terms with the requirements for America's proper role in the world. What, then, are those requirements?

In recent years we have seen a remarkable series of transformations from dictatorship to democracy, in countries ranging from Turkey and Spain and Portugal to Argentina and Honduras. There is no question that these examples encourage other countries, especially those with a Spanish or Portuguese tradition, to move in the same direction (Brazil, Uruguay, and El Salvador are instances). In addition, there is the encouraging story of Grenada, where armed American intervention overthrew a Marxist dictatorship and returned the country to democracy, representing the first time that the Brezhnev Doctrine (according to which the Communist takeover of any country is irreversible) has been actively challenged. And, in Eastern Europe, there is the most ambiguous but perhaps ultimately no less hopeful case of Poland, where, despite all efforts to suppress it, Solidarity lives on.

If there is one central theme and organizing principle of our foreign policy, it should be to support this movement—which some observers have called a democratic revolution—around the world. Our task is actively to encourage non-democratic governments to democratize, and to aid democratic movements that challenge totalitarian and authoritarian regimes. Not only should this be our objective, in a sense it must be our objective, for without this organizing principle and central theme, even the most brilliantly conceived *Realpolitik* will fail.

Such is the power of our own traditions and of our commitment to the universal value of democracy that Americans will not, for example, support a long-term friendship with a repressive dictatorship; our basic alliances must be with democratic countries, or with countries that are seen to be moving toward greater democracy. There is an important corollary to this axiom: except in extraordinary circumstances, the American people will not long give their approval to a foreign policy based purely or even primarily on abstract considerations of the balance of power.

Some decry this American characteristic, arguing that it makes it impossible to conduct a (presumably more effective) foreign policy, one based on a traditional conception of the national interest. Such criticism, however, is misguided, for the spread of democracy *is* the most basic of our geostrategic interests. If the democratic revolution should succeed, our security will be greatly enhanced; if the democratic revolution is defeated and rolled back, our security will be diminished.

These principles are often less well understood by ourselves than by our enemies, who recognize only too clearly that the existence of free societies threatens them. The vitality of democracy, its appeal to human creativity, and the unlimited range it gives to human development, strike fear into the hearts of those whose power depends upon shackling free people and insisting upon a single "truth." The most aggressive of our enemies, the Communist totalitarians, aim to remove democracy from the earth, in order that they may finally feel completely secure. This point was driven home by the Central American leaders interviewed by the Kissinger commission. Every head of government testified that so long as the Sandinistas were in power in Nicaragua, all chance for democracy in the area would be mortally jeopardized.

The implication is clear enough: if we are serious about the democratic revolution in Central America, we must challenge Nicaraguan (and Soviet-sponsored Cuban) totalitarianism there; if we are serious about the democratic revolution in general, we must challenge Communist totalitarianism in general. Indeed, our struggle with Communist totalitarianism—like our previous war with fascist totalitarianism, and like our struggle with dictatorships of all stripes—is unavoidable, a matter of political principle which is simultaneously a strategic national interest. It is not the other side of the coin, it is the same coin as our support of the democratic revolution.

Needless to say, however, solid unflinching support for the democratic revolution does not mean the abandonment of good sense. American policy-makers cannot be deprived of such essential tools as the choice of the lesser of two evils, the strategic pause, and the wait-and-see. Although we certainly prefer democratic regimes to antidemocratic ones, we should by now also have learned that many of the world's worst tyrants (Stalin, for one) wrap themselves in the mantle of democracy, while some of those we have viewed as hopelessly repressive have actually paved their countries' way from dictatorship toward democracy (Generalissimo Franco providing perhaps the most interesting example). All too often in the recent past, moreover, we have seen dictators friendly to the United States replaced by hostile totalitarians, to the benefit of our enemies and the detriment of our own interests and those of our allies.

Some American policy-makers and intellectuals have concluded from this circumstance that forthright, universal support for the democratic revolution is in fact a dangerous and counterproductive policy, one that will bring us into conflict with some of our most important allies, in areas vital to our national security. The objection is a serious one. How can we continue to maintain close friendships with foreign leaders when we are simultaneously intruding into their internal affairs, trying to get them to dilute their authority and significantly change their political system? More ominously, if we start demanding that South Africa end apartheid or that Marcos share power with his opponents, are we not inviting a reprise of the North Vietnamese takeover of the South and the replacement of the Shah of Iran by the Ayatollah Khomeini, two cases in which a mildly repressive (and friendly) ally was defeated and a far more evil force (both from the point of view of the people living in those countries and of American interests) soon came to dominate the scene?

Yet our having failed in the past does not mean that we must continue the pattern in the future. Our various errors of judgment and omission should not lead us to abandon a policy essential to our interests and of a piece with our national traditions. In part, the Vietnamese and Iranian disasters occurred precisely because we lacked the courage and wisdom to fight for those traditions. Our failure to support the Shah during the crisis of 1979 was criminal, but we could and should have acted in such a way over the preceding quarter-century as to have made the crisis unnecessary. That would have required years (not just months) of steady pressure on the Shah to undertake a gradual liberalization of his regime, to share power with the emerging new middle class (mostly trained in the United States), and to limit his own authority. In this sense intelligent American "meddling" in the internal affairs of other countries is fully justified, for if we encourage allies to become more democratic, it is in order to make their own governments more stable and our alliances more durable.

That having been said, one must add immediately the qualification that it is exceedingly difficult, if not impossible, to achieve a successful transition from dictatorship to democracy in the midst of a violent crisis. When one of our undemocratic allies is under attack from anti-democratic forces that are also hostile to us, our first obligation is to support the ally, and only then to

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.
Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

address the question of greater democracy. In Vietnam, we often acted as if its leaders (and perhaps even the system of government) could be changed without undermining the high morale necessary to sustain the war effort in the South. In Iran, having failed over the years to nudge the Shah toward liberalization, we then conspicuously failed to come to his side in his time of crisis.

There are of course factors inhibiting the successful prosecution of a long-term policy of critical support for undemocratic allies. One of them has to do with the way the Left and the Right in domestic American politics line up on the issue of repressive governments. The Left condemns out of hand governments ranging from South Africa to Honduras to the Philippines while tending to turn a blind eye to left-wing dictatorships and/or actively to support Marxist-Leninist guerrilla movement like the FMLN in El Salvador or SWAPO in Namibia. Moreover, this support often continues even after the guerrilla movements seize power and establish single-party dictatorships. As for the Right, it denounces Communist regimes while tending to take a benign view of even such extreme dictatorships of the Right as Pinochet's Chile, Stroessner's Paraguay, and Argentina under the generals who preceded Alfonsin.

Both the Right and the Left are wrong. The error of the Right is to confuse alliances of convenience with principled, durable rapport. We may indeed sometimes be forced into close working relations with undemocratic or even anti-democratic countries, but as a practical matter we have to be able to show either that our ally is moving toward greater internal democracy or that there is a crisis so grave as to require our holding firm. If the crisis is of insufficient proportions, or if the democratic credentials of the society fail to pass muster, the American public will not long remain convinced of the necessity of the alliance and it will be broken by the winds of political storms. Marcos and Pinochet, as well as their friends in the United States, should have realized long ago that without movement toward greater democracy, America's support would eventually be called into question.

But if the Right frequently misunderstands the role of the democratic ethos in our foreign policy, the Left all too often performs the more damaging role of rendering that policy impotent, by devising abstractly moralistic standards of democracy that no country can possibly live up to. This extremely dangerous tendency was at work during the fall of the Shah of Iran, when the Carter administration—egged on by elements of the media and the universities—contributed to the paralysis of one of our most important allies. In the opinion of many in the Carter administration, the record of the Shah in human rights justified cutting off support in his hour of need. They held to this opinion even though, in the context of the Middle East, Iran was a remarkably decent place, and even though there was every prospect that a change in regime would make things far worse.

At the same time that the Left holds our allies to impossible standards, it tends to exempt our left-wing opponents altogether, taking their every encouraging word at face value and even urging patience and understanding in the face of barbarisms committed by self-proclaimed "revolutionary" regimes. The cases of Cambodia and Communist Vietnam leap to mind, as does that of the Ayatollah's "revolution," which at the time was mistaken for a movement of the Left and defended as such. During the 1982 war in Lebanon, to cite another example, the systematic terror visited by the PLO upon southern Lebanon over the previous seven years was hardly ever mentioned in the liberal press. (David Shipler did finally write about it in the New York *Times*, but only after the first wave of fighting was over.) It is not as if the Cambodian and Vietnamese Communists, or the Iranian Shi'ites, had neglected to provide detailed descriptions of what they were planning to do once they came to power, or as if the PLO's activities in Lebanon were a secret. The Left simply declined to believe what was there to be seen; it thereby contributed its own decisive share to the American policy fiascos of the recent past.

If our support of the democratic revolution is to have any chance of success, then, the first thing we must learn to do is to assess, realistically, the difference between our friends and our enemies. The second thing we must learn, or relearn, is the difference between authoritarian and totalitarian dictatorships. As it happens, most of our undemocratic allies fall into the former category, most of our enemies into the latter. As it also happens, the prospects for achieving democratization are much brighter in the former than they are in the latter.

The reason is a simple one. In authoritarian dictatorships, the repressive power of the regime generally rests with a single individual or ruling group, and if that individual or group passes from the scene, then meaningful change becomes possible. In authoritarian Spain, once Franco died, the system evolved in a very few years into a full-fledged Western democracy. In totalitarian dictatorships, by contrast, it is the system itself that performs the evil work, generally through the instrumentality of institutionalized terror. Nor does the perpetuation of the system depend upon any single individual: in the Soviet Union, with the death of Lenin, Stalin stepped forward, and after him there have been others, while the system has remained fundamentally unchanged.

The capacity of authoritarian regimes to change does not even depend upon the death or removal of their leaders; in Central America, the military regimes of El Salvador, Honduras, and Guatemala have shown themselves quite able to provide for a smooth transition from dictatorship to democracy. The Salvadoran army has been a driving force behind the successful democratization of the country. In Honduras, the army stepped aside in favor of a freely elected civilian government, while in Guatemala free elections have been promised and a new constitution is being drafted, under the eyes of the current military dictatorship. Farther to the south, Uruguay and Brazil are following suit.

Not only is the democratic revolution more likely to succeed in authoritarian counties than in totalitarian ones, where transitions of this kind are not possible, but our own best chance at helping to bring about the necessary transformation is in countries friendly to us—*provided* that we are perceived by them as steadfast allies who, while calling for change, nonetheless respect and are willing to defend their integrity against our common enemies. That such a strategy can work is demonstrated by the example of Turkey, where we recognized the legitimacy of a military dictatorship that was installed because the country had fallen prey to a violent wave of terrorism, but urged the generals to restore power to the civilian politicians as soon as possible. Once the terrorist threat was quelled, this is exactly what the generals did.

In the Philippines, what the future holds is uncertain. We have, currently, given Ferdinand Marcos two messages: we will support him, but there is a limit to our patience. This tacit threat has real credibility in the Philippines, where we have considerable economic and political leverage, and where we can also contemplate without alarm the possibility that Marcos might be replaced by his most outspoken opponents. Over time, the Philippines will either evolve toward greater democracy or undergo violent internal conflict. The country will not put up with Marcos forever, and neither should we: if Marcos is unwilling to reform, we should seriously contemplate organizing the opposition and supporting it against him, provided the opposition is democratic and its leaders are talented and mature enough to see the country through the difficult transition. If these qualities are lacking, then we will be faced with the unpleasant but unavoidable task of selecting among several poor alternatives.

South Africa is a different matter altogether, because we are morally opposed to the very basis of South African society. No American government can long refrain from outspoken criticism of apartheid, and over the long term, barring a major crisis, if there is no evidence of evolution toward democracy the American people will make it impossible for an administration to work closely with Pretoria. But there is also no gain saying the fact that we are in almost complete agreement with Pretoria in international affairs, and there are good reasons to fear that a drastic change in South Africa might prove so destabilizing that we, and the entire West, would pay an enormous strategic price for it.

Had Robert Mugabe's Zimbabwe turned out to be more democratic and more tolerant of its white and black political opponents, one might be more sanguine about demanding one man/one vote in South Africa; but as things stand today, the United States can hardly urge South Africa to follow the example of what was once Rhodesia. Then again, had we the capacity for real covert action, we might secretly support the democratic element of the South African opposition while openly supporting the Pretoria government; but this strategy is not available to us, because we can no longer keep such actions secret. The problem, in short, is probably the most agonizing one we face in our foreign policy.

Yet with regard to the regime in Pretoria, as well as similar, less hateful regimes elsewhere, it cannot be emphasized too strongly that whatever influence we do have will be frittered away entirely unless our allies can be confident that we will not abandon them. That is why today, the great touchstone of American credibility is Central America. It is there that the democratic revolution has the brightest prospects, and there that our commitment to the democratic revolution is being most severely tested. The challenge is all the more dramatic because it is taking place close enough to our borders to constitute an issue of national security.

We have quite vocally stated in Central America that we will not tolerate any further expansion of Soviet/Cuban/Nicaraguan power. Yet we have not acted in accordance with that declaration. Despite the near-universal recognition that Nicaragua is heading internally toward Communist totalitarianism, that it represents a major Soviet beachhead in our hemisphere, and that it is indispensable to the guerrilla war conducted by the FMLN in El Salvador and by other like-minded groups in Honduras and Guatemala, Congress has decreed that we may not challenge the Sandinista regime in Managua. Nor has the Reagan administration fought hard enough to retain financial support for the contras.

The net result is that it is now an open question whether the United States will bring any meaningful pressure to bear on our Cuban and Nicaraguan enemies, or whether we will leave them free to set the level of conflict in El Salvador and the timing of their attacks throughout the hemisphere. If the latter should turn out to be the case, then we will have sent another depressing message to those around the world who contemplate taking up the struggle for the democratic revolution and who have looked to us as its ultimate defender. We will have told them that Vietnam and Iran are the enduring models of American policy, and that Grenada was simply a momentary aberration.

If we fail in Central America, regimes from Manila to Pretoria will be the more likely to reject our suggestions for change, reasoning that they have only themselves to depend upon in the face of their enemies. The same goes for southern Asia, where the government of Pakistan must decide how much support to give to the freedom fighters of Afghanistan; after all, if the United States cannot protect a nearby ally against Nicaragua, can it be expected to shelter a distant friend against the Soviet Union itself? And the same goes too for northern Africa where the foes of Libya's Muammar al-Qaddafi may be tempted in desperation to seek an accommodation if Libya should offer it.

The list can be extended, from Solidarity in Poland to the refuseniks in the Soviet Union, from the opposition to Castro in Cuba to the democratic foes of Pinochet in Chile. It is only by remaining true to our principles—which in Central America means supporting the democratic revolution in El Salvador, Honduras, and Guatemala, while exerting our utmost effort to thwart and ultimately reverse the totalitarian advance—that we can confidently expect to find others willing to take their own risks for freedom and democracy.

FATHER MALONEY RETIRES AFTER 51 YEARS OF SERVICE

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. KANJORSKI. Mr. Speaker, it is my great pleasure to inform you and my fellow Members of the House of Representatives of a special dinner that was held on September 29, 1985, to honor the retirement of Father Andrew P. Maloney.

Father Maloney has devoted a lifetime of service to God and to his community through his spiritual guidance and leadership. Born on June 1, 1908, in Archbald, PA, Andrew Maloney was educated in Archbald schools and graduated from St. Thomas High School in Scranton and the University of Scranton. He completed his studies for the priesthood at St. Bernard Seminary in Rochester, NY, and later received an M.S. in education from Marywood College.

Father Maloney was ordained on May 26, 1934, in St. Peter's Cathedral in Scranton by Bishop Thomas C. O'Reilly. He has served at St. Matthew's in Stroudsburg, St. Gabriel's in Hazleton, St. Mary's Help of Christians in Pittston, St. Bernadette's in Canadensis, and St. John the Evangelist in Wilkes-Barre. Father Maloney has served as pastor of St. Francis of Assisi Church in Nanticoke since December 9, 1975.

America became a great nation from the strength of faith of its people. We have all benefited from the selfless devotion of men and women like Father Maloney, who have given the most any individual can give—the service of a lifetime for a higher goal. It is easy to forget the sacrifices that our spiritual guides have endured to bring God's message of love and peace to the world. In our times of trouble we depend upon the strength and wisdom of people like Father Maloney, and it is only fitting that we share a moment of joy in the commemoration of Father Maloney's lifetime of labor and love.

Mr. Speaker, it is a pleasure and a privilege to be able to honor Father Maloney's distinguished service to his God, to his church, and to his community.

IMMIGRATION REFORM VERSUS SPECIAL INTERESTS

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. GARCIA. Mr. Speaker, the September 22 edition of the New York Times contained an editorial on S. 1200, the Senate immigration reform bill. While I do not agree with everything the Times has to say—on immigration reform—they support employer sanctions, I do not—I, nonetheless, believe that they are right on target regarding their opposition to the expansive Guest Worker Program (read: bracero) contained in S. 1200.

In addition, this past week the Washington Post ran an article on the administration's support for such a program. That article also points out that the administration representative offering support for the 'Guest Worker' Program was Deputy Agricultural Secretary John Norton, a grower of perishable crops, whose farming camps have been criticized for their substandard conditions.

I commend both articles to my colleagues, and ask that they carefully consider this aspect of immigration reform.

[From the New York Times, Sept. 22, 1985]

GIVING IMMIGRATION THE BUSINESS

Once, walking through this apricot orchard, a California grower was asked what would happen if congress reformed immigration law, sharply curtailing illegal farm workers. "I'd go out of business the next day," he said. In that case, how much could he sell his land for? "Who said anything about selling the land? I'd cut down the apricot trees and plant walnuts. You don't need to pick walnuts; you can shake them down."

The story, told by a student of immigration law, tells something about how Western growers last week shook down the Senate, in a blazing example of special-interest politics. The Senate finally passed immigration reform, but only after nearly giving away the farm.

The damage need not be mortal. It was contained by a later amendment and can be mitigated in the House. In any case, farm workers account for only about 15 percent of illegal entrants. Controlling the illegal flow remains worthy of support from all those, right and left, who have spoken for it so forcefully. What most needs to be heard now is the voice of the President.

The heart of the reform bill is the correction of a glaring wrong in present law, one that encourages hundreds of thousands of illegal migrants: It is illegal for them to work in this country but it is not illegal to hire them. Under the legislation, sponsored this year by Senator Alan Simpson, Wyoming Republican, and Representative Peter Rodino, New Jersey Democrat, the Government could finally go after the employers, too.

"Hardship!" insist the growers of perishable fruits and vegetables "We need special treatment!" Sometimes, truly, they do. sometimes they cannot find enough domestic workers for the harvest. Without access to experienced foreign workers, crops would rot. Yet at other times, it is easy to believe that the growers are really clamoring for something else, not labor that is experienced but labor that is cheap.

Senator Simpson's bill responds to the plea of hardship. It would make importing foreign workers easier under present law. The bill also offers special treatment. All other businesses would have to stop hiring illegals immediately. Growers would get three years to comply gradually.

What did the growers say to all this? Not good enough. They launched a costly campaign for treatment that is even more special. Last week they got it, in the form of what might be called the Wilson Workers. Senator Pete Wilson, California Republican, persuaded his colleagues to create, just for growers, an astonishingly large army of seasonal farm workers, up to 350,000 at a time. All a worker need do to get a nine-month visa is apply for it. Monitoring all those workers to see that they go home after nine months would not, however, be so simple.

What's a torpedo like that doing in a bill intended to give the nation more control of its borders? The motive was not need, Senator Simpson said, but greed. Such thoughts must have occurred to many senators after they voted to create wave after wave of Wilson Workers. The next day, they limited the program to three years.

The Senate's passage of the whole bill leaves two hurdles. The House passed it with difficulty last year, before it died in conference. With Chairman Rodino's lead, it may pass more easily this year. In the process, the House could insist on sharply reducing the Wilson Workers.

The final hurdle is the President. Attorney General Meese professes strong Administration support for the legislation. But the bill has been attacked by White House guerrillas before. This is a fine time for a strong word from President Reagan, espcially considering that Senator Wilson, the grand panjandrum of all those Wilson Workers, is from Mr. Reagan's own party and state.

What does the President, such a determined foe of iniquitous "special interests," think of what the California growers have wrought? Does he believe that Wilson Workers will strengthen America's capacity to control its borders? Most of all, does he want immigration reform? If he does, this could finally be the year. But he has to say so.

[From the Washington Post, Oct. 1, 1985]

GUEST WORKER OPTION OFFERED—ADMINISTRATION WOULD LET FOREIGNERS HARVEST PERISHABLE CROPS

(By Mary Thornton)

The Reagan administration, pushing for an overhaul of the nation's immigration laws, yesterday outlined a compromise "guest worker" proposal to allow an unspecified number of foreign workers to enter the United States temporarily to harvest perishable crops.

The administration plan, introduced at a House Judiciary subcommittee hearing would:

Set up a temporary farmworker program for growers of "truly perishable" crops and would allow workers to move from grower to grower during the harvest season.

Require the Justice Department to determine that domestic workers are not available for the jobs.

Give foreign workers legal protections in the areas of housing standards, wages and labor organizing rights.

Create a special commission to decide how many temporary workers should be admitted. The commission would set a cap on admissions after two years and make annual reductions of 5 percent to 20 percent a year afterward.

Under heavy pressure from lobbyists for major growers, the Senate last month passed an amendment to admit 350,000 foreign workers at any one time for periods of up to nine months to harvest perishable crops. Opponents added language to end the program after three years unless Congress reauthorized it.

Until yesterday, the administration had not taken a position on the guest-worker program. "This issue must be dealt with in a pragmatic, reasonable manner . . . to avoid potential efforts to bring this legislation down," said Immigration and Naturalization Service Commissioner Alan C. Nelson, testifying before the subcommittee.

Growers of perishable crops, most of them in the West, say domestic workers do not want the harvesting jobs. Organized labor argues that domestic workers are available, but growers fire them and discourage unionization so they can use cheap foreign labor.

Dolores Huerta, first vice president of the United Farmworkers of America, charged that there are unemployed Americans and legal aliens who would like the jobs but are not willing to work for the wages of as little as $2 per hour that the illegal workers receive.

Meanwhile, the hearing deteriorated into a partisan shouting match after Huerta charged that Deputy Agriculture Secretary John R. Norton III, who had testified earlier on the administration proposal, kept workers in inhumane living conditions and had been found in violation of California's Agricultural Labor Relations Law.

"Knowing that I would be testifying today, Mr. Norton's employes asked that I tell the committee that in the Salinas lettuce labor camp they live in, they are not given mattresses or bedding, the toilets are filthy and stopped up, the showers are broken and the camp has been condemned. Petitions to the manager have had no results. But each worker pays $60 per week for his board at the camp," Huerta said.

Norton, who still has large fruit- and vegetable-growing operations in Arizona and California, had left the room by the time Huerta began her testimony. He was unavailable for comment later in the day. Earlier he said he has not participated in day-to-day management decisions in his farming operations since he joined Agriculture last May.

A spokesman for Norton said that housing and food for the workers at the Salinas lettuce operation are provided by a contractor, not by his company. He said that rent is not charged and that meals cost about $8 per day.

Huerta also brought up violations by Norton's company of California agricultural labor laws, mostly dealing with reprisals against workers involved in union activities. The same issue came up in his nomination hearing and was not considered important enough to threaten his confirmation.

STUDENTS HELPING STUDENTS: A UNITED STATES-LIBERIAN CONNECTION

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. FRANK. Mr. Speaker, we spend a lot of time in this body debating the U.S. foreign assistance program in terms of overall funding levels for each country and program and in the process we often lose sight of the important role played by the many devoted individuals who have given their time and energy to aid the developing nations of the Third World. The Peace Corps is a model of this volunteer spirit, and thousands of people have given years of their lives to this effort. Michael Quinn, a constituent of mine who is serving as a Peace Corps volunteer in Liberia, is coordinating a school construction project which is being partly financed by donations from American high school students. I want to commend Mr. Quinn and the students of Coon Rapids High School for their good work. I ask that a Peace Corps press release discussing this project in greater detail be reprinted here.

WASHINGTON—Students at a Minnesota high school have shown their concern for the well being of their fellow students in a rural community in Liberia, Africa, by raising some of the funds necessary to build a new school there.

The members of the #1 Key Club of Coon Rapids High School, at the suggestion of advisor Lewis Peterson, will donate $500 towards construction of a local elementary school for the rural community of Yila Camp in Liberia. The assistance will be coordinated by the Peace Corps Partnership Program, through Volunteer Michael Quinn of Westport Point, Mass.

Quinn made the request after finding that the village in which he was serving was six miles from the nearest elementary school. "This distance makes it difficult to commute," Quinn observed, "especially in the rainy season, which runs from May to October. The other concern is walking on the path in the dark can be dangerous with the high number of poisonous snakes."

As with all Peace Corps Partnership Program undertakings, the Yila Camp project will utilize as many local resources as possible, renovating with community labor several abandoned buildings as a basis for the new school. Funds donated by the Coon Rapids club will be used for the purchase of zinc roofing, cement and other essential building materials.

Peace Corps Director Loret Miller Ruppe notes that "$500 is about the total yearly income of one Liberian, and will therefore be quite significant."

The Liberians will provide their Minnesota sponsors with periodic updates on the progress of their school and information about day to day life with their community, thereby maintaining the cross-cultural sharing which is one of the goals of the Peace Corps.

In the last 20 years, the Peace Corps Partnership Program has helped the American private sector provide more than $3 million for 2,000 self-help projects in 90 developing nations around the globe. Individuals, school groups, corporations and foundations may make tax deductible contributions. For further information on becoming a partner, write: Peace Corps Partnership Program, 806 Connecticut Ave., N.W., Washington, D.C. 20526. Or call, toll-free: (800) 424-8580, ext. 227.

INTRODUCTION OF THE STRATEGIC CAPITAL RESERVE ACT OF 1985

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. LUNDINE. Mr. Speaker, last week, for the first time in 5 years, the Reagan administration acknowledged that the value of the U.S. dollar on international currency markets is excessively high and a threat to U.S. economic prosperity. The dramatic meeting and dollar communique issued by the leading five industrialized nations of the world is a major breakthrough in the struggle to moderate and stabilize the value of the dollar on international currency markets. But that communique is only one of the important steps in what must be protracted process to achieve the goal of a lower, fairer, and more stable value for the U.S. dollar. This is clear when we observe that after daily gyrations, the value of the dollar today remains at about the level when the communique action was taken.

Today, I am introducing the first of two bills to provide a sustained short- and long-term program to lower and stabilize at a more competitive rate the value of the dollar on foreign exchange markets. The proposal I am introducing today, the Strategic Capital Reserve Act of 1985, has been introduced in the Senate by BILL BRADLEY. The purpose of this bill is to provide some powerful tools to help achieve short-term progress toward dollar moderation. The purpose of a second bill I will introduce

next week will be to achieve fundamental long-term structural reform of the international monetary system.

The U.S. dollar remains 30 to 40 percent inflated in terms of the underlying competitive position of the United States. This means that U.S. exporters carry a 30- to 40-percent tax when they try to sell their goods abroad, while foreign firms enjoy what amounts to a 30- to 40-percent subsidy on their exports to the United States. Economists estimate that over 50 percent of the $150 billion U.S. trade deficit is owing to the misalignment of the dollar against other major international currencies.

The longer the dollar hovers at such extraordinarily high levels, the more irreparable the damage done to our domestic economy. Because it is cheaper to produce abroad with a dollar valued as it is today, U.S. firms are making irreversible decisions to move production offshore. The movement of U.S. production abroad, the inability of U.S. firms to export, and the handicapping of U.S. firms competing against foreign imports is threatening to deindustrialize our economy.

I am convinced that we need both a short-term and long-term program to lower and stabilize the value of the dollar at an acceptable level. The Strategic Capital Reserve Act, which I am introducing today, would provide important immediate tools to help establish a sustained program to drive down the value of the dollar and stabilize it at an acceptable level.

The bill requires the Federal Reserve to purchase at least $3 billion in foreign exchange during each quarter when the current account deficit has been greater than 1.5 percent of gross national product for at least 1 year and the dollar is 15 percent above the level needed for a balanced current account. This action would be taken in coordination with the central banks of Germany, Japan, the United Kingdom, and France. Under the provisions of this bill, the purchase of these foreign currencies would not be offset domestically through the sale of Government securities. Because this type of currency purchase will increase the availability of dollars in the overall monetary system, it will help drive down the value of the dollar or moderate its rise.

Under the provisions of this bill, the foreign exchange which is purchased by the Federal Reserve would be placed in a strategic capital reserve in the U.S. Treasury. These reserves then would be available to help counteract precipitous falls in the value of the dollar which could prove as destabilizing to our domestic economy as the rises we have experienced since 1980. The strategic capital reserve would thus become an important tool for stabilizing the dollar at an appropriate level over time.

In the final analysis, however, intervention in the international currency markets can only play a very limited role in bringing down the value of the dollar for any protracted period of time. More fundamental adjustments in the economies of the major industrialized countries are necessary to achieve a lasting decline in the value of the dollar at a more acceptable level. Clearly, for example, the U.S. Federal budget deficit remains a major impediment to bringing down interest rates and the value of the dollar. Likewise, the sluggish growth present in the economies of many of our industrialized trading partners is also a major impediment.

Multilateral coordination is going to be necessary to achieve the kind of macroeconomic policy adjustments both here and abroad needed to reassert stability in the international monetary system. The bill I am introducing today makes an important first step in this process. It requires the President to establish a 1-year international commission involving the major industrialized countries to develop a strategy for achieving macroeconomic adjustments in their respective economies. Such a commission could keep the important start which began just 1 week ago moving forward toward productive cooperation between major industrialized countries.

I urge you to join with me to make clear the U.S. intention to act to lower the value of the dollar. The provisions of the Strategic Capital Reserve Act will help sustain a workable short-term program to bring the dollar in line. Legislation I will introduce next week will establish the framework for a longer-term program for reforming the international monetary system which I believe is also necessary to prevent a reocurrence of the present difficulties with the dollar in future years.

ENTERPRISE ZONES PROVING TO BE SUCCESSFUL

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. KEMP. Mr. Speaker, year after year state and locally sponsored enterprise zones are proving to be a substantial, positive step toward relieving the unemployment and economic stagnation of inner cities and other depressed areas across the country. By encouraging investment and providing jobs for underprivileged zone residents, these programs have begun to rebuild depressed communities and raise the standards of living of their inhabitants.

I would like to share with my colleagues this informative article from the September 23, 1985 edition of Barron's concerning the success of State sponsored enterprise zone programs. As the article points out, the results of these programs provide Congress with a unique opportunity to study the impacts of such programs prior to initiating one at the Federal level. Based upon their widespread success, I urge my colleagues to pass enterprise zone legislation at the Federal level this year.

The article follows:

Not Crying Uncle—States Are Taking the Initiative on Enterprise Zones

(By Dick Cowden)

Enterprise zones are one of President Reagan's favorite causes. They characterize his approach to the economy, to federal interaction with the states and to tax policy. The familiar Reagan themes of reliance on local initiatives, private-sector solutions to social problems and encouragement from federal tax incentives are as much trademarks of this President as his jellybeans.

Yet enterprise zones have never become federal law. Compared with many of the compromises the Administration has struck with Congress—MX missiles, budget cuts, Contra aid—a zone bill should have been easy. The original congressional sponsors, Republican Rep. Jack Kemp and Democratic Rep. Robert Garcia, both of New York, are still chagrined that their bipartisan intentions became mired in controversy.

"We expected in the beginning that more Democrats like myself who don't buy the whole Reagan agenda would recognize zones as a unique chance for accommodation with Republicans and the White House," says Garcia.

Zones as shibboleth of Reaganism bother some Democrats much more than zones as urban policy. The federal proposal's close association with Kemp also has hampered the bill's progress in the House. It has passed the Senate twice.

To many, the proposal is a symbol of conservatives' determination to cut urban spending. Over the past five years, zones have faced sometimes stiff opposition from representatives of the very districts that would receive federal designations. Rep. Charles Rangel, a Harlem Democrat, has likened the Administration's proposal to giving aspirin to a cancer patient. Yet even he has worked behind the scenes to formulate a compromise bill.

Rangel, along with those who are more critical, object to the leading proposal's emphasis on tax relief to attract business to the inner cities. (The Administration-backed bill would eliminate all capital-gains taxes for businesses in a zone, increase the investment tax credit for them, and offer employers 10% tax credits for all new hires—50% credits for disadvantaged workers. Critics contend that zones wouldn't provide other, more crucial requirements for new business activity such as job training, access to seed capital and technical assistance to fledgling entrepreneurs.

Slightly more charitable critics, such as House Budget Chairman William Gray of Pennsylvania, concede that at least zones would provide "another arrow in the quiver." During the 1984 Presidential campaign debates, even Walter Mondale seemed to be sending a signal to his fellow Democrats when he said, "I don't mind those enterprise zones—let's try them."

Proponents admit that the enterprise-zone approach is a fundamental departure from direct programmatic assistance to business. But they defend the federal incentives as potentially powerful calling cards for companies to locate in older and riskier neighborhoods.

Increasingly, they point to the 19 states that have established zones in more than 450 communities as indicators of results that could be expected from a federal policy. Says Lee Verstandig, Undersecretary of Housing and Urban Development: "While Congress has dragged its feet, the states have continued to move forward with the concept. The states have demonstrated the incentives and the scoreboard reflects new jobs and opportunities. But the question still remains how much more successful and effective could it be with enactment of federal legislation.

HUD lists 26 states as having some form of zone policy (seven have yet to implement the program); at least one state has enacted a zone bill during each year since 1982. At least eight states have worked on new zone legislation this year, and others are holding interim hearings in preparation for action in 1986. New zones are being established virtually every month. Long-run prospects for some level of federal participation may be improving simply because of the growing number of congressmen with zones in their districts.

The way enterprise zones have come into being—first as a federal proposal, then as state initiatives unaided by Washington—has offered Congress a rare opportunity to evaluate a policy before supporting it. Federal housing officials acknowledge that the states have already provided most of the necessary field testing. HUD now has a good idea of how zones with federal incentives would perform and has considered alternatives to its three-year old plan to designate 75 experimental zones.

Rather than waiting for House Ways and Means Chairman Dan Rostenkowski to change his mind and schedule a mark-up for the bill, some proponents in Congress and the Administration are seeking to quietly build upon the states' zones. In June Republican Rep. Steve Bartlett of Texas offered an amendment to the housing appropriations bill that would have directed the HUD and the Farmers Home Administration to give priority to applications for projects in existing zones. The measure failed 20-18, with all but four of 23 Democrats on the Banking Committee's housing panel voting no.

In another recent development, the Banking Committee in July reported out that portion of the enterprise zone bill over which it has jurisdiction. If that proposal wins a floor vote, the Secretary of HUD might actually have the power to begin designating zones, though without federal tax incentives. The move could open the door to adding incentives.

Another approach is a House bill from Democrat William Coyne of Pennsylvania to create 5% set-asides in existing programs such as community-development block grants and urban-development action grants as "carrots" for local efforts to upgrade zone infrastructure and services. Since such provisions wouldn't involve tax incentives, they could win approval without the blessings of Ways and Means.

Even the tax-reform measure now being marked up in the Ways and Means Committee is being studied as a vehicle for federal incentives. Committee members are looking at formulas to protect poor areas from the tax bill's assaults on industrial development bonds, targeted job tax credits and, possibly, investment tax credits. The advantage of this strategy: It would require no new tax incentives, but would still give depressed neighborhoods an edge in attracting business.

Most of the headlines on enterprise zones have been made locally rather than in the national media. But city by city, zones have become a big story, with their very designation often sparking interest and debate. By now most cities and states with zones have evaluated their performance, and so far the news has been good.

A few zones have been so impressively successful, even detractors acknowledge the results but point to other programs contributing to the process. The quickly reviving Washington Street area in Norwalk, Conn., for example, has been the benificiary of federal redevelopment assistance since the late 'Seventies, long before its 1982 zone designation. Local redevelopment officials diplomatically explain that they see no conflict in targeting such funds in ways that complement the zones' tax incentives.

Despite claims that zones wouldn't "work," most zones can at least be said to have helped. HUD's latest estimate identifies about 50,000 jobs created and $2 billion invested in state-designated zones since 1982.

A small minority of zones have recorded little or no improvement, but even failures aren't costly to sponsoring governments because tax abatements apply only if companies invest in new or expanding operations. The states and cities indicate that revenues they forgo to attract businesses aren't missed because they often generate jobs for people drawing on state relief programs. States that have completed cost-benefit studies of the zones report positive ratios of new payroll taxes to uncollected revenues. The reality of the state-designated zones has been that they provide gradual but real improvement in the business climate of inner-city area—not grand transformations, but not boondoggles either.

None of the early dire predictions about the policy have come true in the state zones. For example, critics have warned that deregulation provisions would lead to substandard buildings and food poisonings in uninspected restaurants. In practice, states have specifically avoided tampering with safety standards, while making useful changes in obsolete zoning rules and "fast tracking" permit applications.

Organized labor's charges that zones are an anti-union idea have proven unfounded. A number of local governments have involved unions in monitoring of the program, and in Louisville, City Hall has actually signed a zone-specific, no-strike agreement with the local building-trades council.

As public awareness of the zones improves, proponents are becoming more confident that they're winning the war for a federal policy. Both Kemp and Garcia credit the state's activity with sustaining momentum for the congressional initiative.

"The states are clearly light years ahead of the federal government in making the concept of enterprise zones a reality," says Kemp, "and their successes are reinforcing our case for the enactment of federal legislation."

Referring to a new version of the bill, which he and Kemp introduced at the beginning of September, Garcia states: "We have drafted a new enterprise-zone bill that we hope reflects the realities of other developments in tax and budget policy. We will again appeal to our colleagues to set aside partisan differences for the greater good of helping distressed neighborhoods."

Although Washington still regards enteprise zones as an untried concept, at the local level they are real indeed, and are having an impact on companies' site selections. Following are a few examples of zone initiatives that have clearly influenced companies to locate in areas where disinvestment and loss of jobs had been the pattern.

In Louisville, the Lanham Lumber Co. was the first new business to apply for and receive certification under the city's enterprise-zone policy. Shortly after the zone's designation in 1983, Lanham was looking for a production site. One prospect was outside the area and another was in the Louisville suburbs, but Lanham chose to acquire and rehabilitate a 28-acre abandoned barrel-making facility in the Louisville enterprise zone.

Ron Lewis, the firm's executive vice president, says there's no doubt that the enterprise-zone program tipped the decision in favor of the inner-city property. The company, which has invested about $3 million in the site, saved 5% on its leases and equipment purchases through the zone's sales-tax abatement. Police and fire agencies consulted with the company on increasing security and fire protection.

The state manpower-services office interviewed the hundreds of applicants who applied for Lanham's 40 new jobs. Not only did this screening satisfy the Kentucky law's requirement that at least 25% of the new employees live in the zone or qualify as disadvantaged, it got the lumber company the best workers in the area.

In March Lanham leased part of its site to another woodworking business. The combined payroll of the two firms is about $1.5 million yearly, which Lewis proudly notes has had a tangible effect on the neighborhood. "We see people painting and improving their houses around here. We see people wearing newer clothes. We see new cars in our parking lot. When we started up, there were only two cars parked here. Now about half of our employees drive to work."

Since New Jersey began designating zones late in 1984, companies have made commitments to create more than 6,800 jobs. Each of the first two zones, in Camden and Newark, has received pledges for about 2,500 new jobs. One of the more notable new investments is Krementz & Co., a jewelry manufacturer that had been in Newark since the 1870s. Krementz decided to commit $6 million-$7 million to consolidate and expand its operations on a four-acre site in Newark's zone.

Says Robert S. Jones, Krementz's vice president and general counsel: "the incentives were very definitely a factor in our decision. The exemption from sales taxes for building materials and new equipment had an impact on our construction costs." In addition to this "one shot" incentive are tax abatements on retail sales, which Jones sees as providing continuing relief.

The state also offers a $500 tax credit to a company hiring anyone who lives in the municipality sponsoring the zone and a $1,500 credit if the new employee had been out of work for at least 90 days or was receiving public assistance. Jones says this would affect the company's plans to increase the workforce by 65-100 people.

Evansville, Ind., knew it was in trouble when a major appliance manufacturer decided two years ago to end operations there. Its impending loss figured into the city's successful application to the state for enterprise-zone status.

This winter the zone paid off with an announcement by the Zayre Corp.'s discount-clothing division that it would locate its new regional distributorship in Evansville. The $55 million T.J. Maxx facility will occupy a million square feet on 120 acres in the zone and will employ more than 1,200 workers, with zone residents getting preference in hiring.

Diane Lupke, the Indiana Commerce Department's enterprise-zone director, says that T.J. Maxx will receive credits based on its inventory tax liability and special employee training services over and above those normally available in Indiana. "The enterprise zone was critical in Zayre's selection of this site for its distribution facility," she states.

MONSIGNOR JOSEPH A. MADDEN TO BE HONORED

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. KANJORSKI. Mr. Speaker, it is my pleasure to bring to your attention and the attention of my colleagues here in the House of Representatives the accomplishments of a great man from Pennsylvania's Wyoming Valley. The Reverend Monsignor Joseph A. Madden, PA., VF. will be honored on October 6 at a special dinner commemorating his enormous contributions to the spiritual and moral guidance of the people of this area.

Monsignor Madden was born in Mahanoy City, PA, the son of John and Rose McGonigle Madden. He was educated in the schools of Hanover Township, attended Saint Thomas College in Scranton—now the University of Scranton—and Saint Bernard's Seminary in Rochester NY. Soon thereafter, he enrolled in the Collegio Brignole, Sale Negroni, Genoa, Italy.

At the completion of his theological studies he was ordained to the priesthood on June 11, 1938 in Genoa, Italy by His Eminence Cardinal Boetto, S.J.

Upon his return to the United States, Monsignor Madden was appointed assistant pastor at Saint Joseph's Parish, Matamoras. Following that appointment, he served as assistant pastor at Saint Rocco's Parish in Dunmore, PA; Saint Lucy's in Scranton; Saint Francis in Nanticoke; and Saint Peter's Cathedral in Scranton. He left Saint Peter's on June 4, 1947 to assume his duties as vice chancellor of the Diocese of Scranton.

In addition to serving as vice chancellor, the Monsignor Madden has served as an instructor at the University of Scranton and has been chaplain to both the Senior Catholic Daughters in Nanticoke, and the Knights of Columbus in Scranton. He was also master of ceremonies to several bishops.

By virtue of his outstanding contribution to the diocese, Monsignor Madden was named chaplain to His Holiness, Pope Pious XII, with the title of reverend monsignor on May 25, 1948. On October 22, 1956, the monsignor was appointed chancellor of the Diocese of Scranton, and in June of 1957 he was named a prelate of honor.

Monsignor Madden is chairman of the building commission and a member of the board of consultors. He was named prothonotary apostolic upon the recommendation of His Excellency the Most Reverend J. Carroll McCormick in May, 1968.

The monsignor was appointed pastor of Saint Mary's of the Immaculate Conception Parish in Wilkes-Barre on December 15, 1971 by Bishop McCormick. And, on October 22, 1973 he was appointed vicar general of the Diocese of Scranton.

Mr. Speaker, it should be clear to anyone who learns of Monsignor Madden's long history of service that he is a man who has devoted not just his life, but his full spirit to the guidance and support of his church and its members. His accomplishments give irrefutable testimony to his dedication to God and community. It is my great pleasure to commend the Reverend Monsignor Joseph A. Madden to you and my colleagues at this time.

RESOLUTION BY THE CITY COUNCIL OF SANTA CLARA, CA

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. MINETA. Mr. Speaker, the city of Santa Clara, CA, lies within the 13th Congressional District, which I represent. The city council of that city has unanimously adopted a resolution, which at the council's request I am inserting into the RECORD for my colleagues' information.

This resolution addresses the important issue of relicensing hydroelectric projects, and I urge my colleagues to consider the city of Santa Clara's views carefully.

The resolution follows:

RESOLUTION NO. 4997—A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CLARA

Whereas in the 1970's the existing Mokelumne hydroelectric facility license held by the Pacific Gas and Electric Company (PG&E) was then expiring and the federal government publicly advertised the opportunity to obtain a new 50 year license to the facility; and

Whereas Santa Clara responded with interest to the federal invitation for competitive applications with opportunity to improve upon the public resource; and

Whereas Santa Clara, mindful of costs and its duty of avoiding waste of taxpayer's funds, and only after encouragement from the Federal Energy Regulatory Commission (FERC) staff that a tie breaking public preference applied to Santa Clara in relicensing of existing hydroelectric facilities did Santa Clara file its competitive application; and

Whereas after receiving a confirmation of the preference from the FERC itself Santa Clara subsequently joined in support of that opinion with the FERC in expensive and prolonged litigation with private investor owned utilities so as to ultimately receive further confirmation from the United States Court of Appeals for the Eleventh Circuit in the City of Bountiful case and from the United States Supreme Court; and

Whereas, in reliance thereon, Santa Clara has already spent more than $1.5 million in engineering fees, environmental studies, legal fees and other costs associated with filing its application, has changed its generation planning losing other opportunities because of its serious commitments to its Mokelumne application, and has endured the animosity, hatred and suspicion of many PG&E's customers and others resulting from PG&E's all out no holds attack upon Santa Clara's motives and application in which attack PG&E engendered fears through exaggerations, misrepresentations and threats conducive to such sentiment all in its efforts to frustrate the law and to retain the Mokelumne public resource and similar hydroelectric resources hostage of PG&E forever; and

Whereas, the private investor owned utilities now seek to change the federal law to their favor; and

Whereas, although FERC promised both Santa Clara and the Federal District Court that it would hold hearings required by federal law on Santa Clara's application, the new FERC has repeatedly delayed the hearing process in an obvious attempt to prevent Santa Clara from obtaining the benefits of its application to which it is entitled and has sided with the investor owned utilities in seeking to change the basic federal law; and

Whereas, while the new FERC stays Santa Clara's application the Senate Energy and Natural Resource Committee with FERC encouragement is currently marking up legislation which would not only eliminate the public preference in relicensing but also drastically alter the procedures and criteria which would virtually eliminate competitive applications in relicensing proceedings; and

Whereas, the federal changes in the proposed legislation would virtually guarantee PG&E a new license for the Mokelumne project and a complete loss to Santa Clara of its efforts and expenditures made and opportunities forgone all in reliance on the federal law and federal encouragement to take action in accordance with it, let alone the loss of its entitlement to the project under existing law; and

Whereas, the proposed legislation as presently formulated would allow existing law to govern only one of the pending public/private competitive relicensing proceedings, the *Merwin* case which was a latter application than Santa Clara's but was given a preferential hearing date over Santa Clara by FERC, and would retroactively apply the new standards to all other pending proceedings, depriving Santa Clara of all redress under the present law; and

Whereas, it would not only be unfair and prejudicial but a complete breach of faith and bad government at this late date to change the law retroactively to the public/private competitive proceedings called for by government which are pending at FERC: Now, Therefore, be it

Resolved: That the City of Santa Clara, California, strongly urges Senator Cranston and Senator Wilson and the California Members of the House of Representatives and other fair minded Senators and Congressmen to take the actions necessary to ensure that changes in the Federal Power Act relating to hydroelectric relicensing are not applied retroactively to *any* of the currently pending public/private competitive relicensing proceedings for which applications have been filed in accordance with existing law.

THE WAY WEST: GUAM

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. YOUNG of Alaska. Mr. Speaker, as the sole Representative in this Body from Alaska, which embraces the increasingly important Pacific Rim and as the ranking

Republican on the Interior and Insular Affairs Committee, with jurisdiction over the Pacific U.S. territories, I have long been interested in the strategic and geopolitical significance of one of our most important U.S. family members—Guam, U.S.A.

Guam is centrally located in the Pacific, and its citizens are committed to the shared goals of Americans. The awareness and the patriotism of the people of Guam, U.S.A., are represented by their delegate to the House of Representatives, the Honorable BEN BLAZ, with whom I have the pleasure to sit on the Interior and Insular Affairs Committee. General BLAZ served with distinction in the U.S. Marine Corps, as so many Guamanians have and continue to do so, and his knowledge of Pacific issues is equal only to his continuing interest in the future of the area and the people he represents.

General BLAZ recently coauthored with John C. Scharfen an article in Naval Proceedings magazine entitled "The Way West: Guam," which details the growing strategic significance of Guam to the United States in the face of ongoing developments in the Pacific. I wish to share our colleague BEN BLAZ'S analysis of Guam's unique position with the Members of the House, and request that it be entered into the RECORD in its entirety:

THE WAY WEST: GUAM

Forward deployment in 1985 is most meaningful in terms of the Indian and Pacific oceans. Although strategic priorities do change, these areas are likely to be a principal concern to the United States for an extended period.

The Indian Ocean area is a natural arena for the operation of naval forces. The ocean is a vast complex of tanker routes with critical choke points through the Maldive-Indian Ocean passage, the Mozambique Channel, and the straits of Hormuz, Bab al Mandeb, Malacca, Sunda, and Lombok. More than 90% of Japan's oil is carried over these routes. About 70% of Western Europe's and more than 40% of U.S. imported oil comes from the Persian Gulf. Every day, about 19 million barrels of oil transit the Gulf. Should these sea lines of communication be closed to the United States and its allies, the consequences would be serious.

The Pacific is not only strategically important in its own right, but it is also the most direct approach from the center of U.S. continental power to the Indian Ocean. The projection of U.S. power into this area requires facilities in the Indian Ocean to base land and naval aircraft and for the repair, refueling, and in-port relief for ships of deployed carrier battle groups, Marine amphibious units, the Maritime Pre-positioning Force, and the small Middle East Force. Currently, the prospective bases for ports of call in the Indian Ocean include Manama, Bahrain, the Persian Gulf, three ports in Oman, the Kenyan port of Mombasa, Berbera and Mogadishu in Somalia, Colombo in Sri Lanka, and the British-owned Diego Garcia. There may also be opportunities for the use of facilities at Simonstown, South Africa, and Karachi, Pakistan. Plans have been made to extend existing Indian Ocean facilities and acquire additional ones as political and economic considerations permit.

But no matter how successful the United States is in acquiring access to Indian Ocean facilities, it seems inevitable that the major supporting structure for Indian Ocean naval forces will be in the Pacific.

The Malacca Straits are the front gate to the Indian Ocean. The Pacific is the highway from the heart of our main support base, the continental United States, to that gate. As the number of active ships in the U.S. fleet grows to 600 and as the tempo of operations in the Indian Ocean increases, the burden on the Pacific bases will most likely increase as well. What is required of either a new or expanded naval base is a good, deep water harbor, a modern ship repair facility, a medical facility, a supply complex, ordnance and fuel storage facilities, a hospital, good communication and personnel support facilities, and a naval air station. Historically, the United States has centered its Pacific supporting structure on three indispensable anchors: Hawaii, Guam, and the Philippines. More recently, Japan has figured prominently in the support of Seventh Fleet operations. Each of these Pacific support complexes has advantages and disadvantages.

Of all the areas available for expansion or construction of U.S. naval bases, Guam is the best prepared and has the greatest elasticity to accommodate an increase in the tempo and volume of Pacific operations.

Guam has the best harbor in the Pacific between Manila Bay and Pearl Harbor. It has 80% of the capacity of Pearl Harbor. It is within four days' transit time to Japan, the Philippines, northern Australia, and the Malacca Straits. Units based on the West Coast of the United States are 19 days' steaming time from the same critical areas.

During World War II, Guam's deep waters in Apra Harbor carried more tonnage than any other harbor except Antwerp in Belgium. During the Vietnam War, the naval ship repair facility in Apra Harbor employed 2,500 shipyard workers. Today, it is operating at less than half that capacity. The facility has the necessary equipment to expand rapidly to full capacity. Machinery and facilities are rotated or routinely exercised and are in excellent condition. The core of the experienced work force has been retained. Local officials estimate that there is a readily available work force of about 1,000 men to bring the ship repair facilities up to higher tempos. In a few years, the total work force could be brought to 2,000 workers.

The requirements for a supply complex to support additional home-porting may be met by the Guam naval supply depot, which currently services both the surface and subsurface elements of the fleet and the air components at the naval air station. The depot facilities were originally designed to serve much larger fleet units than they currently support. These facilities provide a good base for rapid, relatively inexpensive expansion. There is a cadre of well-trained, experienced personnel in the depot that could be easily increased from the local manpower base.

The naval magazine on Guam is currently operating under capacity and can provide the additional ordnance storage and handling burden that would be required of a home-ported force up to a carrier battle group.

A new naval ammunition pier in Apra Harbor, which will further enhance Guam's capabilities, is under construction. There are large fuel storage facilities on Guam that, if current plans are observed, will be increased at least five times current capacities. Existing commercial storage and the Air Force system provide a backup to the naval fuel storage reservoir.

There are four U.S. naval communications area master stations in the world, one of which is located on Guam. This station provides complete coverage of the Western Pacific and Indian Ocean areas. The station, with about 1,400 personnel currently assigned, has adequate capacity to handle any increased activity that may be generated from expanded naval force levels.

Agana Naval Air Station has the capacity to host a complete carrier air group while in port. It is the home base for two (plus) Navy patrol squadrons, and it is also used by commercial airlines. Andersen, the largest U.S. Air Force base in the world, lies north of Agana, and the two air facilities are mutually supporting.

Three of the four Pacific Fleet combat stores ships have been recently home-ported in Guam. Maritime Prepositioning Ship Squadron 3, available for deployment in September 1986, will likely be based in Guam.

There is sufficient naval housing on Guam to accommodate the crews of an additional four to five large ships that could be home-ported on the island. There is not, however, sufficient space to house the personnel influx that would be represented by a carrier battle group; this would require about 2,000 new family housing units. The commissary and exchange facilities on Guam are excellent. The exchange is the Navy's fifth largest, while the commissary is the largest outside the continental United States. The school system is properly accredited with a student population of 27,000. The 425-bed naval hospital of the Navy Regional Medical Center is currently operating well under its rated capacity. Recreation facilities are superb with new, modern gymnasiums and other sporting areas ashore augmenting the extraordinary water sports of the Pacific. The same attractions that make Guam a mecca for tourists are available to the Navy residents.

Home-porting additional ships on Guam or merely increasing the tempo of port calls of major units of the Seventh Fleet have both advantages and disadvantages that are based on sound political, economic, and military rationale. The more significant advantages that accrue to an increased use of Guamanian facilities (to include home-porting) include Guam's strategic location and the fact that it is the most Western extension of the United States. One cannot get any closer to the gate of the Indian Ocean and still be on U.S. soil. Expansion of facilities or an increase in personnel and ships' use of existing facilities would not require negotiations with another country. As a U.S. territory, Guam offers political stability and the advantage of operating under U.S. law. (As a number of unfortunate and sensitive incidents in the Philippines and Japan will attest, operating under the laws of another jurisdiction can sometimes be traumatic to base commanders and their subordinates, who are not always guaranteed the same rights they enjoy under U.S. law when operating under status of forces agreements.)

Disadvantages to an increase in the Navy presence on Guam do exist, however. Experience indicates that there are both tolerable and dangerous military-civilian ratios in Navy communities. In situations where towns and cities are clearly Navy-dominated, where a great share of the population depends upon or indirectly relies on the Navy for its economic well-being, there appears to be a good relationship between military-civilian communities most of the time. Norfolk, Virginia, and Jacksonville, Florida, are examples of this extreme. At the other end of the spectrum is the situation where the naval facilities represent but a small part of the economic and social fabric of the community. The Alameda Naval Air Station in the vast San Francisco Bay area of California is such an example.

In the former, Navy-dominated case, the economic interdependence of the civil-military community is manifest and promotes cooperation. In the latter, civil-dominated case, whatever problems the military contingent may represent, they are relatively small and easily absorbed by the community.

Military-civil community problems arise when there is an ambivalence about the merit contributions the Navy can make relative to other industry. The consequences of the mix in any rapid buildup on Guam must be considered. Since Guam has historically embraced a Navy-supported economy, there should be few problems of recognizing civil-military relations, but they cannot be ignored. A buildup, poorly coordinated with the civil leaders, could pose significant problems and could be seen as a threat to the Guamanian tourist industry.

In the near-term, then, Guam can easily reactivate and expand facilities and recruit work forces to home-port four to five logistic or amphibious ships with a total crew complement of about 2,000 men. No major military construction would be required.

There are other possibilities of ports and bases to support U.S. naval forward deployments in the Indian Ocean. These include those in Japan, the Philippines, and Australia.

The Japanese facilities are indispenable for Northwest Pacific operations. Japan's strategic location dominating the Soviet Pacific Fleet base of Vladivostok and the egress routes from the Sea of Japan is an effective counter to the Soviet Union's freedom of access to the Pacific. In recognition of the significance of Japan's position, there is increased interested in rebuilding the Japanese fleet to provide for control of the Korean Strait to the south and Soya Strait in the north, as well as providing for local air defense.

Expansion of Japanese facilities to accommodate the increased naval activity in the Pacific is a possibility. Yokosuka is a good harbor with excellent repair facilities. It has a competent, large naval supply depot and good deep waterfront accommodations. The naval air facility at Atsugi, used jointly by the United States with Japan, is a plus. In a negative sense, Yokosuka is a busy, crowded port that has little elasticity for expansion.

Sasebo, in the south, is also an excellent port that served the U.S. Navy well in the Korean War. There are no hospital facilities at Sasebo, and no naval air facility is in the vicinity. Expanding Sasebo could be an expensive proposition for the United States, Japan, or both. One of the biggest disadvantages to the expansion of facilities on Japanese soil is that they are not American.

Subic Bay in the Philippines is one of the best naval complexes in the world. Wharfage, ship repair, supply, naval air, and on-base recreation facilities are excellent. Subic Bay is the closest currently operational U.S. base to the gateway to the Indian Ocean. One drawback to the expansion of facilities to accommodate the expected surge of activity in this part of the Pacific is the lack of adequate Navy housing. Another is that one must assume that the Filipinos, having been very hard bargainers, in exacting payments for the use of our military bases in the past, would continue to do so. Although it is not our purpose to speculate on the political stability of the Philippines in these pages, it must be a minus in consideration of long-term commitments to U.S. base expansion.

Australia's West Coast, in the region of Fremantle (Perth), is enticing for its access to the Indian Ocean. There is a small Australian naval base on Garden Island about 30 miles from Perth. The advantage to Fremantle is that ships which sortie from the area are not required to pass through the Malacca Strait choke point. Constructing facilities to accommodate elements of the Seventh Fleet could be expensive, however, for little currently exists to serve as a basic infrastructure for the support of fleet units. Notwithstanding the fact that Perth looks out over the Indian Ocean, it is a long view indeed to that portion of the ocean that is strategically important to the United States. Perth is really as far distant from the Arabian Sea as is Subic and is incapable of supporting Western Pacific operations. Significantly, the logistic lines back to the continental United States into the Arabian Sea via Perth are 2,000 nautical miles longer than from the continental United States thrcugh Guam, through the Malacca Straits.

Secretary of the Navy John Lehman has laid the groundwork for a 600-ship navy. The programs he has initiated will have a lasting effect on the maritime strategy of the United States. His concepts are anchored on an increased number of ships committed to operations far forward from the United States. The concepts translate to a greater requirement for advance naval bases for home-porting, resupply, repair, and relief of naval forces. All available bases in the area will undoubtedly require increased readiness to accept larger numbers of ships and increased tempos of activity. Of all the possible bases, however, Guam is particularly suited to serve the new naval strategy.

IN HONOR OF STANLEY KUNITZ

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. CONTE. Mr. Speaker, I rise today to pay tribute to one of America's great poets, Stanley Jasspon Kunitz. On October 13 through 17, the Worcester County Poetry Association will honor this gifted man by holding the Stanley Kunitz Poetry Festival. Many of Mr. Kunitz' friends and colleagues will join him in Worcester to celebrate this very special occasion.

Stanley Kunitz was born on July 29, 1905, in Worcester, MA, and his poetry has been published for 57 of this 80 years. His poetry has covered a wide range of subjects, and is frequently full of intriguing and inspiring observations. Stanley Kunitz has been an active educator, an author of numerous books and from 1974 to 1976 he was the Library of Congress' consultant on poetry. He has received many awards throughout the years, and in 1959, his work received its due recognition when he received the Pulitzer Prize.

When a poet of Stanley Kunitz' talent creates so many valuable works, it is difficult to choose one that is worthy of special recognition. Nevertheless, I would like to read a poem which I feel is especially appropriate given the current season in our Nation's Capital:

END OF SUMMER

An agitation of the air,
  A perturbation of the light
Admonished me the unloved year
  Would turn on its hinge that night.

I stood in the disenchanted field
  Amid the stubble and the stones,
Amazed, while a small worm lisped to me
  The song of my marrow-bones.

Blue poured into summer blue,
  A hawk broke from his cloudless tower,
The roof of the silo blazed, and I knew
  That part of my life was over.

Already the iron door of the north
  Clangs open: birds, leaves, snows
Order their populations forth,
  And a cruel wind blows.

The Worcester area has a long and special tradition in poetry. It has been the birthplace as well as the home of many of America's great poets: Elizabeth Bishop, Charles Olson, Chris Gilbert, Mary Fell and of course, Stanley Kunitz. The Worcester County Poetry Association has over 500 members, and is now in its 15th year. It sponsors readings and guest lectures by both professional and amateur poets. It is largely through the work of the Worcester County Poetry Association that Worcester County's poetic tradition is fostered and maintained. So it is with great pleasure that today I pay tribute to Stanley Kunitz, the Worcester County Poetry Association and all of the professional and amateur poets of the Worcester area.

PURITAN CONGREGATIONAL CHURCH CELEBRATES CENTENNIAL

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. KANJORSKI. Mr. Speaker, it is once again my pleasure to bring to your attention, and the attention of my colleagues here in the House of Representatives, the 100th anniversary of another house of worship in Pennsylvania's Wyoming Valley. On October 13, the Puritan Congregational Church in Wilkes-Barre will celebrate its centennial.

The 11th Congressional District which I represent has a long tradition of religious observance and service to God. We are a diverse people, represented by the many different churches, temples, and synagogues which dot our countryside. But our common bond is a commitment and belief in the power and glory of a loving God.

The Puritan Congregational Church is a special part of that tradition. It was founded in 1885 by 64 members of the Welsh church. The members wanted to raise their children speaking English—rather than

their native Welsh—in their new home in America, so they decided to form a new church.

To celebrate the 100th anniverary of this founding, the church will hold a special communion service at 10 a.m. on October 13. This will be the fitting conclusion to a celebration that is to begin with an anniversary banquet on Friday, October 11. A time capsule will be filled and sealed at this time, to be opened in 99 years—in time for the church's 200th anniversary celebration.

Mr. Speaker, it is a great honor to call your attention to this milestone in the history of the Puritan Congregational Church. I am sure that you join me in wishing all those involved with this exciting event our sincerest and most heartfelt congratulations.

THE PLIGHT OF SALVADORAN REFUGEES

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. GARCIA. Mr. Speaker, the New York Times ran an op-ed piece today on the plight of Salvadoran refugees in this country. In that article, the author, Francisco Rivera, talks about the Moakley-DeConcini bill that would stop the deportation of Salvadorans until GAO can investigate the refugee's situation.

Mr. Rivera offers a strong argument in support of Moakley-DeConcini, and I ask that my colleague's carefully consider that argument.

REAGAN MISTREATS SALVADORAN REFUGEES

(By Francisco Rivera)

LOS ANGELES.—The Reagan Administration and Congress should stop the cruel treatment of Salvadoran refugees who have fled their strife-torn country only to be harassed, threatened, discriminated against and denied basic human rights when they seek asylum in the United States.

The Administration contends that Salvadoran refugees come to the United States only to seek better economic opportunities. It ignores the fact that Salvadorans are being forced to leave because of a civil war financed in large part by American military and economic aid to the Salvadoran Government. The Administration has said the refugees are welcome here, but statistics show that only about 3 percent of Salvadorans who apply are granted asylum—an abysmally low figure.

Congress should push ahead with bills proposed by Senator Dennis DeConcini, Democrat of Arizona, and Representative Joe Moakley, Democrat of Massachusetts, that would suspend deportation proceedings against Salvadorans until the General Accounting Office can investigate the conditions of the refugees. Although the bills are now before the judiciary committees in both chambers, they are unlikely to reach the floor of the House and Senate until next year.

As a refugee from El Salvador, I believe this is a crucial measure that deserves the urgent attention of the legislators. The proposed legislation would create an excellent opportunity to verify the terrible conditions in which we Salvadorans live in the countries where we are now refugees.

There are roughly half a million displaced persons living in El Salvador. Many others have fled to Mexico, where there are an estimated 100,000 Salvadoran refugees, and to the United States, where some 300,000 to 500,000 Salvadorans have sought refuge. Others have fled to Honduras and Guatemala.

Wherever we are, we suffer from discrimination, persecution, mistreatment at the hands of immigration officials and lack of education. Everywhere we live in subhuman conditions. With the exception of a few countries, we are denied the recognition as political refugees despite the granting of such status in 1980 by the United Nations.

The experience of living in the United States is often traumatic. We are pursued by immigration officials, detained for months in what are virtually concentration camps run by the Immigration and Naturalization Service, force to pay needlessly high bail, denied medical and other social services and reported to immigration officials when we seek help.

The conditions in which Salvadoran refugees are forced to live in the United States are abhorrent. Thousands of Salvadoran women work virtually as slaves. These women work long hours for subminimum wages simply to survive. At such low wages, Salvadorans can earn just enough money to pay the landlord and to buy our food. Usually we can not afford the luxury of getting sick. This is our terrifying plight.

Are we political refugees or, as the Administration asserts, economic refugees? The answer, I believe, lies in the number of deaths from El Salvador's civil war—they now surpass 55,000. It also lies in the level of military aid provided by the United States to enable the Salvadoran Government to maintain and control its so-called democracy. As long as the economic and military aid continues to flow, Salvadoran refugees will flee to the United States.

There is sufficient documentation of the horrors committed in El Salvador. Thousands of refugees who have applied for political asylum have provided detailed accounts of incarceration, torture, persecution and deaths of friends and relatives. It should be clear that the Government of El Salvador has created tremendous suffering for its people. It should not be the same in a country as great as the United States.

The Reagan Administration's actions toward El Salvador have only made conditions there worse. It would be a humane response to allow the Salvadorans who are forced to leave their homeland to be given political asylum. At least permit us to stay without fear of deportation until the General Accounting Office can verify that we are here for political and not economic reasons.

ALEXANDER NEPOTE—ARTIST EMERITUS OF SAN MATEO COUNTY, CA.

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. LANTOS. Mr. Speaker, the French Novelist Marcel Proust said:

> Thanks to art, instead of seeing a single world (our own) we see before us as many worlds as there are original artists. . . . Only through art can we get outside of ourselves and know another's view of the universe.

On the San Francisco Peninsula, Mr. Speaker, we are fortunate indeed to have a highly talented, highly original artist who continues to lead us into other new and unique worlds through his art—Alexander Nepote.

For the past 40 years the bay area has been blessed with his artistic genius. He received his education at the California College of Arts and Crafts in Oakland, where he received his B.A. Ed. in 1939. Alex also studied at the University of California, Berkeley, and at the Mills College Graduate School in Oakland, where he received his M.A. in 1942. For the last 25 years, he has lived in Millbrae.

Alexander Nepote's professional career began when, at the age of 20, his works were accepted by the jury for display by the Oakland Museum of Art's Annual Watercolor Exhibition in 1934. Since that time his works have been seen throughout the United States and around the globe.

In addition to his own artistic achievements, Alex also sought to share his gift with others. He and I served together for many years on the faculty of San Francisco State University. While I concentrated on the mundane problems of international economics, he focused on the sublime world of art.

Mr. Speaker, I could list at great length Alex's accomplishments—exhibitions, collections, awards, and honors. The list is almost endless, and it provides only a monocromatic, one-dimensional record of an outstanding multifaceted and colorful career.

I do want to mention a few, however, which give some of the flavor of his outstanding record. A brief sampling of exhibitions in which his work has been seen includes the Third International at Sao Palo, Brazil; Expo 70 in Osaka, Japan; Art of the Pacific Basin in Aukland, New Zealand; Americans 1962 at the Richmond, VA, Museum of Art; and an exhibition of West Coast Watercolorists in London, England. His works are held in a number of public and private collections, including the Metropolitan Museum of Art in New York, and the Museums of Art of San Francisco, Oakland, and Denver.

In describing the philosophy of his work, Alexander said:

> My reactions, which are embodied in my paintings, are the result of an intensive search: to see, as best I can, beyond the obvious to the hidden deeper realities. It is not my intention to describe a parcel of landscape which may interest me, but to suggest the inner spirit which is felt and experienced at a particular place.

Mr. Speaker, in recognition of his lifelong artistic achievements Alexander Nepote will receive the Congressional Artists Emeritus Award for the 11th Congressional District of California. It is an honor for me to make this award to a man who through the medium of art has helped us get outside of ourselves, helped us to see many worlds rather than just our own, and—most important—has helped us see

the hidden deeper realities of the world around us. His accomplishments are part of our national heritage. I am delighted to share them with my colleagues in the Congress and to make them a permanent part of our Nation's history by placing them in the CONGRESSIONAL RECORD.

AT THE VIETNAM MEMORIAL

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. BONIOR of Michigan. Mr. Speaker, Mr. William Pollard of Ann Arbor, MI, has brought to my attention a letter which appeared in the Washington Post on September 23, 1985.

The letter is a poignant synopsis of the emotion generated by the people who visit the Vietnam Veterans Memorial. Sybil Hinkle's letter captures the pain and sorrow which we as individuals and as a nation must endure as a result of the Vietnam war.

[From the Washington Post Weekly Edition, Sept. 23, 1985]

AT THE VIETNAM MEMORIAL

A recent special memory I have of Washington, for this westerner who rarely comes East, was the experience of the Vietnam Memorial. It is not the wall itself—a rather gray, unremarkable monument—one remembers. It is the activity surrounding this stark, bleak stone that lingers. It is with the hordes of living, those who come from all corners of the earth to state and mourn, to feel the name and presence of a loved one, to make a statement, to share an emotion—it is this unusual experience that does not go away long after standing in the presence of the wall itself.

The wall, in its somber simplicity, captures the essence of truth about war in general and Vietnam in particular. Like the war, it starts small, with a few names, seemingly confined and manageable. It grows with each step and becomes a looming structure with sea upon sea of names. One blends into another, and all are equal. There is nothing heroic or beautiful about this memorial. It is somber and sad.

And all the while the living who remember the dead pass by—some before you, some with you, many behind. We kneel and read a freshly left note: "My darling, she looks just like you." We stand and choke back tears as a gray-haired man whose eyes are moist fragilely touches a name. We plant our small American flag in the midst of the poem with the red, white and blue carnations a mother before us has left her son. These are the victims of war. It is an experience that does not go away.

SYBIL HINKLE,
Ukiah, CA.

MR. GORBACHEV: A MASTER PROPAGANDIST

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. BROOMFIELD. Mr. Speaker, the Soviet propaganda machine is off and running. After all of their efforts, however, I have one question: Who are they kidding?

Mr. Gorbachev recently appeared on French television. He used scare tactics on the French people. He also denied that there are human rights problems in the Soviet Union. In classical posturing on arms control, he warned the French about arms in space. If that happened, he cautioned, the arms race would go overboard. The Soviets are clearly trying to kill the SDI Program. Regarding the claim that the Soviet Union has political prisoners, Mr. Gorbachev said that the comment "calls to mind Goebbel's propaganda."

What did he say about Sakharov and Shcharansky? They had merely "fallen out with the Soviet form of government." He even claimed that Soviet Jews have more rights than they do in Western countries. He also said that all of the Jews who want to leave the Soviet Union are already gone.

Mr. Gorbachev, let's be honest and stop the public posturing. Let's be serious and get down to business in Geneva. Let's make private progress in putting an end to the arms race.

IN SUPPORT OF DEDUCTIBILITY OF STATE AND LOCAL TAXES

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. GILMAN. Mr. Speaker, as the House Committee on Ways and Means continues to mark up a tax reform bill, I join my colleagues from the Northeast-Midwest Coalition in voicing my strong opposition to any proposal to eliminate—or limit in any way—the deductibility of State and local property, income, and sales taxes from Federal taxes.

I appreciate the difficult task which has been imposed on the House Ways and Means Committee. In writing a tax reform bill, the committee members must, and have, listened to every concerned party. I want, however, to take this opportunity to underscore that the loss of State and local deductibility is not a "special interest" issue of concern to only the "high-tax" States. Indeed, a recent study by the Coalition Against Double Taxation estimates that 51 percent of Americans do itemize on their taxes; figures originally presented by the Treasury had placed that number at less than 40 percent, with Treasury computing couples who filed joint returns as a single taxpayer.

The fact that the repeal of the State and local deduction is the single largest revenue raiser in this tax reform plan, I find especially troublesome. I ask my colleagues, can we build a sound tax policy and invariably this Nation's economic future on a system of double taxation? Along with my colleagues in the Northeast-Midwest Coalition, I urge my colleagues on the Ways and Means Committee to carefully weigh their options and in so doing, we trust that they will maintain the State and local income, property, and sales tax deduction.

CONGRATULATES FACULTY AT JACKSON STATE UNIVERSITY

HON. WAYNE DOWDY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. DOWDY of Mississippi. Mr. Speaker, I am pleased to have this opportunity to congratulate the faculty of Jackson State University. The departments of political science and economics recently received a major research grant from the National Science Foundation.

The department of political science, located in the school of liberal arts, and the department of economics, located in the school of business, will conduct a multidisciplinary study on black voter participation in the American South.

The $267,000, 3-year grant was recently announced by Dr. Roosevelt Calbert, program director of the Research Improvement in Minority Institutions [RIMI] division of the Natural Science Foundation. The grant to Jackson State University economists and political scientists mark the first time that the RIMI award has been given to social scientists. All of the previous awards have been made in the natural and biological sciences.

I would like my colleagues to join me in offering special recognition to Dr. James A. Hefner, president of Jackson State University; Dr. James Curtis, project director/principal investigator, assistant professor of political science; principal investigators Dr. Ally C. Mack, chair of the JSU department of political science; Dr. Tekie Fessehatzion, associate professor of economics and acting director of the JSU bureau of business and economic research; Ms. Mary D. Coleman, assistant professor of political science; and Dr. Leslie Burl McLemore, dean of the graduate school and director of research administration.

ST. CATHERINE'S CENTENNIAL

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. KANJORSKI. Mr. Speaker, it is my pleasure to bring to your attention the celebration of 100 years of continuous religious service of St. Catherine's Church, a charming little country church in Mountaintop, PA.

BEST COPY AVAILABLE

On September 23, 1884, the Rt. Rev. William O'Hara, bishop of the newly established diocese of Scranton, purchased a plot of ground for the purpose of erecting a church. Father Thomas J. Rea supervised the construction, and in 1885 the men of the parish cleared the land, built the foundation and were present at the laying of the cornerstone. Early the next year the plain rectangular structure was completed, and the first mass in St. Catherine's was offered to God in the late spring of 1886.

Picnics, fairs, suppers, and dances were held to raise funds, and within 10 years the church was paid for. The determination of the members of the parish is inspiring; during the early years of the parish the faithful fulfilled their religious obligations by traveling to the various churches in the Wyoming Valley. Some families walked barefoot down the mountain, stopped at a creek or spring, washed their feet, put on their shoes and attended mass. In order to receive communion with a sodality or other group some people walked to the churches in Wilkes-Barre. The priests who came to Mountaintop had to walk or avail themselves of any passing carriage.

St. Catherine's Church has undergone many changes in 100 years; it has served as a mission church at various times throughout its history for many churches in the Wyoming Valley and is currently a mission of St. Jude's Church in Wright Township. Since September 1984 Msgr. William P. Ward and Rev. John J. Kulavich alternate serving mass with Rev. J. Duane Gavitt, who was placed in charge of all its activities as well as the additional ministry of lectors and cantors.

Religious faith has played an important role in the development of our Nation, and the 100-year history of St. Catherine's Church is testament to the continuing importance religion has in the lives of Americans. Mr. Speaker, I am honored to commemorate the distinguished history of St. Catherine's Church before my colleagues in the House of Representatives.

RELIEF FOR DEPOSITORS IN FAILED FINANCIAL INSTITUTIONS

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. DAUB. Mr. Speaker, each of us has to have been caught unaware by the series of financial institution failures during recent years. How many times has the newspaper run pictures of long lines in front of locked closed doors? How often have we seen television interviews with angry depositors who have their life savings at stake? The scenes are particularly disturbing when I think about the perilous condition of many more smaller financial institutions in farm country, U.S.A.

What is truly a travesty, however, is that our current Tax Code adds salt to the wounds of these depositors. There are no provisions under the Tax Code generally, which permit the taxpayer any income tax relief related to interest income and personal funds which are out of reach in failed institutions. Under the current law, taxable interest can still accrue and losses which are often calculable, may not be deducted.

To add some sense to the tax treatment of the depositors, I have introduced a bill which would provide for the following relief provisions:

First, interest credited on a deposit or account in a failed financial institution will not be included in income during any time in which the interest cannot be withdrawn by the depositor.

Second, losses suffered by depositors on their deposits in a failed financial institution would be treated as ordinary losses not subject to capital loss limitations.

Third, losses suffered by depositors would also be exempted from the nonbusiness bad debt provisions and thus would be deductible when the loss can be reasonably estimated.

I have been joined in introducing this bill by Mr. DUNCAN and Mr. BEREUTER, who have been instrumental in drafting many of the provisions. Their input and insight has been invaluable in this process.

It must be noted that this is not a "bailout" bill for any financial institution or any group of depositors. Rather, this is simply a measure to accord the depositors in these institutions a tax treatment which is consistent with the economic realities of the event. The losses are very real for all concerned and there is little fair about being taxed on income which is not under your control.

Because of the importance of this issue to so many people, I would urge my colleagues to consponsor this measure and to help institute more fairness in our Tax Code.

BINARY WEAPONS CAN BE STOPPED—IF THE HOUSE ACTS

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. FLORIO. Mr. Speaker, on June 19 of this year the House of Representatives sent a message to the Pentagon and to the world. By a vote of 229 to 196 the production of binary chemical weapons was approved—with but one important caveat. The weapons would not be produced until the North Atlantic Treaty Organization [NATO] requested that the binary weapons be stored in Europe. Many of our colleagues were swayed by this provision as it was fully realized that a request from NATO for the weapons to be stored in Europe would hardly be forthcoming.

This important provision was dropped in the conference with the Senate. There is now no obstacle to the production of binary chemical weapons. There is in fact a license to produce untested and unneeded chemical weapons. Our current inventory of such weapons has maintained a long and excellent safety record.

Mr. Speaker, we in the House have a chance to salvage this $2.3 billion mistaken situation. The Department of Defense appropriation bill will provide us with an opportunity to strike this dangerous situation out of the Department's funds. It will be a rare second chance for the House to rectify a dangerous and expensive mistake. I urge my colleagues to read the following editorial from the New York Times. Nerve gas and chemical weapons have been called inhumane and uncivilized since their inception. There is no reason to think otherwise today.

The article follows:

[From the New York Times]

HOW TO GET TOUGH WITH NERVE GAS

Nerve gas is a hideous weapon, but as long as Soviet troops are equipped with chemical munitions, American troops cannot be denied an effective response. That's why the Defense Department's plan to build a new generation of chemical arms—so-called "binary" weapons—is so dismaying. Never mind their vast extra cost, their destabilizing effect on NATO or the initiation of a new race in chemical arms; the new binary weapons will be less effective.

Every new weapon has defects, often serious, which field test may remedy. Binary weapons surely have their share, but these as-yet-unknown flaws remain undetected because Congress has restricted field tests. No soldier should be asked to fight with untested weapons. And the Bigeye bomb, one of the proposed binary weapons, is still plagued with manifest design flaws.

Advocates say binary weapons will be safer to handle, since the nerve gas is not generated until two chemicals are mixed, in flight, in the delivery shell. Maybe, but the present shells and bombs have a long and excellent safety record, without a single serious accident. Why fix a non-problem? Advocates of binaries contend the present stockpile has sprung leaks. Yes, there are minute leaks—in 0.0006 percent of artillery shells. All other stockpiled shells are usable.

The only practical reason for moving to binary weapons would be evidence that the present stockpile might later deteriorate beyond use. That's an answerable techncial question. A blue-ribbon panel appointed by the Department of Defense is conducting aging tests. Why rush to start making binary weapons, costing $2.3 billin over five years, when these tests may well show the present stockpile has a long life ahead?

What truly needs fixing is not chemical offense but defense. The Pentagon has so far failed to institute advice by the Defense Science Board to remedy gaps in manpower, training and equipment. The Army has no medical products in the field for care of chemical casualties, no proper decontaminants of equipment and no antidote against the standard Soviet nerve gas. Commanders often subvert training requirements, such as showing troops how to eat in a contaminated environment, according to the General Accounting Office.

Maintaining deficit chemical defenses, and replacing effective weapons with unproven ones, is hardly the best way of deterring the Soviet Union from first use of chemical weapons.

For the last three years the House has refused to allow production of binary weapons. This year, under the shadow of the hijacked Americans taken hostage in Lebanon, it mistakenly changed position, but required that production not begin until NATO requests that binary weapons be stored in Europe. Since several NATO countries are highly unlikely to allow present stockpiles to be replaced with binaries, the condition is highly desirable insurance. Yet it was surrendered in conference with the Senate.

The House has a chance to redress its error next month as it writes the Pentagon's appropriations bill. Binary weapons are a bad buy, and there's no good reason for the House to abandon its longstanding distrust of them.

HON. GEORGE MILLER'S SPEECH BEFORE THE NATIONAL WATER RESOURCES ASSOCIATION

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. MILLER of California. Mr. Speaker, on April 22, I addressed the membership of the National Water Resources Association at their annual spring meeting in Washington. As many of my colleagues know, that organization has for many years been a potent and effective force in the shaping of Western water resource development policies. It was a real pleasure for me to have the opportunity to share with that organization my perspectives on water resource development issues, and to set forth my agenda for the subcommittee's work in the 99th Congress.

Since I delivered those remarks almost 6 months ago, the subcommittee has taken action on several of the agenda items outlined in my remarks to the NWRA. The House has passed H.R. 3113, my bill to authorize the coordinated operation of the huge State and Federal water projects in California. Also sent to the Senate is H.R. 1246, which will create a protective floodway on the lower Colorado River.

We are continuing our work on many other pressing water development problems, especially the problem of contaminated and toxic agricultural drainage water from some irrigation projects. We are an active subcommittee, and I look forward to tackling the issues I outlined for the NWRA members last April.

Mr. Speaker, the text of my remarks follows:

HON. GEORGE MILLER'S SPEECH BEFORE THE NATIONAL WATER RESOURCES ASSOCIATION, APRIL 22, 1985

INTRODUCTION

Ladies and gentlemen, I want to thank you for giving me the opportunity to be with you this morning at your annual spring meeting.

Let me begin by saying a few words about the upcoming retirement of Pat O'Meara, who has ably served this organization for almost 10 years. I have thoroughly enjoyed my often turbulent relationship with Pat. He's a strong advocate and he has championed the cause of water resource development without rest. Pat has many good friends on Capitol Hill, and in every State Capitol in the West; I like to count myself among them.

Pat, we wish you all the best in your retirement. It goes without saying that we will miss you.

ACTIVE CHAIRMAN

Ladies and gentlemen, for the decade I have served in Congress, I have had a deep interest in water resource matters especially as they affect my congressional district. Contra Costa County, California—my district—is the heart of the Sacramento-San Joaquin Delta. It is often described as the center of the "hour glass" of water development in California. We are affected by every water resource decision made from the north coast to San Diego and we are indirectly affected by nearly every decision made in the Colorado River Basin as well.

So I look forward with great excitement to chairing the Subcommittee on Water and Power Resources. It provides me with an opportunity to pursue my longstanding interests in water resources reform nationally, and to help meet the water resource needs of my own constituents in Contra Costa County, and throughout California.

Our subcommittee will be very active. There is a long list of problems and projects requiring our attention and I don't intend to duck or delay addressing these problems.

SUBCOMMITTEE AGENDA

I would like to briefly discuss some of the major items on the agenda of the subcommittee.

The members are very interested in a number of California water resources issues. The most complex problem is, of course, the contamination of Kesterson Reservoir as a result of agricultural drainage water. The solution to this problem will be difficult, expensive and it will set a precedent for similar problems in the West.

We're very concerned about insuring the protection of delta water quality through a coordinated operating agreement between the California and the Federal Government. In addition, there are problems with existing California projects, like the San Luis unit, and with new projects like the midvalley canal or Santa Margarita that we will address.

We have held hearings on the Garrison Commission report and a markup is scheduled for April 30 to report a bill to reformulate the project.

The State of Nebraska and the congressional delegation now support a reformulation of the O'Neill Project; we'll also markup an O'Neill bill on April 30.

Several problems have developed at large projects which the subcommittee will have to address. These include: (1) Flood control and storage features for the Central Arizona Project, (2) cost ceiling and repayment issues with the Central Utah Project, and (3) cost ceiling problems with Auburn dam.

The Small Reclamation Loan Project Act authorization ceiling needs to be raised if we are to continue this program. H.R. 2025, introduced by Chairman Udall and supported by this association, will receive hearings before the subcommittee.

We intend to examine several bureau activities that have not previously been examined by a congressional subcommittee. These will include a review of the bureau's construction contracting procedures, as well as a thorough examination of their foreign activities.

Finally, ground water depletion problems are some of the most complex and pressing water issues facing this Nation. Our subcommittee has jurisdiction over the Water Resources Division of the U.S. Geological Survey. Working with the division and the bureau, we intend to hold a series of hearings on ground water problems.

PERSPECTIVES ON ISSUES

This agenda is a full one. However, it represents my personal commitment to actively work at solving complex water problems. In addition to my interest in addressing these problems, I bring several perspectives to the chairmanship of this subcommittee which I would like to share with you:

I have always felt that answers to water problems lie not in concrete, but in creative approaches to water problems.

I have always had a voting record in support of environmental protection. In addition, I have a deep personal interest in environmental issues. I'm proud of my record and I hope to expand on it in the future. Environmental concerns should not obstruct essential projects; nor can they be ignored or minimized by water planners.

I have a long-standing commitment to water pricing reform as demonstrated in my work on the Reclamation Reform Act of 1982. I believe that if water is priced at reasonable levels, it will promote wiser and less wasteful use.

I believe in the strict enforcement of the Reclamation Reform Act. I spent 6 years on that effort. The 1982 law was the result of an agonizing and difficult political struggle. A compromise was reached and agreed to by all parties. The weakening of that landmark law is not on the agenda of this subcommittee. I intend to see that that compromise is implemented, and implemented vigorously.

I believe that those who benefit from water projects must pay their fair share of the costs. Those who assist beneficiaries in repaying—such as power consumers or taxpayers—should clearly understand how much they are repaying over what period of time. If the beneficiaries are not willing or able to pay their fair share, then I do not believe the taxpayers have an obligation to construct that project, regardless of promises made in the past, when economic conditions were much different.

Finally, because I serve on the Budget Committee, I have an interest in the cost of water resource development projects, and how we as a nation will find the money to build these projects.

WATER PROJECT COSTS: NEW CONCERN IN CONGRESS

It is the problem of growing congressional concern for the cost of water resource projects that I want to address more fully this morning.

You've all heard in past meetings from Congressmen and Senators who said that finding funds to insure the timely completion of projects would be a difficult task.

This year, I can assure you things are different. The days of expanding bureau construction budgets are gone.

As you all know, the President has submitted a budget which includes a $200 million reduction in the bureau construction program. This represents a 27-percent reduction over last year.

The President's budget request represents a reality which all of us must face. I would also caution that his request is simply the latest in a series of construction funding reductions over the last 10 years.

The chances of restoring the bureau's budget back to a billion dollar level are near zero and dropping fast.

There is a growing consensus in the House of Representatives that every request for funds will get careful scrutiny, and especially requests for construction of public works projects.

Unless those of us on authorizing committees make changes—and make them quickly—the results are fairly predictable.

The backlog of authorized, but unfunded projects will grow steadily.

The time required to complete projects will lengthen, and in some cases, exceed several decades and cost increases alone will doom many projects.

Moreover, those in the water development community who have legitimate and pressing needs, will see them go unfunded because large projects will take a greater share of a shrinking funding pie.

Consider the following: One-third of the entire bureau construction budget is devoted to one project—the central Arizona project. The central valley, central Utah, and Garrison projects take up another 25 percent.

In other words, over one-half of the budget goes to just four projects.

Let me give you another important example of the situation we find ourselves in. I am sure that nearly everyone here has heard of the peripheral canal in California. Proponents have insisted for decades that the canal was essential to the water development future of my State. Along with many others, I strongly oppose the canal.

For 10 years, the canal's proponents were unwilling to compromise on the issues of environmental impacts or the canal's cost. The result has been a stalemate over water development.

The same thing has occurred at the Federal level. No new authorizations have passed Congress in over a decade. If we are to have water development, we must recognize that environmental and cost factors must be considered.

That is what our subcommittee is now trying to do in the case of the Garrison and O'Neill projects. We are trying to forge compromises between environmentalists and project proponents, while at the same time putting together a package that will receive a majority vote in a cost conscious Congress.

WHAT TO DO?

Given these budgetary realities, what can be done?

First, we must eliminate some projects from the backlog. We must recognize that every authorized bureau project will not be built.

Projects designed to correct problems that existed decades ago and that no longer exist, must be deauthorized.

Projects where there are only a few dozen beneficiaries and where power consumers or taxpayers repay the vast bulk of the costs should also be dropped.

We must insist on requirements designed to weed out uneconomic projects. These requirements should include up-front cost-sharing, relevant interest rates, repayment by project beneficiaries, fewer delays in construction, and construction methods which keep costs to a minimum.

Second, we must insist on a planning process that results in realistic solutions to contemporary water problems at minimal cost. This will mean a more active non-Federal role in planning and efforts to share solutions among local, State and Federal agencies.

This planning process should also search for less capital intensive solutions, such as improved water management, water conservation, water pricing initiatives, water banking and other methods designed to solve today's problems at less cost.

Third, we must insure that we have repayment methods that insure projects are repaid on a timely basis. This is critical if those of us from the west are to convince other Members of the Congress to support water resource development projects.

Finally, we must insure that the solutions we seek to water resource problems are sensitive to environmental concerns. We cannot, and should not, ignore environmental values.

CONCLUSION

I apologize for sounding pessimistic, because I'm not. I didn't become subcommittee chairman in order to exercise jurisdiction over a dying program.

I'm excited about the future. There are critical water resource problems in the West that need an active Federal involvement through the Bureau of Reclamation and U.S. Geological Survey. These agencies, and the Congress, can help you solve these problems.

We share a common goal: Solving water resources problems. I look forward to the task with great excitement.

JOB ACCOMMODATION NETWORK

HON. CHARLES WILSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. WILSON. Mr. Speaker, during debates on Government spending and trimming budgets by cutting unnecessary funding, many of us may lose sight of those programs that more than pull their weight in providing a service to Americans.

One such program could be put on the block soon, because of needed streamlining in other departments of its parent committee.

The Job Accommodation Network [JAN] is a national information and consulting service for employers who want to hire or retain people with disabilities. It brings together information from many sources on practical and cost-effective ways to make workplace accommodations for employees with disabilities.

As a service of the President's Committee on Employment of the Handicapped, JAN is available to any employer—from the largest corporation to the small family business—via a toll-free telephone number. Suggestions for meeting workplace adaptation needs are offered immediately. More detailed information on available equipment and design options at minimum cost is mailed within days. The only fee requested is that the employer add the benefits of his or her experience to the information bank at JAN after completing these workplace accommodations.

Placing the most qualified person in the right job or retaining trained personnel is always the goal of a cost-conscious employer in any size business. Successful placement saves employers time, money, and valuable personnel resources. Participants in the JAN network repeatedly report enhanced efficiency, improved employee morale and favorable recognition in the community.

This system of shared information is becoming the key which unlocks the door to job opportunities for handicapped people. It forces both employers and coworkers to recognize that a disability is not an insurmountable obstacle. As one successful woman with a disability stated recently, "There's nothing I can't do. I just do it differently." Through JAN's information clearinghouse, employers get the return of skilled and highly productive workers for a minimum investment.

I encourage my colleagues to look carefully at the successful growth of the Job Accommodation Network. It is a prime example of money well spent.

HONORING GLORIA VARGAS RECIPENT OF THE 1985 SERVICE AWARD FROM THE LOS ANGELES COUNTY COMMISSION FOR WOMEN

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. TORRES. Mr. Speaker, I ask my colleagues to join me in congratulating Gloria Vargas as a recipient of the 1985 Service Award from the Los Angeles County Commission for Women. Gloria is an active organizer and volunteer in the San Gabriel Valley Area that I represent. She is being honored by the commission on October 9 for her outstanding contributions to the community.

Gloria is currently working for the Bassett Unified School District as a community relations specialist. Because of her experience in education she has been the featured speaker in conferences and seminars on education.

While Gloria is a native of Arizona, she has spent most of her life in California. She is a graduate of Lincoln High School in Los Angeles and in 1974 received her Bachelor of Arts from California State University at Los Angeles. Gloria earned her degree attending classes as a full-time student while working full-time to support her family.

Gloria has participated in programs for the United Way, Red Cross, La Puente Valley Welfare Council and the Commission Femenil. She has also been a volunteer in numerous youth development programs.

Mr. Speaker, I rise today on the floor of the House to commend Gloria Vargas for her tireless efforts in making our community a better place. On behalf of the people of the 34th Congressional District I want to thank her for her dedication to improving the welfare of her fellow citizens.

U.N. ANNIVERSARY CELEBRATION

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. GREEN. Mr. Speaker, I would like to take this opportunity to recognize the Southern New York State Division of the United Nations Association-USA, and its celebration of the 40th anniversary of the United Nations next month.

The goal of the association, established in 1966, is to provide a nonpartisan source of information about the United Nations. Toward this end, the Southern New York State Division has contributed greatly.

Three commemorative events are planned, all to take place at the first site of the United Nations in the United States. On the evening of October 19, the division will present a bronze plaque to Lehman, formerly Hunter, College. the presentation will be followed by a reception.

On the 20th of October, a ceremony will be held at Lake Success in Nassau County, the site of the first temporary headquarters of the United Nations. A community-wide meeting has been organized by the members of the UNA Long Island chapter in conjunction with Sperry Corp. and the township of North Hempstead.

A presentation of a bronze plaque, on October 24, will be the occasion of the final commemorative event, with the division memorializing the International Gardens, in Flushing Meadows, Queens, which was an early temporary site of the general assembly.

I commend the division in its dedication to enhancing our knowledge and understanding of the United Nations.

MAMARONECK, NY OBSERVES 325TH ANNIVERSARY

HON. JOSEPH J. DioGUARDI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. DIOGUARDI. Mr. Speaker, I am pleased to have this opportunity to note the 325th anniversary of the founding of the town of Mamaroneck, in Westchester County, in New York State.

I am honored to represent Mamaroneck town in Congress. On the Sound Shore, this municipality is joined together by the historic Boston Post Road and includes the villages of Larchmont and Mamaroneck Village.

Many people think that the suburban counties of New York City have only been settled in recent years, yet this town has been a busy community even before the founding of New York City in 1664.

From Orienta Point to Saxon Woods Park, this community of 30,000 is noted for its incredible diversity. From the country clubs in the North end and the yacht clubs on the shore to Mamaroneck Village, home of some of the best Italian restaurants in the United States, this town is a microcosm of the values that have made American the greatest Nation on the face of the Earth. These values of family, hard work, and fiscal responsibility have enabled Mamaroneck to survive through its first 325 years and will no doubt allow them to survive in the next 325 years.

The opportunity to deliver this statement of praise and congratulations to my neighbors in Mamaroneck is truly an honor and for that, Mr. Speaker, I thank you.

IGNACY JAN PADEREWSKI DAY

HON. GERRY SIKORSKI

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. SIKORSKI. Mr. Speaker, today, I and over 50 of my colleagues are introducing legislation to commemorate the great Polish musician, statesman and humanitarian, Ignacy Jan Paderewski.

The legislation I offer will officially designate the 125th anniversary of Paderewski's birth on November 6, 1985, as "Ignacy Jan Paderewski Day." Such a day will bring proper recognition to a man who was devoted to the ideal of free people throughout the world, and will bring great pride to the millions of Amercians of polish descent.

Ignacy Jan Paderewski was a unique figure in modern history. He was renowned for his artistry as a concert pianist and composer. He also became a leading spokesman for the cause of a free Poland and the free world.

As Poland's Prime Minister and Foreign Secretary, Paderewski's diplomatic efforts led to the recreation of a geographic Poland after World War I. During the war, Paderewski helped raise an army of over 27,000 Polish citizens living in the United States to fight alongside United States forces in France.

During the Great Depression, Paderewski repeatedly contributed the receipts from his concerts to help veterans groups and the unemployed living in the United States. He was named an honorary member of the American Legion, the only foreign civilian ever to receive that distinction.

I ask my colleagues to please join me in commemorating this champion of liberty who spent his life selflessly dedicated to the enrichment of humankind.

THE CASE FOR A PRESIDENTIAL LINE-ITEM VETO

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. COURTER. Mr. Speaker, The American Spectator recently ran an important column by R. Emmett Tyrrell, Jr., which points out the reasons why we should seriously consider legislation to provide the President with line-item veto authority. Congress is composed of 435 separate interest groups which, as legislative bodies, are simply unable to say no; whereas the President represents a national constituency and is in a far better position to place national priorities above parochial interests.

I would urge my colleagues to read Emmett Tyrrell's words, while keeping in mind the serious economic consequences of an expanding national deficit.

Budgetary Chaos

(By R. Emmett Tyrrell, Jr.)

It was in 1974 that Congress passed the Congressional Budget and Impoundment Control Act, vouchsafing the instrumentalities for finally getting a grip on the budget. Since then, alas, spending has fattened from 1974's $267 billion to 1985's $959 billion. Moreover, approximately one-fourth of that corpulent sum is unfunded. Congress is leaving a tab of some $222 billion for others to pick up, sometime, somehow. Obviously, the Congress Budget and Impoundment Control Act of 1974 failed to get a grip on the budget.

Cognizant as we all are of the occasionally extraordinary strength of our many fine public servants on Capitol Hill, we can rest assured that all of them are duly distressed by this budgetary chaos. But in these slumbrous summer days, as they tour their districts, will any of them take responsibility for it?

Think of it: The present deficit is practically equal to the entire 1974 budget! With deficits like this today and other equally gaudy deficits prophesied for the future those puny tax increases and budget cuts prescribed by our contemporary Jeffersons and Lincolns are true howlers. New tools are needed to cut spending and to render someone responsible to the voters.

The inescapable fact of the matter is that growing spending is the root cause of the budget's blowsiness, and no one in Washington is in a proper position to be held accountable. The budget grows under the reign of liberals and conservatives alike. It grew at an inflation-adjusted rate of 17.5 percent during the reign of the gentle Jimmy Carter, and it grew at the same rate during the first term of the heartless Ronald Reagan.

The budget grows because Congress spends. It underfunds new programs as well as old programs. Then as the year passes and the money runs out, it quietly approves a budget-busting supplemental appropriation. It lumps pork barrel in with the necessities of government and hopes that the President will accept the bad with the good. It solemnly passes low-priority bills early in its session and holds high-priority bills for later when pressure has built to pass them whether or not they are in breach of budgetary resolutions.

Some in Congress charge that deficits are a consequence of Ronald Reagan's 1981 tax cuts. They seem to have forgotten that the following year he welcomed a tax increase with the understanding that he would be getting a two dollar spending cut for every dollar in new taxes. The cuts were not made. Only the taxes became law.

Ronald Reagan's 1981 tax cuts merely brought federal taxes down to the level of a decade ago, 19 percent of the Gross National Product. In those days, federal spending was at approximately 20 percent of GNP. It grew to 23 percent of GNP under Jimmy

Carter and a colossal 25 percent under the arctic Reagan Administration. Clearly spending is the problem, and to get federal spending back to 20 percent of GNP Congress would have to cut more than $120 billion over and above its present promised cuts. Nor is this the spending of good Samaritans with big hearts. Rather it is the spending of incompetents. Over the past five years Congress has outspent its own budget resolutions by an average of $28 billion yearly. Even in this year of lamentation over deficits, federal spending will probably exceed the fiscal 1985 budget resolution by more than $20 billion. What we have here is a Congress abounding with Warren Gamaliel Hardings or worse. We are told that the late Harding could not say no to the dubious schemes of his cronies. Not only can our Hardings not say no, but into their august chambers they often bring their own dubious schemes. No one ever accused Harding of this sort of innovativeness.

In all of Washington, the only elected official eager and competent to oversee the budget is the President. He wants Congress to grant him the line-item veto, allowing him to scotch specific items in bloated appropriations bills rather than accept them, fat and all. Congress did give the President a limited version of the line-item veto in its 1974 Budget Act. I suggest that all the liberals and conservatives on the hill would prosper if the President were granted this simple tool. Liberals could brag of their generosity; conservatives could brag of their frugality. Meanwhile, at 1600 Pennsylvania Avenue someone would be in charge: King Ronald I, the natural consequence of democratic leaders who will not lead.

A FITTING RESPONSE

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. GARCIA. Mr. Speaker, columnist Anthony Lewis has written a poignant article on the World Court hearings concerning the United States, Nicaragua, and the Contras.

It discusses, among other things, the rule of law and its role in the formulation of our foreign policy. I thought my colleagues might enjoy reading it.

The article follows:

[From the New York Times, Thursday, Oct. 3, 1985]

LUST FOR POWER

(By Anthony Lewis)

BOSTON.—Jeane Kirkpatrick has just performed a valuable service for American democracy. She has given us a glimpse of the authoritarian mentality that lies beneath the genial surface of the Reagan Administration: its lust for power without accountability.

In a newspaper column Mrs. Kirkpatrick denounced Prof. Abram Chayes of the Harvard Law School for representing Nicaragua in its World Court suit against the United States. An American lawyer who thus opposes his own Government, Mrs. Kirkpatrick said, violates "a citizen's obligation to support decisions made through normal democratic processes."

By what "normal democratic process" did the American policy approve a war against the Government of Nicaragua? Approve the creation and funding of a "contra" force to fight that war? Approve American direction of the force? Approve the use of terrorist methods? Approve the mining of harbors, the destruction of crops, the shooting of wedding parties?

The American people did not approve those actions, and the Reagan Administration knows they would not. That is why the President and his cohorts have carried out their Nicaragua policy by stealth and lies.

The Administration said the objective of the contra war was to interdict weapons shipments to Salvadoran guerrillas, but Mr. Reagan himself made clear that the purpose was to overthrow the Government of Nicaragua. The Administration pretended that Nicaraguans were running the show when Americans were. A year after Congress barred a C.I.A. role, we learned that a National Security Council staff member was supervising the covert war.

All that is what Jeane Kirkpatrick means by "normal democratic processes." She means a political system in which the Executive does what it wants, unhampered by any duty to account for its actions. It is the model followed in many countries, but it is not what George Washington and James Madison had in mind at our Constitutional Convention.

That the Reagan Administration wants power without accountability is not news. President Reagan has tried to give the United States an Official Secrets Act by executive order, without legislation. He has declared "national emergencies" in order to impose economic sanctions without Congressional approval. He has made recess appointments to avoid the inconvenience of Senate confirmation. He resisted any restraint on his rash use of troops in Lebanon.

But Nicaragua is the most dangerous example of the authoritarian tendency. It is also the most discouraging, for those of us who count on Congress to rein in an overweening Executive.

When Congress last summer approved "humanitarian assistance" to the contras, it appeared to exclude an American military role. But while practically nobody noticed, it opened the back door to just such a role.

A supplemental appropriations bill, now law, allows U.S. authorities to "exchange information" with the contras. And Representative Dave McCurdy, Democrat of Oklahoma, succeeded in writing into the Intelligence Authorization for 1986 language that the report says would permit "provision of intelligence information or advice to the contras."

Edgar Chamorro, a former contra leader, told the World Court in an affidavit what such "information" means. Among other things, he said, the C.I.A. advised the contras of "the precise locations of all Nicaraguan Government military units." That is what the legislation would evidently allow. Mr. McCurdy and his colleagues say they are against U.S. intervention while actually allowing it.

The example of the Chamorro affidavit shows one function of the World Court hearings: to bring out the facts of what the United States is doing in Nicaragua. That is accountability—which the Reagan Administration has tried to duck by running away from the World Court proceeding and smearing the court.

I should say that I am a friend of Professor Chayes. When he was Legal Adviser to the State Department during the Cuban missile crisis, I saw his insistence on respect for law in the Kennedy Administration's responses. I know his devotion to the American principle that power must answer to law.

Mrs. Kirkpatrick does not believe in that principle. She thinks the end of effective executive power justifies the means. She thinks the duty of American lawyers is to cheer what their Government does, however lawlessly. She is ignorant of the part that law has played—law and independent lawyers—in making America strong and free.

INTRODUCTION OF SPACE SCIENCE RESOLUTIONS

HON. WYCHE FOWLER, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. FOWLER. Mr. Speaker, today, I am introducing three resolutions aimed at insuring a strong, balanced, and affordable American Space Science Program.

The first resolution presents the recommendations of the National Academy of Sciences' Astronomy Survey Committee for the future course of U.S. programs in astronomy and astrophysics.

The second resolution addresses the recommendations of NASA's Solar System Exploration Committee for the continued exploration of the solar system by the United States.

These two resolutions are updated versions of measures I introduced in the last session of Congress.

The final resolution is concerned with the recently issued recommendations of the National Academy of Sciences' Committee on Solar and Space Physics for future American research programs in these fields.

At this time, I would like to insert in the RECORD the text of these three resolutions.

H. CON. RES. 206

Concurrent resolution endorsing the recommendation of the Astronomy Survey Committee for astronomical and astrophysical exploration and understanding during the 1980's

Whereas the United States program for astronomy and astrophysics has made a significant material, cultural, and intellectual contribution to the quality of life in the United States and worldwide;

Whereas the United States has been at the forefront of astronomy and has been the world leader in this field over the past twenty years, during which time important discoveries have been made which radically changed our concepts of the origin and evolution of stars, galaxies, and the Universe itelf;

Whereas in the period since 1960 the United States has played a predominant role in such astronomical discoveries as quasars, the cosmic microwave background radiation, pulsars, neutron star binaries, superluminal expansion of interstellar radio sources, solar coronal holes, anomalous solar neutrino flux, a gravitational lens, and extrasolar planets.

Whereas astronomy and astrophysics make an essential contribution to the scientific and technological vigor of the United States, and maintaining United States leadership in these areas will be an increasing challenge during the next decade as other nations continue to develop their scientific capabilities;

Whereas recent budgetary constraints on Federal support for astronomy and astrophysics have damaged United States space science capabilities, particularly in the fields of ground-based astronomy, university research, and new technology development;

Whereas in 1978 at the request of the National Science Foundation (NSF) and the National Aeronautics and Space Administration (NASA), the National Academy of Sciences (NAS) created the Astronomy Survey Committee to develop priorities for a comprehensive program in astronomy and astrophysics for the next decade;

Whereas the two previous decennial studies of astronomy and astrophysics conducted by the NAS helped to identify the major astronomical programs carried out by the United States in the 1960's and 1970's; and

Whereas in 1982 the Astronomy Survey Committee issued its report, Astronomy and Astrophysics for the 1980's, containing its recommendations for the conduct of the United States astronomy and astrophysics program over the next ten years, and these recommedations have been widely endorsed as representing the consensus viewpoint of the United States astronomical community: Now, therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that—

(1) the members, working groups, panels, and consultants of the Astronomy Survey Committee are to be commended for their contribution toward the development of a coherent and scientifically valuable program for astronomical and astrophysical exploration and understanding during the coming decade; and

(2) the recommendations of the Astronomy Survey Committee represent a responsible guideline for the conduct of the United States program for astronomy and astrophysics for the next ten years.

SEC. 2. The Congress endorses the following research objectives for the astronomy and astrophysics program, as set forth by the Astronomy Survey Committee:

(1) the large scale structure of the Universe;

(2) the evolution of galaxies;

(3) violent cosmic events;

(4) the formation of stars and planets;

(5) solar and stellar activity;

(6) extra-solar planets and extraterrestrial life and intelligence; and

(7) forces of nature and Grand Unified Theories.

SEC. 3. The Congress endorses the following previously approved and continuing programs, as set forth by the Astronomy Survey Committee:

(1) the Space Telescope (to be launched in 1986) and the associated Space Telescope Science Institute;

(2) second-generation Space Telescope instrumentation;

(3) the Gamma Ray Observatory (to be launched in 1988);

(4) NASA level-of-effort observational programs, including research with balloons, aircraft, sounding rockets, Spacelab, and the Explorer Program;

(5) the Solar Optical Telescope (to be launched in 1991);

(6) the Space Infrared Telescope Facility (to be authorized in fiscal year 1988);

(7) facilities for the detection of neutrinos from the solar interior;

(8) Federal grants in support of basic astronomical research at United States universities; and

(9) programs at the National Astronomy Centers.

SEC. 4. The Congress endorses the following prerequisites, as set forth by the Astronomy Survey Committee, which are necessary to support the gathering and analysis of data produced by new research initiatives and which should receive additional total funding of up to approximately $190,000,000 (in constant 1980 dollars) over the next ten years:

(1) instrumentation and detectors;

(2) theory and data analysis;

(3) computational facilities;

(4) laboratory astrophysics; and

(5) technical support at ground-based observatories.

SEC. 5. The Congress endorses the following major new programs in order of priority, as set forth by the Astronomy Survey Committee, which are critically important for the rapid and effective progress of astronomical research and which should receive total funding of up to approximately $950,000,000 (in constant 1980 dollars) over the next ten years:

(1) an Advanced X-Ray Astrophysics Facility (AXAF) (to be authorized in fiscal year 1987);

(2) a Very-Long-Baseline (VLB) Array of radio telescopes;

(3) a New Technology Telescope (NTT) of the 15-meter class operating from the ground at optical and infrared wavelengths; and

(4) a Large Deployable Reflector (LDR) in space.

SEC. 6. The Congress endorses the following moderate cost new programs in rough order of priority, as set forth by the Astronomy Survey Committee, which should receive total funding of up to approximately $750,000,000 (in constant 1980 dollars) over the next ten years:

(1) an augmentation to the NASA Explorer program;

(2) a far-ultraviolet spectrograph in space;

(3) a space VLB interferometry antenna in low-Earth orbit;

(4) the construction of optical/infrared telescopes in the two- to five-meter class;

(5) an Advanced Solar Observatory in space;

(6) a series of cosmic-ray experiments in space; and

(7) an astronomical Search for Extraterrestrial Intelligence (SETI).

SEC. 7. The Congress endorses the following smaller cost new programs, the first of which is of highest priority, as set forth by the Astronomy Survey Committee, which should receive total funding of up to approximately $20,000,000 (in constant 1980 dollars) over the next ten years:

(1) a ground-based antenna of approximately ten-meter diameter for submillimeter-wave observations;

(2) a spatial interferometer for the mid-infrared region of the spectrum;

(3) a program of high-precision optical astrometry; and

(4) a temporary program to maintain scientific expertise at United States universities during the 1980's through a series of competitive awards to young astronomers.

SEC. 8. The Congress endorses the Astronomy Survey Committee's recommendation to begin study and development of programs that appear to have exceptional promise for the 1990's and beyond. Such programs could include the following:

(1) future X-ray observatories in space;

(2) instruments for the detection of gravitational waves from astronomical objects;

(3) long-duration spaceflights of infrared telescopes cooled to cryogenic temperatures;

(4) a very large telescope in space for optical, ultraviolet, and near-infrared observations;

(5) a program of advanced interferometry in the radio, infrared, and optical spectral regions;

(6) advanced gamma-ray experiments; and

(7) astronomical observatories on the Moon.

H. CON. RES. 205

Concurrent resolution endorsing the recommendations of the Solar System Exploration Committee for the continued exploration of the solar system by the United States

Whereas the United States program for solar system exploration has benefited humanity greatly in terms of new knowledge about the Earth and its place in the Universe;

Whereas the United States has been the world leader in solar system exploration, sending the first spacecraft to successfully visit Mercury, Venus, Mars, Jupiter, and Saturn, and this preeminence has rewarded the Nation immeasurably in national pride and prestige;

Whereas in the period between 1961 and 1977 the United States launched the Ranger, Surveyor, and Lunar Orbiter missions to the Moon, the Mariner spacecraft series to Mercury, Venus, and Mars, the Pioneer Venus series, Vikings 1 and 2 to Mars, Pioneers 10 and 11 to Jupter and Saturn, and Voyagers 1 and 2 to Jupiter and Saturn;

Whereas no American solar system exploration spacecraft has been launched since 1977, and only one new mission—the Galileo orbiter and probe of Jupiter—was authorized between 1977 and 1982;

Whereas since the middle 1970's the declining planetary science budget and the demands for more sophisticated and more expensive missions has led to less frequent planetary mission starts, and the smaller number of new missions has reduced program balance, eroded the research base, and increased individual mission costs;

Whereas in 1980, to address the problems in the United States planetary exploration program, NASA formed the Solar System Exploration Committee (SSEC) to devise a new approach to the exploration of the solar system which would recognize the root causes of the problem, build upon the science rationale and strategies of the Space Science Board and NASA working groups, and result in specific, prioritized recommendations to NASA; and

Whereas the SSEC has presented a report to the Congress and the American people that seeks to identify an affordable, long-term balanced mission strategy for the exploration of the solar system: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring) That it is the sense of the Congress that—

(1) the members, working groups, and staff of the Solar System Exploration Committee (SSEC) are to be commended for their contribution toward the development of a coherent, affordable, and scientifically valuable program for the continued exploration of the solar system by the United States; and

(2) the recommendations of the SSEC represent a responsible, and affordable, guideline for the conduct of the United States solar system exploration program between now and the year 2000.

Sec. 2. The Congress endorses the following goals for the solar system exploration program, as set forth in the SSEC report:

(1) determination of the present state, origin, and evolution of the solar system;

(2) understanding of the Earth through comparative planetary studies;

(3) understanding of the relationship between the chemical and physical evolution of the solar system and the appearance of life; and

(4) surveying of the resources available in near-Earth space.

Sec. 3. The Congress endorses the following program recommendations for solar system exploration, as set forth in the SSEC report:

(1) a balanced core program of high priority science missions of low to moderate cost should be implemented, with missions to the three areas of the terrestrial planets, the small bodies (comets and asteroids), and the outer planets;

(2) as part of the cost program, a Planetary Observer program for low-cost modestly scaled inner solar system missions, the Marine Mark II modular spacecraft for missions beyond the inner solar system, and a Common Mission Operations System should be developed;

(3) planetary research and analysis programs should be strengthened by restoring them to the fiscal-year-1981 program levels, adjusted for inflation, by 1986;

(4) vigorous efforts should be made to seek mutually beneficial international cooperation in solar system exploration;

(5) the core program should be augmented with technologically and scientifically challenging missions, as budgetary constraints allow; and

(6) these activities should be funded at a sustained annual level of approximately $300,000,000 per year (in fiscal-year-1984 dollars).

Sec. 4. The Congress endorses the following core program projects, as set forth in the SSEC report:

(1) the Venus Radar Mapper (authorized in fiscal year 1984 for launch in 1988), which would map the global surface topography of Venus;

(2) the Mars Observer (authorized in fiscal year 1985 for a 1990 launch), which would determine the global surface composition of Mars and the role of water in the Martian climate;

(3) a comet rendezvous/asteroid flyby (to be authorized in fiscal year 1987 for a 1990-1992 launch), which would initiate American exploration of the physically and chemically primitive small bodies of the solar system; and

(4) the Titan Probe/Saturn Orbiter (to be authorized for a 1988-1992 launch as a joint NASA-European Space Agency mission), which would determine the chemical composition of Titan's atmosphere and the nature of its surface and would explore the rings, moons, and magnetosphere of Saturn.

Sec. 5. The Congress endorses the SSEC's recommendation that subsequent core missions be identified for further study and development. Such missions could include the following:

(1) the Mars Aeronomy Orbiter;

(2) the Venus Atmospheric Probe;

(3) the Lunar Geoscience Orbiter;

(4) the Mars Surface Probe;

(5) the Comet Atomized Sample Return;

(6) the Multiple Mainbelt Asteroid Orbiter/Flyby;

(7) the Earth-approaching Asteroid Rendezvous;

(8) the Saturn Flyby/Probe;

(9) the Uranus Flyby/Probe;

(10) the Neptune Flyby/Probe; and

(11) the Pluto Flyby.

Sec. 6. The Congress endorses the following augmentation program projects, as set forth in the SSEC report:

(1) the Mars Sample Return/Rover Mission (to be authorized for a launch as early as 1996), which would provide detailed information about the crust, surface, atmosphere, and organic materials of Mars;

(2) the Comet Nucleus Sample Return (detailed mission studies to begin in 1985), to determine the basic mineral and chemical properties of a comet nucleus;

(3) continued evaluation of possible augmentation missions to the outer planets, such as the Titan Buoyant Probe and Penetrators or other on-site studies of solid satellites; and

(4) detailed study and development of critical enabling technologies necessary for the augmentation missions, including aerocapture, aeromaneuvering, orbital rendezvous, sampling mobility, sampling handling, robotics, solar electric propoulsion, nuclear electric propulsion, automated rendezvous, zero-g landing techniques, and advanced thermal and radiation protection.

H. Con. Res. 204

Concurrent resolution endorsing the recommendations of the Committee on Solar and Space Physics for solar and space physics research through the year 2000

Whereas the United States program for solar and space physics research has played a key role in the understanding of the near-Earth space environment, and such understanding has important applications for scientific, commercial, and national security purposes;

Whereas the United States has been the pioneer in space physics, beginning in 1958 with the discovery of the Van Allen radiation belts encircling the Earth;

Whereas since 1960 the United States has played a leading role in solar and space plasma physics, and this research has revolutionized our view of the near-Earth and the near-interplanetary space environment;

Whereas American scientists have been at the forefront of such discoveries as the Van Allen radiation belts, the Earth's magnetic tail, the structure of the solar wind, the collisionless shock on the Earth's sunward side, transient mass ejections from the solar corona, and the production of nitric oxide in the polar thermosphere by solar proton events and aurorae;

Whereas during the early 1970s NASA sought advice from the Space Science Board of the National Academy of Sciences on how, and in what direction, the field of space physics should proceed; and the result was the 1978 National Academy of Sciences' report "Space Plasma Physics: The Study of Solar-System Plasmas", which endorsed a continuation of space and solar physics research and recommended that the Committee on Solar and Space Physics (hereinafter in this resolution referred to as the "CSSP") of the Space Science Board develop a research strategy for this field;

Whereas in 1980 the CSSP issued its report "Solar-System Space Physics in the 1980s: A Research Strategy", which defined a research strategy for implementation of the discipline's science objectives during the 1980s;

Whereas constrained budgets in the early 1980s prevented significant progress in implementing the 1980 CSSP research strategy, and increased attention to solar and space physics research by other nations further eroded the United States leadership position in this field;

Whereas in November 1983 the Space Science Board directed the CSSP to develop a priorities-based study of solar and space physics, using the 1980 research strategy as a basis; and

Whereas in 1985 the CSSP issued its report "An Implementation Plan for Priorities in Solar-System Space Physics" (hereinafter in this resolution referred to as the "CSSP report"), which specifies the scientific objectives of the field and describes the plan for implementing these objectives through the year 2000: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. EXPRESSION OF COMMENDATION TO COMMITTEE ON SOLAR AND SPACE PHYSICS.

It is the sense of the Congress that—

(1) the members, panels, and consultants of the CSSP are to be commended for their contribution to the development of a coherent, affordable, and scientifically valuable program for solar and space physics research by the United States; and

(2) the recommendations of the CSSP represent a responsible and affordable guideline for the conduct of the United States solar and space physics research program through the year 2000.

SEC. 2. ENDORSEMENT OF CSSP RECOMMENDATIONS.

(a) Goals for Solar and Space Physics Program.—The Congress endorses the following goals for the solar and space physics program, as set forth in the CSSP report:

(1) Understanding the physics of the Sun, of the heliosphere, and of the magnetospheres, ionospheres, and upper atmospheres of the Earth, other planets, and comets.

(2) Studying the interactive processes that generate solar variations and linking these to the Earth, because such processes reveal basic physical mechanisms and have useful applications in many areas of human endeavor.

(b) Program Guidelines for Space and Solar Physics Research.—The Congress endorses the following program guidelines for space and solar physics research, as set forth in the CSSP report:

(1) A balanced program is necessary to advance understanding in each of the disciplines of solar and space physics (solar and heliospheric physics, magnetospheric plasma physics, and upper atmospheric and ionospheric physics).

(2) The need for (A) major missions for detailed studies on a global scale; (B) moderate missions for specific, detailed problems; (C) quick response techniques and experiments of opportunity (best accommodated by suborbital flights and the shuttle); and (D) facility-class instruments that will evolve toward space platforms.

(3) The need to reestablish a level of flight activity sufficient to address significant scientific issues.

(4) A plan accommodated within a realistic budget level that can remain stable over a period of several years and allow for the planning and analysis essential for a successful research program.

(5) An average annual funding level of approximately $400,000,000 (in fiscal year 1984 dollars), which would be sufficient to achieve the highest objectives in solar and space physics between the year 1988 and the year 2000.

(c) MAJOR MISSIONS.—The Congress endorses the following major missions, as set forth in the CSSP report:

(1) Upper Atmosphere Research Satellite (UARS) (authorized in fiscal year 1985 for launch in 1989), which would analyze the chemistry, dynamics, and energy inputs and losses in the stratosphere and lower mesosphere.

(2) Solar Optical Telescope (SOT) (to be launched in 1990), which will observe levels in the solar atmosphere ranging from the photosphere to the transition region.

(3) International Solar Terrestrial Physics Program (ISTP) (to be launched between the year 1989 and the year 1993) which is the highest priority unfunded mission in the CSSP's report, and which is a multinational, multispacecraft mission to develop a comprehensive, global understanding of the generation and flow of energy from the Sun, through the interplanetary medium, and into the Earth's space environment.

(4) Solar Probe (SP) (to be launched in 1995), which is to study the unexplored region between 4 and 60 solar radii from the Sun.

(5) Solar Polar Orbiter (SPO) (to be launched in 2000), which is intended to study the three-dimensional properties of the heliosphere in greater detail.

(d) MODERATE, EXPLORER-CLASS MISSIONS.—The Congress endorses the recommendations of the CSSP's report for moderate, Explorer-class missions, which provide for an average of approximately one launch opportunity per year to be shared as appropriate by solar/heliospheric, magnetospheric, and upper atmosphere disciplines.

(e) ADDITIONAL PROGRAMS.—The Congress endorses the following additional program recommendations, as set forth in the CSSP report:

(1) Enhance current Shuttle/Spacelab programs in the discipline of solar and space physics research, especially in the field of active experiments/space plasma lab type missions, Spacelab/Sunlab instruments, and Spartans that make optimal use of shuttle capabilities.

(2) Develop facility-class instrumentation for first use on the Shuttle and later evolution into a Solar Terrestial Observatory and an Advanced Solar Observatory on Space Station/Platform and develop mission operations and data analysis plans for such observatories.

(3) Augment the solar terrestrial theory program by the fiscal year 1990.

(4) Support a computer modeling program, including access to supercomputers as recommended by the Physics Survey Committee of the National Academy of Sciences.

(5) Strengthen the research and analysis program.

(6) Maintain a stable suborbital program for flexible, quick-turn-around science objectives in upper atmospheric and space plasma physics.

(7) Continue mission operations and data analysis funding for existing spacecraft, in particular for studies of the heliosphere (IMP-8, Pioneer 10 and 11, Voyager 1 and 2), the terrestrial environment (ISEE 1 and 2, Dynamics Explorer, SME, and AMPTE), and the Sun (SMM).

(8) Develop the following enabling technologies for future major missions: a heat shield for a projected new start date of 1991 for the Solar Probe, and advanced propulsion for a projected new start date of the year 1997 for the Solar Polar Orbiter.

ALAGASCO COMMENDED FOR OPERATION ASSIST

HON. BEN ERDREICH

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. ERDREICH. Mr. Speaker, a major company in Jefferson County, AL, the Alabama Gas Corp., better known as Alagasco, initiated a project this past summer that takes a unique approach to solving two problems in our community—high winter heat bills for low-income residents and high unemployment among teenagers from low-income families.

The new program, called Operation Assist, provided free home weatherization for up to 20,000 low-income families throughout the State of Alabama, and hired and trained over 300 unemployed youths from low-income families to perform the necessary work over the summer. The free energy conservation measures included caulking, weather stripping, plastic window covers, foam sealant and water flow restrictions. Literature describing ways to further reduce winter heating costs was also given to each customer. The Targeted Jobs Tax Credit Program provided a Federal tax incentive for a portion of the $1.3 million program, which was funded by Alagasco.

Operation Assist is a wonderful example of how the public and private sectors, working together, can successfully fill a need within the community; in this case, two needs—increasing job opportunities for unemployed youth, and decreasing heating bills for low-income residents.

This effort by Alagasco to help both needy customers and youth is a continuing effort by the company over the years to provide better service to customers in our community. I would like to command Alagasco for initiating this unique response to community needs, and urge my colleagues in the House to use this outstanding project as a model for action in their districts.

Following is an editorial that appeared in the Birmingham News commending the Alabama Gas Corp. for initiating Operation Assist.

ASSISTING THE COMMUNITY

Alabama Gas Corp. is helping a lot of people this summer through its new "Operation Assist."

First there are the low-income customers of the gas company. Some 20,000 homes across the state will be weatherproofed this year to cut down on gas consumption during the winter. Alabama Gas crews are caulking windows, taping plastic weatherstripping in doorways and putting up plastic frames around windows for storm sheeting.

For some of these people, a $5 to $6 reduction in their heating bills will make a big difference. The whole system will benefit if less gas is wasted because of poor insulation.

Then there are the 350 Alabama teenagers hired to do the work. These 16- and 17-year-olds from poor families are earning minimum wage and getting valuable experience at holding a job. Their summer work will give them a reference they can use in seeking jobs in the future.

Alabama Gas is getting some help from the federal government in that part of the project. The Targeted Jobs Tax Credit Program provides a federal tax write-off of 85 percent of the first $3,000 paid to low-income youngsters hired for the summer.

All of us benefit when young people are started along the path to a productive life. The Alabama Gas program, in addition to helping poor families, is training workers who will be able to contribute to the community.

COMMEMORATION OF 84TH ANNIVERSARY OF ST. JOHN MEDICAL CENTER

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. APPLEGATE. Mr. Speaker, I am privileged today to bring to the attention of my colleagues in the Congress the 84th anniversary of St. John Medical Center in Steubenville, OH. This facility, which began as Gill Memorial Hospital, was the first institution to offer professional hospital services to the sick and injured in Steubenville.

The roots of St. John Medical Center go back to the turn of the century, when Mr. J.J. Gill founded the hospital in May 1901. The Sisters of St. Francis of Sylvania, OH assumed control of the 30-bed hospital in 1931. The new St. John Hospital was built to meet the pressing needs for hospital beds for the community and was opened in September 1960. Since that time, St. John Medical Center has developed into a major community health resource by providing medical, surgical, psychiatric, and pediatric services, through community-centered planning. Today, the hospital, under the direction of Sister Alice Warrick, is committed to ensuring the utmost in quality of care rendered.

The Sisters of St. Francis and the board of trustees are dedicated to the philosophy that: St. John Medical Center, as a Catholic hospital, is an extension of Christ's healing ministry through participation in the mission of the church. Its purpose is to promote Christian community and enhance the dignity of persons by providing optimal health care services which contribute to the physical, psychological, social, intellectual, and spiritual well-being of all people served.

Mr. Speaker, I am particularly pleased to have my colleagues be aware of this outstanding medical facility because I was there to participate in the groundbreaking and later, at the dedication. I hope you will all join me in applauding the dedicated Sisters who attend to the well-being of their fellow citizens in need. I am honored to extend my utmost recognition to St. John Medical Center is Steubenville in com-

memorating the 84th anniversary of its founding.

A TRIBUTE TO THE FIRST WARD COMMUNITY CENTER: 50 YEARS OF EXCELLENT SERVICE TO THE SAGINAW COMMUNITY

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. TRAXLER. Mr. Speaker, I rise today to salute the golden anniversary of the First Ward Community Center—a dynamic community organization which has served the city of Saginaw for the past 50 years. Although the First Ward Community Center has grown and changed over five decades, the mission of the organization has remained the same: To improve and expand the opportunities of the people it serves.

The First Ward Community Center began during the Great Depression when the Service Club of Saginaw founded the community center with the purpose of improving "undesirable conditions in the community." The community center started out with a soup kitchen to serve the needy of the Depression. By the time of the turbulent 1960's, the First Ward Community Center was providing a wide range of services ranging from adult education to acting as a vital communication link between the black and white communities. The community center has also acted as a conduit between Washington and Saginaw as initial studies and surveys were made at the community center to prove the need for subsidized housing.

Today, the First Ward Community Center is a hub of activity providing educational, recreational, and cultural activities. The center fulfills its commitment to education with a satellite campus of Delta College, a branch of the Saginaw Public Library and preschool classes. In addition to the educational functions, the community center has responded to high unemployment in the community by offering job placement and career counseling.

To understand the success of the First Ward Community Center, it is important to look at the people who have made it what it is today. The first executive director of the community center, Edith B. Baille, guided the center for its first three decades from 1935–65. Her successor, Ruben Daniels, has served as executive director for the past 30 years. The community center's growth and expansion from 1965–85 is a tribute to the hard work and dedication of Ruben Daniels, and his ongoing commitment to unity, progress, and opportunity. In addition to celebrating the 50th anniversary of the First Ward Community Center, I would like to take time to honor Ruben Daniels who has seen the community center through changing times and has always met the challenges presented to him.

In its golden year, the First Ward Community Center can look back at a past rich in community service and look forward to a future shining with promise and growth. I take great pride in congratulating the First Ward Community Center here today and ask my colleagues to join with me in saluting the anniversary of this organization which has touched the lives of so many over the past 50 years.

BOB WALKER'S LETTER ON ARMS CONTROL AND THE CHURCH

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. HYDE. Mr. Speaker, a topic of great interest and importance is that of arms control. The various churches and their clergy are speaking out increasingly and exercising their considerable influence on public opinion.

A pointed and well reasoned response to recent statements emanating from the Presbyterian church has been prepared by our colleague, Representative ROBERT WALKER, Republican from Pennsylvania, which I commend to everyone's attention:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, August 2, 1985.

Mr. JAMES E. ANDREWS,
Stated Clerk, Office of the General Assembly, Presbyterian Church, (U.S.A.), Atlanta, GA.

DEAR MR. ANDREWS: It is with the utmost concern and respect that we, the undersigned Presbyterian Members of Congress, write to you to express our observations concerning various statements and proclamations by the General Assembly of the Presbyterian Church (U.S.A.) relative to our nation's defense and foreign policy. Because of our moral obligation to enact policies which promote peace with justice, we look to the guidance of the Church for direction and moral sustenance. However, to be direct, when we feel that statements made by the General Assembly are based on misperceptions which have too often become accepted as truths, we feel compelled to address ourselves to those inaccuracies.

Over the past several years, the General Assembly and various agencies of the Presbyterian Church (U.S.A.) have repeatedly witnessed to the aspects of U.S. policy toward Central America, strategic deterrence, human rights, and U.S.-Soviet relations. These are crucial issues in our time, and they are certainly areas where the Church should address itself. However, we respectfully, but strongly, differ on the conclusions which the General Assembly has reached in many of these areas and with the perceptions on which these conclusions appear to be based. For that reason, we feel compelled to express our dissent in several areas where the Church recently has spoken.

HUMAN RIGHTS AND UNITED STATES-SOVIET RELATIONS

The Assembly called upon governmental officials in both countries: ". . . to refrain from the rhetoric of implacable opposition and enmity through which each casts the other in the role of an unchanging and unchangeable threat to basic existence and security and to abandon the pattern in which each interprets every problem or tension anywhere in the world as a demonically inspired work of the other." (UPC, 1980, p. 292) Church and Society: Social Teachings of the Presbyterian Church, November/December 1984, p. 77.

The 1982 UPC Assembly even addressed these themes in succession when it called first upon Presbyterians to reexamine their 'own perceptions and attitudes regarding the people of the Soviet Union, acknowledging that easy acquiescence in popular rhetoric and sterotyped perceptions can result in the sins of bearing false witness and self-righteousness.' (UPC, 1982, p. 292) Church and Society: Social Teachings of the Presbyterian Church, November/December 1984, p. 77.

The struggle for human rights and individual freedom around the world has been rigorous and is ongoing. Since World War II, U.S. policy relative to human rights in particular has been to promote the development of democratic systems and to oppose the spread of international communism through economic, diplomatic and, as a last resort, military actions. We feel that the daily oppression of human beings under international communism speaks for itself, and the tragic witnesses to this form of human degradation, from Alexander Solzhenitsyn to the boat people of Vietnam and the mass starvation in Ethiopia, serve as sadly eloquent reminders of the millions of persons who have been slaughtered, brutalized, oppressed, displaced and torn by communism. The General Assembly has movingly, at times, spoken for those abused persons. However, the General Assembly also seems to suggest that U.S.-Soviet relations should not be based on the question of human freedom, but rather on an apocalyptic view of the threat of nuclear war and the implied need to smooth over very meaningful differences between our countries to attain an aura of peace, even as the communist nations of the world are at war with their own people.

The focus of the human rights policy of the General Assembly of the Presbyterian Church (U.S.A.) seems to be on Latin America and South Africa, areas where we share grave concerns over human rights, also, although we differ with your perspective. The statements made by the General Assembly suggest that the most urgent human rights concerns are those in nations which are strategically allied with the United States, such as South Africa and El Salvador. However, when the General Assembly speaks on U.S. relations with the Soviet Union, the emphasis is not on human rights but rather on the need for Americans to be "less antagonistic" toward the Soviet Union and to question the morality of our resolve to defend our free, democratic nation. Such a policy is ultimately self-defeating and is based on the inaccurate belief that, as a nation, we can expect perfection of countries which choose to be allies of the western democracies, but that we are self-righteous and hypocritical if we denounce even the most atrocious actions of governments who declare themselves as our enemies.

We also submit that the General Assembly has not shown adequate concern for religious freedom in that it has failed to speak out against the manipulation of the Church by totalitarian governments, particularly by the Soviet Union and Nicaragua. The General Assembly does not seem to be sensitive to the tactics which totalitarian governments have used, and continue to use, to subvert the Church and then use the Church for that government's political gain. This is a crucial matter, and is a concern which we wish to convey with the strongest emphasis.

STRATEGIC DETERRENCE

Since the use of these (nuclear) weapons constitutes a human action that would result in the destruction of all humanity, the act in itself would be both blasphemous and idolatrous in the ultimate sense, a human abrogation of final judgment that belongs only to God. As their actual use can therefore have no justification we must question whether their very existence is morally acceptable. . . . What deep form of disobedience is it that causes us to express our idolatry of national security in terms that echo the prohibition of the Second Commandment (against graven images)? Church and Society: Social Teachings of the Presbyterian Church, November/December 1984, p. 79.

Our government has an urgent moral imperative to defend this country. There is no conceivable way at this moment to defend the country other than through the existence of a modern strategic nuclear deterrent force. That is an unpleasant reality, at best, but it is a fact which would be grossly irresponsible to ignore. The Strategic Defense Initiative offers us the hope of a non-nuclear defense, but, at this time, all sides agree that such a concept is currently not available for use.

We, as legislators, have a sworn duty to preserve the freedom of the American people and to defend this country against its enemies. One cannot possibly scan the headlines of the morning newspaper and come to the conclusion that our enemies are created or ethereal. We respectfully submit that there is not only a moral case for deterrence, there is a moral imperative. The enemies of the United States establish the level of violence and world conflict; the United States and our allies either respond or we lose. That means that individual people lose freedom and their basic human rights; it does not simply mean that the United States loses prestige or power. A quote from our colleague, Congressman Henry Hyde of Illinois, who authored a similar letter to the American Catholic Bishops with this statement put it very well when he said, "Peace without justice is moral violence." In other words, peace at any price cannot be real peace.

CENTRAL AMERICA

Present U.S. policy in Central America continues to be focused on the perceived threat of an expanding Soviet influence in the region, with the virtual neglect of those fundamental economic and social-political reforms that are preconditions to a peaceful resolution of the civil war that for several decades has torn apart that region; Presbyterian Church, (U.S.A.), "General Assembly Resolution on Central America (Excerpts), June, 1984," Peacemaking II: U.S. Religious Statements on Central America, July 1984, p. 35.

The present administration has called for increasing military aid, thereby increasing the military activity and conflict in the region; Presbyterian Church, (U.S.A.), "General Assembly Resolution on Central America (Excerpts), June, 1984," Peacemaking II: U.S. Religious Statements on Central America, July 1984, p. 35.

Our nation is providing support for the powers of death in Central America. This has occurred because we have often been motivated by concern for national security rather than by concern for justice. (PCUSA, 1983, p. 738) Church and Society: Social Teachings of the Presbyterian Church, November/December 1984, p. 81.

The views of the General Assembly of the Presbyterian Church (U.S.A.) on Central America are not cognizant of the overall progress of democracy in Central America nor of the expanding military nature of the international communist presence in that struggling region. We agree that economic reforms and development are essential in Central America. For that reason we commend the Reagan Administration for its emphasis on economic assistance and its support for land reform in El Salvador. We share the General Assembly's concern for human rights, including the termination of all politically-inspired murders and disappearances, judicial reform, and political enfranchisement, yet the General Assembly does not seem to recognize that, in El Salvador, the progress toward respect for those rights has been dramatic during the years of the Reagan Administration, while in Nicaragua, a democratically-based revolution has been subverted and reversed by Marxist-Leninists engaged in a growing military alliance with the Soviet Union and Cuba and world terrorist organization such as the Red Brigade.

Of parallel importance to us is the growing practice by which agencies of the Church lobby in Washington to defeat policies which provide an effective strategic deterrent and promote democracy in Central America. We have noticed with some dismay that the Presbyterian Advocates on Central America, created at the 1983 general convention of the Presbyterian Church (U.S.A.), has been one of the most visible and active groups on Capitol Hill who are supporters of the Nicaraguan Government and have lobbied against providing any kind of aid to those persons who are struggling against the consolidation of an oppressive, expansionist, communist regime in Nicaragua. We would instead urge the General Assembly to pay heed to the voices of Presbyterians across the country, including those represented by the organization known as Presbyterians for Democracy and Religious Freedom.

We hope that these concerns will be taken seriously by the General Assembly as they are sincerely intentioned and deeply felt. We also wish to reiterate that we offer these views with the greatest respect and with the real hope that we, as Members of Congress, will be able to work with the General Assembly in the future on these issues of profound importance.

Cordially,

Jerry Solomon, Hal Daub, Frank R. Wolf, Marvin Leath, Bill Emerson, John J. Duncan, J. Alex McMillan, Howard Coble, Dick Armey, Elwood Hillis.

Bob Walker, Guy Vander Jagt, Bill Broomfield, Marjorie Holt, Samuel Stratton, Thomas N. Kindness, Richard Shelby, Carlos Moorhead, Jerry Lewis, Dick Schulze.

THE UNITED NATIONS

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. SOLOMON. Mr. Speaker, having been appointed as an American Delegate to the U.N. General Assembly this fall, I have been immersing myself in studying the history and procedures of that organization. It is no secret to anyone in this House that public support for the United Nations has fallen to an all-time low—and not without justification either. If we need to set a date when the United Nations began to lose the public support it had so long enjoyed I would suggest we consider the events of 1975.

Ten years ago this week the self-proclaimed Field Marshal and President of Uganda, Idi Amin, addressed the U.N. General Assembly, in which he called—and I quote—"for the expulsion of Israel from the United Nations and the extinction of Israel as a state * * *." This call for genocide, as well as Idi Amin's description of the United States as having been—quote—"colonized by the Zionists" was answered by a standing ovation in the U.N. General Assembly. And within a matter of several weeks, the U.N. General Assembly was on record as having declared that—quote—"Zionism is a form of racism and racial discrimination * * * a racialist and imperialist ideology." There also followed the ritualistic denunciation of Israel as a threat to world peace.

The events of 10 years ago this week were particularly graphic to be sure, but, unfortunately, they have not proven to be isolated or infrequent. A great many Americans are now asking if American interests and, indeed, the interests of all people who are seeking freedom and justice can be served by our continued participation in what has become a propaganda spectacle of Babylonian dimensions.

The voice of the American people is being heard in Congress. The United Nations has been put on notice that American financial support for that organization will start to diminish in fiscal year 1987 if reforms are not forthcoming. And I pledge to keep my colleagues and the American people informed about the 40th session of the U.N. General Assembly that is presently underway.

American patience is wearing thin—the generosity of the American people has been abused long enough. This is the message that I am taking to New York. And I will keep you posted on how this message is received.

BILL THOMAS: A LIFETIME OF COMMUNITY SERVICE

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. LEHMAN of Florida. Mr. Speaker, every community needs people committed to making it a better place in which to live. Such a man is Bill Thomas of Miami Shores.

Bill has been my friend since we both taught high school at Miami Edison Senior High. We've kept in touch ever since. In those days, Bill was dean of boys. He mastered ways to control behavior in school without resorting to cruel and unusual punishment. Our three children attended Miami Edison and benefited from Bill Thomas' friendship and school administrative ability.

Later, Bill became principal of Miami Norland Senior High, a school with a student body that changed rapidly after North Miami Senior High was opened. Norland represented the pluralistic society that is south Florida, and Bill had to handle all the problems and tensions that go along with this kind of situation. He approached the task with typical skill and commitment.

Now Bill Thomas is retired, but happily not retired from his service to our community. I would like to share with my colleagues an article from the Miami Herald which further explains the activities of my good friend and community servant.

The article follows:

RETIRED TEACHER PATROLS SHORES ARMED WITH A CB, SHARP EYES

(By Fabiola Santiago)

Every Wednesday at noon, Bill Thomas dons a red-and-white cap and sets up a CB radio in his beige Nissan with the "Mr. T" license plate.

Then he sticks three magnetic signs that say "Miami Shores Mobile Crimewatch" on the sides and rear of the car, and he's off to ride around well-groomed streets, narrow shady alleys and busy parking lots.

He watches out for strangers or situations that don't seem quite right. He drives by the houses of neighbors on vacation. Mostly, he just lets everyone know that someone's around keeping an eye on things.

"Just another set of eyes, my little contribution to Miami Shores," he says of his volunteer work in the city's citizens' patrol program, a technique catching on in other Dade communities as well.

A native, Miamian, Thomas, 55, retired two years ago after 32 years as a social studies teacher, school principal and administrator in the Dade County school system.

Now a grandfather of five, he joined the Shores mobile patrol when it was formed by the Village Council in January to help police combat crime. With 96 volunteers, ages 18 to 83, the patrol operates out of the Village Hall's attic, where a "base" operator monitors the CBs and calls the police as needed.

Thomas has already logged more than 140 hours. He pays for his own gas, and for the expense he gets a 12-cents-a-mile deduction in his income tax.

Like the others, he usually goes out on patrol with another volunteer who writes down descriptions of suspicious cars and people. They are not supposed to leave their car. They are told only to "observe and report."

Wednesday, Thomas spotted a young man "suspiciously" walking along a tucked-away alley behind two rows of homes. Thomas passed by him once, then twice, following his trail.

"He's made us out," he says. "We are going to hound him."

The man disappeared after crossing a major intersection, but Thomas' detailed description of him will be kept at the office; he could become a suspect if a crime is committed in the area.

"If people did something about crime instead of just complaining about it, we would see more action," he says. "In some small way, I'm helping. It makes me feel better."

COOL, CA, CELEBRATES 100 YEARS

HON. GENE CHAPPIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. CHAPPIE. Mr. Speaker, I want to bring to my colleagues' attention an important day in the history of Cool, CA. This Sunday, October 6, 1985, the townspeople will kick up their heels to mark the 100th birthday of the community.

The local merchants association and townspeople have worked hard to plan appropriate festivities. Beginning bright and early on Sunday, there will be a pig raffle, a greased pole climbing contest, dancing in the streets, a drawing for a Remington rifle, and lots of conspicuous consumption of good old-fashioned cooking.

Cool will always have a special place in my heart. My family has lived in the area since 1920. I watched my children grow up there and can remember the one-room schoolhouse they attended. My ranch near Cool is still a favorite retreat from the hectic pace of Washington, DC.

For those of my colleagues who haven't visited Cool, let me tell you something about it. The town is located in the foothills of the Sierras. There isn't much of the original town still standing; all that's left is a portion of the general store that was built in 1883. Cool historians say the first settlers were discouraged gold miners who came to the area to make their fortunes in farming and ranching in the 1850's.

The community got its name from Aaron Cool, a circuit riding minister who preached on Sundays at the local rest stop and watering hole. The town was first called Cave Valley, but when the townspeople applied for a post office, they were informed they couldn't use it because another town already claimed the name. The story goes that a public meeting was held to decide a new name for the town. After hours of heated debate and debauchery, someone got up and said the town should be named "Cool," after the preacher. The name stuck. To my knowledge, no other community in the world has the same name.

Like many small communities in the West, Cool has had its share of prominent citizens, shady characters and hard-working folk. The town's history is rich with stories about people having good old-fashioned fun.

Prohibition was a lively time for Cool. I'm convinced some of the best moonshine in the country was produced there. Floyd Leach's moonshine was especially unforgettable—the kind of home brew that could make the rabbits roost with the turkeys.

Many of the local families had their own stills. The revenuers, that's what we called the law enforcement people, tried their best to make the people stop drinking, but without much success. I still remember the time they came to our ranch with the bad news. It was a sad day when I had to shoot the family still full of holes and bury it.

Some of the most telling stories about Cool are those about the local post office. As my colleagues know, every small town that's anything has a post office.

Back in 1910, the post office was housed in a two-story framed building in the downtown area. On the second floor of the building was a dance hall, and according to at least one old-timer, it rocked and shaked on Saturday nights as patrons danced the night away. Decked out in their best duds, cowboys, miners, and farmers from around the countryside came to town to whet their whistle and have some fun. After a few drinks, insults were exchanged and a bruising fight followed.

All that dancing must have taken its toll on the post office building, because a few years later, it was moved across the street to a new location. I'm sure there were those who missed the old place, but the postmaster made up for it with a stroke a genius. Winning the hearts of many, Mrs. Rose Ashley installed a large chewing tobacco cutter in the building so that when the local residents picked up their mail, they could also get a cut of chew.

The town has changed over the years, but like my famous dago red wine, it gets better with age. The population has grown and new buildings have been constructed. You won't find chewing tobacco in the local post office any longer either, but you can still find the friendship and community spirit that's associated with a small town.

Sunday is a proud day in the town's history, and I want to salute all those who helped make Cool's centennial what surely will be a memorable event. Buon compleanni.

IDEA OF NORFOLK SOUTHERN TAKEOVER GATHERING STEAM WITH CONRAIL WORKERS

HON. JAMES T. BROYHILL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. BROYHILL. Mr. Speaker, there has been a great deal of discussion and pointed debate over the proposed sale of Conrail.

Projections as to Conrail's future viability and assessments of the competitive effect of a sale of Norfolk Southern are as plentiful as they are varied.

In the midst of this ongoing debate, one thing is becoming abundantly clear—there is no certainty as to Conrail's financial viability as a stand alone company in the long term. It would be a precarious gamble to send Conrail off into the private sector, without any assurance that it could survive its own historic declining traffic pattern, let alone any downturn in the economy of the region it serves.

This very basic concern should guide our ultimate decision on how best to sell Conrail. This fact is one which the employees of Conrail, who have sacrificed to keep Conrail afloat, are focusing on as well.

As the following letter authored by the President of the Brotherhood of Locomotive Engineers, John F. Sytsma, and the article from the Newark Star-Ledger indicate, there is strong sentiment that a Norfolk Southern purchase will bring increased freight to the Conrail system, better service options and reduced costs to shippers, job security to Conrail's work force, and assurance to the region that essential rail service would remain.

Simply put, Conrail needs Norfolk Southern to survive and many within the ranks of rail labor prefer this purchase option. I commend the following to my colleagues' reading.

BROTHERHOOD OF LOCOMOTIVE ENGINEERS,
Cleveland, OH, September 10, 1985.

CONRAIL MEMBERS.

DEAR CONRAIL MEMBER: One of the most pressing problems facing the BLE today involves the position we should take on the sale of Conrail. The problem is especially pressing because whatever happens to Conrail could possibly mean job losses, lack of security and dislocations for our Conrail members.

The only Conrail plan that would mean none of the foregoing would be for Conrail to continue to be a ward of the United States government, but this does not appear to be in the cards. Some Pennsylvania congressmen have endorsed such a solution, and I have also tried to support maintaining the status quo, but to no avail. We are greatly outnumbered by those who advocate selling the railroad.

The Norfolk Southern sale, as proposed by the Department of Transportation and endorsed by the Reagan Administration, is stalled in Congress. Norfolk Southern has been very honest about admitting that if they took over the railroad there would be some layoffs and dislocations (sometimes we overlook the fact that current Conrail management is no piker in the field of layoffs and dislocations—employment on Conrail has dropped from over 100,000 to less than 40,000 since Conrail was formed, and thousands of miles of track have been eliminated or downgraded). The good aspect of a sale to Norfolk Southern is that NS is a rich railroad and could maintain the Conrail lines through bad economic times. This could not be guaranteed if the railroad is sold public (the Morgan Stanley proposal).

Under the Morgan Stanley proposal Conrail would operate as an independent railroad, hopefully in the same dimensions as it operates today. This would mean a minimum of layoffs and dislocations for today, but how about tomorrow?

Currently we are on record with the Railway Labor Executives' Association as endorsing the Morgan Stanley proposal. This does not mean, however, that I am wedded to that position. I wish to assure you of our flexibility on the issue. In the final analysis we will place our legislative and economic strength behind the plan that will be most advantageous to you, our Conrail member.

If you have any comments, ideas and suggestions concerning the Conrail sale, please write to me. Your thinking will be very helpful to me in the formulation of future positions in this matter.

Fraternally yours,

JOHN F. SYTSMA,
President.

[From the Star-Ledger, Sept. 26, 1985]

IDEA OF NORFOLK SOUTHERN TAKEOVER GATHERING STEAM WITH CONRAIL WORKERS

(By Guy T. Baehr)

Sentiment among some of Conrail's 30,000 employes appears to be shifting in favor of a takeover of the huge, federally owned Northeast freight railroad by Norfolk Southern, the Virginia/based railroad that has been seeking to buy Conrail for more than a year.

In a group interview earlier this week, 15 rank-and-file Conrail workers from northern New Jersey said they believe a merger of their railroad with Norfolk Southern would produce a stronger company and give them the best chance of keeping their jobs over the long term.

The New Jersey workers, including three local union officials, said such sentiment has been spreading rapidly and that they are planning a petition drive aimed at their unions' national leadership and their representatives in Congress. About 2,000 Conrail employes work in New Jersey, where Conrail provides more than 90 percent of all rail freight service.

Meanwhile, Norfolk Southern officials said yesterday they received more than 500 replies from Conrail workers in New Jersey, Delaware, Pennsylvania, Michigan and Ohio responding to full-page advertisements placed Monday in 71 daily newspapers, including The Star-Ledger, covering most of Conrail's 16-state territory.

The advertisement, addressed to Conrail employes, said, "Many Conrail employes have told us that they have been kept in the dark about Norfolk Southern by Conrail management and some of their union representatives."

It showed a letter from Norfolk Southern's chairman, Robert B. Claytor, and president, Harold H. Hall, seeking their support and included a coupon for more information.

Top officials of unions representing most of Conrail's workers have opposed Norfolk Southern's bid, and most have endorsed a competing plan devised by Conrail's management and the investment banking firm of Morgan Stanley to maintain Conrail's independence by selling the federal government's 85 percent interest in Conrail to the public through a public stock offering.

The union executives have said they fear a merger between Conrail and Norfolk Southern would cost union jobs when overlapping routes and duplicative yards, shops and offices are closed.

But the New Jersey workers said their primary concern is not loss of jobs due to a merger. They say far more jobs, including their own, will be jeopardized if Conrail continues to lose business as it has since it was formed in 1976.

They said about 60,000 Conrail employes have lost their jobs over the last nine years and more will be lost if Conrail's freight business is not expanded through a merger with Norfolk Southern. Such a merger would open north-south routes to complement Conrail's existing east-west routes, they said.

"You're not talking to a bunch of radical, disgruntled employes," said one worker. "We're concerned with our future, and the only way to guarantee our jobs is by increasing the amount of freight we carry. So far Conrail has kept losing business because rail freight in this region is going down. The only way we see to keep our jobs is to merge with Norfolk Southern and develop some new routes and new business."

A rank-and-file revolt on the issue among Conrail union members could be significant in breaking the current congressional stalemate on the sale of Conrail, because many congressmen and local officials have followed labor leadership in opposing Norfolk Southern's bid.

Neither the Norfolk Southern nor the Morgan Stanley plan has generated much enthusiasm in Congress, and Sen. Howard M. Metzenbaum (D-Ohio) said Tuesday that, through a filibuster, he would seek to kill any attempt to sell Conrail to anyone.

Metzenbaum said he regards the $1.2 billion price offered by both bidders as too low and added that Conrail is not costing the federal government money now, so there is no pressing need to sell it.

One of the New Jersey workers, a local official with the International Brotherhood of Electrical Workers (IBEW), said, "What has annoyed many Conrail employes is that the union executives never asked our opinion. They never took a vote or a poll or even held a meeting to ask how we felt."

Congress is under the impression that labor favors the Morgan Stanley proposal 100 percent because that's what the union leadership told them. But it isn't so.

"When I asked my union for information on the two proposals, they just sent me a copy of the Morgan Stanley proposal and blank petitions endorsing it. To my knowledge, those petitions never got any rank-and-file signatures in our region," said the local official, who asked that he and other members of the group not be identified until local organizing efforts are further advanced.

Members of the group identified themselves as members of the IBEW, the International Association of Machinists & Aerospace Workers, the International Brotherhood of Firemen and Oilers, the Brotherhood of Railway Carmen and the Association of Airline and Railroad Supervisors.

Another worker said local sentiment began to shift three or four months ago after one union member called Washington to seek information from the U.S. Department of Transportation (DOT), which is backing Norfolk Southern's bid as part of the Reagan Administration's effort to return control to the private sector.

In addition, he said members of the group contacted Norfolk Southern directly and have received information as well as hats bearing Norfolk Southern's logo. Several of the workers wore the hats during the afterwork interview and said they also wear them at work.

TRIBUTE TO SAINT XAVIER COLLEGE SCHOOL OF NURSING

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. RUSSO. Mr. Speaker, today I would like to pay tribute and congratulate the Saint Xavier College School of Nursing on the occasion of its 50th anniversary this month. This outstanding facility in Chicago has for five decades prepared college educated professional nurses. The respected Sisters of Mercy, who have made countless other contributions to Chicago, designed the program, the first nursing program in the State of Illinois to be officially accredited by the National League for Nursing, and to this day both its undergraduate and graduate nursing programs are fully accredited.

When we look back to those early days we can reflect on the success attained by this fine nursing program. In 1935 under the direction of Sister Timothea Hayes, who was the first chairperson of the department of nursing, four women entered the baccalaureate program of Saint Xavier College. These women subsequently were the graduates of the class of 1939: Mary Divine Brown McCormick (Mrs. Bernard); Genevieve Garvey Madherny (Mrs. George); June Grode Wilson (Mrs. Lesley), and Loretta Lang Neufeld (Mrs. Robert). Today this program has graduated over 2,200 professionally prepared nurses.

I know my colleagues join with me today in commending the School of Nursing of Saint Xavier on the occasion of its 50th anniversary and in thanking the skilled personnel and caring people who have contributed so much to the community through their dedication to excellence in education. I extend my own personal best wishes to those who will assemble October 19 and 20 to commemorate this auspicious occasion and to look forward to the continuing success of the Saint Xavier College School of Nursing.

FORTNEY'S COMPLAINT IGNORES STARK REALITY

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. HYDE. Mr. Speaker, permit me to respond to Representative PETE STARK'S recent mischaracterization of my nuclear test ban position—October 1 CONGRESSIONAL RECORD.

If my colleague from California will only read my substitute to House Joint Resolution 3, which in the October 1 CONGRESSIONAL RECORD, he will discover that I am not opposed to a verifiable comprehensive test ban [CTB]. Indeed, I support such a long-term goal, provided certain other arms control objectives are met first.

In listening to the debate on this issue, an old adage leaps to mind: "Don't put the cart before the horse." Unfortunately, that's what advocates of House Joint Resolution 3 are doing when they direct the President to resume posthaste negotiations with the Soviet Union on a CTB. Common sense dictates that we strive for a CTB within the broader context of deep and verifiable arms reductions. The question of nuclear testing must be linked to successful arms reductions efforts in Geneva. In other words, meaningful arms reductions must precede rather than follow restrictions on nuclear testing.

Prematurely prohibiting nuclear testing would seriously jeopardize our nuclear deterrent capability which has given America and its Western European allies 40 years of peace. Informed, expert witnesses have told Congress that without continued testing we have no assurances that our nuclear capability would remain reliable. My substitute recognizes these stark strategic realities and offers the House a viable alternative to House Joint Resolution 3.

I also must take issue with my California colleague's contention that this administration totally disregards the value of limiting Soviet military programs to enhance our security.

Mr. STARK should remember that it was Jimmy Carter, not Ronald Reagan, who suspended CTB negotiations with the Soviets. President Carter did this for many reasons, among them being the brutal Soviet invasion of Afghanistan. Moreover, I believe that our negotiating team's efforts in Geneva to limit Soviet nuclear force modernization are being conducted with the utmost seriousness and that this administration is carefully weighing the new Soviet proposals to reduce arms and limit nuclear charges.

Mr. STARK and others also argued that the language of House Joint Resolution 3 mimics the legislation passed by the Senate on June 20, 1984. In point of fact, the Senate did not pass exactly the same language as contained in House Joint Resolution 3. Instead, the Senate passed an amendment to the Defense authorization bill—not a separate, free-standing bill on arms control—which expressed the sense of Congress that the President propose the immediate resumption of negotiations toward a CTB. House Joint Resolution 3 contains no sense of Congress language whatsoever. I also remind my colleagues that the Senate amendment never became public law.

Too many responsible and knowledgeable persons have raised serious questions about our ability to verify compliance with any such treaties. In our zeal to get a treaty ratified, ought not ordinary prudence require that verification be clearly available to all sides?

Advocates of a test ban treaty—verifiable or not—fault this administration for what they believe to be excessive cynicism toward Soviet compliance. Our national security depends on a clear-eyed assessment of the realities of arms control, and that requires mutual, verifiable and military significant reductions in nuclear weapons as a condition precedent to any test ban.

THE CZECHOSLOVAKIAN BORDER INCIDENT

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. SOLOMON. Mr. Speaker, last spring this House went on record condemning the Soviet Union for the brutal and unwarranted murder of U.S. Army Maj. Arthur Nicholson, who was on a routine patrol mission in East Germany. As that resolution was considered by the House, myself and other colleagues pointed out that the murder of Major Nicholson was not an isolated or uncommon event—that the murder of Major Nicholson was part and parcel of an ongoing effort by the Soviet Union and its Eastern European puppets to harass and intimidate American servicemen stationed along the Iron Curtain.

Now once again we are provided with evidence concerning the Soviet Union's hostility toward us. Last Saturday a Czechoslovakian jet entered West German airspace and fired at a U.S. Army helicopter on a routine border surveillance mission. This latest incident marked the 17th—let me repeat that, the 17th—border incursion of West German airspace by aircraft from the Warsaw Pact in the 6 months since the murder of Major Nicholson.

Once again we are reminded that behind all of Mr. Gorbachev's smiles and expressions of goodwill there remains a relentless hostility to the United States and to the human, social, and political values that we and our Western European Allies uphold. As the Reagan/Gorbachev summit conference draws closer, one would think that the Soviets and their proxies would at least temper their hostility if for no other reason than to manipulate public opinion. But so ingrained and irrational is their behavior that even a minimal demonstration of civility on their part seems to be impossible.

The timing of this latest episode is also interesting because it came on the eve of the Gorbachev visit to Paris—a diplomatic foray that French newspapers have appropriately christened as "Operation Seduction." It is time that the Soviet leader be put on notice: We and our allies are not impressed with a Soviet leader who smiles and wears well-tailored suits. Nor are we fooled by his soothing words in Time magazine when he rhapsodized about the beauty of the Swiss Alps—at a time when his own forces are raining death and destruction across the mountains of Afghanistan. What we want is concrete evidence that he is any different from the murderous thugs that have preceded him in the Kremlin. So far, not one shred of evidence to that effect has ever been found.

BAN THE STEEL JAW LEGHOLD TRAP

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. VENTO. Mr. Speaker, There was an article recently in the St. Paul Pioneer Press/Dispatch that I would like to call to the attention of my colleagues. This article, which I will submit for the record, gives an account of a 14-year-old Minneapolis boy who was playing in an old railroad yard and stumbled into a leghold animal trap. The boy managed to get free of the trap, but not before his foot was crushed and the skin was peeled off of his bones which resulted in the amputation of his toes.

Accidents such as these should not occur. This very unfortunate occurrence reenforces the need to outlaw these dangerous leg-hold traps. I am an original cosponsor of a bill introduced by my colleague from California, Mr. LANTOS, which would ban the use of the steel leghold trap. Many other nations have already banned this very dangerous trap, without dooming the trapping industry.

This trap painfully imprisons anything, or worse, anybody that triggers it. The power of the trap is devastating and it cannot discern between the front paw of a coyote, the hind leg of a German shepherd, or as in the case in Minnesota, the foot of a 14-year-old boy.

I have repeatedly sought new laws to prevent the use of such traps. The event discribed below simply underscores the importance of such laws.

[From the St. Paul Pioneer Press/Dispatch, Sept. 18, 1985]

BOY BLAMES TRAP IN LOSS OF TOES

(By Bill Gardner)

A 14-year-old Minneapolis boy playing in an old railroad yard stumbled into a leghold animal trap that mangled his foot and required the amputation Tuesday of four of his toes.

Doctors at Hennepin County Medical Center plan to do reconstructive surgery on the foot of August Katzung later this week.

"They hope they can save the foot, but they are telling us there is a very strong chance they will have to amputate more of the foot," said the boy's attorney, Curtis D. Smith.

The accident happened Saturday afternoon as Katzung was playing in the old Burlington Northern yards under U.S. 12 and adjacent to Bryn Mawr Meadows, Smith said.

Katzung was alone at the time and slid down a cement embankment right into the trap, Smith said. The boy managed to get out of it but his foot was crushed and the skin was peeled off the bones.

"He lost a tremendous amount of blood," said Smith. "When he was found, it was bare bones on the front of his foot."

The boy later told his father that a man with long white hair and a long white beard moved him from under a bridge to a spot about 15 yards away where he could be seen by passersby. Then the man left.

August's twin brother, Eric, and another boy were out looking for August and spotted him, according to Smith. They ran home for help, and August's father, Terry, called the paramedics.

Smith said he and the father searched the area Monday but were unable to find the trap. They did find the boy's shoe and sock.

"My suspicion is that somebody has been trapping down there and probably came along either Sunday morning or evening to check his trap and found that it had caught a sneaker, a very bloody sock and perhaps even some flesh," said Smith. "And I suspect he realized what had happened and simply picked up the trap and left." Smith said he has been told there are many raccoons, foxes and other small animals that live in the area. He also noticed a cardboard bed, an old blanket and a paperback novel together under the bridge.

"I suspect it's a transient who has made it his home, but I have no reason to believe he was the one who set the trap," Smith said.

Joggers use the area frequently, and Smith hopes someone may come forward who has seen a trapper. A Minneapolis ordinance outlaws animal traps within the city limits, he said.

Smith said he believes either Burlington Northern or Hennepin County owns the land where the accident took place, and he said he plans to file a lawsuit against the landowner and against whoever set the trap, assuming that person eventually is identified.

MEDICARE ABROAD: DON'T LEAVE HOME WITHOUT IT

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. BIAGGI. Mr. Speaker, today I am introducing legislation to address a major health fear now burdening our Nation's elderly. This legislation would, for the first time, extend Medicare coverage to elderly beneficiaries who live and travel outside of the United States and become seriously ill.

Specifically, my proposal would authorize the President to enter into agreements with foreign countries to establish reciprocal arrangements for health care. Realizing the considerable time it may take to negotiate these matters, this legislation would also authorize the Secretary of Health and Human Services to enter into temporary agreements to aid those elderly who become seriously ill while traveling outside of the United States.

Since 1977, we have entered into agreements with foreign countries in order to provide Social Security benefits to those living abroad, yet we do not extend the same coverage under Medicare. Presently, Medicare will only cover foreign emergency services in instances when travel between the 48 continental United States takes a person into Canada; and, hospital services needed while a person is traveling near a U.S. border, and a foreign hospital is the nearest place for treatment.

Senior citizens are an ever-growing segment of our population. In addition, the number of elderly who travel outside of this country greatly increases each year. Consider for example, that in 1984 an estimated 15 percent of all passports issued by the State Department were to persons 65 and over, involving some 668,000 senior citizens. Clearly, this large and ever-growing segment of our citizenry would greatly benefit from an extension of Medicare coverage.

For the benefit of my colleagues, I am inserting the full text of this bill into the RECORD. I believe it is imperative that we give all Medicare beneficiaries their benefits—at home and abroad.

H.R. —

A BILL To amend title XVIII of the Social Security Act to authorize the President to enter into reciprocal agreements for health care services furnished to medicare beneficiaries outside the United States

Be it enacted by the Senate and House of Repesentatives of the United States of America in Congress assembled, That part C of title XVIII of the Social Security Act is amended by adding at the end the following new section:

"INTERNATIONAL AGREEMENTS

"SEC. 1890. (a) The President is authorized to enter into agreements establishing reciprocal arrangements between the programs established by this title and the program of any foreign country under which similar services are provided directly to entitled individuals or under which insurance is provided to meet all or part of the expenses of entitled individuals for such services.

"(b) Any agreement establishing such a reciprocal arrangement pursuant to this section shall specify—

"(1) the nature and extent of payment to be made to or on behalf of (A) individuals entitled to benefits under this title for services covered under such title when such individuals are present in the foreign country and receive such services from persons who are authorized under the program of that foreign country to furnish them, and (B) individuals entitled to benefits under the program of that foreign country who receive such services in the United States from persons meeting such requirements or conditions as are required under such title;

"(2) such limitations on the nature and duration of services for which payment may be made in one country to individuals entitled to benefits under the program of the other country, as the President deems appropriate, except that no agreement shall authorize any individual to receive benefits in the United States on a reciprocal basis in excess of those provided for individuals entitled to benefits under this title;

"(3) such limitation on entitlement of individuals to benefits on a reciprocal basis under an agreement in the United States and in the foreign country, as the President deems appropriate, except that no agreement shall provide entitlement to benefits under this title in the United States for an individual who does not meet the requirements for entitlement applicable under such title with respect to age or medical condition;

"(4) the methods by which the cost of providing services to persons on a reciprocal basis shall be shared equitably by the persons receiving such services and by the respective programs of the United States and the foreign country; and

"(5) such other provisions, not inconsistent with this section, as the President deems appropriate.

"(c) The Secretary shall make rules and regulations and establish procedures which are reasonable and necessary to implement and administer any agreement which has been entered into in accordance with this section.

"(d) Pending the conclusion of an agreement under this section with a foreign country, the Secretary is authorized to enter into interim arrangements with any hopsital in that country which is accredited by the Joint Commission on Accreditation of Hospitals, or such other hospitals as the Secretary finds meet health and safety standards equivalent to those required under this title for hospitals in the United States and which are accredited in the foreign country concerned, under which payment may be made for inpatient hospital services, as defined in section 1861, to or on behalf of an individual who is entitled to such benefits under part A of this title. For purposes of making payment under such an interim arrangement, the Secretary shall use whichever of the methods provided for in section 1814(f) he finds appropriate, except that any payments made under part A of this title to the individual or to the hospital shall be reduced to the extent that the individual has no legal obligation to pay for any items or services furnished to such individual by reason of the laws of the foreign country in which the hospital is located or such individual's membership in an insurance plan that provides for payment for such items or services.".

THE INTRODUCTION OF AMENDMENTS OF THE FREEDOM OF INFORMATION ACT

HON. THOMAS N. KINDNESS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. KINDNESS. Mr. Speaker, today I am introducing legislation which would amend the Freedom of Information Act (5 U.S.C. 552) to provide separate statutory procedures for the handling of requests for public disclosure of information submitted to Government agencies by business concerns.

This legislation is similar to, but differs in important respects from, bills pending in both Houses which would make a number of other changes in the Freedom of Information Act [FOIA]. I am pleased that several of my colleagues on the Government Operations Subcommittee on Government Information, which has jurisdiction over FOIA, have joined me today as cosponsors of this bill.

One aim of the bill is to discourage the use of the Freedom of Information Act by business concerns who burden the limited resources of Federal agencies by filing FOIA requests for information submitted to those agencies by their competitors. Another aim of the bill is to provide additional safeguards against ill-considered or inadvertant disclosure of information which would cause substantial competitive harm to the business concern which submitted the information. And last, but certainly not least, the bill attempts to achieve these aims without adding unduly to the time needed to process legitimate requests for such information filed by private citizens, the press, and public interest groups.

Truckloads of information are submitted annually to Federal Government agencies by business concerns for regulatory, licensing, procurement, and statistical purposes. Once submitted to the Government, that information becomes agency records and thereby subject to requests for disclosure made pursuant to the Freedom of Information Act.

The Freedom of Information Act is properly weighted toward disclosure of information. The general rule is that agency records must be disclosed unless the information contained therein falls within 1 of 9 exemptions. Records exempted from disclosure include national security information, law enforcement investigatory records, agencies' deliberative documents and information specifically exempted from disclosure by other statutes. One of those exemptions covers confidential business records whose disclosure would cause substantial competitive harm to the business concern which submitted them. Those exemptions authorize—they do not require—agencies to withhold agency records from the public.

If the agency decides to withhold the records, the requester may go to court and get de novo review of the agency's decision, rather than simply a determination of whether the agency's decision was arbitrary, capricious, or an abuse of discretion. In that litigation, the agency bears the burden of proving that the records withheld do fall within the asserted exemption. And, if the requester substantially prevails, the court may award reasonable attorney fees and other litigation costs incurred by the requester.

Placing the burden on the agency to justify withholding pursuant to the act's exemptions is proper as in most cases the justification for asserting a particular exemption is clearly within the knowledge of the agency to assert. However, that is not necessarily so in the case of information submitted by business concerns to the agency. Whether disclosure of that information will cause substantial competitive harm to the business concern which submitted it will require the agency to draw upon the knowledge of the submitter and possibly outside sources as well in order to make a proper determination.

To their credit, a number of Federal agencies have recognized these limitations and have, by agency rule, provided notice to submitters of business information when a request is made for disclosure of that information The submitter is then afforded an opportunity to provide reasons why these records should be withheld, if the submitter believes there is cause for withholding.

Unfortunately, the time limits for agency response under FOIA limit the opportunity for the submitter to prepare and provide a suitable justification to the agency for withholding, and they limit the opportunity for the agency to give careful consideration to the competing claims of submitter and requester. Ofttimes, submitters will race to the courthouse to seek an injunction against disclosure. In such a case, called a "Reverse-FOIA" action, the court is faced with the complicated question of what standard of review to apply to the case since the case does not arise under the FOIA but rather chapter 7 of the Administrative Procedure Act (5 U.S.C. et seq).

A recent U.S. Circuit Court of Appeals decision illustrates the unfortunate state of the law on that question. On May 25, 1984, the District of Columbia circuit issued an opinion in *National Organization of Women* v. *Social Security Administration,* 736 F.2d 727 (CADC, 1984), on the issue of whether the district court erred in granting a preliminary injunction against disclosure of equal employment opportunity reports based upon de novo review of the agency's action. In order to reach the decision, the court had to decide whether the fact-finding procedures of the agency were adequate. In the end, the three circuit judges agreed that the preliminary injunction was proper, but they disagreed over whether the agency's fact-finding procedures were adequate and thus over whether it was proper for the district court to have reviewed the agency's action de novo, citing several other cases in support of their different conclusions on this issue.

The legislation I am introducing today, then, would require agencies to provide timely notice to submitters who designate information claimed to be exempt from disclosure; would give the submitter 10 working days to provide its objections to disclosure to the agency; and would provide for de novo judicial review of the submitter's objections to disclosure.

The bill makes no change in the coverage of the business records exemption nor does it unduly lengthen the agency process for handling requests for business records. And, if the submitter seeks judicial review, the submitter bears the burden of justifying the claim of exemption.

The majority of cases do not go to court. The ones that do confront the court with a garden-variety of agency procedures which lengthens the litigation process while the litigators argue over what process the court should follow in determining whether the agencies process was adequate. Some standard operating procedures at the agency can only improve the processes there where most FOIA disputes are resolved.

This legislation represents a good faith effort to balance the legitimate claims of the business community with the policy of disclosure embodied in the Freedom of Information Act. Unlike most Government information, most business records submitted to Government agencies are generated outside of Government. The submitter thus retains an interest in the information supplied to Government agencies. Likewise, the public has a legitimate interest in whether those agencies are properly fulfilling their responsibilities which require the collection of such information. I believe that this bill strikes the proper balance between these legitimate interests.

Some have argued that this legislation is not necessary because of the dearth of horror stories of improper and damaging disclosures and because some agencies are already, by rule, providing notice and an opportunity for submitters to object to disclosure. Like the busy street with a school crossing which cries out for a traffic signal, I am not one to stand around and wait for a horror story to occur if reasonable means can be taken to make it less likely. I have also never been too comfortable with relying on the good graces of agencies, utilizing ofttimes ambiguous authority to do as much or as little as they think they can get away with.

Furthermore, the state of the law on agency and judicial review of requests for, and objections to, disclosure of business records is chaotic. Congress should step in and resolve the issues by creating separate statutory procedures for the handling of requests for records submitted by business concerns. This bill offers the ways in which to accomplish those ends and I hope that it will receive early and favorable consideration by the Congress.

LEBANON HOSTAGE CRISIS IN 566TH DAY

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. O'BRIEN. Mr. Speaker, today is the 566th day Americans have been held hostage in Lebanon.

William Buckley, a U.S. Foreign Service officer, was kidnaped on the streets of Beirut on March 16, 1985, 566 days ago today.

Father Lawrence Jenco has been held hostage in Lebanon for 269 days.

Terry Anderson, the Associated Press bureau chief, was taken hostage in Lebanon 201 days ago today.

Today marks the 128th day of captivity for David Jacobsen, director of the American University Hospital in Beirut.

Thomas Sutherland, dean of the American University School of Agriculture, was taken hostage in Lebanon 115 days ago.

Today also marks the 303d day since the kidnaping of Peter Kilburn, the American University librarian.

Mr. Speaker, the American hostage crisis in Lebanon is now in its 566th day. It won't be over until all six remaining Americans are returned free from harm.

PEACE IN THE PENTAGON OR PEACE IN THE WORLD

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. ASPIN. Mr. Speaker, the public demands that we wring wasteful spending out of the defense budget. So, we go out after costly coffee pots and overpriced wrenches. I will submit, however, that we may be in danger of missing the forest for the trees. Even if we completely eliminated every last one of the horrific overpricings exposed in recent years, we might still have a wasteful defense budget. For unless we tie our defense budget—regardless of its size—to a rational defense strategy, we are fooling ourselves and the public. Yes; we must demand efficient management of the Pentagon. But efficient management is not a defense policy.

As chairman of the Defense Policy Panel within the House Armed Services Committee, I plan to start next week a series of hearings that will try to step back from the details of the annual budget debates and take a longer view of where we are going in defense.

How can we decide if we need more or less growth in defense spending, or where to modernize our defense forces, or how to make use of developments in emerging technologies, or for that matter, any of the details of our defense policy, until we know clearly to what purpose these weapons will be used. When historians look back and record the mismanagement of American Defense, they may not refer to the $600 wrench, or the $7,000 coffee pot, or the interservice rivalry that plagues our Armed Forces. It may be recorded that we failed to develop a coherent national security policy and instead succumbed to a kind of Maginot line mentality—an irrelevant policy that spelled defeat.

It may also be recorded that the media missed one of the most important stories of our time. There has been no dearth of stories about cost overruns, or poorly managed programs, or weapons that consumed billions of dollars only to be canceled because they did not work. These are stories that should have been written.

There has been no lack of articles about the state of arms control negotiations, and the tensions within the Western Alliance over mutual defense policies. We can hardly be complacent about these issues either, and it was right that the media devote numerous op-ed columns and news stories to them.

But the press is not unlike the Congress. Each tends to deal with issues that are timely and a bit sexy. The hottest issues sell newspapers and win votes.

Perhaps it is for this reason that the press and the Congress have spent so little time examining the fundamental questions of national security policy. None of us wants to play fast and loose with national security. But there comes a time when we must stop being driven by day-to-day events. We must examine the enduring as well as the instant, the obscured as well as the obvious. It should be clear that we ignore the process of policy as well as the underpinnings of our policy at our own peril.

I am concerned that the link between policy and programs is tenuous at best.

It would seem logical that in developing new weapon systems, we would look primarily at the threat posed by Soviet weapons and at our theoretical framework for confronting those threats, that is, our strategy.

But all too often other considerations come to the fore. I will cite just three: interest groups within the services; the desire of engineers to push forward the threshold of technology; and the pressures to maintain defense employment.

There's a popular belief that greedy contractors foist toys upon the services for their own ends. But actually it is the various interest groups or constituencies within the services that commonly mandate new weapon systems. The Navy, for example, has its air warfare, surface warfare, and submarine constituencies, each of which demands its due. It's a bit like local politics; the mayor can't pave all the streets in one neighborhood and ignore the others—he must spread the paving money around all the wards. But the Pentagon shouldn't be run like city wards. The goal is not—or ought not to be—to gratify the submariners and the surface warfare types each year the budget is put together. Instead, we should be positioning our forces to most successfully cope with the Soviet threat. We saw the ward politics approach to Pentagon budgeting just a few weeks ago when a Pentagon directive notified the services to plan for lower funding levels over the next few years—and to assume that proportionate cuts would be taken from each service. Why proportionate? Because that is the easiest way to keep peace in the wards. But it is not the way to set priorities. It is not the way to determine where the threat is greatest. Yes; it keeps peace in the Pentagon. But we ought to be keeping peace in the world.

A second problem is that posed by the desires of engineers to push forward the thresholds of technology. We produce exceedingly sophisticated military gear. That sophistication is costly. The common wisdom is that we need the sophistication to offset the Soviet advantage in numbers—our quality overcomes their quantity. Perhaps. But the engineers who design our equipment have a natural urge to push for sophistication—an urge that has nothing to do with the quality-over-quantity argument. Manufacturers have an interest in quantity production, but weapons designers don't care about the quantity, only about design.

Should our system be geared to satisfying their urges, or our needs? There is an interesting story about an Army field radio in Vietnam that failed repeatedly. The screams from the company grade officers could be heard all the way to the Pentagon, where the Army decreed that the next generation of radio would be judged on its failure rate. As each component was designed, it was tested and the "mean time between failure" improved dramatically, about doubling the time. But the engineers, meanwhile, were adding all sorts of whistles and bells. When the radio finally emerged, it had something like four times as many components. So, while each component survived twice as long, the additional number of components meant the radio as a unit was failing about twice as often as its predecessor. The entire point of the exercise—getting a more survivable radio into the field—had been lost as a result of the unfettered drive of engineers toward complexity. We satisfied their urges rather than our needs.

A third problem is the desire to keep designer, management, and worker teams together. This means that contracts will at times be steered toward a particular contractor in order to keep that firm alive and its team intact. This isn't a matter of conspiracy or corruption. Nor is it a matter of defense strategy.

There are two problems here.

First, the system just doesn't operate with the right incentives. That is clear from the examples I have outlined. The incentives are to satisfy constituencies; let the engineers operate unfettered, and keep the existing industry teams relatively intact. But it isn't at all clear that there are enough incentives helping us prepare to deter, and if need be, win, the next war.

Second, our defense community can operate this way because too few people take the threat seriously. There isn't much fear out there. I realize this, too, goes against the common wisdom, which talks about the huge proportion of the American public that believes the world will be incinerated before many more generations have been born. But I don't see that fear within the defense community. I detect a widespread belief in the community that there will be no more big wars and that someone else can organize to handle any small wars. I am not alleging any laziness or lack of patriotism. What I am alleging is that we have gotten too laid back. I would like fewer school children to have nightmares about war—and more people in the defense community to have them.

The hearings that I will begin next week will stretch out over the next few months.

The first part will look back at the last 4 years and ask the question, "What have we gotten for a trillion dollars?" We have spent just over $1 trillion on defense since Ronald Reagan took office—what have we got for it? In what ways are we stronger now? The point is to pin down the strategic goals of the past 4 years and see if the goals are clear, and if the budgets have supported those goals.

The second part of the hearings will look forward at the next 4 years—when we all expect the resources available for defense will be more limited than in the Reagan administration's first term. The hearings will ask the question, "Will it fit?—that is, can the administration's defense goals and weapons programs be fit into the more constrained resources base that we are looking at.

The third part, to open in November, will be more philosophical, for I hope then to step away almost entirely from budget numbers. I want to concentrate on some first questions that are too rarely asked in this institution.

In the 1970s, large numbers of younger members arrived in this body and questioned the way we went about dealing with defense issues. This wasn't a liberal-conservative split, or a Democratic-Republican split. It was a generational split. The younger members, spanning the political spectrum, have found wanting the annual arguments over whether to build 45 or 48 F-15 fighters, or three or four mine counter-measures ships. Those debates are narrowly focused and not terribly enlightening. They deal not with defense policy, but with some of the impedimenta that fall out of policy. As critics on both sides of the aisle have said, we are in danger of being overwhelmed by minutiae.

What is our strategy?

How is it formulated?

How are foreign policy considerations integrated with defense programs?

These are just a few of the questions we wish to ask. A point we must keep in mind is that the product is a result of the process. The product is defense policy. If the product is inadequate, we must probe the process. It may be necessary to significantly alter the process in order to improve the product.

I wish also to make clear that the point of the hearings is not to say that the Reagan product is an inadequate one. Our intentions are not partisan. I suspect that many of the inadequacies we uncover today would be traceable to previous administrations. We may even conclude that the Reagan process and product are better than under previous administrations, even while there is much room for improvement.

Certainly, these hearings do begin with one indictment. It is an indictment of all of us, including Congress, for having neglected the policy process and policy product for too long.

What is our national security policy? Part of the answer is philosophical. Rarely has it been articulated in coherent detail. In the early days of the republic, this country believed in little more than the defense of the continental United States. We sought to free ourselves of entangling alliances and those "amoral" balance of power policies of our European neighbors. Isolationism was the watchword. Years later, in the wake of the Holocaust of World War II, the mood of this country was profoundly different. It was booming and internationalist. We rebuilt Europe with NATO and the Marshall plan, established treaty commitments in other areas of the world, and declared that the flag of America—the flag of freedom, as President Woodrow Wilson once put it—be planted wherever possible. The American century has arrived.

It was a bipartisan belief around which Republicans and Democrats—and just about all Americans—rallied.

This consensus was rudely shattered by the Vietnam war. "Come home America" was the slogan of my party's presidential candidate in 1972. And three years later, a President from the other party did just that. The symbol of America in the world was no longer the American flag of freedom, but Americans clinging to helicopter skids, as the U.S. Embassy in Saigon was beseiged. It was not simply a vision of American retreat; gripped by the long twilight struggle of a war many Americans could not understand, our people looked inward. Our role as an internationalist power was scaled down.

Four years later, the pendulum swung back again, this time when United States helicopters lay in ruins in the Iranian desert after the failed rescue of the United States hostages. Ronald Reagan correctly understood that America was again ready to act on the proposition that if we were not the champion of peace and freedom in the world, the ideas and ideals of peace and freedom would not flourish. This is a proposition that I could not agree with more.

So where do we go from here?

Caspar Weinberger had his answer. On the one hand, he declared that the United States had to rebuild its defenses at an emergency rate. He did so without fully articulating a coherent rationale for this buildup. The result of this shopping spree is that the emerging and long-overdue public consensus for a strong defense was undercut.

On the other hand, he sought to define how this defense should fit into our overall national security policy. At the National Press Club on November 24, 1984, he enumerated "six major tests" to be applied when we are weighing the use of combat forces abroad. Taken as a whole, these tests express such reluctance to commit the use of our forces as to suggest they would never be committed at all, unless the military were guaranteed of victory in advance. The world is too complex, our responsibilities too great, to husband our military in this way.

I do not agree with this characterization of what our national security policy is. Nor, as polls reveal, do the American people. We reject the notion of those who would have this country arm itself to the teeth and then retreat behind fortress America, the isolationism of the right—just as we equally reject those who would have America not arm itself at all, the isolationism of the left.

I realize it is always easier to say what you are against than what you are for. It is not enough to say that we should have a two-and-one-half war strategy, or a one-and-one-half war strategy, let alone that we will defend the free world and extend its boundaries where possible. It is not enough to say, as President Kennedy did in his inaugural address, that the United States would "bear any burden, pay any price" to defend freedom.

The country is still groping for a national security policy, both within and between parties. Neither the larger themes nor the smaller details are excluded from this debate. This is not a new phenomenon. Every administration goes through this process, and the present one is no exception. But it is a process that is too often improvised, lacking the detail and vision adequate to meeting the challenges and promise that await this country.

I suggest at this time that we rise to meet this challenge. To do so, we must do more than look solely at the boondoggles of the defense process, important as this may be.

We must undertake the systematic work of deciding what our national security policy is—inadequately formulated as it is—and examine what it ought to be. Only then can we start giving shape to a security establishment that does justice not only to the concerns of an efficient defense in the pursuit of enduring peace, but to a foreign policy suitable to the moral vision of our country.

WHAT AMERICANISM MEANS TO ME

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. PEASE. Mr. Speaker, again this year, I would like to call your attention to the following three essays that were written by students from Ohio who received winning awards in the "What Americanism Means To Me" contest. Students Diane Vettori, Michael Adelman, and Valerie Wax deserve to be commended for the patriotism and heartfelt thought that is evident in their essays.

WHAT AMERICANISM MEANS TO ME

(By Diane S. Vettori)

Imagine a nation where a freedom exists unsurpassed in finite practice. Imagine a country where the most valuable resource, its people, come together from every nation to live and grow together in harmony under the same sky, pursuing the same cause. Imagine a land where the general populus elects the people by which it chooses to be governed and is permitted to remove these same people by vote—not by force or revolution—if it feels these representatives are inept. Finally, imagine the spirit of a people united and loyal to one flag, one nation, and one cause.

But the beauty of these statements lies in the fact that they are not mere fantasy or supposition. The flag is the Stars and Stripes, the nation the United States of America, and the cause is one of mankind's most vital, the cause of democracy. Thus, our nation is the true embodiment of these statements and the source for countless more. The pride which I truly feel for my country, the privilege of my citizenship, and my duty to safeguard actively this democracy, are the true ideals of my definition of Americanism.

One of the greatest enterprises of our nation is the partnership existing between the people and their government striving to uphold the numerous freedoms afforded by our Federal Republic and its democratic form of government. This union can only succeed if all citizens realize that every right has a corresponding duty. Freedom of speech and press is worthless unless honesty and fairness in their use is the norm, without malicious gossip or libelous statements. Our right to freedom of religion is valid only if we grant the same to others. If we utilize the right to an education at public expense, we owe the public a return, the best use of this education. And if we demand a fair trial for ourselves, an obligation becomes evident for us not to condemn others.

The rights which I have stated are available to all American citizens. None of them can ever be experienced by inhabitants of Communist countries. Thus, the most secure method to guarantee these rights for ourselves, is to protect them for our fellow citizens. Theodore Roosevelt once said that, "The first requisite of a good citizen in this republic of ours is that he shall be able and willing to pull his own weight; that he shall not be a mere passenger . . ." This is the most accurate statement of my ideal Americanism. My citizenship is an honor, and my duty to this great privilege can someday hope to secure the goal of unity in our nation.

I am not attempting to state that America, or even American ideals, are an earthly paradise, or the proverbial "Garden of Eden". America does not attempt to perpetrate a false image. Moreover, the imperfections of this nation strengthen my devotion to her. The fact that through our perseverence we continually strive for a more perfect future—one of freedom and of free men. In effect, we shall be striving for, yes, even fighting for, the security and liberty of America's children while eventually hoping to secure the freedom and security of the children of mankind.

WHAT AMERICANISM MEANS TO ME

(By Michael James Adelman)

Americanism, as defined by World Book Dictionary, is the devotion or loyalty to the United States, its customs and traditions. I feel that too often people living in the United States take their citizenship for granted. The meaning of one's rights, responsibilities, and loyalty is overlooked.

As an American I feel that it is my essential duty to uphold the customs and standards of my country. We are free people who should respect our fellow man. Never should we overlook our own social problems because if we do then how can we be expected to help out those in less fortunate nations. We should support methods which intend to help out those who are not as free as we Americans are. An American's freedom is a vast ocean of opportunity. Thanks to our forefathers we enjoy life in a free nation. They spilled their blood in order for their descendents to be free from the wrath of a foreign monarchy. In turn they drew up the Declaration of Independence as well as a Constitution to protect those who would choose to reside in the new nation, the United States.

The U.S. Constitution was set forth to protect the freedoms bestowed upon us. The Bill of Rights mentions just a few of the freedoms which we are fortunate enough to have. Some of the stated freedoms included are those of religion, press, petition, assembly, and speech. How can we be so naive as to take some of these for granted while in nations, such as the Soviet Union, day to day life is dictated to them like a flow chart. Even if such nations were granted only a percentage of our freedoms I would bet that they would be very grateful. Yet we realize that we are free and our freedoms cannot easily be taken away so we expand our own boundaries and often infringe upon the rights of others.

As an aspect of Americanism, our loyalty is vital to the nation's success. To be loyal citizens we can willingly abide to the laws set forth by our elected officials. If we feel that a statute is out of line, then we should look into getting it removed or revised. Never should the public decide to nullify a law because it is not their duty. Nor should they act against the law just because they feel it is wrong.

Just as important, people should respect their responsibility to vote in the elections. It should be a universal concern to get the most knowledgeable as well as responsible person into office. Since these are the people who set forth the laws and represent their constituents, we owe it to ourselves.

Americanism is a vital part in the success of our nation. As a citizen I must join forces with others to uphold that which is set forth by the United States. Citizens should realize that Americans are uniquely privileged with the various freedoms that have been bestowed upon them and realize that not very many nations are so lucky. In order to secure the bonds which hold our nation together we should exercise our Americanism and thank God for allowing us to be so fortunate.

WHAT AMERICANISM MEANS TO ME

(By Valerie Wax)

American is just not a title given to someone living in the United States, it is much more than that. Americanism is a true privilege—one of freedom and opportunity.

Our freedom as an American is the greatest of any freedom enjoyed in the world. Although our country is one of the youngest, we show the best example of freedom. We have freedom to vote on who we choose, pray to the God we want, and travel anywhere without being questioned. We are free to voice our opinion to each other and to our government. America has learned through the course of history that freedom is needed to allow this great type of government to work. Freedom allows a person to be very open. This openness lets fresh ideas and dreams come alive. Without freedom many famous Americans—President Abraham Lincoln, inventor Thomas Edison, and Olympic runner Wilma Rudolph—wouldn't have had the opportunity to not only better themselves, but better this country by their accomplishments and example. Freedom, truly gives opportunity.

Opportunity is the second aspect of Americanism. Opportunity has given so many Americans a chance for a wonderful life. The opportunities here in America range from owning your own home or business to belonging to the Olympic Team to becoming the President of the United States.

I'm quite lucky to have had both freedom and opportunity since the day I was born. I'm sixteen now and am just beginning to see the great advantages offered in my country, America. It is so sad that many people my age take for granted the priviledge of living in America. Not only does America give its priviledges to American born citizens, but allows others all over the world to get these advantages through immigration.

America is a proud country, and I'm proud to be part of this magnificent country. You see America's pride through its outstanding symbols. Our flag stands for our fight and victory of freedom. The beautiful Statue of Liberty, a gift from France, symbolizes both freedom and opportunity to all Americans. America's patriotic poems and songs are filled with the sound of pride. These symbols re-enforce our pride in America.

I will always be proud of being an American—because of its great accomplishments, and for what is ahead in both my country and my future. I will never take the privilege of Americanism for granted. It is the best advantage I have in this world today. God bless America.

GRENADA: LEARNING FROM HISTORY

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. RITTER. Mr. Speaker, I would like to bring to the attention of my House colleagues the following article by syndicated columnist William F. Buckley that deals with an important initiative being organized by two of my valued friends, Newt Gingrich and Ike Skelton.

[From the Atlanta Journal, Oct. 2, 1985]

Remember Grenada as Turning Point for Soviets

(By William F. Buckley)

New York.—Reps. Newt Gingrich, R-Ga., and Ike Skelton, D-Mo., have come up with a very bright idea, to which end they are foraging for support from their colleagues. It is to ordain the week of Oct. 20-26 "The Lessons of Grenada Week." Already they have close to 200 signatures, and during the next few days they hope to mobilize Congress.

It is disconcerting how ungratefully we deal with the little lodes of vital information we come upon. We are a nation whose tradition called on us to Remember the Alamo, and, as recently as a generation ago, to Remember Pearl Harbor. But although it was only two years ago that it all happended, we haven't until now heard a voice enjoining us to Remember Grenada. Why?

Grenada is infinitely interesting. It is the first country ever substantially controlled by the Soviet Union that has been emancipated. Indeed, if we are at all optimistic about the future, we may indulge ourselves in the thought that future generations will point to Grenada as the highwater mark of Soviet imperialism, even as historians point to Tier as the westernmost point of the Mongol invasion, arrested in the 13th century.

All the more significant if we remind ourselves of the Brezhnev Doctrine. It is the one that reads, idiomatically: What is ours is permanently ours, what is yours is up for grabs. By the rules of the Brezhnev Doctrine, Grenada should not have been allowed to happen.

That much is easy to remember. But the call for a week devoted to a study of "The Lessons of Granada" acknowledges that there is much more to consider than merely the bare historical episode. And the reason for this is that when the Marines landed in Grenada two years ago they discovered documents that give us a most extraordinary, detailed account of how it is that the Soviet Union goes about colonizing a little country, with the aid of indigenous fellow travelers.

Under the sponsorship of the State Department and the USIA, two scholars (Michael Ledeen and Herbert Romerstein) were deputized to try to put together in manageable size a cross section of those documents, their purpose being to tell us, or to remind us, of the kind of things the Soviets do when they are engaged in colonizing. The book that grew out of that effort is called "Grenada Documents: An Overview and Selection," and is available from the Department of State and the Department of Defense for $19.

The pagination is not sequential, so that one can only guess at the number of pages, which I would put at, oh, 1,500. Moveover, the compilers tell you, in their foreword, that they could have given us another document of equal size and of equal significance, so abundant was the documentary quarry that gave us memorandums, treaties, secret plans for expansion, the record of foreign activities: all the paraphernalia that go with the implantation of a communist revolution, and then its extension.

The authors' summary begins with the sentence, "The revolution that overthrew the Gairy regime in Grenada in April 1979 was designed to create a Communist society and to bring Grenada into the Soviet orbit." That is plain language, but no plainer than what the documents established. There is even a comprehensive "Line of March" document that was marked confidential and consecutively numbered by hand.

We come upon details that remind us of the modus operandi of revolutionaries. Here Comrade Bishop (the former prime minister of Grenada) explains how you go about detaining a suspect: "We don't go and call for no votes. You get detained when I sign an order. . . . Once I sign it—like it or don't like it—it's up the hill for them." Special duties are assigned to agents to "monitor" all sermons, with the view to "the controlling of all hirachy (sic)."

And there was the grand sense of engagement in an international effort, as when Marshal N.V. Ogarkov, Soviet chief of staff, informs his Grenadan counterpart, Maj. Einstein Louison, that "over two decades ago, there was only Cuba in Latin America, today there are Nicaragua, Grenada and a serious battle is going on in El Salvador."

The Gingrich-Skelton idea is for a week to be given to debates, speeches, resolutions, high-school lectures, television and radio shows. The purpose? To learn from history. And to remind ourselves that we still control the destiny of the Free World.—(c1985.)

I would urge those members who have not already added their support for this commemorative week to consider contacting Mr. Gingrich or Mr. Skelton for further information. Also I suggest that the American people ponder the message so aptly put by columnist Buckley.

U.N. ACTION ON ARMENIAN GENOCIDE QUESTION

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. WHITEHURST. Mr. Speaker, I have read with great interest statements for the Record made by several of my colleagues in the House and Senate during the past month which allege that a subcommission of the U.N. Human Rights Commission has endorsed the fact of an Armenian genocide. These gentlemen argue that if the United Nations is satisfied that a genocide took place, the Congress should also endorse the same interpretation of history.

The facts, however, are these:

On August 29, 1985, the U.N. Subcommission on the Prevention of Discrimination and Protection of Minorities voted to take note of a report on ideas for revising the Genocide Convention which was prepared by the subcommissions' special rapporteur.

The subcommission, however, specifically refused to endorse and forward the report to the full Human Rights Commission because the majority of its members would not accept a paragraph in the report containing a list of historical events which the rapporteur had defined as genocide.

The majority argued that, among others, the Armenian example given in the paragraph was unjustified and would further fuel the acrimony that exists on this issue.

In fact, what actually happened was the opposite of that stated by my colleagues. I would ask them to check their facts more carefully in the future. I would also ask them to reflect on the ease with which events barely 1 month old can be misinterpreted and to consider further the likelihood that events 70 years old also might be misinterpreted.

PORNOGRAPHY FORFEITURE PROCEEDINGS VENUE ACT OF 1985

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. WOLF. Mr. Speaker, I am introducing legislation today which I believe reflects the views of concerned Americans who want to see a crackdown on the influx and spread of pornography in our country.

I commend the U.S. Attorney General's Commission on Pornography which is currently holding hearings around the country in an effort to examine the problem and develop an appropriate intergovernmental response.

Legislation I am introducing will help Federal law enforcement agencies enforce existing laws regarding the importation of pornographic and obscene materials. Thanks to the efforts of this body last year, passage of the Child Protection Act of 1984 has significantly altered the nature of child pornography in this country. It is a felony to produce, distribute or possess pornography using children in the United States.

Unfortunately, this domestic prohibition has led to an increase of production by foreign pornographers. The Netherlands leads the way in this exportation with Denmark and Sweden also sending objectionable materials through the mails into the United States under false cover, concealed in magazines, newspapers and other publications. I believe we can effectively deal with this problem through passage of my legislation.

Most foreign mail of pornographic nature now enters the United States through the port of New York where Customs and Postal Service officials are involved in the seizure and forfeiture of materials under the jurisdiction of the U.S. attorney for the eastern district of New York. Under the current process, after seizure, community standards are applied to determine whether the material is obscene and indecent. Within 14 days a complaint must be filed or the material will be either formally seized or forwarded to the addressee.

Objectionable pornography may understandably be a low priority for enforcement and prosecution.

It is with this concern in mind that I am introducing this measure which will allow Customs and Postal Service officials to investigate incoming pornography traffic and hand over for seizure and/or prosecution such items to the U.S. attorney in the region to which such mail is addressed for delivery. I believe this legislation will expedite the process of distributing and delivering mail which may erroneously be brought in for investigation; will give Customs and Postal Service officials greater flexibility in dealing with this imported material, and will ensure that the community standards of each neighborhood, township, and community in the Nation will be observed.

Mr. Speaker, I am including with this statement a copy of the bill for my colleagues' review and a section-by-section analysis. The U.S. Postal Service and the U.S. Customs Service have worked closely with me in developing this measure, and the Justice Department has shown no opposition to a statutory change of this nature.

With passage of this measure, I believe we have an opportunity to crack down on the pornography which now comes in across our borders and assist Federal agencies in the enforcement of current laws on importation of obscene materials. I urge my colleagues to join me in this fight to protect our families and children in America from the threat posed by international pornographers.

SECTION-BY-SECTION ANALYSIS—PORNOGRAPHY FORFEITURE PROCEEDINGS ACT OF 1985

This bill would resolve, at little or no cost to the government, problems of administration which have recently arisen in connection with the enforcement of the prohibitions in existing law (19 U.S.C. 1305) against the importation of pornographic or obscene books and materials.

Currently, existing law requires the forfeiture proceedings which the government institutes against such articles to be brought in the district in which the articles are first identified in a customs border search. Since the conduct of such searches tends to be concentrated in the vicinity of the principal ports of entry for imported articles, an undue administrative burden on proceeding against such articles, wherever they may be addressed for delivery within the United States, is placed on the offices of the United States Attorneys and the federal district courts in a relatively few judicial districts.

The bill would give the government the option of transferring the venue or location of the forfeiture proceeding to the district in which the named addressee resides. The advantages of such a transfer are perceived to be the following:

(1) Work on pornography forfeiture proceedings could be more equitably distributed throughout the nation, so that the courts and prosecutors in each particular part of the country can assume their fair share of the responsibility for enforcing existing pornography laws.

(2) More of the country's resources would accordingly be brought to bear against a serious national problem, because no one court or prosecutor would be expected to do a disproportionate amount of enforcement work.

(3) Forfeiture decisions would be brought more into line with the community standards of the community that would be affected by the proposed importation. Under current law, for example, it is possible for the community standards which prevail in New York to determine what may be imported into North Carolina, or for the community standards which prevail in Atlanta to determine what may be imported into New York.

This bill would also address administrative problems stemming from the Supreme Court's decision, *United States* v. *Thirty-Seven (37) Photographs*, 402 U.S. 363 (1971), which held that forfeiture hearings must be commenced within fourteen days of the seizure of the materials pursuant to 19 U.S.C. 1305. The bill would, for example, by modifying and extending the time limits, permit the government to pursue criminal investigations with regard to child pornography without being bound by the fourteen day referral limitation. Under present circumstances, the government frequently elects to investigate recipients of imported child pornography only to find that criminal prosecution is unwarranted. In that case, the government having no recourse to forfeiture proceedings under 19 U.S.C. 1305 since the fourteen day time limit has passed, is faced with the untenable position of forwarding the obscene materials to the addressee. The bill's provisions would allow the government to initiate forfeiture proceedings within thirty days of the date of discovery, the date that a criminal complaint or indictment is filed, or the date the U.S. Attorney declines prosecution. The thirty day referral period would also be stayed pending the completion of any related criminal matter.

H.R. 3506

A bill to improve the enforcement of the restrictions against imported pornography

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Pornography Forfeiture Proceedings Venue Act of 1985".

SEC. 2. The second paragraph of subsection (a) of section 305 of the Tariff Act of 1930, as amended (19 U.S.C. 1305), is hereby redesignated as a new subsection (b) of said section 305, and encaptioned "Enforcement Procedures".

SEC. 3. The second sentence of subsection (b) of section 305 of the Tariff Act of 1930 (19 U.S.C. 1305), as redesignated and encaptioned by this Act, is revised to read as follows: "Upon the seizure of such book or matter such customs officer shall transmit information thereof to the United States attorney of the district in which is situated either the office at which such seizure has taken place, or the place to which such book or matter is addressed, who shall institute proceedings in the district court for the forfeiture, confiscation, and destruction of the book or matter seized."

SEC. 4. A new subsection (c) of section 305 of the Tariff Act of 1930 (19 U.S.C. 1305), is added to read as follows:

(c) Notwithstanding the provisions in paragraphs (a) and (b) above, whenever a Customs officer discovers any obscene material after such material has been imported or brought into the United States, or attempted to be imported or brought into the United States he may refer the matter to the United States attorney for the institution of forfeiture proceedings under this section within 30 days of

(1) the date of discovery, or

(2) the date that a complaint or indictment is filed in the event the matter is referred to the United States attorney for criminal prosecution, or

(3) the date that the United States attorney declines such prosecution.

SEC. 5. A new subsection (d) of section 305 of the Tariff Act of 1930 (19 U.S.C. 1305), is added to read as follows: "Upon motion of the United States, a court shall stay such civil forfeiture proceedings commenced under this section pending the completion of any related criminal matter."

SEC. 6. This Act shall become effective on the thirtieth day after the date of enactment of this Act.

IN TRIBUTE TO "MR. FHA"—AL NACLARIO

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. BIAGGI. Mr. Speaker, the Federal work force is often criticized and seldom appreciated. For many Americans, the Federal Government is just one big tax collection agency, so this negative perception is somewhat understandable, though undeserved. Clearly, those of us who know better, realize that the only reason the Government collects taxes is so we can provide vital services, in many cases, life-saving services. Yet, while the money that goes into those programs is certainly important, perhaps even more important are the people that run those programs. For those who feel more comfortable thinking of Federal programs in dollars and cents terms, let it be said that an able Administrator is worth millions.

Today, I want to pay tribute to a man who fits that description better than anyone I know. His name is Al Naclario, the Director of Housing for HUD's New York Regional Office. His job—to secure adequate and affordable housing for those who lack it in the New York area. Obviously, meeting the basic housing needs of our Nation's most populated area is no easy task. But, with a special blend of enthusiasm, compassion and vigor Al has more than met the challenge.

It should be noted that I am proud to be among Al's close friends. But, let me emphasize that my view of Al Naclario's work is not distorted by that friendship. It has simply allowed me to see first-hand the tremendous energy and personal pride that Al brings to his job. The final word does not have to come from me. Al Naclario's record of achievement and considerable distinction speaks for itself.

Affectionately known as, "Mr. FHA," Al has distinguished himself as the region II Director for HUD since 1983. Prior to that appointment, he has a long and distinguished record, totaling nearly 40 years, on behalf of Federal housing programs in the New York metropolitan area. As Director of Housing, he has spearheaded all housing programs and activities, including mort-

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gage insurance and direct loan programs for single and multifamily dwellings.

With a staff of over 300 individuals, Al Naclario has brought a creative response to the housing needs of middle- and low-income families in the New York City area. His energy and leadership has placed him in a position with responsibilities that include heading a task force designed to develop Battery Park City and Roosevelt Island. He also served as regional representative to the cooperative city and State ventures with the city's Mitchell-Lama housing projects. He finally was designated head of the "Hardnose Team," with full authority from the Assistant Secretary to secure agreement on all troubled projects.

His expertise in housing matters was gathered from the bottom up, starting with his employment with the VA Home Guaranty Authority Program in 1946. It was there that he utilized his experience, as a veteran and prisoner of war of World War II, to address the varied housing needs of veterans returning from the war. To his credit, he assumed roles of increasing authority which allowed him to tackle the twin problems of urban blight and housing shortages. He became directly involved in Federal initiatives designed to address the needs of the underserved and underrepresented in cities—the elderly, the poor, and the handicapped.

The decision by Project Return to honor Al Naclario last June with its Gold Medallion for Distinguished Service, was but one in a long series of honors and achievements that he has garnered throughout his 40-year public career. In addition to earning the distinguished Purple Heart in World War II, he has been given numerous citations during his association with Federal housing programs. He was named "Housing Man of the Year" in 1982 by the National Housing Conference. In 1980, the Real Estate and Construction Industry also cited him as "Man of the Year for B'nai B'rith Youth Services." Former HUD Secretary Moon Landrieu awarded him a certificate of merit for exceptional leadership in the multifamily housing industry for the New York area. In addition to two quality awards as Regional Administrator and the Secretary George Romney Award for Housing Production, Al also received the Commissioner of FHA award, for his outstanding leadership in rental housing programs.

Al Naclario has roots in the New York City area having attended both Manhattan College and Columbia University, where he majored in real estate principles and appraisals. His wife, Nicoletta, and their three children, Alphonse, Linda Marie, and Michael, have made New York their home—and not only the city, but our State and country are the better for it.

Public service is a profession which entails long hours and often little, if any recognition for dedicated individuals such as Al Naclario. He has risen above the level of the ordinary in public life to achieve the extraordinary.

It is clear that in his career with the Federal Government, Al Naclario has distinguished himself in a way that few can hope to imitate. He has set an example for not only other public officials—but also for those dedicated to adequate, affordable housing for all as their advocate. Most importantly, I am pleased that so many have chosen to honor him and recognize his achievements. I want to join with them in paying my own personal tribute to him today. His work is a matter of public pride and accomplishment for those of us who are privileged to also be able to call him friend.

REFUSENIK ALEXANDER YAKIR

HON. HARRY REID

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. REID. Mr. Speaker, as the upcoming summit between President Reagan and General Secretary Gorbachev nears, I wish to take this opportunity to bring attention to Soviet human rights policy and its importance in United States-Soviet relations. The United States and the Soviet Union hope to reach an arms control accord to make this world a more secure one. We Americans, before leaping into agreements with the Soviets, must examine their less-than-sterling record on adhering to their word, before signing any strategic arms treaties.

The Soviet Union signed three international agreements in which it guaranteed religious freedom and the right to emigrate for all Soviet citizens. Nonetheless, Soviet repression of Jews who study Hebrew and Jewish culture has escalated, while Jewish emigration has slowed to less than 2 percent of its 1979 figure.

While Soviet emigration policies repress thousands, allow me to describe one case I am particularly familiar with through my wife's involvement in the Congressional Spouse's Committee of 21. Alexander (Sasha) Yakir is a 29-year-old Soviet Jew who has tried to emigrate for 10 years. His initial emigration application was cynically rejected on "humanitarian grounds." The authorities claimed they could not grant his request because they "do not split families," even though Sasha's parents Evgeny and Rimma Yakir had applied for and been refused exit visas a year earlier. In the face of a seemingly impossible situation, Sasha Yakir claimed Israeli citizenship, as is the right of Jews across the world. Twice, Soviet authorities "lost" the Israeli Government's documents supporting Yakir's claim.

Not only do the Soviets deny emigration rights to their citizens; those who apply to leave face the prospect of harassment which threatens their livelihood inside the U.S.S.R. Sasha Yakir, trained as an engineer, could not find work in his field and had to take a job as an elevator operator. His parents both lost their positions as engineers and only survive by translating and typing English technical material into Russian.

Over a year and a half ago, Sasha was arrested for draft evasion. Allowing himself to be conscripted would have meant 3 years of military service, after which the entire Yakir family could be legally detained in Russia for an additional 5 years. Instead, Sasha Yakir chose to serve 2 years in a labor camp, where he is today. Sasha's father, Evgeny, visited his son at the labor camp in Liepsk in early June. Evgeny was optimistic that the upcoming summit would bring hope for Sasha.

I trust the President will keep refusniks like Sasha Yakir in mind when he meets General Secretary Gorbachev in Geneva. And I hope he makes it clear that Soviet adherence to the Helsinki accords will have a direct bearing in prospects for improving United States-Soviet relations.

SACRAMENTO CELEBRATES ASIAN COMMUNITY NURSING HOME WITH GROUNDBREAKING AND DEDICATION CEREMONIES

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. MATSUI. Mr. Speaker, I rise today to call to the attention of the U.S. House of Representatives a dream that is about to become a reality: The establishment of an Asian community nursing home in Sacramento.

Although Sacramento has a number of fine, high-quality nursing homes, they are not designed to meet the special cultural, dietary and language needs of the Asian population. As a result, Asian seniors who are placed in these facilities may experience cultural misunderstandings and a deep sense of isolation.

I believe the Asian community nursing home will serve an important purpose in Sacramento. It will afford seniors excellent health care and provide them the cultural and social support they need for a healthy life. The home will also be a center for community involvement for those outside the home.

This Sunday, October 6, groundbreaking and dedication ceremonies will take place at the future site of the home, 7801 Rush River Drive. The day will be of special importance to those in the community who shared a dream and acted to build upon that vision.

Among those who have shared the dream is Yasushi "Chewy" Ito. Chewy is the president of the Asian Community Center of Sacramento Valley, Inc., which is the parent corporation of the nursing home. Chewy has spent untiring hours raising funds and rallying support for the home. Without his efforts the project would not be breaking ground Sunday.

I would also like to acknowledge the contribution of Angelo Tsakopoulos. Angelo donated the 3½ acres on which the home will sit. Angelo understands the importance of the home to the Asian community and to

Sacramento. Sacramento is a place where we help each other to improve the quality of life for everyone.

There is still work to be done. The concrete must be poured and more than $400,000 must still be raised. But Sunday is a day to celebrate achievement and to feel good about our accomplishments.

I commend all those whose efforts have made this vital project a reality.

WEEP NO TEARS FOR WESTWAY

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. WOLPE. Mr. Speaker, on September 11 this body voted overwhelmingly to support an amendment to the Transportation appropriations bill offered by my colleagues Mr. COUGHLIN, Mr. WEISS, and Mr. GUARINI. The amendment blocked funds for a landfill in New York's Hudson River for the purpose of constructing a highway project known as Westway.

By adopting the Coughlin-Weiss-Guarini amendment to stop the Westway landfill, the House displayed a commitment to both environmental protection and fiscal responsibility. Not only would this project have constituted a waste of Federal funds, it would have necessitated the creation of the huge landfill endangering a primary habitat of the striped bass, one of the east coast's leading commercial and sports fish.

I am submitting for the record a guest column which appeared in Newsday, written by my colleague from Manhattan, TED WEISS, whose West Side district would have contained the Westway project. The statement highlights the many benefits the citizens of New York can expect now that the State of New York has agreed instead to spend the money authorized for Westway on badly-needed mass transit and highway improvements. I commend the article to my colleagues.

The article follows:

[From the Newsday, Sept. 25, 1985]

WEEP NO TEARS FOR WESTWAY

(By Ted Weiss)

The long struggle to defeat the most extravagant highway ever conceived came to an end last week, when Gov. Mario Cuomo and Mayor Edward Koch agreed to trade in $1.7 billion of Westway funds. The trade-in decision was an important victory for New York City residents whose overwhelming majority use public transportation. The city will now have the opportunity to rebuild a much-needed but more modestly scaled roadway along the West Side from the Battery to 42nd Street, with the bulk of the money available for crucial subway, bus and commuter projects. The general welfare of the city has been better served.

The mass transit system is the lifeline of New York City, 85 percent of those who travel to work use mass transit. Of an estimated 4.1 million daily person trips to Manhattan, only 13 percent are by auto, of which less than half use the West Side corridor, according to the Westway project's environmental impact statement.

It was always unrealistic to assume that the federal government would ever agree to fund this project. It became especially so in this era of unprecedented fiscal constraint.

The most conservative cost estimate for Westway was $2.3 billion, more than twice as expensive, per mile, as any other interstate segment ever funded. Many experts have said Westway would actually cost between $4 billion and $10 billion—an absurd price tag for 4.2-mile highway. With anticipated revenues for the Highway Trust fund, which would have financed Westway, down by $1 billion to $2 billion, leaving the fund bankrupt by 1989, it is unlikely that the federal government could have afforded to finish Westway. The city or the state would have been forced to pick up the bill or leave the project unfinished.

The ill-fated Westway proposal galvanized the opposition of environmental groups not only in New York but also around the country, because it would have seriously damaged one of the primary spawning grounds of the striped bass. In spite of efforts to trivialize this fact by Westway proponents, the bass is one of the East Coast's most important commercial and sports fish. The highway would have harmed a $200 million fishing industry that provides jobs, food and recreation to the region. An 11th-hour attempt by the Army Corps of Engineers to deny this conclusion was overruled by both a U.S. District Court and a Federal Appeals Court which called the arguments of the corps' witnesses "Orwellian-like doublespeak" that was "unworthy of belief."

Even if Westway were completed, it would have done little to relieve New York's transportation problems. Most traffic jams in the city are caused at bridge and tunnel connections. Westway would have attracted more traffic and increased the line of cars and congestion on the streets and at the entrance and exit ramps planned at Canal Street, 15th Street and 30th Street. The reconstructed West Street that has replaced the old elevated highway—with proper upgrading—could amply satisfy vehicular needs without the construction of an expensive major highway.

Much of Westway's funds would have been used to construct over 200 acres of landfill—composed of toxic-laden material dredged from the Hudson River bottom. Half of the highway would have been tunneled through landfill that would have extended almost two blocks into the Hudson River. It would have produced 50 acres or a total of 20 new residential blocks with 7,100 units of new luxury waterfront housing in Chelsea, Greenwich Village and Lower Manhattan. It would have required 10 to 15 years of digging, drilling, construction noise, dirt and traffic.

One of the projected Westway ramps would have cut a swath across the northern perimeter of the Gansevoort Meat Market, threatening a $2-billion business that employs 3,000 to 4,500 workers and an additional several thousand in support jobs for minorities. The construction of Westway would have required the gutting of 47 buildings, 24 piers, 10 public facilities and 110 businesses.

Westway was not needed to promote waterfront development. In fact, we are likely to see accelerated development along the waterfront now that the threat of a huge, 10-year construction project has been removed from the area. Developers have proposed using the abandoned piers for restaurants, tennis courts, marinas and skating rinks, but were discouraged by 60-day cancellation clauses in all leases, requiring them to move if Westway were to go ahead.

Rebuilding our transit system would generate at least as many jobs as the construction of Westway.

Transit construction and repair is generally more labor-intensive than highway construction, and this work is typically provided by local unions, which mean more jobs for New Yorkers and minority workers.

There has been strong opposition to Westway from many New Yorkers. Fifty-seven of the 63 public officials on record with the Corps of Engineers opposed Westway. Seventy-five percent of the constituents responding to my most recent districtwide questionnaire favored the trade-in option over building Westway.

The suggestion that the vote in Congress against Westway was motivated by anti-New York sentiment is a disservice to New York and to Congress. Westway was defeated because it was too rich a project in a fiscally conservative climate. It joined other projects like the $4-billion Clinch River reactor that were defeated when public opinion against extravagant projects with exorbitant price tags caught up with them. Westway was part of a bygone era of grandiose schemes when money seemed cheap and federal budget deficits were modest. History will prove that the decision to scrap Westway was right.

LET'S GIVE FARMERS A CHOICE

HON. BILL SCHUETTE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. SCHUETTE. Mr. Speaker, I have long maintained that in this time of great stress and hardships for many farm families, we should allow farmers the opportunity to vote on the kind of farm program they want. That is why I have supported the Bedell amendment, which provides that opportunity for farmers to vote. I do not support mandatory controls; in fact, I have repeatedly voted for agriculture policies that are sensitive to world market forces. But at a time that problems on the farm are worse than they have been in 50 years, I believe we can, at the very least, give farmers a choice.

THE 13TH ANNIVERSARY OF THE ABM TREATY

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. BROWN of California. Mr. Speaker, today marks the 13th anniversary of the effective date of the Anti-Ballistic Missile [ABM] Treaty. The ABM Treaty was signed by the United States and the U.S.S.R. in May 1972, after some 2½ years of negotiations under the Nixon administration, and remains one of our most effective and noteworthy treaties in existence.

The American ABM effort began shortly after the Second World War, but languished for over a decade in the absence of

a perceived threat. In the mid-1950's, Soviet advances in long-range rocketry led to a drastically increased U.S. emphasis on ABM research. The ABM debate of the 1960's achieved momentum only when it impacted on individual citizens on a large scale; specifically, when the process of selecting sites near several of our largest cities brought to millions of people the image of nuclear-tipped missiles in their backyards.

With the completion of the ABM Treaty and the interim agreement on offensive nuclear forces in 1972, the superpowers implicitly acknowledged the overwhelming strategic reality: however seductive in theory, nationwide defense against missile attack was not feasible because the destructiveness of nuclear weapons gave offensive systems an insurmountable advantage.

In addition, the deployment of large-scale missile defenses would lessen the stability of the strategic balance. A competition in building ABM systems would inevitably instigate an uncontrolled buildup in offensive nuclear forces, as each sought to insure its ability to penetrate its opponent's defensive shield.

It was recognized that such an unregulated offensive-defensive arms competition could also have adverse consequences on "crisis stability," and therefore increase the risk of nuclear war. Crisis stability exists when each side is secure in the knowledge that it possesses the capacity to threaten the other side with devastating retaliation even if struck first with nuclear weapons. Both superpowers spend considerable funds and effort to maintain this "second-strike" capability.

The projected cost of an unregulated offensive-defensive competition was also an inducement for controls. It was well understood that the dual pursuit of both nationwide ABM systems and new technologies for offensive systems to penetrate defenses would be prohibitively expensive.

Having participated at considerable length in the "great ABM debate" of the 1960's, I remember it well. In fact, the arguments presented for the deployment of the President's strategic defense initiative are not all that different from the arguments in the 1960's.

The ABM Treaty bans the deployment of nationwide systems to defend against ballistic missile attack. The explicit purpose of the ABM Treaty is to preclude the type of advanced nationwide missile defense system that President Reagan envisions and the less sophisticated one that the Soviet Union is developing. Deployment of such systems would clearly violate the basic objective and explicit terms of the treaty.

For over a decade, the ABM Treaty has enhanced our national security by preventing a costly and dangerous arms race in antimissile weapons. Unlike most arms control agreements which reduce or eliminate outdated, obsolete weapons systems, the ABM Treaty not only limited existing warfare technology, but future ones as well.

On March 23, 1983, President Reagan gave what is now popularly known as his star wars speech, calling on the Nation's scientists and engineers to pursue technologies that would make the United States safe from the threat of nuclear annihilation. He also directed the development of an intensive effort to begin a research and development program aimed at an ultimate goal of eliminating the threat posed by nuclear ballistic missiles.

Since his speech, the President has signed a number of directives aimed at reprogramming previous U.S. missile defense efforts and placing them within his strategic defense initiative [SDI]. Although both the United States and the Soviet Union have long had active research and development programs to examine ballistic missile defense [BMD], the United States effort has been restructured, and additional concepts are being examined at the President's direction. The SDI's main focus will be to develop, test, and possibly build a layered system designed to intercept and destroy ballistic missiles throughout the flight trajectory.

Also of concern are devices or systems that, although ostensibly designed for other purposes, could be used in an ABM role. Chief among these are large phased-array radars, antitactical ballistic missiles, and antisatellite [ASAT] systems. Well before the United States must make a decision whether to deploy a space-based missile defense system, the development and testing of such a system and its components would violate the ABM Treaty, generally regarded as the cornerstone of the present arms control regime.

We must be especially cautious of undermining the treaty before we know whether it is in our interest to proceed with a defensive system. Not only is it unlikely to be in our interest to engage in a defensive weapons race, but research won't tell us much for another 10 years. Caution is mandatory in light of a recent Office of Technology Assessment study which warns:

> If we were to allow the ABM Treaty regime to erode, and then find at the end of our BMD research program that the new BMD technologies did not fulfill expectations, we could end up with the worst of both worlds: no arms control to limit BMD, Soviet BMD deployment, no effective U.S. BMD and, quite possibly, augmented Soviet offensive forces intended to overcome an anticipated U.S. BMD.

Despite attempts on both sides to push the ABM Treaty to its limits and beyond, it continues to establish a balanced and, most importantly, verifiable agreement between our two nations. Yesterday, six former Defense Secretaries issued a statement calling on the United States and the Soviet Union to "avoid actions that would undermine" the ABM Treaty. I include the text of the letter by former Secretaries Harold Brown, Clark M. Clifford, Melvin R. Laird, Robert S. McNamara, Elliot L. Richardson, and James R. Schlesinger:

[Statement by former Secretaries of Defense, released by the National Campaign to Save the ABM Treaty on October 3, 1985, the 13th anniversary of the Treaty]

STATEMENT IN SUPPORT OF THE ABM TREATY

On the thirteenth anniversary of the entering into force of the ABM Treaty, we reaffirm our view that this international agreement of unlimited duration makes an important contribution to American security and to reducing the risk of nuclear war. As former Secretaries of Defense, we call upon the American and Soviet governments both to avoid actions that would undermine the ABM Treaty and to bring to an end any prior departures from the terms of the Treaty, such as the Krasnoyarsk radar. We urge President Reagan and General Gorbachev to reach agreement in Geneva to negotiate new measures which would prevent further erosion of the Treaty and assure its continued viability.

HAROLD BROWN,
CLARK M. CLIFFORD,
MELVIN R. LAIRD,
ROBERT S. MCNAMARA,
ELLIOT L. RICHARDSON,
JAMES R. SCHLESINGER.

The November summit between President Reagan and Secretary General Gorbachev provides an excellent opportunity for both the United States and the Soviet Union to reiterate their commitment to the intent and spirit of the ABM Treaty. Such a simple, yet extremely important, step could prevent a needless, expensive, and destabilizing arms race in space. Mr. President, I encourage you to follow the example of your Republican predecessor and do all that possibly can be done to eliminate ABM's not only from the face of the Earth, but from our skies as well.

AN OBSERVER'S IMPRESSION OF THE NEVADA TEST SITE

HON. HARRY REID

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. REID. Mr. Speaker, the Nevada test site, located about an hour's drive north from Las Vegas, has been this country's major testing facility for nuclear weapons for more than three decades.

Below is the impression that one observer had after her tour of the Nevada test site.

POINT ONE TO MINUS NINE

(By Susan Berry Tompkins)

(Written on Saturday morning, June 29, 1984, after having endured a tour of the Nevada Test Site on the day previous.)

Balancing equations; point one to minus nine,
A game involving numbers for scientific mind,
Fevered, furrowed brows, fanatically obsessed,
Our toy against their toy; a race to see who's best.
Bombs blasting on a wallsize screen, fallout well contained,
Post mortem of the test is seen not once in numbers maimed,

A problem's solved—for men like this—but not in human terms,
For them there is not life involved, as they drive back to their homes.
Can men like this sleep well at night, dream dreams of God and love?
While nuclear waste, destruction, violence, pain hover above?
The hands that hold their children, hold also death to all mankind.
Is this our future image, the best that we can find?
To put it on a personal note, am I to be a part
Of making this place I live in a nuclear shopping mart?
Am I to take a share of it, the money and the fame?
Am I able to live with it, the destruction and the shame?
I champion the cause of Beauty, in the name of God and Man,
For the truth in man's noblest achievements, for the truth in the world of Pan.
Beauty does not live in craters on the desert floor,
Truth does not dwell in destruction, violence, hate and war.
History will not judge us as a country brave and free,
If we march the world to doomsday in the name of liberty.
Freedom, God, Beauty, Truth—call it what you must—
Lives in each and every one of us if we live a life that's just.
We ought not need more, bigger bombs to prove our point of view,
For no one can enslave a man with conscience brave and true.
And if we must destroy our foe by sheer power and force
Perhaps we are no better than he, perhaps we're even worse.

ART PFEFFERMAN WINS FERNANDO AWARD

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Ms. FIEDLER. Mr. Speaker, I rise today to bring to the attention of the House an event of great importance in my community, the annual presentation of the Fernando Award. This award is presented annually to the one individual in the San Fernando Valley who has exemplified the qualities of leadership in our community.

In past years, I have told the House of many of my friends who have received this award. But, this year, I am particularly pleased because the winner is one of my oldest and dearest personal friends.

Art Pfefferman is a true embodiment of the American dream. His rags to riches story is a shining example of what makes America great. He is a small businessman who started with virtually nothing and is now one of the largest franchisers in California.

While he has been working at building his own business, he has been serving his community as well. Art is the past president of the United Chambers of Commerce of the San Fernando Valley. He has also been active in his local Tarzana Chamber of Commerce and Lions Club for many years.

President Reagan has recognized Art as a leader in our business community by appointing him to the Small Business Administration's Region IX Advisory Council.

The list of Art's membership is almost endless and I won't list them for the Members. But, suffice it to say, that if there has been an activity benefiting the people of the San Fernando Valley, Art Pfefferman has been involved in it.

Now, he is being recognized with the highest honor that can be bestowed on a San Fernando Valley resident—the Fernando Award. I know the other Members of the House will want to join with me in saluting Art, his lovely wife Sandy, and his sons, Michael and Craig, on this honor that his fellow citizens are according him.

THE WILSON IMMIGRATION AMENDMENT: A SELLOUT OF U.S. FARMWORKERS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. CONYERS. Mr. Speaker, the Senate recently voted to approve S. 1200, the revised immigration bill. While the bill is flawed in several respects, the Wilson amendment, which permits up to 350,000 guestworkers into the United States at any one time for seasonal farmwork, is perhaps the most damaging provision of the bill. Such a massive guestworker program would inevitably undercut organized labor by depressing farm wages, lowering existing working conditions, and eliminating employment opportunities for American workers.

An insightful letter on the Wilson amendment, written by Prof. Mark J. Miller, of the University of Deleware, was printed recently in the New York Times. Furthermore, in an article entitled "The Institutionalization of the Illegal Alien," New York Times staffwriter Robert Pear describes the lobbying efforts and political maneuvering by the growers of fruits and vegetables in their attempt to force the Wilson amendment on the House as the make-or-break provision in this legislation.

In view of the immigration legislation pending before the House Judiciary's Subcommittee on Immigration, Refugees, and International Law, I am inserting Professor Miller's letter and Mr. Pear's article into the CONGRESSIONAL RECORD. I commend them to my colleagues for their careful consideration.

[From the New York Times, Sept. 29, 1985]

THE INSTITUTIONALIZATION OF THE ILLEGAL ALIEN

(By Robert Pear)

Washington.—When the Senate took up a comprehensive bill to curtail illegal immigration earlier this month, the growers of fruits and vegetables once again demonstrated their considerable political power.

Over the objections of the bill's chief sponsor, Alan K. Simpson, Republican of Wyoming, the Senate accepted a proposal, strongly backed by the growers, for a special program to bring as many as 350,000 aliens into the United States for seasonal farm work.

Opponents of the program said it undermined the purpose of the bill, which was to tighten the borders of the United States. But Senator Pete Wilson, Republican of California, argued that the program would legalize the status of many foreign workers and thereby protect them from exploitation. And without it, he said, crops would rot in the fields because farmers could not hire enough Americans to do the harvesting.

The growers' lobby, which represents such groups as the California Grape and Tree Fruit League, the International Apple Institute, the Raisin Bargaining Association and the Washington Asparagus Growers Association, has excellent connections with the Agriculture Department. Chief among its friends is Patrick H. Quinn, who, as executive vice president of the National Council of Agricultural Employers, used to lobby for some of the growers.

Mr. Quinn is now an aide to Deputy Secretary of Agriculture John R. Norton 3d. In disputes with the Labor Department over immigration policy, the Agriculture Department almost always sides with the farmers. The Wilson proposal, Mr. Quinn said, is "a prudent safety valve" to meet the farmers' expected need for foreign workers if Congress prohibits them from hiring illegal aliens.

Under the Simpson bill, employers would be subject to civil penalties of $100 to $2,000 for each illegal alien they hired. The penalties would start six months after the bill became law. But under a special section of the legislation, farmers would have three years to stop their use of illegal aliens. The growers could use their normal complement of illegal alien workers in the first year, 67 percent the second year and 33 percent the third year.

Advocates of immigration-law changes said the need for new controls was highlighted last week by the disclosure that at least 49 bodies had been found in the Arizona desert since 1982. Law-enforcement officials said the victims were believed to be aliends who had died in the trackless waste while seeking work in the United States. A local union said many of the Mexican workers, driven by economic desperation at home, were hoping to harvest lemons and grapes in this country.

MANY HURDLES AHEAD

The immigration bill faces many hurdles before it can become law. Its passage depends, in part, on questions to which there is no clear answer at this time: Will President Reagan campaign for the bill, as he has stumped for his tax proposals? Mr. Reagan has issued numerous statements of support for a comprehensive immigration bill, but the White House has also raised formidable objections to any measure that deviates from the President's specifications.

Another question is whether representative Peter W. Rodino Jr., Democrat of New Jersey, will push the legislation. Mr. Rodino, the chairman of the Judiciary Committee, is nearing the end of a long career in Congress. He might like to have his name preserved in a major statute of the type that Congress passes once in a generation, but aides say he would fiercely resist any bill that violates the liberal principles for which he has fought.

Mr. Rodino has said, for example, that he would oppose a measure likely to increase employment discrimination against legal immigrants and refugees.

Mr. Rodino also said he was "deeply disappointed" by the Senate's approval of a new foreign worker program because he believed it could jeopardize the wages, working conditions and job opportunities of American farm workers.

Representative Charles E. Schumer, Democrat of Brooklyn, is trying to work out a compromise on the agricultural provisions of the bill. Those provisions, he said, "will make or break" the legislation. The House Judiciary Committee may approve an immigration bill this year, but it is not expected to reach the floor before next spring.

Representative Leon E. Panetta, a California Democrat who led the fight for the foreign worker program, in floor debate last year, said the bill had a 60 percent chance of becoming law if it reached the House floor this year. But he estimated its chances at only 40 percent if a vote is delayed till 1985. "Once you put it into the election year," he said, "all hell breaks loose."

Many former Government officials, business executives and labor leaders have signed letters endorsing the bill. Christopher J. Matthews, a spokesman for House, Speaker Thomas P. O'Neill Jr., said, however, that the process of organizing coalitions of support had been "too antispetic," too dispassionate. By contrast, Hispanic opponents of the bill denounce it with passionate fury because they believe it would stigmatize them.

[From the New York Times, Sept. 30, 1985]

Unwise Move to Admit Foreign Farm Workers

To the Editor:

Inclusion of a provision for 350,000 temporary foreign workers in the immigration legislation passed by the United States Senate (news article Sept. 20) represents a serious setback to immigration reform.

In essence, the provision would provide a labor subsidy to a well-heeled special-interest group. A foreign-labor subsidy in addition to massive Federal water subsidies and the Federal subsidy provided to specialty-crop growers by the marketing orders law (news article Aug. 21) masks the declining competitiveness of labor-intensive segments of American agriculture in global markets. Labor-intensive agriculture in the United States is highly profitable to a small number of corporations and family farms, but a heavy price is paid by the public.

The potential costs of the Senate's provision regarding temporary foreign workers also are to be measured in terms of democratic values and our foreign relations.

Obviously, the provision would be detrimental to American labor. Black and Hispanic farm workers would be the most adversely affected. However, most important, such a provision would introduce an element of apartheid into the American body politic.

The restricted status of foreign workers in the Senate bill would vary only in degree from that of black migrant workers in South Africa. As it stands, the status of foreign workers envisioned in the Senate bill—their rights and protections—does not meet international norms and standards set by such organizations as the International Labor Organization.

The Senate cannot expect to inaugurate a temporary-foreign-worker program unilaterally. If there is need for such a program, then bilateral negotiations between the United States and possible labor-supplying states are in order.

We should anticipate that nations such as Mexico and Jamaica will expect fair and equitable treatment of their nationals recruited to work in the United States. The history of the bracero program and Western European foreign-labor policies suggests that such an expectation is unlikely to be completely realized in practice.

The difficulties inherent in administering such programs in democratic, open societies do not bode well for the U.S.

Mark J. Miller,
Associate Professor of Political Science, University of Delaware, Newark, DE, Sept. 22, 1985.

"YOU'RE A GOOD MAN, CHARLES SCHULZ" "PEANUTS" AT 35

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. BOLAND. Good grief, Mr. Speaker, Charlie Brown was 35 years old yesterday!

It does not seem possible that the "Peanuts" gang has been with us for three and a half decades. How many Americans since 1950 have begun their perusal of their daily newspapers by first turning to the comics section and reading "Peanuts"? How many school days have started with a quote from Lucy or Sunday sermons with the wisdom of Snoopy? I doubt that any comic strip has developed a larger or more devoted following than "Peanuts". It's easy to understand why.

The characters created by Charles M. Schulz over the years; Schroeder, Linus, Peppermint Patty, Marcie, and all the rest, have a wisdom beyond their apparent years which they bring to bear in situations familiar to us all. They provide both a laugh and a lesson; something which provides both immediate enjoyment and food for thought later on. Theirs is a universal appeal, as evidenced by the fact that the popularity of "Peanuts" knows neither the boundary of language nor geography. While no one with children could fail to be aware of Woodstock's latest antics or the consequences of Spike's most recent visit, "Peanuts" is certainly not the sole property of the young. I would suspect that most of my colleagues have wondered, at one time or another, why inflation had never raised the price for a visit to the office of Dr. Lucy, or when Charlie Brown's baseball team would win a game. "Peanuts" is fun and that is clearly the secret to its success.

I want to congratulate Charles Schulz for what he has created over the past 35 years. He is a skilled artist who combines a sharp wit with a keen insight into the human condition.

I hope that he will continue to make us laugh and make us think for many years to come.

Mr. Speaker, Charles Schulz is, indeed, "a good man."

WORLD FOOD DAY

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mrs. ROUKEMA. Mr. Speaker, I am pleased again this year to be a cosponsor of a House joint resolution that would call on the President to declare October 16 "World Food Day." In this special commemoration, our country will be joined by about 150 other countries that will also observe World Food Day.

I commend Hunger Committee member Benjamin Gilman for proposing the World Food Day resolution, the more than 300 American groups and organization members of the National Committee for World Food Day, and the Food and Agriculture Organization [FAO] of the United Nations [U.N], in its 40th anniversary year, for its leading efforts toward food security for all nations.

This past year has seen one of the worst famines in human history. For the third year in a row, half or more of the countries of Africa have faced food emergencies. Tens of millions of persons faced the threat of death by starvation and hunger-related illness.

Last November, as the Ranking Republican member of the Select Committee on Hunger, I traveled to Ethiopia and saw the widescale human suffering in that country. Through the efforts of members of the Hunger Committee and others in the Congress, U.S. resources were mobilized and massive food shipments were sent by our Agency for International Development [AID] to needy African countries. This great outpouring of generosity and the private fundraising of many groups and organizations across our country saved the lives of millions of persons.

We all can be proud of the leading role our country and so many of its private citizens and organizations played in this life-saving mission. Sadly, we cannot rest on this accomplishment and return to our everyday lives satisfied that we did all that we could and more than any others have done.

We cannot because the crisis of food shortages in many countries and in households in all countries persists. The solutions lie in long-term efforts to increase food production in the poorest countries and to improve international and intranational food distribution in virtually every country.

World Food Day is based on the important idea that the people of the world should share in a partnership in the search for solutions to the problems of hunger and malnutrition. I hope that our national commemoration of World Food Day will lead millions of Americans to listen, read, and learn about hunger. More importantly, I hope that it will encourage many to contact

domestic and international organizations that are working to solve the hunger problem, and form ongoing links to alleviate hunger and malnutrition in our time.

BUDGET DEFICIT STILL REMAINS HIGH

HON. FRED J. ECKERT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. ECKERT of New York. Mr. Speaker, at first glance, it might appear to the people of America that Congress is serious about reducing this year's deficit and the national debt. After all, the budget resolution which Congress passed back in August supposedly cuts the deficit for fiscal year 1986 by $55 billion.

However, a closer scrutiny of recent actions of Congress reveals quite another view. Not only is Congress continuing its habit of spending more than it takes in, but it is also creating new budget authority for ways of spending money it does not have.

For example, the President's original budget request had proposed to eliminate the costly and inefficient Job Corps Program which is being subsidized by the taxpayers at an annual rate of over $600 million. Yet the House of Representatives has recently passed the Labor and Health and Human Services appropriation bill for fiscal year 1986 which requires continued funding of the Job Corps at $640 million. Remember, we are talking about a program which charges taxpayers over $15,000 per student per year to give basic job training skills to unemployed youth. This cost is more than double the annual cost for a full year's tuition at most 4-year public universities.

In fiscal year 1985 alone, each one of the Job Corps' 40,500 slots will cost the taxpayer over $15,000. This cost is expected to continue to increase to over $800 million in 1988. Earlier this year the Office of Management and Budget reported that only one-third of Job Corps participants become employed within 1 year after leaving the program. Not only is this program excessive in its costs, but it also duplicates other training programs, such as the Block Grant Training Program under the Job Training Partnership Act [JTPA]. Under the Block Grant Program, the cost per participant is one-third that of the Job Corps.

The overspending of this appropriation bill does not stop there. The bill also adds $100 million to the President's request for summer youth employment funds. This is a program which had already been appropriated over $724 million for 1986. In addition to the summer youth program, the Labor/HHS appropriation bill as passed by the House requires funding of the Work Incentive Program [WIN] which was scheduled for a phaseout. So what you have here is total spending of approximately $2 billion—50 percent more than the President requested—on only three of the Federal Government's many labor employment programs. In fact, the bulk of these funds only go toward serving unemployed youths and do not begin to cover the costs involved with serving those unemployed individuals over the age of 22.

This additional spending comes at a time when Congress must take action on legislation to raise the public debt ceiling. The limit on the public debt presently starts at $1,823.8 billion. The U.S. Department of the Treasury said that this current limit was reached on September 30, 1985. The Secretary of the Treasury, James Baker has said that the cash balance of the U.S. Treasury will be totally exhausted on October 7, 1985. Without Congressional approval to raise the debt limit ceiling—that is what the Government borrows to pay its bills—the U.S. Government would begin to default on its obligations.

Current projections indicate that Congress should raise this debt limit ceiling to over $2,078 billion just to meet the needs of Federal spending through September 30, 1986. With huge budget deficits and the threatening debt ceiling limitations facing Congress, you would think that wasteful and excessive spending that I have highlighted above would be eagerly eliminated. Not so.

All of this spending adds to the national debt. A debt which must be raised under the objection of the American people who are ultimately responsible for picking up the tab for the excessive spending of Congress.

IT'S TIME TO LABEL SMOKELESS TOBACCO

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. SYNAR. Mr. Speaker, I am happy to join the distinguished chairman of the Subcommittee on Health and the Environment, Mr. WAXMAN, in introducing the Smokeless Tobacco Health Risk Act. This bill is the result of work between Mr. WAXMAN, myself, and members of the health community to fashion a bill that will effectively warn the public on the known dangers of smokeless tobacco use.

The warning labels required by this bill are identical to those contained in H.R. 2950, legislation I introduced in July:

Warning: This Product May Cause Mouth Cancer.

Warning: This Product May Cause Gum Disease and Tooth Loss.

Warning: This Product Contains Nicotine and is Addictive.

In addition, the bill includes the same requirements as H.R. 2950 for print advertisements. These advertisements would be required to rotate the labels stated above, and carry them in a distinct circle and arrow format which the Federal Trade Commission has found to aid in message recall. Finally, the bill calls for an annual report by the Secretary of Health and Human Services on the effect of health education efforts on the use of smokeless tobacco, a description of the use by the public of smokeless tobacco, an evaluation of the known health effects of smokeless tobacco, and recommendations for legislation and administrative action. This report is similar to one required by the FTC in H.R. 2950.

Today's legislation incorporates several improvements over H.R. 2950 which were included in bills sponsored by Representative STRATTON and Representative COLLINS. It includes a ban on radio and television advertisements and it contains provisions to promote public education on the health risks associated with smokeless tobacco use.

It also contains provisions that were not included in any previous legislation. First, it allows the Federal Trade Commission to revise the label statements to reflect the current state of scientific knowledge about the health consequences of smokeless tobacco or to assure that the label statements more effectively disseminate information about such consequences to the public.

Second, it requires that smokeless tobacco product packages state the product ingredients, including nicotine, pesticide residues, artificial flavor, color, preservatives, and other chemical additives used in the manufacturing of smokeless tobacco.

I believe these changes are improvements over H.R. 2950, and I wholeheartedly endorse this bill as a significant step toward educating the public on the known health dangers of smokeless tobacco use.

At this point I would like to introduce in the RECORD a partial summary of the medical evidence of smokeless tobacco use:

MEDICAL EVIDENCE ON SMOKELESS TOBACCO USE

Winn, Blot, Shy, et al, "Snuff dipping and oral cancer among women in the southern states," *New England Journal of Medicine*, 1981.—This is the most definitive study on the long-term effects of smokeless tobacco use. The study found that women who had used tobacco snuff for a long period of time were four times more likely to develop oral cancer than non-users. For women who used snuff more than 50 years, the risk of cancer of the cheek and gum increased fifty-fold. The researchers estimated that nearly 90 percent of the tumors which they observed in the study were related to snuff use. Study controlled for age, education, employment, and dietary habits.

Christen, Arden, "The case against smokeless tobacco: Five facts for the health professional to consider," *Journal of the American Dental Association*, 1980.—Christen, chairman of the Department of Preventive Dentistry at the Indiana University Dental School, surveyed published literature between 1915 and 1972 and found 646 cases of oral cancer directly associated with dipping and tobacco chewing.

Shafer, Hine, Levy, and Tomich, *A Textbook of Oral Pathology*.—This is the authoritative textbook on oral pathology. It states that "carcinoma of the buccal mucosa develops in the area against which a person has habitually carried a quid of chewing tobacco for years while the opposite cheek may be normal, the patient having never rested the tobacco there. Although this is only presumptive evidence of a cause-and-effect relation, it has been recognized so frequently that it appears to be more than a coincidental finding. A special form of neoplasm known as 'verrucuous carcinoma' occurs almost exclusively in elderly patients with a history of tobacco chewing."

Rosenfeld & Callaway, "Snuff dipper's cancer," *American Journal of Surgery*, (1963).—Study found that 90 percent of the women with cancer in the cheek and gums, where tobacco typically was placed, used snuff compared to 22 percent in women with cancer in other parts of the mouth.

Dr. Jan-Michael Hirsch, *Journal of Oral Pathology*.—Hirsch exposed rats to snuff, and, separately and in combination with snuff, to herpes simplex virus type 1 (HSV-1). They found that "the rats exposed to snuff alone or in combination with HSV had a higher incidence of tumors or tumor-like conditions than the control rats or rats exposed to HSV only."

Friedman, Klatsky, and Siegelaub, *Hypertension* (1982), and Squires, Brandon, and Zinkgraf, *Preventive Medicine* (1984).—Both papers found elevated blood pressure levels in groups that used smokeless tobacco.

Dr. K.L. Schroeder in a paper presented before the International Association of Dental Research.—The average blood pressure readings of male smokeless tobacco users aged 18-25 were found to be nearly 15 points higher than those of male smokers and nontobacco users in the same age group. The average use of smokeless tobacco was found to be from two to five years.

Greer and Poulson, (1983).—Researchers found hyperkeratotic or erythroplakic lesions of the oral mucosa, gum inflammation, and cervical erosion of the teeth.

Mehta, Pindborg, Hamner, et al, "Report on investigations of oral cancer and precancerous conditions in Indian rural populations, 1966-1969," (1970).—Researchers followed 50,000 Indians for five years. They concluded that oral cancer and oral precancerous lesions (Leukoplakia) occurred almost solely among those who had tobacco habits of one type or another. Those who chewed tobacco had cancer at rates twice as great as any other group.

Jayant, Balakrishnan and Sanghvi, "Quantification of the role of smoking and chewing tobacco in oral, pharyngeal, and oesophageal cancers," (1977).—The authors calculated the relative risk of developing oral cancer for tobacco users. The Indian data suggest that the relative risk of developing oral cancer is 2.82 for smokers and 5.98 for chewers. This research is similar to American studies which have found tobacco chewers to have a risk of oral cancer twice that of smokers.

Tennekoon and Bartlett, "Effect of betel chewing on the oral mucosa," (1969).—Some researchers have argued that Indian studies are inconclusive because chewing tobacco in India is often mixed with a variety of other substances, primarily the nut of the betel palm, betel leaf, and slaked lime. This study found that none of these additives appear to have a carcinogenic effect.

MEDICAL EXPERTS AND ORGANIZATIONS ON SMOKELESS TOBACCO

Surgeon General Everett Koop: "We've known for years smokeless tobacco has carcinogens that are causative relative to oral, esophageal, and laryngeal cancer."

Dr. William Lijinsky, a world-leading authority on nitrosamines, testified in Massachusetts that ". . . the results of animal experiments in which orally administered nitrosamines have given rise to tumors of the upper gastrointestinal tract and the mouth [of animals] supports the statement that nitrosamines in snuff are responsible, in whole or in part, for the oral cancer that has been reported in habitual users of snuff."

The World Health Organization has reported more than 100,000 new cases of oral cancer in Southeast Asia every year. It estimates that 90 percent of the cancers were caused by chewing tobacco. At the WHO November 1984 conference, the group concluded that enough evidence is available to say that the oral use of the type of snuff used in North America is carcinogenic to humans.

The Centers for Disease Control has stated that "chronic, long-term use of smokeless tobacco is clearly harmful . . . Available evidence shows that chronic, long-term use of smokeless tobacco, in close contact with oral tissues, produces changes in these tissues that could have serious consequences, including oral cancer."

The American Cancer Society estimates that use of smokeless tobacco doubles the risk of oral cancer over that of cigarette smokers (October, 1984).

The National Cancer Institute says that the use of smokeless tobacco is a "dangerous practice that may increase a person's risk of cancers of the mouth, pharynx (back of the throat), and esophagus." Additional health effects include "increased blood pressure and heart rate, bad breath, discolored teeth, gum disease and early tooth loss." (1983)

Jack E. Henningfield, PhD. of the National Institute on Drug Abuse: "Recent studies, using currently accepted methods of evaluating drugs for dependence potential, reveal that nicotine, itself, is a prototypic dependence producing drug. Any form of nicotine should, therefore, be considered to have the potential to produce dependence until proven otherwise."

RESEARCH ON USAGE BY CHILDREN

Study in Oklahoma found that 22 percent of all 11th graders use snuff.

U.S. Public Health Service Professional Association study found that among rural, southern seventh and eighth grade males, 59 percent had tried smokeless tobacco, 37 percent used it regularly, and 63 percent reported adverse physical signs from its use. The last finding was confirmed by a clinical examination of a small random sample. The median age of first use was 9.1 years.

A study in Texas found that 55 percent of young users start before age 13.

Survey of 1,119 Colorado students by the Colorado University School of Dentistry found that 10 percent used snuff. Among users, researchers found abnormal growth of cells in the mouth lining, gum inflammation and tooth erosion.

A study in Eugene, Oregon, found that 9 percent of the seventh graders, 19 percent of the ninth graders, and 23 percent of the 10th graders were daily users of smokeless tobacco.

PASTOR GIVES CINCINNATI 54 YEARS OF THOUGHTFUL DEDICATION

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. LUKEN. Mr. Speaker, in a few days, my hometown of Cincinnati will commemorate Rev. Edward Jones, a pastor who has served the First Baptist Church of West College Hill for a phenomenal 54 years. However, we not only honor the length of Reverend Jones' service to the church, the community, and Greater Cincinnati, but the quality of that service as well. In the many years the reverend has worked and benefited Cincinnati, his contributions of talent, leadership, and responsibility have fostered significant and lasting improvement in the community.

Reverend Jones was coordinator of the West College Hill Association; a member of the Western Union Baptist Association, where he served as moderator for 3 years; a member of the Ohio Baptist General Association; a member of the National Baptist Convention of U.S.A. Inc.; a member of the board of directors of the Better Housing League; chairman of the board of West College Hill; and was dean of the Cincinnati Baptist Bible College.

He was responsible for $4 million that came from the Federal Government for rehabilitation of the West College Hill community. He was able to direct an adult tutoring and recreational program for the community. This is only a portion of his work. Under his leadership, the senior citizens home, First Baptist Terrace, was built.

Reverend Jones has received awards from many organizations including the Urban League and the Office of Economic Opportunity.

This long and significant career began in 1932 when Reverend Jones became pastor of the First Baptish Church, with a congregation of only 60 members. Today, under his leadership, that congregation has grown to almost 500 members.

Reverend Jones' service to our community indicates that we all can make a difference and help improve our world by care, dedication, and hard work. I thank the reverend for years of unselfish time and effort; his contributions have a resounding effect on our community.

THIS IS NO TIME TO UNDERCUT THE PRESIDENT AT THE SUMMIT

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. BROOMFIELD. Mr. Speaker, this is the time for Congress to stand squarely behind the President as he prepares to meet with Soviet leader Gorbachev. Bickering about arms policy and divisiveness on this complex issue can only serve to create the impression of American weakness at the bargaining table. Why would any American do anything to strengthen the Soviet hand in these upcoming talks? Only the President speaks for our country and only he voices our Nation's policy on arms control. We should never make America's security a partisan issue. We must all stand together with him as he prepares for the Geneva meeting.

I am pleased to see that Congress recently postponed action on House Joint Resolu-

tion 3, a bill to prevent nuclear explosive testing. The administration has substantive difficulties with the proposed legislation which clearly undercuts the President. The resolution calls upon our Government to secure the ratification of the Threshold Test Ban Treaty [TTBT], the Peaceful Nuclear Explosions Treaty [PNET], and specifies a resumption of negotiations toward a Comprehensive Test Ban Treaty [CTB].

It is well known that our Government cannot verify Soviet compliance with the TTBT and the PNET as they now stand. Our efforts to negotiate with the U.S.S.R. regarding verification improvements to these two treaties were, unfortunately, rejected by the Soviets.

There are also verification problems with the CTB Treaty which have serious national security implications. Our negotiators have been working with the Soviets to bring about significant reductions in these weapons of mass destruction before a Comprehensive Test Ban Treaty is signed.

I want to share with my colleagues in the Congress a letter from Secretary of State George Shultz and a list of key points in opposition to House Joint Resolution 3. As our Nation approaches these difficult and complex talks, we must project an image of unity and strength, not one of national discord on this vital issue.

THE SECRETARY OF STATE,
Washington, DC, Sept. 28, 1985.

Hon. William S. Broomfield,
House of Representatives.

DEAR BILL: The Administration has substantive problems with both major recommendations of H.J. Res. 3: to secure the ratification of the Threshold Test Ban Treaty (TTBT) and its companion Peaceful Nuclear Explosions Treaty (PNET), and to realize a resumption of negotiations toward a Comprehensive Test Ban (CTB). With respect to the TTBT and PNET, our experience has shown that we cannot effectively verify Soviet compliance with the treaties as they now stand. With respect to a CTB, there are serious verification problems, and national security implications of proceeding now to negotiate a CTB.

As the President stated in his 1985 report to the Congress on Soviet non-compliance with arms control obligations, there are large verification uncertainties and ambiguities with respect to the TTBT and PNET. However, for a number of tests, the totality of evidence indicates likely Soviet violation of the TTBT's 150 kiloton threshold. In addition, on a number of occasions, Soviet underground nuclear tests have vented to the atmosphere, and radioactive debris from these tests has been detected beyond Soviet borders, in violation of the Limited Test Ban Treaty.

In an effort to improve US ability to monitor Soviet compliance with the 150 kiloton threshold of the TTBT, the US has sought on several occasions to engage the USSR in discussions on verification improvements to the TTBT and PNET. Unfortunately, the Soviets rejected all of our approaches. As a demonstration of our seriousness, the President unilaterally and unconditionally invited Soviet experts to measure the yield of a US nuclear test at the Nevada test site. The Soviet experts were invited to bring any instrumentation devices the Soviet Union deems necessary to measure the yield of this test. It is the President's hope that with this first step a way might be opened which could ultimately lead to effective verification of underground nuclear tests. We still hope that the Soviet Union will respond positively to this far-reaching US initiative. As you will readily appreciate, however, the language of H.J. Res. 3 will neither correct existing flaws nor provide any incentive for the Soviet Union to negotiate the necessary improvement to those treaties.

A CTB continues to be a long-term objective, to be achieved in the context of broad, deep, and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and the maintenance of an effective deterrent. The first step toward this goal—and the step to which the US has given priority—is the pursuit of equitable and verifiable arms reductions in the current Geneva negotiations on nuclear and space arms with the USSR.

We are now entering a critical period in our diplomacy with the Soviet Union. The third round of the nuclear and space talks in Geneva is just getting underway, the President will meet soon with Soviet Foreign Minister Shevardnadze, and subsequently with General Secretary Gorbachev in Geneva. During this period, it is essential that Congress and the Administration show unity to the maximum extent possible, denying the Soviets any opportunity for exploiting domestic political debate on important arms control issues. In this connection, I want to express the Administration's procedural and substantive concerns about the proposed debate of House Joint Resolution 3, "To Prevent Nuclear Explosive Testing".

Due to our substantive problems with H.J. Res. 3, the Administration cannot support its passage. Moreover, in light of the foregoing considerations, we believe a potentially fractious debate on this resolution at this time would be most counterproductive. It would project an image of internal discord on arms control matters and thereby weaken the President's hand on the eve of his meeting with Gorbachev.

We ask that Congress continue its deliberative process in ways which maintain and strengthen our ability to pursue our common goal—deep and verifiable reductions in nuclear arms and reduction in the risk of nuclear war—in the responsible manner which we now have underway.

Sincerely yours,

GEORGE P. SHULTZ.

NUCLEAR TESTING—H.J. RES. 3

The Administration has substantive problems with both major recommendations of H.J. Res. 3: ratification of the TTBT and resumption of negotiations toward a CTB.

Our priority goal is to enhance the means of verification of the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. The President's recent invitation to Soviet experts to visit the US test site to measure the yield of a US nuclear test aims to set in motion a process that could increase confidence and cooperation between our nations regarding limitations on nuclear weapons testing.

A comprehensive test ban continues to be a long-term objective of Administration arms control policy, in the context of broad, deep and verifiable nuclear arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and the maintenance of an effective deterrent. The verification of a test ban, however, remains a major problem.

Because of serious concerns about the national security implications of a CTB in current circumstances, including problems related to verification, compliance, and deterrence, the US has not resumed the trilateral CTB talks since they recessed in 1980. In the existing environment, the security of the United States and our allies depends on a credible US nuclear deterrent, and nuclear testing plays an important role in ensuring this deterrent.

The next 60 days will be an extremely critical period in our diplomacy with the Soviet Union. The third round of NST talks has resumed in Geneva. The President will meet soon with Soviet Foreign Minister Shevardnadze and, subsequently, with General Secretary Gorbachev. It is a period when full Congressional support for Administration arms control policy is essential for success in our diplomatic efforts.

H.J. Res. 3 however creates the very situation we wish to avoid. We believe a potentially fractious Congressional debate on this resolution at this time would be most counterproductive. It would project an image of internal discord on arms control matters and provide the Soviets an opportunity for exploiting domestic political debate on important arms control issues.

The Administration appreciates the substantial Congressional support for the US negotiating objectives in Geneva.

House Joint Resolution 272 embodies many of the Administration's long-term policies concerning arms control and national security, including meaningful, verifiable nuclear testing limitations.

Deterrence is at the center of US national security policy. H.J. Res. 272 points out the real necessity of continued nuclear testing in order to ensure the viability of the US deterrent. It further stresses that any test ban must be verifiable and must be made in the context of deep and verifiable arms reductions.

We must examine arms control measures objectively and seek resolution of the three specific questions so critical to their success—verification, compliance and reciprocity—so as to strengthen and encourage confidence and movement in offensive arms reductions. We believe this necessary approach is present in H.J. Res. 272.

LOUIS FARRAKHAN: MERCHANT OF VENGEANCE

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. SOLARZ. Mr. Speaker, in a few days, Rev. Louis Farrakhan will hold a rally at Madison Square Garden in New York City. Once again, a man who has rightly been called the most dangerous anti-Semite in America will have a highly visible forum to set forth his despicable views.

Under our cherished Bill of Rights, not even the most detestable bigot can be denied such a public platform. But if our democratic system offers Louis Farrakhan an opportunity to spread his message of intolerance, it also summons the rest of us to denounce this merchant of vengeance for his vilifications of the Jewish people.

For anyone doubting Louis Farrakhan's evil intent, the revelations this week of his

cooperation with an individual who is the former head of the Ku Klux Klan in California and the current leader of the White People's Political Association should prove particularly instructive. Louis Farrakhan has entered into an astonishing alliance with white supremacists. What has united this self-professed advocate of black self-help with the racist fringe of white America? An abiding belief, indeed an all-consuming passion, for anti-Semitism. His hatred of the Jewish people has driven Louis Farrakhan into the arms of some of the most bitter and implacable enemies of black advancement, individuals who are the spiritual heirs of those who were lynching black people in this country not so many years ago.

His protestations to the contrary, Louis Farrakhan's anti-Semitic ravings have not been wrenched out of context. What possible context can justify mocking the memory of the Holocaust or labeling Judaism a "gutter religion"? Traveling from city to city, Louis Farrakhan seeks to poison the public discourse. But we can find the antidote for his anti-Semitism if all of us take offense and then take the offensive against him.

Louis Farrakhan may fancy himself a one-man wrecking crew of black-Jewish relations. But the ties between our two communities cannot be severed by a single bigot. There are, to be sure, differences between blacks and Jews on a number of issues, just as there are differences within the black and Jewish communities themselves. But from the campaign for social justice in America, to support for the survival and security of Israel, to the actions we have taken against apartheid, black and Jewish leaders have constructed a coalition of conscience for human dignity and freedom. Together we can withstand the assault on decency from Louis Farrakhan. Together we can expose and condemn his racist diatribes for what they are—a diversion from solving the real problems in our country and an invitation to widespread intolerance and racial and religious bigotry. Long after the venomous words of Louis Farrakhan have faded from Madison Square Garden, we can continue working together, refuting his message, reinforcing our mutual respect, reaffirming our support for an enlightened agenda in our pluralist society.

SOVIET ACTIVE MEASURES: A THREAT TO THE FREE WORLD—PART 1

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. HYDE. Mr. Speaker, the Soviets are expert manipulators and wizards in deception. On many occasions, I have been amazed at how well they and their allies have mastered the fine points of the propaganda business. All too often, their aggressive hard sell and manipulation of the news sounds quite convincing. They label the United States as the great evil of the world and call themselves peace-loving people who fight for the downtrodden. In the past few years, massive Soviet involvement in the European peace movement is one example of how effective their propaganda efforts can be. The Soviets and their allies are past masters of clever techniques known as "active measures."

I want to share excerpts from an interesting publication on these techniques which are designed by the Soviets to subvert, deceive, and disinform. Active measures are both overt and covert and can include control of the media, written disinformation, use of front organizations, clandestine radio broadcasting, economic activities, military operations, and terrorism. These active measures are an adjunct to traditional Soviet diplomacy. All in all, they are effective instruments used against the West.

I am certain that many of my colleagues have heard about and read about some of the more classic cases of Soviet active measures which have been directed against our country and our allies. Communist strategy is quite clear about their future plans. They aim at replacing capitalism in the world with communism. In standard Communist ideology, struggle with the Western World is a given, and we in the free world should not be surprised about the goals of the Soviet Union in this regard.

With these thoughts in mind, I recommend that my colleagues read the first part of "Active Measures, Quiet War and Two Socialist Revolutions," by Lawrence B. Sulc. The second and third parts of the Nathan Hale Institute publication will appear in tomorrow's and the following day's RECORD.

ACTIVE MEASURES, QUIET WAR AND TWO SOCIALIST REVOLUTIONS

PREFACE

This is not a product of original research. It was not meant to be. It is a modest compilation of some important points from other more detailed works concerning the nature of the war the Soviet Union is waging against the West (principally the United States), its objectives in that war, and some of the means it is using to achieve its objectives. Among those means is the uniquely Soviet phenomenon, *active measures,* a kind of *quiet war,* if you will. The subject of active measures has only fairly recently begun to be examined in detail in unclassified sources. This study contains a brief summary of active measures contained in certain recent open sources; unfortunately, however, for lack of time and space, much good material could not be dealt with. No offense is intended toward those whose work has not been mentioned.

Soviet objectives in its self-appointed struggle with the West are not new. Like Hitler in *Mein Kampf,* Lenin carefully spelled out his plans for everyone to read well over half a century ago. Non-communists, however, are often amazed when exposed to Lenin's ideas for the first time and even anti-communists are often surprised at Lenin's brazen candor. This candor incidentally, is periodically candidly reaffirmed by ruling Soviet leaders.

It is worthwhile for those opposed to, or merely interested in, totalitarianism to be reminded from time to time of just what it is the West is up against in dealing with the Soviet variety. If now and then someone unfamiliar with the nature of Soviet thought and action acquires an awareness of them by means such as this publication, then so much the better.

I have not dealt here with the serious problem for the West, especially the United States, presented by Soviet espionage. Soviet intelligence collection *per se* is not within the scope of this study. Nonetheless, like most other things the Soviets undertake, intelligence is not an end in itself but contributes to the realization of important Soviet foreign policy goals. For example, the theft of technology by the Soviet Union is a particularly serious problem for the West. Science and technology in the Soviet Union and their maintenance by imports from abroad (legally or illegally) are integral aspects of economic warfare which, in turn, promotes Soviet economic, military and political objectives.

SOVIET ACTIVE MEASURES

"To the danger of espionage is added *active measures,*" as President Ronald Reagan has said, "designed to subvert and deceive, to 'disinform' the public opinion upon which our democracies are built."

A number of books and articles have been published recently on Soviet active measures. Active measures are an integral part of Soviet diplomatic, political, economic and military programs in every stage. They are a part of Soviet doctrine, strategy and day-to-day operations as they are a fundamental part of Soviet foreign policy.

An interagency group of the Executive Branch defined active measures as follows:

1. The Soviets use the term active measures (*aktivnyye meropriyatiya*) primarily in an intelligence context. Within that context, the term is used to refer to active operations intended to provide a policy effect, as distinct from espionage and counterintelligence. But the Soviets do not limit the concept of active measures to intelligence alone. Active measures are an unconventional adjunct to traditional diplomacy. They are quintessentially an offensive instrument of Soviet policy. Specifically, they are intended to influence the policies of foreign governments, disrupt relations between other nations, undermine confidence in foreign leaders and institutions, and discredit opponents. Active measures, thus, consist of a wide range of activities, both overt and covert, including:

Manipulation or control of the media.
Written or oral disinformation.
Use of foreign Communist parties and front organizations.
Manipulation of mass organizations.
Clandestine radio broadcasting.
Economic activities.
Military operations.
Other political influence operations.

2. The range of activities included under active measures is broader than that covered by the U.S. term covert action. In American parlance, overt activities, such as officially sponsored propaganda, actions by accredited diplomatic and official representatives, and activities of friendship and cultural societies, are automatically excluded from the range of covert action.

SECRET POLITICAL ACTION

The purpose of secret political action, as in the case with overt propaganda, is to persuade, manipulate, mislead, and deceive.

The two activities are closely related and overt propaganda themes are often promoted by covert means. Both overt and covert active measures are directly related to Soviet foreign policy objectives. While the Soviets engage in a variety of secret operations, to promote their foreign policy objectives, special emphasis is placed on international front organizations, agent-of-influence operations and forgeries. To understand what the United States is dealing with, it is essential to understand how Soviet foreign policy is made, how active measures fit in, and that the same people devise both. It is necessary, also, to understand the International Department.

THE INTERNATIONAL DEPARTMENT

In "A Study of the International Department of the CPSU: Key to Soviet Policy," Leonard Shapiro, professor of political science, London School of Economics and Political Science, said:

"One is, of course, used to these theories of conflicting groups inside the Soviet hierarchy, pulling in different directions. Journalists love them and academics are not always immune from their fatal charm. It is, however, alarming to find so erroneous a notion of how the Soviet Union conducts its foreign policy prevailing at what appears to be the highest government level. At the basis of this misconception, which could have serious consequences if it should become current among those who are responsible for the conduct of United States foreign policy vis-a-vis the Soviet Union, lies the failure to understand the role played by the International Department of the Central Committee of the Communist Party of the Soviet Union (CPSU)."

In his study, Shapiro traces the evolution of the International Department from the Foreign Affairs Department formed in the Central Committee after the demise in 1943 of the Comintern. In 1957, the Foreign Department was divided into three departments, one for Relations with Communist and Workers Parties of Socialist Countries, controlling the bloc; a second for Cadres Abroad, linked to the KGB, and responsible for instructing overseas cells of the CPSU (cells within missions abroad) and maintaining a register of members of the CPSU overseas, the latter being virtually an intelligence function; and, finally, the core of the Foreign Affairs Department, the present International Department. From the beginning to this day, this department has been headed by Boris N. Ponomarev, a former high official of the Comintern.

POWER AND PRESTIGE

The ID is powerful and prestigious and clearly more important than the other more routine, technical departments of the Central Committee. It has considerable resources of its own and can and does draw on those of other departments as well and the research institutes attached to the Soviet Academy. It is responsible for, among other things, publishing Problems of Peace and Socialism, the English language edition of which is called World Marxist Review, official Soviet ideological publication for foreign instruction. It also controls the international Soviet front organizations.

A DECISIVE INFLUENCE

The International Department surpasses in importance and authority the Ministry of Foreign Affairs, which, according to Shapiro, "has no muscle whatever." Shapiro goes on to say:

"It may be added that it is normal Soviet practice to maintain in every branch or sphere of central government a system of dual control: an appropriate department of the Central Committee to co-ordinate intelligence and to brief the Politburo, and in general to exercise tutelage, if not authority, over the relevant ministry or government agency. The emergence in 1943 of the Foreign Affairs Department of the Central Committee was thus fully in accord with the established pattern of Soviet political practice.

"It seems therefore beyond dispute that the International Department is the element in the Soviet decision-making process which gathers information on foreign policy, briefs the Politburo, and thereby exercises, subject to the Politburo, decisive influence on Soviet foreign policy. In fact, Ponomarev stated the position quite accurately when he said: 'All the fundamental problems of foreign policy come under the scrutiny of the Central Committee of the CPSU and its leadership where they are examined and comprehensive decisions are taken—in the mainstream of the Leninist international strategy of the CPSU'."

A UNIFIED FOREIGN POLICY

Shapiro sums up by saying, "that Soviet foreign policy, so far from being torn by party-state rivalry, is a unified, co-ordinated whole in which, after Brezhnev, the leading role belongs to the International Department of the Central Committee of the CPSU, which attempts to bring into line both state foreign policy and the part which foreign communist parties are expected to play in the policy as a whole."

THE CRISIS IN LIABILITY INSURANCE IS WIDESPREAD AND GROWING FAST

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. FLORIO. Mr. Speaker, a dangerous trend has taken hold in the private market for commercial liability insurance. Insurance buyers across the country are finding that liability coverage is either prohibitively expensive or totally unavailable for certain risks.

The trend is growing at an uncontrollable rate, and severely limiting the availability of essential services ranging from child care to hazardous waste cleanup.

On September 19, 1985, the Subcommittee on Commerce, Transportation and Tourism held a hearing, thus marking the beginning of a formal investigation into the high cost and scarcity of liability insurance.

The following article describes the breadth of the problem and the fast pace at which it is growing.

[From the Washington Post, Aug. 8, 1985]

LIABILITY INSURANCE SKYROCKETS—LITIGATION, LOSSES PUT INDUSTRY IN CRUNCH

(By Michael Abramowitz)

William Crawford is the insurance agent for Fisher, Gordon Architects, a district firm that will do about $5 million in work this year and says it has never had any legal problems with a client. So Crawford was more than a little surprised this spring when he was informed by the Insurance Company of North America that it would not renew his client's policy for liability insurance.

About 20 other firms would not even quote Crawford a price for the coverage he sought. Finally, he found two firms willing to provide coverage—but only at sharply higher premiums. Fisher Gordon now pays about $15,000 for $1 million in coverage. A year ago, that coverage was available for $3,500.

Crawford's predicament is far from unique. The medical malpractice "crisis" of escalating judgments and legal costs has spread to most other professions and businesses that need liability insurance. The list runs the spectrum of risk areas: doctors, lawyers, architects, engineers, accountants, stockbrokers, real estate agents, insurance agents, directors of corporations, nurse-midwives, fishermen and fireworks makers, states, municipalities, transit systems and companies that remove toxic wastes.

Not only have premiums risen anywhere from 50 percent to 500 percent in some lines of liability insurance in the last year, but the availability of insurance has shrunk dramatically. A few groups are going without protection, according to insurance executives.

"You've seen tremendous rate increases in the past, but you've always seen markets staying in there," said Stephen Gerstman, president of INAPRO, the professional liability underwriters for the Cigna Corporation. This time, he added, "There's not going to be a market for eveyone to get insurance"

The reason for the crunch is two-fold. Insurance executives primarily blame the explosion of litigation, and the growing tendency of courts to toughen standards of liability in favor of victims of malpractice or malfeasance.

A second factor is the volatile economics of the property and casualty insurance business, which suffered its worst year ever in 1984. Underwriting losses for the industry amounted to $21 million, outpacing investment income for the first time since 1906, the year of the San Francisco fire. David Seifer, who follows the industry for First Boston Corp., said the industry suffered a $2.7 billion loss in all lines of general liability except medical malpractice. In non-medical lines, the industry lost about $1.47 for every dollar received in premiums, and results were even worse in medical malpractice lines, Seifer said.

To stem the red ink, insurance companies have resorted to a host of defensive measures—jacking up rates, cancelling business, refusing to write certain policies and stiffening the terms of their coverage.

The result of these measures has been a significant, across-the-board contraction of the liability insurance market.

INAPRO, one of the largest writers of liability insurance in the country, said the financial beating it suffered forced it to scale back its coverage by about half in the last year. Gerstman said the company no longer will write insurance for obstetricians, gynecologists and accountants, all professions that have been sued in increasing numbers. The company has raised rates so dramatically in other lines, in some cases quadrupling prices, that some professionals have been forced to cancel their policies.

The scene is similar elsewhere:

In the last year, about a dozen companies have dropped out of the market for architect insurance, leaving most architectural firms with the choice of two or three companies, say industry officials. Peter Hawes, president of the Design Professional Insurance Company, one of the few remaining underwriters that insures architects, said that average rates have doubled in the last two years.

In New York, only one firm now writes liability insurance for accountants, said an official with the state's Society for Certified Public Accountants. A few years ago, there were about a half dozen.

Premiums of the Big Eight accounting firms, which are insured by syndicates at Lloyds of London, have risen an estimated 125 percent, while their maximum limits declined from $200 million to $150 million in the last year, said Donald J. Schneeman, an official with the American Institute of Certified Public Accountants.

Up until a few months ago, policies for large law firms were written by five major carriers. One has since withdrawn from the market, and two have imposed rate increases of up to several hundred percent, according to figures compiled by the Attorneys' Liability Assurance Society Ltd., an underwriter which soon expects to raise its rates by about 50 percent.

Five western states were recently told that they would lose their liability coverage, as were about two-thirds of the nation's 2,500 practicing nurse-midwives. And several operators of local child care facilities told a congressional committee last month that they would close their doors this year because their liability insurance policies were canceled.

It is now virtually impossible for any contractor or engineer to find insurance for hazardous-waste cleanup or asbestos removal. Insurance companies simply are not willing to touch those fields until questions are resolved about the extent of contractor liability and the liabilities imposed by federal Superfund legislation.

The cumulative effect of these cutbacks could have a deleterious effect on social welfare, professionals say. Doctors and lawyers openly speak of turning away patients or clients because of the fear that they might be sued. Architects say that some firms will be less willing to tackle difficult projects under the current litigious climate.

As for citizens who have been harmed by negligence or malpractice, they could have nowhere to turn for recompense if their doctor, lawyer or architect is without insurance, as executives say is increasingly the case.

The problem has even prompted congressional concern. Rep. James J. Florio (D-N.J.), chairman of a House commerce and energy subcommittee with jurisdiction over the industry, said Friday he was planning to hold hearings to investigate. He said he was worried about a "pattern in which insurance companies don't have an interest in insuring anymore."

As the insurance industry sees it, the basic cause for the crunch is the rise of litigation and punitive awards in the courts. The problem, executives say, is that the unpredictability of the courts has made it impossible to maintain a rate structure that is adequate to pay for future losses.

"Because of the out-of-control-tort system, insurance companies have found they cannot price the product," said Gerald Lewinsohn, an industry analyst with Merrill Lynch. Jerry Thompson, an underwriting officer at St. Paul's Fire and Marine Insurance Company, said the insurance problem is a "direct manifestation of the claims being made against the professions."

But some industry analysts say the country's tort system is not so much to blame for the current problem as the insurance industry itself and the tremendously cyclical business of providing property and casualty coverage.

"It is odd that the crisis seems only to last with the cycle," said J. Robert Hunter, the former head of the Federal Insurance Administration. In 1974 and 1975, when the casualty-property industry last hit bottom, he said, there were similar cries of a "crisis" in medical malpractice insurance. But the real problem, Hunter said, lies with the "manic-depressive" nature of insurers.

At the top of the cycle they cut prices. . . . Hunter testified before Congress last week. "At the bottom they cancel everyone, even businesses that never once had a claim, just because of the fear they feel of any possible risk." Hunter now heads the National Insurance Consumer Organization.

Industry officials don't entirely disagree with his assessment. They acknowledge that the market is contracting following an unusually long "soft" period that was ushered in with the high interest rates of the late 1970s.

Sharp competition among companies drove prices down, often to imprudently low prices, according to insurance executives. Insurers were willing to slash prices because they expected to win back any money lost in premiums by investing their money at high interest rates. When rates fell during the past several years, however, companies did not have enough money to pay the claims that started to roll in.

"The business looks lucrative at any point in time," said Frank Patalana, vice president of CNA, a Chicago-based underwriter of liability insurance. But, he added, many of the companies that jumped into the game in the late 1970s didn't reserve enough money for future losses.

The market has also dried up in certain areas of coverage because of the risk ratios that state insurance agencies require companies to maintain to make sure claims can be paid off.

The rule of thumb is that the ratio of premiums written ought not to exceed a company's surplus funds by more than 3 to 1.

With surpluses driven down by losses, however, companies are constrained in the amount of premiums they are allowed to write.

Insurance executives say the ultimate solution is legislative reform of the legal process that produces the costly, often crippling lawsuits.

"Reform has got to come, if for no other reason than the fact that the commercial insurance industry is not going to reduce itself to a social agency," said Albert Salvatico, managing director of the insurance brokerage firm of Marsh & McLellan Inc.

This kind of tough talk worries critics of the industry, who feel that the tort system has provided the last means of defense for citizens against professional malfeasance.

"I don't think policy makers should change tort law under this kind of pressure," said NICO's Hunter.

'The guy in the least position to lobby is the guy who's going to be the victim. Let's not deny the ultimate hammer to the little guy."

Hunter said the first priority of lawmakers ought to be to figure out how to smooth out the economic cycle in the insurance industry.

He suggested that Congress grant power to federal agencies to offer reinsurance, an approach that he said kept insurers in the inner cities during the riots of the late 1960s.

Yet others outside the industry say the problem is more profound. David Austern, director of education at the American Trial Lawyers Association, said the economy simply cannot support the interpretation of liability toward which the courts are heading.

"It is certainly the case that when you add up new individual legal entitlements, you can have a new social effect that was not intended," added William Galston, the former issues director for Walter Mondale, who now heads economics and social programs at the Roosevelt Center for American Policy Studies.

"Not every victim of everything that goes wrong can be compensated one hundred percent," Austern said. "There's not enough money out there."

In a similar vein, Richard K. Willard, acting assistant attorney general in charge of the Justice Department's civil division, recently told the American Chamber of Commerce that the current explosion of tort litigation in the courts threatens to severely damage the economy.

"The use of new theories of liability and 'damage' awards unrelated to any harm the defendant has done to the plaintiff poses a fundamental question," Willard said in a speech delivered June 27. "Will decisions about allocation of resources be made by the market, with legislative corrections where there is a societal consensus? Or will they be made by a largely unelected judiciary imposing its risk preferences on the rest of society."

THE 13TH ANNIVERSARY OF THE ABM TREATY

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. DORNAN of California. Mr. Speaker, today is the 13th anniversary of the ABM Treaty. I feel it is an opportune time to discuss the inadequacies of the SALT process that led to the ABM Treaty, encouraged Soviet noncompliance and current Soviet strategic defense programs.

The ABM Treaty is hailed by the liberal arms control establishment as the "jewel" of the MAD-capped theory of mutually assured destruction. It is this immoral theory that implies "America held hostage" is the best way to defend against Soviet aggression. It is this antiquated treaty of a bygone era that is becoming the greatest obstacle to the development of a comprehensive strategic defense for the United States.

The Soviet Union has never abandoned its effort to defend against ballistic missiles. The Kremlin leaders have used the inter regnum between the signing of the ABM Treaty in May 1972 and the present to continue to research, develop, test, and deploy ABM systems in direct violation of the ratified agreement. In addition, Soviet efforts in antitactical missile defense, surface-to-air missiles, antisatellite lasers and space-based lasers have circumvented the original provisions and intent of the ABM Treaty. The result is that while the United States has scrupulously adhered to its part

of the treaty, the Soviet Union has steadfastly moved forward. Unfortunately, it wasn't until the past few years that the extent of the Soviet programs became known.

For almost two decades the American public has been told an arms race is underway between the United States and the Soviet Union. The MAD-capped arms control establishment first told the American public the rationale behind the Soviet buildup was to catch up to the United States. Then we were told they were only trying to maintain parity with the United States. President Johnson's Secretary of Defense Robert Strange McNamara, the principal designer of MAD, predicted in 1967 that once the Soviet leadership reached a position of parity with the United States both sides would feel secure. He directed that all modernization of our strategic forces be halted at current—1967—projected levels.

The most glaring problem of MAD is that the Soviet Union never subscribed to it. After all, how mutual is a deterrence theory when one side refuses to play along? The United States in November 1969 began serious arms control negotiations with the Soviet Union. The original goal of SALT was to limit offensive nuclear forces and couple defensive arms limitations directly to limits on offensive weapons—especially those offensive weapons with the capability of achieving a disarming first strike.

The agreement was reached in May 1972, ratified by the U.S. Senate on September 30, 1972, and entered into force on October 3, 1972. SALT was hailed as the first step in achieving a meaningful cap on nuclear weapons proliferation between the two superpowers.

Since 1967 the United States has unilaterally dismantled over one-third of its warheads and half of its total megatonnage in its nuclear arsenal. We have unilaterally dismantled over 1,000 medium-range, nuclear capable bombers, over 300 long-range bombers, canceled at least two follow-on bombers and curtailed yet another bomber program—the B-1. The first B-1B was only delivered to the Air Force on June 29, 1985.

We have not deployed a new intercontinental ballistic missile [ICBM] system since the early 1970's and have retired nearly all 54 of our largest land-based missiles, the Titan II. We have removed over 2,000 warheads from Europe. We have only begun to modernize our theater nuclear forces. The process that will take until 1989 to complete and will account only for 572 warheads on 224 launchers as compared to the 1,323 warheads on 441 SS-20 launchers deployed today by the Soviet Union.

We have dismantled all of our Polaris submarines, and have begun to dismantle our Poseidon submarines in compliance with a SALT II agreement that we have yet to ratify. The new Trident submarines are just coming on line, but will not numerically replace the Poseidons that are leaving the fleet.

After 4 years of President Reagan's attempt to modernize our strategic posture, the situation continues to deteriorate. The latest national intelligence estimate [NIE] is an unequivocal judgment indicating a dangerously worsening state of imbalance between the strategic and tactical nuclear forces—offensive and defensive—of the United States and the Soviet Union with or without SALT constraints. The quest for Soviet military supremacy can no longer be in doubt.

We never seriously moved to deploy an active missile defense. We dismantled our only operational ABM site allowed by the ABM Treaty in 1976. Research and development allowed under the treaty was leisurely and without direction. To illustrate this point, at the time the ABM Treaty was signed over 50 percent of our national laboratories budget was devoted to ABM research and development. Less than 1 year later only 1 percent was directed toward ABM. The Soviet Union, however, began to research, develop, test, and deploy in earnest as we moved in the opposite direction.

Soviet emphasis on achieving superiority was evident even while we negotiated SALT I and the ABM Treaty. Secretary of Defense Laird, in his fiscal year 1971 report to Congress, stated.

> As we reduce our defense spending and move further into negotiations, we should have no illusions about the current state of world affairs. I am obliged to report to you, for example, that the Soviet Union is not making similar reductions in its defense budget. In fact, the Soviet Union is pulling abreast of us in many areas of military strength and ahead of us in others. The Soviets are continuing the rapid deployment of major strategic offensive weapons systems at a rate that could, by the mid-1970's, place us in a second rate strategic position with regard to future security of the free world.

During the SALT I debate only four Senators and a handful of Representatives came out against the treaty. They were not convinced by the administration's arguments, nor the euphoria of the MAD-capped fear merchants, that the inequality inherent in the agreements was acceptable because the United States maintained qualitative advantages, that it would moderate Soviet programs and lead to better and more equal agreements. They were correct in their pessimism. As we have seen the Soviet programs continued to increase during the so-called era of détente; SALT II was an even worse strategic disaster; and, the qualitative U.S. advantages have been lost. The entire arms control process has contributed to a lessening of American security, increase in U.S. vulnerability, inaction, and a potential for crisis instability. Rather than complement national security, arms control has replaced national security in the minds of many.

The original United States intention and object of the SALT process was to reach long-term agreements which would limit strategic offensive and defensive arms in such a manner that would enhance strategic stability while lessening the need for future arms programs. It was believed strategic arms control would reduce future threats to our deterrent while moderating the arms programs of both sides, particularly those regarded as most destabilizing, especially the huge Soviet SS-9 ICBM's.

In order to achieve these goals the United States was willing to forgo strategic superiority that President Kennedy swore to maintain and averred was necessary to maintain world peace. We became willing to abandon the posture that our strategic planning had rested and accept a position of parity with the Soviet Union.

The Soviet Union has sought and continues to seek military superiority. SALT has done nothing to arrest this process, or even slow down Soviet strategic programs once under way. If anything the opposite is true. While the United States limited, curtailed, and even cut strategic programs to stay within our interpretation of SALT, the Soviet Union relentlessly pressed forward with one new generation of systems after another until they not only surpassed us in total aggregate numbers of deployed—and just as important stockpiled—strategic systems, but in technology as well.

SALT merely codified Soviet programs. There is little empirical evidence to show the Soviets ever intended to go much beyond the ceilings that capped Soviet and U.S. launchers. The projections of unlimited Soviet growth in strategic weapons were—and remain—Western propaganda to sell poor agreements.

The Soviets were fully aware that U.S. offensive forces had been programmed years before and if fact, by 1967, had attained programmed levels. There were no plans to increase strategic forces and, with a recalcitrant Congress, no hope to threaten any increase as a negotiating tool.

By any objective standard SALT has been a failure. The issue of Soviet noncompliance with the ABM Treaty is merely the tip of the iceberg. The Soviet Union has a very poor record in compliance with international agreements and treaties; they have an excellent record with getting away with their breaches, circumventions, and outright violations. President Reagan is not the first U.S. President to take issue with Soviet noncompliance. At least five times since the end of World War II, the U.S. Government has conducted a study of Soviet violations of international agreements. In 1954, 1959, 1961, and again in 1968 congressional studies determined over 50 such violations and over three dozen instances of circumventions. In 1961 and 1963, the Kennedy administration reached similar conclusions.

Even if we disregard the Soviet violations of the first 50 years of communism, the seedy record of Soviet compliance during the SALT era corroborates, not vindicates, the Communist leaders in Moscow. The Soviet leadership negotiate treaties and agreements when the objective circumstances surrounding the negotiations appear to them to be favorable. They do not allow extraneous events to distract them. The tenets set forth by Lenin and Stalin still hold.

> In war never tie your hands with considerations of formality. It is ridiculous not to know the history of war, not to know that a

> treaty is the means of gaining strength . . . The history of war shows as clearly as clear can be that the signing of a treaty after defeat is a means of gaining strength.—(Lenin, Collected Works)
>
> A diplomat's words must have no relation to action—otherwise what kind of diplomacy is it? Words are one thing, actions another. Good words are a mask for the concealment of bad deeds. Sincere diplomacy is no more possible than dry water or iron wood.—(Stalin, Collected Works)

I could go on at length and quote Khrushchev, Brezhnev, Andropov, and even Gorbachev. The result would be the same. The Soviet leadership does not believe in good faith actions, or unilaterally giving up an advantage. They live by the maxim, "What is mine, stays mine; what is yours is negotiable." The agreements that they have signed bind their opponents to specific wording while allowing them to exploit cleverly worded loopholes which allow them the flexibility to continue their military and political priorities.

SALT has codified, not limited, Soviet programs. The Soviets have continued their strategic modernization programs unfettered by arms control restraints. The United States, on the other hand, has taken no action to undercut existing arms control agreements, including the fatally flawed SALT II agreement. (See the President's June 10, 1985, SALT compliance report to the Congress printed below.) How could we? Even if the President decided it was in our best national security interest to circumvent or violate a treaty, even for a short time, he would be prevented from doing so by his own lawyers at Defense and State. Our form of govenment has too many watchdogs rather than corporate counsels.

The patterns of the past have been exacerbated during the past few years. President Reagan has released three reports outlining the growing number of outright violations of existing treaties, agreements, and unilateral commitments made by our negotiating partner the Soviet Union. Looking back, with 20/20 hindsight, the Soviet Union negotiated with one eye to circumvention or outright break out of agreements. They have constantly and consistantly tested the U.S. reaction to their actions. We have failed to react and respond in each and every case. The Special Consultative Commission, set up in SALT, to handle questions of compliance has been a dismal failure.

U.S. responses are necessary to impress upon the Soviet Union that we will no longer go the extra mile to explain away Soviet actions. If the Soviet Union truly desires arms control agreements with the United States they will clear the air, once and for all, of the stench of noncompliance, or we will take proportionate responses to the violations.

There are a number of response we can take. One such action is to continue to modernize our strategic deterrent. That is why yesterday I introduced, into the House of Representatives, H.R. 3490, a bill that would prohibit the closure of the B-1 production line until the President certifies the Soviets are in compliance with existing strategic arms control treaties, the advanced technical bomber is in production or the original programmed 244 aircraft is reached.

Just prior to the outbreak of World War II, Winston Churchill declared "the worst crime is not to tell the public the truth." I consider full congressional and public understanding of the true state of the strategic imbalance an essential ingredient for the long-term survival of democracy. I agree with my Democratic colleague, the recently deceased, well respected Senator from Washington, Scoop Jackson, when he described U.S. reaction to past Soviet violations. He said,

> To counter the dangerous shift in the strategic balance we require first a forthright and unvarnished assessment of some unpalatable military and political facts. Caught in all the current cross fire about hawks and doves to many politicians are acquiring the protection habits of the ostrich.

If we do not avail ourselves of the information provided by our own intelligence sources then we are derelict in our public duty. If we continue to allow the MAD-capped fear merchants to dominate the debate and prevent the modernizaiton of our strategic deterrent and the development of an effective strategic defense, we may forfeit on the peace and security we all seek for our children and our children's children. That is why I initiated a congressional letter to the President's National Security Adviser, Robert McFarlane, to request the Speaker of the House, to allow the administration to brief Congress on Soviet strategic defense programs and laser developments before the summit in November. This briefing on Soviet strategic defense programs will be presented to Congress on October 10, 1985. I believe Congress can better support the President if we have a firm understanding of exactly what the Soviet Union is up to.

The euphoria surrounding the summit is premature. The western press is once again enamored over a Soviet leader and affording him the opportunity to spread Soviet disinformation and sell his agenda to the American and European public. Gorbachev's sole goal is to take the initiative, and the strategic defense initiative, away from the President.

The President must reestablish the initiative, and win the support of the majority of us in Congress as well. I believe that the first item on the summit agenda should be human rights. Jewish immigration should be at the top of that long list. We need to refocus attention on Soviet disregard for the basic rights that we have enshrined in our Constitution.

Although there are those who would prefer the agenda to focus solely on arms control issues, humans rights can set the stage for more meaningful talks on the crucial issue of peace between the superpowers. Compliance, or rather Soviet noncompliance with past treaty obligations should be the very foundation and sine qua non of all future talks with Communists. If arms reductions are to have any meaning and contribute to world peace, it is essential that all parties comply with existing agreements and show a willingness to comply with their treaty obligations. If the Soviet Union truly wants a successful summit and desires to establish better relations with the United States then, there is absolutely nothing more vital to world security than ensuring compliance. Especially on this the eve of the 13th anniversary of the ABM Treaty—the flawed jewel of arms control.

IN SUPPORT OF H.R. 3510, ON THE RISKS OF SMOKELESS TOBACCO

HON. SAMUEL S. STRATTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. STRATTON. Mr. Speaker, I am delighted to go on record today in support of H.R. 3510, the "Comprehensive Smokeless Tobacco Health Risk Education Act," which incorporates my proposal to ban the advertising of smokeless tobacco on television and radio. I also want to thank Mr. WAXMAN for his leadership in holding hearings on the risks of smokeless tobacco, as well as Mr. SYNAR and Mrs. COLLINS whose proposals on labeling and education have also been included in this comprehensive bill.

The need for this legislation is clear. The National Centers for Disease Control has estimated that as many as 22 million Americans use smokeless tobacco. While cigarette smoking is reported to have declined slightly among teenagers, the use of smokeless tobacco products more than doubled between 1970 and 1979, and is increasing almost 10 percent per year since then. This indicates a serious and costly health risk to our population, one that is being aided and abetted by attractive advertising by the tobacco industry.

Unlike cigarette advertising, advertising of smokeless tobacco products has never been prohibited. Consequently, the tobacco industry has turned its considerable talents, resources and moneys into the unregulated areas of smokeless tobacco, and to great advantage. From what I've seen and read, these TV ads are pretty seductive: big, healthy-looking athletes or country western singers, heroes to young people, are extolling the virtues of chewing tobacco and snuff. The names of the products are attractive: Copenhagen, Skoal, Red Man, even "Happy Days," which conjures up images of the Fonz. And they are also given rather benign, even healthful-sounding flavors such as "strawberry" or "mint." One company also used the very misleading slogan, "Take a pouch instead of a puff," implying that smokeless tobacco is less harmful than cigarettes. In addition, free samples of snuff and chewing tobacco are often distributed to young people. This is an easy way to get children "hooked" because the product contains nicotine, which is addictive. Teenagers are very vulnerable to all these appeals, and such powerful promotion of an unhealthful product should be discouraged.

The Congress, in 1970 and 1973, determined that the power of radio and television was too strong to allow cigarettes to be promoted on the airwaves and banned the advertising of cigarettes and little cigars on those media. I believe the same is true for smokeless tobacco. H.R. 3510 would extend the ban to smokeless tobacco products. I believe it is directly in line with the intent of Congress back in 1970 with the "Public Health Cigarette Smoking Act." In fact, it would close the final loophole in that legislation.

Therefore, in view of the alarming trend toward use of smokeless tobacco, which is encouraged by very attractive advertising campaigns on the powerful media of television and radio, I would urge my colleagues to support H.R. 3510.

HEALTH RISKS OF SMOKELESS TOBACCO

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 3, 1985

Mr. WAXMAN. Mr. Speaker, on behalf of Mr. SYNAR, Mrs. COLLINS, Mr. WHITTAKER, Mr. NIELSON, Mr. STRATTON, and myself, I am pleased to announce the introduction of H.R. 3510, the "Comprehensive Smokeless Tobacco Health Risk Education Act." The legislation addresses a growing public health problem presented by a product known to cause oral cancer and a wide range of serious mouth diseases.

Legislation is urgently needed to slow down the number of young people who are becoming addicted to a product that will seriously injure their health. The legislation has the support of the Nation's most prestigious public health organizations, including the American Cancer Society, the American Dental Association, the American Heart Association, and the American Lung Association.

On July 26, 1985, the Subcommittee on Health and the Environment conducted a hearing on the health effects of smokeless tobacco. The hearing documented an alarming increase in the use of this product by young people. Scientists representing the National Cancer Institute, the American Dental Association and the American Cancer Society testified to the fact that these products can cause life-threatening diseases of the mouth and oral cavity.

We also heard chilling testimony from the mother of a young high school track star. Betty Anne Marsee told of her son's courageous struggle against mouth cancer caused by his addiction to smokeless tobacco. Until Sean Marsee's cancer was diagnosed, he, like many young people today, didn't believe smokeless tobacco could be harmful. He believed there could be little harm from a product promoted by athletes, advertised on television and sold without a health warning.

The increased use of this product in our primary and secondary schools is alarming. Surveys conducted in the State of Texas discovered that 88 percent of the users of smokeless tobacco began before the age of 15. In Oklahoma 21.7 percent of fifth graders and 39.3 percent of 11 graders use smokeless tobacco. These figures contrast sharply with the significantly lower incicence of smoking among these same age groups.

Unlike other drugs of abuse, smokeless tobacco is freely available in most convenience stores and supermarkets. Often it is sold right next to chewing gum and candy. It is little surprise that increasingly large numbers of young people are responding to the allure of advertising and putting a pinch of tobacco snuff between their cheek and gum.

The efforts by manufacturers to promote the sale of smokeless tobacco to youth are aggressive and sophisticated. Through the use of television, the tobacco industry has successfully opened up our secondary schools as a major growth market for smokeless tobacco products.

Mr. Speaker, smokeless tobacco is not a safe alternative to cigarettes. It is not another version of bubble gum.

Smokeless tobacco is a dangerous product. If smokeless tobacco were classified as a drug or a food, the FDA would not permit its sale. If it were classified as a consumer product, the Consumer Product Safety Commission could ban its use. If it were a controlled substance, the Drug Enforcement Administration would be bound to place it under controls reserved for the most dangerous drugs of abuse.

Like cigarettes, smokeless tobacco enjoys a unique position in our marketplace. It is currently exempt from the minimum Federal health and safety safeguards to which other food, drug or consumer products must adhere. Unlike fruits and vegetables, it may contain dangerous residues of pesticides used in growing tobacco. Unlike bacon or beer, it may contain unlimited concentrations of nitrosamines, a well established and potent cancer-causing substance.

Smokeless tobacco also contains a toxic and highly addictive drug called nicotine. When marketed as a pharmaceutical product to help smokers quit, nicotine is available only by a doctor's prescription. When sold in the form of smokeless tobacco, it is available at most corner groceries or supermarkets.

A product this dangerous and addictive shouldn't be advertised on television and certainly shouldn't be sold or promoted to our children.

It is no accident that the increased use of smokeless tobacco among young people has closely paralleled unprecedented increases in advertising—particularly on television.

In 1970 the Congress recognized the powerful effect of TV and radio advertising on youth and ordered cigarette advertising through this media banned. In 1973 TV and radio advertising of "little cigars" were also banned. In 1984, the Congress required the display of multiple health warnings on cigarette packages and advertising.

The Congress must take similar action with smokeless tobacco. We cannot afford to be complacent or tolerant of a product which has the potential of such great harm. We cannot wait 20 years and allow smokeless tobacco to establish itself as a deadly rival to cigarette smoking. If the Federal Government is to exercise its responsibility to protect the public health, its action should be decisive and comprehensive.

H.R. 3510 seeks to make the public aware of the adverse health consequences of this product through education. The bill combines the display of three health warning labels on smokeless tobacco packages and advertising with the development of Federal and State educational activities and a prohibition on TV and radio advertising. The warning labels state the following:

First. WARNING: This product may cause mouth cancer.

Second. WARNING: This product may cause gum disease and tooth loss.

Third. WARNING: This product contains nicotine and may be addictive.

The legislation further provides that the label statements may be periodically revised by the Federal Trade Commission to reflect evolution in scientific knowledge and to assure that the label statements effectively disseminate this information to the public.

In addition, the legislation requires ingredients in smokeless tobacco to be disclosed on the package. If they know about ingredients like nicotine, the public could make more informed choices about smokeless tobacco use. Disclosure would foster competition among manufacturers to reduce or eliminate potentially harmful additives or byproducts that may increase the already high health risk of this product.

Finally, the legislation authorizes the Secretary of Health and Human Services to work closely with States in the development of educational programs and public service announcements to complement the new health warnings. These efforts are especially critical at the primary and secondary school levels where the pressure to begin smokeless tobacco use is so strong. The legislation calls upon the Secretary to encourage and assist States in establishing 21 as the minimum age for the purchase of smokeless tobacco.

Mr. Speaker, I ask that a copy of an article entitled "Sean Marsee's Smokeless Death," from the October 1985 issue of Reader's Digest, be printed in the RECORD at this point. I urge Members to read the article carefully and then join in cosponsoring this much needed legislation.

The article follows:

[A Reader's Digest Reprint]

SEAN MARSEE'S SMOKELESS DEATH

(By Jack Fincher)

(The young athlete was in perfect physical shape—so what harm could there be in dipping snuff? He didn't realize—until it was too late—that where there's smokeless there's terrible danger.)

The angry red spot with its hard core was the size of a half-dollar. It belonged, thought Dr. Carl Hook, in the mouth of a 75-year-old who had been dipping snuff since the age of three, not on the tongue of the high-school boy who sat across from him. "I'm sorry, Sean," said the Ada, Okla., throat specialist. "It doesn't look good. We'll have to do a biopsy."

Sean Marsee was stunned. He didn't smoke or drink. You couldn't and win 28 medals running anchor leg on the 400-meter relay. A tapered five-foot-five, 130 pounds, Sean had always taken excellent care of his body: watching his diet, lifting weights, running five miles a day six months of the year.

Now this. How could it be? True, he was never without a dip. He used up a can of snuff, a type of smokeless tobacco, every day and a half, holding it in his mouth to get a nicotine jolt without smoking. It was popular among high-school athletes who didn't want to break training. "But I didn't know snuff could be that bad for you," Sean said. "No warning label or anything. And all those ads on TV. . . ."

A MIND OF HIS OWN

Eighteen-year-old Sean had been secretly using "smokeless"—chewing tobacco briefly, then snuff—since he was 12. His mother, Betty, a registered nurse, had hit the roof when she found out. Didn't he know tobacco was hazardous, smoke or no smoke?

Sean refused to believe her. Would sports stars sell snuff on TV if it hurt you? Why, even his coach, Jim Brigance, a bear for conditioning, knew boys on his team dipped and didn't make a big thing of it.

Finally, Betty dropped the subject. It had been Sean who pulled his sister Marian out of the lake when she fell through the ice; Sean who was his sister Milissa's model for an ideal husand; Sean who taught his younger brothers Shannon and Jason to hunt, fish and trap; Sean who planned to join the Army Airborne as a career and to get his college education paid for. The oldest of her five children had a mind of his own.

Besides, Betty, a single parent working the hospital night shift in Ada, had enough to think about just raising the children. Then Sean had come to her with his ugly sore. Betty took one look; her heart sank. And now, Dr. Hook was saying, "I'm afraid we'll have to remove that part of your tongue, Sean."

The high-school senior was silent. "Can I still run in the state track meet this weekend?" he finally asked. "And graduate next month?" Dr. Hook nodded.

A NECESSARY MUTILATION

On May 16, 1983, the operation was performed at the Valley View Hospital in Ada. More of Sean's tongue had to be removed than Dr. Hook had anticipated. Worse, the tumor biopsy was positive. Once the swelling in his mouth went down, Sean agreed to see a radiation therapist.

Before therapy could begin, however, a newly swollen lymph node was found in Sean's neck, an ominous sign that the cancer had spread. Radical neck surgery would now be needed. Gently Dr. Hook recommended the severest option: removing the lower jaw on the right side as well as all lymph nodes, muscles and blood vessels except the life-sustaining carotid artery. There might be some sinking, but the chin would support the general planes of the face.

Betty Marsee began to cry. Sean was being asked to approve his own mutilation—Sean who was so fastidious about his appearance that he'd even swallow his dip rather than be caught spitting tobacco juice. They sat in silence for ten minutes. Then, dimly, she heard him say, "Not the jawbone. Don't take the jawbone."

"Okay, Sean," Dr. Hook said softly. "But the rest; that's the least we should do."

On June 20 Sean underwent a second operation, which lasted eight hours. That same month 150 students and teachers at Talihina High assembled to honor their most outstanding athlete. Sean could not be there to receive his award.

Coach Brigance and his assistant came to the Marsee trailer home to present him with the walnut plaque. They tried not to stare at the huge scar that ran like a railroad track from their star performer's earlobe to his breastbone. Smiling crookedly out of the other side of his mouth, Sean thanked them.

LAST LAP

Miraculously, Sean snapped back. When Dr. Hook saw him that August, he showed no trace of his ordeal except the white incision scar. Five weeks of radiation therapy were behind him. Sean greeted his doctor with enthusiasm, plainly happy to be alive.

He really believes his superb physical condition is going to lick it, Carl Hook thought, driving home. Let's hope he's going to win this race too.

But in October Sean started having headaches. A CAT scan showed twin tentacles of fresh malignancy, one snaking down his back, the other curling under the base of his brain.

Sean had his third operation in November 1983. It was the jawbone operation he had feared—and more. After ten hours on the operating table, he had four huge drains coming from a foot-long crescent wound, a breathing tube sticking out of a hole in his throat, a feeding tube through his nose, and two tubes in his arm veins. Sean looked at Betty as if to say, *My God, Mom, I didn't know it was going to hurt like this.*

The Marsees brought Sean home for Christmas. Even then, he remained optimistic, until the day in January when he found lumps in the left side of his neck. Later, Betty answered when the hospital phoned the results of another biopsy. Sean knew the news was bad by her silent tears as she listened. When she hung up, he was in her arms, and for the first time since the awful nightmare started, grit-tough Sean Marsee began to sob.

After several minutes, he straightened and said, "Don't worry. I'm going to be fine." Like the winning runner he was, he still had faith in his finishing kick.

For the last two weeks of Sean's life, his adjustable hospital bed dominated the trailer's living room. Coach Brigance visited often, sometimes with a check from Talihina-area residents, teachers and classmates who knew how hard-pressed the Marsees must be.

Almost to the end Sean insisted on caring for himself, packing his wound and cleaning and reinserting his breathing tube several times a day.

One day Sean confessed to Betty that he still craved snuff. "I catch myself thinking," he said, *"I'll just reach over and have a dip."* Then he added that he wished he could visit the high-school locker room to show the athletes "what you look like when you use it." His appearance, he knew, would be persuasive. A classmate who had come to see him fainted dead away.

One friend who didn't flinch was John O'Dell, then 29, a former football player from the local fellowship of Christian Athletes. John asked Sean, when he became unable to speak, if he'd like to pencil something to share with young athletes "later." Sean wrote two brief messages. One was a simple declaration of Christian faith. The other was a plea: *Don't dip snuff.*

Early on February 25, 1984, Sean smiled a tired smile at his sister Marian and flashed an index finger skyward. An hour later he died.

TIME BOMB IN THE MOUTH

Last February, Betty Marsee was among 54 witnesses who testified at a Massachusetts Public Health Department hearing on whether to label snuff a hazardous substance. The Marsees had determined to tell Sean's story: "If we didn't speak out, nothing was going to get better."

Scientists testified that the connection between snuff and oral cancer, the nation's seventh leading cause of cancer death, cannot be questioned. The culprit: highly potent cancer-causing compounds called nitrosamines, one of which forms in the mouth through the chemical interaction of saliva and tobacco. According to Stephen Hecht, an organic chemist with the American Health Foundation, a dip of snuff delivers roughly the same amount of nicotine as a cigarette and *ten times* the nitrosamines.

There are now 6 million to 10 million consumers of snuff, and sales are rising 8 percent annually. "The more I dipped, the more I liked it," said Paul Hughes, 18, a six-four football co-captain from North Easton, Mass. "Makes you feel—you know, calms you down. When I tried to stop, I couldn't." Alan Lawrence, his co-captain of the football team in Taunton, Mass., said, "In our school about three-quarters of the kids who play sports do it. As an everyday thing." Added Andover dental hygienist Joan Walsh, "Many equate it with gum chewing."

Scientific witnesses for the Smokeless Tobacco Council argued that no undisputed scientific evidence exists proving its product causes any human disease or is clinically addictive. Nitrosamines have produced cancer in some laboratory animals, but have not been shown to cause cancer in any human being, they pointed out.

But representatives of the American Cancer Society, American Heart Association, American Lung Association, American Dental Society, the U.S. Addiction Research Center and the Centers for Disease Control joined researchers from the National Cancer Institute in condemning the practice of dipping. Concluded Assistant Surgeon General Robert Mecklenburg, chief dental officer of the U.S. Public Health Service: "Why should a chemical time bomb be allowed to tick without warning in the mouths of children?"

Health scientist Elbert Glover of East Carolina University recently conducted two quit-smokeless-tobacco clinics in which only one of 41 participants was able to go for more than four hours without the use of smokeless tobacco. "This, to me," Glover says, "means that smokeless can be highly addictive."

Since the Massachusetts hearing, that state now requires warning labels on snuff cans, and eight other states have similar mandatory warnings under consideration.

Both the World Health Organization and U.S. Surgeon General C. Everett Koop have declared that smokeless tobacco does indeed pose a cancer threat, and the Public Citizen Health Research Group has petitioned the Federal Trade Commission to order warning labels. The FTC, in turn, has asked the Surgeon General to conduct a comprehensive review of existing scientific evidence on health effects before taking action. Last July, Rep. Henry Waxman (D., Calif.), chairman of the House Subcommittee on Health and the Environment, held hearings on whether to ban all smokeless advertising from television.

Dr. Gregory Connolly, director of dental health for the Massachusetts Department of Public Health, concedes that "we don't know how much oral cancer is caused by snuff. But we do know that each year we have about 29,000 new cases of oral cancer and 9,000 deaths in this country. Tobacco of one kind or another is believed to account for about 70 percent of it. According to the National Cancer Institute, if you use snuff regularly you increase your risk fourfold."

Shortly before his death, Sean Marsee told his mother that there must be a reason God decided not to save him. "I think the reason is what we're doing right now," says Betty Marsee. "Keeping other kids from dying—that's Sean's legacy."

SENATE—*Friday, October 4, 1985*

(Legislative day of Monday, September 30, 1985)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Gracious Heavenly Father, on this Feast of St. Francis Day we pray his prayer which has blessed so many, so often, for so long.

Lord, make me an instrument of Thy peace * * * where there is hatred let me sow love; where there is injury, pardon; where there is doubt, faith; where there is despair, hope; where there is darkness, light; and where there is sadness, joy.

O Divine Master, grant that I may not so much seek to be consoled as to console; to be understood as to understand; to be loved as to love; for it is in giving that we receive; it is in pardoning that we are pardoned; and it is in dying that we are born to eternal life.—St. Francis of Assisi.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order the leaders have 10 minutes each, and I shall reserve the time for the distinguished minority leader, as he is busily engaged in a Democratic caucus, followed by special orders in favor of Senators GOLDWATER, NUNN, and PROXMIRE, not to exceed 15 minutes each; routine morning business not to extend beyond 11:30 a.m., with Senators permitted to speak for not more than 5 minutes each.

It is my hope that at about that time we will go into executive session to consider the nomination of James C. Miller III. That will probably be a rollcall vote which hopefully will come about noon.

It is also my hope that we can complete action then on the debt ceiling, House Joint Resolution 372, today.

We are advised that Monday is a critical day. The Treasury Secretary advises that if we do not complete action on Monday we create real problems for a number of people, in fact anyone who receives Government checks, whether it is Social Security recipients, unemployment, whatever it may be.

Now, I have just been advised that there are some Senators who indicate that they do not want us to have votes today. Either they do not want the joint resolution to pass or they do not want the Gramm-Rudman amendment to pass.

That information just came to my attention. I hope that is not the case. I would hope that we could work an arrangement where the Byrd-Chiles amendment would be considered and voted upon, the Gramm-Rudman-Hollings amendment would be considered and voted upon, and then if there were additional amendments, they could be offered.

But I suggest to any of my colleagues who may have in mind delaying action on the debt limit extension that they seriously consider the consequences of what will happen to hundreds of thousands of recipients of Social Security checks and other Government checks within the next couple of weeks.

So there will be votes today. We hope to complete action today. Again I urge those who may have different views to at least let us visit with them about any problem they may have.

There is a Democratic caucus in process at the present time. It is my hope that they may conclude that there are two to three things that they wish to do with respect to amendments. Then if we can reach some time agreement, we will try to complete our work today at an early hour. But if there is going to be extended debate, it may be a much, much later hour, but hopefully sometime today.

Mr. President, I promised the distinguished Senator from Mississippi that he could have 5 minutes of my time before Senator GOLDWATER is recognized.

I yield 5 minutes of my time to the Senator from Mississippi.

The PRESIDING OFFICER (Mr. EVANS). The Senator from Mississippi is recognized.

Mr. COCHRAN. Mr. President, I appreciate very much the distinguished majority leader yielding to me.

S. 1734—CENSUS ADJUSTMENT TO EXCLUDE ILLEGAL ALIENS

Mr. COCHRAN. Mr. President, I am today introducing legislation to require that future census figures be adjusted to exclude illegal aliens from the population count used to apportion the House of Representatives.

The Subcommittee on Energy, Nuclear Proliferation, and Government Processes, which I chair, has held oversight hearings on the planning now underway by the Bureau of the Census for the 1990 Decennial Census.

Most recently, on September 18, we heard testimony from the Census Bureau, the Immigration and Naturalization Service, and a noted law scholar on the impact of illegal aliens on apportionment, and we reviewed the power of Congress to deal with this problem.

The Bureau of the Census has made special efforts to ensure an accurate and complete accounting of the Nation's population. The policy of the Bureau is to count every inhabitant in the country on Census Day. I expect that the Census Bureau will do an even better job of counting the Nation's population in 1990. However, few people realize that the total will include illegal aliens who are here in violation of the laws of the United States.

Illegal immigration has increased dramatically during the last few decades, as we all know. At our subcommittee hearing, INS and Census Bureau officials testified that an estimated 4 to 6 million illegal aliens are in the country at the present time, and that the number may be growing at a rate of up to 300,000 per year.

At that rate, there could be as many as 7.5 million illegal aliens in our country when the census is taken in 1990. This means that our next congressional reapportionment could include almost twice as many as were counted in 1980, when the Census Bureau counted an estimated 2,057,000 illegal aliens.

This number was only slightly less than the entire population of my State of Mississippi. In fact, the number of illegal aliens counted in 1980 was greater than the populations of 18 States.

Mr. President, if the illegal alien population were distributed among the States proportionately, the impact on apportionment would be negligible. But the fact is that 81 percent of the illegal aliens that were counted in 1980 were located in only five States—50 percent were in one State. Based on testimony before the subcommittee, we can expect the growth of the illegal

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

alien population to occur in these same States.

According to the Census Bureau, the inclusion of illegal aliens in the apportionment following the 1980 census affected the allocation of two House seats. California, with over 1 million illegal aliens, gained an additional seat in the House. New York, with almost a quarter of a million illegal aliens, was able to retain a seat it would have otherwise lost. These seats would have been allocated to Georgia and Indiana, whose combined illegal alien population was only 20,000, if the illegal aliens had not been counted for apportionment purposes.

Mr. President, I am disturbed that seats in the House are being allocated to States because of the presence of illegal aliens, who, if our laws were enforced, would be deported. I am even more disturbed by the possibility that a congressional district could be comprised primarily of illegal aliens, while citizens and legal residents of another State lose representation in Congress. Furthermore, constitutional rights are violated when voters in districts with a disproportionately large number of illegal aliens have a greater voice in choosing a Member of Congress than those in districts where there are only a few.

The Congress is empowered by the Constitution, according to our hearing record, to remedy this inequity by excluding illegal aliens from apportionment. My bill would in no way alter the allocation of Federal program dollars based on total population. It simply requires that the population count used for apportionment includes only those persons who are legally residing in the United States.

Mr. President, this question goes to the heart of representative government. Let me conclude with a statement made by Supreme Court Justice Hugo Black:

> To say that a vote is worth more in one district than another would not only run counter to our fundamental ideas of democratic government, it would cast aside the principle of a House of Representatives elected "by the people," a principle tenaciously fought for and established at the Constitutional Convention.

I urge my colleagues to support this legislation.

Mr. President, I ask unanimous consent to have printed in the RECORD a copy of the bill.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1734

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds that—

(1) in recent years millions of aliens have entered the United States in violation of immigration laws and are now residing in the United States in an illegal status and are subject to deportation;

(2) the established policy of the United States Bureau of the Census is to make a concerted effort to count such aliens during the 1990 census without making a separate computation for such illegal aliens; and

(3) by including the millions of illegal aliens in the reapportionment base for the House of Representatives many States will lose congressional representation which such States would not have otherwise lost, thereby violating the constitutional principle of "one man, one vote".

SEC. 2. Section 141 of title 13, United States Code, is amended by redesignating subsection (g) as subsection (h), and by inserting after subsection (f) the following new subsection:

"(g) The Secretary shall make such adjustments in total population figures as may be necessary, using such methods and procedures as the Secretary determines appropriate, in order that aliens in the United States in violation of the immigration laws shall not be counted in tabulating population for purposes of subsection (b) of this section.".

SEC. 3. Section 22(a) of the Act entitled "An Act to provide for the fifteenth and subsequent decennial censuses and to provide for the apportionment of Representatives in Congress", approved June 18, 1929 (2 U.S.C. 2a(a)), is amended by striking out "as ascertained under the seventeenth and each subsequent decennial census of the population" and inserting in lieu thereof "as ascertained and reported under section 141 of title 13, United States Code, for each decennial census of population".

Mr. COCHRAN. Mr. President, I yield the floor.

RECOGNITION OF SENATOR GOLDWATER

The PRESIDING OFFICER. Under the previous order, the Senator from Arizona is recognized for not to exceed 15 minutes.

Mr. GOLDWATER. Mr. President, a parliamentary inquiry. The time taken by the Senator from Mississippi, was that deducted from my time?

The PRESIDING OFFICER. That was deducted from the majority leader's time.

OFFICE OF THE SECRETARY OF DEFENSE: LACK OF A MISSION FOCUS

Mr. GOLDWATER. Mr. President, today, Senator NUNN and I will make our fourth in a series of six statements on the very serious organizational and procedural problems of the Department of Defense and the Congress. Three days ago, we focused on serious shortcomings in congressional review and oversight of the defense program. On Wednesday, Senator NUNN and I discussed the long-term nature of the problems of the U.S. military establishment, many of which were first evident during the Spanish-American War and, regrettably, have not yet been adequately solved. Yesterday, we addressed the serious deficiencies in the organization of the Joint Chiefs of Staff and the unified commands. Today, we will focus on another major organizational deficiency in the Department of Defense: The failure to integrate defense decisionmaking on a mission basis. This absence of mission emphasis is most severe in the Office of the Secretary of Defense.

HISTORY OF THE OFFICE OF THE SECRETARY OF DEFENSE

Mr. President, in order to understand how we reached this unfortunate situation, we need to examine the history of the Office of the Secretary of Defense. Prior to World War II, there were two, separate, military departments of Cabinet rank, the War and Navy Departments. During World War II, as we have seen in our previous speeches, it became increasingly evident that modern warfare required combined operations by land, sea, and air forces. This, in turn, required not only unified operational command of those forces but also a coordinated process for achieving the most effective force structure and logistical support.

President Truman concluded that the "antiquated defense setup" was in need of a drastic overhaul. He suggested that the only effective solution was "a single authority over everything that pertains to American safety." In his message to the Congress of December 19, 1945, concerning the need for greater military unification, President Truman stated:

> With the coming of peace, it is clear that we must not only continue, but strengthen, our present facilities for integrated planning. We cannot have the sea, land, and air members of our defense team working at what may turn out to be cross-purposes, planning their programs on different assumptions as to the nature of the military establishment we need, and engaging in an open competition for funds.

Well, Mr. President, President Truman was right. In 1945, we needed a military establishment that could conduct integrated planning and resource allocation and, I am sorry to say, we still need it. Moreover, all of the things that President Truman said we do not need, we still have.

Yesterday, Mr. President, I described how the Department of Defense had not listened to President Eisenhower in 1958 when he urged unification of command. Unfortunately, Congress did not listen to President Truman in 1947 when he urged the creation of a department that could conduct integrated planning. The National Security Act of 1947 created the position of the Secretary of Defense but directed him to preside over an entity known as the National Military Establishment, consisting of three executive departments, the Army, Navy and the Air Force, each of which was headed by a Cabinet-level Secretary. The Secretary of Defense was given authority only to establish "general" policies and to exercise "general" direction, authority, and control. Not surprisingly, it did not work. The 1947 organization was characterized some years later by President Eisenhower as "little more than a weak confederation of sovereign military units."

The first Secretary of Defense, James Forrestal, quickly realized that he had insufficient authority. Congress also realized its mistakes, and, in 1949, amended the National Security Act to create a single Department of Defense and give the Secretary of Defense authority over that Department. The Departments of the Army, Navy, and the Air Force were reduced from Cabinet rank to military departments—with a proviso, however, that they should be separately administered. President Truman's request for additional consolidation of functions in the Secretary of Defense was not enacted by the Congress.

Further changes were made in 1958 to give the Secretary of Defense, and I quote, "the direction, authority and control" over the Department of Defense. That was as strong as the Congress knew how to write it. In addition, the Secretary of Defense was given substantial powers to reorganize the Department of Defense, specifically in the logistics area, and the language from the 1949 amendment that required the military departments to be "separately administered" was relaxed to "separately organized."

No major statutory changes, however, have occurred since 1958.

CURRENT ORGANIZATION OF THE OFFICE OF THE SECRETARY OF DEFENSE

Mr. President, under current law, the Secretary of Defense is "the principal assistant to the President in all matters relating to the Department of Defense." As I noted, since 1958, he has had "authority, direction and control over the Department of Defense." Mr. President, that is very broad language, as it should be. The Secretary must have full authority to direct and control all matters of the Department of Defense.

Mr. President, let me briefly describe the current organization of the Office of the Secretary of Defense. Reporting directly to the Secretary are a Deputy Secretary of Defense, two Under Secretaries, 10 Assistant Secretaries, a general counsel, and a large number of other officials. Indeed, as Senator NUNN will discuss, there are 41 officials of the Department of Defense who report directly to the Secretary of Defense. I know of no man or woman who can adequately control 41 people who must report directly to him or her in a field as complicated as national defense. Nevertheless, that is what we currently have in the Department of Defense.

The Congress is to thank for some of these matters. We have created several positions, and have required that they report directly to the Secretary. Recent examples are the creation of the Uniformed Services University of the Health Sciences, Assistant Secretary of Defense for Health Affairs, Assistant Secretary of Defense for Reserve Affairs, and the Director of Operational Test and Evaluation. The problem with this congressional direction is that the Secretary cannot adequately manage these offices and officials, so they, in essence, report to no one. As we said in our first speech, Congress is part of the problem. We must be part of the solution. As the Armed Services Committee proceeds over the next several months, we will be looking to see whether it is advisable to have so many positions reporting directly to the Secretary of Defense.

In addition to the Office of the Secretary of Defense, there are 15 Defense agencies that report either to the Secretary or to officials in his office. These include such organizations as the National Security Agency, the Defense Intelligence Agency, and a fairly recent organization, the Strategic Defense Initiative Organization.

Mr. President, it is not over yet. In addition to the Defense agencies, there are the so-called Department of Defense field activities. These are of a more limited scope than the Defense agencies. Many of these are performing services that were previously done in the Office of the Secretary of Defense. Mr. President, listen to this. Over 86,000 people work in the Defense agencies and field activities. That is hard to believe.

Mr. President, as you will see, the Office of the Secretary of Defense is organized along functional lines. The offices are established to perform specific functions such as force management and personnel and acquisition and logistics. You will note that no single official, other than the Secretary and his Deputy, is responsible for integrating the functions of the Department of Defense to accomplish the principal missions. Despite all of the organizational changes made since 1947 and the tremendous growth in the central management staff of the Department of Defense, we still have not achieved the basic needs—identified by President Truman in 1945—of integrated planning and resource allocation.

In his remarks. Senator NUNN will discuss how this exclusive functional structure has frustrated effective performance by the Office of the Secretary of Defense.

THE CONCEPT OF MISSION INTEGRATION

Mr. President, since the end of World War II, the central challenge for the Secretary of Defense has been to integrate the separate capabilities of the Army, Navy, Air Force, and Marine Corps to prepare for and conduct effective joint operations in times of crisis or war. I believe that this objective is best described as "mission integration." Both the word "mission" and the word "integration" represent important dimensions of this concept. The focus must be on missions which are, in fact, the central purposes of the Department of Defense. Integration signifies the need to bring together in an effective manner the capabilities of the separate services.

SIX MAJOR MISSIONS

It is appropriate to use mission integration as the basic concept for determining the organizational needs of the Department of Defense. Effective mission integration is critical to U.S. national security because none of the major military missions of the Department of Defense can be executed alone by the forces of any single service. This fact is evident upon examination of the six major missions of the Department of Defense, three of which are worldwide in nature and three of which are regional. As I see it, the major worldwide missions are:

First, the mission of nuclear deterrence for which the goal is maintaining essential equivalence with the strategic and theater nuclear forces of the Soviet Union;

Second, the mission of maritime superiority for which the goal is controlling the seas when and where needed; and

Third, the mission of power projection superiority for which the goal is deploying superior military forces in times of crisis to distant world areas which are primarily outside the traditional system of Western alliances.

The three major regional missions are:

First, defense of NATO Europe, including both the northern and southern flanks;

Second, defense of East Asia, particularly Northeast Asia; and

Third, defense of Southwest Asia, especially the region's oil resources.

Mr. President, no single service can do any of these missions by themselves. Effective integration to prepare for and to execute these six missions is necessary at the policymaking level and the operational level of the Department of Defense. How well is this job done? The answer, Mr. President, is not well.

Today, Senator NUNN and I will focus on the policymaking level where serious deficiencies in mission integration efforts exist. Yesterday, we addressed the operational level of the Department of Defense where inadequate mission integration has also been a major and costly shortcoming.

FUNCTIONAL STRUCTURE AT POLICYMAKING LEVEL

Within the policymaking level of the Department of Defense, there is no sharp focus on missions. As a result, effective mission integration efforts are nearly impossible. As I pointed out earlier, the Office of the Secretary of

Defense is focused exclusively on functional areas, such as manpower, research and development, and installations and logistics. So are the military departments and the organization of the Joint Chiefs of Staff. This functional structure serves to inhibit integration of service capabilities along mission lines, and, thereby, hinders achieving DOD's principal organizational goal of mission integration.

Mr. President, the functional structure of the policymaking level of the Department of Defense leads to a focus on what could be called "functional integration." The policymaking level does integrate across service lines for certain functional activities. For example, planning and programming for the manpower function can be done on a department-wide basis. There are advantages to such efforts because various efficiencies can be realized. But, Mr. President, this is as far as the organizational activity of the Department of Defense goes. The focus is almost entirely on resource inputs, that is, purchase of weapons. There is no real consideration of outputs, that is, what is needed to accomplish our major defense missions. The functional structure may permit us to buy a ship efficiently but it does not assure that that ship meets specific mission needs.

AMERICAN BUSINESS ANALOGY

A functional structure was widely used by American business for much of the first half of this century. As American businesses, however, became larger, diversified, or international enterprises, they found that the functional structure did not serve them well. It caused them to lose a sharp focus on their products—where they had to compete with other domestic and foreign firms. For the most part, they responded by switching to a product line organization. American business found that if they organized around their product lines, they were able to compete more effectively.

Mr. President, the Department of Defense is confronting the same problem today. The functional structure does not produce a sharp focus on missions—the product lines of the Department of Defense—where the United States must compete with the Soviet Union and other potential adversaries. The Department of Defense must begin to provide an organizational focus on missions or the critical ability to effectively compete with potential adversaries will continue to elude us.

UNIFICATION AND CENTRALIZATION

In the past, serious consideration of the mission integration needs of the Department of Defense has unfortunately been lost in emotional arguments over unification and centralization. Unification of the four services—as provided by the National Security Act of 1947 and the 1949 amendment—was only a first step toward providing unified fighting forces. It provided a structural framework in which mission integration could take place. Despite this framework, the necessary degree of integration has not been achieved. Without effective mission integration, unification of the four services means nothing.

Mr. President, some have criticized proposed changes in the Department of Defense on the grounds that these changes would result in more centralization whereas what is needed is more decentralization. That, Mr. President, is an oversimplification and is the wrong question about the wrong problem. The right problem is the integration of our forces to accomplish missions, and the right question is how to do it. The continuing controversy over centralization and decentralization is really an argument over where certain decisions should be made. We should be focusing, instead, on what organizational arrangements are best for effective mission integration. The answer may mean that some activities should be centralized whereas others should be decentralized. But it does no good to thoughtlessly condemn all changes simply because they may result in some increased centralization or decentralization.

Mr. President, the absence of mission integration is like an orchestra that cannot play together. An orchestra is made up of different sections—violins, trumpets, drums, and so on. Each section may be the best in the business, but unless the sound can be integrated, they will sound terrible. The Department of Defense is like an orchestra with 41 sections, and many of them are the best in the business. But, because they're not integrated, they sound like Alexander's Ragtime Band, not the New York Philharmonic.

Mr. President, I have presented the broad outlines of this problem. Senator NUNN will discuss some of the more specific deficiencies that result from the exclusive functional structure of the policymaking level of the Department of Defense.

It is with a great deal of pleasure that I yield the floor to Senator NUNN, of Georgia. He has proven to be such a valuable person, not just a Senator but an American citizen, in his effort to provide for what I think is the first real purpose of the Congress, the defense of our liberties.

I yield the floor.

RECOGNITION OF SENATOR NUNN

The **PRESIDING OFFICER** (Mr. ARMSTRONG). Under the previous order, the Senator from Georgia [Mr. NUNN] is recognized for not to exceed 15 minutes.

Mr. NUNN. I thank the Chair. I feel somewhat like Alexander's Ragtime Band following the New York Philharmonic. Nevertheless, I shall begin my section of this analysis this morning.

OFFICE OF THE SECRETARY OF DEFENSE

Mr. NUNN. Mr. President, the distinguished chairman of the Committee on Armed Services, Mr. GOLDWATER, has given an excellent overview of the problems in the Office of the Secretary of Defense. He is absolutely correct. The Department of Defense, and in particular OSD, cannot now focus on mission outputs because the entire office is organized around functional inputs. Without an ability to cut across organizational lines, not to mention service lines, so as to focus on their major military missions, the Department of Defense cannot even begin to realize the benefits of effective mission integration. The chairman has made a powerful case about the importance of mission integration and the fact that there is now a major deficiency in this area. There are a number of serious problems that flow from the lack of focus on missions and their integration into a coherent whole.

INPUTS INSTEAD OF OUTPUTS

I believe OSD has primary responsibility for insuring that we have an integrated defense program and that the United States is capable of performing its major military missions in the most effective and efficient manner. OSD should be the primary focus for bringing it all together, but they have failed to do this.

Let me give an example. In 1978, the U.S. Government agreed to the long-term defense plan in NATO. In that plan, we pledged to provide 10 divisions to Europe within 10 days of mobilization. This was a clear policy goal of the Government—a clear national security commitment with allies—a key mission output. How is DOD managing this commitment?

The answer is that we have not met this commitment, and there are no clear indications that we are going to meet it in the near future. Let me say that we have done much more in living up to our NATO commitments than our allies have. But it is important to note that we have not totally met our commitment either. We could have. However, had someone focused on outputs. Let me illustrate this.

In order to deploy 10 divisions to Europe in 10 days we need to store in Europe the equipment for 6 divisions so that the troops only have to fly over and pick up their pre-positioned equipment. We needed to build extensive storage facilities. We need to buy more ammunition and spare parts and store it in Europe. We need to get logistics units located in certain areas in

BEST COPY AVAILABLE

Germany to facilitate the arrival and assembly of those divisions. We need to buy airlift aircraft and transportation equipment to move equipment and personnel. The list goes on and on.

We are not meeting this national commitment, primarily because no one in DOD has responsibility for the mission as an output, rather they are in charge of a collection of individual inputs. The Supreme Allied Commander in Europe, General Rogers, determines the priority for arriving divisions, but he does not control distribution of their equipment in Europe. The top Army commander in Europe has responsibility for locating equipment in Europe and munition stocks, but the Army headquarters in Washington determines how much is in the budget each year, how much of it will go to Europe and how much to units in the United States. General Rogers determines the priority for arriving combat units, but the Air Force determines whether or not the transport aircraft have sufficient crews and spare parts to meet deployment schedules. And on it goes.

A number of people have responsibility for the thousands upon thousands of individual inputs, but no one has responsibility for the single output. Logically, OSD would have responsibility for this because it involves all of the individual services, foreign governments and other U.S. departments and agencies. Yet, no one in OSD below the Secretary and Deputy Secretary can tie this all together. No one is insuring that all the pieces are brought together to support the mission.

Another case concerns special operations forces.

These are our forces that would be deployed in the next 24 to 48 hours, if we had certain small but nevertheless very important contingencies around the world, including hostage situations and other kinds of scenarios that require less than an all-out American response. Three years ago, the Department of Defense set a policy goal to meet the mobility and equipment requirements of special operations forces by 1990. We have fallen woefully behind an easy goal, which should have been achievable, and there is little chance we will meet it. The main transport programs are hopelessly behind schedule and over cost. The services, and especially the Air Force, have failed to budget the resources required to meet this master plan. In fact, the Air Force has reportedly just terminated a key element of the program—the HH-60 helicopter. The Army and the Air Force are still quibbling over roles and missions and the Marine Corps is now addressing what role they should have in special operations. No one is running the show, yet this is undoubtedly the most likely military requirement we will face in the next 5 years.

Whether it is justified or not, these are the forces by which we will most likely be judged in terms of our military capability, our readiness, and basically whether we meet our national security goals. that judgment will be made not only by the American people but also by large parts of the world.

In terms of certain items of equipment, we are only slightly more prepared to carry out the Iranian hostage rescue mission today than we were 5 years ago when it failed. The problem is no one is managing the mission as an output. The senior OSD civilian monitoring this area has done everything he could to bring this program into focus but his ability as an OSD official to cut across functional and service lines has been severely limited.

Imagine the results we would get if we asked 41 people to make the best cake they could, but told each individual to bring only one ingredient and use his best judgment as to what it is, when to pour it in, mix it, and bake it. Unfortunately, the issue here is not baking cakes but defending the United States and winning wars and minimizing the loss to our soldiers, sailors, airmen, and marines. We owe them far more than the disjointed, uncoordinated effort we have managed to date.

This focus on inputs obscures the missions and strategic goals of the Department of Defense and prevents effective allocation of scarce resources. Peter Drucker summed it up by saying that an organizational design like we have in DOD "tends to direct vision away from results and toward efforts."

He is saying that about business in general, not particularly about the Department of Defense, but I think it is very applicable here.

FORCE IMBALANCES

A second consequence of this failure to develop an integrated defense program is an imbalance in our forces. We have fundamental discontinuities because of lack of integration on the part of OSD. This is particularly the case in the unglamorous parts of the budget, those areas which are not central to the service's own definition of its mission. Mobility forces provides a good example.

We are in the middle of a major program to improve our mobility forces, and I applaud that. To date we have committed over $10 billion for airlift aircraft for the Air Force and have plans to spend another $40 billion. By way of contrast the Navy has been buying surplus commercial ships for modernization purposes. This year we spent the most ever, $200 million. Yet in any future conflict, 95 percent of the cargo will be moved by ship. This is not balanced or in proportion with what we are doing in the airlift area. OSD is merely ratifying the individual decisions of the Navy and the Air Force. You have to ask the question, Who is looking at the overall lift requirements?

In a larger sense we have fundamental imbalances in our plans as an alliance, particularly in NATO. I will mention just three examples.

First, we are busily building our munitions levels to be able to fight over a 2-month period while our allies could well run out of ammunition in 2 weeks.

Second, the 5-year Defense Program submitted to the Congress this year included over $50 billion to build up U.S. munitions stocks in Europe. At a time when we are allocating greater and greater amounts of our defense dollars toward war reserve munitions in Europe, the long-term plans of many of our NATO allies call for only limited, if any, improvement in their own munitions stockage levels. At this rate, the result will be that in a few years U.S. munitions stocks in Europe will be even further out of balance with those of our NATO allies than they are today.

We have to ask the question, What happens when our allies give out of ammunition? What happens is that we have a very small percentage of forces on ground there and when our allies give out on ammunition, the conventional part of the war, in effect, is over. At that stage, of course, we could escalate, and that has its own ramifications.

In the third example, both the United States and the Federal Republic of Germany are providing new generation combat radios to their armed forces. Both are fielding the same radio system manufactured by the same international corporation. Yet the two armies will not be able to talk to each other because of special limitations built into each system. The same radio manufactured by the same corporation will not be able to communicate between two allied armies. To compensate for this, each Army is placing a small liaison unit in their counterpart headquarters to relay messages. This is absolutely crazy. Where is the individual in OSD responsible for the output of "interoperability" of both our own services and our allies? The answer is everybody is responsible and nobody is responsible.

These are examples of fundamental discontinuities in planning for which OSD must take responsibility. The Secretary of Defense has responsibility for integrating defense policy, not just for DOD but for our participation in the alliance. And that is not being done.

OSD MICROMANAGEMENT

A third major problem created by the functional structure of OSD is that it encourages micromanagement of the service programs. Because the Office of the Secretary of Defense focuses on control of functional activities and not on broader issues of policy and mission integration, it has the tendency to get overinvolved in details that could be better managed by the services.

CURRENT OSD ORGANIZATION

We can better understand this by further addressing the current structure of the Office of the Secretary of Defense and the defense agencies.

The Office of the Secretary of Defense has grown from a small cadre of the Secretary and three special assistants—a total of 350 people in 1949—to almost 2,000 people today. This does not include the more than 86,000 people who work in the defense agencies and field activities referred to a few moments ago by Senator GOLDWATER. Today Secretary Weinberger has 41 officials reporting directly to him. His span of control boggles the imagination—41 officials reporting directly to him, each with wide and varied areas of responsibility.

These excessive spans of control are not just unique to the Secretary of Defense. The Army Chief of Staff has 42 people reporting to him; the Chief of Naval Operations has 48 reporting to him; the Chief of Staff of the Air Force has 35; and the Commandant of the Marine Corps has 41.

Yet each of the individual offices and entities is primarily focused on a narrow piece of the overall defense area—functions such as manpower, logistics, research, procurement, financial management, health affairs, and so forth, and there is essentially nowhere but at the very top of the structure—meaning the Secretary of Defense himself and his one Deputy—where it can all be brought together or integrated by mission and across service lines.

I am sure, as we go along in this study, the staff study is released and we have hearings and decide which parts of it we are going to try to put in the form of legislation, we will hear the charge over and over again that this is a move toward centralization. Well, to those who say that, I say to them, what do we have now when the Secretary of Defense has 41 people reporting to him; the Army Chief of Staff, 42 people; the Chief of Naval Operations, 48; the Chief of Staff of the Air Force, 35; and the Commandant of the Marine Corps, 41? If that is not centralization, what is it? In fact, what we are going to be doing in many cases is recommending decentralization; in other areas we will be recommending centralization, but we will certainly be recommending that we have a span of authority in the top positions in the Department of Defense and the services that is realistic and will work.

Even though, for example, the OSD manpower officials could pull together all of the Service and OSD manpower policies in a coherent fashion—a tall order in and of itself—he has little ability to integrate those policies with other functional areas.

These are clearly areas where it is wise to have department-wide policies. For example, Senator ROTH and I have recently investigated the personnel security practices in the Department of Defense. We discovered massive confusion.

Each service varied in its implementation of Department of Defense policy regarding adjudication procedures for security clearances.

Mr. President, for those who are not familiar with the word "adjudication," what it means is when you have a security clearance, you go out and you have a check made by one agency. They bring back all that information. Other personnel, the people who are actually going to make the hire, whether it is Army, Navy, or Air Force, or some defense agency, then take that material and adjudicate whether the security clearance should be issued. So adjudication, when we are discussing security clearances, is the procedure by which you decide whether a classification should be issued.

The Navy, for example, differed from the Army and Air Force in that its adjudicative process for military personnel was decentralized and remained the responsibility of each individual command. Therefore, the Navy's various 3,000 units, many of which are ships, adjudicated and issued security clearances to its assigned personnel. Each ship had its own procedure. Coordination between these units was poor. The Department of Navy had no way of readily knowing the security clearance status of an individual without asking the specific unit. As a result, Seaman Michael Walker, who was recently charged with espionage, had not received a background check nor did he possess an authorized clearance. Nevertheless, he was assigned to duty which permitted him access to secret information, which he allegedly passed on to the Soviets through his father. In fact, at the time Michael Walker was implicated, the Department of the Navy could not respond to questions regarding his clearance until it received the information from his ship, the *Nimitz*.

Mr. President, I understand that the Secretary of Defense has since directed the Navy to centralize its adjudicative process and that the Secretary of the Navy intends to comply with this directive.

I do not say that centralization is the answer to all of the problems Senator GOLDWATER and I have been discussing today, and we will not be recommending centralization as the answer. In many cases we will be talking about decentralization. But it is clear that the Navy's totally uncoordinated security clearance adjudicative process has been, by their own testimony and actions, disastrous.

CONCLUSION

Mr. President, the failure to strike a balance between functional and mission perspectives in the policymaking level of the Department of Defense is a serious shortcoming. Until a more appropriate balance is realized, the Department will continue to suffer from critical gaps in war-fighting capabilities, wasted resources because of duplication, parallel systems that are not interoperable, inadequate attention to training and readiness, and poor coordination with our major allies. This balance will necessarily include some attention to functions, but must include more emphasis on mission integration.

Mr. President, a change in focus in OSD is required to ensure that our Nation gets the defense it is paying for and needs. OSD must shift its focus from functional inputs toward mission output, away from micromanagement and toward mission integration, and away from program execution toward oversight. It is going to require action on the part of Congress to make this happen.

Mr. President, I yield the floor.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is recognized for not to exceed 15 minutes.

CONSEQUENCES OF NUCLEAR WAR GET WORSE

Mr. PROXMIRE. Mr. President, on Sunday, September 22, George Lardner reported in the Washington Post on the latest estimates by the National Academy of Science's Institute of Medicine on the consequences of nuclear war. The Academy's conclusions were starting. They dwarfed any previous report in depicting the shocking consequences of nuclear war. Yet, Mr. President, that report, carried in the media throughout the country, had almost no effect. No other Senator has spoken to me about it in the cloak room or in committee meetings. When I went back to my State that weekend, not one of the hundreds of constituents I met volunteered any reaction to it. Mr. President, the National Academy of Science is our most authoritative and prestigious scientific body. The American people have repeatedly shown their great respect for expert scientific opinion.

Why should these newest findings of the consequences of nuclear war have been so earth shaking? Consider what the Academy of Science's Institute of Medicine found. It found that if the

Soviet Union hit American cities with only 1 percent of its nuclear arsenal—just 1 percent—this country would suffer the immediate death of 36 million to 56 million people. One percent of the Soviet arsenal would mean a 1-megaton bomb hitting on or near the 100 largest urban areas in the United States. That million tons of TNT on each American city would wreak massive—and I mean massive—destruction. Mr. President, that vast count of dead bodies is unfortunately only the beginning. That would constitute the immediately dead. The study painted a bleak picture for survivors. In fact, I might say even bleaker.

What is so new in this finding on the consequences of nuclear war for survivors? These medical experts concluded that many would suffer severe damage to their immune system, much as if they had AIDS. The enfeebled immune system would open the door for long-lasting epidemics of tuberculosis, leprosy, pneumonia, Legionnaire's disease, and probably cancer. Why would this happen? Here is what the report tells us:

> All of the major injurious effects associated with nuclear warfare—ionizing radiation, ultraviolet radiation, trauma burns, depression and stress—attack the same component of the immune system (the T-cells) as AIDS does.

And that is not all. The medical experts spell out just how pitifully inadequate the Nation's health facilities would be to care for the survivors of such a nuclear attack. First, many of the Nation's hospitals and clinics are located in the cities. These crucial medical facilities would be utterly demolished or burned to a crisp. But even if the hospitals were spared, they would be able to care for only a tiny fraction of the survivors. For instance, the medical experts found that Detroit would produce injuries requiring 42,000 hospital beds in burn treatment centers. Now, listen to this: Only 1,333 such beds exist in the entire United States. Exactly 41 are in Michigan—41 beds, when 42,000 would be required.

Of course, the blasts of nuclear war would immediately kill most doctors, since so many doctors live in urban areas. An American survivor's chances of finding a doctor to heal his illness would be less than 1 in 100.

You may ask: What is so different in these appalling statistics? Didn't we always figure that nuclear war would be this devastating? The answer is that we did not begin to appreciate how terrible it would be. Theodore Postol of the Stanford University Center for International Security and Arms Control explains why we have so grossly underestimated the consequences of nuclear war in the past. Previously, estimates of casualties were based on the blast effects of the World War II attack on Hiroshima. We now know that is not valid today; and with the "improvement" in nuclear bombs, it will be increasingly less valid as time goes on. Modern nuclear weapons are not only much more powerful but they produce much greater fires.

Mr. President, what does the fact that our most prestigious scientific body has found that nuclear war would be so much more devastating than previously believed mean for the military policy of this country? It should have one overwhelmingly clear consequence: It should sound the death knell for the SDI or star wars. Why? Just consider: Supporters and critics of star wars have hotly argued about how effective star wars could become.

Critics contend that star wars could not prevent most Soviet ICBM missiles from penetrating any defensive shield. They point out that by the time the star wars defense will be ready for full deployment 20 or 30 years from now, scientists in both superpowers will have perfected penetration aids, and far ranging, low-flying cruise missiles that will pierce any system of defense. Supporters of SDI contend that star wars would stop half or three quarters or possibly even 90 percent of the offensive missiles.

Ah, but now we are told by the National Academy of Science experts that if just 1 percent of the present Russian nuclear arsenal penetrates the star wars defense, we could lose virtually all of our 100 major American cities and between 36 million and 56 million American citizens immediately. Mr. President, does anyone really believe that the very first time a star wars defense were tried under the actual conditions of an attack by missiles specifically designed for penetration, it would prevent more than 99 percent of the incoming missiles from reaching their target? Of course not.

This is why, Mr. President, we cannot survive by leaning on technology, even a trillion-dollar technology program. Our salvation can only come from arms control, not from the arms race, no matter how skillfully or vigorously or expensively we pursue it.

Mr. President, I ask unanimous consent that the article to which I have referred by George Lardner, Jr., from the September 22 Washington Post, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 22, 1985]

NUCLEAR WAR EFFECTS SAID UNDERESTIMATED

(By George Lardner, Jr.)

A limited nuclear attack on the United States would trigger vast hurricanes of fire and cause millions of more deaths than standard government studies estimate, according to scientific research released yesterday.

Although the devastating effects a nuclear war would have on the Earth's climate have gotten considerable attention and been named "nuclear winter," much less attention has been paid to the medical implications of nuclear war. However, reports made public at a weekend symposium of the National Academy of Sciences' Institute of Medicine conveyed a uniform warning of destruction and suffering on a far wider scale than foreseen by government experts, even if the Soviet Union unleashed only 1 percent of its nuclear arsenal.

Such an attack, consisting of 100 one-megaton bombs on or near the nation's 100 largest urban areas, could result in the immediate deaths of 36 million to 56 million people, Theodore A. Postol of Stanford University's Center for International Security and Arms Control concluded in a 50-page study.

By contrast, he said, standard government estimating procedures for predicting the consequences of nuclear attacks, which are based on blast effects alone, would project 14 million to 15 million dead.

The enormous increase in projected fatalities, Postol said, comes from a "very large expected range of superfires" and the highly toxic environment within the burning region. The huge fires, he said, "could kill everyone within a six- to eight-mile radius of ground zero."

"Winds at the ground could reach hurricane force," Postol said, envisioning a mammoth replay of the firestorms of World War II, "and air temperatures within the zone of fire could exceed that of boiling water."

Three Princeton University researchers—Frank von Hippel, Barbara Levi and William Daugherty—added in a separate study that tens of millions of people would be killed and injured regardless of whether the weapons were aimed at civilian or military targets.

One megaton bombs exploded over the 100 most important U.S. military-industrial targets, they estimated, would cause 38 million deaths and some 15 million injuries because most of those targets are in major urban areas.

Casualties would be lower in an attack on 99 key strategic nuclear targets, but this could still kill 19 million and injure 8 million others, they concluded. Chicago's O'Hare International Airport, for instance, is on this list because it houses tanker planes for refueling strategic nuclear bombers. Staten Island, N.Y., and Long Beach, Calif., are targets because they will soon be home bases for battleships equipped with long-range, nuclear-armed cruise missiles. And Washington, D.C., qualifies thanks to the Pentagon and the White House.

In short, said Princeton physicist Von Hippel, the distinction nuclear strategists often make between attacks on population centers, industrial targets and military targets is not as significant as it has sometimes seemed. It "may be comforting to the targeteers," he said, but "it should not be comforting to the rest of us."

"Our finding of tens of millions of deaths from just 100 warheads," the Princeton study said, "also shows that any strategic defense system would have to reduce an attack to well below this level before the results would be less than catastrophic."

Other studies presented at the symposium, funded by the Carnegie Corp. of New York and the National Research Council, painted a bleak picture for survivors. The immune systems of many would be severely damaged, much as if they had AIDS. (acquired immune deficiency syndrome). The weakened immune systems would open the door for prolonged epidemics of diseases such as tuberculosis, leprosy, pneumonia, Legionnaire's disease and probably cancer, according to Brown University researchers.

All of the major injurious effects associated with nuclear warfare—ionizing radiation, ultraviolet radiation, trauma, burns, depression and stress—attack the same component of the immune system (the T-cell) as AIDS does, said Dr. David S. Greer, dean of medicine at Brown University, and coauthor Lawrence S. Rifkin. "A striking similarity exists between AIDS and the anticipated immuno-suppressed condition of survivors of a nuclear war," they reported.

The nation's medical resources, meanwhile, would be overwhelmed. According to Dr. Herbert L. Abrams of the Stanford and Harvard departments of radiology, a one-megaton explosion over Detroit would produce injuries requiring 42,000 hospital beds in burn treatment centers. Only 1,333 such beds exist in the United States; 41 are in Michigan.

The survivors in Detroit would also need 134,000 beds in intensive-care units, according to Abrams. There are 61,000 nationwide. There would be 57,286 whole blood units available in the country; Detroit would need 1,280,000.

A massive (6,559-megaton) nuclear attack on the entire nation, Abrams added, would kill most physicians, leaving 48,000 doctors to treat the 32 million people that the Federal Emergency Management Agency has estimated would be injured, Abrams said. There would be only one surgeon for every 410 patients with serious blast injuries and one plastic surgeon for every 15,364 with severe burns, he added.

The standard way government agencies estimate casualties of a nuclear war is to extrapolate from the blast effects of the World War II attack on Hiroshima. Modern nuclear weapons are not only much larger, Postol said, but they can produce much greater fires.

A one-megaton bomb, for instance, has the explosive power of 1 million tons of TNT, capable of producing temperatures of about 100 million degrees at its center—four to five times the temperature at the center of the sun. A one-megaton burst over Baltimore, Postol said, would be seen in Washington "as a ball of fire many times brighter than the noonday sun."

"This intense source of heat and light is capable of setting many simultaneous fires over vast areas of surrounding terrain," he said. Once started, he said, the fires could heat large volumes of air near the Earth's surface. And as that hot air rose, cool air from regions outside the vast burning area would rush in to replace it, producing ground winds of hurricane force and boiling temperatures.

"The ferocious hurricane of fire would also be accompanied by the release of large amounts of potentially lethal toxic smoke and combustion gases, creating an environment of extreme heat, high winds and toxic agents in the target areas," the study added.

Postol said the climatic changes that could result from the smoke has drawn considerable attention, but little heed has been paid to what would happen to the people caught in the fires. He estimated that one-megaton or "near-megaton" air bursts "in *or near* urban areas" would produce two to four times as many deaths as projected by the government. By the same token, there would be fewer injuries.

There is uncertainty about the potential radius and size of the huge fires, but Postol said the government's death projections clearly are seriously understated. He pointed out that saturation incendiary bombing at Hamburg, Germany, in World War II produced one firestorm that covered five to six square miles and had a power of 1 million or 2 million megawatts, killing 50,000 to 60,000 people.

"By comparison," he said, "a mass fire initiated by a one-megaton airburst over a typical urban area in the United States could involve areas considerably larger than 100 square miles and have peak intensities of perhaps 15 to 50 million megawatts."

The Princeton researchers adopted the new "conflagration model" in making estimates on their computers, said to be the first outside of government capable of such calculations.

In addition to a one-megaton attack on 100 varying targets, they studied what they said was a commonly projected "major attack" of 3,000 warheads aimed at the nation's silos, missile launch-control centers and key strategic nuclear installations, a total of 1,215 targets. This, they estimated, would kill 16 million to 35 million people and seriously injure 9 million to 41 million others.

The aftermath of such attacks, Greer said, would include "a very large increase in AIDS in the surviving population."

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that the Reagan administration's tax cuts have significantly increased business expenditures for new plant and equipment.

For 5 years we have listened to supply-side wizards berate the Carter administration's tax policy while proudly proclaiming that Mr. Reagan's tax cuts would significantly increase capital spending. Heavy supply-side tax reductions, they argued, would create new jobs, enhance the competitiveness of basic industries, spur production, and stimulate new investment.

Finally, Mr. President, the Department of Commerce sets the record straight, proving again that Reaganomics is more fiction than fact.

According to the Department of Commerce, real growth in annual expenditures for new plant and equipment during the first Reagan administration was a whopping 58 percent lower than during the Carter administration.

When President Carter entered office, real—that is, allowing for inflation—annual expenditures for new plant and equipment totaled $130 billion in 1976. By the time President Carter left the White House in 1980, real annual expenditures had grown to more than $171 billion, an increase of over 31 percent. How did capital spending fare under the first Reagan administration? Not nearly as well. Expenditures grew to just $193 billion in 1984, a paltry 12-percent increase during Reagan's first 4 years.

Ironically, in the 1985 Economic Report of the President, President Reagan bristles with pride because real capital spending rose 15 percent from 1983 to 1984, one of the largest single increases in postwar history. The report thanks President Reagan's tax cuts for the healthy increase. Well, I say, "No, thanks." Real expenditures rose 15 percent in 1984 because businesses resumed investing after the 1982-83 Reagan recession, during which investment actually dropped 4 percent. Mr. Reagan is always saying America is back. In this case, he is right. America's capital spending is back, back to where it started before he took office.

It is a myth, plain and simple, that tax cuts by themselves significantly increased capital spending. It is no myth, however, that tax cuts increased the deficits. Four and one-half years after entering office, the Reagan administration has doubled the national debt, adding nearly $1 trillion in debt.

Mr. President, businesses invest in new plant and equipment when demand for their products increases or when plant and equipment become obsolete, not merely when their taxes are lowered. The only significant increase we get from large tax cuts is large corporate profits and massive Federal deficits. When will the supply-side wizards stop supplying us with this myth?

ANTI-AMERICANISM IN THE THIRD WORLD

Mr. PROXMIRE. Mr. President, Alvin Zubinstein and Donald Smith recently analyzed anti-Americanism in the Third World in the world affairs journal "ORBIS." In the article, they summarized reasons why anti-Americanism exists.

Much of the Third World feels suspicion and resentment toward American Government, policy, culture, and society. Many view U.S. objectives and actions as inconsistent and misguided. Third World leaders, according to Zubinstein and Smith, believe the morality of the United States is inconsistent.

We profess our commitment to peace, human rights, and justice. Many Third World countries fail to believe us, claiming that our commitment is merely an exercise in hypocrisy. Leaders in the Third World countries feel that American foreign policy serves only the interests of corporations and those seeking political domination. They see economic opportunity as the most powerful attraction for the United States, rather than a true commitment to the values expressed by great Americans such as Thomas Jefferson and Abraham Lincoln.

As a result of these feelings of anti-Americanism, we see much violence against the United States. This violence often takes the form of attacks on American Embassies and people. Anti-Americanism must not be allowed to continue.

We need to reassure the people and leaders of all nations that the United States is truly committed to the ideals expressed in our Declaration of Independence, Constitution, and Bill of Rights. We must put an end to the feelings of suspicion and resentment toward our people and our Government. We must act upon the Genocide Treaty now so that the entire world, specifically the Third World countries, will never doubt our full dedication to peace, human rights, and justice.

Zubinstein and Smith write that some Third World countries view the United States from a "pedestal of fake morality." This is a false perception. By publicly taking action and ratifying the Genocide Treaty, we will be taking a giant step toward improving our relations with the Third World.

I urge my colleagues to take this step by ratifying the Genocide Treaty.

ROUTINE MORNING BUSINESS

The **PRESIDING OFFICER**. There will now be a period for the transaction of routine morning business, with statements therein not to exceed 5 minutes each.

THE RETIREMENT OF GEN. JOHN W. VESSEY, JR., CHAIRMAN OF THE JOINT CHIEFS OF STAFF

Mr. **THURMOND**. Mr. President, on October 1, 1985, Gen. John W. Vessey, Jr., retired as the Chairman of the Joint Chiefs of Staff following 46 years of military service.

General Vessey was born and raised in Minnesota where he enlisted in the Army National Guard in 1939. He received a battlefield commission on May 6, 1944, at Anzio Beachhead and is the only man to rise from the rank of private to our Nation's highest military position, the Chairman of the Joint Chiefs of Staff.

General Vessey's career has been marked by distinction. He was awarded our second highest decoration for bravery, the Distinguished Service Cross, along with numerous other awards and decorations, including the Purple Heart, the Distinguished Service Medal, Bronze Star, and the Legion of Merit.

Additionally, General Vessey has been decorated by the Governments of Belgium, Chile, Colombia, El Salvador, France, Greece, Honduras, Korea, Luxembourg, Norway, Pakistan, Saudi Arabia, Spain, Thailand, Uruguay, and the former Republic of South Vietnam.

He was not only a brave combat soldier, but also a very wise leader. During his tenure as the Vice Chief of Staff of the Army and as the Chairman of the Joint Chiefs, the Senate Armed Services Committee relied very heavily on his counsel and advice in matters regarding our national security.

General Vessey is a man of unquestionable patriotism, loyalty, and devotion to duty. Mr. President, I had the pleasure of attending the retirement ceremony for General Vessey at Andrews Air Force Base. His remarks were as forthright as always and deserve to be brought to the attention of all Members of Congress.

Mr. President, my colleagues and I on the Armed Services Committee will sincerely miss General Vessey and his sage advice. His Nation is grateful to him for nearly a half century of uniformed military service, and we wish him happiness in his much deserved retirement.

Mr. President, I ask unanimous consent that a copy of General Vessey's remarks and a brief biographical sketch of General Vessey be included in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ADDRESS BY GENERAL VESSEY

Remarks (as given) at the Retirement Ceremony for General John W. Vessey, Jr., USA, Chairman, Joint Chiefs of Staff Andrews Air Force Base, Maryland, 30 September 1985

Mr. President, you and the Vice President do a great honor to the Armed Forces of the United States by participating in this ceremony today.

It is a great time to be in the Armed Forces of the United States. It is a great day to be a soldier. I hope we have the Recruiting NCOs all around the building here and are signing up new recruits after this wonderful ceremony. I want to say thanks to the troops that put it on. It's the first military operation that has taken place in the last three years and four months that I've not been cut in on.

Concerning the ceremony itself, I have often said that I plan to build an anthology of retirement and change of command speeches after I left the Service and publish it as Service humor. I don't really want to contribute to anybody else's anthology; but as I went out this morning and took my jog from Quarters Six down along the edge of Arlington Cemetery, I looked out over the city and I could see that the city was shrouded with a pre-dawn haze. I couldn't help but think of the contrast of that view of Washington last night when the Washington Monument, the Lincoln and Jefferson Memorials, and the Capitol were sparkling in the Harvest Moon.

And I thought as I looked at that morning haze that those symbols of the foundation of our liberty and freedom—the principles upon which this Nation is built, the principles in our Constitution—sometimes get a little bit out of focus as they were this morning in that haze. And we need to reflect on how we let them get out of focus and to reflect on the importance of protecting them.

So I thought, well, maybe I ought to risk being in somebody's anthology and say something here at this ceremony. There is a natural proclivity for the old guys leaving to give one last lecture, and I thought of that. And I thought maybe I should give a lecture to the American people, thanking them for their support for the Armed Forces and for a strong defense—and tell them that their support is needed in the days and years ahead—that their support for a strong defense should not be a one-shot operation.

I thought I might tell them what Winston Churchill said to the British people before World War II, "We can afford what we need for defense. What we can't afford to say is that we can only afford what is convenient to provide." I thought I might remind them that they won't wish away nuclear weapons, that they won't wish away the Soviet threat and that as you go to negotiations with the Soviets, Mr. President, you need a firm defense of the United States as a building block for those negotiations. But I've said all that before. The American people don't need that message, so that shouldn't be the lecture.

Then I thought of talking to those patriots who represent "We the People" in the Congress and thanking them for their support for a strong defense. But I also wanted to tell them that I've listened to a number of their lectures over the last few years when I went over to testify. And I thought I might tell them that they deserve to get maybe a 60-second lecture from me today. And I thought I'd tell them that they dabble too deeply into the Defense Budget. They get too far down into the details and they get lost; so, sometimes they don't get the Appropriations Bills out on time. The combination of those two probably wastes more of the taxpayers' money than they are trying to find in savings by dabbling into the depths of the Defense Budget.

And, I thought about telling them respectfully, of course, that, while they are diddling around with the notion of reorganizing the JCS, their own organization for dealing with Defense sadly needs reform. And I thought I might tell them in the language of the modern-day soldier to "get their act together"—to get on with the two-year authorization bills and multi-year procurements, to clean up the committees and stop dabbling in the details of the Defense Budget, and to judge us by broad objectives and whether we meet those objectives and whether we do it with reasonable Defense Budgets. But, I've said all that before so it didn't seem that that lecture would be appropriate.

I thought of lecturing my fellow members in the Armed Forces about the great responsibilities the people of this Nation have laid on them and about how important their diligence, their alertness, their teamwork, their loyalty and their perseverance are to the security of this Nation today and in the years ahead. I thought of reminding them of the importance of being alert, being ready, and being well-trained and the importance of doing all those things with the knowledge of the taxpayers' dollars—and to take care of the equipment and supplies that have been provided to them. But I've said all that before so there is no need for that lecture.

And I thought of all sorts of other lectures. . . . To my Russian counterpart about the foolishness of attempting to start a war with the Western Allies. Or to our Allies about the importance of providing adequate contributions to the common defense. Or to my fellow members of the JCS about keeping up the good work. Or lectures to defense contractors and to American workers about the importance of quality work in the defense materials upon which the lives of these people here depend. But I've given all those lectures so there is no need to repeat them.

Then I thought of all the people I should thank. . . . Maybe to thank the Lord for His help. But we do that every day. Or to thank everybody in the military chain of command for the help they've given me—from you, Mr. President, on down to the lowest private, even to the ones just recruited or reenlisted today. Or thanking my old comrades like General Bolte, my World War II commander. Or Lux Holbein who is the Chief of Police in Hanau, Germany, who came all the way from Europe for this ceremony and who helped me get five of my stalwarts out of jail 30 years ago.

And I could thank all the security people and the workers in the Pentagon who have made life easier; but, there are far too many people to name and I hope you all know that I'm grateful.

I thought of thanking Avis for successfully packing the household goods for the 29th time and getting them shipped off without any help from me. Or thanking the children for not mutinying for a dozen or so moves during the middle of the school year; but, they are all grown up and they know I'm grateful.

By the time I thought of all those things to say, my run was about over and I was back at the Chairman's house; and the first glimpse of the morning sun silhouetted through the haze the Capitol and those monuments down there. It occurred to me that the principles upon which this Nation rests are firm—that when you look out there at the Capitol, you can't help but be reminded of the Preamble of the Constitution—"We the People." And as I thought about Arlington Cemetery in which all of those gravestones are there for all the other "indispensable" people that preceded me, I was reminded that defending the country over the past 209 years has been steady business—steady work—and will continue to be in the years ahead. I have a very good man replacing me. So, I put the flag out in front of Quarters Six and, as I put it in the bracket, I thought that, in addition to all the JCS problems and all the undone work I was leaving Bill Crowe, I leave him that very good, 20-buck bronze eagle that I bought for the end of that flag pole.

It occurred to me that probably the best thing to do here this morning was to give to my fellow citizens the same charge that Saint Paul gave to the Hebrew Christians when he said, "Let us run with perseverance the race that has been set before us." And then just simply say, "Thanks. Thanks, troops."

GEN. JOHN W. VESSEY, JR.

General John W. Vessey, Jr., was appointed the tenth Chairman of the Joint Chiefs of Staff, Department of Defense, by President Ronald Reagan June 18, 1982. He was reappointed to a second two-year term in 1984. In this capacity, he served as the senior military advisor to the President, the Secretary of Defense and the National Security Council. General Vessey served as Vice Chief of Staff, United States Army, prior to his current appointment.

General Vessey was born and raised in Minnesota. He enlisted in the Minnesota National Guard in May 1939, and was called to active duty in February 1941. He rose to the rank of first sergeant before receiving a battlefield commission as a second lieutenant of Field Artillery at the Anzio Beachhead May 6, 1944.

Much of the first 30 years of General Vessey's military service was with combat divisions. His assignments included duty with the 34th Infantry Division in North Africa and Italy during World War II, the 4th Infantry Division in Germany, two tours with the 3rd Armored Division in Germany, the 25th Infantry Division in Vietnam, and command of the 4th Infantry Division (Mechanized) at Fort Carson, Colorado.

In 1970, General Vessey returned to Southeast Asia for his first assignment as a brigadier general. He served in Thailand, then in Laos, where he was responsible for coordinating U.S. military operations until the cease-fire was signed in Laos in February 1973.

Upon promotion to Lieutenant General in 1975, General Vessey became the U.S. Army's Deputy Chief of Staff for Operations and Plans. He was promoted to general in 1976 and assigned to Korea as Commander-in-Chief, United Nations Command; Commander, U.S. Forces, Korea; and Commanding General, Eighth U.S. Army. In 1978, he also became the first Commander-in-Chief of the Republic of Korea-United States Combined Forces Command. General Vessey returned to Washington in July 1979 to become the Vice Chief of Staff, United States Army.

General Vessey's military schooling includes the Special Basic, Associate Advanced, and Advanced courses of the Field Artillery School; the Command and General Staff College; and Armed Forces Staff College; the Industrial College of the Armed Forces; and the Army Aviation School.

He is the recipient of numerous US military decorations and awards including the Distinguished Service Cross, the Defense Distinguished Service Medal, the Army Distinguished Service Medal, and the Purple Heart. He has also been decorated by the Governments of Belgium, Chile, Colombia, El Salvador, France, Greece, Honduras, Korea, Luxembourg, Norway, Pakistan, Saudi Arabia, Spain, Thailand, and Uruguay.

General Vessey's civilian education includes a Bachelor of Science degree from the University of Maryland, College Park, Maryland, and a Master of Science degree from The George Washington University, Washington, D.C. He also attended the University of Pittsburgh's Management Program for Executives. He is a member of the Phi Kappa Phi Honor Society. General Vessey was awarded an honorary Doctorate of Letters from Concordia College, St. Paul, Minnesota; an honorary Doctor of Laws from the University of Maryland, College Park, Maryland; an honorary Doctor of Laws from Concordia Seminary, St. Louis, Missouri; and an honorary Doctor of Military Science from Norwich University, Northfield, Vermont.

In addition to his military duties, General Vessey serves on the Board of Governors of the American Red Cross; Youth Service, U.S.A., National Flag Day Committee; and is Co-Chairman, Awards Committee, American Academy of Achievement. He is also a member of the Council on Foreign Relations and the Washington Policy Council of the International Management and Development Institute (IMDI). Among his civilian awards honoring his public service are the State of Minnesota Distinguished Service Medal; the Alumni Achievement Award and the Distinguished Public Service Award, The George Washington University; the Distinguished Alumnus Award, University of Maryland, University College; the Golden Plate Award, American Academy of Achievement; the Reserve Officers Association Minuteman Hall of Fame Award; the Admiral John M. Will Award, New York Council of the Navy League; the Maxwell A. Kriendler Award, Air Force Association, Irongate Chapter; the David Sarnoff Award, Armed Forces Communications and Electronics Association; and the National League of Families honorary award recognizing efforts on behalf of prisoners and missing in Southeast Asia.

General Vessey is married to the former Avis Funk of Minneapolis, Minnesota. They have two sons, John III, a Foreign Service Officer, and David, a Warrant Officer with the US Army; and a daughter, Sarah Vessey Krawczyk.

Retirement effective October 1, 1985.

AWARDS AND DECORATIONS

Distinguished Service Cross.

Department of Defense Distinguished Service Medal with one oak leaf cluster.

Army Distinguished Service Medal with two oak leaf clusters.

Navy Distinguished Service Medal.

Air Force Distinguished Service Medal.

Legion of Merit with one oak leaf cluster.

Bronze Star Medal with one oak leaf cluster.

Air Medal with four oak leaf clusters.

Joint Service Commendation Medal.

Army Commendation Medal with "V" Device.

Purple Heart.

Good Conduct Medal.

General Staff Identification Badge.

Army Aviator Badge.

American Defense Service Medal.

American Campaign Medal.

European-African-Middle Eastern Campaign Medal (six campaign stars).

World War II Victory Medal.

National Defense Service medal with one oak leaf cluster.

Army of Occupation Medal (Germany).

Army Service Ribbon.

Overseas Service Ribbon (3).

Republic of Vietnam Campaign Ribbon (two campaign stars).

Republic of Vietnam Campaign Medal with 60 Device.

Republic of Vietnam Cross of Gallantry with palm (individual Award).

Republic of Vietnam Cross of Gallantry with palm (United Citation) (3 awards).

Presidential Unit Citation (Army).

Commander's Badge, Special (Republic of Korea).

Republic of Korea Order of Military Merit (Taegeug).

Chilean Order of Merit, Great Star to Military Merit.

Military Order of Merit, "Lieutenant of Artigal, Grand Cross" Class from Eastern Republic of Uruguay.

The Most Exalted Order of the White Elephant (First Class Knight Grand Cross), Kingdom of Thailand.

Grand Cross, Royal Norwegian Order of Saint Olav.

Cross of the Armed Forces of the Republic of Honduras.

Republic of Korea Order of National Security Merit, Tong-Il Medal.

Grand Officer of the Order of the Oak Crown from Luxembourg.

Kingdom of Thailand Royal Thai Supreme Command Forward Master Badge.

Cross of Military Merit, Order of Honor of the Hellenic Republic of Greece.

French Legion of Honor, Degree of Commander.

Grand Cross of Military Merit with White Badge (Spain).

Cross of Distinction (Pakistan).

King Abdulaziz Award—Second Degree (Saudi Arabia).

Order of Military Merit, "Jose Maria Cordova," Degree of Grand Cross (Columbia).

Gold medal for Distinguished Service (El Salvador).

Belgian Grand Order of the Crown.

ADDITIONAL AWARDS

The Distinguished Alumnus Award, University of Maryland, University College, December 1977.

Honorary Doctorate of Letters degree, Concordia College, St. Paul, Minnesota, May 1978.

The Minuteman Hall of Fame Award, Reserve Officers Association, June 1980.

Golden Plate Award, American Academy of Achievement, July 1982.

State of Minnesota Distinguished Service Medal, July 1982.

The Admiral John M. Will Award, New York Council of the Navy League, November 1982.

Honorary Doctorate of Laws, University of Maryland, College Park, Maryland, January 1983.

The Alumni Achievement Award, The George Washington University, February 1983.

Honorary Doctor of Laws, Concordia Seminary, St. Louis, Missouri, July 1983.

The George Washington University Distinguished Public Service Award, The Public Administration Alumni Council of The George Washington University, April 1984.

The Maxwell A. Kriendler Memorial Award, Irongate Chapter (New York), Air Force Association, March 1985.

Honorary Doctor of Military Science, Norwich University, Northfield, Vermont, May 1985.

The David Sarnoff Award, Armed Forces Communications and Electronics Association, June 1985.

Honorary Award, National League of Families of American Prisoners and Missing in Southeast Asia, July 1985.

THE CENTENNIAL OF DOTHAN, ALABAMA

Mr. HEFLIN. Mr. President, I hope that we are familiar with the Biblical story of Joseph, the son of Israel, and his coat of many colors. Within the verses of the 37th chapter of Genesis which tell that story, there is a passage where Israel sent Joseph to find his brothers, and they were not where he had been told to find them. Joseph then asked directions of a man he found in a field, who answered, "For I heard them say, let us go to Dothan." Today, Mr. President, I say to my colleagues "Let us go to Dothan," at least in mind and in spirit, as I rise to congratulate the citizens of Dothan, AL, on their centennial celebration.

Dothan is located in the southeastern most portion of Alabama, serving as the hub of trade for what is called the Wiregrass region. In the dawning days of what is now Dothan, members of the Creek Confederacy first chiselled out a clearing in the dense poplar grove that covered the area. With a demeanor similar to today's residents, the early settlers lived peacefully and engaged in friendly trade with the bordering Alibamu tribe. Other persons were attracted to the area and, by 1858, nine founding families joined together to build their rustic cabins and petition for a Federal post office.

The settlers chose the name Poplar Head for their community post office due to the many poplar trees that surrounded the glade where fresh spring water rose from within the ground. Discovering that another Alabama community already claimed the same name, the settlers instead selected the name "Dothen"; it was soon changed to "Dothan" to correspond with the biblical quotation from Genesis 37:17: "Let us go to Dothan."

During the first trying years of the settlement, the church lent support and inspiration to those that braved the hardships of "working the land." Many of these same churches have withstood the test of time to provide the same support and inspiration to Dothan residents of the 20th century. Today, several of Selma's churches have weathered more than a century, and today they remain proud of their heritage and eager to serve their people.

As churches and farm houses began absorbing the once empty countryside, settlers saw the need for a governing body and local law enforcement. This need was asserted on the 10th day of November 1885, when, by popular vote, it was decided to incorporate the town with the name of the post office—Dothan. It was this incorporation that provides Dothan her first official centennial.

Staying in step with the quickened pace of the 20th century, Dothan soon realized that nonagricultural industry needed to be developed to maintain their growth. But attracting big industry to an inexperienced town proved to be an arduous task, even for the most determined city officials. In 1937, Dothan Hosiery became the town's first nonagricultural industry, providing a great boost for the economy and morale. This success sparked the enthusiasm of residents like Harry Hall to help his town grow. In 1949, Mr. Hall, along with several others, travelled to Boston to convince a particular manufacturer to locate in Dothan; but no answer was given and only disinterest was expressed. However, Harry Hall sent a telegram back to Boston on his way home that simply stated, "read Genesis 37:17." The manufacturer agreed to build what is now the Brown Shoe Corp. in this beautiful city, probably because of the biblical quotation suggested by Harry Hall: "Let us go to Dothan."

This invincible civic spirit was also held by other towns people as was evidenced when nearby Camp Rucker was scheduled to be closed in 1954. The people of the city quickly banded together to ensure the government realized the vital importance of the installation for Dothan as well as the entire Nation. Once again the influence proved successful and, in one month, the base's name and function elevated from Camp Rucker to Fort Rucker, including a new aviation school. With continued expansion, the base today maintains an important position in Dothan's economy, employing over 2,700 civilians.

By not limiting herself to regional enterprise, Dothan entered the race to attract diversified manufacturers and has subsequently emerged a winner. Michelin, a major tire manufacturer, has been enjoying prosperous production since 1979, allowing hundreds of local residents to be on the company's payroll. A firm known for its techological advancement, Sony, was also drawn to the Dothan area where it located a manufacturing plant which in 1981, after undergoing expansion, claimed 600,000 square feet and 1,700 employees. Dothan has asserted herself as an aggressive competitor for industry that will not be satisfied with "running with the pack" but is determined to move out in front.

Among other distinctions, Dothan is noted for the National Peanut Festival which receives national media attention each year. The first festival took place in 1938 after the local chamber of commerce, in an effort to keep Dothan's name in front of industrialists, proclaimed Dothan as the national peanut capital of the world as well as the home of the National Peanut Festival. The peanut, honored by the event, provides a valuable crop for the farmers of the Wiregrass region largely because of the various uses for the lowly peanut found by Dr. George Washington Carver, the festival's first main speaker. The annual celebration of today fills an eclectic agenda including a parade, beauty contest, regional choral contest, and a speaker of prominent or celebrity status; world renowned Bob Hope is included in the list of past speakers.

The passing of a full century has certainly allowed many changes for the city that originally claimed only 100 residents. Dothan now boasts 87 churches, 5 banks, a vocational school, and a 4-year branch of Troy State University, serving the 51,630 people that comprise the State's sixth largest city.

Mr. President, it is in this year of 1985 that Dothan marks her first centennial. It is this grand celebration that allows all of Dothan's citizens to cherish their legacy of pride and strength while recognizing the challenge of tomorrow.

Mr. President, I am honored to represent the people of Dothan, AL. As can be affirmed by my distinguished colleague from Hawaii, Senator INOUYE, who was stationed there during World War II, Dothan holds many valuable commodities for my State, but none greater than the Dothan residents that have formed her history and now formulate her progress.

THIS IS GARDENDALE

Mr. HEFLIN. Mr. President, I am proud to rise today in recognition of Pauline Parker Jones and the Retired Adult Club of Gardendale, AL, for their publication of a book, "This is Gardendale," relating the history of their town.

Gardendale, located in the "heart of the heart of Dixie," traces its founding fathers all the way back to the year 1832. Beautifully situated in the northern central part of Alabama, it was originally named Jugtown, because of its small jug factory. Today, Gardendale has grown into a prosperous industrial area.

Settlers began pouring into the area that is now Gardendale after the War of 1812. By the late 19th century, the once small farm community had begun to grow.

Interestingly, it was not until 1906 that Jugtown was renamed Gardendale, at the suggestion of a schoolteacher, Miss Hettie Thompson. Miss Thompson suggested to the school board that there were some drawbacks to the name Jugtown. She, in turn, suggested the town be renamed Gardendale. The other name suggested was Gardenville, but, in a drawing, the choice was Gardendale. It was another 49 years later, on July 27, 1955, that Gardendale was officially incorporated as a city.

Gardendale is a city rich in historic traditions. A memorial park is located in the center of town, and serves as a living memorial. Several war relics are placed there, and 99 crosses stand as a reminder of the deceased veterans of war. In 1966, an "Avenue of Flags" was erected, also to honor those who gave their lives for our country. These flags are flown on Flag Day, the Fourth of July, and Veterans Day.

Like all towns across America, religion has served as a backbone of Gardendale since its founding. The strength necessary for survival in earlier times was largely fostered by religious institutions. Throughout its history, Gardendale has been the recipient of tremendous contributions from churches, established early in the town's development and providing moral and spiritual leadership ever since. The churches that today dot Gardendale's streets each provide a needed service, and help to make it a nice place for families to live.

In 1892, Gardendale's first public school was built. The Milner School, named for the man who donated the lumber for its construction, employed one teacher and housed as many as 110 pupils in its one classroom. This remained the town's only school until 1913, when Snow Rogers School was built. The year 1965 was a milestone for Gardendale, as it opened the doors of its first modern high school building. Since then, the school's outstanding facilities have provided a favorable atmosphere for the education of Gardendale's young people.

Gardendale's government has always been a source of civic pride. From the days of the first mayor, J.I. Pesnell, to those of the current mayor, William Noble, the town's elected officials have been instrumental in shaping Gardendale into the fine place it has become.

Mr. President, it is a great pleasure for me to represent the people of Gardendale in the U.S. Senate. I congratulate this fine city on its growth, prosperity, and beauty, and Pauline Parker Jones and the Retired Adult Club on their outstanding historical project.

DR. SCHLESINGER'S VIEWS ON UNITED STATES/SOVIET RELATIONS

Mr. NUNN. Mr. President, last month I accompanied the delegation led by Senator BYRD and Senator THURMOND on its visit to Moscow. Prior to leaving, I had the opportunity to read an excellent article by former Secretary of Defense James Schlesinger reviewing the past 40 years of superpower relations. The article, entitled "The Eagle and the Bear," presented a number of perceptive insights that helped prepare me for my discussions with Soviet officials. Dr. Schlesinger also assisted in preparations for the trip by providing Senator BYRD with a detailed briefing on the current state of United States/Soviet relations.

In his article, Dr. Schlesinger makes several perceptive observations which are especially relevant as the administration prepares for the November summit. First, he emphasizes the need for consistency and pragmatism in American foreign policy and warns against lecturing the Soviet Union on subjects on which there is likely very little give in their position. As Dr. Schlesinger notes: Instead of "managing the Soviet relationship," we are now more inclined to sermonize the Soviets on various subjects on which they appear unpersuadable—human rights, star wars, even Leninism itself. Sermonizing the Russians is an activity that one earlier President, Dwight Eisenhower, explicitly declared to be unproductive. Moreover, sermonizing provides a most awkward posture from which to work out a modus vivendi.

If the summit is to prove productive, it is essential that the time should not be consumed simply by both sides restating past grievances. Little will be gained if both men spend the entire 2 days saying, "There you go again." I have recommended that the time of the meeting be divided into thirds: One-third for reviewing the past, one-third for discussing the present, and one-third for a dialog on the future.

Second, Dr. Schlesinger criticizes the administration for using such phrases as "immoral" and "flawed" in describing the current U.S. strategy for deterring Soviet nuclear attack. As Dr. Schlesinger observes: "without any preparation, indeed without any realization, it attacked the prior foundation of the basic arms relationship."

This is a matter that has concerned me greatly in recent months. I fully concur with Dr. Schlesinger that such statements "undermine the foundation on which Western security must rest for the foreseeable future." Furthermore, they clearly prejudge the outcome of SDI research when, as he notes, "the normal behavior is to allow the technical uncertainties to be resolved before one reaches conclusions about force structures or strategy. In this case, the results are being announced in advance: a revolutionary change in strategic doctrine and the strategic relationships between the superpowers."

I had hoped that the administration had finally realized the dangers of its ill-advised comments disparaging current U.S. strategic doctrine. In June, I was encouraged by the White House's release of a declassified version of a new Presidential directive on SDI which declares that "U.S. policy supports the basic principle that our existing method of deterrence, and NATO's existing strategy of flexible response, remain fully valid, and must be supported, as long as there is no more effective alternative for preventing war." However, I was very disappointed to read that in a recent press briefing by a "senior administration official," deterrence was again criticized, this time being termed a "surreal" doctrine. Moreover, this official said that "evidence is mounting and undeniable it may not work in the years ahead."

If the administration really believes this rhetoric and is not just falling victim to the temptation to hype and oversell the case for the SDI, then it should recognize that it is pulling the rug out from under its rationale for strategic modernization programs intended to provide the United States with greater accuracy and capabilities against military targets. For over a decade, beginning with Dr. Schlesinger's tenure as Secretary of Defense, our strategic plans have emphasized military and not civilian targets. To those who understand our strategy and our true capabilities, deterrence is a broad term covering many targeting options, of which "assured destruction" is a plan of last resort.

If, as some administration advocates of the SDI infer, our only options are near-perfect population protection defenses or destroying Soviet cities in a massive retaliatory strike, we do not need the MX or the Trident II missile. Destroying cities can be accomplished with far less accurate, sophisticated or expensive systems.

Mr. President, I ask unanimous consent that Dr. Schlesinger's article be published in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From Foreign Affairs, summer 1985]

The Eagle and the Bear—Ruminations on 40 Years of Superpower Relations

(By James Schlesinger)

The linkup of American and Soviet forces at Torgau on the Elbe in April 1945 may be taken as the event symbolizing a new era in international relations—one largely dominated by the central relationship between two great powers, later known as the superpowers. The meeting at Torgau meant the splitting of Germany, the preeminent European power for three-quarters of a century. Germany's division was to be both a fixture of the postwar era and, additionally, a continuing source of unease. Also, the event dramatically initiated what was to become die Wacht an der Elbe, an American protection against the power of the East of what was to become a democratic Germany—and behind Germany an abiding American commitment to the security of Western Europe. Despite the misjudgments in the immediate aftermath of the war, the lessons of two world wars had been insinuated into American foreign policy. Finally, in the way of symbolism, perhaps the brief exchange of fire between Soviet and American forces on the Elbe provided an early harbinger of the tensions that were ultimately to emerge.

To be sure, the war had not entirely run its course. Yet within a matter of weeks Hitler was dead and Germany had surrendered unconditionally. Roosevelt, too, who through America's immense power had become the dominant leader of the west, was gone. The war against Japan was yet to be completed, but because of the bomb, it turned out to be almost a sideshow. The Soviet motive for joining the war against Japan was more akin to that of Mussolini in 1940—to participate in the spoils as the war was concluded—than it was to the spirit of the grand coalition.

The American desire was to fulfill the promise of Wilsonian idealism, of the Four Freedoms, of collective security and of the peaceful resolution of disputes through new international institutions. Russian goals were to establish a firm communist base in Europe, to create a *cordon sanitaire* against Western power, and unquestionably to obtain a position of authority in postwar deliberations at least equivalent to that of Tsar Alexander in 1815.

II

Yet the tone of the relationship had already changed. Potsdam was quite different from Yalta. Only Stalin continued in power. The new American President was figuratively as well as literally from Missouri. He did not, indeed could not, share Roosevelt's expectation of enticing Stalin and the Soviet Union into a harmonious postwar structure. By the Potsdam meeting in July, America had passed beyond its wartime dream of long-term international collaboration with the Russians to a new and skeptical study of actual Soviet conduct.

Churchill, too, was gone. Perhaps the great symbolic Western leader in the wartime period, he had been replaced by Clement Attlee. And Britain, one of the Big Three, commenced a long-term decline from the prestige of the wartime period, lacking the resources and perhaps the will to maintain its place with its immensely powerful, continent-spanning allies. Britain's long-term decline was symptomatic of the radically altered position of Europe. Europe's Great Power were destined never to recover to the extent then anticipated. They would remain dependent upon the United States for protection. Post World War II Europe would be altogether different from post World War I Europe. Whatever its inclinations, America could not go home again.

Nonetheless, it tried. Therein lies a great irony of the postwar period. In these latter days of discussions of the prospects for mutual disarmament or arms control through negotiations, it is forgotten that in 1945 the United States sought no mutual concessions or guarantees from the Soviet Union. No protests could then be made about the intransigence of the American position. The United States simply and unilaterally disarmed. The country gave way to the impuse to "bring the boys home." The pace of demobilization can only be described as pell-mell. The draft was ended. Military units were heedlessly broken up. By 1947, aside from a handful of atomic weapons, U.S. military power had been largely dismantled. In a reborn quest for "normalcy," President Truman had terminated Lend-Lease within a few days of the war's end. America sought normalcy. Disarmament had occurred—without negotiations.

The irony, of course, is that it was the Soviet Union that brought America's precipitate withdrawal to an end—and thereby forfeited a heaven-sent opportunity. Whether it was Stalin's brooding genius, his innate Georgian suspicion or deep paranoia, it was he who brought the United States back to a sense of its international responsibilities. The gradual elimination of dissent in Eastern Europe, culminating in the defenestration of Masaryk and the Czech coup in 1948, was accompanied by pressures against Greece and Turkey and by the Berlin blockade. Truman rose to the challenge. America reversed course: there was the Greek-Turkish aid program, the Marshall Plan and the Berlin airlift. Moreover, by 1947 the draft was restored and the United States began a modest rebuilding of its military forces, to be greatly augmented after the invasion of Korea in June 1950.

The Russians had committed a colossal blunder. They had failed to understand—and to exploit—the rhythms of the American democracy. Imbued as they were with their own interpretation of America's geopolitical necessities, the Russians failed to grasp that the Americans simply did not think the same way. The Americans had not read Lenin or Clausewitz or Machiavelli. The themes of realpolitik remain contrary to the spirit of the American democracy. But the Russians did not know that. The paradox was that the Soviet understanding of America's geopolitical requirements was closer to the mark than was the American understanding. In a profound sense it was Soviet misreading of the United States that induced America to accept its role in the central strategic relationship of the last 40 years.

The Soviets' extraordinary misinterpretation of the American character and American style poses a question which deserves careful examination and may provide a long-term and perhaps tragic theme for superpower relations. Are the moods of the superpowers, reflecting both longer-term and more recent experiences as well as their internal political dynamics, so out-of-phase with one another that they preclude simultaneity in seeking a modus vivendi? That question has become increasingly pressing, as the visible American willingness to reach a long-term accommodation during the 1970s was aborted as a consequence of the Soviets' deep-seated impulses never to flag in the quest for marginal advantages. By the end of the 1970s, the Soviets had managed to dispel much of the American goodwill (and a fair amount of naiveté as well). The American anger continued, indeed expanded, during the 1980s—at just the point that the Soviets might have been prepared to accept a longer-term accommodation. These contrapuntal fluctuations in mood may turn out to be the most permanent feature of these 40 years of superpower relations.

III

By the end of the 1940s the general outlines of American policy had been set. They reflected a determination to protect the democracies of Western Europe and Japan, but additionally (and somewhat adventitiously) picking up responsibility for other states around the Soviet periphery, such as Greece, Turkey and Iran. Conceptually, policy rested upon a strategy of containment, reflecting the seminal views of George Kennan. But containment came to imply far heavier emphases on military measures and less on political measures than Kennan personally would have liked (a concern that has increasingly come to preoccupy him as these four decades have progressed). Moreover, containment—at base a pragmatic strategy—came within the ordinary exigencies of American life to bear those very features of moralism and legalism that Kennan himself had feared and decried as the characteristics of American foreign policy.

These characteristics certainly came to the fore during what may be called the Dulles phase of the Eisenhower presidency. They were reflected in a certain preachiness and in the crusading rhetoric that Americans tend to find so attractive. But they were also reflected in the U.S. sulkiness at the 1954 Geneva conference on Indochina, in the U.S. refusal to accept the results of that conference, in the unwillingness of Secretary Dulles to accept the proffered hand of Zhou Enlai—and in the frozen diplomatic relations with "Red China," which were to have such baleful effects in Southeast Asia in the 1960s, and which continued until Nixon unfroze them in the early 1970s. The moralistic-legalistic approach to foreign policy was to reach another high point, after that realpolitik of the Nixon-Kissinger years, during the Carter years. Perhaps the most revealing episode in placing legality above geopolitical reality came in late 1979 with the vehement, and in some ways extraordinary, reaction to the movement of Soviet forces across the international boundary into Afghanistan. In reality, the geopolitical damage had been done a year and a half earlier with the overthrow of the Daoud regime and the establishment of Moscow's protégé regime in Kabul.

The emphasis upon the *military* aspect of containment intensified during the 1950s. That emphasis, of course, had been reinforced by Korea and the sudden revelation that fewer nations could realistically be placed "outside the American defense perimeter." President Truman had seized the opportunity to ease a domestic political problem by establishing a quarantine in the Straits of Formosa during the war itself. But after the armistice the policy actually expanded—into the military containment of "Red China." One result was the immensely high domestic political effect of the militarily inconsequential struggle over the offshore islands of Quemoy and Matsu. Indeed, the tendency to equate military strategy with foreign policy reached its apogee with the doctrine of massive retaliation and its later corollary that we would respond by fighting wars "at times and in places of our own choosing."

America's military advantages were immense during the 1950s. Our dominant position in strategic nuclear capabilities meant quite simply that the United States could essentially flatten the Soviet Union, with only the most limited Soviet ability to retaliate against the continental United States. This dominant position in nuclear forces lured the United States into what was to become an excessive reliance on nuclear weapons. It was enshrined in the doctrine of massive retaliation, which, however great the reservations of intellectuals, remained workable—as long as the United States retained strategic dominance. But it was unsustainable in the long run.

America's inherently transitory advantages in nuclear weapons seduced the United States and its Western allies into almost total dependency on the threat of nuclear retaliation. In 1954 the United States adopted the New Look, emphasizing nuclear forces and reduced spending—and allowed its land and tactical air capabilities to remain weak. The NATO alliance abandoned the Lisbon force goals of 1950 and thereby solidified the habit of leaning on the nuclear crutch. For the short run there might be certitude, but in the longer run it implied for the West an uncertain trumpet, the biblical phrase that Maxwell Taylor used to indicate our eventual vulnerbility. Needless to say, the problem of conventional military weakness has continued to haunt the Western alliance.

Yet the Soviets themselves must have been continuously haunted throughout the 1950s and later by their unquestioned inferiority in terms of intercontinental strike forces. No doubt the shift in alliance strategy to immediate use of nuclear weapons brought pause to the Soviets regarding the advantages that might be wrung from their immense conventional establishment. But that immense conventional establishment in turn caused perplexity and concern in the West. Given the almost disarmed state of Western Europe, what gain could the Soviets derive from maintaining a World War II-sized army of 165 divisions?

Those in the West inclined to provide rationales—or rationalizations—for Soviet behavior hypothesized that thus holding Europe hostage provided the Soviets with *their deterrent* against the Americans. The threat of a massive attack that could overrun Western Europe, so the hypothesis ran, would deter the Americans from exploiting their overwhelming advantages in nuclear forces. But fear of that immense Soviet force, augmented by other Warsaw Pact capabilities, led to a general rearmament by the West and to the further expansion of American nuclear forces.

Whether the rationale attributed to the Soviets by Western analysts did play any serious role in Soviet thinking is still unknown. It was plausible. It fit the circumstances. It may even have been true. It should be noted, nonetheless, that even as the Soviets developed an intercontinental counterdeterrent to offset American capabilities, the Soviet Union maintained and *expanded* its military forces arrayed against Western Europe. In itself that should raise a question in the minds of those inclined to provide rationalizations for the structure of Soviet forces. Even if the old rationale had once played a role in determining the size of Soviet military forces, quite clearly a new explanation was now required.

The military dominance that the United States achieved during the 1950s could not be permanently sustained—and cannot be recovered. As late as 1956, during the Hungarian uprising, the Soviets were obliged carefully to consider possible American military reactions—even within their own satellite empire. By contrast, in 1968 in Czechoslovakia and even more clearly in Poland in the early 1980s, the relative Soviet position had so improved that they needed to give little attention to the possibility of American intervention. In 1956, also, Khrushchev could indulge in his bluster during the Suez incident about raining rockets down on London and Paris—only *after* it had become clear that the United States was separating itself from its allies. Under any other circumstances the Soviets could not risk provoking the United States, given its military edge.

Eisenhower himself was far more inclined than Dulles to practice an open and flexible diplomacy toward the Soviet Union. That ultimately resulted in the atmosphere of détente, enshrined in the spirit of Camp David from the late 1950s, as well as in secondary manifestations such as Khrushchev's heralded journey to Roswell Garst's Iowa farm and his visit to Hollywood. It also resulted in the Atoms for Peace proposal—including, rather farsightedly, the establishment of the International Atomic Energy Agency, in which the United States and the Soviet Union have effectively worked together.

Perhaps most notable, though inevitably abortive, was the "Open Skies" proposal. That proposal was a prelude to the numerous U-2 reconnaissance flights over the Soviet Union and to the shoot-down in 1960 that blew up the Paris summit and dispelled the spirit of détente. Until Gary Powers' flight, the Soviets had been forced to watch helplessly while American planes overflew their territory. Then their SA-2 antiaircraft missile ended that period of frustration and technological envy. But it heightened Soviet respect for and fear of American technology, further reinforced during the 1960s by the speed of the deployment of our Minuteman force and by the clearcut superiority of the U.S. technology embodied in the Safeguard anti-ballistic missile (ABM) system as compared to the Soviet Galosh system. Such Soviet experience has bred a sense of technical inferiority vis-a-via the United States that borders on a psychosis. The succession of the Open Skies proposal by the flight of the U-2 may help explain the apparently excessive Soviet reaction to President Reagan's Star Wars proposal. Given that earlier, humiliating experience, the Soviets will no doubt be wondering: what might these technological wizards now have up their sleeves?

IV

The arrival of the Kennedy Administration, in light of the campaign assertions regarding the missile gap and in the aftermath of the blow-up of the Paris summit, brought significant changes. The ignominious failure of the Bay of Pigs operation, the bullying of the young President by Khrushchev at the Vienna summit, the renewed Berlin crisis and the Cuban missile confrontation all contributed to the grim mood within an Administration dedicated to going anywhere, paying any price, et cetera, to preserve freedom. Late in 1961, new reconnaissance techniques revealed that the missile gap was in fact a myth and that the strategic advantage continued to rest with the United States. But that disclosure alleviated only slightly the tension felt during the Cuban missile crisis the next year.

After the Cuban missile crisis, the mood in the Administration changed. It became both less grim and less wedded to its original missionary zeal. The Administration's interest in arms control was stimulated. The Limited Test Ban Treaty was signed in 1963—with the intention that it be the first fruit of a much lengthier arms control process. Defense Secretary Robert McNamara, who during the early years of the Administration had proposed counterforce strategies, city avoidance, civil defense and damage limitation, turned increasingly away from such concepts after 1963 and began to elaborate the strategy of mutual assured destruction. In the last year of the Kennedy Administration and throughout the Johnson Administration, the U.S. strategic force posture came to be guided by a belief in arms restraint—which it was presumed would be emulated by the Soviets. It became an article of faith that the Soviets would terminate their intercontinental ballistic missile (ICBM) deployment at 1,000 missiles, as we had, if indeed they chose to deploy that many. (They did not, in fact, stop until 1,618.)

From the first, the Kennedy Administration had shared General Taylor's skepticism regarding reliance on the threat of nuclear retaliation. It substantially increased funding for conventional forces—and explicitly repudiated the New Look strategy inherited from the Eisenhower Administration. A new administration, reflecting both the campaign rhetoric regarding "suicide or surrender" and Secretary McNamara's strong convictions, was determined to provide a conventional deterrent in Europe that would by itself preclude Soviet conventional attack. It also sought to establish a firebreak prior to any use of nuclear weapons.

Sound as Secretary McNamara's logic might have been regarding the buildup of conventional forces, it signally failed to recognize the psychology of our allies. The allies were wedded to reliance on nuclear retaliation. The proposed buildup of conventional capabilities was both resented and opposed because it would supposedly weaken deterrence and would thus invite attack by the superior Soviet conventional forces. Given their experiences, the allies had no desire "to refight World War II." They portrayed as the only alternatives either the agony of a conventional war or continuing peace through nuclear deterrence. The Administration failed to help its own case—by its rhetoric about the nuclear firebreak, by its expressed abhorrence of any reliance on a nuclear strategy, and by its emphasis on building up conventional forces *as a substitute* for nuclear response. It thus made very slow headway in its attempt to move away from reliance on immediate nuclear retaliation. Utimately, it required both the departure of France from the integrated military structure and the passage of seven years before the alliance adopted the strategy of flexible response in 1967.

By 1965, however, the Johnson Administration's attention had begun to shift elsewhere, and at an accelerating pace. The war in Vietnam became the preoccupation of the Administration and the focus of an increasingly rancorous domestic debate. Gradually NATO became a secondary issue. It was increasingly neglected, as the government's attention turned toward Southeast Asia.

Two things should be especially noted about the pre-Nixon Vietnam years. First, the Administration's rationale was primarily directed not at the Soviet Union, but at "Red China." Much, indeed far too much, was made of Lin Biao's rather obscure prose about ultimately seizing the cities by initially controlling the countryside. This was interpreted as a direct threat to encircle the industrial world through control of Third World countries such as Vietnam. President Johnson proceeded around the rim of Asia proclaiming the need to defeat this malevolent strategy before we faced "a billion Chinese armed with nuclear weapons." Indeed, the decision in 1967 to deploy the Sentinel ABM system, featuring a thin area defense of the continental United States, was directed primarily at a prospective Chinese nuclear threat.

However, far-fetched such reasoning may appear in retrospect, in this period the Soviets were increasingly viewed as a restraining influence within the communist world—who shared the American aspiration for some degree of international stability. Compared to Mao, the Soviets were viewed as relatively benign.

In the early years of Vietnam, it was widely believed (a view that I found preposterous) that the Soviets were deeply concerned that Vietnam might get out of hand, and therefore were our partners in seeking a settlement of the issue. The possibility that the Soviets might positively enjoy watching the Americans stewing in their own juice was rejected out of hand. That the Soviets would immensely benefit from the refocusing of American attention on the supposed Chinese threat, and from the diversion of American resources away from Western Europe and the competition in strategic forces, was a reality all too rarely examined in Washington. Surely the Soviets would eagerly help extricate the American bacon from the Vietnamese fire. Given these preoccupations and these beliefs, it is hardly surprising that the conviction took hold that the Soviets also shared American objectives with respect to arms control. It was an article of faith that the Soviets sought only to match American strategic capability; their buildup would cease as they approached American force levels. That the Soviets do not think like American liberals has been a lesson very slowly learned.

The upshot was a growing faith in the inevitability of arms control and in the effectiveness of the arms control process. Collaboration on the Non-Proliferation Treaty (where superpower interests coincided) furthered such hopes. At the Glassboro summit in 1967, the Americans attempted to persuade Soviet Premier Aleksei Kosygin of the legitimacy of these views. Simultaneously they attempted to dissuade the Soviets from deploying strategic defenses—for that would result simply in the accelerated deployment of strategic offensive forces. Though they failed to move Kosygin on that occasion, they continued to believe that the logical force of their arguments would ultimately persuade the Soviets.

All these hopes, however, were suddenly dashed by the Soviet invasion of Czechoslovakia. That invasion, which to less Utopian observers of Soviet conduct appeared inevitable in the circumstances, rather surprisingly caught the Administration by surprise. As in 1960, an external event had interrupted the arms control process. The American reaction to what in Soviet eyes should have been accepted as a fortuitous, if not irrelevant, event—later repeated in Angola and even more markedly in Afghanistan—makes sustained and unvarying participation in bilateral arms negotiations impossible for the American democracy.

Expectations regarding a new and more congenial relationship with the Soviet Union reached a peak during the Nixon years—and then faded. Nixon himself was unusual among American presidents in that he came to office with a consuming interest in, and well-formulated views about, foreign policy. The principal achievements of his Administration lay in that arena. Nor were these achievements preponderantly in relations with the Soviet Union. Perhaps the pinnacle was the new and pragmatic relationship with the People's Republic of China, which only a Republican president could have initiated. By opening the door to triangular diplomacy, it markedly affected superpower relations. Overall it has provided sizable benefits in terms of international stability. The withdrawal of American forces from Vietnam and the Paris Agreements, though they provided something less than "peace with honor," permitted the United States to devote its energies finally to far more significant issues. With Henry Kissinger's careful prodding, a degree of stability and even some progress was achieved in the Middle East.

Nixon's style in foreign affairs was wholly pragmatic. It may even be inquired whether an approach so cold-blooded, and therfore so uncongenial to the American temparament, did not contribute to the various waves of ideology that followed the Nixon years. The central feature of Nixon's approach to the Soviet Union was the quest for "an era of negotiations, not of confrontation." Given Soviet foreign policy objectives and the Soviet style, that would require a degree of emotional detachment on the part of the American people that was not long sustainable. Almost inevitably the Polands and Afghanistans lead to confrontation, even if the Angolas and Nicaraguas do not.

But in 1969 all that lay in the future. Putting Czechoslovakia firmly behind us, the new Administration revived the strategic arms negotiations, which were to become the centerpiece of U.S.-Soviet relations. Nixon was not one to proceed to the bargaining table without the wherewithal for bargaining. The Administration proceeded toward the first-stage deployment of the Safeguard ABM system (which unlike the Sentinel system was intended primarily to defend the missile fields). That decision was to have a highly felicitous impact on the negotiations. The Administration also decided on the rapid MIRVing (equipping with multiple independently targetable warheads) of both the Minuteman and Poseidon forces, with a beneficial effect on the bargaining process in the short term, but with a far less satisfactory long-term result. As soon as the United States initiated ABM deployment, Soviet willingness to bargain rose. The Soviets wanted no limitations on strategic offensive weapons, but they were notably eager to head off a major ABM deployment. Nixon took the position that there would be no ABM treaty—unless there was also limitation on stretegic offensive arms. The Soviets yielded, through the constraints imposed were quite limited. The culmination lay in the Moscow agreements of May 1972.

For those agreements to have achieved the purpose of stabilizing the central U.S.-Soviet relationshhip, the Soviets would have had to accept them in the larger spirit that the Americans intended. As in 1945, Americans were ready for an end to confrontation. But the Soviet craving to press for every advantage not specifically precluded by the agreements once again dissipated the vast goodwill generated among Americans.

For the limitation on offensive forces to have contributed to arms stability, the Soviets would have had to refrain from exploiting through new technolgy the possibilities allowed under the agreement. But starting immediately after the signing of the Moscow agreements in mid-May 1972, there was a veritable explosion of Soviet R&D activity on all of the new generation of missiles. Apparently the Soviets had deliberately held up such activity—until the American signature was dry on the agreements. As director of Central Intelligence, I reported this immense Soviet R&D activity and its distrubing implication to the Natonal Security Council early in 1973. If the Soviets were to marry the huge throw-weight advantages that they retained under the agreement with the new technologies in missile guidance and MIRVing, the result would be an American disadvantage in counterforce that we could not tolerate.

For the next two and a half years—and far beyond—the question of how to rescind Soviet throw-weight advantages became central to our Strategic Arms Limitations Talks (SALT). In June of 1974 President Nixon carried to the Soviet Union a proposal to establish a firm limit on MIRVed missile throw-weight. The erosions of Watergate and the characteristics of Soviet bargaining led to its rejection. Nonetheless, it would have been in the Soviets' long-term interest to have accepted that proposal.

But for the time being the superpower relationship was characterized by an effusion of goodwill. Brezhnev's American tour in 1973—ten-gallon hats and all—was even more successful, if less ebullient, than Khrushchev's. Countless delegations spanned the oceans negotiating scientific and cultural exchange agreements on trade and technology, and the like. From the standpoint of the Soviet Union it was a rewarding period. But the Soviets could not leave well enough alone. They proceeded to poison the goose that laid the golden eggs.

It should perhaps be emphasized that for the Soviets the fault lay not in deception but in subconscious impulse. On the American side there was illusion—an exaggeration of the underlying meaning of détente. For the Soviets, détente represented simply an updated variant of Leninist peaceful coexistence: an absence of direct military conflict between the major powers. It certainly did not mean an end to international conflict. Indeed, the Soviets repeatedly stated that "détente requires an intensification of the ideological struggle." If there was deception, it was self-deception on the American side. Given the mood of the times, too many Americans insisted on reading more into détente than the Soviets intended.

Most dramatically was this the case in the Third World. The Soviets had, of course, paid some lip service to abandoning the search for marginal advantage—as in the

"Basic Principles" of U.S.-Soviet relations. But such grand declarations, however satisfying, were not much of an inhibition when good opportunities presented themselves. In American eyes an early blow against détente occurred in 1973 with the Yom Kippur War. Soviet attempts to stimulate and to exploit that war were startling to many Americans. The culmination was the Brezhnev letter to Nixon threatening to move Soviet forces into the region and urging, in effect, a Soviet-American condominium over the Middle East. It resulted in the alert of America's military forces and, ultimately, a slow ebbing of the crisis. But the atmosphere of détente never thereafter fully recovered.

While the Americans might not have known what the intensification of the ideological conflict implied in 1972, within a few years they were more enlightened. The Soviets had been quite clear regarding their obligation to continue to support wars of national liberation. Whether or not the Arab-Israeli conflict could qualify under this rubric, adventures in Africa or Southeast Asia clearly did. The intervention of Cuban troops in Angola in 1975 was a further blow to détente—and an indirect blow even to arms control negotiations. But the Soviets had intended no armistice in Third World rivalries. If the Americans were disappointed, it was because they had expected more of the Soviets than the Soviets believed they had promised.

Kissinger grittily attempted to keep the arms control negotiations going. At Vladivostok, President Ford in 1974 achieved a potentially useful cap on strategic offensive arms through joint acceptance of equal aggregates of 2,400 missile launchers and heavy bombers. But its potential was never realized. Moreover, during the political campaign in 1976 President Ford felt obliged to drop the word "détente" from his vocabulary.

The evolution of NATO relations during the Nixon-Ford years needs to be recounted. As the American-Soviet rapproachement grew, the European reaction was rather ambivalent. Needless to say, Europeans were generally pleased with the reduced threat for war. Yet, particularly on the European right, there was widespread apprehension that an American-Soviet condominium was being established over the body of Europe. The American style in negotiations, which the Europeans found to be excessively secretive and short on consultation, added to the suspicion.

The upshot came in the somewhat ludicrous quarrels about the "Year of Europe" that Henry Kissinger announced at the beginning of 1973. The Europeans, with their somewhat heightened sensitivities, took this to be condescending. Some tied the notion to a Soviet-American condominium to settle Europe—without further consultation. Resentment was widespread, fanned for its own special reasons by the French government. Yet the suspicion was unwarranted. What Kissinger desired—and desired most fervently—was more firmly to institutionalize the Atlantic relationship before the generation of Americans who recalled the postwar period passed away.

However worthwhile the effort, it was abortive. Soviet-American rapproachement seriously weakened the bonds of the alliance. Europeans felt the need for American protection less keenly, and their suspicion that the superpowers were plotting things behind their backs was increased. Problems within the alliance were intensified after the fall of 1973 because of basic disagreements regarding the handling of the Arab-Israeli war and its aftermath.

A few words should be said about military matters within NATO, for military developments tended somewhat to alleviate the political tensions within the alliance. With the end of the war in Southeast Asia, I was determined, as incoming secretary of defense, to refocus America's military commitment upon the European security issues that had been so neglected during the war years. I devoted considerable effort to defeating the Mansfield Amendment. Its failure came as a pleasant surprise to the Europeans, who had anticipated a drawdown of American forces. Also, the doctrine governing the use of America's strategic forces was altered to emphasize selective strikes. This would permit avoidance of the targeting of cities, which would provide the Soviets with a powerful incentive to avoid striking Western cities. By making an American nuclear response more credible, these changes served to recouple America's strategic forces to the security of Western Europe.

New emphasis was also placed on the conventional deterrent. This was, of course, made possible by the rebuilding and the ultimate reinforcement of America's ground and tactical air forces in Europe. But it also required a change in doctrinal emphasis. I had benefited from the doctrinal misfortunes of my predecessor, Secretary McNamara. I consequently coined the term "NATO triad." Its underlying analytical concept was that the triad's three legs—conventional, strategic and tactical nuclear—were mutually reinforcing. Thus the strengthening of conventional capabilities would, for example, augment the deterrent effect of tactical nuclear forces. I stressed that conventional forces were not intended to be a substitute for nuclear deterrence, but to strengthen it. With these changes in emphasis, European doctrinal objections to the strengthening of conventional forces were significantly diminished. Outside of France, the obstacle to the building of the conventional deterrent became primarily budgetary rather than doctrinal.

VI

In retrospect, the election of 1976 constituted a watershed in American foreign policy. It brought to an end an extended period of pragmatism, and launched a new period of the moralism-legalism that has long marked the American style in foreign policy. In the first phase, liberal moralism surged to the fore; in the second phase, conservative moralism.

After a few years in office both the Carter and Reagan Administrations moderated their policies and rhetoric, but compared to their predecessors the degree of ideological zeal remained notable. Not only was there a renewed note of oscillating moralizing, but American foreign policy also was characterized by substantial swings and by inconsistencies—foreigners called it unpredictable. It was perhaps more disturbing to our allies and dependents than it was to our opponents. This poses a deeper-seated question that should be examined before we bring the story of postwar superpower relations down to the present time.

Winston Churchill had limned one Western view of the Soviet Union in his pithy description: "a riddle, wrapped in a mystery, inside an enigma." Despite the mists of secrecy that still surround Soviet policymaking, that view has now become somewhat obsolescent. The passage of almost half a century has provided sufficient experience to make Soviet policy almost predictable. There is persistency, perhaps even consistency—and remarkably few sharp turns.

Can the same be said of U.S. attitudes and U.S. policy? Hardly so. The American mood is subject to much wider swings and, to a lesser degree, so is American policy. More than the highly structured societies of Europe with their established governing classes, the American democracy is governed by public opinion with all its vicissitudes. Moreover, changes in the party in power (unthinkable in the Soviet Union) may bring sharp swings in policy. It was the Americans who went home in 1945, and then reversed policy later in the 1940s. It was the Americans who shifted from the idealism of world organization to military containment. It was the Americans who so eagerly and innocently embraced détente—as the end to the "misunderstandings" in Soviet-American tensions. The Soviet view of détente was far less inflated, merely a somewhat modernized version of Lenin's "peaceful coexistence." It was the Americans again who, a few years later, could grossly overstate the military power of the Soviet Union and the strength of its so-called geopolitical momentum.

Over the intervening years, President Truman could assert mistakenly: "I like old Joe, but he is a prisoner of the Politburo." President Carter could state that so secondary (and predictable) an action as the Soviet move into Afghanistan had fundamentally altered his view of the Soviets. President Reagan could talk feelingly of "the empire of evil" and then embrace arms control. The early days of the Carter Administration and of the Reagan Administration provide a spectacular contrast in both the style and the substance of foreign policy. Was this great power—the great protecting power of the West—one that could recognize its *permanent* interests?

By contrast the Soviets seem staid, almost stodgy: solid (if somewhat brutal) men who persistently follow an established formula. The Soviets pride themselves on being realists—indeed, scientific materialists. With the exception of Nikita Khrushchev (who was precipitately removed for his "adventurism" and "harebrained schemes"), Soviet leaders come over as rather stolid Leninists, guided primarily by their prudence and by their respect for the correlation of forces. They are rather different from the frequently mercurial and incurably romantic Americans. To go back to Churchill's aphorism: which of the superpowers is the enigma?

In another guise, the same issue was eloquently framed by Alexis de Tocqueville almost a century and a half ago:

"It is especially in the conduct of their foreign relations that democracies appear to me decidedly inferior to other governments. . . . A democracy can only with great difficulty regulate the details of an important undertaking, persevere in a fixed design, and work out its execution in spite of serious obstacles. It cannot combine its measures with secrecy or await their consequences with patience."

In the first 30 years of the postwar era, the American democracy quite demonstrably rose to de Tocqueville's challenge. In the last decade, doubt has arisen over whether the United States, given a proclivity to sudden shifts in policy, can permanently match the steadier pressures of Soviet policy, despite its far greater inherent strength. No longer are the international responsibilities of the United States confined to the relatively easy domain of the North American continent. As one moves closer to the sources of Soviet power—along the periphery of the Soviet Union—the requirement for perceived and acknowledged steadiness in the exercise of power becomes more demanding.

Today American policy must be more than synchronized with the moods of the American public. Leaders of smaller and less powerful states close to the Soviet Union must, above all, see a predictability in the basic course of American policy. While somewhat less necessary, since occasional unpredictability has its uses, our principal opponent should also be able to discern an underlying predictability most of the time. Given the greater volatility of American opinion in recent years, is the American democracy up to the task?

The Watergate episode may merely have accelerated a tendency that was already visible in the 1960s. In presidential politics it brought to the fore outsiders with no experience in Washington or in foreign policy, who proceeded to campaign against federal institutions and against Washington as a symbol. It may have been good politics; it was poor governance. Nowhere has this been clearer than in foreign affairs.

Instead of "managing the Soviet relationship," we are now more inclined to sermonize the Soviets on various subjects on which they appear unpersuadable—human rights, Star Wars, even Leninism itself. Sermonizing the Russians is an activity that one earlier president, Dwight Eisenhower, explicitly declared to be unproductive. Moreover, sermonizing provides a most awkward posture from which to work out a modus vivendi.

Foreign policy has become far more personalized, less institutional. A president guided by his personal vision is assumed to be in tune with the feelings of the people—the most appropriate guide to foreign policy. The judgments of any "establishment" count for far less. Commitments of earlier chief executives are not necessarily binding. And if one chief executive can pay scant regard to the commitments of his predecessors, so may the Congress disregard the commitments of the incumbent.

No doubt this represents a foreign policy that in some sense is more democratic, less hegemonial. But it is not consistent with the way that great powers are expected to conduct foreign relations—with steadiness and predictability. The United States has become a more inward-looking, self-oriented nation. The new American style has led to consternation as much among our friends as our foes. But the more basic question is whether such a style can sustain the American position over the long run.

President Carter brought to the Oval Office immense energy, idealism, an open mind and moral conviction. Certain accomplishments of his Administration—the Camp David accord between Egypt and Israel almost in its entirety and the Panama Canal Treaty to a lesser degree—were products of Jimmy Carter's special brand of moral fervor. (Whether it was politically prudent to accept the risks to the prestige of the American presidency embodied in the quest for Camp David is a different question.) Carter was, of course, building on the Nixon legacy in the normalization of relations with China as well as in the Middle Eastern peace process, but he added his own special touch. With the exception of China, all involved lesser powers. All were issues that could yield to enthusiasm and moral fervor. In the world of power politics—notably our relations with the Soviet Union and our European allies—the results of the Carter Administration were far less auspicious.

Carter early launched his old effort to lead the Soviet Union into the paths of righteousness through his human rights campaign. That was not, as the Soviets may have thought, a cynical propagandistic attempt to place the Soviet Union on the defensive. Rather it reflected a profound moral conviction. With respect to arms control, Carter immediately abandoned the Vladivostok accord and called for deep reductions—which would most immediately affect the Soviet ICBM force. This too reflected a conviction that his predecessors had not really tried hard enough to obtain arms reductions, and that the Soviets would be prepared to respond to his call. Both developments were rather bewildering to the Soviets. The Soviets work best when their opposite numbers, like themselves, are steady and predictable. Within a year the human rights campaign had been somewhat toned down and the SALT negotiations had been put back in the traditional mold. But considerable damage had been done in tearing up the accepted patterns of international relations.

In his relations with Europe, Carter early committed a capital blunder from which he never wholly recovered: the decision not to produce neutron weapons. It was a wholly personal decision, taken against the advice of all his agencies and in the face of prior understandings with the allies that had been worked out by his own underlings. In part it reflected his moral aversion to a new category of nuclear weapons; in part it reflected his irritation with his allies for their unwillingness to take the heat with him on a deployment decision. This last in itself reflected a lack of familiarity with the historic style of decision-making within the alliance. To be sure, Helmut Schmidt both distorted and exploited the events for his own domestic purposes. Yet, throughout the balance of the Carter presidency, Europeans continually worried about the strength and the reliability of the United States.

A string of actions—the cancellation of the B-1 bomber, the squeeze on defense spending, the sudden reduction in ship construction funds, the aborted attempt to remove our ground forces from Korea, the contination of negative comments on the Central Intelligence Agency—all reinforced the conviction that the Carter Administration was soft on defense. A series of setbacks—starting in the Horn of Africa, Yemen and Afghanistan, culminating ultimately in the disaster that was the fall of the Shah, followed by the seizure of the embassy and the hostage crisis and the Soviet invasion of Afghanistan—created for the Carter Administration a percepton of weakness that could not be dispelled. This had two immediate effects.

It led first to a slowly gathering storm on the American right, which ultimately came to view the developing world scene in apocalyptic terms. The vulnerabilities of our strategic forces were greatly exaggerated (which was subsequently to affect attitudes on the SALT II issue). The overall weakness of American and Western military strength was repeatedly stressed. By contrast, Soviet military strength was substantially overstated. Moreover, a portrait was drawn of a worldwide Soviet geopolitical offensive, which was alleged to be gathering momentum steadily. Indeed the very events, like Afghanistan, that in 1980 were taken as shrewd Soviet political moves in the quest for world domination, just a few years later were treated as serious Soviet setbacks.

But the public mood had been established. By the time the SALT II Treaty actually reached the Senate in 1979, there was an uphill fight for ratification—which would have occurred even in the absence of the invasion of Afghanistan in December. Unavoidable provisions of the treaty, which had been built into the respective strategic postures of the two sides, were treated as a source of American weakness or even a sellout. By this time the Carter Administration had scant credit to draw on in terms of its posture on defense and Soviet policy. That the Reagan Administration would adhere to the provisions of this fatally flawed treaty for at least five years confirms that its deficiencies were exaggerated at the time. Yet, overall, the episode leaves one with a single clear conclusion: only a president who enjoys a reputation for being strong on defense can be successful in obtaining Senate ratification of an arms control agreement with the Soviet Union.

VII

The Reagan Administration, it has frequently been observed, has no *specific* foreign policy monuments to its name. It does have one generic accomplishment, a vital one: it has restored America's international prestige and the perception of American power. In foreign policy, that is immensely important—and can compensate for a significant number of blunders elsewhere. Elsewhere, the Administration has had some modest achievements in Central America and in chastening the likes of Qaddafi, a serious defeat in Lebanon, and some success in easing tensions initially brought on by the Administration itself.

Like the Carter Administration, the Reagan Administration has been highly personalized—almost anti-institutional. In its early years, much of its foreign policy was set by the President's instincts, rhetoric and ideological convictions, that included a proclivity to blurt out half-remembered truths from *Reader's Digest.* Thus, it was early revealed that the Soviet leaders had been authorized to "lie, cheat and steal" to further their policy goals. Also disclosed was something called "the Ten Commandments according to Nikolai Lenin." The President was inclined to believe that his predecessors had failed to convey to the Soviets how tough America was and thereby to force them to abandon their base designs—just as Jimmy Carter had felt his predecessors had failed vigorously to pursue arms control. Moreover, the Administration's initial predilection was to believe that America had regularly been defrauded in arms limitation negotiations, and that any negotiations would have to be postponed until such time as America's military posture was restored. The net effect was to throw our relations with the Soviet Union during the first three years of the Administration into a chill as deep as the late 1940s.

These attitudes led to a rapid growth of alarm in Europe—and the Administration's reputation sank almost to the level of the Carter Administration's. It was partially rescued by an excellent, if belated, speech by the President in November 1981 on intermediate-range nuclear force negotiations. But early and indiscreet comments about nuclear war—and the tensions surrounding the prospective deployment of the Pershing II missile (ironically promised by the Carter

Administration to reassure the Europeans that America was not vacillating)—created steady problems for the United States. The President's inclination to view the Soviet Union as the source of all evil in the world also led to a last-minute effort to preclude construction of the Soviet natural gas pipeline, including the imposition of extraterritorial sanctions. The President had been warned against such an effort by his professionals, but those warnings were disregarded. In a sense it was the equivalent of Carter's plowing ahead in his neutron bomb decision. Eventually the Administration was obliged to back off.

The President's inclination to view all difficulties in terms of the East-West conflict, with a touch of Armageddon thrown in, has led to some exaggerated rhetoric. In Lebanon it was stated that the entire American strategic position in the Middle East would crumble if Syria's Assad and his Soviet sponsors had their way. It was followed by a precipitate withdrawal of American forces, and an even more precipitate dropping of the subject. In Central America, the importance of Nicaragua has similarly been overstated. While the Sandinista regime is a geopolitical nuisance which we wish would either disappear or moderate its behavior, it can scarcely be described as a major threat to the republic. It remains an impoverished country, almost like an Albania situated in the Western hemisphere. On strategic and pragmatic grounds we may reasonably seek to neutralize it as as potential base. But it ought not to be inflated into a substantial threat to our existence. And the rhetorical treatment of our henchmen in the region as the moral equivalents of James Madison and George Washington does seem a bit excessive.

The story of U.S.-Soviet relations during the first three Reagan years has been told sufficiently frequently that it need not be repeated here. Suffice it to say that the result was a chill that stirred Soviet paranoia and frightened our allies. That the Administration paid so small a price reflected the good luck of three succession crises in the Kremlin.

By 1984, the Administration had altered its original stance. The worldwide Soviet geopolitical momentum had become a thing of the past. Indeed, the Soviet Union might actually be "an economic basket case." Despite basically unchanged force ratios, the Administration, which at first had exaggerated Soviet military power, was now downplaying it. The window of vulnerability was forgotten. Moreover, the tone of public comment from Washington was reversed. Thus, the Administration was in a position to exploit such Soviet blunders as the heavy hand in Europe and the walkouts from Geneva, to say nothing of such adventitious developments as the shootdown of the Korean airliner. The President had also become seized with the desirability of arms control. His apparent eagerness combined with Soviet clumsiness helped turn international opinion in U.S. favor.

Whether for sustantive or political motives, the single most important ingredient in U.S.-Soviet relations has now become the negotiations over strategic defense. The President's original speech in March 1983 touched a sensitive nerve in light of Soviet experiences with Open Skies and the U-2, and the ABM negotiations with the Nixon Administration. Touching a sensitive nerve is not without utility; it certainly got the Soviets' attention. The Star Wars proposal was, however, another of those uncalculated ventures in personal diplomacy. Without any preparation, indeed without any realization, it attacked the prior foundation of the basic arms relationship. Our allies suddently learned that deterrence, on which security had rested, was to be replaced. Britain and France learned that their independent nuclear forces, into which they had poured a considerable portion of the national treasure, were to be rendered obsolete. We were all to learn rather suddenly that deterrence was "immoral" and "flawed." Such phrases seemed to have been borrowed from the Catholic bishops. While there may be considerable satisfaction in dishing the left by stealing its clothes, it hardly seems necessary to undermine the foundation on which Western security must rest for the foreseeable future.

An extraordinary measure of American capital is now being invested in generating support for Star Wars among our allies. All of this is being done in the name of a research program that its strongest proponents regard as far-out and a very high risk. In an R&D effort, the normal behavior is to allow the technical uncertainties to be resolved before one reaches conclusions about force structures or strategy. In this case, the results are being announced in advance: a revolutionary change in strategic doctrine and the strategic relationships between the superpowers.

Not only our allies were caught by surprise. Even the Department of Defense was unprepared. The President had been moved not by the advice of the technical experts within his Administration, but by some elderly outside advisers. Until the President's address, the Department of Defense had steadily been expressing skepticism (to put it mildly) regarding spaceborne defenses. The Department was then obliged to wheel about in order to support the commander in chief. Suddenly altering the presuppositions on which international relations are based—with scarcely any technical or policy advice and without any advance warning—is not the way for the leading Western nation to maintain a reputation for steadiness.

The superpowers have returned once again to Geneva. For the Soviet Union that provides unqualified benefits. In a negative sense, much of the unwanted baggage of recent years has been left behind: the shootdown of the KAL airliner, the walkouts from Geneva, the possible involvement in the attempt on the pope's life, the three succession crises with the concomitant weakness and blundering. In a positive sense, the Soviet Union is well situated to achieve either its substantive goals or its political and propaganda objectives. On substance, the Soviets would clearly like to impose constraints on American technology for strategic defense. If anything stirs Soviet paranoia it is American technology and its possible implications. Consequently, the Soviets will be prepared to pay a price to obtain such constraints—and to avoid reopening the strategic arms competition.

The President has said, however, that Star Wars technology will not be negotiated. In that event, the Soviets are even better situated to exploit the abiding differences between the United States and its allies—especially the continuing, if not growing, allied concern about any Star Wars deployment. The structure of the negotiations, with separate tables for intermediate-range nuclear forces and strategic defense, lends itself to such Soviet exploitation. The Soviets are already saying to the Europeans that substantial concessions can be obtained on the weapons that threaten Europe, but the Americans are blocking that outcome by their obstinacy over Star Wars.

At Geneva we shall be reading a sermon to the Soviets to which they are unprepared to listen. That sermon propounds the supposed mutual advantages of strategic defense that the Soviets specifically rejected. It is based upon a "strategic concept" that in fact is less a strategic concept than it is a rationalization for the President's vision. The concept in itself is fundamentally flawed. According to the concept, when strategic defenses are deployed a so-called second phase will ensue. But the prospect of deployment of strategic defense in that second phase precludes attainment of the first phase, the radical reduction of offensive arms. This is because the prospective deployment of strategic defenses increases the premium on missile throw-weight and on offensive forces generally—to overwhelm any prospective defense. The Americans are now prepared not only to read to the Soviets a sermon to which they will not listen, but one that is internally inconsistent.

In Geneva we must prepare for an extended period of siege warfare—with the Soviets well positioned to exploit differences between our allies and ourselves. The United States has suddenly—and without thinking the consequences through in advance—altered the foundations on which East-West relations have rested. That raises anew the question posed by de Tocqueville in the 1840s—whether a democracy can adequately persevere in a fixed design or await the consequences of its measures with patience.

What then of superpower relations in the future? No one can rely on the early disappearance of the ideological tensions and the arms competition that have characterized the last 40 years. If liberty is to survive outside the western hemisphere, outside North America, the special role of the United States cannot be significantly altered. Will the United States be able to sustain its unique responsibilities during the decades ahead? The portents are somewhat worrisome. What is required of a great power is stability of policy combined with steadiness in execution.

In the late 1960s and early 1970s, the national mood was one of self-criticism bordering on masochism. In the 1980s the national mood has become one of self-congratulation to the point of narcissism. If one is forced to choose, perhaps the latter is preferable. But no more than masochism can narcissism be a proper foundation for the steadiness and stability demanded of the leader of the West.

THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT

Mr. COHEN. Mr. President, the Senate now finds itself in the midst of the periodic ritual of raising the permanent public debt limit. It is largely a redundant exercise, since the additional money that we will grant the Federal Government the authority to borrow is already as good as spent. The quasi-annual increase in the debt limit has become so routine that few take it seriously—except perhaps as an opportunity for righteous posturing or as a juggernaut vehicle for otherwise hopeless amendments.

The Senate will soon raise the Federal Government's debt ceiling to over $2 trillion. The Senate must vote to raise the debt ceiling because the preceding votes of Congress have made the necessity inevitable. It is my hope, however, that we will note the grave significance of this impending necessity and take the opportunity to initiate action to halt the horrendous growth of the Federal debt. Indeed, we must do so. The amendment that my colleagues and I have offered, the Balanced Budget and Emergency Deficit Control Act, provides such an opportunity.

Thomas Jefferson considered the accumulation of debt by one generation to be a form of "taxation without representation" on the young and unborn. In his words:

> The principle of spending money to be paid by posterity under the name of funding, is but swindling futurity on a large scale . . . . We shall all consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves . . . .

The current policy of funding Government through massive Federal borrowing is indeed "swindling futurity on a large scale." Like a deferred tax, the addition to the national debt, year after year, of huge Federal budget deficits imposes the greatest costs on future taxpayers—our children. The mountainous debt we are amassing will compel our children to bear a great burden in debt service and will inflict insidious harm upon the economy that they will inherit. It is a most selfish and shortsighted legacy. It is fiscal child abuse.

To a degree, we all have shared in the perpetuation of the practices which brought us to our current fiscal straits. We are all a part of a system and a process possessed of tremendous inertia. We can ill afford, however, to continue merely to ride the misguided momentum of the Federal budget process. Nor can we afford to waste our time and energies in debating whom is to blame. Rather, we must devote our full attention and efforts to reasserting congressional control over the Federal budget and reestablishing fiscal equilibrium. We must all share in seeking a solution.

The record of the recent proceedings of this body is replete with denunciations of our Federal Government's dangerous fiscal imbalance and the seeming inability of the U.S. Congress to do anything about it. The oracles of conventional wisdom and public opinion polls would have us believe that although the American people fear Federal budget deficits, they will abide neither reductions in Government services nor tax increases. Is it really beyond the wherewithal of Congress to address the problem of the Federal Government's precarious fiscal imbalance? No, it cannot be so. It is only political nearsightedness which makes it seem that Congress is somehow prevented, by those whom it represents, from serving the best interests of the represented.

I, for one, refuse to believe that the Congress is incapable of fulfilling one of its most basic obligations, the preservation of the Nation's well-being through the maintenance of sound fiscal policy. Certainly, Congress weilds the authority and the means to address the problem. It lacks, however, the resolve to employ them.

The pending amendment would enforce upon the Congress the resolve necessary to bring the Federal budget back into balance. The Balanced Budget and Emergency Deficit Control Act would amend the budget process to establish binding ceilings for the limitation of Federal budget deficits in each of fiscal years 1986 through 1991. Under the act, the Federal budget deficit for fiscal year 1986 could not exceed $180 billion—approximately the deficit assumed in the budget resolution for fiscal year 1986. In successive years, the act would decrease the deficit ceiling to zero in five equal steps. The measure would require that the Federal budget be balanced in fiscal year 1991.

More importantly, the Balanced Budget and Emergency Deficit Control Act sets forth the means by which Federal budget deficits would be held to within the prescribed limits. Under this legislation, for each of fiscal years 1986 through 1991, the President would be required to propose, and the Congress to adopt, a budget resolution which provides for a deficit no greater than the limit established by the act. In the event that projections show that the actual Federal budget deficit will exceed the maximum deficit limit for that fiscal year as established under the act, this legislation would require the President to withhold Federal expenditures as necessary to constrain the budget deficit to within the established limit. Half of the necessary reductions would be achieved through eliminating part or all of automatic spending increases in entitlements and half through withholding discretionary budget authority by a uniform percentage across the board. The President could also then propose to Congress an alternative plan for eliminating the deficit overage. The Budget Committees of the House and Senate could subsequently, either in response to the President or at their own initiative, report legislation as an alternative to across-the-board curtailment of expenditures, but which would also accomplish the same end.

Provisions of the act are waived in any fiscal year in which a declaration of war is in effect. Further, the President may delay the curtailment of Federal spending for 30 days if the country is in or entering a recession. In such an event, the President could propose to Congress alternatives to across-the-board spending curtailment, including suspension of the provisions of the act. However, any change in this emergency legislation must be adopted by both Houses of Congress and signed by the President.

The Balanced Budget and Emergency Deficit Control Act would revise the congressional budget process. It does not contain a prescription as to which programs should bear the brunt of spending cuts or which taxes should be raised. A proposal to change the budget process should not address such issues. These are matters to be determined through the process not in establishing the process.

The ink was scarcely dry on this amendment, however, before Senators began to feel pressure—or the irresistable urge—to exempt certain Federal programs from the automatic spending restraint provisions of the proposed amendment. But this is exactly the sort of business-as-usual politics has brought us huge Federal budget deficits year after year, and which has stymied every effort to address the problem. One thing leads to another as everyone succeeds in protecting favored programs until the public interest is buried by special interests. If the Congress is ever to break the budget deficit habit, business as usual must yield to getting down to business.

First things first. There will be ample time and opportunity to determine the nature of any necessary spending reductions or tax increases during each budget cycle. First, however, let us put in place a budget process which will enable the Congress to fulfill its constitutional responsibility—its responsibility to make spending and revenue decisions whereby the Federal Government can remain within its means.

The pending amendment would put in place an extraordinary and effective mechanism for enforcing fiscal restraint upon the Congress. The limits it sets forth are real. Its requirements would not be easily circumvented. The amendment compels the Congress to move toward fiscal balance, but provides for deficit reduction even if the Congress does not act. It would hold our feet to the fire by holding over us the prospect of automatic deficit reductions if we are unable to otherwise provide for their reduction. Some in this body are no doubt discomforted by the prospect of the processes that this legislation would—under certain circumstances—set in motion. We should be reminded and reassured, however, that if the Congress merely does what it should in any case, those processes will never be invoked.

The act does not specify which policy options the Congress should emply to close the gap between Federal spending and revenues, but it would commit the Congress to closing that gap. It neither guarantees nor precludes tax inceases. It does not favor any part of the Federal budget. It would, however, guarantee an end to the paralysis that has afflected the Congress in its attempts to move the Government toward fiscal balance.

This legislation is an emergency measure addressed to the fiscal crisis that this Nation has brought upon itself. This Nation is facing what can rightly be termed an emergency which demands commensurate action on the part of the U.S. Congress. The proposed legislation may seem to some to be harsh medicine. Unfortunately, the circumstances in which we currently find ourselves demand nothing less.

CONDOLENCES TO FAMILY OF ARKADY KATAKOV

Mr. CHAFEE. Mr. President, I want to offer my condolences to the family of the Soviet diplomat, Arkady Katakov, upon his tragic death at the hands of terrorists in Lebanon. Once again, a diplomat has been struck down in the line of duty. Once again, a senseless act has taken the life of a human being.

The Middle East continues to be a tinder box of competing emotions. Innocent people are plucked off the street and held captive, or worse as in this case, by this sect or that, for some unfathomable reason. One of our own citizens, U.S. Embassy official William Buckley, is rumored to have been murdered by his captors in retaliation for the Israeli raid on the Palestine Liberation Organization. We all pray that this is not so.

In the final analysis, however, laying aside all the reasons and rationale given by these barbarians, another life has been snuffed out senselessly. In this case a Soviet, but it could have been an Englishman or a Belgian—it makes no difference. Any act of terrorisim, regardless of the nationality of the victim, is a crime against all humanity.

Mr. President, I only hope that soon we can bring to justice the people that carry out these horrible crimes.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, I am advised that there is still a caucus going on with about half of the Senators, and we know that other Senators on our side are meeting on this amendment.

It would seem to me that the best course of business might be to recess until about 12:30 p.m.

I would state that it is my hope that at 12:30 p.m. we can quickly move to the Miller nomination, James Miller, to be Director of the Office of Management and Budget.

I assume there will be a rollcall vote on that.

I hope we can work out some agreement where we would set aside the pending amendment, bring up the Byrd-Chiles amendment, have a vote on that amendment, and then go back to the pending amendment, and then there may be, I hope, not any additional amendments but, if there are, dispose of those additional amendments and still finish all that some time early afternoon.

There may be plans afoot to undermine those great ideas. But in any event, our present intention is to complete action today. There will be votes of one kind or another.

RECESS UNTIL 12:30 P.M.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate stand in recess until 12:30 p.m. today.

There being no objection, the Senate, at 11:37 a.m., recessed until 12:30 p.m., whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. Gorton].

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is declared closed.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, I hope we can move to the nomination of James C. Miller III, to be Director of OMB. A rollcall vote will occur on his confirmation.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. President, while we are waiting to hear from the distinguished minority leader, I ask unanimous consent that there be extension of morning business until 12:45 p.m. with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ASPARTAME

Mr. DIXON. Mr. President, for some time there has been some debate regarding aspartame, a sweetener sold by the NutraSweet division of the Illinois-based G.D. Searle & Co. That debate has addressed both the FDA approval of the product, and questions about its safety. In addition to the discussion of this issue in the media and on Capitol Hill, the debate was also brought into Federal court by aspartame's critics.

Now the verdict is in. On September 24, a three-judge panel of the U.S. Court of Appeals held unanimously that the FDA had acted properly in approving aspartame, and that aspartame's critics had not presented any new scientific evidence questioning FDA's decision.

The unanimous opinion was written by Judge Abner Mikva whom I have known for more than two decades since we served together in the Illinois State Legislature. Judge Mikva is a man of deep intelligence and great thoroughness. Moreover, his service in the State legislature and in the Congress was marked by his intense devotion to consumer issues, and an unyielding concern for public health and safety.

The judge's opinion raises and answers the various questions that have been posed by aspartame's critics. He writes with clarity and finality about this issue. To help put the issue to rest, I ask unanimous consent to include the court of appeals decisions in the Record.

There being no objection, the decision was ordered to be printed in the Record, as follows:

(Notice: This opinion is subject to formal revision before publication in the Federal Reporter or U.S.App.D.C. Reports. Users are requested to notify the Clerk of any formal errors in order that corrections may be made before the bound volumes go to press.)

[U.S. Court of Appeals for the District of Columbia Circuit, No. 84-1153]

COMMUNITY NUTRITION INSTITUTE, et al., PETITIONERS, *v.* DR. MARK NOVITCH, ACTING COMMISSIONER, FOOD AND DRUG ADMINISTRATION, RESPONDENT, G.D. SEARLE & CO., INTERVENOR

[Petition for Review of an Order of the Food and Drug Administration, No. 84-5253]

COMMUNITY NUTRITION INSTITUTE, et al., APPELLANTS, *v.* DR. MARK NOVITCH, ACTING COMMISSIONER, FOOD AND DRUG ADMINISTRATION, APPELLEE

(Bills of costs must be filed within 14 days after entry of judgment. The court looks with disfavor upon motions to file bills of costs out of time.)

Appeal from the United States District Court for the District of Columbia

(D.C. Civil Action No. 83-03846)

Argued January 25, 1985.
Decided September 24, 1985.

James S. Turner for petitioners/appellants.

David A. Levitt, Attorney, Department of Justice, with whom *J. Patrick Glynn*, Director, Office of Consumer Litigation, Department of Justice, and *Thomas Scarlett*, Chief Counsel, Food and Drug Administration, were on the brief, for respondent/appellee.

James R. Phelps and *Robert A. Dormer* were on the brief for intervenor G.D. Searle & Co.

Before: MIKVA, EDWARDS and STARR, *Circuit Judges*.

Opinion for the Court filed by *Circuit Judge* MIKVA.

MIKVA, *Circuit Judge*: These consolidated cases arose out of the Food and Drug Administration's ("FDA" or the "agency") approval, without a public hearing, of the food additive aspartame for use in liquids. Aspartame is an artificial sweetener more commonly known as Nutra-Sweet, when used as a food additive, or as Equal, when used as a tabletop sweetener.

The underlying issue here is the FDA's action in approving the use of aspartame in liquids. Case No. 84-5253 is an appeal from the District Court's dismissal of a claim seeking to compel the FDA to conduct a hearing on aspartame, as well as a request to stay the approval pending the hearing, for lack of jurisdiction. In case No. 84-1153, we review the FDA's regulation approving the use of aspartame in liquids. For the reasons discussed below, we affirm the decisions of both the District Court and the FDA.

I. BACKGROUND

Aspartame, a combination of two amino acids, phenylalanine and asparitic acid, was discovered and formulated by G.D. Searle & Co. ("Searle"), intervenor in this case, in the early 1970's. Because aspartame is approximately 180 times as sweet as sugar, it is an effective sugar substitute for those who wish to reduce their caloric intake or who must limit their consumption of sugar. Since the FDA issued its approval, aspartame is used in nearly all major brands of diet soft drinks, either in a blend with saccharin or as the sole sweetener ("wet use"). Aspartame is also used as a sweetener in a variety of non-carbonated beverage mixes and foods ("dry use"). We note that the dry use of aspartame, previously approved by the FDA, *see* 39 Fed. Reg. 27317 (July 26, 1974), is not on appeal here. While the proceedings surrounding the approval for dry use are helpful to our analysis of the instant appeal, we review here only the actions of the FDA and the District Court concerning the wet use of aspartame.

A. *Approval of Dry Use*

In March 1973, Searle filed a petition with the FDA for the approval of aspartame for use in certain dry foods such as powdered beverages, desserts and dessert toppings, and chewing gum as well as for use as a tabletop sweetener ("dry use"). 38 Fed. Reg. 5921 (Mar. 5, 1973). In July 1974, aspartame was approved for the requested dry uses, provided that two warning notices appear on products containing aspartame. 39 Fed. Reg. 27317 (July 26, 1974). The first warning is: "Phenylketonurics: Contains Phenylanine 6." 21 C.F.R. § 172.804(e)(2). This warning is necessary because a high plasma level of phenylalanine is associated with mental retardation in a small number of individuals with a genetic disorder that results in a lessened ability to metabolize phenylalanine. The second required statement cautions that aspartame for table use is not to be used in cooling or baking 21 C.F.R. § 172.804(e)(3).

Two parties lodged objections to aspartame's dry use with the FDA. Dr. John Olney ("Olney") contended that the aspartic acid moiety of aspartame could cause brain lesions and neuroendocrine disorders in animals; therefore, according to Olney, aspartame posed a risk to human infants and children. 46 Fed. Reg. at 38285. James F. Turner, Esq. ("Turner"), who is counsel for petitioners in the instant cases, contended that phenylalanine moiety might lead to mental retardation. *Id.* Neither Olney nor Turner (collectively, the "objectors") are parties to the instant proceeding. The FDA granted the objectors' request for a hearing. Subsequently, the objectors and the FDA agreed to substitute a three member Public Board of Inquiry (the "Board") for the traditional hearing conducted by an Administrative Law Judge, as permitted by FDA regulations. *See* 21 C.F.R. Part 13. The Board was chosen by the FDA from a list of nominees submitted by the objectors. 46 Fed. Reg. 38286.

Before the hearing was convened the FDA received reports that raised serious questions about the safety of aspartame and the methods by which it had been tested. In 1974, Searle submitted to the FDA a report of a study in which rats fed a principal degradation product of aspartame, called diketopiperazine ("DKP"), developed uterine polyps. Four teams of pathologists, including an FDA team, investigated the results to determine if the polyps revealed a safety hazard in connection with the consumption of aspartame. In addition, an FDA inspector filed reports that were critical of Searle lab practices, raising doubts as to the authenticity of Searle's reported data. An investigative task force appointed by the FDA found extensive problems with the quality and reliability of Searle's research practices and test results relating to aspartame as well as to seven other products. The task force reported that the Searle research practices were so severely flawed that the test results were unreliable. As a result, in December 1975, the FDA stayed its approval of aspartame for dry use, *see* 40 Fed. Reg. 56907 (Dec. 5, 1975), and delayed convening the Board until Searle's aspartame safety studies could be audited.

Following the stay, fifteen of the Searle studies were selected for an audit as to authenticity, *i.e.*, that the tests and their results were neither faked nor misrepresented. The audit did not address the planning or execution of the studies or the correctness and meaning of the conclusions to be drawn from the studies. Twelve studies were audited by Universities Associated for Research and Education in Pathology (UAREP), a non-profit consortium of university pathologists. 46 Fed. Reg. at 38286. UAREP's inquiry was limited to "the question of whether the experiments were carried out according to protocol plans and the accuracy and reliability with which the experiments were performed and reported to FDA." *Id.* at 38302. The FDA reviewed the remaining three studies and found them to be authentic. In addition, the FDA examined UAREP's report and found that the test results described were authentic.

The Board was convened in January 1980. During three days of public hearings, the Board considered the following questions:

1. [W]hether the ingestion of aspartame, either alone or together with glutamate, poses a risk of contributing to mental retardation, brain damage, or undesirable effects on neuroendocrine regulatory systems[.]

2. [W]hether the ingestion of aspartame may induce brain neoplasms (tumors) in the rat[.]

3. Based on answers to the above questions, (a) Should aspartame be allowed for use in foods, or, instead should approval of aspartame be withdrawn?

(b) If aspartame is allowed for use in foods, *i.e.*, if its approval is not withdrawn, what conditions of use and labeling and label statements should be required, if any?

44 Fed. Reg. at 31717. At the close of the hearings, the Board recommended that approval of aspartame be withdrawn until further study to establish whether or not a relationship existed between the ingestion of aspartame and brain tumors. As a result of this recommendation, the Board did not respond to the labeling question. The Board did agree with the FDA's determination that aspartame posed no risk of causing brain damage or endocrine dysfunction in people who use it. 46 Fed. Reg. 38288-89.

All parties to the Board's proceedings filed exceptions to its decision pursuant to 21 C.F.R. § 12.125. On July 24, 1981, the FDA issued a final decision, concurring with the Board's finding that aspartame would cause no brain damage or endocrine dysfunction, but overruling the Board's conclusion regarding brain tumors. Consequently, the FDA's decision reinstated approval of aspartame for dry use. 46 Fed. Reg. 38285. None of the parties to the proceeding appealed the FDA's decision to the Court of Appeals.

B. *Approval for Wet Use*

In October 1982, Searle filed a petition to amend the aspartame food additive regulation to include the wet use of aspartame. 47 Fed. Reg. 46140. The petition referenced, *inter alia*, the scientific data contained in the petition for approval of dry use. 48 Fed. Reg. at 31378. In July 1984, the FDA issued a final rule permitting aspartame to be used in carbonated beverages and carbonated beverage syrup bases. *Id.* at 31376 (July 8, 1983) (amending 21 C.F.R. § 172.804 by adding § 172.804(c)(6)).

On August 8, 1983, the Community Nutrition Institute ("CNI"), Woodrow C. Monte, Ph.D. ("Monte") and Turner filed objections to the rule, and requested both a stay and a public hearing. The FDA denied the request for the stay. 48 Fed. Reg. 52899 (Nov. 16, 1983). On December 9, 1983, the Arizona Dietetic Association ("Arizona") and the Central Arizona District Dietetic Association ("Central") filed a Joinder of Petition, indicating they too objected to the rule. (We refer, hereafter, to these five individuals or organizations as "Appellants.") Also on December 9, Monte filed a supplement to his objections. On February 17, 1984, the FDA denied their objections and requests for a hearing on the ground that the objections failed to raise any genuine or substantial issue of fact. 49 Fed. Reg. 6672 (Fed. 17, 1984). On April 17, 1984, four of the objectors filed a petition for review of the FDA's denial of the hearing and interim stay. We review the actions of the FDA in Section III below.

C. *District Court Proceedings*

On December 23, 1983, while the request for a hearing was still pending before the FDA, the appellants also filed suit in District Court seeking an order requiring the FDA to hold a hearing and to stay the regulation until the hearing was completed. Thereafter, on January 24, 1984, the appellants filed a motion to stay the effective date of the approval of aspartame for both wet and dry use. The basis for the motion was a series of consumer complaints regarding adverse health effects caused by aspartame as well as new evidence from medical researchers calling into question the safety of aspartame. After a hearing, the District Court denied the motion, finding that appellants' evidence was "anecdotal, unsubstantiated by direct scientific evidence and contains much that is hearsay." *Order*, Jan. 27, 1984.

On February 15, 1984, the appellants again filed a motion for a temporary restraining order supported by additional consumer complaints, affidavits describing issues that had been raised and considered by the Board in the dry use proceeding, and three letters from medical researchers commenting on various aspects of aspartame. In response to this second motion for a stay, the FDA filed a motion to dismiss, asserting that the district court lacked jurisdiction since judicial review of agency action or inaction was appropriate only in the Court of Appeals. The FDA also filed an Opposition accompanied by supporting affidavits, explaining that the FDA had reviewed the data provided by the appellants, but had found no pattern of complaints that would indicate that aspartame was unsafe.

Two days later, on February 17, 1984, the FDA denied the objectors' request for a hearing. Thereafter, on March 22, 1984, the District Court denied the second motion for a temporary restraining order and granted FDA's motion to dismiss the complaint on the ground that jurisdiction was lacking. The District Court concluded that since the "FDA [had] entered a final ruling on plaintiffs' request for an oral hearing and denied the hearings sought by the plaintiffs," only the Court of Appeals had jurisdiction. *See* Memorandum Order of Dismissal at 2.

II. THE DISTRICT COURT CASE: JURISDICTION

At issue in Case No. 84-5253 is whether the District Court erred in determining that it lacked jurisdiction once the FDA rejected Appellants' request for a hearing. In spite of the Food, Drug & Cosmetic Act's commitment to exclusive review in the Court of Appeals of final agency orders, appellants contend that policy dictates permit the District Court to retain jurisdiction over case even where the predicate for jurisdiction, here the lack of a final order, has evaporated. The policies underlying Appellants' argument are that first, a contrary holding would permit an agency to delay review by simply withholding final action until just before a district court holds a hearing; under this scenario, the FDA could lengthen the time for review of its action by the amount of time it takes to file in the District Court and obtain a hearing. Second, appellant argues that where there is no record to review, it is appropriate for a district court to have review in the first instance in order to develop the record.

We agree that the District Court did not have jurisdiction to review what had become a final order; by statute, such jurisdiction lies exclusively in the Court of Appeals. However, we find that the District Court erred in asserting jurisdiction over the case even before the FDA issued a final order; the FDA's ruling had no effect on the District Court's jurisdiction. Under the law of this circuit, the District Court *never* had jurisdiction over the agency's delay in ruling on the request for a hearing, neither before nor after the FDA denied the hearing request.

The question of where jurisdiction lies over interlocutory appeals from agency action (or inaction) has occasioned some anomalous results in the past. *Compare, e.g., Association of Nat'l Advertisers v. FTC*, 627 F.2d 1151, 1157 (D.C. Cir. 1979), *cert. denied*, 447 U.S. 921 (1980) (District Court had general federal question jurisdiction under 28 U.S.C. § 1331 over nonfrivolous constitutional claims of agency bias and prejudgment); *Public Citizen Health Research Group v. Commissioner, Food & Drug Administration* 740 F.2d 21, 34-35 (D.C. Cir. 1984) (original jurisdiction of District Court not questioned, Court of Appeals remands to District Court for further evidence) *with Potomac Electric Power Co. v. ICC*, 702, F.2d 1026, 1032-33 (D.C. Cir. 1983) (initially brought in Court of Appeals, jurisdiction upheld); *MCI Telecommunications Corp. v. FCC*, 627 F.2d 322 (D.C. Cir. 1980) (same). These inconsistent results signaled the need for close examination of the question of jurisdiction over interlocutory appeals. *See Telecommunications Research and Action Center v. FCC ("TRAC")*, 750 F.2d 70 (D.C. Cir. 1984).

In *TRAC*, this court fully resolved the issue, holding that

"Because the statutory obligation of a Court of Appeals to review on the merits may [pursuant to the All Writs Act] be defeated by an agency that fails to resolve disputes, a Circuit Court may resolve claims of unreasonable delay in order to protect its future jurisdiction."

750 F.2d at 76 (citations omitted). The jurisdiction to review agency inaction lies exclusively, in this court. *Id.* at 77. We affirm the District Court's dismissal of the request for the hearing because that case could be heard only in this court.

Although jurisdiction over claims of nonfinal agency action or of agency inaction lies in this court, we exercise this jurisdiction reluctantly. Mandamus is an extraordinary remedy; we require similarly extraordinary circumstances to be present before we will interfere with an ongoing agency process. In assessing claims of agency delay, we are guided by a "rule of reason." 750 F.2d at 80. While there is no absolute definition of what is a reasonale time, we know that it may encompass "months, occasionally a year or two, but not several years or a decade." *See MCI Communications Corp. v. FCC*, 627 F.2d 322, 340 (D.C. Cir. 1980). In the past, unreasonable delays have been found where the agency had not acted in six years, *see Abbott Loboratories v. Harris*, 481 F. Supp. 74, 76-77 (N.D. Ill. 1979), and after eight years, *see Potomac Electric Power Co. v. ICC*, 702 F.2d at 1033-35.

The delay complained of in the instant case was five months. Our precedents suggest that this is not an unreasonable delay. In addition, we note that the FDA's procedures, designed to be thorough and well-reasoned, do not permit quick decisions. A request for a hearing required the agency to examine the record closely, because hearings are appropriate only where material objections to the FDA's actions exist. *See Pineapple Growers Ass'n v. FDA*, 673 F2.d 1083, 1085 (9th Cir. 1982); *Pactra Industries v. Consumer Product Safety Comm'n*, 555 F. 2d 677, 684 (9th Cir. 1977); *Dyestuff Chemicals, Inc. v. Flemming*, 271 F.2d 281, 286, (8th Cir. 1959), *cert. denied*, 362 U.S. 911 (1960). Requests for hearings must be accompanied by objections "specifying with particularity the provisions of the order deemed objectionable, stating reasonable grounds therefor." 21 U.S.C. §348(f) (1982). The FDA has promulgated regulations that require the FDA to take a hard look at the objections. *See* 21 C.F.R. §12.24(b) (1)-(3). While the FDA's denial of the hearing obviates our need to assess whether the instant case meets the mandamus standard, we could not say that a period of five months to accomplish the statutory mandate approached an "excessive" period.

In addition to a ruling on the request for a hearing, Appellants also sought a stay of the effective date of the rules approving both wet and dry use of aspartame until the hearing was held. Appellants argue that the District Court's jurisdiction over the stay continues even after the FDA issued its denial of the request for a hearing. As with the request for a hearing, we find that the District Court never had jurisdiction over the request for a stay. Stays of administrative action are properly sought in this court under a writ of mandamus. *See In re GTE Service Corp.*, 762 F2d 1024, 1026 (D.C. Cir. 1985). The exclusive grant of jurisdiction to the Court of Appeals means that mandamus to obtain a stay also is available only in this court. *See TRAC*, 750 F.2d at 78-79. Accordingly, we affirm the judgment of the District Court dismissing the request for a stay for want of jurisdiction.

III. THE FDA CASE

At issue in Case No. 84-1153 is whether the FDA acted within its discretion under the Food, Drug, and Cosmetic Act in denying Appellants a hearing on the possible dangers of aspartame in carbonated soft drinks and other "wet" uses. Under 21 U.S.C. § 348(g)(1), any person adversely affected by the FDA's denial of a hearing request may, within sixty days, petition for review of the denial in the Court of Appeals. The Commissioner denied Appellants' request for a hearing on February 22, 1984, 49 Fed. Reg. 6672, and they filed a petition for review of the FDA's denial of a hearing in this court on April 17, 1984. Because Appellants have filed a timely petition for review, their appeal is properly before us. Appellants contend that Food, Drug & Cosmetic Act mandates a hearing when any interested party objects to the FDA's approval of a food additive as safe for a particular use. Appellants also argue that, even if an interested party is only entitled to a hearing upon a showing that a material issue of fact exists, they have met that burden.

We find that the FDA did not exceed its lawful discretion in denying a hearing to Appellants after the agency reviewed the record. The appellants raised no material objections to the safety of aspartame that would require the FDA to grant a hearing. Our review of the agency's action is limited to an evaluation of whether it has given adequate consideration to all rlevant evidence on the record. We conclude that the FDA properly denied a hearing after finding that petitioners have raised no material issue regarding the safety of the wet use of aspartame.

At the outset it is essential to distinguish the proper subject matter of our review of the agency's action from the scope or intensity of our review. Our delineation of the proper subject matter is determined by the procedural history of the FDA's aspartame approval proceedings. Appellants raise a number of objections to the safety of the artificial sweetener. However, some of these objections overlap with or are identical to challenges to the safety of aspartame that the FDA has already considered and rejected when it approved aspartame for dry use.

These issues may not be reopened. Since the only issue here is whether the FDA properly denied a hearing on the liquid uses of aspartame, only that evidence which bears on the dangers arising specifically from wet use is relevant to the FDA's determination that no material issues of fact existed. The agency's conclusions concerning the safety of the dry use of aspartame, except to the extent that new evidence suggests that the FDA may not rely on these prior findings in its deliberations on wet use, may not be raised again in this proceeding in the interests of administrative finality and judicial economy. *See Costle v. Pacific Legal Foundation*, 445 U.S. 198, 213, 217 (1980) (EPA permitted to condition an adjudicatory hearing, after its decision to extend a permit, on "identification of a disputed issue of fact by an interested party"); *Cooper Laboratories, Inc. v. Commissioner, Federal Food and Drug Administration*, 501 F.2d 772 (D.C. Cir. 1974). Thus we separate out those issues and that evidence which bear on the safety of wet use from the questions and data that were necessarily decided when the agency approved aspartame for dry use. The appellants may not now bring these dry issues before the FDA as reasons to require a hearing.

Having limited the issues which the FDA was required to consider before denying a hearing to Appellants, we next turn to the standard of review to apply in determining whether the FDA's denial of a hearing on that evidence constituted an abuse of agency discretion. Our scope of review, the exactitude of the fit that we require between the agency's conclusions and the germane facts it investigated, is necessarily deferential. The judiciary is ill-equipped to conduct investigations and analyze facts of the type involved in this case. Because of the agency's expertise and broad discretion in ensuring the safety of food additives, we cannot substitute our judgment for the agency's. The Commission's finding that there were no material issues of fact can be overturned only if an examination of the record discloses that material issues of fact are apparent to any reasonable examiner. *Smith-Kline Corp.* v. *Food and Drug Administration*, 587 F.2d 1107, 1119 (D.C. Cir. 1978) (record must disclose genuine issue of fact to be resolved in order for court to order hearings); *Greater Boston Television Corp. v. FCC*, 444 F.2d 841, 851 (D.C. Cir. 1970), *cert. denied*, 403 U.S. 923 (1971) (judicial review of agency's denial of hearing request need only "assure that the agency has given learned consideration to all the material facts and issues"). Mere differences in the weight or credence given to particular scientific studies, or in the numerical estimates of the average daily intake levels of aspartame, are insufficient. The court will not substitute its judgment on highly technical and factual matters for that of the agency charged with the supervision of the industry. *See Udall v. Tallman*, 380 U.S. 1 (1965).

A. *The Statutory Provision for a Hearing*

Under such limited scope of review and a delineation of the issues upon which the review must be focused, we conclude that Appellants have failed to demonstrate that the FDA abused its discretion by denying a hearing. The FDA's decision to approve a food additive is governed by Section 409 of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 348. Under this statute, a new food additive is to be approved if a "fair evaluation" of the data indicated the safety of the ingredient *Id.* at § 384(c)(3). FDA has interpreted "safety" to mean "that there is a reasonable certainty in the minds of competent scientists that the substance is not harmful under the intended conditions of use." 21 C.F.R. § 170.3(i). Appellants argue that the Act mandates a nondiscretionary grant of a hearing by the FDA upon the objection of an interested party. That is not what the statute says. A hearing is only available if petitioners raise a material issue in their objections. The statute provides that any person adversely affected by the approval or rejection of a food additive petition may within thirty days of the order file objections and request a hearing. 21 U.S.C. § 348(f)(1). However, the statute requires that the objections specify with particularity the provisions of the order deemed objectionable and state reasonable grounds for the objections. The Secretary shall hold such hearing *for the purpose of receiving evidence relevant and material to the issues raised by such objections.* If the agency determines that no hearing is necessary, the regulation approving the food additive becomes final.

It is well established that the statutory grant of a public hearing is not absolute. A request for a hearing must contain evidence that raises a material issue of fact on which a meaningful hearing might be held. *Pineapple Growers Ass'n v. FDA*, 673 F.2d 1083, 1085 (9th Cir. 1982). In addition, the issue of fact raised by the objecting party must go to the legality of the agency's order. *Id.* at 1085, quoting *Dyestuffs and Chemicals v. Flemming*, 271 F.2d 281, 286 (8th Cir. 1959), *cert. denied*, 362 U.S. 911 (1960) ("Where the objections stated and issues raised thereby are, even if true, legally insufficient, their effect is a nullity and no objections have been stated.") The FDA's own regulations reflect this requirement that a challenge to an agency's factual conclusion must present a live controversy and affect the legality of the agency's determination to act in a certain way. *See Weinberger v. Hynson, Westcott & Dunning, Inc.*, 412 U.S. 609, 620-22 (1973). In 21 C.F.R. § 12.24 (b), the FDA requires that a person seeking to justify a hearing on objections to approval of a food additive must show 1) the existence of a genuine and substantial issue of fact to be resolved at a hearing; 2) that the factual issue can be resolved by available reliable evidence; 3) the objecting party's data and information, if proved, would be sufficient to resolve the factual issue in the way sought by the objecting party; and 4) resolution of the factual issue in that way would suffice to warrant the relief requested. If the objecting party fails to make these threshold showings, the FDA denies the hearing request.

B. *The FDA's Examination of the Evidence of the Dangers of Aspartame for Wet Use*

As pointed out above, Appellants may obtain a hearing on issues decided during the approval of aspartame for dry use only if they introduced new evidence suggesting that reliance on those issues in the context of wet use is erroneous. Appellants contend that they have introduced this new evidence on the questions of: 1) the relationship between the ingestion of aspartame and brain lesions, mental retardation, and mental instability; 2) the availability of new and more sophisticated tests for the formation of the toxic chemical nitrosamine as a result of aspartame ingestion; 3) the increase in average daily consumption of aspartame resulting from its use in carbonated beverages; 4) the carcinogenicity of aspartame; and 5) the labeling requirements for aspartame. Our review of each of these contentions leads us to conclude that Appellants have not introduced any new evidence suggesting that the FDA, in its approval of aspartame for wet use, abused its discretion in relying on tests and studies conducted previously in connection with the effects of consuming aspartame in dry uses.

1. *Brain Damage.* Appellants argue that there is a material issue of fact on whether the approval of aspartame for carbonated beverage use would increase the level of phenylalanine in blood plasma, which would in turn cause changes in the production of the brain's neurotransmitters. Petitioners then speculate that these changes might lead to aberrations in behavior. In support of this argument. Appellants cite letters from Dr. Richard Wurtman to the director of the Bureau of Foods at the FDA. Two effects concerned Dr. Wurtman. First, his data indicated that large doses of aspartame given to humans and rats after they had been deprived of food increased the concentration of two amino acids, phenylalanine and tyrosine, which control production of two brain neurotransmitters, norephinephrine and dopamine. However, Dr. Wurtman did not demonstrate that these biochemical changes produced behavioral changes in humans or animals. In addition, another study, cited by the FDA in the preamble to the carbonated beverage approval, 48 Fed. Reg. 31379, found that high doses of aspartame did not significantly influence the amounts of either neurotransmitter in the brains of the subjects. Second, Dr. Wurtman was concerned that aspartame would interfere with the production of another neurotransmitter, serotonin, that normally occurred when sated rats were fed large amounts of carbohydrates. Dr. Wurtman asserted that aspartame's effect on neurochemical activity in the brain had previously been estimated without consideration of the effect of carbohydrates. Dr. Wurtman maintained that aspartame's effects could be "markedly amplified" when the sweetener was ingested with carbohydrates that consumers probably would consume at the same time as carbonated soft drinks. However, Dr. Wurtman failed to provide empirical support for his hypothesis that aspartame interferes with carbohydrates' usual effect of inducing serotonin production. The Commissioner evaluated this study, and concluded that the agency had fully evaluated all the issues about the safe use of aspartame in carbonated beverages.

Appellants also cite an assertion by Dr. Paul LeChance that the increased use of aspartame resulting from the addition to carbonated beverages may result in a narrowed "margin of safety between what could be labeled psychological levels of amino acids in a population known to consume high protein diets, and pharmacological levels with the possibility of exerting excitatory [sic] over time, and possible brain lesions. . . ." The FDA concluded that "an adequate margin of safety exists between the levels of phenylalanine [a component of aspartame] known to produce mental retardation and those resulting even from exaggerated exposure to aspartame in carbonated beverages." 49 Fed. Reg. 6674.

2. *Nitrosamines.* Nitrosamines, believed to be carcinogenic, are compounds that theoretically might result from the breakdown of aspartame and of diketopiperazine (DKP), a breakdown product of aspartame. The agency, however, basing its findings on Searle experiments which attempted to create nitrosamines under ideal laboratory

conditions, concluded that "stable nitrosamines were extremely difficult to form," and that "any amounts that could be formed were extremely unstable under conditions that would occur in the gastrointestinal system." *Id.* at 6674, 6677. Appellants have argued that the FDA should reopen the search for carcinogenic nitrosamines, citing the emergence of new analytical techniques since 1974 that enabled investigators to detect nitrosamine in malt beverages. We conclude that the FDA acted well within its discretion in concluding, based upon its expert review of the record, that Appellants offered no evidence that the "formation of nitrosamines in malt beverages has any possible relevance to structurally dissimilar nitrosamine formation in soft drinks containing aspartame." *Id.* at 6677. Absent proof by Appellants that new scientific procedures were relevant to beverages containing aspartame, FDA could as a matter of policy decide against requiring additional testing without holding a hearing on the issue.

3. *Increased Consumption.* Appellants maintain that the FDA's previous estimates of daily aspartame consumption, which formed the basis for its conclusion that dry use of aspartame was safe, cannot form the basis for approval of aspartame in wet uses without a hearing. The premise of Appellant's argument is that wet use will increase the overall average consumption of aspartame. Our review of the record convinces us that the FDA gave proper consideration to the effect of liquid use on overall consumption in concluding that the public would not be exposed to danger. In its hearing on dry use of aspartame, the Public Board of Inquiry used the consumption estimate of 34 mg of aspartame/kilogram (mg/kg) of body weight as the 99th percentile of estimated daily consumption for all age groups. 46 Fed. Reg. 38289-90. This estimate means that only one percent of those who consume aspartame would consume more than 34 mg/kg a day, while the vast majority of consumers would have lower consumption levels. Significantly, this 34 mg/kg figure was based on the assumption that aspartame would be used in the foods sought for approval in the dry use petition, in a number of other foods, and as the *only sweetener* in all carbonated beverages. *Id.* at 38285, 38290. The FDA also projected that an average daily intake of 50 mg/kg of body weight would be safe. 49 Fed. Reg. 6672, 6677, 6679. Since the FDA observed that the "no effect" dose for aspartame (the highest level at which no toxic effects on experimental animals were observed) was between 2000 and 4000 mg/kg of body weight, the agency concluded that a 50 mg/kg intake body weight was safe. The safety factor, between forty-fold and eighty-fold, provides a conservative safety margin; it indicates that the average daily consumption could be multiplied by that factor without exceeding the "no effect dose" of aspartame. *Id.* at 6677-78. Appellants also allege that some patterns of consumption of carbonated beverages—for example, drinking several cans in rapid succession on a hot day—would lead to higher concentrations of aspartame. The FDA acknowledged that some consumers may exceed 34 mg/kg of aspartame on some days, particularly consumers in hot weather or consumers, such as children, who have low body weight. 49 Fed. Reg. 6678. The agency, however, noted that studies conducted by Searle Laboratories, intervenors/respondents in this case, indicated that even levels of 200 mg/kg of body weight in a single dose did not produce acute toxicity. This concentration is the level that would result from a normal adult's consumption of 5.5 pounds of sugar or 13 quarts of orange soda containing aspartame in a single sitting. 48 Fed. Reg. 31380; 49 Fed. Reg. 6676. The FDA could properly exercise its discretion in deciding that "the pattern of aspartame ingestion over the day is not important as long as the total amount ingested per day does not exceed the 200 mg/kg level shown to be safe." 49 Fed. Reg. at 6678. we find no reason to disturb this conclusion.

4. *Carcinogenicity.* Appellants attempts to reopen the issue of the carcinogenicity of aspartame and its breakdown products. Although the Commissioner concluded, based on the dry use proceeding, that aspartame had not been shown to cause cancer, *Id.* at 6672, 6679-80, Appellants challenge this conclusion by attacking one of the studies that provided support for the Commissioner's conclusions. No party contested the agency's reliance on the study during the dry use proceeding. Nor do Appellants point to specific deficiencies in the study which have come to light since the time for appeal expired. We find that Appellants have failed to create a material issue on the carcinogenicity of aspartame that the agency overlooked in its decision to deny a hearing in this case.

5. *Labeling Requirements.* Appellants assert that the conditions of use and required labeling statements for aspartame in liquid use are new issues that the Public Board of Inquiry did not address. The Board and the FDA, however, have considered the issue of appropriate warnings. The Board required a caution to patients with phenylketonuria that aspartame contained phenylalanine. In addition, the Commissioner's dry use approval in 1981 required a statement on the label that aspartame, when packaged as a tabletop sweetener, should not be used in cooking or baking. 21 C.F.R. § 172.804(e)(3). Appellants' current objections do not present any new evidence or suggest any material issue of fact about the necessity of additional warning or labeling requirements.

Appellants also raise a number of issues which they maintain are unique to wet use and therefore were properly excluded from the dry use studies. Specifically, Appellants claim that wet use of aspartame 1) has a toxic effect on human embryos; and 2) decomposes at higher temperatures in a more dangerous way than aspartame carried in dry mediums. We find no evidence on either of these points that would require the FDA to hold a hearing.

1. *Danger to Fetuses.* Diketopiperazine (DKP) is the principal degradation product of aspartame. Seeking to prove the embryotoxic effects of DKP, Appellants advance a letter from Dr. Jean Lederer, reporting on his administration of DKP to rats. The FDA weighed this evidence, and concluded that aspartame and its breakdown products did not produce the fetal damage. 49 Fed. Reg. 6682. Dr. Lederer could not associate fetal damage with aspartame, 48 Fed. Reg. 31380. In its approval of July 8, 1983, the FDA concluded from Dr. Lederer's report, "Aspartame and its Effect on Gestation in the Rat," that animals fed at the highest level of DKP in the diet showed no embryotoxic effects.

2. *Decomposition.* Appellants argue that the use of aspartame in carbonated beverages is qualitatively different from its use in dry foods. They base this argument on the claim that carbonated liquid is peculiarly susceptible to changes of temperature and quality of the medium that lead to the breakdown of a large amount of the aspartame present in the liquid. In addition, Dr. LeChance asserted that the presence of carbonated beverages in distribution channels in "subtropical temperature conditions" during the summer months would lead to "deterioration of DKP and release of the free amino acids . . . ." It was within the FDA's discretion to conclude, based on its expert review of the evidence, that no safety issues respecting aspartame's instability at high temperatures warranted a hearing. 48 Fed. Reg. 31376-77, 31381.

We conclude that Appellants have failed to raise any material issues of fact requiring the FDA to grant a hearing. Therefore, we affirm the FDA's decision in Case No. 84-1153 to deny Appellants a hearing on the wet use of aspartame. In Case No. 84-5253, we affirm the District Court's dismissal for lack of jurisdiction of Appellants' request for a stay of approval pending the hearing.

It is so ordered.

Mr. DIXON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

A PROPOSAL WHICH NEEDS CONSIDERATION

Mr. MOYNIHAN. Mr. President, I wish to take this relatively quiet moment in the day to explore two aspects of the particular matter which I think may not be discussed if, as some have suggested, this most extraordinary legislation—perhaps the most so in the history of this body—is to be enacted in 3 or 4 hours under the threat, in effect, that if we fail to do so, the U.S. Government will default on its debts and go effectively into a form of bankruptcy.

Not ever in the wildest imaging have we thought that such a device would be used to force unconsidered and, in my view, ill-considered legislation on the Congress. No hearings have been held on this proposal, no definitions settled, no real understanding of what is involved. The legislation changes hourly.

Most recently another modification today. Anyone who supposed yesterday, for example, that this legislation would force deficit cuts beginning in fiscal 1986 was right yesterday; but wrong today. Now, it begins in fiscal 1987.

I wish to address two matters. First, I would expand on a statement I made yesterday, and I hope I will be understood when I say I am sorry this was not reported in the press. Actually, I made one of the few statements in opposition yesterday. The extraordinary fact is that under this legislation, farm programs would not be considered

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among "relatively controllable expenditures" but, to the contrary, would come under the heading of "relatively uncontrollable" programs with "automatic spending increases." Military pay for example can come under relatively uncontrollable programs; the National Institutes of Health do not.

These are the categories of the legislation based on the categories the Office of Management and Budget uses in the Federal budget. Indeed, a table on page 9-44 tells us that farm programs would be so considered.

Relatively uncontrollable outlays cover spending that results from multiyear contracts and obligations that the Federal Government must honor. It freely enters those contracts, but once done, they are not relatively controllable.

Relatively controllable expenditures include the Federal Aviation Administration, the FBI, the Central Intelligence Agency, the National Security Agency, and the Weather Service. These normal functions of Government—some of which are very old, as the Coast Guard—are relatively controllable expenditures, and thus would automatically be subject to deep reductions across the board under this legislation.

Is it not surprising that farm programs are not so considered?

As a program with so-called automatic spending increases, the farm program might have to forego further increases but would not be cut.

Is it not a matter for some wonderment that health care services are not thought to require automatic spending increases, and therefore will be reduced, along with education, defense, and many of the normal functions of Government?

Of all the large and clearly optional outlays of the Federal Government—optional in the sense that our outlays on education are optional, our outlays on health are optional—well, so are our outlays on farm programs.

Mr. GRAMM. Would the distinguished Senator from New York yield?

Mr. MOYNIHAN. I would yield for a question to my friend.

Mr. GRAMM. If the Senator would yield?

Mr. MOYNIHAN. The Senator does not yield except the Senator yields for a question.

Mr. GRAMM. I then ask the question, has the Senator looked closely at this proposal? Because listening to him, it sounds as if the statements that are being made are not based on what the actual proposal is. My question is, if the Senator will yield, I would be very happy to go through in less than 3 minutes an outline of exactly what the proposal does, what is included and what is not included.

Mr. MOYNIHAN. With the understanding, Mr. President—do I have the understanding that I may yield the floor to the Senator from Texas and then regain the floor? I ask unanimous consent that that happen.

The PRESIDING OFFICER. The Senate is now in the course of the time for routine morning business, during which no speaker is permitted more than 5 minutes, most of which the Senator from New York has already utilized.

Mr. MOYNIHAN. In that case, Mr. President, I think it might be best if I proceeded, and I shall state my points. I shall then listen to the Senator from Texas and then ask for the floor again.

The second point I make, Mr. President, is that under the new "glidepath," we see what seems to me to be deeply unrealistic measures, suggestions, that over the next 5 years our $200 billion deficits are going to drop, on their own, to $163 billion, $143 billion, $132 billion, $120 billion, $105 billion, requiring only that relatively small additional sums be cut in the course of the automatic provisions of this proposed legislation.

May I just make a suggestion that there will be deep and grievous reductions and they will not just be in domestic affairs, but also in international affairs.

I should like to offer the Senate this thought: A vote for this amendment will, in the end, be a vote to end the military and economic aid the United States gives to Israel and Egypt. We perhaps have no idea how large a proportion of our foreign aid that is.

In fiscal year 1986, we anticipate spending $9.2 billion. Of that, $1.8 billion is in military assistance to Israel, $1.2 billion in economic assistance; $1.3 military assistance to Egypt; $800 million in economic aid. More than half of all our foreign aid goes to two countries.

Vote for this measure, and you will see the day that Middle East aid could be slashed under the requirements of a system of mechanical changes required as none other have ever been in this Congress. You will see that aid disappear, and we will wonder what happened.

We will look back to October 4, 1985, when—with no hearings, with a minimum of floor debate, with an absolutely unprecedented use of the debt ceiling as a device to force legislation, which in ordinary circumstances would take a year's consideration—we did it.

This is the day that adequate aid to Israel and Egypt and peace in the Middle East became impossible; to the degree that the prospects for peace depend upon American economic and military support, which they have done from the outset.

I take no pleasure in making that statement, Mr. President, but I feel a responsibility to do so.

I thank the Chair. My time is up.

ORDER OF BUSINESS

(Later the following proceedings occurred.)

Mr. DOLE. Mr. President, I wonder if I might interrupt the debate, and I think we need to debate these issues, so we might consider the nomination of James C. Miller III to be Director of the Office of Management and Budget, and then without interfering with the debate whatever the vote will not show up in the discussion, if we could move to executive session.

EXECUTIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of James C. Miller III, to be Director of the Office of Management and Budget, and following the disposition of the Miller nomination, the Senate resume legislative session.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas?

Mr. BYRD. Mr. President, reserving the right to object, and I shall not object, the nomination of Mr. Miller is cleared on this side.

May I say to the distinguished majority leader, later today we should consider the nomination of Mr. Calio to be Administrator of the National Oceanographic and Atmospheric Administration. As a matter of fact, we are ready to go with that nomination by voice vote now if the distinguished majority leader wishes.

There is one other nominee which we, on this side, have cleared and that is the nomination of Mr. Winston Lord, of New York, to be Ambassador Extraordinary and Plenipoteniary of the United States of America to the People's Republic of China. These three are cleared.

Mr. DOLE. What about Calendar No. 422, James A. Baker?

Mr. BYRD. I would say with the exception of those three, there is none other cleared.

Mr. DOLE. I thought the minority leader cleared that one. Baker, Calio, and Miller.

That is 422.

Mr. BYRD. Yes.

Mr. DOLE. Mr. President, before proceeding to the Miller nomination, I ask unanimous consent that the Senate consider Calendar No. 378, Anthony J. Calio, and Calendar No. 422, James A. Baker III.

Mr. BYRD. Mr. President, there is no objection on this side.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

The bill clerk read the nomination of Anthony J. Calio, of Maryland, to be Administrator of the National Oceanic and Atmospheric Administration.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

INTERNATIONAL BANKS

The bill clerk read the nomination of James A. Baker III, of Texas, to be U.S. Governor of the International Monetary Fund, International Bank for Reconstruction and Development, Inter-American Development Bank, the African Development Bank, the Asian Development Bank, and the African Development Fund.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. DOLE. Mr. President, I move to reconsider the votes by which the nominations were confirmed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, we are now on the nomination of the distinguished designee to be Director of the Office of Management and Budget, James C. Miller III.

The PRESIDING OFFICER. The nomination will be stated.

EXECUTIVE OFFICE OF THE PRESIDENT

The bill clerk read the nomination of James C. Miller III, of the District of Columbia, to be Director of the Office of Management and Budget.

Mr. ROTH. Mr. President, I rise today to offer a brief statement on the nomination of James C. Miller III to be the Director of the Office of Management and Budget. I support Mr. Miller's nomination and I urge my colleagues to join with me in securing his swift confirmation.

Mr. President, the position of OMB Director is one of the most important posts in the Federal Government today. As a key policy advisor to the President, the Director of the Office of Management and Budget is in a position to greatly influence the successful development of national policy—budgetary and otherwise—and ensure the efficient and effective management of Federal programs.

As we are all aware, Mr. Miller has big shoes to fill. His predecessor, David Stockman, made significant changes in the way the Federal budget is formulated, and in the operation of the OMB.

While the responsibility of the budget and the deficit burden will occupy a significant portion of the time of the Director of OMB, it must not be allowed to overwhelm the important role of OMB in the operation and management of the Federal Government. There are many significant areas—regulatory reform, information management, and paperwork reduction to name just a few—in which OMB plays a critical role in achieving the long-term success and ensuring the overall health of the Federal system.

The Governmental Affairs Committee held a hearing on Mr. Miller's nomination last week which provided an extensive view of his qualifications and his capabilities. James Miller brings an impressive array of credentials as the nominee to head the Office of Management and Budget. Both his undergraduate degree and his doctorate were earned in economics, and he has taught at such institutions as Georgia State University and Texas A&M. Mr. Miller has also held a variety of Government and Government-related positions. For the past 4 years, he has served ably as the Chairman of the Federal Trade Commission. Previous to that, he served as the Director of the Office of Information and Regulatory Affairs in OMB.

Mr. President, James Miller is a capable, as well as a personable, individual. I believe he has the knowledge, the resolve and the experience to direct this highly important Office. I strongly urge my distinguished colleagues to support his nomination.

Mr. DURENBERGER. Mr. President, today the Government Affairs Committee voted to confirm James Miller as the new Director of the Office of Management and Budget. This past Tuesday we held a confirmation hearing for him. This hearing was the occasion for a great deal of discussion about the OMB Director position. The dialog was a constructive one, yielding a great deal of insight into what we should expect from an applicant for OMB Director in these times of budgetary turmoil. As a result of our discussion, I feel strongly the need to share my views on this subject with my colleagues in the Senate who could not be present at this hearing.

Who is the OMB Director? What is his or her role? And what should I be looking for in the person who is applying for the job?

The most striking is how different the job is now from what it was 5 short years ago. The difference cannot be measured in degrees. The changes are too radical. It seems to me its a different job altogether.

Let me give you an example to make the point. I am willing to bet that few of us can remember who was the Budget Director before Burt Lance: It was Jim Lynn. Or after Burt Lance: It was Jim McIntyre. I doubt, however, that in 5 years or even 10, any of us will have forgotten the name Dave Stockman.

The reason is not that Lynn and McIntyre were undistinguished in the performance of their duties. It is because the job they did wasn't the kind that got them on the front page of the Washington Post day after day. When the position was created—and until very recently—the OMB Director was to serve as the coordinator for the President's budget, the gatekeeper against excessive agency budget requests, and he has also was given some broad management responsibilities with respect to the executive branch.

Today, the OMB Director has accumulated power far beyond what any of us would have imagined. OMB clears agency legislative proposals. OMB has control over agency personnel ceilings. OMB directs the budget process. OMB clears all executive branch agency proposed rules, regulations, and paperwork requests. Personnel, legislation, regulation, information, money. These are the tools by which public policy is made and implemented. And, OMB has a big say in all of them. The last two are worth considering in more detail because they represent a great change from just a few years ago.

Before Congress passed the Budget Act of 1974, the budget process was a reflection of policy decisions. It was the vehicle of incremental change—small additions or subtractions from agency appropriations to reflect congressional satisfaction or dissatisfaction with the way agencies were doing their jobs. The Omnibus Reconciliation Act of 1981 changed all that. Today the budget process is not a reflection of public policy decisions, it's about the only way we make policy anymore. Now we write law when we enact budgets. Not incrementally, but all at once and with long-term consequences. Whole programs are created or zeroed out as the result of the reconciliation process.

Before OBRA, the OMB Director was part of the audience in the congressional budget process. To be sure, he was always on tap, but he was not on top. Now the OMB Director is up on the stage itself. He is a central player—keeper of the numbers, carrier of the President's message on Capitol Hill, policymaker in his own right. Because this role is so different from what it was, we in the Senate need to know how the man or woman who will become the new OMB Director views a broad range of public policies.

The second difference worth considering in some detail is the fact that the OMB Director is now a regulatory as well as budgetary policymaker.

While every President since Ford has made an effort to improve Presidential oversight of agency rulemaking, this administration has taken the unprecedented step of centralizing the clearance process in OMB in the Office of Information and Regulatory Affairs.

This role is a familiar one to Jim Miller. He was the first Director of OIRA for the Reagan administration, and he played a key role in setting up the regulatory review process. Jim Miller is a fierce advocate of the free market. He is right. Yet, Jim Miller also knows that there are legitimate reasons for Government to regulate—to protect basic civil rights, to assure workplace safety, and to protect our air, water, and land, not just for you and I, but for the generations that are to come. Jim Miller knows that, and he told us so at his confirmation hearing. But, he also told us that if social regulation is worth doing, it's worth doing well. I could not agree with him more. Now, he is returning, and I hope that it is a signal of better times to come insofar as regulatory reform is concerned.

I say this as someone who cares deeply about regulatory reform. As Chairman of the Intergovernmental Relations Subcommittee, which is charged with responsibility for overseeing the regulatory process generally and OMB's exercise of its responsibilities under the Paperwork Act and Executive Orders 12291 and 12498 specifically, I can tell you that until a few years ago, the road to regulatory reform was pretty lonely. The public wasn't traveling that road. Neither was the Congress nor the President.

Today it seems hard to believe, but a few years ago most of the pressure was for more regulation not less. One reason is that while the Federal Government creates the regulatory programs, it is not the Federal Government that pays most of their costs. So there is little incentive in Washington to take a hard look at them. Most regulatory costs aren't reflected in the Federal budget: They are hidden in expenses paid by businesses, State, and local governments, and in the prices consumers pay for goods and services. While the costs are shifted and spread out across the economy, they mount up.

By one 1980 estimate, if the Federal Government had to write a check for the sum total of all the regulatory programs it was responsible for, that check would have been for over $100 billion in 1980 alone.

One hundred billion dollars. That is a big check. We ought to be sure that we are not paying for more than we need. No more regulatory overkill. We ought to be sure that what we are getting is worth what we're paying. No more getting taken for a regulatory ride.

Jim Miller believed that when he helped set up the regulatory oversight process in OMB. He and the President deserve a lot of credit for taking the challenge of regulatory reform. But, looking back over the 4 years Jim Miller has been gone from OMB, I have been disturbed by OIRA's failure to cooperate with those of us in the Congress who are also interested in promoting regulatory reform. I think the problem comes from OIRA's overly narrow interpretation of what regulatory reform means. Regulatory reform does not mean regulatory abandonment. There is no doubt in my mind that the older style economic regulatory programs have protected consumers and businesses alike from unfair practices in the marketplace. Nor is there any doubt that the newer social regulatory programs have brought us cleaner air and water and safer workplaces, and that they have protected our basic civil rights.

The danger today is to take care that we do not go to the extreme in deregulation to make up for having gone to the other extreme in the past. The challenge is to steer the always difficult middle course. We must regulate better. And we must regulate less. We must regulate better when the regulatory goals are worthwhile as in the case of clean air and water. We must regulate less when old regulatory programs have outlived their usefulness as in the case of the airlines and trucking.

Yet, by its actions OIRA has made it clear that the process is being used to the maximum extent possible to make agency regulatory activities conform to administration regulatory policy. And what is that policy? As a practical matter it has been to promote less regulation across the board: First, bring the regulatory juggernaut to a halt, then turn the regulators around and march them back down the hill. As I have said, in some cases—such as trucking and airlines—that is the right thing to do. But, in others—such as social regulatory programs—it may not be.

At its best, OMB review should be a process to improve the implementation of regulatory statutes—to be sure they are efficient, effective, and consistent with congressional intent. It is the President's responsibility to take care that the laws are faithfully executed.

But I am concerned that OMB has not always been at its best. This is especially so in the case of environmental regulation. Here economic efficiency was never our prime objective. Rather, we regulate to safeguard the resources we have for the generations that will follow. The message here—for OMB and for Congress—is not for Government to get out of the marketplace. It is for Government to get in the rulemaking business but to do it in a rational way. One that recognizes the limits of local capacity to pay, and of industry to respond.

The overly narrow definition of regulatory reform has sometimes led OIRA on a counterproductive crusade against particular environmental, consumer, and civil rights regulations—which in the long run pushes Congress to legislate more prescriptively than it should. All of that takes us further from, not closer to, our goal of more rational regulatory policies. So, at its worst, the OMB review process has been used as a short cut to regulatory reform which in the end may turn out to be just a detour. Now that Jim Miller is returning to OMB, there are two specific problems which are within his power to remedy. One is the problem of timeliness in the OMB review process. The other is the problem of "off the record" contacts between OMB and private parties.

Today, OMB stands accused of off-the-record dealings with regulated industries. That bothers me. It is certainly not in keeping with laws governing agency contacts. It's my view that the best way to be sure that regulatory reform is directed toward the broader public interest is to carry it out in the bright sunshine where the President, Congress, and the public can all participate on a level playing field.

What is more, many people—myself included—have locked horns with OMB on the timeliness of its reviews. I know that OMB says agencies don't have to "conform" to its views, only to "respond" to them. But the plain truth is that few if any rules have ever been promulgated over the objection of OMB. And, when OMB drags the process out endlessly, sometimes for years, "responsiveness" to OMB turns into "conformance" because the rules don't get out.

Now, what was once a small stream of congressional dissatisfaction with OMB is turning into a river, and the concern is bipartisan. When Congress has to hold a hearing, or worse, go to court to get the simplest program demonstration approved, to get information collected or released, or to get a rule published in the Federal Register, then we have more than a disagreement over policy. We have a disagreement over the role of our govenmental institutions.

Jim Miller is an accomplished speaker and writer, and he is a first-rate thinker. What is more, first at OIRA and then at the FTC, he has shown himself to be a good manager and a strong leader. As one who would like to see the OMB regulatory review process survive and prosper to become a tool for assuring that regulatory statutes are implemented in the most efficient and effective manner possible, I am looking forward to Jim Miller's arrival at OMB. I anticipate cooperating with him to find ways to restore Congress and the public's legitimate role in the rulemaking process while at the same time preserving the flexibility OMB needs to carry out its responsibilities to improve regulatory administration. Thank you.

(At the request of Mr. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. EAGLETON. Mr. President, during Mr. Miller's confirmation hearing before the Governmental Affairs Committee, I asked him his views on the administration's proposed revision of an Executive order dealing with affirmative action. Mr. Miller offered a response which I thought lacked some specificity, so I requested a more expansive statement in writing. In particular, I wanted assurance that the revision would not in fact remove the current requirement that Government contractors and subcontractors must keep statistics on the number of minorities and women they recruit and hire.

Mr. Miller's letter was, by itself, satisfactory as far as it went, but I believed that a large question still remained unanswered. I then spoke with and wrote to Secretary of Labor, William Brock, to ascertain whether he, as current Secretary of Labor and central in enforcing employment affirmative action, would uphold current procedures for the retention of statistics by those doing business with the Federal Government.

Secretary Brock wrote back, to my satisfaction, on this point. I ask that all of this correspondence, in the order indicated below, be printed in the RECORD, because it is too late in the day for the Federal Government to allow the best tool for detecting discrimination—employment statistics—to be thrown under the rug.

The items I refer to include:

The proposed draft Executive order.

Mr. Miller's letter to Senator EAGLETON.

Senator EAGLETON's letter to Secretary Brock.

Secretary Brock's letter to Senator EAGLETON.

The material follows:

EXECUTIVE ORDER

SECTION 1.

By the authority vested in me as President by the Constitution and statutes of the United States, and in order to further the purposes of Executive Order No. 11246, which mandates that contractors with the federal Government "not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin," it is hereby ordered that the following subpart is added to Part II of Executive Order No. 11246:

Subpart F—Affirmative recruitment and training programs required pursuant to regulations of the Secretary; preferential treatment neither required nor given a legal basis by this Executive order

SEC. 216.—Each Government contractor and subcontractor shall engage in affirmative recruitment and employment-related training programs designed to ensure that minorities and women receive full consideration for hiring and promotion. Such affirmative programs shall be developed pursuant to regulations promulgated by the Secretary of Labor, and shall describe the actions to be taken, including timeframes for taking such actions, to accomplish the objective of expanding the number of qualified minorities and women who receive full consideration for hiring and promotion.

SEC. 217.—Nothing in this Executive Order shall be interpreted to require or to provide a legal basis for a Government contractor or subcontractor to utilize any numerical quota, goal, or ratio, or otherwise to discriminate against, or grant any preference to, any individual or group on the basis of race, color, religion, sex, or national origin with respect to any aspect of employment, including but not limited to recruitment, hiring, promotion, upgrading, demotion, transfer, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Nor shall any Government contractor or subcontractor be determined to have violated this Order due to a failure to adopt or attain any statistical measures. Further, nothing in this Order shall be interpreted to require or provide a legal basis for any Government contractor or subcontractor to exclude or in any respect limit the participation of any individual in any recruitment or training program on the basis of race, color, religion, sex, or national origin.

SEC. 2.

(a) The Secretary of Labor shall immediately revoke all regulations and guidelines promulgated pursuant to Executive Order No. 11246 inconsistent with this Order in that they require or provide a legal basis for a government contractor or subcontractor to use numerical quotas, goals, ratios or objectives, or otherwise to discriminate or grant such preferences as described in Section 217.

(b) The Secretary also shall, within 30 days of the effective date of this Order, issue such further regulations as are necessary to carry out the purposes of the Order which, where necessary for the integrity of ongoing programs, may be in the form of interim final regulations to be applicable during this interim period. Such regulations shall:

(1) ensure that the requirements of Section 216 will be met by Government contractors and subcontractors; and

(2) provide that compliance with this Order shall be determined on the basis of each Government contractor's and subcontractor's demonstrated nondiscriminatory treatment of its employees and potential employees without regard to race, color, religion, sex, or national origin, irrespective of the number of minorities and women recruited, trained, hired or promoted by the contractor or subcontractor.

SEC. 3.

This Order shall become effective immediately.

FEDERAL TRADE COMMISSION,
Washington, DC, September 25, 1985.
Hon. THOMAS F. EAGLETON,
Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR EAGLETON: This is in response to the question you raised yesterday at my confirmation hearing regarding my views on a draft Presidential executive order[1] that would amend Executive Order 11246, issued by President Johnson on September 24, 1965. Specifically, you asked whether the draft executive order would prevent the Secretary of Labor from requiring that firms contracting with the Federal Government provide certain statistical information concerning their employment practices.

First, Senator, I'd like to emphasize my own views as articulated in our colloquy yesterday. Under no circumstances will I tolerate employment discrimination on the basis of race, color, religion, sex, or national origin. And while I take issue with the view that the goal of equal employment opportunity can best be accomplished through such means as hiring quotas, goals, and timetables, I am firmly convinced that a program of affirmative recruitment and training—one that gives opportunities to minorities and others who in the past may have been victims of discrimination—is not only a moral imperative but is a means of acquiring more effective personnel. On a related point, please find attached the statistical information you requested about employment here at the Federal Trade Commission.

On the basis of a review of Executive Order 11246 and the draft executive order that would amend it, I conclude that nothing in the proposed executive order would, in fact, preclude the Secretary of Labor from collecting statistics on recruiting, hiring, and/or training practices of government contractors. Instead, it would appear that the major thrusts of the draft executive order are (a) to clarify that Executive Order 11246 is not meant to constitute a legal basis for a showing that failure of a government contractor to adopt or attain certain statistical measures is prima facie evidence of a law violation, and (b) to direct the Secretary of Labor to revoke all rules and guidelines promulgated on the basis of Executive Order 11246 which are inconsistent with (a) above.

I trust this information is responsive to your request. If not, please let me know.

Sincerely yours,
JAMES C. MILLER III,
Chairman.

FEDERAL TRADE COMMISSION,
Washington, DC, December 10, 1984.

COMMISSION MEMORANDUM

Subject: Equal Employment Opportunity and Affirmative Recruitment.

I am encouraged by the progress the Commission is making with respect to equal employment opportunity. An indication of this progress can be found in the attached summaries.

Please note there has been a rise in: (a) the proportion of minorities and women in full-time permanent positions, (b) the average grade of minorities and women, (c) the proportion of minorities in the GS-13 to GS-15 grade group, and (d) the proportion of women in the GS-16 and SES corps. In addition, the number of offers to experienced minority attorneys and economists is up significantly, reflecting in part our affirmative recruitment efforts.

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[1] Reprinted in Bureau of National Affairs, "Daily Report for Executives" (August 16, 1985), p. A-4.

This progress would not have been possible without you. I therefore extend my personal thanks to all employees—managers, supervisors, and other staff members—for your personal commitment and support.

We shall not rest on our laurels. Let us resolve to do even better.

[Note: Summaries not reproductible for Record.]

U.S. SENATE,
COMMITTEE ON
GOVERNMENTAL AFFAIRS,
Washington, DC, September 26, 1985.

Honorable WILLIAM E. BROCK,
Secretary of Labor, Frances Perkins Building, Washington, DC.

Attn: Mike Baroody, Assistant Secretary for Policy.

DEAR SECRETARY BROCK: Two days ago James C. Miller III appeared before the Senate Governmental Affairs Committee for his confirmation as the next Director of the Office of Management and Budget. At that time I asked him about his views on the Administration's proposed revision of E.O. 11246 which, as you know, requires federal contractors to comply with affirmative action and to keep statistical information on their employment practices.

Mr. Miller responded that (to paraphrase him) he firmly believed in equal opportunity, that he was strongly opposed to any discriminatory employment practices but, that he wanted to underscore his opposition to quotas.

I then directed his attention to that portion of the revised Order which removes any requirement on a government contractor or subcontractor to adopt or attain statistical measures. As I understand it, it is such statistical compilation which has been used by the Secretary of Labor for the past twenty years as evidence to measure progress in fighting discrimination.

At my request, Mr. Miller responded in writing (copy enclosed) on this point saying, in part: ". . . nothing in the proposed executive order would, in fact, preclude the Secretary of Labor from collecting statistics on recruiting, hiring, and/or training practices of government contractors."

My problem with this statement is that the revised Order states: "Nor shall any Government contractor or subcontractor be determined to have violated this Order due to a failure to adopt or attain any statistical measures." (Sec. 217)

Although Mr. Miller's written answer by itself is satisfactory as far as it goes, nevertheless, there is still a large unresolved question.

How can you, as Secretary of Labor, effectively collect statistics in order to gauge contractor and subcontractor compliance with non-discriminatory principles if contractors and subcontractors no longer have to compile statistics because of this revised Order?

Even if it is argued that elsewhere in the law, contractors and subcontractors will continue to be required to collect employment statistics, I remain concerned about the justification for, and legal meaning of, the changed provision which I have cited insofar as such changed provision would impact on your ability to enforce affirmative action laws within the scope of your duties as Secretary of Labor.

I realize that you do not comment on draft changes in executive orders. However, I am seeking assurance on the following:

(1) That as Secretary of Labor, you intend to enforce fully all laws within the scope of your statutory duties pertaining to affirmative action; and

(2) That as Secretary of Labor you consider it necessary that contractors and subcontractors keep an adequate statistical data base as to employment hiring so as to properly enforce the affirmative action laws which are within the scope of your statutory duties.

Sincerely yours,
THOMAS F. EAGLETON,
U.S. Senator.

U.S. DEPARTMENT OF LABOR,
SECRETARY OF LABOR,
Washington, DC, September 27, 1985.

Hon. THOMAS F. EAGLETON,
U.S. Senate,
Washington, DC

DEAR TOM: This will respond to the two questions you posed in our conversation and your subsequent letter of the 26th regarding the Department of Labor's enforcement of affirmative action.

As we discussed, the draft document to which you referred has no standing as Administration policy and so you can understand that I do not direct my comments to that draft but to the questions as posed in your letter.

To your first question, of course, my answer is yes, firmly and emphatically. The Department has extensive enforcement responsibility under many different statutes. I intend to enforce all of them vigorously, none more so than those which are directed at ensuring equal employment opportunities are guaranteed to all Americans without regard to race, color, religion, sex or national origin.

As to the second question, please be assured that I will maintain all necessary tools of enforcement required for the Secretary of Labor to ensure that any contractor who wishes to do business with the federal government must not only refrain from discriminatory employment practices but must also take effective affirmative action steps. I certainly agree that adequate record-keeping and statistical compilations as to employment hiring are necessary both on the part of contractors and of the Department to properly enforce these requirements.

I hope the above answers your questions satisfactorily.

Very truly yours,
WILLIAM E. BROCK.

Mr. BAUCUS. Mr. President, today this body confirms James Miller to be head of the Office of Management and Budget. This position is of critical importance to all of us.

Over the 50-plus years of its existence, OMB—formerly BOB—has grown in importance. Certainly in the last 4 years it has played a central and visible role in setting the priorities of the Nation.

At this time, however, I do not want to speak about OMB's budgetary role. I want to focus on another activity: regulatory clearance.

The last few years have seen a quantum growth in the power of OMB over regulatory actions of executive agencies. All proposed regulations now go to OMB for clearance—and OMB has shown an increasing willingness to interfere with the will of Congress by frustrating the rulemaking process.

I am gravely concerned about this growing involvement by OMB in regulatory and policy areas where Cabinet officials, appointed by the President and confirmed by the Senate, have clear statutory responsibilities. All too often we have seen regulations altered or delayed and basic policy decisions made by lower level OMB functionaries who are not accountable to Congress or to the public.

I am sympathetic to any President's desire to put his stamp on the executive branch—but when a law directs an agency to regulate, I do not expect the OMB to use its clearance function to ignore that law.

Let me note just a few examples of great concern to me.

SBA SIZE STANDARDS FOR FARMS

First, the size eligibility standard for farmers to qualify under SBA programs. This year our farmers have faced both physical and economic disasters. They don't need a hostile government. Yet they find OMB violating its own rules and ignoring a request by the SBA to adjust a size standard.

In March 1984, the size standard for farm eligibility was dropped from $1 million in gross sales to $100,000—a drastic cut. To understand the inequity in this, it is worth noting that for businesses such as car washes, candy stores, or cigarette stores the size standard is $3.5 million—and that's the next smallest size standard.

The SBA recommended an increase in the limit to $500,000—still far below other size standards. The Senate Small Business Committee endorsed this recommendation. Still OMB has ignored the proposed rule—thereby killing it. The SBA proposal went to OMB on April 19. The 60 days permitted under OMB guidelines for consideration of the rule expired on June 19. On July 16, the full Senate voted to direct that the change be made. Yet, OMB still refuses to act.

SAFE DRINKING WATER

The second example I want to call to my colleagues' attention is the OMB's treatment of EPA's proposed regulations under the Safe Drinking Water Act.

EPA has been slow in proposing recommended maximum contaminant levels for drinking water contaminants. However, it did send a proposal to OMB on April 9 of this year. These regulations were not released until last week—more than 5 months later and a full 2 months after the distinguished chairman of the Environment and Public Works Committee, Senator STAFFORD, joined me and Senators DURENBERGER and BENTSEN in writing to OMB about this. I ask that the text of this letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE, COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS,
Washington, DC, August 1, 1985.

Hon. JOSEPH R. WRIGHT,
Acting Director, Office of Management and Budget, Old Executive Office Building, Washington, DC.

DEAR MR. WRIGHT: We are writing to express our concern about the lengthy delay in completion of the Office of Management and Budget's review of proposed recommended Maximum Contaminant Levels (RMCLs) for 30 drinking water contaminants. EPA's Office of Drinking Water sent these proposals to OMB on April 9, 1985 for your review which has yet to be completed nearly four months later. This appears to be an excessive amount of time for evaluation of the agency's scientific basis for setting RMCLs under the drinking water statute. The 30 Phase II contaminants submitted for review are those that the agency believes may have adverse effects on human health in accordance with their standard-setting responsibility under the Safe Drinking Water Act.

In the eleven years since enactment of this statute, EPA's Office of Drinking Water has not fulfilled the public health protection objectives mandated by Congress. Drinking water standards constitute the regulatory foundation of the Act. However, only 22 such standards have been established by the Agency. This is totally inadequate in view of the hundreds of contaminants that have been detected in public and private water systems, many of which are synthetic organic chemicals of significant public concern.

Public health officials and constituents from each of our states have indicated their urgent need for these standards to make sound water supply decisions. In their absence, States have had to expend limited resources to develop standards without adequate scientific information. A Federal responsibility to issue standards was established under this Act to eliminate such duplicative and ill-informed State efforts.

The great concern over the lack of sufficient standards to adequately protect public health from drinking water contaminants is reflected in amendments passed by the Senate and House that would significantly strengthen the standard-setting provisions of the Safe Drinking Water Act. Widespread concern about the Agency's historical inability to issue standards and indications of OMB resistance to the establishment of standards served as the impetus for the passage of schedules and deadlines in the Senate bill. It should be apparent from these actions that Congress intends that standards are to be set for drinking water contaminants in a responsible and timely manner.

Now that the Drinking Water Office has finally selected priority contaminants of public concern and gathered sufficient evidence on which to base RMCLs, we believe that your Office has a responsibility to review this information in an expeditious manner. Therefore, we ask that you allow EPA to publish the proposed RMCLs as soon as possible so they may begin to fulfill their regulatory responsibilities or provide an explanation for the excessive delay in completing your review.

Sincerely,

MAX BAUCUS,
U.S. Senator.
DAVE DURENBERGER,
U.S. Senator.
LLOYD BENTSEN,
Ranking Member.
ROBERT T. STAFFORD,
Chairman.

HEALTH CARE FINANCING

Mr. BAUCUS. Mr. President, the list goes on and on. Every Senator, I am sure, could add examples from personal experience.

I am particularly concerned about the heavy hand of OMB in the area of health-care financing. This year we have witnessed an extraordinary deluge of administrative rules, issued by the Department of Health and Human Services at OMB's direction and insistence, which attempt to preempt congressional decisions on the Medicare prospective payment system. By administrative rulemaking, OMB attempted to flaunt the prerogatives of Congress to determine payment rates for almost every aspect of the health-care system: hospitals, physicians, medical education, home health agencies, and many other health care providers.

I am pleased that under the leadership of the chairman of the Committee on Finance, Senator PACKWOOD, this body will have the opportunity to determine the direction of health policy. But I am deeply disturbed about OMB's practice of trying to find the back door means to alter our health-care system rather than including these policies in the legislative process where they belong.

Mr. President, I had no wish to delay or prevent the confirmation of Mr. Miller. I believe him to be an able and honest man. However, I do hope he will recognize the rights of the Congress—and the need to follow its directives.

THE NOMINATION OF DR. JAMES C. MILLER III, TO BE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

Mr. THURMOND. Mr. President, I rise in support of the nomination of Dr. James C. Miller III, who has been selected by President Reagan to serve as Director of the Office of Management and Budget.

Dr. Miller is superbly qualified for this position by reason of his educational background, his experience, and, most importantly, because of his philosophy. Dr. Miller received his undergraduate degree in economics from the University of Georgia and was awarded his doctorate from the University of Virginia. He has served as a college professor and is the author of numerous publications dealing with governmental regulatory practices.

Dr. Miller is no stranger to Government service. He has served as Assistant Director for Government Operations and Research for the U.S. Council on Wage and Price Stability, as well as senior staff economist with the U.S. Council of Economic Advisors. Additionally, Dr. Miller has worked in the Department of Transportation. For the last 4 years, Dr. Miller has served the President as Chairman of the Federal Trade Commission [FTC]. During his stay at the FTC he has proved himself an able administrator of a large independent regulatory agency and has effectively carried out the policies of the Reagan administration. Dr. Miller, who has served as the executive director of the Presidential Task Force on Regulatory Relief, continued his attack on cumbersome Government regulation at the FTC, demonstrating why he deserves the sobriquet of Ronald Reagan's "Deregulation Czar."

Mr. President, Dr. Miller is eminently qualified for the position of Director of the Office of Management and Budget. He is a noted economist and accomplished administrator. He has even had experience working in the OMB as Administrator for Information and Regulatory Affairs in the Office of Management and Budget during 1981. While Dr. Miller is unquestionably qualified for this appointment in terms of ability and experience, he is the proper choice for this job because of his commitment to the policies of fiscally responsible government.

Mr. President, Dr. Miller is an excellent choice for Director of the Office of Management and Budget. I commend President Reagan on his selection, and I urge my colleagues to support his nomination.

Mr. DOLE. Mr. President, I ask for the yeas and nays on the nomination.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, will the Senate advise and consent to the nomination of James C. Miller III, of the District of Columbia, to be Director of the Office of Management and Budget? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Minnesota [Mr. DURENBERGER], the Senator from North Carolina [Mr. EAST], the Senator from Kansas [Mrs. KASSEBAUM], and the Senator from Oregon [Mr. PACKWOOD] are necessarily absent.

I further announce that, if present and voting, the Senator from Kansas [Mrs. KASSEBAUM] would vote "yea."

Mr. CRANSTON. I announce that the Senator from Texas [Mr. BENTSEN], the Senator from Missouri [Mr. EAGLETON], the Senator from Hawaii [Mr. INOUYE], and the Senator from Rhode Island [Mr. PELL] are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island [Mr. PELL] would vote "yea."

The **PRESIDING OFFICER.** Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 90, nays 2, as follows:

[Rollcall Vote No. 202 Ex.]

YEAS—90

Abdnor
Andrews
Armstrong
Baucus
Biden
Bingaman
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Dodd
Dole
Domenici
Evans
Exon
Ford
Garn
Glenn
Goldwater
Gore
Gorton
Gramm
Grassley
Hart
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Johnston
Kasten
Kennedy
Kerry
Lautenberg
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
Mattingly
McClure
McConnell
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Pressler
Proxmire
Pryor
Quayle
Rockefeller
Roth
Rudman
Sarbanes
Sasser
Simon
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Weicker
Wilson
Zorinsky

NAYS—2

Harkin
Riegle

NOT VOTING—8

Bentsen
Durenberger
Eagleton
East
Inouye
Kassebaum
Packwood
Pell

So the nomination was confirmed.

Mr. **DOLE.** Mr. President, I move to reconsider the vote on the nomination.

Mr. **BYRD.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **DOLE.** Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to this nomination.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

LEGISLATIVE SESSION

The **PRESIDING OFFICER.** Under the previous order, the Senate will return to legislative session.

The Senate resumed the consideration of legislative business,

(Conclusion of later proceedings.)

CONCLUSION OF ROUTINE MORNING BUSINESS

The **PRESIDING OFFICER.** The period for morning business has expired. The majority leader is recognized.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

The Senate resumed consideration of House Joint Resolution 372.

Pending:

(1) Dole Amendmemnt No. 729, to provide for a balanced budget and emergency deficit control.

(2) Dole Amendment No. 730 (to Amendment No. 729), of a perfecting nature.

MODIFICATION TO AMENDMENT NO 730

Mr. **DOLE.** Mr. President, I send a modification to the desk to the Gramm-Rudman amendment.

The **PRESIDING OFFICER.** The amendment is so modified.

The amendment, as modified, is as follows:

At the end of the matter proposed to be inserted, insert the following new section:

(b) CONGRESSIONAL BUDGET.—

(1) ONE CONCURRENT RESOLUTION ON THE BUDGET REQUIRED ANNUALLY.—

(A) IN GENERAL.—Section 310 of the Congressional Budget Act of 1974 is amended—

(i) by striking out all beginning with "SEC. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"SEC. 310. (a) IN GENERAL.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary—"; and

(ii) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(B) CONFORMING CHANGES.—

(i) The table of contents in subsection (b) of section 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(I) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(II) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(III) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(ii) Paragraph (4) of section 3 of such Act is amended—

(I) by adding "and" after the semicolon at the end of subparagraph (A);

(II) by striking out subparagraph (B); and

(III) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(iii) Section 300 of the Congressional Budget Act of 1974 is amended—

(I) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(II) by striking out the items relating to September 15 and September 25.

(iv)(I) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(II) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(III) Section 301(b) of such Act is amended—

(aa) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(bb) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(IV) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(V) Section 301(e) of such Act is amended—

(aa) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(bb) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(v) Section 302(c) of such Act is amended by striking out "or 310".

(vi)(I) The heading of section 303 of such Act is amended by striking out "FIRST".

(II) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(vii) Section 304 of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(II) by striking out "pursuant to section 301".

(viii)(I) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(II) Section 305(b) of such Act is amended—

(aa) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(bb) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ix) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(x) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(xi) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(xii) Section 311(a) of such Act is amended—

(I) by striking out "310(a)" the first place it appears and inserting in lieu thereof "301(a)"; and

(II) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(xiii) Clause 1. of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(2) MAXIMUM DEFICIT AMOUNTS.—

(A) ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

(i) POINT OF ORDER.—Section 301 of the Congressional Budget Act of 1974 is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and inserting after subsection (b) the following new subsection:

"(c) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) Conforming change.—Section 301(e) of such Act, as redesignated by clause (i) of this subparagraph, is amended by inserting "; and when so reported such concurrent resolution shall comply with the requirement described in paragraph (1) of subsection (c), unless such paragraph does not apply to such fiscal year by reason of paragraph (2) of such subsection" after "October 1 of such year" in the second sentence thereof.

(B) Permissible revisions of concurrent resolutions on the budget.—Section 304 of such Act is amended—

(i) by inserting "(a) In General.—" after "Sec. 304."; and

(ii) by adding at the end thereof the following new subsection:

"(b) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(C) Definitions.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year. For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, the receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for a fiscal year, and the taxes payable under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 during such fiscal year, shall be included in total revenues for such fiscal year, and the disbursements of either such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985, $180,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000; and"

"(F) with respect to the fiscal year beginning October 1, 1990, zero.".

(3) Reconciliation.—

(A) Annual concurrent resolution on the budget.—

(i) Directions to committees.—Section 301(b) of the Congressional Budget Act of 1974 (as amended by paragraph (1)(B)(iv)(III) of this subsection) is further amended—

(I) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(II) by inserting "require" after the paragraph designation in paragraph (1);

(III) by inserting "require" after the paragraph designation in paragraph (2); and

(IV) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(ii) Conforming changes.—

(I) Section 310(a) of such Act is amended—

(aa) by inserting "or" at the end of paragraph (2);

(bb) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(cc) by striking out paragraph (4).

(II) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than June 15 of each year".

(III) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(IV) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"June 15	Congress completes action on reconciliation bill or resolution, or both, implementing first required concurrent resolution.".

(B) Permissible revisions of concurrent resolutions on the budget.—

(i) In general.—Section 304(a) of such Act (as redesignated by paragraph (2)(B)(i) of this subsection) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(ii) Conforming change.—Section 310(d) of such Act (as amended by subparagraph (A)(ii)(II) of this paragraph) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(4) Limitation on amendments.—

(A) Concurrent resolutions on the budget.—

(i) House of Representatives.—Section 305(a)(6) of such Act is amended—

(I) by inserting "(A)" after the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in the concurrent resolution is not increased, by making an equivalent reduction in other specific budget outlays or an equivalent increase in other specific Federal revenues.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) Senate.—Section 305(b)(2) of such Act is amended—

(I) by inserting "(A)" before the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution, shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in the concurrent resolution is not increased, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) Reconciliation bills and resolutions.—Section 310 of such Act is amended by inserting after subsection (b) (as redesignated by paragraph (1)(A)(ii) of this subsection) the following new subsection:

"(c) Limitation on Amendments to Reconciliation Bills and Resolutions.—

"(1) It shall not be in order in either the House of Representatives or the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution as reported, or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution, unless such amendment ensures that the amount of the deficit for any fiscal year set forth in the most recently agreed to concurrent resolution on the budget is not exceeded, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(2) Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(5) Enforcement.—

(A) ALLOCATIONS OF BUDGET AUTHORITY AND OUTLAYS.—

(i) REPORTING DATE FOR ALLOCATIONS.—Section 302(b) of such Act is amended by striking out "Each such committee shall promptly report" in the last sentence and inserting in lieu thereof "Each such committee, within ten days of session after the concurrent resolution is agreed to, shall report".

(ii) ALLOCATIONS MADE BINDING.—Section 311 of such Act is amended by redesignating subsections (a) and (b) as subsections (b) and (c), respectively, and inserting immediately after "SEC. 311" the following new subsection:

"(a) LEGISLATION SUBJECT TO POINT OF ORDER AFTER ADOPTION OF ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

"(1) IN GENERAL.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in either the House of Representatives or the Senate—

"(A) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year; or

"(B) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides new spending authority described in section 401(c)(2)(C) to become effective during such fiscal year, if the amount of budget outlays or new budget authority that would be required for such year if such bill or resolution were enacted without change or such amendment were adopted would exceed the appropriate allocation of budget outlays or new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, unless such bill, resolution, or amendment was favorably reported by the Committee on Appropriations of the House involved under section 401(b)(2) along with a certification that if such bill, resolution, or amendment is enacted or adopted, the committee will reduce appropriations or take any other actions necessary to assure that the enactment or adoption of such bill, resolution, or amendment will not result in a deficit for such fiscal year in excess of the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) ALTERATION OF 302(b) ALLOCATIONS.—At any time after a committee reports the allocations required to be made under section 302(b), such committee may report to its House an alteration of such allocations, provided that any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

"(3) EXCEPTION.—Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—Section 311(b) of such Act, as redesignated by subparagraph (A)(ii) of this subsection, is amended by inserting before the period at the end thereof the following: "or would cause the levels of deficits set forth in such concurrent resolution to be exceeded, or would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of subsection (b) of section 310 does not apply by reason of paragraph (2) of such subsection)".

(C) REPORTING REQUIREMENT EXTENDED TO CONFERENCE REPORTS.—Section 308(a) of such Act is amended by striking out "the report accompanying that bill or resolution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "or whenever a conference report is filed in either House, the report accompanying that bill or resolution or the statement of managers accompanying that conference report".

(c) BUDGET SUBMITTED BY THE PRESIDENT.—

(1) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared on the basis of the best estimates then available, in such a manner as to ensure that the deficit for such fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974; and the President shall take such action under subsection (d)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 as is necessary to ensure that the deficit for such fiscal year does not exceed such maximum deficit amount.

"(2) Subject to paragraph (3) of this subsection, the deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible.

"(3) Paragraph (2) shall not apply with respect to any fiscal year for which a declaration of war has been enacted.".

(2) REVISIONS AND SUPPLEMENTAL SUMMARIES.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

(d) EMERGENCY POWERS TO ELIMINATE DEFICITS IN EXCESS OF MAXIMUM DEFICITS AMOUNTS.—

(1) REPORTING OF DEFICITS IN EXCESS OF MAXIMUM DEFICIT AMOUNTS.—

(A) IN GENERAL.—The Director of the Office of Management and Budget and the Director of the Congressional Budget Office (hereafter in this section referred to as "the Directors") shall, with respect to any fiscal year (I) estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year, (II) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (III) estimate the rate of real economic growth that will occur during such fiscal year. The Directors jointly shall report to the President and to the Congress on November 1 of such fiscal year (in the case of the fiscal year beginning October 1, 1985) and October 1 of such fiscal year (in the case of any succeeding fiscal year), identifying the amount of any excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced during such fiscal year in order to eliminate any such excess. In the event that the Directors are unable to agree on an amount to be set forth with respect to any item in any such report, the amount set forth for such item in such report shall be the average of the amounts proposed by each of them with respect to such item.

(B) EXCEPTION.—Subparagraph (A) shall not apply to any fiscal year for which a declaration of war has been enacted.

(2) PRESIDENTIAL ORDER.—

(A) CONTENTS.—

(i) IN GENERAL.—Upon receipt of any report from the Directors under paragraph (1) of this subsection which identifies a statistically significant amount by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year, notwithstanding the Impoundment Control Act of 1974, the President shall issue an order that—

(I) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by modifying or suspending the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during such fiscal year, in such a manner as to reduce by a uniform percentage (but not below zero) the amount of increase under each such provision, and

(II) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by sequestering such amounts of budget authority, obligation limitations, and loan limitations, and by adjusting payments provided by the Federal Government, to the extent necessary to reduce each relatively controllable expenditure by a uniform percentage;

and shall transmit to both Houses of the Congress a message—

(III) identifying—

(aa) the total amount and the percentage by which automatic spending increases are to be reduced under subclause (I) of this clause;

(bb) the total amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and the total amount of payments which is to be adjusted under subclause (II) of this clause with respect to relatively controllable expenditures;

(cc) the amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and payments which are to be adjusted with respect to each such relatively controllable expenditure in order to reduce it by the required percentage; and

(dd) the account, department, or establishment of the Government to which each amount of budget authority, obligation limitations, and loan limitations and each payment described in subclause (II) of this clause would be available for obligation; and

(IV) providing full supporting details with respect to each action to be taken under subclause (I) or (II) of this clause.

(ii) EXCEPTION.—If, in order to reduce by one-half the amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year, actions under subclause (i)(I) would require the reduction of automatic spending increases below zero, then, in order not to require such reductions below zero, the remaining amount shall be achieved through further uniform reductions under subclause (i)(II).

"(iii) Limitation.—No action taken by the President under subclause (I) or (II) of clause (i) shall have the effect of eliminating any program, project, or activity of the Federal Government.

(B) Date issued.—

(i) Positive real economic growth.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is zero or greater, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 14 days after transmittal of such report.

(ii) Negative real economic growth.—

(I) In general.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is less than zero, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 30 days after transmittal of such report.

(II) Alternative proposals.—The President may, during the 30-day period specified in subclause (I), submit to each House of the Congress a joint resolution that will, if enacted—

(aa) reduce the deficit for a fiscal year to an amount not greater than the maximum deficit amount for such fiscal year, or

(bb) subject to the requirements of subsection (f) of this section, suspend (in part or in whole) the requirements of this section and of the amendments made by this section with respect to such fiscal year.

Such joint resolution shall be introduced (by request) by the majority leader of each such House on the day on which it is submitted and shall be referred on such day to the appropriate committees of such House. The committees shall report the joint resolution not later than 10 days after the date on which it is introduced. Any committee failing to report a joint resolution within the 10-day period referred to in the preceding sentence shall be automatically discharged from consideration of the joint resolution, and the joint resolution shall be placed on the appropriate calendar. The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget shall also apply to consideration of any joint resolution submitted under this subparagraph and to conference reports thereon. Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to any such joint resolution.

(C) Effective immediately.—Except to the extent that it is superseded by a joint resolution enacted under paragraph (3) of this subsection, an order issued pursuant to this paragraph shall be effective from and after its issuance. Any modification or suspension of the operation of a provision of law that would (but for such order) require an automatic spending increase to take effect during a fiscal year shall apply for the one-year period beginning with the date on which such automatic increase would have taken effect during such fiscal year (but for such order).

(D) Proposal of alternatives.—A message transmitted pursuant to this paragraph with respect to a fiscal year may be accompanied by a proposal setting forth in full detail alternative ways to reduce the deficit for such fiscal year to an amount not greater than the maximum deficit amount for such fiscal year.

(3) Congressional action.—

(A) Reporting of joint resolutions.—

(i) In general.—Not later than 10 days after issuance of an order by the President under paragraph (2) with respect to a fiscal year, the Committee on the Budget of the House of Representatives or the Senate may report to its House a joint resolution superseding such order. The report accompanying such joint resolution shall explain in full detail the nature and effects of each provision of the joint resolution.

(ii) Point of order.—It shall not be in order in the House of Representatives or the Senate to consider or agree to any joint resolution reported under clause (i) with respect to a fiscal year, any amendment thereto, or any conference report thereon if—

(I) the enactment of such joint resolution as reported;

(II) the adoption and enactment of such amendment; or

(III) the enactment of such joint resolution in the form recommended in such conference report;

would cause the amount of the deficit for such fiscal year to exceed the amount of the deficit set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year or the maximum deficit amount for such fiscal year.

(iii) Definition.—For purposes of clause (i), the term "day" shall mean any calendar day on which either House of the Congress is in session.

(B) Procedures.—

(i) In general.—The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to consideration of joint resolutions reported under this paragraph and conference reports thereon.

(ii) Limitation on amendments.—Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to joint resolutions reported under this paragraph.

(4) Definitions.—For purposes of this subsection:

(A) The term "automatic spending increase" shall include all Federal programs indexed directly or indirectly, whether appropriated or contained in current law. This shall include entitlements and other payments to individuals, open-ended programs and grants, and other similar programs, and shall not include increases in Government expenditures due to changes in program participation rates. Such term shall not include any increase in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

(B) The term "budget outlays" has the meaning given to such term in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974.

(C) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(D) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(E) The term "maximum deficit amount" has the meaning given to such term in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(F) The term "real economic growth" means, with respect to a fiscal year, the nominal growth in the production of goods and services during such fiscal year, adjusted for inflation.

(G) The term "relatively controllable expenditures" means budget outlays that are classified as relatively controllable outlays in Office of Management and Budget, *Controllability of Budget Outlays*, Report No. BPS0701A (August 27, 1985).

(H) The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount. For purposes of the fiscal year beginning October 1, 1985, the preceding sentence shall be applied by substituting "7" for "5".

(5) Conforming changes.—

(A) Rules of the House of Representatives.—

(i) Clause 1.(e)(3) of rule X of the Rules of the House of Representatives is amended—

(I) by striking out "and" at the end of subdivision (C);

(II) by redesignating subdivision (D) as subdivision (E); and

(III) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(ii) Clause 4.(a) of rule XI of such Rules is amended by inserting after "Budget Act of 1974" the following: "and on joint resolutions under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985".

(B) Standing rules of the senate.—Rule XXV(e)(2) of the Standing Rules of the Senate is amended—

(i) by striking out "and" at the end of subdivision (C);

(ii) by redesignating subdivision (D) as subdivision (E); and

(iii) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(e) Budgetary Treatment of Social Security Trust Funds.—

(1) Fiscal years 1986 through 1992.—

(A) In general.—Section 710 of the Social Security Act (as added by paragraph (1) of subsection (a) of section 346 of the Social Security Amendments of 1983) is amended—

(i) by striking out all beginning with "the" the first place it appears down through "Disability Insurance Trust Fund, the" and inserting in lieu thereof "The";

(ii) by striking out "sections 1401, 3101, and 3111" and inserting in lieu thereof "1401(b), 3101(b), and 3111(b)";

(iii) by redesignating all after the section designation as subsection (b);

(iv) by inserting after the section designation the following:

"(a) The receipts and disbursements of the Federal Old-Age and Survivors, Insurance Trust Fund and the Disability Insurance Trust Fund, and the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government."; and

(v) by adding at the end thereof the following new subsection:

"(c) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, or for payments from any such Trust Fund to the general fund of the Treasury.".

(B) Application.—The amendments made by subparagraph (A) shall apply with respect to fiscal years beginning after September 30, 1985, and ending before October 1, 1992.

(2) Fiscal year 1993 and thereafter.—Section 710(a) of the Social Security Act (42 U.S.C. 911 note), as amended by section 346(b) of the Social Security Amendments of 1983 (to be effective with respect to fiscal years beginning after September 30, 1992) is amended by—

(A) inserting "(1)" after the subsection designation; and

(B) adding at the end thereof the following new paragraph:

"(2) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in paragraph (1) or for payments from any such Trust Fund to the general fund of the Treasury.".

(f) Waivers and Amendments.—Notwithstanding section 904(b) of the Congressional Budget and Impoundment Control Act of 1974, any other provision of law, or any rule or standing order of the Senate or the House of Representatives, no provision of this section, or of any amendment made by this section, may be waived, amended, or otherwise modified except by a joint resolution that—

(1) does so in specific terms, referring to such provision by its designation and declaring that such joint resolution waives, amends, or otherwise modifies such provision; and

(2) is addressed solely to that subject.

(g) Section 1106(a) of title 31, United States Code, is amended by striking out "July 16" and inserting in lieu thereof "September 16".

(h) Application.—

(1) In general.—Except as provided in paragraphs (2) and (3), this section and the amendments made by this section shall become effective on the date of the enactment of this section and shall apply with respect to fiscal years beginning after September 30, 1985, and before October 1, 1991.

(2) Exception.—The amendments made by subsections (b)(1), (b)(2)(A), (b)(3)(A), (b)(5)(A)(i), and (c) of this section shall apply with respect to fiscal years beginning after September 30, 1986, and before October 1, 1990.

(3) OASDI trust funds.—The amendment made by subsection (e) shall apply as provided in such subsection.

Mr. BYRD. Mr. President, I ask for the yeas and nays on the second-degree amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, it is my hope that we can complete action on the debt limit extension this afternoon. I hear rumors from the House side that maybe we ought to have a 5-, 10-, 15-, or 20-day debt extension. We are prepared to vote. We have advised our Members on this side there will be votes today. We have nearly every Member present. We are told by the Treasury Secretary that October 7 is a critical day as far as the debt limit extension is concerned. This amendment is a bipartisan effort. We are prepared to set aside the pending amendment. If there is a Byrd-Chiles amendment or some amendment from that side, we can bring that up, vote on it this afternoon, and then go back to the Gramm amendment, vote on that and any other amendments that may be pending. I have not yet been able to make a judgment whether it is a good idea to pass an extension and let this ferment for 10, 15, or 20 days.

Mr. LONG. Will the Senator yield?

Mr. DOLE. We have the reconciliation bill that we are supported to take up next week. We have a number of appropriations bills, plus the textile bill will come back after reconciliation, plus the farm bill. So it seems to me we have all kinds of work to do.

I am happy to yield.

Mr. LONG. Mr. President, did I understand the Senator to say that he would be willing to pass a mere 5-day or 10-day increase in the debt limit so that we could have more time to consider and to work on suggested modifications of the Gramm amendment?

Mr. DOLE What I said is that I would rather not have an extension unless it was a very short extension. I am not even certain that I would agree to that. We might work that out if we had a time agreement on votes, but if we do not have an agreement to vote, I am ready to vote.

Mr. LONG. Mr. President, let me say something to the Senator as a friend and one who understands his problem. I have not decided just how I am going to vote on the Gramm amendment. It has a lot of appeal to it. I may vote for it, but I want to hear more debate. The way it looks to the Senator from Louisiana, having been in a caucus among Democrats and heard what they are thinking, as well as talking with some Republicans, even if we were to pass the Gramm amendment today—and I do not think it is going to happen, but even if we did—then the House would ask for a conference and that would undoubtedly be a protracted conference. There would be Democrats on the House side, where they are in the majority, who would want to have a Democratic caucus to talk about the matter, and everybody would get their 2 cents' worth expressed at that conference. So by the time you got through with the conference, it would take several days anyway.

My thought for our majority leader is that in any event, you are going to have to extend the debt limit. Assuming that the votes are there for the Gramm amendment, you are going to have to extend the limit temporarily in order to give the people on both sides a chance to work out the details. Even if you passed the Gramm amendment today in the Senate, the House will not act for several days. They will insist on talking about it, understanding it. And as I say, if the Republicans do not hold a caucus to discuss it, the Democrats undoubtedly will. So in my judgment you are going to have to have a temporary extension while this matter is being decided in the Senate and in the House.

Mr. DOLE. I would not want to rule that out. I am willing to listen to any reasonable proposition, but just extending it without any agreement to vote to me would not be a reasonable proposition. If we do not have to have an extension we will see what happens. If the Treasury is right and the seventh is what they described as a drop dead date, checks will start coming back not being honored, then we will see who blinks first in the Senate, whether it is those who do not want to attack the deficit or whether it is those who want to move on to something else. But I would be happy to discuss it with the distinguished minority leader. I know he has had an extensive caucus this morning. We have a lot of people who changed plans to be here to vote on the Gramm-Rudman-Hollings proposal today. Many changed plans to vote for or against many other amendments.

Mr. HART. Will the Senator yield?

Mr. DOLE. Obviously, if they do not want us to vote, we will not vote.

Yes, I will be happy to yield.

Mr. HART. I would like to second what the Senator from Louisiana has said. I think there is a substantial number of Senators, at least on this side of the aisle, who do not know what they will do. And the reason they do not know what they will do is they do not know the consequences of these plans. I can say as one Senator that a plea for temporary delay in voting on these plans is made in good faith. It is not for the purpose of delay, nor is it for the purpose of defeating one or more of these programs. But I think the worst thing the Senate could do is to pass a deficit reduction plan that has consequences for the Defense Department, for senior citizens, or anyone else that we do not even understand. Part of the reason we are talking about a fundamental change in the budget process of this country is because the process has failed, and one of the reasons those policies have failed is because we did not think out the consequences of them when they were adopted. So let us not compound the mistake by running to a judgment on a plan to reduce the deficit, which we all believe is necessary, because of an artificial deadline created by another measure.

I know there is the thought that if we do not vote today or Monday, we are not going to vote at all. All I can tell the Senator is, as one who is deeply concerned, I want to vote. I want to vote on the Gramm proposal and the Hollings proposal. I want to vote on Chiles. I want to vote on something. But I want to know, unlike 1981, on what I am voting. I do not think we are going to find that out today or Monday; 4 or 5 days with an agreement to vote would be a proposal that I and I think an awful lot of others would jump at. We could get the questions answered and know what we are doing.

Mr. DOLE. Again, I do not have any quarrel with either the Senator from Louisiana or the Senator from Colorado, but we have agreed that on Thursday of next week, the evening of the 10th, to recess until Tuesday, the 15th, with no votes on Tuesday, the 15th, to accommodate colleagues on both sides who will be attending an important international meeting in San Francisco. So it seems to me that we might have until the evening of the 10th to complete action on something. But if it gets beyond that, then we have real problems. Then we are up into a number of things.

Mr. GRAMM. Will the distinguished majority leader yield?

Mr. DOLE. For a question.

Mr. MOYNIHAN. Will the majority leader yield for a question?

Mr. DOLE. Yes.

Mr. MOYNIHAN. Mr. President, the evening of the 10th is a solid week from now. That strikes me as being reasonable for those of us who would like to hear more and learn more in order that we might vote with more information, if not more wisely.

Mr. GRAMM. Will the Senator yield for a question?

Mr. MOYNIHAN. We are going to have to pass a debt ceiling. That deadline cannot be affected. And so if you were to put it off as a matter of comity and as a matter of good procedure, we would respect that.

Mr. DOLE. Again I have not discussed this with the minority leader. Maybe we should do that before we make any judgments. I would be happy to do that as soon as it is convenient with the distinguished Senator from West Virginia. We need to reach an agreement under which we are actually going to have a vote, not just have an extension, I think I did that once. I never did get a vote, as I recall. But if we could package everything, then I think I could reasonably present it to my side and then get it over to the Treasury Secretary and see what we could do.

I would be happy to yield to the Senator.

Mr. GRAMM. Is it not true, Mr. Leader, that our problem is that we do face a $2 trillion debt ceiling, that while we might have the luxury of debating it—of course, we do not want to postpone this problem for a recess—the truth is that the Treasury is running out of money and that adopting this procedure in the Senate is not the end but the beginning; it will then be required for us to go to conference and to meet with the House on this procedure and have the conference come to a determination, which possibly could mean that they would reject it, forcing us to come back and vote on it again before it could go to the House floor. They could produce a compromise which would have to be negotiated. They could take it back to the House and accept it. But is it not true that the problem is that this $2-trillion problem we created in the last few decades is bearing down on us and that our actions are only the beginning, they are not the end, and were we to delay even until Monday or Tuesday to act, we would impose on the conference a very tight time constraint?

Basically, I say to the majority leader, is it not true that we are here to debate this idea, which is a simple idea, which could be presented and on which I could answer questions?

Mr. HART. It is not a simple idea.

Mr. DOLE. I am not sure how simple it is. It depends on one's point of view and how much time they have looked at it.

I would think that would be implicit in any agreement we are talking about, completing it, on both sides.

I have had overtures from friends of mine in the House who think pretty much the same way. Representative FOLEY, a friend of mine, called me last evening. He likes the concept. He thinks it has potential. He would like to take a look at it. He was talking about 10 days, and I was talking about 5 days.

In any event, I think maybe I can discuss some of these possibilities with the distinguished minority leader. But we would like to do it fairly quickly, because it is now 1 o'clock. We are prepared to vote now. Obviously, other people have other ideas. We will not vote if people start talking on the other side, and will not be able to end any extended debate today.

It seems to me that if we adopt the Gramm-Rudman-Hollings amendment, we then go to conference, and we are not worse off. As the distinguished Senator from Texas points out, we would still be negotiating at that time. But, again, I understand that there are some who would prefer not to do it that way, and they can prevent us from voting until we can get cloture.

Mr. WEICKER. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. WEICKER. Is there any reason why we cannot vote on the debt limit today, a clean debt limit? I just propose that to the majority leader. I do not understand why we have merged two subjects. We could vote on the debt limit on Monday, without getting into these other matters.

Mr. DOLE. I doubt it. I think there is a recognition on both sides of the aisle that the deficit is going to consume us one of these days unless we find a way to reduce it. Everything we have tried is imperfect.

Congress is unwilling to make the tough choices, and now we have an enforcing mechanism to put the burden on the President. He says he is willing to accept it and would like us to act today.

I know that it will make changes in the programs, but if we are concerned about the deficit, that is why we have tied the two together. The debt ceiling has been used throughout the years for causes that were dusted off from time to time, as the Senator from Louisiana knows very well.

Mr. LONG. Mr. President, if the Senator will yield, Senators can sometimes make a mistake in permitting something to pass on the assumption that it is not going to become law. I believe that if we adopt the Gramm amendment, we should be willing to assume that it might become law. That is the object of approving it. I think we should act on the basis of that assumption.

The Senator from Louisiana strongly favors the purpose of the Gramm amendment, but there may be some aspects of it that he will not be happy about when he understands it better. He has heard a lot of consternation expressed by some Senators who are opposed to it and who think it would be a disaster. But insofar as there may be something in the amendment that perhaps should be changed, we should take enough time to know what we are doing, and that is the whole purpose of debate.

So far as the Senator from Louisiana is concerned, he is not trying to keep anybody from making a speech. The Senator from Louisiana thoroughly appreciates the problem of the managers of this bill. The Senator from Louisiana too often pleaded with people to vote for debt limit bills in the past, and has sympathy for the problems the leadership faces. At the same time, he is just looking at reality.

I say to the majority leader that we are not going to pass this bill today. So I strongly urge him to get an agreement to vote, if he can, but also to allow time for debate.

I think it would be wise to do what the House has already suggested, according to the news media, and that is to pass a temporary extension which increases the debt limit, but not pass the $2 trillion mark, and give us a chance to discuss this matter, let both sides explore their fears and their hopes, and come together on something that will be a limitation on spending. The Senator from Louisiana favors that. He hopes we can work out a good proposal.

(Mr. HECHT assumed the chair.)

Mr. DOLE. The Senator from Louisiana has been working with the Senator from Colorado [Mr. ARMSTRONG] for a number of years on enhanced rescissions, and I think most of us want to reach the same objective.

I yield to the distinguished minority leader.

Mr. BYRD. Mr. President, the distinguished Senator from Louisiana has said to the distinguished majority leader that this debt limit package which is now before the Senate is not going to pass the Senate today. It is not going to pass the Senate today, and it will not pass the Senate on Monday. That is not a threat.

I have been in my conference, and I have listened for 2½ hours to a well-attended conference, and the conference is confused as to what is in the pending package. It has just been modified less than 20 minutes ago. I do not suppose any Senator on this side has any idea whatsoever what this modification does.

Mr. MOYNIHAN. None.

Mr. BYRD. Nobody on this side knows what the Gramm-Rudman-Hollings amendment involves now that a new substitute by way of a modification has been sent to the desk. That is No. 1.

No. 2, the distinguished Senator from Colorado [Mr. HART] and others put their finger on the problem.

As I see it, this package, with all due respect to my friend, is a kind of bobtailed, hybrid item veto and a constitutional amendment to balance the budget, combined.

I do not know what impact it is going to have on the farmers; on the old people of this country; on the young people, with respect to education; on COLA's, with the exception of Social Security; on the poor.

Mr. DOLE. On the rich. [Laughter.]

Mr. BYRD. On the rich. That is where Senator CHILES and I come in. We have decided that we would try to do something on this to make those corporations and very high income taxpayers, some of which and whom, respectively, do not pay any Federal income taxes now, do so.

So I say to the distinguished majority leader that I hope he will consider extending this debt limit a week or 10 days, with whatever figure as a ceiling would be required to put us out to that point, and let us have a little more time to work together on this and see where we go. I think we should take a little time and let this saucer cool, so that we can more clearly see what the effects of these amendments will be.

So I say to the distinguished majority leader that I will be glad to sit down with him. We can sit down together and try to work out a simple extension which will take us to a week or 10 days from now. Once we have some time, we can establish what is really involved in the Gramm amendment—what impact it is going to have on the poor, the rich, the downtrodden, the young people of the country, the farmers of the country, the coal miners, the black lung recipients, and so on. We had better slow down a little and take more time to study so as to have a better understanding of what the amendment does, and be guided thereby.

Mr. DOLE. I thank the distinguished minority leader.

I think we are on about the 1-inch line, and somebody wants to call timeout. That is essentially what it is. We are about ready to score, and they say, "Let's call a timeout and maybe find a way to derail this team that has come charging down the field." They do not want a little timeout. They want a long timeout, and maybe they can change the weather or the playing field and bring in the widows and the orphans. They left those out.

Mr. BYRD. The Senator talked about a train or a football field. There is a train bearing down upon us, and it is an accident waiting to happen; and when that train goes off the track, we are going off the track with it. And who will get hurt? The farmers, the young people who want an education, black lung recipients, railroad retirees, civil and military retirees, those in need of health services, VA medical care, and so on.

Let us study the amendment. With a little time, we will be able to act with more wisdom.

Mr. DOLE. We have been acting with wisdom around here so long. That is why we have the $2 trillion debt. That is the part that worries some of us.

We have a little change in routine around here and everyone goes off the track.

This amendment may not be perfect. People are starting to read it and they are finding little things they do not like about it and a lot of things they do like about it.

I think we all should have an opportunity to study it carefully.

If we can figure out some way to vote while we extend the time, that would be all right. But I would not agree just to extend the time and have a big time out for 10 days while we try to figure out how to kill this amendment or water it down or weaken it so it does not amount to anything. If we are not careful we will end up with a sense-of-the-Senate resolution that we should reduce the deficit.

Then everyone votes for that can put out a press release and we blame the President. But the deficit keeps going up.

The President is on board. He said we should do it today. He is willing to make the decisions he will have to make under this procedure.

My view is we should go ahead and debate the amendment this afternoon and have three or four votes of one type or another for Senators kind enough to stay in town, and see what we can work out.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. BYRD. What are we going to vote on?

Mr. DOLE. We will figure out something.

Mr. BYRD. It is not that easy, unless the Senator wants to move to table his own amendment.

Mr. DOLE. We thought of that.

Mr. BYRD. We might have a vote on getting the Sergeant at Arms to bring in absent Senators.

Mr. DOLE. We thought of that.

Mr. BYRD. What I am saying to the distinguished majority leader is meant to help him. We are not going to act on this today. The amendment was just offered in midafternoon.

Mr. DOLE. We are not going to act on it Monday. Pretty soon people are going to ask why we do not act on it.

Mr. BYRD. Let us pass a temporary extension.

Mr. DOLE. The Senator worries about all those people he just discussed or itemized who are not going to be getting checks or the checks are not going to be honored one of these days, and it is not going to be blamed on this side. We are prepared to vote.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. BYRD. We are not prepared to vote. We are not prepared to bring the sword of Damocles down on the poor, on the young, on the old, on domestic and defense programs. We are not prepared to act on this amendment today. We are not buying a pig in a poke.

We can get together and work out a little extension that will give us time to understand what the amendment does.

Mr. BIDEN. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. BIDEN. I am a bit confused. I thought this comment by the Senator from Connecticut was the most cogent and pertinent comment made today, and that is if the Senator from Texas is correct, what is breathing down on us is that $2 trillion number, and we have to do something to keep the Government rolling. We can accomplish that very easily without avoiding in any way determining whether or not we are on the one-inch line about to score or on the one-inch line about to go over a cliff. I do not know that. We are playing in the dark. That is the problem.

So I am confident we are on the 1-inch line. There is no question about that. I just do not know whether that 1-inch line brings me 6 points or puts me under 6 feet. So my concern is——

Mr. DOLE. The Senator might fumble and I could fumble.

Mr. BIDEN. I could fumble. I have observed a lot of fumbles around here.

Mr. DOLE. We do a lot of that around here.

Mr. BIDEN. We all do, and I have fumbled before, and it is not that I doubt the abilities of the Senator from Texas to be a quarterback, but he looks more like a lineman to me, and I am a little concerned about whether or not he is now quarterbacking my team.

I guess what I am saying is I may end up voting for the proposal of the Senator from South Carolina. He argues it as fervently as the Senator from Texas. But the fact of the matter is we have a number of Democrats who support the Senator from Texas and a number of us who are, quite frankly, more concerned about the deficit, very bluntly, than we are about the poor. I, quite frankly, think if we do not take care of the deficit we do not have anything to worry about with the poor. It is gone.

So it all depends on our perspective.

But the question is the lights are out. We can keep the Government going by just going on for a few days. We can, in fact, in no way derail the train that the Senator from Texas and the Senator from South Carolina are engineering right now. We can deal with that.

But again just give us time to turn the lights on to find out whether we are on the 1-inch line about to go over a cliff or on the 1-inch line about to score.

Several Senators addressed the Chair.

Mr. WEICKER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The majority leader has the floor.

Mr. DOLE. Mr. President, I am going to yield the floor in a moment. We are prepared to vote and put the question and go ahead and let someone else start debating, if what we want to have is a debate, and not the editorials that I am guilty of and others. But hopefully we can get to a vote.

Now the minority leader tells me we are not going to vote today. Based on his statement, obviously, we are not going to vote today. But I think we at least should discuss it and indicate to the American people that we were trying to resolve it rather than having everyone take off.

So I think we should discuss it for a full afternoon and let people know if the debt ceiling is not extended at least all of us Republicans and Democrats were here in a serious debate trying to address a very serious amendment. This is a serious amendment. It is a change. It is a drastic change. It forces action, as the distinguished chairman of the Budget Committee indicated yesterday. Some of it we may like and some of it we may not like. But none of us appear to like the deficit.

I think probably what I should do is yield the floor to the managers on this side and that side and maybe the distinguished minority leader and I could confer.

Several Senators addressed the Chair.

Mr. WEICKER. Mr. President, before the Senator does that, will the Senator yield?

Mr. DOLE. Let me yield to the Senator from Connecticut.

Mr. WEICKER. Mr. President, there are two comments I wish to make.

Mr. JOHNSTON. Mr. President, a point of order.

Mr. WEICKER. Mr. President, I believe the majority leader yielded to the Senator from Connecticut.

Mr. JOHNSTON. Are we under time constraint or can the majority leader yield the floor?

Mr. DOLE. I yield for a question.

The PRESIDING OFFICER. We are not under time constraints.

Mr. DOLE. I yield to the distinguished Senator from Connecticut for a question.

Mr. WEICKER. Mr. President, the problem I have, and I asked the majority leader because he was there with me—I do not attend many functions around the city of Washington, and indeed I almost attend no functions in the White House because I am never invited. But I did attend the breakfast the other day, and if I am not mistaken the whole purpose of the breakfast was a fervent plea by the President of the United States that we should have a clean debt limit.

Now here I am ready to step in the line of march and be a good soldier, which most of the time is not the case. I am told no, we are not going to have a clean debt limit, the circumstances change, but they certainly have changed from breakfast on Wednesday, or whatever. I was told we were going to have a clean debt limit. I want to vote on a clean debt limit. That is what I think we should do.

I also have great respect for Senator GRAMM and Senator RUDMAN. They have a good idea here. But it seems to me that is totally separate and distinct from this other obligation which we should discharge today, a clean debt limit.

The question has to be asked, do we have the power right now to reduce the deficit? Could we raise taxes? You bet your life that we are able to do that. We did that the last several years while all of this was going on. We can do it but do not do it. We could cut defense spending. We do not do it. Or we could reform the entitlements. We do not do it.

All the power is here right now to do what needs to be done.

But I will tell you any other piece of legislation that comes down the pike, whether it is this or a balanced budget amendment or line item veto, its a legislative substitute for the guts which we do not have to do what needs to be done. It is as simple as that.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I do not disagree with the Senator from Connecticut. In fact, the point I made is we are not going to do it. Congress is not going to do it. We have demonstrated that in the last budget folly we had.

I must say the Senate made some rather difficult choices in terminating programs, attacking COLA's, including Social Security. About 80 percent of this body on both sides at one time or another voted to freeze Social Security benefits. It was bipartisan. But that was not the mood in the House of Representatives or the mood in the White House. So that did not happen.

It seems to me that having failed repeatedly we should try something that might work that will force action.

But I am not going to stand here and say it should not be discussed. I am just saying we are prepared to vote but if others want to discuss it then I would hope that we could get on to discussing it.

Mr. President, I suggest the absence of a quorum.

Mr. BYRD. Mr. President, before the Senator does that, will he withhold and yield to me?

Mr. DOLE. Yes.

Mr. BYRD. Mr. President, Senator have been under the understanding that there would be some votes today and I would suggest to the distinguished majority leader that we could have a vote on Mr. James C. Miller III to be director of the Office of Management and Budget, and I would be willing to agree to vote in 10 minutes on that nomination if he would like.

Mr. DOLE. I would like to do that and that would give us a little time during the vote to discuss what we might do during the remainder of the afternoon.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I believe that the pending amendment constitutes one of the greatest exercises in self-deception and wishful thinking that I have seen on the floor of this Senate in a long time. And I say that, Mr. President, coming from the same place that the authors of this amendment are which is to get us to a balanced budget, and do it quickly. Lest I be accused of being one of those big-spending Democrats, please look back at the record of who has been in favor of cuts. I have been for cutting across the board, including entitlements. I have faced up to those things. I have faced up to taxes. I faced up to all the rest. So please understand where I am coming from. But, Mr. President, I believe that this piece of legislation—of which I have only gotten a copy in the last day or two—is the most far-reaching, the most horrendous, the most damaging to the constitutional processes, and the most extreme piece of legislation I have seen here in the Senate in 12½ years. It is nothing less, in my judgment, than legislative Armageddon. I think we ought to understand, Mr. President, what this does and what it requires us to do.

First of all, Mr. President, it says we balance the budget by cutting budget authority by one-fifth of the amount of the deficit in each of 5 years. If the deficit is about $200 billion, as I believe it is, then that means you cut about $40 billion each year. Mr. President, my colleagues should understand what a $40 billion cut means. First of all, it does not mean a $40 billion cut in budget authority. It means a $40 billion cut in outlays in current year outlays. And we all know that with outlays you have to cut 1½ to 2 times the amount of budget authority to get one dollar of budget outlays, and maybe even more than that when you try to get the effect in the same year.

So we are talking about having to cut maybe $60 billion—maybe $80 billion—in budget authority the first year, to get $40 billion in outlays. We say we cut $55 billion this last year. Well, we all know, Mr. President, that was mostly smoke and mirrors or to a large extent smoke and mirrors. But even to the extent it was not, that was not a $55 billion cut from last year's budget deficit. Rather, that was a $55 billion cut from certain extension or targets—the Rose Garden numbers or the CBO baseline. And they were not cuts in actual budget authority over last year. If you add up what we actually did this year, or what we will be expected to do if we live up to what the budget resolution says, then we will end up with maybe $20 billion in net cuts in the deficit.

So let us be clear, Mr. President—that this proposal is over twice as stringent as what we have done in the current year. That is No. 1. Mr. President, No. 2, on this matter the President has 14 days within which to come up with a Presidential order, and that is effective immediately. The President will lay down his order. It becomes effective at that point. It will have no congressional review. It will simply be effective.

Mr. President, there seems to be no limit on the authority that the President has. The President, at the top of page 20 of the modified amendment it is stated that the President shall take such action under subsection (d)(2) "as is necessary to ensure that the deficit for such fiscal year does not exceed such deficit amount." He shall do whatever is necessary. The only limitation, Mr. President, is that if he modifies or changes entitlements which would result in spending increases, that modification or that change in law can be effective for only 1 year. Apparently he may change laws across the board, modify laws across the board if that in his judgment is "necessary" to ensure that the deficit does not exceed the maximum amount.

I believe if my interpretation of that, Mr. President, is correct. I can tell this body that is what the language says because I quoted it exactly.

Second, Mr. President, this automatic increase which the President shall order shall go into effect and may be overcome if the Congress acts, and that action of the Congress will itself be subject to a Presidential veto. The President may not, of course, put in taxes. So all of the $40 billion reduction, if that is the figure, must come from spending cuts.

Mr. President, $40 billion in outlay spending cuts may not sound like a lot of money until you figure what is untouchable. In this act itself, we know Social Security is untouchable, and we know that prior year contracts by their nature are untouchable. In the Department of Defense alone there is $109.2 billion according to OMB which are prior year contracts. That is untouchable. We know that across the board there are a huge number of untouchables. For example, about 14 percent of the budget is untouchable because that is interest on the debt. We also know that defense contracts, for example, are roughly 11 percent. By the time you go through the untouchables, not just those that are specified in the act, but those which are untouchable by their nature, you end up with most of the budget being off limits and with only about 20 percent at most which can be touched by the President, and no taxes at all that can be put in.

So what you would have is an automatic cut of $40 billion, if that is the figure, in outlays which must occur on about 20 percent of the budget, must be effective immediately, and which the Congress cannot overrule unless they act by both Houses and unless they overcome a Presidential veto if he should exercise that veto.

Mr. President, the Gramm proposal provides that one-half of the cuts come from automatic spending increases, not including Social Security, but that this may not go beyond zero. The other one-half would have to come from the so-called "controllables." I doubt, Mr. President, that it is possible to get one-half of a $40 billion outlay decrease from automatic spending increases. I doubt that. And you cannot go beyond zero. So that part—the difference between zero and the one-half—would have to come from the controllables. So there would probably be more than the $20 billion that would have to come from the controllables. What is controllable and what is uncontrollable is determined by the President, or more accurately, by OMB.

Indeed, the only reference to these nonword's of art, controllable and noncontrollable, is in this statute itself which refers to OMB documents for definition.

So OMB has full authority to determine what is controllable and not controllable. So, in effect, the President has carte blanche authority as to where to take his cuts.

Mr. President, when you read this provision fast, it is easy to say that he must cut across the board because it says that expenditures must be uniformly cut. On page 24 it states that each relatively controllable expenditure is cut by a uniform percentage.

Mr. President, the word "expenditure" or "controllable expenditure" is, again, not a word of art.

So this would give to the President the authority to pick and choose among projects, programs, activities, and budgets where he would want to make his cuts. By moving around a project from one activity to another, by considering one subitem as not being an expenditure, the President has full authority as to how to make his cuts. For example, is the DOD budget one expenditure, or is each line item in the budget an expenditure, or is a project which may come within a line item an expenditure? It is not defined in this act. So that power alone would give the President a super colossal line-item veto. Not only would he have the line-item veto authority, he would also have the right to specify what in itself is a line item because there is no restriction upon his ability to say what is an expenditure.

Let me give an example, Mr. President. I am the acting ranking minority member on the Interior Appropriations Subcommittee, and also on the Energy and Water Appropriations Subcommittee. In both those budgets, there are a large number of projects, such as clean-coal technology, the building of dams and many other subitems. Under this authority, the President could completely "X" out, completely stop spending on any of those subprojects, whether it be the $75 million which we just put in for clean-coal technology or money for any dam anywhere or any set of dams anywhere in the country. He could completely eliminate those while leaving in 100 percent of the funding for other projects and say, well, that is not an expenditure; the expenditure is the overall line item in the appropriations bill itself for all dams. Or the expenditure is the overall Interior budget. Or the expenditure is the overall budget function, function 270 in Budget Committee lingo.

What I am saying, Mr. President, is that it is very clear from this bill that the President can pick and choose what he wants to cut and what he does not want to cut so that he would, in effect, obtain the legislative power of this body. He would get the appropriations power of this body, and there would be no check upon that power save the ability of both Houses of Congress to pass a law which he would not overrule, or the ability of both Houses to muster a supermajority to override such an action.

Mr. President, if you consider what we have done in terms of cutting—and I would have cut a little further than we cut, as a matter of fact—you find how big this $40 billion cut would be if it is put all on discretionary nondefense items. And many of those cuts which we made this year are one-time cuts. For example, the strategic petroleum reserve has been eliminated in effect. It can be eliminated only once. Revenue sharing, in effect, has been eliminated. It can be eliminated only once.

You can cut Medicare—again, we cut it $2.6 billion this year, but it is hard to continue to do that. It is hard to continue to cut all of those discretionary nondefense items—15 to 20 percent of the budget—because there gets to be an absolute zero. I am sure many of them would have to be totally eliminated as budget functions under this act.

Mr. President, we are operating under a constitution. That Constitution clearly sets up a division of powers between the legislative and the executive branches. I have very, very serious doubts that the Gramm amendment or any variation of that theme can pass constitutional muster. I recognize that we rarely argue constitutional law on the floor of Congress because there is no court here; we are our own court as far as the passage of legislation. But, Mr. President, we have here an abdication of power and an abdication of responsibility by Congress. What we would end up doing under this proposal is giving to the President the total power of appropriation—that is to say, to decide what gets funded and what does not get funded—without restriction, without any limitations. And he would do this, his order would come down on November 1. Next year, I suppose when we would be in recess for the election. And somehow, I guess Congress thinks that by giving it to the President, we can avoid responsibility and that we can avoid our constitutional duties. I do not believe it would pass constitutional muster, Mr. President.

In the recent Chadha decision of the U.S. Supreme Court, where they outlawed the legislative veto, the Court went on at some length about the separation of powers between the congressional and the executive branches and pointed out that it simply is not constitutionally possible for one branch of the Government to exercise the duties of the other. As modest as the legislative veto was in terms of a delegation of executive power, the Supreme Court said it could not be done. How much further this matter goes than does the legislative veto matter.

This, Mr. President, is nothing less than a total abdication, in my judgment, of legislative power. If this were the only way to get at the problem of deficits, it would be different, Mr. President. But at the appropriate time, I shall propose an alternative. What my amendment will do is adopt the same mathematics that the Gramm amendment has, will provide that the President must submit to Congress an order for cutting spending in the same amount that the Gramm amendment provides.

Mr. President, there is a difference, because after the President's proposal is submitted under my amendment, it shall then be sent to the various committees, including Ways and Means in the House and the Finance Committee in the Senate, and should there be considered by those committees under a 10-day limit—10 days while Congress is in session. Thereafter, those committees would report back to the Budget Committee. If they fail to act, then the Presidential program would be considered as approved by that committee.

The Budget Committee would then package up this set of proposals, including whatever proposals from Ways and Means or the Finance Committee, including revenue mesasures, were recommended. The matter would then be reported within 3 days and then, under Budget Act limitaitons, it would be considered on the floor of the Senate and on the floor of the House.

Action is forced under Budget Act procedures, under a strict time-limit, nongermane amendment provision, so no filibuster could occur. Then Congress would finally vote and a measure would be passed or not passed, depending upon whether the votes were obtained.

Under my proposal, Mr. President, if Congress failed to act finally by December 31, then the President's order would go into effect. But if Congress did act by December 31, finally act, then the President's order would be suspended. The principal differences are, Mr. President, that under my proposal, Congress would have the power and the authority and the ability to act first, before the Presidential order went into operation. Second, Congress would have the power and ability to consider revenues as part of that package. Third, Congress would not have to meet any particular target save the time target of December 31.

It seems to me, Mr. President, that to subject the Congress to an artificial target involving budget outlays is an unwise matter. Those of us on the Budget Committee know that it is very difficult to reach outlays in the first year. If you want to make a basic reform, for example, in, let us say, a retirement system, you can make a basic reform that will save billions of dollars over time, but retirement system reform will give you almost nothing in outlay savings in the first year. So it is with many budget functions. They simply cannot be effected in terms of outlays the first year.

Accordingly, Mr. President, it seems to me very unwise for us to pick an outlay target for the first year that is a big outlay target when we know either that that cannot, as a practical matter, be achieved, or second, it would be unwise to do it because it would not be good policy to try to achieve that much outlay savings as opposed to budget authority savings in any particular year.

Accordingly, Mr. President, if the President, in accordance with a proposal of both Houses, will act, then that ought to be the policy of the Nation as opposed to an action of the President which is at odds with the proposal of both Houses.

Mr. President, I opposed the line-item veto for the same reason. In my judgment, this is much, much worse than the line-item veto, because there is no restriction in this instance on the power of the President.

Mr. President, if my colleagues think that this legislation is as bad as I think it is—and I think there are some who do—may we have order, Mr. President?

The **PRESIDING OFFICER.** The Senate will be in order.

Mr. **JOHNSTON.** Mr. President, if this legislation is as bad as I think it is, and some of my colleagues share that view, then I can tell my colleagues it will not be passed this afternoon. We have had very little time to see it. It has been available in its final form only for a matter of hours. It is one of the most far-reaching pieces of legislation that I have seen since I have been in the Senate and we cannot and will not consider it this afternoon. We need more time. We will have more time if some of us have to be here to artificially make that time by talking.

This is no time for the Senate to get in a position of hostility. We need to solve this budget problem, to think rationally and coolly and at some length about how we are going to do it rather that to trot out one of the most far-reaching pieces of legislation ever to hit this floor, try to pass it in just a couple of hours, with little debate and not 1 hour of hearings—and then have everybody read it later and find out what it does.

Mr. **MATTINGLY.** Mr. President, will the Senator yield?

Mr. **JOHNSTON.** I will yield for a question.

Mr. **MATTINGLY.** When I came on the floor, I heard the Senator say this is worse than the line-item veto. Does that mean he may reconsider his position on line-item veto?

Mr. **JOHNSTON.** Does he ask if I may reconsider if it is as bad as this? I do not think it is as bad as this now. It is unlikely I shall ever be for the line-item veto legislation.

Mr. President, I would like to work in cooperation with the distinguished Senator from Texas, who is trying to solve a very difficult problem. I may come out on the same side of his proposal with respect to those items which need to be cut. But with respect to this machinery. I think it is a very bad idea and it will not pass today.

Mr. President, I ask unanimous consent that an amendment previously referred to be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

For subsection (b) beginning on line 7, pg. 24 and continuing through line 2 on page 30, substitute the following new subsection.

(b) PRESIDENTIAL SUBMISSION.—

(1) CONTENTS.—

(A) Upon receipt of any report from the Directors under subsection (a) identifying an amount by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year, notwithstanding the Congressional Budget and Impoundment Control Act of 1974, the President shall submit a joint resolution which will, if enacted, reduce such excess. Such joint resolution shall contain revenue increasing or spending reduction recommendations, or both. Such spending reduction recommendations may be accomplished only by a uniform percentage reduction with respect to each program, project or activity, but reductions in benefits under Title II of the Social Security Act, in existing formal contractual obligations, and in revenue-producing programs (if a spending reduction would be more than offset by lost receipts produced by such spending program) shall not be included in the joint resolution submitted.

(B) Such joint resolution shall identify

(i) the total amount and the percentage by which relatively controllable spending programs are to be reduced;

(ii) the total amount of budget authority and percentage reduction with respect to each such relatively controllable expenditure which is required.

(iii) the account, department or establishment of the Government to which each amount of budget authority specified under subdivision (ii) would be available for obligation (but for such joint resolution), and the specific project or governmental functions involved; and

(iv) full supporting details with respect to each action taken under subdivision (i) or (ii) of this section shall be provided along with the submission of the joint resolution.

(2) DATE OF SUBMISSION.—

The President shall submit such joint resolution and full supporting details required in paragraph (1) not later than 14 days after the transmittal of the report of the Directors.

(3) SUSPENSION.—

This subsection shall not apply to any fiscal year for which a declaration of war is in effect.

For subsection (c) beginning on line 3, page 30 continuing through line 22 on page 31, substitute the following new subsection.

(c) CONGRESSIONAL ACTION.—

(1) DEFINITION.—

For the purposes of this section, the term "day" shall mean any calendar day on which either House of the Congress is in session.

(2) INTRODUCTION.—

A joint resolution under subsection (b) shall be introduced (by request) by the majority leader of each House of the Congress on the day on which it is submitted and shall be referred on such day to the appropriate committee or committees of each such House. Such resolution shall be referred to the House Committee on Ways and Means and to the Senate Finance Committee whether or not such resolution recommends revenue increases. If such resolution contains provisions under the jurisdiction of more than one committee, the Parliamentarian of each House shall refer the resolution to the appropriate committees of jurisdiction.

(3) COMMITTEE CONSIDERATION AND REPORTING.—

A joint resolution referred pursuant to paragraph (2) shall be reported within 10 days of referral to the Committee on the Budget of each House.

(A) Each such committee may modify in whole or in part any provision within its jurisdiction referred to it, may report alternative savings in a similar amount or may report a substitute. Any modifications, alternatives or substitutes reported must be within the jurisdiction of the reporting committee as defined by the rules of each House. No matters not directly related to reducing excess deficits shall be included in such modifications, alternatives or substitutes.

(B) If a committee fails to report within 10 days, such committee shall be immediately discharged from further consideration of the joint resolution and the joint resolution shall be considered as if favorably reported to the Budget Committee.

(C) The Budget Committee, upon receipt of all recommendations from the committees, or in the case of discharge of the President's recommendations, shall report to its House the joint resolution carrying out all such recommendations within 3 days.

(i) In the event that two committees report differing recommendations on the same subject matter within their respective jurisdictions, the Budget Committee shall, if unable to reconcile the conflict, report a substitute for said provisions. Such substitute shall be within the scope of the two recommendations reported to it.

(ii) In the event that any committee reports any measure described in the last sentence of subparagraph (A) to the Budget Committee, the Budget Committee shall strike such matter from the resolution it reports and shall report which provisions have been so stricken. (iii) When reported, such joint resolution shall be immediately placed on the appropriate legislative calendar for further consideration.

(4) PROCEDURES.—

(A) IN GENERAL.—The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to consideration of joint resolutions reported under the above subsection and conference reports thereon.

(5) TIME LIMIT FOR CONGRESSIONAL ACTION.—If by midnight of December 31st of the year in which such joint resolution has been timely submitted by the President, the Congress fails to complete action on such joint resolution, then the President's recommendations with respect to spending reductions shall become effective immediately.

Strike subsections (d) and (e) beginning on line 23 on page 31 continuing through line 21 on page 34.

Strike Sec. 5 beginning on line 22 on page 34 and insert instead the following new section.

SEC. 5. EXERCISE OF RULEMAKING POWERS.

The provisions of the above section are enacted by the Congress—

(a) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(b) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

Mr. **GRAMM** addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Texas.

Mr. GRAMM. Mr. President, let me begin by lamenting the fact that some who, a minute ago, were so eager to know what is in this bill, who found it impossible to proceed with the Nation's business, who thought that a $2 trillion deficit should not cause us to pause in our process of a recess coming up next week, that they were so concerned about finding out what was in the bill that they are gone; they are not here to give me an opportunity to explain it. But I am going to explain it very briefly.

Before I do that, let me make note of where we are. We are hearing the same old siren song, Mr. President, that we have heard for a decade. Deal with the deficit, deal with the problem, but do not do it now, not this vehicle, not this proposal. There is another proposal. I am for one. The day will come when I will support it but not now. We ought to go ahead and raise the debt ceiling, they say, go ahead and pay the bills and we will deal with the problem.

But that has been the siren song for a decade. We have not dealt with the problem. The Federal debt that we will be voting on is twice what it was 5 years ago. There is a crisis, and the crisis demands action. The action is before us today in a simple, straightforward, easily understood proposal. The proposal is not perfect because it was written by people who are not perfect, and it will be implemented, if adopted, by people who are not perfect, but the proposal is straightforward, balanced, and simple.

Finally, Mr. President, I am not going to vote for an increase in the debt ceiling for an hour or a day or a week or a year unless we deal with this problem. And I am hopeful that the President will not sign a debt ceiling increase for an hour or a day or a week or a month or a year unless we do. I think the analogy of the distinguished majority leader is a very good one. Those who want to go on with business as usual are ahead in this football game, but they fumbled on our 2-yard line. We had not been doing a very good job of controlling spending so we have decided not to pass.

We fumbled too many times to pitch it. So we started running quarterback sneaks up the middle, and with the clock running out next Tuesday or Wednesday, we are now on the goal line. And so what do they counsel? The number of time outs is all used up. They have been using time outs for the last 10 years as the deficit has gotten greater and greater.

They whisper across the line to us, after we have driven the ball 98 yards in 10 years to try to bring the agenda of the American people to the floor of the Senate and make it the agenda of the Congress, "Psst, boys, call time out, call time out, let's debate this thing, let's have a cooling off period. Let us look at it. We want to look at it very closely. It is an interesting idea, clever idea, good idea, let's look at it, let's study it, let's debate it, let's set up a commission, maybe a bipartisan commission." The opponents of this proposal say, "Oh, the poor, the sick, the tired, the bicycle rider." They are all deeply concerned. All the people riding in the wagon say, "Raise the debt ceiling, full speed ahead; don't worry about the deficit."

Well, let me assure those who want a timeout that there is not going to be a timeout. We have an opportunity on this debt ceiling to do something we have never done before. The debt ceiling is for all the people in the wagon. All the people benefiting from the Government can say, "Great, when we pass the debt ceiling and it is signed, the money is coming on." We have an opportunity here not only to do what we ought to do for the people riding in the wagon, pay our bills—I am for that—but we have an opportunity to do something for the people who are doing the work, paying the taxes, pulling the wagon. That is what this amendment is about.

Now, we hear great consternation about how this process works. And I want to go over it as simply as an old schoolteacher can do it and as briefly.

The idea is straightforward. First of all, we note what the deficit is. It is not $171.9 billion. That is what we claimed it was in a budget that has rosy assumptions and phony savings, so we give it $9 billion above what we have adopted in a budget before we even think about instituting any kind of across-the-board reductions. We take that $180 billion and we calculate some pretty simple arithmetic—in fact, I do not know a first grader in America who could not do it.

If you take $180 billion and you reduce it in five equal increments, how much do you have to reduce it each year to balance the budget in 5 years? Thirty-six billion. Every first grader in America would say $36 billion. Not very confusing. Then we say the President shall not present to the Congress budgets with deficits greater than that amount. Pretty straightforward. It shall not be in order on the floor of the House or Senate to bring a budget to the floor if that budget has a greater deficit than this maximum allowable amount. Still pretty straightforward.

On the floor of the House and Senate, all amendments are zero sum amendments. Now, that gets more complicated. What it means is that if you want to raise money in a mother's milk program, you have to kill off a hog somewhere else in the budget. If you want to raise spending in one area, you have got to cut spending in another or raise revenues. If you want to cut somebody's taxes, you have to raise somebody else's taxes or you have to cut spending. That is what a zero sum amendment is. We all have talked about it over the years. We have just never enforced it.

Mr. JOHNSTON. Will the Senator yield at that point for a question?

Mr. GRAMM. I will yield when I get to the end because I do not want to get lost on a side issue in trying to present the overall program.

Now, once the budget is adopted, we do something we have never done under the Budget Act. We make it binding down to the subcommittee levels. And I know there are those who serve on committees that make these allocations and add these programs that do not like that. And I understand it. When we are enforcing it on Armed Services and Banking, I may not like it either but I can assure you the American people like it. We make the budget binding down to the 302(b) levels, which means that if you are going to bring a bill to the floor of the Senate, if that bill contains a new entitlement or an expenditure that violates the allocation for that area, that bill is not going to be in order. You are not going to be able to bring it to the floor for consideration.

Now, before we have said, "This is a binding budget." The American people will think that means something, but the reality is the only number that is binding under the current Budget Act—which was really written to force Richard Nixon to spend money, not to control the budget—the Budget Impoundment Act was aimed at forcing spending, not controlling it. The only figure that is binding is the aggregate budget authority figure. So what do you think happens? We spend and spend on controversial programs and then we get down to the end and it just so happens that the thing that breaches the budget is the thing that everybody has to vote for, mothers' milk, things that have tremendous political bases. And we pass in the House a rule that says we waive the Budget Act. In fact, either House can do that.

Now, we do not do that any more under this 5-year emergency bill. When you write a budget and you allocate it down to the 302(b) levels, that budget is binding. Now, we have some flexibility in there. If we have to change spending in one area, the Appropriations Committee can reallocate it. But they have to certify that it will not cause the deficit to rise, that they will take action in the future. And of course we trust the Appropriations Committee.

Now, once the budget is adopted, it could not be sent over by the President unless it was within the limit. It could not be brought to the floor unless it was within the limit. We made amendments on a zero sum gain basis so it did not go up. Now we have imposed it down to the subcommittee level. So we are within the target if we adopt a budget. Now, why would you end up being over, why would the deficit end up being bigger? Well, No. 1, you could have economic assumptions that were either phony or did not turn out to be right. You could have false savings. You could have different spending rates. I cannot think of another major reason why you would be over.

Come October 1 of next year—let us talk about one full cycle—the Directors of OMB and CBO are required to report jointly to Congress and to the President on what the projected deficit is. If they cannot agree, we take the midpoint of their two projections. If that projection is 5 percent above the maximum allowable deficit, which would be $144 billion next year, then they report to the President and to Congress the percentage by which you would have to reduce or sequester all automatic increases in the budget and relatively controllable expenses. This is where it gets a little tougher, but not much.

First of all, let us remember that entitlements are driven by eligibility. Entitlements are driven by the number of people who qualify, who meet eligibility requirements, and what they are eligible for. So we cannot reduce an entitlement by simply saying we reduce across the board.

I would like to see the guy at the hospital, when my mama goes into the hospital in September for her Medicare, who says, "Well, I'm sorry, but we ran out of money." She is eligible. She is going to get that medical care. Under this emergency bill, she is going to get that medical care.

So entitlements that are driven by eligibility set by the Federal Government will not be affected in those benefits by this bill. They may be altered by a budget that Congress adopted, but this across-the-board sequestering will not affect it.

What is affected, however, is any built-in, automatic program. Those are programs that are indexed, indexed to inflation.

This bill takes Social Security off budget. So if you want to debate Social Security, go to the museum, because that debate is over. We are taking Social Security off budget. We cannot drag that dead cat across the table again. The President cannot submit a budget that says anything about Social Security. It is not in order for the Budget Committee to bring a budget to the floor that does anything to Social Security. Social Security is off budget and is a free-standing trust fund.

However, every other cost-of-living increase would be sequestered across the board until half of the overage is eliminated. You cannot take the cost of living below zero. So if you use it up, what is left over shifts over into the next spot, which is budget authority, obligational limits, and loan limits.

A big question has been raised about what is included here and what is not included. What is included here is everything that is not an entitlement in the strict defintion of entitlements.

There is one additional problem you run into, and that problem is that the Government has made some contracts out there. We signed a contract with a plumber and agreed to pay him a certain amount a month to go around and fix the plumbing in HUD housing in Dallas. We cannot go in and invalidate that contract. But when the contract expires, we can change the amount of money we are spending in that area.

What is cut across the board? What is cut across the board in obligational authority, outlays, and loan authority are line items within the budget. What are these line items in the budget?

Some people have said, "Maybe you are talking about the budget for defense. What if Reagan cut defense across the board and then Weinberger decides where to cut it?" What if he shut down Fort Hood? What if he eliminated the F-16? It would be pretty rough on this Senator from Texas. But what are these line items?

Let me take agriculture, beginning at the top: timber purchase, road construction credits, national forest fund. That would be reduced in a sequester of $10 billion where, let us say, you got three or four out of the index programs. That might be reduced 0.02 percent.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. GRAMM. I want to get through the whole thing. I am sort of wound up here. At the end, I will try to answer a couple of questions.

So, in timber purchase, road construction credits of the national forest fund, there would be an across-the-board 0.02 percent cut.

We do not go out and say, "You boys who are paving this road here, put 99.8 percent of the asphalt you are going to put on there." We do not say that. We just cut that fund. So people who are doing these highways have had 0.02 percent of their funds cut, and they decide where they are going to cut it.

Let me give some others. Office of the Secretary: We are not going to go in and say to the Secretary of Agriculture:

> We are going to force you to make fewer Xerox copies by 0.02 percent or fewer telephone calls by 0.02 percent; and if you have a money changer on the toilet, change that.

We are simply saying, "Your budget is cut by 0.02 percent."

It is true that then the Secretary of Agriculture is going to figure out whether he needs fewer Xerox copies or fewer telephone calls. If you are working for Xerox and he thinks he may send back a Xerox machine, that is discretionary power, and you ought to worry about that.

The Office of General Counsel: Same deal.

Buildings and Facilities: Same deal.

National Agricultural Library: We are not saying you go into the library and open every book and tear out the last page and run out to try to sell it and get 0.02 percent. We are simply saying, "In your operation, maybe you turn the lights off when you go home; maybe you cancel a subscription to a periodical."

World Agricultural Outlook Board: We are not saying here that this Board ought to reduce the amount of attention it is giving each country. It may decide: "We're not going to be fooling with this country because we're going to save 0.02." The point is that the cut is across the board in that category.

Agricultural Conservation Programs: We are not saying, "You stop 99.8 percent of the erosion in all the programs you are talking about." We are just saying, "You set priorities."

I think I have made my point about line items. With respect to line items, in such items as timber purchase, road construction credits, with a 0.02-percent reduction, the guys running that would decide where it went.

The Office of the Secretary: Within that account, the Secretary whose office it is would decide where to make those reductions by 0.02 percent.

Office of the General Counsel, Buildings and Facilities, National Agricultural Library, World Agricultural Board—those are all line items where the across-the-board reduction would occur.

The same thing would happen with regard to loan programs throughout the Government, as well as obligational limitations and payments to the States on things ranging from CCC to operation subsidies.

A question has been raised about these contracts. What if you have a contract with somebody? There is an easy answer. If we have a contract, we do not go out and void contracts. First of all, you cannot get away with it. They go to court and sue us and we have to pay. So if you have a contract, you have to fulfill it. But when that contract expires, you are then able to make the adjustment in that particular area, but the overall account is reduced.

What about the old bugaboo of who is being hit by this. The distinguished minority leader outlined all the groups he is concerned about in this deficit. They are really the people who have suffered the most in the deficit. Does this hit the poor, the old, the sick, the tired, the greedy defense contractor, the fat bureaucrat, Congress? The truth is that it hits all of them. It does not hit entitlements that are driven by eligibility. Anything else we can reduce is reduced proportionately. So the priorities of Congress are not changed.

Our distinguished colleague who spoke a moment ago noted, in response to a question, that he was not for line-item veto. I am. But the point is that you can be for this, and be against this, because the strength of this proposal is that it is neutral. Everything we can control without changing eligibility or without violating contracts, we control; and we do it proportionately at the line-item level, which is the lowest level you can do it without producing ridiculous results. In doing so, we eliminate the discretionary power of the President to the maximum extent practical, by forcing the President simply to be the instrument of this bill in implementing the sequester.

Now, how does all this arithmetic work out? I have tried to work it out given the availability of figures. The truth is that we have never done this before and so in trying to go through it and look at it, I have tried to take a $10 billion overage. What would a $10 billion overage do? If you went through a $10 billion overage and divided it out, excluding loan programs, which I am still trying to bring into this general analysis, defense gets hit with about 55 percent of the cuts and nondefense gets hit with about 45 percent of the cuts. This is given the existing contracts that are out there and the existing budget which we have adopted. When you bring in loans, you are going to end up with about a 50-50 split between defense and nondefense. Maybe that is not fair, but I think the American people are going to believe it is fair.

Finally, let me say that all of the talk has been about sequestering, but remember that sequestering only happens if we do not do our job. It need never happen. The way it is set up right now for this coming year, November 1, if we do not violate our budget or if we do, if the President vetoes it, if we do not add any new spending that is not in the budget, that trigger will not be pulled, there will be no sequestering. If we do not, if we come in with a lot of new spending, if we violate the budget, if we create new authorization for expenditures, we are going to pull the trigger and we are going to have an across-the-board sequester.

But we control whether it happens. But it does not end there. Once the President has carried out the will of this bill, the law, with no discretionary authority, just simply an across-the-board reduction in automatic increases and controllable expenditures, then the President has the option to send a proposal to the Congress saying, "I think we ought to do it a different way. I think we ought to do it a different way. Look at this." That then becomes a highly privileged motion and has the procedure through the budget committees that guarantee that there is a vote.

Now if Congress rejects it, the President's action when he takes it goes into effect. The sequestered order is in effect when he orders it within 14 days after the report from OMB, Congress, and the President.

Now, the President may not send an alternative but either budget committee, on the highly privileged basis, can send forward an alternative. We can vote on it as a joint resolution, send it to the President. He signs it. The sequestered order is out. Our decision is in, except when there is not a recession. That alternative has got to totally eliminate the overage. Is this a straitjacket? Well, if you are used to not wearing clothes, it is pretty tight. But it has all kinds of protections.

No. 1, if there is a war, it is automatically eliminated. There is a 5-year emergency program. It is not permanent law. I hope we will adopt a balanced budget amendment in the future to make it permanent.

But this does not make it permanent. It is a 5-year emergency program to deal with an emergency.

(At this point the Senate, in executive session, considered certain nominations, which proceedings are printed earlier in today's RECORD, by unanimous consent. Thereafter, the debate continued, as follows:)

Mr. DOLE and Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. Mr. President, I yield to the Senator from West Virginia.

Mr. BYRD. Mr. President, I seek recognition for the purpose of asking the distinguished majority leader what the program for the rest of the day will be and what it will be on Monday and particularly with respect to rollcall votes on both days.

Mr. DOLE. Mr. President, I do not know that I am the one who is going to determine that. It seems to me that if I am going to ask unanimous consent to have a vote at 3 o'clock, it will probably be objected to. So if the forces that do not want us to vote today are here, we will not vote today. I understand the same group said we will not vote on Monday.

I am prepared to vote today. Nearly every Member here is on each side. We would like to have a vote on the Chiles amendment first. We are prepared to do that; then a vote on the Gramm-Rudman amendment and any other amendments. We are prepared to do that on Monday.

Again, I understand that Monday is the so-called critical day, according to the Secretary of the Treasury. I know others would like simply to extend the debt ceiling for 5, 10, 15, or 20 days while we discuss the pending amendment. It seems to me it is pending; why not discuss it now and vote?

The only other alternative the majority leader has is to file a cloture motion today, come in tomorrow, and vote on cloture on Sunday.

Whether we prevail or not, it will indicate to the American people that we are serious about trying to move on the debt ceiling. So I cannot answer the question because I am prepared to vote. Now, if the minority leader does not want to vote, then he will have to answer the question.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. The minority leader is ready to vote on a motion to strip this bill of the amendments which are pending and extend the debt ceiling for a week, 10 days, 2 weeks, with the appropriate ceiling figure therein. Let me make it very clear for the RECORD that I am ready to vote; the Democrats are ready to vote and we will be glad to supply, as much as we can, votes to enable the majority leader to pass a temporary debt ceiling—a week, 10 days, 2 weeks, whatever, with the appropriate ceiling figure therein so that the Government will not come to a stop, no programs will be hurt in the meantime, nobody will be hurt in the meantime, but in the meantime we can have the time to carefully analyze what the Gramm package will do.

I want to say again that as far as I am concerned nobody on this side has had an opportunity to understand what is in the Gramm proposal today, because there was a modification of the previous amendment an hour and-a-half ago or an hour ago. So I myself and most others do not know what is in that proposal. We are not willing, may I say, under the circumstances, we are not willing to vote on the amendment by Mr. GRAMM that is pending. We do not know what the amendment does. So we are not willing to vote on that today, we are not willing to vote on it Monday, but we are willing to help supply the votes to provide a simple extension of the debt ceiling for a short period, as I have already indicated.

Now, as far as cloture is concerned, and as far as the Senate's meeting on Sunday is concerned, some of us have been here on Sundays in the past but we do not need to do that. We on our side will give the distinguished majority leader consent—if he offers a cloture motion, we will give him consent to vote on that cloture motion on Monday without his having to bring the Senate in tomorrow, in order to qualify under the rule. We are prepared to give consent on that. I hope that the distinguished majority leader and I will be able to sit down shortly and discuss a simple extension. I am quite sure—we have made some con-

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tacts on the House side—that if we here originate a simple extension, it will probably be blue-slipped on the House side. I think we could probably get the House to send us a new extension over. But these things can be explored with a little time. I thank the distinguished majority leader.

Mr. DOLE Mr. President, if we are not prepared to vote on the Gramm-Rudman-Hollings amendment, maybe we can vote on the Byrd-Chiles amendment. We are prepared to do that this afternoon.

Mr. JOHNSTON. Mr. President, will the majority leader yield?

Mr. DOLE. That is the amendment from the other side. We are prepared to do that. There are 90 of us here I understand, or 92.

Mr. JOHNSTON. I just want to make clear to the distinguished majority leader that there are a number of us on this side who have been committed, as he has, to budget reduction, who are willing to concede, at least for the purpose of this debate, that this is a serious exercise in legislating. And if it is, then those of us who want to question what the meaning of this legislation is, what its provisions mean, this very far-reaching piece of legislation ought to be debated with time for deliberation. Up until this point I have been able to speak on the floor only by promising not to put in a motion. I have not even had time yet—and it is a question of time—to ask questions of the distinguished authors. So I would hope that we can have the necessary time to explore the meaning of this legislation and to put in alternatives and to debate it—this is very far-reaching—without being accused of being big spenders and wanting to let the deadlines go by. I can tell you, Mr. President, we cannot vote today or Monday in a final way and not because it is not important enough, not because the deficit is not a national catastrophe but because we are dealing with terribly important legislation which would fundamentally reorder the Government, turn over in my judgment legislative powers to the President, and we just cannot do that in a couple of hours' time. I hope that my bona fides in that feeling will be conceded as well by the majority leader.

Mr. HART. Will the majority leader yield?

Mr. DOLE. Mr. President, I do not have any quarrel with those who have serious reservations. That is the purpose of debate. But in many respects, as I read the Chiles amendment in large part it is pretty much the same as the Gramm-Rudman-Hollings amendment. The pending amendment is a self-enforcing mechanism that does yield certain powers to the President of the United States, primarily because we have been unwilling to make hard choices in the Congress. We are concerned about the deficit. I do not fault anybody about the hard choices. I am just saying it has not worked. The institutional will has not been there. The President is fully on board. I just talked to the Chief of Staff, Don Regan, from New Jersey, who indicates that they would very much like to complete action on this today. They will be back about 4:30 or 5 o'clock. And I hope we could reach some agreement where you had a very short, 2-, 3-, 4-day extension and then a vote, but otherwise I do not know what we gain.

Mr. President, just to determine when we might get a vote, I ask unanimous consent we may vote on the pending amendment at 5 p.m. today.

The PRESIDING OFFICER. Is there objection?

Mr. HART. Reserving the right to object, the pending amendment is?

Mr. DOLE. Gramm-Rudman-Hollings.

Mr. HART. I object.

Mr. DOLE. What about 4:30 p.m. on Monday?

Mr. WEICKER. I object.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. Yes.

Mr. BYRD. I make this suggestion. If the distinguished majority leader and I could discuss a time for a few days' extension of the debt limit, I would hope that we on this side could then agree to a time for a vote on the Chiles package; on the Johnston amendment; on the amendment by Mr. RUDMAN, Mr. GRAMM, and Mr. HOLLINGS, say, 10 days from now. I would have to go back to my conference to get clearance on a time and date for the votes on the various amendments. What I am trying to say to the distinguished majority leader, I think, depending upon my discussions with my colleagues in conference, is that I believe there would be a willingness on our side to enter into an agreement which would give the distinguished majority leader some votes on amendments.

On Monday, after we have had an opportunity to discuss in our conference, we hope to get an agreement and also a short-term extension of the debt limit so that the Government does not come to a stop, nobody gets hurt in the meantime, and it gives us all a little more time to analyze these amendments and really see where we are going with them.

We want to reduce the budget deficits over here, but we want to know who is going to get hurt and how much, what the priorities are going to be and how it is going to be decided and by whom. We do not want to cede more and more authority to the President. But let me say, just to emphasize, we are willing on this side to help the Senator to get the votes for a short-term extension of the debt ceiling and try to work out some agreement whereby there will be votes on a date and time certain for various amendments.

Mr. DOLE. Mr. President, it is obvious that we are not going to be able to vote today on this matter, but I hope that we can use the afternoon in debate. We are going to be here and we are going to vote if we get a chance to vote, so those who oppose the amendment or want it discussed I think should stay here and be prepared to do that. I know the distinguished Senator from Louisiana and others are acting in good faith. I am not questioning anyone's intentions, but I think there is an opportunity to discuss it. There may be some minor modifications that may be made. Maybe it ought to be tightened up a little more. Maybe it is too loose.

In my view, when we start dropping things out, we start causing everybody else problems. But that was a judgment that was made.

It is my hope that we could continue the debate this afternoon, knowing probably that there will not be an opportunity to vote, but at least a chance to discuss the amendment in some detail. Also, we would be pleased to vote on the Byrd-Chiles amendment at 5 o'clock today, even though we have not seen it.

Mr. HART. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. HART. So far as this Senator is concerned, the concern about how these sweeping processes would work extends to the Chiles proposal as well as the Gramm proposal. I have no clearer view, in the long term, how the Chiles proposal is going to work, any better than I have as to how the Gramm proposal is going to work.

I do not think it is a question of putting Gramm off to get to Chiles. It is a question of how Gramm works, how Chiles works, and how another proposal might work. That is all we want.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. HOLLINGS. Mr. President, let me thank the distinguished majority leader for offering that we vote on Chiles-Byrd first, because as the day commenced, the big objection we heard was about a plan by Senator CHILES and Senator BYRD; but we are not going to be able to get that suggestion voted upon and blocked out, that Gramm-Hollings was in the second degree.

So I asked Senator GRAMM and the majority leader if they would agree to a unanimous-consent request to vote on Chiles-Byrd. Now they do not seem to understand anyone having made that agreement. I think the record should show that.

Similarly, it's like buying a pig in a poke—no one said this is simple. I have never understood a farm bill, and we vote for it, and I know of no one who can explain one. There is no pig and there is no poke.

On the contrary, we have taken the budget solemnly agreed to the 1st of August, which only had what they called a $171.9 billion deficit, and we raised that to $180 billion. Then, for the first year, to make sure no one was getting caught off base, because nobody was contemplating playing with real bullets at that time, we upped that from 5 to 7 percent.

So what we are really looking at is some $20 billion of exaggeration or overrun, however described, from what they actually voted on in August.

What is really happening this afternoon is that everybody's picture is being taken. We are having truth in budget, and there are those in Congress, on both sides of the aisle, who will resist that in 5 days, 10 days, 10 months. They do not want that.

I have tried for 5 years to put a freeze across the board, with revenues and everything else. They do not want that. Now they do not want this—they say they want to study it. If they really wanted to study it and do anything, they would debate.

Senator GRAMM is here. He is an expert at it. I have answered questions on it. I have chased down rumors all morning long, misrepresentations of it. It is not easy, but it is understandable, and the hour is now. I urge that we not put it off 5 days, 10 days, for those who just never will want to vote 10 months or 10 years from now. That is exactly where we are.

I do want to thank the majority leader for bringing it up clearly, on top of the table, so that there is no move to outmaneuver. We are trying to get a mechanism and the fix for the truth in budgeting, to say what we mean and to mean what we say. That is all this amendment does. We have exaggerated or taken care of the No. 1 consideration by putting a $20 billion overrun on before anything triggers off or any of these devastating things occur that are being described on the floor.

(Mr. GOLDWATER assumed the chair.)

Mr. BUMPERS. Mr. President, will the majority leader yield?

Mr. DOLE. Let me respond first.

I appreciate the comments of the distinguished Senator from South Carolina, because he did indicate this morning that one concern on that side was that we were trying to close off any opportunity. That was never our intent. We are prepared to set our amendment aside, bring up the leadership amendment on the other side, and have a vote. We are prepared to do that right now—to set aside the pending amendment, have the Chiles amendment laid down, and debated and voted on at 5 or 5:30 today or 5:30 on Monday.

I appreciate the comments of the Senator from Colorado. I think there are some concerns in each amendment. They are not that different. The Chiles amendment, as I understand it—unless it has been dropped—would include one-third revenues, but essentially it is pretty much the same beyond that. So if there is objection to the one, there is probably objection to the other.

I think the Senator from South Carolina hit it on the head: The question is whether we want to reduce the deficit or want to talk about how difficult this is or how we are changing the rules or how we cannot do it this way or how we have to go back to the other way. That is why we are here now with a $2 trillion debt ceiling.

I hope we can bring it all together and have a nice bipartisan vote. I know they are working on it on the other side of the Capitol.

I yield to the Senator from Nebraska.

Mr. EXON. I thank the majority leader.

Mr. President, while many Members who are authors of this bill are on the floor, I should like to ask them a question or two and have any one of them answer.

I have listened to the remarks of my friend and colleague from South Carolina, with whom this Senator has worked tirelessly for years and years to attack the very problem that the amendment we are discussing is intended to address. If this is as good as advertised, and it may well be, we should have done this long, long ago.

I recall that the Senator from South Carolina and I and others, as long as 2 years ago, brought up the fact that we are never going to get this deficit under control unless we take tough action. I believe the vote we forced at that time was 36 to 38 on the floor of the Senate, and that it even went so far as to say that we should freeze COLA's for 6 months or a year, that we should not exclude anything. That was defeated.

Later, after the senatorial elections of last year, that side of the aisle came forth with a proposal to do something about Social Security, and that also was shot down.

The Social Security COLA's, as I understand it, have been declared off limits on this piece of legislation. I suspect that that is a realistic, political move, that we cannot get anything done unless we exclude certain things that are sacrosanct in the minds of some people.

I say to the main sponsor of this bill that I have looked at it. I am attracted to many things that this purports to do. But I have also listened to some others who are very much concerned about making some fundamental changes, bordering on possible constitutional changes, in a bill, and that we rush this through without enough debate and understanding.

I may vote for this when it comes to a vote. But I do not see, nor do I understand, the implied pressure that is being brought to bear by those who have serious reservations—and I emphasize the words "serious reservations"—about what we are and are not doing.

Therefore, I gladly accept the suggestion by my colleague from South Carolina that if we have some questions, this is the time to bring them up and get them aired.

My question is this: If this deficit situation is as critical as this Senator thinks it is, as clearly evidenced by the action that I and others have taken over the years, then I think it is safe to say that, by and large, one of the reasons for bringing this up at this time is that we never come to grips with these things until we have something that focuses on the crisis, where tough votes have to be cast.

Breaking through the $2 trillion debt ceiling limit after going through the $1 trillion debt ceiling limit 4 short years ago is a very, very tough vote.

My quesiton is this, if the situation, therefore, is as serious as I think it is and as the proponents of this measure that I might vote for believe it to be, then why do we not face it right now? Why are we delaying it? Why do we not simply say that we will extend the debt ceiling limit for 3 days or 7 days or 10 days at a time? Is this not the time now to make the cuts that we think are going to be necessary and probably increase some revenues in the form of minimum taxes or some other form of revenue? Would this not be the time to do it now rather than starting forth with this more complex suggestion that has been made, although it might be well-intentioned? Why do we not do it now rather than to postpone it and force the triggering mechanism to come into place as it has been explained to me?

Mr. HOLLINGS. Mr. President, I will say in a breath the Senator's amendment showed how much we could get as he has described it. We did not do it in July. We will not do it now in October. The Senator's amendment is logical but it is not realistic because if we want to solve the problem we will have to put out real sacrifices—let us call it a shared sacrifice—that include revenues, holding up on Social Security, and holding up on defense. We made tremendous progress, the Senator and I, both on the Budget Committee. But at the present time, Senator CHILES and I worked on this side of the aisle earlier going up to this debt limit. We have all seen and known when the debt limit or the $2 trillion came that you were not going to be able to pass a debt limit unless we did something that acknowledged the breakdown of the so-called budget system. That is what the media is saying. All of a sudden it is catching on like a prairie fire. This has been discussed back and forth.

If you could come up with a budget that will say let us have so much in revenues, fine. But we cannot even mention that.

Now we provide for revenues in Gramm-Hollings, but we do not specify revenues. That is my big difference, one of the big differences. As I will point out the others with Chiles-Byrd, the specification of revenues makes it politically defeated.

You are not going to get it by just specifying the revenues because it is thereupon described as tax action and the rejoinder is what is new—tax and tax and spend and spend. They could not get the President, and we will say Republicans or whoever, or the House or whatever, to go along with revenues. They could not get TIP O'NEILL, or President Reagan to go along with revenues. They got together on no revenues, under that oak tree agreement. So you could not get them to do that. What makes you think you can get it done now?

What we are trying to do is nothing different. We are trying our dead-level best to take that budget—even though I did not vote for it—and not change it, not add any revenues or subtract any revenues, not add any programs or subtract them, not diminish or increase in any particular item. Instead, take that particular budget where we are now, three readings in the House and Senate, and measure it right straight across in equal proportion, not a new budget because the Senator is talking about the responsibility and the responsible way to approach it, and I agree with him that is the way to approach it.

But the Senator and I have tried for 5 years. Senator Howard Baker once said, "Present your freeze; I will get on the floor and say some laudatory remarks and we will have a bipartisan movement." Instead, we got tackled from behind. There you go.

So it is not as if we haven't tried pushing for a freeze. But a freeze is not going to pass. The Senator and I know that. You could not get revenues passed this minute. We cannot mention it affirmatively. I think we provide for it where the President cannot edict revenues. It has to come back in his plan to the Finance Committee and Ways and Means in the orderly constitutional process.

I have a constitutional objection to Chiles. His rhetoric says we are going to have a minimum tax. But where is the minimum tax? So you get the plan over there and it is passed and everything else and page 23 says there is a minimum tax. They do not say the rate. They do not say how. They do not say what corporations, how much it is going to raise, or anything else.

You just do not just pass a mimimum tax by referring to it rhetorically. You have to stipulate, itemize. A minimum tax is a complicated thing. We tried for 9 years in the Finance Committee to get one and we do not have it yet. It has been the same with indexing.

So that is why we are trying to be realists in this thing and be impartial. But it certainly affects the discipline. It is not easy.

But the Senator's suggestion is not making it easier. It is making it impossible. I would like to go along. I will join the Senator. Put up the amendment. I will vote for his amendment to see how far we go with that responsible approach, but he and I well know it is not going to follow.

Mr. EXON. Is the Senator from South Carolina telling the Senator from Nebraska, then, that to make this politically palatable——

Mr. HOLLINGS. Yes, that is right, politically palatable, acceptable.

Mr. EXON [continuing]. To get the votes that are necessary to break through the $2 trillion debt limit that we excluded even touching COLA's on Social Security and that, furthermore, there was an accommodation if not misrepresentation that this particular measure also authorizes the raising of general taxes in the future?

Mr. HOLLINGS. Yes.

Mr. EXON. What the Senator from South Carolina is telling the Senator from Nebraska——

Mr. HOLLINGS. That is what the Senator from South Carolina said; I understand the tone of the Senator's voice. But politically, Social Security has always been thought of as a trust fund and this general perception has made it difficult to cut the deficit by limiting COLA's. The White House, the House, the Senate—everyone has tried but we have not been able to make it politically palatable, politically feasible. The Senator is right, on Social Security, so we got rid of that. We are not going to pass that. We are talking about the art of the possible here because we are under the gun.

No, we are not going to pass three readings in the House of Representatives and three readings in the Senate. They have tax reform and you can see how far that has gotten and they hope to get it out by November 1 on just one House.

Mr. EXON. Would not my friend and colleague from South Carolina acknowledge that it might be more politically honest, then, if we are going to have to consider tax increases and if we are going to have to consider further cuts in the budget? Would my friend not agree that it would be more up front and more politically honest with the people of the United States of America if we used the leverage of not passing an extension of the debt ceiling over $2 trillion but to tackle that right now?

Mr. HOLLINGS. I would like to tackle it right now. Incidentally, politically honest is what we call down here an oxymoron. There is no such thing as politically honest but in any event the Senator is right. It would be nice to do that but that is not going to happen.

We are taking up the time of our colleagues in trying to identify provisions that could be mistaken in this bill, but I assure you we have been working with the artisans in taxation and budgeting and in finance, and trying to hone the phraseology. "Controllables" and "uncontrollables," mean one thing with respect to the defense budget and another thing with respect to something else. But we have been working around the clock. This amendment has been worked on since Labor Day by all of us, in one way or the other. We did not just conjure it up yesterday. We have all been working the month of September on this particular item. The Senator knows that and I know that. We have discussed it. We have had off-session meetings in each other's offices to see what we could do in order to try this one last chance to really doing something about the deficit. The difficulty with the executive branch is they are really spending their time on tax reform when they should be spending their time and leadership on the matter of this deficit. We at last got the attention of the executive branch just this morning on the deficit.

And I am delighted and I congratulate my friend from Texas for leading the way. I am glad to bring this into realism because we have changed the time, I emphasize that, with respect to actually getting these things done.

The big objection to all of this is the delay in getting nothing done. In other words, if you take the Chiles date of November 10 by the time all the checks and balances are in place you are 5 months down the road.

So you are talking in terms of April and May to cut back on defense. Then you really have what they are talking about. None of the defense contracts will be touched. You and I gave defense $300 billion in budget authority. Admittedly, $160 billion of that you cannot get to, but another half of it, you can, if you go along with the Gramm-Hollings proposal.

I want to be able to hold up so we do not have to get to readiness. That is a big objection we have with the Chiles-Byrd amendment.

Mr. EXON. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. EXON. The Senator is reading something into my statement, I say to the Senator from South Carolina——

Mr. HOLLINGS. I do not intend to.

Mr. EXON [continuing]. That I suggested a delay.

Mr. HOLLINGS. Well, you said, "Let's do it right now."

Mr. EXON. That is the very opposite. I am not suggesting a delay, I am saying do it now.

The Senator from South Carolina is off on another tangent.

Mr. HOLLINGS. I thought the Senator wanted to pass revenues now. You want to pass one of these?

Mr. EXON. The Senator from South Carolina is off talking about Chiles-Byrd. I was yielded to ask a question. I did not mention the Chiles amendment. I do not think that necessarily is an interesting part of the discussion right now.

What I am saying, though, and what I am trying to get to is that because of the political reality of the situation we are going to pass the amendment that we are discussing that was originally proposed by the Senator from Texas and the Senator from New Hampshire, as I understand, it, to which my good friend and colleague from South Carolina and others have joined in, we are going to pass that because we cannot now or do not now have the courage to attack this up front before we go ahead and rush through to the $2 trillion debt ceiling. Is that not correct?

Mr. HOLLINGS. I think that is one good reasonable interpretation.

Mr. EXON. I have one more statement—the Senator from Texas has the floor—I read a rather interesting editorial in the New York Times this morning. I do not know whether anyone else has seen it or whether it has been discussed on the floor. I do not necessarily follow all of the editorial opinions of the New York Times, but they brought up some rather interesting arguments, as I understood it, opposed to this measure that we are considering or about to consider.

I am just wondering if it would be in order for the sponsors of the amendment to try and answer some of the things that were brought up in that editorial, for the education of the Senator from Nebraska. I am trying to find myself in the position to support the amendment, but I really believe that we have to look at this for a day or two before myself and others are advised as we would like to be.

Mr. BUMPERS. Will the Senator from Texas yield?

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. JOHNSTON. Will the Senator from Texas yield for a question?

Mr. GRAMM. I will not yield at this point, since I wish to get an opportunity to respond to some of the comments that are being made here.

Mr. JOHNSTON. May I ask when the Senator would be ready to answer questions?

Mr. GRAMM. I will be ready in just a few minutes to answer them. I am delighted my colleague from Louisiana is here and I welcome the opportunity.

Mr. JOHNSTON. I thank the Senator.

Mr. GRAMM. Mr. President, our colleague from Nebraska is saying, "Well, why don't we just raise taxes today? Why don't we do that today?" It reminds me of the analogy of the majority leader about the goal line. Our situation is that those who want to go on spending have dominated the game. They are ahead by 6 points. We have taken the ball from our 2-yard line and driven it to the goal line and they have cried out, "Time out. Stop the debate. Stop the game."

The majority leader said, "We will let you bring up your substitute." In other words, we will give you the ball. Let us play ball, but we are going to give you the ball. And you say, "No, stop the game. Stop the game."

Our colleague from Nebraska whispers across the lines, "Let's play basketball."

Well, let me assure you that this timeclock is not going to be stopped. I intend to fight against any effort to have a temporary increase in the debt ceiling, period.

Now, maybe you can get the votes to do it. Maybe there are enough people who want to put this decision off. They are for dealing with the deficit, they are for dealing with the problem, but not now, not this vehicle, not this proposal.

This is the same siren song that we have heard over and over and over again for the last 10 years as the debt ceiling has gone up and up and up. It has doubled in the last 5 years.

Our proposal is to raise the debt ceiling. I will vote for it. But I will not vote to raise the debt ceiling unless we do something about the problem. We are willing to pay our bills, but we want to call in the credit cards.

Now, before we moved to the Executive Calendar to approve the appointment of Jimmy Miller as Director of OMB, I had the floor and was completing a statement about this proposal.

Mr. EXON. Will the Senator yield, since the Senator misrepresented my position?

Mr. GRAMM. I am glad to yield.

Mr. EXON. The Senator has indicated that the Senator from Nebraska wanted to raise taxes now.

Mr. GRAMM. That is what it seemed to me.

Mr. EXON. I made the statement that I was trying to find myself in a position to vote for this. I can only believe in listening to the Senator from Texas, that he intentionally or otherwise tried to misrepresent the position of the Senator from Nebraska, and I resent it.

Mr. GRAMM. Mr. President, I have the floor.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. GRAMM. Mr. President, let me reclaim my time by saying that the Senator, rhetorical or otherwise, said, "Why don't we deal with the problem now? Why don't we deal with taxes?"

Mr. EXON. The problem is cutting the expenditures.

Mr. GRAMM. Mr. President, I have the floor.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. GRAMM. Mr. President, my response was that it reminded me of the analogy of the football game, that we have the ball on the goal line, we offer to give you the ball to go on with the game but, no, you do not want to go on with the game, and then somebody suggested, "Why don't we play basketball."

My point is, we are here today debating raising the debt ceiling to $2 trillion. This is an emergency and a crisis. There are those that want to do the same thing we have done in the last 10 years—pay the bills, but do not call in the credit cards; do not disrupt the system. "Why, it may make committees operate differently."

Let me assure you that the American people do not care about our committees operating. What they care about is the fact that we have not done the job.

Now, the President was concerned about this proposal, as a lot of our colleagues are, because if the Congress does not do its job, the automatic across-the-board sequestering would hit defense hard. Over 50 percent of the savings in an across-the-board sequester would come from defense.

But the President decided that this is a give and take proposition and that it was important that we were committed to a process of dealing with the deficit. So the President this morning came out and endorsed this proposal.

We are ready to vote. I think Members know where the votes are. Now, I am in no way critical of anybody who opposes this bill. There are a thousand and one reasons to oppose it. But what I am critical of is people who do not want to vote. Vote no. I am not urging that anyone vote for it who does not think it is a good idea. But vote. Give us an opportunity to get on with the Nation's business.

The reason it is critical is that there is a $2 trillion debt. It is not as if suddenly we woke up 3 days ago and said, "Well, you know, there is probably a problem out there." This problem has been building in the whole post World War II period. We are looking at raising the debt ceiling to $2 trillion. The time has come now to call in the credit cards.

I speak for myself. I am not going to vote to pay the bills until we call in the credit cards, but I am eager to vote. But the problem we have here is that the debt ceiling is running out. Come Monday or Tuesday, or maybe at the latest Wednesday, we are going to run out of money in this country. There are going to be people who are going to be kicking and screaming about it, and pointing the finger at those who they claim are responsible. I want it clear I am ready to vote. I am ready to vote on the debt ceiling today. I am ready to raise the debt ceiling to $2 trillion, admit that the budget process has failed, and that we have failed.

But I am not willing to do it without calling in the credit cards. That is the proposal we have before us. So let us vote on whether we are going to call in the credit cards, and then let us pay our bills.

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. GRAMM. I am happy to.

Mr. JOHNSTON. I thank the Senator.

One thing I want to do is get the meaning of this bill as far as I can. On page 23 of what I understand to be the current bill—and the copies of the bill have been changing rather rapidly. I think this is the one we have on our desk that says "as modified." If you will turn to page 23, it says that to the extent necessary they must reduce each relatively controllable expenditure by a uniform percentage. The keys words there are "expenditure" and "uniform percentage." I want to ask the Senator what is an "expenditure"?

Mr. GRAMM. Let me respond by saying that in order to answer your question, I have to go through the process that would get us there. I will be happy to do that. What the bill requires is that the President submit budgets each year that are no greater than the maximum allowable deficit, which begins this year at $9 billion above the budget that we adopted.

Mr. JOHNSTON. I understand that.

Mr. GRAMM. I am going to go through the process to answer the question. The President must submit a budget in each fiscal year that is within the maximum allowable deficit to produce a balanced budget in calendar year 1990. It is not in order, neither for the House nor the Senate, to come to the floor from the Budget Committees with a budget proposal that has a deficit greater than the maximum allowable amount. All amendments on the floor of the House and Senate in consideration of the budget is zero sum amendments. If you want to raise spending in one area, you take it away from another. You can raise spending, and raise taxes. You can cut spending, and cut taxes. But you cannot have an aggregate impact on the deficit. Once the budget is adopted for the first time ever under the Budget Act, it will be binding down to the subcommittee levels. That is the budget process that will be in place under this 5-year emergency bill.

Under those circumstances, why would you have an overage? Well, if we do our job, we adopt the budget, we implement reconciliation, and we would have an overage really for three major reasons: No. 1, we use faulty economic assumptions or something changed; No. 2, we had phony savings; No. 3, the spendout rates were different than we thought. On October 1 of each fiscal year under this 5-year emergency plan to bring the deficit under control and to balance the budget, the Director of OMB and the Director of CBO must report jointly on the projected deficit for that fiscal year on the first day of the first calendar year. Where they do not agree on their projection, then we automatically take the midpoint of the two projections.

If the projected deficit is significantly greater than the maximum allowable deficit which, when the bill is fully in force, we define as 5 percent, then OMB and CBO jointly report to the President and to the Congress that there is an overage that is significant. They report the amount of the overage, and they report dividing overage into two equal amounts. How much is automatic increases? Automatic increases are indexed programs that increase because the inflation rate is indexed. Most entitlements are indexed. There are some programs that are indexed that are not entitlements. There are a lot of quasi-indexed programs. The OMB and CBO will report the percentage by which these automatic increases have to be reduced across the board to eliminate one-half of this overage. If they are reduced to zero before one-half is eliminated, then the rest of the overage transfers over to controllable expenditures. How are we defining controllable expenditures?

We are defining relatively controllable expenditures that have new budget authority. We are also including in controllable expenditure obligation limitations. We are also including payments to the States. These are all things that we control remembering as a good guideline that if you want to understand it instead of nitpicking it, remember this: That entitlements are driven by eligibility; that if somebody qualifies for Medicare, they get the benefit, and the amount of benefit they get is dependent on whether they are sick or whether they go to the hospital. We cannot come in and cut Medicare across the board because we cannot say to your mom and mine at the end of September, "Well, I am sorry you got sick today, but we do not have any money." So the programs that are driven by eligibility set by the Federal Government are not affected in the sequester—only the automatic increases in there. We take Social Security off budget as a freestanding trust fund.

I am sorry that our colleague from Nebraska left because he was basically discussing why we did it. Maybe it was not legitimate. As I recall, we had a motion to table, and a resolution to take Social Security off budget. The Senate voted against it. So in doing so, if you voted to table it, you were voting not to take Social Security off the budget. I know some of the colleagues here voted no.

It so happens that the Senator raising the question voted aye. But Social Security is off here. It is a freestanding trust fund. We know it is coming off the budget in 1992 anyway. We know that if we brought it forward with Social Security in it as a freestanding trust fund, it would be taken out. And we would be debating Social Security. So my point is if you want to debate Social Security, go to the museum. That debate is over here if this bill is adopted.

You have reduced your automatic increases across the board proportionately to try to eliminate half the overage. If you had done that, fine. If you have not, the other half goes into the other pot.

What we do in the other pot is the sequester order reduces the line-item accounts across the board proportionately so as to produce an equivalent percentage reduction in outlay.

Mr. JOHNSTON. Will the Senator yield at this point?

Mr. GRAMM. I do not yield at this point.

Some people have raised the question: Well, does this mean you are going to let the President cut agriculture? Are we going to cut agriculture across the board and let him decide? No. In the line-item accounts in agriculture on controllable expenditures, we have such line items as timber purchase, and road construction credit. What this would mean is if we had an overage of $10 billion and we implemented that across the board, we might have a 0.2 percent reduction in that account. As I noted earlier, that would not mean that we would pave the road 99.8 percent thick. They would decide what roads they pave and what they did not. But under current appropriations they do that anyway unless you have some micromanagement.

So in essence what we would do is reduce controllable expenditures, obligational limits, and payments to the States across the board, and credit limits across the board proportionately so as to reduce the deficit by the amount of the overage.

I am happy to yield for another question.

Mr. JOHNSTON. Mr. President, I think the Senator must not have obviously understood my question. Let me repeat the question. I think I understand what the Senator's bill does, and the Senator need not repeat that. I simply want to know what is an expenditure. And I heard line item.

Mr. GRAMM. I will be glad to respond.

A controllable expenditure, or what will be sequestered which is relevant here is relatively controllable expenditures.

These are expenditures that are controlled by action of the Congress other than those driven by eligibility set by the Federal Government under entitlements.

Mr. JOHNSTON. I am talking about what the word expenditure means.

Mr. GRAMM. It means, for budget purposes, outlays. Expenditure is equivalent to outlay here.

One of the confusions that has occurred is Members have talked about budget authority. Budget authority must be sequestered to produce a proportional reduction in outlays so that fast spendout programs will have budget authority reduced less, slow spendout programs will have budget authority reduced more so as to produce a proportional reduction in outlays.

Mr. JOHNSTON. I think the term expenditure could mean a budget function as under the Budget Act. It could mean that which is contained in an appropriations bill. It could mean that which comes under a Cabinet department, as, for example, Interior. It could mean a subdepartment, such as an expenditure for Fish and Wildlife. It could mean a project as contained in one of our appropriations reports. It could mean a line item as stated in an appropriations bill. It could mean, as I say, report language, because report language is the way we appropriate in detail, actually, in all the bills.

For example, to give you one illustration from the Department of Defense appropriations bill, one line item in the bill is $21 billion. The detail under that is specified in a report.

In the energy and water appropriations bill, the individual projects are specified in many pages, I do not know how many pages, but there must be 30 pages of projects there, individually identified, in the report. The overall appropriation, however, for all construction is contained in one big number, on one line, in the bill.

So when you say expenditure, it could mean all of those things.

You say back on page 31 that the term relatively controllable expenditures means budget outlays that are classified as relatively controllable outlays in the Office of Management and Budget outlays report number such-and-such.

Mr. GRAMM. It is obviously clear to the Senator from Louisiana that when we are talking about an across-the-board sequester by the President, the President cannot figure out these across-the-board sequesters, and the OMB clearly has to provide that account function. The language, the account, department, or establishment of the Government to which each amount of budget authority, obligation limit, and loan payment and any payments described in subclause 2 of the clause would be available for obligation, could mean a lot of things. But what it does mean is that we are talking about, so far as outlays are concerned, new budget authority, we are talking about line items.

Some line items are big and some line items are small.

It is true, for example, that if you take the Office of the Secretary of Agriculture, which is a line item, if that is reduced 0.2 percent across the board with other items, the Secretary could go in and make a discretionary decision. But my point is he is already making a discretionary decision unless we are micromanaging with some rider to the appropriations bill.

There are other areas which are bigger, where the degree of discretion is also bigger.

We are dealing here with clear necessity to balance our desire to control the Congress priorities with our desire to be practical.

For example, we run a deficit and we have not dealt with the problem, we have let the deficit get above the maximum limit. I want to emphasize to my colleagues, this will not happen if we do our job. There will never be a sequester order if we do our job. It only happens if we do not do our job.

Mr. JOHNSTON. I do not want to argue with the Senator.

Mr. GRAMM. I can answer the question very simply. So far as budget authority is concerned, we are talking about line items. Within those line items there is a discretionary decision made. But surely we do not want to go into the office of the Secretary of Agriculture, which is a line item of the budget, and say, "You shall, under this sequester, use your Xerox machine less, your telephone less, and you may need to let a secretary go or cut the lights off earlier."

Surely we want to give him the power to say, "I have a 0.2-percent reduction. I will not go to Kansas City this week. I will save the money there."

Mr. JOHNSTON. When you say line items, do you mean line items in an appropriations bill, the OMB report, or where?

Mr. GRAMM. I am talking about line items in the report, "Distribution of Controllables of the Budget." It is in the midsession review.

Mr. JOHNSTON. When the Senator says expenditure—

Mr. GRAMM. That conforms to the general line items accounts in our appropriations bills.

Mr. JOHNSTON. A line item in the OMB report, number one, is not the same as a line item in an appropriations bill. Some of them may be, but most of them are not. It is clearly not the same thing as a project, an activity, or a program, which are the usual words of art used.

Really, what I am trying to get at is what is the extent, and I think it is important to have it for legislative history, what is the extent of the Presidential authority?

For example, just to take a close at home, in the committee report, as part of the construction general account of the Corps of Engineers, there is an item stating "Lake Wichita, Holiday Creek, Wichita Falls," for which $16.4 million was projected.

I assume that Lake Wichita is not a line item.

Mr. GRAMM. Let me respond by saying that the Wichita project would not be a line item. It would be within a line item.

But I go back to my point. We all know that the Senator from Louisiana is a distinguished and brilliant member of the Appropriations Committee. If he is trying to demonstrate that his knowledge of the intricacies of that Byzantine process exceeds mine, I will concede that immediately.

This bill says specifically where the definition comes from with regard to the Holiday Creek project in Wichita Falls. Clearly we do not want the sequester order to say, "Build nine-tenths of the dam and leave one-tenth of it out."

What we want to do is to sequester across broad categories, line items, the way the accounts are kept by OMB, which is going to have to enforce this on behalf of the President, and they will report with CBO so both will have an input.

Mr. JOHNSTON. Is it correct that expenditure means whatever OMB says it does as put forth in their report?

Mr. GRAMM. No. What it means is the line items on new budgetary authority. As it says on page 31 of the bill, relatively controllable expenditures means budget outlays that are classified as relatively controllable outlays in OMB "Controllability of Budget Outlays Report No. BPS 0701A, August 27, 1985."

The reason that that is the only way to deal with it is because that is how the accounts are done by the Government. We are talking about the President ordering sequestering.

Let me get down to the bottom line and make the point the Senator wants to make.

Within line items, if we cut across the board, there will be discretion.

That provision says, "Limitation. iii." This is page 25. "No action taken by the President under subclause (1) or (2) of clause (i) shall have the effect of eliminating any program, project, or activity of the Federal Government."

Mr. JOHNSTON. Mr. President, can he delay that for a year? May he delay for a year a program, project, or activity? He does not eliminate it in the law. It is still authorized. May he delay it for a year? For 2 years? Indefinitely?

Mr. GRAMM. Under this definition, the President could not close out a program, could not zero-fund the program.

The President is not going to be doing this, anyway. The President, I can assure the Senator, clearly is not going to go out and in timber purchase, road construction credits, national forest fund, say, "Aha, Louisiana, knock that road out."

The point is—and I want to yield the floor and let others speak. My dear colleague from Oklahoma, who supports this provision, is standing up eager to speak.

Let me make my point; within line items of the budget, there is some discretion. But I remind my colleagues that the discretion is minimized within our accounting system that the President will have to rely on in issuing the sequestering order.

Before yielding back my time to let my colleague from Oklahoma speak, let me repeat, and I believe this point is lost so much in this debate: this automatic sequester—which, by the way, if you had a $10 billion average, would take a little more than half out of defense, not counting the credit programs and counting the credit programs, would give about a 50-50 split, about 50 percent out of defense, 50 percent out of nondefense.

Some people say that is not fair. The people who are strong for defense say that is too much out of defense. The people who are strong for other discretionary programs—mass transit, for example—say that is not enough out of defense, that is too much out of discretionary social programs.

If you asked the American people what they thought a fair split was, my guess is that more than any other number, they would say 50-50. That is roughly what we get.

Mr. President, so others may have an opportunity to speak, I yield the floor.

Mr. BOREN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Oklahoma?

Mr. GRAMM. Yes, Mr. President.

Mr. BOREN. Mr. President, I want to thank my friend from Texas for his statement. He has given a very able description on the floor.

I think if my other colleagues had the experience of working with a similar provision, they would not have the fear of it that some of them appear to have. This is not an unknown proposal. There is always a tendency to fear the unknown, fear the kind of procedure with which we have not had experience. To those who feel this is a new proposal, one which is untried and untested, one which is difficult to understand, I urge them to talk to their colleagues who have had experience with the very same kind of provision in the operation of State government.

I had exactly the same kind of system in place that I worked with when I was Governor of Oklahoma. Our State had a budget-balancing requirement. We had what we called a State board of equalization, which made estimates for the State.

Mr. GRAMM. Mr. President, if the Senator will yield, I would like to yield back my time so the Senator from Oklahoma may be recognized on his own time.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized on his own time.

Mr. BOREN. I thank the Chair. I thank the Senator from Texas.

When I was Governor of Oklahoma, Mr. President, I operated under a system that was similar to that. There was a State board of equalization which was made up of State officials, including the budget director and the Governor, which prepared estimates of the anticipated revenues, estimates of the costs of programs that we had enacted, then they followed and tracked all the figures as they came in. If our estimates were over our projections, if they were too rosy, if the money we had expected did not come in or our expenditures went out too quickly, we had no choice; in our case, we had to balance the budget.

Just as under this proposal, we had to meet the budget deficit targets that are set out in this particular piece of legislation.

What happened was that if we failed to meet out targets, by automatic operation of the law, there was an across-the-board cut in everything. That meant in my operation of the Governor's office, if I were operating that office with a budget of, say, $1 million and I had to experience a $50,000 cut as a part of an across-the-board-in-all-functions-of-government cut; I had to sit down and figure out how I was going to operate the office with $50,000 less. As the Senator from Texas has said, the law did not specify to me that I had to cut my paper allowance or that I was going to buy fewer postage stamps that month or that I would cut down on the use of the telephone or I would tell my staff, only travel 10 miles instead of the 20 miles a day you were traveling before. Of course not. There is no way under the Sun anybody could ever write any kind of law that specified in every detail how many paper clips you were going to buy to operate any particular office.

Mr. FORD. Will the Senator yield?

Mr. BOREN. I would like to finish my remarks, Mr. President; then I shall be happy to yield for any question.

I can tell my colleagues this system works. It works. We faced the situation in my State just a few months ago. As all of us know and my colleagues have heard me talk about the agricultural economy and the oil price impact on the energy sector, we had a very difficult time in my State. We had a shortfall of revenues and could not continue our programs at the usual level. What we did is, we had to make some across-the-board cuts. The raises which policemen and teachers and others were looking for were not going to be able to take place. We had to take immediate action rather than hoping for a more productive economy.

What did we have to do? The Governor had to call the legislature back in session. They had to decide: Do we want these automatic cuts to go across? Did they want teachers not to get any raise? Did they want the road program cut, the corrections program cut, other education programs cut? They had to decide.

In the case of our State legislature and the Governor, they decided, yes, they would live with some of the cuts. In other cases, they decided that some of those programs were so vital that they would raise the revenue necessary for those programs and keep them in operation. In other words, they had the opportunity to meet their responsibilities.

I heard somebody the other day talk about this proposal. He said,

> This proposal is terrible. It puts us in a box. Do you realize that if we do not meet our budget deficit reduction targets, we will face the terrible choice of either having to cut programs or raise taxes to pay for them? We might either have to cut defense or raise the money to pay for the defense programs we think are important to the country. We might even have to cut some of the COLA's or raise the money to pay for some of the COLA's.

Mr. President, that is just the box that the American people and the taxpayers have been hoping and praying to put this Congress and this administration in for many, many years. And it is time we got put in that box, for heaven's sake.

Mr. HOLLINGS. Amen.

Mr. BOREN. It is time we were put there. It is time we had to face up to our responsibilities. How in the world do you think we can balance a budget? There is only one way to balance a budget when you are spending more than you take in: You either have to cut back on what you are spending or increase your income.

I realize that is a radical statement here, in Washington, DC, because for some years, we have been balancing the budget with mirrors. We have canceled expenditures we have not even made yet. We have changed our estimates of economic growth.

It has been so long since people here realized how you really balance the budget, that you cannot do it with smoke and mirrors and resolutions about waste, that they have forgotten you either have to raise your income or cut your spending.

Well, put us in that box. Throw us in that brier patch. It is time we got in there and dealt with the real problems that are facing this country. That is exactly what this proposal does. That is why so many people want to squirm and squeeze and wriggle and find a way out of it. We are finally going to have to ask the American people—it is not only the Congress and the President that need to be put in this box. Truthfully, it is the American people as well. It is our fellow citizens. So when they come in and ask us for a program—maybe it is worthwhile—we can turn around to them and be honest enough to say, "We don't have any money to pay for it. Now do you want this program, American citizens, do you want it badly enough to pay for it or not? If you want it badly enough to pay for it, then that is the only way we can get it because we don't have the money". I see my good friend——

Mr. HART. Will the Senator yield?

Mr. BOREN. I will in a moment. I see my good friend from Louisiana on the floor, and I heard him jokingly say one day when he raised the question how are you going to pay for it, somebody said—and he quoted them—"We'll pay for it out of the deficit." That is the policy that has been followed here for years and years, and it is not only Democrats that have followed it; it is Republicans, too. My goodness, this particular President has followed it more than any other President in the history of this country. It took us 187 years to get us to a $1 trillion deficit and this President, under the Reagan administration, another trillion within less than 5 years.

Mr. LONG. Will the Senator yield?

Mr. BOREN. It has been a bipartisan policy of paying for it out of the deficit and it is time to establish a bipartisan policy to stop it.

Mr. LONG. Will the Senator yield?

Mr. BOREN. I yield to my colleague from Louisiana.

Mr. LONG. So far we have paid for $2 trillion out of the deficit.

Mr. BOREN. That is exactly right.

Mr. LONG. We have paid $2 trillion out of the deficit so far.

Mr. BOREN. The Senator is exactly right, $2 trillion out of the deficit and I tell you what, Mr. President, we cannot afford the third trillion to be paid out of the deficit. If we do, it is going to break the bank. Eleven days of interest payments on the national debt exhausts all of the money paid by the citizens of my State of Oklahoma in Federal individual income taxes for the whole year. You take all the individual taxes paid by the people of Oklahoma and that will pay the interest off on the national debt now for 11 days. Forty percent of all the individual income taxes paid in this country right now are going to pay the interest on the national debt. At the rate we are going, if we add that other trillion and pay for it out of the deficit, you know what is going to happen? Pretty soon we are going to face the time when 100 percent of the individual income taxes paid in this country are going to pay the interest on the national debt.

Mr. HART. Will the Senator yield?

Mr. BOREN. At what point is it all going to collapse? It is not a question of when will it collapse. It is a question, at what point will it collapse? Is it going to be next week? You come to my State. You talk to the farmers. This is not some abstract economic theory about what deficits do. It is not some argument economists make. They cannot sell their wheat overseas. They cannot sell their corn and their cotton. They are going broke. Farmland has gone down 38 percent in value on an annualized basis in my State this year.

That is no economic theory. That is no one in some ivory tower saying, "Here is what the deficits might do to you." It is a fact. It is what it is doing to them. It is absolutely bankrupting good, honest, hard-working Americans who are losing their farms. It is not a theory to the people who work in the B.F. Goodrich plant in Milo, OK, employing over 2,000 people, the largest employer in northeast Oklahoma. All of those employee recently received a notice saying the plant is going to be closed, you are going to be laid off not for a week, not for a month. You are going to be forever laid off because the overvalued dollar and the terrible situation in the farm economy makes it impossible for us to make and sell those tractor tires any more; we are closing the plant. It is not some abstract theory about what the deficit is doing. It is a matter of human tragedy it is inflicting. And it is putting stresses and strains on the banking and financial system of this country. Mr. President, if you do not think we are standing on the edge of a cliff, I tell you, you better take off your blindfold and look around because we are standing on the edge of a cliff. We are imperiling this country. We are committing the immoral action of taking away economic freedom for the future children of this country, for our children and our grandchildren, for the people we were sent to the Senate to serve. The Senate of the United States, of all bodies in this Republic, ought to be the preserver of the future, the protector of the future, to pass on the opportunities that we have been given to the succeeding generations. Of any body politic in this country, any institution that ought to take the long view, that ought to step away and not be afraid to make decisions based upon short-term political or popular feelings, it is the Senate of the United States.

Mr. HART. Will the Senator yield?

Mr. BOREN. And now we have an opportunity to do that. Now we have an opportunity to take action which puts us in that box and makes us honestly and squarely face the priorities that are before us and makes us decide which programs are important enough to this country that we should pay for them and those programs that are not that we should cut or that we should reduce.

I am happy to yield for a question.

Mr. HART. Does the Senator recollect off the top of his head how many sponsors of the Gramm proposal voted for the massive tax cuts in 1981 and how many sponsors of this proposal voted for the massive increase in spending over the first 3 or 4 years of the Reagan administration?

Mr. BOREN. I could not tell the Senator that offhand, no.

Mr. HART. I think it is, frankly, most of the sponsors, perhaps not all but most of them who voted for policies in the past 5 years that have brought us to this terrible plight. I agree with the Senator from Oklahoma.

Now, that is not to point the finger of blame, but I would ask the Senator from Oklahoma whether it is grounds to question whether what we have here is a failure of policy and not a failure of process? If policies keep failing, should we fundamentally alter the check-and-balance system which this proposal suggests we do because those policies fail?

Mr. BOREN. I would say to the Senator from Colorado I respect his own position on this matter. In fact, I think he has in the past sincerely tried to point out the dangers of depriving the Government revenues; that apparently there was a consensus in the country that wanted to keep spending levels for programs at a level that could be sustained by the revenue. So I respect his motives and I respect his record. But I would say I think we have a failure both of policy and process. I remember when the tax cuts were proposed—and I happened to support those because I happened to believe and I still believe that up to a point when you provide appropriate incentives, you can stimulate economic growth. But when you are running deficits that are too large and when those deficits begin to impact on real interest rates, you reach a point at which you cannot continue to cut back on the revenues and be responsible.

I remember at that time, I believe it was the Senator from Nebraska, who is now on the floor, offered a proposal to that tax cut which said that it should remain in effect. However, if deficits reached a certain level, there would again be—and we are talking about triggering devices here—an automatic trigger that would hold further reductions in revenue in check until we in the Congress had shown enough responsibility to earn the right to proceed ahead with the tax cuts. In other words, it was a sort of earn your right to cut taxes by constraining spending enough that we can afford to give those tax cuts, write them in black ink and not in red ink, not pay for the tax cuts either out of deficits. It is wrong to pay for programs out of deficits. It is also wrong to pay for tax cuts our of deficits—money that you do not have.

Now, when you look back on it, frankly, the record of the two parties is not very good. On this side of the aisle perhaps we have been most guilty of paying for programs with red ink, expanding the spending without expending the money in the till to pay for those programs, and I would have to say that this administration, quite frankly, has erred on the other side. They have loved to give those tax cuts, but they have written them with red ink. They have paid for those tax cuts out of the deficit, with money that we did not have. Each side of this process has been giving in to what has been politically easy. It is easy to give tax cuts. None of us every like to oppose tax cuts.

I remember when I first came to the Finance Committee someone said, "What tax increases are you for?" I said I wanted to get on the Finance Committee to be for tax cuts. We all want to be for tax cuts. And so it has been easy. We all want to be for programs that are worthwhile. Who is against programs to strengthen our national defense? Who is against programs to help the handicapped, for example? Who is against programs for medical research? Most of these programs we have passed were not evil. Most of them have good and worthy goals. It is easy to vote for them, and we all have been guilty of it.

I would not stand here as a paragon of virtue, I say to the Senator from Colorado. I would not say that I have never been tempted to vote for a program for which we did not have money. I would not say that I have never been tempted to vote for a tax cut that we did not have money in the till to give.

In my part of the country, we have a great institution called the tent meeting and the sawdust trail. This is the time for all of us to have a joint tent meeting and for us to walk down the sawdust trail. This is the time for those who pay for tax cuts with money we did not have and paid for programs with money we did not have to come forward and confess it and say they will sin no more.

We should have the President walk the sawdust trail first. That might get a great ecumenical spirit going in this country, if we would all confess, on both sides of the aisle, that we have done wrong. But now is the time for confession. Now is the time for the pastor to turn up the heat, so to speak, and to attack the consciences of each of us and put us in that box I mentioned a while ago which indicates that we ought to either raise the money to pay for a program or cut the program for which we do not have the money. Face up to these tough priorities.

I agree with what the Senator from Texas said earlier. We can become over concerned about every detail of this problem.

As a Governor, I never let, and my successors and predecessors never let, the actual effect of those across-the-board cuts occur for very long. If they occurred even for a short time, it was unusual. The legislature was always called into session, and the Governor said, "It's so painful to cut these programs. Lets see if we can raise money or set priorities and decide what is more important." It works.

The main point is that it is the sword of Damocles that we will be trying to avoid. I think the main feature is not what is going to happen if this occurs. The main, positive side of this proposal is that there is something out there that is so unpleasant that I do not believe Congress or even this President—someone has said, "Would the President ever agree to raise revenues of any kind to prevent, say, a defense cut?" I think he is concerned about the defense of this country. I believe it will make him think. He has been paying for all these defense programs with money that is not there. It will make him think:

> Do I want those defense programs badly enough to pay for them, when they will be automatically gone if we don't do something about it?

This is a discipline we are imposing upon ourselves. None of us likes to be faced with an unpleasant decision. None of us likes to have to make those painful decisions. None of us ever likes to have priorities set for us in our personal budgets.

We all like to go to the store and buy everything we want. But we should realize, when we make a choice, that we should impose a discipline on ourselves. We impose it on all other aspects of our lives. We know that if you spend 10 minutes in one activity, you cannot spend it in some other activity. We understand that in our personal lives. Why in the world can we not understand it when it comes to setting the budget of the Government of the United States?

The Senator from Texas knows that I intend to offer two amendments to his proposal, if it is adopted. I want to complete the action of going down the sawdust trail and being honest. I have these amendments drafted, and I am going to send them to the desk and have them printed in the RECORD.

First, there is a minimum corporate tax to raise $4 billion a year. You can see what is in it. Every detail is written out. We have four corporations that made $10 billion—let me repeat that: $10 billion—in profit last year and paid no taxes whatsoever, and that would be $600 million back.

In my own conscience, I cannot afford to say that we are going to impose across-the-board cuts on the food stamp recipients or the veterans or the railroad retirees or some important defense programs of this country and still say that we are going to do it without first requiring that these companies, which have made these massive profits, pay their fair share of the taxes.

So that $4 billion would become effective the 1st of October, 1986. That would give the Finance Committee and the Ways and Means Committee plenty of time between now and then to revise this proposal, if we adopt it. It would automatically go into effect on that date if not changed. That $4 billion would come off the top. If we had $10 billion in shortfall, that $4 billion would come first.

The second one is something that really gets into the area of walking the sawdust trail and honesty within the tent meeting. I do not know how we can talk about across-the-board sacrifice by all the American people if we exempt 20 percent of the people from that.

If the Gramm amendment is adopted—and I will vote for it—I will offer an amendment to expand that sacrifice more by including Social Security COLA's up to a maximum of a 3 percentage point cut—not more than a 3-point cut in the proposal. How can we say we are asking all Americans across the board to sacrifice and leave out such a large and important group of our citizens?

I will tell you something else, as long as we are being honest: I think it demeans the senior citizens of this country to take them out of that process. I do not know of a more patriotic group of Americans than our senior citizens.

I would put the patriotism of the average person receiving Social Security in this country alongside the patriotism and commitment to this county of any other citizen of any other age.

The senior citizens I have talked to have said, "We don't want to be singled out and asked to sacrifice, we don't want our COLA's to be cut, if no one else is going to experience a cut."

I have yet to have a senior citizen say to me, "If everybody else in this country sacrifices, we don't want to do our part." They are the last ones to say that. They are the ones who have helped build this country, and they know that you cannot live beyond your means. They understand it a lot better than people my age. You cannot tell them that they do not want to sacrifice and that they are not patriotic.

For goodness sake, how can we say that we are having an across-the-board sacrifice if we leave out millions of people on Social Security?

There should be some protection. I am sensitive, as a political realist, to the feelings of my colleagues in this body. That is why I said we should put a limit of 3 percentage points on a cut in the COLA's and the Social Security Program. We should bring everybody in. Let everybody participate in this sacrifice and this discipline.

I have said this before, and it is no secret, and I admire the motives of all those who have spoken so far in this debate, and I think it is good and healthy that we have been brought to this point.

When I go home, people say: "What are you doing in the Senate? You pass a resolution declaring this week and that week in honor of some group in the country."

We have a debate going that the President sent down a tax reform proposal. I have yet to have 10 people walk up to me on the street or write letters and ask me what has happened to it. Nobody seems to care very much. We spend a lot of time debating things totally insignificant.

They say: "When are you people there going to deal with the real problem of this country, that cancer that is eating away at the strength of this country, that deficit that cost me my job with the Goodrich factory, that deficit that cost me my farm, that deficit that is threatening the banking system? When are you going to deal with that?"

Well, we are on that issue now, and thank goodness. I think it is a good thing that we are debating it, that we are honestly laying out the priorities, laying out what we believe in.

I have reached the point, and I said it in every forum where I could, this Senator cannot in good conscience vote to extend the debt limit one more time, not for a minute, not for an hour, not for a day, not for a week, not for 2 weeks, not for 3 weeks, until this Senate has had a chance to vote for some proposal that effectively puts us on a path toward reducing these deficits.

I happen to be for the Gramm proposal. If the Gramm proposal is not adopted, if someone else has a better idea—I know the Senator from Louisiana and Senator ARMSTRONG have another kind of proposal, and there are other ideas floating around; the Senator from Florida, Senator CHILES, has been working very hard on a proposal and the minority leader has talked about some ideas he has.

I am not hung up on one particular proposal. I happen to think the proposal before us now is the one that has the most teeth in it and is most effective. I am going to vote for it and support it.

Until we have a chance to vote on something like that, I am not going to vote the debt limit any more, and I do not think we should. We are on the hook. I said a while ago this proposal, this Gramm proposal, puts us in the box. We are on the hook. This proposal is before us. We are having to face it. If we give ourselves more days and more days and more days, you know we are all kind of tomorrow things, maybe things will be different in the morning—things will not be different in the morning. This country is on the road to bankruptcy and when we wake up in the morning if we do not act tonight or tomorrow, if we wait until Monday morning, it is going to be the same Monday morning on the road to bankruptcy. It is the same Tuesday morning.

One of these days when we wait and one of these weeks when we wait a little longer we will wake up and the banks will be closed and what we have been thinking about will have happended, and I am not going to have it on my conscience that I tried to get us off the hook so that we wait too long, too long to act. Let us do it now.

This proposal is not perfect. I have already said I am going to move to amend this proposal after it is adopted before we vote the debt limit. I am going to try to improve it from my point of view. But I hope we have a chance to vote on it and I hope we have a chance to move forward, and those who have better ideas let them offer them, but let us grapple with it now. Let us not get off the hook. The American people have been trying to get us on the hook for years. Let us not get out of the box. Let us stay in the box and deal with the problem. Let us do the job that is the responsibility of this institution. Let us prove the Senate of the United States is not dead, that it is not reduced to passing resolutions on national wildflower week, as much as I love wildflowers. It is an institution that deals with the real problems of the country.

Let us bring this Senate to life again and let us grapple with these real issues and let us get a decision made and let us do the work not only that the people elected us to do but let us do the work that history demands of us as Members of the U.S. Senate, of an institution that amounts to something.

Let us prove that it still has a place in the confidence of the American people. Let us prove that this institution is still the custodian of the Nation's future and let us do not leave here until we resolve these issues for the good of our country.

Mr. HART. Mr. President, will the Senator yield for a question?

Mr. BOREN. I am happy to yield.

Mr. HART. Mr. President, I think we will probably get to a vote quicker if the questions some of us have can be asked. I think we all agree on the crisis. We all agree we have to step up with the lick law and all the rhetoric. Let us find out how it works.

The Senator from Louisiana was trying to find it out. I have been trying to find it out. We are not going to find it out by grandiose statements.

May I ask the Senator from Oklahoma one question? If under this proposal Congress fails to meet the budget cuts that are prescribed and the initiative then moves to the White House and the President is required to make across-the-board cuts of a percentage nature, or whatever, and those cuts include the Department of Defense, is it under this proposal within the discretion of the President to make the cuts in the Department of Defense from what we call maintenance accounts, the operations and maintenance of our conventional forces——

Mr. BOREN. Yes.

Mr. HART [continuing]. And leave untouched procurement accounts, particularly in the nuclear weapons area?

Mr. BOREN. I would say in answer to the first part of the Senator's question: Yes, certainly in operating accounts, and that would include maintenance accounts, and other similar accounts, yes. Yes, it would be possible those cuts would apply. In terms of weapons systems——

Mr. HART. No. I am saying under this proposal, does the President have the authority to make the defense portion of those accounts——

Mr. BOREN. Come out of that?

Mr. HART [continuing]. Come out of operations.

Mr. BOREN. No, absolutely not. It is a ministerial function.

When I have been listening to people say the initiative is going to shift to the White House, the initiative is not going to shift to the White House any more than our State board of equalization met in Oklahoma, when I was Governor, where they sent me the word and sent the word to the

Speaker of the House and the President of the State Senate at the same time. They said: "Governor elected legislators, we are out of money. Your budget estimates proved to be too rosy. That money did not come in like we thought it would. But the money you planned to spend sure did go out."

That is usually the way with estimates. What you plan to spend usually always goes out; what you think might come in from economic growth does not always come in.

Then we all had to grapple with it, and it was not a matter of me having a discretion. I just signed a simple order. The Constitution required it. In this case it would be the statute. Cut all functions, and the functions are listed in this bill. They refer to the actual date of the OMB circular. It is specific. It is already in writing.

We know exactly what the functions would be. It is not as if the President or OMB could ever change those functions. They could not issue a new circular.

Mr. GRAMM. Mr. President, will the Senator yield?

Mr. BOREN. I will yield to the Senator from Texas in a minute.

Let me ask the Senator from Texas, have I not answered correctly? They could not create new functions and say, "OK, we modified that circular." He refers to that particular circular by date, so those functions are clearly spelled out.

It is not as if we are having to commit ourselves to across-the-board cuts in unknown functions. The Senator from Texas has it in his hands.

Mr. GRAMM. Mr. President, will the Senator yield?

Mr. BOREN. I am happy to yield.

Mr. GRAMM. Mr. President, as virtually everything else he said today, although I might take exception to one or two, the Senator from Oklahoma kind of makes me wish Oklahoma were back in Texas where it should be. Maybe he would be here and I would not.

But let me just give the Senator from Colorado a few examples, and I think this really takes away the concern. Let me read from line items:

Rent of equipment and other personal property, Air Force; deposit for survivor annuity benefits, Air Force; sale of scrap and salvage material, Defense agency; recovery for Government properties lost or damaged not otherwise—going down—military personnel, Marine Corps; Reserve personnel, Navy; Reserve personnel, Army; Reserve personnel, Air Force——

Mr. HART. Mr. President, will the Senator yield for a question?

Mr. GRAMM. Courts of Military Appeal—I do not have the time, but I will finish a few. I think this might——

Mr. HART. That is not addressing the problem.

Mr. GRAMM. National Board for Promotion of Rifle Practice, Army.

Those are the line items we are talking about.

Mr. BOREN. I think the Senator from Oklahoma still has the floor.

Mr. HART. Will the Senator respond to the question put. The question was not what are the line items. The question was under the pending proposal does the President of the United States, to meet the proportion of cuts required by this proposal from defense have the ability to choose what action he will take.

Mr BOREN. No. The answer is no. The President cannot say "I am going to cut these line items by 1 percent but not going to cut these lines at all. If he has 1 percent or 0.2 of 1 percent across the board he has to cut every function by 0.2 of 1 percent. It is a ministerial function.

That is what I think has been confusing. This is not a new power to the President. This is a specific requirement of law that is imposed upon the President. He does not have discretion not to do it that way. It is Congress here telling the President what to do and it puts the President just as much in a box as it does us.

Mr. HART. Why do we not do it, then? Why does not Congress impose a 2-percent cut?

Mr. BOREN. I think we can say that the majority leader and minority leader of the U.S. Senate shall certify that they have been informed that the estimates have fallen short this much and shall sign their names to an order which establishes an across-the-board cut in all functions or say the Speaker of the House. The result is going to be the same. Or you can say the King of Siam or whoever the leader of Siam is after the latest coup. But you can say whoever you want to say.

Mr. HART. So there is no reason it needs to go back to the President.

Mr. BOREN. There is really no reason.

Mr. GRAMM. Mr. President, will the Senator from Oklahoma yield?

Mr. BOREN. I am happy to yield.

Mr. GRAMM. One additional point that I ask my colleagues to remember is that this concept is not some abstract concept that was thought up by schoolteachers in a big library. This is a procedure that is used to some extent or another in 43 States today. In my home State of Texas, for example, the comptroller makes estimates of revenues and expenditures and if we are looking at a deficit under existing law, then expenditures are cut across the board to eliminate that difference, just as the past distinguished Governor of Oklahoma said.

So there are 43 States that, to some degree or another, are doing this today.

Mr. HART. Will the Senator yield?

Mr. BOREN. I am happy to yield.

Mr. HART. Then why not have a proposal that says, if the Congress in the first round does not meet the targets by picking and choosing programs to cut, then automatically they are cut 2 percent? Why go through this dancing back and forth with the executive branch?

Mr. BOREN. If I could answer the question, that is exactly what this does. Now, we have the President; that is our system. A State government has a Governor. Therefore, it is simply the usual fashion that someone with elected authority is the one that signs his name on the order or makes the certification.

But we know the difference between a policymaking function and a ministerial function. That is something we learned in the first month in law school. There are policymaking functions, there are discretionary powers of government, and there are ministerial functions.

I remember, when I was Governor, there was a proposal that said that if the Governor received a petition signed by a certain percentage of voters in the district, the Governor shall call a grand jury or the Governor shall order an audit. I remember one time a group of people came to me and said, "Governor, why did you order an audit in such and such a county?" I said, "Because I received a petition signed by so many registered voters as provided by the constitution that said the Governor shall order an audit." So the Governor signed his name to that order. That was not discretionary. I did not do it because I did not like somebody being audited. It was a requirement of law. So I think that is what we are dealing with here.

Mr. FORD. Will the Senator yield?

Mr. BOREN. I would like to yield to my friend from Nebraska, who has been wanting to ask a question for some time.

Mr. EXON. Mr. President, in the first place, I would like to request that I be added as a cosponsor to the two amendments that the Senator described when he introduces them.

Mr. BOREN. I am honored to do that.

Mr. EXON. I hope they might be introduced even before we vote on this.

Mr. BOREN. I have not sent them to the desk.

I ask unanimous consent, Mr. President, that the two amendments that I planned to present later on be sent to the desk and be printed and that a statement describing them also be printed in the RECORD at this point and that the Senator from Nebraska be added as a cosponsor on these two amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Let me ask the Senator one or two questions.

Mr. DOLE. Will the Senator yield so I might give an advisory, like a weather advisory?

Mr. BOREN. I am happy to yield.

Mr. DOLE. Mr. President, I am going to visit with the distinguished minority leader, but I wanted to indicate, after conferring with a number of colleagues on my side, it appears we will have a session on tomorrow. There will probably be a cloture vote at about 4 o'clock on Sunday. That could change.

Mr. BOREN. I yield to the Senator from Nebraska.

Mr. FORD. I would just as soon go to church here as home.

Mr. EXON. We have been talking about confession here today, so it all fits into the gospel.

I wish to ask a question of my friend from Oklahoma which may answer the question of the Senator from Colorado. I do not believe that the question of the Senator from Colorado has been adequately answered.

It just so happens that this Senator was Governor for 8 years in my State. I had the power, and I used it whenever I thought it was appropriate, exactly as the Senator from Oklahoma described that he did in his State.

But, at least in Nebraska, if I was going to cut, for example, the budget, through whatever means I had, either line-item veto or making up the budget, I had the option—and I think this is what the Senator from Colorado was trying to ask—I had the option of telling the department of transportation whether I wanted them to cut automobiles or whether I wanted them to cut gasoline that they used in those automobiles.

Is that not what the Senator from Colorado is trying to get at?

Mr. HART. The Senator is correct. But it is also a fact that about one-third of this budget does not fall under the title of controllables. It is multiyear weapons and those are not being cut.

Mr. BOREN. To give an honest answer, if it is a contractural obligation, if there is procurement for it, if we have contracted with some company to produce so many airplanes or missiles or whatever it happens to be, during the terms of that contract, that contract you have to live up to. That is a requirement of law.

However, as soon as that contract lapses, even if it has been authorized to buy an additional 25 airplanes—let us say you are under contract to a company to buy 25 airplanes, they are building them, you have to live up to that contract. That cannot be cut. But the minute that contract expires, even if Congress has authorized the purchase of 25 additional airplanes, you could not enter into that new contract.

At that time that function, if it is cut, you might have to cut and order 24 airplanes, if you follow the analogy.

Mr. FORD. Will the Senator yield for just a moment?

Mr. BOREN. I am happy to yield to the Senator from Kentucky.

Mr. FORD. The Senator has been portraying the authority of Governors today.

Mr. BOREN. I know that is a danger with so many distinguished colleagues who have held that position.

Mr. FORD. But the thing I wanted to caution the Senator about, when he gets his spiritual fervor here and talks about sawdust trails and tents and guitars and 200 hymn books and 150 chairs and a collection plate, I have been there. I want the Senator to know that. The Senator is mixing and mingling the constitutional authority and statutory authority. He has talked about the constitution requires him to do certain things in Oklahoma.

We are talking about statutory authority here.

As a Governor, the only thing I could do without the authority of the legislature was what I had under the constitution. And the constitution said we would have a balanced budget.

Mr. BOREN. Yes.

Mr. FORD. We do not now have that. So we are getting into a line-item veto.

I heard the Senator from Texas read them off a while ago, even rifle practice. I heard him get down into those. That is all we have talked about is item veto.

Under the statute, under the constitution of Kentucky, the Governor has to bring it down.

Mr. BOREN. Yes.

Mr. FORD. He is not told where to get it or how to get it, he just has to reduce it. He may take it out of excess revenue in the highway department.

Mr. BOREN. You do not have to do it across the board?

Mr. FORD. No.

Mr. BOREN. We have to do it across the board.

Mr. FORD. So let us be very careful. The Senator is talking about the constitutional authority he had as a Governor.

Mr. BOREN. We have had constitutional authority further described by statutory authority.

Mr. FORD. Every constitutional provision you have is provided by the statute. You have to, at some point, put that into the statute to carry that out.

Mr. BOREN. If we were to pass a budget-balancing amendment at the Federal level tomorrow, we would have to pass implementing statutory legislation to say you have to balance the budget.

Mr. FORD. I have no problem with that. But the Senator's legislature is not in every day, at least mine is not. It is in 60 days every 2 years. So the Governor, defined as the No. 1 magistrate in the constitution, has the authority when the legislature is out, unless he wants to call them in. We understand that.

But we do not have a balanced budget and we are not operating under a balanced budget provision. I will vote for it in a minute, to have a constitutional amendment to balance the budget. I will vote for that this afternoon.

But I want the Senator to be very careful that when he starts talking about the constitutional provision of the States and the balanced budget, they have been operating under that since 1891. It is not anything new. It is just like operating in the red up here. We operate in the black down there. So it is something that is natural and everybody assumes that.

I wanted the Senator to be very careful that he is not saying Oklahoma and this piece of legislation and the way they operate are identical, just like they are not under the 43 States, as the distinguished Senator from Texas has said. We are all a little bit different.

This legislation is not constitutional. We can, in February of next year, exclude any reduction in the military. We just go back and amend this and do that; or we can exclude COLA's for civilian and military retirees.

Mr. BOREN. The Senator from Kentucky is correct on that.

Mr. FORD. So this extends any problem of dealing with the deficit until after the November elections, not 1986.

Mr. BOREN. The Senator from Kentucky is correct in part of what the Senator says. Let me clarify. The Senator is correct because this is only a statute. If both Houses of Congress passed a statute exempting anything, defense, railroad retirees, the agriculture program, education, whatever, and the President did not sign it and vetoed it, both Houses could override his veto. Yes. You could do that. I think if we pass this into law, I think the Members of the House and Senate will bear the responsibility for dismantling this once we get it in place. I hope the President of the United States will not agree to it either. I think there would be a lot of political responsibility. That is why I agree with the statement made, I believe, by the President this morning. He said he was for this, but he also wanted to still have the constitutional amendment to balance the budget. This would get us to a balanced budget by 1990, 1991, at which time if we had the constitutional amendment then in place, we could be sure that by statute Congress could change it later. I would like to see us do both things. But even if we had the constitutional amendment we would have the statutory methodology in place for putting us on a guidepath—and I believe even most of the proposed constitutional amendments have said within so many years, 3 years, whatever period of time after the enactment of the constitutional amendment Congress shall reach a balanced budget. We have always envisioned exactly this kind of process where by a statute you established a glidepath and mechanism for following the dictate of the Constitution. But I think the essential thing here is not the commingling of constitutional and statutory language.

Mr. FORD. There is no constitutional provision?

Mr. BOREN. No; the Senator from Kentucky is quite right in pointing that out because I do not think if we passed this rule we finish our work. I would also like to see us pass the constitutional amendment to balance the budget.

Mr. FORD. Would it be much better to put the cart before the horse or the horse before the cart?

Mr. BOREN. I do not think so. Even if we were to pass the constitutional amendment to balance the budget tomorrow it will take us realistically 3, 4, or 5 years to reach the target, and implement it. Therefore, I think the sooner we start on that the better. People are always saying to me, why wait until you have a constitutional amendment to balance the budget even if you are for it?—which I am. Why wait until you have it? Go ahead and do your job now.

What this does is give us a mechanism to go ahead and do our job now while many of us are still for the constitutional amendment to balance the budget so we can permanently lock in the improvements that we have made. But I think the central thing—obviously from listening to the Senator from Kentucky—is we have a little different situation. Many State governments—and it is the strength of our country that we have diversity in the way the States operate, but there is some difference. In my State we have by statute, practice, and court decisions set up a procedure that indicates that the way the constitutional amendment requiring a balanced budget is enforced is by ministerial action by the Governor, not by his having the discretion to cut one thing and not another. It has to be an across-the-board reduction in all functions which is the same mechanism being proposed here, and I suspect that is in place in many other States. All I was saying is this does not enhance the power of the President.

The President is in the same box as the Congress. The President does not have any choice. He has to cut across the board including maybe a lot of his own pet programs or programs that he thinks should not be cut. That maybe goes against the grain of his priorities just like it would go against the grain of the priorities of many in this Congress if we had to go across the board. What happens? The President can come to the Congress and urgently say, look, this is bad. I think defense is cut too much. I think some people at the low end of the poverty scale are being hurt too much. We need to change the priorities. We in the Congress can say that. It is the process as it is now. The President can propose. Any of us can introduce legislation. We can pass bills to change that as long as we come in within the budgetary target. But there is something that happens to us if we do not do it. There is a penalty. There is a discipline. You see now if we fail to act, I remember the first year I was up here—I believe the first year I was so enthusiastic. We passed a budget resolution to balance the budget or came close to it or at least said we would have the budget balanced in a very short period of time.

I remember talking to my good friend, Henry Bellmon, my senior colleague from Oklahoma. I was ecstatic. I said, "Senator Bellmon, isn't this a wonderful day?" Henry had been here longer. He said, "Oh, David, I have seen this budget balanced on paper so many times I would have to take off my shoes and count my toes as well as both hands." But he said, "When the real figures come in, the estimates are off."

Let me yield to the Senator from Montana just a minute.

Mr. MELCHER. I thank my friend for yielding. I want to go back over the Senator's statement.

The Senator described the precarious situation this economy is in, and he described it from the standpoint of somebody from Oklahoma. It sounded a lot like somebody describing it from the State of Montana. We find ourselves in an extremely precarious situation. While most of the people—not meaning most of the land—most of the people perhaps think this economy is going along OK. Maybe we have economic recovery. I have to differ with it as my friend from Oklahoma does with the popular conception. I see these times as extremely precarious. We are on the verge of probably a very great recession. Having said all that, my friend from Oklahoma describes the proposal which is before us which he is cosponsoring, as discipline, a glidepath. They are establishing a glidepath. These are sort of trite phrases that get overused.

But I wonder if my friend from Oklahoma does not really agree that this is an extension of the budget process to accomplish what we have not been able to accomplish under the present Budget Act?

Mr. BOREN. I agree. I would say the present budget process has failed because it does not have enough teeth in it. I guess instead of the word glidepath and targets I ought to use the word teeth, because that is what we are arguing about. We are arguing about whether we are going to improve the budget process, to put some teeth into it.

Mr. MELCHER. Would my friend also agree that the budget we passed here after so many days of debate that says we are going to get down to x amount of deficit within a certain period of time is as phony as a $3 bill?

Mr. BOREN. I would agree with that. I think the President himself shot down some of the more responsible proposals when he would not touch COLA's, and he would not look at oil import fees and other things that were packages that were responsible. I think he has to bear responsibility. We ended up with a budget with deficits much higher than the rosy projections would indicate.

Mr. MELCHER. I know we are in agreement on these basic points. I want to make this statement. I shall vote for this extension of the Budget Act. I shall vote for the Byrd-Chiles or the Chiles-Byrd extension of the Budget Act. And I shall do so as symbolic gestures more than reality, knowing that the only way to control this under the Constitution is through the appropriations and the taxation powers that are vested in Congress. I believe my friend agrees with that.

Mr. BOREN. Absolutely.

Mr. MELCHER. Would my friend also agree that the moment of truth where we start that process is now, and that while this may be symbolic and may be a good discipline what really counts is how much money we appropriate, and how much revenue we take in? That is today, tomorrow, and every day, and we cannot really wait for discipline to come into effect. I daresay this takes about a year to come into effect.

Mr. BOREN. Mr. President, my colleague from Montana is always a person of great candor. I think he has spoken the truth, and the complete truth. He is absolutely right. The truth is on down that line. We have to make sure we do not undermine this thing if it is passed by exempting all after these areas. It really comes down to we have to pass spending bills that are within limits, and if they do not pay for all the programs, we have to raise the revenue if there is some essential program that people want, and we want to pay for it. He is absolutely right. I mentioned to the Senator from Montana before he came on the floor, and this is a matter that he and I have discussed. I already indicated my intention. I am going to vote enthusiastically for the Gramm proposal but I am also going to offer amendments immediately following thereon. The first one is going to be to impose the minimum corporate tax effective the 1st of October so that those corporations that are making billions in profits and paying no tax will do their fair share before we ask others to make the contribution. I know the Senator from Montana has been very active in that. He agrees with that approach as well.

Mr. MELCHER. Yes; I say to my friend—and I do thank him very much for yielding—I have exactly the same intentions in regard to imposing a minimum tax on profitable corporations. I too will offer an amendment, and perhaps we will blend our amendments. But those things need to be done, and you cannot wait any longer. We have been putting it off for over a year just doing that one little step. It will not bring in enough money to balance a budget. But it will help correct the deficit.

Mr. BOREN. The Senator is correct.

Mr. President, the Senator from Connecticut has been waiting for a long time. I know he is under some time constraints. If my colleagues will permit, I would like to yield the floor so my friend from Connecticut may speak.

Mr. FORD. Will the Senator yield for a parliamentary inquiry?

Mr. DODD. I am glad to yield.

Mr. FORD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FORD. Is there not or has there been recently a statute that directs the Congress to balance the budget?

The PRESIDING OFFICER. Public Law 95-435 contains that provision.

Mr. FORD. If that is in the statute now and we are not complying with it, what procedure is being used by this legislative body to get around the statutory provision?

The PRESIDING OFFICER. Is that really a parliamentary inquiry?

Mr. FORD. Is it? I do not know. I am not a lawyer, Mr. President. I am just asking the question in trying to find out something.

The PRESIDING OFFICER. The Chair is not a lawyer either. The Parliamentarian has to answer the question.

Congress by one law can assume the same provisions of another law.

Mr. FORD. So we can pass this into law and we could supersede it tomorrow by another law? Is that what the Chair is telling me?

Well, I will yield to the Senator and get a little more information.

I think I have made my point. I hope I have.

The PRESIDING OFFICER. I guess you are right. I would not bet on it.

The Senator from Connecticut.

Mr. DODD. Mr. President, first of all, I rise as a cosponsor of the Gramm-Rudman-Hollings et cetera amendment. I suppose, in fact it has come to my attention, this is seen by many as being somewhat of an unlikely coalition that I should be joining in an effort with my colleague from Texas, Senator GRAMM, along with others in such a proposition as we have before us today.

Mr. President, first of all, let me say as an aside that I happen to think these last several hours here have been the kind of debate that I wish we might have seen more of. It has taken this crisis and the fact that we must deal with the debt limit that we are engaged in this debate. I suspect that were it not for this sense of urgency, we would not be spending the time obviously on a Friday afternoon discussing this subject. It is regrettable that, for obvious reasons, we do not spend more time in such debate. If nothing else occurs this afternoon, certainly we have seen more discussion and more debate about what I suspect everyone else in this body agrees upon, and that is that the growth of the Federal deficit, particularly in the last 4 years, is certainly one of the one or two most important problems or crises that we face.

So I commence, Mr. President, by commending my colleagues for the debate and discussion about this subject.

I would like to first of all indicate a very important factor which drew this unlikely coalition together in support of this proposition.

There is only one reason that the junior Senator from Connecticut has joined with the junior Senator from Texas and others in support of this proposition.

This is a process question. This has to do with procedures over how we would try and deal with the Federal deficit.

I happen to believe very strongly that the proposed constitutional amendment to balance the budget and the proposed line-item veto are bad ideas as ways of trying to reduce that Federal deficit and to restore some soundness to our fiscal policies.

Those, as I have said on other occasions, Mr. President, are what I call bumper sticker politics.

The constitutional amendment, while it is an appealing notion politically, does not even give us the slightest indication of what process or procedure we would go through to achieve that goal. Some have suggested that we might as well add the eradication of ignorance, poverty, and diseases on such an amendment and it would have about as much effect.

The line-item veto is also, I believe, a simplistic notion that would defer to the President of the United States unwarranted power. It would destroy the delicate balance of compromise that must be engaged in as we wade through the budgetary battles of this body and the other body.

So, again I emphasize, Mr. President, that this is a process question which joins those of us who support this proposition.

There are problems with it. I have some very real concerns about the Gramm-Hollings-Rudman proposal. Let me just mention a few of them.

The PRESIDING OFFICER (Mr. COHEN). If the Senator will suspend, the Senate is not in order.

The Senate will be in order.

The Senator from Connecticut.

Mr. DODD. Thank you, Mr. President.

The first problem that I see is that I think the effects of this particular proposition are exaggerated. The Senator from Kentucky recently pointed out that there have been other statutes that have been adopted to try to deal with this very problem which have been circumvented.

I suspect that there are those at this very hour who are looking at this proposition who are already trying to figure out ways by which they can get around the intent of the amendment. I suspect that sooner or later they will enjoy some success in that endeavor. It would not be the first time that happened and it certainly would not be the last.

For those who suggest that this proposition is going to create a massive derailment of the existing balance of power between the executive and legislative branch, I think they are exaggerating the influence of this amendment.

Second, Mr. President, I am concerned that this amendment, if adopted, is going to extend even additional or further power to the Budget Committee. I say that with all due respect to those who serve on that committee. As one Member of this body, I feel very strongly that too much power has moved to the Budget Committee; that the authorizing committees particularly in their role in setting policy in this country have been diminished significantly over the last several years.

I do not like to see further and additional power accumulated in that committee.

Third, Mr. President, this proposition is certainly not perfect. The Senator from Oklahoma has already indicated that he will offer at least two amendments to this proposition, if it is adopted. I suspect that there will be others who will try to improve on what exists in the present draft.

Certainly, the issue regarding SSI, the possibility of minimum corporate tax, the length of time that a recession would have to be in place that my distinguished colleague from Michigan has raised on a number of occasions in the last 24 hours, I think could be very important and positive additions to this proposition. I intend to at least support some if not all of these amendments to this proposition to try and improve upon what I believe to be a very sound idea.

Certainly, we also do not know all the ramifications of this proposition. There have been those, I think with very good justification, who have raised the question of whether or not we ought to be acting as quickly as we may in these next several hours, to adopt a proposition that does have broad implications.

I am not opposed to the notion of delaying for a few days to give people an opportunity to examine this proposition. That does not mean that my support for the underlying tenets of this proposition are in any way diminished. But I have enough respect for my colleagues on both sides of the aisle here to know that people of good will and sound judgment can examine a proposition and make improvements upon it.

So we will be discussing it for the next few days.

There will be others who will examine this issue and examine this amendment and can improve upon it. I am not threatened by it. Certainly, the historic role of the U.S. Senate was to take the second look, to slow down the emotions of the hour. So, if such a proposition is made, I would support it provided that such a delay were not excessively long. I think that may well be in the interest of all concerned, including the authors and proponents of this amendment.

Mr. President, those are two or three concerns that I have about this amendment. But as strong as I feel about those concerns, they do not in any way outweigh what I think are the very positive aspects of this amendment.

The positive aspects are the following: It involves the President of the United States. President Reagan is going to have to make some choices. All of us in this Chamber and across this country have heard the President from time to time go before a national audience and call for a balanced budget. In fact, he has supported vociferously a constitutional amendment to balance the budget. But during that entire period of time over the last 5 years, while his voice has been strong and eloquent in calling for a balanced Federal budget, time and time again, the very same President has submitted to this Congress budgets which have increased on a yearly basis in the size of their deficits.

It is somewhat hypocritical to be, on the one hand, calling for balanced budgets and not submitting anything that remotely approaches a balanced budget to the Congress of the United States. The Gramm-Hollings-Rudman amendment, for the first time in 5 years, will insist that the President of the United States step up to the bar and make choices. I applaud that.

I suspect that at this very hour, and possibly my colleague from Texas can confirm this, there is some unease at 1600 Pennsylvania Avenue. I suspect that there is some unease in the Office of Management and Budget over what the implications and ramifications of this amendment will be if, in fact, they have to reach budget targets that deprive them of supporting certain budget expenditures that they find near and dear to their hearts. This amendment does that.

Second, it of course forces us to make choices. That is painful in politics, to make choices. It is so much more comfortable, so much easier to try to please as many constituencies and individuals as we have in our respective States, to go through our terms in office without antagonizing people whose values, whose principles, whose jobs, whose needs we identify with. But the hard truth in reality is that we cannot continue doing that, that we have to make choices in this body.

I suspect that PHIL GRAMM, the distinguished Senator from Texas, and I are going to fight like hell when we come down to making those choices. No one in this Chamber should suspect for 1 second that the Senator from Texas and I have changed our philosophies. I suspect he will be just as conservative at 5:02 p.m. on October 4 as he was the day he entered this Chamber. And I do not doubt for 1 second that the junior Senator from Connecticut will be just as progressive at 5:02 on October 4, 1985, as the day he entered this Chamber. What joins us here today is not some metamorphosis philosophically; it is a common conclusion that we cannot continue doing what we are doing without making some choices. And we are going to fight over those choices. We are going to have some knock-down-drag-out battles over what the priorities in this country ought to be.

But until we set up the process that insists upon that debate, we will continue inevitably and indefinitely on this sloppy, bumpy, pointless road we have been following for too many years. Let me say why.

If you are relatively conservative in this country, you are willing to deficit-finance anything that Pentagon wants and you can sell it. And if you are a pretty good liberal, you can deficit-finance anything out of the Department of HHS or Labor that you want and be OK. Depending on the mood of the country, how people are leaning in one year or the next ideologically, you get elected or reelected or defeated. But the problem is the sin is the same.

The sin of deficit financing is the problem. So whether you deficit-finance defense or housing or education, we create the same problem. We have to make some choices.

All this amendment does, with the flaws I have identified and the flaws we may discover over the next several weeks or several months, is say to the President of the United States and the Congress of the United States: Stand up and make choices. Do you have the guts to make them or do you not? You want to continue giving the great speeches about reducing the deficit and restoring fiscal responsibility in this country and avoid the actual decisionmaking and continue to exacerbate the accumulated debt and all the problems associated with it.

Why are there 350 bills on protectionist legislation sitting on my desk and every other Member's desk in this Chamber? Because of this problem.

Why are we not doing enough in education, housing, and other areas that I feel very strongly about? Because we are not doing anything about this problem.

I have spent 5 years around here trying to reduce the level of cuts. I would like to think we might get to the point, before I leave this Chamber, when I can actually propose legislation that might do something for those people that I feel strongly about. But if we continue going down this road for the next 4 or 5 years, I am never going to get that opportunity. I will be lucky to be able to do anything for them in the final analysis.

This amendment, with all its flaws, with all of its imperfections, I think, gives us that opportunity, gives us a chance to restore some soundness, to allow the debate, the kind of debate we have had here today, to proceed. Our constituencies will know where we stand. They will be able to make choices about the people they send to public office. They deserve that much, at least to know where their elected representatives stand.

As I said, we may find there are some things we need to have changed. But it is a statute, I say to my colleagues. This is not amending the Constitution of the United States. I suspect if the problem continues for much longer, this body and the other body will adopt a constitutional amendment to balance the budget. And that will be the tragedy.

That will be the real mistake when that occurs.

I might point out to my colleagues that in my home State of Connecticut, we narrowly defeated in our State legislature this year a resolution calling upon this body and the other to adopt a constitutional amendment to balance the budget. That is the frustration they feel. They were almost the 32d State to do so. I happen to believe that the adoption of this amendment, with improvements to it, or something like it, will certainly defer the demand, the rush, to adopt what I would consider to be a far more injurious proposition for dealing with the budget deficit such as the constitutional amendment and the line-item veto.

Last, I point out something I should have raised at the outset. I think it is regrettable that over the last 4 years, we have accumulated the debt we have. I hope this debate over this amendment does not deflect in any way from an assessment of who ought to be held responsible for the accumulation of that debt. I happen to believe that it is the President's budget policies. I say to my good friend from Texas, I opposed the Gramm-Latta proposition. I think it was a tragic mistake because it contributed to the very situation we find ourselves in today. Certainly, I hope over the next several days we shall lay out as clearly as possible for the American public to read and understand how we got into this situation. Unfortunately, discussing that for the next several days does not tell us how to get out of this situation.

Certainly, there will be a thousand questions raised legislatively, about exactly what the implications of this amendment will be. I think those questions ought to be answered as thoroughly as we can to allay the fears and concerns of our colleagues. But in the final analysis, I hope this proposition would enjoy more broad-based bipartisan support then it presently does.

I emphasize again in conclusion this is not a policy issue. This is not a substantive issue about where you are at certain issues. It is a process question. As far as this eye can see, it is the best alternative that has come before this body. I do not like the hour it is coming. I wish it had been raised 2 weeks ago so we might have more time to debate it. But I suspect if it had been raised 2 weeks ago or a month ago, we would not be debating it. It is because of the debt limit problem that we face that brings us to it this afternoon.

And so, Mr. President, while I would certainly consider the amendments to be offered by my colleagues to such a proposition, I think we do ourselves a great deal of good if we support this proposition with perfections and give us at least the opportunity to try it, just to try it. If it does not work, we change it, but give us at least the opportunity to try to reduce these Federal deficits and get about the business of trying to do something about these pressing problems we face as a nation. I yield the floor.

The **PRESIDING OFFICER.** The Senator from Michigan.

Mr. RIEGLE. Mr. President, I have been listening with great interest to this debate and particularly to the most recent remarks of my friend and colleague from Connecticut that relate importantly to two or three of the points I would like to make. First of all, the Federal deficit is an urgent problem. I think we all understand that I think the trade deficit is an equally urgent problem. I happen to think that we ought to try to do tax reform. The President has put that first. I would put the Federal deficit and the trade deficit ahead of it, but clearly all three issues are ones which deserve our attention. We do need strong action and we ought to take it now. There ought to be something done on some kind of cooperative basis, I think between the administration and the Congress, both the House and the Senate. But I think it is very important, before we dive into this procedure that is offered by the Senator from Texas and the other cosponsors, that we take a minute and look at the history to understand how it is that we got into the present fiscal disaster. And I intend to see to it right now that we look at a little bit of that history because some of the same people who are putting forward this proposition were the architects for the blueprint that caused the very problem we have today. Back in 1981, the Federal debt was in the range of $1 trillion. We are meeting today to raise the debt limit because the national debt has doubled over that period of time and is now about to break the $2 trillion mark.

Well, I think we better figure out how it is we got into this fiscal hole in order to try to determine not only how we get out of it but we do so in a way that is not going to take us down another side road into another set of problems that we may not be properly anticipating. I say to my senior colleagues, those who have been around the Congress longer than I, we have established procedures in the Senate on serious propositions where we take them to the committees of jurisdiction; bills are submitted; they are brought up within the committees of jurisdiction; hearings are held; people have an opportunity to come in and testify on one side or the other, and gather a body of pertinent opinion. The committees of jurisdiction then meet. They report out legislation. It comes to the Senate floor. It comes with an accompanying report. If there are minority views, they are there. We have a whole foundation of work and careful attention to detail to have available to us before we make sweeping legislation decisions.

That is the way we have organized the work process around the Senate. I am struck by the fact that this is a proposition coming from the majority side of the Senate, the side of the Senate which controls the committee structure, controls all the committee chairmanships and subcommittee chairmanships and where it has been entirely within their prerogative to bring up a matter like this in the orderly process within committee and to have hearings on it, to gather evidence, to let people express their opinion so that we can craft it with some care if we are going to go down this road.

But that whole process has been put aside. It is very important for us to ask why, because it is illogical that it has been put aside. It makes no sense, on something of this magnitude and of this complexity, to short circuit the committee process and particularly so when the committee process is under the control of the party that is advancing this proposition. So I think you have to ask yourself; why has this committee process been circumvented? I think the answer is obvious. We are being wedged against a time deadline on the debt limit expiration because this proposal will not stand the kind of careful scrutiny it ought to have and that this country deserves to see it does have. It will not stand that kind of scrutiny, the light of day, open debate, careful deliberation, and so what we are seeing is an effort to ram it through, ram it through hurriedly, with the proposition being changed almost by the hour, certainly by the day, from one version to another version.

We hear all this hysterical talk that we have to act now; we cannot wait; we are on the 1-yard line; there has been all this delay.

As I reflect back over my 19 years in the Congress, when I have heard that kind of stampede mentality and verbiage used, it has been designed to try to ram something through, poorly designed, poorly thought out, that has not been sufficiently challenged. The hope is that somehow it will get jammed into law before people have a chance to take a close look and perhaps change it and, if not change it, perhaps put it aside altogether.

You might say, "Why would I have that particular concern in this case?" Well, I have other reasons to have that concern. As I go back and reconstruct how we got into this fiscal disaster, we got into it by passing a blueprint in 1981, in May, in the House of Representatives known as the Gramm-Latta budget resolution which set us precisely on the road to the disaster that we have arrived at today. When that package passed the House of Representatives with many of the same arguments, put as attractively as possible from what I have heard here in the last few hours, this is what was supposed to happen. The Gramm-Latta proposition of 1981, which was adopted, said that we would see the Federal deficit in fiscal year 1982 drop to $31 billion, if we would just pass Gramm-Latta. And then the fiscal deficit would drop further in 1983 to a mere $14.5 billion. And lo and behold, by 1984, we not only were going to have a balanced budget; we were going to have a surplus. That was the promise. That is what was offered by the same authors we are seeing and hearing today. When that package, as terrible as it was and as damaging as it has been to this country, was offered in 1981 and later signed into law, we were promised a Federal budget surplus by 1984.

Well, my friends, it did not work out that way. I wish it had. But in fact it worked out exactly the opposite, in fact, so much so that we now have the most extreme fiscal crisis on our hands that we have seen in the history of this country, because we did not get the promised Gramm-Latta deficit of $31 billion in 1982. Instead, we got a deficit of $127.9 billion, and in 1983, instead of the promised deficit of $14.5 billion, no, the deficit came in that year at $207 billion. And in 1984, the year that Gramm-Latta promised us a balanced budget with a surplus, lo and behold, we saw a final fiscal deficit in that year of $185 billion.

What was the difference in the sum totals over those 3 years in terms of what was advertised and used as the basis for arguing and passing that resolution? We were told we were going to have a deficit of less than $50 billion cumulatively over the 3 years and in fact we got cumulative deficits of half a trillion dollars. They were off by a factor of 10 times.

Now, were they off because they did not know what they were doing? Were they off because they were devious and misleading? I do not know why they were off, but I know what the facts show. The facts show that they were off and they were off by a factor of 10 times. That is why we are here today, because we are in a fiscal disaster. And so when I hear the same people coming forward with the same arguments, saying we cannot take the time to deliberate this; we have got to do it in a hurry; we are at the 1-yard line; we have to pass it tonight and if we cannot pass it tonight then we failed our responsibility, well, we went down that route in May 1981 and look where it has brought us. It has brought us to a situation that is virtually unmanageable. And so now we are being treated to a repeat of exactly the same parliamentary tactics, and that is we do not have time to think about it. We have to rush. We cannot go through the hearing process even though we control the hearing process. We have to have action now. We have to have action tonight. We have to have action tomorrow, even though it means fundamental changes in the way our federal system works and has worked over the years since it was first initiated.

I am very troubled by the kind of stampede mentality in which we are told we have to accept this package. I remember when Gramm-Latta was passed in 1981. It was in poor shape—and I do not mean its architectural flaws, massive as they were. I mean just the literal text of it. In fact, jokes were made a long time after, because paragraphs were in the wrong place, people's names and phone numbers were in the text of the legislative document, because it was thrown together in such a haphazard manner. I do not want to see that happen this time.

We have already suffered in terms of a trillion dollar addition to the national debt because of the mistakes that were made in 1981, so I am a little skeptical. I have to say to the sponsor of this amendment that when I look at the history, I am a little skeptical, and I think Members on both sides of the aisle have a right to be skeptical as well.

There are a lot of problems with this proposal that have not been answered, and the Senator from Connecticut has mentioned some of them. A lot of the provisions are unclear, because there is no hearing record and care has not been taken to put this legislation together, because there is an effort to ram it into place, regardless of how it may work or fail to work.

Look at the recession trigger. As I read the recession trigger, it says it is based on a different test of the way we measure recession in this country. The standard test today, within the executive branch of Government and elsewhere, is that if we have two consecutive quarters of negative real GNP growth, that is thought of as a recession. At a minimum, that should be the test to use. Instead, a different test is proposed here to be applied, and that is a test that is over a period of a fiscal year. A fiscal year is a lot different from two quarters. It is four quarters.

Anybody who understands economics—and I think we all do, to some extent—knows that if we find ourselves moving into a serious recession and if the recession is advanced, and perhaps it has been going on during the better part of a year, the last thing we want to do at that time is to come in and, with an automatic procedure, start cutting away the safety net that is designed to stabilize the economy when it is plunging.

We spent years crafting those stabilizing mechanisms, so that when a recession starts, we can level it and turn it around, so that it does not go into a deeper recession or even a depression. So we do not want to trigger these very dramatic cuts in a recession cycle that would have the effect of cutting away the very things that could help us get out of a recession. We do not want to say to the unemployed people in this country, who need the things to enable us to get through a recession, that we are withdrawing the Government, at that time when it is designed to be there for that purpose.

This part of the bill has not been thought out, and it is no different, in my view, from the same ramrod, late-at-night proposition we saw with Gramm-Latta in 1981. We now have a trillion dollars of additional national debt on our back because of the failure of that plan, and I do not want to duplicate it.

I want to know what we are doing, and not just for the citizens of my State, although clearly for them. I want it for the citizens of every other State as well. We have a responsibility to be better legislators than we were in 1981 and not repeat the disastrous errors in judgments we made at that time. So I am concerned about that recession trigger.

I am also concerned about giving power to the executive branch that the Constitution vests in the Congress. I think that to continue to pile up power in the executive branch is a mistake, regardless of what party holds that branch of Government.

I am concerned particularly at this time, as this administration goes through its second term, that we have a President, as we all know, who is not terribly involved in the details on most of the major issues, and he relies on senior staff people, people who have not been elected by anybody, but appointed, often anonymous bureaucrats whose names we do not know. I do not want to vest in them the powers that have been vested in us. I do not want to see Congress willingly give away its responsibility to some unelected bureaucrat, and that is precisely what is designed here.

I am troubled by another point: If we adopt this proposal, we are putting ourselves in a straitjacket, and we may not have the power in the future to get out of that straitjacket.

As I read the way this would work, if this becomes law, with the support of the President's signature, if we come along later and Congress decides that we made a terrible mistake, as we did with Gramm-Latta in 1981, and we want to undo it, a majority will not accomplish that. We can have a majority in the House and in the Senate in the future that will say, "I made a terrible mistake and must undo this thing." We may have strong majority votes to take it off the books, but the President can veto it.

So we cannot easily get out of this straitjacket if it turns out to be as defective as the straitjacket we put ourselves in in May 1981.

In fact, we may not even get out of it if a President of the other party, of a different point of view, is elected in 1988; because we can find ourselves in a position where we may try to pass legislation to get out of this straitjacket—if we should put ourselves in it now, and I hope we will not—but if we do so, we may find that a new President in 1989 does not even get a chance to sign the legislation because we cannot even move it out of the U.S. Senate, because of a determined minority who may be able to use the rules of the Senate, in terms of the filibuster procedure and others, to prevent us from taking that particular law off the books.

So we face here a situation where we may find that a determined minority that wants to rule will end up in fact ruling, and for long after anybody imagines might be the case. That is why fundamental changes in law are not to be made abruptly, not to be made late at night, when there is a time crunch, and when there have been no committee hearings, no careful deliberation, and no chance to dig into the substance of how it will work.

Another concern I have has to do with the defense cuts. As I understand it, a major part of the defense budget is out of reach when it comes to making the cuts that are required under this kind of automatic process. If we cannot cut those areas and if the share of defense cuts have to come out of readiness and manpower, that may be a dangerous strategy for the country and may not be one we can safely follow. If we exempt that particular area, with the support of the President, those mandated cuts will have to fall someplace else.

I have served on both sides of the aisle in Congress, as has the main sponsor of this legislation, and I have had a chance to see it from both sides, but I will say this: If Congress surrenders its responsibilities and its authorities and powers under the Constitution by throwing up its hands and saying, "We botched the job so badly 4 years ago that we are going to surrender all responsibilities and our opportunity to fix it by putting ourselves into an automatic procedure and a straitjacket," then I think we have taken away much of the meaning of this job and much of the responsibility that we are here to carry, which we take an oath to carry and are paid to carry.

So I hope we will take the time it needs. I do not mean needless and long-term delay. I think a period of days—a week or two at a minimum—is the time we should take to make sure that we are not following a blueprint that is as much a disaster as the last blueprint we got in Gramm-Latta, in May of 1981. We cannot afford another mistake of that size and dimension.

I want to be sure before we act in haste, as we acted in haste at that time, that we are not making a mistake of an equivalent size, because we cannot afford to do so. I think we are out to the outer margins of the safety of our system today in terms of the debt buildup that I see in every direction.

So I could not feel more strongly about it. It seems to me that if we do not take the time to understand what we are doing, I would say that looking at the historical record both in terms of the haste of the procedure and the folks that were in charge of drafting the blueprint that we are likely to repeat that disaster only this time in just a different form.

We cannot afford it. We do not have to do it, and we ought to take the time to deliberate this thing with the seriousness that it requires.

I yield the floor.

The **PRESIDING OFFICER**. The Senator from Wisconsin.

Mr. **PROXMIRE**. Mr. President, this Senator will probably vote for the amendment, but I think the Senator from Michigan has made a good point. We ought to know what we are doing.

The majority leader made the point I think very effectively that we ought to take our time on something this important. By "our time" I mean a few days. I think it would be very helpful to have hearings and have testimony on both sides of this issue so that we do understand this. It is a profound change.

The Senator from Michigan is exactly right that we should not make this kind of a change without a record and without the most competent people we can find discussing it.

Mr. President, when I say I will probably support this measure, I do so with a heavy heart but it is quite different than the view of everyone else I have heard speaking in what I think has been a very good debate today.

In my judgment, this amendment is too weak, it is too soft, it is too slow. If everything worked out right, we would eliminate the deficit 5 years from now in 1991.

I have great admiration for the Senator from Texas and for the other sponsors of the bill and those who may have spoken today, but 1991 is 5 fiscal years away. The country will have a Presidential election before fiscal 1991 begins and two congressional elections. Once again Congress will be going through the same motions we have gone through so often over the last 4 or 5 years.

After all, when the Reagan administration took office in 1981 it planned to balance the budget when—in 1984. When 1984 came, the country enjoyed the most prosperous year since way back in 1951, an ideal time to balance the budget. Balancing the budget should have been a breeze. What happened to the budget deficit of 1984? The deficit of 1981 had been $79 billion. How much did that Reagan resolution to balance the budget in 1984 actually achieve by 1984? The tragic answer was that in 1984 the deficit had not only not declined, it had more than doubled, more than doubled. It had risen to $175 billion. Some reduction.

Now we are being told just wait until 1991 and we will eliminate the deficit entirely. Does anyone in or out of Congress really believe that? Of course not. We did not do it before; we will not do it this time.

Mr. President, there is only one way to balance the budget and that is to balance the budget cold turkey—at once, right now. This Senator would prefer to kill any extension of the debt limit today forever. Vote it down. Kill it. Federal employees, including Senators, might receive little or no pay for a while. The Federal Government would not pick up our travel costs. Our staffs might go payless. All the people in here who are employees, including the doorkeepers, the reporters, and the people at the desk would have to wait for their pay. In fact, the utility might turn off the lights in the Senate.

None of that would be a catastrophe. But there could be some serious hardships.

It is my understanding that although the Social Security fund now operates with a surplus, Social Security payroll tax money has been kicked into a common pool. I think that is outrageous, but I think I understand that is exactly what happened. And the cash balances have been drawn down so that Social Security checks might not go out on time for pensions, Medicare, and so forth.

Welfare payments, Medicaid, Social Security disability payments, veterans' pensions, veterans' health care all would be lacking funds.

The hardships would be obvious and the hardships would be cruel. They would be imposed on innocent people who had no responsibility for the deficit.

So, unfortunately, it is simply not practical to slam the door shut on borrowing right now for good. But, Mr. President, we should try very hard to do exactly that. We obviously cannot do that between now and early next week when the Federal Government runs out of cash. But we should not give the deficit 5 years either.

We should serve notice now, today, to the administration that the Social Security account is in surplus and all funds from now on from payroll taxes and other Social Security sources of income will be strictly segregated and be used only to pay Social Security benefits, nothing else.

We should then raise the debt limit by precisely the amount necessary to take the Federal Government through December 31, 1985, the next 12 weeks. That means we should not raise the debt limit to well over $2 trillion ever, ever.

How much should we raise it? At this moment the debt limit is $1,825,800 billion.

Based on our experience in fiscal year 1985 that ended on September 30, we should raise the debt limit to only $1,896 billion. Why that figure? I arrive at that figure by adding 1985 fiscal deficit for October, November, and December. That is $72.5 billion. The addition of $72.5 billion to the present debt ceiling will give Congress not 5 years to act but just 12 weeks to act. We will have a very short deadline to make some very deep cuts in spending. We will also obviously have to raise taxes. How much? Well, by enough to make the difference between what we find we have to spend to keep our Government going with essential services and what it takes to meet our obligations as a nation, on the one hand, and what our present tax system will raise in the period beginning January 1, 1986, on the other. We raise taxes to make up that difference.

The United States would go on a pay-as-you-go plan virtually cold turkey. That is just as fast as is practically possible. Congress would serve notice that the deficit nightmare has been banished. It is over, gone.

What would be the result? Would this country be better for it? You betcha.

Mr. President, think of how the country would gain a virtually immediate cold turkey pay-as-you-go policy. No. 1, the Federal Government would stop borrowing immediately. Lenders all over the country and indeed all over the world would suddenly wake up to the fact that the U.S. Federal Government deficits were over with, gone, finished. This colossal demand for credit that absorbs more than half of all the savings of American people would suddenly disappear.

With that kind of drop in the demand for credit, what would happen to the price of credit or interest rates? Is it not obvious? The interest rates would fall and they would fall sharply and go into a prolonged happy nose dive.

That would be simply the mechanical effect of a cold turkey transition as pay as you go.

The pyschological effect of this sudden transition would be even more profound. Foreign governments and bankers and businessmen, and even more important, American businessmen and lenders, would understand that this would not just be rhetoric, not just another empty promise. They would know that Congress is determined to end the Federal deficits and has done it. It would be a clear, definitive fiat accompli. The American people would know that low interest rates were here to stay.

What effect would this cold turkey treatment have on American foreign trade? That is easy. We know the deficits have bloated the dollar as foreigners have sold their currencies to buy high-yielding, risk-free American securities. With pay as you go the supply of American securities would dry up. Net foreign borrowing from foreigners would quickly convert into net foreign investment by Americans investing abroad. The dollar would drop, sharply and swiftly in relation to other currencies. American autos, steel, and computers, radios, and everything else we have exported in the past would become very attractive buys to foreigners. Foreign tariffs and quotas would impede this increase in export but American products would once again reclaim the American market. We would have revival of industries that have been flat on their back since 1982. And what industry would gain the most? The industry that suffered the cruelest setback, as the distinguished Senator from Nebraska knows so well, agriculture. The hard working, efficient American farmer today is in deep depression trouble. A sudden, swift pay-as-you-go Federal Government transition would put the American family farmer on its feet like no other medicine we could administer.

With the dollar down 40 or 50 percent in value, and that is what would happen with this kind of dramatic and sudden traumatic change, American produced soybeans, corn, and wheat would flow in abundance overseas. Farm prices in the marketplace would recover vigorously and that is not all the farmer would enjoy. No single group in America would benefit more from the very sharp and swift drop in interest rates that would accompany pay as you go than the American farmer. The farmer is necessarily an overwhelming borrower. High interest rates as well as the high dollar today are killing him. Pay-as-you-go would knock out both.

Mr. President, what empirical evidence is there that this kind of sudden, traumatic treatment would work? Well, it has worked in the past, and I can cite where. The most impressive experience with the application of an overnight pay-as-you-go system on a national economy was post-World War I—not World War II, World War I—Germany. In the early 1920's, the German economy was staggering under the twin blows of a war-ravaged industry plus the imposition of huge reparations by Allied Governments. Its outlook seemed bleak. What did the German Government do? It drastically cut its spending, including the layoff of more than a fourth of its Federal Government personnel. It raised taxes sharply. And, above all, it went on a pay-as-you-go basis—no more borrowing.

What happened? The massive inflation ceased. Prices dropped. Prices actually dropped 8 percent during the next year. And how about unemployment? Did not unemployment rise? No, it did not. Unemployment diminished and employment increased sharply. Germany made the grade.

Earlier this year, Argentina confronted an economic crisis that had forced literally 1,000 percent inflation. It was meeting its Government spending by printing about 25 percent of the money necessary to make up for the difference between its spending and revenue. President Raul Alfonsin proposed a radical economic program. The heart of that program was to end the Government's deficits and go on a pay-as-you-go basis at once. Now, it is too early to tell what will happen finally in Argentina. But in the couple of months since the program was put into effect, it has won astonishing public support.

Argentina is a very difficult country to rule. It has Peronista labor unions that are very tough, indeed. But people are astonished by the support for this program and it seems that it is on its way.

Both Germany and Argentina suffered real economic devastation from sky-high inflation before they moved to a pay-as-you-go basis. Most of those who have thought about pay as you go as a national policy have assumed the United States will not adopt it until we have huge deficits that have pushed the American economy into triple- or quadruple-digit inflation, with all the misery that will bring. Those cynics may be right. Any Senator who has been listening to his constituents in the past several months must recognize that the American people are ready right now for pay as you go, tough and painful as it may be. I think the American people are right.

Will the Senate agree? Will it refuse to raise the debt limit? Will this body put our Government on a pay-as-you-go basis right now today? Well, probably not. In all likelihood, the Senate will make the same old mistake we have made for some many years, and once again advance the debt limit—this time to more than $2 trillion.

Eventually, I am sure that the Congress will wake up to its responsibility to end this cowardly collapse to economic irresponsibility. The sooner we end it the better. In this Senator's view, we should do it now. Today.

Mr. President, I say once again that I will probably support the amendment, but I do think it could be greatly improved. It could be put into effect not over a 5-year period, when all kinds of things can happen, including a recession that might set it back and force the Congress to feel it has to change the law, but to do it at once the way it has been done elsewhere.

If we do not do that this year, I hope we do that sometime in the future.

Mr. President, I yield the floor.

Mr. HART. Mr. President, there is a suggestion by those sponsoring the pending legislation that some in Congress and the Senate, particularly on this side of the aisle, are delaying action on this matter. That is not the case. Drastic actions need be taken to force action on this matter.

The issue is not whether we should vote. The issue is when we vote and whether, when we vote, we all know what we are voting on.

There is a saying that most of us heard the first day we walked into law school that "hard cases make bad law." I have not been in the Senate as long as many. The Senator from Wisconsin is one who has been here many years; the Senator from Mississippi, Mr. STENNIS; and the Senator from Louisiana, Mr. LONG.

It would be interesting to know from those more senior whether they are aware of any major change in the laws of procedures or balance of power of the U.S. Government that have been done in haste that have worked.

Mr. PROXMIRE. Will the Senator yield?

Mr. HART. Yes; I yield to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I could not agree more with the distinguished Senator from Colorado. He is absolutely right.

As the Senator knows, we have hearings on these matters, we have people come in to testify, the most expert people we can find. We should do that over 2 or 3 or 4 days and develop a record so we know what we are doing. Then we should have a debate. And maybe in that period of 10 days or 2 weeks we could act, knowing what we were doing and do it right.

As I say, I am inclined to favor this amendment, but I think it is a great mistake to make what is probably the most serious change we have made in American policy without hearings and without any substantial period for debate or discussion.

Mr. HART. I thank the Senator.

I just wanted the leadership to know once again, because there is some suggestion that there is a conspiracy to delay action or postpone or deny action, that that is not the purpose of any Senator in this Chamber that I am aware of or any Senator at all.

I believe there is a constitutional obligation on the part of Senators to know what they are voting on. I hear the Senator from Texas saying we are on the 2-yard line and we want to score. Well, I do not know, what in the world that means. This is not a football game. It is not any kind of contest. It is a question of how to solve one of the most perplexing issues facing this Government.

If the Senator from Colorado had any more time, it would take a long time to discuss how we got into this fix. The Senator from Colorado happens to believe it is failed policies, not failed procedures.

But I know the leadership wants to try to sort its way through all this. I just think it is important for everybody to understand that there are Senators who neither support nor oppose this measure that want to know, in a lot more detail than we have found out yet, what is going to happen if this measure passes, and it probably will. Because I do not want to be one of those who, a week from now or a month from now or a year from now, is second-guessed by outside observers or experts or constituencies hurt by this measure, who say, "Didn't you know what you were doing? When you passed that tax cut in 1981, didn't you know you were compounding this deficit? When you authorized $1 trillion on defense in increasing spending, didn't you know you were compounding this deficit?"

Well, I think it ought to be clear before any vote is cast—and that vote can be within a reasonable period of time, a very reasonable period of time—what the impact of this measure is going to be to the degree human intelligence can tell us. We have not heard those questions answered yet.

So I would just urge that we have some limited period, a specific period of time, with a guaranteed time to vote in the reasonably foreseeable future, so that we know what we are voting on.

Mr. DOLE. Mr. President, I thought in the last couple of hours I might be able to reach some accommodation and visit with the minority leader, but I apologize to the minority leader that I have not been able to do that.

Again, I do not have any quarrel with anybody who thinks we ought to discuss this. This is an important change. So I am not here to quarrel on a partisan basis or any other basis.

Again, I have checked with Treasury to make certain that they are leveling with us as far as Monday is concerned. The world is not going to end on Monday, but I understand it will cause some inconvenience and might cost some taxpayers' funds. But I assume if there is a little fudge factor, at least I always did when I was chairman of the Finance Committee. There always seemed to be an extra day or two there built into their letters. That is true of any administration. I do not single out any administration.

I do not disagree that we ought to discuss the amendment and we ought to discuss the Chiles amendment. As I understand, the Senator from Colorado pointed out earlier he is not singling out this amendment. The other amendment has the same concerns; the same questions will be directed at that amendment as this amendment.

So I do not suggest there is any partisan game going on. I assume there will be some Republicans voting for the Chiles amendment and some Democrats voting for the Gramm-Rudman-Hollings amendment.

I know one way to do it is to say, "Well, let's just have an extension for a few days of the debt ceiling and then try to work it out." And that may come to pass.

But it seems to me, in the meantime, what I would like to do is propose that we vote on the Gramm-Rudman-Hollings amendment at 2 o'clock tomorrow. I make that unanimous consent request.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object. I think we have been through this already. We do not need to go through it again.

We on this side are ready to help the distinguished majority leader to pass a measure extending the debt limit for a week, 10 days, 2 weeks, or whatever and with a figure therein commensurate with the time period for the extension. In the meantime, we will have an opportunity to look through the newly modified measure at the desk. Most of us have not had a chance to look at it.

I do not know what changes have been made therein. But in the meantime I think that on Monday we would have an opportunity to take the matter to our conference again. We could hope to work out an agreement by which we would set a date and a time, I would hope, for a vote on the Gramm amendment, and for a vote on the Chiles amendment, and on other amendments. That no one would be hurt, the Government would not stop operating and I think we would be better prepared to cast our votes if we knew more about the amendments that I mentioned.

So that being the case, if the distinguished majority leader was putting a request, then I would have to object.

Mr. DOLE. I was putting the request.

The PRESIDING OFFICER. Is there objection? Objection is heard.

Mr. DOLE. I assume if I made that 4 o'clock tomorrow, it would not make any difference. [Laughter.]

The point is, the distinguished minority leader indicates that they need more time, and whether it is 2 o'clock, 4 o'clock, or 6 o'clock—I am not going to make all those requests—I think it is clear there will not be a vote tomorrow.

I think many Members on this side and some on the other side who support the Gramm-Rudman amendment feel if in fact there is an emergency as we are told there is, and if in fact we have an opportunity to also address deficit reduction, we ought to seize it: If it is an emergency, it ought to be treated as an emergency and we ought to try to deal with it. I have had a call since 4 o'clock from the chairman of the Ways and Means Committee on the House side, Chairman Rostenkowski, who is indicating pretty much the same thing. They are not certain just what the Gramm-Rudman amendment may do. It is very complicated. They are not yet prepared to deal with

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it. At the same time, as I have indicated, I am not certain we could pass a 5-day extension or a 10-day extension. I think there are enough Members on both sides who want to try to see if we can come to grips with both the debt ceiling extension and a new way to approach deficit reduction. That may disappear in a few days. Things do have a habit of changing. But for the present moment, let me say that I talked with 20 or 25 of my Members in the past couple of hours. I cannot find any consensus. In fact, I cannot find many who think we ought to extend it at all. The debt ceiling we have known for some time had to be extended. Maybe it should have been brought to the Senate's attention earlier. And I do not disagree that the Gramm-Rudman amendment was offered only on yesterday. It was modified not to any great extent today but there was a modification. I have only seen an outline of the Chiles proposal but in looking at the two side by side, I note a number of similarities, the biggest difference being that in the Chiles proposal about one-third of any deficit reduction would come from revenues.

Mr. President, I do not want to offend the sensibilities of any of my colleagues. But it seems to me that we should be here tomorrow to give those who have serious questions about the amendment an opportunity to discuss the amendment. I understand the sponsors of the amendment will be here, and that they are prepared to address the questions of the Senator from Colorado, the Senator from Wisconsin, or any Senator on the other side, and some Senators on this side. It is not unanimous on this side.

It appears there will be no opportunity to vote tomorrow, but at least I hope we would have an opportunity for discussion and then decide whether or not to vote on cloture on Sunday afternoon or on Monday because if we do not vote until Monday, we have lost another full day. If in fact there is an emergency on Monday, then I am not certain we should lose another day.

Mr. HART. Will the leader yield for a question?

CLOTURE MOTION

Mr. DOLE. Mr. President, let me first send to the desk a cloture petition.

The PRESIDING OFFICER. The cloture motion having been presented under the rule XXII, the Chair, without objection, directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on amendment No. 730, as modified, to H.J. 372, a joint resolution increasing the statutory limit on the public debt.

Bob Dole, Al Simpson, Bob Packwood, Phil Gramm, Rudy Boschwitz, Chic Hecht, Jake Garn, Malcolm Wallop, Ernest F. Hollings, Orrin Hatch, Steve Symms, David Boren, Thad Cochran, Warren B. Rudman, John Danforth, Slade Gorton, Mark Andrews, Gordon Humphrey, Strom Thurmond, Mitch McConnell, Bill Cohen, Edward Zorinsky, Richard G. Lugar, John Warner, Frank Murkowski, Alphonse D'Amato, Ted Stevens, Chuck Grassley, Daniel J. Evans, Jesse Helms, Barry Goldwater, Thad Cochran, Bob Kasten, James A. McClure, Paul Laxalt, Don Nickles, James Abdnor, Paul Trible, Pete Wilson, and Pete Domenici.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

Mr. HART. Will the distinguished majority leader yield for a question?

Mr. DOLE. Yes.

Mr. HART. Mr. President, will the leader yield to tell the Senator what the objection would be to the agreement by which we would vote on the full extension of the debt ceiling on Monday with a consent agreement that there will be a vote up or down on the Gramm proposal or any others by, say, a time certain on Wednesday or Thursday of next week? What is the objection to that? Certainly no one can object to postponing.

Mr. DOLE. No; again, I do want to be conscientious as I said earlier. It seems to me we have to come to terms on something like that sooner or later. But I think the point is that we are scheduled to leave next Thursday evening because of an official event that takes several Senators away from Washington.

Mr. HART. That is why I said Thursday night at 5 o'clock.

Mr. DOLE. Again, I think it may have to be in consultation with the House at the same time. If they do not act, then we do not complete action next week. So I just hope perhaps between now and tomorrow sometime I will be in a better position. But I think, as I understand, there is no Democratic caucus until Monday morning. Is that correct?

Mr. BYRD. Yes; I reserved Monday for a conference.

Mr. HART. So there is no specific objection to that procedure.

Mr. DOLE. I think, if in fact we are locked in concrete, and we were certain that the House would respond, I think we would be moving very responsibly. I do not see that as a delay. There may be a reason to debate this amendment or any other amendment for some time. But I do not know how the House will react and how quickly they will respond if we wait until Wednesday or Thursday to send them the debt ceiling extension with an amendment—which may or may not have the Gramm amendment, maybe Chiles, maybe there will be other amendments. But I do have a meeting with the chairman of the Ways and Means Committee scheduled for Monday.

Mr. HART. So the concern is really the House, not so much as the Senate?

Mr. DOLE. I think we have to get consent here. We cannot control the House. If we can get some agreement here, that would end our responsibility, I would think.

ORDERS FOR SATURDAY

Mr. DOLE. I hope there is not too much objection to coming in tomorrow at 10 o'clock and giving those who want to debate the matter an opportunity to do that. And I apologize because I announced earlier that there would not be a Saturday session. At that time I did not know we would be in this predicament either.

RECESS UNTIL 10 A.M.

Mr. DOLE. Mr. President, I ask unanimous consent that once the Senate completes its business today it stand in recess until the hour of 10 a.m. on Saturday, October 5, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

Mr. DOLE. Further, Mr. President, I ask unanimous consent that following the two leaders under the standing order there be a special order in favor of the Senator from Wisconsin [Mr. PROXMIRE], for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Following the Proxmire special order, I ask unanimous consent that there be a period for the transaction of routine morning business not to extend beyond the hour of 10:30 a.m. with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. DOLE. I think following routine morning business, the Senate will resume consideration of House Joint Resolution 372, the debt limit. Again I must say to my colleagues, based on the objection to the unanimous-consent request, I do not anticipate votes but that does not preclude votes. I will advise my colleagues that votes could occur tomorrow, even if they be other votes. I think it is fairly certain to assume there will be no votes on the amendment itself.

As far as Sunday is concerned, I am now inclined to believe that we will probably have a vote on the cloture petition just filed about 4 o'clock Sunday afternoon.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I am happy to yield.

Mr. BYRD. Mr. President, if it is the intention of the distinguished majority leader to bring the Senate in on Sunday, will he not get consent now so that all Senators on both sides of the aisle will know we will have a Sunday session?

ORDER FOR RECESS FROM SATURDAY UNTIL SUNDAY, OCTOBER 6, 1985, AT 3 P.M.

Mr. DOLE. Mr. President, I ask unanimous consent that on Sunday October 6, 1985, the Senate convene at 3 p.m.

The PRESIDING OFFICER (Mr. SYMMS). Is there objection? Without objection, it is so ordered.

Mr. BYRD. This would mean that the cloture vote could occur on Sunday.

Mr. DOLE. Yes, but not before 4 o'clock.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. BYRD. Mr. President, will the distinguished Senator indulge me for a moment?

Mr. GRAMM. Yes.

Mr. BYRD. Can we inform Senators on both sides of the aisle there will be no more votes today?

Mr. DOLE. Yes.

ORDERS FOR SUNDAY, OCTOBER 6, 1985

RECESS UNTIL 3 P.M., SUNDAY, OCTOBER 6, 1985

Mr. DOLE. Mr. President, with reference to convening Sunday at 3 o'clock, that request was made and agreed to. I ask unanimous consent that when the Senate completes its business on Saturday, it stand in recess until 3 p.m., Sunday, October 6.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

Mr. DOLE. Following recognition of the two leaders under the standing order, Mr. President, I ask unanimous consent there be a special order in favor of the Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. DOLE. Following the Proxmire special order, Mr. President, I ask unanimous consent there be a period for the transaction of routine morning business not to extend beyond 4 p.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. DOLE. And then under the provisions of rule XXII of the Standing Rules of the Senate, a live quorum will begin at 4 p.m., to be followed by a cloture vote on amendment 730, as modified, to the debt limit extension bill.

Mr. President, I thank the distinguished Senator from Michigan for letting me wrap up the Senate's business and I now yield the floor.

Mr. BYRD address the Chair.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. BYRD. Mr. President, if the distinguished Senator from Michigan will indulge me briefly, may I ask the Chair is there a standing rules change included in the modification that was sent to the desk?

The PRESIDING OFFICER. There is.

Mr. BYRD. This will mean that in order to invoke cloture—I think I should say this for all Senators on both sides of the aisle who may read the RECORD—a two-thirds vote will be required. In other words, two-thirds of those Senators present and voting will be required to invoke cloture on this measure because of the fact that there is at least one or more changes in the Standing Rules of the Senate involved, am I accurate?

The PRESIDING OFFICER. The Senator is correct.

Mr. BYRD. Mr. President, I thank the Chair. I yield to the Senator from Michigan.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

Mr. GRAMM. Mr. President, all day long we have heard discussion about the need for debate and the need to have questions answered. I am here to debate, and I am here to answer questions. In fact, I have gone through this proposal three times today in the minutest detail. I have answered questions today from those who wish to discuss the merits. I would be willing to yield now to anyone who would like to ask me a question about this proposal.

If there is anyone who would like to debate this measure, who would like to know more about it, who would like to cast an informed vote, I am here and I would be happy to have the opportunity to answer their questions or to engage in debate.

Mr. President, I do not see anybody here to debate. I do not hear any questions to answer.

The truth is, it seems to me, Mr. President, that while this is a complicated proposal in so many ways, it is very simple in so many other ways. I think the choice is clear. I think it is important that we vote.

It seems to have escaped the attention of so many Members that we still have to go to conference with the House if we adopt the Chiles amendment or the Gramm-Rudman-Hollings amendment. We have to have a conference. We have to discuss the amendments which would be included in our debt ceiling and not in theirs. I have already contacted the House leadership and offered to sit down with them and answer any questions and attempt to work out any concerns they have so that we might have a quick conference and so that we might bring back the debt ceiling, paying our bills, calling in the credit cards, before the time limit expires where we have to reduce the functions of the Government and reduce the services and payments to our people.

But, Mr. President, I do not see any inclination on the part of those who oppose this measure to discuss it, to debate it, to pose questions. It seems to me that there is a determination to wait and let the clock run out on the debt ceiling.

Maybe there are those who hoped we could escape this debate, who hoped we could pass the debt ceiling and have a cooling-off period and maybe the American people will forget about the issue.

But let me assure them that while I can speak for only myself, I have talked to a lot of Members today, a lot of Republicans and a lot of Democrats. I can assure my colleagues that while there may not be 50 people right now who would refuse any temporary increase in the debt ceiling that does not include this provision, we are close to it. If anybody thinks that we are going to run away and leave this issue and let the American people tire of it and move on to something else, I think they misjudge this body.

I do not believe there is going to be a temporary debt ceiling increase. We are either going to do an increase for the entire year with this provision on it or we are not going to raise the debt ceiling.

Mr. PROXMIRE. Will the Senator yield?

Mr. GRAMM. I will yield in just a moment.

But come Tuesday, Wednesday, or whenever the clock runs out, I do not want it said that the Senator from Texas is "holding up my mamma's Social Security check." I want my mamma and everybody else to know that I am ready to raise the debt ceiling.

I want to do what my mamma taught me. When I was a boy, my mamma was a practical nurse and we would get together and decide which bills we were going to pay. We knew we had paid this doctor last month and we did not have to pay him this month. But when we had problems of living within our budget, we sat around the kitchen table and worked it out. I do not believe my mamma would want me to raise the debt ceiling without working it out for the Federal Government.

So I will never vote to raise the debt ceiling on a temporary basis for a period of time to allow us to run away from this issue. I suspect that perhaps the majority feel the same way.

So come Tuesday or Wednesday when the Government is collectively shutting down, I hope no one will point the finger at me and say, "That Senator from Texas is the reason that the debt ceiling has expired."

I am ready to vote on it today, Mr. President.

Mr. ARMSTRONG. Mr. President, will the Senator yield?

Mr. GRAMM. I am happy to.

Mr. ARMSTRONG. I do not want to get ahead of the Senator from Wisconsin. I wanted to pursue the point that the Senator from Texas raises.

Mr. PROXMIRE. I have great admiration for the Senator from Texas. I had intended to vote for his amendment, and I intend to vote for it now. The Senator has certainly been making himself available as the author of the amendment. That is a real accommodation.

Does the Senator appreciate the fact that the Senator from Texas has a strong bias here as he should have? He is for the amendment, all the way.

The minority leader, Senator BYRD, earlier in the day made clear how complicated this amendment is and that we should have an opportunity to hear from people who have a contrary view. We should understand this very thoroughly before we go into it. It is a profound change, the most profound change I can think of in recent years in the deficit and the approach to solving this deficit problem. It is ingenious.

Does the Senator understand in all sincerity, whether we are for this or against it, we ought to know what we are doing and we ought to take time to discuss it?

Mr. GRAMM. If the Senator's question was posed 10 years ago or 5 years ago, it would have been an eminently reasonable proposal and the question would have been easy to answer. The answer would be yes.

But we are raising the debt ceiling to $2 trillion. We have said for 10 years running, let us not do it now. Let us go ahead and raise the debt ceiling. Let us look at this thing, debate this thing. Not this proposal, not now.

I recall the words of our President: If not us, who? If not now, when?

I am hoping to go home and have supper with my children, but if somebody really wants to know what is in this amendment, I will go to supper with them and I will pay the bill to get an opportunity to talk to them about the proposal. I know that there are uncertainties. But I remind my colleagues, the reason we have to act is to go to conference.

I have contacted the Democratic leadership in the House and said, "I am willing to meet with you now so we can begin to work out differences. I do not claim to have any monopoly on wisdom. If you have suggested changes or proposals, let us meet all we can and try to work out and get a proposal."

You say you liked this proposal and the House leadership has said that. Let us sit down over the weekend and work it out so that when we act, we can go to conference. You do not have a proposal but we have one. We work out a compromise, you accept it, we go back and we raise the debt ceiling.

So there is time for debate but the hour is late.

I take the question of the Senator from Wisconsin very seriously and respectfully.

My concern is if we let Congress off the hook again as we have done so many times, this historic moment to do something that I think is vitally important will pass. Our colleague from Michigan got up today and gave a very eloquent speech about the failures of the Gramm-Latta budget. Let me assure my colleagues that I am painfully aware of it. We promised in 1981 that we would do some things in that Gramm-Latta budget, and I am the GRAMM of the Gramm-Latta.

We said we would put America back to work. Our program did it. Eight million jobs in 4 years.

We said we would stop inflation. We brought it to a standstill.

We said we would rebuild defense, and we did.

We said we would save Social Security, and we did.

We said we would cut taxes and provide incentives for people to work, save, and invest. And we did.

We said we would balance the budget, and we did not. I have an opportunity here today, it seems to me, an unusual opportunity that may not come again.

With a $2 trillion debt ceiling, this is not some hold-on decision that the public is going to sleep through. The public is awake. The public has seen this proposal, which seems to them reasonable.

I do not want to let this opportunity pass, because this proposal will do what I promised our program would do—put people to work. We have already done it. Rebuild defense; we have already done it. Stop the inflation; we have already done it. Cut taxes, we have already done it. Save Social Security; we have already done it. But we have not balanced the budget. This will do it. That is why I am for it.

That is why on this issue, as far as this individual freshman Senator is concerned, there is not going to be any compromise on this issue. I am happy to yield to my colleague from Colorado.

Mr. ARMSTRONG. Mr. President, I rise for two reasons, first to compliment the Senator from Texas and also his cosponsors, especially the Senator from New Hampshire [Mr. RUDMAN], for a really remarkable presentation today and in the days leading up to this debate.

I think they have done a wonderful service to the Senate and to the country, and I compliment them. I congratulate them for the effort and I salute them for what I think is going to be a very significant victory.

I do want to say to the Senator from Texas that I have agreed with just about everything that he said. But in the last few minutes, he has skated out on what I think is a treacherously thin patch of ice.

In his desire to be accommodating to those who may have a different point of view than ours, he came close to hinting that somehow, it was essential to increase this limit on the debt. It may be that the Senator's mother in Texas thinks that is necessary and it may be that the other body thinks that is necessary. But there are some Senators who really do not think that is necessary at all.

My first preference is the passage of the Gramm-Rudman amendment. If that should be added to the extension of the debt limit, I would for the first time—maybe the last time, but certainly for the first time—in my life vote to increase the national debt. But I must say if that does not happen and we are not able to amend the bill, I shall be perfectly content, indeed I shall be cheerful, at the prospect of simply defeating the bill, leaving the limit where it is. It is already high enough.

All this talk about Monday being a crisis, the Government grinding to a halt, no bills being paid, is absolutely pure unadulterated bunkum, in my opinion. We have faced such deadlines before. We have passed the drop-dead moment in the past, we have gone up to the brink, then past the brink by 1 day, 1 week, 2 weeks, 3 weeks, 2 months—the reality is that this is all exaggerated.

What if we never increased the limit on the national debt? What if we never did it—not for a day or for a week or a month, but forever. What if we said this indebtedness on the part of the Government at $1.8 trillion is plenty? What would happen?

Nothing too serious would happen. We would not have to disband the defense of this country. We would not have to dismantle large segments of our economy. We would simply be on a cash basis. And it is not a lot different than businesses or families find themselves in when they find themselves cut off at the bank.

They begin to scale back their expenditures. There is no doubt it would be a painful process. It would be a process that some people would think would be too painful. But the Senator from Colorado does not think that. In my opinion, that would be a responsible alternative, even a good alternative, and a vastly preferable alternative to the passage of an additional increase in the national debt without some stringent measure of budgetary reform.

I just wanted to note before we adjourn for the day that there may be some who are dreading the prospect that somehow we might delay the increase in the national debt. I, for one, think that would be wonderful. If, you know, Mr. President, by some chance, somebody wants to filibuster the whole thing, that would suite me to a T. I do not intend to do it. I am not much of a person to filibuster an issue of this kind. But if somebody should come forward and say, "I am going to filibuster this with or without the Gramm amendment," I should cheerfully head out to Colorado for a day, a week, or a month while that issue is being filibustered and would consider it all to the benefit of the country.

Let me close as I began by congratulating the Senator from Texas, who has contributed so much to getting this thing turned around. I hope in the next few days, we will be able to sound out three cheers for the Gramm amendment when the measure they have advanced is not just passed by the Senate but signed by the President.

Mr. MATTINGLY. Mr. President, I would like to offer my congratulations, as the Senator from Colorado has, to the Senator from Texas on this proposal that he has. I think it is sort of ironic that here we see standing on the floor three authors of four strong budget proposals. I wish Senator THURMOND were here. He would add the constitutional amendment to balance the budget. We have Senator ARMSTRONG, advocate of giving rescission power to the President, myself with the line-item veto, Senator GRAMM with the Gramm budget proposal.

I agree with Senator GRAMM. We are down to the 1-foot line. I agree with the Senator from Colorado. I, for one, would not let that debt ceiling increase. We have to change the way we are doing business. I think what the Senator from Texas is doing is he is not satisfied with the status quo. We are not going to be satisfied with the status quo, we are not going to let it go on the way it has been going on.

Finally, we are getting down to the point where we are going to have to answer the question: Do you want to go ahead and do business in this country the way we have been doing it, which has failed? Or do we now really want to make a fundamental reform and change? They can say it is too complicated. In fact, it is not complicated. There really is going to be a change of temperament from some of the people we have here in this body. We either have to make some difficult choices which, in the past, they have not had to make.

In other words, it is easier to go ahead and spend more than you are taking in. People in the galleries and people west of the Potomac cannot do that. The Senator's proposal is going to bring that to an end.

I hope that now, as we close this evening, but eventually, we are going to come to an up-or-down vote on his proposal and they will make a change to require that. I congratulate the Senator.

Mr. GRAMM. Mr. President, I thank my colleague from Georgia. I would like to thank him for another reason. My colleague from Georgia has been the leader on the line-item veto proposal. It would have been easy for him to have stepped forward and said, "No, I am not willing to let this be the unified position of our conference; I want my line-item veto on as well," and we would have had two strong proposals and people would have been torn. I think a lesser man would have refused to step aside and let this vehicle be used. But he did step aside, thinking it would enhance the possibility of this one being adopted. I want him and the author of the Presidential rescission proposal, who has done the same thing, to know how much I appreciate it personally and how much whatever victory we may get here is just as much theirs as it is mine.

Finally, before I yield back so the majority leader can complete our business—I know he has seen and heard too much from me over the last few days—I would like to reiterate my offer that if there are those here who long to know what is in this proposal, who find it complex, I am willing to cancel supper with my two little children and my wife to go to supper with them and talk about it. I will pay. I warn them ahead of time this may be McDonald's. Of course, that is the kind of budget I want for the Government. And there will be, if they do not call time out here, on the goal line, if we do not listen to that same siren song, "Not today, not now." It is sort of like the sinner who wants to go to Heaven and wants to do what is right, and the Lord calls on him to do it and he says, "Lord, not today, not today. Maybe tomorrow. Maybe next week, maybe next year but not now, not today. I have a few more sins in mind."

This is probably the only real opportunity we are going to have for the foreseeable future until we get to $3 trillion, and we will get there fast. And I hope I am here because I will try it again then. But I truly believe this is a historic opportunity. I also believe with equal strength that if we walk away from it, if we pass a debt ceiling, temporary or permanent, or whatever, and take the pressure off and take the focus of debate away, we may never get this opportunity again. I for one do not intend to let it pass.

Mr. President, I yield back the remainder of my time.

THE CALENDAR

Mr. DOLE. Mr. President, I understand that we have about three items we can dispose of. I inquire of the distinguished minority leader if he is in a position to pass any or all of the calendar items——

Mr. LEVIN. Will the majority leader yield? I apologize for interrupting. Before my friends from Texas and New Hampshire leave the floor, I would like to make a 1- or 2-minute comment, if I could. I am wondering if I could just say something in the presence of my friends from Texas and New Hampshire before they leave, because I would rather they be here when I say this.

Mr. DOLE. I wonder if I might do this, if I could just go through these—it will just take about a minute—and then I will be happy to yield the floor.

I wonder if the distinguished minority leader is in a position to pass any or all of the following calendar items: Calendar No. 326, Senate Joint Resolution 97; Calendar 334, Senate Joint Resolution 150, and Calendar No. 335, Senate Joint Resolution 174.

Mr. BYRD. Mr. President, on this side we are ready to go forward. No objection.

Mr. DOLE. Mr. President, I ask unanimous consent that the calendar items just identified be considered en bloc and adopted en bloc and all preambles be agreed to en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL STUDY CENTER FOR TRAUMA AND EMERGENCY MEDICAL SYSTEMS

The Senate proceeded to consider the joint resolution (S.J. Res. 97) designating the Study Center for Trauma and Emergency Medical Systems at the Maryland Institute for Emergency Medical Services Systems at the University of Maryland as the National Study Center for Trauma and Emergency Medical Systems.

Mr. MATHIAS. Mr. President, each year 10 million people are involved in accidents requiring emergency medical services; 350,000 of those people are permanently disabled. This year over 90,000 will die from accidental injuries.

Over the past 20 years, the disciplines of trauma care and emergency medical services [EMS] have emerged as integral components of the health care delivery system. All of the States in and territories of the United States have developed some form of an EMS system in an effort to address the escalating rates of death and disability due to accidents. These systems are becoming more sophisticated, and the demand for better training, research, literature, and information services is also increasing. Too often this information is difficult to locate because it is not publicized, centralized, or accessible; therefore EMS systems may not be able to locate the resources necessary to upgrade the care and services they provide.

The National Study Center for Trauma and Emergency Medical Systems [NSC] will address these issues by providing centralized access to these essential resources.

Congressional designation of this national study center will improve dramatically our ability to provide state-of-the-art trauma care nationwide.

I thank the chairman of the Senate Labor and Human Resources Committee, Senator HATCH, and the ranking minority member, Senator KENNEDY, for their help and enthusiastic support for this resolution, in addition to the other cosponsors, Senators SARBANES, INOUYE, STAFFORD, MATSUNAGA, and PELL.

The joint resolution (S.J. Res. 97) ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 97

Whereas Federal funding for emergency medical services systems has decreased, and some States have provided less support for such lifesaving systems;

Whereas private efforts are the primary means of improving the delivery of emergency medical services, and improvements are needed to meet the needs of increasing numbers of the critically ill and injured;

Whereas the designation of a national study center for trauma and emergency medical systems would focus attention on those areas needing improvement in the delivery of systematic emergency care;

Whereas a national study center for trauma and emergency medical systems is needed to serve as a resource center for information and data and to provide technical assistance concerning emergency medical systems; and

Whereas the Maryland Institute for Emergency Medical Services Systems at the University of Maryland has been a national leader in the development of systems of care for the critically ill and injured: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Study Center for Trauma and Emergency Medical Systems at the Maryland Institute for Emergency Medical Services Systems at the University of Maryland shall be known and designated as the "National Study Center for Trauma and Emergency Medical Systems". Any reference in a law, map, regulation, document, record, or other paper of the United States to such Study Center for Trauma and Emergency Medical Systems shall be held to be a reference to the National Study Center for Trauma and Emergency Medical Systems.

NATIONAL HEMOPHILIA MONTH

The Senate proceeded to consider the joint resolution (S.J. Res. 150) to designate the month of March 1986 as "National Hemophilia Month."

Mr. BRADLEY. Mr. President, I am pleased that today the Senate is taking up Senate Joint Resolution 150, to designate March 1986 as "National Hemophilia Month." Mr. President, I introduced this resolution in June in order to educate the public about hemophilia, to highlight the medical advances in the field and to try to dispel the myths and misconceptions that surround the disease.

Mr. President, hemophilia is a hereditary disorder afflicting approximately 1 in 4,000 males. The disease, which is equally common among all races and socioeconomic groups, involves a deficiency in a cloting factor in blood. As a result, bleeding due to cuts and bruises does not, as is normal, automatically stop.

The primary danger to those with the disease is not, as many suppose, external bleeding; rather, severe internal hemorrhaging presents the greatest threat to these individuals. Hemophiliacs depend for their very lives on infusion treatments derived from human plasma. Hemorrhaging episodes usually entail frantic trips to the hospital to receive these expensive infusions.

While plasma treatments are the hemophiliac's lifeline, these treatments can also carry diseases such as hepatitis and, recently, acquired immune deficiency syndrome [AIDS], thus fostering the myth that day-to-day contact with hemophiliacs can lead to AIDS. This is not true, and I hope that placing greater attention on hemophilia will help to correct this misconception. Even hemophiliacs themselves, Mr. President, are not free from these misconceptions. There have been numerous cases reported of hemophiliacs foregoing treatment out of fear of AIDS. This is extremely dangerous; the risk involved in withholding treatment is several times greater than the risk of contracting AIDS.

This is clearly a serious disease, Mr. President, but there is hope. We should be cognizant of the tremendous progress researchers have made in the last two decades. Donald Goldman, who heads the National Hemophilia Foundation, and who is a hemophiliac from West Orange, NJ, said recently: "I feel I've been traveling across an ocean during my lifetime and I'm now able to see land in the distance." This is no exaggeration.

Twenty years ago patients needed whole blood transfusions just to stay alive; even then they had to avoid all potential dangers. In the 1970's plasma treatments were developed, allowing more widespread treatment for hemophiliacs. Today, scientists are working to perfect a process developed last year that enables cloning of the clotting factor. This advance promises to eliminate the risk of contracting diseases through transfusions. Another advancement is a pilot program just recently developed in which hemophiliacs administer injections themselves, without hospitalization. The effectiveness of this program indicates that annual medical costs for treating hemophilia could be significantly reduced nationwide.

Mr. President, both to further public awareness and knowledge of hemophilia, and to recognize the outstanding work being done by scientists to help hemophiliacs, I urge adoption of this resolution.

The joint resolution (S.J. Res. 150) was ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 150

Whereas hemophilia is an incurable hereditary disorder that prevents proper coagulation of the blood;

Whereas hemophilia, which strikes males almost exclusively, occurs in one of every four thousand live male births regardless of race, nationality, or family economic status;

Whereas hemophilia can lead to disabilities or death for some hemophiliacs;

Whereas, despite recent medical advances in the diagnosis and treatment of hemophilia, many hemophiliacs continue to face unpredictable medical complications due to the disorder;

Whereas, with proper medical treatment and adequate financial assistance, hemophiliacs can live healthy, normal, and independent lives; and

Whereas increased public awareness of the causes and effects of hemophilia will help dispel many common misconceptions concerning the disorder: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the month of March 1986 is hereby designated as "National Hemophilia Month", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such month with appropriate ceremonies and activities.

EUGENE ORMANDY APPRECIATION DAY

The joint resolution (S.J. Res. 174) to designate November 18, 1985, as "Eugene Ormandy Appreciation Day," was considered, ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 174

Whereas November 18, 1985, marks the anniversary of the birth of Eugene Ormandy;

Whereas Eugene Ormandy was music director and conductor laureate of the Philadelphia Orchestra for over forty years, receiving honorary degrees from eighteen universities and medals of honor from eight nations, including the United States, France, Italy, and Great Britain;

Whereas Eugene Ormandy is known throughout the world for his extraordinary ability and innovation and his unique contribution to orchestral playing, the creation of "The Philadelphia Sound";

Whereas Eugene Ormandy performed invaluable service to the Nation through tours of China, the Soviet Union, Europe, and South America; and

Whereas Eugene Ormandy passed away on March 12, 1985: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That November 18, 1985, is designated as "Eugene Ormandy Appreciation Day" and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe the day with appropriate ceremonies.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the joint resolutions were agreed to.

Mr. BYRD. I move to lay that motion on the table.

HEALTH PROFESSIONS TRAINING ASSISTANCE ACT

Mr. DOLE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 2410.

The PRESIDING OFFICER laid before the Senator the following message from the House of Representatives:

Resolved, That the House agree to the amendment of the Senate to the bill (H.R. 2410) entitled "An Act to amend the Public Health Service Act to revise and extend the programs under title VII of that Act", with the following amendment:

In lieu of the matter proposed by said amendment, insert:

That this Act may be cited as the "Health Professions Training Assistance Act of 1985".

REFERENCE

SEC. 2. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

TITLE I—AUTHORIZATIONS OF APPROPRIATIONS

SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

SEC. 101. (a) The first sentence of section 728(a) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$250,000,000 for the fiscal year ending September 30, 1985; $275,000,000 for the fiscal year ending September 30, 1986; $290,000,000 for the fiscal year ending September 30, 1987; and $305,000,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "1987," and inserting in lieu thereof "1991,".

SCHOLARSHIPS FOR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 102. Section 758(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$7,000,000 for the fiscal year ending September 30, 1986, $7,000,000 for the fiscal year ending September 30, 1987, and $7,000,000 for the fiscal year ending September 30, 1988".

DEPARTMENTS OF FAMILY MEDICINE

SEC. 103. Section 780(c) is amended by striking out "and" after "1983," and by inserting a comma and "$7,000,000 for the fiscal year ending September 30, 1986, $7,000,000 for the fiscal year ending September 30, 1987, and $7,000,000 for the fiscal year ending September 30, 1988" after "1984".

AREA HEALTH EDUCATION CENTERS

SEC. 104. The first sentence of section 781(g) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$18,000,000 for the fiscal year ending September 30, 1986, $18,000,000 for the fiscal year ending September 30, 1987, and $18,000,000 for the fiscal year ending September 30, 1988".

PHYSICIAN ASSISTANTS

SEC. 105. Section 783(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$4,800,000 for the fiscal year ending September 30, 1986, $4,800,000 for the fiscal year ending September 30, 1987, and $4,800,000 for the fiscal year ending September 30, 1988".

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 106. Section 784(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$18,500,000 for the fiscal year ending September 30, 1986, $19,500,000 for the fiscal year ending September 30, 1987, and $22,000,000 for the fiscal year ending September 30, 1988".

FAMILY MEDICINE AND GENERAL PRACTICE OF DENTISTRY

SEC. 107. (a) The first sentence of section 786(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$36,000,000 for the fiscal year ending September 30, 1986, $37,000,000 for the fiscal year ending September 30, 1987, and $39,400,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "and" after "1983," and by inserting "September 30, 1986, September 30, 1987, and September 30, 1988," after "1984,".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 108. The first sentence of section 787(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$26,000,000 for the fiscal year ending September 30, 1986, $28,000,000 for the fiscal year ending September 30, 1987, and $30,000,000 for the fiscal year ending September 30, 1988".

CURRICULUM DEVELOPMENT AND FACULTY TRAINING GRANTS

SEC. 109. Section 788(f) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$8,000,000 for the fiscal year ending September 30, 1986; $8,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for the fiscal year ending September 30, 1988".

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 110. The first sentence of section 788B(h) is amended by inserting before the period a comma and "$4,200,000 for the fiscal year ending September 30, 1986, and $3,800,000 for the fiscal year ending September 30, 1987".

GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 111. Section 791(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,500,000 for the fiscal year ending September 30, 1986, $1,500,000 for the fiscal year ending September 30, 1987, and $1,500,000 for the fiscal year ending September 30, 1988".

TRAINEESHIPS FOR STUDENTS IN OTHER GRADUATE PROGRAMS

SEC. 112. Section 791A(c) is amended by striking out "and" after "1980;" and by inserting before the period a semicolon and "and $500,000 for the fiscal year ending September 30, 1986, and each of the next two fiscal years".

PUBLIC HEALTH TRAINEESHIPS

SEC. 113. Section 792(c) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$3,000,000 for the fiscal year ending September 30, 1986; $3,075,000 for the fiscal year ending September 30, 1987; and $3,150,000 for the fiscal year ending September 30, 1988".

TRAINING IN PREVENTIVE MEDICINE

SEC. 114. Section 793(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,600,000 for the fiscal year ending September 30, 1986, $1,600,000 for the fiscal year ending September 30, 1987, and $1,600,000 for the fiscal year ending September 30, 1988".

TITLE II—PROGRAM REVISIONS

SCHOOLS OF CHIROPRACTIC

SEC. 201. (a) The first sentence of section 701(4) is amended—

(1) by striking out "and" after " 'school of veterinary medicine',";

(2) by inserting a comma and "and 'school of chiropractic' " after " 'school of public health' ";

(3) by striking out "and" after "a degree of doctor of veterinary medicine or an equivalent degree,"; and

(4) by inserting "and a degree of doctor of chiropractic or an equivalent degree," before "and including advanced training related to".

(b) Section 701(5) is amended—

(1) by striking out "or" after "pharmacy,"; and

(2) by inserting "or chiropractic," after "public health,".

(c) Section 737 is amended by striking out paragraph (2) and by redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively.

TRAINING OF PHYSICIAN ASSISTANTS

SEC. 202. Section 701(8) is amended to read as follows:

"(8)(A) The term 'program for the training of physician assistants' means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to provide primary health care under the supervision of a physician, and

"(ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

"(B) After consultation with appropriate organizations, the Secretary shall, not later than October 1, 1986, prescribe regulations for programs for the training of physician assistants. Such regulations shall, as a minimum, require that such a program—

"(i) extend for at least one academic year and consist of—

"(I) supervised clinical practice, and

"(II) at least four months (in the aggregate) of classroom instruction,

directed toward preparing students to deliver health care;

"(ii) have an enrollment of not less than eight students; and

"(iii) train students in primary care, disease prevention, health promotion, geriatric medicine, and home health care.".

SCHOOLS OF ALLIED HEALTH

SEC. 203. (a) Section 701(10) is amended—

(1) by inserting "college," before "junior college,"; and

(2) by striking out "in a discipline of allied health leading to a baccalaureate or associate degree (or an equivalent degree of either) or to a more advanced degree" in subparagraph (A) and inserting in lieu thereof "to enable individuals to become allied health professionals or to provide additional training for allied health professionals".

(b) Section 701 is amended by adding at the end thereof the following new paragraph:

"(13) The term 'allied health professional' means an individual—

"(A) who has received a certificate, an associate's degree, a bachelor's degree, a masters' degree, a doctoral degree, or postbaccalaureate training, in a science relating to health care;

"(B) who shares in the responsibility for the delivery of health care services or related services, including—

"(i) services relating to the identification, evaluation, and prevention of diseases and disorders;

"(ii) dietary and nutrition services;

"(iii) health promotion services;

"(iv) rehabilitation services; or

"(v) health systems management services; and

"(C) who has not received a degree of doctor of medicine, a degree of doctor of osteopathy, a degree of doctor of dentistry or an equivalent degree, a degree of doctor of veterinary medicine or an equivalent degree, a degree of doctor of optometry or an equivalent degree, a degree of doctor of podiatry or an equivalent degree, a degree of bachelor of science in pharmacy or an equivalent degree, a degree of doctor of pharmacy or an equivalent degree, a graduate degree in public health or an equivalent degree, a degree of doctor of chiropractic or an equivalent degree, a graduate degree in health administration or an equivalent degree, or a doctoral degree in clinical psychology or an equivalent degree.".

GRADUATE PROGRAMS IN CLINICAL PSYCHOLOGY

SEC. 204. (a) Section 701 (as amended by section 203(b) of this Act) is further amended by adding at the end thereof the following new paragraph:

"(14) The term 'graduate program in clinical psychology' means an accredited graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology or an equivalent degree.".

(b) Section 701(5) (as amended by section 201(b) of this Act) is further amended—

(1) by striking out "or" after "chiropractic,"; and

(2) by inserting "or a graduate program in clinical psychology," after "health administration,".

(c) Section 737 (as amended by section 201(c) of this Act) is further amended by striking out paragraph (2) (as redesignated by section 201(c) of this Act) and by redesignating paragraphs (3) and (4) (as redesignated by section 201(c) of this Act) as paragraphs (2) and (3), respectively.

NATIONAL ADVISORY COUNCIL ON HEALTH PROFESSIONS EDUCATION

SEC. 205. (a) Section 702(a) is amended by striking out the last sentence and inserting in lieu thereof the following: "Of the appointed members of the Council—

"(1) twelve shall be representatives of the health professions schools assisted under programs authorized under this title, including—

"(A) one representative of each of schools of veterinary medicine, optometry, pharmacy, podiatry, public health, and allied health, and graduate programs in health administration; and

"(B) at least six persons experienced in university administration, at least one of whom shall be a representative of a school described in subparagraph (A);

"(2) two shall be full-time students enrolled in health professions schools; and

"(3) six shall be members of the general public.".

TECHNICAL ASSISTANCE

SEC. 206. Section 709(d) is amended to read as follows:

"(d) Funds appropriated under this title may be used by the Secretary to provide technical assistance in relation to any of the authorities under this title.".

RECOVERY OF ASSISTANCE

SEC. 207. (a) Section 723 is amended to read as follows:

"RECOVERY

"SEC. 723. (a) If at any time within twenty years (or within such shorter period as the Secretary may prescribe by regulation for an interim facility) after the completion of construction of a facility with respect to which funds have been paid under section 720(a)—

"(1)(A) in case of a facility which was an affiliated hospital or outpatient facility with respect to which funds have been paid under section 720(a)(1), the owner of the facility ceases to be a public or other nonprofit agency that would have been qualified to file an application under section 605,

"(B) in case of a facility which was not an affiliated hospital or outpatient facility but was a facility with respect to which funds have been paid under paragraph (1) or (3) of section 720(a), the owner of the facility ceases to be a public or nonprofit school, or

"(C) in case of a facility which was a facility with respect to which funds have been paid under section 720(a)(2), the owner of the facility ceases to be a public or nonprofit entity,

"(2) the facility ceases to be used for the teaching or training purposes (or other purposes permitted under section 722) for which it was constructed, or

"(3) the facility is used for sectarian instruction or as a place for religious worship,

the United States shall be entitled to recover from the owner of the facility the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).

"(b) The owner of a facility which ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or the owner of a facility the use of which changes as described in paragraph (2) or (3) of subsection (a), shall provide the Secretary written notice of such cessation or change of use within 10 days after the date on which such cessation or change of use occurs or within 30 days after the date of enactment of this subsection, whichever is later.

"(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of the facility as the amount of the Federal participation bore to the cost of construction.

"(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which the owner of the facility ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or 191 days after the date on which the use of the facility changes as described in paragraph (2) or (3) of subsection (a), or

"(ii) if notice is not provided as prescribed by subsection (b), 11 days after the date on which such cessation or change of use occurs,

and ending on the date the amount the United States is entitled to recover is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a)(2) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.

"(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.".

(b) In the case of any facility that was or is constructed on or before the date of enactment of this Act or within 180 days after the date of enactment of this Act, the period described in clause (i) or (ii), as the case may be, of section 723(c)(2)(B) of the Public Health Service Act (as amended by subsection (a) of this section) shall begin no earlier than 181 days after the date of enactment of this Act.

(c) The amendment made by subsection (a) of this section shall not adversely affect other legal rights of the United States.

(d) In addition to the authority of the Secretary of Health and Human Services under subsection (d) of section 723 of the Public Health Service Act (as amended by subsection (a) of this section), the Secretary may waive the recovery rights of the United States under subsection (a) of such section 723 with respect to St. Joseph's Hospital in Omaha, Nebraska, if the Secretary determines that adequate provision has been made, through establishment of an irrevocable trust or other legally enforceable means, to assure that the teaching and other obligations assumed with respect to such St. Jo-

seph's Hospital as a condition of assistance under title VII of the Public Health Service Act will continue to be met.

(e)(1) Section 858(b) is amended—

(A) by striking out "not later than" and inserting in lieu thereof "within"; and

(B) by inserting "or within 30 days after the date of enactment of the Health Professions Training Assistance Act of 1985, whichever is later" before the period.

(2) Section 858(c)(2)(B) is amended by striking out "(1)" and inserting in lieu thereof "(i)".

(3) Section 858(d) is amended by striking out "subsection (a)" and inserting in lieu thereof "subsection (a)(2)".

(4) Section 9(c)(2) of the Nurse Education Amendments of 1985 is amended by striking out "subsection (c)(2)(B)(i) of section 858" and inserting in lieu thereof "clause (i) or (ii), as the case may be, of section 858(c)(2)(B)".

HEALTH EDUCATION ASSISTANCE LOAN PROGRAM

SEC. 208. (a)(1) Section 731(a)(1)(A) is amended by striking out "and" at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following:

"(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and".

(2) Section 731(a)(1)(B) is amended by striking out "and" at the end of clause (ii), and by inserting after clause (iii) the following:

"(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and".

(b)(1) Section 731(a)(2)(B) is amended to read as follows:

"(B) provides for repayment of the principal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 25 years beginning not earlier than 9 months nor later than 12 months after the later of—

"(i) the date on which—

"(I) the borrower ceases to be a participant in an accredited internship or residency program of not more than four years in duration;

"(II) the borrower completes the fourth year of an accredited internship or residency program of more than four years in duration; or

"(III) the borrower, if not a participant in a program described in subclause (I) or (II), ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution; or

"(ii) the date on which a borrower who is a graduate of an eligible institution ceases to be a participant in a fellowship training program not in excess of two years or a participant in a full-time educational activity not in excess of two years, which—

"(I) is directly related to the health profession for which the borrower prepared at an eligible institution, as determined by the Secretary; and

"(II) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in a program described in subclause (I) or (II) of clause (i) or prior to the completion of the borrower's participation in such program,

except as provided in subparagraph (C), except that the period of the loan may not exceed 33 years from the date of execution of the note or written agreement evidencing it, and except that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the costs of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;".

(2) Section 731(a)(2)(C) is amended—

(A) by inserting "(including any period in such a program described in subclause (I) or subclause (II) of subparagraph (B)(i))" before the comma in clause (ii);

(B) by striking out "or the 33-year period" in clause (vi);

(C) by striking out "or" after "National Health Service Corps," in clause (v); and

(D) by inserting "or (vii) any period not in excess of two years which is described in subparagraph (B)(ii)," after "Domestic Volunteer Service Act of 1973,".

(3)(A) The provisions of clause (i) of section 731(a)(2)(B) of the Public Health Service Act (as amended by paragraph (1) of this subsection) and the provisions of clauses (ii) and (vi) of section 731(a)(2)(C) of such Act (as amended by subparagraphs (A) and (B) of paragraph (2)) shall not apply to any individual who, prior to the date of enactment of this Act, received a loan insured under subpart I of part C of title VII of such Act.

(B) The provisions of clause (ii) of section 731(a)(2)(B) of the Public Health Service Act and clause (vii) of section 731(a)(2)(C) of such Act (as added by the amendments made by paragraphs (1) and (2)(D) of this subsection, respectively) shall apply to any loan insured under subpart I of part C of title VII of such Act after the date of enactment of this Act.

(4) Within 90 days after the date of enactment of this Act, the Secretary of Health and Human Services shall promulgate regulations to carry out clause (ii) of section 731(a)(2)(B) of the Public Health Service Act and clause (vii) of section 731(a)(2)(C) of such Act (as added by the amendments made by paragraphs (1) and (2)(D) of this subsection, respectively). Such regulations shall—

(A) prescribe criteria for the determination of the types of fellowship training programs and full-time educational activities which will be permitted under such clauses; and

(B) establish procedures for a borrower to apply to the Secretary for a determination concerning whether a particular fellowship training program or full-time educational activity will be permitted under such clauses.

(c)(1) Section 731(b) is amended by striking out "3½" and inserting in lieu thereof "3".

(2) The amendment made by paragraph (1) of this subsection shall apply to any loan insured under subpart I of part C of title VII of the Public Health Service Act after the date of enactment of this Act.

(d) Section 731(c) is amended—

(1) by striking out "section 731(a)(2)(C)" and inserting in lieu thereof "subsection (a)(2)(C)"; and

(2) by inserting before the period a comma and "unless the borrower, in the written agreement described in subsection (a)(2), agrees to make payments during any year or any repayment period in a lesser amount".

(e) Section 732(c) is amended—

(1) by redesignating clauses (1) and (2) of the second sentence as clauses (A) and (B), respectively;

(2) by inserting "(1)" before "The" in the first sentence;

(3) by striking out "2 percent per year" in the first sentence and inserting in lieu thereof "8 percent";

(4) by striking out "in advance, at such times" in the first sentence and inserting in lieu thereof "in advance at the time the loan is made"; and

(5) by adding at the end thereof the following new paragraph:

"(2) The Secretary may not increase the percentage on the principal balance of loans charged pursuant to paragraph (1) for insurance premiums, unless the Secretary has, prior to any such increase—

"(A) requested a qualified public accounting firm to evaluate whether an increase in such percentage is necessary to ensure the solvency of the student loan fund established by section 734, and to determine the amount of such an increase, if necessary; and

"(B) such accounting firm has recommended such an increase and has determined the amount of such increase necessary to ensure the solvency of such fund.

The Secretary may not increase such percentage in excess of the maximum percentage permitted by paragraph (1) or increase such percentage by an amount in excess of the amount of the increase determined by a qualified accounting firm pursuant to this paragraph.".

(f) The first sentence of subsection (a) of section 734 and the first sentence of subsection (b) of such section are each amended by inserting "collection or" before "default".

(g)(1) Section 729(a) is amended by inserting "allied health," after "public health," each place it appears.

(2) Section 737 (as amended by sections 201(c) and 204(c) of this Act) is further amended—

(A) by inserting a comma and "allied health," after "public health" in paragraph (1); and

(B) by adding at the end thereof the following new paragraph:

"(4) The term 'school of allied health' means a program in a school of allied health (as defined in section 701(10)) which leads to a masters' degree or a doctoral degree.".

(h) Section 728(a) (as amended by section 101 of this Act) is further amended by inserting after the first sentence the following new sentence: "If the total amount of new loans made and installments paid pursuant to lines of credit in any fiscal year is less than the ceiling established for such year, the difference between the loans made and installments paid and the ceiling shall be carried over to the next fiscal year and added to the ceiling applicable to that fiscal year.".

(i) Section 731(a)(2) is amended by striking out "and" at the end of subparagraph (F), by redesignating subparagraph (G) as subparagraph (H), and by inserting after subparagraph (F) the following new subparagraph:

"(G) provides that the check for the proceeds of the loan shall be made payable jointly to the borrower and the eligible institution in which the borrower is enrolled; and".

HEALTH PROFESSIONS STUDENT LOAN PROGRAM

SEC. 209. (a)(1) Section 740(b)(4) is amended by inserting "doctor of pharmacy or an equivalent degree," before "doctor of podiatry".

(2) Section 741(b) is amended by inserting "doctor of pharmacy or an equivalent degree," before "doctor of podiatry".

(3) Section 741(f)(1)(A) is amended by inserting "doctor of pharmacy or an equiva-

lent degree," before "or doctor of podiatry or an equivalent degree".

(4) Subpart II of part C of title VII is amended by adding at the end thereof the following new section:

"DEFINITION

"SEC. 745. For purposes of this subpart, the term 'school of pharmacy' means a public or nonprofit private school in a State that provides training leading to a degree of bachelor of science in pharmacy or an equivalent degree or a degree of doctor of pharmacy or an equivalent degree and which is accredited in the manner described in section 701(5).".

(b) Section 741(b) (as amended by subsection (a)(2) of this section) is further amended by inserting "(1) who is" after "student" and by inserting before the period a comma and the following: "(2) who, if pursuing a full-time course of study at the school leading to a degree of doctor of medicine or doctor of osteopathy, is of exceptional financial need (as defined by regulations of the Secretary), and (3) who, if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section.".

(c)(1) Section 741(c) is amended to read as follows:

"(c) Such loans shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins one year after the student ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, veterinary medicine, excluding from such ten-year period—

"(1) all periods—

"(A) not in excess of three years of active duty performed by the borrower as a member of a uniformed service;

"(B) not in excess of three years during which the borrower serves as a volunteer under the Peace Corps Act; and

"(C) during which the borrower participates in advanced professional training, including internships and residencies; and

"(2) a period—

"(A) not in excess of two years during which a borrower who is a full-time student in such a school leaves the school, with the intent to return to such school as a full-time student, in order to engage in a full-time educational activity which is directly related to the health profession for which the borrower is preparing, as determined by the Secretary; or

"(B) not in excess of two years during which a borrower who is a graduate of such a school is a participant in a fellowship training program or a full-time educational activity which—

"(i) is directly related to the health profession for which such borrower prepared at such school, as determined by the Secretary; and

"(ii) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in advanced professional training described in paragraph (1)(C) or prior to the completion of such borrower's participation in such training.".

(2) The provisions of section 741(c)(2)(A) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) shall apply to—

(A) any individual who received a loan under subpart II of part C of title VII of the Public Health Service Act and to whom the provisions of such section (if such provisions had been in effect) would have applied between June 17, 1982, and July 7, 1983; and

(B) any individual who, after the date of enactment of this Act, is a full-time student in a school referred to in such section and who (prior to, on, or after the date of enactment of this Act), receives a loan under such subpart to assist such student in such student's studies in such school.

(3) The provisions of section 741(c)(2)(B) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) shall apply to any loan made under subpart II of part C of title VII of such Act after the date of enactment of this Act.

(4) Within 90 days after the date of enactment of this Act, the Secretary of Health and Human Services shall promulgate regulations to carry out section 741(c)(2) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) with respect to any loan made under subpart II of part C of title VII of such Act on or after the date of enactment of this Act. Such regulations shall—

(A) with respect to the provisions of subparagraph (A) of such section—

(i) prescribe criteria for the determination of the types of full-time educational activities which will be permitted under such subparagraph;

(ii) require the school in which the borrower was enrolled as a full-time student to determine, prior to the borrower's leaving such school, whether an educational activity in which the student proposes to engage qualifies for purposes of such subparagraph and such regulations; and

(B) with respect to the provisions of subparagraph (B) of such section—

(i) prescribe criteria for the determination of the types of fellowship training programs and full-time educational activities which will be permitted under such subparagraph; and

(ii) establish procedures for a borrower to apply to the Secretary for a determination concerning whether a particular fellowship training program or full-time educational activity will be permitted under such subparagraph.

(d) Section 741(i) is amended to read as follows:

"(i) Subject to regulations of the Secretary, a school may assess a charge with respect to loans made under this subpart to cover the costs of insuring against cancellation of liability under subsection (d).".

(e) Section 741(j) is amended—

(1) by inserting "and in accordance with this section" after "Secretary" in the first sentence;

(2) by striking out "may" in such sentence and inserting in lieu thereof "shall"; and

(3) by striking out the second sentence and inserting in lieu thereof the following: "No such charge may be made if the payment of such installment or the filing of such evidence is made within 60 days after the date on which such installment or filing is due. The amount of any such charge may not exceed an amount equal to 6 percent of the amount of such installment.".

(f) Section 741 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary is authorized to attempt to collect any loan which was made under this subpart, which is in default, and which was referred to the Secretary by a school with which the Secretary has an agreement under this subpart, on behalf of that school under such terms and conditions as the Secretary may prescribe (including reimbursement from the school's student loan fund for expenses the Secretary may reasonably incur in attempting collection), but only if the school has complied with such requirements as the Secretary may specify by regulation with respect to the collection of loans under this subpart. A loan so referred shall be treated as a debt subject to section 5514 of title 5, United States Code. Amounts collected shall be deposited in the school's student loan fund. Whenever the Secretary desires the institution of a civil action regarding any such loan, the Secretary shall refer the matter to the Attorney General for appropriate action.".

(g) Section 742(b) is amended by adding at the end thereof the following new paragraph:

"(5) Any funds from a student loan fund established under this subpart which are returned to the Secretary in any fiscal year shall be available for allotment under this subpart, in such fiscal year and the fiscal year succeeding such fiscal year, to schools which, during the period beginning on July 1, 1972, and ending on September 30, 1985, established student loan funds with Federal capital contributions under this subpart.".

(h) Subpart II of part C of title VII (as amended by subsection (a)(4) of this subsection) is further amended—

(1) by redesignating section 745 (as added by subsection (a)(4) of this section) as section 747; and

(2) by inserting after section 744 the following new sections:

"STUDENT LOAN INFORMATION BY INSTITUTIONS

"SEC. 745. (a) With respect to loans made by a school under this subpart after June 30, 1986, each school, in order to carry out the provisions of sections 740 and 741, shall, at any time such school makes such a loan to a student under this subpart, provide thorough and adequate loan information on loans made under this subpart to the student. The loan information required to be provided to the student by this subsection shall include—

"(1) the yearly and cumulative maximum amounts that may be borrowed by the student;

"(2) the terms under which repayment of the loan will begin;

"(3) the maximum number of years in which the loan must be repaid;

"(4) the interest rate that will be paid by the borrower and the minimum amount of the required monthly payment;

"(5) the amount of any other fees charged to the borrower by the lender;

"(6) any options the borrower may have for deferral, cancellation, prepayment, consolidation, or other refinancing of the loan;

"(7) a definition of default on the loan and a specification of the consequences which will result to the borrower if the borrower defaults, including a description of any arrangements which may be made with credit bureau organizations;

"(8) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

"(9) a description of the actions that may be taken by the Federal Government to collect the loan, including a description of the type of information concerning the borrower that the Federal Government may disclose to (A) officers, employees, or agents of the Department of Health and Human Services,

(B) officers, employees, or agents of schools with which the Secretary has an agreement under this subpart, or (C) any other person involved in the collection of a loan under this subpart.

"(b) Each school shall, immediately prior to the graduation from such school of a student who receives a loan under this subpart after June 30, 1986, provide such student with a statement specifying—

"(1) each amount borrowed by the student under this subpart;

"(2) the total amount borrowed by the student under this subpart; and

"(3) a schedule for the repayment of the amounts borrowed under this subpart, including the number, amount, and frequency of payments to be made.

"PROCEDURES FOR APPEAL OF TERMINATIONS

"SEC. 746. In any case in which the Secretary intends to terminate an agreement with a school under this subpart, the Secretary shall provide the school with a written notice specifying such intention and stating that the school may request a formal hearing with respect to such termination. If the school requests such a hearing within 30 days after the receipt of such notice, the Secretary shall provide such school with a hearing conducted by an administrative law judge.".

(i) Section 743 is amended by striking out "1987" each place it appears and inserting in lieu thereof "1991".

(j)(1) Section 740 is amended by adding at the end thereof the following new subsection:

"(c)(1) Any standard established by the Secretary by regulation for the collection by schools of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine of loans made pursuant to loan agreements under this subpart shall provide that the failure of any such school to collect such loans shall be measured in accordance with this subsection.

"(2) The measurement of a school's failure to collect loans made under this subpart shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of such school bears to the matured loans of such school.

"(3) For purposes of this subsection—

"(A) the term 'default' means the failure of a borrower of a loan made under this subpart to—

"(i) make an installment payment when due; or

"(ii) comply with any other term of the promissory note for such loan,

except that a loan made under this subpart shall not be considered to be in default if the loan is discharged in bankruptcy or if the school reasonably concludes from written contacts with the borrower that the borrower intends to repay the loan;

"(B) the term 'defaulted principal amount outstanding' means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or cancelled) on loans—

"(i) repayable monthly and in default for at least 120 days; and

"(ii) repayable less frequently than monthly and in default for at least 180 days;

"(C) the term 'grace period' means the period of one year beginning on the date on which the borrower ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine; and

"(D) the term 'matured loans' means the total principal amount of all loans made by a school under this subpart minus the total principal amount of loans made by such school to students who are—

"(i) enrolled in a full-time course of study at such school; or

"(ii) in their grace period.".

(2) Section 835(c)(3) is amended—

(A) by striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) the term 'grace period' means the period of nine months beginning on the date on which the borrower ceases to pursue a full-time or half-time course of study at a school of nursing; and"; and

(B) by striking out "first" in subparagraph (D)(ii).

SCHOLARSHIPS FOR FIRST-YEAR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 210. (a) Section 758(b) is amended by redesignating paragraph (3) as paragraph (6) and by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) A scholarship provided to a student for a school year under a grant under subsection (a) shall consist of—

"(A) payment to, or (in accordance with paragraph (4)) on behalf of, the student of the amount (except as provided in section 710) of—

"(i) the tuition of the student in such school year; and

"(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and

"(B) payment to the student of a stipend of $400 per month (adjusted in accordance with paragraph (5)) for each of the 12 consecutive months beginning with the first month of such school year.

"(3) Notwithstanding paragraph (2), the total scholarship award to a student for each year shall not exceed the cost of attendance for that year at the educational institution attended by the student (as determined by such educational institution).

"(4) The Secretary may contract with an educational institution in which is enrolled a student who has received a scholarship with a grant under subsection (a) for the payment to the educational institution of the amounts of tuition and other reasonable educational expenses described in paragraph (2)(A). Payment to such an educational institution may be made without regard to section 3324 of title 31, United States Code.

"(5) The amount of the monthly stipend, specified in paragraph (2)(B) and as previously adjusted (if at all) in accordance with this paragraph, shall be increased by the Secretary for each school year by an amount (rounded to the next highest multiple of $1) equal to the amount of such stipend multiplied by the overall percentage (as set forth in the report transmitted to the Congress under section 5305 of title 5, United States Code) of the adjustment (if such adjustment is an increase) in the rates of pay under the General Schedule made effective in the fiscal year in which such school year ends.".

(b) Section 338A(g)(1) is amended by striking out "or under section 758 (relating to scholarships for first-year students of exceptional financial need),".

CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

SEC. 211. (a)(1) Section 770 is amended to read as follows:

"CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

"SEC. 770. (a)(1) The Secretary shall make annual grants to schools of public health for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year in accordance with paragraphs (2) and (3).

"(2) Each school of public health shall receive for the fiscal year ending September 30, 1986, and for each of the next two fiscal years, an amount equal to the product of—

"(A) $1,400, and

"(B) the sum of (i) the number of full-time students enrolled in degree programs in such school in the school year beginning in such fiscal year, and (ii) the number of full-time equivalents of part-time students enrolled in degree programs in such school, determined pursuant to paragraph (3), for such school for such school year.

"(3) For purposes of paragraph (2), the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—

"(A) the total number of credit hours of instruction in such year for which part-time students of such school, who are pursuing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by

"(B) the greater of (i) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (ii) 9,

rounded to the next highest whole number.

"(b) Notwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to schools of public health with approved applications exceeds the total of the amounts appropriated for such grants for such schools under subsection (e), the amount of a school's grant for such fiscal year shall be an amount which bears the same ratio to the amount determined for the school under subsection (a) as the total of the amounts appropriated for that year under subsection (e) for grants to schools of public health bears to the amount required to make grants in accordance with subsection (a) to each of the schools of public health with approved applications.

"(c)(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as the Secretary deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

"(2) For purposes of this section, the term 'full-time students' (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a graduate degree in public health or equivalent degree.

"(d) In the case of a new school of public health which applies for a grant under this section in the fiscal year preceding the fiscal year in which it will admit its first class, the enrollment for purposes of subsection (a) shall be the number of full-time students which the Secretary determines, on the basis of assurances provided by the school, will be enrolled in the school, in the fiscal year after the fiscal year in which the grant is made.

"(e) For payments under this section, there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, *1986, $5,125,000 for the fiscal year ending September 30, 1987, and $5,250,000 for the fiscal year ending September 30, 1988.".*

(2) Section 731(a)(1)(A)(ii) is amended by striking out "(as defined in section 770(c)(2))" and inserting in lieu thereof "(as defined in section 770(c)(2) (as such section was in effect on September 30, 1985))".

(b) Section 771 is amended to read as follows:

"ELIGIBILITY FOR CAPITATION GRANTS

"SEC. 771. (a)(1) The Secretary shall not make a grant under section 770 to any school of public health in a fiscal year beginning after September 30, 1985, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—

"(A) the enrollment of full-time equivalent students enrolled in degree programs in the school in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the enrollment of such students in degree programs in the school in the school year beginning in the fiscal year ending September 30, 1983; and

"(B) the applicant will expend in carrying out its functions as a school of public health during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.

"(2) For purposes of subsection (a)(1)(A), the number of full-time equivalent students enrolled in a degree program in a school in a school year is equal to the sum calculated under section 770(a)(2)(B) for that school year.

"(b) The Secretary may waive (in whole or in part) application to a school of public health of the requirement of subsection (a)(1)(A) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation.".

(c)(1) Section 772(b) is amended—

(A) by striking out "or subsection (a) or (b) of section 788";

(B) by striking out "medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry," and inserting in lieu thereof "public health,";

(C) by striking out "Commissioner of Education" and inserting in lieu thereof "Secretary of Education"; and

(D) by striking out "Commissioner" each place it appears and inserting in lieu thereof "Secretary of Education".

(2) The section heading for section 772 is amended to read as follows:

"APPLICATIONS FOR CAPITATION GRANTS".

(d) The heading for part E of title VII is amended to read as follows:

"PART E—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF PUBLIC HEALTH".

DEPARTMENTS OF FAMILY MEDICINE

SEC. 212. Section 780 is amended by redesignating subsection (c) (as amended by section 103 of this Act) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.".

AREA HEALTH EDUCATION CENTERS

SEC. 213. (a) Section 781(a)(2) is amended by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and by striking out all that precedes clause (i) (as so redesignated) and inserting in lieu thereof the following:

"(2)(A) The Secretary shall enter into contracts with schools of medicine and osteopathy—

"(i) which have previously received Federal financial assistance for an area health education center program under section 802 of the Health Professionals Educational Assistance Act of 1976 in fiscal year 1979 or under paragraph (1), or

"(ii) which are receiving assistance under paragraph (1),

to carry out projects described in subparagraph (B) through area health education centers for which Federal financial assistance was provided under paragraph (1) and which are no longer eligible to receive such assistance.

"(B) Projects for which assistance may be provided under subparagraph (A) are—".

(b) The last sentence of section 781(g) is amended by striking out "may" and inserting in lieu thereof "shall".

(c) Section 781(d)(2)(F) is amended to read as follows:

"(F) conduct interdisciplinary training and practice involving physicians and other health personnel including, where practicable, physician assistants and nurse practitioners;".

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 214. Section 784 is amended by redesignating subsection (b) (as amended by section 106 of this Act) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) In making grants and entering into contracts under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to general internal medicine and general pediatrics in their medical education training programs.".

FAMILY MEDICINE AND GENERAL DENTISTRY

SEC. 215. (a) Section 786(b) is amended—

(1) by inserting "or an approved advanced educational program in the general practice of dentistry" before the semicolon in paragraph (1); and

(2) by striking out "residents" in paragraph (2) and inserting in lieu thereof "participants".

(b) Section 786 is amended by redesignating subsection (c) (as amended by section 107 of this Act) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) In making grants and entering into contracts under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.".

(c) Section 786(d) (as amended by section 107 of this Act and redesignated by subsection (b) of this section) is further amended by inserting before the period in the second sentence a comma and "and shall obligate not less than 7.5 percent of such amounts in each such fiscal year for grants under subsection (b)".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 216. (a) Section 787(a)(1) is amended—

(1) by inserting "chiropractic," after "allied health,"; and

(2) by inserting after "podiatry" a comma and "public and nonprofit private schools which offer graduate programs in clinical psychology,".

(b) Section 787(a)(2) is amended—

(1) by striking out "and" after the last comma in subparagraph (D);

(2) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof a comma and "and"; and

(3) by inserting after subparagraph (E) the following:

"(F) paying such stipends as the Secretary may determine for such individuals for any period of health professions education at a school of medicine, osteopathy, or dentistry.

The term 'regular course of education of such a school' as used in subparagraph (D) includes a graduate program in clinical psychology.".

(c) Section 787(b) is amended by adding at the end thereof the following new sentence: "Of the funds appropriated under this section for any fiscal year, 20 percent shall be obligated for stipends under subsection (a)(2)(F) to individuals of exceptional financial need (as defined by regulations promulgated by the Secretary under section 758) who are students at schools of medicine, osteopathy, or dentistry.".

SPECIAL PROJECTS

SEC. 217. (a)(1) Section 788(a)(1) is amended to read as follows:

"(a)(1) The Secretary may make grants to maintain and improve schools which provide the first or last two years of education leading to the degree of doctor of medicine or osteopathy. Grants provided under this paragraph to schools which were in existence on September 30, 1985, may be used for construction and the purchase of equipment.".

(2) Paragraph (2) of section 788(a) is repealed and paragraph (3) of such section is redesignated as paragraph (2).

(3) Section 788(a)(2) (as redesignated by paragraph (2) of this subsection) is amended by inserting "or last" after "the first", by inserting "or osteopathy" after "medicine" and by inserting "or be operated jointly with a school that is accredited by" after "accredited by".

(b) Section 788(b) is amended to read as follows:

"(b)(1) The Secretary may make grants to and enter into contracts with any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for projects in areas such as—

"(A) health promotion and disease prevention;

"(B) curriculum development and training in health policy and policy analysis, including curriculum development and training in areas such as—

"(i) the organization, delivery, and financing of health care;

"(ii) the determinants of health and the role of medicine in health; and

"(iii) the promotion of economy in health professions teaching, health care practice, and health care systems management;

"(C) curriculum development in clinical nutrition;

"(D) the development of initiatives for assuring the competence of health professionals; and

"(E) curriculum and program development and training in applying the social and behavioral sciences to the study of health and health care delivery issues.

"(2)(A) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g), at least 75 percent shall be obligated for grants to and contracts with health professions institutions, allied health institutions, and nurse training institutions.

"(B) Any application for a grant to institutions described in subparagraph (A) shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

"(C) The Secretary may not approve or disapprove an application for a grant to an institution described in subparagraph (A) unless the Secretary has received recommendations with respect to such application from the appropriate peer review group required under subparagraph (B) and has consulted with the National Advisory Council on Health Professions Education with respect to such application.

"(3) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g), not more than 25 percent shall be obligated for grants to and contracts with public and nonprofit entities which are not health professions institutions, allied health institutions, or nurse training institutions.".

(c) Section 788(d) is amended to read as follows:

"(d)(1) The Secretary may make grants to and enter into contracts with accredited health professions schools referred to in section 701(4) or 701(10) and programs referred to in section 701(8) to assist in meeting the costs of such schools or programs of providing projects to—

"(A) improve the training of health professionals in geriatrics;

"(B) develop and disseminate curricula relating to the treatment of the health problems of elderly individuals;

"(C) expand and strengthen instruction in methods of such treatment;

"(D) support the training and retraining of faculty to provide such instruction;

"(E) support continuing education of health professionals and allied health professionals who provide such treatment; and

"(F) establish new affiliations with nursing homes, chronic and acute disease hospitals, ambulatory care centers, and senior centers in order to provide students with clinical training in geriatric medicine.

"(2)(A) Any application for a grant or contract under this subsection shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

"(B) The Secretary may not approve or disapprove an application for a grant or contract under this subsection unless the Secretary has received recommendations with respect to such application from the appropriate peer review group required under subparagraph (A) and has consulted with the National Advisory Council on Health Professions Education with respect to such application.".

(d) Section 788(f) (as amended by section 109 of this Act) is further amended by adding at the end thereof the following new sentence: "Of the amounts appropriated for each fiscal year to carry out this section—

"(1) 25 percent of such amount for the fiscal year ending September 30, 1986; and

"(2) 37.5 percent of such amount for each of the fiscal years ending September 30, 1987, and September 30, 1988,

shall be available to carry out subsection (d).".

(e) Section 788 is amended by redesignating subsection (f) (as amended by section 109 of this Act and subsection (d) of this section) as subsection (g) and by inserting after subsection (e) the following:

"(f) The Secretary may make grants to schools of veterinary medicine for—

"(1) the development of curricula for training in the care of animals used in research, the treatment of animals while being used in research, and the development of alternatives to the use of animals in research;

"(2) the provision of such training; and

"(3) large animal care and research.".

(f) The heading for section 788 is amended to read as follows:

"TWO-YEAR SCHOOLS OF MEDICINE, INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT".

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 218. Subsections (b)(1) and (f) of section 788B are each amended by striking out "five" and inserting in lieu thereof "six".

GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 219. Section 791(c)(2)(A)(i) is amended by inserting before the semicolon a comma and "except that in any case in which the number of minority students enrolled in the graduate educational programs of such entity in such school year will exceed an amount equal to 45 percent of the number of all students that will be enrolled in such programs in such school year, such application shall only be required to contain assurances that at least 20 individuals will complete such programs in such school year".

PROGRAM ELIMINATIONS

SEC. 220. (a) Section 703 is repealed.

(b) Section 708(c) is repealed.

(c) Part D of title VII is repealed.

(d) Section 782 is repealed.

(e) Section 785 is repealed.

(f)(1) Section 788A is repealed.

(2) The second sentence of section 788B(a) is amended by inserting "(as such section was in effect prior to October 1, 1985)" after "section 788A".

(3) Section 788B(f) (as amended by section 218 of this Act) is further amended by striking out the last sentence.

(4) Section 788B(h) (as amended by section 110 of this Act) is further amended—

(A) by striking out "and section 788A" in the first sentence; and

(B) by striking out the second sentence.

(g) Section 789 is repealed.

ANALYSIS OF FINANCIAL DISINCENTIVES TO CAREER CHOICES IN HEALTH PROFESSIONS

SEC. 221. By October 1, 1986, the Secretary of Health and Human Services shall prepare and transmit to the Congress a report which contains—

(1) an analysis of any financial disincentive to graduates of health professions schools which affects the specialty of practice chosen by such graduates or the decision of such graduates to practice their profession in an area which lacks an adequate number of health care professionals; and

(2) recommendations for legislation and administrative action to correct any disincentives which are identified pursuant to clause (1) and which are contrary to the achievement of national health goals, including recommendations concerning the appropriateness of providing financial assistance to mitigate such disincentives.

STUDY ON COMPLIANCE WITH SELECTIVE SERVICE ACT

SEC. 222. The Secretary of Health and Human Services, in cooperation with the Director of Selective Service, shall conduct a study to determine if health professions schools are engaged in a pattern or practice of failure to comply with section 12(f) of the Military Selective Service Act (50 U.S.C. App. 462(f)) (or regulations issued under such section) or are engaged in a pattern or practice of providing loans or work assistance to persons who are required to register under section 3 of such Act (and any proclamation of the President and regulations prescribed under that section) and have not so registered. The Secretary shall complete the study and report its results to the Congress not later than one year after the date of enactment of this Act.

STUDY OF THE ROLE OF ALLIED HEALTH PERSONNEL IN HEALTH CARE DELIVERY

SEC. 223. (a)(1) The Secretary of Health and Human Services shall arrange for the conduct of a study concerning the role of allied health personnel in health care delivery. The Secretary shall request the National Academy of Sciences to conduct the study under an arrangement under which the actual expenses incurred by the Academy in conducting such study will be paid by the Secretary and the Academy will prepare the report required by subsection (c). If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with the Academy for the conduct of the study.

(2) If the National Academy of Sciences is unwilling to conduct the study required by paragraph (1) under the type of arrangement described in such paragraph, the Secretary shall enter into a similar arrangement with one or more appropriate nonprofit private entities.

(b) The study required by subsection (a) shall—

(1) assess the role of allied health personnel in health care delivery;

(2) identify projected needs, availability, and requirements of various types of health care delivery systems for each type of allied health personnel;

(3) investigate current practices under which each type of allied health personnel obtain licenses, credentials, and accreditation;

(4) assess changes in programs and curricula for the education of allied personnel and in the delivery of services by such personnel which are necessary to meet the needs and requirements identified pursuant to paragraph (2); and

(5) assess the role of the Federal, State, and local governments, educational institutions, and health care facilities in meeting the needs and requirements identified pursuant to paragraph (2).

(c) By October 1, 1987, the Secretary of Health and Human Services shall transmit to the Committee on Labor and Human Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives, and make available to the public, a report—

(1) describing the study conducted under this section;

(2) containing a statement of the data obtained under such study; and

(3) specifying such recommendations for legislation and administrative action as the Secretary considers appropriate.

STUDY OF THE SUPPLY OF, AND REQUIREMENTS FOR, HEALTH PROFESSIONALS

Sec. 224. (a) The Secretary of Health and Human Services shall conduct or enter into contracts for the conduct of analytic and descriptive studies of chiropractors, clinical psychologists, veterinarians, optometrists, pharmacists, podiatrists, public health professionals, and health administrators. The studies shall include evaluations and projections of the supply of, and requirements for, each such profession by specialty and geographic location. The Secretary shall include in the report submitted on October 1, 1987, under section 708(d)(1) of the Public Health Service Act the results of the studies conducted under this subsection.

(b) The authority of the Secretary of Health and Human Services to enter into contracts under subsection (a) shall be effective for any fiscal year only to the extent or in such amounts as are provided in advance by appropriation Acts.

STUDY OF THE DELIVERY OF HEALTH CARE SERVICES TO HOMELESS INDIVIDUALS

Sec. 225. (a) The Secretary of Health and Human Services shall arrange, in accordance with subsection (c), for the conduct of a study of the delivery of inpatient and outpatient health care services to homeless individuals. Such study shall include—

(1) an evaluation of whether eligibility requirements in existing health care programs prevent homeless individuals from receiving health care services;

(2) an evaluation of the efficiency of the delivery of health care services to homeless individuals; and

(3) recommendations for activities by Federal, State, and local governments and private entities that would improve the availability of health care service delivery to homeless individuals.

(b) The Secretary shall report the results of the study required by subsection (a) to the Committee on Labor and Human Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives not later than September 30, 1986.

(c)(1) The Secretary shall request the National Academy of Sciences, acting through the Institute of Medicine, to conduct the study required by subsection (a) under an arrangement whereby the actual expenses incurred by the Academy directly related to the conduct of such study will be paid by the Secretary. If the Academy agrees to such request, the Secretary shall enter into such an agreement with the Academy.

(2) If the National Academy of Sciences declines the Secretary's request to conduct such study under such arrangement, then the Secretary, after consultation with the Committee on Labor and Human Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives, shall enter into a similar arrangement with another appropriate public or nonprofit entity to conduct such study.

RECOVERY OF ASSISTANCE FOR COMMUNITY MENTAL HEALTH CENTERS

Sec. 226. (a) Section 2115 is amended to read as follows:

"RECOVERY

"Sec. 2115. (a) If any facility with respect to which funds have been paid under the Community Mental Health Centers Act (as such Act was in effect prior to October 1, 1981) is, at any time within twenty years after the completion of remodeling, construction, or expansion or after the date of its acquisition—

"(1) sold or transferred to any entity (A) which would not have been qualified to file an application under section 222 of such Act (as such section was in effect prior to October 1, 1981) or (B) which is disapproved as a transferee by the State mental health agency or by another entity designated by the chief executive officer of the State, or

"(2) ceases to be used by a community mental health center in the provision of comprehensive mental health services,

the United States shall be entitled to recover from the transferor, transferee, or owner of the facility, the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).

"(b) The transferor and transferee of a facility that is sold or transferred as described in subsection (a)(1), or the owner of a facility the use of which changes as described in subsection (a)(2), shall provide the Secretary written notice of such sale, transfer, or change within 10 days after the date on which such sale, transfer, or cessation of use occurs or within 30 days after the date of enactment of this subsection, whichever is later.

"(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of so much of the facility as constituted an approved project or projects as the amount of the Federal participation bore to the cost of the remodeling, construction, expansion, or acquisition of the project or projects.

"(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which such sale, transfer, or cessation of use occurs, or

"(ii) if notice is not provided as prescribed by subsection (b), 11 days after such sale, transfer, or cessation of use occurs,

and ending on the date the amount the United States is entitled to recover is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a)(2) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.

"(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.".

(b) In the case of any facility that was or is constructed, remodeled, expanded, or acquired on or before the date of enactment of this Act or within 180 days after the date of enactment of this Act, the period described in clause (i) or (ii), as the case may be, of section 2115(c)(2)(B) of the Public Health Service Act (as amended by subsection (a) of this section) shall begin no earlier than 181 days after the date of enactment of this Act.

(c) The amendments made by subsection (a) of this section shall not adversely affect other legal rights of the United States.

NURSING EDUCATION IN GERIATRICS

Sec. 227. (a)(1) Section 820(a) is amended by redesignating paragraphs (4), (5), (6), (7), and (8) as paragraphs (5), (6), (7), (8), and (9), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) demonstrate improved geriatric training in preventive care, acute care, and long-term care (including home health care and institutional care);".

(2) Section 820(d) is amended—

(A) by striking out "paragraphs (1) through (5)" in paragraph (1) and inserting in lieu thereof "paragraphs (1) through (6)";

(B) by striking out "paragraphs (6), (7), and (8)" in the first sentence of paragraph (2) and inserting in lieu thereof "paragraphs (7), (8), and (9)"; and

(C) by striking out "paragraph (7)" in the second sentence of paragraph (2) and inserting in lieu thereof "paragraph (8)".

(b) Section 821(a) is amended by adding at the end thereof the following new sentence: "In making grants and entering into contracts under this section, the Secretary shall give priority to applications for grants and contracts for education projects in geriatric and gerentological nursing.".

(c) The second sentence of section 822(a)(1) is amended by inserting "(particularly problems in the delivery of preventive care, acute care, and long-term care (including home health care and institutional care) to such patients)" after "geriatric patients".

EFFECTIVE DATE

Sec. 228. (a) Except as provided in subsection (b), this Act and the amendments and repeals made by this Act shall take effect on the date of enactment of this Act.

(b)(1) The amendments made by section 101(a) of this Act shall take effect as of October 1, 1985.

(2) The amendments made by section 208(e) of this Act shall take effect nine months after the date of enactment of this Act.

(3) The amendment made by section 208(h) of this Act shall take effect as of October 1, 1983.

(4) The provisions of section 746 of the Public Health Service Act (as added by the amendment made by section 209(h)(2) of this Act) shall take effect as of June 30, 1984.

(5) The amendments made by section 209(j) of this Act shall take effect as of June 30, 1984.

(6) The amendments made by section 213(a) of this Act shall take effect as of October 1, 1985.

Mr. HATCH. Mr. President, we have just received H.R. 2410 from our colleagues in the House of Representatives. This is an amended version of S. 1283, the Health Professions Training Assistance Act, which was approved by the Senate on July 19. My colleagues and I on the Labor and Human Resources Committee have worked with members on the House Subcommittee on Health and the Environment to revise this legislation and have reached a consensus. I urge the bill, as amended, be approved by my colleagues in the Senate and I urge its enactment into law.

Following is a statement developed in cooperation with my colleagues in the Labor and Human Resources Committee and the House Subcommittee on Health and Environment which I wish to represent in a "statement of managers" in the absence of a formal conference in this bill.

The material follows:

COMMENTS AND LEGISLATIVE DESCRIPTION

This legislation reauthorizes Title VII of the Public Health Service Act, commonly referred to as the Health Manpower law. Current law is also significantly modified, recognizing that it is no longer necessary or appropriate for the federal government to provide incentives for training increasing numbers of health professionals. Instead, this revised version of Title VII is focused on three areas:

(1) Student assistance through a loan guarantee program and a limited federally financed loan program (neither of which requires the appropriation of funds), and through scholarships and stipends to disadvantaged students. Management and accountability of all student support programs have been clarified and strengthened to ensure timely payment of debts.

(2) Support for programs designed to encourage minority and disadvantaged students to pursue careers in the health professions. The statute was amended to clarify that the federally funded loan program is only for economically disadvantaged students, and the Disadvantaged Assistance Program was amended to direct 20% of those funds to stipends for students.

(3) Support for primary care training programs in family medicine, general internal medicine, and general pediatrics.

Furthermore, this revised bill repeals numerous obsolete and redundant sections of Title VII and the budget authority for FY 1986 is reduced by $37 million from that authorized for FY year 1984, the most recent fiscal year for which funds were authorized by this Act.

AUTHORIZATIONS FOR APPROPRIATIONS

This legislation is a strong endorsement of the importance of reauthorizing the programs in Title VII, but federal budget deficits warrant freezing total funding at the level of the FY 1985 appropriation for one year. It is not necessary to provide for continuing services at that level, but funding in the two subsequent years is authorized to rise by about one-half of the appropriate inflationary estimates of the Congressional Budget Office. These authorizations are some $50 million below the levels for comparable years that were in the Conference Agreement that was pocket-vetoed late in 1984.

HEAL LOAN PROGRAM

Under the HEAL program, students borrow private, not federal, funds from commercial lenders at market rates. The Secretary maintains a student loan insurance fund with premiums charged to lenders, who pass on the premium costs to the student borrowers. The federal government reinsures the loan insurance pool and would be liable if the poll were bankrupted by excessive defaults.

When the reauthorization of Title VII was pocket-vetoed, the authority for issuing federal guarantees for loans to new borrowers expired. The program was continued into FY 1985 with unused obligational authority from previous fiscal year. There have been numerous reports that this balance will soon be exhausted and no further loans to new borrowers could be made.

Because this program involves very limited federal expenditures (only administrative costs unless the insurance fund were to have insufficient funds), and is a critical source of last-resort funds for many health professions students, authority for loans for FY 1985 and authority to carry over unobligated balances from previous years have been added. The authorized level for subsequent years was raised by $25 million for FY 1986, and by $15 million for each of the remaining two years. If the total amount of new loans made and installments paid is less than the authorized level for a fiscal year, the balance remaining is added to the authorized level for the next fiscal year. Thus in any year, the ceiling established for that year is the authorized amount for that year plus any balance carried over from previous years.

The Inspector General of the Department of Health and Human Services completed an extensive report on the HEAL program on March 22, 1985. The report identified serious interrelated deficiencies in program operations, insufficient insurance premiums, unnecessary borrowing by students and inefficient collection efforts. A number of the Inspector General's recommendations to improve collections and stabilize the insurance pool are included in this bill, including increased insurance premiums, requiring an actuarial analysis as a basis for increases in the insurance premiums, narrowing the payback period, and allowing negative amortization. In addition, loan disbursements must be issued jointly to the student and eligible institution.

The majority of the Inspector General's recommendations can be accomplished through regulations, and the Secretary of Health and Human Services is encouraged to implement those recommendations that are consistent with the overall purposes of the HEAL program. Specifically, the following should be incorporated in regulations as soon as possible:

1. Require financial aid officers to reconcile information provided on the HEAL application with any prior loan application on file, and report any discrepancies found in that examination which cannot be reconciled to the lender.
2. Allow borrowers to receive loan payments covering costs for no more than six months at one time.
3. Formalize specific requirements for entrances and exit interviews, inlcuding debt counseling for student borrowers.
4. Require lenders to inform borrowers of their loan balance and projected payment for that balance at least semiannually.
5. Require lenders to contact borrowers promptly to convert loans to repayment status.
6. Require lenders to determine that an applicant has no prior default on any loan.
7. Require lenders to use collection practices which are at least as extensive and effective as those used in other collections done by the lender. These requirements should include at least the use of a collection agency (which may be internal) and the referral of delinquent accounts to a national credit agency.

The cost to borrowers who participate in this unsubsidized loan program are substantial. At the same time, it is important to provide access to adequate capital for health professions students from limited financial backgrounds, who must finance the high cost of obtaining their professional training. In order to maximize the availability of this essential program while minimizing student indebtedness, the HEAL program should be used only to meet necessary educational expenses. In considering the amount for which a student is eligible, the institution shall review at least the financial assistance available to the student and the income available to the student and to the student's spouse.

The vetoed bill also contained a provision, added by Mr. Stokes on the House Floor, that would have changed the way in which interest accrues on HEAL loans prior to the payback period, from semi-annual compound to simple interest. Some banks, however, claimed that this provision would threaten their continued participation in the HEAL program because of the cost of holding assets drawing simple interest that cannot be collected annually. This bill modifies the Stokes Amendment by returning to semiannual compounding but lowering the interest rate from T-bill + 3½ percent to T-bill + 3 percent. This modification was found acceptable because the monthly payments would be virtually the same as they would have been under the simple interest formula, thus accomplishing Mr. Stokes' intent of reducing student indebtedness. This version of the Stokes amendment was preferred by the banks that had raised concerns about simple interest and is intended to assure their continued participation.

The bill also incorporates a provision increasing the insurance premium payable by borrowers to cover the cost of loan defaults and requiring a qualified public accounting firm to evaluate whether additional funds are needed to keep the fund solvent. Insurance premiums must be collected at the time the loan is made, not over the life of the loan, so that persons who ultimately default will share equally in the costs of insurance. It is expected that the Department of Health and Human Services will coordinate better with lenders and schools the ongoing administration of the HEAL program with respect to the collection of delinquent and defaulted loans.

Another provision allows insurance funds to be used for collection costs. It is intended that this refers only to those costs incurred by the federal government, not the costs incurred by lenders. Lenders are expected to make every effort to collect loans prior to requesting reimbursement from the insurance fund. The costs of such collection activities are to be borne out of the interest rates provided.

To stimulate repayment during low-earning years, the prohibition against negative amortization is modified. The bill now gives to students (not to lenders) the option to elect a repayment schedule incorporating annual payments that are less than the interest accruing during that year.

HEALTH PROFESSIONS STUDENT LOANS

Under the HPSL program, health professions schools maintain revolving funds from which they make loans at 9 percent interest to their students. Medical and osteopathic students must meet a definition of exceptional financial need to qualify for these loans. Because no funds were appropriated in FY 84 or FY 85 for new federal capital contributions to the revolving funds, no new authorizations are included at this time. The bill does provide that any excess cash or other funds returned to the Secretary from a school loan fund in any fiscal year are required to be available in that and succeeding fiscal years for payment to other school loan funds. To assist schools that have relatively small revolving funds, many of which also have a high proportion of students from disadvantaged backgrounds, distribution of this money is limited to schools establishing loan funds in recent years.

The bill includes last year's Conference provisions intended to improve loan collections. Schools may refer defaulted loans to the Secretary for assistance in collection.

Penalty charges are provided for when installments are past due, and detailed information is to be made available to students on their loan obligations. Health professionals who have received low-interest loans at public expense for their education must be held to their responsibility to repay their loans, and, in so doing, to replenish the revolving loan funds.

Many schools have commented that the June 3, 1983, regulations regarding loan collection performance standards have placed an impossible burden on them by redefining previously ambiguous regulations in ways that cannot now be met. Further, they argue that they should not be excluded from the loan program for previous administrative inadequacies that were not monitored adequately by the Department and for which no corrective action was ever recommended by the Department.

Schools should be required to do everything currently possible to collect old loans and come into compliance on a reasonable timetable. In addition, when determining compliance, the Department should consider administrative problems beyond the control of current officials responsible for loan collection. Termination of a loan agreement with a school benefits virtually no one and may preclude needy students from attending a particular school. Therefore, termination should be reserved for recalcitrant institutions that do not make good faith efforts to redress previous administrative shortcomings. In particular, the Department should not take measures that would penalize future students unfairly by terminating loan agreements before schools have adequate opportunity to bring their collection procedures into conformance with current regulations. Thus, the bill includes the Conference provision requiring written notice and a formal hearing before an administrative law judge when agreements are to be terminated. The bill also includes a new formula for determining loan collection performance standards. The Committee on Labor and Human Resources and the Subcommittee on Health and the Environment intend to monitor the performance of the Department in improving loan collections and will consider the need for additional legislation in the future if insufficient progress is made or unfair procedures are applied.

Under current law, when a loan is cancelled, the Secretary is required to pay the schools its proportionate share of the loan. The bill deletes this requirement but allows schools to assess charges to cover the costs of insuring against cancellation caused by the death or permanent and total disability of the borrower. It is intended that regulations implementing this charge will provide for a uniform insurance program based on expected national rates of cancellation, rather than permit individual schools to determine the charges.

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

The bill includes new authority directing that 20% of the funds appropriated for this program in each fiscal year be awarded as stipends to students who meet the exceptional financial need criteria set forth by the Secretary pursuant to Section 758 and who are enrolled at schools of medicine, osteopathy, or dentistry.

In light of increasing tuition costs and limited federal resources it is appropriate to target a portion of the funds under this program directly to students in serious financial need. These funds are to be utilized to assist students in schools of medicine, osteopathy and dentistry in all years of attendance. The stipends awarded under this program are to be awarded only to assist students in attendance at these schools for the purpose of meeting the costs of their tuition, books and equipment, and living expenses. Such stipends are to be awarded to needy students in amounts no greater than $10,000 per student per year.

This new aspect of the Disadvantaged Assistance Program should be administered by the Division of Student Assistance in the Bureau of Health Professions.

CAPITATION SUPPORT FOR SCHOOLS OF PUBLIC HEALTH

Capitation support is intended to create incentives to address personnel shortages in the various health professions. The capitation provisions for all professions other than schools of public health have had no appropriations authorized in recent years because personnel needs appear to have been met or even exeeded in those fields. Those provisions are repealed by the bill.

Because public health can still demonstrate some shortages, the bill reauthorizes appropriations for capitation for schools of public health.

The schools have reported that many students now must attend graduate school part-time and that this makes it difficult for some schools of public health to meet the capitation requirements in current law. But since capitation is meant to stimulate enrollment, it would not be appropriate to continue reauthorizing appropriations while deleting or seriously weakening that requirement. To address the situation of schools with increasing numbers of part-time students, the bill changes the method of calculating a school's eligibility. The capitation requirement is expressed in terms of "full-time equivalent" students as of 1983, and calculates enrollments using the formula already applied under Section 770(a)(2)(A) of the Act. This eliminates the burdensome aspects of the current requirement while continuing the encouragement to keep up enrollments that is embodied in the capitation approach.

A waiver from these requirements exists in the current law. Quality of education is essential, and when enrollment requirements clearly would compromise training of a limited number of public health specialists to meet documented needs, the waiver provision should be utilized. However, the waiver should not be applied in a way that undermines the enrollment requirement.

SUPPORT FOR PRIMARY CARE PROGRAMS IN FAMILY MEDICINE—GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

Continuing support for these programs is necessary because of the difficulty in financing primary care training programs out of patient care revenues, research monies and institutional support as other departments and residency programs are able to do. Because these programs serve important National health care needs and cost-containment objectives by encouraging medical students to enter primary care specialties. This is particularly important while the method of payment for primary care services and education are being revised to provide more equity with other specialties. In addition, schools should demonstrate a real commitment to primary care training and, accordingly, the bill instructs the Secretary to give priority to applicant institutions that demonstrate such commitment. Because expressions of commitment might vary among programs, the bill leaves the definition of commitment flexible, to be interpreted by the Secretary, taking into account the characteristics of the applicant institution and its other training programs.

Development of adequate numbers of educators in general internal medicine and general pediatrics is an important adjunct to efforts to foster primary care medicine through the funding of residency programs. The training of such faculty further enhances the necessary integration of general internal medicine and general pediatrics into traditional medical education training programs. Accordingly, if sufficient funds are available to maintain approved residencies, it would be appropriate for a portion of funds under section 784 to be used for model faculty development programs.

SUPPORT FOR PROGRAMS IN GENERAL DENTISTRY

The need to expand the number and types of programs to train general dentists has become clear in recent years. Accordingly, the bill expands the program to include advanced educational programs, in addition to residencies, and sets aside for general dentistry 7½ percent of funds appropriated for programs in family medicine and general dentistry.

TWO-YEAR SCHOOLS OF MEDICINE, INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT

It is no longer appropriate to encourage additional conversion of two-year schools of medicine to four-year schools. Nevertheless, some existing two-year schools require assistance in maintaining and improving their programs. This is equally the case for schools that provide the first two years of training as for those that provide the last two years, and the restriction of grants to only the former group was eliminated. Because of the importance of certain improvements such as medical libraries for schools without libraries, it should be clear that grants under this section may be used for construction and the purchase of equipment, as well as for other projects, in schools already in existence.

The list of twenty-four areas for special projects in existing law provides insufficient direction to the Secretary. Accordingly, the list was reduced to five high-priority topics. One particular area that needs greater emphasis is training of health professionals in geriatrics and the problems of the elderly, as documented by recent studies. To highlight this need the bill specifies it in greater detail and provides that a specified portion of appropriations for this section shall be devoted to such training and curriculum development.

The bill also incorporates a provision requiring that at least 75 percent of amounts appropriated for special projects shall go to peer-reviewed applications from health professions schools and not more than 25 percent to other applicants. Two-year schools that are eligible for grants for their maintenance or improvement should be considered health professions schools for the other projects in this provision.

REPEALS

The bill includes provisions adopted in the Conference agreement repealing numerous sections considered obsolete or redundant. None of the repealed authorities relate to currently funded activities in health professions training.

Mr. QUAYLE. Mr. President, I rise in support of H.R. 2410. This legislation renews and modifies programs authorized under title VII of the Public Health Service Act that provide assistance to health professions schools and to the students enrolled in these institutions.

Last year the President vetoed health manpower legislation on several grounds: excessive authorization levels; the fact that we will soon be faced with a surplus of physicians; the maintenance of obsolete Federal subsidies to health professions students; and, the static and rigid categorical framework to deliver such aid. I think that Chairman HATCH and the other members involved in developing this bill have gone a long way toward meeting these concerns. The authorization levels are approximately $50 million below the version vetoed last year and are considerably below those authorized by the Congress in fiscal year 1984.

While I am disappointed that the committee chose not to take advantage of the veto as an opportunity to fully re-examine our Nation's physician manpower policy, I am pleased that a number of changes were made that reflect the need to reevaluate our priorities.

Today, with the rising costs of tuition, student financial assistance is at a premium. Because demand is so high, and the Federal, as well as State and institutional, resources are limited, we are being forced to look at our priorities and bascially to ration what aid is available. For these reasons, I am very pleased that the final version of the bill retains an amendment which I offered that earmarks 20 percent of the funds under the Educational Assistance to Individuals from Disadvantage Backgrounds Program for direct aid to students of exceptional financial need who are enrolled in schools of medicine, osteopathy, or dentistry to assist them in paying for their tuition and living expenses.

While I regret that this percentage is not higher, I believe it is an important step in targeting our limited Federal resources to those who need them the most. I urge my colleagues to support this important legislation.

Mr. KENNEDY. Mr. President, it is with pleasure that I join my colleague, Senator HATCH, in support of this reauthorization of the programs described in title VII of the Public Health Service Act. I feel especially gratified to bring this legislation to the Senate today because of my longtime interest and involvement in the area of health manpower and education.

The programs contained in this legislation have been crafted by our Committee on Labor and Human Resources over two decades as part of a rational manpower policy. They have stimulated the development of a health professions education capability that truly meets national needs and is of great value, not only to our own country but to the world.

These programs have enhanced that capability in several ways. First, they have compensated for imbalances in our health training system that have perpetuated geographic and specialty maldistribution of health professionals. Second, through student loan and scholarship programs, they have guarded against domination of the health professions by any one socioeconomic class, ethnic group, or gender. Third, they have stimulated academic interest in health subject areas that have been singled out by Congress as national priorities.

There are a number of provisions in the current reauthorization bill that strengthen and update the existing programs in title VII. The student loan programs—HEAL and HPSL—have been strengthened, after careful consideration and much deliberation, by provisions that will improve their management, reduce the danger of student default, and unify standards for the various Government loan programs.

The Educational Assistance to the Disadvantaged Program, which has supported minority recruitment and tutoring at schools of medicine, dentistry, and osteopathy, has been expanded in both concept and budget authority. For the first time, this program will give direct monetary support to financially needy students. This is a much-needed and welcome addition to this program.

In the special projects section of title VII, which stimulates curriculum development, special emphasis has been placed on the important areas of geriatrics and health policy and financing. These are apt focuses of attention for the 1980's.

The authorization levels in this bill are conservative, but far more appropriate than they might have been. Though these important disciplines could, no doubt, have benefited from increased support, I believe that we have done relatively well by all of them, in keeping with the crucial role they play in guaranteeing that our health system truly meets national need.

Mr. DOLE. Mr. President, I move the Senate concur in the House amendment.

The motion was agreed to.

REFERRAL AND DISCHARGE OF S. 744

Mr. DOLE. Mr. President, I ask unanimous consent that Calendar No. 336, S. 744, a bill to amend the Agriculture and Food Act of 1981, to provide protection for purchases of farm products, be referred to the Committee on Banking for the period ending October 18, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I further ask unanimous consent that if the Banking Committee does not report the bill by October 18, 1985, it be automatically discharged.

The PRESIDING OFFICER. Without objection, it is so ordered.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

The Senate continued with the consideration of House Joint Resolution 372.

Mr. LEVIN. Mr. President, let me briefly say to my friends from Texas and New Hampshire, both of whom I consider to be my friends, I am somebody who has felt for a long time that we needed significant deficit reduction and who has indeed voted that way and cast some extremely painful votes politically in order that we have significant deficit reduction. I share that belief to the same extent they do. I think the deficit represents a threat to our economic well-being in a significant way.

I, also, happen to be one to whom your proposal and its general outlines have some real appeal. I consider myself a serious legislator. I consider myself somebody who wants to take the time necessary to do a conscientious job on significant legislation. You have proposed significant legislation, and I congratulate you for it. You have focused us on a real need, which is significant deficit reduction before we raise the debt limit. I congratulate you for it.

What troubles me deeply is that those of us who want to take 1 week or 2 weeks, which is a very small amount of time in a deliberative body of this nature, where we are acting without hearings and without committee reports on significant legislation, do not have the benefit of hearings, no witnesses, no benefit of a committee report. We should take 5 or 10 days of legislative time to read this and understand it and to think. It is not just to be here and ask questions.

My friend from Texas is a conscientious legislator, too. I believe he has spent months, if not years, of thought on this approach—surely, months. It reflects it. Your colleagues are entitled to spend a few days in thought, reading this, thinking about it, asking themselves questions.

We are going to scramble around to ask questions, surely, because we should. But that is not the way we should do business here. The hammer of the debt limit should stay there. We should have a short debt limit extension and come back after 1 week or 2 weeks of thoughful deliberation and address these amendments. Indeed, I may vote for your amendment, even though, at first blush, I happen to prefer the version that Senator CHILES is offering, because I think it is a more honest approach, because it includes revenues as well as cuts.

Your amendment has some appeal to me in these general outlines, but I want to think through the impact on programs, think through the shift in power, if any, think of questions, and so forth. It is not the time to ask questions. We can do that tomorrow.

Even though the Senator from Texas and I and other members of the Armed Services Committee have made a long commitment to be at a conference tomorrow, I am willing to cancel that. But I have to spend time in thoughtful contemplation, to ask questions which are significant, not just for 3 minutes to be here to ask them.

So I really tell my friends, as somebody who has voted for significant deficit reduction, who thinks the deficit is a threat, who is glad that the hammer of the debt limit is being applied, that before we do anything final on that, beyond a week or two, I think we should handle deficit reduction.

Indeed, I participated in meetings to work out a version as to how to do that, in the last few weeks, a very different version from what you have come up with. I am telling you in a heartfelt way that the responsible way to legislate this is to have the short-term debt limit extension, keep the hammer there 1 week or 2 weeks, and to let your colleagues who feel they need the time to read, think, contemplate, and maybe support your provision and perhaps improve it—I do not know how many months or years you have put in on this, but surely a week or two is not too much for colleagues who are supposed to be in the world's greatest deliberative body.

Mr. RUDMAN. Mr. President, I wish to respond to my good friend from Michigan, and he is a good friend. We serve on a committee together and have worked in this Chamber on a couple of major legislative initiatives that were satisfying to both of us.

The Senator from Michigan also happens to be probably one of the brightest minds in this Chamber and has powers of legal analysis that he has proved over and over again in our work.

On the face of it, what the Senator says does not seem unreasonable. The problem we face in this Congress, unfortunately, is that—excluding all whom I see on the floor at this moment—there are those who, in the view of the Senator from Texas and the Senator from New Hampshire—and I would expect in the view of the Senator from Michigan—really are very troubled about legislation which will force them to make decisions, decisions that, frankly, none of us, including those of us in this Chamber tonight, enjoy making.

I say to the Senator from Michigan that I have voted, as he has, on a number of complex pieces of legislation that the staff was only able to put together on fairly short notice. Yet, we voted on the legislation—ranging from major agricultural legislation to major tax legislation.

The Senator from Texas, the Senator from South Carolina, and I put this together. Most of it was done during the month of August.

In fact, as the most distinguished expert on the Senate rules, who sits in the chair of the Democratic leader, would tell us, the major portion of what is before us changes what is now part of the Senate and the House rules, the Budget Act, and puts it in statutory form.

There are really two parts of this proposal before us: Part A changes some of the methods of the budget process. I must say that for any skilled or unskilled lawyer, or anyone with a very basic amount of understanding, I do not think it is a matter of more than hours to understand what that is.

We have done that in summary form which I am willing to place my reputation for integrity on the line and say that summary which encapsulates all of the changes is a frank, candid, and honest statement of what this is.

The second part of this proposal is a far different kind of proposal. The second part, in fact, is new, and I will tell the Senator from Michigan that it in no way resembles anything in the Budget Act. That is the section that we have heard discussed at great length here on the floor this afternoon and which I intend to address myself to on tomorrow, Sunday, and Monday if there are sufficient people in the Chamber to discuss it with.

That is the section which is gravely concerning in the most honest and sincere way most of the Members on that side of the aisle and some on this side of the aisle, and that is this question. It is really the key essential legal question, the only legal question of any gravity that is contained in this entire proposal. Let me phrase it if I can. It is this: Is there anything within this statute that attempts to delegate to the President of the United States additional powers than those already contained in the Constitution? In other words, if the trigger is pulled in this mechanism can the President do some things that Congress under the Constitution must do and only Congress can do?

I would say to the Senator from Michigan that when this was drafted—I think the Senator knows my background—I was very conscious of the case of Richard Nixon and the impoundment case and I imagine the Senator from West Virginia could probably give us a lecture on the history of that and I would love to hear that lecture sometime because I find the history lessons here interesting. In fact, I have collected them.

In that case the Supreme Court set the guidelines of what Congress could do with the appropriations and what the President could do with those appropriations. And what we have done here and what we are prepared to talk about and in I think several days ought to be able to do it is that the President has the most simple of ministerial functions to perform. In fact, the President will not perform them. They will be performed by a computer because the Senator from Texas has in his possession every line item that is referenced in our legislation and if in fact the trigger is pulled and the reductions are made and let us assume it is a 2.357-percent reduction it will be applied down the line. There is no discretion whatsoever.

I heard discussions here this afternoon about people who are Governors in this State and the other State. It is a far different situation.

In this Constitution in this country, only Congress may appropriate and prioritize funds.

So let me simply wind up to the Senator from Michigan by saying this: If I thought for one moment that there was an extraordinarily complex piece of legislation that really needed several weeks of study I in good faith would agree with him, but I would ask my good friend who I say and in no manner of extraordinary senatorial courtesy but in a very sincere way, because I work with the Senator from Michigan—he has one of the best legal minds in this body and we all know that. Let him look at this and analyze it himself over the weekend. Then if he is dissatisfied with what I say I would be willing to entertain what he has asked for.

Let me say that I respect and understand the Senator's sincerity in the issue. I know where he is coming from. I hope he will look at it over the weekend and he will find that what appears to be complex is of the most essential simplicity.

Mr. HOLLINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, in response, the Senator from New Hampshire has really touched upon the points I wanted to emphasize, the sincerity of the Senator from Michigan. I have talked off and on with him over the past month. He is very much concerned as we all are concerned about doing something. Yet at the same time, of course, I also attribute to him as the Senator from New Hampshire the best of legal minds in this body.

I think the real test is have we been impartial? This is a complexity. There are terms—what is controllable and uncontrollable under a defense budget, and those are to be studied out. But the real test is to go to the intent. The intent here is not to give anybody an advantage. Specifically, in the Chiles amendment, he puts on the front piece we want to look out for export-import, promote imports, we want to take care of education. There are some intentional priorities.

In contrast, Gramm-Rudman-Hollings has the priority of impartiality, an impartial discipline. If the Senator can catch me off base and say, "Oh, no, you have been partial," then I want to be corrected and I would like to make that correction.

I continue to study the proposal amidst the complexity of definitions and items included in the budget and whether or not you can include an item for proportional reduction.

Mind you me, the starting point, the starting point is the budget overwhelmingly passed with the vote of most every Senator on this floor. That is the budget that we take, not my budget or one that was defeated because of defense or the one defeated for any other reason. It was just what we passed 60 days ago. In our proposal we include a cushion of $20 billion.

All of this talk about trauma is really misguided in the context of the Senator from Texas, myself, or others just come barreling in with some kind of theoretical, a line here and a line there, and everything else like that. We tried to give us another test, realistic. Is this realistic, politically attainable? If you are going to be impartial, there is no use in dancing around the fire with respect to the trust fund of Social Security, and that is established. We have acted realistically in crafting our proposal.

I cannot say that for the other entitlements. I can keep Social Security separately.

I look at Social Security. If the truth is that there is, as has been represented, a growing surplus, let us lower Social Security taxes.

You and I know that the taxes on Social Security in many instances exceed the contribution paid by the employee.

So give us that test and see whether or not our proposal is realistic. That is why we put in that $20 billion cushion and said wait, we put in a 5-percent threshold to trigger the spending cuts. We first had 4 percent. We put in 5 years. We first had budget deficit at $179.9 billion. We upped it to $180 billion. Back and forth we negotiated and developed the most impartial, realistic proposal possible.

True those adjustments came about in large measure by our participation and negotiation of a plan because I wanted to make sure we were not off on a political toot that was just going to be hooted down again, would go nowhere, and was just something that I could use as a headline, and then we would go on back to the drawing board for another plan. Our plan is crafted to be a realistic approach to the budget problem and once and for all get the job done.

I am tired, I say to the Senator from Michigan, of this Government not working. The government of Michigan worked. It faced up to the tough decisions. The Democratic Governor faced up to it, under the threat of recall, or whatever system Michigan has. He was responsible, he met the challenge, Michigan overcame its fiscal crisis.

I know if we had that kind of system here, there would not be many of us Senators sitting around here on Friday wondering whether we had enough time to deliberate. We would be headed pellmell over each other, knocking down desks to vote for something, because the voters would be recalling us because we have not made Government work.

The Senator from Michigan was in an election year. I admire him. He in an election year went along with a freeze on that fundamental commitment to our senior citizens and he went along with revenues.

So I am talking to the already converted in the church here this afternoon. But be that as it may, he and I have been up that hill four or five times. I started in 1981 and it had not worked and so now we come with our plan and this is no surprise. We all have been working on our side of the aisle, on the other side of the aisle, to draft a solution. So please find out what those questions are, so we can answer them and move to a vote.

Our minority leader here is disturbed. He is genuine and he has been asking the questions, as has the other Senator from Michigan and the Senator from Colorado. But I can tell the Senator just as colleagues in the club that we have a good 2 dozen Senators who would like not 5 days but 5 years. I mean let us be realistic. We are not going to please them. I would love to. I respect them. I understand their priorities, but they have no idea of approving this plan. They have been on this treadmill. They love it. There is no responsibility. There is no accountability. We just send letters over to the President. I know we might have to double the White House staff. Report to us on that, this, and report that, do not spend this, do not report that, report this.

We all act like we are President around here having a big day. I would say 20 percent of the time is expended on us playing President in this Chamber and not doing our fundamental duty.

So it is. Test our proposal. Find out. Ask those questions. We have got today, we have got tomorrow, and we have got all day Monday. And, of course, we could go over until Tuesday, we have that.

But I do not want our colleagues, I say to Senator Levin, he and I blamed on this Democratic side as closing down the Government. And that is what I am really concerned about. Because I know that a good majority over here feel just as keenly as any on the other side of the aisle that Government has not been working and they would like to see it work.

We do not want to be looked upon as obstructionists and all of a sudden I cannot understand—well here it is, you see.

We come with the Chiles-Byrd amendment in one breath saying, "Oh, we can't get a vote. We can't get a vote." And Chiles-Byrd is just as complex as Gramm-Hollings. And then, when you suggest that Chiles-Byrd have a vote, they say, "Oh, no, we don't want a vote. We don't want either one."

We cannot play that game and get by. We just cannot go along with that kind of charade.

Mr. BYRD. Will the Senator yield?

Mr. HOLLINGS. Yes, I am delighted to yield.

Mr. BYRD. The Senator can speak for himself, not for me.

Mr. HOLLINGS. I am speaking for myself. That is exactly right.

Mr. BYRD. But do not be characterizing me, or what I stand for, or whether I want a vote and why. The Senator has a perfect right to speak for himself.

Mr. HOLLINGS. Exactly; and that is who I am speaking for.

Mr. BYRD. Fine; just do not attempt to characterize my position.

Mr. HOLLINGS. Well, I had only characterized it to describe your position as one of sincerity and concern about the deficit, as I said, about the deficit and about getting something done. But I can certainly characterize how I feel about this.

Mr. LEVIN. Mr. President, will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. LEVIN. Mr. President, I happen to agree with the Senator that we must act on the debt limit and we must act on it responsibly. I am more than happy to act responsibly. I have joined with him, I think consistently, as a matter of fact, in his deficit reduction program.

Mr. HOLLINGS. Right.

Mr. LEVIN. I am an ally in this. I am not an ally in the process which takes a complicated or a seemingly complicated piece of legislation and says we can have a weekend to digest it with no committee hearings, no committee report. It is a piece of legislation which has taken months of thoughtful preparation. I know that, because I know my friends from Texas, New Hampshire, and South

Carolina, who are the prime cosponsors. You are thoughtful people. I know you have spent months on it.

Now you have colleagues who are inclined to support something like this—I am in that group—who are telling you that we do not feel comfortable in reaching a decision on this over a weekend without the benefit of a committee report. I would like to get a week or 10 days to think about this. That is all we are saying, not to put off a decision for a year.

By the way, I happen to agree. I think there are some probably who would like to delay this for 5 years. Not me. I am delighted there is an action forcing a mechanism on deficit reduction. I am happy it came along with this. I may even vote for it if you will give me a chance to act responsibly, in good conscience, and to review a complicated piece of legislation for a few days. Believe it or not, I may vote for this. There is a lot of appeal in this for me.

My friend from South Carolina has reached a conclusion that this is impartial. He may be right and I may join him in that conclusion.

But give us a few days, those of us who are conscientiously telling you that this has some real appeal, the general matrix, to look at the details.

Somebody said in a different setting yesterday that the devil is usually in the details. Give those of us who are not trying to delay this 5 years, but to whom this has some appeal, the time to act responsibly according to our likes. We may be with you. Do not drive us away from you. You should be driving us toward you. You always have. You should be reaching out to us, providing we are not eliminating your hammer, which no one is proposing to do. You have a hammer, which is great. I am glad you have that hammer on the debt limit, by the way. I am all for it.

I do not think we ought to raise this debt limit without doing some difficult things on some deficit reductions.

I have been meeting with people and dealing with you over the last years on this question, and over the last weeks meeting with Senator Chiles and others to try to use the debt limit extension exactly for this purpose. Because we should not extend this debt without doing something significant to deficit reductions.

But not on a weekend, when those of us who are conscientious and telling you we are geniunely attracted to this in its general outline want to study the details of it. Then we may reach the same conclusion you have, that it is impartial. I would like to reach that conclusion. I know that is your motive, by the way, I know you folks. I know that is your motive.

Mr. HOLLINGS. Maybe we missed the mark. I would be delighted to stand corrected. I continue to look at it and listen to the debate.

No one is trying to drive either way. We are trying to persuade. I know that mind of yours. We have had three caucuses on this. We have had meetings. We have talked about every particular feature and how you can do it. We have come around, all of us have come around substantially in the last 10 days to a general provision that is not that substantially different between the two major submissions here on the floor, or let us say the three major ones, counting the one from the Senator from Louisiana. So they are drawn and we have had expert staff. We have had that expert staff from the policy committees on both sides and they are looking at it.

In drawing, let us say, Chiles-Byrd, at least the staff had the advantage of looking at the Gramm-Rudman-Hollings proposal. I am convinced they would point out the differences and are prepared to point those differences out, where this is provided here and that is not provided there.

What I am saying is, we have had a good bit of analysis. Now every Senator, in his own judgment, would like to reflect on it.

I am possibly very much like you, I would like to hear some other Senators. I know it is going to be pretty tough, for example, on committee chairmen. We may be some chairmen around here in a year or so, you do not know.

But in all of these committees, we have never discussed at length exactly what would occur when these bills come down and the President submits that budget. It is going to be pretty tough on the President. I do not think that has been discussed. I do not know that he appreciates it that much, to tell you the truth, when he has to come in. Because he is going to have to come in at that limit, and coming in at that limit everybody is going to be looking at him, because we are all now having our picture took. So we are all sort of, as the Senator from Oklahoma says, in the box or under the klieg light of truth in budgeting, as I have characterized it. So we have got today and tomorrow. The staffs will look and they will pick. And you know these staffs and I know these staffs.

I would like to discuss it more and reflect. But it should not be assumed that we have not had due time to reflect. A reflection will take place today. It has. It will take place tomorrow. It will take place, unfortunately, on Sunday and on Monday. And that is the kind of box that we ought to be in.

We ought to be able to deliberately look at something over a 4- or 5-day period, with the best of staff and advisers asking all of these particular questions, and then, if we make a mistake, the colleagues are not going to support it. You and I both know that.

I thank the distinguished Senator from Texas.

Mr. GRAMM. Mr. President, I am going to be brief because no one has taken me up on dinner.

Let me say to my dear colleague from Michigan, a man who I serve with on the Armed Services Committee and who has outsmarted me on most things we have dealt with there this year, that I would be terribly swayed by his arguments were we not listening to the same arguments, not made as persuasively or as well before, but arguments we have heard echoing through the decade. "Give us more time. Not now. Delay the process. Take the spotlight off. Call time out and let us think about it and discuss it. Set up a committee."

But the truth is that if we went out and gave a test this afternoon to every Member of the Senate—of course, we know Members of the Senate would not take it—but if we did, I would be willing to lay a sizable wager—that if you took this proposal and you wrote 10 multiple-choice questions on what does this do, and then you took the immigration bill and you wrote 10 multiple-choice questions about it, and you took the farm bill—and we have been holding hearings on this farm bill over and over and over—and we could pick out any other major legislation we have done this year, give that test, and I would be willing to submit today that the Members of this body would score higher on the test on this bill by Senator Hollings, Senator Rudman, and myself than on any major piece of legislation we voted on this year.

And the reason is this is not a complicated bill. Its intentions are clear. Its processes are clear. Its procedures are used more or less in 43 States. Finally, let me remind my colleagues if we were voting here today, it is not the end of the process. It is the beginning. We are going to conference. I have been trying to get the leadership on the House side who say they find this interesting to sit down with me, and let us work out this thing. Let us look at changes they might want. Let us look at some compromise language because we are going to conference if we adopt this amendment with a provision. They are not going to have a provision. So the scope problem is eliminated. Let us reason together, and try to get a proposal they can adopt. So we have time this weekend, and we have time next week. I am willing to talk with anyone, listen to anyone, and answer questions as long as I do it quickly so that we might recess today. But the time has come to get on with the job. I am ready.

Thank you, Mr. President.

Mr. RUDMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. RUDMAN. I say to my friend from Texas that I think the idea of taking exams on what we are doing around here would strike a chill in the heart of most Members of this body, and probably the other one, too.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 10:33 a.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its clerks, announced that the House has agreed to the amendment of the Senate to the bill (H.R. 2410) to amend the Public Health Service Act to revise and extend the programs under title VII of that act, with an amendment, in which it requests the concurrence of the Senate.

EXECUTIVE AND OTHER CUMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1837. A communication from the Director of the Defense Security Assistance Agency transmitting, pursuant to law, a report on a foreign military aid sale to the United Kingdom; to the Committee on Armed Services.

EC-1838. A communication from the Deputy Assistant Secretary of Defense transmitting, pursuant to law, notice of a determination by the Air Force to deny examination of certain records by the Comptroller General; to the Committee on Armed Services.

EC-1839. A communication from the Acting Secretary of State transmitting, pursuant to law, a report on the situation in El Salvador; to the Committee on Foreign Relations.

EC-1840. A communication from the Acting Director of the Office of Management and Budget transmitting a draft of proposed legislation entitled the "Simplified Competitive Acquisition Technique Act of 1985"; to the Committee on Governmental Affairs.

EC-1841. A Communication from the Secretary of Labor transmitting a draft of proposed legislation to provide for four new Assistant Secretaries of Labor, and for other purposes; to the Committee on Labor and Human Resources.

EC-1842. A communication from the Chairman of the Federal Home Loan Bank Board transmitting, pursuant to law, the 1984 Annual Report of the Board; to the Committee on Banking, Housing, and Urban Affairs.

EC-1843. A communication from the Secretary of Transportation transmitting a draft of proposed legislation to permit the Secretary of Transportation to protect Government assets in bankruptcy; to the Committee on Commerce, Science, and Transportation.

EC-1844. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-83; to the Committee on Governmental Affairs.

EC-1845. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-80; to the Committee on Governmental Affairs.

EC-1846. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-77; to the Committee on Governmental Affairs.

EC-1847. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-85; to the Committee on Governmental Affairs.

EC-1848. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-74; to the Committee on Governmental Affairs.

EC-1849. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-76; to the Committee on Governmental Affairs.

EC-1850. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-75; to the Committee on Governmental Affairs.

EC-1851. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-78; to the Committee on Governmental Affairs.

EC-1852. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-79; to the Committee on Governmental Affairs.

EC-1853. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-81; to the Committee on Governmental Affairs.

EC-1854. A communication from the chairman of the D.C. Council transmitting, pursuant to law, D.C. Act 6-84; to the Committee on Governmental Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LUGAR, from the Committee on Foreign Relations, with amendments:

S. Res. 227. A resolution urging a joint United States-Soviet effort to achieve worldwide disease immunization by 1990 (Rept. No. 99-148).

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs.

Special report entitled "Second Monetary Policy Report for 1985" (Rept. No. 99-149).

By Mr. RUDMAN (for Mr. Laxalt), from the Committee on Appropriations, with amendments:

H.R. 2965. An act making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes (Rept. No. 99-150).

By Mr. WEICKER, from the Committee on Appropriations, with amendments:

H.R. 3424. An act making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1986, and for other purposes (Rept. No. 99-151).

By Mr. ANDREWS, from the Committee on Appropriations, with amendments:

H.R. 3244. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1986, and for other purposes (Rept. No. 99-152).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. COCHRAN:

S. 1734. A bill prevent distortions in the reapportionment of the House of Representatives caused by the use of census population figures which include illegal aliens; to the Committee on Governmental Affairs.

By Mr. MATHIAS:

S. 1735. A bill for the relief of Sarwat Anjum Ali; to the Committee on the Judiciary.

By Mr. PRESSLER:

S. 1736. A bill to amend the Public Health Service Act to provide assistance for education, research, and treatment programs for Alzheimer's disease and related disorders, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. HEFLIN:

S. 1737. A bill for the relief of Edwin L. McCulloch; to the Committee on the Judiciary.

By Mr. GRASSLEY:

S. 1738. A bill to amend the Farm Credit Act of 1971 to provide for U.S. Government guarantees for certain obligations of the Farm Credit System; to the Committtee on Agriculture, Nutrition, and Forestry.

By Mr. FORD (for himself and Mr. Boren):

S.J. Res. 213. Joint resolution to designate January 19-25, 1986, "National Jaycee Week."; to the Committee on the Judiciary.

By Mr. GOLDWATER (for himself, Mr. Garn, and Mr. Sasser):

S.J. Res. 214. Joint resolution to provide for the reappointment of Carlisle H. Humelsine as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Adminstration.

S.J. Res. 215. Joint resolution; to provide for the reappointment of William G. Bowen as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

By Mr. LUGAR (for himself and Mr. Pell):

S.J. Res. 216. Joint resolution approving the proposed agreement for cooperation between the United States and the People's Republic of China; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. COCHRAN:

BEST COPY AVAILABLE

S. 1734. A bill to prevent distortions in the reapportionment of the House of Representatives caused by the use of census population figures which include illegal aliens; to the Committee on Governmental Affairs.

(The remarks of Mr. COCHRAN and the text of the bill appear earlier in today's RECORD.)

By Mr. PRESSLER:

S. 1736. A bill to amend the Public Health Service Act to provide assistance for education, research, and treatment programs for Alzheimer's disease and related disorders, and for other purposes; to the Committee on Labor and Human Resources.

COMPREHENSIVE ALZHEIMER'S ASSISTANCE, RESEARCH, AND EDUCATION ACT

Mr. PRESSLER. Mr. President, today I am rising to introduce legislation to help address one of the most insidious health problems facing this Nation. This disease is perhaps best described by the sad ironies that surround it. The characteristics of this disease were first identified nearly 80 years ago. Yet despite this Nation's otherwise impressive health record, scientists have only recently begun to understand its mysteries. It is a disease that has stricken more than 2.5 million Americans; yet only a handful of us had ever heard of it until a few years ago.

Perhaps the saddest irony of all, Mr. President, is that despite this country's elaborate system of social protections, the vast majority of its victims and their families still suffer in silence.

This legislation is intended to help ease the burden of the unfortunate victims of Alzheimer's disease and their families.

For those who may not be familiar with it, Alzheimer's disease is the most common cause of mental impairment among the elderly. It is neurological disorder that runs a painfully slow course, often lasting between 5 to 15 years as it gradually deprives its victims of their ability to function. Eventually, the Alzheimer's victim requires around-the-clock supervision, including medical, personal, and mobility assistance.

According to the Public Health Service, this horrible illness strikes at least 1 person in 20 between the ages of 65 and 75, and every fifth person over 80. And to make matters worse, demographic projections indicate that the elderly—those most vulnerable to Alzheimer's disease—comprise the fastest growing segment of our population. Unless we find a way to stop this disease, it could very well become the biggest health problem of the next century.

We need not wait until then to see just how devastating an illness Alzheimer's disease can be. We have already received reports that as many as one-half of the nursing home admissions in the United States are victims of Alzheimer's disease. To that, add the hundreds of thousands who are being cared for at home by a spouse or a loved one. This represents a tremendous loss of precious human resources, as well as a substantial emotional and financial hardship on families.

Because Alzheimer's disease is not covered by Medicare or by most private insurance plans, much of the financial burden of this disease must be borne by families and loved ones. Some Medicaid assistance is available but only after the family's resources have been depleted.

Quite frankly, I believe that the basic principle of our social welfare system is undermined when a substantial and growing number of elderly individuals must seek public assistance or else subsist below minimum standards of health and comfort. Furthermore, I believe that to meet the array of challenges presented by Alzheimer's disease and similar disorders—to fulfill the role we cannot avoid—we must eventually reexamine and revise our policies regarding long-term care. It is a complex and costly issue, I know, but we cannot put it off much longer.

Now may not be the time to discuss a major expansion of the Federal role. Still, there are some steps we can take to help ease the burden of families and perhaps hasten the progress of medical research. The bill I am introducing—the Comprehensive Alzheimer's Assistance, Research, and Education Act of 1985—is intended to do just that.

Among other things, this legislation calls for the establishment of a National Alzheimer's Education Program, first to promote coordination among the various Government agencies involved, such as the National Institutes of Health and the Veterans' Administration, and, second, to make information on research, treatment, and services available to those who need it most—to health care professionals and to the families of Alzheimer's patients.

At some stages of their illness many victims of Alzheimer's disease can fare better in their own homes if proper care is available. To this end, this legislation proposes incentive grants to States to help coodinate support services for Alzheimer's patients and their families. Up to 25 percent of these funds could be used by the States to make respite care available to patients, thereby affording family members some small measure of relief from the constant pressures of care giving.

Finally, this legislation would permit expansion of the research center program administered by the National Institute on Aging and allow for specially targeted research in such areas as family stress management.

Mr. President, more than 13 percent of the people in my home State of South Dakota are age 65 or older. That places the State fifth in the Nation in percentage of senior citizens—again, the age group most vulnerable to Alzheimer's disease. However, Alzheimer's disease and its devastating consequences are not confined to any State or region, or any occupation or economic level. This is a matter of national concern.

I ask my Senate colleagues to consider this legislation carefully and to join me in cosponsoring this important measure.

By Mr. HEFLIN:

S. 1737. A bill for the relief of Edwin L. McCulloch; to the Committee on the Judiciary.

RELIEF OF EDWIN L. MC CULLOCH

● **Mr. HEFLIN.** Mr. President, I rise today to introduce legislation providing for the relief of Edwin McCulloch.

In 1977, while Edwin was stationed at an Air Force base in Germany, he was given an injection of iodine by an Air Force medic. The iodine was administered despite a clear notice on his medical chart indicating that the patient was allergic to iodine. Mr. McCulloch also kept a medical alert card with him at all times. As a result of negligent administration of iodine, Edwin is suffering a progressively degenerative spinal condition. At this point, he is permanently disabled and complete paralysis may result. Because Edwin was on active duty while he was injected with the iodine, he cannot bring a negligence action for injuries suffered.

This private relief bill authorizes the Court of Claims to pay $900,000 in damages to Edwin McCulloch for his injuries. This legislation would allow Mr. McCulloch to have his grievances addressed. Although this man was on active duty, his injuries were not service-related, but were caused by a strictly negligent and inexcusable action on the part of medical personnel. It is my hope that Congress will sympathize with his situation and address this legislation without further delay.●

By Mr. FORD (for himself and Mr. BOREN):

S.J. Res. 213. Joint resolution to designate January 19-25, 1986, "National Jaycee Week"; to the Committee on the Judiciary.

NATIONAL JAYCEE WEEK

● **Mr. FORD.** Mr. President, I am introducing a joint resolution to designate the week of January 19-25, 1986, "National Jaycees Week." This commemorative legislation is scheduled to coincide with the annual celebration of this week nationwide by the 6,500 local Jaycee chapters.

The Jaycee movement began in St. Louis, MO, by Henry Giessenbier on October 13, 1915. A national organization was formally created by 29 chapters at the first convention in St. Louis on January 21, 1920.

For the past 66 years, the U.S. Jaycees have offered personal development and leadership training for young people ages 18 through 35. A major portion of their efforts are directed toward finding solutions to specific problems in their individual communities.

The membership of the U.S. Jaycees has grown to 268,000 persons in all 50 States. There are 6,500 local chapters nationwide.

Each year, the membership of the U.S. Jaycees celebrate "National Jaycee Week." This week spotlights the yearlong community service of the local Jaycee chapters. Various citizens are honored in the individual communites with awards such as the Boss of the Year, the Distinguished Service Award, and the Outstanding Young Businessman presentation. Other activities for the week include Senior Citizen's Day, Student Government Day, and the Mayor's Prayer Breakfast.

The U.S. Jaycees serve a vital function by bringing together outstanding young members of various communities throughout the United States. As a former president and international vice president of this proud organization, I urge my colleagues to cosponsor this joint resolution designating "National Jaycee Week."●

● Mr. BOREN. Mr. President, I am proud to support with my good friend from Kentucky, efforts to designate January 19-25, 1986, "National Jaycees Week." The designation of this week is scheduled to coincide with an annual celebration nationwide by the over 6,200 local Jaycee chapters. The U.S. Jaycees, headquartered in Tulsa, OK, will be celebrating 66 years of service to communities across America in January 1986. Annually the Jaycees outdo themselves in their community service throughout the United States.

This valuable community service goes on all year long and provides unique and irreplaceable benefit for many vital functions for which there is no other assistance. Some of the Jaycees' important community projects involve public education on alcohol and other drugs, energy awareness, CPR training, and muscular dystrophy fundraising. The U.S. Jaycees also provide a unique service of bringing together outstanding young members of various communities throughout the Nation.

The U.S. Jaycees is a civic service organization of young people between the ages of 18 and 35 dedicated to providing leadership training for its members through active participation in local community betterment programs designed by the local members to meet specifically local needs coexistent with national policy of the Jaycees. The organization has always been involved—and always on a nonpartisan basis—with governmental issues and programs as well. The Jaycees campaigned in support of political freedom for civil servants, were instrumental in formation of the ACTION agency and lobbied in favor of statehood for Alaska. More recently, the Jaycees have concentrated their government efforts on matters of economy, having repeatedly called for a balanced Federal budget.

The Jaycees now number over 300,000 members in approximately 6,200 chapters. As a service organization, the Jaycees have done much to enhance the communities in which they serve. By supporting this resolution, we will be honoring an organization that has given much toward the health and vitality of our cities, towns, and communities throughout America. This resolution is but a small expression of America's gratitude for the many significant contributions of the U.S. Jaycees. I urge my colleagues to join me in cosponsoring this joint resolution.●

By Mr. GOLDWATER (for himself, Mr. GARN, and Mr. SASSER):

S.J. Res. 214. Joint resolution to provide for the reappointment of Carlisle H. Humelsine as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

REAPPOINTMENT OF CARLISLE H. HUMELSINE TO THE BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

● Mr. GOLDWATER. Mr. President, today, along with Senators GARN and SASSER, I am introducing a joint resolution to reappoint Mr. Carlisle H. Humelsine of Virginia as a Citizen Regent of the Board of Regents of the Smithsonian Institution. Mr. Humelsine has done an outstanding job, not only as a member of the Board, but also as Chairman of the Executive Committee of the Board of Regents.

Mr. President, I ask unanimous consent that a biographical sketch on Mr. Humelsine be inserted in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Humelsine, Carlisle Hubbard, found. exec.; b. Hagerstown, Md., Mar 12, 1915; s. Charles Ellsworth and Anna Barbara (McNamee) H.; A.B., U. Md., 1937, H.H.D. (hon.), 1974; LL.D (hon.), Coll. of William and Mary, 1963, Hampden-Sydney Coll., 1970, Rutgers U., 1976; m. Mary Miller Speake, Aug. 16, 1941; children—Mary Carlisle (Mrs. Thomas K. Norment), Barbara Anne (Mrs. Roger Harmon). Editor publs., spl. asst. to pres. U. Md., 1937-41; dir. personnel Colonial Williamsburg, 1945-46; pres., chief exec. officer Colonial Williamsburg Found., to 1977, chmn. bd., chief exec. officer, 1977—; dir. Office Departmental Adminstrn., U.S. Dept. State, 1946-47, exec. sec. 1947-50, dep. under-sec. state, 1950; spl. asst. to sec. state at meeting Council Fgn. Ministers, London, 1947. Dir. N.Y. Life Ins. Co., Grand Teton Lodge Co., Caneel Bay Plantation, Chesapeake & Potomac Telephone Co., United Bankshares, Inc., Sleepy Hollow Restoration, Inc., Garfinckel, Brooks Bros., Miller & Rhoads. Chmn. Citizens Adv. Com. on Exec. Mansion—Richmond, VA.; former chmn. Virginia State Conservation and Econ. Devel. Commission, 1965-67; hon. cons. Robert E. Lee Meml. Found.; former chmn. Am. Revolution Bicentennial Commn.; v.p., mem. exec. com. Jamestown Corp.; chmn. Nat. Trust for Historic Preservation; mem. com. on fine art Dept. State Bd. dirs. Mariners Mus., Jamestown Found., Eastern Va. Med. Found.; past pres. Va. Mus. Fine Arts; trustee Nat. Gallery Art. Served from lt. to col. AUS, 1941-45. Decorated D.S.M., Bronze Star. Mem. Nat. Geog. Soc. (dir.), Alpha Tau Omega, Omicron Delta Kappa, Pi Delta Epsilon. Democrat. Episcopalian. Clubs: Metropolitan (Washington); Commonwealth (Richmond). Home: Moody House, Williamsburg VA 23185. Office: Colonial Williamsburg Found. Williamsburg VA 23185.●

By Mr. GOLDWATER (for himself, Mr. GARN, and Mr. SASSER):

S.J. Res. 215. Joint resolution to provide for the reappointment of William G. Bowen as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

REAPPOINTMENT OF WILLIAM G. BOWEN TO THE BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

● Mr. GOLDWATER. Mr. President, today, along with Senators GARN and SASSER, I am introducing a joint resolution to reappoint Dr. William G. Bowen of New Jersey as a Citizen Regent of the Board of Regents of the Smithsonian Institution. Dr. Bowen has performed his responsibilities as a Regent in a very thorough, conscientious, and intelligent manner.

Mr. President, I ask unanimous consent that biographical material about Dr. Bowen be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Bowen, William Gordon, univ. adminstr., economist; b. Cin., Oct. 6, 1933; s. Albert A. and Bernice (Pomert) B.; B.A. Denison U., 1955; Ph.D., Princeton, 1958; m. Mary Ellen Maxwell, Aug. 25, 1956; children—David Alan, Karen Lee. Mem. faculty Princeton, 1958-, prof. econs., 1965-, dir. grad. studies Woodrow Wilson Sch. Pub. and Internat. Affairs, 1964-66, provost, 1967-72, pres., 1972-. Dir. NCR Corp., 1975-. Trustee Denison U., 1966-75, Center for Advanced Study in the Behavioral Scis., 1973-77, Alfred P. Sloan Found. Mem. Am. Econ. Assn., Indsl. Relations Research Assn., Phi Beta Kappa, Sigma Chi. Author: The Wage-Price Issue; A Theoretical Analysis, 1960; Wage Behavior in the Postwar Period; An Empirical Analysis, 1960; Economic Aspects of Education: Three Essays, 1964; (with W.J. Baumol) Performing Arts: The Economic Dilemma, 1966; (with T.A. Finegan) The Economics of Labor Force Participation, 1969. Office: 1 Nassau Hall Princeton U. Princeton, N.J. 08540.●

By Mr. LUGAR (for himself and Mr. PELL):

S.J. Res. 216. Joint resolution approving the proposed agreement between the United States and the People's Republic of China; to the Committee on Foreign Relations.

UNITED STATES-CHINA NUCLEAR COOPERATION AGREEMENT

● Mr. LUGAR. Mr. President, on July 24, 1985, the President transmitted the United States-China Nuclear Cooperation Agreement to the Congress for its review in accord with the Atomic Energy Act of 1954, as amended. That act provides for a 30-day period of consultation followed by a more formal 60-day review period. The act also requires the majority and minority leaders of the Senate, or their designees, to introduce a joint resolution concerning the agreement on the first day of the 60-day review period.

As the designees of the two leaders, I am introducing together with the distinguished ranking minority member of the Foreign Relations Committee [Mr. PELL], the required resolution. Neither the Senator from Rhode Island [Mr. PELL] nor I are taking a position for or against the China agreement at this time. Our introduction of the resolution is solely to comply with the statute and to provide a basis for committee review.

The Committee on Foreign Relations has scheduled 2 days of hearings on the agreement for October 9 and 10. At that time, administration representatives and witnesses from the private sector will discuss the merits of the agreement.●

ADDITIONAL COSPONSORS

S. 426

At the request of Mr. WALLOP, the name of the Senator from Louisiana [Mr. JOHNSTON] was added as a cosponsor of S. 426, a bill to amend the Federal Power Act to provide for more protection to electric consumers.

S. 519

At the request of Mr. EVANS, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of S. 519, a bill to require a study of the compensation and related systems in executive agencies, and for other purposes.

S. 881

At the request of Mr. KENNEDY, the name of the Senator from California [Mr. WILSON] was added as a copsponsor of S. 881, a bill to extend title X of the Public Health Act for 3 years.

S. 925

At the request of Mr. HUMPHREY, the names of the Senator from Nevada [Mr. LAXALT], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Alaska [Mr. STEVENS], and the Senator from Wisconsin [Mr. KASTEN] were added as cosponsors of S. 925, a bill to deny most-favored-nation trading status to Afghanistan.

S. 985

At the request of Mr. GRASSLEY, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of S. 985, a bill to protect the rights of victims of child abuse.

S. 1018

At the request of Mr. GORTON, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 1018, a bill to amend the National Labor Relations Act to clarify the meaning of the term "guard" for the purpose of permitting certain labor organizations to be certified by the National Labor Relations Board as representatives of employees other than plant guards.

S. 1187

At the request of Mr. SPECTER, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of S. 1187, a bill to amend title 18, United States Code, including the Child Protection Act, to create remedies for children and other victims of pornography, and for other purposes.

S. 1209

At the request of Mr. CHILES, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 1209, a bill to establish the National Commission To Prevent Infant Mortality.

S. 1222

At the request of Mr. GORTON, the names of the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Vermont [Mr. STAFFORD], the Senator from Rhode Island [Mr. CHAFEE], and the Senator from Ohio [Mr. METZENBAUM] were added as cosponsors of S. 1222, a bill to amend the Agricultural Act of 1949 to provide price support for the 1985 and subsequent crops of sugar.

S. 1259

At the request of Mr. THURMOND, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of S. 1259, a bill to correct certain inequities by providing Federal civil service credit for retirement purposes and for the purpose of computing length of service to determine entitlement to leave, compensation, life insurance, health benefits, severance pay, tenure, and status in the case of certain individuals who performed service as National Guard technicians before January 1, 1969.

S. 1280

At the request of Mr. STEVENS, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 1280, a bill to amend title 18, United States Code, to create a new Federal criminal offense of treasonous espionage—the unauthorized disclosure of classified information relating to national defense for profit, and to provide for the penalty of death by firing squad for such offense.

S. 1446

At the request of Mr. ANDREWS, the names of the Senator from Rhode Island [Mr. CHAFEE], and the Senator from Alabama [Mr. HEFLIN] were added as cosponsors of S. 1446, a bill to amend title 38, United States Code, to improve veterans' benefits for former prisoners of war.

S. 1451

At the request of Mr. CHAFEE, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as a cosponsor of S. 1451, a bill to allocate funds appropriated to carry out section 103 of the Foreign Assistance Act of 1961 for nutrition programs which reduce vitamin A deficiency.

S. 1457

At the request of Mr. LAUTENBERG, the names of the Senator from Colorado [Mr. ARMSTRONG], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Hawaii [Mr. MATSUNAGA], and the Senator from Rhode Island [Mr. PELL] were added as cosponsors of S. 1457, a bill to amend the Internal Revenue Code of 1954 to establish certain rules regarding the regulatory treatment of certain Federal tax credits and deductions allowable to regulated electric utilities.

S. 1543

At the request of Mr. MATHIAS, the name of the Senator from Missouri [Mr. DANFORTH] was added as a cosponsor of S. 1543, a bill to protect patent owners from importation into the United States of goods made overseas by use of a U.S. patented process.

S. 1654

At the request of Mr. STEVENS, the names of the Senator from Utah [Mr. HATCH], and the Senator from Oklahoma [Mr. NICKLES] were added as cosponsors of S. 1654, a bill to amend title 18, United States Code, to provide for criminal forfeiture of proceeds derived from espionage activities and rewards for informants providing information leading to arrests in espionage cases.

S. 1682

At the request of Mr. BENTSEN, the name of the Senator from California [Mr. CRANSTON] was added as a cosponsor of S. 1682, a bill to provide emergency assistance to Mexican earthquake victims.

S. 1702

At the request of Mr. THURMOND, the names of the Senator from Oklahoma [Mr. BOREN], the Senator from Nevada [Mr. HECHT], the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Kansas [Mrs. KASSEBAUM], and the Senator from Indiana [Mr. LUGAR] were added as cosponsors of S. 1702, a bill to amend the Congressional Budget and Impoundment Control Act of 1974 to require a graduated reduction of the Federal budget deficit, to establish emergency procedures to avoid unanticipated deficits, and for other purposes.

SENATE JOINT RESOLUTION 196

At the request of Mr. Thurmond, his name was added as a cosponsor of Senate Joint Resolution 196, a joint resolution designating September 22, 1986, as "American Business Women's Day."

SENATE JOINT RESOLUTION 207

At the request of Mr. Wilson, the names of the Senator from Arkansas [Mr. Bumpers], the Senator from North Dakota [Mr. Burdick], the Senator from California [Mr. Cranston], the Senator from Arizona [Mr. DeConcini], the Senator from Kansas [Mr. Dole], the Senator from New Mexico [Mr. Domenici], the Senator from Nebraska [Mr. Exon], the Senator from Arizona [Mr. Goldwater], the Senator from Utah [Mr. Hatch], the Senator from Florida [Mrs. Hawkins], the Senator from New Jersey [Mr. Lautenberg], the Senator from Nevada [Mr. Laxalt], the Senator from Michigan [Mr. Levin], the Senator from Hawaii [Mr. Matsunaga], the Senator from Georgia [Mr. Nunn], the Senator from Illinois [Mr. Simon], the Senator from Mississippi [Mr. Stennis], the Senator from Connecticut [Mr. Weicker], and the the Senator from Nebraska [Mr. Zorinsky], were added as cosponsors of Senate Joint Resolution 207, a joint resolution to designate November 1, 1985, as "National Philanthropy Day."

SENATE JOINT RESOLUTION 208

At the request of Mr. Cochran, the name of the Senator from California [Mr. Cranston] was added as a cosponsor of Senate Joint Resolution 208, a joint resolution to designate the week of October 27, 1985, through November 2, 1985, as "National Alopecia Awareness Week."

SENATE CONCURRENT RESOLUTION 68

At the request of Mr. Durenberger, the name of the Senator from Kansas [Mr. Dole] was added as a cosponsor of Senate Concurrent Resolution 68, a concurrent resolution expressing support for Chile's National Accord for the Transition to Full Democracy.

AMENDMENT NO. 730

At the request of Mr. Hollings, the name of the Senator from Alabama [Mr. Heflin] was added as a cosponsor of amendment No. 730 proposed to House Joint Resolution 372, a joint resolution increasing the statutory limit on the public debt.

AMENDMENTS SUBMITTED

INCREASE IN PUBLIC DEBT LIMIT

JOHNSTON AMENDMENT No. 731

(Ordered to lie on the table and be printed.)

Mr. JOHNSTON submitted an amendment intended to be proposed by him to the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. DEFICIT REDUCTIONS PROCEDURES.

(a) Short Title.—This section may be cited as the "Balanced Budget and Emergency Control Act of 1985."

(b) Congressional Budget.—

(1) In general.—Section 310 of the Congressional Budget Act of 1974 is amended—

(A) by striking out all beginning with "Sec. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"Sec. 310. (a) In General.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary, specify—"; and

(B) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(2) Conforming Changes.—

(A) The table of contents in subsection (b) of section 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(i) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(ii) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(iii) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(B) Paragraph (4) of section 3 of such Act is amended—

(i) by adding "and" after the semicolon at the end of subparagraph (A);

(ii) by striking out subparagraph (B); and

(iii) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(C) Section 300 of the Congressional Budget Act of 1974 is amended—

(i) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(ii) by striking out the items relating to September 15 and September 25.

(D)(i) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION"

(ii) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(iii) Section 301(b) of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(II) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(iv) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(v) Section 301(c) of such Act is amended—

(I) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(II) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(E) Section 302(c) of such Act is amended by striking out "or 310".

(F)(i) The heading of section 303 of such Act is amended by striking out "FIRST".

(ii) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(G) Section 304 of such Act is amended—

(i) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(ii) by striking out "pursuant to section 301".

(v) Section 301(e) of such Act is amended—

(I) by striking out "set for" in paragraph (1) and iserting in lieu thereof "set forth"; and

(II) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(E) Section 302(c) of such Act is amended by striking out "or 310".

(F)(i) The heading of section 303 of such Act is amended by striking out "First".

(ii) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution and the budget referred to in section 301(a)".

(G) Section 304 of such Act is amended—

(i) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(ii) by striking out "pursuant to section 301".

(II)(i) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ii) Section 305(b) of such Act is amended—

(I) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(II) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(I) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(J) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(K) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(L) Section 311(a) of such Act is amended—

(i) by striking out "310(a)" the first place it appears and inserting in lieu thereof "301(a)"; and

(ii) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(M) Clause 1. of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(b) Maximum Deficits Amounts.—

Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985, $175,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $163,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $134,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $52,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $0, zero.".

(c) Reconciliation.—

(1) Annual concurrent resolution on the budget.—

(A) Directions to committees.—Section 301(b) of the Congressional Budget Act of 1974 (as amended by subsection (a)(2)(C)(iii) of this section) is further amended—

(i) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(ii) by inserting "require" after the paragraph designation in paragraph (1);

(iii) by inserting "require" after the paragraph designation in paragraph (2); and

(iv) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(B) Conforming changes.—

(i) Section 310(a) of such Act is amended—

(I) by inserting "or" at the end of paragraph (2);

(II) by striking out ", or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(III) by striking out paragraph (4).

(ii) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than June 15 of each year".

(iii) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(iv) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"June 15 .... Congress completes action on reconciliation bill or resolution, or both, implementing first, required concurrent resolution".

(2) Permissible revisions of concurrent resolutions on the budget.—

(A) In general.—Section 304(a) of such Act (as redesignated by subsection (b)(2)(A) of this section) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(B) Conforming change.—Section 310(d) of such Act (as amended by subsection (c)(1)(B)(ii) of this section) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(d) Reporting Date for Enforcement—Allocations of Budget Authority and Outlays.—

Section 302(b) of such Act is amended by striking out "Each such committee shall promptly report" in the last sentence and inserting in lieu thereof "Each such committee, within ten days during which the Congress is in session after the concurrent resolution is agreed to, shall report".

SEC. . BUDGET SUBMITTED BY THE PRESIDENT.

(a) Maximum Deficit Amount May Not Be Exceeded.—Section 1105 of title 31, United State Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared on the basis of the best estimates than available, in such a manner as to ensure that the deficit for such fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

"(2) The President may also recommend alternative budgets, with outlays and revenues at higher or lower levels to take account of possible changes in economic conditions or other circumstances.

"(3) Paragraph (1) shall not apply with respect to any fiscal year for which a declaration of war is in effect,".

(b) Revisions and Supplemental Summaries.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

SEC. 4. EMERGENCY POWERS TO ELIMINATE DEFICITS IN EXCESS OF MAXIMUM DEFICITS AMOUNTS.

(a) Reporting of Deficits in Excess of Maximum Deficit Amounts.—

(1) In general.—

(A) Fiscal year for which concurrent resolution on the budget is adopted.—The Director of the Office of Management and Budget and the Director of the Congressional Budget Office (hereafter in this section referred to as "the Directors") shall, with respect to any fiscal year for which a concurrent resolution on the budget has been adopted before the first day of such fiscal year (i) estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year, (ii) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (iii) estimate the rate of real economic growth that will occur during such fiscal year. The Directors jointly shall report to the President and to the Congress not later than November 1 of such fiscal year (in the case of the fiscal year beginning October 1, 1985) and October 1 of such fiscal year (in the case of any succeeding fiscal year) if either such Director determines that the amount of the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year, identifying the amount of such excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages and amounts by which expenditures shall be reduced or revenues increased, or both, to eliminate such excess. In the event that the Directors are unable to agree on an amount to be set forth with respect to any item in any such report, the amount set forth such item in such report shall be the average of the amounts proposed by each of them with respect to such item.

(B) Fiscal year without concurrent resolution on the budget.—Not later than October 1 of any fiscal year for which a concurrent resolution on the budget has not been adopted, the Directors shall (i) estimate the level of Federal revenues and budget outlays for such fiscal year, (ii) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (iii) estimate the rate of real economic growth that will occur during such fiscal year, and, if either such Director determines that the amount of the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year, shall jointly report to the President and the Congress, identifying the amount of such excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the amounts and percentages by which spending should be reduced or revenues increased, or both, to eliminate such excess. Any disagreement between the Directors on the amounts to be set forth shall be resolved in the manner set forth in the last sentence of subparagraph (A). In addition, each Director may submit alternatives to the President and to the Congress.

(2) Paragraph (1) shall not apply to any fiscal year for which a declaration of war is in effect.

(b) Presidential Submission.—

(1) Contents.—

(A) Upon receipt of any report from the Directors under subsection (a) identifying an amount by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year, notwithstanding the Congressional Budget and Impoundment Control Act of 1974, the President shall submit a joint resolution which will, if enacted, reduce such excess. Such joint resolution shall contain revenue increasing or spending reduction recommendations, or both. Such spending reduction recommendations may be accomplished only by a uniform percentage reduction with respect to each program, project or activity, but reductions in benefits under Title II of the Social Security Act, in existing formal contractual obligations, and in revenue-producing programs (if a spending reduction would be more than offset by lost receipts produced by such spending program) shall not be included in the joint resolution submitted.

(B) Such joint resolution shall identify—

(i) the total amount and the percentage by which relatively controllable spending programs are to be reduced;

(ii) the total amount of budget authority and percentage reduction with respect to each such relatively controllable expenditure which is required;

(iii) the account, department or establishment of the Government to which each amount of budget authority specified under subdivision (ii) would be available for obligation (but for such joint resolution), and the specific project or governmental functions involved; and

(iv) full supporting details with respect to each action taken under subdivision (i) or (ii) of this section shall be provided along with the submission of the joint resolution.

(2) DATE OF SUBMISSION.—The President shall submit such joint resolution and full supporting details required in paragraph (1) not later than 14 days after the transmittal of the report of the Directors.

(3) SUSPENSION.—This subsection shall not apply to any fiscal year for which a declaration of war is in effect.

For subsection (c) beginning on line 3, page 30 continuing through line 21 on page 34, substitute the following new subsection.

(c) CONGRESSIONAL ACTION.—

(1) DEFINITION.—For the purposes of this section, the term "day" shall mean any calendar day on which either House of the Congress is in session.

(2) INTRODUCTION.—A joint resolution under subsection (b) shall be introduced (by request) by the majority leader of each House of the Congress on the day on which it is submitted and shall be referred on such day to the appropriate committee or committees of each such House. Such resolution shall be referred to the House Committee on Ways and Means and to the Senate Finance Committee whether or not such resolution recommends revenue increases. If such resolution recommends revenue increases. If such resolution contains provisions under the jurisdiction of more than one committee, the Parliamentarian of each House shall refer the resolution to the appropriate committees of jurisdiction.

(3) COMMITTEE CONSIDERATION AND REPORTING.—A joint resolution referred pursuant to paragraph (s) shall be reported within 10 days of referral to the Committee on the Budget of each House.

(A) Each such committee may modify in whole or in part any provision within its jurisdiction referred to it, may report alternative savings in a similar amount or may report a substitute. Any modifications, alternatives or substitutes reported must be within the jurisdiction of the reporting committee as defined by the rules of each House. No matters not directly related to reducing excess deficits shall be included in such modifications, alternatives or substitutes.

(B) If a committee fails to report within 10 days, such committee shall be immediately discharged from further consideration of the joint resolution and the joint resolution shall be considered as if favorably reported to the Budget Committee.

(C) The Budget Committee, upon receipt of all recommendations from the committees, or in the case of discharge of the President's recommendations, shall report to its House the joint resolution carrying out all such recommendations within 3 days.

(i) In the event that two committees report differing recommendations on the same subject matter within their respective jurisdictions, the Budget Committee shall, if unable to reconcile the conflict, report a substitute for said provisions. Such substitute shall be within the scope of the two recommendations reported to it.

(ii) In the event that any committee reports any measure described in the last sentence of subparagraph (A) to the Budget Committee, the Budget Committee shall strike such matter from the resolution it reports and shall report which provisions have been so stricken.

(iii) When reported, such joint resolution shall be immediately placed on the appropriate legislative calendar for further consideration.

(4) PROCEDURES.—

(A) IN GENERAL.—The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to consideration of joint resolutions reported under the above subsection and conference reports thereon.

(5) TIME LIMIT FOR CONGRESSIONAL ACTION.—For the fiscal year beginning October 1, 1985, if the joint resolution has been timely submitted by the President, and the Congress fails to complete action on it by midnight on December 31, 1985, then the President's recommendations with respect to spending reductions shall become effective immediately. For the fiscal year beginning October 1, 1986 through the fiscal year beginning October 1, 1988, if the President has timely submitted a joint resolution and the Congress fails to act by midnight on November 30, 1986, then the President's recommendations with respect to spending reductions shall become effective immediately.

SEC. 5. EXERCISE OF RULEMAKING POWERS.

The provisions of Sections 1 through 4 are enacted by the Congress—

(a) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and (b) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

BOREN (AND EXON) AMENDMENT NOS. 732 AND 733

(Ordered to lie on the table.)

Mr. BOREN (for himself and Mr. EXON) submitted two amendments intended to be proposed by them to the joint resolution (H.J. Res. 372), supra; as follows:

AMENDMENT No. 732

At the appropriate place in the joint resolution, insert a new section as follows:

SEC. . Notwithstanding any other provision of law, when the President, using the authorities under the Balanced Budget and Emergency Deficit Control Act of 1985, issues an order that modifies or suspends the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during such fiscal year, in such a manner as to reduce by a uniform percentage the amount of increase under each such provision, the President shall also issue an order that would reduce, by the same uniform percentage, any increase in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act: *Provided*, That any reduction in the increase of benefits payable under the old-age, survivors, and disability insurance program shall be computed in such a manner as to assure that the increase that would otherwise have been applicable is not reduced by more than 3 percentage points.

AMENDMENT No. 733

At the appropriate place in the joint resolution, insert the following new section:

SEC. . ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

(a) IN GENERAL.—Section 56 of the Internal Revenue Code of 1954 (relating to additional corporate minimum tax) is amended to read as follows:

"SEC. 56 ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

"(a) TAX IMPOSED.—

"(1) IN GENERAL.—A tax is hereby imposed on each corporation in an amount equal to the sum of—

"(A) 15 percent of so much of the corporate alternative minimum taxable income of the taxpayer for the taxable year as exceeds $100,000, but does such tax is greater than the amount of the adjusted regular tax for such year.

"(3) Tax to be in lieu of regular tax.—For purposes of this title, the tax imposed by this section shall be in lieu of the regular tax.

"(b) CORPORATE ALTERNATIVE MINIMUM TAXABLE INCOME.—For purposes of this title, the term 'corporate alternative minimum taxable income' means the taxable income (determined without regard to the deduction allowed by section 172) of the taxpayer for the taxable year—

"(1) reduced by the corporate alternative minimum tax net operating loss deduction provided by subsection (d), and

"(2) increased by an amount equal to the corporate alternative minimum tax preference items.

"(c) CORPORATE ALTERNATIVE MINIMUM TAX PREFERENCE ITEMS.—For purposes of this section, the corporate alternative minimum tax preferences items are:

"(1) CERTAIN ITEMS OF TAX PREFERENCE.—The sum of the amounts determined under the following provisions of section 57(a):

"(A) Paragraph (2) (relating to accelerated depreciation of real property).

"(B) Paragraph (5) (relating to mining exploration and development costs).

"(C) Paragraph (7) (relating to reserves for losses on bad debts of financial institutions).

"(D) Paragraph (8) (relating to depletion).

"(E) Paragraph (11) (relating to intangible drilling costs).

"(2) ACCELERATED COST RECOVERY REDUCTION; AMORTIZATION OF POLLUTION CONTROL FACILITIES.—

"(A) IN GENERAL.—With respect to each recovery property and each certified pollution control facility for which an election is in effect under section 169, the amount (if any) by which the deduction allowed under section 168(a) or 169, respectively, for the taxable year exceeds the deduction which would have been allowable for the taxable year had the property been depreciated using the straight-line method (without regard to salvage value) and a recovery period determined in accordance with the following table:

"In the case of:	The recovery period is:
3-year property	5 years
5-year property	8 years
10-year property	15 years
15-year property	22 years
18-year property and low-income housing	18 years.

"(B) SUBPARAGRAPH (A) INAPPLICABLE WHERE LONGER RECOVERY PERIODS APPLY.—If, pursuant to section 168(b)(3) or 168(f)(2), the recovery period for any property is longer than the recovery period for such property set forth in subparagraph (A), subparagraph (A) shall not apply to such property.

"(C) CONVENTIONS.—

"(i) IN GENERAL.—In the case of property other than 18-year real property and low-income housing, subparagraph (A) shall be applied by using a half-year convention.

"(ii) 18-year real property and low-income housing.—In the case of 18-year real property and low-income housing, subparagraph (A) shall be applied by using the conventions under sections 168(b)(2)(B) and 168(b)(4)(B).

"(D) DEFINITIONS.—For purposes of this paragraph, the terms '3-year property', '5-year property', '10-year property', '15-year public utility property', '18-year real property', 'low-income housing', and 'recovery property', have the same meanings given such terms by section 168.

"(3) RESEARCH AND EXPERIMENTAL EXPENDITURES.—The excess (if any) of—

"(A) the amount allowed as a deduction under section 174(a) for the taxable year, over

"(B) the amount which would have been allowable as a deduction for such taxable year with respect to research and experimental expenditures paid or incurred during such taxable year if such expenditures had been capitalized and amortized ratably over the 2-year period beginning with the taxable year in which such expenditures were made.

"(4) ITEMS WHICH ARE MORE ACCURATELY TAKEN INTO ACCOUNT TO REFLECT ECONOMIC GAIN OR LOSS.—

"(A) CONSTRUCTION PERIOD CARRYING CHARGES.—The amount allowable as a deduction for the taxable year for construction period carrying charges (as defined in section 312(n)(1)) paid or incurred during such taxable year.

"(B) TRADE NAME AND TRADEMARK EXPENDITURES.—The amount allowable as a deduction for the taxable year under section 177.

"(C) CIRCULATION EXPENDITURES.—The amount allowable as a deduction for the taxable year under section 173.

"(D) COMPLETED CONTRACT METHOD OF ACCOUNTING.—In the case of a taxpayer who uses the completed contract method of accounting, the excess (if any) of—

"(i) the taxable income of such taxpayer for the taxable year if such taxpayer used the percentage of completion method of accounting, over

"(ii) the taxable income of such taxpayer for such taxable year.

"(5) CERTAIN INTEREST EXPENSE.—That portion of the interest expense of the taxpayer for the taxable year which bears the same ratio to the total interest expense allowable as a deduction for the taxable year (determined without regard to this paragraph) as—

"(A) the interest income of the taxpayer which is exempt from taxes for such taxable year, bears to

"(B) the gross income of the taxpayer for such taxable year.

For purposes of this subparagraph, all members of an affiliated group (as defined in section 1504(a) without regard to section 1504(b)) shall be treated as 1 corporation.

"(6) SPECIAL LIFE INSURANCE COMPANY DEDUCTION.—The amount allowable as a deduction for the taxable year under subsection (a) of section 806.

"(7) CERTAIN SHIPPING INCOME.—With respect to any construction reserve fund or capital construction fund established by the taxpayer under sections 511 and 607 of the Merchant Marine Act (46 U.S.C. 1161, 1177), 50 percent of the net increase for such taxable year in the income and capital gain accounts under such funds.

"(d) CORPORATE ALTERNATIVE MINIMUM TAX NET OPERATING LOSS DEDUCTION.—For purposes of this section the term 'corporate alternative minimum tax net operating loss deduction' means the net operating loss deduction under section 172 for the taxable year for purposes of the regular tax, except that in determining the amount of such deduction—

"(1) in the case of taxable years beginning after September 30, 1986, section 172(b)(2) shall be applied by substituting 'corporate alternative minimum taxable income' for 'taxable income' each place it appears, and

"(2) the net operating loss (within the meaning of section 172(c)) for any loss year shall be reduced by the amount of corporate alternative minimum tax preference items arising in such year.

"(e) ELECTION TO MAKE ADJUSTMENTS FOR REGULAR TAX PURPOSES.—

"(1) IN GENERAL.—The taxpayer may elect for any taxable year to have any adjustment required by subsection (b)(2) with respect to any corporate alternative minimum tax preference item arising in such year apply also to such item for regular tax purposes. The treatment of any item with respect to which an election has been made under the preceding sentence shall (for all later years and for purposes of both the regular tax and this section) be consistent with its treatment for the year in which it arises.

"(2) TIME FOR MAKING ELECTION.—Any election under paragraph (1) with respect to any item shall be made not later than the due date (with extensions) for filing the return under this chapter for the taxable year in which such time arose.

"(3) REVOCATION ONLY WITH CONSENT.—Any election under paragraph (1) may be made only in the manner provided by regulations, and may be revoked only with the consent of the Secretary.

"(f) SPECIAL RULES RELATING TO CREDITS.—For purposes of this section—

"(1) CREDITS NOT ALLOWABLE.—For purposes of determining any credit allowable under subpart A, B, or D of part IV of this subchapter (other than the foreign tax credit allowed under section 27(a)), the tax imposed by this section shall not be treated as a tax imposed by this chapter.

"(2) FOREIGN TAX CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

"(A) DETERMINATION OF FOREIGN TAX CREDIT.—The total amount of the foreign tax credit which may be taken against the tax imposed by subsection (a) shall be determined under subpart A of part III of subchapter N (section 901 and following).

"(B) INCREASE IN AMOUNT OF FOREIGN TAXES TAKEN INTO ACCOUNT.—For purposes of the determination under subparagraph (A), the amount of the taxes paid or accrued to foreign countries or possessions of the United States during the taxable year shall be increased by an amount equal to the lesser of—

"(i) the foreign tax credit allowable under section 27(a) in computing the regular tax for the taxable year, or

"(ii) the tax imposed by subsection (a).

"(C) SECTION 904(a) LIMITATION.—For purposes of the determination provided by subparagraph (A), the limitation of section 904(a) shall be equal the same proportion of the sum of the tax imposed by subsection (a) against which such credit is taken and the regular tax as—

"(1) the taxpayer's corporate alternative minimum taxable income from sources without the United States (but not in excess of the taxpayer's entire corporate alternative minimum taxable income), bears to

"(ii) the taxpayer's entire corporate alternate minimum taxable income.

For purposes of this subparagraph, the amount of the limitation of section 904(a) shall not exceed the tax imposed by subsection (a).

"(D) DEFINITION OF CORPORATE ALTERNATIVE MINIMUM TAXABLE INCOME FROM SOURCES WITHOUT THE UNITED STATES.—For purposes of subparagraph (C), the term 'corporate alternative minimum taxable income from sources without the United States' means taxable income from sources without the United States, adjusted as provided in paragraphs (1) and (2) of subsection (b) (taking into account in such adjustment only items described in such paragraphs which are properly attributable to items of gross income from sources without the United States).

"(E) SPECIAL RULE FOR APPLYING SECTION 904(c).—In determining the amount of foreign taxes paid or accrued during the taxable year which may be deemed to be paid or accrued in a preceding or succeeding taxable year under section 904(c)—

"(i) the limitation of section 904(a) shall be increased by the amount of the limitation determined under subparagraph (C), and

"(ii) any increase under subparagraph (B) shall be taken into account.

"(3) CARRYOVER AND CARRYBACK OF CERTAIN CREDITS.—In the case of any taxable year for which a tax is imposed by this section, for purposes of determining the amount of any carryforward or carryback to any other taxable year of any credit allowable under section 30 or 38, the amount of the credit under section 30(g) or 38(c) (as the case may be) shall be deemed to be—

"(A) the amount of such credit allowable for such taxable year (determined without regard to this paragraph), reduced (but not below zero) by

"(B) the amount of the tax imposed by this section for the taxable year, reduced by in the case of the limitation under section 38(c), the amount of such tax taken into account under this subparagraph with respect to limitations under section 30(g).

"(g) Definitions and Special Rules.—For purposes of this section—

"(1) Regular tax.—The term 'regular tax' means the taxes imposed by this chapter for the taxable year (computed without regard to this section and without regard to the taxes imposed by sections 47(a), 531, and 541).

"(2) Adjusted regular tax.—The term 'adjusted regular tax' means, for any taxable year—

"(A) the regular tax, reduced by

"(B) the sum of the credits allowable under subparts A, B, and D of part IV of this subchapter, except the credit allowable under section 27(a).

For purposes of this paragraph, the credits allowable under subparts A, B, and D of part IV shall be computed as if the credit allowable under section 27(a) were also allowable.

"(3) Taxable year in which item arises.—In the case of any amount which is taken into account for regular tax purposes in more than 1 taxable year, such amount shall be treated as an item arising in the first such taxable year.

"(4) Application with section 291.—The determination of the amount of any corporate alternative minimum tax preference item shall be made after the application of section 291.".

(b) Revenues During Fiscal Year 1987 Taken Into Account First in Determining Revenue Shortfall.—Notwithstanding any other provision of this Act, the increase in Federal revenues during the fiscal year beginning October 1, 1986, by reason of the amendment made by subsection (a) shall be used to reduce any shortfall in the Federal budget before any action required under this Act to reduce such deficit.

(c) Estimated Tax.—Sections 6154(c)(1) and 6651(f)(1) of the Internal Revenue Code of 1954 (defining tax) are each amended by inserting ", 56," after "section 11".

(d) Conforming Amendments.—

(1) Section 26 of the Internal Revenue Code of 1954 (relating to definition of tax liability) is amended—

(A) by striking out subparagraph (A) of subsection (b)(2) and by redesignating subparagraphs (B) through (H) of subsection (b)(2) as subparagraphs (A) through (G), respectively, and

(B) in subsection (c)—

(i) by inserting "(1)" before "For" and by adding at the end thereof the following new paragraph:

"(2) For treatment of tax imposed by section 56 as tax not imposed by this chapter, see section 56(e).", and

(ii) by striking out the heading and inserting in lieu thereof:

"(c) Special Rules for Minimum Taxes.—".

(2) Section 57 of such Code (relating to items of tax preference) is amended—

(A) by striking out the last sentence of subsection (a),

(B) by striking out paragraph (9) of subsection (a) and inserting in lieu thereof:

"(9) Capital gains of taxpayers other than corporations.—In the case of a taxpayer other than a corporation, an amount equal to the net capital gain deduction for the taxable year, determined under section 1202.", and

(C) by striking out subsections (b) and (e).

(3) Section 58 of such Code (relating to rules for application) is amended—

(A) by striking out "$10,000" in subsection (b) and inserting in lieu thereof "$100,000" (or $1,000,000)",

(B) by striking out "respective regular tax deductions (within the meaning of section 56(c))" and inserting in lieu thereof "respective corporate alternative minimum taxable incomes (within the meaning of section 56(b))", and

(C) by striking out subsection (d).

(4) Section 58 of such Code is amended by striking out subsection (f) (relating to regulated investment companies, etc.).

(5) Subsection (g) of section 58 of such Code (relating to tax preferences to foreign sources) is amended to read as follows:

"(g) Tax Preferences Attributable to Foreign Sources.—For purposes of section 56, the corporate alternative minimum tax items set forth in section 56(c) which are attributable to sources within any foreign country or possession of the United States shall be taken into account only to the extent that such items reduce the tax imposed by this chapter (other than the tax imposed by section 56) on income derived from sources within the United States. For purposes of the preceding sentence, the corporate alternative minimum tax items shall be treated as reducing the tax imposed by this chapter before other items.".

(6) Subsection (a) of section 882 of such code is amended to read as follows:

"(1) In general.—A foreign corporation engaged in a trade or business within the United States during the taxable year shall be taxable as provided in section 11, 56, or 1201(a) on its taxable income which is effectively connected with the conduct of a trade or business within the United States.".

(e) Effective date.—The amendments made by this section shall apply to taxable years beginning after September 30, 1986.

Mr. BOREN. Mr. President, I am proud to be a cosponsor of the Gramm proposal. I strongly support it and hope to have a chance to vote for it as soon as possible if it is passed. I plan to offer two amendments to strengthen the proposal by making it fairer and more effective.

One amendment would include Social Security COLA's in the across-the-board reduction in spending increases that are required under the deficit reduction mechanism. These COLA s could not, however, be reduced by more than 3 percent.

The second would impose a minimum, corporate tax on corporations with large profits which now avoid paying any taxes. Funds from the minimum corporate tax would be applied to deficit reduction first in order to reduce the cuts required by the Gramm proposal in other programs.

My proposal includes the text of a minimum corporate tax which would go into effect on October 1, 1986. It would raise approximately $4 billion per year in revenue. Beginning 1986, this $4 billion raised each year would be applied first to meet the required deficit reduction targets. If the tax itself is not sufficient to meet the estimated shortfall, then the across-the-board mechanism of the Gramm proposal would apply.

How can we ask for across-the-board sacrifices from other Americans when it has been reported that four of the Nation's largest corporations had over $10 billion in profits and paid no taxes? In fact, they received tax rebates of $600 million.

Once we have made sure that these tax avoiders have paid their fair share, then it is proper to ask all Americans to make an across-the-board sacrifice.

In that regard, I will also propose that automatic Social Security increases should not be exempt from the general sacrifice required of all others. How can we honestly say that we have a shared sacrifice by all Americans if we leave out approximately 20 percent of the budget?

I believe that such an exemption insults the patriotism of millions of our senior citizens. While it would be unfair to single them out for sacrifices not required of others, I believe that a vast majority of our senior citizens want to do their part to help balance the budget as long as all other Americans also join in the effort. I do not know any group of Americans who care about their country more than they do.

AGRICULTURAL FOOD, TRADE, AND CONSERVATION ACT

GRASSLEY AMENDMENT NO. 734

(Ordered to lie on the table.)

Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill (S. 1714) to expand export markets for U.S. agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes; as follows:

On page 7, after the item relating to section 1718, insert the following new item:

Sec. 1718. Loan moratorium.

On page 377, between lines 20 and 21, insert the following new section:

LOAN MORATORIUM

Sec. 1719. (a) As used in this section:

(1) The term "circumstances beyond the control of the borrower" includes—

(A) a reduction of the income of a borrower occurring as a result of—

(i) the unemployment, illness, or injury of the borrower;

(ii) the death of a member of the family of the borrower; or

(iii) the occurrence of a natural disaster, crop or livestock disease, insect damage, or adverse conditions in the farm economy (such as high interest rates, declining farm equity, or high cost of production relative to the market price for farm products); and

(B) the occurence of unplanned, essential farm and home operating expenses as a result of—

(i) the illness or injury of the borrower;

(ii) the death of a member of the family of the borrower; or

(iii) the cost of repair, or uninsured loss, of property used to secure a loan made by an institution.

(2) The term "institution" means an institution of the Farm Credit System estab-

lished under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.).

(3) The term "Secretary" means the Secretary of Agriculture.

(b) During the period described in subsection (d), an institution may not—

(1) take any action as the result of a default of an eligible borrower described in subsection (c) on an outstanding loan made by such institution; or

(2) consolidate or merge with another institution.

(c) To be eligible to receive assistance under subsection (b)(1), a borrower of a loan must demonstrate to the satisfaction of the Secretary that, due to circumstances beyond the control of the borrower, the borrower is temporarily unable to continue making payments of principal and interest due on such loan without unduly impairing the standard of living of the borrower.

(d) This section shall apply during the period beginning on the date of enactment of this Act and ending on the date Congress enacts a law that provides financial assistance to institutions.

● Mr. GRASSLEY. Mr. President, today I am submitting an amendment that would impose a temporary moratorium on foreclosures, consolidations, and mergers by institutions of the farm credit system. I am also introducing S. 1738, legislation to provide U.S. Government guarantees of bonds sold by the farm credit system.

The belief is shared by many of us who have closely examined the activities of the farm credit system—and certainly by many borrowers, other creditors, and economists—that the so-called financial assistance package that has been implemented for the Omaha district of the farm credit system will have disastrous consequences for the Midwest economy and will unnecessarily harm family farms and businesses throughout the region. Reports of plans for mass liquidations, foreclosures, and efforts to weaken farmer control of the system have been circulating with greater frequency during the last few weeks.

On September 6, I held a hearing on the farm credit system to discuss these reports and the activities and plans of the system. Unfortunately, nothing was offered to allay these concerns.

Most would agree that the Midwest farm economies, particularly Iowa's, are the most hard hit and fragile. Further disruptions along the line planned cannot be allowed. Many believe that such action could cause our entire Midwest farm economy to collapse.

In September, farm credit system officials finally admitted that they need Government assistance. So now Congress and the administration is considering a number of proposals to provide this assistance. I have introduced several proposals myself, and am presently working on a bipartisan effort with Senator BOSCHWITZ. I am concerned about the financial condition of the farm credit system and am very willing and eager to work hard for solutions.

But I would also like some assurances that Midwest farm credit system borrowers, those who are on the cutting edge of this financial crisis and who are in most need of help, will benefit greatly from our efforts. I am not about, and I know I speak for a number of my Senate colleagues, to blindly push for a farm credit system bailout while our own people are decimated by severe, counterproductive liquidation and foreclosure policies.

The big squeeze is being forced upon the Omaha district by the rest of the farm credit system in hopes of minimizing the troubles and discomfort for the rest of the system. The system has offered something that looks less like an assistance package and much more like a mass execution. In fact, if you scrutinize carefully the system's plans for the Omaha district, it appears as if the system may either break even or possibly even make money at the ultimate, long-term expense of the Omaha district.

Last week, a number of my Senate colleagues representing the Omaha district sent a letter to Governor Wilkinson of the Farm Credit Administration asking that the system voluntarily adopt a policy that places a moratorium on all liquidations, foreclosures, interest rate hikes, and any other measures that will increase the credit burden of farmers or that will generally harm the farm economy of the Omaha district. We asked that this moratorium be left in place at least 90 days so that an appropriate Government plan could be implemented. We asked for a full explanation of the economic and legal reasons if our request would not be honored.

Last night, we just received our response. It was not satisfactory, and I am writing for a further explanation. Although not told directly, we have to assume that the farm credit system is unwilling to cooperate with this request.

The letter failed to respond to our concerns that present plans and activities are counterproductive and possibly devastating. During my hearing in September, farm credit system officials admitted that their policies were not working, but that they were going ahead anyway. Congress ought to know why.

The response we received stated that a moratorium would erode the confidence of the bond market. I am getting tired of this old, worn out excuse. The farm credit system has used this excuse for everything they have wanted to do during that last 2 years and for everything they don't want to do. This is a shallow excuse. The cat has been out of the bag ever since September when the farm credit system officials publicly announced they needed Government assistance.

The aim of a moratorium is simply to stabilize a deteriorating farm economy while Congress works out an assistance plan. I can't imagine why that would cause a scare in the bond market. If anything, it should improve confidence in the system. After all, if present policies are counterproductive, why should bond markets exhibit any confidence?

The response we received also warned that the system's servicing expenses and costs in carrying nonincome producing assets would increase and force increased credit burdens upon sound borrowers. This excuse, too, is baseless. Liquidations and foreclosures are costly. If the Government assistance package can minimize the number of liquidations, then it makes sense to hold off until the package is implemented. Second, this is only a temporary moratorium. With such soft farm equipment and land markets in the Midwest, the farm cedit system is not assured of a quick return on foreclosures.

The intention is not for the solid borrowers to have to pick up the additional credit burdens, although I might add that systemwide, there should be a more equitable sharing of the burdens facing troubled districts. But the idea is that the Government assistance package picks up much of the unbearable credit problems.

Since the farm credit system appears unwilling to cooperate with this request, I am introducing legislation requiring the necessary action. I am also introducing a bill S. 1738 that would guarantee farm credit system bonds and am prepared to combine the two if this will alleviate the concerns about the reaction of the bond markets.

I hope my colleagues representing other parts of the country can support this legislation. Some have suggested to me that regional or parochial interests might cause some to resist this temporary reprieve. In fact, I learned today that some districts of the farm credit system are attempting to use up their reserves quickly so that they won't have to give it to help the Omaha district or the system as a whole. I hope my colleagues understand the self-defeating nature of this attitude and action and are willing to work together on this major problem.●

ADDITIONAL STATEMENTS

NATIONAL CHILDREN'S WEEK

● Mr. QUAYLE. Mr. President, I am pleased that the week of October 6 through October 12, 1985, is designated as "National Children's Week."

While recognizing many important causes through commemorative resolutions, we sometimes overlook what is often closest to our hearts. "National Children's Week" seeks to focus our hearts and our energies on our children—our own, if we have them—on the children of the less fortunate, on the children without families, or those who may be in need. Children growing up today face many emotional and physical dangers—from a wrenching divorce to lack of adequate nourishment to experimentation with drugs. We hope every child is given the benefit of a strong family unit, and good guidance through childhood, but unfortunately these days, that does not always occur. When a child is set loose, without a caring family or wise restrictions, the result is often juvenile delinquency or drug abuse in later years. It is the hope that National Children's Week will help children by focusing attention on the need for strong family support in childhood and on how the community can help families and children.

The first National Children's Week was celebrated in 1981 by concerned citizens and child advocacy groups in several States including Indiana and Georgia, which have been very active in publicizing the celebration. Since 1981, more and more States are sponsoring Children's Week activities and focusing attention on some of the problems facing children and youth.

During Children's Week, advocacy groups, parents, community organizations, and the business community conduct numerous events to heighten public awareness and increase volunteer participation in children's and youth projects. Activities focus on the inadequacy of infant health care, youth alcohol and drug abuse, child abuse, juvenile justice, and assistance for disadvantaged and handicapped children.

One example of a group that helps kids is the Jameson Camp, headquartered in Indianapolis. Jameson Camp takes youngsters who have disabilities or behaviorial problems and puts them in an environment where they learn self-respect and compassion for each other. Often the children arrive malnourished, from families who know little about good nutrition. They are taught about good health, good nutrition, and how to take care of themselves. They participate in sports and activities and learn new skills which increase their self-esteem and motivation. The camp is filled with dedicated staff and counselors, who see each child as an individual with unlimited potential, just waiting to be discovered. Each child receives special care, and most of the children flower and grow as a result of the individualized attention. Such dedication and commitment is what "National Children's Week" is all about. It is fitting that Jameson Camp will be celebrating its 50th anniversary during the week we honor our children.

Our children are our future and our most dear resource. If we can help them and their families with support, encouragement, and caring, we will be building a stronger Nation. "National Children's Week" is a celebration of our future and a recognition of the many fine individuals, groups, and community organizations that have committed their lives and their hearts to helping all of our children live a happy and healthy life.●

HUNGER AND HOMELESSNESS

● **Mr. KERRY.** Mr. President, I would like to commend the National Institute for Self-Help, which is holding its second annual conference on hunger and homelessness. Distinguished speakers from private voluntary organizations that care for the hungry and the homeless, the business community, the U.S. Departments of Health and Human Services and Agriculture, and Members of Congress will present their recommendations for alleviating problems of hunger and homelessness.

Martha's Table, an affiliate of the National Institute for Self-Help, is a nonprofit soup kitchen for children. It acts as a true role model as to how private volunteer organizations can work to fight hunger and homelessness nationwide.

In particular, Dr. Veronica Maz, founder of Martha's Table, is to be commended for her diligence and unfailing commitment in trying to alleviate the hunger problem in the Washington, DC, area. Martha's Table sends out a food wagon daily to provide dinner for approximatly 100 destitute and homeless individuals. Without Dr. Maz's leadership and recruitment of volunteers, these people would remain hungry.

It is the combination of private funds and Federal emergency food and shelter FEMA money that has made such assistance possible for those who most need it. The private/public partnership is the means through which headway on this crucial issue can be made.

Homelessness can be attributed to a variety of social failures including persistent poverty, scarcity of low-income housing, alcohol and drug abuse, cutbacks in care for the mentally ill, spiraling inflation and the ongoing attempts by the present administration to make major cuts in Federal human service programs.

Because of the numerous factors relating to this situtation, I overwhelmingly applaud the enduring commitment of those who are working to solve problems of hunger and homelessness in our Nation.●

DOUGLAS HERZOG, CHAIRMAN OF NATIONAL NETWORK OF RUNAWAY AND YOUTH SERVICES

● **Mr. BURDICK.** Mr. President, it gives me great pleasure to announce that one of North Dakota's finest citizens, Mr. Douglas Herzog, has been named board chairman of the National Network of Runaway and Youth Services.

The National Network is a nonprofit organization that is made up of more than 700 community, State and multi-State agencies that serve runaway, homeless and other troubled youth and their families.

Mr. Herzog has represented the needs and interests of the Nation's youth in his 6 years of involvement with the National Network. He is the executive director of the Mountain Plains Youth Services Coalition in Bismarck, ND, where he lives with his wife Karen and three children. His prior experience includes administering the office on children and youth for the State of South Dakota, serving as a delegate to the U.N. Conference on Rural Youth, and participating in the USICA Exchange Program in West Germany.

Mr. Herzog received a master of science degree in counseling, guidance and personnel from North Dakota State University in 1975, following undergraduate work at Jamestown College in Jamestown, ND.

He has worked hard to serve runaway and homeless youth and their families. I know that my colleagues join me in congratulating Mr. Herzog as he begins his new responsibilities.●

MICHIGAN INVENTION WILL SAVE LIVES

● **Mr. RIEGLE.** Mr. President, I have recently learned that the Federal Communications Commission has approved the Rashid radar warning system for use in trucks and automobiles. The device is a transmitter and receiver system mounted in the front of a vehicle and designed to assist in the prevention of head-on collisions.

Almost 55 percent of all fatal accidents are frontal collisions. We are all familiar with tragic accidents that occur during heavy fog conditions. Frequently these accidents result in chain-reaction collisions, with numerous injuries or deaths, and tremendous loss of property. In fact, it was just these conditions which led George Rashid of Mount Clemons, MI, to visualize and later develop this device.

Mr. President, I ask that an article which appeared in the Washington Post about this matter be printed in the RECORD, and I would like to extend my best wishes for success to this family owned, Michigan company.

The article follows:

[From the Washington Post, Aug. 5, 1985]

Anticollision Vehicle Radar Is Approved

(By Nell Henderson)

Driving home one night through dense fog, George Rashid pulled over to the side of the road and decided that if airplanes use radar, automobiles can too.

More than 30 years later, his sons said yesterday that they have received government approval for their late father's invention—a radar device designed to warn car and truck drivers of possible front-end collisons.

The Rashid Radar Collision Warning System uses radar to detect an object in the path of a vehicle and a microprocessor to determine whether a collision is imminent. If an automobile is closing in on a slower or stationary object, the system flashes a series of warning lights and sounds a siren until the driver hits the brakes.

The Federal Communications Commission has approved the system for use after three years of testing that covered more than a million miles, said Jack Rashid, vice president for marketing of Vehicle Radar Safety Systems Inc., the family-owned company that developed the system.

The Rashid family hopes the invention will "contribute to safety on the nation's highways," he said.

About 55 percent of all people killed while driving or riding in a motor vehicle lose their lives in front-end collisions, according to the National Highway Traffic Safety Administration. In 1984, about 11,500 car occupants died in front-end collisions, and about 14,500 died in front-end collisions while riding in a car, truck, motorcycle or other motor vehicle, a NHTSA spokesman said.

Vehicle Radar also sees the warning system as the first step toward a radar brake system, which would both detect an imminent collision and activate the brakes. The company, based in Mount Clemens, Mich., has already developed a radar brake system but has not yet applied for FCC approval. The company will wait to see how the warning system does first, said Penny Farthing, company counsel.

The company had no estimates of potential sales, but said it believes it is ahead of any competition because it has a patented system with FCC approval, Rashid said.

The three-part warning system consists of a radar antenna, an electronic signal processor and a dash-board monitor.

The microwave radar antenna, when installed, looks like a third headlight above the front bumper of the car and acts as both a radar emitter and receiver. It sends out a narrow beam signal directly in front of the car, which bounces back to the antenna after hitting a slower moving vehicle or stationary object, as high or higher than the antenna. The beam misses objects to the side of the car, as well as road signs and overpasses, Rashid said.

When the radar beam bounces back, the signal processor analyzes it to determine the speed and distance of the object, compared with the speed of the car using the radar system. The processor, a small box weighing less than five pounds, instantly evaluates the information to determine if a crash is possible.

The processor may then send a variety of signals to a small monitor placed on the dashboard. A green light indicates that the radar system is on. A yellow light alerts the driver that a slower or stationary object lies ahead. A red warning light and alarm sound tells a driver to cut speed, and another red light and shriller alarm says to hit the brakes.

The system is only activated at speeds above 10 miles per hour, to avoid triggering the warnings when driving in bumper-to-bumper traffic or in a garage, said Charles Rashid, vice president of engineering.

It does, however, trigger radar detecting devices used by some motorists to warn them of police radar surveillance, Jack Rashid said.

A SALUTE TO BARBARA J. EASTERLING, CWA'S NEWEST OFFICER

● Mr. METZENBUAM. Mr. President, at its 47th annual convention in July, the Communications Workers of America broke new ground when delegates elected Barbara J. Easterling, from Akron, OH, to serve as the union's first female national officer.

I am especially pleased that CWA's newest executive vice president has been a member of a CWA local in Akron, OH, for more than 30 years.

Barbara Easterling left a significant imprint on public affairs in Ohio during her formative career years there. In 1971, Governor John Gilligan appointed her to serve as chief of the Ohio Industrial Relations Labor Division. Ms. Easterling also was the first woman elected to serve as vice president of the Ohio AFL–CIO.

Ms. Easterling is symbolic of a new generation of trade union leaders. She is an excellent manager and motivator and a strong believer in quality of worklife programs.

Mr. President, as she begins her new duties here in Washington, I want to congratulate Barbara and her family. In addition, I want to commend the members of the CWA for recognizing her talent.

She has proven she is among the best and brightest in Ohio and now will have an opportunity to demonstrate her skills on a national level.

She has always proven herself able to meet the challenge. I wish her continued success in her latest endeavor.

EXTENSION OF TRADE ADJUSTMENT ASSISTANCE PROGRAM

● Mr. ROTH. Mr. President, S. 1544, the legislation I am sponsoring along with Senator MOYNIHAN and nine other members of the Finance Committee has been reported out of the Finance Committee as part of the budget reconciliation package and will soon be considered on the floor. This legislation would extend the current trade adjustment assistance program until a new improved program goes into effect.

This new program would directly address the two key problems with the existing program: Inadequate funding and insufficient adjustment efforts by individuals. The new program would be funded by a small users fee—capped at 1 percent, but likely to be about one-tenth of 1 percent—on imports. Under the new program all benefits now available to workers would continue. But workers would now have to agree to retraining in order to receive the extended unemployment compensation. They would receive a $4,000 tax-free voucher to cover the cost of the retraining program.

I ask to include several items in the RECORD that relate to this legislation, first is a letter I received from the National Retail Merchants Association endorsing this bill, second is a copy of an editorial by myself and Senator MOYNIHAN which appeared in Monday's Journal of Commerce and finally additional background on the rationale for this legislation is provided in a reprint on my opening statement for the hearing on this legislation which was held on September 17.

I am very pleased that this legislation is receiving such broad support—from the labor unions as well as the retailers, from Democrats and Republicans. And from Members with a wide variety of views on trade.

The material follows:

NATIONAL RETAIL MERCHANTS ASSOCIATION,
Washington, DC, September 30, 1985.

Hon. WILLIAM V. ROTH, Jr.,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR ROTH: I am writing on behalf of the National Retail Merchants Association ("NRMA") to renew our support for the trade adjustment and worker retraining program originally contained in your bills—S. 1544 and Title II of S. 234.

NRMA believes that your worker retraining proposals are a positive step toward shifting the focus of the U.S. trade debate from protectionism to the adjustment difficulties of workers in industries facing import competition. We are delighted that the Senate Finance Committee has unanimously supported your approach, and we stand ready to help you and the committee in seeking quick passage of the worker adjustment program adopted by the Committee. The retraining program contained in your bills and endorsed by the Senate Finance committee is, we believe, a marked improvement over the existing trade adjustment assistance program because of its focus on retraining, rather than simple unemployment assistance. Moreover, we wish to thank you for including an amendment to your original draft of the bill that caps the "small uniform duty" at one percent. We believe this is a significant improvement to the original proposal.

Of course, we still support the remaining provisions of the Trade Expansion Act, and we hope that they, too, will receive a full hearing before the Senate.

By way of background, NRMA is composed of 3,700 companies representing approximately 45,000 leading chain, department and specialty stores in the United States, and an additional 1,000 retail firms in 50 nations abroad. Member firms have current annual sales in excess of $150 billion and employ nearly 3 million workers.

If you have any questions about NRMA or its views on this matter, please do not hesitate to contact me or Ms. Robin W. Lanier, NRMA Senior Legislative Representative, at 202/223-8250.

Sincerely,

JAMES R. WILLIAMS,
President.

[From The Journal of Commerce, September 30, 1985]

EXTENSION, REFORMS URGED FOR TRADE ADJUSTMENT AID

(By Sen. William Roth and Sen. Daniel Patrick Moynihan)

For anyone who needs further evidence of the contradictions in American trade policy, Sept. 30 should prove quite instructive.

This is the date currently set for a formal meeting of members of the General Agreement on Tariffs and Trade—a meeting strongly urged by the United States—to prepare for a new round of talks aimed at expanding international trade by further reducing trade barriers.

It is also the expiration date for the Trade Adjustment Assistance program—the only federal program specifically intended to help workers who lose their jobs as a result of increased foreign competition.

For decades, adherence to the GATT has helped bring the fruits of free trade—a wider variety of goods and services at lower cost to American consumers. While the benefits of an open trade policy are widespread, there are costs. These costs are focused on the working men and women of America who are adversely affected by import competition.

TAA is for these workers. TAA represents a commitment first made to the American worker two decades ago at the time of the "Kennedy Round" GATT negoitations to reduce tariffs.

TAA was not an embellishment of those talks; it was in a very real sense a condition for them. Just as it was for the Tokyo Round of trade negotiations in the 1970s.

TAA provides extended unemployment benefits (Trade Readjustment Allowances) to help workers pay their bills; retraining benefits to assist displaced workers qualify for new jobs in different sectors of the economy; and job search and relocation benefits to ease the transition.

In the past 10 years, nearly 1.5 million American workers have received benefits under this program.

Yet, ironically, at a time when we are experiencing a "trade shock"—with consequences as momentous as those we felt from the two "oil shocks" in the 1970s—the TAA program is scheduled to expire at the end of this month.

From Jan. 1, 1981 until June 30 of this year, the United States imported $346 billion more in goods and services than it exported. Our 1984 trade deficit of $123 billion was more than triple the 1981 trade deficit.

And the situation continues to deteriorate: the trade deficit for the first six months of 1985 is greater than the entire deficit for 1983.

These numbers are cause for real concern. There is a rough rule of thumb used by the International Trade Commission and the Department of Commerce that for every $1 billion increase in the trade deficit, 25,000 new job opportunities are lost to foreigners.

This means that since 1981 the trade deficit has cost more than 2.3 million job opportunities for Americans.

The need for a program to help workers hurt by imports has never been greater, and last week the Senate Finance Committee recognized such by unanimously approving our legislation, the TAA Reform and Extension Act of 1985. But this initial victory, while significant, guarantees neither passage by the Congress nor signature by President Reagan.

Support for TAA has been uncertain because money is tight and because many claim that the program has not facilitated adjustment by individuals to import competition.

Our legislation would extend the existing program until a new improved program goes into effect—not more than three years after enactment.

The new program directly addresses the two key problems in the existing program: inadequate funding and insufficient adjustment efforts by individuals.

The new program would be funded by a small (maximum 1 percent) fee on all imports. In effect, it would be a user fee—those who benefit from trade would pay for the costs of trade.

It would be a small price to pay for keeping trade open and expanding—and, in fact, the president would attempt to obtain GATT agreement for the fee on that basis.

Under the new program all benefits now available to workers would continue. But workers would now have to agree to retraining in order to receive a Trade Readjustment Allowance. And they would receive a $4,000 tax-free voucher to cover the cost of the retraining program.

Our intention is to require that a worker actually begin the adjustment process by entering any one of a variety of training programs and at the same time improve program administration to ensure that a variety of programs will be available (e.g. offered by state agencies, vocational schools, community colleges, unions or on-the-job training).

A trade adjustment assistance program is not the answer to all our trade problems. The overvalued dollar, unfair foreign trade practices, foreign markets closed to U.S. exports, the lack of a Department of International Trade and lagging American competitiveness, all demand attention—and each of us has introduced legislation to address these problems.

But trade adjustment assistance can, and should, be a complementary effort designed to help American workers adjust to tough, yet fair, foreign competition.

SENATOR BILL ROTH—NEWS RELEASE

WASHINGTON.—The following is the opening statement by Senator William V. Roth, Jr., R-Del., before the Senate Finance Committee regarding his legislation, S. 1544, the Trade Adjustment Assistance Extension and Reform Act of 1985:

"It is not often that a piece of trade legislation is cosponsored by so many members of this committee. I'm pleased to say that we now have 11 members of the Finance Committee cosponsoring S. 1544. Trade adjustment assistance, however, is a bipartisan issue that has unified members. In addition, I am delighted to learn that the Administration is now reevaluating its position in this issue.

"Why is support emerging from all quarters for the extension and reform of this valuable program? Our country is experiencing a trade shock, unprecedented in the history of our country. It is a shock not just because of the magnitude of our global trade deficit ($123 in 1984 and higher this year) but more specifically because imports are now hurting the full range of American businesses—from textiles to semiconductors.

"These economic factors have brought with them two clear political realities: First, the call for protectionist measures is louder and more intense than at any recent period and second, the need for help for individuals hurt by imports is greater than ever.

"This raises the question that is the central focus of this hearing: Is this the time to let the Trade Adjustment Assistance program expire? Because, indeed, it will expire on September 30 unless the Congress acts to prevent it.

"I certainly think the answer to this question is a resounding no, for three reasons.

"First, this is no time to renge on the commitment the Congress made to help workers put out of work by trade expansion in the 1962 and again in the 1974 trade acts. Now is the time to deliver on our commitments—not cast them aside.

"Second, failure to seriously address the adjustment issue and failure to help those hurt by trade can only fan the fires of protectionism, making it even more difficult to define a responsible trade policy for the 80's, and 90's.

"Third, and most obvious, this is no time to let trade adjustment assistance expire because we will leave many people in the lurch.

"Make no mistake, the Job Training Partnership Act is no substitute for the Trade Adjustment Assistance program, as some might suggest. TAA is the only program that provides workers not only with training, job search and job relocation help, but also with additional unemployment compensation.

"Still, support for trade adjustment assistance had been floundering. Why? Because of the costs, because the current program does not have a good record in promoting adjustment and because some have been concerned that we should not have an assistance program for a specific category of workers—those displaced because of imports.

"On this last point, let me make two comments. Today it is estimated that 70 to 80 percent of U.S. production faces import competition, so most dislocated workers would have an opportunity to qualify for this program. Second, to some degree this question is irrelevant. We have a special legal and outstanding commitment to trade-impacted workers.

"The issues of money and adjustment are the focus of the reforms in my bill, S. 1544. Adjustment would be encouraged because participation in retraining would be a requirement for receipt of additional unemployment compensation. Workers would receive a new benefit, a $4,000 voucher to be used to finance this retraining. Funding would be handled through a small adjustment fee on imports.

"This legislation is not a substitute for a fair and effective trade policy. But is it the bottom line for the U.S. worker and it cannot wait for the broader debate on trade. I would propose that we call a short truce in the greater trade debate and move this legislation to the floor before September 30th."

TRADE ADJUSTMENT ASSISTANCE REFORM AND EXTENSION ACT OF 1985—FUNDS A REVISED TAA PROGRAM THROUGH A SMALL FEE ON IMPORTS

Directs the President to obtain GATT approval as soon as possible for countries to be able to impose a small uniform duty on all imports to fund adjustment programs.

Instructs the President to apply such a duty (up to 1% ad valorem) on all imports as soon as the GATT approves.

Requires the President, after one year, to impose a small duty on all imports even without GATT approval, unless: (1) the President certifies to Congress that negotiations are in progress and there is a high probability of their successful conclusion within a year; and (2) Congress agrees and approves fast track legislation suspending the imposition of the fee for one year.

Creates a trust fund for trade adjustment expenditures into which are deposited receipts from the duty.

REFORMS THE TAA PROGRAM TO EMPHASIZE WORKER RETRAINING.

Requires that a worker agree to retraining in order to receive a Trade Readjustment Allowance [TRA].

Provides $4,000 tax-free vouchers for retraining.

Gives workers a wider choice of training programs, including training by private firms.

Limits adjustment assistance for firms to the provision of technical assistance—a program with demonstrated results (loans and loan guarantees will no longer be provided).

EXTENDS THE EXISTING TAA PROGRAM UNTIL THE REVISED PROGRAM IS IN EFFECT (ONE YEAR AFTER THE DUTY IS APPLIED)

PIMA COUNTY, AZ, VICTIM WITNESS ADVOCATE PROGRAM

● Mr. DECONCINI. Mr. President, this month is the 10th anniversary of the creation of the Victim Witness Advocate Program in Pima County, AZ. This program, initially established through a Federal grant during my tenure as Pima County attorney, has for the last 7 years been funded by local sources. This program has been a model for such programs all across the Nation. Those of us in Tucson and Pima County are very proud of our Victim Witness Advocate Program.

Within months of its formation, the program hired four full-time staff members and began training and certifying volunteers to handle crisis counseling followups and social service referrals. Working relationships were established with law enforcement agencies in the Tucson area, and by 1977, a mobile crisis unit began responding to law enforcement requests to help victims on weekend evenings.

In 1978, transition was made from Federal to local funding. Two additional advocates were hired and by the end of the year, the crisis unit was operating 7 nights a week. Law enforcement referrals of crisis situations averaged 135 per month. Utilizing the skills of both staff members and volunteers, services were now available 24 hours of every day.

Neighborhood mediation centers were established in 1979, focusing on small claims disputes and peace bond requests. Working relationships were initiated with social service agencies, and Victim Witness began to accept criminal misdemeanor referrals from the city prosecutor's office.

By 1982, although the paid staff had increased only to nine, volunteers enabled the program to respond to more than 4,300 calls, triple the number handled in 1978. Based on an annual operating budget of under $250,000, the cost of the program was less than 50 cents per year for each Pima County resident.

During 1984, Victim Witness handled nearly 4,800 referrals. Crime victims—homicides, sex crimes, assaults, robberies, and burglaries—accounted for 46 percent of the referrals, domestic and neighborhood dispute calls 35 percent, death notifications 6 percent, and mental health and public welfare 13 percent. In addition, Victim Witness made more than 5,000 contacts relating to criminal justice case information and restitution matters.

Each year, Victim Witness staff members and volunteers provide hundreds of hours of training to law enforcement agencies and community organizations. Staff members also serve as board members, counselors and consultants to many organizations in Arizona.

The Tucson program has been nationally recognized and has received media coverage from ABC World News, Hour Magazine, Nice People, the McNeil-Lehrer Report, the Wall Street Journal, the Associated Press, Life Magazine, and Reader's Digest. A 2-hour, made-for-TV movie based on the mobile crisis unit has been aired twice by CBS and Home Box Office featured Victim Witness volunteers in a 1-hour 1984 special on how crime victims fight back.

These achievements continue to be made possible through a small, dedicated staff, and as a result of more than 13,000 hours of time donated annually by nearly 50 active volunteers.●

RECESS UNTIL 10 A.M. TOMORROW

Mr. RUDMAN. I would inquire of the Democratic leader whether he has any other business he wishes to transact since the majority leader had to leave, and asked if I would close.

Mr. BYRD. Mr. President, the distinguished acting leader is very courteous. I have nothing else on this side.

Mr. RUDMAN. I thank the Democratic leader. I see no one else in the Chamber seeking recognition.

Therefore, under those circumstances, and in accordance with the previous order, I move that the Senate stand in recess until 10 a.m. on Saturday, October 5.

The motion was agreed to; and, at 6:57 p.m., the Senate recessed until tomorrow, Saturday, October 5, 1985, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate October 4, 1985:

DEPARTMENT OF STATE

Joseph Ghougassian, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the State of Qatar.

U.S. INSTITUTE OF PEACE

W. Scott Thompson, of New Hampshire, to be a member of the board of directors of the U.S. Institute of Peace for a term of 4 years expiring January 19, 1989, new position.

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform duties indicated with grade and date of rank to be determined by the Secretary of the Air Force provided that in no case shall the following officers be appointed in a grade higher than that indicated:

MEDICAL CORPS

To be colonel

Sharp, John R., 521-52-9285

To be lieutenant colonel

Kirby Edward E., 407-62-0287
Smalley, James R., 498-48-5194

To be major

Jacobi, Jay P., 447-48-9259
Selvaraj, Ananda, 359-58-9990

To be captain

Rigilano, John C., 158-46-7683

DENTAL CORPS

To be lieutenant colonel

Adams, Louis W., III, 453-84-9258

To be major

Eye, Kenneth R., 233-84-8253
Hastings, Paul F., 323-40-6105
Montgomery, Carlton L., 498-56-7056
Morrison, Stephen R., 218-46-8127
Pemble, Charles W., III, 261-96-2431
Suber, Leitzsey Y., 249-82-0539
Vaughan, James J., 307-54-5669
Wilcher, Derrick, K., 254-92-4877
Wofford, David T., 254-90-8306
Wright, Edward F., 270-50-7458

To be captain

Bauman, Geoffrey R., 308-54-5756
Diaz, Ricardo, 456-27-9538
Frank, Barry H., 563-02-3756
Gamm, David J., 391-58-4955
Grimm, Robert M., 475-60-8594
Perry, Nancy G., 502-60-0981
Salmon, Brad E., 529-78-5189
White, Robert P., 220-60-0305

The following inidividuals for appointment as Reserve of the Air Force, in the grade indicated, under the provisions of section 593, title 10, United States Code with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated:

MEDICAL CORPS

To be lieutenant colonel

Blydenburgh, Joseph M., 099-22-1863
Butler, Henry E., III, 563-56-5642
Garami, George T., 477-42-9787
Heagy, William C., 399-44-1658
Hobler, Kirtland E., 111-30-6640
Hornick, Frederick W., 388-38-2887
Kenney, James M., 393-38-4126

Mumford, David, 145-36-8441
Mustafa, Syed G., 086-48-8735
Proctor, Robert F., 254-48-1021
Stenseth, Jon H., 502-30-2923
Tan, Benjamin S., 219-40-3838

The following individual for appointment as Reserve of the Air Force (ANGUS), in the grade indicated under the provisions of sections 593 and 8351, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform duties as indicated:

MEDICAL CORPS

To be lieutenant colonel

Vondrell, John J., 283-32-8746

The following Air Force officer for appointment as permanent professor, U.S. Air Force Academy, under the provisions of section 9333(b), title 10, United States Code:

Smith, Michael L., 455-66-9690

The following Air Force officer for appointment as permanent professsor, U.S. Air Force Academy, under the provisions of section 9333(b), title 10, United States Code:

Smith, Michael L., 455-66-9690

IN THE AIR FORCE

The following Air National Guard of the United States officers for promotion in the Reserve of the Air Force under the provisions of section 593(a) title 10 of the United States Code, as amended:

LINE OF THE AIR FORCE

To be lieutenant colonel

Maj. Mitchell J. Catoe, 249-80-2039
Maj. Luis R. Colon, 581-84-1390
Maj. Gerrit C. Cormany, 449-76-1046
Maj. John M. Delang, 147-28-1494
Maj. Howard W. Fitzpatrick, Jr., 034-32-0340
Maj. Ronald M. Force, 042-38-3588
Maj. Daniel J. Gibson, 066-34-9540
Maj. Frederick B. Guerrina, 578-56-6514
Maj. John S. Hoffman, 523-58-0913
Maj. Robert LeCouve, 249-68-5378
Maj. Michael A. Lorenz, 297-36-3524
Maj. Lars N. Lundin, 025-28-9326
Maj. Joseph I. Mensching, 360-36-0047
Maj. James D. Miller, 464-78-8011
Maj. Clifford N. Montgomery, 311-48-1457
Maj. John D. Navin, 008-30-2271
Maj. Michael R. Powell, 538-40-2879
Maj. Emmett J. Reese, 424-42-0374
Maj. Thomas W. Riffe, 509-52-4162
Maj. Richard C. Shultz, 425-84-8670
Maj. Steve R. Simmons, 440-40-4134
Maj. Donald L. Steanson, 515-44-9901
Maj. Robert E. Witmer, 179-32-8567

LEGAL

Maj. Learned D. Barry, 231-68-7438
Maj. Craig S. Cook, 529-62-3849
Maj. Larry V. Lunt, 529-58-4398
Maj. Edward J. Strobl, Jr., 132-36-5296

DENTAL CORPS

Maj. Buford O. Gilbert, Jr., 428-90-5289

IN THE AIR FORCE

The following persons for Reserve of the Air Force appointment, in grade indicated, under the provisions of section 593, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated:

MEDICAL CORPS

To be lieutenant colonel

Olsen, Armin B., 305-38-4936
Sebesta, Donald G., 504-36-1183
Solver, Edward A., 351-68-3790

The following officer for Reserve of the Air Force (non-EAD) promotion in the grade indicated, under the provisions of sections 593, 8362 and 8371, title 10, United States Code.

LINE

To be Colonel

Hatcher, Walter T., III, 401-54-9807

CONFIRMATIONS

Executive nominations confirmed by the Senate October 4, 1985:

INTERNATIONAL BANKS

James A. Baker III, of Texas, to be U.S. Governor of the International Monetary Fund for a term of 5 years; U.S. Governor of the International Bank for Reconstruction and Development for a term of 5 years; U.S. Governor of the Inter-American Development Bank for a term of 5 years; U.S. Governor of the African Development Bank for a term of 5 years; U.S. Governor of the Asian Development Bank; and U.S. Governor of the African Development Fund.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Anthony J. Calio, of Maryland, to be Administrator of the National Oceanic and Atmospheric Administration.

EXECUTIVE OFFICE OF THE PRESIDENT

James C. Miller III, of the District of Columbia, to be Director of the Office of Management and Budget.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

SENATE—*Saturday, October 5, 1985*

(Legislative day of Monday, September 30, 1985)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the Honorable Slade Gorton, a Senator from the State of Washington.

Mr. GORTON. The invocation will be offered by the Reverend Richard C. Halverson, Jr., pastor of the Chesterbrook Presbyterian Church, Falls Church, VA.

PRAYER

The Reverend Richard C. Halverson, Jr., pastor, Chesterbrook Presbyterian Church, Falls Church, VA, offered the following prayer:

Let us pray. Father in Heaven, in these most trying days we ask that the peace of God will rule in the hearts of our national leadership. On this day, when many families are accustomed to being together, we pray for the children of those working in the Senate.

Bless our infants in their most impressionable years. Be with our youth who must cope with emerging adulthood amidst the peer pressure and questions of identity. Protect our students who are away from home. And honor our children's children, the strength of future generations.

O God, give us grace when we must be away from our children. And help us to realize the great importance for our investment in them now.

We ask this of our Heavenly Father, Who, for the sake of redeeming mankind, underwent the most severe form of separation from the Son in Whom He has now placed all that He has. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. Thurmond].

The assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, DC, October 5, 1985.

To the Senate:

Under the Provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable Slade Gorton, a Senator from the State of Washington, to perform the duties of the Chair.

Strom Thurmond,
President pro tempore.

Mr. GORTON thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, both leaders have 10 minutes each. I would ask that the 10 minutes of the distinguished minority leader be reserved and that the time I not use be reserved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOLE. Following that, the distinguished Senator from Wisconsin [Mr. Proxmire] has a special order for not to exceed 15 minutes, followed by routine morning business not to extend beyond the hour of 10:30 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

DEBT LIMIT AMENDMENTS

Then the Senate will resume consideration of House Joint Resolution 372, the debt limit extension, probably more importantly the Gramm-Rudman-Hollings amendment, which has been the subject of the discussion so far.

Again, I would hope that we could have some debate on the amendment. I do not see a need for keeping the Senate here if no one wishes to discuss the amendment. They may point out what they perceive to be the shortcomings of the amendment or, on the other side, the strengths of the amendment. In any event, those who have indicated they have not had time to carefully study the amendment now have another good opportunity.

One of the distinguished principal sponsors, Senator Rudman, will be here throughout, and I assume that Senator Hollings and Senator Gramm will be available, too, if needed.

There certainly is a legitimate need to discuss any amendment. This proposal is a rather sharp departure from present law. I hope we could do that today so that on tomorrow if cloture is invoked—though we may do it on Monday—that we can move to final disposition of the amendment and any other amendments that may be offered to the debt ceiling extension. Then we can avoid those problems which have been pointed out by the Treasury Department that will occur next week.

I think there may be some who want to delay this in an effort to help its demise. But I do believe there is strong bipartisan support for the concept.

Mr. President, there are Members on both sides seeking information about this proposal, so this is a good opportunity. I hope we can end up with a nearly unanimous or bipartisan vote.

I detected from the debate yesterday there is considerable support on each side for the Gramm-Rudman-Hollings amendment, and there is some opposition on each side. We have some on this side who will probably not vote for it, and I assume there are some on the other side.

But the important thing is that we will have an opportunity, at least for a while, to debate the amendment.

I will say to my colleagues on both sides of the aisle if no one shows up, there is not much need for the rest of us to stay here.

Mr. LONG. Will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. LONG. I want to say to the distinguished leader that I hope very much we will have debate today of the caliber that we had yesterday. I thought that was a very fine and informative debate.

As one who is thinking of voting for the amendment, or at least leaning in that direction at the moment, if I had to call it, I would say that the proponents of the amendment won the debate yesterday. I think they made the better arguments on the whole, although there were some very good arguments on the other side.

I do believe we might be able to improve the amendment as we hear all details. I also want to ask some questions as we go along today. This involves some problems that I think we ought to be careful of. I am satisfied that this is such a far-reaching step that it would serve us well to have the best input that everyone can offer in both Chambers. Even a blind hog finds an acorn now and then, sometimes in a source you might never expect. So some people might have a way of improving this amendment in a way that we did not anticipate. If so, so much the better.

I am very pleased, as the ranking member of the Finance Committee on this side, to say that this type of thing I believe has been too long in coming forth. The people of this country do not favor $2 trillion of national debt. The sooner we get on the glidepath to

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

a balanced budget, the better off we are going to be.

I personally think that we Democrats would do well to let the public know that we are also concerned with fiscal responsibility and we also want to control spending. If need be, we will vote for taxes in order to be fiscally responsible to this great country of ours.

So I hope the Senator will recognize that most of those engaged in this debate legitimately share the principal objective of the Senator.

Mr. DOLE. I am glad the Senator made that point. I meant to do that yesterday evening before we recessed.

Mr. President, I can understand the need for discussion of this amendment. I pointed that out to the distinguished Senator from Colorado, who is just as concerned as the rest of us about where we are headed as far as the deficit is concerned.

Mr. President, that is why Senator RUDMAN is here, with others.

I will yield the floor and hope we can start the debate right now.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the distinguished Democratic leader is recognized.

DEBT LIMIT AMENDMENTS

Mr. BYRD. Mr. President, I wish the distinguished majority leader would consider my suggestion of yesterday. I am sure he has considered it some, but I wish he would consider it further.

We Democrats are not interested in bringing about the demise, to use the words of the distinguished majority leader, of an effective effort to bring this budget deficit under control.

The problem with voting on the pending amendment simply lies in the fact that we did not see that amendment until yesterday around 1 o'clock, 1:30, 2 p.m. It is not an amendment that just contains one or two lines. I finished reading the modified amendment this morning about 4 o'clock—and it is not just a matter only of reading the amendment. One has to go back to the references, whether it be chapter 31 of the United States Code, or whether it be section 380 of the Budget Impoundment Act. To get a clear understanding of the amendment, one has to track the references, and that is a time-consuming effort.

What I want and what I am sure others on this side want, and I hope some on the majority leader's side, is time. I do not think we should have to legislate with a cocked gun at our temples.

This measure could have been brought up in the Senate earlier. I offered to the distinguished majority leader—I had not been asked to waive the 3-day rule at all—but on Wednesday of this week, I offered to waive the third day of the 3-day rule so we could get on to the debt limit. But it was not called up until Thursday.

It was reported to the Senate on Thursday, September 26—a week ago this past Thursday—but not called up for action until this past Thursday. If the Gramm amendment were a two-sentence amendment, perhaps it would not be so difficult. It consists of about 40 pages and gives some additional authority to the President. It may be possible, if both sides got together, to work out over a period of 10 or 15 days a bipartisan approach to this matter. But as it is, here we are going to come in on Sunday, the Sabbath, to try to invoke cloture.

That does not have to be done. We could just extend this debt limit for 10 days or 15 at the end of which it has to come back on us. We are not going to be demising anything. It would be back.

In the meantime, as I said yesterday to the distinguished majority leader, we on this side would be glad to sit down and try to work out an agreement to provide for a date and a time certain for votes on the Chiles-Byrd amendment, the Johnston amendment, and the amendment offered by the distinguished Senator who is on the floor [Mr. RUDMAN], and other amendments.

In the meantime, we could have a short extension of the debt ceiling so that the Government does not stop operating, nobody gets hurt, nobody's checks are stopped.

I understand, by the way, that the Social Security checks have already gone out. Social Security would not be affected by this amendment anyway. We have not had any hearings on this amendment; yet, it is a major change in the budgetary process.

Perhaps the process needs a change, but we also need some time to understand the measure and know where we are going. There is absolutely no reason why we have to come in on Sunday and invoke cloture on a matter which was called up only the day before yesterday.

Mr. HART. Mr. President, will the leader yield for a comment?

Mr. BYRD. Yes, Mr. President.

Mr. HART. Some of us are here on Saturday to hold a hearing. I happen to disagree with the Senator from Louisiana; I did not think it was a good debate yesterday. The Senate is in here today to hear this measure. That is what we have. I want a debate. I do not want to hear long-winded speeches and throwing our arms in the air and talk about getting religion. Let us hold a hearing in the Senate today. Let us have the sponsors answer some questions.

There have not been any hearings.

I know I heard the majority leader say he does not want anybody to read this measure and he does not want opposition to form to it. But in my time here, I have learned that the stronger a measure is, the stronger it is going to become under the intense light of scrutiny and the weaker it is, the weaker it is going to become. The sponsors of this measure should not want to rush this measure through. If it is a strong measure, it will hold up under scrutiny; if it is a weak measure, it will not. That is all we are doing, sitting as a Committee of the Whole and working through the normal process.

But the leader is exactly right. We could have gone through the normal process and still done this the right way.

Mr. BYRD. Mr. President, I thank the Senator for his comment. I know of no Senator on this side of the aisle who is more eager to reduce the Federal budget deficit than the distinguished Senator from Colorado. But let us have a little time. I would hope there could be a committee hearing. The Senator is right: We have a Committee of the Whole here, as it were. But if a standing committee could conduct some hearings and have witnesses in—and this need not extend beyond 10 or 15 days—and let us understand the effects of the amendment, we could go about this thing in an expedited but orderly way. In the meantime, nobody gets hurt.

We extend the debt limit 10 days or 15 days. This Sunday session is a joke. We have had Sunday sessions before, true, and there are occasional times when it is absolutely necessary. But this is not necessary. We could act today to extend the debt limit, or on Monday. The House is in session, I guess, on Monday, and we could extend that time limit and, in the meantime, have the committee look at it and, I hope, adopt an approach that would result in an appropriate, effective, and fair reduction of the budget deficit.

I make this request of the distinguished majority leader: I hope that he will favorably consider my proposal.

Mr. DOLE. Mr. President, let me indicate for the RECORD that we are willing to consider all proposals, but I would want to do that in concert with my colleagues on both sides of the aisle who believe we ought to do it now. We have already demonstrated for the whole year that we are not going to reduce the deficit in this body. We are going to talk about it, make speeches.

We finally squeaked a bill through by one vote on deficit reduction after months of haggling and it was not very bipartisan, as I look back on it. This is an opportunity that I do not believe the American people will forgive us if we let slip by.

Having said that, I do not quarrel about the need for debate. I see now another principal sponsor on the floor and I think they are prepared to go into detail about their amendment. If there are questions, I do not know of any better expert on the budget than some of those we have on the Senate. They have been on the Budget Committee, they understand the budget process. What we are doing is amending the budget process. I do not know that we need outside witnesses. We have the distinguished Senator from South Carolina who has been a member of the Budget Committee for a long time.

We have other members. The Presiding Officer is a member of the Budget Committee. The distinguished Senator from Texas is a student of the budget process, as is the distinguished Senator from New Hampshire. So we have all kinds of experts in this body, and I think they have our confidence. At least many of us on both sides of the aisle have confidence in their statements and their leadership. So we will listen to any procedural proposal, but there is no short debt limit extension before now. There is not any vehicle here to extend the debt ceiling for 5 days or 10 days. The only vehicle we have is one that is pending. That was passed by virtue of the House budget resolution sent over here. It is a 1-year extension, to which we have an amendment pending. So there is not an extension of 5 days, 10 days, or 15 days from the House side. At this point I am going to yield the floor and hope we can start the debate after Senator PROXMIRE's special order. I am prepared to let it go as long as Members are willing to debate it.

RECOGNITION OF SENATOR PROXMIRE

The **ACTING PRESIDENT** pro tempore. Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is recognized for not to exceed 15 minutes.

EDITORIAL OPINION ON THE GRAMM RUDMAN HOLLINGS AMENDMENT

Mr. PROXMIRE. Mr. President, I am going to speak briefly on several matters not related to the issue before us, but before I do I want to read into the RECORD two editorials from two of the outstanding, most highly respected newspapers in the country, the New York Times and the Washington Post, on this issue. The editorial by the New York Times particularly demonstrates why this is such a controversial proposal. As I have said before, I intend to vote for this amendment, I expect to vote for it, but I think the minority leader is 100-percent correct; we should know what we are doing and I do not think we know that now. We should certainly be in a position to meet the objections posed by the New York Times which, as we all know, is a highly responsible and highly intelligent organ of opinion. Let me read it. It is as follows:

> [From the New York Times, Oct. 4, 1985]
>
> #### THE BALANCED BALONEY ACT OF 1985
>
> Frustrated by the failure to reduce the breathtaking Federal deficit, Congress and the President are ready to fasten onto a fantasy. Dreamed up by Senators Rudman of New Hampshire and Gramm of Texas, both Republicans, it promises to balance the budget by 1991. The idea is appealing but this approach is perilously unbalanced.
>
> Congress's frustration is easy to understand. This year, again, it has struggled to cut one program after another only to wind up with yet another huge deficit. The plan responds handsomely to the prevailing mood of desperation.
>
> Here is how it's supposed to work: The deficit for fiscal 1986 is assumed to be $180 billion. Deficits in following years would be reduced to zero in equal yearly steps. If the President and Congress failed to agree on how to achieve the goals, the bill would require across-the-board spending cuts—with important exceptions.
>
> The first flaw is the starting point. The official estimate for this year's deficit is low, maybe $20 billion too low. Second, aiming at zero is arbitrary, perhaps dangerously so. Big cuts in the deficit are essential. But perfect balance isn't necessary by a given date. Forcing its achievement could, depending on economic conditions, start a recession or stifle a healthy recovery.
>
> Third, the approach is unbalanced and unfair. The trigger mechanism would affect only spending, and not all of that. It would not cut interest on the debt of Social Security and would leave vague leeway for increases in other "uncontrollable" costs. No tax increases are involved and no controls would apply to rising "tax expenditures"—revenues lost to deductions and exemptions that add to deficits just as spending does.
>
> The final flaw concerns credibility. Congress may solemnly demonstrate its firm resolve with legislation—but everyone knows Congress can act even faster in the opposite direction. The 95th Congress passed a law requiring a balanced budget by 1981. The 96th repealed it.
>
> Senators Rudman and Gramm, now joined by Senator Hollings, give their scheme the title "Balanced Budget and Emergency Deficit Control Act of 1985." Beware. The only way to balance the budget and control the deficit is to cut spending equitably, which neither the President nor Congress seems able to do; or raise taxes, which the President refuses to do; or both. No wonder everyone's rushing to embrace this choice bit of balanced baloney.

That is a strong conclusion, Mr. President, but that comes from the New York Times which, as I say, is a thoughtful newspaper and its editorials are not usually given to exaggeration. They feel strongly on it and I think we should, as I say, go into this in some detail.

Now let me read the other editorial from the Washington Post:

> [From the Washington Post, Oct. 4, 1985]
>
> #### FORCING THE DEFICIT DOWN
>
> The problem all year in cutting the deficit has been that major players have wanted to exempt from the process large chunks of the budget. The president will not hear of a tax increase and has tried to protect the defense build-up. The Democrats and the president have both put Social Security off limits. Defense and Social Security, together with interest on the debt, are two-thirds of the budget. The remaining third includes such weighty items as Medicare, the farm programs, all the federal welfare programs, unemployment compensation and all federal aid to state and local governments. The entire burden of deficit reduction is too much to be borne by this third alone.
>
> Just this week the acting director of the Office of Management and Budget warned the Cabinet that the deficit in the fiscal year now begun is likely to be not the roughly $180 billion last officially forecast, but again about $200 billion. That is not a manageable figure; its effects will be to prop up interest rates and the dollar and further squeeze both interest-sensitive and trade-sensitive industries. Yet the Senate, in connection with the debt ceiling bill, has resumed the exemption game. The bill would lift the debt ceiling—the limit on debt the Treasury can have outstanding at any given time—to more than $2 trillion.
>
> Sens. Warren Rudman and Phil Gramm had drawn up a compensating amendment to stiffen the congressional budget process at the same time and reduce the deficit in equal stages to zero over the next five years. If Congress failed to meet the deficit target in any year, the amendment would empower the president to make the necessary cuts, but under a formula. Half would come from entitlements, the semiautomatic spending programs, including Social Security, in which benefits go out pretty much to all who qualify and apply. But entitlements could only be cut to the extent that inflation was raising their costs that year. The rest of the deficit reduction would come in equal cuts across the board from so-called discretionary spending, more than half of which is for defense. The idea was to force Congress to act and to legislate in advance a more or less even spread of spending cuts if it did not.
>
> But Messrs. Rudman and Gramm then moved to plump up their proposal by exempting Social Security. One quick effect of this would be to put more pressure on other entitlements, including food stamps and other programs for the poor. Social Security, which goes to people in all income brackets, would not be cut; programs for just those in the lower brackets would be. A second effect would be to put more pressure on the defense budget than some of the sponsors may realize. This is the wrong way to adjust the amendment.
>
> The ranking Democrat on the Senate Budget Committee, Lawton Chiles, would adjust it a different way. His proposal is to have a third of the burden borne by a tax increase, a third by defense and a third by domestic programs, except those for the poor. In many ways that is fairer—but Mr. Chiles, too, would exempt Social Security.
>
> The Rudman-Gramm proposal is not an ideal device. On the contrary, it is a clumsy way to legislate and, if not an abdication, at least an evasion of responsibility. The system ought to be able to produce better than prefabricated budget cuts. But apparently it cannot, and the question now is

what kind of forcing mechanism to adopt. Our sense is the broader the better. The president and Congress have spent most of the year narrowing the target instead, and it hasn't worked.

THE STRUGGLE TO STOP THE ARMS RACE MUST GO ON

Mr. PROXMIRE. Mr. President, for 3½ years this Senator has been making speeches daily on the floor of the Senate pleading with my colleagues to support an end to the nuclear arms race. What is the purpose? Assume that Members of the Senate were persuaded to act to stop the arms race. What could we do about it? This Senator has not called for the Congress to use its absolute power over Federal appropriations to stop Federal spending on nuclear arms. Why not? Because such action, if politically possible, which it is not, would be a serious mistake. Neither this Senator nor any other Senator or Congressman favors a unilateral cessation of nuclear weapons funding by the United States. This Senator does very strongly favor negotiating a mutual, and it must be mutual, agreement with the Soviet Union for both superpowers to stop the current feverish nuclear weapons buildup. It absolutely must be a two-way street. What does that mean? It means the assurance that both sides will abide by the treaty must be certain and clear. We must know beyond reasonable doubt that the Soviet Union cannot cheat on the treaty—cannot surreptitiously continue to test, produce, and deploy nuclear weapons without the knowledge of this country and without opportunity for prompt recourse by the United States.

So this Senator has been pleading for a mutual, fully verifiable, comprehensive agreement with the Soviet Union for both superpowers to stop their nuclear buildup. But, again, what good does the plea in the Senate of the United States do? Even if every single Member of the U.S. Senate and the House agreed wholeheartedly, what could the Congress do? Action depends not on congressional funding, it depends on Presidential—I repeat, Presidential—negotiations. The President and only the President can negotiate with the Soviet Union. Only he can initiate and sustain such negotiations. Only the President can decide whether or not to seek an agreement and whether or not to accept such an agreement. As a matter of power and authority, the Congress has no real voice whatsoever. None. Oh, yes, the Senate technically is required to ratify or reject any treaty the President may sign with the Soviet Union to stop or slow the arms race. Ah, but the opportunity for any Senate action depends entirely on the President. If the President does not like the agreement, he simply directs his negotiators to reject it, and he refuses to sign it. But suppose the President supports the treaty. Can it become the effective policy of the country without Senate approval? The answer is: Yes. That is why SALT II is in fact the settled policy of the country today. It was signed by President Carter. President Carter recognized that the Senate might refuse to ratify it. So he did not submit it for Senate ratification. He simply announced that we would abide by it. President Reagan ever since he took office nearly 5 years ago could have announced that the country would not recognize the SALT II Treaty. He and he alone decided we should abide by it. So we do.

Is the SALT II Treaty alone in this respect? No, indeed. In 1974, President Nixon signed the Threshold Test Ban Treaty limiting underground nuclear weapons tests to 150 kilotons. This was another crucial arms control treaty. Has the Senate ratified it? No. Is it the policy of our country to abide by it? Yes, indeed. Who says so? The President. Does that make it effective? It sure does. It is every bit as effective as if the Senate unanimously ratified it.

So what fragment of power is left to the Congress in this most critical of international concerns—arms control in our dangerous nuclear world? The answer: practically none. So why preach the kind of sermons this Senator delivers every day: an end to the arms race, a nuclear freeze, when President Reagan represents the only game in town, the boss, the whole show, the absolute monarch? Aren't these daily speeches pleading for an end to the nuclear arms an act of supreme futility?

The answer to that one is not easy, Mr. President. The answer is that yes, President Reagan will be in office until January 20, 1989. But America will be faced with the nuclear arms race either until we end it by a mutual, verifiable treaty or we die in a holocaust. This is the toughest of times to keep a struggle for arms control alive. We face an administration that has the strongest, most emphatic and consistent record of opposition to ending the arms race since the dawn of the nuclear age 40 years ago. As long as Ronald Reagan is President, an arms control agreement ending the arms race is dead. That is a fact. Let's face it. That means we must persist for at least the next 3 years and 4 months with the full knowledge that success and an end to the arms race cannot come at least until that time has elapsed. This is exactly the time when the strong convictions of the American people, so powerfully and overwhelmingly expressed in statewide referenda that we must end the arms race could literaly die of discouragement. A voice raised day after day in the Senate striving to keep the hope and prayer of comprehensive arms control alive may seem forlorn and futile. But the cause is the most important on Earth. It is literally the choice between life and death. And this Senator intends to play his part, however limited it may be, to keep that cause alive through these speeches, for as long as it takes.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that the Reagan administration's tax cuts have significantly increased business expenditures for new plant and equipment.

For 5 years we have listened to supply-side wizards berate the Carter administration's tax policy while proudly proclaiming that Mr. Reagan's tax cuts would significantly increase capital spending. Heavy supply-side tax reductions, they argued, would create new jobs, enhance the competitiveness of basic industries, spur production, and stimulate new investment.

Finally, Mr. President, the Department of Commerce sets the record straight, proving again that Reaganomics is more fiction than fact.

According to the Department of Commerce, real growth in annual expenditures for new plant and equipment during the first Reagan administration was a whopping 58-percent lower than during the Carter administration.

When President Carter entered office, real—that is allowing for inflation—annual expenditures for new plant and equipment totaled $130 billion in 1976. By the time President Carter left the White House in 1980, real annual expenditures had grown to more than $171 billion, an increase of over 31 percent. How did capital spending fare under the first Reagan administration? Not nearly as well. Expenditures grew to just $193 billion in 1984, a paltry 12 percent-increase during Reagan's first 4 years.

Ironically, in the 1985 Economic Report of the President, President Reagan bristles with pride because real capital spending rose 15 percent from 1983 to 1984, one of the largest single increases in postwar history. The report thanks President Reagan's tax cuts for the healthy increase. Well, I say, "no thanks." Real expenditures rose 15 percent in 1984 because businesses resumed investing after the 1982-83 Reagan recession during which investment actually dropped 4 percent. Mr. Reagan is always saying America is back. In this case he is right. America's capital spending is back, back to where it started before he took office.

It is a myth, plain and simple, that tax cuts by themselves significantly increased capital spending. It is no myth, however, that tax cuts increased the deficits. Four and a half years after entering office the Reagan administration has doubled the national debt, adding nearly $1 trillion in debt.

Mr. President, businesses invest in new plant and equipment when demand for their products increases or when plant and equipment become obsolete, not merely when their taxes are lowered. The only significant increase we get from large tax cuts is large corporate profits and massive Federal deficits. When will the supply-side wizards stop supplying us with this myth?

THE DEATH OF HEINRICH BOELL

Mr. PROXMIRE. Mr. President, the legacy of the Holocaust is one that must be remembered so that genocide is not repeated but it is also important that the German people move ahead. The recent death of Heinrich Boell, the German Nobel Prize winner for literature in 1972, marks the loss of a postwar German hero. Mr. Boell was a symbol of German progress after the demoralizing reign of Hitler.

Boell bridged the gap between those Germans who had experienced the inevitable guilt after the war, and those younger Germans who had experienced the guilt of their forefathers, but not of the war itself. Boell's long and illustrious writing career was characterized by a certain reverence for life, a quality common to his more than 40 novels, short stories, and radio plays.

Boell was more of an activist than an observer and was, thus, not content merely to write about society's problems. Among his activities was providing refuge for prominent Soviet dissidents, including Alexander Solzhenitsyn.

Boell served as president of Poets, Playwrights, Essayists, and Novelists, known by its acronym PEN, an organization dedicated to defending literary freedom around the world. Boell spoke out on behalf of writers who were harassed and banned by hostile Governments in Greece, the Soviet Union and East Germany.

Boell's passing in many ways marks the passing of an era, for he more than any other person embodied the spirit of postwar Germany and provided insights into its complexities. He was the conscience of postwar Germany—a man who had learned that World War II's violations of humanity must never occur again.

Although Boell had been a soldier in World War II and noted that many Germans had been victimized by the war, he did not excuse them, or himself, for having participated. In the years after the war he explored the questions of German guilt and responsibility in his novels.

The new generation of Germans was an important target for Boell. The new generation is struggling with its own guilt and is attempting to define a new German identity. Boell was the elder statesman of the peace movement in Germany, lending it legitimacy while carefully advocating a new patriotism. Boell defined this patriotism in rather narrow terms saying "Patriotism means simply coming to the consciousness of a common German right to live."

Boell's role in the peace movement symbolized his commitment to making Germany active again. Boell spoke at the October 1981 demonstration against deployment of the Pershing missiles in Western Europe saying:

> The politicians have the choice to make us into apathetic cynics. They can, if they choose, have a paralyzed population on this planet, paralyzed by a pestilence of weapons and by the staggering number of weapons arsenals. We do not want to be paralyzed.

Boell was also extremely critical of the paranoia about security which he felt was gripping West Germany and undermining basic rights to freedom of political expression. Boell's insistence on the maintenance of civil liberties posed a serious problem for Government officials whose primary concerns were the security of the nation and the stability of the Government.

In Germany, reactions to Boell were mixed. The left embraced Boell and looked to his works and political activism for inspiration while the right denounced him.

Boell's passing is a reminder of the generation of Germans who remember the war and have lived with the collective guilt of a nation. Mr. President, the legacy of Boell is a mandate to continue the struggle against war and to fight for basic human freedom.

Let us remember Mr. Boell's example and stress that genocide can never be allowed to happen again. Ratification of the Genocide Convention would echo Boell's message that genocide can neither be forgotten or tolerated. I urge the Senate to act now on the Genocide Convention, action which it has pledged to take during the 99th Congress.

ROUTINE MORNING BUSINESS

The **ACTING PRESIDENT** pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond 10:30 a.m., with statements therein limited to 5 minutes each.

CONCLUSION OF MORNING BUSINESS

The acting president pro tempore. If there is no further morning business, morning business is closed.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

The acting president pro tempore. The Senate will now resume consideration of House Joint Resolution 372, which will be stated by title.

The assistant legislative clerk read as follows:

> A joint resolution (H. J. Res. 372) increasing the statutory limit on the public debt.

The Senate resumed consideration of the joint resolution.

Pending:

(1) Dole amendment No. 729, to provide for a balanced budget and emergency deficit control.

(2) Dole modified amendment No. 730 (to amendment No. 729), of a perfecting nature.

DOLE AMENDMENT NO. 730—(THE GRAMM-RUDMAN-HOLLINGS AMENDMENT)

Mr. RUDMAN. Does someone have the floor at this time?

The **PRESIDING OFFICER.** The Senator from New Hampshire has the floor.

Mr. RUDMAN. I thank the Chair. I will hold it very briefly. I know the Senator from Colorado has a number of questions.

Mr. President, it seems to me that when all is cut away from the subtantive part of the debate on this issue, there are really only two areas that seem to be in question.

One issue is, how is the budget process changed? I must say that although it does take some cross-referencing, the amendment pending is really rather clear.

I also point out that, while the Democratic leader pointed out that a new amendment was sent to the desk yesterday, the changes made were only technical and conforming, and a comparison of the two will show that.

Mr. President, the second issue raised by the Senator from Colorado and others relates to whether or not we are giving the President some power that he does not now have. That is a very legitimate question. It is something that should be discussed to everybody's satisfaction. But, for the record—because I do not know how many of our colleagues are here—I hope that each Member of the Senate, himself or herself, not relying on staff, will take 15 minutes of their time, and I hope the media does the same, and turn to pages 21 and 22 of the pending amendment, which describe how the method works, and then turn to page 31 of the pending amendment, which defines the terms. After reading those two sections, I believe that everyone will come to the conclusion that what the President does is ministerial, and that he has no discretion. The pending amendment sets the parameters for his action.

I make this further offer: I believe the Senator from Louisiana made a statement with which I agree completely. If, in fact, after looking at those two sections, which are the pertinent provisions, anyone here makes a reasonable case that the drafters have made some error in not delimiting the President in a very strict way, particularly in light of the Supreme Court case involving former President Nixon and the impoundment issue—if anyone believes we have missed that mark by so much as a hair, then I believe we should change it and improve it.

We all have very eloquent and bright staffs. There are many legislative lawyers working for the Senate. I would like them all, between now and Monday, to read those two pages; and if anyone believes that there is any kind of gap whatsoever, then I think we should change it. I know that Senator HOLLINGS and Senator GRAMM agree with that. I do not think it needs changing, but we should look at it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. RUDMAN. I yield.

Mr. LONG. Mr. President, it seems to me that in view of the significance of this act and its importance should it become law, we should have it before us in printed form, rather than typewritten, as it appears at the moment.

If the Senator will permit, I ask unanimous consent that the Gramm amendment be printed and that a copy be placed on the desk of each Senator.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LONG. Mr. President, I also urge the Senator that by the time we get back here, at least by Monday—because I do not think cloture will be invoked on tomorrow—he and his cosponsors make available to us some type of document in which would be printed the sections of existing law they would amend, with the amendment in italics or underlined, so that we could see how this amendment changes existing law.

For example, when one reads the amendment, it says, "Strike certain sections," "Strike this language and insert the following language." In order to understand it, you really need to have available the statute that is being amended, which I think, for the most part, is the Budget Act. With that information available, we can better look at the problem.

I want to get this matter straight with the Senator, because I think it is important. As the Washington Post editorial pointed out—and Mr. PROXMIRE read that correctly into the RECORD a few moments ago—the broader the fiscal responsibility can be spread, the more successful the amendment is likely to be.

As one who serves on the tax writing committee, it especially impresses this Senator that, sooner or later, taxes will have to be part of the answer. I should like to ask the Senator this question about how this amendment would work if we faced an excess deficit that had to be reduced.

In the event that Congress should pass a measure that, let us say, would achieve one-third of the result with taxes and two-thirds of it with spending, would that satisfy the requirements of the Gramm amendment?

Mr. RUDMAN. I will be pleased to answer the question, and I will yield the floor very soon to the Senator from Colorado, who has been waiting patiently for recognition.

Let me say first that I agree totally with the Senator from Louisiana that what we should have for Monday is the new statute printed up, with underlying sections where there are changes. As one who in his career has drafted and read many statutes, I agree that it is hard to go from the original to the amendment. That will be done this weekend.

The second point I want to make before answering the question is that the Washington Post said that Social Security should be included. It was included in the original proposal, and we were told overwhelmingly in this body that there would be a move to strike it and it would carry by a vote of about 80 to 20. I would like to have Social Security included, because I agree with the sentiments expressed by the Senator from Oklahoma yesterday; but if it were included, this measure would die.

As to the specific question asked by the Senator from Louisiana, under the procedure with respect to the time the sequester order goes into effect, the President must then notify Congress, first, of the effects of the sequester, line by line, which would be a computer printout, and, second, what he believes the alternatives should be, if any. Those alternatives could include a different kind of cutting or could include a revenue measure, as the Senator form Louisiana correctly points out.

Congress then has the opportunity to adopt what the President has done or, what is much more likely—because, if people want to face it truly, this is an action-forcing mechanism—Congress will come back with what it wishes to do.

Let us, for hypothesis, assume that Congress says there was a $8 billion shortfall which the President has sequestered—$4 billion against discretionary, $4 billion against entitlements—and we do not want to do that. We want all those to remain at the original levels. We want $8 billion in revenue. Congress passes a revenue bill for $8 billion and the President signs it.

The question of the Senator from Louisiana was, under those circumstances, what happens to the sequester order? The answer is that it is vitiated.

Mr. LONG. I happen to think that the amendment would be better with Social Security in it, even though I was one who voted against any Social Security cuts when the budget measure was before us.

My feeling about it is that if we were in the situation of needing a big cut, it would be best for it to be so Draconian in nature that Congress would be absolutely compelled to pass something reflecting the best judgment of Congress as to how to meet the problem.

If you are trying to pass a tax bill—and this Senator has had to do that type of thing in his 36 years here—you will find it much easier to do so if you can say that if we fail to pass this tax bill, those dear, old people are going to have their Social Security checks cut, and the only way you can assure them that they will get their full cost-of-living increase is to vote for this tax, and the only way you can assure the Government retirees that they will get their full retirement and cost of living is to vote for the tax. It has been the experience of this Senator that you can always pass a Social Security bill, even with a big tax if you can show people that this was necessary in order to provide adequately for the Social Security beneficiaries and others.

That is why this Senator thinks, even though I do not want to cut Social Security, that if such a cut is one of the things that happens if Congress does not act, Congress will be absolutely forced to either reduce other things or else to vote for a revenue measure.

Mr. RUDMAN. Let me say to the Senator from Louisiana that the Senator from Oklahoma told us yesterday that, once this amendment is acted on and hopefully adopted, the first amendment he will offer will be precisely that amendment. Obviously what the Senator from Louisiana is saying is the more you raise the stakes the more you force responsibile action, and I agree with that completely.

The guiding philosophy behind this particular amendment, the Gramm-Hollings-Rudman amendment, is simply that what happens now is that we face the hard choices. But we are unable to make the hard choices. So we appreciate all the money, but we find no way of raising the money. So we do not cut the programs. We do not raise taxes. And here we are at a $2 trillion national debt.

I might say in response to something else said here this morning, the reason why this has spread like a firestorm through this city is not because of the great brilliance of the drafters of this amendment. I would like to say that, but, of course, it is not so. The reason this has spread like a firestorm and why the public is now paying attention to it is that all of a sudden people are saying, "Good Lord, they are talking about raising the debt to $2 trillion." And there is something dramatic

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about that. It is as dramatic as the case of the man who climbs the twin towers in New York and the entire country rivets its attention on that event, or the tragic events in Mexico where the entire world rivets its attention on the plight of a young boy who may be saved this morning. People get their attention riveted by very interesting events. And the sponsors of this assumed that when the Senate was confronted the $2 trillion figure we would suddenly be riveted on it. The American public would be riveted on it.

To those who would like to delay this for a few weeks, I must say that once that riveting is gone we will have lost the opportunity to make a responsible change.

So I agree with everything the Senator from Louisiana has said this morning, as I most often do.

Mr. LONG. May I say to the Senator it is not likely that this matter is going to lose public attention or public interest as long as we are holding up to them this $2 trillion figure. I happen to believe that it will be necessary in the consideration of this measure to pass some short extender for perhaps a week, or whatever, to give Congress time to adequately debate and discuss the various aspects of this proposal.

But I am fully convinced in my mind that the more the public understands what we are talking about here, the stronger the public is going to be for it because the people do not think we should go $2 trillion in debt; and they think that, if we do have to have that much debt, we at least should have some firm provisions in the law to stop this debt from doubling again. Otherwise, we would be just taking this Nation down a path which leads eventually to something very bad for this country. Some economists seem to think you can go into debt indefinitely by enormous amounts of money and nothing very bad is going to happen.

I do not think the American people feel that way. I do not, and I know that the Senator does not feel that way.

Something very bad will happen to this country at some point. I do not want to find out what it will be. I would rather get our fiscal house in order.

So I think the Senator is sponsoring a very worthy amendment. If it has any imperfections we should discuss it and try to correct it. But the purpose I believe is completely correct, that there should be restraints on spending and a requirement that Congress be fiscally responsible for the future.

Mr. RUDMAN. I thank the Senator from Louisiana.

Let me say that I look forward in the coming days, and I hope they are fairly limited, that the Senator from Louisiana with his experience and wisdom, which is almost unparalleled, along with the Senator from Mississippi who sits here this morning, that their collective wisdom can contribute to improving this amendment. None of us want to know what will happen if the economy finally collapses because of what we have been doing with irresponsible spending for so many years.

I hope that we will have a good dialog here this morning, that the floor of the Senate will be what it should be, a place to discuss ideas in an atmosphere of deliberation and coolness, and hopefully something will come out of this that will be good for the American people.

I yield the floor.

Mr. SYMMS. Mr. President, will the Senator yield for a question?

Mr. RUDMAN. I yield to the Senator from Idaho.

Mr. SYMMS. Mr. President, I want to ask one question.

The distinguished chairman of the Finance Committee and I had a colloquy on this the other day. Oftentimes people come in here and say that now we have already spent the money and we now have to borrow the money to pay the bills. But in fact, what we are talking about doing is extending the debt limit to cover Fiscal Year 1986's projected deficit.

Is that not correct?

Mr. RUDMAN. The Senator is quite correct. There has been some misunderstanding in the public press about what this increase in the debt limit is for. This is not for past bills. This is to allow the Government to start paying the bills that we are going to be accumulating for all of our fiscal year 1986 budget decisions.

Mr. SYMMS. If the Senator will yield further, this is why I totally concur in what the Senator from Louisiana said about what the American people think about this because I hold numerous town meetings in my State, and I can assure my colleagues people in my State and around the country wish we could go on a cash basis with the Federal budget, do like they have done into their households, do like they have done in the lumber companies. Everywhere I go in my State, people are getting 5-percent, 10-percent reductions in their pay so that the lumber company can stay in business. The miners are taking less pay. The farmers are under a very restricted budget by the bank or by the Farmers' Home Administration, or who ever is financing them.

They look at the Federal Government and wonder why do not the rest of you go on a cash basis.

I totally concur with the Senator from Colorado, in what he said on the floor yesterday. There would be no crisis of any great proportion if we did not raise the debt ceiling. I mean if you want to compare it with what happened in Mexico City, it is not a crisis. We have to restrict the salaries and wages and maybe the days the people work for the Federal Government. We might have to have massive holdbacks. But the end of the world would not be here. People would still go to work the next morning. We would still have the great productive capacity in our economy.

I just think the Senators from New Hampshire, Texas, and South Carolina deserve the commendation of all of the Senate, and they have my commendation, and I will support their amendment.

But I am one of those people in the Senate who would like to see Congress not raise the debt ceiling and let the Chief Executive officer of the country do what the President is supposed to do and take command of the financial problems of this country and act as Chief Executive officer and do what the head of every major corporation would do or small business or housewife, who runs the family budget would do, and decide what the priorities are of the Federal Government and establish some priorities and run this country on a cash basis because it is $200 billion we are asking to raise. And I say to the Senator in my question—we are asking to raise $200 billion, but last month the Government ran a $3 billion surplus. So it will not be $200 billion every month. And this bunk the people say we will not be able to mail the checks out is pure hogwash.

Mr. RUDMAN. I believe the answer to the question is yes.

I yield the floor.

Mr. HART. Mr. President, we are considering legislation to raise the statutory limit on the debt ceiling bill. The reason I mention that fact is that it seems to have been lost in the debate which is now almost exclusively devoted to a rewrite of the Budget Act if not the Constitution itself on the Senate floor.

It is instructive, Mr. President, to consider the length of time put into the bill for the act we are now considering substantially rewriting. The Budget Act was first introduced by Senator Ervin on April 11, 1973. It was introduced in the House of Representatives 7 days later. In November 1973 the House of Representatives and Senate committees report on that bill. There were hearings held between the spring and fall, 6 or 8 months. There was floor action in the Senate in March 1974, almost a year after the bill was first introduced. There was a conference committee between the House of Representatives and Senate in April 1974 and a conference report filed June 1974.

The conference report was accepted by the House of Representatives and Senate on June 21, 1974 and the Budget Act became public law July 12, 1974. That is 15 months after the measure was first introduced in the Senate.

We are proposing to substantially rewrite that in the space of 72 hours. If that is thoughtful legislation then I will eat your hat.

Now, Mr. President, the reason we are doing this is that back in 1981 a few of us tried to sound a warning and the warning was not heard. If you questioned anyone's sobriety in voting for debt-ceiling increases before many of us said wait until Reaganomics comes along, then you would be questioning your sanity.

Well, most people did not listen. It all sounded terrific. We were going to cut people's taxes, we were going to increase spending—not decrease it, increase it—and we were going to pay for the difference by a growing economy. That is Reaganomics, I think fairly stated in a nutshell.

Many of the President's strongest supporters then are the ones who are complaining the loudest about the deficits now.

This year we are increasing the debt ceiling not to $1 trillion, not $1.5 trillion, now we are increasing the debt ceiling above $2 trillion.

The national debt has doubled during the 5 years of Ronald Reagan's term in office.

Mr. President, why are these deficits so big? Receipts are inadequate to the grossly inflated tax cuts demanded by the President. Expenditures have ballooned, not simply because Congress cannot control itself in spending for school lunch programs and guaranteed student loans—indeed, we have cut all of those programs and everyone here knows it.

Now that Mr. Stockman is wearing civilian clothes, even he admits that discretionary spending was cut about 15 percent in the President's first term. Is this the big spending Congress that everybody talks about that cannot control itself? Discretionary spending cut 15 percent in the first Reagan term.

Mr. President, why has this debt increased? First of all, there is a difference between spending on individual programs and the kind of spending that Congress has been engaged in for the last 5 years. There is a difference between program spending and policy. This deficit has not gone up on a gradual incline. The Senator from South Carolina knows that.

This deficit was going up $20 billion, $30 billion, $40 billion, $50 billion under Jimmy Carter; $180 billion in 24 months. Is that a Congress that cannot control spending? It certainly is, but it "ain't" the same kind of spending we were talking about in the late 1970's. It was a change in policy, not just a direct line increase in spending on programs that got out of hand. It was a change in policy. That is what brought us here today. We might as well face up to that. And some of the people who are sponsoring this measure were the loudest advocates of that change in policy.

If you combine the tax cuts with the huge increases approved for defense, you are left with huge deficits. And, as deficits increased, interest payments on the national debt have consumed progressively larger portions of our annual budget. And that, in a nutshell, is where we are.

Many of us warned our colleagues, Mr. President, but they did not listen. They were sure big tax cuts, spending reductions, and an unprecedented defense buildup would yield a balanced budget not in 1985 or 1986 or 1987, but 1984. In 1984 were going to balance the budget. Does anyone remember that? Well, the numbers did not add up in 1981 and they do not add up now. That is why this particular vote, Mr. President, on the debt limit is obviously so painful for the people who believed in it and voted for Reaganomics.

Mr. President, I admire the tenacity of our colleague from Texas, Senator **Gramm**, the author of this pending amendment. Five years ago, as a Member of the House of Representatives, Mr. **Gramm** won national attention as one of the chief architects of the President's economic program. Remember Gramm-Latta? It was an audacious proposal. It was then-Representative Gramm who helped the President win a series of legislative victories on budget, on taxes, on defense. Congress did approve the vast majority of what the President requested. We did approve what the President requested and he has the Senator from Texas and others to thank.

Mr. President, does it not strike anyone as ironic that the junior Senator from Texas is now telling us that the budget process has failed? The policies failed, Mr. President, not the budget process. The policies failed. If you change the basic fiscal policies of this country and it does not work, what are you doing back in here saying the process failed? What are we supposed to do? Stop ourselves before we kill again? I mean, you cannot have it both ways. Why does not anybody say that? You cannot have it both ways. You cannot cut taxes, increase defense spending, and balance the Federal budget. It cannot be done.

Now, why come back here and lash Congress? Instead, let us lash ourselves for agreeing to do what the President told us to do. That is what we did wrong. We changed the fiscal policy of this country and it did not work.

All right, now, we are back here saying, "Stop us before we kill ourselves." Well, let us find out about that. Are we going to work worse mischief on the process of government in this country by trying to undo the damage that was started in 1981? That is the question we ought to be asking ourselves.

The majority leader was in here last night asking for a vote on this measure at 5 o'clock on Friday. Why is it that the majority leader of the U.S. Senate is demanding a vote on this measure at 5 o'clock on Friday when, as the Senator from Louisiana properly points out, the amendment is not even printed and on our desks? What laws are we amending? Did anyone know that yesterday afternoon at 4 when the majority leader wanted us to vote on this measure?

The Senator from Louisiana, in his wisdom—that is why we like to have seniority around here—has to say Saturday morning, "Why don't we have a printout that shows what existing laws are going to be amended here?"

Senator **Gramm** was saying yesterday, "We are on the 2-yard line; let's score"; you know, like we are playing some kind of game here. This is the future of this country.

Now, the majority leader does not like this extended debate, does not like a Saturday and a Sunday session. We do not need the Sunday session. Everybody knows that. It is just showmanship.

But why can we not find out what we are doing here? That is not a filibuster.

I can remember days, months, and years of people on the other side of the aisle saying, "Wait a minute. Wait a minute. Let's find out what is going on here." It seems to me that is basic conservative politics. "Wait a minute." That is what conservatism says. "Wait a minute."

Now, why, all of the sudden are so-called conservative people saying, "Get it through," as if the American people do not have the strength of their convictions, or any of us elected by those people, to follow up on a serious matter next week after Monday. I just do not believe that. I do not believe it about us and I do not believe it about the American people. I certainly think we have the right to see the amendment and find out, at the very least, what laws it amends.

Mr. LONG. Does the Senator want me to answer the guestion?

Mr. HART. Yes.

Mr. LONG. I should think it is just the usual tendency of people, when they think they have the votes for their proposition to say, "Let's vote. We have the votes. Let's vote."

Of course, for those who do not necessarily agree with a proposal for which the other side has the votes, it makes all the sense in the world that they want to discuss it for a while or want to debate it. Of course, the one good thing about debate, it usually exposes the weaknesses of an issue and also its good points.

Mr. HART. Or the strengths.

Mr. LONG. Yes. It happens here many, many times, and it may happen this time, that as you debate a matter people can see the good points and bad points, and the points that are not good are compromised or eliminated so that the measure is improved.

So I personally say to the Senator that, in my judgment, it is a mistake to push for a cloture vote on Sunday; really ridiculous, to tell you the truth. But that is the way the leader wants to do that.

I think it is important that we have an opportunity to vote on the measure, but it is not necessary to vote on it on Sunday. In fact, I think if you take a week of debate and then vote on it, no harm is done.

Mr. HART. I thank the Senator.

Among the questions that I think need to be answered—we have been talking here about across-the-board cuts. My understanding is they are not across-the-board cuts; that enormous amounts of this budget are left out of these so-called across-the-board cuts. Certainly, as has been perfectly revealed here, the chance of closing that deficit gap by raising revenues is eliminated. So is this really truth in budgeting? We are talking about this iron discipline on the Congress and this iron discipline on the President and we take half or two-thirds of the budget out. And we also take the most iron discipline out of asking people to pay for what they are buying. If we were really serious about iron discipline, let us put revenues in it.

Why not? Why not put revenues in it? Are we really serious about discipline or are we not? May I ask the Senator from Louisiana who was the last President to ask the Congress for an increase in military spending and a tax increase to pay for it? It was Harry Truman, in 1950; the last President.

Mr. LONG. The last time we had a balanced budget, Lyndon Johnson was President. And he asked for revenues. And the Senator from Delaware, Mr. Williams, on this Senate floor joined in sponsoring an amendment also authored by Mr. Smathers. The proposal was that we both raise revenue and cut spending. It was done about half and half. So the tax increase plus the spending cut gave us a balanced budget. That was no small tax increase. That was a 10-percent surtax. After you computed your income tax, whatever you owed, you added 10 percent to it. With that plus the spending cut, we balanced the budget.

Mr. HART. If people really do think that the Russians are coming, are 30 feet tall, they are outspending us in every category, and that they represent a genuine threat to this Nation's security, why not tell the American people that and enforce it by saying we are going to have to pay for it? We are going to have to pay for catching up. The way we pay for it is through taxes. David Stockman did not believe that you are going to pay for that military buildup by cutting school lunch programs. He said so. In his most candid behind-the-scenes moment he said so. He said so because he was an intelligent man, not always as honest as he ought to have been, but he was intelligent. He could look at numbers. Boy, could he look at numbers. He knew there was no way you were going to pay for that military buildup with taxes going down by cutting school lunch programs. He knew it. He was one of the few people who said it. He did not say it as openly as he should have but he knew it.

Well, why not put revenues in here? We are hearing these lectures about what a serious problem this is. This is a serious problem. It is a catastrophic problem, and yet we start out by putting things off the table. We put Social Security off, we put revenues off, and we put a lot of other things off.

We put a third to the half of the defense budget off. Talk about cutting 50 percent of these cuts from defense do you know where it is going to come from? If I am wrong here, I hope the sponsors will correct me. It is going to come from pay of the military personnel, and it is going to come from oprations and maintenance of our conventional forces. Where else could it come from?

Mr. PROXMIRE. Will the Senator from Colorado yield on that issue?

Mr. HART. I yield.

Mr. PROXMIRE. I ask the Senator from Colorado because I do not know anybody in the Senate who has been more concerned or responsible on this particular point he is making right now on providing that we have a strong military force, particularly in the area of readiness, military pay, and so forth that are essential as the Senator points out. Is it not true that the amendment excludes Social Security, excludes interest on the national debt, and therefore concentrates on a relatively small proportion of the budget for cuts? If this is distributed—and I understand it also requires an equal percentage of reductions—if it does that for the Defense Department and we do it on outlays, you have to hit readiness, ammunition, and so forth because procurement is over a long period. You have to take a whale of a lot of cuts in authorization before you get to the outlay, and a cut in procurement that would really mean a difference. So is it not obvious and clear that what is going to happen here? It is very ironic because there are no three Senators who are more strongly in favor of a strong defense that I know of than Senator HOLLINGS and Senator RUDMAN and Senator GRAMM. But this is going to be the consequences, is that not right, that you are going to have to cut the very heart out of that aspect of defense?

Mr. HART. As far as I am able to tell, the answer is correct because the controllable pot from which these massive cuts must be made is about $78 billion in discretionary domestic spending—if I am wrong I hope I will be corrected—and about $176 billion in current year defense outlays.

The sponsors are using this elusive word "sequester." We are talking about impoundments. Let us call things what they are—impoundments. I see no other way.

First of all, a lot of people define a strong defense as anything that is steel and concrete. It is not human beings, it is not grease, oil, and ammunition necessarily, or flying time for pilots. It is hardware. And the reason is that an MX missile, B-1 bomber, or an F-18 aircraft is more dramatic, sexy and voting for operations and maintenance and the grungy upkeep of the conventional forces is not something you can go home, beat your breast about, and say you are for a strong defense. That is exactly where it is going to come from. Even before this measure was introduced the Secretary of Defense has said because we cannot get what we want for fiscal 1986 we are going to take the cuts, what they perceive to be cuts, the reduced growth of spending out of the conventional forces and out of OMB because we are going to keep spending every dime we want on nuclear weapons.

Mr. SYMMS. Will the Senator yield on that point?

Mr. HART. I yield for a question.

Mr. SYMMS. I thank the Senator ver much.

Does not the Senator think it is possible with 2.1 million people in uniform and 1 million civilians working at the Defense Department that we might get rid of, say, 10 or 20 percent of those civilians and save hundreds of millions of dollars?

Mr. HART. In answer to the Senator's question, does the Senator know what has happened to employment in the Pentagon under this administration?

Mr. SYMMS. It has gone up.

Mr. HART. It has gone up 100,000 in the last 5 years, and you are asking for an increase next year of 18,650 people.

Mr. SYMMS. This Senator thinks we have too many civilians in the Defense Department.

Mr. HART. I hope the Senator will communicate that to the Secretary of Defense.

Mr. RUDMAN. Will the Senator yield for a comment?

Mr. HART. Yes, I will.

Mr. RUDMAN. I believe I detected a question at one point there.

Mr. HART. It is a question.

Mr. RUDMAN. The question followed a statement, and the Senator from Colorado asked to be informed if he was wrong in his statement about procurement. The Senator from Colorado is totally wrong. As we get into this discussion, as we get into specific questions on specific points, I hope we can answer the Senator from Colorado's full concern.

Let me say to the Senator that I share his concern and my votes in the Defense Appropriations Subcommittee so indicate. Readiness is extraordinarily important. Procurement bears its fair share—its equal share—and in the words of this amendment, its proportionate share of all reductions in this plan.

Mr. HART. The Senator then should correct the record because the sponsors of this measure said $109 billion of multiyear procurement contracts were excluded by this amendment. Is that correct or is it not?

Mr. RUDMAN. The first year there is approximately between $90 and $110 billion of outlays from prior year contractual commitments in defense.

I might point out that is precisely why we adjusted the first year kick-in point from $121.9 billion which is in the congressional budget resolution, what we told the American people the deficit would be we pushed the number up to 180. We did that because of that very problem—because we did not want to impinge unfairly on readiness and other programs. The deficit targets get more stringent in the outyears and almost everything is covered.

Mr. HART. What is it? What are the dollar amounts in those years?

Mr. RUDMAN. We do not know what the budget authority would be in future years. I can tell you if you want to look at this year's budget resolution.

Mr. HART. This operates for multiyears. This is not a 1-year measure we are debating here. How much in dollar terms is effective in the next 3 or 4 years by this measure—in dollar terms?

Mr. RUDMAN. I can only tell the Senator that, if he can tell me what the Congress will appropriate in each of those accounts in the next 5 years. I do not know.

Mr. HART. We are talking about the amounts of money in long-term procurement contracts that are stretched out over several years. The Senator says that will not be affected. $109 billion is not affected in 1987. But they will begin to be affected every year thereafter. I want to know how much every year.

Mr. RUDMAN. We will have the answer to that momentarily because we hit budget authority in each year, including the first year. The only thing that the sequester order cannot operate against is obviously multiyear contracts already executed. But budget authority in fiscal years 1986, 1987, 1988, 1989, 1990, and 1991 is in fact affected proportionately identically to everything else.

Mr. HART. We were going to vote on this at 5 o'clock yesterday. Now we do not even know what percentage of the defense budget is going to be available in 1986, 1987, 1988, 1989, and 1990.

Mr. RUDMAN. We will know in half an hour.

Mr. HART. There is already one benefit from a Saturday session.

Mr. SYMMS. Will the Senator yield for another question? I want to go back on this question to my good friend from Colorado when he made some statements about the Gramm-Latta proposal, and the failure to balance the Federal budget. Will the Senator not agree with me that what the Senator from Texas said yesterday was that when the Gramm-Latta proposal passed, inflation was much higher than it is today, unemployment was much higher, interest rates were much higher, we have had a positive effect in that but we failed to balance the budget? That is what the Senator from Texas said.

The Senator was on the Budget Committee when the distinguished Senator from South Carolina, this Senator, the Senator from Washington, and others who are on the Budget Committee made the plea in the Budget Committee to add to the so-called Gramm-Latta proposal because that is essentially what we were passing in the Budget Committee.

We made the plea, let us take the 85 percent of the CPI as the wage index and use that as the COLA adjustment on all the adjusted programs and we will bring about a balanced budget. The Senator will recall the Senator from South Carolina made a very articulate argument on that. This Senator happens to agree with him.

Do you believe that had we done that with the Gramm-Latta proposal we would not be in this mess that we are in today?

Mr. HART. No, I do not. I do not think the numbers add up. I do not think we can reduce the deficit by $200 billion from entitlement programs. If anybody can figure how we can do that, I would be glad to hear them.

(Mr. HECHT assumed the chair.)

Mr. SYMMS. I agree there was a big failure on this proposal on balancing the budget. I agree with the Senator's charge that we did not balance the budget. But I think the Senator is overlooking some of the things that did happen.

The authors of this amendment are admitting that the big failure of the whole proposal is that we have not yet balanced the budget and they are offering us a way to make the Congress make the decision and make those hard choices.

I thought we were going to make the hard choices in the Budget Committee in March or April of 1981. The Senate did not choose to do so. So we put if off. We put if off and put if off.

Here we are. Whether it is 5 o'clock yesterday, 5 o'clock today, 5 o'clock tomorrow, or 5 o'clock Monday, this Senator is ready to vote for some way to force the responsibility on this Congress to make those choices.

Mr. HART. I appreciate that. The question is, does the Senator know what hard choices we are making? Everybody says we have to make hard choices as if that solves the problem. Let us find out what hard choices we have to make, instead of doing what we did in 1981 and buying a pig in a poke.

Let us look at what happened because there was a little rush in 1981 and we ought to benefit by our mistakes.

The reason there is some concern, not resistance, about the approach being used here is that it seems to be fixed in a calculated pattern which was established in 1981. That was we are going to run these deficits up so high draconian measures have to be taken, which were not necessary in times when we had $20 billion and $30 billion deficits. Those draconian measures were going to be essentially to reverse the fundamental policies of this country established in the 1930's under Franklin Roosevelt and in the 1960's under Lyndon Johnson.

I have nothing against a debate which says the Great Society was wrong, the Federal Government should not be doing these things, or even for that matter that the New Deal was wrong, that the Federal Government should not have been doing all of those things under Roosevelt. Let us have that debate; let us have it in the open. But let us not go through the back door as some in this administration have sought to do, dramatically cutting taxes, dramatically increasing spending, dramatically increasing the deficits on purpose, and then come into the U.S. Senate in 72 hours and say we are now dramatically going to alter the structure of the Federal Government in the United States for our own priority purposes.

If people want to fundamentally reorder the priorities of this Nation, they are entitled to make that argument. That is what politics is all about. But let us do it out front; let us do it out in the open. Let us do it in the public domain in which the sponsors say, "We do not think the Federal Government ought to be in the nutrition programs, period. We do not think the Federal Government ought to be in the housing programs, period. We do not think the Federal Government ought to be in transportation programs, period. We fundamentally do not like the role of Government in our society in the last 50 years and we want to change it."

That is fine as a legitimate point of view. But as one American I do not like people who sneak in the back door. I do not like people who plot in 1981 and 1982 to break the back of the Federal Government with a sneak attack. I smell a rat. This is the tail of the rat.

We are going to run those deficits up so high and put this country into such a wringer that we are going to break the back of the Federal Government on the domestic side.

I will tell you whose back is going to be broken in the process, too. It will be the soldiers, the sailors, the marines.

I would like to ask the sponsors of this measure whether or not, if this measure passes, training time for pilots will go down or up in 1986, 1987, and 1988.

I would like to know whether the steaming time for our ships is going up or down in 1986, 1987, and 1988.

I would like to know whether ammunition stocks for training purposes will go up or down in 1986, 1987, and 1988.

I would like to know whether housing for our military forces will be improved or reduced in 1986, 1987, and 1988.

Do any of the sponsors wish to answer?

Mr. RUDMAN. Of course, the last part of the question was rhetorical.

Mr. HART. No, it is not.

Mr. RUDMAN. We do not know what the appropriations will be in 1986, 1987, and 1988. We do not know what the growth will be. We do not know what the sequestered amount will be, if any. So I cannot answer the hypothetical question.

Let me answer the specific question that the Senator from Colorado asked. He might be a little surprised.

There are two areas that are already excluded from this because they are subject to prior contract, excluded by operations of law.

In the military area, it is not the $109 billion figure that the Senator from Colorado and I both thought was the figure a few moments ago. The actual figure reported by OMB which could not be subject to any sequester order at this time of $92 billion. That is the first answer.

The Senator might be interested in knowing that there was an additional $76 billion covering the rest of the civilian side of the budget that falls into the same category. So it cannot be touched in any way by the order.

Let me point out that the Secretary of Defense and the President have within their power the power to terminate some of those contracts at whatever expense might be incurred.

That is the first part.

The second part has to do with what would happen to procurement and RDT&E, for fiscal 1986.

As the Senator well knows, being on the Armed Services Committee, we do not have a bill yet. But going by the requests, which we understand are a little high than what the actual appropriation will be, the figure for procurement for 1986 is about $105 billion and for RDT&E it is $39 billion. And those two figures add to about $145 billion.

Under this proposal, CBO and OMB made the finding that we were over the target.

Let us assume we were over the target by who knows how much. The estimates now are fairly small because we adjusted the first year targets upward. Let us assume $5 billion.

Here is the answer the Senator was asking for. That would mean there would have to be a reduction from those accounts by my calculations of approximately three-quarters of 1 percent against those accounts as well as against every other account, including the items the Senator mentioned, ammunition, housing, clothing, allowances, and so forth.

And, I might add, everything else, including congressional staffs, operations of the Capitol and operations of the rest of the Government.

That is the best answer I can give this morning.

Mr. HART. Mr. President, first of all, if the Senator will bear with me, the only $92 billion figure I can find in terms of long-term procurement is a 1985 figure. We are talking about 1986. That is $109 billion. If I am wrong, I hope the Senator will correct me.

Mr. RUDMAN. The Budget Committee has advised me that the outlay figure has now been revised to $92 billion. I also thought it was $109 billion as the Senator from Colorado did. But I am informed by the best source we have here this morning that that figure is $92 billion.

Mr. HART. The reason I thought that is that it is printed in the budget document now.

Mr. RUDMAN. That has since been updated. As the Senator well knows, outlays are a bit of a shifting target. The fact of the matter is the essence of the Senator's question was, how does it affect certain things. I think I have answered that question.

Mr. HART. I am beginning to think that the whole proposal is a shifting target.

Mr. HOLLINGS. If the Senator will yield, he understands as well as any of us from his service on the Armed Services Committee about target figures. Does he remember the $4 billion the Secretary of Defense found?

Mr. HART. Yes, Mr. President.

Mr. HOLLINGS. Invariably, they overestimated the inflation rate. They candidly came up this year—they usually hide it from us. But in that instance, referring to these things on contracts, overestimates of inflation rates, outlay votes and things like that—the $109 billion is not a fixed one. For instance, the inflation overestimate was $4 billion. The OMB figure right now is not $109 billion but has been adjusted to $92 billion.

Mr. HART. I do not want to quibble about $17 billion, or whatever it is.

Mr. HOLLINGS. We are not quibbling about it. I am trying to give an accurate figure. The Senator is saying we are trying to get shifty.

Mr. HART. No, Mr. President, I am not.

Mr. HOLLINGS. I rather resist that idea.

Mr. HART. Mr. President, the sponsors are now conceding that this is a rather fluid document.

Mr. RUDMAN. If the Senator will yield, I do not think that is accurate. The Senator is saying it is a shifting target. He should know that, in this city, nobody ever knows what numbers mean anything. That is true of the Federal budget, it is true of the Federal deficit.

Let me put to the Senator from Colorado that 60 days ago, this body voted for a resolution in which we said the deficit would be $171.9. We are now told 60 days later that it is going to be closer to $195 billion. I do not think the sponsors of this amendment are particularly dealing with shifting targets. I believe the enormity of this deficit problem is such that I frankly do not think anybody understands how big it is.

Mr. HART. Given that fact of life, Mr. President, does that mean we throw every attempt to know what we are doing out the window? I think not.

Let us press on.

Does any of the sponsors wish to respond to the question, which was not a rhetorical question but a very specific question, whether under the measure, those categories of defense spending I mentioned would go up or down or stay static?

Mr. RUDMAN. Mr. President, I shall attempt to answer that question in a very direct and forthright manner.

If the Senator from Colorado would like to look at this amendment, if he has a copy of it, on page 22 of that document is something called a Presidential order. That sets forth the methodology contained herein. However, it references OMB circular BPS070N/A entitled "Controllability of Budget Outlays Published August 27, 1985." That document is several hundred pages long and contains every line in the entire Federal budget. It, obviously, includes each of the items that the Senator from Colorado has mentioned.

In the event that the deficit targets set by this amendment were not to be met, half would go against discretionary programs, of which the major portion, of course, is defense; half would go against the entitlement programs exclusive of Social Security. Thus, whatever the sequester order is, which is mathematically computed—not by the President but by CBO and OMB, with no discretion whatsoever for the President to make any shifts—then the entire reduction comes across the board, obviously, including those items that the Senator from Colorado has captioned.

Mr. HART. Well, back to the original question. Before that happens, before this automatic process sets in of so-called across-the-board cuts, both the President, in submission of his budget, and the Congress, in drafting its own budget, exercises some discretion. If somewhere between $92 and $109 billion are excluded, at least the first year, and an undetermined amount thereafter, in that first discretionary round both at the White House and here, I would like some evidence that the pressure will not be placed more on what can be called the operation and maintenance for our conventional forces than on the procurement of nuclear and nonnuclear hardware. That is what I am seeking.

Mr. RUDMAN. If the Senator will yield, I can respond to that briefly.

Mr. HART. I will, but let me make this one point, because the Senator referred to the OMB.

The Gramm amendment cuts in one section of that amendment what is called relatively controllable expenditures. If anyone knows what that means, let me know. That is defined, as the Senator says, in the OMB document called Controllability of Outlays No. BP50701A. What is this document? It is a 400-page computer printout. Yesterday, my staff tried to obtain a copy of it and the OMB refused because they were too busy to make a copy. And that is what we are cutting.

I am glad the Senator from South Carolina has one. I do not.

I yield to the Senator from Illinois.

Mr. RUDMAN. Mr. President, will the Senator from Illinois yield so I could respond to that question, just for 30 seconds?

Mr. DIXON. Surely.

Mr. RUDMAN. I want to put out to the Senator from Colorado that in order for any of us to try to understand where those numbers might end up in the areas he is concerned about, obviously that would depend entirely on the priorities set by the Armed Services Committees of both Houses and the Appropriations Committees of both Houses in setting those accounts. In anticipation of this problem, we could prioritize ourselves to a higher level so that even with a sequester order, they would be higher than the previous year. That is something we cannot tell standing here now. But my guess is that is precisely what would happen. One of the more subtle automatic forcing mechanisms in this amendment is designed to force that kind of action by the committees.

Mr. HART. Mr. President, though I yield to the Senator from Illinois, I do not yield the floor.

Mr. DIXON. I thank the Senator from Colorado. Will he yield so I may ask the Senator from New Hampshire some questions?

Mr. HART. Yes, Mr. President.

Mr. DIXON. Mr. President, I ask the Senator from New Hampshire, is amendment No. 730, the 37-page document on these desks, the amendment we are now dealing with? There have been several changes, I know.

Mr. RUDMAN. The Senator is correct. The only difference between these and previous days were some technical changes. This modification is technically correct.

Mr. DIXON. I thank the Senator. If I could walk through a couple of things I would like to clarify them with my friend from New Hampshire.

On page 21, if I understand that amendment correctly, the amendment deals with the process we use to make these highly technical determinations.

It indicates that it will be the Directors—in essence, the Director of OMB and the Director of CBO—who will make certain identified determinations. Is that correct?

Mr. RUDMAN. That is correct, Mr. President.

Mr. DIXON. Those two worthy gentlemen do the following: First, they estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year.

Second, they determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, which is defined later.

Third, they estimate the rate of real economic growth that will occur during such fiscal year.

Then we go on through the process and later it says, if they cannot agree, as I understand it, they split the difference.

Mr. RUDMAN. They take the midpoint.

Mr. DIXON. Between the estimates.

Mr. RUDMAN. We do that for obvious reasons, namely whom they work for.

Mr. DIXON. I am just trying to identify the process. They try to agree upon these three significant features in arriving at the decisionmaking process. And when they are apart, as I understand it, the difference between the two becomes the arrived at figure. This is essentially a simplification of what this says.

Mr. RUDMAN. Yes. And I might say briefly to my friend from Illinois, if he will look at the past history, under both Republican and Democratic administration and the Congress, he will find that the differences, although substantial, when split would come to a figure which is very, very real and would work.

Mr. DIXON. I do not have any particular problem with that. You have to do it some way. I understand that.

Then let me take the next step. Then, as I understand this, you have the numbers for the 5 years, and the first time that our friends, the two Directors, make this determination would be November 1 of this year——

Mr. RUDMAN. That is correct. And October 1 thereafter.

Mr. DIXON [continuing]. And then thereafter on the beginning of the fiscal year, on October 1 of the 4 succeeding years. Am I right that far?

Mr. RUDMAN. October 1, the first day of the new fiscal year.

Mr. DIXON. All right. Now, the first question I would like to have answered is that: I presume that there can be substantial errors in these matters, or that circumstances can alter cases. As an example, quite clearly the rate of economic growth could be dramatically affected, either upward or downward, in the course of a fiscal year. I would presume that to be the case.

Mr. RUDMAN. Let me say to the Senator from Illinois that that is what I thought when we started drafting this about 6 weeks ago, but I find, to my surprise, that the one thing which tends to be fairly accurate is when they look through the next 12 months, by both CBO—indeed, remarkably by a number of economic outputs. They can be off some, but not in any gross amounts. The trouble comes when you start estimating 3-year figures——

Mr. PROXMIRE. May I interrupt at this point?

Mr. RUDMAN [continuing]. There may be errors but——

Mr. PROXMIRE. They are terrible. They are terrible. They missed it by 100 percent last year, missed it consitently a year ahead. They cannot predict 1 year in the future.

I beg the Senator's pardon for interrupting.

Mr. DIXON. Mr. President, I thank my friends for their help, but I was going to pursue that as well. It is so apparent to all of us that they are not worth a doggone at making these estimates. All you have to do is read the newspaper pretty regularly and find out that they miss it by miles all the time. And so let me, if I may, pursue that point now. Let me say to my friend from New Hampshire, I am generally favorable to the concept he has. I am not trying to shoot down his ship. I just want to ask some questions. The first question I want to ask is how do you repair error? Here you have a process where these two Directors meet, either on November 1 in the first year or on October 1 of the 4 succeeding years, as I read pages 21 and 22, and they make these very artful determinations. And if they cannot make an artful determination, they use the old justice-of-the-peace system, may I say to my friend from South Carolina, and they split the difference.

Well, that is all right with this Senator; I was a justice of the peace in the beginning. But what I am trying to figure is what do they do about error here, may I ask my friend from New Hampshire? Because my friend from Wisconsin I think is entirely correct; they miss this by hundreds of miles all the time. Just a couple of weeks ago they were saying how happy they were about the turnup right now in the indicators in the last several months. So I am trying to find out from my friend from New Hampshire if we get into about June or July, having made some massive errors in October, what do we do then?

(Mr. McCLURE assumed the chair.)

Mr. RUDMAN. First, let me say to my friend from Wisconsin that there is a difference between predicting 12 months ahead and predicting the following year. What the Senator from Wisconsin reacted to was the fact that when they predict from a year out another 12 months, they are quite, quite bad.

We will put the information together. There is no sense in debating it. I do not have it here. But I believe CBO and OMB, when estimating October 1 for October, November, December, January, the error rate for that 12 month period has been far better than when they forecast for 12 months ahead for the following 12 months.

Mr. PROXMIRE. I hope the Senator will give us the evidence on that, because I disagree with him wholeheartedly. In 1985, they estimated 4-percent growth and it was 2-percent growth—100 percent wrong.

Mr. DIXON. May I say to my friend from New Hampshire——

Mr. RUDMAN. I will answer the question.

Mr. DIXON. I understand what my friend from Louisiana and others have said about the fact that we have to refer back to a good deal of other statutory language to get the final answer but in reading the 37 pages, which I have done since getting here at 10 this morning, fairly carefully, I cannot find how you correct the error. That is all I am asking now. When you make the determination at the beginning of the fiscal year and the two Directors sign off on the three criteria, or they split the difference—and I can live with that—what happens 5 or 6 months later if they made a profoundly serious error?

Mr. RUDMAN. Let me answer it in this way, and as clearly as I can. If the error was made in projecting that the deficits were much higher than they actually were—let us assume that the CBO and OMB agreed on a figure, let us say, of $10 billion missing the mark. Let us assume that instead of hitting it by 10, it looked like it was going to only be 5 and we found that out, to use the Senator's figure, in March or April.

Mr. DIXON. All right.

Mr. RUDMAN. Both the Congress and the President at that time would have the opportunity to correct that, as we do now, with a supplemental, in a variety of ways. This does not change the basic right of Congress to act in its normal way during the year.

That handles one aspect. Now let me take the other side of it, to which the answer is less satisfactory. Let us assume that CBO and OMB said that we are going to miss the target by $10 billion. The sequester order goes into effect or the Congress has other solutions, but at any rate we solve the problem. Then we find out, come June or July or, to use the Senator's example, March or April, that really it is $20 billion. Frankly, there is nothing we can do about that. We have enough trouble getting people to go along with one sequester order, let alone two.

Mr. HART. Will the Senator from Illinois yield just to make two points, one that he is himself making?

I quote the Senator from Texas in the debate from Thursday. We are not talking about missing the target by $10 billion or $20 billion. Listen to this, folks. This is the Senator from Texas reviewing the history of 1981: "In the beginning of August," the Senator from Texas says, "we were looking at about a $60 billion deficit depending on how you figured it." That is what the Senator is talking about.

Mr. DIXON. Yes.

Mr. HART. "When the midyear review came out—not a year later or 2 years or whatever. I presume in July it came out—"and it was clear how deep the recession was, in a 2-week period"—in a 2-week period—"the deficit jumped from $60 billion to $140 billion." In 2 weeks.

The second fact is OMB and CBO differ wildly on these estimates. How do the sponsors resolve that? Split the difference. Now, OMB has been cooking its books for 5 years. We have all known that. So what you are doing is reducing OMB's margin of error by 50 percent, which is a help, given their track record. But that is the way you resolve that. You have a political estimating operation up the street which cooks its books regularly, and you have the CBO trying to be honest. And so how do you resolve that difference? Split it. And we are not talking about $5 billion or $10 billion here, folks. We are talking about a deficit that jumped $80 billion in 2 weeks.

Mr. DIXON. I would like to adopt that language that my friend from Colorado has just given to the Senator from New Hampshire and make it part of my question then. What do you do with that kind of an error?

Mr. RUDMAN. Well, in the first place, I have to say to the Senator from Colorado, I agree with him that if we improve OMB by 50 percent, that is not bad, as they say in New Hampshire, for Government work.

Let me simply say we keep them more honest. We know OMB tends to work for the President and CBO, it seems to me from looking at it historically, has been more accurate. But I believe when these representations mean something, when they are firing real bullets, then that is a whole different ball game. I think this puts a discipline into the process.

To answer the question asked by the Senator from Illinois, I would point out that we have within this measure a very important process to forecast what we do in the event of recession.

Mr. DIXON. I am going to get to that in a minute.

Mr. RUDMAN. The situation the Senator from Colorado talks about was in the midst of a recession, and, of course, we have a substantial waiver provision for this act in the event of a recession.

Mr. DIXON. I am going to pursue that in a moment, but I guess the end of my first question to my friend from New Hampshire is: Should not this rather elaborate suggestion reform have more flexibility in reviewing the process at least of the Directors through the course of the year so that the Congress can make more meaningful revisitations of the problem?

My examination of it suggests that is a matter that is lacking in what has been suggested in this 37-page amendment.

Mr. RUDMAN. Let me just reply in this way: If there was a way to have what the Senator from Illinois is talking about, which would be, as business do, an accruing updating of this self-adjusting system, I would find that very interesting.

When you consider the difficulties we have in Congress in getting things adopted, I have serious problems basing things on rolling estimates and having the President put into effect rolling sequester orders.

I believe that we have come up with a mechanism which is fair and reasonable.

I also point out, with all due respect to my friend from Wisconsin, that when the CBO and OMB certify on November 1, which then will be 1 month into the fiscal year, after certifying for numbers on the rate of growth and on the deficits, and the Directors of those two Agencies know that what they sent forth to Congress and the President will be acted on in a real and significant way, and not simply used for speeches on the Sunday-morning television programs, I think we may put some truth in reporting into the system, which I am not sure we have now.

Mr. DIXON. As indicated by the distinguished Senator from Wisconsin, I would like to see the evidence on that; because I confess that my inpression over the years has been exactly contrary to the statements of the Senator from New Hampshire regarding their ability to estimate very reliably on those questions.

Mr. HOLLINGS. Mr. President, I might answer that, if the distinguished Senator will yield.

Of course, No. 1, we are trying to pattern this thing so it is error-free, in the sense that we provide an allowance for estimates that are relatively insignificant—thus the 5 percent over target figure. Does the Senator see what I am saying?

If a problem comes up after the deficit fix in the full, Congress will be back in session in January, February, and throughout the year and it will be in our hands. The Congress is in session and the Appropriations and Budget Committees can do their work. We can pass a reconciliation bill. In October, November, and December, we can come back in session and take care of problems. If there were an error in cutting back too much, we could immediately come back and fix it. That is what the Budget Committee and Congress are in session for.

We tried our level best to aim this amendment down the middle, so that it would not be triggered unnecessarily, so that it would not have to be used precipitiously.

Mr. DIXON. But as I read that—and I may be in error on that—I keep getting the impression, I say to the Senator from South Carolina, that the President finally triggers these things.

Mr. HOLLINGS. A deficit that exceeds the target would trigger it.

Mr. DIXON. This is what concerns me in connection with the response of the Senator from New Hampshire; because, after all these things are done, the bill says that the President then transmits to both Houses his directions on these things.

Mr. HOLLINGS. On behalf of us, and we set down how he is to do it.

Mr. DIXON. I am not trying to be argumentative. What happens if some of these really dramatic things occur and we have a President who says, "I am not going to respond to that at all"?

What is the right of Congress then, in respect to that?

Mr. HOLLINGS. Send him to Ireland.

Mr. HART. Is this an important point?

One fundamental change in this amendment, as I understand it—and I hope the sponsors will correct me if I am wrong—is that you change the way you calculate a recession, from two successive quarters to four. Is that correct? So that to trigger the kind of releases that a recession brings about requires four successive quarters of downturn, not two, which is the standard calculation.

Before you can rely on the extraordinary remedies of going back and recalculating and restimulating the economy, you have to be on a downturn for four successive quarters. Is that correct?

Mr. RUDMAN. We define recessions by negative real growth in the GNP for the year.

Mr. HOLLINGS. I have tried to determine that, and we can let the CBO and OMB come and tell us when they predict one.

Their estimate is made at the beginning of the year and even though they estimate that we are in good shape right now, next year we could have a recession. Or, if it looks bleak for this time next year, they can estimate, even though we think it is going to be pretty bleak, no recession. But it is the estimation they make, without any particular measure. It is not four quarters. They can estimate right now, on November 1, that we are going to have a recession next year. They have had no quarters of negative growth.

Mr. HART. We are talking about a situation where we are in a recession.

Mr. HOLLINGS. Then it comes back to Congress.

Mr. HART. When? When it comes back to Congress—whatever that means—what conditions have to apply? Do we have to have had four successive downturns? Leave estimates aside.

Mr. HOLLINGS. That is the only thing to trigger whether it comes back to Congress or whether the President acts, whether or not there is a recession, and it is based on the estimation made by OMB and CBO of the fiscal outlook.

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. HART. Mr. President, if I may correct the Chair, I yielded to the Senator to ask a question. I did not yield the floor. I think the RECORD will reflect that. That was the understanding.

Mr. DIXON. Mr. President, will the Senator from Colorado yield to me again, in order to pursue the question about who initiates this?

Mr. HART. I yield.

Mr. DIXON. I refer to pages 22 and 25, I say to the Senator from New Hampshire. I read from line 18 on page 22: "the President shall issue an order that." This follows all the determinations that are made by the two directors on pages 21 and 22.

Then, on page 25, line 15, "the President shall issue the order required to be issued."

Here is what concerns me about this. I want the Senator to know that I am sympathetic to this legislation. I want to vote for the legislation. But my colleagues who advocate it keep telling me that we in Congress have the power to do remedial things that are necessary; but each time I look for the triggering device, the President issues the order.

When you get down to the question of recession, I presume that is what you are talking about with respect to real economic growth, beginning on line 20 of page 25.

With respect to wars, you have no problem. In wars, you simply make a finding on page 22, lines 6 through 8:

> EXCEPTION.—Subparagraph (A) shall not apply to any fiscal year for which a declaration of war has been enacted.

That is fine. What I am really concerned about, I say to the Senator from New Hampshire and the Senator from South Carolina, is that I have not been here very long, only 5 years; but while I have been here times got pretty tough in my State, dramatically tough, and we reversed a lot of things around here and had the power to do so.

I am wondering whether Congress has been left with that initiative, as I look at these pages in the heart of the bill, from page 20 to about page 26.

Mr. RUDMAN. I will be happy to answer the question. I am delighted that the Senator from Illinois has asked the question, because it is probably the most important question that can be asked and the simplest to answer.

I think the Senator should probably have started on page 21, and I will get to that in a moment.

There is a vast world of difference. One need only read the Nixon impoundment case in the U.S. Supreme Court as to the difference between a ministerial duty by the President and a discretionary act by the President. The Senate is forever mandating the President to perform ministerial duties.

We order him to certify all sorts of things to us. Now what he puts in them is up to him, but he must certify, and that is a ministerial act on his part.

We have given the President of the United States not one iota of power in this statute; what power we give him is totally nondiscretionary.

I know my good friend, Senator MITCHELL from Maine, a very distinguished former jurist from the State of Maine, has had cases like this before him involving other things, and I am going to go through this if I can and then answer questions.

Mr. MITCHELL. Mr. President, will the Senator permit me to answer a question merely on that very limited point?

Mr. RUDMAN. Sure.

The PRESIDING OFFICER. The Senator from Colorado has the floor. Does he yield for a question?

Mr. MITCHELL. Will the Senator yield so that I may answer one question on that limited point?

Mr. HART. I yield to the Senator for that purpose.

Mr. MITCHELL. Mr. President, I have read this with care and I commend the Senator for his effort. I have a series of questions I will ask later. But the Senator's response to Senator DIXON triggered this.

Included in this is a mechanism for an affirmative proposal for the President.

Mr. RUDMAN. Absolutely.

Mr. MITCHELL. There are no specific standards by which the action by the President is to be mandated, and I ask the Senator whether use of that alternative proposal comports with the Senator's description of the delegation of responsibilities the President has, being ministerial in nature? It seems to me reading this that the President has absolutely total discretion as to what he may include in the alternative order.

Mr. RUDMAN. Mr. President has all the discretion the Constitution gives him to put anything in his alternative proposal that he wishes and Congress has obviously the constitutional authority to put anything it wishes in its alternative proposal, which is the next paragraph from the one the Senator read. Of course, neither have the force of law until adopted by Congress and signed by the President.

Let me come back to the question of the Senator from Illinois.

The key to this entire debate is found on page 21. It really is in conjunction with the book which Senator HART, I hope, will get. That is public record and, it seems to me, identifies where these cuts come from. It is the so-called line-item manual of the U.S. Government.

But here is what happens on page 21, if the Senator from Illinois will look at page 21 with me.

Mr. DIXON. I am looking at it.

Mr. RUDMAN. On page 21 after all of this happens and the determination is made, and the determination is made that in fact there is an overage over the target, then about line 13, last two words, it reads as follows: "The director" referring to those two directors jointly, "shall report to the President and to the Congress on October 1 of such fiscal year."

Then on line 18, "identifying the amount of any excess, stating whether such excess is statistically significant," which means was it within the error rate that we set in here, 7 percent the first year and then 5 percent, and then the single most important line in this proposal and a total refutation to anyone who says the President has more power, and it is this: "specifying the estimated rate of real economic growth for such fiscal year and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced during such fiscal year in order to eliminate such excess."

In other words, the President receives from these directors not only a certification as to the amount that the deficit exceeded the target, which this year is $180 billion, but in addition to that he is told in order to reduce it, "You, Mr. President, must apply a factor of 0.13422 percent," and now let us now turn to page 31 so everyone understands this process, "(g) the term relatively controllable expenditures means budget outlays that are classified as relatively controllable outlays in the Office of Management and Budget controllability of budget outlays report," which is available to everyone who wishes.

So to sum up to the Senator from Illinois, and the Senator from Colorado in fact has the floor, if anyone can stand on the floor of this body who has been to law school for more than a day and a half and say that this statute vests in the President anything more than a total ministerial function, then they are reading different books than I read. As a matter of fact, the Senator from Colorado asked last night a very good question. Why the President? As a matter of fact, the President because he is under the Constitution the Chief Executive officer of the country and in fact can enforce what he is supposed to do, but the practical matter is that it could be done by a computer; as a matter of fact it could be done by the Treasurer of the United States, by the Comptroller of the United States, so long as they had the statutory authority to enforce it.

That is the best explanation I can give the Senator from Illinois.

Mr. HART. Mr. President, I wonder if the Senator from New Hampshire or the Senator from Illinois would answer what I think is the reverse of the question asked by the Senator from Illinois, and that is what happens in a recession.

Mr. DIXON. That is exactly the question I am getting to.

Mr. HOLLINGS. It comes back to Congress. He presents his plan and we can go from there.

Mr. HART. Let me hypothesize the situation. We have gone through all this process that the amendment proposes. Let us say Congress did not meet the target and we go into this automatic triggering and the President performs this ministerial function and things are cut, and that is the budget we are operating under. All right.

Now we go through a quarter under that budget—we are not talking about projections or anything—we under that budget go through a quarter downturn and go through another quarter downturn. We go through two quarters of downturns, which is what the economists say is a recession.

I want to know what happens then under this measure, and then I want to hypothesize something else. We go through a third quarter of downturn and a fourth quarter of downturn.

The reason I ask that question is traditionally since Roosevelt and Keynesian economics we have used Government spending or tax cuts to restart a stagnant or declining economy.

What effect on either of those two situations does this amendment have?

Mr. DIXON. That is exactly what I would like to know.

Mr. HART. I do not think the Senator from New Hampshire answered that.

Mr. RUDMAN. Mr. President, let me try to answer briefly. I am really looking for an opportunity to allow my friend from South Carolina to answer some of these questions. Let me just answer this one since I answered before.

The certification made by the Director of OMB and CBO in the beginning of the year in fact would have to be a certification forecasting zero growth for the coming year. It is not a quarter by quarter growth. They have to forecast zero growth for the coming fiscal year.

Mr. DIXON. We are talking about making a mistake in the beginning of the year in the prediction.

Mr. HART. Forget about prediction. We are talking about the real world.

Mr. DIXON. Yes. We are talking about a mistake.

Mr. RUDMAN. I answered the question asked by the Senator from Colorado. There is some feeling, and I believe it is sincere, that somehow we are adopting a Magna Carta that it is going to be outside of this building engraved in granite.

The Senator from Colorado knows perfectly well if we adopt this and everything looks rosey with 4-percent growth next year, so we make the adjustments, and all of a sudden come January there is a flood, a pestilence, disease, and the country goes into a minus 5-percent recession, that this Congress will walk in here on Monday morning and simply waiver the provisions of the statute because there is a national emergency. The Senator from Colorado, the Senator from South Carolina, and the Senator from Illinois and I all know that is precisely what would happen, but it would take extraordinary circumstances to make it happen.

What we are trying to prevent is the lack of discipline in which we let that happen in good times, and that is the only answer I can give to the question.

Mr. HOLLINGS. Mr. President, if I could try to answer, it is for Congress. We just passed the budget, as the Senator indicates, so let us say, for that first quarter there is a mistake in the estimate in that it shows no recession and right thereafter there comes than the second quarter with negative growth, the third quarter with negative growth, and the fourth quarter with negative growth, and all three of those quarters we are here and do what we please.

Mr. DIXON. That is right.

Mr. HOLLINGS. Now we finally join the other side that do not want ministerial duty by way of it. They want Congress to do this. As the distinguished Senator from Colorado stated in his opening remarks, why cannot Congress do these things?

I am back to the Senator's answer and the Senator's suggestion. Then we will be in session in that second quarter with the mistake made and we will be here in January and we have a Budget Committee in session. We can put it in a reconciliation bill. We can have the hearings that they want to have around here. We can do all of those delightful things that everyone suggested should be done, and I hope we will do them.

We cannot make an ironclad process that goes all the way through the year and disregards Congress and disregard the economy. But we can only measure at the beginning of the year for truth in budgeting. That is all we are doing.

Mr. HART. If that situation were to occur, does this amendment as a substitute have to be repealed?

Mr. HOLLINGS. It could be amended. You do not have to repeal the entire statute. But Congress could take its action right then and there.

Mr. HART. It would require amending this statute?

Mr. HOLLINGS. If it amounted to an amendment, yes. There is nothing wrong with that.

We can all see what the situation was, as the Senator described, two quarters of negative growth. We would all be racing each other to fix it and it would be tough to get ahead of the President. He would be ahead of us in amending the statute. We would be playing catch-up ball.

Mr. DIXON. Mr. President, if my friend from Colorado will yield so that I may ask him what he thinks of this.

The point I hoped I was making and perhaps we are beginning to make now is that this is not a very flexible suggested solution to the problem in exactly the type of hypothetical case my friend from Colorado is giving to us now. If we get into the depths of a pretty serious depression——

Mr. HOLLINGS. What do we have other than Congress suggesting that it be enacted?

Mr. DIXON. I would like to have it suggested in this legislation itself some type of way to respond to the mistakes made at the beginning of the fiscal year by the two directors.

Mr. HOLLINGS. I am not being facetious when I say if the OMB and the Director of the CBO have made a mistake, let us have the Congress look at and correct that mistake in January when they come in session and the Budget Committee starts hearings and in quorum the Congress starts acting for the good and welfare of the United States of America. What better amendment is there than that?

Mr. RUDMAN. Will the Senator yield for 30 seconds?

Mr. HOLLINGS. Yes; the Senator from Colorado has the floor.

Mr. RUDMAN. I might have misunderstood my friend from South Carolina in answer to the question. You would not have to repeal this act at all, with the underlying enforcement on page 35, line 23.

Mr. DIXON. Wait a minute, now. Let me find it.

(Mr. SYMMS assumed the chair.)

Mr. RUDMAN. The section is entitled "Waiver and Amendments." You will find by joint resolution, which is the discipline that we have tried to put in this, but you can be reasonably well assured, it seems to me, with the kind of events the Senator from Illinois is concerned about that affect all of our States, that are nonpartisan in nature—recessions do not pick on any particular segment of society other than on the very poor, but they impinge across the country.

This Congress, by joint resolution, could act. And the underlying discipline of the measure would still be in effect.

Mr. DIXON. Is my friend from New Hampshire suggesting that by the provisions at the bottom of page 35 and top of page 36, the passage of a resolution by the two Houses concerning the subject matter, speaking in specific terms and so forth, would alter and amend previous action taken?

Mr. RUDMAN. That is true.

Mr. HOLLINGS. So it would be an amendment.

Mr. HART. Will the Senator from either South Carolina or New Hampshire respond to this situation, pursuing the same line of questioning? Let us suppose that we have gone through this process once again. We are under the budget produced by this amendment and there is what the Senator from South Carolina is calling negative growth—a terrible, terrible phrase. There is a recession in one quarter, second quarter.

Now, the Congressional Budget Office says that all the standard indicators for what a recession is, rise of unemployment and all the other factors, decline in GNP and the rest, have been met and we are in a recession. The OMB Director says, "No, no, no. You are absolutely wrong. The figures are wrong. We estimated we had one quarter of economic downturn. Now we are coming out that in the second quarter"—and we have seen, as the Senator from South Carolina has seen, how the economists quarrel about these things. It is not as scientific as all of us would hope.

In other words, I am hypothesizing the situation where one part of this Government says we are continuing to decline, we are continuing to fall off, and the other part of the Government, which we are trying to harness in tandem, OMB, says, "Oh, no, no. You have got your figures all wrong. It is not a recession." And the President has impounded all of this money. And let us say we want to cut taxes. Let us say we want to increase the deficit to stimulate the economy, pursuing standard Keynesian economics. The President says, "No, you don't. I have impounded this money. If you try to spend more money to restart this economy, I am going to veto that bill and then you have got to override that by a two-thirds vote in both Houses." Is that true or not true?

Mr. HOLLINGS. That is, generally speaking, I say to the Senator, true, in the sense that right now, without this act, that is exactly what would happen.

Mr. HART. What about with the act?

Mr. HOLLINGS. Let us assume that no budget, or whatever this long title is we have for it, a balanced budget and deficit reduction, let us assume that is not the case, but what we have is real life today.

Namely, let us assume OMB and CBO misjudged it. We are in a terrible recession. If the President resists on this, we are back in the three readings in the House, three readings in the Senate, or a joint resolution, as the distinguished Senator from New Hampshire has pointed out. And with that joint resolution we try to amend the act or, right now, without an act, we would be, assumedly, as you try to say, in a catch-22 situation where the President does not believe it, but we do believe it. And the light of truth would come out and we would see who would prevail. But we would have to pass all of those things.

Mr. SARBANES. Will the Senator yield for a question?

Mr. HOLLINGS. Yes.

Mr. SARBANES. As I understand it in this proposal, though, you require two consecutive quarters of negative growth before you will allow a waiver to apply.

Mr. HOLLINGS. No, we had that a little bit earlier. Just an estimation of those two Directors, which was earlier pointed out on page 25.

Mr. DIXON. Negative real economic growth, line 19.

Mr. HOLLINGS. Yes, but the estimation comes earlier on.

Mr. DIXON. That is on page 21.

Mr. HOLLINGS. I say to the distinguished Senator from Maryland, you see it begins with the OMB and the Director of the Congressional Budget Office there on lines 2 and 3 and down at lines picking up at 18 identifying the amount of excess, "stating whether such excess statistically is significant," and then, on line 20, "specifying the estimated rate or real growth for such fiscal year." That is what they mean.

Mr. SARBANES. Is it the Senator's position that unless the economy is actually in a negative growth, we do not need to worry about a downturn?

Mr. HOLLINGS. I worry about a downturn now.

Mr. SARBANES. I understand that.

Mr. HOLLINGS. Please let me answer the question. Wait a minute. I cannot answer and listen at the same time.

That is exactly why we are introducing this particular procedure, because I happen to be worried, yes, about that downturn next year.

Now, the OMB and the CBO, I have asked and counseled with both, and they will not be estimating a recession for next year. So none of this, assumedly, would take place for 1986.

Mr. SARBANES. I would like to repeat my question and hopefully the Senator will not slide off of it this time.

Is it the Senator's position that unless there is negative growth, unless the economy has reached the condition of negative growth, that there is no reason to worry about a downturn?

Mr. HOLLINGS. No. There is a reason to worry about a downturn. You call it sliding, I call it answering. There is a reason for a downturn.

You are trying to say that there must be a downturn before there is an estimation of a downturn. I am saying, without an actual downturn, there could be an estimation of a downturn or with an estimation of a downturn there could be an estimation of an upturn.

It is the estimation made, not the actual fact at the moment that the estimation is made.

Mr. SARBANES. Then, what is the relevance, given that response, of the provisions on page 25 with respect to positive real economic growth and negative real economic growth?

Mr. HOLLINGS. Positive real economic growth is set forth in that. That is the estimation we have just read on page 21. The significance of that is the President issues the order when you do not have a recession on estimated downturn, whereby if there is an estimated downturn, rather then the President issuing the order, he submits his alternative plan to the Congress.

Mr. SARBANES. That is exactly my point. Your definition of an estimated downturn is related to the question of positive or negative real economic growth. The question I am putting to the Senator, which I put to him earlier, is whether you are concerned about a downturn in a situation in which you have not actually reached negative economic growth, or do you want the economy on its back?

Mr. HOLLINGS. I say, yes, I am estimating it right this minute. If you ask me about my concern, I am telling you for the third time, yes, I am. But I am saying, in the same breath, they are not. Both OMB and CBO for next year will estimate that there will not be negative growth or a downturn or, as you try to describe it, zero, or, fourth, recession. They are not estimating a recession for 1986 in either body.

But, yes, I am concerned.

Mr. SARBANES. Let us accept the estimate. If the estimate is for 0.01 percent growth, and let us assume you agree with that estimate, then the President shall issue the order.

Mr. HOLLINGS. Right.

Mr. SARBANES. That is right?

Mr. HOLLINGS. Right.

Mr. SARBANES. Now, what I am asking the Senator is whether, the way he analyzes things, you must actually go into negative economic growth, actually go into negative economic growth, before you are prepared to try to do something about saving the economy from going into that condition?

Mr. HOLLINGS. No. The answer is "No."

Mr. HART. This is what your bill does.

Mr. HOLLINGS. The answer is the estimation. You do not have to have actual negative growth. But if the estimate is one with growth going on, there is nothing we can do about it taken at that amount. But you have to look at both bodies in considering generally speaking responsibility—certainly CBO.

Mr. HART. May I say to the Senator——

Mr. SARBANES. I will close.

The PRESIDING OFFICER. The Senator from Colorado has the floor.

Mr. SARBANES. Will the Senator yield for one final point? You can have an estimate that everyone would agree that there is going to be economic growth of 0.01 percent in the next quarter which would require this proposal to be applied because it says "shall."

Mr. HOLLINGS. Next year. These estimates are for the year.

Mr. SARBANES. The follow-on for that is since the economy is moving downward, you do not move to try to check that downward trend because you have a mechanistic formula in here. What you helped to do is kick the economy into a recession. That is exactly what you are doing. This arbitrary line that you have set right at the line of negative and positive economic growth, you can have positive economic growth of such a small percentage that in fact the economy is on a downward trend. Instead of trying to do something about that, you are going to allow it to deteriorate, which means when you do come to do something about it, you are going to have to do a lot more than you would have had to do if you had applied yourself earlier.

Mr. HOLLINGS. You are not looking at the full picture because we will have had 6 months of economic experience since the OMB/CBO projection of January/February which the budget resolution was based on and a snapshot of the forthcoming fiscal year at the beginning of that year in October. Now, if I can answer the Senator from Colorado very briefly, of course, there are those with that New York Times editorial that believe that had we not had these big overruns of $200 billion more in spending than what we had in revenues—namely, $200 billion deficits—there would have been a recession. I have heard good competent Senators speak to the point that without the $200 billion, overspending each year for the last 3 years, we would have had a world recession. We ought to give the good government award to all of us here for having overrun these spending amounts and created the deficits. I take an entirely different view. I do not think we are triggering anything. I think, yes, talking in the extreme, you can have that estimation for the first quarter but the Congress is here in January. We have all the committees meeting and everything else of that kind. The President, and all of us are good politicians. And we would be moving. We would not be caught up in a statute that straitjacketed us into nonsense. We can amend it as they say on page 35 by the joint resolution or just your Budget Committee can report it out or three readings in the House and Senate. We are not going to trigger anything with this one. We are going to try to trigger truth in budget.

Mr. HART. May I respond to the Senator from Maryland? As he entered the Chamber we were in a debate which is even more complicated than the one he has restimulated. We are talking about estimates here. There are two horses pulling this estimate cart. One is CBO and the other is OMB. So you have a situation, I say to the Senator from Maryland, where one of those horses says we are in a recession—all the indicators indicate that—and the other horse which works for the President says, "No, we are not in a recession, no, no, no; we interpret these data differently, and we are not in a recession at all." Then finally, even if you got both horses pulling the cart in the same direction, you have to amend the law to restart the economy. It does not change policy—amend the law. That is the difference. The Senator from Colorado did not intend to manage this debate.

Mr. PROXMIRE. Will the Senator yield for one question?

Mr. HART. I want to ask a question and yield the floor.

I yield.

Mr. PROXMIRE. I would like to ask my good friend from Colorado if it is not true that both OMB and CBO have not predicted any of the recessions we have had in the last 10 years? They both missed the 1973-75 recession. They both missed the 1981 recession. They both missed the inflation that occurred in 1979. The record is very clear that the economists cannot predict it. The fact is what the Senator from Maryland is pointing out we actually have to be in a recession before we will begin to think about taking action is correct because these agencies of Government never tell you our policy is going to push us into a recession. They never do it. They never have.

Mr. HART. That is true. Further, we have to be in a recession where two agencies of the Government agree we are in a recession. There is a powerful influence on one of them not to say that. It is called put out optimistic news.

I would like to ask the sponsors of the measure one question and, then back off and let others get involved here. It is a mathematical question. You may not be able to answer it.

Mr. HOLLINGS. By the way, the matter of economic growth is a mathematical question. That is how they would estimate, Senator. The CBO can estimate 0.6 growth and the OMB could estimate 0.7 negative growth. That would be 0.1. So you would have a negative growth and you would be in a recession by that little 0.1, a tie, between two horses pulling. It is a mathematical question.

Mr. HART. The question is not estimates. The question is fact. We are not talking about projections of the future. We are talking about a situation at the present time or in the first quarter of 1987. Forget about estimates. The estimates—the Senator from Wisconsin is totally right—are uniformly wrong. Forget about the word "estimate." We are talking about agreement as to a state of affairs. Are we or are we not in a recession? One agency is going to say yes. Another one is going to say no.

Mr. HOLLINGS. By an arithmetic amount.

Mr. HART. Whatever. Can I ask the Senator from South Carolina this question: as to what is on the table for cuts and what is not because I must say I am totally confused on this controllable, relatively controllable OMB document that we cannot—I say to the Senator from New Hampshire—get our hands on. To say it is available to everybody is nonsense. The OMB would not make it available. They say they do not have time.

Mr. HOLLINGS. That is wrong.

Mr. HART. The question is this: the Senator from Colorado believes the amount in Social Security taken off this by the amendment is $203 billion; that interest on the debt is $137 billion; that other entitlement programs exempted one way or another under one or more of these categories is $184 billion; that DOD multiyear procurement is somewhere between $92 and $109 billion depending on whose numbers you are using; and, that civilian multiyear procurements are in the range of $78 billion. What I would like are some confirmations, not whether they are specifically in dollar terms, but generally whether those calculations are correct and whether therefore that the amendment exempts from cuts at least in 1986—or whatever year it is going to apply, 1986 or 1987—about $700 billion.

Mr. HOLLINGS. I think the staff might have it. Let me answer generally. That is the best I can do. I am confident my colleague from New Hampshire could do better with the staff having the actual figures there. Senator, if you refer immediately on that last point to that page in the budget book, 9-44, where you had outlays from prior-year contracts and obligations, national defense, 109.2—right there. You are right. Civilian programs, prior-year contracts, 78.0. Let's get rid of the 109 figure because it has been reduced to the figure of $92 billion. But we have never talked about the civilian programs. There is $78 billion in civilian programs—not just defense programs—that are under contract. You and I know the constitutional prohibition against the impairment of the obligation of the contract.

Other entitlements are included. Interest is not. I do not know how you include interest. You have to pay it. I do not know where the New York Times is coming from; it says this did not cut the interest costs. The overall scheme is exactly that: to cut the interest costs; namely, to reduce the deficit. We do not have to borrow. We reduce the deficit. That is how we reduce the interest costs. Otherwise, it is compulsion. You must do it. You are right. Social Security has been taken over in the sense that it is a trust fund.

Mr. HART. I am not asking for the reasons. I am just asking for the numbers.

Mr. HOLLINGS. That is right. Those are the general answers. It amounts to about $550 billion. With respect to the COLA's, the COLA's amount—I can remember that figure—was $16 billion. When you take the Social Security off, you take off 7 of the 16 and you can only go after—other than entitlement—$9 billion. I remember that figure.

Mr. HART. I refer to this document called the budget, fiscal year 1986 and I see a line on page 944 in dark type called relatively controllable outlays, $746 billion. I underestimated that on purpose. I came up with the figure of $700 billion.

Can the sponsors give us their best estimate as to how much money in the next year's budget would not be affected by this amendment?

Mr. RUDMAN. I will be happy to answer. It is an excellent question. It is the one we do have the answer for. But in order to answer the question in a very complex matter, I have to kind of lay a small framework for it.

There are two areas we are talking about here, as the Senator from Colorado knows. One is budget authority and the other is outlays.

This proposal deals with authority.

Mr. HART. Right.

Mr. RUDMAN. What is exempt is Social Security. That is about $200 billion; interest, which is about $140 or $150 billion. We do not know at this point. Contract obligations, the program base of entitlements is about $200 billion.

On prior-year contract obligations, there is a figure of $160 billion, which, as we discussed, is $90-some billion military and $76 billion, I believe, civilian. That is out of a total of approximately $1 trillion in budget authority in this year's budget resolution.

Let me simply complete the answer in this way for the Senator from Colorado. The reason that we amended this proposal, where in the first year the target was $170 billion and the 5-percent error rate, and changed it to $180 billion and a 7-percent error rate is for the very problem that exists, I am sure, in the thinking of the Senator from Colorado which prompts this question. That is how much would impinge on the rest of the base.

So what we did to take care of that problem was to raise both the trigger to $180 billion and the error rate to 7 percent the first year. According to CBO and OMB figures as we understand them, that means that the impact on the rest of the first year would be less. In years 2, 3, 4, and 5, the only real exemptions are Social Security, interest, and program base entitlements.

Mr. HART. I do not want all of that processing stuff. We have heard it 18 times. I want one simple figure. How much money in next year's budget is excluded from consideration for cuts by this amendment?

Mr. RUDMAN. The first year would be about $600 billion.

Mr. HART. The numbers that the Senator read off total about $750 billion.

Mr. RUDMAN. I believe it is $650 billion.

Mr. HART. Let us go back through it. This is important.

Mr. RUDMAN. The Senator from Colorado is correct. It is $700 billion. I could not read the writing of my staff.

Mr. HART. That is for the first year?

Mr. RUDMAN. The first year budget authority. That is correct. We recognized that and built it into the first year's figure.

Mr. HART. So how much budget authority is left in the first year for these cuts?

Mr. RUDMAN. If you will spare me a moment, I will figure it precisely.

Mr. SARBANES. Will the Senator yield for a moment?

Mr. HART. I yield.

Mr. SARBANES. I simply want to add one final point on this question of economic growth and the fact that you have to be in a negative economic growth before this provides any effort to address the declining economy. That is, I do not think the Senator from South Carolina and others proposing this fully appreciate how rapidly the economy can deteriorate.

In 1980, in 6 months, we went from 6.3 percent unemployment to 7.8 percent. That was a 25-percent increase in unemployment in a 6-month period.

From 1981 to 1982, in a 15-month period, from July 1981 to November 1982, we went from 7.2 percent unemployment to 10.7 percent unemployment.

In other words, from just over 7 percent unemployment to almost 11 percent unemployment, an increase of 50 percent in unemployment in this country.

I only make that point to stress the fact that this arbitrary division on the points of positive growth and negative growth does not begin to respond to the necessity when the economy is moving on a downward trend and the necessity to try to check that. Otherwise, you are going to draw us into very steep declines in the tremendous increases in unemployment.

I thank the Senator.

Mr. RUDMAN. The budget authority figure is $200 billion for Social Security, $140 billion for interest, $200 billion for program base. That is $540 billion budget authority that would be exempt. Obviously, the contractual obligations—

Mr. HART. Would the Senator repeat that?

Mr. RUDMAN. The program base are the entitlements that we do not touch at all.

Mr. HART. How about military functions?

Mr. RUDMAN. That is in outlays. But all we are dealing with now is budget authority. Contractual commitments are from the previous year's budget authority and is covered only minimally in this year.

Mr. HART. But there is a number in every budget, budget authority in the current fiscal year, for military procurement.

Mr. RUDMAN. That number for this year is the number we already discussed. It is $160 billion. But I must point out to the Senator from Colorado that the way this system works the real figure in terms of what we are looking at hereafter in $540 billion. That is a very important distinction.

Mr. HART. I repeat my question: How much money in the first fiscal year, budget year, after this amendment passes is not available for cuts?

Mr. RUDMAN. In budget authority?

Mr. HART. In budget authority.

Mr. RUDMAN. $540 billion.

Mr. HART. How much is available in budget authority?

Mr. RUDMAN. $540 billion in budget authority is not available.

Mr. HART. The Senator is not answering the question.

Mr. RUDMAN. I am answering it as truthfully and honestly as I can. I do not think the Senator from Colorado understands the answer but I have answered the question.

Mr. HART. I am on the Armed Services Committee and I do understand. You are not including budget authority in the fiscal year for multiyear contracts. The question is, how much budget authority is left in the first year under this amendment for cuts required by this amendment?

Mr. RUDMAN. The contract obligations are $160 billion for this year. That is outlays. I do not know what that is in budget authority. I cannot mix apples and oranges. That is a figure we have been furnished by all the authorities and which is an outlay figure. How much that is in budget authority I do not know.

Mr. HART. Does the Senator from South Carolina have an answer?

Mr. HOLLINGS. Well, I can try to answer. If you reduce the budget authority for entitlements and interest it amounts to about $540 billion. The budget authority is $1.070 trillion. So it would leave about $530 billion, about half.

Mr. HART. What about multiyear procurement for military and civilian?

Mr. HOLLINGS. On that basis, in 1986 we have about $300 billion. Of that new budget authority there is roughly $160 billion in outlays. That is split about 50-50 between pay and investment.

Mr. HART. So the answer is in fiscal 1986 if this amendment passes—it would apply first to 1987?

Mr. HOLLINGS. No; it would apply to 1986.

Mr. HART. The amount of money not available for the first year cuts is at least $695 billion?

Mr. HOLLINGS. No. I said about half. I said not available was $540 billion. That is included in that amount.

Mr. HART. No. You do not include multiyear procurement.

Mr. McCLURE. Will the Senator yield at that point?

Mr. HART. Yes.

Mr. McCLURE. It is not easy to give an answer in the terms the Senator is asking. The outlays that occur under multiyear contracts is not all current budget authorities. Much of that is in past years. Therefore, when you are talking about the $300 billion that is in this year's budget authority, you cannot charge all of that $300 billion with all of the contractual obligations. Much of that multiyear contract outlay will occur under budget authorities charged to prior years and not charged to fiscal 1986.

Mr. MITCHELL. But if the Senator will yield, the Senator from New Hampshire——

Mr. HART. What is to be charged to fiscal 1986? That is all I want to know.

Mr. MITCHELL. The Senator from New Hampshire answered the question. He said on defense $126 billion, on $72 billion for a total of $198 billion. That is not in the $540 billion, so the total is $710 billion that is exempt and $460 billion that is subject to the sequester order. Those are the figures that emerged from all of this discussion. The budget authority for fiscal 1986 is $1.070 trillion. Of that, $710 billion is exempt from the sequester order according to the figures given by the Senator from New Hampshire and $360 billion is subject to the sequester order. That is the answer, according to the Senator from New Hampshire.

Mr. McCLURE. The answer is incorrect.

Mr. MITCHELL. I am taking that answer from the figures the Senator from New Hampshire gave.

Mr. McCLURE. Those are not the figures he gave.

Mr. MITCHELL. He certainly did.

Mr. HART. What is the answer, Mr. President?

Mr. McCLURE. I am trying to answer.

Out of the contractual authority which would be taken off limits from the cuts—the Senator asked a very good question and it is legitimate. Of that $150 billion and $160 billion in both civilian and military contracts, that would not be subject to the cut, a small portion of it—and I do not have the exact number—a small portion of that would be out of new budget authority.

Mr. RUDMAN. That is correct, and that was the answer I tried to give. I thank the Senator from Idaho for giving that more lucid answer.

Mr. McCLURE. But most of it, and I do not know the number—we can probably get it—would be attributable to budget authority charged against prior years. So a portion of the $160 billion would be out of the $300 billion new budget authority; a portion of it would not.

Mr. HART. So the answer is we do not know.

Mr. McCLURE. That is correct.

Mr. MITCHELL. The answer to the question is that the amount available then, according to this statement, which is not consistent with what was said earlier, but assuming this is correct, is that the amount available subject to the sequester order would range from a low of $360 billion to a high of $530 billion.

Mr. McCLURE. That is correct.

Mr. MITCHELL. That is, it would be a range of $170 billion, assuming the answer the Senator from Idaho is giving is correct, that would be subject to the sequester order. The amount that would be exempt from the sequester order in the first year would then range from a high of $710 billion to a low of $540 billion.

Mr. HART. Mr. President, I wonder if we could all agree to put all this——

Mr. RUDMAN. If the Senator will yield, looking at these numbers and attempting in a five-sided debate to get these numbers down, let me try to give the bottom line I think he is looking for, and I will stand on the answer, what is left to apply a sequester order to. That is what the Senator from Colorado is getting at. What is left in fiscal 1986 is $500 billion in budget authority and $300 billion in budget outlays. I believe those figures are correct.

Mr. HART. And how much must be cut under this amount?

Mr. RUDMAN. I did not hear the question.

Mr. HART. How much must be cut in the first year?

Mr. RUDMAN. It is our belief that with the trigger raised to 180 and the 7-percent adjustment factor, it could well be zero.

Mr. HART. What is the maximum in the worst case that might have to be cut?

Mr. RUDMAN. I cannot give the Senator from Colorado a worst case scenario. It would be almost impossible.

Mr. HART. No; I do not mean impounded. How much under this measure would Congress be required to cut from the budget to meet the balanced budget? Is it $40 billion?

Mr. MITCHELL. If I may interject, Mr. President, it cannot be answered because it is the excess over the maximum deficit amount specified in the bill after the application of the 7-percent figure.

Mr. RUDMAN. In which year, I ask the Senator from Colorado. The first year?

Mr. HART. That is correct.

Mr. RUDMAN. Let me explain to the Senator from Colorado that because this process—we have been talking about the back end of the process. It also has a front end, which puts restraints on the President and on the Congress in terms of budget resolutions we can adopt. We did not have that discipline this year. Because of that, we had to adjust the trigger for the first year upward to avoid deep cuts under this amendment. So it is our present view—the Senator from South Carolina is free to disagree, but I do not think he will—that by raising the figure from $170 to $180 billion, we can probably live with this year's budget resolution without this happening, and if it does happen, it will only be above our target by a very small amount. However, let me say to the Senator from Colorado that the discipline imposed in the second year is quite severe in terms of what we would have to do.

Mr. HART. How much?

Mr. RUDMAN. If we are going by our present discussions, I would expect that in order not to result in a sequester order, we would have to find a combination of reductions in spending. Or if the majority of Congress found we needed more revenue, we are talking probably $36 billion in fiscal 1987.

Mr. HART. So $36 billion out of $300 billion—what was the figure the Senator gave?

Mr. MITCHELL. A range of $360 to $530 billion.

Mr. HART. So a 10-percent cut is what we are talking about in what he calls the second year. A 10-percent cut in all that is available to be cut.

Mr. RUDMAN. That is incorrect, because the figures we were speaking about—the Senator from Maine, the Senator from Colorado, and the Senator from New Hampshire—the $500 billion and the $300 billion were the first year, fiscal 1986. Now the Senator is talking fiscal 1987 and that is a different ball game. We have to give new numbers for that, because obviously, there has been quite a change in fiscal 1987 because we do not have the same kind of contractual problem we had in fiscal 1986. In addition, Congress can adjust entitlements, raise revenues, or anything else, to meet the targets.

Mr. HART. Then, as I understand, the iron discipline in this amendment is not going to force us to do anything in the first year, and the second year it gets tough.

Mr. RUDMAN. If the Senator from Colorado will vote for it, I would be glad to offer a very much tougher amendment for this year. I just do not think we have the votes for it.

Mr. HART. What happened to the iron discipline?

Mr. RUDMAN. If the Senator does not think there is enough discipline in this proposal, I suggest he look at the real facts of the fiscal years 1987, 1988, and 1989. That is real discipline, either to pay for it or not to have it. Whether that results, as my friend said, in higher taxes or more spending cuts or changing of national priorities, I do not know. What I do know is it will force a discipline into this Congress and into this administration and succeeding administrations that is totally lacking. All we do now is make phony estimates and we pour it all into the deficit. The Senator from Colorado knows that and I know that and everybody sitting here knows that.

Mr. HART. So what we have now, Mr. President, as I understand it from the rhetoric I have been hearing, is that there are no cuts in the first year because we have already figured out a way to take care of that. Then the base is going to dramatically broaden through all these multiyear contracts for military procurement and civilian procurement.

So the amount of cuts in any individual program will go dramatically down because we are not going to be cutting $36 billion from $360 billion, we are going to be cutting maybe $36 billion from $500 billion and $600 billion.

In summary, Mr. President, we are considering legislation to raise the statutory limit on the debt ceiling. That fact seems to have been lost in a debate which has been devoted almost exclusively to a rewrite of the Budget Act, if not the Constitution itself, on the Senate floor.

Back in 1981, as a member of the Senate Budget Committee, few of us tried to sound a warning. If you questioned your sobriety voting for debt ceiling increases before, wait until Reaganomics comes along—you'll be questioning your sanity. Well, people didn't listen. And many of the President's strongest supporters then are the ones who are complaining the loudest about deficits now. This year, we are increasing the debt ceiling not to a trillion; not to a trillion and a half. Now, we're increasing the debt ceiling above $2 trillion. The national debt has doubled during Ronald Reagan's term in office.

Why are deficits so big? Receipts are inadequate, due to the grossly inflated tax cuts demanded by the President. Expenditures have ballooned. Is it because we enacted big increases in social spending. Of course not. Now that Mr. Stockman is wearing civilian clothes, even he admits that discretionary spending was cut about 15 percent in the President's first term.

Why has the debt increased? We've managed to spend an additional $1 trillion on the Pentagon for weapons too many of which don't work. Combine the tax cuts with the huge increases approved for defense, and you're left with huge deficits. As deficits increased, interest payments on the national debt have consumed progressively larger portions of our annual budgets.

We warned our colleagues, Mr. President, but they didn't listen. They were sure that big tax cuts, spending reductions, and an unprecedented defense buildup would yield a balanced budget by 1984. Well, the numbers didn't add up in 1981, and they don't add up now. And that's why this particular vote on the debt limit is obviously so painful for the people who believed in, and voted for, Reaganomics.

Mr. President, I admire the tenacity of our colleague from Texas [Mr. GRAMM], the author of the pending amendment. Five years ago, as a second-term Member of the House, Mr. GRAMM won national attention as one of the chief architects of the President's economic program. It was an audacious proposal. It was Senator GRAMM who helped the President win a series of legislative victories—on budget, on taxes, and on defense. This Congress did approve the vast majority of what the President requested. And he has Mr. GRAMM to thank.

Mr. President, does it not strike anyone as ironic that the junior Senator from Texas is now telling us that the budget process is a failure? I would say to my colleague, the process has not failed; the policies failed. The budget process did not produce $200 billion deficits; Reaganomics did.

We do need swift and strong action on the budget deficit. On that issue, there is no disagreement. I am convinced that we could adopt sound and sensible policies to accomplish that goal. If President Reagan were willing to sit down with members of the House and Senate Budget Committees, we could hammer out an agreement in an afternoon's time. But that would require leadership. That would require compromise. Those are values which have been utterly lacking in this administration. And all of us know why.

Mr. President, the issue for Ronald Reagan has never been a balanced budget. The issue is one of priorities. The original chapter of Reaganomics was devoted to terminating a variety of human investment programs which the President historically opposed. We cut those programs, but we did not end them.

And so the junior Senator from Texas comes before us with what could be the final chapter of Reaganomics. His amendment takes from Congress its constitutional power to determine spending priorities and vests them with the President. It is drafted specifically to shield defense from spending reductions. It is crafted cleverly to make revenue increases nearly impossible to enact. This debate is not about balancing the budget, Mr. President, this debate is about enshrining Ronald Reagan's spending priorities as the law of the land.

After establishing five successive deficit reduction targets the Gramm amendment begins by taking three-quarters of all Federal spending off the table. Interest payments, by law, are exempted. Social Security is ruled off limits. Defense procurement—that is, spending on most big-ticket weapons systems—is spared.

With major weapons systems off limits, what's left? Programs such as military retirement, black lung payments, farm price supports, and domestic, discretionary spending programs—everything from mass transit, to health care research, to money for FBI agents to combat terrorism.

Under the Gramm amendment, there are two ways to cut spending to meet his deficit reduction targets. The President can unilaterally halt Federal spending programs. Or, the Congress can go through a second budget process and send legislation to the President enacting cuts to meet the targets the Gramm amendment specifies.

Under the first option, the Gramm amendment resurrects the ability of the executive branch to impound spending authorized and appropriated by Congress. Such authority was of dubious constitutional validity when it was tried by President Nixon, and it suffers from the same defect today.

Under the second option, the Congress could consider legislation to cut controllable defense spending. But that would mean cutting soldiers' salaries, and accounts devoted to operations, maintenance, and readiness. That won't happen, nor should it happen.

Congress could also consider raising revenue. We could enact a minimum tax on corporations and wealthy individuals. But the President has already told us that he would veto a general tax increase. Even if the Congress passed a bill ensuring that big corporations and wealthy individuals would pay their fair share, the President would "wield his veto pen." Thus, to enact revenue increases, Congress would have to override the President's veto—a two-thirds vote in the House and the Senate—and that won't happen.

Realistically, we are left with one choice: cutting what remains of controllable discretionary domestic spending. This category contains $78 billion in spending for science, rural health programs, education, economic development, research, export promotion.

These are the programs which will be cut under the Gramm amendment. These are the programs which have already sustained massive cuts these last five years. The President wants them terminated, and he doesn't care how the job gets done.

But we're supposed to care, Mr. President. We're obligated to understand how this process would work, what it's effect would be, and whether it is consistent with the Constitution. That's our job.

The more I examine this proposal, the worse it seems to be. It is biased toward further domestic cuts and against defense cuts. It is biased against tax increases. It defies traditional rules of public finance during recessions. It invests in the President—and in two bureaucracies—powers to set spending priorities properly within the authority granted to Congress by the Constitution.

These are assumptions, Mr. President, I have been able to make after seeing the proposal for 1 day's time. There have been no committee hearings. No administration witnesses. No outside experts. No committee markups. No committee reports. No consideration by the House of Representatives. All of the institutional checks and balances which have governed the lawmaking processes of the Republic have been circumvented to bring this bill to the floor in haste. The process is nothing short of astonishing.

During debate yesterday, I asked my senior colleagues whether a change of the magnitude contemplated by this legislation was ever considered under similar procedures. The senior Senator from Wisconsin, our colleague, Mr. PROXMIRE, forcefully answered no. His was a chilling and telling response.

Mr. President, several times during the debate yesterday I asked a question to which I received no satisfactory answer: why are we rushing this bill through? We could have voted to extend the debt ceiling 24-hours ago. We could have averted a potential shut-down of the Government. We could have afforded ourselves a few days to study in detail the significant changes proposed in congressional budgeting by the Gramm amendment.

But it is now clear that the proponents aren't interested in passing a good bill. They are not interested in refining and improving this bill. They simply want it to pass—without hearings, without witnesses, without study, and without reflection. It is an abominable way to legislate.

Since we are abandoning the regular procedures, it is my hope that some of the proponents will be willing to respond to questions posed by the Senator from Colorado.

Mr. RUDMAN, Mr. MITCHELL, and Mr. MELCHER addressed the Chair.

Mr. HOLLINGS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Has the Senator from Colorado yielded the floor yet?

Mr. HART. I will after the Senator from South Carolina has finished his comment.

Mr. HOLLINGS. It appears that some of the confusion has been on the new budget authority for fiscal year 1986. We were all looking at an outlay figure in the budget book. But 050, national defense, that $200 billion was one of the differences I had with my colleagues because I felt that was all new BA. So that would be sequestered. When you get down to Social Security, 650, that is not sequested. That would amount to $207 billion. You get to the area of the net interest and it is not subject to the cut, $142.30 billion. Again with the different functions of medical insurance, function 570, veterans' benefits, function 700, and others, there is a basic entitlement amount in there of about $200 billion that is the best estimate I can get.

So you take the $207 billion in Social Security, $142 billion in net interest and $200 billion in basic entitlements, and you have $549 billion that will not be sequestered. This leaves $521 billion that we can sequester. That would be my best answer.

Mr. HART. Except the answer does not include multiyear military contracts.

Mr. HOLLINGS. This is all budget authority. If you as the President were faced with an order under this particular statute to cut back 2 percent or 1 percent or whatever it may be you have $521 billion to work with.

If you get to defense, your answer is $302.5 billion.

(Mr. McCLURE assumed the chair.)

Mr. HART. So you cannot cancel the MX missile?

Mr. HOLLINGS. We are not canceling the MX, but we can certainly stop the new budget authority. That is the new budget authority for the year 1986.

Mr. HART. I wish the Senator had not answered my question because——

Mr. HOLLINGS. The Senator does not like that answer?

Mr. HART. No. It does not make sense.

Mr. HOLLINGS. It does make sense.

Mr. HART. What is this $109 billion?

Mr. HOLLINGS. That $109 billion is outlays. That is the point I am trying to make. As the Senator knows, we have new budget authority in 1986 and that is what we are talking about.

Mr. HART. How much old budget authority for multiyear procurement is in the $302 billion?

Mr. HOLLINGS. It is not old budget authority at all. All of that is new budget authority. You can stop it all just like the President stopped Divad. That is old budget authority. He can stop all of that. But we are talking about new budget authority.

Now, admittedly, he can stop an aircraft carrier that has not been completed. That would be a rather senseless cut, or sequester as they call it around here. But this is new budget authority to be expended in 1986. All of it can be cut.

Mr. HART. The Senator's amendment does not prevent the President from interfering with existing multiyear procurement contracts?

Mr. HOLLINGS. No, it does not. He stopped the Divad. He said he was not going to ask for more money.

Mr. HART. I am talking about under the Senator's amendment.

Mr. HOLLINGS. Under the Senator's amendment it does not change the present law.

Mr. HART. Unlike what Senator GRAMM and Senator BOREN and others said yesterday for the RECORD, there is now somewhere between $92 billion and $109 billion that the President cannot touch under this amendment?

Mr. HOLLINGS. Is the Senator talking about defense overall?

Mr. HART. Yes.

Mr. HOLLINGS. Overall?

Mr. HART. I am talking about the amount of money in the defense budget for multiyear weapons procurement that we were told yesterday could not be touched under this amendment.

Mr. HOLLINGS. Not multiyear. I am talking about acting under the 1986 budget, and you have budget authority of $302.5 billion. The President can touch every dime of it.

Mr. HART. Then the Senator does not agree with his cosponsors.

Mr. HOLLINGS. I agree with my cosponsors. You are talking about a different subject than I am. You are discussing outlays from prior-year budget authority. I am talking about new budget authority in fiscal year 1986. I have checked with the Budget Committee, and they said the President can stop it at any time. It might be senseless to stop it but he can do it.

There is other money set aside, as the Senator and I know. I can turn to another page. In fact, the last figure he and I were talking about in the Budget Committee was to take care of unobligated balances of $52 billion. That's it—unobligated balances. And we all argued on the floor that the Defense Department should not be carrying around all of these funds. That takes care of what the Senator is talking about. It is all committed to those contracts, but this is new budget authority.

Mr. SARBANES. Will the Senator yield?

Mr. MELCHER. Will the Senator yield?

Mr. HART. I am going to yield the floor. I just submit that the sponsors could not agree on what can and cannot be cut based on the CONGRESSIONAL RECORD, Mr. President. There is sharp disagreement between the principal cosponsors of this amendment as to what the President can and cannot cut. There is disagreement, it seems to me, or at least confusion on the question of what authority the Congress and the President have in a situation of recession.

Mr. MELCHER. Will the Senator from Colorado yield for a question on that?

Mr. HART. There are disagreements on the estimates. There is disagreement on what is on the table and what is off the table, and we were supposed to have voted for this at 5 o'clock yesterday.

I yield to the Senator from——

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. SYMMS). The Senator from Colorado has the floor. Does he yield the floor?

Mr. HART. Yes.

The PRESIDING OFFICER. The Senator from Maine has been waiting since 12:02 to get recognition.

Mr. RUDMAN. Will the Senator from Maine yield for 10 seconds?

The PRESIDING OFFICER. The Senator from Maine has been recognized. The Senator has the floor.

Mr. MITCHELL. Yes, I yield.

Mr. RUDMAN. Mr. President, I say to my friend from Colorado that on Monday we will insert in the RECORD a clear statement of what we are talking about in terms of budget authority versus outlay. I do think that Senator HOLLINGS and I agree completely. I do not believe that we have adequately communicated our answer to the Senator, and we will do that.

I also want to thank the Senator from Colorado for asking a series of questions this morning which have truly enabled us to explain some portions of the bill that I believe were not fully understood by many of the Members. And I would certainly express the same thing to my friend from Illinois. Certainly from our dialog I think people by reading the RECORD will understand what powers the President has and what powers the President does not have.

I thank my friend from Colorado.

Mr. MITCHELL. Mr. President, I wish to ask a few questions of the Senator from New Hampshire as one of the principal authors of this amendment. And I say to the Senator I commend him for the effort he has made in this area and for his explanations this morning to the series of questions which have been asked. It has been a very informative discussion, and I personally have learned a great deal about the amendment. I do have a few other questions which are genuinely informational in nature.

First, having read this document now a couple of times, I want to see if my understanding is correct, and so I pose a series of questions regarding the basic operation of the mechanism created by this amendment.

As I understand it—and I will refer to the pages in the document rather than the section numbers because I think it is easier for reference—on page 10, the amendment specifies for each fiscal year commencing October 1, 1985, running through the fiscal year commencing October 1, 1990, what is defined as a maximum deficit amount; that is, a specific figure which is $180 billion in the fiscal year beginning October 1, 1985, and then declining in equal installments until it reaches zero in 1990; is that correct?

Mr. RUDMAN. The Senator is absolutely correct.

Mr. MITCHELL. Then, if the Senator could move now to page 21, the amendment would require the Directors of the Office of Management and Budget and the Director of the Congressional Budget Office to issue a report November 1 of this year and in each succeeding year covered by the amendment October 1; is that correct?

Mr. RUDMAN. Yes. And I will point that November 1 is because we are getting started with this late this year, but October 1, of course, happens to be the beginning day of the new fiscal year.

Mr. MITCHELL. Right. And in that report the Directors are required to estimate revenues and outlays for the following fiscal year to determine whether the deficit for that fiscal year, based upon that estimate, will exceed the maximum deficit amount for that fiscal year as previously specified on page 10 of this document and whether it is significant, and then estimate the real economic growth that will occur during the fiscal year. That is what I would call the informational part of their report; is that correct?

Mr. RUDMAN. That is correct. And I say to my friend from Maine, in light of the other discussions we have that information in a more accurate form, I would like to know about it. There is a saying about economists that they are never in doubt but always wrong, and I am not sure that is not true. But we are using the best figures we have available in the Congress.

Mr. MITCHELL. In addition, in that report the Directors, if the amount of the estimated deficit exceeds the maximum deficit permissible as previously described by a statistically significant amount, are required to specify the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced during that fiscal year to eliminate any such excess?

Mr. RUDMAN. That is correct.

Mr. MITCHELL. That is correct. Now, each is supposed to be reduced by one-half of the amount necessary to eliminate what I would call the excess deficit. And as I understand it, what you are doing is taking all entitlements, the base of which you have described as about $200 billion being exempt, and saying that the amount of increase otherwise, to the amount necessary to reach one-half of the extent to which the estimated deficit exceeds the maximum deficit allowable; is that correct?

Mr. RUDMAN. That is correct. The Senator from Maine might be interested on that one point that we are told that that figure would be about $9 billion, maybe a little less, with a 4-percent inflation rate. So the reduction on that half, before you reach the program base of zero, would be between $8 billion and $10 billion.

Mr. MITCHELL. It is correct, as the Senator has said several times, that this amendment grants no authority to anyone to reduce the entitlement base. It merely deals with the amount of increase that would otherwise occur by law unless interrupted by this process.

Mr. RUDMAN. The Senator from Maine is correct.

Mr. MITCHELL. The second half of the reduction of the excess deficit, as I gather from reading this, would come from what has been described as an across-the-board reduction of those items that are referred to as relatively controllable expenditures. Is that correct?

Mr. RUDMAN. That is correct, and we have referenced that definition to an OMB publication, so that everybody can see clearly that, in fact, everything is in there except those things that we say are not.

Mr. MITCHELL. The document then goes on to say, as I understand it, that if the reduction amount to be gained in the first half of the process that is affecting the increase in entitlements is insufficient to reach one-half of the excess deficit, the balance may be made up by going above one-half in the across-the-board reductions on the relatively controllable expenditures.

Mr. RUDMAN. Let me see if I state this precisely. If it turned out that my $9 billion figure was precise in terms of the automatic increases and the excess deficit as defined was $18 billion, then 9 would come from the first half and 9 from the second. If it happened to be 20, then 9 would still come from the first half and 11 would come from the second, discretionary, half. The Senator is correct.

Mr. MITCHELL. On that second portion of the reduction—that is, the relatively controllable expenditures—there are some items within the budget that would be excluded from the operation of that. The Senator has referred to that as a sequester order that this amendment would require the President to issue, incorporating the information received from the Director's report about which we are now talking.

The Senator has identified for the first fiscal year, I believe, four categories which would be exempt from any such order. The Senator has identified the entitlements base, which has been estimated to be approximately $200 billion in the first fiscal year; Social Security, which he has estimated to be approximately $200 billion in the first fiscal year; interest on the national debt, which he has estimated to be $140 billion in the first year; and some portion of multiyear contracts, both defense and nondefense, the aggregate total of which is $170 billion, but the portion of which would be attributable to budget authority in the first fiscal year is not known at this moment. Is that correct?

Mr. RUDMAN. As I would expect, my friend from Maine is precisely correct.

Mr. MITCHELL. My question to the Senator is this: Is there any other portion of the budget that would be exempted from the operation of the sequester order and the effect of across-the-board reductions that are called for in this amendment?

Mr. RUDMAN. The answer to that is, "No."

Mr. MITCHELL. So that every other part of the Federal budget would be subject to this reduction?

Mr. RUDMAN. That is correct.

Of course, as a former Federal judge from the State of Maine, the Senator knows well that I would condition that by saying that judicial and Presidential salaries are exempt, under the separation of powers doctrine.

Mr. MITCHELL. I thank the Senator for that.

With respect to multiyear contracts, I understand that a determination is now in the process of being made to ascertain the precise amount that would be exempt from reduction or that actually would be counted under the budget authority for fiscal year 1986. I did not quite understand the Senator's suggesting that that exempted portion would be totally inapplicable for the following years. Are there not contracts in existence which run beyond the immediate fiscal year?

Mr. RUDMAN. If I said "totally," I stand corrected. It would be more inapplicable in the second year because, being aware of this procedure, the civilian and defense sides would adjust their practices to give them flexibility. The Senator is correct. There certainly are always multiyear operations—for example, in GSA multiyear leases.

(Mr. EVANS assumed the chair.)

Mr. MITCHELL. So the exempt portions in each of the five years that are affected by this amendment would be the four categories that have been described previously, with the likely result that the one category of multiyear contracts, the amount involved, would go down from that 5-year period.

Mr. RUDMAN. That is correct.

Mr. MITCHELL. But we do not yet know what the amount is in either the first year or any of the succeeding years, except that common sense tells us that the amount will go down each year.

Mr. RUDMAN. The Senator is correct.

Mr. MITCHELL. So, as we described earlier, the amount of reduction necessary by the sequester order would apply to the remaining portion of the Federal budget, which, in the fiscal year 1986, would be in a range of $360 billion to $530 billion.

Mr. RUDMAN. The Senator is correct.

Mr. MITCHELL. And we hope that by Monday that figure will be identified, so that a more precise figure will be involved.

Mr. RUDMAN. We will do that, as well as what the Senator from Louisiana wanted, and that is to take all these changes and plug them back into the original Budget Act, so that you can see the original text as it is adjusted.

Mr. MITCHELL. As I understand the amendment and the Senator's remarks, up to this point the President has no discretion whatsoever under this amendment—that if he determines that the way to proceed is to adopt the principal mechanism established under this amendment rather than the alternative proposal to which I will come in a moment, he merely, in effect, transmits to Congress in a sequester order the same information that previously has been reported by the Directors of the two offices to both the President and Congress. Is that correct?

Mr. RUDMAN. The Senator is correct. The President, in that circumstance, performs a ministerial function. He simply is acting as the Chief Executive officer of the country, and he does what the law says he is supposed to do, which he does in many other things. He has no discretion at all.

Mr. MITCHELL. Under the provision contained on page 27, the reductions contained in any such sequester order become effective immediately upon issuance by the President?

Mr. RUDMAN. That is correct.

Mr. MITCHELL. And that applies to both the first portion, which operates against the otherwise automatic increase in entitlement, and the so-called across-the-board reductions in those portions of the budget that are remaining after exemption.

Mr. RUDMAN. That is correct. There is the same treatment for both halves.

Mr. MITCHELL. At page 26 of the proposal is a section describing what is listed as alternative proposals. Under this provision, the President may, during a 30-day period, submit to each House of Congress a joint resolution which will accomplish the desired reductions in the excess deficit by a method other than that which would be accomplished by the sequester orders we have just been describing.

Mr. RUDMAN. The Senator is correct.

I am sure the Senator recognizes that not only did we wish to put that in there, but even had we not put that in there, the President would have the constitutional right to submit his own plan. We could not order him, in a rigid way, to not submit alternatives under his power under the Constitution. The Senator is correct.

Mr. MITCHELL. As I understand this, it being entitled an alternative proposal, this would be done only if the President determines to proceed in this way and not in the manner first prescribed in the statute—that is, these are alternative proposals, as opposed to the issuance of two proposals by the President?

Mr. RUDMAN. I do not believe that the Senator is correct in that, or I misunderstood him.

Mr. MITCHELL. It is my question. I do not know the answer.

Mr. RUDMAN. The procedure called for in this sequester order, in the amounts specified by the two Directors, goes into effect, and then the President may or may not send up to Congress an alternative way to get to the same result.

But they are not mutually exclusive.

Mr. MITCHELL. That really is my question.

Mr. RUDMAN. All right.

Mr. MITCHELL. Tnen it is not an alternative proposal in the sense it is a substitute for the prior action. It is offered as an addition to the prior action.

Mr. RUDMAN. No; I would have to say that is incorrect. What the alternative, is anything the President wants it to be.

Let me give an example. Assuming that we had to cut, we will make it $10 billion, $5 billion from each half, and the then sitting President said, "I do not want to do that. I would rather eliminate this program or that program and save most of it that way and have the sequester order be only half of what it is."

He could certainly submit that so long as whatever he submits eliminates the $10 billion.

Mr. McCLURE. Mr. President, will the Senator yield on that point?

Mr. MITCHELL. I yield.

Mr. McCLURE. Is the question here the alternative? Does that stay the sequestering while we look at it?

Mr. MITCHELL. No.

Mr. RUDMAN. It does not stay the sequestering. The sequestering order goes into effect and the President sends up an alternative if he wishes.

No. The language is clear. The sequester order goes into effect at the time the President makes it.

Mr. McCLURE. Even though he sends up an alternative proposal, it is one that might or might not be agreed to by Congress, but the sequestering, the ministerial portion has already happened and is in place.

Mr. RUDMAN. That is an automatic function.

Mr. MITCHELL. That is my question. In other words, the first mechanism described in the amendment and what is the principal mechanism will occur by operation of law regardless of whether or not the President decides to take any action under the alternative proposal.

Mr. RUDMAN. The Senator is correct.

Mr. MITCHELL. If I may follow up, regarding the Senator's last point, the amount of reductions contained in that Presidential order described at the beginning of page 22 in the amendment are those previously specified by the Directors in their reports to the President and Congress.

Mr. RUDMAN. That is correct.

Mr. MITCHELL. There is no discretion on this point.

Mr. RUDMAN. None, and as a matter of fact, in the alternative, the alternative has the limitation that it must save at least as much money as is submitted by the two Directors. Obviously, the President could say, "I would like to save more." But whatever he comes up with, whether it would be a cutting mechanism or revenue mechanism, it must come up to at least the number needed under the certification.

Mr. MITCHELL. I appreciate that because the Senator responded to my question on whether or not the alternative and the principal mechanism are mutually exclusive, and they are not.

After issuing the Presidential order, which under this amendment must be issued and must contain the precise reductions in both categories that are retained in the report to the President and Congress by the Directors, the President then may in addition thereto propose to Congress in the form of a joint resolution an alternative proposal. Is that correct?

Mr. RUDMAN. As well as what the Senator is going to come to next, Congress can, whether the President proposes an alternative or not, upon certification, present their alternative to the President.

Mr. MITCHELL. That was my next point, and I wanted to merely understand that. So the initial Presidential order would then be effective immediately and would remain in effect unless and until it was superseded by a resolution initiated either by the President under the alternative proposal mechanism or by Congress on its own authority and initiative.

Mr. RUDMAN. And adopted in the full constitutional form and signed by the President, obviously.

Mr. MITCHELL. Yes. That is my next point—adopted in the full process and signed by the President. So any mechanism alternative to the Presidential order would require a majority vote in Congress and the President's signature for enactment. Is that correct?

Mr. RUDMAN. That is absolutely correct, and that is the automatic enforcing methodology of this whole statute which is it does force action because if we do not like the President's action, then we have to go back with action of own. If he does like what the statute forces us to do, he comes up with an alternative. But the bottom line is something has to happen.

Mr. MITCHELL. And the something that has to happen is either the Presidential order which goes into effect by operation of law and must be issued by the President under the circumstances contained here or an alternative resolution, as I said, initiated either by the President and then approved by Congress and signed by the President, or initiated by Congress and signed by the President.

Mr. RUDMAN. Absolutely.

Mr. MITCHELL. So if the resolution comes to the President, he then has the choice of signing it or vetoing it, depending upon whether he thinks in the form he receives it is superior or inferior to the Presidential order which will already have been in effect. Is that correct?

Mr. RUDMAN. That is correct.

Mr. MITCHELL. So in effect, in order to change the Presidental order, there would have to be a resolution acceptable to the President or with sufficient support in Congress to override a Presidential veto.

Mr. RUDMAN. Which, of course, is true of any legislation we wish to pass.

Mr. MITCHELL. That is correct. I thank the Senator.

Mr. RUDMAN. May I go on with one thing if I could?

Mr. MITCHELL. I had one other question. But go ahead.

Mr. RUDMAN. Why does the Senator from Maine not ask the question? I would like to answer it and then maybe just sum up on one point.

Mr. MITCHELL. Did the Senator want me to proceed?

Mr. RUDMAN. I yield for another question.

Mr. MITCHELL. Yes. I am sorry. I thought the Senator was going to go ahead and respond.

Does the Senator, and other sponsors of the legislation, have some estimate, taking the OMB document, which was earlier referred to, and based upon the sponsors' current view or estimate of the financial situation and what is likely to be contained in a report, because we are now talking about a report that will be issued less than 30 days from now, of the figures that would be in that report and the likely content of a Presidential order to be issued based upon that report?

Mr. RUDMAN. I assume the Senator from Maine is referring to this year. Is that correct?

Mr. MITCHELL. That is correct.

Mr. RUDMAN. Fiscal year 1986, which started a few days ago?

Mr. MITCHELL. Yes.

Mr. RUDMAN. The adjustment of the number in the first year, the Senator from Maine is aware of, to $180 billion from $170 billion, and the 7-percent adjustment factor that is I believe referred to as statistically correct, that will bring it to about $194 billion. It is the thought of those who estimate those things that that is about where the deficit is going to be. Thus, it would seem that it is conceivable that no action might be necessary this year.

But let me point out if it went to $197 billion or $198 billion, then action would be required. Of course, it reverts not to the base plus 7 percent. It goes back to the $180 billion.

Mr. MITCHELL. That is right.

Mr. RUDMAN. And the reason we have done that and we did not do that originally but in talking to people in OMB, in the White House, in this body, to staff, it was felt that this is, as many of us described it, a rather tough self-enforcing mechanism but because it has a lot of discipline in the front end, which is the budget process, we have already done that—I mean we passed our budget resolution, and so it would be almost unfair to have the system start working in full unless both halves of the system could operate.

Let me say one other thing to my friend from Maine, and I must say I have enjoyed this colloquy here this morning and this afternoon. We have been here since 10 a.m. this morning talking about this with Senators.

The Senator from Maine has really asked a number of questions which are going to be excellent for helping to fill up this record because this is really not a terribly complicated piece of legislation. People would like to make it complicated. Some people would. It is not. The Senator from Maine has asked all the right questions and anyone listening to the colloquy would understand what this does.

Let me say to my friend from Maine—and I speak only for myself; I do not speak for my cosponsors at all—I am of the opinion that unless we have a minor amount of deficit this year or over the amount, in which case a sequester order will happen, that, looking at the numbers as I see them as we get to the second year of this, that the mechanism that is called for in this will never be adopted precisely as we have laid it out because once the American people have elevated to a level of real consciousness that, in order to keep certain programs, as the Senator from Louisiana said, you are going to have to cut other things or raise taxes or whatever, there will be, for the first time, an honest debate around here and we will meet the priorities. And if 51 Senators think we ought to have taxes, we will have taxes. If 51 Senators think we ought to have less defense, we will have less defense. The system will work.

I believe this is a mechanism which forces political compromise. There has been no political compromise in this body since I have been here; no compromise between the Congress, in many cases, and the President, not what I call compromise.

What we have done is we have adjusted numbers, such as this year where we said we have a $170 billion deficit on this floor 7 weeks ago. Now we know it is $194 billion, at least. We fixed up the numbers nicely and walked away from here giving everybody what they wanted except one thing, and that is to give the American people, our children, and grandchildren a chance to look into the future with some hope of economic security, which is really what we are talking about.

It is no coincidence, I say to my friend from Maine, that all of this discussion has happened on this measure. I know Senators on the side of the aisle of the Senator from Maine are every bit as concerned as Senators on this side of the aisle about these deficits. We may have different views of how we are supposed to solve it, but there is no monopoly on patriotism or belief for integrity in this Chamber on either side of the aisle. We are all concerned about it.

The reason this is being debated today, was yesterday and will be next week is because, all of a sudden, the American people are saying, "$2 trillion." The people in Portland, ME, and Springfield, IL, and in Manchester, NH, are saying, "Wait a minute. What are those people doing down there? $2 trillion." And that is why we have tried to come up with this mechanism which, it seems to me, will force action.

I say to my friend from Maine, I doubt if the things that are set out here will ever happen. We will not have a $40 billion overage, followed by automatic cuts. That is not going to happen. There will be too much outcry in the country.

Then we will say, "Fine, you want it, you pay for it." That is really the philosophy, I guess, behind what we are trying to do.

Mr. MITCHELL. Mr. President, I have one other question, and then a comment of my own.

At page 22, the Presidential order is described, the contents and so forth. I notice that, although there are limiting dates throughout, I do not see one here with respect to the Presidential order. Is there a date by which, following the receipt of the Director's report, the President must issue the order as prescribed here?

Mr. RUDMAN. I believe there is a date. It is 14 days after receipt of the report. I know that is contained in here. It is on page 25, line 18.

Mr. MITCHELL. Page 25, line 18. That is in the section defining real economic growth or setting the circumstances under which the order shall be issued. I thank the Senator.

May I ask the Senator a question which has nothing to do with the details of this but which perhaps goes to the overall question? This, as the Senator has described very forcefully, is a forcing mechanism to attempt to create a process by which we will address in a serious way the serious problems of the deficit. One of the objections to it, as the Senator knows, and one of the reasons why an alternative has been proposed is that the forcing mechanism tends to deal with the deficit solely through the means of reductions in spending. And there is no provision in here for the alternative of increasing revenues to the Government unless the President, in the alternative proposal section, or the Congress on its own initiative adopts a resolution calling for revenues. That is not prohibited here. But the mechanism that goes into operation by automatic force of law is, as the Senator knows and has described many times, limited to reductions in spending by the two principal means described and after certain areas have been exempt.

As one of the authors, did the Senator consider including, as part of that forcing mechanism, as part of the automatic operation, some provision that a portion of the total of the amount necessary to reduce the excess deficit down to the maximum deficit permitted by this amendment would come from revenues, and did he make a conscious judgment not to include that because he feels that is not an appropriate mechanism for reducing the deficit or for other reasons? That is a broader question.

Mr. RUDMAN. That is a broad question, but it is an excellent question. I must say that in this half hour with the Senator from Maine, we have really had a chance to talk about some things that are important.

Let me say on the record that there is no question in my mind that may be a real possibility, that in fact at some point if everyone in America wants everything that is called a Government program and no one wants to give up any of their own particular programs—you know what a special interest is. That is somebody else's interest. Yours is a national interest.

The fact of the matter is, of course, that may be one of the ways we eventually face this deficit.

Why did we not put it in? Was it a conscious decision? It was absolutely a conscious decision not to put it in, and I am going to tell the Senator from Maine why.

Whereas we can write a statute that is self-enforcing, that actually will work by taking money already appropriated and saying: "Here is the sure way to pull that deficit down. But, by the way, folks, if you don't like it, you can have an alternative. The President can have an alternative."

I know my friend from Maine will grasp immediately what I am talking about; that I do not know how you write in a statute, other than in some commendatory or laudatory way, with any chance of any part of it being adopted, a tax. I do not know how you do that. Because if we were to write this as I understand my friend from Florida has written it, that one-third will be from a tax, I believe a minimum corporate tax—which, I might point out, is something I offered on the budget resolution that was adopted by this Chamber. I am for that. But I do not know how you put that into this kind of amendment in light of two things: No. 1, under the Constitution, as we all know, revenue-raising measures have to originate in the House of Representatives. That is No. 1.

Let us assume that is a minor constitutional problem and we can get by that. I am not sure it is, but let us assume it is.

Well, here is the second point. Let us assume everything happens. We take the one-third from the spending, we take the other third from defense, how do we get the last third? In order to get the last third, we have to have a bill passed by the Senate, first passed by the House, and signed by the President.

So what we came to was the conclusion that if we are serious about reducing these deficits and reducing all of them in 6 years, the only thing we can do is do what we can do. In other words, the short answer is, I do not know how the Congress can mandate taxes in a deficit reduction procedure. We can do that in a budget resolution. But even if we do that, it is still required for the House to originate it and pass it, the Senate to pass it, and the President to sign it. And, if he vetoes it, to overcome that by a two-thirds vote.

I guess the short answer to the Senator from Maine is, I agree with him. It is a real possibility that that may be a place this Congress will have to go into in the next several years. But I did not think it was appropriate to put it in here because that third, in my view, was a loser.

Mr. MITCHELL. If I understand what the Senator is saying, he does not have any substantive objection to it, but he does not see an appropriate method by which it can be incorporated into this process.

Mr. RUDMAN. And guarantee that we will reduce the deficits. I guess that is what I am saying.

I have voted, as the Senator from Maine knows, I voted for the budget resolution amendment on the minimum corporate tax, as I believe the Senator from Maine did. This is a forcing mechanism. I believe that the forcing mechanism will certainly have revenue as one of the items we will discuss next year. There is not much doubt about that in my mind.

Mr. McCLURE. Will the Senator yield?

Mr. MITCHELL. I yield to the Senator from Idaho, and then I say to my friend from Illinois, I will be finished and I will yield.

Mr. DIXON. I want to clarify one question.

Mr. McCLURE. I thank the Senator for yielding.

I wanted to respond on that because I think that is really what was behind an earlier discussion we had on the floor as Senator HART led through the discussion of how much is subject to being cut, and how much is not subject to being cut. To illustrate, under the structure of this, if there were a massive deficit that had to be adjusted through the sequestering process, it would have a very severe impact on the remainder of the budget that was not put off limits by definition in this. I think from the Senator's point of view—I hate to characterize the Senator's point of view—but I think it was probably on the basis the Senator is now addressing that there is nothing in here on the revenue side, and there ought to be something to force an increase in the revenues because you cannot get there from here by cutting expenditures only. I thank the Senator for yielding so I can make that point.

Second, I indicate there are two other things that come to play in that process. One is maybe it will force us to remove some of the exemptions from sequestering, that you broaden the base that can be cut if all we do is cut, do not raise taxes, and we cut the expenditures—we might have to do it more across-the-board than this proposal permits. That is a legitimate debate. I would guess the original cosponsors of this bill in drafting the bill went through those discussions. I know I did with them, both in the original form and as it was modified because that was one of the questions. Can you really get it done if you leave Social Security out? Not just is it fair, and that is a separate question, but can you really do it? Can you really

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get it done if you leave the entitlements out? It is a good question, not just whether it is fair, but can you do it? Both of them are good questions.

The second question is assuming that you have made the decision not to broaden the base, and indeed you have a massive deficit, then you have to make the assumption that—not in 1986 but in the 1987 fiscal year where there is more likely to occur, it is farther away and, therefore, more uncertainty—the Congress has failed to respond appropriately in the budget process next year. Remember, there will be that massive deficit, the massive failure to meet the goal, the target, only in two circumstances: one is the Congress has failed utterly to exercise its responsibility. I suggest that there is a pretty persuasive evidence that the Congress as a whole has had great difficulty in meeting its responsibility over the last several years.

Mr. MITCHELL. I would simply ask the Senator to amend that to include the Congress and the President.

Mr. McCLURE. In composite the Government has failed. I happen to believe it is mostly Congress because I have been here during several different Presidents and they have tried to in various ways to get Congress to do various things, and the Congress has not done it. There is only one continuity through all of that, and that is the Congress. There is only one continuity through all of that, and that is the failure to get the job done. So I put those two continuities together. I find Congress more at fault than I do Presidents Johnson, Nixon, Ford, Carter, or Reagan because the budget deficit has grown during all of that period of time based on actions taken by the Congress. So you have to assume that we have not done our job collectively, or that we have made a very bad estimating error. There we get back to the question the Senator from Illinois was discussing earlier with respect to flexibility. How do you adjust during the year for the second series of errors? We did not intend that to miss the target. We just missed the target. How do we adjust for that? Let me suggest, first, that the first estimate is made at the beginning of the fiscal year. It will be some time before you can determine whether we missed the target. It will probably be after the first calendar year.

Mr. MITCHELL. May I interrupt to say to the Senator respectfully I had to wait a very long time to get the floor. I thought I was yielding for a question or comment. I do not mind the Senator making statements. If it is going to be lengthy, I would prefer the Senator wait until I yield the floor. I had to wait a long time to get on.

Mr. McCLURE. I understand that. The Senator has been waiting. It is in response to the discussion that was just taking place as to whether or not revenues were required. And I think it is an excellent question. But we also during this period of time this morning were looking at whether or not the adjustments are necessary, and should involve revenues as for example the flexibility of the response. I do not mean to abuse the Senator's time at all. I will withhold any further comment with respect to the flexibility until the Senator had yielded the floor, and I can gain the floor on my own right. But with respect to revenues, let us not ignore the other argument that comes along with that revenue question; that is, whether increasing the rate of taxation increases revenues or decreases revenues. I am not one of those who believe you can infinitely reduce the rate of taxation and thereby infinitely increase revenues. That is obviously impossible. But at some point you do cross that line.

Similarly, I believe that the other side, the assumption that you can simply increase revenues by increasing the rate of taxation is also fallacious. There is a point at which increasing the rate of taxation stifles economic growth and people start investing less and working less. So we might indeed find the point somewhere where we have chosen one side of that strategy or the other, and revenues have not responded in the way we thought they would. And, therefore, there has to be a recognition that the policy failed. I do not know how we will resolve that question either in terms of flexibility or in terms of the provisions in this Act. But I suggest a real debate about economic policy that gets couched in political terms and position as well. I do not know how you can write in this act something that deals with that kind of a very fundamental difference of opinion as to what the appropriate action should be.

I thank the Senator for yielding.

Mr. MITCHELL. I thank the Senator. I would like to make a brief comment, and I will yield the floor. First, I again thank the Senator from New Hampshire for his very lucid and forthright responses to the questions I have raised.

The part about this that troubles me, frankly, Senator, is that according to the figures you have stated here, the sponsors of this expect now that first report to be issued by the Directors less than 30 days hence, were this to be enacted prior to that, would project a deficit of $194 billion which means that no action would occur under this amendment during the immediate fiscal year. But if that is the case, of course, then it is clear that absent some major action by Congress with respect to next year's budget resolution—which as I know has the Senator's intent that the provisions of this amendment go into effect—and even assuming a projected deficit in that year of $194 billion, the reduction would be a $50 billion reduction because as the Senator quite correctly pointed out, the amount by which the deficit must be reduced is the excess over the maximum amount stated in the bill, that the estimate equals; that is, an estimated deficit of $194 billion for the next fiscal year will exceed the maximum deficit amount required under this bill of $144 billion by $50 billion. Since we have already established that large portions of the budget are exempt, the precise amount we do not know yet, but we will know by Monday at least for the coming year, it seems clear that the major wrenching effect—if there is one, and if that is the way to describe it—will in fact occur in the period involving the budget in the fiscal year commencing October 1, 1986. The remaining years go down by equivalents of $36 billion and presumably if it operates the first year, then you will not have that large an amount in any succeeding year.

You are going to be required to cut $50 billion out of an aggregate that will be somewhere in the range of $500 to $600 million at the most, possibly less if the figures we use that we get on Monday are that way—in other words, if you are talking about something in the range of possibly or potentially a 10- to 15-percent cut in those areas.

As the Senator knows, the amount available for reduction from the first part of this mechanism, that is, the reduction or even the elimination of the automatic increases in entitlements, which he has pointed out will yield $9 billion in current projections for the first year, is therefore highly unlikely to yield anything like half of that $50 billion in the second year.

So we are talking about somewhere between $41 billion down from the rest of the budget that is subject to the operation of this amendment in that second year.

Very major and dramatic effects, I think, could be felt in defense or some aspects of the defense budget or in other areas.

The Senator from Idaho commented on increasing the rate of tax. Of course, that is one mechanism for increased revenue. I do not disagree with anything he said about the effect of rates up or down on economic activity and, therefore, revenue.

But I think it ought to be pointed out and made very clear that there are other mechanisms, other means, by which revenues can be increased to this Government beyond a broad-based tax increase in the form of a personal or corporate income tax rate increase. Indeed, that is very unlikely.

One of the problems we have is that the President is so adamantly wedded to ideology and campaign promises of no tax increases that we have had, for example, in the last couple of weeks in the Finance Committee 4 days of markups, most of which were consumed with the fight over whether we will permit the cigarette tax to go from 16 cents to 8 cents or whether it would stay at 16 cents.

The President, and all of his executive branch employees, including the Treasury Department, vigorously opposed that.

Mr. RUDMAN. Will the Senator yield for a brief question?

Mr. MITCHELL. Yes.

Mr. RUDMAN. Would the Senator not think that that kind of action might be taken a little bit more seriously under this mechanism?

Mr. MITCHELL. If I thought that was the case, I think I would be more likely to support this.

What I am getting at is this: Here is the President at a time of $200 billion deficits calling for extraordinary measures, such as here. Here is the President lobbying vigorously the Members of the Senate Finance Committee to reduce the cigarette tax from 16 cents a pack to 8 cents a pack, affecting the deficit by $5 billion over the 3 years in question, and not to change the then current law which would have permitted it to go down but rather to extend it, wholly apart from social policy questions with respect to cigarette smoking.

It was, in my judgment, an incredible display in view of the deficit problem that we face.

We finally adopted a complicated compromise which permits the tax to continue and then, according to press reports, it went into effect only when the President reversed himself at the last minute in response to a call from Senator HELMS and signed the bill permitting that to go into effect.

Then we have the possibility the Senator has alluded to of an effective alternative minimum corporate tax and an effective alternative minimum tax on individuals. There are many means by which revenue can be increased without the kind of broad-based rate increase.

What I am concerned about is that this mechanism will make even more difficult what is already an extremely difficult goal to achieve. That is increasing in any way the revenues to the Government, wholly apart from the broad-based tax rate increase to which the Senator from Idaho alluded. In other words, just having a cigarette tax, having an effective minimum corporate tax.

The President might think it is a tax increase to impose a tax on someone who is not paying any taxes, and I suppose it is for that person. It you are making $1 million a year, as many thousands of American are, if you are making more than $250,000 a year, as hundreds of thousands of Americans are, and paying not 1 cent in Federal taxes—not 1 cent—to President Reagan it may be a tax increase to ask those people to pay some taxes.

Or if you are one of 65 of the largests 250 corporations in America which, in the period 1981 to 1985, earned billions and billions and billions of dollars in profits and paid no or virtually no taxes, to them and to President Reagan perhaps it might be a tax increase to say to them, "Join the rest of us Americans and pay something in taxes."

To them it may be a tax increase. To President Reagan it might be a tax increase. But I dare say to the overwhelming majority of Americans it is not a tax increase; it is simply fairness to say that everybody ought to pay their fair share of taxes. At the very least, I do not think it is an imposition to say to an individual who has an income of $250,000 a year—I believe the figure is there were 230,000 of them last year who did not pay 1 cent in Federal taxes—and I think it is fair enough to say to say to them, "How about paying something?"

The problem I have, and I am really struggling with this because I agree this is a crisis, I think the Senator is making it impossible even to do that under these circumstances. I hope that is not correct. I know that is not his intention, him, individually, the Senator from New Hampshire. I am certain about that with all the other sponsors. I am just saying that I feel we have a serious problem. This is a serious attempt to deal with it. But it is an attempt to deal with it in a way that in my judgment will make it inconceivable—I do not argue this—that we achieve the objective.

Mr. RUDMAN. If the Senator will yield, I ask the Senator from Maine, I found what he said very interesting. I guess we listen to tunes and hear different things. What I thought I just heard was probably a better argument for the adoption of this amendment than probably I could make myself. I say that because when you really highlight it, as the Senator from Maine did, and look at the horrible choices out there in fiscal 1987, and they are coming, you see that is, I guess, where the Senator from Maine and the Senator from New Hampshire, although we are neighbors in northern New England, tend to separate.

The Senator from Maine believes that we will somehow, at that point, act responsibly. I say that without an action-forcing mechanism that drives home to the people what the Senator from Maine correctly pointed out and to institutions that will be impacted by this increasing deficit, we will not have the kind of correction which we need. If the Senator from Maine is talking about taxing those who do not pay taxes, he will get no disagreement on that from me or a lot of other folks. I want to say to the Senator from Maine that we may agree on the facts, we may agree on what the plan does. I happen to think that as we stand here on Monday, or Wednesday, or maybe Friday at 2 o'clock in the morning, we will raise our hands and all say "yea" to raising the debt ceiling to $2 trillion. That may be proof positive.

I do not know what it takes to get the kind of action the Senator from Maine and the Senator from New Hampshire want.

Mr. DIXON. Will the Senator yield?

Mr. MITCHELL. If I could just say this, then I shall yield. The problem with that, I say to the Senator from New Hampshire, is the mechanism he described, which he proposes here, it seems to me—at least I am concerned; I have not made a decision on it; I am genuinely undecided—is going to make it more difficult to achieve the objective for the reasons I have stated.

We are now in a situation where some at least have argued—it has been argued on this floor—that the principal reason for the deficit was the massive tax cut of 1981. We now have the President traveling all over the United States campaigning for his tax reform program, which he now increasingly describes as a tax cut. If you read the President's statement, he says to American audiences, "I want to cut your taxes."

We had the experience in the last election where a very popular President traveled around the country into congressional districts and said to voters in certain districts, "I want to cut your taxes, and here is your Congressman; he wants to increase your taxes. Is this the kind of guy you want representing you in the Congress?"

So we now have a political situation in this country where, of course, no Member of Congress is going to get up and say "Let us raise taxes." because unless and until the President agrees to sign such a bill, the Members of Congress know that it cannot be accomplished and why risk—why risk—anyone's political future or, at the very least, intensify political criticism? Because it is well known that the American people—and they are no different from anybody else on Earth—want lower taxes.

Mr. RUDMAN. Will the Senator yield for one moment? This is the last time I will ask him to yield.

Mr. MITCHELL. Nevery say never.

Mr. RUDMAN. On this day.

I can only respond to that last 15 minutes of excellent debate, and it was excellent, by simply quoting a friend of mine and I guess of his, the well-known columnist, George Will, who commented that the American people have a great deal which we enjoy; we get a dollar's worth of value from our Government for every 72 cents that we pay.

What I am saying to the Senator from Maine is that it is not just a problem with Congress. We do not like to say this, but I am going to say it; it is not just a problem with the President. The American people do not want any of their programs cut. But at the same time, if you read the polls, they do not want to pay higher taxes.

What I am saying to the Senator is let us all make choices, including the people we represent. I have gone back to New Hampshire and said to the people of New Hampshire, you cannot have it both ways. I am saying the only way to highlight this is to have a forcing mechanism that finally points out that unless you pay for it, I say to the Senator from Maine, you are not going to get it.

Mr. MITCHELL. I say to the Senator I do not disagree with what he said, but the problem is he is doing it in a way that makes one element in the solution which is currently extremely difficult to achieve virtually impossible to achieve. He is institutionalizing this in a way that makes it unlikely in the extreme that anyone is going to propose or deal with the problem of revenues. So that even the three simple mechanisms I have described here—the cigarette tax, the corporate minimum tax, the individual minimum tax—will not be possible if we proceed down this line—if we are just going to go through a forcing mechanism that forces a partial solution to the problem and causes some drastic changes.

I hope the Senator will consider that. I know it is too late for him to make that change in here. Perhaps it cannot be done and I know the Senator from Idaho is anxious to deal with that aspect of it. I shall review that very carefully, but I just want to say to the Senator from New Hampshire, that is the part of it that is troubling me. Given the current political situation, given the President's approach to an implementation of his policy—which he is certainly entitled to have, but which I happen to regard as irresponsible in the extreme given the current fiscal situation with which we are dealing—this may make it much more difficult to deal with the problem in what I think is the most responsible fashion.

I think instead of saying, We are going to cut some of these programs by 10 percent and not have a cigarette tax and not have an effective alternative minimum tax and not have an effective minimum tax on individuals, what we should be saying is maybe we ought to cut the programs 5 percent and let us ask those American individuals who are paying no taxes, who are making billions in profits, who are earning income in the millions, to pay something in taxes to contribute to the solution of this problem.

I thank the Senator for his responses. I yield the floor.

Mr. MELCHER, Mr. DIXON, and Mr. McCLURE addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. McCLURE. Mr. President, I thank the Senator from Maine. I think he has presented his arguments forcefully and I think it is a legitimate part of the debate.

I do not think the people of this country think they are taxes too little. They believe that our Government spends too much. If I were persuaded that the Senator from Maine is right, that it makes it almost inevitable under this proposal that we cut spending and not raise taxes, I would be enthusiastically for the proposal. Unfortunately, I think the Senator from New Hampshire is correct, that once we get into this process and begin to address the deficit in a meaningful way, the people who want to increase taxes will have a very great opportunity to attempt to persuade the American public that our Government taxes them too little and does not spend too much.

I, obviously, take the other side of that case. I believe the American public—certainly my constituents in Idaho—believe that the Government spends too much, not too little, and if there were to be adjustments made, they would much rather the Government got out of their way and out of their pocketbook rather than helping them more and taxing them more. But that is a legitimate debate.

I believe that this process set up in this particular bill will force us to address this issue and resolve it. I may lose in that debate, but I think it is more important that we solve the deficit problem than it is that I win the debate. I think it is more important for us to address the growth of the national debt than to endlessly bicker over the question of whether or not the President is irresponsible in saying we ought to cut spending or whether the people who are in favor of taxes simply want to have a more burdensome Government.

We shall go through that. We cannot avoid that kind of rhetoric in the debate. I know it will be there. But let us get to the point where we get past that debate and come to a resolution of the deficit problem. That is what this is all about.

I agree with the Senator from New Hampshire. I do not know any way, unless we are going to simply delegate to the President how taxes should be increased. I think that is constitutionally impermissible and unwise in the extreme.

I do not know how we would do that, get a tax increase imbedded in this kind of resolution, unless we went across the board and somehow attempted to meet that by saying every tax and excise and every other source of revenue for the Federal Government shall be increased by a proportional percentage. I doubt very much whether that kind of proposal would indeed get any kind of agreement on the floor of the Senate or the House of Representatives, let alone downtown at the other end of Pennsylvania Avenue. So I think even though we might talk about it, it is unlikely in the extreme that we shall find that formula, no matter how long we talk. I think we ought to pass this and get on with what we can do to address that budget and create the conditions under which the political process in the country will force us to look at the deficit as the overriding question that we must address.

Mr. DIXON. Will my friend from Idaho yield for a question?

Mr. McCLURE. I am happy to yield.

Mr. DIXON. I appreciate very much my friend's comments. I want to say that we talked privately over here a while ago. I think that this discussion today has been an exceedingly useful one for those of us who have participated. In my time here, I think it is one of the better discussions I have heard on the floor of the Senate.

My friend was here a while ago when the Senator from Maine and the manager, the Senator from New Hampshire, walked through the provisions of this bill. That was very useful, I am sure, to all of us over here. There is one thing I have a little problem about. I wonder if my friend from Idaho, who was going to talk about flexibility before, might help me with this part.

Let us take the year after next when on October 1 the two directors make their certification of the amount of the deficit. I am not using this year because there is a suggestion that nothing will happen this year anyway, that the budget deficit will be within the constraints suggested for this year beginning November 1. So let us take next year and let us discuss in terms of a reasonaable figure of $20 billion as the amount that is certified as the amount of deficit, and let us take the figure of $9 billion for the entitlements and then $11 billion to be cut from the other programs for the $20 billion. All of this is done. The President certifies in accordance with all this or, if he does not, the Congress acts, but in any event it is done with accordance with what is suggested in this bill.

Now, here is the thing I am not clear upon, may I say to my friend from Idaho. Let us assume for the purpose of this hypothetical situation that the guesstimates are very, very wrong and that when we come into, let us say, May of the next calendar year there is a tremendous recession in the country of great magnitude and now it is the consensus of those in the Congress who have discussed the whole problem that we need a jobs program of some kind—whether the Senator would philosophically agree with that or not, is not important to the hypothetical—and that the cost of it will be $6 billion.

Now, the $6 billion, of course, would add to the deficit, this is clear. I am not quite able to fully understand what we do at that point in time having had all the other certifications and everything. Could the Senator clarify that for me?

Mr. McCLURE. I appreciate the Senator raising the question again because I had indicated earlier I wanted to talk about that issue.

Mr. DIXON. Yes.

Mr. McCLURE. Let me walk through a little bit and then point to some past history. First we set aside in the Senator's hypothetical fiscal 1986 and we look at fiscal 1987. During the remainder of fiscal 1986 Congress wrestles with and passes a budget that is supposed to meet the guidelines set forth in this particular enactment, and that has been approved and put in place and we think it is doing the job. On October 1, 1986, under this bill, OMB and CBO would make an estimate as to whether or not what we had done in the preceding months, if we get it done before October 1, really meets it. I suggest that it is not likely that we would be so far off that on October 1 they are going to find us $20 billion out, but they might. But assume that they did and they order certain changes to take place, certain changes are ordered pursuant to this act, and we wait then to see what actually happens. We would not know before sometime in January whether those actions were correct or not. We would wait at least a quarter, I suspect, wait for the first quarterly report to come in after January 1, to even get an update.

Now, the Senator from Colorado earlier used the terminology of "two successive quarters showing massive downturn necessary to describe or redefine a recession." Now, that is not embedded in any statute. It is not even ancient folklore, but it is modern economic lore.

Mr. DIXON. But assuming that takes place.

Mr. McCLURE. Well, that would be sometime late in spring.

Mr. DIXON. Right.

Mr. McCLURE. Probably not into May or June. And if you wait until two quarters after the first quarter you are into the third quarter before that is evident. We have already started to act on the 1988 budget. We are on the budget resolution. We are beginning to adopt the congressional actions that will look forward to the fiscal year 1988. If it is such a traumatic experience, such a massive change that everybody sees it and everybody agrees that something has to be done, Congress will act very quickly. Congress will act very quickly. If it is less than that kind of a situation, Congress is very likely to bicker among ourselves or between the Senate and the House or between the legislative branch and the executive branch as to what the appropriate response will be and time will run us past October 1 of that year before we even come to any agreement on the solution.

Whether you like it or not——

Mr. DIXON. Well, but what matters——

Mr. McCLURE [continuing]. This process does not make it worse but it does not avoid the time delay that is inherent in trying to get 100 men and women here and 435 men and women over there and however many people are involved in the executive branch to come to a conclusion on what changes should be made.

Mr. DIXON. May I ask my friend from Idaho, if we have done the things provided in this bill, if the two directors certify that there is a $20 billion deficit——

Mr. McCLURE. And that certification is on October 1.

Mr. DIXON. Of 1986.

Mr. McCLURE. Right.

Mr. DIXON. And they certify $9 billion out of the entitlements, $11 billion out of the discretionary is where you find it, the President certifies how to spread the $11 billion across and the $9 billion is acknowledged by him to be correct under the entire entitlements. We find our $20 billion. Fine. Now, when we get the problem in May and we say, "Hey, we need a $6 billion job program," and that increases the deficit by $6 billion, can we pass a bill and do that?

Mr. McCLURE. Congress can do that, absolutely.

Mr. DIXON. By majority vote?

Mr. McCLURE. Congress can do it by the voting procedure set forth in this bill and it would also have to be approved by the President of the United States.

Mr. DIXON. Of course it would. But then the Senator's statement is that notwithstanding this bill—I want to be sure I understand this, and I hope my friend from Wisconsin, who had this conversation with me, is listening as well—notwithstanding all of the provisions of this act and the 37 pages here involved and notwithstanding the certification by the directors and notwithstanding the certification by the President and acquiescence by the Congress, that if an emergency in respect to a recession or depression, or however you want to characterize it, occurs and we need a $6 billion jobs program—and everybody here knows that that adds to deficit, listen to me, knows that it will add to the deficit by the incremental amount of $6 billion—we can still pass a bill and add that much to the deficit?

Mr. McCLURE. The Senator is correct.

Now, Mr. President, I would say that that is, obviously, one of the deficiencies in the act.

Mr. DIXON. In other words, people might say we are irresponsible in doing it. That is an arguable thing.

Mr. McCLURE. That is right.

Mr. DIXON. But clearly we could do it, we could respond.

Mr. McCLURE. I am not trying to say whether we should or not. I am just trying to respond to the question the Senator poses. The answer, in my judgment, is yes.

Mr. DIXON. The Senator is satisfied that is correct?

Mr. McCLURE. Of course.

Mr. DIXON. I know he has been a contributor to the bill and so forth. I want to be clear in my own mind that the Senator is confident.

Mr. McCLURE. But let me point out that also requires the assent of the President of the United States.

Mr. DIXON. I understand.

Mr. McCLURE. Because it is later legislation which must be passed in both bodies and signed by the President.

Mr. DIXON. Of Course.

Mr. McCLURE. If the President vetoed it, we would be back into the question of overriding the veto or not.

Mr. PROXMIRE. Will the Senator yield on this?

Mr. McCLURE. But I want to point out that while you look at that as an addition on the side of flexibility, as indeed it is, it is also a deficiency in the act that anything that Congress passes Congress can undo.

Mr. DIXON. That is right.

Mr. McCLURE. I have to add to that that anything the Congress and the President put into law, the Congress and the President can undo.

Now, that simply is a way of leading into the other statement that it seems to me absolutely imperative, that when we pass this, as I devoutly hope we will, we not abandon the fight to pass a constitutional amendment requiring a balanced budget and setting forth the limitations and procedures. I think the debate we are having today, that we had yesterday and will have tomorrow and the days that follow until this is resolved, all of that debate is and will be very appropriate to the consideration of the constitutional amendment which I believe we will have a chance to vote on yet this year. The Judiciary Committee is prepared to bring that proposal to the floor, I am told, and I hope they will. I hope we will have that debate and the people who are looking at that issue will look back at the RECORD of this debate to sharpen and to focus their perceptions with respect to the strengths and weaknesses of a constitutional amendment, which I also hope will be passed. But we should not wait for the constitutional amendment to be passed to solve this problem and take no legislative action in the meantime.

I want to point to one bit of history with respect to flexibility—the political context of the decisions.

In 1980, we had reached an absolute crisis point in this country. Interest rates were above 20 percent, the inflation rate over 13 percent, jobless rates were double digit, and all those things were getting worse.

In the midst of that, we had an election and we changed the administration and we changed the majority in the Senate, probably as a result of that economic crisis that peaked in 1980. It was not caused all in Jimmy Carter's years—he just happened to be on watch while it was happening—any more than the $2 trillion of debt was caused by Ronald Reagan. He happens to be in the White House while those things set in force in years past are being realized now.

In 1981 Congress, with a new majority here and a new President downtown, tried to look at the 1981 fiscal year budget and start making some changes for the 1982 fiscal year that would correct those conditions that had brought about that crisis in this country.

We passed a number of fiscal restraint measures during 1981. We passed a tax bill in 1981 to deal with that fiscal economic crisis in this country.

1982 was really the President's first chance, this new President, to try to affect the budget, because the one he operated under during 1981 was the one that was in place before he got here.

In 1982, we tried again to make some further fiscal adjustments in this country—with indifferent success, I might add. The big adjustments have taken place in the new legislation of 1981.

In 1982, we tamped down Federal spending because it was contributing to a deficit that had caused all those problems before.

That is history, I believe, and an accurate rendition of what happened during 1981 and 1982. But in spite of that, because of the accumulated problems that had beset this country, because of the high unemployment rates that persisted, because of the recession that lasted far more than just two quarters, we looked at a jobs bill in 1982; and in early 1983 we passed a jobs bill, even though it added to the deficit which we believed had caused the problem.

So, politically, Congress did act in exactly the way the Senator has described, but it took that long. I do not believe that the inflexibility of this act is so great as to prohibit us from acting over a similar timeframe, because by the time you get around to recognizing the difficulty, you are already working on the next fiscal year and setting in place the next round of actions under this bill.

The question of flexibility also gets into how often you can constructively change programs without adversely affecting people who make decisions based upon programs. You cannot fine-tune on a weekly or monthly basis. There has to be some tuning in a course of time, but we would be in a chaotic situation if we attempted in every quarter to change the kinds of program payouts we are dealing with here. We would be reprogramming the computers constantly, and the country would be in a tremendous mess trying to adjust to so many things in such a period of time.

I think that is also true, perhaps even more true, if I were to have my way in this bill, and we did not exempt anything except the contractual authorities, which we could not change as a matter of constitutional principle.

I would not exempt Social Security from the COLA adjustment that this bill does—personally, not because I have anything against old people in this country. That is obviously not the case. But because I believe that they are entitled to be treated fairly, the same as everyone else, but not necessarily better than everyone else, and I think they accept that.

If that were true, the Social Security Administration tells us that it takes them from 30 to 45 days to program the computers by which the checks are mailed out.

Mr. PROXMIRE. Mr. President, I fully disagree with the Senator's interpretation of the hypothetical proposed by the Senator from Illinois. I have great respect for him, because I know the Senator has studied this carefully, and he is a very intelligent Senator.

As I understand it, the whole purpose of this bill is to prevent exactly what the Senator from Illinois is talking about—that is, a $6 billion new job program, except under very special conditions. There has to be a finding and a recommendation by the CBO and the OMB that they estimate negative real growth. They have to get that. It has to be certified.

Then, what the Senator proposes could be done. In order for them to certify that, you are likely to get into a situation where you have it for a quarter or two before this kind of recommendation.

So I think it is iffy whether the proposition of the Senator from Illinois would be true.

There are specific provisions already. The President can suspend, in part or in whole, the requirements of this section, provided you get these recommendations from those two agencies.

Mr. McCLURE. Let me suggest that you cannot see the forest because you are in the trees. You are looking at individual provisions in this bill and ignoring what is obviously fact.

We can set up procedural hurdles that have to be gone over, and this bill attempts to do that. But any enactment of the Congress of the United States supersedes earlier law.

Mr. PROXMIRE. Then, this has no effect at all.

Mr. McCLURE. It has some effect.

Mr. PROXMIRE. There is no discipline in the bill at all.

Mr. McCLURE. It has some effect.

Mr. PROXMIRE. What?

Mr. McCLURE. I do not mean to understate its effect, and I do not think we should overstate it. It has the effect of setting up some procedural hurdles that have to be crossed, and it sets up the fact that Congress and the Executive would have to agree.

Mr. PROXMIRE. You have to have negative economic growth.

Mr. McCLURE. That is not correct. The Senator know that our rules as well as the law of the land say that you cannot appropriate anything that has not been authorized. Is that not correct? Absolutely bottom line: you cannot appropriate anything that has not been authorized.

Mr. PROXMIRE. We do it all the time.

Mr. McCLURE. We do it all the time. Why? Because there has to be sufficient authorization.

Mr. PROXMIRE. Then, this has no meaning at all.

Mr. McCLURE. It has some meaning.

Mr. PROXMIRE. We could come along today, under present circumstances, and the Senate and the House could pass a job bill of $6 billion, and that is it. $144 billion is the maximum set forth here for the deficit. You say, "Don't pay any attention to that. We're going to have a $6 billion job program, even though it makes it $150 billion."

Mr. McCLURE. It was pointed out here yesterday in debate on the floor that there is aleady a law of the land, which is on the books, that requires us to have a balanced budget.

Mr. DIXON. But we do not have one.

Mr. PROXMIRE. There is no discipline.

Mr. DIXON. It has a lot of discipline. I think the Senator from Idaho is correct, that notwithstanding what this bill says, they can certify that there is going to be 4 percent real growth; the Directors certify the whole thing; they certify a $20 billion deficit; the President sends down a certification, and everything falls into place. But in 6 months, those of us in the U.S. Senate see a recession out there and want to pass a $6 billion job bill. I do not think anything in this bill prevents us from doing that—the Senator from Idaho is correct—except public outrage against it.

Mr. McCLURE. And a couple of other things.

Mr. PROXMIRE. There is no restraint.

It is the procedures that have to be followed, which you either have to follow or waive, just as the Budget Act waiver requirement does not prevent us from ignoring the Budget Act but makes it more difficult for us to do and, second, you have to give both Houses of Congress the agreement on appropriate action and you have to get the President of the United States to agree. It requires affirmative action to whatever actions might be prohibited by this act.

Mr. PROXMIRE. what has just been disclosed shows that the proposal, it seems to me, has no force and negative economic growth is a complete redundancy. It does not mean anything.

Mr. McCLURE. It may well not have any force.

Mr. PROXMIRE. It has not any force.

Mr. McCLURE. It has some.

Mr. PROXMIRE. We can come along and pass anything we want to, as far as farm legislation is concerned, as far as jobs legislation is concerned, as far as legal services, whatever we wish. There is no restriction at all and the $144 billion limit that we have in fiscal 1987 means nothing.

Mr. McCLURE. I say to the Senator can you characterize this as being too toothless, and some have, but it has more teeth in it than any other proposal we have before us today or any other law now on the books. It may not be perfect. I do not think the sponsors of it claim that it is perfect, but it moves us in the direction of a process that yields some fiscal responsibility further than we are now.

I do believe that the Senator from Illinois may well be correct, but the greatest discipline on our actions will be an outraged public, and they should be outraged. They should be outraged at a process where we passed $1 trillion of debt in 1981 and we are now being asked to raise that limit to over $2 trillion. They should be outraged at the action we took earlier this year on the budget resolution that predictably will increase the deficit $3 trillion in 5 more years. That is what the public should be outraged about. They should be telling us to do something about it, and I believe with due respect to my friend from Wisconsin, they would rather we take this action than take none. They would rather us at least try to do something about it than to say: "Oh, too bad, nothing we can do about that. You will just have to accept another trillion dollars in debt in another 5 years."

They expect more of us than that. They are entitled to more from us than that.

Mr. President, I might before moving off, suggest some here in the Chamber in this debate and yesterday and today and probably in the succeeding day or two are going to say again what they have been saying several times in the past. The 1981 act tax cuts were a mistake. I do not believe that is true. I believe if we had not had the 1981 tax cuts we would not have seen the degree of economic recovery we have today.

So before we so casually throw that action into the ash can, let us at least get into the debate about how we are going about keeping the economy alive and growing, how we get men and women back to work when they have been unemployed, what it is to make a capitalist system work properly when there is interaction between the public sector and the private sector.

Let us not so casually decide that Keynes was all wrong and what is perhaps more important that our application of Keynesian theory is always right in which we prime the pump when it is down but we do not pay off the deficit when economic activities are up.

We have never really tried Lord Keynes' total hypothesis. We only tried the more comfortable side of it spending our way out of recession and toward prosperity and I think on the basis of past performance that has proven to have been erroneous.

Mr. President, I would like to digress momentarily from the issue we are now debating, to discuss an issue that could and should come before us in this session of Congress. The reason I do so is precisely because of the debate we are having on the deficit reduction plan offered by Senators GRAMM and RUDMAN.

The issue I refer to is allowing the American people full and complete access to our deliberations through broadcast coverage of the Senate.

I spent a good deal of time on the floor of the Senate yesterday afternoon, listening to insightful, well-informed debate on what I believe is the most serious problem confronting this country: the Federal deficit. Recognizing the gravity and the impact of the measure now before us, Members from both sides of the aisle have come to the floor to debate the merits of the Gramm-Rudman proposal, and the consequences it would have on congressional budget policy.

It is debate as it should be, Mr. President, as our founders intended it to be.

Like many of my colleagues, I spent time during the August congressional recess meeting with constituents in my State. And a question I faced at almost every stop and almost universally the first question I got was: "What are you going to do about the Federal deficit?" I am confident that my colleagues faced the same question in their travels as well.

So just over 1 month later, we are gathered here to address that very question that our constituents asked of us: "What are you going to do about the deficit?" But they cannot be party to our actions, they cannot listen to our arguments, because we as a body have continued to prevent the American public from seeing and hearing our actions through broadcast coverage.

All 50 States now allow broadcast coverage of at least one house of their legislature. The House of Representatives has allowed full broadcast coverage of their debate since 1979. Yet on an issue of this importance to the American public, we continue to bar them, through the eyes and ears of television and radio, from hearing our deliberations on this matter.

Those of us who are students of the history of the Senate may recall that the Senate conducted its business behind closed doors for the first 5 years of its existence. Public resentment and suspicion over Senate secrecy, however, mounted with each passing year.

The National Gazette, a leading newspaper of the day, put the matter succinctly in an editorial written in 1792. The Gazette said, "Upright intentions and upright conduct are not afraid or ashamed of publicity."

Two years later, the Senate finally acquiesced and added a public gallery to its chamber in Philadelphia.

Public access. The people's right to know. Full and open debate. These are ideas to which we are all committed. Why is it, then, that we still object to lifting that last veil of secrecy from our debate by allowing broadcast coverage?

We are engaged in upright conduct with upright intentions, Mr. President, as the National Gazette stated in 1792. We need not be afraid of public accountability for our actions, especially on a matter of this importance. It is high time that we complete the process begun by our predecessors 191 years ago and allow the public full and open access to our debates through televised coverage.

It is very tempting, Mr. President, to move at this point to offer a measure allowing experimental televised coverage of Senate proceedings, simply for the reason of allowing the American people to be party to this debate. The matter does have precedent. Television was permitted in this Chamber in 1974 to cover the swearing-in of Vice President Nelson Rockefeller. In 1977, radio broadcast was authorized for our debate on the Panama Canal treaties.

However, I will withhold from taking such action, despite my strong belief that full public access to this debate would be enormously beneficial to the people who we represent.

As we continue our discussion of the Gramm-Rudman proposal, Mr. President, I would urge my colleagues to take a moment and think about how the American people would benefit from being a party to this debate. Because it is debate of the kind that we are engaged in today, Mr. President, that is the most compelling reason to allow broadcast coverage of our proceedings.

I would have been absolutely delighted had the American public been able to hear Dave Boren yesterday afternoon, not just what the press chooses to put out on the national wire, not just what he may cover in his newsletter to people of Oklahoma, but all people in the United States having the opportunity to hear that expression of concern about the future of this country. I wish the people of this country could hear Senator Hollings as he explains the provisions of this bill. I wish they had the opportunity to hear Senator Gramm as he went through it yesterday.

I wish the American public could see and hear the exchange that has taken place here today on the details of this legislation and what it means to their future and the future of their children. The American public is entitled to that.

Once more, Mr. President, we need to have their understanding of the issue. We need to have an informed public that will allow us to take the kind of action that is necessary on this particular measure.

It is easy to say, "I could make a bet," because there is not any way of proving the answer. But I strongly believe that if the American public had heard the debate yesterday, had been able to see and listen to the debate today, were able to watch the proceedings of this Chamber tomorrow, we would have thousands of telegrams and phone calls in our offices on Monday saying, "Get on with the business of this country. Stop your talking and pass that bill that alone shows some promise for getting the budget deficit under control. Stop temporizing and stop nitpicking over little things. Have the big debates and solve them, but for God's sake do something."

Mr. President, I believe if we had open television coverage of the Senate we would be more likely to take that action than we are in the sacred silence that we impose.

Mr. MELCHER. Mr. President, I listened all morning and so far this afternoon to this debate. I have listened with a great deal of interest, even when it bogged down in conflicting and confusing amounts in the quagmire of this budget system that we have invoked upon ourselves.

Yesterday, Mr. President, I said that I want to vote for the proposal and vote for a similar proposal by Senators Byrd and Chiles. I am going to vote for these proposals because the times are critical. The economy is in recession in the basic industries. The prices for commodities in the basic industries are all down. Whether it is agriculture commodities or it is minerals, energy, forest products, prices for commodities are all down.

I keep asking my friends, my colleagues, and my constituents if they can tell me at least one commodity where prices were better than they were 4 or 5 years ago. I am pleased to tell you that I found one. I found one, lamb prices—lamb and sheep. They are a little bit better. I am delighted. But that is the only commodity I have been able to find that is in better shape now than it was, say, 3 or 4 years ago from the standpoint of price.

So, indeed, the economic situation is very tenuous in this country. It is no exaggeration to say that the economy of the basic industries are in very sad shape and are in a recession.

Turning to the matter at hand, the budget process has not brought about deficit reduction. Some had thought it would. This proposal, the Gramm-Rudman-Hollings proposal, is another step in the budget process to bring about deficit reduction. And some believe it will. If and when the vote occurs, I believe a hefty majority will vote for it, including myself.

It is, above all, and all it is, a symbolic vote. But it may not measurably reduce the deficit, unless it alerts the public, stirs the grassroots to demand that the Congress, in exercising its constitutional authority, significantly lowers appropriations or significantly increases revenues, or both.

As far as I can detect, the proposal is constitutional. The process of appropriations and revenue measures remain intact. The methods have served the Republic for 200 years successfully up until now, the process of appropriations of revenues. Our responsibility lies in Congress.

During the past 5 years, however, we have had $900 billion in deficits. And so this method, this constitutional system, is failing. The reason that it has failed is that we have had 5 years of bad management from, first of all, the executive branch of Government and, second, from Congress, also guilty of bad management. The bad management comes from a willing majority in the Senate and the House to foolishly draft bills appropriating too much money and then pass them, voting for them.

Let me repeat: The President is wrong. The Congress is wrong. The Senate and the House are wrong to agree with the President.

The President asks for too much money—and that is all he can do, just ask for it. He cannot force anybody to appropriate money. He can just ask for it; ask for the funds. Tragically, Congress, by majority votes, gives him too much in appropriations.

Of course, our differences are in what the President wants to spend in various categories and what the Congress, by majority votes, directs in funding to various categories, but the combination has brought the disaster.

We have incubated this egg and it has hatched. It turns out to be a turkey—a turkey economy, with huge deficits dragging down the economy. It is not a turkey that you can give any thanks for. It is not one you want to eat at Thanksgiving—not this year; probably not next year. Because this economy is sinking and it is sinking harshly.

A great deal of the responsibility of the sinking economy goes directly to the deficit. But in this process, let us just take a look at what we have this year. The President would have an appropriation of $350 billion for defense for this fiscal year, instead of $292 billion that is likely to be appropriated. And there is plenty of evidence that both amounts are way too high and are not necessary. But if Congress is going to appropriate $292 billion or more by majority House and Senate votes, they join in this madness, this overspending.

In contrast to that, the President would have a total of appropriations from Congress for this fiscal year lessened, cut, by about $20 billion for domestic programs. Thirty billion dollars more in domestic program cuts than what the Congress, by majority votes, is going to appropriate.

Now this proposal we have before us now, the Gramm-Rudman-Hollings proposal, in taking this additional step in budgeting, would require a further revision, a further revision in the budget process in arriving at reduced appropriations. And it involves both the President and the Congress. It would draw public attention. The effect of this would be to draw public attention to both sides of a confrontation between these two branches of Government and, Mr. President, would perhaps bring out grassroots demands for corrective actions to reduce the deficits.

There is merit to that. There is merit to that because these classic confrontations between the executive and the majorities in Congress on how to appropriate the funds that are available in the Treasury from revenues gained, revenues paid into it, and by the amount of Treasury borrowing, that classic confrontation should be examined and thoroughly understood by the public.

And they will dictate to their own Congressmen, Congresswomen, and Senators how they feel the priority should be arrived at, and how badly they believe the deficits are endangering the economy of the whole country.

That is one side of this constitutional responsibility, and one side of the people's chance to direct their Government through their representatives, and through their President as to what action should be taken. The other side of this constitutional mandate regarding expenditures involves the revenue bill, the revenue measure, and the revenue policy. Yesterday, also, Mr. President, I spoke very briefly about what I believe to be a very urgent need of enacting into law the minimum corporate tax on profitable corporations. We allude to that quite often. It has been alluded to several times in the debate today, and several times in the debate yesterday. It is talked about through the media periodically, and people throughout the country are grasping the facts that there are hundreds of very profitable corporations which are escaping paying any Federal income tax at all. There are many other hundreds that pay at a very low percentage of their profits.

So before this bill passes, it is my hope—at least my intention—to offer an amendment as others will too, and perhaps many of us will join together to offer an amendment to have a minimum tax on profitable corporations. That is just a small step, some would say, because what would it increase the revenues by? It depends on how you do it. But it is somewhere in the realm of $4 billion to $8 billion a year. Some would say, well, you know, that is not very much when you have a deficit of $200 billion a year. But, of course, that is true. It is not very much. It is a step. Perhaps many would shrug and say if that is all you are going to do, if that is all you have in mind, give us something that we can really sink our teeth in.

I understand that view. I also understand why vast numbers of Americans would say get it under control, do it now, show us your program, show us your game plan, and they would say, well, for this amendment it is a symbolic vote to vote for it. And I shall vote for it. But I fully realize, and I warn people of this country that while it is a game plan, and it is rather comprehensive, it does not get it done right now. And it will not get done at all unless these individual steps, one at a time, these appropriations bills and these revenue measures, are voted upon in the House and in the Senate, in both Chambers, and signed into law by the President. Those are one step at a time, and one bill at a time. There is nothing automatic about this proposal of Gramm-Rudman-Hollings. There is nothing automatic about it at all. It is another extension of the budget process.

Some of us are indeed wondering why we ever voted for a process that is so complicated, and that involves so much time of the House and Senate, and which does not do anything so far in reducing the Federal deficits. And some of us, at least I will, in all candor admit that in voting for this proposal as a symbolic vote, have serious questions on just how much it will accomplish to reduce the Federal deficit.

In all the debate involving the deficits, we cannot avoid talking about how significant it is in the current economy, how significant it is in next month's situation for the economy of the United States, next year and the year after—indeed, the most pressing problem we face is to assure the deficits are reduced so that we can have a decent economy in this country, and that the recession that I mentioned earlier that producers of commodities in agriculture, in minerals, in metals, forest products, and in energy find themselves in now will have some corrections.

It has to be significant to all Americans since these major, basic, economic interests—these millions of people that have invested their time, their lives, and their money in these basic industries—are collectively going down the tube with serious losses, with vast numbers of liquidations, and with the loss of jobs that are never going to come back. It is so serious that it will touch the lives and the pocketbooks of every last single American no matter where he or she lives, and no matter what business or enterprise he or she is engaged in.

So in this discussion about the seriousness of the economy, trade will be part of that discussion. The trade imbalance is indeed just as serious as the Federal deficits. The $123 billion of trade deficit last year, and likely $150 billion trade deficit for this current year, is just as significant as a $200 billion Federal deficit because they do go hand in hand. But to have corrections in the trade imbalance, I must also warn everybody in my constituency in Montana that correction will be only step by step, and it has no magic wand. There is no vast overall that can be undertaken immediately, and zip, it is gone. It also is a step by step.

I earlier mentioned that we have had 5 years of bad management by the executive branch as well as 5 years of flagrant, inept management by Congress. Some of this is macromanagement. Some of it is micromanagement. I would like to relate one area of bad management.

Mr. President, one of the areas in trade where there has been bad management was dramatically discussed by witnesses at a hearing that was held this year, on September 5 in the Russell Building.

Mr. President, I held this hearing to portray through the testimony of individuals a series of macromanagement decisions by the executive branch of Government that was adverse to the public interest and hampered trade.

The hearing involved witnesses testifying in three groups. One group was composed of representatives of foreign governments who are customers of the United States for agricultural commodities. These are traditional, longstanding customers that purchased American agriculture commodities from the United States.

The second group was representatives of private voluntary organizations who are engaged in the operation or their voluntary agencies around the world in numerous countries where agricultural commodities from the United States are utilized and where nutritional needs are better met by the operations of their organizations.

The third group was agriculture commodity organizations here in the United States testifying about their particular commodity group and how these same management decisions affected them.

They are all talking about the same area, Mr. President. They are all talking about the area of bad decisions by the executive branch of Government during the past few years which resulted in less opportunity for utilization of surplus American agricultural commodities.

I am going to read their testimony, which is not their total testimony but a brief summary of their testimony, at the September 5 hearing.

Mr. Pablo Pablo is the Deputy Administrator of the National Food Authority in the Philippines. He said:

> As a condition to receive P.L. 480 assistance for the importation of wheat and rice, importation must be opened up to the private sector without prior licensing or approval of the import by the National Food Authority. However, since July 1, the private sector was so authorized but have not undertaken any tender because of problems of the private sector particularly relating to foreign exchange. This has resulted in delays of imports, food shortages, and fluctuations in food prices.

Mr. President, that is a brief summary of the remarks of the Deputy Administrator of the National Food Authority of the Philippines saying why they were not able to import the wheat and the rice that they desired from the United States in the amounts that they wanted and at the time they wanted to receive them from the United States.

The questions that they raise concerned why these conditions were set by the State Department and imposed upon them which impeded, delayed, and decreased the amounts of surplus foods that they could purchase from the United States.

That is poor policy, Mr. President, but it is not unique.

H.E. Dauda S. Kamara, the Ambassador from Sierra Leone, said:

> The insistence that a private financial institution rather than the Central Bank of Sierra Leone be found to fund P.L. 480 programs resulted in a long period of delay before it was finally recognized that there was no private institute willing to undertake this activity.

Mr. President, the Ambassador from Sierra Leone was describing the conditions set down by the State Department that resulted in a long period of delay before they could get the food from the United States, food that was necessary for them.

Henry E. Thomas, who is a broker representing Mozambique, had this to say:

> Requirements for Mozambique to privatize are well received and present no philosophical problem. But there are very real and practical nonphilosophical problems. How can you privatize when you have almost no one in the country who has any private sector business or managerial experience? Or capital?

The State Department had asked them to privatize the handling of foods they would get from the United States. Those suggestions by the State Department on the theory of privatizing were well received in Mozambique, and really presented no philosophical problem. They said in Mozambique, "Yes, you are right, State Department. We ought to privatize."

But here is what happened, as he stated. There are real practical and nonphilosophical problems involved. The question is how can you privatize when you have almost no one in the country who has any private-sector business or managerial experience, or when there is no capital.

The question was one of delay. The question was one of how many more people are going to starve. It is a fact that the Government of Mozambique estimated 100,000 people died of starvation and malnutrition in the past year.

The point that Mr. Thomas was making was that philosophically, of course they would like to privatize. The country has been out from under the control of others and under their own control for about 12 years, since approximately 1972 or 1973. There is virtually no experience in Mozambique within their Government or within the private sector in developing the managerial experience or order to take over. It is all in the Government, in other words. There is no private capital available right now. It is all whatever the Government is. Whatever the credit line is, the Government has it and nobody else has a credit line.

They would like to move into the ideal situation where they have the private enterprise system fully in force and doing the things that are better done by private enterprise than by Government. They believe in that emphatically.

There was no way that they could just say, "We have it." It does not exist and it will not exist for probably a generation. Maybe a half-generation would be optimistic, but it is coming. In the meantime, they need the food.

Mr. Diani is a broker representing Kenya, Zambia, Liberia, Guinea, and Senegal. He stated:

> Privatization is not practical and in at least one country, Kenya, there is reason to believe that they will refuse food aid rather than accept conditions imposed on them. The manager of the Cereal Board is already in Sydney, Australia, arranging the purchase of a large quantity of wheat.

Traditionally, Kenya, year in and year out, looks to the United States to purchase wheat. When there are requirements imposed upon them by the State Department, they have to think about where does the food come from. Now they are in the process of looking into whether they can get it out of Australia. We will lose the sale.

In this hearing, a representative of the three largest of all private organizations in the world, and who have operated for more than a generation or two, said:

> A major obstacle to exports, whether donational programs, concessional sales, or commercial exports, are the automatic assumption that there is market displacement of U.S. markets through these programs. Also legislative restrictions on programs such as section 416 prevent creativity in developing programs that will lead to expanded markets.

Peggy Sheehan, vice president for Food Policy and Market Development, National Cooperative Business Association, presented those comments.

What Peggy Sheehan is saying is that regardless of how these exports move from the United States or these export commodities that we produce and whose prices are seriously depressed and whose storage costs under Federal ownership are going up, regardless of whether the program is a Food for Peace donation for humanitarian reasons or it is a concessional sale because we recognize that we have to give good terms to these developing countries because their economies are down, or it is a commercial export where they pay full cash on the barrelhead, the obstacles to that are the automatic assumption—and the assumption is made by the Department of State and by the Department of Agriculture—that there is market displacement of U.S. markets through this program. They make that judgment, they make that assumption, and when they do, they slow the exports down, and they lose sales.

Charles Sykes, the assistant executive director of CARE, another one of the private voluntary organizations, said:

> Current administrative procedures for food programs involve a multiplicity of governmental agencies and departments. It makes it difficult to make food aid transfers in a sensible, logical, and efficient way.

Mr. President, we must have invented redtape. The United States must have invented redtape, because we have, surely, the most of it. He goes on:

> CARE frequently finds it easier to work with food aid programs of other countries because they are less involved with red tape than U.S. programs. For example, CARE has just signed an agreement with Canada and Bangladesh involving $35 million worth of wheat for the next three years.

You might say, well, CARE does business with other countries. That is right. CARE does business with other countries. They have to get the food commodities where they can. When they cannot get it out of the United States, yes, they go to another country. They look first to the United States because we have it. Whether it is milk or wheat or soybeans or several other commodities, we always have it. It is here. But the redtape is getting so thick and the delays are so excessive that they find that they must, to operate their programs effectively, look to other countries.

When they do, we lose out on a sale, we lose out on the opportunity for market development to enhance our sales in the future.

John Swenson, deputy director for external affairs, Catholic Relief Services, had this to say in September here:

> It's somewhat ironic that the overall level of donational food has decreased but the regulations have increased to the point where one could more than half seriously say that they can be measured by the ream. The increased burden of administative response undermines one of the greatest advantages of Private Voluntary Organizations—the fact that they are small, run at low overheads and on small staff.

Mr. President, I should say right here that the money they operate on is all private money. They do it on their own money.

Going on with Mr. Swenson's testimony, he said:

> Providing food to hungry people should be an apolitical act. Food is one of the most basic needs and no program should be more free of calculation of relative political advantage.

Mr. President, the other group was the commodity organizations. Their testimony reflects these comments. Stephen Gabbert, executive vice president for the Rice Millers Association said:

> We have noted with some dismay the cookie cutter approach on the part of AID with the issue of privatization and its effort to stamp out a particular concept of it and to try to impose it across the board upon a number of lesser-developed countries. We always seem to pick on the countries that can't do much about it. The State/AID complex needs to be more sensitive to the situation in agriculture.

Mr. President, this development in policy by the Department of State and the Agency for International Development needs to be more sensitive to the situation that exists here, in the United States, with our agricultural commodities.

Jim Miller, who is secretary-treasurer of the National Association of Wheat Growers, said:

> We need to focus on exports for the survival of farmers and survival of rural America. Yet, there is still no plan developed that states where the United States is in terms of trade policy or in terms of agricultural policy. We don't know what is going to happen from one day to the next in terms of export incentives that might be promoted by the government. It is imperative that we develop an agricultural trade policy.

Ron Stoddard, the executive director of Nebraska Wheat Growers, reflected some of the same sentiments:

> It is frustrating that there are areas where the administration of ill-conceived rules or operating procedures or foreign policy considerations actually helped our competitors achieve greater market shares and increase their wheat export sales. Our government uses administrative and foreign policy manipulation to cut off our wheat sales and cater to our competitors' economic interest, and this administration would even rather finance countries and farmers in the Caribbean Basin that it would in the Missouri Basin.

Those are the comments of the people who testified at that September 5 hearing, short summaries of their testimony. I raise their testimony now to show that trade of agricultural commodities has been thwarted, delayed, reduced. We have lost some opportunities.

What does it amount to in dollars? Well, I would say it indicates, from the testimony we received from AID countries, that probably a like situation exists with another score of the 60 countries around the world that we have significant agricultural exports to every year, year in and year out, so perhaps we have lost $1.5 billion in wheat sales over the past 12 to 18 months; perhaps as much as $150 million in soybean sales, maybe more; perhaps another $100 million in rice sales, perhaps more.

But the indication points out that the problem exists, that we are letting it get away from us, that it is not all just a strong dollar that cuts off exports, because none of the testimony involving these countries was with regard to the strength of the American dollar. All it involved was the snafu, redtape, poor policy of the executive branch. These things must be corrected.

Perhaps people will shrug and say, well, we have bigger problems. But this is another one of those smaller steps that you have to take to get at the big problems and to correct the overall situation—the question of why is the deficit in trade so bad, what does it have to do with the Federal deficit? The only way to correct it is to take one step at a time, make the adjustments, work it out. It cannot all be done with one stroke of the pen or one wave of some magic wand.

Mr. President, that concludes my remarks on the subject before us. I now yield the floor.

DIVISION OF AMENDMENT NO. 730, AS MODIFIED

Mr. WEICKER. Mr. President, I demand a division of amendment 730 as modified.

The PRESIDING OFFICER. The amendment is so divided.

The majority leader is recognized.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. RUDMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RUDMAN. I thank the Chair. It is my understanding the Senator from Wisconsin has some questions regarding the pending measure, and I will simply ask the Senator if he wishes to state those.

Mr. PROXMIRE. Mr. President, will the distinguished Senator from New Hampshire answer this hypothetical question. It was raised earlier today, and I would like his expert opinion.

If we pass this legislation and we have very slow growth, it looks to Members of Congress that we are going to have a recession but it is not negative growth, we have not established that as a factor, and the two agencies that are supposed to report to us do not tell us that there is negative growth but the Congress passes a $6 billion jobs bill and in fiscal 1987 the limit is $144 billion. We are right at $144 billion. We go up to $150 billion. Say we pass that some time during the fiscal year of 1987. Would the President be free, or would he be required to sequester, say, $6 billion of funds to bring it down to $144 billion?

Mr. RUDMAN. The CBO report comes on October 1, and that would be after the adoption of the budget resolution and hopefully some of the appropriation bills for the following year. Now, anything that happened between October 1, let us say, 1987, for purposes of the Senator's question, and the following October 1 would not in any way impinge on action that had been taken for this fiscal year other than whatever action had been taken under this procedure anyway, if I understand the Senator's question.

Mr. PROXMIRE. So whatever happens after October 1, Congress could pass supplemental legislation because they would want to act right away, of course, in a recession to provide the $6 billion job program. The outlays would be occuring, most of the $6 billion outlays would be in fiscal 1987. We would simply exceed the $144 billion limitation that is in this bill?

Mr. RUDMAN. I want to make sure I understand this correctly. The sequestering procedure would not take place. However, the extent to which the proposal that the Senator from Wisconsin is describing, the measure that would be introduced by Congress, exceeded the target after the sequestering had been accomplished—the sequestering, let me assume, had been done to bring it back to the number——

Mr. PROXMIRE. That is correct.

Mr. RUDMAN. That would be subject to a point of order under the front half of this legislation.

In other words, this legislation has two enforcing mechanisms to the extent we can enforce anything here that cannot be overridden on the floor. First, it has a sequestering provision; second, it would not allow for legislation after that determination was made that added to the deficit without some countervailing appropriation, tax, whatever.

Mr. PROXMIRE. I appreciate that answer very much. That clarifies the situation. So that the discipline would come that we would either be able to make a point of order, and hopefully hold on that point of order, or if the Congress wished to do so, it would have to raise an additional amount to compensate?

Mr. RUDMAN. Or pass special legislation to slow down the growth of some other program during the same fiscal year. It could use any measure it wished so long as it was arguably what is called around here a zero sum amendment.

Mr. PROXMIRE. The problem with this economically, of course, as I am sure the Senator will appreciate, is that under these circumstances the reason for the additional spending would be to stimulate the economy, provide more jobs. If you have to have a countervailing action, that would either increase taxes or would provide for cuts elsewhere, obviously you would negate much of the stimulative effect. Now, under this bill, would it be possible for Congress to deliberately exceed $144 billion with the determination to stimulate the economy because of the recession or because of unemployment increases?

Mr. RUDMAN. I refer my friend from Wisconsin to pages 35 and 36 of the measure, which is the waiver section. That was put in there for precisely the kind of event the Senator from Wisconsin is describing. Obviously, it is conceivable, after October 1, the beginning of the fiscal year, for events to occur in the country—national disasters, economic disasters. We certainly hope not, but look at what happened in Mexico City. Assume that we were faced with that kind of a disaster in our own country. Obviously, the Congress under those extraordinary circumstances would be justified to temporarily waive provisions. And we have a waiver provision here. The difference is, however, that at least the waiver provision contained in the amendment is clearly identified. It cannot be obscured as a very vague rider to "National Strawberry Shortcake Week" and passed as a rider to that. It must be freestanding as a joint resolution and I am sure with discussion in this Chamber and the other body about the reason for it, it could receive the votes if in fact the circumstances occurred. So the simple answer is certainly, in a case of major change circumstances after the 1st of October, there is a mechanism here for the Congress to make changes.

Mr. PROXMIRE. Let me ask the Senator another question. The Senator, I know, is an outstanding expert—and I mean that—one of the very few really outstanding experts in this body on the Defense Department and defense spending. I do not know anybody who has spent as much time as he has spent in the Appropriations Committee working on that, and I greatly respect his judgment.

It seems to this Senator that this measure is quite severe with respect to the Department of Defense, and I say that as one who has been critical of much of the spending in the Department.

So supposing the President submitted his budget and he decided that research and development spending in the Department of Defense should be off budget and he submitted a legislative proposal to that effect. Now, when we disagreed and added that money back in, all of a sudden we are overbudget. Could the President do that?

Mr. RUDMAN. Let me say to my friend from Wisconsin that I suppose that anyone, the President included, can come to this body and ask to take something off budget. As the Senator from Wisconsin recognizes, having been here a lot longer than I, if we get 51 votes in the Senate and a majority in the other body, it is going to pass and there is no question that if it came off budget, then obviously it would not be subject to the procedure.

But let me say to my friend from Wisconsin that it seems to me, when you are talking about Social Security and trust funds, that is one thing, but if you were to take an item that was funded from the general revenues of the Treasury and tell the Members of this body that we want to take it off budget, it seems to me that that is asking for a rather extraordinary vote with no justification.

So the question is, can it be done? It certainly can be. Would it be done? In my opinion, I do not think so.

Mr. PROXMIRE. The reason the Senator raises this is because I think there is great sympathy under these circumstances with the Department which is going to have to take a great deal of the burden of this, as we know. Social Security is out. Interest on the national debt is out. I thought that the Senator from Colorado did a fine job, and the Senator from New Hampshire, of course, did an excellent job in pointing out how much is going to be excluded. It comes down hard on the Department of Defense. The Department of Defense is probably going to have a great proportion of all that is left in, and that is why it seems to me that it might be a feeling on the part of the people, out of equity—it does not seem very logical perhaps in view of the attitude many of us have had in the past—because of the economy and with their concern for a strong national defense to try to maybe take it out.

Mr. RUDMAN. I say to my friend from Wisconsin the defense budget is the largest portion of the half called discretionary spending, so obviously any sequestering on that half will have a major impact on the Department of Defense. But it seems, at least to this Senator, that if we were debating that kind of a measure on the floor, to take, let us say, operations and maintenance off budget, or the salaries of the Air Force off budget, you could make a pretty good argument that we are trying to pull the wool over people's eyes and what we are really doing is finding a way to increase the deficit without being accountable. I hope people like the Senator from Wisconsin, who has been a leader in this regard, at that point would say, "Fine, we need that and we have got to have it. Let us find a way to pay for it."

Mr. PROXMIRE. I thank the distinguished Senator. Will he permit me to make a short statement of 3 or 4 minutes without losing his right to the floor?

Mr. RUDMAN. Mr. President, I ask unanimous consent that the Senator from Wisconsin be allowed to proceed and, when he has concluded, I do not lose my right of recognition.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I have been here all day, and I am very impressed by the debate today. I agree with Senator HART that it was a better debate than we had yesterday. I think Senator HOLLINGS, Senator RUDMAN, Senator HART, Senator MITCHELL, Senator DIXON, and Senator SARBANES were very helpful in enlightening those of us who were listening. I believe we understand it better now than ever.

I am going to vote for the measure—I know I am, now—but, unfortunately, I regret that this legislation does not do more. In the first place, it does nothing at all for this coming year. Maybe that is necessary, but the fact is that the Senator from New Hampshire said, "This year, we do nothing," and that was the most revealing in the debate.

What happens if in 1986 the deficit is $200 billion and not $180 billion, plus the 7 percent, which would bring it to $192 billion? In that event, we would be $8 billion short, and not much would happen on the basis of the answer I have just received from the distinguished Senator from New Hampshire.

Say, the following year the deficit should be no more than $144 billion. Then, suppose in fiscal year 1987, a year from now, OMB and CBO overestimate economic growth. This will be very far down in the recovery. We will have recovered 4 or 5 years, and we rarely have exorbitant growth over the period. So we have not a $144 billion deficit but a $175 billion deficit.

Under those circumstances, I think it is ambiguous as to whether or not the President can sequester funds. The Senator from New Hampshire has indicated that, in his view, he could not, during the year, not after the year begins, but that ambiguity is not clear in the legislation.

Then, suppose that in fiscal year 1988, during which the deficit is supposed to be reduced to $108 billion, but after the longest recovery in many years, a 6-year recovery, the economy suddenly suffers a recession and the deficit goes to $300 billion.

Many people may feel that this is a fancy that is wild and unlikely. I think it is the most likely development.

While I am going to vote for this amendment, I predict that we will probably have close to a $200 billion deficit in 1986 and a deficit near that figure, $175 billion to $200 billion, until we have a recession; and when we have a recession, we will have the biggest deficit in the history of our country, by far.

So, while this is a step in the right direction, it is a very short step. It is a mild step.

It seems to me that we should think very seriously about proceeding as the Senator from Idaho suggested. The Senator from Idaho and I are eye to eye on this. We should seriously think about cutting it off cold turkey, allowing perhaps a few weeks, and then saying that we are going to balance the budget, and go on a pay-as-you-go basis from there on.

I realize that that would be difficult, but it seems to me that that is the proper way to act, and eventually we will have to do it.

Mr. HOLLINGS. Mr. President, may I ask the distinguished Senator from Wisconsin one question?

Mr. PROXMIRE. The Senator from New Hampshire still holds the floor. Will he yield for that purpose?

Mr. RUDMAN. I believed I yielded to the Senator from Wisconsin.

Mr. HOLLINGS. I say to the Senator, respectfully, that we do have differences of opinion. We tried our best in getting together, in cosponsoring this, where we would put it on the mark and not try to force anything. So essentially the amendment duplicates the budget passed here in August, which was signed, as the Senator indicated and adds 7 percent due to the statistically significant feature of the amendment and you are up to $192 billion, so that nothing would have to be done in 1986.

I differ with that. I think the deficit will exceed that $192 billion figure. I think it will be triggered and something will have to be done, so we ought to look at it seriously. There is a difference of opinion. If we say nothing is to be done, we say nothing is going to happen this year. On the contrary, I think perhaps that budget would even be larger. I have always been of that school. I have said so on the floor.

Mr. PROXMIRE. I agree with the Senator. If it exceeds $190 billion—say, $210 billion—the President, during the year, will sequester funds.

Mr. HOLLINGS. Yes.

Mr. PROXMIRE. There seems to be ambiguity in that.

Mr. HOLLINGS. There is no ambiguity. The report comes in on November 1. OMB and CBO come in 14 days after their report—if they report on November 1 that we are out not just up to $192 billion, but up to $210 billion——

Mr. RUDMAN. The figure is $194 billion.

Mr. PROXMIRE. Nothing will happen in November. But, say, in April or May it is not clear that they are not going to make that and there will be a deficit of well over $200 billion. Under those circumstances, will the President be in a position to sequester funds then?

Mr. HOLLINGS. Not at that time. We will be in session. This is only to keep the truth in the action we have taken on the budget. At the beginning of January, we have the Budget Committees and the budget resolution. The President does not come back in and reestimate in April or May and say, "We are going over, and here is a sequestering order." No. He does this in a ministerial way, on our behalf, at the commencement of the fiscal year.

Mr. PROXMIRE. Where is the discipline in the first year?

Mr. HOLLINGS. It comes about because we know that we are going to have our picture taken. That is the whole idea.

This has been one of the greatest charades. In the budget resolution we have told ourselves we have to have a little continental shelf drilling, we have to pay for Conrail, and that the growth rate is going to be 4 percent, when it is 1.8.

Having stated this to each other, we finally beat each other down the best we can into a budget and say that we are only going to have a deficit of, say $170.9 billion. With this measure, we might say it is $170.9 billion, but CBO and OMB will come in at the first of the fiscal year and really give true estimates.

At that particular time, we will know that we are going to have to trigger this act. Knowing that that is going to occur, we will be a little more serious and a little more careful, realizing that we do not want to trigger, that we want our budget. We are not trying to turn over to the President authority to get an executive budget. We want a congressional budget.

Mr. PROXMIRE. Is the Senator arguing that this year there will have to be action by Congress to make some cuts in spending before the end of fiscal 1986 that would affect fiscal 1986?

Mr. HOLLINGS. I contend that it will be over the particular amount slightly. They think it will be slightly under. If I am accurate, the answer is yes, positively. The President will have that order, and then we will have a look at it, and we will be here.

Mr. PROXMIRE. Is there not a requirement in this law that would have us go back to $194 billion if we are over it during the year? It requires us to go back to the original deficit as estimated.

We would have to go back. It could not exceed $194 billion. At what point would that——

Mr. HOLLINGS. $192 billion is the trigger. That is the point.

Mr. PROXMIRE. The Senator just said $194 billion. Is it $192 billion?

Mr. HOLLINGS. $192 billion. That is how you estimate it. Correct me if I am wrong. I always thought 180 plus the 7 percent of 180 came to about $192.6 or $192 billion.

Mr. PROXMIRE. Whatever it is. I did not mean to nit-pick.

Mr. HOLLINGS. Yes. That is how I computed it.

It that correct?

Mr. RUDMAN. I believe the Senator is correct.

Mr. PROXMIRE. If it is over $192 billion the Senator is saying Congress would be in a position where they would be required?

Mr. HOLLINGS. This is a ministerial act. We do not have a recession. So the President would go ahead with this particular percentage as determined by OMB and CBO to go across the board and take his action, and if we disagree with it we are in session and we can act.

Mr. PROXMIRE. At what point?

Mr. HOLLINGS. At the point when he gives it up on November 15, 14 days afterward.

Mr. RUDMAN. Essentially when the President submits the information to Congress that says, "I have complied with the provision of this law and here is what I have done according to the percentages furnished me by CBO and OMB." At that point he also can submit an alternative plan and the two Budget Committees of Congress can immediately start working their own alternative.

Mr. PROXMIRE. November 15, 1985 is the deadline and after that if we find that the economy is in a slump or whatever and revenues are up sharply or we have some kind of a supplemental, we will not be able to act to cut that back. Is that right?

Mr. HOLLINGS. That is right. Thereafter we can do it.

Mr. PROXMIRE. That is how I feel. The Senator is correct. He thinks the deficit would be over $200 billion. I think we are not going to really discover that probably until later in the fall. Then it will be too late.

Mr. HOLLINGS. No. We will be in session. We will discover it and we have a little more accuracy in all estimations, I think not only from OMB and CBO but ours from working on the budget.

Mr. PROXMIRE. I hope the Senator is right.

I thank the Senator.

Mr. HOLLINGS. I hope so, too.

Mr. RUDMAN. Mr. President, I yield the floor.

MOTION TO RECOMMIT

Mr. BYRD. Mr. President, I send a motion to the desk.

The PRESIDING OFFICER. The motion will be stated.

The legislative clerk read as follows:

> The Senator from West Virginia [Mr. Byrd] moves to recommit H.J. Res. 372 to the Senate Committee on Finance with instructions to report back with the following committee amendment:
>
> "Strike all after the resolving clause and insert in lieu thereof the following: That subsection (b) of section 3101 of title 31, United States Code, is amended by adding at the end thereof the following sentence: The dollar limitation contained herein shall not apply during the period October 1 through October 18, 1985."

Mr. RUDMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, earlier this afternoon, the distinguished Senator from Connecticut asked for a division, and I understand in the event cloture were invoked tomorrow, that would require 19 votes within the 100-hour period. Is that correct?

The PRESIDING OFFICER. The majority leader is correct.

AMENDMENT NO. 735

Mr. DOLE. Mr. President, in an effort to avoid that if cloture is invoked tomorrow, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas [Mr. Dole] proposes an amendment numbered 735.

On page 1, line 2 of the motion strike after the word "with" and insert "with instructions to report back forthwith"

SEC. . DEFICIT REDUCTION PROCEDURES.

(a) Short Title.—This section may be cited as the "Balanced Budget and Emergency Deficit Control Act of 1985".

Mr. DOLE. Mr. President, I ask for the yeas and nays on the amendment.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 736.

Mr. DOLE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas [Mr. Dole] proposes an amendment numbered 736.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment is as follows:

Strike "1985" in the matter proposed to be inserted, and insert in lieu thereof the following "1985—

(b) Congressional Budget.—

(1) One concurrent resolution on the budget required annually.—

(A) In general.—Section 310 of the Congressional Budget Act of 1974 is amended—

(i) by striking out all beginning with "Sec. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"Sec. 310. (a) In General.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary,—"; and

(ii) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(B) Conforming changes.—

(i) The table of contents in subsection (b) of section 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(I) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(II) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(III) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(ii) Paragraph (4) of section 3 of such Act is amended—

(I) by adding "and" after the semicolon at the end of subparagraph (A);

(III) by striking out subparagraph (B); and

(III) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(iii) Section 300 of the Congressional Budget Act of 1974 is amended—

(I) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(II) by striking out the items relating to September 15 and September 25.

(iv)(I) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(II) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(III) Section 301(b) of such Act is amended—

(aa) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(bb) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(IV) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(V) Section 301(e) of such Act is amended—

(aa) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(bb) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(v) Section 302(c) of such Act is amended by striking out "or 310".

(vi)(I) The heading of section 303 of such Act is amended by striking out "FIRST".

(II) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(vii) Section 304 of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(II) by striking out "pursuant to section 301".

(viii)(I) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(II) Section 305(b) of such Act is amended—

(aa) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(bb) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ix) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(x) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(xi) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(xii) Section 311(a) of such Act is amended—

(I) by striking out "301(a)" the first place it appears and inserting in lieu thereof "301(a)"; and

(II) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(xiii) Clause 1. of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(2) Maximum deficit amounts.—

(A) Annual concurrent resolution on the budget.—

(i) Point of order.—Section 301 of the Congressional Budget Act of 1974 is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and inserting after subsection (b) the following new subsection:

"(c) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) Conforming change.—Section 301(e) of such Act, as redesignated by clause (i) of this subparagraph, is amended by inserting "; and when so reported such concurrent resolution shall comply with the requirement described in paragraph (1) of subsection (c), unless such paragraph does not apply to such fiscal year by reason of paragraph (2) of such subsection" after "October 1 of such year" in the second sentence thereof.

(B) Permissible revisions of concurrent resolutions on the budget.—Section 304 of such Act is amended—

(i) by inserting "(a) In General.—" after "Sec. 304."; and

(ii) by adding at the end thereof the following new subsection:

"(b) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(C) DEFINITIONS.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year. For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, the receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for a fiscal year, and the taxes payable under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 during such fiscal year, shall be included in total revenues for such fiscal year, and the disbursements of either such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985, $180,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000; and"

"(F) with respect to the fiscal year beginning October 1, 1990, zero.".

(3) RECONCILIATION.—

(A) ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

(i) DIRECTIONS TO COMMITTEES.—Section 301(b) of the Congressional Budget Act of 1974 (as amended by paragraph (1)(B)(iv)(III) of this subsection) is further amended—

(I) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(II) by inserting "require" after the paragraph designation in paragraph (1);

(III) by inserting "require" after the paragraph designation in paragraph (2); and

(IV) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(ii) CONFORMING CHANGES.—

(I) Section 310(a) of such Act is amended—

(aa) by inserting "or" at the end of paragraph (2);

(bb) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(cc) by striking out paragraph (4).

(II) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than June 15 of each year".

(III) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(IV) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"June 15............................ Congress completes action on reconciliation bill or resolution, or both, implementing annual required concurrent resolution."

(B) PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET.—

(i) IN GENERAL.—Section 304(a) of such Act (as redesignated by paragraph (2)(B)(i) of this subsection) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(ii) CONFORMING CHANGE.—Section 310(d) of such Act (as amended by subparagraph (A)(ii)(II) of this paragraph) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(4) LIMITATION ON AMENDMENTS.—

(A) CONCURRENT RESOLUTIONS ON THE BUDGET.—

(1) HOUSE OF REPRESENTATIVES.—Section 305(a)96) of such Act is amended—

(I) by inserting "(A)" after the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution, shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in such concurrent resolution is not increased, by making at least an equivalent reduction in other specific outlays or at least an equivalent increase in other specific Federal revenues, or at least any combination thereof.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) SENATE.—Section 305(b)(2) of such Act is amended—

(I) by inserting "(A)" before the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution, shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in such concurrent resolution is not increased, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) RECONCILIATION BILLS AND RESOLUTIONS.—Section 310 of such Act is amended by inserting after subsection (b) (as redesignated by paragraph (1)(A)(ii) of this subsection) the following new subsection:

"(c) LIMITATION ON AMENDMENTS TO RECONCILIATION BILLS AND RESOLUTIONS.—

"(1) It shall not be in order in either the House of Representatives or the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution, or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution, unless such amendment ensures that the amount of the deficit for any fiscal year set forth in the most recently agreed to concurrent resolution on the budget is not exceeded, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(2) Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(5) ENFORCEMENT.—

(A) ALLOCATIONS OF BUDGET AUTHORITY AND OUTLAYS.—

(i) REPORTING DATE FOR ALLOCATION.—Section 302(b) of such Act is amended by striking out "Each such committee shall promptly report" in the last sentence and inserting in lieu thereof "Each such committee, within ten days of session after the concurrent resolution is agreed to, shall report".

(ii) ALLOCATIONS MADE BINDING.—Section 311 of such Act is amended by redesignating subsections (a) and (b) as subsections (b) and (c), respectively, and inserting immediately after "SEC. 311" the following new subsection:

"(a) LEGISLATION SUBJECT TO POINT OF ORDER AFTER ADOPTION OF ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

"(1) IN GENERAL.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in either the House of Representatives or the Senate—

"(A) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year; or

"(B) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides new spending authority described in section 401(c)(2)(C) to become effective during such fiscal year, if the amount of budget outlays or new budget authority that would be required for such year if such bill or resolution were enacted without change or such amendment were adopted would exceed the appropriate allocation of budget outlays or new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution or the budget for such fiscal year, unless such bill, resolution, or amendment was favorably reported by the Committee on Appropriations of the House involved under section 401(b)(2) along with a certification that if such bill, resolution, or amendment is enacted or adopted, the committee will reduce appropriations or take any other actions necessary to assure that the enactment or adoption of such bill, resolution, or amendment will not result in a deficit for such fiscal year in excess of the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) ALTERATION OF 302(B) ALLOCATIONS.—At any time after a committee reports the allocations required to be made under section 302(b), such committee may report to its House an alteration of such allocations, provided that any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

"(3) EXCEPTION.—Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—Section 311(b) of such Act, as redesignated by subparagraph (A)(ii) of this subsection, is amended by inserting before the period at the end thereof the following: "or would cause the levels of deficits set forth in such concurrent resolution to be exceeded, or would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of subsection (b) of section 310 does not apply by reason of paragraph (2) of such subsection)".

(C) REPORTING REQUIREMENT EXTENDED TO CONFERENCE REPORTS.—Section 308(a) of such Act is amended by striking out "the report accompanying that bill or resolution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "or whenever a conference report is filed in either House, the report accompanying that bill or resolution or the statement of managers accompanying that conference report".

(c) BUDGET SUBMITTED BY THE PRESIDENT.—

(1) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared on the basis of the best estimates then available, in such a manner as to ensure that the deficit for such fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974; and the President shall take such action under subsection (d)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 as is necessary to ensure that the deficit for such fiscal year does not exceed such maximum deficit amount.

"(2) Subject to paragraph (3) of this subsection, the deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible.

"(3) Paragraph (2) shall not apply with respect to any fiscal year for which a declaration of war has been enacted.".

(2) REVISIONS AND SUPPLEMENTAL SUMMARIES.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

(d) EMERGENCY POWERS TO ELIMINATE DEFICITS IN EXCESS OF MAXIMUM DEFICITS AMOUNTS.—

(1) REPORTING OF DEFICITS IN EXCESS OF MAXIMUM DEFICIT AMOUNTS.—

(A) IN GENERAL.—The Director of the Office of Management and Budget and the Director of the Congressional Budget Office (hereafter in this section referred to as "the Directors") shall, with respect to any fiscal year (I) estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year, (II) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (III) estimate the rate of real economic growth that will occur during such fiscal year. The Directors jointly shall report to the President and to the Congress on November 1 of such fiscal year (in the case of the fiscal year beginning October 1, 1985) and October 1 of such fiscal year (in the case of any succeeding fiscal year), identifying the amount of any excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced during such fiscal year in order to eliminate any such excess. In the event that the Directors are unable to agree on an amount to be set forth with respect to any item in any such report, the amount set forth for such item in such report shall be the average of the amounts proposed by each of them with respect to such item.

(B) EXCEPTION.—Subparagraph (A) shall not apply to any fiscal year for which a declaration of war has been enacted.

(2) PRESIDENTIAL ORDER.—

(A) CONTENTS.—

(i) IN GENERAL.—Upon receipt of any report from the Directors under paragraph (1) of this subsection which identifies a statistically significant amount by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year, notwithstanding the Impoundment Control Act of 1974, the President shall issue an order that—

(I) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by modifying or suspending the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during such fiscal year, in such a manner as to reduce by a uniform percentage (but not below zero) the amount of increase under each such provision, and

(II) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by sequestering such amounts of budget authority, obligation limitations, and loan limitations, and by adjusting payments provided by the Federal Government, to the extent necessary to reduce each relatively controllable expenditure by a uniform percentage;

and shall transmit to both Houses of the Congress a message—

(III) identifying—

(aa) the total amount and the percentage by which automatic spending increases are to be reduced under subclause (I) of this clause;

(bb) the total amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and the total amount of payments which is to be adjusted under subclause (II) of this clause with respect to relatively controllable expenditures;

(cc) the amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and payments which are to be adjusted with respect to each such relatively controllable expenditure in order to reduce them by the required percentage; and

(dd) the account, department, or establishment of the Government to which each amount of budget authority, obligation limitations, and loan limitations and each payment described in subclause (II) of this clause would be available for obligation; and

(IV) providing full supporting details with respect to each action to be taken under subclause (I) or (II) of this clause.

(ii) EXCEPTION.—If, in order to reduce by one-half the amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year, actions under subclause (i)(I) would require the reduction of automatic spending increases below zero, then, in order not to require such reductions below zero, the remaining amount shall be achieved through further uniform reductions under subclause (i)(II).

(iii) LIMITATION.—No action taken by the President under subclause (I) or (II) of clause (i) shall have the effect of eliminating any program, project, or activity of the Federal Government.

(B) DATE ISSUED.—

(i) POSITIVE REAL ECONOMIC GROWTH.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is zero or greater, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 14 days after transmittal of such report.

(ii) NEGATIVE REAL ECONOMIC GROWTH.—

(I) IN GENERAL.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is less than zero, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 30 days after transmittal of such report.

(II) ALTERNATIVE PROPOSALS.—The President may, during the 30-day period specified in subclause (I), submit to each House of the Congress a joint resolution that will, if enacted—

(aa) reduce the deficit for a fiscal year to an amount not greater than the maximum deficit amount for such fiscal year, or

(bb) subject to the requirements of subsection (f) of this section, suspend (in whole or in part) the requirements of this section and of the amendments made by this section with respect to such fiscal year.

Such joint resolution shall be introduced (by request) by the majority leader of each such House on the day on which it is submitted and shall be referred on such day to the appropriate committees of such House.

The committees shall report the joint resolution not later than 10 days after the date on which it is introduced. Any committee failing to report a joint resolution within the 10-day period referred to in the preceding sentence shall be automatically discharged from consideration of the joint resolution, and the joint resolution shall be placed on the appropriate calendar. The provisions of section 305 of the Congressional Budget Act of 1974 for our consideration of concurrent resolutions on the budget shall also apply to consideration of any joint resolution submitted under this subparagraph and to conference reports thereon. Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to any such joint resolution.

(C) Effective immediately.—Except to the extent that it is superseded by a joint resolution enacted under paragraph (3) of this subsection, an order issued pursuant to this paragraph shall be effective from and after its issuance. Any modification or suspension of the operation of a provision of law that would (but for such order) require an automatic spending increase to take effect during a fiscal year shall apply for the one-year period beginning with the date on which such automatic increase would have taken effect during such fiscal year (but for such order).

(D) Proposal of alternatives.—A message transmitted pursuant to this paragraph with respect to a fiscal year may be accompanied by a proposal setting forth in full detail alternative ways to reduce the deficit for such fiscal year to an amount not greater than the maximum deficit for such fiscal year.

(3) Congressional action.—

(A) Reporting of joint resolutions.—

(i) In general.—Not later than 10 days after the issuance of an order by the President under paragraph (2) with respect to a fiscal year, the Committee on the Budget of the House of Representatives or the Senate may report to its House a joint resolution superseding such order. The report accompanying such joint resolution shall explain in full detail the nature and effects of each provision of the joint resolution.

(ii) Point of order.—It shall not be in order in the House of Representatives or the Senate to consider or agree to any joint resolution reported under clause (i) with respect to a fiscal year, any amendment thereto, or any conference report thereon if—

(I) the enactment of such joint resolution as reported;

(II) the adoption and enactment of such amendment; or

(III) the enactment of such joint resolution in the form recommended in such conference report;

would cause the amount of the deficit for such fiscal year to exceed the amount of the deficit set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year or the maximum deficit amount for such fiscal year.

(iii) Definition.—For purposes of clause (i), the term "day" shall mean any calendar day on which either House of the Congress is in session.

(B) Procedures.—

(i) In general.—The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to consideration of joint resolutions reported under this paragraph and conference reports thereon.

(ii) Limitation on amendments.—Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to joint resolutions reported under this paragraph.

(4) Definitions.—For purposes of this subsection:

(A) The term "automatic spending increase" shall include all Federal programs indexed directly or indirectly, whether appropriated or contained in current law. This shall include entitlements and other payments to individuals, open-ended programs and grants, and other similar programs, and shall not include increases in Government expenditures due to changes in program participation rates. Such term shall not include any increase in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

(B) The term "budget outlays" has the meaning given to such term in section 3(a) of the Congressional Budget and Impoundment Control Act of 1974.

(C) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(D) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(E) The term "maximum deficit amount" has the meaning given to such term in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(F) The term "real economic growth" means, with respect to a fiscal year, the nominal growth in the production of goods and services during such fiscal year, adjusted for inflation.

(G) The term "relatively controllable expenditures" means budget outlays that are classified as relatively controllable outlays in Office of Management and Budget, Controllability of Budget Outlays, Report No. BPS0701A (August 27, 1985).

(H) The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount. For purposes of the fiscal year beginning October 1, 1985, the preceding sentence shall be applied by substituting "7" for "5".

(5) Conforming changes.—

(A) Rules of the House of Representatives.—

(i) Clause 1.(e)(3) of rule X of the Rules of the House of Representatives is amended—

(I) by striking out "and" at the end of subdivision (C);

(II) by redesignating subdivision (D) as subdivision (E); and

(III) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(ii) Clause 4.(a) of rule XI of such Rules is amended by inserting after "Budget Act of 1974" the following: "and on joint resolutions under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985".

(B) Standing rules of the senate.—Rule XXV(e)(2) of the standing Rules of the Senate is amended—

(i) by striking out "and" at the end of subdivision (C);

(ii) by redesignating subdivision (D) as subdivision (E); and

(iii) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(e) Budgetary Treatment of Social Security Trust Funds.—

(1) Fiscal years 1968 through 1992.—

(A) In general.—Section 710 of the Social Security Act (as added by paragraph (1) of subsection (a) of section 346 of the Social Security Amendments of 1983) is amended—

(i) by striking out all beginning with "the" the first place it appears down through "Disability Insurance Trust Fund, the" and inserting in lieu thereof "The";

(ii) by striking out "sections 1401, 3101, and 3111" and inserting in lieu thereof "1401(b), 3101(b), and 3111(b)";

(iii) by redesignating all after the section designation as subsection (b);

(iv) by inserting after the section designation the following:

"(a) The receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund, and the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government."; and

(v) by adding at the end thereof the following new subsection:

"(c) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, or for payments from any such Trust Fund to the general fund of the Treasury.".

(B) Application.—The amendments made by subparagraph (A) shall apply with respect to fiscal years beginning after September 30, 1985, and ending before October 1, 1992.

(2) Fiscal year 1993 and Thereafter.—Section 710(a) of the Social Security Act (42 U.S.C. 911 note), as amended by section 346(b) of the Social Security Amendments of 1983 (to be effective with respect to fiscal years beginning after September 30, 1992) is amended by—

(A) inserting "(1)" after the subsection designation; and

(B) adding at the end thereof the following new paragraph:

"(2) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in paragraph (1) or for payments from any such Trust Fund to the general fund of the Treasury.".

(f) Waivers and Amendments.—Notwithstanding section 904(b) of the Congressional Budget and Impoundment Control Act of 1974, any other provision of law, or any rule or standing order of the Senate or the House of Representatives, no provision of this section, or of any amendment made by this section, may be waived, amended, or otherwise modified except by a joint resolution that—

(1) does so in specific terms, referring to such provision by its designation and declaring that such joint resolution waives, amends, or otherwise modifies such provision; and

(2) is addressed solely to that subject.

(g) Section 1106(a) of title 31, United States Code, is amended by striking out "July 16" and inserting in lieu thereof "September 16".

(h) Application.—

(1) In general.—Except as provided in paragraphs (2) and (3), this section and the amendments made by this section shall become effective on the date of the enactment of this section and shall apply with respect to fiscal years beginning after September 30, 1985, and before October 1, 1991.

(2) Exception.—The amendments made by subsections (b)(1), (b)(2)(A), (b)(3)(A), (b)(5)(A)(i), and (c) of this section shall apply with respect to fiscal years beginning after September 30, 1986, and before October 1, 1990.

(3) OASDI trust funds.—The amendment made by subsection (e) shall apply as provided in such subsection.

CLOTURE MOTION

Mr. DOLE. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate hereby move to bring to a close debate on amendment No. 736, to House Joint Resolution 372, a joint resolution increasing the statutory limit on the public debt.

Bob Dole, Warren B. Rudman, James A. McClure, Phil Gramm, Pete V. Domenici, Bob Kasten, Daniel J. Evans, Ernest F. Hollings, Al Simpson, Barry Goldwater, Paul Trible, Bill Cohen, Arlen Specter, Jeremiah Denton, Ted Stevens, Mitch McConnell, Mack Mattingly, and Thad Cochran.

Mr. BYRD. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

The Senate continued with consideration of the resolution.

Mr. CHILES. Mr. President, this would be a good day to have a mirror in front of every Senator's desk. In a way, I think that is what we have. We have to look each other in the eye and decide whether we will approve the White House request to raise the debt limit to $2 trillion. I think we need to take a good, close look and see the facts clearly. They are harsh and they are frightening.

In just 5 years, the national debt has doubled. In 5 years' time, we have piled annual deficits on top of each other to reach $2 trillion worth of debt. As a result, the issue now before the Senate is not whether we will approve an increase in this debt limit but, rather, what we are going to do about decreasing the annual deficits. We finally understand that something has to be done.

Now we face two basic questions: Do we have the will to do it, and do we have the wisdom to do it right?

The answer to the first question is reflected in the Gramm-Rudman plan. No doubt, in that plan, they found the will. But we have not discovered it suddenly. It has been developing gradually, vote by vote, over the years as we have come closer and closer to serious action on the deficit. It did not come quickly enough to head off the $2 trillion debt. It came to us in a series of near-miss congressional efforts to reduce budget deficits prescribed by the White House.

In 1984, to give an example, the White House sent us a budget calling for a $180 billion deficit in 1985. Congress resisted. Here, in the Senate, some of us introduced Senate Concurrent Resolution 96, requesting the President to resubmit his budget in 30 days, with $200 billion worth of deficit reduction over 3 years. I hear echoes of that effort in the Gramm-Rudman amendment.

That same year, 1984, the Senate came within a tie vote of adopting a Democratic budget to reduce the deficit to $149 billion by 1987. Again I hear echos of that effort in the Gramm-Rudman plan that would cut the deficit to $144 billion in 1987.

This year, on the morning of May 10, the Senate adopted a budget resolution that reduced domestic spending, slowed the increase in defense spending, and curbed the growth of entitlement programs. And there are similarities between those steps and the Gramm-Rudman approach.

In 1982, with the so-called Gang of 17 meetings between the White House and congressional leaders, with last year's Rose Garden budget, and this year's negotiations between Congress and the White House, it is obvious that the will of the Congress to cut deficits has been maturing.

Yet, a $2 trillion debt is staring us in the face just at the time we have finally gotten the willpower to act against the deficit. So, Mr. President, if as the saying goes, "Where there's a will, there's a way," we had better have the wisdom to make sure it is the right way. While Gramm-Rudman is a clear expression of our will, I think it needs some basic adjustment before we can claim that it is the right way.

Right now we see the administration still trying to avoid the reality of these deficits. Instead, they are resorting to another false remedy by leading the charge to monetize the debt. And I think that as much as the prospect of $2 trillion of debt, the group of five action to intervene on currency markets has acted as a catalyst to force us to eliminate our budget deficits. With that intervention came the realization that the President and Paul Volcker now accept the need for extremely rapid monetary growth to sustain our economy. Again, it is to the great credit of Senators Gramm, Hollings, and Rudman that they have said in effect, "We will not allow our hard-fought gains against inflation to be squandered. We will eliminate the deficit."

But we must eliminate the deficit in a way that gives us the best chance of success while preserving our prosperity. If our economy were to have a recession, the deficit would balloon. Although deficit reduction would be suspended during that period, the catch-up to meet even the delayed objectives of the amendment could require the elimination of the entire—defense plus nondefense—controllable part of the budget.

To avoid that outcome, we would have to defy economic history. Our longest post-war recovery lasted only 8 years—1961–69—and that one was sustained by a wartime build-up, and we reaped the inflationary harvest throughout the 1970's. The reality of this amendment is that if economic history repeats itself, the Federal Government could be out of business in 1991.

I have heard it argued in this debate that the $2 trillion debt means the congressional budget process has failed. I do not think that is the case at all, and the Gramm-Rudman plan really says as much. It does not seek to abandon the budget process. It is intended to modify it. This amendment is really a tacity assertion that the budget process is the best way we have to attack the deficits. In effect, it says

Congress had the wisdom to build a bridge to budget sensibility, and now it is up to us to cross it.

That's a very important point.

Congress has taken the initiative. We have finally become so impatient with the lack of Presidential leadership that Congress is determined to force the White House into deficit reduction.

Unfortunately, the Gramm-Rudman approach—while properly motivated would take the will of Congress and convert it into more power for the President. And that is a fundamental weakness of the approach.

It would hand over to the President the power to make automatic spending reductions. The fact is the President already has enormous resources at his disposal in the form of the budget he submits every year. He has yet to prescribe the kind of budget steps that might lead to serious deficit reduction.

And there's another troubling feature of the Gramm-Rudman plan that cannot be overlooked. It essentially preserves the philosophy that insists spending cuts alone can eliminate the federal deficit.

Mr. President, this country has given the administration 5 years to make that philosophy work. Congress has given the President virtually all the aggregate spending cuts he wanted. The result is the problem before us—a $2 trillion national debt, double what it was when the philosophy was adopted.

So while I certainly give credit to the authors and sympathize with the supporters of Gramm-Rudman and share their impatience and frustration, I think we can do better.

The amendment I will offer with the minority leader [Mr. BYRD] and others is meant to achieve the same goals as Gramm-Rudman, but do it in a way that preserves the constitutional responsibility of the Congress. Besides that, the approach I offer today applies the full range of our resources to solve our No. 1 economic problem, the Federal deficit.

I shall have printed in the CONGRESSIONAL RECORD the same background material on my amendment that is on every Senator's desk. But let me outline its key features.

First, it will reduce the deficit in stages so that by 1991, the deficit will be zero as opposed to the $120 billion called for in the budget resolution.

Second, the deficit reduction targets for each year are specified, and the budget resolution will be pegged to those figures. The resolution would also contain instructions to reach the goals we set.

Third, the President will be required to tie his annual budget to those same deficit-reduction plans.

Fourth, if those goals are not met, that is, if the deficits are still higher than the targets established by this amendment, then automatic deficit reduction will be triggered.

And here is the heart of the amendment. The excess deficits will be reduced by dividing it into thirds, and assigning one-third to defense spending restraint, one-third to domestic spending reductions—excluding Social Security, a means-tested program—and one-third to additional revenues.

Mr. President, this approach has several important advantages. It will maintain the shared aspect between Congress and the White House for deficit reduction, and avoid tilting the constitutional balance in favor of either branch.

By providing that any revenues come, first, from a minimum tax on corporations and individuals who now pay no tax, it will emphasize revenue fairness. Moreover, any revenues acquired will be used—not for higher spending—but for lower deficits.

Our approach will make it clear that investments we make in our future are keys to progress. There can be no doubt that all domestic spending programs will sustain some reductions. But we cannot decimate programs like education, research, and export promotion and still expect to be a competitive nation.

Despite all our good intentions; despite a year of rhetoric about the evils of deficits, nothing has been more compelling in this battle than facing up to a red dollar sign, a 2, and 12 zeroes. We have a $2 trillion problem and finally have discovered the will to deal with it. Now we need to make sure we have the wisdom to deal with it effectively.

Mr. President, there are some further problems with Gramm-Rudman. The Gramm-Rudman amendment has a provision departing from the deficit targets if OMB and CBO predict a recession during a particular fiscal year. We all know our current definition of a recession—one that we have been using for some time—is two consecutive quarters of negative growth. That is one that the Department of Labor, I think, came up with. To every economist I know, everybody else, it has been a common thing we use around here. Everyone agrees that is when we are in a recession. But it could happen that we could have a recession in a year and the growth rate for that year could still be positive. That has happened before.

You could have a 2- or 3-percent real growth in the first two quarters and then you could fall off in the last two quarters, but you could still have a positive growth for the year. In this case, in my reading of the Gramm-Rudman amendment, it would not allow for a suspension of your rules at that time. The Gramm-Rudman amendment allows a departure from the deficit targets if CBO and OMB predict a recession.

We have had plenty of experience with OMB's predictions. I have heard people say that all they have to do is predict a recession. I do not know whether my good friend from South Carolina knows how many times during its history OMB has predicted a recession. Maybe my friend from New Hampshire knows that.

OMB has never predicted a recession. Never. Never. But that is one of the features in this bill. We can depart from these thing at any time OMB decides to predict a recession.

Suppose we are going along at a slow pace of economic growth but CBO and OMB are not forecasting a recession. We could go ahead with deficit reduction to meet the targets and that would slow the economy further. So this amendment literally could take us into a recession if growth was slowing down. Yet we go forward into it.

Once we are in an actual recession, what happens under Gramm-Rudman then? Do we have to amend Gramm-Rudman to be able to use fiscal policy to stimulate the economy? The way I read it, once we are in a recession, the President may submit to each House of Congress a joint resolution that will, if enacted, reduce the deficit for a fiscal year in the amount not greater than the maximum deficit amount for the fiscal year. He may do that. He may send another proposal, once you are in the recession, or, two, he may suspend the requirements of this section with respect to that fiscal year.

Mr. President, I am not sure that I want to tie the fate of a nation entirely to what the President may do. Every definition is two quarters of negative growth. We have a number of features that are triggered now on the basis of there being two sessions of negative growth. Now we have a plan like Gramm-Rudman that is calling for what we all know are drastic cuts and even as we go into that recession the President may send us another order making some modifications or he may suspend.

That is a major difference between Gramm-Rudman and the Chiles-Byrd amendment, which says when you are in a recession, that is it. Bam. You suspend this thing during that period of time.

Now, we also say that once the recession is over, you have 2 years to make up the difference, to catch back up. So we are not trying to put something in that is an escape clause.

It seems to me, I say to my good friends who are on this amendment, this is a major weakness, unless you feel there is no problem with just handing the President all this power. He may go this way and he may go that way. That is a concern that I have. And, remember that he may go that way if the projections for the whole year are that you are going to have a recession. So if you know you are going into a recession, you have one quarter, two quarters that are bad—under every other definition that would say you are there—the President does not even have the authority or the option to do it until we get a new report, another fiscal year report from CBO.

I will leave that, Mr. President, and talk about defense a minute. Under Gramm-Rudman the Congress would not be able to achieve savings from prior-year defense contracts. These are considered, in this Senator's understanding, uncontrollable under the OMB definition.

Now, in the last 5 years, as the Senator from New Hampshire knows, we have achieved inflation savings of over $10 billion from prior-years' defense contract savings. The authorization and appropriation committees have taken these savings and reduced the defense budget. Under Gramm-Rudman, we could not use these economies and efficiencies to reduce the defense budget. If next year we discovered another $4 billion, as we did this year in prior contract inflation savings, we could not use them. We would have to reduce real national security requirements. The following are examples of actual reductions we have made in the past 3 years through the use of prior-year contract savings which would not be available under Gramm-Rudman.

So we have $54 million in fiscal year 1984 from the F-18 contracts; $192 million from F-15 contracts; $143 million from the KC-135 contracts; $116 million from Trident; $14 million from the Navy CH-53 contracts; $50 million from hospital ship contracts; $217 million from prior year shipbuilding—all that in fiscal year 1984.

In fiscal year 1985, $500 million from the F-16 contracts; $29 million from the F-100 engine; $7 million from defense satellite communication programs; $84.8 million from the Trident contracts; $81.8 million from the DDG-47 program; $61.2 million from the FFG program, and $712 million for the low level guided bomb contract.

None of those savings, as I understand it, would be available for use, because they now fall under the OMB definition of uncontrollable.

In fiscal year 1986, $61.8 million in DDG-51 hull contracts; $41 million in TAO contracts; $28 million in CH-47 modification; $30 million in the EH-68 contracts; $12.7 million in the CG-47 hull contracts.

There are other problems with exempting prior year defense contracts. I found in my review of the completed contract tax method used by most defense contractors that numerous contracts are extended in costly and artificial ways in order to avoid paying taxes. When we begin a review of the tax reform, I will share more of this in detail.

However, by using OMB's sweeping definition of uncontrollable expenditures, Gramm-Rudman exempts some of the most questionable spending in the defense budget.

Another problem is that by setting arbitrary outlay targets as its goal, we could easily find ourselves in the position of negative real growth one year in defense and positive real growth in the next year.

I think we can all agree that some orderly spending in national defense pattern is preferred to radical increases and decreases every year. Gramm-Rudman seems to strip us of this possibility.

The requirements of national security do not lend themselves to arbitrary and artificial budget fixes. Gramm-Rudman, in that instance, is a little like snake oil: It looks like whiskey and might even smell like whiskey, but I do not think it is going to drink like whiskey.

Mr. President, I ask unanimous consent to have printed in the RECORD the CBO estimates of spending and tax effects of Gramm-Rudman and the Chiles alternative.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ILLUSTRATIVE CALCULATION OF EFFECT OF GRAMM-RUDMAN AND CHILES PROPOSALS

The Gramm-Rudman and Chiles amendments to the debt ceiling bill both specify a target path of declining deficits that would balance the budget and a formula that would reduce spending and (in the case of Chiles) increase taxes if the projected deficit in a given year exceeded the target. For comparability with the revised Gramm-Rudman proposal, which would balance the budget by 1991, we have modified the Chiles proposal so that it achieves its goal by the same year. Under the modified Chiles proposal, the deficit targets would be 4.2 percent of GNP in 1986, 3.3 percent in 1987, 2.4 percent in 1988, 1.6 percent in 1989, 0.8 percent in 1990, and 0 in 1991.

As modified, the two amendments provide for similar deficit-reduction paths but differ in how they are to be achieved. The Gramm-Rudman amendment specifies that deficit reduction would, if possible, be divided evenly among entitlements and discretionary spending; if the requisite cut in entitlements cannot be achieved through the full suspension of automatic benefit increases, then further reductions would have to be made in discretionary spending. The Chiles alternative provides for three equal categories of deficit reduction—defense spending cuts, domestic spending cuts, and increases in personal and corporate income taxes.

The effects of these two proposals under comparable but purely illustrative assumptions are shown in Tables A and B. If the policies of the Fiscal Year 1986 Budget Resolution are fully implemented, neither amendment would be triggered in 1986. While the effect of the two amendments in 1987 would depend on the policies of next year's budget resolution, and similarly for later years, the illustrative calculations assume that the 1987 budget resolution makes no changes in policy from the 1986 resolution. Also, even though the two amendments would each be implemented one year at a time, the illustrative calculations treat the deficit—reduction formulas in the amendments as the basis for a multiyear deficit reduction plan.

Since the Chiles approach provides for income tax increases—estimated to equal $5 billion in 1987, $9 billion in 1988, and $25 billion in 1990—it would require correspondingly less in the way of defense and domestic spending cuts than would the Gramm-Rudman amendment. As a rough average, Gramm-Rudman would require twice the domestic spending cuts of Chiles and one-and-one-half times the cuts in defense spending. Tables A and B also show the projected changes in spending and taxes relative to the assumptions of the 1986 budget resolution, which are displayed in Table C. The calculations extend only through 1990, since budget projections through 1991 are not available.

Additional observations about the calculations follow:

The Chiles alternative specifically excludes interest savings from the deficit-reduction calculation. For purposes of comparability, the Gramm-Rudman amendment has been treated similarly. Were interest taken into account, the Gramm-Rudman proposal would show additional savings of $1 billion in 1987, $3 billion in 1988, $8 billion in 1989, and $16 billion in 1990. The Chiles alternative would show interest savings of $1 billion, $7 billion, and $13 billion in 1987-1990, respectively.

The Gramm-Rudman amendment defines automatic spending and relatively controllable expenditures in terms of OMB controllability categories. The attached tables use the CBO categories of entitlements (including other mandatory spending but excluding social security) and discretionary spending. The reductions in discretionary programs are computed in terms of total outlays, even though OMB includes outlays from prior-year budget authority in the relatively uncontrollable category. This assumption would affect the initial distribution of cuts between defense and nondefense discretionary programs, but it would not make much difference over a few years time.

Excluding social security, the full suspension of automatic benefit increases would save approximately $6 billion in 1987, $14 billion in 1988, $22 billion in 1989, and $31 billion in 1990. This comprises the cost-of-living increases in federal civilian and military retirement programs, tier two of railroad retirement, veterans pensions and compensation, SSI, and food stamps, as well as the cost of increased reimbursement rates in medicare. Since these figures are less than half the total amount of deficit reduction required by the Gramm-Rudman proposal, the illustrative calculations assume that all additional deficit reduction would come from discretionary programs. Under the Chiles approach, a suspension of automatic adjustments in non-means-tested entitlements would more than meet the target for domestic spending cuts.

	1987	1988	1989	1990
TABLE A. ILLUSTRATIVE CALCULATION OF GRAMM-RUDMAN PROPOSAL				
CBO estimate of budget resolution	$163	$143	$132	$120
Gramm-Rudman deficit target	$144	$108	$72	$36
Total deficit reduction required	$19	$35	$60	$84
Entitlements (billions)	$6	$14	$22	$31

	1987	1988	1989	1990
Percent reduction	2.3	5.2	7.8	10.7
Discretionary (billions)	$14	$21	$37	$53
Percent reduction	3.0	4.4	7.3	9.8
National defense	$8	$13	$24	$34
Nondefense	$5	$8	$14	$19
Domestic Spending (billions)	$11	$22	$36	$50
Percent reduction	2.6	4.9	7.6	10.0

TABLE B. ILLUSTRATIVE CALCULATION OF CHILES ALTERNATIVE

	1987	1988	1989	1990
CBO estimate of budget resolution	$163	$143	$132	$120
Chiles deficit target	$147	$116	$83	$45
Total deficit reduction required	$16	$27	$49	$75
National defense (billions)	$5	$9	$16	$25
Percent reduction	1.9	3.0	5.0	7.2
Domestic spending (billions)	$5	$9	$16	$25
Percent reduction	1.3	2.0	3.4	5.0
Income taxes (billions)	$5	$9	$16	$25
Percent increase	1.1	1.7	2.9	4.1

TABLE C. CBO ESTIMATE OF BUDGET RESOLUTION POLICIES

	1987	1988	1989	1990
Entitlements, excluding Social Security	$257	$272	$289	$308
Discretionary spending:				
National defense	$285	$304	$326	$349
Nondefense	$173	$179	$184	$191
Subtotal	$459	$483	$510	$540
Domestic spending, excluding Social Security	$431	$451	$473	$499
Personal and corporate income taxes	$479	$525	$570	$614

Mr. CHILES. Mr. President, in looking at some of the effects of the Gramm-Rudman amendment on nondefense programs, under the Gramm-Rudman proposal, outlays for discretionary programs would have to be reduced by uniform percentage. However, we know that many programs have slow spendout rates, and the ratio of budget authority to outlays for these programs is very high.

Therefore, in 1986, to reduce outlays in these programs by a percentage such as 3 percent would require enormous reductions in budget authority. As a result, some programs would need to be almost completely eliminated in fiscal year 1986. Those programs would include EPA sewerage treatment grants, Veterans' Administration hospital construction. These programs, as we know, take high VA numbers, but they have very low outlay numbers in a particular year because they spend out over a large number of years. But if you say you have to reduce them by a fixed percentage of the outlay numbers, you are going to knock out most of the VA.

Subsidized housing falls in that category. Section 202 housing for the elderly and handicapped, community development block grants.

To achieve the outlay reduction of the Gramm-Rudman budget, authority for other programs would need to be slashed dramatically. A 55-percent reduction in urban development action grants. A 15-percent reduction for job training, and that would eliminate training slots for 330,000 people. A more than 40-percent cut in compensatory education. That would affect some 2 million children. It would take 2 million children out of special reading and math programs. Thirty-percent reduction in housing development action grants. Thirty-percent reduction in rental rehabilitation grants. More than 50-percent reduction in spending for Washington Metro. That is an item of no small consequence around here.

In addition to these enormous reductions, the Gramm-Rudman amendment would require significant across-the-board reductions in almost all the programs.

Mr. President, I ask unanimous consent to have printed in the RECORD some material that would show those reductions.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ESTIMATED IMPACT OF GRAMM-RUDMAN AMENDMENT ON FEDERAL PROGRAMS

Under the Gramm-Rudman amendment, the projections that OMB and CBO are required to submit would be based on the economic outlook for the coming fiscal year. But since a recession is defined as two consecutive quarters of negative growth, it could occur that we could have a recession during the year and yet the growth rate for the whole year would still be positive. Thus, we could have a recession but the amendment would still hold us to the original deficit targets.

For example, our country had a recession in fiscal year 1958 but the fourth quarter over fourth quarter grow rate was still positive. Under Gramm-Rudman, the deficit reduction cuts can only be forestalled if the OMB-CBO projections show a recession for the full fiscal year and the President chooses to send Congress an alternative. It is thus easy to see a scenario where the provisions of 9-R drive us into a deeper and deeper recession.

F. 050 1 DEFENSE

Under Gramm-Rudman the Congress would not be able to achieve savings from prior year defense contracts. These are considered "uncontrollable" under the OMB definition. In the past several years we have achieved over $10 billion in savings from prior year defense contracts by taking account of reduced inflation. The following are examples of actual prior year defense contract savings the authorization and appropriations committees have taken in reducing the defense budget in the past three years. Under Gramm-Rudman we could not use these economies and efficiencies to reduce the defense budget. If next year we discovered another $4 billion in prior year contract inflation savings as we did this year, we couldn't use them. We would have to reduce real national security requirements.

FY 1984 DEFENSE BILL

$54 million from F-18 contracts,

$192 million from F-15 contracts,

$143 million from KC-135 re-engining contracts,

$116 million from Trident contracts,

$14 million from Navy CH-53 contracts,

$50 million from hospital ship contracts,

$217 million from other prior year shipbuilding contracts.

FY 1985 DEFENSE BILL

$500 million from F-16 contracts;

$29 million F-100 engine contracts;

$7 million Defense Satellite Communications program contracts;

$84.8 million Trident contracts;

$81.8 million DDG-47 program contracts;

$61.2 million FFG program contracts;

$7.2 million low level guided bomb contracts;

FISCAL YEAR 1986 DEFENSE BILL

$40.5 million C-5 simulator contracts;

$61.8 million DDG-51 hull contracts;

$40 million TAO contracts;

$28 million CH-47 modification contracts;

$30 million EH-60 A contracts;

$12.7 million CG-47 hull contracts.

There are other problems with exempting prior year defense contracts. We have found that the completed contract tax method used by most defense contractors that numerous contracts are extended in costly and artifical ways in order to avoid paying taxes. However, by using OMB's sweeping definition of uncontrollable expenditures, Gramm-Rudman exempts some of the most questionable spending in the defense budget.

Gramm-Rudman has another problem. By using arbitrary outlay targets as its goal we could easily find ourselves in the position of negative real growth one year and positive real growth the next year. It is generally agreed that some regular and predictable pattern of defense spending is preferable to radical and drastic increases and decreases. Gramm-Rudman strips us of that flexibility.

EFFECT OF GRAMM-RUDMAN AMENDMENT ON NON-DEFENSE PROGRAMS

Under the Gramm-Rudman proposal, outlays for discretionary programs would have to be reduced by a uniform percentage. However, many programs have very slow spendout rates, and the ratio of budget authority to outlays for those programs is very high. Therefore, in FY86, to reduce outlays in these programs by the CBO estimate of 3 percent would require enormous reductions in budget authority. As a result, some programs would need to be almost completely eliminated in FY86.

These include: EPA sewage treatment grants, Veterans Administration Hospital Construction, Subsidized housing, including Section 202 housing for the elderly and handicapped, and Community Development Block Grants.

To achieve the outlays reductions of 3 percent, the amount of reduction estimated by CBO to be needed in the first year of Gramm-Rudman budget authority for other slow spendout programs would need to be slashed dramatically.

A 3 percent outlay reduction would require:

A 55-percent reduction in Urban Development Action Grants.

A 50-percent reduction for job training, eliminating training slots for 330,000 people.

A more than 40-percent cut in compensatory education, throwing 2 million children out of special reading and math programs.

A 30-percent reduction in Housing Development Action Grants.

A 30-percent reduction in Rental Rehabilitation Grants.

A more than 50-percent reduction in funding for the Washington Metro.

In addition to these enormous reductions, the Gramm-Rudman amendment would require significant across-the-board reductions in almost all other programs. These impacts are described below for each function of the budget.

F. 50 FOREIGN AID

Since most foreign aid funds are actually spent in the United States, a 10 percent reduction by 1991 in funding could lead to a 10 percent reduction in P.L. 480 food for peace assistance. Not only would this reduce food assistance for some of the world's poorest people, it could eliminate $130 million in

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commodities purchased from American farmers for distribution abroad.

F. 250 SCIENCE, TECHNOLOGY AND SPACE

Across-the-board reductions in science, technology and space activities could have a catastrophic impact on space science programs which have taken years to develop and are ready for launch.

NASA's space shuttle operations could be disrupted by an across-the-board reduction in space flight, control and data communications funding. This would force reduction in space flights and have a "ripple effect" by disrupting scientific and national security mission planning.

NASA's ability to launch the new space telescope, which cost almost $1 billion, the Galileo mission to Jupiter and other scientific investments could be lost by an across-the-board cut in 1986-1991 NASA space flight activities.

Across-the-board reductions in the NASA research and development will preclude the additional $2 billion in funds needed over the next 5 years to develop the new manned space station—which the President set as a national priority. It would also preclude any significant new programs.

F. 270 ENERGY

Moratorium on Strategic Petroleum Reserve oil fill in FY 1987.

$180 million reduction in energy research activities; including probable termination of renewable energy research in FY 1987.

F. 300 ENVIRONMENT AND NATURAL RESOURCES

Delay or elimination of funding for cleanup of 50 Superfund sites in FY 1987.

Potential closing of 35 national park areas, affecting 7 million acres by FY 1990.

Delay or elimination of funding for 10 Bureau of Reclamation construction projects by FY 1990.

Delay or elimination of funding for 3 Corps of Engineers new starts or substantial cost-sharing with states by FY 1990.

F. 350 AGRICULTURE

Inability to provide loans for 15,000 FmHA borrowers in FY 1987.

10 percent reduction in agricultural research activities ($375 million) including potential curtailment of funds for 5 land grant colleges in FY 1987.

FUNCTION 500

The Gramm-Rudman plan could cut overall funding by as much as 10 percent in the fiscal year in key education, employment, training, and social service programs. Some education and training programs have very slow spend-out rates, resulting in even larger cuts in current year budget authority.

As a consequence of their plan, participation could drop by as many as (1) 27,000 children in Head Start (first year spend-out: 45%); (2) two million children in compensatory education programs for the disadvantaged (first year spend-out: 7%); (3) 330,000 disadvantaged adults and teenagers in training programs (first year spend-out: 20%); and (4) 15,000 older Americans in community service employment programs (first year spend-out: 18%).

As a consequence of the Gramm-Rudman plan, program operators of elderly nutrition programs could reduce the number of meals provided by 10 million—or drastically reduce the nutrition value of these meals.

Under the broad power given him by the Gramm-Rudman plan, the President could—at will—impose his favorite budget cuts. Funding for the Job Corps might be zeroed out.

F. 550 HEALTH PROGRAMS

Community Health Centers (current funding: $405 million) would be cut by $24.3 million in the first year. The cut would mean that approximately 300,000 low-income people who live in medically-underserved areas and have no other access to primary health care could no longer be served.

Maternal and Child Health Program funding (current level: $478 million) would be cut by $29 million in the first year. The program provides funds to States to help them bring pre-natal and post-natal care to hundreds of thousands of low-income women and small children. Unless States completely made up the Federal funding cut, it could mean as many as 30,000 pregnant women would lose access to essential health services. Even under current funding, as many as one-third of the women who are eligible and need such medical care are not served.

Total health block grant funding to the states, including preventive health care, immunizations, and alcohol, drug abuse, and mental health services as well as the programs mentioned above, would be cut by $111 million in the first year. It is not realistic to expect States to pick up all this difference.

Resources for *control of infectious diseases* (Center for Disease Control) would be cut by almost $5 million from current funding. That figure does not even anticipate the new funding being requested by the Administration now for AIDS research and the cut could effectively wipe out all opportunity to combat AIDS.

The current *NIH research* budget would be cut by $450 million in the first year. The cut for cancer research alone, over $100 million, is over one-half of all intramural cancer research projects budgeted by this Administration for 1986 alone.

F. 600

WIC (Supplemental Feeding for Women, Infants and Children). This proposal would force close to 300,000 low-income pregnant women, infants and children off the WIC program by 1991. This program provides nutrition supplementals to such individuals who are judged to be nutritionally at risk by health professionals.

This SSI proposal would affect the low-income elderly and disabled individuals who receive assistance from the supplemental security income (SSI) program. If the overage provision of the Gramm-Rudman amendment were implemented in FY86, all 1.5 million elderly, 80,000 blind and 2.4 million disabled recipients would have their benefits cut by at least 3 percent. By 1991, this reduction would most likely exceed 20 percent.

F. 700

1. Veterans Compensation: This proposal would affect compensation payments resulting from service-connected deaths and disabilities of veterans. If the overage provisions of the Gramm-Rudman amendment were implemented in FY86, all 2.2 million of these veterans and all 300,000 of their survivors would lose at least 3 percent of their benefits. By 1991, this reduction would most likely exceed 20 percent.

2. Veterans Pensions: This proposal would affect pension payments to needy elderly and disabled veterans and their survivors. If the overage provision of the Gramm-Rudman amendment was implemented in FY86, all 676,000 of these veterans and all 71,000 of their survivors would have their benefits reduced by at least 3 percent. By 1991, this reduction would most likely exceed 20 percent.

3. Veterans Medical Care: (FY87 funding assumed in current budget resolution: $9.4 billion) would be cut by over $320 million in the first year. Since expenditures in this account are mostly for medical personnel staffing veterans hospitals, nursing homes and other medical facilities, this reduction would only come from reductions in personnel. Based on average employee salaries, the cut could mean a loss of 11,000 personnel in the first year. This is 23 percent of all doctors, nurses, psychologists and dentists now employed by the VA medical care system.

4. Medical Research: Funded by the VA and through its medical facilities (current funding $200 million) would be cut by $7.5 million in the first year.

Mr. CHILES. Mr. President, in function 500, the Gramm-Rudman plan would cut overall spending. That is a major difference between Gramm-Rudman and the Chiles-Byrd amendment, in that Gramm-Rudman does not exempt means-tested programs other than Social Security, so the other entitlement and discretionary means-tested programs are not exempt.

Under the Gramm-Rudman plan, some education and training programs have very slow spendout rates and result in larger cuts. As a consequence of that plan, participation could drop by as much as 27,000 children in Head Start. The first year spendout of that would be 45 percent. Two million children in compensatory education programs for the disadvantaged—the first year spendout is 7 percent.

Three hundred thirty thousand disadvantaged adults and teenagers in training programs with a first-year spendout of 20 percent. Fifteen thousand older Americans in community service employment programs—a first year spendout of 18 percent.

As a consequence of the Gramm-Rudman program, the number of meals supplied to the elderly could be reduced by 10 million or the nutritional value of those meals could be drastically reduced.

Under the broad power given him by Gramm-Rudman, the President could at will impose his favorite budget cuts for funding for Job Corps, community service, block grants, WIC program, and public libraries.

Mr. President, it is interesting that I have not heard much about the safety net talked about lately. The President used to talk about the safety net all the time. It looks like to me there are a few holes in the net, if you are going to allow these means tested programs to be cut in this amount.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. CHILES. I yield.

Mr. BYRD. "Safety net" is about like the word "irregardless."

Mr. CHILES. Actually, it is more like oxymoron.

Mr. HOLLINGS. Oxymoron, that is right.

Mr. BYRD. It is useless and meaningless, I guess, when it first entered the language and remains the same today.

Mr. HOLLINGS. Mr. President, if the Senator will yield, it would be the case that it would be Congress' budget. I do not blame the President on that. The Senator is not trying to run a new budget now, is he?

Mr. CHILES. No. I think we have to talk about apples and apples. That is the Gramm-Hollings-Rudman and the Chiles-Byrd amendments.

Mr. HOLLINGS. Yes.

Mr. CHILES. What happens if you are thrown in the threshing machine? If you do, you exempt Social Security, and we do, but you do not exempt the means-tested programs, and we did. So we are saying what those cuts could be if Congress fails or if Congress and the President fail together. You have seen this sort of thing happen around here a lot.

Mr. HOLLINGS. And if we take the figure that the distinguished Senator submitted at the time of the enactment of the budget, then we will not get into any thrashing machine. Is that not correct? There is no reason for the Senator's particular amendment or my particular amendment.

Mr. CHILES. The Senator from Florida had a figure. If we, meaning the entire Congress, had taken and if that is what we had at the present time, we would have been on the same track to this balanced budget in 1990. The Senator from South Carolina was a coauthor of that plan with me. We would have balanced the budget in 1990.

Mr. HOLLINGS. That is the amendment. I am talking about the actual budget we have under consideration, the 1986 budget.

Mr. CHILES. I say we were not successful in that because we did not have the President's help.

Mr. HOLLINGS. The Senator from Florida was successful in passing the budget for 1986, he voted for it, the one we have under consideration.

Mr. CHILES. That still leaves us with a deficit for next year of, maybe, $200 billion again.

Mr. HOLLINGS. That is not what they said at the time they passed it.

Mr. CHILES. No; but we know that is what is said now by the administration.

Mr. HOLLINGS. That is the whole purpose of this. It is what is said at the time we say it and we should mean what we say and say what we mean. That is the whole thrust for this.

Mr. CHILES. It seems to me one of the reasons we did not get to the 1990 figure, as the Senator from South Carolina so well knows, is because we could not get the President to include any revenues.

Mr. HOLLINGS. I agree with the Senator there.

Mr. CHILES. And the Senator from South Carolina, who has been a leader in the freeze movement and in trying to do something about this deficit for as long as I can remember has had the courage in all the plans he presented—before he got caught up with this thing—to include revenues. I compliment him for that. I hate to see that he has strayed. I do not think he is going to hell because of this. I think he got credit from the Lord. But in spite of that——

Mr. HOLLINGS. How does the Senator provide for those revenues? The Senator was talking in his very first breath here as he made his point this afternoon about the Constitution. We have gone past it. The Senator and I know revenues originate in the House of Representatives. So if you have it in that provision that is a violation but have you got it? How do you write the corporate minimum tax? Is it in the Senator's bill?

Mr. CHILES. I do not have any problem with that at all. It is in this little bill of ours. It is going on a House revenue bill just as TEFRA.

Mr. HOLLINGS. The Senator has seen to the minimum corporate tax?

Mr. CHILES. Yes.

Mr. HOLLINGS. Very good. That is the first thing that comes up. Very good.

Mr. CHILES. It is like TEFRA. It was in the House revenue package and the House did not have courage to do anything. Senator DOLE and some of the others decided we had to have some additional revenues and we passed TEFRA. There is $90 billion in there. We are pikers compared to that amount. We are talking about maybe $25 billion in the fifth year in our plan.

I think that one of the things in the current NIH budget is that has only been cut by about $450 million. But if we look at the low-income elderly and the disabled individuals who receive assistance from supplemental security income [SSI] if the overage provisions of the Gramm-Rudman amendment were implemented in 1986, all 1.5 million elderly, 80,000 blind, and 2.4 million disabled recipients would have their benefits cut at least 3 percent.

Now, I really have a hard time with this. I have a hard time. My State has 17.4 percent of our population over 65. I believe that is higher by a couple percentage points than about any State in the Nation. So when it comes to Social Security I really want to take care of the folks because that is 17.5 percent of our people.

But how in the world do we say we will exempt the COLA's of the Social Security recipients but we will cut 3 percent the COLA's of SSI recipients, the blind, the poor, the halt, the crippled, and the lame? There is just no way that we can stand on that.

By 1991 CBO tells us that there could be a 20-percent reduction in real terms in the earnings or in the benefits under SSI.

Now, we are talking about people who only get money because they are means tested, because they are below the poverty line. Yet we are going to say that we will cut them.

This will force about 300,000 low-income pregnant women, infants, and children to leave the WIC program by 1991. That is a program the Senator from South Carolina has supported. He is one of the chief proponents of that particular program. I know the work that he has done as a Governor and since the time he has been here on hunger in this country. SSI is one of our programs that covers the hungry as well as our other programs.

Veterans' compensation—this proposal would affect the compensation payments resulting from service-connected deaths and disabilities of veterans. If the overage provision of the Gramm-Rudman amendment were implemented in 1986, all 2.2 million of these veterans and all 300,000 of their survivors will lose at least 3 percent of their benefits. Again, it is estimated that will be a 21-percent real reduction by 1991.

I will have to say those figures will only be true if Congress failed to do something and if it applied over all those years. Where it is the logic? Where is the rationale? How can we exempt Social Security recipients, 65 percent of whom Social Security is their principal source of revenue? And we all know there are a lot of Social Security recipients who do not have to have that income. My mother until her passing was one of those who received that income. She was fortunate enough that it was not her main source of income. Yet she would be protected under this. But the person who is on the poorest scale would not.

Veterans' pensions—the proposal would affect pension payments to needly elderly and disabled veterans and their survivors. If the overage provision of Gramm-Rudman were implemented in 1986, 676,000 of these veterans and 71,000 of their survivors would have their benefits reduced by at least 3 percent.

That is a 21-percent real reduction. Veterans' pensions are means tested. We do not give them to someone just because they sign up. They have to be in a certain percentage or income level before they can receive that to start with.

Mr. President, if Gramm-Rudman is to be drastic enough, that you are going to say the pit is so deep, so vast, and so wide that Congress is never going to jump into it, then why exempt Social Security? But once you have exempted Social Security how can you not look at these means-tested programs for the elderly, the poor, and those who fought and were injured for their country, the blind? I think that is something that Congress cannot do.

There is a difference between the choice that this body will have in the Chiles-Byrd plan and in the Gramm-Rudman plan.

Mr. RUDMAN. Mr. President, it is late in the day. Many of us have been debating this since early this morning. I am going to respond only briefly to my friend from Florida, with whom I agree on a great many things. I have not seen his plan and that of the distinguished Democratic leader, but, from what I understand, there are a great many similarities between the two plans.

Mr. HOLLHNGS. Will the Senator yield at that point?

Mr. RUDMAN. Yes.

Mr. HOLLHNGS* I have been askijg for a ckpy of that. I am not trying to pressure anyone. But let the record show I have yet to be furjished a copy* I have been trying now for several days.

Mr. RUDMAN. The Senator is correct. I had hoped to have nne earhx this mnrjhng, but evidently it is not coipletely drafted yet. H am sure we will have jne nn Monday, at least I certaijlx hkpe so.

But the Senator frol Florida has gone through a whnle lhtanx of potential problems that exist. I am not going to attempt to take them jne by one the deal with them because, obviously, that is something we can probably do on Monday. I want to study those numbers. I respect the ranking members of the Budget Committee and I would assume there has been research in those numbers. But I think the Senator from Florida misses the point a little bit with the problem. We talk about that when we are talking about the proposal of the Senator from Florida.

I would call the Byrd-Chiles or Chiles-Byrd proposal a two-thirds Gramm-Rudman-Hollings. I say that not in jest, but for this reason: The ranking member of the Budget Committee has, as traditionally you might think a ranking member of the Budget Committee or any member of the Budget Committee would, tried to put some balance in this particular amendment. And by doing that, the Senator from Florida has suggested one-third revenue. As a matter of fact, the revenue source that the Senator from Florida is speaking of, I hope he will recall, was offered by the Senator from New Hampshire on the floor of this Senate during the budget debate—that very minimum corporate tax that the Senator from Florida speaks of—and was adopted by this body during that debate. Unfortunately, it lost during the parliamentary maneuvering that went on later that week. So we do not disagree on that.

The problem with putting revenue in this process is we have designed it for a totally different reason. And I get to my point. This process has been designed as an action-forcing mechanism. It is neutral in terms of choices, other than the only thing you can do when you are overspending is to start cutting down on your spending in the first instance. There are no other choices.

Now, I have listened to all of the potential problems the Senator from Florida talks about. Let me talk about another potential problem. Let me talk about all of the Americans that the Senator from Florida spoke of plus all of the rest of America that receives no benefits from these programs whatsoever—the people who essentially pay the taxes so that we can pay for these programs, at least some of them, because we are operating right now on a $200 billion a year deficit.

I have not talked to a reasonable and rational economist or banker who has not told me that this country is right now on the thin edge in terms of this economy. I am not going to get involved in the discussion of who killed Cock Robin. You can ask whether it was the President's fault, Congress' fault or go back to the Great Society days of Lyndon Johnson. I do not really care. I am not here to assess blame.

The fact is the reason we are discussing this measure is because we are about to this week—and we will do it one way or the other, screaming and agonizing and pounding, but we will pass it. We will tell the American people that we just authorized the Treasury to pass the $2 trillion mark in borrowing.

And what the economists tell me and tell the Senator from Florida, what the bankers in your State and my State will tell us, is we are reaching a point where the entire bottom will drop out and then we will not just be worried about whether or not we can maintain the safety net, we will rip gaping holes into the fabric of the economy of this country. We will have high unemployment. We will have hyperinflation. We will have all kinds of things the Senator from Florida, the Senator from South Carolina, the Senator from Wisconsin, and the Senator from New Hampshire all wish to avoid.

Now, the Senator from Florida has a very interesting proposal. The problem with the proposal is it contains one part that the Senator from Florida, the Senator from New Hampshire, and the President cannot control. There is no way that we could pass an action-forcing mechanism and assure that those taxes will ever come into effect.

From what I hear about what is going on over at the Ways and Means Committee that has been meeting night after night on what it called Treasury II, although I think is called Rostenkowski I, the fact of the matter is they cannot come to any agreement over there whatsoever. We do not believe that we ought to have that kind of problematical contingent part of our bill.

Maybe privately I might tell the Senator from Florida, or publicly, if we could absolutely assure that to go into place, I would vote for it tomorrow morning. But we do not think it is going to happen.

So what we have tried to do is develop a mechanism that forces action. I will tell the Senator from Florida, as I told the Senator from Colorado this morning, the Senator from Maine this morning, and the Senator from Illinois this morning, I do not expect for a moment, nor does the Senator from South Carolina, who can speak well for himself, I do not expect for a moment that this formula, as it is laid out, will ever go into effect precisely as we wrote it. That is why there is ample opportunity for alternatives for the President and the Congress. Because once the American people recognize that we cannot buy services with deficits, then we will have pressure put on us that will force priorities.

Let me say one other thing, and then I am going to yield the floor.

The Senator from Florida was concerned during his remarks about giving the President more power than he should have. Well, we had a good and wholesome discussion about that this morning. And, to my friend from Florida, I would simply suggest that sometime between now and Monday he might have an opportunity to look at pages 21 and 22 of our proposal, as well as page 36 of that proposal.

Page 22 sets forth the Presidential order in the event the sequester order takes place. Page 21 sets forth how that order is resolved and it says that the specific rate of reduction is set by the Directors of OMB and CBO. The President has no role whatsoever in setting that rate of sequestering. That is done under this formula. He cannot change it. He cannot pick and choose.

Second, let me refer the Senator from Florida to page 31, line 12, which says:

> The term "relatively controllable expenditures" means budget outlays that are classified as relatively controllable outlays in the Office of Management and Budget, Controllability of Budget Outlays.

I have a copy of that right here and I bet the Senator from Florida and his staff are far more familiar with that than the Senator from New Hampshire.

That, essentially, is the entire line item of the entire Federal budget that is addressed by this proposal. So the President cannot set rates. He cannot pick and choose. His action in the sequester order, were it ever put into effect, would be purely ministerial.

One last point. There is a waiver provision contained on page 35 of this proposal. That waiver provision is directed exactly and precisely at the kind of concerns the Senator from Florida expressed. We do not know on October 1, with certainty, whether we will have growth during the year—zero, positive, negative.

But the Congress in the case of an economic disaster or a national disaster can override this with a joint resolution, but the point is it is free standing, it is clean, it cannot be hidden, it is an up and down vote, and I think there has to be justification before we do that.

So I think we can talk about this more on Monday but I did want to respond at least for a few moments to some of the Senators concerned.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I will be brief because I am admonished by my staff that every word I say is going to have to be corrected in the RECORD. I do not want to keep them working here late.

Mr. CHILES. Say it directly.

Mr. HOLLINGS. I will try to say it directly as the Senator indicates because it will have to be direct.

The impression definitely should be corrected. The Senator from Florida approaches it with an entirely different attitude. His attitude is this a priority bill or amendment, and he enunciates his priorities as education, scientific research, and export promotion. In his discussion he also lays out priorities, safety nets, and considerations of women's infant's, children's feeding, and in his expression, the blind, the lame, and the hungry. That is not the thrust of Gramm-Rudman-Hollings. It gets me to a point, Senator, where we prevail on some of the things and not on all. Then we consider whether or not we would be a principal cosponsor. I would ask of any who are interested in looking at the original Gramm proposal. You will find, No. 1, when the sequestering or cuts came about it went first to entitlements. And thereafter, it went to the other controllable programs, or domestic or social programs.

I persuaded my distinguished colleague from Texas to change that around. Let us start with an impartiality here. Let us submit it 50-50. The Senator from New Hampshire knows that. That was one of the big changes. Another big change was the timing of the corrective action which was moved to the beginning of the fiscal year to accommodate my recommendation. Timing, Senator, is a problem I see with your approach. I haven't seen your final version. But I have been given a host of sheets that were given all Senators. But it comes too late to really do what you want to do next year. It has to come right at the beginning of the fiscal year. We will go into the other problem you have relative to defense on Monday, all of that new budget authority, and some $300 billion is subject to being sequestered. I got my way on that particular one. I am confident that the distinguished Senator from Texas was having difficulty with some in his own group that had the same view as I did, and apparently the Senator from Florida does because the Senator has observed it here this afternoon relative to Social Security.

But I insisted that we take Social Security, a trust fund as it is, people paying in certain tax moneys, their taxes, their employers' taxes, setting it aside, and not treat Social Security as a governmental appropriation, congressional kind of welfare. But take them in the same breath as the blind, the lame, and the hungry because paid in under contract-like insurance, the trust fund says that you reach certain benefits whether you are successful in life, whether you are a failure in life, whether you are blind or lame, or whether you are a philandering millionaire out on a yacht. That was the sort of contract made at the particular time, and politically I was trying to be realistic.

Now my distinguished colleague from Florida says I have lost my courage on revenues—not at all. With respect to that, I wanted, and made sure revenues were included but not specified. I agreed with the Senator from New Hampshire and the Senator from Texas that we not spell it out and mandate it. I think that is a significant difference in that we do not want to be accused of trying to write a new kind of budget. Someone could well say, knowing that you are going to have to mandate President Reagan to put in revenues, then the Congress in its treatment of the budget could well come in higher on social programs, low on defense; the proportion of one-third, one-third, and one-third, proposed by you, would not make you suffer so much, and in essence you would be mandating revenues from President Reagan. And that would not see the light of day. As the President said, "make my day," whatever it was. I mean that would be just an exercise in futility. So, while it allowed the revenues which I happen to be one who believes will be necessary, I did not lose my courage on revenues. I gained my realism on revenues, and took the Senator from Florida's budget that of course I wanted to vote for because I respect his brillance, his hard work, and leadership on the budget.

I know it is a many splendored thing to get together the disparate feelings, philosophies, and priorities of 100 Senators, particularly for us on the minority side, and to get together let us say a Democratic alternative, regular budget. It is tough. It is real tough. And the Senator from Florida has done an outstanding job. But that is not to say that I lose my courage on revenues. My courage on revenues is shown by record at the early part of the year when I said do away with the indexing and get us a minimum corporate tax.

It was thereupon that the Senator from Florida said "No that would be raising taxes." That is when we had the measurement. We will come back to some other measurements that you will find the Senator from South Carolina supporting the revenues to ensure sufficient funding for the lame, the blind, and the Women's, Infants, and Children's Feeding Program. I do not foresee by any manner or means these scare tactics of saying you are going to knock off if you vote for this amendment $300,000 from women's, infants, and children's feeding. I have always said countering, if you please, the Chamber of Commerce ploy that what we are going to do is make them stand and be counted. Our trouble is the crowd will not stand and be counted. I have been saying not to go forward with indexing, and I opposed it from the beginning—put in the minimum corporate tax, put in other taxes. And I supported, for example, the import tax on oil along with the Senator from Florida when we got to the July bipartisan submission of the budget to the conferees. I have not lost it. I just said the test now is to take the budget that the Senator from Florida passed, take it, do not have a new budget, and do not have priorities.

Let us not start looking out for what you are interested in, research, and I am interested in women's, infants, and children's feeding. Just take the budget resolution passed by the Congress and, if you can possibly make it, do it, measure it, sequester it, cut it back in equal percentages all the way across the board with no prejudice, and no partiality to anyone. So therein is the approach being used that seems to be missed by the distinguished colleague's submission here this afternoon that we are going to start another new budget. We are going to have new priorities and we have to take care of education, think about all the children that are going to be cut from the educathon programs—which will not be cut in by opinion. We are going to provide for those things. But take the budget he passed and with the $20 billion cushion from the figures he used just 60 days ago you are verifying what I said then with your tremendous concern this afternoon about the truth of my position back at the time when I took the floor that late evening and said, I know not many are listening but this deficit is already $20 billion understated. I can go down the record. This is Saturday again, late. So let us not do that.

But I can list them all as to why I felt it was $20 billion understated. If I were wrong and the Senator from Florida was right, none of these cuts will occur—none will occur.

I thank the distinguished Senator.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, this has been an interesting discussion. I do look forward to Monday when we will get a chance to hear the rebuttal on some of the specific things I have talked about.

Mr. President, I will wait until Monday to discuss those because it takes a while to look at those and digest them.

The distinguished Senator from New Hampshire said something about this plan is two-thirds like the Gramm-Rudman plan. I would say it the other way. I would say the Gramm-Rudman plan is about two-thirds of the Chiles-Byrd plan. It has the head and the feet, but it does not have the heart.

I have read that Gramm-Rudman was modified to take care of the President. He said he wanted some things on defense and the modification took care of that. I guess that was yesterday's modification.

Mr. RUDMAN. Mr. President, if the Senator will yield, the modifications were of a technical nature. The only change that was made was that we thought the first year trigger of $170 billion was too low in light of the fact that the budget process has just been completed and we do not have a chance to operate on the front end of this system at all. There were no changes for defense made here for the administration, whatsoever. Senator Hollings agreed with the change.

Mr. CHILES. I apologize for that. I do not know what made the President say that.

Actually, the main reason here is an action-forcing mechanism. I appreciate that and I think that is correct. That is something that we decided we would follow in our plan. We copied that.

If you are having an action-forcing mechanism, I think you have to decide what you want to force.

We know Congress has been willing to do something. The Senate has been trying to do something. Part of our problem has been down on Pennsylvania Avenue. Are we going to have an action-forcing mechanism? Are we going to put some things in that give the President all kinds of authority, all kinds of discretion, like the determination of whether a recession has happened? We have talked about how this President has no discretion. We talk about programs. We know that, within an appropriations account, the President can have pretty broad discretion within that appropriations account, I say to my friend from New Hampshire.

Shipbuilding is an appropriations account, when you pick and choose the ships. Veterans hospitals will be such an appropriation. You can decide which hospitals you are going to pick and choose. It would get my attention pretty quickly in Florida. We have given that authority to the President.

This is an action-forcing mechanism.

Does the Senator want to put one more action-forcing mechanism in there, the tax bullet in the gun? If we are going to have spending on discretionary spending, spending on means-tested programs, why not put a tax bullet in that gun? Maybe that will make the action-forcing mechanism work for the President as well as it works for the Congress.

In fact, what we are really doing here is giving extraordinary constitutional powers that the Congress has to the President. The source of our problem in trying to deal with this deficit has been the same President, the man who says that tax reform is a lot more important than the deficit; a man whose Chief of Staff, when he was Secretary of the Treasury, said deficits do not matter. No one can convince him. There is no statistical study to show that deficits ever mattered.

We are giving a gun permit to a convicted felon and we are saying now we are going to give the power and all the action-forcing mechanisms there, but withholding one thing that seems to bother the fellow, and that is the tax situation.

The Senator from South Carolina said not to worry, that taxes will be forthcoming out of this.

I do not worry much. The President was going to veto the little action to continue the cigarette tax. The Senator from North Carolina had to call him and say, "I have a deal. Do not veto that. It is part of a deal."

Mr. RUDMAN. Will the Senator yield?

Mr. CHILES. I yield.

Mr. RUDMAN. I wonder if the Senator from Florida really believes that the President has any more power than he does now because the percentage of sequester is not set by the President and the President cannot pick and choose. I would argue the point the Senator made about picking between VA hospitals and ships.

As far as putting the tax bullet into the gun, let me say to the Senator that the Senator from South Carolina and I believe that the alternative proposal that the Congress can make can take that form or any other form. I do not believe for a moment that putting that provision in the Byrd-Chiles or the Chiles-Byrd plan ensures that this President or any President, or this Congress or any Congress, will pass that plan.

What we have been trying to do with this by calling it an action-forcing mechanism is to at least force action that we can ensure will happen. Since we have appropriated the money in the first place, not the President, we can instruct the President to reduce that money by a proportionate amount, but no amount of rhetoric in a bill can mandate a President of the United States or a Member of Congress to be for or against the tax bill.

I am not arguing whether the Senator has a good idea or not. I am just saying it is not very practical.

Mr. CHILES. We simply define this as telling the Secretary of the Treasury to adjust the percentage of the tax to the amount CBO says is needed to raise the revenues. That is just the way the tax indexing in COLA's works right now. We establish a set of conditions. We tell the Secretary to adjust the tax rates or the Social Security benefits. Later, when he sees the data on inflation, as long as we are defining components, we are not delegating legislative authority.

I thank the Senator. I have enjoyed the discussion. I look forward to a continuation of this on Monday.

I assume another 10 or 15 days will be needed to look at these proposals and understand them clearly.

The PRESIDING OFFICER (Mr. Hecht). The majority leader is recognized.

Mr. DOLE. Mr. President, there may be additional speakers but I am not certain. If there are others willing to debate, obviously we would like to continue the debate. If not, it may be that we can find other things to do.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. HART (for himself, Mr. Lautenberg, Mr. Lugar, Mr. Pressler, Mr. Dodd, Mr. Murkowski, Mr. Zorinsky, and Mr. D'Amato):

S. Con. Res. 76. Concurrent resolution asking that the President bring the rights of the Polish people to the attention of the Soviet Government; to the Committee on Foreign Relations.

SENATE CONCURRENT RESOLUTION 76—ASKING THAT THE PRESIDENT BRING THE RIGHTS OF THE POLISH PEOPLE TO THE ATTENTION OF THE SOVIET GOVERNMENT

Mr. HART (for himself, Mr. Lautenberg, Mr. Lugar, Mr. Pressler, Mr.

DODD, Mr. MURKOWSKI, Mr. ZORINSKY, and Mr. D'AMATO) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations.

S. CON. RES. 76

Whereas the successive governments of the Polish People's Republic have continued their repression of the natural rights of the people of that country, and have done so largely because the police and military powers of the Soviet Union require it;

Whereas the Polish regime, notwithstanding the pledges it made by signing the Helsinki Accords of 1975, has done little for "the promotion of human rights", but has instead harassed and arrested citizens whose offense was to make attempts to monitor the government's fulfillment of its international obligations under the Accords;

Whereas few, if any, of the scores of formal agreements the government signed with the Solidarity free trade union have been honored; and this union which government spokesmen in February of 1981 called a permanent part of the government structure has been declared illegal; and every kind of legal and illegal pressure is being applied to workers to join state unions organized by the communist government;

Whereas some 15 political and religious activists have died in police custody or under suspicious circumstances since the end of martial law, while many others have been beaten or tortured, and some who were freed in much publicized amnesties have since been reinterned;

Whereas the government of Poland has adapted new legal measures that make Polish civil law increasingly difficult to distinguish from martial law, including new police rights to search without a warrant, and the empowerment of courts to arrest, convict, sentence, and jail anyone for political or other crimes all within a 48 hour period and without a trial: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of this Congress that the President of the United States should raise with Soviet authorities at the highest level the matter of the continuing and thorough suppression of independent speech and peaceful political activity in Poland, and that by so doing the President raises and defends the principles of human rights as embodied in the Helsinki Accords.

● Mr. HART. Mr. President, the upcoming summit meeting in Geneva provides President Reagan with a significant opportunity to emphasize our Nation's profound concerns for human rights. The President has announced his intention to raise the issue of human rights with Soviet General Secretary Gorbachev, and I commend him for this.

Recently, all 100 Members of the Senate signed a letter to the President urging him to raise the plight of prisoners of conscience, refuseniks, and Jews in the Soviet Union. We have made it clear our concern for Soviet human rights abuses will affect Senate consideration of any future agreements relating to the Soviets.

But we must not overlook the importance we as Americans attach to liberty and freedom of expression throughout the world. Our concern for Soviet human rights abuses cannot be limited to those violations which occur within the confines of the Soviet Union.

Mr. President, the successive governments of the Polish People's Republic, acting on the behest of the Soviet Union, have consistently repressed the rights of the people of Poland, and have done so largely because the police and military powers of the Soviet Union require it. Few issues are as important and sensitive as the current human rights situation in Poland, and I believe now is the time to make clear that the Congress and the public hope this will be a matter of highest priority for the President.

I am submitting today a concurrent resolution urging President Reagan to raise the issue of human rights in Poland with Soviet leaders. An expression of U.S. concern about the current situation in Poland is particularly timely for several reasons:

The Polish martial law regime has launched a propaganda offensive that aims to regain international legitimacy and more positive relations with the United States. The regime is especially eager to secure new loans and trade credits from our Nation. We can make it clear to Polish authorities that human rights improvements are a prerequisite to any warming in relations and to any U.S. economic concessions.

The Polish Government is currently intensifying mistreatment of its citizens. Repression of Polish dissidents is on the increase, and a number of human rights activities and Solidarity leaders have recently been arrested or rearrested.

The Solidarity movement is currently planning protests to publicize the intensifying repression of dissidents. In particular, Solidarity intends to draw attention during the summit to the connection between Soviet pressure and the new Polish crackdown. To allow the brave Solidarity activists to not be recognized internationally for their herosim at this important time would be unconscionable.

Finally, we have just recently marked the 10th anniversary of the Helsinki accords. As a signatory to these agreements, the Polish regime is pledged to protecting basic human rights. With so much recent discussion of the accords, we should use this opportunity to highlight the gulf between the promise and reality of human rights in Poland.

Americans have been inspired by the courage and unity of the Polish people and the leadership of Solidarity and the church in defying the Communist regime. Despite the Government's most repressive efforts, the Polish people have used their energy, ingenuity, and perseverance to survive.

But even this small level of freedom is constantly in jeopardy. The martial law regime only awaits an opportunity—a weakening of American and international opprobrium—to crack down on those who pursue liberty in Poland. President Reagan should stress at the summit that the United States will never stop pressing for fundamental human rights for the brave people of Poland.

Through this concurrent resolution, Mr. President, the Congress can also send an important message that must be heard before the November summit. In just over a week, Poland will hold its national election. Of course the results are not in doubt, and none of us believes it is an election in any true sense of the word. But the election is a significant event for those who struggle for freedom in Poland. The Polish underground has organized a boycott of the election to provide the Government has not succeeded in eliminating opposition. A substantial boycott will expose the hollowness of the Government's claims that it has made real progress in ensuring basic rights.

Our support for this resolutinn will show the people of Poland we stand beside them during this critical hour and during the months and perhaps years to come. Let us affirm our special concern for human rights in Poland and demand that the Polish Government live up to its obligations under the Helsinki accords. And let us urge the President to remind Moscow that we will not accept the destruction of the Polish people's most basic human rights.

Mr. President, I appreciate the cooperation of the distinguished cosponsors of the concurrent resolution, and thank them for their support.●

AMENDMENTS SUBMITTED

INCREASE IN PUBLIC DEBT LIMIT

DOLE AMENDMENT NO. 735

Mr. DOLE proposed an amendment to the motion of Mr. BYRD to recommit with instructions the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt; as follows:

On page 1, line 2 of the motion strike after the word "with" and insert "with instructions to report back forthwith" with the following amendment:

SEC. . DEFICIT REDUCTION PROCEDURES.

(a) SHORT TITLE.—This section may be cited as the "Balanced Budget and Emergency Deficit Control Act of 1985".

DOLE AMENDMENT NO. 736

Mr. DOLE proposed an amendment to amendment No. 735 proposed by him to the motion to recommit with

instructions the joint resolution House Joint Resolution 372, supra; as follows:

Strike "1985" in the matter proposed to be inserted, and insert in lieu thereof the following "1985—

(b) CONGRESSIONAL BUDGET.—

(1) ONE CONCURRENT RESOLUTION ON THE BUDGET REQUIRED ANNUALLY.—

(A) IN GENERAL.—Section 310 of the Congressional Budget Act of 1974 is amended—

(i) by striking out all beginning with "Sec. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"SEC. 310. (a) IN GENERAL.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary,—"; and

(ii) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(B) CONFORMING CHANGES.—

(i) The table of contents in subsection (b) of section 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(I) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(II) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(III) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(ii) Paragraph (4) of section 3 of such Act is amended—

(I) by adding "and" after the semicolon at the end of subparagraph (A);

(II) by striking out subparagraph (B); and

(III) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(iii) Section 300 of the Congressional Budget Act of 1974 is amended—

(I) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(II) by striking out the items relating to September 15 and September 25.

(iv)(I) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(II) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(III) Section 301(b) of such Act is amended—

(aa) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(bb) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(IV) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(V) Section 301(e) of such Act is amended—

(aa) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(bb) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(v) Section 302(c) of such Act is amended by striking out "or 310".

(vi)(I) The heading of section 303 of such Act is amended by striking out "FIRST".

(II) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(vii) Section 304 of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(II) by striking out "pursuant to section 301".

(viii)(I) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(II) Section 305(b) of such Act is amended—

(aa) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(bb) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ix) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(x) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(xi) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(xii) Section 311(a) of such Act is amended—

(I) by striking out "310(a)" the first place it appears and inserting in lieu thereof "310(a)"; and

(II) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(xiii) Clause 1. of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(2) MAXIMUM DEFICIT AMOUNTS.—

(A) ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

(i) POINT OF ORDER.—Section 301 of the Congressional Budget Act of 1974 is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and inserting after subsection (b) the following new subsection:

"(c) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) CONFORMING CHANGE.—Section 301(e) of such Act, as redesignated by clause (i) of this subparagraph, is amended by inserting "; and when so reported such concurrent resolution shall comply with the requirement described in paragraph (1) of subsection (c), unless such paragraph does not apply to such fiscal year by reason of paragraph (2) of such subsection" after "October 1 of such year" in the second sentence thereof.

(B). PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET.—Section 304 of such Act is amended—

(i) by inserting "(a) IN GENERAL.—" after "Sec. 304."; and

(ii) by adding at the end thereof the following new subsection:

"(b) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(C) DEFINITIONS.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year. For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, the receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for a fiscal year, and the taxes payable under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 during such fiscal year, shall be included in total revenues for such fiscal year, and the disbursements of either such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985, $180,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000; and"

"(F) with respect to the fiscal year beginning October 1, 1990, zero.".

(3) RECONCILIATION.—

(A) Annual concurrent resolution on the budget.—

(i) Directions to committees.—Section 301(b) of the Congressional Budget Act of 1974 (as amended by paragraph (1)(B)(iv)(III) of this subsection) is futher amended—

(I) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(II) by inserting "require" after the paragraph designation in paragraph (1);

(III) by inserting "require" after the paragraph designation in paragraph (2); and

(IV) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(ii) Conforming changes.—

(I) Section 310(a) of such Act is amended—

(aa) by inserting "or" at the end of paragraph (2);

(bb) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(cc) by striking out paragraph (4).

(II) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than June 15 of each year".

(III) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(IV) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"June 15.............................. Congress completes action on reconciliation bill or resolution, or both, implementing annual required concurrent resolution."

(B) Permissible revisions of concurrent resolutions on the budget.—

(i) In general.—Section 304(a) of such Act (as redesignated by paragraph (2)(B)(i) of this subsection) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(ii) Conforming change.—Section 310(d) of such Act (as amended by subparagraph (A)(ii)(II) of this paragraph) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(4) Limitation on amendments.—

(A) Concurrent resolutions on the budget.—

(i) House of Representatives.—Section 305(a)96) of such Act is amended—

(I) by inserthng "(A)" after the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution, shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in such concurrent resolution is not increased, by making at least an equivalent reduction in other specific outlays or at least an equivalent increase in other specific Federal revenues, or at least any combination thereof.

"(ii) Clause (i) of this subparagraph shall not apphy to anx fiscal year for which a declaration of war has been enacted.".

(ii) Senate.—Section 305(b)(2) of such Act is amended—

(I) by inserting "(A)" before the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution, shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in such concurrent resolution is not increased, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) Reconciliation bills and resolutions.—Section 310 of such Act is amended by inserting after subsection (b) (as redesignated by paragraph (1)(A)(ii) of this subsection) the following new subsection:

"(c) Limitation on Amendments to Reconciliation Bills and Resolutions.—

"(1) It shall not be in order in either the House of Representatives or the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution, or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution, unless such amendment ensures that the amount of the deficit for any fiscal year set forth in the most recently agreed to concurrent resolution on the budget is not exceeded, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(2) Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(5) Enforcement.—

(A) Allocations of budget authority and outlays.—

(i) Reporting date for allocation.—Section 302(b) of such Act is amended by striking out "Each such committee shall promptly report" in the last sentence and inserting in lieu thereof "Each such committee, within ten days of session after the concurrent resolution is agreed to, shall report".

(ii) Allocations made binding.—Section 311 of such Act is amended by redesignating subsections (a) and (b) as subsections (b) and (c), respectively, and inserting immediately after "Sec. 311" the following new subsection:

"(a) Legislation Subject to Point of Order After Adoption of Annual Concurrent Resolution on the Budget.—

"(1) In general.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in either the House of Representatives or the Senate—

"(A) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year; or

"(B) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides new spending authority described in section 401(c)(2)(C) to become effective during such fiscal year, if the amount of budget outlays or new budget authority that would be required for such year if such bill or resolution were enacted without change or such amendment were adopted would exceed the appropriate allocation of budget outlays or new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution or the budget for such fiscal year, unless such bill, resolution, or amendment was favorably reported by the Committee on Appropriations of the House involved under section 401(b)(2) along with a certification that if such bill, resolution, or amendment is enacted or adopted, the committee will reduce appropriations or take any other actions necessary to assure that the enactment or adoption of such bill, resolution, or amendment will not result in a deficit for such fiscal year in excess of the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Alteration of 302(b) allocations.—At any time after a committee reports the allocations required to be made under section 302(b), such committee may report to its House an alteration of such allocations, provided that any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

"(3) Exception.—Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) Maximum deficit amount may not be exceeded.—Section 311(b) of such Act, as redesignated by subparagraph (A)(ii) of this subsection, is amended by inserting before the period at the end thereof the following: "or would cause the levels of deficits set forth in such concurrent resolution to be exceeded, or would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of subsection (b) of section 310 does not apply by reason of paragraph (2) of such subsection)".

(C) Reporting requirement extended to conference reports.—Section 308(a) of such Act is amended by striking out "the report accompanying that bill or resolution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "or whenever a conference report is filed in either House, the report accompanying that bill or resolution or the statement of managers accompanying that conference report".

(c) Budget Submitted by the President.—

(1) Maximum deficit amount may not be exceeded.—Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared on the basis of the best estimates then available, in such a manner as to ensure that the deficit for such fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974; and the President shall take such action under subsection (d)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 as is necessary to ensure that the deficit for such fiscal year does not exceed such maximum deficit amount.

"(2) Subject to paragraph (3) of this subsection, the deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible.

"(3) Paragraph (2) shall not apply with respect to any fiscal year for which a declaration of war has been enacted.".

(2) Revisions and supplemental summaries.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

(d) Emergency Powers to Eliminate Deficits in Excess of Maximum Deficits Amounts.—

(1) Reporting of deficits in excess of maximum deficit amounts.—

(A) In general.—The Director of the Office of Management and Budget and the Director of the Congressional Budget Office (hereafter in this section referred to as "the Directors") shall, with respect to any fiscal year (I) estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year, (II) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (III) estimate the rate of real economic growth that will occur during such fiscal year. The Directors jointly shall report to the President and to the Congress on November 1 of such fiscal year (in the case of the fiscal year beginning October 1, 1985) and October 1 of such fiscal year (in the case of any succeeding fiscal year), identifying the amount of any excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced during such fiscal year in order to eliminate any such excess. In the event that the Directors are unable to agree on an amount to be set forth with respect to any item in any such report, the amount set forth for such item in such report shall be the average of the amounts proposed by each of them with respect to such item.

(B) Exception.—Subparagraph (A) shall not apply to any fiscal year for which a declaration of war has been enacted.

(2) Presidential order.—

(A) Contents.—

(i) In general.—Upon receipt of any report from the Directors under paragraph (1) of this subsection which identifies a statistically significant amount by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year, notwithstanding the Impoundment Control Act of 1974, the President shall issue an order that—

(I) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by modifying or suspending the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during such fiscal year, in such a manner as to reduce by a uniform percentage (but not below zero) the amount of increase under each such provision, and

(II) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by sequestering such amounts of budget authority, obligation limitations, and loan limitations, and by adjusting payments provided by the Federal Government, to the extent necessary to reduce each relatively controllable expenditure by a uniform percentage;

and shall transmit to both Houses of the Congress a message—

(III) identifying—

(aa) the total amount and the percentage by which automatic spending increases are to be reduced under subclause (I) of this clause;

(bb) the total amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and the total amount of payments which is to be adjusted under subclause (II) of this clause with respect to relatively controllable expenditures;

(cc) the amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and payments which are to be adjusted with respect to each such relatively controllable expenditure in order to reduce them by the required percentage; and

(dd) the account, department, or establishment of the Government to which each amount of budget authority, obligation limitations, and loan limitations and each payment described in subclause (II) of this clause would be available for obligation; and

(IV) providing full supporting details with respect to each action to be taken under subclause (I) or (II) of this clause.

(ii) Exception.—If, in order to reduce by one-half the amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year, actions under subclause (i)(I) would require the reduction of automatic spending increases below zero, then, in order not to require such reductions below zero, the remaining amount shall be achieved through further uniform reductions under subclause (i)(II).

(iii) Limitation.—No action taken by the President under subclause (I) or (II) of clause (i) shall have the effect of eliminating any program, project, or activity of the Federal Government.

(B) Date issued.—

(i) Positive real economic growth.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is zero or greater, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 14 days after transmittal of such report.

(ii) Negative real economic growth.—

(I) In general.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is less than zero, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 30 days after transmittal of such report.

(II) Alternative proposals.—The President may, during the 30-day period specified in subclause (I), submit to each House of the Congress a joint resolution that will, if enacted—

(aa) reduce the deficit for a fiscal year to an amount not greater than the maximum deficit amount for such fiscal year, or

(bb) subject to the requirements of subsection (f) of this section, suspend (in whole or in part) the requirements of this section and of the amendments made by this section with respect to such fiscal year.

Such joint resolution shall be introduced (by request) by the majority leader of each such House on the day on which it is submitted and shall be referred on such day to the appropriate committees of such House*.The commitees shall report the joint resolution not later than 10 days after the date on which it is introduced. Any committee failling to report a joint resoultion within the 10-day period referred to in the preceding sentence shall be automatically discharged from consideration of the joint resolution, and the joint resolution shall be placed on the appropriate calendar. The provisions of section 305 of the Congressional Budget Act of 1974 for our consideration of concurrent resolutions on the budget shall also apply to consideration of any joint resolution submitted under this subparagraph and to conference reports thereon. Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to any such joint resolution.

(C) Effective immediately.—Except to the extent that it is superseded by a joint resolution enacted under paragraph (3) of this subsection, an order issued pursuant to this paragraph shall be effective from and after its issuance. Any modification or suspension of the operation of a provision of law that would (but for such order) require an automatic spending increase to take effect during a fiscal year shall apply for the one-year period beginning with the date on which such automatic increase would have taken effect during such fiscal year (but for such order).

(D) Proposal of alternatives.—A message transmitted pursuant to this paragraph with respect to a fiscal year may be accompanied by a proposal setting forth in full detail alternative ways to reduce the deficit for such fiscal year to an amount not greater than the maximum deficit for such fiscal year.

(3) Congressional action.—

(A) Reporting of joint resolutions.—

(i) In general.—Not later than 10 days after the issuance of an order by the President under paragraph (2) with respect to a fiscal year, the Committee on the Budget of the House of Representatives or the Senate may report to its House a joint resolution superseding such order. The report accompanying such joint resolution shall explain in full detail the nature and effects of each provision of the joint resolution.

(ii) Point of order.—It shall not be in order in the House of Representatives or the Senate to consider or agree to any joint resolution reported under clause (i) with respect to a fiscal year, any amendment thereto, or any conference report thereon if—

(I) the enactment of such joint resolution as reported;

(II) the adoption and enactment of such amendment; or

(III) the enactment of such joint resoluttion in the form recommended in such conference report;

would cause the amount of the deficit for such fiscal year to exceed the amount of the deficit set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year or the maximum deficit amount for such fiscal year.

(iii) Definition.—For purposes of clause (i), the term "day" shall mean any calendar day on which either House of the Congress is in session.

(B) Procedures.—

(i) In general.—The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to consideration of joint resolutions reported under this paragraph and conference reports thereon.

(ii) Limitation on amendments.—Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to joint resolutions reported under this paragraph.

(4) Definitions.—For purposes of this subsection:

(A) The term "automatic spending increase" shall include all Federal programs indexed directly or indirectly, whether appropriated or contained in current law. This shall include entitlements and other payments to individuals, open-ended programs and grants, and other similar programs, and shall not include increases in Government expenditures due to changes in program participation rates. Such term shall not include any increase in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

(B) The term "budget outlays" has the meaning given to such term in section 3(a) of the Congressional Budget and Impoundment Control Act of 1974.

(C) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(D) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(E) The term "maximum deficit amount" has the meaning given to such term in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(F) The term "real economic growth" means, with respect to a fiscal year, the nominal growth in the production of goods and services during such fiscal year, adjusted for inflation.

(G) The term "relatively controllable expenditures" means budget outlays that are classified as relatively controllable outlays in Office of Management and Budget, *Controllability of Budget Outlays*, Report No. BPS0701A (August 27, 1985).

(H) The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount. For purposes of the fiscal year beginning October 1, 1985, the preceding sentence shall be applied by substituting "7" for "5".

(5) Conforming changes.—

(A) Rules of the House of Representatives.—

(i) Clause 1.(e)(3) of rule X of the Rules of the House of Representatives is amended—

(I) by striking out "and" at the end of subdivision (C);

(II) by redesignating subdivision (D) as subdivision (E); and

(III) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(ii) Clause 4.(a) of rule XI of such Rules is amended by inserting after "Budget Act of 1974" the following: "and on joint resolutions under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985".

(B) Standing rules of the senate.—Rule XXV(e)(2) of the standing Rules of the Senate is amended—

(i) by striking out "and" at the end of subdivision (C);

(ii) by redesignating subdivision (D) as subdivision (E); and

(iii) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(e) Budgetary Treatment of Social Security Trust Funds.—

(1) Fiscal years 1968 through 1992.—

(A) In general.—Section 710 of the Social Security Act (as added by paragraph (1) of subsection (a) of section 346 of the Social Security Amendments of 1983) is amended—

(i) by striking out all beginning with "the" the first place it appears down through "Disability Insurance Trust Fund, the" and inserting in lieu thereof "The";

(ii) by striking out "sections 1401, 3101, and 3111" and inserting in lieu thereof "1401(b), 3101(b), and 3111(b)";

(iii) by redesignating all after the section designation as subsection (b);

(iv) by inserting after the section designation the following:

"(a) The receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund, and the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government."; and

(v) by adding at the end thereof the following new subsection:

"(c) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, or for payments from any such Trust Fund to the general fund of the Treasury.".

(B) Application.—The amendments made by subparagraph (A) shall apply with respect to fiscal years beginning after September 30, 1985, and ending before October 1, 1992.

(2) Fiscal year 1993 and thereafter.—Section 710(a) of the Social Security Act (42 U.S.C. 911 note), as amended by section 346(b) of the Social Security Amendments of 1983 (to be effective with respect to fiscal years beginning after September 30, 1992) is amended by—

(A) inserting "(1)" after the subsection designation; and

(B) adding at the end thereof the following new paragraph:

"(2) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in paragraph (1) or for payments from any such Trust Fund to the general fund of the Treasury.".

(f) Waivers and Amendments.—Notwithstanding section 904(b) of the Congressional Budget and Impoundment Control Act of 1974, any other provision of law, or any rule or standing order of the Senate or the House of Representatives, no provision of this section, or of any amendment made by this section, may be waived, amended, or otherwise modified except by a joint resolution that—

(1) does so in specific terms, referring to such provision by its designation and declaring that such joint resolution waives, amends, or otherwise modifies such provision; and

(2) is addessed solely to that subject.

(g) Section 1106(a) of title 31, United States Code, is amended by striking out "July 16" and inserting in lieu thereof "September 16".

(h) Application.—

(1) In general.—Except as provided in paragraphs (2) and (3), this section and the amendments made by this section shall become effective on the date of the enactment of this section and shall apply with respect to fiscal years beginning after September 30, 1985, and before October 1, 1991.

(2) Exception.—The amendments made by subsections (b)(1), (b)(2)(A), (b)(3)(A), (b)(5)(A)(i), and (c) of this section shall apply with respect to fiscal years beginning after September 30, 1986, and before October 1, 1990.

(3) OASDI Trust Funds.—The amendment made by subsection (e) shall apply as provided in such subsection.

ADDITIONAL STATEMENTS

MEDIA MANIPULATION IN SOUTH AFRICA

● Mr. SYMMS. Mr. President, I was somewhat leary of the news broadcasts coming from South Africa prior to the approaching vote on the Senate floor on sanctions. The media loves sensationalism, because after all, exciting news brings more viewers. But, there is a difference between television cameramen filming legitimate incidents, and those same cameramen attempting to create news. I remember stories emanating from Iran before the fall of the Shah that mobs would start their demonstrations when the cameras started rolling. But even worse than this obvious, deliberate manipulation of the media, are reports that journalists were enticing demonstrators to certain actions to make for sensational evening news coverage.

An article which recently appeared in the Star, a South African paper which is often highly critical of the Government, highlights some questionable journalistic tactics ongoing in South Africa. Mr. President, I submit this article for the Record.

The article follows:

Tactics of Foreign Newsmen in South Africa Come Under Scrutiny

(By David Braun)

The massive negative publicity that South Africa is currently receiving abroad has placed the Government in a quandary.

Selective reporting and increasing incidents of misrepresentation are boosting an increasingly popular argument in Government quarters that troublemakers clearly interested only is sensational "hypes" should be ordered out.

But at the same time there is the still dominant school of thought that "constructive engagement" and improved relations with the foreign media with a view to improving the accuracy and objectivity of coverage would be much more effective.

There are also moves afoot to re-establish some sort of State information service, either in the form of a department or a bureau, possibly under a Minister in the Office of the State President.

On the side of the hardliners, at least one Government official seriously suggests that a news blackout for a limited period of a month or so would do more to restore calm in the country than anything else.

Foreign correspondents encourage these sentiments by frequently transgressing basic principles and ethics of journalism.

Government embassies report that biased coverage of the South African situation, highlighting the worst possible aspects, have almost become the norm, broadcasting to the world on a daily basis a vivid picture of a country at full-scale civil war or in advanced stages of violent revolution.

At last count there were 162 accredited foreign news people in the country, excluding stringers with another 70 or more applying for visas.

According to one senior official closely involved with the foreign Press, only last week a television journalist was caught paying black youngsters in Diepkloof to burn their school books (for filming purposes), while in the Western Cape a camera crew which missed earlier action asked a crowd of blacks to re-enact a stone-throwing scene.

In an incident verfied by an American diplomat, a US camera team paid a black family to have their shack demolished at Crosslands, because it was in the line of sight for a particular scene which was planned to be shot.

Still photographers compete for dramatic pictures, not surprisingly as one local man reportedly earned R100000 for pictures used inside and on the cover of an international news magazine.

Print journalist have not escaped criticism. Officials point to a recent international news magazine cover story which in just the opening paragraphs make two major omissions and juxtaposed certain key facts.

A reputable Fleet Street Sunday newspaper recently published, as fact, a collection of some of the whackiest rumors doing the rounds in South Africa—including the story of President Botha having suffered a debilitating stroke last year and a fictitious account of Mr. Botha running down a corridor of the Union Buildings ranting that he would resign if anyone mentioned grand apartheid again.

An unfortunate by-product of the overzealous foreign Press has been the tendency to play up to the camera, Government sources say.

They claim that in many cases unrest incidents are sparked or aggravated because of the presence of cameras.

South African journalists have learned that certain community leaders, including celebrated churchmen, appear willing to speak into any foreign camera pointed at them but play hard to get for the local media.

Foreign journalists do not entirely agree with these criticisms.

Johannesburg-based Mr. Peter Hawthorne, who represents various overseas organizations, says it is true that journalist who have been sent to South Africa on short notice for short periods tend to opportunistic and superfical.

But he rejects allegations that journalists who has been based in the country for some time stage manage the news.

He agrees that there is an urgent need to improve communications between the Press and the Government, particularly the police. Journalists try to their best, but usually get the cold shoulder, he says.

"The police need good, efficient, articulate and complete communications with the Press, using spokesmen who know what they are talking about. That makes more of an impression on foreign journalists than anything else," he said.

For the time being, the Government appears not be contemplating any action against the foreign Press.

"Press freedom is very important and we must not move against the Press as a whole," says one senior official.●

FREEDOM FIGHTERS

● Mr. SYMMS. Mr. President, I would like to add to today's Record a newspaper article from the Union Leader from September 26.

The article was authored by my good friend and colleague from Utah, Senator Orrin Hatch, and it persuasively argues for American support and and assistance to freedom fighters around the world. Senator Hatch gives particular attention to UNITA, the National Union for the Total Independence of Angola, a unique pro-Western guerrilla organization fighting against Soviet imperialism that has for too long been ignored by the Congress and the world media. I intend to do my part, as Senator Hatch is doing, to reverse that situation, and to focus attention not only on UNITA's cause, but on freedom movements around the globe that are pleading for our recognition and backing.

The article follows:

Freedom Fighters: Those Who Actively Oppose Totalitarian Oppression

(By Orrin G. Hatch)

One of the tenets of Leninism is the belief in the inevitable victory of worldwide communism. This belief did not die with Lenin or Stalin or even Khrushchev. Apparently, it is firmly implanted in the minds of Soviet leaders today. My good friend Ambassador Max Kampelman, who has spent over 400 hours negotiating with the Soviets, was impressed by the extent to which high-level Soviet officials are permeated with Leninist ideology. In Kampelman's view, this high degree of commitment of Leninism, "strengthens an attitude which believes in the inevitable victory on their part because they are riding the waive of history."

In spite of the Soviets' global ambitions and their awesome military power, courageous freedom fighters all over the world are working to turn this tide around. They live in places such as Afghanistan, Nicaragua, Angola, Poland, Ethiopia, Laos, Cambodia and Vietnam. In my view, a freedom fighter is anyone who, at great personal risk, actively opposes totalitarian oppression. There are plenty of freedom fighters in the Soviet Union. People like Angrei Sakharov and his wife Yelena Bonner and hundreds of thousands of others, many of whom are unknown in the West but who nevertheless are languishing in Soviet prisons, psychiatric hospitals, or concentration camps because they refused to knuckle under to the Soviet regime.

Those of us who are fortunate enough to live in a free country cannot be freedom fighters ourselves, but this does not relieve us of our moral responsibility to lend whatever support we can to the brave men and women who literally risk their lives every day in their struggle against Communist oppression. As important as our financial support and humanitarian aid are, our moral support is also vital. The strong, clear, consistent message that we need to send to freedom fighters throughout the world is: Don't give up! We're behind you and we believe in what you're doing!

It took many Americans almost 10 years to properly recognize that the members of the U.S. armed forces who served in Vietnam were freedom fighters. Certainly one of the key lessons of Vietnam is that moral support is essential to victory.

Interestingly, this point was made recently by Mr. Jeremias Chitunda, who is the foreign secretary to the freedom fighters group in Angola, known as UNITA (the National Union for the Total Independence of Angola). While lobbying Congress to repeal the Clark Amendment which bans U.S. support to the Angolan freedom fighters, Mr. Chitunda pointed out that UNITA does not need our financial support, but it desperately needs our moral support. Unfortunately, when the Clark Amendment was passed in 1976, it sent a signal to other governments that the United States does not endorse UNITA's cause. I am proud to be counted among the 63 senators who voted recently to repeal the Clark Amendment.

UNITA's forces, led by Dr. Jonas Savimbi—freedom fighter par excellence—are an inspiration to other resistance groups throughout the world. According to Mr. Chitunda, UNITA commands a force of 50,000 well-trained and well-equipped fighting men. After 10 years of fighting the Cubans, UNITA has won many impressive victories. Savimbi reports that his men now control well over ⅓ of the country, even though they are up against some 40,000 Cubans, 1,500 Soviets and 2,000 East Germans—not to mention some 43,000 Angolans, UNITA's base in Jamba, Angola, which was built from scratch in 1979, is now a thriving community with a hospital, schools, training centers and sports fields.

In spite of the lack of U.S. support, UNITA's forces are well on their way to victory, UNITA has been stockpiling arms, ammunition and supplies for several years—in Dr. Savimbi's words, ". . . enough to sustain our war of independence against the Soviets for a very long time." I believe that one of the keys to UNITA's success is the determination of Dr. Savimbi and the morale of his fighting men. As Dr. Savimbi has stated "There is no way UNITA can collapse."

Recently the leaders of four anti-Communist resistance groups (the Nicaraguan Democratic Force, the Afghan Mujahideen and the Laotian Hmong insurgents) held a conference in Jamba, Angola, to see how Dr. Savimbi has organized UNITA into an effective fighting force. At the end of the conference, the group formed the "Democratic International." They issued a declaration which stated in part, "Today, the tide of history has turned against Soviet colonialism. The Soviet empire is fated to fall—just as previous empires have collapsed, because Soviet imperialism violates the true nature of man."

I share this belief in the ultimate victory of the forces of freedom over the forces of oppression. Resistance groups all over the world must be encouraged to stay the course until their countries are free.

Of course, each liberation movement must develop its own political/military strategy based on the unique geopolitical conditions in each country. At the same time, their cause is universal. As the declaration of the Democratic International states, "The victory of any freedom-loving movement is the victory of all, for the struggle for freedom transcends borders and nationalities." The United States is viewed as the quintessence of freedom by the whole world. If we don't support the freedom fighters who will?

ORDERS FOR SUNDAY, OCTOBER 6, 1985

RECESS UNTIL SUNDAY AT 3 P.M.

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 3 p.m., Sunday, October 6, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

Mr. DOLE. At that time, Mr. President, the two leaders under the standing order will have 10 minutes each. I ask unanimous consent that they be followed by a special order in favor of the Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, following the execution of the special order, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond the hour of 4 p.m., with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEADERSHIP TIME

Mr. DOLE. Mr. President, I ask unanimous consent that on tomorrow, following the special order in favor of the distinguished Senator from Wisconsin [Mr. PROXMIRE], any time remaining be equally divided between the majority and the minority leaders.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. That is any time remaining prior to 4 o'clock.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. DOLE. At 4 p.m., the Senate will begin a live quorum under the provisions of rule XXII. Upon establishment of a quorum, a cloture vote will begin on amendment 730, as modified.

ORDER FOR MONDAY, OCTOBER 7, 1985

RECESS TOMORROW UNTIL 12 NOON MONDAY

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business on Sunday, October 6, it stand in recess until 12 noon on Monday, October 7.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

Mr. DOLE. I ask unanimous consent that following the recognition of the two leaders under the standing order, there be a special order in favor of the Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. DOLE. I ask unanimous consent that following the special order in favor of Mr. PROXMIRE, there be a period for the transaction of routine morning business not to extend beyond the hour of 1 p.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEADERSHIP TIME

Mr. DOLE. Mr. President, I ask unanimous consent that in the event cloture is not invoked on amendment No. 730, as modified, on Sunday, October 6, the time remaining after the time used by the leaders and the special order between 12 noon and 1 p.m. be equally divided between the majority and minority leaders.

Mr. BYRD. Mr. President, is that on Monday?

Mr. DOLE. That is on Monday, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, if cloture is invoked on amendment No. 730 as modified, on Sunday, the minority leader's motion to recommit House Joint Resolution 372 with instructions falls, and the Senate would then resume amendment No. 730, as modified, immediately following the conclusion of routine morning business on Monday, under postcloture. If cloture is not invoked Sunday, at the hour of 1:00 p.m. on Monday, a live quorum will begin under the provisions of rule XXII, to be followed by a cloture vote on amendment No. 736, in the second degree to Senator BYRD's motion to recommit.

RECESS UNTIL TOMORROW AT 3 P.M.

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move that the Senate stand in recess until Sunday, October 6, 1985, at 3 p.m.

The motion was agreed to and, at 5:14 p.m., the Senate recessed until tomorrow, Sunday, October 6, 1985, at 3 p.m.

SENATE—*Sunday, October 6, 1985*

(Legislative day of Monday, September 30, 1985)

The Senate met at 3 p.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

"O God, our help in ages past,
Our hope for years to come,
Our shelter from the stormy blast,
And our eternal home."
—*Isaac Watts.*

"Lord, Thou hast been our dwelling place in all generations. Before the mountains were brought forth, or ever Thou hadst formed the earth and the world, even from everlasting to everlasting, Thou art God."—Psalm 90:1-2.

"He that dwelleth in the secret place of the most high shall abide under the shadow of the Almighty. I will say of the Lord, He is my refuge and my fortress—my God; in Him will I trust."—Psalm 91:1-2.

God of our fathers, overrule human caprice and let justice, righteousness and truth prevail in this place.

"Our fathers' God to Thee,
Author of liberty,
To Thee we sing.
Long may our land be bright,
With freedom's holy light,
Protect us by Thy might,
Great God our King."
—*Samuel F. Smith.*

Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order the leaders have 10 minutes each. I ask that any of my time I do not use be reserved. Then there will be a special order in favor of the distinguished Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes. All time remaining prior to the hour of 4 p.m. will be equally divided between the majority leader and minority leader so that will probably be about 30 minutes equally divided. Then, at 4 o'clock, under the provisions of rule XXII of the Standing Rules of the Senate, a live quorum will begin, to be followed by a cloture vote on amendment 730, as modified, to the debt-limit extension.

Now, if cloture should be invoked, I think a couple other votes could occur. If cloture is not invoked, I assume there would be no additional votes today. Again I apologize to my colleagues for the extraordinary Sunday session. But it seems to me that if, in fact, we have a deadline of Monday, October 7, and this is October 6, there was not much other choice to try to bring this issue into sharper focus. Again, it would seem to me that we have an opportunity, if we can get two-thirds of those present and voting to vote for cloture, to move on this amendment.

The distinguished Senator from Connecticut yesterday very quietly asked for a division of the so-called Gramm-Rudman-Hollings amendment, and we now would have 19 votes on the amendment rather than 1. That would probably mean, if that should be pursued throughout, about 6 hours of rollcall votes. But, hopefully, that might be modified later.

In any event, I appreciate that many of my colleagues had to change weekend plans. I must say, from those I spoke with, they felt it was important that they be here today, and I would guess that most Members on both sides of the aisle will be in attendance.

Mr. President, I reserve the remainder of my time.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER (Mr. TRIBLE). Under the previous order, the Democratic leader is now recognized.

Mr. BYRD. Mr. President, I ask unanimous consent that I may reserve my time.

The PRESIDING OFFICER. Without objection, it is so order.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is now recognized for not to exceed 15 minutes.

WHY THE LIVERMORE LAB SCIENTISTS ARE WRONG ON NUCLEAR WEAPONS TESTING

Mr. PROXMIRE. Mr. President, why does this country continue to refuse to negotiate an end to the testing of nuclear weapons? On September 13, Science magazine carried the most convincing answer this Senator has seen anywhere, and I have tried to study everything available on this crucial subject. The article was written by R. Jeffrey Smith. In the judgment of this Senator, the negotiation of a comprehensive nuclear weapons test ban is the single most critical step the superpowers can take to stop the arms race. Will this single action end the arms race? No. Both superpowers could continue to produce the weapons already designed and tested. A comprehensive test ban would not even stop the development of new "super-reliable" weapons that did not require testing.

Why then do I argue that the test ban represents such a crucial advance in stopping the arms race? The answer, Mr. President, is that without the test ban, any reduction in the number of nuclear weapons will simply constitute a great deception. Again and again the administration has told us in the Congress that for 20 years this country has been reducing nuclear warheads and megatonnage. None of this reduction has been in compliance with any arms control agreement. None of it has been motivated by any illusion that the country has chosen to get out of the great nuclear weapons competition with the Soviet Union.

Does anyone seriously claim that this apparent reduction in nuclear weapons has in any way diminished the power of the nuclear arsenal of the United States? Of course, not. We in the Congress have been told over and over again that we need to spend the many billions we have expended on our nuclear arsenal to enhance our nuclear deterrent, not to weaken it. In spite of the deep concern of the Congress over the Federal deficit, we in the Congress have listened to the pleas of our Presidents to match or surpass the Soviet's nuclear power. This country has been in the nuclear arms race all the way, sled length. This is not simply a policy of the Reagan administration. In all fairness we have been in the nuclear arms race in the administration of every President since the dawn of the nuclear age 40 years ago.

How has the United States been able to build its nuclear armed forces while reducing the number of war heads and the megatonnage of our nuclear arsenal? Answer: The United States has persisted in conducting nuclear weapons tests, thereby constantly improving the accuracy, the invulnerability, and the reliability of our weapons. The present U.S. nuclear arsenal is

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

without doubt the most potent it has ever been. It is a far more effective deterrent than it was 20 years ago and 20 years from now, if there is no test ban treaty, we may or may not have as many war heads and as much megatonnage as we have today. But we will have an even more deadly, devastating and certain capacity to utterly destroy any potential adversary or combination of adversaries. And, of course, 20 years from today without a test ban treaty the Soviet Union will also have a far more powerful nuclear capability. If this happens will the world be a safer place or will it be more dangerous? The answer, Mr. President, is that it will be far more dangerous.

Why more dangerous? Two reasons. First the superpowers locked in a constantly exploding contest to develop ever more devastating offensive and defensive weapons may find the predominant power fluctuating back and forth, depending on the vagaries of weapons breakthroughs. The situation in all likelihood will be volatile, unstable, and unpredictable.

But even if, somehow, the new weapons become more stable and reliable, and even if the United States maintains a clear and decisive advantage, there is a second reason why it is a virtual certainty that continued nuclear testing will sweep the world into a far more dangerous nuclear weapons era. Here is why: The article to which I have referred in Science states that with continued testing, "Future nuclear weapons can be made smaller, lighter, and cheaper." What does that mean? As has happened so often, one way or another, knowledge of the new technology will spread. It means that nations that cannot afford to build the massive bombers or the $2 billion submarines or the mammoth ICBM's will then be able to afford to build the little antimatter bombs that have more than 100 times the explosive force of fission or fusion bombs per pound. And that lightness will make them very cheap indeed. No sub, no bomber, no ICBM will absorb the billions of dollars for delivery of the devastating payload. The bomb eventually could be delivered from a projecting weapon no larger than a rifle—and eventually from a revolver-sized launcher. The warhead itself might be not much larger than a bullet. But one such bullet could have the capacity to blow up an entire city. Why does that make such a newly developed weapon brought on by another 10 or 20 years of testing much more fearsome than our present nuclear weapons? Ah, because then the world will have a true equalizer. Armed with these nuclear weapons of the future, 50 or 100 or 150 nations would have the power to take on and destroy a superpower. Would the imposing deterrence of the superpowers prevent such a catastrophe? Maybe, but maybe not. After all, the more widely nuclear weapons proliferate, the more difficult it would be to fix responsibility for a nuclear attack.

So it is no exaggeration to say that continued unrestrained nuclear testing would lead to a more dangerous world. We should never forget that the prime obstacle to wholesale nuclear proliferation for the past 40 years has been the immense cost of producing and deploying a nuclear arsenal. Any American who cherishes his children or grandchildren, any American who loves this country should think long and hard about the conclusion by Science magazine that "Future nuclear weapons can be made smaller, lighter, and cheaper." That simple sentence explains precisely how civilization could end on this planet.

Mr. President, I ask unanimous consent that the article to which I have referred in the September 13 issue of Science magazine by R. Jeffrey Smith be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Weapons Labs Influence Test Ban Debate

Livermore, CA.—Situated on the first floor of a large building at the weapons laboratory here, past the barbed wire and the armed guards, is perhaps the world's most sparsely attended yet interesting museum. Arranged in artful displays throughout a series of alcoves are scale models of dozens of nuclear bombs, all designed by Livermore's scientists. Many of them are light enough to pick up, and some can be disassembled to display their inner workings.

Aside from the security precautions, the museum is no different from similar galleries at major corporations throughout the country. The purpose is both to display variations of the firm's principal product and to demonstrate the technical prowess of its employees. Visitors to the museum, chiefly a small group of senior defense officials, typically depart with a sharp appreciation of the fundamental and continuing changes in weapons design, as well as a keen awareness of the laboratory's pride in its own work.

These two factors—the unceasing interest in weapons modifications and the enormous professional enthusiasm of those involved—each play a major role in the stout resistance of the nuclear weapons laboratories to a comprehensive ban on nuclear testing, commonly known as a CTB. For if such a ban were agreed upon with the Soviet Union, life at the laboratories would be drastically changed, and the evolution of modern weapons would probably come to a halt.

In the past, the opposition of the weapons labs has been widely known but rarely openly stated. One reason was that, officially at least, Presidents Kennedy, Nixon, Ford, and Carter considered the CTB a major foreign policy goal. Under the Reagan Administration, however, the laboratory scientists feel that their views have achieved sufficient stature in Washington for them to be frank.

"A comprehensive test ban is the wrong way to go," says Paul Robinson, the principal associate director for national security programs at Los Alamos National Laboratory. "In fact, testing is not even a proper subject for arms control limitations. It serves as a distraction from the more important business of sharply reducing the number of nuclear weapons." Similarly, George Miller, the deputy associate director for nuclear design at Livermore, says that "the case for and the value of a CTB, in a political sense, should be overwhelming before entering into it. For us, the situation is exactly the opposite. In terms of maintaining stability, engaging in real arms control, and moving toward a more peaceful world, continued nuclear testing plays a very positive role."

The Reagan Administration's sympathy for this view was demonstrated by its refusal several weeks ago to join a nuclear test moratorium begun by the Soviet Union. Instead, it suggested that Soviet scientists take direct yield measurements at the U.S. test site, thereby enhancing the verification provisions of an existing treaty that limits explosions to 150 kilotons (Science, 16 August, p. 631). Although there was never any possibility that the Administration would follow the Soviets' lead, the moratorium as well as the attention it attracted, were discomfiting to the labs, which have done their best in recent years to dampen any public enthusiasm for a CTB.

A major reason for this anxiety stems from the simple fact that the task of improving upon existing weapons designs is considered a fascinating scientific challenge. As a result, their employees look upon the dismantling of the Nevada Test Site in much the same manner that a particle physicist would react to a decision not to construct any more supercolliders. "I am an experimentalist" says Robinson, 43, who came to the laboratory directly out of graduate school, as did most of his colleagues. If the most important experiments are prohibited, he adds, little productive research can be performed.

Moreover, if a CTB were signed tomorrow, it would halt one of the richest periods of experimentation that the labs have enjoyed. Under Reagan, the number of tests—particularly those that involve basic weapons physics—has dramatically increased, although no one will say exactly how much. "At present, the nuclear weapons program in total, both in offensive uses, defense suppression, as well as defense, is more exciting than I've ever known it," Robinson says. "There are lots of new ideas, lots of new things being looked at. The list . . . has blossomed a lot since the narrow views that we had for a long time."

The Administration has been candid in describing the fruits of continued nuclear testing. A host of nuclear-driven missile defense technologies are depicted as unusually promising, including an x-ray laser, a particle beam, and a microwave weapon. Future nuclear weapons can be made smaller, lighter, and cheaper. Blast and radiation can be kept under better control. More safety features can be incorporated, such as inert high explosives in bomb detonators. Innovations are possible in both the fission and fusion constituents of a bomb. As Miller says, "There are things that technology can do for national security across the board."

The problem is not that all weapons design work would cease without testing, but that the most interesting work would be severely constrained. "We know that we can design bombs that work the first time out. We did it at Trinity and we did it again with the plutonium bomb, the weapon we used at Nagasaki, "Miller points out. Hence, additional bombs—derived from older, thoroughly tested designs—could still be added to the arsenals on both sides, but they would clearly be large and primitive, not compact and state of the art.

"There would be a lot of pressures to build anyway, using new designs," Miller explains, "but my position is that modernization would stop." Donald Kerr, the Los Alamos director, agrees. "Basically, I wouldn't offer anything that hadn't been previously tested . . . to the point where you had simulated the flight of the delivery vehicle." In short, the basic practice of the last 30 years—in which bombs are created to fit aboard weapons invented by the military—would be reversed, and any future weapons would have to be made to fit around the bombs.

The reason is that although the labs have made tremendous progress in reducing their testing requirements to an absolute minimum, they have not succeeded in eliminating the need altogether. Over the past two decades, for example, they have purchased the world's most advanced computers and developed extensive computer codes capable of modeling the dynamics of bomb detonations and faithfully depicting the implosion and explosion in three dimensions. They have constructed elaborate nonnuclear test ranges with powerful accelerators for flash radiography, research into collateral nuclear effects, and investigations of controlled nuclear fusion. The ultimate goal is to be able to design weapons based on "first principles" knowledge of the fundamental physics of a nuclear weapons explosion. But this moment is "optimistically at least a decade away," Miller says.

Scientists at the lab fear that as the most interesting work dwindles, some of the brightest researchers will inevitably drift away. Miller, who has been at the lab since 1972, says that this would probably become noticeable after 5 years, and that "the replacements will be good, but they won't have any experience. It'll be a losing battle." Although this would ultimately be felt by the weapons program, the most immediate impact would be on the quality of life at the labs themselves. To advocates of a CTB, a diversion of talent elsewhere is a healthy phenomenon; to those who have devoted their careers to weapons design it is a stifling prospect.

Scientists at the labs assert that 15 years or so after a ban has taken effect, not only the competence of the labs but also the reliability of the arsenal will have degraded. As Kerr told Congress last May, "Nuclear weapons are affected significantly by aging and obsolescence; over an extended period the materials used in warheads deteriorate physically." Nuclear testing is needed to verify that bombs will still work, he asserts, and without it there will be substantial pressures to ensure an adequate deterrence either by expanding the size of the nuclear arsenal or by initiating a massive buildup of conventional armaments.

No other claim about the drawbacks of a CTB has aroused as much controversy. "The laboratories are guilty of vast quantities of misleading information on this subject," says Spurgeon Keeny, executive director of the Arms Control Association. Similarly, Wolfgang Panofsky, director emeritus of the Stanford Linear Accelerator Center and a former scientist at Los Alamos, describes the laboratory concerns as "greatly overblown." Along with Hans Bethe, Norris Bradbury, Richard Garwin, George Rathjens, the late Herbert Scoville, and Paul Warnke, they recently wrote a letter to Congress, which asserts that "continued nuclear testing is not necessary in order to ensure the reliability" of the stockpile, and that nonnuclear tests, as well as periodic weapons disassembly, are adequate to uncover any flaws.

The debate is difficult for an outsider to assess because both arguments depend in part on highly classified data and the participants accuse each other of being factually incorrect. In particular, the weapons designers argue that nuclear tests have been required in the past to fix various weapons defects, and the critics say it isn't so. The only detailed public study of the subject, prepared for the Energy Department by Jack Rosengren of R&D Associates in Marina Del Ray, lists a number of bomb repairs made with the assistance of nuclear tests. But the critics argue forcefully that equivalent repairs could have been made without this assistance.

In part, the debate is a reflection of the laboratory's intrinsic and appropriate conservatism. A written certification that any given weapon will produce its rated yield is required from the lab directors before it may enter the stockpile, and they take their responsibility extremely seriously. More fundamentally, however, the debate is a reflection of the fact that long-term weapons reliability is not at present the paramount goal of a designer, and probably won't be until a CTB has been signed.

As Kerr explains, "If you ask the question could we come up with a basic design or class of designs that would basically be very insensitive to anything you could imagine happening . . . I think the answer probably is yes, there is no a prior reason to say why that's impossible. Right now, it's not a thing that we do because from the point of view of delivery systems, it's not a particulary interesting path to go along. "Bombs that are relatively impervious to aging would inevitably be larger and weigh a good deal more, Kerr explains, because they would probably need more fissile material and more high-energy explosive. Such bombs could only be deployed on less capable yet more expensive weapons systems, he adds.

To Ray Kidder, an associate division leader at Livermore who is frequently at odds with laboratory policy, the fact that the labs have never designed such super-reliable weapons, even though a CTB has long been under consideration, is "a real scandal." Hugh DeWitt, another internal lab critic, suggests that it is part of the lab's deliberate anti-CTB strategy. But a more plausible explanation offered by Miller, is simply that economic constraints have precluded any other approach.

In any event, the problem is not a permanent one; no one doubts that more reliable weapons can be developed if politicians so direct. And some CTB advocates even argue that degraded reliability is good, because it will give both sides pause during planning for a first strike. The labs, of course, have a response here as well. They claim that the burden of uncertainty may fall unequally on U.S. and Soviet shoulders, creating a worrisome recipe for strategic instability. The basis for this argument is that Soviet bombs already are larger and heavier than ours, and therefore might be more "robust" and "less susceptible to degenerative changes," as Miller puts it. But he acknowledges that "I can't prove it because I don't know what's in their bombs." Robinson agrees that the United States can only speculate. "I would say we're ignorant" of Soviet bomb designs, he says.

In the end, the debate between test ban advocates and laboratory officials brings into sharp relief several key features of a CTB. By itself, it will clearly not end the arms race. Bomb designs would indeed be frozen, but enough are available on the shelf to keep arsenals on both sides well stocked in the absence of further limitations. Confidence in the reliability of bombs may be diminished, but this might be offset by "super-reliable" weapons designs. Given the professional enthusiasm of the labs' employees it is hardly a surprise that the CTB is one experiment they don't wish to try.

THE GENOCIDE TREATY: AN EXAMPLE TO FOLLOW

Mr. PROXMIRE. Mr. President, a Psychology Today study of non-Jewish rescuers and their Jewish survivors examines the motivation for these individuals to risk their lives voluntarily for the sake of the Jews.

The study evolved from an ongoing project begun in 1981 by Stephen P. Cohen at City University in New York, which later merged with the work of Samuel Oliner of Humboldt State University in California to form the Altruistic Personality project.

So far the project has interviewed 220 rescuers and plans to interview 300 more in the United States, Canada, Europe, and Israel. The Psychology Today report consists of interviews with 25 rescuers and 50 survivors in the United States and the examination of historical documents about the rescuers and those they saved.

The inquiry asks what motivated those individuals to reach out to others, whom they had often never met before.

The motivating forces cannot be reduced to a formula or single personal characteristic. However, some common trends appeared.

Findings show that the rescuers, for the most part, fell into two groups; those who felt ethically compelled and those who personally identified with the victims. The motivation of each individual is generally revealed by his answer to the central question of why he rescued the victims.

The ethics-oriented rescuers would almost instinctively ask "what do you mean?" eventually matter-of-factly stating that "it was the right thing to do" or "I was doing what a human being should for another human being."

A young Catholic rescuer, who was 16 when Germany invaded Poland in 1939, says her parents taught her not to distinguish between people based on religion. Family tradition dictated a deep concern for others.

The actions of those rescuers who identified emotionally with the victims, on the other hand, often sprang from strong personal attachments or from empathy based on the rescuer's own vulnerability to persecution.

In some instances, a child, a spouse, or a sibling of the rescuer had been persecuted. A Ukrainian immigrant, whose in-laws hid Jews, says "it was easy to understand what the Jews felt because the Jews and Ukrainians were in similar positions everywhere."

No matter what motivated these individuals, the stories all echo the traumatic nature of their roles. The rescuers and the victims all shared an uncommon preserverance.

Living under constant threat of exposure and death these people held fast to their convictions in aiding the Jews. This type of bravery required something beyond moral conviction. It demanded love, compassion, and caring for the victims.

Mr. President some 40 years since the end of the Holocaust these people still stand proud of the humanitarian acts in which they participated.

These acts endangered their own lives and the lives of their families. Yet these average citizens, many of whom will never be recognized for their heroism, took the risk for the sake of their fellow man.

Mr. President, the United States, having pioneered the original drafting of the Genocide Treaty and invested countless hours and money in the hunt for Nazi war criminals, has far less to lose than did the rescuers. As a nation, the risk has already been taken.

This country made a commitment to justice, responsibility and care long ago. Ratification of the treaty would enhance the promise made to promote human rights.

It would serve as a reaffirmation of the U.S. strong commitment to the objectives of this convention. The Senate's ratification of this convention on the prevention and punishment of the crime of genocide will echo in a small but significant way the moral and political courage exemplified by the immigrant rescuers and others who are still seeking to bring the Holocaust perpetrators to justice.

Mr. President, I suggest we allow the example set by this extraordinary group of individuals—and our strong ethical principles—to motivate us as we consider the Genocide Treaty. I urge that the treaty be ratified without further delay.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that Reaganomics has resulted in a decline in the poverty rate.

The administration has even gone so far as to proclaim that the poverty statistics represent a "triumph" for Mr. Reagan's economic policies.

Well, here are the facts, Mr. President. Last year, the national poverty rate did in fact dip by nine-tenths of a percent to 14.4 percent.

And yes; this decline was the largest 1-year decrease in more than a decade.

But here are a few facts that cloud the myth that the Reagan administration has beaten back poverty:

First. The 14.4 percent poverty rate in 1984 was still higher than it ever was from 1970 to 1980, the decade before the Reagan administration.

Second. We still had more people living in poverty in 1984 than we did in 1964, the year President Johnson declared his war on poverty.

Third. The poverty rate for blacks still is three times higher than the poverty rate for whites.

Fourth. The poverty rate for black children under six increased to a staggering 51 percent in 1984.

Fifth. The mortality rate for infants 1 to 12 months old, in fact, appears to be increasing.

Sixth. And the gaps between rich and poor also seem to be increasing.

Are happy days here again, Mr. President? No way.

It is the cruelest of myths to believe that this administration has triumped over poverty. The facts tell a different story.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

BALANCED BUDGET AMENDMENTS

The PRESIDING OFFICER. Under the previous order, the time until 4 p.m. is equally controlled by the majority and minority leaders.

Mr. PRYOR. Mr. President, I do not have a statement. I only have a question to ask the majority leader, if I could at this time.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I will be happy to yield.

Mr. PRYOR. I would like to pose a question to the majority leader and that is, I wonder if the majority leader would lay down a scenario about tomorrow, whether we adopt cloture or not this afternoon, as to when we might get this bill sometime tomorrow to the House for them to debate, not only the debt ceiling increase but also the issues as propounded by Senators Gramm, Rudman, Hollings, and others. Is this House going to have an opportunity tomorrow or tomorrow night to debate this at any period or any length, assuming we pass it and send it over?

Mr. DOLE. Let me indicate first that yesterday I was able to get an order for Monday so that Members will be apprised of the Monday schedule. We will come in at 12 noon tomorrow and, depending on what happens today there could be a vote as early as 1:30, maybe more than one vote.

As to what the House may do, again I have had a brief telephone visit with the chairman of the Ways and Means Committee on Friday, Chairman Rostenkowski, who indicated that they would like to study this proposal and as a result would like to send us a short-term extension of the debt limit. I have also discussed it with Congressman Tom Foley, one of the senior Democratic Party leaders in the House, who said pretty much the same thing.

As I suggested earlier, it may be that sometime early tomorrow it would be possible for the leaders in the House and Senate to sit down and see if we can figure out some way to preserve the amendment and at the same time avoid a crisis. At least the Treasury tells us it is going to be a real problem sometime this coming week and perhaps as early as tomorrow.

But I cannot tell. If the Senator will help me get cloture this afternoon, then I could give him a more specific answer.

Mr. PRYOR. I thank the majority leader for answering my question.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I reserve the remainder of my time.

Mr. BYRD. Mr. President, how much time do the two leaders have?

The PRESIDING OFFICER. Each leader had 15 minutes plus the time that was reserved. Nineteen minutes are remaining for the majority leader, 25 minutes for the minority leader.

Mr. BYRD. Nineteen to the majority leader, 25 to the minority leader?

The PRESIDING OFFICER. That is correct. If neither side yields time, of course, the time runs and is equally divided between the two sides.

Mr. BYRD. Does anybody on my side wish time?

Mr. HART. Mr. President, I wonder if the minority leader will yield me 3 minutes.

Mr. BYRD. Mr. President, I yield 3 minutes of my time to Mr. Hart.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 3 minutes.

Mr. HART. Mr. President, on the way to the Senate Chamber today from the airport, I heard one of the news accounts saying that the Senate was in extraordinary session not only to consider the increase in the debt ceiling to $2 trillion but also whether to adopt a resolution to balance the budget.

So far as it goes, I suppose that is a reasonably accurate description of what we are doing here today, but it does not go nearly far enough.

The issue before the Senate, the one we are here to consider—with some care, I hope—is not whether to balance the Federal budget but how to balance the Federal budget, whether the proposal put forward by the Senator from Texas and others or the proposal of the Senator from Florida and others is the best way to do that.

I would hate for this debate, if you want to call it that, to get down to the question of whether we are for or against balancing the Federal budget. That is not the issue. The issue is how we balance the Federal budget and whether we do it in the best way possible.

If there is a Senator here who is against balancing the Federal budget, I think that individual should be heard from. I have not heard from that Senator yet, on either side of the aisle; and I think that the sponsors of the pending measure and the sponsors of the alternative measure are for balancing the budget. That is not the issue before the Senate.

The issue before the Senate is how to balance the budget, how many items in that budget will be on the table to consider, and how fairly we go about balancing the budget. That is what I hope the U.S. Senate is undertaking this weekend and this week.

I hope that those who translate our actions to the American people understand the difference between whether we are going to balance the budget and how we balance the budget.

I yield back the remainder of my time.

Mr. HOLLINGS. Mr. President, will the Senator from Texas yield me a few minutes?

Mr. GRAMM. I am happy to yield to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator form Texas has no time. The time is controlled by the majority leader and the minority leader.

Who yields time?

Mr. BYRD. Mr. President, surely, there is someone on the other side who is acting leader at this point and who could yield time to the distinguished Senator from South Carolina.

The PRESIDING OFFICER. The minority leader has time remaining.

Mr. BYRD. I understand that.

Mr. President, how much time does the distinguished Senator wish?

Mr. HOLLINGS. Just 2 or 3 minutes. I wish to respond to the distinguished Senator from Colorado.

Mr. BYRD. I yield 3 minutes.

Mr. HOLLINGS. I thank my distinguished leader for his generosity and courtesy. I did not want to use his time in opposition to the comments of the Senator from Colorado.

The Senator from Colorado and I have tried from the beginning to act responsibly on the deficit—we did not vote for Reaganomics. At the time of the tax cuts in 1981, the Senator from Colorado and I were discussing how to balance the Federal budget, and the Reaganomics approach was that we are going to do it by growth, we are going to grow out of the deficit.

To give us both credit, when we were asked how we were going to deal with the deficit, the Senator from Colorado and I said, "Responsibly, by paying for what we were buying or spending—namely, put up the revenues."

We have been on the same side, voted on how to do that, not only in 1981 but also in 1982, 1983, and 1984, and we have spoken out for that approach on the campaign trail.

I think it should be brought to the attention of our colleagues that when we were all admonished about proposing taxes and revenues and an oil import fee in the New England primaries during the 1984 Presidential campaign, the distinguished Senator from Colorado recommended all those things, and he cleaned us all out.

So that is always a constant reminder to me, when Senators and these so-called pollsters and journalists, all go on about what America believes and America thinks. Well, here comes a Senator from the Midwest and recommends an oil import fee, and he took New Hampshire, Vermont, Massachusetts right on down the line.

But we lost on how to reduce the deficit. That is the only reason I am in this position. The Senator from Colorado and I tried and fought the good fight on the same side as to how to do it, but they are not listening to how, and you cannot even get their attention on how.

So I do not know that we are going to balance the budget this way, but I do know that you can get some truth in budgeting. We are going to take what the Senator from New Mexico, the Budget Committee chairman, and what the Senator from Florida, the ranking minority member, described as a $171.9 billion deficit budget, and we are going to say, "Let's try to make that truth in budgeting as best we can." But they do not want to print that figure, because they know that the deficit will be much closer to $190 billion than to the $171.9 billion figure. So in order to be realistic, we are putting in a $20-billion cushion and saying that we will start at $191.9 billion rather than $171.9 billion.

Some have called this proposal a pig in a poke, but they have failed to acknowledge that there is another pig in this poke. We have Chiles-Byrd. There are two pigs in the poke that are substantially the same. One says, "Let's have some revenues," but I do not want to describe that when the distinguished minority leader has given me the time. But if there is really a pig in the poke, it is the budget we passed.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HART. Mr. President, will the minority leader yield me 30 seconds?

Mr. BYRD. Mr. President, surely, somebody on the other side should be designated to handle the time for the distinguished majority leader. Otherwise, I am having to yield our time to those who support him.

I yield another minute to the distinguished Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished minority leader for his generosity.

To complete that thought: The pig in the poke is the budget we passed in both Houses. We are trying to take the pig out of the poke, show it to every body, and then make them keep what they buy. That is truth in budgeting.

All we are doing here is taking the budget we passed 60 days ago, in August and trying to measure it now against the truth of revenues and the projections and the savings that will be had. On that basis, it is less how to balance the budget, than making us use accurate numbers from the start.

The PRESIDING OFFICER. The Senator's time has once again expired.

Mr. BYRD. Mr. President, I hope that the time we yield to those on the side of the distinguished majority leader will be returned.

Mr. HOLLINGS. Mr. President, will the distinguished majority leader yield me 2 minutes?

Mr. DOLE. I think the Senator from Arkansas consumed some of my time, but we will work it out.

Mr. HOLLINGS. Will the Senator yield me 2 minutes?

Mr. CHILES. He already used 5 minutes of our time.

Mr. DOLE. Mr. President, how much time remains on this side?

The PRESIDING OFFICER. The majority leader has 15 minutes remaining. The minority leader has 17 minutes.

Mr. BYRD. We yielded 4 minutes of our time to Mr. HOLLINGS.

Mr. DOLE. Then, I have only 11? I do not think I can yield any more. I have 11 minutes and about five speakers.

Mr. BYRD. We want some of our time back.

[Laughter.]

Mr. DOLE. If you give me the 2 minutes back.

Mr. BYRD. I give the 2 minutes back.

Mr. DOLE. Mr. President, I yield 2 minutes to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I say to the Senator from Colorado that what I am trying to do is to get us to take that first step, to take the budget that we all bragged about and passed, claiming that we had finally gotten some $50 billion in savings, and to stick to it.

We have too many experts in budgetary matters—we do not need more experts in budgetary matters, all we need are experts in the truth.

We should use one rule, Mark Twain's. He said the truth is a very precious thing. It should be used sparingly. If the truth should be used sparingly, then the budget is the place to use it.

Mr. HART. Mr. President, will the minority leader yield me 30 seconds?

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. I yield 30 seconds to the distinguished Senator from Colorado.

Mr. HART. I thank the minority leader.

Mr. President, I thank the Senator from South Carolina for his kind remarks. I think he of all the sponsors of this measure stands in a somewhat unique position. My calculation shows that of 35 or more sponsors only the Senator from South Carolina and the Senator from Connecticut [Mr. Dodd] voted against the massive tax cuts in 1981 that have partly contributed to this massive deficit.

So I think I counted 33 sponsors who voted for those tax cuts. The Senator from South Carolina rightly told the Senate and the American people in 1981 this was not going to work, and I applaud him for it.

Mr. HOLLINGS. I thank the Senator very much.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, I yield 3 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas [Mr. Gramm] is yielded 3 minutes.

Mr. GRAMM. Mr. President, we are hearing discussions today about 1981. Our distinguished colleague from Colorado spent much of yesterday talking about the Gramm-Latta budget.

In that budget in 1981 we promised the American people that if they would adopt that plan it would stop inflation, and we have. We promised the American people that we would put the American worker back to work, and we have created 8 million new jobs under that program. We promised that we would rebuild national defense, and we have. We promised that we would reduce taxes to provide incentives for people to work, save, and invest, and we have. We promised we would save Social Security, and we have.

But the promise we made that we did not keep is the promise of balancing the budget. It seems strange to me that the ones who would stand up now and point the finger at those who did not balance the budget through the program in 1981 should be the ones who are now trying to prevent us from delivering on a promise that is long overdue.

Quite frankly, we started out in 1981 with a 3-year budget that Congress adopted.

The first year we got 90 percent of the savings we sought. The second year, a recession year and election year, we got 40 percent. Congress never did anything about the third year of the budget. Spending grew at 13½ percent last year.

Our tentative estimates for this year, the fiscal year that just ended, show 11 percent growth.

The budget process has clearly failed. That is why we are here voting to raise the debt ceiling to $2 trillion.

Now the proposal of Senator Rudman, Senator Hollings, and myself is a simple proposal. We are willing to vote to raise the debt ceiling. We are willing to pay our bills. But we are not willing to do that without calling in the credit cards. To say that I am for balancing the budget but I do not want to do it this way, I am for balancing the budget, but let us not do it now, those are the same words that have been spoken for a decade.

We have before us a simple straightforward approach, an approach that does not transfer power from the legislative to the executive branch, a proposal that does not mandate a specific result, but it is a program that mandates a result. It mandates that we will set out maximum allowable deficits, the President will submit budgets within those deficits, Congress will come forward from committees with budgets that are within those deficits, that those budgets will be binding and if we do not do our job there will be an across-the-board reduction in automatic increases in controllable expenditures.

We have heard continually that this is a complicated proposal, that we need more time to analyze it. We want to stop and debate it. We want to study it.

It is a clear-cut proposal and, as I said last night, if we took the last 10 bills that we voted on and we set out multiple choice tests on what was in those bills and took this proposal and gave the same test, I believe the results would show that Senators have more knowledge of what is in the proposal before us now than any of the previous 10.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOLE. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The majority leader now has 17 minutes remaining and the minority leader has 18 minutes remaining, and that is taking into account the exchange of time between the two distinguished leaders.

Mr. DOLE. Mr. President, I yield 3 minutes to the distinguished Senator from New Hampshire [Mr. Rudman].

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 3 minutes.

Mr. RUDMAN. I thank the majority leader and I thank the Chair. I will not need the full 3 minutes. We had 6 hours yesterday.

Mr. President, I think yesterday's Congressional Record should be entitled "Everything You Ever Wanted to Know About Gramm-Hollings-Rudman and Something Else Maybe You Did Not Want to Know."

All I want to do this afternoon is have a chance to vote, not on cloture—we will have that chance—but a chance to vote up or down on this proposal.

Now one of the arguments that is being made here, made yesterday and made again this morning, was that we do not really understand this. With all due respect to my colleagues that is simply an attempt to shroud the American public's mind in fog. This is understood. As a matter of fact, the real problem is that it is understood all too well. What is understood is that this mechanism is an action forcing mechanism. It will force this Congress on both sides of the aisle and the President to make choices, something we have not been forced to do up to now.

What we do now is that we fail in all the major policy decisions and we pour the default of our responsibilities into something called the deficit, which is now at $2 trillion in terms of the national debt.

So all I say to my colleagues is let us vote for cloture. Let us let the democratic process work. Let us get the Senate to vote today on whether or not they like this plan or not. If people like it, then let us adopt it. If people do not like it, then let us defeat it. But let us not stall. It is stalling and defaulting of responsibility which has in fact caused us to come to the unhappy moment, whether it is this week or next week, when we will have to stand behind our leader and cast a vote that will extend the national debt to over $2 trillion.

Let me say for anyone who does not know what that means, it means that starting now every family of four in America is paying $34 a week in interest to finance that debt—$34 each week for every family of four.

I say it is time to do something better.

I thank the Chair and thank the majority leader.

The PRESIDING OFFICER. Who yields time?

Mr. MATTINGLY. Mr. President, will the majority leader yield me time?

Mr. DOLE. Mr. President, I yield 1 minute to the Senator from Georgia.

The PRESIDING OFFICER. The Senator from Georgia is recognized for 1 minute.

Mr. MATTINGLY. Thank you, Mr. President.

Mr. President, today we are debating raising the Nation's debt ceiling to over $2 trillion. Not 5 years ago, the Nation's debt ceiling stood at $1 trillion. This fact alone, the doubling of our Nation's debt in less than 5 years, is proof that our existing budget process has failed and failed miserably. Moreover, the Nation's debt doubling in such a short period of time has brought justified public ridicule of elected officials in Washington for their inability to come to grips with their fiscal responsibilities. In fact, by a 4-to-1 margin, Americans feel that reducing the Federal deficit is the most important problem our country faces. With such an awareness by the citizenry of the need to address runaway deficits, the question we should ask ourselves is what are we going to do to reform a system that is not working and will never work.

Mr. President, a number of suggestions have been offered to restore order to the budgetary process, recognizing that the Budget Act of 1974 has failed. Senator THURMOND has suggested the constitutional amendment to require a balanced Federal budget, a measure I have been an original cosponsor of since coming to the Senate. Senator ARMSTRONG, has recommended increased recission authority, another suggestion I have long supported and cosponsored. I, along with Senators EVANS and BIDEN have introduced legislation to give the President 2-year authority to veto individual items in appropriations bills, rather than the current Presidential predicament of take-it-or-leave-it in its entirety. This initiative was debated extensively in July with 58 of my colleagues supporting cloture in our effort to allow consideration of the line-item veto measure. I continue to believe there is strong support for my effort, however, a few contrive to use the Senate rules to prevent an up or down vote on the issue. The attractive feature of the line-item veto is that it would allow the President to reduce unnecessary spending, something the Congress has failed to come to grips with. Overspending is the cause of our Federal deficits. We are not a Nation that is undertaxed—we are a Nation that is overspent.

I believe this Congress will act in some fashion to face the deficit problem. The public and some of us in this Chamber will force that action. They understand better than many Members of Congress that the status quo is a failure. They are not satisfied and will never be satisfied and should not be satisfied until Congress faces up to deficits and runaway spending.

The time has come for action. We've gone too long, voting for spending up here and then going home and wringing our hands over the national debt. I have mentioned several proposals by other Senators that would attack the problem. I have no misplaced pride of authorship in only wanting to see my bill, S. 43, line-item veto considered. But, I want to see something passed in this body, some action taken that will move us back to fiscal sanity. Whether it is enhanced recission, the balanced budget amendment, the line-item veto, or Gramm-Rudman-Hollings, I want to be able to go back home to Georgia and tell them that we are going to deal with the deficits.

The amendment now before us may be the best chance in this session to do something about the problem we all admit exists. This may be the most important vote we take this year. We cannot let this opportunity pass.

I am an original sponsor of the Gramm-Rudman-Hollings amendment and have offered suggestions I think will improve the fairness and effectiveness of the amendment. Like the line-item veto bill and others introduced to correct Congress' inability to deal responsibly with the deficit problem, the Gramm-Rudman-Hollings proposal is not a panacea. Nevertheless, it is an attempt to force Congress to do what it continues not to do: perform and fulfill its fiscal responsibilities.

The Balanced Budget and Emergency Deficit Control Act of 1985, as the Gramm-Rudman-Hollings amendment has been named, amends the budget process to establish a maximum allowable deficit ceiling beginning with the $172 billion deficit set out in the 1986 budget and reduces the allowable deficit in four equal steps to zero in fiscal year 1990. During the 5 years this emergency measure is in effect the amendment will set into place an automatic mid-course correction process to eliminate any projected deficit exceeding the maximum deficit limit for each fiscal year, based on a joint estimate of OMB and CBO. Projected deficits which exceed the maximum allowable deficit limit will be eliminated by reducing automatic increases and controllable expenditures across the board by a uniform percentage. Social Security, however, will be taken off budget and therefore will not be a part of any automatic reduction, a suggestion I brought to the attention of the White House last Friday and the Senate majority leader and author of the bill this past Tuesday, October 1.

The beauty of the Gramm-Rudman-Hollings amendment is that it will force Congress to act. For too long, Members of the Congress have said one thing in their States and districts and voted another in Washington. Again, this amendment will require Congress to "put it's money where it's mouth is." It will force tough budgetary decisions, but that's what we were elected to do anyway. It will mandate forced discipline on a Congress that has put off hard decisions on restoring fiscal sanity to the budget process for too long. For these reasons, this amendment should be passed and enforced.

Mr. President, we are still hearing the same tired voices saying you are upsetting the balance of our Government. I say to them that until we bring balance to the Federal budget, everything is going to be warped and distorted. I say to my colleagues who defend the status quo that the present spending process is dead and it is time to bury the body.

It is time to return to reality and not spend money we don't have.

It is time to leave the "Alice in Wonderland" world this Congress has lived in too long and step back through the looking glass to reality. Everyone living west of the Potomac will be glad to welcome back a Congress that has decided to leave the world of fiscal fantasy, where the Government can spend money it does not have.

It is time for action, Mr. President.

I can make one promise here today. I have never voted to increase the debt ceiling and I never will until this Congress takes dramatic action to address the deficit problem. They say Government will shut down. I say if that is what it takes to force action on the deficit, then let it happen.

In addition, Mr. President, I would just like to say that the Gramm-Rudman-Hollings proposal does deserve an up or down vote.

This body was thwarted already once this year on the line-item veto from allowing the body to have an up or down vote upon an amendment or upon a bill.

I was interested in seeing last night on television some of our colleagues saying that there was a cocked pistol at the heads of the opponents of this piece of legislation. The cocked pistol is not at the opponents of the legislation, nor are we trying to pull a trigger on it. The cocked pistol is at the heads of the American people and of our Government because if we do not do something like this it is going to go off and it is going to go off right in their pocketbooks.

So, in fact, what we need to do is lower that cocked pistol and there is a good way to do it and it is by passage of this amendment because this debt bill should not be passed unless it is amended and the way that we do business is changed in this body and in this Government.

It is time for us to act now. This bill not only needs to be passed, the debt ceiling bill, but this amendment to it needs to be passed and then this amendment should be enforced because this body has not been able to enforce any fiscal restraint.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator's time is expired.

Mr. BYRD. Mr. President, I yield 4 minutes, or less, to the distinguished Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, I thank the minority leader and I thank the Chair.

Mr. President, there are few in this body who have had as much experience at government balanced budgets as this Senator.

As a fiscal conservative of long standing and one who has offered and supported many well-thought-out and necessary proposals to directly attack the most pressing economic problems of our country, one might presume I would fall in line with the proposal before us. It appears politically astute to do so at this tense moment. We are being maneuvered and herded unnecessarily to "ride the last train" out of the station headed toward the magical ride to Oz and the land of fiscal responsibility.

Be that as it may, I do not choose to ride because from what I understand of this hastily designed and advanced proposal, it may have serious flaws that will adversely affect the interests of the people of my State and my country. With some corrections I might board, but I question the stampede action that is being whipped up, and will not be a party to this measure as it stands. Cloture would all but eliminate possible constructive changes. After all, I remind the Senate, this is supposed to be the most deliberative body in the world. Is it under these conditions? I think not.

There is no legitimate reason for this highly unusual Sunday cloture session. It should be clear to all that we have been over coached into this predicament by design. It is part of the game plan. Not many successful coaches use a strategy that concentrates on a Hail Mary pass for sure victory.

It should also be clear to all that the best debt ceiling measure was called up, complete with the principal shifting sand amendment conveniently timed and attached, as late as possible. It was all orchestrated well. On Wednesday the President called for a clean $2 trillion debt ceiling free of all amendments. On Friday, following a well publicized White House press conference, the game plan was reversed with White House enthusiastic endorsement of the principal amendment that is being peddled on the floor as balancing the budget by not touching Social Security COLA's, ever or never, avoiding any hint of increased revenues even in the form of a minimum income tax on wealthy corporations, and with the President's specific assurances that notwithstanding anything else there would be no relenting on his defense buildup. Who is kidding whom and for what reason?

The only possible reason I can discover for all of this is to get through the President's request to bust through the $2 trillion debt ceiling limit by sugar coating the bitter pill with a less than meaningful deficit reduction package.

I view the measure before us as a hastily and ill-thought-out proposal and an exercise in crisis management. It holds out a panacea when, in fact, it is political fantasy that delays rather than expedites meaningful action on the calamity of debt and deficits that face us.

If we are in serious financial difficulty, which I think we are, why not face the music now, rather than conveniently putting it off, which this measure does in a devious fashion, until after the 1986 elections?

There is no good answer to that question, and I urge my colleagues to think twice and oppose cloture.

I yield back the balance of my time remaining to the minority leader.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, how much time remains?

The PRESIDING OFFICER. The majority leader has 12 minutes remaining and the minority leader has 16 minutes remaining.

Mr. DOLE. Mr. President, I yield 6 minutes to the distinguished chairman of the Budget Committee, Senator DOMENICI.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 6 minutes.

Mr. DOMENICI. Mr. President, I thank the distinguished majority leader for yielding.

Let me say to my friends here in the Senate, I think we are here today because we are living on borrowed money and borrowed time. I do not think there is anybody that has looked at the situation in our country that would not conclude that the current Federal deficit and the current rate of borrowing by the Federal Government has reached a level that it is just a matter of time until this borrowing yields something that none of us will like.

I have recently looked at the private sector of the United States, the trade deficit and the Federal deficit. Let me just take a couple of minutes to tell you that I think we have had, for a very long time, a grace period that we are really not entitled to in which to set this Nation on a path toward fiscal balance. Instead of facing up to it, we are squandering this opportunity and it is just getting worse.

This year, Americans will borrow almost $700 billion in domestic nonfinancial credit markets. This will bring total debt outstanding to $6.6 trillion. This growth in debt is led by the enormous growth in Federal borrowing. But make no bones about it, every sector of the U.S. economy is adding debt at a record rate.

Total debt in the American economy has grown at more than 20 percent a year for the past 3 years. This is twice the rate of past recoveries.

Business debt, which is about 35 percent of the total debt, is up 9 percent this year, when the inflation rate is only 3.5 percent. Whether for mergers, new investment, or ordinary business operations, businesses will add $186 billion in new debt this year. And most of this is short term. Short-term business credit is now more than 50 percent of all borrowing. I only tell you that because, if the dam breaks, the nature of the debt is enormously important.

As a result, the share of debt on corporate balance sheets is rising sharply and is now over 60 percent. Last year, American corporations bought back $80 billion in outstanding equity and more often than not turned it into outstanding nonfinancial debt.

Consumers are on a borrowing binge. Consumer credit has grown at historically high rates over the past 3 years. I could give you the numbers, but I will not. I will merely tell you that the credit binge is led by the U.S. credit binge in terms of its own record debt. We are hardly going to be able to service this in the near future.

Let me give you a number that is startling. This year—and I say this particularly to my friend from Louisiana, who has for years worked on the tax laws of this country—this year, one-half of all of the individual income taxes collected in this country—one-half—will go for nothing more than servicing the national debt. For those individuals who believe they are paying income taxes to pay for Federal programs when they write their check and send it in to the IRS, they ought to know that one-half is to service the past debts of this country.

Now there have been times when we had to spend to win a war. But now there is absolutely no excuse for us to continue on this course of action unless we expect some miracle to cure it for us. And there are no miracles. Nothing short of action on the part of the Congress and the President of the United States acknowledging that we are spending about $180 billion a year, in the best of times, more than we are taking in. Nothing short of doing something about it will solve the problem.

We are living on borrowed money, and, in my opinion, on borrowed time. But for the amelioration of the energy crisis, which we had little to do with, but for the fact that foreign countries are sending enormous amounts of money to use to pay out debt, and but for inflation which dropped dramatically for various reasons, we would not be able to service our debt.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI. Mr. President, will the distinguished majority leader yield to me 1 additional minute?

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Mr. DOLE. I yield, Mr. President, 1 additional minute to the Senator from New Mexico.

Mr. DOMENICI. Some would ask, will this process that is being recommeded here today work? I can say to you there is no process that is a lead-pipe cinch to work. Congress and the Presidents can find ways to make anything we try not work, and they may succeed. But there is one thing that has been incorporated into this amendment. If we do not do our work, this process will force something to happen. So if we do not do the job, it will be done for us.

The **PRESIDING OFFICER.** The senator's time has once again expired.

Mr. DOMENICI. Mr. President, will the distinguished majority leader yield 1 additional minute?

Mr. DOLE. Mr. President, how much time is remaining?

The **PRESIDING OFFICER.** The majority leader has 5 minutes remaining.

Mr. DOMENICI. Mr. President, I will use only 30 seconds.

Those who worry that it will not work, let me tell you, it will work a well as anything we can do. If we choose not to produce a budget, not to do the things we have to do, then there is a forcing mechanism. We will not like it because it will be harsh medicine. But all options will be before us as we proceed with our processes to try to get the job done. None, other then Social Security, will be out of our grasp. All accounts, all entitlements, military, and all other accounts can be addressed by us in a normal manner. If we do not choose to do it, the President will do if for us.

The **PRESIDING OFFICER.** The Senator's time has expired.

Who yields time?

Mr. BYRD. Mr. President, I yield 1 minute to Mr. Levin.

The **PRESIDING OFFICER.** The Senator from Michigan [Mr. Levin] is recognized for 1 minute.

Mr. LEVIN. Mr. President, I thank the minority leader. I hope today is not a vote on where you are on the deficit. Many of us that are going to vote against cloture have over and over and over again put our political careers on the line in voting for deficit reduction. The vote today is whether or not in correcting the deficit we want to take a few days or a week to have an opportunity to look at a proposal which has severe ramifications on so many programs and activities of this country. I tell my friends who are proposing this, we have tried for the last 2 days to get a copy of that OMB document which is so critical to this whole process. In the name of decency, and in the name of responsible legislation, we have a right to a copy of the critical document put out by the OMB which is incorporated by reference in this amendment. We all have a right to a copy of it. We have been trying to get a copy of it because that determines what is controllable, and what is not.

Reduce this deficit. It is long overdue. Keep the hammer over us. I am all for it. But let us be decent with each other and legislate decently. Keep a debt reduction amendment over our heads. Give us the week to know what we are doing.

If I have 30 more seconds, I would like to ask the question of my friends who are the sponsors of this amendment—who are not here on the floor. I do not want to catch them by surprise. If they do come back to the floor, I would like to tell us the answer to this question. We know what this amendment says—that all relatively controllable expenditures must be reduced by a uniform percentage in the President's sequester order. We understand that. But we have gotten different answers on the question of whether or not every project, program, and activity must be reduced by a uniform percentage.

The **PRESIDING OFFICER.** The Senator's time has expired.

Mr. LEVIN. Mr. President, I would like the answer to that question.

Mr. BYRD. Mr. President, I yield 4 minutes to Mr. Chiles.

The **PRESIDING OFFICER.** The Senator from Florida [Mr. Chiles], is recognized for 4 minutes.

Mr. CHILES. Mr. President, I think the Senator from Michigan is helping to put this debate in perspective today. We are not right now debating merits of the Gramm-Rudman proposal or the Chiles-Byrd proposal. We are talking about whether we should adopt cloture right now—today. What happens if we adopt it? If we do, we are not going to be able to get a chance to get up amendments. So we are going to lose that. What are the Democrats basically asking for? One, we are dealing with the debt service question. What do we do about the debt ceiling? So I think our leader has said we would like to have 10 days, 2 weeks, 14 days or 15 days, to look at this thing to see how we should draw it. We have a way of doing it. They have a way of doing it. Senator Johnston has a third way of doing it—to get a little time in which we can look at this, and to cover that time, if you have problems on extending the debt ceiling. We will furnish the vast majority of our votes to extend the debt ceiling for that 14 or 15 days so we will be able to look at this. Everybody, I think, will say this is a very far-reaching proposal. We know it has a lot of consequences to it.

When I came here, I was told this was the greatest deliberative body in the world. Is this greatest deliberative body in the world supposed to be panicked into having to vote for this Gramm-Rudman proposal right now, and lock it in? Is the man that was able to panic the House of Representatives in 1981 now able to panic the U.S. Senate in 1985? It is his heritage. Maybe he has done it there, and he should be able to do it here. But I appeal to anybody that has not sort of made up their mind yet, you know, give us a chance to look before we have to leap. That is the basic thing. On the surface of it, does it look like there might be some problems?

I can tell you, I have tried to read this thing. It was a floating document. Remember it got modified. Remember, we could not find a written copy of it. But as I read this document, what happens in a recession? I say to the Senator from Louisiana, I will bet you he thinks the definition of a recession is two quarters of negative growth. That is what I have been told is a recession again since I got here. The Labor Department said that is the statistic. I always thought that was a recession. Do you know what is a recession under this Gramm-Rudman proposal? It is when OMB estimates that there is going to be a recession. That is when there is going to be a recession. Do you know how many times in the history of OMB they have estimated or they have acknowledged that there was going to be a recession? Never, never, never, never, never. Never have they acknowledged there is going to be a recession.

The **PRESIDING OFFICER.** The Senator's time has expired.

Mr. BYRD. Mr. President, I yield another minute to Mr. Chiles.

The **PRESIDING OFFICER.** The Senator from Florida [Mr. Chiles] is recognized for 1 additional minute.

Mr. CHILES. Mr. President, that is one proposal. What happens if there is a recession? It says the President may do something. He suspends this document, or he may. I would think that there is a little problem with giving the President that kind of power. I would think that what we are doing is we are giving to the man that has been our problem in trying to solve the deficit all the power, and taking it all away from ourselves. There has to be some better way to do this. I think we can sit down 2 weeks, 14 days, look at this soberly, having the deficit still over us, we have the same hammer. But, no. The mood is we are going to panic those boys. We are going to make then lock it in now. We are not going to allow them a chance to amend it. We are not going to allow them a chance to read it. We are not going to look at whether defense contracts are covered. We are not going to look. Are farm programs covered? A lot of people say they are not. I do not think they are. Can we spell out?

We should turn down this cloture motion today.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HATCH. Mr. President, we have before us in the Gramm-Rudman amendment an opportunity to do something that has been one of my goals for several years. In fact, the gradual reduction of the deficit over a specific number of years to achieve a balanced budget was a proposal which I made as an amendment to the fiscal year 1984 resolution on the budget. My distinguished colleague and now prime sponsor of this amendment, Senator GRAMM, was then a Member of the House and a strong ally in our efforts in 1983. For all of these reasons I am pleased to be a cosponsor of this legislation.

The proposal makes an excellent companion piece for the balanced budget/tax limitation amendment to the Constitution which I expect to be considered soon by the Senate. The Gramm-Rudman proposal would require a discipline in the Congress, a discipline which will eventually be required on a permanent basis by the balanced budget amendment. Gramm-Rudman is an emergency measure, but in view of the $200 billion deficits which continue despite economic recovery, it is an emergency measure which should be looked at seriously by every Member of the Senate.

Legislation to achieve a balanced budget in the near future is a necessary effort to reestablish the confidence of the American people in the ability of the Congress to control itself in a fiscal sense. For too many years now, the congressional answer to deficit problems has been an increase in taxes. As we can see, that approach has not worked. In fact, it had been popular for several years to blame the 1981 across-the-board tax reductions for our deficit problem. One way to lay this falsehood to rest is to look at Federal revenues and spending as a percentage of national income. Comparing these figures as percentages of national income measures them against a relatively stable background and also illustrates the increasing burden of Federal financing. In 1973, revenues were 23.8 percent; but in 1985 they were still at 24.3 percent. In contrast, in 1973, Federal spending amounted to 24.3 percent of national income; but in 1985 it surged to 31.2 percent, a 6-point increase. Even taking into account the business cycle's effect on national income, the point is clear. The deficits are not the result of a lack of revenue, Federal spending is to blame.

The past record of tax increases leaves us with no faith in that route as a solution to our problem of continuing deficits. Some of the greatest spending increases in the history of the United States took place in the late 1970's when tax revenues were climbing rapidly. Another case in point has been the addition of new tax increases since the across-the-board reduction in 1981. Since 1981, we have added the Tax Equity and Fiscal Responsibility Act [TEFRA], the gasoline tax increase, the 1983 Social Security Amendments, and the 1984 Deficit Reduction Taxes. Added together with inflation-induced tax increases and tax increases required by the 1977 Social Security Amendments, we have eliminated the 1981 tax cuts over the period of 1981-88.

The real importance of the Gramm-Rudman proposal is that it does focus on the spending side of the equation. It does recognize that you cannot constantly increase spending by creating new programs or expanding others without making reductions elsewhere. This is true to the real concept of a budget—that is, a limited amount within which you must make hard decisions. This is where Congress has failed in the past, by not reducing spending to make room for new programs. This is clearly demonstrated by the fact that we have been, on the average, $28 billion over our first budget resolution spending limits in the last 5 years.

This same concept applies to the portion of the Nation's output and capital consumed by the Federal budget. Each dollar removed for the economy is a dollar unavailable for the private sector. Morever, it is a dollar's worth of additional disincentive to work, invest, innovate, and take risks—all of the activities which we count on to keep the economy going. The truth is that the real measure of the "tax" on the economy is how much the Government spends. Changing the portion of that "tax" collected by the IRS or the Bureau of Public Debt, as a tax change would, does little to change the aggregate economic burden on the Nation.

Mr. President, I look forward to continuing my support for the principles behind the Gramm-Rudman proposal and hope that all my colleagues see the wisdom of its enactment.

Mr. GLENN. Mr. President, I favor the idea of reducing—and eliminating—the budget deficit in a short time.

It's harsh medicine, but it's medicine we unfortunately need at the present time.

It is harsh, because it forces fiscal policy into a single, unalterable course. Like pointing a ship in the right direction but welding its wheel to the deck, it doesn't leave enough flexibility for the winds and currents of changing economic conditions. But it does provide a plan—which we sorely need—of bringing about a balanced budget.

I am sure the bill is well intentioned. Hidden in the bill, however—this particular bill—are provisions that could do tremendous damage to our country.

It allows a few economists within the Office of the President to hold the country hostage over the disposition of billions and billions of taxpayer dollars.

It gives the President, in effect, a line item veto over the Federal budget; something the Congress has never allowed to happen despite several attempts by previous Presidents.

By its crude formula of across-the-board cuts, it seriously threatens a breakdown in essential government services such as maintaining the air traffic control system or providing medical care for our senior citizens.

It threatens, through a hidden feature, to cut drastically our defense readiness posture and personnel accounts.

Under this bill, the possibility of billions in budget cuts hangs on the average of estimates by a few economists at CBO—a nonpartisan service arm of the Congress—and the Office of Management and Budget—a truly partisan arm of the President. There is enormous potential for abuse here, in the introduction of partisan budget projections to show the workings of the bill towards the President's advantage.

Under the bill, the President can veto any budget adjustments Congress passes, but the formula adjustments of the bill automatically go into effect if Congress cannot act. This means that Congress would hand to the President the ultimate power to decide where these cuts are going to take place.

When these formula cuts take place, individual programs, projects, or activities of the Federal Government cannot, under the terms of the bill, be "eliminated." But the bill does not prevent delay, substantial weakening, or severe disruption of program administration. The President, therefore, has an effective line item veto over individual programs. This would be an extremely unfortunate situation that lays itself open to partisan politics.

As an example, under the bill, while Social Security payments themselves would not be touched, the administration of Social Security payments would be. This raises the possibility of late checks, delayed enrollment of new Social Security recipients, and other program deficiencies.

Concerning defense, under the bill, prior year contracts for weapons systems would be untouched. This means that 80 percent of defense reductions would probably come out of military readiness and personnel accounts. This would be catastrophic for our military security posture.

Would this then be a government by the people and for the people? Of course not. It is government by the White House and for the White House.

Mr. President, I do not blame President Reagan for supporting the

Gramm proposal, because it permits him to avoid the hard choices of leadership. He can support this proposal and put all responsibility on the Congress. The facts are, Mr. President, that President Reagan, with all the thousands of people in the executive branch to help him, is charged under the Constitution with the responsibility to submit a budget to the Congress for its consideration. If he truly believes in a balanced budget, then submit it to us. That's his responsibility. Instead of that, last January, the President submitted to the Congress the most unbalanced budget in all of American history.

Mr. President, although this bill is well intentioned, it fails to deliver its promise of balancing the budget without disastrous consequences to the very fabric of the Government. In its details lurk some serious threats to the provision of essential services. Therefore, I must vote against cloture on this amendment and urge my colleagues to do likewise.

Mr. THURMOND. Mr. President, I want to commend my distinguished colleagues Senator GRAMM, Senator RUDMAN, Senator HOLLINGS, and the other primary sponsors of the proposed Balanced Budget and Emergency Deficit Control Act of 1985. They have given us the opportunity to soften the blow that will surely be felt by our constituents when they learn that the debt ceiling of the Federal Government has exceeded the horrendous figure of $2 trillion.

Perhaps I err, however, when I conclude that the citizens of this Nation will be surprised by a $2 trillion debt. Have they not observed, after all, that Congress has been able to balance the Federal budget only once in the past quarter century? Have they not cringed as the level of our budget deficits have spiraled alarmingly during that period? Have they not urged Congress to get its fiscal house in order?

Mr. President, the fact is, our citizens are painfully aware of the failed fiscal habits of Congress which seriously threaten the economic future of the Nation. They are aware of the consequences of a fiscal system in which there is a virtual absence of serious fiscal restraints upon the ability of the National Government to spend money. So, what they continue to look for today—for what they have been pleading for some time—is for Congress to take the necessary action to reverse our fiscal course.

Mr. President, the amendment before the Senate is, I believe, an excellent step toward a return to fiscal responsibility. It would amend the budget process and mandate annual reduced deficits in each of the next 5 years, giving us a balanced budget in fiscal year 1991.

I am pleased to support this amendment and was pleased to join last week as a cosponsor. I believe its passage would be welcomed by the citizens of our Nation.

I want to remind my colleagues, however, that in the past, statutory efforts to balance the budget have failed. I believe what is ultimately needed—indeed, what is long overdue—is a balanced budget constitutional amendment. For many years, I have believed that only such an amendment can provide the external constraint that is necessary to reverse the spending tendencies of Congress. Accordingly, I have introduced the balanced budget amendment in the Senate for more than two decades.

I do not believe, then, that enactment of the amendment offered by Senator GRAMM, Senator RUDMAN, and others will in any way obviate the need for a constitutional amendment. I am hopeful that the Senate will consider and approve such an amendment in the near future.

Mr. BYRD. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The minority leader has 6 minutes remaining.

Mr. BYRD. Mr. President, when Mr. Reagan became President, he stated that the accumulated national debt of this country over a period of 191 years could be shown by a stack of $1,000 bills which would reach 67 miles into the stratosphere.

In the 5 years between that time and now—1981-85—that stack of $1,000 bills would now be 67 miles higher. In other words, the national debt has increased in the last 5 years as much as it had accumulated over the first 191 years.

It has doubled in the 5 years of the Reagan administration.

What we see here is the supply-side economics chickens coming home to roost on a debt limit extension bill.

We are going to vote shortly on cloture on the Gramm amendment. We are concerned—those of us who want to balance the budget but who do not understand the full implications of this amendment—we are concerned about the consequences. It will shift too much authority from the legislative branch to the executive branch. The people of this country will have their priorities determined—not by their elected representatives in the Congress but by one man in the oval office and the bureaucrats and political appointees who will advise him.

Programs critical to the security, the health, and the growth of the Nation could be all but wiped out.

What are some of those programs? Soil conservation, agricultural research, and farm programs; veterans health services, Medicare, SSI, NIH research on cancer, heart, stroke and other diseases; educational programs that are critical to the literacy and education of our population; troop readiness, fuel, ammunition, training, operation and maintenance.

In addition, if we enact the Gramm amendment without change, it will be unfair because the burden of the deficit reduction will fall most heavily on many of those individuals in this country and those programs which have already suffered from major cuts during the past 5 years beginning with 1981.

We all know what brought on this tremendous deficit and this tremendous debt.

First, in 1981 a tremendous tax cut amounting to $749 billion over 5 years; a tremendous defense appropriation amounting to $1.5 trillion over 5 years. I must confess I voted for that tax cut because the people back home said, "He is a new President, give him a chance."

So I gave him a chance in voting for that tax cut, and I have regretted it ever since. I said then that it was a tax cut that was unfair and favored the rich and would increase the deficit. Mr. President, here we are faced on the Sabbath with a vote to invoke cloture on an amendment about which we do not know the full implications. We do know, as I have said, that the Gramm amendment would cause those who have already borne the major burden in the first 5 years of budget cuts, to make further sacrifices while some major profitable corporations, that have escaped payment of Federal income taxes, and very high-income individual taxpayers some of whom pay little or no income taxes would walk away from the wreck scot-free.

On the other hand, the amendment that Mr. CHILES and I hope to offer would at least make those profitable corporations, that pay no income tax whatsoever, and those individuals who enjoy very high incomes—not middle class—but those who enjoy very high incomes and pay only little or no taxes would be made to share the burden in reducing the deficit. That is what Mr. CHILES and I would do, and our amendment would also balance the budget within 5 years.

Now let us take a look. The date of the arrival in the Senate, from the House, of the joint resolution was September 9. The date it was placed on the Senate calendar was September 26. It was not called up for Senate action until Thursday, October 3.

The modified Gramm amendment was offered in the afternoon of Friday, the day before yesterday, and a cloture motion was slapped on it immediately. So how much time have we had in which to study and debate it? We have had since Friday. This amendment has had no hearings in committee, has had no markup in committee, has had no committee report—I am talking about the Gramm amendment that we are going to be voting cloture on in the next few minutes.

We have had very little time to even discuss it.

So here we are, brought in on a Sunday to invoke cloture on an amendment on which we have had very little time even to study and debate. Very few Senators know what the Gramm amendment really does.

The **PRESIDING OFFICER.** The time of the Senator has expired.

Mr. BYRD. I ask unanimous consent that both sides be given an additional 2 minutes.

The **PRESIDING OFFICER.** Is there objection? Without objection, it is so ordered.

Mr. BYRD. Mr. President, this is what we ask for: I have proposed to the distinguished majority leader—on Friday and on yesterday—that we extend this debt limit for a very short period, say to October 18. That is what my motion to recommit would provide for. I have also proposed that, during that brief period, we will agree on a time for debate and vote on the Gramm amendment, on the Chiles-Byrd amendment, and on other amendments.

There are those who say, "Well, this is just an effort to kill the amendment."

Mr. President, if we extend the debt limit for just, say, 2 weeks, the Government can continue to borrow to pay its bills. At the end of that period or before, the House will send over another debt limit extension. It cannot be avoided. We have to have it. There is no way of avoiding further action on the debt limit. In the meantime, the Government can continue to borrow, and we can have a few days to better understand the consequences that will result from adoption of the Gramm amendment. We can legislate in an orderly way on that amendment and other amendments to balance the budget and reduce the deficit to zero.

Mr. President, I make that offer again to the distinguished majority leader. There is no way of avoiding this. There would have to be another debt limit extension after the brief extension. When that other debt limit extension is before us, we can vote on these amendments, and we can agree on time limitations thereon today or tomorrow.

Mr. President, we are not trying to filibuster. Those on the other side have had the floor as long as we have.

Mr. President, we Democrats also want to balance the budget. All we want is to do it in a fair way and orderly way that will enable us to understand what we are legislating on, so that the burden of lowering the deficit will be fair and equitable, and will promote rather than endanger the security, health, and economic growth of the Nation.

The **PRESIDING OFFICER.** The majority leader.

Mr. DOLE. Mr. President, I thank the distinguished minority leader and all the others who are here today participating in the debate. I must say at the outset I have no doubt in my mind there are some who have legitimate concerns; some on each side who have legitimate concerns. I would guess that eventually there might be more votes for the amendment on the Democratic side than will be indicated in today's vote.

As I look over the history of how people voted on the Senate budget resolution, how they voted on the balanced budget amendment, how they voted on the line-item veto, and how they vote on any spending cuts, I think we have to take that in mind.

There are some in this Chamber who do not want to cut spending. They want to talk about the deficit. They want to raise taxes and cut defense. That is it. Cut defense and raise taxes.

I no not believe that will get us where we need to go.

Whether there are 10 in that group, 20 in that group, 30 in that group, or 40 in that group—there may be some on each side. But we have a rare opportunity today. If, in fact, we want to reduce the deficit, which 78 percent of the American people say we ought to do, we ought to vote for cloture. There can be other amendments offered to the debt ceiling.

I certainly would not stand in the way of a major amendment coming from that side, a Byrd-Chiles amendment, whatever amendment it might be. But I think we ought to know that there are some who are not going to vote for anything. They are going to make great speeches. They will tell us how they want to reduce the deficit, how they are against it, they are against the interest payments on the debt. They just want to talk about it for awhile. Their only aim is to kill it.

They will be the same ones up here on the balanced budget amendment. Some are up here on the line-item veto. Some were making the same speeches on May 10 when we voted on the Senate budget resolution and won by one vote. It is time the American people understand that some do not want to do anything unless it is to dismantle defense and raise your taxes.

Now, there are Democrats and Republicans who feel the other way. Some want to attack the deficit head on. This is a bipartisan proposal. It is supported by Members on both sides, hopefully an equal number. But let us not let a few decide what the majority should do.

Now, if we could make an agreement today to vote on this on Wednesday or Thursday and get the House to vote on it Thursday, dispose of it this week, I would be prepared to try to make that agreement even though some of my colleagues on this side would say, "Oh, you can't do that."

We are down to the nitty-gritty. Tomorrow is the critical day, according to Treasury. If we invoke cloture, then we can start voting on the amendment. This should not be a partisan matter. The amendment is not partisan. The amendment is bipartisan. We cannot pass the debt ceiling unless we have Republicans and Democrats voting to extend the debt ceiling. And that has become a bit more partisan in the last few years. But I would suggest that we not pass up this opportunity. These are extraordinary times. This is an emergency. That is why we are here on a Sunday afternoon at 2 minutes after 4. This is why we will be here tomorrow and probably all next week, unless we can bring this to a close.

Again, I do not quarrel with anybody except those few who always make the best speeches and never cast a vote to cut anything unless it is defense or to raise taxes. I think the American people ought to be able to sort those out.

This debate will occur time and time again. We will have a balanced budget amendment up here before we leave this fall. I assume we are going to hear some of the same speeches then. It is not perfect.

My time has expired. I ask unanimous consent to include in the RECORD at this point a statement by the President.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE PRESIDENT

This is a momentous day for the United States Senate. Zero hour is approaching. By tomorrow, the Federal Government's cash balances will be virtually exhausted and we will be facing a financial emergency.

The choice before the Senate is clear: to meet its responsibilities by approving the Gramm-Rudman-Hollings Amendment to bring deficits down, thereby permitting the debt ceiling increase to pass, or, to resort to a temporary quick-fix that will only postpone the day of reckoning and raise the price all of us must pay.

This latter course would be imprudent, unwise and unsatisfactory. The American people have grown very weary of delays, excuses and inaction. They cannot accept that this Government is incapable of living within a reasonable budget, when their families can and do live within their budgets.

I'm confident that the people are united with me, the Republican leadership and many other Republicans and Democrats in urging the Senate—seize this moment of opportunity; move now to pass the historic Gramm-Rudman-Hollings Amendment that will deal decisively with deficits, and give our Nation a balanced budget by 1990.

There is no problem that we Americans cannot fix, if only we have the faith, unity, and courage to act. The days of delays have run out.

Mr. DOLE. Mr. President, it seems to me we have an opportunity now. I do not think we are going to get cloture; I am realistic, but we should get cloture. It is not enough to stand up and say this is not a vote on reducing the deficit. It is a vote on reducing the deficit. You may be able to explain it to the people back home. But they are tired of explanations with no results. They do not want any more press releases from my office or your office. They want us to vote to do something and I think the time is now.

CLOTURE MOTION FILED ON MOTION TO RECOMMIT

Mr. BYRD. Mr. President, I send a motion to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the motion made by the Democratic Leader [Mr. BYRD] to recommit House Joint Resolution 372 with instructions.

Robert Byrd, Alan Cranston, George J. Mitchell, Lawton Chiles, Jim Sasser, John Melcher, John Glenn, John C. Stennis, Paul Sarbanes, Tom Eagleton, Gary Hart, William Proxmire, David Pryor, Carl Levin, Paul Simon, Don Riegle, and Wendell H. Ford.

CLOTURE MOTION ON AMENDMENT NO. 730, AS MODIFIED

The PRESIDING OFFICER. One hour having passed since the Senate convened, the clerk will now report the motion to invoke cloture.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on amendment No. 730, as modified, to H.J. Res. 372, a joint resolution increasing the statutory limit on the public debt.

Bob Dole, Al Simpson, Bob Packwood, Phil Gramm, Rudy Boschwitz, Chic Hecht, Jake Garn, Malcolm Wallop, Ernest F. Hollings, Orrin Hatch, Steve Symms, David Boren, Thad Cochran, Warren B. Rudman, John Danforth, Slade Gorton, Mark Andrews, Gordon Humphrey, Strom Thurmond, Mitch McConnell, Bill Cohen, Edward Zorinsky, Richard G. Lugar, John Warner, Frank Murkowski, Alphonse D'Amato, Ted Stevens, Chuck Grassley, Daniel J. Evans, Jesse Helms, Barry Goldwater, Bob Kasten, James A. McClure, Paul Laxalt, Don Nickles, James Abdnor, Paul Trible, Pete Wilson, and Pete Domenici.

CALL OF THE ROLL

The PRESIDING OFFICER. Pursuant to rule XXII, the Chair now directs the clerk to call the roll to ascertain the presence of a quorum.

The bill clerk called the roll and the following Senators answered to their names:

[Quorum No. 17 Leg.]

Abdnor
Andrews
Armstrong
Baucus
Biden
Bingaman
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
Evans
Exon
Ford
Garn
Glenn
Goldwater
Gore
Gorton
Gramm
Grassley
Harkin
Hart
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Johnston
Kassebaum
Kasten
Kennedy
Kerry
Lautenberg
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
Mattingly
McClure
McConnell
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pressler
Proxmire
Pryor
Quayle
Riegle
Rockefeller
Roth
Rudman
Sarbanes
Sasser
Simon
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Weicker
Wilson
Zorinsky

VOTE

The PRESIDING OFFICER. A quorum is present.

The question is, Is it the sense of the Senate that debate on amendment No. 730, as modified, to House Joint Resolution 372, a joint resolution increasing the statutory limit on the public debt, shall be brought to a close? The yeas and nays are automatic under the rule.

The clerk will call the roll.

Mr. DOLE. Mr. President, may we have order in the Chamber?

M. BYRD. Mr. President, will the clerk repeat the names and the votes cast?

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas [Mr. BENTSEN], the Senator from Arizona [Mr. DECONCINI], the Senator from Hawaii [Mr. INOUYE] and the Senator from Rhode Island [Mr. PELL] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 57, nays 38, as follows:

[Rollcall Vote No. 203 Leg.]

YEAS—57

Abdnor
Andrews
Armstrong
Bingaman
Boren
Boschwitz
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dixon
Dodd
Domenici
Durenberger
Evans
Garn
Goldwater
Gorton
Gramm
Grassley
Hatch
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Kassebaum
Kasten
Kerry
Laxalt
Leahy
Lugar
Mattingly
McClure
McConnell
Murkowski
Nickles
Nunn
Packwood
Quayle
Roth
Rudman
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Wilson
Zorinsky

NAYS—38

Baucus
Biden
Bradley
Bumpers
Burdick
Byrd
Chiles
Cranston
Dole
Eagleton
Exon
Ford
Glenn
Gore
Harkin
Hart
Hatfield
Johnston
Kennedy
Lautenberg
Levin
Long
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Pressler
Proxmire
Pryor
Riegle
Rockefeller
Sarbanes
Sasser
Simon
Stennis
Weicker

NOT VOTING—5

Bentsen
DeConcini
East
Inouye
Pell

The PRESIDING OFFICER. On this vote the yeas are 57, the nays are 38. Two-thirds of the Senators present and voting not having voted in the affirmative, the motion is rejected.

The majority leader.

MOTION TO RECONSIDER

Mr. DOLE. Mr. President, I enter a motion to reconsider the vote by which cloture was not invoked on amendment No. 730, as modified.

MOTION TO TABLE BYRD MOTION TO RECOMMIT

Mr. DOLE. Mr. President, I move to table Senator BYRD's motion to recommit and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficent second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. Mr. President, would the majority leader give us 3 or 4 minutes?

Mr. DOLE. Four minutes on a side?

Mr. BYRD. Yes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BYRD. Mr. President, I hope Senators will vote against tabling the motion to recommit which I made and on which a cloture motion has been entered.

Mr. President, the situation is this: The Government ran out of borrowing power on October 1. We have since been going along because the Government had enough cash to keep the Government operating. By tomorrow night or Tuesday the cash will run out. Even then, if it had to, the Government could still operate on the basis of the revenues that would be coming in. I am not advocating it, but if anyone wants a balanced budget immediately, you can have it the day after tomorrow. If there is no extension whatsoever of the debt limit, the

Government would not close down; it would simply operate on the basis of the revenues that are anticipated over the next year—$780 billion, whatever it is. What is it? I will ask Senator CHILES.

Mr. CHILES. That is about right.

Mr. BYRD. So the Government would spend only what it is taking in. You would have a balanced budget right away—fast.

Why my motion to recommit with instructions? So as to bring back to the Senate a simple debt limit extension that would carry through to October 18, during which period the Government could borrow and nobody would get hurt. But within that period, we could vote on the Gramm amendment, the Chiles amendment, the Johnston amendment, and others—not a lot of amendments, I should think, would be offered.

How will we be able to do that? If we vote a very temporary extension, the House could send over then another joint resolution to extend the debt limit and when that resolution comes over, and it is bound to come—there is no way out of it, no way to avoid it—this would mean that within the next 10 days or 2 weeks when the House sends over the joint resolution extending the debt limit for the next 3 or 6 or 8 months, whatever, we can attach the Gramm amendment, or the Chiles amendment, or the Johnston amendment. We can have time agreements, hopefully, on these amendments—3 hours on one, 6 hours on another, or less, and so on. The majority leader can be assured that we would vote on the Gramm amendment and we would vote on alternatives, with time limits on all, hopefully, and we will try in good faith. Then the majority leader would get what he wanted: he would get a vote and he would get a vote on the alternatives.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BYRD. I ask for 1 more minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I would like to ask my colleagues to meet in conference after this next vote. We will try to give the majority leader an agreement which will assure the majority leader of what he wants: a vote on the Gramm amendment. It will assure us what we want, a vote on alternative amendments. That is all we want. A little time. We would have a better understanding of the consequences. We would vote on the amendments, and we would vote on the extension of the debt limit. Nobody gets hurt, the Government continues to operate, and the Nation will be better served.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I appreciate the comments of the distinguished minority leader. I do not want to suggest for a moment that these amendments were not offered in good faith, because they were. We just completed a vote and there were 57 Senators who voted, in effect, for the Gramm-Hollings-Rudman amendment. That is a pretty good percentage of this body. I think everybody who voted on it believes in it. Some may decide to vote against it. Hopefully, there are some on the other side, and four on our side, who may yet see the wisdom of the Gramm-Hollings-Rudman amendment.

I happen to believe that when push comes to shove in the next couple of days, the distinguished minority leader will be right. You will bring the leadership of the House, the leadership of the Senate, and someone from the White House, and we will sit down together and see if we can put together a meaningful deficit reduction effort.

But the Government will not shut down tomorrow. Money will still be coming in. There will not be as much coming in. We will not be able to take care of everything, but it will not shut down.

It is critical. We have had a gun at at the taxpayers' heads for the last 10 or 15 years. Somebody suggests we will have a gun at our heads. It is about time. We have been robbing the American taxpayers for years without a gun. I believe the American people are ready for us to say yes just one time, not knowing whether or not it is perfect, and it may not be perfect.

I will bet there are one or two Senators in this body who never know completely what is in every piece of legislation that passes. [Laughter.]

I have to believe that we could have asked questions about the tax bill that passed last year and I will bet 1 out of 100 would not know precisely everything about it. That is not a requirement here, to know everything about a piece of legislation. In fact, it is not a requirement to know anything about it. [Laughter.]

The American people do not know anything about it either, except they know we are broke. They know we are making speeches and putting out press releases saying, "Oh, boy, we are going to cut the deficit." But these same people say not now, not this way, not with a line-item veto, not with a budget amendment, not with the Senate resolution on May 10 which froze Social Security benefits and a lot of other hard choices, and not now, with a bipartisan Rudman-Gramm-Hollings-Boren amendment.

The best way to derail this amendment or anything similar to this amendment is to not table the distinguished minority leader's motion to recommit.

The reason I offered the motion to table is to determine whether or not we really want to cut the deficit, make an effort at it. So I hope that we would table the motion to recommit. We have not lost anything because, even if it is not tabled, we are right back where we were. It will not come up. It will not pass. And I hope we could send a clear signal to the House of Representatives and the White House that the Senate is serious. So when the House comes in tomorrow morning they are going to know that we have had two votes. We had the big majority who wanted to do something, and we had a bigger majority who did not want just a little 14-day extension of the debt ceiling. In my view that would start some positive movement, movement we might all agree upon. So I hope we could support the motion to table.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. All time having expired, the question is on the motion of the majority leader.

The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I would be pleased to address the majority leader with a question. If we are serious about reducing the budget deficit—and I certainly do not question the motives of the majority leader—then I do not see any reason why on this bill we do not actually enact the laws that would reduce the deficit as opposed to saying that what we need is a process. The Senator from New Jersey wants to cut the deficit——

Mr. DOLE. I yield to the Senator for a question.

The PRESIDING OFFICER. There is no time remaining.

Mr. DOLE. Two minutes.

The PRESIDING OFFICER. Under the regular order, a unanimous-consent request is necessary. There has been no request and no request granted.

Mr. DOLE. Mr. President, I ask unanimous consent for 1 minute.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Just to respond to the distinguished Senator from New Jersey.

We have tried it the regular way for so long; that is why we are here today with a $2 trillion debt, time running out. The American people think we have gone bonkers because we will not do anything. That is why we are here today, and that is why we ought to table the motion to recommit.

VOTE ON MOTION TO TABLE BYRD MOTION TO RECOMMIT

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the motion to table the motion to recommit with instructions. The yeas and nays have been ordered. The clerk will call the roll.

Mr. BYRD. Mr. President, will the clerk state the entire motion? It is short.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD] moves to recommit H.J. Res. 372 to the Senate Committee on Finance with instructions to report back with the following committee amendment:

"Strike all after the resolving clause and insert in lieu thereof the following: That subsection (b) of section 3101 of title 31, United States Code, is amended by adding at the end thereof the following sentence: The dollar limitation contained herein shall not apply during the period October 1 through October 18, 1985."

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas [Mr. BENTSEN], the Senator from Arizona [Mr. DECONCINI], the Senator from Hawaii [Mr. INOUYE] and the Senator from Rhode Island [Mr. PELL] are necessarily absent.

The PRESIDING OFFICER (Mr. ABDNOR). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 59, nays 36, as follows:

[Rollcall Vote No. 204 Leg.]

YEAS—59

Abdnor
Andrews
Armstrong
Bingaman
Boren
Boschwitz
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Evans
Garn
Goldwater
Gorton
Gramm
Grassley
Hatch
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Kassebaum
Kasten
Kerry
Laxalt
Long
Lugar
Mattingly
McClure
McConnell
Murkowski
Nickles
Nunn
Packwood
Pressler
Quayle
Roth
Rudman
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Wilson
Zorinsky

NAYS—36

Baucus
Biden
Bradley
Bumpers
Burdick
Byrd
Chiles
Cranston
Eagleton
Exon
Ford
Glenn
Gore
Harkin
Hart
Hatfield
Johnston
Kennedy
Lautenberg
Leahy
Levin
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Proxmire
Pryor
Riegle
Rockefeller
Sarbanes
Sasser
Simon
Stennis
Weicker

NOT VOTING—5

Bentsen
DeConcini
East
Inouye
Pell

So the motion to lay on the table the motion to recommit was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

MOTION TO RECOMMIT HOUSE JOINT RESOLUTION 372, WITH INSTRUCTIONS

Mr. DOLE. Mr. President, let me indicate that I am going to do a couple of things, and then we will have some time for discussion.

First of all, I send to the desk a motion to recommit House Joint Resolution 372 to the Committee on the Budget, with instructions to report back forthwith the following amendment.

The PRESIDING OFFICER. The clerk will report.

Mr. DOLE. Mr. President, I ask for the yeas and nays on the motion to recommit.

The PRESIDING OFFICER. Is there a sufficient second?

The clerk will report the motion first.

The legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] moves to recommit House Joint Resolution 372 to the Committee on the Budget, with instructions to report back forthwith the following amendment:

SEC. . Deficit Reduction Procedures.

AMENDMENT NO. 737

Mr. DOLE. Mr. President, I send to the desk a first-degree amendment.

Mr. BYRD. Mr. President, that is the first amendment and this is the second one, I suppose.

Mr. DOLE. Yes, and there will be one more.

The PRESIDING OFFICER. The clerk will report.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 737:

On page 1 line 2 of the motion to strike after the word "with" insert instructions to report back forthwith with the following amendment:

SEC. . DEFICIT REDUCTION PROCEDURES.

(A) SHORT TITLE.—This section may be cited as the "Balanced Budget and Emergency Deficit Control Act of 1985".

Mr. DOLE. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 738

Mr. DOLE. Mr. President, I send a second-degree amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 738 to amendment numbered 737.

The legislative clerk proceeded to read the amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD addressed the Chair.

The amendment is as follows:

Strike "1985" in the matter proposed to be inserted, and insert in lieu thereof the following new section "1985—

(b) CONGRESSIONAL BUDGET.—

(1) ONE CONCURRENT RESOLUTION ON THE BUDGET REQUIRED ANNUALLY.—

(A) IN GENERAL.—Section 310 of the Congressional Budget Act of 1974 is amended—

(i) by striking out all beginning with "Sec. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"SEC. 310. (a) IN GENERAL.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary,—"; and

(ii) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(B) CONFORMING CHANGES.—

(i) The table of contents in subsection (b) of section 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(I) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(II) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(III) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(ii) Paragraph (4) of section 3 of such Act is amended—

(I) by adding "and" after the semicolon at the end of subparagraph (A);

(II) by striking out subparagraph (B); and

(III) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(iii) Section 300 of the Congressional Budget Act of 1974 is amended—

(I) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(II) by striking out the items relating to September 15 and September 25.

(iv)(I) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(II) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(III) Section 301(b) of such Act is amended—

(aa) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(bb) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(IV) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(V) Section 301(e) of such Act is amended—

(aa) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(bb) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(v) Section 302(c) of such Act is amended by striking out "or 310".

(vi)(I) The heading of section 303 of such Act is amended by striking out "FIRST".

(II) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(vii) Section 304 of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(II) by striking out "pursuant to section 301".

(viii)(I) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(II) Section 305(b) of such Act is amended—

(aa) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(bb) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ix) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(x) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(xi) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(xii) Section 311(a) of such Act is amended—

(I) by striking out "301(a)" the first place it appears and inserting in lieu thereof "301(a)"; and

(II) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(xiii) Clause 1. of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(2) Maximum deficit amounts.—

(A) Annual concurrent resolution on the budget.—

(i) Point of order.—Section 301 of the Congressional Budget Act of 1974 is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and inserting after subsection (b) the following new subsection:

"(c) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) Conforming change.—Section 301(e) of such Act, as redesignated by clause (i) of this subparagraph, is amended by inserting "; and when so reported such concurrent resolution shall comply with the requirement described in paragraph (1) of subsection (c), unless such paragraph does not apply to such fiscal year by reason of paragraph (2) of such subsection" after "October 1 of such year" in the second sentence thereof.

(B) Permissible revisions of concurrent resolutions on the budget.—Section 304 of such Act is amended—

(i) by inserting "(a) In General.—" after "Sec. 304."; and

(ii) by adding at the end thereof the following new subsection:

"(b) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(C) Definitions.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year. For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, the receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for a fiscal year, and the taxes payable under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 during such fiscal year, shall be included in total revenues for such fiscal year, and the disbursements of either such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985, $180,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000; and"

"(F) with respect to the fiscal year beginning October 1, 1990, zero.".

(3) Reconciliation.—

(A) Annual concurrent resolution on the budget.—

(i) Directions to committees.—Section 301(b) of the Congressional Budget Act of 1974 (as amended by paragraph (1)(B)(iv)(III) of this subsection) is futher amended—

(I) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(II) by inserting "require" after the paragraph designation in paragraph (1);

(III) by inserting "require" after the paragraph designation in paragraph (2); and

(IV) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(ii) Conforming changes.—

(I) Section 310(a) of such Act is amended—

(aa) by inserting "or" at the end of paragraph (2);

(bb) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(cc) by striking out paragraph (4).

(II) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than June 15 of each year".

(III) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(IV) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"June 15............................ Congress completes action on reconciliation bill or resolution, or both, implementing annual required concurrent resolution."

(B) Permissible revisions of concurrent resolutions on the budget.—

(i) In general.—Section 304(a) of such Act (as redesignated by paragraph (2)(B)(i) of this subsection) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(ii) Conforming change.—Section 310(d) of such Act (as amended by subparagraph

(A)(ii)(II) of this paragraph) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(4) LIMITATION ON AMENDMENTS.—

(A) CONCURRENT RESOLUTIONS ON THE BUDGET.—

(i) HOUSE OF REPRESENTATIVES.—Section 305(a)(6) of such Act is amended—

(I) by inserting "(A)" after the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution, shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in such concurrent resolution is not increased, by making at least an equivalent reduction in other specific outlays or at least an equivalent increase in other specific Federal revenues, or at least any combination thereof.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) SENATE.—Section 305(b)(2) of such Act is amended—

(I) by inserting "(A)" before the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution, shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in such concurrent resolution is not increased, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) RECONCILIATION BILLS AND RESOLUTIONS.—Section 310 of such Act is amended by inserting after subsection (b) (as redesignated by paragraph (1)(A)(ii) of this subsection) the following new subsection:

"(c) LIMITATION ON AMENDMENTS TO RECONCILIATION BILLS AND RESOLUTIONS.—

"(1) It shall not be in order in either the House of Representatives or the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution, or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution, unless such amendment ensures that the amount of the deficit for any fiscal year set forth in the most recently agreed to concurrent resolution on the budget is not exceeded, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(2) Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(5) ENFORCEMENT.—

(A) ALLOCATIONS OF BUDGET AUTHORITY AND OUTLAYS.—

(i) REPORTING DATE FOR ALLOCATION.—Section 302(b) of such Act is amended by striking out "Each such committee shall promptly report" in the last sentence and inserting in lieu thereof "Each such committee, within ten days of session after the concurrent resolution is agreed to, shall report".

(ii) ALLOCATIONS MADE BINDING.—Section 311 of such Act is amended by redesignating subsections (a) and (b) as subsections (b) and (c), respectively, and inserting immediately after "SEC. 311" the following new subsection:

"(a) LEGISLATION SUBJECT TO POINT OF ORDER AFTER ADOPTION OF ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

"(1) IN GENERAL.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in either the House of Representatives or the Senate—

"(A) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year; or

"(B) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides new spending authority described in section 401(c)(2)(C) to become effective during such fiscal year, if the amount of budget outlays or new budget authority that would be required for such year if such bill or resolution were enacted without change or such amendment were adopted would exceed the appropriate allocation of budget outlays or new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution or the budget for such fiscal year, unless such bill, resolution, or amendment was favorably reported by the Committee on Appropriations of the House involved under section 401(b)(2) along with a certification that if such bill, resolution, or amendment is enacted or adopted, the committee will reduce appropriations or take any other actions necessary to assure that the enactment or adoption of such bill, resolution, or amendment will not result in a deficit for such fiscal year in excess of the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) ALTERATION OF 302(B) ALLOCATIONS.—At any time after a committee reports the allocations required to be made under section 302(b), such committee may report to its House an alteration of such allocations, provided that any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

"(3) EXCEPTION.—Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—Section 311(b) of such Act, as redesignated by subparagraph (A)(ii) of this subsection, is amended by inserting before the period at the end thereof the following: "or would cause the levels of deficits set forth in such concurrent resolution to be exceeded, or would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of subsection (b) of section 310 does not apply by reason of paragraph (2) of such subsection)".

(C) REPORTING REQUIREMENT EXTENDED TO CONFERENCE REPORTS.—Section 308(a) of such Act is amended by striking out "the report accompanying that bill or resolution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "or whenever a conference report is filed in either House, the report accompanying that bill or resolution or the statement of managers accompanying that conference report".

(c) BUDGET SUBMITTED BY THE PRESIDENT.—

(1) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared on the basis of the best estimates then available, in such a manner as to ensure that the deficit for such fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974; and the President shall take such action under subsection (d)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 as is necessary to ensure that the deficit for such fiscal year does not exceed such maximum deficit amount.

"(2) Subject to paragraph (3) of this subsection, the deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible.

"(3) Paragraph (2) shall not apply with respect to any fiscal year for which a declaration of war has been enacted.".

(2) REVISIONS AND SUPPLEMENTAL SUMMARIES.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

(d) EMERGENCY POWERS TO ELIMINATE DEFICITS IN EXCESS OF MAXIMUM DEFICITS AMOUNTS.—

(1) REPORTING OF DEFICITS IN EXCESS OF MAXIMUM DEFICIT AMOUNTS.—

(A) IN GENERAL.—The Director of the Office of Management and Budget and the Director of the Congressional Budget Office (hereafter in this section referred to as "the Directors") shall, with respect to any fiscal year (I) estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year, (II) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (III) estimate the rate of real economic growth that will occur during such fiscal year. The Directors jointly shall report to the President and to the Congress on November 1 of such fiscal year (in the case of the fiscal year beginning October 1, 1985) and October 1 of such fiscal year (in the case of any succeeding fiscal year), identifying the amount of any excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced during such fiscal year in order to eliminate any such excess. In the event that the Directors are unable to agree on an amount to be set forth with respect to any item in any such report, the amount set forth for such item in such report shall be the average of the amounts proposed by each of them with respect to such item.

(B) Exception.—Subparagraph (A) shall not apply to any fiscal year for which a declaration of war has been enacted.

(2) Presidential order.—

(A) Contents.—

(i) In general.—Upon receipt of any report from the Directors under paragraph (1) of this subsection which identifies a statistically significant amount by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year, notwithstanding the Impoundment Control Act of 1974, the President shall issue an order that—

(I) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by modifying or suspending the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during such fiscal year, in such a manner as to reduce by a uniform percentage (but not below zero) the amount of increase under each such provision, and

(II) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by sequestering such amounts of budget authority, obligation limitations, and loan limitations, and by adjusting payments provided by the Federal Government, to the extent necessary to reduce each relatively controllable expenditure by a uniform percentage;

and shall transmit to both Houses of the Congress a message—

(III) identifying—

(aa) the total amount and the percentage by which automatic spending increases are to be reduced under subclause (I) of this clause;

(bb) the total amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and the total amount of payments which is to be adjusted under subclause (II) of this clause with respect to relatively controllable expenditures;

(cc) the amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and payments which are to be adjusted with respect to each such relatively controllable expenditure in order to reduce them by the required percentage; and

(dd) the account, department, or establishment of the Government to which each amount of budget authority, obligation limitations, and loan limitations and each payment described in subclause (II) of this clause would be available for obligation; and

(IV) providing full supporting details with respect to each action to be taken under subclause (I) or (II) of this clause.

(ii) Exception.—If, in order to reduce by one-half the amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year, actions under subclause (i)(I) would require the reduction of automatic spending increases below zero, then, in order not to require such reductions below zero, the remaining amount shall be achieved through further uniform reductions under subclause (i)(II).

(iii) Limitation.—No action taken by the President under subclause (I) or (II) of clause (i) shall have the effect of eliminating any program, project, or activity of the Federal Government.

(B) Date issued.—

(i) Positive real economic growth.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is zero or greater, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 14 days after transmittal of such report.

(ii) Negative real economic growth.—

(I) In general.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is less than zero, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 30 days after transmittal of such report.

(II) Alternative proposals.—The President may, during the 30-day period specified in subclause (I), submit to each House of the Congress a joint resolution that will, if enacted—

(aa) reduce the deficit for a fiscal year to an amount not greater than the maximum deficit amount for such fiscal year, or

(bb) subject to the requirements of subsection (f) of this section, suspend (in whole or in part) the requirements of this section and of the amendments made by this section with respect to such fiscal year.

Such joint resolution shall be introduced (by request) by the majority leader of each such House on the day on which it is submitted and shall be referred on such day to the appropriate committees of such House. The committees shall report the joint resolution not later than 10 days after the date on which it is introduced. Any committee failing to report a joint resolution within the 10-day period referred to in the preceding sentence shall be automatically discharged from consideration of the joint resolution, and the joint resolution shall be placed on the appropriate calendar. The provisions of section 305 of the Congressional Budget Act of 1974 for our consideration of concurrent resolutions on the budget shall also apply to consideration of any joint resolution submitted under this subparagraph and to conference reports thereon. Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to any such joint resolution.

(C) Effective immediately.—Except to the extent that it is superseded by a joint resolution enacted under paragraph (3) of this subsection, an order issued pursuant to this paragraph shall be effective from and after its issuance. Any modification or suspension of the operation of a provision of law that would (but for such order) require an automatic spending increase to take effect during a fiscal year shall apply for the one-year period beginning with the date on which such automatic increase would have taken effect during such fiscal year (but for such order).

(D) Proposal of alternatives.—A message transmitted pursuant to this paragraph with respect to a fiscal year may be accompanied by a proposal setting forth in full detail alternative ways to reduce the deficit for such fiscal year to an amount not greater than the maximum deficit for such fiscal year.

(3) Congressional action.—

(A) Reporting of joint resolutions.—

(i) In general.—Not later than 10 days after the issuance of an order by the President under paragraph (2) with respect to a fiscal year, the Committee on the Budget of the House of Representatives or the Senate may report to its House a joint resolution superseding such order. The report accompanying such joint resolution shall explain in full detail the nature and effects of each provision of the joint resolution.

(ii) Point of order.—It shall not be in order in the House of Representatives or the Senate to consider or agree to any joint resolution reported under clause (i) with respect to a fiscal year, any amendment thereto, or any conference report thereon if—

(I) the enactment of such joint resolution as reported;

(II) the adoption and enactment of such amendment; or

(III) the enactment of such joint resolution in the form recommended in such conference report;

would cause the amount of the deficit for such fiscal year to exceed the amount of the deficit set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year or the maximum deficit amount for such fiscal year.

(iii) Definition.—For purposes of clause (i), the term "day" shall mean any calendar day on which either House of the Congress is in session.

(B) Procedures.—

(i) In general.—The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to consideration of joint resolutions reported under this paragraph and conference reports thereon.

(ii) Limitation on amendments.—Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to joint resolutions reported under this paragraph.

(4) Definitions.—For purposes of this subsection:

(A) The term "automatic spending increase" shall include all Federal programs indexed directly or indirectly, whether appropriated or contained in current law. This shall include entitlements and other payments to individuals, open-ended programs and grants, and other similar programs, and shall not include increases in Government expenditures due to changes in program participation rates. Such term shall not include any increase in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

(B) The term "budget outlays" has the meaning given to such term in section 3(a) of the Congressional Budget and Impoundment Control Act of 1974.

(C) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(D) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(E) The term "maximum deficit amount" has the meaning given to such term in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(F) The term "real economic growth" means, with respect to a fiscal year, the nominal growth in the production of goods and services during such fiscal year, adjusted for inflation.

(G) The term "relatively controllable expenditures" means budget outlays that are classified as relatively controllable outlays in Office of Management and Budget, *Controllability of Budget Outlays*, Report No. BPS0701A (August 27, 1985).

(H) The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount. For purposes of the fiscal year beginning October 1, 1985, the preceding sentence shall be applied by substituting "7" for "5".

(5) Conforming changes.—

(A) Rules of the house of representatives.—

(i) Clause 1.(e)(3) of rule X of the Rules of the House of Representatives is amended—

(I) by striking out "and" at the end of subdivision (C);

(II) by redesignating subdivision (D) as subdivision (E); and

(III) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(ii) Clause 4.(a) of rule XI of such Rules is amended by inserting after "Budget Act of 1974" the following: "and on joint resolutions under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985".

(B) Standing rules of the senate.—Rule XXV(e)(2) of the standing Rules of the Senate is amended—

(i) by striking out "and" at the end of subdivision (C);

(ii) by redesignating subdivision (D) as subdivision (E); and

(iii) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(e) Budgetary Treatment of Social Security Trust Funds.—

(1) Fiscal years 1968 through 1992.—

(A) In general.—Section 710 of the Social Security Act (as added by paragraph (1) of subsection (a) of section 346 of the Social Security Amendments of 1983) is amended—

(i) by striking out all beginning with "the" the first place it appears down through "Disability Insurance Trust Fund, the" and inserting in lieu thereof "The";

(ii) by striking out "sections 1401, 3101, and 3111" and inserting in lieu thereof "1401(b), 3101(b), and 3111(b)";

(iii) by redesignating all after the section designation as subsection (b);

(iv) by inserting after the section designation the following:

"(a) The receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund, and the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government."; and

(v) by adding at the end thereof the following new subsection:

"(c) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, or for payments from any such Trust Fund to the general fund of the Treasury.".

(B) Application.—The amendments made by subparagraph (A) shall apply with respect to fiscal years beginning after September 30, 1985, and ending before October 1, 1992.

(2) Fiscal year 1993 and thereafter.—Section 710(a) of the Social Security Act (42 U.S.C. 911 note), as amended by section 346(b) of the Social Security Amendments of 1983 (to be effective with respect to fiscal years beginning after September 30, 1992) is amended by—

(A) inserting "(1)" after the subsection designation; and

(B) adding at the end thereof the following new paragraph:

"(2) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in paragraph (1) or for payments from any such Trust Fund to the general fund of the Treasury.".

(f) Waivers and Amendments.—Notwithstanding section 904(b) of the Congressional Budget and Impoundment Control Act of 1974, any other provision of law, or any rule or standing order of the Senate or the House of Representatives, no provision of this section, or of any amendment made by this section, may be waived, amended, or otherwise modified except by a joint resolution that—

(1) does so in specific terms, referring to such provision by its designation and declaring that such joint resolution waives, amends, or otherwise modifies such provision; and

(2) is addressed solely to that subject.

(g) Section 1106(a) of title 31, United States Code, is amended by striking out "July 16" and inserting in lieu thereof "September 16".

(h) Application.—

(1) In general.—Except as provided in paragraphs (2) and (3), this section and the amendments made by this section shall become effective on the date of the enactment of this section and shall apply with respect to fiscal years beginning after September 30, 1985, and before October 1, 1991.

(2) Exception.—The amendments made by subsections (b)(1), (b)(2)(A), (b)(3)(A), (b)(5)(A)(i), and (c) of this section shall apply with respect to fiscal years beginning after September 30, 1986, and before October 1, 1990.

(3) OASDI trust funds.—The amendment made by subsection (e) shall apply as provided in such subsection.

(i) It is the sense of the Senate that any reductions in sequestering of controllable expenditures shall not disproportionately be made in lesser populated areas.

CLOTURE MOTION

Mr. DOLE. Mr. President, I send to the desk a cloture motion on the second-degree amendment.

The PRESIDING OFFICER. The cloture motion will be stated.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the pending amendment in the second degree to the motion to recommit with instructions.

Bob Dole, Phil Gramm, Al Simpson, Bill Cohen, Mack Mattingly, Paul Trible, Warren B. Rudman, Slade Gorton, Mark Andrews, Strom Thurmond, Pete Domenici, Daniel J. Evans, Bob Kasten, Steve Symms, Jesse Helms, Ernest F. Hollings, and Jake Garn.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, may I have the attention of Senators?

The PRESIDING OFFICER (Mr. Hecht). The Senate will be in order.

Mr. BYRD. Mr. President, what we have here is a motion to recommit with instructions. Once my motion to recommit was wiped out by the leader's tabling motion, of course, this line of motions and amendments was opened.

In order that my colleagues may know why I have been displaced by the distinguished majority leader's prior recognition, in 5 years I have never tried to vie with the distinguished majority leader to get recognition, because it would be an action in vain. He has first recognition, and he should have.

What we have here now is a motion by the majority leader to recommit with instructions to report back.

Since we did not complete the reading of the second-degree amendment, essentially, I suppose it is the same as the Gramm amendment in the second degree to the first-degree amendment to the House joint resolution. If there were a cloture motion adpoted to the second-degree amendment in the recommital motion—I believe it is to strike out and insert—so that it could not be divided into 19 divisions, as Mr. Weicker was able to do on the Gramm amendment on which cloture has just failed. That is what the distinguished majority leader is accomplishing here.

I do not know of anything else I want to say on this particular item today, but I do want to again offer to the majority leader this suggestion: That the Senate pass a short-term extension of the debt limit. It can be a week, it can be 2 weeks, but it would give the Senate time in which to analyze and study and vote on the Gramm amendment, the Chiles amendment, other amendments. That is all we have been asking for.

We are not trying to avoid a vote up or down on any one of these various proposals, all of which would supposedly balance the budget. The Chiles-Byrd amendment would balance the budget in 5 years. The Johnston amendment would balance the budget. But we do need time.

So my offer is that we pass a short-term extension so that the Government can continue to borrow. It cannot borrow right now. It has not been able to borrow since October 1. The Government could resume its borrowing and the Senate and the House would have a short period of time, in which to study these proposals.

We would all then be better able to understand the consequences of our actions. We would know how much authority would be transferred from the legislative branch to the President with respect to funding matters and with respect to the choice of national priorities.

We would know what the consequences are going to be with respect to the sacrifices that the American people will have to make in order to balance this budget over a 5-year period. We would be able, I hope, to put at least an income tax on corporations that are profitable and that do not pay any Federal income tax. Not all of them are included in this, but many of them, very profitable corporations, do not pay any Federal income tax; and there are individuals who are high-income citizens who do not pay any income tax. I am not proposing that middle- and low-income individuals pay more taxes.

We ought to balance the budget, but we ought not put an unfair burden on people who have already sacrificed, beginning with 1981, while some corporations and the rich get a free ride on income taxes. Let some of the sacrifice be borne by the profitable corporations that have not been paying any income tax. Let us put a minimum tax on those profitable corporations. Let us put a minimum tax on those individuals who, through the various loopholes that are in the Tax Code, have been able to walk away and escape any of the burden that they should, in fairness, be willing to bear.

We need a little time, that is all. That is all we have been asking for. That is all we are asking for now. Is that too much?

We do not propose to walk away from voting on the Gramm amendment or other amendments. I will assure the majority leader that we will do everything we can to offer him a time agreement on each of the amendments, with the understanding included in that agreement that when the House sends over the next debt extension, the amendments will be acted upon. The House cannot avoid sending a further extension over. They will do their duty and in good faith.

In the meantime, nobody gets hurt and, hopefully, we can have a little time to study these amendments and analyze them. There would be fewer people who would be wrongfully hurt than by hasty action—and that is the track we are on right now, hasty action.

I hope that the distinguished majority leader will consider that.

Mr. DOLE. Mr. President, let me thank all of my colleagues again for being here today. We had 95 Members present. The others were unavoidably detained on both sides, or they would have been here. So I wish to commend my colleagues on that.

This was an important vote. It is not yet resolved, but I believe that at least the two votes have indicated there is a clear majority who want action. And that majority is not nearly as great as the majority outside the Congress, the taxpayers, the American people, the farmers, the business people, whoever they may be.

Having said that, obviously, it is in everyone's interest to try to come to grips with the central problem. If we can, we will try to work it out. If we cannot, I am not certain what will happen. Much will depend on what the House is willing to do. And what they may do tomorrow, I assume they will send us, hopefully, a very, very short debt limit extension.

But I hope that any agreement we would make would be based upon some rather immediate action, not action within the next 2 or 3 weeks. It seems to the majority leader that the overwhelming majority of Senators who are present today, by nearly two to one, have indicated a desire to move on.

Mr. ARMSTRONG. Will the leader yield for a moment?

Mr. DOLE. I am happy to yield.

Mr. ARMSTRONG. Mr. President, I would just like to say to the distinguished majority leader that I share completely his belief that we ought to act on the Gramm-Rudman-Hollings amendment and move on. But I just want to caution both the majority leader and the minority leader that if they should think in terms of working out some agreement under which there would be a temporary continuation or extension of the debt limit, that there are those of us who would not be agreeable to that. Indeed, many of us are much attracted to the scenario which the minority leader spelled out earlier, the idea that we would put the Government on a cash basis.

Now, that would be chaotic. It would result in severe dislocations in certain sections of the economy. It would mean that the Senate would probably be in session every Sunday maybe for 3 or 4 months. It would be agony. But, in my opinion, it would not be a wholly undesirable outcome. In fact, I am not so sure that we would not spend 3 months in chaos and agony and the rest of our lives rejoicing that we had finally put the Government on a cash basis.

But it is not my purpose to argue that question this afternoon, only to say that any kind of unanimous-consent agreement which would lead to that sort of a result would be almost certain to encounter an objection.

May I also say to the minority leader particularly, but to other Members who may be interested, that any sort of an agreement which would suggest time limitations on three amendments and not make other amendments in order, would also not be satisfactory, at least to the Senator from Colorado.

Now, there are some of us—the Senator from Georgia, Mr. MATTINGLY, who has advanced the idea to have the line-item veto; Senator SYMMS, from Idaho, who has a proposal, and others also have suggestions—who have felt the course of wisdom was to get behind this single, bipartisan approach and see if we could not really act on it in the time available. But if we are going to open the door for consideration of a lot of different proposals, I think it is fair for Senators to know that there are others of us who have suggestions we want to bring forward.

So let me just say to the leader, not to take more time than I should, that I hope we can get to a vote on Gramm-Rudman and then on the debt limit extension. But I hope that if, for any reason, that is not possible, we would not foreclose the rights of Senators either to object to the passage of the bill or to offer their own amendments, if it comes to that.

Mr. DOLE. Mr. President, I thank the distinguished Senator from Colorado. I think he has made it clear to Senators on both sides that all of the problems are not on the other side. There are problems on both sides. So when we start talking about what the leaders are going to do, we are going to do whatever we can do. What you may want to do may be something we cannot do.

Based on the overwhelming support today—I will make one unanimous-consent request that, notwithstanding any other agreements tomorrow, that we vote on the Gramm-Rudman amendment at 3 p.m. on tomorrow, Monday, October 7.

Mr. BYRD. Mr. President, reserving the right to object, I will object because this does not have to happen tomorrow. All we want is a little time. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BYRD. Mr. President, I have a unanimous-consent request. I ask unanimous consent that on tomorrow the Senate vote at 6 p.m. on a short-term extension, which we can develop, and that we vote on the Gramm proposal, the Chiles proposal, the Johnston proposal and other amendments—and we can limit them; we can get together and limit them—beginning, let us say, on Wednesday next—that does not give us much time, but it appears we are not going to get any time—beginning Wednesday, with a certain amount of hours which the majority leader and I can agree on each amendment, beginning on Wednesday at 4 o'clock p.m.

Mr. DOLE. Mr. President, I will object.

Mr. DIXON. Will the majority leader yield?

Mr. DOLE. Let me reserve the right to object.

Again, "such other amendments," we do not know which amendments would be offered. We have not seen any other amendments on the other side, except the broad outline of the Chiles amendment, which is similar, in many respects, to the Gramm-Rudman-Hollings amendment. I think this may be something that the leaders should discuss, but I am not prepared to say at this time, based on statements just made by the Senator from Colorado and others who I think would make similar statements, to agree to that.

So I am compelled to object.

Mr. DIXON. Mr. President, will the majority leader yield? I wish the majority leader would accommodate the request of the minority leader and give some careful consideration to the request. Some on this side who have been supporting this proposition, we think it to be a very reasonable request that we would consider the Chiles-Byrd amendment on Wednesday, as I understand the minority leader's request, and the Johnston amendment prior to the time that we would go to the Gramm-Rudman-Hollings amendment. I think that is a very reasonable request, as one who supports that amendment.

Mr. DOLE. But I understood that there would be additional amendments, in addition to those three. It would not be just those three amendments, the Johnston amendment, the Chiles amendment, and then the Gramm-Rudman-Hollings amendment. There could be additional amendments.

First, I would want to consult with my colleagues. I certainly will consider it. I hope that we can resolve this so that we can pass the debt ceiling with an amendment that will help us reduce the deficit. If we do not want to do it, it will force us to do it. This is all we are looking for.

I am happy to yield to the Senator from Oklahoma.

Mr. BOREN. I thank the majority leader.

I want to join with what the Senator from Illinois has said. There are those on your side of the aisle who I think have a right to be assured of the fact that they will have amendments offered of substance, and will give the Senate an opportunity to choose between options for mechanisms of getting the deficit down. I happen to support the Gramm amendment myself. I think certainly the Chiles-Byrd amendment is one that has been given a lot of thought. It is one that has a great deal of merit, and is certainly worthy of being assured of an opportunity to have a vote. I think if that vote can come prior to the Gramm amendment, I do not think any way that confuses the issue, but it would, I think, move us toward reaching a bipartisan consensus.

I will say that I have ordered printed on Monday one amendment with Social Security and one with the minimum tax that I hope to have an opportunity to vote on in a very short amount of time after the Gramm amendment is acted on, in the event it is adopted. There are others on this side of the aisle—and that side perhaps, too—that have some amendments. But I think a very short time agreement could be worked out. I would urge that. There are those of us on this side of the aisle who have been voting consistently on these procedural motions today in an effort for an opportunity to proceed to a vote on the Gramm amendment. But we do also feel very strongly that those on our side of the aisle should have an opportunity to have their major proposals presented. So I hope that over the next few hours—if it is not decided immediately here on the floor—the majority will sit down with the minority leader, and perhaps we can get something worked out that will be fair in a bypartisan sense that will enable us to proceed.

Mr. DOLE. I certainly have no quarrel with trying to see what we are going to proceed with. Before we can proceed, we need to know how many amendments there are. Some suggested two. Now we are up to four, in addition to one on this side, and there may be others on our side. If in fact we know what we are dealing with, we might be able to negotiate something that will move us along very quickly this week. I am certainly willing to do that. I cannot agree on the floor. I do not know what we are agreeing to.

As far as the minimum tax, keep in mind that we have a tax reform bill coming over here. We may be looking for revenue when that comes to keep the bill revenue neutral. I hope we can keep everything in perspective. But, again, that will be determined when the amendments are offered. But I pledge to Senators, whether they supported the Gramm-Rudman-Hollings-Boren amendment or not, that we are going to try to accommodate everybody we can. I have no quarrel with having to vote on the Johnston amendment or the Chiles amendment. I indicated a couple of days ago to the distinguished Senator from South Carolina, Senator HOLLINGS, that we would do that first before we vote on the other amendments, if I can obtain consent on my side.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. Will the distinguished majority leader yield?

Mr. DOLE. I am happy to yield.

Mr. BYRD. The distinguished majority leader has just offered the best argument for my case. I have been trying to make that argument all the time—that we have a little time to determine the number of amendments. Maybe we would not have to have votes on more than three or four amendments—I can't say now. So let us vote on the Gramm amendment. But let us at least have a couple of days so that we will be able to know what we are voting on. I hope we all understand, that no amendments can be offered to the Gramm amendment right now—none. It is a second-degree amendment.

So if we could, just may I say once more, and then we Democrats want to meet in a conference. I hope my colleagues will be able to agree on a consent request to pass, tomorrow, a brief extension of the debt ceiling. It will not yet be up to $2 trillion. It will be somewhat less than that. It can be extended until the 15th, or the 18th or 19th; I think we return from the holiday on the 18th. I do not know what the flaws are even in the Chiles-Byrd amendment. We had to draft it so hastily because we wanted to spread the burden of lowering the deficit to certain profitable corporations, and to certain high-income taxpayers of this country who are getting a free ride. We want to spread the burden. But I am not entirely satisfied with the proposal that Mr. Chiles and I hope to offer because we had to just draw it up so hastily. I would be happy to attempt to limit the number of amendments to, say, 10.

Mr. DOLE. Where do they come from? All on that side?

Mr. BYRD. No. Let half of them come from the Senator's side.

Mr. DOLE. I think the point I was making is I do not know how many amendments there are. People are jumping up all over now. Everybody decided this is Sunday evening, and we might as well stay here a while. So I am going to leave the floor.

Mr. SARBANES. Will the majority leader yield for a question before he leaves the floor? Just so I can try to gain some understanding of where we are parliamentarily, I gather the majority leader has a motion to recommit to the Budget Committee with instructions on which a cloture petition has been filed and on which a vote will take place on Tuesday. Is that correct?

Mr. DOLE. That is the motion to recommit. There are two additional amendments to the instructions in the motion. What we are in effect doing is trying to avoid what the distinguished minority leader pointed out earlier—19 yea-and-nay votes—and trying to get one vote on the Gramm-Rudman amendment.

Mr. SARBANES. That cloture vote comes on Tuesday.

Mr. DOLE. That is correct. We will have another cloture vote tomorrow on the motion to reconsider the cloture vote today.

Mr. BYRD. That is the cloture vote.

Mr. SARBANES. We will have a vote tomorrow, and the majority leader intends to vote tomorrow on what proposition?

Mr. BYRD. The Gramm number one.

Mr. SARBANES. I would like for the minority leader, if he will, to indulge me.

Mr. DOLE. I had a motion to reconsider the vote on cloture, and I intend to vote on that tomorrow.

Mr. SARBANES. Then on Tuesday, the majority leader intends to vote on what?

Mr. DOLE. On Tuesday there will be a vote on the cloture on the motion to recommit which has been amended twice which I just did a few moments ago, and on which I filed a cloture petition.

Mr. SARBANES. Am I correct that the majority leader has lined up his amendments in such a way that on one of these propositions on which he intends for us to vote, either tomorrow or the next day, that any other alternative can be offered? Is that correct?

Mr. DOLE. I attempted to do that. I am not an expert on the rules. If I did not do that, I will probably find out.

Mr. SARBANES. But it was the majority leader's intention to deny, in effect, to close out, any opportunity for anyone to put forward a different proposal in terms of how to address this question? Is that correct?

Mr. DOLE. After the Gramm-Rudman-Hollings second degree amendment is adopted, you can offer all the amendments to Gramm-Rudman-Hollings that you wish. As I suggested earlier this week, assuming I have the votes to defeat any other amendment, we will let you offer that one first. Of course, I do not intend to offer an amendment where I think I am going to lose.

Mr. SARBANES. Can an amendment be offered to Gramm-Rudman?

Mr. DOLE. Not now.

Mr. SARBANES. Because the majority leader closed that out? So there is no opening here for anyone to offer an amendment under the current circumstances?

Mr. DOLE. Not at this time.

Mr. SARBANES. Is that correct?

Mr. DOLE. That is correct.

Mr. BUMPERS. Mr. President, will the majority leader yield for an additional question?

I want to first of all say I sort of echo what Senator BOREN has said. There is a lot of sentiment over here for this whole approach to budget deficit reduction. But we would like to have an opportunity to vote on the Chiles amendment, maybe on the Johnston amendment, and then if the majority and minority leaders can agree to, say, 10 amendments, 5 on either side, with a definite vote no later than 3 o'clock on Friday afternoon, but at least give us a chance to amend the Rudman amendment. I understand where the votes are, and I certainly understand the politics of this issue. But I understand all the uneasiness on this side because of the politics of the issue. But there is something that seems rather abusive about this procedure. I suppose if you have the votes, you have the issue, you have the press, and you have the American people with a certain understanding, there is not any use to turn loose of it, but just here on the floor what is the rationale for not allowing people who essentially favor the Gramm-Rudman amendment but who have honest questions about the OMB document, who have honest questions about what the effect on the defense budget is going to be, whether readiness and manpower for example are the only controllable items, some of those issues that have been raised here, why is it not fair and sensible and in the interest of all of us—nobody should inpugn the motives of anybody else. There is not one person more patriotic than another on this floor. There is not one person who wants the budget balanced more than any other person on the floor. Why not give both sides an opportunity to try to clean up the Gramm-Rudman amendment? That is going to be the final vote. That is the one that is going to pass overwhelmingly here. There is not anybody over here naive enough to believe otherwise.

But why not allow that proposition, which literally cries out in a few areas for explanation, to be amended, and then give all of us a chance to vote for it?

Mr. DOLE. Mr. President, again let me indicate that all those things may be possible, but first we need to know how many amendments there are. Again, of course, you are not foreclosed after we adopt this amendment. Other amendments still can be offered. We have even offered to let a major amendment on that side go first. I am certain we have the votes to defeat it. I think everybody would agree, to let it go first is not unreasonable. We are trying to accommodate those who are concerned about the deficit and those who have indicated by their votes that they would like to work out something that the majority of us can support.

Mr. BYRD. Mr. President, Mr. BUMPERS is exactly right. No amendment is in order to either of the Gramm amendments because each is an amendment in the second degree.

Will the distinguished majority leader allow me to ask for the yeas and nays on the pending Gramm amendments?

Mr. DOLE. Yes.

Mr. BYRD. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. So the yeas and nays have now been ordered on both Gramm amendments, is that correct?

The PRESIDING OFFICER. Yes.

Mr. RIEGLE. Will the majority leader yield for a question?

Mr. DOLE. Yes.

Mr. RIEGLE. I would like to be able to draft perhaps one or two very carefully drawn amendments to the Gramm amendment to deal with some of the problems that I think exist in terms of how spending cuts would actually be applied down through functions and down finally to individual activities so that we really get an even spread in applying mandatory spending cuts.

I also have a concern in the area of the recession trigger.

My concern, as I say to the majority leader, having listened to most of the debate, and having read what I have not been able to hear in person, is I still do not understand clearly enough exactly how the Gramm proposition is to work to feel confident in drafting the correcting amendments that I think are needed.

I just want to say to the majority leader that I think the request the minority leader has made for the time and for opening up the possibility for careful crafted amendments—not a laundry list but a limited number that really go to critical points that probably a dozen or two dozen Senators have raised and have concern about on both sides of the aisle—is proper.

My question is if we have a sufficient time, limited through it would be, and also with an open amendment process, in the two, three, or four critical areas of the Gramm proposal where there is great question and doubt precisely as to how it would work, we could try to nail that down. At least we could have a clearcut amendment offered, have it voted on and establish the legislative history. If we are going to pass it, then we know after the fact what it is we have.

I am worried. I do not want to see the precedent of 1981 with Gramm-Latta, at that time thinking we would have a budget surplus in 1984 and we ended up a half-trillion dollars off the mark.

It is not reasonable to ask for just that degree of time and care to try and make sure that at least we know precisely what we are doing?

Mr. DOLE. Let me indicate to the distinguished Senator from Michigan that I understand there will be a caucus on that side of the aisle. If there is a proposal agreed to by your side and submitted to us, I will have a caucus on our side tomorrow. I cannot agree unless we know what the offer is.

I am not unwilling to look at it. It has already been indicated on our side that there may be others with a much different view.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent there now be a period for the transaction of routine morning business not to extend beyond the hour of 6:15 with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, it is not my wish to delay Members or staff since it is Sunday afternoon, but my remarks are time sensitive.

A BURIAL BEFITTING HUMAN BEINGS

Mr. HUMPHREY. Mr. President, this afternoon, literally at this hour, in East Los Angeles, CA, some 16,500 human fetuses are at long last being given a burial befitting a human being, along with the religious services just prior to burial.

Mr. President, it has been some 3 years since workers made that awful, grizzly and hideous discovery in Woodland Hills, CA, in a warehouse where they found these tiny infants, some of them as much as 5 months old, some of them in excess of 4 pounds weight, each individually preserved in formaldehyde and plastic bags, some 16,500.

The authorities and other interested parties, after necessary investigation, sought to bury those infants as human beings, but tragically were blocked by the American Civil Liberties Union and a number of feminist organizations who presumably wanted, at all costs, to prevent any acknowledgement of the humanity of these tiny human beings, much to their disgrace, in the opinion of this Senator.

Nevertheless, Mr. President, those who felt a deep concern about this matter, not because of the sheer numbers involved, for their concern extends even to the single human being who loses his life to abortion, but because of the principle involved the groups concerned pressed on until finally they succeeded in achieving today's sad but at least fitting event, the religious ceremony which is now taking place in Los Angeles, and, in a short time after the religious messages and the closing hymn, the "Battle Hymn of the Republic," the final burial of these 16,500 human beings.

Mr. President, I want to commend and pay tribute to Dr. Philip Dreisbach and his wife, Jeannette, who were the principal movers and whose determination never flagged.

Mr. President, I wish to pay tribute also to the Odd Fellows who made a burial plot available in their cemetery in East Los Angeles, and to the Guerra-Gutierz-Alexander Mortuary of Los Angeles who made their services available. And I also commend Ricardo Gutierz, who not only provided ultimate funeral services but hired a law firm to ensure these babies would receive a proper burial. While I do not have the names of these sainted lawyers, let the world know that they are present today acting as pallbearers at the funeral.

Mr. President, this Senator had planned to be at that ceremony but, as Members know, official business of the Senate made that impossible. And so I will take a few minutes now to read into the RECORD my remarks in hopes that those who read the RECORD will pause and meditate on what is happening not only in Los Angeles but what is going on more particularly in the abortion clinics of America weekdays and weekends as well.

Before doing so, Mr. President, I commend President Reagan who, as early as May 1982, shortly after the discovery of these little human beings pickled like laboratory specimens, endorsed proposals for a decent burial and for proper and fitting religious services.

These remarks, Mr. President are not my words. They were prepared for me by Bill Gribbin of the Republican Policy Committee. They express my thoughts but probably in a way better than I could have done myself. Bill Gribbin is a talented writer and a man who is committed to the pro-life cause.

My remarks, which were to have been delivered in Los Angeles, are as follows:

REMARKS OF SENATOR HUMPHREY

My friends, this will be brief, as brief as the little lives we are here to honor, as best we can.

Let our words today be brief, but let our memories be long, so that our fellow Americans will never forget what has been allowed to happen in this country we love so dearly.

We are here to grant a decent interment to the least of our brethren. Boys and girls, they were. Men and women they would have become. But like millions—millions!—of others, they were made victims of the Abortion Reich.

They need our help no more, though we all would gladly give it. But there are millions of others like them, this year and next year and the next, who will need our assistance, our rescue, our intervention.

They and their mothers will need that last desperate warning before they enter the abortuary. They will need the offer of pro-life counselling, a room to live in amid a family that cares, a chance to choose life in the very face of the gates of hell.

Today we covenant with these little ones we could not save to do all we can, by law and by love, to save their brothers and sisters. To save them from the scalpel and the suction and the saline. To save them from the money-grubbers and the madmen who do such things and demand payment for them.

We pledge to one another never to leave this fight until it is won for the children. And we know that, however bright and bold our own efforts, the ultimate triumph must depend upon more than human strength. But we shall have it, rest assured, we shall have it. For as Isaiah tells us, these little ones will never be forgotten by their Maker. He has carved them in the palm of His hand.

As the children's song goes, "Red and yellow, black and white, they are precious in his sight."

That must give us hope. As we picket and pray, as we lobby and legislate, as we continue the work of the last decade that has already turned the tide against the Death Industry.

It is no secret any more: the children are winning. They are winning in state legislatures, in the Congress, and in the White House, where a President has committed to their cause, heart and soul.

It is only a matter of time before they win as well in the Courts, which, for a time, remain the last bastion of the abortion business. It is only a matter of time before that last outpost falls and, with it, the anti-life ethic of Roe v. Wade and its fatal progeny.

It is only a matter of time, but time runs out, every hour of every day, for more babies. They are the doctors who would have healed, the musicians who would have played, the builders who would have raised wonders, the athletes who would have set records, legislators who would have balanced the budget, the saints and savants that would have led us to a better future.

If they had ever had a chance.

Well, we have a chance. Let us use it. Today, tomorrow, as long as it takes to restore the rule of law and the law of life.

That will be our best tribute to these lost children.

But no, not lost. They have found a life we do not know. They are orphans no more. And it is we who will be privileged to consider ourselves members of their family.

They rest in peace, even though the abortionists still rage against their little bodies. But we will not rest—you and I and millions and millions like us—we will not rest, in Congress or in courthouse, we will not rest or wait or be patient, until this holocaust can never happen again.

That is our pledge to one another, our ultimatum to the abortionists, and our final, solemn promise to the boys and girls we leave with God today.

Mr. President, I would only add to the eloquent words of Bill Gribbin:

> May God save the children from the abortionists, the judges, and the politicians who have let this nightmare descend upon our land.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS

S. 8

At the request of Mr. Cranston, the name of the Senator from Rhode Island [Mr. Chafee] was added as a cosponsor of S. 8, a bill to grant a Federal charter to the Vietnam Veterans of America, Inc.

S. 1579

At the request of Mr. Cranston, the name of the Senator from North Dakota [Mr. Burdick] was added as a cosponsor of S. 1579, a bill to clarify that the remedies available for the enforcement of certain civil rights statutes are applicable to the States.

AMENDMENT NO. 584

At the request of Mr. Cranston, the name of the Senator from North Dakota [Mr. Burdick] was added as a cosponsor of amendment No. 584 intended to be proposed to S. 1579, a bill to clarify that the remedies available for the enforcement of certain civil rights statutes are applicable to the States.

AMENDMENT NO. 729

At the request of Mr. Gramm, the name of the Senator from South Carolina [Mr. Thurmond] was added as a cosponsor of amendment No. 729 proposed to House Joint Resolution 372, a joint resolution increasing the statutory limit on the public debt.

AMENDMENT NO. 730

At the request of Mr. Gramm, the name of the Senator from South Carolina [Mr. Thurmond] was added as a cosponsor of amendment No. 730 proposed to House Joint Resolution 372, a joint resolution increasing the statutory limit on the public debt.

AMENDMENTS SUBMITTED

INCREASE IN PUBLIC DEBT LIMIT

DOLE AMENDMENT NO. 737

Mr. DOLE proposed an amendment to the motion to recommit the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt; as follows:

On page 1 line 2 of the motion to strike after the word "with" insert instructions to report back forthwith with the following amendment: Sec. Deficit Reduction Procedures.

(a) Short Title.—This section may be cited as the "Balanced Budget and Emergency Deficit Control Act of 1985".

DOLE AMENDMENT NO. 738

Mr. DOLE proposed an amendment to amendment No. 737 proposed by him to the motion to recommit the joint resolution (H.J. Res. 372), supra; as follows:

Strike "1985" in the matter proposed to be inserted, and insert in lieu thereof the following new section:

1985—

(b) Congressional Budget.—

(1) One concurrent resolution on the budget required annually.—

(A) In general.—Section 310 of the Congressional Budget Act of 1974 is amended—

(i) by striking out all beginning with "Sec. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"Sec. 310. (a) In General.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary,—"; and

(ii) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(B) Conforming changes.—

(i) The table of contents in subsection (b) of section 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(I) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(II) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(III) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(ii) Paragraph (4) of section 3 of such Act is amended—

(I) by adding "and" after the semicolon at the end of subparagraph (A);

(II) by striking out subparagraph (B); and

(III) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(iii) Section 300 of the Congressional Budget Act of 1974 is amended—

(I) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(II) by striking out the items relating to September 15 and September 25.

(iv)(I) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(II) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(III) Section 301(b) of such Act is amended—

(aa) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(bb) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(IV) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(V) Section 301(e) of such Act is amended—

(aa) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(bb) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(v) Section 302(c) of such Act is amended by striking out "or 310".

(vi)(I) The heading of section 303 of such Act is amended by striking out "FIRST".

(II) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(vii) Section 304 of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(II) by striking out "pursuant to section 301".

(viii)(I) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(II) Section 305(b) of such Act is amended—

(aa) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(bb) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ix) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(x) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(xi) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(xii) Section 311(a) of such Act is amended—

(I) by striking out "301(a)" the first place it appears and inserting in lieu thereof "301(a)"; and

(II) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(xiii) Clause 1. of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(2) Maximum deficit amounts.—

(A) Annual concurrent resolution on the budget.—

(i) Point of order.—Section 301 of the Congressional Budget Act of 1974 is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and inserting after subsection (b) the following new subsection:

"(c) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) Conforming change.—Section 301(e) of such Act, as redesignated by clause (i) of this subparagraph, is amended by inserting "; and when so reported such concurrent resolution shall comply with the requirement described in paragraph (1) of subsection (c), unless such paragraph does not apply to such fiscal year by reason of paragraph (2) of such subsection" after "October 1 of such year" in the second sentence thereof.

(B) Permissible revisions of concurrent resolutions on the budget.—Section 304 of such Act is amended—

(i) by inserting "(a) In General.—" after "Sec. 304."; and

(ii) by adding at the end thereof the following new subsection:

"(b) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to consider or adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Paragraph (1) of this subsection shall not apply to any fiscal year for which a declaration of war has been enacted.".

(C) Definitions.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year. For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, the receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for a fiscal year, and the taxes payable under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 during such fiscal year, shall be included in total revenues for such fiscal year, and the disbursements of either such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985, $180,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000; and"

"(F) with respect to the fiscal year beginning October 1, 1990, zero.".

(3) Reconciliation.—

(A) Annual concurrent resolution on the budget.—

(i) Directions to committees.—Section 301(b) of the Congressional Budget Act of 1974 (as amended by paragraph (1)(B)(iv)(III) of this subsection) is further amended—

(I) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(II) by inserting "require" after the paragraph designation in paragraph (1);

(III) by inserting "require" after the paragraph designation in paragraph (2); and

(IV) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(ii) Conforming changes.—

(I) Section 310(a) of such Act is amended—

(aa) by inserting "or" at the end of paragraph (2);

(bb) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(cc) by striking out paragraph (4).

(II) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than June 15 of each year".

(III) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(IV) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"June 15 .... Congress completes action on reconciliation bill or resolution, or both, implementing annual required concurrent resolution."

(B) Permissible revisions of concurrent resolutions on the budget.—

(i) In general.—Section 304(a) of such Act (as redesignated by paragraph (2)(B)(i) of this subsection) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(ii) Conforming change.—Section 310(d) of such Act (as amended by subparagraph (A)(ii)(II) of this paragraph) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(4) Limitation on amendments.—

(A) Concurrent resolutions on the budget.—

(i) House of Representatives.—Section 305(a)(6) of such Act is amended—

(I) by inserting "(A)" after the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution, shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in such concurrent resolution is not increased, by making at least an equivalent reduction in other specific outlays or at least an equivalent increase in other specific Federal revenues, or at least any combination thereof.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(ii) Senate.—Section 305(b)(2) of such Act is amended—

(I) by inserting "(A)" before the paragraph designation; and

(II) by adding at the end thereof the following new subparagraph:

"(B)(i) No amendment that would have the effect of increasing any specific budget outlays above the level of such outlays set forth in a concurrent resolution on the budget, or of reducing any specific Federal revenues below the level of such revenues set forth in such concurrent resolution, shall be in order unless such amendment ensures that the amount of the deficit for any fiscal year set forth in such concurrent resolution is not increased, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(ii) Clause (i) of this subparagraph shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) Reconciliation bills and resolutions.—Section 310 of such Act is amended by inserting after subsection (b) (as redesignated by paragraph (1)(A)(ii) of this subsection) the following new subsection:

"(c) Limitation on Amendments to Reconciliation Bills and Resolutions.—

"(1) It shall not be in order in either the House of Representatives or the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution, or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution, unless such amendment ensures that the amount of the deficit for any fiscal year set forth in the most recently agreed to concurrent resolution on the budget is not exceeded, by making at least an equivalent reduction in other specific budget outlays or at least an equivalent increase in other specific Federal revenues, or at least any equivalent combination thereof.

"(2) Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(5) Enforcement.—

(A) Allocations of budget authority and outlays.—

(i) Reporting date for allocation.—Section 302(b) of such Act is amended by striking out "Each such committee shall promptly report" in the last sentence and inserting in lieu thereof "Each such committee, within ten days of session after the concurrent resolution is agreed to, shall report".

(ii) Allocations made binding.—Section 311 of such Act is amended by redesignating subsections (a) and (b) as subsections (b) and (c), respectively, and inserting immediately after "Sec. 311" the following new subsection:

"(a) Legislation Subject to Point of Order After Adoption of Annual Concurrent Resolution on the Budget.—

"(1) In general.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in either the House of Representatives or the Senate—

"(A) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year; or

"(B) to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides new spending authority described in section 401(c)(2)(C) to become effective during such fiscal year, if the amount of budget outlays or new budget authority that would be required for such year if such bill or resolution were enacted without change or such amendment were adopted would exceed the appropriate allocation of budget outlays or new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution or the budget for such fiscal year, unless such bill, resolution, or amendment was favorably reported by the Committee on Appropriations of the House involved under section 401(b)(2) along with a certification that if such bill, resolution, or amendment is enacted or adopted, the committee will reduce appropriations or take any other actions necessary to assure that the enactment or adoption of such bill, resolution, or amendment will not result in a deficit for such fiscal year in excess of the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) Alteration of 302(b) allocations.—At any time after a committee reports the allocations required to be made under section 302(b), such committee may report to its House an alteration of such allocations, provided that any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

"(3) Exception.—Paragraph (1) shall not apply to any fiscal year for which a declaration of war has been enacted.".

(B) Maximum deficit amount may not be exceeded.—Section 311(b) of such Act, as redesignated by subparagraph (A)(ii) of this subsection, is amended by inserting before the period at the end thereof the following: "or would cause the levels of deficits set forth in such concurrent resolution to be exceeded, or would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of subsection (b) of section 310 does not apply by reason of paragraph (2) of such subsection)".

(C) Reporting requirement extended to conference reports.—Section 308(a) of such Act is amended by striking out "the report accompanying that bill or resolution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "or whenever a conference report is filed in either House, the report accompanying that bill or resolution or the statement of managers accompanying that conference report".

(c) Budget Submitted by the President.—

(1) Maximum deficit amount may not be exceeded.—Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared on the basis of the best estimates then available, in such a manner as to ensure that the deficit for such fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974; and the President shall take such action under subsection (d)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 as is necessary to ensure that the deficit for such fiscal year does not exceed such maximum deficit amount.

"(2) Subject to paragraph (3) of this subsection, the deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible.

"(3) Paragraph (2) shall not apply with respect to any fiscal year for which a declaration of war has been enacted.".

(2) Revisions and supplemental summaries.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

(d) Emergency Powers To Eliminate Deficits in Excess of Maximum Deficits Amounts.—

(1) Reporting of deficits in excess of maximum deficit amounts.—

(A) In general.—The Director of the Office of Management and Budget and the Director of the Congressional Budget Office (hereafter in this section referred to as "the Directors") shall, with respect to any fiscal year (I) estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year, (II) determine whether the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such excess is statistically significant, and (III) estimate the rate of real economic growth that will occur during such fiscal year. The Directors jointly shall report to the President and to the Congress on November 1 of such fiscal year (in the case of the fiscal year beginning October 1, 1985) and October 1 of such fiscal year (in the case of any succeeding fiscal year), identifying the amount of any excess, stating whether such excess is statistically significant, specifying the estimated rate of real economic growth for such fiscal year, and specifying the percentages by which automatic spending increases and relatively controllable expenditures shall be reduced during such fiscal year in order to eliminate any such excess. In the event that the Directors are unable to agree on an amount to be set forth with respect to any item in any such report, the amount set forth for such item in such report shall be the average of the amounts proposed by each of them with respect to such item.

(B) Exception.—Subparagraph (A) shall not apply to any fiscal year for which a declaration of war has been enacted.

(2) Presidential order.—

(A) Contents.—

(i) In general.—Upon receipt of any report from the Directors under paragraph (1) of this subsection which identifies a statistically significant amount by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year, notwithstanding the Impoundment Control Act of 1974, the President shall issue an order that—

(I) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by modifying or suspending the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during such fiscal year, in such a manner as to reduce by a uniform percentage (but not below zero) the amount of increase under each such provision, and

(II) subject to clauses (ii) and (iii) of this subparagraph, eliminates one-half of such excess by sequestering such amounts of budget authority, obligation limitations, and loan limitations, and by adjusting payments provided by the Federal Government, to the extent necessary to reduce each relatively controllable expenditure by a uniform percentage;

and shall transmit to both Houses of the Congress a message—

(III) identifying—

(aa) the total amount and the percentage by which automatic spending increases are to be reduced under subclause (I) of this clause;

(bb) the total amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and the total amount of payments which is to be adjusted under subclause (II) of this clause with respect to relatively controllable expenditures;

(cc) the amount of budget authority, obligation limitations, and loan limitations which is to be sequestered and payments which are to be adjusted with respect to each such relatively controllable expenditure in order to reduce them by the required percentage; and

(dd) the account, department, or establishment of the Government to which each amount of budget authority, obligation limitations, and loan limitations and each payment described in subclause (II) of this clause would be available for obligation; and

(IV) providing full supporting details with respect to each action to be taken under subclause (I) or (II) of this clause.

(ii) Exception.—If, in order to reduce by one-half the amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year, actions under subclause (i)(I) would require the reduction of automatic spending increases below zero, then, in order not to require such reductions below zero, the remaining amount shall be achieved through further uniform reductions under subclause (i)(II).

(iii) Limitation.—No action taken by the President under subclause (I) or (II) of clause (i) shall have the effect of eliminating any program, project, or activity of the Federal Government.

(B) Date issued.—

(i) Positive real economic growth.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is zero or greater, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 14 days after transmittal of such report.

(ii) Negative real economic growth.—

(I) In general.—If the estimate of real economic growth set forth in a report transmitted under paragraph (1) of this subsection is less than zero, the President shall issue the order required to be issued under this subsection pursuant to such report not later than 30 days after transmittal of such report.

(II) Alternative proposals.—The President may, during the 30-day period specified in subclause (I), submit to each House of the Congress a joint resolution that will, if enacted—

(aa) reduce the deficit for a fiscal year to an amount not greater than the maximum deficit amount for such fiscal year, or

(bb) subject to the requirements of subsection (f) of this section, suspend (in whole or in part) the requirements of this section and of the amendments made by this section with respect to such fiscal year.

Such joint resolution shall be introduced (by request) by the majority leader of each such House on the day on which it is submitted and shall be referred on such day to the appropriate committees of such House. The committees shall report the joint resolution not later than 10 days after the date on which it is introduced. Any committee failing to report a joint resolution within the 10-day period referred to in the preceding sentence shall be automatically discharged from consideration of the joint resolution, and the joint resolution shall be placed on the appropriate calendar. The provisions of section 305 of the Congressional Budget Act of 1974 for our consideration of concurrent resolutions on the budget shall also apply to consideration of any joint resolution submitted under this paragraph and to conference reports thereon. Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to any such joint resolution.

(C) Effective immediately.—Except to the extent that it is superseded by a joint resolution enacted under paragraph (3) of this subsection, an order issued pursuant to this paragraph shall be effective from and after its issuance. Any modification or suspension of the operation of a provision of law that would (but for such order) require an automatic spending increase to take effect during a fiscal year shall apply for the one-year period beginning with the date on which such automatic increase would have taken effect during such fiscal year (but for such order).

(D) Proposal of alternatives.—A message transmitted pursuant to this paragraph with respect to a fiscal year may be accompanied by a proposal setting forth in full detail alternative ways to reduce the deficit for such fiscal year to an amount not greater than the maximum deficit for such fiscal year.

(3) Congressional action.—

(A) Reporting of joint resolutions.—

(i) In general.—Not later than 10 days after the issuance of an order by the President under paragraph (2) with respect to a fiscal year, the Committee on the Budget of the House of Representatives or the Senate may report to its House a joint resolution superseding such order. The report accompanying such joint resolution shall explain in full detail the nature and effects of each provision of the joint resolution.

(ii) Point of order.—It shall not be in order in the House of Representatives or the Senate to consider or agree to any joint resolution reported under clause (i) with respect to a fiscal year, any amendment thereto, or any conference report thereon if—

(I) the enactment of such joint resolution as reported;

(II) the adoption and enactment of such amendment; or

(III) the enactment of such joint resolution in the form recommended in such conference report;

would cause the amount of the deficit for such fiscal year to exceed the amount of the deficit set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year or the maximum deficit amount for such fiscal year.

(iii) Definition.—For purposes of clause (i), the term "day" shall mean any calendar day on which either House of the Congress is in session.

(B) Procedures.—

(i) In general.—The provisions of section 305 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to consideration of joint resolutions reported under this paragraph and conference reports thereon.

(ii) Limitation on amendments.—Section 310(c) of such Act (as added by subsection (b)(4)(B) of this section) shall apply to joint resolutions reported under this paragraph.

(4) Definitions.—For purposes of this subsection:

(A) The term "automatic spending increase" shall include all Federal programs indexed directly or indirectly, whether appropriated or contained in current law. This shall include entitlements and other payments to individuals, open-ended programs and grants, and other similar programs, and shall not include increases in Government expenditures due to changes in program participation rates. Such term shall not include any increase in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

(B) The term "budget outlays" has the meaning given to such term in section 3(a) of the Congressional Budget and Impoundment Control Act of 1974.

(C) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(D) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(E) The term "maximum deficit amount" has the meaning given to such term in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(F) The term "real economic growth" means, with respect to a fiscal year, the nominal growth in the production of goods and services during such fiscal year, adjusted for inflation.

(G) The term "relatively controllable expenditures" means budget outlays that are classified as relatively controllable outlays in Office of Management and Budget, *Controllability of Budget Outlays*, Report No. BPS0701A (August 27, 1985).

(H) The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount. For purposes of the fiscal year beginning October 1, 1985, the preceding sentence shall be applied by substituting "7" for "5".

(5) Conforming changes.—

(A) Rules of the House of Representatives.—

(i) Clause 1.(e)(3) of rule X of the Rules of the House of Representatives is amended—

(I) by striking out "and" at the end of subdivision (C);

(II) by redesignating subdivision (D) as subdivision (E); and

(III) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(ii) Clause 4.(a) of rule XI of such Rules is amended by inserting after "Budget Act of 1974" the following: "and on joint resolutions under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985".

(B) Standing rules of the senate.—Rule XXV(e)(2) of the Standing Rules of the Senate is amended—

(i) by striking out "and" at the end of subdivision (C);

(ii) by redesignating subdivision (D) as subdivision (E); and

(iii) by inserting after subdivision (C) the following new subdivision:

"(D) to report joint resolutions with respect to Presidential orders issued under subsection (d)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985, and to take such other actions as may be required of it under that section; and".

(e) Budgetary Treatment of Social Security Trust Funds.—

(1) Fiscal years 1968 through 1992.—

(A) IN GENERAL.—Section 710 of the Social Security Act (as added by paragraph (1) of subsection (a) of section 346 of the Social Security Amendments of 1983) is amended—

(i) by striking out all beginning with "the" the first place it appears down through "Disability Insurance Trust Fund, the" and inserting in lieu thereof "The";

(ii) by striking out "sections 1401, 3101, and 3111" and inserting in lieu thereof "1401(b), 3101(b), and 3111(b)";

(iii) by redesignating all after the section designation as subsection (b);

(iv) by inserting after the section designation the following:

"(a) The receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund, and the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government."; and

(v) by adding at the end thereof the following new subsection:

"(c) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, or for payments from any such Trust Fund to the general fund of the Treasury.".

(B) APPLICATION.—The amendments made by subparagraph (A) shall apply with respect to fiscal years beginning after September 30, 1985, and ending before October 1, 1992.

(2) FISCAL YEAR 1993 AND THEREAFTER.—Section 710(a) of the Social Security Act (42 U.S.C. 911 note), as amended by section 346(b) of the Social Security Amendments of 1983 (to be effective with respect to fiscal years beginning after September 30, 1992) is amended by—

(A) inserting "(1)" after the subsection designation; and

(B) adding at the end thereof the following new paragraph:

"(2) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in paragraph (1) or for payments from any such Trust Fund to the general fund of the Treasury.".

(f) WAIVERS AND AMENDMENTS.—Notwithstanding section 904(b) of the Congressional Budget and Impoundment Control Act of 1974, any other provision of law, or any rule or standing order of the Senate or the House of Representatives, no provision of this section, or of any amendment made by this section, may be waived, amended, or otherwise modified except by a joint resolution that—

(1) does so in specific terms, referring to such provision by its designation and declaring that such joint resolution waives, amends, or otherwise modifies such provision; and

(2) is addessed solely to that subject.

(g) Section 1106(a) of title 31, United States Code, is amended by striking out "July 16" and inserting in lieu thereof "September 16".

(h) APPLICATION.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section and the amendments made by this section shall become effective on the date of the enactment of this section and shall apply with respect to fiscal years beginning after September 30, 1985, and before October 1, 1991.

(2) EXCEPTION.—The amendments made by subsections (b)(1), (b)(2)(A), (b)(3)(A), (b)(5)(A)(i), and (c) of this section shall apply with respect to fiscal years beginning after September 30, 1986, and before October 1, 1990.

(3) OASDI TRUST FUNDS.—The amendment made by subsection (e) shall apply as provided in such subsection.

(i) It is the sense of the Senate that any reductions in sequestering of controllable expenditures shall not disproportionately be made in lesser populated areas.

ADDITIONAL STATEMENTS

IN DEFENSE OF SDI

● Mr. GOLDWATER. Mr. President, the President's strategic defense initiative which, unfortunately, has been misnamed star wars, is not an easy issue to understand. During the debate on the Department of Defense authorization bill, I promised that a committee would be set up to provide, when the Senate desired, information concerning the technical, scientific aspects of SDI. I am happy to inform the Senate that has been done.

From time to time, I find, in magazines that are oriented toward defense, interesting articles explaining SDI in language the average layman can understand. Without inferring that the minds of the Members of the Senate are those of the average layman, but recognizing that not many of my colleagues have had scientific training, I feel it is important to simplify these complex issues in order to better understand the subject.

In an excellent magazine, Defense Science, the August and September issues contain two articles on SDI, which I think will be of interest to Members of the Senate and other readers of the CONGRESSIONAL RECORD. I ask that both of these articles, "In Defense of SDI" and "SDI, The Hidden Opportunity," be printed in the RECORD.

The articles follow:

IN DEFENSE OF SDI

(By George F. Chapline)

While the President's speech in March, 1983, was a surprise, the reaction to it was not. The intellectual community, did not take lightly a non-intellectual intruding into one of their sacred domains—namely, basic strategic doctrine.

The scientific branch of the intellectual establishment was quick to respond. The Union of Concerned Scientists pointed out that "no reputable scientist" supported the President's position. One man said the president's proposals would destroy the arms control process. Two others said it wouldn't work and another said the president made his speech at a particularly inauspicious time.

Since I long ago gave up dreams of becomming a respectable scientist, it does no harm to confess that I am intrigued with the president's proposals, and I am unimpressed with the arguments of the critics, particularly those critics who claim that a defense against ballistic missiles is not technologically feasible.

History teaches us that when it comes to predicting the technological future the experts are often wrong. It is a curious fact that ideas for new technologies often meet with extreme hostility from the experts. For example, the Wright brothers had to build the engine for their first airplane themselves because no engine manufacturer wanted to expose himself to the ridicule of being involved in a project experts had declared impossible.

Indeed, in the 19th century it was widely believed in academic circles that manned flight was impossible. Theodore von Karman mentions in his history of aerodynamics that the famous Helmholtz once failed a student because he was unable in the course of an examination to prove that human flight would never be possible.

One would think that physics professors in the 20th century would be less dogmatic and more aware of the follios of trying to predict the technological future. Unfortunately this does not seem to be the case.

In 1937, a well-known theoretical physicist published a theorem that stated an absolute upper bound to the energy which a cyclotron could produce. In the preprint it was claimed that, as a consequence of relativistic effects and practical limitations of radio frequency voltages, it would be impossible to produce protons with energies greater than 5.5 Mev (million electron-volts). However, after the preprint appeared, the authors received a call from Berkeley pointing out something must be wrong with their arguments because a cyclotron in Berkeley already had produced 8-Mev protons. The phone call resulted in the authors adding a footnote, raising the absolute upper limit to 12-Mev. They let stand the remarkable admonition that ". . . it seems useless to build cyclotrons of larger proportions than the existing ones." The cyclotron builders in Berkeley, including at this time one Robert R. Wilson, apparently did not let this advice deter them because they went on to build in the next year a 60-inch cyclotron which spit out 16-Mev deuterons.

In 1939, E. O. Lawrence announced plans for a 100-Mev cyclotron. In arguing the case for this cyclotron before the Rockefeller Foundation, Lawrence claimed that such a machine could produce the mesotrons of Yukawa, and thereby unlock the secrets of the nuclear force. The 184-inch cyclotron was, with the hiatus of World War II, finished in 1946 and produced 400-Mev α-paricles. In 1947 a search for π-mesons was begun, and in 1948 artificial production of π-mesons finally was demonstrated. Thus began the enterprise of doing elementary particle physics with large accelerators that

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has its culmination at Fermil National Accelerator Laboratory.

This story illustrates that even brilliant physicists can be wrong when they say something can't be done. Unabashed, though, Professor Hans Bethe still seems anxious to share his views of what can't be done. Together with three other professors, he recently assured the readers of Scientific American that a defense against ballistic missiles is a technological mirage.

I disagree.

Actually, I do agree with those authors on one basic point. Unlike previous technological challenges, like the airplane or the hydrogen bomb, one is not just trying to defeat nature, so to speak, but a determined and possibly clever human adversary. Consequently, I agree that a flexible offense is probably always superior to any fixed defense. But I strongly disagree with Professor Bethe and his colleagues about their contention that a defense against ballistic missiles could never work well enough to make some contribution to our national security.

There are two basic issues involved here: technological feasibility of a ballistic missile defense and whether such a defense system would contribute to national security.

TECHNOLOGICAL FEASIBILITY

There are really two questions of interest. First, is it possible to build a defense against the offensive ballistic missiles already deployed? Second, what could the offense do to defeat such a defensive system? The answer to the first question is quite important in itself because of the large proportion of Soviet ballistic missiles used as first-strike weapons.

With technologies already invented and under development, one could build a defense against existing ballistic missiles that would be at least 99.9 percent effective. The key technologies that make this possible are the nuclear explosive-pumped X-ray laser, highpower XeCl or free-electron lasers, laser-guided projectiles and electron beams, and supercomputers on a wafer.

The first two technologies provide the ability to project large amounts of energy over long distances at the speed of light. When people say traditional defensive systems are not very effective, keep in mind that traditional defensive systems use projectiles not moving much faster than the objects being shot at. Projectiles moving at the speed of light are moving 40,000 times faster than the speed of ballistic missiles. Of course, there is the well-known problem of providing a line of sight to the target. With the possible exception of putting nuclear-pumped X-ray lasers into Earth orbit, the current limitations on putting large amounts of mass into orbit probably means that defensive systems must be deployed on the ground.

This presents certain problems if one wants to attack ballistic missiles during their boost phase. Contrary to what some critics suggest, though, there is no insurmountable time problem in doing this. With a 10-g acceleration rocket, one could reach the required line-of-sight altitude, approximately 500 kilometers in about 100 seconds. This leaves about three minutes before the current generation of ballistic missiles begin to unload their re-entry vehicles. This should be plenty of time to respond; if the Soviets simultaneously launched 1,000 missiles, one should respond instantly. If the attack were spread out, the warning time is correspondingly increased, while the missiles launched initially could be attacked either in midcourse or over the U.S.

The general scheme for a strategic defense is to provide a first line of defense with nuclear pumped X-ray lasers either popped up from submarines, or placed in high earth orbits, a second line of defense by high-power, ground-based lasers, perhaps bouncing their beams off mirrors popped up into orbit, and a third line of defense by X-ray lasers shooting downward and rocket or electromagnetically launched projectiles shooting upward.

The operation of a strategic defense system obviously will require enormous data-processing capabilities. Fortunately, extrapolation of current technological trends suggest that the needed capabilities will be well in hand by the end of the century. A company in Israel already makes a machine that can scan a printed circuit board in a microsecond and using artificial intelligence techniques, spot any defects. In addition special-purpose, pattern-recognition CMOS computers for robotics applications are already on the drawing board. The computers capable of 10^{11} VAX-equivalent operations per second. Pattern recognition computers, two orders of magnitude faster, on a wafer using bipolar logic are just around the corner.

Critics may point to the failure of Trilogy. However, new techniques such as laser pantography have appeared that promise to overcome the difficulties Trilogy faced. By the end of the century, we comfortably can expect wafer-sized, fifth-generation supercomputers, capable of directing an attack against hundreds of thousands of warheads and decoys, to be available.

COUNTERMEASURES

Bethe and Richard Garwin claim that a strategic defense is unworkable because there are simple things the offense can do to defeat the defense. This may be so, but nothing Bethe and Garwin have suggested fits into this category. The countermeasure most often mentioned is fast-burn boosters. There is little doubt that on the time scale that a defensive system could be built that the current rocket boosters which burn out well above the atmosphere could be replaced with boosters that burn out at much lower altitudes. However, because of atmospheric drag neither re-entry vehicles nor decoys could be deployed below an altitude of 100 kilometers.

Because the buses carrying the re-entry vehicles and decoys are vulnerable to attack, this mode of operation does not prevent one from destroying the re-entry vehicles before they and their decoys are separated. In fact, the payload may be even more vulnerable to attack in the case of a fast-burn booster since a bus traveling at high speed through the upper atmosphere has a unique UV signature. Because the time available for attacking the buses is relatively short (approximately 100 seconds), the payload of a fast-burn booster would be most easily attacked from orbit. However, a pop-up system using a high acceleration rocket also may be useful under some circumstances.

Another countermeasure often cited is the use of foils or aerosols to protect the re-entry vehicle against X-ray laser attack. Unfortunately for the offense, the weight of such a shield would be prohibitive if the direction of the incoming laser beam is unknown. Because an intense X-ray beam can ionize atoms in its path the propagation of an X-ray laser beam is fundamentally limited only by Compton scattering. Hence, it would take 10 tons of mass to provide a 4π Compton shield. Even if the X-ray laser beam were not bright enought to penetrate the shield, one has a scenario in which a sizable explosion goes off next to the re-entry vehicle. At the very least this might deflect the warhead off course.

A more clever countermeasure has been suggested by Sidney Drell. He proposed setting off nuclear explosions in the atmosphere to push part of the atmosphere into the line of sight of an X-ray laser beam. Although this might be of some efficacy against pop-up X-ray lasers, it is not useful against orbitally based X-ray lasers.

Time delays between the launches of offensive missiles provide another possible countermeasure. The cost effectiveness of nuclear-pumped X-ray lasers is largely due to their ability to attack many targets at once. One could deny the defense this advantage by spacing out in time the launches. However, the price an attacker would pay for this is the loss of surprise and fewer targets for the defense to deal with at any given time. This would be a disaster for the offense if the defense had sufficient reserve capabilities.

What about the issue of decoys? It is true it would be difficult to deal with thousands of decoys. However, it is not physically possible to begin deploying lightweight decoys at a sufficiently low altitude such that the vehicle deploying the decoys is not vulnerable to attack. Thus, by attacking the vehicles carrying the decoys to the top of the atmosphere, one could reduce the number of decoys substantially and thereby perhaps make it feasible to attack nuclear warheads in midcourse. Even if this does not prove feasible, it is possible to distinguish lightweight decoys from warheads when they reenter the atmosphere. In fact, there is approximately a 10-second window where the warheads would be clearly distinguished from decoys yet vulnerable to attack from space-based weapons. Ten seconds may seem to be a short time, but—for the kind of technologies we are envisioning—10 seconds is as good as a century. This 10-second window is very important because it permits defense of cities.

The critics of strategic defense, and even some bureaucrats in the Reagan administration, often have insinuated that it is not possible to defend cities, but only missile silos. However, the so-called terminal defenses for missile silos almost certainly would be useful only if the attack were previously thinned out, either initially or in midcourse. In any case, the marginal benefits of terminal defense probably are cancelled by having the warheads aimed at a particular place. Many seem to prefer defending missiles rather than people, but I believe either an entire nation can be defended against nuclear attack or nothing can be defended.

SUMMARY

Although the existence of an effective countermeasure to a strategic defense system cannot be ruled out, no one has yet demonstrated that the president's original proposal to make ballistic missiles "impotent and obsolete" is out of reach. In particular, a strategic defense system utilizing both orbitally based and pop-up X-ray lasers as a first line of defense seems hard to beat.

Would a defense against ballistic missiles really contribute to national security? A number of people have questioned whether a defense against ballistic missiles should be built even if it should prove technologically feasible. Whether nor not these arguments are correct, it is interesting that the Soviet Union has admitted publicly that the Strategic Defense Initiative induced them to resume arms control negotiations. Therefore, it seems to me that the possibility of providing a strategic defense already has proved to be of political value.

As to whether it is desirable to replace the current strategy of mutual assured destruction with a new strategy, I agree that one can have legitimate doubts as to whether a successful strategy should be replaced with an untried strategy. On the other hand, I can visualize circumstances where the current strategy would fail. For example, suppose there was an accidental launch, or a launch that the Soviet Union or some other country claimed was accidental. In the absence of a defense against ballistic missiles, what should the president do?

Another situation in which the present strategy would fail: an insane political leader comes to power and doesn't care about starting a war in which half the world's population dies. This particular situation is not unknown to history.

A most important consideration is the meaning of a civilized society. I am not thrilled with the idea of killing millions of innocent people for no better reason than perhaps the Soviet leadership is stubborn or incompetent. It seems much better to strike back at the forces or weapons that are directly threatening us. A little-known corollary of the Pershing II deployment in Europe is that it gives us the capability of insuring that the Soviet leadership will not survive a nuclear war. I applaud this, but as an adjunct we should also destroy the weapons that have been sent to kill us.

Can we save the world in the last 10 seconds? Yes. Not by wishful thinking—but by using our inventive capabilities to develop the means of destroying all missiles before they reach us.

SDI—The Hidden Opportunity

(By Dr. Joseph D. Douglass, Jr., and Dr. Samuel T. Cohen)

President Reagan's Strategic Defense Initiative (SDI) is an attempt to break out of the mutual assured destruction (MAD) logic that has dominated US strategic thinking for more than two decades. This type of thinking may have been acceptable when the United States ruled the strategic balance. However, the United States no longer rules the balance, and the major limitations of MAD as a vehicle for guiding force development have become increasingly clear. Accordingly, on March 23, 1983, the President proposed a way out—SDI.

Now, after two years of SDI planning, the program appears headed for trouble as Congress begins to cut deeply into the SDI budget. In a sense, this should not be much of a surprise. The vast majority of the Pentagon bureaucracy has opposed the concept since its introduction, because all correctly see the SDI cost coming out of "their" budgets. The prior leadership oppose the concept, because it represents a negation of their assured destruction policies. And, the present leadership beneath the President has short-changed the concept by couching their support mainly in well-intentioned but currently unattainable objectives. For example, SDI will make nuclear missiles obsolete and SDI will protect the population. Congress, to its credit, is rightfully skeptical.

How SDI should be judged, depends on its role. Unfortunately, its "role" has not yet been adequately defined in operationally meaningful or strategic terms. This problem is exacerbated in the current development process because SDI is being developed and evaluated mainly as defense against ballistic missiles and as defense in isolation.

But the operation of SDI depends on the operation of other elements of the strategic forces. All the forces need to operate together as part of an integrated strategy. This brings up what may be the most central part of the problem, US nuclear war strategy. SDI needs to fit into the strategy. Accordingly, and practically by definition, the U.S. strategy needs to be redefined. The reason is obvious. The current strategy does not allow for defense. It is an offense-only strategy that was developed under a policy of mutual vulnerability, that is, of defenselessness.

SDI'S ROLE

The essence of successful strategy is to defeat the enemy without war, as ancient Chinese military philosopher Sun Tzu counseled centuries ago. One's strategy should seek to defeat the enemy's strategy.

The dominant US nuclear goal is to prevent or deter war. To do this, it is essential to understand the Soviet strategy in going to war and to defeat that strategy. The issue is not retaliation or assured destruction. The issue is what is the Soviet strategy and how do we defeat it. This is most important now because for the first time we face the possibility of defeating Soviet strategy without needlessly resorting to such artifacts as mutual annihilation.

Soviet strategy for war calls for the execution of a surprise first strike. The Soviet view of first strike is one in which the enemy, the United States, is caught unaware. Their objective is to destroy the majority of our forces before we can successfully mount an organized and powerful counterstrike. Aside from responding to a perceived US first strike, a most unlikely event, it is extremely doubtful that they would initiate a nuclear attack unless they believe they had an extremely good chance of executing a successful surprise first strike. This is not only nuclear common sense; this is Soviet strategy.

To deny the Soviets confidence in being able to achieve a first strike capability would be a highly significant contribution to deterrence. So much so that it probably should be regarded as the sine qua non of US deterrent strategy. It would be nice to be able to ride out a Soviet attack and respond at our leisure in the aftermath. However, Soviet strategy and capabilities have made such a responsive strategy unrealistic and impossible, unless one is advocating de facto capitulation. Accordingly, the minimum (but most important) US requirement is for a highly effective SDI optimized first to ensure the ability of the United States to launch a deliberate, organized, powerful counterstrike while under attack or, more precisely, at the beginning of the Soviet first strike.

Further, in this context, the need to consider all defensive measures in addition to ballistic missile defenses during the SDI development and evaluation process becomes increasingly clear. Even an extremely effective SDI against ballistic missiles will not suffice by itself if the Soviet first strike can be achieved by other methods—for example, cruise missiles or bombers. Similarly, implicit in the need for SDI is the need for greatly improved US internal security capabilities to guard against sabotage.

SECONDARY ROLES

There are two secondary roles for SDI: help preserve US residual forces, or strategic reserves, that is, those not designed and developed to be the initial US counterattack response, and help limit damage to the United States in the event of war. The emphasis is on the word "help" because SDI can contribute to both objectives, preserve residuals and limit damage, but in both cases, the major contribution—certainly in the near- and mid-term—has to come from other means, specifically, from the manner in which the offensive reserves are designed and from other defensive measures.

The problem with the US offensive "reserves," is that most were not developed as reserves, as that term is traditionally used, and did not foresee the manner in which the Soviet threat would develop. This is obvious in the case of the land-based forces and less obvious, but also true, of the sea-based force. Reserves do not suddenly become reserves simply because someone such as the Secretary of Defense decides some elements of the force are now "reserves." Reserves have to be designed as reserves from the ground up. Fixed site, vulnerable missiles dependent on electric power that may disappear after a day or a week, submarines with communications likely to rapidly disappear, and bombers devoid of covert recovery bases do not constitute effective reserves. It makes little sense, a priori, to look for defensive forces to eliminate obvious offensive vulnerabilities that can be corrected more cheaply and dependably in other ways.

Similar problems are even more evident in the case of limiting damage to the United States in the event of war. SDI can and would contribute, but the major tasks lie elsewhere. As the situation currently exists, in the event of a Soviet nuclear attack, there would be tens of millions of casualties. And most of them would be collateral casualties—that is, casualties that are the indirect effects of attacks on other targets. The most obvious way to save lives cheaply is through a well thought-out, reasonable civil defense and recovery program, one that is based on a careful analysis of Soviet strategy. The concept of building an SDI to "protect the population," without recognizing and acting on the fact that the major contribution has to come from other measures, simply does not make strategic sense.

THE SDI OPPORTUNITY

SDI has been touted as the way to make nuclear weapons obsolete. To better "sell" SDI, it has been proclaimed that SDI reduces our need for offense, that in SDI, offense is being traded for defense, and so forth. It is important not to let long-term political goals interfere with current, near-term and foreseeable future realities or to let catch phrases interfere with intelligent national security planning.

The basis of SDI as put forth by the President in March of 1983 is the belief that the US strategy and policy—the mutual assured destruction, mutual assured vulnerability, offensive retaliation only, and so forth—is no longer valid and needs to be revamped.

This is the essence and opportunity of SDI. It is a mechanism for challenging the way business is being done, or not being done, by all those elements that should contribute as a team to US national security—beginning with strategy and including offensive forces, internal security, civil defense, and active defenses against planes as well as missiles. All these elements need to be reassessed and placed in an integrated context in the process of bringing in SDI.

This is necessary if the president's objectives are to be achieved. This also may be an effective way to convince Congress and the public that SDI is not just another flight of fancy.●

ORDERS FOR MONDAY

Mr. DOLE. Mr. President, as I understand, we have a convening hour of 12 noon, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. Then under the standing order, the leaders have 10 minutes each, and I think we also have—do we have unanimous consent for special orders?

The PRESIDING OFFICER. Senator PROXMIRE, 15 minutes.

Mr. DOLE. I add to that Senators NUNN and GOLDWATER for not to exceed 15 minutes each, prior to the special order for Senator PROXMIRE.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Since the minority leader's motion to recommit was tabled today, there will be no cloture vote on Monday, not on that particular one.

ROUTINE MORNING BUSINESS

Therefore, I ask unanimous consent that the order for the time to be divided between the majority leader and the minority leader be vitiated; and I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond 1 p.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, following morning business on Monday, the Senate will resume consideration of the debt limit extension. Pending is amendment No. 738 in the second degree to the majority leader's motion to recommit.

There is also pending a motion to reconsider, which could bring about a vote on cloture tomorrow. So we could have three votes. I want Members to know that there is a possibility of three votes. One, in effect, would be another cloture vote.

Following morning business on Monday, the Senate will resume consideration of the debt limit extension, as I have indicated.

We have filed a cloture motion, so on Tuesday there will be another cloture vote; but I indicate to my colleagues that we can expect rollcall votes during the day on Monday.

Again I say that if, in fact, there is a proposal from the distinguished minority leader to the majority leader, I will, in turn, discuss that with my colleagues; and I hope there will be an effort to reach an agreement with House leaders as well as representatives of the President.

Again I caution everyone that it has to be meaningful or I will not be able to, and would not, seek any agreement on this side of the aisle. If it is not meaningful, all bets are off. If it is meaningful and we have a right to vote up or down on Gramm-Rudman-Hollings-Boren amendment, then I think we are in stiking distance of making some progress. Otherwise, we have to let the chips fall where they may.

RECESS

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move that, in accordance with the previous order, the Senate stand in recess until Monday, October 7, 1985.

The motion was agreed to, and at 6:12 p.m., the Senate recessed until Monday, October 7, 1985, at 12 noon.

SENATE—*Monday, October 7, 1985*

(Legislative day of Monday, September 30, 1985)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore [Mr. Thurmond].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Father in Heaven, I confess not knowing enough about what is happening here to pray relevantly. But, God of wisdom, Thou dost know what is happening. Thou dost know truth from error, honesty from deception, substance from procedure, merit from intrigue. Thou dost know the Senators, their motives, their consciences, their plans. And the Senators know.

God of Truth and Justice, with profound respect, admiration, and affection for the men and women of the Senate, I pray for these people I love, that Thou wilt keep them from attitude or action which demean public trust or jeopardize national interest. Guide them through these critical hours that they will do nothing which they will later regret. Help them to find the immense power for good and greatness they have in unity. In His name who is Truth and Love. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each.

I ask unanimous consent that the time of the distinguished minority leader be reserved and any time that I do not use be reserved.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOLE. That will be followed by special orders in favor of Senators Goldwater, Nunn, and Proxmire for not to exceed 15 minutes each; followed by morning business in which Senators are permitted to speak for not more than 5 minutes each.

Following routine morning business, the Senate will resume consideration of House Joint Resolution 372, the debt limit extension. Pending is amendment No. 738 in the second degree to the majority leader's motion to recommit. Rollcall votes can be expected throughout the day.

The majority leader did enter a motion to reconsider the vote by which cloture was not invoked on amendment No. 730, the Gramm-Hollings-Rudman amendment. That vote is expected sometime today. Additional rollcall votes could occur in relation to the majority leader's motion to reconsider the vote by which cloture was not invoked.

I would just say this: We have a meeting at 1:15 p.m. with the sponsors of the amendment, along with the chairman of the Finance Committee, Senator Packwood, and this is really his bill on the floor, and the chairman of the Budget Committee. It is my hope that we can make some report to the Senate following that meeting.

In the meantime, I hope to have an opportunity to visit with the distinguished minority leader. I have discussed procedure with the Republican leader in the House of Representatives, Congressman Michel. We have had an opportunity at a staff level to exchange views with the chairman of the House Ways and Means Committee through his staff.

I understand the President will issue another statement at noon today indicating the need for immediate action.

I have also requested the Treasury Department to send us a letter indicating that we are on the razor's edge. So hopefully that will be here before long. Hopefully, sometime today we will have some resolution of these issues before us. I am not optimistic, but certainly hopeful.

If not, then the crunch will continue through today and tomorrow, and again I would hope to have factual information from the Treasury Department on what is happening as the Federal Government has not been able to borrow money since October 1. Does it make any difference? That is one question to be asked. And if it does, is anyone suffering? Where is the impact? What will happen to Social Security checks that are in the mail? Will they and all other Government checks be ultimately honored?

We need to have that information available because I assume that if that should happen, there may be a number of people getting phone calls in the U.S. Senate.

But above all, we would like to complete action and move on to the reconciliation bill this week. That will take considerable time.

Someone indicated to me that people say we have not had enough time to discuss this. This is only one bill. We have had about 22 hours on the floor in discussion so far. We could have another 7 or 8 hours today.

Alternatively, the reconciliation bill, which covers literally hundreds of programs, by law has only 20 hours of debate. So if there cannot be an understanding of this one issue after 30 hours of debate, then I do not know how we are ever going to complete the reconciliation bill. Arguably, we could make the same argument that we did not really understand everything in the reconciliation bill.

It is one hope that we could satisfy some of the legitimate concerns of some Senators. On the other hand, there are some who will never be satisfied. Some will just want to make speeches and issue press releases and talk about the deficit and vote against every opportunity to reduce it.

It is obvious that the special interest groups are starting to gather. They are going to be all over the Capitol saying this is a bad idea. And that is why I think it is urgent that we try to come together on a procedure for completing action on the debt ceiling as well as the Gramm-Hollings-Rudman amendment and the amendment to be offered, as I understand, from the other side, the Byrd-Chiles amendment, which in many ways is similar to the Gramm-Hollings-Rudman-Boren amendment.

At this time I would indicate to my colleagues that there probably will be a vote somewhere between 2:30 and 3 p.m. I reserve the remainder of my time.

RECOGNITION OF SENATOR GOLDWATER

The PRESIDING OFFICER (Mrs. Kassebaum). Under the previous order, the Senator from Arizona [Mr. Goldwater] is recognized for not to exceed 15 minutes.

DOMINANCE OF THE BUDGET PROCESS: THE CONSTANT QUEST FOR DOLLARS

Mr. GOLDWATER. Madam President, today, Senator Nunn and I give the fifth in our series of floor statements on organizational and procedural problems in the Department of Defense and Congress. Last week, we spoke of problems in Congress—because we are a large part of the problem—and we spoke of problems in the Joint Chiefs of Staff, the Unified Commands, and the Office of the Sec-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

retary of Defense. As I explained to my colleagues, these speeches are based on a study by the staff of the Armed Services Committee concerning organizational problems in the Department of Defense which began 3 years ago under Senator TOWER and Senator JACKSON. Senator NUNN and I have continued that study. It began, is continued, and I hope will be concluded, in a totally bipartisan spirit.

Before I begin this morning, Madam President, let me take just a moment to talk about the American fighting man. In the late 1970's, the country finally woke up to the fact that we had permitted our Defense Establishment to languish while our principal adversaries rapidly expanded theirs. Senator NUNN and I had been sounding this alarm for some time. This led to widespread support in the country for increasing our defense capability. Therefore, beginning in 1979, we began an unprecedented peacetime buildup of our Armed Forces. And, Madam President, I am proud to report that our investment has paid off. In many ways, we have never had finer soldiers, sailors, airmen, or marines. They are better educated, better trained, better equipped, and better led than at any time in the past. Their morale has never been higher and their spirit of patriotism and pride is extremely high. When called upon, they have fought bravely and with great skill. Madam President that is not just my conclusion. All of the members of our Armed Forces, from the buck private to the Chairman of the Joint Chiefs, agree with these conclusions. I know because I have talked to them.

The statements that Senator NUNN and I have been making, and the study being prepared by the committee staff, absolutely do not reflect on the men and women in our Armed Forces. We are not questioning their integrity, courage, dedication, or professionalism. However, there are organizational shortcomings which seriously hamper their effectiveness. And it is those problems that are the focus of our concerns.

Madam President, as I have previously explained to my colleagues, our committee has formed a task force to examine these issues. The staff of our committee has drafted a lengthy staff study on these problems. The task force has been briefed on the study, but has not approved or endorsed the study. It is a staff, not a committee, product. But it is a first step in the examination and debate of these issues.

Our task force wants the best possible advice as we begin this process. Therefore, Senator NUNN and I invited a very distinguished group of outside experts to a meeting this past weekend at Fort A.P. Hill in Virginia to consider the draft staff study. The task force met with the group, which included two former Secretaries of Defense, two former Chairmen of the Joint Chiefs of Staff and chiefs of service, and numerous other former senior officials, both military and civilian, and leading scholars. Well, Madam President, the meeting was a great success. It was an extraordinarily productive session. Not all of the experts agreed on all points and, at times, the discussion got rather heated. But there was a consensus that there were serious problems that needed to be fixed and that the analysis in the study was essentially correct.

Before I turn to the subject of today's speech, I would like to point out to my colleagues that page 1 of yesterday's New York Times carried a story based on the speeches that Senator NUNN and I have been giving. It was headlined, "Two Key Senators Join in the Assault on the Military." The article was, I thought, an accurate reflection of what we said, but I would like to caution my colleagues that the headline does not convey what Senator NUNN and I have been trying to accomplish. We are both very ardent supporters of a strong defense and of our Defense Establishment. We do not wish to assail the Pentagon, but only to point out that there are management problems which, if corrected would strengthen the Department of Defense because we would have far more efficient forces. We could get, as President Eisenhower used to say, "More bang for the buck." And, as the Pentagon faces the constraints of fiscal reality for the forseeable future, we must get more bang for every buck we spend.

Let me now turn to the subject of today's speech which illustrates that point very nicely: That is, the predominance of the programming and budgeting process in DOD. The current programming and budgeting process in DOD does not permit us to get the most bang for the buck. The Department of Defense is preoccupied with chasing after resources. More time is spent preparing plans for the next budget than for the next war. Key civilian and military leaders in the Defense Department spend far too much time in their quest for dollars.

The preoccupation creates several key problems which run throughout the system. It draws attention away from more fundamental questions of military strategy and contingency planning. It has turned many in the professional officer corps into business managers instead of warriors. It distorts planning by elevating the importance of near-term goals at the expense of long-term objectives. It favors investment programs over readiness.

I will outline how this situation has developed, how it prevents DOD from developing effective military strategy, and turns our warriors into business managers. Senator NUNN will then discuss the way the system favors near-term over long-term decisions and investment over readiness.

BACKGROUND

In the first decade of the Department of Defense, resource allocation in all its phases—planning, programming and budgeting—was irregular and largely uncoordinated. The military departments prepared individual programs in pursuit of their own service-specific interests. There was limited integration across service lines and limited guidance from the Secretary of Defense.

This changed in 1961 when Secretary of Defense McNamara introduced a new planning, programming, and budgeting system, whose acronym is PPBS, to the Department of Defense. The PPBS system became, and remains, the fundamental decisionmaking framework for all Department of Defense programs.

The concept of the PPBS system is simple. Based on national policy and anticipated threats to national interests, a strategy is adopted. Once the strategy is established, force requirements and plans are developed. Based on these requirements and plans, programs are developed to acquire the personnel, equipment, facilities, property, and so forth over a designated time period. Once the programs are established, the PPBS system budgets the financial resources required to implement them. Because of the long-term nature of defense programs, the PPBS system incorporates planning, programming, and budgeting decisions that reach over a 5-year period into a document known as the Five-Year Defense Plan.

This programming and budgeting system has become the fundamental framework for DOD decisionmaking. It has been remarkably successful in controlling the free world's largest and most complex organization, the Department of Defense. Without question, the Department of Defense stands above the other departments of the Federal Government in this system for resource allocation.

There is, however, a lot of problems with the Defense Department's resource planning and budgeting system. People criticize DOD for finding $4 billion in savings. I should point out that these savings came from budgets that were put together 3 and 4 years earlier. There is not a single Member of the Senate who is capable of budgeting with precision how much he or she will need to replace the roof on his or her house 4 years from now, or the month he or she intends to replace his car, with what model and at what cost. While I think DOD can and should improve their estimating procedures and should not cause serious public perception problems by turning up $4 billion windfalls, we must recognize that it is a complex system.

The criticisms of just the estimating problems, Madam President, miss the big picture. The real problem with the PPBS system is that it has elevated financial issues to a preeminent position in the day-to-day activity of DOD. General MacArthur said, "There is no substitute for victory." I say to the Pentagon, budget policy is no substitute for defense policy. The PPBS system insures that budget policy will crowd out defense policy.

This is not entirely their fault. The Congress must share a major part of the blame. At roughly the same time that DOD implemented a long-range planning and budgeting system, the Congress started insisting on annual budgets. We have already discussed the significant problems in Congress that adversely impact DOD. The Congress' preoccupation with annual budgets shifted the emphasis in the DOD management system away from long-range planning to short-term budgeting.

FAILURE TO CONDUCT STRATEGIC PLANNING

What are the consequences of this preoccupation with resources?

The fundamental problem is that it diverts attention from the more fundamental question of developing an effective and coherent strategy. A senior DOD civilian official during the Carter administration criticized the lack of strategic planning this way, and I quote:

> There is all too little systematic strategy making in DOD, except in the strategic nuclear arena. Instead, the reality is best characterized as a piecemeal, irregular, highly informal process, largely driven by cumulative program decisions influenced more by budget constraints and consequent interservice competition than by notions of U.S. strategic priorities.

Madam President, it would be a mistake to say that DOD does no planning. Indeed, they spend hour upon hour, day upon day, planning. They are planning the wrong things, however. I am convinced DOD spends most of its time deciding which approach will be most successful in selling a program to the Congress. Congress fuels this by dwelling endlessly on these resource issues. I am beseiged by lobbyists trying to get the Armed Services Committee to intervene in some decisionmaking process in DOD. So let me say at the outset, I do not blame the Defense Department or the services alone for this problem.

This preoccupation turns strategic policymaking in DOD on its head. Strategic policymaking should begin from the top with a coherent assessment of goals and plans, and then to detailed directions for individual projects. All too frequently, however, the strategy is merely a convenient rationale to justify the weapons systems that the services want to buy. It would be as if a professional football team had separate recruiting and coaching departments for each part of the team. If the quarterback department recruited and coached quarterbacks who were good at passing, but the department for running backs recruited 180-pound speedsters who could not catch passes or block, the team strategy would, by necessity, be to punt a lot. Maybe that is what happened to the Redskins. It is certainly what has happened to the Pentagon.

Theoretically, the PPBS system is supposed to avoid these kinds of problems. However, strategic planning in DOD is left largely to the Joint Chiefs of Staff who prepare the joint long-range strategic appraisal and the joint strategic planning document. Those two documents are sent to the Secretary of Defense who in turn gives specific guidance to the military departments for achieving the strategy.

Strategic planning by the Joint Chiefs of Staff is fundamentally flawed, however, because usually the Joint Chiefs just accept the programmatic plans of the services with no regard for costs, and calls it a strategy. Unconstrained by fiscal resource limits, the JCS strategy would require 20 to 30 carrier battle groups instead of 15 we are going to be lucky to get, 60 or 70 tactical fighter wings instead of 36 we have today, and the 40 wings we someday hope to achieve, twice as many active divisions in the Army as we have today. As I said, these plans are developed totally apart from the question of affordability. It could be said that the JCS has never met a requirement that it did not like.

As a result, our strategic plans are totally unrealistic, and offer no guidelines for determining priorities in the actual allocation of resources. The military services can do their own thing, because everything they do is justified to meet JCS requirements. Inconsistencies can develop. Programs determine strategy rather than strategy determining programs.

BUSINESS MANAGERS, INSTEAD OF WARRIORS

A second consequence of this preoccupation with trying to find resources is that the military services are becoming more oriented toward business management than toward planning for and fighting a war. Our professional officer corps frequently behaves more like business managers than warriors.

Apparently, even many high-ranking military officers share this view. The Army recently conducted a professional development of officers survey, which found disturbing answers. Some 45 percent of the Army's general officers surveyed believe that senior Army leaders behave too much like corporate executives and not enough like soldiers.

In the same survey, a majority of the Army's officers felt that only half of their peers would make good wartime leaders. Not surprisingly then, four out of five Army officers, and two out of three Army general officers, believe that the Army's professional development system does not adequately prepare officers for war.

I refer to this survey, not to criticize the Army, but to congratulate it for trying to come to grips with this critical problem, and for candidly publishing the results. I urge the other three services to conduct similar surveys and face up to this problem as well.

The primary reason the officer corps thinks more like businessmen than warriors is because most of them are businessmen and not warriors in their day-to-day activity. A large portion of our officer corps is devoted to business activities of the services—running the "special project offices," "defense agencies," and acquisition commands and staffing offices and organizations, not to commanding forces. Of the 1,073 flag and general officers in the military services, only one in five—22 percent—actually command line units. An almost equal number—18 percent—are involved in logistics and material functions and in research and development activities. In the Air Force, there are more general officers holding jobs in logistics and research and development management—69—than commanding operational units—671.

At the end of World War II, there were 2,068 flag and general officers commanding over 12 million U.S. soldiers, sailors, and marines. Today, there are 1,073—almost half as many—commanding just over 2 million. There were two generals and admirals for every 10,000 enlisted personnel in 1945. Today, there are five for every 10,000 enlisted personnel.

As Senator Nunn observed in one of our earlier speeches, it takes more admirals and generals to wage peace than to wage war.

Now Madam President, it is important that we have able people managing resources in the Department of Defense, but I am concerned that the quest for and management of resources is diverting some of our best talent away from their primary responsibilities of planning and preparing for war.

Just as Congress has to disengage from its preoccupation with trivia, DOD has to disengage from its preoccupation with resources. This must be one of the critical goals of any reorganization plan for DOD.

We must change those organizational deficiencies in the Pentagon such as the planning, programming, and budgeting system which do not permit us to get the "most bang for the buck" in an era of declining resources and growing threats.

I am happy to yield to my friend from Georgia, Mr. Nunn, but before I do I want to reiterate, Madam President, through almost a lifetime of experience with the man in uniform, I have never known forces to be so patriotic, loyal, or well-trained as the forces we have in the field today. What we are shooting at is that layer of management up at the top that has grown because of this body here.

I yield the floor to Senator NUNN.

RECOGNITION OF SENATOR NUNN

The PRESIDING OFFICER. Under the previous order, the Senator from Georgia [Mr. NUNN] is recognized for not to exceed 15 minutes.

Mr. NUNN. I thank the Chair.

DOMINANCE OF THE BUDGET PROCESS: THE CONSTANT QUEST FOR DOLLARS

Mr. NUNN. Madam President, I want to underline and emphasize the points made by Chairman GOLDWATER, particularly in reference to our efforts in this reorganization study and our speeches on the problems we are trying to solve. It would have been more accurate if the New York Times headline yesterday had been "Goldwater and Nunn Make Efforts To Strengthen the Military." Instead the headline read "assault" the military. Of course, many people do not read beyond the headline. If they had read the whole story it would have put it in context. But that headline was precisely the opposite of what we are trying to do. We are trying to strengthen the military.

We recognize the tremendous dedicated effort of hundreds of thousands of military personnel out there in the field. I do not think the quality of personnel has ever been higher. That is a real tribute to the men and women who are serving in the military today. The men and women in uniform are making tremendous efforts and sacrifices. We are striving to improve DOD organization, so that we can insure that their sacrifice is more effective, and improve our national security.

Madam President, I am pleased to join Chairman GOLDWATER as we deliver the fifth in our series of statements on the organization and decisionmaking procedures of the Department of Defense and the Congress. We started with the serious problems in congressional oversight of national defense. We gave a brief history of organizational problems in DOD starting with the Spanish-American War which underscores the point that our critiques are not aimed at current civilian and military officials or any previous administration. We are not seeking to assess any blame. We dealt next with the organization of the Joint Chiefs of Staff and the unified commands. It is worth noting again that this critique was about the organizations and not the military individuals who have served their country with distinction in these key jobs. We ended last week with a speech on the Office of the Secretary of Defense and the failure to integrate defense decisionmaking on a mission basis.

At the outset, Chairman GOLDWATER and I said we would be blunt and candid in describing the problems in the Department of Defense and Congress. We were and we will continue to call the shots as we see them based on an objective review of the facts. We are talking about our collective failure to organize efficiently in the way we use resources and in the way we carry out our military strategy.

These speeches we made were based on what has been a truly bipartisan 3-year effort started by Senators Tower and Jackson. It is important to understand the context for this effort. This is not an effort to cut the defense budget.

Far from it, Chairman GOLDWATER and I have supported sufficient funds in the defense budget to do the job.

This is not an effort to impugn the patriotism and fighting spirit of our men and women in the military. We are proud of those men and women and proud of what they are doing for our country.

Gen. Jack Vessey—who recently retired as Chairman of the Joint Chiefs, and served this Nation with great distinction in three wars—was absolutely correct when he said our military is more capable today than they were several years ago.

As a Democrat, I am proud to be able to say that. They are more capable than they were several years ago.

There have been significant improvements in military personnel. Modernization of our strategic and conventional forces is well underway. Key areas such as command and control have received real emphasis and improvements. I am not here addressing the issue of whether or not these increases in defense capability have been commensurate with the money spent on defense. That is a subject for another day.

Are we more ready than we were 4 years ago? The answer is clearly yes. There are serious questions however. Have we spent the funds in the most effective way or could we have spent them in a way which would have made us much more ready than we are today? That is the question.

Madam President, we must give credit where credit is due. There are improvements in military capability. We are not here for the purpose of looking back except in a historical reference to see where we are and where we should be going in the future.

We must assess our military needs based on our national objectives and the military threat we face.

Our vital interests must be protected. The threats to these vital interests have continued to grow even as our capabilities have grown.

It is perfectly consistent, although some people may not see it in the first analysis, to say that there have been great improvements. These are improvements in our own forces over time.

The more important question is whether our forces measure up compared to a potential adversary.

The gap, then, between national objectives and our military strategy and the capabilities and resources to support that strategy has grown. Madam President, these gaps will not be closed by additional resources alone, particularly considering the likelihood of relatively static defense budgets, especially in a period of large deficits that we all recognize.

I might add, the Chair has been very diligent in looking at the whole military arena in the last several years, and has been a real leader in advocating reform.

Madam President, this is an important point. We are talking about the future and how best to obtain the most effective and most efficient defense for the dollars that are available. In the words of the old cliche used by Chairman GOLDWATER: We need the most bang for the buck.

Madam President, in a period of fiscal constraints and in an era of growing threats, we must help close these gaps by insuring that our defense structure and congressional oversight are organized to permit the most bang for the buck. They currently are not organized to insure this result. With this background in mind, we turn our attention today to the planning, programming and budgeting system within the Department of Defense, which Chairman GOLDWATER has addressed.

I agree with Senator GOLDWATER that the DOD bureaucracy is caught on a treadmill chasing dollars; they are preoccupied with inputs instead of outputs. The internal machinery of the Pentagon is geared toward putting together and justifying the annual budget submission—that is the request for how much money we will put into the Pentagon each year. The Pentagon is measured by how much the budget increases—not by the all important question of what it produces in military capability. There are two key problems caused by the system's fixation with inputs that I want to discuss. The first is the way that this overemphasis on dollars favors near-term goals at the expense of long-term objectives. The second is that the system is biased toward investment at the expense of readiness.

NEAR TERM AT THE EXPENSE OF LONG TERM

The current preoccupation with resources inevitably favors near-term fixes at the expense of long-trm goals.

As with Chairman GOLDWATER, I fault the Congress for this as much as DOD. Congress is preoccupied with the annual budget and that forces DOD to emphasize one year at a time as well.

Because of the emphasis Congress places on the annual budget submission, there is a natural tendency within DOD to look seriously at only the current budget year. DOD is busy trying to get as much packed into 1 year's budget as possible and to get it approved by the Congress.

That is why this year's Defense Authorization Act contains a provision which I sponsored and which received unanimous support in the Armed Services Committee, which calls for the Department of Defense to begin a 2-year budget cycle beginning with fisal year 1988. I am convinced that this will be a major improvement and will give Congress more time to concentrate on oversight and the Department of Defense more time to concentrate on strategy. It should help break the fixation on 1 year at a time.

Another problem is caused by the use of unrealistic long-term planning assumptions in the guidance to the services prepared by the Office of the Secretary of Defense. Because of the long development period for many programs and the long time it takes to procure weapons and build ships, DOD puts their overall program together in 5-year increments—called the 5-year defense plan [FYDP].

Since ships, for example, take years to build, DOD has to know how much money is needed in the budget 3 years down the road to cover the construction of that ship. In fact, almost 40 percent of each year's spending—the outlays—is virtually "uncontrollable" since it is based on prior year commitments.

Incidentally, this is a very important aspect of the Gramm amendment or the Chiles amendment, and others, which we are going to have to consider. These amendments set aside spending categories based on things that are virtually uncontrollable and a large portion of the defense budget, in my view, fits into that category.

I consider the 5-year defense plan to be seriously flawed. The pending budget year is constrained by realistic resources, but the planned so-called outyears—that is the years beyond the budget years—of the budget float to unrealistically high levels. While the current year ends up in the realm of the possible, the outyears of the 5-year plan stay in the realm of the impossible. Programs constrained in the near term get well by "plans" for large real growth in the future. In this dream world approach, everything fits. When everything fits, there is little need to focus on priorities, to require trade-off between the services, and to force more joint approaches.

I have questioned top executives in this country, "what if your 5-year corporate plan showed, as the defense plan does, growth averaging about 5 or 6 percent in real terms, but instead of that happening, you ended up with zero real growth? Now would that affect your priorities and your ability to manage your money?"

Universally all of them answered it would be absolutely devastating and "we would have to adjust our 5-year plan very rapidly to adjust to reality."

That has not been done in the defense budget and is not being done.

Let me say this is not a problem unique to this or any previous administrations—Republican or Democratic. Both have demonstrated this key weakness in the FYDP. Under the Carter administration, DOD was forced to use unrealistically low inflation forecasts. The effect was to overstate the level of real funds that would be available for programs in the out years, because most "real" funds would be required to finance unbudgeted inflation. The Reagan administration has also demonstrated this problem, not by underestimating inflation but by overstating likely real growth. Again, the effect is to give an unrealistic forecast for future defense spending in the out years.

In other words, in the Carter years DOD underestimated inflation. The Reagan administration has, if anything, overestimated inflation and that has provided a modest cushion. But in the 5 years of this administration, DOD has greatly overestimated the rate of growth, and that has resulted in the same thing as the Carter administration. The current FYDP shows out year real increases significantly higher than could possibly be attainable in the current economic and deficit environment and our understandable concern about the very large deficit.

Under these conditions, the services start more programs than they can afford to buy at efficient rates.

I shall use this term several times during the course of this presentation and in future presentations. The cost of weapon systems is determined by a lot of things. Contractor overhead is a large part of the weapon cost. If you do not produce weapons at efficient production rates, you are in effect wasting a very large amount of money in overhead. If we bought weapons at more efficient rates, the overhead burden is reduced tremendously.

Almost all programs can fit in the budget when they begin, but are often budget busters by the time they go into production. The services delude themselves to think they can afford to buy all of the new starts because they fit in an unrealistic 5-year plan. The problem is we never achieve the 5-year plan. As the Pentagon has to adjust the plan downward as it moves into the current year, significant inefficiencies occur.

This is one of the reasons why program stretchouts have become a fact of life in DOD procurement. Of the 92 major weapon systems or production lines contained in the fiscal year 1986 request, 29 were stretched out or deferred compared to plans announced only last year. DOD stretched out 22 problems in fiscal year 1985, driving up costs on those systems by more than $3 billion. In other words, Madam President, $3 billion went not for increased combat capability, not for more units of equipment, not for improved readiness—but to buy the same program which became more expensive because DOD plans to purchase those units at inefficient rates incurring higher costs. Since 1982, the Air Force has been able to procure only two-thirds of the quantities projected for major systems.

In other words, one-third of what was projected in 1982 has not been purchased.

The other two services fared somewhat better, though we consistently fall short of our objectives. Stretchouts and deferrals result in inefficient expenditures of defense resources. Yet the current FYDP, with its unrealistic outyears, drives the system to these inefficiencies.

This is why we have so many weapon systems in production at inefficient production rates. To use the example of combat aircraft and helicopters, the Navy on the average is producing aircraft at only 38 percent of maximum efficient economic production. The Air Force is at 58 percent while the Army is at 52 percent.

I think that is why our weapons systems costs per unit are going up so much.

We have so many systems in production at inefficient rates because we start more programs than we can afford. They seem affordable because only 1 year is constrained by realistic resource levels.

Usually, the first year of a production program is "affordable." But the cost of a system grows and grows in the outyears. This year provided a graphic example.

Almost every combat system is being manufactured at inefficient production rates. Four of the 12 combat aircraft in the Navy are being produced below minimum economically efficient rates, for example. Despite this systematic inefficiency, DOD requested—and Congress approved in the fiscal year 1986 authorization bill—continued development of five new giant programs that constitute a massive mortgage on the future. These five programs—the Army's LHX helicopter, the Navy's JVX tilt-rotor aircraft and advance technology aircraft, and the Air Force's C-17 transport and advanced technology fighter—cost only $1.3 billion this year. But these five programs are currently projected to cost from $180 to $200 billion. This is like making a down payment of less than 1 percent on a house on which you know you can't afford to make monthly mortgage payments.

There are other numerous signs pointing to a very worrisome future, evidence that our preoccupation with this year's problems are masking serious long-term difficulties.

Uniformly across the services, the average age of our combat systems is increasing because we cannot afford to replace older items on a one-for-one basis with new systems. These new systems are just too expensive to buy in quantity.

We are finding we cannot afford the increase in force structure we so optimistically projected 5 years back. The Air Force planned to have 40 tactical fighter wings by 1986 and 44 by 1990. Now they will be lucky to get 40 by 1990 and they have abandoned the goal of 44 entirely, I understand.

The Navy is close to achieving a 600-ship fleet, but we will have to commit at least 3 percent real growth per year for the next 10 years just to sustain this increase. I think it would be great to get 3 percent real growth each year for the next 10 years.

I am afraid that is very unlikely. If we do not get that 3 percent annual real growth, the 600-ship Navy will be a fleeting achievement, no pun intended.

Our optimistic plans for modernization are almost always dashed by budget constraints and cost increases. Under original plans, the Navy planned to buy their LAMPS III antisubmarine helicopters in a 4-year period. Instead the program is going to take no less than 10 years. By fiscal year 1986 under original plans, the Navy was supposed to have completed 65 percent of its acquisition of the F-18 fighter. Instead, we are only 35 percent finished and 5 years behind.

Consistently, DOD and the Congress settle for short-term goals at the expense of long-term objectives. The fault, again, lies in three factors. The military departments are on a resource treadmill chasing the greatest amount of resources possible. Congress is preoccupied with micromanaging 1 year at a time rather than taking a long term perspective. And the Defense Department refuses to make realistic long-term plans for the future. All these things work together to favor near-term fixes at the expense of long-term objectives.

INVESTMENT OVER READINESS

The resource treadmill is also biased toward investment at the expense of combat readiness. The dominance given resource allocation in DOD naturally favors investment decisions, that is the purchase of hardware, programs in research and development, and military construction.

The military departments in Washington are investment-oriented, while the operating commands in the field are readiness-oriented. The operating commands worry about being ready to go to war today and the Washington headquarters primarily worry about the war we may have to fight 8 or 9 years down the road.

All that is necessary. You are not going to eliminate all of that. But you have to have a balance, and the question is, do we have the balance?

Yet it is the departments in Washington that plan, program, and defend the annual budget submission. We have already covered in an earlier speech how our wartime commanders in the field believe they have inadequate input and influence in the Washington decisions on the budget.

Investment expenditures on new combat systems are concentrated. The majority of the expenditures go to a relatively small number of businesses in distinct geographical regions. These businesses, as would be expected, lobby hard to protect their programs in the budget. Readiness expenditures, by way of contrast, and decentralized, occurring widely throughout the economy and around the world. There are no businesses that sell readiness as there are who sell aircraft and ships. This naturally links Congress, the defense industries, and the military services together to favor procurement over readiness.

If a weapon system is challenged, the military department is reinforced by literally hundreds of lobbyists to defend it. There is no lobby for readiness.

This is why we spent $2.6 billion on attack submarines last year but didn't buy enough torpedoes to give each of them a full load. This is why have $45 million aircraft like the F-15 dropping World War II-era dumb bombs, because we cannot afford to buy sufficient quantities of modern munitions. This is why this year Congress directed the services to buy 560 million dollars' worth of aircraft that they had not requested and at the same time cut $655 million from aircraft spare parts and support equipment that they had requested. Spares and support equipment are essential to readiness.

REQUIREMENT FOR COMPREHENSIVE CHANGE

It is worth restating that three factors cause this state of affairs. The military services are preoccupied with a quest to maximize resources in the annual budget submission. Congress is preoccupied with micromanaging the annual budget. And the civilian Defense Department leadership refuses to establish realistic, stable, long-term plans for defense spending. This puts all of us on the resource treadmill together. The faster we run more we fall behind, since the goals in the 5-year plan are so totally unattainable. Unless we slow down this treadmill and bring the DOD planning, programming, and budgeting system down to reality, we will not achieve the desired goal of obtaining the "most bang for the buck."

The men and women out in the field, who are willing and do, indeed, risk their lives every day to defend us, deserve more of the system we give them. We are conducting this search for an improved system in DOD to support their sacrifices. Improving the organization of our defenses is the best thing that we, in Congress, can possibly do to partially compensate the young men and women who are making the sacrifices for our country.

Madam President, I am sure my time has expired. I yield whatever time I have remaining.

RECOGNITION OF SENATOR PROXMIRE

The **PRESIDING OFFICER**. Under the previous order, the Senator from Wisconsin [Mr. Proxmire] is recognized for not to exceed 15 minutes.

THE REPORT OF SENATORS NUNN AND GOLDWATER

Mr. PROXMIRE. Madam President, before Senator Nunn and Senator Goldwater leave, I want to say that I have had a chance to hear part of what they have said and I have read in the Record everything they have said. I am deeply impressed. I think all Senators are in their debt. There are no two Senators who have greater credibility. I have been in the Senate a long time, 28 years. No Senators, in my judgment, in all those years have had greater credibility with respect to our military forces.

Their timing could not be better. Yesterday, we made sure that we are going to vote on the so-called Gramm amendment, which I am going to support, and I understand that both Senators who have spoken are going to support. That is going to have a tremendous impact on the military, probably more than any other sector, especially in what Senator Nunn has just talked about, maintenance and readiness. It will have to all be taken out of outlays, and, as you know, you cannot reach procurement on outlays. You have to hit outlays in readiness, and so forth.

I have calculated that in this area, in 1987, that is, the year coming up that we are going to be working on this year in the budget, we are going to have to cut readiness and maintenance by about 12 percent or cut it somewhere else. This is going to be extremely difficult. I think both Senator Goldwater and Senator Nunn have shown us a way in which we can make some constructive cuts in this area. I do not think we can cut anything like that. Maybe we cannot cut at all. Maybe we should not cut anything. They have pointed out, for instance, the pathetic communications in Grenada between the Army and the Navy, the DOD pursuit of dollars rather than pursuit of what we have to develop. Senator GOLDWATER referenced just this morning the fact that we need not businessmen as officers but fighters, warriors who know something about war and concentrate on it and think about it, not think about business management primarily.

I understand it was pointed out that there are in the Defense Department eight layers between the Secretary of Defense and our troops in Beirut, so that any centralized command from Washington for changing our policies is virtually impossible.

What the Senators have brought to us this morning is extraordinarily helpful to us. I hope all Senators will have an opportunity to read those remarks in the RECORD.

Mr. NUNN. Madam President, I thank my friend from Wisconsin for his very kind and laudatory remarks. I must say I believe the number of layers between the President and the command in Beirut may be underestimated. I am not sure of the precise number, but I thought it was higher than eight.

Mr. PROXMIRE. The President is nine. With the Secretary of Defense it is eight.

Mr. NUNN. I will accept that, but I thought it may even have been more than that.

The Senator's point is well made. I want to comment on the relationship of all this to the pending Gramm amendment. I voted for cloture yesterday. I think we have to come to grips with our fiscal problems. We have a fiscal crisis in our country that is affecting our national security. If we do not have a strong economy, we cannot have a strong national defense or national security.

I want everybody to know I will probably support one of these amendments although I am not a cosponsor, but we better think very carefully about what we are doing in this area.

Our calculations—and I will be making a presentation on this today or tomorrow—indicate that if this amendment had been in effect in 1985, we would have had to take about $13 billion more than we took out of defense outlays after the fiscal year started. Now, that is outlays. That is not budget authority. A lot of people do not understand the difference. Budget authority is going to be spent out over a long period. Outlays are spent within the year.

The only way we could have done anything like that would have been to either cut some $50 to $60 billion out of procurement or we would have had to cut a combination of programs, including pay decreases, not refraining from increasing but pay decreases. We may have had to lay off people, in the tens of thousands, in the military. We may have had to limit the terms of the number of ships cruising the oceans. We might have had to have limited training flights by pilots. We would have had an enormous disruption.

I emphasize all of this would have had to have been done during the fiscal year after it had already started. The Gramm amendment would have required $13 billion reduction in outlays. So the Senator's estimate about a 12-percent cut in readiness for fiscal 1987 under this approach is probably right on the nose. It has enormous implications for our national security.

I saw in the paper yesterday where the President of the United States said he was all for the Gramm amendment and he had endorsed it, but he said he wanted to insist on 3 percent real growth for defense.

There is a message that the White House ought to get. The two goals—balanced budgets and higher defense spending without tax increases—are diametrically and totally incompatible. There is no way you can be for the Gramm amendment and also be in favor of 3 percent defense growth. It cannot happen. It is not a matter of philosophy, liberal or conservative. It is not a matter of priorities. It is a matter of arithmetic. All you have to do is look at the budget and add up the various categories. It cannot happen. So the President had better reassess his goals. In my opinion, there is no doubt we have to come to grips with this deficit.

If we pass something similar to the Gramm amendment or the Chiles amendment or the Johnston amendment, the President will be able to continue his plans of 3 percent real growth in defense a year, but he will have to face head-on a tax increase. There is no other way. He will have to face that choice. That is a choice the President does not want to make. He has not made it for 5 years.

When he endorses the Gramm amendment, he will have to recognize the implications. It is not 2, 3, or 4 years off. Next year, he will have to make those choices, and all of us will have to participate. It is not just the President. Congress will have to do it, also.

Mr. THURMOND. Madam President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. THURMOND. Madam President, I wish to take this opportunity to commend the able chairman of the Armed Services Committee, Senator GOLDWATER, and the able ranking minority member of the committee, Senator NUNN, for the excellent report they made today.

This is a matter of great importance not only to the Armed Services Committee and the entire Senate, but also to the entire country. The Defense Department spends the largest amount of any agency in the Government, except Health and Human Services, and it is highly important that every step possible be taken for us to get the full advantage of the money being spent.

This study has been going on for some time, and I believe it is going to result in great savings to the Defense Department and more efficiency.

(Mr. SYMMS assumed the chair.)

THE NITTY-GRITTY OF THE GRAMM AMENDMENT

Mr. PROXMIRE. Mr. President, this Senator intends to vote for the Gramm-Rudman-Hollings amendment and vote for it with enthusiasm. Why, then, have I voted twice against invoking cloture on this amendment?

I have voted against cloture in the fervent hope that the majority leadership would recognize the wisdom in the minority leader's plea for a hearing on this complex, far-reaching legislation. The majority leader has ridiculed this idea on the ground that Senators constantly vote on legislation without knowing what they are doing, so why should the vote on this amendment be any different?

The answer is that the pending amendment can only do the job all of us know we must do, if we understand it from the very beginning. The more thoroughly we understand this amendment, the more surely we can make it work—and it will be far more difficult to make the amendment work than most Senators imagine.

An overwhelming majority of the Senate will vote for this amendment, including this Senator. The amendment or something very much like it, will be adopted in the House and become law. So why not stop torturing ourselves, adopt it, and go back to business as usual? After all, the amendment permits a $192 billion deficit in 1986. Only 2 months ago, OMB was estimating a $170 billion deficit for 1986. So we have plenty of leeway. For this year, no programs will have to be cut significantly. For this year, we will not have to raise any taxes. We do not start any of that painful, tough, unpopular stuff until next year. We will not really get down to brass tacks on any of that until next summer and next fall.

What happens next summer and next fall? It is no secret. Next year is an election year. Thirty-four of our Senate seats and all of the House of Representatives are up for election. It is in the atmosphere of that election—

that struggle for control of the U.S. Senate—that the pending amendment will require Congress to reduce the deficit from $192 billion to about $151 billion. I am allowing, of course, for the statistically significant adjustment. That is a reduction of roughly $40 billion or 4 percent.

However, the way the amendment is drafted, all of the $40 billion must come from only $300 billion in outlays that will be available for cuts.

That means we must make 12 percent reductions in the only part of the budget we can touch. We cannot touch Social Security. We cannot cut interest on the national debt. We cannot cut contracts that have been made in the past years that require payment in 1987.

There are other large exemptions. Far and away, the biggest area of spending we can reduce is in the military. Does that mean we can cut spending for aircraft carriers, B-1-B bombers, the MX, and so forth? No, we cannot touch most military procurement. That falls in the untouchable $700 million that is not reached by outlays. It means we have to cut readiness, maintenance, personnel. Consider one account—military personnel, Marine Corps. A 12-percent cut, $600 million, means one of two things: Firing a number of marines or keeping the same number but cutting their pay. Will Congress cut marine pay 1 month before the election or lay them off?

Obviously, there will be areas of spending—big areas—like the Army, Navy, and Air Force maintenance and readiness, that we should not cut and will not cut. But then what happens? What happens is that we have to make even more savage reductions in education, in civilian pay, in agriculture, in environmental protection, in health research, in health delivery. What can we do to meet this situation? How can we avoid a deficit bigger than $151 billion in 1986 without cutting essential spending? Answer: We can raise taxes.

Get the picture? Late next summer, after wrangling about cutting any number of popular programs, Congress decides that it must raise taxes—3 or 4 months before the 1986 election. Do we? What do you think? No way, not before the election.

So, what else can Congress do? We can pass a waiver. We can decide that $151 billion was a mite ambitious, so we can pass a waiver next year raising the deficit from $151 billion to what we call a more realistic $175 billion or $180 billion. How many heroes are going to vote for that a few months before the voters go to the polls?

Of course, miracles can happen. No one can predict the economy. The country may enjoy the greatest growth year in history in the next 10 months. We may have such a remarkable improvement in personal income that tax revenues soar out of sight and the deficit dwindles in the current fiscal year, so OMB and CBO can estimate a continued zoom in income for 1987, without any painful spending cuts or tax increases. Under such happy circumstances, the deficit will—at least, on OMB and CBO projections—in the fall of 1986 come in for the next year on target. Most of us would agree that this miracle is a 100-to-1 longshot.

That is one miraculous possibility. It is not the only one. The country could suffer a shocking recession. Unemployment might soar, our business failures explode. With the country's heavy private debt, individual bankruptcies and home foreclosures might become common. Under those circumstances, the public mood might cry out for a waiver. It might be the most popular thing Congress could do. But this miracle is also a longshot—maybe 10 to 1.

Then, there is another miracle that could save us from the consequences of this bill. The country could go to war. It probably would have to be a bigger deal than Grenada. Hopefully, it would not involve the Soviet Union and nuclear weapons. But a medium-sized war—say, in the Middle East—would fill the bill. It would permit Congress to invoke the war clause in the amendment, and we would be off the hook for the 1986 election. I would call that miracle about a 50-to-1 shot.

Senators might disagree with my odds, but it is clear that it will take either a happy or a disastrous miracle to save us from the very grim 1986 political consequences of the pending amendment.

Mr. President, I started out by saying that I would vote for this amendment with enthusiasm. In view of what I have just said, where do I find my enthusiasm for what seems a very likely sadistic action? The answer is that this Senator views the deficit as such a serious cancer on our superb economy that unless we take the most painful and unpopular action, we will destroy the best economy in history.

In fact, this Senator would prefer a cold turkey, pay-as-you-go action right now, which is exactly what the distinguished Senator from Idaho [Mr. SYMMS], the present occupant of the chair, has said he also favors.

I would like to see us right now go on a pay-as-you-go basis. We might adjust until the first of the year, but at that point borrow no more. I think it would have a favorable effect on the economy and restore business confidence. But I must say that if we do, it is going to be very difficult to get done. In fact, of all the miracles I have just discussed accomplishing, that kind of cold-turkey treatment of our economy is the longest shot of all.

We will get the Symms vote and Proxmire vote, and maybe a few others, but we all know that it is not going to be done.

This Senator will predict, however, that the day will come in a few years when we will go that cold-turkey route and it will work. We have to do it, and I think that is the only way to do it.

That means raised taxes. That means go on a pay-as-you-go basis and borrow no more.

Argentina is doing it right now. It has been done by other countries in the past, and it is interesting in that when it has been done there has been an enormous public response in favor of it.

I think it can happen in this country, but, as I say, I think it is a little ways away.

WHY AN END TO NUCLEAR WEAPONS TESTING IS SO CRITICAL

Mr. PROXMIRE. Mr. President, every informed person on Earth must recognize that a nuclear war constitutes an ever increasing threat to the very existence of mankind. At the very least a nuclear war would end civilization as we know it. Certainly we in the United States have no more important obligation than to do everything within our power to prevent this supreme catastrophe. So what can we do about it? There is one action we can take which would do more to prevent the awful prospect of a nuclear war than anything any other nation can do. What is that action? It is to agree to comply with the pledge this country made in the Limited Test Ban Treaty of 1963, ratified by the Senate, and repeated in the 1970 Nonproliferation Treaty and in the 1974 treaty that limited the kilotonnage of underground nuclear weapon test explosions. The latter treaty was not ratified but was signed and it is viewed as a law of the land. That promise and pledge firmly and clearly committed the United States to negotiate with the Soviet Union a total end to nuclear weapons testing.

Why is an end to nuclear weapons testing so crucial to the prevention of nuclear war? William Epstein states the case very clearly in a superb article he wrote for the August 1985 Scientific American. Epstein contends that the Nuclear Nonproliferation Treaty that has played a major part in preventing the spread of nuclear weapons since it came into force in 1970 depends crucially on a good-faith effort by the two superpowers to negotiate an end to nuclear testing. Epstein points out that the Nuclear Nonproliferation Treaty, like the pledges in the treaties of 1963 and 1974, will require a halt to the testing of nuclear weapons. Epstein argues that most of the 128 signatories to the NPT view this provision as:

> Having priority over other measures of nuclear disarmament and that it is logical to stop the development of new nuclear weapons before undetaking to either reduce the number of or eliminate such weapons. Hence these nations regard a comprehensive test ban not only as the most important first step toward ending the nuclear arms race but also as the most feasible and most easily attainable measure to halt both the horizontal and the vertical proliferation of nuclear weapons.

Horizontal proliferation is the spread of nuclear weapons to nonnuclear states; vertical proliferation is the further development of nuclear weapons by the superpowers. Why is the further development of nuclear weapons likely to lead to the spread of those weapons? Because with improvement or "modernization" of the Nuclear weapons, they become lighter, smaller, and cheaper. Why does this increase the likelihood of the spread of nuclear weapons to nations that presently do not have them? Easy. After all, why do the nonweapon states now fail to build and deploy this open sesame to infinite military power, this ability to inflict total devastation on any nonnuclear neighbor that may have every military advantage except the possession of nuclear weapons? The answer: Since the dawn of the nuclear age, nuclear arsenals have simply been out of the economic question for most nations. A few economic powerhouses like Japan and West Germany have the obvious capability to build nuclear arsenals but live in the shelter of an effective treaty and with a treagic military legacy which since the end of world War II has effectively discouraged major militarization in Japan and Germany. But the day is coming with the potential development of such as antimatter bombs when the constant testing of nuclear weapons by the superpowers will bring on bargain-basement nuclear weapons. If we permit that to happen the proliferation business will explode and nuclear war will become a certainty. Just this year the U.N. Secretary General declared:

> It is of direct importance to the future of humanity to end all nuclear explosions. No other means would be as effective in limiting the further development of nuclear weapons.

The Nonproliferation Treaty now has 128 parties as signatories, more than any other arms control agreement. It represents the very heart of the effort to prevent the proliferation of nuclear weapons. It includes the great majority of the nonnuclear nations in the world. Many of those nations have become bitterly disillusioned with the failure of the superpowers to stop their continued nuclear weapons testing in spite of solemn promises engraved in the heart of three treaties to do exactly that. Epstein writes:

> . . . the non-nuclear nations regard a willingness to enter into a complete test ban as a definitive test of the intentions of the two super powers and of their will to live up to their obligations under the NPT.

Mr. President, why, oh why, in view of all this has the United States refused to negotiate a total nuclear weapons test ban treaty with the Soviet Union? The answer is very obvious to this Senator. This country has an immense technological advantage over the Soviet Union. That technology represents the heart of the U.S. military advantage in nonnuclear as well as nuclear military matters. It was just this year that the Under Secretary of Defense for Research issued a report to Congress that showed the competitive status of the 2 superpowers in what the Secretary called the 20 most important areas of military technology. Where did the two superpowers stand? The United States leads in 15—15 mind you—out of the 20. The two superpowers were roughly tied in five. The Soviet Union leads in none; zero, zip. Obviously, the United States has continued to widen its massive nuclear military advantage by continuing the research and development that hinges crucially on testing. Our Presidents have not been about to surrender this advantage by agreeing to end it. Think of it. Since the 1963 Limited Test Ban Treaty, the superpowers have conducted over 1,000 nuclear weapons tests, twice as many as they conducted before the 1963 treaty limited testing.

Is this in our national interest? Mr. President, this nuclear weapons race is a race in which there are only losers. We can stay ahead, probably way ahead. How then will we lose? We lose because the weapons we develop will become, as they have consistently become in the past, common knowledge and then common weapons in other countries. The Soviet Union will, as they consistently have in the past, develop similar or identical nuclear weapons shortly after the United States does. And the arms race contagion will surely spread to other countries as weapons become cheaper. Certainly a U.S. agreement to renounce nuclear weapons testing is not an easy answer. It is a very painful answer. It requires risk and the sacrifice of a clear advantage. But the best way to prevent a nuclear war is to negotiate an end to nuclear testing. In those negotiations we can and must insist on the most thorough and effective verification. We must commit our scientific genius to the refinement and the constant upgrading of this verification. It will also require an alert followup by the United States to bring up any apparent violation of the agreement in the Standing Consultative Commission. There is no more critical decision that the United States could make than to take this crucial step toward world peace.

Mr. President, I ask unanimous consent that the article to which I have referred from the Scientific American and entitled "A Critical Time for Nuclear Nonproliferation" be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

A CRITICAL TIME FOR NUCLEAR NONPROLIFERATION

(By William Epstein)

Every five years since the Treaty on the Nonproliferation of Nuclear Weapons came into force in 1970 the parties have convened to discuss how well the agreement is achieving its purpose. This month the signatories will gather in Geneva for the third time, at what will probably prove to be the most crucial meeting in the series. It is already clear that an overwhelming majority of the nonnuclear nations believe the nuclear powers, and in particular the U.S. and the U.S.S.R., have not made serious efforts to achieve arms-control agreements or reduce the size of their strategic forces and have thus failed to hold up their end of the bargain. Indeed, this conference is almost certain to be the first one confronted with a total absence of progress on nuclear arms control since the preceding review. The continued credibility—even the viability—of the treaty is therefore put in question.

The treaty (usually called the NPT) was designed to prevent both the horizontal and the vertical proliferation of nuclear weapons. Horizontal proliferation is the spread of such weapons to nonnuclear states; vertical proliferation is the further development, production and deployment of nuclear weapons by the nuclear powers.

The NPT is the cornerstone of a "nonproliferation regime" that the signatory nations have built up over some 30 years. In addition to the treaty the regime has four other main components: the International Atomic Energy Agency (IAEA), the partial-test-ban treaty of 1963, the Treaty of Tlatelolco of 1967 (creating a Latin-American zone free of nuclear weapons) and the Nuclear Suppliers Group.

The IAEA was established in 1957 to promote the peaceful use of atomic energy. The nuclear nations agreed to assist nonnuclear nations in the development of the peaceful uses of nuclear energy on the condition that the nuclear material or equipment provided not be used for the manufacture of nuclear weapons. Hence the statute of the agency constituted a sort of nonproliferation bargain between the nuclear and the nonnuclear countries. At the time the U.S., the U.S.S.R. and the U.K. were the only nuclear powers. France set off its first nuclear explosion in 1960, China its first in 1964. In 1974 India exploded a "peaceful nuclear device," which incorporates the same technology as a nuclear bomb. All six countries are members of the IAEA, together with 106 others that have not exploded nuclear devices.

The partial-test-ban treaty prohibits tests of nuclear weapons in the atmosphere, under water and in outer space. It permits underground tests that do not create any radioactive debris outside the boundaries of the testing state. The treaty also declares that the parties seek to end "all test explosions of nuclear weapons for all time" and will continue negotiations to that end. The treaty was concluded by the three original nuclear powers and now has 112 signatories. China and France are not among them.

It is noteworthy that the U.S. and the U.S.S.R. have conducted underground tests at a higher rate since the treaty than they conducted atmospheric tests before it. Consequently the treaty has turned out to be more of an environmental and health measure than a curb on the nuclear arms race.

The Treaty of Tlatelolco prohibits the signatories from making, testing, deploying or using nuclear weapons in Latin America. Cuba and Guyana are the only countries in the area that have not signed. (The treaty has 23 full parties but is not yet in force for Argentina, Brazil and Chile.) All five of the nuclear powers have signed a protocol wherein they say they will respect the treaty provisions and will not use or threaten to use nuclear weapons against the parties. This is the only treaty on nuclear weapons to which all the nuclear powers are parties, the only one that puts a legal limit on their right to make, test, deploy or use nuclear weapons and the only one forbidding such weapons in an inhabited area.

The Nuclear Suppliers Group consists of 15 nations (Western, Eastern and neutral) that seek to prevent the diversion of nuclear materials, equipment and technology to weapons. They set up restrictive export guidelines in 1974 and 1975. In 1977 a group of 66 suppliers and importers, with the assistance of the IAEA, expanded discussion of the arrangements in a meeting called the International Nuclear Fuel Cycle Evaluation. The aim was to minimize the danger of the proliferation of nuclear weapons without jeopardizing the development of nuclear energy for peaceful purposes. In 1980 the expanded group concluded that no technical measures could by themselves ensure the separation of peaceful and military applications in a way that would prevent the proliferation of nuclear weapons to additional countries. The group did envision some precautionary or ameliorative measures: the adoption of more effective and credible international safeguards and the establishment of regional organizations that might exert a restraining or deterring effect on nations edging toward nuclear weaponry. It seems clear, however, that such measures would not stop a determined nation from acquiring a capability to make nuclear weapons.

What, then, of the cornerstone of this edifice: the nonproliferation treaty? During the negotiations it was clear that both the nuclear and the nonnuclear countries wanted to prevent further proliferation. The nonnuclear countries insisted on a straightforward bargain: if they undertook to prevent horizontal proliferation, the nuclear powers must undertake to stop their vertical proliferation. Accordingly the preamble to the treaty recalled the pledge of the three nuclear powers in the test-ban treaty to negotiate an end to all testing, and Article VI obligated them "to purue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament."

The treaty came into force in 1970 and now has 128 parties—more than any other arms-control agreement. China and France have not signed the treaty; neither have some 40 other nations, including several that could make nuclear weapons now or will be able to do so soon. They include Argentina, Brazil, India, Israel, Pakistan, South Africa and Spain. Several of them are presumably avoiding the treaty because they have actual or potential national-security problems; others contend that the NPT is discriminatory, favoring nuclear haves over nuclear have-nots, and that in any case the provisions imposing obligations on the nuclear powers are not being carried out.

The continued refusal of some 40 countries, several with advanced nuclear programs, to become parties to the NPT tends to diminish the effectiveness of the treaty. Yet even the parties can withdraw on three months' notice. Therefore adherence to the treaty and acceptance of IAEA safeguards do not provide any absolute guarantee that a country will not at some stage decide to "go nuclear." (Under the terms of the treaty a conference must be held in 1995 to decide on the future of the treaty.)

Moreover, the treaty does not prevent nonnuclear countries from developing a capability or option of having nuclear weapons; it merely prohibits them from acquiring or making the actual weapons or explosive devices. The only conclusive proof that a country has done so is a nuclear test. A country could therefore prepare or acquire a small stockpile of plutonium or weapon-grade uranium without testing an explosive device and then begin testing after giving the required notice of withdrawal.

In the light of such possibilities the neutral and nonaligned nonnuclear countries regard a cessation of the nuclear arms race (the first obligation under Article VI of the NPT) as requiring a halt to the production, testing and deployment of nuclear weapons—in effect a freeze on nuclear weapons. Their view is that Article VI gives this objective priority over other measures of nuclear disarmament and that it is logical to stop the development of new nuclear weapons before undertaking to either reduce the number of or eliminate such weapons.

Hence these nations regard a comprehensive test ban not only as the most important first step toward ending the nuclear arms race but also as the most feasible and most easily attainable measure to halt both the horizontal and the veritcal proliferation of nuclear weapons. The reasoning is that with testing forbidden the nonnuclear countries would be unlikely to commit the resources required for a weapons program and the nuclear powers would not develop new weapons. Then over a longer term the deterioration of existing weapons would gradually make reliance on them less likely and their use less certain. Finally, the nonnuclear nations regard a willingness to enter into a complete test ban as a definitive test of the intentions of the two superpowers and of their will to live up to their obligations under the NPT.

From 1977 to 1980 the U.S., the U.S.S.R. and the U.K. did discuss a comprehensive test ban, but after making considerable progress they recessed the talks and have not resumed them. The reason is that the U.S. changed its position after the election of 1980, abandoning its long-time support of a ban and declaring that, although a test ban "remains an element in . . . [our] arms control objectives, we do not believe that, under present circumstances, a comprehensive test ban could help to reduce the threat of nuclear weapons or to maintain the stability of the nuclear balance."

This position did not go over well with the nonnuclear states. Their disappointment and frustration increased when the U.S. decided in 1982 not to resume the trilateral negotiations for a test ban, not only because of doubts about the verifiability of a ban but also because of a perceived need to keep testing new nuclear weapons. As the U.S. Arms Control and Disarmament Agency explained in 1983, "nuclear tests are specifically required for the development, modernization and certification of warheads, the maintenance of stockpile reliability and the evaluation of nuclear weapon effects." The UN secretary general seemed to lend support to the view of the neutral and nonaligned countries when he said earlier this year: "It is of direct importance to the future of humanity to end all nuclear explosions. No other means would be as effective in limiting further development of nuclear weapons."

Another component of the background of the NPT review conference is the record of the two earlier conferences (in 1975 and 1980). Both of them featured an unusual alignment. Sharing common interests, the U.S., the U.S.S.R. and the U.K. cooperated in resisting the demands of the nonnuclear countries, particularly the neutral and nonaligned nations (mainly of the Third World) known as the Group of 77. (The group now has more than 100 members, but the original name persists.)

At the first conference in 1975 the participants from the Group of 77 asserted that they had fully lived up to their commitments under the NPT whereas the nuclear powers had not done so. They emphasized the failure of the nuclear powers to implement the treaty's provisions for stopping the nuclear arms race and cooperating in the peaceful uses of nuclear energy.

The group made several demands, among them an end to underground testing, a substantial reduction in nuclear arsenals, a pledge not to use or threaten to use nuclear weapons against nonnuclear parties to the treaty and substantial aid to the developing countries in the peaceful uses of nuclear energy. Several of the nonnuclear nations allied with the U.S. and the U.S.S.R. were sympathetic to these demands. In the end the 1975 conference achieved a fragile consensus, expressed in a declaration in which the nuclear powers in effect promised to try harder to meet the demands of the nonnuclear countries.

In 1980, when the second conference was held, the nuclear powers had not met any of the demands. The conference failed to reach agreement on any aspect of stopping the nuclear arms race. The U.S. led the nuclear powers in refusing to make concessions on measures for the control of nuclear arms. As a result, even though the participants had achieved a consensus on plans to advance international cooperation in the peaceful uses of nuclear energy, the conference ended without a final declaration or even any formal reaffirmation of support for the NPT.

The outlook for this year's conference is as bleak or bleaker. The frustration of the neutral and nonaligned countries appears to be turning into resentment and anger because they believe the nuclear powers have misled them. These nations will no doubt renew their long-standing demands for a comprehensive test ban, nuclear disarmament, assurances that nuclear weapons will not be used or held out as threats against nonnuclear countries and greater assistance in the peaceful use of nuclear energy. It seems clear that they will concentrate more than they did in 1980 on pressing their view that the nuclear powers must stop vertical proliferation. Indeed, many members of the Group of 77 believe that an end to vertical proliferation is the only way to stop horizontal proliferation and that both must be halted or neither will be.

In the view of that group the situation has worsened considerably since 1980. The members cite the rapid pace of the nuclear arms race; the abandonment of negotiations for a comprehensive test ban and of talks on intermediate-range nuclear weapons and on the reduction of strategic arms; the spread of the arms race to earth orbit and near space; the unlikely prospect of early progress in the resumed talks between the U.S. and the U.S.S.R. on nuclear and space-based weapons, and the escalation of global military expenditures to some trillion dollars per year. Members of the group also cite the absence of progress over the past five years on any substantive issue of nuclear arms control.

At the same time the fear of a possible "nuclear winter" has helped to create the growing demand for greater efforts to reduce and prevent the risk of nuclear war and to end the nuclear arms race. Many governments, organizations and individuals are calling for a freeze on nuclear weapons, to be followed immediately by substantial reductions in nuclear forces, and for a declaration by each of the nuclear powers that it will not be the first to use nuclear weapons.

The nonaligned countries are therefore considering new approaches to their goals of first halting and then reversing the nuclear powers to the seriousness with which they regard the current situation and its impact on the proliferation problem.

One strategy under consideration relates to voting at the conference. The previous conferences operated on the basis of consensus, not purely as a matter of preference but because neither the nuclear powers and their allies nor the Group of 77 could muster the two-thirds vote needed to make a decision. In 1975 only 57 of the 96 countries then party to the treaty attended and in 1980 only 75 of 115. Most of the absentees were small nations belonging to the Group of 77. The group is therefore pressing for a larger turnout this year in the hope of assembling a two-thirds majority.

If the conference is able to muster a decisive vote, the decisions would not be legally binding on the nuclear powers or other parties to the treaty. Nevertheless, they would carry a good deal of political, moral and psychological weight. Their impact could affect the credibility of the policies of the three nuclear powers and also the viability of the NPT if the three powers failed to bring their policies into line with their treaty obligations. Some members of the Group of 77 believe their views should be put to a vote even if only a simple majority favors them.

Another scenario is envisioned by some members of the Group of 77. They would concentrate their efforts at the conference on ending the nuclear arms race and controlling nuclear arms. Discussion of such other issues as peaceful uses and international safeguards on nuclear programs and facilities and on traffic in nuclear materials and technology would be deferred or downgraded.

In a third scenario some members of the Group of 77 would consider walking out of the conference if it becomes clear that the nuclear powers are not ready to proceed with speed and diligence toward fashioning a comprehensive test ban and halting the nuclear arms race. A related idea is for some parties to threaten to give notice of withdrawal from the treaty unless the nuclear powers move promptly to implement their treaty obligations.

Also under consideration is the notion of not ending the conference if the discussions are fruitless. Instead of Group of 77 would call for a recess of a year or so as a means of exerting pressure on the nuclear powers to come up with positive proposals.

Going further, some members of the group talk of taking matters into their own hands by calling a conference to amend the test-ban treaty of 1963 in order to prevent all nuclear tests. It would only be necessary to delete the provisions that permit underground tests. The treaty stipulates that the depository governments (the U.S., the U.K. and the U.S.S.R.) "shall convene" such a conference if one-third (38 or more) of the 112 parties call for it. An amendment would have to gain the approval of a majority (57) of all the parties, including the depository governments.

One cannot suppose the nuclear powers, particularly the U.S. and the U.K., would approve an amendment prohibiting underground tests. Hence the amending conference would not create new legal obligations for the signatories. Nevertheless, majority approval of such an amendment would put considerable pressure on the three nuclear parties. A failure on their part to respond could have profound political repercussions.

How might the nuclear powers deal with the demands they will encounter at the conference? The U.S. and its allies (the Western group) appear to have no new strategies. They will probably content themselves with the policies they pursued at the previous review conferences. Doubtless they will again emphasize the importance of the treaty and stress the fact that it is in the interest of all states—nuclear and nonnuclear, large and small—to strengthen the treaty and enlarge the membership.

In addition they will probably emphasize again their willingness to expand their cooperation in the peaceful uses of nuclear energy and to provide assurances of supply to nonnuclear parties to the NPT. They will also again propose various plans for international arrangements to manage the nuclear fuel cycle better, to strengthen and improve the IAEA's system of safeguards and to make the entire nonproliferation regime more effective.

Doubtless too the U.S. and its allies will try to put a good face on the lack of progress toward halting the nuclear arms race or negotiating a comprehensive test ban. At the previous conferences they could claim some degree of movement in those directions. They cannot do so this time, but they can point to the recent resumption in Geneva of arms negotiations between the U.S. and the U.S.S.R. and to their stated desire for drastic reductions in the size of the nuclear arsenals. They may also maintain that President Reagan's strategic-defense initiative (the "Star Wars" program) points the way to the elimination of nuclear weapons by rendering them obsolete.

The Western nuclear powers are also hoping to achieve a consensus on a short and simple final declaration that would reaffirm the importance of the NPT in enhancing the security of all nations. The declaration would also reaffirm support for the treaty as well as the need to strengthen it with strict adherence to its obligations and goals by moving seriously toward nuclear disarmament and by providing greater assistance in the peaceful uses of nuclear energy.

The Western nations are fully aware of the demands of the Group of 77. They recognize also that the non-aligned nations are most unlikely to be satisfied with Western positions and proposals. Accordingly it seems likely that the Western nations will continue their previous reliance on a "damage limitation" strategy, wherein they will try to prevent defections from the NPT. Perhaps the best they can hope for is that the debates of the conference will proceed without undue animosity and confrontation and that the conference will end, as in 1980, without adopting any final declaration.

In aid of this strategy the U.S. initiated talks with the U.S.S.R. last November to coordinate nonproliferation efforts. The two nations have agreed to hold such talks every six months. The U.S. also arranged to meet with 12 other members of the Nuclear Suppliers Group to reaffirm their policies on nonproliferation and their restrictions on the export of nuclear material, equipment and technology.

The U.S.S.R. and its allies (the Eastern group) will have an easier time at the review conference. They support a comprehensive test ban, a freeze on nuclear weapons, no first use of nuclear weapons (which is tantamount to no use against nonnuclear states) and the prevention of an arms race in outer space. In addition the U.S.S.R. will no doubt emphasize its recent agreement with the IAEA to accept safeguards over certain peaceful nuclear reactors in the U.S.S.R. (The U.S. and the U.K. had already made such an agreement.)

Some members of the Group of 77 have expressed the hope that the Eastern group might even decide to side with them, thereby ensuring a two-thirds vote for a final declaration supporting their common positions. A declaration with that level of support would give greater legitimacy to the positions and put heavier pressure on the Western group. Such an alliance seems unlikely, however, because the U.S.S.R. believes in maintaining solidarity with the U.S. on policies toward nuclear nonproliferation and strengthening the nonproliferation regime.

It is noteworthy that notwithstanding the disagreements between the U.S. and the U.S.S.R. on other aspects of the arms race and arms control, both countries want to prevent the spread of nuclear weapons to more nations. Nonproliferation is the only area where the two countries have maintained a common front, whatever the current tensions between them or the current state of their relations in other fields. Still, the U.S.S.R. has the option of joining forces with the nonaligned states at the review conference in order to increase the pressure on the U.S. and the Western powers. The U.S.S.R. also has the option of abstaining on any vote, ensuring that the proposal would be adopted but would not have the formal support of the U.S.S.R.

It may also come about that the Group of 77 will round up enough supporters (without the backing of the Eastern group) to muster a two-thirds vote for a final declaration supporting the Group of 77 position. In that case the Western group would find itself in an uncomfortable and embarrassing position. Even if no declaration can be formulated and the conference ends, as it did in 1980, without a consensus, such a second failure would have a negative effect on the future of the NPT. Hence there may be considerable support for a move to recess.

Given the present position of the parties it is difficult to see how the conference can avoid a confrontation between the Group of 77 and the nuclear powers, mainly the U.S. That situation would serve not to strengthen the NPT but to weaken it, creating doubt and fear for its future effectiveness. As long as the treaty retains good credibility it exercises a restraining influence even on nonsigners who may contemplate acquiring or making nuclear weapons. Erosion of the treaty's credibility would make it easier for such countries to go nuclear. Since the treaty is the main bulwark against the further proliferation of nuclear weapons, the explosion of a nuclear device by even one or two more countries would put the entire nonproliferation regime in jeopardy.

PUTTING THE PAST TO REST

Mr. PROXMIRE. Mr. President, the Nazi Holocaust left deep emotional scars on many groups of survivors. One group, however, remains unique.

They are the twin children from the infamous Nazi concentration camp at Auschwitz. Records of the survivors liberated from the Auschwitz/Berkenau camp on January 27, 1945, show 157 twin children, among those released. They were all who remained of the approximate 3,000 twins who had entered the camp from 1943 to 1945.

The twins served as specially selected subjects for the brutal, inhuman experiments of Josef Mengele, the infamous Auschwitz Angel of Death.

Today, those twins make up the group CANDLES, which stands for children of Auschwitz, Nazi's deadly laboratory experiments. Many members of CANDLES kept silent over the past 40 years because they felt no one could share their thoughts and feelings. However many came to Auschwitz on January 27, 1985, for the 40th anniversary reunion of the liberation of the death camp.

On route to Auschwitz, many of the twins stopped at Yad Vishem, the Holocaust memorial and research institute in Jerusalem. Numerous psychologist joined the twins there to compare the emotional impact of Auchwitz on the twins and other survivors.

An article, written by Nancy L. Segal, In Psychology Today, reports that what distinguishes CANDLE members most is not simply the fact that they were twins, but rather special bonds between them because of the unique common experiences they endured.

Unlike most Holocaust survivors, twins generally remained together, thereby maintaining some sort of family relationship. The camp provided special quarters that housed only twins. Mengele found fascination in twins and often conducted experiments on them as a pair.

Extreme illness or death of one twin generally meant death for both. Segal found that many attribute their determination to survive to the feelings of responsibility they felt for their twin.

Like most survivors, the twins faced separation from their parents, but they say the presence of a twin gave them confidence and feelings of family unity. They were reminded that someone cared and needed care.

The motivation for the majority of the group in returning to Auschwitz, was the need to recover bits and pieces of their past. Stripped of childhood, family, and friends, they returned to see if any of those assets could be reclaimed—if the child who entered the camp in 1943 was still capable of emotion.

Thanks to Zvi Spiegel, who entered the camp at age 29 and took charge of the twin boys, the boys learned the names and family histories of those they shared quarters with. The reunion therefore, provided an opportunity to rekindle lost relationships and share somber memories of a common past.

The girls, on the other hand, had not had such leadership and appeared less unified, though still bound by their experiences.

Segal reports that for many who returned to Auschwitz, it "was as if the unfinished business had finally been completed and a huge burden lifted."

They could finally reconcile the gap between the Holocaust and their present lives. Many could pay homage to their parents, from whom they were separated more than 40 years ago.

Today, most of the twins are established workers and family members trying to put the past to rest. The optimism that they possessed in Auschwitz survives with little or no bitterness or hate. They can face issues long-buried but never forgotten.

In returning to Auschwitz, the twins won revenge against the Nazis, especially Mengele. Their survival and prosperity 40 years later stands as their triumph over the barbarism of the Nazis.

Mr. President, we also have unfinished business. Forty years ago, we began the drafting of the Genocide Treaty. 96 countries have since then ratified that treaty, yet we still ponder.

As a humanitarian country, we accepted the responsibility to extend a hand in assuring peace for mankind as a whole. We cannot erase the scars of the Holocaust felt by the twins and other survivors, but we can help ease their burden.

Ratification of the Genocide Treaty would help make it clear that future murders will not be tolerated. It is past time we completed this task, which began 40 years ago. I urge ratification of the Genocide Treaty immediately.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that we have turned the corner on health-care inflation. We have not. The recent news that health-care spending increased only 9.1 percent last year—the lowest rate in 20 years—is good news indeed. But in its rush to claim credit for this slowdown, the Reagan administration threatens to obscure the continuing threat posed by health-care inflation. It fosters the myth—and it is a myth—that we have turned the corner on the growth in health-care costs.

What are the facts? First, yes, there has been a slowdown in health-care inflation. Second, health-care price increases continue to gallop far ahead of overall inflation. Health-care expenditures are consuming an ever-increasing share of our gross national product. They are undermining the ability of the Government to meet its commitment to provide access to quality care for the elderly and the poor.

Today and tomorrow I intend to examine this myth and and demonstrate how there is little reason to believe that the rampaging explosion in health-care costs has been brought under control.

Let us look at just two indicators of how health-care costs measure up. In proclaiming the drop in the rate of increase in health-care costs—and our focus is merely a lower rate of increase, not an absolute drop in health-care costs—the Reagan administration spokesmen have conveniently overlooked the fact that the deep recession has resulted in a decline in the overall growth rate of inflation.

Over the last decade health-care costs have consistently outstripped the CPI—running ahead by 1½ times to twice the increase in overall prices. And there is little evidence that this gap is narrowing at all. This gap did not lessen in 1984 and when you look at the latest data—the month-by-month figures from July 1984 to July 1985—there is only 1 month, that's right, 1 month, where the CPI increased faster than medical care costs. In every other month, medical care costs maintained its relentless increase—with no lessening of the gap whatsoever.

Or take another measure. Compare the rate of growth in the GNP [gross national product] with the rate of growth in health-care expenditures. In the last decade the rate of increase in health expenditures has outstripped the growth in the GNP for 8 years out of 10—the gap was over 4 percent on average and reached a high in 1982 of 9.5 percent. In that year the economy grew at a mere 3.8 percent while health-care spending wallowed in an increase of 12.8 percent.

There were only 2 years when that pattern did not hold. One year during the Carter administration, 1978, when the hospital industry's Voluntary Cost Containment Program was attempting to head off Secretary Califano's mandatory Hospital Cost Cutting Program. The other year was 1984.

But think about 1984. It's true that the new DRG system for Medicare has resulted in profound changes in the health care industry and, in the private sector, competition is beginning to take hold.

But what about the economy's hugh 1984 growth? Much of that growth was in investment and not consumption and, moreover, that rate of growth in GNP simply has not been sustained.

My forecast? Growth in health-care expenditures is coming down. But not far enough. Not fast enough. And health-care spending will continue to devour an increasing share of our gross national product, continuing to undercut the viability of the Medicare trust fund and undermining our ability to meet our Medicaid commitments.

Tomorrow I will discuss the implications of continued unrestrained growth in health care costs.

I yield the floor.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, with statements therein limited to 5 minutes each, not to extend beyond 2 p.m.

NATIONAL DEBT LIMIT DEBATE

Mr. MOYNIHAN. Mr. President, as debate on the extraordinary proposal that has come to the Senate under the not less extraordinary circumstances of the deadline of the national debt ceiling proceeds apace in an empty Chamber, I wish to make one observation and ask two questions.

I am referring, of course, to the amendment proposed by Mr. DOLE for Mr. GRAMM, Mr. RUDMAN, Mr. HOLLINGS, and other Members of the Senate to House Joint Resolution 372—a proposal to require a graduated reduction in the Federal budget deficit to balance the budget and to establish emergency procedures to avoid deficit overages.

The first observation, Mr. President, has something to do with the elemental integrity of this proposed measure.

I believe I have what may in time become a valuable document. I have a copy of the first edition of the bill which I believe only appeared just yesterday, a few hours before we were supposed to enact one of the most sweeping measures of our time.

But I would like to suggest, Mr. President, that the proposal for achieving a balanced budget is once again under this legislation very clear. As under budget resolution after budget resolution, which always show a zero deficit 3 years out, but not this year and not next year, this amendment shows exactly the same thing.

I had occasion to write an article on this some while ago, on the budget process as an oxymoron, and noted that it is always 3 years out that the budget deficit will reach zero, but under the new majority in the body this occurs 5 years out.

I want to make one simple point, that is, to those Members who have the privilege of having a printed copy of the measure, the amendment specifies that,

> The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount.

And then there is a sentence on line 21 on page 34,

> For purposes of the fiscal year beginning October 1, 1985, the preceding sentence shall be applied by substituting "7" for "5."

This proposal, as now written, would permit the deficit to rise from $180 billion (on page 11, line 10) to $193 billion for the current fiscal year before any cuts were required.

It so happens that the budget resolution we have just adopted calls for a deficit of about $172 billion for fiscal year 1986. And so, the Dole-Gramm-Rudman proposal would actually allow us to increase the deficit spending in the current fiscal year by $21 billion—$21 billion more than the budget resolution. This is a proposal to allow the Congress to spend $21 billion more this year than we have already agreed to do. The sincerity of the whole enterprise is confusing to me. I mean, if there were a genuine intent to control spending, why does it not begin now? Why allow an even greater deficit than we already agreed on; considerably greater, $21 billion?

Why does it incorporate language such as on page 34, line 18, "statistically significant"? The term "statistically significant" to mathematicians refers to a test of the probable accuracy of a sample called a chi square test—the Greek letter X, c-h-i. The chi square test tells you the range of confidence you can have about a measurement taken by sample.

There is no sample involved here. What is this fancy language about statistical significance? What it means is, the deficit shall be treated as significant. That is all. Five percent of $200 billion is $10 billion. That is arithmetic, not statistics. And I do not know why we have to introduce this pseudostatistical kind of reference. But there is an awful lot pseudo this and pseudo that in this measure, very little of which is understood.

It is clear that in the outyears, after the 1986 election, some rather dramatic restraints are going to be placed on defense spending and they will be, I suppose, ascribed to a disposition on this side of the aisle. Even yesterday our distinguished majority leader said there are people around here who only want to cut defense spending and increase taxes. But the requirement that defense spending be cut will come from legislation originating over there; and when it does come, it will probably be forgot that it did.

One-half of the reductions that will be required eventually—and they will be—must come from about 25 percent of the budget, the largest single portion of which is defense spending. And it is spending on readiness, not spending for McDonnell Douglas aircraft or the other corporations, Grumman in New York and such, who have long-range contracts. It is the immediate spending on pay, on oil, on gasoline, on maintenance, on food, on ammunition, and such things as that.

But be clear that the "automatic spending increases" contained in three-quarters of the budget are required to absorb half the deficit reductions and one-quarter of total outlays the other half. If the elimination of certain cost-of-living adjustments does not equal the required half from that first group of expenditures, it then transfers over, adding deficit, reductions to that second category of relatively controllables. Within the second group, the legislation provides that greater than half of the deficit reduction be taken from defense, and the remainder from the small range of civilian activities that are available for such reductions.

Mr. President, this ought to be clear. There is another document, and I would like to put it in the CONGRESSIONAL RECORD—I hesitate to do so—but this is a matter of such extraordinary importance. The definition of the term "relatively controllable expenditures"—this is on page 34 of the bill at line 11—"means budget outlays that are classified as relatively controllable outlays in Office of Management and Budget 'Controllability of Budget Outlays', Report No. BPS0701A (August 27, 1985)."

I would be interested to know how many Members in this body have read Report No. BPS0701A of August 27, 1985. I have it here. It is a computer printout. It is an Office of Management and Budget document on the controllability of budget outlays.

The main thing to know, Mr. President, is that it gives on the first page, the total for relatively uncontrollable outlays in the current budget year, that is fiscal 1986.

Of total budget outlays for fiscal year 1986, $723 billion come under the heading of "relatively uncontrollable," $253 billion are "relatively controllable." Roughly speaking, this is a 75 to 25 percent split in the budget, and half of the required reductions would come out of the 25 percent of the budget considered "relatively controllable."

What programs are contained in this 25 percent? Let me read it to you. It is important. That $253 billion of "relatively controllable" outlays consists of national defense, about $175 billion; and the civilian programs, some $78 billion.

There you are. You are $78 billion in civilian programs. That includes the Federal Aviation Administration, the air traffic controllers, the Coast Guard, and they are not optional. They are down almost to the bone. Former Budget Director David Stockman said last week that the spending cut period is over. The country is down to what it has. If you have $78 billion of civilian programs, which are the National Institutes of Health, the National Bureau of Standards, the FBI, the CIA, the Weather Service, NOAA, start thinking of them and see where you really have options. You have very few. So what will you do? What will you do? You will cut defense.

Here is the majority of this body saying we are going to cut defense, hard and sharp in a very short while—not next year, before the 1986 elections. But thereafter inexorably and painfully. We are not only going to be the world's largest debtor nation, but we are going to have, once again, a declining establishment—the kind of decline which this administration came to power saying it would reverse.

I offer you the thought that the world's largest debtor nation with a declining defense budget is not going to be seen as the world's most powerful nation. That will be an interesting legacy of these days of nondebate on this floor. May I say that again? The world's largest debtor nation with a declining defense budget is not going to be seen as the world's most powerful nation.

We are putting in place not just the decline of the Senate. We are putting into place not just the decline of the Congress. We are putting in place the decline of the United States. And I am not surprised that no person on the other side of the aisle is present to hear these remarks. I should not be surprised if they do not want to hear them.

Mr. President, two further matters. I said I would have two questions to pose. For some days, starting last Thursday, I stated my view that farm price support outlays were exempted from any reductions required under this so-called deficit reduction measure. And this has been denied. It is quite extraordinary. It has been denied as if it were an embarassment. But here we have, Mr. President, in that most singularly important document, OMB Report No. BPSO701A, August 27, 1985. Here it is on page 2 under the listing of "relatively uncontrollable under present law," the relatively uncontrollable outlays as defined in the statute, farm price supports, $15 billion—$15 billion for farmers.

Listen, farmers may need more than $15 billion. I am not in any way arguing against farm programs. I am asking what is the integrity of legislation that says we will face up, regardless of the difficulty of our deficits, but we will exempt from cuts the programs that are so important in certain States? There are words for that, Mr. President. I will not use them on this floor. I want to be very clear that I do not speak against farm legislation. The need is not denied; much less do I wish to minimize a genuine crisis in rural America—the farm credit situation. But there is a question of straightforwardness. I came to the floor Thursday and said, is it not odd? I gather that farm programs are excluded. Health programs are not excluded, nor are mass transit, highway, water projects, science projects, or research on strategic defense initiatives.

You know there are a lot of things the Federal Government does. Of the ones I just spoke of, defense, health, and science, all would be cut. Farm programs would not be. There might be a good reason in the judgment of this body to do that. But why write it into the law as making a distinction between dairy price supports and research into heart, cancer, and stroke. Dairy price supports are an agreeable arrangement if you live in Arizona, where the average payment was just under a quarter million dollars. But at the level of national priorities, I do not know they are that high. I speak as someone who lives on a dairy farm. The President told us the need for spending on space defense was very high indeed. Health research has always been important to our Government, and has shown results. The technological development associated with science has surely a great consequence. Funding for basic scientific research will be cut. Farm programs will not. Or so it says in this most important document, Report No. BPSO701A of August 27, 1985. And then that is a question I asked, and I believe have answered.

I would like to say, Mr. President, if no sponsor of this legislation denies what I have said and refutes what I said on the floor today, I take it as given. I have said it now 3 days out of 4 in this debate. It has been denied informally. I do not think it has ever been denied on the floor. I challenge Mr. GRAMM, my distinguished friend and learned colleague from Texas, now—if I am wrong that his legislation excludes farm programs from the category of relatively controllable expenditures, but includes health and defense—to come to the floor and say so.

If my colleague does not say otherwise, as I think he cannot, I think the point is well taken.

Second, I would like to know in what category, the Aid to Families with Dependent Children Program falls in this legislation. This program aids families of dependent children and is part of the original 1935 Social Security legislation. It is not here stated in the amendment one way or the other. There is no cost-of-living adjustment for AFDC. We did not index it. This is very significant. We did not index it. Incidentally, I am not talking about a few children in cities. Almost one child in three born in 1980 will be receiving AFDC payments before reaching age 18—32 percent, to the best of our calculation.

The arrangement is that, within certain ranges, the State governments decide what level of benefits they will provide children under the Social Security Act provision and, by a matching formula, the Federal Government automatically shares in the cost of providing those benefits. The Federal matching formula ranges from a high of nearly 80 percent, if my memory serves me, down to 50 percent. It is a formula and it is automatic.

Does that mean that AFDC increases provided by States—as they do, occasionally, from time to time—would be subject to limitation under the Gramm-Rudman proposal?

Since 1970, incidentally, the real value of AFDC payments to children dropped by one-third. Children represent the only beneficiary group in our society not receiving indexed benefits.

California is one of the only States which makes an automatic change in AFDC for the cost of living.

I would hope that at some point, anyway, the sponsors of the legislation would tell us in what category would the payments to children and the mothers of children under AFDC fall. If, for example, the State of New Jersey provided a $20 a month increase in the payments to a family of three, a mother and two children, would the automatic share the Federal Government would provide of that $20 come forward automatically and be exempt from this process, or could it be rejected, frozen or limited?

It would be interesting if children would be slashed in this process, somebody not old enough to vote.

I would like to ask that question and hope that I would have an answer.

I do not mean to suggest that there are not provisions for reducing cost of living allowances. There are. But it is particularly important to know in what category and what circumstances the AFDC payments would come.

Last, Mr. President, in the continuing unveiling of this legislation, some new provisions were paraded in the RECORD, of which the last sentence says, "It is the sense of the Senate that any reductions in sequestering of controllable expenditures shall not disproportionately be made in lesser populated areas."

What concern gave rise to that remark? Was that to tell the President to leave his cotton-picking hands off

Nevada and concentrate on Ohio, or what?

Mr. President, I mean no disrespect for anybody.

The distinguished Presiding Officer is from Idaho. That is one of the lessor populated areas.

Does that statement apply to Essex County, NY? I would like to know if the statement applies to Franklin County, Hamilton County, and, generally speaking, the Adirondacks?

May I ask the nonattending sponsors, what do they mean by lesser populated areas? I reside in Delaware County, NY, which only in the last census obtained the population that it had reached in 1840. We lost a lot a people in the war between the States and other things like that. But I do think we are a lesser populated area. Is my county protected? That is what I want to know. The people of Delaware County, all 40,000, will want to know.

Is this legislation serious?

The way we are dealing with it is not serious at all, Mr. President. We are not debating. There have been no hearings held on a matter where, at the very minimum, constitutional questions should be raised. The bill was only printed yesterday, as far as I can tell, but even yesterday changes were made.

In a body which has discussed agricultural policy for two centuries, we still do not know whether we have put agriculture into an area where it cannot be touched by deficit reduction. It is obvious to me we have, but the sponsors will not admit. Or if they will admit today, that would be fine. They have a right to propose what they will. We and the body have a right to know what they are proposing, and yet we do not know.

It is not seemly. It is hugely volatile to the traditions of this body and I do not see a prospect of it being stopped. Republicans begin to decline when they fail to respect their own positions both of stability and, much more, confidence in Government. Do we pass this larger bill without hearings, without opinions by outsiders, without informed judgments from our own counsel? We finally got the Budget Committee staff to say, "Yes, of course, this exempts farm price supports." It might well do that. If it does, make the argument.

But to avoid acknowledging something so blatant, so brazen, and then to put in a provision about lesser populated areas, just slip them in saying nothing, not indicating why? Is this the Anticity Deficit Reduction Act of 1985? What is it, Mr. President?

We do know that in sequestering of controllable expenditures, such sequestering shall not disproportionately be made in lesser populated areas.

Do I take it that this does, in fact, signal that this is the end of the commitment to urban America that began in the 1960's? Is it, in fact, the Anticity Deficit Reduction Act of 1985?

One begins to suspect, though I doubt we will ever know before we vote. As the majority leader said on Saturday, not without some pungency, things have to move quickly. He said things get stale when they stay around here. People start reading them.

I wonder if that will happen in time.

Mr. President, I thank the Chair for its patience and I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **MOYNIHAN.** I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. **MOYNIHAN.** I ask unanimous consent that the first two pages of table 17 of the OMB report cited in the legislation as determining what is relatively controllable, the term relative controllable expenditures means budget outlays that are classified as relatively controllable outlays in OMB Controllability of Budget Outlays, Report No. BPSO701A, be printed in the RECORD.

That is part of the statute. I do not think this report, Mr. President, is widely available. It is a printout, basically. It would be much too much for the CONGRESSIONAL RECORD to have the whole of it printed, but the essence of it is contained in two pages of table 17—the ones that begin with "Relatively Uncontrollable Under Present Law" and ends with "Total, Budget Outlays."

I think that would be of use to this body. I thank the Chair.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 17.—CONTROLLABILITY OF BUDGET OUTLAYS

[In millions of dollars]

	PY actual	CY estimate	BY estimate	Change BY—CY
Relatively uncontrollable under present law:				
Open-ended programs and fixed costs:				
Payments for individuals:				
Social Security and railroad retirement (code 103)	179,311	190,199	202,170	11,97
Military retired pay (code 111)	16,471	15,809	18,224	2,415
Other (code 113)	32,554	34,093	35,714	1,620
Federal employees retirement and insurance	46,024	49,902	53,938	4,036
Unemployment assistance (code 116)	16,866	16,193	15,108	−1,085
Medical care (code 120)	78,943	91,336	96,284	4,948
Assistance to students (code 121)	4,809	4,834	4,628	−206

TABLE 17.—CONTROLLABILITY OF BUDGET OUTLAYS—Continued

[In millions of dollars]

	PY actual	CY estimate	BY estimate	Change BY—CY
Food and nutrition assistance (code 123)	3,552	3,852	4,074	222
Public assistance and related programs (code 124)	21,046	22,404	22,519	115
All other relatively uncontrollable payments for individuals. (code 126)	2,883	2,920	3,000	80
Subtotal, payments for individuals	357,434	381,640	401,721	20,081
Net interest (code 128)	111,058	129,579	137,277	7,698
General revenue sharing (code 145)	4,567	4,610	4,576	−34
Farm price supports (CCC) (code 149)	7,315	16,797	14,998	−1,799
Other open-ended programs and fixed costs:				
Legislative and judiciary (code 163)	2,447	2,818	3,025	207
All other open-ended programs (code 170)	−4,066	−6,682	−7.019	−337
Subtotal, other open-ended programs and fixed costs	−1,619	−3,864	−3,994	−130
Total, open-ended programs and fixed costs	478,756	528,763	554,578	25,816
Outlays from prior-year contracts and obligations:				
National defense (code 177)	79,496	89,604	92,247	2,643
Civilian programs (code 184)	65,827	72,012	76,421	4,409
Total, outlays from prior-year contracts and obligations	145,323	161,616	168,668	7,052
Total, relatively uncontrollable outlays	624,079	690,379	723,247	32,868
Relatively controllable outlays:				
National defense				
Current law (code 252)	147,830	158,732	174,637	15,904
New Programs (code 253)	0	0	0	0
Proposed legislation/open-ended programs (code 254)	0	0	0	0
Proposed legislation/other programs (code 256)	0	153	0	−153
Subtotal, national defense relatively controllable	147,830	158,886	174,637	15,751
Civilian programs:				
Current law (code 265)	87,968	106,958	94,444	−12,514
New programs (code 266)	0	0	0	0
Proposed legislation/open-ended programs (code 267)	0	−10	−10,270	−10,260
Proposed legislation/other programs (code 268)	0	−3	−5,685	−5,682

TABLE 17.—CONTROLLABILITY OF BUDGET OUTLAYS—Continued

[In millions of dollars]

	PY actual	CY estimate	BY estimate	Change BY—CY
Subtotal, civilian programs, relatively controllable	87,868	106,945	78,489	−28,456
Total, relatively controllable outlays	235,698	265,831	253,126	+12,705
Civilian programs—Admin. exp. of rel. uncontr. pay to ind. (code 270)	7,302	7,997	8,204	207
Off-budget under current law; proposed to be included on-budget (code 275)	9,966	10,035	2,384	−7,651
Undistributed employer share/employee retirement (code 278)	−25,263	−26,922	−29,284	−2,362
Multifunction accounts requiring SSD-B split	0	0	0	0
Records with zero controllability codes/mat	0	0	0	0
Total, budget outlays	851,781	947,321	957,678	10,357

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HATFIELD). Without objection, it is so ordered.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that the period for the transaction of routine morning business be extended until 2 p.m., with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

GIVING DEFICITS THE BUSINESS

Mr. DOLE. Mr. President, in today's economy—with deficits the Nation's number one problem—I would like to commend the efforts of a Parsons, KS, firm to become a part of the solution to rising Government expenditures. Energy Conservation Products, in partnership with Benchmark Properties, has succeeded in lowering the total gas consumption of numerous low-income residents of a Parsons HUD project by 24 percent.

THE "RESIDENT SYSTEM"—A MONEY-SAVER

Mr. President, 24 percent lower gas consumption offers tremendous possibilities for lowering Federal outlays and lifting the burden of high utility bills from homeowners everywhere. This considerable savings was achieved by upgrading the heating furnace's efficiency, utilizing the resident system which was designed and manufactured in Parsons. This innovative approach to saving low-income residents and the Government many years of energy costs will have a much faster return on investment than many of the more traditional methods of energy conservation. Tenants will also enjoy the same degree of comfort, since the resident system simply upgrades the furnance efficiency and does not effect the thermostat.

A KANSAS INNOVATION FOR THE NATION

Mr. President, it is this type of creativity and insight that could save the Government and homeowners millions of dollars in the years ahead. I would like to encourage this Kansas industry to continue its efforts to assist low-income public housing residents and homeowners in lowering their utility bills.

NATIONAL MS SOCIETY HONORS SENATOR ANDREWS

Mr. HATFIELD. Mr. President, I rise today to acknowledge an honor bestowed on our distinguished colleague, Senator MARK ANDREWS, by the National Multiple Sclerosis Society.

The National MS Society honors a Member of this Chamber annually with its Congressman of the Year Award. The award this year was presented to Senator ANDREWS for his strong support for Federal biomedical research and for his leadership role in the Senate Committee on Appropriations' sponsorship of the Tracor Jitco study, "An Evaluation of Research Opportunities and Needs of the National Institute of Neurological and Communicative Disorders and Stroke [NINCDS] in the Neurological and Communicative Sciences." The distinguished Senator from North Dakota has continued to be instrumental in obtaining the Senate's support for the highest levels of funding for NINCDS, keeping in view the long-range goals of the Tracor Jitco report.

Multiple sclerosis is a disease of the central nervous system—the brain, spinal cord and optic nerves. It most frequently strikes men and women between the ages of 20 and 40. It generally follows an exacerbating and remitting course, and is often progressively disabling.

Multiple sclerosis is characterized by inflammation and disintegration of the myelin sheath, an insulating covering that wraps itself around nerve fibers in the central nervous system. Later, scars form in the damaged places and nerve impulses traveling to and from the brain may be distorted, misdirected or lost entirely as they go by these damaged areas.

No two cases of multiple sclerosis are necessarily the same. Symptoms depend on the site and extent of damage to the myelin; they range from incoordination; loss of balance; pins-and-needles sensations and exhaustion to impairment of vision, hearing or speech; bladder and bowel problems; partial or complete paralysis. The cause of multiple sclerosis is, as yet, unknown. Recently several treatments were announced which seem to alter the course of the disease and some symptoms can be alleviated by good medical managment.

The National Multiple Sclerosis Society, through its network of chapters and branches located in every State in the United States, provides support programs and medical equipment loans to those with multiple sclerosis.

The society is the only voluntary health agency in the U.S. supporting programs in national and international research to find the cause, a prevention and a cure for multiple sclerosis, and more effective treatments for those who already have the disease. Since its inception in 1946, the National Multiple Sclerosis Society has allocated more than $65 million to research grants and training.

In honor of our esteemed colleague, the National Multiple Sclerosis Society has named for him a 3-year research grant of $84,992 to Kenneth J. Smith, Ph.D., Eastern Virginia Medical School, Norfolk, VA. Dr. Smith's research project is titled, "The role of neuroglial cells in determining the physiological properties of pathological central nerve fibers." We commend the distinguished Senator for his commitment to the neurosciences and congratulate him for this special recognition.

LETTERS FROM THIRD GRADE STUDENTS IN CHESTERFIELD, SC, EXPRESSING THEIR CONCERN OVER TEXTILE IMPORTS

Mr. THURMOND. Mr. President, recently, I received a group of letters from the third grade class of Edwards Elementary School in Chesterfield, SC. These students are from an area in my State that has been hard hit by textile unemployment. While they are very young, these children understand what is happening in their community because of ever increasing textile imports. They feel the fear that pervades the lives of those who are employed in America's textile/apparel industry.

Mr. President, these third graders have a very special way of expressing the feelings of many who live in textile communities across our Nation. Their teacher, Ms. Rivers, has taught them to be aware of current events and to express their opinions to their elected representatives. I believe that my colleagues can benefit from the views of these children and I ask unanimous consent that their letters be printed in the RECORD at the conclusion of my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: I didn't like that because they are sending things to us and you need to do something. People are losing their jobs. Please help us.

Love,

APRIL JEFFERIES.

DEAR SENATOR THURMOND: We have people who are losing jobs. My mom can not work. She baby sits. She works every day to Friday.

Please help us get jobs in our country. Thank you.

Love,

MARCELLA ANN BURCH.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: Dear Mr. Thurmond, it is not fair because they are sending stuff to us. And it is not fair. Please help the people to get their jobs back.

Love,

JASON WAYNE GAINEY.

DEAR SENATOR THURMOND: Thank you for working for our country. Some of my family have lost their jobs and it is not fair.

Would you give them back their jobs? If you could, it would be very kind.

Love,

ROBBY HANNAH.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: It isn't fair because different countries are sending clothes. Please make them pay taxes. I think it isn't right.

Love,

STEPHANIE MICHELLE MILLS.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: I love you. I hope you love me, too. I am 10 years old and I hope you don't forget my mother. She lost her job. Please help her.

Love

STACY ANN SMITH.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: I don't think it's fair taking our clothes jobs from Americans. You should be sorry for us. We want you to stop it, please, so the people can get their jobs back.

Love,

TIMOTHY JOHNSON.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: Please help the people get jobs.

Thank you.

Love,

BERNICE RATLIFF.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: I think this should stop because my aunt got fired and I hope you will do something about it. Thank you.

Love,

JESSICA MARIE TEAL.

DEAR MR. THURMOND: My name is Jacqueline Teal. I am nine years old. How old are you? How are you doing? I am fine. One of my friends lost her job. It made me feel bad, please help us. The teacher says I got to do my classwork, please write me back.

Thank you

Love,

JACQUELINE TEAL.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: I don't think it's fair. My mom's friend got fired. Can you help her?

Thank you.

Love,

RONALD EDWARDS.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: My mom lost her job and she isn't working at all. Please stop them from sending things so my mom can go back to work. Write me back, please.

Thank you.

Love,

WENDY MICHELLE PRUITT.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: We don't think it's fair for people to send their clothes to S.C. and we can't send anything to Japan.

And my mom has lost her job. And I think you are a cute guy. We have you picture on our wall. Thank you.

Love,

JANIE MAE MCQUEEN.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: Some people are losing their jobs.

My sister lost her job. It made me feel bad.

Please stop them from sending too many clothes.

We will like it if you write us back. We have a letter from you on our wall.

They send too much clothing for us to buy.

In Cheraw, if you go there, you will see clothes for 20 dollars or more.

This was written in Edwards Elementary School.

Love,

TASHA LITTLE.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: I love you and I hope you love me, too. I am 8 years old and I hope you do it for my mother, please. She wrote, the President. Please keep her from losing her job.

Love,

SHANICA DIANE HANNAH.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: My mom and dad left me with my grandma. She lost her job picking grapes and my mom and dad and sister with her. Please stop them from sending so much stuff over here so my gramma can go back to picking grapes.

Love,

KEVIN COX.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: I don't like it when we can't speak for our rights. People are losing their jobs. Do something about it now.

You have done it before. I know you can do it. It's just not fair.

Thanks.

SHINEKA MERRIMAN.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: We don't think it's a great idea. Please stop this.

It is messing up United States of America. Please stop it.

I don't mean that you better stop. I am asking you to stop it because many people are losing their jobs. Please stop it.

Love,

CEDRIC SPENCER.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: We don't think it is fair for some countries to send their goods to America without if paying taxes if goods there without paying there then we can't send some goods there they shouldn't be able to send here.

Love,

QUINCY PEGUES.

SEPTEMBER 27, 1985.

DEAR SENATOR THURMOND: I think Piggly Wiggly, stores should have lower prices. People are paying too much.

Love,

NANCY OLIVER.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED JOINT RESOLUTION SIGNED

At 12:40 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 393. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

The enrolled joint resolution was subsequently signed by the President pro tempore [Mr. THURMOND].

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-440. A joint resolution adopted by the Legislature of the State of California; to the Committee on Agriculture, Nutrition, and Forestry.

"SENATE JOINT RESOLUTION NO. 14

"Whereas, States and local governments are burdened by the presence of national forest lands which generate development pressures which, in turn, cause increased demands for transportation, education, police and fire protection, and other public services; and

"Whereas, Since 1908, Congress has provided counties containing national forests with 25 percent of the funds derived from national forest timber production and user fees for schools and roads as partial compensation for public service burdens and tax immunity associated with national forest lands; and

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"Whereas, Counties currently receive a 25 percent share of gross national forest revenues, with credits provided to timber purchasers for road construction and reforestation deducted only from the federal government's portion of the revenues; and

"Whereas, In the 1984 federal fiscal year, national forest revenues totaled $900 million nationally, with states receiving $225 million, of which California received $44 million; and

"Whereas, California contains over 19 million acres of national forests, and many of the state's timber counties depend heavily on national forest revenue sharing funds to provide adequate education and transportation services; and

"Whereas, The United States Department of Agriculture has proposed legislation to eliminate the long-standing 25 percent national forest revenue sharing program and replace it with a local taxation system which would significantly reduce the amount of national forest revenues received by many counties; and

"Whereas, The Federal Office of Management and Budget has proposed to deduct National Forest Service administrative costs from the states' share of national forest revenues; and

"Whereas, The Office of Management and Budget has proposed to shift from the state revenue sharing of gross receipts to a net profit sharing system for national forest revenues; and

"Whereas, The implementation of these legislative and budgetary initiatives by the federal government would impose significant financial hardship on affected California timber counties and school districts; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States, the Secretary of Agriculture, the Chief of the Forest Service, and the Director of the Office of Management and Budget not to implement legislative or budgetary initiatives which would reduce the national forest revenue sharing funds received by the states; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Secretary of Agriculture, to the Chief of the Forest Service, to the Director of the Office of Management and Budget, and to each Senator and Representative from California in the Congress of the United States."

POM-441. A joint resolution adopted by the Legislature of the State of California; to the Committee on Appropriations.

"SENATE JOINT RESOLUTION No. 23

"Whereas, The United States Coast Guard is a branch of the armed services originally created to defend our coastline and to ensure safe and orderly marine navigation in our territorial waters; and

"Whereas, During the last 10 years, the Coast Guard has been given many additional responsibilities pursuant to numerous federal acts, including the Boat and Safety Act, the Port and Waterways Safety Act, the Port and Tanker Safety Act, the Fishery Conservation and Management Act, the Water Pollution Control Act, the Clean Water Act, and the OCS Land Act Amendments; and

"Whereas, San Francisco Bay is one of only four areas in the country which, because of its unique conditions, has Coast Guard Vessel Traffic Service; and

"Whereas, The 1984 Coast Guard's Vessel Traffic Service, by directing over 67,000 movements in San Francisco Bay, provided essential safety services for vessels using the bay and its numerous ports and harbors, including inland Sacramento-San Joaquin Delta port; and

"Whereas, The Coast Guard has in the past stated that the Vessel Traffic Service is a major factor in avoiding ship collisions; and

"Whereas, Termination of this service will pose a serious threat to navigation and create unnecessary risks to life, property, and the environment; and

"Whereas, Alternatives for operation of a marine navigation traffic system other than by the United States Coast Guard have been fully explored and found infeasible, in part because no agency has the respect and competence of the Coast Guard: Now, therefore, be it

"Resolved, by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to provide full congressional funding to continue the Coast Guard Vessel Traffic Service in San Francisco Bay; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Secretary of Transportation, and to each Senator and Representative from California in the Congress of the United States."

POM-442. A joint resolution adopted by the Legislature of the State of California; to the Committee on Appropriations.

"SENATE JOINT RESOLUTION No. 16

"Whereas, The National Railroad Passenger Corporation, known as Amtrak, serves the residents of this state; and

"Whereas, Our residents' use of Amtrak has increased continuously since 1971; and

"Whereas, Amtrak directly employs 1,000 residents of this state and indirectly supports the employment of approximately 3,000 residents of this state through the purchase of supplies and equipment from their employers; and

"Whereas, Amtrak has invested millions of dollars in this state in the form of passenger facilities and equipment; and

"Whereas, Amtrak has continually improved the quality of its service, its financial position, and the number of passengers carried to the point where it transported 22 million people in 1984 and expects to increase that amount by 2 to 3 percent in 1985; and

"Whereas, The budget presented to the Congress of the United States by the President would, if enacted, deprive Amtrak of the federal funding required for its continued existence; and

"Whereas, The elimination of Amtrak would result in serious adverse economic consequences to this state and its residents in terms of loss of investment, loss of income to equipment and supply contractors with the railroad, loss of railroad passenger service, loss of jobs, and a concomitant strain on the Railroad Retirement System by the loss of many contributors to that system; and

"Whereas, Amtrak must be continued in operation to serve this state as it has in the past: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislation of the State of California memorializes the Congress of the United States to provide sufficient funding through appropriation of those amounts of money necessary to keep Amtrak in at least as sound a position operationally and financially in the 1985–86 fiscal year as it has been in the 1984–85 fiscal year; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to each Senator and Representative from California in the Congress of the United States and to the United States Secretary of Transportation."

POM-443. A concurrent resolution adopted by the Legislature of the State of California; to the Committee on Banking, Housing, and Urban Affairs.

"SENATE CONCURRENT RESOLUTION No. 43

"Whereas, For 130 years Chinese Americans have played an active and vital role in the cultural and economic growth of Los Angeles; and

"Whereas, the Chinese American community has contributed positively throughout the years to the development of trade between California and nations across the Pacific; and

"Whereas, Chinatown, located in downtown Los Angeles, which serves as a recognized core of Chinese culture in the United States, has no community facility dedicated to the preservation and cultivation of the special traditions of Chinese Americans; and

"Whereas, The 1.7 acre parcel designated Los Angeles County Lot 45 offers the optimal location for the construction of a 50,000 square foot Chinese American Community and Cultural Center with the additional potential for related commercial and residential uses; and

"Whereas, The value of the proposed cultural center is comparable to the highly successful Japanese American Community and Cultural Center located in the Little Tokyo district of downtown Los Angeles; and

"Whereas, There is substantial public support for the proposed Chinese American Community and Cultural Center project and the Los Angeles County Board of Supervisors has actively worked with the local Chinese American Community Coalition to create viable proposals for the development of County Lot 45 which include the construction of a Chinese American Community and Cultural Center: Now, therefore, be it

"Resolved by the Senate of the State of California, the Assembly thereof concurring, That the Legislature of the State of California respectfully urges the Los Angeles County Board of Supervisors to approve a proposal for the construction of a Chinese American Community and Cultural Center and related facilities on Los Angeles County Lot 45 to be implemented in cooperation with the Los Angeles City Community Redevelopment Agency and the local Chinese American Community Coalition; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the Chairperson and members of the Los Angeles County Board of Supervisors, to each Senator from California in the Congress of the United States, and to each Representative from California in the Congress

of the United States representing the County of Los Angeles."

POM-444. A joint resolution adopted by the Legislature of the State of California; to the Committee on Commerce, Science, and Transportation.

"SENATE JOINT RESOLUTION No. 37

"Whereas, Boxing is a permanent fixture in the professional sporting establishment of this country; and

"Whereas, Unlike most other sports, its internal regulatory agencies are fragmented; and

"Whereas, Its participants are supported in a piecemeal fashion with insufficient consideration given to their safety and overall well-being; and

"Whereas, The New Jersey State Commission of Investigation has documented heavy infiltration of the sport by organized crime; and

"Whereas, Most states have failed to stand up to unscrupulous promoters whose motivation is profit rather than the health and welfare of professional boxers; and

"Whereas, Twenty-three fighters have died of injuries suffered in the boxing ring since January 1983; and

"Whereas, Although boxing has great inherent risk to its participants, with proper regulation this risk could be reduced significantly; and

"Whereas, A bill in the House of Representatives, H.R. 1689, would create the American Boxing Corporation, a national oversight committee and central registry for boxers; and

"Whereas, This central registry would bring to an end, mismatches, relentless scheduling of interstate fights, and the practice of allowing boxers to fight past their abilities; and

"Whereas, The boxing fatalities have occurred as a consequence of the lack of pertinent information, and because no one has the responsibility, or the oversight, for what is happening in other states; and

"Whereas, National regulatory controls and public scrutiny are vital to the survival of professional boxing: Now, therefore, be it

"Resolved, by the Senate and the Assembly of the State of California, jointly, That the Legislature of the State of California urges the Congress of the United States to enact H.R. 1689, which would form the American Boxing Corporation to help improve the sport of boxing through the establishment of standardized rules and rankings; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-445. A joint resolution adopted by the Legislature of the State of California; to the Committee on Commerce, Science, and Transportation.

"SENATE JOINT RESOLUTION No. 20

"Whereas, Widespread participation of citizens in the political process is vital to the very essence of a democratic society; and

"Whereas, The people of California and of the United States have held steadfastly to the democratic system of governance for many generations; and

"Whereas, It has been amply demonstrated that many potential voters at presidential elections fail to cast their ballots solely because they are discouraged by early projections of election winners as broadcast by the electronic media prior to the closing of the polls; and

"Whereas, The nationwide presidential election returns are significantly distorted when large numbers of California voters fail to participate in the election; and

"Whereas, Such missing votes often significantly affect the outcome of numerous local and statewide election contests; and

"Whereas, It is in the public interest and supportive of a democratic society to encourage full participation in voting; and

"Whereas, A reduction of the time differential from three to two hours between the west and the east coast would serve as a partial solution to this problem: Nnow, therefore, be it

"Resolved by the Senate and the Assembly of the State of California, Jointly, That the Legislature respectfully memoralizes the President and the Congress of the United States to amend the Uniform Time Act of 1966 (Title 15, U.S.C. Sec. 260 et seq.) to allow the western states in the Pacific Time Zone to extend daylight saving time until after the presidential general election; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-446. A joint resolution adopted by the Legislature of the State of California; to the Committee on Energy and Natural Resources.

SENATE JOINT RESOLUTION No. 13

"Whereas, States are significantly burdened by the presence of federal lands used for mineral leasing purposes and must respond to federal mineral leasing development activities that generate increased demands for education, roads, police and fire protection, and other public services; and

"Whereas, Under the federal Mineral Leasing Act of 1920, 50 percent of the sales, bonuses, royalties, and rentals related to the production of minerals on federal leases are payable to the state in which the leases are located in partial compensation for public service burdens and tax immunity associated with federal lands; and

"Whereas, In 1983, the federal government received over $1 billion in onshore mineral leasing revenues, with the total states' share exceeding $500 million, of which California received about $25 million; and

"Whereas, Most federal mineral leasing revenues shared with California are used for education purposes, with residual funds used for surface mining reclamation, geothermal activities, and natural resource and wildlife projects; and

"Whereas, As a result of inefficiencies and omissions in royalties management, California and other states have been receiving far less than the full amount of mineral leasing revenues authorized under federal law; and

"Whereas, The federal mineral leasing revenue shares of California and other states are also being seriously eroded by the deduction of windfall profits taxes, by the undervaluation of natural gas, and by the withholding of mineral leasing lottery fees; and

"Whereas, The Office of Management and Budget has proposed to reduce federal land revenues received by states by over $400 million annually by deducting administrative costs of the Department of the Interior from the states' share of mineral leasing revenues and by shifting from the sharing of gross receipts to a net profit sharing system for mineral leasing revenues; and

"Whereas, The federal government's mineral leasing royalty collection system, when combined with the implementation of budgetary initiatives to lower the states' share of mineral leasing revenues, will significantly reduce the mineral leasing revenues received by California and other states, and will adversely affect education and natural resource and wildlife programs in California; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States, the Secretary of the Interior, the Director of the United States Minerals Management Service, and the Director of the Office of Management and Budget, to revise the federal government's mineral leasing royalty management system to ensure that states receive their full entitlement of revenue sharing funds authorized under federal law and to refrain from implementing budgetary initiatives which would significantly reduce the mineral leasing revenue sharing funds received by states' and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and the Vice President of the United States, to the Speaker of the House of Representatives, to the Secretary of the Interior, to the Director of the United States Minerals Management Service, to the Director of the Office of Management and Budget, and to each Senator and Representative from California in the Congress of the United States."

POM—447. A joint resolution adopted by the Legislature of the State of California; to the Committee on Environment and Public Works.

"SENATE JOINT RESOLUTION No. 36

"Whereas, Recently, several areas in the State of California have been afflicted with brush and forest fires of disastrous proportions creating enormous losses and severe hardships; and

"Whereas, The firestorm which began on June 26, 1985, has caused damage to over 375,000 acres in 24 counties through over 1,200 separate fires resulting in the deaths of three person, injuries to 124 civilians and 346 firefighters, the destruction of 215 homes and damages to 131 homes and five businesses, and the destruction of 71 other structures and vehicles, with a total damage estimate of nearly 65 million dollars; and

"Whereas, The Governor of California has declared a state of emergency to exist in the County of San Diego on July 1, the City of Los Angeles on July 3, the County of San Luis Obispo and July 8, the Counties of Monterey, Santa Clara, and Santa Cruz on July 9, and they County of Ventura on July 10, 1985, but these emergency situations are of a severity and magnitude that effective response is beyond the capabilities of the state and the local governments affected; and

"Whereas, The extreme hardships being endured by the persons directly affected by these disasters require immediate federal response and assistance; now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the President and Congress are respectfully memorialized to immediately declare that a major disaster exists in the Countries of Moneterey, San Diego, San Luis Obispo, Santa Clara, Santa Cruz, and Ventura and the City of Los Angeles, making available federal assistance to the victims of these fires; and be it further

"*Resolved*, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

POM-448. A joint resolution adopted by the Legislature of the State of California; to the Committee on Environment and Public Works.

"Senate Joint Resolution No. 28

Whereas, The United States Environmental Protection Agency has not approved the plan submitted by the South Coast Air Quality Management District to achieve health-based air quality standards as required by the Clean Air Act; and

Whereas, The Environmental Protection Agency has directed the State Air Resources Board and the South Coast Air Quality Management District to develop and adopt additional motor vehicle and stationary source emission control measures; and

Whereas, Other air basins in California are not expected to attain ambient air quality standards by 1987 as required by the Clean Air Act; and

Whereas, The air quality management plan for southern California adopted by the Southern California Association of Governments and the South Coast Air Quality Management District includes the determination that additional motor vehicle and stationary control measures incorporating even the most highly advanced and expensive pollution control technology will not, by themselves, bring the South Coast Air Basin within even reasonable compliance with the federal and state ambient air quality standards; and

Whereas, The air quality management plan for the South Coast Air Basin concluded that the substitution of cleaner burning fuels such as methanol for petroleum was the only remaining available strategy which would provide significant reductions in ambient concentrations of photochemical ozone; and

Whereas, Scientific analysis and technical studies conducted by the State Air Resources Board, the State Energy Resources Conservation and Development Commission, and the Environmental Protection Agency have confirmed that methanol-powered motor vehicles are capable of achieving reductions in emissions that could result in reductions in ozone levels in nonattainment areas; and

Whereas, The Environmental Protection Agency has issued an advanced notice of proposed rulemaking in order to eliminate regulatory barriers to the introduction of methanol-powered vehicles into the marketplace, and that the most significant of the proposed actions would be to provide a credit against fuel economy standards to auto manufacturers for the production of vehicles which operate on methanol, in recognition of the petroleum replacement value of methanol fuel; now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California, jointly*, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to recognize the air quality benefits of methanol-powered vehicles and the important contribution they could make to improving air quality and energy security in California, and to reflect the petroleum replacement value of methanol fuel by providing auto manufacturers with a credit against their corporate average fuel economy standards for the production of methanol-powered vehicles, as well as for vehicles which are designed and optimized to operate on at least 85 percent methanol, but which can also operate on gasoline, methanol, or ethanol, or any combination of those fuels; and be it further

"*Resolved*, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Secretary of Transportation, to the Administrator of the Environmental Protection Agency, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-449. A joint resolution adopted by the Legislature of the State of California; to the Committee on Finance.

"Senate Joint Resolution No. 30

"Whereas, The President of the United States has proposed a federal income tax reform plan to promote "fairness, simplicity, and growth"; and

"Whereas, The President's plan for tax reform would eliminate the deduction for state and local taxes paid by individuals; and

"Whereas, The elimination of the deduction for state and local taxes would be an unfair tax upon a tax and, therefore, would constitute double taxation; and

"Whereas, Seventy-five years ago, the simple concept of state and local tax deductibility was built into the federal income tax law in explicit recognition of the principle of federalism; and

"Whereas, The Tenth Amendment of the United States Constitution reserves to the states and the people powers not expressly delegated to the federal government; and

"Whereas, The elimination of the deduction for state and local taxes would impose a disproportionate tax burden on middle-income taxpayers; and

"Whereas, The citizens of the State of California would pay approximately $3.8 billion in higher taxes under this provision of the President's proposal; and

"Whereas, The federal government in recent years has shifted major responsibilities to state and local governments in the spirit of federalism; and

Whereas, The abolition of the deduction for state and local taxes will seriously impair the ability of state and local governments to discharge these new responsibilities; now, therefore, be it

Resolved, by the Senate and the Assembly of the State of California, jointly, That the Legislature of the State of California memorializes the President and the Congress of the United States to retain the deductibility of state and local taxes in any revision of federal income tax law which is enacted; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-450. A joint resolution adopted by the Legislature of the State of California; to the Committee on Foreign Relations.

"Resolution Chapter——

Senate Joint Resolution No.—Relative to Turkey.

"LEGISLATIVE COUNSEL DIGEST

"SJR 3, Petris. Turkey.

"This measure would memorialize the President and the Congress of the United States to petition the Turkish government to effect the protection of the civil liberties of Orthodox Christians.

"Whereas, it has been brought to the attention of the California Legislature through correspondence of the Order of St. Andrew the Apostle, a private nonprofit corporation with offices at the Greek Orthodox Arch Diocese of North and South America, that the civil liberties of Greeks living in Turkey have been repeatedly threatened and denied; and

"Whereas, The California Legislature is justly proud of its long and unyielding commitment to the pervasive extension of freedom; and

"Whereas, The military junta headed by General Evren in Ankara has decreed that Turkish citizens of Greek descent cannot buy or sell real estate, thus creating the expectation that their homes and businesses will be confiscated; and

"Whereas, Turkish officials recently visited the worldwide center of Orthodox Christianity, known as Ecumenical Patriarchate in Constantinople and called Istanbul by Moslems; and

"Whereas, In this holy place, which corresponds to the Vatican, all sacred items were registered and declared the national property of Turkey; and

"Whereas, The famous Greek Orthodox School of Theology on the island of Halki, from which renowned religious leaders (including His All Holiness, Ecumenical Patriarch Demetrios I. and His Eminence, Archbishop Iakovos, Greek Orthodox Primate of the Americas) have graduated, is now a modest high school with a Turkish principal; and

"Whereas, While Turkish law prohibits any repair work to Chrisan churches, schools, businesses, or homes exceeding two hundred fifty liras (or less than two dollars) without a permit, such permits are systematically denied to Greek Orthodox residents of the country; and

"Whereas, There are continuous efforts to seize the income-producing properties willed by Greek Orthodox people to the famous hospital in Baluki, Istanbul, which treats all members of the community regardless of religion or nationality; and

"Whereas, At least 300 Greek Orthodox families were forced to flee Turkey last year because of these and other oppressive conditions; and

"Whereas, In addition, the ethnically Greek population of Turkey has dwindled from half a million at the turn of the century to fewer than 5,000, and 92 percent of those who remain are age 65 or older; and

"Whereas, These facts strongly suggest a Turkish policy of retrenchment and, indeed, of active persecution of those Greek heritage; and

"Whereas, It is the intent of the California Legislature to urge that the United States government investigate these charges and, if substantiated, bring to bear upon the Turkish government appropriate economic and political pressure to correct the suppression of civil liberties: Now therefore, be it

"*Resolved by the Senate and Assembly of the State of California, jointly,* That the Legislature of the State of California respectfully memorialize the President and the Congress of the United States to petition the Turkish government to effect the protection of the civil liberties of Orthodox Christians; and be it further

"*Resolved,* That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representatives from California in the Congress of the United States.——"

POM-451. A resolution adopted by the Commonwealth of Massachusetts; to the Committee on Foreign Relations.

"RESOLUTION

"Whereas, the United States of America, from its beginning, has stood for the protection of the oppressed and has welcomed with open arms those who have fled their homeland because of political oppression; and

"Whereas, the general rule of extradition treaties is to provide for an exemption from extradition for those accused of political offenses; and

"Whereas, there is presently pending before the United States Senate a proposed amendment to the existing extradition treaty between the United States of America and Great Britian which would remove the political exemption from said treaty; and

"Whereas, such removal would make this treaty such a great exception to the general rule as to make it fundamentally unfair; and

"Whereas, the actual application of the proposed amendment would be confined to one group therefore it is discriminatory; and

"Whereas, the actual application would occur in relation to a system where the right to a jury trial, even in cases of capital offenses, has been removed. The proposed amendment would be offensive to the concept of fundamental justice contained in the Massachusetts Constitution which states: 'No subject shall be held to answer for any crimes or offense, until the same is fully and plainly, substantially and formally, described to him; or be compelled to accuse, or furnish evidence against himself. And every subject shall have a right to produce all proofs, that may be favorable to him; to meet the witnesses against him face to face, and to be fully heard in his defense by himself, or his counsel, at his election. And no subject shall be arrested, imprisoned, despoiled, or deprived of his property, immunities, or privileges, put out of the protection of the law, exiled, or deprived of his life, liberty, or estate, but by the judgment of his peers, or the law of the land.

"And the legislature shall not make any law, that shall subject any person to a capital or imfamous punishment, excepting for the government of the Army and Navy, without trial by jury.'; and

"Whereas, the proposed amendment would remove the current opportunity for a case-by-case analysis of such cases; now therefore be it

"*Resolved,* That the Massachusetts Senate hereby respectfully urges the Congress of the United States and the President of the United States to reject the proposed treaty between the United States and Great Britain; and be it further

"*Resolved,* That a copy of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the Presiding Officer of each branch of Congress and to the Members thereof from this Commonwealth."

POM-452. A resolution adopted by the Commonwealth of Massachusetts: to the Committee on Government Affairs.

"RESOLUTION

"Whereas, the United States Post Office located at the corner of North Shore Road and Beach Street in Revere is a major contributor to the economy of the area and ensures swift and convenient service for the area's residents; and

"Whereas, it has recently been put out of service due to an automobile accident thereby greatly inconveniencing the area's residents; and

"Whereas, the decision of the United States Postal Service as to whether or not to reopen is of great concern to the area's residents, and will in turn influence the area's growth and expansion; now therefore be it

"*Resolved,* That the Massachusetts Senate hereby respectfully urges the President and Congress of the United States and the United States Postal Service to reopen the post office in the Shirley Avenue area of Revere in order to ensure that the present and future needs of the public are best served; and be it further

"*Resolved,* That a copy of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, to each Member of the Congress from the Commonwealth and to the United States Postal Service."

POM-453. A joint resolution adopted by the Legislature of the State of California; to the Committee on the Judiciary.

"SENATE JOINT RESOLUTION NO. 31

"Whereas, A little known provision of federal immigration law artificially limits immigration from nonwhite colonial areas; and

"Whereas, When first imposed in 1952, the colonial quota affected residents of the Caribbean Islands seeking to enter this country; and

"Whereas, This antiquated and discriminatory colonial quota now, as a practical matter, applies only to individuals born in Hong Kong who seek to immigrate to the United States; and

"Whereas, For colonies such as Hong Kong, current law limits immigration to only 600 visas a year, compared with the 20,000 visa standard for independent nations; and

"Whereas, A bill in the House of Representatives, H.R. 1482, that would raise the colonial quota from Hong Kong from 600 to 5,000 visas a year, was introduced March 8, 1985, by Norman Mineta (D-California); and

"Whereas, There is a particular urgency to this legislation now that Great Britain has agreed to relinquish control of Hong Kong to the People's Republic of China in 1997, because at that time Hong Kong will presumably lose its limited status as a "colony" and thereafter be included within the overall quota for China; and

"Whereas, There are many thousands of people who wish to leave Hong Kong before 1997, and this legislation would facilitate the entry of many of these individuals to the United States; and

"Whereas, Without this legislation, only a few visas could be issued to Hong Kong residents before the return of Hong Kong to a Communist government; and

"Whereas, In both the 97th and 98th Congresses, proposals to raise the colonial quota to 3,000 visas a year were adopted without opposition; and

"Whereas, With the return of Hong Kong to China just 11 years away, we must act with dispatch to allow a reasonable number of people now in Hong Kong to leave before 1997; and

"Whereas, The vast bulk of these visas would be issued to relatives of United States citizens and permanent residents; and

"Whereas, All visas would be issued in accordance with the existing system of preferences; and

"Whereas, The current colonial quota is artificially low and discriminatory on its own, but the situation in Hong Kong makes the problem all the more urgent; now, therefore, be it

"*Resolved by the Senate and the Assembly of the State of California, jointly,* That the Legislature of the State of California memorializes the President and the Congress of the United States to enact H.R. 1482 to raise the yearly quota for immigrants from Hong Kong from 600 to 5,000; and be it further

"*Resolved,* That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-454. A joint resolution adopted by the legislature of the State of California; to the Committee on the Judiciary.

"SENATE JOINT RESOLUTION NO. 24

"Whereas, A grave injustice was done to both United States citizens and resident aliens of Japanese ancestry by the evacuation, relocation, and internment of those persons during World War II; and

"Whereas, The basic civil liberites and constitutional rights of the civilians of Japanese ancestry who were interned to the United States during World War II were fundamentally violated by that evacuation and internment; and

"Whereas, The findings of the federal Commission on Wartime Relocation and Internment of Civilians describe the circumstances of the evacuation, relocation, and internment of 110,000 United States citizens and permanent resident aliens of Japanses ancestry; and

"Whereas, H.R. 442, which would enact the Civil Liberties Act of 1985 and implement the recommendations of the Commission on Wartime Relocation and Internment of Civilians, was introduced on January 3, 1985 in the House of Representatives of the United States; now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California, jointly,* That the Legisalture of the State of California urges the Congress of the United States to enact those portions of H.R. 442 of the 99th Congress which relate to the redress of the injustice done to United States citizens and resident alines of Japanese ancestry who were interned in the United States during World War II; and be it further

"*Resolved,* That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the Unted States, the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the Uinted States."

POM–455. A joint resolution adopted by the legislature of the State of California; to the Committee on Labor and Human Resources.

"Senate Joint Resolution No. 10

"Whereas, The art, flair, culture, and hobbies associated with professional and amateur sports have become a vital part of California's social and economic communities; and

"Whereas, Sports stars are often looked upon as modern day heroes in the eyes of our nation's children; and

"Whereas, The image of the athlete has been enhanced in our society through the collection of trading cards, autographs, posters, and other forms of memorabilia; and

"Whereas, The image of athletes can be tarnished by abuse of drugs or alcohol at all levels of professional and amateur sports; and

"Whereas, California has a huge financial investment in, and commitment to, its national and international sorts images, as the largest sports state in the nation with 16 professional sports teams, and as host to the 1984 Summer Olympics, Major League Baseball's 1984 All-Star Game, and the Super Bowl within the past 12 months; therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, On behalf of the state's professional and amateur sports consumers and sports image, that the Legislature finds that it has an interest in enhancing the positive image of sports and leagues the players represent; and be it further

Resolved, That the Legislature encourages all professional sports leagues, amateur athletic associations, and fans' clubs to work together to combat substance abuse on and off the field; and be it further

Resolved, That the Legislature respectfully requests that the President and the Congress of the United States research the problems and incidence of substance abuse in sports through the establishment of a natinal sports drug information and rehabilitation network designed to educate both athletes and fans on and off the field, with a special emphasis placed on educating children and amateur athletes about the hazards of drug and alcohol abuse; and be it further

"*Resolved,* That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, and to the Franchise of Americans Needing Sports."

POM–456. A petition from a citizen of Concord, NH, relating to tax increase; to the Committee on Finance.

POM–457. A petition from a citizen of NH, urging Congress to stop tax deductions for aborted babies; to the Committee on Finance.

POM–458. A resolution adopted by the Legislative Research Commission relating to the deduction of certain local taxes from Federal income tax at the request of the Task Force on Election and Constitutional Amendments; to the Committee on the Judiciary.

POM–459. A petition from a citizen of Concord, NH, urging Congress to stop tax deductions for aborted babies; to the Committee on Finance.

POM–460. A resolution adopted by the Commissioners Court of McCulloch County TX concerning the Fair Labor Standards Act; to the Committee on Labor and Human Resources.

POM–461. A resolution adopted by the council of the city of Willoughby Hills, OH, relating to the Fair Labor Standards Act; to the Committee on Labor and Human Resources.

POM–462. A joint resolution adopted by the legislature of the State of California; to the Committee on Veterans Affairs.

"Senate Joint Resolution No. 12

"Whereas, A new national cemetery in California for veterans is urgently needed, and the best site for this facility would be at a site in northern California; now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California, jointly,* That the Legislature of the State of California respectfully memorializes the President, Congress, and the Veterans' Administration to establish a new national veterans' cemetery at a site in northern California; and be it further

"*Resolved,* That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, and to the Administrator of Veterans' Affairs."

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MATHIAS (for himself, Mr. Hatch, Mr. D'Amato, Mr. Wilson, Mr. Cochran, Mr. Kennedy, Mr. Cranston, Mr. Sasser, Mr. Gore, Mr. Simon, and Mr. Leahy):

S. 1739. A bill to amend title 17 of the United States Code with respect to home audio recording and audio recording devices and media, and for other purposes; to the Committee on the Judiciary.

By Mr. MATHIAS (for himself, Mr. Stafford, Mr. Bentsen, Mr. Rockefeller, Mr. Burdick, Mr. Chafee, Mr. Hart, Mr. Simpson, Mr. Moynihan, Mr. Abdnor, Mr. Mitchell, Mr. Humphrey, Mr. Baucus, Mr. Lautenberg, Mr. Domenici, Mr. Durenberger, and Mr. Sarbanes):

S. 1740. A bill to designate Bloomington Lake located on the North Branch of the Potomac River, near Bloomington, MD, and Keyser, WV, as the "Jennings Randolph Lake"; to the Committee on Environment and Public Works.

By Mr. DURENBERGER:

S. 1741. A bill to amend the Internal Revenue Code of 1954 to provide capital gain treatment for sales of certain condominiums; to the Committee on Finance.

By Mr. TRIBLE (for himself and Mr. Mattingly):

S. 1742. A bill to improve the enforcement of the restrictions against imported pornography; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. HATFIELD:

S. Con. Res. 77. Concurrent resolution deploring the intention of the United States to withdraw from the compulsory jurisdiction of the International Court of Justice; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MATHIAS (for himself, Mr. Hatch, Mr. D'Amato, Mr. Wilson, Mr. Cochran, Mr. Kennedy, Mr. Cranston, Mr. Sasser, Mr. Gore, Mr. Simon, and Mr. Leahy):

S. 1739. A bill to amend title 17 of the United States Code with respect to home audio recording and audio recording devices and media, and for other purposes; to the Committee on the Judiciary.

THE HOME AUDIO RECORDING ACT

● Mr. MATHIAS. Mr. President, today I join 10 of my colleagues in introducing legislation addressing the problems caused by the unrestricted home taping of copyrighted music. The Home Audio Recording Act would allow individuals to tape music from records, prerecorded cassettes, compact discs, and from the airwaves without first securing permission from the copyright owner. In exchange for that privilege, the bill would impose a modest royalty on the tools used to copy copyrighted music: Music-quality audio recording tapes and audio recording machines. The revenues from that royalty would be pooled and distributed to the copyright owners. Thus, the legislation will achieve two goals: It will ensure that the creators and producers of America's music receive a portion of the funds otherwise denied them by the unbridled practice of home taping, while protecting home tapers from liability under the copyright law.

The need for this legislation is demonstrated by the fact that musicians, composers, and producers are annually losing over $1½ billion in sales to unauthorized audio home taping. The most visible result of that revenue loss is a decrease in the amounts of money invested to cultivate new recording talent. Indeed, the current volume of new releases is less than one-half that of just 6 years ago. Another important result is that less money is available to support the less popular forms of music such as classical music and the uniquely American genres of jazz, folk, and gospel. Thus, by enacting this legislation we will be carrying out our constitutional mandate to promote the arts and sciences, as well as ensuring American consumers an innovative and diversified selection of high quality music.

The Home Audio Recording Act will bring needed clarity to the copyright law because the Supreme Court has not directly addressed the issue. In the much publicized Betamax case, the Court held that video home taping—if done for time-shifting purposes only—is not an infringment of the copyright statutes. It said nothing about audio home taping, and the legality of this widespread practice remains in doubt.

In introducing the Home Audio Recording Act, I want to emphasize that the bill is not a precursor of similar legislation on video taping. The video industry is in a state of flux with a market still trying to respond to an extremely dynamic situation. This legislation addresses entirely different issues in response to studies that clearly demonstrate the harmful economic and cultural effects of unrestricted audio home taping.

While this body has previously considered similar legislation, we must act now because a new technological twist threatens to exacerbate the music industry's problems. Walk into any stereo shop and you will see dual-port recorders specially designed for rapid duplication of copyrighted prerecorded cassettes. Even though it is questionable whether such devices are consistent with our copyright laws, one Japanese electronics manufacturer announced early this summer that it will soon add to its line a triple-port cassette recorder—a machine designed to simultaneously make two unauthorized copies of prerecorded cassettes. I imagine that they are basing that strategy on Mae West's bromide that "too much of a good thing is—wonderful."

The Home Audio Recording Act specifically targets these assaults on the copyright system. The bill makes the distribution of these triple-port home recording devices, as well as those with a greater capacity, an infringement of our copyright law. Dual-port recorders would not be outlawed but would be subject to a special royalty charge of 25 percent of the wholesale price since they are clearly designed for easy duplication of prerecorded cassettes. The standard royalty assessed on other recording machines that have the capacity to make high-quality copies of copyrighted recordings would be 5 percent of the wholesale price. It is important to note that the definition of "audio recording device" in the bill is intended to exclude cassette machines with microphone-only recording capacity as well as playback-only machines—such as the Walkman and automobile cassette players. Further, the Copyright Royalty Tribunal is empowered to exclude from the royalty charge any machines that are unsuitable for copying records and cassettes containing copyrighted materials, and those that are used for noninfringing business, trade or professional purposes—such as tapes and equipment used by libraries, schools, and radio stations.

Another well considered exemption from the machine royalty applies to any recording device that is manufactured to include a decoder chip that can control copying of records and prerecorded tapes. With this new technological breakthrough, the home taping enthusiast would be able to duplicate specially encoded phonorecords or prerecorded cassettes, while other purchasers could choose a less expensive, uncopyable version. By encouraging widespread use of these decoder chips, we could eliminate the penalty now paid by the music buff who does not copy at home, and minimize the need for the royalty arrangement proposed by our bill.

The royalty rate on blank tapes would be 1 cent per minute of playing time, adjustable every 5 years by the Copyright Royalty Tribunal. The 5-year interval for this review cycle was designed to fit in with the existing review responsibilities of the tribunal in other areas, such as cable television royalty rates. The initial royalty rate should, in our view, be set by Congress. Under the 1-cent-per-minute formula, a taping buff could copy a standard longplaying record for less than 45 cents more than he now pays for the blank tape. The increase could be even less if competition prevents the tape manufacturer from passing the full royalty on to the consumer.

In addition to the 5-year review of the royalty rate, the tribunal will also develop technical criteria for determining which tapes or other media are subject to the royalty and which are excluded as unsuited to duplicating copyrighted music. The distinction here is between voice-quality tapes, that might be used for business dictation and other personal uses that do not infringe copyrights, and music quality tapes, that would naturally be preferred for taping from records and prerecorded cassettes. The legislative history of the bill, including the hearings in the last two Congresses and the further hearing record that will be developed in this Congress, will give more extension guidance to the Copyright Royalty Tribunal on the standards to consider when exempting certain machines and cassettes.

Finally, the effective date of the bill is deferred until July 1987 to allow manufacturers of recording equipment sufficient time to conform to the new law, and to give the tribunal lead time in developing the exemption standards.

I urge all my colleagues to give careful consideration to the ballooning problem of unauthorized home audio taping, and to support the balanced solution proposed by the Home Audio Recording Act. In my view, this bill improves on the legislation considered in previous Congresses. I look forward to working with my colleagues on the Judiciary Committee on further improvements to this important legislation.

I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1739

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Home Audio Recording Act."

SEC. 2. (a) Chapter 1 of title 17 of the United States Code is amended by inserting at the end thereof the following new section:

"§ 119. Limitation of liability: Audio recording

"(a) AUDIO RECORDING.—Notwithstanding the provisions of section 106(1), an individual who makes an audio recording of a musical work or a sound recording is exempt from any liability for infringement of copyright if the recording made is for the private use of that individual or members of his or her immediate household: *Provided, however,* That nothing in this section shall exempt from liability a person who, for purposes of direct or indirect commercial advantage, induces, causes or materially contributes to the making of audio recordings by any individual or entity.

"(b) Compulsory License for Audio Recording Devices and Media.—

"(1) AVAILIBILITY OF COMPULSORY LICENSE.—Notwithstanding the provisions of section 106(1), the importation into and distribution in the United States, and the manufacture and distribution in the United States, of any audio recording device or audio recording medium shall be suject to compulsory licensing if the importer or manufacturer of the device or medium records the notice, and deposits the statement of account and total royalty fees, specified by this paragraph.

"(A) The importer or manufacturer shall, at least one month before the distribution in the United Sates of any audio recording device or any audio recording medium or within sixty days after the date this section becomes effective, whichever date is later, record a notice with the Register of Copyrights (hereafter in this section referred to as the 'Register'). Such notice shall include a statement of its identity and address and a description of any trade or business names, trademarks, or like indicia that it uses in connection with the importation, manufacture, or distribution of audio recording devices or audio recording media in the United States. Thereafter, from time to time, the importer or manufacturer shall record such further information as the Register shall prescribe by regulation to carry out the purposes of this paragraph.

"(B) The importer or manufacturer shall deposit with the Register, at such times, for such periods, and in accordance with such requirements as the Register shall prescribe by regulation, a statement of account, covering the pertinent period next preceding, specifying the number of audio recording devices or amount of audio recording media imported into or manufactured in the

United States during such period, and the number or amount distributed in the United States during such period, together with such other information, and in such form, content and manner, as the Register shall from time to time prescribe by regulation. Such statement shall be accompanied by the total royalty fee specified in subsection (c) of this section for the period covered by the statement, computed in accordance with such regulations as the Register shall from time to time prescribe.

"(2)(A) Infringement.—Notwithstanding the provisons of paragraph (1), the importation into and distribution in the United States, or the manufacture and distribution in the United States, of any audio recording device or audio recording medium is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506, 509, and 511, if the notice, statement of account, or total royalty fee specified by paragraph (1) has not been recorded or deposited, or if the statement of account or total royalty fee does not materially comply with the requirements of paragraph (1) or any regulations prescribed thereunder.

"(B) Multiple audio recording devices shall not be subject to compulsory licensing under paragraph (1), and the importation into and distribution in the United States of such devices shall be actionable as an act of infringement under section 501, and shall be fully subject to the remedies provided by section 502 through section 506, and section 509.

"(3) Deposit of royalty fees.—The Register shall receive all fees deposited under this section and, after deducting reasonable administrative costs, shall deposit the balance in the Treasury of the United States, in such manner as the Secretary of the Treasury shall direct. All funds held by such Secretary shall be invested in interest-bearing United States securities for later distribution with interest by the Copyright Royalty Tribunal (hereafter in this section referred to as the 'Tribunal') as provided by this title. The Register shall promptly submit to the Tribunal a compilation of all statements of account covering the pertinent periods provided by paragraph (1).

"(4) Copyright owners entitled to royalty fees.—The royalty fees deposited pursuant to this section in connection with audio recording devices and media shall, in accordance with the procedures specified in paragraph (5), be distributed to the owners of copyrights in musical works and sound recordings that were included in radio or television transmissions, or distributed to the public in the form of phonorecords or copies, during the period to which such fees pertain.

"(5) Distribution of royalty fees.—The royalty fees deposited pursuant to this section shall be distributed in accordance with the following procedures:

"(A) During the 30-day period specified by the Tribunal for each year after the year in which this section becomes effective, every person claiming to be entitled to compulsory license fees under paragraph (4) of this subsection shall file a claim with the Tribunal for fees covered by all statements of account for periods during the preceding year in accordance with requirements that the Tribunal shall prescribe by regulation. All such claimants shall negotiate in good faith among themselves in an effort to agree to a voluntary proposal for the distribution of royalty fees. Notwithstanding any provision of the antitrust laws, for purposes of this clause any claimants may agree to the proportionate division of compulsory licensing fees amongst them, may lump their claims together and file them jointly or as a single claim, or may designate a common agent to receive payment on their behalf.

"(B) After the first day of the month following the period established for the filing of claims under subparagraph (A), in each year after the year in which this section becomes effective, the Tribunal shall determine whether there exists a controversy concerning the distribution of royalty fees. If the Tribunal determines that no such controversy exists, it shall, after deducting its reasonable administrative costs under this subsection, distribute such fees to the copyright owners entitled to such distribution, or to their designated agents. If the Tribunal finds the existence of a controversy, it shall, pursuant to chapter 8 of this title, conduct a proceeding to determine the distribution of royalty fees. In making its determination, the Tribunal shall so far so possible give effect to any voluntary proposal for the distribution of royalty fees negotiated in accordance with subparagraph (A).

"(C) During the pendency of any proceeding under this subsection, the Tribunal shall withhold from distribution an amount sufficient to satisfy all claims with respect to which a controversy exists, but shall have discretion to proceed to distribute any amounts that are not in controversy.

"(c) Royalty Fees.—

"(1)(A) Audio recording devices.—The royalty fee payable under subsection (b) for each audio recording device imported into the distributed in the United States, or manufactured and distributed in the United States, shall be five per centum of the price charged for the first domestic sale of such device.

"(B) Dual audio recording devices.—The royalty fee payable under subsection (b) for each dual audio recording device imported into and distributed in the United States, or manufactured and distributed in the United States, shall be twenty-five per centum of the price charged for the first domestic sale of such device.

"(C) Audio recording media.—The royalty fee payable under subsection (b) for each audio recording medium imported into and distributed in the United States, or manufactured and distributed in the United States, shall be one cent per minute of the maximum playing time or fraction thereof for such medium.

"(D) Exemptions.—The Tribunal shall by regulation exempt from royalty fees particular kinds of audio recording devices or audio recording media, if any, that the Tribunal finds, on the basis of technical criteria that are relevant to the purposes of this section, are unsuitable for making audio recordings by individuals for private use.

"(E) Noninfringing uses.—The Tribunal shall by regulation establish a procedure under which audio recording devices or audio recording media purchased and used only under the circumstances specified in this paragraph shall not be subject to payment of any of the royalty fees otherwise payable under subsection (b). Pursuant to this paragraph the Tribunal shall exempt from royalty fees audio recording devices or audio recording media that—

"(i) are purchased under circumstances where any part of the purchase price is deductible by the purchaser either as an ordinary and necessary business expense under section 162 of the Internal Revenue Code of 1954 or as an allowance for depreciation under section 167 of such Code, or, in the case of purchases by a nonprofit organization, would be so deductible if either section was applicable; and

"(ii) will not be used for making audio recordings by individuals for private use or for other infringing purposes in violation of this title.

"(2)(A) Adjustment of royalty fees.—The fees specified in paragraph (1) shall be subject to adjustment by the Tribunal in the fifth calendar year after the date this section becomes effective, and in each subsequent fifth calendar year, in accordance with the petition procedure described in section 804(a)(2) of this title and regulations that the Tribunal shall prescribe. Notwithstanding the provisions of section 809 of this title, any final determination by the Tribunal in the first and any subsequent adjustment proceeding under this paragraph shall become effective thirty days following its publication in the Federal Register.

"(B) In determining royalty fees under this paragraph, the Tribunal shall consider, in addition to all other relevant factors, the following criteria:

"(i) the value to an individual of the right to reproduce copyrighted works pursuant to subsection (a) of this section;

"(ii) the compensation that would have been received by copyright owners from distribution in the United States of phonorecords of their sound recordings and musical works but for private audio recording of such works;

"(iii) the projected impact of royalty fees on consumers and the benefits derived by consumers from the use and availability of audio recording devices or media;

"(iv) the benefits derived by importers and manufacturers of audio recording devices or media from the distribution in the United States of those products;

"(v) the projected impact of private audio recording on copyright owners;

"(vi) the projected effect of royalty fees on the structure and financial condition of the audio recording device or media importing and manufacturing industries;

"(vii) the relative roles of copyright owners and importers and manufacturers of audio recording devices or media with respect to creative and technological contribution to the development of sound recordings and musical works;

"(viii) the objective of maximizing the creation of new sound recordings and musical works;

"(ix) reasonable estimates of the amount of audio recording devices or media used in the United States during a relevant period for purposes other than making audio recordings by individuals for private use if such purposes are lawful under this title; and

"(x) new technologies for making audio recordings by individuals for private use.

"(C) Any determination by the Tribunal under this paragraph may distinguish among different kinds of audio recording devices or audio recording media, and may establish different royalty fees for different kinds of audio recording devices or audio recording media.

"(d) Definitions.—As used in this section, the following terms and their variant forms mean the following:

"(1) An 'audio recording' is a phonorecord or aurally perceptible copy (without accompanying visual images) of a musical work or sound recording that has been reproduced directly from a radio or television transmission or from a phonorecord or copy that has been lawfully made and distributed to the public.

"(2) An 'audio recording device' is any machine or device, now known or later developed, which can be used for making audio recordings by individuals for private use, and which is capable of reproducing the sounds embodied in a radio or television transmission, or in a phonorecord or copy, by means of internal or external wire, cable or like connection between the equipment receiving or performing such sounds and the equipment reproducing them. The term 'audio recording devices' includes dual audio recording devices. Such term does not include a device (A) which is unable to receive the sounds embodied in a radio or television transmission, or in a phonorecord or copy, except by microphone; (B) which is capable only of performing such sounds (playback only equipment); or (C) which incorporates a decoder or similar mechanism that prevents the device from reproducing, or permits the device to reproduce, the sounds embodied in a phonorecord or copy in accordance with special instructions encoded in the phonorecord or copy for that purpose.

"(3) An 'audio recording medium' is any material object, now known or later developed, in any form commonly distributed for use by individuals (such as analog or digital tape cassettes, cartridges or reels), in which a musical work or sound recording can be fixed by use of an audio recording device. Such term does not include a material object that embodies a sound recording at the time it is first distributed by the importer or manufacturer, unless the sound recording has been so embodied in order to avoid the obligations of subsection (b).

"(4) A 'dual audio recording device' is any machine or device, now known or later developed, intended for use in private homes, which can be used for making audio recordings by individuals for private use, which is capable of reproducing the sounds embodied in a phonorecord by copying such sounds from a phonorecord in any digital or any tape format to an audio recording medium in any digital or any tape format, and which contains in a single apparatus one cavity for the insertion of a phonorecord in any such format and one cavity for the insertion of an audio recording medium in any such format.

"(5) The 'first domestic sale' of an audio recording device is the first sale of such device in the United States to an unrelated party. For purposes of this paragraph, an unrelated party is a person who is not controlling, controlled by, or under common control with the seller, and who is not acting in concert with the seller in order to avoid or lessen the obligations of subsection (b). Control will be deemed to exist if there is a fifty per centum or greater direct or indirect ownership interest between the seller and such other person.

"(6) A 'multiple audio recording device' is any machine or device, now known or later developed, intended for use in private homes, which can be used for making audio recordings by individuals for private use, which is capable of reproducing the sounds embodied in a phonorecord by copying such sounds from a phonorecord in any digital or any tape format to an audio recording medium in any digital or any tape format, and which contains in a single apparatus one or more cavities for the insertion of a phonorecord in any such format and two or more cavities for the insertion of an audio recording medium in any such format.

"(7) A 'radio transmission' and a 'television transmission' are transmissions by a broadcast station, cable system, multipoint distribution service, subscription service, direct broadcast satellite, or other means of transmission that are intended for reception in private homes.".

(b) The table of sections for chapter 1 of title 17, United States Code, is amended by adding at the end thereof the following new item:

"119. Limitation on liability: Audio recording.".

SEC. 3. (a) Chapter 5 of title 17 of the United States Code is amended by inserting at the end thereof the following new section:

"§ 511. Additional remedy for infringing importation or manufacture, and distribution of audio recording devices and media

"In any action filed pursuant to section 119(b)(2), the court may order that, in addition to any other remedies provided by this title, for a period not to exceed ninety days, the importer or manufacturer shall be deprived of the benefit of a compulsory license under section 119(b)(1). In the absence of such license by reason of such order, any importation into and distribution in the United States, or any manufacture and distribution in the United States, of audio recording devices or media by such party is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506, 509, and this section.".

(b) The table of sections for chapter 5 of title 17, United States Code, is amended by adding at the end thereof the following new item:

"511. Additional remedy for infringing importation or manufacture, and distribution of audio recording devices and media.".

SEC. 4. Chapter 8 of title 17 of the United States Code is amended as follows:

(a) Section 801(b)(1) is amended by striking out "and 116," in the first sentence, and inserting in lieu thereof ", 116 and 119,".

(b) Section 801(b)(3) is amended by striking out "and 116," and inserting in lieu thereof ", 116 and 119,".

(c) Section 804(d) is amended by striking out "or 116," and inserting in lieu thereof ", 116 or 119,".

(d) The second sentence of section 809 is amended by striking out "or 116," and inserting in lieu thereof ", 116 or 119,".

SEC. 5. Supplementary and Transitional Provisions.—(a) This Act, and the amendments made by this Act, shall become effective on July 1, 1987.

(b) Section 501(a) of title 17 is amended by striking out "118" and inserting in lieu thereof "119".●

● Mr. KENNEDY. Mr. President, I am pleased to join Senator MATHIAS and my other colleagues in cosponsoring the Home Audio Recording Act. This bill would amend our copyright law to clarify that home taping for personal use is legal, and would establish a small royalty fee on some tape recorders and high-quality blank tapes to partially compensate copyright holders.

The practice of home taping of copyrighted music is a growing phenomenon. In 1972, home taping accounted for 20 percent of the total hours of recorded music available. By 1982, home taping had risen to 43 percent of the total. The impact of home taping on sales of sound recordings is substantial. In testimony before the Senate Judiciary Committee in the 98th Congress, Dr. Alan Greenspan estimated that more than two-fifths of all home taping is in lieu of the purchase of prerecorded records or tape, for an estimated retail dollar loss from home taping of $1.4 billion in 1982.

Home taping has already had an adverse impact on creativity and diversity in the recording industry. During the period from 1978 to 1982, record releases fell by more than one-third and employment in the recording industry has dropped from 29,000 to 21,000.

Our copyright system is designed to balance the need to provide financial incentives to creators of artistic works with the important policy of keeping consumer costs reasonable. Advances in technology are straining the ability of our existing copyright laws to adequately safeguard composers and performers of music. The Home Audio Recording Act would restore adequate copyright protection to recording artists without placing an undue burden on consumers.

I urge my colleagues to give this legislation favorable consideration.●

● Mr. SIMON. Mr. President, I rise today to join my distinguished colleague from Maryland, with whom I am pleased to serve on the Judiciary Committee, Senator MATHIAS, in sponsoring the Home Audio Recording Act. This legislation would provide relief to our Nation's music industry by applying a small one-time fee on recording equipment and blank cassette tapes used primarily for the taping of recorded material.

Our Nation has the finest music and recording industry in the world. Our free enterprise system provides stimulation and opportunity for composers, artists, and producers. We reward creative musical talent and therefore encourage talented men and women to pursue their special abilities. The result is a musical community of rich diversity and spirited individualism.

Yet, recent technical advances in cassette recording have threatened our music industry in an unprecedented fashion. Home recording of music albums caused an estimated $1½ billion in losses to the recording industry last year. Since 1978, the total number of new albums released each year has dropped by more than half. Clearly, we must take steps to ensure that the creative men and women who generate our Nation's music and the thoughtful people who risk their own financial security by investing in these efforts are not discouraged from continuing careers in music.

The bill we are offering today is a fair and simple attempt to remedy this problem. This small royalty fee will generate a revenue pool to compensate those parties who are directly affected by the losses brought about by home taping. This new revenue will be shared by producers, composers, and performers alike through independent contractual agreements.

I understand the economic realities of this proposal. Any royalty fee has some inherent drawbacks. Consumers will pay a slightly higher price for blank cassettes and recording equipment. Album rental outlets and retailers of recording equipment and cassette tapes may not realize the fantastic profits of the past few years. This is an unfortunate situation and I regret any move that pampers these people. We should monitor the effects of this legislation closely to see that it does not unduly affect either these businesses or consumers. It should not.

It is offered as a step toward fairness. The low prices and high profits of the last few years have come at the expense of the men and women who have worked so hard to create this music. The debt we owe these people for sharing their creative genius—a debt many have escaped through home taping—will be paid in part by such a royalty fee.

I do not have any firsthand experience with the music industry. But I have come to sympathize with musicians through my experience with publishing. I have written several books, and while none of these have become a best seller, each publication represents a significant amount of thought and hard work on the part of this author. I do not appreciate the idea of somebody copying my work for their own enjoyment without rewarding this effort. I understand the frustration that composers and producers must feel when the fruits of their labor are duplicated without offering any payment for their original work.

We have always realized the importance of a vigorously enforced system of copyright laws in this country. These laws are inspired by our belief that creative talent should be rewarded and encouraged. We have historically encouraged our artists and composers because we understood that music is an art that erases boundaries between people and helps us share a common culture. The Home Audio Recording Act will protect our American musicians and ensure that American music will continue to enrich our lives for decades to come.●

● Mr. SASSER. Mr. President, I am pleased to be an original cosponsor of the legislation being introduced today by my distinguished colleague, the senior Senator from Maryland. The bill would provide for the collection of royalties on the sale of audio recording equipment and blank tapes.

Tennessee benefits greatly from a strong and vibrant music industry. Nashville is the center of the country music industry. This industry contributes thousands of jobs and tens of millions of dollars to the Tennessee economy.

Country music accounts for nearly 15 percent of the total annual record sales in the United States of roughly $570 million. So, country music in Tennessee is big business, and it is big business in a State where the unemployment rate has been above the national average now for several years.

The legislation we are introducing today is designed to cope with an increasing problem faced by the industry—home taping of music. It is a common practice in this country for people to get together, purchase one copy of a record or tape and then make several copies. Their feeling is that they save a lot of money on records and tapes and that no one gets hurt.

But someone is getting hurt, Mr. President—the writers who hold the copyright on the music. These writers earn only modest amounts from their music. For instance, of the 25,000 members of ASCAP, the American Society of Composers, Authors and Publishers, only 1,000 earn over $10,000 per year from performances of their music. If they continue to lose income to home taping, they will be squeezed out of the music business, then the quality and the quantity of the music being created will decline, and everyone will lose.

Home taping is currently estimated to cost about 30 percent of record sales—and thus about 30 percent of the writers' royalties. When seen in this context, it is apparent that home taping costs music writers significant amounts of income and may ultimately drive many writers out of the business.

Mr. President, the current copyright system recognizes that the royalties paid to a composer or writer should be commensurate with the success of the song. If an artist's work merits the long-term popularity of a hit, the artist should be rewarded on a continuing basis. By the same token, an artist is entitled to royalties each time one of his or her records or songs is sold.

This legislation requires a royalty payment of 5 percent on the wholesale price of audio recording equipment and 1 cent per minute for blank tapes. A higher royalty would be charged for equipment which is designed for little else but copying music and exemption would be provided for equipment which is unsuitable for recording music. The money collected will be distributed by the Copyright Royalty Tribunal upon application by the artists.

I believe that this is a workable method to ensure that our creative artists, composers, and songwriters receive the royalties they deserve from their work.●

Mr. LEAHY. Mr. President, I am pleased to join Senator MATHIAS and several of my colleagues in introducing the Home Audio Recording Act.

Millions of Americans enjoy taping copyrighted music at home. They do it from records, from prerecorded cassettes, from compact discs, and even from the radio. There is nothing evil about this practice. It's fun and it ought to continue. But the copyright owners—the composers, the lyricists, the musicians, the producers, and the publishers—whose music is being taped, ought to get some compensation for the use of their products.

That's what the Home Audio Recording Act does. It legalizes the practice of home taping, and it places a modest royalty on the audio equipment and high quality blank tape which is used for taping music.

While I have some reservations about the bill as it is drafted, and the fees that are imposed, I am supporting this effort for one simple reason—it is just.

American consumers are using and enjoying the valuable products of American artists. I think those same consumers will understand that it is fair to compensate those artists for their works, and that it is necessary if the broadest range of new music is going to continue to be written and recorded.

The bill being introduced today makes substantial departures from versions of this legislation which had been introduced in previous Congresses. First, it deals with audio home taping only. The law on video home taping is left precisely where it has been since the Supreme Court's Betamax decision. Second, the bill exempts machines and tape which are not used for the recording of copyrighted music. Schools, libraries, commercial users, and people using dictaphones will be able to purchase equipment and tape that are not subject to the royalty. Low fidelity taping systems also will not be subject to a royalty.

As I mentioned earlier, I do have some reservations about the bill as it is being introduced. The most significant of these is the royalty placed on blank tape. The bill sets a fee of 1 cent per minute. From the information I have received, I think that fee is too high. I am cosponsoring the bill because I believe that legislation is needed in this area, that this bill is a good first effort, and that we need to get on with the process. But I question this fee and will consider amending the bill in committee.

I also believe that hearings will help us refine the concept already embodied in the bill of exempting machines and tapes which are not used for infringing purposes. While there is no perfect solution to this question, I am hopeful that we can come up with a just one.

I am looking forward to hearings on this bill and to working with affected individuals and groups to ensure that the bill we ultimately report properly balances the needs of consumers with the rights of creative artists in this age of modern duplication technology.

By Mr. MATHIAS (for himself, Mr. STAFFORD, Mr. BENTSEN, Mr. ROCKEFELLER, Mr. BURDICK, Mr. CHAFEE, Mr. HART, Mr. SIMPSON, Mr. MOYNIHAN, Mr. ABDNOR, Mr. MITCHELL, Mr. HUMPHREY, Mr. BAUCUS, Mr. LAUTENBERG, Mr. DOMENICI, Mr. DURENBERGER, and Mr. SARBANES):

S. 1740. A bill to designate Bloomington Lake located on the North Branch of the Potomac River, near Bloomington, MD, and Keyser, WV, as the "Jennings Randolph Lake"; to the Committee on Environment and Public Works.

JENNINGS RANDOLPH LAKE

● Mr. MATHIAS. Mr. President, I am introducing legislation today to honor and recognize the achievements of one of our most esteemed former colleagues, Jennings Randolph.

My bill would rename Bloomington Lake in his home State of West Virginia, as the Jennings Randolph Lake.

Senator Randolph retired from the Senate in 1984 after 52 years of public service, half of it in this body. Throughout his long and distinguished career, he never forgot the little people of his State. He worked hard in the Congress to improve working conditions, job opportunities, and recreational facilities for the people of West Virginia.

Major Federal programs bear his name or his sponsorship: The Randolph-Sheppard Act of 1936, a program to employ the blind; the Federal Aid to Airports Act of 1946; the National Defense Interstate Highway System Act of 1956; the Appalachian Regional Commission; the Solid Waste Disposal Act; the Coal Mine Health and Safety Act; the National Fuels and Energy Policy Study of 1971; and the National Institute of Peace.

One recent example of his efforts is Bloomington Lake, created by the Corps of Engineers in Elkins, WV. The lake borders my home State of Maryland and was formed by the damming of the North Branch of the Potomac River. In 1983, Jennings and I attended the dedication ceremonies for this wonderful lake for boating, fishing, swimming, hiking, picnicking and camping. It also provides a reserve water supply for downstream communities, including Washington, DC.

Jennings Randolph was an institution himself within the institution of the Senate, which he took very seriously. He truly believed in the Senate as the greatest deliberative body in the world, and when he took to the floor to speak, he always commanded the attention of his colleagues. Careful thought before speaking, and decorum, were important to him. I am sure many of my colleagues can vividly recall Jennings rising on many occasions, when the Senate became raucous, to state firmly: "Mr. President, the Senate is not in order!" This simple reminder from one of the Senate's elder statesmen would be followed by the pronounced pounding of the gavel by the Presiding Officer, who would acknowledge the situation by saying, "The Senator from West Virginia is correct. The Senate is not in order."

Heeding the admonition, Members then returned to their seats and to quiet attention so that the recognized speaker could proceed and be heard.

Senator Randolph has returned to his home in Salem, WV, where he writes a column for the local newspaper as well as a variety of other thoughtful pieces. I know my colleagues miss his presence here and his wisdom on so many subjects. And I know my colleagues join me in extending our fondest wishes to Jennings as he enjoys the retirement that his distinguished career of public service has earned him. I can think of no more fitting tribute to him than to rename Bloomington Lake as the Jennings Randolph Lake.●

By Mr. DURENBERGER:

S. 1741. A bill to amend the Internal Revenue Code of 1954 to provide capital gain treatment for sales of certain condominiums; to the Committee on Finance.

CONDOMINIUM COST REDUCTION ACT

● Mr. DURENBERGER. Mr. President, for most people the dream of homeownership often begins with the least expensive form of housing. Because of the high interst rates and land costs which have plagued our country during the last several years, condominiums have often become the most affordable form of homeownership available today.

Under current law, however, if an apartment owner converts his building to condominiums and sells the units to his residents, all the profit is taxed at ordinary income rates. If the owner sells the building to a middleman—commonly known as a converter—leaving it to the convertor to sell the units, the owner's profit is taxed at the capital gains rate and the converter pays taxes at ordinary income rates on his profit. Because of the impact of these tax laws that discourage sales to existing residents, virtually all condominium conversions are accomplished through converters.

Conversions by professional converters has had some negative impact on the housing market because of some insensitive converters and the position owners are placed in by the present tax laws. This legislation that I am introducing today would cut out the middleman-converter and would make conversions a much more humane and cooperative venture between the owners and the residents. In the typical conversion today the converter buys out the owner with short-term money usually pegged a few points above the prime rate.

Because of the high carrying cost and the fact that the converter has to pay ordinary income tax on any of his gain, this makes it necessary for him to sell the units as fast as possible to limit his carrying charges and overhead. Many times the converter upgrades the units so that he can charge a high enough price to pay for his expenses and cover his substantial risks. As prices increase to cover these costs, many of the current residents find it impossible to purchase their present units. In fact, the National Apartment Association [NAA] estimates the cost of conversion is increased by at least 25 percent of the converter's involvement.

The legislation that I am introducing today would provide that if an owner converts an apartment to a condominium after holding the building for 5 years or more, the amount of profit realized by virtue of gain in the value of the building as determined on the date of conversion is to be taxed at the capital gains rate and any profits realized beyond that, at ordinary income rates. I believe that if current tax laws did not discourage apartment owners from converting the buildings themselves the condominium market would work quite differently.

Within the confines of the present tax law, the owner is encouraged to sell the project but not directly to an individual currently living in the unit. This legislation would provide that the owner could sell the units to his residents and make a fair profit without incurring the high short-term costs and risks that the converter takes. The owner would also save considerable costs by selling the unit to the resident because he would avoid large real estate brokerage costs and other transaction costs associated with bringing in new owners. The owner could, therefore, sell the unit at a significantly lower price—one that the present residents would be able to afford. There would then be less need to upgrade the units beyond the affordability of the current residents. This will in turn lead to less displacement because it will eliminate the need to move the nonbuying residents out quickly. In addition, the owner will find it easier to comply with many local restrictions which require extended lease terms for current residents since he is already carrying the building as a rental project without a large short-term obligation.

This bill is similar to legislation I introduced last year with former Senator John Tower. At that time the Joint Committee on Taxation estimated that this legislation would not have a significant revenue impact on the Treasury.

Mr. President, I urge the chairman of the Senate Finance Committee to schedule hearings on this bill as soon as possible so that this body can take timely action toward enacting this important piece of housing legislation into law.

I ask unanimous consent that a copy of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1741

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Condominium Cost Reduction Act of 1985".

SEC. 2. CAPITAL GAIN TREATMENT FOR PORTION OF GAIN ON SALE OF CONDOMINIUM UNITS CONVERTED FROM EXISTING STRUCTURES.

(a) GENERAL RULE.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by adding at the end thereof the following new section:

"SEC. 1257. CAPITAL GAIN TREATMENT FOR PORTION OF GAIN ON SALE OF CONDOMINIUM UNITS CONVERTED FROM EXISTING STRUCTURES.

"(a) GENERAL RULE.—For purposes of this title, any gain recognized by the taxpayer on the sale or exchange of any qualified condominium unit shall be treated as gain from the sale of property used in the trade or business (as defined in section 1231(b)) to the extent that the gain so recognized does not exceed such unit's allocable capital gain amount.

"(b) QUALIFIED CONDOMINIUM UNIT.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified condominium unit' means any condominium unit resulting from the conversion of qualified real property into condominium units.

"(2) QUALIFIED REAL PROPERTY.—The term 'qualified real property' means any real property—

"(A) which consists of one or more structures (and the land necessary for the use of the structures) used in a trade or business of the taxpayer at all times during the 5-year period ending on the determination date, and

"(B) with respect to which the taxpayer makes an election under this section.

"(3) SPECIAL RULE WHERE PROPERTY ACQUIRED BY INHERITANCE OR DEVISE, ETC.—For purposes of this subsection, the taxpayer shall be treated as holding any property and as using such property in his trade or business during any period during which such property was held and so used—

"(A) in the case of property acquired by inheritance or devise, by the decedent, or

"(B) by any other person if the basis of such property in the hands of the taxpayer is determined (in whole or in part) by reference to the basis of such property in the hands of such other person.

"(c) ALLOCABLE CAPITAL GAIN AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'allocable capital gain amount' means, with respect to any qualified condominium unit, the portion of the imputed capital gain determined under paragraph (2) with respect to the qualified real property which is allocated to such unit under paragraph (3).

"(2) IMPUTED CAPITAL GAIN.—The term 'imputed capital gain' means, with respect to any qualified real property, the amount of the gain (if any) which—

"(A) would have resulted had such property been sold on the determination date for an amount equal to its fair market value on such date, and

"(B) is not treated as ordinary income under section 1245 or 1250.

"(3) ALLOCATION AMONG UNITS.—The amount of the imputed capital gain shall be allocated among condominium units in proportion to their respective fair market values on the determination date.

"(4) FAIR MARKET VALUE DETERMINATIONS.—For purposes of paragraphs (2) and (3), the fair market value (and adjusted basis) of any qualified real property (and of any condominium unit) shall be determined without regard to any improvement made in anticipation of the conversion into condominium units.

"(5) DETERMINATION DATE.—The term 'determination date' means, with respect to any qualified real property, the day on which the form of ownership of such property is changed into condominium units.

"(D) SPECIAL RULES.—

"(1) ELECTION.—An election under subsection (a) shall be made at such time and in such manner as the Secretary shall by regulations prescribe. Such an election, once made, may be revoked only with the consent of the Secretary.

"(2) SPECIAL RULE FOR CARRYOVER BASIS TRANSACTIONS.—If any taxpayer makes an election under this section with respect to any qualified real property, the same tax treatment which would apply to the taxpayer shall also apply to any other person whose basis in such property is determined (in whole or in part) by reference to the basis of such property in the hands of the taxpayer.".

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 1257. Capital gain treatment for portion of gain on sale of condominium units converted from existing structures.".

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall apply with respect to property the form of ownership of which is changed into condominium units after the date of the enactment of this Act.●

By Mr. TRIBLE (for himself and Mr. MATTINGLY):

S. 1742. A bill to improve the enforcement of the restrictions against imported pornography; to the Committee on the Judiciary.

PORNOGRAPHY FORFEITURE PROCEEDINGS VENUE ACT

Mr. TRIBLE. Mr. President, I am introducing legislation today—together with my distinguished colleague from Georgia, Senator MATTINGLY—that will strengthen the Government's ability to punish the importation of obscenity into the United States. I have worked closely on this proposal with my friend and colleague from the House, Representative FRANK WOLF, and this measure is patterned after language that Representative WOLF included in the House report on H.R. 3036, the fiscal year 1986 Treasury appropriations bill.

Mr. President, under current law, the U.S. Customs Service is empowered to seize obscenity and child pornography upon its entry into the United States. Specifically, 19 U.S.C. 1305 provides that the material be transmitted to the U.S. attorney in the district in which it is seized, and the U.S. attorney may then initiate forfeiture proceedings in the district court.

This seizure mechanism is an important part of the overall national effort to curb the proliferation of obscenity and child pornography. At a hearing before the Senate Permanent Investigations Subcommittee last year, Customs Commissioner William Von Raab testified that his agents were stopping hundreds of obscene books, magazines, films, and videotapes daily.

This activity was aided considerably by passage of the Child Protection Act last year. That bill removed the requirement that child pornography be intended for commercial sale, making it easier for Customs to seize and forfeit merchandise and to refer violators to the Justice Department for prosecution. The Department itself has also reported an increase in its prosecution of child pornography cases as a result of the Child Protection Act.

Nevertheless, I believe that the hand of the Customs Service and the Justice Department can be strengthened further, and the bill that Senator MATTINGLY and I are sponsoring will help to do so.

The existing forfeiture system requires that obscene matter which is seized by Customs agents be turned over to the U.S. attorney in the district in which it is seized. This places a disproportionate burden on the U.S. attorney in that district to try cases involving importation of obscenity and child pornography.

This legislation would alter 19 U.S.C. 1305 to provide Customs agents with the option of forwarding the seized material to the U.S. attorney in the district to which the material was addressed. This would achieve a number of important goals.

First, it would allow the burden of prosecuting such cases to be distributed more evenly throughout the country. Prosecutions would no longer be concentrated in a few ports of entry. This would ensure that more of the country's resources are bought to bear against these very urgent problems.

Second, this bill will bring forfeiture decisions into conformance with the community standards requirements of the Supreme Court's decision in Miller versus California. Under that decision, triers of fact in obscenity cases are required to consider whether the average person, applying contemporary community standards, would find that the work appeals to the prurient interest.

It is obvious that the community standards in a relatively few ports of entry should not be used to judge obscenity imports that are destined for Richmond, VA, Macon, GA, or other cities and towns around the Nation. The community standards of those cities ought to be brought to bear on obscenity imports.

Finally, this measure will extend the 14-day time limit under which forfeiture proceedings must be commenced. Often, the Government investigates recipients of pornography only to find that criminal prosecution is unwarranted. In such cases, the 14-day time limit for forfeiture proceedings may have already passed, and the government is faced with the undesirable prospect of forwarding the material in question to the addressee. My amendment will extend the grave period to 30 days, thus giving Federal law enforcement officials somewhat more flexibility in proceeding against obscenity imports. Civil forfeiture proceedings could also be stayed pending the completion of any criminal matter.

Late last year, Government authorities conducted an experiment indicating that these steps will produce an increase in the numbers of obscenity prosecutions around the country. In that experiment, Customs and postal inspectors diverted several mail shipments arriving in New York from the Netherlands, Denmark, and Sweden to an alternative destination in Wilmington, NC.

The test resulted in 53 seizures of pornographic material, of which 48 were forfeited and five were used for controlled deliveries. The Customs Service is convinced, and I agree, that this number is far higher than would have been proceeded against otherwise. It is also worth noting that one of the controlled deliveries led to the discovery of a huge commercial pornography reproduction center, where hundreds of additional pornographic books, videotapes, and similar materials were seized.

I believe that legislation that Senator MATTINGLY and I are offering will reap similar benefits for law enforcement's efforts to combat the importation of obscene matter, and I urge my colleagues to join us as cosponsors of this bill.

Mr. MATTINGLY. Mr. President, I am pleased to join my distinguished colleague from Virginia in introducing legislation which I firmly believe will aid the U.S. Customs Service and other law enforcement officials in more efficiently cracking down on the importation of obscene and pornographic materials into the United States. As these materials have become increasingly violent and explicit in nature, I believe that national concern over pornography has grown. The Attorney General's Commission on Pornography, which is holding hearings throughout the country, has contributed to this heightened awareness of the scope and seriousness of the problem. I commend the Attorney General and the commission for this, and I say to my colleagues that we should respond to this awareness with positive action. One such action is the improvement of existing enforcement procedures.

Under the provisions of current law, the Customs Service has the power to seize, upon its entry into this country, any material which it believes to be obscene. Once the seizure has taken place, the material must be forwarded to the U.S. attorney in the Federal judicial district in which the materials are seized, in order for forfeiture proceedings to be initiated or criminal charges to be lodged. This requirement has resulted in an enforcement burden on the handful of districts where the majority of such obscene and pornographic materials enter the country.

Our legislation would allow the Customs Service to forward the questionable material to the U.S. attorney in the region in which the individual to whom the material is addressed resides. The effect of this change would be to provide for greater flexibility and fairer distribution of work on pornography forfeiture proceedings throughout the Nation. No one prosecutor or court would any longer be expected to assume a disproportionate share of the enforcement work. The measure would bring the country's resources more equitably to bear against a serious national problem. Additionally, our legislation would allow for the prevailing community standards of each neighborhood, township, and locality to be considered in determining whether or not the materials are indeed obscene. Under the current system, the prevailing standard in New York, where a large portion of this foreign pornography enters the United States, is applied to materials addressed to individuals in Statesboro, GA, and Tupelo, MS, and Missoula, MT. As citizens from thousands of communities throughout America know, the prevailing community standard in New York City may not accurately reflect the community standard in the area for which the obscene material is bound.

Last year Congress approved and the President signed into law the Child Protection Act of 1984. That act outlawed the distribution of all child pornography in this country and strengthened prosecuting authority against producers and distributors of child pornography. It increased both prison terms and monetary fines, raising first offense fines from $10,000 to $100,000. I strongly supported these important improvements. Unfortunately, those who would prey upon our young people recognize no national boundaries. A domestic prohibition is no deterrent to the production of pornographic material in other countries. It may, in fact, lead to increased production abroad.

Those individuals who import such disgusting materials are at war with our children, Mr. President. They put them at risk. Obscene and pornographic materials imported from other nations have a detrimental effect on our children as those which are produced locally.

Mr. President, our children are this Nation's most precious resource. When we fail to take every conceivable step to enforce the law against the distribution and possession of child pornography, then we fail to protect them. We turn our backs on the menace which threatens them. I believe that when we discover roadblocks to effective enforcement, we must move resolutely to remove them. That is what my colleague and I are seeking to do with this legislation.

When the Senate was considering the Treasury, Postal Service appropriation bill on the floor recently, I intended to offer this measure as an amendment to that bill. I did not do so then because the distinguished chairman of the Finance Committee gave me his assurance at the time that he would cooperate in every possible way to schedule a hearing on this important issue and to seek committee action as soon as possible. I hope that the committee will indeed move as expeditiously as possible on this matter.

In closing I want to make my colleagues aware that the U.S. Customs Service and the Postal Service have contributed to the development of this proposal and support it. In addition, the Justice Department has expressed no opposition to a statutory change such as this.

This legislation is reasonable and responsible. It would enhance law enforcement activities in an area of concern to millions of Americans. Again let me express the hope that we move quickly to enact this change. I urge my colleagues' cosponsorship and support.

ADDITIONAL COSPONSORS

S. 402

At the request of Mr. D'AMATO, his name was added as a cosponsor of S. 402, a bill to amend the Communications Act of 1934 to provide for specialized equipment for telephone service to certain disabled persons.

S. 1133

At the request of Mr. RIEGLE, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 1133, a bill to amend section 119(d) of the Housing and Community Development Act of 1974.

S. 1259

At the request of Mr. THURMOND, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 1259, a bill to correct certain inequities by providing Federal civil service credit for retirement purposes and for the purpose of computing length of service to determine entitlement to leave, compensation, life insurance, health benefits, severance pay, tenure, and status in the case of certain individuals who performed service as National Guard technicians before January 1, 1969.

S. 1437

At the request of Mr. THURMOND, the name of the Senator from Nebraska [Mr. EXON] was added as a cosponsor of S. 1437, a bill to amend the Controlled Substances Act to create new penalties for the manufacturing with intent to distribute, the possession with intent to distribute, or the distribution of "designer drugs," and for other purposes.

S. 1456

At the request of Mr. LAUTENBERG, the names of the Senator from Colorado [Mr. ARMSTRONG], the Senator from Louisiana [Mr. JOHNSTON], and the Senator from Hawaii [Mr. MATSUNAGA] were added as cosponsors of S. 1456, a bill to recognize the Army and Navy Union of the United States of America.

S. 1457

At the request of Mr. LAUTENBERG, the names of the Senator from Colorado [Mr. ARMSTRONG], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Hawaii [Mr. MATSUNAGA], and the Senator from Rhode Island [Mr. PELL] were withdrawn as cosponsors of S. 1457, a bill to amend the Internal Revenue Code of 1954 to establish certain rules regarding the regulatory treatment of certain Federal tax credits and deductions allowable to regulated electric utilities.

S. 1585

At the request of Mr. MATTINGLY, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 1585, A bill to amend the Internal Revenue Code in order to clarify the right of cooperatives to net earnings and losses among patronage allocation units, and for other purposes.

SENATE JOINT RESOLUTION 178

At the request of Mr. D'AMATO the name of the Senator from Kansas [Mr. DOLE] was added as cosponsor of Senate Joint Resolution 178, A joint resolution to designate the week of April 13, 1986, through April 19, 1986, as "Hemochromatosis Awareness Week".

SENATE JOINT RESOLUTION 189

At the request of Mr. HATCH, the names of the Senator from Michigan [Mr. LEVIN], the Senator from Nebraska [Mr. ZORINSKY], and the Senator from Utah [Mr. GARN] were added as cosponsors of Senate Joint Resolution 189, a joint resolution designating the week beginning January 12, 1986 as "National Fetal Alcohol Syndrome Awareness Week".

SENATE JOINT RESOLUTION 195

At the request of Mr. KASTEN, the names of the Senator from Arkansas [Mr. BUMPERS], the Senator from Utah [Mr. HATCH], the Senator from Mississippi [Mr. COCHRAN], the Senator from New York [Mr. D'AMATO], and the Senator from North Carolina [Mr. HELMS] were added as cosponsors of Senate Joint Resolution 195, a joint resolution to designate the week of October 20, 1985, through October 26, 1985, as "National Temporary Services Week".

SENATE JOINT RESOLUTION 207

At the request of Mr. WILSON, the names of the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from New Jersey [Mr. BRADLEY], the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Arkansas [Mr. PRYOR], the Senator from Michigan [Mr. RIEGLE], and the Senator from West Virginia [Mr. ROCKEFELLER] were added as cosponsors of Senate Joint Resolution 207, a joint resolution to designate November 1, 1985 as "National Philanthropy Day".

SENATE JOINT RESOLUTION 208

At the request of Mr. COCHRAN, the names of the Senator from Rhode Island [Mr. CHAFEE], the Senator from New York [Mr. D'AMATO], the Senator from Florida [Mrs. HAWKINS], the Senator from Mississippi [Mr. STENNIS], and the Senator from Rhode Island [Mr. PELL] were added as cosponsors of Senate Joint Resolution 208, a joint resolution to designate the week of October 27, 1985, through November 2, 1985, as "National Alopecia Awareness Week".

SENATE JOINT RESOLUTION 209

At the request of Mr. D'AMATO, the names of the Senator from South Dakota [Mr. ABDNOR], the Senator from Mississippi [Mr. COCHRAN], the Senator from Wisconsin [Mr. KASTEN], the Senator from North Dakota [Mr. ANDREWS], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Rhode Island [Mr. PELL], the Senator from Mississippi [Mr. STENNIS], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Connecticut [Mr. WEICKER], the Senator from Connecticut [Mr. DODD], the Senator from Maryland [Mr. SARBANES], the Senator from Illinois [Mr. SIMON], the Senator from Idaho [Mr. MCCLURE], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Nebraska [Mr. ZORINSKY], the Senator from North Dakota [Mr. BURDICK], and the Senator from Massachusetts [Mr. KERRY] were added as cosponsors of Senate Joint Resolution 209, a joint resolution to designate the period from October 28, 1985, through October 28, 1986, as the Centennial Year of Liberty in the United States.

SENATE JOINT RESOLUTION 211

At the request of Mr. DURENBERGER, the names of the Senator from Oregon [Mr. PACKWOOD], and the Senator from Pennsylvania [Mr. HEINZ] were added as cosponsors of Senate Joint Resolution 211, a joint resolution to provide for the designation of the week of October 6, 1985, as "National Sudden Death Syndrome Awareness Week."

SENATE JOINT RESOLUTION 213

At the request of Mr. FORD, the names of the Senator from Mississippi [Mr. STENNIS], the Senator from Oklahoma [Mr. NICKLES], and the Senator from Kansas [Mr. DOLE] were added as cosponsors of Senate Joint Resolution 213, a joint resolution to designate January 19-25, 1986, "National Jaycee Week."

SENATE CONCURRENT RESOLUTION 60

At the request of Mr. DANFORTH, the name of the Senator from Maryland [Mr. SARBANES] was added as a cosponsor of Senate Concurrent Resolution 60, a concurrent resolution to strengthen support for the national investment in research and advanced education capabilities.

SENATE RESOLUTION 96

At the request of Mr. GOLDWATER, the name of the Senator from Texas [Mr. BENTSEN] was added as a cosponsor of Senate Resolution 96, a resolution relating to the centennial observance of the University of Arizona

AMENDMENT NO. 584

At the request of Mr. CRANSTON, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of Amendment No. 584 intended to be proposed to S. 1579, a bill to clarify that the remedies available for the enforcement of certain civil rights statutes are applicable to the States.

SENATE CONCURRENT RESOLUTION 77—RELATING TO THE UNITED STATES INTENTION TO WITHDRAW FROM THE COMPULSORY JURISDICTION OF THE INTERNATIONAL COURT OF JUSTICE

Mr. HATFIELD submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 77

Whereas the United States sponsored and supported the establishment of the International Court of Justice, or World Court, on October 24, 1945, to provide for the orderly arbitration of disputes among nations under the rule of law;

Whereas the Senate gave its advice and consent to the acceptance of the compulsory jurisdiction of the International Court of Justice on August 2, 1946, in recognition of the importance of the rule of law to American interests and American values; and

Whereas the United States has utilized the International Court of Justice on numerous occasions to resolve its disputes with other nations: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress

(1) deplores the notification by the President or the Secretary General of the United Nations that the United States is withdrawing from the compulsory jurisdiction of the International Court of Justice and

(2) reaffirms its support for the international rule of law and the role of the International Court of Justice.

SEC. 2. The Secretary of the Senate shall transmit a copy of this Concurrent Resolution to the President.

U.S. WITHDRAWAL FROM WORLD COURT

Mr. HATFIELD. Mr. President, I am deeply concerned about the action that was announced this morning on the part of the administration to withdraw from the World Court, particularly since it is based on the assumption that the present case pending before the World Court, brought by Nicaragua, would somehow result in embarrassment to the United States in the world of geopolitics. I believe that those who reject the rule of law in the world will welcome this decision. I am sure that men like Khomeini and Qadhafi and all the other world-class thugs who thrive on the rule of the jungle will no doubt be the first in the cheering section to applaud this policy.

The administration is shortsighted because it says, in effect, "We can't take the heat from countries which disagree with us, and therefore we want to deny them a forum."

I might ask the question: Are we denying them a forum? Let us bear in mind that when we had the hostages being held in Iran and that country did not want to participate in the World Court, we still had the forum and we received a decision by that World Court that was favorable to us, in spite of the nonparticipating role of Iran.

We are not denying Nicaragua a forum by withdrawing from the court. We are denying ourselves the forum. I strongly believe that the world is better served through exposure to our principles and to our ideals than it is being shielded from the ideas of other countries, such as Nicaragua or Iran.

I believe that we should be prepared to argue our case with any country at any time, without fear, including the case now before the World Court. I think this is a serious mistake. I do not think it will be very long before we realize this fact, the next time American lives are being held hostage or where the territorial integrity of one of our allies is threatened.

What, then, will we appeal to; and what, then, can we turn to if we are no longer submitting ourselves to the compulsory jurisdiction of the World Court? Our alternative is simply the rule of the jungle.

I once heard the President describe America as a bright, shining city on a hill. In my view, today's action has smudged that light and dealt a tremendous blow to the rule of law.

I intend to pursue every legislative avenue available to challenge this ill-conceived action, for I believe that if the greatest constitutional democracy in the world lacks the courage and the conviction to keep this institution of the World Court alive, pray tell what incentive exists for any other nation to respect international law?

In the resolve section of this Senate concurrent resolution I have introduced today, it not only deplores the notification by the President to the Secretary General of the United Nations that the United States is withdrawing from compulsory jurisdiction of the International Court of Justice, but also, it reaffirms Congress' support for the international rule of law and the role of the International Court of Justice.

I indicate that it is my intention—and I put my colleagues on notice—that I intend to pursue this with more than words, and I shall use whatever appropriations process or legislative vehicle is open and available to us, under the rules of the Senate, to pursue this conviction that I express here today, in every effort to block this action by the administration.

I am not going to argue the case today of this being a matter of international treaty. I have serious reservations about the authority of the administration to take this action without some role by the Senate other than that of a spectator's role that they assume we will play, because I have heard no report from the Senate Foreign Relations Committee. I have not heard any such report or any indication that the Senate Foreign Relations Committee has had an opportunity to review this policy or to comment on it. I certainly have not been aware of any vehicle or forum in which I could participate in expressing my strong convictions.

Let us bear in mind that the United States sponsored and supported the establishment of this international court of justice on October 24, 1945, to provide for the orderly arbitration of disputes among nations under a rule of law.

The perception, in the vernacular of the school playground, is that if we cannot play it our way, we will take our marbles and go home.

This does not in any way add to the principle that America has stood for from its inception, that we believe in a government, we believe in a structure of resolving political disputes, economic disputes, social disputes, within the context of jurisprudence, within the context of a due process system; that we believe in a rule of law and not a rule of the giants who can use muscle and threat and persuasion of various and sundry kinds to get their way, which is the rule of the jungle.

Even though the pace may be less than satisfactory to some of us, let us move always with a commitment toward the goal of enlightenment, of peace through law, in a world existing under jurisprudence and law, a world that someday can live under that kind of protection and that kind of freedom.

There will be those who will say that we must pursue our goals exclusively through intimidation, through the leverage of economics, and other such techniques. I think that when you look at the billions of dollars we have spent on military aid, which is in many instances almost a form of bribery, to achieve political or military objectives, that dismal record of buying friendship in the world has not borne any results. But that is an alternative: using money, using power, using weaponry, using whatever, to achieve international policy or objective. These have all proven their bankruptcy; and the only hope we have is to engage in a program and a system of jurisprudence to have cases argued, to have conflicts resolved, through the process of court and the judgments of those who sit on such courts.

I also know the argument has been used that we have people sitting as judges who do not have sympathy to a constitutional system of government such as ours. But bear in mind that we won our case before this court on the question of the American hostages held in Iran. The complexion of that court was comprised of persons who do not have the same understanding of constitutional procedures that we have. But the judgment of that court was so influenced by the facts that we won our case.

Mr. President, maybe this administration does not think we have the facts on our side in the case of Nicaragua, but that is neither here nor there.

The point is simply that we undertook, as a participant under that charter, under the jurisdiction of that court, a commitment to that court system. Then, when we begin to read the tea leaves and think perhaps the judgment of that court will go against us, we pick up our legal briefs and run home. I do not believe that is in keeping with the principles of American justice or jurisprudence, which say that the courts render their decision and we abide by those decisions.

NOTICES OF HEARINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. **HELMS**. Mr. President, I wish to announce the Committee on Agriculture, Nutrition, and Forestry will hold a hearing on the Farm Credit System on Thursday, October 17 at 9:30 a.m. in room SR-328A.

SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

Mrs. **HAWKINS**. Mr. President, the Subcommittee on Agricultural Credit and Rural Electrification announces that it will hold a hearing on the subject of farm credit. The hearing will be held on Tuesday, October 15, 1985 beginning at 10:00 a.m. The Subcommittee will meet in room SD-436, of the Dirksen Senate Office Building.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. **DOLE**. Mr. President, I ask unanimous consent the Committee on Armed Services be authorized to meet in Executive session, during the session of the Senate on Monday, October 7, to receive a briefing on the political and military aspects of the proposed sale of arms to Jordan.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

WEEKLY BUDGET SCOREKEEPING REPORT

● Mr. **DOMENICI**. Mr. President, I hereby submit to the Senate the budget scorekeeping report for the week of September 30, 1985, prepared by the Congressional Budget Office in response to section 5 of the first budget resolution for fiscal year 1986. This report also serves as the scorekeeping report for the purposes of section 311 of the Congressional Budget Act.

This report contains the final scorekeeping for fiscal year 1985 which ended September 30. The fiscal year 1985 current level is $52 million over the budget resolution in budget authority, $68 million over in outlays, and $1 million under in revenues. From this point on, the weekly report will contain revenue and spending totals for fiscal year 1986 only.

I ask that the report be printed in the RECORD.

The report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 7, 1985.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report shows the effects of Congressional action on the budget for fiscal years 1985 and 1986. The estimated total of budget authority, outlays, and revenues for each fiscal year are compared to the appropriate or recommended levels contained in the most recent budget resolution, S. Con. Res. 32. This report meets the requirements for Senate scorekeeping of Section 5 of S. Con. Res. 32 and is current through October 4, 1985. The report is submitted under Section 308(b) and in aid of Section 311(b) of the Congressional Budget Act.

Since my last report Congress has completed action on the Emergency Extension Act of 1985, P.L. 99-107, H.R. 2475, Simplification of Imputed Interest Rules, and on Health Professions Educational Assistance Amendments, H.R. 2410.

With best wishes,

Sincerely,

RUDOLPH G. PENNER.

CBO WEEKLY SCOREKEEPING REPORT FOR THE U.S. SENATE, 99TH CONG., 1ST SESS., AS OF OCT. 4, 1985

[In billions of dollars]

	Budget authority	Outlays	Revenues	[illegible] subject to limit
FISCAL YEAR 1985				
Current level [1]	1,062.2	946.4	736.5	1,823.8
Budget resolution, S. Con. Res. 32	1,062.1	946.3	736.5	[2] 1,847.8
Current level is:				
Over resolution by	.1	.1		
Under resolution by			([3])	24.0
FISCAL YEAR 1986				
Current Level [1]	1,067.0	980.1	793.0	1,823.8
Budget resolution, S. Con. Res. 32	1,069.7	967.6	795.7	[2] 2,078.7
Current level is:				
Over resolution by		12.5		
Under resolution by	2.7		2.7	255.0

[1] The current level represents the estimated revenue and direct spending effects (budget authority and outlays) of all legislation that Congress has enacted in this or previous sessions or sent to the President for his approval. In addition, estimates are included of the direct spending effects for all entitlement or other programs requiring annual appropriations under current law even though the appropriations have not been made. The current level excludes the revenue and direct spending effects of legislation that is in earlier stages of completion, such as reported from a Senate committee or passed by the Senate. Thus, savings from reconciliation action assumed in S. Con. Res. 32 will not be included until Congress sends the legislation to the President for his approval. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] The current statutory debt limit is $1,823,800,000,000.

[3] Less than $50,000,000.

SUPPORTING DETAILS FOR CBO WEEKLY SCOREKEEPING REPORT, U.S. SENATE, 99TH CONG., 1ST SESS., AS OF OCT. 4, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
FISCAL YEAR 1985			
I. Enacted in previous sessions:			
Revenues			736,650
Permanent appropriations and trust funds	686,253	607,885	
Other appropriations	542,981	516,642	
Offsetting receipts	−182,025	−182,025	
Total, enacted in previous sessions	1,047,209	942,502	736,650
II. Enacted this sessions:			
Famine relief and recovery in Africa (Public Law 99-10)	784	289	
Appropriations for the MX missile (Public Law 99-18)		79	
Agriculture supplemental appropriation (Public Law 99-71)	1,000		
Federal supplemental compensation phaseout (Public Law 99-15)	160	160	
Statue of Liberty—Ellis Island Coin Act (Public Law 99-61)	18	16	
Contemporaneous recordkeeping repeal bill (Public Law 99-44)			−150
United States-Israel Free Trade Act (Public Law 99-47)			([1])
State Department authorization (Public Law 99-93)			−1
Supplemental appropriations bill (Public Law 99-88)	(13,029)	(3,369)	
Offsetting receipts	(−48)	(−48)	
Bill total	12,981	3,321	
Total, enacted this session	14,943	3,865	−151
III. Continuing resolution authority			
IV. Conference agreements ratified by both Houses			
V. Entitlement authority and other mandatory items requiring further appropriation action			
Total, current level as of Oct. 4, 1985	1,062,152	946,368	736,499
1985 budget resolution (S. Con. Res. 32)	1,062,100	946,300	736,500
Current level is:			
Over budget resolution	52	68	
Under budget resolution			1
FISCAL YEAR 1986			
I. Enacted in previous sessions:			
Revenues			792,800
Permanent appropriations and trust funds	717,652	631,009	
Other appropriations		185,348	
Offsetting receipts	−162,006	−162,006	
Total, enacted in previous sessions	555,645	654,351	792,800
II. Enacted this session:			
Famine relief and recovery in Africa (Public Law 99-10)		421	
Federal supplemental compensation Phaseout (Public Law 99-15)			10
Appropriations for the MX missile (Public Law 99-18)		368	
Contemporaneous recordkeeping repeal bill (Public Law 99-44)			13
United States-Israel Free Trade Act (Public Law 99-47)			−8
Statue of Liberty—Ellis Island Coin Act (Public Law 99-61)	−15	31	
International Security and Development Cooperation Act (Public Law 99-83)	−25	−25	
Supplemental appropriations bill (Public Law 99-88)	36	3,138	
State Department authorization (Public Law 99-93)			2
Emergency Extension Act of 1985 (Public Law 99-107)	−49	−230	210
Total, enacted this session	−53	3,702	227
III. Continuing resolution authority:			
Continuing appropriations, 1986 (Public Law 99-103)	535,987	347,011	
Offsetting receipts	−27,233	27,233	

SUPPORTING DETAILS FOR CBO WEEKLY SCOREKEEPING REPORT, U.S. SENATE, 99TH CONG., 1ST SESS., AS OF OCT. 4, 1985—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Total, continuing resolution authority	508,754	319,778	
IV. Conference agreements ratified by both Houses:			
Simplification of imputed interest rules (H.R. 2475).			−31
Health professons educational assistance (H.R. 2410).		−8	
Total, conference agreements.		−8	−31
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Payment to the CIA retirement fund.	10	10	
Claims, defense	7	3	
Payment to the Foreign Service retirement trust fund [2].	(7)	(7)	
Range improvements	1		
BLM: Miscellaneous trust fund.	(1)		
Payment to air carriers, DOT.	18	17	
Retired pay—Coast Guard	21	19	
Maritime, operating-differential subsidies.		3	
BIA: Miscellaneous trust funds.	(1)	(1)	
Higher education facilities loans and insurance.	4		
Retirement pay for PHS officers.	12	6	
Medicaid	1,617	1,285	
Payment to health care trust funds [2].	(1,011)	(1,011)	
Child nutrition programs	254	234	
Advances to unemployment trust fund [2].	(516)	(516)	
Special benefits (general retirement and Federal employee retirement).	48	48	
Black lung disability trust fund.	85	85	
Assistance payments	573	573	
Veterans pensions	10		
Salaries of judges	3	1	
Payment to civil service retirement [2].	(214)	(214)	
National wildlife refuge fund.	(1)	(1)	
General revenue sharing [2]	(1,142)	(1,142)	
Total, entitlements	2,663	2,284	
Total, current level as of Oct. 4, 1985.	1,067,010	980,107	792,995
1986 budget resolution (S. Con. Res. 32).	1,069,700	967,600	795,700
Amount remaining:			
Over budget resolution.		12,507	
Under budget resolution.	2,690		2,705

[1] Less than $500,000.

[2] Interfund transactions do not add to budget totals.

Note.—Numbers may not add due to rounding. ●

THE DANGER FROM JAPAN

● Mr. D'AMATO. Mr. President, I rise today to recommend to my colleagues' attention an article entitled "The Danger From Japan," which appeared in the New York Times Magazine on July 28, 1985.

Whether one agrees with Theodore White's opinions or not, his article correctly depicts the United States as a victim of our own free trade policies. Although Japanese tariffs are not extremely high on a comparative basis, they are prohibitive for targeted industries. Also, nontariff barriers make the Japanese market extremely difficult to penetrate. For instance, the Japanese patent system is filled with such extraordinary delays and prejudice against U.S. companies that it is not unusual for the life of a patent to expire before it is even enforceable.

In view of the recent Commerce Department announcement that the United States is now a net debtor nation, we have to be concerned about our future. It is projected that the deficit in our trading account at year's end will be in excess of $150 billion. Japan will account for an estimated one-third of this.

We are in the midst of a crisis; one which has been ignored for too long. It is time that our trading partners are held accountable for their unfair and illegal trading practices.

Mr. President, Mr. White's article gives us, as legislators, a great deal to think about. I urge my colleagues to review it, and I ask that it be printed in the RECORD.

The article follows:

[From the New York Times Magazine, July 28, 1985]

THE DANGER FROM JAPAN

(By Theodore H. White)

(Forty years after the surrender, Japan's trade tactics pose a threat to the U.S., argues the author.)

No sense of irony stained the spectacle of victory aboard the U.S.S. Missouri, no sense of shadows to rise years later.

We were all too bedazzled by the splendor of the day—for here was American power at its zenith. We had won the war, totally, and the men who had won it, soon to become legend, were all there on the veranda deck in pressed suntans or navy whites. A band had been swinging through "Anchors Aweigh" as we gathered that morning, but as the climax approached a hush fell; silence stretched like a blanket over our murmurings.

None of us of course knew what America would make of the victory, or the Japanese of their defeat. But the power was all ours and stretched, visibly, as far as the eye could see. The Third Fleet had come in from offshore and now crowded Tokyo Bay—flattops and battleships, cruisers and destroyers, guns trained on the land we had laid waste. There was no question but that we had won this war.

It was Sunday, September 2, 1945, there on the other side of the dateline, and the skies, after a Saturday drizzle, stretched gray. But this was no guarded and hidden schoolhouse, with only a handful present to watch, as at the surrender of German forces only four months earlier at Rheims. Douglas MacArthur's sense of drama insisted that all the world be there to witness, and we were several hundreds thick on the foredeck.

The Missouri had been swept clean. The Stars and Stripes above the mainmast was the same that had fluttered over the Capitol on the day Japan attacked Pearl Harbor; it had just been flown out from Washington. The flag of Commodore Perry, who had pried Japan open to the West 90 years before, was draped on the rear turret, with the 31 stars of the then half-grown union faded but clear. And on each of the three 16-inch guns clung our sailors in white, holding on by a handgrip, or with their legs curled tight about the barrels.

Just in front of the turret was the surrender table, draped in a navy-blue coverlet, bare but for the documents. There the Japanese would sign. A few minutes before the appointed hour we heard the piping that announced the launch carrying the Japanese was alongside. We watched them come aboard: Mamoru Shigemitsu, the Japanese Foreign Minister, in morning coat and striped trousers; Gen. Yoshijiro Umezu, Chief of Staff of the army, in his starched brown uniform. Shigemitsu limped, for he had been crippled years before by Japanese terrorists who had tried to kill him, considering him a man of peace. But that brought him no sympathy from us now as he grasped the rail to pull himself up, then limped to the table of surrender.

I bristled at the sight of them. I had seen the Japanese blast and flame Chungking, the city I had lived in years before, then bring their planes down to machine-gun people in the streets. Japanese had shot at me, I had fired at them, and so the luxury of this moment was one I enjoyed. Others, too, hated the Japanese—perhaps all except Douglas MacArthur, who saw them as he saw all Orientals, as errant little brown brothers who must be rebuked, but then brought into Western civilization. Yet that day he was taskmaster and conqueror.

A few minutes after 9, General MacArthur himself appeared, and the Japanese came forward. No one helped Shigemitsu, but some Americans more generous than I brought him a chair to sit on as he signed the surrender. Next came Umezu, the brown pock marks on his creeks swelling and falling as he clenched his jaws. He wanted no chair; he stood stiffly, unfolded like a jackknife, then bent and signed the paper. Neither said anything. Then MacArthur spoke, for peace and conciliation—rather well, I think now as I read his text 40 years later. Then all the others signed. I notice, as I follow the notes I made on my copy of the text, that when the Dutch representative signed, the sun broke through the clouded morning, and the scene began to glisten.

At this point happened the episode that stands out sharpest among the memories of that day—the flyover. As MacArthur intoned "These proceedings are closed," we heard a drone and looked up. It is difficult to recall now, after years of floundering and blunder, how very good we were in those days, with what precision we ordered things. Four hundred B-29s had taken off from Guam and Saipan hours before to arrive over the Missouri at this precise minute of climax. They stretched across the rim of the horizon, and their heavy droning almost instantly harmonized with a softer buzzing as 1,500 fleet aircraft from our flattops joined them. The B-29s had burned out Japan's cities, dropped the two big bombs; the fleet aircraft had sunk the Japanese Navy. Now the killing arms of our power, the air forces, slid down from their height in the sky to circle low over the armada of American ships. Then, still very low, they disappeared across the sky, over two cities they had left in ruins, first Yokohama, then Tokyo, as if brandishing our power over the people who had dared, without warrant and with planned deceit, to attack and bloody us at Pearl Harbor.

We had won out over them. We lost more than 100,000 men to prove we could not be lacerated without warning, without seeking revenge.

Except that America's revenge on Japan was of such an extraordinary character as to befuddle all scholars who claim that history has a logic of its own. What we are faced with now is the idea that events contradict history's logic. Perhaps we did not win the war, perhaps the Japanese, unknown even to themselves, were the winners.

It had taken us years to get to Tokyo Bay. but that story had begun with an idea, as all wars do.

As a very young reporter, I had gone to Asia, and there became acquainted with the crowning Japanese idea: "The Greater East Asia Co-Prosperity Sphere." The slogan was scrawled across the walls of all the regions I visited, from Manchukuo to North China, down finally to Hanoi in 1940, when the Japanese took over Vietnam. And they meant to go further: to Thailand (with its tin), Malaya (rubber), Indonesia (oil and timber). The Japanese idea was simple: that Japan was the leader of East Asia, and so it should harness Asia, with its resources, its genius of mind, its hundreds of millions of people, and all would grow prosperous—Japan most of all.

But the Chinese, both Nationalist and Communist, had resisted. And, as the Japanese did their best to beat the Chinese into submission, America said: No. Franklin Roosevelt imposed his embargo on Japanese trade—no scrap metal, no oil, nothing that would help Japan pursue its purpose of conquest. The noose had thus tightened about Japan in 1941, whereupon they attacked us and hoped, having hurt us, that we would negotiate on their terms. Tactically, the attack on Pearl Harbor was one of the most brilliantly executed strokes of the war. But politically, it was most unwise, for America fought back.

Today, 40 years after the end of World War II, the Japanese are on the move again in one of history's most brilliant commercial offensives, as they go about dismantling American industry. Whether they are still only smart, or have finally learned to be wiser than we, will be tested in the next 10 years. Only then will we know who finally won the war 50 years before.

So we must go back to Japan at that weekend of surrender and see what we made of it.

The eye recalls almost nothing sharp of those first three days. Both Tokyo and Yokohama were wasteland. Here and there was a speckle of corrugated iron shacks where the bombed-out victims of our raids lived. Spikes of smokestacks rose above rubble. In the streets trudged the Japanese—forlorn and shabby. Along the country roads trickled the first of their demobilized soldiers, their belongings slung over their shoulders. All of Japan was open to us, except for the Emperor's palace in Tokyo, behind its moat and earthen walls. The 11th Airborne Division had arrived to protect him from all intruders—Americans and Japanese alike.

A few days before we entered Japan, an intelligence officer had briefed a few of us correspondents on how delicate that mission would be: Japan was still fully armed, with 57 divisions in the home islands. Some units were violent. There had already been one assault on the Emperor's palace in the days since he had radioed his submission to us; it has been beaten off. The Emperor was our key. "In essence," concluded the officer, "we've achieved a coup d'état. Our coup has been to take the Emperor. We've given him the widest latitude in telling his people how to take defeat. But, when they learn he takes orders from us, that we're using him to restore order, there's no telling how the mechanisms will react."

So, when we flew in on Friday, Aug. 31, before the surrender, the soldiers in my plane were taking apart, fingering, reassembling their guns as soldiers always do before assault, ready to shoot if this surrender was a trap.

But it was no trap; the Japanese had surrendered; the Emperor had defused the Japanese war machine, still capable of one last explosive bloodletting. The airfield perimeter had been guarded immediately by the 11th Airborne. The Japanese had not only obeyed our orders to remove all propellers from their planes at Atsugi Airfield, our point of descent, but the planes themselves had been bulldozed into a junkheap at the far corner.

That first weekend of reconnaissance and tingling fear we roamed the streets of Yokohama with strut and swagger. We took over the new Grand Hotel on the Bund—just up the street from the offices of the House of Mitsui. So I strolled down to visit it.

The House of Mitsui was one of the grand zaibatsu, those great Japanese merchant trading houses that we meant to abolish but did not. I walked in with Jim Stewart of the Office of War Information, who spoke fluent Japanese, and we were ushered into an executive's suite.

His face I have forgotten; in my notes his name reads simply "Fujiro," and he spoke fine English. When he understood that we had come not to arrest him but to talk, he relaxed. I wanted to pick up the threads of the story of defeat and surrender.

Fujiro told it well: It had been four months since the last ocean-going vessel of Japan's far-flung merchant marine had made it safely back to Yokohama, Japan's largest port. It has been more than a year since Kawasaki, the nation's oil port, had received a tanker from the East Indies. Yokohama was prostrate, he said. He guessed that 200,000 people had been killed in our bombings and 700,000 had fled.

But the Americans were not hated, he assured us. The people hated their army. "Why no planes, no guns to defend us?" He spat out names like Tojo, Oshima, Shiratori. The people expected them to be executed. People hated the United States bombers, but the first Americans to land were well-behaved. Jim Stewart remarked that, unlike the Japanese, American soldiers did not rape. Fujiro acknowledged this.

Then to his plea. Hunger. Food. Let Japan work to support herself. Japan could still make ships—"let us make ships to earn our way." Some textile mills remained; the Japanese could still make cloth to earn a living. But Japan needed food most of all—one-third of all its food in the closing days of the war had come out of China. Japan could sell us tea and silk, but it needed food.

What were the plans now of the House of Mitsui? we asked. He replied: "Frankly, gentlemen, until your military tells us what to do, we have no plans." Before we left, he poured us a toast: "To your safe arrival!" We drank; the House of Mitsui bowed as if we were not only liberators but allies.

These days, the House of Mitsui is thriving again, its trading net spread from steel mills in China to refineries in Iran to operations in America—the whole world has become its "Greater Co-Prosperity Sphere."

Food, then, that weekend and that month was of the essence.

There is a strange and wonderful thing about Americans, of which I am proud. In war we bomb, we kill, occasionally our soldiers are savage, too—although when an American officer goes berserk, we try him in our own military courts, as we did Lieut. William Calley for the massacre at Mylai. But Americans abhor starvation, and they and very good at organizing to help all starving people—defeated Germans, defeated Japanses, Ethiopians subject to Marxism.

So, in the first few days of occupation, our rage evaporated in the task immediately at hand: to feed the Japanese people we had conquered.

What MacArthur was up against were the essentials that geography forces on anyone who governs Japan. Japan is a nation of four rocky islands—with a combined area that is smaller than California. Seventy-two percent of the land is mountain and rock useless for anything but tourism and scenery. Only 16 percent is tillable. When, a century ago, the Japanese were a nation of 30 million people, they could barely feed themselves and infanticide was a common practice. Their internal history has thus been scorched with savage civil wars. Then, when Japan was opened, the coiled aggressions so long turned against each other turned against their neighbors—China first, then the Russians, then Korea.

But the Japanese add to their poverty of physical resources two extravagantly useful conditions. They have, first, a sharply indented coastline, with natural ports inviting deep water to their shore. England has the same advantage, which once gave that nation, and now gives Japan, access to all the world's resources or ore, oil, foods, timber; by cheap shipping, Japanese can draw raw materials from anywhere and can send competitive manufactures anywhere, too.

To this gift of geography is added a gift of genetics, a striking quality of mind. We often think of the Japanese as less than innovative but, technically, they are superb adapters and producers. We learned that in the war against them: their torpedoes were better and faster than ours . . . until we learned to make ours better. Their initial combat plane—the Zero—was a superlative machine; it could turn, dart, wheel away and mock American flying machines. No matter that Americans had invented the airplane and the flattop; when the war started, Japan had in several ares superior, if derivative, technology. What licked them was American bravery, the mobilization of then-superior American science and industry, and their own blundering politics that led them to challenge us.

Whether Americans made an equal blunder in entering Asia in 1945 is something historians will debate for decades to come. But if we did blunder in that fall season of 1945, the blunder stemmed from mercy and generosity. Both mercy and generosity proposed a peace the like of which had never been granted before to any conquered nation—except, perhaps, the Germany defeated only months before.

Our first challenge in those early weeks was, of course, the simple mechanics of occupation. But then we faced the problem of how to govern the now-abject nation—above all, how to feed it. Japan's hospitals were full of the diseases of malnutrition. MacArthur ordered at once that our occupying forces distribute their rations to Japanese civilians from Army kitchens. He then ordered that all the 3½ million tons of food stockpiled for our own armies for the projected landings of October and November be rushed in. Yet still there was not enough.

He himself described it best in a cable to the War Department in the spring of 1946—a spring of imminent starvation. We must either feed the Japanese or starve them, he wrote, and then we must face the consequences. "Starvation breeds mass unrest, disorder, violence. Give me bread or give me bullets," he finished in a grandiloquent MacArthurian flourish.

The next paragraph of MacArthur's reminiscences is a single sentence: "I got bread."

MacArthur had, almost immediately after moving his headquarters from Yokohama to Tokyo, set about creating a new Japan. Of the Emperor, he demanded that a new prime minister be immediately named. By October, the Emperor had replaced his uncle, the nominal prime minister at the time of surrender, with Baron Shidehara, to whom, on his first visit, MacArthur explained America's wishes for the new Japan.

MacArthur's directives were cut from the cloth of American good will. Japan (so ran his first directive) must completely emancipate Japanese women; must let workers organize in unions; ban abuse of child labor; abolish secret police. Further, Japan must reorganize its education system and "democratize" its industrial system. He left it to Shidehara to work out the details.

It was this broad grant of latitude that was most important. The Japanese could pick and choose their way through MacArthur's directives. The way they chose to implement them allowed their industry, their universities, their ingenuity to flourish. And the rebirth of Japan since its defeat is a parable of history. If one speeds up the interaction of ideas and drive, it becomes a drama.

It is impossible to blame the Japanese for accepting American mercy and the American invitation to thrive. Neither Congress nor the United States War Department wanted to feed Japan indefinitely or pay for its recovery. It was up to the Japanese to work their own way back, to remove themselves from the backs of the American taxpayer.

A young lieutenant with the 27th Infantry Division was among the first to land in that week after the surrender; his company had fought in the battle of Okinawa; it had entered with 180 men and come out with only 20. That young combat lieutenant, Malcolm Baldrige, is now Secretary of Commerce, and he recalls the desolation in Japan. "We sent them," he recalls now, "blood-fractionating technology on humanitarian grounds. Today the company we gave the technology to competes with Americans around the world. We sent them technicians from the Underwriters Laboratory to certify that Japanese products were up to American standards, fit for export. Today U.S. companies fight to get their exports certified for entry into Japan." Baldrige is both wise and somber. The Japanese, as Government policy, are undermining one American industry after another. But Baldrige, as a senior Administration official, must restrain his forebodings in public.

To understand his bitterness one must again go back to the story of governing ideas. Early in 1947, as Japan was thawing from defeat, we sponsored something called GATT—the General Agreement on Tariffs and Trade, with headquarters in Geneva. GATT embodied an idea almost two centuries old, the idea of Adam Smith. Smith believed that history moves in stages, and, because he lived at the dawn of the Industrial Revolution, he denounced the outworn ideas of mercantilism—the world stage was now set for "free trade." An "invisible hand," Smith held, should and would shape the flow of goods from one nation to another, wherever "comparative advantage" in production would draw wares from one country to another.

By the mid-1940s, American thinking had made a holy cause of "free trade." Our conventional analysis of the Second World War held that both Hitler and the Japanese had violated the theology of "free trade," staking out spheres of economic dominance with bayonets, thus bringing war. Now, however, in 1947, GATT would enforce free trade in all the non-Marxist world, eliminating tariffs and barriers, and allowing goods to flow freely from country to country. We were at our peak in the history of commerce. Thus—onward and upward to the sunlit plateau of world prosperity and peace.

For the Japanese it must have seemed too good to be true, and it took them several years to learn that the Americans had rewarded them with a world market far larger than the Great East Asia Co-Prosperity Sphere. The Americans had given them an invitation to the world trading game in total ignorance of what Japanese genius and tactics might accomplish. As late as 1954, a haze of victory still clouded American thinking. Said John Foster Dulles, Secretary of State, at a National Security Council meeting in August of that year, I "told Premier Yoshida frankly that Japan should not expect to find a big American market because the Japanese don't make the things we want. Japan must find markets elsewhere for the goods they export." It would be at least 30 years before history proved Dulles wrong, before our trade deficit with Japan grew to the thunderhead of an estimated $45 billion for 1985.

There were, of course, several things wrong with the ideas that begot GATT. First was the belief that all the world would behave by the rules codified by GATT. We could not entertain the idea that some nations would race, like broken-field runners, through the new rules of tariffs and trade; that GATT would be riddled and pockholed by subsidies, regulations, quotas and barriers that made mockery of the idea of free trade.

But the more important thing that went wrong with GATT was almost too simple to consider. If all people of the world were entitled to equally free trade, then the cheapest producers would be those who paid their people least, yet mastered world class technology. In other words, nations whose workers were grateful for starvation wages could conquer the markets of countries like America, whose workers demanded the world's highest wages. The only way thus to compete was by efficiencies of production, in which the Japanese steadily strove to match the Americans, or by wage standards with which American workers could not compete, or both. Asian standards of living would have to go up or our standards would go down until an equilibrium would be reached.

In the 40 years since defeat, Japan has grown to be a giant. Japan has passed the Soviet Union in industrial production and stands as world class No. 2 to our No. 1. If the present Japanese expansion of production continues, it will be, in 20 years, a greater industrial power than the United States.

When the Japanese looked out from their world of ruins in the months after defeat, disaster drew self-examination as tight as skin about every individual as well as the community. "Japan was smashed," says one American industrialist. "Its industry was shattered or obsolete. Every institution had failed them . . . . There was no leadership, no model for creating a new Japan except that which America forced on it." So MacArthur and his staff became the leadership, America the model.

What Japanese have done since in remodeling the American model is no less than spectacular. They have devised a system of government-industry partnership that is a paradigm for directing a modern industrial state for national purposes—and one designed for action in the new world of global commerce that the United States blueprinted.

The Japanese have a tangled bureaucracy that baffles foreign intruders, but one must recognize at least the two main players in the game to understand the dynamics of the Japanese trade thrust.

The Ministry of Finance comes first. In the words of the American Ambassador to Japan, "it has the ultimate call." Its policies set the exchange rate of the yen, keeping the currency undervalued in order to keep export prices low. It stimulates savings and investment, finances industry by directing the allocation of funds through the banks it controls. The Ministry of Finance provides the launching pad from which MITI directs the guided missiles of the trade offensive.

MITI—the Ministry of International Trade and Industry, the second major player in the game—is a totally new Japanese invention. MITI targets those Japanese industries that are to grow, targets the countries and markets to be penetrated. It can adjust depreciation rates for favored industries; coordinate research into arcane technologies—for example, into the fifth generation of computers. (Its only American rival in such research is the Pentagon, which can afford to match Japan Incorporated's budget).

Sometimes MITI makes mistakes—as in the overbuilding of the Japanese steel and shipbuilding industries, now in surplus capacity because of competition from South Korea. More often it is wise enough to put to sleep industries that can no longer compete. The island of Kyushu once employed 200,000 coal miners; only 7,000 remain there because oil and coal come cheaper from abroad—and so Kyushu has become a thriving center for electronics. MITI defines strategies; Japanese private enterprise follows through with zest. No better marriage of government planning and private enterprise has ever been seen.

The Japanese have caught the essence of Adam Smith—that history moves through its stages as opportunity and technology beckon. Nor is it alone in seeing the perspectives of the world America fostered. Although Jean Monnet designed Europe's Common Market, America was its godfather. Europe also presses to orient its industries to national purpose. West Germany, Europe's foremost industrial power, presses hardest. But the Germans expend much of their energies within the Common Market we sought to build. In American commerce, trade with West Germany is large, yet marginal. In 1971, when America first fell into the trade deficit that forced us off the gold standard, Germans exported $3.7 billion worth of goods to America, Japan $5.9 billion. Last year, the Germans shipped $16.9 billion—but the Japanese shipped $60.4 billion. The Germans, somehow, evoke little American bitterness because we understand their culture, establish American plants there without hinderance. The Japanese provoke American wrath because they are a locked and closed civilization that reciprocates our hushed fear with veiled contempt.

Few American businessmen abroad would qualify as Knights of the Round Table. American oil companies once, in the prime of their power, could make and unmake governments. But many American businesses have been welcomed overseas, if only because they usually pay higher wages than competitors. Most of all, they have been restrained by American antitrust laws from the kind of nationally coordinated trade offensive captained by MITI against all other countries.

American industry grew up in partnership with European industry. But Japan rouses different fears. Behind Japan ("the Big Dragon," some call it) march the "four little dragons" (Korea, Hong Kong, Taiwan, Singapore) following in its path. And behind loom China and India, desperate as they are to raise their standards of living—at the expense of American standards, if necessary.

The Japanese are far ahead in the race for world trade markets, and they are moving now to yet another stage. Their export surplus gives them huge sums to invest—in the Middle East and America—so that Japanese capital is moving from penetration to control. Japanese are beginning to supply venture capital for the seedbeds of American technology, from Silicon Valley in California to Route 128 in Boston. They hover over the Draper Laboratories in Massachusetts—the national laboratories that devise the guidance system of our missiles—and acquire what patents security lets free to the public. In the Los Angeles area alone, the Japanese have installed or acquired 1,500 firms. Their acquisitions in our banking system have grown significantly; contrarywise, Americans are all but excluded from Japanese capital markets. And, by the doctrine of GATT, all this is entirely legal.

Yet what is legal may also be unfair. While Japan's tariff rates are, in broad economic terms, roughly equal to those of other industrial nations, they are spiked with special tariffs in industries that are considered vulnerable to foreign competition. In addition, Japanese markets are protected by a maze of so-called nontariff barriers to trade—many of which fall outside the reach of GATT regulations. We cannot sell our exports freely in Japan, whether beef, tobacco, citrus fruits, or leather goods. Consumer markets, too, are closed by regulations that the Japanese attribute to "cultural differences."

What Japan does import from us are, chiefly, those raw materials always taken by master nations from colonial nations—grain, cotton, ores, fuel. We still ship to Japan a few remaining high-technology items, like aircraft, and some telecommunications and high-powered computers in which we hold a narrowing lead. But the Japanese continue to squeeze that lead, because their infant-industry-protection laws are planned to give them time to catch up. They will not buy American satellites until they learn to make their own. Corning Glass Works has had a fiber-optics patent pending in Japan for 12 years; in this time, the Japanese have learned to make fiber optics of their own that they now sell to America. Crude oil may be sold to Japan; but the Japanese will not buy our refined oil. American products certified here must go through slow, tedious re-testing in Japan before entering the Japanese market, while Japanese technology catches up.

American markets for Japanese goods are not only open but come with an invitation. The United States Census makes its marketing information open to all; for a fee anyone can buy its tapes that define, area by area, county by county, income group by income group, where Toyota, Sony, Hitachi, Honda can best space their distrubutorships; and American advertising agencies will, for a fee, translate consumer appetite into market conquest. No nation that thinks of itself as an assembly of consumers can resist Japanese penetration. But a nation that thinks of itself as a community has reason for alarm.

Today not a single consumer radio is made in America, although Americans invented the modern radio; not a single black-and-white television set is made here, although America invented television. The few companies that assemble color television sets in the United States could not exist without imported parts made in Asia, although color television was originally developed in America. Almost all our video-cassette recorders are made in Japan; so are most hand-held calculators, watches, a huge share of our office machinery, and most high-fidelity audio equipment. Only one American motorcycle manufacturer remains (Harley-Davidson); the Japanese hold 95 percent of our market. Only one American piano manufacturer remains (Steinway). The Brooklyn Navy Yard, where the conquering U.S.S. Missouri was launched in 1943, no longer exists.

The American automobile and steel industries were the first to be hit by Japan's trade offensive—they were vulnerable. Emerging from the war fat, stuffy and complacent, content largely with obsolescent equipment and practices, shortsighted American management let its technologies fall well behind those developing elsewhere. In 1966, the Japanese shipped only 63,000 automobiles to America; by 1970, MITI had stimulated the shipment of 415,000. Americans found Japanese cars to be good cars; they consumed little gasoline, they were cheaper; their fit-and-finish were splendid, and with the rise in gasoline prices, the American appeitite for Japanese automobiles soared. But when the Reagan Administration this spring released Japan from negotiated voluntary quotas on car exports to the United States, Japan announced that it would raise its shipments to 2.3 million autos to America, as if we were a controlled colonial market. It was too much. By a vote of 92 to 0, the Senate declared Japanese trade practice unfair. But it was a belated revolt; this summer, American consumers are gobbling up Japanese automobiles faster than the Japanese can gear up to ship them.

This year, apparently, MITI's chief target is the American electronic industry. Last year, the trade deficit with Japan in electronics surpassed our trade deficit in automobiles—reaching $15.4 billion of our total adverse balance with Japan of $37 billion. The American semiconductor industry is reeling from assault. The Japanese, without mercy, propose to wipe out our supremacy in this industry, based on our own research and invention. Hitachi, now an electronics exporter, was blasted to bits by our bombers in the last two weeks of the war as one of the leading Japanese armsmakers. But Hitachi is now on the conterattack, its tone martial again. Here, for example, is Hitachi's directive this year to its offices in Denver, where it is trying to take away the semiconductor market from America's Intel Corporation and Advance Micro Devices. It reads: "win with the 10 percent rule! Find AMD and Intel sockets. Quote 10 percent below their prices! If they requote, go 10 percent again. Don't quit till you win!"

A Benign prosperity temporarily soothes the American economy in the six years since 1979. America has added 6,000,000 jobs to its total work force. But these are mostly service jobs. In the skill-and-brawn base of American production, not only have real wages fallen, but the job base is shriveling. In machinery production, in these six years, the United States has lost 228,000 jobs; in primary metal-making (such as steel) we have lost 439,000 jobs; in fabricated metals, 241,000 jobs; in motor-vehicle production, 118,000 jobs; in textiles, 186,000 jobs. All in all, on the line, in the old shops, where Americans make things, we have lost 1,834,000 jobs.

No industry in America has been harder hit by Asian competition than the American garment industry, which has lost 155,000 jobs in the last six years alone. One should listen to Sol Chaikin, an air corps veteran of the China war theater against Japan.

Chaikin is now the president of the International Ladies Garment Workers Union. Once, in the early 1980s, his union counted 230,000 workers in New York City alone. Today he counts only 100,000 and they work at the lowest paid union jobs in the city.

"Ours," says Chaikin, "is the most competitive industry in America. It's a cheap industry to get into and we have 15,000 ladies-garment manufacturers in the U.S.A. They all have the most modern machinery, but the Asians have the same machinery and they work for less and for longer hours. The Japanese once were our chief competitors, but Japanese wage rates have now risen to levels comparable to ours. The Japanese now buy American designs, open factories with new machinery in Singapore and Hong Kong, ship the fabrics from Japan, and export from offshore. In Korea and Taiwan, they pay 57 cents an hour; in Hong Kong, $1.08 an hour; and in Sri Lanka they pay $5.00 a week. In New York, our workers get only $175.00 a week take-home pay—and they pay almost $1 for a subway fare each way."

Chaikin knows that his workers in New York cannot compete with Asian standards of living. "It's as if we were being poured into a Mix-master with China, India, Japan, Taiwan; they've homogenized the international labor market and are squeezing us out like toothpaste." Chaikin insists that some garment jobs, at least, must be preserved for American working people, that the American market should be shared with Americans. But there is no high-technology ladder to leap over cheap Asian wages when it comes to handwork. Of blue-collar jobs in America, one in seven is held by a textile-garment-apparel worker. The National Academy of Engineering estimated in 1963 that, of 2,000,000 jobs in the garment-textile industry, only 750,000 would be left in 10 years. Chaikin's back is up against the wall.

Less than a mile from Chaikin's union headquarters is the elegant executive suite of the Radio Corporation of America. Chairman of the Board Thornton F. Bradshaw is another combat veteran, whose destroyer was put out of action by the Japanese Navy in the last months of the war. Bradshaw, if anyone, is an authentic statesman of American industry. He is unworried about RCA, which is happy and prosperous. His view is entirely different from Chaikin's, for his company has adjusted to the world market. But RCA long ago gave up on penetrating Japan. Its creator, Gen. David Sarnoff, thought the American market was enough, and licensed to Japan and the rest of the world the technologies RCA has patented—technologies that underlie much of modern eletronics production. RCA prospers from its lead in advanced electronics—from its satellites, from its arms contracts (like the Aegis guided missile cruiser) from its broadcast net, NBC, from its marketing of imported parts and products, from manufacturing television sets. But, despite RCA's prosperity, Bradshaw is deeply worried—about America as an industrial community where both work ethnic and practice have decayed.

Bradshaw is concerned for America's economy as a whole, Chalkin for his working people—both equally honorable concerns. But neither believes that any reasonable persuasion can slow the Asian trade surge unless the American Government acts—sooner rather than later. What is needed is a structural change in American life and thinking, as sweeping as Japan's in 1945-1950—from factory floor to research labs and universities, from reduction of the Federal budget deficit, to a total review of our trading policies.

So the story moves to Washington.

Washington is always in crisis—small crises, acute crises, lurking crises. But the trade crisis is quite extraordinary for the anarchy of ideas that prevails. Ideas clash in perception of a world that has totally changed since the days of victory. Trade, as we designed it, has become completely global, and America has become the last open gaming table for world adventurers. Within the confusion of Washington's thinking, however, at least three truths are taken as paramount.

The first truth, the starting point of all thoughtful conversations, is the overwhelming burden of the overvalued dollar.

"When I was dealing with Japan the problem was different," says Robert S. Strauss, Jimmy Carter's trade representative from 1977 to 1979. "I talked in a universe of tariffs . . . of trade . . . nontrade . . . cultural barriers . . . political difficulties." Strauss, a very suave, but very tough man, is remembered as one of the few American trade representatives who have been able to out-negotiate the Japanese. For a brief period, his tenacity caused the impermeable membrane of Japanese resistance to yield. "Now," he says, "you're talking about a world where trade has reached $2 trillion a year, but capital flows have reached a magnitude of $20 trillion a year, swirling around the world like a jet stream. It drops off here because of safety and high interest rates, and pushes the dollar up. It makes the trade problem look like a pygmy problem. It distorts everything, and leaves the poor American exporter, no matter how good or efficient, like a runner doing a sprint with an anvil under his arm.

"The Japanese don't adjust the yen every day. But you don't have to be a genius to know that when the Bank of Japan coughs, everyone gets the sniffles. But we have no policy. Even if we started now, we couldn't work things out in a year, or five. We need a strategy."

There comes next the second truth: Japan's "unfair" trading practices, its regulations, rules, restrictions, quotas. Says Secretary of Commerce Baldrige: "Japanese export policy has as its objective not participation in, but dominance of, world markets. Japanese trade policies assume as a *right* protection of their industries that are emerging, like satellites, depressed industries like paper and chemicals, politically important industries like argiculture, socially sensitive industries like leather. : . .

"In 1983, we took 30 percent of Japan's overseas exports, in 1984, 35 percent. In practical terms, this means that all the net increase in Japanese domestic employment in recent years is attributable to sale to the United States. . . . America's pursuit of free trade is like Sir Galahad's quest for the Holy Grail."

From the National Association of Manufacturers to the AFL-CIO, one catches the alarm in vivid language. "There are six to eight main interacting trade-and-production groups, of 'keiretsu,' " says one association official, who asked not to be identified. "They buy and sell chiefly to their own subsidiaries, and they divide Japan's market up. When we squeeze, they'll allot, say, 11 percent of a particular market to all importers. They are opaque, insensitive people, who don't know that they have brought us to the edge."

Says Lane Kirkland, president of the AFL-CIO, the man most concerned for the fate of American workingmen, who last visited Japan this winter, "To hear the Japanese plead for free trade is like hearing the word 'love' on the lips of a harlot."

The last body of truths comes from the engineering community—it is the most serious, most somber, most challenging. It is that the Japanese are very, very good, better at some things than Americans. They are brilliant, efficient, aggressive people who prize education as much or more than Americans—and have learned to use it. John Gibbons is the head of Congress' Office of Technology Assessment—he is a physicist, who comes to Congress from the Oak Ridge Labs of the Atomic Energy Commission. He starts the story of Japan's renaissance with the occupation:

"The most important thing we did after the war was to reorganize it; we democratized it; we lifted the burden of arms from it, and they poured resources into education. We helped them. We gave free doctorates in nuclear science to their students and brought them to Oak Ridge. But you have to realize that the Japanese already had traditional skills and techniques; they were superb in alloying metals, in ceramics, in fermentation—out of the broths they knew how to brew came the fermentation know-how vital to biotechnologies.

"They are ahead of us in productivity in automobiles, in steel, in robotics. We are ahead in fundamental research, but they get all our science papers and research, and they add to that their mastery of 'process technology,' translating fundamental research into the making of things. They recruit their managers from the factory floor; we get ours out of law schools."

In Gibbons's view, the challenge lies, above all, to American technology and education. Unless we can translate our lead in fundamental research into practice, then others will be the chief beneficiaries of our science and laboratories.

In a few days in Washington, one can trace a trail of irritations blistering under the bland rhetoric that still binds the Pacific alliance together.

Start at the State Department with middle-level officers who deal daily with the Japanese—and one hears language almost unheard eleswhere in that labyrinth of quiet diplomats. "Japan." said one, who asked not to be identified, "is a protectionist nation: That have no sense of moderation; that are aggressive. They are an island nation looking out on the rest of the world as plunder from a protected bastion. Negotiations are tedious, painful—oh, so painful—and, when they yield, they yield with no grace. It's not only quotas on beef, citrus fruits, leather, but even on our catsup and peanut butter.

"In 1981, they banned American metal baseball bats. We had the technology for making a safe cap for metal bats. The Japanese made a metal bat with a plastic plug top; a plug flew off at a baseball game and struck a spectator. So all metal bats, safe and dangerous, were banned. We negotiated for three years, we had to get them to change 18 laws and regulations; we had to get the consent of the Japanese Softball Association. Then, when the Japanese learned to make safe metal caps, they reopened the market. Last year, we finally managed to export 350 metal bats to Japan!"

This is the voice of a working displomat in the State Department. The bureaucracy bows to political leadership. But it remains the national political scouting force abroad, and cannot held but observe politics at home. Its officers do not blink at the reality that Americans want to buy cheap quality goods; no one forces them to buy Japanese goods. Nor can they blink at the fact that no fewer than 30 states now have their own offices in Japan soliciting Japanese investment. But they cannnot blink either at the fact that so much of American industry is being wiped out, and that the men and women discarded scream to Congress.

At the supreme level, President Reagan deals with Premier Yasuhiro Nakasone of Japan, who yields and, with exquisite courtesy, goes on television to urge his people to sample American and foreign imports. But at the working level, each negotiation is a tormented, ad hoc, item-by-item bargaining.

A shawl of self-restraint drapes over most official American spokesmen; to be accused of "Japan-bashing" is considered "protectionist" or, worse, "racist." Foremost among those who thus speak for the old free-trade tradition, one finds Secretary of State George P. Shultz.

"There is great sentiment for protection around the country," he told a gathering of the American Stock Exchange recently, "but in my opinion it's wrong . . . it's bad . . . this is a matter of deep conviction on my part." But no such restraint binds Congress, or the unions who influence so many constituencies. Congress is entertaining half-a-dozen bills right now sponsored by afflicted Congressmen; it is even considering a 25 percent tariff on all imported goods.

Congress is where one can best see the deadlock of ideas, as shoe workers, garment workers, steel workers, auto workers demand protection. But Senator Christopher Dodd of Connecticut is typical of a Congressman in the middle; he is a young, liberal, thoughtful Democrat, and knows that foreign trade is essential to America. He comes from that state in the Union that is most dependent on foreign trade—25 percent of Connecticut's gross state product goes into exports. But Dodd also sits on the Senate Foreign Relations Committee, which he describes as torn between "bumper-sticker patriots," and those who believe that world peace rests on world trade.

Dodd is worried not about his state, but about the lack of an American strategy for dealing with the nature of the new trading world. He says: "We can't make a strategy by assembling a majority in the House to protect shoes, or automobiles, or tool-and-die makers. We need an overall trade policy

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and we need it now before the whole thing explodes."

And so Dodd comes down, as do Baldrige, Strauss, and the National Association of Manufacturers, to the conclusion that there must soon be a great international gathering that will create an orderly new system of trade to replace the present anarchy where the wolves pick off the laggards.

What such an International gathering will do, or can do, is still obscure. The Marshall Plan is remembered as an example of what may be won . . . but the Marshall Plan took five years to evolve, in interminable conferences from 1944 to 1949. Now the market that must be shared is not simply the Atlantic basin; it is the whole globe. Korea makes steel and ships, Taiwan makes electronics, Brazil makes steel, arms, shoes, India and China creep up on every technological front. All seek to follow Japan's course, at whatever cost to American jobs. Conscience prevents Americans from spurning the poor and suffering of the world who seek to better themselves; but common sense forbids a course that permits their betterment by our impoverishment. Somehow a new way must be found to fairly share both world resources and markets. It will take a long time to work that way out, for America must restructure to live in this world as the Japanese have done. And time is short.

So one tries finally to penetrate the thinking of Executive policy—where an ailing President, plagued with budget deficits, tax reform, the Middle East and terrorism is too busy to reflect on trade policy, decide on his will, or impose it.

It is left for others to speak for him, and when they speak, they speak of peace:

"Who won the war?," an official State Department spokesman repeated my question and answered: "We won the war. What did we get from the victory? We expanded the area of freedom. We made a democratic Japan. Our bases in the Pacific and Japan are essential to our defense. There's peace in the Pacific now, Japan is our ally, it's stable. Peace is our reward."

Peace, of course, is primordial. But the Japanese share the same peace, and under our protection, paying little for it, reserve the right to press American livelihoods to the wall. How far or how deeply then can press their trade strategy before Congress explodes in anger is unknown. But it would be well for the Japanese to remember that if peace is paramount, they need us to keep the peace more than we need them And if a ripple of depression forces Congress to act, a lockup of the open American market would wound Japan more than it would wound us. The superlative execution of their trade tactics may provoke an incalculable reaction—as the Japanese might well remember of the course that ran from Pearl Harbor to the deck of the U.S.S. Missouri in Tokyo Bay just 40 years ago.●

TRADE

● Mr. LUGAR. Mr. President, on September 23, President Reagan made perhaps the most important statement on trade policy of his administration. He said that "When there is equal opportunity to compete, American business is as innovative, efficient, and competitive as any in the world." He also said that he knows "The American worker is as good and productive as any in the world."

I, and every Member of the Senate, also know that to be true.

Mr. President, we all must further agree with President Reagan's warning: "To make the international trading system work, all must abide by the rules—all must work to guarantee open markets." Unfortunately, not everyone is living up to this standard. The Trade and Tariff Act of 1984 directs the President to conduct a survey of barriers to U.S. trade, which should be completed in the fall of 1985. However, a number of significant barriers to trade have already been identified:

In most Latin American countries, imports are controlled by licensing schemes, which are continually being modified, causing great uncertainty.

India also has an import licensing scheme; market forces do not determine imports.

In Europe, government postal and telecommunications entities procure only from domestic suppliers, thus cutting off the U.S. telecommunications industry from an important export market. By contrast, the U.S. market for telecommunications has been open since the breakup of AT&T.

Taiwan maintains high tariffs and assigns arbitrary values for imports called "custom uplifts." The tobacco monopoly discriminates against U.S. tobacco exports.

While Taiwan has made some progress in the counterfeiting area, more serious enforcement is required.

The EC's common agricultural plan of variable levies and subsidies restricts U.S. participation in the European market and causes disruption in our traditional Third World markets.

In Europe, local and regional standards operate as nontariff barriers, particularly in the West German electronic market.

Canada maintains high tariffs in a wide variety of products, particularly machinery. Restrictions on foreign investment remain through operation of the Foreign Investment Review Agency.

In South Korea, foreigners cannot own real estate or enter retail or wholesale trade. Intellectual property rights of foreigners are not respected, and tobacco products cannot be imported.

Most importation in the Middle East is controlled by foreign trade boards and does not respond to market forces.

Mexico and Brazil maintain performance requirements that limit trade.

Japanese barriers to the import of manufactured goods deserve a list of their own.

Mr. President, the burden these barriers place on the U.S. economy is staggering and a major factor in our record trade deficit. For this reason, I have invited U.S. Trade Representative Clayton Yuetter to appear before the Senate Foreign Relations Committee on October 16 to discuss these barriers and what plans the administration has to do something about them. Ambassador Yuetter will look at these barriers in a broad sense and give us an idea of the scope of the problem.

To try to understand the effects of these barriers on individual industries, I have also invited officials of the Aluminum Corp. of America and Reynolds Metals to give the committee a case study of one such barrier. The aluminum executives will address the Japanese aluminum tariff, Japanese Government subsidies to the Japanese domestic industry and the allegedly GATT illegal rebate scheme for Japanese-owned overseas companies.

Mr. President, given the critical nature of this issue for the American economy and our relations with foreign governments, it is my intention to report to the Senate the results of our inquiry. I believe it will well illustrate President Reagan's trade policy statement.●

WORLD'S YOUNGEST POLITICAL PRISONER

● Mr. ARMSTRONG. Mr. President, today a little girl is in Estonia, her parents are in Sweden, and there is a strong possibility that they may never see each other again.

Kaisa Randpere, at just over 2 years old, is often referred to as the world's youngest political prisoner. When her parents were able to escape from the Soviets a year ago, they had to leave Kaisa behind hoping that once they were free, Kaisa would be able to join them.

Unfortunately, those same Soviets who signed the Helsinki accords and the Universal Declaration of Human Rights have refused Kaisa permission to join her parents. Just a few weeks ago, Waldo Randpere, Kaisa's father was thrown out of the Soviet consulate in Sweden, followed by the words, "You will never see her again!"

Many here in the United States are not willing to allow Kaisa to become one of the nameless, faceless individuals who suffer under Soviet tyranny. Just recently, 19 of our colleagues here in the Senate joined me in a letter to Secretary Gorbachev, requesting his intervention on Kaisa's behalf. I understand that this week, that letter will be broadcast in Estonia by the Voice of America to show that we in America care about the welfare of those who are not allowed to speak for themselves.

Nor are we alone in our concern for Kaisa. Recently more that 70 Members of the House led by Representative MIKE LOWRY also wrote to Mr. Gorbachev, and Kaisa has become a central concern of many of the Baltic groups here in the United States. In addition, Sweden, Great Britain, and Brazil are also organizing efforts on Kaisa's behalf.

Yet even with all of this support, there are grave doubts as to Kaisa's future. Therefore, I urge my colleagues, and those who may be listening, to request that President Reagan bring up the case of the Randperes during the upcoming summit meeting. If the Soviets cannot uphold their commitments under international agreements such as the Universal Declaration of Human Rights and the Helsinki accords, we have a right to be concerned about agreements they may wish to discuss in Geneva.●

SHOW-ME SERIES

● Mr. DANFORTH. Mr. President, last Saturday was a day of great joy to all Missourians, and it was a day that deserves the careful notice of all Senators. On that day both the St. Louis Cardinals and the Kansas City Royals ended long and exciting pennant races with victories to clunch their respective division championships.

Missouri could not be more proud of its two major league baseball teams. I am pleased today to congratulate managers Whitey Herzog and Dick Howser and their splendid teams. While we in Congress must be concerned with debt extensions, trade policy, and the like, beginning tomorrow the rest of the Nation will be more concerned with pitching duels, stolen bases, and home runs as the league championship playoffs begin.

Both the Royals and the Cardinals have benefited from spectacular performances by a variety of heroes, expected and unexpected. George Brett's incredible hitting and Dan Quisenberry's relief work for the Royals have begun to seem almost routine, while Bret Saberhagen's stellar starting pitching brought the team 20 wins. The Royals brought home their sixth division championship in the last 10 years, a standard of excellence and consistency no team in the league can match.

For the Cardinals, this season has been particularly rewarding. Picked by most preseason pundits to finish no higher than 4th or 5th place, the Cardinals combined the league-leading hitting of Willie McGee, the wizardry of Ozzie Smith, the speed of Vince Coleman, and the pitching of 21-game winner John Tudor to produce a 101-victory season that left no doubt who deserved the title.

The Dodgers and the Blue Jays will be formidable opposition in the division playoffs. I am confident, however, that St. Louis and Kansas City will come through victorious, and I look forward to savoring an all-Missouri World Series—one that surely will be dubbed the "Show-Me Series."

For those of my colleagues who are sad to see the baseball regular season come to an end, come on out to Missouri. We will be playing for a couple more weeks.●

REQUIRING ALL TELEPHONES TO BE COMPATIBLE FOR USE WITH HEARING AIDS

● Mr. D'AMATO. Mr. President, I rise today to cosponsor legislation, S. 402, that amends section 710 of the Communication Act of 1934 to require all telephones to be compatible for use with hearing aids. In addition, this legislation introduced by my distinguished colleague requires that common carriers provide specialized equipment for telephone service for use by persons whose hearing, speech, vision, or mobility is impaired.

The strength of this legislation is its encouragement of individual capability and productivity—factors which are key in fostering the development of individuals and this Nation as a whole. The handicapped are individuals who are quite capable of contributing. However, obstacles stand in their way to fully realize their productivity. I believe it is desirable that we encourage and foster this productivity, and that we help these individuals overcome the obstacles which exist.

Without consistent communications services, normal day-to-day activities are laden with serious obstacles for a handicapped individual. Imagine needing to make a phone call in an emergency situation when the nearby phone is not hearing-aid compatible. A barrier like this creates panic and frustration. There is no need for this type of frustration when a simple logistical measure could alleviate the difficulty.

The convenience of communication, a convenience which is easily taken for granted, is critical to the lives of everyone—including the handicapped. The importance of this convenience cannot be underplayed: It assures handicapped individuals of easy access to communication. Easy access allows easy mobility and conservation, and thus an individual has less anxiety to endure on a daily basis. Without a doubt, if we can free handicapped individuals from the daily difficulties of simple movement and communication, we greatly increase the likelihood of these individuals to be more active and productive.

I urge my colleagues to give this legislation their full support so that we can make access to communication available to all.●

CHRISTOPHER COLUMBUS DAY

● Mr. LAUTENBERG. Mr. President, today I want to commemorate not only the discovery of the Americas by Christopher Columbus, but also express my admiration for a man whose ideals and actions epitomize the American spirit.

Christopher Columbus was an adventurous man, a man who did not let society curb his ambitions or dreams. He was born in Genoa, Italy in 1451, the son of a weaver. From childhood, it was expected that as the oldest son, he would follow in his father's footsteps. Instead, Christopher looked to the sea, to opportunities that lay beyond the horizon. He heard stories of the wealth to be gained and the civilizations to be discovered in foreign lands. Inspired by these tales, Columbus left his home and a predictable career to sail to the Aegean and Ireland.

But traveling where others had traveled before did not satiate Columbus' desire for conquest. He learned about the Orient and dreamed of a westward route to Asia. Where others saw the edge of the Earth, Columbus saw a passageway and a breakthrough for trade. While others were content to continue trade by tedious land routes, Columbus anticipated a risky journey to the West. For such a journey, Columbus needed money, ships, and sailors. To achieve this goal, he persevered to find someone willing to take a risk on his vision.

After 3 years of rejection in England and Portugal, Columbus gained the backing he sought from the King and Queen of Spain. Within the year, he and his crew set off in three ships—the *Nina*, the *Pinta*, and the *Santa Maria*. During their journey, the crew was inspired by Columbus' strong will to reach the Orient. Once during the long 2-month journey, the crew tried to convince Columbus to turn back, but he resisted their entreaties. On October 12 they reached what they thought was the West Indies.

Above all, Christopher Columbus was struck by the beauty of this new land. In his journal he wrote:

> This island exceeds the others in beauty and fertility. Groves of lofty and flourishing trees are abundant, and also large lakes, surrounded and overhung with foliage, in a most enchanting manner.

Here was a man of ambition and insight, a man who appreciated the beauty of nature and the breakthroughs of progress. He knew what he wanted to achieve and was able to convince others to help him.

Since his time, other Americans have broken out of the mold made by society, and like him, their individuality has improved our country. It is fitting that such a bold and ambitious man discovered our great country.

Mr. President, today we honor Christopher Columbus and all the Italian Americans who have followed since his time. America is a land of ambition and opportunity, and as we celebrate Columbus Day let us keep the memory of this man, who exemplified these traits, alive.

NATIONAL CHILDREN'S WEEK

● Mr. D'AMATO. Mr. President, I rise today to call attention to the fact that October 7 is both Child Health Day and Universal Children's Day, and that October 7, through 12 is National Children's Week. The purpose of these important dedications is to focus our hearts and minds on our most precious resource and our greatest hope for the future: our children. The future of our Nation rests in the hopes and dreams of our young people, but we must take major steps to ensure that these dreams reach fruition.

Children growing up today face many dangers. It is estimated that as many as 3 million children a year are either physically, emotionally, or sexually abused. Additionally, 1.8 million children are reported missing each year and 150,000 may never return home—never. Among teenagers, 5,000 American youths can be expected to take their own lives this year and almost 2 million will make the attempt. Thousands of children come home every day from school to lock themselves in an empty house and await the return of their parent or parents who have to work to make ends meet.

When I take a look at these statistics, I am dumbfounded. We have wiped out polio, controlled whooping cough, made leaps and bounds in the early detection and prevention of birth defects, and yet we have virtually ignored many important aspects of the physical and emotional safety of our children.

Child abuse crosses social, economic, racial, cultural, and occupational boundaries. As many as 80 percent of abused children may, in turn, abuse their children. The nightmare is self-perpetuating. Studies have linked child abuse to juvenile delinquency and adult criminal behavior. This link is costly, as well as tragic. The average cost to retain a juvenile delinquent in a public detention facility averages $16,500 per year, and $14,000 for an adult in a State penal facility. Studies have tied over half of the cases of teenage prostitution to family sexual abuse and subsequent running away.

Once these children run away, things do not get better. Furthermore, many of these children are not actual runaways—they are snatched off playgrounds, out of backyards, and from neighborhood streets. Sometimes they are taken by absolute strangers; sometimes they are taken by a parent. Figures are hard to come by, but it is believed that each year as many as 20,000 to 50,000 are taken by a divorced or separated parent; 20,000 to 50,000 are believed to be taken by complete strangers. About 5,000 are later found murdered and sexually abused.

It is astounding that we have allowed hundreds of thousands of children to slip through society's fingers to abuse and neglect, or even worse. To help combat this national epidemic, I have introduced the National Child Protection Act, S. 142. This legislation would establish child care center guidelines and a national information center on child abusers, so these most vile of criminals will no longer be able to move from State to State to continue preying on the innocent and the helpless.

I also cosponsored the Missing Children's Act to facilitate FBI assistance in pursuing missing children, and I cosponsored S. 2014, the Missing Children's Assistance Act. This legislation authorizes a national clearninghouse and toll-free hotline to centralize these pursuits. I am pleased that both measures have been signed into law. I also supported the Child Pornography Act of 1984 to strike back at those depraved individuals who defile our children.

As we pass tougher laws, we must also bring about better and more available child care supervision. Since the percentage of women in the work force with minor children at home rose from 47 percent in 1975 to 62 percent in 1985, the number of children with working mothers has soared into the millions. However, the availability of affordable child care has not increased as rapidly. Only 400 employers nationwide provide onsite child care, which is one of the most productive and cost-effective means to bring about lower turnover rates, reduce absenteeism, and improve morale. Dr. Deanne Tate of the University of Texas estimates that, for every $1 invested in onsite child care, the employer reaps a $3 to $6 profit.

That is why I introduced S. 1125, the On-Site Day Care Privatization Act. My bill is designed to use tax credits to induce businesses to establish onsite child care facilities to help working mothers and their children. It is my hope that this would allow more women to work and, at the same time, know that their children are safe and nearby.

Realizing that this may not provide immediate results for all those in need of such services, I also introduced S. 756, legislation to increase the dependent-care tax credit. This bill increases the maximum credit from 30 to 40 percent for those making $10,000 or less in annual adjusted gross income—those least able to afford child care.

All of these efforts are designed to upgrade the care we provide our children. When one considers the numbers involved here, it is heartbreaking. When one child is molested, one child beaten, one child placed on the street for prostitution, if one child commits suicide from the abuse he or she could no longer stand, then we have failed as responsible adults and have dashed the hopes and dreams of our future generations.

We must never forget that the innocence of a child is one of the world's few, true miracles, and we must not let it be defiled, no matter what the cost.

Thank you, Mr. President.●

JAMES C. MILLER III, DIRECTOR OF OFFICE OF MANAGEMENT AND BUDGET

● Mr. DURENBERGER. Mr. President, it was with genuine regret that I found myself unable to be present last Friday for the Senate's full executive session in which my colleagues considered the nomination of James C. Miller III, to be Director of Management and Budget.

However, I fully supported his appointment to that position. I am pleased that as a member of the Governmental Affairs Committee, I had the opportunity to vote in committee in favor of Jim Miller's confirmation.

His educational and professional credentials, in my view, superbly qualify Jim Miller for the position of OMB Director. The job calls for a special blend of skills and expertise, since it involves oversight duties in the areas of the budget, legislation, regulation, and Federal personnel. Jurisdiction over any one of these would exact formidable demands from the best of managers.

Jim Miller, I am certain, is equal to the tasks before him, and I am satisfied that the Senate has confirmed a talented and able man for the job. I am enormously pleased at his selection and confirmation.●

MRS. IRENE AUBERLIN

● Mr. RIEGLE. Mr. President, today, October 7, Mrs. Irene Auberlin is 89 years young. I can think of no better occasion on which to recognize her for her 32 years of unselfish service as the president and founder of World Medical Relief.

Mrs. Auberlin began World Medical Relief in 1953 after watching a television program on the plight of Korean war orphans. Moved by this program, Mrs. Auberlin began using her home as a collection center for diapers and medicine which were sent to Korea. As her operation expanded, it moved into a rundown building in Detroit and finally, in 1963, with the help of philanthropist Stanley S. Kresge, to World Medical Relief's current home on Rosa Parks Boulevard.

World Medical Relief is operated by a small, hard-working staff and over 200 volunteers. Mrs. Auberlin has worked tirelessly these past 32 years to establish the organization and to serve the needy people of the world. In addition to the children of Korea, the people of Central Africa, Central America, China, and Vietnam have received supplies. Today, the bulk of World Medical Relief's shipments are sent to Poland and Central America.

As a result of Mrs. Auberlin's strong faith and drive, World Medical Relief has grown into a multimillion-dollar service organization. Last year alone, over $16 million of medicines and medical equipment were collected. In addition, World Medical Relief supplies about 500 low-income senior citizens in Detroit with free medicine.

Mr. President, Irene Auberlin retired last month but her work will be carried on by Mrs. Clara Kohn, who has been with World Medical Relief for the past 23 years. On behalf of the people of Michigan, I want to commend Mrs. Auberlin for dedicating her life to the people of the world. She has indeed proven that one individual can make a difference.●

CALL TO CONSCIENCE VIGIL

● Mr. HARKIN. Mr. President, once again, I am honored to join my distinguished colleagues in a "Call to Conscience Vigil" on behalf of Soviet Jewry. In particular, I commend my colleague from Minnesota, Senator BOSCHWITZ, for taking initiative in this area during the 99th Congress.

Conditions for Soviet Jews have worsened alarmingly over the last year. Recently, the persecution of Jews has become more systematic and ominously more efficient. Anti-Semitism is not a new phenomenon in Russian history but, in this latest phase of oppression, the very survival of Judaism in the Soviet Union is threatened. The formal distinction once made by the Soviet Government between anti-Semitism and anti-Zionism is now openly disregarded.

Persecution of Jews is no longer restricted to those who seek permission to emigrate, but now includes any individual attempting to practice Judaism. The Soviet Government has undertaken a systematic campaign to disrupt all Jewish religous and cultural activities. Official anti-Semitism has spread to include regular attacks against Jews in newspapers and television. Jews who try to emigrate customarily lose their jobs and are ostracized.

Let me cite the case of one Soviet family, the Terlitskys. Mark Terlitsky had a successful career as an architect with a leading government design firm in Moscow. He worked on a number of large projects, including historic restoration of ancient buildings in the Kremlin. In 1974, because Mark was going to apply for permission to emigrate to Israel, he transferred to another job where he worked on small residential and commercial projects and where he believed his work would be viewed as less sensitive.

Nonetheless, when the Terlitsky family applied to emigrate in 1976, Mark, his wife, Svetlana, their daughter and Mark's elderly mother were refused exit visas on the basis of Mark's alleged "possession of secret information." Mark was demoted to draftsman and, shortly thereafter, lost his job. Svetlana, an economic analyst, also lost her job.

The Terlitsky family has reapplied for visas many times over the last 8 years without success. Neither Mark nor Svetlana have been able to find permanent jobs since they applied to emigrate. On several occasions they have been detained, harassed, and beaten by the KGB.

Tragically, more than 380,000 Jews remain in similar situations, waiting for visas to leave the Soviet Union. We cannot remain indifferent. We must utilize all means available to effect a real change in policy within the Soviet Government toward its Jewish population.

On September 24, all 100 Senators signed a letter to the President urging him to discuss the status of Soviet Jews during the forthcoming summit with Soviet General Secretary Mikhail Gorbachev. We hope the President will use this opportunity to press for essential reforms such as the granting of exit visas to the thousands of Jews who wish to emigrate to join their relatives abroad or be repatriated to their historic homeland.

It is important to impress upon the Soviet leadership the importance to Americans of Soviet actions in this single area. Mr. Gorbachev must understand that human rights abuses will be a factor in ongoing arms talks, and in Senate consideration of any future agreements affecting relations between our two nations.

Human rights must be an issue of vital importance in our relations with the Soviet Union. To those in the Soviet Union and around the world who suffer religious persecution, we have a clear responsibility to work for their freedom.●

COSPONSORSHIP ON S. 1702

● Mr. D'AMATO. Mr. President, I rise today to clarify my cosponsorship and support for S. 1702, the Balanced Budget and Emergency Deficit Control Act of 1985.

I believe S. 1702 is a proper first step toward reducing Government spending. The approach is especially desirable because it exempts Social Security from the mandatory across-the-board cuts that would occur if annual deficit reduction targets are not met.

I do not believe that our senior citizens are responsible for this country's Federal deficit and, therefore, I do not believe that they should be forced to bear the burden of deficit reduction. I will continue to fight, as I have in the past, for the rights of senior citizens.

S. 1702 both protects the senior citizens from cuts in Social Security and reduces the Federal deficit, which, if left unchecked, would have a crippling effect on the economy. I reaffirm my support for S. 1702 and I urge my colleagues to pass this legislation.●

RECESS UNTIL 3:15 P.M.

Mr. DOLE. Mr. President, we are now engaged in a series of meetings. We just had one in my office. The distinguished minority leader will now have a meeting in his office, following which the two of us will meet. I suppose the upshot is that, without knowing for certain, there could be some movement on this issue. There would be more movement in the meetings than there would be in debating the matter on the Senate floor.

On that basis, Mr. President, in the hope that we can satisfy—if not everyone—a majority and move the debt ceiling with appropriate amendments, I ask unanimous consent that the Senate stand in recess until 3:15 p.m.

There being no objection, the Senate, at 2:12 p.m., recessed until 3:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. KASTEN].

The PRESIDING OFFICER. The Senator from Vermont is recognized.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

BALANCED BUDGET AMENDMENTS

Mr. LEAHY. Mr. President, yesterday I voted for cloture on the matter pending before us so that we might get on with it. There was a suggestion made by the distinguished majority leader, who is on the floor, that everybody who voted for cloture automatically was in favor of the Gramm-Rudman-Hollings, et al., package as it was before us.

I just want to note, Mr. President, that my vote was to get on with the Senate's business. I feel that we must take some action now to reduce these enormous deficits. Certainly, if we set aside other Senate business—and there can be no other Senate business as important as this—we could adequately discuss and vote on the various alternatives before us. And that is what I suggested by my vote and by my trip back from Vermont; just as many other Senators traveled back from their States to so vote.

I state this only, Mr. President, so there will be no question about our vote yesterday. I feel that we have the makings of a realistic package. It would be tough medicine, but it is imperative that we do something about these enormous deficits. I think we should get on with the various proposals. I for one am prepared to do that, and to work with the leadership of both parties in an effort to do precisely that.

Mr. President, the majority leader is on the floor. I do not know if he is going to seek recognition, so I simply will yield the floor.

Mr. DOLE. Mr. President, I understand there is still a meeting going on with the distinguished minority leader and a number of his colleagues. After that meeting, I will be visiting with the distinguished minority leader. In the meantime, the clock is ticking. I have received yet another letter from the Treasury, a copy of which has been given to the assistant leader of the Democratic side, Senator Cranston. I will make a judgment whether we want to vote again today and, if so, when, and whether or not there will by any change. If we just have a vote to show that you have no more votes or you have fewer votes for cloture, I am not sure whether that accomplishes anything. If there is a vote, it will be within the next 45 minutes to an hour. But, of course, there could be other votes, too.

I think the American people understand the issue. We can dance around it for a couple weeks or 5 days, but from what I understand, from the reaction I have had from my State and from others—I was in South Carolina this morning—I think the people pretty much understand; they like what we are doing, but they do not understand all the details and they expect us to study it carefully. We have now spent about 25 hours on this issue which is more than we will spend on the whole reconciliation bill, which by law only has 20 hours. That deals with literally hundreds of programs. But we are told that we cannot act on this until everybody has a chance to look at it through a microscope and make certain that every little question has been answered. I commend that. I think it would be a great way to legislate, but I do not know whether we would ever pass anything.

Sooner or later, we have to decide that there will be someone who will want to do it. Some want to make speeches, put out press releases saying they are against the deficit; and when push comes to shove, they will not vote for anything except to cut defense and raise taxes. This has been demonstrated a number of times through the budget resolution vote, the line-item veto, the balanced budget.

So I do not think anybody should be naive enough to believe that we will ever have everybody on board. Obviously, some have good reasons not to vote for any package.

It is my hope that after the distinguished minority leader concludes his meeting, we can have a meeting to see what we can agree upon regarding the schedule.

I have a letter from the Treasury Department which I ask unanimous consent to have printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. DOLE. The letter reads, in part:

> This letter is to inform you of our latest cash projection—and to repeat our request for congressional action today.
>
> As you know, we have already had to fail to meet certain requirements for the full investment of several trust funds costing them approximately $8 million per day. As of this morning, we estimated that cash balances may be zero or negative tomorrow, and will certainly be negative by Wednesday.
>
> When we formally determine that the next day's balance is to be negative, we will need to notify the Federal Reserve. It is my understanding that, upon such notification, the Federal Reserve will then have to notify the banking system not to honor any Government checks or electronic fund transfers. (It is not appropriate or administratively practicable to attempt to distinguish among classes of payment obligations—favoring some at the expense of others.)
>
> Accordingly, all those with Federal payment claims—whether social security recipients or defense contractors or holders of Government securities with interest payments due—would then be unable to have those claims honored.

Of course, they continue to hope that we will act promptly. The letter continues:

> If the Congress acts today, we would inform the financial markets by noon tomorrow of our intention to offer Treasury bills for sale on Wednesday.

The problem is that they cannot borrow any money. They cannot sell any Treasury bills. So it is sort of operating day to day on whatever money may flow into the Treasury. So if it is not a negative cash balance today, it is very close to zero, and it will be negative tomorrow or Wednesday.

I think the string is running out, and if we cannot reach some agreement, I think we will have to make a judgment on whether we just continue to try to get cloture, vote every day on cloture, or whether we adopt some other strategy. I am prepared to work that out.

I may not have the consent of my colleagues on this side—it is not just a problem on that side of the aisle. As I indicated yesterday, there may be a problem on this side of the aisle. I am not certain that every Republican is prepared to say, "Whatever the leader wants to do is fine with me." So far, I have not found that it works that way.

So I suggest that we want to be reasonable, but we are not going to back away from trying to couple the debt ceiling extension with a meaningful amendment that would help us reduce the deficit and reach a balanced budget in the near future.

Mr. LEAHY. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. LEAHY. I appreciate that.

Mr. President, as I recall, the House vehicle to raise the debt limit came over here before the August recess, so that it is not just something upon us.

I remind the distingusihed majority leader that I was one who voted for cloture, so I am not looking for delay. But does the distinguished majority leader feel that it would be possible to work out—over a period of 1 or 2 days, whatever—an agreement so that the major alternatives or major amendment, all of which, I believe, have been pretty well identified, could be brought up and voted upon, with a realistic amount of time to debate them, and get on with this?

We really prove nothing by cloture votes, and I think we all agree on that. You do not prove support any kind of package by holding a series of cloture votes. In fact, we are wasting valuable time.

Does the majority leader think there is a possibility of reaching an agreement to bring the various amendments to the floor and vote on them?

Mr. DOLE. That is my hope. I trust that I am reasonable in that respect. I am prepared to reach an agreement of some kind; but if we are going to be cluttered up with 10, 15, or 20 minute requests and everybody gets the opportunity to offer an amendment, I do not have an interest in that.

If there are major amendments, if there are packages, whether it is the Chiles amendment or the Byrd amendment, my view is that I would be prepared, if I could have the consent of my colleagues on this side and some on the other side, to even have those votes come ahead of the bipartisan amendment.

Let us have the Chiles amendment and the Byrd amendment, unless they are identical and then agree to adopt the Gramm-Rudman-Hollings-Boren amendment.

As I have previously indicated if there are distinct amendments, it would be my feeling to have votes on those. Initially, that was the question: Could we not get votes on amendments on that side on which we could not reach an agreement? I think we can work that out. I hope that would be done before we leave here on Thursday night, if we can leave on Thursday night.

It must be noticed that if we cannot reach action on this on Thursday, we will probably be here on Friday.

So the answer is yes, I hope so.

I thank the distinguished Senator for voting for cloture.

I think it indicated the basic strengths at least for the idea, even with imperfections.

You may find imperfections. I may find imperfections. But the cloture vote indicated to me that 58 Members wanted us to do something. It was reported as only 57. That was because I changed my vote, so that I could offer a motion to reconsider, which is required under Senate rules.

My view is that there could be as many as 65 or 70 Members who would vote for some kind of package.

Mr. LEAHY. I thank the majority leader.

Mr. BUMPERS. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. BUMPERS. The majority leader has indicated that there are people on this side of the aisle who are meeting with the minority leader in an effort to work out some differences.

I talked to one of the principle authors of the Gramm-Rudman amendment, and he indicated that there was a meeting on that side, also, to try to verify some of the concerns that have been raised over here, particularly with regard to how you determine when a recession occurs and that sort of thing. Is that meeting also going on?

I was gratified to hear the Senator from Texas, for example, say that they were willing to address those concerns over here; and I think that if those are addressed, the ones he mentioned to me, you might get a vote on the whole package tonight.

Mr. DOLE. I indicated to the distinguished Senator from Arkansas that we had an earlier meeting at 1:15, a bipartisan meeting of Democrats and Republicans, in my office. There are some concerns, as I have been saying from the start in fact. Senator LONG raised one which I do not understand as well as he does.

Let us say that on military construction appropriation it just says 10 percent. Is that going to be across the board, or does that mean that the President can say, "Let's close up this base in Louisiana or Wichita, KS," which caught my attention.

As stated earlier, we may not be able to address all the problems that have been identified at this time. In fact, we may not find them all in the short run. They may have to be addressed in conference. There is no question that there are 34 areas in which there should be some modifications.

We have asked Senator DOMENICI who provided a lot of advice to the authors of the Gramm-Rudman amendment to go back and have his staff look at areas that they think may need some modification, not major modification, but to resolve some of the questions that have been raised by both Senators from Arkansas and other Senators in the Chamber.

So, yes, we are trying to accommodate some of those concerns.

Mr. BUMPERS. I appreciate that.

THE SECRETARY OF THE TREASURY,
Washington, October 7, 1985.

Hon. ROBERT DOLE,
U.S. Senate, Washington, DC.

DEAR MR. MAJORITY LEADER: In letters dated September 25, October 1, and October 3, Secretary Baker informed you of our projection that Treasury's cash balance would be virtually exhausted unless either the Congress acts to increase the debt limit by October 7, or we take unprecedented and questionable action to use Federal Financing Bank authority. This letter is to inform you of our latest cash projection—and to repeat our request for Congressional action today.

As you know, we have already had to fail to meet certain requirements for the full investment of several trust funds—costing them approximately $8 million per day. As of this morning, we estimated that cash balances may be zero or negative tomorrow, and will certainly be negative by Wednesday.

When we formally determine that the next day's balance is to be negative, we will need to notify the Federal Reserve. It is my understanding that, upon such notification, the Federal Reserve will then have to notify the banking system not to honor any Government checks or electronic fund transfers. It is not appropriate or administratively practicable to attempt to distinguish among classes of payment obligations—favoring some at the expense of others. Accordingly, all those with federal payment claims—whether social security recipients or defense contractors or holders of Government securities with interest payments due—would then be unable to have those claims honored.

We continue to hope that the Congress will act promptly to avoid such an unprecedented failure of the U.S. Government to honor its obligations. If the Congress acts today, we would inform the financial markets by noon tomorrow of our intention to offer Treasury bills for sale on Wednesday. In anticipation of this financing, we and the Federal Reserve would then be able to manage payments on Tuesday so as to avoid a default.

In sum, unless a debt limit is passed prompted by the Congress or we take the unprecedented and questionable measure of using Federal Financing Bank borrowing authority, the United States would be in the position of defaulting on its obligations for the first time in history.

Sincerely,

RICHARD G. DARMAN,
Acting Secretary.

Mr. BUMPERS. Mr. President, I just want to say for the record, and it has been said time and again, and I wish to reiterate it, as the majority leader knows there is as much support on this side of the aisle for this concept, in my opinion, as there is on that side.

I personally prefer the Chiles-Byrd amendment and it balances the budget over a 5-year period, also, and I think with a considerable degree of clarity.

But as we all know, the Chiles-Byrd amendment is not going to pass; we are going to wind up voting on the Gramm-Rudman amendment. Some of us want to get it in the best shape possible.

It is like going to the bank. If you have to have a fast answer, the answer is no.

We are dealing with a 31-page proposal here that is immensely complex and borders on being revolutionary.

We favor it, we think it is a good concept, creative and innovative, and I wish I thought of it myself, but it is also very complex and some of the questions have not been well answered.

As I say now that Senator GRAMM is being more conciliatory and saying yes, we want to address this, this and this, I think we have a good chance to get a strong bipartisan support to get this done in a hurry.

Mr. DOLE. I think the Senator is correct. I think there is a tendency that those of us who originate ideas sort of feel they do not need changing, but I think proposals go through fairly thorough review around here, as they properly should. Sometimes changes have to be made and should be made.

That is the attitude of the principal sponsors, including Senators GRAMM, RUDMAN, HOLLINGS, and BOREN, who attended the meeting. They want their package not only to pass but to work.

You can pass anything around here. If it does not work, we have not really achieved very much.

From that standpoint, I think that is the effort being made now. But I would hope we could have it resolved fairly quickly.

Mr. SASSER. Mr. President, will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. SASSER. I thank the majority leader.

Mr. President, the majority leader yesterday indicated that those who voted for cloture were indicating that they supported the Gramm-Rudman initiative, and one could argue from that that those who voted against cloture did not support the Gramm-Rudman amendment.

I would say that perhaps the majority leader left an inference there that he did not intend to leave. This is one Senator who at this juncture does not know whether he supports the Gramm-Rudman-Hollings initiative or not, because I simply do not know enough about the details at this juncture to make an informed judgment.

The majority leader indicated a moment ago that the American people expect us to do something, that they do not understand the details, but they do expect us to study it carefully and make a decision.

Let me say that the American people are not alone in not understanding the details of this legislation. I do not understand it, and I dare say that a majority of the Members of this body do not understand the details at the present time.

I am reminded of a friend of mine who was an activist who used to have a sign on his desk that said: "Do something even if it is wrong."

I fear, Mr. President, that we are moving ourselves too fast down the direction in doing something even though it may be wrong. Let me give an example.

I have asked three sponsors of this Gramm-Rudman-Hollings initiative how does it apply to farm programs, does it apply to farm programs? One said no. One said yes. And the other said he was not sure.

I see the distinguished Senator from North Carolina in the Chamber. He and I share an interest in what happens to tobacco farmers and growers in this country. I have 38,000 tobacco growers in my State of Tennessee. At the present time I have no clear idea how Gramm-Rudman will impact on the program that is their very livelihood.

Today, I received a telephone call from a friend of mine who has great interest in the Middle East, and he asked me how would this initiative impact on foreign aid, which goes principally, as we know, to two countries both in the Middle East: Egypt and the State of Israel.

I was compelled to answer I was not sure but, as I understood the Gramm-Rudman initiative, foreign aid would probably be one of those programs that could very well in the final analysis be zeroed out, but I was not entirely sure about that.

So my point is let us do not follow the admonition of my activist friend who was wrong as many times as he was right with his slogan "Do Something Even If It Is Wrong." Let us proceed carefully here. Let us proceed thoughtfully, and I would say to my distinguished friend, the majority leader, that if that is done, in the final analysis he may find that many of us who voted against cloture voting for this initiative in the final analysis if we fully understand it and if it is shaped properly and in such a way that we think it will be in the best interest of all of the people and all of the interests in the country.

Mr. DOLE. Mr. President, let me indicate again we certainly can all raise questions. I did not say those are not legitimate questions. From a farm State, I want answers also.

We did discuss that some in our bipartisan meeting. I think some of the concerns were addressed, but I am not certain we will be able to answer all the questions before it is implemented. There may continue to be a few things that will have to be addressed. I remember every time we pass a tax bill the day after the tax bill is passed, we start a corrections bill to correct all the mistakes we made, and sometimes those are longer than the tax bill.

So I do not know if we can stay here long enough to make certain that we can address every problem, and again I did not intend to infer that some were against the proposal except I thought the vote sort of indicated that. I mean, some voted for cloture and some did not. Some who did not so for good reasons. They did not like the proposal. That is good enough reason for me. They liked another proposal. That is good enough reason for me. But what it did indicate was that 58 Senators, a bipartisan group, thought we should move ahead on that proposal.

I agree with the Senator from Tennessee that if there are modifications we can make without changing the thrust of the amendment, then they should be made. I think that would pick up additional support on both sides.

Mr. PRYOR. Mr. President, will the majority leader yield?

Mr. DOLE. I am happy to yield to the Senator.

Mr. PRYOR. Mr. President, I walked in the middle of the majority leader's presentation a moment ago.

Was the majority leader putting a letter either from the President or the Treasury Secretary into the RECORD?

Mr. DOLE. Treasury.

Mr. PRYOR. That was from the Department of Treasury, Mr. Baker?

Mr. DOLE. No. Mr. Baker is not in town, the letter was Mr. Darman, the Acting Secretary. Mr. Baker is in Korea in a World Bank IMF meeting being held over there.

Mr. PRYOR. If we run out of money, we may not be able to pay his transportation back. We better be careful.

Mr. DOLE. I think the bipartisan group over there will work it out all right.

Mr. PRYOR. My question to the leader is this: Is that letter dated today?

Mr. DOLE. Yes, October 7, 1985.

Mr. PRYOR. Did it just dawn on the Treasury Department that we are going to be out of money tomorrow?

Mr. DOLE. No.

Mr. PRYOR. Has the Treasury Department not known that this increase in the debt ceiling has been in the custody of this body, unless someone has taken it away from the clerk, and I do not think they have, since late July or early August? Is the Treasury Department aware of that then?

Mr. DOLE. Pardon?

Mr. PRYOR. Has the Treasury Department not been aware that the debt ceiling increase has been here for a long time?

Mr. DOLE. Yes. They are very alert in the Treasury.

Mr. PRYOR. What date was the Senate to begin consideration of the debt ceiling?

Mr. DOLE. I am no longer chairman of the Finance Committee. I no longer keep track of all details. I think it was reported to the Senate floor on September 26. So it has not been hanging around very long.

Mr. PRYOR. It has been hanging around here a long time. I do not know why in the world here on the day before we run out of money and get to zero balance we are officially informed of that fact. It is really too late to do anything.

Mr. DOLE. I might say to the Senator from Arkansas I have asked for the letters. I want a letter every day to tell us how bad it is. Maybe that will prompt some people to vote right.

(Mr. DURENBERGER assumed the chair.)

Mr. HOLLINGS. Will the majority leader yield on that point?

Mr. DOLE. Yes.

Mr. HOLLINGS. Mr. President, I say to the Senator from Arkansas that we had 5 hours on Thursday, 7 hours on Friday, 7 hours on Saturday, and 3 hours again, and in a reconciliation bill, taking all the departments of Government with reauthorization and everything else, calling for tax cuts and what have you, we limit ourselves to 20 hours. We have had 20 hours on this one. So nobody has been rushing.

And we have had a wonderful debate over the weekend. The Senator was there.

Mr. PRYOR. I thought it was a good debate.

Mr. HOLLINGS. Apparently we have a few more hours, but we have had more than we give ourselves under the rules for reconciliation.

Mr. PRYOR. I think the debate has been very instructive. I think it has been informative. But my point is we have waited until the last hours, as always, when we are running out of money and scaring people half to death out in the country. That is my objection.

Mr. DOLE. Let me indicate, we are running out of money. I do not wish to frighten anybody. But I think it is going to be felt very quickly in the country. I assume there will be a lot of phones ringing; probably in our offices.

Mr. MELCHER. Will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. MELCHER. I thank the Senator for yielding.

On this very point, we have been debating this, but there are no amendments that can be offered. I wonder if I could inquire of the majority leader when we are going to have an opportunity to offer amendments to the Gramm amendment.

Mr. DOLE. After we adopt the second-degree amendment, the Senator can offer some.

Mr. MELCHER. The point is—do not get me wrong—while I think this might be a good step forward, and I am going to vote for it, I am not going to vote for it before we can have a chance to correct some basic flaws in it. We talk about wanting to do this by the end of today, or the end of tomorrow, or the end of this week, and we still cannot get the amending process to find out why we cannot correct this, which obviously, protects the cuts in weapons systems procurements and takes it out of the basic industries.

Mr. DOLE. Let me just address a parliamentary inquiry, then we will have it straight from the Parliamentarian.

In the event the Gramm-Rudman-Hollings-Boren amendment should be adopted, is the amendment then open to further amendment?

The PRESIDING OFFICER. It would be possible to amend the first-degree amendment, as amended, by adding language at the end, or by striking a portion of the amendment, as amended, encompassing more than the language already agreed to.

Mr. DOLE. Is the answer "yes"?

[Laughter.]

Mr. MELCHER. If the majority leader will yield, the answer is absolutely yes, while it is cumbersome, it can be done.

But there are a lot of us that want to change that 1-year delay, which seems to be political.

Mr. DOLE. I do not believe there is a 1-year delay.

Mr. MELCHER. The 1-year delay before there is any payment of any consequence of this whole process.

Mr. HOLLINGS. It is right near, in November.

Mr. MELCHER. It really does not come about until next October. And while we have two of the distinguished authors of the amendment here, it will not have much impact until next October and, presumably for political reasons, not until after the election.

Mr. DOLE. This is bipartisan. I do not think politics ever figured into this for a moment.

Mr. MELCHER. No, of course not. I would never have thought it. But some might construe it.

The effect is that there is not much that happens under this whole procedure after it is adopted until next October.

Mr. HOLLINGS. We are trying to institute a process or a mechanism without prejudice right now this year.

Mr. MELCHER. This $2 trillion debt ceiling we have was accumulated in 5 years and, as it leaps forward, we might be over to $3 trillion. Some of us have rather strong feelings that this is one of the flaws in this whole scheme; that it delays too long doing what we ought to do by cutting these appropriation bills down some and by getting some tax revenue.

By the way, may I ask the majority leader whether we are going to have a chance to get a few billion dollars extra into the Treasury by offering an amendment to have it voted upon here to see whether we are not going to tax some of these profitable corporations that are paying absolutely no tax right now, to do that immediately so we start getting some revenue?

Mr. DOLE. I just walked in to see what was going on in here.

[Laughter.]

Mr. MELCHER. The majority leader is always ready for debate.

Mr. DOLE. I wanted to offer to the principals a chance to answer and then come back and do something else.

Let me indicate that we have a tax reform bill that is coming. Let us not get taxes mixed up with spending cuts.

Mr. MELCHER. One offsets the other, of course.

Mr. DOLE. But I think that there is a tendency around here for some to think that the only way to make the Government work is to raise taxes. That is not the intent of this legislation. The intent is to try to get a handle on spending, all spending.

But I did want to yield momentarily to the Senator from Texas.

Mr. MELCHER. Will the Senator yield for a question?

Mr. DOLE. Yes. I will then yield to the Senator from Montana, who wanted to ask a question, and then I will yield to Senator GRAMM to explain this in detail.

Mr. MELCHER. I thank the majority leader for yielding. But we would appreciate it if we could get to the amending process so we will not be taking up everybody's time toward the end of the week.

Mr. DOLE. If we vote for this, as the Parliamentarian has indicated, once this is passed, we can amend it. It is just that simple. That is why I would like to pass it this afternoon.

Mr. MELCHER. There may be some other ways, by cutting down on that amendment, that we could debate this. We could ask unanimous consent to get that kind of amendment where we cut down this $2 trillion and not go above the ceiling to where the debt ceiling is lower than $2 trillion. That, obviously, is an amendment that is in order and should be debated. And we could do that while we are waiting on all of this backroom negotiations.

Mr. EVANS. Will the majority leader yield for a question?

Mr. DOLE. We will be glad to do that later on.

Mr. MELCHER. We are ready right now.

Mr. DOLE. Let me yield to the Senator from Washington and then I will yield the floor.

Mr. EVANS. Mr. President, as the majority leader knows, I have been here and listened to a good deal of the debate on Saturday and listened to much of the rest of it from my office and have read what I have not heard in the CONGRESSIONAL RECORD. I thought the debate on Saturday was some of the best I have heard in the relatively short time I have been here.

But it seems to me, in adding up all of the debate on the substance of the amendment itself, compared with all of the debate we have had on how long we are going to take to debate, it is just about 50-50 so far.

It seems to me that the issue itself is too important to go back to a committee and depend on the committee for its action. It is an issue that involves all Members of the Senate. I have not heard anybody, the minority leader included, who did not suggest that 6 hours of debate on each of the three or four major amendments would not be sufficient.

I ask the majority leader whether it would not be worthwhile at this point, considering the limited time we have this week, to end this whole thing by spending our time debating the issue instead of how long we are going to take to get to the issue, and, if necessary, to set aside committee meetings and other activities and assemble here on the floor to engage in what should be and promises to be an important debate and get on with that debate and the votes.

Mr. DOLE. I think that would be an excellent idea, it seems to me. Again, I do not quarrel with that. This is important. This is a change. A big change is going to take place if it is adopted. I do not want to downplay the importance of the amendment.

But I do believe as I indicated the other day, we have the experts on the floor. We have members of the Budget Committee—the distinguished Senator from South Carolina understands this very well, has understood it for a long time, and has been working on it for a long time. The Senator from Texas has had it on his agenda ever since he came to the Congress. We have the distinguished chairman of the Budget Committee who just left the room. We have a number on the Finance Committee who are experts in some of these areas. So the experts are here. We do not need to have witnesses brought in from out of town, and all the special interest groups from here in town, to tell us how bad it is, and that we cannot do it. We will never do it. They are already starting to group. So I think it is a good idea to proceed on the legislation as quiclky as possible.

If the distinguished minority leader would be willing to do that, we can ask committees to not meet for a couple of days. Again, I urge my colleagues. It is now 10 minutes of 4. October 7 will end here in about 8 hours. We will be one day closer to zero or a negative balance in the U.S. Treasury.

Mr. ARMSTRONG. Mr. President, will the Senator yield to me for a moment on that question?

Mr. DOLE. I am happy to yield.

Mr. ARMSTRONG. I have listened to a recent concern and a discussion about what happens when doomsday arrives. In glancing at the letter from the Under Secretary, Mr. Darman, I understand that it is his representation that as of some point—evidently tomorrow—there will be an insufficent balance in the accounts of the Government to meet the checks, and, therefore, we would not pay any checks. Is that what the Treasury Department represents to us?

Mr. DOLE. I am not certain they would not pay any. We have asked if they could just pay them as they come in. They have indicated that they could not try to choose among classes of payment. For example, we do not believe they could choose to pay Social Security first, price supports second, and defense contractors third. One would think they would honor all the checks that they are able to honor. But they would not attempt to create a priority list as I understand it.

Mr. ARMSTRONG. With respect to checks that might be written after tomorrow—that is, checks that are not already outstanding—what would be the practice of the Treasury Department? What would be the policy of the Government?

Mr. DOLE. They would have some money coming in all the time. We have asked if they could continue to write some checks. I do not believe, however, that they can write checks in excess of the amount of money coming in.

Mr. ARMSTRONG. I do not want to delay unduly the discussion of this. I want to again emphasize that I do not think we ought to take too gloomy a position on all of this. Obviously, if Congress were to fail to increase the debt limit, it would cause some dislocation. Indeed, it would cause some severe problems. But I do not think they are of the magnitude in nature that they have been portrayed. If not doomsday, it would be a very serious though in my judgment a manageable problem. I would say again I think there is an increasing body of informed thought that thinks that would be a pretty good solution—that if we just drew a line and say we are not ever going to increase the national debt that would not be too bad. It would not be easy. It would be tough. But the thought of just piling up all of this debt mindlessly year after year is not so good either. I think it would be useful. Indeed, I am going to ask the chairman of the Finance Committee at the right time to invite the Treasury to discuss with us some of the technical aspects. I have done a little research on this matter. I am personally persuaded that there are available to the President under his inherent powers ways in which even over a long period of time he could manage the cash-flow of the Government. We would be receiving money every day, and a substantial amount. We are not at a period of the year when we would be without daily revenues. We just would be on a cash basis. But I think we probably ought to have a better understanding of it, not only to handle this particular crisis, but actually over a longer period of time. If legislation is needed to clarify the President's inherent powers, perhaps we should consider that, too. But for the moment, my main thought is just to not let Senators be too concerned that a huge crack will open up in the face of the Earth, and America will slip into it if somehow we fail to raise the national debt limit.

Mr. DOLE. I think we do have an expert here. I just asked Mr. Buckberg. Once the Treasury announces a zero balance, the Fed and banks will not honor any Government checks. Is that correct?

Mr. ARMSTRONG. That would presumably be tomorrow.

Mr. DOLE. That would be tomorrow or Wednesday.

Mr. ARMSTRONG. Whatever day that occurred, I understand at that point checks could not be honored but I also believe that there would be the daily cash-flow coming in. So by the end of business on that certain date, then there would be a positive cash balance if presumably there would be an announcement to that effect, and on the following day checks could be honored. Do I understand that correctly?

Mr. DOLE. I am trying to determine whether it would happen.

Mr. ARMSTRONG. Let me not press the leader right now for an answer to that because there may be a way to work out the details which may not be in a floor colloquy. But I do want to indicate to Senators that it is not an all-or-nothing situation. There are ways in which the incoming cash could be managed, and at least in the opinion of some of us some priorities could be set for the writing of checks. So it would not be a catastrophe. It would be a serious problem but in my view at least a manageable problem.

Mr. DOLE. I will have Mr. Buckberg furnish some examples that I could recite because I guess the question is, if you have $2 billion in reserves and $3 billion in checks, how do you decide which ones to pay? They would have to develop some kind of a mechanism which, as I understand, they do not have now.

Mr. ARMSTRONG. I think the leader is correct. That mechanism has not been developed. It is my belief that the Treasury has deliberately not developed it because in the past on repeated occasions they have resorted to the crisis mentality, and had they prepared a plan for managing the cash in those circumstances it would have undermined their tactic which was to create the crisis. I do not fault them for that. But that has been the game.

We have been through this dozens of times. Every time there is a point where we are going to run out of cash they say the world is going to come to an end but it never does. On some occasions we have gone well beyond the deadlines which have been preordained and which were thought to be cast in concrete or something. We found out there is a way to get it. So I am confident that they will find a way to manage this problem. I do not underestimate the difficulty, the dislocation, or the discomfort. What I am convinced of is were Congress to make the policy decision not to borrow any more that we would find a way to work around it. That is not going to happen, in my opinion. But it might happen for a few days. It might happen for a week or two, and personally I do not think it would be such a bad thing.

Mr. DOLE. They could start selling Government assets. They could sell the Capitol and the Pentagon in a package deal. [Laughter.]

But in any event, there are a lot of things we can do. Let me now yield the floor to the principal sponsor of this amendment to respond to the question of the distinguished Senator from Montana so it will be in the RECORD.

Mr. GRAMM. Let me thank the distinguished majority leader for yielding.

Mr. President, I want to respond even though the distinguished Senator from Montana is not here. Our problem in trying to move into a mandated program of controlling spending is that the budget for this fiscal year was adopted before anybody knew that we were going to be shooting with real bullets. As a result, as we all agreed on that late night debate when we adopted it, the economic assumptions contained are very optimistic, and there are numerous questionable savings in that budget. So our objective in trying to get into a process that is binding and a process that will produce across-the-board reductions in automatic increases with controllable expenditures was to set out a realistic target—in other words, in getting this new suit of clothing on to be sure we had enough flexibility to assure we could fit into the process as we set it into place for 5 years. We, therefore, decided on a bipartisan basis—those who were involved—that we should raise the initial figure from $171.9 billion, and we should set out a 7-percent trigger for an overage that would trigger the across-the-board reduction instead of the 5 percent.

For those who want action, let me assure them, having looked at the numbers, that the $180 billion cap with a 7-percent trigger is going to be very difficult to live within. It will mean the President will be vetoing every appropriation bill that is a nickle over budget. It will mean that the President will have to look at every new authorization, and every program creating an obligation to the Federal Government to expend money. So those who want to see us do something now, all you have to do is vote for this proposal because you are going to see more vetoes in the next 30 days under this legislation than you have seen in the last 5 years combined. Because to fail to do that the President will guarantee that we will have an overage, and then we will have our first sequester on November 1.

Quite frankly, I think it is advisable that we get into the process to set up a situation where the Congress and the President, by being responsible, by being frugal, with a budget that was adopted before we ever got into the process, can afford sequester the first year.

It is not going to be easy. It is going to take a lot of discipline. But the beauty of the proposal that is before us is that it imposes the discipline by imposing across-the-board reductions and automatic increases in controllables if we do not do our job.

(Mr. COCHRAN assumed the chair.)

Mr. BINGAMAN. Will the Senator yield?

Mr. GRAMM. I am happy to yield.

Mr. BINGAMAN. I have several questions I would like to ask to better understand the proposal which is before us. These are questions which may have been answered earlier. As the Senator knows, I was not here either Saturday or part of Sunday.

As I understand the proposal, as set out on page 11 of the amendment to House Joint Resolution 372, if as of next October 1 it is clear or there is agreement there is a midpoint between the projection of the Congressional Budget Office and the Office of Management and Budget that we are going to be over the target of $144 billion for that fiscal year, then the amount of that overage is to be split between the two sections, the one where we sequester and the one where the President issues an order eliminating half of the excess by modifying and suspending the operation of the automatic spending increases, on page 25. Am I reasonably accurate so far?

Mr. GRAMM. The Senator is totally accurate so far. Let me review the process very quickly. Under this proposal for the next fiscal year, we would be forced to reduce the deficit by $36 billion, and the mandate under this bill would give us the balanced budget in calendar year 1990. The President would be forced to submit to the Congress a budget with a deficit no bigger than $144 billion. We would have zero amendments so the deficit could not get bigger. The deficit would be binding down to the subcommittee level.

At the beginning of the fiscal year on October 1, the Congressional Budget Office Director and the OMB Director report directly to the Congress on their projections of a lot of economic data on the year that starts on that day. Included in that is the projected deficit. If that deficit is significantly above the maximum allowable amount, which is $144 billion, and we define significantly greater as 5 percent or more, then they would be forced to report to the President and the Congress the proportion of automatic increases that would have to be sequestered across the board and the proportion of all controllable expenditures that would have to be sequestered across the board proportionately so as to eliminate the overage. That would go into effect.

At that point the President would submit to the Congress on a highly privileged basis under the procedure of the Budget Act an alternative to save the money in a different way, or the committees of Congress and the Budget Committees could come forward with an alternative. But the sequester would be in order at that point. So the Senator is correct at that point.

Mr. BINGAMAN. Let me pick up there and say with regard to the fiscal year beginning October 1, 1986, would it be reasonable to think that we might come up with an overage of, say, $20 billion next year, and that this provision would then be triggered to bring in the control? Is that reasonable?

Mr. GRAMM. I would say that the odds are that with the process in effect while we are writing the budget, it would be unlikely that that would happen, the reason being that we would have had the presence of a budget with a deficit no greater than $144 billion. We would have had a budget come to the floor of the House and Senate with a deficit no greater. If adopted, that budget would be binding down to the subcommittee level and a point of order would lie against any authorization, appropriations, or entitlement bill to violate it.

So if we adopted a budget, only the following things could produce an overage: No. 1, the economic assumptions in the budget turned out not to be correct; we had savings that were judged to be unrealistic jointly by OMB and CBO, or if the projections then were different. So if we do our job under the procedures established, it would be highly unlikely that a sequester would occur.

In answering the question of the distinguished Senator from New Mexico, let me give a number that Senator CHILES received from the Congressional Budget Office about the possibility, assuming we did not adopt a budget, of what would things look like. This is from the Congressional Budget Office.

Mr. BINGAMAN. This is for the same fiscal year?

Mr. GRAMM. Yes, the fiscal year 1986. No, it is the fiscal year 1987, the one the Senator is talking about.

According to the Congressional Budget Office, under the budget we have adopted, the current services deficit would be $163 billion if Congress did nothing.

Obviously, that can change if economic circumstances changed. Just assume the worst case scenario, no budget adopted.

Mr. BINGAMAN. That would be $19 billion over.

Mr. GRAMM. $19 billion over. According to the CBO, $6 billion would be saved in automatic increases, requiring $14 billion in discretionary sequester. Of that, about $8 billion would be from defense and $5 billion from nondefense. In essence, you would end up with more or less a 50-50 split on defense versus nondefense.

But I emphasize to my colleague a point that has been lost in this debate is that few have focused in on the question that this never happens if we do our job.

Mr. BINGAMAN. Let me put another question and ask the Senator if the Senator would agree that the economic assumptions have to be right in order for this to occur, or at least overly optimistic.

Mr. GRAMM. I am not going to judge the assumptions. These are the figures that the Congressional Budget Office released in response to the inquiry of Senator CHILES based on the budget that was adopted by the Congress this year. Clearly, CBO's estimates depend critically on a series of assumptions. But my point is that we are talking about a manageable problem. When we went to 5 years to deal with it, we made the problem eminently manageable, in my humble opinion.

Mr. BINGAMAN. Let me ask a question with regard to a subject that I know the Senator knows a lot about since we are on the Armed Services Committee. I would be interested in whatever projections he has not as to the total figure—he indicated a CBO figure of $8 billion coming out of defense—as to where, in the defense budget, the cuts that he is contemplating here, or the trigger by this proposal, would come in that budget. Would they come in research and development? Would they come in the area of ammunition and supplies? Would they come in the area of procurement? Would they come in the area of manpower or pay increases? Whatever the Senator can tell me about that I would appreciate.

Mr. GRAMM. Let me give one startling figure first. With sequesters, there would be no cuts. Let me repeat.

Under CBO projections with a sequester order if we do not adopt a budget we will reduce from current services, but the absolute outlay of Government will not be reduced by sequester. The point is that revenues are growing by $70 billion a year. So in terms of defense, we have $18 billion current services outlay increase in the budget. This would mean a sequester of $8 billion of that increase. It certainly would have a substantial impact on new budget authority.

Getting to my colleague's question, within the defense budget the President would be forced on a line-item basis—and the line items in the defense budget are for a wide range of accounts ranging from the National Board for the Promotion of Rifle Practice in the Army to the research personnel for the Marine Corps, numerous accounts—for each of these to be sequestered across the board proportionately.

Clearly, there is a constraint under law, and that is this sequester order cannot invalidate a contract.

A problem that we have throughout the budget of the Federal Government is that where contracts are in place, the sequester order would apply only once that contract has expired. There are fewer, proportionally speaking, contracts in defense than there are in other areas. But in those areas where there are contracts, the sequester order would apply only when that contract expires. Contracts in defense are pretty short term as compared to HUD, for example.

Mr. BINGAMAN. Let me just ask, Mr. President, the Senator is suggesting that the $8 billion would be in outlays in the defense budget. Is that correct?

Mr. GRAMM. They would be.

Mr. BINGAMAN. I have always been advised in the couple of years I have been in the Armed Services Committee that if cuts are required in outlays, you necessarily require those cuts to come out of the defense budget in the areas that are generally referred to as readiness——

Mr. GRAMM. If I could stop my colleague, that is not correct. In our consideration of the budget, we have always made note of the fact that if you want any kind of close relationship between budget authority and outlay, you want to go for the fast spendout programs. But this would not occur under sequester.

The President would be forced to sequester on a line-item basis across the board and clearly, the slower spendout programs would have budget authority sequestered more than the faster spendout programs. But except for existing contracts, there would be nothing in this proposal that would tilt the reductions toward readiness or manpower.

Mr. BINGAMAN. Let me ask—on the general question of the extent of the impact, I have received a letter from Senator CHILES in which he is trying to summarize his understanding of the effects in fiscal year 1987. He says that Gramm-Rudman-Hollings would require a minus 5-percent real growth in fiscal year 1987 and an average negative real growth over the next 5 years in the defense budget.

Mr. GRAMM. If the Senator would suspend, I yield to the majority leader.

Mr. DOLE. Mr. President, let me indicate that if we want to move on proceeding to the motion to reconsider, I want to do it while the minority leader is on the floor, so I shall not make that motion until the minority leader comes to the floor. Whether or not there will be a rollcall vote on that, I am not certain. It there is a rollcall on the motion to proceed, we want to start that vote very quickly.

That could be followed by a vote on the motion to reconsider and I assume somebody could move to table that. Then finally, there would be another vote on cloture.

Mr. METZENBAUM. If the majority leader would yield to me for a moment, I just left a meeting. A number of us were in a meeting with the minority leader. It is my understanding that the minority leader was in that meeting for the purpose of arranging procedure to discuss with the majority leader. Obviously, I am not in a position to do that, but I want to assure the majority leader that the minority leader has not been indifferent to the conditions on the floor and I am certain he will be here very shortly.

Mr. DOLE. I know there has been a meeting. I do not want to interrupt a meeting, but it seems to me if, in fact, we have an emergency, then we ought to determine who believes we have an emergency. The only way to do that around here is to have a vote.

I apologize for interrupting the distinguished Senator from New Mexico and the Senator from Texas. We shall wait another few moments for the distinguished minority leader. I hope the Senator from Texas will proceed.

Mr. GRAMM. Mr. President, let me respond by saying I, too, have read the Chiles letter. It is correct to say that in reducing defense outlays, budget authority has to be reduced by some multiple and that that multiple is bigger on average than for other discretionary programs in the budget. But by the estimate of CBO in the same letter from Senator CHILES, if the Senator will look at it, he will see that the $8 billion reduction in outlays in fiscal year 1987 would still leave an increase in defense outlays.

That is my point, Mr. President. Remember, we are talking here about a worst-case scenario. Since we may proceed with the business at hand, I would like to reclaim my time for a moment, then I shall go back to questions. But now I would like to make a few statements.

First, I want to make it clear that as the author of this amendment and with all of those who have joined me in this effort—now almost 50 of us—we want to proceed with the debt ceiling. We want to raise the debt ceiling and be responsible in paying the Nation's bills. What we do insist on, however, is having an opportunity to vote on a motion that would call in the credit cards.

I am not saying that I would not vote to raise the debt ceiling if the amendment failed, but I do insist on having a vote.

What we have done with this amendment at this critical moment in our history as we are raising the debt ceiling to $2 trillion is that, for the first time in a long time, we have made the No. 1 issue in the country the No. 1 issue in the Senate. I think it is vital that we give the people of America a vote in the House and Senate and I intend to insist upon that.

Let me also say that I have, in the spirit of compromise in the last few hours, met with Members on the minority side to discuss concerns they had about this proposal, to attempt to work out those concerns in language that would be more specific, to work out a compromise measure that would make technical amendments, not to change the procedure or the goal, but simply to give greater guarantees to those who are concerned. Quite frankly, I think we are making progress. I think we are expanding the base of support for this amendment.

I think in the process, we are going to come up with an amendment that is going to get far more than 59 votes, the 59 votes we received yesterday. So, Mr. President, the issue here is not whether we are going to raise the debt ceiling. It is the distinguished minority leader who is holding back a vote on the debt ceiling. The issue here is whether or not we are going to give the people of America an opportunity to see a vote on the No. 1 issue in America.

Mr. ARMSTRONG. Will the Senator yield to me on that point?

Mr. GRAMM. I am happy to yield.

Mr. ARMSTRONG. I was quite surprised during the course of the debate on Friday that the majority leader was being assaulted from every direction for somehow delaying the process of voting on this debt limit bill. I did not speak up at the time because it was obvious that the majority leader was more than capable of defending himself, but I was really quite surprised at the curious twist of events, when those who were filibustering the pending amendment, delaying the action of the Senate, were at the same time accusing the leadership on this side of slowing things down when, in fact, it was our leader who had propounded a cloture motion in an attempt to shut off debate to get a vote on the pending question.

Mr. GRAMM. It is one of those anomalies that occurs only in politics——

Mr. ARMSTRONG. I thought we had gone through the looking glass, or something.

Mr. GRAMM [continuing]. When those who are opposed to proceeding point the finger at those who are trying to proceed.

Mr. FORD. Mr. President, may I get in on this anomaly?

Mr. ARMSTRONG. Suppose we gave an anomaly and nobody came?

Mr. GRAMM. As far as I am concerned, I am eager to vote on the debt ceiling. All I want to do is give 59 Members of the Senate who have already indicated their support for this amendment an opportunity to vote for it. I am not saying if you do not adopt it, you are opposed to the debt ceiling. I may or may not do it.

Mr. FORD. The Senator just qualified it.

Mr. GRAMM. All I am saying is, just give us a vote. All I am saying is, I am in total agreement and I associate myself with the remarks of the Senator from Colorado, that it is unusual—in fact, would be laughable in any other forum on Earth—to have those who are delaying point the finger at those who are trying to proceed. It is we who are voting on a motion for cloture today, not the minority.

Now I would be happy to yield to our distinguished friend from Kentucky.

Mr. FORD. Mr. President, it is laughable. I heard that come from you and from the distinguished Senator from Colorado, that we are ready to vote up and down on the debt ceiling but you will not do that unless you get your amendment. Your amendment does not have to be on the debt ceiling increase. And so if we are holding up the debt ceiling increase, it is because you are trying to put an amendment on that you have already said in the last few hours you have tried to be amenable and agreeable to improve, and so the improvements being made in the amendment just indicate what those of us who are trying to slow the train down just a little bit are saying, so you will have the opportunity to change your amendment.

Mr. GRAMM. Let me reclaim my time to respond by saying that we have had this amendment and the basic idea that it contains out now for over 10 days. I am not saying that you have to attach my amendment to it, though I have every right as a Member of the Senate, as does every other Senator, to offer amendments.

Mr. FORD. You have two amendments.

Mr. GRAMM. All I am saying is that I want the Senate to have an opportunity to do its will. I am certainly willing and eager to proceed, but the fact that we are running out of money today is not because of my amendment; it is because we have not had that amendment in the past. I do not know of any amendment that could be more germane to this debate than an amendment which tries to deal with the very reason we have had a trillion dollar increase in the debt ceiling over a 5-year period.

Mr. FORD. Ever since the Gramm-Latta tax bill.

Mr. GRAMM. I yield to the majority leader.

Mr. FORD. Ever since the Gramm-Latta tax bill have we gone up $500 billion.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, I have had a brief discussion with the distinguished minority leader, and I now understand that he may be in a position to have a discussion, not detailed but at least some discussion, because it would seem to me that if in fact there are the seeds of an agreement, that is one thing. But if not, then we should vote and see what happens. So I would be very happy to yield to the distinguished minority leader and we could have an exchange on a possible agreement.

Mr. BYRD. Mr. President, do I have the floor in my own right?

Mr. DOLE. I will be happy to yield the floor.

The PRESIDING OFFICER. The majority leader has the floor.

Mr. DOLE. I yield the floor.

Mr. BYRD. Now am I recognized?

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. BYRD. I thank the Chair.

Mr. President, earlier today I called the distinguished majority leader to tell him that I was going to have a meeting among those on our side who have amendments to offer. I told him that once we had completed that meeting I would be in touch with him and we would try to reach an agreement on the amendments and on the sequential order in which those amendments would be called up, and also suggested time limits on all of the amendments.

Now, I have met with my colleagues and we are prepared to present a proposal which would see final action on the Gramm amendment no later than Thursday of this week. So I am happy to discuss that proposal with the majority leader, if he will, privately. This would entail final action on the Gramm amendment, final action on all proposals by the close of business Thursday.

We have made every effort to condense the number of amendments to as minimal a number as possible. We stand ready to agree to time limits on those amendments, sequence them as to when they will be called up and with final action on all amendments—including the Gramm amendment—no later than Thursday.

Mr. DOLE. Mr. President, will the minority leader yield?

Mr. BYRD. Yes.

Mr. DOLE. Obviously, I would be very pleased to meet with the distinguished minority leader. I think it is better we discuss the details in private. It is sort of like the arms agreements; you can hardly make a deal in public. So I would be very pleased to sit down and do that. As I indicated earlier, if in fact there is a proposal—and I am certain it is made in good faith; I will not quarrel with that—then I do not really see any reason to have a vote right now. I think the best thing to do is for the minority leader and me maybe to go off and discuss it for awhile, and it may take a while. So it would seem to me that at least for the next 45 minutes to an hour there will not be any votes and maybe after that I can announce very quickly to my colleagues that we are on the threshold of some agreement.

Mr. BYRD. I think that would be the thing to do. I am not very sanguine about getting agreement on all sides within the next 45 minutes to an hour, but whatever the distinguished majority leader want to do, if he wants to recess the Senate for whatever time or continue to let Senators talk; I personally would just as soon we recess, so that if Senators who are involved in these proposals might want to, they may be heard.

RECESS UNTIL 5:30

Mr. DOLE. On that basis, I ask unanimous consent that we stand in recess until 5:30 p.m.

There being no objection, the Senate, at 4:26 p.m., recessed until 5:34 p.m., whereupon the Senate reassembled when called to order by the Presiding Officer (Mr. ABDNOR).

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank my distinguished friend.

RESPONSE OF THE EXECUTIVE BRANCH

Mr. MOYNIHAN. Mr. President, as this long day of negotiations goes forward with respect to how we will proceed in this body, I thought it might be useful to report on a series of conversations I had today with members of the executive branch who have not been consulted in this matter, save for certain cheers we have occasionally heard from the press office of the White House. We have never had hearings on the Gramm-Rudman proposal. What I had this morning thought to be a rare limited edition of the printed first edition of the bill now turns out to be, at least generally speaking, now on our desks as we are about to rush into this judgment. But we have not heard from anyone in the Office of Management and Budget. We have not heard from any person whose career has been spent there or who are there presently and who might have a judgment about this particular proposal. So I took it on myself to make a series of telephone calls today. And I hope I can say without presumption that I have served in the Cabinet or the subcabinet of four Presidents and have some sense of the Office of Management and Budget and the very extraordinary quality of the men and women who serve there.

This afternoon, I asked for their general judgment about the Gramm amendment. Their response had to be, "We don't know what you are doing so we can't very well tell you what it is we think." They have not themselves seen a copy.

But two things did very much impress those who were asked a specific question. First, I repeated the calculations I made and offered the Senate this morning that this bill, far from being a deficit reducing bill, provides for an increase in the spending ceiling for this year of $21 billion. We agreed in our budget resolution to a deficit ceiling of $172 billion. This amendment provides for a $180 billion deficit ceiling. Then for this particular year, and this year only, it allows for 7 percent above that before automatic reductions occur. Only if we exceed a $193 billion deficit, would the provisions of the amendment be triggered. As a result, we could have $21 billion extra spending in this fiscal year—this fiscal year which ends 4 weeks before the next senatorial elections.

Talk about borrow and borrow and spend and spend. Under the guise of a measure that will reduce the deficit, the gentlemen opposite—and some here—are proposing to increase the deficit by $21 billion above that of the budget resolution. It is audacious, it is dazzling, but it is also deceptive. I wish one would come to the floor and admit as much, just as I have spent 4 days asking one of the sponsors to come to the floor and admit that they have completely excluded farm price supports from the bill. This is not to say we do not need farm bills any more than we need foreign aid bills, but what is so special about one sector of the budget that it has to be set apart? What is so special about another provision, added yesterday afternoon—I only ran into it about 11 o'clock in the morning reading the RECORD—that makes special provision for lesser populated areas?

I asked the Senate this morning, does that include Delaware County where I have the privilege to reside? We only in the last census reached the population of 1840, having given so generously of our young people to the Mexican War and then the War Between the States, but I leave that apart. The fact is this amendment increases spending limits.

But the second thing that the career officers of the Budget Bureau would say is that it violates the very principle of budgeting which is the establishment of priorities. It is one thing in a dazzling but deceitful measure to decide Congress can increase spending in some general way under the category of reducing a deficit. But in the long run, by providing across-the-board reductions of a percentage, it violates the first principle of choice, which is what budgeting is about. What takes first priority? What comes second? What are the options available? How do you decide between what is second and what is third?

We have been at the process of developing budgets on a professional basis since Warren Harding's administration. A third generation of persons are now working in that Bureau of the Budget, and they take it seriously. We get more work out of them than I suppose any other group of public servants in America, considering their anonymity and the rewards they get. They do an important job and try to do it well, and their first principle is priority.

Their second principle, Mr. President, is the acceptance of democratically elected political direction. The last thing these career officers want to do is to be told, "Take the political decisions of the Republic and you make them."

That is what this asks of them. It does further: It asks it of them in a kind of false academic gobbledygook.

If you will take those privileged few—which may extend now to the Press Gallery—who have printed copies of the legislation, you will find on page 23, under section (d) "Emergency Powers to Eliminate Deficits in Excess of Maximum Deficits Amounts," the requirement, in general, that the Director of the Office of Management and Budget and the Director of the Congressional Budget Office estimate the levels of total revenues and budget outlays that may be anticipated for such fiscal year, and determine whether or not the resulting budget deficit is "statistically significant."

Mr. President, anybody who has ever gone to high school or college has gone through the experience of pretending to know more than he or she does, in writing a paper or an essay, in answer to a question. It is very easy for young people to get into the disease of using big terms they do not really understand, but with luck they might be given some credit for knowing the term, even though they do not know what it means, or it is always possible that the teacher does not know what the term means, either, and they will get away with it.

The term "statistically significant" has a very significant meaning.

The Director of OMB and the Director of the Congressional Budget Office, hereinafter referred to as the Directors, are asked to decide whether a dollar sum is statistically significant. That is a nonsentence.

The term "statistically significant" measures the probable accuracy of a measure taken from a sample. It is called the chi square test, which was developed if memory serves, by a mathematician at the turn of the century, and it is one of those common devices used in science, in medicine, and other such things.

It tells you that if you catch 100 rats around the Capitol basement, and they are there—they have been there for a long time—and you find that 7 have blue eyes, the question is, what is the statistical probability that 7 percent of the rats in the basement of the U.S. Capitol have blue eyes? A chi square test will tell you that, if you have carried out your effort with any degree of procedural rigor such that the test can be applied.

What is this gobbledygook in Federal legislation? Are we at the level where we pretend to be learned because it sounds learned? They will find out whether it is statistically significant at the degree of 0.05 to 0.01 or at the level where you can pass out medicines at 0.001.

Those are called degrees of confidence. The degree of confidence I have in this legislation diminishes with every line I read.

The career officers do not like the thought that the best-faith judgments of one bureau are going to be mixed with the best-faith judgments of another bureau to get an amalgam.

My distinguished friend is a farmer, and a good farmer—or was a good farmer until this administration came along. I am sure he is a good farmer. Whether he is successful or not cannot be determined any more. But if he estimates the amount of bushel of corn he is going to get from his farmland and I figure the amount of bushel corn he is going to get an acre from the same farmland, you do not find out the probable yield by averaging someone who knows the subject—his judgment—with the judgment of someone who does not know the subject.

Similarly, it is a useful and not uncommon practice in economics to make composite indices of people who make forecasts. It is good enough for stockbrokers, but it is not good enough for the U.S. Government. It is no way to proceed.

Finally, Mr. President, and of the greatest importance—of the greatest importance—in the Department of State, where, not to presume on anything more than my own experience, and I have twice served as an ambassador so I know something of the people there, there is genuine horror that we are putting in place a measure which, in the long run, will bring draconian, automatic reductions in the defense and foreign policy activities of the United States.

At this very moment, when our Secretary of the Treasury is in Korea, talking about increasing the lending provisions for the Third World nations, there is an international monetary crisis in every direction. We hear of rising difficulties with Marxist regimes around the world, or potential ones. We know perfectly well that our foreign aid programs have been reduced to a level which is barely sufficient to keep the commitments of the United States to pay the rent, as one might say, and we do say, for air bases, such as in Spain and the Philippines, and to provide the level of economic support to Egypt and Israel which was agreed to at Camp David, an important agreement for the Middle East that we sponsored.

We would start cutting that and defense, and would do so arbitrarily in response to a formula which is implicit in this legislation but has never been avowed, has never been subjected to the test of inquiry, question, and response.

There are those in the State Department—there is no such thing as the State Department, and I only speak for career persons; I do not speak for anyone else—who are convinced that this would be disabling to American foreign policy and to American foreign policy which in the first instance depends very much on the strength of the American Government.

I said this morning when you are the world's largest debtor, with a declining defense budget, do not expect to be the world leader.

We are going back into that same decline which we talked about in the 1970's and which I spoke about in 1976 running for the Senate—that long rundown of our defenses. Only now we go back into it as debtors and now we back into it under a budget regimen that requires us, first of all, to cut the capacity of the United States to act in the world at large.

We will be paying a very great deal for this, Mr. President, and we will pay for a long while.

First, we will increase spending to get by the 1986 election and then we will proceed to decimate the powers of the United States to conduct its foreign policy. Where are those who care about foreign aid, those who care about the military capacity of this country? This Senate is in session. This amendment is before us. Where are those we have heard from at such length about the perils of which our Nation faces? Where are they now? Why are they absent?

I started the day asking questions and asking would there be some sponsor from the other side to come to speak to us. There are also sponsors on this side to come to speak to us. None has come. Where are they?

Is it because they have nothing to say? Or are they concerned that what I have said is not statistically significant?

I thank the Chair.

Mr. ABDNOR. Mr. President, the Senate is considering historic legislation. It's my hope we will soon be able to vote upon, and pass, the so-called Gramm-Rudman-Hollings budget plan which will eliminate the problems of irresponsible deficit spending.

For years, Congress has been recklessly spending the country into what will soon be disaster. And all along we've heard the rhetoric about the need to cut deficits. Frankly the only thing Congress does better than talk about reducing deficits is spend money.

The one way to save the country from economic disaster is to hamstring Congress so it can't continue to spend billions more than it takes in. That isn't a very nice way to put it but Congress has demonstrated over and over again that it cannot be trusted to act in the Nation's best interest when it comes to managing the Nation's finances. When it comes to spending, Members of Congress are like little kids in a candy store.

If this amendment is enacted into law, we will have put a stop to this irresponsible way of doing business. In fact, it contains the same approach as my bill, S. 2516, which I introduced over a year ago and reintroduced this year as S. 57, the Deficit Reduction Act.

But frankly, I think the Senators from New Hampshire, South Carolina, and Texas have come up with a plan which is a definite improvement compared to my bill. For example, they have found a way to enforce savings at the subcommittee level. They have also taken Social Security off budget so it will no longer be a perpetual political football during the annual budget debate. These and other provisions are definite improvements and my colleagues have demonstrated remarkable leadership in mustering support for this legislation and bringing it to the floor of the Senate.

But, the thrust and the sound principles remain the same. Both my original bill and this amendment establish a mandatory schedule of deficit reduction goals which Congress must comply with until the budget is balanced. They both provide the President with the power to enforce the deficit reduction schedule if Congress refuses to abide by the law. Each provides for a midcourse correction to assure that Congress doesn't resort to unrealistic economic assumptions as an excuse to violate the deficit reduction targets. And finally, they both provide that as a last resort, spending will automatically be cut across the board if both the President and Congress refuse to do the job.

It's my hope that the Senate has finally realized the absolute necessity of adopting this sort of plan and I'm proud to be one of the cosponsors of this legislation. Last year only one other Senator was willing to join me in putting his name on the line as someone willing to do whatever is necessary to get deficit spending under control. The support this proposal is now gathering among Republicans and Democrats alike attests to how serious the crisis has now become.

This plan was a good plan when I first introduced It, and it's even a better plan now, both because of the improvements made by my colleagues and also because of the unfortunate fact that we are now over $200 billion closer to disaster. One way or another, if this amendment becomes law, our policy of government by deficit will come to a screeching halt—and none too soon.

Congress must be willing to commit itself to making steady progress toward a balanced budget and it must start now. The time for speeches about how we all want to cut the deficit is over. It's time to act in the best interests of all Americans and vote for this desperately needed legislation. The American people have a right to expect no less.

Mr. McCLURE. Mr. President, the exercise we are going through today is disgraceful. The U.S. Senate will most likely raise the debt limit to over $2 trillion. I am convinced that no one here understands the magnitude of this action.

Congress has raised the statutory debt ceiling 44 times in the last 58 years and 32 times in the last 24 years. Since 1981 alone, the debt ceiling has been raised 10 times. It is not difficult to understand why the debt limit has been raised so often in the last few years. If the Congress continues the fiscal irresponsibility it has demonstrated over the last decade, I am sure we will be back next year, and the year after to raise the ceiling to $3 trillion and then $4 trillion and on. At the current rate of growth, the Federal debt will exceed $3 trillion by 1990 if nothing is done.

Mr. President, I believe we are headed for economic collapse in this country if the trend of skyrocketing deficits is not curtailed. We spend time debating the strong dollar, the trade imbalance, and the farm crisis which are the direct result of a lack of fiscal responsibility. Yet we have been unwilling to come to grips with the real problem—deficit spending.

In an October 2, 1985, Washington Post article entitled "OMB Official Stresses Large Deficits' Damage," OMB's associate director for economic policy was quoted saying, "It is sometimes argued that the budget deficit has done relatively little damage so far. That is not the case." She continued by saying, "the budget deficit is not only the biggest fiscal-policy issue facing us today, but it lies behind most other fiscal-policy issues." She pointed out that the value of the dollar, and the trade deficit are the result of deficit spending. "By some calculations, 1½ million to 2 million jobs have been wiped out in the manufacturing and mining sectors because of the trade deficit. Farm bankruptcies and farm bank failures have been growing and are expected to become a major concern over the next 12 to 18 months." She said.

I believe the budget deficit is at the heart of our economic problems. Until we are willing to face this question and have the political courage to take action, we will be faced with a growing trade deficit and compounded farm problems far worse than we have experienced to date.

Mr. President, deficit spending is bleeding the lifeblood from our economy. We are mortgaging our future with debt. Over one-half of all personal income taxes collected will be used to pay interest on the national debt. This breaks down to every taxpayer west of the Mississippi devoting their entire tax liability to service the national debt.

The net interest on the national debt has grown from a relatively small 7 percent of the total budget just 10 years ago to over 13 percent of the total budget today. Each year more and more of our Nations' productive capacity will be mortaged to pay for an uncontrollable debt.

We have all had the opportunity to make our statements about the evils of deficit spending. Today we will be given the chance to see how serious we really are about controlling the growth of spending. The Balanced Budget and Emergency Deficit Control Act of 1985, of which I am an original sponsor, will put us on the road to a balanced budget. This amendment is not a perfect solution to our problem, but it is a balanced reform package which is desperately needed.

I still strongly believe that we should adopt a constitutional amendment for a balanced budget, but since the Congress cannot agree on such an amendment, something must be done in the interim. I believe the Balanced Budget and Emergency Deficit Control Act of 1985 is the best solution at this time.

Mr. President, for many years I have expressed to this body my concern over the growth of the so called entitlement programs. Today they are one-half of the Federal budget. The Balanced Budget and Emergency Deficit Control Act of 1985 will begin to control the growth of automatic increases in these programs. However, I was disappointed when Social Security was exempted. Many Social Security recipients are better off than those who receive other entitlement benefits. As a matter of fairness, Social Security should have been included along with all other entitlement programs. I do not have anything against the old people in this country. That is obviously not the case. But because I believe that they are entitled to be treated fairly, the same as everyone else, but not necessarily better than everyone else, and I think they accept that.

This amendment will begin to slow the growth of automatic spending, but it will not solve the problem in the long run. I still believe the Congress should review all entitlement programs and make the necessary changes so they do not continue to run out of control as I believe they have for the last decade.

Mr. President, since the Gramm/Rudman amendment has been introduced, there are many who have said it is just a panacea and will not do what it is intended to do. I do not believe that anyone is being fooled by this amendment. We all know that we could amend the act again, but we also know that we must tell the American people in doing so that we are unwilling to deal with deficit control. That we are going to abandon existing efforts to return stability to our economy.

I am sure there will be counterproposals to this package which call for an increase in taxes, Some have said that we do not spend too much, but tax too little. Mr. President, we have been spending too much for too long. Our farmers are in trouble, our exporters are in trouble, our miners are in trouble, and many other sectors of our society are affected by the budget deficit. Yet many say we should tax more. Who are we going to tax? The farmers or the miners?

Mr. President, I strongly support the adoption of the Balanced Budget and Emergency Deficit Control Act of 1985. We need to work to keep the economy alive and growing. We need to act to get men and women who have been unemployed back to work. We need to curtail the growth of deficit spending to drive interest rates down, to drive the strong dollar back to normal levels, and to establish a stable economy.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GORTON). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, citizens may be surprised to learn just how they voted for this deficit debacle of a $2 trillion debt, but they did when they voted for us—including the President.

Now with the entire economy at stake as it skids into recession, it is imperative that grassroots America demand an accounting.

There are three reasons for blocking this rush to pass the debt ceiling bill with its $2 trillion in public debt, unless and until first, the amount of additional indebtedness the administration asks for is cut below the $2 trillion level; second, there is immediate action to collect taxes from those profitable corporations now paying no Federal income tax, and third, this Gramm-Rudman-Hollings amendment is made workable and not just a political football that continues to pump big money into favored areas but cripples basic industries, leaving agriculture, minerals, energy, and forest products high, dry, and dying.

It is self-evident but worth emphasizing that the budget process has failed to reduce deficits.

First, on the budget process. The President's budgets and the congressional budgets have been equally shabby, like a leaking rowboat taking in water faster than you can bail it out.

The Gramm-Rudman-Hollings amendment is an extension of the budget process which would focus public attention for the need of combining both the President's budget with the congressional budget.

For 5 years the budget process has followed this procedure on spending:

First. Early in the year the President submits a budget asking for less spending for programs affecting the average citizen but he urgently asks for increases in defense and foreign aid.

Second. Congress then finds all the domestic cuts are not possible but increased defense and foreign aid spending is possible.

Third. As a consequence, realizing that the domestic programs must have viability, the President increases his budget agreeing that some of his domestic cuts are impossible, but holding firm to the defense spending increases and, as the months go by, pressuring for more foreign aid.

Fourth. The Congress then agrees with the President and by majority vote in both the House and Senate has for the past 5 years appropriated excessive amounts causing deficit spending—too much going out from the Treasury's pay window and causing a constant borrowing, pressuring interest rates higher.

On the other side of the Treasury at the tax revenue window, for the past 5 years President Reagan has successfully argued for tax incentives or tax breaks for big business and high bracket taxpayers. By majority votes in the House and Senate, Congress has acceded.

Tax increases on a number of items such as everybody's telephone calls, insurance, and travel and tax increases through a variety of fees have only offset a small part of the revenue losses.

The stark, inevitable result of big spending and tax breaks for high bracket profits savages the Treasury with $200 billion per year deficits. That is real red ink. These past 5 years of mismanagement by the administration and the majorities of the House and Senate have doubled the $890 billion national debt to $1.8 trillion.

That is a disaster. All agree it must be rectified. After 5 years of piling up debt, all that one can hear is, "Stop it, change it."

The Gramm-Rudman-Hollings amendment is perceived to be a method of prompt correction.

It is a further budgeting requirement that will shatter either President Reagan's or Congress' blatant political posture that the Nation can write bad checks on the national checking account for more and more Pentagon and foreign spending.

There is equal bipartisan guilt with just as many Democrats as Republicans joining President Reagan in the untenable spending binge and revenue losses.

The $2 trillion debt deserves scrutiny and immediate change.

I am going to vote for the Gramm-Rudman-Hollings amendment, but there are corrections to be made. And those corrections are not mysterious or insignificant.

There first of all can be no fuzzy-minded process to delay in the actual curbing of big spending waste.

The appropriations bills are the real throttle to control cash outlays and those cannot be as high as the President wants in Pentagon or foreign spending.

Second, a bill must be enacted immediately, with no further delays allowed, to develop and to recoup the lost tax revenues from profitable corporations that pay no Federal income taxes. That must be paid into the Treasury.

Third, the trade deficits which have grown with the Federal deficits require immediate action for reciprocal bilateral agreements with foreign countries to save the jobs, businesses, and basic industries of the country. That requires taking the political drafting out of the Gramm-Rudman-Hollings amendment that tilts the timing for action until its impact is after next fall's election, tilts the spending cuts away from new weapons systems, and leaves the Nation's already gasping basic industries with a tightened noose around their necks. The improper tilts must be corrected.

If it takes more than 5 days to do all this—so be it. This stew has been simmering for 5 years or more.

This $2 trillion debt has to be reckoned with some common sense—not a half-baked rush job rammed down the Nation's throat by the Congress and the administration that has been the presiding morticians for the millions of liquidated jobs, businesses, and farms these policies have laid in the morgue.

Mr. President, I yield the floor.

Mr. EVANS addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. EVANS. Mr. President, I have to disagree with a couple of points I have heard made on the floor during the last couple of days.

First, I should say that I am opposed to the development of a constitutional amendment to balance the budget. I guess while I may not be a fundamentalist in many things, I am a fundamentalist when it comes to the Constitution.

I believe we ought to go very carefully before we add something as complex, as dramatic, and as unchangeable as a balanced budget to the Constitution.

Instead, I think we ought to do precisely what we are, I hope, about to do in the Senate. That is to collect unto ourselves what we should have had a long time ago: Sufficient financial responsibility to bring ourselves to a balanced budget without a constitutional mandate or requirement.

Mr. President, I think the Gramm-Rudman-Hollings proposal will help us do precisely that.

I have three somewhat different points to make than my colleagues have made so far.

First, we have proven in the past to be rotten prognosticators when it comes to the size of a deficit each year.

Let me go back and refresh our memories. The President, in 1980, projected that the fiscal 1981 budget would be $34 billion in the red. It turned out to be $79 billion.

In 1981, the 1982 deficit was projected at $46 billion. It ended up at $128 billion.

In 1982, they projected the fiscal 1983 deficit at $73 billion; it was $208 billion. We are getting worse, not better.

Finally, in 1983, the projection of the fiscal 1984 deficit was $189 billion; it turned out to be $185 billion. It is hard to say whether we were really getting better or whether it was just the luck of the draw.

In 1984, we projected the fiscal 1985 budget at $195 billion. It now looks like it will come in at something over $210 billion. We have a large gap between expectations and reality. Our deficit realities, more time than not—in fact, almost always—continue to fall short of our economic expections.

I think this proposal will aid us markedly in making better and more realistic projections when the President presents a budget to the Congress at the beginning of each year. I suggest that the President and the Office of Management and Budget are less likely to be superoptimistic about the economic future of the Nation and, as a result, superoptimistic about the shrinking size of a deficit because they will now know that they almost assuredly then will come back in October of the same year, 10 months later, with a painful, difficult, politically unappealing job to do, to correct for overoptimistic projections made less than a year before.

Point No. 2. We have heard many of our colleagues talk about the drastic results of this proposal, the drastic results always on the side of shrinking programs, drastic cutbacks in both military and nonmilitary expenditures. But, you know, Mr. President, I think it is possible—just barely possible, perhaps but possible—that if Congress lives up to its responsibility and begins shrinking the size of the deficit, that message will be heard throughout the country—heard by individual taxpayers, heard by businesses, heard overseas by our trading partners, and heard by our financial institutions.

I think there is a very good chance that it will set in motion once again solid, strong economic growth which, after all, is the very best possible way to ensure shrinking deficits without having to unduly cut back on spending or programs in which we want to invest, nor having to go in and radically raise tax rates.

The Gramm-Rudman proposal suggests that we will reach zero in terms of a deficit in 6 years based on medium-growth economic projections. If we did not have the added pressure and push of the Gramm-Rudman-Hollings proposal, we would not quite make it in 6 years.

But if we had high economic growth, we would more than meet each of the targets for each of the next 5 years and, in fact, at the end of 5 years, we would have a balanced budget instead of the 6 years proposed under this amendment. I suggest that we are a lot more likely to have high economic growth if we embark on fiscal responsibility, if we start down the track toward a balanced budget, than if we do nothing.

I suggest that the real economic growth, the real rate of growth in our gross national product under a medium growth projection, is about 3.5 percent a year and under high growth is 4.8. I think there is a reasonable chance at least to go somewhere between those two figures, especially if we have given ourselves some fiscal restraint.

In terms of unemployment, in terms of interest rate, in terms of cost of living, we have a chance to insure continued stability in prices, insure greater and more solid economic growth, hopefully by bringing the deficits down, and begin to shrink the abnormally high rate of interest which is now being charged.

Historically, we have never had real interest rates so high for so long a period of time. But I suggest that all of us—citizens, businesses, and certainly Members of this body—ought to realize that if interest rates are to come down, as we all hope, then all of us have to be willing to accept lower interest earnings on whatever investments we have. That is the only way you can get lower interest rates on what you borrow. I know most of the people of this country have become a lot more sophisticated in recent years on interest earnings. There are a lot more products out there and a lot more opportunities to earn higher interest rates on your savings and your investments. Those of necessity will come down somewhat if we are ever to have lower rates for what we borrow. But I suggest that that is going to be a real benefit, that tradeoff, for businesses as well as for individuals because, by and large, we tend to have more debt than savings.

We invest in a home, business invests in a new plant, and the interest they pay tends to be larger than the interest they earn. So if they both go down, they are likely to benefit.

I think this amendment should be considered for what it really is. That is a congressional safety net. We often talk about safety nets around here—safety nets for individuals, safety nets for organizations. I think it is about time to talk about a congressional safety net. This amendment will never be triggered if we are even reasonably accurate in our expectations of the economic future of the country and if we are responsible in the combination—and I emphasize combination—of spending and tax policies to get us the balance we believe is desirable between how much we ask from our people and how much we expect to give to them in services.

Senator **Rudman**, a few days ago, said it pretty well. He said no wonder all the polls show people are against taxes and they are for most of the services the Government provides. Why should they not be? They are getting 1 dollars' worth of services and paying only 72 cents for it. The rest, of course, we are racking up for some other generation. It is time to bring that difference down.

Many people have referred to States and their requirement for a balanced budget, most of them constitutional. I had a little different opportunity when I was Governor of the State of Washington. That was to have substantial discretion during times of fiscal emergency to reduce whichever budgets and whatever parts of budgets I thought were appropriate at the time in order to keep within that balanced budget rubric. Subsequent to my leaving office, the law changed and now that must be brought down across the board, without discretion, much as this amendment would provide. I do not know whether that came about because they either did not like how I had used discretion when I was Governor, or whether they thought it was best not to let any Governor have that kind of discretion. I suggest that in this amendment, very clearly, we have given the President no discretion.

We have specified precisely how that ministerial act will be carried out and how the budget would be reduced if in fact that is ever necessary.

A third point. We talk about cutting off the credit card, putting the Government on a cash basis and getting back to a balanced budget, but I think we have to be careful over the long run about worshiping at the altar of a balanced budget without knowing what it is we are talking about. This Government does not keep its books as a family keeps its books. We do not keep our books like a business or a corporation keeps its books. We do not each keep our books like a State or local government keeps its books. We make no allowance for capital expenditures. We make no allowance for long-term investment.

I think it is important to read through the report, the very fine and not too thick report, that came out in association with the raise in the debt limit proposal. All the talk so far has been about the increase in debt of the Federal Government. This table goes clear back to 1929. In 1929 the Federal debt was $16.5 billion, a figure that is almost too small to think of with today's $2 trillion request. But let us take the last 5 years from 1980 through 1984. The Federal debt went up from $742 billion to $1.376 trillion. That is $600 billion.

That is a big increase in debt, but it is not the only increase in debt. We have focused on deficits and debt as if they only applied to the Federal Government. Corporate debt during that same period of time went up from $912 billion to $1.307 trillion. That is a $400 billion increase, and that in itself is a significant amount.

Private debt is even larger, going from $2.7 trillion to $4 trillion, an increase of $1.2 trillion, and I do not think anyone is suggesting that that increase in debt of corporations or of individuals is necessarily bad in all respects. And finally, let us turn to State and local governments where we say there is a constitutional requirement to balance the budget, that every year these governments must balance their budgets. Well, it is interesting that in those same 5 years State and local debt went from $351 billion to $540 billion. That is a $200 billion increase.

Now, how in the world can those State and local governments, always required to have a balanced budget, end up with an increase in debt? Or for that matter, how can families, literally required to have a balanced budget where income and outgo have to equal out over at least a long period of time, end up increasing their debt by $1.2 trillion in 5 years? Or how can business do the same?

Well, there are a number of reasons. The most fundamental is that you do not count the total long-term investment you make in the year in which you purchase it. If any citizen bought a home and had to pay for that home in 1 year, few of us would own homes. Instead, we get a mortgage—a debt—but it is a mortgage we feel we can pay, and therein lies the Federal Government's problem. Because it is not precisely the balance in a budget which is ultimately important.

It is how well we can handle the debt we bear. Is the debt shrinking or growing? Is the debt service, the amount we have to pay each year, Mr. President, rising as a percentage of income or shrinking as a percentage of income? Well, currently and for the last few years, it has been rising as a share of income, it has been rising rapidly in total. We are simply out of control. It is simply to bring us back into control. I am an enthusiastic supporter of doing so because other methods have failed. I think it is worth trying for a time to shred the credit card until we regain control of our future.

Mr. President, at some time in the future I intend to work with a number of colleagues as a corollary to this proposal and bring before the Senate some ideas on how we better tell the full story on spending, on income, on capital investment—in other words, how to more accurately keep our books so that the true story of a balanced budget will be there for all to see.

Mr. DOLE. Mr. President, I suggest the absence or a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I want to indicate to my colleagues that we have been involved in discussions in the majority leaders office on the debt limit bill but first I wanted to clear up something. I read a wire story that said I made a statement the tax bill was dead for the year. I wanted to clarify that. What I probably should have said or did say was that unless there is some disposition on the part of the House of Representatives to give us that bill no later than November 1, it would be almost impossible to complete action on the tax bill this year.

If we cannot complete action on it this year, I think we have an obligation to the American people to indicate publicly that that is the case because it is my understanding there are millions and maybe billions of dollars out there waiting to be invested and the business sector is unsure of how to proceed.

So if in fact it seems that the House of Representatives would not be able to send us a bill until mid-November or later, then I believe that it is fairly certain that any action on the bill this year would probably not be completed. That does not preclude, of course, action in early 1986.

So I suggest that the President's proposal is very much alive. The question is whether it is going to be acted upon this year or next year.

So, in addition we have now had a meeting with the distinguished minority leader and a number of other Senators, Republicans and Democrats, in the minority leader's office. Since that time we have had a meeting in the majority leader's office with a number of Republican Senators and representatives of the White House, and I think it is fair to say the following:

First, we do not have an agreement. But we have a proposal by the distinguished minority leader outlining a number of ideas that we believe we should now take to our conference and I, therefore, request a conference at 9:30 a.m. in the morning, a Republican conference, and Members are now being notified that that will occur.

At that time we will discuss the outlines of the distinguished minority leader's proposal which in addition to laying out the general framework of voting on leadership packages and the Gramm-Rudman amendment and certain amendments thereto, or other amendments that will be offered to the debt ceiling, it would also incorporate an extension of the debt ceiling for a very brief period of time.

I think it is fair to say we had a brief phone conversation with the Speaker of the House, Congressman O'NEILL, and I have since talked with the Republican leader, Congressman BOB MICHEL. So we have touched base with all the leadership in Congress and hopefully when we conclude our conference tomorrow morning, I will be able to go back to the distinguished minority leader with results of that conference.

But as I have indicated, for the time being there is not any agreement. There is not any extension of the debt ceiling. I assume we will be under even more pressure tomorrow. But in any event, I will report results of the Republican conference at the earliest possible moment because if we are to complete action on this matter this week, we need to start voting and I think it is fair to say without getting details, which are probably already available, that the general thrust of the minority leader's proposal was to start voting tomorrow and hopefully complete action on everything, the debt ceiling, the extension, the amendments, and do all that by fairly early evening on Thursday.

That is essentially it.

Mr. BYRD. Go ahead.

Mr. DOLE. No; I am finished.

There will be no more votes this evening, I think I have indicated.

The PRESIDING OFFICER (Mr. WILSON). The minority leader is recognized.

Mr. BYRD. Mr. President, I heard most of what the distinguished majority leader said.

The distinguished majority leader and I did meet this afternoon. I briefly outlined what our proposal was and then those Senators with amendments on my side were called in and the distinguished majority leader had some of our colleagues on his side join us so that everyone could better understand the amendments.

Some of them could be disposed of, I think, simply by agreement on both sides. In other words, we would agree by way of modification rather than by amendment.

Such an amendment would deal with the waiver. Under the Gramm proposal, the waiver that we now have in the budget reform process, for example, on which I believe there is a 1-hour debate limit, would no longer be in existence, and in order to have a waiver both Houses would be required to enact a joint resolution which, of course, would go to the President and would be subject to his veto.

I do not want the President vetoing any Senate rule. I do not want the House of Representatives to tell the Senate what we can or cannot do with a waiver motion.

I am adamantly opposed to that provision. When it gets to the point where the House of Representatives cannot be the judge of its own rules and proceedings and the Senate, under the Constitution, cannot be the judge of its own rules and proceedings, and both Houses have to pass a joint resolution before the Senate can act or waive an action within the sole purview of its own authority, then we will have failed in our duty.

I believe Mr. GRAMM would be willing as I understand it, to resolve that matter so we would not have the President of the United States determining whether or not we could have a waiver rule in the Senate.

I have encouraged my colleagues over here to narrow their amendments to only a few in number, and I think we have done very well in that regard.

Then, we would hopefully have a short-term debt limit extension, which would go quickly to the House. Meanwhile, by the close of business Thursday, we would have completed all action on the Gramm and other amendments.

That seems to me to be a reasonable and responsible way to proceed, but I know that the majority leader has to discuss this with his colleagues just as I have had to discuss it with mine. Hopefully, tomorrow, after a good night's rest, we can reach an agreement and get on with the business.

We on our side want to reduce the deficit as much as do Senators on the other side and we are willing to work to that end. But we want it done in such a way that we are not compromising the national security, the health and economic growth of the Nation. We want to know what we are doing. We are willing to work with the distinguished majority leader in trying to arrive at a resolution of those concerns.

I thank the distinguished majority leader for yielding.

Mr. DOLE. Mr. President, as the minority leader has pointed out, there are certain areas that I think we can agree upon. They are not major modifications, but they are important modifications. If that can be done that would reduce the number of amendments. But there are a fair number of amendments, and we hope that even those could be reduced to some extent. That would not include the amendments on the Republican side. We are not encouraging amendments, but we have indicated to every office if there are amendments, we should be notified by 9:30 tomorrow. If we intend to complete action by Thursday night, the last thing we need is amendments.

Mr. BYRD. Will the distinguished majority leader yield for a question?

Mr. DOLE. Yes.

Mr. BYRD. On yesterday, the distinguished majority leader filed a cloture motion on the Gramm second-degree amendment to the Gramm first-degree amendment to the motion to recommit. This would mean that, unless it is otherwise ordered, when the Senate comes in tomorrow, 1 hour following the convening of the Senate we would proceed to an automatic quorum and cloture vote. Does the distinguished majority leader want to stay on that track or what shall we tell our colleagues?

Mr. DOLE. What I thought might be possible is to come in at 11 o'clock and then at noon we could have our normal recess from 12 to 2 o'clock. I was hoping if, in fact, we came in at 11, we would have had a chance to have our conference and I would go back to the minority leader and we might use that 11 to 12 to work out some agreement.

Failing that, we would still have from 12 to 2 before we would be under the gun under rule XXII. Hopefully by then we will have an agreement, because, if we are going to start moving, we have to start voting.

So it seems to me 11 to 12 might be an appropriate time to try to work out some agreement on amendments and when we might vote.

Mr. BYRD. Yes. Would the distinguished majority leader consider stopping the operation of rule XXII until, say, 2 o'clock, let the hour start running then, or negating the vote on cloture tomorrow?

Mr. DOLE. I think I would be willing to start the hour running at 2. But I assume, if we cannot work out some agreement, we will have to go back and have another cloture vote.

Mr. BYRD. Well, if the leader would seek consent at this point to start the operation of the rule at 2 o'clock tomorrow or maybe he would want to say 2:30. Sometimes our conferences run a little over and the leader may wish, after his conference, to further discuss this matter for a few minutes at least. And if the operation of the rule could wait until, say, 2:30, that would give the leader a half hour in which he and I could get together and see what the products of our relative conferences may have been.

Mr. DOLE. Well, I believe we can work that out.

ORDERS FOR TUESDAY, OCTOBER 8, 1985

RECESS UNTIL 11 A.M.

Mr. DOLE. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in recess until the hour of 11 a.m. on Tuesday, October 8, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

Mr. DOLE. Mr. President, following the recognition of the two leaders under the standing order, I ask unanimous consent that there be a special order in favor of the Senator from Wisconsin [Mr. Proxmire] for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS AND RECESS BETWEEN 12 AND 2 P.M.

Mr. DOLE. Mr. President, following the special order, I ask unanimous consent that there be a period for the transaction of routine morning business not to extend beyond the hour of 12 noon, with statements therein limited to 5 minutes each, and that at 12 noon the Senate stand in recess until 2 p.m. for the weekly party caucuses.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, at 2:30 p.m., under the provision of rule XXII, a live quorum will begin, to be followed by a cloture vote on amendment No. 738 in the second degree to the motion to recommit House Joint Resolution 372, the debt limit bill. Additional rollcall votes can be expected throughout the day, possibly, in connection with the majority leader's motion to reconsider the vote by which cloture failed on amendment No. 730, as modified.

Mr. President, I ask unanimous consent that the automatic quorum under rule XXII be postponed to begin at 2:30 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS

Mr. DOLE. Mr. President, I ask unanimous consent that there be special orders in favor of Senators Goldwater and Nunn for not to exceed 15 minutes each prior to the special order previously ordered for Senator Proxmire.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 11 A.M. TOMORROW

Mr. DOLE. Mr. President, I move, in accordance with the order previously entered, that the Senate stand in recess until 11 a.m. tomorrow.

The motion was agreed to; and, at 7:24 p.m., the Senate recessed until tomorrow, Tuesday, October 8, 1985, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate October 7, 1985:

The Judiciary

David R. Thompson, of California, to be U.S. circuit judge for the ninth circuit vice a new position created by Public Law 98-353, approved July 10, 1984.

Bobby Ray Baldock, of New Mexico, to be U.S. circuit judge for the 10th circuit vice Oliver Seth, retired.

Robert E. Cowen, of New Jersey, to be U.S. district judge for the district of New Jersey vice a new position created by Public Law 98-353, approved July 10, 1984.

U.S. Postal Service

J. H. Tyler McConnell, of Delaware, to be a member of the Board of Governors of the U.S. Postal Service for the remainder of the term expiring December 8, 1988, vice David E. Babcock, resigned.

Barry D. Schreiber, of Florida, to be a member of the Board of Governors of the U.S. Postal Service for the remainder of the term expiring December 8, 1992, vice Frieda Waldman.

Robert Setrakian, of California, to be a member of the Board of Governors of the U.S. Postal Service for the remainder of the term expiring December 8, 1993, vice William J. Sullivan, term expired.

In the Army

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, Section 601:

To be lieutenant general

Maj. Gen. John H. Moellering, 308-38-5095, U.S. Army.

HOUSE OF REPRESENTATIVES—*Monday, October 7, 1985*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore [Mr. WRIGHT].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
October 3, 1985.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Monday, October 7, 1985.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Ascribe to the Lord, O families of the peoples, ascribe to the Lord glory and strength!—Psalm 96:7.

We acknowledge, gracious God, that we have been greatly blessed. As individuals and as a nation, we have received the gifts of freedom and opportunity that have helped make our lives satisfying. Encourage us never to forget the wonderful blessings of our heritage and may we ever remember to begin each day with the spirit of thanksgiving and end each day with praise. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the amendment of the House to the amendment of the Senate to the bill (H.R. 2410) "An Act to amend the Public Health Service Act to revise and extend the programs under title VII of that Act."

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 274. An act to provide for the national security by allowing access to certain Federal criminal history records;

S. 1264. An act to amend the National Foundation on the Arts and the Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Indemnity Act, to extend the authorization of appropriations for such acts, and for other purposes;

S.J. Res. 97. Joint resolution designating the Study Center for Trauma and Emergency Medical Systems at the Maryland Institute for Emergency Medical Services Systems at the University of Maryland as the National Study Center for Trauma and Emergency Medical Systems;

S.J. Res. 150. Joint resolution to designate the month of March 1986 as "National Hemophilia Month"; and

S.J. Res. 174. Joint resolution to designate November 18, 1985, as "Eugene Ormandy Appreciation Day."

CONSENT CALENDAR

The SPEAKER pro tempore. This is the day for the call of the Consent Calendar. The Clerk will call the first bill on the Consent Calendar.

JAMES A. WALSH U.S. COURTHOUSE

The Clerk called the bill (H.R. 2698) to designate the U.S. Courthouse in Tucson, AZ, as the "James A. Walsh United States Courthouse."

There being no objection, the Clerk read the bill as follows:

H.R. 2698

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF COURTHOUSE.

The building located at 55 East Broadway in Tucson in the State of Arizona, commonly known as the United States Courthouse, hereafter shall be known and designated as the "James A. Walsh United States Courthouse".

SEC. 2. LEGAL REFERENCES TO COURTHOUSE.

Any reference in any law, regulation, document, record, map, or other paper of the United States to the courthouse referred to in section 1 hereby is deemed to be a reference to the "James A. Walsh United States Courthouse".

Mr. UDALL. Mr. Speaker, a good friend, a good man, a good judge and one of the kindest people I have ever known, James Walsh, retires this September as a U.S. district judge in Tucson.

It's been said of Judge Walsh that he is everything a good judge ought to be, and nothing that a judge shouldn't be. That's a pretty fair summation of the judge's character, but there is more to the story.

James Walsh was one of those adventurous young men who left his home in Massachusetts in the late 1920's to head West. With a law degree from Georgetown University, he doubtless could have a sterling career with any number of fine old eastern law offices.

But he settled in Mesa, AZ, instead; in those days, a hot and dusty little town, where he found his calling in a $25-a-week law job that became the foundation of James Walsh's Arizona roots.

In time, Walsh served as an assistant U.S. attorney, and as a Maricopa County attorney. In 1952, he became the last person to be appointed to the Federal bench by President Truman. He has been there ever since.

I know James Walsh as an absolutely tireless man, devoted not just to the mechanics of the law, but to the fairness of it. Many a lawyer—indeed, many a judge—will tell you that James Walsh set the standard for them all.

Some folks out in Arizona will tell you that James Walsh has a lot of gray matter up there—and they don't mean hair.

"He's a great judge," said former U.S. attorney William C. Smitherman. "I can say that without reservation."

It is with some pride that I have introduced legislation in this session of the Congress to rename the Federal building in Tucson in honor of this fine and humble man.

I wish Judge Walsh all the very best that he and his family seeks in the months and years ahead. And I know I speak for all of his friends when I say, not just thanks for a job well done, but thanks for letting each of us know you.

Mr. SHAW. Mr. Speaker, I am pleased to rise in support of the bill H.R. 1483 which would designate the U.S. courthouse in Tucson, AZ, as the "James A. Walsh United States Courthouse."

Judge Walsh was a distinguished member of the legal profession in Arizona for nearly 50 years.

During that time, he held numerous public positions at the local, State, and Federal levels which culminated with his appointment as the chief judge for the District of Arizona by President Truman in 1961.

Less recognized than his professional accomplishments, but far more important, were the human qualities extolled by Judge Walsh.

He valued hard work, human understanding, and devotion, and these virtues became a powerful influence in the lives of many people.

No books or other forms of publicity can adequately portray Judge Walsh's unselfish dedication and service to the citizens of Arizona and the Nation.

I believe it is a fitting tribute that the U.S. courthouse in Tucson be named in honor of Judge James A. Walsh.

Mr. HOWARD. Mr. Speaker, I rise in support of H.R. 2698, a bill designating that the U.S. courthouse in Tucson, AZ, be

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☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

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known as the "James A. Walsh United States Courthouse."

Mr. Speaker, James A. Walsh, born September 17, 1906, in Massachusetts, attended St. Anselm's College in Manchester, NH, and received his law degree from Georgetown University in 1928. He was admitted to practice in the District of Columbia and Arizona and opened a law office in Mesa in 1928 where he practiced until 1941.

Judge Walsh has proven himself a master in the legal profession. He held a number of public positions which included serving as city attorney of Mesa, administrative assistant to U.S. Senator Ernest McFarland, assistant U.S. attorney, Maricopa County attorney, and judge of the superior court in Phoenix. In 1947, he left the bench to join one of Arizona's leading law firms, now known as Snell & Wilmer. In 1951-52, he was chief counsel to the Arizona Code Commission which completely revised the statutory law of Arizona.

In 1952, President Harry S. Truman appointed Judge Walsh to the U.S. district court and he primarily sat in Tucson, AZ. He was appointed chief judge for the District of Arizona in 1961 and served in that capacity until 1973. Totally dedicated to the field of law, he carried a full workload until his retirement on September 1, 1981.

Less publicly noticed, but far more important than these formal accomplishments, are the human qualities that have enriched all those who have known him. Judge Walsh is recognized throughout the Federal judiciary as one of the finest trial judges in the United States. He has set an example for all Federal and State judges to follow due to his calm, judicious temperament. His diligence and impartiality in carrying out the duties of his office have earned him the respect of all who have appeared in his court.

Countless lawyers, both in Arizona and throughout the West, have learned from him the high values to be placed on hard work, thorough preparation, and the civility with which the work of lawyers and judges should be conducted.

It is fitting that the University of Arizona recognize the rich lifetime of service of this truly dedicated public servant by conferring on him the honorary degree of doctor of laws.

Judge Walsh dedicated his life to the law and touched the lives of many young lawyers. Honoring Judge James A. Walsh, by naming the U.S. courthouse in Tucson, AZ, as the "James A. Walsh United States Courthouse" is most fitting and appropriate.

Mr. GRAY of Illinois. Mr. Speaker, H.R. 2698 would designate that the U.S. courthouse in Tucson, AZ, be known as the "James A. Walsh United States Courthouse." Briefly, Mr. Speaker, Judge Walsh was appointed to the U.S. district court by President Harry S. Truman in 1952 and sat primarily in Tucson, AZ, since that date. In 1961, Judge Walsh became chief judge for the District of Arizona and served in that capacity until 1973. He continued to carry a full workload until his retirement on September 1, 1981. No books or other forms of publicity extoll the virtues of this truly modest and wise man who devoted his life to the law. The example he has set of human understanding and devotion to the rule of the law has been a powerful influence in the lives of many people, and particularly in the lives of the young lawyers he has touched. Mr. Speaker, naming this building in Judge Walsh's honor is a modest tribute in view of what he has given to the Nation as a whole.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LAKE SUPERIOR BAND OF CHIPPEWA INDIANS IN MINNESOTA DISTRIBUTION OF JUDGMENT FUNDS ACT

The Clerk called the bill (H.R. 1903) to provide for the use and distribution of funds appropriated in satisfaction of judgments awarded to members of the Lake Superior Band of Chippewa Indians who are members of the Minnesota Chippewa Tribe in dockets numbered 18-S and 18-U before the Indian Claims Commission, and for other purposes.

There being no objection, the Clerk read the bill as follows:

H.R. 1903

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Lake Superior Band of Chippewa Indians in Minnesota Distribution of Judgment Funds Act".

SEC. 2. ABROGATION OF ANY PRIOR PLAN TO THE EXTENT SUCH PLAN RELATED TO MEMBERS OF THE LAKE SUPERIOR BAND OF CHIPPEWA INDIANS WHO ARE MEMBERS OF THE MINNESOTA CHIPPEWA TRIBE.

(a) Plan for Distribution for Members of Band Who Are Enrolled in the Minnesota Chippewa Tribe.—Notwithstanding the Act entitled "An Act to provide for the use and distribution of funds appropriated in satisfaction of certain judgments of the Indian Claims Commission and the United States Court of Claims, for other purposes." and approved October 19, 1973 (25 U.S.C. 1401 et seq.) or any plan prepared or regulation promulgated by the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") pursuant to such Act, that portion of the judgment funds described in subsection (b) which were awarded for the benefit of the members of Lake Superior Band of Chippewa Indians who are enrolled in the Minnesota Chippewa Tribe shall be distributed and used in the manner provided in this Act.

(b) Judgment Funds Defined.—The judgment funds referred to in subsection (a) are—

(1) the funds consisting of—

(A) two-thirds of the amount appropriated in satisfaction of judgment awarded the Lake Superior and Mississippi Bands of Chippewa Indians in Docket Numbered 18-S before the Indian Claims Commission, and

(B) the amount appropriated in satisfaction of judgment awarded the Lake Superior Band of Chippewa Indians in Docket Numbered 18-U before the Indian Claims Commission,

(other than funds appropriated for the payment of attorney fees or litigation expenses) which are held in trust by the Secretary for the use and benefit of such Bands of Chippewa Indians, and

(2) the amount of any interest or investment income accured or accuring (on or before any distribution by the Secretary under this Act) on such funds.

SEC. 3. DIVISION AND DISTRIBUTION OF FUNDS AMONG RESERVATION COMMUNITY GROUPS.

(a) Division Among Reservation Community Groups in Minnesota.—The Secretary shall divide the funds referred to in section 2(a) among the community groups of the Lake Superior Band of Chippewa Indians affiliated with the reservations in the State of Minnesota which appear in the following list by multiplying the amount described in section 2(b) by the fraction appearing in the list in connection with each such group:

(1) Fond du Lac Reservation, 1,346/8,437;

(2) Grand Portage Reservation, 387/8,437;

(3) Nett Lake Reservation (including Vermillion Lake and Deer Creek (Bois Forte Band)), 704/8,437; and

(4) White Earth Reservation, 148/8,437.

(b) Distribution of Funds.—

(1) 20 percent distributed to each community group for use at the group level.—Of the amount determined under subsection (a) for each reservation community group described in such subsection, 20 percent of such amount shall be made available to the appropriate governing body of such group for expenditure for programs approved by the Secretary.

(2) 80 percent distributed per capita.—Of the amount determined under subsection (a) for each reservation community group described in such subsection, 80 percent of such amount shall be distributed in amounts as equal as possible to enrolled members of the Minnesota Chippewa Tribe who—

(A) are designated as members of the Lake Superior Band of Chippewa Indians and are affiliated with such group, and

(B) were born on or before the date of the enactment of this Act and are living on such date.

(3) Procedures for per capita distribution.—The amount determined under paragraph (2) for each individual described in such paragraph shall be paid or distributed as follows:

(A) Living competent adults.—If the individual is a living competent adult, the amount so determined shall be paid directly to such individual.

(B) Living minor children and legally incompetent adults.—If the individual is a living minor child or legally incompetent adult, the amount so determined shall be treated in the same manner as any trust property of such individual is treated.

(C) Deceased individuals.—If the individual is deceased at the time of distribution, the amount so determined shall be treated in the same manner as any trust property of such individual would be treated if such individual died intestate.

(c) Tax Treatment of Distributions.—No amount of any payment or distribution under this section shall be included in gross income of the payee or distributee for purposes of any Federal or State income tax. Payments or distributions may not be considered as income or resources or otherwise used as the basis for denying or reducing—

(1) any financial assistance or other benefit to which any individual described in paragraph (2), or the household of any individual, is otherwise entitled, or for which such individual or household is otherwise eligible, under the Social Security Act, or

(2) any other financial assistance, Federal benefit, or benefit under any program part or all of the funding for which is provided by the Federal Government to which such individual or household is otherwise entitled or for which such individual or household is otherwise eligible.

(d) Savings Clause.—No provision of section 2 or this section shall be construed as affecting the use or distribution of any funds described in section 2(b) which are not subject to this section.

SEC. 4. MEMBERSHIP ROLLS REQUIRED TO BE BROUGHT UP TO DATE.

Before the end of the -month period beginning on the date of the enactment of this Act, the roll of members of the Lake Superior Band of Chippewas who are members of the Minnesota Chippewa Tribe shall be made current under procedures adopted by such Tribe and approved by the Secretary.

With the following committee amendment:

Strike all after the enacting clause and insert:

Section. 1. Notwithstanding any other provision of law, the funds appropriated for the following Indian Claims Commission judgments awards (less attorney fees and litigation expense and plus all investment income and interest accrued) shall be used and distributed under this Act:

(1) Docket 18-S for the Chippewas of Lake Superior;

(2) Docket 18-U for the Chippewas of Lake Superior; and

(3) Dockets 18-C and 18-T funds apportioned to the Lac Courte Oreilles Band of the Lake Superior Bands of Chippewa Indians of the Lac Courte Oreilles Reservation of Wisconsin, the Bad River Band of the Lake Superior Tribe of Chippewa Indians of the Bad River Reservation, the Sokaogon Chippewa Community of the Mole Lake Band of Chippewa Indians, and the St. Croix Chippewa Indians of Wisconsin.

Sec. 2. (a) Division of Docket 18-S.—The Secretary of the Interior shall divide the amount for Docket 18-S with two-thirds of the funds for the Chippewas of Lake Superior and one-third for the Chippewas of the Mississippi.

(b) The respective shares of the Chippewas of Lake Superior in Docket 18-S shall be divided as follows:

(1) Bad River Reservation, Wisconsin, 1259/8437;

(2) Lac du Flambeau Reservation, Wisconsin, 832/8437;

(3) Lac Courte Oreilles Reservation, Wisconsin, 1,691/8437;

(4) Sokaogon Chippewa Community (Mole Lake Band), Wisconsin 187/8437;

(5) Red Cliff Reservation, Wisconsin, 645/8437;

(6) St. Croix Reservation, Wisconsin, 299/8437;

(7) Keweenaw Bay Indian Community (L'Anse, Lac Vieux Desert, and Ontonagon Bands), Michigan, 939/8437;

(8) Fond du Lac Reservation, Minnesota 1346/8437;

(9) Grand Portage Reservation, Minnesota 387/8437;

(10) Nett Lake Reservation (including Vermillion Lake and Deer Creek), Minnesota 704/8437; and

(11) White Earth Reservation, Minnesota 148/8437.

Sec. 3. Division of Docket 18-U.—The Secretary shall divide the amount for Docket 18-U funds among the reservations or communities and in the same proportions as in section 2(b) of this Act.

Sec. 4. Use of the Funds in Dockets 18-S and 18-U.—Until part or all of them are needed for use or distribution under a plan of the governing body of the reservation or community that has been approved by the Secretary, the Secretary shall continue to hold in trust in separate accounts and invested under section 1 of the Act of June 24, 1938 (52 Stat. 1037; 25 U.S.C. 162a) the funds under sections 2 and 3 of this Act apportioned to each of the following;

(1) the Lac Courte Oreilles Reservation, Wisconsin;

(2) the Bad River Reservation; and

(3) the Sokaogon Chippewa Community (Mole Lake Band).

(b) The apportioned share of the funds under sections 2 and 3 of this Act of each reservation or community, except those in subsection (a) of this section, shall be used as follows:

(1) Eighty percent of each reservation's share (fifty percent of the Keweenaw Bay Indian Community) shall be held and administered by the Secretary for per capita distribution and the sums (including the investment income accrued) shall be distributed in a sum as nearly equal as possible for each individual born on or prior to and living on the date of enactment of this Act who is enrolled in the respective tribal membership roll brought current to such date of enactment under tribal enrollment procedures.

(2) Twenty percent of each reservation's share (fifty percent in the Keweenaw Bay Indian Community) shall be held in trust in separate accounts for the tribal organization of the reservation and invested by the Secretary under the Act of June 24, 1938 (52 Stat. 1037; 25 U.S.C. 162a) until needed for use or distribution under the tribe's plan approved by the Secretary.

(3) The per capita distributions under this subsection from funds apportioned to reservations or communities of the Minnesota Chippewa Tribe shall only be made to those individuals enrolled with the historical band designation for which the award was made. Plans submitted by two or more of the reservation business committees of the Minnesota Chippewa Tribe may include joint investment and use programs.

Sec. 5. Division of Dockets 18-C and 18-T.—Notwithstanding another law, the previously apportioned shares of the funds awarded by the Indian Claims Commission in Dockets 18-C and 18-T shall be distributed and used as follows:

(a)(1) Until part or all of them are needed for use or distribution under a tribe's plan approved by the Secretary, the Secretary shall continue to hold in trust in separate accounts and invested under section 1 of the Act of June 24, 1938 (52 Stat. 1037; 25 U.S.C. 162a) the funds under this section apportioned to each of the following tribes:

(A) the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of the Lac Courte Oreilles Reservation of Wisconsin;

(B) the Bad River Band of Lake Superior Tribe of Chippewa Indians of the Bad River Reservation; and

(C) the Sokaogon Chippewa Community of the Mole Lake Band of Chippewa Indians.

(2) If a tribe's plan under this subsection provides for a per capita distribution, the Secretary shall pay a per capita share to each individual born on or prior to and living on the date of the Secretary's approval of the plan and who is enrolled on the respective tribal membership roll brought current to such approval date under tribal enrollment procedures.

(b) Funds apportioned to the St. Croix Chippewa Indians shall be used as follows:

(1) Eighty percent shall be distributed by the Secretary in a sum as equal as possible to each individual born on or prior to and living on the date of enactment of this Act and who is enrolled in the tribe's roll brought current to such date of enactment under tribal enrollment procedures.

(2) Twenty percent shall be used in a land purchase or interest in land for the benefit of the four tribal communities. These funds shall continue to be held and invested by the Secretary under section 1 of the Act of June 24, 1938 (52 Stat. 1037; 25 U.S.C. 162a) until the tribal governing body develops specific program plans and tribal budgets, which shall be subject to approval by the Secretary.

Sec. 6. Miscellaneous.—The per capita shares under this Act of competent adults shall be paid directly to them. The per capita shares under this Act of deceased individual beneficiaries, legal incompetents, and minors shall be determined and distributed under regulations prescribed by the Secretary which are generally applicable to funds distributed under the Act of October 19, 1973 (87 Stat. 466), as amended (25 U.S.C. 1401 et seq.).

(b) None of the funds distributed per capita or held in trust shall be subject to Federal or State income taxes or be considered as income or resources in determining the extent of eligibility for assistance under the Social Security Act or other Federal Assistance programs.

(c) Amounts remaining after per capita payments under this Act shall revert to the governing body of the respective tribals group for program purposes approved by the Secretary.

(d) No person shall be entitled to receive under this Act more than one per capita share from the same docket award.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to provide for the use and distribution of funds appropriated in satisfaction of judgment awarded to the Chippewas of Lake Superior in Dockets Numbered 18-S, 18-U, 18-C and 18-T before the Indian Claims Commission, and for other purposes."

A motion to reconsider was laid on the table.

MISSISSIPPI BAND OF CHIPPEWA INDIANS IN MINNESOTA DISTRIBUTION OF JUDGMENT FUNDS ACT

The Clerk called the bill (H.R. 1904), to provide for the use and distribution of funds appropriated in satisfaction of judgment awarded to members of the Mississippi Band of Chippewa Indians who are members of the Minnesota Chippewa Tribe in Docket Numbered 18-S before the Indian Claims Commission, and for other purposes.

There being no objection, the Clerk read the bill as follows:

H.R. 1904

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Mississippi Bank of Chippewa Indians in Minnesota Distribution of Judgment Funds Act".

SEC. 2. ABROGATION OF ANY PRIOR PLAN TO THE EXTENT SUCH PLAN RELATED TO MEMBERS OF THE MISSISSIPPI BAND OF CHIPPEWA INDIANS WHO ARE MEMBERS OF THE MINNESOTA CHIPPEWA TRIBE.

(a) PLAN FOR DISTRIBUTION FOR MEMBERS OF BAND WHO ARE ENROLLED IN THE MINNESOTA CHIPPEWA TRIBE.—Notwithstanding the Act entitled "An Act to provide for the use and distribution of funds appropriated in satisfaction of certain judgments of the Indian Claims Commission and the United States Court of Claims, and for other purposes," and approved October 19, 1973 (25 U.S.C. 1401 et seq.) or any plan prepared or regulation promulgated by the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") pursuant to such Act, the judgment funds described in subsection (b) shall be used and distributed in the manner provided in this Act.

(b) JUDGMENT FUNDS DEFINED.—The judgment funds referred to in subsection (a) are—

(1) the funds consisting of one-third of the amount appropriated in satisfaction of judgment awarded the Lake Superior and Mississippi Bands of Chippewa Indians in Docket Numbered 18-S before the Indian Claims Commission (other than funds appropriated for the payment of attorney fees or litigation expenses) which are held in trust by the Secretary for the use and benefit of such Bands of Chippewa Indians, and

(2) the amount of any interest or investment income accrued or accruing (on or before any distribution by the Secretary under this Act) on such funds.

SEC. 3. DIVISION AND DISTRIBUTION OF FUNDS AMONG RESERVATION COMMUNITY GROUPS.

(a) DIVISION AMONG RESERVATION COMMUNITY GROUPS IN MINNESOTA.—The Secretary shall divide the funds described in section 2(b) among the community groups of the Mississippi Band of Chippewa Indians affiliated with the reservations in the State of Minnesota which appear in the following list by multiplying such amount by the fraction appearing in the list in connection with each such group:

(1) Mille Lacs Reservation, 569/7,624;

(2) White Earth Reservation, 6,431/7,624; and

(3) Leech Lake Reservation, 624/7,624.

(b) DISTRIBUTION OF FUNDS.—

(1) 20 PERCENT DISTRIBUTED TO EACH COMMUNITY GROUP FOR USE AT THE GROUP LEVEL.—Of the amount determined under subsection (a) for each reservation community group described in such subsection, 20 percent of such amount shall be made available to the appropriate governing body of such group for expenditure for programs approved by the Secretary.

(2) 80 PERCENT DISTRIBUTED PER CAPITA.—Of the amount determined under subsection (a) for each reservation community group described in such subsection, 80 percent of such amount shall be distributed in amounts as equal as possible to enrolled members of the Minnesota Chippewa Tribe who—

(A) are designated as members of the Mississippi Band of Chippewa Indians and are affiliated with such group, and

(B) were born on or before the date of the enactment of this Act and are living on such date.

(3) PROCEDURES FOR PER CAPITA DISTRIBUTION.—The amount determined under paragraph (2) for each individual described in such paragraph shall be paid or distributed as follows:

(A) LIVING COMPETENT ADULTS.—If the individual is a living competent adult, the amount so determined shall be paid directly to such individual.

(B) LIVING MINOR CHILDREN AND LEGALLY INCOMPETENT ADULTS.—If the individual is a living minor child or legally incompetent adult, the amount so determined shall be treated in the same manner as any trust property of such individual is treated.

(C) DECEASED INDIVIDUALS.—If the individual is deceased at the time of distribution, the amount so determined shall be treated in the same manner as any trust property of such individual would be treated if such individual died intestate.

(c) TAX TREATMENT OF DISTRIBUTIONS.—No amount of any payment or distribution under this section shall be included in gross income of the payee or distributee for purposes of any Federal or State income tax. Payments or distributions may not be considered as income or resources or otherwise used as the basis for denying or reducing—

(1) any financial assistance or other benefit to which any individual described in paragraph (2), or the household of any such individual, is otherwise entitled, or for which such individual or household is otherwise eligible, under the Social Security Act, or

(2) any other financial assistance, Federal benefit, or benefit under any program part or all of the funding for which is provided by the Federal Government to which such individual or household is otherwise entitled or for which such individual or household is otherwise eligible.

SEC. 4. MEMBERSHIP ROLLS REQUIRED TO BE BROUGHT UP TO DATE.

Before the end of the -month period beginning on the date of the enactment of this Act, the roll of members of the Mississippi Band of Chippewas who are members of the Minnesota Chippewa Tribe shall be made current under procedures adopted by such Tribe approved by the Secretary.

With the following committee amendment:

Strike all after the enacting clause and insert:

Section. 1. Notwithstand any other provision of law, the funds appropriated for the Indian Claims Commission judgment awards in Docket 18-S for the Chippewas of the Mississippi (less attorney fees and litigation expense and plus all investment income and interest accrued) shall be used and distributed under this Act.

SEC. 2. The Secretary of the Interior shall divide the amount for Docket 18-S with two-thirds of the funds for the Chippewas of Lake Superior and one-third for the Chippewas of the Mississippi. The respective shares of the Mississippi Band in Docket 18-S shall be divided by reservation affiliation as follows:

(1) Mille Lac Reservation, Minnesota 569/7624;

(2) White Earth Reservation, Minnesota 6431/7624; and

(3) Leech Lake Reservation, Minnesota 624/7624.

SEC. 3. The apportioned shares of funds under section 2 of this Act of each reservation or community shall be used as follows:

(1) Eighty percent of each reservation's share shall be held and administered by the Secretary for per capita distribution and the sums (including the investment income accrued) shall be distributed in a sum as nearly equal as possible for each individual born on or prior to and living on the date of enactment of this Act who is enrolled on the respective tribal membership roll brought current to such date of enactment under tribal enrollment procedures.

(2) Twenty percent of each reservation's share shall be held in trust in separate accounts for the tribal organization of the reservation and invested by the Secretary under the Act of June 24, 1938 (52 Stat. 1037; 25 U.S.C. 162a) until needed for use or distribution under the tribe's plan approved by the Secretary.

(3) The per capita distributions under this section from funds apportioned to reservations or communities of the Minnesota Chippewa Tribe shall only be made to those individuals enrolled with the historical band designation for which the award was made. Plans submitted by two or more of the reservation business committees of the Minnesota Chippewa Tribe may include joint investment and use programs.

SEC. 4. (a) MISCELLANEOUS.—The per capita shares under this Act of competent adults shall be paid directly to them. The per capita shares under this Act of deceased individual beneficiaries, legal incompetents, and minors shall be determined and distributed under regulations prescribed by the Secretary which are generally applicable to funds distributed under the Act of October 19, 1973 (87 Stat. 466), as amended (25 U.S.C. 1401 et seq.).

(b) None of the funds distributed per capita or held in trust shall be subject to Federal or State income taxes or be considered as income or resources in determining the extent of eligibility for assistance under the Social Security Act or other Federal assistance programs.

(c) Amounts remaining after per capita payments under this Act shall revert to the governing body of the respective tribal group for program purposes approved by the Secretary.

(d) No person shall be entitled to receive under this Act more than one per capita share from the same Docket award.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to provide for the use and distribution of funds appropriated in satisfaction of judgments awarded to the Chippewas of the Mississippi in Docket Numbered 18-S before the Indian Claims Commission and for other purposes."

A motion to reconsider was laid on the table.

TRANSFER TO COLVILLE BUSINESS COUNCIL OF AMOUNTS AWARDED THE CONFEDERATED TRIBES OF THE COLVILLE RESERVATION

The Clerk called the bill (H.R. 2174), to provide for the transfer to the Colville Business Council of any undistributed portion of amounts appropriated in satisfaction of certain judgments awarded the Confederated Tribes of the Colville Reservation before the Indian Claims Commission.

There being no objection, the Clerk read the bill as follows:

H.R. 2174

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TRANSFER OF CERTAIN UNDISTRIBUTED JUDGMENT FUNDS TO THE COLVILLE BUSINESS COUNCIL.

(a) TRANSFER OF UNDISTRIBUTED AMOUNTS TO GOVERNING BODY OF THE TRIBE.—Notwithstanding the Act entitled "An Act to provide for the use and distribution of funds appropriated in satisfaction of certain judgments of the Indian Claims Commission and the United States Court of Claims, and for other pruposes," and approved October 19, 1973 (25 U.S.C. 1401 et seq.) or any plan prepared or regulation promulgated by the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") pursuant to such Act, any portion of the funds appropriated in satisfaction of judgments awarded the Confederated Tribes of the Colville Reservation (hereinafter in this section referred to as the "Tribe") in Dockets Numbered 161, 222, and 224 before the Indian Claims Commission which, on the date of the enactment of this Act, is held in trust by the Secretary for the benefit of the Tribe shall be transferred by the Secretary to the Colville Business Council.

(b) TRANSFER OF INTEREST, ETC., ACCURED ON FUNDS.—Any amount held by the Secretary on the date of the transfer required under subsection (a) which is attributable to interest or investment income accured or accuring on the funds described in such subsection on or before such date shall be transferred by the Secretary to the Colville Business Council.

(c) USE OF TRANSFERRED FUNDS AUTHORIZED FOR TRIBAL PURPOSES.—Amounts transferred under subsection (a) shall be used for purposes which—

(1) the Colville Business Council determines benefit the Tribe, and

(2) the Secretary of the Interior approves.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The **SPEAKER** pro tempore. This concludes the call of the eligible bills on the Consent Calendar.

GENERAL LEAVE

Mr. GORDON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bills just passed.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

A LESSON FOR US ALL

(Mr. ROWLAND of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROWLAND of Georgia. Mr. Speaker, last Wednesday the entertainment industry lost one of its finest stars when Rock Hudson finally lost his battle to AIDS. I speak briefly here today about a lesson that we all can learn from Mr. Hudson's stuggle these last months. During this time, he was able to accept the nature of his disease and its inevitable outcome.

Rather than clinging to false hope and enduring unnecessary hospital procedures, he spent his last days in peace in his own home with the support of his friends. We should all learn that modern medicine and the high technology available in hospitals cannot cure every disease. In the case of terminal diseases, the best place for the care of the dying patient may be in the bosom of his family at home. Rather than being subjected to institutional care, these patients need to feel the love and affection of friends and family in familiar surroundings, as they pass through this final phase of life. I believe that humans do not fear death, but rather fear the process of dying, which is an unknown experience.

Rock Hudson's ability to deal with his death should be one lesson we learn from his life.

IN SUPPORT OF BALANCED BUDGET LEGISLATION

(Mr. SAXTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAXTON. Mr. Speaker, I rise to express my strong support of the Balanced Budget and Emergency Deficit Control Act of 1985, being introduced today by the gentleman from Florida.

I am pleased to be a cosponsor of this important legislation.

I have long maintained that the responsible way to reduce our Federal deficits was to estabish deficit reduction targets over a 5-year period, leading to a balanced budget.

In fact, earlier this year, I introduced a balanced budget amendment with similar phase-in provisions.

My bill, House Joint Resolution 267, waives balanced budget requirements in times of war or national emergency. But it also allows for re-implementation of the phase-in, should we emerge from such a situation with another deficit.

But for the moment, I would rather focus in on the similarities between House Joint Resolution 267, and the bill being introduced today. Both contain important phase-in provisions.

We all know that the budget can't be balanced in 1 or 2 years. That would require either the gutting of even the most worthy programs, or a major tax increase—or both.

But we can set a course to follow which, over 5 years, will lead us to a balanced budget. The emergency deficit control act sets that course.

It is bipartisan legislation which deserves the attention and support of everyone in this body.

BALANCING THE BUDGET

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, a proposal to balance the budget by 1991 has been subject to much debate in the other body over the weekend. The proposal is expected to be added as an amendment to the debt ceiling bill.

The plan would require the President and the Congress to keep their budgets within fixed amounts aimed at eliminating the deficit by 1991. If the joint effort fails, the President would be required to make across-the-board cuts to bring spending within fixed limits.

Authority for the President to make cuts in annual adjustments from benefit entitlement programs would exclude Social Security benefits, but no others.

If any balanced budget plan is to succeed, Mr. Speaker, no program can be exempt from cuts that may have to be made. All benefit programs must be treated equally. I'm not opposed to making an exception for Social Security beneficiaries, but if we do, we will have to make an exception for veterans as well.

Are we going to exclude any entitlement program and cut benefits for veterans who receive compensation for loss of limbs in World War II or who are paralyzed from the neck down because of gunshot wounds from service in Vietnam? I think not. I urge the leadership of the House to make certain that the proposal developed in this body does not attempt to balance the budget on the backs of our service-connected veterans. Veterans are willing to assume their share of the burden as long as it is placed equally upon all Federal programs and beneficiaries.

As one who has long advocated a balanced budget, I will support the House leadership's effort to help bring about a balanced budget, but my colleagues should know that the Senate proposal would treat veterans unfairly.

According to the Congressional Budget Office, if the proposal in the

Senate were implemented in fiscal year 1986, all 2.2 million veterans and all 300,000 of their survivors would lose at least 3 percent of their compensation and DIC benefits. By 1991, they would lose more than 20 percent of their benefits.

The Senate proposal would affect pension payments to needy, elderly, and disabled veterans and their survivors. All 676,000 veterans drawing compensation and all 71,000 of their survivors would be adversely affected.

Finally, Mr. Speaker, the veterans medical care program and its medical research program would suffer a severe cut—$320 million in medical care would be lost in the first year. Most of this cut would come from a reduction of medical personnel staff in VA hospitals and nursing homes. Again, accordingly to the Congressional Budget Office, a cut of this magnitude could mean a loss of 11,000 personnel in the first year in which the proposal is implemented. This would be 23 percent of all doctors, nurses, psychologists, and dentists now employed in the VA medical program.

Mr. Speaker, authors of the amendment in the other body should not put the Congress in the position of giving any group of individuals a higher priority than America's veterans. The Vietnam war ended a little more than 10 years ago. How quickly some people forget.

SAME OLD FARM BILL—NEW GIFT WRAPPING

(Mr. DAUB asked and was given permission to address the House for 1 minute and to extend his remarks.)

Mr. DAUB. Mr. Speaker today we are scheduled to cast a vote on final passage of the farm bill. The last time we did that was my first year in the House of Representatives. Unfortunately, the 1985 bill looks like a rerun of the 1981 bill.

What we have is the same old bill in new gift wrapping.

The 1981 bill with its rigid loan rate structure made mounting surpluses almost a certainty. It told our competitors in advance how much to plant and how much of our markets they can take. As a result, exports have fallen and the American farmer is swimming in a sea of grain.

Argentina, Paraguay, and Uruguay have 215 million acres of very fertile soil which are as yet unplowed. This is nearly half of all cropland in the United States. The bill we have before us is a signal to those countries to start up their plows.

We can't take much more of this kind of policy. An amendment I supported would have moved exports with competitive prices and targeted benefits to medium family farmers. Unfortunately it was rejected.

Failing a sensible farm bill, perhaps the most important vote for the farmer will be on the emergency deficit control of 1985 which I am introducing today with 97 of my colleagues. It mandates a balanced budget in 5 years. Substantially reduced spending will mean declining interest rates and a more realistic dollar value. The sooner we get spending under control, the sooner the farmer will see his commodities become more competitive overseas, his cost of production drop and the farm economy improve.

□ 1215

TINKER BELL TO THE RESCUE

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, over the weekend the chairman of the House Armed Services Committee released a study showing that despite $1 trillion in defense spending in the past few years there has been little gain in military capability. In some areas, we have even declined.

At the same time, there is a proposal afoot to mandate a balanced budget via the debt ceiling resolution. The mandate would exclude, among other things, 40 percent of the defense budget. Some mandate.

We spend $1 trillion on defense and have nothing to show for it. Then we are told we will balance the budget by exempting defense. I don't know whether this is "Peter Pan" or "Alice in Wonderland." I do know it's not the real world.

Yesterday the Denver Post described this balanced budget mandate as "the phoniest of this year's attempts to distract from the truth."

Amen.

GENERAL LEAVE

Mr. GRAY of Illinois. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2698, the first bill on the Consent Calendar which was just passed.

The SPEAKER pro tempore (Mr. MONTGOMERY). Is there objection to the request of the gentleman from Illinois?

There was no objection.

CANADA TRADE TALKS

(Mr. REGULA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REGULA. Mr. Speaker, recently, Canadian Prime Minister Brian Mulroney announced his Government's decision to enter bilateral trade negotiations with the United States seeking "the broadest possible package on mutually beneficial reductions in tariff and nontariff barriers between the two countries."

I salute this action as an exemplary example of the ability of countries to work together to solve the trading problems of North America. The United States-Canada trading relationship is the largest in the world. Last year, the two-way trade totaled more than $120 billion, with Canada enjoying a surplus of roughly $16 billion on a balance-of-payments basis. Canada accounts for more than 21 percent of all United States exports, while we take some three-quarters of Canadian exports.

I recently traveled to Toronto with the Steel Caucus to discuss United States-Canadian trade imbalances and various inequities in our trading relationship. Among other points brought out at these meetings was the disparity in the tariff levels for United States and Canadian steel exports to the neighbor country.

It was also made clear in our meetings that Canada and the United States share additional problems in the trading arena. Solutions to these problems should be a joint effort between our countries. As Prime Minister Mulroney stated, "We need a better, a fairer and a more predictable trade relationship" between our countries. I applaud his decision to voluntarily enter these trade talks and ask my colleagues and the administration to support Canada's action in a spirit of partnership and cooperation.

A TRIBUTE TO COACH EDDIE ROBINSON

(Mr. DYMALLY asked and was given permission to address the House for 1 one minute and to revise and extend his remarks.

Mr. DYMALLY. Mr. Speaker, with less fanfare than was deserved, a sports milestone was passed Saturday at the Cotton Bowl when Coach Eddie Robinson's Grambling State University beat Prairie View A&M University 27 to 7. Pro football greats Willie Davis and Willie Brown members of the Hall of Fame, were on the sidelines to see it happen. So was Tank Younger, the first pro football player from a black school. Coach Robinson once coached them as he has coached more than 200 players who have gone on to pro football. Saturday night was the 324th time Eddie Robinson had coached Grambling State to victory. That makes Eddie Robinson the winningest coach in the history of football.

The win came too late at night for Eddie to receive an immediate congratulatory call from the President. That came Sunday. But Eddie probably was just as happy. He had a 4-hour bus ride back to Grambling State ahead of him that evening, and he had to start planning for the upcoming game against Tennessee State.

Coach Robinson is a humble man. And characteristically he apologized to his team for becoming the center of attention. Of his Bear Bryant-surpassing 324th win he said, "That's not the record. Forty-four years at the same school, one job and one wife, that's the record." Coach Robinson, you are a record breaker in anyone's book. My friend Representative HAYES and I know that all our colleagues in the Congress join us in congratulating you on your spectacular accomplishment. May the next 44 years be as winning as the last 44.

EMERGENCY DEFICIT CONTROL ACT OF 1985

(Mr. CHANDLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHANDLER. Mr. Speaker, there isn't a man or woman in this body who isn't committed to reducing the deficit, yet year after year out failure to come to terms with this problem adds to the unconscionable debt we are leaving to future generations.

Clearly, something must be done.

Clearly, business-as-usual isn't going to solve the problem.

That's why I've joined with a number of our colleagues in supporting a measure that would create a framework that will get the job done. Unlike many budget balancing proposals, this one has teeth in it.

The Emergency Deficit Control Act of 1985 would trigger mandatory across-the-board spending reductions if the President and the Congress fail to bring down spending.

It's simple; it's honest and it will do the job.

Mr. Speaker, we owe it to our constituents, and more importantly to our children and grandchildren, to enact the Emergency Deficit Control Act and to get our Nation's financial affairs in order.

FOOD IRRADIATION

(Mr. PRICE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PRICE. Mr. Speaker, to help eliminate world hunger, and for a variety of other benefits nationally and internationally, I have been proud on past occasions to cosponsor with several of my colleagues proposed legislation supporting the development of beneficial commercial application of food irradiation to extend the shelf life of foods. This process will avoid any need to use potentially harmful fumigants, will destroy damaging insects, and kill undesirable organisms such as trichinae in pork which cause the disease trichinosis in humans.

H.R. 696, introduced in January 24 of this year, was the most recent bill I cosponsored on this subject.

Last Thursday, I introduced H.R. 3504, a somewhat revised version of H.R. 696, which contains several minor revisions and two substantive changes to H.R. 696 that I believe contribute to the principal objectives of that bill. One significant change is the elimination of the concept of establishing a new Commission within the Department of Agriculture. The bill I introduced last Thursday, H.R. 3504, does not disturb the authorities and functions now in the various Federal agencies that presently have responsibilities in this field; instead, the bill would expressly assign a coordinate role of the Subcommittee on Interagency Radiation Research and Policy Coordination of the Federal Coordinating Council for Science, Engineering, and Technology—an entity already in existence pursuant to applicable law.

The second significant change would leave undisturbed the balancing of criteria for fixing charges for byproduct material, which has been in effect since the 1954 Atomic Energy Act. Section 81 of that act provides in effect that for byproduct material distributed by DOE for a charge, the prices shall be established on such equitable basis as, in DOE's opinion: First, will provide reasonable compensation for such material; Second, will not discourage the use of such material or the development of sources of supply of such material independent of DOE; and third, will encourage research and development.

As in the cae of H.R. 696, this legislative measure is long overdue. Over the past 40 years, food irradiation has been studied more carefully than any other food preservation method. Many other countries are already using the irradiation technique, by research in this country. We need to move forward with the precedent measures espoused in this bill.

THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

(Mr. BOULTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOULTER. Mr. Speaker, last Tuesday the United States passed another milestone, and it was a milestone we would all rather have avoided. Last Tuesday, at 12:01 a.m. fiscal year 1986 began with an inexcusable $2 trillion plus national debt.

Mr. Speaker, we have heard on this floor speech after speech after speech on the need to reduce the deficit, and balance the books. I think we all agree. No one, to my knowledge, supports an unbalanced budget.

But what, after all this jabber, has actually been done? Very very little. Until now. Now, we finally have the opportunity, spelled out in detail, to adopt a simple piece of legislation that will provide our Nation with what it wants, and desperately needs—a balanced budget by 1991. The Balanced Budget and Emergency Deficit Control Act of 1985 will do that.

There is no excuse, that I can see, for any Member of this body not to support this legislation. It is clear, to the point, and result-oriented. Beyond the rhetoric, beyond the lipservice, and beyond the political mudslinging involved in the budget debate—this legislation is real. It will provide long-term stability to financial markets, help reduce our swollen trade deficit, and allow the American people and our children the economic opportunities they deserve. I urge my colleagues to support this landmark legislation and am proud to be an original cosponsor.

SENATE BUDGET PLAN FLAWED

(Mr. APPLEGATE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. APPLEGATE. Mr. Speaker, according to Sunday's CONGRESSIONAL RECORD, the other body is considering a proposal to balance the Federal budget by 1991 by adding an amendment to the debt ceiling bill. The CONGRESSIONAL RECORD reports the amendment being offered would cut veterans' compensation and pension by more than 20 percent by 1991 as well as 23 percent of all doctors, nurses, and dentists now in the VA medical care system.

As chairman of the Subcommittee on Compensation, Pension and Insurance of the Veterans, Affairs, Committee, I feel obligated to let my colleagues know about this.

Social Security would get COLA's and disabled veterans would not. Don't the men who fought our wars deserve the same consideration as citizens who earned Social Security? I want you to know that if this happens, every dollar of Social Security increase a veteran or widow pensioner gets will be taken out of his VA pension.

Remember before 1979 how we each got thousands of letters complaining that what the Government gives with one hand in Social Security, it takes away with the other hand from VA pension? We changed the law so that Social Security COLA's would not cost a disabled veteran. Now the other body may propose going back to cutting veterans checks when they get a Social Security increase.

In the interest of fairness, we must deal with our citizens on an even-handed basis. What's fair for social security is fair for veterans. Give one a COLA, give the other a COLA. Deny one a COLA, deny the other, also.

I make these comments so that you will know and understand what would happen to veterans if their payments are capped but give full COLA's to Social Security. We will have some hard choices in dealing with the budget. I just hope when we make those choices, we do so knowing what the results will be. I am not willing to balance the budget on the backs of our disabled veterans.

LET US HEED THE WORDS OF CICERO, THE PROPHET

(Mr. COBLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COBLE. Mr. Speaker, I rise today in support of the Balanced Budget and Emergency Deficit Control Act of 1985. Cicero reprotedly addressed the Roman Senate just before the fall of Rome with these words of admonition:

> The budget should be balanced, the treasury should be replenished, the public debt should be reduced, the arrogance of the governors should be tempered and controlled, foreign aid should be restrained lest the threat of falling into bankruptcy, the populace should be obliged to work and not depend on the government for its sustenance.

These words were prophetic, and they are equally prophetic nearly 2,000 years after they were spoken.

The necessary ingredient that must be identified and exercised, Mr. Speaker, is discipline. This is the ship that can take us past the reefs and the shoals of reckless and fiscal irresponsibility.

Are we disciplined enough to climb aboard?

I thank the Speaker.

LET US CONSTRAIN OURSELVES, NOT BLAME OTHERS

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, $2 trillion is a trivial sum. I am sure that the Congress of the United States, if it really tried, could raise that national debt to $3 trillion by the next Congress, and all it has to do is continue down the path it has already hewn for itself and to continue on the spending programs and expansionist spending programs we have seen for the last decade. But it does no good for anyone to stand in this well and to blame the administration or anybody else for the events that have transpired. It is the Congress itself that is to blame for where we find ourselves today, and we must put constraints on ourselves and not put the blame on the White House or any other administration, past or future, for the situation.

So we are going to enter into a routine matter today of raising that national debt, and I am going to support it. We must support it.

But when we do so, we owe it to ourselves and to the American public to at least attach to it some semblance of a mechanism that will bring us back to reality and to respond to the American people's desire to curb spending and to reduce that deficit.

Oh, yes, we are going to raise the debt today, but let us raise the hopes of the American people that we are going to do something about it in the near future.

I thank the Speaker.

WE SHOULD COMBAT THE DEFICIT THROUGH PRUDENT SPENDING REDUCTIONS AND EQUITABLE TAX INCREASE

(Mr. FAZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FAZIO. Mr. Speaker, today the U.S. Treasury bumps up against its ability to borrow. The House, having acted in a timely manner, now awaits action by the other body. But a number of their Members are so fixated on the symbolism of raising the debt ceiling that they have been blinded by the real tangible fiscal impact delay will bring. It would be well for the Senators to keep in mind that delay itself has a cost right now to the taxpayers of this country. We all know that Treasury must inevitably go into the credit markets and borrow funds to meet our legal obligations, much of which are contract obligations with the private sector. According to one published report, the Treasury will have to borrow over $50 billion in the last quarter of this calendar year. The same people who wail about the squeeze this $2 trillion debt will have on interest rates are the same people who are leading the delay in the extension of the debt ceiling, jacking up rates even more today as we delay.

□ 1230

Why? Because the more we delay the increase in the debt ceiling, the shorter the period the Treasury will have to borrow these large sums; and that will drive the interest the Federal Government needs to offer in order to market so much debt in so short a period of time higher still.

The higher interest the Government offers will very likely drive up the interest rate in general, so the taxpayers get slammed twice. First, they will have to pay the higher than required interest to the lender sometime in the future through higher taxes. In addition, consumers who need to purchase goods will have to pay more in personal interest payments now.

We need to combat the deficit through prudent spending reductions. We do not need rhetorical sparring. Let us get on with our job of paying the bills we have already incurred.

THE FEDERAL BUDGET

(Mr. SWINDALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SWINDALL. Mr. Speaker, before being sworn into this august body, someone described Washington, DC, to me as being 67 square miles surrounded by reality. After serving 9 months in this body, I have now come to the realization that his description was not intended to be tongue-in-cheek.

The fact that we spent more time debating what should be done in South Africa an issue over which we have little control than we did on our own budget confirms this fact. In reality this body has deliberately chosen to avoid addressing the deficit crisis in this country head on.

My colleagues will have an opportunity this week to demonstrate that this body is serious about doing something other than talk about deficit reduction.

My colleagues, who bring out these charts and are already trying to shoot holes into a proposal that will put teeth into the very budget we recently passed, recognize that it is the appropriations process, rather than the budget process, that can, in fact, reduce the deficits which are threatening to end our present economic recovery.

My point to the American people, Mr. Speaker, is this: It is very apparent that unless we pass the Emergency Deficit Control Act of 1985, thus putting necessary enforcement mechanisms into the appropriations process, it will be obvious that our recently passed concurrent budget resolution is little more than a fraud on the American people. In short, we have the opportunity to live up to our word and stick by the deficit targets for which we ourselves voted 2 months ago.

The American people are fed up with deficit reduction rhetoric that does not match this body's actions. We have an opportunity this week to match our actions with our rhetoric. I hope that this body will demonstrate the type of resolve which the American people demanded in the November 1984 elections.

CONSTITUTIONAL WIMPS

(Mr. BONIOR of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONIOR of Michigan. Mr. Speaker, constitutional wimps are at it again.

First, some abandoned the duties given us by the Founding Fathers over the conduct of foreign policy. Now, some want to pass the buck on the deficit as well.

The President is to be given unprecedented control over the Federal budget. This House, the supreme body of the people, was not elected to cut press releases while leaving it to someone else to cut the budget.

How can we return to the people and say that we did not have the guts to face one of the preeminent tasks of our time. That we did not have the guts to live up to the responsibilities given to us by our Constitution.

THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT

(Mr. COMBEST asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COMBEST. Mr. Speaker, recently, our Nation marked a milestone that is an historic low point in our fiscal and economic history. The fact that years of excess spending has forced the national debt beyond $2 trillion is both outrageous and inexcusable. This huge debt threatens to stop all economic growth and bankrupt our entire economy.

I don't think it is possible to overemphasize the danger by a debt of this magnitude. Today, legislation is being introduced that will force Congress to balance the Federal budget by 1991 and bring to a halt the annual addition of billions of dollars to the national debt.

The Balanced Budget and Emergency Deficit Control Act is a reasonable and realistic approach to finally eliminating our ever-increasing budget deficit. Recent history tells us that bold steps must be taken if we are ever to solve this problem. This bill is exactly such a step.

I am an original cosponsor of this measure and I urge all of my colleagues to join in a bipartisan effort to bring fiscal responsibility to the Federal Government by supporting this bill. The American people deserve a workable, hard-hitting program to bring a halt to these unending deficits and our future generations deserve to live in this country without being overcome by our excesses.

EMERGENCY DEFICIT CONTROL ACT OF 1985

(Mr. MILLER of Washington asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of Washington. Mr. Speaker, I rise as a sponsor of the Emergency Deficit Control Act of 1985.

Last spring and summer, this body huffed and puffed at the Federal deficit, but that is about all we did. We ended up not with major deficit reduction but with budget by press release.

So next year, the average American family of four will pay $34 a week just to pay off the interest on the national debt. And that interest will consume an amount equal to 40 percent of the individual income taxes paid in our Nation.

Now along comes a deficit reduction proposal that offers an answer. It is not perfect. But it imposes some discipline on this body. It gets us from here to there. It brings the budget into balance over the next 5 years.

Let us do something constructive about the deficit now so that 10 years from now this land of opportunity is not turned into a land of misery. Let us vote for the Emergency Deficit Control Act of 1985.

COACH EDDIE ROBINSON

(Mr. HAYES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYES. Mr. Speaker, I appreciate the opportunity and privilege to join with my colleague, the gentleman from California [Mr. DYMALLY], in recognizing the achievement reached just last Saturday by Coach Robinson from Grambling University.

Mr. Speaker, in 1941, when Eddie Robinson began coaching football, no one had any idea that he would one day become the winningest college football coach of all time. All Eddie Robinson knew was that he had fulfilled a lifelong dream by becoming a football coach. He was the first and only coach that Grambling University, then known as Lousiana Negro Normal College and Industrial Institute, has ever had.

Well it seems as if Grambling University knew what kind of a coach Eddie Robinson would be. Because 45 years, 324 victories, 13 Southwest Atheltic Conference championships, and over 200 professional football players later, Eddie Robinson and Grambling both have much to be proud of. Not only has he coached such notable NFL stars as Willie Davis, Willie Brown, and Charlie Joiner, but 95 percent of his players have eventually received their college degrees.

Eddie Robinson has said that records were never his goal, that he just wanted to make a contribution the way that other famous coaches like Stagg and Warner and Bryant did. Well, Eddie Robinson has more than made a contribution. He has won more football games than any other college football coach in history, and along the way he has set a standard of excellence that no one could have predicted, but that will be cherished forever.

THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

(Mr. GOODLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOODLING. Mr. Speaker, today I join my colleagues in being an original cosponsor of a bill which will, hopefully, help put both Houses of Congress in order. This year I have become a member of the Budget Committee and had my vision unfavorably expanded. We are all guilty of abusing our power and overspending the taxpayers hard earned money. This bill which legally binds us to a debt ceiling and culminates in a balanced budget by the year 1991, will allow us to redeem ourselves before our constituency. We are too easy on ourselves, we pass measures and pat ourselves on the back, we meet with lobbyists and promise them everything they want, we preside over hearings and committee meetings and proclaim our jurisdictional programs deserving of more and more increases and we write our constituents letters of contempt for the burgeoning Federal deficit. We are hypocritical, Mr. Speaker, and this measure is giving us a second chance.

The Budget Committee members are busy now looking over the reconciliation packages sent by the various committees. It is a game. When a program is over the budget instructions, it is simply put off budget and not counted. This facade allows us to pass a deficit reduction package. If I sound angry and disgusted, it is because I am. I am frustrated at the constant rhetoric that is given in this hallowed Chamber and the real truth that is demonstrated by the votes on spending measures.

Today, I am given hope that this will no longer be the case. Today, I sense that we can act in the capacity we are honored to be put in by the American voters. We can be responsible, loyal, and dedicated to these people and manage the country out of bankruptcy. We must pass the Balanced Budget and Emergency Deficit Control Act of 1985.

THE DAMAGING COST TO NEW YORK STATE OF THE ELIMINATION OF DEDUCTING STATE AND LOCAL TAXES IN THE PRESIDENT'S TAX PROPOSAL

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, speaking on behalf of the entire New York delegation, I want to express my profound regrets that the President's tax proposal that has been offered eliminates the opportunity for residents of New York State or other States where State and local taxes are high to deduct them from their income tax returns as they have done over the years.

The general impression that has been made by the administration is that their tax reform really means lower taxes, that everybody is going to get a lower bracket. The impression is that you are going to go down to 35 percent or 25 percent or 15 percent instead of that 50-percent bracket that so many of us run up against.

But the fact of the matter is that, as long as this kind of provision is retained by legislation, it means that a lot of Americans are going to find that their taxes under this so-called tax reform program are going to be much higher than was the case before tax reform raised its head.

Let me point out to my colleagues the fact that in New York State the leaders on both sides of the political aisle are strongly opposed to the elimination of the deduction of State and local taxes. In fact, the very able Republican State comptroller of New York State, Hon. Ned Regan, not only has joined the opposition to the deletion of the traditional deduction for State and local taxes. He has done even more. He has calculated that in New York State the first year of the Reagan tax cut would cost New York taxpayers an additional $2.4 billion.

And even in succeeding years, New York would gain only a 1-percent tax cut, while the rest of the country would be getting a 7-percent cut. This is a devastating blow to New York State.

THE FEDERAL DEFICIT

(Mr. ROGERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS. Mr. Speaker, the reason I became an original cosponsor of the Emergency Deficit Control Act mainly is because of the disastrous effects that the borrowed money and our Federal deficit is causing to our industry in this Nation. We are losing our jobs and our plants and our crafts offshore. If you have any doubts about the disastrous effects of bringing in that gold and silver from offshore, look at Spain in the 15th and 16th centuries. Before Spain put $2 on the dark horse named Christopher Columbus in 1492, Spain was the backwater of the old Roman Empire. But with the gold and silver from this New World flooding into Spain, her dollar became highly inflated, her currency was completely out of kilter. Spain lost her industry, lost her crafts. She became a hull of a nation. And when the gold and silver from offshore played out, Spain crashed, not to be heard of again.

Those who do not read history are doomed to repeat history is the preaching we have heard. America must control this offshore borrowing caused by a big Federal deficit. If we do not, we very well may be the Spain of the 20th century.

□ 1245

MEMBERS URGED TO SUPPORT SHORT-TERM DEBT EXTENSION

(Mr. SLATTERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SLATTERY. Mr. Speaker, since entering the House, I have sponsored proposals to balance the budget by 1990. Today, the Gram amendment is pending before the other body. It represents a historic opportunity to move toward a balanced budget. It represents a historic change in our Nation's fiscal policies, and it represents a historic redefinition of the congressional and executive powers.

Mr. Speaker, it is clear, however, that no one, not even the major sponsors of this proposal have fully explained it to the American public and to the Members of Congress on either side of the political aisle. Serious questions remain. Fundamental choices lie before us on fairness, on priorities, and on our procedures. We need a commitment by the President and Congress; by Democrats and Republicans to reduce these deficits. There is enough blame to go around, and there is enough work for all of us to do if we are serious about getting the job done.

As someone who has fought for a balanced budget since I have been here for the last 3 years, I urge my colleagues to support a short-term debt extension so that we can work together to come up with the responsible legislation that we need to address this problem and require a balanced budget, statutorily, by 1990 or 1991.

SUPPORT URGED FOR BALANCED BUDGET AND DEFICIT CONTROL ACT

(Mr. BARTON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTON of Texas. Mr. Speaker, the other body is currently considering the Balanced Budget and Emergency Deficit Control Act of 1985. I rise in the strongest possible support for this vital legislation.

This year, our national deficit will exceed the staggering sum of over $2 trillion. It took over 200 years for our Nation to reach its first trillion dollar deficit, and it has taken less than 7 years to get the second trillion. So far, we have been able to avoid the terrible effects of this huge debt because of our strong economy. But we cannot delude ourselves that we can continue to spend without any limits.

The recently concluded budget resolution efforts convinced me that the time has come for strong action. Despite the sincere efforts of many Members of Congress from both sides of the aisle, we have not been able to get our budget deficit under control. This last budget resolution that was passed in the House of Representatives contains a deficit reduction of theoretically $55 billion. In reality, it is going to be more in the range of $10 to $15 billion, and there is every probability that our deficit for the fiscal year that we are now in will be $200 billion.

The Balanced Budget and Emergency Deficit Control Act is an excellent means of forcing the Congress to make the necessary spending cuts. There is no doubt that this is strong action, but strong action is needed. Please support me and the 100 other Members who have already cosponsored this vital legislation.

LET US NOT REPLACE STAGNATION WITH STAMPEDE

(Mr. LEVIN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, in the last several weeks there has been a remarkable reversal of direction by the Reagan administration. First there was South Africa; the administration abandoned its claim that the only answer was "constructive engagement."

Next, the administration ended its do-nothing position on the huge trade deficit. Then the administration ended its long hybernation on the overvalued dollar. Now, the administration has abandoned its claim that America will grow out of record deficits. It is urging that we throw away the credit card that bears its own signature.

I welcome this latest administration reversal. The deficit indeed has represented and continues to represent an overriding threat to our economic stability and growth. It is so overriding that the remedy must be real and appropriate. It also must be swift. But we owe it to this country not to replace stagnation on the deficit with stampede.

THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.

Mr. ARMEY. Mr. Speaker, the Balanced Budget and Emergency Deficit Control Act is being debated on the floor of the other body even as I speak, and I can only pray that we have an opportunity to debate and pass this most important legislation. Although I'm new to this body, I'm not unfamiliar with the excesses which have led us to a doubling of our national debt in 5 short years. As the Congress considers raising our national debt limit to $2 trillion, it is most appropriate that we attach iron-clad deficit reduction language.

The Emergency Deficit Control Act is a straightforward approach to reducing spending. By establishing maximum levels for deficits for the next 5 years, and by empowering the President to enforce such levels, we can stop talking about cutting spending and start actually doing it.

I wish drastic actions like this weren't necessary; that Congress could exercise the fiscal responsibility the people demand. But the sad fact is, despite all the rhetoric, Congress is unable to run our Government in a fiscally responsible manner.

I can think of no better example of empty promises and smoke and mirror savings than those which were enacted with passage of the compromise budget for fiscal year 1986. The public was told this great compromise would save $56 billion next year. What wasn't mentioned was that our budget deficit would still be close to $200 billion. The truth is that the majority of these savings have already evaporated.

I voted against this budget compromise because I didn't believe it went far enough toward reducing the practice of deficit spending. As deep in debt as we are, this Congress was able only to agree on measures which barely, barely make a dent in our annual budget deficits and do nothing to curb our appetite for big spending.

Let's not deceive ourselves. Even if we pass the Emergency Deficit Control Act we will still be faced with tough choices and difficult tradeoffs. But we don't enter into the process of responsible government blindly. There is a blueprint from which we can operate. It's called the Constitution, and I believe it clearly defines what role the Federal Government should play in our lives and, subsequently, just how deeply the Federal Government should be digging into our pockets.

Even if the act fails, I'll continue to press for fiscal responsibility and to end deficit spending. It won't be an easy task, but I think it is one which the people demand and which I, as a Member of Congress, have a responsibility to deliver.

GRAMM-LATERAL

(Mr. FRANK asked and was given permission to address the House for 1 minute.)

Mr. FRANK. Mr. Speaker, we are having a chance to watch the great scam. Set to music, I think it would be a big sellout. What is happening is this: Members of Congress who voted to triple the budget for star wars; Members of Congress who are voting this week and who will vote in the other body soon to continue to spend billions in agricultural subsidies; Members of Congress who gave you the National Endowment for Democracy, the charter travel service around the world for Members of Congress and their friends, are now pretending to be concerned about a balanced budget.

What we have brought forward is procedurally quite striking. A fundamental change in the American system of power being brought forward in a coercive way as an amendment to the debt limit bill in a way that does not allow anyone to look seriously at what is in it. The next time Members who are supporting this raise procedural objections to things going too fast in the House, I hope they will remember that.

But the fundamental point is that it is flawed substantively. It would cut equally medical care for desperately needed elderly ill people and the National Endowment for Democracy. It would protect part of defense while cutting vital services.

The people who are putting this forward did not put forward serious budget reduction matters. We had in the past what was known as Gramm-Latta in 1981. This is the sequel. This is the "Gramm-Lateral." It is an effort to get rid of the ball. It is an effort to have Congress avoid making the tough choices. People do not want to vote on reducing farm subsidies; they do not want to vote on tough ones, so they are playing this game.

LIVER TRANSPLANT PATIENT FINALLY GAINS ACCESS TO HOSPITAL CARE

(Mr. BILIRAKIS asked and was given permission to address the House for 1 minute and to extend his remarks.)

Mr. BILIRAKIS. Mr. Speaker, recently a young man from my district in desperate need of a liver transplant was refused admittance to one of the two hospitals capable of performing the procedure because he did not have private insurance and could not guarantee payment of the $200,000 bill he would incur.

This particular story fortunately had a happy ending, thanks to the caring attitude of Mrs. Pam Calamas, social worker for Tarpon Springs Hospital, and because, with the able assistance of Congressmen MARKEY and WAXMAN, I was able to get the hospital to relent and admit Gary for treatment.

While this represents a case of access to the most sophisticated technology, we are all aware of cases where even routine emergency care has been denied because of the patient's inability to pay.

I believe we should at least ensure that emergency medical services are available to all. For this reason, I have introduced House Concurrent Resolution 178, which states that hospitals should "provide an open door to patients regardless of ability to pay." There is no worthier piece of legislation to lend your name to than one which could help save lives, and I hope all my colleagues will join this effort by cosponsoring House Concurrent Resolution 178.

THE WILL THAT HAS BEEN BROKEN

(Mr. COELHO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COELHO. Mr. Speaker, I find it intriguing that my colleagues from the other side of the aisle are, one-by-one, getting up and talking about the wall that has been broken. We have, basically, for years been trying to convince the other side that Reagonomics does not work; is not working; and one-by-one today they are acknowledging that and we appreciate it.

They talk about the fact that it is important that the Congress be disciplined. As I understand the Gramm-Rudman proposal, that we have endorsed, would also tell the President that he must be disciplined. I find it intriguing that my colleagues continually avoid that part of the discussion. We want a balanced budget; we want the deficits reduced. I find it intriguing that all my colleagues are now saying that Reagonomics has failed.

I should tell them, an interesting thing happened in Hawaii on Saturday. A lot of people were focusing their attention, including the President of the United States, on the fact that three Democrats had switched and became Republicans.

□ 1255

And then there was a recall measure. Sixty-two percent of the people of the city of Honolulu voted, and those 62 percent decided to kick out those three Republicans who decided to switch parties. Now we are going to have a special election, and we will elect some Democrats and do what is right.

A STEP TOWARD A PERMANENT SOLUTION OF THE DEFICIT PROBLEM

(Mr. STRANG asked and was given permission to address the House for 1 minute.)

Mr. STRANG. Mr. Speaker, this body will have the privilege of telling our Nation that our commitment to balancing our budget is more than empty rhetoric. While a law passed in these Chambers must be recognized for its vulnerability to revocation by future impassioned and politically opportunistic Members, nevertheless we must all tell the American people that we are deadly serious about settling the Nation's accounts.

Mr. Speaker, upon passage of the Emergency Deficit Control Act of 1985, of which I am an original cosponsor, we will have started the first effective step toward the permanent solution to deficits and debts. That, Mr. Speaker, will be balanced-budget amendment to the U.S. Constitution.

COACH EDDIE ROBINSON OF GRAMBLING UNIVERSITY—A TEACHER OF MEN

(Mr. BREAUX asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BREAUX. Mr. Speaker, I would like to join with thousands of others who have congratulated Coach Eddie Robinson of Grambling University, for Coach Robinson's achieving coaching immortality by recording his 324th football victory this past weekend, making him the winningest college football coach in all of America's history.

Coach Robinson is more than just a football coach, however; he is really a teacher of men. In typical Coach Robinson fashion, he said, that he was not going to quit coaching, that he had many victories left in him, and, that he wanted to spread the credit around, saying that the whole thing belongs to Grambling, that whatever the record is, it belongs to Grambling University.

We may talk about the win, lost record, but that is really not the story. The record is 44 years at one school, one job, and one wife. Coach Robinson is, like I said, not just a football coach but a teacher of men. He also said to his players:

> Anybody here in this room can do anything in the world he wants to do if he is willing to prepare himself. This is what we want you to do, to be better men for having played the game. I just want to tell you that you are living in the best country in the world.

Mr. Speaker, I would only add that those young men have the privilege of being coached by one of the very best men in America.

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

(Mr. MONSON asked and was given permission to address the House for 1 minute.)

Mr. MONSON. Mr. Speaker, the United States today is facing a crisis so urgent and so severe that it threatens to tear the very fabric of our economic and political life. Since taking office in January my number one priority has been to balance the budget and reduce the national debt—this is of paramount importance. With each vote I've taken, I've kept in mind our severe defict problem and my responsibility as a Member of Congress to cut unnecessary Federal spending. I believe that if I can do one thing for the future of this country, it would be to see the national debt reduced, to place the deficit on a declining path toward balance.

As an original cosponsor of the Balanced Budget and Emergency Deficit Control Act of 1985, I urge each of my colleagues to support its passage. It is a results oriented bill, it will balance the budget by 1991. This bill reaffirms Congress' commitment to all Americans and financial markets that we are serious about getting the long-term budget situation in order. It is realistic, responsible, and provides truth in budgeting but most of all it will get the job done?

VUCANOVICH SUPPORTS THE EMERGENCY DEFICIT REDUCTION ACT

(Mrs. VUCANOVICH asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. VUCANOVICH Mr. Speaker, for the first time in a long-time, we have the opportunity to seriously reduce the deficit. The Emergency Deficit Reduction Act is a major breakthrough for reducing spending and achieving a balanced budget in the very near future.

This bill is identical to the Gramm-Rudman proposal which the other body has been debating all weekend. This legislation would require the President to cut spending by an across-the-board uniform percentage. These cuts would be achieved by reducing automatic spending increases by half and by reducing discretionary spending by half. A tax increase would not be necessary if these reductions are met.

If we are serious about eliminating the deficit, then the Emergency deficit Reduction Act should have unanimous support. This is a realistic and responsible way to cut the deficit once and for all without increasing taxes. I hope all my colleagues will support this innovative approach so that deficits can be eliminated for good.

HYPOCRISY SEEN IN EFFORTS TO BALANCE THE BUDGET

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, over the last several months we have heard the Democratic liberals come to this body with a lot of pious speeches telling us how they want to reduce deficits. But now the Democratic Party leadership in this city has shown us the party's true colors. They are big spenders, and they do not want anything to get in the way of their big spending.

Let us just look at the record. We have offered over the last several months an opportunity for this House to take up a balanced budget amendment to the Constitution. What has regularly happended to that? The Democratic leadership has buried it in committee.

We passed a law several years ago aimed at balancing the budget of this country by 1981. What happens? The Democratic leadership regularly has its membership voting to ignore that law in vote after vote after vote.

We passed a Budget Act in this body in the 1970's. What do we do? We pass the budget, and then when it comes to spending the money, we regularly bring rules to this House floor that waive the Budget Act, and we go ahead and spend the money. We have spent $150 billion more than our own budgets in the last 5 years.

Now there is a new approach aimed at balancing the budget within a 6-year period—the Balanced Budget and Emergency Deficit Control Act. What are the Democratic leaders trying to do with that? They are trying to delay it, and they are trying to scuttle it.

Well, there is a name for people who say one thing and do another. It is not a very nice name, but it is an accurate name for what the Democratic leadership is doing. That name is hypocrisy.

THE EMERGENCY DEFICIT REDUCTION ACT—MORE THAN JUST TALK

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to review and extend her remarks.

Mrs. BENTLEY. Mr. Speaker, many in this House and in the other body have spent almost the entire year wringing their hands and talking about the national budget deficit.

Unfortunately, that is almost all we have done—talk. Now we have an opportunity to do somethng positive to bring the deficit under control.

The effect of the massive deficit is acknowledged by everyone. It is a destroyer of jobs, of trade, of business expansion. It is the thief which robs not just us, but our children and grandchildren.

The Emergency Deficit Reduction Act is a plan which finally goes beyond mere talk. If we really mean to do something to bring this cancer which is eating up our taxpaying citizens, under control, now is the time.

When we are about to consider raising the debt limit yet again to new unprecedented heights, we owe our citizens a ray of hope that the Congress can learn to live within its means.

Let us pass this plan and reaffirm our confidence in the future of our country.

AN ATTEMPT TO BRING ABOUT FISCAL SANITY

(Mr. CRAIG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CRAIG. Mr. Speaker, the issue is: A $2 trillion debt and a $200 billion deficit, historic marks for this country to debate.

The other body has been debating this for 2 days in its attempt to bring about a solution to develop a gradual process by which to bring the deficit into control and to slow the rate of the debt. Yet my farm boy ears from Idaho hear some very distinct squealing going on, not only in this body but in the body across the Rotunda. That squealing sounds like the little piglet whose nose was caught in the trough. That squealing comes from the big spenders who simply do not want to give up the opportunity to continue to spend and then return to their constituents and say, "Look at what I did for you yesterday." Well big spenders, what you did for taxpayer's yesterday was to give them unprecedented debt and unprecedented deficit.

Will the Balanced Budget and Emergency Deficit Control Act work? I do not know if it will work. I guess I am cynical enough to say the only thing that will work is a constitutional amendment to balance the budget. But let us try and let us give the American public the unique opportunity to measure this Congress and the votes of its Members against their rhetoric, because it will be a vote on this issue that will say whether we are truly sincere in reducing the deficit and bringing about fiscal sanity.

□ 1305

ELIMINATE GOVERNMENT DEFICIT SPENDING

(Mr. COBEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COBEY. Mr. Speaker, the other body is currently considering deficit reduction legislation that if enacted, could balance our enormous budget deficit by the year 1991. If passed, we in the House, will have the opportunity to vote on this measure because it's attached to the debt-ceiling extension that will raise the Federal debt to over $2 trillion.

Mr. Speaker, I cannot in good conscience support raising the debt of this country unless we take sound, responsible action to eliminate our deficit spending. This deficit reduction measure is the first responsible action taken by this Congress to achieve, in an orderly manner, a balanced budget over the next 6 years. I cosponsored this legislation because the citizens in this country are demanding their Congress to tighten its' belt, and to make the kind of decisions that are necessary for us to move forward to securing a strong financial base for the future. This legislation will provide the impetus to reduce trade imbalances that are plaguing our Nation, and will create a sound foundation for investment and economic growth.

CONDOLENCES TO THE FAMILY OF ARKADY KATAKOV

(Mrs. MARTIN of Illinois asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MARTIN of Illinois. Mr. Speaker, I am here on the behalf of many of us to extend our sympathies to the family of Arkady Katakov.

Although the Soviet Union has not publicly sympathized with those families who have lost someone to the ranks of terrorism, I believe we should. As the counselor's secretary, he deserved the right of protection. We still, as a nation, have held by terrorists some of our citizens; now the Soviets have an additional three and one death.

For that the message should be clear. First, release all. Second, our hearts go out to those families we have across the ocean as worried as our families here. And third, that terrorism and the superpowers are dangerous adversaries, and that this is one area that the Soviet Union and the United States might find a route for cooperation to protect their own embassies and their own people.

STRAIGHT UP OR DOWN VOTE ON GRAMM-MACK DEFICIT REDUCTION PROPOSAL

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGRICH. Mr. Speaker, it is obvious that there is a serious national issue developing since the other body has been in session on Saturday and Sunday and we are actually here on a Monday. So it is clear that there is something brewing.

I found it interesting in this morning's 1-minutes that a number of liberal Democrats who were eager and excited about attacking the President for what they called Reagan's deficits are now very concerned that in fact the Gramm-Mack proposal may lead to a real change in deficits, may control, spending, and may bring this Government under control.

The challenge to this House will be to allow an up or down vote. I want to emphasize that. The key question for this House is whether or not the Democratic leadership will allow a straight up-or-down vote on the Gramm-Mack proposal and let everyone see once and for all where every Member stands on a serious and clear-cut plan that in 5 years would bring us to a balanced budget. That is the key question. Will the leadership allow us to have debate, and then to have a straight up or down vote, or will they in fact try by parlimentary maneuver to hide from the American people the unwillingness of the liberal wing of the Democratic Party to control spending?

RAISING ISSUE OF HUMAN RIGHTS WITH SOVIET UNION

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, the jockeying and positioning for the Geneva summit between the President and Prime Minister Gorbachev has started. There has been a flurry of press reports relating to both sides' positions. The President has drawn the line relating to star wars. The Soviet leader has made an offer of 50 percent in reduction of offensive weapons. He has urged a Soviet dialog with our British and French allies separate from the United States.

It is uncertain whether this summit, which is critically important to the future of our Nation and to the world, will be more propaganda than substance. In the positive lionization of Mr. Gorbachev by the Western News was a very regrettable omission: his very unrelenting stance on human rights. He waxed indignant and ranted and raved when he was questioned relating to the human rights practices of the Soviet Union.

Mr. Speaker, I will be circulating a letter to all my colleagues asking that the President raise the issue of human rights with the Soviet Union as a high level agenda item. The Soviet record is poor and gets poorer every day in this arena. Political prisoners are tortured and Jewish emigration continues to be stifled. This is one summit that should not be left to issues relating to strategic weapons and arms control. The United States should stand behind arms control and human rights observance by the Soviets. I hope everyone signs the letter I will be circulating asking our President to raise the human rights issue at the summit with Mr. Gorbachev on an urgent priority basis.

STRAIGHTEN UP THE REPRESENTATION MAPS

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, I rise as another cosponsor of the Balanced Budget and Emergency Deficit Control Act. Rather than repeat some of the excellent words of our colleagues who spoke before me on this, I would like to point out that there is a fall-back position to balance the budget if the Supreme Court rules correctly this session.

Today, the U.S. Supreme Court has taken up the case of Bandemar versus Davis. This case concerns gerrymandering in the State of Indiana. The Court ruling will affect at least 28 other States, including my own, where the mapping out of the districts we represent is so ugly, so nonsensical, particularly in California, that the voters still sneer in disbelief.

Mr. Speaker, you've seen those California maps. I ask the Chair, these maps are disgusting are they not? Nobody can believe this has happened to our country. It's outrageous. They look like Rohrsach tests—the late Phil Burton said the California maps were his contribution to modern American abstract art.

I hope it is a dawning of a new day with the 100th Congress. I hope in California we finally get a 50-50 representation in California, which would reflect the last three elections, not the 27 to 18, that we have now. Let's hope the Supreme Court doesn't abort justice on this one.

A footnote, Mr. Speaker, some Members may find it of interest that a young private nurse who had taken care of Rock Hudson these last few months said to her congregation at a church in Westwood, CA, yesterday, that on September 14 at 7 o'clock in the evening, Mr. Rock Hudson had accepted our Lord Jesus Christ as his Saviour. So in the last 18 days of his life, Rock found more riches than he had ever known in all his years as a star in the Hollywood motion picture community.

CONGRATULATIONS TO COACH ROBINSON

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, we take a lot of things very seriously in Louisiana, and one of them is football. As most of you probably know, one of our most esteemed coaches Coach Eddie Robinson at Grambling College, a coach there for 44 years, just became the winningest college football coach in history when he won his 324th game as head coach at Grambling. That is quite a record. He is guite an individual.

He only needs three more victories to have won more games than any professional football coach. He would be passing George Halas' record with just three more victories. That would make him arguably the finest coach in football history.

As one of his players said, and summed it up best, "Sometimes after practice, we just stand and look at him." They are that much in awe of him, and so are most of us sports fans.

Coach, congratulations. Here is hoping you have many, many more years of continued victories.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules of which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken later today.

MILITARY MEDICAL MALPRACTICE

Mr. GLICKMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3174) to amend chapter 171 of title 28, United States Code, to allow members of the Armed Forces to sue the United States for damages for certain injuries caused by improper medical care, as amended.

The Clerk read as follows:

H.R. 3174

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CLAIMS FOR IMPROPER MEDICAL CARE.

(a) Cognizable Claims.—Chapter 171 of title 28, United States Code, is amended by adding at the end the following new section:

"§ 2681. Certain claims by members of the Armed Forces

"(a) Claims of Members of Armed Forces.—Subject to all the provisions of this chapter, claims may be brought under this chapter for damages against the United States for personal injury or death of a member of the Armed Forces serving on active duty or on full-time National Guard duty (as defined in section 101(42) of title 10), under the conditions prescribed in this section.

"(b) Where Care Performed.—The personal injury or death referred to in subsection (a) must have arisen out of medical or dental care furnished the member of the Armed Forces in a fixed medical facility operated by the Secretary of a military department or any other fixed medical facility operated by the United States.

"(c) Definitions.—For purposes of this section:

"(1) The term 'fixed medical facility' means a medical center, hospital, or clinic that is located in a building, structure, or other improvement to real property.

"(2) The term 'personal injury' does not include mental or emotional disability unless it is the direct result of a physicial injury.

"(d) Reduction of Claims by Other Benefits.—The payment of any claim for personal injury or death of a member of the Armed Forces under this section shall be reduced by the present value of other benefits received by the member and the member's estate, survivors, and beneficiaries, under title 10, title 37, or title 38 that are attributable to the personal injury or death from which the claim arose.".

(b) Clerical Amendment.—The table of sections for chapter 171 of title 28, United States Code, is amended by adding at the end the following new item:

"2681. Certain claims by members of the Armed Forces.".

SEC. 2. EFFECTIVE DATE.

Section 2681 of title 28, United States Code, as added by Section 1 of this Act, shall apply only with respect to personal injuries or deaths occurring on or after the date of the enactment of this Act.

The SPEAKER pro tempore. Is a second demanded?

Mr. KINDNESS. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Kansas [Mr. Glickman] will be recognized for 20 minutes and the gentleman from Ohio [Mr. Kindness] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Kansas [Mr. Glickman].

Mr. GLICKMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3174 sponsored by a bipartisan group of 84 House Members extends jurisdiction under the Federal Tort Claims Act so as to allow members of the U.S. armed services to sue the U.S. Government for medical or dental malpractice that occurs in a fixed medical facility which is operated by the United States Government or by the Department of Defense.

In Feres versus United States, the Supreme Court held that active duty military personnel are precluded from suing the Government for medical or dental malpractice. However, civilians who have access to Government medical facilities are allowed to sue the Government for medical or dental malpractice. This includes dependents of active duty service personnel and retired military personnel. In fact, even Federal prisoners who are the victims of medical malpractice in Government-operated medical facilities are allowed to sue in such circumstances. A child or spouse of an active duty service member has such right, a convicted felon in a Federal penitentiary has that right, it is only our people in uniform who don't.

I think that asking the men and women in the military to put their lives on the line for their country is enough. It is simply asking too much to expect them to suffer injuries as the result of medical malpractice and have no redress when others who use these same facilities do.

H.R. 3174 would add a new section to the Federal Tort Claims Act. This section, section 2681, will grant Armed Forces personnel the right to assert claims for medical or dental malpractice under the Federal Tort Claims Act. This section, however, is subject to the condition that the claim arise out of medical or dental care furnished to the military member in a fixed medical facility which is operated by the U.S. Government.

I want to make it clear that this legislation is subject to all the provisions in the Federal Tort Claims Act, which include not allowing suits for combat activities or claims which arise in Foreign Claims. The Federal Tort Claims Act also excludes suits for intentional torts. Additionally, the Federal Tort Claims Act limits attorneys fees to 25 percent, provides no right to a jury trial and imposes a 2-year statute of limitations. Furthermore, suits brought under this section are subject to the substantive tort laws of the State in which the injury occurs. Hence, since a number of States are making reforms in this area, adoption of this legislation would in no way undermine those changes.

Section 2681 also provides that any judgment awarded in the types of claims to be allowed under this section would be reduced by the present value of other benefits that are available from the Government. This section would prevent military personnel from being paid twice for the same injury.

The amended bill has several technical and clarifying changes. On page 2, line 18, the word "treatment" has been deleted. This change was made so as to be consistent with the definition in section (c).

Added to section (c) is a technical amendment, the purpose of which is to clarify what is not meant by the term "personal injury." In this legislation, personal injury does not include mental or emotional disability unless it is the direct result of a physical injury.

Another clarifying and conforming amendment is in section (d) on page 3 of the amended bill. This additional language is to make this section conform with section (a). Section (d) is the reduction of claims section and this additional language should make the intent of the legislation more clear.

The other amendment is strictly technical in that the words "the first section" have been changed to "section 1."

These amendments do not change the substantive provisions of the bill, but rather are technical changes which are meant to make the language of the bill more clear.

Mr. Speaker, I might add that the Subcommittee on Administrative Law and Governmental Relations held extensive hearings on this legislation and heard from several witnesses who have suffered horrible injuries due to military medical malpractice and who have no judicial recourse. These witnesses told a series of horror stories which I think point out the absolute necessity for the passage of this legislation.

I would like to commend my colleague, the gentleman from Massachusetts for having sponsored this bill and all the work and help he has been to the committee in getting this bill to the floor. I also want to thank my colleagues on the other side of the aisle for their participation and support of this legislation—especially the ranking member, the gentleman from Ohio, who has been a tremendous help in seeing this legislation proceed.

Mr. Speaker, I strongly urge, all my colleagues in the House to vote in favor of this legislation.

□ 1320

Mr. KINDNESS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I urge my colleagues to support H.R. 3174 and I shall begin by acknowledging that the position of the administration with respect to this bill is a position of opposition to it. An argument can be well stated that there is the possibility of additional cost being incurred by the Department of Defense as a result of the enactment of this measure into law. An argument may also be made with every bit as much weight that whatever that additional cost is that would represent recoveries for medical malpractice under this legislation, whatever that cost is, should not come out of the hides of our service people who are wronged in the practice of medicine in military medical facilities.

The gentleman from Kansas [Mr. GLICKMAN], the chairman of the subcommittee, has very well described and pointed out the characteristics of this bill and the way in which it would operate. It is carving out an exception to the Feres doctrine, which has been the rule with respect to members of the military services under the Federal Tort Claims Act, but there is such strong reason for it that I would urge that our colleagues support H.R. 3174 and hope that we will be able to create greater equity in the treatment accorded to members of the military services when there is that occasion of medical malpractice affecting them in military hospitals and facilities in the United States and not in combat situations.

Mr. Speaker, it would be difficult for me to underrate the efforts and abilities that have been put forward to bring this legislation to this point by the gentleman from Kansas [Mr. GLICKMAN], the chairman of the subcommittee, the gentleman from Massachusetts [Mr. FRANK], the author of the legislation, and others who have been involved in the support of this measure, who all see on a bipartisan basis the need for this equity to be created in our law under the Federal Tort Claims Act.

Mr. Speaker, I would urge support of H.R. 3174.

Mr. Speaker, I would reserve the balance of my time if the gentleman from Kansas has other speakers.

Mr. GLICKMAN. We have at least three additional speakers, I would say to the gentleman form Ohio.

Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK. I thank the gentleman for yielding time to me.

Mr. Speaker, I very much appreciate the support and the work that has been done by the gentleman from Ohio. I appreciate his acknowledging that the administration was opposed to the bill. I wish they had supported it. I guess in a way I am glad that they did oppose it because I am not sure my friend, the gentleman from Kansas, could stand the shock of seeing me and the President on the same side 2 weeks in a row. He is still assimilating last week's alliance..

Mr. Speaker, I want to also thank the gentleman from Kansas. When he assumed the chairmanship of this subcommittee, in a very brief time he brought to bear his very considerable skills on this legislation, intellectual and managerial, and has brought forward a very good bill. I mean to extend this as well to the gentleman from Ohio. Sometimes when we say this it is routine, but there were some serious questions about this bill. This bill is an amended version. The gentleman from Ohio was given some concerns by the administration, and I think we were able to work with them in a very reasonable way. We wanted to avoid the possibility which was raised to us that someone might sue for medical malpractice because he or she contested an evaluation that said he or she was not psychiatrically fit for a particular rating.

This bill is intended, and I think we have language that rules out that possibility. A psychiatrist or medical person who gives a good-faith evaluation of someone's capacity is going to be protected and the Federal Government will be protected, and we ought to make clear that this is not a bill to sue doctors. This is a bill that allows a person, as everybody else can do except people in the armed services, to sue the Federal Government, but it would not allow a suit against the Federal Government for psychiatric evaluation. It does say that if a person is mistreated, whether for a psychiatric or other illness, if that person is given any form of treatment involving medication or any other form of treatment and that results in unnecessary injury through negligence, that person may sue, and sue for pain and suffering and everything else. But there has to be that treatment that is given for the illness that is found to be negligent and the cause that triggers it.

We thank the gentleman from Ohio for helping us, I think, tighten the bill up.

Mr. KINDNESS. Mr. Speaker, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Ohio.

Mr. KINDNESS. I thank the gentleman for yielding.

Mr. Speaker, I would certainly concur in the gentleman's interpretation that he has expressed of the language that has been added in subsection (c). I think that is exactly what is intended, and I think it is an essential part of the equity of this measure.

Mr. FRANK. I thank the gentleman, because we believe it is important that we have this guidance for future interpretations for all parties.

Mr. Speaker, I also want to pay tribute to one absent, a former Member of this House. Sometimes we can be here for a while and have trouble getting a bill passed. Our former colleague, the gentleman from Arizona, Mr. McNulty, was the one who first introduced this bill and interested me and others in it, and I think without his efforts, even though he is no longer serving in this body, the bill would not have come forward.

I also want to pay tribute to an organization called the Committee Against Military Injustice. Candor compels me to say that they are not wholly satisfied with this bill. They would like it to go further. I think that underlines for Members that this is a very limited, carefully structured measure. It may be that in the future there will be a need to go further, but we may have some experience with that before. They would like it to have somewhat broader coverage.

What it does is very simple. Right now everybody in the United States who is the victim of malpractice in a military hospital or military facility can sue, except members of the armed services. What we say is that members of the armed services now have the same right as civilians. I do not think that that is a radical step. It excludes combat-type operations. No one is going to be suing Hawkeye under this bill. It is a fairly limited right.

I also want to add that we do not mean by this, and I know I speak for my colleagues here, to indict military medicine. This is not a statement one way or the other about the quality of military medicine. In fact, what we are saying is that victims of malpractice, and fortunately that is rare, if they are civilians can sue their civilian doctor. We are simply giving the members of the armed services the same right vis-a-vis military medicine that civilians have vis-a-vis civilian medicine, and that in itself can hardly be considered an indictment.

I am one who believes that the whole malpractice system probably ought to be revised. I am prepared to join with Members to the extent that there is a Federal role in this, and it is not a State role, in revising the malpractice system. I do not think that the tort liability system is the best way to handle it, but as long as that is the only method, it seems to us unfair to deny it to members of the armed services. We are simply giving members of the armed services the same rights as others.

It does not mean that doctors are at risk. It is the Federal Government, under the Federal Tort Claims Act, that can be sued. It is not the individual doctor. It is, I think, a fairly moderate response to an important problem, and in the end I think all of us regard this as a very promilitary decision.

We are saying to the young men and women who have volunteered to defend their country, "We do not want you to have less rights in a given situation than a civilian. We value your services. We want to protect you." We are not saying that military medical malpractice is rampant. We are saying in those few instances when it occurs, we do not want to discriminate against members of our armed services.

I thank the gentleman from Kansas again for his leadership, and the gentleman from Ohio for his cooperation.

Mr. KINDNESS. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. I thank the gentleman for yielding this time to me.

Mr. Speaker, my praise, also, goes to the chairman of the subcommittee and the ranking minority member for this legislation.

Mr. Speaker, I rise in support of H.R. 3174, which would amend the Federal Tort Claims Act to permit active duty members of the Armed Forces to sue the United States in certain malpractice cases.

For too long, men and women in American military services have been denied a basic right. Unlike all other citizens, military personnel have absolutely no right to sue for medical malpractice when they have been harmed by acts or omissions in military hospitals or clinics.

This situation must not be allowed to continue. Military personnel are now eligible for disability compensation when they are the victims of medical malpractice in military hospitals. But often that is not compensation enough to cover their injuries.

Under the Feres doctrine, military personnel are prohibited from suing the U.S. Government. There are no exceptions to this barrier.

This bill would exclude medical malpractice in military hospitals from that doctrine affording military personnel a legal recourse all other citizens enjoy. It also adds a measure of discipline for our military's medical personnel, holding them accountable for their actions.

It should be emphasized at the outset that this is a limited modification of the Feres doctrine. Suits for malpractice under the terms of H.R. 3174 could only be brought if the malpractice occurred at a medical facility operated by the Department of Defense inside the United States. Furthermore, the current exemptions from the Federal Tort Claims Act dealing with claims arising out of combat activities and claims arising in foreign countries would still be applicable here. See: 28 U.S.C. 2680 (j), (k). This means that malpractice actions could not be brought as a result of injuries occurring in combat or in instances where the asserted malpractice may have occurred at an Armed Forces facility overseas.

The phenomenon of medical malpractice is not unique to military facilities, and the terms of H.R. 3174 are not intended to be critical of medical or dental officers now serving in the Armed Forces. What is unique about the current situation is that a member of the Armed Forces who is a victim of malpractice does not have the normal legal recourse available to him or her. The existing compensation system is simply not an adequate financial response to the injuries and suffering that can be brought about by isolated medical malpractice situations.

This legislation does not undermine the very valid disciplinary and accountability concerns that were the basis of the Supreme Court decision in the Feres case. Again, combat situations and claims arising in foreign countries are excluded from the coverage of H.R. 3174. We simply should not allow a system to continue that seriously undermines the confidence that military personnel should have in their medical care.

I urge an "aye" vote.

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Mr. GLICKMAN. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Colorado [Mrs. SCHROEDER].

Mrs. SCHROEDER. I thank the gentleman from Kansas for yielding.

Mr. Speaker, I have the great honor of serving on both the Armed Services Committee and the Judiciary Committee. On the Armed Services Committee, I serve on the Personnel Subcommittee, and constantly worry about how this Government treats its military personnel.

So often in defense everybody gets so caught up in what we are procuring that we forget about the people who have to run it and are out there with their lives on the line all of the time. I do not think it is any great secret that those who have made lots of money out of the Defense Department are not the people in uniform, not the people who are really threatened and have their lives on the line.

Let us talk about the basic thing this bill does. This bill says that the people who are on call 24 hours a day to protect our rights and liberties will now get the same rights that their children and dependents have. Dependents' rights were derivative from military personnel but they have stronger rights than the people on active duty who were out there protecting us. Whoever heard of derivative right being better than primary rights. It does not make any sense. This bill says that military personnel are going to get the same rights that civilians get and the same rights that their own dependents get.

You know that is really a crazy way to treat people whose lives are on the line 24 hours a day protecting us. We give them less protection than everybody else.

This bill corrects that.

I really want to compliment the gentleman from Kansas [Mr. GLICKMAN] who just took over this subcommittee, and this is one of the first bills he has moved very rapidly and brought to the floor. He had very extensive hearings showing why this bill is so important. Everybody has worked so hard on this. It makes so much sense that it is almost embarrassing to stand up here and talk about it. It is incredible that it was not done long ago.

All of these people work for the same flag and all of these people live under the same flag, and it certainly seems that they ought to be treated the same. That is really what this is all about, and again I thank everyone and urge the passage of the bill as soon as possible.

Mr. GLICKMAN. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. ROWLAND].

Mr. ROWLAND of Georgia. Mr. Speaker, I rise to speak in opposition to the suspension of the rules on H.R. 3174. I know that the immediate basis for this legislation, is the spate of tragic incidents that have been detailed at the Subcommittee on Administrative Law and Governmental Relations' hearing. Nevertheless, I am compelled to bring to my colleagues' attention the paradoxical situation we find ourselves in today.

While on the one hand, several bills have been introduced to reform medical malpractice as the result of a recognition that the Nation's liability laws are no longer responsive to the best interests of our society, we are being asked today to add to that societal problem by adding a whole new class of claims. To ask this body to take such an action today, with insufficient deliberation on this issue which has evoked such emotion in hearings and notice in the media, serves neither us nor the people we represent, well.

Let me tell you what this legislation does. Briefly, it permits active duty members of the Armed Forces to bring actions against the United States for medical and dental malpractice which occurs in a fixed medical facility that is operated by the United States or the Department of Defense under the Federal Tort Claims Act. By so doing, this very short bill overturns a legal precedent set 35 years ago. Instead of relying upon an established system which can be improved to work for the benefit of the injured party, H.R. 3174 potentially adds thousands of cases to an already overburdened civil court system.

As worrisome to me, however, is what this bill does not do. Does it consider the quality of medical care in the military medical system? No; does it look at consolidating medical authority? No; does it propose innovative recruitment methods to attract highly skilled physicians? No; does it recommend a monitoring of performance of medical personnel? No; it just does not address the real issue that should be of concern to us—the best medical care for the best military men and women in the world.

Mr. Speaker, I urge that it not pass, under suspension of the rules.

Mr. GLICKMAN. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. FRANK]

Mr. FRANK. Mr. Speaker, I appreciate the gentleman yielding, and appreciate the gentleman from Georgia [Mr. ROWLAND] sharing his expertise with us.

But I would like to point out with regard to doing this under suspension of the rules, the only amendment of any substance that arose has been accepted, it has been worked out.

That is to say, if you agree with this in principle, and you have some detailed question or subordinate question that arose in the process, it has been dealt with.

The questions the gentleman from Georgia has addressed could not be cured if we took this bill up under the regular calendar, because the questions he is raising are questions not within the jurisdiction of the Judiciary Committee. The Judiciary Committee has the jurisdiction over tort claims, and so even if this were not under suspension, I agree with the gentleman that there are things that ought to be addressed, and the gentleman from Oregon [Mr. WYDEN] who will be speaking in a moment has done a great deal to try to improve the quality of medical care and medicine in the military in general. But even if this were to be taken up and dealt with under the regular calendar, we could not take care of those problems under this bill in this committee, or even under amendment any of the items that the gentleman has raised because that is not a real issue, because to the extent that there were differences that came up, they have been worked out.

So we are not saying that military medicine is perfect or imperfect, or malpractice is good or bad. It is a single point: Do not discriminate against the marines. Do not let that soldier's wife and children or private citizens sue when he himself cannot.

Mr. GLICKMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. WYDEN] one of the leaders on this issue of military health care.

Mr. WYDEN. Mr. Speaker, I want to commend our colleague from Massachusetts, [Mr. FRANK] for a tremendous job, and also the gentleman from Kansas, Chairman GLICKMAN, for their exceptional leadership.

If we pass the bill sponsored by the gentleman from Massachusetts [Mr. FRANK] we can create a new recruiting poster for the military. It would say: "Join the military. You won't lose your rights."

Unfortunately, that can't be said today. Military personnel injured as a result of medical malpractice have no recourse. The legislation before us today will change that, and give our servicemen and women the same rights as other Americans.

There are several things that must be done to improve military medicine. Earlier this year in response to a request from me, the Defense Department estimated that more than 20 percent of their physicians did not have a current medical license. This estimate was later confirmed by an analysis done by the American Medical Association.

Several weeks ago, an amendment I offered to the defense authorization bill requiring that all military physicians have a current, valid license was accepted and later agreed to in conference. So we're making progress. The bill before us today will take us another step forward when it's adopted.

Even after this bill is passed, there will be more to do. The gentleman from Washington, Congressman Dicks, has led the effort to strengthen the quality of military personnel through the Appropriations Committee. We also should pass comprehensive legislation reforming our entire medical malpractice system.

The bill we are considering now holds military doctors accountable but not hostage. With it, we can assure our citizens that when they join the military, they do not lose their rights. That's why it should be passed.

Mr. GLICKMAN. I thank my colleague from Oregon and, Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. Dicks], a member of the Defense Appropriations Subcommittee, who has been working on this issue.

Mr. DICKS. Mr. Speaker, I want to commend Chairman Glickman and the gentleman from Massachusetts [Mr. Frank], as well as the gentleman from Oregon [Mr. Wyden], who have been the leaders, along with their colleagues on the minority side. I think this is a very important piece of legislation. It is one aspect of our effort to do something about a crisis that exists today the quality of medical care that is being provided for our service people.

I serve on the Defense Appropriations Subcommittee in the House. I know the work that has been done by the Armed Services Committee.

Today we have major personnel shortages in our military hospitals around the country. I happen to believe that our military leadership has been negligent in not providing an adequate level of staffing. We do not have enough nurses, we do not have enough skilled personnel in these hospitals, and because of it, we are seeing an escalation in the number of lawsuits that are being brought each year by people who have been injured by that health care system.

My colleague from Oregon [Mr. Wyden] has made a first step in trying to make sure that we get people with licenses, active State licenses. I have now made a step on the defense appropriation bill to get $40 million added so that we could start getting the personnel levels up to 80 percent of what they should be at military hospitals.

But my colleagues, this legislation is needed because I think it is wrong to take away an individual service person's right to bring a lawsuit when we have problems occurring because of understaffing. We in the Congress have got to insist that adequate personnel levels are met.

I agree with the gentleman from Massachusetts [Mr. Frank] that this legislation is one part of the solution. But we have to deal with personnel, we have to deal with the quality of people that are providing these services. I am not going to rest, and I know the Members here are not going to rest until we get this problem corrected.

Mr. GLICKMAN. Mr. Speaker, how much time do I have left?

The SPEAKER pro tempore. The gentleman from Kansas [Mr. Glickman] has 1 minute remaining.

Mr. GLICKMAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Kansas [Mr. Slattery].

Mr. SLATTERY. Mr. Speaker, I rise in support of H.R. 3174, legislation that will allow members of the Armed Forces to sue the United States for damages for certain injuries caused by improper medical care.

Members of the U.S. Armed Forces who have suffered from medical malpractice in military hospitals have been barred from bringing negligence suits under the Supreme Court's interpretation of the Federal Tort Claims Act. I believe this is unfair. Currently, military dependents and retirees can bring lawsuits for malpractice which occurs in fixed medical treatment facilities which are operated by the Secretary of a Military Department or the United States.

Mr. Speaker, enactment of this legislation will result in improved morale among military personnel. Men and women who are on active duty with the U.S. Armed Forces should be afforded the same rights as a private individual who submits himself or herself to medical or dental care, even though that care is extended by the Government.

I commend the author of this legislation, Representative Frank, and my distinguished colleague from Kansas [Mr. Glickman] for the careful work they performed in the Subcommittee on Administrative Law while developing this legislation. I am proud to cosponsor this important legislation and I urge my colleagues to support it.

Mr. GLICKMAN. Mr. Speaker, I yield 30 seconds to the gentleman from Illinois [Mr. Gray]

Mr. GRAY of Illinois. I thank my friend from Kansas for yielding and want to commend him as well as the gentleman from Massachusetts [Mr. Frank] and the gentleman from Ohio [Mr. Kindness] for bringing forth this legislation.

As my colleagues know, C-SPAN televised the hearings, Mr. Speaker, on this very important matter. I cannot believe some of the horror stories that were alluded to by members of the families of people serving in the military.

The gentleman from Pennsylvania [Mr. Kanjorski] and I have some concern, I would say to my friend from Kansas, that there is no limit as to how much a plaintiff can get in the way of a judgment under the bill, however I am strongly supporting the measure.

Mr. GLICKMAN. Mr. Speaker, I yield myself 30 seconds.

Again, Mr. Speaker, I point out that this legislation creates liability standards subject to State law; that is what the Federal Tort Claims Act is. The only thing I would tell my friend is under the Federal Tort Claims Act, you cannot get punitive damages, and that is prohibited under Federal law. Also, you are limited to the other aspects such as no right to a jury trial.

But I fully hope that the States will take some action with respect to medical malpractice, some steps that need to be taken.

But the basic issue here is fairness. Should active-duty people be given the same rights in noncombat situations as their spouses and their children, and even as Federal prisoners have.

Mr. GRAY of Illinois. I thank my friend and strongly support the legislation.

The SPEAKER pro tempore. All time of the gentleman from Kansas [Mr. Glickman] has expired.

Mr. KINDNESS. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. Rowland].

Mr. ROWLAND of Georgia. I thank the gentleman very much.

What we are talking about, in my opinion, is the quality of medical care in the military.

I have not heard one person here say anything about this legislation improving the quality of medical care in the military. That is the thing that I am concerned about.

If someone can tell me how this will improve the quality of care, I will be grateful.

Mr. GLICKMAN. Mr. Speaker, will the gentleman yield?

Mr. ROWLAND of Georgia. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Speaker, based upon our hearing testimony, we heard from a lot of folks who use the services of the military as well as other witnesses that would indicate that the threat of a lawsuit against the Government for medical malpractice would act as one of many deterrents, not the only one, but one of many deterrents improving the quality of health care, and improving the quality of the type of physicians, improving the quality of the physical surroundings and all of those kinds of things.

The fact that the U.S. Government could be a defendent in a lawsuit is one of these things that generally would probably help as a part of many other things in terms of the quality of the medical care, so the deterrent effect is there.

That is not the only thing, but it would be a constructive help in my judgment.

Mr. ROWLAND of Georgia. That may have some effect, but the fact is that we are going to have to recruit better physicians into the armed services than we have had in the past. What we are really going to have to do is look for better physicians and try to get them into the armed services, physicians who are dependable.

As I understand it, at this particular point, the situation has improved considerably over what it was at one point in time, not nearly as bad as it was. So I am concerned that we are opening up the Federal Treasury here even more to lawsuits which are so unnecessary, and in my opinion, really will not improve the quality of medical care in the military.

Mr. WYDEN. Mr. Speaker, will the gentleman yield?

Mr. ROWLAND of Georgia. I yield to the gentleman from Oregon.

Mr. WYDEN. I appreciate the gentleman yielding.

We need to protect the service men and women while we are getting the better doctors. And the fact of the matter is that one way to improve care is to improve accountability, and that is why we support the legislation.

Mr. ROWLAND of Georgia. Does the gentleman think that being able to sue is going to improve the quality of care then?

Mr. WYDEN. If the gentleman will yield further, we certainly think it brings some accountability and some responsibility to the system where there is very little today.

Mr. ROWLAND of Georgia. Mr. Speaker, my concern is the fact that we do need to improve the quality of care that our military personnel are getting, but I am still very concerned about this being the way to go about it.

Mr. KINDNESS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to thank the gentleman from Georgia for injecting in this discussion a very constructive note. The bill, however, cannot address the rest of the problem. I think in response to the question that has been presented as to whether improvement in the health care services in the military will be brought about by reason of the passage of this legislation, I think there is indeed a great likelihood that the enactment of this bill into law would result in different judgments with respect to personnel in the health care systems within the Department of Defense.

I think that is a lever that needs to be applied. It is a part of the accountability factor mentioned by the gentleman from Oregon.

Mr. Speaker, before closing I would yield to the gentleman from Pennsylvania who asked that time be yielded to him.

Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. KANJORSKI].

Mr. KANJORSKI. I thank the gentleman for yielding.

Mr. Speaker, I rise first to compliment the gentleman from Massachusetts and the gentleman from Kansas for a very equitable piece of legislation that attempts to bring into balance the equities of all the parties involved with military medical treatment.

However, as a tort lawyer myself in the past, I think we are perhaps remiss in not looking at the potential liability to the Federal Treasury. I see that this bill offers no cap; that is, any amount of money could be recovered by these injured plaintiffs. I fully understand we should not discriminate against military plaintiffs any more than we would against civilian plaintiffs against the U.S. Government in a particular medical malpractice suit. Perhaps this particular piece of remedial legislation points up the fact that the Congress is missing a great opportunity here, a total reevaluation of the Federal Tort Claims Act, a total reevaluation of medical malpractice, and a total reevaluation of product liability law in the United States should be made toward examining the need for a cap.

The reason I say that is I have a personal experience in my district alone. The U.S. Government was defendant in a lawsuit in a vaccine case several years ago. The recovery by a single plaintiff was $19 million. The failure to put a cap on this type of legislation may subject the Federal Treasury of the United States to hundreds of millions, perhaps billions, of dollars of liability.

Now I am not opposed to that if we have the horrendous treatment as described by my colleagues from Massachusetts, Kansas, and Illinois.

I think we are missing the opportunity to not only address the Federal Tort Claims Act with a cap, but to look at medical malpractice across this country for its terrible expense and the need perhaps for remedial legislation, to put a cap on certainly product liability. I think if we do this piecemeal and then say that we have solved the problem, I want to suggest to the gentleman that you have not solved the problem. The fact of the matter is, by putting the Federal Treasury in the position of paying for the liability incurred, we are not going to make these doctors any better doctors. We are not going to make the Joint Chiefs of Staff any better overseers. It is the Congress of the United States that has to hold their feet to the fire.

Mr. KINDNESS. Mr. Speaker, I yield 1 minute to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. I thank the gentleman for yielding me this time.

First of all, I thank the gentleman from Pennsylvania because I think he raises an important point. As a matter of fact, we do have legislation before our subcommittee that tries to deal with the issue of medical malpractice on a more comprehensive basis, to establish the national standards medical malpractice both from a Federal and State basis. And I intend to pursue that. I am also a very strong advocate of looking at product liability. It has gotten out of hand. There do need to be substantive changes in the law in this country whether from a Federal or State basis. I do not object to that. The States have perfect rights under existing law, as the gentleman is well aware, to make some of these changes which are occurring and which, as the gentleman is well aware, the changes we are making today permit those recoveries to occur under State substantive laws.

Fourth, I would say, as the gentleman is well aware, the Federal Tort Claims Act does actually have some limits that State laws do not, a limit on punitive damages, a limit on lawyers' fees, those kinds of things.

Mr. KANJORSKI. Mr. Speaker, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman.

Mr. KANJORSKI. I thank the gentleman for yielding.

Mr. Speaker, how would we be denying justice if we put a limit of $5 million on a medical malpractice suit?

Mr. FRANK. Mr. Speaker, will the gentleman from Ohio yield to me?

Mr. KINDNESS. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts.

Mr. FRANK. I thank the gentleman for yielding.

First, I just want to respond to my friend from Pennsylvania when he says to us, "If you pass this and say you have solved the problem you are wrong." Well, I do not know of anyone who has said this has solved the problem. Frankly, I do not think much of that as an argument against a substantive piece of legislation. No one piece of legislation solves all problems. We try to make some things better, we have committee jurisdictional problems, and so forth.

Second, I think he does the people a disservice when he says that this might cause billions of dollars in liability. The Federal Tort Claims Act and malpractice, as the gentleman from Pennsylvania pointed out, is a more limited right for everybody else already. We have not had any record of the Treasury—most people in the country can sue for malpractice against the Federal Government right now. The evidence simply is not there in this particular regard.

As I told the gentleman, yes, I am in favor of some kind of limitations. But when he asks us what injustice would be done if we put a cap on, simply this: I do not want the young men and women who volunteer to fight for this country and put their lives at risk to have one less whit right than other people do, and I do not like in principle saying to them, "Everybody else can do it but you." I am afraid where that might lead.

I will join him in sponsoring legislation that deals with limitations for everybody, but I do not think it is right in principle to finger out members of the armed services when we have not done it for anybody else.

Mr. KANJORSKI. If the gentleman would yield, I welcome the gentleman joining me in that. The only thing I would say is, I would not oppose this legislation, but let us not let it die here. Let us attack this issue and see what we can do about it.

Mr. HOWARD. Mr. Speaker, I rise in strong support of H.R. 1483, a bill to authorize the Smithsonian to construct new or upgraded facilities in Tucson, AZ and Panama. At this time I would like to highly commend the distinguished gentleman from California [Mr. MINETA], who is a regent of the Smithsonian, for his strong leadership and bipartisan efforts in bringing this legislation before the House today.

Mr. Speaker, the goal of the Smithsonian, founded in 1846, is to promote the increase and diffusion of knowledge. To accomplish this goal, the Smithsonian conducts a broad variety of programs alone and in cooperation with other institutions, universities, and government agencies in the United States and abroad. In a continuing effort to accomplish this goal, H.R. 1483 authorizes the Smithsonian Institution to plan and construct new or upgraded science facilities at two of its most significant research installations, the Fred Lawrence Whipple Observatory on Mount Hopkins in Arizona, and at the Smithsonian Tropical Research Institute in Panama. Passage of this legislation will help sustain and expand scientific leadership in two key areas, namely, astronomy/astrophysics and tropical biology.

The Smithsonian currently operates research facilities in each of these areas which are used not only by Smithsonian scientists and researchers, but by scientists, scholars, researchers, and students from all over the United States and other countries.

The proposals encompassed within the legislation are not new programs but rather ongoing programs in terms of simply upgrading current inefficient and inadequate facilities.

The Fred Lawrence Whipple Observatory [FLWO] is a major astronomical facility that is used by approximately 90 scientists a year for a wide variety of research projects, especially for studies of the large-scale structure and evolution of the universe. The observatory, which officially opened in 1968, is located atop Mount Hopkins in Tuscon, AZ, and is the site of the multiple mirror telescope [MMT], built and operated by the University of Arizona and the Smithsonian Institution. The MMT is the third largest optical telescope in the world, and the first of a new generation of giant advanced technology telescopes. The Smithsonian Astrophysical Observatory [SAO] also operates two smaller telescopes at Mount Hopkins, and a 10-meter diameter light collector which is the most sensitive in the world for ground-based searches for high-energy gamma rays from celestial sources.

Operations in support of the FLWO and MMT are administered from a base camp, presently located in Amado, AZ. The administrative offices are located in an old abandoned school building, which is rented from the local school district. Maintenance of the FLWO fleet of 76 vehicles, mostly obtained from Government surplus, is carried out in open sheds. Storage is primarily out in the open. Tour groups and visitors are assembled in a small inadequate room of the school building prior to ascending to the top of Mount Hopkins via surplus Government vans.

Access to the summit of Mount Hopkins from the present base camp in Amado is via a 18-mile dirt road, which requires continual maintenance by FLWO staff.

During the last decade, the Whipple Observatory has developed from a small field station into one of the Nation's foremost astronomical research facilities, attracting yearly to the Santa Cruz Valley tens of hundreds of public visitors and scores of professional astronomers from around the world.

The operation of a large astronomical observatory such as Whipple requires computation and drafting facilities, public display areas, tool shops, vehicle maintenance and storage areas, space for the receipt and transshipment of equipment and supplies, and administrative officers, all with access to major transportation routes in order to coordinate activities in several locations. The observatory is, in effect, a small scientific mountaintop town which must be supported from the base camp. Thus, this legislation would provide for replacement of present base camp facilities to a site closer to the summit of Mount Hopkins in the U.S. Forest Service National Forest at Montosa Canyon and an improved surface to the present 18-mile dirt road to the summit at a cost of $4.5 million.

In addition, the legislation provides for improved facilities at the Smithsonian Tropical Research Institute [STRI], located in the Republic of Panama, which is the principal United States center for tropical biology. Many of the easiest advances in tropical biology are behind us, yet continuing advances in tropical biology are essential to the economic and environmental health of both the developing and the developed worlds.

Beginning in the 1960's and continuing at an ever increasing pace, insights derived from experience in the tropics have revolutionized the biological sciences. STRI has played a decisive role in that development as a result of staff research and the productivity of visiting scientists. In addition to the direct advancement of science, STRI, through its educational programs, has played a major role in producing another generation of scientists. Students from both developed and developing countries such as the United States, England, Canada, India, Panama, El Salvador, Costa Rica, Mexico, Brazil, Ecuador, Colombia, Venezuela, Peru, and so forth, have benefited from STRI programs.

A viable scientific establishment is essential to maintenance of environmental integrity. For any institution, the foundations upon which scientific advancement depend are the quality of staff and the quality of the physical facilities to support that staff. While STRI has been able to improve its scientific staff in recent years, efforts to provide commensurate growth in physical facilities have been thwarted. For example, in 1983, 460 scientists from 194 institutions pursued independent research activities at STRI. Thus, facilities development must be given the highest priority or the reputation of STRI as a premier tropical research organization will be in jeopardy.

Expansion of facilities must focus on the solution of two problems. First, the need for facilities to do science, such as laboratories, offices, and conference facilities, and, second, the necessary support to insure efficient operation and use of scientists' time and energy. Four areas with current and projected STRI programs require design and construction of new facilities. Each of the apparently separate research programs at STRI, namely, the Pacific marine, Atlantic marine, and Barro Colorado Island stand on their own individual merits as highlighted by the distinguished gentleman from California [Mr. MINETA].

The Naos Island Laboratory located adjacent to the Pacific Ocean attracts habitats which include mud flats, mangrove swamps, rocky reefs, and sandy beaches. The location provides STRI the ability to study the Pacific tropical marine environment and to focus on the potential consequences of introducing Pacific species into the Atlantic. Most of the Smithsonian's facilities at Naos are hand-me-downs from the U.S. Navy which include marine cable tanks, a 1914/torpedo storage building converted into a lab and a large underground naval gun enplacement also used as a lab. Housing for scientists in close vicinity to this facility has posed a problem, therefore, the Smithsonian proposes to build a small dorm facility at Naos to accommodate approximately 12 scientists.

The Galeta Island Laboratory located directly on a Caribbean fringing coral reef platform provides access to mangroves, sandy beaches, lagoons, and beds of algae and seagrass. The main laboratory building is an inherited U.S. Navy facility originally built for World War II. The Smithsonian proposes to build two buildings at Galeta, a lab facility and a dorm for at least eight scientists at a cost of $3.5 million.

Barro Colorado Island was established as a nature reserve in 1923 and since custodianship of Barro Colorado Island was assumed by the Smithsonian Institution in 1946, it has been a world center of research in tropical biology. The island is located by Gatun Lake and is fully covered by a developed tropical forest. In recognition of the value of the island and its isolation, the Government of Panama has added thousands of acres of the nearest surrounding peninsulas to the control of the Smithsonian, and the total land area is not 13,300 acres, constituting the largest tropical biological area under U.S. management. The island environment is as hostile to building and scientific equipment as it is valuable for biological research. Laboratory and office space are inadquate to support the pioneering research of staff, visitors, and students. Two areas of facilities require immediate attention, either because facilities do not exist or are profoundly degraded due to insect or fungal attack. The most urgent needs are a new scientific laboratory with attendant cages and growing facilities at an estimated cost of $2.8 million.

Their geographical proximity and presence in a single administrative program at Tivoli in Panama City strengthens each because of frequent interaction of staff and visitors. Construction of new facilities are warranted due to the fact that the institution has for many years maintained numerous wooden and other aged structures at the Smithsonian Tropical Research Institute at Panama. Most of these buildings are inadquate to sustain modern research activities, are badly deteriorated due to tropical weather conditions, and in some cases have suffered extensive damage due to termites. The careful planning by the Smithsonian for STRI would consist of a multiyear program beginning with a fiscal year 1987 request of $3.9 million to construct a terrestrial laboratory at the Tivoli site in order to vacate current inadequate leased space at Ancon, both of which are in Panama City. The entire plan is estimated to cost a total of $11,200,000 over several fiscal years and also would include construction at the Naos and Galeta sites, as well as on Barro Colorado Island.

Mr. Speaker, to conclude, I would briefly like to address the relationship between the Panamanian Government and the Smithsonian Tropical Research Institute. In January 1977, the Smithsonian Tropical Research Institution [STRI] entered into a contract with the Ministry of Health of the Republic of Panama. This contract provided a legal basis for STRI's activities as a legally incorporated entity in the Republic. The duration of this contract is indefinite and provides for STRI's activities beyond the life of the Panama Canal treaties.

The negotiators of the Panama Canal treaties recognized STRI's unique role in Panama by an exchange of notes covering its activities in the Republic, and by a separate note vesting custodianship duties to STRI on behalf of both nations for the Barro Colorado Island Nature Monument.

In the first diplomatic note, the negotiatiators vested land rights in the name of STRI, not the U.S. Government, and specifically referred the provisions of the STRI contract with its definite time clause. Provision was also made for the transfer of lands and properties from both the United States and the Republic of Panana to STRI under normal land transfer terms.

The after agreement provided for custodianship of the Barro Colorado Island Nature Monument by STRI under the provisions of the Convention on Nature Protection and Wildlife Preservation of 1940. Custodianship rights are automatically extended at 5 year intervals for the duration of the Panama Canal treaties. Provision is also made in this note for extension of this activity beyond the life of the present treaties.

In July 1985, the Republic of Panama provided STRI with international mission status in further recognition of its unique and significant activities in Panama.

The rights provided STRI under these various agreements is akin to those land rights provided to diplomatic missions in host nations. These rights clearly extend for an indefinite duration.

The United States has no comparable mainland tropical research area under its custodianship anywhere in the world. Both the United States and Panama are aware of the significant scientific research that is conducted at STRI and are desirous of continuing the mutually beneficial relationship without limit of time.

Mr. Speaker, I urge enactment of H.R. 1483.

Mr. HOYER. Mr. Speaker, I rise today in support of H.R. 3174, of which I am a cosponsor. Earlier this year I testified on behalf of this measure in the Subcommittee on Administrative Law and Governmental Relations because I believe that justice can be best served by allowing active duty victims of medical malpractice to file suit when the act occurs in a medical facility.

I have become familiar with the problems of activie-duty military medical malpractice victims because of a constituent of mine, Maj. David Brown of Seabrook, MD.

Major Brown served in the Army with distinction for 14 years. He was the recipient of the Bronze Star and the Purple Heart. His promising career was cut short when he became the victim of medical malpractice.

In May 1980, a healthy, active Major Brown entered Womack Army Hospital at Fort Bragg, NC, for a routine varicoselectomy. He left the facility several months later with irreparable brain damage and partial paralysis all caused by improperly administered anaesthesia.

Despite clear evidence that malpractice was present, Major Brown is barred from suing the Army because of the Feres doctrine. That doctrine holds that where the injuries were sustained as a result of treatment of injuries incident to service there is no right to sue. Major Brown's condition and the treatment rendered have nothing to do with his military service. These are not wartime injuries. He should have the right to seek compensation for the physical and emotional pain he and his family have suffered. Today cases like Major Brown's can only be remedied by private bills which would allow them individually the right to sue under the Federal Tort Claims Act. The gentleman from Massachusetts' bill properly restores this basic right to sue.

I commend him and the gentleman from Kansas, the chairman of the Administrative Law and Governmental Relations Subcommittee of the House Judiciary Committee for bringing this bill before the House of Representatives in a timely manner.

Mr. KOLBE. Mr. Speaker, I rise in support of H.R. 3174, a bill to allow members of the Armed Forces to sue the United States for damages for certain injuries caused by improper medical care. This long-considered legislation deserves speedy passage by this Chamber.

This issue came to my attention primarily through the case of Mrs. Dorothy Meagher, a resident of Bisbee, AZ. Her son, Jerry, was admitted to Balboa Naval Hospital, San Diego, on January 17, 1984, for removal of a cyst from his arm. What should have been a relatively simple operating procedure turned into a nighmare for the Meagher family: Through negligence, Jerry emerged from the Balboa Hospital a severely brain damaged quadraplegic.

The Navy compensated the Meagher family—by giving them Jerry's 100 percent disability pay. To this amount, Jerry's family must add between $600 and $800 a month to take care of their son. The Meagher family is precluded from gaining meaningful compensation from the U.S. Government—indeed, precluded from bringing suit against the Government—by the Feres doctrine.

The Feres doctrine is the result of the 1950 Feres versus United States Supreme Court ruling that held that "the Government is not liable under the Federal Tort Claims act for injuries to servicemen where the injuries arise out of or are in the course of activity incident to service." The Court said that only an "express congressional command" would indicate that Congress intended to create such a right. This bill expresses that command.

It is unconscionable that this Nation asks young men to fight and die in lands far from our shores to preserve our system of government, but tells them that, if they are injured in a hospital by their own Government, they have no right of recourse. This bill removes that injustice. It will not help the Meagher family, for it applies only to injuries or death that occur after enactment. The Meaghers have already suffered because of the Feres doctrine. But we can, today, ensure that, in the future, families of members injured or killed because of military medical negligence have recourse to fair and equitable compensation from the Government.

Mr. GONZALEZ. Mr. Speaker, I commend the authors of this legislation for addressing a tremendous injustice in the treatment of military personnel. For years, these men and women have had inadequate recourse for being compensated for instances of substandard and negligent medical care they might have received in government military medical facilities.

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Since I represent San Antonio, I have many Federal workers among my constituents. Included in this group are a large number of military personnel and also a large number of military medical personnel. I have studied the effects of the Feres doctrine in great detail, and have heard from many of my constituents about the issue.

What is rarely mentioned in the present-day discussions of the Feres doctrine is the effect the Feres doctrine had on military medical personnel. Once the Feres doctrine established that military personnel could not sue the Federal Government for medical malpractice, the only recourse left was to sue the individual doctors and other medical personnel. As I am sure we are all aware today, the compensation provided military medical personnel is not competitive with civilian medical personnel, yet our military doctors were forced to buy medical malpractice insurance out of their meager salaries in order to protect themselves and their families. This was an injustice, just as it was an injustice to prohibit recourse by malpractice victims against the Federal Government.

In 1976, legislation that I had introduced was signed into law to exempt the military medical personnel from personal liability, just as the Public Health Service and the Veterans Administration had done in earlier years for their medical personnel. This took care of the unjust financial burden placed on military medical personnel in their purchase of malpractice insurance. Nevertheless, the second part of the problem—that being the lack of any recourse of military personnel who received substandard medical care—was left unaddressed. Ironically, recourse is available to dependents of active duty personnel. This legislation takes the logical and necessary step of making that same recourse available to active duty personnel without exposing medical personnel to personal liability.

Today, I am very happy to see this further corrective legislation come to the floor, and I encourage my colleagues to support the measure in the interest of fairness toward our service men and women.

Mr. MATSUI. Mr. Speaker, I would like to voice my support for the bill H.R. 3174 which would authorize active-duty members of the Armed Services to sue the Federal Government for medical malpractice. Under current law our fighting forces can enter a Government medical facility, be scarred for life by negligent care, and find themselves without recourse. There is no purple heart for the victims of medical malpractice.

The bill before us is carefully crafted so that the Government is not liable for care administered in extraordinary circumstances. It applies only to medical and dental malpractice which occurs at a fixed medical facility.

There is no valid reason that the brave men and women who spend their lives in service to their Nation should be denied access to the very rights and freedoms they fight to protect.

I commend my colleague Mr. GLICKMAN for bringing this measure before the Congress.

Mr. KINDNESS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. All time has expired.

The question is on the motion offered by the gentleman from Kansas [Mr. GLICKMAN] that the House suspend the rules and pass the bill H.R. 3174, as amended.

The question was taken.

Mr. ROWLAND of Georgia. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

PLANNING AND CONSTRUCTION OF FACILITIES FOR CERTAIN SCIENCE ACTIVITIES OF THE SMITHSONIAN INSTITUTION

Mr. MINETA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1483) to authorize the Smithsonian Institution to plan and construct facilities for certain science activities of the Institution, and for other purposes.

The Clerk read as follows:

H.R. 1483

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Board of Regents of the Smithsonian Institution is authorized to plan and construct facilities for the Smithsonian Astrophysical Observatory and the Smithsonian Tropical Research Institute.

SEC. 2. Effective October 1, 1986, there is authorized to be appropriated to the Board of Regents of the Smithsonian Institution:

(a) $4,500,000 for the Smithsonian Astrophysical Observatory; and

(b) $11,200,000 for the Smithsonian Tropical Research Institute.

SEC. 3. Any portion of the sums appropriated to carry out the purposes of this Act may be transferred to the General Services Administration which, in consultation with the Smithsonian Institution, is authorized to enter into contracts and take such other action, to the extent of the sums so transferred to it, as may be necessary to carry out such purposes.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from California [Mr. MINETA] will be recognized for 20 minutes and the gentleman from Florida [Mr. SHAW] will be recognized for 20 minutes.

The Chair recognizes the gentleman from California [Mr. MINETA].

Mr. MINETA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1483 would authorize the appropriation of $4,500,000 effective October 1, 1986, for constructing a new base camp and resurfacing the road at the Smithsonian's Whipple Observatory in southern Arizona and $11,200,000 for four new construction projects at the Smithsonian Tropical Research Institute in the Republic of Panama. The bill allows the transfer of funds to the General Services Administration in order to carry out the activities authorized.

As a member of the Smithsonian's Board of Regents and a member of one of the two committees to which the measure was referred, I am honored to bring this bill to the floor and to encourage its approval by the House. The bill consolidates in one legislative package planning and construction authority for facility development at two of the Smithsonian's most significant research installations and is in keeping with the Institution's long-range scientific expectations. Adoption of the measure now is necessary so that the Institution can seek funds for these projects, which are the Institution's highest construction priorities, in its fiscal year 1987 budget request.

Over the past year and a half, the Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation has held three hearings at which these projects were considered. I think it fair to say that there is wildespread understanding of the scientific significance of these facilities, as well as a high degree of admiration for the analysis with which the Institution has organized its overall construction priorities and the diligence with which it has pursued master planning processes for both units in the bill to ensure the effective application of the funds it is seeking.

The Fred Lawrence Whipple Observatory, located on Mount Hopkins, near Tucson, AZ, is the largest field installation of the Smithsonian Astrophysical Observatory. Since its official opening in 1968, the Observatory has been used as the site for experiments requiring extremely dark skies, dry climate, and good optical scene. The 8,550 foot summit of Mount Hopkins is the site of the multiple mirror telescope, a joint facility of the Smithsonian Institution and the University of Arizona. The MMT is the third largest telescope in the world and the first of its kind, combining six 1.8 meter telescope mirrors in a common support structure to produce the light-gathering capability of a conventional 4.5 meter telescope.

Other instruments are located on a half-mile long ridge at the 7,600 foot elevation. These include a 10 meter reflector for observations of extremely energetic gamma ray events and 1.5 meter and 61 centimeter reflecting telescopes for optical and infrared observations of distant stars and galaxies.

The administrative and support facilities of the observatory are located at Amado, AZ, which is about 35 miles south of Tucson and 18 miles from the scientific operations on Mount Hopkins. This base camp is the operational and logistical headquarters for anyone working at or visiting the mountain, its site consists of two adjacent leased parcels of land totaling approximately 4.25 acres; its facilities include a one-level school building and a one-level residence, both of which date from the 1930's and have been converted for office use. There are also vehicle service, repair, and storage sheds on the site.

The owners of the site have indicated a desire to sell the property. Because of its location near a flood-prone river that often makes access to the mountain very difficult, as well as other inadequacies of the site which serve only to promote operational inefficiencies, the Smithsonian is not a prospective buyer.

As the result of its master planning process, the Institution has selected a site on land under the control of the Forest Service that is across the river from and closer to the mountain than the existing one. Studies related to spatial analyses of the site and environmental documentation are underway, as are negotiations with the Forest Service. It is expected that arrangements can be made that will serve and protect the interests of both parties, and also provide a modest, but improved level of public education for visitors to the site.

If H.R. 1483 is enacted, the Institution expects to include a total of $4,500,000 for construction of the new base camp in its budget request for fiscal year 1987. It anticipates a period of approximately 27 months for design and construction.

In addition, the legislation provides for improved facilities at the Smithsonian Tropical Research Institute which is the principal U.S. center for tropical biology. Each year hundreds of Americans and international researchers join the permanent staff at STRI in undertaking fundamental studies on the tropics. Increasingly scientists and policymakers have recognized the need to understand how tropical ecosystems function in order to predict more accurately environmental changes in the temperate zones.

To capitalize on STRI's unparalleled data base of more than 60 years and use it effectively, it is necessary to undertake a program of facilities improvements. Existing STRI facilities fall into several categories:

Construction undertaken in the 1920's and 1930's;

Renovated structures obtained from the U.S. military; and

Renovated structures obtained from the Government of Panama.

With the exception of a new library building opened in 1984, these facilities are inadequate because of age, size, safety, and health standards. Construction materials used in the first half of the century are inappropriate to the region's high humidity and insect infestation, and renovation of surplus buildings has served only as a stop-gap measure to ensure continuity or research. The structures are inadequate for modern scientific purposes and require extensive maintenance.

Among the pressing needs for STRI is a new terrestrial laboratory to replace a small and obsolete leased structure. Originally built as a hospital morgue, the facility cannot adequately support current research purposes as it has severe deficiencies in its electrical systems, plumbing, load-bearing capacity, and parking, and in the widespread presence of arsenic and other health-related problems. Additionally, its hillside location makes extensive renovation and the addition of outdoor cages and plant-growing facilities impossible.

The construction of a new terrestrial laboratory at STRI's administrative headquarters, known as the Tivoli site, will allow the economy of logistics consolidation with the new library and existing offices. The Tivoli site also will allow proper space utilization for permanent staff, long-term visitors, and students. Better integration of computers, other communications devices, and modern scientific equipment will be afforded in the new facility, as will space for cages, green Houses, space for lectures, small meetings, and major conferences.

Construction and equipment for the new laboratory is currently estimated at $7.9 million. A gift of $4 million for construction has recently been received; an additional $3.9 million is required for completion of the project. If H.R. 1483 is enacted, the Smithsonian would include this amount in its budget request for fiscal year 1987.

Barro Colorado Island, located in the middle of Gatun Lake, a key component of the Panama Canal, has served as an important research center for tropical biology since 1923. Under the Canal Treaties, STRI was assigned custodianship of this 12,000 acre reserve on behalf of the United States and the Republic of Panama. The island serves hundreds of investigations annually, providing research space, as well as living and dining accommodations. Its physical plant includes many outdated wooden buildings which do not meet modern day building or health codes; as new scientific laboratory with attendant cages and growing facilities is a major requirement. Approximately $2.8 million is needed for this construction; funds would be requested in fiscal year 1989.

The geographical advantages of Panama to researchers interested in marine studies are incomparable: nowhere else in the world are two oceans so easily accessible for comparative research. Currently, renovated facilities are available on the Pacific, but no similar situation exists on the Atlantic where STRI research is conducted at Galeta Point in a small asbestos cement building acquired as surplus property from the U.S. Navy in 1965. The present laboratory has a severe asbestos problem in its walls and roof. Housing for researchers consists of a dilapidated trailer which does not meet safety and health codes; an inadequate sewage disposal system threatens the unique coral reef-mangrove swamp study site. A new laboratory, dormitory, and sewage system will require approximately $3.5 million which also would be requested in fiscal year 1989.

Finally, STRI is responsible for more than 60 vehicles, a major research vessel, and dozens of smaller boats, in addition to normal building maintenance requirements. At present, the maintenance needs of its geographically dispersed facilities are performed in the bottom of an old torpedo factory; the top floor houses research offices. In order to provide for adequate maintenance and to relieve the noise and congestion of the present site, a new central facility with modern equipment is required; the estimated cost of its construction is $900,000 and also would be fiscal year 1989 request.

Mr. Speaker, as you can see, H.R. 1483 reflects thoughtful and careful planning to meet the requirements of two of our Nation's small, but significant, scientific installations. The relatively modest total of the sums authorized—$15,700,000 spread out over several fiscal years—represents an important investment in basic science and in our need to understand the forces of nature and the relation of man and his universe.

I urge the adoption of H.R. 1483.

□ 1400

Mr. Speaker, I reserve the balance of my time.

Mr. SHAW. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to join with my colleagues from the House Administration Committee and the gentleman from California in bringing to the floor, today, the bill H.R. 1483.

This bill authorizes the Smithsonian Institution to plan and construct additional science related facilities at the Smithsonian's Tropical Research Institute located in the Republic of Panama and at the Whipple Observatory located near Tucson, AZ.

This science facilities construction proposal represents an effort by the Smithsonian to consolidate in one legislative package planning and construction authority for facility development at two of its most significant research installations.

The proposal is in keeping with the Institution's long-range scientific expectations and has been carefuly evaluated in the context of its overall construction priorities.

For many years now, Smithsonian scientists and staff, as well as visiting scientists from around the world, have been working in make-shift facilities which are unsuitable for carrying out their scientific research.

In Panama, where the Smithsonian has been given international mission status by the Panamanian Government, many of the facilities currently being utilized were constructed before the Second World War.

These buildings, after 45 years in the tropical jungle and being subjected to monsoons, blistering heat, termites, and countless other elements, have just simply reached the end of their useful life.

At the Whipple Observatory, the Smithsonian must replace its administrative and maintenance facilities which serves the astrophysical and scientific operations carried out on Mount Hopkins, and also serves as the staging area and orientation center for visitors.

This facility, or base camp, consists of a 50-year-old, one-level school building converted for office use and numerous vehicle service, repair and storage sheds; all of which are leased.

The base camp is too small to adequately support the increased scientific activity taking place on Mount Hopkins as well as the growing number of visitors visiting the Observatory every year.

Mr. Speaker, this bill would authorize funds for the construction of a new base camp for the Whipple Observatory which would be constructed on a site to be provided by the National Forest Service in the Coronado National Forest.

The Institution has already initiated site and an environmental impact studies to ensure the site is efficiently utilized and with minimal ecological impact.

The new base camp would include an administration building and visitor's center of approximately 10,000 square feet, a vehicle maintenance shop, and a warehouse building.

In addition, the dirt, one-lane access road to the site of the new base camp will be upgraded and paved.

In Panama, funds are authorized in the bill for construction at several of the Smithsonian's tropical research sites.

At the Trivoli site, a new 36,000-square-foot terrestrial laboratory and conference center will be constructed adjacent to STRI's existing library and administrative headquarters.

On Barro Colorado Island, the Smithsonian's Principal Research Center for Tropical Biology, a new 4,000-square-foot central field laboratory will be constructed to replace the outdated and decaying wooden buildings now being used and which no longer meet modern-day building or health code requirements.

And, at Galeta Point, the site of the Institute's Atlantic Ocean Marine Laboratory, a new laboratory of 7,000 square feet plus an ecologically sound sewage system will be constructed, as well as, a new dormitory facility capable of housing up to 15 people.

Numerous hearings have been held by the Public Works and Transportation Committee's Subcommittee on Public Buildings and Grounds on this legislative proposal both this year and last year.

Based on these hearings and careful evaluation of these projects, I would agree that these facilities are urgently needed, meritorious of our approval, and I would urge my colleagues in the House to support the passage of this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. MINETA. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Ohio [Ms. OAKAR], a distinguished member of the Committee on House Administration.

Ms. OAKAR. I thank the gentleman for yielding.

Mr. Speaker, I first of all want to commend the gentleman from California [Mr. MINETA], along with the other Board Members, the gentleman from Massachusetts [Mr. CONTE] and the gentleman from Massachusetts [Mr. BOLAND] for the splendid work they do on behalf of Members of Congress serving on the Smithsonian Board of Trustees, and I rise in strong support of this bill, which would allow the Smithsonian to construct and plan for varieties of scientific activities for the Institution which is in the forefront of the World in its activities. I think we should certainly push forward these activities to give it a continued perspective on this area.

I also want to commend the gentleman from New Jersey [Mr. HOWARD], the chairman of the Committee on Public Works and Transportation, who had very, very thorough hearings on the issue. As the Members know, Mr. Speaker, the Committee on House Administration does have joint jurisdiction; but in view of the thorough hearings that were held, for this time we did waive our jurisdiction. We are going to have an oversight hearing in a week or two concerning the varieties of scientific activities of the Institution, but we were pleased to see the thoroughness of the hearings of the gentleman from New Jersey [Mr. HOWARD].

At this point I want to urge my colleagues to support the bill and support the Smithsonian in these activities, and I want to again commend my friend, the gentleman from California [Mr. MINETA].

Mr. Speaker, the Committee on House Administration through its task force on memorials and libraries has jurisdiction over policy and administrative matters relating to the Smithsonian Institution and shares joint referral, of H.R. 1483, with the Committee on Public Works and Transportation.

The Committee on House Administration will not have the opportunity to take further action on this legislation before adjournment and thus defers to the Committee on Public Works and Transportation for House consideration today.

This action, however, should not be construed as precedent for changing jurisdiction of the Committee on House Administration over related matters.

Mr. SHAW. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. Mr. Speaker, I rise in support of H.R. 1483, a bill authorizing construction at two science facilities of the Smithsonian Institution.

As a cosponsor of the bill and as a Regent of the Smithsonian, I want to thank Chairman HOWARD for bringing this legislation to the floor in a timely fashion. And my Smithsonian colleague, NORM MINETA, who is a member of the Public Works Committee, has also taken a leadership role on the bill and many other issues of interest to the Institution.

Mr. Speaker, I won't repeat the details of this bill, which have been eloquently explained by Representative MINETA. However, I do want to emphasize the importance of the Smithsonian's role as a scientific research institution.

The most familiar role of the Smithsonian is as a collector of objects, a museum or our Nation's attic. The museums along The Mall here in Washington are certainly the most visable and visited part of the Institution. But there is another, equally important role, the Smithsonian has played since its establishment over a century ago.

Through several facilities located around the country and across the globe, the Smithsonian Institution is sponsoring basic research in astrophysics, environmental sciences, archeology, zoology, and tropical biology. These facilities are designed to fulfill a basic mission of the Smithsonian to be a college of discoveries.

H.R. 1483 will enable the Smithsonian to maintain and improve two of its most significant research installations: the Astrophysical Observatory and the Tropical Research Institute.

In 1890, with a $5,000 gift from Alexander Graham Bell, the Astrophysical Observatory was established and first housed in two sheds in back of the Castle. Since then, the facility has developed into the leading international center for the study of astrophysics.

This bill would authorize $4.5 million to plan and construct a base camp for the support of scientific operations at the Mount Hopkins, Arizonian Observatory.

This legislation also provides authorization for repair and improvement of facilities at the Tropical Research Institute in Panama. During the construction of the Panama Canal, the Smithsonian was first called to the area for biological studies. Since then, the Institute has developed into the principal U.S. Center for Tropical Biology Research—a center staffed by 25 leading scientists and visited by several hundred international researchers.

This legislation would authorize a 5-year facilities improvement program for $11.2 million.

Mr. Speaker, over several decades, the Congress and the Smithsonian have made a commitment tc these research activities, and we have the responsibility to properly maintain these important facilities. I urge my colleagues to support this legislation.

Mr. SHAW. Mr. Speaker, I do not have any further requests for time, and I yield back the balance of my time.

Mr. MINETA. Mr. Speaker, I yield such time as he may consume to the very distinguished gentleman from Illinois [Mr. GRAY], a member of our Committee on Public Works and Transportation and a member who formerly chaired our Subcommittee on Public Buildings and Grounds.

Mr. GRAY of Illinois. Mr. Speaker, I thank my distinguished friend and Regent of the Smithsonian, the gentleman from California, for yielding, and I certainly rise in strong support of this legislation.

Mr. Speaker, sitting on the Subcommittee on Public Buildings and Grounds, we had three hearings on this subject, and I can assure my colleagues that this legislation is at the top of the priority list by the Regents and administrators down at the Smithsonian Institution.

□ 1415

Mr. Speaker, it was mentioned earlier by previous speakers about what a great job the Smithsonian is doing; not only up and down the Mall, but in the scientific community. This legislation will upgrade their work. I want to commend the distinguished gentleman from California [Mr. MINETA], the distinguished chairman of the full committee, Mr. HOWARD, and my friend from Florida, Mr. SHAW, who has put in a lot of time and effort on this legislation.

Mr. Speaker, I urge my colleagues to support this bill unanimously. Thank you.

Mr. BOLAND. Mr. Speaker, as one of the sponsors of H.R. 1483, I want to urge my colleagues to support this important legislation.

When most people think of the Smithsonian Institution, they think of the magnificent museums on the Mall in Washington. The Smithsonian, however, is much more than a repository of treasures of art, culture, and history. It is one of the world's foremost scientific research institutions, and Smithsonian scientists work not only in Washington, but in sites around the globe.

The legislation now under consideration, H.R. 1483, will authorize some much needed improvements at two of the Smithsonian's most significant research facilities, the Whipple Observatory in Arizona and the Tropical Research Institute in Panama. Opened in 1968, the Whipple Observatory covers more than 4,700 acres on and near Mount Hopkins. The Observatory houses a number of astrophysical instruments including a multiple mirror telescope, the third largest telescope in the world. Since it opened, the Observatory has used leased property as the site of its administrative and support facilities base camp. A new base camp is needed, both to correct certain deficiencies associated with the current site and because the lease on the current site expires in June of next year. The Smithsonian has identified a new base camp site which is closer to the Observatory than the current site. H.R. 1483 will authorize the construction of the new base camp, a facility which I believe is critical to the provision of a level of support services consistent with the quality of scientific research being done on Mount Hopkins.

Mr. Speaker, one of the least understood phenomena currently confronting the world, and one with potentially catastrophic consequences, is the deforestation of tropical rain forests. The Smithsonian, at its Tropical Research Institute in Panama, is studying this problem and hundreds of other puzzling questions in the field of tropical biology. The Tropical Research Institute, is our Nation's principal center for tropical biology. Despite its standing, scientists stationed at the Institute and those who visit it each year, live and work in facilities that are woefully inadequate. The Institute has many needs, chief among them the construction of a new terrestrial laboratory at Tivoli, a new scientific laboratory on Barro Colorado Island, a new laboratory and dormitory at Galeta Point and a central maintenance facility to handle the Institute's disparate maintenance needs. Fortunately, private resources will help meet some of these needs. H.R. 1483 will permit us to meet the remainder, and in so doing allow us to provide the Smithsonian's tropical research staff with the kind of equipment and facilities they need to do their important work.

I hope the House will approve this authorization measure. Scientific research, whether done at the Smithsonian or elsewhere, needs to be supported by modern instruments and facilities. H.R. 1483 will go a long way toward insuring that Smithsonian scientists at the Whipple Observatory and the Tropical Research Institute will receive that kind of support.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. MINETA] that the House suspend the rules and pass the bill, H.R. 1483.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MINETA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material, on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will announce that pertaining to the rollcall vote on the military medical malpractice bill, that vote will take place after the completion of the farm bill today.

FOOD SECURITY ACT OF 1985

The SPEAKER pro tempore. Pursuant to House Resolution 267 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2100.

□ 1417

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, with Mr. BONIOR of Michigan in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, October 3, 1985, title XV was open for amendment at any point on which debate had been limited to 1 hour, equally divided between proponents and opponents.

Fifty-two and one-half minutes of debate remain on title XV; 29 minutes for the proponents, and 23½ minutes for the opponents. Pending was an amendment offered by the gentleman from Missouri [Mr. Emerson] and an amendment to the amendment offered by the gentlewoman from New Jersey [Mrs. Roukema].

The Chair recognizes the gentleman from California [Mr. Panetta].

PARLIAMENTARY INQUIRIES

Mr. PANETTA. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PANETTA. Mr. Chairman, I would like to make an inquiry with regard to the time allotment. As I understand it, an hour has been assigned for this particular section of the farm bill. The question that I have is whether that time has been divided equally between the minority gentleman, Mr. Emerson, and myself, to control that time, or what is the approach taken with regards to that hour?

The CHAIRMAN. The Chair would state that the time has not been divided equally yet between Mr. Emerson and Mr. Panetta. But the Chair could so do.

Mr. PANETTA. Mr. Chairman, I would then ask unanimous consent that the hour, excluding obviously the time that has already been used by the gentleman from Missouri, that that time remaining be equally divided between the minority gentleman, Mr. Emerson, the ranking minority member on the subcommittee, and myself.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The gentleman from Missouri [Mr. Emerson] will be recognized for 23½ minutes and the gentleman from Califronia [Mr. Panetta] will be recognized for 29 minutes.

As the Chair recalls, the last amendment that was read was the amendment to the amendment offered by the gentlewoman from New Jersey [Mrs. Roukema], and at this point she should be recognized.

Mr. de la GARZA. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. de la GARZA. Mr. Chairman, did I understand the Chair to state that the gentlewoman from New Jersey would receive her time?

The CHAIRMAN. Since we have divided the time between Mr. Panetta and Mr. Emerson, she should get her time from Mr. Emerson.

Mr. de la GARZA. Mr. Chairman, I appreciate that because my concern is that I offered her that her time would be protected and that I would see to it that today she would have her time available. If that can be coordinated within the time yielded, then I would appreciate it in order that we might carry out our commitment to her when we last adjourned.

Mr. EMERSON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. EMERSON. Mr. Chairman, we have an hour equally divided between the chairman and myself, but does not someone who has an amendment get 5 minutes on their own, separate and apart from the hour that we have?

The CHAIRMAN. The amendment by the gentlewoman from New Jersey was not printed in the Record, and is an amendment to the Emerson amendment. Now that all the time on title XV has been allocated equally, her time should come from the gentleman from Missouri.

Mr. EMERSON. Mr. Chairman, I yield 2 minutes to the gentlewoman from New Jersey [Mrs. Roukema].

Mrs. ROUKEMA. I thank the gentleman for yielding me this time.

Mr. Chairman, the amendment has been read, and I would simply like to say that the amendment, as a point of clarification, is an amendment to the gentleman's amendment, and it retains the provisions in the committee bill to assist low-income elderly and disabled participants who have high medical expenses.

It is my understanding that the gentleman from Missouri has accepted the amendment.

I yield to the gentleman from his response.

Mr. EMERSON. Mr. Chairman, I accept the gentlewoman's amendment.

Mrs. ROUKEMA. I thank the gentleman.

Mr. Chairman, I have an amendment to the gentleman's amendment. This amendment retains the provisions in the committee bill to assist low-income elderly and disabled participants who have high medical expenses.

As the ranking Republican on the Hunger Committee, I have studied the issue of elderly participation in the Food Stamp Program. Elderly poor with high medical expenses do not receive as high a benefit level as they need because the medical deduction threshold is too high. The poor disabled have the same problem. My amendment would provide higher benefits to approximately 130,000 elderly and disabled households per month at minimal cost to the Federal Government.

Most people do not realize that the Food Stamp Program is the country's largest elderly nutrition program. Every day, millions of older Americans rely on food stamps to pay their grocery bills. About 20 percent of all food stamp households have one elderly member. The program is also important in a similar manner for the disabled.

My amendment will assist low-income elderly or disabled citizens by lowering the medical deduction threshold used to determine food stamp benefits. Currently, an elderly or disabled household must spend at least $35 per month on medical needs before this cost is deducted for the purpose of determining food stamp benefits. My amendment would lower this threshold for these households from $35 a month to the lesser of 5 percent of gross income or $35 per month.

Because the average income of an elderly household is currently about $360 a month, the $35 threshold constitutes almost 10 percent of its income. Since many households have incomes far below the average, this $35 threshold works as a particular hardship on them. In addition, you should understand that this change will bring the Food Stamp Program more into line with the Federal Income Tax Code in terms of determing eligibility for a medical hardship deduction.

I urge my colleagues to support my amendment which will be beneficial to many elderly and disabled households.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New Jersey [Mrs. Roukema] to the amendment offered by the gentleman from Missouri [Mr. Emerson].

The amendment to the amendment was agreed to.

Mr. PANETTA. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I rise in opposition to the Emerson amendment, as amended. I rise because I believe this is a key test amendment for the House of Representatives on the hunger issue in this session of Congress.

It is a test of whether we indeed recognize or hide from the facts about hunger. It is a test about whether we intend to only speak about the problem of hunger in our society or whether we intend to do something about it. It is a test of whether we stand by the commitment that the House of Representatives made last year in adopting H.R. 5151, the Hunger Relief Act, by a margin of 364 to 39.

The principal provisions of H.R. 5151 are contained in this section of the farm bill. These are the provisions that the Emerson amendment seeks to strike out. I would urge all Members to look at the facts regarding this amendment and its impact.

First of all, let me make clear to the Members that the provisions of this bill relating to nutrition are within the budget resolution adopted by the Congress—adopted by the House, adopted by the Senate, and put into effect by this Congress. Indeed, Chairman GRAY has made clear that the food stamp authorizations contained in this bill are fully consistent with the 1986 budget resolution adopted by the Congress.

□ 1425

As a former member of the Budget Committee, I recognized that in order to provide for needed authorizations to address the hunger problem in our society it was important to account for these programs in the budget resolution. That was the battle we fought on the House side. It was fought in conference between House and Senate conferees on the budget, and was ultimately adopted by the conference and included in the fiscal 1986 budget resolution. This resolution was adopted on the basis that we can indeed justify the minimal restorations included in H.R. 2100 when it comes to a program that impacts on hunger.

Make no mistake about it, the food stamp program has received more than its share of cuts over the last 4 years. This program was cut almost $2 billion in each year for 4 years as a result of the 1981 reconciliation proposal. What we seek to accomplish here comprises only a minimum restoration, somewhere in the vicinity of $400 million in fiscal 1986 for nutrition programs, and indeed even our proposal falls below that figure per year.

As I said, the budget resolution adopted by the House and the Senate allows for the provisions incorporated in H.R. 2100.

Second, this amendment offered by the gentleman from Missouri has been portrayed as one that does not undercut current services. That is simply not so. Adopting this amendment will cut benefits by $550 million over 4 years; it will cut benefits that flow to job-training programs, benefits that help poor families confronting the tough decision of heating or eating, and benefits for nutrition assistance program recipients in Puerto Rico. Make no mistake about it, this amendment does not maintain current services; it cuts domestic food assistance programs below current services by almost $550 million.

The amendment would also eliminate a key provision of H.R. 2100 that provides for a thrifty food plan that keeps pace with food prices, by adding 2 to 3 cents to the cost of the average food stamp meal now totaling a meager 42 cents. The amendment would also eliminate a provision that helps the working poor, by increasing the income deduction from 18 to 20 percent of earnings. The amendment deletes a provision that helps working mothers by providing a child care deduction. If we are concerned about employment, the provisions of H.R. 2100 are essential to keep people working while providing some minimum benefits.

The amendment also removes ajustments in the assets limitations for the unemployed, and eliminates modest increases in the shelter deduction for the elderly and for many others who face the dilemma of heating or eating.

The facts about hunger are clear to everyone in this House.

The CHAIRMAN. The time of the gentleman from California [Mr. PANETTA] has expired.

Mr. PANETTA. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, the facts on hunger, I think, are clear to everyone. I believe there is no one in this House who does not understand the full impact of the hunger issue in our society. We have conducted some 16 hearings in the subcommittee. Witness after witness in hearing after hearing confirms the fact that hunger is a problem that is on the increase in our society, doubling and tripling the services provided by soup kitchens and food pantries in recent years. The increase of hunger has been confirmed by the Conference on Mayors, it has been confirmed by the Governors Association, and it has been confirmed by the President's 1984 Task Force on Food Assistance.

The 1984 task force was established by the President to look for solutions to the hunger problem. And what did they recommend? They said that current food assistance are not enough; they said we need to provide additional benefits to the hungry in this country. It is important to note that many of the task force's recommendations have been incorporated in this legislation.

Let us look at the facts. What we are seeing today is increasing infant mortality, particularly in the first 12 months of life. We are seeing increasing symptions of anemia time and time again, reflecting the fact that nutrition benefits are not reaching our children. One out of every four children in this country currently lives in poverty, and that is having a tremendous impact on our future.

These facts warrant taking some action. I recognize that it is nice to talk about the hunger problem. We hold concerts to bring attention to the hunger problem, we have a Select Committee on Hunger, and we declare days of fast and abstinence to deal with the hunger issue. And all of those are good. I do not want to undercut the sincerity of all who are interested in pushing forward those particular ways to show a proper concern about hunger. But it does not help the people who are hungry. This is the legislation that helps people who are hungry, and if we are seriously concerned about that problem, now is the time to provide assistance.

Last year, we made that commitment. The Members who voted for the 1984 Hunger Relief Act in the 98th Congress made a statement, and that statement was overwhelming. By a vote of 364 to 39 we said that we would adopt basic provisions to our domestic food assistance to help solve the hunger problem in our society. Since then, no legislation has been enacted into law. Nothing has changed. Only the problems has grown worse, if anything.

I ask Members to remember the commitment that was made last year, and request, at the very least, that we make the commitment again this year by adopting these provisions. We are talking about helping the poorest of the poor. If we are concerned at all about safety net issues, that is good reason to support food stamps. I ask Members to recognize that 95 percent of those receiving food stamps live below the poverty line and receive 98 percent of the benefits. These benefits serve the poorest of the poor.

The food assistance provisions of H.R. 2100 are not going to solve hunger in our society. They are not going to relieve the problem that still face millions of Americans in our society. If you vote for these provisions, it is not likely that you are going to receive recognition from a lobbyist or in the from of a campaign contribution, but at the very least voting for these provisions will provide a few cents to those who are hungry in our society.

So, Mr. Chairman, it is out of that sense of compassion that I ask the House to reject this amendment and to stand by the provisions contained in the bill.

Mr. GLICKMAN. Mr. Chairman, will my colleague, the gentleman from California, yield?

Mr. PANETTA. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I thank my colleague for his excellent statement.

One of the provisions that the amendment offered by the gentleman from Missouri [Mr. EMERSON] speaks to is the thrifty food plan which is in the committee bill, and this is one of the things that allows people who are needy a more recent computation of food costs for the purposes of buying their food stamps. That is one of the things that strikes me as being at the heart of the amendments that the gentleman has brought before us today, that is, to give people an opportunity to value their food that they are buying with food stamps at as close to today's food prices as possible, rather than several months ago, which is where we go back to if the Emerson amendment is adopted.

Am I correct in that statement?

Mr. PANETTA. Mr. Chairman, the gentleman is correct. The gentleman is a member of the subcommittee and has followed this issue closely.

The CHAIRMAN. The time of the gentleman from California [Mr. PANETTA] has expired.

Mr. PANETTA. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. GLICKMAN].

Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, to explain further, what we tried to do is we retain the cost-of-living increase provided with the thrifty food plan, but the problem is that the present cost-of-living index is somewhere between 3 and 15 months behind. It is not that we are increasing the cost-of-living index; what we are trying to do is update it so that it does reflect what the cost of food is in a judicious and reflective way.

So this formula change would provide that update, and it would provide at a minimum something around 2 cents per person per meal in addition to what is currently being provided. Let me make it clear that if the cost of food goes down and if the thrifty food plan goes down, then the benefits go down. We have not changed that trigger in any way.

Mr. GLICKMAN. Mr. Chairman, I thank the gentleman, and I reserve the balance of my time.

Mr. EMERSON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, the distinguished chairman of the subcommittee, the gentleman from California [Mr. PANETTA], says that my amendment makes significant cutbacks in food stamp benefits, and he cites two examples—energy assistance and the Job Training Program. What the gentleman fails to state is that my amendment does not make any reference to these two provisions. The cutbacks the gentleman from California mentions are in the committee bill. They are his provisions, not mine.

In addition, the gentleman from California talks about over $500 million in cutbacks as a result of my amendment. Any savings attributed to my amendment result from paper savings due to the manipulation of the Puerto Rico grant. My amendment continues the current law of providing $825 million for Puerto Rico for food assistance—more than for any State except New York.

□ 1435

Yet this is described as a savings of over $500 million by 1990.

The committee bill adds $370 million for Puerto Rico, and yet this is described as a savings of $208 million.

Now this is not a freeze amendment. Benefits and deductions increase according to current law. The thrifty food plan for a family of four is now set at $264 a month. The Emerson amendment does not change the COLA which will allow an increase up to $295 a month by 1988, which is a 12-percent increase in benefits.

The standard deduction will increase from $95 a month to $107 a month, or another 12-percent increase.

The shelter dependent care deduction will rise from $134 a month to $152 a month, or by over 13 percent.

So this is not a freeze amendment.

The committee bill increases deductions and benefits over and above the cost-of-living adjustments. The deduction for shelter dependent care is separated creating two deductions and the shelter deduction continues to rise.

The committee bill provides for an increase from the present level of $134 a month to $328 a month by 1988 for shelter and dependent care deductions. This is almost a 150-percent increase.

You have heard that these increases in food stamp spending are accommodated in the budget resolution. However, this is only half the story. Increases were accommodated only if the deficit was not increased. This was the agreement reached in the conference of the 1986 budget. The only reductions in spending in H.R. 2100 are for farm programs. Over $7 billion over a 3-year period was saved from farm programs. Are we in fact reducing farm income so that we can increase food stamp spending over and above the cost-of-living adjustment?

You have heard some Members say that my amendment cuts benefits. It does not. It simply does not. I eliminate additional spending. That is what we are doing.

The committee bill does provide for some savings in the Food Stamp Program. Remember it is the committee bill that saves money in some few areas and not this particular amendment.

This bill before us today is not H.R. 5151 that passed last year. It is significantly different. There was no permanent change to the thrifty food plan in H.R. 5151. There is one in H.R. 2100 at a cost of almost $500 million by 1988. The shelter dependent care deduction was not separated in H.R. 5151, and was allowed to more than double.

In H.R. 2100 there is almost a 150-percent increase in these deductions.

H.R. 5151 did contain a provision to require States to repay misspent Federal money over and above the 5-percent error rate tolerance level. This provision saved $205 million by 1988. Now this is missing from H.R. 2100.

Over 8 percent of the food stamp funds are spent in error. Over 8 percent of the food stamp funds are spent in error at a loss to the Federal Government of over $900 million a year. Only one State has ever repayed any money to the Federal Government.

The real cost of H.R. 2100 is masked. In reality, the committee bill will cost almost $600 million more than is described in the committee report. Puerto Rico is provided an additional $370 million, and yet the committee report shows this is a savings of $208 million.

You have also heard that the President's task force recommendation was cited as a basis for the committee bill. However, there are some important missing pieces. Where is the task force recommendation to allow States to have the option of running a State-designated Food Stamp Program? It is not in H.R. 2100. Where is the task force recommendation to require States to repay the value of benefits issued in error in excess of 5 percent? It is not in H.R. 2100. Where is the task force recommendation to cash out food stamps for elderly and disabled participants? H.R. 2100 allows this for Puerto Rico, but for nowhere else. That task force recommendation is not in H.R. 2100.

The true costs of the food stamp expansion in H.R. 2100 are masked. In reality, Puerto Rico is provided additional money over and above the $825 million included in the Food Stamp Act. An additional $370 million over the life of the bill is provided, and yet this is counted as a savings.

Look at the bill. Section 1527, the money going to Puerto Rico is increased by $37 million in 1987 up to $149 million in 1990. That is almost $600 million more over the life of the bill that is described, $600 million more.

Mr. Chairman, I reserve the balance of my time.

Mr. PANETTA. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from California, the chairman of the Select Committee on Aging [Mr. ROYBAL].

Mr. ROYBAL. Mr. Chairman, I rise in strong opposition to the amendment offered by Mr. EMERSON deleting provisions from the food stamp portion of H.R. 2100. The Emerson amendment, even as amended by Roukema, would threaten the basic nutritional needs of hundreds of thousands of low-income older Americans throughout the country.

Presently, nearly 6 million older Americans—or 23 percent of those over age 65—have incomes below 125 percent of the poverty standard. For many of these poor, ill, or isolated individuals, geriatric malnutrition has been found to be a severe problem. National surveys by the Human Nutrition Center on Aging have found that close to 50 percent of elderly Americans consume insufficient levels of calories, vitamins, and nutrients. What is more, much evidence has been accumulated showing a strong link between weakened disease resistance and poor nutrition.

Over 1½ million households with a member aged 60 or older participate in the Food Stamp Program. Yet, only half of those elderly persons who are eligible for food stamps actually receive them.

Information provided to the Select Committee on Aging indicates that many older persons mistakenly do not believe they are eligible for the program, or simply do not understand the procedures for receiving this assistance. The amendment offered by Mr. EMERSON even as amended by Roukema would compound this serious problem by deleting the provision which allows States to provide public information to elderly, disabled, or unemployed individuals who are potentially eligible for food stamps.

Another provision freezes the assets limitation, which has not been updated since the first time national standards were set in 1971, thereby excluding many truly needy persons from the program. This action would also prohibit single elderly persons from maintaining a minimal reserve of resources for burial.

Other provisions prevent benefits from remaining current with actual food prices, prohibit recipients from receiving the USDA's minimal nutritional diet, freeze the excess shelter deduction, reduce assistance for those on low-income energy assistance, reduce benefits for participants in the Job Training Partnership Act, and freeze for 5 years the nutrition block grant for Puerto Rico. Cumulatively, these changes would force hundreds of thousands of frail and low-income older Americans to choose between essential food, shelter, medicine, and heating needs.

Mr. Chairman, the impact of these provisions on low-income Americans is substantial. By lessening the availability and accessibility of basic nutritional assistance to older Americans and other needy individuals, we would be threatening their very health and well-being. I strongly urge my colleagues to reject this amendment.

Mr. EMERSON. Mr. Chairman, I yield 4½ minutes to the distinguished gentlewoman from New Jersey [Mrs. ROUKEMA], the ranking member of the Select Committee on Hunger and a member of the Education and Labor Committee, which has extensive nutrition jurisdiction of its own.

Mrs. ROUKEMA. Mr. Chairman, I thank the gentleman from Missouri, the author of this amendment, and I rise in support of it.

Mr. Chairman, I would like to stress, first of all, that the gentleman from Missouri [Mr. EMERSON] has made the case, not only forcibly, but with great clarity that this bill is not H.R. 5151, on which we voted last summer. It has significant differences.

I should also like to stress at the beginning that my amendment to the amendment of the gentleman from Missouri [Mr. EMERSON] removes the limitation on assistance for low-income elderly and disabled in the medical expense area, so we can put that one aside; but I would also like to say to the distinguished chairman of the committee, the gentleman from California, who asked the question in his presentation, at least two questions. What is different here than when we discussed the issue of H.R. 5151? Well, there are a number of things that are different, but in the brief time that I have left to me, I would like to make two points. One is that I, as the ranking member of the Select Committee on Hunger, would not now or ever suggest that we withdraw our commitment to food spending for the poor, and I want to stress that this bill does not withdraw our present commitment. It does not in any way reduce current spending levels. In fact, it does allow for the cost of living indexing, both in food stamps as well as in shelter and in dependent care, but it maintains our present commitment.

It does, in fact, do exactly what some moderate Republicans had suggested in the 92 Group budget, which was to maintain current services with the cost of living increase, so we are not withdrawing a commitment; but, Mr. Chairman, I think it must also be recognized that now we are speaking in the climate of a deficit crisis. Indeed, the airwaves and the print media were filled this weekend with the thought that we might have to adopt some extraordinary measures for a 5-year plan to reduce the budget deficit.

So I say, no, we should not withdraw one dime of our commitment to the poor and their food needs, nor is this the time to increase significantly, as the committee bill does, spending in this particular area.

Because the facts are, as the gentleman from Missouri [Mr. EMERSON] has laid out, this is a costly additional program. In fact, the USDA estimates that if this indexing proposal to the 100-percent thrifty food plan were applied over the past 3 years, there would have been costs overpaid by $381 million in 1982, $307 million in 1983, and $119 million in 1984.

So the point is that shifting to this kind of an indexing, as proposed by the committee, would have in fact resulted in cost overruns, if you will, above and beyond the cost of inflation.

So I would conclude by stating very graphically that the budget deficit crisis has gotten to this extent, that right now, this year, we are paying $155 billion in interest on the debt alone—$155 billion in interest on the debt alone, and that interest has not provided a dollar's worth of food stamp money nor a meal for a needy child.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mrs. ROUKEMA. I yield to my colleague.

Mr. PANETTA. Mr. Chairman, I thank the gentlewoman for yielding.

That has been taken into consideration in terms of the budget resolution. The budget resolution allows for exactly what is incorporated in here, and if the gentlewoman voted for the budget resolution, she essentially was voting to in fact provide this additional amount for nutrition.

Mrs. ROUKEMA. The fact is, I did not vote for the budget resolution because I felt that the numbers were fictitious, that the estimates were not real and that it was not a genuine step in the direction of a downpayment on the deficit.

Mr. PANETTA. Mr. Chairman, I yield 4½ minutes to the gentleman from Texas [Mr. LELAND], the chairman of the Select Committee on Hunger.

Mr. LELAND. Mr. Chairman, let me first commend my colleague, the gentleman from California [Mr. PANETTA] for his outstanding leadership in this matter.

Mr. Chairman, I rise in support of titles XV and XVI as they are intact and in opposition, for sure, to the Emerson amendment. I support the domestic food programs of H.R. 2100. I intend to support these provisions with all my heart and everything that I have got.

The Select Committee on Hunger, which I chair, has been investigating the adequacy and availability of existing food services in both urban and rural parts of the community throughout this country. At each of our hearings we have received testimony indicating that current services are inadequate. We have been told over and over again of families who are repeatedly forced to do without food because their benefits do not last through the months.

We hear horror stories about how some of our senior citizens have to sell their food stamps in order that they can pay their rent or pay their utilities, horror stories like this from poor people who cannot afford the sacrifice because of the so-called fiscal conservatism that we hear rampant throughout this Congress.

A few months ago we received poverty statistics from the Census Bureau which reported that 14.4 percent of the American population lives in poverty. That is about 35 million people in this country. We know there is a definite link between poverty and hunger and these census figures confirm that a consistently high number of low-income Americans remain vulnerable to hunger. In a country like ours, we cannot afford to not feed people, we cannot afford to cut programs.

In fact, we need more. I would like to come here and advocate more food stamps; but within the fiscal constraints of our budget that we have already dealt with, and I happened to vote against it, too, because we spend $10 billion more for military expenditures than we did for human services, than we did trying to feed and house the poor of our Nation; little children that we have benefited in the Mississippi Delta that the gentlewoman from New Jersey and the gentleman from Missouri both visited with me, when we went to Mississippi and we saw those poor, desperate children. We saw them suffering.

We heard from doctors who said that there was rampant anemia, which is the first sign of hunger and malnutrition. We heard from the people in the programs saying that we just do not have enough food. We heard from the white poor senior citizen who said to us that she had to sacrifice certain things because she did not have enough food stamps to last her through the months.

Mr. Chairman, I envision a day when there is no more hunger in America, a day when no child or adult in the United States need face the prospect of going without food. This is not a fantasy for me. When I go home to my district, I see poor people. I live with them.

The infant mortality rate in the black community in this country is twice as high as it in the white community. Why is that? It is because we have a disproportionate number, a higher poverty rate in the black community. We do not have adequate food to feed those young potential mothers in the WIC program and in the food stamp program. These people are suffering.

Our children in the black and Hispanic and native American communities throughout this land and even the poor white communities are suffering from the ramifications of this hunger. Eventually their minds are affected and they become burdens on our society and we pay for them in billions of dollars in the future.

This amendment is not even cost effective. We might save a few million dollars here, but in the long term we are going to pay for it.

We have got to feed the hungry of this Nation and we cannot do it by claiming that we are going to save this amount of money because we are paying so much on our debt, so much interest on our debt.

This hurts me. I have an empathetic perspective on hunger. I grew up in a poor community. Now, I do not want to tell a good "old boy" story, but my people are suffering. People in Appalachia are suffering and we have got to do something about this.

We cannot afford to have this amendment pass. We have got to help our chairman, the gentleman from California [Mr. Panetta] to save these titles. Too much fiscal concern is overshadowing the real human concerns that we ought to have for the people in our country.

Mr. EMERSON. Mr. Chairman, I yield myself such time as I may require.

I want to first of all say to my dear friend, the gentleman from Texas, the chairman of the Select Committee on Hunger, that I do not disagree with anything the gentleman has said abut the problems that need to be addressed; the problems of infant mortality and the other problems that the gentleman raises, I share his concern for them, but they are not going to be cured any more by what the gentleman from California [Mr. Panetta] has in the committee bill than they would be by my amendment.

More money for food stamps is not the answer or the cure for infant mortality and the other socioeconomic problems that the gentleman from Texas raises, and while I appreciate his impassioned plea, I do not think they really speak to the subject of my amendment.

Mr. LELAND. Mr. Chairman, will the gentleman yield?

Mr. EMERSON. I yield to my friend, the gentleman from Texas.

Mr. LELAND. Mr. Chairman, does the gentleman understand that feeding pregnant women feeds the child that that pregnant woman is bearing and that in fact is the very essence of how we solve problem of low birth weight and eventually the problem of infant mortality?

Mr. EMERSON. Mr. Chairman, if I may reclaim my time, indeed I do; but what I am saying is that the solution to that is not simply an increase in food stamps. It is a matter of education and a lot of other factors relating to nutrition that need to be addressed.

The gentleman and I have explored also in the Select Committee on Hunger the need for the one-stop shopping for people who are in need.

□ 1450

Mr. LELAND. But when they stop, then they cannot find the adequate food stamps that they have and it does not help at all, does it?

I understand the gentleman's concern for trying to streamline programs in the Government.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. EMERSON. If I may reclaim my time, I yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. I thank the gentleman for yielding.

Mr. Chairman, I would simply like to say, in consideration of my dear friend, the gentleman from Texas, and the point that he is making, but also the point that the gentleman from Missouri is making, of course, we are not solving the total problem of hunger here, but the two particular issues that the gentleman referred to, one in Mississippi and specifically the WIC Program, are not under this food stamp bill.

We most generously funded the WIC Program in reauthorization just within the last month. The problem of AFDC is as much a State problem in the particular situation. They are interrelated, of course, but they are not this gentleman's amendment.

Mr. LELAND. If the gentleman will yield further, I would just like to clarify my position on the issue.

When we went to Mississippi, the people talked about the need for more WIC funding and the need for more food stamp funding. They were talking about inadequate services to the little children in particular, if the gentlewoman will remember. I am not confused on the issue.

Mrs. ROUKEMA. For our colleagues, I want them to know that we are not talking about WIC and we are not talking about AFDC in the amendment of the gentleman from Missouri [Mr. Emerson]. We are talking about food stamps.

Mr. LELAND. We are talking about food stamps.

Mr. EMERSON. Mr. Chairman, if I may reclaim my time, let me say that my amendment does permit a COLA increase. We are, with my amendment, going to permit a full COLA increase in food stamps. My amendment does not cut anything. Nothing.

Mr. PANETTA. Mr. Chairman, will the gentleman yield on that point?

Mr. EMERSON. I yield to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding.

Mr. Chairman, the gentleman has said it over and over again, and it is simply not true. What he has done is selectively chosen between the pluses and the minuses in the legislation. He got rid of the pluses, he accepted the minuses, and what he has are cuts.

Mr. EMERSON. Let me say to the gentleman, they may be cuts from the budget adopted by the House but they are not cuts from the program. We have to keep our terminology straight here.

What we do not do is add the add-ons in my amendment. We do not cut. We just do not add the add-ons that are in the committee bill.

In response to the gentleman from California [Mr. Roybal] I want to say that the elderly are provided a maxium asset allowance of $3,000. In addition to the $3,000, the food stamp participants may, this is all included, keep their home and their property regardless of acreage, household goods, furniture, appliances, cash value of life insurance policies, pension funds, all cars used for producing income, and irrevocable trust funds.

This amendment does not cut. It is like the old argument going back to 1981 when they said we were cutting. We were not cutting anything. We were restraining the rate of growth and that is what my amendment does right here. We permit the COLA but we restrain the rate of growth.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. EMERSON. I yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. I thank the gentleman for yielding.

Mr. Chairman, I have asked the gentleman this question before since it was of concern to me.

Suppose the economy gets worse, I ask the gentleman from Missouri. What will happen to those additional people that will be in need, not presently on the food stamp rolls but who will be in need? Is it not correct under the gentleman's amendment that they will be entitled and included under his amendment?

Mr. EMERSON. That is absolutely correct. If you qualify, you qualify, and in that case which the gentlewoman suggests, I suppose the ultimate result would be that we would have to ask for a supplemental.

Mr. PANETTA. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. FAZIO] a member of the Select Committee on Hunger.

Mr. FAZIO. I thank the gentleman for yielding this time to me.

Mr. Chairman, in addition to the Select Committee on Hunger, I also happen to serve on the Committee on the Budget and I want to begin my brief remarks by attesting to the fact that this was a clearly and fully debated issue in the conference that we had with the other body. In the adoption of the budget resolution, we clearly left this one domestic initiative contained in the House resolution, intact.

In concert with the Senate, we decided that the hunger problem that is so clearcut in our country needed to be attacked. It is understood that there would be a small increase in this year's domestic spending agenda for this purpose. In fact, the amendment offered by the gentleman from Missouri [Mr. EMERSON] would reduce below the current services baseline, and that is what I think he is referring to when he talks about COLA's, spending for food stamps over 5 years by $543 million. We are not keeping pace here. We are cutting below the level required to keep on doing the same job—moderate as it may be—next year.

□ 1500

We are cutting below the level projected for 1986 by $200 million. That is the total reduction in the Emerson amendment, a $200 million reduction over the legislation that passed this floor overwhelmingly, authored by the gentleman from California [Mr. PANETTA] and cosponsored by a broad, bipartisan consensus in this body. And these numbers are attested to by the Congressional Budget Office.

Why were we so much together on this issue? Because the data is clear. In Chicago, in Massachusetts, in Minnesota, not the poorest places in this country, studies show a clear increase in infant mortality, low birth weight children, tremendous health problems with cost implications for the taxpayers of this country in the years ahead. The gentleman from New York [Mr. GILMAN] can make this point more clearly.

But I want everyone to understand that half of the people who get food stamps are children. We are currently finding that only 19.8 million people use food stamps when, in fact, there are 33.8 million Americans living in poverty. You can assume that half of the 14 million people who are eligible and not receiving food stamps today are children.

If we want to make a good investment in the future of our country, let alone in the future of the taxpayers who support it, we should begin by adopting the bill as adopted last year and again this year.

As a member of the Select Committee on Hunger and chairman of the Budget Task Force on Income Security, I have heard testimony from State and local health and welfare officials attesting to the growing numbers of American families whose daily diets are nutritionally deficient. Hunger in our country does exist and if we do not take steps to ensure that low-income families are provided with the means for adequate nutrition then hunger will persist in America.

The amendments proposed by the gentlemen from Missouri to maintain the Food Stamp Program under current law and to allow each State to operate its own food stamp program will drastically push back efforts to end hunger in this country. Food stamp eligibility determination would not be updated to reflect the real cost of living for the poor and many needy American families could be cut off the Food Stamp Program.

The President's Task Force on Food Assistance (1984) reported that:

> The recessions of the past have resulted in an increase in the number of "new" poor families, many of whom are needy but have assets which disqualify them from eligibility to the food stamp program.

H.R. 2100 includes provisions recommended by the Task Force for providing food stamps to the new poor. The proposed amendment goes against the President's Task Force recommendations.

Millions of needy Americans are, under current law, unserved by the Food Stamp Program: Participants in the Food Stamp Program total 19.8 million, however, right now 33.7 million Americans are living in poverty.

If the Federal Government were to relinquish its national responsibility for the Food Stamp Program to the States—the Emerson optional block grant proposal—then those States unable to absorb the burden of the program due to unsteady economic conditions would be forced to reduce benefits and/or cut needy persons from the program.

Food is a basic human need. Access to adequate food should remain a right for every American. Any effort to reduce the Federal Government's commitment to this right would be an immoral catastrophe in our land of plenty.

Mr. EMERSON. Mr. Chairman, I have no further requests for speakers at this time and would reserve the balance of my time.

Mr. PANETTA. Mr. Chairman, I yield 2½ minutes to the gentleman from New York [Mr. GILMAN], a member of the Select Committee on Hunger.

Mr. GILMAN. Mr. Chairman, I rise in opposition to the Emerson amendment and I commend the gentleman from California [Mr. PANETTA] for his efforts in support of the Food Security Act.

Mr. Chairman, as a member of the Select Committee on Hunger, I have become acutely aware of the long-term consequences of hunger and malnutrition at home and abroad. I do not believe we can support a more worthy policy than assuring minimum nutrition to American families.

I am objecting to the Emerson amendment and urging my colleagues to vote against it for several reasons: First, the amendment eliminates the slight benefit increases adopted by the Agriculture Committee that will help the poor and unemployed feed their families. Second, the Emerson amendment would cut the Food Stamp Program below current services by approximately $550 million in fiscal year 1990. Third, it would seriously affect poor children, single parents, the frail elderly, and other vulnerable groups by not recognizing extraordinary expenses for energy assistance, for child care, shelter, or burial savings in computing benefits against a meager budget.

The Agriculture Committee bill is modeled after the recommendations of the President's 1984 Task Force on Food Assistance and is similar to the Hunger Relief Act which passed with overwhelming bipartisan support in the House in 1984. The Emerson amendment deletes those provisions that was designed to ensure basic food benefits to keep pace with the costs of food in the next 4 years.

There is significant evidence that the problem of hunger in the United States is not new, nor is it diminishing. Health indicators such as infant mortality and low-birth weight are on the rise in rural America. Growth stunting among urban, poor children due to inadequate nutrition is also common today. The postneonatal death rate is on the upswing nationally for the first time in 20 years, and it is largely attributed to inadequate prenatal nutrition and care.

The overall affect of this vote will determine whether we make progress in combating hunger, malnutrition, and related health problems in our own Nation in the future. Accordingly, I urge my colleagues to vote against gutting the antihunger effect of H.R. 2100 and to vote in opposition to the Emerson amendment.

Mr. EMERSON. Mr. Chairman, I yield 1 minute and 30 seconds to the gentleman from Texas [Mr. COMBEST].

Mr. COMBEST. Mr. Chairman, I appreciate the gentleman yielding. As I supported the amendment in committee, I will support the gentleman's amendment on the floor. I think it is important.

I do not look at defense spending or spending for farm programs or others in comparison with the Food Stamp Program. I do not feel we are taking money from the Food Stamp Program and giving it to the Defense Department or any other agency. I think we have got to look at spending levels as they are and as they appear under each program.

This amendment does not call for a freeze at last year's level. It allows for cost-of-living adjustments. We are allowing for cost-of-living adjustments in other programs. It allows it to go up and it allows new increases of participants to come onboard.

I strongly support the amendment of the gentleman. I would have to look closely at it if it froze at last year's levels, but in fact, it does not. And I thank the gentleman again. I would like to reiterate the fact that it is not a freeze, it is not a cut, it is simply allowing the program to continue as was and not add those additional increases on.

I think while I did vote for the budget, there are many areas that under that budget resolution I may vote to cut the funding below that level. I do not believe we have got to limit it to that level, and if we can cut and save additional spending, I think we should do so. I do not believe we are cutting this program, or adding it to defense, or cutting this program and adding it to something else. I think we have to look at every potential program and to cut in the areas where we can. I think we can potentially make some changes here that will allow this program to still operate efficiently.

I appreciate the gentleman's amendment and will support it.

Mr. EMERSON. I thank the gentleman for his comments.

Mr. PANETTA. Mr. Chairman, I yield 1½ minutes to the gentleman from Maryland [Mr. MITCHELL].

Mr. MITCHELL. Mr. Chairman, I rise in opposition to the amendment, of course. Everybody, everybody wants spending cut, and I want it cut, too. But I do not not want it cut on the backs of those who are the least powerful in this Nation. It is just not decent, it is not right.

Today the U.S. Catholic bishops issued a statement trying to call the attention of this Nation to poverty in our midst. While I am glad they did that, I am somewhat ashamed that here in this House, where we should be representing all of the people, we did not take the initiative on this. We did not take the initiative in addressing poverty.

No, we took the initiative in banging it on the backs of the poor, those who are the poorest, the more powerless, those without a voice, time and time again in the budget process over the last 4 years, those who have suffered the most, not the military budget, not those favored programs of people, but you bang on the poor, and the alienated, and those in desperate straits in this country.

The other thing that annoys me so much is that we have the gift of glib words to try to cover over with words the real things that we are doing. This is a cut. Spell it out any other way you want to, it is a cut.

The argument has been raised that somehow or another all that we are doing is preventing some add-ons. Well, even if that were true, when the condition changes and the need arises, is it not the responsibility of this House to address that need?

No, let us just kill this amendment, for the Lord's sake. It is time to stop banging and flogging the poor of this Nation in the name of deficits. Let somebody else contribute to the deficit reduction.

Mr. EMERSON. Mr. Chairman, I yield myself such time as I may require.

You know, it strikes me that we can call a duck a giraffe, but that does not make it one.

Now, all I hear is cut, cut, cut. This is not a cutting amendment. We do not permit the increase for Puerto Rico. We stabilized the grant for Puerto Rico at a set amount per year over the next 5 years, and somehow that is construed as a savings of $203 million.

But the fact of the matter is my amendment would permit a COLA, it would permit increases in the cost of deductions. We just do not add the add-ons. It is not cutting.

As I said earlier, it is like the argument back in 1981 when we were not cutting, we were restraining the rate of growth essentially, and that is what we are doing here.

I reserve the balance of my time.

Mr. PANETTA. Mr. Chairman, I yield 2 minutes to the gentleman from Vermont [Mr. JEFFORDS].

Mr. JEFFORDS. Mr. Chairman, I rise in opposition to the amendment. I know that it is well-intentioned and that it is offered in the hope of saving money.

I think it is important to realize what we are doing here. There were tradeoffs made, in this bill this year. Some things were cut which I did not exactly agree with in order to provide funds for other purposes.

What does this amendment do after those tradeoffs have been made? It takes the benefit side of the tradeoffs and eliminates them.

Depending on how you look at it, that may or may not be a cut in spending. If you make a deal in which you are going to give something, and take away something, and then you take away what you have given, it is not a very good deal. This is particularly true for those who are trying to see some improvements in the Food Stamp Program in this bill.

As already pointed out, this bill as reported by the committee is substantially the same as the Hunger Relief Act of 1984. Anybody, in this body concerned about consistency who would like to say what I voted for last year when it comes time to implement it, I did what I said I was going to do, should be very concerned about were they in favor of this amendment.

Also, it has been pointed out that there are a lot of confusing statistics being bounced around here. Let us take a look at a family of four, with income at the poverty level, average benefit, not the overall average benefit. There is a big difference. Let's take a look at what has happened to the average family. Such a family of four over the last 4 years has fallen behind relative to current services. In fact, the CBO says that this year we are about $2 billion behind current services when compared to 1981.

Furthermore, the Physicians Task Force on Hunger did a recent study showing that up to 20 million Americans go hungry each month. This is an intolerable situation.

In H.R. 2100, we have authorized slight increases in the Food Stamp Program to help stem the rising tide of hunger. This bill makes adjustments in the thrifty food plan formula so that it better reflects the true cost of food for our neediest citizens. It authorizes the first increase in the overall asset limitation level since it was established in 1971 and provides greater incentives for food stamp recipients to work by returning the earned income deduction allowance to 20 percent. This bill also extends the authorization for pilot projects allowing seniors in several States, including Vermont, to continue cashing out their food stamps.

During the Agriculture Committee markup of this bill the committee joined with me to correct a longstanding inequity in the eligibility determination process. As you know, a high proportion of seniors living alone are below the poverty level. In 1982, 15 percent of all elderly were below the poverty level. Twenty-eight percent of the seniors living alone had incomes below the poverty level. Even higher proportions of elderly women and a majority, 66 percent, of black women living alone were below the poverty level. In Vermont, over 70 percent of the elderly poor live alone or with unrelated individuals. Clearly the elderly living alone are in need of assistance.

In recognizing that seniors have special concerns and expenses, higher resource limitations for food stamp eligibility purposes have been established. In existing law, the asset limitation level for households with two or more members, one of whom is age 60 or over, is $3,000. All other food stamp households have a far lower asset threshold. In other words, seniors living alone are currently ineligible for the higher elderly asset level. A very simple provision in H.R. 2100 corrects this inequity.

All in all, H.R. 2100 authorizes an additional $155 million for the Food Stamp Program in 1986. There is no doubt in my mind that his increase is both necessary and fully justified. In my home State of Vermont I see families who must regularly tap the resources of emergency food shelves and soup kitchens because they are unable to feed their children during the final week of the month. A recent report released by the U.S. Conference of Mayors shows that the number of families and children requesting emergency food aid increased by over 35 percent in 1984. I have constituents who call my district offices, literally in tears, when they find that, due to a weekend or holiday at the end of the month, their stamps will arrive a day or two late. I am particularly concerned about seniors and disabled individuals, unable to leave their homes, that have little access to outside food resources once they have exhausted their food stamps. Living on the edge in this way has become all to commonplace across the country. I urge my colleagues to join me in supporting the important increases in food stamp benefits contained in this bill. Action is needed now to help mend the growing holes in this vital safety net program.

While I support this bill, there are problems that this legislation does not address. One area where I have a great deal of concern is in our current food stamp quality control system. As you know, in 1980 Congress established, and in 1982 stiffened, a quality control system that makes States financially liable for errors resulting in benefit overissuances. Starting this year, fiscal year 1985, States have a 5-percent target error rate. Errors in excess of 5 percent will result in fiscal sanctions that will take a hefty chunk out of many States' administrative budgets. In fact, if error rates for 1985 remain at 1983 levels, most recent data available, almost every State would be faced with a sanction. Even if error rates continue their downward trend as projected by both the CBO and USDA, States will still be assessed $69.5 million for fiscal year 1984 and over $198 million for fiscal year 1985.

There should be no complacency over errors in any Federal program and it is imperative that we continue to work to improve the administration of the Food Stamp Program. If our goal is indeed to improve quality however, imposing higher and higher fiscal sanctions at the same time that States are lowering their error rates just does not make sense. Shifting administrative costs from Federal to State coffers under the guise of quality control is at best irresponsible and at worst could actually jeopardize adequate administration of the Food Stamp Program in States that cannot afford to pick up this slack.

This is a problem that is not going to go away by itself. I believe that reforming our current quality control system should be a priority for the Agriculture Committee and the House as we continue to work on improving the Food Stamp Program.

As a final point, I strongly support the purposes outlined in the food stamp title of this legislation.

I would urge Members to carefully weigh this bill and to vote against this amendment. The bill as it stands is an attempt to balance the needs of people in urban areas as well as people in rural areas. If we adopt this amendment, we will unbalance this bill.

Mr. EMERSON. Mr. Chairman, I yield 1 minute to the gentlewoman from New Jersey [Mrs. Roukema].

Mrs. ROUKEMA. I thank my colleague. I just wanted to comment on the consistency aspect of this.

I do not view the issue the same as H.R. 5151, but I do know that when the 92 group of moderate Republicans adopted their budget this year, this was the precise program for food stamps, current services plus an allowance for inflation. That is what the basis of the 92 group budget was.

So if we are looking for consistency, that is one area we should look at. It was very precise.

Mr. PANETTA. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The Chair would state that the gentleman from Missouri [Mr. Emerson] has 4 minutes remaining, and the gentleman from California [Mr. Panetta] has 2½ minutes remaining.

Mr. EMERSON. Mr. Chairman, I reserve the balance of my time.

Mr. CHAIRMAN. The Chair would state to the gentleman from Missouri that the gentleman from California [Mr. Panetta] has the right to close the debate.

The EMERSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in closing, I would say that the bill before us today simply is not H.R. 5151 that passed last year with my support. It is very significantly different.

There was no permanent change to the thrifty food plan in H.R. 5151. There is one in H.R. 2100 at a cost of almost $500 milion by 1988.

The shelter dependent care deduction was not separated in H.R. 5151 and allowed to more than double. In H.R. 2100, there is almost a 150-percent increase in these deductions.

So I would just repeat for emphasis that my amendment is not a cutting amendment. It just does not add the add-ons, and it is a responsible amendment that gives a full COLA for the cost of food as anticipated under the law, and a full COLA for allowable deductions.

It just does not add the add-ons, and I think Members ought to be critically aware of that fact. It is not, as it has been described, a cutting amendment at all.

I would go back to repeat that in the debate in the budget over Social Security, it was not, are we going to expand Social Security or are we going to have a COLA. It was, is there going to be a COLA or is there not going to be a COLA.

The debate here today is, is there going to be a COLA or is there going to be a vastly expanded food stamp program. I submit that we ought to vote for the Emerson amendment, permit the COLA and the deductions, but not expand the program at this critical time, considering the deficits that we face.

I reserve the balance of my time.

□ 1515

The CHAIRMAN. The gentleman has 2 minutes remaining.

Mr. PANETTA. Mr. Chairman, I yield 2 minutes to the chairman of the Committee on Agriculture, the gentleman from Texas [Mr. de la Garza].

Mr. de la GARZA. I thank the gentleman for yielding.

Mr. Chairman, I respectfully ask my colleagues, once again, to stay with the committee. I want to mention something very briefly about food stamps; that there is still some talk and some insinuation that somehow they are bad, that there is too much fraud and abuse. I want to categorically state to you that if any person receives food stamps that he is not entitled to, only two things could have happened: The person did not tell the truth, or someone made a mistake. Otherwise, we have got the rules drawn so tight that no one can categorically state that they can abuse the program.

Second, we are getting bogged down too much with figures here, but I think I can simplify the numbers: Had it not been for the cuts of 1981 or the change in the legislation in 1981 and 1982, we would be at 100. But we are at 50. So we add on trying to get to about 80. The gentleman from Missouri says that the amendment does not cut. We are not cutting; but we are not at the 100 I spoke of. What the committee bill does is try to get up to the 80 and the amendment keeps us at the 50, COLA and everything. That is the gist of it.

The fact is also that we cannot legislate in a vacuum on this type of legislation. We made our cuts, nearly $8 billion, in the committee. The whole bill saves a net of $7.9 billion; but we balance spending and savings; we balance the bill. We add here on the food stamp, but cut in another area. Our bill is balanced. You cannot strike out solely at the poorest of the poor just because the committee added a little bit. It is true that we added, but we add to bring the program back up to 80, we did not try to go to the whole 100, to restore the program to 100 percent of pre-1981 levels. I wish that somehow we would not even need food stamps. This is the greatest country in the world. We should not be talking about feeding hungry people, but they are there, they are out there in my area, in rural America, and in your area, in the inner cities. That is where they are at. We should not say, "No," to them at this time.

Mr. EMERSON. Mr. Chairman, I have no further requests for time.

The **CHAIRMAN.** Does the gentleman yield back the balance of his time?

Mr. EMERSON. No; I reserve my time, Mr. Chairman.

PARLIAMENTARY INQUIRY

Mr. EMERSON. Mr. Chairman, I have a parliamentary inquiry.

The **CHAIRMAN.** The gentleman will state it.

Mr. EMERSON. Mr. Chairman, my understanding is that this division of time relates to the entire title of the bill and there may be other amendments. Would my reservation of time apply to the other amendments?

The **CHAIRMAN.** As the Chair stated a few minutes ago, the gentleman managing the bill on behalf of the committee has the right to close debate on the amendment.

Mr. EMERSON. I understand.

The **CHAIRMAN.** Is the gentleman's question that if he reserves the 2 minutes, he will have an additional 2 minutes on an amendment that may be forthcoming?

Mr. EMERSON. Yes, Mr. Chairman.

The **CHAIRMAN.** That is appropriate.

Mr. EMERSON. Mr. Chairman, I reserve the balance of my time.

Mr. PANETTA. Mr. Chairman, I rise to close on this amendment, and I yield myself the remaining time.

The **CHAIRMAN.** The gentleman from California [Mr. PANETTA] is recognized for 30 seconds.

Mr. PANETTA. Let me say very simply this program has taken its cuts; $2 billion a year were cut from the program over 4 years. What we try to restore here is about 20 percent in terms of many restorations that were recommended by the President's Commission on Hunger.

Let me also say that the people that we hurt will involve long-run costs in the future. If we do not provide adequate nutrition now, we will pay for it in increased Medicaid costs, in increased costs in terms of education.

Vote against this amendment. We need to invest in the future.

Mr. FUSTER. **Mr. Chairman, I rise in opposition to Congressman BILL EMERSON'S amendment to H.R. 2100 which would have a very detrimental and discriminatory effect on the needy American citizens of the Commonwealth of Puerto Rico whom I represent in Congress. This amendment would, among other things, freeze for an additional 5 years the current funding level of the Nutritional Assistance Program of Puerto Rico [NAP], which was established in 1982 in lieu of food stamps and which has been frozen since then at a level that represented a cut of 25 percent of the amount Puerto Rico was getting under the National Food Stamp Program.**

My opposition to the Emerson amendment stems from my concern that the growing erosion in actual buying power of the poor in Puerto Rico due to the accumulating effects of inflation over a 9-year period will have a very adverse and highly discriminatory impact upon my already very disadvantaged constituents.

Right now, the maximum nutrition assistance benefit to needy families in Puerto Rico is only 72 percent of what is paid to a food stamp family on the mainland, this in spite of the fact that Puerto Rico has substantially higher food costs, and despite the fact that needy families in Puerto Rico have substantially lower incomes and lower levels of other Federal assistance than comparable families on the mainland. The Emerson amendment would, in effect, result in a further, severe cutback of the food assistance benefits in Puerto Rico, since it would keep the 1982 cap through 1990, and deny us even a nominal increase to partially offset rising food costs.

According to CBO estimates, if the Puerto Rican program remains frozen indefinitely, as Mr. EMERSON proposes, the overall benefit reduction for my needy constituents will reach about 40 percent by fiscal year 1990. In other words, two of every five food assistance dollars will have effectively disappeared in the Puerto Rican program if the Emerson amendment prevails. While the National Food Stamp program has been enjoying yearly increases to account for inflation, the Puerto Rican program has been suffering yearly reductions. There is a very large gap between what needy Puerto Ricans get in nutrition assistance and what their counterparts in the mainland get yet the Emerson amendment would keep that unfair gap growing. The poor in Puerto Rico get an increasingly inadequate amount of funds for food assistance and yet the Emerson amendment would further cut back the benefits they receive.

This is why the Agriculture Committee of the House, in providing for an update in NAP funding levels to partially reflect increased food costs, stated, and I read from its report on H.R. 2100 (Rept. 99-271, part 1)

> **The Committee believes that a continued freeze in authorized funds for the NAP would impose an inequitable burden on the poor in Puerto Rico. Without an increase to reflect changes in food prices, Puerto Rico would be forced to further reduce benefits and limit eligibility. In the view of the Committee, Puerto Rico has already borne significant reductions in its primary food assistance program. Any further cuts in spending authority could impair the nutritional status and long-term health of its population. The Committee thus supports nominal increases in the authorization ceiling for the Puerto Rico Nutrition Program to reflect changes in food prices.**

Mr. Chairman, let me stress the multifaceted nature of our predicament: First, we begin with a lower level of nutrition assistance; second, then, in addition, we have had no indexing for inflation even though food prices go up every year in Puerto Rico just as they do in the mainland; third, our food costs are much higher in Puerto Rico than in the mainland, and further, the poor in Puerto Rico are in fact not only poorer than those in the mainland, but also have less access to other sources of help than those in the mainland. Currently, for example the maximum income allowed to a needy family to qualify for NAP is $8,000 a year while a comparable mainland family may qualify for a higher food stamp benefit even with income as high as $13,260 a year. Likewise, my constituents are either not eligible or else receive substantially less amounts of funds in Federal programs such as the Supplemental Security Income, AFDC, Medicaid, and other programs that help the disadvantaged.

The bottom line, Mr. Chairman, is that poor American citizens who live in Puerto Rico are not only much worse off than those in the mainland, but also that the food assistance they get is grossly inadequate to meet their nutritional needs.

The nominal increase in funds authorized by the Agriculture Committee which Mr. EMERSON opposes will help insure that the nutritional status and long-term health

of the Puerto Rican needy will not be further impaired by more cuts in the actual buying power of their food assistance program. Its defeat will prevent that large gap which already exists between the needy in Puerto Rico and those on the mainland from further disproportionate widening.

I urge you to oppose Mr. EMERSON's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. EMERSON], as amended.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. EMERSON. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 171, noes 238, not voting 25, as follows:

[Roll No. 338]

AYES—171

Archer
Armey
Badham
Barnard
Bartlett
Barton
Bateman
Bates
Bennett
Bentley
Bereuter
Bilirakis
Bliley
Boehlert
Boulter
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Byron
Callahan
Campbell
Carney
Chandler
Chappell
Chappie
Cheney
Coats
Cobey
Coble
Coleman (MO)
Combest
Craig
Crane
Daniel
Dannemeyer
Daub
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Dyson
Eckert (NY)
Edwards (OK)
Emerson
Evans (IA)
Fawell
Fiedler
Fields
Frenzel
Gekas
Gibbons
Gingrich
Goodling
Gregg
Grotberg
Gunderson
Hammerschmidt
Hansen
Hartnett
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Hunter
Hutto
Hyde
Ireland
Kasich
Kemp
Kindness
Kolbe
Kramer
Lagomarsino
Latta
Leach (IA)
Leath (TX)
Lent
Lewis (FL)
Lightfoot
Livingston
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
McCain
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Siljander
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Skelton
Slaughter
Smith (NE)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snyder
Solomon
Spence
Stallings
Stangeland
Stenholm
Strang
Stump
Sundquist
Sweeney
Swindall
Tauke
Taylor
Thomas (CA)
Vander Jagt
Volkmer
Vucanovich
Walker
Weber
Whitehurst
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Young (FL)
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NOES—238

Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Aspin
Atkins
AuCoin
Bedell
Beilenson
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Edgar
Edwards (CA)
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Evans (IL)
Fascell
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Gonzalez
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Guarini
Hall (OH)
Hall, Ralph
Hamilton
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Jacobs
Jeffords
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Thomas (GA)
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Whitley
Whitten
Williams
Wilson
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Wright
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Yates
Yatron
Young (AK)

NOT VOTING—25

Ackerman
Addabbo
Barnes
Clay
Darden
Daschle
LaFalce
Lewis (CA)
Loeffler
Lundine
Martin (NY)
Mavroules
McCandless
McHugh
Moakley
Mrazek
Nelson
Pursell
Ray
Rinaldo
Schumer
Shelby
Stokes
Towns
Young (MO)

□ 1530

The Clerk announced the following pair:

On this vote:

Mr. McCandless for, with Mr. Barnes against.

Ms. MIKULSKI changed her vote from "aye" to "no."

Messrs. GROTBERG, DELAY, NICHOLS, and VOLKMER changed their votes from "no" to "aye."

So the amendment, as amended, was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Was the amendment printed in the CONGRESSIONAL RECORD of September 24?

Mr. JEFFORDS. The amendment was printed in the RECORD, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 388, beginning on line 7, strike out "Low Income Home Energy Assistance Act (42 U.S.C. 8621 et seq.)," and insert in lieu thereof "Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) other than energy crisis intervention assistance provided under section 2604(a) of such Act,".

Page 390, beginning on line 1, strike out "Low Income Home Energy Assistance Act (42 U.S.C. 8621 et seq.)" and insert in lieu thereof "Low-Income Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.)".

Page 390, beginning on line 17, strike out "Low Income Home Energy Assistance Act (42 U.S.C. 8621 et seq.)," and insert in lieu thereof "Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) other than energy crisis intervention assistance provided under section 2604(a) of such Act,".

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

The CHAIRMAN. Under the agreement, the gentleman is entitled to 5 minutes for his amendment. If there is opposition, the opposition is entitled to 5 minutes.

The Chair recognizes the gentleman from Vermont [Mr. JEFFORDS].

Mr. JEFFORDS. Mr. Chairman, let me explain what will occur. These are relatively important matters and they deal with the jurisdictions of more than one committee. First of all, I am offering this amendment for the sole purpose of entering into a colloquy with respect to the intent of certain provisions of the food stamp bill relative to an employment training program.

I then intend to offer three other amendments, one dealing with low-income home energy assistance and two dealing with the Job Training Partnership Act. I would ask the indulgence of the Members for these amendments.

I would like to enter into a colloquy with the chairman of the subcommittee and the ranking Republican of the subcommittee, to clarify some of the issues relative to cooperation between the Job Training Partnership Act and the programs as set forth in this bill relative to training under the Food Stamp Program.

I would like to clarify an issue regarding the Employment and Training Program, section 1514 of this bill. I agree with the gentleman that one objective of this program should be to assist individuals who are receiving food stamps to become gainfully employed. It is clear that this section of the bill is necessary to implement effective and innovative training and job search programs for food stamp recipients in order to facilitate their move into unsubsidized jobs.

Am I correct in assuming though that the gentleman intends that these programs should not duplicate, where feasible, existing programs that could serve this population?

Mr. EMERSON. The gentleman is correct.

Mr. JEFFORDS. Is it also true that the gentleman intends that where feasible there should be coordination, not duplication of effort, between other available employment and training programs such as the Work Incentive Program, the Job Training Partnership Act, and the Employment Services?

Mr. EMERSON. The gentleman is correct.

Mr. JEFFORDS. Additionally, under other employment and training programs, labor market information is collected. Does the gentleman intend that this program utilize that information as it relates to this program?

Mr. EMERSON. I expect that States will use all available information in setting up employment and training programs in food stamp participants.

Mr. JEFFORDS. Further, if the services of other employment and training programs are utilized, does the gentleman intend that funds available under this section be used to provide these services?

Mr. EMERSON. States will make appropriate reimbursement to other agencies when employment and training services are utilized.

Mr. JEFFORDS. Finally, it is my hope that the report from the Secretary regarding the findings from these programs be made available to the Committee on Education and Labor in the House and the Committee on Labor and Human Resources in the Senate.

I thank the gentleman for his answers, and look forward to working with him during the conference on this bill to further refine these concepts, and to strengthen the intent of this program.

Mr. EMERSON. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Missouri.

Mr. EMERSON. I thank the gentleman for yielding to me.

Mr. Chairman, the purpose of this program is to help certain food stamp participants move into regular employment by providing training and experience and improving the employability of the participants. It also allows the State to coordinate employment and training activities under both the Food Stamp and AFDC Programs.

A State will have considerable latitude in designing its program. State flexibility is important if the program is to succeed. Each State can designate other agencies to administer parts of its program, such as those agencies administering the Job Training and Partnership Act [JTPA] programs or State public employment offices. The program itself may encompass, at the discretion of a State, job search training and support programs, such as job finding clubs, training in employment techniques, job placement, or other training and support activities aimed at improving the employability of participants.

It is my intention that programs set up to help food stamp participants return to full-time employment be coordinated with all other employment and training programs for this group of people, including WIN, Job Training Partnership Act, and the Community Work Experience Program. In addition, should the food stamp agency use the services of these programs, appropriate reimbursement would be made. Should there be any further issues of coordination that need to be worked out, I am confident that these can be accomplished in conference.

Mr. JEFFORDS. Mr. Chairman, it is also my understanding that the chairman of the subcommittee has no objection to this colloquy.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD of September 24?

Mr. JEFFORDS. The amendment has been printed, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 388, strike out lines 6 through 10.

Page 388, line 11, strike out "(ii)" and insert in lieu therof "(i)".

Page 389, line 7, strike out "(iii)" and insert in lieu thereof "(ii)".

Page 390, strike out lines 9 through 20, and insert in lieu thereof the following:

(5) effective February 1, 1986, in clause (A) of the last sentence, striking out "$35 a month" and inserting in lieu thereof "the lesser of $35 a month or 5 per centum of monthly household income after any exclusions and before any deductions provided for in this section".

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, I offer this amendment on behalf of myself, the chairman of the Education and Labor Committee [Mr. HAWKINS] and the chairman of the Energy and Commerce Committee [Mr. DINGELL]. I rise to offer a small amendment to correct what I think is a serious problem with the bill as it was reported by the Agriculture Committee.

The bill as written would fundamentally alter the treatment of energy assistance payments for food stamp purposes. In stark contrast to congressional intent in reauthorizing the energy assistance program only last year, the bill before us would require, in some cases, that some people have their food stamp benefits cut because they received energy assistance benefits.

Congress never intended for this to happen, and I do not think that we should permit it to happen now. My amendment would simply strike the energy assistance language from the bill.

We often hear of people faced with the "heat or eat" dilemma. I can think of no instance when this dilemma has been clearer. I certainly do not think we should be in the position of sanctioning it.

Moreover, I am concerned that the Agriculture Committee's action strays into the jurisdiction of the other committee on which I serve, Education and Labor, and into that of the Committee on Energy and Commerce. I am joined in support of the pending amendment by my distinguished colleagues, Chairman HAWKINS and Chairman DINGELL, and the chairmen of each of the three subcommittees with jursidiction over this issue. I am also joined by ranking Republican TOM TAUKE, who is lucky enough to serve on both the Education and Labor and Energy and Commerce Committees.

As I mentioned, Congress only last year reenacted the Energy Assistance Program and again included the language prohibiting energy assistance benefits from being counted as income or resources for any purpose under any Federal or State law. Despite this clear intent, the Department of Agriculture is currently trying to include energy assistance payments in the calculation of food stamp benefits.

To date, USDA's policy has been challenged in three courts. USDA has lost each case, and is prohibited in those States affected from enforcing this policy. I think the court's interpretations are correct, and I think they should ultimately be adopted nationwide. My purpose here is to allow the courts to continue to decide this issue, rather than allowing one committee, which is not the committee with jurisdiction over the energy assistance program, to decide the issue.

The amendment I am offering is not costly—only $5 million in 1986 and $20 million over 3 years—but it will correct a serious inequity in the bill. It has broad support, not only within Congress, but outside it as well.

Let's not force people to heat or eat. Let's continue to recognize energy assistance as a supplemental program. And let's not undo what we did only last year and what we will probably do again next year. Mr. Chairman, I urge my colleagues to give their full support to this amendment.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman.

Mr. PANETTA. Mr. Chairman, we have reviewed this particular amendment. This is obviously a complicated area in dealing with vendor energy assistance payments, but it would help clarify the situation with regards to those payments. I would like to accept the amendment, at least for the purpose of bringing it into conference in the hopes of clarifying this issue.

Mr. EMERSON. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman.

Mr. EMERSON. Does the gentleman have a cost estimate on this amendment?

Mr. JEFFORDS. Yes. The first year cost would be $5 million, and $20 million over 3 years.

Mr. EMERSON. If the gentleman would yield further, this title currently has a price tag of $22 billion over the life of the bill, and the gentleman wants to add $20 million to that?

Mr. JEFFORDS. I want to put the law back where it is now which would result in a loss, and if you want to put it that way, of savings of $20 million.

Mr. EMERSON. So this is another add-on to the committee bill?

Mr. JEFFORDS. If you want to put it that way, the gentleman is correct.

Mr. EMERSON. I thank the gentleman.

□ 1550

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont [Mr. JEFFORDS].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment which is identified as "JEFFORDS 006."

The CHAIRMAN. The Chair will inquire if the amendment has been printed in the RECORD.

Mr. JEFFORDS. Yes, the amendment has been printed in the RECORD, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 387, line 16, insert "for more than 6 months" after "participating".

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, although I do not believe that this amendment will be accepted, I want to explain it and make sure Members know what we are doing. I do not intend to ask for a record vote on the amendment, but I do believe it is important that we let everyone know what is happening here.

Three years ago we passed the Job Training Partnership Act. This bill is currently in force. It is working well. One of the provisions of that law is that if someone goes into training, for example, an on-the-job training program, the small amount of money that person receives while being trained is not counted as income for the purposes of determining food stamp eligibility. The reason for this provision is to insure that we do not discourage people from going into training in order to obtain employment. In H.R. 2100, one of the savings included in the bill changes this policy to now say, that if you do receive on-the-job training funds, you may lose your food stamps.

My amendment to H.R. 2100 is straightforward. It provides for a grace period of 6 months before the earnings of an individual participating in an on-the-job [OJT] training program under the Job Training Partnership Act [JTPA] are considered earned income for the purposes of the Food Stamp Program.

What is my intent in offering this amendment? To reduce the disincentive for participation in OJT programs that the current language in the bill creates for disadvantaged individuals.

This is an important concept, and I hope that the Members will pay attention, because this is really establishing a barrier in front of people who want to participate in job training. They will be faced with the situation of knowing that if they participate in on-the-job training, they may well lose food stamp benefits.

First of all, this seems somewhat ironic and contradictory for the food stamp bill this year, to create a whole new training program to be run by the States. I have some problems with this contradiction. I hope we can work these differences out so that there will be coordination between Federal and State programs. But if the emphasis of this bill remains to put people to work on the one hand, and on the other hand to place a barrier for those same people to participate in on-the-job training programs, we are working at cross purposes which makes no sense. I would like to provide some perspective on the language contained in H.R. 2100.

The Job Training Partnership Act was enacted 3 years ago with the purpose of providing job training to economically disadvantaged individuals. Under the act, the private sector and local governments working with schools, employment service agencies and community based organization for example, develop programs that train program participants for unsubsidized employment. A local plan is developed which reflects the labor market needs, the education needs and the training needs of the area. From this assessment programs are provided to enable economically disadvantaged individuals to enter unsubsidized jobs. To date, 95 percent of the participants in JTPA programs are disadvantaged. The overall placement rate for those individuals who complete training is 68 percent. Secretary Brock recently stated, "JTPA has been the centerpiece of this administration's commitment to meaningful job training."

On-the-job training is one type of JTPA training program. It actively involves the employer in training and placement. Under JTPA, just about 25 percent of the participants are placed in OJT positions with a 78 percent, or nearly 4 out of 5, placement rate.

As a member of the Education and Labor Committee, I worked closely on the authorization of the Job Training Partnership Act. The section of that law—section 142(b)—that H.R. 2100 seeks to supersede was discussed thoroughly and included in JTPA for specific reasons. Those reasons include:

First, the rigorous limits placed on the percent of funds that can be utilized for support services and administrative costs under JTPA. The law mandates that 70 percent of the funds be used directly for the provision of training. There are no wages for trainees. This requirement is a radical departure from previous Federal employment and training programs. It was in part accepted by the members of the conference committee because JTPA was developed as a training bill, and other programs were available to provide the necessary support services to the program participants. I do not believe that the Members who worked on JTPA would have been so willing to adopt the strict limitation on support services if the participants were not going to be able to receive benefits from other Federal programs.

Second, the recognition that the participants in JTPA programs would continue to rely upon other sources of support while they were being trained. Language was included in section 142(b) to assure that allowances, earnings and payments under JTPA shall not be considered as income. We did not want to penalize individuals by their participation in training programs, and we did not want the threat of the loss of other forms of support for the whole family of these participants to be a disincentive to their participation. After all, the objective of participation in JTPA was to place the individual into an unsubsidized job—to become a productive, taxpaying citizen.

The current language in H.R. 2100 ignores the basic assumptions that we used in writing JTPA. Further, it ignores them with respect to the one training program—OJT—that most directly involves the private sector in the training process and that has the highest placement rate.

The language does not differentiate between adults and youth who participate in OJT. H.R. 2100 as it now stands would penalize the whole family of an economically disadvantaged youth who participate in OJT. How can we in good conscience create such a disincentive for participation in OJT when youth unemployment continues to be more than twice that for adults?

According to CBO, this provision in H.R. 2100 saves the Food Stamp Program $28 million. This figure does not take into account the loss we will experience if fewer individuals participate in OJT programs. That loss cannot be measured.

My amendment allows participation in an OJT program under JTPA for 6 months before any earnings would be considered as income. This period of time would accommodate the timeframe during which most individuals are learning on the job. The 6 months is really not a working period, but rather a training period. They are not as productive in their jobs and they are utilizing employer time by requiring training and greater supervision. The employer is experiencing a loss in productivity, absorbing 50 percent of the costs of the program and providing necessary guidance. After this initial period, most trainees are contributing to the company rather than taking from it. They have learned the job and are productive workers. Without the incentive of the OJT funds, many employers would not take the risk of hiring the disadvantaged. To penalize an individual for participating in a training program goes against the very purpose of JTPA. Without this amendment, H.R. 2100 may provide some short-term savings, but the long-term consequences could wind up being much more expensive.

I urge you to support this amendment.

Mr. PANETTA. Mr. Chairman, I reluctantly rise in opposition to this amendment, for several reasons.

One, because we try to apply consistent standards here. The fact is that while these are earnings, these earnings are counted against AFDC, and they are counted with regard to other programs as well, and that was the reason that we now count these full-time earnings with regard to food stamps.

In addition to that, these are as I stated full-time earnings. We do provide exceptions with regard to stipends, training allowances, and other education benefits..

And last, the full cost of this amendment would be about $83 million over 3 years, and for all of those reasons, we would oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont [Mr. JEFFORDS].

The amendment was rejected.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment, which is identified as "Jeffords 007."

The CHAIRMAN. The Chair will inquire, has the amendment which the gentleman is now offering been printed in the CONGRESSIONAL RECORD as of September 24?

Mr. JEFFORDS. The amendment has been printed in the RECORD, Mr. Chairman, and I ask unanimous consent that the reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

The text of the amendment is as follows:

Amendment offered by Mr. JEFFORDS: Page 387, strike out line 19 and insert in lieu thereof the following:

food stamp program, except in the case of any individual who is a youth, as defined in section 203(c)(1) of the Job Training Partnership Act, participating in any such program for a period not to exceed 6 months.".

Mr. JEFFORDS. Mr. Chairman, I understand the rationale as to why my previous amendment could not be adopted. Although it was costly, I think what remains in the bill is bad policy.

I have a second amendment which may overcome some of the objections to my last amendment dealing with the JTPA deduction from income under section 1508. To date, youth constitute 40 percent of the 1,125,000 participants served under the Job Training Partnership Act [JTPA]. Fourteen percent of those youth who participate are in on-the-job training programs [OJT]. The unemployment rate for youth continues to remain unacceptably high at 17.3 percent.

The language in this bill under section 1508 with respect to the income deductions and OJT participation under JTPA does not differentiate between adults and youth in its application. That is, if a youth participates in an OJT program under JTPA, the income earned is considered part of the family income for the purposes of determining food stamp eligibility. Therefore, by participating in an OJT program, a youth may trigger family ineligibility.

We should not place those young people who desire to participate in an on-the-job training program, in the position of having their families say, "You cannot go to work because if you go to work, your income will cut our benefits or deny us food stamp benefits."

This is not the kind of barrier that we want to put in front of our young people who want to learn how to work and obtain a job.

This amendment will make the bill consistent with the way we handle AFDC income under the summer youth employment program. I would hope that since this amendment is a relatively inexpensive one—$8 million per year, $24 million over 3 years—the Members would accept this amendment so that we do not deny an opportunity to young people who want to work.

My amendment has two purposes:

First, to specify that the definition of youth, for the purposes of this income deduction, is the same as that under JTPA.

Second, to allow participation in an OJT Program under JTPA for 6 months before any earnings received by a youth would be considered as income.

Without this amendment, we are discouraging young people from participating in OJT programs. Three out of four disadvantaged youth who complete training under OJT enter employment. To discourage their participation in training programs at this stage of their lives only assures that as adults these youth will be among those unemployed and dependent on Government assistance. Rather than discouraging participation in training programs, we must provide ways by which disadvantaged youth can become productive adults.

I encourage your support for this amendment.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the chairman of the subcommittee.

Mr. PANETTA. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, on this particular amendment, it does deal with young people from age 18 to 21 who are in the Job Training Partnership Act, and that is one of the reasons I take a slightly different view of it, because it does involve young people who are trying to get jobs for the first time. This would give them that opportunity to be able to make it without having this count in terms of food stamp benefits.

There is some question as to whether it is consistent with AFDC, but there is some record that indeed this may be the practice with regard to AFDC and other benefits as well.

It does involve young people. There is a cost here of approximately $24 million over 3 years. For that reason, I can assure the gentleman that it is going to be retained in conference, and I would like to take this amendment into conference, and then hopefully it would be helpful in terms of negotiating with the other body on the whole Food Stamp Program.

For that reason, Mr. Chairman, we would accept this amendment.

Mr. EMERSON. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I am happy to yield to the gentleman from Missouri.

Mr. EMERSON. Mr. Chairman, could the gentleman give us a cost estimate on this amendment?

Mr. JEFFORDS. Yes. It would be $8 million in the first year and $8 million each year for 3 years altogether. So the amount is $24 million.

Mr. EMERSON. So this is another $24 million.

Mr. Chairman, I thank the gentleman from Vermont.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont [Mr. Jeffords].

The amendment was agreed to.

□ 1600

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will inquire of the gentleman, has the amendment been printed in the Record as of September 24.

Mr. JEFFORDS. Yes, Mr. Chairman, this amendment has been printed in the Record as of September 24.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. Jeffords: Page 390, line 8, insert the following before the close quotation marks:

A State agency shall consider payments made on behalf of a household under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) to be pro rated over the entire heating or cooling season, regardless of the frequency with which such payments are made.

Mr. JEFFORDS. Mr. Chairman, I yield back the balance of my time.

AMENDMENT OFFERED BY MR. RAHALL TO THE AMENDMENT OFFERED BY MR. JEFFORDS

Mr. RAHALL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. Rahall to the amendment offered by Mr. Jeffords: Section 1509(a) of H.R. 2100 is amended by adding the following new paragraph at the end thereof:

(6) After the last sentence insert the following: "All households shall be allowed a deduction for the actual and reasonable expenses. other than expenses paid on behalf of the household by a third party, paid for transportation of members of the household to and from school and for the purchase or rental of school books for such members.".

Mr. RAHALL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. EMERSON. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. A point of order is reserved on the amendment. There is no debate in order on the amendment.

Mr. PANETTA. Mr. Chairman, I ask unanimous consent that the gentleman from West Virginia [Mr. Rahall] may have 2 minutes to explain the amendment to the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The gentleman from West Virginia [Mr. Rahall] is recognized for 2 minutes on his amendment.

Mr. RAHALL. Mr. Chairman, I appreciate this opportunity to offer my amendment which will alleviate, to some extent, the burden that has been placed on food stamp recipients. My amendment, which will be effective as of October 1, 1986, will allow a deduction for the actual and reasonable expenses, other than expenses paid on behalf of the household by a third party, paid for transportation of members of the household to and from institutions of higher education in which such members are enrolled and for the purchase and rental of school books for such members, but not to exceed $25 per month for each such member. I would like to note that it is my intent that this expense deduction be prorated over the school term that the student is enrolled for, just as other income for Pell grant recipients is prorated. While the terms of this amendment are quite restrictive due to my desire to comply with the cost restraints placed on the Agriculture Committee and the entire House of Representatives, I believe that this amendment is much needed means of addressing a flaw in the Food Stamp Act of 1977 which penalizes low-income families when student loans are provided to pay for book and transportation costs incidental to attending school. I thank the distinguished chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, Mr. Panetta of California, and the ranking minority member on the subcommittee, Mr. Emerson of Missouri, for their assistance in this effort.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. RAHALL. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, I thank the gentleman for yielding.

This is an issue that we intend to take a look at in the subcommittee. It does involve some consistency with other benefits, but it is an area that frankly we have not looked at closely enough. It does involve about a $73 million cost figure and for that reason we cannot accept it, but I appreciate the gentleman offering to withdraw the amendment at this time.

The CHAIRMAN. Does the gentleman from West Virginia [Mr. Rahall] wish to withdraw his amendment?

Mr. RAHALL. Yes, Mr. Chairman. I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia [Mr. Rahall]?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont [Mr. Jeffords].

Mr. JEFFORDS. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

The CHAIRMAN. Are there further amendments to title XV?

AMENDMENT OFFERED BY MR. GINGRICH

Mr. GINGRICH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the Record as of September 24?

Mr. GINGRICH. Yes, Mr. Chairman, it was printed prior to the deadline.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. Gingrich: Beginning on page 396, strike line 24 through line 5 on page 404, and insert in lieu thereof the following new section:

EMPLOYMENT AND TRAINING PROGRAM

Sec. . (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is further amended by—

(1) amending paragraph (1)(ii) to read as follows:

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4) of this subsection, to the extent required under paragraph (4), including any reasonable employment requirements as are prescribed by the State agency in accordance with paragraph (4): *Provided*, That the period of ineligibility shall be two months;";

(2) adding at the end of paragraph (1) the following new sentences: "Any period of ineligibility for violations under this paragraph shall end when the household member who committed the violation complies with the requirement that has been violated.";

(3)(A) striking out "eighteen" in the material preceding clause (i) in paragraph (d)(1) and inserting in lieu thereof "sixteen"; and

(B) in paragraph (d)(2)—

(i) striking out "a work registration requirement" in clause (A) and inserting in lieu thereof "requirements for employment related activities";

(ii) striking out in clause (B) "a dependent child under age six" and all that follows to the end of the clause and inserting in lieu thereof "(i) a dependent child under age six, except that a State agency may, at its option, require such parent or guardian to comply with the work requirements if the child is age three or over and adequate child care is available, or (ii) of an incapacitated person;"; and

(iii) adding a new clause (F) at the end of the paragraph to read "(F) a person between ages sixteen and eighteen who is not a head of household or who is attending school on a full-time basis; and

"(4) adding at the end thereof the following new paragraph:

"(4)(A) Each State agency shall implement an employment and training program designed by the State agency in accordance with guidelines established by the Secretary for the purpose of assisting members of households receiving benefits under this Act in gaining skills, training, or experience that will increase their ability to obtain regular employment. For purposes of this Act, an "employment and training program" means a program, approved by the Secretary, that shall contain a job search program with terms and conditions comparable to those prescribed in subparagraphs (A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act, except that a State agency shall have no obligation to incur costs exceeding $25 per participant per month, as provided in subparagraph (B)(vi) of this paragraph, and a State agency shall be required to apply employment requirements prescribed under this clause to program applicants at the time of application, and shall also contain one or more of the following components:

"(i) job search training programs that include reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including educational programs, determined by the State agency to expand the job search abilities or employability of those subject to the program;

"(ii) programs designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed under such programs to move promptly into regular public or private employment. The facilities of the State public employment offices and agencies operating programs under the Job Training Partnership Act may be used to find employment and training opportunities for household members under the programs. Employment or training experience assignments shall be limited to projects that serve a useful purpose in fields such as health, social services, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of the participating member shall be used in making appropriate employment experience assignments. An employment or training experience program established under this clause shall—

"(I) not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program;

"(II) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours; and

"(III) reimburse participants for actual costs of transportation and other actual costs that are reasonably necessary and directly related to participation in the program, but not to exceed $25 in the aggregate per month; and

"(iii) as approved by the Secretary, other programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program; and

"(iv) workfare programs operated under Section 20 of this Act.

"(B)(i) Each State agency shall place all persons subject to employment and training requirements under subsection (d)(1) in a job search program or in an alternative employment and training program authorized under subsection (A) (i), (ii), (iii), or (iv) of this section.

"(ii) Each State agency shall place in employment and training program activities authorized under subsection (A) (i), (ii), (iii) or (iv) of this section not less than twenty-five percent of the persons subject to employment and training requirements under subsection 6(d)(1) for any month in the fiscal year beginning October 1, 1986, fifty percent of such persons for any month in the fiscal year beginning October 1, 1987, and seventy-five percent of such persons for any month in the fiscal year beginning October 1, 1988 and each fiscal year thereafter.

"(iii) The Secretary shall use State agency reports in conjunction with findings of the quality control system to monitor the compliance of State agencies with the requirements of this paragraph. If it is determined that a State agency has failed to comply with such requirements, the State agency shall be subject to penalties as determined by the Secretary which may include a reduction in the funds provided to the State agency under subsection 16(a) in accordance with the procedures set forth in subsection 16(d). If such procedures are applied, the State agency shall be considered to have issued erroneous payments for the number of households by which it failed to meet the appropriate standard established in subsection (B)(1) or (B)(2) of this section, with each such erroneous payment being equal to the average allotment for all households containing a member who is required to participate in employment and training program activities."

"(C)(i) The State agency may provide that participation in an employment and training program may supplement or supplant other requirements imposed on those subject to the program.

"(ii) In complying with the performance standards established in subsection 6(B) and subject to guidelines established by the Secretary, each State agency may exempt from participation in any program under this paragraph categories of household members to which the State agency determines that the application of such requirements is impracticable as applied to such categories due to factors such as, but not limited to, the availability of work opportunities and the cost effectiveness of the employment requirements. In making such a determination, the State agency may designate a category consisting of all such household members residing in a specified area of the State. The State agency may also exempt or suspend from such requirements individual household members not included in any such category but with respect to whom it determines that such requirements are impracticable because of personal circumstances such as, but not limited to, lack of job readiness and employability, the remote location of work opportunities, and unavailability of dependent care.

"(iii) The total hours of work in an employment and training program carried out under this paragraph required of members of a household, together with the hours of work of such members in any other program carried out under section 20 of this Act, in any month collectively may not exceed a number of hours equal to the household's allotment for such month divided by the higher of the applicabig State minimum wage or Federal minimum hourly rate under the Fair Labor Standards Act of 1938. The total hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in another program carried out under section 20 of this Act and any hours worked for compensation (in cash or in kind) in any other capacity, shall not exceed one hundred and twenty hours per month.

"(iv) Each State agency shall establish requirements, determined by the State agency to be appropriate, for participation by individuals not exempt under clause (ii) of this paragraph in one or more employment and training programs under this paragraph (which requirements may vary among participants), but may operate programs under this paragraph in which individuals elect to participate. The State agency shall permit individuals not subject to the requirements described in the previous sentence or who have completed or are in the process of complying with such requirements to participate in any program under this paragraph.

"(v) The Secretary shall promulgate guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program under this paragraph that is compatible and consistent with similar programs operated within the State.

"(vi) A State agency shall reimburse participants for actual transportation costs and other actual expenses incurred by participants in the employment and training program, except that the State agency may limit such reimbursement to each participant to $25 per month.".

(b) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by—

(1) striking out the period after paragraph (21) and inserting in lieu thereof "; and"; and

(2) adding at the end thereof the following new paragraph:

"(22) the manner in which the State agency will carry out the employment and training program under section 6(d)(4) of this Act.".

(c) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end thereof the following new subsection:

"(h)(1) Effective October 1, 1984, the Secretary shall allocate in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1) of this Act, the amount of $40,000,000 for the fiscal year ending September 30, 1986, $50,000,000 for the fiscal year ending September 30, 1987, $60,000,000 for the fiscal year ending September 30, 1988, and $75,000,000 for each of the fiscal years ending September 30, 1989, and September 30, 1990, which amount shall be used to pay to each State agency the full cost (except as otherwise provided in this subsection) of carrying out the employment and training program under section 6(d)(4) of this Act.

"(2) If, in carrying out such activities, a State agency incurs costs that exceed the amount payable to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to the 50 per centum of such additional costs in accordance with subsection (a).

"(3) The Secretary shall, in accordance with subsection (a), reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with actual transportation costs and other actual expenses reasonably incurred by participants in the employment and training program, except that such total amount shall not exceed an amount representing $25 per participant per month.

Mr. GINGRICH (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. GINGRICH. Mr. Chairman, let me say first of all that I appreciate very much that the gentleman from California and the gentleman from Missouri have made major progress in developing a transition to a workfare program; however, it is my intention with this amendment to offer an amendment which is much closer to the Reagan administration proposal on workfare.

This amendment is designed to ensure that an increasing number of recipients will indeed be required to participate in a workfare program.

In particular, this amendment sets a series of stages, year by year, by which the program would move toward a workfare provision and it provides that the Secretary can enforce those transitions by withholding funds from those States which he or she finds to be not in compliance.

This is a discretionary power that the Secretary can use. I think it means that the States would be required and would be under pressure to make real changes toward a workfare program at a faster rate than in the committee bill.

The Congressional Budget Office estimates for the Federal Government are that this program would save money. It would candidly require more money at the State level for administration, but even under the Congressional Budget Office provisions, it is clear that this program would save the Federal Government money and would speed up the process of moving toward a workfare program.

Finally, the amendment also makes several changes in the pool of work registrants, subject to the employment and training program.

The amendment extends the work registration and new employment training program to 16- to 17-year-old heads of households, unless they are full-time students. In other words, it says if you are going to be getting food stamps and you are the head of a household, but you are not in school, then you need to have the work experience.

This change establishes consistency with the AFDC Program and recognizes that such young heads of households who are not in school and not working would especially benefit from such activity, work experience, assignments, and job search training.

Now, the essence of what I am saying here is that if you vote "yes" for this amendment, you are voting for a much closer approximation of the Reagan administration proposals on workfare. You are voting for a much more rapid transition to a workfare program in this country and you are voting to give the Secretary discretionary power.

It does not mandate that in an impossible situation any State would have to make that transition, but it would put considerable pressure on every State to have that kind of transition at a much faster rate than the committee requires.

Mr. PANETTA. Mr. Chairman, I rise in opposition to this amendment, for several reasons. One, the gentleman from Missouri and myself carefully worked out a provision in this bill which for the first time requires all States to set up a work program to provide relief to those who are on food stamps.

It is the first time we have required of the States that they set up these programs; but the difference between what we have done and what the gentleman offers is that we allow the States to design work programs that fit their particular needs.

The problem is that if we just mandate a certain program for all States, what this becomes is a full employment program for bureaucrats. It adds paperwork. It adds bureaucracy and it fails to allow the States to develop a program that is most meaningful for their particular States or for their food stamp recipients.

In addition to that, I would point out that the CBO indicates that while there are some minimal savings at the Federal level, the cost of this proposal to the taxpayers, to the States, would be over $240 million above the costs of H.R. 2100.

So it is for those reasons that we would oppose this amendment. We think that we have developed a work program which makes sense, which is efficient, and which meets the needs of the States and the people involved in the food stamp programs.

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I am pleased to yield to the distinguished chairman.

Mr. HAWKINS. Mr. Chairman, may I rise in support of what the gentleman from California has said.

The Gingrich approach would deviate completely from the accepted approach under the Job Training Partnership Act. Under that act, as we well know, and I would submit it would work much better under this provision as a provision under this act. JTPA leaves up to the States to decide the approach which best suits them. What works in Massachusetts does not necessarily work in California, and vice versa.

I think the flexibility provided under the committee bill retains the best provision of the job search provision for the recipients of food stamps.

I do not think we should tamper with it by some novel new approach that imposes on the States an added burden which certainly we should not do at this time.

Mr. Chairman, I greatly recommend that we follow the approach as submitted by the committee and stick with that, rather than deviate from the accepted provision under the Job Training Partnership Act.

I thank the gentleman for yielding.

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Mr. EMERSON. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Missouri.

Mr. EMERSON. I thank the gentleman for yielding.

Mr. Chairman, I reluctantly rise in opposition to the amendment offered by the gentleman from Georgia because I think we do share the very same objective. I think we probably all do.

State flexibility is an essential part of this program because the best employment and training programs are those to which the State administrators are committed and which they design themselves. For example, the program operating in San Diego, CA, which the chairman and I have, personally, inspected and held extensive

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hearings about, is one very good example of an innovative program designed to meet the needs in that area.

We believe that most States will welcome this program and will operate efficient and effective employment and training programs. That is why State flexibility and program grants are a part of this program. Nevertheless, we do expect that the Secretary will use the authority the act provides to insure that all States design a program that is in keeping with the purposes of the act. I think if they do not, it would be at that point that we would consider the language of the gentleman from Georgia.

Mr. GINGRICH. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. GINGRICH. Mr. Chairman, as I mentioned earlier, the Secretary has the discretionary power if, in his judgment, a State is not moving rapidly enough. It is not automatically mandated and our purpose in offering this, and I concede that it is a new legislative proposal but a very good idea, I say to my friend, the gentleman from California, is to simply move on a nationwide basis to have us move more rapidly toward workfare.

Mr. Chairman, I move the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. GINGRICH].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. GINGRICH. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count for a quorum. One hundred seven Members are present, a quorum.

RECORDED VOTE

Mr. GINGRICH. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 183, noes 227, not voting 24, as follows:

[Roll No. 339]

AYES—183

Andrews
Archer
Armey
Badham
Barnard
Bartlett
Barton
Bateman
Bentley
Bereuter
Bevill
Bilirakis
Bliley
Boehlert
Boulter
Breaux
Broomfield
Brown (CO)
Broyhill
Bruce
Burton (IN)
Byron
Callahan
Campbell
Carney
Carper
Chandler
Chapman
Cheney
Clinger
Coats
Cobey
Coble
Coleman (MO)
Combest
Coughlin
Courter
Craig
Crane
Daniel
Dannemeyer
Daub
DeLay
DeWine
Dickinson
DioGuardi
Dorgan (ND)
Dornan (CA)
Dreier
Duncan
Durbin
Dyson
Eckert (NY)
Edwards (OK)
English
Fawell
Fiedler
Fields
Franklin
Frenzel
Gallo
Gekas
Gibbons
Gingrich
Goodling
Gordon
Gradison
Gregg
Grotberg
Hall, Ralph
Hammerschmidt
Hansen
Hartnett
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Hubbard
Hughes
Hunter
Hyde
Ireland
Kasich
Kemp
Kindness
Kolbe
Kramer
Lagomarsino
Latta
Leath (TX)
Lent
Lewis (FL)
Livingston
Lloyd
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
McCain
McCollum
McEwen
McGrath
McKernan
McMillan
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Monson
Montgomery
Moore
Moorhead
Morrison (WA)
Myers
Nelson
Nichols
Nielson
O'Brien
Olin
Oxley
Packard
Parris
Pashayan
Petri
Porter
Quillen
Regula
Reid
Ritter
Roemer
Rogers
Roth
Roukema
Rowland (CT)
Rudd
Saxton
Schaefer
Schuette
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Slaughter
Smith (NE)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Snowe
Snyder
Solomon
Spence
Stangeland
Stenholm
Strang
Stump
Sundquist
Sweeney
Swindall
Tauke
Tauzin
Taylor
Thomas (CA)
Torricelli
Vander Jagt
Vucanovich
Walgren
Walker
Weber
Whitehurst
Wolf
Wortley
Wylie
Young (FL)
Zschau

NOES—227

Akaka
Alexander
Anderson
Annunzio
Anthony
Aspin
Atkins
AuCoin
Bates
Bedell
Beilenson
Bennett
Berman
Biaggi
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Brooks
Brown (CA)
Bryant
Burton (CA)
Bustamante
Carr
Chappell
Chappie
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coyne
Crockett
Daschle
Davis
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dowdy
Downey
Dwyer
Dymally
Early
Eckart (OH)
Edgar
Edwards (CA)
Emerson
Erdreich
Evans (IA)
Evans (IL)
Fascell
Feighan
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gilman
Glickman
Gonzalez
Gray (IL)
Gray (PA)
Green
Guarini
Gunderson
Hall (OH)
Hamilton
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Horton
Howard
Hoyer
Huckaby
Hutto
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
Lantos
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lightfoot
Lipinski
Long
Lowry (WA)
Luken
MacKay
Manton
Markey
Martinez
Matsui
Mazzoli
McCloskey
McCurdy
McDade
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Mollohan
Moody
Morrison (CT)
Murphy
Murtha
Natcher
Neal
Nowak
Oakar
Oberstar
Obey
Ortiz
Owens
Panetta
Pease
Penny
Pepper
Perkins
Pickle
Price
Rahall
Rangel
Richardson
Ridge
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Rowland (GA)
Roybal
Russo
Sabo
Savage
Scheuer
Schneider
Schroeder
Seiberling
Sharp
Sikorski
Sisisky
Skeen
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith, Robert (OR)
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stratton
Studds
Swift
Synar
Tallon
Thomas (GA)
Torres
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whittaker
Whitten
Williams
Wilson
Wirth
Wise
Wolpe
Wright
Wyden
Yates
Yatron
Young (AK)

NOT VOTING—24

Ackerman
Addabbo
Applegate
Barnes
Clay
Darden
Fazio
LaFalce
Lewis (CA)
Loeffler
Lundine
Martin (NY)
Mavroules
McCandless
Moakley
Mrazek
Pursell
Ray
Rinaldo
Schumer
Shelby
Stokes
Towns
Young (MO)

□ 1630

Mr. KLECZKA and Mr. SAVAGE changed their votes from "aye" to "no."

Mr. PETRI and Mr. CHAPMAN changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there any further amendments to title XV?

The Clerk will designate title XVI.

The Clerk designated title XVI.

AMENDMENT OFFERED BY MR. SKELTON

Mr. SKELTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the RECORD as of the 24th of September?

Mr. SKELTON. Yes, Mr. Chairman.

The text of the amendment as printed in the RECORD is as follows:

Amendment offered by Mr. SKELTON: Insert in Section 1605 (which amends Section 204 of the Temporary Emergency Food Assistance Act) a new paragraph:

(4) Funds from section 204(c)(1) shall be available to the extent that they are matched on an equal basis by State appropriated funds. The provision shall apply to a State beginning October 1 of the calendar year in which the State legislature next meets.

Mr. SKELTON. The amendment has been printed, Mr. Chairman. However, I ask unanimous consent to modify the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Clerk will report the modification to the amendment offered by the gentleman from Missouri [Mr. SKELTON].

The Clerk read as follows:

Modification of amendment offered by Mr. SKELTON: Page 425, line 19, strike out the close quotation marks and period following such marks.

Page 425, after line 19, insert the following:

"(4) It is the sense of the Congress that, if there is appropriated to carry out this subsection for a fiscal year an amount in excess of the amount authorized to be appropriated for such fiscal year, no part of such excess amount should be made available to a State unless the aggregate value of the in-kind contributions and services provided, and the funds appropriated, by the State and units of local government of the State for such fiscal year for the distribution of such commodities is not less than the amount of funds made available under this subsection to the State for such fiscal year."

Mr. SKELTON (during the reading). Mr. Chairman, I ask unanimous consent that the modified amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SKELTON. Mr. Chairman, I will not take a great deal of time.

I have discussed this substitute amendment at length with the gentleman from California [Mr. PANETTA] and also with the gentleman from Missouri [Mr. EMERSON].

What it does is, it expresses the sense of Congress that States which, together with their local government entities, fail to make contributions for the operation of their TEFAP Programs equal to the amount of Federal administrative funds they receive under title XVI should not receive any additional administrative funds that are made available through a subsequent supplemental appropriation. The purpose is to provide a stronger incentive than exists at the present time for any State to contribute its share toward administration of the TEFAP Program.

Mr. Chairman, I yield to the gentleman from California [Mr. PANETTA].

Mr. PANETTA. Mr. Chairman, I thank the gentleman for yielding.

As the gentleman knows, we have discussed this amendment. It is my view that this $50 million ought to go to the States for purposes of TEFAP and if any more is going to go to the States, the States have to show some signs of good faith that they are trying to work on their end to provide additional supplements and help with regard to the Emergency Feeding Program.

Mr. Chairman, I appreciate the amendment of the gentleman. It does provide a sense of urgency here that the States have to help cooperate with regard to this program.

I thank the gentleman, and we would accept the amendment.

Mr. SKELTON. The gentleman is correct. It does not prohibit the $50 million going to the various States, but it does give them incentive should there be a supplemental. There may not be, but should there be, it gives them incentive to do the best they can in good faith.

Mr. Chairman, I yield to the gentleman from Missouri.

Mr. EMERSON. I thank the gentleman for yielding.

Mr. Chairman, I want to associate myself with the remarks of the gentleman from California in accepting the amendment and say further that both the gentleman from Missouri and I are aware of food banks in Missouri and other States that are very active in distributing surplus commodities to the poor. The people operating these food banks would like to initiate a system in which they would receive surplus commodities directly from the Federal Government. This plan is being forwarded to us, and I intend to look at it very carefully to see if we can implement such a concept.

Those running these food banks indicate they can pick up and distribute these commodities at no cost to the Federal Government, and this is an idea that I look forward to pursuing with my colleague from Missouri.

Mr. SKELTON. Yes; I think it is an excellent idea, and we are thinking of the same thing.

I think that is an area to explore that would save the taxpayers money in the long run.

I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. SKELTON], as modified.

The amendment, as modified, was agreed to.

The CHAIRMAN. The Clerk will designate title XVII.

The Clerk designated title XVII.

The CHAIRMAN. The Clerk will designate title XVIII.

The Clerk designated title XVIII.

AMENDMENT OFFERED BY MR. JONES OF OKLAHOMA

Mr. JONES of Oklahoma. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Oklahoma: Immediately after section 1895 of the bill as reported on September 18, 1985, insert the following new section (and conform the table of contents accordingly):

SEC. 1896. STUDY OF LEADED FUEL IN AGRICULTURAL MACHINERY.

(a) STUDY.—The Secretary of Agriculture shall conduct a study of the use of fuel containing lead additives in gasoline engines which—

(1) are used in agricultural machinery, and

(2) are designed to combust fuel containing such additives.

The study shall analyze any mechanical problems (including but not limited to valve recession) which may be associated with the use of other fuels in such engines.

(b) CONTRACTS AND OTHER ARRANGEMENTS.—For purposes of the study under this Act, the Secretary of Agriculture is authorized to enter into such contracts and other arrangements as may be appropriate to obtain the necessary technical information. All testing of engines carried out for purposes of such study shall be reflective of actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(c) FINDINGS AND REPORT.—The Secretary of Agriculture shall publish in the Federal Register not later than January 1, 1987, his proposed findings pursuant to such study. After notice and opportunity for hearing, but not later than January 1, 1986, the Secretary shall submit to Congress a final report containing the results of the study under this section, together with any public comments received and recommendations on the need for lead additives in gasoline to be used by agricultural machinery.

(d) AGRICULTURAL MACHINERY.—The Secretary of Agriculture shall specify the types and items of agricultural machinery to be covered by the study under this Act.

(e) REGULATION OF LEAD ADDITIVES DURING STUDY.—No regulation under any provision of law regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon which is less than 0.1 gram per gallon until the date 3 months after the report required by subsection (c) has been submitted to Congress.

SEC. 1897. AUTHORIZATION OF APPROPRIATIONS.

For fiscal years beginning after September 30, 1985, there is authorized to be appropriated $250,000 to carry out section 1 of this Act.

Mr. JONES of Oklahoma (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JONES of Oklahoma. Mr. Chairman, in just a minute, I wish to yield to my colleague, the gentleman from Iowa [Mr. TAUKE], who has a substitute amendment which has the same aim as my amendment: to ensure a plentiful supply of leaded gas for farm machinery. I commend the gentleman for his work in this substitute, and urge its adoption.

Very simply, our amendment prohibits the Administrator of the Environmental Protection Agency from promulgating any regulation which would require the use of gasoline with less than 0.5 grams of lead additive in farm machinery, until an official study of the effects of unleaded gasoline on farm machinery can be carried out.

With the catastrophic financial situation facing our farmers today, we feel we must do everything possible to see that they are given the breaks needed to continue their struggle to preserve America's agriculture industry.

Currently, the EPA plans to reduce lead levels to zero over the next 3 years. Tests conducted by Phillips Petroleum yield conclusive proof that older farm machinery will suffer extensive damage if farmers are forced to use unleaded fuel.

We are not disputing the EPA regulation of lead additives in a general sense, but we feel today's farmers are in a unique economic position and this is one available means we have to help ease their plight.

Mr. Chairman, I yield back the balance of my time.

AMENDMENT OFFERED BY MR. TAUKE AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. JONES OF OKLAHOMA

Mr. TAUKE. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. Tauke as a substitute for the amendment offered by Mr. Jones of Oklahoma: Page 509, after line 13, insert:

LEAD ADDITIVES IN FARM FUEL

Sec. 1896. (a) Except as provided in subsection (f), any regulation issued under any provision of law before or after the date of enactment of this section regarding the control or prohibition of lead additives in gasoline shall be amended to provide that the average lead content per gallon of gasoline distributed and sold for use on a farm for farming purposes shall not be less than 0.5 grams per gallon. The purpose of such amendment shall be to ensure that adequate supplies of gasoline containing sufficient lead additives to protect and maintain farm machinery will be available in all States for use on farms for farming purposes. Nothing in this section shall affect the control of lead or lead additives in gasoline distributed and sold for other uses. For purposes of this section, the term "gasoline used on a farm for farming purposes" has the same meaning as when used in section 6420 of the Internal Revenue Code of 1954.

(b) The President, acting through the Secretary of Agriculture and the Administrator of the Environmental Protection Agency, shall promptly initiate a study of the use of fuel containing lead additives in gasoline engines which—

(1) are used in agricultural machinery, and

(2) are designed to combust fuel containing such additives.

The study shall analyze any mechanical problems (including, but not limited to value recession) which may be associated with the use of other fuels, including fuels without lead additives in such engines.

(c) For purposes of the study, the appropriate lead agency designated by the President is authorized to enter into such contracts under applicable law and other arrangements as may be appropriate to obtain the necessary technical and other information. All testing of engines carried out for purposes of such study shall be reflective of actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(d) The results of the study shall be published in the Federal Register not later than January 1, 1987 for written comments, and shall be submitted to Congress within 90 days after such publication. The report shall contain the results of the study under this section, together with a summary of any public comments received, and recommendation on the need for lead additives in gasoline to be used by agricultural machinery. The report shall also be transmitted to the Committees on Agriculture of the House and Senate and the Committee on Energy and Commerce of the House and the Committee on the Environment and Public Works of the Senate. Such report shall be submitted only while both Houses are in session.

(e) The Secretary of Agriculture shall specify the types and items of agricultural machinery to be covered by the study under this Act.

(f) Effective not earlier than 4 months after the date on which the report is submitted to Congress under subsection (d), in lieu of subsection (a) of this section, the regulations which (beginning on January 1, 1986) are generally applicable to the control the level of lead additives in gasoline shall apply to gasoline used on farms for farming purposes whenever the administrator of the Environmental Protection Agency publishes a notice thereof unless it is determined by such Administrator on the basis of the study under this section that a level of 0.5 grams per gallon (or some other level) is appropriate in the case of gasoline used on a farm for farming purposes to protect and maintain agricultural machinery specified by the Secretary of Agriculture.

(g) There is authorized to be appropriated such sums as may be necessary to carry out the study required by this section and such sums shall remain available for such purposes until expended. In order not to delay such study the agencies referred to in this section should take immediate action with available funds to initiate such a study.

Mr. TAUKE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DINGELL. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from Michigan reserves a point of order on the amendment.

Mr. DINGELL. Mr. Chairman, I do not have any reason to believe it will be necessary for me to insist on the point of order. I make the reservation of objection for purposes of a colloquy with my three distinguished friends, the gentleman from Illinois [Mr. Madigan], the gentleman from Iowa [Mr. Tauke], and of course my dear friend from Texas, the chairman of the Committee on Agriculture, Mr. de la Garza.

I understand when this matter reaches the conference stage that you have agreed to keep the Committee on Energy and Commerce——

The CHAIRMAN. The gentleman, Mr. Dingell, will suspend for 1 second, please.

The Chair would respectfully advise the gentleman that he cannot proceed with the debate on a reservation of a point of order. If the gentleman from Iowa wishes to yield to the gentleman for that purpose, he has the time.

The gentleman from Iowa [Mr. Tauke] is recognized for 5 minutes.

Mr. TAUKE. If I could explain the amendment first, then I will yield to the gentleman.

Mr. DINGELL. Mr. Chairman, then I withdraw that portion.

The CHAIRMAN. The gentleman from Iowa [Mr. Tauke] is recognized for 5 minutes.

☐ 1640

Mr. TAUKE. I thank the chairman, and I thank the gentleman from Oklahoma for his cooperation in developing this amendment, and all of the others who have participated in this effort.

Mr. Chairman, this substitute is designed to prevent an impending crisis in the farm community. Recent tests conducted by a major fuel refiner indicate that a substantial number of farm engines, primarily older farm engines, will suffer extensive damage—and require expensive repairs—if run on unleaded gasoline. Currently, we are phasing out leaded gasoline, and this substitute requires us to look at this issue before it becomes a problem. This substitute takes a commonsense approach and does, basically, two things: First, it requires the Department of Agriculture and the Environmental Protection Agency to study the impact of eliminating leaded gasoline on the farm economy; and second, until this study is completed this substitute maintains the current lead content in leaded gasoline today—which is 0.5 grams of lead per gallon.

According to this substitute, the level of lead in leaded gasoline will remain at 0.5 grams per gallon for farmers while this study is conducted. The results of the study must be printed in the Federal Register not later than January 1, 1987, and shall be submitted to Congress within 90 days after such publication. Four months after the report is submitted to Congress, the lead level in gasoline used for farming purposes may change to an appropriate level as determined by the EPA.

Mr. Chairman, this is a straightforward amendment. It has been worked out with the assistance of Mr. Madigan, Mr. Waxman, Mr. Dingell, and Mr. Jones. In addition, this approach is supported by the American Farm Bureau and the National Council of Farmer Cooperatives. I urge my colleagues to support this substitute.

Mr. Chairman, I would be pleased now to yield to the distinguished chairman of the Energy and Commerce Committee, the gentleman from Michigan [Mr. Dingell]

Mr. DINGELL. I thank the gentleman for yielding to me.

Mr. Chairman, my purpose is a brief colloquy with my three dear friends, the gentleman from Iowa, the gentleman from Texas and, of course, my dear friend from Illinois [Mr. MADIGAN].

Gentlemen, I understand that when this matter reaches conference stage, the Committee on Energy and Commerce will be kept informed of amendments to this provision from the other body and that our good friends on the Agriculture Committee will not agree to such amendments without consulting our committee, am I correct in that appreciation?

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the chairman of the Committee on Agriculture.

Mr. DE LA GARZA. Mr. Chairman, I would like to inform my colleague that we will be very happy to keep him informed of the process should this amendment be enacted and be an item in conference.

Mr. DINGELL. I thank my dear friend.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding.

Mr. Chairman, I would assure the gentleman from Michigan, the chairman of the Committee on Energy and Commerce, that we not only will stay in touch with him, but if an attempt would be successfully made in the conference to expand this provision beyond what the gentleman is agreeing to on behalf of the farmers and ranchers of America, that I will join with the gentleman from Michigan in opposing the adoption of the conference report.

Mr. DINGELL. I thank my dear friend.

Mr. Chairman, I am sure my colleagues understand the concern that I utter here today, and that is the question of jurisdiction of the Committee on Energy and Commerce over the matter of clean air, leaded gasoline, and matters that relate to that. I am sure here that there is no attempt by my good friends and colleagues to impair that. With that understanding, I will raise no objection to the amendment, and indeed I find the amendment has merit. I commend the gentleman for offering it.

Mr. Chairman, Mr. JONES of Oklahoma and Mr. TAUKE have consulted the Committee on Energy and Commerce concerning the amendment now offered by Mr. TAUKE. It is, as just noted, a matter that rests solely in the jurisdiction of our committee and normally, I would object to its consideration in this matter. But subcommittee Chairman WAXMAN, the ranking minority member on the subcommittee, Mr. MADIGAN, and the ranking minority member on the full committee, Mr. BROYHILL, and myself are persuaded that this limited amendment is needed and meritorious. We believe it will not deter the need, for health reasons, to reduce lead in gasoline. But it will redress a problem, pending a study, by assuring a supply of leaded gasoline for agricultural machinery.

It is designed to deal with this issue for all farmers in all States. It recognizes that EPA must work out gasoline refining and distribution problems with the refiners and pipelines and others to provide leaded gasoline for all farmers in all States, including farmers who may not have bulk supplies on their farm but buy gasoline at the local gas station. It does not open the door for all vehicles.

I am concerned that the amendment only deals with farmers, because others in Michigan and elsewhere have expressed concern about this matter. But I realize that they have special problems and this is a farm bill. I am concerned because I fear the issue will not go away in the case of some other users, like the recreational boat owner users. In this regard, I have recently written to the Environmental Protection Agency asking questions about its consideration of all such uses and the impacts on engines operating safely and properly with little or no lead. That correspondence follows:

ADMINISTRATOR'S STATEMENT

Today, we are taking actions to substantially decrease the amount of lead emitted into the environment.

First, I have signed a final regulation requiring a two-stage reduction in the amount of lead permitted in leaded gasoline. The current lead standard allows 1.10 grams of lead per gallon of leaded gasoline. On July 1 of this year, the limit will be reduced to 0.50 grams per gallon. Beginning January 1, 1986, the standard will drop again to 0.10 grams per gallon. These steps will bring a 91 percent reduction in the amount of lead used in gasoline.

There is no doubt in my mind that lead in the environment is still a national health problem and that gasoline is a major contributor to lead exposure. These standards will significantly reduce the adverse health effects that result from using lead in gasoline and will reduce the misuse of leaded gasoline in vehicles designed for unleaded fuel.

In addition to these reductions, we are issuing a supplemental notice inviting public comment on information now available relevant to a total ban on lead in gasoline.

Leaded gasoline is responsible for about 80 percent of all lead emissions into the air. There is a direct relationship between lead in gasoline and the amount of lead in human blood. Lead impairs the physical and mental health of our children, especially those who live in the large cities. Recent studies indicate that it might also contribute to high blood pressure in adults. The evidence continues to mount demonstrating adverse health effects from lead at levels previously thought to be below the threshold of risk. Just last month, the Centers for Disease Control lowered the level of blood lead it deems to indicate a need for treatment.

The lower standard of 0.10 level was chosen because it would achieve significant health benefits while still allowing a lead level adequate to protect engine valve seats. The change was also intended to curb the illegal use of lead fuel in cars designed for unleaded by changing the cost relationship between leaded and unleaded gasoline.

After reviewing over 1,500 substantive comments on the proposal made either at our public hearing or in written submissions, we are convinced that such a standard is both necessary and achievable.

Since our proposal last summer, EPA also has carefully considered comments concerning the refining industry's ability to meet this standard. We have reviewed our analyses of the industry capacity to meet these standards in light of these comments and remain convinced that the standard is attainable. We also agree with those who said the standard can be strengthened by requiring a two-step approach which includes the 0.50 grams per gallon standard beginning July 1, 1985.

EPA has also reviewed in detail the issue of the amount of lead needed as a valve lubricant in older cars and engines. We have evaluated the many comments from vehicle, truck, boat, and farm equipment owners concerned that a tenth of a gram of lead per gallon is insufficent to lubricate valves in these engines. Our research indicates that this level of lead is sufficient for these engines when operated at reasonable speeds and loads. In fact, there are several studies that have come to our attention during the rulemaking that suggest that lead may not be required at all for these engines. Therefore, we remain convinced that 0.10 grams of lead per gallon leaded gasoline will furnish adequate protection for vehicles and engines which may need it. We will, however, continue to study this issue with respect to a total ban—as I'll discuss in a minute.

EPA's latest survey of vehicles in the field has shown that fuel switching continues to be a persistent problem despite an active effort to stop it. In fact, latest survey results show a 16 percent fuel switching rate, compared to 13 percent at the time of the proposal.

For all these reasons, EPA is proceeding to issue these stringent final rules today. We are eager to reap the health benefits of the standard and we are optimistic that the level of fuel switching will be substantially decreased as a result of its implementation.

I'd like to take a moment now to discuss the economics of this final rule. EPA has conducted an extensive evaluation of the costs and benefits of the new rule. The net benefits of the 0.10 gallons per leaded mile standard are predicted to be over a billion dollars per year for the period of 1986 to 1992, with the 0.50 grams per gallon standard for the second half of 1985 alone resulting in over $250 million dollars in net benefits. These analyses included the benefits of savings from reduced health problems from lead and other automotive pollution as well as reduced vehicle maintenance compared to the cost of the additional refining needed to furnish adequate gasoline to the market. A billion dollars a year is substantial savings, and these estimates are likely to understate the true benefits. If the new information concerning the relationship between blood lead and blood pressure in fact holds true, the value of these regulations could increase by several billion dollars more per year. This is a good regulation then from both the health and economic point of view.

The second of the two packages we are announcing today is a supplemental notice soliciting future comments on implementing a total lead ban as early as 1988. In the August 1984 rulemaking the Agency proposed consideration of a ban on lead in gasoline during the mid 1990's. During the intervening period, studies analyzing the relationship between blood lead and blood pressure were published. These studies suggest a strong correlation between blood lead and blood pressure, and that reductions in blood lead levels would result in substantial additional health benefits. Further, several studies of fleets of vehicles in actual use indicated that vehicles might not need any lead as a value lubricant. Finally, we are concerned that the 0.10 grams of lead per gallon standard might not be fully effective in eliminating the fuel switching problem.

These facts suggest that a ban on lead in the near term might be both desirable and feasible. We are interested in having the scientific and medical communities review the information relating blood lead and blood pressure.

We also are soliciting additional comments on the need for lead as a value lubricant for engines and on the extent of a continuing fuel switching problem. We intend to work with chemical manufacturers to ascertain the possibilities of alternative additives, should they be necessary, as well as working with other interested groups on ways to prevent valve damage should we find a ban appropriate and necessary.

One additional point is worth noting. We recently proposed a rule which would allow banking of lead rights, retroactive to January 1, as a way of enhancing the flexibility to meet the new standards. We expect the rule to be made final within the next few weeks.

In summary, we believe today's final rule will have a marked and positive impact on the nation's health, and we will continue to study the desirability and feasibility of a total ban on the use of lead in gasoline.

Committee on Energy and Commerce,
Washington, DC, July 15, 1985.

Hon. Lee M. Thomas,
Administrator, Environmental Protection Agency, Waterside Mall—West Tower, Washington, DC.

Dear Mr. Thomas: Enclosed are letters I received from my constituents who are concerned about the impact of your agency's recent actions concerning lead in gasoline. Their concerns are real. While I recognize the health effects of lead on people and the apparent need to curb such lead as quickly as possible, I am concerned about the adequacy of your agency's consideration of the impacts of your actions.

I request that you address the questions raised in the letters concerning motor vehicle, marine equipment and lawn mower equipment that use leaded gasoline. What studies did you conduct concerning the impact on already purchased vehicles, boats, and equipment? What were the results?

Also, enclosed is a July 8, 1985 letter from the Chairman and Ranking Minority Member of the Committee on Agriculture concerning the impact of your actions on agricultural equipment. What studies did you conduct regarding the impact on this type of equipment? What were the results?

With best wishes.

Sincerely,

John D. Dingell,
Chairman.

June 17, 1985.

Hon. John D. Dingell: I wish to express my protest of the reduction of regular grade gasoline.

I am a senior citizen living on a fixed income.

My car, lawn mower, and outboard motor are old and need the regular gasoline, other fuel would damage them.

To replace them would be a real hardship.

Yours,

James Rea.

U.S. Environmental
Protection Agency,
Washington, DC, August 14, 1985.

Hon. John D. Dingell,
Chairman, Committee on Energy and Commerce, House of Representatives, Washington, DC.

Dear Mr. Chairman: Thank you for your July 15, 1985 correspondence forwarding letters from your constituents concerning our proposal to ban leaded gasoline as early as 1988. They are concerned that operation on low-lead or unleaded gasoline may be harmful to engines designed for leaded gasoline.

We are certainly aware of your constituents' concerns. However, we believe that the low-leaded standard of 0.10 gram per leaded gallon offers sufficient valve protection to those engines which may need lead under reasonable speeds and loads.

In response to your request, I have enclosed the Federal Register notices, regulatory impact analysis, responses to comments document, summary of comments document, and a final contractor report entitled, "The Effects of Low-lead and Unleaded Fuels on Gasoline Engines." These review the studies we evaluated and the data we have on the effects of lead phasedown on a number of different engine types. We believe that these data are representative of the effects that can be expected. However, we do not have extensive information on some of the specific types of engines (e.g., outboard motors) or uses (e.g., agricultural) that are referenced in your letter.

We are continuing to investigate the need for lead in some engines and the possibility of alternative additives that are less environmentally harmful than lead. We are paying particular attention to the concerns of the agricultural community and are investigating thoroughly the use of unleaded gasoline in farm machinery that was designed for leaded gasoline. We have reviewed information from eight additive manufacturers claiming to have developed additives which would act as valve lubricants should lead be eliminated from gasoline. Several of these look promising. We are working to get the farm community and these additive manufacturers together for in-use demonstration programs to test the efficacy of their additives.

Please feel free to contact me or Charles L. Elkins, Acting Assistant Administrator for Air and Radiation, at (202) 382-7400, if you have any further suggestions.

Sincerely,

Lee M. Thomas,
Administrator.

Committee on Agriculture,
Washington, DC, July 8, 1985.

Dear Colleague: On March 4, 1985, the Environmental Protection Agency issued final regulations to reduce the permissible amount of lead in gasoline by 90 percent by January 1, 1986. The new standard will limit the lead content of gasoline in two stages. The first stage was a reduction to 0.5 gram per leaded gallon (gplg) required on July 1, 1985. The second stage is a reduction to 0.1 gplg to be accomplished on January 1, 1986. The current lead standard is 1.1 gplg.

As part of its March 4 announcement, EPA also extended a system that allows refineries to "bank" lead credits if they can reduce lead below allowable limits this year. They can then use these credits in 1986 or 1987 when the limit of 0.1 gplg is imposed. As a practical matter lead banking will result in gasoline with an average lead content of 0.2 gplg being marketed through 1987.

However, EPA appears to be moving toward a total lead ban, perhaps as early as 1988. Our concern is that they are taking this step without a clear understanding of the impact it will have on machinery used on the farm.

We are writing to invite you to be a cosponsor of legislation we have introduced to require the Environmental Protection Agency to study the effect a lead ban will have on agriculture machinery before such a ban can be proposed.

The American Farm Bureau is currently conducting a survey, but their preliminary reports are that there are an average of ten engines in use on the farm today that require the use of leaded gasoline. Deere & Company estimates that there are more than two million large farm tractors, built before the 1970's and equipped with gasoline engines designed to run on leaded fuel, still in use on farms today.

The legislation we have prepared will require the Environmental Protection Agengy, in cooperation with the Department of Agriculture, to conduct a study on the effect a lead ban will have on engines used in agriculture. The study must reflect typical farm work. The completed study would be published in the Federal Register by January 1, 1987. EPA will also be required to hold public hearings and file a final report to Congress by January 1, 1988. Lead could not be banned until EPA's study and recommendations are complete. This legislation has been developed in cooperation with the American Farm Bureau and the National Council of Farmer Cooperatives.

To date we have a bipartisan group of 24 cosponsors of H.R. 2795. If you would like to add your name to the list, please contact Judy Dungan at 5-2371, or Glenda Temple at 5-2171.

Sincerely,

E (Kika) de la Garza,
Chairman.
Edward Madigan,
Ranking Minority Member.

Rockwood, MI.

Hon. John D. Dingell,
U.S. Representative.

Retirees nightmare: When you take all the leaded gasoline off the market or reduce it so low 0.1 grams of lead per gallon, what are we to do with our investments?

Example No. 1: I purchased a 1979 Pace Arrow motorhome in 1982 price 22 thousand, I'm still making payments on this vehicle, it was purchased as a retirement home to travel the U.S.

Example No. 2: In 1973 I purchased a fishing boat 120 hp mercruiser on the engine it specifies use leaded gas only, another investment down the drain. I have also a riding lawnmower a push mower all use leaded gasoline. If there's not enough lead in the gasoline we will burn up the valves and valve seats of these engines. Who's to blame for this disaster? The automobile manufacturer, the gasoline companies or our own government? How do I and millions of other people get reimbursed? Those purchases were made in good faith. If this ban goes on leaded gasoline and we have to run on gasoline not suited for our engines then I feel the government, automobile manufacturer and gasoline company's should compensate us for our losses.

It makes sense to me to stop manufacturing of all engines that take leaded gasoline also we probably can live with 0.5 grams per gallon but not with 0.1 grams per gallon as proposed by the E.P.A.

I don't know how many vehicles and engines the government and armed forces are going to be affected but I suspect many of them will still take leaded gasoline. What a cost to the taxpayers if all of them have to be destroyed or replaced. If the E.P.A. bans leaded gasoline also millions of boaters will be affected plus recreational vehicles.

I think the state of Michigan will be hurt in the tourist industry if nobody can travel who already owns vehicles that take leaded gas.

Can you do anything about this ban on leaded gasoline?

Respectfully,

ROBERT W. HUFF.

COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC, September 30, 1985.

Hon. LEE M. THOMAS,
Administrator, Environmental Protection Agency, Waterside Mall—West Tower, Washington, DC.

DEAR MR. THOMAS: Thank you for your August 14, 1985, reply to my July 15 letter concerning the Environmental Protection Agency's (EPA) rule reducing lead in gasoline to 0.10 grams per gallon in January and your proposal to ban such lead entirely in 1988. Your reply was interesting, but it raised more questions than it answered.

1. You state that the EPA "data" are "representative of the effects" of the phasedown "that can be expected". What does EPA mean by "representative" insofar as the engines mentioned in my July letter are concerned? What are those data? How and when were they acquired?

2. You state that EPA does "not have extensive information on some of the specific types of engines (e.g., outboard motors) or uses (e.g. agricultural)". What does that mean? What information do you have? What safety problems exist regarding gasoline and gasoline mixtures for recreational boats and what is being done about them?

3. You state that the 0.10 gram standard "offers sufficient valve protection to those engines which may need lead under reasonable speeds and loads." What is the basis for this statement? Does the term "engines" include the engines referenced in my letter? What evidence do you have that gasoline at this level will, in fact, be produced, distributed, and sold after January 1 in the rural agricultural areas of Michigan and other States, taking into consideration the pipeline distribution system in these areas. For example, is this view shared by such groups as the National Petroleum Refiners Association? If you are wrong, what will be the impact after January 1 on the agricultural community, taking into account the enclosed survey by the Farm Bureau. Please explain banking and its impact.

4. You state you are "paying particular attention to the concerns of the agricultural community and are investigating thoroughly the use of unleaded gasoline in farm machinery that was designed for leaded gasoline." When was this investigation begun? What is its status? When will it be completed? Please describe the investigation. Does it cover gasoline at a level set for January 1?

5. Your letter also indicates that you are examining the "possibility of alternative additives" and that some "look promising." You mention a demonstration program. Your letter suggests that such additives are not expected to be readily available soon. But if leaded gasoline is not available in January and additives are also not available, what will be the results? When will additives be ready?

I share your concern about the health effects of lead from gasoline, paint and other sources. Reduction is clearly wise. But it is not clear to me that EPA has done a sound job in understanding the impacts of the January 1 reduction or a ban before reaching these conclusions. It appears that your research was once again incomplete. That concerns me. It should concern you as well.

I request your reply to the above matters by October 18, 1985.

Sincerely,

JOHN D. DINGELL,
Chairman.

RESULTS OF FB SURVEY ON LEADED GAS
(3,166 RESPONSES)

1. Of the total gallons of fuel used on your farm in farm equipment (trucks, tractors, mowers, etc.) what percentage would you estimate you use of each? This includes fuel purchased off the farm at a station for farm use.

Farm Unleaded Gasoline: Average: 16% (464 est. gallons/year).

Farm leaded Gasoline: Average: 84% (2,372 est. gallons/year).

2. How much equipment on your farm was origninally designed to burn leaded gasoline and is still burning leaded gsoline?

Average farm	Number of units		Percent of time units run at 80 to 100 percent of maximum rpm	Estimated cost to buy all this equipment new today
	1972 and newer	1971 and older		
30 HP and up	2.1	3.4	70%	$90,604
29 HP and under	2.9	2.1	81%	7,577

3. How much equipment on your farm was originally designed to burn no-lead gasoline and is still burning no-lead gasoline?

Number of Units 30 HP & Up—0.8, Number of Units 29 HP & under—0.5.

4. How much longer would you expect your leaded gas-burning equipment to remain in service on your farm if leaded gas continues to be available?

2% less than 2 years, 10% 2 to 5 years, 39% 5 to 10 years, 49% use indefinitely.

5. Could most of the lead burning equipment on your farm be modified to burn unleaded gas?

5% Conversion could be accomplished, 56% Conversion would not be economically feasible, 39% Don't know.

6. Have you burned unleaded gasoline in an engine designed to burn leaded?

5% It worked fine, 12% It would not burn quite right without adjustment to engine, 8% Didn't work at all, 75% I have never tried unleaded fuel in an engine designed for leaded fuel.

7. (The current EPA standard is 1.1 grams of lead per gallon). What amount of lead would be required for satisfactory operation of your lead burning engines?

82% Don't know, 14% Need greater than 0.5 grams of lead per gallon, 3% Reduce allowable amount of lead to 0.5 grams/gallon, 1% reduce allowable amount of lead to 0.1 grams/gallon (as EPA's new rule).

8. How would the total elimination of leaded gas affect your farming operation?

70% It would really disrupt our fuel situation, 15% It would cause a few problems, but we would cope, 3% It wouldn't bother me at all, 12% Other.

9. What is your preferred method of keeping leaded gasoline available to agriculture?

32% Exemption, 25% Keep at 1.1 grams, 28% No answer, 15% Other.

I want to protect the public health through lead reduction in gasoline. But that must be done wisely and on the basis of sound research by EPA. I am not satisfied that in the case of some engines like agricultural machinery, EPA has conducted that research. Thus, I think the issue will not go away merely by passage of this amendment. Our committee may still have to address it by oversight at least.

Mr. TAUKE. I thank the gentleman, and I want to emphasize to the gentleman from Michigan and the gentleman from California that if for some reason some change will be made in the agreements that have been made, I, too, would be compelled to oppose any changes in conference on this issue.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from California.

Mr. WAXMAN. I want to commend the gentleman from Iowa and the gentleman from Illinois for raising the issue that is embodied and resolved, I think satisfactorily, by this particular amendment. It is narrow; it deals with a very real problem which you have brought to our attention. I appreciate the commitment, should others see this as an opportunity to expand it in ways that will be adverse to public health, to join us in opposing it. But for this limited purpose, I want to commend you for working out this amendment and I join in support of it.

Mr. TAUKE. I thank the gentleman for his cooperation.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I commend the gentleman for the initiative he has taken in offering this amendment. It could prove to be a vital step in changing our current policy, which is dependent upon petroleum products entirely, to switching to an alcohol fuels economy.

I continue to be concerned about the need for our Nation to shift to a greater reliance on alcohol fuels as a way of reducing the burgeoning trade deficit. This year, the trade deficit is expected to reach a record $150 billion. One-third of that deficit is due to the cost of imported oil. If the United States could exploit the vast amounts of grain and corn that our farmers produce, we could make a significant dent in the trade deficit and help our economic position at home and abroad.

We can reduce the trade deficit if our Government would only follow the recommendations of the U.S. National Alcohol Fuels Commission and the example of Brazil.

The Alcohol Fuels Commission issued an important report in 1981 which discussed in great detail how a coordinated public and private national effort to produce alcohol fuels would move the United States toward energy independence. It issued sensible recommendations to achieve this. Unfortunately, those recommendations have been ignored.

The Brazilian experience demonstrates how alcohol fuel can be an effective alternative to petroleum fuels. I recently saw firsthand that Brazil's public and private sectors have already established widespread production and distribution systems for alcohol fuels. They have in place automotive manufacturing operations which devote more than 90 percent of their production to alcohol fueled automobiles. They have in place a system for converting older vehicles to alcohol fuel operation. One-third of Brazil's automobiles currently operate on alcohol fuels. In 1984, our southern neighbor shaved $2 billion from its import bill through use of alcohol fuels.

The United States can and should follow Brazil's example. We should vigorously promote alcohol fuel development. By doing this, we would not only reduce our trade deficit by reducing substantially the importation of foreign oil, but we would put the farm surpluses being produced at a record rate to productive use.

Currently, the U.S. alcohol fuels industry produces approximately 500 million gallons a year. This is insufficient to meet our needs. Last year, we imported $100 million worth of alcohol fuels. The demand in our country will be even greater as lead is phased out as an octane enhancer from gasoline consumed in the United States.

Mr. Chairman, the time is late but we must start now to make alcohol fuels an integral part of U.S. energy policy and of our assault on the trade deficit.

Mr. TAUKE. I thank the gentleman.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from Illinois.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. Tauke] has expired.

(On request of Mr. Madigan and by unanimous consent, Mr. Tauke was allowed to proceed for 1 additional minute.)

Mr. MADIGAN. I thank the gentleman for yielding, and I wish to commend the gentleman from Iowa and the gentleman from Oklahoma for their initiatives in this regard. But especially I want to thank the gentleman from California and the gentleman from Michigan, the subcommittee chairman of the Health and Environment Subcommittee and the chairman of the Energy and Commerce Committee, for their assistance in letting this committee deal with this very serious problem for the farmers and ranchers of America.

Mr. TAUKE. I thank the gentleman.

The CHAIRMAN. It is the Chair's understanding that the gentleman from Michigan [Mr. Dingell] withdrew his point of order.

Mr. DINGELL. Mr. Chairman, I withdraw my point of order.

Mr. de la GARZA. Mr. Chairman, I move to strike the requisite number of words, only to repeat again that the Committee on Agriculture, the gentleman from Illinois, and the gentleman from Texas, are cognizant of the problem that we face with this amendment. It had been addressed in proper form. A bill was introduced by the gentleman from Illinois, and the gentleman from Texas, and it was not our intention to burden the farm legislation with amendments of this nature in respect for the jurisdictional concerns of the gentleman from Michigan. But we have no control over amendments that might be introduced, and we appreciate now the gentleman reaching this agreement with us. But in the beginning, when the issue was addressed, it was not intended to in any way interfere with the jurisdiction of the committee which the distinguished gentleman leads.

Mr. BEREUTER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Iowa. I have just one point that I wish to clarify for the record.

After the Environmental Protection Agency announced its intention to phase out lead in gasoline, many of my constituents in Nebraska expressed concern to me about the effect that a total ban on leaded fuel might have on their farming operation. Because of this concern, I support the amendment which the gentleman offers today.

I would point out that this same study was introduced as legislation in the House, earlier this year and I commend the gentlemen for moving the intent of that legislation forward by offering it as an amendment to this farm bill.

Unfortunately, some of my constituents in Nebraska and the representatives of some farm organizations have incorrectly perceived any study such as this as an effort to halt the increased use of ethanol in gasoline. I think it is the clear intention of this body, and I think I speak particularly for Members from agricultural districts, that we do support the increased use of ethanol in gasoline not only because it creates an additional new market for grain, but also for environmental and health reasons.

However, before the Environmental Protection Agency makes any move to completely ban lead in gasoline, we must have a clear understanding of the impact such a ban would have on farmers and the machinery they use on the farm. Given the current state of our agricultural economy, it is indeed desirable that we examine whether a ban on all unleaded gasoline would further exacerbate conditions on the farm.

A recent study of the American Farm Bureau shows that on average, there are as many as 10 to 14 motors requiring leaded fuel on every farm. Unless there are adequate means for adopting the use of unleaded gasoline in these motors, an average farmer could spend thousands of dollars in replacement costs. Before farmers are forced to abandon the vehicles they are using now, we must consider the cost to the farm economy, and if necessary, continue to make some leaded gasoline available for older motors.

Again, I would stress that this amendment is not intended to preclude the future use of ethanol in gasoline, or stunt the development of the ethanol industry. Instead, this study will help guide both Congress and the administration to implement a lead phaseout policy which does not impose an unreasonable burden on our already financially strapped agricultural economy.

I urge adoption of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Tauke] as a substitute for the amendment offered by the gentleman from Oklahoma [Mr. Jones].

The amendment offered as a substitute for the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. Jones], as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. GLICKMAN

Mr. GLICKMAN. Mr. Chairman, I offer an amendment.

Mr. CHAIRMAN. Has the amendment been printed in the Record as of September 24?

Mr. GLICKMAN. It has been, Mr. Chairman.

Mr. CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. Glickman: On page 503, after line 7, insert the following new section:

"NEW GRAIN CLASSIFICATIONS

Sec. 1873. The Secretary shall direct the Federal Grain Inspection Service and the Agricultural Research Service to cooperate in developing new means of establishing grain classifications taking into account characteristics other than those visually-evident and shall report to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry not later than December 31, 1985, on the status of those cooperative efforts as they relate to more accurately classifying types of wheat and other grains now in use."

Mr. GLICKMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GLICKMAN. Mr. Chairman, this amendment is offered by Mr. ROBERTS and myself. The title is "New Grain Classifications." We have a serious problem out in wheat country with respect to classifying grain. With new technology we have been able to come up with new classes of grain, which functionally are the same, for example, as hard winter wheat, a classification called ARCAN, but visually, since it looks like soft wheat, it has been classified as such, which results in a lower price for Kansas farmers. This amendment would just merely direct the Federal Grain Inspection Service and the Agriculture Research Service to cooperate in developing new means of establishing grain classifications, taking into account characteristics other than those visually evident and reporting back to the committee of Congress as to the status of those cooperative agreements as they relate to more accurately classifying types of wheat and other grains now in use.

I yield to my colleague, the gentleman from Kansas [Mr. ROBERTS].

Mr. ROBERTS. I thank my colleague for yielding to me.

Mr. Chairman, I rise in support of the amendment. This amendment addresses a problem we are having in wheat country that today is only a problem but could turn into a crisis at harvest time next year.

The Federal Grain Inspection Service was created by Congress over a decade ago to grade and insure that buyers of U.S. grain are receiving a uniform standard quality of grain. The cornerstone to this process is grain grading based upon visual determinations of hardness or softness of the kernel. Visual examination of the kernel of wheat is currently the only acceptable method for identifying a class of wheat for grading.

However, through the miracle of modern science and advances in plant breeding, high yielding varieties have been released for farmers to grow. Many of these varieties commonly exhibit kernel characteristics of more than one class of wheat thereby causing difficulties in wheat classing. Some of the new varieties released by the plant breeders in the Great Plains have kernels that display both hard red kernels and soft red kernels.

The percentage of hard red winter wheat varieties exhibiting nontypical kernel characteristics is expected to increase in 1986 as more of the hybrid wheat varieties are released and grown. This means that a larger percentage of the 1986 wheat crop could fall under the wrong classification. The current system, in place since 1914, is totally inadequate for the modern wheat varieties that are being developed.

It is time for Federal Grain Inspection Service to develop a new testing and grading system that will address the problems created by the new varieties of wheat. This amendment would require that FGIS and the Agricultural Research Service report back to Congress on what they are doing to address this problem. While this amendment is a good first step there are those who feel that we should mandate that Federal Grain Inspection Service and the Agricultural Research Service be given a specific time limit in which to come up with a new testing procedure. I won't advocate that at this time but I do want to serve notice we will have hearings on that subject.

I urge my colleagues to support this amendment. It is time we let the folks at Federal Grain Inspection know that Congress is serious on this issue. FGIS must come up with a new testing procedure that is in step with the technology of the eighties. Relying on a seventy year system of visual inspection is totally unacceptable to the grain trade, farmers, and our customers.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Texas.

☐ 1650

Mr. DE LA GARZA. I thank the gentleman for yielding.

Mr. Chairman, I would like to inform the gentleman that the chairman of the Grain Subcommittee, the gentleman from Washington [Mr. FOLEY], informs me that they have no objection to this amendment. Accordingly, on this side, we would have no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. GLICKMAN].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Title XVIII, page 509, after line 13 insert the following:

FARMLAND PROTECTION

"SEC. 1986. (a) Section 1546 of the Farmland Protection Policy Act (7 U.S.C. 4207) is amended by striking out the words "Within one year after the enactment of this subtitle," and substituting therefore "On January 1, 1987, and at the beginning of each subsequent calendar year,".

(b) Section 1548 of the Farmland Protection Policy Act (7 U.S.C. 4209) is amended by striking the words "any State, local unit of government, or" and inserting before the period at the end of the sentence ": *Provided*, That the Governor of an affected state where a state policy or program exists to protect farmland may bring an action in the Federal District Court of the district where a federal program is proposed to enforce the requirements of section 1541 of this subtitle and regulations issued pursuant thereto".

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, I do not believe this amendment has any controversy. I have talked to the ranking members of the subcommittees and the committee and the chairmen of the subcommittee and committee. It is a much scaled-down version of what I offered in committee to take care of the objections that were raised at that time

What it merely says is that those States, of which there are 11, that have a farm land protection act, can if necessary, get the Federal Government to enforce their own regulations on farm land protection which merely state that they should consider the loss of farm land in implementing Federal programs. It does not have any teeth in it really.

This says that if they even refuse to do that, that the Governor of a State can get the courts to force them to at least do their own regulations.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman.

Mr. JONES of Tennessee. I thank the gentleman for yielding.

Mr. Chairman, I have no objection to this amendment. The Department of Agriculture has been uncooperative and unresponsive to the Congress in administering the Farmland Policy Protection Act and this amendment would at least force them to report to us.

Additionally, I believe this amendment provides some authority to Governors of States which are trying to assist themselves to be more active in forcing Federal cooperation.

Mr. JEFFORDS. I thank the gentleman. I would point out that the other part of the amendment is only to have a report annually.

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman.

Mr. BEREUTER. I thank the gentleman for his initiative. I certainly support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont [Mr. JEFFORDS].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BENNETT

Mr. BENNETT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD of September 24?

Mr. BENNETT. Yes; it has, Mr. Chairman.

The clerk read as follows:

Amendment offered by Mr. BENNETT: Page 509, after line 6, insert the following:

STRATEGIC STOCKPILE AUTHORITY

SEC. 1896. Of the commodities in the Commodity Credit Corporation or otherwise under the Department of Agriculture stores, one-half thereof as of January 1, 1986, shall be available for sale or barter with the proceeds to be used to furnish materials for the Strategic Stockpile without further appropriations therefor. Such sales or barter can be made within the United States or abroad and may be undertaken between the United States and other sovereign countries. To the extent that the assets of the Commodity Credit Corporation are reduced by this process, the full faith and credit of the United States shall be substituted therefor. The Commodity Credit Corporation shall take appropriate action to protect fully the assets of the Commodity Credit Corporation on the basis of the established value at the time of transfer of the assets for sale or barter. In such sales or barter the commodities need not be sold or bartered at a profit and no such sale or barter shall be effected which in the judgment of the Commodity Credit Corporation will seriously adversely affect production or prices in the United States or elsewhere.

Mr. BENNETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. BENNETT. Mr. Chairman, this amendment is needed to put directly into the National Defense Stockpile—of strategic and critical materials—all such strategic and critical materials acquired by barter or sale of agricultural commodities owned by the Commodity Credit Corporation. The language in the bill allows sales and barter for such defense materials but places the warehousing, ownership, and management of such acquired defense materials in the Agriculture Department. With this amendment the bill can go to conference in a way in which all of these warehousing, ownership, and management matters will be in, and with, the established strategic stockpile authorities without duplication, bureaucracy, and waste. And the Commodity Credit Corporation will be protected by the full faith and credit of the Government, this being substituted for the materials and values otherwise owned by that corporation. In the bill in conference this will allow a better result than the bill now provides. I sincerely hope the amendment will be approved.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. BENNETT].

The amendment was agreed to.

AMENDMENTS OFFERED BY MS. SNOWE

Ms. SNOWE. Mr. Chairman, I have two amendments at the desk to title XVIII, and I ask unanimous consent that the two amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Maine?

There was no objection.

The CHAIRMAN. Have the amendments been printed in the CONGRESSIONAL RECORD of September 24?

Ms. SNOWE. Yes; they have, Mr. Chairman.

The Clerk read as follows:

Amendments offered by Ms. SNOWE: Page 437, after line 2, insert the following:

POTATO INSPECTION

SEC. 1805. The Secretary of Agriculture, in order to achieve a significant reduction in the volume of substandard imported Canadian potatoes entering through ports of entry in the northeastern United States, shall require the Agricultural Marketing Service to perform random spot checks in accordance with other law and on a continuing basis on a significant portion of potatoes entering through those ports of entry. The Secretary of Agriculture shall periodically report to the public and to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives the results of such spot checks and increase their frequency or take other actions as necessary to achieve and maintain the significant reduction of such substandard imported potatoes.

Page 509, after line 13, insert the following:

POTATO ADVISORY COMMISSION

SEC. 1896. It is the sense of Congress that—

(1) the Secretary of Agriculture should take actions based on the recommendations of the potato advisory committee established by the Secretary on an ad hoc basis;

(2) such actions should address industry concerns including trade, quality inspections, and pesticide use;

(3) such committee should meet biannually; and

(4) the recommendations and actions of such committee should be reported to the Chairmen of the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives, and to the public.

Ms. SNOWE (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Maine?

There was no objection.

Ms. SNOWE. Mr. Chairman, my first amendment simply instructs the Agricultural Marketing Service of the Department of Agriculture to continue current efforts to reduce the volume of substandard quality Canadian potatoes from entering United States markets through Maine and other Northeast ports of entry.

This amendment is intended to reinforce the demands of Maine's potato industry that imported potatoes meet grade and marketing requirements, and be certified as such when these imported loads come into the country. Last year, at my request, the Agricultural Marketing Service began to perform random spotcheck inspections on Canadian imported potatoes. From mid-December until mid-May, the end of the shipping season, 20 percent of the 370 loads inspected were found to be substandard.

My amendment is simple. The Agricultural Marketing Service would be instructed to perform an adequate number of inspections, and take other steps as needed, to significantly reduce the volume of loads found to be in violation of U.S. marketing standards. My amendment contains no time limit or specific requirements other than the requirement that the results of these inspections be periodically reported to the public and to the House and Senate Agriculture Committees.

The purpose of this amendment, Mr. Chairman, is to give Maine's potato industry greater assurance that imported potatoes are meeting the same quality requirements that they are now required to meet. Judging from the results of last year's inspections, an obvious quality problem exists. I believe this is a problem which merits more concerted attention from the Agricultural Marketing Service.

My amendment requires the Department to make more of an effort to assure that the quality of the potatoes imported through Maine meets existing standards. I urge my colleagues to support this amendment to improve the Maine potato industry's ability to compete fairly with our Canadian neighbors.

Mr. Chairman, my second amendment will require the Department of Agriculture to take actions based on the recommendations of the Potato Advisory Commission to assist this industry.

This commission, an ad hoc group composed of representatives of the potato industry and representatives of the Department of Agriculture, was formed earlier this year to address the concerns of the potato industries in Maine and other States, and to bring potato industry officials in closer contact with the Secretary and other department officials on economic and trade issues.

Secretary Block announced the formation of this Advisory Commission in December 1984, to bring industry representatives here to Washington on a periodic basis to develop policies to better assist potato producers. The Commission has met on three occasions—in March, June, and most recently on September 25.

My amendment is a sense-of-Congress resolution that the Secretary of Agriculture should act, based on the concerns and recommendations of the Advisory Commission, to provide greater assistance to the potato industry. In addition, my amendment states that the Commission should meet at least twice a year, and that the results of these meetings should be reported by the Department to the House and Senate Agriculture Committees.

Potato producers, nationally, and especially Maine potato producers, are facing difficult problems on account of cheaper, subsidized imports, which are underselling our potatoes in our own markets. The Potato Advisory Commission has begun to look at these issues, and to make recommendations to the Department of Agriculture. In addition, the committee has been concerned about gaining a better understanding of pesticide regulations in Canada and the United States, and about differences between the two countries on systems of quality inspection. Through this exchange with the Department on issues of specific concern to the potato industries, I think we can make great strides in helping our producers make a living on the farm.

Despite the demonstrated value of the Commission over the past 12 months, there is room for improvement. Being strictly advisory, however, doesn't give this Commission an opportunity to recommend policy changes and to see the Department take real concrete steps to respond to their recommendations. My amendment simply urges the Department to take advantage of this forum to address the real concerns of an important agricultural sector: the potato industry.

My amendment does not make this advisory panel a permanent body, or place undue restrictions on the format or conduct of their actions. What my amendment will do is reinforce the importance of the Commission, thereby bolstering the efforts of the Department and Congress to address the needs of this industry.

Mr. PANETTA. Mr. Chairman, will the gentlewoman yield?

Ms. SNOWE. I yield to the gentleman.

Mr. PANETTA. I thank the gentlewoman for yielding.

Mr. Chairman, we have discussed these amendments. It is my understanding that these amendments basically say to the Department, "Do what you are supposed to do under the law. Do the random checks; implement the protections that are built into the law as it exists now.

For that reason, we would have no objection on this side to accepting those amendments and reemphasizing what indeed the law says in the potato area.

Ms. SNOWE. I thank the gentleman for his comments with respect to the amendments. That is precisely what they would do. The Potato Advisory Commission, again, is to take actions based on the recommendations of that Commission because there are a number of problems not only facing the Maine potato industry but also our Nation's potato industry. I think this kind of exchange is the best way to go about it in addition to having the inspection services as well.

Mr. EMERSON. Mr. Chairman, will the gentlewoman yield?

Ms. SNOWE. I yield to the gentleman.

Mr. EMERSON. We on this side have examined the gentlewoman's amendments and find them perfectly acceptable and commend her for her efforts and are glad to accept the amendments.

Mr. GILMAN. Mr. Chairman, will the gentlewoman yield?

Ms. SNOWE. I yield to the gentleman.

Mr. GILMAN. I thank the gentlewoman for yielding.

Mr. Chairman, I rise in support of the amendments offered by the gentlewoman from Maine [Ms. SNOWE] assisting our beleagured vegetable farmers in their continuing efforts to remain competitive with our trading partners. I commend the gentlewoman for her thoughtful approach to this sensitive trade issue, and for her hard work on behalf of our domestic agricultural industry.

Importation of certain vegetable commodities into American markets has had a devastating effect upon our domestic producers. In that regard, I introduced legislation once again in this Congress, imposing a temporary surtax on certain of these commodities in the event that they enter the United States in such volume and at such reduced prices as to cause injury to American farmers. My bill, H.R. 110, requires the Secretary of Agriculture to monitor cabbages, carrots, celery, lettuce, red and yellow storage onions, potatoes, and radishes to determine from volume and benchmark prices the extent of economic impact on our domestic growers. I am pleased to note that my legislation enjoys the support of the gentlewoman from Maine [Ms. SNOWE] as well as several other concerned Members of Congress from the afflicted Northern States. The fight to save our domestic vegetable market from continued erosion is a cooperative effort—I am pleased to be able to speak in support of Ms. SNOWE's amendments.

The gentlewoman's amendments will reinforce our efforts to keep the U.S. vegetable industry competitive. This past December the Secretary of Agriculture John Block, recognized the unfair trade situation facing our domestic producers when he established the Ad Hoc Potato Advisory Committee. Comprised of industry representatives drawn from across the United States, the ad hoc committee has met three times over the past 10 months to discuss the continuing problem of imports undercutting our domestic product. While I commend the Secretary for his December initiative, I would like to take this opportunity to express my strong support for the extension of this program to embrace other troubled commodities.

I represent an area of New York known as the "black dirt region." Some of this country's finest onions are grown in this sector of Orange County. I can assure you that my farmers are hurting and that they would benefit immeasurably from the creation of an Ad Hoc Advisory Committee on Onions. Accordingly, I strongly urge the Secretary of Agriculture to consider extending this model program.

The amendment offered by the gentlewoman from Maine clarifies the role of the Ad Hoc Potato Advisory Committee by requiring that: First, the Ad Hoc Potato Advisory Committee meet at least twice a year; second, the Secretary of Agriculture take action to relieve the burden on our domestic producers based on the ad hoc committee's recommendations; and third, that the Secretary of Agriculture should report publicly to both the House and Senate Agriculture Committees on actions taken by the ad hoc committee.

Compounding the difficulties facing our American farmers in their constant battle to remain competitive with imported commodities, is the importation into his country of substandard products bearing USDA approvals. The Agricultural Marketing Service has been conducting random spot checks at the U.S. border to ensure that potatoes entering this country are up to prescribed standards. The second amendment offered by Ms. SNOWE expresses the support of Congress that the Agricultural Marketing Service should continue these random spot checks and that they should increase the frequency of these checks in an effort to maintain significant reductions in the movement of substandard product into this country. I encourage the Secretary of Agriculture to enlarge the scope of the random check program to include other affected commodities.

Events of the past several weeks have made clear to all of us that U.S. trade policy needs to be reviewed and reformed. The time to act is now. Accordingly, I urge my colleagues to support the Snowe amendments.

Ms. SNOWE. I thank the gentleman for his comments. I think both of these endeavors certainly can complement what the gentleman is suggesting in trying to address other commodities that are facing similar problems with respect to imports from Canada. I think the kind of advisory commissions established by the Department of Agriculture for the potato industry could be extended to other commodities as well.

The CHAIRMAN. The question is on the amendments offered by the gentlewoman from Maine [Ms. SNOWE].

The amendments were agreed to.

AMENDMENT OFFERED BY MR. DASCHLE

Mr. DASCHLE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the RECORD of September 24?

Mr. DASCHLE. Yes; it has, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. DASCHLE: Page 434, line 3, insert "(a)" after "SEC. 1803.".

Page 434, after line 23, add the following:

(b) Section 20(f) of the Federal Meat Inspection Act (21 U.S.C. 620(f)) is amended by adding at the end thereof the following:

"(g) The Secretary may prescribe terms and conditions under which cattle, sheep, swine, goats, horses, mules, and other equines that may have been administered an animal drug or antibiotic not approved for use in the United States may be imported for slaughter and human consumption. If the Secretary determines that the use of an animal drug or antibiotic in any of such livestock is harmful to the health of man and that it is impossible to determine the livestock being imported do not harbor any residue of such animal drug or antibiotic, the Secretary may issue an order forbidding the entry into the United States of such kind of livestock from any country that allows the use of such animal drug or antibiotic in the production of such livestock in such country. No person shall enter cattle, sheep, swine, goats, horses, mules, and other equines into the United States in violation of any order issued under this subsection by the Secretary.".

Mr. DASCHLE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

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Mr. DASCHLE. Mr. Chairman, the amendment I am offering today will strengthen our meat inspection laws with regard to the importation of live animals, by providing the Secretary with direct, discretionary authority to deal with imported slaughter animals suspected to be unfit for human consumption. This amendment addresses the question of the use of nonapproved animal antibiotics in the production of imported slaughter animals.

Current statute allows the Secretary the authority to ban the importation of carcasses, meat or meat products that are considered to be "adulterated." While it is not impossible for the Secretary to broaden this section to include live animals, no specific reference is made to live animals, and how these products might be considered to be adulterated. Herein lies the problem.

My amendment gives the Secretary the direct, discretionary authority to address this issue by prescribing the terms under which live animals may be imported for slaughter and human consumption. Under my amendment, this authority extends to imported slaughter animals which may have been administered an animal antibiotic not approved for use in the United States.

If the Secretary determines that it is impossible to detect residues of such nonapproved drugs or antibiotics in the live animals, and that the use of that nonapproved drug is harmful to the health and welfare of the consuming public, the Secretary may ban the importation of that class of animal. This ban would apply to every country allowing the use of this drug in the production of that class of animal, until such time as that country no longer permits the use of that drug in the production of that class of animal.

Livestock producers in this country have a legitimate complaint. On one hand, our Government forbids the use of a particular drug or antibotic in the production of our domestic slaughter animals. Many times the use of these drugs is not approved because of the severe health hazards their use may cause to consumers of these meat products. At the very same time, this same Government permits live animals to be imported from countries which permit the use of the very same drugs we prohibit our own producers from using because of health reasons.

Producers ask, and rightly so, why the use of these drugs are not a health hazard in foreign imports, but is in our own domestically produced animals. This amendment will give the Secretary the unqualified authority to answer those producers.

Concern with the use of nonapproved animal drugs is as much a consumer issue as it is a producer issue. Consumers have every right to know that their meat products are safe for human consumption. By providing the Secretary with the clear authority to ban those imported animals that might be suspect to contain hazardous drugs, we are ensuring that he has the legal authority to make certain that consumers are, in fact, enjoying the safest possible meat products. I urge the inclusion of this amendment in the 1985 farm bill.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, I appreciate the gentleman's yielding, and this is to advise him that we have examined the amendment on our side and would have no objection to its adoption.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I appreciate the gentleman's yielding. I am looking at the amendment, and I just do not find any basis upon which to raise an objection to it, so I think we are going to accept it on this side.

I thank the gentleman for yielding.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in support of the amendment offered by my colleague from my neighboring State of South Dakota, Mr. DASCHLE.

As my colleague has pointed out, this amendment is needed to extend the authority of the Secretary of Agriculture to impose limits on the importation of live animals that contain levels of chemicals that could cause a health hazard to our consumers. As the gentleman points out, current authority allows for addressing problems with processed products, and this added authority is needed, as well.

Earlier this year, live hogs were being imported from Canada into the United States that may have contained dangerous levels of chloramphenicol and other substances that have been banned in this country. It places our producers on a particularly unlevel playing field when we import live animals from countries that do not have high environmental and cleanliness standards, and yet do not allow our own producers access to these same chemicals and technologies.

Mr. Chairman, I strongly support this amendment to level the playing field for America's agricultural producers.

Mr. DASCHLE. Mr. Chairman, I thank the gentlewoman, and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. DASCHLE].

The amendment was agreed to.

Mr. LOTT. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Mississippi is recognized for 5 minutes.

There was no objection.

Mr. LOTT. Mr. Chairman, America's cattlemen are facing their worst market in 17 years. Since January, feed cattle prices have dropped 25 percent, and many producers, from cowcalf operators to feedlot owners, are being forced into bankruptcy.

Despite these hard times, cattlemen are not asking for Government assistance. Instead, they are asking us to give them the opportunity to help themselves. The Beef Promotion and Research Act would give them that opportunity.

By enabling cattlemen to initiate a $1 per head checkoff, we allow them to raise the money for much needed research, education, new product development and promotion programs. But this bill does not supercede existing State and national beef promotion programs. In fact, Mr. Chairman, up to one-half of the funds collected could be under State control. And rather than create a new bureaucracy, this bill utilizes and reinforces the existing industry structure.

Cattlemen desperately need, and want, the Beef Promotion and Research Act. A recent survey by an independent research service showed that more than three-fourths of the Nation's cattlemen believe that a checkoff is an important investment in their business. The average checkoff recommended was just over $1 per head—the same amount that the Beef Promotion and Research Act calls for. And this bill has strong, industrywide support.

The cattle industry has served us well through the years in providing a safe and wholesome source of nutrition. It's time for us to help the industry through these trying times. Mr. Chairman, the Beef Promotion and Research Act does not solve all the industry's problems, but it is a start. We owe them that much.

Mr. CONYERS. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Michigan is recognized for 5 minutes.

Mr. CONYERS. Mr. Chairman, I rise to ask if Willie Nelson is around and can rush to our assistance. I think we may need some aid before the evening is over or before this farm bill is disposed of or the small farmer is disposed of completely.

I would like to ask the distinguished chairman of the Committee on Agriculture, what has happened to all the amendments that were put in to assist the family farmer, whom I have joined with an urban-rural coalition to help save? Could the committee chairman respond briefly to that question, please?

Mr. Chairman, I yield to the gentleman for that purpose.

Mr. de la GARZA. Mr. Chairman, I would be very happy to respond to the gentleman and point out that we have addressed that issue. As a matter of fact, we accepted a series of amendments offered by our distinguished colleague, the gentleman from Brooklyn, NY, Mr. Towns, that addressed that issue in part.

Our concern extends beyond that. As we work through this legislation, we do not depart in any way whatsoever from the fact that we must address the issue of the family or the small farmer.

There have been attempts to divide or to strike at the big farmer or strike at the small farmer. But I think the gentleman should be proud of the way our committee has addressed that issue. Specifically, again I go back to our colleague, the gentleman from New York [Mr. Towns]. I point out that the gentleman from Brooklyn, the inner city of Brooklyn, has developed enough expertise to offer amendments to this legislation.

Mr. CONYERS. Mr. Chairman, is the gentleman saying, then, that I should be able to face in public the small farmers in America, because if they understood what the gentleman knows is in this bill, they would be proud of my support for this measure?

Mr. de la GARZA. I would assert to the gentleman in the affirmative, that certainly he should support it, and if he would, I would stand alongside him.

Mr. CONYERS. Then let me ask the committee chairman another question.

I am one who has been troubled in this House for many years about these several conditions in food: First of all, we have 35 million people living in poverty in America, many of them suffering from malnutrition. Second, we pay billions of dollars to farmers not go grow. Third, we are now faced with the world's worst famine, the worst famine in history, where 21 nations in Africa are in peril.

Is there some way I can explain to reasonable Americans why we are still paying people for being too efficient, why we are still driving thousands of small farmers into bankruptcy and into the cities, and why people are starving not only in America but in the world? Does this measure in any way address those questions?

Mr. Chairman, I yield to the distinguished chairman of the committee, my friend, the gentleman from Texas [Mr. de la Garza].

Mr. de la GARZA. Mr. Chairman, if I were to address the question of the gentleman in its proper form and give the answer which it merits, it would take hours. All I can attest to the gentleman is that we have addressed the issue and know that we do not specifically pay billions of dollars for someone not to plant. But there is a combination of very intricate but yet troubling problems of legislation.

The problem with famine is not that the food is not there; it is that it is in the wrong places, and sometimes the problem is with the government, like with the famine in Sudan and Ethiopia. It is not that we were not willing to send. They have problems with their governments. They have marketing problems, storage problems, and transportation problems.

Here in America it is the same way. There is food, but something else went wrong. It was not the fault of the farmers. It is that the man does not have a job, there was a disaster in the inner city, or there was unemployment, low employment, and underemployment. That is the problem.

But the gentleman should be proud of the fact that our legislation has afforded the American constituency food at the least amount of disposable income per family for food. It is only 1 percent of the total budget. It is not all those billions; it is 1 percent of the total budget. But something else went wrong. If a fellow does not have a job, then we need to address that issue in other legislation, not here.

For 1 percent of the total budget we have given the American people the best-quality food in the world for the lowest amount of disposable income of any country in the world. But there are other things that impact it, and we cannot handle it all in this legislation.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. Conyers] has expired.

(On request of Mr. Alexander, and by unanimous consent, Mr. Conyers was allowed to proceed for 1 additional minute.)

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to my colleague, the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I thank the gentleman for yielding, and I thank the gentleman for sponsoring the bill which he and I joined together to introduce and which is designed to save the family farm and to also save the American taxpayer from the enormous burden placed upon the taxpayer by the current farm policy which the bill under consideration tends to continue.

I advise the gentleman, together with all the other Members, that at the conclusion of the debate on titles I will offer the farmers' solution to the farm bill as an amendment in the nature of a substitute and give to the gentleman, together with all other Members, the opportunity to save the family farmer in America.

Mr. CONYERS. Mr. Chairman, I am glad to know that, and I will be there cheering and rooting for you. But does that turn upon a unanimous-consent request?

The CHAIRMAN. The time of the gentleman from Michigan [Mr. Conyers] has again expired.

(On request of Mr. Alexander, and by unanimous consent, Mr. Conyers was allowed to proceed for 1 additional minute.)

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield further?

Mr. CONYERS. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, there is a perfecting amendment that will be offered to the amendment in the nature of a substitute which will seek permission from the House to adopt all of the actions heretofore entered into during deliberations by the Committee of the Whole on the State of the Union, so that the only provision that will be under consideration as presented by my amendment in the nature of a substitute will be Provision No. IV-A, which will achieve the goals that the gentleman from Michigan wishes to achieve to save the American farmer.

□ 1710

Mr. CONYERS. I thank the gentleman.

Mr. Chairman, did the chairman, the gentleman from Texas [Mr. DE LA GARZA], wish to respond? I yield to the gentleman.

Mr. DE LA GARZA. Mr. Chairman, I thank the gentleman for yielding.

I just wanted to advise the gentleman that apparently the legislation which the gentleman has cosponsored will increase the cost to the consumers, to the poor in the neighborhoods throughout urban America.

Mr. CONYERS. In other words, we are going to cut the consumer and the inner city——

The CHAIRMAN. The time of the gentleman from Michigan [Mr. CONYERS] has again expired.

(By unanimous consent, Mr. CONYERS was allowed to proceed for 1 additional minute.)

Mr. CONYERS. Mr. Chairman, in other words, the gentleman is telling me that if I support small farmers, the family farmer, through the substitute legislation that has been referred to, that I will then be in some concert to raise the price of food for consumers and people in the inner city.

Let me just say to the gentleman that as I understand it, as the family farmer is being driven off the land, it is the corporate farmer that is taking up huge acreages and they in concert, as corporate farmers are given to do, are going to be in control of the prices, and no matter what we are going to pay through this amendment, we are going to pay more ultimately when farming becomes a corporate enterprise in its totality.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman.

Mr. ALEXANDER. Mr. Chairman, the gentleman is entirely correct. But on the question of increase in consumer prices, under the gentleman's——

The CHAIRMAN. The time of the gentleman from Michigan [Mr. CONYERS] has again expired.

(At the request of Mr. ALEXANDER, and by unanimous consent, Mr. CONYERS was allowed to proceed for 30 additional seconds.)

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman.

Mr. ALEXANDER. Mr. Chairman, the increase in consumer prices projected by my amendment which I will offer, which the gentleman sponsored, will be 1 percent of the Consumer Price Index. That translates into a 2-cent increase in the price of a loaf of bread.

Mr. CONYERS. Mr. Chairman, I thank the gentleman.

AMENDMENT OFFERED BY MR. BADHAM

Mr. BADHAM. Mr. Chairman, I offer an amendment that was printed in the RECORD as of September 24.

The Clerk read as follows:

Amendment offered by Mr. BADHAM: Page 432, strike out line 18 and all that follows thereafter through page 433, line 4, and redesignate the succeeding sections accordingly.

Mr. BADHAM. Mr. Chairman, this amendment which I have offered has been played in the press, to be modest about it. It is an amendment that has had a great deal of smoke put forth around it. This is the so-called egg-breaking amendment. It is not very complicated, but it has been made somewhat complicated.

A constituent of mine woke up some weeks ago one morning and found out by reading the newspaper, without any prior knowledge or information or request to testify, that the company that he started some 5 years ago to produce an egg-separating or egg-breaking machine had been put out of business by a two-line amendment in the agriculture bill that had been marked up, without hearing, without debate, and by a voice vote. He sought properly to get redress for this action, which he considered not too politic or congressional, with the Congress of the United States and for this purpose he called on his Congressman. For that purpose then, being his Congressman, I have learned more about eggs and salmonella and egg-breaking machines and the USDA and the content of eggs, their transport and processing of eggs, than I honestly ever wanted to know; but I do want to take the time of this House to set right the wrong that has been perpetrated on the consumer, on progress, on technology, and the agriculture producers of our great country.

There are at least two or three different kinds of hen eggs. Eggs sold into commerce can only be grade B or better, which means that they must be sanitized. They must be whole. They cannot have any cracks or chips or smells. They cannot have any manure on the outside of them. They are able to be sold into commerce and they are clean and they are fresh.

The problem comes when people in restaurants, people in bakeries who go for higher quality produce merchandise, want to use eggs that are fresh, wholesome and grade B or better in their cooking and in their baked products.

One of the catches in there that enables people to use whole fresh grade B or better eggs is the difficulty and the length of time and the cleanliness involved by breaking eggs by hand in a restaurant or a bakery, both of which are governed or licensed or inspected—not by the USDA, but the Food and Drug Administration for cleanliness and handling.

Just recently, 50 people in the local area got sick from salmonella poisoning, 50 people. They traced it—where, to a restaurant. To a machine? No, to hand-breaking eggs, because the hands of the people breaking the eggs were dirty and it caused disease.

Now comes a man who invents a machine, call it Egg King, Egg Master or whatever. This machine is a centrifuge that operates with perforated cylinders inside and going at 3,400 r/min's, a pretty fast machine, and will break literally scads of eggs per minute. All of a day's production can be broken in about 1 hour and perfectly separated and therefore there is no shell remaining in the egg liquid. The egg liquid is cooked, and I stress that, because it is pasteurized in accordance with the instructions on the machine and the egg material, the egg liquid, is pasteurized. It is removed from the shell and any salmonella that could possibly be present, and these go from refrigerator to separation to liquid within literally seconds. There is no salmonella because it has been pasteurized or cooked or baked, according to the instructions on the machine.

The State of Hawaii tested this machine time after time. They discovered that it was not only good, it saved money and ended up with a cleaner product.

The CHAIRMAN. The time of the gentleman from California [Mr. BADHAM] has expired.

(By unanimous consent, Mr. BADHAM was allowed to proceed for an additional 5 minutes.)

Mr. BADHAM. The State of Hawaii is somewhat at stake at this amendment because it has put its whole department of health on the line in saying that this machine is good.

The Food and Drug Administration, again which I reiterate is the only outfit that licenses, inspects, and regulates the kinds of industries that use the machine: namely, bakeries and restaurants. There are some 700 of these machines in operation throughout the country, some 700 over the past 5 years.

Mr. Chairman, there has never been one complaint or one showing of any salmonella coming up in these, because you just cannot get salmonella poisoning material that is grade B or better, sanitized on the shell, and it has been pasteurized or cooked.

It may come up in the debate, if there is a debate against this very simple bill, to allow progress to go ahead in this country by technology, lowering prices to consumers and lowering prices to restaurants and bakeries for higher quality products. It may come up that the University of Nebraska ran some sort of a test. I talked to the people at the University of Nebraska. The test that they used that might be shown in their letter was done on a grade lower than B that could have dirt on the shell. There is a less polite word for dirt on an egg shell, but that is what we are talking about, dirt on an egg shell lower than grade B. The eggs were not sanitized. It was also done in a manner that the eggs were left standing, and naturally salmonella being an airborne virus, can do it.

It did not say the eggs had to be cooked, so you can get salmonella that way in laboratory testing; however, at the same time that the people at the University of Nebraska were talking to us, the head of the food services at the University of Nebraska called us and said, "Please, don't let them do anything. We use this machine and it is a wonderful labor saving device. Please don't let the science department tell you something that just isn't plain true. We see no salmonella."

□ 1720

The USDA somehow got into this act. In October 1983, the machine was approved by USDA. On March 29, 1984, the approval was rescinded. On March 13, 1985, the machine was again reinstated as approved by USDA. On June 18, 1985, the USDA offered a paper saying they agreed with the so-called Thomas amendment that I am trying to remove.

On September 12, 1985, the Assistant Secretary, Mr. Ray Lett, was met with and he said the Department should withdraw its support of the Thomas amendment. Sometime shortly after that they went back to supporting the amendment. On October 3, 1985, conversations with my office indicated that they were formally withdrawing support of the amendment and were so advising Mr. THOMAS. On the same day, after 6:30 that night, they flipflopped again, according to a Wall Street Journal reporter.

So there is a little something going on here. But ladies and gentlemen, however you vote on my amendment to allow a machine to be used that is used in USDA-licensed egg-breaking plants, that I will get into in a moment, do not think for a moment that the subject is health or salmonella. It just plain is not. This machine, as used in an authorized and regulated-by-USDA establishment, has to use grade B or better, the material has to be pasteurized, no salmonella, no doubt.

The USDA does come up with one argument, because they say that the shell can commingle with the liquid and, therefore, can be subject to salmonella. Again, it cannot if it is pasteurized, and cooking pasteurizes it. But I want my colleagues to know that in the regulations involving USDA-licensed egg-breaking plants, where eggs are broken by human hands, separated, the shells go one way in just about all cases and the liquid goes another way, until they find out, just like you do at home and just like you do at Denny's, you get little pieces of shell in there. The USDA recommends that to remove those segments of shell from an egg-breaking plant licensed by USDA which do not use grade B or better, they use C or lower, which have egg dirt on them, that that liquid, before it is frozen or powdered, if you like frozen or powdered eggs, be run through a separator, a clarifer, or a centrifuge before it goes into the freezer or powder, be purposely run in there to what—to commingle with the egg shell and get them out.

The CHAIRMAN. The time of the gentleman from California [Mr. BADHAM] has again expired.

(On request of Mr. BROWN of California and by unanimous consent, Mr. BADHAM was allowed to proceed for 2 additional minutes.)

Mr. BADHAM. Just a couple more points.

Remember, colleagues, we are not talking about salmonella. We are talking about progress and the restriction of it by somebody who does not want a machine in competition. We are also talking about the bakers of our country, the restaurant people, the hotel people of our country, who want this machine because it allows them to give a better and higher grade product.

So we are talking about an amendment that was slipped into the bill by voice vote, without hearings, and I am asking my colleagues in the name of progress and justice to undo that wrong that was done.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. BADHAM. I would be happy to yield to the gentleman from California.

Mr. BROWN of California. I thank the gentleman for yielding.

Mr. Chairman, I commend the gentleman for bringing this matter up. I recall it being discussed in the committee and being adopted. I raised some questions in the committee at the time as to what the purpose behind this was. I have certain objections to restrictions on technology myself. I believe I was reassured by what I thought was the position of the Department of Agriculture at that time. I did not realize that the matter had gone through several variations, as the gentleman has indicated here.

It seems to me this subject is an idea candidate for further study and hearings by the full committee.

The CHAIRMAN. The time of the gentleman from California [Mr. BADHAM] has again expired.

(By unanimous consent, Mr. BADHAM was allowed to proceed for 4 additional minutes.)

Mr. BROWN of California. Mr. Chairman, will the gentleman yield further?

Mr. BADHAM. I would be happy to continue to yield to the gentlemen from California.

Mr. BROWN of California. I think obviously from what the gentleman has said there are factors behind this that warrant further investigation. There may be a legitimate case for the language, but it has not been demonstrated to me yet and I hope that the House will see the wisdom of the gentleman's amendment and allow the committee to study this further before bringing back a more desirable amendment in the future.

Mr. BADHAM. I thank the gentleman for his contribution. I think the U.S. Department of Agriculture might even have the good sense to want to study this device. They have flip-flopped on it so many times, it is about time they decided whether it was good or whether it was bad. I am satisfied to stand by the operation of this machine in any test that anyone can devise, using the method of operation as instructed on each and every machine, which is made of stainless steel and has to be cleaned every 4 hours.

Again, ladies and gentlemen, let me stress that this is not a matter of salmonella. There is not going to be any salmonella in a pasteurized egg. The breadth of this amendment also is such that no matter what USDA says and whatever the proponents of the amendment might have us believe, the amendment prohibits any egg use in a public place, inspected by the USDA, unless the insides of the egg are examined before cooking.

Ladies and gentlemen, there go our hard-boiled eggs, our soft-boiled eggs and our pickled eggs.

Mr. STRANG. Mr. Chairman, will the gentleman yield?

Mr. BADHAM. I would be happy to yield to the gentleman from Colorado.

Mr. STRANG. I thank the gentleman for yielding.

Mr. Chairman, does this mean a restaurant would have a problem in serving a hard-boiled egg?

Mr. BADHAM. If they did not want to go afoul of USDA or FDA, absolutely.

Mr. STRANG. I mean under the gentleman's amendment would this create a problem?

Mr. BADHAM. Under my amendment, things would be exactly as they are now in the 37,000 restaurants, I believe, that are using the 700 machines licensed by FDA. They would continue just as they are now, no salmonella, grade B or better eggs.

Mr. STRANG. I am sure the gentleman, like me, has been in restaurants where the only thing one felt safe eating was a hard-boiled egg which one peels himself. Would this affect that?

Mr. BADHAM. Not in any way if my amendment passes.

Mr. THOMAS of Georgia. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California [Mr. BADHAM].

Certainly I admire my colleague for speaking out on behalf of his constituents, but I must oppose my distinguished colleague on this issue because there are several points that I believe the House must consider and then reject this amendment.

Let me say very loud and clear that the technology that we are talking about is a hazard to public health. The U.S. Department of Agriculture said so and the egg producers themselves say so as well. It is a hazard to public health because it is an egg-crushing processor, not an egg-breaking process. Eggs are literally dumped into the machine along with traces of blood, chicken manure, dirt, rot and fragments of paper egg cartons.

The USDA says that there are now safeguards that can prevent that. Let me say that again: Eggs can be dumped into the machine along with traces of blood, chicken manure, dirt, rot and fragments of paper egg cartons. The entire mess has been crushed together and mixed together before the shell fragments are removed. That is what USDA has said and that is why this technology has been banned from egg processing plants since 1970.

If my colleagues have any doubts about USDA's opinion on this issue, then I would simply point out one other fact. The more this process is used, the more eggs will be used and the more money the egg producers will make, but guess what, the egg producers themselves are opposed to this amendment and to the use of this egg-crushing machine. They are opposed because they know that is it just a matter of time until someone gets seriously ill or perhaps dies from salmonella poisoning as a result of the use of this very process.

Let me say that again: The issue here is that it is just a matter of time before someone gets seriously ill or perhaps dies from salmonella poisoning as a result of the use of this process that, follow me closely, was outlawed in 1970.

Let me get something straight here. Hearings were held. They were held in 1970 on this very issue, more than 15 years ago, and that is why, my friends, Congress passed the Egg Producers Inspection Act and that is why this egg-crushing process was outlawed by USDA in egg processing plants.

This type of egg-crushing process was not then used in businesses such as bakeries and restaurants and hotels, and so forth, and so the regulations were not extended into such establishments. Thus, the loophole that allowed this dangerous, old technology—it is not new technology—to be extended into new uses was not banned. Now we must act, in my opinion, to close this loophole.

I respect my distinguished colleague from California, but I must call for the position of USDA itself and the committee to be upheld in order to protect the public health.

Let me conclude my comments with a couple of other remarks. Those standards that were set there some 15 years ago provided first for one thing: that it was in the best interest of the public, for sanitary reasons and health reasons, that in the process of cracking eggs that the shell and the interior of the egg not be mixed and, of course, this is exactly the way the machine works, to crush the entire egg and shell in the process.

□ 1730

It presents a second and very important thing that was set down in those provisions in 1970, and that was after all the steps that could have been taken and had been taken to put a clean egg there before the cracking machine, that there was one last step, and what it was was simply to crack the egg and look at it, to separate the shell and the egg and to visually observe, and from what is called organoleptic inspection of sense, of smell, and sight, to determine at last phase if there were no rot, or bloods, or any other imperfections in the egg, or for that matter, any matter on the outside of the shell of the egg, and to give it that last inspection. Of course, this machine, where plates of eggs are dumped into the machine at the rate of 360 a minute, that is 6 per second, that, therefore, that process is totally precluded.

Now let me tell you, FDA has not rendered any position on this machine as to its being acceptable. USDA has, and I want to read, since my colleague has brought about some question of USDA's position, let me read you USDA's position from their own hand.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. THOMAS] has expired.

(By unanimous consent, Mr. THOMAS of Georgia was allowed to proceed for 5 additional minutes.)

Mr. THOMAS of Georgia.

> DEAR CONGRESSMAN THOMAS: This is to reaffirm our support for your amendment to the Egg Products Inspection Act.

Now listen closely:

> We want to emphasize that we have never waivered on our support of your amendment as it relates to plants operating under our jurisdiction. There did arise the question as to the propriety of our taking a position on that portion of the amendment under the jurisdiction of FDA. In reviewing our position more closely, we fully support your amendment.

One other letter that I would like to submit from the Department of Agriculture is dated October 4:

> This is to clarify the impact your amendment to the Egg Products Inspection Act would have.

I want to read this because my colleague would have you believe that possibly this is the end of ordering a hard-boiled egg or a pickled egg in a restaurant, and of course, this provision as it stands in the committee at this time would have absolutely no effect on that. Cooked eggs are not considered processed eggs and, therefore, are totally out of this provision.

Let me go back and again read this letter:

> This is to clarify the impact your amendment to the Egg Products Inspection Act would have on firms that hard-boil, soft-boil, and pickle eggs.
>
> Your amendment would have no impact on the processing and marketing of these eggs. The EPIA specifically regulates the "processing" of liquid, frozen, and dried egg products. "Processing by definition in the EPIA, means "manufacturing egg products, including breaking eggs or filtering, mixing, blending, pasteurizing, stabilizing, cooling, freezing, drying, or packaging egg products." "Processing" does not include "cooking." Therefore, the EPIA is not amenable to the processing of cooked shell eggs.

This concludes my comments. I would ask the Members of this body to consider very carefully those points that I have made, and at this time I would be happy to yield back my remaining time.

Mr. REID. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

(Mr. REID asked and was given permission to revise and extend his remarks.)

Mr. REID. Mr. Chairman, I rise to speak in support of the amendment offered by my colleague from California. We have worked together as members of the Congressional Travel and Tourism Caucus and I appreciate his bringing this amendment to the floor of the House.

I must admit that I am somewhat perplexed as to the intent of the language in the bill. For example, the bill states:

> No person shall process for commerce, any eggs for human consumption that (1) does not allow examination of the content of individual eggs being processed.

Does this mean that a customer may not go into a restaurant and order a hard or soft-boiled egg? Certainly the content of such an egg cannot be examined unless the proprietor is to stand and watch each egg as it is cracked by the customer. I can imagine the problems this would create in the case of room service.

Additional language states:

> No person shall process for commerce, any eggs for human food in any manner that allows egg content to comingle with the egg shell or shell membrane during the process.

What is the problem? Is it the personnel or the equipment? In either case, I submit it is not a problem for the Federal Government. It is a matter more appropriately handled by the business and the public health services of the local governments who inspect health conditions of commercial establishments, including facilities, equipment, and personnel.

In my home State of Nevada, we have over 20 major hotels currently using automated egg cracking processors. The processors are efficient, time-saving, labor-saving, economical devices. As in any business, the hotel industry is constantly looking for ways to reduce costs and avoid waste. The egg cracking processor can crack up to 900 eggs per minute. The hotel industry is extremely concerned and careful about the health of their customers. Nothing can be more devastating to the food service industry than a case of food poisoning. This equipment is safe and can only become unsafe if it is improperly maintained, which is the case with any equipment. Keeping it clean is the job of management.

In closing, let me say not only is this equipment safe, but I submit that the safety and health of the customer is so critical to the hotel and food industry in my State, that they would not use it if it were not. Further, it is not only safe, economical, labor-saving, but it allows the food service industry to bring to the customer what he or she wants most—a product made with fresh eggs.

I urge the adoption of this amendment.

Mr. THOMAS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. REID. I yield to the gentleman from Georgia.

Mr. THOMAS of Georgia. Mr. Chairman, just for brevity's sake, I think I just finished reading in my remarks there from the EPIA the fact that cooked and processed eggs have absolutely nothing to do with this amendment, and that the committee's position on this would in no way affect cooked or processed eggs.

Mr. REID. I think that is debatable.

Mr. BADHAM. Mr. Chairman, will the gentleman yield?

Mr. REID. I yield to the gentleman from California.

Mr. BADHAM. Mr. Chairman, the author of the amendment in committee, the distinguished gentleman from Georgia [Mr. THOMAS] would have you believe that the law as he proposes it to be really does not mean what the law really says. It means what the Department of Agriculture might say it means in a letter. But they have flip-flopped every few days on this, and the gentleman knows that.

I would like to correct the gentleman and thank him for yielding, that you do not have dirt or blood spots or cracks. A grade B or better egg cannot be sold in commerce unless it is free of all of those things. It cannot be sold into commerce if it does, so there is no salmonella because it is pasteurized.

Mr. REID. Reclaiming my time, I would also state, Mr. Chairman, I think if you read the letters as they were written, they talk about not processing the foods at the retail level, as I am concerned about, in a hotel or restaurant. I think it could be read that it only applies to that in a commercial venture such as processing eggs prior, and that they were meant to cover this in the amendment before the committee.

Mr. THOMAS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. REID. I yield to the gentleman from Georgia.

Mr. THOMAS of Georgia. I simply would like to make this point here that I think we need to review. Certainly there are requirements for certain grades of eggs, and the requirement that they must meet in order to get that grade standard. But you must realize there is absolutely no guarantee that that can be carried out to 100 percent. Everyone works, of course, to the best of their ability to do so, and that is what this machine does, in my opinion. Its great danger is that it precludes what could be the last saving inspection, that organoleptic inspection by eye and sense of smell.

The CHAIRMAN. The time of the gentleman from Nevada [Mr. REID] has expired.

(On request of Mr. THOMAS of Georgia and by unanimous consent, Mr. REID was allowed to proceed for 3 additional minutes.)

Mr. THOMAS of Georgia. If the gentleman will continue to yield, my point is that this is what we must understand. Certainly everyone does everything they can to deliver a clean egg. But the normal sanitization process that is used does not result 100 percent, or even close to it in the destruction of salmonella bacteria that can be embodied deeply in the pores of the egg.

□ 1740

And that can occur even on an egg that appears to be very clean and very sanitary. But when you dump it into that large hopper, the centrifuge-type machine, without having inspected or separated it, then you expose the entire content of those eggs and all the eggs in the hopper to that salmonella bacterium. That is a real and prevalent thing.

Mr. REID. Reclaiming my time, I think the point made by the gentleman from Georgia amplifies the points that have been made in support of this bill. Namely, this is something that should be maintained by local governments, and I would also state that it appears quite clear that the Committee on Agriculture should have hearings on this matter. I do not think it should go forward on the basis it has been presented to this committee.

Mr. Chairman, I yield to the gentleman from California.

Mr. BADHAM. Mr. Chairman, I hope the gentleman from Georgia did not misspeak himself gravely when he said that if you have salmonella bacteria which are airborne, which can come to roost on an eggshell, if the eggshell is left out in the ambient air, as they are at some fast food restaurants for a long time, they cannot burrow into the shell; the fact is, if the liquid is pasteurized, cooked, or baked, no salmonella. The gentleman implied that there would be. I believe he is wrong on that point.

Mr. THOMAS of Georgia. Mr. Chairman, will the gentleman yield on that point?

Mr. REID. I yield to the gentleman from Georgia.

Mr. THOMAS of Georgia. I thank the gentleman for yielding.

Certainly that is the case, but my point is that if the salmonella bacteria is embedded in the porous surface of the egg and the egg is cracked without that final visual inspection, it is then mixed and it is not cooked for some reason, and there are certain recipes that do not require cooking till 140 degrees in a restaurant, then certainly the salmonella bacteria would not be destroyed. That is my very point.

Mr. REID. Mr. Chairman, I yield back the balance of my time.

Mr. DANNEMEYER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, you know, a Supreme Court Justice once said that government is to be feared the most when its purposes are benevolent.

This case illustrates that maxim very well.

Pity the lot of the producer of class C eggs in America today; can't sell them commercially, he is relegated to selling them for the purpose of making egg powder.

Now if you are in the restaurant business, you always seek to build a better mousetrap to have people come to your restaurant. That is competition. To the extent that you have fresh eggs in your products to attract customers. If you are seeking to buy class A and class B eggs and crack them one by one, your labor goes out of sight. So what do you do? You get a machine that somebody has invented that permits the machine cracking of the eggs in the shell and utilization of it to give the product that people eat the flavor of fresh eggs as opposed to powdered eggs. If you are in the business of selling powdered eggs, you find that machines are beginning to take your business. You do not like losing your business. So what do you do? You come to this distinguished Member of the House representing his area, and you get an amendment offered, but you need a plausible reason as to why this should fly. So you erect a flag flying under protecting the public health by alleging the name of salmonella. Never mind the fact that the instructions on the machine say that you heat the product after mixing the egg in the shell to 140 degrees for 3½ minutes, which every biologist says kills the salmonella. Nobody is claiming here that anybody has ever consumed or contracted salmonella as a result of eating this food product. This flag of flying under the public health flag sounds pretty good, but it just won't wash. If we want to have progress in our culture, if we want to have our system evolve where somebody can build a better mousetrap to answer the need of a commercial situation, I think we should permit the producer of this machine to stay in business. There is no damage to the public health. Let competition work its way as to whether or not the restaurant owner is going to use a machine with eggs to put into his product or whether he wants to use powdered milk. I do not think we should be attempting to resolve that on the floor of the House.

I yield to the gentleman from Georgia.

Mr. THOMAS of Georgia. I thank the gentleman for yielding.

Certainly we all represent our own interests as best we can; but I do want to point this out, that if it was a matter of selling grade A eggs which are the eggs that the user, the maker of this machine, recommends, the egg producers in this country make more money from the sale of grade A eggs than they do from the sale of grade C eggs. It would be greatly to their advantage. And I must say, the one person who has introduced the economic factor really has been the manufacturer of the machine.

Mr. DANNEMEYER. I withdraw my time and conclude with this point. The producer of the class C eggs is the one that feels the competition from this machine. This machine is being properly utilized, nobody is claiming otherwise that I am aware of. The seller of powdered eggs is feeling the loss of business, the threatened loss of business. Otherwise, we would not be discussing this. I think the seller of the machine ought to have a chance. There is no damage to the public health.

Mr. Chairman, I yield back the balance of my time.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I really did not intend to get into this, but as the author of the original Egg Inspection Act I would like to point out a few things. Right after we passed the Wholesome Meat Act in 1967 we started looking at eggs and poultry.

What we found was not very appetizing. I will not even describe some of the nauseating conditions. They were breaking dirty eggs and cracked eggs into 5-gallon cans, letting them sit around where the temperature was improper. It was just really a bad situation. So we developed an Egg Inspection Act.

Now to start with, one should assume that every egg laid might have salmonella on the shell. You can assume that because it is transferred in the feed. The same thing with beef. It only takes a searing on the outside of a steak to take care of that problem. But if it is mixed into the eggs, it takes 140 to 143 degrees for 3 or 3½ minutes to pasteurize it.

What is involved here in the subject matter before us is not a health problem with salmonella. If they pasteurize the egg, that solved that danger.

When I go to the restaurant, if I buy scrambled eggs, I make them crack 2 grade A eggs and mix them right there. I do not buy scrambled eggs made from liquid eggs. But a lot of restaurants buy liquid eggs. They buy them in a 5-gallon can.

Now these big egg handlers like it the way it is because the whites bring more than the yolks and they sell whites to bakers. When you go to a restaurant, did you ever notice how yellow the scrambled eggs are sometimes? Some liquid eggs they purchase are mostly yolk. That is the reason. Big egg handlers like it this way. They do not like for people to buy whole eggs, run them through this machine, because that reduces the opportunity for handlers to sell liquid eggs that are mostly yolk and they cannot have the opportunity then to sell them all those yolks for the price of class B eggs.

So I think there is a lot to be said here about the amendment to strike the prohibition in the bill. That is why I think the Committee should look into this carefully before acting.

To start with, there is not a salmonella problem. But there is a wholesomeness problem.

The one thing I agree with, with the gentleman from Georgia, is I would like to see each one of them cracked separately so one could see whether or not there is a blood spot in any of the eggs or something like that. I like that idea. That is the reason why we originally proposed the language that is in the act. On the other hand, it is not because it cannot be pasteurized to keep it from having salmonellosis.

So I think that there is more involved here than what you can deal with just by eliminating the right to use this machine. The Committee should look at what the industry is doing now as well as whether or not this machine ought to be used, and people ought to know what the consequences are.

Mr. THOMAS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. Yes, I will yield to the gentleman from Georgia.

Mr. THOMAS of Georgia. I thank the gentleman for yielding.

I do not understand how the gentleman can make the statement that there is no danger from Salmonella poisoning in view of some of the recent real instances which have just occurred. One that the proponent of this amendment pointed out where 50 people became ill from salmonellosis from eating cooked eggs in a restaurant.

□ 1750

The incident of the processed cheese out in California was a tragic event of Salmonella poisoning.

Mr. SMITH of Iowa. Here is one way that can happen: The egg, if it were cooked, the Salmonella was destroyed. But if they had a plate there that had Salmonella on it or the cook had Salmonella on his or her hand and put the egg on the plate, then you can get salmonellosis from it.

Mr. THOMAS of Georgia. If the gentleman will yield again, would not the gentleman agree that when you go through a process where you mix the eggshell, which is a prime carrier of Salmonella bacteria, when you intentionally throw egg and all together in the same vat and crush it, you are certainly extending the chance.

Mr. SMITH of Iowa. If it was washed and sterilized, as it is supposed to be, the answer is "No."

Mr. THOMAS of Georgia. Well, the gentleman disagrees with the USDA and the FDA.

Mr. SMITH of Iowa. No, I do not disagree with them. I do not think they disagree with that.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. BROWN of California. I appreciate the fact that he has had the experience that he has on this subject and makes the statement, which I think is quite correct, that there is no possibility of salmonella here. The statement just made by the gentleman from Georgia about salmonella in cheese in California happens to be true but it is utterly irrelevant. What happened in that particular plant was, they did not pasteurize.

Mr. SMITH of Iowa. They did not pasteurize it.

Mr. BROWN of California. And that, therefore, allowed salmonella to enter. That was milk, not eggs, anyway; so it is hardly relevant to this debate.

Mr. SMITH of Iowa. There is a difference between saying it is a health problem and talking of wholesomeness. We called the Meat Act passed in 1967 the Wholesome Meat Act because it involved wholesomeness. One can take meat out of a dead animal and cook it long enough and it will not hurt one to eat it, but I do not want to eat it. It's not a matter of just health, but also wholesomeness.

I really urge the Committee to look at the whole subject matter, look at what the egg processors and handlers are doing at the present time, in addition to what should be done about this machine.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. SMITH] has expired.

(On request of Mr. BADHAM and by unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 1 additional minute.)

Mr. BADHAM. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. BADHAM. I thank the gentleman for yielding.

Mr. Chairman, I really do not want to see the gentleman from Georiga end up with egg on his face on this. The problem in the recent thing where 50 people were made sick, I stress, was not from the eggs, not from the liquid; it was from the hands of the workers.

Mr. THOMAS of Georgia. If the gentleman will yield, has that been documented?

Mr. BADHAM. If the gentleman will yield, that is the way it is, that the people were infected by the workers' hands, not by the eggs.

Mr. SMITH of Iowa. In virtually all kitchens there is salmonella. It can come from the meat, it can come from polutry or eggs, but if they do not keep their hands clean, if they do not wash the block or table off that they are using, if they do not wash and sterilize everything, the customer can get salmonellosis. But this is not a health problem here. There are a lot of other things involved. For that reason I really urge the Committee to go back, take a look at what the egg handlers are doing at the present time, in addition to any problems with this machine, and determine what really needs to be done in the way of an amendment to this Egg Inspection Act.

Mr. BEDELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I agree we want to get to a vote. But as a Member of the Committee on Agriculture who has tried to support the committee all the way through, I think we should understand that this was something that was added to the bill where at least some of us were not real knowledgeable about the full consequences. At least this gentleman did not know we would put a small businessman out of business if we passed this particular amendment.

It is my understanding, also, that you are required under this machine to use grade A or B eggs which have to, first of all, be pasteurized; is that correct?

Mr. THOMAS of Georgia. It is recommended that you use these, but you must remember that these requirements on the machine in a restaurant are not laws, they are not statutes, they are merely suggestions by the manufacturer.

Mr. BEDELL. Is there any reason in the world that the FDA could not, if they saw that there was any danger, require, if they were to use this for purposes other than cooking, that they had to use grade A or B eggs in this machine?

Mr. THOMAS of Georgia. It is my understanding that the FDA does not set the regulations. They are without regulations at this time. This is precisely my point, that we have allowed something to come up that has circumvented the very findings of the hearings held in 1970 to discuss every issue we have discussed right here, and we have allowed a machine now to come up through a loophole.

Mr. BEDELL. If I might say so, many of us are not real privy to what may have happened in hearings in 1970. This is 1985. That is 15 years ago.

The gentleman wants to do whatever is correct here, but I do think that before we go ahead and say we are going to legislate this small businessman out of business, that maybe we ought to be darn sure of what we are doing. I was not darn sure that that was going to be the effect of an amendment that was passed by a voice vote in our committee.

It would seem to me that if there is a problem that the FDA should be in a position to answer that problem without putting this guy out of business, that they ought to be able to say that if you are going to use the processed product of this machine that you have to then pasteurize it if you are not going to cook it in an area that would kill salmonella.

Mr. THOMAS of Georgia. Will my good friend yield?

Mr. BEDELL. I yield to the gentleman from Georgia.

Mr. THOMAS of Georgia. I would simply say—and this is why I have been as serious and ardent in my endeavor to understand this issue as I have been—I have known full well the implications on this businessman, but I also know the dangers. And I must say that it should have been the responsibility of the manufacturer of this machine to look very closely and carefully at the regulations before the machine was perfected. Certainly I would not have perfected a machine that did something in a maner that went totally against regulations and laws tha were in place. We are setting a double standard. We are requiring the USDA grading plants to go by one standard and allowing those standards to be totally circumvented through the use of this machine in another area.

Mr. BEDELL. I want to understand, what is it of the machine that is violating the law now? If it was violating the law now, you would not be able to sell it and there would not be that problem.

Mr. THOMAS of Georgia. No, you are wrong. This machine has been perfected and put on the market since this law was written in 1970. At that time the machine was not being sold in bakeries and hospitals and restaurants, and so there was no provision in there to provide for this. This is a matter of a simple loophole we are talking about. I really appreciate the indulgence of my friend, but let me make one last comment, and then I am going to sit down on this. When we come up here and we have one day what can be a very real tragedy as a result of this, the Members here, rather than talking about a businessman who has obviously sustained some lumps, are going to be talking about a loss of human life, and that is what this body better weigh very carefully.

Mr. BEDELL. I know we are taking too much time, but certainly this gentleman does not want to endanger human life. On the other hand, I believe we do need to know what we are doing when we move forward.

Mr. BROWN of California. If the gentleman will yield briefly, I wanted to speak to that point about the danger to human life.

This machine has been in use for roughly 5 years. There is about 1 million eggs a day being cracked with this machine. By an stretch of ordinary arithmetic, I calculate there are several billions of eggs that have been processed through this machine. There is not yet one substantiated case of danger to human health, not one case of salmonella, not one problem, and yet the whole basis of the argument of the gentleman seems to have been that this is a threat to public health. If he has evidence that it is a threat to public health, that should be brought before the Committee and we can act accordingly.

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California.

I oppose the amendment because it appears to make a mockery of the Egg Products Products Inspection Act. In my district an egg producer called to inform me that even if they wanted to use a machine such as the EggKing, or the Egg Master centifuge separater, they are precluded from using one even though they have four USDA inspectors on duty, full-time inspecting the eggs that are cracked and processed at the plant.

This amendment if adopted would continue to prohibit the use of centrifuge separators in egg processing plants, but permit their continued use in such places as hotels, restaurants, and other food processing industries where hundreds, if not thousands of eggs are used each day with no Government inspection whatsoever.

In other words, if we adopt this amendment, we would continue to penalize those egg processors who have inspectors, and yet do nothing to ensure sanitary or safety standards in those businesses or industries that currently use these machines, but who are not subject to USDA egg inspections.

Mr. Chairman, I would suggest to this body that what is sauce for the goose, is sauce for the gander. If we are going to prohibit the use of these machines by egg processors, then we should not circumvent the Egg Products Inspection Act law by permitting their use by food processors or if the sanitary and safety record of the centrifuge egg separator is as good as the gentleman from California has stated today, then its use should be made available for egg processors as well as food processors and others who use large numbers of eggs.

I urge the defeat of this amendment and I yield back the balance of my time.

Mr. RINALDO. Mr. Chairman, I rise in opposition to the Badham amendment which would strike section 1801 amending the Egg Products Inspection Act. this is a major provision of the Farm bill, and it is extremely important that we followup on the work of our colleagues who passed the Egg Products Inspection Act in 1970. We are being asked to close a loophole in that act which has arisen as a result of a technology which has been adapted for use in an unanticipated way.

It is clear that eggs should not be broken by a centrifuge machine. The practice is unequivocably unsafe even under the best of circumstances.

In actual use, the centrifuge egg breaker permits you to dump the whole egg, shall and all, into a drum to be crushed and then separated. Mixing the shell with the egg liquid is a disaster waiting to happen. As Congressman THOMAS pointed out in his recent "Dear Colleague," USDA and FDA have documented cases of centrifuge users dumping broken, leaking, low grade, and otherwise inedible eggs into the centrifuge for processing. In fact, one internal USDA document quotes one bakery manager as saying he knew of instances where he had dumped rodent droppings, rotten eggs, and miscellaneous filth into the machine by following instructions from the manufacturer to invert the trays of eggs intact.

In voting to prohibit the use of these unsafe practices we are not requiring additional regulatory resources from USDA, FDA or any other State or local agency. This provision is budget neutral. Restaurants and bakeries, etc. are currently routinely inspected by USDA, FDA, and State and local health departments. Should the provision prohibiting these egg breaking practices be enacted, violations would be detected easily and dealt with in the course of routine inspections. Food manufacturing establishments would simply be put on notice—use of the centrifuge for egg breaking is prohibited. There would be no need for additional manpower or money.

Finally, USDA is joined by the egg industry in opposition to this amendment. The egg industry spends approximately $5 million per year to promote a wholesome image of their product. Egg producers have worked diligently to earn and preserve consumer confidence in their product. Egg producers oppose the use of centrifuges for egg breaking because producers are well aware of the health hazards associated with their use and feel that the continued use of these practices and the potential consequences constitute a threat to the wholesome image of the egg. This is a legitimate concern.

I urge you to consider USDA's position and the egg industry's concerns and vote to defeat Mr. BADHAM'S amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. BADHAM].

The question was taken; and the chairman being in doubt, the committee divided, and there were—ayes 29, noes 20.

Mr. THOMAS of Georgia. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. FRANK

Mr. FRANK. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD?

Mr. FRANK. It was, Mr. Chairman, on September 24.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. FRANK: Page 509, after line 13, insert the following:

HONEY LOAN MAXIMUM

SEC. 1896. Notwithstanding any other provision of law, the Secretary of Agriculture may declare that, with respect to nonrecourse loans a person may receive for honey under a program under the Agricultural Act of 1949 for a crop year, the outstanding principal balance of such loan shall not exceed $250,000, and that any outstanding balance exceeding that amount shall be a recourse loan in nature. The Secretary shall make rules to carry out this section and such rules shall conform as nearly as practicable to the rules made to carry out section 405(b) of the Agricultural Act of 1949. The Secretary shall not make a declaration under this first sentence of this section if the Secretary determines that the application of this section upon such declaration would have an undue ill effect on the structure of the honey industry or on agricultural interests that depend on commercial bee colonies for pollination.

Mr. FRANK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FRANK. Mr. Chairman, this is an amendment that was originally filed in the CONGRESSIONAL RECORD by the gentleman from North Dakota. He has decided not to offer it, but I decided to offer it, which is permitted under the rule.

I think the honey subsidy is one of the least useful expenditures of Federal funds. At a time when we are talking about far-reaching changes in the entire structure of our Government affecting the distribution of power between the President and Congress, to continue to spend money on the honey subsidy does not seem to me to be a very good idea.

□ 1800

I believe this amendment would be better than the present situation, but I am informed that my good friend, the gentleman from Massachusetts, the senior member on the Republican side of the Appropriations Committee, has an even better way to deal with this. At this point, I am going to yield back the balance of my time, because it is my understanding that the gentleman from Massachusetts has an amendment to the amendment.

AMENDMENT OFFERED BY MR. CONTE TO THE AMENDMENT OFFERED BY MR. FRANK

Mr. CONTE. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE to the amendment offered by Mr. FRANK: At the end of the amendment offered by Mr. Frank, strike the "." and insert the following in lieu thereof: ": *Provided*, That (1) Section 201 of the Agriculture Act of 1949, 7 U.S.C. 1446, is amended by striking in the first sentence the word "honey." and (2) Subsection (b) of such section is hereby repealed.".

Mr. DE LA GARZA. Mr. Chairman, I reserve a point of order on the amendment.

I yield to the gentleman from Massachusetts [Mr. Conte].

Mr. CONTE. I would say to the gentleman, in order to save time, can the gentleman make his point of order? I have another amendment in case the point of order is sustained.

Mr. de la GARZA. I wanted to allow the gentleman to offer it.

Mr. CONTE. That is all right. I have another amendment.

Mr. de la GARZA. Mr. Chairman, under the situation, I would not want to preclude the gentleman from offering his amendment.

Mr. Chairman, I withdraw my reservation; I will not make a point of order.

The CHAIRMAN. The gentleman from Massachusetts [Mr. Conte] is recognized for 5 minutes.

Mr. CONTE. Mr. Chairman, is the gentleman reserving his point of order?

Mr. de la GARZA. No; I am not making a point of order on the gentleman's amendment.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Massachusetts.

Mr. FRANK. I believe the time for a point of order has now passed, the gentleman having withdrawn his reservation. So no point of order will lie.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman.

Mr. de la GARZA. I hope I do not make the gentleman nervous. No, I did not object to the gentleman proposing his amendment. I think it is a bad amendment, and I will argue in due time. I was just here stretching because I was tired of sitting.

Mr. CONTE. I will get you a Coca-Cola box next time. I thought you were sitting.

Mr. Chairman, a tiny, little bee lit on my shoulder on my way back from the floor last week when my amendment to strike the honey program went down on a point of order. This little bee buzzed in my ear and said "Don't give up Silvo—you stick right in there because the good name of bees is being besmirched all over this great country—especially in North Dakota where one honey producer got $1 million in support payments. The little bee told me that Congressman Frank would try to stop this supersweet deal by placing a limit of $250,000 on the amount of payments to the big bees in the honeycomb business. There is no limit today. My amendment goes Mr. Frank one better and does away with the entire program. This little bee had all the facts. He told me that the nonrecourse loan rate for honey is at over 60 cents while the price we pay for imported honey is at 40 cents, so we are importing more and more honey.

The GAO has looked at this program and they say we are getting stung. We are spending nearly $100 million to store 100 million pounds of honey each year in order to benefit only 2,500 commercial producers. At the same time we are importing 100 million pounds put on grocery shelves. You'd have to have bees in your bonnet not to see how far out of line this situation is.

I think everyone gets stung once or twice in their life, but this country is getting stung over and over again. Now the bees are getting in the act. Why just last week in Hollywood, FL, when the bees found out about how the Americans are being robbed by this program they got out of their keeper's truck and refused to pay the toll on the Florida turnpike. I tell you these little fellers are in revolt over the way we raise the price on their diligently created product. Help me restore some dignity to the little bee and let's swat this program once and for all.

Since 1980 our imports have grown from 50 million pounds to 130 million pounds—that's a 250-percent increase. In that same time the CCC acquisition costs have risen from $9 million a year to over $90 million—that is a 1,000-percent increase.

You would think that the Commodity Credit Corporation was being run by a family of black bears based on the millions of pounds it is buying from our U.S. honey producers.

Keeping this program flies in the face of logic. We will have spent over $250 million in the last 4 years in Government payments while putting more and more imported honey on the shelves of our grocery stores. You can hardly find any domestic honey for personal consumption. Encouraged by the stinging facts from my little bee friend, I decided to come right back over here to fight this battle again. Just as the Africanized bee is swarming its way up into our country so is the honey oozing up from our Southern neighbors. Mr. Chairman: That poor little bee could not come back over here with me today because he knew he would be in mortal danger in the company of the honey-snatchers in this body who support this program.

But as he flew away, he once again entreated me to save his little pollen-covered pride by allowing the honey that he and his fellow bees produce in good old American hives to once again find its way to our grocery stores. With all that is riding on the flight of this little bee, the least we can do is support my amendment and put an end to this blot on the dignity of U.S. bees.

Mr. FRANK. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, there are some elements of levity that crept into my colleague's performance, and I often feel when I have helped my colleague from Massachusetts get the floor that I should be entitled to an agent's fee.

There is a very serious core here. We are talking about a proliferation of subsidies that get bigger and the inconsistency at some point has to be clear to people to increase the amount we spend subsidizing bees. Now, I know I have been told by several of my colleagues that there is a national security aspect to agriculture. We were told that the Downey-Gradison amendment undermined national security, presumably because we would not have enough sugar to put in the Russians' gas tanks when they came over here.

I was told by my friend from Oklahoma that we would be endangering national security by reducing target prices. Maybe there is somewhere a division of killer bees that is being trained to do counterinsurgency work for us. I can tell you that is the only plausible rationale I would accept for this program, and I do not think it is empirically validated in this case.

We cannot continue to have Members vie with each other to declaim how much we have got to reduce the budget deficit and change Government structure to do that, and continue to proliferate this kind of program. We have been asked, the gentleman from Massachusetts and I, why we get involved in these issues. First, we both have agricultural areas in our parts of Massachusetts. We thought actually that we were more involved in the last one, because we misunderstood. Some of us thought the egg-breaker ban was an attempt to ban leg breakers, which would have had more of an employment impact in some parts of our district.

But in this particular case, we are talking about a proliferation of Federal subsidies for issue after issue in the agricultural area, and this is how you get budget deficits. Budget deficits do not exist in general; they exist in particular. The gentleman from Massachusetts has offered a very sensible way to begin to reduce by saving money in an area of unnecessary subsidy. I hope his amendment to my amendment is adopted.

□ 1810

Mr. de la GARZA. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this is a very serious matter. We have an industry in the United States that we call the bee industry or the honey industry. Like many other areas of agriculture, it had a support program to assist it as a sort of a safety net, but in about 1980, the roof fell in and imports started coming in from many other countries in the world at a lower price, and as well-in-

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tentioned as this program was to offer a safety net, this lower priced honey then undermines the price at which we had stabilized or supported the honey production.

It has been mentioned, and I would attest to the fact, that the bee is a very important factor in the pollination process. It provides 18 billion, 19 billion, or 20 billion dollars' worth of effort in the pollination in that it enhances fruit and vegetable production and in fact reduces the cost. But we have now from the People's Republic of China—Communist China—from Argentina, from Canada, and from many other areas of the world honey coming in at lower prices. But yet it has not affected the price to the consumer except when you just buy the honey. We have already heard how much honey is used in confectionery or in baked goods or in candy, and it has not lowered the price that the consumer pays for the items that have the honey. But yet they are buying it from other countries at a much lower price.

It all comes down to this, my colleagues: American jobs. Without a honey industry, the jobs that are lost, that are transferred to another country, that is what it is going to be. That is the name of the game, jobs, jobs, jobs. Do we want them here with some involvement of Government? I think it is legitimate. Maybe we need to restructure. Maybe we need to lower. Maybe we need to wait for a better day. But to strike out entirely, we are transferring jobs out of this country.

Yes, there is a national security interest and yes, there is a need to protect the taxpayer, because one without a job, everyone knows the unemployment, the food stamps, the aid to dependent children, we are just adding to it.

So this amendment to the amendment, and I say this respectfully, is shortsighted. It may have some degree of emotion.

Yes, I have read the GAO report. It is not as factual as it could be. It deals in a vacuum. I found arguments that I could challenge in some areas of the GAO report.

But the basic fact again is, do you want the honey produced in this country at a Government-subsidized level, or do you want to knock it out and bring it all from abroad? That is the bottom line. That is the bottom line—jobs in another country, items coming in or out of business. That is the bottom line.

I attest to you that all other arguments really would not address the issue. Yes, I will cede to the issue of cost to the Government. I do not challenge that. The figures are there and no one can deny that. But why we got there, why was the intent of the program thwarted? Because of the imports coming in.

I would hope that every time someone offers an amendment, every time someone offers an amendment that attempts to erase an industry or a segment of an industry, we should provide tnat that amendment also incorporates how we protect ourselves from what is going to come from the outside. It should be a two-tiered amendment: What is the protection we are going to afford to the few survivors?

Mr. MORRISON of Washington. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I want to stand in support of the chairman of our Agriculture Committee on behalf of the honey program.

Admittedly this program is in a state of transition. While I could support the Frank amendment as before us which basically provides a cap on the payments to any individual honey producer, I cannot support the amendment to strike entirely this honey program at this time.

The Chairman I think has spoken eloquently of the importance of pollinization with a total of $19 billion in crop value. I would just say at this difficult time for agriculture all across the country let us not pull this necessary support mechanism out for the fruit, nut, vegetable, forage, and oil seed crop industries.

I would remind this House that last year the Congress addressed the honey problem, and I believe we have to give that proper time to work. We passed the Honey Research Promotion and Consumer Information Act of 1984. This promises to lead to improved marketing and the effort by the industry in an industry-support program of promotion to expand U.S. per capita consumption.

We find this is a market that has been neglected through the years, and the beekeepers of America want to contribute to a fund. We are just beginning to see this get organized. I think we should allow it to work.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, I just ask is my friend, the gentleman from Washington, a supporter of the deficit reduction, the balance the budget procedure that is being discussed in the other body right now?

Mr. MORRISON of Washington. Mr. Chairman, yes, I certainly am. But let us not take on this particular industry and undercut them at this time in this particular effort.

So let us give this program that we passed, and I am sure that the gentleman from Massachusetts voted for it last year, let us not undercut that at this particular point.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield to me?

Mr. MORRISON of Washington. I yield to my Chairman, the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, I thank the gentleman for yielding.

I again repeat that our legislation meets the budget requirements. We have met what has been imposed by the budget. In what we submitted to the budget we did a balancing act. So this legislation is incorporated into what we recommended to the Budget Committee. It is not an add-on and we have been responsible and we have made our cuts.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, the chairman of the Agriculture Committee is correct. He is responsible. He is responsible with his colleagues for a great big part of the deficit. This is the problem I have when I ask the gentleman from Washington if the gentleman supported this budget reduction.

The gentleman from Texas says, "See, this is within the budget." But during 1-minutes today, all my friends on the Republican side were saying that budget is no good and we have to have drastic reductions down from it and, not only that, we have to have the new provision with impoundments and sequestrations, et cetera. We cannot have it both ways. We cannot reduce the budget deficit without voting against the program.

Mr. MORRISON of Washington. Mr. Chairman, if I may reclaim my time, I would say to the gentleman that if all agencies involved in this Government had been as responsible as the approach taken by the Agriculture Committee, we would not have the problems that we have to address in the deficit reduction program.

Mr. DORGAN of North Dakota. Mr. Chairman, will the gentleman yield to me?

Mr. MORRISON of Washington. I yield to the gentleman from North Dakota.

Mr. DORGAN of North Dakota. Mr. Chairman, let me just briefly say it is a pleasure once again to see the gentleman from Massachusetts back down providing leadership on agricultural issues, this time with a friend.

Mr. FRANK. Mr. Chairman, if the gentleman will yield, somebody has to.

Mr. DORGAN of North Dakota. Mr. Chairman, let me just say that the amendment that is being offered, the base amendment was noticed in the RECORD by myself, and under this rule it can be offered by another Member and then amended which is the process we are in today.

I noticed the amendment because I would like to see a change in the Honey Support Program. I do not support, however, the amendment to the amendment that I put in the Record. I do not think that with the little thought that has been given here that we ought to abolish that program.

The reason I did not offer it, incidentally, after I noticed it in the Record is that I decided that probably a better approach to limiting the loans, which I intended to do in the amendment, to $250,000 was probably to evaluate the structure of the Honey Program in the Agriculture Committee rather than have the Agriculture Secretary down at USDA do that. So I decided not to offer the amendment to this section hoping and expecting that the Agriculture Committee will do that in the coming couple of years.

But I want to make it clear that I do not support this amendment that has been offered today. I also want to be clear that I do not think the kind of loans that are going out at the levels they are going out ought to continue either. I would like to see something done about that.

Mr. COELHO. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I thank the gentleman from North Dakota for his comments, and I will yield to the gentleman from California.

□ 1820

Mr. COELHO. Mr. Chairman, I appreciate the gentleman yielding.

I just wanted to comment on the statement of the gentleman from North Dakota, that as chairman of the subcommittee that has jurisdiction on this, what we have noticed is that over the last 3 years the tremendous number of imports that have come in, at the same time that the imports have increased dramatically, and let me give some figures here.

The CHAIRMAN pro tempore (Mr. Coleman of Texas). The time of the gentleman from Washington [Mr. Morrison] has expired.

(At the request of Mr. Coelho, and by unanimous consent, Mr. Morrison of Washington was allowed to proceed for 3 additional minutes.)

Mr. MORRISON of Washington. Mr. Chairman, I yield to the gentleman from California.

Mr. COELHO. Mr. Chairman, I appreciate the gentleman yielding.

In 1980, we were importing in 49 million pounds of honey. Today we are importing in 109 million pounds of honey and it has caused the increase in the cost of the program.

We talk about exporting jobs and we talk about trade being a major issue. This is a program where you can point right to it and say that trade is killing us on this one.

I think what we need to do, we need to look at the program and I am committed to the gentleman from North Dakota that we will get into the Honey Program. We will hold some hearings. We will get in and find out what is actually going on. We will make the necessary modifications that need to be made; but let us not punish the people here in the United States for what the people in other nations are doing to this program.

Second, let us also be understanding of the fact that—I know the gentleman from Massachusetts knows about the birds and the bees, and if the gentleman really understands the process of the birds and the bees, we do not really want to eliminate the bees in this country from doing the job that they need to do to keep our industries alive that are dependent upon bees. I know the gentleman from Massachusetts would not support eliminating all the bees in this country.

Mr. Chairman, I appreciate very much the gentleman yielding.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I yield to my chairman.

Mr. de la GARZA. Mr. Chairman, I just appreciate the gentleman yielding.

I am standing here, and I must say that I do not know that we can grasp what this amendment can do to the fruit and vegetable industry throughout the United States. It is not only the honey producers, but the fruit and vegetable industry.

There is timber, as my colleague behind me, the gentleman from Michigan, says.

It is something very serious. It is not anything that we should pass lightly. We are dealing with jobs, American jobs, with the fruit and vegetable industry, with the timber industry, with an industry that has a stake itself in this up until a few years ago and I think that in the national interest we owe it to ourselves to turn this amendment down.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, I thank the gentleman.

The gentleman from North Dakota is a little unhappy that people not in agricultural districts primarily get involved in these programs. One of the reasons we do is this. This is what the gentleman gives us. My friend, the gentleman from Texas, is now describing a program that is of relatively recent duration as the only thing standing between us and a renewal of the Great Depression. We start off subsidizing bees and what do we get into but fruits, vegetables, and timber.

I am grateful that national security was not invoked, but everything else has been.

My other friend, the gentleman from California, wanted to talk about the birds and the bees and, of course, last week we had the gentleman from California over here giving us very graphic descriptions about AIDS. What it is that is motivating our California comrades to get on this sex kick, I am not sure, but it does not have a great deal to do with the program before us.

The CHAIRMAN. The time of the gentleman from Washington [Mr. Morrison] has again expired.

(At the request of Mr. Dorgan of North Dakota, and by unanimous consent, Mr. Morrison of Washington was allowed to proceed for 1 additional minute.)

Mr. DORGAN of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I yield to the gentleman from North Dakota.

Mr. DORGAN of North Dakota. Mr. Chairman, I thank the gentleman.

I just want to point out that the gentleman does a service by coming to the floor to discuss agriculture. I did not mean to suggest the gentleman should not be here. It is the gentleman's extensive background in agriculture that I was commenting on.

I think that we need to discuss where we go with this honey program. For example, we have a $1 million loan payment in my State. That should not happen; but that ought not to be an excuse for us to say today, this minute, let us dump the whole program. I do not think that is making public policy the right way and that is the only thing I was trying to say.

Mr. MORRISON of Washington. Mr. Chairman, I will reclaim my time only to say that we have in action taken last year helped direct this industry to move I think as this Congress would ask, to be self-supporting, promote increased per capita consumption of your products, and if not, obviously we will make decisions in the future to modify this program.

Mr. DASCHLE. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I am only going to take a couple moments to say once again, to reiterate the fact that the problem that we have in honey today is not the program itself, but the very trouble that we have not only with honey, but with so many other subsidized agricultural products. There is a flood of imported products coming into the United States that alone is displacing what otherwise would clearly be a sufficient supply necessary to meet the needs of our domestic economy; so I think that is really the issue.

How do we deal with this flood of subsidized imports? How do we deal effectively with coming about with a program that will insure fair competition among honey producers? That is why I think once we deal with that issue, we can deal more effectively with the honey program and why this amendment would be premature at this time.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. Without objection, the gentleman from Massachusetts [Mr. CONTE] is recognized for 5 minutes.

There was no objection.

Mr. CONTE. Mr. Chairman, I hear from the gentleman and I hear from my good friend, the gentleman from Texas, and all the others and my good friend, the gentleman from California, that imports are devastating the honey producers, here in the United States.

Now there is a trade bill coming out of the Ways and Means Committee, is that not the place to handle the import problem, or do we go off and pay a guy up in North Dakota $1 million for support prices for honey? Is that conscionable, I ask you, is $257 million for support prices for honey in 4 years conscionable?

As my good friend, the gentleman from Massachusetts knows, we are having trouble with the imports of shoes. Why do we not amend this bill and set up some warehouses and store billions and billions of pairs of shoes? What does the gentleman think about that? Will the gentleman join me in that?

Mr. FRANK. Mr. Chairman, will the gentleman yield to me?

Mr. CONTE. Yes; I yield.

Mr. FRANK. Well, Mr. Chairman, it would have a certain advantage over some of these other commodities in that the spoilage rate would presumably be less and I think it would have certain advantage.

I appreciate the gentleman's argument, because there is no equivalence here. We do not for other commodities do this.

I do have to comment to my friend, the gentleman from North Dakota. He said that he agrees this program has worked and we ought to deal with it, but not when the House is voting on it and probably not what the committee did. The gentleman is all in favor of contemplating it, we ought to say, but he is not in favor of taking any action with regard to it, because he apparently finds the floor of the House or the committee inappropriate.

The gentleman from South Dakota says, "Yes, we have to work on this when you have reported out the bill." We are now on the floor of the House and we are going to get a lot of conversation and a lot more hundreds of millions of dollars.

I thank the gentleman from Massachusetts.

Mr. DASCHLE. Mr. Chairman, will the gentleman yield?

Mr. CONTE. Yes; I am glad to yield to the gentleman from South Dakota.

Mr. DASCHLE. Mr. Chairman, we are getting into a very sticky situation here.

Mr. CONTE. We sure are.

Mr. DASCHLE. There just is not a relationship between shoes and honey and I think the gentleman has to make sure that the House understands the difference.

Mr. CONTE. I am quite sure they do, because before this program they had another bee program, which I finally killed. It took me about 10 years to kill it. That program was paying beekeepers for dead bees. They never had one autopsy on any of those bees to see whether they died of a heart attack or arthritis.

Everybody knew that they were paying these same beekeepers millions of dollars because of dead bees. I finally killed the program and now we have this program to contend with, which is worse than the other program, because now they pay them for live bees.

This is ridiculous. Let us bring a little sanity into the honey industry.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. CONTE. Yes; I yield to my friend, the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, I thank the gentleman for yielding.

I think we ought to get a vote on this so Members can vote to continue to subsidize beekeepers and then show us how much they are for a balanced budget.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. CONTE] to the amendment offered by the gentleman from Massachusetts [Mr. FRANK].

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. FRANK].

The question was taken; and on a division (demanded by Mr. CONTE) there were—ayes 20; noes 21.

RECORDED VOTE

Mr. CONTE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 340, noes 65, not voting 29, as follows:

[Roll No. 340]

AYES—340

Anderson
Andrews
Annunzio
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Bartlett
Barton
Bateman
Bates
Beilenson
Bennett
Bentley
Bereuter
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boland
Bonker
Borski
Bosco
Boucher
Boulter
Breaux
Brooks
Broomfield
Brown (CO)
Broyhill
Bryant
Burton (CA)
Burton (IN)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Chandler
Chapman
Chappell
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Crane
Crockett
Daniel
Dannemeyer
Darden
Daub
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Eckert (NY)
Edwards (CA)
Edwards (OK)
Emerson
Erdreich
Fascell
Fawell
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Gallo
Garcia
Gejdenson
Gekas
Gibbons
Gilman
Gingrich
Glickman
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hansen
Hartnett
Hawkins
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennelly
Kildee
Kindness
Kleczka
Kolbe
Kolter
Kramer
Lagomarsino
Lantos
Leach (IA)
Lehman (CA)
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lipinski
Livingston
Lloyd
Lott
Lowery (CA)
Lowry (WA)
Luken
Lungren
Mack
MacKay
Madigan
Manton
Markey
Martin (IL)
Martinez
Mavroules
Mazzoli
McCain
McCloskey
McCollum
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Michel
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Murphy
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Oxley
Packard
Panetta
Parris
Pease
Penny
Petri
Porter
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Ritter
Roberts
Rodino
Roe
Roemer
Rogers
Roukema
Rowland (CT)
Roybal
Rudd
Russo
Sabo
Savage
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Seiberling
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Sisisky
Slattery
Slaughter
Smith (FL)
Smith (NE)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Solomon
Spratt
St Germain
Stark
Stenholm
Strang
Stratton

Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tauke
Tauzin
Taylor
Thomas (CA)
Torres
Torricelli
Traficant
Traxler
Udall
Vander Jagt
Vento
Visclosky
Volkmer
Walgren
Walker
Watkins
Weiss
Wheat
Whitehurst
Whittaker
Williams
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Zschau

NOES—65

Akaka
Alexander
Anthony
Bedell
Boggs
Boner (TN)
Bonior (MI)
Boxer
Brown (CA)
Bruce
Chappie
Coelho
Craig
Daschle
Davis
de la Garza
Dingell
Duncan
English
Evans (IA)
Evans (IL)
Gaydos
Gephardt
Gonzalez
Hammerschmidt
Hatcher
Huckaby
Jones (TN)
Leath (TX)
Leland
Lightfoot
Long
Lujan
Marlenee
Matsui
McCurdy
Murtha
Pashayan
Pepper
Perkins
Pickle
Price
Quillen
Robinson
Rose
Roth
Rowland (GA)
Skeen
Skelton
Smith (IA)
Spence
Staggers
Stallings
Stangeland
Tallon
Thomas (GA)
Valentine
Vucanovich
Waxman
Weaver
Weber
Whitley
Whitten
Wilson
Wright

NOT VOTING—29

Ackerman
Addabbo
Barnes
Berman
Carr
Edgar
Fazio
Green
Kemp
Kostmayer
LaFalce
Latta
Lewis (CA)
Loeffler
Lundine
Martin (NY)
McCandless
Mica
Mitchell
Moakley
Mrazek
Pursell
Rinaldo
Rostenkowski
Schumer
Sharp
Stokes
Towns
Young (MO)

☐ 1840

Mr. LELAND and Mr. CRAIG changed their votes from "aye" to "no."

Messrs. NICHOLS, JONES of Oklahoma, HEFNER, CRAIG, STRANG, SABO, BUSTAMANTE, ORTIZ, RICHARDSON, HERTEL of Michigan, BREAUX, TRAXLER, and SCHEUER changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. TRAXLER. Mr. Chairman, on October 3, the House voted in an amendment to H.R. 2100, the Food Security Act, offered by Mr. Glickman and Mr. Wolpe. The amendment (rollcall No. 337), struck the exemption to the "sodbuster" provisions, and requires farmers who plowed highly erodible land between 1981 and 1985 to have until 1995 to apply conservation plans to continue to be eligible for farm programs. I voted against this amendment in error, and I would like the Record to reflect that I had intended to support this amendment.

Mr. FAUNTROY. Mr. Chairman, I rise in support of title XV of the Food Security Act of 1985, which would amend both the Food Stamp Act of 1977 and the provisions of the Agriculture and Consumer Protection Act of 1973 relating to the Commodity Supplemental Food Program. These amendments are deserving of our support. Title XV reauthorizes a very important program, one that touches on our responsibility to see that all Amercians have access to a well-balanced diet. The Food Stamp Program is vital in that it ensures that the entire Nation has access to food security.

Moreover, I am particularly pleased that under title XV of this act provisions would be made for those individuals in our society who are homeless to have access to the benefits of this program.

More specifically, my support comes from the benefits that the residents of the District of Columbia have received from this program. As of February of this year, 73,561 persons have benefitted from the Food Stamp Program in Washington, DC. This figure represents 29,773 families. Of these persons, 36,976 were children. These figures represent 12,888 families that have other forms of public assistance aid, and 16,885 families who receive no other form of public assistance. The average benefit per person per month in the District is $105.62. This assistance brings the incomes of thousands of individuals to the poverty level.

Mr. Chairman, I would urge my colleagues to support title XV and refrain from any amendments that would reduce this vital program.

Mr. de la GARZA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker, having resumed the chair, Mr. Bonior of Michigan, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 2100), to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, had come to no resolution thereon.

☐ 1850

GENERAL LEAVE

Mr. de la GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on today's consideration of H.R. 2100.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. WALKER. Reserving the right to object, I do so in order to ask the chairman of the committee whether or not, since we are rising this evening, whether or not it is the plan to go late enough to finish this bill tomorrow. I know a number of Members who come from agricultural areas who think it is time to get this bill done.

My question to the chairman is whether or not we are planning to go until we finish this bill tomorrow evening.

Mr. de la GARZA. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I would be glad to yield to the gentleman.

Mr. de la GARZA. I thank the gentleman for yielding.

Mr. Speaker, I would hope so, but as the gentleman knows, I do not have control of the time as such. But I would expect that we could finish tomorrow.

Mr. WALKER. And it would be the gentleman's hope we could go as late as it takes tomorrow evening to finish the bill?

The SPEAKER. The Chair will state that with the agreement of some of the Republican Members and some Democratic Members the Chair expects the Committee to rise by 6 o'clock tomorrow night if they have not completed their bill.

Mr. WALKER. So the potential is that we would not finish the farm bill tomorrow, too; is that correct?

The SPEAKER. I could not answer that.

Mr. WALKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MADIGAN. Reserving the right to object, Mr. Speaker, I do so only for the purpose of asking the gentleman from Texas if it is his understanding that we still have the suspension to vote on tonight.

Mr. de la GARZA. If the gentleman would yield, the gentleman is correct.

Mr. MADIGAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MILITARY MEDICAL MALPRACTICE

The SPEAKER. Pursuant to the provisions of clause 5 of rule I, the pending business is the question of suspending the rules and passing the bill, H.R. 3174, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Kansas [Mr. Glickman] that the House suspend the rules and pass the bill, H.R. 3174, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 317, nays 90, not voting 27, as follows:

[Roll No. 341]

YEAS—317

Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Armey
Aspin
AuCoin
Barnard
Bateman
Bates
Bedell
Beilenson
Bennett
Bevill
Biaggi
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Boxer
Breaux
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Bryant
Burton (CA)
Burton (IN)
Bustamante
Chandler
Chapman
Chappell
Chappie
Clay
Clinger
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Crockett
Daschle
Davis
de la Garza
Dellums
Derrick
DeWine
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Durbin
Dwyer
Dymally
Early
Eckart (OH)
Edwards (CA)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fawell
Feighan
Fiedler
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Gordon
Gradison
Gray (IL)
Gray (PA)
Guarini
Hall (OH)
Hall, Ralph
Hamilton
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Hopkins
Horton
Howard
Hoyer
Huckaby
Hughes
Hyde
Jacobs
Jeffords
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennelly
Kildee
Kindness
Kleczka
Kolbe
Kolter
Kramer
Lagomarsino
Lantos
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lloyd
Long
Lott
Lowery (CA)
Lowry (WA)
Luken
Lungren
MacKay
Manton
Markey
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
Meyers
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Mitchell
Molinari
Mollohan
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Murphy
Natcher
Neal
Nelson
Nowak
O'Brien
Oakar
Oberstar
Obey
Ortiz
Owens
Oxley
Panetta
Parris
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Price
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Roukema
Rowland (CT)
Roybal
Russo
Sabo
Savage
Saxton
Scheuer
Schneider
Schroeder
Schuette
Schulze
Seiberling
Sensenbrenner
Shaw
Shelby
Shuster
Sikorski
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Robert (NH)
Snowe
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Studds
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Thomas (CA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Wheat
Whitehurst
Whitley
Whitten
Williams
Wirth
Wise
Wolf
Wolpe
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Zschau

NAYS—90

Archer
Badham
Bartlett
Barton
Bentley
Bereuter
Bilirakis
Bliley
Brooks
Byron
Callahan
Campbell
Carney
Carper
Cheney
Coats
Cobey
Combest
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
DeLay
Dickinson
Duncan
Dyson
Eckert (NY)
Edwards (OK)
Fields
Gekas
Goodling
Gregg
Grotberg
Gunderson
Hammerschmidt
Hansen
Hartnett
Hiler
Hillis
Holt
Hubbard
Hunter
Hutto
Ireland
Jenkins
Latta
Lujan
Mack
Madigan
Marlenee
McMillan
Michel
Monson
Montgomery
Murtha
Myers
Nichols
Nielson
Olin
Packard
Pickle
Porter
Ritter
Roberts
Roth
Rowland (GA)
Rudd
Schaefer
Shumway
Siljander
Smith, Denny (OR)
Smith, Robert (OR)
Snyder
Solomon
Spence
Stangeland
Stenholm
Strang
Stratton
Stump
Sundquist
Sweeney
Taylor
Thomas (GA)
Vander Jagt
Whittaker
Wilson
Wortley

NOT VOTING—27

Ackerman
Addabbo
Atkins
Barnes
Berman
Carr
Edgar
Fazio
Green
Kemp
Kostmayer
LaFalce
Leath (TX)
Lewis (CA)
Loeffler
Lundine
McCandless
Mica
Moakley
Mrazek
Pursell
Rinaldo
Rostenkowski
Schumer
Sharp
Stokes
Young (MO)

☐ 1900

Mrs. LLOYD changed her vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

☐ 1910

PERSONAL EXPLANATION

Mr. TRAXLER. Mr. Speaker, the House voted on an amendment to H.R. 2100, the Food Security Act, offered by Mr. Glickman and Mr. Wolpe. The amendment (rollcall No. 337), struck the exemption to the "sodbuster" provisions, and requires farmers who plowed highly erodible land between 1981 and 1985 to have until 1995 to apply conservation plans to continue to be eligible for farm programs. I voted against this amendment in error, and I would like the Record to reflect that I had intended to support this amendment.

Mr. Speaker, I ask unaminous consent that this statement appear in the permanent Record immediately after the vote on rollcall No. 337.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

COMMUNICATION FROM THE HONORABLE FRED J. ECKERT, MEMBER OF CONGRESS

The SPEAKER pro tempore [Mr. Gray of Illinois] laid before the House the following communication from the Honorable Fred J. Eckert, Member of Congress:

House of Representatives,
Washington, DC, October 7, 1985.

Hon. Thomas P. O'Neill, Jr.,
The Speaker,
House of Representatives, The Capitol, Washington, DC.

Dear Mr. Speaker: I am writing to notify you, pursuant to Rule L(50) of the Rules of the House, that I have been served with a subpoena issued by the Superior Court of the District of Columbia, and two members of my district office staff have been served with subpoenas issued by the Rochester City Court, State of New York, County of Monroe. After consultation with the General Counsel to the Clerk of the House, I will reach the determinations required by Rule L(50) and will promptly notify you with regard to same.

Sincerely,

Fred J. Eckert,
Member of Congress.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE JOINT RESOLUTION 313

Mr. GINGRICH. Mr. Speaker, I ask unanimous consent to remove the name of the gentleman from Virginia, [Mr. Whitehurst] from the list of cosponsors of House Joint Resolution 313.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

STRANGE VIEW OF A LAWYER'S JOB

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, the U.S. policy with respect to the questionable legality of the Reagan administration's mining of the harbors of Nicaragua and the resultant case in the World Court has taken another sad turn. Today's New York Times says that a measure that would withdraw the United States from World Court jurisdiction in political cases has been approved by the National Security Council and is expected to be signed by the President today. It says the details were quietly drawn up in recent weeks by Attorney General Edwin Meese and Secretary of State George Shultz.

The Reagan administration's strange, cavalier treatment of both American and international law in this case, is not something that is just an isolated instance. Ms. Jeane Kirkpatrick, American Ambassador to the United Nations, recently wrote an article in which she denounced American lawyers for having the audacity to appear before the World Court representing Nicaragua to argue its case against the United States.

An interesting article appeared in the Akron Beacon-Journal for Friday, October 4, by Edwin M. Yoder, Jr. He pointed out that lawyers have a duty to uphold the law. Yet the other day Attorney General Meese was interviewed on McNeil and Lehrer, and he said his chief duty was to carry out the policies of the President. One would have thought his first duty was to see that the law is enforced.

As Mr. Yoder says, those who deny the possibility of a valid distinction between national policy and issues of law whose feet are on a slippery slope.

The full text of the Yoder article follows these remarks.

Strange View of a Lawyer's Job

(By Edwin M. Yoder, Jr.)

Washington.—If Jeane J. Kirkpatrick seeks the Maryland Senate seat Charles McC. Mathias will shortly vacate, her platform should surely include the crabbed view of the duties of international lawyers she recently expounded in the Washington Post.

It would make for some excitement, as lawyers abound in Maryland (as where do they not?). They, but not they alone, must find her views stimulating.

Mrs. Kirkpatrick, until recently the U.S. ambassador to the United Nations, is annoyed that distinguished U.S. lawyers will be arguing Nicaragua's case against this country in the World Court. Nicaragua, whose Marxist regime is on our official blacklist, has charged the United States with various infractions of international law—including the secret mining of her harbors by the CIA.

To that end, Nicaragua has engaged Prof. Abram Chayes of Harvard, a former State Department counselor, as chief counsel. Chayes will be joined by other U.S. citizens.

This, Mrs. Kirkpatrick writes with barely contained indignation, is the first time that "lawyers and witnesses have opposed their own country."

Not all would put it so. Others, mindful that lawyers are ethically entitled to see that even rogues have their day in court, would say that Chayes is entitled. Mrs. Kirkpatrick insists, however, that the World Court is essentially a political forum whose views "broadly reflect the politics of the (United Nations) General Assembly," which elects the judges.

And if Nicaragua's suit against this country is therefore a mere political shoving match, she finds no difficulty in concluding that the appearance of American lawyers in Nicaragua's behalf is "curious," if not (she avoids the word, but the insinuation is there) unpatriotic. Chayes and company are helping a foreign government "undermine the legitimacy of existing U.S. government policy."

A victory for Nicaragua would not be without its impact on U.S. policy. But the implications of the Kirkpatrick thesis are nonetheless disturbing, and not merely to international lawyers. Essentially, Mrs. Kirkpatrick proposes for the bar the "my country, right or wrong" standard once memorably applied to the press by Secretary of State Dean Rusk. The reporting on Vietnam, he once said, "raises the question of which side you're on," never mind the merits.

Under the Kirkpatrick rules, apparently, any regime opposed by the United States would be off-limits as a legitimate client for an American lawyer—no matter what the issue and however reputable the tribunal.

Such a standard would soon make self-fulfilling prophecy of her view that the World Court is a political, not a legal, forum. Whatever the legal merits, lines invariably would be drawn in terms of national self-interest rather than of international law. Stripped of all objective functions and rules, the court would soon be of no value at all.

It happens, however, that Jeane Kirkpatrick's characterization of Nicaragua's case against the United States as no more than political is questionable. At issue is not U.S. policy, but the legality of certain disputed steps (such as the furtive mining of Nicaraguan harbors) taken to implement that policy.

The distinction is less easily blurred than Mrs. Kirkpatrick would have us think. Even she would presumably agree that at the 1946 Nuremberg Tribunal, what was in question was not war per se but the crimes against civilian populations for which the Nazi leaders were responsible—crimes that transgressed treaties.

If the World Court vindicates the ambassador's insulting estimate of its intentions and renders a blatantly political judgment, it will merely undercut its own authority. If, however, it rules impartially, according to recognized doctrines of international law, it may give the Reagan administration's practitioners of illicit secret warfare something to think about.

In neither case should the slightest odium attach to lawyers and witnesses who argue the case.

"We have," Mrs. Kirkpatrick writes, "put our foot firmly down on a slippery slope where distinctions between one's country and its adversaries . . . fade and disappear." No, it is those who deny the possibility of valid distinctions between national policy and issues of law whose feet are on the slippery slope.

THERE HE GOES AGAIN!

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, there he goes again. Over the weekend, President Reagan was talking up a balanced budget and pushing for a plan that is called the balanced baloney act of 1985.

How many times have we been through this with him?

Mr. Reagan has had 5 years to submit a balanced budget. Instead, as the New York Times pointed out recently, he has used those 5 years to earn "his Ph.D. in the art of borrow-and-spend."

I talked with the President a while back and asked him why he hadn't yet submitted a balanced budget. He responded that that was the most cynical question he had ever heard.

If we are going to address seriously the issue of how to reduce the deficit, we can't continue playing these senseless games to avoid the hard truth.

The President, regretfully, continues to play a game of words with the American people on an issue that's a threat not only to our economy but to the world economy. He's no longer the ultimate innocent; he's the manager of the monstrous $2 trillion deficit he rails against.

The numbers clearly show that the President earned his title of Dr. Deficit and that he has no intention of presenting Congress with a balanced budget.

I insert the following:

[From the New York Times, Oct. 4, 1985]

The Balanced Baloney Act of 1985

Frustrated by the failure to reduce the breathtaking Federal deficit, Congress and the President are ready to fasten onto a fantasy. Dreamed up by Senators Rudman of New Hampshire and Gramm of Texas, both Republicans, it promises to balance the budget by 1991. The idea is appealing but this approach is perilously unbalanced.

Congress's frustration is easy to understand. This year, again, it has struggled to cut one program after another only to wind up with yet another huge deficit. The plan responds handsomely to the prevailing mood of desperation.

Here is how it's supposed to work: The deficit for fiscal 1986 is assumed to be $180 billion. Deficits in following years would be reduced to zero in equal yearly steps. If the President and Congress failed to agree on how to achieve the goals, the bill would require across-the-board spending cuts—with important exceptions.

The first flaw is the starting point. The official estimate for this year's deficit is low, maybe $20 billion too low. Second, aiming at zero is arbitrary, perhaps dangerously so. Big cuts in the deficit are essential. But perfect balance isn't necessary by a given date. Forcing its achievement could, depending on economic conditions, start a recession or stifle a healthy recovery.

Third, the approach is unbalanced and unfair. The trigger mechanism would affect only spending, and not all of that. It would not cut interest on the debt or Social Security and would leave vague leeway for increases in other "uncontrollable" costs. No tax increases are involved and no controls would apply to rising "tax expenditures"—revenues lost to deductions and exemptions that add to deficits just as spending does.

The final flaw concerns credibility. Congress may solemnly demonstrate its firm resolve with legislation—but everyone knows Congress can act even faster in the opposite direction. The 95th Congress passed a law requiring a balanced budget by 1981. The 96th repealed it.

Senators Rudman and Gramm, now joined by Senator Hollings, give their scheme the title "Balanced Budget and Emergency Deficit Control Act of 1985." Beware. The only way to balance the budget and control the deficit is to cut spending equitably, which neither the President nor Congress seems able to do; or raise taxes, which the President refuses to do; or both. No wonder everyone's rushing to embrace this choice bit of balanced baloney.

[From the Center on Budget and Policy Priorities, Washington, DC, Robert Greenstein, Director]

Revised Analysis of Gramm-Rudman

This is an updated and revised analysis, prepared at 3 p.m., October 4. It supersedes the Center's earlier analyses on this matter. Among the revisions covered here are:

The finding that 38 percent of the defense function (not 30 percent) would be exempted. OMB estimates show that 38 percent of the defense function is now classified as "relatively uncontrollable."

A brief discussion of why Gramm-Rudman could give the President more leverage to resist deficit reduction packages that include tax increases.

A new section on new powers ceded to the President under Gramm-Rudman, including the power to decide unilaterally whether to institute automatic spending reductions immediately in a recession (or to postpone such reductions for 30 days to allow time for an alternative plan to be prepared) and the power to decide unilaterally whether to institute automatic spending reductions if the projected deficit exceeds the deficit target for the year by up to (but not more than 5 percent).

[From the Center on Budget and Policy Priorities, Washington, DC]

The Gramm-Rudman Proposal—(Revised October 4, 1985)

Senators Phil Gramm (R-Texas) and Warren Rudman (R-N.H.) plan to offer a major amendment to the debt ceiling bill that would require a balanced budget by FY 1991 and would trigger automatic spending reductions each year if projected deficits for the year exceed specified levels. While mechanisms to enforce greater deficit reduction may be useful, Gramm-Rudman would cause serious problems.

It is highly unbalanced, exempting taxes, tax expenditures (which disproportionately benefit upper income individuals and large corporations and are now growing at a $30-$40 billion a year clip), Social Security, and approximately 38 percent of the defense function of the budget from the automatic spending reductions.

At the same time, other domestic programs—including programs for the poor—would be hit in a highly disproportionate manner. Because revenues plus so many other areas of the budget would be exempt from the automatic spending reductions, programs for the poor would have to bear a share of the automatic spending reductions equal to approximately twice their share of the overall budget.

Social Security cost-of-living adjustments would be protected for middle and upper income beneficiaries but would effectively be canceled out for the elderly and disabled poor.

It could become more difficult than ever to persuade the White House to accept revenue increases as part of a larger plan to reduce the deficit. The President would be able to veto any budget reconciliation bill containing revenue increases, knowing that such action would not affect the deficit because the automatic spending reductions would take effect, instead. Moreover, Congress would be forced—if it wished to avoid the automatic spending reductions—to present the President a reconciliation bill he would agree to sign, which could mean a bill with no revenue increases. Gramm-Rudman may thus shift some leverage to the White House.

Gramm-Rudman is poor economics, requiring large deficit reductions even if the economy is stagnant or growing so slowly that unemployment is rising—an action that could force us into a full-scale recession in such circumstances. Moreover, even during a recession, the President would be free to trigger large-scale automatic spending reduction by executive fiat.

It transfers major new powers from the legislative branch to the executive branch.

It is easily subject to manipulation in a number of ways by OMB.

I. LACK OF BALANCE

A. Taxes

Despite analysis by persons and organizations ranging from CBO to Martin Feldstein showing that the large tax cuts of recent years have been one of the principal reasons that deficits have tripled since 1980, revenues would be entirely exempt from the automatic spending reductions under Gramm-Rudman. Particularly egregious is the exclusion and protection of tax expenditures.

According to official Treasury-Joint Tax Committee estimates published earlier this year by the Senate Budget Committee, tax expenditures will increase $192 billion between fiscal year 1984 and fiscal year 1989. Under Gramm-Rudman, tax expenditures and tax shelters for the wealthy would be allowed to boom at a pace far outstripping the inflation rate, while basic benefit and services programs for the poorest Americans would be subject to steep reductions if automatic spending reductions are triggered.

TREASURY/JOINT TAX COMMITTEE ESTIMATES OF TAX EXPENDITURES

[In billions of dollars]

	Amount	Year-to-year increase
Fiscal year:		
1984	322.0	
1985	365.1	+43.1
1986	404.2	+39.0
1987	435.7	+31.5
1988	471.6	+35.9
1989	513.8	+42.3
5-year increase		+191.8

While tax expenditures would be exempt, there is one form of tax benefit that could be affected by automatic spending reductions—the earned income tax credit for the working poor (EITC). The EITC could be affected because part of the EITC is scored as a budget outlay. The result is that taxes could be raised—but only for the poor.

B. Social Security

Social Security would also be exempt from the automatic spending reductions. This puts far greater pressure on remaining domestic programs.

Moreover, even the treatment of Social Security beneficiaries is inequitable—and depends on their income. Under Gramm-Rudman, while middle and upper income beneficiaries would get the full Social Security COLA, poor beneficiaries would lose their Social Security COLA if automatic spending reductions are triggered.

This is because many poor beneficiaries receive Supplemental Security Income (SSI) as well as Social Security. There is a federal SSI benefit standard (which is below the poverty line) and SSI recipients receive an SSI payment equal to the difference between their Social Security benefit and the SSI benefit standard. If automatic spending reductions of any magnitude are triggered, the SSI benefit standard (which is now indexed each year) would be frozen. As a result, there would be a dollar-for-dollar reduction in SSI benefits equal to the exact amount of the Social Security COLA increase. The result is that the Social Security COLA would be canceled out for all SSI beneficiaries—leaving the COLA in place for more affluent elderly persons while taking it away from the poor.

C. Defense

Some Members of Congress have been attracted to the plan by the fact that the automatic spending reductions would hit defense spending. While this is true, defense spending would still be partially protected and would not be subject to the same degree of reduction as most domestic programs.

Under Gramm-Rudman, only the part of the defense function of the budget that OMB classifies as "relatively controllable" would be affected if automatic spending reductions are triggered. OMB classifies 38 percent of the defense function as uncontrollable [1]—and this part of the defense budget would be protected. Essentially, defense contracts for most weapons—which make up a large share of the "uncontrollable" part of the defense budget—would be exempt.

In addition, the automatic spending reductions for any fiscal year would be computed as reductions from the spending levels for that year that Congress has approved. If Congress follows the budget resolution passed in August, defense would get 3 percent real growth (or 7 percent-8 percent nominal growth) in future years, while many domestic discretionary programs would be frozen or get an adjustment that was less than the inflation rate. This means that the base for defense, from which the automatic reductions would be made, would likely include a healthy increase, while the base for most domestic discretionary programs would have little or no increase.

Suppose, for example, an across-the-board spending reduction of 12 percent were triggered. Since about 38 percent of the defense budget would not be affected, the actual reduction would equal only about 7 percent of total defense spending. If defense started from a base of 3 percent real growth, this would simply reduce defense to about a freeze level, a reduction the Pentagon could easily absorb for a year or so because of the tremendous backlog of unobligated, unexpended defense budget authority from prior years now sitting in the Pentagon's accounts. At the same time, many domestic discretionary programs—including basic programs for the poor—would be cut 12 percent below a freeze level.

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[1] Table 18 on page 9-44 of the "Budget of the United States Government, Fiscal Year 1986" shows that only 64% of defense outlays in FY 1985 and 62% of outlays for FY 1986 are in the "relatively controllable" category. Military pensions are not included in these computations by OMB, because military pensions are included with other Federal pensions in the income security function of the budget—and are not part of the defense function.

Low Income Programs

There would be no protection or exemption for low income programs. And because at least half the budget would be exempted (Social Security, approximately 38 percent of defense, interest on the debt, and certain other forms of unindexed, uncontrollable spending, such as farm price supports and other prior year contract obligations), low income programs would have to bear a share of the automatic spending reductions equal to approximately twice their share of the overall budget. Thus, while tax expenditures for the wealthy and large corporations would have immunity, poor families would be hit doubly hard. These reductions would be on top of the disproportionate reductions in low income programs made in the first Reagan term.

Two low income programs that would be hit especially hard are food stamps and low income housing. Because OMB classifies food stamps as a relatively controllable program (rather than a pure entitlement), food stamp benefits could be reduced far below prior year levels. Automatic cuts in food stamps could go well beyond cancellation of the COLA.

Low income housing could be affected still more severely. If automatic spending reductions are triggered, the reductions in budget authority must be sufficiently large to reduce outlays in each account by the same percentage. In low income housing, most new budget authority for any given year results in outlays in subsequent years. In order to reduce outlays by any significant percentage, nearly all budget authority for low income housing would have to be wiped out. Thus, if there are automatic spending reductions of any magnitude, appropriations for low income housing would practically have to be "zeroed out."

Conclusion.—By exempting revenues and about half of all outlays, Gramm-Rudman establishes severely inequitable budget cuts if automatic spending reductions are triggered—cuts that largely protect the generous tax expenditure benefits of the affluent while cutting deeply into programs for the poor and discretionary spending.

II. BAD ECONOMICS

Gramm-Rudman is poorly designed from an economics standpoint.

First, it requires deep deficit reductions as long as real GNP growth is zero or greater. To make deep deficit reductions if economic growth is, for example, in the 0-1 percent range—which would generally mean that growth was too slow to keep unemployment from rising—would run a strong risk of sending the economy into a full-scale recession.

Second, Gramm-Rudman could force deep cuts even if the economy is already in a recession. While some appear to believe that the deficit targets and the automatic spending reductions under Gramm-Rudman would not be put into place if there were a recession, this is not accurate.

Gramm-Rudman does still require automatic spending reductions during a recession—it simply allows the President, at his discretion, to postpone the implementation of these reductions for 30 days. If the President decides to go ahead with the spending reductions, or if the President provides for a 30-day postponement but the Congress and the President do not agree on, and enact, an alternative budget package during this 30-day period, then the automatic spending reductions still take effect. Moreover, during the 30-day period, normal Congressional committee procedures are altered or suspended to give heavy preference to whatever alternative budget package is submitted by the White House.

Finally, there is serious question as to whether a fully balanced budget is necessary (or even desirable). Many economists favor reducing the deficit substantially to 1 percent or 2 percent of GNP, but not necessarily to zero. There is some question as to whether a balanced budget would provide sufficient fiscal stimulus.

III. POTENTIAL FOR MANIPULATION BY OMB

While Gramm and Rudman may claim that their plan gives little discretion to OMB and the White House, close examination of the plan shows this is not really the case.

The determination of whether automatic spending reductions are required, and if so, how large they must be, is to be based on an average of CBO and OMB forecasts. In recent years, OMB has frequently tailored its economic and deficit forecasts to suit the Administration's political interests (recall the OMB forecasts of summer 1984 showing that we would grow our way out of the deficit). Under the Gramm-Rudman system, it would be easy for OMB to "game the system" by producing forecasts that, when averaged with CBO's, produced the result OMB desired.

In addition, the so-called across-the-board spending reductions might not hit all affected programs equally. It is unclear, under the statutory language of Gramm-Rudman, whether each account, each line in an account, or each program would be reduced the same percentage. Depending on the interpretation given to this language, OMB might have the discretion to allocate the reductions within accounts—which might allow OMB to make substantially deeper cuts in some programs the Administration doesn't like and has unsuccessfully tried to get Congress to cut heavily for years.

IV. MAJOR NEW AREAS OR AUTHORITY ACCORDED TO THE EXECUTIVE BRANCH

There are a number of areas where major new powers would be ceded to the Executive Branch. A few examples are:

If the economy is in a recession and the deficit targets for the year will not be met, it would be left up to the President to decide whether to trigger the automatic spending reductions immediately or to postpone the reductions for 30 days and submit a plan to Congress calling for an alternative plan of action.

If the projected deficit for a given year will exceed the deficit target for that year by up to 5 percent (up to 7 percent for fiscal year 1986), it is left entirely up to the President whether to institute the automatic spending reductions.

V. GRAMM-RUDMAN AND THE 1986 ELECTIONS

The latest revisions to Gramm-Rudman have a curious effect—they effectively postpone the implementation of major deficit reductions until after the 1986 elections. Whereas the original version of Gramm-Rudman required reductions for fiscal year 1986 if the projected deficit exceeded $180.5 billion ($171.9 billion plus a margin of 5 percent), the final version requires deficit reductions in fiscal year 1986 only if the deficit exceeds $192.6 billion ($180 billion plus a 7 percent margin that would be applicable only for fiscal year 1986). This change, reportedly requested by the White House, virtually ensures no action under Gramm-Rudman until fiscal year 1987. Any automatic spending reduction for fiscal year 1987 under Gramm-Rudman would not be announced until mid-October and could not actually be implemented or felt at state or local levels until after the elections.

VI. QUESTIONS

There are numerous areas of critical importance where Gramm-Rudman is fuzzy and unclear. A few examples here are:

The automatic spending reductions are supposed to be triggered in October 1 of each year. What happens if appropriations and mandatory spending bills are not enacted by that date? How is the deficit then forecast and what is used as the base for figuring automatic spending reductions?

What happens to entitlement programs that do not have federal COLA's, such as AFDC and Medicaid? Are they subject to automatic spending reductions? If so, how are such reductions made?

THE GRAMM-MACK PROPOSAL

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. GINGRICH] is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, we are going to talk this evening about the opportunity to tackle deficit spending, the possibility of passing the Gramm-Mack proposal which is now in the other body and which we hope will be here soon, and which offers us a real chance to have one decisive vote on whether or not to control Federal spending.

It is fascinating, the country is watching the city of Washington wrestle with deficits and an approaching $2 trillion debt limit. Yet, this week, we have a real opportunity to do something about Federal spending and the rising deficit tide that the Federal Government is building up as it borrows more and more money.

It occurred to me that there must be a great deal of frustration in the Nation at large as they watch the Federal Government unable to balance its books, to control its spending, to bring under control its appetite for our tax dollars and for borrowing more and more funds.

The voters who in 1968, 1972, 1976, 1980, and 1984 voted for the more conservative candidate for President must truly be frustrated and bewildered. Remember that in 1968 it was Nixon and Wallace between them who had an overwhelming majority both arguing for fiscal conservatism. In 1972, Nixon carried virtually every State against McGovern arguing for fiscal conservatism.

In 1976, both candidates for President were fiscal conservatives. Jimmy Carter was a southerner who was going to balance the budget. Gerald Ford had a career in Washington as a conservative Republican Congressman committed to balancing the budget.

□ 1920

In 1980 Ronald Reagan ran as a man who would balance the budget, and in 1984 the argument was not over whether or not we should balance the budget, but between Walter Mondale's determination to balance it with tax increases versus Ronald Reagan's determination to balance it with spending cuts.

So voters who have been involved in politics now for some 17 years have seen virtually every Presidential candidate speak out in favor of a balanced budget. Voters who read "Conscience of a Conservative" and admired Goldwater's 1964 campaign must be frustrated after 21 years of support for the conservative movement. Voters who admired Ronald Reagan's 1964 speech on behalf of Goldwater and who admired Reagan's campaigns for Governor of California and his three campaigns now for the Presidency must also be frustrated. Yet despite a growing conservative tide in America, despite the fact that in recent polls 62 percent of the American people said they would rather cut spending than raise taxes, despite the fact that President after President has talked about the need for a balanced budget, the fact is that we have huge deficits, that the debt limit is about to approach $2 trillion, and that we need to take active steps, and I would suggest, Mr. Speaker, that it is this House which is morally responsible.

When President Reagan spoke today and said he was against the 50-year tide of the liberal welfare state which had built up this momentum, he was serious. He has been systematically the most conservative politician at the national level in our lifetime. He has also been the toughest on domestic spending.

But we have had some recent votes in this House of Representatives which may give the average American an opportunity to examine the two parties and decide why it is so hard to cut spending. Just today, for example, I offered an amendment which would increase the speed with which we would move from a welfare state program of food stamps, without effort, to an opportunity society program that required workfare—a very simple idea. It says that if you are going to get money from the Federal Government and you are able bodied and under the age of retirement, you ought to have to work for the money. It is an idea that virtually every American supports. The polling data on who supports workfare is massive, and yet today we saw a clear split between the two parties. Republicans voted for workfare by 5 to 1; Democrats voted against workfare by 7 to 1. One was the party of workfare, the Republicans; the other was the party of welfare, the Democrats—a clear choice.

Ah, but, you might say, this, after all, was a vote in which there was pressure from back home. Well, in the first place, most of the pressure from back home was from working Americans who are tired of their tax dollars going to pay for people who are able-bodied adults who are not working, and in the second place, the pressures were despite public opinion. It was a liberal Democratic effort to avoid the public concern, and I think if average citizens will check to see how their Congressman or Congresswoman voted, they will be surprised at the number of people who talk good rhetoric at Rotary Club meetings but voted against a workfare program today.

But in order to have a real sense of how deep the commitment to spending is in this House, it is useful to look at one day recently when the House voted on its own budget. I choose this particular set of votes because, frankly, there is no great public pressure for the House to spend more money. There is no interest group knocking down our doors begging us to spend more in the House. There are no letter-writing campaigns back home asking us to spend more in the Congress. Yet on one particular day, when we had four specific amendments to slow down the spending by the Congress, when we had four specific efforts to stop the Congress from spending more and more money, on each occasion a majority of the Democrats voted to spend more money.

Let me walk through the list for a moment. First, there was a vote to freeze congressional spending at last year's level. Second, there was a vote to limit the number of mass mailings to our constituents from six a year down to four a year. Third—and I want this to be very carefully stated so everyone can understand it—there was an amendment to hire additional automatic elevator operators, and I will come back to that. Finally, there was an amendment to stop the Congress from paying to put Playboy into braille at a cost of something like $1,200 an issue.

Let me walk back through these because in each case a majority of the Democratic caucus voted to spend more money. First of all, it was suggested by the gentleman from North Carolina [Mr. COBEY] that it would be useful for the Congress to freeze its own spending, that in fact we should set an example for the rest of the Nation and not spend more. That lost. Apparently even the Congress, as large as we now are, with as much staff as we have, and with as much money as we have to spend, had to find more money.

Second, there was a motion to say that four mailings a year, one every 3 months, is enough. Many citizens received constituent mailings from their Congressmen. I think they are a useful and legitimate way to inform the citizens, but we thought that four a year was enough. Although it costs $10 million to send those two extra mailings a year, we were defeated. We could not even shrink the number of mailings from six to four.

Third, there was a proposal in the appropriation bill to hire more people to run automatic elevators. Let me make this clear. These are not complicated elevators. These are elevators that most citizens run on their own. They have little buttons that have numbers, and the numbers correspond to the floors of the building. You walk in, and you push "4" if you want to get off at the fourth floor. It is not a complicated system.

Let me be very candid. There is a legitimate reason for some elevators to have a manual operator to override the system when we are having votes so Members can get here to the floor. I would not vote to abolish all of the elevator operators because there are some places where we need them, specifically when we have votes.

These were extra ones. These were a few more patronage jobs, a few more opportunities to help politicians' friends. And as I said, they are automatic elevator operators—almost a contradication in terms, like "jumbo shrimp." Again we lost the vote. More automatic elevator operators were to be hired, and a majority of the Democratic Caucus voted for it.

Finally, a citizen in Ohio wrote Congressman CHALMERS WYLIE and said in his letter:

> I am a blind person, and I am very grateful that the U.S. Government prints many things in braille, but I want to bring to your attention the fact that the Government is printing Playboy in braille.

He said:

> First of all, they don't put the pictures in braille, they don't put the cartoons in braille, and, frankly, the articles aren't that interesting. If it really costs you $1,200 a copy to make Playboy in braille, I would suggest you find a different program. There are other things I would rather see.

Congressman WYLIE decided that this was a legitimate request, that after all if in fact all you are going to get is Playboy's articles without the pictures and the cartoons, why was the U.S. Government paying $1,200 a copy to turn Playboy into braille? So he offered to cut out the particular expenditure, and again a majority of the Democratic caucus voted to spend the money.

Mr. Speaker, I would suggest that if you walked in and you did not want to freeze spending—maybe you had a good reason, even though we have a big deficit, even though we in Congress should in fact set an example—if you walked in and you did not want to cut the mailings from six to four and you really believed in the mailings even though it costs $10 million, if you wanted to spend the $10 million because you really believed in them, I might understand that particular vote.

There are at least four or five people who will probably get a patronage appointment to the elevator operators' jobs, so I understand why a few Members voted to hire additional automatic elevator operators.

There may be some Members who are very liberal who believe as a matter of automatic bias that, by George, the Federal Government just ought to put Playboy in braille because we owe it to the people to print Playboy if we are going to print anything else. I can understand that bias.

But for a Member of this Congress, in the middle of this deficit, to walk in and vote every single time for more spending certainly qualifies him, it would seem to me, for the title of "spendaholic." It is almost as though there was an automatic sense of—does this spend more cash? Let me spend it.

When people want to know why Ronald Reagan is having a hard time bringing the budget under control, when they want to know why every Presidential candidate who has won, starting in 1968, has talked about the need for a balanced budget, though we still have not gotten there, the first place they should look is the U.S. House of Representatives, and they should look at the fact that the Democratic caucus has a majority who voted on every single occasion that day to spend more money on the Congress itself, no matter what the amendment was.

Now, I cite this because I want to make it very clear for people like myself. I was 11 years old when the Democrats took control of Congress, and I am now 42. They have had every year since I was 11 control of the calendar, of the committees, of the staffing system, of what bills come up, and of what hearings are to be held, and the result is that we have now had 31 years of the same people in charge of the Congress. And if a majority of their caucus is in fact made up of spendaholics, of people determined to spend money, then I think that says a great deal about why we are having a difficult time getting the Gramm-Mack proposal up for a vote.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I am delighted to yield to my friend, the gentleman from Pennsylvania.

□ 1930

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding. I think it needs then to be further pointed out that the problem with deficits, as the gentleman pointed out at the beginning of his remarks, the American people are sick of and they want something done about, that the problem with deficits is a spending problem. It is not, as many of the spenders in this body would like us to believe, a conglomerate of problems, too little taxes, too much defense and all this. It is a spending problem, pure and simple, because what we know at the present time is that in the last 5 to 6 years we have seen the Federal spending as a percentage of the gross national product go from 20 percent up to 25 percent.

Now, those who say we need additional taxes coming into the Government in order to do something about deficits ignore the fact that revenues to the Federal Government as a percentage of the GNP have remained constant. We are still getting 19 percent of the GNP into the Federal Government as revenue; therefore, it is spending expansion from 20 percent up to 25 percent that has indeed caused the massive deficit problem that we now face.

So in pointing out the fact that we have got a group in the House of Representatives who are spending oriented, I think the gentleman then helps us to understand why this is a serious problem when we get to the deficit, because those are the people who are causing that spending increase to go from 20 to 25 precent of the GNP.

As a result of that, we find ourselves with $200 billion deficits and the Gramm-Mack proposal, as the gentleman has pointed out, is the first real attempt that we have had around here in a number of years, the first attempt at discipline, the first attempt with teeth to control that deficit problem and say that we are not going to continue to expand it, that we are going to begin a process of contraction, that we are going to start with the deficit level that we have determined for this year and we are going to steadily ratchet downward deficits until we get to zero in 1991.

And already, what do we hear from the Democrats and the liberals in this body? They came to the floor today, came to the well during the 1-minute speeches today, just screaming bloody murder that they had not had enough time to consider this, that this was not the proper vehicle, that there are just all kinds of excuses why they do not want to take up this proposal.

The fact is that they have not been willing to take up any proposal that imposes discipline on the budget process and thereby they have gotten themselves into the position where they can constantly spend more and more money.

So when the American people focus on deficits and say they are disgusted, when the American people say that they want balanced budgets, that is ignored here, because the tendency here is to only spend. It is a spending machine out of control that this particular resolution seeks to bring some discipline to.

I think I would join with the gentleman in saying that it is our hope that the American people at least are allowed to see a vote on that issue in this body.

Mr. GINGRICH. Well, if I can build on the gentleman's own point, the fact is that if you were to have kept actual spending by the Federal Government at the same level as that in 1980, we would today have a balanced budget.

The fact is that the constant increases in spending are a major factor why we do not have a balanced budget.

When people say, "Well, we have to keep increasing spending," the point I would make is that we are now at close to $1 trillion a year in spending. Now, $1 trillion is real money.

This Congress should be able by being careful and by pinching an occasional penny or even by pinching an occasional dollar to save money; but as the example I was using and I chose deliberately, you have a Congress which cannot quit printing Playboy in braille, it cannot quit hiring automatic elevator operators, it cannot keep down the number of mailings it sends from six to four, it cannot freeze its own spending, it should not surpise us that that same House, with a Democratic majority which is committed to those kinds of programs is incapable of controlling spending.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I am glad to yield.

Mr. WALKER. Just to build on the point as well, we have heard much weeping and wailing on this floor that took place today during consideration of the farm bill about the fact that we have had so many programmatic cuts.

Well, the fact is that Federal spending is going up every year at a rate of about three to four times the inflation rate, so that we are not just spending to compensate for inflation now. We are spending way over the inflation rate.

As a matter of fact, many American people would be surprised to learn if they have listened to the liberals too long that the amount of revenue coming into the Federal Government is increasing dramatically. It is increasing by about 10 to 11 percent a year.

In other words, when we collected $700 billion of revenue the previous year, it means that we are getting $770 billion of revenue the next year, a fairly substantial sum, a hefty increase of the amount of revenue coming in as a result of economic growth.

But what are we doing? We are spending away all that revenue, plus some, because the spending of the Federal Government has been going up at a rate of 11 to 12 percent a year; so despite the fact that we are bringing in additional revenues, we keep spending it away. The appropriation process, the authorization process, the budget process around here is oriented toward spending the money away, not only all the new revenues that are being accumulated, but revenues that we have not got as well.

Mr. GINGRICH. Well, if I could build on that for a second, to turn it into maybe more human terms, we are in the position of a young person who gets a job and gets a credit card. We have learned now that although we are getting a 10 percent a year pay increase, we are getting a 14 percent a year or 13 percent a year spending increase; so every year no matter how much our pay goes up, our debt goes up higher.

I think that as a country there is an intuitive sense in the Nation at large, a real feeling that we are at the end of that road, that we are now at a point where we have to bring spending under control. We have to in fact start taking steps which will allow us to get the deficit under control and to get us into a situation where we can get to a balanced budget.

But let me say to the gentleman two things. First, I think the deficit, as the gentleman pointed out earlier, is not the problem. The deficit is the symptom. Deficits bear the same relation to spending that hangovers bear to getting drunk. It is in fact the drinking that causes the hangover. It is the spending that causes the deficit and in a sense our friends on the left who are spendaholics would like us to look at the deficits just like a bartender might like the local drunk to look at the hangover. "Don't connect it to what you did the night before at the bar." They do not want to connect the deficits to the spending. They would like to be able to continue spending.

Now, for about 40 years the dominant wing of the Democratic Party followed a policy of tax and spend, tax and spend. One of the things which has happened with the rise of a working middle class that is much tougher on taxes than we used to be is that it is harder to raise taxes. Walter Mondale discovered that last year when he only carried one State after proposing that he would raise taxes.

I think what has happened then is the liberals have not learned, oh, people do not want to pay for it, let us not spend for it. What they have learned is a new habit of borrow and spend, borrow and spend; so they have replaced tax and spend with borrow and spend, which simply is a way of putting all these large deficits as mortgages on to our children and our grandchildren. They are going to have to pay the interest. They are going to have to pay the debt. They are going to have to bear the burden, which means they are going to have to work longer hours to pay more tax money without getting any services for them, because they are just paying taxes in order to get the debt paid down.

Mr. WALKER. Mr. Speaker, will the gentleman yield on that point?

Mr. GINGRICH. Certainly.

Mr. WALKER. There is one figure that I found fascinating that I worked out the other day and that is that for every American family of four in this country, the debt that we have now accumulated doing the things the gentleman referred to, amounts to $37,000 for every family. Now, if you take the present rate of interest, what we are paying for T-bills, that comes to about $2,700 to $2,800 per family that we are paying each year in interest payments on that $37,000 worth of debt that we have accumulated in that family's name. That average family, the average wage-paying family in this country, pays only—I say only, but it is a substantial amount for that family—they pay $2,750 in income taxes each year to the Federal Government.

In other words, for the average family out there, every dime that they spend in their tax money at the present time in income tax dollars is being eaten up in interest payments on their portion of the debt which we assigned to them as a result of all the spending we have done.

There is no hope of them getting ahead and when you consider that we are going to pile up additional debt and pile that on future generations, they will be in a position where all their taxes will not only go to pay the debt, but they will have to find other sources of revenue to pay the debt and that makes no sense. That is just totally nuts. it makes no sense economically. It makes no sense morally. It makes no sense socially. There is no acceptable reason, which is the reason my guess is that the gentleman would find in his district, like I find in mine, there is nobody in this country that is in favor of continuing to accumulate these kind of deficits.

I find none of my constituents, I mean, we may have differing versions as to what we should do, but none of my constituents are prodeficit at the present time, nor are they going to be in the future, in my opinion.

Mr. GINGRICH. It would seem to me that there is a clear Establishment power structure in this building which favors the deficits, that in fact what we have is a situation in which there are many people, particularly liberal Democrats, who love the idea of talking about Reagan's deficits. Now, the fact is that the President can never spend any money by himself. Under the U.S. Constitution, the House and the Senate have to approve every spending dollar and the House and the Senate have to agree to every taxing dollar.

□ 1940

So by definition, there can be no Reagan deficits. There could be a Reagan-House-Senate deficit, but there could not be a Reagan deficit.

But it is even more frustrating, frankly, to watch President Reagan, who is trying very seriously to bring all of this under control, who has worked now from 1964 when he first spoke for BARRY GOLDWATER, all the way up to the present, for 21 years, whose campaign for President, who has been Governor of California, who has now been President for 5 years, to watch President Reagan trying to gradually bring spending under control and to see the very people who do the most to stop him then ridicule the deficits they voted for as though they were Reagan's deficits.

I think what we now have with the Gramm-Mack proposal is sort of put up or shut up time. Now we have in the Gramm-Mack proposal a very specific, very clear program which, when signed into law, would require the President and the Congress to bring the deficit down for 5 straight years by contolling spending, so that at the end of those 5 years we would have a balanced budget.

That proposal is the most decisive and the most courageous and the most dramatic effort to control spending and bring the budget into balance what we have seen, I think, in the last 30 years. That proposal is tied directly to the debt limit, to the fact that we are about to approve a $2 trillion—not billion; billion was a big number when I was young; now we are into trillions—a $2 trillion national debt. What Mr. GRAMM in the other body and Mr. MACK in this body have said is, if conservatives are going to vote for a $2 trillion debt limit, then let us vote to cut off the credit card, let us vote to bring spending under control.

It is a little bit like going to your banker and being told, "You are overextended, and if I am going to renew your loan then we are going to have to put you on a budget and we are going to have to get you to pay back more than you borrowed."

So what is happening is that the Gramm-Mack proposal is very real. This is not a resolution. This could become a law, and if this were to pass the House and the Senate, there will be an automatic process by which the President and the Congress would be required under law to bring spending down every single year for 5 years, until we got the budget into balance. It is a very tough measure. It is a measure that will work, and it brings real discipline to the body.

The result is, as the gentleman from Pennsylvania is pointing out, that on the Democratic side of the aisle we promptly today saw liberal after liberal get up who have been laughing at

Reagan's deficits, who had enjoyed poking fun at President Reagan, suddenly faced with a real proposal that would really control spending, they suddenly found all sorts of excuses.

The great challenge to the American public is going to be, can we even get the House of Representatives to bring this proposal up for a straight vote? Can we even get the liberal Democratic leadership to agree to put this bill on the floor so that everybody in America can look at this body say, "Well, when you really got down to it, did you have the guts to vote to control spending or did you vote for the special interests groups to continue the liberal welfare state and to continue to go into debt?"

I think the challenge you and I are going to face is going to be how we convince the public to write, to call, to visit with their Congressman to bring so much pressure to bear that the liberal Democratic Congressmen go to their leadership and say, "There has to be a fair, straightforward, straight up-or-down vote," because my fear, now having been here for 7 years and having watched this place, is that the liberal Democrats know that they will lose if the American people get a chance to see this vote.

Mr. WALKER. If the gentleman will yield, we have a rather long history of precisely that kind of subterfuge and sleazy political and parliamentary tactics taking place throughout the period when we have had balanced budgets considered.

For example, we have wanted for some time to vote on the balanced budget amendment to the Constitution, which is another way of imposing some discipline on the spending system. What has happened to that? Well, every year it has been introduced. Every year literally hundreds of Members have sponsored it. It has been more than a hundred Members on balanced budget amendments every year. In fact, in most instances it has been more than 200 Members who have sponsored some kind of a balanced budget amendment. Yet every year they end up being buried in the Committee on the Judiciary, never to be seen on the House floor, never to be heard from, so that there can be no straight up-or-down vote to find out whether some of these people who talk about sponsoring the bill would actually vote for it once it gets out here. So they have undermined that process.

A couple of years ago we had a process that we went through. It was a great political exercise just before one of the presidential years, before the 1980 campaign, when we passed a measure around here requiring a balanced budget of the Federal Government by fiscal year 1981. So some of us after 1981 decided we ought to impose that discipline. After all, it was the law of the land, and it is still the law of the land. So on a couple of occasions I have carried, and some other Members have carried, amendments to the floor saying that here we have a bill that is spending a lot of money and we should spend none of this money in violation of that public law of the land that requires a balanced budget.

What happens? Well, the liberals line up and they just waive the whole thing. They just say, "Well, forget that," and so on. That was back then when we passed that. We did not know that anybody would actually impose it so, therefore, we should not do anything about really enforcing it.

I would say to the gentleman I remember one time very fondly when the measure on the floor was to build a memorial here in this town, one of the great priorities of the town, I thought, particularly in light of $200 billion deficits. I thought, well, at least maybe instead of building a memorial and spending the money on that, we ought to enforce this public law of the land that requires a balanced budget. Well, it was not going to happen. Overwhelmingly, the House voted to spend the money for the memorial rather than to enforce the Balanced Budget Act. So that has gone by the wayside.

Then we have the Budget Act itself. We come out here and we hear all of this great political talk every time the budget comes up, and we spend months with the headline writers writing about what the Budget Committee is doing and we take great pride around here in this budget process where we impose discipline on ourselves. Sure enough, we passed a budget out here in August and the headlines across the country said we were going to save $55 billion of taxpayers' money out of this year's deficits. I do not think anybody believed it. It got written up as a phony. It was a phony. People around here knew it was a phony. Many people voted for it, like I did, because it was at least one little element of discipline, but recognizing that this body was not going to live up to it.

What have we done since we came back in September after our August break? We have brought rule after rule after rule to this House floor that say what? Waive the Budget Act. The Budget Act is meaningless. Forget it. That was last month. We passed that last month. We got our headlines already. We have already written our newsletters. We have already sent out our press releases telling people that we imposed that discipline on ourselves. Now we can forget. It is now time to spend the money. We have lots of things to spend money on. The bill we are considering now on the House floor right now, the farm bill, was brought out here under a rule that waived the Budget Act.

So we consistently bring out bills that simply say, "Forget the Budget Act. We do not need that." So that is no discipline on ourselves.

The nice thing about the Gramm-Mack proposal is that it gets to discipline, and it is discipline that the House cannot waive because if we do, the funds get automatically impounded, the funds get sequestered. The President has the obligation at that point to enforce the law which is aimed at getting us to a balanced budget by 1991. The Congress cannot get around it very well, or at least if they do, they would have to get around it with a super-majority.

That being the case, all of sudden these people get worried because now it is no longer a case of sending out the dandy press releases, making all the great speeches before the Rotary Club about a balanced budget and that resolution that you are a sponsor on. Now you might actually have to live with it, and now they come screaming. They are screaming in the other body. They are screaming here that, "No, you cannot do this kind of thing. We cannot have a real law."

I think that the American people really do, as the gentleman says, have to get into this particular fight and they have to make Congress at least face up to its responsibilities to vote on that measure so that by next year, when the people go to the polls again, they will know how every Member of Congress voted on the key deficit issue of this Congress, whether or not to impose the kind of discipline on ourselves that is going to get us to a balanced budget in 5 years.

Mr. GINGRICH. Let me say that I think the fascinating thing is that a number of us support a constitutional amendment to require a balanced budget. We know that over 70 percent of the American people favor a constitutional amendment to require a balanced budget.

On several occasions when I have been making speeches or talking about the need for a constitutional amendment to require a balanced budget, I have had liberal Democrats say to me half jokingly, "That would take years to pass. We would have to pass it in the Congress, then the States would have to ratify it," and they say, "I want to do something now." Now the problem they are faced with is that the Gramm-Mack proposal lets them do something now. They can really vote to bring spending under control. They can really vote to shrink the deficit. They can really vote to bring a balanced budget here by 1991, and they could help make it a law. The President has said he would sign it. This is not a game. The is not politics as usual.

Ronald Reagan has said, "I will sign that bill if you bring it up here." If the other body will pass it, and I think there is a good chance they will, then the question becomes, does the liberal Democratic leadership of this House really have the concern for the opinion of the American people that would lead it to bring to the floor a straight, clean vote on the Gramm-Mack proposal?

□ 1950

I do not care how many other proposals they want to bring to the floor the same day. I do not care if they have 87 ways to try to balance the budget. But I think they owe it to the minority party, they owe it to the American people, they owe it to President Reagan to at least give us one straight up or down vote on the Gramm-Mack proposal as it passes the other body.

Mr. WALKER. If the gentleman will yield again, the other point we have always heard the liberals make whenever we raise the point of a balanced-budget amendment is they always said well, that is nonsense, do not even take that up because you cannot get there. If Ronald Reagan was really in favor of a balanced budget, he would have submitted a balanced budget.

Once again, this particular bill is taking away their opportunity to make that argument, because this is really saying OK, here is a process by which we get to balance, at which point we can impose the constitutional mandate, and so that element of their argument, that has been done somewhat with tongue in cheek in this House on many occasions, is being taken away from them, too.

I would say that everyone who votes against the Gramm-Mack proposal, should we get that vote, and I agree with the gentleman, I certainly hope we do, anyone who votes against that proposal is really saying I am not for trying, for even trying to get to a balanced budget, because all of the excuses are gone on this one. There is no longer any smoke, there is no cover. If you do not vote for this proposal, you are not even for trying to get there, because the fact is there is nothing in the House rules, in our Budget Act, there is nothing we have right now that is imposing a discipline. This is the chance, and the American people need to evaluate it that way.

Mr. GINGRICH. Let me carry it a step further. This is, in fact, a serious 5-year plan for a balanced budget. It tells you every year how much you have to cut spending. It tells you every year how to get a little closer to the balance.

Now, it is not easy, it is not obvious. It took a great deal of work by the gentleman from Texas [Mr. GRAMM] and the gentleman from Florida [Mr. MACK] to put it together. But it is a real plan.

Mr. RAY. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I will be glad to yield to my good friend and colleague from Georgia.

Mr. RAY. Mr. Speaker, I just want to rise to express my support for the Gramm-Mack amendment. It is my impression that across this country we are getting messages in this body that are giving us all kinds of signals and vibrations that the people of America are ready for us to practice some fiscal responsibility.

I recently mailed out 204,000 postcard questionnaires in my district, the Third District of Georgia. I have now received back several thousand that indicate that 74 percent of the people that have returned these questionnaires are interested in reducing the deficit and the national debt.

I would just like to ask the gentleman, are you feeling that maybe this body is not going to be in favor of the Gramm-Mack amendment? I had not felt that at this particular time. I certainly hope that we as a House, as a body, would support it and pass it.

Mr. GINGRICH. Let me say to my good friend, and I hope I do not get him in trouble by saying this, that he represents, I think, the commonsense, moderate, and conservative wing of his party, and that I am absolutely confident that if the liberal wing of your party will allow the amendment to come to the floor for a straight vote, that we will carry it. I am absolutely convinced that if we get a clean, up or down vote on the Gramm-Mack proposal, that we are going to carry it.

My fear is, and the gentleman has seen this happen all too often, that when you have a Democratic caucus in which a majority of the participants, and I know full well that my friend from Georgia is not one of them, but the majority of the participants voted for every single spending increase the day the House took up congressional spending, when you know that the pressures are immense on the liberal wing of the Democratic Party to avoid this opportunity to balance the budget by controlling spending, then I think you can appreciate why those of us on the Republican side will be very concerned that the Speaker would be under so much pressure that he would have to find a figleaf of procedural distortion to hide behind to avoid allowing the American people to have a straight vote.

Mr. RAY. If the gentleman might yield for 1 or 2 further minutes, I would like to, in order to put a little nonpartisan spirit into this very fine talk the gentleman is giving, along with the gentleman from Pennsylvania, Mr. [WALKER], I would like to ask the gentleman if he is aware of the White House budget and staff which is beginning to kind of amaze me just a little bit? We do have a few Republicans spending money, too, you know.

Mr. GINGRICH. I could not agree more, and I think White House in particular seem to have a tendency over time to always add a few more people year by year.

I would say quite candidly that there are some Republicans who have as great an addiction for spending as many liberal Democrats, and certainly in other body there have on occasion been Republicans of particular renown in that way.

But I would say, as a matter of fairness, that the underlying pressures for spending in this city are ideological. That is, I think there has been a liberal welfare state in a broad sense in that there is a tendency for liberals in particular to find new opportunities for spending.

I would also concede, as I think the gentleman from Georgia, who is on the Armed Services Committee would agree, clearly there are times and places where there have been increases in spending that are necessary.

Mr. RAY. If the gentleman will continue to yield, I thank him for those remarks, and one final word. I consider myself a fiscal conservative. I work in a nonpartisan way. I have been accused of voting too much with the President, but I would say that the President has been with me about 66 percent of the time, and I have not been with the President all of that time.

But I will say this: Just this week I attended the retirement services for General Vessey at Andrews Air Force Base. I was amazed at the extra support that the President received on a military installation. The President came to the ceremony in a helicopter. The Vice President came in a helicopter. The Secret Service came in a helicopter. There were several dozen chauffeurs and Secret Service people who came to escort and to drive them about 200 yards in more than a dozen chauffeured limousines, and all of this took place on kind of a heavily armed military reservation.

So I just want to point out while I certainly agree that we have got to put a cap on Federal spending, we have got to work, I think, as a body more strongly in a nonpartisan way. I certainly myself am going to do so, and I do thank you for giving me a minute or two to enter into this dialog.

Mr. GINGRICH. Let me make clear I think there is a tendency in this city, that one of the most frustrating things for anyone who is a supporter of Ronald Reagan has to be to watch the way in which the bureaucracy gradually overwhelms the political appointees. You can come into this city as the most conservative, tightfisted, fiscally tough person in the world, and by the time you have been introduced to all of the different parts of the permanent Civil Service that reports to you, for example, the Secret Service, there is a tendency for all police forces, given an opportunity to have maximum security, to somehow magnify that until it becomes virtually a circus. We have the same tendency, as the gentleman knows, right here in the Congress where we have not necessarily made the Congress a lot safer from terrorists, but we have certainly made it a lot harder for tourists.

I think there is a tendency when you say to police forces why do you not do what you think is necessary to then suddenly find three additional station wagons full of guys who are traveling in the caravan, with 26 more motorcycle escorts, and three more helicopters.

Similarly, I have the same feeling in the armed services area where the gentleman from Georgia [Mr. RAY] is a true expert in the sense that we still have the McNamara Pentagon, that despite the fact that we have had 5 years of the Reagan administration, we have not yet reformed that large centralized base of redtape which presides over our defense. Nor have we had a serious effort to close bases that are not necessary, nor have we had the kind of tough effort I think to go to multiyear procurement and that kind of rational spending.

But I would say on a bipartisan basis that the Congress deserves a great deal of the blame for the absence of military reform, that it is the Congress, and its subcommittees and its staff procedures which likes redtape in many ways. It is the Congress which would scream in outrage if the President were to send up here a list of 30 bases to close. It is the Congress which does not like long-term, multiyear contracting because that takes power away from the House and Senate and makes us make real decisions over a 5-year cycle, and that would weaken the power of some senior Members of the House and Senate to go out and have their impact on the Pentagon.

What I am suggesting, I think, and I hope the gentleman would agree with me, is that for 50 years we have seen the gradual development of the liberal welfare state. It was a good idea under Franklin Roosevelt, and many parts of it are a good idea today. But we have excesses of it, and that is why I offered the work fair amendment today, because frankly, while we want to make sure that everybody gets fed, we do not necessarily want to make sure that adults who are able-bodied or under retirement age do not have to work to get it.

Mr. RAY. I happen to be prodefense on the Armed Services Committee and have worked very hard to see that we have an affordable defense. I think the gentleman makes a good defense.

I do believe that you have some problems there in that mass of bureaucracy, but I do think that a lot of those reforms are underway, and I would not hope, and I hope we do not react in the wrong way.

But I would say also I think the way to address many of these wrongs is to put a cap on the budget, to freeze that spending at a level where we have to freeze out some of the unnecessary programs, much of the waste, and then it will be this body's responsibility to be sure that the meaningful programs are not the ones that are thrown aside and the useless programs that are kept in there.

□ 2000

You make a very good point there. I am an advocate of that very same idea.

Mr. GINGRICH. Let me in closing pick up on the point made by my friend from Georgia on which he has focused. We have in the next few days a chance in the Congress to pass the Gramm-Mack proposal to bring spending under control, to set a 5-year legal path, not a resolution, not a hoax, not a wish, but a legal path which would require us to move step by step each of the next 5 years to a balanced budget. I think it is the most serious, the most optimistic, the most hopeful opportunity we have had to move toward a balanced budget in the 7 years I have been here.

I think it is vitally important that this House be given a straight up-or-down vote, and I think and hope that the American people will see in this struggle over the next 3, 4, 5 days real opportunity to have a direct impact on their Congressman or Congresswoman to make a real difference in reaching out and saying, "Now is the time to get spending under control. Now is the time to move toward a balanced budget."

I thank the Speaker.

ARMS CONTROL NEGOTIATIONS "HOPEFUL"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. RAY] is recognized for 10 minutes.

Mr. RAY. Mr. Speaker, during the recent recess I accompanied the arms control and disarmament panel on a 4-day trip to the sites of ongoing arms control negotiations. Our visit was enlightening and informative, and I would like to report to my colleagues on my observations on the current state of our arms control talks.

In Geneva, our panel met with Ambassador Max Kampelman, who heads the U.S. delegation on nuclear and space arms negotiations; Ambassador John G. Tower, chief negotiator on strategic nuclear arms reduction; and Ambassador Maynard Glitman, chief negotiator on intermediate-range nuclear forces reduction.

In Vienna, we met with Ambassador Kenneth Blackwill, the U.S. negotiator for the mutual and balanced force reduction talks [MBFR].

After meeting with our negotiators and their staffs, Mr. Speaker, I am confident that we have capable and knowledgable people representing the United States at the negotiating table.

The talks in Geneva began in January 1985, and entered their third round on September 19. Ambassadors for both the strategic arms reduction talks [START] and the intermediate-range forces talks [INF] expressed hope that the talks would eventually lead to progress in making substantial nuclear arms reductions in both of these important areas.

But, there are serious differences still between our position and the Soviets.

I am convinced that we are pursuing the correct approach with the Soviets at this point. Our commitment is to reducing or eliminating the tremendous stockpiles of offensive weapons, and moving our countries toward defensive deterrent forces. We have not been able to move the Soviets toward a position of compromise on this issue in the past.

However, the new proposals for reduction that General Secretary Gorbachev has announced that he will put on the table will be welcomed, I am sure, by our negotiators. One of their concerns has been that, too often, the Soviets publicly speak of reduction offers or proposals, but never actually put those proposals on the table in Geneva so they can be discussed. There is a possibility that other differences could be worked out if the Soviets put these new proposals forward in Geneva for serious negotiations.

Another point of serious contention between the United States and the Soviet Union is the strategic defense initiative. I firmly believe that this program is the reason the Soviets have returned to the negotiating table.

They are concerned that our country's advanced technology will enable us to create a defensive system which they have been trying unsuccessfully to produce. The key point of contention we now have with the Soviets on SDI is how far we can go and still be in a research phase as defined by the 1972 Antiballistic Missile [ABM] Treaty with the Soviet Union.

The Soviets want to define research as only designing and drawing up plans in a laboratory. Research to me goes a lot farther, because you have to do some designing and some levels of testing to advance your research.

But, since most research is done in a laboratory and is therefore not verifiable, we should look at reaching agreements on those areas that can be verified. There's no point in making agreements if verification isn't possible.

Somewhere between drawing plans and actual production is the line where research ends and final testing and production begins. That's a central point that we have to iron out with the Soviets on this issue.

I think we should continue with research on SDI, although I don't support extravagant funding levels for this project.

The MBFR talks in Vienna have been going on for 12 years, in an attempt to reduce the levels of conventional forces—troops, aircraft, artillery—of the Eastern and Western alliances in central Europe.

There are a number of issues that continue to separate the two sides, even after all these years. Primarily these issues are verification, redeployment distances, and disagreement over troop and weapons counts.

First, our country and NATO cannot agree to any reduction proposal unless each side can verify that the other is adhering to the agreement. This means onsite inspections, something the Soviets have so far refused to agree to.

Second, redeployment becomes a U.S. concern because if we withdraw our forces from Europe, that means back to the United States, 3,000 miles away. The Soviets, however, would only have to pull theirs back beyond the Eastern bloc countries—300 miles. Redeployment for them would be only a matter of hours, where it would be days for us.

Third, there is considerable disagreement over the number of troops and weapons each side has. Specifically, we disagree over whether the forces in East Germany, West Germany, Poland, Czechoslovakia, Belgium, the Netherlands, and Luxemburg should be included. All of these differences, and others are in contention in Vienna.

Many people wonder, Mr. Speaker, why we keep negotiating when, after 12 years, we've made very little progress. The answer is that is it vital that our two countries maintain a dialog. Not only is there the chance of progress, but the talks provide us with an ongoing forum where both countries can turn when a serious arms reduction proposal is made. If Mr. Gorbachev and President Reagan do make progress toward arms control in their November meeting, we already have the machinery in place to continue hammering out an agreement.

Considering that we are talking about ways to reduce the most destructive arsenals ever created in the world's history, I would say that anything we can do to keep the lines of communication open is a positive move.

THE ART OF (AND THE LACK OF) COMMUNICATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. SWINDALL] is recognized for 60 minutes.

Mr. **SWINDALL**. I thank the Speaker.

Mr. Speaker, I am reminded, as I complete my ninth consecutive month in Congress, of one of the last cases that I had before I took a leave of absence from my law practice to come to this body.

There was a lady that came to my office who wanted a divorce, but before I talked with her about the divorce I decided that it might be helpful if I found out if she had grounds for divorce.

So I asked her if in fact she had grounds, and she looked at me and said, "Yes, as a matter of fact about an acre and a half."

I looked at her, and I said, "Perhaps I am not communicating well. Let me try again."

I then asked her if she had a grudge, and she looked, and she said, no, she did not have a grudge, but she did have a double carport.

I said, "Let me try this one more time a little bit more to the point. I said, "Does your husband beat you up in the morning?" She said, "No. Generally I get up earlier than he does."

At that point I began to recognize I was going to have to try a different tack entirely, and I said, "Ma'am, let me ask you, are you sure you really want a divorce?" She said, "No. Actually I don't want a divorce at all. It's my husband who wants a divorce. He contends that we have difficulty communicating."

□ 2010

I believe this House of Representatives, because of its actions over the course of the last 9 months, has given the American people reason to believe that we have difficulty hearing them and they have difficulty communicating with us, because in November of 1984 there was a resounding statement made by the American people, and that was they were fed up with deficit spending and they wanted some type of responsible course of action taken by this House of Representatives.

I came into this body optimistic that, finally, my colleagues were determined to do something about it. In the last 9 months we have talked more about South Africa than we have our own budget. One of my colleagues heard me make that statement earlier today and was distraught over it and came to me and said, "I am distraught that you would attack South Africa that way when in fact the deficit and South Africa have nothing to do with one another." I said, "You misunderstand my point. I am not in any way demeaning the issue of South Africa. I am simply saying that it tells you something about the misplacement of priorities when we cannot at least spend as much time discussing how we are going to address the deficit as we have South Africa. South Africa is an issue that, at best, we can marginally affect. The deficit is something we most certainly affect completely."

Even if you ignore the fact that we spend, in my judgment, far too little time addressing the budget itself, I think it is important to look at the fact that we have no intention in this body of following our own budget. If we had any intention of following our own budget, there would be no necessity for all of the arguments that I heard during the 1-minute speeches today about the impact of the Gramm-Mack bill that I am here to talk about tonight. I heard one of my colleagues from Colorado come up with a fancy chart that showed that the deficit under the Reagan administration was enormously larger than the deficit under any other administration. She attributed it to defense. I would like, before I talk about the Gramm-Mack bill, for just one moment to destroy that myth once and for all.

I will grant you that we spend money on defense that is being wasted. But I will further state that we are taking, I think, enormous and extraordinary measures to make certain that we correct those mistakes.

But let us not blame the deficit that we now have on either our President or on the defense budget. In fact, before coming here tonight, I picked up a copy of the historical tables, budget of the U.S. Government, prepared by the Executive Office of the President, Office of Management and Budget. I picked it up because there are some figures that I think are very, very relevant to our discussion.

In 1961, our country appropriated 9.7 percent of our total GNP to defense expenditures. That was 50.8 percent, almost 51 percent of the total budget. It spent at that time 8.8 percent on nondefense or 47.8 percent of the total budget.

In 1968 we spent 9.9 percent of our gross national product on defense, 46 percent of the budget. We spent 11.6 percent on nondefense, in terms of percentage of GNP, and 54 percent of the total budget on nondefense.

In 1982 we spent 6.1 percent of GNP on defense or 24.9 percent of the total budget. That same year we spent 18.4 percent of the GNP on nondefense or 75 percent of the total budget.

In 1984, last year, we spent 5.9 percent of gross national product on defense, 26 percent of the budget.

I mention that because this body is a master at comparing apples and oranges. It is all done with mirrors and tricks, and I think the American people are fed up with it.

We all know that the only way you can make any type of fair comparison between different budgets is to look at percentages of our total income. For example, when I first graduated from the University of Georgia, my first apartment that I shared with three other individuals cost less than $300 a month. Today that same apartment would undoubtedly cost closer to $700 a month in the same market. Does that mean that my apartment expenditures and housing expenditres went up? Of course it does. But the more relevant question is: In terms of percentage of income, did it go up? And chances are, you will find, as I found in my own illustration, that it was roughly the same. The percentage of my income which was in 1975 $15,000 was about the same as it is today, in terms of the percentage that Congressmen make, and I think we make $75,000 a year, and my housing here in Washington costs about $1,500 a month. So it is probably roughly the same.

Let us use those same types of illustrations, though, to look at our defense budget, and you will find that the only way you can do it is to look at the percentage of our entire income.

In 1961 we were spending 9.7 percent. That was under the Kennedy administration. In 1968, under the Johnson administration, we spent almost 10 percent of GNP on defense. It was 9.9 percent, 50 percent of the total budget.

Now, let us look at President Reagan's administration, in terms of defense. In 1982, the first year that he had any ability to affect that budget, 6.1 percent or 24 percent of the total budget.

The next year it was 5.9 percent.

So in fact it is almost half, in terms of what our total income was. And I say that because it is obvious that if we have a deficit that is now approaching $200 billion—in fact, it is over $200 billion—a year, it cannot be attributed to defense. If you look at the other side of the ledger, though, you can find very rapidly where it is being accumulated.

Nondefense, under the Kennedy administration, was 47.8 percent, almost 48 percent of the total budget.

Under the Johnson administration, nondefense was 54 percent of the total budget.

Under the Reagan administration, it is 74 percent of the total budget.

Is it not interesting that the same individuals that chastise our President for this humongous defense buildup, that we now find out in terms of relative comparison is substantially less than it was under the Kennedy and Johnson administrations, are now criticizing our President for trying to make cuts in the nondefense area, the entitlement programs.

You cannot have it both ways.

Let us look a little further. Another individual came up today, in fact, several people did, and I do not fault them for it because I think it is probably a fair analysis, and they said that under the Gramm-Mack amendment that would force us to live by our budget resolution, veterans would inevitably take it on the chin. I think they are right. I think they will take it on the chin along with every other group that expects to get a cost-of-living adjustment under the budget that we set forth.

You see, our budget basically said that we would "live by the following guidelines." Included in those guidelines were expenditures for veterans, expenditures for Federal employees and cost of living adjustments.

My question to my colleagues that are concerned about those individuals is: If we expect to live by the budget that we passed in August, we really need not be concerned about ever adversely impacting the veterans or the Federal employees or anyone else who expects the cost of living adjustment that was voted on by this body in our budget.

The reason they are upset is, though, they know good and well that this body has no intention to live by the budget. The tragedy of that is, we use the budget process to manipulate people into believing that we spend their money responsibly. The bottom line is, there has never been any intention by my colleagues or the majority of my colleagues to live by those budget figures. In fact, what they do year after year after year is come back, after understating the budget, and then ask for supplemental appropriations.

We will never get a handle on the deficit until we recognize that it is not the budget that causes the deficit. Rather, it is the appropriations process. When we spend the money, that is when we create the deficit. All in the world that the Gramm-Mack bill says is, we stated to the American people in August, when we passed our budget, that we would achieve a deficit of $179.9 billion, substantially less than the baseline, about $56 billion less than the baseline. It was the first step in a multistep process to ultimately balance the budget.

All the Gramm-Mack bill says is: Live by it. All it says is: Do not continue to defraud the American people by parading these budget figures by them one year and then coming in very deceptively and supplementing that budget.

□ 2020

We just spent a good deal of time and are continuing to spend time on the farm bill. If my memory serves me correctly, our budget said that we will spend $18.9 billion this year on the farm bill. I will guarantee you there is no intention to live within those guidelines. What they will do next year is exactly what they did this year: They will come back and supplement that budget so that we, in essence, create an even larger deficit.

I came here tonight to talk about this subject because I can think of no better time and no better place to address the deficit than at the moment that the Senate is going to vote to raise the debt ceiling to $2 trillion-plus. Many of you are probably thinking that it was not that long ago that you remember a $1 trillion debt ceiling. Well you are exactly correct. Five years ago this body and the Senate voted to raise the debt ceiling to $1 trillion. We are now doubling that because we have reached that point where literally it begins to double almost geometrically, if for no other reason because of the interest load. The interest load next year is estimated to be over 15 percent of the total budget.

If you go back to the Johnson and Kennedy years, you will find it was closer to 6 percent. It will continue to mushroom if we do not get a handle on what is basically the debt to increase. As my colleagues earlier pointed out, what is causing the debt to increase are the deficits which are caused by spending.

There was an interesting article recently in the Wall Street Journal that I think put its finger right on the problem. They pointed out the fact that the last time that we balanced the budget, in 1969, we were spending about 19.5 percent of what we all earned. That is, 19.5 percent of GNP. Today, we spend about 25 percent. If you want to address the deficit situation, you must first understand what causes it. What has caused it has not been the tax cut. What has caused it has been the continued increases in spending, and certainly not the defense spending.

The beauty of the Gramm-Mack bill is that it does not get into specifics with respect to how we must achieve our deficit reduction targets. What it does say is though if we cannot present a plan, there will be a plan that is already built into the Emergency Deficit Control Act that will simply say this is the way it must be done. It will force this body to finally do something.

Incidentally, by way of an aside, I think it is right interesting that this all had to start on the Senate side. Many of you are probably wondering why has not the House this year voted to raise the debt ceiling? If the Senate has it incumbent upon it to raise the debt ceiling, must not the House also act on it?

Well, the reason we do not have to vote for it is another one of these sleight-of-hands that has been built into the appropriations and budget process. What happens is the day that we vote for the continuing resolution on the budget, we automatically raise the debt ceiling. It does not take long to figure out why we do it that way. We do not want to face the American people and vote up or down on raising the debt ceiling. It is much easier to do it in a clandestine fashion. To do it by voting on your budget, and then automatically letting the budget conform.

The Senate, on the other hand, at least has the guts to come forth and debate this issue. It is my hope and my sincere desire that the Senate will in fact adopt the Emergency Deficit Control Act, or what I have been calling the Gramm-Mack bill, because it will finally, as my colleagues earlier stated, bring to this body the opportunity to decide if the budget process means anything, and whether in fact they have any intention whatsoever, any intention whatsoever, to even move in the direction of a balanced budget.

As I mentioned earlier, my colleagues came forth today ready to heap the blame on President Reagan; ready to heap the blame on anyone but themselves. In reality, there is only one body under our Constitution that can even begin to address this problem, and that is Congress. The President can propose budgets but the President cannot spend money. As I mentioned earlier, there is a spending process that causes the problem.

My colleague from Georgia [Mr. GINGRICH] earlier pointed out, in I thought a very graphic fashion, why we have been unsuccessful thus far in terms of the specifics of even moving toward the direction of balancing the budget. He used the example of our own House budget. I would like to take one of those illustrations, and that was the illustration of the automatic elevator, to give you new insights into why we have deficits.

As we were debating, in fact it was in this exact position that we were debating that vote, I had made the argument that the very minimum the American people should expect from Congress is that if we are going to continue to waste hours and hours and hours talking about deficit reduction, the very least we could do is set a personal example. What better place than in our own House budget? Certainly what better place than on the vote to add 5 automatic elevator operators; nonessential employees.

At that point, a lady from Ohio stood and asked me if she could counter me on that point, and I said I would be happy if she did. She went into a diatribe about defense waste and waste and fraud in the defense budget. I looked at her and I said, "It seems to me that we are comparing apples and oranges." What does waste in defense have to do with whether or not we hire automatic elevator operators?

I think that right there is the essence of the problem. This group of individuals are so accustomed to diverting attention from the real problem that sometimes I think, in all sincerity, they cannot see the problem. But I do have a whole new understanding of why we have this unprecedented deficit. That is this: Apparently at least a majority of the Members of this body believe that it is encumbent on them, as encumbent Members of this House, every time they find waste and abuse and fraud in any aspects of the budget, to duplicate it elsewhere. Once you understand that mentality, you will begin to understand why we have had absolutely no success whatsoever in addressing the probem of deficit reduction.

The Gramm-Mack bill would essentially not only address 1986, but it would also address 1987, 1988, 1989, 1990 and 1991. I would suggest to you that unless we gradually move in the direction of balancing the budget, we will never have a balanced budget. I for one have cosponsored a number of bills that would constitutionally mandate a balanced budget. In addition to that, I have offered my own bill that would cause a constitutional requirement to balance the budget. In fact, the bill that I have sponsored is very similar to the Gramm-Mack bill in that it requires it to be done over a 5-year period of time.

The reason that I am supporting the Gramm-Mack bill at this point is that it is fairly obvious that irrespective of how many individuals in this country want a balanced budget amendment, they are not likely to see one in time to address the real problem. I do not think we can afford to wait 4 or 5 more years. I just mentioned that we just had the national debt double in the last 5 years, I suspect that it will double once again in the next 5 years, and then again and again, and again. We cannot afford the interest load on that. We will soon have the interest load in our budget literally exceeding any other aspect of the budget. Now it is 15 percent of the budget, the defense is slightly over 25 percent of the budget.

□ 2030

At the rate we are going, it will soon cost us more to pay interest than it does to defend this country, one of the first and foremost purposes of government.

The Gramm bill would simply say that in 1986 you must meet the deficit reduction target that you have already said you want to meet. Why in the world would anybody be upset about that? Why do we not simply vote for it?

By the same token, it says that for the next 3 or 4 years you must reduce by $36 billion per year until you level out in 1991 with a balanced budget.

I suspect that the real reason we are seeing all of this concern and consternation about balancing the budget is this. I suspect my colleagues recognize that the real power of the House of Representatives is not in the various votes that we make that you see totaled up here on the board, but rather it is in the power of the Appropriations Committee and the Rules Committee, because the way this House operates is that each bill goes into the appropriation process; that is, for spending money, and then the Appropriations Committee will pair off various spending measures. They will put in a dash of something that I could support and then a dash of something that I cannot support in the hope that by the time the whole package comes together individuals like myself will be confronted with a dilemma that quite simply they must vote for something say like Social Security, but they do not want necessarily to vote for something else that we think is wasteful spending.

Well, you might say to yourself, if that is the case, why not simply amend the bill so that you do not have to vote for what you disagree with.

For example, there was a recent supplemental bill that had the Legal Services Corporation, with which I totally disagree; it is the biggest boondoggle that probably ever has been perpetrated upon the American people, and it was mixed in with Contra funding, which I happen to agree with completely. I ultimately had to vote against the bill because I just simply could not bring myself to vote for the Legal Services Corporation and, regrettably, because of the rule that was passed in the Rules Committee and then passed here in the House we were not even allowed to amend it in any way.

They understand that under a balanced-budget procedure we would then begin to have to be fiscally responsible and eventually the Appropriations Committee and the Rules Committee would lose their power or at least a part of it.

I suspect they are also a little bit concerned because they recognize the fact that the American people are beginning to bring a great deal of pressure on deficit reduction. They are tired of people talking about it and then not voting consistently with it; so obviously, if they can ever avoid having to have the vote even come on the floor of the House, they can avoid that ultimate embarrassment, and we ought to be used to that by now, because if you will recall, a lot of people have talked about a line item veto. They say that a line-item veto would allow the President, who is being blamed for this deficit anyway, to at least be able to go through and line item out those segments of any appropriation bill with which he differs.

Their smokescreen argument is that that is unconstitutional, that it would be an imbalance of power.

I would like to ask a question. How in the world can it be unconstitutional to give a President the power to do something with a sledge hammer that he cannot do with a scalpel?

You understand, the President may at any time veto an entire appropriation bill. He simply may not go in and take one line item with which he differs. If it is constitutional, which clearly it is, because it expressly so states in our Constitution, for the President to veto an entire package, it must necessarily and logically follow that it is equally constitutional for him to be able to veto any line item.

What is even more interesting under the bill proposed by my friend and colleague, Senator MACK MATTINGLY of Georgia, it would only be on a 2-year trial basis. Every 2 years the two bodies, the House and the Senate, must once again approve it and the President must sign it. It is the same basic argument.

My colleagues do not want the American people to know what kind of waste and fraud and what-have-you we are basically perpetrating through this appropriation process, that it literally takes five accountants to go through to figure out what we spent money on.

Can you imagine what would happen if suddenly the President came in and was able to line item off some of the extraordinary measures, the pork barrel that we see all the time, and then we had to once again come into this body and vote and then every one's name on this big board would show whether they are for or against that pork barrel? I suspect we would begin to see the total elimination of pork barrel, which would ultimately lend or lead to the total elimination of deficits.

In conclusion, I think that it is fairly obvious that this week may well be a very historic week. It will be a week where we have an opportunity to basically look squarely into the eyes of our constituents and say that when we ran in November of 1984 for election to this body, promising that we would do something about the deficit, that we were not misleading those people, that we would come into this body and vote consistently with those promises.

I have yet to meet a single individual that has told me that they were elected promising deficit spending, so this is their opportunity.

Even more important, though, will be the issue of whether we even vote on that issue. One of the great tragedies of the way the House does business is that many of the most relevant and burning issues of our time are never even debated on the floor of the House. They are never debated because they understand that the American people in fact want something that is vastly different than what this House is doing.

It is very apparent that we are having a great deal of difficulty, the American people are, in communicating with the Members of this House.

I hope and I pray that this week, not for our sakes so much as for our children and their children's sake, this Congress will at least for once show the intestinal fortitude to vote for the Emergency Deficit Control Act, so that by 1991 we will see once and for all a balanced budget.

QUITTING THE WORLD COURT DRIVES A STAKE INTO THE HEART OF THE RULE OF LAW

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Iowa [Mr. LEACH] is recognized for 60 minutes.

Mr. LEACH of Iowa. Mr. Speaker, the announcement today by the administration of its decision to terminate U.S. acceptance of the compulsory jurisdiction of the International Court of Justice must be considered troubling for a society committed to the rule of law.

The most fundamental issues of world politics today are, in the first instance, how we contain and constrain weapons of mass destruction, and in the second, how we can best advance the rule of law. To refuse any longer to submit political disputes to the World Court and abide by arbitration decisions of that body is to drive a stake into the heart of the rule of law. It symbolizes a retreat from post-World War II U.S. commitments to international law and international organizations.

The administration appears, by choice, to have abandoned the high ground and decided to advance foreign policy objectives on a lower playing field. By quitting the Court, the administration has joined the mob that political philosophers since Hobbes and Locke have defined as a state of nature. Civilized society requires law and third party arbitration. Rules without judges are meaningless. They stimulate uncivilized behavior and in the nuclear age jeopardize civilization itself.

Adherence to the rule of law should be the touchstone that distinguishes democracies from politically repressive systems of the left and right. We should never, by our disdain for international law, give totalitarian and authoritarian societies excuses for rationalizing acts of terrorism or other illegal conduct.

Few governments have armies that can stand up to the awesome military capabilities of the nuclear powers. But in the area of terrorism small autocratic states can compete on equal, and in some cases stronger, footing because acts of a terrorist nature are usually less acceptable in democratic societies. Accordingly, democratic governments like our own have a vested interest in conforming their foreign policies as pristinely as possible to international law.

The administration's decision today lowers the United States to the level of international scofflaw. If the United States cannot fight by the rule of law, our Government must protect our national interest by relying more exclusively on the premise that might makes right, that military power rather than adherence to law advances best America's values.

Today's decision cannot be viewed in a vacuum. It must be appraised against the backdrop of other decisions by the administration to withdraw from the jurisdiction of the World Court in cases involving Central America, to torpedo the Law of the Sea Treaty, to abandon UNESCO, and to stand increasingly alone, voting "no" without support from friend or foe on any number of issues before the United Nations and its affiliated agencies.

The ideological wagons appear to be drawing in a tighter and tighter circle around the White House. Neither the views of Congress nor a decent respect for the opinions of mankind seem to matter.

Unfortunately legal isolationism is not an abstract concern. It could not more ill-suit the times nor ill-suit history. The reality is that the United States will never again claim as great a percentage of the world's economic and military might as it did at the end of World War II. Security in the 20th century cannot be unilaterally achieved. It cannot be realized by building walls around our country, by turning away from international organs of cooperation, and relying on arms to press our will on others.

Security in the 20th century demands a credible defensive capability, but in the final measure it also demands a decent respect for the rule of law. An ethnocentric foreign policy that narrows international law is out of sync with reality. It is expensive, spiraling the arms race. A foreign policy that advances the rule of law is not only saner; it is cheaper than "Fortress America" isolationism.

Accordingly, with the gentleman from Ohio [Mr. SEIBERLING] and the gentleman from New York [Mr. McHUGH] I have today introduced a resolution deploring the administration's cavalier decision to uproot four decades of American foreign policy. Senator HATFIELD has introduced similar legislation in the other body. I urge my colleagues to give it their most serious consideration.

Mr. Speaker, I yield back the balance of my time.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Rinaldo (at the request of Mr. Michel), for today, on account of official business.

Mr. McCandless (at the request of Mr. Michel), for today and Tuesday, on account of attendance at the International Monetary Fund Conference in Seoul, Korea.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Strang) to revise and extend their remarks and include extraneous material):

Mr. Walker, for 60 minutes, today

Mr. Leach of Iowa, for 60 minutes, today

Mr. Swindall, for 60 minutes, today

Mr. Mack, for 60 minutes, on October 8.

Mr. Pursell, for 60 minutes, on October 8.

Mr. Pashayan, for 60 minutes, on October 8.

Mr. Ireland, for 5 minutes, on October 9.

Mr. Eckert of New York, for 5 minutes, on October 9.

Mr. Sundquist, for 60 minutes, on October 10.

(The following Members (at the request of Mr. Ray) to revise and extend their remarks and include extraneous materials:)

Mr. Annunzio, for 5 minutes, today.

Mr. Pease, for 5 minutes, today.

Mr. Gray of Pennsylvania, for 5 minutes, today.

Mr. Ray, for 10 minutes, today.

Mr. Weiss, for 30 minutes, on October 8.

Mr. Pease, for 5 minutes, on October 8.

Mr. Pease, for 5 minutes, on October 9.

Mr. Pease, for 5 minutes, on October 10.

Mr. Obey, for 60 minutes, on October 7.

Mr. Obey, for 60 minutes, on October 8.

Mr. Obey, for 60 minutes, on October 9.

Mr. Obey, for 60 minutes, on October 10.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Fuster, prior to the vote on the Emerson amendment to H.R. 2100, in the Committee of the Whole, today.

Mr. Bereuter, preceding the vote on the Tauke amendment to H.R. 2100, in the Committee of the Whole, today.

Mr. Traxler, following the rollcall vote on the beekeeper indemnity amendment offered by Mr. Frank to H.R. 2100 in the Committee of the Whole, today.

Mr. Bereuter, preceding the vote on the Badham amendment to H.R. 2100, in the Committee of the Whole, today.

(The following Members (at the request of Mr. Strang) and to include extraneous matter:)

Mr. Nielson of Utah.

Mr. Conte in two instances.

Mr. Oxley.

Mr. Gekas.

Mr. Barton of Texas in four instances.

Mr. Gallo in four instances.

Mr. Whitehurst.

Mr. Crane.

Mr. Dornan of California.

Mr. Lagomarsino in two instances.

Mr. Courter.

Mr. Hyde.

Mr. Kolbe.

(The following Members (at the request of Mr. Ray) and to include extraneous matter:)

Mr. Solarz in two instances.

Mr. Anderson in 10 instances.

Mr. Gonzalez in 10 instances.

Mr. Hamilton.

Mr. Brown of California in 10 instances.

Mr. Annunzio in six instances.

Mr. Jones of Tennessee in 10 instances.

Mr. Boner of Tennessee in five instances.

Mr. Yatron.

Mr. Garcia in three instances.

Mr. Natcher.

Mr. Markey.

Mr. Fascell in two instances.

Mr. Fauntroy.

Mr. Coleman of Texas.

Mr. Wirth in two instances.

Mr. Martinez.

Mr. Leland.

Mr. Boland.

Mr. Torres.

Mr. Miller of California.

Mr. Downey of New York.

Mr. Bonior of Michigan.

Mr. Williams.

Mrs. Boggs.

Mr. Matsui in two instances.

Mr. Dymally in two instances.

Mr. Coyne.

Mr. Rodino.

Mr. Ackerman in two instances.

Mrs. Boxer.

Mr. Hubbard.

Mr. Lehman of California.

Mr. Torricelli in two instances.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 274. An act to provide for the national security by allowing access to certain Federal criminal history records; the committee on Interior and Insular Affairs.

S.J. Res. 97. Joint resolution designating the Study Center for Trauma and Emergency Medical Systems at the Maryland Institute for Emergency Medical Services Systems at the University of Maryland as the National Study Center for Trauma and Emergency Medical Systems; to the Committee on Energy and Commerce.

S.J. Res. 150. Joint resolution to designate the month of March 1986 as "National Hemophilia Month"; to the Committee on Post Office and Civil Service.

S.J. Res. 174. Joint resolution to designate November 18, 1985, as "Eugene Ormandy Appreciation Day"; to the Committee on Post Office and Civil Service.

ENROLLED JOINT RESOLUTION SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that the committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 393. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on the following day present to the President, for his approval, a bill of the House of the following title:

On October 3, 1985:

H.R. 2475. An act to amend the Internal Revenue Code of 1954 to simplify the imputed interest rules of sections 1274 and 483, and for other purposes.

ADJOURNMENT

Mr. LEACH of Iowa. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 43 minutes p.m.) the House adjourned until Tuesday, October 8, 1985, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2097. A letter from the Director, Defense Security Assistance Agency, transmitting notification of the Department of the Army's proposed Letter Offer to Turkey for defense articles, pursuant to 10 U.S.C. 133b (96 Stat. 1288); to the Committee on Armed Services.

2098. A letter from the Principal Deputy Assistant Secretary of Defense (Comptroller), transmitting a listing of contract award dates for the period November 1, 1985 to December 31, 1985, pursuant to 10 U.S.C. 139(b); to the Committee on Armed Services.

2099. A letter from the Deputy Assistant Secretary of Defense, transmitting notice that the Department of the Air Force intends to exclude the clause concerning examination of records by the Comptroller General from a proposed contract with the Ministry of Defense of the United Kingdom for the acquisition of the Rapier Missile System for a cooperative air base point defense program for selected bases in Turkey, pursuant to 10 U.S.C. 2313(c); to the Committee on Armed Services.

2100. A letter from the Chairman, Federal Home Loan Bank Board, transmitting the annual report of operations for 1984, pursuant to the act of July 22, 1932, chapter 522, section 17(b) (69 Stat. 640); to the Committee on Banking, Finance and Urban Affairs.

2101. A letter from the Interagency Committee on Cigarette and Little Cigar Fire Safety, transmitting a report on the technical and commercial feasibility and economic impact of developing cigarettes and little cigars with a minimum propensity to ignite furniture and mattresses, pursuant to 15 U.S.C. 2054 nt; to the Committee on Energy and Commerce.

2102. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notification that El Salvador has been added as a potential participant in proposed antiterrorism assistance to a foreign country, pursuant to FAA, section 574(a)(1) (97 Stat. 972); to the Committee on Foreign Affairs.

2103. A letter from the Director, Defense Security Assistance Agency, transmitting notification of the Department of the Army's proposed Letter of Offer to Turkey for defense articles, pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

2104. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

2105. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report on the political contributions by Joseph Ghougassian, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the State of Qatar, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

2106. A letter from the Commissioner of Examinations, Immigration and Naturalization Service, transmitting a copy of the order granting defector status in the case of an alien who has been found admissible to the United States, pursuant to INA, section 212(a)(28)(1)(ii)(b) (66 Stat. 182); to the Committee on the Judiciary.

2107. A letter from the Jewish War Veterans, U.S.A., National Memorial, Inc., transmitting the report and financial audit for fiscal year ended March 31, 1985, pursuant to Public Law 88-504, section 3 (36 U.S.C. 1103); to the Committee on the Judiciary.

2108. A letter from the Under Secretary for International Affairs and Commodity Programs, Department of Agriculture; transmitting a global assessment of food production and needs, and planned programming of food assistance for fiscal year 1986, pursuant to the act of July 10, 1954, chapter 469, section 408(b) (91 Stat. 552; 94 Stat. 2246; E. O. 11963); jointly, to the Committees on Agriculture and Foreign Affairs.

2109. A letter from the Comptroller General, General Accounting Office, transmitting a report entitled: "Reviews of the Audits of the Financial Statements of the National Credit Union Administration's Operating and Share Insurance Funds for the Year Ended September 30, 1983", pursuant to 31 U.S.C. 9106(a); jointly, to the Committees on Government Operations and Banking, Finance and Urban Affairs.

2110. A letter from the Comptroller General of the United States, transmitting a report on the Strategic Petroleum Reserve: "An Overview of its Development and Use in the Event of an Oil Supply Disruption" (GAO/RCED-85-134; September 30, 1985); jointly, to the Committees on Government Operations and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BROOKS. Committee on Government Operations. Federal Enforcement of Textile and Apparel Import Quotas (Report 99-305). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONYERS (for himself, Mr. Gekas, Mr. Edwards of California, Mr. Berman, Mr. Boucher, Mr. Bryant, Mr. Rodino, Mr. Fish, and Mr. McCollum):

H.R. 3511. A bill to amend title 18, United States Code, with respect to certain bribery and related offenses; to the Committee on Judiciary.

By Mr. BIAGGI:

H.R. 3512. A bill to amend title XVIII of the Social Security Act to authorize the President to enter into reciprocal agreements for health care services furnished to medicare beneficiaries outside the United States; jointly, to the Committees on Ways and Means, and Energy and Commerce.

By Mr. CONTE (for himself and Mr. Barnes):

H.R. 3513. A bill authorizing the President of the United States to present a gold medal to Sargent Shriver, and authorizing the Secretary of the Treasury to sell bronze duplicates of that medal; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DYMALLY (for himself and Mr. Brown of California):

H.R. 3514. A bill to establish a U.S. Design Council within the Department of Commerce; jointly, to the Committees on Science and Technology, and Energy and Commerce.

By Mr. WYLIE (for himself, Mr. St Germain, Mr. Barnard, Mr. Bartlett, Mr. Bereuter, Mr. Carper, Mr. Chandler, Mr. Cooper, Mr. Dreier of California, Mr. Erdreich, Mr. Frank, Mr. Gonzalez, Mr. Gordon, Mr. Grotberg, Mr. Kleczka, Mr. Kolbe, Mr. LaFalce, Mr. Leach of Iowa, Mr. Lehman of California, Mr. Levin of Michigan, Mr. McCollum, Mr. McKinney, Mr. McMillan, Mr. Nelson of Florida, Ms. Oakar, Mr. Parris, Mrs. Roukema, Mr. Vento, Mr. Wortley, Mr. Wright, Mr. Michel, Mr. Lott, Mr. Lagomarsino, Mr. Cheney, Mr. Lewis of California, Mr. Vander Jagt, Mr. Broomfield, Mr. Chappell, Mr. Conte, Mr. Craig, Mr. DeWine, Mr. Frenzel, Mr. Gingrich, Mr. Gradison, Mr. Hyde, Mr. Ireland, Mr. Kasich, Mr. McCain, Mr. McEwen, and Mr. Saxton):

H.R. 3515. A bill to eliminate foreign predatory export credit practices, establish a tied aid credit facility, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. FAUNTROY:

H.R. 3516. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to facilitate the issuance of bonds and notes by the District of Columbia, and to authorize a formula-based annual Federal payment to the District; to the Committee on the District of Columbia.

By Mr. FRANK:

H.R. 3517. A bill to amend title 3 of the United States Code to authorize the Secretary of State to provide protection for foreign diplomats in the United States in extraordinary circumstance; to the Committee on Public Works and Transportation.

By Mr. JACOBS:

H.R. 3518. A bill to amend title 18 of the United States Code to allow the transportation and mailing of material concerning lotteries authorized by State law, and for other purposes; jointly, to the Committees on the Judiciary and Post Office and Civil Service.

By Mr. KASICH:

H.R. 3519. A bill to provide access to criminal history record information for national security purposes for the Department of Defense, the Office of Personnel Management, or the Central Intelligence Agency; jointly, to the Committees on Armed Services, Post Office and Civil Service, the Judiciary, and the Permanent Select Committees on Intelligence.

By Mr. MACK (for himself, Mr. Barton of Texas, Mr. Armey, Mr. Bartlett, Mrs. Bentley, Mr. Bereuter, Mr. Bliley, Mr. Boehlert, Mr. Boulter, Mr. Brown of Colorado, Mr. Broyhill, Mr. Burton of Indiana, Mr. Campbell, Mr. Chandler, Mr. Cheney, Mr. Clinger, Mr. Cobey, Mr. Coble, Mr. Coleman of Missouri, Mr. Combest, Mr. Coughlin, Mr. Courter, Mr. Craig, Mr. Daub, Mr. DeLay, Mr. DeWine, Mr. DioGuardi, Mr. Dornan of California, Mr. Edwards of Oklahoma, Mr. Fawell, Ms. Fiedler, Mr. Fields, Mr. Fish, Mr. Franklin, Mr. Frenzel, Mr. Gallo, Mr. Gingrich, Mr. Goodling, Mr. Gradison, Mr. Gregg, Mr. Grotberg, Mr. Gunderson, Mr. Hammerschmidt, Mr. Henry, Mr. Hopkins, Mr. Hunter, Mr. Hyde,

BEST COPY AVAILABLE

Mrs. Johnson, Mr. Kasich, Mr. Kemp, Mr. Kindness, Mr. Kolbe, Mr. Lagomarsino, Mr. Latta, Mr. Lewis of California, Mr. Lightfoot, Mr. Livingston, Mr. Loeffler, Mr. Lott, Mr. Lujan, Mr. McCain, Mr. McCandless, Mr. McCollum, Mr. McEwen, Mr. McKernan, Mr. McKinney, Mr. McMillan, Mrs. Martin of Illinois, Mr. Michel, Mr. Miller of Ohio, Mr. Miller of Washington, Mr. Monson, Mr. Moorhead, Mr. Nielson of Utah, Mr. Oxley, Mr. Parris, Mr. Pursell, Mr. Quillen, Mr. Ridge, Mr. Ritter, Mr. Roemer, Mr. Rogers, Mr. Roth, Mrs. Roukema Mr. Rowland of Connecticut, Mr. Rudd, Mr. Saxton, Mr. Schaefer, Mrs. Schneider, Mr. Schuette, Mr. Sensenbrenner, Mr. Shaw, Mr. Siljander, Mr. Denny Smith, Mr. Smith of New Hampshire, Ms. Snowe, Mr. Stangeland, Mr. Strang, Mr. Sundquist, Mr. Swindall, Mr. Tauke, Mr. Tauzin, Mr. Vander Jagt, Mrs. Vucanovich, Mr. Walker, Mr. Weber, Mr. Wortley, Mr. Wylie, Mr. Zschau, Mr. Lungren, Mr. Taylor, and Mr. Lowery of California):

H.R. 3520. A bill to require a graduated reduction of the Federal budget deficit, to balance the budget, to establish emergency procedures to avoid deficit overages, and for other purposes; jointly, to the Committees on Government Operations, and Rules.

By Mr. LATTA:

H.J. Res. 415. Joint resolution proposing an amendment to the Constitution of the United States to provide that appropriations made by the United States shall not exceed its revenues, except in time of war or a national emergency declared by the Congress; and to provide for the systematic repayment of the national debt; to the Committee on Judiciary.

By Mr. LOWERY of California:

H.J. Res. 416. Joint resolution disapproving the deferral of certain budget authority for the Urban Mass Transportation Administration; to the Committee on Appropriations.

By Mr. FORD of Michigan (for himself, Mr. Sunia, Mr. Feighan, Mr. Perkins, Mr. Daschle, Mr. Dwyer of New Jersey, Mr. Hayes, Mr. Horton, Mr. Lantos, Mr. Fowler, Mr. Foley, Mr. Dingell, Mr. Henry, Mr. Waxman, Mrs. Collins, Mr. Owens, Mr. Howard, Mr. Matsui, Mr. Anderson, Mr. Daub, Mr. McKernan, Mr. de la Garza, Mr. Frank, Mr. Roe, Mr. Dymally, Mr. Morrison of Connecticut, Mr. Smith of Florida, Mr. Crockett, Mr. Boucher, Mr. Chandler, Mr. Kildee, Mr. Fuster, Mr. Young of Missouri, Mr. Murphy, Mr. Rahall, Mr. Berman, Mr. Coleman of Missouri, Mr. Gilman, Mr. Gaydos, Mr. Atkins, Mr. Solarz, Mr. Fuqua, Mr. LaFalce, Mr. Clay, Mrs. Bentley, Mr. Moorhead, Ms. Kaptur, Mr. Rose, Mr. Fazio, Mr. Sabo, Mr. Weaver, Mr. Conyers, Mr. Jones of Oklahoma, Mr. Weiss, Mr. Levin of Michigan, Mr. Mollohan, Mr. Panetta, Mr. Williams, Mrs. Burton of California, Mr. Rodino, Mr. de Lugo, Mr. Savage, Mr. Martinez, Mr. Hoyer, and Mr. Biaggi):

H. Con. Res. 207. Concurrent resolution to recognize the 20th anniversary of the Higher Education Act of 1965 and reaffirm its purpose; to the Committee on Education and Labor.

By Mr. LEACH of Iowa (for himself, Mr. Seiberling, and Mr. McHugh):

H. Con. Res. 208. Concurrent resolution deploring the intention of the United States to withdraw from the compulsory jurisdiciton of the World Court; to the Committee on Foreign Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 431: Mr. Wylie.

H.R. 844: Mrs. Smith of Nebraska, Mr. Burton of Indiana, Mr. Barnes, Mr. Crockett, Mr. Monson, Mr. Hutto, and Mr. Chandler.

H.R. 1188: Mr. Rowland of Connecticut.

H.R. 1207: Mr. Roe.

H.R. 1569: Mr. Wolpe, Mr. Lowry of Washington, Mr. Cooper, and Mr. Feighan.

H.R. 1684: Mr. Nielson of Utah, Mr. Fazio, Mrs. Bentley, Mr. Swift, Mr. Siljander, Mr. DeLay, Mr. Burton of Indiana, Mrs. Martin of Illinois, and Mr. Bereuter.

H.R. 1760: Mr. Cobey.

H.R. 2342: Mr. Martinez and Mr. Levin of Michigan.

H.R. 2424: Mr. Mrazek.

H.R. 2440: Mr. Bevill, Mr. Panetta, and Mr. Shumway.

H.R. 2549: Mr. Hubbard.

H.R. 2557: Mr. Leland, Mr. Traficant, Mr. Brown of California, Mr. Perkins, Mr. Matsui, and Mr. Atkins.

H.R. 2685: Mr. Sunia.

H.R. 2743: Mr. Feighan, Mr. Weiss, Mr. Edgar, Mr. Mineta, and Mr. Savage.

H.R. 2854: Mr. Solarz, Mr. Myers of Indiana, and Mr. Udall.

H.R. 2866: Mr. Kleczka.

H.R. 2907: Mr. Foglietta, Mr. Nichols, Mr. Frost, Mr. Rose, Mr. Levin of Michigan, Mr. Fascell, and Mr. Jones of North Carolina.

H.R. 3042: Mr. Conyers, Mr. Richardson, Mr. Downey of New York, Mr. Boner of Tennessee, Mr. Dymally, Mr. Scheuer, Mr. Lehman of Florida, Mr. Martinez, Mr. Gray of Pennsylvania, Mr. Williams, Mr. Rangel, and Mr. Matsui.

H.R. 3078: Mr. Martinez.

H.R. 3132: Mr. Porter and Mr. Downey of New York.

H.R. 3263: Mr. Solarz and Mr. Weiss.

H.R. 3296: Mrs. Meyers of Kansas.

H.R. 3357: Mr. Gingrich, Mr. Bliley, and Mr. Cobey.

H.R. 3371: Mr. Gingrich, and Mr. Whitehurst.

H.R. 3420: Mr. Lightfoot, Mr. Kindness, Ms. Kaptur, Mr. Siljander, and Mr. Wortley.

H.R. 3438: Ms. Kaptur, Mr. Boland, and Mr. Roth.

H.J. Res. 122: Mr. Matsui, Mr. Levin of Michigan, Mr. Dannemeyer, Mr. Gilman, Ms. Oakar, Mr. Burton of Indiana, Mr. Jacobs, Mr. Lightfoot, Mr. Grotberg, Mr. Jeffords, Mr. Heftel of Hawaii, and Mr. Manton.

H.J. Res. 127: Mr. Wortley, Mr. Crockett, Mr. Leland, Mr. Morrison of Connecticut, and Mr. Torricelli.

H.J. Res. 313: Mr. Oxley.

H.J. Res. 322: Mr. Levine of California.

H.J. Res. 333: Mr. Owens, Mr. English, Mr. Roberts, Mr. Carper, Mr. Darden, Mr. Siljander, Mr. Spence, Mr. Tallon, Mr. Derrick, Mr. Reid, Mr. Mazzoli, Mr. Waxman, Mr. McCloskey, Mr. Yates, Mr. Coyne, Mr. Franklin, Mr. Evans of Iowa, Mr. Boucher, Mr. Frenzel, Mr. Hatcher, Mr. Young of Alaska, Mr. Strang, Mr. Dickinson, Mr. Manton, Mr. Saxton, Mr. Florio, Mr. Gray of Illinois, and Mr. Schumer.

H.J. Res. 350: Mr. Jeffords and Mr. Weiss.

H.J. Res. 363: Mr. Gekas and Mrs. Martin of Illinois.

H.J. Res. 381: Mr. DeWine and Mr. Reid.

H.J. Res. 386: Mr. Dorgan of North Dakota, Mr. Courter, Mr. Rudd, Mr. Cobey, Mr. Wortley, Mr. Weiss, Mr. Akaka, Mr. Gray of Illinois, Mr. Barnard, Mr. Rahall, Mr. Ritter, Mr. Crane, Mr. Gunderson, Mr. Natcher, Mr. Solomon, Mr. Penny, Mr. Leath of Texas, Mr. Hefner, Mr. Udall, Mr. Hutto, Mrs. Martin of Illinois, Mr. Fuqua, Mr. Broomfield, Mr. Young of Florida, Mr. Chappell, Mr. Kasich, Mr. Wylie, Mr. Morrison of Washington, and Mr. Stark.

H.J. Res. 407: Mr. Manton, Mr. Murphy, Mr. Chandler, Mr. Ackerman, Mr. Porter, Mr. Vander Jagt, Mr. Annunzio, Mr. Dyson, Mr. Udall, Mr. Pepper, Mr. Mrazek, Mr. Frenzel, Mr. Hansen, Mr. Lagomarsino, Mr. Boner of Tennessee, Mr. Jones of North Carolina, Mr. Wortley, Mr. Clay, Mrs. Burton of California, Mr. Horton, Mr. Daub, Mr. Weiss, Mr. Scheuer, Mr. Feighan, Mr. Garcia, Mr. Parris, Mr. Bevill, and Mr. Levin of Michigan.

H. Con. Res. 15: Mr. Chandler.

H. Con. Res. 117: Mr. Parris.

H. Con. Res. 176: Mr. Stark, Mr. Hayes, Mr. Mitchell, Mr. Daschle, Mr. Matsui, Mr. Oberstar, and Mr. Gilman.

H. Con. Res. 194: Mr. Wortley, Mr. Shumway, Mr. Weber, and Mr. Cobey.

H. Con. Res. 201: Mr. Regula, Mr. Smith of New Jersey, Mr. Addabbo, Mr. Jeffords, Mr. Bryant, Mr. Scheuer, Mr. Garcia, Mr. Tallon, Mr. Valentine, Mr. Bliley, Mr. LaFalce, Mr. Solarz, Mr. Eckart of Ohio, Mr. Young of Missouri, Mr. Rangel, Mr. Chappell, Mr. Schumer, Mrs. Bentley, Mr. Fazio, Mr. McCain, Mr. Lujan, Mr. Staggers, Mr. Smith of Florida, and Mr. Conyers.

H. Res. 76: Mrs. Martin of Illinois, Mr. Barnes, Mr. DeWine, Mr. Torricelli, Mr. Scheuer, and Mr. Weber.

H. Res. 154: Mr. Tauke.

H. Res. 180: Mr. DeLay, Mr. Lightfoot, Mr. Dreier of California, Mr. Moorhead, Mrs. Bentley, and Mr. Boulter.

H. Res. 194: Mr. Manton, Mr. Moore, Mr. Pepper, and Mr. Levine of California.

H. Res. 260: Mr. Kindness, Mr. Gingrich, Mr. Weber, and Mr. Hughes.

H. Res. 277: Mr. DeLay, Mr. Hunter, Mr. Rudd, Mr. Burton of Indiana, and Mr. Gingrich.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.J. Res. 313: Mr. Whitehurst.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the clerk's desk and referred as follows:

227. By the SPEAKER: Petition of the Dawson County Commissioners Court, Lamesa, TX, relative to the Fair Labor

Standards Act; to the Committee on Education and Labor.

228. Also, petition of Milan Horacek, Bonn, Federal Republic of Germany, relative to nuclear testing; to the Committee on Foreign Affairs.

229. Also, petition of Peter J. Cojanis, Washington, DC, relative to the right to petition the Congress; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3008

By Mr. LUNGREN:

—Page 13, after line 17, add the following:

(5) Any differential (or portion of a differential) identified under subsection (b)(1) which cannot be accounted for by the application of job-content and economic analyses shall be presumed to be the result of labor market supply and demand factors.

EXTENSIONS OF REMARKS

TRIBUTE TO GARY P. HAYES—A TRUE FRIEND OF LAW ENFORCEMENT

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. BIAGGI. Mr. Speaker, I want to pay a very special tribute today to Gary P. Hayes, the founding executive director of the Police Executive Research Forum. Gary died on September 8 at the very young age of 40. He had much left to give this Nation, especially our law enforcement community. Without question, his loss will be sorely felt. However, I do not intend to dwell on that loss today. Instead, I want to discuss Gary's exceptional commitment to law enforcement, his shining example, and his many triumphs.

I am especially proud to pay tribute to Gary because of the two common bonds that we share—a law enforcement background and the fact that we are both New York City natives. Over the last few years, I am pleased to say that we also shared many goals, including the enactment of legislation to outlaw armor-piercing "cop killer" bullets, and the establishment of a National Law Enforcement Heroes Memorial. Both of these goals will soon be achieved, and Gary, as well as the very competent individuals he guided at PERF, deserve much of the credit for these soon-to-be completed success stories.

Gary's interest and activities in law enforcement date back to 1969 when he served as a patrolman for the Westchester County, NY, Parkway Police. Later, Gary went on to become a lawyer, a consultant to the Police Foundation, an assistant to the mayor of Boston for police affairs, and an assistant police commissioner of Boston from 1973 to 1976.

In honor of his expertise and considerable abilities, Gary was appointed by President Carter to serve on the Justice Department's Bureau of Justice Statistics Advisory Board. This would have been a full career for most ordinary people, but Gary was extraordinary and he had much to do in the short time he was given. He went on the serve as chairman of the National Forum on Criminal Justice. He was a member of the steering committee of the National Crime Prevention Coalition. He was a founder of the Commission on Law Enforcement Accreditation, and he served on the National Coalition of Jail Reform.

The list goes on, but certainly for the final 10 years of his life, the bulk of Gary's vast professional energies were devoted to the Police Executive Research Forum, a professional organization representing some 80 police chiefs of major cities. Under Gary's strong and effective leadership, PERF has provided important management services and training; selected police chiefs; conducted research; and fostered innovation in police operations. Gary was handpicked to be the founding executive director of this well-respected group by Patrick Murphy, former New York City Police Commissioner and the founder of the Police Foundation. In what turned out to be an appropriate twist of fate, PERF awarded their second annual leadership award earlier this year to Patrick Murphy. I was most honored to present the award that night in May, but more importantly, the occasion provided a fitting opportunity for two longtime friends and associates to express their deep mutual respect for one another. In fact, as moving as any words that were spoken that night was Gary's presence, since he was in a very weakened state due to his illness. It was obvious to anyone in attendance that Gary Hayes was an admired man—by those who knew him well and by those who only knew of him. He had done so much in so little time and, mainly, it was because he cared so much about what he was doing.

The police community has made great strides in recent years and to a large measure that progress is due to Gary's work, especially at PERF, which provided the law enforcement community with a unique opportunity to exchange ideas and information important to American policing.

Gary gave us a great deal and through his work and his example he will continue to give. He was a truly special person and his death is a major blow to us all. Yet, we are comforted by all he was able to accomplish and we offer our condolences and continued strength to his wife, Susan, and his two sons, JG and Alexander.

HOLDING PRETORIA ACCOUNTABLE

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GARCIA. Mr. Speaker, today's New York Times had an article by columnist Anthony Lewis on the need for the Reagan administration to speak with clarity in its condemnation of the South African Government.

As Mr. Lewis so aptly points out, we must hold Pretoria accountable for its actions, "by speaking with one voice, acting on stated principles, marshaling its economic and political resources against the racist system it condemned." He's right. I submit his article for the RECORD:

[From the New York Times, Oct. 7, 1985]

Why Not Do as We Say?

(By Anthony Lewis)

Boston.—"They should deal with the African National Congress." That was Secretary of State Shultz's urgent advice last week to the South African Government. He said Pretoria should release Nelson Mandela from prison and start talking with him and his banned nationalist organization.

Sound advice, most specialists on South Africa would say, because the A.N.C. has widespread support among the black majority. But there is a puzzling question about it: Why don't Secretary Shultz and his colleagues take the advice themselves?

Reagan Administration officials will not meet leaders of the A.N.C. There have been casual encounters with American diplomats at receptions here and there, but U.S. policy excludes regular appointments and discussions.

South African business leaders went to Zambia last month to talk with officials of the A.N.C. But those officials are not invited to the U.S. Embassy in Lusaka. Oliver Tambo, the A.N.C. president, came to this country last spring and met business people and others. He was not invited to the State Department.

Urging South Africa to talk with the A.N.C. while we do not do so ourselves is so curious that to make sure the policy remained in effect, I asked the State Department last week. A spokesman checked with an official of the African Bureau and then reported: "You're right, we have never met the A.N.C."

That anaomaly is indicative of the more general trouble with the Reagan policy toward South Africa. While Mr. Shultz says that the apartheid system must go—and means it—the message does not get through to South Africans with clarity or force.

The recent history of American policy is one reason for its muffled impact in South Africa. For four years the Reagan Administration acted on the assumptions that P.W. Botha's Government was ready for accommodation on its borders and meaningful reform at home. The assumptions were fallacious. And acting on them, cozying up to the white regime, made the United States look like its supporter.

Events forced a change in the Reagan policy. Mr. Botha's brutal repression at home and military aggression across the borders made it impossible to keep saying with a straight face that change was at hand. Congressional opposition was about to overwhelm the policy when President Reagan made his timely switch to modest sanctions against apartheid.

But American responses to the alarming reality of the South African crisis remain faint and timid. Mr. Botha insults the United States, and the whisper comes back. His police shoot children, and you have to strain to hear any comment from the President of the United States.

There could hardly be a more deliberate insult, between supposed diplomatic friends, than what the South African Government has done lately on its borders. Its planes

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.
Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

and troops have struck deep into Angola, and it has admitted supporting terrorist forces in Mozambique—both in violation of the most serious undertakings to the United States.

To that President Botha has recently added personal insults. Speaking to a party congress, he said: "President Reagan, who has much to say in his mispronouncing way about apartheid, is shoving Indians into reservations . . ."

Or think about the behavior of the police as they occupy black townships in South Africa. A study by Cape Town University found that 83 percent of detainees it questioned reported being tortured by such methods as electric shock, strangulation and beating.

Imagine how the Reagan Administration would react if Nicaragua invaded one neighboring country and admitted supplying terrorists in another, if its police shot into crowds of people day after day, if it detained 3,000 of its own citizens without charges, including hundreds of children. The outrage would not be muffled.

A State Department spokesman, Sondra McCarty, said last month: "With the state of emergency in effect, and violence and repression affecting the lives of so many South Africans, we believe the South African Government must be held publicly accountable for its actions."

Exactly. But the United States Government is not holding Pretoria accountable in the only way that will be understood: by speaking in one voice, acting on its stated principles, marshaling its economic and political resources against the racist system it condemns.

Other American institutions, then, must make the message loud and clear. As through this whole year of South African crisis, the American public will have to lead its Government to a proportionate response.

A TRIBUTE TO ALFONSE W. SCERBO

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GALLO. Mr. Speaker, I rise today to share with my fellow Members of Congress the accomplishments of a truly dedicated and committed public servant, Alfonse W. Scerbo.

In public life, we all have the occasion to meet fellow public servants. Each and every one has recognized his or her personal obligation to our system of government and to improving our collective quality of life. For this, all public officials deserve recognition.

Some public servants, however, deserve a special recognition. Among the thousands of elected and appointed public servants there are a few who singularly distinguish themselves through their actions, their accomplishments and their abilities. Al Scerbo is one of these special people.

Al has a long history in local and county government. In the 1960's, Al, like many of us, began his political career as an alderman in his hometown of Boonton, NJ. After serving in that post, Al was selected as the mayor.

In 1971, Al's horizons broadened and he pursued a position on the Morris County Board of Chosen Freeholders. After campaigning tirelessly across the county, Al was, in fact, elected to the board. Within 2 years, he had so effectively won the praise and admiration of his colleagues that he was selected as the deputy director of the board, under my watchful eye as the director of the board.

Not being content to serve as an elected official, Al decided to seek a spot on the Freeholder Board by an unorthodox path and did not choose to seek reelection in 1975. Instead, he was returned to the board in January 1976, by appointment to fill my unexpired term.

After serving numerous terms as the deputy director of the board, Al was selected as director of the board in 1979.

Over his many years of service, Al was known for his many leadership qualities. His cool head and clear thought process; his evenhanded approach to problem-solving; and, his willingness to consider new and novel approaches to resolve difficult situations earned him the admiration of all with whom he shared public life.

More important and more profound than the admiration of his colleagues, is the personal acclaim and applause that the people of Morris County hold for Al Scerbo. Al Scerbo is a nice guy who tries his hardest and goes the extra mile to help anyone who needs him, and everybody knows it.

Republicans, Democrats, and independents all know that Al can be counted on, that he will do whatever is needed to solve a problem, and that he can deliver.

Al Scerbo can't find a corner of Morris County where he isn't welcomed with cheers, handshakes, and, of course, kisses. The chidren know him, their parents know him, and their grandparents know him. They all like him, and they all have a reason to thank him.

Mr. Speaker, that is precisely why I have taken this body's time today: To thank Al Scerbo.

I want to add my voice to the chorus from my county. I want to add my voice to those of the Knights of Columbus, the VFW, the American Legion, the Elks Club, the National Sokols and the members of UNICO International, who all just want to say "Thanks, Al."

I would like to request that the rest of my colleagues take note of the retirement of Al Scerbo and that we, as a body, offer our thanks, praise, and applause as he walks from the county courthouse to the golf course.

TRIBUTE TO DR. ALFRED J. SHERMAN

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GEKAS. Mr. Speaker, at a tribute dinner on October 13, 1985, the Harrisburg Committee State of Israel Bonds will present the Maimonides Award to Alfred J. Sherman, M.D., for best personifying the "Maimonides" tradition, "both as a caring physican and as a concerned citizen dedicated to the welfare of his community and the State of Israel."

I would like to bring to the attention of my colleagues in the U.S. Congress some of the contributions Dr. Sherman has made over the years which have made him an excellent choice for this very prestigious award. Presently, Dr. Sherman is chief of service, obstetrics and gynecology, at the Harrisburg Hospital and is an obstetrician and gynecologist at Holy Spirit Hospital. He is a clinical assistant professor of obstetrics and gynecology at the Milton S. Hershey Medical Center.

In addition to Dr. Sherman's medical contributions, he has served the Harrisburg community in a number of capacities. He was cochairman of the United Jewish Community Appeal for 2 years and has recently completed his term as president of the United Jewish Federation of Greater Harrisburg. He is also a past president of Ohev Sholom Temple and of the Dauphin Unit of the American Cancer Society. He has been a board member of the Tri-County Planned Parenthood Association and the Harrisburg Community Theatre.

Mr. Speaker, I can think of no better way to pay tribute to Dr. Sherman than by naming him recipient of Israel's 1985 Maimonides Award. Dr. Sherman is an outstanding example of dedication and excellence. I ask that my colleagues join me in saluting this fine man.

TWENTY-FIVE YEARS OF INDEPENDENCE FOR THE REPUBLIC OF CYPRUS

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 1, 1985

Mr. COYNE. Mr. Speaker, in 1960, after years of deliberation and negotiations, an island in the Eastern Mediterranean Sea was granted independence from the colonial rule of the British Government. The Zurich-London Agreement, introduced to the world a new, democratic nation: the Republic of Cyprus.

The Republic of Cyprus, soon thereafter recognized by the U.S. Government, began to grow economically. The country's economy continues to operate at nearly 100 percent employment. Emphasis has been placed on education, and because of that, the Cypriot nation today has a literacy rate of almost 99 percent. Cyprus has become an important trading partner for the United States, and the United States is one of the major suppliers of goods and services to the Republic.

The Republic is a neutral nation often involved in many negotiations in the Middle East. The Cypriot citizens have exhibited their willingness to help people by assisting many Jews, after World War II, who wished to live in Israel.

Cyprus has accomplished much in its 25 years of independence. But we cannot overlook the fact that a conflict between Greek and Turkish Cypriots has divided this beautiful island. This conflict began in 1974 has cast a dark shadow over this nation's efforts to insure freedom and peace for its citizens. Many other countries have expressed their hope for a solution to this problem, but for 11 years little progress has been made. Just recently, however, talks have begun and there is hope that a peaceful and amicable solution can be reached to resolve the conflict in this Republic.

AMERICANS SAVE FOR RETIREMENT WITH 401(k)'S

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. SOLARZ. Mr. Speaker, nothing succeeds like success. So it stands to reason that 401(k) plans are in trouble. Congress created these innovative savings programs, known as cash or deferred arrangements, or CODA, under section 401(k) of the Internal Revenue Code in the Revenue Act of 1978. Although CODA's became effective in 1980, preliminary regulations weren't until 1982. Final regulations are still awaited.

But since 1982, 401(k)'s have really taken off. CODA's are flexible and easy to establish retirement savings programs, so much so that workers in all income groups and in companies large and small have put them into place at an astounding rate in the last few years. An estimated 19 million Americans are eligible to participate in 401(k)'s and an estimated 10 million are already doing so.

Employees of companies with fewer than 100 employees remain the largest group of workers not covered by pension plans. These are the very companies who have adopted a 401(k) feature in the workplace for their employees in great numbers since 1982. Thus, more and more lower- and middle-income working Americans will have the opportunity to participate in a retirement plan than would have otherwise. Nearly three times as many workers are participating in these plans who earn less than $20,000 than they do in IRA's. Why?

The 401(k)'s chief virtue is its flexibility. This is important for younger workers, lower-income workers, and small employers. Many 401(k) plans permit hardship withdrawals and loans which means that a family knows they can get at their money in an emergency. This means they will be more likely to contribute to their plan. And because in 80 percent of these plans the employer makes a matching contribution, and in all cases sets up and administers the plan so the worker doesn't have to worry about the details, workers have great incentive to participate.

Making it easy for Americans to save is a laudable goal and should be a guiding principle of tax policy in this country, but sadly it is not.

Unfortunately both the administration's and the Joint Taxation Committee's tax reform proposals are anti-savings and biased against employer-sponsored programs. This is a time when we must actively encourage Americans to save; the United States lags behind all other industrialized countries in personal savings rate.

Tax policy should not only create good social policy—such as saving for retirement— but good economic policy. We can reduce retirees' future dependence on government by creating and enhancing incentives to save for retirement.

Nearly one-third of the 56 million Americans covered by an employer-sponsored retirement plan have little or no savings beyond the assets in those plans.

Good public policy dictates expanded U.S. personal savings, Government incentives for retirement income, and reduced dependency on Government by future retirees. Let's protect the success of 401(k) plans and help America save for its future.

THE UNITED STATES, NICARAGUA, AND THE RULE OF LAW

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GARCIA. Mr. Speaker, Prof. Abram Chayes of Harvard University wrote an illuminating article for the October 4 edition of the Washington Post on Nicaragua's case before the World Court against the United States. No matter how one feels about the merits of the case, Professor Chayes' article is a useful explanation of the relationship between the International Court of Justice and the United States.

I submit his article for my colleagues' perusal.

[From the Washington Post, Oct. 4, 1985]

WHAT KIRKPATRICK IGNORES

(By Abram Chayes)

Jeane Kirkpatrick's article in The Washington Post Sept. 30 ["Nicaragua's U.S. Lawyers," op-ed] betrays an unfortunate ignorance of both the World Court and the rule of law.

As to the first, the International Court of Justice and its predecessor have been deciding disputes between states for 65 years now. Presidents Hoover, Roosevelt, Truman, Eisenhower, Kennedy and Carter all sought in one way or another to increase the use of the court by the United States and to broaden our acceptance of its jurisdiction.

During the last 40 years, the United States has called upon the court many times, most recently in the Iranian hostages case and in the dispute with Canada about the boundary between our two countries in the Gulf of Maine. Not until the Nicaragua case, when it appeared the United States might lose, has this country ever questioned the court's professional judicial character.

The 15 judges of the court are either distinguished international law scholars or former foreign office legal advisers. They have spent their lives in international law and are professional international lawyers.

The present bench includes six nationals of advanced industrial states, a much higher proportion than is found in the General Assembly. Six judges are from developing countries and two are from communist states, China and Poland. (There is ordinarily a judge from the U.S.S.R. on the court, but Judge Morozov resigned recently and no Soviet judge will sit on the Nicaragua case.) Despite this diversity, in the Iranian hostages case the court voted unanimously with the United States. Similarly, in the Nicaragua case, on major issues decided so far, the court has voted by overwhelming majorities for the position of Nicaragua. The State Department and Jeane Kirkpatrick insist, for example, that the case is "inappropriate" for judicial consideration. But the court, after full oral and written argument in which the United States did participate, voted unanimously against the U.S. position. Only then did President Reagan decide to pick up his marbles and go home.

As to the rule of law, you will look in vain for any mention of it in Jeane Kirkpatrick's article. The role of the court, she seems to think, is confined to resolving disputes over "legal technicalities." In her view, apparently, the fundamental norms of international law governing relations among states are not applicable to the formulation of American foreign policy. That consists of whatever the president says it is. The rest of us are bound to "accept the resulting decision"—and shut up.

But the bedrock proposition of our policy is that we are a government under law. This means that the actions of its elected officials, even when they are elected by landslides, are subject to and accountable before the law.

Since the days of Chief Justice John Marshall, international law has been a part of our law, and thus a part of the law that the president swears he will faithfully execute. The claims of Nicaragua are based on the U.N. Charter and the OAS Charter, which, under Article VI of the Constitution, are "the supreme Law of the Land."

This fundamental principle of government under law may put the United States under constraints in the field of foreign affairs that do not operate on others who profess different ideas. Some, perhaps Jeane Kirkpatrick among them, think this puts us at an unfair disadvantage. I cannot believe that accountability before the law is a handicap in the conduct of our foreign policy. Even if it is, that is a consequence of the kind of country and society we have chosen to be, and I, for one, would not have it any other way.

Jeane Kirkpatrick impugned the loyalty of myself and the other Americans who are participating in the presentation of Nicaragua's case before the World Court. It would be easier to take lessons in patriotism from someone who had a better understanding of the fundamental ideas on which our country is founded.

A TRIBUTE TO WORKMEN'S CIRCLE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. BIAGGI. Mr. Speaker, it is with great pleasure I rise today to pay tribute to one of this country's most remarkable labor and social movements—the Workmen's

Circle. This Sunday, October 13, they will commemorate the 85th anniversary of their founding. As New York's senior member of the Education and Labor Committee, I am especially proud to have this opportunity to honor such a vital force in Labor.

The Workmen's Circle was founded on September 5, 1900 as a community of Jewish workers seeking to integrate Jewish culture and life with social justice and the new trade unions. One of their most laudable attributes at that time was their labor lyceum, a gathering place for members of the community with a variety of purposes. These lyceums served as medical centers, soup kitchens, classrooms, auditoriums for concerts and theatrical performances, collection centers for clothing and books for needy children, and havens for striking workers and their families. It was through the service of these labor lyceums that the Workmen's Circle became known as the "Red Cross of Labor Unions."

The Workmen's Circle was one of the first unified and strong labor unions. The members raised funds in support of fellow unions—New England's textile workers, Pennsylvania's steel workers, Harlan County's coal miners, and others. This spirit of camaraderie led Joseph Weinberg, then president of the Workmen's Circle to state in 1933:

> The entire labor movement, especially the unions, is in a critical situation. There is only one organization, the Workmen's Circle, which remains as strong as iron. . . . Every section of the labor movement turns to us for assistance. It must be said in praise of our branches that they respond to every appeal from another labor organization with warmth and brotherliness.

In the 1940's, the Workmen's Circle was a forerunner in the fight against Nazism, with members organizing boycotts against Nazi goods. Because of their relations with East European labor organizations, the Workmen's Circle learned of the gas chambers and other Nazi persecutions. The Workmen's Circle was the source of public protest against Hitler and a source of aid for those who escaped him.

Today's Workmen's Circle leads the fight against Soviet persecution of the Jewish community. Workmen's Circle continues to sponsor choral and orchestral groups, youth clubs, sports and recreational activities; although the labor lyceum is now the community house, like the one I have visited on Hillman Avenue in the Bronx. Workmen's Circle has sustained Yiddish theater and many other cultural activities. Through their 85-year history, the Workmen's Circle has been a leader in social justice, union organization, and cultural preservation.

For the benefit of my colleagues, I would now like to insert the full text of a letter written to Dr. Barnett Zumoff of the Workmen's Circle from the Honorable Lane Kirkland, president of the AFL–CIO, which honors the Workmen's Circle on their anniversary:

> AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
>
> *Washington, DC, August 2, 1985.*
>
> Dr. BARNETT ZUMOFF,
> *The Workman's Circle,*
> *New York, NY.*
>
> DEAR DR. ZUMOFF: On behalf of the AFL–CIO, I am delighted to extend warmest congratulations and good wishes to you and your fellow officers and all members of the Workman's Circle on its 85th anniversary.
>
> I can think of no institutional alliance that is closer, more durable or more highly prized than the one that has bound the Circle in common cause with the American labor movement throughout this century.
>
> Amid the sweeping changes of the scientific, technological and economic revolution that surrounds us, the goals we share do not change. As we continue the struggle to create a society of equal rights, equal justice and equal opportunity for all, we are proud to have the Workmen's Circle at our side.
>
> Happy anniversary to you all.
>
> Sincerely,
>
> LANE KIRKLAND,
> *President.*

SIX FORMER DEFENSE SECRETARIES CALL FOR REAFFIRMATION OF THE ABM TREATY

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. FASCELL. Mr. Speaker, last Thursday was the 13th anniversary of the entering into force of the 1972 treaty between the United States and the Soviet Union on the limitation of antiballistic missile systems.

The ABM Treaty has been one of the most successful arms control agreements to date and has been effective in limiting superpower competition in defensive systems. There is concern among many in the Congress as well as in the arms control community, that the activities of both superpowers in the area of ballistic missile defense hold the potential for resulting in a dual arms race. As such, I welcome the President's recent statements reaffirming U.S. commitment to the treaty and his intention not to violate the principles of the treaty as he proceeds with his research program to investigate SDI technologies and systems.

Marking this important anniversary of the entering into force of the ABM Treaty, six former defense secretaries issued a statement calling on the United States and the Soviet Union to "avoid actions that would undermine" the ABM Treaty.

Former secretaries Harold Brown, Clark Clifford, Melvin Laird, Robert McNamara, Elliot Richardson, and James Schlesinger, reaffirmed their view that "this international agreement of unlimited duration makes an important contribution to American security and to reducing the risk of nuclear war."

In view of the upcoming summit between President Reagan and Soviet Leader Gorbachev and the third round of the Geneva arms control talks, the anniversary of the ABM Treaty affords both superpowers an important opportunity to renew their commitment to that treaty and its contribution to reducing the likelihood of nuclear war.

1985—NATIONAL 4-H WEEK

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. NATCHER. Mr. Speaker, it is a pleasure to join with the members of 4-H as they celebrate National 4-H Week, October 6–12.

4-H is administered by the Cooperative Extension Service of the Department of Agriculture and assists young people in acquiring knowledge, developing skills, and forming attitudes that will enable them to become self-directing, productive members of society.

Last year, 4.4 million young people, ages 9 to 19, participated in this informal education program. They were guided by 630,000 volunteer leaders.

In 1984, 227,330 youth in Kentucky were enrolled in extension education programs of the University of Kentucky and 33,991 of these young people were in the Second Congressional District, which I have the privilege to represent. I am proud of the fact that Kentucky has the second largest number of 4-H participants in the United States. The food and nutrition home economics program has the largest national participation, with over 1 million youth enrolled. Kentucky has over 100,000 youth enrolled in nutrition projects. In other youth enrollment, Kentucky leads in youth learning about fruits and vegetables, in career exploration, and the study of local government, community, and citizenship.

Program highlights for 4-H in Kentucky included the culmination of a 2-year pilot for development of new computer project materials. This is now in the hands of the National 4-H Council for printing and distribution across the United States. A new television program, "The Energy Challenge," is now seen on Kentucky Educational Television. Significant strides were made throughout the State in involving handicapped youth in 4-H activities. The American Heritage Conference saw 62 members tour the State Capitol and 173 attend the national meeting in Washington, DC. The extended citizenship program took one 4-H'er to the Netherlands and another to Sweden. 70 international students came to the United States through this program. The first State 4-H rabbit show and the second State 4-H dairy goat show contributed to an increase in participation in animal science projects. 100 Kentucky counties had youth involved in agronomical projects and all 120 counties had youth participate in the resident camping program. On May 6, 1985, more than 100 persons attended the ground-breaking ceremonies for the 4-H Leadership Training Center located at the Lake Cumberland 4-H Camp in Jabez, KY.

The Kentucky Association of Extension Homemakers honored the Kentucky project champions with a State championship plaque. Recognition for project accomplishments is an important part of the 4-H program. Each year top records are selected on the area level and are then submitted for State competition. Each State champion is eligible to compete for a trip to the National 4-H Congress.

I am pleased to announce that the following champions are from the Second Congressional District: Lisa Diehl, bread and food nutrition; Jason Heath, conservation; Donna Quinn, dog care and training; Linda Rogers, food preservation; Jeff Jones, petroleum, power, and saftey; Darren Patton, pets and small animals; and Joey Thompson, swine.

Two leaders from the Second Congressional District were recognized at the annual 4-H Week banquet. Mary Diehl of Breckinridge County and May Jiffiers of Spencer County were presented the Feltner Leadership Award for outstanding leadership.

I am also pleased to announce that one of the Kentucky State 4-H officers for 1985-86 is from the Second District. Kay Lanham of Marion County has been elected treasurer for the coming year.

The Kentucky Extension 4-H staff, volunteers, and members continued their efforts during the past year to maintain a strong, dynamic 4-H program throughout the Commonwealth of Kentucky. They are to be commended for a job well done and I want to take this opportunity to wish them continued success in their future endeavors.

A TRIBUTE TO BERNARD M. SHANLEY

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GALLO. Mr. Speaker, I rise today to alert my fellow Members of Congress of one more accomplishment in the life of Mr. Bernard M. Shanley.

Bern Shanley is familiar to many Members of this House. During the Eisenhower years, Mr. Shanley served as the deputy chief of the White House staff, acting counsel to the President, and as secretary to the President. In 1964, he was the Republican candidate for the U.S. Senate.

Mr. Shanley has been a dedicated leader in New Jersey politics for as long as I can remember. Bern has always been one of the special few who could always be counted on. He has never taken the easy route or the path chosen by many. Rather, he has been in the forefront, leading the party and the community, making the hard choices and fighting the good fight.

His achievements have been recognized by Presidents, Senators, Governors, and Members of this House who have far more seniority than I. He was also recognized by Pope John Paul II, who bestowed the honor of Knight of St. Gregory the Great upon Mr. Shanley in 1979.

On September 28, 1985, Fordham Law School awarded the Dean's Medal of Recognition to Bern Shanley for his devoted service to his country, his community, and his profession.

Mr. Speaker, once again high praise has been offered to Bern Shanley. Praise of this sort is not earned easily, nor is it bestowed lightly. It is right and fitting that this medal be conferred upon Bern Shanley, and it is proper that we all take note of yet one more honor being added to an already extensive list of accomplishments and honors.

REMARKS FOR THE THREE CHAMPIONSHIP TEAMS IN WESTFIELD, MA

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. CONTE. Mr. Speaker, it isn't often that a city can boast of three title winning teams, but Westfield, MA, has been graced with the North All-Star Little League squad, and the Babe Ruth All-Star 13-year-old division and 14- and 15-year-old division.

I am proud to day that the North All-Star Little League team finished one game shy of the Little League World Series in Williamport, PA. With the State and New England titles under their belts, these boys of summer are honored to be one of the top 16 teams in the world.

Westfield's own Babe Ruth All-Star 13-year-old division skillfully took the State title before accepting defeat in the New England tournament. That is a testament to their strength and character as true champions.

I join the city in applauding the achievements of the Babe Ruth All-Star 14- and 15-year-old division who hold the State title for their league. These talented young men illustrate what hard work and determination can lead to—State championship title.

Obviously, all of these young men are dedicated and talented individuals who are led by many generous men—men who forfeited their private time to instill sportsmanship and comradery in the future Presidents, Congressman, and statesmen of our fine country.

I pay homage to these three teams today just as the city of Westfield on September 8 payed homage to these fine young men at the "Westfield Champions" parade.

Congratulations, fellows. And good luck for future successes on the baseball diamond.

A TRIBUTE TO CHRISTOPHER COLUMBUS

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. YATRON. Mr. Speaker, each year for the last 29 years, the Italian Columbus Day Celebration Committee of Berks County has organized events in commemoration of the discovery of America. This October 13th, the committee will celebrate the 493d anniversary of Columbus' achievement and its own 30th year. In offering a tribute to Christopher Columbus and his discovery today, I would also like to honor the committee for the many special events and community services it has planned and organized for Berks County in the last three decades.

The story of Christopher Columbus and the celebration of his discovery have been repeated in our country since 1792 when the first American observance of October 12th occurred in New York City. In 1892, a larger and more nationwide celebration was planned, and during the first decade of the 20th century, the push for making the day a legal holiday began. Finally, in 1968 after many years of national celebrations, President Johnson declared October 12th a Federal holiday to be observed on the second Monday in October. For the Italian Columbus Day Celebration Committee of Berks County, Christopher Columbus' discovery has been recognized and appreciated since 1955.

In honoring Christopher Columbus each year, we, as a nation, pay tribute to the explorer whose bravery and courage changed the course of world history. The significance of the October 12, 1492, landing on the island of San Salvador in the Bahamas has given the Genoa-born seaman a unique place in the records of world events. With financial backing and the designation "Admiral of the Ocean Sea" from King Ferdinand and Queen Isabella of Spain, Columbus set sail on August 3, 1492, for what he thought was Asia. Having accepted two of Ptolemy's calculations about the Earth's circumference and the eastward extension of China, Columbus expected to find the East Indies. Reaching the Bahamas 2 months later and exploring some of the surrounding islands, Columbus returned to Spain in March of the next year. In three subsequent voyages, the explorer found other lands including, Guadeloupe, the Lesser Antilles, Puerto Rico, Trinidad, and Venezuela, making him the discoverer of the continent of South America.

Americans are grateful to Columbus and to his native Italy and to his supporter Spain for the discovery nearly 500 years ago that was the beginning of European exploration and colonization of the New World. Were it not for his daring adventure and conviction, the first American colonists may not have had a place to resettle.

The Columbus Day Celebration Committee of Berks County helps our community

remember this special achievement each year. This year, in paying homage to Columbus, I would also like to thank the committee for its work over the years and congratulate its members on its 30th anniversay. I wish the committee many more years of Columbus Day celebrations.

DETRIMENTAL EFFECTS OF H.R. 1616

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. OXLEY. Mr. Speaker, I would like to submit for the RECORD a speech delivered by E.J. Nagele, vice president, human resources, the Tappan Co., Mansfield, OH, on the detrimental effects of H.R. 1616, the Labor-Management Notification and Consultation Act of 1985, on American Businesses. I encourage my colleagues to read this informative speech before casting a vote on this legislation.

TALK GIVEN AT NAM BY E.J. NAGELE

I am Pete Nagele, vice president, human resources of the Tappan Co. in Mansfield, OH.

Tappan has 4,000 people in 10 plants with sales of about $450 million. We manufacture major kitchen appliances and have six cabinet plants. Our plants have varied in size from 50 to as high as 1,000-plus people.

John Tysse has summarized the legal aspects of the bill. I will discuss some of the effects.

H.R. 1616 can be punitive in nature and, more importantly, may lead to more job losses than gains. There will be extensive restrictive regulation to flesh out the act and the act is an open invitation to individuals or labor organizations to try to delay what may be an absolutely required shutdown or layoff.

I will focus my comments in two areas: (1) The possible effects of the bill on a small troubled single plant company, followed by some comments on Tappan's own experience in a plant closing; (2) the seriously flawed layoff requirements.

Let's take a look at the small company first.

The company is struggling to stay alive. It's creditors, customers, and suppliers have been working with it because their experience in the past has been that the company has been able to "make it"—but the company may be close to or in technical bankruptcy and they are watching closely to protect their own interests.

In the meantime, the company is trying in every way possible to cut costs, including having gradually laid off perhaps half of its work force in two or three layoffs.

The hard facts say that if this bill is passed, the company should either provide a 90-day notice of closure or of mass layoff.

Obviously, if notification is required, then all the creditors, customers, and suppliers will also be immediately aware. I believe that the serious risk here may be the immediate loss of customers, and the high probability that the creditors and suppliers will immediately demand as much money as they can get with the potential of effective bankruptcy for the company, and the immediate loss of jobs for the people. If there is no money for the payroll, they can't pay the employees. The act won't change that.

What is in the best interest of the employees in a case like this?

Is it for the company to provide such notification, follow the procedures and possibly go immediately under?

I think not.

I noted that I would comment on our own specific experience in one 1980 plant closing. I stress "specific" because every plant closing situation is different. I know of no one time for notification that would be right for all.

We all tend to look at the big multiplant corporations that may be transferring the products to another plant. That does take time and longer notification is usually feasible; but, most plant closings are different.

With Tappan in 1980, the cost picture appeared to require a decision to close one plant and send its product lines to two other plants hundreds of miles away.

I wanted to comment on this because statements have been made that companies like ours make plans for closings as much as 12 to 18 months in advance and, therefore, there should be no problem in a 90-day notification requirement.

John Irving covered this question very ably in response to some committee questions. I want to support his comments.

Every company such as ours makes a number of tentative plans for startup of a product, removal of a product, plant expansion, plant closure, etc. My personal experience is that these tentative plans may be made, perhaps, 1 or 2 years ahead of time, but, further, that they almost inevitably change as new facts come to light.

When a possible closure is announced, the company will usually receive many suggestions and offers from the union, if there is one in place, or from the community and State.

We felt then, and do now, that in a possible closing situation, all such suggestions and offers should be thoroughly evaluated—not only from a business standpoint—but also, from a moral and, perhaps, legal standpoint—and only after such consideration is the final and irrevocable decision made and announced.

In our case, there were some unusual factors, including the necessity of long lead times to accomplish the transfer and a labor contract that was terminating near the possible closure point. We did not want the union and the people to feel that the possible closure announcement was made in response to their demands.

In any case, we announced the possible closure in early April 1980, the final irrevocable decision in late April, negotiated a severance contract in May, terminated assembly operations in October, and finally closed the plant in late November. Remember, this was an interplant transfer of product which required time.

The negotiations resulted in severance, continuation of medical, improvements in pension, and sincere assistance in trying to help find jobs.

Incidentally, I should note that the people in that plant did an outstanding job during the entire shutdown period.

Now let's touch on my second concern about the flawed layoff requirements. I've seen very little understanding of their serious impact on operations in this country.

All employers try hard to plan but we don't have a perfect crystal ball and we frequently have to adjust our work force. We can't maintain employment and build huge inventory without danger to the operation. Some of our plants may increase or decrease employment three or four times a year, or more—with usually only the youngest service employees being affected. We know the trends but we keep our work force as long as we can and then inevitably come to the point where next week or the week after that, there is simply not enough production for us to schedule.

The layoffs are usually indefinite but, hopefully, temporary. I suppose we could try to rationalize that every layoff of ours is temporary and not provide notification—but, then if the layoff continued, or if the aggregate number went over 50 during the 90-day period, we would be opening ourselves to claims that we really knew, or should have known, that the layoff was going to be indefinite and that it would exceed 6 months. We would be into a legal quagmire.

With the best of intent, I simply do not know how most of us can provide this required notification information and consultation on layoffs without seriously hurting our operations and possibly causing more job losses later.

Let me touch on a local news item. On September 4, our Mansfield News Journal had an article with the headline stating, "Work Force Halved at Roth Firm." The article noted that the company had laid off 45 of it's 85 employees; but, that the president was expressing optimism that some would be called back by the end of the year.

Because I was to comment on this bill, I called Klaus Bauer, the president of Roth. I don't know him or the company.

I described the layoff provisions of the act and asked him if he could honestly have predicted the layoff 90 days ago.

He said there was no way that he could have done so since 90 days ago, the plant was scheduled for 24 hours a day, 7 days a week.

I then asked him if he could honestly predict how long the layoff would last. He said that too would be impossible, but that he hoped he would have a partial recall by the end of the year.

My opinion is that this bill, or any similar punitive notification bill, could have put this company in real danger—and we need these companies. (Read article noting that the company had started in 1982 from zero employees and then reached 100 employees.)

These are the kind of companies we need. We should not put them in danger.

One further comment in this area. While my focus was on the smaller plants, some of our plants have been in the 500 to 1,000 employee range and other companies are obviously much higher.

In a larger company, a 50-person layoff is traumatic to the individual, but the significance of the number 50, against a total work force of perhaps 5,000 or 10,000 is not high, either for the operation or the community. An aggregate of 50 persons over a 90-day period would be continuously triggering the act for a number of companies.

Essentially what this layoff clause and the bill itself will tend to do is to try to force us to freeze the work force. You know or should know the ultimate result of that kind of approach. It is possible job loss.

In past years, the horror stories, such as the steel closings in Youngstown, and the Monongahela Valley, the Wisconsin Steel story, Atari, and others have been widely publicized. They make good press. Those situations were and are terrible.

What is not publicized are the many positive, voluntary, and effective actions that have been taken by many companies and communities.

Please don't feel that the right way to say jobs or assist people in getting other jobs is to develop a punitive bill that, in fact, may cause job loss.

I believe that the right answers include continuing to stimulate job formation as this country has so successfully done, and to find the ways and the funds to provide incentives for employers to provide as much notification and other assistance as is possible in their specific situation.

Finally, you have heard more detail today about the task force which Secretary Brock is setting up at the request of some House members. It is to evaluate the problem and return with recommendations. Since H.R. 1616 or any other similar punitive bill will, in my opinion, not save jobs, I would hope that you review the report before any recommended passage of any bill.

Thank you very much.

THE PRIDE OF DOROTHY S. BULLITT

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. SWIFT. Mr. Speaker, it is with considerable pleasure that I would like to call to the attention of my colleagues a feature in Channels magazine "celebrating those who set the highest standards of excellence in the electronic media." This salute to excellence recognizes the contributions made to American society from such diverse corners as the American Playhouse and the Grand Ole Opry; and from network executives to local broadcasters.

It comes as no surprise to me, nor I suspect will it surprise others from the Pacific Northwest, that Channels has focused its praise on Dorothy Bullitt, founder of KING Broadcasting.

I have, over the years, met many fine broadcasters. But there is no question that this praise is especially well deserved. I would ask that this salute to a fine organization and its quality people be reprinted in the RECORD.

[From Channels, September-October 1985]

THE PRIDE OF DOROTHY S. BULLITT

King-TV has occupied a special place in its city's communal consciousness since 1949 when it began broadcasting to Seattle and the Puget Sound region. It's damnably difficult to say just why, even for Seattleites who've been watching Channel 5, sometimes with affection, sometimes exasperation, for well-nigh 30 years.

What seems to set KING apart from its local competitors, and from stations in many other cities, is that it doesn't rely on contrived on-air personalities to win audiences. It relies on people just as they are.

Since 1949 the most important of those people has been a lady named Dorothy S. Bullitt. In that year, Mrs. Bullitt, daughter of a lumber baron, was already in middle age and long widowed when she acquired the license of Seattle's first television station, then designated KRSC. The station is now called KING, and the company she and her daughters control, King Broadcasting, also owns three other television stations, seven radio stations, and several small cable systems in four Western states. Mrs. Bullitt is now 92, and has not taken an official role in station management for a decade and a half, but it is a rare day when she is not seen in KING's corporate offices. Her character defines KING as thoroughly now as it did 36 years ago.

Mrs. Bullitt never acted the role of public figure, nor that of tough businesswoman, though she was clearly capable of playing corporate hardball when the need arose: Station hagiography records that she "stole" network affiliation with NBC from the network's longtime radio affiliate KOMO by the simple expedient of cornering General David Sarnoff in his private railway compartment after a broadcast convention and making her case to him one-on-one.

But business seems never to have been Mrs. Bullitt's primary interest. She must have articulated her basic attitude to her staff many times over the years, because several present employees recall it in very much the same words: "There is no way I can lose money in this business with a network affiliation in a growing city, so this station is going to be something I can be proud of."

Pride, for Mrs. Bullitt, is based on public service, and KING over the years has devoted more than its share of staff, budget, and airtime to traditional kinds of television public service: documentaries, election coverage, public service announcements, and news.

"In my opinion they adhere more than any other station to the real reason a station has a license," says a New York advertising man who has dealt with KING for decades (but doesn't want to be quoted by name). "And they put their public-service programs on in prime time, not at 2 a.m."

KING's newcasts come in first in Seattle ratings at 11 p.m., a close second at 5 p.m., but at 6:30 the station consciously risks coming in third. Rather than airing standard 6:30 newscasts like the competition's, KING devotes the half hour to in-depth coverage of a maximum of three topics.

As Mrs. Bullitt saw it, it was important for the news operation to be well funded, strongly staffed, and, above all, independent. "Independent," at KING, meant several different things, among them independence from the opinions of ownership. It also meant independence from the prevailing winds of public opinion. In 1965, Mrs. Bullitt's son, Stimson, then station manager, took to the airwaves in person to state opposition to United States involvement in Vietnam. The effect—not just on the public or in local broadcast circles—was enormous. Bullitt's lonely editorial was probably largely responsible for the notion that still lingers in some circles that KING is "a left-wing operation."

From a detached point of view, KING looks about as left wing as the American Bar Association, but to some minds unpredictability of any kind is a sign of unsound opinions; and KING, for better or worse, has rarely been predictable. In large part, that's due to the kind of people KING has hired over the years.

In its early days, KING, like all other television stations, had to draw its news staff from the other media; but it continued to do so long after communications degrees had become the common first step to a broadcasting career. In the stormy 1970s, during the managership of Stimson Bullitt, the net was cast even wider. "The theory was: Television was something that could be *learned;* so look for people with good educations and interesting ideas and throw them into the pot," says David Brewster, who was a junior English professor at the University of Washington when tapped to be an assignment editor for KING News. "If they sank, too bad; you gave someone else a chance."

Brewster himself was one of the sinkers—though, after a stint on another KING venture, *Seattle* magazine, he bounced back nicely to become editor-publisher of Seattle's city paper, *The Weekly.* But others stayed afloat, and their idiosyncrasies, as much as their broadcasting skills or intelligence, colored the station's image ineradicably. Even back in black-and-white days, news anchor Charles Herring would unpredictably depart from his sage, no-nonsense Cronkite-style newsreading to interject flickers of angry-Jehovah judgment or Russell Baker irony. Editorialist Herb Altshull might as easily devote one of his five-minute commentaries to a night at the opera as to goings-on at city hall. Investigative reporter Charles Royer (now running for his third term as Seattle's mayor) brought a trenchant (and sometimes near-libelous) personal edge to his exposés of questionable economic and political practices.

Giving individuals fairly free rein hasn't always been good for the station as a whole. Over the last nine years, there have been (including interim appointments) eight news directors. Some seem to have suffered burnout from trying to ride herd on a staff of argumentative individualists. The instability has shown up on the air, and in the ratings: In recent years, KING's *Evening News* has swung from the top to a poor third and back again, and a visible lack of clear news focus has contributed to the swings. (At the moment, under news director Don Varyu, the trend seems to be upward, and the overall look and pace of the *Evening News* is cleaner and tighter than it's been in a decade—with, so far, no loss in depth.) Individualism goes further at KING than allowing talking heads sometimes to talk like people. So far as outsiders can judge, KING management seems designed to allow room for varying opinions to be heard and for fresh ideas to surface. Instead of filling every time slot with reliable syndicated audience draws, KING gives time to the young program wizard Bob Jones and his production department, which usually has some experimental project on the air or in the works. This season it was *Almost Live,* a Lettermanesque chat-variety show with tinges of Merv Griffin and Monty Python.

Greg Palmer is one of KING's people who embodies what's special and valuable about the station. Physically ponderous, defiantly balding, more dangerous-looking with a smile on his face than most people would be armed with a club, Palmer is uncategorizable. For a number of years, he served as the news department's all-'round culture vulture and humorist, without ever stooping to undignified clowning or Shalit-like fulsomeness.

During the same period, Palmer wrote, directed, and produced (entirely within the news department and on a shoestring budget) the very odd and charming satiric program *The Year (So Far) in Review.* But he is also capable of feature reporting as good as any done today. Standing out among the many reports that accompanied the celebration of the 40th anniversary of

D-Day are Palmer's daily reports from Normandy—in particular a few utterly tactful but heart-wrenching minutes spent with a veteran encountered on the beaches looking for the place where his own lifeline crossed the path of world history.

There are other people who've given KING its distinctive on-air character over the years—news anchors such as cool and capable Jean Enersen and Mike James, motherly morning-show host Bea Donovan, sardonic reporter-editorialist Don McGaffin, all the way back to kiddie-show host of the 1950s and '60s Stan Boreson and his imperturbable dog No-Mo. But it's Palmer who exhibits that character at its most concentrated: the sense of breathing, thinking, individual humanity glimpsed through the peephole of the small screen and extending well beyond it.

REVERSING OUR DETERIORATING TRADE POSITION

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. SOLARZ. Mr. Speaker, the trade policy of the United States is a subject that is currently attracting considerable attention around the country. Members will soon be asked to consider one or more bills designed to deal with our deteriorating trade position.

A thoughtful article on this subject by Richard N. Gardner, professor of law and international organizations at Columbia University, appeared in the New York Times recently. I would like to insert it in the RECORD for my colleagues' review.

[From the New York Times, Sept. 15, 1985]

Sound Economics, Sound Trade Policy

(By Richard N. Gardner)

The tidal wave of restrictive trade legislation pending in Congress has concentrated President Reagan's mind wonderfully. In his second term, he is beginning to give to trade policy the attention so sadly lacking in his first.

But so far he has dealt only with the politics of the problem, not with the economic fundamentals. He has not yet recognized that his free-trade objectives are being undermined, not only by the unfair trading practices of other nations but also by some of his own domestic and international policies.

On protectionism, the President has the right instincts. Import surcharges and other trade restrictions would again ignite inflation, making us less competitive, worsening our long-term trade imbalance and triggering foreign restrictions against our exports. They could also bring the foreign debt crisis to a potentially ruinous climax. Unable to export, debtor nations could not service their debts, and this would damage our banking system and even our national security.

Enforcing our laws against foreign unfair trade practices is essential to protect American interests and to restore confidence in Presidential leadership. But unfair trade practices abroad account for less than 10 percent of the $150 billion annual trade imbalance that is devastating basic industry in this country. A 10 percent solution is not enough. To deal with the other 90 percent, the President will need to consider fundamental policy changes in five key areas.

First, the budget deficit. As long as we go on spending more than we are saving, we will continue to borrow abroad to make up the difference. The high real interest rates necessary to attract foreign capital are a major cause of the overvalued dollar that drives up our trade deficit.

We will not escape this vicious circle until the President meets Congress halfway on deficit reduction—supporting some tax increases as well as limits on cost-of-living adjustments in Social Security and pension programs for middle- and high-income citizens. Without raising individual tax rates, we could raise at least $60 billion of additional revenue a year by a 30 cent gasoline tax, by a minimum tax on wealthy individuals and corporations, and by eliminating the deductibility of interest payments except for mortgage interest on principal residences.

Second, exchange rates. American leadership and support of liberal trade cannot coexist with an overvalued dollar. While we cannot return to fixed exchange rates, we can strengthen multilateral surveillance over domestic policies here and in other countries that determine the relationship among currencies. In return for accepting some international discussion of our domestic economic management, we could mobilize international pressure on Japan, West Germany and other countries to help our trade position by stimulating their economies. We can also limit extreme fluctuations in exchange rates by coordinated intervention in exchange markets with other key countries.

Third, a national program to enhance our competitiveness, even if we get the dollar down. A liberal trade policy cannot survive in the United States if our Government fails to show the same concern for promoting comparative trade advantages for our industries that our toughest competitors do for theirs. This does not mean half-baked "industrial policies." What it does mean, among other things is more Government assistance to worker training and to education (especially mathematics, science and engineering); maintenance rather than repeal (as the Administration proposes) of the tax credit and accelerated depreciation for investment in modern plant and equipment; and more Export-Import Bank credit facilities for our exporters.

Fourth, adjustment to imports. Since the whole nation gains from open trade policies, it must be willing to help individuals who lose. We need new programs to assist workers, industries and communities hurt by imports, emphasizing worker training rather than simple income maintenance. If import restraints are required in exceptional cases to avoid personal hardship, they should be selective, limited in time and conditioned wherever feasible on action by management and labor to restore competitiveness.

Fifth, capital flows. One main cause of the United States' trade imbalance is the collapse of historic markets in Latin America and elsewhere because of the debt crisis. The major debtor countries will need at least $10 billion more a year in public and private capital flows, as well as open markets for their exports, if they are to service their debts, make the necessary domestic adjustments and resume their role as healthy trading partners.

The World Bank could assure most of this additional money through direct loans and co-financing with private lenders, but only if the Reagan Administration abandons its opposition to a substantial increase in the bank's capital.

These five changes in President Reagan's policies would encounter political and ideological resistance from members of his Administration. Yet without movement in at least some of these areas, he will not merely see the end of his freetrade policies. President Reagan will be partly responsible for the collapse of what is left of the open-trading system—one of the United States' great postwar contributions to its own and the general welfare.

HELPING SALVADORAN REFUGEES

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GARCIA. Mr. Speaker, last week, the Senate Judiciary Subcommittee on Immigration and Refugee Policy sent to the full committee a bill that would allow refugees from El Salvador to remain in the United States for 2 years without facing the threat of deportation.

The so-called Moakley-DeConcini bill has not yet been acted on in the House. Our colleague Representative JOE MOAKLEY wrote an article in the Los Angeles Times on August 18, explaining the bill and why we should support it. I submit his article for my colleagues' perusal, and ask that they support his bill.

[From the Los Angeles Times, Aug. 18, 1985]

Salvadoran Refugees Deserve a Temporary Haven Here

(By Joe Moakley)

It is wrong to deport Salvadorans now in the United States back to the civil unrest and violence in their homeland. A far better policy for the United States—a country that regards itself as a great protector of human rights—is to suspend deportations until El Salvador has had a chance to cool down. And, contrary to what the Reagan Administration has said—things have not cooled down yet.

Tutela Legal, the human-rights monitoring office of the Archdiocese of San Salvador, has documented that death squad killings in 1985 are higher than in 1984. From Jan. 1 to June 20 of this year, more than 77 persons were murdered by the death squads. From April 1 to June 20, 15 civilians were assassinated by members of the Army, security forces or civil defense forces, and there were 10 killings by guerrilla forces.

The number of displaced persons inside of El Salvador continues to grow; the U.S. Embassy in San Salvador estimates that there are now 525,000. People continue to stream out of areas where heavy bombing and fighting have made it impossible for them to live. Also contributing to the displacement is the Salvadoran military, which has begun forcibly relocating civilians away from conflict areas.

In addition, based on testimony of persons who were displaced when areas they lived in came under attack, Tutela Legal reports that from April 1 to June 20 of this year there were 341 persons killed in military operations—the majority of whom are believed to be civilians. These people were not singled out for death; rather, they were victims of the indiscriminate war now raging in El Salvador.

Granting Salvadorans a temporary stay of deportation should not be interpreted as a blow to President Jose Napoleon Duarte or as a statement on U.S. foreign policy in the region. That is an entirely different debate. Instead, by offering Salvadorans temporary safe haven, we are merely recognizing that a general condition of violence and civil unrest currently exists in El Salvador making it unsafe for them to return to their homeland.

The Administration, with the stroke of a pen, could remedy this situation by granting Salvadorans extended voluntary departure status. This executive action temporarily halts deportations of persons from a country experiencing extreme civil strife or serious human-rights violations. Extended voluntary departure applies to the nationals as a group and covers a specified period, subject to review and extension. It has been granted 15 times in the past 25 years and currently applies to Poles, Afghans, Ethiopians and Ugandans. It has been granted to nationals regardless of their original motive for entering the United States.

Many Administration officials, ignoring the fact that motives for migration are irrelevant, say that Salvadorans should not be granted extended voluntary departure status because, they claim, almost all Salvadorans are economic migrants. According to the U.S. Census Bureau, however, there were only 94,000 Salvadorans in the United States legally and illegally in 1980, very early in the civil conflict. Today, it is estimated that as many as 500,000 Salvadorans may be here. This would certainly suggest a strong correlation between the war and increased Salvadoran migration to the United States.

It is often stated that those Salvadorans who truly have reason to fear death or persecution if returned home need only apply for political asylum. Last year, 328 Salvadorans were granted asylum, while more than 13,000 applications were denied. Obviously, asylum is not a viable option for many Salvadorans in the United States, who may not be able to prove an "individualized fear of persecution" but, nonetheless, are fearful of return to their homeland at this time. This is why extended voluntary departure status is appropriate for Salvadorans—just as it is for Poles, Ethiopians, Afghans and Ugandans.

Opponents of conferring this status have complained that there is no evidence that deported Salvadorans have been persecuted or killed. Yet there are studies on this particular subject that present evidence to the contrary. The whole issue of the fate of returnees, however, is not central. In the past, the question of whether someone would be killed upon return was not a criterion used in granting extended voluntary departure status—rather, grants focused on civil strife and general conditions of human rights in the home country.

Along with Sen. Dennis DeConcini (D-Ariz.), I have introduced legislation to offer Salvadorans a temporary stay of deportation, which would be similar to extended voluntary departure status. It enjoys broad bipartisan support in both houses of Congress. For many Salvadorans, this may be the only hope.

ON THE 50TH ANNIVERSARY OF THE EASTER SEALS SOCIETY IN ALLEGHENY COUNTY

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. COYNE. Mr. Speaker, I would like to draw the attention of my colleagues to a significant community institution located within my congressional district in Pittsburgh, PA. I am speaking of the Easter Seal Society of Allegheny County. This institution is celebrating 50 years of service to the handicapped in the Allegheny community.

When the society was first established, half a century ago, the program was run by a handful of Kiwanians who voluntarily transported children to area hospitals for treatment and braces. Now celebrating its 50th year, it has a staff of 150 professionals and highly trained personnel complemented by a dedicated force of volunteers. The present society maintains an infant program, preschool services and, special education schools. The society also supplies gainful employment for handicapped individuals in its print shop, news clipping service and work activities center.

The society is committed to the changing needs of the handicapped in our world today. The goal of each person on staff is to enable the disabled to attain the greatest independence and productivity possible.

Mr. Speaker, it is my privilege to commend the Easter Seal Society on the valuable services it provides to the citizens of Allegheny County in Pittsburgh. I know that my colleagues will want to join with me in expressing our collective appreciation to the officers, board members, and volunteers of the Easter Seals Society, for a half century of selfless service to the handicapped.

CHARLES LOTT KAUFMAN

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. WHITEHURST. Mr. Speaker, last week Norfolk, VA, lost an illustrious adopted son. Charles L. Kaufman came to the city as a young man to make his career, but his success over three generations cannot be measured simply in personal terms. The honor that came to him in 1930 of being recognized as Norfolk's "First Citizen" remained essentially his all of his life.

The transition of Norfolk from a slum-ridden undistinguished seaport to a dynamic, progressive commercial metropolis was Charles Kaufman's fulfilled dream. Over a 50-year period he worked tirelessly in the company of other dedicated citizens to achieve that goal. His leadership and his personal generosity brought about the creation of educational and health care facilities that have benefited many thousands of our people and will continue to do so far into the future. His efforts to erase the blight of inner-city slums made possible affordable, healthful, and comfortable housing for Norfolk's disadvantaged citizens.

His monument, Mr. Speaker, is one that Mr. Kaufman was privileged to live to see: A community of beauty and promise, one where those who would follow him would be able to build upon a foundation he laid, being guided by his inspiring example.

Those of us who had the privilege of knowing him have lost a very dear friend, but our community is the richer for his having been an integral part of its growth and development. I am pleased to include at this point in the RECORD an editorial from the October 3, 1985, Virginian-Pilot and an article by a popular columnist, Guy Friddell, from the October 4 paper, both of which give eloquent testimony to the achievements of our late First Citizen.

[From the Virginian-Pilot, Oct. 3, 1985]

CHARLES LOTT KAUFMAN

Charles Lott Kaufman was the prime mover in the transformation of downtown Norfolk from a decaying crime- and disease-plagued inner-city area into a thriving, still-developing regional financial, medical and education center. From his downtown law office, where he died this week at age 89, Mr. Kaufman could survey a scene ever changing for the better and take justifiable pride in his sizable contribution to that phenomenon.

Public-spirited, energetic and bold, he was among the nation's first proponents of slum demolition and urban renewal to restore luster to aging cities. Norfolk, to which he had come in 1919 to practice law, was the specific beneficiary of his concern—a concern born of dismay at the squalid condition of the city, which he and a handful of other civic leaders compellingly documented in 1935.

For 28 years chairman of the Norfolk Redevelopment and Housing Authority board, Mr. Kaufman presided over the bulldozing of the old downtown and participated officially in arrangements that led to handsome new construction on the cleared acreage. Both as member and president of the Norfolk General Hospital board, he fostered expansion of the hospital and establishment of Eastern Virginia Medical School. As a member of the advisory board of the Norfolk Division of the College of William and Mary, he was among the small group of Norfolk leaders who persuaded Gov. Albertis S. Harrison Jr. to endorse severance of the Norfolk Division from its parent institution and establishment of the four-year state college that is now Old Dominion University.

A prodigious raiser of funds for worthy causes-notably, Norfolk General, Eastern Virginia Medical School and ODU—Mr. Kaufman himself donated generously to community institutions. His enthusiasm for economic development and civic improvement—of all things once unashamedly considered "progress"—was informed by a fine intelligence, an advanced social consciousness and an absence of illusions about the ways of the world.

A companionable man at ease every where, he was respected and cherished by his contemporaries. His was a long life, and an uncommonly useful one. His example will continue to evoke admiration, and to inspire.

[From the Virginian-Pilot, Oct. 4, 1985]

NORFOLK IS A MONUMENT TO KAUFMAN

(By Guy Friddell)

The funeral Thursday for Charles Lott Kaufman drew a host of friends with whom he had worked for nearly four decades in shaping modern-day Norfolk. They filled Ohef Sholom Temple, which faces Norfolk's Stockley Gardens.

The earliest of many honors that came Kaufman's way during a long, productive life, and one that he seemed to cherish especially, was that of First Citizen of Norfolk, awarded to him in 1930, when he was 34. "I've been working ever since to try to earn it," he told a reporter in 1969.

In the throng spilling out of the massive old temple after the service was Roy B. Martin Jr., Norfolk's mayor from 1962 though 1974. "If ever there was an all-time No. 1 citizen of Norfolk, it was Chuck Kaufman," Martin said. "He was the spark plug of so much that took place in redevelopment and housing, which, to me, was the rebirth of Norfolk."

Kaufman, who was 89, died Tuesday while, typically, at work in his downtown Norfolk law office.

Thomas F. Maxwell, Norfolk's city manager from 1956 to 1970, observed that Kaufman, as chairman of the board of the Norfolk Redevelopment and Housing Authority, "always made its presentations to City Council in such a way that they could not be refused. The council never turned down one of his projects."

Kaufman, a slight figure, did not have a commanding physical presence, but eyes turned his way when he entered a room. His prevailing expression was one of good humor, as if he were enjoying an exquisite joke. There was an intentness about him, too, a twinkle, mainly around the eyes behind the large glasses. The overall impression was of a sharply focused intellect, a positiveness of manner in approaching a problem.

"Mr. Kaufman did more in improving the city through the housing authority than could ever have been done in any other fashion," Maxwell said.

He was a delight to work with, remarked the former city manager, "eloquent in his choice of words, always well versed in what was needed for a project and what it would take to meet the need, and he always had time to listen to the other fellow's viewpoint. I've never worked with anyone that was easier to get along with."

Pretlow Darden, a member of the City Council that won the first urban renewal grant awarded in the United States, observed that Kaufman and Larry Cox, the housing authority's executive director, "knew the rules better than the people in Washington knew them. We got our full share of redevelopment programs, and we took advantage of every one we could." At first many real estate officials opposed the program, "and if we had to defend anything we were doing, he was our spokesman. That mind of his never slowed up."

Kaufman was most unselfish, Darden said. "I never heard a word to indicate he had a selfish bone in him. We ought to just be thankful we had him as long as we did."

Three qualities among many—fairness, compassion, intelligence—brought people to him quickly, Cox said. "In a very mild and unobtrusive way, he was a teacher the entire time you were with him. Every time you learned from him. He was always accessible, never out of reach. He was at his desk by 7:30 in the morning and was rarely out of the office before 8 at night.

"I had the impression he worked with law clients early in the morning and late in the afternoon and the time in between he devoted to civic affairs and the concerns and needs of others. On Saturday, during the winter, we had lunch and then we would drive around the city and see what was going on."

Dr. Mason Andrews, who worked with Kaufman in the founding of the Eastern Virginia Medical School, prized most Kaufman's "ability to listen sensitively and yet to examine analytically in making a judgment, and, once it was made, to support it with the same skill. He radiated gentleness and respect for others, which helped bring out the best in the rest of us."

In his sermon, Rabbi Lawrence A. Forman observed that Kaufman, through his commitment, honesty and a disciplined and compelling personality, was able to see his dreams for Norfolk "turn into the sunburst of reality." His personality's impact, his vigor, dynamism and vitality "brought about the expansion of many of our most important civic, social, educational and cultural institutions."

Forman applied to Kaufman's work in Norfolk the inscription on the tomb of British architect Christopher Wren: "If a monument is required, then look around!"

THE TESTS GO ON

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. MARKEY. Mr. Speaker, today is the 22d anniversary of the signing of the Limited Test Ban Treaty by President John F. Kennedy. To mark this anniversary, a number of high-ranking officials from the Kennedy administration have called upon the Reagan administration to join the nuclear weapons testing moratorium announced by Soviet General Secretary Gorbachev in July.

The officials include Ambassador W. Averall Harriman, who negotiated the Limited Test Ban Treaty, former Atomic Energy Commission Chairman Glenn Seaborg, former Under Secretary of State George Ball, and former Presidential Advisor Glenn Seaborg. In their statement, these officials noted that "Twenty-two years later, the promise of a total halt to nuclear testing, below ground as well as above, remains unfulfilled." The officials recommend that "The United States * * * meet the Soviets' challenge, join the moratorium, and work to complete a total test ban treaty."

Twenty-two years ago, President Kennedy formally signed the documents for ratification of the Limited Test Ban Treaty. In remarks delivered in the Treaty Room of the White House, he looked to the future, declaring that, "This small step toward safety can be followed by others longer and less limited, if also harder in the taking. With our courage and understanding enlarged by this achievement, let us press onward in quest of man's essential desire for peace."

I firmly believe that if President Kennedy were alive today, he would urge us to press forward in our quest for peace by joining the Soviet testing moratorium. In June 1963, Kennedy announced that the United States "does not propose to conduct nuclear tests in the atmosphere so long as other states do not do so." He explained that "such a declaration is no substitute for a formal binding treaty, but I hope it will help us achieve one. Nor would such a treaty be a substitute for disarmament, but I hope it will help us achieve it." Five months later, Kennedy signed the Limited Test Ban Treaty.

Today, President Reagan has an opportunity to enter into a moratorium on underground nuclear testing, a moratorium that could pave the way to fulfillment of Kennedy's goal of a comprehensive test ban. Sadly, the administration refused to join this moratorium, invoking vertification concerns and a need to conduct reliability testing. Both arguments have been disputed by a powerful body of scientific opinion.

In an editorial in this morning's New York Times, Tom Wicker argues that "The real reason the administration opposes even negotiating for a C.T.B. is its desire to continue nuclear testing—for Mr. Reagan's general military buildup, for the development of new weapons like the warhead for the submarine-launched Trident D-5 missile, and for what the President calls his 'nonnuclear' strategic defense initiative—which in fact requires nuclear explosions to produce x ray laser beams."

I would like to bring this editorial to the atttention of my colleagues.

[From the New York Times, Oct. 7, 1985]

THE TESTS GO ON

(By Tom Wicker)

On Oct. 7, 1963, little more than a month before his death, President Kennedy signed the Limited Test Ban (L.T.B.) Treaty ending nuclear tests in the atmosphere. Observing the anniversary, a number of officials of the Kennedy Administration have issued a call for President Reagan to join the Soviet Union in its moratorium on underground nuclear testing during the last months of 1985.

They might as well be shouting down a rain barrel. Mr. Reagan does not intend to halt U.S. nuclear testing, either by temporary moratorium or by negotiating a comprehensive test ban (C.T.B.) treaty. Senior Administration officials told Leslie Gelb and Michael Gordon of The New York Times that at the summit in November Mr. Reagan would inform Mikhail Gorbachev of that longstanding position.

The statement of the former Kennedy Administration officials serves, nevertheless, as a timely—if futile—reminder that Mr. Reagan's stance directly contravenes lawful obligations the United States has undertaken in two formal treaties ratified by the Senate.

The preamble to the L.T.B. clearly states that the parties are "seeking to achieve the discontinuance of all test explosions of nuclear weapons for all time" and are "determined to continue negotiations to this end."

In the preamble to the Nuclear Non-Proliferation Treaty of 1968, subsequently submitted to the Senate by President Nixon, the L.T.B. commitment to negotiations for an end to nuclear testing was specifically recalled and the parties restated their determination "to continue negotiations to this end."

Notwithstanding those specific national commitments, honored by Presidents Johnson, Nixon, Ford and Carter, the Reagan Administration announced on July 19, 1982, that it would not resume negotiations with the Soviet Union toward a C.T.B. treaty. In December 1982, Mr. Reagan ordered a United States vote against a United Nations resolution that all nuclear testing should be outlawed; the resolution carried, 111 to 1, with 35 abstentions.

Thus did Reagan Administration policy override lawful national commitments, and those senior officials made it clear to Mr. Gelb and Mr. Gordon, that it still does. It's true, of course, that Mr. Reagan is charged with the national security and has to make the ultimate judgement whether some specific test-ban treaty is in the U.S. interest and that nothing in either of the previous treaties could force him to accept a test ban he considered disadvanatageous.

But to take the position that the U.S. will not even engage in goodfaith negotiations to try to work out an acceptable test-ban treaty is, in effect, to argue that the national commitments accepted in the L.T.B. and non-proliferation treaties have no force that the Reagan Administration need recognize. That's exactly the Administration position.

The reason usually given for opposition to a C.T.B. is that it couldn't be adequately verified. The weight of scientific opinon is heavily on the other side; but even if verification were the primary problem, that's a subject for negotiation—for sismic stations on Soviet territory, for instance, since Moscow agreed in principle to such stations during talks with the Carter Administration.

Also cited against a C.T.B. is the need to maintain the reliablity of existing nuclear weapons. Again, powerful scientific opinion—outside, but to some extent within, the national nuclear laboratories—holds that testing is not needed to maintain reliability; but even if it were, deterioration would affect Soviet as well as U.S. stockpiles. And if uncertainty about weapons reliability resulted from a test ban, that might work against either side's risking a first strike.

The real reason the Administration opposes even negotiating for a C.T.B. is its desire to continue nuclear testing—for Mr. Reagan's general military buildup, for the development of new weapons like the warhead for the submarine-launched Trident D-5 missile, and for what the President calls his "nonnuclear" Strategic Defense Initiative—which in fact requires nuclear explosions to produce X-ray laser beams.

So never mind those national commitments, much less the Soviet moratorium. Testing will go no, because Mr. Reagan wants it to.

HOUSTON VISION SHIFTS FROM OIL TO ARTS

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. LELAND. Mr. Speaker, I'd like to call attention to the article "Houston Vision Shifts from Oil to Arts" which appeared in th New York Times today.

The article describes the construction of the Wortham Theater Center in Houston, TX. Beyond the economic benefits the center will certainly bring to Houston's growing reputation as one of our Nation's great cultural centers.

I urge my colleagues to read the following article.

[From the New York Times, Oct. 7, 1985]

HOUSTON'S VISION SHIFTS FROM OIL TOWARD ARTS

(By Robert Reinhold)

HOUSTON, Oct. 6.—Construction workers topped off a new building on the edge of downtown Houston the other day. That building, more than anything else, represents Houston's new vision of itself, a statement that gives the lie to its image elsewhere as a burly, uncultured oil town.

The building is the Wortham Theater Center, a sprawling palace of the performing arts that approaches Lincoln Center in New York and the Kennedy Center in Washington in size and, Houstonians hope, will put their city on the cultural map for good.

For all its roughneck image, Houston has emerged in recent years as a major cultural locus. In particular, the luster of its grand opera and ballet, the main tenants of the new center, has been noticed well beyond the borders of Texas.

Never have the arts loomed so important for Houston, as its leaders strive to bring recovery to an economy still lagging from troubles in the dominant oil and gas industry.

PROVIDING ATTRACTIVE AMENITIES

Houston's new theme is diversification. That means attracting new industries and people from all over the world. That, in turn, means providing amenities, among which the arts are looming nearly as large as good schools, churches and transportation.

"Improving the quality of life is important to this city," said Robert Cizik, co-chairman of the Houston Lyric Theater Foundation, which is raising funds for the $70 million center. "Our population is a melting pot of the United States, and this center will help us attract and keep them."

Mr. Cizik, president and chairman of the board of Cooper Industries in Houston is a transplanted Yankee who came from Connecticut in 1967.

"If this is going to be a great, world-class city we've got to have facilities for artistic and educated people," said Terrylin G. Neale, the center's chief fund raiser.

Houston is the fourth-largest city in the country in population, but it ranks 25th, just behind Newark, in the number of theater seats.

A CONSIDERABLE THEATER ROW

When it is opened in 1987 the Wortham Center's two halls will form the anchor of a considerable theater row on Texas Avenue downtown. Across the street is the Alley Theater, a repertory company, and on the next block is Jones Hall, the concert hall.

The new center was needed because Jones Hall, opened in 1966 and home for the Houston Symphony, Grand Opera and Ballet, is so overlooked that the ballet and opera must spend most of their seasons on the road. Although it is considered a fine concert hall, the 3,000-seat Jones Hall is ill-suited to opera and ballet.

Already the theater district is bringing a dose of fizzy night life to downtown Houston, which is architecturally spectacular but by 5:15 P.M. is as deserted as Wall Street on New Year's Day. Restaurants have opened and the theater organizations, trying to persuade Houstonians that there is life after 5, are offering meals and performances as packages.

The hope is that all this will spill over into the nearby historic, but still seedy, Market Square area.

HALLS WILL BE FANCY

The Wortham Center is named after the late Gus S. Wortham, a Houston insurance magnate and philanthropist. Its brick facade, with a huge, catehdral-like arched entrance, is not fancy, but the insides will be.

There are to be two halls, the 2,183-seat Alice and George Brown Theater and the 1,058-seat Roy and Lillie Cullen Theater. The large hall will have full rear and side stages, from which stage sets can be moved to the main stage in minutes. There are also to be five rehearsal halls and the most advanced technical gear. The architect is Morris-Aubry of Houston.

All of this will be like getting out of jail for the ballet and opera.

The Houston Ballet, which opens a 13-performance season at New York's City Center Wednesday, plans to double the number of its Houston performances to 100. It also expects to expand the 40-member troupe to 50, and its artistic director, Ben Stevenson, is considering mounting "Eugene Onegin" and other productions too large for the Jones Hall stage.

Similarly, the acclaimed Houston Grand Opera expects to expand its performances to six of each of its six yearly productions. It plans to use the smaller hall for experimental works and, with the larger house's expansive facilities, could consider mounting such major productions as Wagner's four-opera "Ring" cycle.

SMALLER ARTS GROUPS

The Houston Symphony Orchestra is to remain in the old hall but will no longer have to rehearse half the time in the acoustically abysmal rehearsal hall, according to Gideon Toeplitz, its executive director.

The center is expected to help such smaller arts groups as the Texas Chamber Orchestra and the Southwest Jazz Ballet Company. The Society for Performing Arts, which brings out-of-town groups to Houston but has been limited by Jones Hall, plans to expand its offerings. While his company will not use the new hall, Tom Spray, managing director of the Alley Theater, hopes it will create an "energetic zone" downtown.

The Wortham Center is billed as the largest built with private funds in the country, although the city donated the two-block parcel of land, worth perhaps $20 million, and is to subsidize the center's operation. To date pledges for $62 million of the $70 million needed have been obtained from such sources as the Wortham, Brown and Cullen

Foundations, and Exxon, Conoco, Arco and other corporations.

Given the parlous state of the energy and construction industries here, however, raising funds has been slow, and the center resorted to some creative financing. It persuaded the City of Houston Industrial Development Corporation to issue $56.5 million in tax-exempt bonds, backed by a letter of credit from the Texas Commerce Bank. The center invested this money, for which it paid about 4 percent interest, at much higher rates, and earned $4 million.

Another $4 million remains to be raised. Some of it is to come from a gala Tuesday at the Saks Fifth Avenue store at Houston's Galleria shopping mall. Saks has pledged $35,000, and Macy's, new to Houston, $75,000.

Whatever the economic impact of the center, many hope it will create a semblance of urban street life. Like most newer cities in the Southwest, Houston was designed for automobiles, not people; many parts of town don't even have sidewalks.

It is, moreover, a city where getting to work early and working hard to get ahead has been the prevailing ethic, not staying up late at the ballet.

Some say they believe Houston, in its maturity, might relax a bit, have a little fun. "I wish we had a lively downtown, where people hung out after performances," said Elizabeth McMahon, marketing director for the opera. "Maybe Houston will stay up after 10 P.M."

A ROCKY MOUNTAIN COMPANION

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. WIRTH. Mr. Speaker, for years, Colorado has been captivated by Pete Smythe, a Rocky Mountain companion to us all. The following profile of a Colorado legend should be shared with all of our colleagues.

[From the Denver Post]

PETE SMYTHE STILL SPINNING YARNS OF A SIMPLER, MORE RUSTIC TIME

(By Clark Secrest)

Pete Smythe is known to today's broadcast audiences as the homey pitchman for a savings and loan firm—the fatherly gent with the string necktie and the too-small hat.

Through the 1950s and '60s, however, Smythe was a star on Denver radio, holding forth over KOA for two decades as the mayor (and school board president) of the make-believe hamlet of East Tincup, Colo.—"the slowest-growin' town in the nation, and we aim to keep it thataway"—long before Garrison Keillor created a similar mythical town on National Public Radio's popular "Prairie Home Companion."

Legions of Coloradans still fondly remember Smythe, and today he is the hottest thing on the local luncheon and fund-raising circuit. Smythe frequently does his humor routine at five luncheons a week, plus banquets and fund-raisers.

On Thursday, for instance, he will bring his country-store shtick to a $125-per-person benefit dinner at the Fairmont Hotel for the Medical Care and Research Foundation, which aids senior citizens. The emcee will be another old-time broadcaster, Ed "Sheriff Scotty" Scott. Also appearing will be the eight-member Roundup Rider Blister-Bottom Symphony Orchestra, which features Smythe as pianist. (Tickets are available at 831-0267.)

Smythe, 74, was reared in Glenrock, Wyo., where his parents owned a genuine old-time country store. He became adept at the saxophone and clarinet and eventually found his way to the University of Colorado, but he never got a diploma. "I was there for seven years," he recalls with a chuckle, "and then they asked me to leave"—even though he had the best dance band on campus.

The next stop was Denver's now demolished Cosmopolitan Hotel, where he performed with his 12-piece dance band. But radio was the thing in those days, and in 1941 Pete became a disc jockey on the old KMYR with a show titled "Meet the Boys in the Band." The city had only four radio stations then, and Pete soon found himself at the biggest, KOA, with "Smythe's General Store"—named after his father's old establishment in Glenrock.

The KOA show was heard "along the barbed-wire network" from 1951 to 1969, six days weekly from 6:30 to 10:30 a.m. Smythe dispensed countrified homilies, played the piano, spun records and presented a colorful procession of East Tincup residents—all of whom sounded very much like Pete Smythe.

Actually, East Tincup began as just Tincup, but Pete had overlooked the real Tincup, Colo.—a near-ghost town near Taylor Park Reservior east of Crested Butte. "We had to change the name of our town," Smythe chuckles, "because all those Texans and Oklahomans with vacation houses in Tincup started complaining that people were comin' there and lookin' for our store, and ruining their fishin.' "

"Smythe's General Store" became so popular that it jumped to television in 1954, where it lasted for a decade. On the radio, one had to envision Pete's store, but on television the cracker barrel and the player piano and the potbelly stove and Pete Smythe, prop., suddenly became visual.

Ultimately, radio became all-music and network programming took over television, so Mayor Smythe took off in other directions. He dabbled in politics and wrote pamphlets with such countryish titles as "Springs for the Wagon and Grease for the Wheels," "Something for the Daily Battle of Life" and "Sweepin's from Smythe's General Store."

They were full of homespun observations: "It was so windy in Wyomin,' it took three of us to hold a saddle blanket over the keyhole" . . . "We was so poor that we used to bait the mousetrap with IOUs" . . . "He was so ugly, when he was born we put him out on the porch to see if'n he'd bawl or bark."

But show business travels in cycles. Some radio stations, including Smythe's old employer KOA, have dumped music and returned to talk, of the sort Smythe helped pioneer. Pete has no thoughts of resuming "Smythe's General Store" or becoming a talk-show host, though he proved pretty adept at it when he appeared last week on Woodrow Paige, Jr.'s KNUS talk program.

Smythe, however, takes pride and comfort in noting that "Prairie Home Companion" "does exactly what we used to do—creating a little ol' town."

"People call me up and say, 'Hey, they're doing the very same thing you did 20 years ago!' "

BLIND FAITH IN FREE TRADE DOESN'T PAY

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. MARKEY. Mr. Speaker, in the coming week, the House will vote on H.R. 1562, the Textile and Apparel Trade Enforcement Act. On the one hand, this bill is criticized as protectionist, leading to decreased efficiency, trade wars, and eventually depression. At the same time, this bill is praised as the savior of the American textile industry. Wherein lies the truth? The truth is far more complicated and complex. An article, "Blind Faith in Free Trade Doesn't Pay," found in the October issue of Business Week, highlights the fallacy of this "protectionism versus free-trade" dichotomy.

The article points out that in reality the world textile markets are not "creatures of free trade." The author notes that textile trade is already subject to, first, the Multifibers agreement, which regulates textile imports to Western Europe and the United States, second, the subsidization and protectionism found among Asian textile exporters, and finally third, the sharp limitations established by the Japanese and European communities on textile imports. In reality, "the United States is the only player with anything close to an open market in textile imports."

In addition, the article indicates that "the sky would not fall," as many assume, if Congress endorsed some protectionist measures. The United States already operates vigorously with the limited protection of the Multi-fibers Agreement, and fear of retaliation is exaggerated because Japan and Europe already protect their markets.

The article calls for a new flexibility in economic practice and stresses the need for "a delicate mix of some open trade and some development economics. The trick is to make that mix equitable." In view of the pending legislation, I urge my colleagues to carefully read and consider this article on trade before they vote.

[From Business Week, Oct. 14, 1985]

BLIND FAITH IN FREE TRADE DOESN'T PAY

(By Robert Kottner)

There is a smug consensus among the nation's editorial writers about the universal virtue of free trade. Any form of protection, most of them argue, denies consumers the fruits of more efficient production, rewards loser industries, retards advancement of developing countries, and ultimately leads to trade war and depression.

Some economists, though, are beginning to argue that real policy issues confronting the international economic order are far more subtle than the simple dichotomy of protectionism vs. free trade (BW—Oct. 7). I have three points to add to this debate. First, the global economy is a complex mixture of laissez faire and planning, of state and market. Second, managed markets can often lead to dynamic gains. Third, after a messy period of editorial handwringing and diplomatic jousting, the U.S. may finally realign its ideology to fit global realities.

THEORY AND REALITY

Consider the textile industry. In theory, we are losing our comparative advantage in textile mainly because other nations are exploiting their competitive advantage in low-cost labor. This is supposedly a blessing because it gives American consumers the benefits of bargain clothing, frees U.S. capital and labor to pursue more suitable tasks, and allows the Third World to industrialize, all courtesy of free trade.

The reality is that nowhere are the textile and apparel markets creatures of free trade. For 20 years a complex market-sharing pact known as the Multifibers Agreement has regulated the rate of growth of textile imports to Western Europe and the U.S. This agreement was undertaken a generation ago because the world's industrial nations made a political decision to avoid ceding textile production entirely to the Third World. Despite the Multifibers Agreement, Third World textile production soared. So many developing nations have targeted textiles as a kind of industrial loss-leader that the Multifibers limits have been overwhelmed. Such Asian textile exporters as Korea, Taiwan, the Philippines, Singapore, and that paragon of laissez-faire, China, not only subsidized development of their textile industries but also stringently protect their home textiles markets against one another. You can't find a Korean shirt in Taiwan, or vice versa. Some free traders.

Japan and the European Community, meanwhile, have drastically limited their textile imports. In practice, the U.S. is the only player with anything close to an open market in textile imports. As the residual dumping ground, we buy an astounding 60% of Third World textile and apparel production. Since 1979, Japanese and European per capita textile imports from the Third World have actually declined, while American imports have nearly tripled.

Another intriguing fact is that the U.S. textile industry, far from stagnating under the limited protection of the Multifibers Agreement, performs with near-Japanese vigor. The industry has reinvested more than 80% of its retained earnings in modernization, and its impressive productivity growth has been exceeded only by the microelectronics industry.

Given such a world, the sky would not fall if Congress acted to restrict the import share of U.S. textile consumption. Rather, the Third World would stop overbuilding textile factories. The U.S. textile industry would get some breathing space and continue to automate. And our industry would survive into the next century, when smart capital will matter in world trade much more than cheap labor. The Europeans and Japanese would not retaliate because the retaliated in advance: They already protect their markets.

So perhaps the new economic thinking is right: It is time to stop being quite so dogmatic about free trade. Our agricultural sector has long been a huge exception to the free-trade regime: We limit imports of many crops, and we have an elaborate system to hold the U.S. price of several other crops above the world price. The paradoxical result is the world's cheapest food. And our prodigious, state-dominated weapons industry indirectly subsidizes civilian high tech. Star Wars is being hailed as a $26 billion industrial "Marshall" Plan.

DELICATE MIX

In sum: The U.S. is no longer powerful enough to be the world's largest free-trade zone while other nations, rich and poor, commit economic planning. Other nations must share the burden of defining—and upholding—whatever trade regime all of us can agree on. If everybody wants free trade, fine. But I suspect that what everybody really wants is a delicate mix of some open trade and some development economics. The trick is to make that mix equitable.

Life, of course, was much easier in the late 1940's, when we were the big kid on the block and could unilaterally define the global economic regime. As the U.S. has ceased to dominate, it is no accident that we are having to reconstruct the trade regime, the currency regime, and the growth machine all at the same time. The pity is that at a time when the urgent need is for creative statecraft, the leaders of the U.S.—the world's leading economy—can only worship at the unreal shrine of laissez-faire.

PROFILE OF MICKEY LELAND

HON. RONALD D. COLEMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. COLEMAN of Texas. Mr. Speaker, there comes a time in every generation when the inner qualities and outward accomplishments of a few special individuals allow them to rise above the hue and cry of everyday life and cause special attention to be focused upon them. They come from all walks of life, from all kinds of backgrounds, and they pull ahead of their peers through singular accomplishments and dedication to the causes that drive them.

MICKEY LELAND, my old friend and colleague from the Texas Legislature, is one of these extraordinary individuals. In Austin and Washington, there has never been such an eloquent champion of human rights, civil rights, and social justice; never such a tireless activist in the fight for human progress.

Perhaps more than any other single individual, MICKEY LELAND has been responsible for focusing congressional and public concern on the issue of global hunger. MICKEY was there long before the TV cameras and the rock stars; he was an advocate for a caucus on world hunger when he first joined Congress back in 1979, and his never-ending efforts on behalf of African famine relief kept the issue in front of the public before it became fashionable.

Mr. Speaker, it is my privilege to introduce into the CONGRESSIONAL RECORD a recent profile of MICKEY LELAND that appeared in the Washington Post on September 27, 1985. The article is as follows:

LELAND AND THE WAR ON HUNGER

(By Jacqueline Trescott)

Representive Mickey Leland (D-Tex.) was in an Ethiopian refugee camp, standing at what he calls "the end of the Earth." An official was explaining the desolation; Leland was looking at it.

"I was asking him about this little girl who looked to be about 70 or 80 years old—a skeleton of a person with a thin layer of brown skin draped on her, who had just a faint breath of life in her," says Leland, speaking slowly, with a sorrowful resonance. "While I was talking to him, she died. I can see her face right now. Every day I see her face."

The girl was 14.

Filled with hopelessness and impatient with the talk of statistics and plans, Leland walked away from the visiting congressional delegation. Then he ran into a child who spoke English and who wanted to know his name. "He started repeating 'Mickey, Mickey,'" recalls Leland. And in that instant, Leland found a way to "give them some good feelings about themselves." The U.S. congressman and the Ethiopian children chanted together. First, "Mickey, Mickey" for about 30 minutes. Then a kid yelled "Disco," and a new chant echoed around the barren camp.

By this point the entire delegation was watching the exchange of instant love. "Then I said 'I,' they said 'I,' I said 'love,' they said 'love,' and I said 'you' and they said 'you.' They were happy kids at that point," says Leland, 10 months and 7,000 miles away in a congressional dining room, recalling the moment he gained "an even larger heart."

In the past year, the 40-year-old four-term congressman from Houston has applied what his friends call his "humanity" to influential tasks as chairman of the House Select Committee on Hunger and of the Congressional Black Caucus, which is holding its annual legislative weekend through Sunday. "I am now an activist on behalf of humanity everywhere, whether it is in Ethiopia . . . South Africa . . . Chile . . . in any part of the world where people are desperate and hungry for the freedom and rights they serve as human beings," he says. "That is my community, that is my battleground."

But Leland's world is not limited to the 1980s wars on hunger. He also plunges into more politically risky business. He currently opposes the U.S. Conference of Bishops in their support of an antiabortion amendment to the proposed Civil Rights Restoration Act of 1985; Leland, a practicing Roman Catholic, says the fight causes him "a terrible internal struggle." He is the member of Congress closest to Fidel Castro and has been an emissary of the State Department to the Cuban president; "While I disagree with his fundamental ideology . . . I respect him for his intellect," he says.

In the 1984 presidential primary, he supported former vice president Walter Mondale over the Rev. Jesse Jackson, a position that angered many black colleagues and ultimately cost him his post as chairman of the Democratic National Committee's black caucus; he says he "still has the scars." He has bicycled through Israel, sends Houston youngsters to a kibbutz and describes himself as a "staunch friend of Israel," but he says he is also for the self-determination of the Palestinians. He has tangled repeatedly with television executives over off-camera employment and the image of minorities in prime-time programming, and with the Federal Communications Commission over affirmative action policies in the industry. A full year before Diahann Carroll and Billy Dee Williams showed up on "Dynasty," he grilled ABC executives about why the show didn't have any black characters. Now he is livid with Williams for saying his recent roles weren't due to any pressure.

In the Washington places where criticism of a liberal politician like Leland naturally breeds, he appears to have ruffled few feathers. "We vote 100 percent different," says Rep. Jack Fields (R-Tex.), but "we are able to dialogue and I find it ironic that I am teaching him how to play basketball." Rep. Bill Emerson (R-Mo.), a conservative who voted against forming the Hunger Committee but later joined it, says, "We agree on the problems. We disagree on most of the solutions, but we do talk about those issues."

But some of his colorful retorts have angered Black Caucus colleagues. Earlier this year, for example, Roland Burris, an Illinois politician, was defeated in the black caucus of the DNC he ran for party vice chairman. Paul Kirk, the chairman of the DNC, then let the full DNC vote on the job and Burris won. "Burris let himself be used," says Leland, who says he supported Burris in the caucus but felt Burris should stand by the caucus' vote. In a press conference after the February vote, Leland used the analogy of the loyalty house slaves felt toward plantation masters. A reporter asked him what he was trying to say and Leland recalls saying, "The conventional term is Uncle Tom." "They are the ones who called him an Uncle Tom," he says. "I didn't . . . I opposed what Burris had done. And if the shoe fits wear it."

"I am not a conventional politician—by no means," he says.

Leland grew up in a working class neighborhood of Houston. He says he learned his values from the sacrifices of his mother, a teacher who had put herself through school working as a short-order cook.

Health and hunger issues aren't new to him. As a pharmacy student at Texas Southern, Leland was attracted to the work of the Medical Committee for Human Rights, a group of health professionals who established free health clinics, and the Black Panther Party, which was giving free breakfasts to school children and operating free clinics. He led a student group to invite Stokely Carmichael and other young civil rights leaders to campus. "They were expressing the anger and anguish of black people at that time. They were the ones who would step up and be bold enough to challenge the white establishment. I was impressed with that," says Leland.

Houston, which was not in the vanguard of civil rights and antiwar activities, was surprised at this emerging leader, who formed a group called The Black Community Action Team—or The Black Cats.

His political influences—which ranged from Malcolm X to writer Amiri Baraka to Tanzanian president Julius Nyerere—along with his look at the time—dashikis and a seven-inch Afro—naturally led to his being labeled a radical. "I never considered myself to be radical because I fought for the rights of human beings," he says. In the years between college and politics, he helped establish three health clinics in Houston and then taught at Texas Southern for a year.

In 1972 Leland began to focus on establishment politics as a continuation of his activism and won his first race for the Texas House of Representatives. In Austin, he championed health issues, battling the pharmaceutical lobby by pushing for a generic substitution bill and for legislation to make it harder for kids to buy over-the-counter cough medicine, which they were using as a stimulant.

But his impact was broader than the issues he focused on. "He could legitimately have been called a focal point in changing attitudes toward minorities. He showed that minorities in Texas were a coming political force," says Rep. Ronald Coleman (D-Tex.), who shared a desk with Leland in Austin.

When former Texas representative Barbara Jordan announced she was retiring, Leland decided to go for the national arena. "The legislature had closed in on me." So the summer he had planned to spend on a kibbutz he ran for Congress instead, and at age 33 beat two more-established politicians.

In the 13 years Leland has been an elected politician, he has developed a reputation for coalition building. "There are people inside [the House] who are more effective. But Mickey just needs more time in a day. His strength is in building that network inside and out," says Rep. Bill Richardson (D-N.M.). A close friend, Richardson talks about Leland's hyperactivity: "When we are both in town on Saturdays, we have gone to see three movies in a day to catch up with the way normal people live. One time we saw 'Rambo,' 'Missing in Action' and 'Back to the Future.' Mickey works and plays hard and he is effective both ways."

Leland started to advocate a caucus on world hunger when he joined Congress in 1979. At first he ran up against a stone wall. He was opposed by people who thought another select committee was crazy. And he was opposed by congressmen who thought he was infringing on their turf of foreign relations, agriculture and appropriations. He kept trying.

After four years, when even the horrors he described from a 1983 trip to Ethiopia didn't sway the sentiment, Leland, as he puts it, "went to the people." He rallied all the organizations that had hunger issues on their portfolio. Then he called in the celebrities, such as John Denver, Valerie Harper and Cliff Robertson. Then Speaker of the House Thomas P. (Tip) O'Neill Jr. lent his prestige. Finally Leland invited members who felt their turf was being threatened to be members of the caucus. Authorized in the spring of 1984, the committee in one year has provided the momentum and visibility that resulted in $800 million appropriated for famine relief.

In the range of telecommunications issues Leland has advocated, he has met greatest resistance on his push for stricter hiring percentages for minorities and women. "Two or three years ago, he wanted more stringent percentages of minorities and women for all jobs. Our position was that the commission's guidelines were adequate," explains John Summers, executive vice president, government relations for the National Association of Broadcasters. "But he is a good advocate for what he believes in. On an issue like that we understand where he is coming from."

But some groups feel Leland's work on the important House Energy and Commerce Committee hasn't gone far enough. "They have been jumping up and down about minority ownership and employment. But we work with these companies every day, we are always pressuring. His efforts could have been more effective if he worked with us on a regular basis," says Pluria Marshall, the president of the National Black Media Coalition.

Yet it is in lobbying for minority ownership that Leland has had his greatest success. Earlier this year when Capital Cities Communications announced it was buying the American Broadcasting Companies Inc., Leland initiated a meeting of Cap Cities executives and minority investors to discuss any acquisitions by minorities or women. As a result, a television station and two radio stations are minority-owned.

The Black Caucus, currently 20 Democratic members, has a role magnified beyond its numbers. It is regarded as representing a national constituency and acts as spokesman on a realm of topics touching minority America.

Traditionally, the Caucus has boxed vigorously with the White House, whether its residents were Democrats or Republicans, and more often than not the Caucus has found itself shadow-boxing.

That's true in the Leland regime. President Reagan hasn't met with the Caucus since 1981, but Leland met with him last December to discuss famine relief after the congressional trip to Ethiopia.

"He immediately upon our request diverted a ship that was going to India with food to Ethiopia. I was really happy—for the first time proud—that President Reagan was our president. He was far greater concerned than I had seen him on any issue dealing with human beings. That was a rare occasion, I might add," says Leland.

Otherwise, he says, the relationship between the Caucus and the White House is "very bad"—then reconsiders and continues—"It is not bad, it is not good, it is nonexistent." Not meeting with the Black Caucus, says Leland, "is past being just insensitive. It is an evil character who refuses to spend time with people who have a deep abiding concern about humanity when we are in severe jeopardy."

Each fall the Caucus sponsors a five-day round of panels, hearings, speeches and receptions. It's an unusual effort for a congressional body, and the events attract at least 10,000 people each year. "They come here to listen, they come here to help us develop agendas for the next year," says Leland.

Some find romance. At the Caucus weekend three years ago, Leland met Alison Walton, then 24 and a Georgetown University law student. Nine months later they were married. "Well, I wasn't about to marry an older woman," he says archly of the teasing that came because of the couple's age difference. Leland, who looks both impish and handsome, was considered quite a catch. He is broad-shouldered and muscular with just enough swagger to give his Giorgio Amani suits some personal flair. He has an expansive smile and his light green eyes have that "who-are-you-kidding" skepticism.

Right now, the anticipation of fatherhood for the first time early next year makes Leland come alive even more than global questions. "One of the happiest occasions of my life was getting married and the knowledge I am going to be a father. I have always wanted to be a father," says Leland, who used to memorize the names of all the children of his fellow members of the Texas legislature, worked in the Big Brother program with a teenager in the Shaw area of Washington, and is trying to get a posthumous Presidential Medal of Freedom for David, the Houston youngster who spent most of his life living in a bubble.

His interest in young people seems constant. A few nights ago, outside Sen. Claiborne Pell's (D-R.I.) home, Leland struck up a conversation in Spanish—which he has used on the House floor—with a student parking cars. "When he said he was from Puerto Rico, Mickey said, 'Did you know Raul Julia is inside?' The student's eyes just lit up and Mickey took the guy back inside," recounts Alison Leland. "I turned to someone and jokingly said, 'This kid is probably coming over for dinner tomorrow night.' When he got in the car Mickey said, 'We are having dinner together on Sunday.' "

AIR FORCE ASSOCIATION POLICY STATEMENT

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. LAGOMARSINO. Mr. Speaker, as my colleagues know, the Air Force Association has long been an active supporter of an effective and efficient military force, capable of defending this great Nation against our avowed enemies. I am pleased to place in today's RECORD the text of the AFA's "Statement of Policy" and urge my colleagues to review it, as it offers sound and insightful commentary on the state of our deterrent forces, and ways in which those forces can be improved and modernized in a coherent manner.

AFA STATEMENT OF POLICY

America's ability to safeguard peace, liberty, and the pursuit of vital national interests hinges on one central factor: The clear recognition by any potential aggressor that military agression cannot succeed. We must convince an aggressor that this country's armed forces—in concert with those of our allies—can thwart his military objectives, can countervail his strategies, and if necessary, will prevail in war. U.S. deterrence works only if this country's military forces maintain a quality edge that offsets quantitative and other advantages of our principal adversary, the Soviet Union. Maintaining that crucial quality edge is becoming increasingly difficult. The funds available for advanced technology weapons are limited and finite. The growing costs of these weapons can be accommodated only by rigorous adherence to frugal management standards and prudently set priorities that receive cohesive support from the executive and legislative branches of government.

At the core of the problem is the relentless growth in Soviet military capabilities that reaches across the entire spectrum of strategic, theater-nuclear, and conventional warfare. The Soviet Union devotes about seventeen percent of its gross national product to the military sector, compared to about six percent for this country. The U.S.S.R.'s drive toward expansion and modernization of its military arsenal is marked by the introduction of new, advanced technologies that in some instances are superior to corresponding U.S. capabilities.

In no area is this Soviet drive more intense and more consequential than in the strategic nuclear sector. By the mid-1990s, almost all of Moscow's currently deployed land- and sea-based ballistic missiles and heavy bombers will be replaced by new and improved systems. New mobile ICMBs, advanced ballistic missile submarines, and a variety of large, long-range cruise missiles are entering the Soviet operational inventory. The number of deployed Soviet nuclear warheads is increasing steadily and already exceeds levels that reasonably can be associated with defensive requirements and deterrence.

The pace of long-standing Soviet efforts in the field of strategic defense is quickening. Included are comprehensive measures to protect the Soviet leadership, options to deploy, relatively quickly, nation-wide defenses against ballistic missiles, and extensive efforts in high-energy laser weapons and other directed energy technologies. This single-minded commitment to the expansion of its military power has made the USSR the world's largest weapons producer.

Even more fundamental than the visible evidence of the Soviet threat is Moscow's unchanging view of the world: Socialism and capitalism, two diametrically opposed socio-economic systems are destined for conflict, the outcome of which will be in favor of Soviet Russia. These facts cannot be wished away. Soviet communism with a human face remains a mirage, in spite of 68 years of western concessions and attempts to modify Soviet behavior by political and economic means. Until the Kremlin demonstrates by concrete deeds—not merely by rhetoric—that the Soviet Union is committed to a just and lasting peace. America and her allies must enforce peace through deterrence.

Terrorism, a form of warfare that is directed against the very heart of civilization, is challenging the Free World in a new dimension. In the struggle for world dominance, Soviet policy is linked to terror, subversion, and irregular warfare. America understands more readily the threat of conventional conflict and the importance of our strategic and conventional forces in deterring war. However, there seems to be a lack of understanding that another war of serious consequences is being waged in a less understandable arena. This Association urges the Administration and Congress to re-emphasize the seriousness of this threat to freedom everywhere and to initiate actions to create intelligence services, appropriate technologies, and military capabilities to counter and discourage actions by the Soviets and their surrogates against order and stability in areas of the world targeted for Communist expansion. In addition, preventive measures to thwart terrorism and protect Americans in and out of uniform from being victimized by terrorists must be comprehensively implemented.

At the center of this Association's concerns is the human factor. The Soviets have shown that they can "reverse-engineer" even our most sophisticated and modern weapon systems. But they can't "reverse-engineer" the ingenuity, the devotion to duty, and the professionalism of the men and women who serve in the United States Air Force and the other services. People truly are the underpinning of this country's military edge. The nation cannot afford to put at risk this fundamental advantage. Steps have been taken and others are contemplated that could have pervasive, negative impact on end strength; this, in turn, would send dangerous ripple effects throughout the force.

Manpower authorizations have not matched requirements. Over the last two years the Air Force's military manpower request was denied some 13,000 spaces that had been programmed. Manpower increases are essential to man such new weapon systems as the B-1B and the Ground Launched Cruise Missile (GLCM). The Air Force's total peak wartime shortfall is in excess of 35,000 spaces. The consequence of adding new missions and weapons systems, without corresponding increases in the force level, degrades readiness and erodes mission effectiveness. Superior weapon systems are relegated to inferiority when they are not manned by adequate numbers of properly qualified personnel.

Shortfalls in the required force levels are especially acute in the European theater. Such requirements as the manning of the recently fielded GLCMs had to be met at the expense of other missions vital to NATO's defense posture. This imposition of arbitrary ceilings flies in the face of the threat posed by the Warsaw Pact's growing capabilities. Introducing deliberate vulnerabilities into the U.S. force structure in Europe—and recurring congressional threats to widen these gaps—as means for stimulating increased defense spending on the part of the European NATO members is, in the view of this Association, a gamble that weakens both the Alliance and peace.

America's qualitative edge, today and in the future, depends on a superior technology base. The superiority of this nation's technology has been a "given" ever since World War II. We now see reasons for serious concern. The decade of the '70s saw a steady decline in investment in basic research and technology. That decline at last is being arrested. But a substantial turnaround is yet to be effected. Similarly, this country's science and engineering education programs have been badly eroded over the past two decades. Science and mathematics are seriously neglected in our secondary schools. Our colleges and universities are suffering from a lack of science and engineering staffs and from inadequate, outdated laboratory facilities. The net result is a shortage of high quality scientific and engineering manpower to build tomorrow's technology base.

Moreover, while this nation's technological momentum has been slowed, our adversary's has been accelerated. Recent Soviet progress, as evidenced by new, sophisticated and highly capable weapon systems, is dramatic—and a matter of profound concern to this Association. A broad national effort is required to reinvigorate our science and engineering education as well as our basic research and technology programs. Without such an effort, our technological lead is in jeopardy. An obvious and disastrous consequence would be the inability to maintain the qualitative edge in our weapon systems.

This Association will strengthen its efforts to inform the public of these needs. We strongly support the Air Force's program to increase technology base efforts and to continue strong emphasis on science and engineering education. This Association commends the Air Force for launching "Project Forecast II," a comprehensive long-term road map to guide both the users and the research and development community in optimal, cost-effective exploitation of science and technology.

At the present time, the U.S. defense effort is critically dependent on strategic minerals beyond our national boundaries. The African continent is one of these vital areas. Notwithstanding the political turbulence, and regardless of the outcome, this Association urges steps that ensure continued Free World access to the resources essential to our survival. This Association firmly supports work on advanced materials technology that will reduce or eliminate this country's dependence on foreign resources.

A question that clearly and understandably weighs heavily on the public's mind is whether or not the process by which the nation buys the weapons and tools for the common defense is working. This Association believes unequivocally that we, as a nation, cannot tolerate the perception of wrong doing or incompetence any more than we can live with actual waste, fraud, or abuse. The taxpayer is entitled to a full return on every dollar invested in the national defense. The acquisition process must be kept "lean and mean" by industry as well as by the executive and legislative branches of government.

We know that a limited number of mistakes has been portrayed as the rule rather than the exception; but we also know that there is room for improvement. Overregulation is inhibiting the defense industry's creativity and a flood of new laws is engulfing program offices and industrial managers in more and more paper work. We commend the Air Force for setting priorities wisely and austerely, with the emphasis on sustaining essential programs at the required, most effective pace and level. We urge Congress to provide responsible oversight and to authorize and appropriate funds on a sustained basis in phase with cost-effective program management. Above all, we believe that the development, acquisition, and maintenance of our weapons and supplies must be treated as a team effort by government and industry. This nation must recapture the spirit of partnership that made America the arsenal of democracy in past, trying times. This partnership works best when the responsibilities for and contributions to our national security requirements become a common challenge; adversarial relationships hinder the process.

The reliability and maintainability (R&M) standards of any weapon or support system that industry produces and that the Air Force buys and operates must be treated as an all encompassing requirement by both partners of the government-industry team. Aircraft, missiles, and other weapon systems that can't fly or fight when needed cripple combat effectiveness. Furthermore, systems that are deficient in terms of R&M drain the Air Force's most valuable resource, its combat and support personnel. Adequate R&M is a "force multiplier;" inadequate R&M depletes the force. This Association commends the Air Force for taking the lead in making R&M a make-or-break criterion in systems acquisition.

Two related requirements, in this Association's view, are imperative for retaining this country's qualitative edge in the operational field. Aging and obsolescent weapons and equipment must be replaced expeditiously; also, the force structure has to be tailored to the growing, changing threat. Nowhere is this need more pronounced than in the strategic sector where both offensive and defensive capabilities must be modernized or expanded.

The Administration's five-pronged strategic program—consisting of ICBMs, strategic bombers, the Trident force, survivable command and control systems, and revitalized strategic defenses—is the categoric imperative of effective U.S. deterrence in the years ahead. Its individual elements are sized and structured to work in concert with one another and to provide in the aggregate an unambiguous response capability essential for successful deterrence of nuclear war. Congress' recent curtailment of individual components of this integrated program tend to weaken all of them and put at risk this country's ability to deter nuclear war in a cohesive, sustained fashion. We urge Congress to support specifically the development and deployment of new, capable ICBMs that are the bedrock of our nuclear deterrence. We simply can't afford to be wrong in maintaining the tools that are essential for the prevention of nuclear war. This Association believes that ballistic missile and strategic air defenses represent important deterrence capabilities. We must not let them atrophy.

The Administration's Strategic Defense Initiative (SDI) is a prudent, timely effort to gauge the technical feasibility and cost-effectiveness of a layered, comprehensive ballistic missile defense system. SDI, this Association believes, is not escalatory; this research and development initiative represents a critically important, initial response to massive Soviet programs that have placed the USSR in the position of a clear-cut frontrunner in strategic offensive missiles and in the field of strategic defense. If technically feasible, strategic defense systems could provide an active means for protecting the American homeland—and our Allies—should deterrence fail.

The Air Force Association remains convinced that the need for successful deterrence extends across the spectrum of conflict, including theater-nuclear, chemical, and conventional warfare. In cases where deterrence fails, we must respond by the flexible and sufficient application of force to ensure that no area of vital interest is lost by default. If war is forced upon us, we must win—we cannot allow aggression to benefit the aggressor.

In summary, the Air Force Association sees clear evidence that the Soviet challenge and threat to our interests are global and mounting; deterrence requires, therefore, that we maintain the qualitative edge across all of America's global response capabilities. Anything less would jeopardize peace and liberty.

TURKEY: TARGET FOR SOVIET SPONSORED TERROR

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. CRANE. Mr. Speaker, the North Atlantic Treaty Organization [NATO] was established in 1951 to create a single unified defense force to safeguard the security of the North Atlantic area. Members of NATO agree under article V of the treaty to regard an attack upon any of them as an attack upon all, and, if an armed attack occurs, each will render such assistance as it deems necessary. The treaty also states that NATO's members seek "the further development of peaceful and friendly international relations * * * and to eliminate conflict in their international economic policies."

NATO has become more important with the passage of time, due largely to the military strength and bellicosity of its counterpart, the Warsaw Pact nations. Today NATO provides not only the basic framework of the political-military structure of the West, but it is in a very literal sense the "sword and shield" of the West. Without NATO, each of the Western countries would be left on its own to defend against possible aggression by the Soviet Union or Warsaw Pact nations. Given the military strength of the Western countries relative to those of the Warsaw Pact, NATO's importance cannot emphasized enough.

Certainly each of the countries belonging to NATO is extremely important to the continued security of the West, but some countries, because of their geostrategic position, have become more important than others. Turkey is one such country. It is NATO's eastern anchor, sharing a direct border with the Soviet Union and controlling Soviet naval access to the Mediterranean. In addition to its geographic position, Turkey's importance as an intelligence gathering base in the Middle East has also grown tremendously since the fall of Iran to Islamic fanaticism and Khomeini in 1979.

Turkey's importance to NATO is certainly not ignored by the Soviets. Since the days of the czars, Turkey has been a target of Russian expansionism. Today more than ever, the Soviets desire to control those countries with which it shares borders, and Turkey is particularly troublesome because of its pro-west, anti-Communist policies.

But in spite of Moscow's designs on Turkey, until now a direct attack has not been launched, nor does such an attack seem imminent. Not only do the Soviets wish to avoid a direct confrontation with an important U.S. ally, they could also not afford to become involved in another situation comparable to the one in Afghanistan. Rather, the Soviets have employed a more insidious, less overt manner of gaining control—terrorism. They have armed, trained, and harbored numerous terrorists groups that carry out assassinations and bombings both within Turkey and abroad. The most notorious and violent of these organizations, the Armenian Secret Army for the Liberation of Armenia [ASALA], is an integral part of the worldwide terrorist network that includes such groups as the PLO, Islamic Jihad—the group that claimed responsibility for the 1983 bombing of the Marine compound in Beirut—SWAPO, the Red Army Brigades, Action Directe, and the dozens of other groups.

ASALA, with Soviet support and financing, seeks to facilitate the Soviet takeover of Turkey by destabilizing the country and creating conditions in which the Government can only remain in power by clamping down on dissent and public demonstrations. Bombings and assassinations of Turkish diplomats and officials have become commonplace in recent years. Many of the terrorists carrying out these despicable acts were trained and harbored in Syria—site of at least five ASALA training camps—Bulgaria, or other Soviet satellite countries.

And yet is spite of all this, Turkey has been able to remain remarkably stable and surprisingly open. Its standard of living has also risen steadily. Given the fact that another important NATO ally, Greece, has taken a sharp turn to the left under Premier Andreas Papandreou, and has even intimated that it may withdraw from NATO altogether, ties between the United States and Turkey must be further strengthened. Military and economic aid that is now given to Greece should be transferred to

Turkey should Greece leave NATO. The United States must also assist in Turkey's ongoing battle against terrorism. Furthermore, we must never discount the possibility of a direct Soviet attack on Turkey, as highlighted by the recent Soviet military exercise in the Caucasus Mountains. This six-day exercise, designed to test the Soviet's ability to carry out a rapid invasion of Turkey, underscores the Soviet designs on Turkey as well as our need to strengthen ties with Turkey. The following article explains the purpose of the Soviet exercise, and should put each of us on notice as to their intentions. I highly recommend it to my colleagues.

SOVIETS "CONQUER" TURKS IN EXERCISE

(By Yoseff Bodansky)

The Soviets have tested successfully their capability for a rapid invasion and conquest of Turkey, a NATO ally, leaving the West with little time to respond.

The strategic military exercise, it was learned, was recently conducted in the rugged Caucasus Mountains.

The six-day military exercise, called Caucasus, or KAVKAZ-85, allowed the Soviets to apply the tactical lessons learned in Afghanistan to a hypothetical lightning strike against Turkey.

The Soviets started a major reassessment of the challenges of the Northern Tier region in spring 1980 while they were still-consolidating their position in Afghanistan. By last year, this reassessment process had led the Soviets to commit themselves to resolving regional conflicts and tensions through local wars—should the need arise.

In KAVKAZ-85, the Soviet armed forces unmistakably demonstrated that they are capable of conducting deep offensive military operations—essential for victory in local war—in rugged, mountainous terrain.

The essence of the military exercise was to drive a Soviet force rapidly through a series of challenges, ranging from virtually impassable terrain to determined enemy defenses.

Special attention was paid to the integration of small subunits into a concentrated main effort. Subunits traveling separately through mountain passes emerged in a coordinated manner into areas of major engagements, maintaining the surprise factor because it is impossible to block or even monitor every mountain pass over a wide area.

Of special significance was the Soviet emphasis on the conduct of true combined arms combat operations involving small units and subunits. Soviet analysts of KAVKAZ-85 emphasized the crucial significance of the deep outflanking and envelopment maneuvers carried out by diversified detachments.

"The area of the exercise has its bound aries, but when the troops begin to maneuver, under the conditions of the complex strategic game they are entitled to make use of any adjacent road,"one analyst commented.

Particular attention was paid to closely coordinating cooperation between ground troops, helicopters and fighter-bombers.

Why target Turkey? Turkey has been a target for Russian expansion since the days of the czars. Soviet strategic interests in the Middle East and Europe have kept Turkey in the forefront of the Soviet desire to have only subservient states on its borders.

Turkey also poses a threat through its membership in NATO. Furthermore, the Soviets believe that an Islamic uprising is virtually inevitable and that it could be forestalled by consolidating Soviet control over portions of eastern Turkey.

The Soviets believe that, if they attacked Turkey in the context of a local war, the other European members of NATO would stand aside and neither intervene (especially in view of the new defense policy of Andreas Papandreou's Greece) nor escalate the war into Central Europe.

The invasion of eastern Turkey and successful "liberation" of a NATO member by "peace-loving Soviet forces" might demonstrate to the West European countries of the impotence of NATO and lead, so the Soviets believe, to the "self-Finlandization" of Europe.

KAVKAZ-85, therefore, was a crucial rehearsal of the military tactics that would be employed if, given the right conditions in Western Europe or the Middle East, the Soviets decided to advance into Turkey.

Over 25,000 ground troops took part in the KAVKAZ-85 exercise, which was the first major rugged terrain exercise since the milestone KAVKAZ-76 exercise nine years ago. The 1976 exercise was conducted south of Tiflis—the capital of the Soviet province of Georgia—under February's bitter cold conditions, and was an integral part of a series of operational-level exercises conducted in 1976-1977 all over the Soviet Union.

In this series, the new generation of weapon systems and the tactics and operational art for their use were examined under varying terrain conditions. Those exercises were intended to confirm the performance and capabilities of Soviet subunits on a non-nuclear battlefield. Based on the results of those exercises, the Soviets subsequently committed themselves to the nonnuclear land offensive as the prime form of Soviet warfare.

The way in which the 1976 KAVKAZ combat operations were conducted revealed that the exercise aimed to prepare the Soviets for confrontation with Turkish forces in the event of a Soviet invasion of eastern Turkey during a major war against NATO.

Those exercises focused on acquiring credible capabilities to confront major NATO forces and so included a corps-level deep offensive, integrating tanks and combined-arms subunits as well as helicopters and helicopter-borne subunits in a single continuous offensive.

The first of two highlights of the exercise was a bold raid on the "enemy" forward headquarters by SPETSNAZ commandos just prior to the start of the major battle.

This successfully caught the "enemy" off guard and disrupted command and control at the most critical moment. The second highlight was a major and swift engagement between the main forces of both sides on the main axis of Soviet advance through extremely difficult mountainous terrain. In this engagement, the winning commander demonstrated exceptional skills in the use of firepower while maintaining the bulk of his forces in a rapidly moving march formation.

KAVKAZ-85 was conducted in an area 100 kilometers square along the northern slopes of the Kura River southeast of Tiflis, only some 200 kilometers from the borders with Turkey and Iran. The bulk of the maneuvers took place on extremely rugged ground under a blazing summer heat.

The Soviets chose to hold the exercises under those conditions to expose equipment and men to the additional challenges of conducting offensive military operations under extreme conditions similar to those they would face in the field.

KAVKAZ-85 should give cause for considerable political and military rethinking and re-evaluation on the part of American leaders and NATO.

JENNINGS RANDOLPH SPEAKS AT SHIP CHRISTENING

HON. LINDY (MRS. HALE) BOGGS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mrs. BOGGS. Mr. Speaker, on Saturday, October 5, I attended the christening of the *Henry J. Kaiser,* a U.S. Navy Fleet oiler built by Avondale Shipyards of New Orleans. The ship will be part of the Navy's Ready Reserve Force.

The *Henry J. Kaiser* is the first of a planned 18-ship class, designated as the T-AO-187. This class will permit the retirement of the oilers built in the 1940's and 1950's on which the Navy has relied for many years. These new ships represent a determined effort by the Navy to increase its ability to better provide fuel support for ships at sea.

The principal speaker at the christening was one of our former colleagues, Jennings Randolph, a retired Senator from West Virginia. I would like to share his remarks about Henry Kaiser with our colleagues.

Thank you.

"A task without a vision is drudgery,

"A vision without a task is a dream,

"But a task and a vision combined are the hope of the world."

These words, the author of which, remains unknown, eloquently describe the life and work of Henry J. Kaiser. This famed industrialist always had a task—but he was also a man of enormous vision. Literally, his task and vision combined in those dark days of World War II to become the hope of the free world through the massive and innovative Kaiser Ship Building Program.

I knew Henry J. Kaiser well. I admired him. I learned from him. And, as so many millions of people I stood in awe of him.

For these reasons, it is a special privilege for me to participate in this launching of the lead underway replenishment oiler Henry J. Kaiser (T-AO-187).

I commend Secretary of the Navy John Lehman and the Department of the Navy for the naming of this ship in honor of Mr. Kaiser. When the idea of such a naming was first proposed, it was a particular pleasure—really, a joy—for me to endorse the proposal and to personally confer with Secretary Lehman. This is deserved recognition of the contributions of a dedicated and patriotic American whose service to his country must be measured in historic proportions.

But Henry Kaiser was a man of larger-than-life proportions. He was a thinker—a builder—and possibly most important, a humanitarian.

In his lifetime, his accomplishments stretched the label "industrialist" to new dimensions. Many men built bigger single companies or made more money than Kaiser, but nobody ever created such a broad collection of companies. He was tireless, a man of vision and spirit; many times he ventured into fields in which he had no practical knowledge and became the master of that field.

The scope of his activities are recorded in the annals of business and in the history of our nation-construction, cement, sand and gravel, shipbuilding, steel, manufacturing, automobiles, aluminum, hotels, radio and television broadcasting facilities.

All of these endeavor were based on the Kaiser philosophy. Two of his favorite sayings were "problems are opportunities in work clothes" and "find a need and fill it." Indeed, he saw hundreds of needs and plenty of opportunity.

Despite these enormous achievements, it is very possible that the name of Henry J. Kaiser will continue to stand out in history because of the Kaiser-Permanente Medical Care Program and the Kaiser shipyards of World War II. These may be viewed as his real legacies.

The Medical Care Program, the world's largest private initiative system of hospitals and prepaid health care, pioneered health care financing and delivery. It was a revolutionary achievement which was always very close to Mr. Kaiser's heart.

On his 85th birthday, several months before he died, he told reporters, "of all the things I've done, I expect only to be remembered for my hospitals. They're the things that are filling the people's greatest need—good health."

That may have been the only time in his life that Henry Kaiser was wrong! For, certainly, he will be remembered for the seven shipyards that built 1,490 ships during World War II, including 821 Liberty ships and 50 small aircraft carriers, in record time. This was roughly 30 percent of the American production of merchant shipping in this period. The Kaiser shipyards established a reputation for speed, averaging one new ship a day and an aircraft carrier per week; for innovation; for problem solving; and for economy. On Liberty ships alone, government records show that the Kaiser yards saved the U.S. more than $266 million over the average cost of the same type built in other yards. On all ships combined, Kaiser built them in two thirds the time and at 25 percent less cost than the average of all other shipyards.

But this was not the limit of his record. Simultaneously, other Kaiser people were involved in the building of air bases, aqueducts, harbors, troop facilities, drydocks, naval installations, and managing the largest artillery shell operation in the U.S.

The volume of the five-year war effort of the Kaiser organization totaled about $5 billion; the net profit was $40 million—less than one percent.

The Henry J. Kaiser is a vital part of our naval modernization program, built by an essential segment of our ship building industry, Avondale Shipyard.

She will operate in direct support of the fleet with a civilian and naval crew in whose charge we entrust her.

Let us launch her in a spirit of hope, optimism, and vision expressed by the man for which she is named:

"We have now at our fingertips new means of precision control of equipment and materials . . .

"We have the potential of great new sources of energy. But even more important, we have the opportunity to utilize more fully our traditional sources of energy . . .

"Our present vast technological developments make it possible for us to produce more and better things to be placed within the reach of more and more people.

"But there are among us harbingers of doubt—those who fear for the future—some who see a danger, for instance, of our country becoming a strictly materialistic nation—of overproducing and facing unemployment.

"Count me among those who fear, but count me among those who look upon our future as a great opportunity which can fill man's soul with hope.

"Our industrial development will mean more employment, the need for more trained, skilled and capable people than today. It can free men and women still more from the shackles of routine drudgery; it can free our hands so that we can do better and more efficiently our life's work. It can free our minds to think and create."

ABM TREATY

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. DORNAN of California. Mr. Speaker, October 3 was the 13th anniversary of the entry into force of the ABM Treaty. This treaty is hailed by some as the "jewel" of the all arms control agreements. But this "jewel" has become flawed by repeated abuse by the Soviet Union. The Soviets have flagrantly disregarded many of the ABM Treaty's most important provisions. However, Soviet noncompliance goes well beyond this one "flawed jewel."

The Soviet Union has a very poor record of compliance with international agreements and treaties; they have an excellent record with getting away with their breaches, circumventions and outright violations.

A few of our colleagues in the other body share my concern and have written an excellent letter to the President outlining Soviet violations with strategic arms control agreements. These distinguished colleagues have encouraged him to again raise this crucial issue of Soviet noncompliance of arm control commitments with Soviet General Secretary Gorbachev this November in Geneva.

I would like to share this letter with my colleagues.

U.S. SENATE,
Washington, DC, September 9, 1985.

The PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: As loyal Reagan supporters, we are writing to share the strong concern you expressed to us on June 10, 1985 about the military implications of the Soviet SALT and other arms control treaty violations. We agree with your resolve to respond to the expanding pattern of Soviet violations. We strongly urge you to raise yet again the 32 Presidentially reported or confirmed Soviet violations with Soviet General Secretary Gorbachev at the November 19, 1985 Geneva Summit Meeting. Until the Soviets admit and reverse SALT violations, the existing arms control treaties and negotiating process only undermine the security of America and the Free World.

SOVIET SALT VIOLATIONS

You have courageously reported three times since January 23, 1984, on Soviet SALT and other arms control treaty violations. We agree that the most dangerous Soviet violations are:

1. Disregard of qualitative constraints of SALT II, in particular, Soviet large-scale deployment of the prohibited second new-type ICBM, the mobile SS-25;
2. Hundreds of Soviet Strategic Nuclear Delivery Vehicles exceeding the SALT II launcher ceilings, when equality was mandated;
3. The prohibited Soviet SS-NX-23 heavy SLBM;
4. Expanding Soviet disregard for SALT I ABM Treaty limits, including Soviet ABM-mode tests of air defense missiles and radars;
5. The Krasnoyarsk ABM Battle Management Radar violation;
6. Soviet deployment of a prohibited radar and mobile ABM capability base for a nationwide ABM defense; and
7. Violation of the 1962 Kennedy-Khrushchev Agreement by sending offensive weapons to Cuba.

Attached for public reference is a comprehensive list of 32 Soviet SALT and other arms control treaty violations which you and your administration have reported or confirmed in the three reports you have sent to Congress, together with a list of 22 additional Soviet violations or circumventions reported in the press. This is the first time that these violations have been aggregated.

There are now reports of impending Soviet probable violation of the 1967 Treaty of Tlatelolco prohibiting nuclear weapons in Latin America, by their sending of a Soviet naval warship squadron with nuclear missiles to visit the Mexican port of Veracruz.

PROPORTIONATE RESPONSES

As you correctly pointed out in your June 10, 1985 statement to Congress on interim restraint, "proportionate responses" to these Soviet violations are necessary, and Congress responded by authorizing such proportionate responses in the FY 1986 Defense Authorization Bill.

Your three reports have been important steps in educating the American people about the Soviet threat, as was the declassified National Intelligence Estimate on the unprecedented Soviet offensive and defensive strategic buildups released to the Senate at White House request in June. We support your continued declassification efforts.

We are anxiously awaiting the study that you directed the Defense Department to prepare, the "Response to Soviet Violations Paper," due to you by November 15, 1985. Because you have announced that you intend to make this study part of your FY 1987 Defense Budget request to Congress in January, 1986, we request consultation on the results of the "RSVP" study effort, as well as an advance copy of a summary of its most important conclusions as soon as you can make it available to Congress.

Against this background of these 32 Presidentially reported and confirmed Soviet violations, we hope that you will not give final approval to proceed with scrapping our highly survivable Poseidon submarines in order to comply with the unratified and "fatally flawed" SALT II Treaty which the Soviets are clearly violating. As you are well aware, there are serious Contitutional and legal problems involved in prolonged U.S. compliance with an unratified SALT II Treaty, beyond the severe dangers to U.S.

BEST COPY AVAILABLE

national security of U.S. unilateral compliance.

As you correctly stated to Congress on June 10, continued U.S. SALT II compliance and progress in arms control requires that "the Soviet Union take the positive, concrete steps to correct its non-compliance. . . and reverse its unparalled and unwarranted military buildup." The impending Geneva U.S.-Soviet Summit may be the Soviets' last chance, and your best opportunity to remind the Soviet leadership of the necessity of reversing their arms control breaches.

BORBACHEV'S DENIALS

In this regard, we call your attention to the following bold claim of Soviet Communist Party General Secretary Gorbachev in the September 9, 1985 issue of Time magazine:

"There are also *still in effect* such treaties as the ABM Treaty, the SALT II provisions. . . the banning of nuclear weapons tests in three environments *To this day, so far, they are in operation.* But even today, attempts are being made to remove these restraints or at least to raise the question of overturning the treaties, of abrogating them."(Emphasis added.)

We marvel at the brazenness of these deceptive and duplicitous Soviet denials that they are violating the ABM Treaty as well as SALT I and II and the nuclear testing bans. Gorbachev is attempting to blame concern about the viability of SALT I and II on the U.S. and deflect it from the Soviets. But the Soviet SALT violations are so obvious and so challenging to world peace that they can no longer be hidden by Soviet lies and deceptions. Unless reversed, these acts by themselves constitute the long feared Soviet "Break Out" from arms control restraints.

Previous U.S. Administrations have repeatedly vowed that if the U.S. detected any significant Soviet arms control violation, the U.S. would reassess the entire spectrum of U.S.-Soviet relations. We urge you to do this. Even the Carter Administration vowed that the U.S. would match or overmatch any Soviet strategic buildup in violation of SALT II. Gorbachev's brazen denials of Soviet violations indicate clearly that so far your effort expressed on June 10 to "go the extra mile" in the U.S. interim restraint has been futile. If the Soviets will not even admit their violations, will they ever reverse them? It is time for you to act decisively.

As your own National Security Advisor stated on June 10: "There can not be a future regime of arms control without compliance." He added that "If arms control by extraordinary Soviet violations were to lose its meaning, we would have to build more systems clearly." In fact, we strongly urge you to invoke supreme U.S. national security interests and selectively withdraw from those provisions of arms control treaties that Soviets are systematically violating. As your own National Security Advisor also stated on June 10, "Non-compliance does entail costs."

GORBACHEV'S BLACKMAIL THREATS

Mr. President, we also urge your vigilance and preparation for response to Soviet General Secretary Gorbachev's chilling new threats against world peace, also recently expressed in *Time* magazine:

"Relations between our two countries are continuing to deteriorate, the arms race is intensifying, and *the war threat is not subsiding.* . . . it looks like the stage is being set for a bout between some kind of political *super gladiators' . . . [the] situation today is highly complex, very tense.* I would even go so far as to say *explosive* . . . would there not be a temptation to believe 'at last we have overtaken our partner. *Is it not time then to seek to achieve superiority and to untie our hands in the field of foreign policy?* . . . time is passing and it might be too late [to reverse the crisis in U.S.-Soviet relations.] The train might have already left the station .. We must not allow things to go so far as *confrontation* between our two countries . . . I would say that we would come to an *unpredictable phase* in relations." (Time, September 9, 1985, Emphasis added.)

Mr. President, these Gorbachev statements shoud be interpreted as explicit, extremely dangerous nuclear blackmail threats, from the top Soviet leader himself. These threats suggest that Gorbachev plans a confrontational Summit meeting: either you must abandon your own Strategic Defense Initiative and acquiesce to Soviet strategic superiority, or the Soviets may provoke a military, even a nuclear crisis in which they have clear preponderance and the U.S. would have to back down.

BREZHNEV'S SECRET BOAST

We remind you of the prophetic, then-secret boast by an earlier Soviet General Secretary, Leonid Brezhnev, before East European Communist leaders in Prague in the Spring of 1973, which is well on its way, unfortunately, to coming true:

"We are achieving with détente what our predecessors have been unable to achieve using the mailed fist . . . because of the decisive shift in the correlation of forces, by 1985 we will be able to exert our will wherever we need to."

The responsibility rests in your hands to make sure that Brezhnev's goal is not satisfied. You yourself have conceded Soviet strategic superiority publicly at least 7 times since 1982. Your National Security Advisor stated on June 10,: "there has been, clearly, an increase in both the pace and quality of Soviet building programs . . ." The declassified National Intelligence Estimate confirms many details of this unprecedented Soviet strategic buildup. The Soviets have gained their main objective of strategic superiority over the U.S. through their SALT Break Out violations, and thus they will be very reluctant to correct these violations. Indeed, deliberate Soviet efforts to counter U.S. National Technical Means of verification strongly indicate a Soviet intention to persevere in their violations.

Mr. President, we urge you to continue to stand up strongly for American national security interests by achieving the reversal of the Soviet SALT Break Out violations, either by bilateral diplomacy at the Summit or by selective U.S. abrogation and unilateral U.S. defense programs which proportionately respond to them.

MX AND SDI CUTBACKS

We note with grave concern the recent Congressionally imposed cutbacks in your Strategic Defense Initiative and in MX deployment, but we are especially alarmed with Defense Secretary Weinberger's recent agreement to stop MX deployment at no more than 50 ICBMs in existing Minuteman silos and not seek further MX deployment funds in the FY 1987 Defense Budget now in preparation at the Pentagon. This will delay the already long-delayed MX program another year, for no good reason, and we may not get even 100 MXs until after 1989, if then. Even the Carter Administration planned 200 survivable MX ICBMs, to be operational by early 1986. And as your June 10 Report to Congress stated: ". . . the integrity of the U.S. strategic modernization program must be maintained."

We believe that currently planned strategic force cutbacks go in precisely the opposite direction, especially at a time when the top Soviet leader is describing the international situation as "explosive." As your National Security Advisor stated on June 10, we should be "accelerating and adding to the U.S. strategic modernization program," in light of the Soviet violations.

Finally, we are reassured by your National Security Advisor's statement that you will "reach some decisions based on the [Defense Secretary's report to [the President] in November. These would probably be reflected in the [FY 1987 Defense] budget submission in January."

ARMS CONTROL COMPLIANCE SUPPLEMENTAL

We urge you to assemble all of your proportional response options to the Soviet violations in a FY 1986 Arms Control Compliance Supplemental Defense Request, so that both the Joint Chiefs of Staff and Congress can honestly assess the threats and requirements posed by the Soviet SALT Break Out violations in one package, unencumbered by other defense or budgetary considerations.

As your National Security Advisor stated on June 10, the Soviets must "get back in compliance, or you can expect compensating measures to be taken . . . we will take action to account for what they've already done in violation." But he added: "at the bottom, the basic criterion must be assuring the security of the United States." We agree.

YOUR LEGACY

We believe that your legacy should be that of the Leader who has tried to restore American strength, power, and moral authority. The people who gave you a landslide victory in both 1980 and 1984 gave you that mandate on the basis of this commitment. We urge you to continue to make this your legacy.

Sincerely,

Jesse Helms, Steve Symms, Chic Hecht, Malcolm Wallop, Jake Garn, Paul Laxalt, Strom Thurmond, Jeremiah Denton.

GRAMBLING COACH EDDIE ROBINSON

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. CONYERS. Mr. Speaker, I rise to call to my colleagues attention the outstanding record of Grambling State University's football coach Eddie Robinson who achieved his 324th victory this past Saturday, October 5, and became the most successful college football coach of all time.

Coach Robinson received little national recognition for his accomplishments over the past 44 seasons. In addition to leading the Grambling Tigers to a long string of victories, he has seen to it that 95 percent of his players received their degrees. In addition, over 200 athletes from Grambling have gone on to play professional football. All of them are grateful for the assistance

which Coach Robinson gave them in launching their careers.

Eddie Robinson's football program has become legendary throughout the country. His demonstrated commitment to both the athletic and academic development of his players has won him the utmost respect and admiration of millions of Americans. I wish him many more years of active coaching at Grambling, not just so that he can extend his record, but so that he can continue motivating the young men he works with to excell in all aspects of their lives.

Mitch Albom, a sports writer for the Detroit Free Press, recently published an article on Eddie Robinson which reveals much about Coach Robinson's strength of character. Another article, by Steve Weiberg for USA Today, gives the reader some understanding of Robinson's perspective on life. I am inserting both into the Congressional Record for my colleagues consideration. They will not only help to familiarize you with Coach Robinson's accomplishments on the gridiron, but also with the qualities he possesses as a person which have brought him to this place in sports history. I think you will agree with me that Eddie Robinson is a national asset of which we should all be proud.

[From the Detroit Free Press, Sept. 13, 1985]

Grambling Coach Nears Win Record—Unknown

(By Mitch Albom)

Midnight. Forty young black men get on a bus in Mississippi. Their coaches follow. Then the assistants. The trainer. They are all black. Eddie Robinson, the head coach, gets on last, still in the suit he wore on the football field hours earlier.

The air is cold and still. You can hear crickets. Robinson nods, and the bus rolls. Seven hours and 400 miles will pass before the team gets home to Grambling, La. This is how they travel.

Robinson leans against the window, his forehead creased with age lines, and holds out a roll of mints, "Want one?" he asks. Then he begins to reminisce, his voice a whisper over the engine.

The stories. Fascinating. Horrible. Of the 1940s, and the lunch-meat sandwiches he used to prepare for his players because blacks were not allowed in the restaurants.

Of the 1950s, and how they broke down somewhere in the Deep South, and the nearest mechanic picked up a wrench and yelled, "Don't bring that nigger bus in here."

Of the 1960s, and how some players came from such poor backgrounds, "they did not know how to use a knife and fork."

Eddie Robinson took them all. Taught them all.

Where you expect anger in his voice, there is none. Where you expect resentment, there is none.

I took this bus ride with him two years ago, a year after he won his 300th game. Now, in his 44th season, his foot is in the door of history again.

He is about to pass Bear Bryant as the college football coach with the most victories *of all time.*

And where you expect recognition, there is none. Not the kind Eddie Robinson deserves.

ROBINSON WAS COACHING . . .

Remember that when Bear Bryant was starting out at Maryland, Eddie Robinson was already at Grambling, coaching football. A one-man staff.

And when Bear Bryant was making a name for himself at Kentucky, Robinson was at Grambling, coaching football. And hosing off the field, and directing the girls drill team.

And when Bear Bryant was turning into a legend at Alabama, Robinson was still at Grambling, coaching football. And writing the game stories for newspapers that generally didn't print them.

And when Bear Bryant passed Amos Alonzo Stagg in all-time victories among college coaches, Robinson was still at Grambling, coaching football. And sending his 200th player to the pros—though his quarterbacks were almost always given new positions. "Not smart enough," the pros said.

For decades, black athletes in the South came to Robinson, for they had little choice. If they wanted to play college football, it had to be at a "black" college; a Grambling, an Alcorn State, a Southern.

Eddie Robinson took them, molded them, won with them, made sure they graduated.

And when, in the 1960s, the previously all-white schools were integrated, the black schools were suddenly shunted aside. Their programs sank as their would-be players were wooed away by promises of network TV and fancy stadiums.

Robinson would not complain. "I watched black kids risk their lives to integrate society," he said. So he settled for the also-rans. The leftovers.

And he taught them. And he won with them.

Time magazine once asked him about the irony of it, and he shrugged. "Some build the roads, some drive over them," he said. "We're getting there."

NOT MUCH FUSS OVER THIS RECORD

Well, maybe and maybe not. Saturday marks the start of Grambling's 1985 season, with Robinson only four wins from breaking Bryant's career mark of 323 victories. And I don't hear much fuss, much Pete Rose-type hooplah.

Oh, there's an article here and there. But you can bet if he were white and at a major school you'd know Robinson's name backward by now.

And meanwhile, he goes on, still on a tiny budget, still making the midnight bus rides, still driving the Louisiana backroads to recruit players.

He is 66 now, and how many men owe him their football careers? Tank Younger, Willie Davis, Ernie Ladd, Buck Buchanan, Doug Williams. And how many less famous owe him their diplomas, their manners, their pride?

Remember Ralph Ellison, the brilliant black writer, who called himself an Invisible Man because people refused to see him?

Eddie Robinson has been invisible. Too long.

No doubt there are some who don't want Bryant's legend eclipsed—and particularly by a black man. Tough. It's going to happen.

And when it does, it might be worth noting that Bryant did not have a black athlete in his program until 1970. The same year Grambling finally got a sprinkler for its football field.

Some build the roads, some drive over them.

This college year belongs to Eddie Robinson. And sadly, too few of us know it.

[From USA Today, Oct. 4, 1985]

Eddie Robinson—Coach Puts the Big Win, Life, Game in Perspective

(By Steve Wieberg)

Grambling, La.—Eddie Robinson is leaning over the cluttered desk in his office, eyes opened wide, hands churning, his voice—one part Sunday preacher, one part grandfather—rising and falling with emotion.

He's in mid-story.

"I remember when I was in the third grade in Baton Rouge, standing on the steps at McKinley High School and listening to coach Julius Kraft. He'd have his players out there in their blue-and-white uniforms, and he'd introduce them. 'This guy can throw the ball. He can catch the ball. And so and so, he can really tackle.'

"He had one of those megaphone voices. I mean, it really carried. The charisma he had . . . I knew then that I wanted to be a football coach.

"He smiled, but he could turn off that smile on the field. I remember seeing him pull a jersey off a guy playing who'd made a mistake and put it on another guy."

It was 45 years ago that Robinson, the son of a one-time Louisiana sharecropper, followed Kraft into the profession. Now, he stands at its pinnacle. Robinson's Grambling teams have won 323 games, tying him with Paul "Bear" Bryant for the most coaching victories in college history.

Saturday, against Prairie View A&M in Dallas' Cotton Bowl, he can pass the Bear.

But if Bryant was larger then life, his weathered face and houndstooth hat part of an almost intimidating aura, Robinson has remained mortal. He lives in a sprawling-but-modest brick house on Adams Avenue, a couple of blocks from the Grambling campus. The car in the driveway is a 4-year-old Pontiac.

You can still find his number in thephone book and get an hour—or two or three—of his time during the day. Robinson, 66, loves to talk.

He never has coached practices from a tower, as Bryant did. He won't occupy a pedestal now.

"It's like in '56, when Alonzo Stagg was at the first (coaches') convention. I ever attended. We were all standing in line to meet him and, when I got up there and shook his hand, I just held it and looked at it. I was trying to see if he was for real.

"Somebody behind me said, 'Kiss him, and move on.'"

Robinson started at Grambling in 1941, when the school was called Louisiana Negro Normal and Industrial Institute, with practically nothing. For $63.75 a month, he limed the field, taped the players, coached, directed the drill team at halftime and wrote the game stories himself. A nightwatchman was his only assistant coach.

But he was accustomed to doing without. When Robinson visited New York's Harlem in 1969, he realized "I had grown up in a ghetto. I thought everybody lived like that."

He considered dropping out of high school to help support his mother, who had separated from his father and was earning $4 to $5 a week as a domestic worker. But she wouldn't let him.

So he became the first in his family to graduate and went on to Leland College in Baker, La., where he played quarterback and received an English degree.

Robinson never forgot the value of that education. He has steered some 95 percent of Grambling's football players to degrees of their own—eventual NFL stars Charlie Joiner and Everson Walls in accounting, Doug Williams in therapeutic education and Willie Davis in business administration.

"I instituted a wakeup program. I'd get to the dorm at 6:15 in the morning with a bell, and ring it.

"If you're in bed, I'm going to ring that bell in your ear, and the only way to make it stop is for your feet to hit the floor. I don't want to say I make you go to class; I make you go to breakfast. If you go to breakfast, you'll go to class."

Said Prairie View football coach Conway Hayman, who has known Robinson since 1971: "He's put football in its proper perspective. That's what's wrong with the game today: everybody thinks if they get a pro contract, that's it. He instills a certain attitude, a way of life.

"You never hear about problems with Grambling players like you do at other schools."

At one point, Robinson said, he thought about becoming a doctor. He noticed "they were the people we looked up to. They had their footprints in the sands of time."

He seems to have accomplished that anyway. His legacy is a football program that now plays in New York's Yankee Stadium and the Louisiana Superdome in New Orleans and has sent more than 200 players to the pros. He is in the record books with the Staggs and the Bryants.

Robinson treasures his memories of Bryant. They last spoke during an awards ceremony the week of the 1982 Liberty Bowl in Memphis.

"I told him about a story I'd read, about when Lincoln made his Gettysburg Address. Everybody felt his speech would live in the hearts of men and be taught to every schoolchild, but nobody thought it would be proper to tell him.

"Afterward, Lincoln told somebody, 'If a lady who'd lost her son in the war had touched me on the shoulder and said the speech had touched her heart, it would have made me feel good.'

"I told coach Bryant I wanted him to know that the people in Tennessee are touching your sleeve and telling you what you've done for college football and American sports.

"Maybe it seemed a little old-fashioned. But the guy died two weeks after it happened. I said it, and I really feel good about it."

THE ROBINSON FILE

Likes: Dogs (he used to raise Spaniels); movies.

Dislikes: Those who want an asterisk beside his record because Grambling is a predominantly black, Division I-AA school ("My state dictated to me where I could go to school and, when I came out, where I could coach. And it dictated the schedule I could play.")

Family: Married 44 years to wife, Doris, after an eight-year courtship. Children are Eddie Jr., 41, a Grambling assistant coach, and Lillian Rose Watkins, 43. Five grandchildren.

Career highlights: Quarterback for now-defunct Leland College in Baker, La. Has won 323 games, won or shared 13 Southwestern Athletic Conference championships and produced more than 200 pro players in 45 years as Grambling's head coach.

On how much longer he'll coach: "I've got until the '89 season (when he reaches the school's mandatory retirement age of 70). . . . As long as I'm a plus for the university, I'll continue. It would be hard to hang on if we're getting our brains beat out."

Why he hasn't taken a pro job: "Never really interested."

Why there's no black head coach in the pros: Black coaches "are going to have to be more aggressive. I advertised for a football coach, and I had more white applicants than black. A lot of black coaches want you to come to them and ask them to go to work. You've got to go after it, make them think they can't win without you."

Education: Graduated from McKinley High School in Baton Rouge, La., and received English degree at Leland College.

Home: Four-bedroom, brick house near school in tiny Grambling.

Birthplace: Jackson, La., Feb. 11. 1919.

A NOVEL APPROACH TO CONFLICT RESOLUTION

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. WIRTH. Mr. Speaker, an innovative approach to solving international conflicts has been brought to my attention by Dr. Kendall Gerdes, a physician who lives in my district. Dr. Gerdes organized a group of professionals to discuss nuclear policy. This group recently entered a contest, sponsored by the Christian Science Monitor, entitled "Peace 2010." The object of competition was to write an essay from the point of view of the year 2010, outlining how a lasting international peace had been established. Although their entry did not win, Dr. Gerdes and his group sent me the winning essay by Thomas Fehsenfeld.

The article chronicles how politicians and scholars utilized a computer network to exchange ideas on improving East/West relations. As politicians and policymakers entered the network, these ideas were implemented and East/West tensions eased. From this beginning, the concept of conflict management arose. Rather than striving to eliminate conflict—an impossible task according to Fehsenfeld—individuals and nations should attempt to resolve conflict nonviolently. Conflict management utilizes inevitable controversy to refine and test ideals, while finding nonviolent resolutions to problems.

I share Dr. Gerdes' views that this suggestion of using management to channel conflict into constructive change is worthy of further consideration. I commend this article to my colleagues and ask that it be inserted in the RECORD at this point.

A GLOBAL CONFLICT MANAGEMENT SYSTEM, STEP BY STEP

The following is an excerpt from the online conference "Peace in Our Time," which was held on the MacroNet Educational Network, May 17, 2010.

MN: There has been a great transformation in international relations during the past 25 years. During most of the 20th century, nations looked upon war as a terrible but necessary part of international relations. War and threats of war were their final resort when diplomacy had broken down.

In the short span of 25 years, this view has almost disappeared from the world. Military budgets worldwide have dropped to one-tenth their 20th-century levels (figures adjusted for deflation). The incidence of war has dropped to .25 wars per year from the 20th-century level of 1.5 per year.

Another measure of this change is that wars, when they do occur, have become less deadly. The last war to claim 100,000 victims was the Iran/Iraq war of the 1980s. Most wars today are settled quickly with the loss of less than 1,000 lives.

To help us understand this great change, we have invited Dr. John McConnell to join our conference. Welcome Dr. McConnell.

McC: Thank you.

MN: You played an important part in the changes that helped establish our current "peace system." Could you explain how the McConnell network was established?

McC: First, I have to disagree with your statement that what we now have is a "peace system." We have as many conflicts as ever between nations—it might be more accurate to say that we have a "conflict management system." Peace, after all, is not something that humanity naturally seeks.

MN: It would seem that everyone seeks peace—statesmen are continually talking about it.

McC: Of course they talk about it, but peace has very little to do with life, which is full of conflict. Nations seek prestige, wealth, power, and security. They look for peace only when the wolf is at the door and usually find that the wolf is not very interested in peace.

MN: Isn't this merely a semantic quibble?

McC: No. Peace is a transitory condition. It is a (usually short) "era of good feelings" between nations. Continual peace is neither possible nor desirable because it is through conflict that ideals are tested and either reaffirmed or changed.

Conflict management, on the other hand, is a very realistic goal. It allows conflicts to develop and find resolution, but directs them away from violence.

Our goal with the so-called McConnell network was to find strategies that would allow for conflicts of national interests, but keep them from erupting into violence. In certain instances, we found that conflicts had to be encouraged in the short run to keep them from festering into total conflicts.

MN: What is the meaning "total conflict"?

McC: It was a phrase we coined to describe those conflicts in which the only perceived solution is the destruction of the opponent. One of the most famous total conflicts were the many wars between Rome and Carthage which ended in the total destruction of Carthage. Our conflicts with the Soviets were at one time seen as total.

MN: Returning to the McConnell network, please describe how it was formed, how it functioned and some of the ideas it developed.

McC: It began during the mid-1980s when there were serious questions about humanity's survival. I had been working for several years at the Russian Studies Institute of the University of Michigan and had published an article questioning our approach to relations with the Soviets.

It seemed to me that we were working backward. Our government was working very hard to make agreements with a government we didn't like or trust. This was bound to fail.

MN: This is what you called the "fallacy of legality."

McC: Yes. I had begun to look at the US and the USSR as partners in the survival of the world. When you have a partner you trust and respect, you can carry on your business on a handshake. On the other hand, when two partners have a poor relationship, when they are continually jockeying for advantage, then no contract is sufficient. Any agreement devised by the mind of man can be circumvented by the mind of man.

I suggested that we had to find ways to improve the underlying relationship between us. If we did this, agreements would be much easier to conclude—in fact, such an improvement would make many agreements unnecessary.

MN: How would it make agreements unnecessary?

McC: Well, for instance, we did not need agreements with France to limit their nuclear stockpiles because we were confident that they had no intention of aiming their missiles at us.

Our underlying relationship with France was one of sympathy and respect (although they often frustrated us). War between us was "unthinkable" in spite of frequent conflicts.

MN: What specific proposals did you make?

McC: The article contained about a dozen low cost steps we could take to improve our underlying relations. I listed them not because they were great ideas, but simply to illustrate that once you focused on the underlying relationship instead of the legalities, it was easy to find ways.

Some of the things suggested were the establishment of a joint US/USSR trade center with a database to aid in matching products and markets, a jointly financed and operated space station, diplomatic restraint when we were not directly involved in a problem created by the Soviets (we had a tendency at the time to take over other nations' problems with the Soviets and make them our own).

MN: What happended next?

McC: In spite of being a simple idea, the article was a success. It happened to get picked up by a couple of liberal senators looking for a new idea. Liberals were on the run at the time and fresh out of new ideas.

They liked it because it gave them an approach to the USSR which was not belligerent, nor did it suggest sacrificing our national interest just to nail down formal agreements—something the conservatives had accused them of.

As a result of the article, I was asked to testify before the Senate Foreign Relations Committee and got some publicity. This helped me to make contacts which led to the formation of the New Relations Working Group, which the media called the McConnell network.

MN: How was it organized?

McC: I had some initial meetings with members of Congress and people in the administration who were interested in further discussions on our relations with the Soviets, but being busy people, no one had time for meetings so we formed a computer network to exchange views. That was not so common then as it is today.

MN: Did that mode work well for you?

McC: Yes. It was fascinating to watch the ideas develop—it worked almost as a group mind. It turned out that by using the computer network ideas were detached from ego. They were thrown into the database without anyone caring if they survived or not. Ideas would build into theories almost effortlessly. Participants would come and go, adding their perspectives and experience. A kind of natural selection took place until we began to distill an approach to conflict which was unique, and which worked.

MN: Please describe some of your conclusions.

McC: We began with Soviet/American relations because almost every national conflict at that time was cast in the light of the overall East/West conflict.

If Somalia was being armed by the Soviets, we would send arms to Ethiopia—if Ethiopia had a revolution and jumped into the Soviet camp, we would begin arming the Somalis. It was crazy.

Many leaders of third-world nations understood this, of course. They played off the superpowers to enrich themselves and were showered with an incredible amount of sophisticated weaponry. Our weapons and the Soviets' fueled every was during the last half of the 20th century.

Moreover, every strategy tried since World War II to control this mounting conflict had failed. The United Nations failed—it became a forum that created and intensified conflicts, the arms-control process had failed—each new agreement left us with higher levels of armaments, détente had failed—each side was left feeling betrayed because there was never a common understanding of what détente meant. Nothing seemed to work.

MN: And yet, solutions were there.

McC: Yes, they were. But at the time, the people who wanted a better relation-ship with the Soviets kept pushing the same field solutions. They wanted a United Nations that "worked," or another arms agreement which would be obsolete with the next breakthrough, or a freeze of nuclear weapons at ridiculously high levels.

Our group took a different tack. A consensus emerged that we should focus on measures that would improve the underlying relationship (as my initial article had). A second point was that America could take many steps without any formal agreement that would improve this relationship. We developed a strategy of "irresistible opportunity."

MN: What did you mean by that?

McC: We looked at actions we could take which would draw the Soviets into the world economy and world culture exchange without threatening their identity. Ways were explored in which the ruble could be turned into a hard currency, for instance, to facilitate their entry into world trade on an equal basis with other countries. We thought that this would be an irresistible opportunity for them because their economy was ailing.

We also looked at our own defense policy to find ways of improving our relationship. We suggested many actions which might make our defense posture less threatening to them without endangering our own security. There were a whole range of actions which we called by the name of "minimum assured deterrence." The basic idea was that we should have the minimum amount of force available to protect ourselves. Holding excess force in reserve tends to look threatening from the other side and draws a response which leads to escalation. We sought actions that we could take unilaterally to deescalate the arms race.

Eventually, as some of these proposals were adopted, they created an irresistible opportunity for the Soviets to lower their own spending on arms.

MN: What made your approach different from other groups that were making these types of proposals at the time? Why did your group receive a hearing and eventually have some of its ideas adopted?

McC: There were two ways in which we were different. First, we were an open group in which anyone who had access to a computer terminal could participate. All earlier attempts had been made by narrow, usually elite groups which did not build widespread support.

Secondly, we decided early in our endeavor that it was not enough to think up new ideas and make logical arguments for them. There was a wise old politician who joined our group, George Winslow. He continually asked of each idea, "Who has the power to implement this? How could they be motivated to do so?" It was fine to argue about what should be, but if no one could find an answer to George's questions, the idea was dropped.

MN: Was it Mr. Winslow who came up with the idea of "a program, a constituency, a coalition?"

McC: Yes. After we had answered his questions about who had the power to implement the idea or program, we could ask what groups in our society woud benefit by its implementation and what groups could influence the policymaker. We then searched for a way to create a coalition between them to get the job done. This approach worked very well.

We had to carry it one step further, of course, and ask which groups would be opposed to such a change and how their opposition could be dealt with.

MN: Especially the armed forces and their suppliers?

McC: The military-industrial complex is what we called it then. They had to be dealt with. In a pluralistic society such as ours, you could not simply advocate ideas which would put many hundreds of thousands out of a job. New missions had to be found for them. Luckily, there were many missions available for brave and dedicated people.

When you said that military budgets have dropped to one-tenth their 20th-century level, you were technically correct. But as everyone knows, we still have a very large army. They are simply performing nonmilitary missions. Every school kid knows about President Andrews' West Point speech of 1993 in which he said, "For 200 years, you have defended the republic and the Constitution. Now you must defend the Earth itself."

The ecological disasters of the late 1980s were the main motivation in this change. And the reforestation of the Sahara by the American Army was one of its finest hours.

Today, the American services are widely respected and welcomed around the world for their contributions to preserving the ecosystem and aiding in the construction of transportation and communications systems. Their scientific work on the seas and in space is providing us with greater understanding of our world and our place in it.

MN: How could a simple computer network gain so much influence?

McC: Numbers. We simply recruited and recruited. At its height in the early 1990s, we had almost 20,000 active members who participated in discussions and the building of a database on conflict management. This in itself was a powerful forum for new ideas.

Equally important were the many groups which used the network. Many politicians (both liberals and conservatives) mined our database to find ideas and new directions.

President Andrews' campaign statement that, "The Republicans have thrown money at our security problems, but have not made us more secure," was picked up on one of our online conferences.

Politicians are in the business of winning elections—maximizing their votes. When they joined our network, they had an important resource that they could use to find the facts they needed or test ideas (sometimes anonymously). Quite often they put out appeals for money on the network as well.

It also spawned many businesses. The conflict management industry did not exist 25 years ago. Now of course, there are thousands of firms offering conflict management services and many of them began with conversations on our network. Now there are many conflict managment databases available, expert systems programs, consulting groups, conflict resolution centers. They deal with anything from family disputes to labor/management problems, to internaional relations. Even the socialist countries have established similar institutions.

MN: Didn't the commercial nature of the network cause a split during the 1960s?

McC: Yes. Many of those who were grounded in the old peace movement feel that there was something immoral about making money on conflict management. I and many others argued that it was important for people to be able to earn a living in this line of work. After all, people had been earning a living on war for thousands of year. Why not on peace?

The dominant culture of America is business. It has been since the Civil War. We had to turn conflict management into a business or it would have remained forever on the sidelines.

Those who disagree formed the Satyagraha network which deals mainly with philosophical and religious approaches to peace. They perform a valueable function and most competent conflict managers keep in touch with their ideas.

MN: Where does the conflict management movement go from here?

McC: There is a growing awareness that we must move beyond conflict management. The companies which specialize only in conflict management are facing a shrinking market because their techniques are now so widely known and applied. People are becoming better manager of their own conflicts.

The most progressive companies are developing approaches to emphasize the constructive uses of conflict. After all, once the connection between conflict and violence is broken, it can be a very creative experience.

MN: Thank you, Dr. McConnell.

McC: Thank you.

NICARAGUAN TROOP INCURSIONS

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. LAGOMARSINO. Mr. Speaker, Newspaper reports in recent months give regular accounts of cross border incursions by the Nicaraguan Sandinista Army into both Costa Rica and Honduras. Not all those incursions have been reported, however. Honduras has compiled a list of 64 incidents occurring between January and September 1985. A review of that list gives a better understanding of the systematic campaign of provocation by the Sandinista government against Honduras.

I urge my colleagues to review this list of 64 incidents which have resulted in the deaths of 11 people, with 23 wounded.

The report follows:

REPORT DETAILS NICARAGUAN TROOP INCURSIONS

(Report by Danilo Antunez)

Nicaraguan Government troops have carried out 64 incursions into Honduran territory between January and September 1985. The results of these incursions have been 11 persons killed—civilians and soldiers—23 wounded, and 7 homes destroyed. In 1984, 43 incidents were reported which resulted in 26 Honduran dead. The incidents reported at the border with Nicaragua between January and September 1985 are as follows:

1. January 4, 1985: Sandinista People's Army (EPS) soldiers shelled Montecristo, San Fernando, and Buena Esperanza, Jutiapa, with BM-21 artillery. The number of rockets launched has not been established.

2. January 10, 1985: EPS troops entered Honduran territory through the area of Horno Chinampa, Dipilto.

3. January 10, 1985: Information was received that EPS soldiers were placing mines from La Picona Hill to Mata de Platano, Dipilto.

4. January 18, 1985: An unknown number of EPS soldiers entered Honduran national territory through the area of Arenales, El Paraiso Department. They were pursuing a man and a 10-year-old child. The Sandinist patrol withdrew into Nicaraguan territory after killing the man and wounding the child.

5. January 19, 1985: The commander of the 101st Infantry Brigade stationed in Choluteca reported, that near the area of Isnaya, Somoto, only meters from the Honduran border, an antipersonnel mine exploded, seriously injuring a Nicaraguan citizen. Following the explosion of the mine, an EPS patrol entered Honduran territory through the area of Isnaya and headed for Hacienda San Juan, where they captured two Honduran citizens. They were interrogated regarding the location of anti-Sandinist and Honduran Army bases and later released.

6. January 23, 1985: EPS soldiers opened fire on the Guasaule customs post. Honduran soldiers responded to the fire. No casualties were reported.

7. January 24, 1985: It was reported that EPS soldiers, estimated to be a platoon, entered Honduran territory through the area of Los Lirios, Santa Maria. They withdrew into Nicaraguan territory 4 hours later.

8. January 26, 1985: Using 122-mm BM-21 artillery, EPS soldiers harassed the areas of Cacamuya and La Mina, Concepcion de Maria, Cinco Pinos. It has been estimated that approximately 70 rockets landed in the mentioned areas as well as surrounding areas.

9. January 30, 1985: The commander of the 11th Infantry Battalion reported that EPS soldiers used rifle fire to harass the Palo Verde Military Detachment, Concepcion de Maria, Cinco Pinos. The attack lasted approximately 25 minutes. The Honduran forces responded to the fire, and as a result the EPS suffered one dead and one wounded.

10. January 10, 1985 [as heard]: Approximately 4,900 infantry and special forces soldiers were deployed to an area bordering on the east with (La Pata), to the north with Teotecacinte, to the west with Santa Maria, and to the south with Asturias.

11. January 31, 1985: EPS soldiers fired their artillery on the area of (La Lodosa) and Crique de Oro, San Fernando. It is estimated that approximately 30 rockets hit Honduran territory. No casualties were reported.

12. February 4, 1985: Jose Miguel Funez, a Honduran citizen, was shot by the EPS. The incident occurred in the area of (Carrizal Prieto), Duyure jurisdiction, Choluteca.

13. February 13, 1985: EPS troops ambushed a patrol of the 6th Infantry Battalion in the area of Las Limas, San Fernando. No casualties were reported.

14. February 19, 1985: EPS soldiers harassed the area of (La Supa) with 122-mm mortar fire. It has been calculated that approximately 25 rockets landed in Honduran territory. No casualties were reported.

15. February 24, 1985: Seventy Nicaraguan citizens entered Honduran territory through the area of Las Dificultades, Dipilto. They have remained in the country under the status of refugees.

16. February 28, 1985: EPS soldiers entered Honduran territory through the area of the village of (El Subico), Rio Poteca. They took Anastasio Molina, a Honduran citizen, prisoner. He was later released after being interrogated regarding the location of Honduran troops and of the Nicaraguan Democratic Front [FDN].

On the same day, 32 Nicaraguan citizens entered our country through the area of Las Dificultades, Dipilto, and El Canton.

17. March 2, 1985: Twenty-three persons coming from Nicaragua entered Honduran territory through the area of Arenales. They have remained in the country as refugees.

18. March 7, 1985: EPS soldiers opened rifle fire for 30 minutes against the Palo Verde military post, Concepcion de Maria, Cinco Pinos. The Honduran forces responded to the fire. No casualties were reported.

19. March 12, 1985: EPS soldiers shelled the area of Montecristo, San Fernando, Honduras. Somewhere between 35 and 38 rockets fell in Honduran territory. Two of these rockets fell on the home of Mariano Gonzalo Rodriguez. This attack resulted in the death of fernando Antonio Maldanado, a 17-year-old Nicaraguan citizen. Carlos Humberto Rodriguez Maldonado, a 20-year-old man, was wounded.

20. March 14, 1985: EPS soldiers fired their artillery on Honduran territory. Approximately 50 120-mm rockets fell on Las Minas Hill, Cacmuya, Concepcion de Maria.

21. March 15, 1985: Fifteen Nicaraguan citizens entered Honduran territory through the area of Las Dificultades. They have remained in the country as refugees.

22. April 2, 1985: Seventeen EPS soldiers, led by an officer, entered Honduran territory through the area of La Fraternidad, San Marcos de Colon jurisdiction. They were traveling in seven ZIL-131 Soviet-made vehicles. They were all members of the 2000 Transportation and Security Battalion stationed in Managua. Following the usual interrogations, this group came into the country to take recruits from Somoto to the Dennis Gutierrez training center, better known as Mulukuku, Matagalpa.

23. April 21, 1985: EPS soldiers opened artillery fire with the use of BM-21's on the areas of Venado Hill and Las Vegas. Approximately 150 rockets landed in Honduran territory. One FDN casualty was reported.

24. April 19, 1985: EPS soldiers entered our territory through the areas of Carrizal Pireto, Morolica. A Honduran Patrol stationed in the area opened fire on the Sandinist patrol. One casualty was inflicted. The enemy withdrew from Nicaraguan Territory.

25. April 24, 1985: EPS soldiers, in coordination with subversives from the Cinchoneros Front, mined the road between Trojes and Las Vegas, especially the area between La Cuesta de Zepeda and Capire Hill. The Honduran troops proceeded immediately to sweep the area.

26. April 20, 1985: One-hundred-and-thirty Nicaraguan citizens entered Honduran territory through the area of Las Dificultades, Arenales, El Suyatal, Las Canas, and El Pedregalito.

27. May 24, 1985: EPS soldiers attacked the Guapinol and Arenales sector in El Paraiso Department near the Poteca River with artillery fire, which resulted in one dead, four wounded, and four houses destroyed.

28. May 5, 1985: EPS soldiers harassed El Tablazo sector, El Paraiso Department with BM-21 artillery fire. On that same date, the EPS harassed the Tapalchi sector, in the same department, with BM-21's.

29. May 5, 1985: The EPS attacked the Espanol Grande sector with heavy artillery fire. The attack continued until 1700. The bombing continued in the Arenales sector until 1730. No casualties were reported.

30. May 6, 1985: The EPS bombed the El Tablazo sector with heavy artillery. The attack lasted 45 minutes.

31. May 12, 1985: EPS soldiers entered Honduran territory through the Supa sector, which resulted in a clash with troops of the Nicaraguan Democratic Force, FDN. No casualties were reported.

32. May 12, 1985: One hundred Nicaraguans entered Honduran territory through the Banco Grande Sector, El Paraiso Department.

33. May 14, 1985: An unidentified twin-engine plane overflew the Las Vegas area and then returned to Nicaragua.

34. May 14, 1985: The EPS carried out activities to evacuate the civilian population in the following places: San Jeronimo, Arenales, El Mapa, La Reforma, Ceiba, Palo Prieto, Doradito, El Rosario, Las Brisas, Quebrada Negra, El Paraisito Poteca River, and Las Chechaguas Hill, in the Cuscaguas area. They installed a 152-mm cannon in the Pantasma area, and 8 122-mm howitzers and a PT-76 company in Apanas.

35. During the first days of June an EPS military unit carried out a reconnaissance operation in Honduran territory, 1 km north of El Ocotal. During that same period three surveillance posts were installed near Santa Maria.

36. June 14, 1985: EPS soldiers entered Honduran territory through the Talpache sector, approximately 500 meters from the border, and returned to Nicaragua 3 hours later.

37. June 17, 1985: Three Nicaraguans died in Puerto Morazan when they triggered mines in that sector while heading for Honduras.

38. June 17, 1985: Six antipersonnel PTMI mines and a Czechoslavak made SR mine were deactivated in El Aguacatal, Dipilto.

39. June 19, 1985: EPS soldiers entered Honduran territory through the Las Dificultades sector in Dipilto, capturing one Nicaraguan and one Honduran citizen.

40. June 19, 1985: Four antipersonnel mines were deactivated in the Las Dificultades sector, Dipilto.

41. June 27, 1985: The EPS opened artillery fire over the La Esperanza and La Colina sectors. The fire probably came from the La Suapa Hill near the Poteca River. No damages were reported.

42. June 20, 1985: The EPS reinforced military posts in Jalapa, Santa Maria, and Dipilto Viejo.

43. June 22, 1985: One Honduran citizen and two others were wounded as they crossed a minefield in Nicaraguan territory near El Guasaule, Puerto Morazan.

44. July 1, 1985: Two Honduran citizens who were transiting the Las Limas sector, Dipilto, were seriously wounded when they triggered a mine in that area.

45. July 4, 1985: The EPS harassed areas near Alauca, such as the San Antonio River, La Manzanilla, and Quebrada Honda in El Paraiso, with EM-21 rockers. No casualties were reported.

46. July 5, 1985: The EPS harassed Honduran territory through the Tapalchi sector, in the Carta River area, with mortar grenades. No casualties were reported.

47. July 10, 1985: Troops of an EPS detachment who were probably members of the 61st Brigade headquartered in El Rosario del Salto entered Honduran territory through Maquengales, in the Poteca River area.

48. July 10, 1985: Forty-three Nicaraguans entered Honduran territory through the Juji sector Llanos de Iltara.

49. July 6, 1985: EPS troops entered Honduran territory through the Tapalchi and Puerto Viejo sectors in the Poteca River area.

50. July 10, 1985: EPS soldiers harassed Honduran territory near Calentura, El Horno, El Canton, and El Jibral hills in Jutiapa with BM-21 fire. It has been estimated that approximately 130 rockets fell in the area. One house was destroyed as a result of the attack.

51. July 17, 1985: An EPS squad entered Honduran territory through the Tapalchi sector and clashed with FDN troops. The Commander of the EPS group was killed in the incident.

52. July 23, 1985: EPS soldiers harassed San Marcos, La Ceiba, with 82-mm mortar fire. Approximately 10 grenades hit Honduran soil. One house was damaged as a result of the attack.

53. July 18, 1985: EPS troops carried out a surprise attack on a Honduran patrol stationed in El Pedregalito while conducting a routine patrol operation in La Jagua sector, Dipilto. The Honduran forces returned the fire. No casualties were reported.

54. July 18, 1985: EPS soldiers harassed Honduran territory in the sector of El Potrero Grande with small arms fire. No casualties were reported.

55. July 19, 1985: EPS soldiers harassed the Corrales area in Jutiapa with Soviet-made BM-21 rocket launchers. As a result of this attack, a resident of Las Flores village was killed, and his 19-year-old son was seriously wounded.

56. August 14, 1985: An EPS patrol entered Honduran territory through La Laguna area, clashing with a patrol of the 110th Infantry Brigade near Jesus Hill in Jalapa. The Honduran patrol sustained two casualties as a result of the clash.

57. August 15, 1985: An EPS patrol made up of approximately 20 soldiers from the Limon Valley, Jalapa military post, entered Honduran territory through La Lime, Jucuapa.

58. August 24, 1985: A company of EPS soldiers stationed at the border post in La Ceiba, Jutiapa, entered Honduran territory through Jesus Hill up to La Gloria farm. No damages were reported in the area.

59. September 6, 1985: A patrol of the 11th Infantry Battalion was attacked by surprise by the EPS with small arms fire near Las Pinas, in the Concepcion de Marias, Cinco Pinos area, while on a routine patrol. No casualties were reported.

60. September 7, 1985: EPS soldiers harassed the La Lodosa area at Montecristo Hill in San Fernando. Approximately 22 grenades hit Honduran territory, and, as a result, a house was destroyed.

61. September 9, 1985: EPS soldiers harassed the Caguasca area in San Juan de Limay. This action was possibly carried out by troops at El Hato border post, approximately 5 km from the border, and as a result one man was wounded.

62. September 10, 1985: An EPS patrol entered Honduran territory through San Andres de Amayas supported by Nicaraguan Air Force planes that bombed the area.

63. September 12, 1985: Using BM-21 rocket launchers, EPS members harassed the Boca de Arenales sector near the Poteca River. No damages were reported.

64. September 13, 1985: EPS soldiers harassed the El Espanolito sector with 120-mm mortar fire. One soldier was killed and eight were wounded as a result of the attack. They were members of the 6th Infantry Battalion.

65. September 13, 1985: EPS soldiers harassed La Lodosa with heavy artillery fire. No damages were reported.

This was a complete report on the 64 incursions into Honduran territory by Nicaraguan troops from January to September of this year, which have resulted in 11 people killed, including civilians and military, 23 wounded, and 7 houses destroyed.

[From Managua La Prensa, Sept. 19, 1985]

NICARAGUA

ORTEGA TO ADDRESS U.N. GENERAL ASSEMBLY

The Presidential Palace's Information and Press Secretariat has reported that Commander Daniel Ortega will travel to the United States in the next few days to deliver a speech to the UN's 40th General Assembly. The press communique released yesterday does not indicate the exact date Ortega will go to New York, only that he will travel soon.

According to the press bulletin, Ortega will discuss the search for peace, the defense of international law, and the world economy's critical situation during his speech to the United Nations.

[From Managua Radio Sandino, Sept. 17, 1985]

ORTEGA MESSAGE NOTES MEXICAN ANNIVERSARY

["Text" of message sent by Nicaraguan President Daniel Ortega to Mexican President Miguel de la Madrid on the anniversary of Mexico's independence day; date not given.]

DEAR PRESIDENT AND FRIEND: On behalf of the people and Government of Nicaragua, we join the people and Governments of the United Mexican States in rejoicing on the commemoration of the anniversary of the day of proclamation of the republic in 1810.

On this significant date I wish to stress especially the invaluable contribution to Central American peace and stability of the Mexican nation, whose efforts as a member of the Contradora Group are an example of the loftiest principles of cooperation, solidarity, and respect. The Nicaraguan people and government appreciate the valuable solidarity of the people and Government of Mexico and note this new anniversary of the day of proclamation of the republic of the United Mexican States. We wish for it a brilliant future of peace and prosperity.

Fraternally,

DANIEL ORTEGA SAAVEDRA.

[From Managua Domestic Service, Sept. 21, 1985]

PRESIDENT SENDS MEXICANS SOLIDARITY MESSAGE

[Message from Nicaraguan President Daniel Ortega to the Mexican people—recorded and broadcast during a linkup with Radio Metropoli in Guadalajara, Mexico.]

Good afternoon. We wish to avail ourselves of this direct communication with the Mexican people through our radio system in order to convey the solidarity of the Nicaraguan people and Government with the Mexican people and Government. We wish to tell the Mexican people and President De la Madrid that we are in solidarity with you in those difficult and tragic moments.

Here in Nicaragua we regret this tragedy, which is a Latin American tragedy. The earthquake which shook Mexico shook Nicaragua and all of Latin America. We wish to send our condolences to the relatives of all those who have died in this earthquake and tell you that the Nicaraguan people are with the Mexican people. We send you all our love, solidarity, and fraternal sorrow. Thank you.

[From Managua Radio Sandino, Sept. 17, 1985]

SOVIET TECHNICIANS STUDYING WATER PROBLEMS

A group of Soviet experts is currently in Managua to look into the capital's drinking water problem. The Soviet experts have been meeting daily with the various INAA [Nicaraguan Water and Sewage Institute] officials handling this problem and have visited the Carlos Fonseca field of wells, which is an important source of water for Managua.

At the conclusion of their 1-month survey, the Soviet technicians will submit a report on the situation, and the possibility of providing Soviet financing for the work to be done by INAA will then be considered.

CCCNY SALUTES SOCIAL SECURITY'S 50TH ANNIVERSARY

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. MILLER of California. Mr. Speaker, Americans of all political views recently paused to celebrate the 50th anniversary of the enactment of the Social Security Act. This landmark legislation has improved and enriched the lives of all of us.

While Social Security is the principal income support system for millions of senior citizens, that is far from its sole important function.

In fact, during a period of increased instability and crisis for children and families, we are reminded that the Social Security Act contains provisions to support low-income children and their families, homeless children, children in need of rehabilitation services, and others whose circumstances require special attention and whose families have few resources.

In a recent statement praising the passage of the Social Security Act, the "Citizens Committee for Children of New Youth" emphasized those important elements of the act which directly benefit children.

I ask unanimous consent that their statement be printed in the RECORD.

CHILDREN ADVOCACY ORGANIZATION HERALDS 50TH ANNIVERSARY OF PASSAGE OF SOCIAL SECURITY LEGISLATION

The 50th anniversary of the enactment of the Social Security Act, Wednesday, August 14 is hailed by Nancy Hoving, President of Citizens' Committee for Children of New York as a law that has proved "fundamental to the protection of the lives of untold numbers of the nation's children."

She noted that the public generally sees Social Security as a system designed to provide an income "Safety Net" for citizens who have reached the ages of 62 or better.

"But it is far more than that," says Mrs. Hoving. "It is an umbrella for a host of services that cover those eligible from birth to their final days.

"For example, Title IV of this remarkable legislation created the program of Aid to Dependent Children, which is the nation's largest social support program for families. Title V set up grants for Maternal and Child Health Services; for Services for Crippled Children; for Child Welfare Services; for protection and care of the homeless; dependent and neglected children; children in danger of becoming delinquent, and further it provides for vocational rehabilitation."

Altogether, she added, a bold, broad law to safeguard children and others against overwhelming misfortunes.

Its passage, she said, was an instance in which problems national in character were dealt with by courageous and generous national action.

"It was adopted with popular support and with continuing popular support remains deeply entrenched in the laws of the land. It secures the young person, the older person, the family against mischance."

By now she said, the Social Security Law governs a great and complicated system, many times amended and complex with regulations. But the basic architecture of the law is still in place and, though aspects of the Law, as they now stand and are administered, have been criticized for their consequences for family life, the intent of the Social Security Law is still clear: to improve the conditions of life for the vulnerable and less fortunate Americans. The Law remains the major governmental bulwark against family misfortune.

Citizens' Committee for Children, founded ten years after passage of the Social Security Act, is a chartiable organization devoted to the protection of children's rights and interests. Its members and friends monitor public policies and programs for children. It is a watchdog in the fields of education, income support programs, child welfare, health, mental health, day care, and juvenile justice. Its more recent reports to the public on its study findings include "The Experiment that Failed: The New York State Juvenile Offender Law," "New York City's Municipal Hospitals: Do They Know What Happens to Teenage Mothers and their Babies?" "7,000 Homeless Children: The Crisis Continues." The organization is supported entirely through voluntary contributions and grants.

U.S. DESIGN COUNCIL BILL INTRODUCED TODAY

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. DYMALLY. Mr. Speaker, today Congressman GEORGE BROWN and I are reintroducing legislation to create a U.S. Design Council. In these days of a rising, but understandable, protectionist sentiment, this legislation suggests a constructive approach to the problem of unfavorable trade balances: Encouraging the designing of products and systems by American industry of such high quality and attractiveness that they will achieve a substantial market share in spite of price.

Washington had an opportunity a few weeks ago to see what good design can do to improve the quality of life and improve the quantity of business. This occurred when the Industrial Design Society of America played host to a meeting of the International Council of Societies of Industrial Design.

And on September 19, 1985, a dramatic celebration and exhibition of American design and designers entitled, "High Styles: 20th Century American Design," opened at the Whitney Museum of American Art in New York City.

While many important countries have created design councils and design display centers to encourage good design, the United States has not. The time has arrived when the Congress should consider the proposition that the United States should give additional assistance to its citizens in the matter of design. Legislation of this nature is being supported by the Industrial Design Society of America. We are grateful for the help of Eddy S. Feldman, executive director of Design America Foundation, in our drafting of this legislation. Mr. Speaker, I ask that following my remarks the text of a speech by Mr. Wolf Von Eckardt and the text of an article from the publication Daily Commerce be inserted in the RECORD. Each of these pieces will be valuable to Members in understanding the rationale behind our introduction of the design bill. We ask for the strong support of our colleagues for a measure that will strengthen sales of U.S. products abroad.

[From the Daily Commerce, Sept. 11, 1985]

INDUSTRY SHOULD BE WARY OF GLOBAL PRODUCT HOMOGENIZATION

(By Christopher Lorenz)

Bill Maeyer is in no doubt whatever that Asians will continue to eat rice rather than potatoes, and Italians spaghetti. He also suspects that Germans will persist in their penchant for apple strudel, rather than English fruitcake.

Howard Kehrl agrees. He forecasts that, though American cars will become increasingly influenced by West German and Italian design, they will continue to have a character all their own.

From their different vantage points near the top of two of the world's largest companies, Philips and General Motors, Maeyer and Kehrl are at one in insisting that, though global competition is growing, its impact is not as straightforward as it seems. Globalization is inexorably under way, but—contrary to conventional wisdom—this does not mean that most purchases by consumers around the world will soon be of identical homogenized products.

"Major producers of modern products must regard the world as their market and their battleground," says Maeyer who is head of Philips' small domestic appliances division. Kehrl, the vice-chairman of GM agrees that, in order to remain competitive, multinationals must become insiders in the "Triad" countries of Europe, the United States and Japan.

But this does not necessarily mean, they both insist, that companies should sell the same products throughout the Triad. They should emphasize commonalities to the greatest possible extent, but Kehrl argues that this is much more likely to occur in the case of parts and components than in finished products. He forecasts that there will still be room for market-specific design in the motor industry, not just because of regulatory and environmental differences, but also in response to varying consumer preferences.

Speaking late last month in Washington at World-Design '85, a congress of 2,000 of the world's leading industrial designers, both Maeyer and Kehrl took issue with the common view that product design in the Triad is rapidly becoming standardized. This simplistic reading of the global tea leaves by some multinationals and advertising agencies has been popularized in the past two years on the basis of an over-literal interpretation of the writings of professor Theodore Levitt, a highly influential professor of marketing at the Harvard Business School.

Though Kehrl accepted that many future products would be much less country-specific than in the past, he was insistent that "we're not talking about cookie-cutter sameness." Nor did it mean any less variety of models. The motor industry was already making a consistent effort to provide a range of designs, and new technologies such as flexible manufacturing would permit more variations on common themes, "offering both economies of scale and specialized designs for specific market-segments."

A further qualification to the myth of blanket global homogenization was provided by Bill Maeyer. With the development of sizeable markets for old people, working women, one- and two-person households, and so on, the growing similarity of products in different countries was being accompanied by greater opportunities for "demographic segmentation." More and more new products would be tailored to specific new layers of customers around the world, he forecast.

All these changes meant that product management must be on the alert more than ever before, Maeyer warned, It must not only monitor its own market, but also carefully study related areas, and seek out new opportunities for market segmentation.

Declaring himself to be one of the growing body of general managers who recognize the vital part industrial design can play in improving corporate competitiveness, Maeyer said that designers at Philips "are expected to have a fine nose for all that is going on in society. Today's designer stands on the crossroads of marketing and production and must play an ever more important role in the total business concept of global marketing." Howard Kehrl concurred: the designer "is a specialist in consumer taste, and a guide to the shape of future product competition."

This theme, of industrial design playing much more than its traditional role of skin-deep styling, ran consistently throughout the five-day congress. It was exemplified by a wide range of innovate products on display from the United States, Europe and Japan, as well as from the growing number of design-conscious companies in South Korea and Taiwan.

It was propounded not only by self-interested designers themselves but also by several top managers as well as the star of the congress, the British government's minister with responsibility for design, John Butcher.

Butcher's message to the congress, reiterated at his several appearances in a specially-made "designer" jacket and trousers was that "design is a way of changing the fortunes of companies and economies. It is a key agent in wealth creation and in improving the quality of life."

Similar sentiments were expressed by Margaret Thatcher herself, in a videotaped message on the opening day of the congress when Butcher accepted an award by the congress organizers in recognition of the Thatcher government's three-year campaign for better design in commerce.

It might seem curious that a star-studded gathering of the world's top Italian, Japanese, German, Scandinavian and American designers should pay such homage to the government of a nation whose products are not always noted for their good design. But designers are hungry for public recognition, and Thatcher has given them more of that than any other government since Prince Albert's campaign 125 years ago to encourage "art and industry" to get together. His crusade resulted in the foundation, among other institutions, of the Royal College of Art, Britain's premier design college.

But there was also a directly political motive for the lionization of John Butcher at World-design '85. With the notable exception of the United States, most industrialized countries have established some form of government-sponsored organization to encourage better design in industry. Britain's Design Council is the largest, but Japan and the Scandinavian countries have particularly active promotional bodies, and France and Germany have both stepped up their support in the last few years. During the Washington congress, the Industrial Designers Association of America declared its support for legislation to establish a U.S. Design Council with the Department of Commerce. This was not the first time that such an appeal has been made, but so far the federal government's response has been confined to verbal declarations that "good design is critical to success in the market place." In true American style, the marketplace itself is being left to determine the level of demand for designers' services.

U.S. designers can only cast their eyes enviously towards Britain, where Thatcher believes that the marketplace needs a strong shove in the right direction.

DESIGN FOR EXPORT

(By Wolf Von Eckardt)

The United States trade deficit is now about $130 billion a year.

In 1984 . . . one out of four cars, . . . one out of five personal computers, . . . two out of three pair of shoes, and . . . virtually every video cassette . . . sold in the United States were manufactured abroad.

I have this information from a study entitled, "The Competitive Edge" directed by Colin W. Clipson of the University of Michigan, supported by the National Endowment for the Arts and assisted by Herman Miller.

In addition to losing business at home, American industry keeps losing sales overseas, despite the fact that some companies are reducing their prices by 25 to 30 percent.

This would be indicate that the reason for our trade deficit is not exclusively due to the strength of the dollar that makes it so nice for American tourists to shop at Harrod's in London and not so nice for the American workers who are losing jobs.

There are many complex reasons for the trade deficit and different economists have different explanations.

One thing is sure: World trade is no longer only a matter of trading things a country can grow and produce for something it cannot itself grow and produce. It has also become a competition of skills—and design.

Obviously, foreign consumers find our goods not only expensive, but all too often also too dull and unappealing.

"Made in U.S.A." is too often synonymous with "Made in Hicktown."

In far too many instances, American management has become conservative and unimaginative. It has lost the spirit of enterprise that we hear so much about in Ronald Reagan's Washington and that, indeed, in the past made America so exciting to the rest of the world—the spirit of the Yankee clippers, Buffalo Bill, skyscrapers, Humphrey Bogart's Hollywood and blue jeans . . . a spirit that still packs them into Herman Miller showrooms abroad.

One indication of a strangely lackadaisical and isolationist attitude prevailing in America these days is our indifference about catching up with the standard method by which the rest of the world is weighted and measured. The Metric Conversion Act was signed in December 1975. The aim was that within ten years the U.S. would be predominantly, although not exclusively, in the metric system.

So far, we have advanced perhaps one millimeter towards that goal. But then, we still have eleven months to go.

Meanwhile, I must probably explain to you that one millimeter means 0.0394 inches.

Instead of advancing, putting its money on R&D to research for the future, many, if not most, American managers are researching the past. Like the French at the beginning of World War II, they are relying on a Maginot Line for their defense. In World War I, these fortifications would have been a great help. In World War II, 25 years later, Hitler's generals simply bypassed them.

Market research, that is, asking people what they would like, reflects a Maginot Line mentality.

My daughter keeps practicing market research on my two-and-a-half year old grandson. She keeps asking him what he would like for breakfast. Well, the poor child doesn't know. His brain is still too small to make such important decisions.

So he cries and in desperation orders eggs.

She runs to the kitchen and cooks them.

When he sees the eggs, he throws a tantrum.

As one corporation consultant put it, "You don't get much useful information from consumers when you ask them about products they haven't seen.

You probably know that market researchers told Sony that there would be no market for Walkman and Watchman.

Instead of daring, intuition, conviction and creative problem solving, American business, as the aforementioned Clipson study puts it, spends billions of dollars convincing consumers "that a product is new, improved, and more reliable than its predecessor; and frequently more money is spent on this persuasion than on actually improving the product."

American business relies on the sales pitch while the Japanese and some European manufacturers concentrate on product value.

More than a hundred organizations in 48 countries are working to meet the challenge of foreign trade by improving industrial design. Foremost among them, of course, is Japan.

In 1956, the Japanese government decided that Japan would no longer get very far selling junk, which, as you may remember, was a Japanese specialty between the two world wars. Japan, her government decreed, would henceforth compete on the world market with new products of outstanding and innovative design and high quality.

From one day to the next, Japan made an enormous effort, ordered and led by the government . . .

. . . to train designers (both by inviting foreigners to teach in Japan and send Japanese to study abroad at places like Cranbrook and MIT).

. . . to place designers high up in the management structure of export industries.

. . . and to review products from the design point of view before they are licensed for export.

Those of you who drove here in a Toyota while listening to your Sony know that this policy works.

To a lesser extent than Japan, Great Britain, Canada, Australia, Sweden, Denmark, Finland, West Germany, Israel—as I said, 48 countries—also used the need to increase exports as a means to improve industrial design and thereby their entire culture.

The Germans started this at the turn of the century.

In 1871, Bismarck united Germany by persuading the quarreling German states and principalities to get together and gang up on that evil empire, France.

Once Bismarck had arrived at the Hall of Mirrors at Versailles and proclaimed the united German Reich, the coal and steel industries on the Ruhr were going great guns, as it were. The Reich was industrializing full steam ahead.

And yet, those darned British kept beating Germany in the world market.

So the German government sent a bright young architect named Hermann Muthesius as commercial attache to London to find out why.

Muthesius soon reported back:

The success of British merchandise abroad was due to superior design. The superior design, in turn, was largely due to Great Britain's wide-spread and enthusiastic Arts and Crafts movement, led by William Morris and John Ruskin.

The Arts and Crafts chaps sought to revive medieval crafts and raise the aesthetic appearance of every British home with artistically designed furnishings and utensils.

A by-product of this aesthetic enthusiasm was the special design attention the British gave their machine products, attention that made them more competitive.

As a result of Muthesius' findings, the germans organized their Werkbund (literally "work alliance"), an association of industrialists, artists and craftsmen, whose aim was to improve the design of German architecture and industrial production and to create a new, modern aesthetic, a comprehensive culture of Gesamtkultur, as Germans called it, for the machine age.

There is an interesting and decisive difference between the British Arts and Crafts movement and the German Werkbund. Morris and Ruskin rebelled against the machine with its smoke and grime. German Werkbund artists and craftsmen decided to use machine production to build a better and more beautiful world.

It is also interesting to note that the driving force of the Werkbund was an enlightened and visionary industrialist, a kind of German Max DePree.

His name was Walter Rathenau. Before World War I, he was the director of the leading German corporation at the time, the A.E.G. (Allgemeine Elektrizitaets Gesellschaft or General Electric Company). Later he became foreign minister in the Weimar Republic. In 1922, he was assassinated by right-wing terrorists.

Rathenau was a practical idealist who, as one biographer put it, held the "passionate conviction that spiritual content and form could be given to the inert and chaotic body of trade and industry. . . ." In other words, he optimistically believed that it was possible to turn an industrialized society into a civilized society.

Rathenau's fame rests mainly on his superb statesmanship as foreign minister. Few people know that he is also the first powerful industrialist who believed in consistent corporate design. He knew that an inspired corporate image—from the logo to the last factory building and showroom—provides more than an image. Like a flag, the image sparks emotions that nobody can accurately define but that everybody applauds.

Rathenau's chief designer, and the first president of the Werkbund, was the architect Peter Behrens, a pioneer of modern design. One of the young men in his office was Mies van der Rohe. Another was Walter Gropius. A third was Charles Edouard Jeanneret, better known as Le Corbusier.

Behrens, originally a painter, did more than design logos, letterheads, posters, turbines and light bulb packaging for A.E.G. He re-organized, as his biographers put it, " 'everything visible' . . . as a means of alleviating the devastation that industrialization had wrought on such basic areas as labor, production, housing and human relations."

The Werkbund was enormously effective both with industry and the general public. Its many important exhibitions gave designers and architects the opportunity to try out new ideas.

And it launched the Bauhaus.

The Bauhaus was an art and craft school, founded in 1919 by Gropius in Weimar. It moved to Dessau in 1923 and was closed by its last direct, Mies van der Rohe, when the Nazis came to power in 1933.

A lot of tommyrot is being passed lately from the Bauhaus to our house. This Tommy Wolfe rot makes it appear as though the Bauhaus was a conspiracy to lock us all up in glass boxes.

Actually, architecture, though much talked about, was hardly taught at the Bauhaus. What is commonly called "Bauhaus architecture" is the individual work of Bauhaus masters such as Gropius and Mies. The rest—the painting of Paul Klee and Vasily Kadinsky, the designs my Marcel Breuer and Laszlo Moholy-Nagy, the stage craft by Oscar Schlemmer, the wallpaper, furniture, appliance and other designs—were as varied in style and expression as all other art and design of our century.

Although Tomfoolery makes it appear that the modern movement created one sinister bare and square monolith, the fact is that 20th century art and architecture is far more diverse than the art and architecture of any other period in history.

Mies van der Rohe's Barcelona Pavilion is as different from Le Corbusier's Ronchamp Chapel as an Egyptian pyramid from a French Rococo chalet.

Art critic John Canaday had it just about right when he wrote, "the Bauhaus was probably the most effective coordinating factor in the chaotic picture of modern art."

It invented industrial design as clearly defined discipline—a fact I consider at least as important as its contribution to International Style architecture.

But to me the most important aspect of the Bauhaus was its philosophy, its social aspirations. Stated simply, the Bauhaus, and the new movement in architecture and design which it helped set in motion, recognized that industrialization radically changed peoples' relationship to their habitat.

In the past, architects designed only the temples, cathedrals, castles, fortifications and palaces for gods, princes and potentates.

The habitat of the people was built by the people and their artisans themselves, much like birds build their nests or ants build their ant hills. I maintain that, like birds and ants and beavers, humans had an innate building instinct, until architects drove it out of us.

The pre-industrial human environment was thus inevitably vernacular and "contextual," as we would say today. It was inevitably in harmony with nature, including human nature and our unchanged and unchanging human needs. And it was inevitably beautiful, as everyone knows who has visited a Pueblo or Mediterranean hilltown or read Bernard Rudowsky's "Architecture Without Architects."

The Bauhaus recognized the havoc unfettered industrialization brings to the environment. It recognized that since people could no longer design their own habitat the architect would have to step in and help. It assumed social responsibility for "the total man-made environment." It taught that we have to design not for design's sake, or profit's sake, but for peoples' sake.

Architecture, as the Bauhaus saw it, is not an art, but a social art.

This is not to say that the Bauhaus and International Style approach to design always turned out to be socially beneficial, let alone popular. We all remember Pruitt-Igoe, the social housing project in St. Louis that turned out to be so inhuman no one wanted to live in it. On April 21, 1972, the authorities blew it up.

But this is to say, particularly to designers like Michael Graves or Peter Eisenmann, that the basic premise of the modern movement is correct. Architecture is not an art but a social art.

Anti-modernism (or postmodernism, as its advocates call it) has no serious place in our world, because our world is modern. Can you imagine a postmodern computer, or automobile? The job of the designer is to make this modern world livable and human.

The challenge is to design . . . housing that is affordable and suits our changing life styles, . . . places to work that are efficient and healthy, . . . communities that help to keep families together and give us a sense of identity and belonging, . . . cities in which the automobile adjusts to people and not the other way around, cities that are good places in which to bring up children, cities that advance civilization as cities used to.

And, yes, the challenge is that while accommodating and humanizing technology, we must also preserve historic continuity. This, as I, along with many other critics have said for many, many years, is clearly where the orthodox modern movement has failed us.

But nothing is gained, as Peitro Belluschi has said, by replacing the hated glass box with a giant jukebox. We don't gratify peoples' legitimate nostalgia for the good old times by printing wallpaper flowers on ugly plastic furniture. We don't evoke a meaningful past, let alone recall poor Palladio, by repeating ad nausaum the silly cliches of outlined houses and yellow pedestals on purple sewer pipe columns. These stale jokes are just as abstract and alienating as the glassiest glass boxes ever were.

We must always be open to new ideas, impulses, movements, change. But we must also recognize that there is such a thing as good taste. Designers and editors who publish the work of designers must be able to discern and tell kitsch from serious efforts, fads and fashions from vital experimentation.

Good design, the kind we so desperately need to improve our balance of payments, has nothing to do with jukebox fashions and kitsch, no matter how much attention they get in the press and the architecture schools.

Good design is still problem solving—and the problems are primarily human problems, social problems. Form still follows function—including the function of avoiding future shock, of maintaining historic continuity and harmonizing the old the the new. Good design is user friendly.

Let it be ever more so.

But let's not worry whether modern design is on the right track—it's the only design we have. Let's worry how we can improve it.

It can't be done by attending church every Sunday and the Aspen Design Conference every summer.

Mind you, I love the Aspen Design Conference. I attended my first one some 20 years ago and was happy to learn that America how has some wonderful corporations, like IBM, Container Corporation, Westinghouse and CBS, that understand the value of comprehensive corporate design every bit as well as Olivetti does.

I attended my last Aspen Conference two years ago and learned that America now has some wonderful corporations, like IBM, Container Corporation, Westinghouse and CBS, that understand the value of comprehensive corporate design every bit as well as Olivetti does.

The new technologies?

The president of a hugely successful computer manufacturer allowed that if his company continued to be successful maybe he'll hire a consultant to review his product designs.

Have you ever wondered why computer lettering is so horrid and illegible? It never occurred to the young computer geniuses to consult a professional typographer, that's why.

The only advantage in talking to ourselved—as we are doing here—is that we can be sure of sympathetic audience.

Pious exhortations printed in glossy brochures that don't fit your bookshelf, like congenial Aspen conferences and bulky NEA studies, however worthy, will not improve the balance of payment.

That requires vigorous concerted action, action that has an effect on both private industry and government.

Industry, large and small, must be persuaded that design is not a frill, not a merchandising gimmick, not "styling," but most likely a matter of economic survival.

The U.S. Congress and Executive Departments must be persuaded to endow such an industry effort with the full majesty and power of federal policy and sanction. Note that I did not say federal "money."

Someone—why not Herman Miller?—should call the true believers among the corporated leaders together, organize a small action committee that goes to work on the problem of improving design for export. (We won't tell anybody that its for our own sake, too.)

I don't expect a pervasive government effort like Japan's to come out of it. But I would hope that the United States establishes a National Design Council on the British pattern with some Werkbund-like stimulation and education to go with it.

Under the direction of the U.S. Industrial Design Council, we also need a National Industrial Design Center, a place where we can call national attention to good design and from where we can educate both industry and the general public.

The Pension Building in Washington, one of the great buildings in the national capital, that is now to become a National Building Museum has enough space—and the right location. Combining the building museum and design center would undoubtedly help both.

We need it.

SOVIET ACTIVE MEASURES, PART II

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. HYDE. Mr. Speaker, as I noted in Thursday's RECORD, I wanted to share with my colleagues additional excerpt from a publication called "Active Measures, Quiet War and Two Socialist Revolutions" published by the Hale Foundation. In tomorrow's RECORD, I will include the final part of the study.

Clever techniques known as "active measures" are aggressively used by the Soviets and their allies against the West. We all know how sophisticated the Soviets have become in the propaganda business. Some of these active measures include front groups, insurgents, agents of influence, and building links between Communist and non-Communist groups.

With these thoughts in mind, I recommend the following sections from Lawrence B. Sulc's study on Soviet active measures.

A UNIFIED FOREIGN POLICY

Shapiro sums up by saying, "that Soviet foreign policy, so far from being torn by party-state rivalry, is a unified, co-ordinated whole in which, after Brezhnev, the leading role belongs to the International Department of the Central Committee of the CPSU, which attempts to bring into line both state foreign policy and the part which foreign communist parties are expected to play in the policy as a whole."

SUBTLETY IN THE ART OF WAR

It was Sun T'zw, the ancient Chinese strategist (and tactician) who said, "To fight and conquer in all your battles is not supreme excellence; supreme excellence consists in breaking the enemy's resistance without fighting." Be subtle!", Sun T'zu said, "Be subtle! and use your spies in every kind of business." The Soviets are known to be students of Sun T'zu; it is almost as if the Chinese genius, for his part, was talking about the Soviet active measures twenty-five hundred years before their time.

James Clavell describes the views of his subject, Sun T'zu, as follows:

"Sun T'zu believed that the moral strength and intellectual faculty of man were decisive in war, and that if these were properly applied war could be waged with certain success. Never to be undertaken thoughtlessly or recklessly, war was to be preceded by measures designed to make it easy to win. The master conqueror frustrated his enemy's plans and broke up his alliances. He created cleavages between sovereign and minister, superiors and inferiors, commanders and subordinated. His spies and agents were active everywhere, gathering information, sowing dissension, and nurturing subversion. The enemy was isolated and demoralized; his will to resist broken. Thus without battle his army was conquered, his cities taken and his state overthrown. Only when the enemy could not be overcome by these means was there recourse to armed force. . . ."

According to Clavell, Sun T'zu himself put it this way:

"The skillful leader subdues the enemy's troops without any fighting; he captures their cities without laying siege to them; he overthrows their kingdom without lengthy operations in the field. With his forces intact he disputes the mastery of the empire, and thus, without losing a man, his triumph is complete."

PARTIES, INSURGENTS AND FRONTS

In their study of that distinctly Soviet phenomenon—the International Department—Shultz and Godson say that, in addition to its other functions, the ID is responsible for "planning, coordinating, and conducting active measures." "The latter function," they point out, "includes administering, funding, and coordinating the activities of well over a dozen international front organizations." The ID also carries out active measures through its liaison with nonruling Communist parties and revolutionary movements and the non-governmental organizations they, in turn, control. Through international meetings, representatives stationed abroad, and the monthly journal, Problems of Peace and Socialism, according to Shultz and Godson, the ID communicates official instructions and guidelines to foreign Communist parties, insurgent movements, and front organizations.

SOVIET FRONT GROUPS ABROAD

The Soviet Union in conducting active measures abroad employs numerous mechanisms, one of the principal mechanisms being the international front group. The largest of these, as well as the most active, is the World Peace Council (WPC). Foreign communist parties, which are of course also directed by the ID, usually provide the cadres for the national sections of the international fronts. For example, the United States Peace Council (USPC), the American section of the WPC, is largely managed by the Communist Party, USA (CPUSA). The ID thus runs multiple lines of control to carry out its policies, in this particular instance, that is to say, with the USPC, it does so (a) by means of its direction of the WPC, of which the USPC, is the U.S. section; (b) through its supervision of the CPUSA whose officials form the cadre of the USPC; and, finally, (c) via KGB clandestine contracts where secrecy is indicated or quite openly, for that matter, where the Soviets believe they can dispense with secrecy.

"Soviet control of the World Peace Council and the other international Communist fronts is maintained both through the financing and the personnel of the organizations," according to Herbert Romerstein, a student of Soviet activities abroad. The KGB's support of active measures campaigns is part of the traditional Communist concept "to combine legal and illegal work" and at times KGB officers take active part, under cover, at open meetings of the fronts, as has been the case in recent "peace" conferences abroad manipulated by the Soviet Union.

TRANSMISSION BELTS

Lenin was given to calling front groups "transmission belts" to the masses. Something other than what it appears to be, a front group, or "transmission belt," to use Lenin's jargon, joins together Communists and non-Communists, the former manipulating the latter, in an ostensibly non-Communist activity. Moreover, although millions of people are aware of Soviet control of certain front groups, many otherwise informed people apparently are not. Many apparently informed people on the other hand, aware of Soviet control of a given front, seem not to understand what that fact actually means or, if they do understand, seem not to be concerned. A case in point is the American "peace" movement, in which the USPC and CPUSA itself are deeply involved. On January 4, 1983, Bruce Kimmel, a member of the Communist Party, USA, wrote the following in the Daily World, the Party's newspaper:

"The Communist Party has played and continues to play an active role in the U.S. peace movement. Right now Party members are active in literally hundreds of local peace organizations. The Communist Party USA—like Communist parties around the world—has always been and will continue to be an active fighter in the struggle for peace. My Party's peace activities have indeed served the interest of the Soviet people—because their desire for peace is identical to that of the U.S. people."

THE DESIRE FOR PEACE

Much is said about the desire of the Soviet Union and its front groups for peace.

Lenin was quite candid when he wrote:

"Socialists cannot, without ceasing to be socialists, be opposed to all war . . . socialists have never been, nor can they ever be, opposed to revolutionary wars. "(T)he victory of socialism in one country does not at one stroke eliminate all wars in general. On the contrary, it presupposes wars."

SOFTENING UP THE BOURGEOISIE

In 1922 Lenin was crystal clear when he wrote to Yuri Chicherin, his foreign commissar: "You and I have both fought against pacifism as a programme for the revolutionary proletarian party. That much is clear. but who has ever denied the use of pacifists by that party to soften up the enemy, the bourgeoisie?". . . "we consider it our duty as businessmen to support (even if the odds are 10,000 to 1) the pacifists in the other, i.e., bourgeois camp . . ."

According to Stanislav Levchenko, a former KGB active measures case officer now working against Communism in the West, "Soviet overt and covert propaganda organizations employ at least 15,000 people (in the Soviet Union alone)." The funds available for active measures are enormous and not subjected to scrutiny by the Soviet parliament. To implement Communist Party directives, according to Levchenko, the KGB recruits "agents of influence" in foreign countries, penctrating by this means foreign political parties, public organizations and the mass-media.

AGENTS OF INFLUENCE

It is important to realize that, for purposes of description, aspects of Soviet active measures are treated separately here which in practice are closely linked in planning and execution. They encompass both overt and clandestine means. Agents of influence are one of these elements—a most important one in the active measures panoply. An agent of influence may or may not be major source of intelligence—his main purpose is the manipulation of persons and events toward Soviet goals. Such "a person uses this or her position, influence, power, and credibility to promote the objectives of" his sponsor. He may be a controlled agent, a "trusted contact" or one of a number of "unwitting but manipulated individuals.

"Moscow utilizes agents of influence," according to Godson and Shultz "as one element of carefully orchestrated effort" know as kombinatsia, combining various elements from its active measures arsenal. Kombinatsia combines "various agents of influence (at various times and in various places) with special operational undertakings, in such a way as to enhance effectiveness."

TERRORISM AS AN ACTIVE MEASURE

The scope of the responsibilities of the International Department, as pointed out above, reaches across the spectrum from the development of international overt propagnda themes, in close coordination with the International Information Department (IID), to building and guiding the operational network of what Cline and Alexander term the "international infrastructure of terrorism." "It has consistently prompted widespread revolutionary violence," they say, "even while taking care to project the illusory image that the Soviet Union was abiding by the spirit of peaceful coexistence."

In its efforts to expand its influence throughout the world, the Soviet Union undertakes still another active measure, its exploitation of terrorism, either by supporting independent movements or by initiating its own terrorist operations. Terrorism has "become an indispensable tactical and strategic tool in the Soviet struggles for power and influence. Its aim seems to be to achieve strategic ends where the use of conventional armed forces is considered "inappropriate, ineffective, too risky or too difficult.

Cline and Alexander have this warning:

"Unless Americans become more conscious of the broad strategic dangers implicit in the patterns of contemporary terrorism and become more skillful in deterring or countering terrorist operations, the next two decades in this century will be catastrophic for worldwide security interests of the United States and its friends and allies abroad. This subtle assault on the values and defensive strengths of our society is not well understood, and its strategic implications for liberal democracies are only beginning to be explored."

"Indeed," according to Darrell M. Trent, former Deputy Secretary of Transportation, "if we do not allow ourselves to think of our struggle against terrorism as warfare, we shall surley fail to meet one of the gravest challenges of this generation. In the words of Susan Weaver, moreover, "the first political task at hand on the issue of terrorism is to cut the idea of terrorism loose from the connection it now has in many Western liberal minds with notions of national liberation and social justice; only then can terror be viewed plainly as a crime and a threat. But their second task is to establish another kind of connection and make people see terorism not as just a random occurrence but as a tactic in the Soviet war against the West."

Yet, as Paul Henze, former National Security official, says, "It is in the nature of the operations that support terrorism that very little proof of their origin is going to be produced—all the more so when Soviet secret operatives are doing it. They are not only the world's most experienced in clandestine techniques; they work for a government which enjoys a complete lack of accountability to a legislature, a free press or any other form of public opinion . . . (t)he Soviets didn't invent terrorism any more than the Mafia invented crime. Both simply capitalize on their relationship in remarkably parallel ways."

Marx himself observed that "violence itself is an economic (form of) power." Active measures are thus usually but not always the "quiet war."

SOVIET TERRORISM

Terrorism was employed by the Russian Communists very early. During the Russian insurrection of 1905, Lenin instructed the Combat Committee of St. Petersburg Bolsheviks to provide "recipes for making bombs" and "begin military training" . . . "to kill a spy or blow up a police station . . . raid a bank" so that hundreds could be trained who tomorrow will "be leading hundreds of thousands." According to Romerstein, such "tactics were developed by both the Communists and the Nazis in Germany during the 1920s and early 1930s." Each learned from and emulated the other. Both used terrorism as a means of seizing power and both "employed state terror as an instrument of their rule after coming to power."

Romerstein sums up as follows: "Thus for Communism no less than for Nazism, terrorism has long been accepted in ideology and practice as a central tactic of the struggle for power and an essential method of rule."

WET AFFAIRS

Assassination too is encompassed in the term active measures. Part of the broader concept of "wet affairs," (mokeyye dela) to use the KGB term, whereby blood is shed as in sabotage, assassination often appears to fall into the province of Communist surrogates for carrying out the actual murders. There is strong evidence, examined especially by Clair Sterling and Paul Henze, mentioned above, that the Bulgarian secret service plotted the attempt on the life of Pope John Paul II. It is inconceivable, Western experts say, that the Bulgarian service could have entertained such a plan without at least the early knowledge and approval of its Soviet control mechanism.

DECEPTION

The overall philosophy of deception is an important part of Soviet global strategy and it too is incorporated into the active measures program. "The number one theme of Soviet deception," according to John Lenczowski of the National Security Council staff, is that "the Soviets are not Communists anymore"; that they do not, in fact, have unlimited objectives and that a "spheres-of-influence" arrangement is possible between the U.S. and the USSR. Soviet disinformation, he says, attempts to promote the impression that "hawks" and "doves" exist in the Kremlin—both ideologues and pragmatists.

A LOSS TO CONGRESS, THE SENATE, THE PEOPLE OF THE UNITED STATES, AND THE VOTERS OF MARYLAND

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GARCIA. Mr. Speaker, I am submitting a letter to the editor from today's Washington Post from Ms. Margaret Ellin Cromer of Bethesda, MD, who puts quite succinctly what the loss of Senator MAC MATHIAS will mean to all of us.

The only point that I might add is how much his colleagues in Congress from both sides of the aisle will miss his presence, leadership, and good humor.

THE LOSS OF SENATOR MATHIAS

Not only as a Marylander, but as an American, I am sick about the decision of Sen. Charles McC. Mathias, Jr. to retire from government at the end of his term. The Post editorial [Sept. 29] used the word "rare" to describe his service to Americans. Susan King, on local TV news, described him as "playing government rather than politics."

I will not have the same pride in being a Marylander when I am no longer represented by Sen. Mathias, and I know my country will also suffer a loss.—Margaret Ellin Cromer, Bethesda.

OPPOSITION TO UNFAIR MEDICARE PARTICIPATION BY TEACHERS

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. HUBBARD. Mr. Speaker, I have received thousands of letters and dozens of telephone calls from teachers in Kentucky who are contacting me about their opposition to proposals that would force mandatory coverage of Social Security on Kentucky's teachers and public employees, and on teachers and public employees in 12 other States and hundreds of municipalities.

I would like to share with my colleagues the excellent letter I received from Mr. Pat N. Miller, Executive Secretary of the Kentucky Teachers' Retirement System, in Frankfort, KY, who is writing in behalf of more than 60,000 active and retired public school teachers.

Mr. Pat Miller is a longtime friend of mine and one whose position on mandatory Medicare coverage I respect and whose concerns I share.

I urge my colleagues to read Pat Miller's letter, which is as follows:

KENTUCKY TEACHERS'
RETIREMENT SYSTEM,
Frankfort, KY, August 28, 1985.

Hon. CARROLL HUBBARD,
U.S. Representative, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN HUBBARD: In 1983 after considerable study, the Congress determined not to mandate coverage in the Social Security System to state and local government employees that were excluded by long standing agreements between Federal and state government. This topic is most important to Kentucky's 60,000 plus active and retired public school teachers since they have historically expressed themselves in opposition to universal coverage and the reasons for that opposition are well known.

Kentucky's teachers participate in the Kentucky Teacher's Retirement System, a comprehensive benefit plan that was established in 1940. The teachers have good benefits and they pay their fair share of the cost. Teachers contribute 9.60% of their salary and the State contributes 12.85% of all active teachers. These levels of contribution are necessary to assure the continued actuarial soundness of the System. The teachers are proud of the soundness of their retirement program and are wary of the continued problems associated with the Social Security System. If Social Security coverage were forced upon Kentucky's teachers, the addition of the FICA rate of 7.15% would be prohibitive and the only choice available would be to reduce the KTRS contribution rate and the benefits that have been promised by Kentucky statutes.

It now appears that some members of Congress again want to force mandatory coverage of Social Security on Kentucky's teachers and public employees and those employees in twelve other states and hundreds of municipalities. I am referring to recent proposals emanating from the House and Senate Conference Committees regarding Social Security coverage and from the House Ways & Means Committee regarding mandatory coverage of Medicare. It is proclaimed that the new revenues from mandatory coverage would greatly reduce the Federal deficit and help to balance the budget. The new monies would provide a quick temporary fix, but long range liabilities that would accompany mandatory coverage would certainly increase the deficit in the near future.

We realize that the Congress is making serious efforts to reduce the deficit and balance the budget, and we are in general support of those efforts. Nevertheless, balancing the budget on the backs of state and local government employees by applying the Social Security taxes to that group is not the way to handle the problem.

The public school teachers and other public employees in Kentucky need your help on this important issue. We urge that you do whatever you can to defeat any proposal that would force state and local government employees under Medicare or Social Security.

If you have any questions about this, please let me hear from you.

Sincerely yours,

PAT N. MILLER,
Executive Secretary.

THE STAKES IN THE ANGOLAN FIGHT

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. COURTER. Mr. Speaker, about a decade ago, when both the United States and the U.S.S.R. were providing covert military aid to factions in the Angolan civil war, America became nervous about the propriety of such assistance, and so brought it to an end. But Soviet bloc aid continued, the war went on without us, and the enemies of democracy won.

Today the Marxist-Leninist MPLA government is ineffectual at almost everything except forestalling democratic revolution and economic growth. But this does not mean that the regime is defenseless. Indeed, a Soviet general and Soviet officers, Cuban pilots and soldiers, and Eastern European technical support and intelligence personnel are directing a major military offensive at the strongholds of UNITA, the center of democratic Angolan resistance to the MPLA. We ought not to expect that Jonas Savimbi's troops can continue forever against such well-provisioned and expert armed forces. The time has come for the United States to come to the direct aid of UNITA, and I commend my colleague from Florida, the Honorable CLAUDE PEPPER, for his foresight and determination to send the resistance $27 million in humanitarian aid. I hope that all of my colleagues will become cosponsors of his bill, H.R. 3472.

I want to introduce into the RECORD two excellent editorials which appeared recently, outlining the stakes in the Angolan conflict, and pointing to the need for material aid from America to the forces of freedom. One is from the New York Post; the other, by Evans and Novak, was printed in the Washington Post. I recommend both to my colleagues.

We have long withheld aid to these fighters for national independence. The current Soviet bloc offensive is still one more reminder that Jonas Savimbi's battle is our own.

[From the New York Post, Oct. 7, 1985]

ANGOLA FREEDOM FIGHTERS A REAL TEST OF U.S. RESOLVE

Last week Secretary of State George Shultz called upon the United Nations General Assembly to support those guerrilla movements fighting Soviet-backed puppet regimes in Angola, Cambodia and Nicaragua.

They were, he said, "national liberation movements against Communist colonialism."

This was not calculated to get a cheer from the UN assemblage of Third World dignitaries, who probably identify with shaky Marxist dictators more readily than with freedom fighters in the bush. Still, it was a forthright statement of the U.S. national interest.

But does it represent U.S. policy? Admittedly this administration's policy towards Nicaragua has certainly reflected Shultz's robust criticism of the corrupt and dictatorial Sandinista regime.

But U.S. support for the anti-Communist guerrillas in Cambodia, Angola and Afghanistan, though sometimes rhetorically extravagant, has been either patchy or nonexistent.

Until very recently, indeed, the U.S. was supporting the *Communist* guerrillas in Cambodia—and even now we are supporting the Marxist government of Mozambique against its home-grown anti-Communist rebellion.

All too often we have talked loudly and carried a small stick.

The key example is Angola. Here Dr. Jonas Savimbi's pro-Western Unita forces, ill-equipped and facing 30,000 Cubans, 1,500 Soviets and 2,500 East Germans, have gradually won ground from the Communist Angola government. Unita, it is generally agreed, would win a genuinely free election.

Unita has made its remarkable military advances without any U.S. assistance. And when Savimbi has been forced by Western indifference to turn for assistance to the South Africans, the West has criticized him for doing so.

Now, the Soviets have launched a major offensive—complete with Hind helicopters, MIG 23s and T62 tanks—against Savimbi's army. It is aimed at Savimbi's headquarters.

If this offensive succeeds, no freedom fighters anywhere will trust the word of the U.S. government again. They will conclude that the U.S. is a paper tiger—and Gorbachev's Soviet Union a real one.

Gorbachev has quietly backed up his rhetorical support for communism with men and materiel. At this moment in Angola, Soviet officers are directing Cuban troops in defense of the puppet MPLA regime.

Savimbi does not ask the U.S. to provide troops. He doesn't need to—he has the loyalty of the people. But Unita *is* asking for military and medical supplies. The U.S. must deliver.

[From the Washington Post, Oct. 4, 1985]

HIGH STAKES IN ANGOLA

(By Rowland Evans and Robert Novak)

WINDHOEK, NAMIBIA.—A rising military threat, targeted north toward Zaire and south to Namibia from Marxist Angola, is the partner of South Africa's apartheid as the West's gravest threat in mineral-rich southern Africa. The torpidity shackling efforts of the South African government to erase the deadly cost of institutionalized racism plays into communist hands farther north. It makes more difficult a long-overdue U.S. rescue effort for Angola's anti-Marxist UNITA movement.

Although the prospect of some sort of American aid to Jonas Savimbi's 10-year-old civil war is now probable with the demise of the Clark amendment's aid ban, it is by no means certain. Politicians here understand that their American counterparts fear a pro-apartheid taint if they approve arms for Angolan nationalists under pressure from Pretoria.

That spells trouble for Washington. Yet, fear of siding with South Africa must yield to the deeper Western dangers from a Moscow-directed burial of Savimbi's movement. That would release the full force of Angola's military arm, called FAPLA, and its 30,000 Cuban allies—some of whom have now become Angolan citizens and are therefore exempt from the long-stalled U.S. plan to send the Cubans home.

Released from civil war in Angola, this potent aggregation of FAPLA regulars, Cubans and up to 1,500 Soviet specialists would quickly attempt to destabilize Zaire along Angola's northern border. Directly to the south, FAPLA's forces would give much-needed aid and comfort to the Marxist claim to Namibia. FAPLA would add its muscle to the South-West Africa People's Organization in the drive to eliminate all vestiges of South African political and military influence in Namibia.

Thus, a decision by President Reagan to send Savimbi military supplies in response to huge FAPLA reinforcements from Moscow would be a decision in the highest interest of Pretoria. Given the emotional energy of antiapartheidism in the United States, that signals a severe political problem that would not exist if President P. W. Botha in Pretoria had laid down a reform plan with this final objective: a federated one-man, one-vote South Africa with explicit minority protections. His stealthy, incremental reform moves do not yet come close to satisfying this Western hope, which rises constantly.

But when Reagan learns the facts of what the Soviet Union has been up to here, the criticism that will fall on him for "helping" South Africa by helping Savimbi should not deter him. The large flow of Soviet armaments into Angola—over 400 tanks—shows there has been a Soviet decision to transform FAPLA forces into a modern, conventional offensive army muscled with Cuban troops and sinewed with Russian battle planners. Expectations for this force, faced by Savimbi with no air power, no tanks and pitifully weak anti-air weapons, are formidable—if Savimbi's stubborn civil war can be terminated. If Moscow kept upping the ante, as it has been doing in Angola, the United States would surely be sucked in to avoid losses in southern Africa that, given its unequaled mineral and energy wealth, would reorder the world's balance of power.

OPPOSITION TO EMPLOYER SANCTIONS

HON. CHARLES A. HAYES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. HAYES. Mr. Speaker, I rise today to bring to the attention of my colleagues an article which ran in the September 8, 1985, edition of the Chicago Tribune. This article refers to the problems of immigration reform and an executive order implemented in Chicago by my predecessor, former congressional Representative and now mayor, Harold Washington. On March 7 of this year, Mayor Washington issued executive order 85-1 which forbids Immigration and Naturalization Service [INS] agents from questioning city employees about their national origin.

As an example of unnecessary harassment, Mayor Washington cited the case of Maria B. Cerda, an American of Puerto Rican descent. Ms. Cerda, who is special assistant to the mayor responsible for employment and training, was stopped by INS agents and questioned about her citizenship in front of the office building where her offices are located. It appears that this was not an isolated case and that, in fact, many noncaucasian persons were being harassed in this manner.

This concern is especially relevant now because this week the House Judiciary Subcommittee on Immigration, Refugees, and International Law will hold joint hearings with the Senate on H.R. 3080. They will consider testimony on the issue of discrimination resulting from the implementation of employer sanctions.

As a person who has faced discrimination directly, and as a trade unionist who has seen the effects of racial, ethnic, and religious discrimination on workers, I am adamantly opposed to current proposals for employer sanctions. As we have seen time and time again, this only causes discrimination against everyone who is, in the employers' opinion, "foreign looking or sounding."

I urge my colleagues to carefully consider the concept of employer sanctions in the light of our Nation's history and our multiracial, multiethnic society. As we attempt to eradicate discrimination in American society, it would be a step backward for us to create a situation that encourages discrimination.

HOW NOT TO STOP ILLEGAL ALIENS

(By Clarence Page)

The xenophobes are at it again.

You know who the xenophobes are: the people who are afflicted with xenophobia, the hatred or distrust of foreigners or strangers.

It is a malady that invades Congress on occasion and inspires a lot of questionable law directed against undocumented Mexicans, Asians, Haitians, Jamaicans, Eastern Europeans or whoever else got into this country and decided to stay.

Perhaps it was a need for scapegoats during economically troublesome times that have brought the xenophobia bug out again, producing a minefield of problems for anyone who cares about civil rights, civil liberties or effective immigration control.

After four years of wrangling, Sen. Alan Simpson [R., Wyo.] has pushed a revised version of his controversial Simpson-Mazzoli bill out of committee. It will join a House version sponsored by Rep. Peter Rodino [R., N.J.] as the subject of joint hearings scheduled to begin Sept. 17.

The similar bills have three main provisions: heavy sanctions against employers of illegal aliens, the legalizing of many aliens who have been working here for a period of years and the easing of restrictions on "guest workers," outsiders who get temporary work visas for jobs employers claim they have not been able to fill with domestic workers.

If those provisions sound a little contradictory in their aims, letting more aliens in while keeping others out, you are beginning to figure out why the aura around this legislation is not perfume.

Only in a place like Washington, where illegal immigrants are probably outnumbered by immigration lobbyists, do you find such a hodgepodge, designed less to end the exploitation of migrant workers than to satisfy competing interest groups.

The business community yearns for cheap, docile labor. The labor community cries for stiff sanctions to protect American jobs for Americans. Civil rights groups want a fair shake for illegals, many of whom work and pay taxes in this country.

Few would deny that legal American workers deserve preference for jobs. But this legislation may jeopardize more rights than it safeguards.

Sanctions encourage employers to avoid hiring not only illegals but anyone who looks or sounds as if he or she could be an illegal. This is not just a problem for Latinos, as Mayor Harold Washington learned when he rose to the defense of black cab drivers and city workers harassed by immigration agents who thought they might be Caribbean illegals.

Besides, sanctions simply have not worked in the countries or states that have tried them, according to a Government Accounting Office study Employers have good lawyers, too.

To placate civil rights groups, the legislation allows illegal aliens who have been in this country continuously since 1980 to apply for legalized status. But if some fail to be accepted and are deported, most others probably will be frightened away.

And the guest worker program is a bone tossed to employers, particularly in agriculture, who every year legally bring in an estimated 25,000 temporary employees from Mexico. They do work, the employers say, that Americans do not want to do. Lobbyists estimate the number of such imported workers would rise to more than 250,000.

Guest workers were tired on a large scale after World War II. The resulting migrant-worker abuses were detailed in Edward R. Murrow's award-winning "Harvest of Shame" TV documentary.

The chief incentive for hiring illegals is that they are cheap, docile laborers who will not complain about bad working conditions. If lawmakers are really interested in fighting their exploitation, they would push stricter enforcement of fair-labor and occupational-safety laws to remove incentives that make illegal workers attractive.

Immigration enforcement should be concentrated on the borders, not in neighborhoods and factories where Gestapo-like raids separate families and terrorize the innocent. A popular slogan in Washington notes that more people patrol the nation's capital than our 2,000-mile-long border with Mexico.

Congress would also do itself a favor if it accepted Sen. Edward Kennedy's recommendation to attach "sunset" provisions that would treat employer sanctions as an experiment. If they don't work—and there is little reason to believe they will—sanctions could die a quiet death.

BETTER PUBLIC ACCESS TO GOVERNMENTAL AGENCIES

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. LEHMAN of California. Mr. Speaker, I, along with my good friend JERRY KLECZKA and a bipartisan group of over 30 colleagues have introduced legislation which would facilitate better public access to governmental agencies. It happens all too often that correspondence received by constituents from Government agencies is devoid of any phone number or contact person. Lack of this important information can pose a tremendous burden on the public, especially when one considers the sheer size of our Federal Government.

The bill introduced will address this problem of inaccessability. "The Federal Government Easy Access Act" is a simple proposal that will not cost any more than a rubber stamp. The bill requires that all letters sent to the public include a phone number and a contact person that can be used to make further inquiries. The required information can be stamped or typed on agency stationery so that there will be little or no cost incurred by the Federal Government.

I have included for the record an example of what I consider is a letter with sufficient information and also a letter which does not provide any information needed to make a followup phone call.

I urge my colleagues to join us in this effort to provide American citizens with what they are entitled—easy access to their Government.

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF INDIAN AFFAIRS,
Washington, DC, March 12, 1985.

Hon. RICHARD H. LEHMAN,
House of Representatives, Washington, DC.

DEAR MR. LEHMAN: This is a follow-up to our February 8 letter relating to an inquiry from —— concerning a proposed bingo parlor to be located on the Table Mountain Rancheria.

The Table Mountain Band of Indians of the Table Mountain Rancheria near Friant, California, have requested the Secretary of the Interior to accept the trust conversion of three parcels of land totalling approximately 16.47 acres. The parcels are contiguous to the north boundary of the rancheria, which boundary was reinstated under the 1983 Judgment and Stipulative for Entry of Judgment entered in *Table Mountain Association* v. *Watt*, Civil No. C-80-4595-MHP.

The title to the lands is presently in the name of the Table Mountain Rancheria, an Unincorporated Association, in fee simple. The rancheria is requesting the title conversion pursuant to the authority of Section 203 of the Indian Land Consolidation Act of 1983 (96 Stat. 2515; 25 U.S.C. 2018), for the express purpose of establishing a bingo enterprise.

In the latter part of December 1984, the Fresno County Counsel's Office filed action before the U.S. District Court, Eastern District of California, to restrain the acceptance of title on behalf of the United States and to compel compliance with the National Environmental Policy Act of 1969 (NEPA).

On January 24, 1985, the District Court filed a Stipulation and Order which directs the United States to prepare an environmental assessment under NEPA in order to ascertain whether or not an environmental impact statement need be prepared. Until such time as the environmental assessment is prepared and a comment period has lapsed, the stipulation additionally provides that the subject lands will not be accepted into trust without providing the County of Fresno with ten days advance notice.

The superintendent of our Central California Agency is currently in the process of formulating a plan for the completion of an environmental assessment as directed by the District Court Order. Once an assessment is completed, appropriate notice of its availability to interested parties will be given. The final decision to take these lands into trust will be made by the Director, Sacramento Area Office.

We hope this provides you with enough information to adequately respond to your constituent's inquiry. If you have any further questions on the matter, please contact us.

Sincerely,

Director, Office of Trust Responsibilities.

DEPARTMENT OF THE TREASURY
Washington, DC, February 25, 1985.

Hon. RICHARD LEHMAN,
House of Representatives, Washington, DC.

DEAR MR. LEHMAN: This is to acknowledge receipt of your inquiry dated February 14, 1985 concerning the definition of "unprecedented tax situations".

We will be responding to you further as soon as we have had an opportunity to look into the matter.

Sincerely yours,
THOMAS J. TIFFANY,
Acting Director,
Legislative Affairs Division.

IRVINGTON COLUMBUS DAY PARADE

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. RODINO. Mr. Speaker, like hundreds of thousands of Americans, the townspeople of Irvington, NJ, will join in celebrating the discovery of America this weekend by commemorating Columbus Day. In honor of this holiday, Mayor Anthony Blasi of Irvington has issued the following proclamation:

Whereas on October 14, 1985, we will celebrate the discovery of America by the great Italian explorer Christopher Columbus; and

Whereas because of Columbus' beliefs in himself and his vision as an explorer and seaman we can be ever grateful for this wonderful country in which we live; and

Whereas as a result this very young country has given home, freedom, prosperity, education, and a new way of life to millions of people from all over the world; and

Whereas on this anniversary of Christopher Columbus' discovery of America it is appropriate that we note with gratitude his historic contribution and that of succeeding generations of Americans of Italian origin to the freedom and progress of this nation;

Whereas I, Anthony Blasi, mayor of Irvington, NJ, proclaim Monday, October 14, 1985 to be Christopher Columbus Day and I direct that Civic Square be named Christopher Columbus Square and that appropriate signs be placed on the posts.

Mr. Speaker, on Columbus Day we not only honor the man who is rightly called the father of immigration, but all those who came to discover America themselves after him. Although I share with my fellow Americans of Italian heritage that special pride in the achievement of the Genovese navigator, Columbus Day is a time for Americans of all ethnic backgrounds to rejoice in the diversity of our country and to appreciate the fact that we are truly a Nation of immigrants. For we know that America became a great country because of the millions of individuals who followed Columbus, from all over the world, who sought a better life and were given the opportunity in this country to achieve their full potential.

And so, in the face of adversity and the often perplexing and turbulent times in which we live, we Americans have inherited the same spririt that inspired Columbus. We must harness that spirit and rise to meet the challenge of the future.

The Irvington Columbus Day Parade will be held on Saturday, beginning at 12:30 p.m. at Springfield Avenue and 41st Street, and will end at Civic Square for ceremonies in front of town hall. I am proud to salute John Alati, Essex County Freeholder, who will serve as grand Marshal of the parade. I also join in saluting Amparita Faillo, a freshman at Fairleigh Dickinson University, who will be the Columbus Day Parade queen. And to all my friends in Irvington, I know this will be a very memorable and enjoyable celebration.

TRIBUTE TO AL DIAS

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. MILLER of California. Mr. Speaker, Al Dias may not be the most recognized name in Washington, DC. He may not even be the best known person in California. But in San Pablo, CA, Mr. Speaker, he is quite literally a living legend.

He has won numerous civic achievement awards and has served as a supervisor in my own county of Contra Costa. But a mere recitation of his achievements simply does not do justice to this remarkable and modest man. I wish to submit for the RECORD a profile of Mr. Dias, as it appeared in the West County Times. Here is a portrait of a man who admits he'll never retire—because he'll never want to. I have benefited enormously from his warm and generous friendship.

[From the West County Times, San Pablo, CA, Sept. 16, 1985]

SAN PABLO IS AL DIAS' TOWN

(By Heather MacDonald)

SAN PABLO.—When you walk into the World Travel Agency you may be greeted by a slight, balding man with a fringe of graying black hair dressed in casual slacks and a white golf sweater. He may give you a shy grin as he says hello and you'll immediately notice the warmth and friendliness in his twinkling blue eyes. His manner is not dynamic, but rather quiet and bashful.

Unless he introduces himself you'll never guess you've just met the mover and shaker of San Pablo—Al Dias.

Dias, 66, is known throughout San Pablo and Contra Costa County as San Pablo's biggest fan and the best-known of its community leaders. San Pablo children have grown up over the last 30 years hearing his name as a household word. If there was a Mr. San Pablo contest, Dias would probably be an easy winner.

How does all this notoriety strike the former Contra Costa County supervisor and appointee to numerous county, state and national committees? He said it pleases him but embarrasses him a little. A self-described "introvert," Dias has thrown himself into the community forefront because, he said, he loves the people of San Pablo. "San Pablo is my town," declared Dias like a proud father.

Dias' love affair with San Pablo began in the early 1900's. Born to Portuguese immigrant parents in 1919, Dias was one of five boys who grew up in San Pablo. His father was a foreman at Standard Oil in Richmond and died in the 1930s, leaving his wife alone with five boys under 12.

The family survived by working together. His mother worked seasonally at a local cannery where the sons earned a few cents helping her cut up fruit and stacking crates. After school and on weekends, the Dias boys picked fruit at local farms and caddied at a golf course for $1 a day. Dias said in the evening the little boys would proudly pool their meager earnings, laying out their nickles and dimes on the kitchen table for their mother.

"There wasn't a closer united group than me and my brothers," reflected a thoughtful Dias.

Because of their rather poor status, Dias said, he grew up very shy and withdrawn. He almost didn't attend his Richmond High School graduation because he didn't own a suit like the other boys. He remembers how happy he was when he found out the graduation robe would cover his clothes completely so he'd be able to go. Longing to attend the after grad festivities, he lied to pals that the would meet them later then went home, alone—they never found out he didn't have a suit.

The big change in Dias' life came when he went in the Air Force during World War II. There he met life-time pal Martin Rackin, an RKO move studios writer (and later head of Paramount Studios) Rackin was making a war documentary and arranged for Dias to be a production assistant. They were making what many thought would be the documenary of the war in the Pacific.

Dias helped manage production and experienced the glitter of the 1940s Hollywood when he helped Rackin edit the documentary. "It was the most exciting period of my life to that point," said a still excited Dias as he remembered the thrill of being among the stars.

Local citizens in San Pablo and Richmond arranged a huge celebration honoring their local movie "hero." Unfortunately, said Dias, one week before the movie's premiere the military confiscated the film. The movie, never to be shown, was taken, he said, because government officials thought the movie contained material "sensitive" to United States/Russian relations.

His movie experience helped Dias ovecome much of his shyness and he started working at being more of an extrovert.

In 1947 Dias and his brothers opened Al's Sporting Goods. As part of his on-going campaign to become an extrovert, Dias became San Pablo's first recreation director in 1949. He became a member of numerous civic organizations and was given his first "Civic Service Award" from the Eagles in 1951. He was chosen "Man of the Year" in 1959 by the San Pablo Exchange Club. The city of San Pablo later honored him by naming their new recreation center the "A.M. Dias Recreation Center." Since 1946 he has been a member and director of the San Pablo and Salesian Boys Club.

All of this led up to San Pablo residents and friends deciding for him that he should go into politics. These friends, said Dias, got together all the necessary paperwork to put him into the county supervisory election. But their was one problem with their plan—Dias didn't want to run.

The future 12-year supervisor even flew away to Los Angeles. The friends called him at his every free moment and they finally badgered him into it. Dias said he filed on the very last day and now is very glad he did. One problem he ran into on the campaign trail was his old shyness.

"I became the world's worst campaigner," said Dias. "I could never do it for myself. I just couldn't blow my own whistle and put down the other candidates." He served as a Contra Costa County supervisor from 1964 to 1976 and was chairman in 1968 and 1973.

Known as a prominent businessman, Dias is a successful land developer and owns the World Travel Agency, along with local politician and liquor store owner Len Battaglia. The agency is located in the El Portal shopping center and is run by Al's wife June.

At 66 Dias may have slowed down but he'll never stop. "Life's been absolutely gorgeous to me," he said with a smile. "I will never retire though, because I enjoy people."

ALEXANDER KHOLMIANSKY

HON. PAT WILLIAMS

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. WILLIAMS. Mr. Speaker, today, thousands of miles from here, behind the guarded fences of a forced labor camp in Central Russia, Alexander Kholmiansky awaits what we Americans long have cherished and sometimes taken for granted, what our Founding Fathers declared are inalienable human rights to life, liberty, and the pursuit of happiness.

Most simply, Alexander Kholmiansky awaits the most basic and cherished human right of all—he awaits his freedom.

Sixteen months ago, Alexander Kholmiansky was a 34-year-old computer engineer in Moscow and one of that city's most prominant teachers of Hebrew.

On July 25, 1984, Kholmiansky was arrested and jailed. The apartment he shared with his parents was later searched by the KGB, who allegedly found an unregistered pistol and bullets. Seven months later,

Kholmiansky was sent to forced labor at Sverdlovsk. According to Soviet judicial authorities, Kholmiansky was guilty of "aggravated hooliganism" and "mailbox tampering." For those offenses and the discovery of the handgun, he was handed an 18-month sentence.

But the truth is otherwise. Alexander Kholmiansky's real crime is his Jewish heritage and wish to emigrate to Israel. Many believe the gun was planted by the KGB to justify a longer sentence.

Mr. Speaker, the case of Alexander Kholmiansky is not the exception. He is one of scores of Jewish activists who have been swept up in a yearlong and ongoing crackdown by the Soviets on Jewish study groups and their teachers. They are scientists, artists and laborers whose requests to emigrate and the Soviet refusal to let them have earned them the title of "refuseniks." They are political dissidents against a Soviet system that offers neither recognition nor respect for freedom of speech, expression, assembly or religion.

I raise the case today of Alexander Kholmiansky on behalf of the Committee of 21, a group of congressional wives who have begun a letter-writing campaign to urge the Soviet Government to reconsider its unjust emigration policy and release all prisoners of conscience.

My wife, Carol, is a member of the Committee of 21 and is working for the safety and freedom of Alexander Kholmiansky. Information about Kholmiansky is scant and severely restricted, but what little we do know is a picture of poignancy. For 8 months, Kholmiansky had maintained a hunger strike, reducing his weight at one point to 90 pounds and forcing Soviet authorities to hospitalize him. From our latest reports, Kholmiansky has been returned to the labor camp and his health is improved. He is still working as a net weaver but he is not meeting his camp-imposed quotas.

We are asking that President Reagan raise the case of Alexander Kholmiansky, and those of scores of others like his, with Soviet Secretary General Mikhail Gorbachev at the Geneva summit. We are asking that the issue of human rights be given a prominent spot on the Geneva agenda. We ask, too, that the President urge Mr. Gorbachev to reaffirm and pledge to uphold the promise the Soviet Union made at Helsinki to honor the right of emigration.

While few in number, these simple requests are paramount and urgent. Soviet leaders must know that our resolve and commitment to human rights is unyielding. When we fail to speak out, we break faith not just with ourselves but with countless millions whose dreams and sometimes lives depend on our steadfastness.

Mr. Speaker, shortly after my wife, Carol, began writing letters on behalf of Alexander Kholmiansky, a letter arrived from one of his relatives in the United States. The correspondence, eloquent in its simplicity, voices the heartfelt desire we all share for universal respect for human rights. I am inserting the letter here for my colleagues to read.

Mrs. Carol Williams,
c/o Congressman Pat Williams,
Washington, DC.

Dear Mrs. Williams: I understand that you have "adopted" the case of Alexander Kholmiansky.

I am his American cousin who tried to adopt him over four years ago. Tried every avenue possible but failed.

Would have been glad to have him live with me so that he would not be a financial burden to our government, but I had no luck.

From the latest news—he is on a self-imposed fast and weighs 90 pounds. Unless something is done, it looks like he may die.

Can't our government do something. Spies are exchanged. Israel freed over 1,000 Moslem criminals for three of her soldiers.

Alexander is a person of very high principles (a rare commodity in today's world).

Why was he tried in a Russian court after waiting for his trial for three months which is against Russian law has never been told? Don't expect an explanation.

What was his terrible crime?

He taught Hebrew. Show me how much such teaching can hurt Russia?

The Russians like to believe that they are a civilized nation and should be respected as such.

If they were to look at their reflection in a mirror, they will see how world justice regards their hypocrisy.

Respectably yours,

Carl Lipkin.

CONGRATULATIONS TO ETHEL STAATS ON HER NINETIETH BIRTHDAY

HON. BARBARA BOXER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mrs. BOXER. Mr. Speaker, I invite my colleagues to join me in congratulating Mrs. Ethel Staats from my hometown, Greenbrae, CA, on the very special occasion of her upcoming 90th birthday on October 22, 1985.

Mrs. Staats has, throughout her 90 years, devoted herself to the care and support of others. In her youth, she was a nurse, caring for others, and now, in her later years, she has been spending much of her time babysitting and caring for the children of our neighborhood.

When my grown children were babies, she helped me out quite a bit!

She now has eight great grandchildren, in addition to her 15 grandchildren and three children. She enjoys visiting them all very much and still travels the considerable distance to Seattle, WA, to do so. Mrs. Staats has been the foundation of a very strong and close family.

Mrs. Staats also follows baseball and football on the radio with a particular interest in the San Francisco Giants and the Cincinnati Reds.

Ethel Staats is a special woman, one of those senior citizens whom we can all look to with admiration, and who deserves mentioning on her very special day. I wish her the very best for her future years and happiest of birthdays.

FOREST HILLS "LIFT" PROGRAM CELEBRATES FIRST ANNIVERSARY

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. ACKERMAN. Mr. Speaker, I rise today to congratulate the Forest Hills Community House L.I.F.T. (Living Independently with Friendship and Togetherness) program of Queens County, NY, on the exciting occasion of its first anniversary, which will be celebrated on October 11, 1985.

Mr. Speaker, as the population of older Americans grows, there is an increasing need to ensure that all citizens—regardless of age—remain active members of our society. L.I.F.T. helps accomplish this crucial goal. By working with those who are trying to escape the confines of their homes and rejoin society, L.I.F.T. has given older Americans in Queens County a chance to reach out and form new social bonds. The only program of its kind in the borough, L.I.F.T. is giving senior citizens in Queens new hope and a new sense of their importance to the community.

The dedicated staff of this outstanding project has developed a "family" that allows seniors to leave their homes without being overwhelmed. Every Monday, Wednesday, and Friday, these men and women meet at the Forest Hills Community House for a creative program of lectures, discussion groups, crafts, and parties. There are even field trips to cultural exhibits and concerts. In many cases, the 3 days during which this special family gets together are the only chance these people get to socialize with their peers and to make new friends.

L.I.F.T. has provided a caring, supportive environment that has enriched the lives of everyone who has participated. I would like to publicly commend Joan Goldberg, the coordinator of the program; Carol O'Neill, assistant coordinator; and Lewis Harris, the executive director of the Forest Hills Community House. Their hard work and dedication has been tremendous, and they deserve credit for turning a good idea into an impressive reality.

Mr. Speaker, I call on all of my colleagues in the U.S. House of Representatives to join me now in congratulating the L.I.F.T program on the momentous occasion of its first anniversary, and in wishing everyone at the Forest Hills Community House a worthwhile and successful future.

HENRY CAN RUN, BUT HE CAN'T HYDE

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. STARK. Mr. Speaker, I read with amusement and sympathy Representative HENRY HYDE's CONGRESSIONAL RECORD insert of October 3. My amusement was derived from Mr. HYDE's skillful use of language: "Fortney's Complaint Ignores Stark Reality." My sympathy was prompted by my colleague's weak arguments in his misguided defense of the administration's opposition to Comprehensive Test Ban [CTB] negotiations. Like the administration, Henry can run from the arguments of CTB advocates, but he can't Hyde.

In response to my critique of his Washington Post op-ed piece, my colleague from Illinois wrote that "Common sense dictates that we strive for a CTB within the broader context of deep and verifiable arms reductions," and that "* * * meaningful arms reductions must precede rather than follow restrictions on nuclear testing."

A potentially defensible position. But why must a CTB follow a reductions agreement?

The only reason offered by Mr. HYDE is that "Prematurely prohibiting nuclear testing would seriously jeopardize our nuclear deterrent capability which has given America and its Western European allies 40 years of peace." He supports this argument by noting that some experts claim we will lose confidence in our nuclear weapons without continued nuclear testing.

Assuming that is the case—which other arms experts notably do not—there is no reason to support a CTB at any time, before or after deep reductions. In fact, if one believes that a CTB would destroy the credibility of our deterrent, applying such a ban after deep reductions would be far worse for U.S. security than applying a CTB with no reductions.

This is because a strategically significant rate of weapon failures would be far more likely at significantly lower levels of arms. A very hypothetical and oversimplified example illustrates the point: If we had a CTB and 10,000 nuclear weapons with a 50-percent failure rate caused by the lack of testing, we would still have 5,000 workable nuclear weapons. But if we had a CTB and the same 50-percent failure rate following a reduction to 1,000 nuclear weapons we would be left with 500 workable weapons.

I don't doubt that Mr. HYDE favors a CTB after deep reductions. It's just that his arguments in favor of his position make no sense. That is because he uses the flawed arguments of the administration's CTB opponents to bolster his support for a CTB after reductions.

The unscientific and hypothetical example above assumes, of course, the validity of Mr. HYDE's original contention that a CTB would result in an unacceptably high level of uncertainty in our arsenal.

Here lies a key difference between CTB advocates and opponents: Advocates believe that limited uncertainty regarding weapon reliability enhances deterrence by making a militarily effective first strike an even more inconceivable gamble, without damaging the deterrent effect of certain, devastating retaliation. CTB opponents contend that a CTB would unacceptably lower our confidence in our weapons, thus reducing our deterrent.

But they ignore that a verifiable CTB would reduce Soviet confidence in their own weapons, and thus in their ability to launch a first strike as well. The failure rate needed to damage our ability to retaliate effectively is far higher than that needed to ensure that a Soviet first strike would be ineffective.

Deterrence is dynamic. The key element is assured effective retaliation following a first strike. But those things that make a first strike potentially less effective act to ensure effective retaliation. A CTB would do just that.

My colleague did not stop there however. He rejected my contention that this administration disregards the value of limiting Soviet military programs as a means of enhancing our security. Once again, I am sure that Mr. HYDE does disagree with me. But where is the evidence to show that he is right?

My friend from Illinois notes that it was Jimmy Carter that suspended CTB negotiations witht the Soviets. True. But what has that got to do with the Reagan administration's disregard for limiting Soviet military programs?

He goes on to say:

> Moreover, I believe that our negotiating team's efforts in Geneva to limit Soviet nuclear force modernization are being conducted with the utmost seriousness and that this administration is carefully weighing the new Soviet proposals to reduce arms and limit nuclear charges.

I find Mr. HYDE's faith in our negotiator's desire to "limit Soviet nuclear force modernization" sincere but baseless. What the President's negotiators are seeking is reductions in numbers, not limitations on Soviet force modernization. In fact, the last U.S. proposal to be put on the table at START was based on the "build-down" concept that explicitly uses force modernization as the vehicle for reductions!

If the administration truly sought modernization limits that would prevent the Soviets from developing more effective weapons with which to threaten us and our allies they would be seeking to conclude a verifiable CTB agreement. They would propose ballistic missile flight test limitations. They would seek qualitative as well as quantitative limits on new submarine-launched ballistic missiles and land-based missiles. They would have proposed limits on sea-launched cruise missiles.

But they haven't. Not a single United States strategic weapons proposal has sought qualitative limits on Soviet weapons for fear of having to restrain United States programs in return.

I do not want to leave the impression that I oppose deep reductions in the strategic arsenals of the United States and the Soviet Union. I do not. Proper reductions could greatly increase our security, and the security of our allies. Improper reductions could make us less secure than today. The same is true of qualitative limits. I believe the CTB is a proper qualitative limit, before or after reductions. Why wait for reductions to impede Soviet force modernization?

Mr. HYDE's final point regards verification of a CTB. He claims that:

> Advocates of a test ban treaty—verifiable or not—fault this administration for what they believe to be excessive cynicism toward Soviet compliance.

I know of no one who advocates an unverifiable test ban treaty. Do the 77 Senators who voted for an amendment to the fiscal year 1985 defense authorization bill which urged the President to reopen CTB negotiations fault the administration for excessive cynicism toward Soviet compliance? I don't think so. To my recollection the Senate has repeatedly pushed the administration to report Soviet violations in detail.

Verification procedures and provisions should be a central part of the agenda for negotiations, not an excuse not to negotiate. The only reason not to open CTB negotiations is to avoid a CTB in order to continue testing nuclear weapons.

Are the Members of the House really faced with a choice between the arguments of Dr. Strangelove and Mr. HYDE? I think not. They can instead opt for the sensible course outlined in House Joint Resolution 3, and urge the President to act in our national security interest.

Finally, I must note that Mr. HYDE sought to remind our House colleagues that "the Senate amendment never became public law." The text of the Senate amendment can be found in section 1111 of Public Law 98-525, dated October 19, 1984.

JUNIOR WOMEN'S CLUB OF HASBROUCK, NJ

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. TORRICELLI. Mr. Speaker, I rise today to commerate the 60th anniversary of the Junior Women's Club of Hasbrouck Heights, NJ. This fine organization will be celebrating this milestone with a reception to be held on October 10, 1985. I could not allow this occasion to pass without officially going on record to honor the proud women who comprise the membership of this club.

For 60 years, the members of the Junior Women's Club of Hasbrouck Heights have been an integral force in their community. Their active participation in countless events dedicated to the welfare of the community has been invaluable to the ultimate success of many projects.

Specifically, they have lent financial support to such organizations as UNICEF, American Cancer Society, March of Dimes, Special Olympics, local Ambulance Corps, public television and numerous local organizations who have greatly appreciated the,r helpful hands.

In addition, they have devoted their active attention to a wide variety of service projects including a voter registration drive, distribution of meals-on-wheels, painting of park equipment, aluminum, glass and paper recycling, promotion of water, gas and electric conservation, and a great many more.

A list on paper of the remarkable achievements of this small but, dedicated organization could not sufficiently express the heart and love that they pour into each and every project which they undertake. I am proud to commend them for their many years of public service and I am pleased to recognize their accomplishments on their 60th anniversary. It is important that we continue to support organizations such as the Junior Women's Club of Hasbrouck Heights. Their concern and commitment should be an example to us all.

EDDIE ROBINSON BECOMES WINNINGEST COACH IN THE HISTORY OF COLLEGE FOOTBALL

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. DYMALLY. Mr. Speaker, late Saturday night, pro football Hall of Famers Willie Davis and Willie Brown were sitting on the sidelines at the Cotton Bowl, no doubt wishing mightily that they could be out on the field helping to win the big one for their former college coach Eddie Robinson. Even without the physical support of Davis and Brown, Grambling State beat Prairie View A&M 27 to 7 and in so doing brought football immortality for Coach Eddie Robinson. That win was his 324th. It put Robinson one up on Bear Bryant, making Eddie Robinson the winningest coach in the history of college football. And Eddie shows no sign of slowing down. In fact, even as the celebration of his 324th was taking place, Eddie was starting to think about next week's game against Tennessee State.

When his team goes out against Tennessee State, they may not realize just how unlikely it is that they will lose. But if the statistics of the past 44 years of Robinson's coaching are any indication, Grambling State has only about a 1 in 4 chance of losing. That is what the 324-106-15 Robinson record to date would indicate.

In the world of sports a win-loss record like that is nothing if not consistent. Eddie Robinson is one of the most consistent men in football. Since 1941 he has coached one team, Grambling State. His married life, the length of which rivals his years in coaching, has been to one woman, who, by the way, was nowhere else but by his side throughout and after the record-breaking victory. Most important to note, is Coach Robinson's consistency in providing and producing athletes with education; 95 percent of his players have earned degrees.

There is talk in the world of sports that Eddie Robinson's career and record cannot be compared to Bear Bryant's because of the difference in levels of competition. It is important to note here that for both the record is not the ultimate mark of greatness. Rather, it is the commitment to work and to their players that places them in the same league of greatness. More than 200 players on the professional rosters have been graduates of Coach Robinson's program. Tank Younger, the first NFL player from a predominantly black school, and two Hall of Famers are included in these ranks. The current president of Grambling University, Dr. Joseph B. Johnson, was a player under the same coaching. That is an accomplishment that all Americans ought to be proud of, and one that "The Bear" would have been very proud of. In fact, Mr. Robinson has dedicated the record to all Americans. And I am honored to have the opportunity to stand before the elected representatives of America to proclaim the outstanding accomplishment of this, one of America's greatest Americans.

JOE P. BURNS, JR., OUTSTANDING LEADER

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. FUQUA. Mr. Speaker, sometimes we take more pride in the accomplishments of our friends than we do in those things which come to us. For me, the installation of my friend, Joe P. Burns, Jr., of Perry, FL, as president-elect of the Florida Funeral Directors Association is such an occasion.

Joe has been a success in his profession, and that is important. But just as important are the contributions he has made to others.

It would be impossible to recount the acts of service he has performed both as an individual and as a member of organizations. Frankly, I don't know how one person can be in so many places at one time, how one person can do so many things—and most important, do them well.

Next year he will succeed to the highest office in his profession in our great State. Those of us who know him know that this will be one instance where the office does not honor the man, but rather at the end of his term of service, it will be the man who has honored the office.

The Taco Times, a weekly newspaper in Perry, printed an article about Joe and his family in their issues of September 25, 1985.

I would like to have it reprinted here as a tribute to a truly dedicated and generous friend and his family.

[From the Taco Times, Sept. 25, 1985]

BURNS NAMED PRESIDENT FOR FUNERAL DIRECTORS

Joe P. Burns Jr., who was recently chosen president-elect of the Florida Funeral Directors Association, was elected and installed during the 91st Annual Convention of the 800-member statewide association. The meeting was held Sept. 15-19, in Kissimmee. Burns, who owns Joe P. Burns Funeral Home in Perry will hold his office until he becomes president of the association next September.

A native of Columbia County, Burns graduated from the Gupton-Jones Mortuary College in 1951. In 1954, Burns and his wife, the former Dorothy Harper, opened the Joe P. Burns Funeral Home in Perry. In 1976, he built a new funeral home on 37 acres in Perry. It is there where he established Burns Monument and Vault Co. and Pineview Memorial Gardens. Today Burns also owns and operates a branch chapel in Mayo.

The funeral home business has become a family tradition for three of the Burns' four children. Barbara, Joe III and Morgan all have their funeral director's licenses. The Burns' oldest daughter, Bonnie Sadler, is the mother of two children, Cara and Gary. The Burns' family attends First Baptist Church in Perry.

Throughout his life, Burns has managed to remain active in many organizations including Taylor County Chamber of Commerce, the Perry Masonic Lodge, Perry Shrine Club, a director for the Perry Police Officers Retirement Trust Fund, York Rite Bodies of Lake City and Scottish Rite Bodies of Tallahassee.

For the past 20 years, Burns has served as Congressman Don Fuqua's campaign manager in Taylor County. Burns is a member and past patron of Easern Star of Perry, a member of Branford and Mayo Shrine Clubs and the Monument Builders of North America.

PERSONAL EXPLANATION

HON. RICHARD RAY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. RAY. Mr. Speaker, I want to offer an explanation for my absence during two of today's roll call votes. I have been at Fort Benning, which is in my district, attending an important ceremony, no—activate—the 10th Mountain Army Division which was arranged several months ago.

When we planned this event, we were assured there would be no recorded votes today, and this was confirmed by the leadership early last week. However, at the last minute, the House schedule was rearranged, and we were unable to cancel the Fort Benning ceremony.

I know that this kind of schedule change is sometimes unavoidable, but this one has inconvenienced a number of Members today. However, we should not have had this problem. Instead, we should have been able to rely on the information disseminated by the House leadership last week, and we should have been able to make our plans accordingly.

I want to encourage my colleagues to insist upon better scheduled procedures in the future. I would welcome the opportunity to work more often on Monday's and Friday's, but the uncertainty which we face, such as in today's change in the schedule, is damaging not only to the leaderships credibility, but also, to the Members who have made unbreakable commitments.

H.R. 2491 AND MENTAL ILLNESS AWARENESS WEEK

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. DOWNEY of New York. Mr. Speaker, this week we observe Mental Illness Awareness Week and I feel that it is useful for us to stop and focus on the prevalence of mental illness among our senior citizens and to renew our efforts to eliminate certain defects in our Medicare benefit structure that result in hardships for the elderly when they become ill.

It has been estimated that between 15 and 25 percent of the elderly have significant symptoms of mental disease. Depressive disorders beyond age 65 affect approximately 10 percent of the population. The likelihood of psychosis increases significantly after age 65 and even more so after age 75. These figures exclude those diagnosed as senile and written off as untreatable—when at least 25 percent of these individuals actually are suffering from mental illness which, if properly diagnosed, could be treated and often reversed.

Mr. Speaker, restrictions in the Medicare Program effectively prevent many of these individuals from receiving necessary mental health care. Only 4 percent of those patients seen in outpatient public and private mental health facilities and 2 percent seen in inpatient psychiatric settings are over age 65. Medicare payments for inpatient psychiatric treatment represent only 2 percent of the total part A expenditure, and represent less than 1 percent of the total supplemental medical insurance [SMI] reimbursement under part B outpatient physician treatment. These figures are substantially below the proportion of the mentally ill elderly in the total population. Overall, Medicare covers, on the average, only 44 percent of the elderly's health care costs. Nearly 66 percent of the elderly supplement Medicare with private insurance to guard against large uncovered charges. Psychiatric intervention—both on an inpatient and an outpatient basis—ranks high among those uncovered charges, because of Medicare's limitations on such treatment.

This type of discriminatory treatment of mental disorders under Medicare is appalling. I have introduced legislation, H.R. 2491, the Medicare Mental Illness Non-Discrimination Act, to eliminate these barriers to necessary care and treatment. The American Psychiatric Association, a medical specialty society representing over 32,000 psychiatrists across the country, has worked with me in developing a solution to this problem. The APA has shown the direct cost savings attributable to the availability of a full range of psychiatric treatments and has demosntrated that coverage of psychiatric disorders actually reduces other health care costs, providing a net cost savings.

H.R. 2941 would eliminate the discriminatory coverage of mental disorders under Medicare by readjusting the present limitations on day and dollar coverage and bringing coverage of mental illness more in line with coverage of other illnesses. An increase in mental health coverage will be cost effective. Mr. Speaker, this is an instance where we can save money by spending money. I urge my colleagues to take the opportunity during Mental Illness Awareness Week to sponsor H.R. 2491.

THE REPUBLIC OF CYPRUS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 1, 1985

Mr. HAMILTON. Mr. Speaker, I rise to salute the Republic of Cyprus on the occasion of its 25th anniversary. After a quarter century, Cypriot independence is no longer in question, but the future of a united Republic of Cyprus with two communities living in peace and stability may be.

It is imperative, as we honor 25 years of Cypriot independence, that we also reaffirm our support for, and commitment to, negotiations under U.N. auspices to settle the Cyprus dispute and to resolve the issues which now separate the Greek and Turkish Cypriot communities. We take this opportunity to urge the Department of State to work actively for a just and peaceful solution to the problem and to give this issue higher priority.

The Secretary General of the United Nations has been involved in intense negotiations with the parties for several months now and will soon present a document for their consideration. By all accounts, the Secretary General's Cyprus initiative is at a delicate stage, but I firmly believe a framework agreement acceptable to both sides is clearly within reach. Thus, the United States should strongly support the United Nations' efforts and commit itself to using its influence with the various parties in ways designed to achieve progress.

Mr. Speaker, it is also appropriate on this occasion to thank the Government of the Republic of Cyprus for its many efforts over the last few years to assist the United States in humanitarian efforts related to the Middle East. We have had to call on Cyprus for help and to serve as a transit point several times in dealing with the deteriorating situation in Lebanon. And the Cyproit Government has responded and helped us. We could not try to protect Americans in Lebanon without this assistance.

Unfortunately, given the proximity of Cyprus to the Middle East, Cyprus has also been drawn in, from time to time, to the ugly cycles of violence which spill out of the Middle East. We regret the recent death of three Israeli civilians on a private boat off the Cypriot coast, but we must applaud the initial insistent efforts of the Cypriot Government to bring the culprits to justice for their actions in Cypriot waters.

Mr. Speaker, Cyprus is an important friend and there are many ties between the American and Cypriot people. The U.S. Congress stands ready to help all Cypriots and to assist in the implementation of any agreement they reach. Our political commitment to Cyprus is well known as is our commitment to continue to provide economic assistance to help Cyprus. Finally, we should, on this occasion, reaffirm our support for the independence, sovereignty and territorial integrity of Cyprus. Because that support is so strong, we urgently desire an early settlement of the Cyprus conflict and dedicate our energies to that end.

THE 25TH ANNIVERSARY OF INDEPENDENCE FOR THE REPUBLIC OF CYPRUS

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 1, 1985

Mr. TORRICELLI. Mr. Speaker, I rise today to honor the Republic of Cyprus on the 25th anniversary of its independence. Last month I visited the island and returned with a deep admiration for the people of Cyprus and a feeling of empathy for the suffering they have endured. I would like to thank my colleague Mr. FEIGHAN for coordinating this special order and allowing me the opportunity to pay tribute to Cyprus on this day.

During my trip I came to appreciate the strength of the ties between our two nations. In times of crisis, when the United States has had trouble in the Middle East, Cyprus offered its facilities without hesitation. Indeed, the response of Cyprus to our requests was much more forthcoming than many of our other allies.

Any yet, nowhere was the strength of the United States-Cyprus relationship more evident than in the area of humanitarian assistance. As a member of the House Foreign Affairs Committee I have traveled a great deal. But I have seen few places where American aid has been better spent than on Cyprus. The Cypriots have taken our aid money and turned it into real benefits such as schools and hospitals.

Precisely because of the strength of our relationship, the United States has an obligation to the people of Cyprus to do whatever it can to bring about the goal of reunification. As much as they may have disagreed on strategies and approaches to attain this goal, all Cypriots I spoke with shared a hope for unity.

More than anything else, this day should serve to remind us that we cannot cease our efforts to work for solutions to the problems of the region; indeed, all parties involved must redouble them.

At present, the initiative undertaken by U.N. Secretary General Javier Perez de Cuellar offers the best chance for peace in the region. We all hope that it will succeed and are encouraged by President Kyprianou's willingness to sign the most recent draft agreement. If the Secretary General's efforts do fail, however, the United States must be willing to take an active role in the search for a settlement, including acting as a guarantor to any agreement.

Time to reach an equitable solution is running out. Let us do everything we can to ensure that the 26th anniversary of Cypriot independence will see a united nation.

THE COMMITTEE ON MILITARY JUSTICE LEGISLATION

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. CONTE. Mr. Speaker, I want to give my strongest support to this bill. This is not a bill to attack military medical care. It is a bill to give to our military members a remedy for errors committed at military facilities by military personnel just as their civilian counterparts have the right to sue when they have become victims of medical malpractice. This situation came to my attention when a spunky, young lady by the name of Denise Soltys came to my office to lobby for this bill. Denise was given too much oxygen during the post-operative portion of her care in a military hospital. As a result she was severely crippled. Although she has put up a courageous, hard-fought battle to overcome her disabilities, she still has a long way to go.

I am not bringing up her case to point the finger at her doctor or anesthesiologist. This was truly unfortunate situation, but it does happen in civilian medical facilities as in military facilities.

What is cogent about Denise's case is that she has no recourse. In addition to being unable to sue in this matter, she could also not get access to her medical records. She found out quite by accident that she has been administered too much oxygen.

This legislation will allow persons like Denise to gain relief for malpractice and give to all our servicemen a right that should be inherent.

BALANCING THE BUDGET OR WRECKING THE ECONOMY?

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. OBEY. Mr. Speaker,

"Those who forget the past are doomed to repeat it."—Santayana.

The Federal deficit is out of control. Wide agreement on that basic proposition has created an opening for a dramatic approach to deficit reduction authored by Senators GRAMM and RUDMAN. But that aproach, which calls for a balanced budget by 1990, is a simplistic, mechanical, and economically irresponsible piece of political gamesmanship. In considering this proposal, Congress is in grave danger of forgetting one of its great historical blunders, and of repeating, on a far grander scale, the same error which created today's unprecedented budget deficits.

Today's budget deficits were created by the passage, in 1981, of a combination of tax cuts (Kemp-Roth) and military spending increases (Gramm-Latta). In defending a package which cut revenues to 18 to 19 percent of GNP while raising spending to 24 to 25 percent of GNP, the administration and its supporters argued that their program would lead to a balanced budget by 1985, at the latest. Their remarkable 5-year plan was to reach the goal of a balanced budget through extraordinary economic growth, touched off by a supply-side miracle."

At the time, Congress and the country were told: "Don't worry about the details of this tax reduction package. Trust us. It is a great idea, it will balance the budget and produce unprecedented economic growth. Just look at the concept, don't look at the details."

And to its everlasting discredit, Congress didn't look at the details. It passed the supply-sider's first 5-year plan without much debate or discussion about its basic provisions. As we know now, it was a disastrous mistake. The 1981 tax cuts not only failed to spark an economic boom, they created today's huge deficits, redistributed income toward the very rich, and introduced distortions into the economy which even the Reagan administration is seeking to correct through tax reform.

But now, many of the same people who created the deficit with their simplistic first 5-year plan are proposing an equaly simplistic second 5-year plan to undo the mismanagement caused by their first effort. Once again, Congress is being told: "Here is a great idea—a balanced budget by 1990. It is simple, it is quick, it will solve all our problems. Don't look too closely at the details. Trust us." And to make certain that Congress does not look too closely at the proposal, its supporters are trying to use the debt ceiling to hold the country hostage until their demands are met.

Senator DOLE has been clear about the process, announcing last Thursday that "The longer something hangs around here, the staler it gets * * * People start reading it."

Well, this time we had better read it, or be condemned to repeat again one of the great legislative disasters of recent history.

The essence of Gramm-Rudman is simple: Set a target for the deficit, reduce that target by $36 billion a year over 5 years, until we arrive at zero deficit by 1990. To enforce the targets, the bill gives the President broad new powers to sequester and impound funds.

The proposal is flawed on many counts. While claiming to cut spending across the board, Gramm-Rudman largely exempts defense procurement from bearing its fair share of reductions, through language which excludes much of defense procurement from the deficit reduction process. The President gave away the game in last Saturday's radio address when he stated that this proposal was acceptable to him only because it permitted a 3-percent real rate of increase in defense spending. Such an approach to balancing the budget is in fact intolerably imbalanced, if it exempts from cuts one of the two components of Federal spending which has risen substantially in real terms since 1980—defense and interest.

Finally, the proposal upsets the constitutionally defined balance of power in our Government, by giving back to the President the same broad impoundment powers whose abuse by President Nixon led to the creation of the Budget Act in 1974.

But the deepest flaws in the proposal are economic. Gramm-Rudman targets an abstract number, the deficit, in a way which makes things worse for the real economy. It stands the problem of the deficit on its head, and asks that we sacrifice real concerns about unemployment, economic growth, and moderation of the business cycle in pursuant of the symbol of a balanced budget.

Deficits are a concern today not because $200 billion is a large number, but because deficits of this magnitude impose real hardships on real people. Excessive deficits raise interest rates, leading to farm foreclosures and an inability of young families to afford mortgages. Excessive deficits create an overvalued dollar, bankrupting trade-sensitive industries, and throwing thousands of American workers out of their jobs. Excessive deficits rob our children of their prosperity by borrowing from the future to support today's consumption. What matters about deficits, therefore, are real things like rising unemployment, high interest rates, and reductions in future prosperity.

If we care about the real problems of real people, then we need to be certain that the way we reduce deficits does not cause more real problems than the deficits themselves. Gramm-Rudman fails this test.

Gramm-Rudman makes things worse for the American economy in three ways. First, it targets the wrong deficit, and in so doing it condemns the economy to rising levels of unemployment. Second, it measures the deficit incorrectly, in a fashion which reduces the ability of government to invest for future economic growth. Finally, it adopts a rigid formula which eliminates our ability to fight recessions effectively. To accept Gramm-Rudman is to accept slow growth, rising unemployment and recession cycles which are both more frequent and more severe.

THE WRONG TARGET

Gramm-Rudman picks as its target the nominal deficit—the number of dollars by which expenditures in any fiscal year

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exceed revenues. This measure ignores the condition of the economy, setting the same target for deficits if unemployment is at 10 percent, as it sets if unemployment is at 4 percent. By not taking unemployment into account in establishing a target for the deficit, Gramm-Rudman explicitly accepts higher unemployment as a price worth paying to balance the budget.

Since the Great Depression, it has been an explicit goal of the Federal Government to use fiscal policy—taxes and spending—to stimulate the private economy to operate at or near full capacity. If there is insufficient private demand to keep factories and workers fully employed, then government ought to help create sufficient demand through tax reductions or increases in spending. This sort of fiscal stimulus helped pull America out of the Great Depression, and has since helped the economy recover from recessions.

To measure fiscal stimulus, economists have long calculated a full employment deficit—the deficit in the Federal budget which would exist if the economy were operating at full employment. Any responsible approach to deficit reduction which cared about running the economy at its full capacity would target this full employment deficit instead of the nominal deficit in any formula for deficit reduction. Targeting the full employment deficit would recognize that governments should help stimulate the economy when there is too much unemployment and idle capacity in the economy. Gramm-Rudman, by targeting the nominal deficit, assures that economic policy becomes a device to stifle growth and cause recessions.

Targeting the full employment deficit would still mean significant deficit reduction, because the 1981 package of tax cuts and military spending increases have managed to create large structural deficits in the Federal budget, deficits which would exist even if the economy were operating at full employment. An approach to deficit reduction which targeted the full employment deficit would produce significant deficit reduction without abandoning traditional government committment to providing economic growth and jobs.

WRONG MEASUREMENT OF THE TARGET

Gramm-Rudman not only picks the wrong deficit as a target, it also measures the target in a fashion which limits the ability of the Federal Government to pursue rapid economic growth.

In order to grow, an individual firm or an entire national economy must invest in assets which will improve the ability to produce more output in the future. Firms invest in machinery and equipment—which increase productivity—while governments invest in roads—which lower transportation costs—dams—which reduce future losses to floods and erosion—education—which increases the productive skills of the workforce—and a whole host of other items.

No rational firm would insist that all investments in machinery should be financed out of current income, and for that reason most firms borrow heavily to finance assets which will help them produce more in the future. In precisely the same way, no rational government should insist that all of its investment activities be financed out of current income. Borrowing to support investment is sensible if the investments themselves lead to an increase in future income sufficient to cover the cost of borrowing.

Most State governments recognize this reality and have a capital budget, funded by borrowing, which is separate from a current consumption budget financed out of tax revenues. The Federal Government, however, does not have such a budget. Programs which invest in the future are lumped together with programs which support current consumption into a single unified budget.

Gramm-Rudman requires a balance in this unified budget, which means that all investments must be funded out of current income. A firm which adopted this approach to financing its investments would soon be growing far more slowly than its competitors who were willing to borrow to acquire the latest machinery. In the same way, Gramm-Rudman would commit the United States to a slower rate of growth by limiting the needed investments by Government in growth-producing assets.

RIGID FORMULA

Finally, Gramm-Rudman condemns the country to more frequent and more severe swings in the business cycle by adopting a deficit formula which eliminates government's ability to manage boom and bust cycles in the economy. Under Gramm-Rudman, the deficit targets for each fiscal year between 1986 and 1990 would be set in advance. Those targets must be met, no matter what is happening to the business cycle.

Ever since the Depression, government has had an explicit policy of seeking to stabilize swings in the business cycle. Taxes are increased—or spending is cut—to cool down a period of too rapid growth, and spending is increased—or taxes cut—to counter economic decline as the business cycle turns down. Many Government programs—for example, unemployment compensation—are designed as automatic stabilizers of the business cycle, increasing spending automatically in recessions, cutting back automatically in recoveries.

Gramm-Rudman effectively eliminates these automatic stabilizers, transforming the Federal budget from a device for reducing the severity of business cycles to a device to deepen recessions and delay recoveries. Under normal circumstances, a slowing of the economy would generate a rise in spending by these automatic stabilizers, as well as a fall in tax revenues as a result of cooling business activities. Deficits would increase, but the business cycle would be moderated. Under Gramm-Rudman, a slowdown in the economy could not be met with increased stabilization activity, since the deficit target in the bill would have to be met. Instead of moderating the business cycle, Federal fiscal policy would have to drive us deeper into recession, by cutting back on unemployment compensation and other stabilizing programs in order to meet the deficit targets.

And once in a recession, Gramm-Rudman would prevent the Government from using fiscal stimulus to restart the recovery. Traditional pump priming activities of Government would be banned—the pump handle effectively padlocked by the deficit formula in the bill.

A study recently prepared for the Joint Economic Committee has shown that there has been a major reduction in the length of economic recessions since the Second World War. Before the war, the average expansion lasted only 2 years, while the average recession also lasted 2 years. Since then, business cycle stabilization activities of Government have lengthened the average recovery to 3 years and cut the average recession to 1 year. Gramm-Rudman would have us abandon this impressive record of success and return to more extreme fluctuations in the business cycle.

Any responsible approach to deficit reduction would recognize that we have not yet learned—and may never learn—how to abolish the business cycle. Reasonable swings in the business cycle help to impose the discipline of the marketplace on the overall economy, but we continue to need policies which moderate those swings to avoid either deep recessions or runaway inflation.

From a purely economic point of view, therefore, it would be best not to have any fixed and immutable targets for deficits in future fiscal years. But if a formula of some sort is a political necessity, then there must be a reasonable cutout which would not require the application of the target formula in times of declining GNP growth or rising unemployment.

QUO VADIS?

In 1981, the administration and its supporters sold the Congress and the country a simple idea which didn't work. The first 5 year plan to balance the budget through supply side growth was a complete failure. In 1985, Congress is being asked to accept a new 5 year plan, whose key principle is not supply side growth, but a rigid formula to balance the budget. But this time we have the advantage of history, and should know that simplistic ideas are far more dangerous than the complex problems they are designed to solve.

This time, we should be certain to ask the hard questions which got easily brushed aside in the 1981 discussion of the first 5-year plan. We should ask ourselves: Are we ready to abandon our traditional concerns for full employment and rapid economic growth in pursuit of the abstraction "balanced budget"? Are we ready to accept a proposal to balance the budget which is in fact grossly imbalanced because it fails to lay a glove on the fastest growing part of Federal spending—the military budget? Do we really want an approach to deficit reduction which targets the wrong deficits, increases unemployment, slows economic growth, significantly worsens the possibilities of recession, and guts our ability to manage our way out of a recession once it takes place?

If we accept this proposal blindfolded, we are turning our backs on real people, putting the economy into a straightjacket, and reducing our ability to control our own destiny. It is a proposal which obliterates all of the principles of economic policy which ought to guide responsible economic policy. We should not kid ourselves. Embracing this simplistic and very unbalanced gimmick to balance the budget would threaten growth, raise unemployment and worsen recessions in the future.

RULE FOR CONSIDERATION OF H.R. 3500

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GRAY of Pennsylvania. Mr. Speaker, pursuant to Democratic Caucus Rule 35, I take this opportunity to advise my colleagues that I may request a closed rule for the consideration of H.R. 3500, the Omnibus Budget Reconciliation Act of 1985.

A TRUE FREEDOM IN CYPRUS

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GALLO. Mr. Speaker, October 1, 1985, marked the 25th anniversary of the independence of the Republic of Cyprus.

Independence Day in our country is celebrated by millions of citizens who genuinely have the ability to think and act freely, to assemble, to worship, to raise a family, and to build a future without fear of hostile oppression. Unfortunately, our Cypriot friends do not enjoy a true freedom like ours.

No; for Cyprus is a divided island. It is inhabited not only by true and correct Greek Cypriots, but also by some 30,000 Turkish troops and tens of thousands of Turkish settlers.

Isn't it ironic that such a situation should occur so close to the very birthplace of democracy. How truly sad it is that the same culture that brought us the concept of individual freedom, that sowed the seeds of democracy among civilized humanity, is today under the thumb of an authoritarian oppressor.

This situation in such an important part of the world cannot be ignored. It should be focused upon and hopefully it will be resolved.

It is right and proper for the House to focus on such an important issue. The Cypriots were a great aid in our time of trouble in Lebanon. Perhaps this Congress should help the Cypriots in their quest for a true and lasting freedom.

Turkey is an important ally of the United States. Turkey's geopolitical position on the Asian Continent is of great strategic importance to the North Atlantic Treaty Organization and to the rest of the free world as well.

But, being of strategic importance does not make a wrong action a right one. An illegal recognition of statehood, that is, the recognition of the Turkish Republic of Northern Cyprus, formed unilaterally after the Turkish invasion of a formerly sovereign nation, is wrong. It is wrong under all concepts of international law, and it is wrong under all concepts of human morality.

We in Congress are the representatives of a free and democratic society. As such, we have a responsibility to our constituents, to our country, and to our consciences to make our voice heard so that the seeds of freedom may flourish throughout the world.

EL SALVADOR

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. BONIOR of Michigan. Mr. Speaker, since Jose Napoleon Duarte was elected President of El Salvador over a year ago, all Americans have shared the hope that his election would usher in a new dawn of peace and democracy in El Salvador. Such transitions do not happen overnight. But Duarte has shown himself to be a man of extraordinary courage. Robbed of the Presidency in 1972 by the military who beat him and forced him to flee his country, he returned from exile to seek that office once again and speak for democracy in the face of an even more entrenched military. In Congress, we have struggled time and time again, trying to find the best way to support Duarte as he has tried to walk the difficult line between the extremes of the Salvadorian right and left.

In many respects, the results of President Duarte's leadership and the pressures for a democratic opening have been remarkable. The number of killings by the notorious death squads has diminished. The intelligence unit of the Treasury Police, which was responsible for some of the worst human rights abuses of the past, has been officially disbanded. And the country's powerful military has expressed strong support for civilian government. President Duarte's own bold peace initiative, meeting face to face, unarmed and unprotected, with the leadership of the FMLN guerrillas, raised new hope that peace in El Salvador will be possible.

Yet, over the past year, we have had many grueling reminders that the spiral of violence continues in El Salvador. Most recently, this violence has touched President Durate's own family when, on September 10, leftist extremists kidnaped his daughter and her driver, and killed one of her body guards. I joined my colleagues in condemning this heinous act when we passed House Concurrent Resolution 187 on September 12. Let me take this occasion to reiterate the demand for her immediate release we made that day. And to offer once again our support to President Duarte in his efforts to secure the release of his daughter and bring a just end to the conflict in his country.

The recent tactics of the left have taken an alarming turn in El Salvador. In response to the Government's air war, the guerrillas have increased their use of mines to the point where 70 percent of the 2,337 Salvadoran soldiers killed or wounded between June 1984 and April 1985 were hit by mines. Throughout many regions of the country, Christian Democratic mayors have been kidnaped as a warning against the Government trying to exert its authority over areas long under guerrilla control.

On June 19, our own Nation was touched once again by the violence in El Salvador as four off duty Marines, along with nine Salvadoran civilians, were brutally gunned down at an outdoor cafe by a left-wing group. Such acts of terrorism have been denounced throughout the world, and have raised new concern about the brutality of the war in El Salvador.

Even as we condemn the recent brutalities of guerrilla forces in El Salvador, we must not forget the great danger to democracy in El Salvador that has historically come from the nation's overpowering military. From 1979 to 1984, the Catholic Church's human rights office documented that nearly 40,000 Salvadoran civilians had died at the hands of Government security forces. As yet, no member of the Salvadoran armed forces has been indicted or brought to trial for these crimes.

In the effort to retake the countryside in the past year, the Salvadoran military has engaged in a campaign of bombing, strafing, and mortaring that has killed, maimed, and terrorized the civilian population. The forced relocation of people from these areas has brought the total number of refugees inside El Salvador to 700,000. The Catholic Church now reports that 173 people were killed or disappeared by death squads in the first 6 months of this year.

As Americas Watch, the internationally respected human rights organization, has warned, "though the number of targetted killings and disappearances by military and paramilitary forces remains far below the staggering number committed from 1979 to 1983, the increase during the first 6 months of 1985 is ominous and the maintenance of the same modus operandi as in the past makes clear that the death squad apparatus remains in place."

Clearly, the war in El Salvador is far from over, just as the economic, political, and social problems that gave rise to the conflict are far from resolved. In spite of all our hopes for democracy, the reality of El Salvador today is a country wracked by war, a people suffering from the spiral of violence.

There is no military solution. As a recent State Department working paper asserted, "it does not appear that the war in El Salvador can be won by either side on the ground * * *." Here, as elsewhere in Central America, the choice for the United States is clear. Either we support the peace process, or we risk finding ourselves drawn more deeply into the violence.

Throughout Latin America, there is hope for the peace process. The Cantadora countries of Mexico, Venezuela, Panama, and Colombia, who have been working for over 2 years to find a peaceful solution to the conflicts in Central America, were joined this summer by the Lima Group. These countries—Argentina, Brazil, Peru, and Uruguay—have recently made the transition themselves from military dictatorship to democracy. Their endorsement for Contadora is an indicator of how deeply the democracies of Latin America support the peace process. It should not be a signal for the United States to act as well.

Today, the foreign ministers of the Contadora group and the Central American countries will begin a series of meetings to deal specificaly with the question of how to control and reduce armaments and military maneuvers, while guaranteeing the security of the region. Now, as we denounce the violence by both left and right in El Salvador, as we offer our sympathy and support to the victims of this violence, is the time for the United States to give our unequivocal support to our democratic allies in the region, and to work with them to end the violence in Central America.

EL RANCHO HIGH SCHOOL HALL OF FAME

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. TORRES. Mr. Speaker, I would like to bring to the attention of my colleagues several individuals who are being honored by admitting them to the El Rancho High School Hall of Fame.

The alumni to be inducted are Gloria Ann Barrios, 1960; Beth Marie Risney Davis, 1959; Harley Dale Ghere, 1958; Dr. Donald E. Inlay, 1957; Juan Antonio Realyvasquez, M.D., 1960.

Gloria Ann Barrios graduated from Rio Hondo Community College, the University of California, Irvine, Long Beach State, and Santa Clara University, school of law.

After teaching 3 years and being awarded Teacher of the Year by Channel Island High School, Ms. Barrios entered the law profession, volunteering her time to the United Farm Workers. She's currently active in the Long Beach Legal Aide office and donates her time on the weekends to serve people who are not able to afford legal assistance. She is the daughter of Carlos and Celia Barrios, residents of Pico Rivera for over 35 years.

Beth Marie Risney Davis graduated from Upland College of St. Thomas, and La Vern University. She has been a member of the teaching profession for more than 20 years in the Whittier City school district.

A widowed mother of four children, Mrs. Davis volunteers her time to work with young people in her church and school-related activities. She has served as a counselor in church youth camps and has worked with the Cub Scouts, Guild Girls, Rosebuds, and the American Baptist Women. Mrs. Davis is praised by her community as an inspiration to both young and old.

Mr. Harley Dale Ghere received his bachelor and masters degree from Long Beach State. He is also a member of the teaching profession. He began his teaching career at Santa Ana High School and then went to Corona Del Mar, where he has been for 15 years.

Mr. Ghere and his lovely wife gained State and local recognition for their work during the 1978 Laguna Beach Blue Bird Canyon landslide disaster.

Even though they were in the center of the slide and lost their home, they became leaders and counselors to the entire community, keeping their spirits alive through the community's rebuilding process.

They have two children and reside in Laguna Beach.

Mr. Donald E. Inlay graduated from the University of Redlands and the Claremont School of Theology. He has served on the ecology task force of the annual conference of the Methodist Church and the Southern California Council of Churches.

Mr. Inlay has served as a missionary in Hawaii, where he organized Keoluman Methodist Church. He has also served as minister at St. Andrew's by the Sea United Methodist Church in San Clemente; as senior minister of Community United Methodist Church in Huntington Beach; as senior minister for 9 years at the East Whittier Methodist Church and presently he serves as senior minister at Whittier First United Methodist Church.

Mr. Inlay is a resident of La Habra and he and his wife have four children.

Dr. Juan Antonio Realyvasquez is a graduate of Whittier College and the Los Angeles County University of California Medical Center. He is an orthopedic surgeon and has published several papers and has made presentations at many medical seminars on his research projects.

Dr. Realyvasquez has received the Senior Award Paper of Graduate Orthopedists of Los Angeles County, 1972; Community Service Award, PTA, 1979 and the Glendora Unified School District, Coordinating Council Award for Service to Children, 1982.

Dr. Realyvasquez is a resident of Glendora. He is married and has four children.

Mr. Speaker, I ask that my colleagues join me in commending the outstanding contributions these individuals have made to their communities and respective professions. I would also like to add my personal congratulations to the 1985 El Rancho Hall of Fame inductees and their families.

JAPANESE AMERICAN NATIONAL MUSEUM TO BE CELEBRATED

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. MATSUI. Mr. Speaker, I rise to call to the attention of the House of Representatives a gala dinner and inaugural fundraiser for the Japanese American National Museum. The event will take place in Los Angeles on the evening of October 18.

The Japanese American National Museum, in the words of its founders, has as its chief mission the documentation and preservation of artifacts which record the Japanese-American experience in America. The museum will create a greater understanding of the Japanese American social and cultural heritage, its contributions to and accomplishments as participants in the American historical experience.

The museum will accomplish its mission through programs of permanent and changing exhibitions, traveling exhibits, and educational activity based on its archival collections. Publications and multimedia events will comprise a continuing element of the museum's programs.

On September 24, SB 1452 of the California State Legislature was signed into law appropriating $750,000 from the special account for capital outlay to the department of parks and recreation for allocation to the city of Los Angeles for the Japanese American National Museum. The appropriation is contingent upon $1 million being raised from non-State funding sources. With the support of the community the inaugural fundraiser will be a major step forward toward that $1 million goal.

Mr. Speaker, I commend those whose efforts have made the inaugural fundraising evening for the Japanese American National Museum a reality.

CONGRESSIONAL TRIBUTE TO THE LOS ANGELES COUNTY CHICANO EMPLOYEES ASSOCIATION AND THE UNITED HISPANIC SCHOLARSHIP FOUNDATION

HON. MATTHEW G. MARTINEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. MARTINEZ. Mr. Speaker, I rise today to honor both the Los Angeles County Chicano Employees Association and its sister organization, the United Hispanic Scholarship Foundation on the occasion of their first annual scholarship fundraising dinner on October 25 of this year. In particular, I commend the founders of United Hispanic Scholarship Foundation, Daniel G. Sanchez, Raul R. Nunez, Eduardo N. Perez, and Roberto E. Zuniga, for both their insight and their hard work in making the United Hispanic Scholarship Foundation a success.

The Los Angeles County Chicano Employees Association, founded in July 1969, has represented clients in over 6,000 cases concerning employment discrimination before county management, the Civil Service Commission, the Federal Equal Employment Opportunity Commission, and Superior Courts in California. The Los Angeles County Chicano Employees Association has been a major force in the community in helping to eliminate racial discrimination. They played a major role in establishing Los Angeles County's Affirmative Action Committee which assists county management in meeting employment and promotional commitments to Chicano and other minority employees.

The United Hispanic Scholarship Foundation was established to aid deserving Hispanic youth in achieving academic goals at the college level. By offering scholarships from the money raised at this dinner, the United Hispanic Scholarship Foundation will fill a void and help more Hispanics have the opportunity to get a college education.

Mr. Speaker, the work of organizations such as the Los Angeles County Chicano Employees Association and the United Hispanic Scholarship Foundation should be encouraged and commended. It is my hope that other groups will follow the example of these organizations so that opportunities for Hispanic and other minority youth to further their education grow.

LEGISLATION COMMEMORATING SARGENT SHRIVER

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. CONTE. Mr. Speaker, I am today introducing legislation—identical to legislation being introduced in the other body by Senator SIMON—to authorize the President to present a gold medal to Sargent Shriver, the first Director of the Peace Corps.

Mr. Speaker, it is especially appropriate that this year, on the eve of the 25th anniversary of the creation of the Peace Corps, that we commemorate the key role that Sargent Shriver played in the development of that agency.

During the last 25 years, over 120,000 Peace Corps volunteers have enhanced America's image abroad by providing needed services to people throughout the world. They have proven that generosity of spirit, commitment, and dedication are enduring American values. This legislation is designed to honor Sargent Shriver, the first Peace Corps Director, whose energy, idealism, and leadership helped to make the Peace Corps a continuing success.

George Will wrote once that, "When God designed Shriver, He left out second gear." Anyone who knows Sargent Shriver knows that he does everything at full throttle. Whether it was managing the Chicago Merchandise Mart, presiding over the Chicago Board of Education, working on John F. Kennedy's Presidential campaign, setting up the Kennedy administration, or launching and directing the Peace Corps, "Sarge" has confronted the imposing challenges before him with the energy, determination, imagination, competence, and integrity that has become his hallmark.

The Peace Corps will never lose his personal imprint, and he left the agency in 1966 with the knowledge that it could not be in healthier condition. He succeeded in that job because he sparked the best ideas, attracted the best people, attempted new approaches, and established new precedents. Under two Presidents, he created a feeling of excitement about Government service that this city has seldom seen.

History will long remember the contributions that Sargent Shriver made to the Peace Corps. He reminds us that a life given in service to one's country is a living thing that never dies. And so it is very appropriate and timely that we honor him today in this fashion. I urge my colleagues' support for this legislation.

THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1985

Mr. GALLO. Mr. Speaker, I rise today, as an original cosponsor, to express my strong support for the Balanced Budget and Emergency Deficit Control Act of 1985 as introduced in the House of Representatives by Congressman CONNIE MACK and by Senators GRAMM, RUDMAN, and HOLLINGS in the Senate.

Throughout the weekend and today, the Senate has been debating raising the national debt ceiling to over $2 trillion. Was it not just 5 years ago that the Nation's debt ceiling stood at $1 trillion?

And, isn't this proof enough to this body and to the other body that the existing Federal budget process has failed? Certainly it is proof enough to the American public that the Congress may fail to act responsibly to reduce the deficit.

The budget process has eroded meaningful deficit reduction and so it is up to the Congress to take this opportunity to reform the budget process and place the deficit on a certain declining path toward balance.

Several proposals have been made this year and in past Congresses to reform the budget process, and I have supported these measures. Congressman LARRY CRAIG and Congressman STENHOLM have spearheaded the drive for a constitutional amendment to require a balanced Federal budget, a measure I originally cosponsored in January of this year. I also support legislation granting the President line-item veto power.

While these measures are gaining support in the Congress, we are presented with an opportunity, perhaps the best we will have this session, to do something about the problem that we all know and admit exists. It is imperative that we do not let this opportunity pass.

Like the balanced budget amendment and the line-item veto bill, the Emergency Deficit Control Act is an attempt to force Congress to do what it has continually not been able to achieve—fiscal responsibility and deficit reduction.

It is time for this action. The projected deficit for the 1986 budget year is estimated to be about $200 billion. If the annual deficit continues at this rate, payments on the national debt will grow to be the largest single budget item by the mid 1990's. And that debt, Mr. Chairman, amounts to $10,000 for every man, woman, and child in the country.

The only plausible solution remaining is passage of the Balanced Budget and Emergency Deficit Control Act of 1985. This bill amends the budget process to establish a maximum allowable deficit ceiling beginning with $180 billion for fiscal year 1986 and continuing with four equal steps to balance the budget by fiscal year 1990.

During the 5 years that this emergency measure is in place, there will be an automatic midcourse correction process to eliminate any projected deficit exceeding the maximum deficit limit for each year. If OMB and CBO jointly project that these deficit targets will not be met, the President is required to eliminate the excess by sequestering funds by a uniform percentage across the board. Social Security is exempted and entitlements have base protection. The Congress may originate an alternative plan to eliminate the overage and the bill can be waived in time of war or suspended during a recession.

The Emergency Deficit Control Act of 1985 would put into place a mechanism for enforcing fiscal restraint in the Congress. The limits set forth in this bill are real and the requirements could not easily be circumvented. The amendment compels the Congress to move toward a fiscal balance and to respond to the mandate of the American public to reduce the Federal deficit.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for

printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, October 8, 1985, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

OCTOBER 9

8:00 a.m.

Judiciary
Immigration and Refugee Policy Subcommittee
To hold joint hearings with the House Committee on the Judiciary's Subcommittee on Immigration, Refugees, and International Law on certain anti-discrimination provisions.
2226 Rayburn Building

9:00 a.m.

Banking, Housing, and Urban Affairs
To hold hearings on proposed legislation to provide protection for agricultural purchasers of farm products.
SD-538

Labor and Human Resources
Business meeting, to mark up S. 1570, to exempt State and local governments from certain maximum hours provisions of the Fair Labor Standards Act, as a result of the impact of the Supreme Court's decision in Garcia versus San Antonio Metropolitan Transit Authority on cities, and other pending calendar business.
SD-430

9:30 a.m.

Finance
To resume hearings on the President's tax reform proposal.
SD-215

Foreign Relations
To continue hearings on a nuclear agreement between the United States and the People's Republic of China.
SD-419

Judiciary
To hold hearings on S. 1140, to preserve and promote wholesale and retail competition in the retail gasoline market and to protect the motoring safety of the American public.
SD-226

Labor and Human Resources
To hold hearings to examine certain barriers to health care.
SD-430

Select on Intelligence
To resume closed hearings on the development of a national intelligence strategy (Phase II).
SH-219

10:00 a.m.

Commerce, Science, and Transportation
To hold hearings on the nominations of Robert Elsner, of Alaska, and Karen Pryor, of Washington, each to be a Member of the Marine Mammal Commission, to be followed by oversight hearings in conjunction with the National Ocean Policy Study to review the harmful effects of pelagic driftnets in waters off the North Pacific Ocean beyond coastal state jurisdiction.
SR-253

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
Business meeting, to consider the nominations of Jennifer Joy Manson, of Virginia, to be Assistant Administrator for External Affairs, and Lawrence J. Jensen, of Virginia, to be Assistant Administrator for Water, both of the Environmental Protection Agency, and Orson G. Swindle, III, to be Assistant Secretary of Commerce for Economic Development, and other pending calendar business.
SD-406

Judiciary
Courts Subcommittee
To hold hearings on S. 704, to establish an Intercircuit Panel of the United States Courts of Appeals to decide cases referred by the Supreme Court.
SD-106

Conferees
On H.R. 2959, appropriating funds for fiscal year 1986 for energy and water development programs.
S-128, Capitol

2:00 p.m.

Finance
To hold hearings on the nomination of Ronald E. Robertson, of Virginia, to be General Counsel of the Department of Health and Human Services.
SD-215

Judiciary
To hold hearings on pending nominations.
SD-226

Joint Economic
Trade, Productivity, and Economic Growth Subcommittee
To hold hearings on United States and Soviet trade prospects.
2359 Rayburn Building

OCTOBER 10

9:30 a.m.

Energy and Natural Resources
Public Lands, Reserved Water and Resource Conservation Subcommittee
To hold hearings on S.J. Res. 187, to designate Patrick Henry's last home and burial place, in Virginia, as a National Memorial to Patrick Henry, S. 1596 and H.R. 2776, bills to direct the Secretary of the Interior to convey title to the Robert F. Kennedy Memorial Stadium to the District of Columbia, and S. 1116, to authorize funds for financial assistance and grants to the Bethune Museum and Archives in the District of Columbia.
SD-366

Finance
To continue hearings on the President's tax reform proposal.
SD-215

Foreign Relations
To hold hearings to discuss the proposed U.S. arms sale to the Kingdom of Jordan.
SD-419

10:00 a.m.

Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings to examine the effects of the recent increase in insurance rates and the lack of coverage on the fishing industry.
SR-253

Judiciary
Business meeting, to consider pending calendar business.
SD-226

Labor and Human Resources
To hold hearings on mandatory nutritional labeling.
SD-430

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Higher Education Act.
SR-385

Joint Economic
Trade, Productivity, and Economic Growth Subcommittee
To hold hearings to review United States and Japanese trade in semiconductors.
SD-138

1:30 p.m.

Select on Intelligence
To hold closed hearings on international terrorism.
SH-219

OCTOBER 16

9:30 a.m.

Foreign Relations
To hold hearings on the nomination of Richard Schifter, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
SD-419

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Select on Intelligence
To resume closed hearings on the development of a national intelligence strategy (Phase II).
SH-219

10:00 a.m.

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-336

Select on Indian Affairs
To hold hearings on the nomination of Ross O. Swimmer, of Oklahoma, to be an Assistant Secretary of the Interior.
SR-325

10:30 a.m.

Foreign Relations
To hold hearings to discuss certain trade barriers to U.S. exports.
SD-419

OCTOBER 17

9:00 a.m.

Labor and Human Resources
Aging Subcommittee
To hold hearings on pension accrual and the older worker.
SD-628

10:00 a.m.

Armed Services
Defense Acquisition Policy Subcommittee
To hold oversight hearings to review the status and impact of certain legislative provisions to reform the defense acquisition process.
SD-138

Commerce, Science, and Transportation
To hold hearings on the nominations of Edward V. Hickey, Jr., of Virginia, and Francis J. Ivancie, of Oregon, each to be a Federal Maritime Commissioner, and John A. Gaughan, of Maryland, to

be Administrator of the Maritime Administration.

SR-253

Foreign Relations

To hold hearings on the nominations of Alan L. Keyes, of Maryland, to be an Assistant Secretary of State, Robert G. Houdek, of Illinois, to be Ambassador to the Republic of Uganda, and Natale H. Bellocchi, of New York, to be Ambassador to the Republic of Botswana.

SD-419

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To hold hearings to examine measures to discourage students from dropping out of high school.

SD-430

4:00 p.m.

Select on Intelligence

Closed briefing on Soviet strategic forces.

SH-219

OCTOBER 18

9:00 a.m.

Energy and Natural Resources

Energy Regulation and Conservation Subcommittee

To hold oversight hearings on innovative approaches in industrial energy efficiency.

SD-366

OCTOBER 21

9:30 a.m.

Commerce, Science, and Transportation

Surface Transportation Subcommittee

To hold oversight hearings on the implementation of the Household Goods Transportation Act (P.L. 96-454), and the Bus Regulatory Reform Act (P.L. 97-261).

SR-253

OCTOBER 22

9:30 a.m.

Energy and Natural Resources

Natural Resources Development and Production Subcommittee

To hold hearings on S. 570, S. 372, and S. 946, bills to improve the administration of the Federal coal leasing program, and other coal related issues.

SD-366

Environment and Public Works

Nuclear Regulation Subcommittee

To hold hearings on S. 445 and S. 1225, bills to revise certain provisions of the Atomic Energy Act of 1954 regarding liability for nuclear incidents.

SD-406

Governmental Affairs

Permanent Subcommittee on Investigations

To hold hearings on espionage activities in the United States.

SD-342

Labor and Human Resources

Employment and Productivity Subcommittee

To hold hearings on the impact of trade on employment and productivity.

SD-430

2:00 p.m.

Governmental Affairs

Intergovernmental Relations Subcommittee

To hold hearings to review innovative State and local programs to expand student and parental choice in elementary and secondary education and on Federal policies to provide such innovation.

SD-342

OCTOBER 23

9:00 a.m.

Commerce, Science, and Transportation

To hold hearings on the nominations of Michael A. McManus, Jr., of New York, and Neal B. Freeman, of Virginia, each to be a member of the Board of Directors of the Communications Satellite Corporation (Comsat).

SR-253

9:30 a.m.

Environment and Public Works

Nuclear Regulation Subcommittee

To continue hearings on S. 445 and S. 1225, bills to revise certain provisions of the Atomic Energy Act of 1954 regarding liability for nuclear incidents.

SD-406

Labor and Human Resources

Business meeting, to consider pending calendar business.

SD-430

Select on Intelligence

To resume closed hearings on the development of a national intelligence strategy (phase II).

SH-219

10:00 a.m.

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

OCTOBER 24

9:00 a.m.

Veterans' Affairs

Business meeting, to mark up proposed legislation to provide a cost-of-living increase for fiscal year 1986 in the rates of veterans disability compensation and dependency and indemnity compensation for surviving spouses and children.

SR-418

9:30 a.m.

Energy and Natural Resources

Natural Resources Development and Production Subcommittee

To resume hearings on S. 570, S. 372, and S. 946, bills to improve the administration of the Federal coal leasing program, and other coal related issues.

10:00 a.m.

Governmental Affairs

Permanent Subcommittee on Investigations

To hold hearings on the role of the entertainment industry in deglamorizing drug use.

SD-342

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To resume hearings on proposed legislation authorizing funds for programs of the Higher Education Act.

SD-430

4:00 p.m.

Select on Intelligence

Closed briefing on worldwide intelligence matters.

SH-219

4:30 p.m.

Select on Intelligence

Closed briefing on the Philippines.

SH-219

OCTOBER 28

9:30 a.m.

Finance

Health Subcommittee

To hold hearings on S. 1551, to provide for administrative appeals and judicial review under part B of Medicare, and to review the beneficiary and provider appeals provisions under parts A and B of the Medicare Program.

SD-215

OCTOBER 29

9:30 a.m.

Commerce, Science, and Transportation

To hold oversight hearings on the implementation of the Motor Carrier Safety Act (P.L. 98-554).

SR-253

Labor and Human Resources

Handicapped Subcommittee

To hold hearings on the Tenth Anniversary of the Education for All Handicapped Children Act (P.L. 94-142).

SD-430

10:00 a.m.

Armed Services

Defense Acquisition Policy Subcommittee

To resume oversight hearings to review the status and impact of certain legislative provisions to reform the defense acquisition process.

SD-628

Governmental Affairs

Permanent Subcommittee on Investigations

To hold hearings on the Federal enforcement of the Bank Secrecy Act (title 31 of the U.S. Code).

SD-342

OCTOBER 30

9:30 a.m.

Labor and Human Resources

To resume hearings to examine certain barriers to health care.

SD-430

10:00 a.m.

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

Labor and Human Resources

Children, Family, Drugs, and Alcoholism Subcommittee

To hold hearings on the effects of domestic violence.

SD-628

OCTOBER 31

10:00 a.m.

Governmental Affairs

Intergovernmental Relations Subcommittee

To hold hearings on S. 1209, to establish the National Commission to Prevent Infant Mortality.

SD-342

Labor and Human Resources

Employment and Productivity Subcommittee

To resume hearings on the impact of trade on employment and productivity.

SD-430

Small Business

To hold oversight hearings on activities of the Small Business Administration's Office of Veterans' Affairs.

SR-428A

4:00 p.m.
Select on Intelligence
Closed briefing on U.S. intelligence monitoring capabilities.
SH-219

NOVEMBER 7

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on insurance and space commercialization.
SR-253

NOVEMBER 12

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on espionage activities in the United States.
SD-342

Labor and Human Resources
Employment and Productivity Subcommittee
To resume hearings on the impact of trade on employment and productivity.
SD-562

NOVEMBER 13

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold oversight hearings on LANDSAT commercialization.
SR-253

Labor and Human Resources
To hold hearings on nutrition and fitness in public health.
SD-430

NOVEMBER 14

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on espionage activities in the United States.
SD-342

10:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings on regulatory activities of the Office of Management and Budget.
SD-342

CANCELLATIONS

OCTOBER 10

10:00 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on the promotion of domestic tourism.
SR-253

HOUSE OF REPRESENTATIVES—*Tuesday, October 8, 1985*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious God, as we live with the difficulties of daily life—with all the tensions and distrust between peoples and nations—so we also live with Your spirit of love and peace. As we live with frustrations and pain, we live, too, with Your healing and grace. Enable us, eternal God, to open our hearts to Your goodness and truth that we will do justice and walk humbly with You and with each other. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair announces there will be no 1-minutes today.

COMMUNICATION FROM THE HONORABLE FRED J. ECKERT, MEMBER OF CONGRESS

The SPEAKER laid before the House the following communication from the Honorable Fred J. Eckert of New York, a Member of Congress:

House of Representatives,
Washington, DC, October 8, 1985.
Hon. Thomas P. O'Neill, Jr.,
The Speaker, House of Representatives, The Capitol, Washington, DC.

Dear Mr. Speaker: I have previously notified you of the receipt of subpoenas by two members of my district office staff. After consultation with the General Counsel to the Clerk of the House, I have determined that these two subpoenas are consistent with the privileges and precedents of the House of Representatives.

Sincerely,

Fred J. Eckert,
Member of Congress.

COMMUNICATION FROM THE HONORABLE LEON E. PANETTA, MEMBER OF CONGRESS

The SPEAKER laid before the House the following communication from the Honorable Leon E. Panetta of California, a Member of Congress:

House of Representatives,
Washington, DC, October 7, 1985.
Hon. Thomas P. O'Neill, Jr.,
H-202, The Capitol.

Dear Mr. Speaker: This is to notify you, pursuant to rule L (50) of the Rules of the House of Representatives, that I have received a subpoena from the United States District Court for the Northern District of California. After consultation with the General Counsel to the Clerk, I will notify you of my determination as required by the House rule.

Sincerely,

Leon E. Panetta,
Member of Congress.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to make an announcement.

The Chair announces that tomorrow, during the joint meeting to receive the Prime Minister of the Republic of Singapore, only the doors immediately opposite the Speaker and those on his left and right will be open.

The Chair would urge the Members to be present to hear the Prime Minister of the Republic of Singapore.

FOOD SECURITY ACT OF 1985

The SPEAKER. Pursuant to House Resolution 267 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2100.

☐ 1206

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, with Mr. Obey, Chairman pro tempore, in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Monday, October 7, 1985, title XVIII was open for amendment at any point.

Are there any further amendments to title XVIII?

Mrs. SMITH of Nebraska. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentlewoman from Nebraska [Mrs. Smith] is recognized for 5 minutes.

There was no objection.

Mrs. SMITH of Nebraska. **Mr. Chairman, I rise in support of the provisions in title XVIII of H.R. 2100 that provide for promotion and research programs for beef and pork that would be financed by national checkoffs for these commodities.**

Mr. Chairman, these self-help provisions are offered at a very difficult time for our beef and pork producers. Our Nation's cattle herd has shrunk to a 23-year low, and yet, fed cattle prices are nearly 25 percent below year-earlier levels. Live hog prices have fallen as well, as heavy imports of hogs and pork from Canada have added supply pressure to the marketplace.

These factors indicate that our red meat industry is severely impacted on the demand side by such factors as changing consumer preferences and adverse publicity regarding the nutritional attributes of pork and beef. Per capita beef consumption has declined dramatically from the 1976 peak of 96 pounds—retail weight—to an estimated 76 pounds—retail weight—during 1985. Overall red meat consumption has fallen by a similar amount.

These industries are working hard to overcome the obstacles that block their economic prosperity. For example, the National Livestock and Meat Board, the American Meat Institute, and the Food Marketing Institute have already initiated a program entitled "Meat Nutri-Facts," to provide nutritional information regarding meat and meat products to consumers.

Mr. Chairman, beef and pork producers overwhelmingly support the adoption of these promotion and research programs. In separate surveys earlier this year, 77 percent of beef producers and 81 percent of pork producers supported provisions similar to those in this legislation.

I urge my colleagues to strongly support the Beef Promotion and Research Act and the Pork Promotion, Research, and Consumer Information Act, to help producers to help themselves.

The CHAIRMAN. Are there any further amendments to title XVIII?

AMENDMENT OFFERED BY MR. LEACH OF IOWA

Mr. LEACH of Iowa. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the Congres-

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

SIONAL RECORD as of September 24, 1985?

Mr. LEACH of Iowa. It has been printed in the RECORD, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. LEACH of Iowa: Page 509, after line 13, insert the following new section:

STRATEGIC ETHANOL RESERVE

SEC. 1029. (a) The Secretary of Agriculture shall establish, maintain, and utilize a Strategic Ethanol Reserve.

(b)(1) The Secretary shall, within 180 days after the date of the enactment of this section, prepare and transmit to the Congress a Strategic Ethanol Reserve Plan which shall detail the Department of Agriculture's proposal for designing, constructing, filling, maintaining, and operating the storage and related facilities of the Reserve.

(2) The Secretary shall design the Plan to assure, to the maximum extent practicable, that the Reserve will provide the Federal Government with immediate access to ethanol in any case in which the President declares that it is needed to assist in meeting the energy needs of the country.

(3) The Plan shall include—

(A) a comprehensive environmental assessment;

(B) a description of the type and proposed location of each storage facility proposed to be included in the Reserve;

(C) an estimate of the volumes of ethanol proposed to be stored in each such storage facility;

(D) a program schedule for overall development and completion of the Reserve (taking into account all relevant factors, including cost effectiveness, the need to construct related facilities, and the ability to obtain sufficient quantities of ethanol to fill the storage facilities to the proposed storage levels);

(E) an estimate of the direct cost of the Reserve, including—

(i) the cost of storage facilities;

(ii) the cost of the ethanol to be stored;

(iii) the cost of related facilities; and

(iv) management and operations costs; and

(F) a distribution plan setting forth the method and manner of drawdown and distribution to be utilized with respect to the Reserve.

(c)(1) To the extent necessary or appropriate to implement the Plan, the Secretary shall prescribe regulations and shall, subject to the availability of funding in the account established by subsection (f)—

(A) acquire by purchase, condemnation, or otherwise, land, interests in land, and improvements thereon for the location of storage and related facilities;

(B) construct, purchase, lease, or otherwise acquire storage and related facilities;

(C) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired pursuant to this Act;

(E) acquire by purchase, exchange, or otherwise, ethanol for storage in the Reserve;

(F) execute any contracts necessary to carry out the provisions of such Plan;

(G) maintain, operate, test, protect, and conserve the Reserve; and

(H) bring an action, whenever the Secretary deems it necessary to implement the Plan, in any court having jurisdiction of such proceedings, to acquire by condemnation any real or personal property, including facilities, temporary use of facilities, or other interests in land, together with any personal property located thereon or used therewith.

(2) Before any condemnation proceedings are instituted, a reasonable effort shall be made to acquire the property involved by negotiation.

(3) The Secretary shall, for purposes of implementing the Plan, obtain, store, and transport only ethanol which is produced in the United States from grain grown in the United States.

(d)(1) The Secretary shall, to the extent funds or Commodity Credit Corporation stocks are available, fill the Reserve at a minimum required fill rate of 6,000,000 barrels in fiscal year 1986, 12,000,000 barrels in fiscal year 1987, 18,000,000 barrels in fiscal year 1988, and at least 20,000,000 barrels in each succeeding fiscal year until the barrels in the Reserve equal at least 10 percent of the number of barrels of petroleum product stored in the Strategic Petroleum Reserve established under part B of title I of the Energy Policy and Conservation Act.

(2) In fiscal year 1986, the Secretary shall operate and fill the Reserve using the accumulated stock held by the Commodity Credit Corporation as payment-in-kind for the purchase of ethanol. The implementation of the payment-in-kind program in fiscal year 1986 shall be conducted in such a manner as to require no additional appropriations to the Department of Agriculture for that fiscal year. Depending on the level of funds in the Strategic Ethanol Reserve Account and the amount of accumulated stocks held by the Commodity Credit Corporation, the Secretary may use a payment-in-kind program to fill the ethanol reserve for all years after fiscal year 1986. If a payment-in-kind program is used, no ethanol for that fiscal year shall be purchased from funds in the Strategic Ethanol Reserve Account.

(e)(1) Except as provided in paragraph (2), the Secretary may withdraw and distribute ethanol in the Reserve only as a result of a declaration made by the President to meet the energy needs of the United States.

(2) The Secretary may withdraw and distribute ethanol from the Reserve for periodic testing of the storage and distribution system; except that no such drawdown and distribution may be conducted until all ethanol withdrawn from the Reserve in the most recent test drawdown has been replaced.

(3) The Secretary may—

(A) restrict the use, exchange, or resale of ethanol withdrawn from the Reserve;

(B) require the prompt processing, refining, or delivery of the ethanol or products derived from such ethanol; and

(C) require the allocation of products refined from ethanol withdrawn from the Reserve.

(4) Ethanol in the Reserve may not be sold, exchanged, or otherwise disposed of for a price less than market value.

(f)(1) There is hereby established in the Treasury of the United States an account designated as the "Strategic Ethanol Reserve Account".

(2) There shall be credited to such account—

(A) revenues from the sale or other disposal of ethanol from the Reserve; and

(B) such sums as may be appropriated to such account.

(3) Funds credited to such accounts shall, as provided for in appropriations issues, be utilized by the Secretary for—

(A) the procurement of ethanol for the Reserve;

(B) the construction and operation of facilities associated with the Reserve;

(C) the drawdown and distribution of the Reserve; and

(D) the maintenance and operation of the Reserve.

(g) The Secretary shall, beginning not later than January 1, 1987, transmit an annual report to the Congress with a detailed accounting of the activities carried out under this section, including—

(1) the operation and maintenance of the system of the Reserve;

(2) the fill level of the Reserve;

(3) expenditures of funds from the account established by subsection (f);

(4) any changes made to the Plan established under subsection (b);

(5) a description of any legal actions involving the Reserve, which were initiated, pending, or concluded during the year for which the report is made;

(6) a description of all condemnation actions brought under subsection (c); and

(7) other activities which have been taken to implement such Plan.

(h) For purposes of this section—

(1) the term "Plan" means the Strategic Ethanol Reserve Plan established pursuant to subsection (b);

(2) the term "related facilities" means facilities associated with the storage, handling, processing, and use of liquid fuels, including pipelines, terminals, storage tanks, and refineries;

(3) the term "Reserve" means the Strategic Ethanol Reserve established pursuant to subsection (a); and

(4) the term "Secretary" means the Secretary of Agriculture.

Mr. LEACH of Iowa (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

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Mr. LEACH of Iowa. Mr. Chairman, I also ask unanimous consent to adopt a technical amendment to my amendment which has the effect of halving the size of the program.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Modification offered by Mr. LEACH of Iowa: In section 1029(d)(1) of the matter proposed to be inserted, strike out "6,000,000" and insert in lieu thereof "3,000,000", strike out "12,000,000" and insert in lieu thereof "6,000,000", strike out "18,000,000" and insert in lieu thereof "9,000,000", and strike out "20,000,000" and insert in lieu thereof "10,000,000".

Mr. LEACH of Iowa (during the reading). Mr. Chairman, I ask unanimous consent that the modification be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The CHAIRMAN. Is there objection to the modification as offered by the gentleman from Iowa [Mr. LEACH]?

There was no objection.

The text of the amendment, as modified, is as follows:

Amendment offered by Mr. LEACH of Iowa, as modified: Page 509, after line 13, insert the following new section:

STRATEGIC ETHANOL RESERVE

SEC. 1029. (a) The Secretary of Agriculture shall establish, maintain, and utilize a Strategic Ethanol Reserve.

(b)(1) The Secretary shall, within 180 days after the date of the enactment of this section, prepare and transmit to the Congress a Strategic Ethanol Reserve Plan which shall detail the Department of Agriculture's proposal for designing, constructing, filling, maintaining, and operating the storage and related facilities of the Reserve.

(2) The Secretary shall design the Plan to assure, to the maximum extent practicable, that the Reserve will provide the Federal Government with immediate access to ethanol in any case in which the President declares that it is needed to assist in meeting the energy needs of the country.

(3) The Plan shall include—

(A) a comprehensive environmental assessment;

(B) a description of the type and proposed location of each storage facility proposed to be included in the Reserve;

(C) an estimate of the volumes of ethanol proposed to be stored in each such storage facility;

(D) a program schedule for overall development and completion of the Reserve (taking into account all relevant factors, including cost effectiveness, the need to construct related facilities, and the ability to obtain sufficient quantities of ethanol to fill the storage facilities to the proposed storage levels);

(E) an estimate of the direct cost of the Reserve, including—

(i) the cost of storage facilities;

(ii) the cost of the ethanol to be stored;

(iii) the cost of related facilities; and

(iv) management and operations costs; and

(F) a distribution plan setting forth the method and manner of drawdown and distribution to be utilized with respect to the Reserve.

(c)(1) To the extent necessary or appropriate to implement the Plan, the Secretary shall prescribe regulations and shall, subject to the availability of funding in the account established by subsection (f)—

(A) acquire by purchase, condemnation, or otherwise, land, interests in land, and improvements thereon for the location of storage and related facilities;

(B) construct, purchase, lease, or otherwise acquire storage and related facilities;

(C) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired pursuant to this Act;

(E) acquire by purchase, exchange, or otherwise, ethanol for storage in the Reserve;

(F) execute any contracts necessary to carry out the provisions of such Plan;

(G) maintain, operate, test, protect, and conserve the Reserve; and

(H) bring an action, whenever the Secretary deems it necessary to implement the Plan, in any court having jurisdiction of such proceedings, to acquire by condemnation any real or personal property, including facilities, temporary use of facilities, or other interests in land, together with any personal property located thereon or used therewith.

(2) Before any condemnation proceedings are instituted, a reasonable effort shall be made to acquire the property involved by negotiation.

(3) The Secretary shall, for purposes of implementing the Plan, obtain, store, and transport only ethanol which is produced in the United States from grain grown in the United States.

(d)(1) The Secretary shall, to the extent funds or Commodity Credit Corporation stocks are available, fill the Reserve at a minimum required fill rate of 3,000,000 barrels in fiscal year 1986, 6,000,000 barrels in fiscal year 1987, 9,000,000 barrels in fiscal year 1988, and at least 10,000,000 barrels in each succeeding fiscal year until the barrels in the Reserve equal at least 10 percent of the number of barrels of petroleum product stored in the Strategic Petroleum Reserve established under part B of title I of the Energy Policy and Conservation Act.

(2) In fiscal year 1986, the Secretary shall operate and fill the Reserve using the accumulated stock held by the Commodity Credit Corporation as payment-in-kind for the purchase of ethanol. The implementation of the payment-in-kind program in fiscal year 1986 shall be conducted in such a manner as to require no additional appropriations to the Department of Agriculture for that fiscal year. Depending on the level of funds in the Strategic Ethanol Reserve Account and the amount of accumulated stocks held by the Commodity Credit Corporation, the Secretary may use a payment-in-kind program to fill the ethanol reserve for all years after fiscal year 1986. If a payment-in-kind program is used, no ethanol for that fiscal year shall be purchased from funds in the Strategic Ethanol Reserve Account.

(e)(1) Except as provided in paragraph (2), the Secretary may withdraw and distribute ethanol in the Reserve only as a result of a declaration made by the President to meet the energy needs of the United States.

(2) The Secretary may withdraw and distribute ethanol from the Reserve for periodic testing of the storage and distribution system; except that no such drawdown and distribution may be conducted until all ethanol withdrawn from the Reserve in the most recent rest drawdown has been replaced.

(3) The Secretary may—

(A) restrict the use, exchange, or resale of ethanol withdrawn from the Reserve;

(B) require the prompt processing, refining, or delivery of the ethanol or products derived from such ethanol; and

(C) require the allocation of products refined from ethanol withdrawn from the Reserve.

(4) Ethanol in the Reserve may not be sold, exchanged, or otherwise disposed of for a price less than market value.

(f)(1) There is hereby established in the Treasury of the United States an account designated as the "Strategic Ethanol Reserve Account".

(2) There shall be credited to such account——

(A) revenues from the sale or other disposal of ethanol from the Reserve; and

(B) such sums as may be appropriated to such account.

(3) Funds credited to such account shall as provided for in appropriations issue be utilized by the Secretary for—

(A) the procurement of ethanol for the Reserve;

(B) the construction and operation of facilities associated with the Reserve;

(C) the drawdown and distribution of the Reserve; and

(D) the maintenance and operation of the Reserve.

(g) The Secretary shall, beginning not later than January 1, 1987, transmit an annual report to the Congress with a detailed accounting of the activities carried out under this section, including—

(1) the operation and maintenance of the system of the Reserve;

(2) the fill level of the Reserve;

(3) expenditures of funds from the account established by subsection (f);

(4) any changes made to the Plan established under subsection (b);

(5) a description of any legal actions involving the Reserve, which were initiated, pending, or concluded during the year for which the report is made;

(6) a description of all condemnation actions brought under subsection (c); and

(7) other activities which have been taken to implement such Plan.

(h) For purposes of this section—

(1) the term "Plan" means the Strategic Ethanol Reserve Plan established pursuant to subsection (b);

(2) the term "related facilities" means facilities associated with the storage, handling, processing, and use of liquid fuels, including pipelines, terminals, storage tanks, and refineries;

(3) the term "Reserve" means the Strategic Ethanol Reserve established pursuant to subsection (a); and

(4) the term "Secretary" means the Secretary of Agriculture.

Mr. LEACH of Iowa. Mr. Chairman, my amendment, which is introduced with the gentleman from Illinois [Mr. DURBIN], has the effect of establishing a strategic ethanol reserve. The amendment stipulates that 3 million barrels of ethanol, or the equivalent of 77½ million bushels of corn would be put into reserve in fiscal year 1986, with such volumes being gradually increased in each of the next 3 years.

The advantage of this approach is fourfold. Unlike the strategic petroleum reserve which holds foreign-produced crude oil, the stategic ethanol reserve would be made up entirely of domestically produced renewable energy sources.

Second, as we all know, grain, when stored, deteriorates over time. The advantage of transforming corn into ethanol is that deterioration virtually ceases.

Third, once the transformation takes place, the storage costs for ethanol are actually substantially less than that for corn, with some of the cost savings, therefore, inuring to the Federal Government.

Fourth, I would stress that this particular reserve is designed to be put in place without additional dollar costs to the Federal Treasury in fiscal year 1986, with Commodity Credit Corporation grain being used as a payment-in-kind incentive.

Mr. Chairman, the savings to the Government and to the farmer by increasing demand for ethanol cannot be overestimated. The production of ethanol, for example, last year added approximately 8 to 9 cents to the value of corn grown in the United States. From my State of Iowa, that worked out to approximately a $135 million dividend to our farmers.

It is no wonder that the National Corngrowers Association has set a 1 billion bushel target for the production of corn for ethanol by the year 1990.

Mr. Chairman, there are few opportunities in which Congress is capable to vote for a proposal which on the one hand helps the American farmer and on the other strengthens our energy independence, lowers our trade deficit, and finally improves our environment.

I believe creation of a strategic ethanol reserve accomplishes these purposes, and I would, accordingly, urge adoption of this amendment.

Mr. ALEXANDER. Mr. Chairman, I want to commend the gentleman from Iowa for offering his amendment to the farm bill to provide for a strategic reserve for alcohol fuel.

This is an especially important and timely amendment given two realities. These realities are the recent decision by the Environmental Protection Agency to eliminate lead from gasoline which will create the need for 2 billion gallons of ethanol annually as a replacement, and the serious deficiency in the production of ethanol in this country. It is shocking when one realizes that only 500,000 gallons of ethanol are produced here each year when we will need 2 billion gallons annually to replace lead as an octane enhancer in gasoline.

The gentleman from Iowa is correct to recognize this deficiency.

His raising the alcohol fuel issue today is important for increasing the sensitivity in this body and in this country to what we can gain from shifting to alcohol fuel from petroleum fuel. Increased use of alcohol fuel will decrease our dependence on foreign oil, reduce our bloated trade deficit, and make our environment cleaner.

All we need to do to achieve these goals is follow the example of Brazil which has shifted a major portion of its fuel from petroleum to alcohol. Brazil has demonstrated that it can be done and that great savings can be achieved.

The establishment of an ethanol reserve as proposed by the gentleman from Iowa is an important step in achieving these goals for our Nation.

Mr. LEVINE of California. Mr. Chairman, I rise to commend my distinguished colleague from Iowa for his amendment to establish a strategic ethanol reserve, and I wish to associate myself with his remarks. Rarely does this body have the opportunity to address so many concerns in a single proposal. Establishing a strategic ethanol reserve, and encouraging ethanol use, not only helps the American farmer, but also will reduce air pollution, create jobs in the ethanol industry, reduce excess CCC stocks of deteriorating corn, lower the trade deficit, and reduce US dependence on imported oil.

Establishing a strategic ethanol reserve will be a boon to the American farmer through the reduction of the CCC stocks of corn. The large surplus of corn held by the CCC has the effect of depressing the price of the corn on the market. Reducing the CCC stocks will eventually translate into higher prices for the farmer, without substantially affecting the price the consumer pays for food.

Further, as my colleagues are aware, agricultural products, including the corn held by the CCC, deteriorate in quality over long periods of storage. In fact, some of the corn the CCC is currently holding will become worthless as feed grain if it is not used. Establishing a strategic ethanol reserve, initally using CCC stocks, will convert this corn into a form that can be stored for long periods, while retaining its value and usefulness. Additionally, converting the corn to ethanol yields valuable byproducts.

The environmental importance of this initiative cannot be over estimated. The use of leaded fuels has been estimated to contribute approximately 80 percent of lead emissions into the air. Airborne lead is a major source of lead exposure in young children, resulting in brain damage, anemia, kidney disorders, impaired learning ability, and altered behavior. The danger of lead exposure is so grave that the allowable level of lead in gasoline has been reduced to 0.10 grams of lead per gallon as of January 1, 1986. Ethanol replaces the use of lead in gasoline as an octane enhancer which also results in engines running smoother and cleaner.

Finally, this amendment, as the gentleman from Iowa has so aptly noted, will reduce U.S. dependence on imported oil. Because ethanol can be mixed with gasoline to produce a high grade fuel, the gasoline supply can be extended, and the United States is less dependent on foreign oil supplies. Ethanol is a renewable resource, which we are constantly capable of producing.

Again, Mr. Chairman, I wish to commend the distinguished gentleman for his amendment. This provision preserves the environment, helps the farmer, reduces U.S. dependence on foreign oil, and contributes to a favorable balance of trade. I urge my colleagues to support this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. LEACH], as modified.

The amendment, as modified, was agreed to.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MADIGAN. Mr. Chairman, if I may have the attention of the gentleman from Texas [Mr. DE LA GARZA], the distinguished chairman of the committee, I would like to yield to him for the purpose of responding to me. I would like to explore the idea with him of perhaps getting something, if we can, as an overall time limit on this bill.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I thank the gentleman for yielding. I think that would be wise. We already have a mandated 1 hour on the Petri amendment and we have two other amendments that I would figure would take maybe an hour each or an hour and one-half.

So I would think 5 o'clock probably would be a reasonable time.

Mr. MADIGAN. Would the gentleman care to make a unanimous-consent request?

Mr. DE LA GARZA. I will defer to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent that debate on this bill and all amendments thereto conclude at 5 o'clock this evening.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. PETRI. Mr. Chairman, I reserve the right to object.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield to me?

Mr. PETRI. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, that would assume that the gentleman's hour is protected.

Mr. PETRI. The problem is that I have two amendments and would only take the 5 minutes on the second amendment. But there could be a vote on it, and I do not know how that would affect your 5 o'clock.

Also, the gentleman from Arkansas [Mr. ALEXANDER] is concerned. I am worried that he would follow me and would want, I assume, an hour or something.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield to me?

Mr. PETRI. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, there is an hour of debate reserved for tobacco. So far as the Alexander amendment is concerned, it is 12:15 now, and we are talking about 5 o'clock. That is 4 hours and 45 minutes. That leaves 3 hours and 45 minutes for the debate on the Alexander proposal and the proposal by the gentleman from California [Mr. MILLER], which is almost 2 hours apiece. That surely would be enough time.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from Kentucky.

Mr. HOPKINS. I thank the gentleman for yielding. My question is of the

1 hour of debate on tobacco, the gentleman from Wisconsin has two amendments that are properly filed and in order. If the first amendment takes the full hour, how much time would be allotted, then, for his second amendment?

Mr. MADIGAN. Under the rule, 5 minutes.

Mr. HOPKINS. For the proponent and there would be 5 minutes for the opponent?

Mr. MADIGAN. That is correct.

The CHAIRMAN. The Chair will state that is correct. If the first amendment of the gentleman from Wisconsin [Mr. PETRI] takes an hour, the gentleman would be protected for at least 5 minutes notwithstanding the time limitation on the entire bill because his second amendment has been printed in the CONGRESSIONAL RECORD as of the 24th of September, and there will be 5 minutes for each side.

Mr. HOPKINS. Mr. Chairman, I thank the gentleman.

Mr. PETRI. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. ALEXANDER. Mr. Chairman, reserving the right to object, I would just like in reserving the right to object to ask the chairman of the committee to clarify the position of my amendment in the nature of a substitute. I understand we would have approximately 2 hours on that amendment; is that correct?

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, once we dispose of the 1 hour on the Petri amendment, which would probably include the other amendment the gentleman has, the balance of the time would be either for the gentleman from California's amendment or the gentleman from Arkansas' amendment.

Mr. ALEXANDER. I would state to the committee that I do not expect to use that full amount of time. It is not my intention to prolong the debate. I was just trying to clarify the situation on the floor so that Members could plan for the balance of the afternoon.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Are there other amendments to title XVIII?

If not, the Clerk will designate title XIX.

The Clerk designated title XIX.

The CHAIRMAN. Are there amendments to title XIX?

If not, the Clerk will designate title XX.

The Clerk designated title XX.

AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of the 24th of September?

Mr. PETRI. It has, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PETRI: Page 516, after line 9, insert the following new title:

TITLE XX—TOBACCO

SHORT TITLE

SECTION 2001. This title may be cited as the "Tobacco Deregulation Act of 1985".

REPEAL OF PROVISIONS OF LAW CONCERNING PRICE SUPPORT FOR TOBACCO

SEC. 2002. (a)(1) Section 101(a) of the Agricultural Act of 1949 (7 U.S.C. 1441(a)) is amended by striking out "tobacco (except as otherwise provided herein), corn," and inserting in lieu thereof "corn".

(2) Section 101(c) of such Act (7 U.S.C. 1441(c)) is repealed.

(3) Section 101(d)(3) of such Act (7 U.S.C. 1441(d)(3)) is amended—

(A) by striking out ", except tobacco,", and

(B) by striking out "and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;".

(b) Sections 106, 106A, and 106B of the Agricultural Act of 1949 (7 U.S.C. 1445, 1445-1, 1445-2) are repealed.

(c) Section 408(c) of the Agricultural Act of 1949 (7 U.S.C. 1428(c)) is amended by striking out "tobacco,".

REPEAL OF PROVISIONS OF LAW CONCERNING TOBACCO ACREAGE ALLOTMENTS AND MARKETING QUOTAS

SEC. 2003. (a) Section 2 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1282) is amended by striking out "tobacco,".

(b) Section 301(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)) is amended—

(1) in paragraph (3) by striking out subparagraph (C),

(2) in paragraph (6)(A) by striking out "tobacco,",

(3) in paragraph (7) by striking out

"Tobacco (flue-cured), July 1–June 30;

"Tobacco (other than flue-cured), October 1–September 30;",

(4) in paragraph (10) by striking out subparagraph (B),

(5) in paragraph (11)(B) by striking out "and tobacco",

(6) in paragraph (12) by striking out "tobacco,",

(7) in paragraph (14)—

(A) by striking out "(A)", and

(B) by striking out subparagraph (B),

(8) by striking out paragraph (15), and

(9) in paragraph (16) by striking out subparagraph (B).

(c) Section 303 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1303) is amended by striking out "rice, or tobacco," and inserting in lieu thereof "or rice,".

(d) Part I of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1311 et seq.) is repealed.

(e) Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking out "tobacco,".

(f)(1) Section 371(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1371(a)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(2) Section 371(b) of such Act (7 U.S.C. 1371(b)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(g)(1) Section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended—

(A) in the first sentence—

(i) by striking out "peanuts, or tobacco, and" and inserting in lieu thereof "or peanuts, and",

(ii) by striking out "peanuts, or tobacco from" and inserting in lieu thereof "or peanuts from", and

(iii) by striking out "all persons engaged in the business of redrying, prizing, or stemming tobacco for producers,", and

(B) in the last sentence by striking out "$500;" and all that follows through the end thereof and inserting in lieu thereof "$500.".

(2) Section 373(b) of such Act (7 U.S.C. 1373(b)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(h) Section 375(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1375(a)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(i) Section 378(f) of the Agricultural Adjustment Act of 1983 (7 U.S.C. 1378(f)) is repealed.

(j) The Act entitled "An Act relating to burley tobacco farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended", approved July 12, 1952 (7 U.S.C. 1315), is repealed.

(k) Section 4 of the Act entitled "An Act to amend the Agricultural Adjustment Act of 1938, as amended, to provide for acreage-poundage marketing quotas for tobacco, to amend the tobacco price support provisions of the Agricultural Act of 1949, as amended, and for other purposes", approved April 16, 1965 (7 U.S.C. 1314c note), is repealed.

(l) Section 703 of the Food and Agriculture Act of 1965 (7 U.S.C. 1316) is repealed.

EXCLUSION OF TOBACCO FROM CONCESSIONAL EXPORT SALES PROVISIONS OF PUBLIC LAW 480

SEC. 2004. The proviso to the first sentence of section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732) is amended by striking out ", and for the purposes of title II of this Act," and inserting in lieu thereof "or".

PROHIBITION AGAINST COMMODITY CREDIT CORPORATION USING POWERS WITH RESPECT TO TOBACCO

SEC. 2005. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end the following new undesignated paragraph:

"Notwithstanding any other provision of law, the Corporation may not exercise any of the powers specified in this section or in any other provision of this Act with respect to tobacco.".

PROHIBITION AGAINST TOBACCO MARKETING ORDERS

SEC. 2006. Section 8c(2) of the Agricultural Adjustment Act (7 U.S.C. 608c(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) by striking out "tobacco,",

(2) by inserting "tobacco," after "(B) any agricultural commodity (except honey,", and

(3) by adding at the end the following new sentence: "Notwithstanding any other provision of law, no order concerning tobacco may be issued or enforced under this Act.".

WITHDRAWAL OF CONSENT RELATING TO COMPACTS AMONG STATES FOR REGULATING TOBACCO PRODUCTION AND COMMERCE

SEC. 2007. (a) The Act entitled "An Act relating to compacts and agreements among States in which tobacco is produced providing for the control of production of, or commerce in, tobacco in such States, and for other purposes", approved April 25, 1936 (7 U.S.C. 515 et seq.), commonly known as the Tobacco Control Act, is repealed.

(b) The Congress hereby withdraws its consent to any compact or agreement entered into under the Act referred to in subsection (a).

EFFECTIVE DATES

SEC. 2008. (a) The amendments made by sections 2002 through 2006 shall apply with respect to the 1986 and subsequent crops of tobacco.

(b) Section 2007 shall take effect January 1, 1986.

Amend the table of contents at the beginning of the bill accordingly.

Mr. PETRI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The CHAIRMAN. Under the unanimous-consent agreement previously entered into, the gentleman from Wisconsin [Mr. PETRI] will be recognized for 30 minutes, and an opponent will be recognized for 30 minutes.

The Chair would inquire as to who wishes to control the time in opposition?

Mr. ROSE. Mr. Chairman, the understanding I had with the gentleman from Kentucky [Mr. HOPKINS] the ranking member on my subcommittee, was that he would control 15 minutes and that I would control 15 minutes.

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] will control 15 minutes in opposition and the gentleman from North Carolina [Mr. ROSE] will control 15 minutes in opposition. The gentleman from Wisconsin [Mr. PETRI] will control 30 minutes as proponent of the amendment.

The Chair recognizes the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the amendment that is before us is a simple one. It would abolish the Federal Tobacco Program effective next year.

By so doing, it would save our Nation's taxpayers several hundred million dollars per year, contribute to economic growth in tobacco, and I will get to that in a minute, cause a positive swing in our trade balance, something we are very concerned about at this time in this Congress, of about $1.5 billion, make consistent Government policy on smoking and health, and at the same time help family tobacco farmers increase their income dramatically.

I would like to discuss each of these points briefly. Let us start with the issue of cost.

Supporters of the program like to point out that since 1982 their program has been operated as a no-net cost to the taxpayer program. Assessments on growers are supposed to pay for the program, but there are just two problems with this scheme.

The official costs are not all of the costs, and the assessments have, in fact, been woefully inadequate to cover even the official costs. The official costs are based on charging simple rather than compound interest on tobacco loans. Though the Treasury pays compound interest when it borrows from the public, the Commodity Credit Corporation pays compound interest when it borrows from the Treasury, the Commodity Credit Corporation does not charge compound interest when it then in turn loans money for buying and for storing surplus tobacco. Thus, the official interest costs charged to the Tobacco Program are understated by somewhere between $100 and $300 million, depending on whose estimates you accept.

But when you look at just the officially recognized costs and the assessments to cover them, the situation gets worse. The Department has underestimated costs consistently, and despite steeply rising assessments, the program is far in arrears, with no prospect of ever recovering the officially recognized costs.

Now what will happen if this program is abolished? The proponents of the existing or soon-to-be Tobacco Program as it changes in the legislative process make all kinds of assertions about what will happen if this program were to be abolished, and I am sure we are going to hear some of those assertions here this afternoon. For example, that production will skyrocket, prices plummet, farmers be bankrupted, and that the economy of tobacco-producing regions of our country will be devastated.

But what is the evidence to those assertions? I have not really heard any.

But we do not have to rely on wild speculation as to what will happen if the existing Tobacco Program is brought to an end. There have been several reputable economic analyses of that issue, mostly done, in fact, in tobacco regions of our country, in North Carolina where the interest is greatest and where you would least expect an antiprogram bias. The latest study was done by two economists at North Carolina State University, furnished last year, and its conclusions are typical of those reached in other studies of what will happen if the Tobacco Program is brought to an end. They concluded that production would not immediately skyrocket because in the short run, it is limited by the available tobacco-producing infrastructure. They concluded that prices would fall, but by less than the total current burden of assessments and allotments rents that would, with the abolition of the program, be lifted from the back of the tobacco farmer.

So farmers' profits, not having to pay assessments and allotments when the program comes to an end, farmers' profit per pound would increase. At the new lower prices, farmers would produce and sell as much as double the amount of tobacco that they produce today. In fact, the North Carolina study concluded tobacco growing would boom and tobacco States' economies would be boosted, not harmed.

None of this should be surprising. In the last 10 years, our tobacco production has been cut in half in the United States as high prices caused us to lose world market share. Deregulation and lower prices will help us to regain world market share.

The North Carolina State study estimates that deregulation will eliminate our tobacco imports and double our exports, producing a positive swing in our trade balance of about $1.5 billion.

So anyone who is concerned about our trade deficit, and a lot of us are, please take note. You can start cutting that deficit by voting for this amendment.

There is, of course, a group that will be hurt by deregulation, and there is no point in trying to disguise that fact. The allotment owners, they will be hurt by deregulation, not the tobacco farmers, and I draw that line clearly, the allotment holders, those who under current law own the monopoly rights to market tobacco. Defenders of the program like to lump them all together with farmers as if they are all the same, and of course those classes do overlap. But it is a grave error to assume that they are the same.

□ 1225

There are more than five times as many allotment owners as commercial tobacco farmers. Let me repeat that: There are more than five times as many tobacco allotment owners as commercial farmers defined as growing an acre or more of tobacco. There are, according to Federal Government estimates, about 543,000 allotment holders and 95,000 commercial tobacco farmers.

Most allotment owners are not farmers, and most farmers, 84 percent in the case of flue-cured tobacco, have to rent allotments from someone else, surrendering the profits they would otherwise make from growing tobacco.

The two groups' interests are directly opposed. If we support the Tobacco Program, we are voting to keep farmers in bondage to a feudal class of largely absentee landlords, who are raking off all of the profits of the business and who are slowly strangling it at the same time.

I cannot stress this point enough. The Tobacco Program is for the allotment owners, not for the tobacco farmers.

Now it so happens that allotment owners are a large and a politically influential class. In fact, the most powerful group that is supporting smoking. If you remove their interests in tobacco, you make it easier to establish consistent Government policy of discouraging smoking, and that is why health groups are supporting this amendment so strongly.

Abolishing the Tobacco Subsidy Program will not only remove a gross inconsistency in policy itself; it will also make it easier down the road to establish sound policy in areas like excise taxes, warnings on packages of cigarettes, and cigarette advertising.

But what of the farmers? Will not discouraging smoking harm them? The answer is that if smoking gradually declines in this country, they will be hurt by that decline in their market. That is the fact; but they will have far more to gain by recapturing a large share of the world market and by getting out from under the crushing burden of allotment rent and assessments.

These two items have been costing them over 50 cents per pound, and that is about 30 percent of the total price that they receive for their tobacco. No wonder they are going bust. The Government that is supposed to be helping, Government policy is helping them to go bust.

Without the program, they will grow twice as much tobacco; sell it at a lower price; and get to keep all of their profits rather than having to pay assessments and allotment rent.

Mr. Chairman, it is ludicrous to spend hundreds of millions of dollars per year to subsidize tobacco while discouraging smoking. It is even more ludicrous when the program is counterproductive. It is actually strangling the industry, driving up our trade deficit, and harming the economies of tobacco States.

Most ludicrous of all is to spend that kind of money to keep hard-working farmers in bondage to a class of absentee landlords.

So I say to all of my colleagues, if we vote for the Tobacco Program, we are voting for waste, foreign jobs, cancer, and bondage. If we support my amendment, we are voting for economy, growth, health, and freedom for the American farmer.

So I urge my colleagues to support this amendment and I reserve the balance of my time.

The CHAIRMAN. The gentleman from Wisconsin [Mr. Petri] has consumed 9 minutes.

Mr. ROSE. Mr. Chairman, I yield myself 1 minute.

I hope that my colleagues saw the Washington Post over the weekend and observed the feature story in the business section of the paper which talks about, "Tobacco Firms Step Up Efforts to Diversify."

In the article it says: Notwithstanding diversification the tobacco business stands out as a cash cow among other businesses controlled by the industry. The business is the source of 90 percent of the industry's operating income.

My friends, to vote for the Petri amendment would be to send the tobacco companies happily smiling all the way to the bank; they can get their tobacco cheaper this way.

Now I understand that people in my colleagues' persuasion like to get things from growers just as absolutely cheaply as they can. Do we want to control the production of tobacco? Help the American tobacco grower make a decent profit? We are running this program at no cost to the taxpayer; we are not receiving a subsidy; the farmer is subsidizing his own program. Listen to the comments of Members that we are going to hear this morning from areas that grow tobacco, see how they feel.

I urge the defeat of the Petri amendment.

Mr. HOPKINS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman from Wisconsin [Mr. Petri] speaks of hurt today. My farmers, very frankly, are tired of sitting around wondering who up here is going to hurt them next.

Mr. Chairman, I rise in opposition to the amendment.

The gentleman from Wisconsin has indicated that this amendment:

First, will save the Government money;

Second, will save the tobacco farmers; and

Finally, the author of this amendment has indicated that it will discourage smoking.

I submit that this amendment would fail miserably to accomplish any of those goals.

First, it would add billions to the deficit. Tobacco farmers are currently responsible for losses on tobacco. If this amendment passes, that burden will be transferred to the taxpayers who don't raise tobacco.

Second, it would spread the epidemic of farm depression from the grain farmers of the Midwest to the tobacco farm families of the Southeast who are already in trouble.

Mr. Chairman, we hear of the looming crisis of the farm credit system. Kentucky currently has the lowest delinquency rate in the Nation. Why? Because of the stable income from tobacco. This amendment jeopardizes the credit situation in Kentucky and 15 other Southeastern States.

Finally, for those who are genuinely concerned, this amendment will not stop one person from smoking.

All it will do is make sure that Americans smoke foreign-grown tobacco instead of American tobacco.

Look at the glaring inconsistency of this proposal.

With one hand, the author points a finger of condemnation at us for having a surplus of tobacco.

But with the other hand, he offers an amendment to abolish all production controls.

And that, Mr. Chairman, would give the major cigarette manufacturers absolute market control, because the tobacco farmer really only has two primary buyers when he sells his crop each year.

Mr. Chairman, this amendent does not save the Government money.

Mr. Chairman, it certainly doesn't save tobacco farmers.

Mr. Chairman, and it will not discourage smoking.

This amendment is not the answer.

It is the wrong approach at the wrong time.

It starts from the wrong premise and arrives at the wrong conclusion.

I urge my colleagues to defeat this amendment.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Kentucky [Mr. Hopkins] has consumed 3 minutes.

Mr. PETRI. I yield myself such time as I may consume.

Mr. Chairman, I would like to respond to a point that was made by my colleague from Kentucky, my friend [Mr. Hopkins], and that is on the question of trade. The facts are just the opposite, Mr. Chairman.

The existing program, because we do not have trade barriers, we have an open market on tobacco, forces the American producer to market his crop at a higher price than the foreign producer. If someone is growing tobacco in Brazil or Central America or Rhodesia, they do not have to pay an assessment to that government, and they do not have to pay allotment rent to an absentee owner.

If someone is growing tobacco in North Carolina, they have got to pay an assessment per pound on the tobacco they grow and they have to pay allotment rent. So naturally they cannot come out; or American tobacco has to be marketed at a price higher than the world market price, driving purchasers to purchase on the world market rather than in the United States.

The figures bear that out. Since 1975, under the current Tobacco Program or predecessors to it, America's share of the world trade in tobacco has slipped from 40 percent of tobacco shipped internationally to 12 percent of the world market. One-third of what it was 10 years ago.

Because of foreign subsidization? Because of foreign attacks on our market? No. Because of an American program that has raised the price of American producers above their foreign competitors. World production and consumption have steadily increased while in America, production has steadily fallen.

Since 1975, imports have tripled into the United States. Imports used to be slightly less than 10 percent of domestic consumption in the United States; now imports account for 30 percent of domestic consumption, and in fact they are rapidly rising; and the amount of tobacco in Government warehouses is skyrocketing.

In 1983, tobacco imports exceeded exports for the first time ever, yet production has been cut in half over the last 10 years in the United States under the allotment program.

The 1984 North Carolina State study estimated that deregulation, by eliminating these artificial costs of allotment rent and Government assessments, would result in a favorable swing in our balance of trade on tobacco of $1.5 billion.

People in the tobacco business would get less per pound, it is true, but they would make up by regaining foreign markets that they have lost and not have to pay for allotments and assessments, and they would come out in the end a lot better if they were in the business of growing tobacco rather than renting an allotment.

Mr. Chairman, I reserve the balance of my time.

□ 1235

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the distinguished majority whip, the gentleman from Washington [Mr. FOLEY].

Mr. FOLEY. Mr. Chairman, I rise in opposition to the amendment. I have had over the years that I have served on the Agriculture Committee supported the Tobacco Program because I think it is probably one of the best programs we have ever developed in terms of actually aiding farmers. However, now there is growing opposition to the Tobacco Program, both inside the Congress and to some extent in the country, based on the false assumption that the Tobacco Program somehow subsidizes and encourages smoking. The fact is, it is exactly the opposite. People who want to dismantle the Tobacco Program will end up making tobacco cheaper, which in turn could make cigarettes cheaper, which in turn could make the profits of tobacco companies higher, but at the same time they would reduct the income of tobacco farmers.

Now if we are going to set some priorities here, aside from aiding farmers which I am for and which this program does, we ought to take the side that discourages smoking and discourages excess profits for the tobacco companies. Especially if that is what I understand most people say they want to do. If you are in favor of doing those things, you should vote against the amendment, not for it. You should vote to keep the Tobacco Program, not eliminate it. The Tobacco Program raises the price of tobacco for the benefit of the tobacco farmers and charges that cost to smokers. The program makes smokers pay more for tobacco than they would otherwise have to pay. When I was a smoker I thought it was all right that I pay more. So the last thing the Tobacco Program does is to encourage smoking because all the studies show that if the cost of tobacco goes up some people stop smoking. The other alternative would be that if tobacco was cheaper it might allow the tobacco companies to make larger profits, but this doesn't seem to me to be of any great interest to those who are in favor of nonsmoking.

It could be argued that the Tobacco Program, like tobacco taxes and like alcohol taxes, discourages people from using the product, rather than encouraging the use of the product. To the extent the Tobacco Program has any effect, it should discourage the use of tobacco. Its principal purpose is to help tobacco farmers, and by doing that you do not promote smoking.

So let us get the priorities straight. This program has been an antismoking program rather than a prosmoking program; it has been a profarmer program rather than a protobacco company program. I think we ought to keep the program and reject the amendment of the gentleman from Wisconsin.

The CHAIRMAN. The gentleman has consumed 3 minutes.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to respond to the previous speaker by saying that we can well handle the decline in the cost of tobacco by raising the cigarette tax and using it for the General Treasury if we are worried about the fact that we would eliminate some cost for tobacco farmers and bring domestic prices in line with world market prices if we were to get rid of the Federal Tobacco Program. And well we should consider doing so because the Office of Technology Assessment of our Federal Government just recently, just last month, released a study that states that the health and social costs of smoking in our United States total about $64 billion a year, which is an astronomical figure. That works out to about $2 for every pack of cigarettes sold, the social cost of smoking. So if that estimate is correct, we spend 16 times as much money coping with smoking as we get from the cigarette tax that we now have on the books.

Mr. Chairman, I reserve the balance of my time.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. WHITLEY].

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. WHITLEY. I yield to the gentleman from Minnesota.

Mr. STANGELAND. I thank the gentleman for yielding.

Mr. Chairman, I think the point that the gentleman from Wisconsin makes we probably all would agree: There is a health hazard to smoking. We recognize that. There is a cost to smoking. But adopting the gentleman's amendment is not going to eliminate that cost; it is not going to eliminate that hazard.

We are going to be producing tobacco. The tobacco companies are going to be selling cigarettes, and it is going to be with us whether you pass the gentleman's amendment or not.

All you are going to do, as the gentleman from North Carolina and this gentleman will point out, I am sure, is to allow the tobacco companies to get their tobacco cheaper, and they are going to make higher profits, and the problem is going to be with us. What this amendment will do, it will hurt, it will cripple a lot of small tobacco farmers in this country.

Mr. WHITLEY. I thank the gentleman for his understanding and his contribution.

Mr. Chairman, I would just like to add that if the gentleman from Wisconsin were correct, if this program were so bad for the growers, if it were so bad for the economy of the area, if it was so bad for the economy of the country, if all of these things he is trying to prove with statistics came out of some university professor's head, if that were right, it would be rather curious when the growers vote, as they do every 3 years, in the Growers' Referendum, over 90 percent of them have voted in favor of the program every single time. If this program was as bad for the growers as he says it is, that would not happen.

Smoking and health, it does not address in the slightest.

If we ended the program and the gentleman's amendment were adopted, it would not stop one single cigarette from being manufactured, sold, or smoked. It does not touch that in any way. Should we subsidize tobacco? No. We have admitted that. We have gone to a no-net-cost program—we are still in the process of implementing it. And if we get any losses, they are not going to come from the tobacco that was grown and sold since that program went into effect; it is going to be in the stock before that.

So the argument that the gentleman makes might have been applicable to some earlier time, but they are not applicable now.

Mr. HOPKINS. Might I inquire of the Chair about the time remaining?

The CHAIRMAN. The Chair will advise the gentleman there are 12 minutes remaining for the gentleman from Kentucky [Mr. HOPKINS], 9 minutes for the gentleman from North Carolina [Mr. ROSE], and 17½ for the gentleman from Wisconsin [Mr. PETRI].

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. BROYHILL].

Mr. BROYHILL. I thank the gentleman for yielding.

Mr. Chairman, I just wanted in the very little time allotted to me to refer to remarks made yesterday on this floor by the gentleman from Michigan [Mr. CONYERS]. He was referring at that time to other farm programs, but he was posing the question as to what would be the result if we made such drastic changes in these programs that it would result in mass migration of people off the farm into the cities and the enormous cost that would result as a result of that. I think he hit the point that I want to make. Thirty thousand tobacco farmers just in North Carolina alone. When you talk about through the whole growing area, there are many, many thousands, at least over 100,000 farm-related jobs alone. The amendment that the gentleman from Wisconsin is advocating would have a devastating effect on that farm economy. They are having a hard enough time as it is up there.

Mr. Chairman, I urge a "no" vote.

Mr. PETRI. Mr. Chairman, I yield 5 minutes to my colleague from Texas [Mr. ARMEY].

Mr. ARMEY. Mr. Chairman, I would like to thank the gentleman from Wisconsin for yielding time to me. I would also like to thank him for preparing this amendment.

Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, we do not always have such a good reputation in this body with respect to the people that I talk to outside of this body. I am sure other Members have run into it.

I remember one day myself having watched this body for many years. I fell into the habit of referring to the folks that reside in this town and work here as "those danged fools in Washington." I remember the other day I was watching C-SPAN, and I referred to my wife and said, "Well, now, look at what those danged fools are doing."

She looked at me and said, "Honey, you are one."

That was a little discouraging. But this program is a perfect example of where we go wrong, and perhaps the public at large looks at us and thinks that perhaps we do not know what we are doing up here.

Let us take a world that is free from policy-regulated tobacco. If indeed we have no Government policy, we would look to areas such as North Carolina and we would find that there is a natural climatic circumstance where we could raise tobacco and really quite good quality tobacco. And in those circumstances, anybody who chose to raise their tobacco would be free to do so, not forced but free to do so if they so choose. Then of course they could take that baled tobacco and they could sell it on the market. On the other hand, there are many people across the Nation and indeed abroad who find uses for the tobacco, enjoy the product.

They are free within a free market to buy that from whatever processor or manufacturer of final product can give them the product that has the greatest appeal to them, whether it be a domestic or international producer.

It seems to me that we have a wonderful circumstance here. Everybody does what they choose to do, pursuing their own self-interest whether they like it as a consumer or not.

Now enter the Government. The Government says with this program, "We like people who produce tobacco." That is to say, "We like some people who produce tobacco. We think some people ought not be allowed to produce tobacco."

What is the difference? Are some people who produce tobacco inherently good and others inherently evil? I do not know. But we will give an allotment to some people. And if indeed you choose to produce tobacco without an allotment, a license from the Government, an exclusive right, then you might be able to make a deal with somebody who has been given that privilege by the Government. Is it not wonderful how the Government gives us privileges by taking privileges away? Then we could negotiate then the purchase of that right from somebody else. That limits the amount that is produced, and the price goes up.

Then as the price goes up, we find our domestic producer who is less able to compete with foreign nations who might want to export to our consumers. But we muddle through. Now comes the consumer. He has made a decision, he or she, that, "I like to enjoy this product in a variety of forms." And they go to the manufacturer, and they say, "I would like to enjoy purchasing and consuming this product." But the Government says, "No. Even though we like to see that tobacco produced and for those favored people to whom we gave the permanent right to do it at a profit. We do not think it is good for you to consume it. Why then would we want to encourage people to produce it if we do not want people to consume it?" So we impose a tax on it, trying to encourage them to consume less. We impose all kinds of Government regulations such as the stamp on the package that warns us that it is bad for you, the consumer. And it goes on, and on, and on. We now have to fund research into the harmful effects of it and warn the consumer.

Mr. Chairman, it is no wonder that the public thinks we are out of hand, we are out of line. I oppose a continuation of this program, not with respect to what is best for the producer, or for the grower, or for the consumer, I believe they are capable of making these decisions for themselves. I oppose it because it stands as a paramount illustration of how absolutely silly Government can be when it determines that it must meddle in an area where the market would operate fine without its meddlesomeness, and as it turns out in the process, to do nothing other than redistribute wealth from the less favored to the more favored.

Mr. Chairman, I think it is time that this body get a hold of itself and use this example as the place to stop this kind of bad policy.

Mr. HOPKINS. Mr. Chairman, I yield 2½ minutes to the dean of the Kentucky delegation, the gentleman from Kentucky [Mr. NATCHER].

Mr. HEFNER. Mr. Chairman, will the gentleman from Kentucky yield to me?

Mr. NATCHER. I yield to the gentleman from North Carolina.

Mr. HEFNER. Mr. Chairman, I rise in strong opposition to this amendment.

Mr. NATCHER. Mr. Chairman, I rise in opposition to this amendment. The Second Congressional District that I represent contains 18 counties, Mr. Chairman. Every one of the counties in my district produces tobacco.

□ 1250

In Kentucky we have 120 counties. They all produce tobacco with the exception of three or four.

I want all of the members of the Committee to know that adoption of this amendment does not prevent the production of tobacco. It will not stop the production of tobacco.

As most of you know, tobacco is a controlled program controlled by an allotment program under the operation of the Department of Agriculture and under the farmers who produce tobacco. Adoption of the amendment that is now before this Committee, Mr. Chairman, would simply mean that tobacco would be produced in every backyard and on every hillside. Instead of 532,320 allotments on 891,000 acres, we would have several million acres of tobacco produced. Approximately 72 percent of Kentucky tobacco farmers depend on tobacco for at least 50 percent of their gross sales. Seventy-six percent of Kentucky tobacco farmers have a net annual income of less than $10,000. Forty-seven percent of Kentucky tobacco farmers have an annual total family income of less than $20,000. Farmers in the 25 States that produce tobacco and farmers throughout this country are suffering serious financial losses and problems, as the Members know, at this time.

Mr. Chairman, for a period of 30 years I have served on the Agriculture Appropriations Subcommittee with the dean of the Congress, my friend, JAMIE WHITTEN, of Mississippi. All down through the years, we have tried to make this program a reasonable program and one that would operate. This has been a successful program in operation now for a period of 30 years that I know about, and it started in 1933.

Mr. Chairman, in addition to serving on the Subcommittee on Agriculture of Appropriations, I serve on the subcommittee that appropriates the money for the Department of Labor, Health, Human Services and Education, and I know, Mr. Chairman, that all matters that come before that committee, smoking and health, the National Cancer Institute, all of the matters that come before the committee pertaining to health that I am chairman of, not 1 penny reduction have we made, Mr. Chairman, the National Institutes of Health when I started was $82 million. Now it is $5,230 million.

Mr. Chairman, we have States and cities at times that need help. We need help at this time. We ask every member of this subcommittee to help us.

I sat in the chair that the distinguished gentleman from Michigan sits in today when we had two resolutions up for the city of New York. They do not produce tobacco in New York City, but this is one of the greatest cities in the world, Mr. Chairman. They needed help at that time. I presided over this Committee and this House on two occasions when they were before us. Those resolutions were only to help the city of New York temporarily get their finances in order, which they did, and it never cost this Government 1 dime.

Mr. Chairman, in the State of Washington they do not produce any tobacco. That State was before this Committee asking for help when Mount St. Helens erupted with the amount of $784 million requested. I, at that time, was chairman of another subcommittee where we had a bill before this Congress. We put the amount requested in the bill. It was an emergency and certainly we did not turn our backs on this great State.

Mr. Chairman, in addition to that, the great State of Michigan, the State that the chairman who presides today lives in, and I remember the day when they came before the House. The present Governor of the State who was a Member at that time said. "We need help. Chrysler needs help."

Down where I come from, Mr. Chairman, it would have been right easy to have turned my back and walked away. We do not live in that kind of a country. And I say that to you, frankly. My vote on the city of New York, in the State of Washington, in the State of Michigan, are votes that I am proud of and this is the way I would vote today. That is the kind of country we live in, Mr. Chairman. We need your help. We ask you to defeat this amendment.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. COBLE].

Mr. COBLE. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Wisconsin submits an amendment that is laced with deception if its intent is to eliminate tobacco from the face of the Earth. Removing production quotas would simply accelerate the path to increased production, affording greater supplies, that would mean cheaper tobacco for manufacturers and consumers. No other price support program known to me is designed by law to be no cost to the taxpayer, as is the case that we are discussing now. The growers foot the bill, not the taxpayers.

The gentleman from Wisconsin alluded earlier to the matter of absentee farming. This matter is already being addressed under current law and in a gradual and orderly manner is being terminated.

Mr. Chairman, this is not the time or place to tamper with tobacco. If it needs to be done, let the Agriculture Committee do it, but it does not need to be done in a matter of 60 minutes.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume, and I would like to enthusiastically agree with the previous speaker's last comment. If something is to be done with the Tobacco Program, let the Agriculture Committee, not the Finance Committee or the Appropriations Committee or some rider bill or the Ways and Means Committee do it. But, unfortunately, while no one is really defending the existing Tobacco Program we have on the books, the Agriculture Committee has not come forward with a program in this bill to get us out of the pickle that the tobacco producers and that whole industry is currently in. They are hoping, I think, to do it in a different forum and in a different way.

Mr. ROSE. Mr. Chairman, will the gentleman yield on that point?

Mr. PETRI. I yield to the gentleman from North Carolina.

Mr. ROSE. As the gentleman knows, the Tobacco Program is not part of the farm bill because it was permanently authorized legislation. But the gentleman does know that in the other body there is moving a bill that would make drastic changes in the——

Mr. PETRI. Excuse me. This is in the Agriculture Committee in the other body?

Mr. ROSE. The Agriculture Committee has jurisdiction over tobacco.

Mr. PETRI. But it is not moving in the Agriculture Committee, as I understand it.

Mr. ROSE. It has not moved in the Agriculture Committee, but I have moved a 1-cent tax piece of legislation through the Ways and Means Committee, with their good help, and hope to bring it to the floor and have a conference in the very near future, where we hope that some further streamlining of the Tobacco Program will take place, including some reductions in the price support level.

So while we are not addressing it here today—and I thank the gentleman for yielding—I would say to him that we are planning to address the kinds of problems the gentleman is discussing.

Mr. PETRI. I appreciate the gentleman's contribution. I would only say that I hope, when all is said and done, that the 1 cent an effort is being made to reserve from the cigarette tax for the Tobacco Program and the growers and the industry generally ends up being used to pay for the cost that is left over after the existing program is abolished rather than for perpetuating and making even worse the imbalances that gradually have developed over the years, particularly in Flue-cured tobacco.

I would just like to take a minute here to point out what those imbalances are. In fact, in Flue-cured tobacco, a young farmer talked to me about his cost of production. He was up here lobbying for this amendment to get rid of the program that he feels is shackling him. Under the Federal Tobacco Program, the average support price he is getting is $1.65 per pound. His cost of production averages about $1 per pound. Sounds pretty good. His profits before the Federal Government cost, 65 cents a pound. But in 1984, his average allotment rent was 35 cents a pound he was paying to someone else because of the Federal Government saying, "You can't just grow tobacco, you have got to have a permit." And then he had a no-net-cost assessment. He had to pay into the coffers of the Federal Government an additional 25 cents plus warehouse charges of 6 cents. His profit? Sorry, no profit. He lost a cent a pound growing tobacco.

Mr. Chairman, I reserve the balance of my time.

Mr. HOPKINS. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. ROGERS].

Mr. ROGERS. Mr. Chairman, like the others, I rise in strong opposition to this amendment today, for these reasons: We hear every day, "What about this subsidy for the Tobacco Program?" Mr. Chairman, there is no subsidy for the Tobacco Program. The farmers pay for it themselves. It is the only commodity program where the farmers pay for it. The taxpayers do not pay any subsidy for the Tobacco Program.

We hear that we should encourage people not to smoke. Go ahead and do that. The Tobacco Program does the same. By limiting the amount of tobacco grown, you encourage people not to smoke because you raise the prices of cigarettes on the market. If you want to encourage people to smoke, I would say to the gentleman from Texas and the gentleman from Wisconsin, then do away with this program, let all of the tobacco be grown that wants to be grown, and you will find people smoking for 15 cents a pack, if that is what you want.

We hear that these farmers can grow something else, these small 1-acre tobacco-patch farmers in Kentucky and in southern Appalachia of this country. I say to you that these are tiny farms. The average allotment is under 5 acres. Twenty percent are below 1 acre. In my district there are 40,000 allotments, more than anywhere else, an acre or less. What shall these farmers do? Go on welfare? Draw food stamps? Or what?

Now they are attempting to find other crops to grow, cabbage, lettuce, tomatoes, and others, and we are encouraging that. It is happening, but it is going to take time.

Do not cut their heads off before they have a chance to diversify. I urge that we defeat this amendment overwhelmingly today. The opponents of the program say there would be a minimal impact if the program were eliminated.

Mr. Chairman, the opponents of the Tobacco Program have made many allegations about the Tobacco Program, and I would like to take this opportunity to set the record straight.

They have argued that the Tobacco Program is a subsidy.

This argument is absolutely false, since the no-net-cost law was implemented in 1982. Under that law, tobacco growers pay fees to cover any losses which the Government might otherwise incur under the loan programs. So the Government is not paying for any losses under this program.

I would like to point out that tobacco is the only program where the growers pay for their program in such a manner.

Second, our opponents argue that the Tobacco Program is in some way related to the health issues about smoking.

Again, this argument is absolutely false. The Tobacco Program does not encourage a single person to smoke. Nor does the program encourage tobacco production. On the contrary, it limits how much tobacco is produced. Under the program, just since 1982, domestic production has been reduced by 20 percent because of changed market conditions.

The issue of the Tobacco Program is not a health issue. It is an economic issue. Because the fact remains, that for as long as people choose to smoke, some one is going to grow that tobacco. The question then arises of who will grow that tobacco. Will it be grown by the 200,000 farmers, mostly family farmers, across 21 States of our country? Or will it be grown by the large, corporate farms?

On that issue, the facts are clear. If we were to end the production controls under the Tobacco Program, the large, corporate farms would be able to grow as much tobacco as they wanted. They would use economies of scale that would quickly drive our smaller farmers out of business.

And the end result wouldn't be any less tobacco smoked. It would just mean that it would be grown by large farms instead of small, family farms.

Third, our opponents argue that if the tobacco program were eliminated, these small farms could grow other crops.

Mr. Chairman, I wish this were true. Unfortunately, these tobacco farms are very small. In my area, most of them are only about one acre. There simply aren't many other crops which can replace this tobacco income on such small acreage. Adding to the problem is the fact that much of our tobacco is now grown on steep, mountainous land which is not suited to other crops.

We are actively searching for new crops in our area. Recent appropriation bills have included programs to conduct market research and cropping activities in the tobacco belt. In addition, this bill includes a provision requiring USDA to support new crop development. These efforts to identify new and suitable crops are promising. But if our Tobacco Program is eliminated, our smaller farmers will be run out of business before we have a chance to develop additional crops for the Tobacco Belt.

The opponents of the tobacco program argue that there would only be a minimal impact if the program were eliminated. Nothing could be further from the truth.

First, we would face increased tobacco production and probably somewhat lower cigarette prices. It is important to point out that this is exactly the opposite of what many of the antismoking groups might actually intend.

We would find increased concentration of tobacco production among large, corporate farms.

We would have increased unemployment, as these smaller farmers are run out of business and confront limited off-farm employment in some of these rural areas.

We would have increased welfare costs, as these hard-working tobacco farmers lose this important source of income.

We would have serious effects on the farm credit system. Farm Credit Administration officials have told me that they estimate Kentucky land values would likely fall 30 to 35 percent if the program were eliminated and tobacco allotments were lost.

Farm Credit officials appearing before the Appropriations Committee earlier this year affirmed that such a decline in land values would increase the risk to PCA's, lead to greater PCA losses, and expose the farm credit system to quite a bit of danger. This could affect all taxpayers, putting the troubled farm credit system under even greater difficulty.

And there would be a similar impact on the commercial banking sector throughout the Tobacco Belt. We could expect to see increased foreclosures and a serious loss in many banks' deposit base.

In short, ending the tobacco program would cause cruel hardship for many farm families and would cause financial upheaval and chaos throughout the Tobacco Belt of our Nation.

Finally, Mr. Chairman, many of our opponents have pointed to problems in the current Tobacco Program. We do have some problems that need to be ironed out. But the fact remains that the Federal Tobacco Program has a 50-year record of good, strong success. The losses have been miniscule and it has succeeded in meeting the goals of stabilizing farm income and production. And despite our opponents' contentions, the growers continue to support the Tobacco Program as they have consistently in the referendum, approving its continuation by overwhelming majorities.

You don't solve a head cold by cutting off your head. You shouldn't solve relatively minor problems in an important and successful Tobacco Program by killing the program. Mr. Chairman, as long as people smoke, the Tobacco Program is the best way to stabilize production and save our small, family farms. I urge my colleagues to oppose the Petri amendment.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina [Mr. JONES].

Mr. JONES of North Carolina. Mr. Chairman, I rise in strong opposition to the amendment before us. It is not the first time it has been here. It was here 2 years ago, 3 years ago, 4 years ago. And the House in its wisdom rejected the amendment, which I have every hope that they will today.

Let us see what happened. In 1947 or 1948, the farmers themselves voted out the so-called controlled program. That year, they received less than 50 percent of the average of the year before. Obviously, farmers immediately, as soon as possible, voted the program back in.

I would like to emphasize that. That is exactly what would happen if this amendment should prevail. The southern farmers, many of whom are deeply in debt at the present time, could expect to receive next year 50 percent more or less than they receive at the present time.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina [Mr. Cobey].

Mr. COBEY. Mr. Chairman, I rise in strong opposition to this amendment, also. This is an economic matter for small farmers we are talking about, not a health issue. There are many people in my district who are concerned about the health consequences of smoking. But this does not have anything to do with the health consequences of smoking. In fact, if you are concerned about that, I say that it argues for a controlled program like our tobacco program rather than against it. If we throw out this tobacco program, we are going to see tobacco grown in everybody's backyard. So I simply want to urge the Members to vote no and help our small farmers survive a difficult crisis that they are in and continue to diversify their crops.

Mr. Chairman, there are two points I wish to make in this debate. First, abolishing the Federal No Net Cost Tobacco Program will not cause anyone to stop smoking. In fact, such a move could reduce cigarette prices and cause more people to start smoking. The Tobacco Program may therefore be keeping Americans healthier. I believe the Surgeon General has made this point before.

Second, the Tobacco Program allows small family farmers to diversify and plant food crops. Thus, the Tobacco Program helps us provide needed food while also preserving the small family farm.

Consider this: There are 6 million acres of tillable land in North Carolina. Tobacco is grown on only 265,000 acres of that land—less than 4.5 percent of the total. Yet, tobacco, according to the North Carolina Department of Agriculture, brings in about one-third of the State's agricultural income.

Tobacco can give a farmer a $2,000 per-acre return. No other crop can do that.

The former head of the economics department of North Carolina State University, Dr. W.D. Toussaint, examined what this means to the average farmer. His analysis shows how the Tobacco Program allows farmers to diversify and grow plant crops.

Dr. Toussaint took three optimum farm plans for a 100-acre farm in North Carolina.

His first plan is a 100-acre farm with 20 acres of tobacco and 80 acres of wheat and soybeans. That farm produces a net revenue of $50,000.

Under the second plan, the farm grows no tobacco, just 100 acres of wheat and soybeans. The net revenue drops all the way down to $17,000.

The third plan is to grow vegetables—18 acres of broccoli, 13 acres of peppers, and 12 acres of sweet potatoes—along with 55 acres of wheat and soybeans. The farm's net revenue is $35,000. That is far less than what the farm could make by producing a few acres of tobacco.

Tobacco allows farmers to diversify. And the Federal Tobacco Program allows American tobacco farmers to operate in a much more stable and predictable environment than they would otherwise.

Yes, the No Net Cost Tobacco Program is experiencing difficulties now. But I am confident that we will be able to work out those problems.

I should remind my colleagues that the tobacco program, supported by the producers themselves, helps bring in $22 billion each year in Federal, State, and local taxes.

I believe Mr. Petri's amendment would rip the rug out from thousands of small family farmers. It would not cause anyone to stop smoking, and it would deprive farmers of a valuable cash crop that allows them to diversify.

For the sake of the small family farmers who grow tobacco and the businesses that depend on this crop, I urge my colleagues to reject this amendment.

□ 1305

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia [Mr. Rowland].

Mr. ROWLAND of Georgia. Mr. Chairman, I rise in strong opposition to the gentleman from Wisconsin's amendment to terminate the Tobacco Price Support Program.

As a physician who is a Member of Congress representing a tobacco-producing district, I believe the issue before us today is an economic issue involving our small family farmers and rural communities, not a health issue. We have heard this debate over and over again. It is my belief that total termination of the present tobacco program would not stop one single cigarette from being manufactured, sold, or smoked. Our purpose in considering the farm bill before us today is to help our farmers, but this amendment offered by the gentleman from Wisconsin would not increase the profits to our farmers. And for our smokers, this approach is not going to deter them from smoking.

I am certainly not going to stand before you today and say that we have no problems in the tobacco program because we do. Mr. Speaker, our tobacco markets recently closed in Georgia, and the results are not good. This year's marketing season yielded very little profit, in fact, many have stated that they can't remember when there was so little profit in tobacco. With this in mind, let me say that I look forward to working with my colleagues on the Subcommittee on Tobacco and Peanuts to address these concerns legislatively in order to make it profitable for a tobacco producer to continue to produce tobacco.

Mr. Chairman, let me reiterate my opposition to this amendment primarily because of the devastating impact that it would have on my tobacco farmers back home. This is not the time to stop helping them now. My farmers who produce tobacco, a commodity which is under constant attack, deserve a break and the right to continue producing this crop which is so vitally important to their livelihood and to the Eighth Congressional District of Georgia.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. Thomas].

Mr. THOMAS of Georgia. I thank the gentleman for yielding me this time.

Mr. Chairman, I think if the Members of this House were to think for a moment, and perhaps even all of those gathered in this room here, we would realize that we are not about to pass a law in this country that will make it illegal to consume tobacco products or smoke. Certainly if we did it here, we are not going to do it around the world. That says that for some time to come, there is going to be a need, a demand for tobacco produced.

Certainly I think it follows then that it would be in the best interests not only of consumers here in this country but abroad, that that tobacco be produced in this country where we do have certain regulations as to chemical usage and set standards of production in this country.

That is done through this program and that is what we need to realize, what the tobacco program is. It is something that gives a little continuity and regularity to farmers producing a very high-risk, very complex, very high-cost crop, and that is all that it does. Even working at its best, it has its problems. We are addressing those issues, those of the nongrowing allotment holder are being addressed. That is being phased out.

I ask the Members of this body, give very careful consideration, before, at this time, a very pressing time in the agricultural community, that we add uncertainty to a program that has given certainty and stability and provided the farmer with only about a nickel out of that dollar pack of cigarettes.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the gentleman from South Carolina [Mr. Campbell].

Mr. CAMPBELL. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in opposition to the Petri amendment. The arguments have been made about the economic problems in the farm community. If you want to exacerbate those problems, then pass this amendment. I think that that is the first thing.

What about the people that bought the land? What about the people that have paid higher property taxes because of the allotment that is on the land? You are taking away their wealth. What about the farm credit system itself that has to depend on the quotas because of the loans that they have made? You are going to destabilize that even further. Are you willing to take that kind of risk? I hope not.

As a matter of fact, the argument has been made if we destabilize it and we eliminate all of this program, then in fact we do exactly what the gentleman is hoping we do not do; that is, that we make smoking cheaper and we probably get more to smoke in the process. This amendment should be defeated.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just remind the preceding speaker that we have dealt with the subject of deregulation or eliminating these sort of economic licenses in the past, for example, when we passed legislation allowing for trucking deregulation. There are many companies around the United States that carried these cartage licenses on their books at millions of dollars of asset value. Those were wiped out overnight. They were not compensated for that. They have never paid for those licenses to the Federal Government. Sometimes they did purchasing them from other trucking firms.

The result has been an improvement in the economics of shipping for a lot of people. I would also like to mention that this amendment is supported by a whole range of organizations, health organizations, taxpayer groups, and farmer organizations. For example, the United Tobacco Growers of the State of Georgia have endorsed this amendment as have the United Tobacco Growers of North Carolina. The American Medical Association, an organization made up of health specialists. The American Lung Association, one of our leading organizations made up with voluntary contributions to try to fight lung cancer. Action on Smoking and Health, known as ASH. The American Medical Students Association have endorsed it as have the American School Health Association. An organization called Congress Watch. The National Taxpayers Union. Consumers for World Trade. Citizens for a Sound Economy. The Council for a Competitive Economy, and the American Public Health Association.

Mr. Chairman, I reserve the balance of my time.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia [Mr. SISISKY].

Mr. SISISKY. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in strong opposition to the amendment. I plead with my colleagues: Please do not pull the rug from under the small family farms.

Mr. Chairman, I rise in opposition to amendments that would eliminate the Tobacco Program. I'll make no secret of the fact that this program has been important to farmers in my district and throughout Virginia.

Not only is the Tobacco Program important to tobacco farmers, it is critical to our State's economy: Tobacco production and processing is one of the largest employers in Virginia. Ending the Tobacco Program would put thousands of people in Virginia out of work.

But I'm not here to talk about tobacco production in terms of jobs. I want to point out how critical this program is to thousands of small, family farmers throughout Virginia, North Carolina, Kentucky, and other States in the South.

This is the cash crop that provides the profit margin, in many cases, that allows thousands of family farmers to stay in business year after year. I don't think we should pull the rug out from under these people. And frankly, I'm disappointed that we have to fight this battle over and over again.

We've worked out a Tobacco Program that works at "no-net-cost" to the Government. I know that the General Accounting Office has challenged that claim, but I submit that we have more appropriate forums for debating that issue. We should not add a new title to the 1985 farm bill to delete the program.

I think most of us are aware that both Houses have already reported legislation to solve problems associated with the Tobacco Program. These bills await consideration in both Houses. Let's give ourselves that opportunity to decide what we want to do about tobacco.

I know that many of the same arguments will continue to be made about the merits and demerits of using tobacco. But every poll I've seen shows that a phenomenal number of Americans already understand the issue. They already know the facts about smoking and health.

So we're not faced with the opportunity to change the smoking habits of Americans, we're simply talking about whether we're going to drive a huge American industry into the ground—along with thousands of small, family farmers throughout the South.

We're not even talking about cutting off imports of foreign tobacco. Cigarettes are still going to be available on every shop counter in the country. The volume of cigarette purchases will not decline—even if we should take that step. They might be Chinese cigarettes, but Americans will continue to smoke.

In eliminating the Tobacco Program, all we would accomplish would be to destroy an American industry and ruin American farms. The reason for that is there are so many small farmers who grow a diversity of crops; they can't predict where profit margins are going to be in any given year. Some years your money crop will be one thing; some years it will be something else.

Southern farmers have consistently found that tobacco is a cash crop that will allow them to take risks in other areas. They are a little more willing to diversify group production because they can be sure that tobacco will provide a little extra income. I say that we should not take this certainty away.

I ask my colleagues to support the Tobacco Program. I ask them to help us look for ways to make it better. But I plead: please don't pull the rug out from under small, family farmers througout the South.

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the gentleman from South Carolina [Mr. TALLON].

Mr. TALLON. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in strong opposition to the Petri amendment. Mr. Chairman, tobacco is the primary crop in my congressional district in South Carolina. Cash receipts from tobacco sales bring in over $200 million a year. This, of course, is multiplied many times over as its circulates through the local communities. There are over 25,000 eligible producers in my district alone whose livelihoods depend on the continuation of the Tobacco Program.

The Tobacco Program is unique as it is financed at no net cost to the Federal Government through assessments paid by the growers. Therefore, it would be terribly unfair and unjust to have this voluntary program of supply management arbitrarily taken away from them.

Any amendments to change the Tobacco Program will first disrupt the orderly marketing process for this commodity. But a far greater disruption and tragedy will be in the small town economies and on the family tobacco farms that dominate my district.

Mr. PETRI. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. I thank the gentleman for yielding me this time, and for yielding to me again. I know it seems irregular for somebody to speak twice on the same amendment. I guess the only reason I am doing that is I feel like the gentleman from Wisconsin, so badly outnumbered.

Let me just make a few observations. I have here a list of people, organizations that support this amendment. The United Tobacco Growers of Georgia, the United Tobacco Growers of North Carolina, the American Medical Association, Congress Watch, the National Taxpayers Union, Consumers for World Trade, Citizens for a Sound

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Economy, Council for a Competitive Economy, and others.

Now, if we examine the process, because the question I asked earlier is if indeed the public who so often perceive this as being the paramount example of schizophrenic Government policy, this program itself, if they have any accuracy at all, if Milton Friedman was right when he used it as his prime example of the Government being on both sides of every issue, then how is it we come to this, and we see the scenario being played out here today. One man rises with an amendment, an amendment to even tobacco growers, as opposed to perhaps people who own the allotments. The farmers that we have heard talked about here. People who have a larger concern with respect to the health of the Nation, and people who have a larger concern with respect to the taxpayers of the Nation, and people who have a larger concern with respect to the consumers of the Nation.

He represents them, but what do we find? He runs into then that large number of people who represent the particular interests represented by the bill.

This, I believe, is where we end up all too often. The general interest being underrepresented on this floor as compared to the public interest. Certainly I do not mean to criticize. Every member here who has spoken on behalf of defeating the amendment has been a responsible Representative of his district and that is indeed what we are sent here for.

I think we ought to examine the process, and understand how these laws can be passed.

The CHAIRMAN. The gentleman from Wisconsin [Mr. Petri] has 6 minutes remaining, the gentleman from North Carolina [Mr. Rose] has 4 minutes remaining, and the gentleman from Kentucky [Mr. Hopkins] has 3½ minutes remaining.

□ 1315

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the gentleman from Kentucky [Mr. Hubbard].

Mr. HOPKINS. Mr. Chairman, I yield 30 additional seconds to the distinguished gentleman from Kentucky [Mr. Hubbard].

The CHAIRMAN. The gentleman from Kentucky [Mr. Hubbard] is recognized for a minute and 15 seconds.

Mr. HUBBARD. Mr. Chairman, during debate on the gentleman from Wisconsin [Mr. Petri's] amendment, I wish to submit for the record some pertinent numbers which highlight the importance of tobacco to our Nation.

There are 710,000 people directly employed in the United States through the tobacco industry in growing, processing, auctioning, marketing, distribution, and supplying. The level of compensation and salaries for these employees amounts to $7.52 billion. This figure represents a taxable income which generates revenue for our Federal Treasury.

The issue of revenue, meaning taxes, is a subject on all our minds as we look for answers to our budgetary woes. Thirteen billion dollars was collected in the year 1983 in total taxes involving tobacco products. This can be broken down into $4.8 billion collected by the Federal Government, $4.2 billion in State and local taxes, and $4.0 billion collected in corporate taxes.

Another important issue we are hearing about is the burgeoning trade deficit. I wish to point out that tobacco has a positive balance of trade payment (plus $1.8 billion) on the world trading market. The United States is currently the leading exporter/importer of tobacco in the world.

I close with the fact that 23 States grow tobacco, while all 50 States benefit from its sales, marketing, distribution, and tax revenues of the product.

Please vote "no" on the Petri amendment.

Mr. MARLENEE. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, my producers do not raise tobacco, nor do they want the opportunity to raise tobacco. Some of my constituents smoke, and some of them do not. I happen to be one that does not.

I think the basic issue here for most of the Members of this body is, does it cost any money, and does it lend stability to a certain group of producers? I would like to address the ranking member of the subcommittee, my colleague, the gentleman from Kentucky [Mr. Hopkins], and ask him a question.

Are the costs of this program self-liquidating?

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I am happy to yield to the gentleman from Kentucky.

Mr. HOPKINS. Mr. Chairman, it is the best commodity program, very frankly, that we have in Washington these days.

As an example, if the sponsor of this amendment is really interested in economics, perhaps he should devote his attention instead to dairy in his State where there is approximately $2.5 billion worth of dairy products in Government storage. What has this product contributed to the Government?

Federal, State, and local tax revenues amount to $9 billion a year. Tobacco and tobacco products add $60 billion to the gross national product and provide 2 million jobs.

The CHAIRMAN. The time of the gentleman from Montana [Mr. Marlenee] has expired.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to reiterate some facts about the $64 billion in health costs, according to recent Government estimates, and point out that in fact the no-net-cost program certainly is not a no-net-cost program. I would like to expand on a few figures I mentioned at the beginning of this particular debate.

The no-net-cost legislation, so-called, was passed in 1982, and under that program growing assessments were supposed to cover the cost of the Tobacco Program except for $15 million in annual administrative costs. But understated interest is not included in the cost. The Government lends money, as I said earlier, to farmers at simple interest but borrows at compound interest, and the U.S. Department of Agriculture inspector general has figured that understated interest costs are over $164 million per year on the 1982 Flue-cured tobacco crop alone, and that similar amounts of understated interest are involved in the burley crop.

The Tobacco and Peanut Division of the Agriculture Department estimates that there are about $50 million of unstated costs in Flue-cured and a similar amount in burley. So we have somewhere between $100 and $300 million plus of unrecovered interest costs the Government has to pay but cannot recover from the growers under the assessments.

In addition, I would like to point out that there is another cost to the Government. The Government has an enormous and rapidly growing amount of tobacco in Government warehouses which everybody in the industry is painfully aware of, because there is a cloud hanging over today's producers because if that tobacco is ever released into the market, it could destroy their markets for several years.

How much tobacco is in Federal Government warehouses today? Three-and-one-half billion dollars' worth at what the Government paid for it. But there is no question that there is no way the Government could recover $3.5 billion for that tobacco by selling it into the market. That figure includes 1976 through 1981 leftovers which we have not been able to sell for what we paid, as well as crops taken under loans since the no-net-cost program went into effect.

Mr. ARMEY. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield briefly to the gentleman from Texas, yes.

Mr. ARMEY. Mr. Chairman, again I rise to state my support of the amendment, and I know that I may be casting myself a bit in the role as a villain here.

I do appreciate the good job the gentlemen from the tobacco-growing States have done in defending their States. There are a couple of points I would like to address. Yes, it is true that there are many people who are employed by the tobacco industry and who benefit from the tobacco industry, and there are many who enjoy the consumption. I do not dispute that.

What I am suggesting is that this legislation that is on the books that we are trying with this amendment to remove does differentiate and does isolate and freeze some people out of participation on the growing side and does create some monopoly advantage for others, and the market indeed would work if we were not involved in this, and it might very well work to provide greater earnings and greater advantage to a larger number of people, indeed greater enjoyment in the consumption of the commodity by a larger number of people at a lower price.

Mr. PETRI. Mr. Chairman, I thank the gentleman for his contribution.

Mr. ARMEY. Mr. Chairman, if the gentleman will yield further, I might address my second point, because somebody did indeed mention milk. My point is very simple. If we cannot start with this bill, we will never be able to move on to the milk and to the eggs and to everything else that we get into in these kinds of programs, and eventually we have got to return the American economy to the control of the marketplace as opposed to the Government.

Mr. PETRI. Mr. Chairman, I reserve the balance of my time.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Virginia [Mr. DANIEL].

Mr. DANIEL. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Wisconsin [Mr. PETRI].

It is well to remind ourselves that the debate on this subject cannot achieve what many of its proponents contend are the principal reasons for instigating it:

It will not significantly reduce the number of smokers.

It will not cut off supplies to companies which produce cigarettes.

It will not solve the so-called health issue.

But, if this amendment were adopted, it would create many problems with which we would have to deal.

The tobacco program was created to stabilize the supply and demand of tobacco and assure producers a decent return for their production costs and labor. In large measure, it has accomplished this for nearly a half century. That the program is now beset by problems is as much attributable to the uncertainty, caused by these persistent attacks, as any other single factor.

Tobacco growers need to know where they stand.

They need to know how much it is going to cost to produce their product and how much they can expect to receive for it.

The need to know how much to produce and how much they will have to pay in assessments next year on unsold tobacco that goes under loan as a result of this year's sales.

Finally, they need assurance that what the Government decides the tobacco program will be will not come immediately under attack tomorrow.

In reality, what growers are seeking is the same objective they sought in the 1930's—stability.

If this amendment were to succeed—and there were no more tobacco program—there would be no allotments, no regulations, no price support mechanism and no adjustment procedures to determine supply and demand. In all probability, more tobacco would be grown, at least at first. Doubtless, there would be mass dislocations, among those who actually grow the tobacco but who do not have the wherewithal to produce it on their own.

Because land values on farms which have tobacco allotments would be drastically hit, no one knows what would happen among the growers who owe large amounts of money and the lending institutions which hold the loans.

If every element of Government involvement were to be abolished—and this would be the only commodity for which that would be true—we would be devoid of statistical data that is essential in determining imports. Unless American growers substantially reduced the price of their tobacco, imports would likely rise—and one more domestic industry would go the way of shoes, textiles, steel, and others which have given way to foreign production. In a time when we are concerned about our trade imbalance, it is well to remember that tobacco has consistently been a plus, now amounting to nearly $2 billion a year.

Already, tobacco has been singled out for special treatment. Under the No Net Cost Program adopted in 1982, growers are paying the cost of their program. They pay for their grading service. Tobacco has accepted restrictions and second-rate status which politically would not have been foisted upon any other commodity. And still the opponents are not satisfied.

Arguments in favor of this amendment sound as though the time is 1980 or 1970. They overlook the changes that have been imposed by congressional action. Laws already enacted will bring further changes in 1986 and subsequent years. Why not let these take effect? Why not consider corrective legislation now pending in the House and Senate which would deal forthrightly with conditions which the industry itself acknowledges exist?

A vote for this amendment would be a vindictive act—an ill-advised action. No one knows, nor has any informed assessment been made, what would be the result of immediate abandonment of the tobacco program.

Those who would be worst hurt are those who could least adjust to the impact. Before voting, we should consider the social and economic consequences. To do otherwise would only create additional problems with which we must be prepared to deal.

Because we do not know these answers, I urge defeat of the amendment.

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the distinguished gentleman from North Carolina [Mr. VALENTINE].

Mr. VALENTINE. Mr. Chairman, today I rise in strong opposition to the amendment offered by our distinguished colleague from Wisconsin. The gentleman's amendment assumes that ending the subsidies for price support and production adjustment programs would save the Federal Government tens of millions of dollars per year. The gentleman calls his amendment a tobacco deregulation program.

The gentleman has made several other statements regarding the tobacco program that need to be corrected as well.

First, Mr. Chairman, to claim that this amendment will eliminate subsidies is mistaken. I submit to you, what subsidies? Subsidies for the tobacco program ended with the enactment of the No Net Cost Tobacco Program in 1983. The American taxpayer no longer picks up the tab for losses on price support loans. The farmers themselves pay an assessment on each pound of tobacco they sell to cover any losses.

The amendment also proposes to end so-called inconsistencies relating to health warning labels on cigarettes. The proponents of this amendment argue that requiring such labels while subsidizing tobacco is inconsistent. But again, there is no subsidy. So where is the inconsistency? This amendment might be inconsistent, but Federal tobacco policy is not.

While critics of tobacco itself might claim that there is a direct relationship between this program and smoking, Government health officials have been quick to point out that there is absolutely no relationship between the Tobacco Price Support Program and smoking. For example, Surgeon General Everett Koop has said, "I have always thought that having price support program for tobacco is not a health issue. I do not think that having price supports on tobacco encourages people to keep on smoking or encourages young people to smoke."

The Surgeon General is correct. And those concerned about health questions should face the fact that without the program the supply of tobacco will undoubtedly increase and the price of cigarettes will decrease. Is that the intent of this amendment?

Mr. Chairman, ending the tobacco program would not produce a major cost savings. The only costs associated with the tobacco program are the costs of operating the program—the administrative expenses for salaries, office space, telephone service, mailings and related matters. These are the same costs associated with the operation of any commodity program, a fact acknowledged in the Foley amendment to the 1981 farm bill. This legislation expressed the intent of Congress that the tobacco program operate at no loss to the Government, excluding administrative expenses.

The current tobacco program is not hurting the family tobacco farmer as the gentleman asserts, but without the program, these farmers certainly would be hurt. Without the program that allows the small farmer to stay in business, without production controls, we would soon see the proliferation of tobacco "super farms" that would drive the small farmers out of business, off the land their families have farmed for generations, and onto the welfare rolls and unemployment lines.

Mr. Chairman, tobacco production requires a stabilizing force to prevent destructive boom and bust cycles. The Federal Tobacco Program provides this stability.

The individual farmer can only try to influence the level of production on the farm. To improve farm income, the farmer tries to increase production. But with all farmers trying to increase production the aggregate impact is likely to be one of excess tobacco supplies. The demand for tobacco is not very responsive to price, so it takes a sharp drop in price to clear the market of excess supplies. Conversely, a shortage of tobacco will lead to a sharp increase in price as buyers compete for available scarce supplies. So tobacco farming is a boom and bust industry in the absence of some external supply stabilization. Small family farms cannot survive such price and income instability.

Without the tobacco program the structure of tobacco farming would change, leaving only large, highly mechanized farms. They would likely be corporate farms, supplying tobacco directly to the tobacco processors rather than for sale at auction markets.

Tobacco is a crop that can be grown on relatively small parcels of land, and most farmers in my area grow tobacco in addition to other crops. There are approximately 40,000 Flue-cured farmers, 150,000 burley farmers, and 15,000 other types of tobacco farmers in tobacco-producing States.

This figure does not include the farm families that are not assigned allotments and quotas but work on tobacco farms—harvesting, curing, preparing for the market, and tending the fields. If this group is included, there are 600,000 farm families in this country that receive the major portion of their annual income from tobacco production.

The tobacco program enables a large number of small farms, utilizing large amounts of labor, to stay in business. Many of the farm operators and most of the family labor would have great difficulty finding any other paid employment.

The Federal Tobacco Program has been highly effective in stabilizing prices and providing employment for both hired and family farm labor. This has been accomplished at very little cost to the Government. In the 40-year history of the program, over $5 billion has been loaned to tobacco producers. Ninety-nine percent of this amount has been repaid. The relatively modest losses on tobacco loans are less than in any other commodity program.

To take 1 year, fiscal year 1980, for example, losses for other commodity programs were: Feed grain, $670 million; wheat, $238,000; and dairy products, $315 million. For tobacco, the figure was only $136,000.

Since 1933, the Commodity Credit Corporation has incurred losses of $58 billion in its commodity loan operations, commodity acquisitions and disposal, grain reserves, producer payments, and export payments. Tobacco's share of this loss is less than one-half of 1 percent.

The issue here, Mr. Chairman, is not whether or not tobacco will be grown. Tobacco will continue to be grown regardless of whether this amendment passes.

The issue here is whether tobacco will continue to be grown by small family farmers or on large corporate farms.

The issue here is whether tobacco will continue to be grown by American farmers or by overseas growers.

The issue here is whether small farms will be shut down, whether farmworkers will be displaced, and whether State and local revenues will be reduced—all for an amendment that will not produce significant savings or decrease tobacco production.

Mr. Chairman, farmers across the country are experiencing unprecedented foreclosures and economic hardships. The gentleman's amendment would create even more difficult circumstances for farmers. It would repeal the one Federal commodity program geared to small family farms. The choice here is whether you will join those who would close down family farms or those who would allow these farms to continue as a vital part of American life. I urge my colleagues to join me in defeating this extremely harmful amendment.

Mr. HOPKINS. Mr. Chairman, may I inquire as to how much time I have remaining?

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] has 2 minutes remaining, the gentleman from Wisconsin [Mr. PETRI] has 2 minutes remaining, and the gentleman from North Carolina [Mr. ROSE], who by tradition will be recognized to close debate, has 2½ minutes remaining.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina [Mr. HENDON].

Mr. HENDON. Mr. Chairman, the Federal Government, most of us here agree, is here to help the people—to create an environment in which our citizens can prosper. We are not here to dole out handouts; we are not here to soak the taxpayers. We are here to write laws that encourage prosperity and provide jobs and security for the American people.

My people in the Great Smoky Mountains of North Carolina need this tobacco program, not to prosper, but in most cases just to make it through the winter. Our mountains are just like this—steep in many places. There are no big combines running up and down them. In many places it is too steep and too rocky and too rugged for anything other than tobacco. My people need that income. They need the program that is now in place.

So I say to my colleagues, do not take away the security, small as it might be, that this program offers many American farmers. With the greatest respect for my friends, the gentleman from Wisconsin, the gentleman from Texas, and others who oppose this program and who are in favor of this amendment, I urge a no vote.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Kentucky [Mr. PERKINS].

Mr. HOPKINS. Mr. Chairman, I yield an additional 30 seconds to the gentleman from Kentucky [Mr. PERKINS].

The CHAIRMAN. The gentleman from Kentucky [Mr. PERKINS] is recognized for 1 minute.

Mr. PERKINS. Mr. Chairman, I rise today in serious opposition to this amendment and hope that other Members will listen carefully to the various speeches concerning the tobacco program that will be given on this floor.

In my State of Kentucky, the tobacco industry is vitally important to the State's economy and to the future of all the people. The industry cuts across and touches practically every other industrial base in my State.

I am not here to argue for the preservation of the tobacco program because of the historic value or because it is the way we have run the program in years past. Those of us related to the tobacco industry are continually trying to improve the program and to make it a better program for the farmer and the taxpayer. I think that we need to support the tobacco program because it is the best vehicle for dealing with the unique problems of tobacco.

Any unfair changes in the tobacco program would mean disaster for a majority of the farmers in Kentucky. Almost 72 percent of the farmers in Kentucky depend on tobacco for over half of their gross sales each year. And we are not talking about a bunch of rich farmers sitting back and collecting money off of these quotas either. About 76 percent of Kentucky's tobacco farmers have a net annual farm income of less than $10,000 dollars. These are farmers that grew up on the farm and had the dream to continue in their parents footsteps in the honorable tradition of farming. These people are entrenched in agriculture and want to continue the work. But with the destruction of the program this dream will be taken away from them.

Getting back to the economic impact that this amendment would have on the State of Kentucky we only need to look at the number of jobs that are directly related to the industry. The number of full-time employees in tobacco production amounts to about 31,000. But in addition, the number rises to about 84,000 in the peak months. At its peak tobacco is Kentucky's fourth largest industry.

From the tobacco industry the total value of the production to Kentucky, in 1984, was approximately $1 billion.

The loss would affect the State and local revenues and would cause drastic cuts to take place in needed services to the people. The loss of jobs would be devastating especially in a job poor district like mine. For every 1-percent loss in Kentucky's tobacco output there would be a corresponding loss of 1,183 jobs across the State. This amendment would cause a much higher loss than just 1 percent. The number of people that would be forced onto the unemployment lines would simply swamp the system.

The farmers have been paying for the program since 1981, through the no-net-cost system and are willing to carry their load in the effort to preserve the program. Those opposing the program claim that the farmers are being hurt by the system. Well they have chosen to keep the program in place. The farmers always have the ability to vote out the program at any time if they want to. Obviously there are problems but the farmers have stayed with the system and are working with us to preserve and improve it.

The loss of the program would cause the sacrifice of a decent standard of living for these farmers and would mean that most Kentucky farmers would fall by the wayside and be forced into poverty. I can't see how we can argue for the preservation of the farming community and then turn on one sector and take away his crops.

I urge you to vote no and to reject this amendment for the sake of the farmers.

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the distinguished chairman of the Committee on Science and Technology, the gentleman from Florida [Mr. FUQUA].

Mr. FUQUA. Mr. Chairman, I rise in strong opposition to the amendment by the gentleman from Wisconsin [Mr. PETRI]. We have a tobacco program in place which is working and working well. We do not need this amendment.

Those who believe that this amendment would stop people from smoking are misguided. As a matter of fact, it may increase smoking by increasing the importation of cheap foreign tobacco.

One reason put forth for keeping the cigarette tax at 16 cents a pack is that, to reduce it, would encourage people to smoke. Just wait. If this amendment is adopted tobacco farmers in my area of Florida would suffer tremendously and many would be forced out of business. The tobacco companies, however, would not suffer. They would have the ability to force down the price of tobacco and bring in additional imports. The price of a package of cigarettes would probably go down, not up, as the supporters of this amendment believe.

Allotments for nongrowers will end in 1986. This amendment is not needed to achieve that objective. The ones who will suffer will be individual farmers and I do not believe it should be the policy of the House of Representatives to put farmers out of business.

This amendment is wrong. I urge my colleagues to reject this amendment and let the farmers in my district continue to earn a living.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Chairman, I propose to conclude between the other two gentlemen, if that is all right with the Chair. I believe the gentleman from North Carolina [Mr. ROSE] has the right to close the debate.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. ROSE].

Mr. ROSE. Mr. Chairman, I yield 45 seconds to our distinguished colleague, the gentleman from North Carolina [Mr. NEAL].

Mr. NEAL. Mr. Chairman, the author of this proposal has made several points which require correction.

First, the Tobacco Program has nothing to do, whatsoever, with the question of smoking and health.

The Tobacco Program limits the amount of tobacco grown. Without it, more would be grown, not less. It would just be grown by different people—the tobacco companies or big corporate farmers—not the small family farmers who, by and large, grow it now.

Second, regarding cost, there well may be some cost associated with the program before 1982. But we have changed the law and the program should cost very little for the years since 1982, or in the future.

Mr. Chairman, the fact is that the Tobacco Program has been in operation for over 50 years and hundreds of thousands of small farmers depend on it. In North Carolina alone, I'm told there are over 119,000 allotments, and the average size allotment is only 2.2 acres.

Local land values, property taxes, and whole local economies depend on the Tobacco Program. Tobacco farming is a way of life for many people and a major source of what often is a meager income for many thousands of families.

For most of our history, Mr. Chairman, we have recognized that we are one great country comprising many diverse strengths and needs.

Most of us from the South are considerate of the needs of the people from the other regions of the country, and we try to help whenever possible. The Tobacco Program is vital to hundreds of thousands of our farm families, has nothing to do with the question of smoking and health, should cost very little for its further operation and it now needs your help to save it.

☐ 1330

Mr. HOPKINS. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, the author of this amendment would have you believe that farmers in Kentucky sit back on the back porch with their feet up on the rail looking at thousands of acres of tobacco growing. The fact of the matter is the average size tobacco allotment in Kentucky is less than an acre, and it takes 227 man-hours to grow 1 acre of tobacco compared to 3 man-hours to grow 1 acre of wheat.

These people do not ask for anything. They pay their taxes. They would like to be left alone. It is the best program in this country today, as far as commodities are concerned.

I ask my colleagues to help defeat this mischievous amendment.

Mr. PETRI. Mr. Chairman, I yield 1 minute to my colleague, the gentleman from California [Mr. SHUMWAY].

Mr. SHUMWAY. Mr. Chairman, I thank the gentleman from Wisconsin for yielding time to me.

Mr. Chairman, I rise in support of Congressman PETRI's amendment to discontinue the Federal Tobacco Program. This amendment will go a long way toward eliminating a contradiction in Federal policy that, on the one hand discourages the use of tobacco and on the other hand promotes its use through price supports and other favorable Federal programs.

It is estimated by the National Center on Health Statistics that the annual cost associated with cigarette smoking is about $41 billion in medical expenses and lost productivity. The Surgeon General reports that over 350,000 Americans each year, or almost 1,000 every day, die of cigarette smoking. Smoking causes 80 to 90 percent of all emphysema and chronic bronchitis deaths in this country. The irony is that smoking related health problems are the most easily prevented. Nevertheless, the Federal Government continues to support tobacco by ensuring an artificially high price and buying billions of pounds of surplus tobacco with a potential cost to the taxpayer of $1 billion in losses on stored tobacco.

In 1982 tobacco legislation was passed that was billed as a "no net cost" program. This has proved to be a bitter pill. This legislation assessed a per pound fee on tobacco farmers to cover the losses the Government incurs when it sells tobacco from its own stocks. The program needed adjustment in 1983 and again this year, resulting in the skyrocketing of the assessment from less than a nickel to a quarter per pound because the Government has purchased so much tobacco. Assessments have not been able to keep up with the cost of Government-stored surpluses and are proving to be an additional source of economic hardship on the already hard-hit tobacco farmers.

The Federal Tobacco Program is its own worst enemy in its effort to help tobacco growers. The average price support level for tobacco is about $1.65 per pound, well above the world market price, causing cigarette manufacturers to buy increasing amounts of imported tobacco and pricing American grown tobacco out of the world market.

According to a North Carolina State University Agricultural Research Service study, deregulation will virtually eliminate our tobacco imports and double our exports, producing a positive swing in our trade balance of about $1.5 billion.

The Federal Tobacco Program has not worked, despite claims to the contrary by its supporters. The tobacco farmer is growing less and making less money, while the Government is buying more and losing more money. Mr. Chairman, the time has come to end this unnecessary and counterproductive program. Mr. PETRI's amendment offers Congress a chance to help tobacco farmers, save the Government millions of dollars, and finally remove the contradiction in competing Federal policy.

Mr. McEWEN. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from Ohio.

Mr. McEWEN. Mr. Chairman, I rise in strong opposition to the amendment by the gentleman from Wisconsin.

This amendment, seeking to deregulate the tobacco industry, is not in the best interest of tobacco farmers. Likewise, it is not in the best interest of this body to address such a complicated and important program in one fell swoop.

Tobacco is a principal crop on 276,000 farms in 22 States. In Ohio, over 11,300 farm families harvest tobacco. Without an acceptable Tobacco Program, the small family farmer loses. This amendment will not assure those farmers that we have adequately addressed the unique nature of the tobacco programs.

I urge my colleagues to join me in defeating this amendment.

Mr. PETRI. Mr. Chairman, I yield myself the remainder of my time.

I would just like to conclude, Mr. Chairman, by asking what does the AMA know about tobacco? They know a lot about smoking I think, as doctors, and they may know something about tobacco, too, because I understand the president of the AMA owns a tobacco allotment though he is a doctor. That is symptomatic of what I am trying to get rid of in this program.

Someone said, "Well, we ought to limit the growth of tobacco, who can grow tobacco in the United States." Perhaps some day we should. But why turn that over to private people to then assess someone else for the right to grow tobacco? There is no need to do it that way. Most times if you want to limit something, the Government comes in and limits it. It does not surrender that Government power to private individuals and let them collect the tax money and put it in their pocket, in effect, through the allotment system as we do right now.

Third, I just wanted to make the point that I think there is confusion that is being sown here about the increase in production of tobacco that would occur if we got rid of the tobacco program. There is no question there would be a big increase in tobacco produced in the United States and it would be a fine thing for farmers. There is no question there would be a big increase in tobacco being produced in the United States, but it would go overseas. If more is consumed in the United States, we could raise the tobacco tax to keep consumption down, and I think we should.

Mr. ROSE. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, I urge my colleagues to vote "no" on this amendment. The Tobacco Program is not perfect, but it is designed to keep farm families in rural areas making a living on a crop that is a good crop for people to grow.

We do not have a program that is subsidized by the taxpayer. The program works. Help us keep the family farmer growing tobacco in America.

Do not help the large cigarette companies get cheaper tobacco. Help us keep the price of tobacco up. Vote "no" on the Petri amendment.

Mr. CROCKETT. Mr. Chairman, we have before us today a way of resolving not only a moral dilemma, but also a financial one. And the way is very simple: Pass the Petri amendment to eliminate the Tobacco Price Support Program.

For many years now, the Federal Government has sponsored any number of different drives to warn smokers, especially cigarette smokers, that they are almost certainly cutting short their lives and productivity by smoking. We enact laws that require warnings on cigarette packages and on tobacco advertisements; we send out brochures on the hazards of smoking; we sponsor or encourage advertising campaigns to get people to stop or never begin smoking, et cetera, et cetera. And then we turn around, like the alcoholic's family members who buy the alcoholic liquor, and subsidize the very producers of smoking materials. This makes absolutely no moral sense. Even worse in these days of historically unequalled deficits, this program makes no economic sense. Not only does it cost the amount we directly appropriate for it, but it costs us in higher appropriations for Medicare and Medicaid, for Social Security disability, for veterans' benefits, and for any number of other programs that must pick up the health and welfare costs of the victims of cigarette-related cases of lung cancer and heart disease, and the families that they leave behind.

Representative PETRI's amendment is a well-crafted one that seeks to alleviate many of the possible adverse effects that elimination of this program may have on tobacco growers. As such, it gives us a rare opportunity to vote for something that hurts no one and does contribute to the physical and financial health of all of us. I urge a resounding "yes" on this amendment.

Mr. HATCHER. Mr. Chairman, I would like to voice my opposition to Mr. PETRI'S amendment. The Tobacco Program has been under heavy fire—especially this year—by the administration and various other critics. But I would like to remind my colleagues that during the last several years we have reduced the costs of the program substantially through the No Net Cost Tobacco Program, and these reductions have made the program cost-efficient and fair.

In my home State of Georgia, tobacco is a leading cash crop, and thousands of family farmers depend on tobacco as their main source of income. This amendment would effectively pull the rug out from under those farmers. The Tobacco Program is operating cheaply to the Government; it has established a fair price in the marketplace; and it has stabilized production.

Removing production controls would result in large-scale corporate farming or would force growers to contract directly with multinational corporations.

Elimination of allotments or quotas would surely have a severe effect on the States whose economies depend on tobacco for a substantial source of income. In tobacco-growing regions of the Nation, the bank credit system—which is already in deep trouble—would suffer, because it relies on allotments or quotas as collateral for loans. In addition, those individuals holding allotments or quotas would suffer great economic loss, since there would be no compensation for them. The Department of Agriculture reports that:

> Most persons still living, who were granted historical allotments with the inception of the program, are retired or widowed. for this latter group, the potential impact on retirement income will be of obvious concern.

I stand in support of fine-tuning our commodity support programs, and that is exactly what the No Net Cost Tobacco Program accomplished. The effects of completely wiping out the tobacco program would hurt thousands of people and small communities in our Nation. I urge my colleagues to vote against the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. PETRI].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. PETRI. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 195, noes 230, not voting 9, as follows:

[Roll No. 342]

AYES—195

Anderson
Annunzio
Applegate
Archer
Armey
Atkins
AuCoin
Badham
Barnes
Bartlett
Barton
Bates
Beilenson
Bereuter
Berman
Boehlert
Boland
Bonker
Boulter
Boxer
Breaux
Broomfield
Brown (CA)
Brown (CO)
Bryant
Callahan
Carper
Chandler
Cheney
Clinger
Coats
Collins
Conte
Conyers
Coughlin
Courter
Coyne
Craig
Crane
Crockett
Dannemeyer
Daub
Davis
DeLay
Dellums
DeWine
DioGuardi
Donnelly
Dornan (CA)
Downey
Dreier
Durbin
Dwyer
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
Erdreich
Evans (IL)
Fawell
Feighan
Fiedler
Fields
Fish
Florio
Foglietta
Ford (TN)
Frank
Frenzel
Garcia
Gejdenson
Gekas
Gibbons
Gilman
Goodling
Green
Gregg
Guarini
Hall (OH)
Hansen
Henry
Hertel
Hiler
Hillis
Hughes
Hunter
Hyde
Ireland
Jacobs
Johnson
Kanjorski
Kaptur
Kasich
Kolbe
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Leach (IA)
Lehman (FL)
Levine (CA)
Lightfoot
Livingston
Lowery (CA)
Luken
Lundine
Lungren
Mack
MacKay
Markey
Martin (IL)
Mavroules
McCollum
McDade
McHugh
McKernan
Meyers
Michel
Miller (CA)
Miller (WA)
Mineta
Moakley
Molinari
Monson
Moody
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Nelson
Nielson
Nowak
Owens
Packard
Pease
Petri
Porter
Pursell
Regula
Reid
Ridge
Rinaldo
Ritter
Rodino
Roemer
Roukema
Rowland (CT)
Savage
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Siljander
Slattery
Smith (FL)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Snowe
Solarz
Solomon
St Germain
Stallings
Stark
Stratton
Studds
Sweeney
Tauke
Torricelli
Vento
Visclosky
Vucanovich
Walgren
Waxman
Weiss
Whitehurst
Whittaker
Wirth
Wolpe
Wyden
Wylie
Yates
Young (FL)
Zschau

NOES—230

Akaka
Alexander
Andrews
Anthony
Aspin
Barnard
Bateman
Bedell
Bennett
Bentley
Bevill
Biaggi
Bilirakis
Bliley
Boggs
Boner (TN)
Bonior (MI)
Borski
Bosco
Boucher
Brooks
Broyhill
Bruce
Burton (CA)
Bustamante
Byron
Campbell
Carney
Carr
Chapman
Chappell
Chappie
Clay
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Combest
Cooper
Daniel
Darden
Daschle
de la Garza
Derrick
Dickinson
Dicks
Dingell
Dixon
Dorgan (ND)
Dowdy
Duncan
Dymally
Dyson
Emerson
English
Evans (IA)
Fascell
Fazio
Flippo
Foley
Ford (MI)
Fowler
Franklin
Frost
Fuqua
Gallo
Gaydos
Gephardt
Gingrich
Glickman
Gonzalez
Gordon
Gradison
Gray (IL)
Gray (PA)
Grotberg
Gunderson
Hall, Ralph
Hamilton
Hammerschmidt
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hendon
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hutto
Jeffords
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kennelly
Kindness
Kleczka
Kolter
Latta
Leath (TX)
Lehman (CA)
Leland
Lent
Levin (MI)
Lewis (FL)
Lipinski
Lloyd
Loeffler
Long
Lott
Lowry (WA)
Lujan
Madigan
Manton
Marlenee
Martin (NY)
Martinez
Matsui
Mazzoli
McCain
McCloskey
McCurdy
McEwen
McGrath
McMillan
Mica
Mikulski
Miller (OH)
Mitchell
Mollohan
Montgomery
Moore
Murphy
Murtha
Myers
Natcher
Neal
Nichols
O'Brien
Oakar
Obey
Olin
Ortiz
Oxley
Panetta
Parris
Pashayan
Penny
Pepper
Perkins
Pickle
Price
Quillen
Rahall
Rangel
Ray
Richardson
Roberts
Robinson
Roe
Rogers
Rose
Rostenkowski
Roth
Rowland (GA)
Roybal
Rudd
Russo
Sabo
Schuette
Schulze
Shelby
Sikorski
Sisisky
Skeen
Skelton
Slaughter
Smith (IA)
Smith (NE)
Smith, Robert (OR)
Snyder
Spence
Spratt
Staggers
Stangeland
Stenholm
Stokes
Strang
Stump
Sundquist
Swift
Swindall
Synar
Tallon
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Volkmer
Walker
Watkins
Weaver
Weber
Wheat
Whitley
Whitten
Williams
Wilson
Wise
Wolf
Wortley
Wright
Yatron
Young (AK)
Young (MO)

NOT VOTING—9

Ackerman
Addabbo
Burton (IN)
Kemp
Kildee
Lewis (CA)
McCandless
McKinney
Oberstar

□ 1345

Mr. RANGEL changed his vote from "aye" to "no."

Messrs. SAXTON, DWYER of New Jersey, SAVAGE, STALLINGS, MACKAY, HUGHES, BREAUX, and MAVROULES changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1355

AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of the 24th of September?

Mr. PETRI. It has, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PETRI: Page 525, after line 2, insert the following new title:

TITLE XXI—TOBACCO

RESTRICTION OF TOBACCO PROGRAM TO ACTUAL GROWERS

SEC. 2101. Section 312(c) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1312(c)) is amended by inserting after the first sentence the following: "A farmer shall not be considered as engaged in the production of the crop of tobacco for the purposes of this subsection unless such farmer actually operates the farm on which such production takes place.".

Mr. PETRI. Mr. Chairman, one of the arguments that we heard in opposition to the previous amendment was the fact that there is a referendum every 3 years—I think the next scheduled one will occur early next year—to determine the fate of the tobacco program that is voted on by people involved in that program.

In recent years, the program has received the necessary number of votes, but that is not surprising because there are 543,000 allotment holders and only 95,000 commercial tobacco growers. And both the allotment holders, those 543,000 people with the license to sell tobacco, and the producers, can vote in the periodic referendum on the Federal tobacco program.

This amendment will restrict the eligibility of those who vote to those who are actually engaged in the production of tobacco, working farmers, rather than investors who happen to have or own a Government allotment and then license it to an actual man or woman who works out in the field. Current law has been interpreted to allow anyone with a connection to tobacco growing, including absentee allotment holders and their spouses, by the way, to vote on the referenda which are held approximately every 3 years.

As a result, actual growers have no control over the program because allotment holders outnumber growers by 4 to 1 in States like North Carolina and Georgia. Absentee allotment holders are the biggest beneficiaries of the program, and it seems to me it is the producers who should have the sole right to vote or to eliminate the program which, after all, directly affects their livelihood as producers.

This amendment does not prohibit voting by growers who own allotments and who also grow tobacco. It simply prohibits voting by absentee landlords or allotment holders who receive income from the allotment but pay none of the costs and do none of the work involved to produce the tobacco.

A Georgia tobacco producer who stopped by my office recently said that he does not blame nongrowing allotment holders for not wanting a change. He added, for them to vote against the program would be like them telling Santa Claus not to come.

So I ask my colleagues who say that it is they and not I who truly care about the small tobacco grower to vote for this amendment so that a large class of absentee landlords, many of whom are professionals in nonagricultural fields, not be allowed to vote on the future of a program that is supposedly helping the small tobacco producers stay in business. It is just plain wrong.

This amendment will allow the small producers to regain control of their own destiny, and I urge my colleagues to vote for this amendment.

Mr. ROSE. Mr. Chairman, I rise in opposition to the amendment.

Mr. HOPKINS. Mr. Chairman, will will the gentleman yield?

Mr. ROSE. I yield briefly to the gentleman from Kentucky.

Mr. HOPKINS. I thank my colleague for yielding.

We are opposed to the amendment offered by the gentleman from Wisconsin [Mr. Petri] on this side. The gentleman is not without principle, but it seems he continues to be without direction.

I yield back to the gentleman.

Mr. ROSE. Mr Chairman, I urge my colleagues in the House to vote against this amendment. This is not only a mischievous amendment, but it is improperly drafted. I submit that the gentleman has missed his mark in what he obviously was attempting to do. His amendment would prohibit sharecroppers from voting in the referendum. His amendment would oppose anybody voting in the final referendum on the Tobacco Program with the exception of the so-called farm operator, and that is because he used the term in the amendment "actually operates the farm."

The USDA tells us that means a farm operator, and a farm operator does not include the sharecropper. It does not include the widows or the children who may have their rights protected by a guardianship.

Mr. Chairman, today everybody who shares in the financial risks of producing a crop of tobacco may vote in the referendum that is held once every 3 years. The only ones today who cannot vote are those that do not share in the financial risk of producing tobacco, and that is something that we did in the 1982 and 1983 amendments to the tobacco program.

I submit that this amendment goes in reverse. It takes away the right of people such as sharecroppers who should be not disenfranchised by this amendment, but who share directly in the risk of what they do. They should be allowed to vote. This is a backward step, and I think it was improperly drafted.

I would urge my colleages in the House to please vote against this mischievous amendment.

□ 1405

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. Petri].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PETRI. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and twelve Members are present, a quorum.

The pending business is the demand of the gentleman from Wisconsin [Mr. Petri] for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. MILLER OF CALIFORNIA

Mr. MILLER of California. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the Congressional Record as of September 24?

Mr. MILLER of California. Yes, it has, Mr. Chairman.

The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. Miller of California: At the end of the bill add a new Title XXI:

LIMITATION ON PARTICIPATION IN CERTAIN COMMODITY PRICE SUPPORT AND PAYMENT PROGRAMS

Sec. 21. (a) Any person who violates subsection (b), (c), or (d) shall be ineligible, as to any commodity produced by that person during the crop year which follows the crop year in which such violation occurs, for any type of price support, payment or any other program or activity described in any of paragraphs 1 through 5 of section 1202(a).

(b) Any agricultural employer shall provide the following to agricultural employees engaged in hand-labor operations in the field, without cost to such employees:

(1) Potable drinking water—

(A) provided and placed in locations readily accessible to the employees;

(B) suitably cool and in sufficient amounts to meet employees' needs, taking into account air temperature, humidity, and the nature of the work performed; and

(C) dispensed in single use drinking cups or by fountains, but not in common drinking cups or in dippers.

(2) With respect to toilets and handwashing facilities—

(A) one toilet and one handwashing facility provided for each group of 20 employees, or any fraction thereof;

(B) toilet facilities with doors which can be closed and latched from the inside and constructed to ensure privacy;

(C) toilet facilities supplied with toilet paper adequate to meet employee needs; and

(D) toilet and handwashing facilities accessibly located in close proximity to each other and within one quarter mile (0.4 kilometers) from each employee's workplace in the field, except that where it is not feasible to locate facilities so accessible and within the required distance due to the terrain, the toilet and handwashing facilities shall be located at the point of closest vehicular access;

except that, notwithstanding subparagraph (A), toilet and handwashing facilities are not required for employees who perform field work for a period of 3 hours or less (including transportation time to and from the field) during any given day.

(c) Any agricultural employer shall provide potable drinking water, and toilet and handwashing facilities maintained in accordance with appropriate public health sanitation practices, including—

(1) drinking water containers which are covered, cleaned, and refilled daily;

(2) toilet facilities which are operational and maintained in clean and sanitary condition;

(3) handwashing facilities which are operational and maintained in clean and sanitary condition; and

(4) waste disposal in a manner which does not cause unsanitary conditions.

(d) Any agricultural employer shall allow employees reasonable opportunities to use the facilities during the workday.

(e) The Secretary of Agriculture shall delegate the making of rules to carry out this section and the investigation of allegations of violations of this section to the Secretary of Labor. The Secretary of Labor shall issue rules to carry out this section not later than 90 days after the date of the enactment of this section.

(f) For purposes of this section—

(1) the term "agricultural employer" means—

(A) any person, corporation, association, or other legal entity which owns or operates an agricultural establishment or on whose premises or in whose interest an agricultural establishment is operated; and

(B) any person, corporation, association, or other legal entity which is responsible for the management and condition of an agricultural establishment or which acts with direct or indirect involvement in the interest of an employer in relation to any employee;

(2) the term "agricultural establishment" means any business operation which uses paid employees in the production of food, fiber, or other materials such as seed, seedlings, plants, or parts of plants;

(3) the term "hand-labor operations"—

(A) means agricultural activities or operations performed by hand or with hand tools, including (i) the hand harvesting of vegetables, nuts, and fruit, and (ii) the hand planting of seedlings; and

(B) does not include (i) logging operations, (ii) the care or feeding of livestock, or (iii) hand-labor operations in permanent structures, including canning facilities and packing houses;

(4) the term "hand-washing" facility means any facility providing either a basin, a container, or an outlet with an adequate supply of potable water, soap, and single-use towels;

(5) the term "potable water" means water which meets the standards for drinking purposes by the state or local authority having jurisdiction or water which meets the quality standards prescribed by the United States Environmental Protection Agency's National Interim Primary Drinking Water Regulations (published in 40 C.F.R. 141); and

(6) the term "toilet facility" means any fixed or portable facility designed for the purpose of defecation and urination, including biological or chemical toilets, combustion toilets, and sanitary privies.

Mr. MILLER of California (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

POINTS OF ORDER

Mr. STANGELAND. Mr. Chairman, I have a point of order on the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. STANGELAND. Mr. Chairman, I make the point of order that the Miller amendment is not germane to H.R. 2100, and that it violates the rules of the House and Congressional Budget Act of 1974.

One underlying rationale for the rule of germaneness is to preclude the consideration of subjects that were not considered by the appropriate committee when the bill was being considered by the Agricultural Committee; this is H.R. 2100. No such hearings were held by the Committee on Agriculture.

The primary jurisdiction over the subject matter of the Miller amendment is with the Committee on Education and Labor. A bill similar to the Miller amendment, H.R. 3295, was cosponsored by my colleague from California on September 12, 1985, and was only referred to the Committee on Education and Labor.

This amendment is an attempt to circumvent the rules of the House in the consideration of legislation by a major committee and to introduce a new subject, labor standards, into the agricultural legislation.

The question of Federal preemption of State law is not addressed in the Miller amendment, yet that is a question that in fact exists because several States, 13 in all, have legislated in this area and such States are major farm-labor-using States.

There is evidence that such State legislation covers 70 to 80 percent of all U.S. farmworkers. These facts would have been elicited had there been full hearings on this bill and could have resulted in a jurisdictional claim by the Committee on the Judiciary inasmuch as this amendment relates to local courts in the territories and the possessions, the Federal courts generally where the Secretary of Labor and the Secretary of Agriculture will have to go to enforce the provisions of the amendment if enacted into law. Also, inasmuch as the amendment would apply to alien workers, the Judiciary Committee may have jurisdiction as well.

As submitted, the Miller amendment needs but does not have, a waiver of the provisions of sections 303(a) and 401(a) of the Congressional Budget Act of 1974. The Secretary of Labor is directed—by delegation of authority directed to be made by the Secretary of Agriculture—to investigate allegations of violations of the provisions of the proposed amendment.

There are roughly 2.3 million farms in the United States and the Miller amendment applies to all farms. The cost of a compliance division to implement this labor standards program will be substantial and entail additional employees in the future years.

It introduces a new program into H.R. 2100. It authorizes new spending authority for this new program. It is an entitlement in its effect because it applies investigation to all who make allegations of violations. Enforcement and compliance costs, both administrative and court related, could be extensive.

It will also, it is submitted, increase the public debt inasmuch as huge deficits are projected for future years. If previously appropriated funds are to be used for this new program, it is submitted that the amendment will violate paragraph 5(a) of the House rules.

It is submitted the amendment does not comply with section 402(a) of the Congressional Budget Act requiring legislation, requiring new budget authority to be reported by May 15 of the prior fiscal year.

The fundamental purpose of H.R. 2100 is not labor standards oriented; the subject matter of H.R. 2100 is not labor standards related. The jurisdiction of H.R. 3295 would indicate the Speaker considered this subject to be primarily a matter for the Committee on Education and Labor. No hearings have been held in the Committee on Agriculture.

The method of using denial of farm program benefits to achieve labor standards; these are OSHA standards, violates germaneness. No other labor standards provisions exist in this bill, so the amendment is not germane.

H.R. 2100 addresses farm owners, farm tenants, and does not address farm workers on their conditions of work.

Therefore, the amendment introduces a new subject and the qualification and limitation of farm program benefits in the Miller amendment relates to compliance with labor standard laws only with denial of benefits to farm program laws.

The CHAIRMAN. Does the gentleman from California [Mr. MILLER] wish to be heard on the point of order?

Mr. MILLER of California. Mr. chairman, wishing and desiring to be heard on the point of order raised by the gentleman, first let me say while his argument is lengthy, I am afraid that it is inaccurate and it also fails to sustain the point of order.

Clearly, the amendment is germane, because the amendment provides the conditions upon which the benefits under this program shall be derived by farm owners throughout this country. It is the conditions upon which the agricultural benefits that are put together, the billions of dollars in this program, shall be distributed.

It is also germane because it does not expand the jurisdiction of American labor law; it does not expand any existing law; it is clearly stated and it is a well-ordered point of law that the OSHA Act, under which the Secretary of Labor, has the ability to extend the protection for health and safety benefits is well settled that it already applies to the agricultural field.

There are a number of provisions of OSHA which are already settled in the law as provided to them, and this is one of them. This is one of them. So clearly we have the ability to take already existing law, with no extension of authority, and condition the distribution of agricultural benefits and participations in this program on that already-existing law.

I think clearly we have already seen that recognized by the Secretary of Labor, who has promulgated regulations under which, are the exact same regulations that are contained in this amendment that he has promulgated those regulations and he has done so under court order.

So the law is well settled as to its ability to do so; yet under court order he proposes standards and those standards, those regulations, are now in the public domain.

This amendment simply says that those standards, which have already been promulgated, which have already been settled, which have already been published, shall be one of the conditioning of the reasons for which there will be distribution of the benefits of this program.

We see in this legislation that we already have conditioning in terms of swamp busters, which is in the public domain of the Public Works Committee. The decision was made that certain benefits will be conditioned upon that.

So we already have that issue well settled in this legislation. We see conditioned upon swamp busters, upon sod busters, upon American bottoms which were the jurisdiction of other committees. That has been settled already, and clearly what we have here is the nexus, the beginning of this amendment which clearly states that the condition for the distribution under the benefits of this legislation, when it is enacted, are predicated upon compliance with existing law.

Therefore, I believe the amendment is germane.

The CHAIRMAN. Does the gentleman from Texas [Mr. ARMEY] wish to be heard on the point of order?

Mr. ARMEY. Mr. Chairman, I too, have a point of order that I would like to rise against this amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. ARMEY. Mr. Chairman, the gentleman's amendment imposes field sanitation regulations on certain agricultural employers; mandates that the head of the Federal Department, Secretary of Agriculture, delegate the making of further rules and the investigation of violations to the head of another Federal Department, the Secretary of Labor, and renders violations of the regulations ineligible for the commodity price support.

First, the amendment does not meet the fundamental purpose of germaneness. The general rule is that the fundamental purpose of an amendment must be germane to the fundamental purpose of the bill.

The basic purpose of this bill is to reauthorize the commodity and Farm Credit Programs and the Food Stamp Programs. Regarding the commodity price supports, the bill's objective is to bring crop price supports closer to market prices in order to make U.S. crops more competitive in the world market and additionally, as a result, to continue to protect farm income in certain ways.

There is no logical connection between the fundamental purpose of this bill and the basic purpose behind the gentleman's amendment. On the contrary, the gentleman's amendment seeks, through the vehicle of this bill, to impose substantive regulations dealing with the agricultural field sanitation standards which could now be properly issued by the Secretary of Labor under the authority of existing statutory law without directly amending the existing statutory law.

In effect, his amendment's real purpose is to establish a new, special occupational health and safety statute applicable to a limited class of agricultural workplaces. His amendment does not seek to further the legislative end of the matter sought to be amended but, rather, he is using the vehicle of the Commodity Price Support Program to simply enact his new agricultural field sanitation law and to create a penalty device to enforce it.

□ 1415

Second, his amendment does not satisfy the committee jurisdiction test of germaneness. I believe Mr. STANGELAND has explained this objection. I would concur in the remarks made by the gentleman from Minnesota.

Mr. MILLER of California. Mr. Chairman, I desire to be heard further.

The CHAIRMAN. Has the gentleman from Texas finished?

Mr. ARMEY. I have, Mr. Chairman.

Mr. MILLER of California. Mr. Chairman, on the point of order raised, let us talk about whether or not this amendment is fundamental to this legislation that was raised by the gentleman from Texas. The fact of the matter is, this is absolutely fundamental to this legislation. The purposes of this legislation are to determine the conditions and the basis on which the benefits under this program, whether it is an allotment program that we just determined here or whether it is the Commodity Program, whether it is support crisis, crop insurance, loans that are made to the agricultural community, the terms and conditions upon which these benefits will be made. This amendment says that one of the conditions upon which you will be able to participate in this program is if you provide sanitation facilities for those individuals that work for you in the harvest of those crops and enable you the ability to harvest the crops and the Federal benefits. That is a fundamental condition that this amendment seeks to address.

It is a condition that is to be placed upon the distribution of the benefits of this program. This amendment is as fundamental as are the bases for the distribution of those benefits. This bill is riddled with conditions upon which those benefits will be addressed or which those benefits will be distributed. So this adds nothing new in terms of new law. It simply provides an additional benefit. If you read through this legislation, throughout the legislation there are conditions placed upon the size of the farm, the wealth of the farmers, the kind of land they till, the kind of land they set aside, whether or not they participate, whether or not they ship their crops overseas on American bottoms or not. All of those are conditions because we do not allow billions and billions of dollars to be distributed without some say-so. So I suggest to you that is absolutely germane, Mr. Chairman, to have this condition be made a part of this legislation and a condition under the existing programs on which the benefits are distributed.

Mr. FRANK. Mr. Chairman, I desire to be heard on the points of order.

The CHAIRMAN. The gentleman from Massachusetts is recognized.

Mr. FRANK. Mr. Chairman, I hope that the several points of order that have been raised are rejected. The gentleman from California has quite clearly articulated the point at issue. What the points of order say is that the House may not condition multibillion-dollar benefits in Federal funds in voluntary programs in various ways. If the committee jurisdiction point that has been pressed is held, a very dangerous precedent is set. It would mean that if a multibillion-dollar subsidy program is brought forward and Members feel that the recipients of that particular program subsidy ought to have to abide by certain environmental regulations, if the committee bringing forth the subsidy program does not have jurisdiction over environmental programs, the House would be unable to impose environmental conditions on the participants.

The point that is being argued would say that if a committee brings forward a subsidy program to give money, no conditions outside the jurisdiction of that committee can be imposed by the House. It is a very severe limitation that is being argued on the ability of the Whole House to work its will. If this amendment were ruled in order and passed, there would still be the need for legislation dealing with this question of standards. I am a sponsor of that legislation because you would have to reach those who do not voluntarily participate. But what we are saying is, may the House say as a condition for this participation, "We are going to require you to follow those standards." And the point of order would say that one committee can give away the money, and if people want conditions which are under the jurisdiction of another committee, the issue cannot even be raised. It is a very serious assault on the ability of the House to condition various programs with various accompanying conditions because you will not always have the case, you will not often have the case where the program subsidy is under the jurisdiction of the same committee as all of the conditions to be imposed.

So I hope that the points of order are dismissed and we may proceed with this legislation on the merits.

The CHAIRMAN (Mr. BONIOR of Michigan). The Chair is prepared to rule on the points of order raised by the gentleman from Minnesota, and the gentleman from Texas with regard to germaneness, and the Budget Act.

The gentlemen from Minnesota and Texas make a point of order that the amendment offered by the gentleman from California [Mr. MILLER] is not germane to the bill. Since the amendment is in the form of a new title to be inserted at the end of the bill, the Chair must consider the relationship of the amendment to the bill as a whole and as modified by the Committee of the Whole. The amendment would condition the availability of price support and payment programs authorized by the bill upon the furnishing by certain agricultural employers of specified labor protections. While it is true that jurisdiction over labor standards for agricultural employees is a matter within the purview of the Committee on Education and Labor and while the bill contains subject matter primarily within the jurisdiction of the Committee on Agriculture, the bill, as amended, also includes provisions within the jurisdiction of other committees including the Committee on Energy and Commerce, on ethanol, the amendment of Mr. LEACH, the Committee on Merchant Marine and Fisheries which had the question of cargo preference and also the Committees on Ways and Means and Foreign Affairs. As indicated in Deschler's Procedure, chapter 28, section 4.1, committee jurisdiction over the subject of an amendment is not the exclusive test of germaneness where the proposition being amended contains provisions so comprehensive as to overlap several committees' jurisdictions.

The Chair is also aware that regulations have been ordered to be promulgated by the Secretary of Labor pursuant to existing law to accomplish the purpose of the amendment. This situation is similar to the precedent cited in Deschler's chapter 28, section 23.6, where, to an omnibus agricultural bill, an amendment prohibiting any price support payments under the bill unless such producers are certified by the Secretary of Labor to be in compliance with applicable health and safety laws was held to be germane. For these reasons the question that was raised by the gentlemen from Minnesota and Texas on germaneness will not be sustained. As far as the Budget Act point of order is concerned, the amendment involves discretionary, regulatory, and investigatory matters and does not require or provide any new direct spending or entitlement authority or payments. While the amendment may indirectly authorize the enactment of subsequent appropriations to fund the program, section 402(a) of the Budget Act, does not apply to the amendment itself.

So on those issues the Chair overrules the points of order.

The Chair recognizes the gentleman from California for 5 minutes.

Mr. MILLER of California. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, we are here today considering this amendment because of an egregious situation that exists in our society. We are the beneficiaries of a farm program that historically has brought to the American consumer the cheapest food in the entire world and the greatest array of food in the entire world.

But it is not just the Farm Program that brings that food to the American table. It is not just the Safeway stores or the A&P or your corner grocer that brings that food to the American table. There is an army of agricultural workers which roams this country to provide the back-breaking labor necessary to harvest those crops. They work in conditions that none of us would accept for ourselves or for our families. They work long hours that most of us would not be prepared to work at that kind of labor. They work in temperatures which would force most of us to flee to air-conditioned buildings. They travel great distances and impose burdens upon their children that none of us would accept for our children. In some instances their children are engaged in that labor, too.

The question that we must decide here today is whether or not these people who are American citizens, who are guests of this country, who have been invited to this country, to help us with the harvest of the bounty of this Nation, whether or not we will treat them with the dignity that we would want for ourselves, our constituents, our families.

Whether or not, and this is the question, whether or not these individuals will have available to them in the fields a private toilet so that they can go to the bathroom out of the sight of their coworkers, so that they can have the dignity of relieving themselves in privacy, so that they will have clean water to wash their hands so they can continue with their labor. And should they so struggle in the hot Sun in temperatures in excess of 100 degrees, should they have, as my amendment calls for and as the labor regulations call for, reasonably cool water to drink? That is the issue. They have been promised this standard and promised this right for 13 years. But we have never ever delivered upon it as a government. We have always had a reason why it could not be done. We promised it in 1972, we promised it in 1980, we promised it in 1984, but it has never come to fruition.

Now we have an opportunity in this bill, which distributes billions of dollars, much of it the tax dollars of the very people who harvest our crops. This bill is a big enough engine to say, "If you want the benefits of this bill, you have got to provide the people who harvest those crops the dignity that we ask for ourselves."

Now let me say that we have gone through the rulemaking process, we have gone through the courts of law, we have gone through administrative hearings, and the finding by this administration is that there is a health problem that extends to this community unlike any other in the United States of America. The only place that we find comparable levels of parasitic infestation, the only place we find this kind of communicable disease, is in the Third World. But, ladies and gentleman, the San Fernando Valley, the Cochella Valley, the Imperial Valley, the Great Plain of Texas are not the Third World; they are the United States of America. These are our citizens, these are our guests.

We have stood here for weeks and patted ourselves on the back about how the American farmer and the Congress got together and provided benefits unlike anything we have seen. Well, let me tell you, come with me to the Central Valley where our guestworkers live in caves; come with me where they sleep in cars. These are not illegal aliens. I am talking about our guests, and I am talking about our citizens.

Come with me where their children spend 2 days in this school and 1 month in this school and 2 weeks in this school. They do not have anybody to take their children, they are so dedicated to the work ethic that the children end up in an automobile while the mother and father work, or the children end up in the field. Now there is a great joke that runs through this Congress that these people can go behind a tree. That is what we are telling people that provide these benefits to us, "Go behind a tree"? I do not think so. I do not think so.

Now I did not make up my mind that this was a good regulation to have. The Secretary of Labor, Mr. Brock, appointed by Mr. Reagan, made up his mind, and when he made up his mind he said not only is it a terrible problem but he said the cost of complying with this regulation will be economically insignificant to the people who would have to provide one toilet facility within a reasonable distance, a quarter of a mile or thereabouts, for every 20 workers; reasonably cool water, water to wash the pesticides and dirt off their hands. There are 500,000 people who struggle in those fields and who do not have that benefit today. I do not believe that this Congress is so jaded that it will ignore their right to that dignity.

□ 1430

I do not believe that we will fail to follow the pattern of 13 States already that have tried to comply and move forward in extending this simple dignity.

The CHAIRMAN. The time of the gentleman from California [Mr. Miller] has expired.

(By unanimous consent, Mr. Miller of California was allowed to proceed for 4 additional minutes.)

Mr. MILLER of California. This is fundamental. This is absolutely fundamental. For us to suggest now that they should wait another 18 months, which gets you through another harvest, which gets you into all of the delays that have historically riddled this problem, we cannot do that once again.

I have problems far beyond people's right to sanitation facilities. But that is not to be addressed here.

Let me just complete my remarks, to allay the fears of people here. This does nothing to extend existing OSHA law. The Congress made a decision, a decision that OSHA could not promulgate regulations or extend its authority to farming operations of 10 or less. And that is the decision that we have made. This amendment simply takes the existing authority, the existing regulations absolutely as written by the Secretary as now in the public domain, regulations that are to go into effect 18 months from now. It simply says that they will be one of the conditions upon which the benefits of this program shall be distributed. I think it is very important that we understand, because I do not want you to run and hide behind some kind of bureaucratic fumbling, because it is not there; I do not want you to run and hide because of some rationalization. I am telling you, we are talking about the fundamental rights and dignities of people we rely on, to a tremendous extent, to harvest the crops of this Nation.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Michigan.

Mr. CONYERS. May I commend the gentleman from California [Mr. Miller]. First of all, I applaud the ability and skill with which he has brought this matter to this present piece of legislation. But, more importantly, the time has come. I remember on other pieces of legislation through the years we have argued about this. I think the gentleman has convinced most people in Congress that today is the day in the House we resolve this problem.

Mr. MILLER of California. I appreciate the remarks of the gentleman.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Louisiana.

Mr. HUCKABY. It is my understanding that if the gentleman's amendment is adopted, it will only apply to situations where there are 10 employees or more, is that correct?

Mr. MILLER of California. That is correct.

Mr. HUCKABY. The thrust of the gentleman's amendment seems to be aimed primarily at migrant workers, and you talk about hand laborers. So surely you are not talking about tractor drivers or combine drivers?

Mr. MILLER of California. That is correct. At this point, the amendment as promulgated by Secretary Block extends purposely to hand laborers. Those are the people we are discussing.

Mr. HUCKABY. We would be excluding from this combine operators who follows the harvest,

Mr. MILLER of California. That is my understand'ng.

Mr. HUCKABY. And, finally, does it reach to access to subsidized water for those farmers who do not comply with this?

Mr. MILLER of California. That would be the intent of the gentleman in the well. But that is a benefit that is derived under the reclamation program and not under the Department of Agriculture. That may be another way to assure compliance should we fail here today, to get a handle.

Mr. HUCKABY. I thank the gentlemen.

Mr. DOWNEY of New York. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from New York.

Mr. DOWNEY of New York. I want to congratulate the gentleman. I strongly support his effort.

I guess it was about 25 years ago that the CBS documentary called The Harvest of Shame brought to the attention of the American public the incredible conditions that farm workers lived in, and I felt a certain sense of poignancy because on Long Island, in Suffolk County, we had a number of farm workers who were depicted living in squalor. The sad thing was that when CBS did their followup to their documentary some 25 years later, the end result was that things had not changed for these people and that there had always been excuses offered that the States would take care of it and the localities would take care of it, that there would be somebody else that would take care of this problem.

The CHAIRMAN. The time of the gentleman from California [Mr. Miller] has expired.

(On request of Mr. Downey of New York and by unanimous consent, Mr. Miller of California was allowed to proceed for 2 additional minutes.)

Mr. DOWNEY of New York. If only we had the patience, to wait, they would be handled. Now, that, clearly, has not happened. What I would like to hear from the gentleman is, what is offered as an argument against this amendment? Is it too expensive? Will it reduce the productivity of the people who work in the fields that they would have the facilities to take care of their health? Is it the sort of thing that the States are rushing to fill the vacuum? What is the argument against this amendment?

Mr. MILLER of California. I would say to the gentleman that at one time there were those arguments, but in recent hearings those arguments have failed to carry weight. As I said, the Secretary found out there was a very substantial health problem experienced by the farm workers, that the cost was insignificant, that in fact the States had failed to fill the void they hadbeen offered the chance to fill since 1972.

I would say to the gentleman that we have not moved far from "The Harvest of Shame." Not too far from this Capitol on the Delmarva Peninsula, we find that 48 percent of the farm workers experience parasitic diseases. The American population generally experiences a rate of 2 or 3 percent. There are no real public arguments against this amendment. There are private arguments, because people would prefer not to do this. They would prefer to farm however they farm and that is convenient. But now we have so dramatically infringed upon the people's rights and dignity that we cannot as the Chamber go forward with this legislation without this kind of an amendment to it.

Mr. DOWNEY of New York. If the gentleman will further yield, I agree with him completely. This has been a blight on the American consciousness and needs to be changed. We have the opportunity to do it and we should do so in an overwhelming manner. I congratulate the gentleman.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. I also want to join in congratulating the gentleman from California. In Colorado we have exactly the same problem. I think it is nationwide. There have been all sorts of documentaries exposing these horrible inhumane conditions but nothing is done. The gentleman is exactly right.

The CHAIRMAN. The time of the gentleman from California [Mr. Miller] has again expired.

(On request of Mrs. Schroeder and by unanimous consent, Mr. Miller of California was allowed to proceed for 2 additional minutes.)

Mrs. SCHROEDER. We have made no progress. People tend to make fun of those pushing sanitation concerns. There was an awful, awful TV ad run in our area of a cowboy pulling a portable Sanolet, making fun of the government being concerned about health standards of agricultural workers. Few mention the consumer's view point, the public health aspect, which is also important. The human dignity of the people who are working in the fields, the health standards of the people dealing with and handling food that we are all going to eat certainly make passage imperative. I do not understand why everybody is not totally for this, why it has taken so long, and I truly compliment the gentleman from California for making this amendment and putting it on the bill. Let's pass it and put our shame behind us.

Mr. MILLER of California. I thank the gentlewoman.

Mr. ROYBAL. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from California.

Mr. ROYBAL. I would like to compliment the gentleman in the well for an excellent description of the situation the way it really is.

I happen to have worked as a social worker in the field, of course a long time ago, in the 1940's, and I saw the situation that the gentleman has described. Just last year, I went back to the same territory and saw that conditions had not changed one iota. This is a public health matter that we have to address ourselves to, and this is something that should be of great consideration to every Member of this House, because let us not forget that these people are working with food that ultimately gets to the market, that we ultimately consume, and that in many instances we do not take care of washing an apple or a pear or fruit or vegetables. I believe it is a public health menace, and I compliment the gentleman from California for bringing this to the attention of the House.

The CHAIRMAN. The time of the gentleman from California [Mr. Miller] has again expired.

(By unanimous consent, Mr. Miller of California was allowed to proceed for 5 additional minutes.)

Mr. CHANDLER. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Washington.

Mr. CHANDLER. The gentleman from California states that this amendment would only apply to those operations with 10 or more employees. I have carefully read the gentleman's amendment. I cannot find that citation. On what basis does the gentleman make that statement?

Mr. MILLER of California. Because the basis of which this Congress has already acted in the underlying OSHA appropriation law, which prevents OSHA from extending those regulations. Had the Secretary sought to make those regulations apply, he would have exceeded his authority under the directions of the law already passed by the Congress of the United States. I am not trying to slide one by the Members. I disagree with that decision. I voted against it. But I was on the losing end. That is the policy under which OSHA can provide its authority to agricultural entities in this country.

Mr. CHANDLER. The gentleman's amendment, if the gentleman will yield further, does not address that 10 members.

Mr. MILLER of California. It does not address it because the amendment has to be drawn exactly along the lines of the draft regulations that were written by the Secretary of Labor. It was not my business to fool around with underlying labor law. But I can asure the gentleman that that is the current law of the land, and there seems to be little likelihood that that will change. That is the current law under which OSHA derives its authority.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield on that issue?

Mr. MILLER of California. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I am concerned about this issue also. If my memory serves me correctly, that amendment affects only OSHA funds and states that no moneys appropriated to OSHA shall be used to enforce regulations on business with 10 or fewer employees. I am a little bit confused as to who would administer the regulations proposed by this amendment. Is it not the Department of Agriculture that would administer the program, rather than the Department of Labor?

Mr. MILLER of California. Under the regulations as promulgated and the language of my amendment, it is provided for the Department of Labor to be responsible for enforcement, and it is clear that we understand the nature of the limiting amendment.

Mr. JEFFORDS. If the gentleman will yield again, I would like to read it the way that the gentleman in the well does, but I cannot read it any way other than you cover one and more and not 10 or fewer. But we can have a disagreement on that.

Mr. MILLER of California. Mr. Chairman, if I can just conclude, and I will, to allow other Members to speak. The gentleman from California [Mr. Roybal] raised the issue of public health. Let me say that throughout these documents and the publication of these amendments in the Federal Register, the Secretary constantly goes to the issue of disease and the spread of communicable diseases throughout not only the farm worker community but also throughout American society generally. The Secretary has said that the decision to issue regulations covering all farmworkers is an essential way to stop the ability of these diseases which we find so prevalent in the farming community from spreading throughout that community. It is, quite correctly, a public health argument with respect to sanitation of these workers.

Mr. JEFFORDS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I reluctantly rise in opposition to this amendment. I certainly agree with the intent of the amendment offered by the gentleman from California, but I think that we need to have adequate sanitation for fieldworkers. As the gentleman knows, I joined him and some three dozen other Members in writing to Secretary of Labor Donovan urging adoption of field sanitation standards. However, I am not convinced that we need a single Federal standard. This is especially so in the case of the standard being proposed which is, to my mind, a deficient one.

In addition, the nature of these deficiencies and their remedies are not entirely clear. The gentleman has chosen to bypass the normal committee process, so we are really not sure who is going to administer provisions.

I would also point out that the Secretary of Labor has let it be known—and I have talked to him personally about this because of my concern—that he intends to hold the proposed regulations in abeyance for 18 months while he examines the operations of the field sanitation rules that 12 States have enacted. I would point out that a lot has happened since the time of the horror stories which prompted efforts to take care of these problems.

The Secretary has given his word that he will monitor what is happening with respect to the enforcement of those State programs and if, at the end of 18 months, satisfactory compliance with our own standards is not evident or if the standards appear to be inadequate, he will then impose uniform regulations.

Now, there are reasons not to have uniform standards. We have migrant workers in my State, but only for 2 months each year to pick apples. Such a circumstance might lead to a whole different way to handle sanitary problems than, say, in the State of California, which has lots of different types of crops.

Therefore, I think that it would be better to have, as the Secretary of

Labor wants, flexibility for the States to do what they each need.

I would also point out that I do not believe that there are any sanctions in this bill that mean anything at all. The sanctions upon which the amendment relies do not appear to make clear who would enforce the law. If you read the amendment, it points to the use of cross-compliance, as we do in the conservation programs. But if you look at the crops for which you could have cross-compliance, they are mainly machine-harvested. The only one that might possibly be affected by this would be the cotton program.

□ 1445

Certainly you do not harvest soybeans or wheat by hand. Since the amendment applies to fieldworkers who hand-harvest crops, most crops would not be affected by this amendment.

In addition, it appears that families could be affected by this proposal. For all these reasons, I think that it would be better to allow the normal committee process to work, or to allow the Secretary of Labor, who is committed to ensuring that we have good sanitation available to our fieldworkers, proceed on course.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman.

Mr. MILLER of California. I thank the gentleman for yielding.

Mr. Chairman, I think the gentleman's argument is sincere. Let me just say on the issue of 10 or under, the regulations specifically delegate the enforcement of this to the Secretary of Labor, and that goes directly to the issue which the gentleman has raised.

On the question of the Secretary of Labor, and I cast no aspersions upon the Secretary of Labor; none whatsoever. But I have to be a little jaded, and I would have to believe that farmworkers are a little jaded, because 22 years ago we started hearings on this subject. Thirteen years ago we awaited the issuance of these standards.

In 1978, we issued an 18-month delay. In 1980, they asked for another 40 months. In 1981, they said it would take 34 to 39 months. In 1982, we are asked to wait an additional time. In 1984, there was going to be a good faith effort within 15 or 18 months.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. Jeffords] has expired.

(On request of Mr. Miller of California and by unanimous consent, Mr. Jeffords was allowed to proceed for 1 additional minute.)

Mr. JEFFORDS. I continue to yield to the gentleman.

Mr. MILLER of California. We have the assurances of the Secretary of Labor that he will go forward with issuing the regulations, and yet we now find that we have another 18-month delay. I just suggest to the gentleman that we cannot treat these individuals like that. I know how the gentleman has voted on similar-type programs; he has been an ardent supporter. I just suggest we can deal with this subject through this legislation and deal with it now on a fair and equitable basis. These regulations have been subject to 13 years of hearings and suits and what have you, and there now has been a court-enforced agreement to arrive at these regulations.

I just think that the concerns which have been raised legitimately during this debate have been addressed already in this process.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. Jeffords] has again expired.

(By unanimous consent, Mr. Jeffords was allowed to proceed for 1 additional minute.)

Mr. JEFFORDS. I would respond by saying that, during that period of time, a member of States have come forward—many of them with the greatest problems—and have enacted their own regulations which, hopefully, will take care of these tremendous problems.

Lastly, I would say that Secretary Brock has convinced me that he is absolutely committed to doing what he says on this matter and that he is not delaying implementation of these regulations.

Mr. MARTINEZ. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California [Mr. Miller].

Mr. Chairman, in one respect I am amazed that this is necessary at all. But then I have come to learn over these many years what to expect and what not to expect with regard to regulations and protections for our Nation's farmworkers.

Very recent history has it that the Federal Occupational Safety and Health Administration refused to enact a rule requiring employers of 10 or more farmworkers to provide water and sanitary facilities. Rational thought might insist that there are reasonable explanations for such an action, that there are logical reasons why, according to the New York Times, fewer than one-half of the Nation's farmworkers have access to potable water to quench their thirst, that up to one-fifth have no place to rinse off their hands of poisonous pesticides, and that more than a third of America's farmworkers use a ditch for a toilet. And I wonder if changes would occur more quickly if it were our families, our husbands or wives, sons or daughters who were subjected to this kind of indignity.

Maybe it's that this is so shocking to our sensibilities that we disbelieve these realities and search for reasons why this one segment of America's work force has not yet been brought in to the 20th century in regard to health and safety standards in the workplace.

I submit to you today that these reasons are nonexistent. There are no acceptable explanations for this lack of respect. Sanitation in the workplace is a requirement for all other places of employment both public and private. We, in Congress, have seen fit to supply drinking water and sinks for washing, and I am confident that Secretary Brock, working in the Frances Perkins Building, has provided toilet facilities for the employees over there. There is no valid excuse for not enacting these regulations. There is no valid excuse to continue to deny these basic rights to farm laborers just as there is no excuse for not now passing this amendment.

The hazards of poor sanitary regulations are well documented. A recent Johns Hopkins University study has shown that due to the primitive working conditions, workers suffer high rates of infectious, parasitic and toxic diseases. Compared to other Americans, farmworkers are 7 to 26 times more likely to fall prey to parasitic diseases, 9 to 85 times more likely to experience diarrhea. The chances of developing skin rashes are five times greater and illness due to chemical exposure is three times greater.

So what is it that stands in the way of this glaring abuse of human life? Surely not the farmworkers, and not even the organized farmers groups stand strongly opposed to Federal imposed sanitation regulations. It is the administration, with its penchant for removing Federal regulations from the workplace, that continues to insist that labor and management settle this among themselves.

But I am here to tell you, in case you didn't know, only 2 percent of America's farmworkers are organized, 40 percent of them are living below the poverty level. This is no equal match for negotiation. I urge my colleagues on both sides of the aisle to vote in favor of this amendment and thereby vote in favor of the Nation's farm laborer, in favor of sanitary working conditions, and in favor of human dignity.

Mr. ROBERTS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to simply make the statement that my colleague from California is a recognized champion in behalf of farmworker rights and I associate myself with the remarks made by my various colleagues who have very clearly stated that it is a given that we must progress in this field. That is not why I am rising to comment on this particular amendment.

I am still confused over the 10-or-less business. It has been my experience in the past at least that in repeated annual riders to the various spending bills we have around here, the appropriations bills, that Congress has prohibited the coverage of OSHA to farming operations with 10 or less. The reason was very clear, I would say to my colleague from New York, Mr. DOWNEY, and the gentlewoman from Colorado.

Back in the 1970's OSHA and the folks who were associated with that whole agency effort became a synonym for big Government. I can remember very well a field inspector from OSHA coming out to farm country and telling us that we would have to have the infamous "potty toilet" every fourth of a mile. I know one rancher just asking if he could get him a Holiday Inn franchise instead. I do not mean that to just poke fun at this, but that is how far some of their efforts went.

I remember a personal case of a canvas webbing plant up in Colby, KS, in my district, where a field inspector thought he was in one town; he was not in that town, obviously, so he stopped there. He inspected a stamping machine. The stamping machine was built for a person who worked for the canvas webbing plant with one leg, and he fined him for having the stamping machine on the wrong side, and he said, "You know your employee could lose a leg," he said, "He already has, that is why we built it that way."

All up and down the pike we had that kind of a situation where OSHA became a synonym of big Government. We do not want to go down that road again. Is the gentleman telling me that with 10 or less, is that dealing with a normal kind of amendment that we used to make around here in regards to the appropriations process, or is it specifically 10 or less?

I yield to the gentleman for his response.

Mr. MILLER of California. If the question is, where does the limitation on the OSHA authority derive itself from, it is a limitation on OSHA's appropriation that they shall not expend any money for that purpose.

☐ 1455

The gentleman quite properly and, I think, correctly and accurately outlines the history of what took place in those events. I happened to be out in Iowa one time campaigning for a former Member of Congress who supported those efforts, and it became very clear that the original efforts in this area were not only controversial but unacceptable. I think that is the pattern that has led us to this point where we are now under basically a court decision or regulations agreed to by all parties. I respect what the gentleman has said. I heard much about it at one time.

Mr. ROBERTS. Mr. Chairman, if I might reclaim my time, I am going to associate myself with the remarks made by the gentleman preceding me, the gentleman from Vermont [Mr. JEFFORDS], who is very much worried about under whose authority this is, simply because in the history of this legislation that we tack on various riders to the appropriation bills, I do not think is that much of a protection.

If I could ask the gentleman, the amendment uses the threat of making agriculture employees ineligible for commodity program benefits if these regulations are not followed. That is the stick that you use in your amendment. But the great majority of the hand-labor-intensive farming operations—I am talking about nuts and fruits and vegetables—are not covered by these program crops. Where do we get the enforcement?

Mr. MILLER of California. Mr. Chairman, I would say to the gentleman that under section 21(A), which is the nexus that got me to the agricultural bill, there is 21(B), which says: "Any agricultural employer shall provide the following agricultural employees engaged in hand labor," and then it goes through the regulation. Over in the second column, under (E): "The Secretary of Agriculture shall delegate the making of rules to carry out this section in the investigation of allegations to the Secretary of Labor."

So the Secretary of Labor has the ability to provide enforcement procedures, and, by the same token, does not have the ability to provide for enforcement for farms of 10 or under. So that is the reason we have done that, so that they still have the ability to provide for civil penalties.

I notice the gentleman is shaking his head. Let me say that after 22 years, you have to do the best you can, but I am trying to assure the gentleman in his concerns that we are playing straight football here. I am not trying to run one by. I am not trying to get past the 10 or fewer, and I appreciate his concerns. I also appreciate his concerns about whether or not we are really able to address the hand labor of fruits and vegetables.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. ROBERTS] has expired.

(By unanimous consent, Mr. ROBERTS was allowed to proceed for 2 additional minutes.)

Mr. ROBERTS. Mr. Chairman, I want the gentleman to make a first and 10, and the play he has called might be an end-around, and my main concern is who gets clipped in the process. If we could all make an agreement in regard to farmworker safety without getting the dreaded OSHA—hydraheaded, whatever he was—reared again, that is what I am for.

Mr. MILLER of California. Mr. Chairman, if the gentleman will yield, I would say that he has been sitting next to the gentleman from Massachusetts [Mr. CONTE] too long with that kind of speech. But that is fine.

Mr. ROBERTS. Mr. Chairman, let me just say that the Secretary of Labor had required that States establish within 18 months suitable guidelines to provide for these very kind of things the gentleman is working for, adequate sanitation and the drinking facilities. Now, it is my understanding at least that there has been some progress made, that 13 States have already done so, and that these same 13 States cover approximately 70 to 80 percent of the migrant or seasonal work force.

Am I in error in that?

Mr. MILLER of California. The gentleman is factually correct. Since 1972, 13 States have moved in this. I would have to say to the gentleman that one of the reasons we now are faced with Federal regulations is that most of those regulations have been less than adequate, and certainly the lack of enforcement is well documented. That is why we are here today. That has continuously again been used as an argument, so that today is never the right time.

But some States, including my own State of California, have made that effort. However, again, after all the testimony and all the lawsuits, there is an agreement that that has been less than adequate.

Mr. ROBERTS. All right. Hand labor operations: Are we talking about custom-cutting operations here now?

Mr. MILLER of California. Not in the neck of the woods the gentleman comes from, but in my area you would custom-cut broccoli and asparagus.

Mr. ROBERTS. But if you gave that authority to the Secretary of Agriculture and then, in terms of civil penalties, to the Secretary of Labor, could they not, by some executive decision by one of the folks over there at OSHA, certainly deem that the custom-cutter would be involved in this?

Mr. MILLER of California. That is the problem they got into the last time with their attempts to extend it.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. ROBERTS] has expired.

Mr. MORRISON of Washington. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I respect the gentleman from California and his arguments on behalf of this amendment, but I do have to express some concern. At least in the Agriculture Committee, we have had no hearings at all with respect to this particular proposal, and this is an amendment to the farm bill.

When we look at those people who have been discussing this and have been holding hearings for a number of years—they referred to at least 13 years, perhaps more—and go through three administrations of both political parties, we find that the decision has been made through those years that this area does not require Federal intervention. That is a decision that has been made by both political parties.

I think now we should give credit to Secretary Brock. I have met with him, and many other Members have as well. He is new in his job, and he has a commitment. He has made a very positive decision to give the States 18 months to demonstrate progress in field sanitation or the Department of Labor will use existing authority to issue regulations. So there is no emergency situation to require money for their involvement during these next 18 months, and there is a very positive commitment there.

I would like to ask the gentleman from California if he would listen to some words shared with us by the Department of Labor. I would ask the gentleman from California [Mr. Miller] if he would listen to these words from the Department of Labor itself:

> Because the Labor Secretary would be promulgating health and sanitation standards in conducting investigation solely under authority of the farm act—

As proposed in your amendment—

> any appropriation needed by the Secretary to carry out such activity would have to be provided from funds available to carry out that farm act. This being the case, the Department would not be bound by any Labor Department appropriation and regulations which may otherwise apply and limit OSHA's standard-setting or other OSHA activity in this subject area.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, that just simply is not true. We clearly know that this Congress has the ability to give them money to enforce it, if we want to, and it is within the enforcement area. We delegate that enforcement to the Secretary of Labor. It is not if he should desire.

I understand what is going on here. The gentleman has a letter from the Secretary of Labor. The Secretary of Labor is jumping up and down downtown about this effort, but I suggest that that letter has no credibility in light of the amendment as currently drawn and before the Members of this Congress.

Mr. MORRISON of Washington. Mr. Chairman, reclaiming my time, I believe the letter does have some credibility.

Mr. MILLER of California. It does not.

Mr. MORRISON of Washington. The gentleman is making the point that this automatically excludes these farms of 10 employees or less, and I think the point has to be made that it does not automatically exclude those. I do not see that written anywhere. Some of us have that concern, and I bring this out only because I think it is a valid argument that the gentleman's amendment does not clearly apply OSHA enforcement standards to this particular provision.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, if an amendment were adopted that made it clear that this did not apply to employees of less than 10, would that make the gentleman in support of such an amendment? I ask the question because I have such an amendment. I would caution the gentleman not to condition his opposition on something that is about to be cured if he intends his opposition to outlast that condition.

Mr. MORRISON of Washington. I think my comments in this case are based on the fact that one of the points of contention is what people are covered. As to some of the Representatives here, if you exclude the small farms, then perhaps you would get support for the amendment. In the case of many of us, we, of course, feel that the penalty would apply to crops that do not relate to the hand-harvested crops. That is our concern.

Mr. FRANK. If this covered less than 2 or covered less than 100, or if it were less than 10, that would not affect the gentleman's oppostion?

Mr. MORRISON of Washington. I think we need to clarify the point that OSHA's standards do directly apply just as a result of the wording of the gentleman's amendment. I am concerned that this amendment would basically have two or three effects.

First of all, it embarrasses the Secretary of Labor, who has demonstrated political courage on field sanitation, and I think he deserves our support. Also I believe it harasses the small family farmer who usually employs his wife and family and neighbor to help gather the crop, and I think that is unnecessary.

I have one other point that I think has not been made at all, and I think it is significant. The Secretary of Labor has allowed 18 months for these States to get their acts together, and by passing this amendment we take away the pressure that Secretary Block wants to apply to the States to deal appropriately with this issue. Thirteen States, as we have heard, have acted, and I think the Department of Labor has appropriately started the clock to force the States to act responsibly.

Mr. Chairman, I oppose this amendment and urge my colleagues not to burden this farm bill with this questionable provision, even though its motives are probably in the best interests of all Americans.

Mr. Chairman, I yield back the balance of my time.

□ 1505

Mr. GAYDOS. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

On the point, Mr. Chairman, of Secretary Brock, about his embarrassment and what he is going to do in this very highly complicated and controversial field, let me say this. He has been a Member of Congress. He has been around for quite some time. I would not worry about his embarrassment. He is a big man.

I do want to commend him on the floor in the Record, that he had the courtesy to call me. I had a meeting with him and with the gentleman from Washington [Mr. Chandler] and both of us were told aforesaid what his position was going to be as far as the standard was concerned, that he was going to postpone it for 1½ years, hopefully for the States to enact proper legislation. For that I am thankful.

Others in the House and some of my colleagues have not seen fit to inform me of their actions and they might have been surprised because I might have been in full cooperation with them; but I have gone through the Secretaries and most of the time alone, gone through all the Secretaries. I have gone through all the Secretaries from Morton Corn, Eula Bingham, Robert Rowland lately, Thorne Auchter, and all along and now we have Brock. We always brought the subject up and we did have misleading commitments made.

At this time I find it in good conscience, yes, I am in accord with the amendment. Yes, I think it should be passed and, yes, it has been far too long to cure a very, very evil situation; but on the other hand, I have some great concern and reservation, because every committee chairman in particular, and the committee in general, has an obligation to defend and support its committee jurisdiction. For that particular element, I have much reservation.

The desperate and demonstrated need for this Nation's nearly 4 million workers to have fundamental work place sanitary facilities, which most of the work force does enjoy, which under the Occupational Safety and Health Act of 1970 was guaranteed to roughly 80 or 100 million workers and all other American workers, and these workers do not have them. These things force me in good conscience, even under the circumstances which I alluded to, to rise to offer my support for this amendment.

Now, must our country's farmers continue to face the indignity, and as pointed out by other speakers, the inconvenience, and yes, at times the pain of doing without basic facilities, toilets, hand washing provisions, even drinking water, as distinguished from a cup and from a common drinking source, and at the same time suffer from higher incidence of disease.

The facts are very, very clear. I do not like to admit to the facts, but they are clear and the facts were alluded to, that 3.5 times more as far as farm workers are concerned are more likely to suffer from urinary tract infections than the general population in this country and other workers generally, and 3.8 times a higher percentage rate for skin infections, as was pointed out by one of the prior speakers, and over four times greater for heat-related illnesses.

Everybody knows that the gastrointestinal and parasitic infections are 25 times plus, and it is all because they do not have simple drinking facilities and toilet facilities.

I can tell you, the problem was discussed in depth many, many times, by all the Secretaries and all of them, without exception, admitted to the facts, wanted to do something about it and they did not do anything about it.

I am just talking about adopting a simple standard.

The committee has been frustrated, so I have split emotions with the maker of this amendment. I am in great sympathy with him; but on the other side, the jurisdiction keeps bothering me.

Now, here are my concerns. First, I am concerned that we are subverting the committee and the subcommitte system, and for that I hope we have some assurance.

In fact, a bill that provides for these same standards which we are considering today was introduced on September 9 and was referred to the Subcommittee on Health and Safety September 24, and it is quite obvious that I and the committee just do not have the time to consider that bill as of this time.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to my colleague, the gentleman from Massachusetts.

Mr. FRANK. Well, I want to thank the distinguished chairman of the Subcommittee on Labor Standards. He has been dedicated.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. Gaydos] has expired.

(At the request of Mr. Frank, and by unanimous consent, Mr. Gaydos was allowed to proceed for 1 additonal minute.)

Mr. FRANK. Mr. Chairman, will the gentleman continue to yield?

Mr. GAYDOS. I yield to my colleague.

Mr. FRANK. The gentleman has been a model in this area. I am the sponsor of the bill to which the gentleman alludes. I have no criticism and certainly nothing here is intended as any criticism. The gentleman has been moving expeditiously. He has been gracious with his time with me. We have talked about how to proceed with this.

Even if this amendment is adopted, as I hope it will be, that will not obviate the need for action by the legislative committee under the gentleman's amendment.

As has been made clear, this is conditional. This covers people who are in certain programs and it covers people who are not in the program. We have other problems with it. It is a first step. It is not comprehensive in the way that we would like it to be.

So I would hope that we would get this through and we would then have that need for the underlying legislation that the gentleman is talking about.

I do not regard this in any way as competitive or as a substitute. It is a first step.

The gentleman's subcommittee has the jurisdiction. The gentleman is knowledgeable about this and we will still very much need that work; so I know it is the intention of the author of this amendment, it is my own intention as the author of the bill, to continue to benefit from the leadership of the gentleman from Pennsylvania on this issue.

Mr. GAYDOS. Well, I thank my colleague for his statements.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. Gaydos] has again expired.

(By unanimous consent, Mr. Gaydos was allowed to proceed for 2 additional minutes.)

Mr. CHANDLER. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to my colleague, the gentleman from Washington.

Mr. CHANDLER. Mr. Chairman, I thank the gentleman for yielding.

I would like to say that the chairman of the committee on which I serve as ranking member did exactly as he reported to all of us today in my presence with the Secretary of the Department of Labor.

I think in large part the reason we have made the progress we have is because of the leadership of this gentleman.

I would like to ask the gentleman if this amendment were to be set aside today, does the gentleman commit to hearings, expeditious consideration of the matter, and perhaps in some form or another passage of this measure from his committee?

Mr. GAYDOS. I want to respond that I am in support of the amendment, but to respond specifically to the question propounded by my colleague on the subcommittee, yes. I have no reservation. I am glad that the legislation has been introduced and we would have introduced it, but there had been some extenuating circumstances in the past.

We kept getting these formal and informal promises from each succeeding Secretary and none of them acted.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. Yes; I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, I thank the gentleman for yielding.

None of us have any question of the gentleman's intent to move expeditiously and really to do something.

Part of the problem has been that OSHA has had a vacancy and the Labor Department has had vacancies, so that has been part of the problem.

The point I simply would like to make is this, that while I am not surprised to have the reaffirmation by the gentleman from Pennsylvania that he wants to move with this bill, we have the other body to deal with. I am afraid that what would happen is that we would have this bill come out of the subcommittee, come out of the committee, would pass this House, and it would disappear somewhere as it moves a little bit further north.

What we have with this agriculture bill is a piece of legislation that has some multibillion-dollar appeal to a few people in the other body; so by attaching it here, I think we get more assurance from the other body that it will go.

It will then be, once it is part of the law, the jurisdiction of this committee to do it in the comprehensive way that the committee of full jurisdiction can. This is a two-step process.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. Gaydos] has again expired.

(By unanimous consent, Mr. Gaydos was allowed to proceed for 3 additional minutes.)

Mr. GAYDOS. Mr. Chairman, it is reluctantly that I have asked for 3 additional minutes.

Let me respond before I yield that I think the gentleman accurately states the situation and that is what the reservations were that I alluded to just a second ago.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, I just would like to say again on the question of the gentleman's attention to this matter, I have been in the Congress for 11 years and have served on the gentleman's subcommittee up until the time I joined the Budget Committee. The gentleman has been most diligent on this subject. That is not where the problem comes from and there is no intent by this gentleman to erode the jurisdiction of that committee or that subcommittee, to which I plan to return after the Budget Committee. That is not where the problem has come.

I think what is clear is that we cannot cure the problem that exists in this country today with another hearing. What we need is a change in the law. We need the rights extended to these people, as the gentleman has tried to do year after year without support from the administration.

I think we are at a point now where we can do that and we need to come back and make sure that it does not in any way jeopardize the farm community.

Mr. GAYDOS. I thank my colleague for his statements.

I do want to put this on record. I am a little concerned about splitting the jurisdictions here between the Department of Agriculture and the Department of Labor; but I think that can be cured. It is not a serious schism. I just do not want to find myself and this committee in a position as we did when we had the Mine Act, where we had a difference between the Department of Labor and then the Department of the Interior and we had a difficult time amalgamating that act. That is what bothers me, but I am assured that is not going to be the situation, so I continue to have very strong support for the amendment.

Mr. Chairman, let me conclude by saying this. I want to be quite specific to my colleagues. This is based upon years of dealing with the act. The problem is not with the design and structure of the act. It is with the administration of the act. We have experienced that time and time again. We have been getting insincere commitments from our various Secretaries. That is what has necessitated this amendment. That is why I am supporting the amendment. I ask my colleagues to support the amendment.

Mr. NIELSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to my former colleague on the subcommittee.

Mr. NIELSON of Utah. Mr. Chairman, as a former member of the Health and Safety Committee and also a member with the gentleman from Massachusetts, Mr. BARNEY FRANK, of the Government and Housing Subcommittee of the Government Operations Committee, I would like to say that there is more than one jurisdictional problem. The Health and Environment Subcommittee of the Energy and Commerce Committee has considered such a bill twice in the last 2 years, so you may have another committee to deal with, not just one, probably all three committees.

Mr. GAYDOS. Well, I hope that the committee experience will be sufficient to handle the problem. We just have had commitments here for a lot of assistance that I think will take care of it.

Mr. NIELSON of Utah. Well, if the gentleman will yield further, I cannot speak for the gentleman from California [Mr. WAXMAN], but I am sure the gentleman will cooperate.

Mr. MARLENEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is with great reluctance that I rise in opposition to the amendment, reluctance because this issue is so ridiculous that it does not deserve comment.

First, we had "sodbuster," which was based on the denial of program benefits to farmers who broke out additional land. Then we had "swampbuster," and now we have "crapbuster." This will deny program benefits to farmers who do not comply with having enough outhouses on their properties.

This kind of self-righteous, ridiculous, new regulation will only end up hurting the small family farms by requiring facilities placed throughout the landscape of America, rural America, that will not even be used. WPA days all over again only this time the farmer pays.

And who is affected by this amendment? Well, I do not think that we can really say who will be affected by this amendment, because there were no hearings. No studies have been done, either in the Agriculture Committee or in the Education and Labor Committee to determine who is affected.

Now, how would it be enforced? Are we going to send OSHA agents scampering through the fields to spy on every farmer to see if he has enough toilet paper for every Porta-John, or maybe we will send out a typical bureaucratic 15-page questionnaire to every farm and ranch to find out how many one-seaters they have.

Let me be the first to say, Mr. Chairman, that I do not want Big Brother looking over my shoulder while I or my employees use the outhouse.

I will tell you how it will be enforced. Some Legal Services lawyer, and this is again another make-work project for attorneys, who has never been on a farm in his life, will file a suit against some poor farmer who cannot meet the 150 pages of regulations that will no doubt be written as a result of this amendment. This farmer hires additional laborers for 3 weeks out of the year that he harvests these crops and for that 3 weeks each year he is supposed to spend thousands of dollars to dot the landscape with outhouses.

Now, never mind that local ordinances may in fact prevent the placement of outhouses in some of these areas; never mind that some of the ordinances that we have prevent using facilities, having outhouses, that do not have plumbing, and I am talking about drain fields and septic tanks, and so forth.

We have the question, of course, how wide, how high, what color, and how costly each of these outhouses should be. This is probably covered by local ordinances; but we do not know how costly this will be, because we have never had a hearing in the Agriculture Committee to determine that or how it would affect local ordinances.

Some of my colleagues say, well, this would not impact the smaller operation, the one- and two-man operation. I want to say that is not so.

I wonder if the authors of this amendment have ever been on a farm. Do they actually think that farmworkers will walk a quarter of a mile just to use the facilities? As a producer who has been in the farming and ranching business for over 32 years, let me tell you that this just is not going to happen.

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The old adage of you can lead a horse to water but you cannot make him drink applies in this case. You can put all the outhouses in the world out there and they are not going to use them if they are more than a quarter of a mile away, or even if they are right next to them in the field.

The gentleman's amendment says that the toilet and hand-washing facilities must be within a quarter of a mile of the employee's workplace or the closest point of vehicular access. In other words, I have to provide a Porta-John when I send a man out to mend fence. Yes, I have to have that guy out there mending fence and I have to have that Porta-John out there somewhere within the proximity of where he is working. That means that I am going to have to have a pickup truck go out there to the nearest vehicular access or else I am going to have to have a horse pulling this outhouse, or have it placed on this horse and have it somewhere near where this fellow can have access to that sanitary facility. Pretty soon it becomes not me and my horse mending the fence; instead, it becomes me and my horse and my outhouse, and those who are involved in providing the sanitary facilities mending the fence. It will soon look like a Lawrence of Arabia production.

The CHAIRMAN. The time of the gentleman from Montana [Mr. MARLENEE] has expired.

(By unanimous consent, Mr. Marlenee was allowed to proceed for 2 additional minutes.)

Mr. MARLENEE. Mr. Chairman, these are ridiculous regulations. They are not in touch with reality.

Let us go to the reason that the amendment is being offered. Let us get down to the facts. Is it because nobody is doing anything about the national farmworker toilet shortage? No, that is not the case. Thirteen States already have laws on the books dealing with this very question. Many of these States have been working on this matter for as many as 15 years.

According to the Farm Bureau, 80 percent of the workers have been targeted. In other words, they have addressed this problem on a State basis and it is a States' rights problem, a local ordinance problem, if you want my opinion.

What is going to happen if we do not pass this amendment? Will this great national debate over farm crappers rage on, causing economic and political and sanitary chaos? Of course not, because the Department of Labor has already acted on this, and rejected their own proposed regulation.

Let us remember what happened when OSHA addressed the safety-with-beef-cattle problem. Here are the little gems of wisdom that came out:

> The best way not to have an accident is to prevent it.
>
> A hazard is anything that can be dangerous.
>
> Hazards are sometimes hard to find.
>
> Slippery floors: When floors are wet and slippery with manure, you could have a bad fall.

These are the kinds of things that OSHA is prone to come up with:

> Be careful that you do not fall into manure pits.

Are these the gems of wisdom that should be commended and endorsed? We would have this same kind of activity in the crapper debate if you support this amendment.

AMENDMENT OFFERED BY MR. FRANK TO THE AMENDMENT OFFERED BY MR. MILLER OF CALIFORNIA

Mr. FRANK. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

> Amendment offered by Mr. Frank to the amendment offered by Mr. Miller of California: To title XXI, as proposed to be added by the amendment, in subsection (f)(2), insert "more than ten" before "paid employee".

Mr. FRANK. Mr. Chairman, I have talked to several Members on both sides of the aisle. This makes explicit what was debated before. This would make the amendment offered by the gentleman from California clearly in its terms and without exception apply only to people who employ more than 10, so that we do not have this dispute about whether or not it covers people who employ less than 10.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from California.

Mr. MILLER of California. I thank the gentleman for yielding.

Mr. Chairman, I agree with the remarks of the gentleman, and if this will cure people's fears, I support the amendment.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding.

Mr. Chairman, I rise to advise the gentleman that we think his amendment is a good amendment and hope that it will be adopted.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Montana.

Mr. MARLENEE. I thank the gentleman for yielding.

Mr. Chairman, would the author of the amendment and the gentleman who offers this amendment also accept an amendment that says anybody who reaps the benefit of using the public lands, the national forests, the BLM lands, also provide the same kind of facilities within the wilderness areas, within the areas that packers and guides use, to the point where we will have outhouse facilities in all those areas? Thousands of people use the public lands.

Mr. FRANK. Mr. Chairman, I will take back my time now. The gentleman had 7 minutes.

First, I think we ought to be clear that those who objected on the ground that this might conceivably cover small farm employers have had their fears alleviated. This is now clearly not going to touch small family farmers unless the small family farmer has a rather large number of employees on his or her small family farm, so we have dealt with that.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. FRANK. No. I have yielded to the gentleman. He had his 7 minutes. I want to respond to the gentleman in general.

No, I would not accept it. In the first place, such an amendment would not be in order because we do not have the national trails before us now and we have been held to strict parliamentary standards.

Second, the gentleman's argument as he made it before seemed to me to be wholly contradictory, almost perfectly contradictory; perfect in no other form, but perfectly contradictory. On the one hand he argued that it would make no sense whatever to require toilets in the field. On the other hand, he argued that we do not need the amendment because OSHA and some of these States are already requiring them. In other words, he says 13 States are already doing this and, therefore, we do not need to do it; but second, it is impossible to do.

The fact is very straightforward. Thirteen States have done this, a large number of employees are covered, which proves that the impossible obstacles the gentleman was talking about really are not there. I understand that people think that some things are difficult. The notion that it is beyond the technological capacity of American agriculture today to put a toilet within reach of someone who needs to use one seems to me to be reaching even further than I would have expected people to reach.

What we are talking about is very simple. Should hardworking men and women, where their employers of 10 or more have within a reasonable walking distance, while they are picking food, a place to use a toilet? The gentleman said those toilets will be unsanitary in some cases. I suppose it is more sanitary to have no toilet at all and have the people simply use the field directly. He said, "What about the people who are only working for a few weeks?" Maybe there are yogas who can go out and pick for 3 weeks and 4 weeks and not have to use any facilities. I do not think we can count on those being the average agricultural employee.

I think the gentleman's arguments, as I said, were contradictory. He does not like this standard. The fact is that Secretary Brock has admitted that such a standard is a good idea. He has admitted that there ought to be such rules. What he has said is, "Yes, I think all the States ought to have it. It is practical. It is very cheap; it will not cost very much, but I am going to wait 18 months." Maybe Secretary Brock can wait 18 months but people out in the field with full bladders cannot wait 18 months.

All we are saying is, if you are hiring more than 10 people and you are getting substantial amounts of Federal assistance, have a few toilets in the field. I think that ought to be something we could easily accept.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. Frank] to the amendment offered by the gentleman from California [Mr. Miller].

The amendment to the amendment was agreed to.

Mr. de la GARZA. Mr. Chairman, I move to strike the requisite number of words.

Mr. COELHO. Mr. Chairman, will the gentleman yield?

Mr. de la GARZA. I yield to my distinguished colleague, the gentleman from California.

Mr. COELHO. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment, as amended, and say that as someone who is from the largest agriculture State in the Union and has the most productive agriculture region in the United States, and someone who was born and raised on a farm, I think this amendment is justified and something that those of us from agriculture areas should be strongly encouraging as opposed to opposing it.

Mr. KLECZKA. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to my colleague, the gentleman from Wisconsin.

Mr. KLECZKA. I thank the gentleman for yielding.

Mr. Chairman, I also stand in strong support of the amendment. I am pleased to join with the distinguished gentleman from California in support of his amendment.

The debate regarding the issuance of field sanitation standards for farmworkers has continued for 13 years. In refusing to issue sanitation standards, the Department of Labor is turning its back on volumes of testimony which illustrate that poor sanitation among farmworkers leads to poor health. The testimony also shows that the absence of such standards has created health concerns for consumers. This inaction is unjust, callous, and indefensible.

Secretary Brock has recently announced that the Department of Labor will give States 18 months to develop and implement adequate field sanitation laws. A Federal standard will be issued only if the States fail to act on their own. This decision is unprecedented. In fact, when the Congress was debating the Occupational Safety and Health Act in 1970, the question was raised whether this act was needed, given the fact that many States had their own standards. It was decided then that the State standards were inconsistent and often ineffective. I maintain that the same is true in this debate.

A study compiled for OSHA in April 1984 shows that even though 13 States have law protecting the health of field workers, more than half of the workers have no drinking water available during the day. More than one-third of the farmworkers do not have access to toilet facilities, and 1 in 5 do not have handwashing facilities. These are not frills; they are basic human necessities.

The efforts of States should not be minimized. Given the failure of the Department of Labor to issue sanitation standards the establishment of such standards, on a State level is crucial. I commend these States, such as my own State of Wisconsin, which have been pioneers in working diligently to require employers to provide water and sanitary facilities for farmworkers.

It should also be noted that reasonable sanitation facilities for workers could be provided at a minimal cost to employers. It is estimated that handwashing facilities, drinking water, and toilets could be offered for less than 75 cents per worker day.

At the heart of debate on this amendment is the issue of simple justice and if this is burdening the farm bill, so be it. The Miller amendment seeks to protect the health and dignity of our Nation's farmworkers. There is no way to justify 13 years of history which have denied basic human dignity to these workers, and I urge my colleagues to join me in support of the Miller amendment.

Mr. DE LA GARZA. Mr. Chairman, I rise in support of this amendment. This is but a very small first step, but yet it is a moral obligation. It deals with human dignity. Perhaps the largest concentration of the so-called migrant or seasonal workers live in my congressional district. They are my friends, they are my neighbors, and I know most of them.

What we do here, in all honesty, really does not address the issue in its entirety because what we do here will not encompass the great labor-intensive fruit and vegetable area, but it is a first step. It is a first step, and we should not send the word out that "We have done it for you." We still have a ways to go.

For the past several days we have spoken about the plight of the farmer, yet you cannot separate the farmworker from the farmer. They both have problems, for in the many instances such as in the area of grains, cotton, feedgrains, and wheat, the inability of the farmer to get a price makes a problem for his worker. Although we have minimum wage standards and we have sanitation standards, the latter does present a problem in agriculture.

I wish there were a day when the farmer would get a decent price for his crop and had the resources to provide all of the health and sanitation facilities that the workers need. This, however, is a first step, and I would hope that all our colleagues will support this amendment and continue supporting the committee.

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The dignity of the farmhand equals the dignity of the farmer, and together, hand in hand, they feed us. More often than not, now the owner of the farm is out there working with the farmhand or the farmhands in the area.

So I would hope that we would accept this amendment and then continue with the rest of the bill that we are obliged now to finish by 5 o'clock, and then give a resounding vote of support to the final legislation so that we can send out the word to farm workers and farmers that this House stands behind them. That we try and do what we can within the art of the possible. That is all we can do, and that is to try to get a consensus.

So I would hope that we would attach this amendment and then continue working toward the final passage of this legislation.

I yield back the balance of my time.

Mr. CHANDLER. Mr. Chairman, I move to strike the requisite number of words.

I will be very brief. But there is a point that has not been made.

The gentleman from Massachusetts [Mr. FRANK] said we need to do it today because it has not been done yet, so because we are in a rush, and because the gentleman from Pennsylvania [Mr. GAYDOS] has not had time to have the hearings, to pass the bill, we are going to do it wrong in the hopes that something good is going to come out of this. I cannot imagine what.

Let me point out as a member of that committee that does have jurisdiction over this issue, we have had hearings on the Occupational Safety and Health Act. We learned in those hearings that there are 11,000 chemical plants in the United States, like the one out here in West Virginia that sprung a leak and created a health hazard for thousands of people in that community.

Do you know that we have about 2,200 total inspectors, including the State programs across the United States, to inspect not just the 11,000 chemical plants, but 5 million workplaces. Now we are going to add to that the task of going out and checking to see if the farmers in MARLENEE's district have a portapottie in their fields, and that is just utterly absurd, when the very amendment that would require that has only a penalty for the people who do not even hire the kind of worker that would use the cussed things.

Please, ladies and gentlemen, let us not do it wrong. Let us allow the gentleman from Pennsylvania [Mr. GAYDOS], and this gentleman on the committee to do what we have committed to do, to hold hearings, consider this in a rational way.

I would just like to say one final thing. If the gentleman from Massachusetts [Mr. FRANK] were to go out to the fields of eastern Oregon where I grew up and announce to those kids, to those men and women all that you are doing for them, you would get a laugh like you cannot believe, for greater than anything you got here today, I assure you. There are far more farm boys standing here than city slickers.

Mr. TOWNS. Mr. Chairman, I rise in support of the gentleman from California's amendment. I don't want to take up too

much of my colleagues' time on this issue because I believe that the fundamental amenities associated with toilets in the fields for farmworkers is an issue that we shouldn't even be debating. With only 13 States with field sanitation regulations, it's obvious that the Federal Government has to act. The public health officials have found that the lack of sanitation contributes to poor health conditions for farmworkers, health conditions which are common only to the poor in Third World countries.

The Congress is forced to address this issue through the farm bill because of the inaction by the executive branch. Let's not quarrel over a basic issue of human dignity and public health. I hope my colleagues will adopt the gentleman's amendment to require farmers receiving Federal funds to provide sanitation facilities for their workers.

Mr. LOWERY of California. Mr. Chairman, I take this opportunity to discuss my vote on the Miller amendment to H.R. 2100. The amendment would implement national field sanitation standards for thousands of agricultural workers. While agreeing that sanitation measures are needed desperately in some parts of the country, I am compelled to oppose this amendment for several reasons.

Secretary of Labor William E. Brock III has given the States an ultimatum on this matter. He has given States 18 months to promulgate their own adequate sanitation standards before the Federal Government imposes a uniform set of regulations. Some States have already acted responsibly, including California, and designed their own sanitation standards. I would like to believe the Secretary and trust he will act on this matter in good faith. Accordingly, it is appropriate for Congress to yield to the Secretary's judgment.

In addition, I am hesitant to mandate a single health policy for all farm lands across the country. Different crops, contrasting field sizes, and varying labor pools all may require different standards. Therefore, I believe the States are in the best position to formulate appropriate sanitation standards depending on the farm size and composition. Indeed, as alluded to earlier, 13 States have already acted and hopefully the others will follow suit.

Finally, the chairmen of the various committees of jurisdiction have signalled their intention to give this issue complete scrutiny in an effort to fully address field sanitation facility requirements. I believe this avenue is the proper legislative course this body should follow.

For these reasons, I reluctantly opposed the Miller amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. MILLER], as amended.

The amendment, as amended, was agreed to.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ALEXANDER

Mr. ALEXANDER. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. Is the amendment printed in the RECORD under the rule?

Mr. ALEXANDER. Yes, it is, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. ALEXANDER: Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act, with the following table of contents, may be cited as the "Farm Policy Reform Act of 1985".

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TITLE I—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

SEC. 101. Effective only for the 1986 through 1999 crops, title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended to read as follows:

"TITLE V—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

"DEFINITIONS

"SEC. 501. As used in this title:

"(1) The term 'acreage allotment percentage' means a percentage obtained by dividing $200,000 by the projected annual income of a producer during a calendar year in which a commodity will be harvested,

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except that such percentage may not exceed 100 per centum.

"(2) The term 'commodity' means wheat, corn, grain sorghums, barley, oats, rye, upland cotton, rice, and soybeans.

"(3) The term 'eligible crop acres' means the number of acres a producer may cultivate for the production of a commodity during a crop year determined under section 506(b)(2).

"(4) The term 'normal crop acres' means the number of acres cultivated for the production of a commodity, or reduced, set-aside, or diverted under a program administered by the Secretary, during any of the four preceding crop years.

"(5) The term 'program period' means the—

"(A) 1986 through 1989 crop years;

"(B) 1990 through 1993 crop years;

"(C) 1994 through 1997 crop years; and

"(D) 1998 and 1999 crop years.

"(6) The term 'reserve' means the farmers disaster reserve established under section 510.

"REFERENDUM

"Sec. 502. (a) No later than August 1, 1985 (or as soon as practicable after the date of enactment of the Farm Policy Reform Act of 1985), August 1, 1989, August 1, 1993, and August 1, 1997, in order to determine whether the program established by this title shall be implemented during the succeeding program period, the Secretary shall conduct a referendum among producers who, during a representative period (as determined by the Secretary), have been engaged in the production of a commodity for commercial use.

"(b) If the program established by this title is approved by at least one-half of the eligible producers voting in a referendum, the Secretary shall implement such program during the succeeding program period.

"(c) If such program is not approved by at least one-half of the eligible producers voting in a referendum, during the succeeding program period, in lieu of such program, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of commodities as the Secretary considers appropriate.

"LOAN RATES

"Sec. 503. (a) The Secretary shall make available to producers loans and purchases for each crop of a commodity produced during a program period at such level, not less than the minimum support level for a commodity established under subsection (b), as the Secretary determines taking into consideration the actual cost of production of the commodity throughout the United States.

"(b) The minimum support level for a commodity during a crop year established under this subsection shall equal a specified per centum of the parity price of the commodity as provided in the following table:

"The minimum support level for a commodity during the:	Shall equal the following per centum of the parity price of the commodity:
1986 crop year	70
1987 crop year	72
1988 crop year	74
1989 crop year	76
1990 crop year	78
1991 crop year	80
1992 crop year	82
1993 crop year	84
1994 crop year	86
1995 crop year	88
1996 through 1999 crop year	90.

"(c) The term of a loan made under this section shall be thirty-six months.

"NATIONAL MARKETING QUOTAS

"Sec. 504. (a) The Secretary shall proclaim a national marketing quota for each commodity for each marketing year of the 1986 through 1999 crops of commodities. The proclamation shall be made as soon as practicable during each calendar year preceding the year in which the marketing year for the crop begins.

"(b) The amount of the national marketing quota for a commodity for a marketing year shall be an amount of the commodity (less imports) that the Secretary estimates will be utilized during the marketing year to meet (1) domestic demand, (2) export demand, (3) food aid requirements, and (4) carryover requirements.

"(c) The Secretary may revise the national marketing quota first proclaimed for any marketing year for the purpose of determining national acreage allotments under section 505 if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national production requirement as soon as it is made.

"(d) If the Secretary determines that domestic carryover stocks of a commodity are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national marketing quota by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"NATIONAL ACREAGE ALLOTMENTS

"Sec. 505. (a) The Secretary shall proclaim a national acreage allotment for each commodity for each of the 1986 through 1999 crop years.

"(b) The amount of the national acreage allotment for any crop of a commodity shall be the number of acres which the Secretary determines on the basis of the projected national yield and expected underplantings (acreage other than acreage not harvested because of program incentives) of farm acreage allotments will produce an amount of the commodity equal to the national marketing quota for the commodity for the marketing year for such crop.

"FARM ACREAGE ALLOTMENTS

"Sec. 506. (a) The national acreage allotment for a commodity shall be apportioned by the Secretary among farms, through local committees, in accordance with this section.

"(b)(1) To be eligible to receive a farm acreage allotment for a commodity for any crop year, a producer must complete and submit to the Secretary an application which contains—

"(A) the eligible crop acres of the producer, as determined under paragraph (2);

"(B) the projected annual income of the producer during the calendar year in which such commodity will be harvested, as determined under paragraph (3); and

"(C) the number of any bonus acres the producer requests to be awarded under subsection (f) for the production of each commodity during the crop year.

"(2)(A) Except as provided in subparagraphs (B), (C), and (D), the eligible crop acres of a producer shall equal the number of acres a producer requests to cultivate for the production of commodities during a crop year.

"(B) The total number of eligible crop acres of a producer during a crop year may not exceed the product obtained by multiplying—

"(i) the normal crop acres of the producer; by

"(ii) 85 per centum.

"(C) If a producer earns less than 50 per centum of the taxable income of the producer from farming operations, the total number of eligible crop acres of the producer during a crop year shall, after application of subparagraph (B), be reduced by an additional 10 per centum of the total number of acres determined under subparagraph (B).

"(D) For purposes of subparagraph (B)(i), if a producer places acreage in the conservation reserve program established under section 16B of the Soil Conservation and Domestic Allotment Act, such acreage shall be added to the normal crop acres of the producer.

"(3) For purposes of this title, income shall—

"(A) include all farm and nonfarm income from whatever source;

"(B) be determined jointly for married couples; and

"(C) be determined separately for unmarried individuals living on a farm who—

"(i) are related by blood or marriage;

"(ii) are actively involved in the farming operation; and

"(iii) earn more than 50 per centum of their taxable income from farming operations.

"(c) The total farm acreage allotment of a producer for all commodities produced during a crop year under this section shall consist of the sum of—

"(1) the base acreage allotment for each commodity determined under subsection (d);

"(2) any supplemental acreage allotment for each commodity determined under subsection (e); and

"(3) any bonus acres for each commodity awarded under subsection (f).

"(d) The base acreage allotment of a producer for a commodity for a crop year shall equal the number of acres obtained by multiplying—

"(1) eligible crop acres of the producer; by

"(2) acreage allotment percentage of the producer.

"(e)(1) The Secretary shall determine the amount of any national supplemental acreage allotment for each commodity for each of the 1986 through 1999 crop years.

"(2) The amount of the national supplemental acreage allotment for a commodity for each crop year shall equal the difference between—

"(A) the amount of the national acreage allotment for such commodity for the crop year determined under section 505; less

"(B) the sum of the base acreage allotments of all producers for such commodity determined under subsection (d).

"(3) The supplemental acreage allotment of a producer for a commodity produced during a crop year shall equal the number of acres obtained by multiplying—

"(A) the difference between the eligible crop acres of the producer for such commodity and the base acreage allotment of the producer for such commodity; and

"(B) the percentage obtained by dividing—

"(i) the amount of the national supplemental acreage allotment for such commodity determined under paragraph (2); by

"(ii) the total of all supplemental acreage requests for such commodity determined under clause (A).

"(f) If the Secretary determines that the total amount of base and supplemental acreage allotments for a commodity for a crop year determined under subsections (d) and (e) would not produce an amount of the commodity equal to the national marketing quota for the commodity for the crop year determined under section 505, the Secretary shall award to each producer who requested bonus acres under subsection (b)(1)(C), in equal amounts, bonus acres for the production of such commodity which, in the aggregate and in conjunction with such allotments, would result in the production of an amount of such commodity equal to such national marketing quota.

"(g)(1) Except as provided in paragraph (2), a producer may plant one or more commodities (in the producer's discretion) on acreage permitted to be cultivated under a farm acreage allotment issued under this section for a crop year.

"(2) A producer may not increase the amount of acreage used for the production of a commodity during a crop year by more than 20 per centum over the amount of acreage used for the production of such commodity during the preceding crop year.

"(3) In order to permit the Secretary to issue marketing certificates under section 507, a producer shall inform the Secretary of the number of acres the producer will use for the production of each commodity during each crop year.

"(h) If the normal crop acres of a producer becomes available for any reason, such normal crop acres shall revert to the Secretary and be reapportioned by the Secretary to the next operator of the farm.

"MARKETING CERTIFICATES

"Sec. 507. (a) At the time a producer is assigned a farm acreage allotment under section 506 for any crop year, the Secretary shall issue marketing certificates to such producer for each commodity to be produced during such crop year.

"(b) Except as provided in subsections (c) and (d), a marketing certificate issued to a producer for any commodity for any crop year shall authorize such producer to market, barter, or donate an amount of such commodity determined by multiplying—

"(1) the number of acres the producer informed the Secretary the producer will use for the production of such commodity during such crop year under section 506(g)(3); by

"(2) the higher of—

"(A) the county average yield per acre for such commodity; or

"(B) the farm program yield of the producer for such commodity (as provided in section 508).

"(c) The Secretary may adjust the amount of a commodity which may be marketed, bartered, or donated under a marketing certificate to reflect the amount of such commodity which may be used for feed, human consumption, or other purposes on the farm of the producer.

"(d) If the amount of a commodity produced in a crop year exceeds the amount of the commodity which may be marketed, bartered, or donated under a marketing certificate, the surplus amount of such commodity may be—

"(1) used for feed, human consumption, or other purposes on the farm of the producer;

"(2) stored during the current marketing year and marketed under a marketing certificate issued for the subsequent marketing year;

"(3) donated to the Commodity Credit Corporation in order to be made available to provide famine relief and assistance to other foreign countries under title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.); or

"(4) sold to the Commodity Credit Corporation, at no more than 50 per centum of the loan level for such commodity determined under section 503, in order to be made available to provide such famine relief and assistance.

"(e) A person may not purchase or otherwise acquire an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate.

"FARM PROGRAM YIELDS

"Sec. 508. (a)(1) The farm program yield for each crop of a commodity shall be equal to the sum of—

"(A) the average yield established for the farm for the five most recent crop years, excluding the year in which the yield was the highest and the year in which the yield was the lowest, adjusted by the Secretary to provide a fair and equitable yield; and

"(B) the average amount of such commodity received from the farmers disaster reserve established under section 510 during the three crop years used to determine the average yield for the farm under clause (A).

"(2) If no payment yield for such commodity was established for the farm in the five most recent crop years, the Secretary may determine such yield as the Secretary determines fair and reasonable.

"(b) Notwithstanding subsection (a):

"(1) In the determination of yields, the Secretary shall take into account the actual yields demonstrated by the producer to the satisfaction of the Secretary.

"(2) Neither such yields established for a commodity nor the farm program yield established on the basis of such yields shall be reduced under other provisions of this section.

"(c) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the base period, or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year concerned.

"(d) If national, State, or county program payment yields are established, the total farm program yields shall balance to the national, State or county program payment yields, respectively.

"CONSERVATION OF SET-ASIDE ACREAGE

"Sec. 509. (a) A producer of a commodity shall devote to approved conservation uses all acreage of the producer which the producer is required to set-aside under section 506.

"(b) The Secretary may make such adjustments in the amount of acreage the producer is required to set-aside under section 506 as the Secretary determines necessary to correct for abnormal factors affecting production and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines appropriate.

"(c)(1) Regulations issued by the Secretary under this section with respect to acreage required to be devoted to conservation uses shall require appropriate measures to protect such acreage against noxious weeds and wind and water erosion.

"(2) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to hay and grazing if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(d)(1) Any set-aside acreage may be devoted to wildlife food plots or wildlife habitats in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(2) The Secretary may pay such amount as the Secretary considers appropriate of the cost of practices designed to carry out the purposes of paragraph (1).

"(3) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(e)(1) A producer of a commodity shall execute an agreement with the Secretary which describes the means the producer will use to comply with this section not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with such producer, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"FARMERS DISASTER RESERVE

"Sec. 510. (a) The Secretary shall establish a farmers disaster reserve for each commodity for the 1986 through 1999 crop years.

"(b)(1) Each producer of a commodity shall contribute to the reserve each crop year a portion of the total amount of each commodity produced in the United States during the crop year.

"(2) The portion of commodities required to be contributed by a producer under paragraph (1) shall be determined by the Secretary on an actuarially sound basis at a level which will enable the Secretary to compensate producers with commodities from the reserve in accordance with this section in the event producers suffer crop losses as the result of natural disasters or other conditions beyond the control of producers.

"(3) To the extent practicable, the Secretary shall store commodities received from a producer under paragraph (1) in warehouses located in the area in which the producer is located.

"(c) The Secretary shall compensate a producer with commodities from the reserve if the Secretary determines that as a result of drought, flood, or other natural disaster, or other condition beyond the control of the producer, the total quantity of a commodity the producer is able to harvest on any farm is less than the quantity determined by multiplying 90 per centum of the quantity of the commodity the producer is authorized to market, barter, or donate under a marketing certificate issued under section 507.

"(d)(1) Except as provided in paragraph (2), the quantity of a commodity a producer is entitled to receive as compensation for a loss sustained during a crop year under subsection (c) shall equal the difference between—

"(A) 90 per centum of the quantity of the commodity the producer is authorized to market, barter, or donate under a marketing certificate issued under section 507; and

"(B) the actual amount of such commodity produced during such crop year.

"(2) The total value of commodities a producer may receive as compensation for any loss under subsection (c) may not exceed $360,000.

"(e) If the quantity of commodities contained in the reserve is not sufficient to compensate producers with commodities in accordance with this section, the Secretary may use stocks of commodities owned by the Commodity Credit Corporation to maintain the reserve at a level which is sufficient to compensate producers with such commodities in accordance with this section.

"SOIL CONSERVATION

"Sec. 511. (a) Notwithstanding any other provision of law, the Secretary shall require that producers on a farm in any area follow the conservation practices prescribed by the appropriate local soil conservation district for the area.

"(b) In areas in which no soil conservation district exists, the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall determine appropriate conservation practices.

"PENALTIES

"Sec. 512. (a)(1) Except as provided in subsection (b), if a producer fails to comply with any term or condition of the program conducted under this title, the producer shall be ineligible for any farm acreage allotment, loan, purchase, or payment authorized under this title.

"(2) Except as provided in subsection (c), if a producer markets, barters, or donates a commodity without a marketing certificate required under section 507 or markets, barters, or donates an amount of a commodity for commercial use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a fine against such producer in an amount equal to three times the value of the commodities so marketed; or

"(B) increase the number of acres such producer is required to set-aside under section 506 during the succeeding crop year by a number of acres which, if planted, would result in the production of a quantity sufficient to satisfy the fine referred to in clause (A).

"(3) If a person purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate issued under section 507, the Secretary shall assess a fine against such person in an amount equal to three times the value of the commodities so purchased or acquired.

"(b)(1) If a producer fails to comply fully with the terms and conditions of the program conducted under this section and the Secretary believes the failure should not preclude the making of a farm acreage allotment, or loans, purchases, or payments to the producer, the Secretary may make an allotment or loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure of the producer.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"REGULATIONS

"Sec. 513. The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

"COMMODITY CREDIT CORPORATION

"Sec. 514. The Secretary shall carry out the program authorized by this title through the Commodity Credit Corporation.

"PAYMENTS

"Sec. 515. (a) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this title.

"(b) The Secretary shall provide for the sharing of payments made under this title for any farm among the producers on the farm on a fair and equitable basis.".

EXTENSION OF WOOL AND MOHAIR PROGRAM

Sec. 102. Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by striking out "1985" each place it appears in subsections (a) and (b) and inserting in lieu thereof "1990".

SUSPENSION OF PERMANENT PROGRAM

Sec. 103. (a)(1) Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 2000.

(2) Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1999 crops of wheat.

(3) The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1999.

(4) Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1999 crops of wheat.

(b) Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1999 crops of feed grains.

(c)(1) Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to upland cotton of the 1986 through 1999 crops.

(2) Effective only with respect to the period beginning August 1, 1987, and ending July 31, 2000, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all through "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

(3) Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1999 crops.

(4) Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379) shall be the preliminary allotments for the 2000 crop.

TITLE II—AGRICULTURAL CREDIT

GUARANTEED LOANS

Sec. 201. Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended by inserting before the period at the end thereof the following: ", except that the total amount of loans guaranteed under this title may not exceed 10 per centum of the total amount of loans made or insured under this title".

LIMITED RESOURCE REAL ESTATE LOANS

Sec. 202. (a) Section 310D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1934) is amended—

(1) by redesignating subsection (b) as subsection (c);

(2) by designating the first and second sentences of subsection (a) as subsections (a) and (b), respectively; and

(3) by amending subsection (a) (as designated by clause (2) of this subsection) to read as follows:

"(a) The Secretary is authorized to make and insure a limited resource loan for any of the purposes referred to in clauses (1) through (5) of section 303(a) to a farmer or rancher in the United States who, as determined by the county committee—

"(1) is a citizen of the United States;

"(2) meets the requirements of clauses (2) through (4) of section 302;

"(3) is unable to repay loans under this subtitle at the interest rates prescribed under section 307(a)(2);

"(4) needs such limited resource loan—

"(A) in the case of a beginning farmer or rancher, to commence farming or ranching operations;

"(B) in the case of a tenant farmer or rancher, to purchase the first farm or ranch property of the farmer or rancher; or

"(C) in the case of an established farmer or rancher, to maintain an adequate minimum standard of living for the area of the farmer or rancher;

"(5) has demonstrated an ability to maintain adequate records of farming and ranching operations or is willing to participate in an approved record keeping training program; and

"(6)(A) does not have family support (including any inheritance benefits and other future interests) which would enable the farmer or rancher to repay loans under this subtitle at the interest rates prescribed under section 307(a)(2);

"(B) does not need such limited resource loan as the result of excessive payments on nonessential farm or household items (including any homes, buildings, and vehicles of the farmer or rancher); and

"(C) does not have total credit needs from all sources in excess of $400,000.".

(b) Section 310D(c) of such Act (as redesignated by subsection (a)(1) of this section) is amended by striking out "the preceding sentence" and inserting in lieu thereof "subsection (a)".

FARM RECORD KEEPING TRAINING FOR LIMITED RESOURCE BORROWERS

SEC. 203. The first sentence of section 312(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942(a)) is amended—

(1) by striking out "and" at the end of clause (10); and

(2) by inserting before the period at the end thereof the following new clause: ", and (12) providing training to limited resource borrowers receiving loans under section 310D or 318 in maintaining records of farming and ranching operations".

LIMITATIONS ON TOTAL INDEBTEDNESS FOR OPERATING LOANS

SEC. 204. Section 313 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943) is amended to read as follows:

"SEC. 313. The Secretary shall make or insure no loan under this subtitle—

"(1) that would cause the total principal indebtedness outstanding at any one time for loans under this subtitle to exceed—

"(A) in the case of a loan other than a loan guaranteed by the Secretary, $200,000, except that no more than 25 per centum of the funds made available to make or insure loans under this subtitle may be used to make or insure loans that would cause the insured indebtedness of a borrower to exceed $100,000;

"(B) in the case of a loan guaranteed by the Secretary, $400,000, except that no more than 25 per centum of the funds made available to guarantee loans under this subtitle may be used to guarantee loans that would cause the combined insured and guaranteed indebtedness of a borrower to exceed $200,000; and

"(C) in the case of a loan made, insured, or guaranteed, $500,000.

"(2) for the purchasing or leasing of land other than for cash rent, or for carrying on any land leasing or land purchasing program.".

LIMITED RESOURCE OPERATING LOANS

SEC. 205. Subtitle B of the Consolidated Farm and Rural Development Act is amended by inserting after section 317 (7 U.S.C. 1947) the following new section:

"SEC. 318. (a) The Secretary is authorized to make and insure a limited resource loan for any of the purposes referred to in section 312 to a farmer or rancher in the United States who, as determined by the county committee—

"(1) is a citizen of the United States;

"(2) meets the requirements of clauses (2) through (4) of section 311;

"(3) is unable to repay loans under this subtitle at the interest rates prescribed under section 316(a)(1);

"(4) needs such limited resource loan—

"(A) in the case of a beginning farmer or rancher, to commence farming or ranching operations;

"(B) in the case of a tenant farmer or rancher, to purchase the first farm or ranch property of the farmer or rancher; or

"(C) in the case of an established farmer or rancher, to maintain an adequate minimum standard of living for the area of the farmer or rancher;

"(5) has demonstrated an ability to maintain adequate records of farming and ranching operations or is willing to participate in an approved record keeping training program; and

"(6)(A) does not have family support (including any inheritance benefits and other future interests) which would enable the farmer or rancher to repay loans under this subtitle at the interest rates prescribed under section 307(a)(2);

"(B) does not need such limited resource loan as the result of excessive payments on nonessential farm or household items (including any homes, buildings, and vehicles of the farmer or rancher); and

"(C) does not have total credit needs from all sources in excess of $400,000.

"(b) The Secretary is also authorized to make such limited resource loans to any farm cooperative or private domestic corporation or partnership that is controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in the United States if all of its members, stockholders, or partners, as applicable, are citizens of the United States and the entity and all such members, stockholders, or partners meet the requirements of clauses (2) through (6) of subsection (a).".

ELIGIBILITY FOR EMERGENCY LOANS

SEC. 206. (a) The first sentence of section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—

(1) by striking out "established farmers, ranchers, or persons engaged in aquaculture, who are citizens of the United States" in clause (1) and inserting in lieu thereof "farmers, ranchers, or persons engaged in aquaculture, who meet the eligibility requirements prescribed in section 302 or 311(a)"; and

(2) by striking out "are citizens of the United States" in clause (2) and inserting in lieu thereof "meet the eligibility requirements prescribed in section 302 or 311(a)".

(b)(1) Section 321 of such Act is amended—

(A) by striking out subsection (b); and

(B) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(2) Subsection (c) of section 321 of such Act (as redesignated by paragraph (1)(B) of this subsection) is amended to read as follows:

"(c) For purposes of this subtitle, the term 'aquaculture' means the husbandry of aquatic organisms under a controlled or selected environment.".

WRITTEN CREDIT DECLINATIONS FOR EMERGENCY LOANS

SEC. 207. Section 322(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1962(b)) is amended by striking out ": *Provided*," and all that follows through the period at the end thereof and inserting in lieu thereof a period.

PURPOSE AND EXTENT OF EMERGENCY LOANS

SEC. 208. Section 323 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1963) is amended to read as follows:

"SEC. 323. Loans may be made or insured to farmers, ranchers, or persons engaged in aquaculture under this subtitle only to compensate such farmers, ranchers, or persons for the actual amount of losses in farming, ranching, or aquaculture operations caused by the disaster.".

EMERGENCY LOAN LIMITATIONS AND REPAYMENT

SEC. 209. (a) Subsections (a) and (b) of section 324 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1964 (a) and (b)) are amended to read as follows:

"(a)(1) No loan made or insured under this subtitle may exceed the amount of the actual loss caused by the disaster or $200,000, whichever is less, for each disaster.

"(2) The total principal indebtedness outstanding at any one time for loans made or insured to a borrower under this subtitle may not exceed $400,000.

"(b) The interest rates on loans under this subtitle shall be such rates as are prescribed by the Secretary.".

(b) Section 324 of such Act is amended—

(1) by striking out subsection (c); and

(2) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(c) The first sentence of section 324(c) of such Act (as redesignated by subsection (b)(2) of this section) is amended by striking out ": *Provided further*, That for any direct" and all that follows through the period at the end thereof and inserting in lieu thereof a period.

SUBSEQUENT EMERGENCY LOANS

SEC. 210. Section 330 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1971) is repealed.

LOAN MORATORIUM

SEC. 211. (a) Effective only for the 1986 through 1999 crops, section 331A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981a) is amended to read as follows:

"SEC. 331A. (a) For purposes of this section, the term 'circumstances beyond the control of the borrower' includes, but is not limited to—

"(1) a reduction of the income of a borrower occurring after August 4, 1978, as a result of—

"(A) the unemployment, illness, or injury of the borrower;

"(B) the death of a member of the family of the borrower; or

"(C) the occurrence of a natural disaster, crop or livestock disease, insect damage, or adverse conditions in the farm economy (such as high interest rates, declining farm equity, or high cost of production relative to the market price for farm products); and

"(2) the occurrence of unplanned, essential farm and home operating expenses as a result of—

"(A) the illness or injury of the borrower;

"(B) the death of a member of the family of the borrower; or

"(C) the cost of repair, or uninsured loss, of property used to secure a loan made under this title.".

"(b) In addition to any other authority that the Secretary may have to defer principal and forego foreclosure, the Secretary shall, at the request of an eligible borrower described in subsection (c), defer principal and interest (in an amount determined under subsection (d)) on any outstanding loan made, insured, or held by the Secretary under this Act, or under any other law administered by the Farmers Home Administration, and shall forego foreclosure of any such loan, for the period described in subsection (e).

"(c) To be eligible to receive assistance under this section, a borrower of a loan must demonstrate that—

"(1) due to circumstances beyond the control of the borrower, the borrower is temporarily unable to continue making payments of principal and interest due on such loan without unduly impairing the standard of living of the borrower; and

"(2) the borrower is able to project a positive cash flow in accordance with the loan rate schedule established under section 503(b) of the Agricultural Act of 1949 within the five year period beginning on the date of deferral.

"(d) The Secretary shall defer principal and interest on a loan under this section in an amount which the Secretary determines will permit the borrower of the loan to maintain an adequate minimum standard of living for the area of the borrower.

"(e) The Secretary shall continue to defer principal and interest, and forego foreclosure, in accordance with subsection (b) on a loan made to a borrower until the date on which a positive cash flow can be projected for the borrower in accordance with the loan rate schedule established under section 503(b) of the Agricultural Act of 1949.

"(f) The Secretary may permit interest that accrues during the deferral period on any loan deferred under this section to bear no interest during or after such period, except that if the security instrument securing such loan is foreclosed such interest as is included in the purchase price at such foreclosure shall become part of the principal and draw interest from the date of foreclosure at the rate prescribed by law.

"(g) If a borrower conveys property to the Secretary in connection with a loan made under this title, the Secretary shall permit the borrower to redeem the rights of the borrower in the property at any time during the five year period beginnning on the date of such conveyance.".

(b) To the extent practicable, the Secretary of Agriculture shall implement the amendment made by subsection (a) of this section no later than sixty days after the date of enactment of this Act.

LOAN DEFAULTS

SEC. 212. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 331B (7 U.S.C. 1981b) the following new section:

"SEC. 331C. (a) If a borrower defaults on a loan made or insured under this title, at least one hundred and twenty days before the commencement of any judicial or regulatory action or proceeding to accelerate indebtedness, foreclose, repossess, or otherwise execute upon such loan, the Secretary shall provide to the borrower of such loan by certified mail a written statement described in subsection (b).

"(b) The statement of default on a loan required under subsection (a) shall include a description of—

"(1) each default on such loan committed by the borrower;

"(2) in the case of a monetary default—

"(A) the delinquent amount of principal and interest due on such loan; and

"(B) the amount the Secretary would accept to make such loan current;

"(3) in the case of a nonmonetary default, actions which the borrower may take to remove such default; and

"(4) in the case of acceleration, a statement of the financial implications of acceleration and the right of the borrower under this section to remove the default and prevent acceleration.

"(c) If a borrower believes an error exists in the statement provided under subsection (a), the borrower may appeal the accuracy of such statement to the Secretary.

"(d) If within one hundred and twenty days of the date of issuance of a statement required by subsection (a) a borrower submits the full amount referred to in subsection (b)(2)(B) to remove any monetary default and performs the actions referred to in subsection (b)(3) to remove any nonmonetary default, the Secretary—

"(1) may not initiate any action or proceeding described in subsection (a) with respect to such default; and

"(2) shall reinstate the status the borrower held before such default occurred.".

COUNTY COMMITTEES

SEC. 213. Subsection (a) of section 332 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is amended to read as follows:

"(a)(1) A county committee is established in each county or area in which activities are carried out under this title.

"(2) A committee shall consist of—

"(A) three members elected by farm operators residing in the county or area;

"(B) one member who represents the financial community in the county or area, appointed by the three elected members of the committee; and

"(C) one elected official in the county or area, appointed by the three elected members of the committee.

"(3) The term of office of a member of a committee shall be five years, except that the terms of office of the first members of a committee shall be for one-, two-, three-, four-, and five-year periods, respectively, as determined by the Secretary.

"(4) Vacancies on a committee shall be filled in the same manner as original appointment to the committee.

"(5) Members of the committee are removable by the Secretary only for cause.".

PROMPT APPROVAL OF LOANS AND LOAN GUARANTEES

SEC. 214. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove the application for a loan or loan guarantee made under this title, and notify the applicant of such action, within forty-five days after the Secretary has received a completed application for such loan or guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete within five days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b) If an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant within five days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary, except that, if the Secretary is unable to provide the loan proceeds to the applicant within such five-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event five days unless the applicant agrees to a longer period) after sufficient funds for that purpose become available to the Secretary.

"(c) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, but such action is subsequently reversed or revised as the result of an appeal within the Department of Agriculture or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secretary shall act on the application and provide the applicant with notice of the action within five days after return of the application to the Secretary.

"(d) If the Secretary fails to comply with subsection (a), (b), or (c) on an application for a loan or loan guarantee that is approved by the Secretary, the Secretary shall—

"(1) for insured loans, reduce the interest payments due on the loan, or

"(2) for loan guarantees, make payments on behalf of the borrower to cover interest due to the lender on the loan,

in an amount calculated by multiplying the outstanding principal of the loan by that part of the annual rate of interest being charged for the loan that bears the same proportion to the full annual rate of interest as the period during which the Secretary was not in compliance with such subsection bears to a full year.

"(e) Upon receipt of an application for a loan or loan guarantee under this title, the Secretary shall inform the applicant of the requirements of this section.".

(b) The amendment made by subsection (a) shall be effective with respect to applications for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act.

FARM PROGRAM APPEALS

SEC. 215. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 214(a) of this Act) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan or loan guarantee under this title who has been directly and adversely affected by a decision of the Secretary taken under this Act (hereinafter in the section referred to as the 'appellant') with the right to written notice, an opportunity for an informal meeting, and an opportunity for a hearing on the record, with respect to such decision, in accordance with regulations promulgated by the Secretary consistent with this section.

"(b) Within ten days of such adverse decision, the Secretary shall provide the appellant with written notice of the decision, the opportunity for an informal meeting and formal hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(c)(1) An appellant shall have the right to—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers Home Administration located in the area of the appellant; and

"(B) representation by an attorney or nonattorney at an inspection and reproduction of files under clause (A), an informal meeting under subsection (d), and a formal hearing under subsection (e).

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).

"(d)(1) In order to provide an opportunity for parties to reconsider and resolve differences over decisions referred to in subsection (a) and to minimize the need for formal appeals of such decisions, the Secretary shall establish procedures for informal meetings between appellants and officials of the Farmers Home Administration to discuss such decisions.

"(2) In establishing procedures for an informal meeting between an appellant and official concerning a decision of the Secretary, the Secretary shall—

"(A) require the appellant and official to conduct an informal meeting, or to waive such meeting in accordance with clause (E), before a formal hearing may be conducted under subsection (e) on such decision;

"(B) preserve the rights of the appellant to further review under this section;

"(C) require completion of the informal meeting process (including notice of any reconsidered decision required under clause (F)) within thirty days after notice of the original adverse decision provided to the appellant under subsection (b);

"(D) provide for the direct involvment in the informal meeting of the official who originally made the decision and, if such official is a county supervisor of an office, the district director of the office;

"(E) permit a waiver of the informal meeting if the appellant and official agree that such process would likely not avoid a formal appeal under subsection (e); and

"(F) require the Secretary to provide the appellant with written notice of any reconsidered decision of the Secretary reached after such informal meeting or waiver and, in the case of an adverse reconsidered decision, the reasons therefor.

"(3) If an appellant and official agree to waive an informal meeting under paragraph (2)(E) with respect to a decision of the Secretary, the Secretary shall notify the appellant of the right of the appellant to a formal hearing on the decision under subsection (e).

"(4) For the purpose of an appeal, a reconsidered decision reached by the Secretary under paragraph (2)(E) shall become the record of the Secretary with respect to the original decision made by the Secretary.

"(e)(1) If an informal meeting is conducted or waived under subsection (d) with respect to the decision of the Secretary under this title and the reconsidered decision reached under subsection (d)(2)(E) remains adverse to the appellant, the appellant may request a hearing on such reconsidered decision before an administrative law judge appointed under section 3105 of title 5, United States Code, by filing a complaint with the Secretary within twenty days of notice of such reconsidered decision.

"(2) The Secretary may submit an answer to a complaint filed under paragraph (1).

"(3)(A) A hearing under this subsection shall take place within thirty days of the filing of the complaint of the appellant.

"(B) Such hearing shall be held at a Farmers Home Administration office located in—

"(i) the State in which the appellant resides or in which the farmland of the appellant is located; or

"(ii) an adjacent State if the office in the adjacent State is no more than five hundred miles from the location at which the appellant resides or the farmland of the appellant is located.

"(C) Evidence at such hearing may include the complaint of the appellant, the answer of the Secretary, the notice of any reconsidered decision, and any testimony by any official of the Farmers Home Administration, the appellant, and any relevant expert, except that affidavits by such official, appellant, and expert may be substituted for direct testimony when agreed to by the parties or allowed by the administrative law judge.

"(D) Such hearing shall be tape recorded and a transcript of such hearing shall be made available at cost upon the request of any party to the proceeding.

"(4)(A) The administrative law judge shall decide all questions of fact and law in a proceeding brought under this subsection and shall uphold, reverse, or modify the reconsidered decision of the Secretary.

"(B) The decision of the administrative law judge shall be final unless appealed pursuant to subsection (f).

"(5) Within ten days of the hearing, both parties to the proceeding shall be provided with a copy of the decision of the administrative law judge setting forth all findings of fact and reasons for the decision.

"(6) The Secretary shall report and make available to the public—

"(A) a decision of an administrative law judge reached under this subsection; and

"(B) a description of any subsequent action taken by the Secretary pursuant to subsection (f).

"(f)(1) If a party is aggrieved by the decision of an administrative law judge under subsection (e), such aggrieved party may request a review of the decision within ten days of the issuance of such decision.

"(2) Upon such request, the Secretary shall review the decision of the administrative law judge and make a determination on the record to modify, uphold, or reverse such decision.

"(3) The Secretary shall make such review and determination within twenty days of the request for review.

"(4) Such determination shall be the final administrative determination subject to judicial review.".

DISPOSITION AND LEASING OF FARMLAND

SEC. 216. (a) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended—

(1) by inserting ", other than farmland," after "title" each place it appears in subsection (b) and the first sentence of subsection (c); and

(2) by adding at the end thereof the following new subsection:

"(e)(1) The Secretary shall to the extent practicable dispose or lease farmland administered under this title in the following order of priority:

"(A) Disposal of such farmland to limited resource borrowers who meet the eligibility criteria prescribed in section 310D(a).

"(B) Lease with an option to buy such farmland to such limited resource borrowers.

"(C) Disposal of such farmland to regular borrowers who meet the eligibility criteria prescribed in section 302.

"(D) Lease of such farmland to such limited resource borrowers.

"(E) Lease of such farmland to such regular borrowers.

"(F) Disposal of such farmland to owners or operators of family farms who do not meet the eligibility criteria prescribed in section 302.

"(2)(A) In carrying out paragraph (1)(A), the Secretary shall sell farmland to a qualified limited resource borrower at a price which reflects the average expected income of the borrower from the farmland.

"(B) If two or more qualified limited resouce borrowers desire to purchase such farmland, the county committee shall by record vote select the borrower who may obtain such farmland.

"(C) For each of the fiscal years 1985, 1986, and 1987, in addition to any funds required to be expended under section 346(c)(1), not less than 20 per centum of the funds provided to carry out subtitle (A) shall be used to dispose of such farmland to qualified limited resource borrowers in accordance with this subsection.

"(3) In carrying out paragraph (1)(B), the Secretary may not charge an interest rate on a lease or option provided under such paragraph which exceeds the interest rate charged on a similiar loan made or insured to a limited resource borrower under this title.

"(4)(A) In carrying out paragraph (1)(C), the Secretary may not dispose of farmland to a regular borrower who meets the eligiblity criteria requirements prescribed in section 302 unless the Secretary—

"(i) has leased such farmland to a limited resource borrower under paragraph (1)(B) for a period of at least five years and is not able to dispose of such farmland to a qualified limited resource borrower under paragraph (1)(A);

"(ii) has provided a lease with an option to buy such farmland to a limited resource borrower under paragraph (1)(B) and the borrower has declined to exercise such option; or

"(iii) is unable to otherwise dispose or lease such property to a qualified limited resource borrower.

"(B) If a borrower cannot obtain sufficient credit elsewhere to finance the purchase of farmland under subparagraph (A), the Secretary shall make or insure a loan to the borrower to finance such purchase.

"(C) The interest rate on a loan made or insured under subparagraph (B) may not exceed the interest rate charged on a similiar loan made or insured under this title, plus 1 per centum per annum.

"(5) In selecting tenants for leases of farmland under paragraph (1), the Secretary shall give special consideration to any previous owner or operator of such farmland who meets the eligibility criteria prescribed in section 302.".

"(6) If the Secretary determines that a tract of farmland administered under this title is not suitable for disposition or lease to eligible farm borrowers under subtitle A or B because such tract is larger than is necessary for family farm operations, the Secretary shall subdivide such tract into tracts suitable for family farm operations and dispose or lease such subdivided tracts in accordance with this subsection.

"(7)(A) If a borrower defaults on a loan made or insured under this title and secured with farmland and conveys the farmland to a purchaser who the county committee determines does not meet the eligibility requirements for a loan under this title, such purchaser may not assume any of the terms and conditions of the original loan.

"(B) If a borrower defaults on a loan made or insured under this title and secured with farmland and conveys the farmland to a purchaser who the county committee determines meets the eligibility requirements for a loan under this title, such purchaser may assume any of the terms and conditions of the original loan.

"(C) The Secretary shall take all reasonable steps to assure that borrowers who meet the eligibility requirements for a loan under this title are given the maximum opportunity to purchase farmland described in subparagraph (B), including the refinancing of the original loan.

"(8) The Secretary shall—

"(A) conduct an ongoing search to identify limited resource borrowers and other borrowers who are eligible for the disposition of farmland administered under this title; and

"(B) sell or otherwise transfer such farmland to such borrowers as expeditiously as possible.

"(9) The Secretary shall—

"(A) publicize the availability of suitable farmland available under this title in local newspapers widely circulated in the county in which such farmland is located and in a prominent location at the local office of the Farmers Home Administration which serves such county; and

"(B) notify qualified limited resource borrowers and other borrowers under this title who might be interested in purchasing such farmland of the availability of such farmland.".

(b) The Secretary of Agriculture shall adopt—

(1) interim regulations to implement the amendment made by subsection (a) of this section no later than sixty days after the date of enactment of this Act; and

(2) final regulations to implement such amendment as soon as practicable thereafter.

RELEASE OF NORMAL INCOME SECURITY

SEC. 217. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) (as amended by section 216(a)(2) of this Act) is amended by adding at the end thereof the following new subsection:

"(f)(1) As used in this subsection:

"(A) The term 'normal income security' has the same meaning given such term in section 1962.17(b) of title 7, Code of Federal Regulations (as of January 1, 1984).

"(B) The term 'poverty line' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(2) The Secretary shall release from normal income security provided for a loan made or insured under this title amounts sufficient—

"(A) to assure that the income of the household of the borrower of such loan exceeds the poverty line by at least 50 per centum; and

"(B) to permit such borrower to pay necessary farm operating expenses incurred in the production, harvesting, or marketing of crops, livestock, poultry, or products, as determined by the Secretary.

"(3) To assist in the determination of necessary farm operating expenses under paragraph (2)(B), the Secretary shall publish a schedule of necessary annual production costs for each State or region.".

LOAN SUMMARY STATEMENTS

SEC. 218. Section 337 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1987) is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) As used in this subsection, the term 'summary period' means—

"(A) the period beginning on the date of enactment of the Farm Policy Reform Act of 1985 and ending on the date on which the first loan summary statement is issued after such date of enactment; or

"(B) the period beginning on the date of issuance of the preceding loan summary statement and ending on the date of issuance of the current loan summary statement.

"(2) The Secretary shall issue at least annually to each borrower of a loan made or insured under this title a loan summary statement which describes the status during the summary period of each such loan made or insured under this title to such borrower, including a description of—

"(A) the outstanding amount of principal due on each such loan at the beginning of the summary period;

"(B) the interest rate charged on each such loan;

"(C) the amount of payments made on each such loan during the summary period;

"(D) the amount of principal and interest due on each such loan at the end of the summary period;

"(E) the allocation of the total amount of payments made on all such loans by the Secretary between each such loan and between principal and interest due on such loans, including a description of the system used by the Secretary to make such allocation;

"(F) the total outstanding amount of principal and interest due on all such loans at the end of the summary period;

"(G) any delinquency in the repayment of any such loan;

"(H) a schedule of the amount and date of payments due on each such loan; and

"(I) the procedure the borrower may use to obtain more information concerning the status of such loans.".

FAMILY FARM DEFINITION

SEC. 219. Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended—

(1) by striking out "and" at the end of clause (5); and

(2) by inserting before the period at the end thereof the following new clause: ", and (7) the term 'family farm' means a farm or ranch which is owned or operated by individuals (or in the case of cooperatives, corporations, and partnerships, by a majority of members, stockholders, or partners) who as determined by the county committee (A) manage such farm, (B) provide the majority of labor on such farm or ranch, and (C) meet such other criteria as are prescribed by the Secretary".

AUTHORIZATION OF LIMITED RESOURCE LOAN AMOUNTS

SEC. 220. (a) Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) by striking out subsections (b) and (d); and

(2) by redesignating subsections (c) and (e) and subsections (b) and (c), respectively.

(b) Section 346(c)(1) of such Act (as redesignated by subsection (a)(2) of this section) is amended—

(1) by striking out "20" each place it appears and inserting in lieu thereof "25"; and

(2) by striking out "fiscal year 1984" and inserting in lieu thereof "each fiscal year".

FARM AND HOME PLAN STUDY

SEC. 221. (a) The Secretary of Agriculture shall conduct a study of the appropriateness of the Farm and Home Plan (Form FmHA 431-2) used by the Farmers Home Administration in connection with loans made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

(b) In carrying out such study, if the Secretary finds the plan to be inappropriate, the Secretary shall—

(1) evaluate other available alternative farm plan forms for use in connection with such loans;

(2) evaluate the need to develop a new farm plan form for such use; and

(3) examine the steps which should be taken to improve or replace the current form.

(c) No later than one hundred and twenty days after the date of enactment of this Act, the Secretary shall report the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

TITLE III—AGRICULTURAL EXPORTS AND IMPORTS

SUBTITLE A—AGRICULTURAL EXPORTS

SALES TO DEVELOPING COUNTRIES FOR FOREIGN CURRENCIES

SEC. 301. (a) Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended to read as follows:

"SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities—

"(1) for dollars on credit terms;

"(2) in the case of developing countries with a per capita gross national product of $500 or less, for foreign currencies on credit terms at an annual level which, to the extent practicable, is at least the higher of—

"(A) the level of such sales for foreign currencies provided during fiscal year 1985; or

"(B) 500,000 metric tons; or

"(3) in the case of other countries, to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement.".

(b) Section 103 of such Act (7 U.S.C. 1703) is amended—

(1) by striking out "in dollars or in the types or kinds of currencies which can be converted into dollars" in subsection (k);

(2) by striking out subsection (m);

(3) by redesignating subsections (n) through (q) as subsections (m) through (p) respectively; and

(4) by inserting "pursuant to paragraph (3) of section 101" after "agreement" in subsection (o) (as redesignated by clause (3) of this subsection)).

(c) Section 104 of such Act (7 U.S.C. 1704) is amended by inserting "or entered into pursuant to paragraph (2) of section 101," after "January 1, 1972," in the matter preceding subsection (a).

(d) Section 106(a)(2) of such Act (7 U.S.C. 1706(a)(2)) is amended by striking out "and on terms which permit conversion to dollars" and inserting in lieu thereof "pursuant to paragraph (2) or (3) of section 101".

USE OF FOREIGN CURRENCY RECEIPTS FOR DEVELOPMENT ASSISTANCE PROGRAMS

SEC. 302. Section 104(h) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(h)) is amended by striking out ", at the request of such country," and inserting in lieu thereof "development assistance programs under chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2251 et seq.), including".

USE OF PRIVATE TRADE ENTITIES TO EXPAND PRIVATE ECONOMIC ENTERPRISE

SEC. 303. (a) Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704) is amended—

(1) by striking out "and" at the end of subsection (j);

(2) by inserting "and" after the semicolon at the end of subsection (k); and

(3) by adding at the end thereof the following new subsection:

"(l) For grants to private trade entities for use in the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities or which will otherwise stimulate and expand private economic enterprise in a friendly country;".

(b) Section 103(b) of such Act (7 U.S.C. 1703(b)) is amended by striking out "and (h)" and inserting in lieu thereof "(h), and (l)".

INTERMEDIATE CREDIT

SEC. 304. (a) Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: "In addition, the Corporation may guarantee credits made to finance such sales.";

(2) by inserting ", and no credit may be guaranteed," after "financed" in paragraph (2);

(3) in paragraph (3)—

(A) by striking out "and" at the end of subparagraph (C);

(B) by striking out the period at the end of such paragraph and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new subparagraph:

"(E) otherwise to promote the export sales of agricultural commodities.";

(4) by striking out paragraphs (5), (6), and (7); and

(5) by redesignating paragraphs (8) and (9) as paragraphs (5) and (6), respectively.

(b) To the extent practicable, the Secretary shall carry out section 4(b) of such Act using not less than $500,000,000 for each of the fiscal years 1985 through 1988.

MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED FOR FAMINE RELIEF

SEC. 305. Section 201(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721(b)) is amended by striking out clauses (1) through (3) and inserting in lieu thereof the following new clauses:

"(1) for fiscal year 1985 shall be 2,000,000 metric tons, of which not less than 1,400,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

"(2) for fiscal year 1986 shall be 2,250,000 metric tons, of which not less than 1,575,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

"(3) for fiscal year 1987 shall be 2,500,000 metric tons, of which not less than 1,750,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

"(4) for fiscal year 1988 shall be 2,750,000 metric tons, of which not less than 1,925,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

"(5) for fiscal year 1989 shall be 3,000,000 metric tons, of which not less than 2,100,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; and

"(6) for fiscal year 1990 and each fiscal year thereafter shall be 3,250,000 metric tons, of which not less than 2,275,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;".

(b) Section 201 of such Act is amended by adding at the end thereof the following new subsection:

"(c) No less than 60 percent of the minimum tonnage required under subsection (b) shall be in the form of processed and fortified foods.".

MULTIYEAR AGREEMENTS WITH NONPROFIT VOLUNTARY AGENCIES AND COOPERATIVES

SEC. 306. Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722) is amended by adding at the end thereof the following new subsection:

"(c)(1) Except as provided in paragraph (2) and subject to the availability of appropriated funds and agricultural commodities, the President shall, to the extent practicable, enter into multiyear agreements with nonprofit voluntary agencies, cooperatives, and international organizations to make agricultural commodities available for distribution on a nonemergency basis under this section.

"(2) Paragraph (1) shall not apply to an agreement which the President determines should be limited to a single year because the agreement involves a new program of assistance.

"(3) In carrying out a multiyear agreement entered into under this subsection, a nonprofit voluntary agency, cooperative, and international organization shall not be required to obtain periodic approval from the United States Government in order to continue to conduct an assistance program under such agreement.".

DISASTER RESERVE

SEC. 307. Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (as amended by section 306 of this Act) is amended by adding at the end thereof the following new subsection:

"(d) A nonprofit voluntary agency which enters into an agreement under this title shall maintain an operating reserve of at least 15 percent in order to provide assistance to areas which suffer from chronic drought or other natural disasters.".

PROCESSED PRODUCT AND FORTIFIED GRAIN RESERVE

SEC. 308. Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (as amended by section 307 of this Act) is amended by adding at the end thereof the following new subsection:

"(e) The Secretary of Agriculture shall maintain a reserve containing processed products and fortified grain in order to provide urgent relief to people in other countries in the event of an emergency.".

AUTHORIZATION OF APPROPRIATIONS TO REIMBURSE COMMODITY CREDIT CORPORATION FOR FAMINE RELIEF

SEC. 309. The first sentence of section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by striking out "$1,000,000,000" and inserting in lieu thereof "$1,900,000,000".

AUTHORIZATION OF APPROPRIATIONS TO PURCHASE FOREIGN CURRENCIES FOR FAMINE RELIEF

SEC. 310. (a) The second sentence of section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by striking out "$7,500,000" and inserting in lieu thereof "$95,000,000".

(b) Section 103(b) of such Act (7 U.S.C. 1703(b)) is amended by inserting ", the second sentence of section 204," after "section 104".

MULTILATERAL AGREEMENTS FOR FAMINE RELIEF

SEC. 311. Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 207. (a) To the maximum extent practicable, the President shall enter into multilateral agreements with other food exporting nations in order to fulfill the food aid requirements of needy nations.

"(b) To the maximum extent practicable, the President shall include such provisions in such agreements as are necessary to assure that recipient nations become self-sufficient in meeting their food requirements, including a requirement that food exporting nations provide cash and other resources to recipient nations for such purpose.

"(c) The Commodity Credit Corporation may use any surplus stocks of the Corporation to carry out this section and title I of this Act.".

SUBTITLE B—AGRICULTURAL IMPORTS

AGRICULTURAL IMPORTS

SEC. 320. The Secretary of Agriculture shall, to the maximum extent practicable, exercise the authority provided to the Secretary under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) to examine and report to the President with respect to any imported articles which interfere with any program or operation undertaken by the Department of Agriculture or reduce the amount of products processed from agricultural commodities in the United States.

LABELING IMPORTED MEAT

SEC. 321. Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended—

(1) by striking out "or" at the end of paragraph (11);

(2) by striking out the period at the end of paragraph (12) and inserting in lieu thereof a semicolon and " or"; and

(3) by adding at the end the following new paragraph:

"(13) If it is or was imported and if its labeling fails to bear the words 'imported', 'may have been imported', 'this product contains imported meat', 'this product may contain imported meat', 'this container contains imported meat', or 'this container may contain imported meat', as the case may be, or words to indicate its country of origin.".

(b) The amendments made by this section shall become effective one year after the date of enactment of this Act.

SERVING IMPORTED MEAT

SEC. 322. (a) For purposes of this section:

(1) The term "eating establishment" means any restaurant, cafeteria, lunch counter, lunchroom, soda fountain, food stand, saloon, tavern, bar, lounge, vending machine, or other similar facility (including any such facility located on the premises of any retail or recreational establishment), operated as a commercial enterprise en-

gaged in the business of selling food to the public.

(2) The term "meat food product" shall have the meaning given to such term by section 1(j) of the Federal Meat Inspection Act (21 U.S.C. 601(j)).

(3) The term "Secretary" means the Secretary of Agriculture.

(b) Whoever—

(1) owns or operates an eating establishment;

(2) sells in such eating establishment a significant amount of meat or meat food products imported into the United States, or meat food products that, in the aggregate, contain a significant amount of meat imported into the United States; and

(3) knowingly fails, or knowingly permits any employee or agent to fail, to inform individuals purchasing food from such eating establishment of the fact that such meat or meat food products are sold therein—

(A) by displaying, in a conspicuous place in or on such eating establishment, a sign indicating such fact; or

(B) by indicating such fact on menus offered, posted, or otherwise made available to such individuals,

shall be issued a warning on the first occasion on which it is discovered that any such failure may have occurred and shall be fined an amount not to exceed $500 for each day on which any such failure occurs after receipt of such warning.

(c) No later than thirty days after the date of enactment of this Act, the Secretary shall issue regulations defining the term "signficant amount", as used in subsection (b)(2).

(d) Except as provided in subsection (c), this section shall become effective one year after the date of enactment of this Act.

TITLE IV—SOIL AND WATER CONSERVATION

Subtitle A—Soil and Water Conservation

TRAINING OF SOIL CONSERVATION SERVICE PERSONNEL

Sec. 401. Section 5 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590e) is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b) The Secretary of Agriculture shall establish and carry out a program to improve, to the maximum extent practicable, the training of officers and employees of the service in carrying out the duties of the service.".

DRY LAND FARMING

Sec. 402. The first sentence of section 7(a) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g(b)) is amended—

(1) by striking out "and" at the end of clause (5); and

(2) by inserting before the period the following: ", and (7) the promotion of energy and water conservation through dry land farming".

LOCAL AND STATE COMMITTEES

Sec. 403. The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by adding at the end thereof the following new sentence: "To the maximum extent practicable, the Secretary of Agriculture shall take such actions as are necessary to strengthen the role of local and State committees in carrying out this Act.".

AGRICULTURAL CONSERVATION PROGRAM

Sec. 404. Section 8(d) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(d)) is amended by adding at the end thereof the following new paragraph:

"In order to be eligible to receive a payment or grant of aid made under the agricultural conservation program authorized by sections 7 through 15, 16(a), 16(f), and 17 of this Act and sections 1001 through 1008 and 1010 of the Agricultural Act of 1970 (16 U.S.C. 1501 through 1508 and 1510), a producer must use such payment or grant in accordance with a conservation plan approved by (1) the soil and water conservation district or districts in which the land described in the plan is situated, or (2) in areas where such district or districts does not exist or fails to act on the approval of such plan, the Secretary of Agriculture. In order to receive such approval, such plan must assure that soil loss levels on lands subject to such plan do not exceed the soil loss tolerance levels determined by the Secretary of Agriculture. The Secretary of Agriculture shall provide technical assistance to producers to assist producers in preparing such plans.".

CONSERVATION RESERVE PROGRAM

Sec. 405. The Soil Conservation and Domestic Allotment Act is amended by inserting after section 16A of such Act (16 U.S.C. 590p-1) the following new section:

"CONSERVATION RESERVE PROGRAM

"Sec. 16B. (a) In order to promote soil and water conservation practices on up to thirty million acres of erosion-prone land, the Secretary of Agriculture shall enter into contracts, subject to amounts provided in advance in appropriation Acts, for a term of ten years with producers determined by the Secretary to have control for the contract period of the farms covered by the contract.

"(b) Under the terms of such contract, the producer must agree—

"(1) to establish and maintain for the contract period protective vegetative cover, or other soil-, water-, wildlife-, or forest-conserving uses, on a specifically designated acreage on erosion-prone land on the farm regularly used in the production of crops;

"(2) not to devote such acreage to the production of agricultural commodities; and

"(3) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of this section and to facilitate the practical administration of the conservation reserve program.

"(c)(1) In return for such agreement by the producer, the Secretary shall agree—

"(A) to bear such part of the cost of establishing and maintaining vegetative cover, water storage facilities, or other soil-, water-, wildlife-, or forest-conserving uses, on the designated acreage as the Secretary determines to be necessary to effectuate the purposes of this section, but not to exceed a maximum amount per acre or facility prescribed by the Secretary for the county or area in which the farm is situated; and

"(B) to make an annual payment to the producer for the term of the contract (in an amount determined by the Secretary in accordance with paragraph (2)) upon a determination that the producer has fulfilled the provisions of the contract entitling the producer to such payment.

"(2) The Secretary shall determine the amount of annual payments under paragraph (1)(B) on such basis as the Secretary determines will provide producers with a fair and reasonable return on the land diverted to conservation purposes, taking into consideration—

"(A) the productivity of the diverted land, as determined on the basis of farm program yields established by the Secretary;

"(B) the prevailing rates for cash rentals for simillar land in the same county or area;

"(C) the incentive necessary to obtain contracts covering sufficient acreage for the substantial accomplishment of the purposes of the conservation reserve program;

"(D) the erosiveness of the diverted land;

"(E) the extent to which the diverted land contributes to off-farm pollution of the environment; and

"(F) such other factors as the Secretary considers appropriate.

"(d) The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage designated under an agreement entered into under this section to be devoted to hay and grazing.

"(e) The total amount of payments made to a producer under this section during a year may not exceed $50,000.

"(f) The Secretary shall limit the total acreage placed under contracts under this section in any State, county, or local community, so as not to affect adversely the economy of such State, county, or local community.

"(g) There are hereby authorized to be appropriated such sums as may be necessary to carry out this section.".

WATER CONSERVATION PROGRAM

Sec. 406. The Soil Conservation and Domestic Allotment Act (as amended by section 405 of this Act) is further amended by inserting after section 16B of such Act the following new section:

"WATER CONSERVATION PROGRAM

"Sec. 16C. (a) In order to reduce the use of water from underground aquifers to irrigate land, the Secretary of Agriculture may enter into contracts, subject to amounts provided in advance in appropriation Acts, for a term of five years with producers determined by the Secretary to have control for the contract period (and the additional period referred to in subsection (b)(1)) of the farms covered by the contract.

"(b) Under the terms of such contract, the producer must agree—

"(1) during the contract period and an additional period specified in the contract of not less than five years, to not use water from underground aquifers under the farm to irrigate specifically designated acreage on land on the farm regularly used in the production of crops; and

"(2) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of this section and to facilitate the practical administration of the water conservation program.

"(c)(1) In return for such agreement by the producer, the Secretary shall agree to make an annual payment to the producer for the term of the contract (in an amount determined by the Secretary in accordance with paragraph (2)) upon a determination that the producer has fulfilled the provisions of the contract entitling the producer to such payment.

"(2) The amount of an annual payment made under paragraph (2) shall be an amount equal to the product obtained by multiplying 50 per centum by the difference between—

"(A) the productivity of the land under contract without the use of water from underground aquifers under the farm; and

"(B) the productivity of such land with the use of such water.

"(3) The determination of the productivity of land under paragraph (2) shall be based on farm program yields established by the Secretary.

"(d) There are hereby authorized to be appropriated such sums as may be necessary to carry out this section.".

SUBTITLE B—HIGHLY ERODIBLE LAND CONSERVATION AND WETLANDS

DEFINITIONS

SEC. 410. As used in this subtitle—

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) the term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program, whether referred to as a conservation district, soil conservation district, soil and water conservation district, resource conservation district, natural resource district, land conservation committee, or by any similar name;

(3) the term "wetland", except when such term is part of the term "converted wetland", means land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions;

(4) the term "converted wetland"—

(A) means wetland that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity that results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if—

(i) such production would not have been possible but for such action; and

(ii) before such action—

(I) such land was wetland; and

(II) such land was neither highly erodible land nor highly erodible cropland, as defined in this section; but

(B) does not include—

(i) artificial lakes, ponds, or wetland created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation, settling basins, cooling, rice production, or flood control;

(ii) wet areas created by water delivery systems or the application of water for irrigation;

(iii) wetland on which production of agricultural commodities is possible as a result of natural conditions, such as drought, and without actions by the producer that destroy natural wetland characteristics; or

(iv) wetland on which such production is possible as a result of actions by the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal, as determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

(5) the term "field" means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that—

(A) any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of the enactment of this Act and that is not exempt under section 1203 shall be considered as part of the field in which such land was included on that date of enactment; and

(B) the Secretary shall provide for modification of the boundaries of fields to effectuate the purposes and facilitate the practical administration of this subtitle;

(6) the term "highly erodible land" means land—

(A) that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of this Act; or

(B) that, if used to produce an agricultural commodity, would have an excessive average annual rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope;

and, for the purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary;

(7) the term "highly erodible cropland" means highly erodible land that is in cropland uses, as determined by the Secretary; and

(8) the term "Secretary" means the Secretary of Agriculture.

PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND OR CONVERTED WETLAND

SEC. 411. (a) Except as provided in section 412 and notwithstanding any other provision of law, following the date of the enactment of this Act any person who in any crop year produces an agricultural commodity on highly erodible land or on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for—

(1) any type of price support or payments made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act;

(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act;

(3) crop insurance under the Federal Crop Insurance Act;

(4) a disaster payment under the Agricultural Act of 1949; or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this section) to produce agricultural commodities.

(b) The Secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of landlords, tenants, and sharecroppers. The ineligibility under subsection (a) of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on wetlands other than those operated by the tenant or sharecropper.

EXEMPTIONS

SEC. 412. (a) No person shall become ineligible for program loans, payments, and benefits, as provided under section 411, as the result of the production of a crop of an agricultural commodity—

(1) except as otherwise provided in section 414(m), on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set aside, diverted, or otherwise not cultivated under provisions of a Department of Agriculture program for any such crops to reduce production of an agricultural commodity;

(2) planted before the date of the enactment of this Act;

(3) planted during any crop year beginning before the date of the enactment of this Act;

(4) on highly erodible land in an area—

(A) within a conservation district, under a conservation system that has been approved by the conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district; or

(B) not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of an agricultural commodity on highly erodible land;

(5) on highly erodible land that is planted in reliance on the determination by the Soil Conservation Service that the land is not highly erodible land, but the exemption under this paragraph shall not apply to any crop that was planted on any land after the Soil Conservation Service determines that the land is highly erodible land;

(6) on converted wetland if the land became converted wetland before the date of the enactment of this Act; or

(7) on wetland that became converted wetland—

(A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service; or

(B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service.

(b) Section 411 shall not apply to any loan made before the date of the enactment of this Act.

COMPLETION OF SOIL SURVEYS

SEC. 413. The Secretary shall, as soon as practicable, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle, and, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

CONSERVATION RESERVE PROGRAM

SEC. 414. (a) Notwithstanding any other provision of law, the Secretary shall formulate and carry out a program, in accordance with this section, of contracts with owners and operators of highly erodible cropland to assist them in conserving and improving the soil and water resources of their farms or ranches. Under the program, the Secretary shall not place under contract more than 25 percent of the cropland in any one county.

(b)(1) To carry out this section, except as otherwise provided in paragraph (2), during the period beginning October 1, 1985, and ending September 30, 1990, the Secretary shall enter into conservation reserve contracts, covering in the aggregate not in excess of 20 million acres of highly erodible cropland, with owners and operators of highly erodible cropland. Each such contract under this subsection shall be not less than ten years in duration; and in each such contract, the owner and operator shall agree to—

(A) effectuate during the contract period a plan approved by the local conservation district (or, in an area not within a conservation district, a plan approved by the Secretary) or, if the plan involves conversion to trees, a plan approved by the appropriate State forestry agency, for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch into a less intensive use, such as pasture, permanent grass or legumes, forbs, shrubs, or trees, substantially in accordance with the schedule outlined therein, except to the extent that any requirements thereof are waived or modified by the Secretary;

(B) forfeit all rights to further payments under the contract and refund to the United States all payments, with interest, received thereunder on the violation of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil conservation district and the Soil Conservation Service, determines that the violation is of such a nature as to warrant termination of the contract, or make refunds or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(C) on transfer of the owner's or operator's right and interest in the farm or ranch during the contract period, forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, or accept such payment adjustments or make such refunds as the Secretary may deem appropriate and consistent with the objectives of this section, unless the transferee agrees with the Secretary to assume all obligations under the contract;

(D) not conduct, during the term of the contract, any harvesting or grazing nor otherwise make commercial use of the forage on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency;

(E) not conduct, during the term of the contract, any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of such trees as Christmas trees is prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract. No contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning (including, but not limited to, thinning that results in commercial pulpwood and fence post harvesting), or stand improvement of trees, on lands converted to forestry use; and

(F) such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purposes of the program or to facilitate the practical administration thereof.

(2) Notwithstanding any provision of paragraph (1) that is inconsistent with this paragraph, as a part of the program, in addition to the conservation reserve contracts provided for under paragraph (1), the Secretary shall remove up to 5 million additional acres of highly erodible cropland from production through long-term conservation reserve contracts, of up to 10 years in duration, with the owners and operators of such cropland. Contract payments made to the owners and operators of highly erodible cropland under this paragraph shall be made in surplus agricultural commodities held by the Commodity Credit Corporation, except that, if the Secretary determines that sufficient stocks of commodities will not be available or that payment in commodities under this paragraph will have a depressing effect on the market price of such commodities, the Secretary may make such payments in cash.

(c) The plan, as described in subsection (b)(1)(A), for converting highly erodible cropland normally devoted to the production of agricultural commodities on a farm or ranch to a less intensive use shall set forth the conservation measures and practices to be installed by the owner or operator during the contract period and the commercial use, if any, to be made of the land during such period and may provide for the permanent retirement of any existing cropland base and allotment history for the land.

(d)(1)(A) In return for such agreement by the owner and operator, the Secretary shall agree to—

(i) provide technical assistance;

(ii) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost-sharing is appropriate and in the public interest; and

(iii) pay an annual land rental fee, for a period of years not in excess of the duration of the contract, necessary for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use and necessary for obtaining the retirement of any cropland base and allotment history that the owner and operator agree to retire permanently.

(B) The Secretary shall provide payment to each contracting party—

(i) with respect to any cost-share payment obligation incurred by the Secretary under the contract, as soon as possible after the obligation is incurred; and

(ii) with respect to any annual land rental fee obligation incurred by the Secretary under the contract, as soon as practicable after October 1 of each calendar year, except that the Secretary, at the Secretary's discretion, may pay any such fee prior to such date at any time during the year that the obligation is incurred.

(2) A reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve, as determined by the Secretary, shall be made during the period of the contract in crop bases, quotas, and allotments with respect to crops for which there is a production adjustment program.

(3) No persons who enter into a contract under this section for a farm or ranch may receive annual rental fees applicable to the farm or ranch under the contract in excess of $50,000 per year. The Secretary shall issue regulations defining the term "persons", as used in this paragraph, and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this paragraph; and the rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

(e) The Secretary shall pay 50 per centum of the cost of installing, and maintaining for the normally expected lifespan, conservation measures and practices set forth in contracts under this section for which the Secretary determines that cost-sharing is appropriate and in the public interest.

(f)(1) In determining the amount of annual land rental to be paid for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners and operators of highly erodible cropland to participate in the program under this section. The total amount payable to owners and operators in the form of annual land rental fees under contracts entered into under this section may be determined through the submission of bids in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate.

(2) In determining the acceptability of contract offers, the Secretary may take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted and may, where appropriate, accept contract offers that provide for the establishment of—

(A) shelterbelts and windbreaks; or

(B) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially.

(g) Except as otherwise provided in this section, payments under this section—

(1) shall be made in cash or in commodities in such amount and on such time schedule as agreed on and specified in the contract; and

(2) may be made in advance of determination of performance.

(h) If a person who is entitled to any payment or compensation under this section dies, becomes incompetent, or disappears before receiving the payment or compensation, or is succeeded by another who renders or completes the required performance, the Secretary shall make or provide the payment or compensation, in accordance with appropriate regulations and without regard to any other provisions of law, in such manner as the Secretary determines to be fair and reasonable in light of all the circumstances.

(i)(1) No contract shall be entered into under this section concerning land with respect to which the ownership has changed in the three-year period preceding the first year of the contract period unless—

(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

(B) the new ownership was acquired before January 1, 1985; or

(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not acquired for the purpose of placing it in the program.

(2) Paragraph (1) shall not prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this section, nor require a person to own the land as a condition of eligibility for entering into the contract if the person has operated the land to be covered by a contract under this section for at least three years preceding the date of the contract or since January 1, 1985, whichever is later, and controls the land for the contract period.

(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program.

(k) The Secretary may terminate any contract under this section by mutual agreement with the owner and operator if the Secretary determines that termination would be in the public interest, or may agree to any modification of contracts as the Secretary may determine to be desirable to carry out the purposes of this section or facilitate its administration, or to be in the public interest.

(l) Notwithstanding section 411, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under this section, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently that cropland base and allotment history.

(m) In the event of the termination of a contract under subsection (b)(1)(B) or (k) and on expiration of the term of any contract entered into under subsection (b), the highly erodible cropland that was the subject of such contract shall be considered highly erodible cropland for the purposes of section 411.

(n) The Secretary may carry out the program under this section through the Commodity Credit Corporation. There are authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expended by it in accordance with this section and not previously reimbursed.

(o) The Secretary shall consider for inclusion in the program under this section those lands that are not highly erodible lands but that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity.

ADMINISTRATIVE PROVISIONS

SEC. 415. (a) In addition to the appropriations authorized under section 414(n), there are hereby authorized to be appropriated such other sums as may be necessary to carry out this subtitle.

SATISFYING REQUIREMENT WITH HIGHLY ERODIBLE CROPLAND

SEC. 416. If any land is required to be set aside, diverted, or otherwise not cultivated under the provisions of a program under this title, the producer shall satisfy such requirement to the extent possible with highly erodible cropland (as defined in section 1201 of the Food Security Act of 1985). Any such highly erodible land so set aside, diverted, or not cultivated, during a period of four succeeding crop years shall be excluded from any crop acreage base for any program crop (as computed under section 604 of the Agricultural Act of 1949).

(b) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the technical services of the Soil Conservation Service, the Forest Service, State foresters or equivalent State officials, and conservation districts.

(c) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(d) The Secretary shall, within 180 days after the enactment of this subtitle publish in the Federal Register such regulations as the Secretary determines desirable to implement this subtitle.

(e) The authority provided by this subtitle shall be in addition to and not in place of other authorities available to the Secretary and the Commodity Credit Corporation for carrying out soil and water conservation programs.

TITLE V—FOOD ASSISTANCE PROGRAMS

SUBTITLE A—FOOD STAMP PROGRAM

ADJUSTMENT OF THRIFTY FOOD PLAN

SEC. 501. Clause (8) of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)(8)) is amended to read as follows: "(8) on October 1, 1985, and each October 1 thereafter, adjust the cost of such diet to reflect the average cost of the thrifty food plan for the fiscal year beginning on such date, as projected by the Secretary on the basis of the best data available, and round the result to the nearest lower increment for each household size;".

EARNED INCOME DEDUCTION

SEC. 502. The third sentence of section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking out "18 per centum" and inserting in lieu thereof "20 per centum".

DEPENDENT CARE AND EXCESS SHELTER DEDUCTIONS

SEC. 503. The fourth sentence of section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended—

(1) by striking out "the same as that for the excess shelter expense deduction contained in clause (2) of this subsection," in clause (1) and inserting in lieu thereof "$160";

(2) by striking out ", or (2)" and inserting in lieu thereof "and (2)";

(3) in the proviso of clause (2)—

(A) by striking out "$115" and inserting in lieu thereof "$175"; and

(B) by striking out "$200, $165, $140, and $85" and inserting in lieu thereof "$260, $225, $200, and $145"; and

(4) by striking out ", or (3)" and all that follows through the period and inserting in lieu thereof a period.

CALCULATION OF INCOME

SEC. 504. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended—

(1) by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraph:

"(B) Household income for all other households shall be calculated either on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B), as elected by the State agency under regulations prescribed by the Secretary."; and

(2) by striking out subparagraph (C).

(b) The first sentence of section 6(c)(1) such Act (7 U.S.C. 2015(c)(1)) is amended by inserting "that elect to use a system of retrospective accounting in accordance with section 5(f) of this Act" after "State agencies".

SUPPLEMENTATION OF ALLOTMENTS

SEC. 505. The third sentence of section 5(f)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(3)(B)) is amended by inserting "and for supplementing the allotments of households that experience during a month sudden and significant losses of income of more than $100" before the period at the end thereof.

RESOURCE LIMITATIONS

SEC. 506. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended—

(1) by striking out "$1,500" and "$3,000" in the first sentence and inserting in lieu thereof "$2,250" and "$3,500", respectively; and

(2) by striking out "$4,500" in the second sentence and inserting in lieu thereof "$5,500".

PERSONAL PROPERTY LIMITATIONS

SEC. 507. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end thereof the following new subsection:

"(k)(1) For the purposes of this subsection:

"(A) The term 'civil jurisdiction' means—

"(i) a city with a population of fifty thousand or more people, based on the most recently available estimates of the Bureau of the Census;

"(ii) a town or township in the State of New Jersey, New York, Michigan, or Pennsylvania with a population of fifty thousand or more people, based on the most recently available estimates of the Bureau of the Census, that possesses powers and functions similar to those of cities;

"(iii) a county or parish, except those counties or parishes that contain any civil jurisdiction included in clause (i) or (ii);

"(iv) the balance of a county or parish consisting of a county or parish less any component civil jurisdiction included in clause (i) or (ii); or

"(v) a county equivalent that is a town in the State of Massachusetts, Rhode Island, or Connecticut.

"(B) The term 'high unemployment area' means—

"(i) an area classified as a surplus labor area by the Secretary of Labor; or

"(ii) a civil jurisdiction in which the unadjusted unemployment rate, as determined monthly by the Bureau of Labor Statistics of the Department of Labor, has not been less than 10 per centum during the most recent six-month period for which information is available.

"(2) Notwithstanding subsection (g), if a household is located in a high unemployment area or an area experiencing a high rate of farm foreclosures (as determined by the Secretary), the personal property held by such household that is excluded from the resource limitations imposed for nonliquid assets under subsection (g) shall be included in the resources of such household for purposes of determining the eligibility of the household for participation in the food stamp program unless the household disposes of such property in the manner, and within the period of time (not to exceed four months), prescribed by the Secretary.

"(3) Any coupons issued to a household during the period for which disposal of property is required under paragraph (2) shall be—

"(A) conditioned on the disposal of the property; and

"(B) considered an overissuance of coupons if—

"(i) at the time of the disposal, the Secretary determines that the coupons would not have been issued if the disposal had occurred at the beginning of the period for which such coupons were issued; or

"(ii) at the end of the authorized disposal period, the property is not disposed of by the household.

"(4) To carry out this subsection, the Secretary shall—

"(A) obtain from the Secretary of Labor information necessary to determine which areas and civil jurisdictions in each State are high unemployment areas;

"(B) determine which areas and civil jurisdictions in each State are experiencing a high rate of farm foreclosures; and

"(C) supply relevant information referred to in clause (A) and (B) to State agencies.".

FOOD STAMP INFORMATION

Sec. 508. Clause (A) of section 11(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)(A)) is amended to read as follows: "(A) conduct public information activities reasonably designed to inform low-income households about the availability, eligibility requirements, and benefits of the food stamp program; and".

AUTHORIZATION FOR APPROPRIATIONS

Sec. 509. The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended to read as follows: "To carry out this Act, there are authorized to be appropriated such sums as may be necessary for the fiscal year ending September 30, 1986, and each fiscal year thereafter through the fiscal year ending September 30, 1989.".

Subtitle B—Child Nutrition Programs

SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

Sec. 520. (a) The second sentence of section 13(a)(1) of the National School Lunch Act (42 U.S.C. 1761(a)(1)) is amended—

(1) by inserting ", private nonprofit organizations," after "governments" in clause (B);

(2) by striking out "50 percent" in clause (C) and inserting in lieu thereof "33⅓ percent";

(3) by striking out "and" at the end of clause (D); and

(4) by inserting before the period at the end thereof the following: ", and (F) 'private nonprofit organizations' means organizations (including summer camps) that (i) operate at not more than fifteen sites (or, if a waiver under subsection (i)(2) is granted, at not more than twenty sites); (ii) use self-preparation facilities to prepare meals or obtain meals from a public facility (such as a school district, public hospital, or State university); and (iii) meet the requirements of subsection (i)".

(b) Section 13 of such Act is amended by inserting after subsection (h) the following new subsection:

"(i)(1) A private nonprofit organization shall be eligible to provide services under a program authorized by this section during a year only if the organization—

"(A) operates in an area where a school food authority or the local, municipal, or county government has not indicated by March 1 of such year that such authority or such unit of government will operate such program in such year;

"(B) exercises full control and authority over the operation of such program at all sites under its sponsorship;

"(C) provides ongoing year-round activities for children;

"(D) demonstrates adequate management and fiscal capacity to operate such program; and

"(E) meets applicable State and local health, safety, and sanitation standards.

"(2) The Secretary may waive the limitation of fifteen sites imposed under subsection (a)(1)(F) for participation in the program authorized by this section, and permit a private nonprofit organization to operate up to twenty sites and maintain eligibility to participate in such program, if such organization demonstrates to the satisfaction of the Secretary that a need for such additional sites exists and that such organization has the capability to serve such additional sites.".

SCHOOL BREAKFASTS

Sec. 521. (a) Section 4(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)) is amended by adding at the end thereof the following new paragraph:

"(3)(A) To the extent practicable, the Secretary shall increase by 6 cents the annually adjusted level of payments authorized for each breakfast served under this Act and section 17 of the National School Lunch Act (42 U.S.C. 1766) in order to assist States in improving the nutritional quality of such breakfasts.

"(B) A State or local source may not diminish the amount of funds expended to provide such breakfasts as a result of funds received under this paragraph.".

(b)(1) The Secretary of Agriculture shall review and revise the nutrition requirements for meals served under the school breakfast program established under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) in order to improve the nutritional quality of such meals, taking into consideration—

(A) the findings of the National Evaluation of School Nutrition Programs; and

(B) the need to provide increased flexibility in meal planning to local school food authorities.

(2) No later than one hundred and eighty days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to implement the revisions referred to in paragraph (1).

Subtitle C—Food Distribution Programs

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Sec. 530. Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by striking out "during fiscal years 1982, 1983, 1984, and 1985" and inserting in lieu thereof "during the period beginning October 1, 1985, and ending September 30, 1989".

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

Sec. 531. (a) Section 212 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "1985" and inserting in lieu thereof "1989".

(b) The first sentence of section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by inserting "to eligible recipient agencies for distribution under the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note)," after "food service,".

Subtitle D—Effective Date

EFFECTIVE DATE

Sec. 540. This title and the amendments made by this title shall become effective on October 1, 1985.

TITLE VI—EFFECTIVE DATE

EFFECTIVE DATE

Sec. 601. Except as otherwise provided in this Act, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act.

Mr. **ALEXANDER** (during the reading). Mr. Chairman, inasmuch as the gentleman from Minnesota [Mr. Stangeland] will offer an amendment in the nature of a substitute to my amendment in the nature of a substitute, I ask unanimous consent that my amendment in the nature of a substitute be considered as read and printed in the Record in order that the amendment offered by the gentleman from Minnesota [Mr. Stangeland] can be read.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Arkansas to dispensing with the reading?

Mr. **MADIGAN**. Mr. Chairman, reserving the right to object, I want to make sure that I have understood the request of the gentleman from Arkansas.

The gentleman is requesting that the amendment he has printed in the Record be considered as read and that the reading now proceed on the substitute to the gentleman's amendment offered by the gentleman from Minnesota [Mr. Stangeland] and the gentleman from Arkansas?

Mr. **ALEXANDER**. That is correct.

Mr. **MADIGAN**. Mr. Chairman, I withdraw my reservation of objection.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The **CHAIRMAN**. First the Chair would say that the amendment now is considered as read. The gentleman from Arkansas [Mr. Alexander] is recognized for 5 minutes.

Mr. **ALEXANDER**. Mr. Chairman, I would ask unanimous consent that after reading of the amendment that I be permitted to proceed for 15 additional minutes.

The **CHAIRMAN**. The Chair would state that the amendment has already been considered as read by unanimous consent. Is the gentleman requesting that he have 15 minutes on his amendment, because the gentleman from Minnesota has to actually seek recognition to offer his amendment. He has not done so as yet. Does the gentleman seek 15 minuts on his amendment?

Mr. ALEXANDER. Yes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas for 15 additional minutes on his substitute?

PARLIAMENTARY INQUIRY

Mr. DE LA GARZA. Reserving the right to object, Mr. Chairman, I do so to ask a parliamentary inquiry. Have we waived the reading of the gentleman's amendment that is printed in the RECORD?

The CHAIRMAN. We already have, yes.

Mr. DE LA GARZA. And there is no other amendment pending?

The CHAIRMAN. That is correct.

Mr. DE LA GARZA. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent that after the reading of the amendment offered by the gentleman from Minnesota [Mr. STANGELAND] I be permitted to proceed for 15 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. MADIGAN. Mr. Chairman, reserving the right to object, I would ask the gentleman from Arkansas where the amendment is. Is the amendment at the desk?

Mr. ALEXANDER. The amendment is at the desk, is it not?

The CHAIRMAN. The Chair would state that the amendment of the gentleman from Minnesota [Mr. STANGELAND] has not arrived at the desk as yet.

Mr. ALEXANDER. Mr. Chairman, it is on the way to the desk.

Mr. Chairman, I would ask unanimous consent that I may proceed pending arrival of the amendment of the gentleman from Minnesota, after I proceed with my opening remarks, at that point, which would take approximately 10 minutes and the amendment should have arrived, at which time I would be pleased to yield to the gentleman from Minnesota for the purpose of being recognized so that his amendment could be read.

The CHAIRMAN. Is there objection to giving the gentleman from Arkansas [Mr. ALEXANDER] 5 additional minutes at this point?

There was no objection.

The CHAIRMAN. The gentleman from Arkansas [Mr. ALEXANDER] is recognized for 10 minutes on his amendment.

Mr. ALEXANDER. Mr. Chairman, the farm bill we have been debating for several weeks is the product of a consensus fashioned after months of hard work by the Agriculture Committee. I commend the committee for its efforts to grapple with the most urgent and difficult problem of the Ameridan farm crisis which we are addressing here today, and I especially compliment the gentleman from Texas [Mr. DE LA GARZA] the chairman of the committee, and the gentleman from Illinois [Mr. MADIGAN] the ranking member, together with the other chairman and ranking members of the various subcommittees.

But what is needed here, Mr. Chairman, is not a consensus. What is needed to solve the American farm crisis is a dramatic departure from the present policy that has reaped a bitter harvest for the American farmer.

What we see on our Nation's farm is grim. As Members of this body travel out across this great land and visit their congressional districts where farms are located, they see for themselves that farmers are failing in record numbers, hundreds of thousands of farmers are losing not only their livelihoods, but heir family farms. Just last week in Trumann, AR, a farmer came up to me and said that he was a fourth-generation farmer and that he was barely making it because his yield was high, above the State average. He is one of our better farmers in the State, yielding the highest, producing the highest yield, and he is barely, barely making it, hardly a profit.

Thousands of farmers are being forced off of their lands to find work in the cities, compounding the unemployment problems that many of us have in our congressional districts. Unemployment is not high in Massachusetts at 3.5 percent, but it is high in Arkansas at more than 10 percent. And it is high in other cities across our land.

It is a heartrending problem that we all face. They are producing crops at levels never before achieved in the history of our Nation, yet they are literally suffocating in the chaotic record surpluses that they cannot sell, surpluses which are stored in the warehouses at a cost of $1 million per day, the bill for which is paid by the American taxpayer.

The reason is that U.S. farm policy is based upon a presumption of export. Back in the 1970's when the current policy was fashioned, it was based upon a fence-row to fence-row concept of production on the theory of the economic conditions at that time. These prevailing economic conditions, which had an undervalued dollar, made our products cheap for foreigners to buy. So Congress enacted that plan, and I was one who voted for it, and, in fact, contributed to it as I offered amendments to the rice program which opened up production for rice for any American to produce.

But now we find in 1985 an overvalued dollar caused from financing our $2 trillion debt by foreign capital which bids up the value of the dollar when traded against foreign currency, and makes our products, both farm and factory, too expensive for foreigners to buy.

So the economic conditions which prevailed that justified the policies of the 1970's have changed, have reversed and, in fact, have so dramatically reversed that the overvalued dollar now prevents our farmers from selling ou8r products to foreign buyers. And as a result, the surpluses have gone up and the prices have come down. In record numbers, the surpluses exist, and the profit to the American farmer today, as is reflected by farm prices, is the lowest that it has been since the Great Depression.

The Federal Reserve Board estimated that in 1984, the American farmer had a net loss of $111 billion, and that same Federal REserve forecasts and estimates the Federal farm debt at a total of $213 billion, $214 billion, almost as much as the deficit of the Federal Government is the collective debt of our farmers.

□ 1545

Mr. Chairman, our farmers are in state of despair. They feel disilussion and let down. And if you do not believe it, talk to the first farmer you find; and when you go home this weekend to visit your district you will find a spirit of dejection and despondency and despair because they feel let down by their Government.

Last winter they came to Washington and visited the Congress. They walked the hall carrying their little caps in their hands, and many of them wearing them, seking relief, petitioning their Goverment for help, asking us for a helping hand, not another handout; but instead they were greeted with scorn, by Presidential jokes: "Save the wheat and export the farmers," was the President's response to the plea from the American farmers who came to Washington.

This disaster on our Nation's farms has pushed the entire farm credit system to the brink of collapse. Next weekl we begin hearings on a farm credit system bill which has the prospects of bailing out that system which discovers today that $25 billion of the $213 billion cannot be repaid. That is not bad management; that is hard times for the American Farmer.

This amount is muschrooming, and threatens catastrophe not only for the farm credit, system but for our Nation's financial system as well. Three years before the crash of 1929, farmers did not make a profit. Three years before 1985, the farmers have not made a profit, and there are those who forecast that if the farmer fails, so goes the Nation, and so goes the economy and the financial system of our country.

Last week Gov. Terry Branstad's declaration of a state of economic emergency in Iowa I think dramatizes the gravity of the farm debt crisis in America today. It is not only the famrers who are afflicted; the American taxpayer is being ripped off with hundreds of millions of dollars in increasing costs each year to store the crops that the farmers cannot sell.

Since 1980, the cost of the farm program has increased from $10.7 to $25.1 billion just in that short 4-year period of time, and that only includes the cost of the farm program itself; nothing else in the Department of Agriculture.

Our national debt we are told this week is $2 trillion and it is growing at a rate of $200 billiion each year, and will reach the staggering figure of $3 trillion by the end of the decade at the rate that it is presently growing. The farm crisis is worsening the debt crisis.

The **CHAIRMAN**. The time of the gentleman has expired.

(By unanimous consent, Mr. ALEXANDER was allowed to preceed for 10 addition minutes.)

Mr. **ALEXANDER**. Mr. Chairman, I recite this litany of woe not to numb but to arouse the Congress to action in response to this state of national emergency. Congress should be shocked and so concerned by the despair of our farmers and the crisis that threatens our entire ecnonomy that it is the only way that you and I will have the incentive to take positive rather than passive action.

We can do something today instead of nothing. We can take action in a dramatic way to change the direction of our policy and therefore the plight of the American farmer if we have the courage to do so.

The farmers of America are victims of our current policies, not the beneficiaries of them. They are hostages of a selfish insensitive system that is managed by interests less concerned about the plight of the farmers than by their own special interest which they represent.

Our farmers can save themselves only if we give them the oppurtunity to make a dramatic break with the past farm policies. Given prevailing conditions, nothing short of that will work.

In hundreds of meeting held over the lat 2 years, farmers have told Congress, and I quote:

> Let us cut back production to bring it in line with demand. Let us vote on this new direction in farm policy. Give us a chance to harness the efficiency which we have so we can make a profit.

The amendment which I propose, to be amended by the gentleman from Minnesota [Mr. STANGELAND] to the farm bill was devised by farmers as a solution for the farm crisis. It calls for a national referendum so that farmers can vote to determine their own fate and their own future.

This referendum, which would be held in February 1986 would give farmers the opportunity to adopt a new farm program that would bring production of the American farm commodities into balance with domestic and foreign demand.

It would invoke the law of supply and demand adopted by all American businesses, to analyze each year the demand for their product and adopt a policy that meets production with that demand.

The farmers would democratically make the choice for or against a new program of production controls and Washington would of course not impose this upon them. It would only be impose if 60 percent of the farmers voted to impose it upom themselves. Production controls would even out the boom and bust cycles that have plunged our farmers; they would give farmers a more dependable cash flow and let them plan ahead with some certainty.

This amendment is designed to achieve two goals: To help the farmer and to save the taxpayer money.

Farmers would receive a fair price for their products and taxpayers would no longer have to shell out billions of dollars for costly, endless crop subsidies under the present policy and under the plan which the committee is proceeding to adopt.

Farmers would have money in their pockets and loans to be repaid. Desperately needed money would be injected into the farm sector; the only real solution to the farm credit crisis is to permit farmers to make this profit which they deserve.

An independent research institute associated with the University of Missouri and Iowa State University calls the crop reduction embodied in this amendment "a moneysaver."

I quote:

> Passage of the referendum would ensure that the farm bill remains under budget while raising farm income by 52 percent. The savings could run as high as $12.5 billion annually, and would be achieved through ending the costly direct Federal subsidies.

There is nothing magical or mysterious about what I propose; it is not a reincarnation of any discredited theory or get-rich-quick scheme. It is predicated on one simple fact: That farmers can start making money again if they produce only what they can sell, like American business, like McDonald's produces hambergers that it can sell.

□ 1555

By managing their production to meet market demand farmers will see their prices rise and the market, not the taxpayer, will provide farmers with a decent income. This is not a new idea. As I said before, industry uses it each year. I have talked to farmers all across my district, they are unanimous on one point, that they must have higher prices if they are to survive. This amendment is a dramatic way of achieving that goal.

Today farmers are in desperate need of a general increase in income. The Food and Agriculture Policy Research Institute has estimated that the one-time impact of a crop production policy on consumer prices would raise the cost of food in this country, as measured by the Consumer Price Index, only 1 percent. That would bring the food dollars value back to the place it stood in 1981 when this erosion of income began to take place in the American farm community.

You have got to admit that that is a small price to pay for putting America on the road to solving the severe farm debt crisis, ending wasteful, endless, uncontrolled farm subsidies, and beginning to reduce the bloated Federal budget.

I know how hard it is to break with the past for me as well as for you. But today you and I have this choice. Our farmers are suffering grievously, our economy is jeopardized, the policies we have been pursuing have failed. It is obvious to one and all that the current policies have not and will not boost farm income, they have not and will not mitigate the disastrous farm crisis, they have not and will not stop self-defeating overproduction and unchecked Federal farm subsidies that have been growing at the rate of billions each year since the beginning of this decade.

Mr. Chairman, we must have the courage to change. This amendment gives you and the American farmer that opportunity.

I yield to the gentleman from Minnesota [Mr. STANGELAND].

Mr. **STANGELAND**. I thank the gentleman for yielding.

Mr. Chairman, I have an amendment in the form of a substitute at the desk.

The **CHAIRMAN**. The gentleman from Arkansas has the time.

Mr. **ALEXANDER**. I yielded to the gentleman for the purpose of offering his substitute, Mr. Chairman.

The **CHAIRMAN**. The gentleman may yield for debate only, not for the offering of a substitute.

Mr. **ALEXANDER**. Mr. Chairman, I reserve the balance of my time.

The **CHAIRMAN**. The Chair would state to the gentleman from Arkansas that he has to consume his time at this point.

Does the gentleman yield back his time?

Mr. ALEXANDER. Mr. Chairman, do I have any time left?

The CHAIRMAN. Yes. The gentleman has 1 minute left.

Mr. ALEXANDER. Mr. Chairman, I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I want to thank the gentleman for yielding to me, and I want to commend him on an important statement he has made and an important attempt to remedy the problem with which we are faced.

You know, every year I come to the debate on agriculture, and I get more confused as I learn more things about it. So what I did is, I just sent a telegram to Willie Nelson, OK? And I said, "Dear Willie: Although we have the best intentions, as usual some problems have arisen in crafting a farm bill for the farmers of America. Corporate farmers are making out like bandits, and family farmers are being eliminated. Consumers are being told that if they need help from the small family farmer, then there will be higher prices at the supermarket."

The CHAIRMAN. The time of the gentleman from Arkansas [Mr. ALEXANDER] has expired.

Mr. CONYERS. Mr. Chairman, I ask unanimous consent that the gentleman from Arkansas [Mr. ALEXANDER] be given 1 more minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. MADIGAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes.

Mr. DE LA GARZA. Mr. Chairman, I do so at this time to ask the distinguished colleague, the gentleman from Minnesota, if he has copies of his proposed amendment available.

Mr. STANGELAND. If the gentleman will yield, I would respond to the gentleman that the copies are being made, and if the debate could continue while the copies are being made, copies will be furnished.

Mr. DE LA GARZA. Will they be available before we vote?

Mr. STANGELAND. Yes, they will.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman from yielding.

Mr. Chairman, I had intended to make that point of order. I understand that amendment at the desk is 500 pages long, that neither the majority nor the minority have been provided with a copy of the amendment, in violation of the House rule. I would just say to the gentleman from Arkansas and the gentleman from Minnesota that unless we get copies of this amendment we are going to have a very bitter debate for the next hour.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent that I be permitted 1 minute to respond to the gentleman.

Mr. DE LA GARZA. Mr. Chairman, I have the time.

Mr. ALEXANDER. Would the gentleman yield?

Mr. DE LA GARZA. Mr. Chairman, I do not want to get involved in any kind of debate or in any other thing that would incite the passions beyond the norm, but let me say that this is a very unusual procedure, to say the least, and this is very serious business. The gentleman has just made a brilliant statement, with some inaccuracies, but nonetheless an impassioned plea. And yet if we are going to address the issue of the plight of the American farmer with an amendment that is not finished yet, what message are we sending them? I ask, what message are we sending them?

Now let me continue, Mr. Chairman: Mention has been made about the bloated Federal budget. The farm support programs entail about 1 percent of the total budget for the past 5 years, 1 percent of the total budget. The issue of interest, which has been of concern to the farmer, the high interest rates, came about because of deficits in the budget, but not made by the agricultural sector. We are but 1 percent of the total budget. So something else made the interest go astray, not the farm programs. That was very disastrous, that was almost at the heart of the problem of agriculture.

Then we started losing sales because of the value of the dollar. Nothing we do in agriculture involves the value of the dollar. There are a lot of other things: The deficit, selling securities by the Government, trust by investors and speculators that we are the country that would survive the most and where they would put their hard currency in. That sent the value of the dollar up.

Embargoes, the farmers do not like embargoes. We do not like embargoes. Embargoes are bad. Yet President after President goes off and imposes an embargo.

Why are not we selling our crops abroad? Other people are raising crops, subsidized by their governments beyond what we are able to match. Other countries are growing and selling crops that were not affected by embargoes. So what the gentleman from Arkansas has stated was a valid argument, but he is pointing the finger at the wrong people. He is pointing the finger at the wrong place. It does not lie with the American farmer, it does not lie with the farm bill. The farm programs, imperfect as they may be, had nothing to do with raising interest rates; had nothing to do with the bloated Federal deficit; had nothing to do with embargoes; they had nothing to do with anything he touched on.

I want to correct the record as far as that is concerned.

We have to send a message to the American farmer that we care.

Saturday I was in Winnie, TX, at their Rice Festival. A young man named Steve Fitzgerald told me: "Mr. Chairman, your being here means more to me, I know that someone cares. You work out the best program you can." And this we have tried to do. But he said: "You work out the best program. But knowing that in Washington there is someone or somebody who cares is more important to me." And this is the message that we have to send out, not that we are trying to do something here with an amendment that is not finished, that we do not know what is in it, that we do not know if points of order may be raised. The American farmer should not be treated that way.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to think that we are now coming to the most important part of the farm bill. Some Members tell me it is going to engender bitter debate. Well, I hope not. I think this is where we ought to be as calm as we possibly can, that we should be as reasonable with one another as we can. This is a very important circumstance that we are in. The family farmer is getting wiped out at the official rate of 250 farmers a day, every day in the year. It is projected that that number will increase. That is 250 family farms per day.

In Michigan they are coming to the Member of the First Congressional District of Michigan to ask him to intervene for some help.

So as a member of the Farm/Urban Coalition I rise to endorse the substitute that has been brought forward by the gentleman from Arkansas and perhaps even an amendment that Mr. STANGELAND may in the course of the intricate parliamentary procedure be able to bring to the floor. Maybe he will, maybe he will not. But, I was desperate this morning, and so I did not know what to do. I talked to all the experts on the Agriculture Committee, I talked with my chairman on the floor in colloquy.

So I sent a telegram to a man that I know is concerned as we are, maybe even more so, about farmers. His name is Willie Nelson. So I said,

> DEAR WILLIE: Although we have the best intentions, as usual some problems have arisen in crafting a farm bill for the farmers

of America. Corporate farmers are making out like bandits, and family farmers are being eliminated. Consumers are being told that if they help the small family farmer there will be higher prices at the supermarket. We need your help. Thirty-five million Americans are in poverty, some of whom are starving. Senior citizens are eating cat food. That is not an agricultural production. Nearly one-third of the world population is suffering to some degree from food shortages. And the best we can do is continue to pay farmers not to grow. You and your friends focused attention on the plight of farmers last month when you went to Champaign, IL. We need you now to focus attention on what is happening in Washington, DC. Come quick! Tomorrow may be too late! We are on a fast track.

Sincerely,

John Conyers.
Member of the Urban Coalition.

Mr. Chairman, I yield back the balance of my time.

Mr. MADIGAN. Mr. Chairman, I move to strike the requisite number of words.

☐ 1610

Mr. Chairman, while we are waiting for the printing of this amendment, which I understand will be offered by the gentleman from Minnesota [Mr. Stangeland] and the gentleman from Arkansas [Mr. Alexander], I would like to advise the House that my understanding is that this amendment is roughly 500 pages long and that it purports to include all of the action taken thus far by the House of Representatives on the farm bill and that, in addition to that, would include a marketing loan provision similar to or perhaps the same as the one previously defeated on the floor of the House, and that in addition to that, it will also include some variation of the mandatory referendum provision previously advocated by the gentleman from Arkansas [Mr. Alexander] and the gentleman in the other body from Iowa.

I would ask at this point my distinguished colleague from Minnesota if I have correctly described what is going to be in this 500-page amendment that we are waiting to have copied, and I would yield to the gentleman for his response.

Mr. STANGELAND. The gentleman has made a fair analysis of what is going to be in the copy. We are preserving what this body has done in dairy, in sugar, in peanuts, in tobacco. All action that has been taken on this floor and in this Committee of the Whole on the farm bill is incorporated, and that is the reason for the 500 pages, plus the marketing loan, with a minor modification, and I can explain what that is. The original marketing loan said that it would apply to anyone with 10 acres or more, and we just put that up to 15 or more, as it was in the original market loan until it was amended by Volkmer, as you recall, the day that that took place.

The balance of those pages are the Alexander amendment revised. One of the problems we have had is that the staff of the gentleman from Arkansas has been working with legislative counsel and the parliamentarian to craft and correct his amendment so that it is more appropriate to the problems that we are trying to solve.

Mr. MADIGAN. So we will have some kind of mandatory referendum, which the gentleman from Minnesota has previously voted against both in committee and on the floor of the House. Now the gentleman from Minnesota is going to offer a mandatory referendum, do I understand that correctly?

Mr. STANGELAND. That is correct. I have not voted against this mandatory referendum, however. I voted against mandatory referendums on lesser points.

Mr. MADIGAN. Can the gentleman give us his word as a Member of this assembly that in the printing of this amendment as it relates to the actions that have thus far been taken by the House that it will be exactly the same as what has been done by the House?

Mr. STANGELAND. That is my understanding.

Mr. MADIGAN. Has the gentleman read the amendment?

Mr. STANGELAND. Not the whole 509 pages, no.

Mr. MADIGAN. Has the gentleman seen the amendment?

Mr. STANGELAND. Yes.

Mr. MADIGAN. You have seen the amendment?

Mr. STANGELAND. I have seen it but I have not read the whole amendment.

Mr. MADIGAN. Is there a change made in the credit title, I would ask the gentleman, and I would yield to the gentleman for purposes of his answering that.

Mr. STANGELAND. I would have to yield to the gentleman from Arkansas for that question.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Under the amendment to be offered by the gentleman from Minnesota, there is no change in title I. Would the gentleman like me to go down the whole matter on credit?

Mr. MADIGAN. My question, and I will repeat it to the gentleman from Arkansas——

Mr. ALEXANDER. There is no amendment to the credit provisions under title XIII. There is no change in the action taken by the House under title XIII.

Mr. MADIGAN. If I can pursue that for just a minute, there is nothing about a moratorium in this that has been made different?

Mr. ALEXANDER. That is correct. The provisions which I initially intended to offer concerning a moratorium were deleted by the gentleman from Minnesota because we wanted no change, and all the titles, with the exception of the titles dealing with wheat, feed grains, and the referendum on commodities.

Mr. MADIGAN. So if I may reclaim my time, the summary that has been circulated here in the House as to what is contained in the alterations that have been made to the gentleman's previously printed-in-the-Record provision, the summary does not represent correctly what is being offered here; is that correct?

The CHAIRMAN. The time of the gentleman from Illinois [Mr. Madigan] has expired.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent to proceed for 30 additional seconds.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. CONYERS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. HUCKABY. Mr. Chairman, I move to strike the word.

Mr. Chairman, there have been members of this Agriculture Committee, and others, during this past year and even last year who have worked hundreds if not thousands of hours getting this farm bill to this point on the floor. Certainly this is no way to legislate, to come in with a totally new substitute within the last hour that we have not seen, we do not know what is in the amendment and what is not in the amendment.

But I want to address myself to the portions of the Alexander substitute, just to point out the fallacies in that, if I might. It is not the solution. I wish it were the solution. But it is not. The Agriculture Committee would have been out with that proposal long ago if it would have been.

If I might use a couple of commodities for example: Cotton. The Alexander proposal says that the price of cotton will be supported at 86 cents. This will be the loan rate for cotton. Today the loan rate is 57 cents. We have ourselves priced out of the world markets today. And not only that, our domestic use, domestic consumption, of cotton is falling. It has been falling each of the last 3 years.

Under the Alexander proposal, our cotton mills will no longer buy cotton from the farmers because they could no longer sell their products in the market because of the competition from the imports; and, in addition to that, the alternative of synthetics is there.

So if the Alexander substitute were passed, I think it would devastate the cotton industry. I know of no cotton organization in the United States that supports this approach.

In the area of rice, Mr. Chairman, in the last 6 months alone, rice imports into the United States have doubled. The Alexander proposal says we will support the price of rice at $13.58 a hundredweight. Current legislation supports rice at $8 a hundredweight. Yet world market price is $6.

I wish there were some way we could figure out to give our rice farmers $13.58 a hundredweight and let them produce on 80 percent of their land, which the Alexander amendment substitute proposes to do. It just will not work. At our support price of $8, we are still having to have 30 percent and 40 percent cutbacks. Mr. Chairman, this is certainly no way to legislate. The Alexander proposal, as such, is just not workable in these two commodities. I do not think it is workable in wheat and corn also. And then to come along with another alternative, which we do not know what it is, in the last 45 minutes, I would urge my colleagues that we have done an awful lot of work in the last few weeks, let us defeat these proposals and let us go to conference with legislation that we can move forward with to help the American farmer.

Mr. ROBERT F. SMITH. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the substitute.

Mr. Chairman, I think correctly last week the House extracted the Bedell amendment from the farm bill and it, of course, emcompassed much of what we are discussing today, including the proposed amendment, I understand, that is coming later.

But I have many of the same concerns about this substitute as I had about the Bedell referendum. This provides total Government control of farming. It is unfair, and it brings about a ghost town syndrome in rural America. This substitute ignores the realities of economics. It is a hobby farmer's dream and the full-time farmer's nightmare.

Although the blame for the demise of commercial agriculture should be with those who set up the program, I am sure, like the Bedell amendment, that everyone will blame the Secretary of Agriculture, since he is given the responsibility to reduce acreages dramatically in the future.

This substitute allows those who farm only as a hobby to vote for a program that will bankrupt commercial agriculture in this country.

Through a sliding scale of acreage reduction requirements, weekend and hobby farmers would be required to set aside not more than 20 percent of their acreage to qualify for loans at 70 percent-plus of parity. Larger commercial operations could be required to idle as much as 90 percent of their acreage. There is, as the Members should know, an arbitrary limit of $200,000 gross income in this to comply with the 20 percent set-aside. Above that, you must set aside more and more acres.

Unlike Bedell, this is a Government-compulsory program. Let us call it what it is. I call it agricultural socialism.

The Members of this body seem to want to target benefits to the family farmer. Well, I guess the small family farmer might be a 5-foot-2-inch person from Arkansas, a corn grower raising 300 acres of corn, while a larger farmer might be a 6-foot-3-inch eastern Oregonian wheat rancher, who farms 1,000 acres. It would appear to this person that they are both family farmers.

The point is, no one has identified who is a family farmer.

I can cite examples in my district of people farming over 10,000 acres, families, the grandfather, father, four sons, and they have combined their operations, not because they want to operate a Dallas-style operation but because of the laws of economics. In this era of intensive farming, where a combine costs $125,000 and a tractor costs $50,000, it makes good sense to combine the operations, to utilize these expensive pieces of equipment to the maximum.

Now, Congress can defy the laws of economics. We usually do when we pass a budget that spends more than we take in and try to reorder the fact of economies of scale. But I think this body should be aware of what we are doing. The amendments here target to the inefficient. Government meddling, like this, in farm economies only spells a disaster for American agriculture.

In the same vote procedure, farmers with 15 to 20 acres already have a job in town. They are going to get marketing certificates, and a 20 percent set-aside for them is not very important. The referendum would be controlled by this group who receives a majority of their income off the farm, and they will be controlling the people who are full-time farmers. And that is not proper for the future of agriculture.

The measure would export jobs, just like Bedell. Those who process mill wheat and corn will turn either to imports or just move to Canada or Mexico. Livestock feeders would follow. Poultry feeders would follow. And all red-meat feeders would follow. Seed, fertilizer and equipment manufacturers and salesmen would all be out of business.

Under this provision, feed costs to domestic producers and feeders would rise dramatically, compared to no referendum. Livestock liquidation would follow, causing lower meat prices and substantial losses for livestock producers. Shrinkage would occur in the market for feed, and thus reduce the demand for grain even further, completing the circle of farm demise.

Mr. Chairman, the wheat growers of America oppose the Alexander substitute. The corn growers of America oppose the Alexander substitute.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. Robert F. Smith] has expired.

(By unanimous consent, Mr. Robert F. Smith was allowed to proceed for 30 additional seconds.)

Mr. ROBERT F. SMITH. The soybean national organization opposes this amendment and the cotton national organization opposes this amendment. If this amendment, like Bedell, is for the farmers, why does every national organization oppose it? Because it is bad for them, it is bad for America, it is bad policy.

Vote it down.

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I must admit that it is little difficult to discuss the amendment that is before us, since we have not seen the amendment. Now, we have seen a variety of versions of the amendment. Last Thursday we had a somewhat version of this amendment printed in the Record. It went on for about 59 pages in the Record and cost the taxpayers $30,000 to print in the Record. We are not going to get that offered on the House floor today; we are going to get some other version offered on the House floor today. But, nevertheless, we are in fact going to have something before us.

All we have heard described so far is in general details, but we have heard it is a dramatic break with past farm policies. Well, boy, it sure is. It is not only a dramatic break with past farm policies, it is a dramatic break with past policies of representative government, because what you have here is a policy aimed at saying to one special interest or one small group of special interests, "What you can do is, you can determine national policy as it relates to everyone," and then we have to sign onto it, and not only that, we are going to use Government power to enforce that which that special interest has decided.

And not only that, we are going to say to the people who do not vote for the policy, the people who do vote for it, even though it is almost a 50-to-50 split in the vote, or I understand when we get this amendment it may well be a 60-to-40, but let us say we have a 60-to-40 split, the 40 percent who do not vote for it are going to have their entire program, their entire farming operation dictated by the 60 percent who did vote for it, even though it may be the ruination of their farm.

□ 1625

You know, not all farms across this Nation are the same. Not all farming areas of this Nation are the same, but this is going to be a national referendum that will say to the farmers in my area that grow grain, that you have got to farm exactly the same way as the farmers in the Midwest who grow grain. Because the policies that are mandated are going to be mandated that way. That is just not right. That is not good policy. That does not have anything to do at all with representative government.

I would hope, regardless of the form this amendment comes out here in, that we will look at it very carefully and that we will not be stampeded into something that makes no sense. This is a case of good intentions and bad judgment run amok.

If you vote for this amendment, I would say to my colleagues, you are voting for a total change in agricultural policies. It is true, that is exactly what you are doing. You are voting for a rough equivalent. Maybe not even a rough equivalent, but the real equivalent of agricultural socialism.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I will be glad to yield to the gentleman from Oregon.

Mr. WEAVER. I wonder if the gentleman will make the same criticism of an amendment to the debt ceiling bill; that it is a revolutionary change and we have not had hearings on it, and it is something we have not really been able to consider. Will the gentleman make the same criticism.

Mr. WALKER. I would say to the gentleman that we have been discussing the need for a balanced budget around here for a long time.

Mr. WEAVER. We have been discussing the need for a good farm bill for a long time, too.

Mr. WALKER. If the gentleman will allow me to answer, this is not a farm bill that was developed in committee. What you are talking about is bringing a 500-page amendment. We at least have had a few days to discuss the balanced budget approach brought up by Mr. GRAMM and Mr. MACK. In this case, we have not even seen the bill yet. Here we are, we are discussing it. We are out on the floor right now discussing the whole thing; 500 pages long and I understand it is going to be dumped on us. I wonder if this one is going to have Rita's phone number in it over at the Library of Congress.

It seems to me that I heard a number of people on that side who were enthusiastically for this particular amendment criticising the Gramm-Latta bill of a few years ago where we had overnight to consider it. But now you are going to dump a brandnew farm program on us out here, 500 pages long, with no discussion, with no knowledge of what is really down in the bill, and you are going to say take it or leave it, we have got until 5 o'clock to consider it.

I would just say to the gentleman that that is bad policy and I would far prefer coming to the floor arguing for a balanced budget than arguing for that kind of an approach.

Mr. WEAVER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, there are three myths today about our agriculture. If Members of this body, the American farmer and the American public understood the truth about these three myths, we would pass farm legislation that would resove the problems of agriculture, give the farmer a profit, and get the Government out of the farm subsidy business.

Now, that is exactly what the Alexander-Stangeland substitute does. So if we understand the truth of these three myths, we will pass the Alexander-Stangeland substitute. Those three myths are this: First of all, the problem with agriculture today is only one thing and that is oversupply. Our agriculture is marvelously efficient. It does a superb job. It just simply produces too much and the price is driven down.

Former Secretary of Agriculture Earl Butz used to pray for drought to control supply. Can you imagine the ridiculousness of that? Of a Secretary of Agriculture asking the Dear Lord to burn up our crops so the farmer could make a living? That is asinine and ridiculous; let us do it rationally with the Alexander-Stangeland approach that allows us to control supply. Allows the farmer himself to set limits. That is what Alexander-Stangeland does. It gets the Government out. We save $31 billion of taxpayers' money. That is the first myth.

The second myth is somehow or other that we have to reduce our price to sell in the world market. I will never forget in the early 1970's when oil was $1.50 a barrel, and the Arab sheiks wanted to raise the price of oil 10 cents to a $1.60, and they were scared to death; they thought they would lose their market. This is no joke. They were scared to death. They met with the Aramco oil companies and timidly said can we get another dime, $1.60. They knew that was a lot of money, and the oil companies said sure. So they went another dime and another dime and they got up to $2 and they found out that they could get more and sell more.

Now, we will wake up some day in our agriculture and find out that we set the price; we are OPEC; we have not lost market share. Everybody says we have lost market share. We are now 70 percent of the world market of corn. We are now 70 percent of the world market of soybeans. We have not lost share; we still sell as much as we ever did, even with the high dollar. We have lost a little in wheat, but we still are the largest single producer of wheat for the world market.

Rice is the exception, but the gentleman from Louisiana told me that we still sell rice in the world market. Now, that is the second myth. We can raise the price $2 a bushel, frankly, we could raise it more, and we will still have the same market share. The other countries will simply raise their price up with ours and make a living for themselves as well.

The third myth is who opposes this Alexander-Stangeland substitute? The corn farmers, the soybean association? Nonsense. A few right-wing reactionaries who control those associations oppose the Alexander-Stangeland substitute, and why do they oppose it? Because they have for 30 years wanted to break the small farmer, get him off the land so they can take over with agribusiness or agriculture.

That is the reason they want to do it; they still want to do it. They are going to do it unless we pass the Alexander-Stangeland substitute.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman.

Mr. HUCKABY. I would just like to point out to the gentleman that as far as rice is concerned, in 1980, we exported 91 million hundredweight. In 1985, it will be 59 million hundredweight. For cotton, it was 9.2 bales. In 1985, 3.9 million bales. We have lost significant exports of these two commodities.

Mr. WEAVER. We have lost some share there but not anything to do with the price.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

□ 1635

Mr. GUNDERSON. Mr. Chairman, I appreciate the gentleman's comments, because I think we are talking about the whole deliberative process. I hope we have more respect for the Congress as an institution, I hope we have more respect for the House Agriculture Committee, and I have to tell you as a member of that committee I am a little offended that Members think they can walk in here at 25 to 5 and throw something like this on top of us which destroys 10 months of work by the House Agriculture Committee, deliberative, agonizing work, trying to come up with some kind of a calculation.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. Mr. Chairman, I need to ask some questions first. I will yield later.

I would like to know, for exmaple, in the proposal that is in front of us, what is the final resolution? Does the referendum pass with 50 percent of the vote, or does it pass with 60 percent? I have seen summaries that suggest both.

Do we or do we not have a moratorium on Farmers Home Loan foreclosures in this particular bill? I have seen summaries that suggest both.

Do we or do we not have an exemption, if a referendum and a mandatory supply program goes into effect, an exemption for livestock producers who grow their own feed? The best I can get out of a summary is that their certificate may be adjusted by the Secretary to reflect on-farm use. I must tell you that would destroy my dairy farmers, my family dairy farmers in Wisconsin, if that would happen. And secondly, I would note that it is rather interesting that they have given referenda to every commodity except dairy. Very interesting. We had a referendum when we debated the dairy title; that is not included.

Now we talk about a $200,000 level—and I think we ought to have caps on payments. I have always advocated caps; I supported the marketing loan concept. But I think it is wrong to empower in the Secretary of Agriculture, whoever he might be, the authority to tell anyone who has total gross revenues on that farm from sale of milk, sale of cattle, sale of all commodities, that we are going to impose the total burden of supply management on those people, but anybody else has no restrictions at all. And as best as I can tell, that is what this amendment calls for.

Another change, the best I can tell is that in terms of the loan we now have approximately 9-month crop loans. You get the loan, you put the crop in, you harvest the crop, you have a nonrecourse loan, the Government takes it. They are talking about 36-month loans. That means that there will be three different crop years in effect that the farmer will hold loans all at the same time before he defaults or has to pay back or make a decision on even that first year's loan.

And then we look at the provision that finally the Secretary will determine the national marketing quota, and all land must be under conservation plans by 1990. Now I supported the Glickman amendment. But that even did not go into effect till 1994. We did that because we recognized that there is no way the Government has the money, and there is no way the farmers have the money under the present economic circumstances to implement conservation plans nationwide at the present time.

Mr. Chairman, there are a heck of a lot of questions in this substitute. There are some good things in it, but I do not know how we can destroy the work of the House Agriculture Committee at this point in time by simply voting for something that not one Member of this Congress, not one member of the staff of the House Agriculture Committee has had the chance to read.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I am happy to yield to my colleague, the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding.

I, too, wanted to show what we have here, and I wonder if the gentleman would agree to yield to any Member of this body who has read this amendment.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield to answer that question?

Mr. GUNDERSON. I think we have one Member here who has read it.

Mr. WALKER. I mean somebody who has read the entire 500 pages.

Mr. GUNDERSON. I am happy to yield to the gentleman from Arkansas.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has expired.

(On request of Mr. ALEXANDER, and by unanimous consent, Mr. GUNDERSON was allowed to proceed for 1 additional minute.)

Mr. ALEXANDER. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the amendment which the gentleman from Pennsylvania holds in his hand and which is approximately 500 pages was printed in the RECORD last Thursday following debate on the committee bill. With the exception of three provisions, all of the amendment has been printed in the RECORD. Those three provisions have to do with the marketing loan provisions in titles IV and V, the referendum provisions in title VA, and the action taken by the House on other titles concerning the amendments to the committee bill.

What the gentleman from Minnesota and I have attempted to do was to present an amendment which would offer to the House all of the actions heretofore taken by the committee, with the exception of titles IV, V, and VA.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has again expired.

(By unanimous consent, Mr. GUNDERSON was allowed to proceed for 1 additional minute.)

Mr. GUNDERSON. Mr. Chairman, I have asked for more time to ask the gentleman from Arkansas a question, and I respect his intent on this and, frankly, would like to support it if it were not for all these questions and problems.

Does this or does this not include a moratorium on Farmers Home loans?

Mr. ALEXANDER. Mr. Chairman, if the gentleman will yield, it does not. The provision which was offered in my amendment in the nature of a substitute which was printed in the RECORD was deleted from this amendment.

Mr. GUNDERSON. That is change No. 4, then, from the one that is in the RECORD?

Mr. ALEXANDER. Yes.

Mr. GUNDERSON. Because the summary in the RECORD indicates that there is a moratorium.

Mr. ALEXANDER. No. The gentleman from Minnesota offers a substitute amendment to my amendment, all of which was printed in the RECORD, with the exception of the three provisions which I offered.

Mr. GUNDERSON. So his substitute includes a moratorium?

Mr. ALEXANDER. It does not.

Mr. GUNDERSON. But yours did?

Mr. ALEXANDER. No, mine does not. My original amendment included a moratorium. There is no such provision before the House today.

Mr. GUNDERSON. All right.

Mr. ALEXANDER. I will offer that to the credit bill which will be considered by the gentleman from Tennessee [Mr. JONES] next week.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has expired.

AMENDMENT OFFERED BY MR. STANGELAND AS A SUBSTITUTE FOR THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ALEXANDER

Mr. STANGELAND. Mr. Chairman, I offer an amendment as a substitute for the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. STANGELAND as a substitute for the amendment in the nature of a substitute offered by Mr. ALEXANDER: Strike all after the enacting clause and insert:

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Food Security Act of 1985".

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TITLE I—SUGAR

SUGAR PRICE SUPPORT

Section 1. Effective only for the 1986 through 1990 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 is amended by—

(1) striking out in the first sentence "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) adding at the end thereof the following:

"(i) The price of each of the 1986 through 1990 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified in this subsection. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1986 through 1990 crops. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane. Notwithstanding the foregoing provisions of this subsection, the Secretary shall consider making annual adjustments in the loan rate for each of the 1986 through 1990 crops of domestically grown sugarcane and sugar beets, based upon changes, during the period in which the two crops immediately preceding the crop for which the determination is made were produced, in such factors as inflation, costs of production as reasonably determined by the Secretary, and other circumstances that may adversely affect domestic sugar production. If the Secretary determines not to make any such adjustment in the loan rate, the Secretary's findings, decision, and supporting data shall be submitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate prior to any public announcement of the loan rate for the crop involved. The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this subsection. Loans during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

Division A—Commodity Programs

TITLE II—DAIRY

SHORT TITLE

Sec. 201. This title may be cited as the "Dairy Unity Act of 1985".

Subtitle A—Milk Price Support and Producer-Supported Dairy Diversion

LEVEL OF MILK PRICE SUPPORT FOR FISCAL YEARS 1986 THROUGH 1990; REDUCTIONS IN THE PRICE OF MILK

Sec. 211. Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by—

(1) redesignating paragraphs (3), (4), (5), and (6) as paragraphs (7), (8), (9), and (10), respectively; and

(2) striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) During the period beginning on the date of the enactment of the Dairy Unity Act of 1985 and ending on September 30, 1990, the price of milk shall be supported as provided in this subsection.

"(2)(A) On October 1 of each of fiscal years 1987 through 1990 (or on the date of the enactment of the Dairy Unity Act of 1985 in the case of fiscal year 1986), the Secretary shall establish the level of price support per hundredweight of milk having 3.67 per centum of milkfat, which level of price support shall be in effect throughout the fiscal year (or in the case of fiscal year 1986, throughout the period beginning on the date of the enactment of the Dairy Unity Act of 1985 and ending on September 30, 1985).

"(B) Such level of price support for a fiscal year shall be an amount equal to the product of (i) the preliminary support price for the fiscal year determined in accordance with paragraph (3) and (ii) the percentage determined in accordance with paragraph (4).

"(3)(A) For the fiscal year for which the level of price support is being determined, the preliminary support price per hundredweight of milk having 3.67 per centum milkfat shall be equal to the product of—

"(i) $8.83 per hundredweight; and

"(ii) the adjusted cost of production index.

"(B)(i) For purposes of subparagraph (A)(ii), the adjusted cost of production index for the fiscal year shall be equal to—

"(I) the cost of production index; less

"(II) the product of the cost of production index and the milk productivity factor.

"(ii) For purposes of subclauses (I) and (II) of clause (i), the cost of production index for the fiscal year shall be equal to the ratio of (I) the cost of production (determined in accordance with subparagraph (C)) for the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined to (II) the cost of production (determined in accordance with subparagraph (C)) for the three-year base period consisting of calendar years 1976, 1977, and 1978.

"(iii) For purposes of clause (i)(II), the milk productivity factor for the fiscal year shall be equal to the product of 0.2 per centum per hundredweight of milk having 3.67 per centum milkfat and the difference between—

"(I) the average quantity (measured in pounds) of milk produced annually per cow during the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined; and

"(II) 11,101 pounds.

"(C) For purposes of subparagraph (B)(ii), the cost of production for milk shall be determined by the Secretary in the same manner as the cost of production for milk is determined under section 808 of the Agricultural Act of 1970, except that the cost of production for purposes of such subparagraph shall be computed on the basis of the prices for the items (other than the Consumer Price Index for All Urban Consumers), and of the proportional value of each of the items, specified in the following schedule:

"Item	Contribution to Costs of Production
Consumer Price Index for All Urban Consumers, determined by the Bureau of Labor Statistics	10 per centum
Prices received by farmers for meat animals	10 per centum
Feed (consisting of: corn, 6.5 per centum 16 per centum dairy concentrate, 25 per centum hay, 1.5 per centum)	33 per centum
Interest (consisting of: production credit association rate, 3 per centum Federal land bank rate, 5 per centum)	8 per centum
Taxes	2.5 per centum
Fuel and energy	4 per centum
Milk hauling (consisting of: automobiles and trucks, 2 per centum bulk gasoline, 0.5 per centum diesel fuel, 0.5 per centum)	3 per centum
Machinery and building repair (consisting of: non-farm wage rate, 2 per centum farm and motor supplies, 1.5 per centum building and fencing, 0.5 per centum)	4 per centum
Hired labor	7 per centum
Farm services and cash rent	8.5 per centum
Seed	1.5 per centum
Fertilizer	3 per centum
Agricultural chemicals	0.5 per centum
Tractor and self-propelled machinery	3 per centum
Other farm machinery	2 per centum

"(4) For the fiscal year for which the level of price support is being determined, the Secretary shall estimate the level of purchases of milk and the products of milk (measured in billions of pounds milk equivalent), less sales under section 407 for unrestricted use, that the Secretary would acquire under this subsection if the level of price support were equal to the preliminary support price determined under paragraph (3) for the fiscal year. For purposes of paragraph (2)(B), the level of price support for *the fiscal year shall be calculated in accordance with the following schedule:*

"If the Secretary estimates that the amount of such purchases (in billions of pounds milk equivalent) for the fiscal year at such preliminary support price would be—.	*then for the fiscal year the level of price support shall be equal to the following percentage of such preliminary support price:*	
	Not less than	*Not more than*
Less than 1	*107.8*	*A percentage determined by the Secretary to be appropriate*
Not less than 1 but less than 2	*105.2*	*107.8*
Not less than 2 but less than 3	*102.6*	*105.2*
Not less than 3 but less than 4	*100.0*	*102.6*
Not less than 4 but less than 5	*97.4*	*100.0*
Not less than 5 but less than 6	*94.8*	*97.4*
Not less than 6 but less than 7	*92.2*	*94.8*
Not less than 7	*92.2*	*92.2*

"(5) The price of milk shall be supported through the purchase of milk and the products of milk.

"(6)(A) During any of the calendar years 1986 through 1989 (or the first nine months of 1990) for which a milk diversion program is in effect under paragraph (7), the Secretary shall provide for a reduction (subject only to downward adjustment by the Secretary during the calendar year or nine-month period) to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use.

"(B) The amount of such reduction for a calendar year (or the first nine months of 1990) shall be the amount per hundredweight that when multiplied by the quantity of milk so marketed is equal to the sum of—

"(i) the cost in the calendar year (or the first nine months of 1990), as estimated by the Secretary, of the quantity of milk and the products of milk in excess of five billion pounds (milk equivalent), less sales under section 407 for unrestricted use or three-fourths of such amount in the case of the first nine months of 1990, required to be purchased under this subsection;

"(ii) the cost, as estimated by the Secretary, of making payments to producers who reduce marketings in the calendar year (or the first nine months of 1990), under the milk diversion program under paragraph (7); and

"(iii) $50,000,000 in each of the calendar years 1986 and 1987, to be deducted by the Secretary from the funds remitted under subparagraph (C) and deposited in the Dairy Research Trust Fund established by section 135 of the Dairy Production Stabilization Act of 1983; but not to exceed 50 cents per hundredweight.

"(C) The funds represented by the reduction in the price required under subparagraph (A) to be applied to the marketings of milk by a producer shall be collected and remitted to the Commodity Credit Corporation, at such time and in such manner as prescribed by the Secretary, by each person making payment to a producer for milk purchased from such producer, except that in the case of a producer who markets milk of the producer's own production directly to consumers, such funds shall be remitted directly to the Corporation by such producer.

"(D)(i) If the funds remitted under subparagraph (C) for any calendar year (or the first nine months of 1990) exceed the amount of funds necessary to satisfy the requirements of subparagraph (B) for the period involved, the Secretary shall refund the excess funds (together with interest determined in accordance with clause (iii)), on a pro rata basis, to producers who marketed in the period milk for commercial use.

"(ii) If for any calendar year (or the first nine months of 1990) for which a milk diversion program is in effect under paragraph (7), the level of purchases of milk or the products of milk under this subsection does not exceed 5 billion pounds (milk equivalent on a milkfat basis), less sales under section 407 for unrestricted use or three-fourths of such amount in the case of the first nine months of 1990, the Secretary shall refund, on a pro rata basis, to producers who marketed milk in the period involved for commercial use an amount equal to the difference between—

"(I) the cost, as estimated by the Secretary, of purchasing 5 billion pounds (milk equivalent on a milkfat basis) or three-fourths of such amount in the case of the first nine months of 1990; and

"(II) the sum of the actual cost of purchases by the Commodity Credit Corporation under this subsection for the period involved, and the amount, if any, deposited in the Dairy Research Trust Fund under subparagraph (B)(iii);

together with interest as determined in accordance with clause (iii).

"(iii) For purposes of clauses (i) and (ii), interest shall be paid at an annual rate established under section 6621 of the Internal Revenue Code of 1954 for the period beginning forty-five days after the end of the calendar year or nine-month period involved and ending on a date (to be determined by the Secretary) preceding the date of the refund check by not more than thirty days, whether or not the refund check is accepted by the producer after tender of the refund check to the producer. The acceptance of a refund check shall be without prejudice to any right of the producer to claim any additional refund or interest thereon.

"(E) The funds remitted to the Corporation under this paragraph with respect to a producer, including any funds refunded under subparagraph (D) other than interest paid, shall be considered as included in the payments to the producer for purposes of the minimum price provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.".

EXTENSION OF MILK DIVERSION PROGRAM

SEC. 212. (a) Paragraph (7) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(3)), as redesignated by section 211(l), is amended by—

(1) amending subparagraph (A) to read as follows:

"(A)(i)(I) If for any of the calendar years 1986 through 1989 (or the first nine months of 1990) the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed five billion pounds (milk equivalent) or three-fourths of such amount in the case of the first nine months of 1990 but will not exceed seven billion pounds (milk equivalent) or three-fourths of such amount in the case of the first nine months of 1990, the Secretary may establish and carry out under this paragraph a milk diversion program for such calendar year or nine-month period.

"(II) If for any of the calendar years 1986 through 1989 (or the first nine months of 1990) the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed seven billion pounds (milk equivalent) or three-fourths of such amount in the case of the first nine months of 1990, the Secretary shall establish and carry out under this paragraph a milk diversion program for such calendar year or nine-month period as the case may be.

"(III) For purposes of adjusting under this clause the estimated level of purchases of milk and the products of milk for a fiscal year, the Secretary shall deduct from such level the net amount (measured in milk equivalent) of all reductions occurring during the period beginning on June 15, 1985, and ending on the first day of such fiscal year, in the quantitative limitations in effect on June 15, 1985, under section 22 of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, with respect to milk and the products of milk imported into the United States. For purposes of determining the amount of such reductions, milk equivalent shall be determined on either a solids-not-fat or milkfat milk equivalent basis, whichever produces a higher milk equivalent.

"(IV) Notwithstanding any other provision of this clause, if the Secretary establishes a milk diversion program for fiscal year 1986 under this paragraph, the program so established shall be carried out for fiscal years 1986 and 1987. Any contract entered into with a producer under the reduced production program formulated under clause (iii) for fiscal years 1986 through 1987 shall require the producer to make an equal reduction in the marketings of milk by the producer in each of such fiscal years.

"(ii) Not later than August 1 preceding any fiscal year for which a milk diversion program may or shall be so established under this paragraph (or August 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)) the Secretary shall publish in the Federal Register—

"(I) the estimated level of purchases of milk and products of milk under this subsection (less sales under section 407 for unrestricted use) in such fiscal year if no program is carried out during the year under this paragraph (or in each of fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)); and

"(II) if a milk diversion program is to be established under this paragraph for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)), notice of the establishment of the program and a detailed description of the nature of the program.

Any milk diversion program so established shall consist of the reduced production program formulated under clause (iii) and the production termination program formulated under clause (iv). The aggregate amount of the reduction, under the milk diversion program so established, in marketings of milk in each fiscal year for which such program is in effect shall be not less than the difference between the level of purchases so estimated and 4 billion pounds (milk equivalent), unless producers decline to enter into contracts to effect such aggregate amount of reduction.

"(iii) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph,

the Secretary shall formulate, not later than August 1 preceding such fiscal year, a reduced production program under which the Secretary shall offer to enter into a contract, at any time before the beginning of such fiscal year, with any producer of milk in the United States for the purpose of reducing the quantity of milk marketed by such producer for commercial use during the contract period. Such contract shall be in effect throughout such fiscal year unless such contract is terminated under subparagraph (E). Each producer of milk in the United States seeking to enter into a contract for diversion payments under this clause shall, before entering into such contract, provide the Secretary with a plan that describes the manner in which the producer intends to achieve the reduction in milk marketings that would be required under such contract, and includes an estimate by the producer of the amount of such reduction that the producer intends to achieve through increased slaughter of dairy cattle (including the approximate number of dairy cattle that will be sold for slaughter during each month of the contract). In setting the terms and conditions of such contracts, the Secretary shall take into account any adverse effect of the reductions in milk production on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(iv) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph, the Secretary also shall formulate, not later than August 1 preceding such fiscal year, a production termination program under which the Secretary may offer, at the request of a producer of milk in the United States who submits to the Secretary a bid, to enter into a contract, at any time before November 1 of such fiscal year, with the producer for the purpose of terminating the production of milk by the producer in return for a payment to be made by the Secretary. In setting the terms and conditions of each contract made under this clause, the Secretary shall take into account any adverse effect of such contract, and of all contracts made under this clause, on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(v) For any fiscal year for which a milk diversion program under this paragraph is in effect, the Secretary shall determine, before the beginning of such fiscal year, the total number of dairy cattle the Secretary estimates will be marketed for slaughter as a result of such program and shall by regulation specify marketing procedures to ensure that not more than 40 per centum of the number of such dairy cattle that the Secretary estimates will be marketed for slaughter by the producers participating in the program, in excess of the number of dairy cattle such producers would market for slaughter (based on the historical dairy cow herd culling rate) during such fiscal year in the absence of such program, will be so marketed in such fiscal year in the months of October, November, December, January, February, and September. Such procedures also shall ensure that such sales of dairy cattle for slaughter shall occur on a basis estimated by the Secretary that maintains historical marketing patterns. During such fiscal year, the Secretary shall limit the total number of dairy cattle marketed for slaughter under the program in excess of the historical dairy cow herd culling rate to no more than 7 per centum of the national dairy cow herd.".

(2) in subparagraph (B)—

(A) striking out "(B) Each such contract" and inserting in lieu thereof "(B)(i) Each contract made under the program formulated under subparagraph (A)(iii)";

(B) redesignating clauses (i), (ii), (iii), and (iv) as subclauses (I), (II), (III), and (IV), respectively; and

(C) in subclause (III), as so redesignated—

(i) striking out "after November 8, 1983" and all that follows through "unless such cattle are sold", and inserting in lieu thereof "during the period beginning August 1 immediately preceding the fiscal year for which such contract is in effect and ending on the last day of such fiscal year (or during the period beginning on August 1, 1985, and ending on September 30, 1987, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)), unless, as established by evidence satisfactory to the Secretary (including any sales contract), such cattle are sold in good faith"; and

(ii) striking out "this subsection" and inserting in lieu thereof "the program for such fiscal year";

(D) in subclause (IV), as so redesignated, striking out "this paragraph" each place it appears and inserting in lieu thereof "the contract"; and

(E) adding at the end thereof the following:

"(ii) Each contract made under this program formulated under subparagraph (A)(iv) shall provide that—

"(I) the producer shall sell for slaughter or for export all the dairy cattle in which such producer owns an interest;

"(II) during a period of three, four, or five years specified by the Secretary and beginning on the day the producer completes compliance with subclause (I), the producer shall neither acquire any interest in the production of milk nor acquire, or make available to any person, any milk production capacity of a facility that becomes available because of compliance by any producer with such subclause; and

"(III) if the producer fails to comply with such contract, the producer shall repay to the Secretary the entire payment received under the contract, including simple interest payable at a rate prescribed by the Secretary, which shall, to the extent practicable, reflect the cost to the Corporation of its borrowings from the Treasury of the United States, commencing on the date payment is first received under such contract.";

(3) striking out "this paragraph" in subparagraph (C) and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(4) in subparagraph (D)—

(A) in clause (i)—

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction";

(ii) inserting "in such fiscal year;" after "marketed" the first place it appears; and

(iii) striking out "the producer has entered into under this paragraph" in subclause (I);

(B) in clause (ii)—

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction"; and

(ii) striking out "the producer has entered into under this paragraph" in subclause (I); and

(C) in clause (iii), striking out "as of the date of enactment of the Dairy Production Stabilization Act of 1983" and inserting in lieu thereof "throughout the fifteen-month period ending on October 1 of the fiscal year for which such contract is in effect (or ending on October 1, 1985, in the case of a program carried out under subparagraph (A)(i)(IV) for fiscal years 1986 and 1987)";

(5) in subparagraph (E)—

(A) in the first sentence—

(i) inserting "before November 1 of a fiscal year (or November 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)) and" after "The Secretary may,";

(ii) inserting "for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV))" after "this paragraph" the first place it appears;

(iii) in clause (i), striking out "there would be an excessive reduction in the level of milk production in the United States" and inserting in lieu thereof "the level of milk marketings in the United States would be reduced in excess of the aggregate amount of the reduction required by subparagraph (A)(ii)";

(iv) striking out "under this paragraph" each place it appears and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(v) striking out "dairy cattle,"; and

(B) striking out "reduce" in the third sentence and inserting in lieu thereof "lessen"; and

(C) adding at the end thereof the following:

"In acting to lessen the required reduction in milk marketings among all contracts made under the program formulated under subparagraph (A)(iii), the Secretary may apportion changes in the reduction among contracts so as to give preference to any small- or medium-sized producer who requests that the producer's reduction not be lessened. A producer who enters into a contract under subparagraph (A)(iii) may terminate such contract if the Secretary modifies such contract under this subparagraph and if such producer gives written notice of such termination, and returns any payment received under such contract, to the Secretary not later than December 1 of the fiscal year for which such contract is made (or December 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)).";

(6) striking out the second sentence in subparagraph (F) and inserting in lieu thereof the following:

"The marketing history, as established by the Secretary, of such producer shall be as follows:

"(i) Except as provided in clause (ii) and clause (iii), the marketing history of the producer shall be the marketings of milk by the producer for commercial use during the one-year period ending on June 30 immediately preceding the fiscal year for which the contract is sought.

"(ii) Except as provided in clause (iii), if the producer participated in a reduced production milk diversion program under this paragraph in effect for the fiscal year preceding the fiscal year for which the marketing history of the producer is being determined, the marketing history shall be the marketing history of the producer for the diversion program for the preceding fiscal year.

"(iii) If a reduced production milk diversion program is in effect under this paragraph for fiscal years 1986 and 1987, and if *the producer participated in the milk diversion program carried out under paragraph (3) of this subsection as in effect on September 30, 1985, the marketing history of the producer for each of fiscal years 1986 and 1987 shall be, at the option of the producer—*

"(I) the marketings of milk by the producer for commercial use during calendar year 1982, increased by 2.2 per centum; or

"(II) the average annual marketings of milk by the producer during calendar years 1981 and 1982, increased by 2.2 per centum.".

(7) in subparagraph (G), striking out "after December 31, 1982" and inserting in lieu thereof "in the fifteen-month period ending on October 1 of the fiscal year (or October 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)) for which the producer is seeking to enter into a contract for diversion payments under this paragraph".

(8) inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" in subparagraph (I) after "diversion payments";

(9) in subparagraph (J)—

(A) in clause (i), inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" after "diversion payments" the first place it appears; and

(B) in clause (ii), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(10) in subparagraph (L), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)"; and

(11) striking out "paragraph (2)" in subparagraph (N) and inserting in lieu thereof "paragraph (6)".

(b) Effective October 1, 1985, paragraph (9)(B) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(5)(B)), as so redesignated by section 212(1), is amended by—

(1) striking out "paragraph (2)" and inserting in lieu thereof "paragraph (6)";

(2) striking out "paragraph (2)(B)" and inserting in lieu thereof "paragraph (6)(C)";

(3) striking out "paragraph (3)" and inserting in lieu thereof "paragraph (7)";

(4) inserting "(i)" after "(B)"; and

(5) adding at the end thereof the following:

"(ii) Each person who buys, from a producer with respect to whom there is in effect at the time of such sale a contract entered into under paragraph (7), one or more dairy cattle sold for slaughter, who knows that such cattle are sold for slaughter, and who fails to cause the slaughter of such cattle within a reasonable time after receiving such cattle shall be liable for a civil penalty of not more than $5,000 with respect to each of such cattle.".

(c) Paragraph (10) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(6)), as so redesignated by section 212(1), is amended by striking out "paragraphs (2) and (3)" and inserting in lieu thereof "paragraphs (6) and (7)".

(d) Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out "The price" and inserting in lieu thereof "Except as provided in subsection (d), the price".

(e) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by adding at the end thereof the following:

"(11) The Secretary shall carry out this subsection through the Commodity Credit Corporation.".

(f) Notwithstanding section 201(d)(7) of the Agricultural Act of 1949, as added by this title, the Secretary of Agriculture—

(1) shall establish a milk diversion program, and publish the information required by such section, not later than 30 days after the date of the enactment of this Act; and

(2) shall offer to enter into contracts under such program with producers until 60 days after the date of the enactment of this Act;

if a milk diversion program is to be in effect for fiscal year 1986 and if this Act is enacted after August 1, 1985.

APPLICATION OF AMENDMENTS

Sec. 213. The amendments made by this subtitle shall not affect any liability of any person under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as in effect before October 1, 1985.

AVOIDANCE OF ADVERSE EFFECT OF DAIRY DIVERSION PROGRAM ON BEEF, PORK, AND LAMB PRODUCERS

Sec. 214. To minimize the adverse effect of the milk diversion program on beef, pork, and lamb producers in the United States during any fiscal year for which a milk diversion program is in effect under section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)), in such fiscal year—

(1) the Secretary of Agriculture shall use funds available for the purposes of clause (2) of section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes" (7 U.S.C. 612c), approved August 14, 1935, including the contingency funds appropriated under such section 32, and other funds available to the Secretary under the commodity distribution and other nutrition programs of the Department of Agriculture, and including funds available through the Commodity Credit Corporation, to purchase and distribute two hundred million pounds of red meat in addition to those quantities normally purchased and distributed by the Secretary;

(2) the Secretary of Defense and other Federal agencies, to the maximum extent practicable, shall use increased quantities of red meat to meet the food needs of the programs that they administer, and State agencies are encouraged to cooperate in such effort; and

(3) the Secretary of Agriculture shall encourage the consumption of red meat by the public.

DOMESTIC CASEIN INDUSTRY

Sec. 215. (a) The Commodity Credit Corporation shall provide surplus stocks of nonfat dry milk of not less than one million pounds annually to individuals or entities on a bid basis.

(b) The Commodity Credit Corporation may accept bids at lower than the resale price otherwise required by law in order to promote the strenghtening of the domestic casein industry.

(c) The Commodity Credit Corporation shall take appropriate action to assure that the nonfat dry milk sold by the Corporation under this section shall be used only for the manufacture of casein.

STUDY RELATING TO CASEIN

Sec. 216. The Secretary of Agriculture shall conduct a study to determine whether imports of casein tend to interfere with or render ineffective the milk price support program of the Department of Agriculture. Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

CONGRESSIONAL EVALUATION OF THE COST OF PRODUCTION SCHEDULE

Sec. 217. It is the sense of Congress that two years after the date of the enactment of this Act the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate should—

(1) determine the value of each of the items specified in the schedule established in section 201(d)(3)(C) of the Agricultural Act of 1949, and the contribution of each of such items to the cost of production referred to in such section, in order to assess the effect of each of such items on the cost of production index and the level of price support for milk determined under section 201(d) of such Act; and

(2) assess the effect of such index on the operation of the milk diversion program provided for in section 201(d)(7) of such Act.

APPLICATION OF SUPPORT PRICE FOR MILK

Sec. 218. For purposes of supporting the price of milk under section 201(d) of the Agricultural Act of 1949, the Secretary of Agriculture may not take into consideration any market value of whey.

Subtitle B—Dairy Research and Promotion

NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

Sec. 221. Effective October 1, 1985, the Dairy Production Stabilization Act of 1983 (7 U.S.C. 1421 note, et seq.) is amended by adding at the end thereof the following:

"Subtitle C—Dairy Research Program

"DEFINITIONS

"Sec. 130. For purposes of this subtitle—

"(1) the term 'board' means the board of trustees of the Institute;

"(2) the term 'Department' means the Department of Agriculture;

"(3) the term 'dairy products' means manufactured products that are derived from the processing of milk, and includes fluid milk products;

"(4) the term 'fluid milk products' means those milk products normally consumed in liquid form as a beverage;

"(5) the term 'Fund' means the Dairy Research Trust Fund established by section 135;

"(6) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(7) the term 'importer' means a person who imports any dairy product into the United States for commercial use;

"(8) the term 'Institute' means the National Dairy Research Endowment Institute established by section 131;

"(9) the term 'milk' means any class of cow's milk marketed in the United States;

"(10) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(11) the term 'producer' means any person engaged in the production of milk for commercial use;

"(12) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of milk and dairy products, and other related efforts to expand demand for milk and dairy products;

"(13) the term 'Secretary' means the Secretary of Agriculture unless the context specifies otherwise; and

"(14) the term 'United States' means the several States and the territories and possessions of the United States, except that for

purposes of sections 131, 133(a), and 136, and paragraphs (6), (7), and (9) of this section, such term means the forty-eight contiguous States in the continental United States.

“ESTABLISHMENT OF NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

“Sec. 131. There is hereby established in the Department of Agriculture a National Dairy Research Endowment Institute whose function shall be to aid the dairy industry through the implementation of the dairy products research order, which its board of trustees shall administer, and the use of monies made available to its board of trustees from the Dairy Research Trust Fund to implement the order. In implementing the order, the Institute shall provide a permanent system for funding scientific research activities designed to facilitate the expansion of markets for milk and dairy products marketed in the United States. The Institute shall be headed by a board of trustees composed of the members of the National Dairy Promotion and Research Board. The board may appoint from among its members an executive committee whose membership, other than importers, shall reflect equally each of the different regions in the United States in which milk is produced. The executive committee shall have such duties and powers as are delegated to it by the board. The members of the board shall serve without compensation. While away from their homes or regular places of business in the performance of services for the board, members of the board shall be allowed reasonable travel expenses, including a per diem allowance in lieu of subsistence, as recommended by the board and approved by the Secretary, except that there shall be no duplication of payment for such expenses.

“ISSUANCE OF ORDER

“Sec. 132. (a) After the effective date of this subtitle and not later than thirty days after receipt of a proposed dairy products research order, the Secretary shall publish such proposed order in the Federal Register and shall give notice and reasonable opportunity for public comment on such proposed order. Such proposed order may be submitted by an organization certified under section 114 or by any interested person affected by the provisions of subtitle B.

“(b) After the Secretary complies with the requirements of subsection (a), the Secretary shall issue a dairy products research order. The order shall become effective not later than ninety days after publication in the Federal Register of the proposed order.

“(c) The Secretary may amend, from time to time, the dairy products research order issued under subsection (b).

“REQUIRED TERMS OF ORDER; AGREEMENTS UNDER ORDER; RECORDS

“Sec. 133. (a) The dairy products research order issued under section 132(b) shall—

“(1) provide for the establishment and administration, by the Institute, of appropriate scientific research activities designed to facilitate the expansion of markets for dairy products marketed in the United States;

“(2) specify the powers of the board, including the powers to—

“(A) receive and evaluate, or on its own initiative develop and budget for, research plans or projects designed to—

“(i) increase the knowledge of human nutritional needs and the relationship of milk and dairy products to these needs;

“(ii) improve dairy processing technologies, particularly those appropriate to small- and medium-sized family farms;

“(iii) develop new dairy products; and

“(iv) appraise the effect of such research on the marketing of dairy products;

“(B) make recommendations to the Secretary regarding such plans and projects;

“(C) administer the order in accordance with its terms and provisions;

“(D) make rules and regulations to effectuate the terms and provisions of the order;

“(E) receive, investigate, and report to the Secretary complaints of violations of the order;

“(F) recommend to the Secretary amendments to the order;

“(G) enter into agreements, with the approval of the Secretary, for the conduct of activities authorized under the order and for payment of the cost of such activities with any monies in the Fund other than monies deposited in the Fund by the Secretary;

“(H) with the approval of the Secretary, establish advisory committees composed of individuals other than members of the board, and pay the necessary and reasonable expenses and fees of the members of such committees; and

“(I) with the approval of the Secretary, appoint or employ such persons, other than members of the board, as the board deems necessary and define the duties and determine the compensation of each;

“(3) specify the duties of the board, including the duties to—

“(A) develop, and submit to the Secretary for approval before implementation, any research plan or project to be carried out under this subtitle;

“(B) submit to the Secretary for approval budgets, on a fiscal year basis, of the board's anticipated expenses and disbursements in the administration of the order, including projected costs of carrying out dairy products research plans and projects;

“(C) prepare and make public, at least annually, a report of the board's activities and an accounting for funds received and expended by the board;

“(D) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

“(E) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

“(F) account for the receipt and disbursement of all funds entrusted to the board;

“(4) prohibit any monies received under this subtitle by the board to be used in any manner for the purpose of influencing governmental policy or actions, except as provided in paragraph (2)(F);

“(5) during fiscal years 1986 and 1987, require each importer to pay, in the manner prescribed by the order, an assessment to the Secretary, at a rate determined by the Secretary from time to time under subsection (d) and based on the number of hundredweights of milk having 3.67 percent milkfat contained in the quantity of dairy products imported into the United States in such fiscal years for commercial use by such importer; and

“(6) require that each person receiving milk from producers for commercial use, any person marketing milk of that person's own production directly to consumers, and each importer maintain and make available for inspection by the Secretary such books and records as may be required by the order and file with the Secretary reports at the time, in the manner, and having the content prescribed by the order.

“(b) Any agreement made under subsection (a)(2)(G) shall provide that—

“(1) the person with whom such agreement is made shall develop and submit to the board a research plan or project together with a budget that shows estimated costs to be incurred to carry out such plan or project;

“(2) such plan or project shall become effective on the approval of the Secretary; and

“(3) such person shall keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the board of activities conducted to carry out such plan or project, and submit such other reports as the Secretary or the board may require.

“(c)(1) Information, books, and records made available to, and reports filed with, the Secretary under subsection (a)(6) shall be kept confidential by all officers and employees of the Department, except that such information, books, records, and reports as the Secretary deems relevant may be disclosed by such officers and employees in any suit or administrative proceeding that is brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, and that involves the order issued under section 132(b).

“(2) Paragraph (1) shall not be construed to prohibit—

“(A) the issuance of general statements, based on such information, books, records, and reports, of the number of persons subject to the order or of statistical data collected from such persons if such statements do not specifically identify the data furnished by any one of such persons; or

“(B) the publication, at the direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

“(3) No information obtained under the authority of this section may be made available to any agency, officer, or employee of the United States for any purpose other than the implementation of this subtitle and any investigatory or enforcement action necessary to implement this subtitle. Any person who violates this paragraph, on conviction, shall be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and, if such person is employed by the board or the Department, shall be terminated from such employment.

“(d) The rate of the assessment per hundredweight of milk required to be paid under an order issued under section 132(b) by importers shall be equal to $50,000,000 divided by the number of hundredweights of milk estimated by the Secretary to be produced in the United States in the fiscal year involved.

“PETITION AND REVIEW; ENFORCEMENT; INVESTIGATIONS

“Sec. 134. The provisions of sections 118, 119, and 120 shall apply, except when inconsistent with this subtitle, to the Institute, the board, the persons subject to the order issued under section 132(b), the jurisdiction of district courts of the United States, and the authority of the Secretary under this subtitle in the same manner as such sections apply with respect to subtitle B.

“DAIRY RESEARCH TRUST FUND

“Sec. 135. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the ‘Dairy Research Trust Fund’.

“(b)(1) Monies shall be deposited in the Fund by the Secretary in accordance with section 201(d)(6)(B)(iii) of the Agricultural Act of 1949. The Secretary shall also deposit

in the Fund monies received under section 133(a)(5) from importers.

"(2) If no monies are so deposited for a fiscal year in accordance with section 201(d)(6)(B)(iii), then the Secretary shall transfer from monies available to the Commodity Credit Corporation, and deposit in the Fund, $50,000,000 for such fiscal year.

"(3) Monies deposited in the Fund under paragraph (1) or (2) shall be invested by the Secretary of the Treasury in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States. Interest, dividends, and other payments that accrue from such investments shall be deposited in the Fund and also shall be so invested, subject to subsection (c).

"(c) Monies in the Fund, other than monies deposited or transferred under paragraph (1) or (2) of subsection (b), shall be available to the board, in such amounts, and for such activities authorized by this subtitle, as the Secretary may approve.

"TERMINATION OF ORDER, INSTITUTE, AND FUND

"SEC. 136. (a) After September 30, 1991, the Secretary, whenever the Secretary finds that the order issued under this subtitle or any provision of such order obstructs or does not tend to facilitate the expansion of markets for milk and dairy products marketed in the United States, shall terminate or suspend the operation of the order or such provision.

"(b) If the Secretary terminates the order, the Institute shall be dissolved 180 days after the termination of the order.

"(c) If the Institute is dissolved for any reason, the monies remaining in the Fund shall be disposed of as shall be agreed to by the board and the Secretary.

"ADDITIONAL AUTHORITY

"SEC. 137. (a) No provision of this subtitle shall be construed to preempt or supersede any other program relating to milk or dairy products research organized and operated under the laws of the United States or any State.

"(b) The provisions of this subtitle applicable to the order issued under section 132(b) shall be applicable to any amendment to the order.".

DAIRY PROMOTION PROGRAM

SEC. 222. (a) Section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended by inserting "and dairy products imported into" after "produced in" each place it appears.

(b) Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended by—

(1) redesignating paragraphs (a) through (f) as paragraphs (1) through (6), respectively,

(2) redesignating paragraphs (g) through (l) as paragraphs (9) through (14), respectively; and

(3) inserting after paragraph (6), as so redesignated, the following new paragraphs:

"(7) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(8) the term 'importer' means a person who imports any dairy product into the United States for commercial use;".

(c) Section 113 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504) is amended by—

(1) in subsection (b)—

(A) in the first sentence, striking out "thirty-six" and inserting in lieu thereof "thirty-seven";

(B) in the second sentence, striking out "Members" and inserting in lieu thereof "Except as provided in the following sentence, members";

(C) in the third sentence, striking out "such" and inserting in lieu thereof "producer"; and

(D) inserting after the second sentence the following:

"One or more members of the Board shall be importers appointed by the Secretary from nominations submitted by importers in the manner authorized by the Secretary. The number of importers to be appointed to the Board shall be determined by the Secretary on a proportional basis, taking into account the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use during a representative period, except that not fewer than one importer shall be appointed to the Board.";

(2) in subsection (g)—

(A) inserting after the first sentence the following:

"The order shall also provide that each importer shall remit to the Board, in the manner prescribed by the Board, an assessment based on the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use by such importer."; and

(B) in the third sentence, inserting ", in the case of dairy products other than milk," after "or"; and

(3) in the first sentence of subsection (k), striking out "farmers for commercial use" and inserting in lieu thereof "producers for commercial use, each importer".

(d) Section 116(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4507(b)) is amended by—

(1) inserting "and importers" after "producers" each place it appears; and

(2) in the last sentence, inserting ", or the importation of dairy products into the United States," after "the production of milk".

(e) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C—Milk Marketing Orders

MINIMUM ADJUSTMENTS TO PRICES FOR FLUID MILK UNDER MARKETING ORDERS

SEC. 231. (a) Section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following: "Throughout the 2-year period beginning on the effective date of this sentence (and subsequent to such 2-year period unless modified by amendment to the order involved), the minimum aggregate amount of the adjustments, under clauses (1) and (2) of the preceding sentence, to prices for milk of the highest use classification under orders that are in effect under this section on the date of the enactment of the Dairy Unity Act of 1985 shall be as follows:

"Marketing Area Subject to Order	Minimum Aggregate Amount of Such Adjustments Per Hundred weight of Milk Having 3.5 Per Centum Milkfat
New England	3.24
New York-New Jersey	3.14
Middle Atlantic	3.03
Georgia	3.08
Alabama-West Florida	3.08
Upper Florida	3.58
Tampa Bay	3.88
Southeastern Florida	4.18
Michigan Upper Peninsula	1.35
Southern Michigan	1.75
Eastern Ohio-Western Pennsylvania	1.95
Ohio Valley	2.04
Indiana	2.00
Chicago Regional	1.40
Central Illinois	1.61
Southern Illinois	1.92
Louisville-Lexington-Evansville	2.11
Upper Midwest	1.20
Eastern South Dakota	1.50
Black Hills, South Dakota	2.05
Iowa	1.55
Nebraska-Western Iowa	1.75
Greater Kansas City	1.92
Tennessee Valley	2.77
Nashville, Tennessee	2.52
Paducah, Kentucky	2.39
Memphis, Tennessee	2.77
Central Arkansas	2.77
Fort Smith, Arkansas	2.77
Southwest Plains	2.77
Texas Panhandle	2.49
Lubbock-Plainview, Texas	2.49
Texas	3.28
Greater Louisiana	3.28
New Orleans-Mississippi	3.85
Eastern Colorado	2.73
Western Colorado	2.00
Southwestern Idaho-Eastern Oregon	1.50
Great Basin	1.90
Lake Mead	1.60
Central Arizona	2.52
Rio Grande Valley	2.35
Puget Sound-Inland	1.85
Oregon-Washington	1.95

Effective at the beginning of such two-year period, the minimum prices for milk of the highest use classification shall be adjusted for the locations at which delivery of such milk is made to such handlers.".

(b) The amendment made by this section shall take effect on the first day of the first month beginning more than 120 days after the date of the enactment of this Act.

ADJUSTMENTS FOR SEASONAL PRODUCTION; HEARINGS ON AMENDMENTS; DETERMINATION OF MILK PRICES

SEC. 232. Effective October 1, 1985, section 101(b) of the Agriculture and Food Act of 1981 (7 U.S.C. 608c note) is amended by striking out "1985" and inserting in lieu thereof "1990".

COOPERATIVE ASSOCIATION REPRESENTATION

SEC. 233. Effective October 1, 1985, the second sentence of section 8c(17) of the Agricultural Adjustment Act (7 U.S.C. 608c(17)), as added by section 101 of the Agriculture and Food Act of 1981 and made effective for the period beginning January 1, 1986, and ending December 31, 1990 under section 132, is amended by striking out "not".

MARKETWIDE SERVICE PAYMENTS

SEC. 234. Effective October 1, 1985, section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end thereof the following:

"(J) Providing for the payment, from the total sums payable by all handlers for milk (irrespective of the use classification of such milk) and before computing uniform prices under paragraph (A) and making adjustments in payments under paragraph (C), to handlers that are cooperative marketing associations described in paragraph (F) and to handlers with respect to which adjustments in payments are made under paragraph (C), for services of marketwide benefit, including but not limited to—

"(i) providing facilities to furnish additional supplies of milk needed by handlers and to handle and dispose of milk supplies in excess of quantities needed by handlers;

"(ii) handling on specific days quantities of milk that exceed the quantities needed by handlers; and

"(iii) transporting milk from one location to another for the purpose of fulfilling requirements for milk of a higher use classification or for providing a market outlet for milk of any use classification.".

STATUS OF PRODUCER HANDLERS

SEC. 235. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall be the same after the amendments made by this title take effect as it was before the effective date of such amendments.

Subtitle D—National Commission on Dairy Policy

FINDINGS AND DECLARATION OF POLICY

SEC. 241. (a) Congress finds that—

(1) the Federal program established to support the price of milk marketed by producers in the United States was created to provide price and income protection for milk producers as well as to assure consumers of an adequate supply of milk and dairy products at reasonable prices;

(2) the milk production industry in the United States is composed primarily of small- and medium-sized family farm operations;

(3) consumers in the United States benefit financially from a milk price support program that prohibits large fluctuations in the price and supply of milk and dairy products;

(4) consumers in the United States also benefit financially from the current structure of the domestic milk production industry; and

(5) the Office of Technology Assessment, in its report entitled "Technology, Public Policy, and the Changing Structure of American Agriculture", found that larger milk production operations already enjoy a major advantage in the production of milk and that, under current Federal policy, the development and use of new technologies will permit a continued trend toward fewer and larger milk production operations throughout the country.

(b) It is hereby declared to be the policy of Congress to respond to the development of new technologies in the domestic milk production industry by reviewing the present milk price support program and its alternatives, and by adopting such policies as are needed to prevent significant surplus production in the future while ensuring that the current small- and medium-sized family farm structure of such industry will be preserved for new generations of producers and consumers alike.

ESTABLISHMENT OF COMMISSION

SEC. 242. (a) There is hereby established in the executive branch a National Commission on Dairy Policy, which shall study and make recommendations concerning the future operation of the Federal program established to support the price of milk marketed by producers in the United States.

(b) The Commission shall be composed of eighteen members who are engaged in the commercial production of milk in the United States, to be appointed by the Secretary of Agriculture. Not fewer than twelve members shall be appointed from nominations submitted to the Secretary by the following Members of Congress, after consultation with the other Members of Congress who sit on the specified committee of the respective House of Congress:

(1) The Chairman of the Committee on Agriculture of the House of Representatives.

(2) The ranking minority member of the Committee on Agriculture of the House of Representatives.

(3) The Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(4) The ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Each such Member of Congress shall make not fewer than eighteen such nominations for appointment to the Commission, but not more than two such nominations for any particular vacancy on the Commission. The Secretary shall appoint not fewer than three individuals from among the nominations submitted by each such Member of Congress. Each member of the Commission shall represent a milk-producing region of the United States. A region may be made up of more than one State and may be represented by more than one member of the Commission. In making such appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of milk production volume throughout the United States. In determining geographical representation, whole States shall be considered as a unit.

(c) A vacancy on the Commission shall be filled in the manner in which the original appointment was made.

(d) The Commission shall elect a chairman from among the members of the Commission.

(e) The Commission shall meet at the call of the chairman or a majority of the members of the Commission.

STUDY AND RECOMMENDATIONS

SEC. 243. (a) The National Commission on Dairy Policy shall study—

(1) the current Federal price support program for milk;

(2) alternatives to such program;

(3) the future functioning of such program;

(4) new technologies that will become a part of the milk production industry before the end of this century;

(5) the effect that developing technologies will have on surplus milk production; and

(6) the future structure of the milk production industry.

In conducting such study, the Commission shall consider, among other things, how effective the current Federal price support program for milk will be in preventing significant surpluses of dairy products in the future, how well such program will respond to the challenges to the family farm structure of the milk production industry created by developing technologies, and whether or not a better response to those challenges could be achieved through modifications or revisions of current Federal policy.

(b) On the basis of its study, the Commission shall make findings and develop recommendations for consideration by the Secretary of Agriculture and Congress with respect to the future operation of the Federal price support program for milk.

(c) The Commission shall submit to the Secretary of Agriculture and Congress, not later than March 31, 1987, a report containing the results of its study and recommendations based on such results.

ADMINISTRATION

SEC. 244. (a) The heads of executive agencies, the General Accounting Office, the Office of Technology Assessment, and the Congressional Budget Office, to the extent permitted by law, shall provide to the National Commission on Dairy Policy such information as the Commission may require to carry out its duties and functions.

(b) Members of the Commission shall serve without compensation for work on the Commission. While away from their homes or regular places of business in the performance of duties of the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service under section 5703 of title 5 of the United States Code.

(c) To the extent there are sufficient funds available to the Commission in advance under section 245, and subject to such rules as may be adopted by the Commission, the Commission, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, may—

(1) appoint and fix the compensation of a director; and

(2) appoint and fix the compensation of such additional personnel as the Commission determines necessary to assist it to carry out its duties and functions.

(d) On the request of the Commission, the heads of executive agencies, the General Accounting Office, and the Office of Technology Assessment may furnish the Commission with such personnel and support services as the head of the agency or office, and the chairman of the Commission agree are necessary to assist the Commission to carry out its duties and functions. The Commission shall not be required to pay or reimburse any agency or office for personnel and support services provided under this subsection.

(e) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act (5 U.S.C. App.).

(f) The Commission shall be exempt from the requirements of sections 4301 through 4305 of title 5 of the United States Code.

FINANCIAL SUPPORT

SEC. 245. (a) Following the appointment or designation of the members of the National Commission on Export Policy, notwithstanding the provisions of section 1342 of title 31 of the United States Code, the Secretary of Agriculture may receive on behalf of the Commission, from persons, groups, and entities within the United States, contributions of money and services to assist the Commission to carry out its duties and functions. Any money contributed under this section shall be made available to the Commission to carry out this subtitle. In no event may the Secretary accept an aggregate amount of contributions from any one *person, group, or entity exceeding 10 percent of the budget of the Commission.*

(b) If the contributions under subsection (a) are insufficient to carry out this subtitle, the Secretary of Agriculture may transfer to the Commission, from funds available to the Commodity Credit Corporation, an amount not to exceed $1,000,000 to carry out this subtitle.

TERMINATION OF COMMISSION

SEC. 246. The National Commission on Dairy Policy shall cease to exist thirty days following the submission of its report to the Secretary of Agriculture and Congress.

Subtitle E—Miscellaneous

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

SEC. 251. Subsections (a) and (b) of section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a) are each amended by striking out "1985" and inserting in lieu thereof "1990".

EXTENSION OF THE DAIRY INDEMNITY PROGRAM

SEC. 252. Section 3 of the Act entitled "An Act to provide indemnity payments to dairy farmers" (7 U.S.C. 4501), approved August 13, 1968, is amended by striking out "1985" and inserting in lieu thereof "1990".

TITLE III—WOOL AND MOHAIR

EXTENSION OF PRICE SUPPORT PROGRAM

SEC. 301. Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by—

(1) striking out "1985" in subsection (a) and inserting in lieu thereof "1990"; and

(2) striking out "1985" in subsection (b) and inserting in lieu thereof "1990".

FOREIGN PROMOTION PROGRAMS

SEC. 302. The second sentence of section 708 of the National Wool Act of 1954 (7 U.S.C. 1787) is amended by striking out "mohair or goats" and inserting in lieu thereof "wool, mohair, sheep, or goats".

TITLE IV—WHEAT

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION FOR THE 1986 THROUGH 1990 CROPS OF WHEAT

SEC. 401. Effective only for the 1986 through 1990 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following:

"SEC. 107D. Notwithstanding any other provision of law—

"(a)(1) For any crop of wheat for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of wheat as provided in this subsection.

"(2) If the Secretary determines that the availability of nonrecourse loans and purchases will not have an adverse effect on the program provided for in paragraph (3), the Secretary may make available to producers on each farm loans and purchases for each of the 1986 through 1990 crops of wheat for an amount of wheat of such crop produced on the farm equal to the acreage on the farm planted to wheat for harvest times the farm's program yield for the crop. Loans and purchases under this paragraph shall be made available during each of the five marketing years for such crops of wheat, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined prior to any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of wheat received by producers in the previous marketing year (including the marketing year for the 1985 crop of wheat) was not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, or (B) that the loan level computed under the foregoing provisions would discourage the exportation of wheat and cause excessive stocks of wheat in the United States, the Secretary may reduce the level of loans and purchases for wheat for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(3)(A) Unless the Secretary, at the Secretary's discretion, makes available nonrecourse loans and purchases to producers under paragraph (2) for a crop of wheat, the Secretary shall make available recourse loans to producers during each of the five marketing years for wheat, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this paragraph shall be 270 days.

"(B) A producer may repay a loan made under subparagraph (A) at a level, per bushel, that is the lesser of—

"(i) the original loan level; or

"(ii) at any time through the maturity date of the loan that the producer redeems the wheat under loan—

"(I) the then current State monthly weighted average market price (per bushel) for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(II) the then current State weekly or daily weighted average market price (per bushel) for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers.

"(4)(A) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under paragraph (3), agree to forgo obtaining such loan or agreement in return for such payments.

"(B)(i) A payment under this paragraph shall be computed by multiplying—

"(I) the loan payment rate; by

"(II) the quantity of wheat the producer is eligible to place under loan.

"(ii) For purposes of this paragraph, the quantity of wheat eligible to be placed under loan may may not exceed the produce obtained by multiplying—

"(I) the individual farm program acreage for the crop; by

"(II) the farm program payment yield established for the farm.

"(C) For purposes of this paragraph, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under paragraph (3); exceeds

"(ii) the level at which a loan may be repaid under paragraph (3)(B).

"(D) Any payments under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(b)(1)(A)(i) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of wheat for which a national marketing certificate program is not in effect under title V in an amount computed as provided in this paragraph, except that the Secretary shall not make available payments under this paragraph to any producer with a wheat acreage base of less than 10 acres for the crop. Payments for any crop of wheat shall be computed by multiplying (I) the payment rate, by (II) the farm program acreage for the crop, by (III) the farm's program yield for the crop.

"(ii) Whenever an acreage limitation program is in effect for a crop of wheat, if producers on a farm devote a portion of the farm's permitted wheat acreage (as determined under subsection (e)(2)) equal to more than 5 per centum of the farm's wheat crop acreage base for the crop to conservation uses or nonprogram crops, such portion of the wheat permitted acreage in excess of 5 per centum of the base devoted to conservation uses or nonprogram crops shall be considered as part of the farm's wheat program acreage and the producers shall be eligible for payments under this paragraph on such acreage, subject to the producers' compliance with the next sentence. To be eligible for payments under the preceding sentence, the producers on the farm must actually plant wheat for harvest on at least 50 per centum of the farm's wheat crop acreage base. The farm's wheat crop acreage base and wheat program yield shall not be reduced due to the fact that such portion of the farm's permitted acreage was devoted to conserving uses or nonprogram crops.

"(iii) Other than as provided in clause (ii), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for a crop of wheat shall be the amount by which the established price for the crop of wheat (less 13 cents per bushel if the Secretary establishes a wheat export certificate program for the crop under section 107F(a)) exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a), prior to any adjustment made under the fourth sentence in subsection (a)(2) for the marketing year for such crop of wheat.

"(C) For each crop of wheat, the established price shall not be less than the following levels for each farm:

"(i) $4.50 per bushel for any portion of the crop produced on each farm that does not exceed fifteen thousand bushels and

"(ii) $4.00 per bushel for any portion of the crop produced on each farm that exceeds fifteen thousand bushels.

"(D)(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat in accordance with the fourth sentence of subsection (a)(2), the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

"(ii) In determining the payment rate, per bushel, for established price payments for a crop of wheat under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of wheat, received by farmers during the marketing year for such crop, as determined by the Secretary.

"(iii) Any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(E) The total quantity of wheat on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(2)(A) Except as otherwise provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm's program yield for wheat established by the Secretary for such crop times a payment rate equal to 33⅓ per centum of the established price for the crop. Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of wheat held by the Commodity Credit Corporation.

"(B) Except as otherwise provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm's program yield for wheat established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C), the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as a result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of wheat. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that for the 1986 crop, the proclamation shall be made as soon as practicable after the date of the enactment of the Food Security Act of 1985. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the wheat program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event may the allocation factor for any crop of wheat be more than 100 per centum nor less than 80 per centum.

"(C) Except as provided in subsection (e)(2), the individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to wheat for harvest from the wheat crop acreage base established for the farm for the crop under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to wheat for harvest is less than the wheat crop acreage base established for the farm for the crop under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The program yields for farms for each crop of wheat shall be determined under title VI.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B), the Secretary may provide for any crop of wheat, either a program under which the acreage planted to wheat would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any wheat acreage limitation program or set-aside program under this subsection not later than July 1 prior to the calendar year in which the crop is harvested, and the Secretary may make appropriate adjustments in such announcement for the wheat acreage limitation program or the set-aside program not later than July 31 prior to the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement. Notwithstanding the preceding sentence, the Secretary shall announce the wheat acreage limitation program for the 1986 crop under

subparagraph (B) as soon as practicable after the date of the enactment of the Food Security Act of 1985.

"(B)(i) For the 1986 crop of wheat the Secretary shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by a total of 30 per centum, except that, for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop, the Secretary shall provide for a combination of (I) an acreage limitation program, and (II) a paid diversion program, as described in paragraph (5), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by 20 per centum under the acreage limitation program and by an additional 10 per centum under the paid diversion program.

"(ii) With respect to any of the 1987 through 1990 crops of wheat, if the Secretary estimates, not later than July 1 of the year prior to the calendar year in which the crop is harvested, that the quantity of wheat on hand in the United States on the first day of the marketing year for that crop (not including any quantity of wheat of that crop) will exceed 800,000,000 bushels, the Secretary (I) shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 20 per centum, and (II) may provide for a paid diversion program, as described in paragraph (5), or an additional acreage limitation for any desired reduction in planted acreage in excess of 20 per centum of the wheat crop acreage base for the farm.

"(iii) As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program.

"(2) If a wheat acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the wheat crop acreage base for the crop for each wheat-producing farm. Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. Wheat crop acreage bases for each crop of wheat shall be determined under title VI. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to wheat by (B) the number of acres authorized to be planted to wheat under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (c) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (b)(1)(A)(ii), the individual farm program acreage shall be the acreage on the farm planted to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1), as a condition of eligibility for loans, purchases, and payments for wheat authorized by this Act, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. In determining the amount of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(B) Notwithstanding the foregoing provisions of this paragraph, the Secretary shall implement a land diversion program for the 1986 crop of wheat as provided in subsection (e)(1)(B)(i) (for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop) under which the Secretary shall make crop retirement and conservation payments to any such producer of the 1986 crop of wheat whose acreage on the farm planted to wheat for harvest is reduced so that it does not exceed the wheat acreage base for the farm less an amount equivalent to 10 per centum of the wheat acreage base in addition to the reduction required under paragraph (2), and the producer devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the wheat acreage base under this paragraph. Payments under the preceding sentence shall be made in an amount computed by multiplying (i) the diversion payment rate by (ii) the acreage diverted under this paragraph by (iii) the farm program yield for the crop. The diversion payment rate shall be $2.00 per bushel.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit of the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) Notwithstanding the foregoing provisions of this subsection, in carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize

the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provision of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program shall be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2), and shall be required if a set-aside program is established under subsection (e)(3).".

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949

SEC. 402. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1990 crops of wheat.

TITLE V—FEED GRAINS

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION PAYMENTS FOR THE 1986 THROUGH 1990 CROPS OF FEED GRAINS

SEC. 501. Effective only for the 1986 through 1990 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following:

"SEC. 105C. Notwithstanding any other provision of law—

"(a)(1) For any crop of feed grains for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers as provided in this subsection.

"(2)(A) If the Secretary determines that the availability of nonrecourse loans and purchases will not have an adverse effect on the program provided for in paragraph (3), the Secretary may make available to producers on each farm loans and purchases for each of the 1986 through 1990 crops of corn for an amount of corn of such crop produced on the farm equal to the acreage on the farm planted to corn for harvest times the farm's program yield for the crop. Loans and purchases under this paragraph shall be made available during each of the five marketing years for such crops of corn, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will encourage the exportation of feed grains and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn, except that the level of corn loans and purchases for a marketing year, including the marketing year for the 1986 crop of corn, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined before any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this subparagraph, if the Secretary determines (i) that the average price of corn received by producers in the previous marketing year (including the marketing year for the 1985 crop of corn) was not more than 105 per centum of the level of loans and purchases for corn for such marketing year, or (ii) that the loan level computed under the foregoing provisions would discourage the exportation of corn and cause excessive stocks of corn in the United States, the Secretary may reduce the level of loans and purchases for corn for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(B) If the Secretary determines that the availability of nonrecourse loans and purchases will not have an adverse effect on the program provided for in paragraph (3), the Secretary may make available to producers under this paragraph loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn under this paragraph, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(3)(A) Unless the Secretary, at the Secretary's discretion, makes available nonrecourse loans and purchases to producers under paragraph (2) for a crop of corn the Secretary shall make available recourse loans to producers during each of the five marketing years for corn, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will encourage the exportation of feed grains and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn. The level of corn loans and purchases for a marketing year, including the marketing year for the 1986 crop of corn, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this paragraph shall be 270 days.

"(B) Unless the Secretary, at the Secretary's discretion, makes available nonrecourse loans and purchases to producers under paragraph (2) for a crop of feed grains the Secretary shall make available to producers under this paragraph recourse loans for each of the 1986 through 1990 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that recourse loans are made available under this paragraph for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(D) A producer may repay a loan made under subparagraph (A) or (B) at a level (per bushel) that is the lesser of—

"(i) the original loan level; or

"(ii) at any time through the date of maturity of the loan that the producer redeems the feed grain under loan—

"(I) the then current State monthly weighted average market price (per bushel) for the feed grain, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(II) the then current State weekly or daily weighted average market price (per bushel) for the feed grain, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers.

"(4)(A) The Secretary may, for each of the 1986 through 1989 crops of corn, and other feed grains as outlined in paragraph (3)(B), make payments available to producers who, although eligible to obtain a loan or purchase agreement under paragraph (3), agree to forgo obtaining such loan or agreement in return for such payments.

"(B)(i) A payment under this paragraph shall be computed by multiplying—

"(I) the loan payment rate; by

"(II) the quantity of corn the producer is eligible to place under loan.

"(ii) For purposes of this paragraph, the quantity of corn eligible to be placed under loan may not exceed the produce obtained by multiplying—

"(I) the individual farm program acreage for the corp; by

"(II) the farm program payment yield established for the farm.

"(C) For purposes of this paragraph, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under paragraph (3); exceeds

"(ii) the level at which a loan may be repaid under paragraph (3)(D).

"(D) Any payments under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(b)(1)(A)(i) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley for which a national marketing certificate program is not in effect under title V in an amount computed as provided in this paragraph, except that the Secretary shall not make available payments under this paragraph to any producer with a feed grains acreage base of less than 15 acres for the crop. Payments for any crop

of feed grains shall be computed by multiplying (I) the payment rate, by (II) the farm program acreage for the crop, by (III) the farm's program yield for the crop.

"(ii) Whenever an acreage limitation program is in effect for a crop of feed grains, if producers on a farm devote a portion of the farm's permitted feed grain acreage (as determined under subsection (e)(2)) equal to more than 5 per centum of the farm's feed grain crop acreage base for the crop to conservation uses or nonprogram crops, such portion of the feed grain permitted acreage in excess of 5 per centum of the base devoted to conservation uses or nonprogram crops shall be considered as part of the farm's feed grain program acreage and the producers shall be eligible for payments under this paragraph on such acreage, subject to the producers' compliance with the next sentence. To be eligible for payments under the preceding sentence, the producers on the farm must actually plant feed grains for harvest on at least 50 per centum of the farm's feed grain crop acreage base. The farm's feed grain crop acreage base and feed grain program yield shall not be reduced due to the fact that such portion of the farm's permitted acreage was devoted to conserving uses or nonprogram crops.

"(iii) Other than as provided in clause (ii), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

"(B) The payment rate for a crop of corn shall be the amount by which the established price for the crop of corn (less 6 cents per bushel if the Secretary establishes a feed grain export certificate program for the crop under section 107F(a)) exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a), before any adjustment made under the third sentence in subsection (a)(2)(A) for the marketing year for such crop of corn.

"(C) For each crop of corn, the established price shall not be less than the following levels for each farm:

"(i) $3.10 per bushel for any portion of the crop produced on each farm that does not exceed thirty thousand bushels and

"(ii) $2.75 per bushel for any portion of the crop produced on each farm that exceeds thirty thousand bushels.

"(D)(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for corn in accordance with the third sentence in subsection (a)(2)(A), the Secretary shall provide emergency compensation by increasing the established price payments for corn by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

"(ii) In determining the payment rate, per bushel, for established price payments for a crop of corn under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of corn, received by farmers during the marketing year for such crop, as determined by the Secretary.

"(iii) Any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(E) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.

"(F) The total quantity of feed grains on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(2)(A) Except as otherwise provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm's program yield for feed grains established by the Secretary for such crop times a payment rate equal to 33⅓ per centum of the established price for the crop. Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of feed grains held by the Commodity Credit Corporation.

"(B) Except as otherwise provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm's program yield for feed grains established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage.

"(D) Notwithstanding the provisions of subparagraph (C), the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of feed grains. The proclamation shall be made not later than September 30 of each calendar year for the crop harvested in the next succeeding calendar year, except that for the 1986 crop the proclamation shall be made as soon as practicable after the date of the enactment of the Food Security Act of 1985. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the feed grain program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event may the allocation factor for any crop of feed grains be more than 100 per centum nor less than 80 per centum.

"(3) Except as provided in subsection (e)(2), the individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to feed grains for harvest from the feed grain crop acreage base established for the farm for the crop under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to feed grains for harvest is less than the feed grain crop acreage base established for the farm for the crop under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In estab-

lishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The program yields for farms for each crop of feed grains shall be determined under title VI.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B), the Secretary may provide for any crop of feed grains either a program under which the acreage planted to feed grains would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any feed grain acreage limitation program or set-aside program under this subsection not later than September 30 prior to the calendar year in which the crop is harvested, and the Secretary may make appropriate adjustments in such announcement for the feed grain acreage limitation program or the set-aside program not later than October 30 before the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of feed grains since the earlier announcement. Notwithstanding the preceding sentence, the Secretary shall announce the feed grain acreage limitation program for the 1986 crop under subparagraph (B) as soon as practicable after the date of the enactment of the Food Security Act of 1985.

"(B)(i) For the 1986 crop of feed grains, the Secretary shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage on the farm planted to feed grains for harvest will be limited to the feed grain acreage base for the farm for the crop reduced by a total of 20 per centum, except that, for producers who plant the 1986 crop of feed grains before the announcement by the Secretary of the feed grain acreage limitation program for that crop, the Secretary shall provide for a combination of (I) an acreage limitation program, and (II) a paid diversion program, as described in paragraph (5), under which the acreage on the farm planted to feed grains for harvest will be limited to the feed grain crop acreage base for the farm for the crop reduced by 10 per centum under the acreage limitation program and by an additional 10 per centum under the paid diversion program.

"(ii) With respect to any of the 1987 through 1990 crops of feed grains, if the Secretary estimates, not later than September 30 of the year prior to the calendar year in which the crop is harvested, that the quantity of feed grains on hand in the United States on the first day of the marketing year for that crop (not including any quantity of feed grains of that crop) will exceed 1,100,000,000 bushels, the Secretary (I) shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not less than 10 per centum, and (II) may provide for a paid diversion program, as described in paragraph (5), or an additional acreage limitation for any desired reduction in planted acreage in excess of 10 per centum of the feed grain crop acreage base for the farm.

"(iii) As a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program.

"(2) If the feed grain acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the feed grain crop acreage base for the crop for each feed grain-producing farm. Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm. The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. Feed grain acreage bases for each crop of feed grains shall be determined under title VI. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to feed grains by (B) the number of acres authorized to be planted to feed grains under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (c) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (b)(1)(A)(ii), the individual farm program acreage shall be the acreage on the farm planted to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to

prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) In carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program shall be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2), and shall be required if a set-aside program is established under subsection (e)(3).".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949

SEC. 502. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

TITLE V-A—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

SEC. 501. Effective only for the 1986 through 1990 crops, title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended to read as follows:

"TITLE V-A—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

"DEFINITIONS

"SEC. 501. As used in this title:

"(1) The term 'acreage allotment percentage' means a percentage obtained by dividing $200,000 by the projected aggregate annual income of a producer from the sale of commodities during a calendar year in which a commodity will be harvested, except that such percentage may not exceed 100 per centum.

"(2) The term 'commodity' means, except as provided by section 502(D), wheat, corn, grain sorghums, barley, oats, rye, upland cotton, rice, and soybeans.

"(3) The term 'eligible crop acres' means the number of acres a producer may cultivate for the production of a commodity during a crop year determined under section 506(b)(2).

"(4) The term 'normal crop acres' means the number of acres cultivated for the production of a commodity, or reduced, set-aside, or diverted under a program administered by the Secretary, during any of the four preceding crop years.

"(5) The term 'program period' means the—

"(A) 1986 through 1987 crop years; and

"(B) 1988 through 1990 crop years.

"(6) The term 'reserve' means the farmers disaster reserve established under section 510.

"REFERENDA

"SEC. 502. (a) No later than February 1, 1986, and August 1, 1988, in order to determine whether the program established by this title shall be implemented for an eligible commodity or group of commodities during the succeeding program period, the Secretary shall conduct a separate referendum among producers of that commodity or group who, during a representative period (as determined by the Secretary), have been engaged in the production of such commodity or one of such group of commodities for commercial use.

"(b) If the program established by this title is approved by at least 60 percent of the eligible producers of an eligible commodity or group of commodities voting in a referendum, the Secretary shall implement such program during the suceeding program period for such commodity or group of commodities, as the case may be, for which the program was approved.

"(c) If the program is not approved by at least 60 percent of the eligible producers of an eligible commodity or group of commodities voting in a referendum during the succeeding program period, in lieu of such program, the Secretary shall provide loans, purchases, payments, and other assistance to producers of such commodity or group of commodities as otherwise in accordance with law.

"(d) For purposes of this section, the term "eligible commodity or group of commodities" means the commodity or group of commodities listed in one of the following paragraphs:

"(1) wheat, corn, grain sorghums, barley, oats, and rye;

"(2) upland cotton;

"(3) rice; or

"(4) soybeans.

"LOAN RATES

"SEC. 503. (a) The Secretary shall make available to producers loans and purchases for each crop of a commodity produced during a program period at such level, not less than the minimum support level for a commodity established under subsection (b), as the Secretary determines taking into consideration the actual cost of production of the commodity throughout the United States.

"(b) The minimum support level for a commodity during a crop year established under this subsection shall equal a specified per centum of the parity price of the commodity as provided in the following table:

"The minimum support level for a commodity during the:	Shall equal the following per centum of the parity price of the commodity:
1986 crop year	70 per centum
1987 crop year	72 per centum
1988 crop year	74 per centum
1989 crop year	76 per centum
1990 crop year	78 per centum

"(c) The term of a loan made under this section shall be thirty-six months.

"NATIONAL MARKETING QUOTAS

"SEC. 504. (a) The Secretary shall proclaim a national marketing quota for each commodity for each marketing year of the 1986 through 1990 crops of commodities. The proclamation shall be made as soon as practicable during each calendar year preceding the year in which the marketing year for the crop begins.

"(b) The amount of the national marketing quota for a commodity for a marketing year shall be an amount of the commodity (less imports) that the Secretary estimates will be utilized during the marketing year to meet (1) domestic demand, (2) export demand, (3) food aid requirements, and (4) carryover requirements.

"(c) The Secretary may revise the national marketing quota first proclaimed for any marketing year for the purpose of determining national acreage allotments under section 505 if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national production requirement as soon as it is made.

"(d) If the Secretary determines that domestic carryover stocks of a commodity are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national marketing quota by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"NATIONAL ACREAGE ALLOTMENTS

"SEC. 505. (a) The Secretary shall proclaim a national acreage allotment for each commodity for each of the 1986 through 1990 crop years.

"(b) The amount of the national acreage allotment for any crop of a commodity shall be the number of acres which the Secretary determines on the basis of the projected national yield and expected underplantings (acreage other than acreage not harvested because of program incentives) of farm acreage allotments will produce an amount of the commodity equal to the national marketing quota for the commodity for the marketing year for such crop.

"FARM ACREAGE ALLOTMENTS

"SEC. 506. (a) The national acreage allotment for a commodity shall be apportioned by the Secretary among farms, through local committees, in accordance with this section.

"(b)(1) To be eligible to receive a farm acreage allotment for a commodity for any crop year, a producer must complete and submit to the Secretary an application which contains—

"(A) the eligible crop acres of the producer, as determined under paragraph (2);

"(B) the projected annual income of the producer during the calendar year in which such commodity will be harvested, as determined under paragraph (3); and

"(C) the number of any bonus acres the producer requests to be awarded under subsection (f) for the production of each commodity during the crop year.

"(2)(A) Except as provided in subparagraphs (B), (C), and (D), the eligible crop *acres of a producer shall equal the number of acres a producer requests to cultivate for the production of commodities during a crop year.*

"(B) The total number of eligible crop acres of a producer during a crop year may not exceed the product obtained by multiplying—

"(i) the normal crop acres of the producer; by

"(ii) 80 per centum.

"(C) For purposes of subparagraph (B)(i), if a producer places acreage in the conservation reserve program established under section 16B of the Soil Conservation and Domestic Allotment Act, such acreage shall be added to the normal crop acres of the producer.

"(3) For purposes of this title, income shall—

"(A) include all farm and nonfarm income from whatever source;

"(B) be determined jointly for married couples; and

"(C) be determined separately for unmarried individuals living on a farm who—

"(i) are related by blood or marriage;

"(ii) are actively involved in the farming operation; and

"(iii) earn more than 50 per centum of their taxable income from farming operations.

"(c) The total farm acreage allotment of a producer for all commodities produced during a crop year under this section shall consist of the sum of—

"(1) the base acreage allotment for each commodity determined under subsection (d);

"(2) any supplemental acreage allotment for each commodity determined under subsection (e); and

"(3) any bonus acres for each commodity awarded under subsection (f).

"(d) The base acreage allotment of a producer for a commodity for a crop year shall equal the number of acres obtained by multiplying—

"(1) eligible crop acres of the producer; by

"(2) acreage allotment percentage of the producer.

"(e) Subject to the provisions of section 535(b) of this title, whenever a base acreage allotment for a crop is established for a farm, other than for a commodity which the producers on the farm use for on-farm feeding purposes and which the producers on the farm certify in writing will be used exclusively for on-farm feeding purposes during the period for which a national acreage allotment is in effect under this title, the producers on the farm may not plant an acreage on the farm to the commodities involved in excess of the base acreage allotment of the producers for the farm for the respective commodities; and with respect to farms with base acreage allotments for such commodities and crop involved of less than fifteen acres, producers on such farms may not plant an acreage on such farms to the commodity for harvest for the crop in excess of fifteen acres.

"(f)(1) The Secretary shall determine the amount of any national supplemental acreage allotment for each commodity for each of the 1986 through 1990 crop years.

"(2) The amount of the national supplemental acreage allotment for a commodity for each crop year shall equal the difference between—

"(A) the amount of the national acreage allotment for such commodity for the crop year determined under section 505; less

"(B) the sum of the base acreage allotments of all producers for such commodity determined under subsection (d).

"(3) The supplemental acreage allotment of a producer for a commodity produced during a crop year shall equal the number of acres obtained by multiplying—

"(A) the difference between the eligible crop acres of the producer for such commodity and the base acreage allotment of the producer for such commodity; and

"(B) the percentage obtained by dividing—

"(i) the amount of the national supplemental acreage allotment for such commodity determined under paragraph (2); by

"(ii) the total of all supplemental acreage requests for such commodity determined under clause (A).

"(g) If the Secretary determines that the total amount of base and supplemental acreage allotments for a commodity for a crop year determined under subsections (d) and (f) would not produce an amount of the commodity equal to the national marketing quota for the commodity for the crop year determined under section 505, the Secretary shall award to each producer who requested bonus acres under subsection (b)(1)(C), in equal amounts, bonus acres for the production of such commodity which, in the aggregate and in conjunction with such allotments, would result in the production of an amount of such commodity equal to such national marketing quota.

"(h)(1) Except as provided in paragraph (2), a producer may plant one or more commodities (in the producer's discretion) on acreage permitted to be cultivated under a farm acreage allotment issued under this section for a crop year.

"(2) A producer may not increase the amount of acreage used for the production of a commodity during a crop year by more than 20 per centum over the amount of acreage used for the production of such commodity during the preceding crop year.

"(3) In order to permit the Secretary to issue marketing certificates under section 507, a producer shall inform the Secretary of the number of acres the producer will use for the production of each commodity during each crop year.

"(i) If the normal crop acres of a producer becomes available for any reason, such normal crop acres shall revert to the Secretary and be reapportioned by the Secretary to the next operator of the farm.

"MARKETING CERTIFICATES

"SEC. 507. (a) At the time a producer is assigned a farm acreage allotment under section 506 for any crop year, the Secretary shall issue marketing certificates to such producer for each commodity to be produced during such crop year.

"(b) Except as provided in subsections (c) and (d), a marketing certificate issued to a producer for any commodity for any crop year shall authorize such producer to market, barter, or donate an amount of such commodity determined by multiplying—

"(1) the number of acres the producer informed the Secretary the producer will use for the production of such commodity during such crop year under section 506(g)(3); by

"(2) the higher of—

"(A) the county average yield per acre for such commodity; or

"(B) the farm program yield of the producer for such commodity (as provided in section 508).

"(c) The Secretary may adjust the amount of a commodity which may be marketed, bartered, or donated under a marketing certificate to reflect the amount of such commodity which may be used for feed, human consumption, or other purposes on the farm of the producer.

"(d) If the amount of a commodity produced in a crop year exceeds the amount of the commodity which may be marketed, bartered, or donated under a marketing certificate, the surplus amount of such commodity may be—

"(1) used for feed, human consumption, or other purposes on the farm of the producer;

"(2) stored during the current marketing year and marketed under a marketing certificate issued for the subsequent marketing year;

"(3) donated to the Commodity Credit Corporation in order to be made available to provide famine relief and assistance to other foreign countries under title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.); or

"(4) sold to the Commodity Credit Corporation, at no more than 50 per centum of the loan level for such commodity determined under section 503, in order to be made available to provide such famine relief and assistance.

"(e) A person may not purchase or otherwise acquire an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate.

"FARM PROGRAM YIELDS

"SEC. 508. (a)(1) The farm program yield for each crop of a commodity shall be equal to the sum of the average yield established for the farm for the five most recent crop years, excluding the year in which the yield was the highest and the year in which the yield was the lowest, adjusted by the Secretary to provide a fair and equitable yield.

"(2) If no payment yield for such commodity was established for the farm in the five most recent crop years, the Secretary may determine such yield as the Secretary determines fair and reasonable.

"(b) Notwithstanding subsection (a):

"(1) In the determination of yields, the Secretary shall take into account the actual yields demonstrated by the producer to the satisfaction of the Secretary.

"(2) Neither such yields established for a commodity nor the farm program yield established on the basis of such yields shall be reduced under other provisions of this section.

"(c) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the base period, or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year concerned.

"(d) If national, State, or county program payment yields are established, the total farm program yields shall balance to the national, State or county program payment yields, respectively.

"CONSERVATION OF SET-ASIDE ACREAGE

"SEC. 509. (a) A producer of a commodity shall devote to approved conservation uses all acreage of the producer which the producer is required to set-aside under section 506.

"(b) The Secretary may make such adjustments in the amount of acreage the producer is required to set-aside under section 506 as the Secretary determines necessary to cor-

rect for abnormal factors affecting production and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines appropriate.

"(c)(1) Regulations issued by the Secretary under this section with respect to acreage required to be devoted to conservation uses shall require appropriate measures to protect such acreage against noxious weeds and wind and water erosion.

"(2) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to hay and grazing if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(d)(1) Any set-aside acreage may be devoted to wildlife food plots or wildlife habitats in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(2) The Secretary may pay such amount as the Secretary considers appropriate of the cost of practices designed to carry out the purposes of paragraph (1).

"(3) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(e)(1) A producer of a commodity shall execute an agreement with the Secretary which describes the means the producer will use to comply with this section not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with such producer, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"SOIL CONSERVATION

"Sec. 510. (a) Notwithstanding any other provision of law, the Secretary shall require that producers on a farm in any area follow the conservation practics prescribed by the appropriate local soil conservation district for the area.

"(b) In areas in which no soil conservation district exists, the country committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall determine appropriate conservation practice.

"PENALTIES

"Sec. 511. (a)(1) Except as provided in subsection (b), if a producer fails to comply with any term or condition of the program conducted under this title, the producer shall be ineligible for any farm acreage allotment, loan, purchase, or payment authorized under this title.

"(2) Except as provided in subsection (c), if a producer markets, barters, or donates a commodity without a marketing certificate required under section 507 or markets, barters, or donates an amount of a commodity for commercial use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a fine against such producer in an amount equal to three times the value of the commodities so marketed; or

"(B) increase the number of acres such producer is required to set-aside under section 506 during the succeeding crop year by a number of acres which, if planted, would result in the production of a quantity sufficient to satisfy the fine referred to in clause (A).

"(3) If a person purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate issued under section 507, the Secretary shall assess a fine against such person in an amount equal to three times the value of the commodities so purchased or acquired.

"(b)(1) If a producer fails to comply fully with the terms and conditions of the program conducted under this section and the Secretary believes the failure should not preclude the making of a farm acreage allotment, or loans, purchases, or payments to the producer, the Secretary may make an allotment or loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure of the producer.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"REGULATIONS

"Sec. 512. The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

"COMMODITY CREDIT CORPORATION

"Sec. 513. The Secretary shall carry out the program authorized by this title through the Commodity Credit Corporation.

"PAYMENTS

"Sec. 514. (a) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this title.

"(b) The Secretary shall provide for the sharing of payments made under this title for any farm among the producers on the farm on a fair and equitable basis.

"COMPLIANCE USING HIGHLY ERODIBLE LAND

"Sec. 515. If any land is required to be set aside, diverted, or othewise not cultivated under the provisions of a program under this title, the producer shall satisfy such requirement to the extent possible with highly erodible cropland (as defined in section 1201 of the Food Security Act of 1985). Any such highly erodible land so set aside, diverted, or not cultivated, during a period of four succeeding crop years shall be excluded from any crop acreage base for any program crop.".

SUSPENSION OF PERMANENT PROGRAM

"Sec. 502. (a)(1) Section 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1991.

(2) Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1990 crops of wheat.

(3) The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1990.

(4) Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1990 crops of wheat.

(b) Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1990 crops of feed grains.

(c)(1) Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to upland cotton of the 1986 through 1990 crops.

(2) Effective only with respect to the period beginning August 1, 1987, and ending July 31, 1991, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all through "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same price as it sells upland cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

(3) Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1990 crops.

(4) Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379) shall be the preliminary allotments for the 1991 crop.

(c) If marketing certificates are not approved for a program period by producers in a referendum conducted under title V of the Agricultural Act of 1949, with respect to commodities, the amendments made by this section shall not take effect.

TITLE VI—COTTON

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF UPLAND COTTON

Sec. 601. Effective only for the 1986 through 1990 crops of upland cotton, section 103 of the Agricultural Act of 1949 (7 U.S.C. 1444) is amended by adding at the end thereof the following:

"(i) Notwithstanding any other provision of law for any crop of cotton for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of cotton as provided in this subsection.

"LOANS

"(1) The Secretary, on presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days,

shall make available for each of the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level, per pound, as will reflect for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (A) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (B) 90 per centum of the average, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest-priced growths of the growths quoted for Middling one-and-three-thirty-seconds-inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9)). If for any crop the average northern European price determined under clause (B) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (A) of the first sentence of this paragraph, notwithstanding the foregoing provisions of this paragraph, the Secretary may increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under clause (A) of the first sentence of this paragraph. In no event (other than as provided in the next sentence) shall the loan level for a crop of upland cotton be less than 95 per centum of the loan level for the preceding crop of upland cotton as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of upland cotton is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary for upland cotton to be competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. Nonrecourse loans provided for in this subsection, on request of the producer during the tenth month of the loan period for the cotton, shall be made available for an additional term of eight months, except that such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period.

"LIMITED GLOBAL IMPORT QUOTA

"(2) Whenever the Secretary determines that the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available.

"(B) If a special quota has been established under this paragraph during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth in subparagraph (A) or the amount required to increase the supply to 130 per centum of the demand.

"(C) As used in subparagraph (B), the term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four-hundred-and-eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales, for the marketing year in which the special quota is established.

"(D) When a special quota is established under the provisions of this paragraph, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

Notwithstanding the foregoing provisions of this paragraph, a special quota period shall not be established that overlaps an existing quota period.

"TARGET PRICES

"(3)(A) The Secretary shall make payments available for each of the 1986 through 1990 crops of upland cotton to the producers on each farm at a rate equal to the amount by which the higher of—

"(i) the average market price per pound received by farmers for upland cotton during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop,

is less than the established price per pound times in each case the farm program acreage for upland cotton (determined in accordance with paragraph (5) or (8)(C), but in no event on a greater acreage than the acreage actually planted to upland cotton for harvest), multiplied by the program yield for the farm for upland cotton (determined in accordance with paragraph (7)).

"(B)(i) The established price for the 1986 and 1987 crops of upland cotton shall be 81 cents per pound. Subject to the provisions of clause (ii), the established price per pound for upland cotton for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per pound for the three crop years immediately preceding the crop year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of upland cotton be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of upland cotton at a level less than the level for the preceding crop of upland cotton unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of upland cotton for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of upland cotton for all producers.

"(C) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the loan level for a crop of upland cotton in accordance with the fourth sentence of paragraph (1) or the loan level for the crop before such adjustment is established at a level below $0.55 per pound, the Secretary shall provide emergency compensation by increasing the established price payments for upland cotton by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the loan level had not been made or as if the reduction in the loan level before such adjustment to a level below $0.55 had not occurred, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTION

"(4)(A)(i) With respect to a crop of upland cotton, if the Secretary estimates (not later than November 1 of the year before the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of upland cotton on hand in the United States on the last day of the marketing year for the crop will exceed one-third of the quantity of upland cotton that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on acreage planted to upland cotton in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of upland cotton on hand on the last day of the marketing year for such crop will not exceed one-third of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of

the upland cotton crop acreage base for that farm for that crop; nor

"(II) acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop.

"(B)(i) If an upland cotton acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the upland cotton crop acreage base for the crop for each cotton-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to upland cotton, by (II) the number of acres authorized to be planted to upland cotton under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to upland cotton for harvest on a farm shall be limited to the upland cotton crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction required under subparagraph (B), and land diversion payments in kind shall be made to producers who devote to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the upland cotton crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from the stocks of upland cotton owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of upland cotton may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(5) Producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established under paragraph (4), shall be ineligible for upland cotton loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (4) for a crop of upland cotton, paragraph (8) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (8) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under paragraph (4).

"ACREAGE BASES

"(6) Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title VI.

"YIELDS

"(7) The program yields for farms for each crop of upland cotton shall be determined under title VI.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(8)(A) Except for crops for which there is an acreage limitation program under paragraph (4), the Secretary shall establish a national program acreage for each of the 1986 through 1990 crops of upland cotton. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established. The Secretary may revise the national program acreage first announced for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines it necessary based on the latest information, and the Secretary shall announce such revised national program acreage as soon as it is made. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the upland cotton program yields for the crop for which the determination is made) will produce the quantity of upland cotton (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of upland cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than ten million acres.

"(B) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(C) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of upland cotton planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to upland cotton for harvest from the upland cotton crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the announcement of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to upland cotton for harvest is less than the upland cotton crop acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(9)(A) An operator of a farm desiring to participate in the program conducted under paragraph (4) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans and payments, the Secretary nevertheless may make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

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"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(10) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by such producers.

"RECOURSE LOANS FOR SEED COTTON

"(11) To encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with the authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 602. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1991, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 603. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1990 crops.

SKIPROW PRACTICES

SEC. 604. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

MARKETING CERTIFICATES

SEC. 605. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price of upland cotton (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for upland cotton determined under section 103(i) of the Agricultural Act of 1949, to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of payment-in-kind certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available for domestic consumption or for export at competitive prices, including such payments as may be necessary to make raw cotton in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for upland cotton as determined under section 103(i) of the Agricultural Act of 1949, and the prevailing world market price of upland cotton, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) upland cotton owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary of Agriculture shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to cotton handlers under this section may be transferred to other handlers and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 103(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VII—RICE

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF RICE

SEC. 701. Effective only for the 1986 through 1990 crops of rice, section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding at the end thereof the following:

"(j) Notwithstanding any other provision of law, for any crop of rice for which a national marketing certificate program is not in effect under title V, loans and purchase shall be made available to producers of rice as provided in this subsection.

"LOANS

"(1) The Secretary shall make available to producers in the several States of the United States loans and purchases for each of the 1986 through 1990 crops of rice at a level, per hundredweight, not less than 85 per centum of the average price per hundredweight for rice received by farmers during the marketing years for the three preceding crops of rice, as determined by the Secretary. In no event (other than as provided in the next sentence) shall the level of loans and purchases for a crop of rice be less than 95 per centum of the level for the preceding crop of rice as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of rice is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary to make rice competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan and purchase level and the established price for each of the 1986 through 1990 crops of rice shall be announced not later than January 31 of the calendar year for the crop harvested in that calendar year. Any loan made under this paragraph shall have a term of ten months beginning on the first day of the month in which the loan is made.

"TARGET PRICES

"(2)(A) The Secretary shall make payments available to producers for each of the 1986 through 1990 crops of rice grown in the several States of the United States in amounts computed as provided in this paragraph. Payments for each such crop of rice shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the program yield established for the crop for the farm. In no event shall payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

"(B) The payment rate for a crop of rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(i) the national average market price per hundredweight received by farmers during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop.

"(C)(i) The established price per hundredweight for rice for the 1986 and 1987 crops shall be $11.90 per hundredweight. Subject to the provisions of clause (ii) the established price per hundredweight for rice for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per hundredweight for the three crop years immediately preceding the year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of rice be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of rice at a level less than the level for the preceding crop of rice unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of rice for all producers, as estimated by the

Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of rice for all producers.

"(D) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the level of loans and purchases for a crop of rice in accordance with the third sentence of paragraph (1), the Secretary shall provide emergency compensation by increasing the established price payments for rice by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTIONS

"(3)(A)(i) With respect to a crop of rice, if the Secretary estimates (not later than January 31 of the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of rice on hand in the United States on the last day of the marketing year for the crop will exceed one-fifth of the quantity of rice that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on the acreage planted to rice in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of rice on hand at the last day of the marketing year for such crop will not exceed one-fifth of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop; nor

"(II) the acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop.

"(B)(i) If a rice acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the rice crop acreage base for the crop for each rice-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to rice, by (II) the number of acres authorized to be planted to rice under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to rice for harvest on a farm shall be limited to the rice crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction under subparagraph (B), and land diversion payments in kind shall be made to producers who devote, to the extent prescribed by the Secretary, to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the rice crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from stocks of rice owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of rice may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(4) Producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established under paragraph (3), shall be ineligible for rice loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (3) for a crop of rice, paragraph (7) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (7) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to rice for harvest within the permitted rice acreage for the farm as established under paragraph (3).

"ACREAGE BASES

"(5) Rice crop acreage bases for each crop of rice shall be determined under title VI.

"YIELDS

"(6) The program yields for farms for each crop of rice shall be determined under title VI.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(7)(A) Except for crops in which there is an acreage limitation program under paragraph (3), the Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of rice. The proclamation shall be made not later than January 31 of the calendar year for the crop harvested in that calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines a revision necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the rice program yields for the crop for which the determination is made) will produce the quantity of rice (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(B) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 per centum nor less than 80 per centum.

"(C) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to rice for harvest from the rice crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to rice for harvest is less than the rice acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(8)(A) An operator of a farm desiring to participate in the program conducted under paragraph (3) shall execute an agreement with the Secretary providing for such par-

ticipation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(9) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by such producers.".

NONAPPLICABILITY OF SECTION 101 OF THE AGRICULTURAL ACT OF 1949

Sec. 602. That portion of section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) preceding subsection (a) shall not be applicable to the 1986 through 1990 crops of rice.

EXPORT MARKETING CERTIFICATES

Sec. 703. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price for rice (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for rice determined under section 101(j) of the Agricultural Act of 1949, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, may make payments, through the issuance of payment-in-kind certificates, to exporters of rice who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available for export at competitive prices consistent with the purposes of this section, including such payments as may be necessary to make rice in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for rice, as determined under section 101(j) of the Agricultural Act of 1949, and the prevailing world market price for rice, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) rice owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to rice exporters under this section may be transferred to other exporters and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 101(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VIII—PEANUTS

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

Sec. 801. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1990 crops of peanuts:

(1) subsections (a) through (j) of section 358;

(2) subsections (a) through (h) of section 358a;

(3) subsections (a), (b), (d), and (e) of section 359;

(4) part I of subtitle C of title III; and

(5) section 371.

POUNDAGE QUOTAS

Sec. 802. Effective only for the 1986 through 1990 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358) is amended by adding at the end thereof the following:

"(q) The national poundage quota for peanuts for each of the 1986 through 1990 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible, seed, and related uses, except that the national poundage quota for any such marketing year shall not be less than one million one hundred thousand tons. The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding such marketing year.

"(r) The national poundage quota established under subsection (q) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(s)(1) A farm poundage quota for each of the 1986 through 1990 marketing years shall be established—

"(A) for each farm that had a farm poundage quota for the 1985 marketing year; and

"(B) if the poundage quota apportioned to a State under subsection (r) of this section for any such marketing year is larger than such quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least two of the three immediately preceding crop years, as determined by the Secretary.

The farm poundage quota for each of the 1986 through 1990 marketing years for each farm described in subparagraph (A) of the preceding sentence shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year, as adjusted under paragraph (2) of this subsection, but not including any increases for undermarketings from previous years or any increases resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection. The farm poundage quota, if any, for each of the 1986 through 1990 marketing years for each farm described in subparagraph (B) of the first sentence of this paragraph shall be equal to the quantity of peanuts allocated to such farm for such year under paragraph (2) of this subsection. For the purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm poundage quotas (or portion thereof) of the transferring farm for all subsequent marketing years.

"(2) If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1986 through 1990 marketing years is increased over the poundage quota apportioned to the State for the immediately preceding marketing year, such increase shall be allocated equally to—

"(A) each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(B) each other farm in the State on which peanuts were produced in at least two of the three immediately preceding crop years, as determined by the Secretary.

If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1987 through 1990 marketing years is decreased from the poundage quota apportioned to the State under such subsection for the immediately preceding marketing year, such decrease shall be allocated equally to each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(3) The farm poundage quota established for a farm for any of the 1986 through 1990 marketing years shall be reduced, insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, to the extent that the Secretary determines that the farm poundage quota established for the farm for any two of the three marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm. For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increases for undermarketing of quota peanuts from previous years or any increase resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection.

"(4) For purposes of this subsection, the farm poundage quota shall be considered produced on a farm if—

"(A) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary; or

"(B) the farm poundage quota for the farm was released voluntarily under paragraph (7) of this subsection for only one of the three marketing years immediately preceding the marketing year for which the determination is being made.

"(5) Notwithstanding any other provision of law, the farm poundage quota established for a farm under this subsection, or any part of such quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner, and the poundage quota for the farm for which such quota is released shall be adjusted downward to reflect the quota that is so released.

"(6) The total amount of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) of this subsection shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least two of the three crop years immediately preceding the year for which such allocation is being made, except that not less than 25 per centum of such total amount of farm poundage quota in the State shall be allocated to farms for which no farm poundage quota was established for the immediately preceding year's crop.

"(7) The farm poundage quota, or any portion thereof, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that such quota, or any part thereof, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe. Any adjustment in the farm poundage quota for a farm under this paragraph shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which such quota was released for any subsequent marketing year.

"(8) The farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years, except that no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the quota on such farm for the marketing year was reduced under paragraph (3) of this subsection for failure to produce. Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved. Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) of this subsection exceeds 10 per centum of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 per centum of the national poundage quota.

"(t) For each farm for which a farm poundage quota is established under subsection (s) of this section, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. If peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(u) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the five calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, fourth, and fifth years of the period. The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held, and if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(v) For the purposes of this part and title I of the Agricultural Act of 1949—

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (s) of this section, that are eligible for domestic edible use as determined by the Secretary, that are marketed or considered marketed from a farm, and that do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (s) of this section;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 803. Effective only for the 1986 through 1990 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a) is amended by adding at the end thereof the following:

"(k) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm, except that any such lease of poundage quota may be entered into in the fall only if the quota has been planted on the farm from which the quota is to be leased and only under such terms and conditions as the Secretary may by regulation prescribe. The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop. Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than ten thousand tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one

county to a farm in another county in the same State.

"(l) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) no transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders;

"(2) no transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota;

"(3) no transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and

"(4) such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 804. Effective only for the 1986 through 1990 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by adding at the end thereof the following:

"(m)(1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are—

"(A) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(B) marketed through an area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949; or

"(C) marketed under contracts between handlers and producers pursuant to the provisions of subsection (q) of this section.

Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(t) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts, and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered to be marketing violations except in cases of fraud or conspiracy.

"(n) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c) of this section, are unique strains, and are not commercially available. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (r) of this section. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(o) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(p)(1) Except as otherwise provided in paragraph (2) of this subsection, the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) of this subsection if the handler agrees in writing, prior to any handling or disposal of such peanuts, to comply with provisions that the Secretary shall by regulation prescribe.

"(B) The regulations issued by the Secretary under subparagraph (A) of this paragraph shall include, but need not be limited to, the following provisions:

"(i) A handler of shelled peanuts may export peanuts classified by type in the following quantities (less such reasonable allowance for shrinkage as the Secretary may prescribe):

"(I) sound split kernel peanuts in an amount equal to twice the poundage of such peanuts purchased by the handler as additional peanuts;

"(II) sound mature kernel peanuts in an amount equal to the poundage of such peanuts purchased by the handler as additional peanuts less the amount of sound split kernel peanuts purchased by the handler as additional peanuts; and

"(III) the remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts and not crushed domestically.

"(ii) A handler shall ensure that any additional peanuts exported are evidenced by onboard bills of lading, or other appropriate documentation as may be required by the Secretary, or both.

"(iii) If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total peanut purchases for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, to ensure the handler's compliance with the obligation to export peanuts.

"(4) Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(5) The failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation. A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(6) If any additional peanuts exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts reentered.

"(q) A handler may, under such regulations as the Secretary may issue, contract with producers for the purchase of additional peanuts for crushing or export or both. Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval before August 1 of the year in which the crop is produced. Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(r) Subject to the provisions of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer;

"(2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

"(3) not less than 107 per centum of the loan value of quota peanuts if the addition-

al peanuts are sold later than December 31 of the marketing year.

For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this sentence to facilitate the orderly marketing of additional peanuts.

"(s)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section, other than a penalty on an importer under subsection (p)(6), is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulation may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation upon which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program, except that the amount of any penalty imposed on a handler under this section that resulted from the failure to export contracted additional peanuts shall not be reduced by the Secretary.".

PRICE SUPPORT PROGRAM

SEC. 805. Effective only for the 1986 through 1990 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A the following:

"PRICE SUPPORT FOR 1986 THROUGH 1989 CROPS OF PEANUTS

"SEC. 108B. Notwithstanding any other provision of law—

"(1) the Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1986 through 1990 crops. The national average quota support rate for the 1986 crop of quota peanuts shall be equal to the national average support rate established for the 1985 crop of quota peanuts, adjusted by the Secretary by a percentage equal to the percentage of any increase in the prices paid by farmers for commodities and services, interest, taxes, and wage rates during the period beginning with calendar year 1981 and ending with calendar year 1985, as determined by the Secretary. The national average quota support rate for each of the 1987 through 1990 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 per centum the national average quota support rate for the preceding crop. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage. The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403 of this Act. The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(2) the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1990 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(3)(A) in carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.60 of title 7 of the Code of Federal Regulations (January 1, 1985)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938;

"(B) the Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico, and bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing such pools. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of—

"(i) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts, to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts; and

"(ii) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

"(4) notwithstanding any other provision of this section—

"(A) any distribution of net gains on additional peanuts shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan; and

"(B)(i) the proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under the provisions of section 358(s)(8) of the Agricultural Adjustment Act of 1938; and

"(ii) losses in area quota pools other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(s)(8) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under the first sentence of paragraph (3)(B) in such manner as the Secretary shall by regulation prescribe;

"(5) notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(u) of the Agricultural Adjustment Act of 1938.".

REPORTS AND RECORDS

SEC. 806. Effective only for the 1986 through 1990 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1990 crops of peanuts.

TITLE IX—SOYBEANS

SOYBEAN PRICE SUPPORT

SEC. 901. Effective only for the 1986 through 1990 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by—

(1) inserting in the first sentence "soybeans," after "tung nuts,"; and

(2) adding at the end thereof the following:

"(g)(1) The price of soybeans shall be supported through loans and purchases during each of the five marketing years beginning with the 1986 marketing year at a level equal to 75 per centum of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low valued years, except that in no event shall the Secretary establish a support price of less than $5.02 per bushel. Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of soybeans received by producers in the previous marketing year (including the marketing year for the 1985 crop of soybeans) was not more than 105 per centum of the level of loans and purchases for soybeans for such marketing year, or (B) with respect to the 1986 crop only, that the level of loans or purchases computed under the foregoing provisions would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the Secretary may reduce the level of loans and purchases for soybeans for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that (subject to the following sentence) the level of loans and purchases may not be reduced by more than 10 per centum in any year nor below $4.50 per bushel. If the Secretary exercises the authority provided in the preceding sentence with respect to the level of loans and purchases for the 1986 crop of soybeans based on a determination that the level of loans and purchases computed under the first sentence of this paragraph would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the level of loans and purchases for such crop may not be reduced by more than 5 per centum. For the purposes of this subsection, the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the market year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies; nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law, the Secretary shall not require participation in any production adjustment control program for soybeans or any other commodity as a condition of eligibility for price support for soybeans or allow the planting of soybeans for harvest on acreage set aside or diverted from production under any other Government program.".

"(3) For any crop of soybeans for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of soybeans as provided in this section.".

TITLE X—GENERAL COMMODITY PROVISIONS

Subtitle A—The Agricultural Efficiency and Equity Act of 1985

SHORT TITLE

SEC. 1001. This subtitle may be cited as the "Agricultural Efficiency and Equity Act of 1985".

ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

SEC. 1002. The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting, after title V, as added by section 551 of this Act, the following:

"TITLE VI—ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

"SEC. 601. The purpose of this title is to prescribe a system for establishing farm and crop acreage bases and program yields for the wheat, feed grain, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

"DEFINITIONS

"SEC. 602. For purposes of this title—

"(1) the term 'program' means the farm and crop acreage base and program yield system established under this title;

"(2) the term 'program crop' means any crop of wheat, feed grains, upland cotton, or rice;

"(3) the term 'crop year' means the calendar year in which a crop is normally harvested, except that, in the case of a crop that is normally harvested in January, February, or March of any calendar year, the term 'crop year' with respect to such crop means the calendar year in which such crop is planted and during which substantially all growth occurs;

"(4) the term 'county committee' means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for the county in which the farm is located; and

"(5) the term 'cooperator' means any producer of any program crop who is considered a cooperator under the provisions of section 101(e).

"FARM ACREAGE BASES

"SEC. 603. (a) The Secretary shall provide, for each farm on which at least one program crop was produced during at least one of the five crop years immediately preceding the 1986 crop year, for the establishment and maintenance of farm acreage bases.

"(b)(1) The county committee shall determine the farm acreage base for any crop year beginning after the 1985 crop year for any farm referred to in subsection (a), which, except as otherwise provided in paragraph (2), shall be the number of acres equal to the total of—

"(A) the average of the total acres on the farm planted to wheat and feed grains for harvest (or considered as so planted under section 609) in each of the five crop years immediately preceding such crop year;

"(B) the average of the total acres on the farm planted to upland cotton and rice for harvest (or considered as so planted under section 609)—

"(i) (for each of the 1986 through 1988 crop years for which such base is being determined) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) (for each of the 1989 and succeeding crop years for which such base is being determined) in each of the five crop years immediately preceding such crop year; and

"(C) the average of the total acres on the farm otherwise considered, under section 609, as planted to program crops for harvest in each of the five crop years immediately preceding such crop year,

except that for each of the 1986 through 1988 crop years for which such base is being determined, such number of acres may not exceed the average acreage on the farm planted to program crops (or considered as so planted under section 609) for harvest during the two preceding crop years.

"(2) For the purpose of determining the farm acreage base for the 1986 crop year for any farm referred to in subsection (a), the county committee may construct a planting history for such farm if—

"(A) planting records for such farm for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year of such crop, no program crop was produced on such farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"CROP ACREAGE BASES

"SEC. 604. (a)(1) The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop (including any program crop produced under an established practice of double cropping) produced on each farm referred to in section 603(a).

"(2) The sum of the crop acreage bases for all program crops produced on any farm for any crop year shall not exceed the farm acreage base for such farm for such crop year, except to the extent that the excess is due to an established practice of double cropping, as determined by the county committee and subject to such regulations as the Secretary may prescribe. To the extent that, because of the different procedures for calculating crop acreage bases for wheat and feed grains and for upland cotton and rice provided for in subsection (b), the sum of crop acreage bases for the farm for a crop year would exceed the farm acreage base for the crop year but for the operation of the preceding sentence, the crop acreage bases for the farm shall be adjusted by the county committee, in consultation with the farm operator, so that the sum of the crop acreage bases does not exceed the farm acreage base.

"(b)(1) The county committee shall determine the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a). Except as otherwise provided in subsection (a)(2), the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a) shall be—

"(A) if the program crop is wheat or feed grains, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) *in each of the five crop years preceding such crop year; and*

"(B) if the program crop is upland cotton or rice—

"(i) for each of the 1986 through 1988 crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) for each of the 1989 and succeeding crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the five crop years preceding such crop year.

"(2) For the purpose of determining the crop acreage base for any program crop for the 1986 crop year for any farm referred to in section 603(a), the county committee may construct a planting history for such crop if—

"(A) planting records for such crop for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year, the program crop was not produced on the farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"ADJUSTMENT OF CROP ACREAGE BASES BY PRODUCERS

"SEC. 605. (a) Any producer, by submitting notice to the county committee before the time specified in subsection (c) with respect to any crop year, may increase or decrease the crop acreage base for any program crop for the producer's farm for such crop year to the extent provided in subsection (b).

"(b)(1) An adjustment of any crop acreage base for any farm under subsection (a) (or, in the case of an adjustment in the crop acreage bases for two or more program crops, the sum of the number of acres by which each such crop acreage base is increased or decreased) may not exceed the number of acres that is equal to 10 per centum of the farm acreage base for such farm for such crop year, except that such adjustment (or the sum of the number of acres by which crop acreage bases are increased or decreased when bases for two or more program crops are adjusted) for the 1986 crop year may not exceed the number of acres that is equal to 20 per centum of the farm acreage base for such farm for such crop year. No such adjustment shall be construed to increase the farm acreage base for such farm for such crop year.

"(2) The Secretary may suspend, on a nationwide basis, any limitation contained in paragraph (1) with respect to the crop acreage base for any program crop if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to the program crop; or

"(B) market factors exist that require the suspension of the limitation to achieve the purposes of the program.

"(c) Any notice under subsection (a) shall be submitted by the producer to the county committee before the first day of the sixty-day period ending on—

"(1) the final date required by law for the announcement by the Secretary of any acreage or supply control program with respect to the program crop for the crop year involved; or

"(2) in the case of—

"(A) wheat, May 1 of the year preceding such crop year;

"(B) feed grains, September 30 of the year preceding such crop year;

"(C) upland cotton, November 1 of the year preceding such crop year; and

"(D) rice, January 1 of such crop year,

whichever date occurs first with respect to the program crop.

"PROGRAM YIELDS

"SEC. 606. (a) The Secretary shall provide for establishing a program yield for each program crop for each crop year for any farm.

"(b)(1) The county committee shall determine the program yield for any program crop for any crop year beginning with the 1986 crop for any farm. Subject to paragraphs (2) and (3), and except as otherwise provided in subsection (d), the program yield for any program crop for any crop year for any farm shall be the average of the actual yield per harvested acre for the crop for such farm for each of the five crop years immediately preceding such crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm.

"(2) The program yield for any program crop for any crop year for any farm shall not be more than 150 per centum nor, except as provided in paragraph (3), less than 90 per centum of the program yield for the crop for the immediately preceding crop year for the farm.

"(3) The program yield for any program crop for the 1986 crop year shall not be less than the yield established for the crop for the 1985 crop year under this Act.

"(c) Under such regulations as the Secretary may prescribe, the county committee for any county may adjust any program yield for any program crop for any farm within the county to the extent that the committee determines that—

"(1) a significant change in any farming practice on the farm will materially and permanently affect the yield for the crop on the farm, or

"(2) because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, the program yield for the crop on the farm does not accurately reflect the productive potential of the farm.

"(d) In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (b)(1) for any crop year is not available, the county committee may assign the farm a yield for the crop for such crop year on the basis of actual yields for the crop for such crop year on farms that the committee determines are similar to such farm with respect to size, location, and farming practices.

"RESPONSIBILITIES OF COUNTY COMMITTEES

"SEC. 607. (a)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to specify the total number of acres on the farm planted to program crops for harvest in each of the five crop years immediately preceding such crop year, and the total number of acres on the farm planted to each program crop in each such crop year for harvest. Before the beginning of the crop year, the county committee shall—

"(A) establish or adjust the farm acreage base and each crop acreage base for the crop year for each such farm on the basis of such information; and

"(B) notify each such producer of the farm acreage base and each crop acreage base that shall apply to such farm for such crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the farm acreage base for each farm operated by a producer within the county and the crop acreage base for each program crop produced on each such farm.

"(3) The records of the farm acreage base and crop acreage base for a farm for the 1986 crop year shall reflect the determinations made under sections 603(b) and 604(b) and shall include—

"(A) any crop planting history for the farm, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act; and

"(B) any construction of planting history for the farm made by the county committee to the extent provided in sections 603(b)(2) and 604(b)(2).

"(b)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to supply such information as may be necessary for determining the program yield as provided in section 606 for any program crop produced on any farm within such county by the producer for the crop year. The county committee shall notify each producer of such determination for each crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the program yield for any program crop for any crop year for any farm operated by a producer within the county.

"(3) The records of program yield for any program crop for any crop year for a farm shall reflect the determinations made under section 606 and shall include—

"(A) any crop history for the five crop years immediately preceding the 1986 crop year, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act;

"(B) any construction of crop yield history for the farm made by the county committee to the extent provided in section 606(d);

"(C) the actual yield per harvested acre for the crop for the farm for the 1986 and each subsequent crop year; and

"(D) any adjustment in the program yield for the crop for the farm made by the county committee under section 606(c).

"NEW PRODUCERS AND SIMILAR SITUATIONS

"SEC. 608. Each county committee may provide for the establishment of a farm acreage base and crop acreage bases with respect to any farm located within the county if such farm acreage base and crop acreage bases cannot be established under sections 603 and 604. Such bases shall be established

in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985, except that no such bases shall be established for a farm if the producer on such farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

"SPECIAL RULES

"SEC. 609. (a) For purposes of determining any farm acreage base or any crop acreage base under this title, the number of acres planted to any program crop in a crop year includes any acreage that, under any other provision of law, is reserved from production of a program crop for such crop year because of the participation of the producer in an acreage or crop limitation program under such provision of law (except to the extent that such acreage is planted to soybeans), including any acreage devoted to conserving uses, or planted to program crops not for harvest or to nonprogram crops (except soybeans), by a person participating in the program in excess of the acreage required to be reserved from production of the program crop for such crop year.

"(b) For purposes of determining any farm acreage base under this title, the number of acres planted to a program crop in a crop year also includes any acreage that—

"(1) is devoted by the producer to a conserving use during such crop year in the normal course of farming operations, as determined by the county committee under regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985;

"(2) the producer is unable to plant to such crop (or, if planted to such crop, is unable to harvest) during such crop year because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, as determined by the county committee; or

"(3) except as provided in subsection (c), is planted to soybeans.

"(c) In any crop year that acreage planted and considered planted under the provisions of subsections (a) and (b) to all program crops on a farm, before the application of the rules under this subsection, would be determined to exceed the farm acreage base for the farm for such crop year, and such determination would not occur but for the planting of soybeans, a number of acres equal to the difference between (1) the total of (A) the acreage planted (and considered planted under the provisions of subsections (a) and (b)) to wheat, feed grains, upland cotton, and rice for the farm for such crop year and (B) the total acreage planted to soybeans, and (2) the farm acreage base for such farm for such crop year, shall not be considered planted under subsection (b)(3).

"(d) If a county committee determines that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), under such regulations as the Secretary may prescribe, the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of such program crop. For purposes of determining the farm acreage base, the crop acreage base, or the eligibility of such producer to be considered a cooperator or otherwise participate in a commodity program under this Act, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

"APPEAL PROCEDURE

"SEC. 610. The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this title may seek administrative review of such determination.".

REPEAL OF OUTDATED PROGRAM PROVISIONS

SEC. 1003. (a) Effective beginning with the 1986 crop of wheat, feed grains, upland cotton, and rice, the Agricultural Adjustment Act of 1938 is amended by—

(1) striking out sections 326, 327, 328, 329, 330, 332, 333, 334, 334a, 335, 336, 338, 339, 342, 342a, 343, 344, 344a, 345, 346, 372(a), 379b, 379c, 379d, 379e, 379f, 379g, 379h, 379i, and 379j (7 U.S.C. 1326, 1327, 1328, 1329, 1441 note, 1332, 1333, 1334, 1334b, 1335, 1336, 1338, 1339, 1342, 1342a, 1343, 1344, 1344b, 1345, 1346, 1372a, 1379b, 1379c, 1379d, 1379e, 1379f, 1379g, 1379h, 1379i, and 1379j, respectively)

(2) in section 361 (7 U.S.C. 1361), striking out "corn, wheat, cotton, peanuts, and rice" and inserting in lieu thereof "and peanuts";

(3) in section 371(a) (7 U.S.C. 1371(a)), striking out "cotton, rice,", and striking out the comma after "peanuts";

(4) in section 371(b) (7 U.S.C. 1371(b)), striking out "cotton, rice,";

(5) in section 373 (7 U.S.C. 1373), striking out "corn, wheat, cotton, rice, peanuts," in subsection (b) and both places it appears in subsection (a), and inserting in lieu thereof "peanuts";

(6) section 374(b) (7 U.S.C. 1374(b)), striking out the phrase "farm acreage allotment" each time it appears and inserting in lieu thereof the phrase "crop acreage base";

(7) in the last sentence of section 374(c) (7 U.S.C. 1374(c)), inserting "or permitted acreage" after "allotment";

(8) in section 375(a) (7 U.S.C. 1375(a)), striking out "corn, wheat, cotton, rice, peanuts," and inserting in lieu thereof "peanuts";

(9) in section 377 (7 U.S.C. 1377)—

(A) striking out "(excluding any allotment released from the farm or reapportioned to the farm and any allotment provided for the farm pursuant to subsection (f)(7)(A) of section 344)"; and

(B) in the first proviso, striking out "or, in the case of upland cotton on a farm which qualified for price support on the crop produced in any such year under section 103(b) of the Agricultural Act of 1949, as amended, 75 per centum of the farm domestic allotment established under section 350 for any such year"; and

(10) in section 378 (7 U.S.C. 1378), adding at the end thereof the following:

"(g) In applying the provisions of this section to a farm for which a farm acreage base has been determined under the provisions of the Agricultural Efficiency and Equity Act of 1985, the word 'allotment', wherever it appears, shall be construed to mean 'farm acreage base and any crop acreage base comprised therein'.".

(b) Effective beginning with the 1986 crop of wheat, Public Law 74, 77th Congress, is repealed.

PRICE SUPPORT LEVELS FOR COOPERATORS UNDER PERMANENT LAW

SEC. 1004. (a) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by—

(1) in section 101 (7 U.S.C. 1441)—

(A) in the introductory paragraph, inserting "(with respect only to tobacco and peanuts)" before "producers have not disapproved marketing quotas for such crop"; and

(B) amending subsection (d)(3) to read as follows:

"(3) the level of price support to cooperators for any crop of peanuts for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price therefor; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;"; and

(C) in paragraph (5) of subsection (d), inserting "except with respect to wheat, corn, upland cotton, and rice," before "price support may be made";

(2) in section 103(a) (7 U.S.C. 1444(a))—

(A) in the first sentence, striking out "for which producers have not disapproved marketing quotas"; and

(B) in the third sentence, striking out "and in case marketing quotas are disapproved";

(3) in section 105 (7 U.S.C. 1444) striking out "producers" both places it appears and inserting in lieu thereof "cooperators";

(4) in section 107 (7 U.S.C. 1445a)—

(A) in paragraph (1), striking out "accompanied by domestic certificates" and inserting in lieu thereof "produced by a cooperator";

(B) striking out paragraphs (2), (3), (5), and (6); and

(C) redesignating paragraph (4) as paragraph (2); and

(5) amending section 408(b) (7 U.S.C. 1428(b)) to read as follows:

"(b) A 'cooperator' (1) with respect to wheat, feed grains, upland cotton, and rice, shall be a 'cooperator' as that term is defined in section 101(e) of this Act, and (2) with respect to any other basic agricultural commodity, shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938.".

(b) Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding after subsection (d) the following:

"(e)(1) Only a producer who is a cooperator for a crop shall be eligible for price support under any program carried out by the Secretary for rice, upland cotton, feed grains, or wheat for such crop under this section, or section 103(a), 105, or 107 of this Act, respectively.

"(2) A producer of wheat, feed grains, upland cotton, or rice shall be considered a cooperator for a crop of such commodity with respect to a farm if the producer has a farm acreage base for the crop year involved for the farm, and a crop acreage base for the crop year involved for each program crop (as defined in section 602(2) of this Act) produced on such farm, under title VI of this Act, and—

"(A) the number of acres on the farm planted to all program crops (as defined in section 602(2) of this Act) for harvest by such producer for such crop does not exceed the farm acreage base for such farm for the crop year involved, except to the extent that such excess is due to an established practice of double cropping, and

"(B) the number of acres on the farm planted to each program crop (as defined in section 602(2) of this Act) for harvest by such producer for the crop year involved does not exceed the crop acreage base for such program crop for such farm for such crop year.

"(3) The Secretary may suspend, on a nationwide basis, any farm acreage base limitation or any crop acreage base limitation with respect to a crop of a commodity under this subsection, if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to any such commodity; or

"(B) market factors exist that require the suspension of any such limitation to achieve the purposes of the farm and crop acreage base and program yield system established under title VI of this Act.

"(4) Notwithstanding any other provision of this subsection, the Secretary may, on a nationwide basis, consider a producer a cooperator for any crop of rice, upland cotton, feed grains, or wheat produced on a farm by such producer if—

"(A) such producer has established and maintained a farm acreage base and a crop acreage base applicable to such commodity for such crop year on such farm, and

"(B) the number of acres on such farm planted to such commodity for harvest by such producer in such crop year does not exceed the crop acreage base for such commodity on such farm for such crop year.".

CONFORMING CHANGES

SEC. 1005. (a) Effective beginning with the 1986 crop of wheat, section 327 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339b) is repealed.

(b) Effective beginning with the 1986 crops, the first sentence of section 706 of the Food and Agriculture Act of 1965 (7 U.S.C. 1305) is amended by striking out "feed grain" and inserting in lieu thereof the word "acreage".

(c) Effective beginning with the 1986 crop of upland cotton, section 506 of the Agriculture and Food Act of 1981 (7 U.S.C. 1342 note) is repealed.

Subtitle B—Miscellaneous Commodity Provisions

PAYMENT LIMITATIONS FOR WHEAT, FEED GRAINS, COTTON, AND RICE

SEC. 1011. Notwithstanding any other provision of law—

(1) The total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, extra long staple cotton, and rice shall not exceed $50,000 for each of the 1986 through 1990 crops.

(2) The total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat and feed grains shall not exceed $100,000 for each of the 1986 through 1990 crops.

(3) The term "payments" as used in this section shall not include loans or purchases, nor any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments other than those diversion payments in kind made under section 103(i) or 101(j) of the Agricultural Act of 1949, as added by this Act, or section 1021 of this Act) or public access for recreation.

(4) If the Secretary of Agriculture determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5) The Secretary of Agriculture shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of such limitation: Provided, That the provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

NONRECOURSE LOAN LIMIT

SEC. 1012. Effective with respect to the 1986 through 1990 crops of wheat, feed grains, soybeans, peanuts, and tobacco, section 405 of the Agricultural Act of 1949 (7 U.S.C. 1425) is amended by—

(1) designating the existing text thereof as subsection (a);

(2) striking out "No producer" in the first sentence and inserting in lieu thereof "Except as otherwise provided in subsection (b) of this section, no producer"; and

(3) adding at the end thereof the following:

"(b) For each of the 1986 through 1990 crops, the total amount of nonrecourse loans that a person may receive for wheat, feed grains, soybeans, peanuts, or tobacco under one or more of the annual programs established under this Act for such crop shall not exceed an amount that causes the total outstanding principal balance for the person for such nonrecourse loans for all such commodities of the crop to exceed $250,000. Any such loan to the person whenever the outstanding principal balance for the person for nonrecourse loans for such commodities is $250,000 shall be recourse in nature. The regulations defining the term 'person' and prescribing rules applicable to limitations issued under section 1011(5) of the Food Security Act of 1985 shall apply to the term 'person' as used in this subsection and the limitation established under this subsection, except that the term 'person', as used in this subsection, shall not include any association to which loans are made under sections 106A(b) and 108B(3) of this Act.".

EXTENSION OF THE NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

SEC. 1013. (a) Subsection (c) of section 1006 of the Agriculture and Food Act of 1981 (7 U.S.C. 4102(c)) is amended to read as follows:

"(c) A person may serve as a member of the Board for one or more terms.".

(b) Section 1014 of the Agriculture and Food Act of 1981 (7 U.S.C. 4110) is amended by striking out "1985" and inserting in lieu thereof "1990".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS FOR WHEAT AND FEED GRAINS

SEC. 1014. Effective only for the marketing years for the 1986 through 1990 crops, section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by—

(1) striking out in the third sentence the matter following the third colon and inserting in lieu thereof the following: "Provided, That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges.";

(2) striking out in the fifth sentence "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) striking out in the seventh sentence ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 1015. Effective only for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, section 408(k) of the Agricultural Act of 1949 (7 U.S.C. 1428(k)) is amended to read as follows:

"REFERENCES TO TERMS MADE APPLICABLE TO WHEAT, FEED GRAINS, UPLAND COTTON, AND RICE

"(k) References made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for wheat, feed grains, upland cotton, and rice under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat, feed grains, upland cotton, and rice under this Act.".

NORMALLY PLANTED ACREAGE AND TARGET PRICES

SEC. 1016. Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by striking out "1985" in each place that it appears in subsections (a) and (b) and inserting in lieu thereof "1990".

HAYING AND GRAZING

SEC. 1017. (a) Section 109 of the Agricultural Act of 1949 (7 U.S.C. 1445d) is amended by—

(1) striking out "1985" in the first sentence of subsection (a) and inserting in lieu thereof "1990"; and

(2) effective beginning with the 1986 crops, striking out "farm program payment yield" in the first sentence of subsection (c) and inserting in lieu thereof "program yield".

(b) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following new section:

"SEC. 424. Notwithstanding any other provisions of this Act, in carrying out any acre-

age limitation, set-aside, or land diversion program under this Act for wheat, feed grains, upland cotton, or rice, the Secretary shall permit participating producers in any State to devote all or any part of the acreage diverted from production under the program to haying and grazing during the eight months of each year selected by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for such State: Provided, That a producer may not sell any hay or other crop harvested from the acreage devoted to haying and grazing under this section.”.

SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

SEC. 1018. Effective for the 1986 through 1990 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 (7 U.S.C. 1445h) is amended to read as follows:

“SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

“SEC. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105C or 107D of this title for one or more of the 1986 through 1990 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of Government. To carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.”.

NORMAL SUPPLY

SEC. 1019. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1986 through 1990 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

MULTIYEAR SET-ASIDES

SEC. 1020. Notwithstanding any other provision of law—

(a) The Secretary of Agriculture may enter into multiyear set-aside contracts for a period not to extend beyond the 1990 crops. Such contracts may be entered into only as a part of the programs in effect for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, and only producers participating in one or more of such programs shall be eligible to contract with the Secretary under this section. Producers agreeing to a multiyear set-aside agreement shall be required to devote the set-aside acreage to vegetative cover capable of maintaining itself through such period to provide soil protection, water quality enhancement, wildlife production, and natural beauty. Grazing of livestock under this section shall be prohibited, except in areas of a major disaster, as determined by the President, if the Secretary finds there is a need for such grazing as a result of such disaster. Producers entering into agreements under this section shall also agree to comply with all applicable State and local laws and regulations governing noxious weed control.

(b) The Secretary of Agriculture shall provide cost-sharing incentives to farm operators for the establishment of vegetative cover, whenever a multiyear set-aside contract is entered into under this section.

(c) The Secretary of Agriculture may issue such regulations as the Secretary determines necessary to carry out this section.

(d) The Secretary of Agriculture shall carry out the program authorized by this section through the Commodity Credit Corporation.

COST REDUCTION OPTIONS

SEC. 1021. (a) Notwithstanding any other provision of law, whenever the Secretary of Agriculture determines that an action authorized under subsection (c), (d), or (e) of this section will reduce the total of the direct and indirect costs to the Government of a commodity program administered by the Secretary without adversely affecting income to small- and medium-sized producers participating in such program, the Secretary shall take such action with respect to the commodity program involved.

(b) In the announcement of the specific provisions of any commodity program administered by the Secretary of Agriculture, the Secretary shall include a statement setting forth which, if any, of the actions are to be initially included in the program, and a statement that the Secretary reserves the right to initiate at a later date any action not previously included but authorized by this section, including the right to reopen and change a contract entered into by a producer under the program if the producer voluntarily agrees to the change.

(c) When a nonrecourse loan program is in effect for a crop of a commodity, the Secretary of Agriculture may enter the commercial market to purchase such commodity if the Secretary determines that the cost of such purchases plus appropriate carrying charges will probably be less than the comparable cost of later acquiring the commodity through defaults on nonrecourse loans under the program.

(d) When the domestic market price of a commodity for which a nonrecourse loan program is in effect is insufficient to cover the principal and accumulated interest on a loan made under such program, thereby encouraging default by a producer, the Secretary of Agriculture may provide for settlement of such loan and redemption by the producer of the commodity securing such loan for less than the total of the principal and all interest accumulated thereon if the Secretary determines that such reduction in the settlement price will yield savings to the Government due to—

(1) receipt by the Government of a portion rather than none of the accumulated interest;

(2) avoidance of default; or

(3) elimination of storage, handling, and carrying charges on the forfeited commodity;

but the Secretary may not reduce the settlement price to less than the principal due on the loan.

(e) When a production control or loan program is in effect for a crop of a major agricultural commodity, the Secretary of Agriculture may at any time prior to harvest reopen the program to participating producers for the purpose of accepting bids from producers for the conversion of acreage planted to such crop to diverted acres in return for payment in kind from Commodity Credit Corporation surplus stocks of the commodity to which the acreage was planted, if the Secretary determines that (1) changes in domestic or world supply or demand conditions have substantially changed after announcement of the program for that crop, and (2) without action to further adjust production, the Government and producers will be faced with a burdensome and costly surplus. Such payments in kind shall not be included within the payment limitation of $50,000 per person established under section 1011 of this Act, but shall be limited to a total of $20,000 per year per producer for any one commodity.

(f) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture under any other provision of law.

PRODUCER RESERVE PROGRAM FOR WHEAT AND FEED GRAINS

SEC. 1022. (a) Except as provided by subsection (b) of this section, effective beginning with the 1986 crops, section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended by—

(1) in the first sentence of subsection (a), striking out “and” after “supply” and inserting in lieu thereof a comma, and inserting before the period at the end thereof the following: “, and provide for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities”;

(2) in the third sentence of subsection (b)—

(A) in clause (1), striking out “nor more than five years” and inserting in lieu thereof “, with extensions as warranted by market conditions”;

(B) in clause (4), striking out “before the market price for wheat or feed grains has reached” and inserting in lieu thereof “when the total amount of wheat or feed grains in storage under programs under this section is below the upper limits for such storage as set forth in clauses (A) and (B) of subsection (e)(2) and the market price for wheat or feed grains is below”;

(C) in clause (5), striking out “a specified level, as determined by the Secretary” and inserting in lieu thereof “the higher of 140 per centum of the nonrecourse loan rate for the commodity or the established price for such commodity, as determined under title I of this Act”;

(3) adding at the end of subsection (b) the following:

“Whenever—

“(A)(i) the total amount of wheat stored under storage programs established under this section is less than 17 per centum of the estimated total domestic and export usage of wheat during the then current marketing year for wheat, as determined by the Secretary, or

“(ii) the total amount of feed grains stored under storage programs established under this section is less than 7 per centum of the estimated total domestic and export usage of feed grains during the then current marketing year for feed grains, as determined by the Secretary; and

“(B) the market price of the commodity, as determined by the Secretary, does not exceed 140 per centum of the nonrecourse loan rate for the commodity,

the Secretary shall encourage participation in the programs under this section by offering producers increased storage payments and loan levels, interest waivers, or such other incentives as the Secretary determines necessary to maintain the total amount of storage under the programs at the levels specified in clauses (A) and (B). The Secre-

tary shall ensure that producers are afforded a fair and equitable opportunity to participate in each producer storage program, taking into account regional differences in the time of harvest."; and

(4) in subsection (e)—

(A) inserting "(1)" after "(e)";

(B) inserting before the period at the end of the second sentence the following: ", subject to the upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section set out in paragraph (2)";

(C) striking out the third sentence; and

(D) adding at the end thereof the following:

"(2) Prior to the harvest of each crop of wheat and feed grains, the Secretary shall determine and establish upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section to be effective during the marketing year for such crop, as follows:

"(A) The upper limit on the total amount of wheat that may be stored under such programs shall not exceed 30 per centum of the estimated total domestic and export usage of wheat during the marketing year for the crop of wheat, as determined by the Secretary;

"(B) the upper limit on the total amount of feed grains that may be stored under such programs shall not exceed 15 per centum of the estimated total domestic and export usage of feed grains during the marketing year for the crop, as determined by the Secretary; and

"(C) notwithstanding clauses (A) and (B), the Secretary may establish the upper limits at higher levels—not in excess of 110 per centum of the levels determined under clauses (A) and (B)—if the Secretary determines that the higher limits are necessary to achieve the purposes of this section.".

(b) The amendment made by subsection (a)(2)(B) of this section shall take effect with respect to any loan made under section 110 of the Agricultural Act of 1949 the date for repayment of which occurs after the date of enactment of this Act.

ADVANCE DEFICIENCY PAYMENTS

SEC. 1023. Effective for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, the Agricultural Act of 1949 is amended by inserting before section 108 the following:

"SEC. 107E. (a) Effective for each of the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, if the Secretary establishes an acreage limitation or set-aside program for a crop of wheat, feed grains, upland cotton, and rice, under this title and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary shall make available advance deficiency payments to producers who agree to participate in such program.

"(b) Advance deficiency payments under this section shall be made to producers under the following terms and conditions:

"(1) Payments shall be made available to producers with respect to any such crop as soon as practicable after October 1 of the calendar year in which the crop is harvested; but the Secretary, at the Secretary's discretion, may make payments available to any producer prior to such date at any time after the producer files notice of intention to participate in the program for the crop.

"(2) Payments shall be made available to producers in such amounts as the Secretary determines appropriate to encourage adequate participation in the program, except that the amount may not exceed an amount determined by multiplying (A) the estimated farm program acreage for the crop, by (B) the program yield for the crop, by (C) 50 per centum of the projected payment rate, as determined by the Secretary.

"(3) In any case in which the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this title is less than the amount paid to the producer as an advance deficiency payment for the crop under this section, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(4) If the Secretary determines under this title that deficiency payments will not be made available on a crop with respect to which advance deficiency payments have already been made under this section, the producers who received such advance payments shall refund such payments.

"(5) Any refund required under paragraph (3) or (4) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(6) If a producer fails to comply with the requirements under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this section, the producer shall repay, immediately, the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulations.

"(c) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(d) The Secretary shall carry out the program provided for in this section through the Commodity Credit Corporation.

"(e) The program provided for in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.".

DISCRETIONARY WHEAT AND FEED GRAIN EXPORT CERTIFICATE PROGRAMS

SEC. 1024. Effective for the 1986 through 1990 crops of wheat and feed grains, the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting after section 107E, as added by section 1024 of this Act, the following:

"SEC. 107F. (a)(1) The Secretary may establish a program, applicable to any of the 1986 through 1990 crops of wheat or feed grains, to provide incentives for the export of any of such crops of wheat and feed grains from private stocks. The program for any such crop established under this subsection by the Secretary shall include the following terms:

"(A) The Secretary shall issue wheat or feed grain export certificates to producers to whom the Secretary makes loans and payments under section 107D or 105C, respectively, for a crop if such producers comply with the terms and conditions of the program for such crop.

"(B) Each such certificate shall bear a monetary denomination and a designation specifying a quantity of the crop of the commodity involved, selected by the Secretary.

"(C) The aggregate quantity of wheat or feed grains specified in all export certificates distributable to eligible producers of the crop involved shall be equal to—

"(i) the aggregate amount of wheat or feed grains produced by producers participating in the program for the crop under section 107D or 105C, as determined by multiplying the acreage planted by each such producer for harvest times the producer's program yield for the commodity; times

"(ii) an export production factor.

For purposes of this subparagraph, the export production factor for a crop shall be determined by the Secretary by dividing the quantity of such crop harvested domestically that the Secretary estimates will not be used domestically and will be available for export (excluding the portion of the crop expected to be added to carryover stocks) during the marketing year for such crop by the quantity of such crop that the Secretary estimates will be harvested domestically.

"(D) Wheat or feed grain export certificates shall be distributed among eligible producers in a manner that will ensure that each eligible producer receives certificates having an aggregate face value that represents an equal rate of return per unit of wheat or feed grains produced by such producer for such crop. For purposes of determining such rate of return, the Secretary shall take into consideration regional variations in the costs incurred by producers to market the commodity (including transportation costs).

"(E) An export certificate issued under this subsection shall be redeemed by the Secretary for a cash amount equal to the monetary denomination on such certificate (or, at the option of the Secretary, a quantity of the commodity involved having a current fair market value equal to such amount) only on presentation by a holder who exports a quantity of the crop involved (including processed wheat or feed grains) equal to the quantity designated in the certificate and only if the Secretary has not redeemed previously an export certificate issued under this subsection presented in connection with the particular wheat or feed grains so exported.

"(2) The Secretary shall carry out this subsection through the Commodity Credit Corporation. If sufficient funds are available to the Corporation, there shall be expended to carry out this subsection with respect to the export of the crop of wheat or feed grains involved an amount not less than the product of—

"(A) 21 cents for wheat, 11 cents for corn, and such amounts for grain sorghums, oats, and, if designated by the Secretary, barley as the Secretary determines fair and reasonable in relation to the amount specified for corn; times

"(B) the aggregate of the wheat or feed grain acreage planted to the commodity for harvest by producers participating in the program for the crop with respect to which deficiency payments are available under section 107D or 105C of this Act; times

"(C) the average of the program yields for the crop.

"(3) Funds expended to carry out export certificate programs established under this subsection shall be in addition to, and not in place of, funds authorized by any other law to be expended to finance or encourage the export of wheat or feed grains.

"(4) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.

"(b)(1) Effective for each of the 1986 through 1990 crops of wheat or feed grains, the Secretary may issue to eligible producers (who, for the purposes of this subsection, are producers of wheat or feed grains participating in the program under this Act for

such crop who meet the requirements of paragraph (2)) export marketing certificates, denominated in bushels of wheat or feed grains, as applicable, for the crop, which shall be used, under such terms and conditions as the Secretary may prescribe consistent with the provisions of this subsection, as follows:

"(A) Not later than three months before the beginning of the marketing year for a crop of wheat or feed grains, the Secretary may issue to eligible producers that plant at least 50 per centum of the farm's wheat or feed grain crop acreage base for such crop, export marketing certificates to be applicable to such marketing year that, in the aggregate, shall equal the quantity of the commodity the Secretary estimates will be exported during the marketing year. Each such eligible producer shall receive certificates for a quantity of the commodity that bears the same ratio to the quantity of estimated exports as the producer's crop acreage base for that crop of the commodity bears to the aggregate total of all such eligible producers' crop acreage bases for that crop, rounded upward to the nearest full bushel.

"(B) The denomination of export marketing certificates shall be one bushel (with no accompanying cash face value), except that the Secretary may issue certificates in multiples of such denomination, and any certificate in the multiple of such denomination, may be exchanged by the producer, at the county Agricultural Stabilization and Conservation Service office, for certificates representing an equivalent quantity of the commodity in different multiples, to facilitate the operation of the program under this subsection. Each export marketing certificate shall designate the producer by name and the crop involved.

"(C) If seven months after the beginning of the marketing year for the crop, the Secretary determines that the amount of the commodity that will be exported during the marketing year for that crop will exceed the aggregate quantity of the commodity represented by all the export marketing certificates so issued, the Secretary may issue additional export marketing certificates to producers that initially received certificates for the crop sufficient to cover the additional exports, such certificates to be apportioned among such producers so that each producer receives the same portion of the additional certificates issued that the producer received of the export certificates initially issued for the crop, as provided in subparagraph (A), rounded upward to the nearest full bushel.

"(D) Producers may convey export marketing certificates issued under this subsection to purchasers of the commodity involved sold by the producers at any time prior to the end of the marketing year for the crop described in the certificate. If a producer has less wheat or feed grains to sell than the quantity represented by the export marketing certificates issued to the producer, because of reduced production or other reason or because, in the case of additional certificates issued under subparagraph (C), the producer had disposed of the producer's wheat or feed grains prior to the issuance of such additional certificates, the producer, at any time prior to the end of the marketing year for the crop involved, may sell the extra export marketing certificates to any person for such price as agreed on by the producer and purchaser. Any certificate may be reconveyed without restriction.

"(2) To be eligible to receive export certificates under this subsection for a crop of wheat or feed grains, a producer of such commodity must participate in the program under this title for such crop, and—

"(A) if there is no acreage limitation or set-aside in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable; or

"(B) if an acreage limitation is in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable, reduced to the extent required under the acreage limitation program, and comply with any other terms of the acreage limitation program established by the Secretary; or

"(C) if a set-aside program is in effect for the crop, comply with the set-aside and other terms of the set-aside program established by the Secretary.

"(3) Whenever the Secretary issues certificates under this subsection for a crop of wheat or feed grains, no person may export wheat or wheat products, or feed grains or feed grain products, from the United States during the marketing year for the crop without surrendering to the Secretary, at the time of export, export marketing certificates for such crop representing the quantity of the commodity being exported or, in the case of wheat or feed grain products, the equivalent quantity of the commodity contained in the products being exported. Persons that fail to comply with the requirements of the preceding sentence shall be guilty of a misdemeanor and shall be subject, on conviction for each violation thereof, to a fine of not more than $25,000 or imprisonment for not to exceed one year, or both such fine and imprisonment. This paragraph shall not apply to exports of commodities or products owned by the Government of the United States or agencies and instrumentalities thereof, nor to commodities or products provided to the exporter by the Commodity Credit Corporation under an export development program.

"(4) Any person who falsely makes, issues, alters, forges, or counterfeits any export marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely made, issued, altered, forged, or counterfeited export marketing certificate, shall be deemed guilty of a felony and on conviction thereof shall be subject to a fine of not more than $10,000 or imprisonment of not more than ten years, or both such fine and imprisonment.

"(5) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.".

REQUIRED DISPOSITION OF SURPLUS COMMODITIES

SEC. 1025. If the Secretary of Agriculture determines that Government-owned food and feed stocks acquired by the Commodity Credit Corporation through nonrecourse loan programs under the Agricultural Adjustment Act of 1938 or the Agricultural Act of 1949 cannot be disposed of in normal domestic trade channels without impairment of the price support programs under such Acts or sold abroad at competitive world prices, the Commodity Credit Corporation, under regulations issued by the Secretary, shall dispose of such commodities for the purposes of emergency domestic food assistance, emergency humanitarian food needs in developing countries, market development, export enhancement, or other such appropriate uses.

NONCOMPLIANCE BASED ON EXCESS IDLED ACRES

SEC. 1026. Title IV of the Agricultural Act of 1949 is amended by adding, after section 424, as added by section 1017 of this Act, the following:

"SEC. 425. A producer who removes land from production under an acreage limitation or set-aside program for a crop of wheat, feed grains, cotton, or rice under this Act and who idles more land than is required by the provisions of the program shall not have such producer's payments under this Act for such crop reduced, nor be subject to any other monetary fine or penalty, for failure to plant the program crop on acres so idled or to accurately report planted and idled acres unless the Secretary finds by the preponderance of the evidence that the producer's acts were committed to obtain funds from the Government of the United States to which such producer was not entitled by law.".

ADVANCE RECOURSE COMMODITY LOANS

SEC. 1027. Effective for the 1986 through 1990 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following:

"SEC. 426. Notwithstanding any other provision of this Act, the Secretary may make advance recourse loans available to producers of the commodities of the 1986 through 1990 crops for which nonrecourse loans are made available under this Act if the Secretary finds that such action is necessary to ensure that adequate operating credit is available to producers. These recourse loans may be made available under such reasonable terms and conditions as the Secretary may prescribe, except that the Secretary shall require that a producer obtain crop insurance for the crop as a condition of eligibility for a loan.".

LIQUID FUELS

SEC. 1028. Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation", and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities.".

MARKETING YEAR

SEC. 1029. Section 301(b)(7) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)(7)) is amended by striking out "Corn, October 1—September 30;" and inserting in lieu thereof "Corn, September 1—August 31."

ANALYSIS OF INFORMATION—CONFIDENTIALITY

SEC. 1030. (a) Neither the Secretary, nor any other officer or employee of the Department of Agriculture (hereinafter "the Department") or agency thereof, nor any other person may—

(1) Use the information furnished generally pursuant to sections 1622(g) and 2204(a) of title 7. United States Code, and specifically pursuant to sections 471, 501, 951, and 2248, title 7, United States Code, section 42, title 13, United States Code, and section

1516(a) title 15, United States Code, for any purpose other than statistical purposes which are defined as the development or reporting of aggregate data in such a way that the identity of specific establishment or individual data is not discernible and is not material to the intended uses of the data, or

(2) disclose such information to the public unless it has been transformed into statistical or aggregate formats that do not allow the identification of the establishment or individual who supplied particular information.

(b) No department, agency, or employee of the Government except the Secretary in carrying out the general purposes of sections 1622(g) and 2204(a), title 7, United States Code, and the specific purposes of sections 471, 501, 951, and 2248, title 7, United States Code, shall require for any reason, copies of the statistical information provided to the Department which have been retained by any such establishment or individual. Copies of such information which have been so retained shall be immune from mandatory disclosure of any type including legal process, and shall not, without the consent of the individual or establishment concerned, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(c) Any person who shall publish, cause to be published, or publicly release information collected pursuant to, generally, sections 1622(g) and 2204(a) of title 7, United States Code, and specifically pursuant to sections 471, 501, 951 and 2248, title 7 United States Code section 42, title 13, United States Code, and section 1516(a), title 15, United States Code, in any manner or for any purpose prohibited in section (a) shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

DIVISION B—TRADE, CONSERVATION, AND CREDIT

TITLE XI—TRADE

Subtitle A—Public Law 480 and Use of Surplus Commodities in International Programs

TITLE II OF PUBLIC LAW 480—FUNDING LEVELS

SEC. 1101. Effective October 1, 1985, section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by—

(1) striking out "$1,000,000,000" in the first sentence and inserting in lieu thereof "$1,200,000,000";

(2) striking out "calendar" both places it appears in the first sentence and inserting in lieu thereof "fiscal"; and

(3) inserting after the first sentence the following: "The President may waive the limitation in the preceding sentence if the President determines that such waiver is necessary to undertake programs of assistance to meet urgent humanitarian needs.".

TITLE II OF PUBLIC LAW 480—MINIMUM FOR FORTIFIED OR PROCESSED FOOD AND NONPROFIT AGENCY PROPOSALS

SEC. 1102. Effective October 1, 1985, title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721-1726) is amended by adding at the end thereof the following:

"SEC. 207. Not less than 75 per centum of the agricultural commodities made available for distribution in each fiscal year under this title for nonemergency programs shall be fortified or processed food. The President may waive the requirement under the preceding sentence, or make available a smaller percentage of fortified or processed food than required under the preceding sentence, during any fiscal year in which the President determines that the requirements of the programs established under this title will not be best served by the distribution of fortified or processed food in the amounts required under the preceding sentence. In making agricultural commodities available for distribution as provided in this section, the President shall consider the nutritional assistance to the recipients and benefits to the United States that would result from distributing such commodities in the form of processed milk and plant protein products, as well as fruit, nut, and vegetable products.

"SEC. 208. Any request by a nonprofit or voluntary agency for agricultural commodities for a nonemergency food program under this title shall include—

"(1) a statement of the intended use of any foreign currency proceeds generated by such agency through the use of commodities made available under this title for such program; and

"(2) a statement of any possible detrimental disruption of traditional cultural food consumption habits that might arise from the distribution of commodities under such program.".

EXTENSION OF THE PUBLIC LAW 480 AUTHORITIES

SEC. 1103. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended by—

(1) striking out "1985" in the first sentence and inserting in lieu thereof "1990"; and

(2) in the second sentence—

(A) striking out "amendment" and inserting in lieu thereof "amendments"; and

(B) inserting "and the Food Security Act of 1985" after "Agriculture and Food Act of 1981".

FACILITATION OF EXPORTS

SEC. 1104. It is the sense of Congress that—

(1) the President should work with the People's Republic of China to facilitate the export of commodities, including dairy products and white wheat (in quantities sufficient to establish the quality of United States white wheat), to that country under the Agricultural Trade Development and Assistance Act of 1954 and section 416 of the Agricultural Act of 1949 with a view to increasing markets for those commodities in the People's Republic of China; and

(2) the President, to the extent practicable, should respond favorably to any request of the People's Republic of China seeking such receipt of commodities.

FARMER-TO-FARMER PROGRAM UNDER PUBLIC LAW 480

SEC. 1105. (a) Notwithstanding any other provision of law, not less than one-tenth of 1 percent of the funds available for each of the fiscal years ending September 30, 1986, and September 30, 1987, to carry out the Agricultural Trade Development and Assistance Act of 1954 shall be used to carry out paragraphs (1) and (2) of section 406(a) of that Act. Any such funds used to carry out paragraph (2) of section 406(a) shall not constitute more than one-fourth of the funds used as provided by the first sentence of this subsection, shall be used for activities in direct support of the farmer-to-farmer program under paragraph (1) of section 406(a), and shall be administered whenever possible in conjunction with programs under sections 296 through 300 of the Foreign Assistance Act of 1961.

(b) Not later than 120 days after the date of enactment of this Act, the Administrator of the Agency for International Development, in conjunction with the Secretary of Agriculture, shall submit to Congress a report indicating the manner in which the Agency intends to implement the provisions of paragraphs (1) and (2) of section 406(a) of the Agricultural Trade Development and Assistance Act of 1954 with the funds made available under subsection (a).

USE OF SURPLUS COMMODITIES IN INTERNATIONAL PROGRAMS

SEC. 1106. Effective October 1, 1985, section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by—

(1) striking out the last two sentences of subsection (a); and

(2) amending subsection (b) to read as follows:

"(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries and friendly countries under title II and section 311 of the Agricultural Trade Development and Assistance Act of 1954, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

"(2) As used in this subsection, the term 'eligible commodities' means—

"(A) dairy products, grains, and oilseeds acquired by the Commodity Credit Corporation through price support operations that the Secretary determines meet the criteria specified in subsection (a); and

"(B) such other edible agricultural commodities as may be acquired by the Secretary of Agriculture or the Commodity Credit Corporation in the normal course of operations and that are available for disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

"(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

"(B) The requirements of section 401(b) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that (i) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and (ii) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

"(C) The Secretary shall take reasonable precautions to ensure that—

"(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

"(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

"(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 shall apply to the commodities furnished under this subsection.

"(B) The Commodity Credit Corporation may pay the processing and domestic handling costs incurred, as authorized under this subsection, in the form of eligible commodities, as defined in paragraph (2)(A), if the Secretary determines that such in-kind payment will not disrupt domestic markets.

"(6) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 in connection with those commodities, shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs and finance.

"(7) Eligible commodities, and products thereof, furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

"(A) Sales and barter that are incidental to the donation of the commodities or products.

"(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in the importing country that are consistent with providing food assistance to needy people.

"(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

"(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

"(ii) Foreign currency proceeds generated from the sales of commodities and products under this subparagraph shall be used by nonprofit and voluntary agencies, or cooperatives, for activities carried out by the agency or cooperative that will directly supplement the transportation, distribution, and use of commodities and products donated under this subsection.

"(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than 5 per centum of the quantity of all commodities and products furnished for carrying out programs of assistance under this subsection in such fiscal year. The minimum allocation requirements of this clause apply with respect to commodities and products made available under this subsection for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to commodities and products made available to carry out section 311 of that Act.

"(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection and (II) after one year of acquisition as appropriate to achieve the purposes of clause (i).

"(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

"(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

Except as otherwise provided in subparagraph (C), no portion of the proceeds or services realized from sales or barter under paragraph (7) may be used to meet operating and overhead expenses.

"(8)(A) To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

"(B) The Secretary shall issue regulations governing sales and barter, and the use of foreign currency proceeds, under paragraph (7) of this subsection that will provide reasonable safeguards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

"(9) Not later than April 1, 1987, and annually thereafter, the Secretary shall report to Congress on sales and barters, and use of foreign currency proceeds, under paragraph (7) during the preceding fiscal year. Such report shall include information on—

"(A) the quantity of commodities furnished for such sale or barter;

"(B) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barters in such fiscal year;

"(C) how such funds and services were used;

"(D) the amount of foreign currency proceeds that were used under agreements under subparagraph (D) of paragraph (7) in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this subsection in such fiscal year such use represented;

"(E) the Secretary's best estimate of the amount of foreign currency proceeds that will be used, under agreements under subparagraph (D) of paragraph (7), in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage of the quantity of all commodities and products that the Secretary estimates will be furnished under this subsection in each such fiscal year that such estimated use represents;

"(F) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this subsection;

"(G) the extent to which sales, barter, or use displaces or interferes with commercial sales of United States agricultural commodities and products that otherwise would be made, or affects usual marketings of the United States, or disrupts world prices of agricultural commodities or normal patterns of trade with friendly countries, or discourages local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

"(H) the Secretary's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under paragraph (7).

"(10)(A) Subject to the limitations established under paragraph (3), the Secretary shall make available for disposition under this subsection in each of the fiscal years ending September 30, 1986, and September 30, 1987, not less than the minimum quantities of eligible commodities specified in subparagraph (B).

"(B) The minimum quantity of eligible commodities that shall be made available for disposition under this subsection in each fiscal year shall be (i) 1,000,000 metric tons in fiscal year 1986, and 600,000 metric tons in fiscal year 1987, of grains and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 per centum of the Corporation's uncommitted stocks of grains and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less, and (ii) 10 per centum of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available. The Secretary shall make such estimation of expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year. The Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year shall be published in the Federal Register, along with a breakdown by kind of commodity and the quantity of each kind of commodity that shall be made available, before the beginning of such fiscal year.

(C) The minimum quantity requirements of subparagraphs (A) and (B) apply with respect to the eligible commodities to be made available for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to eligible commodities made available to carry out section 311 of that Act.

"(D)(i) The Secretary may waive the minimum quantity requirements of subparagraphs (A) and (B) for a fiscal year—

"(I) to the extent that the Secretary determines and reports to Congress that there are not sufficient requests for eligible commodities under this subsection for such fiscal year; or

"(II) if the Secretary determines that the restrictions on the furnishing of commodities under paragraph (3) prevent the making available of commodities in such minimum quantities.

"(ii) For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) are not made available and during which any requests for commodities under this subsection are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests.

"(11) The Secretary may furnish eligible commodities under this subsection in connection with (A) concessional sales agreements entered into under title I of the Agricultural Trade Development Act of 1954 or other statutes, or (B) agricultural export bonus or promotion programs carried out under the Commodity Credit Corporation Charter Act or other statutes.

"(12) Eligible commodities may be furnished by the Secretary under this subsection in connection with agreements by recipient countries to acquire additional agricultural commodities from the United States through commercial arrangements.

"(13) The amount of any commodity furnished under paragraphs (11) and (12) of this subsection in any fiscal year shall be considered for the purpose of determining whether the requirements of paragraph (10)(A) of this subsection has been met during such fiscal year.".

FOOD FOR PROGRESS PROGRAM AND PRIVATE ENTERPRISE PROMOTION

SEC. 1107. (a) Title III of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727-1727g) is amended by adding at the end thereof the following new section:

"SEC. 311. (a) The President is authorized to negotiate and carry out agreements with developing countries, that have made commitments to agricultural policy reforms, providing for the furnishing of agricultural commodities to such countries, on a credit or grant basis, to support reform and implementation of agricultural policy decisions based on free market principles. Such agreements may provide for commodities to be furnished on a multiyear basis.

"(b) The agreement between the United States Government and a recipient country which provides for the furnishing of commodities under this section shall be called a Food for Progress Program.

"(c) Before entering into an agreement with developing country for the furnishing of agricultural commodities under this section, the President shall be satisfied that such country is committed to carry out, or is carrying out, policies that promote economic freedom, private production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities. Such policies may provide for, among other things—

"(1) access, on the part of farmers in the country, to private, competitive markets for their products;

"(2) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the country's domestic needs;

"(3) establishment of market-determined foreign exchange rates;

"(4) timely availability of production inputs, such as seed; fertilizer, or pesticides, to farmers; and

"(5) access to technologies appropriate to the level of agricultural development in the country.

"(d)(1) Notwithstanding any other provision of law, the Commodity Credit Corporation may use funds appropriated to carry out title I of this Act in carrying out this section.

"(2) The Commodity Credit Corporation may finance the sale and exportation of commodities furnished to a developing country under this section.

"(3) The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as the President may request for purposes of furnishing commodities on a grant basis under this section.

"(4) Section 203 of this Act shall apply to commodities furnished on a grant basis to a developing country under this section.

"(e) Payment by any developing country for commodities purchased on credit terms under this section shall be on the same basis as the terms provided in section 106 of this Act.

"(f) Any new spending authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

"(g) Any preference to "this title" in sections 301 through 307 of this title shall not apply with respect to this section.".

"(b) Section 106(b) of such Act (7 U.S.C. 1706(b)) is amended by adding at the end thereof the following new paragraph:

"(4)(A) Notwithstanding any other provision of this subsection, agreements under this title for the sale of agricultural commodities for dollars on credit terms may provide that proceeds from the sale of the commodities in the recipient country shall be used for such private sector development activities as are mutually agreed upon by the United States and the recipient government.

"(B) Proceeds used for private sector development activities pursuant to this paragraph shall be loaned by the recipient government to one or more financial intermediaries operating within the country for use by those financial intermediaries for loans to private individuals, private and voluntary organizations, corporations, cooperatives and other entities within such country. Such proceeds shall not be used to promote the production of commodities or the products thereof that will compete, as determined by the President, in world markets with similar commodities or the products thereof produced in the United States.

"(C) As used in this paragraph—

"(i) the term 'private sector development activities' means activities which foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of goods and services within a recipient country; and

"(ii) the term 'financial intermediaries' includes banks, cooperatives, private and voluntary organizations, and other financial institutions capable of making and servicing loans.".

CHILD IMMUNIZATION

SEC. 1108. (a) The Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in paragraph (11) of section 109 (7 U.S.C. 1709(11)) by inserting immediately before the period at the end thereof ", including the immunization of children";

(2) in the first sentence of section 206 (7 U.S.C. 1726) by striking out "or" before "(B)", and by inserting immediately before the period at the end thereof ", or (C) health programs and projects, including immunization of children"; and

(3) in the second sentence of section 301(b) (7 U.S.C. 1727(b)) by inserting "(including immunization of children)" immediately after "health services".

(b) In the implementation of health programs undertaken in relation to assistance provided under the Agricultural Trade Development and Assistance Act of 1954, it shall be the target for the organizations and agencies involved to provide for the immunization by fiscal year 1987 of at least three million more children annually than receive immunizations under such programs in fiscal year 1985. Such increased immunization activities should be taken in coordination with similar efforts of other organizations and in keeping with any national plans for expanded programs of immunization. The President shall include information concerning such innunization activities in the annual reports required by section 634 of the Foreign Assistance Act of 1961, including a report on the estimated number of immunizations provided each year pursuant to this subsection.

Subtitle B—Food Security Wheat Reserve

EXTENSION OF THE RESERVE

SEC. 1111. Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1637f-1(i)) is amended by striking out "1985" both places it appears and inserting in lieu thereof "1990".

Subtitle C—Maintenance and Development of Export Markets

TRADE POLICY DECLARATION

SEC. 1121. (a) Congress finds that—

(1) the volume and value of United States agricultural exports have significantly declined in recent years as a result of unfair foreign competition and the high value of the dollar;

(2) this decline has been exacerbated by the lack of uniform and coherent objectives in United States agricultural trade policy and the absence of direction and coordination in trade policy formulation;

(3) agricultural interests have been underrepresented in councils of government responsible for determining economic policy that has contributed to a strengthening of the United States dollar;

(4) foreign policy objectives of the United States have been introduced into the trade policy process in a manner injurious to the goal of maximizing United States economic interests through trade; and

(5) the achievement of that goal is in the best interests of the United States.

(b) It is hereby declared to be the agricultural trade policy of the United States to—

(1) provide through all means possible agricultural commodities and their products for export at competitive prices, with full assurance of quality and reliability of supply;

(2) support the principle of free trade and the promotion of fairer trade in agricultural commodities and their products;

(3) cooperate fully in all efforts to negotiate with foreign countries reductions in current barriers to fair trade;

(4) counter aggressively unfair foreign trade practices using all available means, including export restitution, export bonus programs, and, if necessary, restrictions on United States imports of foreign agricultural commodities and their products, as a means to encourage fairer trade;

(5) remove foreign policy constraints to maximize United States economic interests through agricultural trade; and

(6) provide for consideration of United States agricultural trade interests in the design of national fiscal and monetary policy that may foster continued strength in the value of the dollar.

AGRICULTURAL TRADE CONSULTATIONS

SEC. 1122. (a) To improve the orderly marketing of United States agricultural commodities, to achieve higher income for United States producers of agricultural commodities, and to reduce the likelihood of an agricultural commodity price war and the need for export subsidy programs, the Secretary of Agriculture shall, in coordination with the United States Trade Representative, confer with representatives of other major agricultural producing countries and, at the earliest possible date, initiate and pursue multilateral agricultural trade consultations among major agricultural producing countries.

(b) It is the sense of Congress that the objectives of the consultations called for in subsection (a) should be to—

(1) increase the exchange of information on worldwide agricultural production, demand, and commodity supply levels;

(2) determine a more equitable sharing of responsibility for maintaining agricultural commodity reserves and managing supplies of agricultural commodities; and

(3) attain increased cooperation in restraining export subsidy programs.

(c) The Secretary of Agriculture shall report to Congress by July 1, 1986, and annually thereafter, on the progress of efforts to initiate and pursue the consultations called for in subsection (a), including any agreements reached with respect to the objectives set forth in subsection (b).

DEPARTMENT OF AGRICULTURE EXPORT DEVELOPMENT PROGRAMS

SEC. 1123. (a) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture may use $325,000,000 of funds of the Commodity Credit Corporation for direct export credit under the blended credit export sales program of the Department of Agriculture.

(b) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture shall make available under the Export Credit Guarantee Program (GSM-102) carried out by the Commodity Credit Corporation credit guarantees for not less than $5,000,000,000 in short-term credit extended to finance export sales of United States agricultural commodities.

(c) Notwithstanding any other provision of law, the Secretary of Agriculture may not charge an origination fee with respect to any credit guarantee transaction under the Export Credit Guarantee Program (GSM-102) in excess of an amount equal to one-third of one percent of the credit extended under the transaction.

COOPERATOR MARKET DEVELOPMENT PROGRAM

SEC. 1124. (a) It is the sense of Congress that the cooperator market development program of the Foreign Agricultural Service should be continued to help develop new markets and expand and maintain existing markets for United States agricultural commodities, using nonprofit agricultural trade organizations to the maximum extent practicable.

(b) The cooperator market development program shall be exempt from the requirements of Circular A 110 issued by the Office of Management and Budget.

DEVELOPMENT AND EXPANSION OF MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES

SEC. 1125. (a)(1) Notwithstanding any other provision of law, effective for the period provided in subsection (h), the Secretary of Agriculture shall formulate and carry out a program under which agricultural commodities acquired by the Commodity Credit Corporation are provided to United States exporters, processors, or foreign purchasers, at no cost or reduced cost, to encourage the development and expansion of export markets for United States agricultural commodities.

(2)(A) The term "agricultural commodities", as used in this section in referring to United States agricultural commodities, includes, but is not limited to—

(i) wheat, feed grains, upland cotton, rice, soybeans, and dairy products produced in the United States;

(ii) any other agricultural commodity produced in the United States that is determined by the Secretary of Agriculture to be in surplus supply and that can be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935; and

(iii) products of the commodities and products described in clauses (i) and (ii) that are processed in the United States.

(B) United States agricultural commodities, as described in clause (ii) of subparagraph (A), may not be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, for the sole purpose of use under the program under this section; and such commodities, or products thereof, may not be furnished to United States exporters, processors, or foreign purchasers under the program under this section except by mutual agreement of such exporter, processors, or purchaser and the Secretary.

(3) The Secretary of Agriculture—

(A) shall provide agricultural commodities or cash, or both, under the program to the extent necessary, as determined by the Secretary,

(i) to counter or offset the adverse effect on United States exports of an agricultural commodity of subsidies (including export subsidies, tax rebates on exports, financial assistance on preferential terms, provisions of funds to cover operating losses, assumption of costs or expenses of production, processing or distirbution, differential export taxes or differential export duty exemptions, domestic consumption quotas, and other methods of furnishing or ensuring the availability of raw materials at artificially low prices) or other unfair trade practices of a foreign country that directly or indirectly benefit producers, processors, or exporters of agricultural commodities in that foreign country; and

(ii) to reduce to world price levels, as determined by the Secretary, the cost to exporters (including the cost of acquisition, handling, and an amount that reflects a fair return to such exporters) of grain purchased for export by such exporters and accompanied by a marketing certificate as provided under title V of the Agricultural Act of 1949, and

(B) may provide agricultural commodities under the program—

(i) to compensate, in whole or in part, for the high value of the United States dollar relative to other currencies, to increase the competitiveness of United States agricultural commodities in world markets;

(ii) to compensate, in whole or in part, overseas purchasers that buy United States agricultural commodities on credit for any increases in the value of the United States dollar while such credit is outstanding;

(iii) to offset, in whole or in part, interest charges that accrue on credit purchases of United States agricultural commodities by export customers;

(iv) to offset, in whole or in part, transportation charges involved in the export of United States agricultural commodities;

(v) in barter or countertrade transactions in which United States agricultural commodities are exported in exchange for other commodities or products;

(vi) for overseas sale to obtain foreign currencies to finance overseas trade offices for the use and benefit of United States exporters and commodity groups working to expand exports of United States agricultural commodities; and

(vii) for any other comparable purpose that the Secretary determines appropriate to expand United States agricultural exports and ensure competitiveness in world markets for United States agricultural commodities.

(b) In carrying out the program established by this section, the Secretary of Agriculture—

(1) shall take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities in any case in which the importation into the United States of a manufactured product made, in whole or in part, from an agricultural commodity provided for export under the program would place domestic users of the agricultural commodity at a competitive disadvantage;

(2) may provide to a United States exporter, processor, or foreign purchaser, under the program, agricultural commodities of a kind different than the agricultural commodity involved in the transaction for which assistance under this section is being provided;

(3) may purchase, through the Commodity Credit Corporation, agricultural commodities for use under the program if Commodity Credit Corporation stocks are insufficient or not available for use under the program;

(4) shall consider for participation in the program all interested foreign purchasers, including those who have traditionally purchased United States agricultural commodities and who continue to purchase such commodities on an annual basis in quantities greater than the level of purchases in a previous representative period;

(5) shall ensure, insofar as possible, that any use of agricultural commodities made available under this section be made in such manner as to encourage increased use and avoid displacing usual marketings of United States agricultural commodities; and

(6) shall take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities provided under this section.

(c) The Secretary of Agriculture shall carry out the program established by this section through the Commodity Credit Corporation.

(d) Any price restrictions that otherwise may be applicable to dispositions of agricultural commodities owned by the Commodity Credit Corporation shall not apply to agricultural commodities provided under this section.

(e)(1)(A) In carrying out barter and countertrade transactions, as authorized under subsection (a)(3), the Secretary of Agriculture may acquire and hold strategic or other materials that the United States does not domestically produce in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet, giving priority to materials that entail less risk of loss through deterioration and have lower storage costs than the agricultural commodities they replace. Each agency of the United States Government that procures strategic or other materials acquired under any such transaction shall reimburse the Commodity Credit Corporation for such procurement and otherwise cooperate with the Secretary in the conduct of the transaction.

(B)(i) The Secretary shall establish a pilot program to carry out, during the fiscal year ending September 30, 1986, barter and countertrade transactions which are authorized under subsection (a)(3) in which the Secretary acquires and holds strategic or other materials that the United States does not domestically produce in amounts sufficient for its requirement for for which national stockpile or reserve goals established by law are unmet.

(ii) In establishing pilot programs under this subparagraph, the Secretary shall give priority—

(I) to materials that entail less risk of loss through deterioration and have lower storage costs that the agricultural commodities they replace; and

(II) to nations with food and currency reserve shortages.

(iii) In establishing such programs, the Secretary shall consider barter and countertrade opportunities with—

(I) Zaire, for wheat and wheat flour in exchange for cobalt, tantalum minerals, germanium, zinc, copper, and diamonds;

(II) Zimbabwe for corn (and soybean oil) in exchange for chromium;

(III) Zambia for corn (and oilseeds) in exchange for cobalt;

(IV) Malaysia for rice, wheat, tobacco, cheese, and corn in exchange for rubber and oil;

(V) Brazil for wheat, corn, and non-fat dry milk in exchange for manganese ore and columbian concentrate.

(VI) Nigeria for corn and rice in exchange for oil.

(iv) The Secretary shall cooperate fully with the private sector for the consummation of the proposed barter transactions.

(C) The Secretary shall report to Congress not later than March 30, 1986 on progress in implementing pilot programs under this subparagraph. Such report shall include—

(i) a statement as to any progress in establishing any such programs with any country listed in this subparagraph; and

(ii) with respect to each such program a description of—

(I) the agricultural commodities and strategic materials or minerals to be involved in the program; and

(II) the scope and timetable of the transaction.

(2) In addition to holding strategic and other materials to which title is acquired under such barter or countertrade transactions, the Secretary may (A) hold in storage strategic and other materials of the sort to which title may be so acquired even though it has not been (and impose a charge for costs incurred in storing such materials), and (B) issue negotiable warehouse receipts for such materials so stored to permit the use of such materials as collateral to secure loans to finance the export of United States agricultural commodities.

(f)(1) Except as otherwise expressly provided in this section, the Secretary of Agriculture shall aggressively administer the program under this section solely to develop and expand exports of United States agricultural commodities and maximize the total dollar return on such exports.

(2) The program under this section shall not be used to expand exports (A) to any country with which the United States does not have full diplomatic relations, except that the foregoing shall not be construed as preventing the Secretary from carrying out the program with the people of Taiwan under the provisions of the Taiwan Relations Act or (B) to any country against which an embargo on the export of United States agricultural commodities has been imposed by the President under law.

(3) The program under this section shall not be used to promote any goal of foreign policy of the United States other than those goals set forth in paragraph (1).

(g) Not later than March 1 of the second calendar year beginning after the date of the enactment of this Act, the Secretary of Agriculture shall report to Congress on the exports from the United States of agricultural commodities to each foreign country during the calendar years 1979 through 1982 and to each foreign country during the immediately preceding calendar year, and on the exports to each such country during the immediately preceding calendar year of agricultural commodities made available under the program under this section. The report shall also include, for the same time periods, information on exports to each such country of agricultural commodities produced outside the United States that are used for the same or similar purposes as exports of agricultural commodities to such country from the United States. For the purpose of the report, exports shall be listed by kind, value, and quantity, and for exports of agricultural commodities produced outside the United States, the country of origin shall be provided.

(h) The program under this section shall be in operation only during the marketing years for the 1985 through 1990 crops of agricultural commodities produced in the United States.

(i) The Secretary of Agriculture shall issue such regulations as are necessary to implement the provisions of this section, after consultation with the United States Trade Representative, not later than 60 days after the date of enactment of this Act.

(j) The program established under this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

EXPORT ADVISORY COUNCIL

SEC. 1126. (a) There is established an Export Advisory Council to advise the Secretary of Agriculture and the United States Trade Representative on how best to use the agricultural export development and expansion program established under section 1125.

(b) The Export Advisory Council shall be composed of the Secretary of Agriculture, the United States Trade Representative, and 12 other persons selected and appointed as follows:

(1) The Chairman and the ranking minority member of the Committee on Agriculture of the House of Representatives each shall appoint three members to the Council; and the Chairman and the ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate each shall appoint three members to the Council; and

(2) The 12 members so appointed shall be selected from among persons with experience and skills in world trade in agricultural commodities and products thereof.

(c) The members of the Export Advisory Council shall be appointed not later than 60 days after the date of enactment of this Act. A vacancy in the membership of the Council shall be filled in the same manner as the original appointment.

(d)(1) Each member of the Export Advisory Council who is not otherwise a fulltime employee of the Federal Government shall receive for each day such member is engaged in the performance of the functions of the Council the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5 of the United States Code.

(2) Each member of the Council shall be reimbursed for actual and necessary travel expenses incurred while away from such member's home or regular place of business and engaged in the performance of the functions of the Council in the same manner and to the same extent as provided under section 5703 of title 5 of the United States Code.

(e) The Secretary of Agriculture shall chair the Export Advisory Council, except that, in the Secretary's absence, the United States Trade Representative shall chair the Council.

(f) The Export Advisory Council shall meet not less frequently than once every two months. The Council shall review in detail the functioning of the agricultural export development and expansion program under section 1123, including any proposal (whether or not acted on) for use of the program that has been submitted to the Secretary, and make such recommendations for improvements in the operations of the program as the Council deems appropriate.

(g) The Export Advisory Council shall report semiannually to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on the state of the program under section 1123 and its operations. Each member of the Council shall have the opportunity to review each such report before its submission to the Committees and to have appended to the report, as an addendum, any comments such member may make on the report or on the operations of the program.

(h) On request of the Export Advisory Council, the Secretary of Agriculture shall furnish the Council with such personnel and support services as are necessary to assist the Council in carrying out its duties and functions.

(i) The term of the Export Advisory Council shall expire at the time that the agricultural export development and expansion program under section 1125 ceases operation.

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 1127. Section 4(d) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(d)) is amended by—

(1) in paragraph (1)(A), striking out "three" and inserting in lieu thereof "ten";

(2) in paragraph (2), striking out all that follows "fund" and inserting in lieu thereof the following: "to extend credit for purposes of market development and expansion and to meet credit competition for export sales.";

(3) striking out the second sentence of paragraph (4), and inserting in lieu thereof the following: "All funds received by the Corporation in payment for direct credit extended by the Corporation after September 30, 1985, including interest or other receipts on investments and credit obligations, in financing export sales shall be added to and become a part of such revolving fund.";

(4) striking out "1985" both places it appears in paragraph (6) and inserting in lieu thereof "1990"; and

(5) striking out paragraph (8).

INTERMEDIATE CREDIT FOR AGRICULTURAL EXPORTS

SEC. 1128. Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended by—

(1) adding at the end of paragraph (1) the following: "Such financing may consist of the provision of direct credit or guaranteeing the repayment of loans made by entities other than the Corporation to finance such sales.";

(2) in paragraph (2)—

(A) striking out "or" at the end of clause (A);

(B) striking out the period at the end and inserting in lieu thereof "; or"; and

(C) adding at the end thereof the following:

"(C) otherwise promote the export of United States agricultural commodities.";

(3) in paragraph (3)—

(A) striking out "and" at the end of clause (C);

(B) striking out "credit" in clause (D);

(C) striking out the period at the end and inserting in lieu thereof "; and"; and

(D) adding at the end thereof the following:

"(E) otherwise to promote the export of United States agricultural commodities.";

(4) in paragraph (4), striking out "to encourage credit competition, or";

(5) in paragraph (5)—

(A) inserting "through the provision of direct credit" after "subsection"; and

(B) amending paragraph (A) to read as follows:

"(A) Repayment shall be in dollars with interest at a rate determined by the Secretary, except that the Secretary may permit a purchaser to make repayment in other currencies of a portion—not to exceed 10 per centum—of the principal and interest payments under any financing arrangement entered into under paragraph (3)(C), and the Secretary may use such portion of the principal and interest payments for the purpose of developing markets for agricultural products of the United States in the purchaser's country, in cooperation with the private sector."; and

(6) inserting at the end thereof the following:

"(10) The Secretary shall make available for the financing of transactions under this subsection not less than $500,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, of which not less than $150,000,000 shall be available, for each such fiscal year, for financing arrangements entered into under paragraph (3)(C). Not less than 25 per centum of the funds provided in any fiscal year for the financing of transactions under this subsection shall be made available for financing that consists of the provision of direct credit.".

MARKET EXPANSION RESEARCH

SEC. 1129. The Secretary of Agriculture, using available funds, shall increase and intensify research programs conducted by or for the Department of Agriculture that are directed at developing technology to overcome barriers to expanded sales of United States agricultural commodities and the products of such commodities in foreign markets, including research programs for the development of procedures to meet plant quarantine requirements and improvement in the transportation and handling of perishable agricultural commodities.

EXPORT SUBSIDY REPORTS

SEC. 1130. (a) Congress finds that—

(1) aggressive trading practices on the part of foreign competitors are eroding the sales of United States agricultural commodities and the products of such commodities in traditional foreign markets of the United States and are inhibiting the expansion of sales of such commodities and products in other foreign markets;

(2) export subsidies by foreign governments have severely undercut the sale of United States agricultural commodities and products in Third World country markets; and

(3) accurate, adequate, and current data on the nature and extent of such subsidies have not been readily available to appropriate United States officials or to agricultural sectors in the United States affected by such subsidies.

(b) The Secretary of Agriculture shall require appropriate officers and employees of the Department of Agriculture stationed in foreign countries to prepare and submit annually, directly to the Secretary, detailed information documenting the nature and extent of programs in such countries that provide direct government support for the export of agricultural commodities and the products of such commodities. The Secretary shall also require such reports to identify opportunities for the export of United States agricultural commodities and the products of such commodities to the foreign countries in which the officers and employees are stationed.

(c) The Secretary of Agriculture shall compile the information contained in the reports each year and make such information available to Congress and to other interested parties.

CONTRACT SANCTITY

SEC. 1131. It is hereby declared to be the policy of the United States—

(1) to foster and encourage the export of agricultural commodities and the products of such commodities;

(2) not to restrict or limit the export of such commodities and products except under the most compelling circumstances;

(3) that any prohibition or limitation on the export of such commodities or products should be imposed only in time of a national emergency declared by the President under the Export Administration Act; and

(4) that contracts for the export of such commodities or products entered into before the imposition of any prohibition or limitation on the export of such commodities or products should not be abrogated.

TRADE LIBERALIZATION

SEC. 1132. (a) Congress finds that—

(1) the present high level of agricultural protectionism contrasts sharply with the general trade liberalization that has been achieved since the inception of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT");

(2) GATT procedures should explicitly recognize the protective effect of domestic subsidies that alter trade indirectly by reducing the demand for imports and increasing the supply of exports;

(3) current rules make a distinction between primary and manufactured products, and this allows for agricultural export subsidies;

(4) the rule that permits export subsidies on primary products that do not result in in equitable market shares has proven to be unworkable: and

(5) a unified treatment of tariffs and subsidies would clarify trading rules for market participants and simplify trade negotiations.

(b) It is the sense of Congress that the President should negotiate with other parties to GATT to revise GATT rules so that agricultural export subsidies would be treated the same as tariffs and primary products the same as manufactured products.

STUDY TO REDUCE FOREIGN EXCHANGE RISK

SEC. 1133. The Secretary of Agriculture shall conduct a study to determine the feasibility, practicability and cost of implementing a program to reduce the risk of foreign exchange fluctuations that is incurred by the purchasers of United States agricultural exports under United States export credit promotion programs. The purpose of the study is to examine whether the GSM-102 program and all other United States export credit initiatives relating to agricultural exports would be enhanced by the United States assuming the foreign exchange risk of the buyer which resulted from a rise in the value of the United States dollar compared to the trade-weighted index of the dollar. The index referred to is the "trade-weighted index" published by the Department of Commerce as a measurement of the relative buying power of the dollar compared to the currencies of nations trading with the United States. The elements of the program to be considered in this study would include the following:

(1) On the date a foreign buyer receives GSM-102 or other credit for purposes of purchasing United States agricultural products, the maximum loan repayment exchange rate would be tied to the trade-weighted value of the United States dollar on the same date.

(2) If in the future the United States dollar gains in strength (a higher trade-weighted index), the buyer would continue to repay the loan at the lower value fixed at the time the GSM-102 credit was extended.

(3) If the United States dollar falls in value during the term of the repayment period, the foreign buyer could calculate his repayment on the lower dollar value.

(b) Not later than six months after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subtitle D—Transportation Charges For Waterborne Cargoes of Donated Commodities

LIMITATION ON REQUIREMENTS

SEC. 1141. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end thereof the following: "Export activities of the Corporation under this Act and activities of the Corporation or the Department of Agriculture to promote the export of agricultural commodities under any other Act shall not be subject to cargo preference requirements, except to the extent otherwise required for exports under the Agricultural Trade Development and Assistance Act of 1954.".

STUDY

SEC. 1142. The Secretary of Agriculture shall, using an interagency task force with representatives from the Departments of Agriculture, State, and Commerce, study the economic impact on agricultural exports of any law or administrative action that imposes barriers on the import of foreign goods and report to Congress as soon as practicable the results of such study.

Subtitle E—Agricultural Imports

CONSULTATIONS ON IMPORT RESTRICTIONS

SEC. 1151. Before relaxing or removing a restriction on the importation of an agricultural commodity into the United States, the authority within the Department of Agriculture proposing that relaxation or removal shall consult with all other appropriate authorities within the Department of Agriculture, including the Foreign Agricultural Service and the Animal and Plant Health Inspection Service.

STUDY

SEC. 1152. (a) The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine—

(1) the effect of apricot imports into the United States on the domestic apricot industry; and

(2) the extent and nature of apricot subsidies existing in the countries from which such apricot imports are derived.

(b) The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

FINDINGS

SEC. 1153. Congress finds that—

(1) world trade in agricultural commodities has stagnated in recent years, and at the same time the United States has lost a considerable portion of its market share of such trade;

(2) since 1981 the decline in exports of United States agricultural commodities has amounted to a reduction of $10,000,000,000 and twenty-five million tons, a reduction of some 25 per centum in the export contribution to farm income;

(3) in part as a result of the loss of export markets, the farm economy in the United States has been in serious economic distress that has reached beyond the farmer and affected the businesses that serve the farmer and the entire economy of rural America as well;

(4) an increase in world trade in agricultural commodities and in the United States' share of such trade is essential to a healthy farm economy, since exports have accounted for over one-third of the demand for agricultural commodities;

(5) the reduction in exports is attributable to a number of factors, including, among others, the high value of the dollar, unfair trading practices used by other countries to the detriment of the United States, and severe financial problems in many developing countries that have restricted the purchasing power in those countries;

(6) there are many legislative authorities available to the United States that, if used creatively, could reverse this trend in exports and make a major long-term contribution toward increasing exports of agricultural commodities—authorities in existing law and new authorities provided under this Act;

(7) these authorities include programs to make commercial exports more competitive in world markets with exports of other countries, to develop new commercial markets, and to offset unfair trading practices of third countries, as well as programs to provide food assistance to developing countries to help their economies grow so that they may become larger markets for United States exports of agricultural commodities;

(8) the countries with the greatest potential for long-term growth in United States agricultural exports are the developing nations where three-fourths of the world's people live, many of them chronically hungry and subject to food emergencies. These are also countries where increased incomes readily translate into increased food and fiber consumption;

(9) the crisis in rural America calls for new initiatives on the part of the United States to apply long-range sustained planning in the use of its exports and food aid authorities that would enable this Nation to make maximum use of its agricultural and related resources; and

(10) to accomplish these objectives, it is essential to identify those countries that have the greatest long-term economic growth potential, to treat each country as a unique market, and to coordinate and integrate the legislative authorities available to the United States in a manner that addresses the specific need of each country.

"EXPORT MARKET DEVELOPMENT REPORT

"SEC. 1154. In order to implement the findings set forth in section 1153, not later than one year after the date of enactment of this Act, the Secretary of Agriculture, in conjunction with the Administrator of the Agency for International Development, and in consultation with the Secretary of State and the United States Trade Representative, shall submit to the President and the Congress a report that—

"(1) contains a global analysis that evaluates future production and food needs in the world, with special attention to the developing countries;

"(2) identifies a minimum of fifteen target countries that are most likely to emerge as growth markets for agricultural commodities and products thereof in the next five to ten years; and

"(3) contains a detailed plan for using available export and food aid authorities to increase United States exports of agricultural commodities and products thereof to each of such target countries, and specifies the particular export and food aid authorities to be used in each such country and the manner in which such authorities are to be used. Each year thereafter, through fiscal year 1990, the Secretary shall submit a revised report to the President and the Congress that evaluates the progress made in implementing the plan, contains any changes that need to be made in the plan based on changed conditions, and recommends any changes in legislative authorities that are needed to accomplish the objectives of this section."

STUDY RELATING TO BRAZILIAN ETHANOL IMPORTS

SEC. 1155. The Secretary of Agriculture shall conduct a study to determine the impact that the import of Brazilian ethanol has on the domestic price of corn and other grains and the domestic ethanol refining industry. The Secretary of Agriculture shall also, in consultation with the International Trade Commission and the United States Trade Representative, determine what relief should be granted because of the interference of subsidized Brazilian ethanol with the domestic ethanol industry. Not later than 60 days after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subtitle F—Trade Practices

"FINDINGS

"SEC. 1161. Congress finds that—

"(1) the production and marketing of agricultural commodities and products constitute one of the great basic industries of the United States, accounting for more than twenty percent of the gross national product and employing more than twenty-two million people or one-fifth of the total of private sector employment of the Nation;

"(2) the prosperity, security, general welfare, and economic progress and stability of the Nation are dependent on a productive, efficient, and profitable agricultural economy;

"(3) current unprofitable agricultural commodity production, depressed commodity prices, plummeting production asset values, massive agricultural indebtedness for which repayment ability does not exist constitute a dire economic emergency in the Nation's agricultural economy.

"(4) the equitable marketing of agricultural commodities and products in foreign commerce is essential in order for agricultural commodity producers to achieve a fair, reasonable, equitable, and adequate return on investment in production, economic stability, and profitability,

"(5) obstacles erected by foreign nations to the marketing of agricultural commodities and products in international commerce depress the price received by United States producers of such commodities impairing the purchasing power of such producers, destroying the value of agricultural assets, jeopardizing the credit structure on which such asset values are based, threatening the disruption and discontinuance of the production of agricultural commodities by such producers, increasing the net cost of commodity price support loans and payments made to such producers of commodities, all of which are contrary to the national interest.

"REPORT BY SECRETARY: TRADE PRACTICES

"SEC. 1162. Within 60 days after the date of enactment of this Act and within 30 days after the first day of each of the fiscal years 1987 through 1990, the Secretary of Agriculture shall submit to the President and Congress a report that describes in detail—

(1) any tariff, import restriction, nontariff barrier, or any similar trade practice or program, and

(2) any export subsidy, export restitution payment, export incentive, export reimbursement or any similar trade practice or program

used by each foreign nation during the fiscal year preceding such report that has the effect of prohibiting, discouraging, decreasing, disadvantaging, or otherwise inhibiting or adversely affecting the exportation from the United States of agricultural commodities or products produced in the United States.

Subtitle G—Administration of Certain Assistance

AVOIDANCE OF EXPORT DISPLACEMENT

SEC. 1171. Notwithstanding any other provision of the law, no funds administered by the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, the Office of International Cooperation and Development, or the Commodity Credit Corporation may be expended for the purpose of providing assistance for the production or marketing in any country of agricultural commodities which would displace imports by that country of United States agricultural commodities (or the products thereof) or which would displace exports of United States agricultural commodities (or the products thereof) to any other nation.

TITLE XII—RESOURCE CONSERVATION

Subtitle A—Conservation of Highly Erodible Land and Wetlands

DEFINITIONS

SEC. 1201. As used in this subtitle—

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) the term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program, whether referred to as a

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conservation district, soil conservation district, soil and water conservation district, resource conservation district, natural resource district, land conservation committee, or by any similar name;

(3) the term "wetland", except when such term is part of the term "converted wetland", means land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions;

(4) the term "converted wetland"—

(A) means wetland that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity that results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if—

(i) such production would not have been possible but for such action; and

(ii) before such action—

(I) such land was wetland; and

(II) such land was neither highly erodible land nor highly erodible cropland, as defined in this section; but

(B) does not include—

(i) artificial lakes, ponds, or wetland created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation, settling basins, cooling, rice production, or flood control;

(ii) wet areas created by water delivery systems or the application of water for irrigation;

(iii) wetland on which production of agricultural commodities is possible as a result of natural conditions, such as drought, and without actions by the producer that destroy natural wetland characteristics; or

(iv) wetland on which such production is possible as a result of actions by the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal, as determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

(5) the term "field" means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that—

(A) any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of the enactment of this Act and that is not exempt under section 1203 shall be considered as part of the field in which such land was included on that date of enactment; and

(B) the Secretary shall provide for modification of the boundaries of fields to effectuate the purposes and facilitate the practical administration of this subtitle;

(6) the term "highly erodible land" means land—

(A) that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of this Act; or

(B) that, if used to produce an agricultural commodity, would have an excessive average annual rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope; and, for the purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary;

(7) the term "highly erodible cropland" means highly erodible land that is in cropland uses, as determined by the Secretary; and

(8) the term "Secretary" means the Secretary of Agriculture.

PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND OR CONVERTED WETLAND

SEC. 1202. (a) Except as provided in section 1203 and notwithstanding any other provision of law, following the date of the enactment of this Act any person who in any crop year produces an agricultural commodity on highly erodible land or on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for—

(1) any type of price support or payments made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act;

(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act;

(3) crop insurance under the Federal Crop Insurance Act;

(4) a disaster payment under the Agricultural Act of 1949; or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this section) to produce agricultural commodities.

(b) The Secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of landlords, tenants, and sharecroppers. The ineligibility under subsection (a) of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on wetlands other than those operated by the tenant or sharecropper.

EXEMPTIONS

SEC. 1203. (a) No person shall become ineligible for program loans, payments, and benefits, as provided under section 1202, as the result of the production of a crop of an agricultural commodity—

"(1) during the period which begins on the date of the enactment of this Act and ends on whichever is later than January 1, 1990 or the date which is two years after the date such land on which such crop is produced was mapped by the Soil Conservation Service for the purposes of classifying such land under the land capability classification system on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set aside, diverted or otherwise not cultivated under provisions of a Department of Agriculture program for any such crops to reduce production of an agricultural commodity, except as otherwise provided in section 1205(m) provided: That such program loans, payments, and benefits, shall not be denied to any person if as of January 1, 1990, or two years after the Soil Conservation Service has completed a soil survey for the farm, whichever is later, such person is actively applying a conservation plan based on the local Soil Conservation Service technical guide and approved by the local soil conservation district or the Secretary, in which event, such person shall have until January 1, 1995, to comply with the plan without being subject to program ineligibility.

(2) planted before the date of the enactment of this Act;

(3) planted during any crop year beginning before the date of the enactment of this Act;

(4) on highly erodible land in an area—

(A) within a conservation district, under a conservation system that has been approved by the conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district; or

(B) not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of an agricultural commodity on highly erodible land;

(5) on highly erodible land that is planted in reliance on the determination by the Soil Conservation Service that the land is not highly erodible land, but the exemption under this paragraph shall not apply to any crop that was planted on any land after the Soil Conservation Service determines that the land is highly erodible land;

(6) on converted wetland if the land became converted wetland before the date of the enactment of this Act; or

(7) on wetland that became converted wetland—

(A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service; or

(B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service.

(b) Section 1202 shall not apply to any loan made before the date of the enactment of this Act.

COMPLETION OF SOIL SURVEYS

SEC. 1204. The Secretary shall, as soon as practicable, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle, and, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

CONSERVATION RESERVE PROGRAM

SEC. 1205. (a) Notwithstanding any other provision of law, the Secretary shall formulate and carry out a program, in accordance with this section, of contracts with owners and operators of highly erodible cropland to assist them in conserving and improving the soil and water resources of their farms or ranches. Under the program, the Secretary shall not place under contract more than 25 percent of the cropland in any one county.

(b)(1) To carry out this section, except as otherwise provided in paragraph (2), during the period beginning October 1, 1985, and ending September 30, 1990, the Secretary shall enter into conservation reserve contracts, covering in the aggregate not in excess of 20 million acres of highly erodible cropland, with owners and operators of highly erodible cropland. Each such contract under this subsection shall be not less than ten years in duration; and in each such contract, the owner and operator shall agree to—

(A) effectuate during the contract period a plan approved by the local conservation district (or, in an area not within a conservation district, a plan approved by the Secretary) or, if the plan involves conversion to trees, a plan approved by the appropriate State forestry agency, for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch into a less intensive use, such as pasture, permanent grass or legumes, forbs, shrubs, or trees, substantially in accordance with the schedule outlined therein, except to the extent that any requirements thereof are waived or modified by the Secretary;

(B) forfeit all rights to further payments under the contract and refund to the United States all payments, with interest, received thereunder on the violation of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil conservation district and the Soil Conservation Service, determines that the violation is of such a nature as to warrant termination of the contract, or make refunds or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(C) on transfer of the owner's or operator's right and interest in the farm or ranch during the contract period, forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, or accept such payment adjustments or make such refunds as the Secretary may deem appropriate and consistent with the objectives of this section, unless the transferee agrees with the Secretary to assume all obligations under the contract;

(D) not conduct, during the term of the contract, any harvesting or grazing nor otherwise make commercial use of the forage on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency;

(E) not conduct, during the term of the contract, any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of such trees as Christmas trees is prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract. No contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning (including, but not limited to, thinning that results in commercial pulpwood and fence post harvesting), or stand improvement of trees, on lands converted to forestry use; and

(F) such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purposes of the program or to facilitate the practical administration thereof.

(2) Notwithstanding any provision of paragraph (1) that is inconsistent with this paragraph, as a part of the program, in addition to the conservation reserve contracts provided for under paragraph (1), the Secretary shall remove up to 5 million additional acres of highly erodible cropland from production through long-term conservation reserve contracts, of up to 10 years in duration, with the owners and operators of such cropland. Contract payments made to the owners and operators of highly erodible cropland under this paragraph shall be made in surplus agricultural commodities held by the Commodity Credit Corporation, except that, if the Secretary determines that sufficient stocks of commodities will not be available or that payment in commodities under this paragraph will have a depressing effect on the market price of such commodities, the Secretary may make such payments in cash.

(c) The plan, as described in subsection (b)(1)(A), for converting highly erodible cropland normally devoted to the production of agricultural commodities on a farm or ranch to a less intensive use shall set forth the conservation measures and practices to be installed by the owner or operator during the contract period and the commercial use, if any, to be made of the land during such period and may provide for the permanent retirement of any existing cropland base and allotment history for the land.

(d)(1)(A) In return for such agreement by the owner and operator, the Secretary shall agree to—

(i) provide technical assistance;

(ii) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost-sharing is appropriate and in the public interest; and

(iii) pay an annual land rental fee, for a period of years not in excess of the duration of the contract, necessary for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use and necessary for obtaining the retirement of any cropland base and allotment history that the owner and operator agree to retire permanently.

(B) The Secretary shall provide payment to each contracting party—

(i) with respect to any cost-share payment obligation incurred by the Secretary under the contract, as soon as possible after the obligation is incurred; and

(ii) with respect to any annual land rental fee obligation incurred by the Secretary under the contract, as soon as practicable after October 1 of each calendar year, except that the Secretary, at the Secretary's discretion, may pay any such fee prior to such date at any time during the year that the obligation is incurred.

(2) A reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve, as determined by the Secretary, shall be made during the period of the contract in crop bases, quotas, and allotments with respect to crops for which there is a production adjustment program.

(3) No persons who enter into a contract under this section for a farm or ranch may receive annual rental fees applicable to the farm or ranch under the contract in excess of $50,000 per year. The Secretary shall issue regulations defining the term "persons", as used in this paragraph, and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this paragraph; and the rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

(e) The Secretary shall pay 50 per centum of the cost of installing, and maintaining for the normally expected lifespan, conservation measures and practices set forth in contracts under this section for which the Secretary determines that cost-sharing is appropriate and in the public interest.

(f)(1) In determining the amount of annual land rental to be paid for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners and operators of highly erodible cropland to participate in the program under this section. The total amount payable to owners and operators in the form of annual land rental fees under contracts entered into under this section may be determined through the submission of bids in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate.

(2) In determining the acceptability of contract offers, the Secretary may take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted and may, where appropriate, accept contract offers that provide for the establishment of—

(A) shelterbelts and windbreaks; or

(B) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially.

(g) Except as otherwise provided in this section, payments under this section—

(1) shall be made in cash or in commodities in such amount and on such time schedule as agreed on and specified in the contract; and

(2) may be made in advance of determination of performance.

(h) If a person who is entitled to any payment or compensation under this section dies, becomes incompetent, or disappears before receiving the payment or compensation, or is succeeded by another who renders or completes the required performance, the Secretary shall make or provide the payment or compensation, in accordance with appropriate regulations and without regard to any other provisions of law, in such manner as the Secretary determines to be fair and reasonable in light of all the circumstances.

(i)(1) No contract shall be entered into under this section concerning land with respect to which the ownership has changed in the three-year period preceding the first year of the contract period unless—

(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

(B) the new ownership was acquired before January 1, 1985; or

(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not

acquired for the purpose of placing it in the program.

(2) Paragraph (1) shall not prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this section, nor require a person to own the land as a condition of eligibility for entering into the contract if the person has operated the land to be covered by a contract under this section for at least three years preceding the date of the contract or since January 1, 1985, whichever is later, and controls the land for the contract period.

(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program.

(k) The Secretary may terminate any contract under this section by mutual agreement with the owner and operator if the Secretary determines that termination would be in the public interest, or may agree to any modification of contracts as the Secretary may determine to be desirable to carry out the purposes of this section or facilitate its administration, or to be in the public interest.

(l) Notwithstanding section 1202, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under this section, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently that cropland base and allotment history.

(m) In the event of the termination of a contract under subsection (b)(1)(B) or (k) and on expiration of the term of any contract entered into under subsection (b), the highly erodible cropland that was the subject of such contract shall be considered highly erodible cropland for the purposes of section 1202.

(n) The Secretary may carry out the program under this section through the Commodity Credit Corporation. There are authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expended by it in accordance with this section and not previously reimbursed.

(o) The Secretary shall consider for inclusion in the program under this section those lands that are not highly erodible lands but that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity.

ADMINISTRATIVE PROVISIONS

SEC. 1206. (a) In addition to the appropriations authorized under section 1205(n), there are hereby authorized to be appropriated such other sums as may be necessary to carry out this subtitle.

(b) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the technical services of the Soil Conservation Service, the Forest Service, State foresters or equivalent State officials, and conservation districts.

(c) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(d) The Secretary shall, within 180 days after the enactment of this subtitle publish in the Federal Register such regulations as the Secretary determines desirable to implement this subtitle.

(e) Any authority to enter into contracts under this section, not within the authority of the Commodity Credit Corporation or the Secretary as of the date of enactment of the Food Security Act of 1985, shall be effective for any fiscal year to such extent or in such amounts as are provided in appropriation Acts.

Subtitle B—Water Resource Conservation

TECHNICAL ASSISTANCE FOR WATER RESOURCES; REPORTS

SEC. 1211. (a) Notwithstanding any other provision of law, the Secretary of Agriculture may formulate plans and provide technical assistance to property owners and agencies of State and local governments and interstate river basin commissions, at their request, to—

(1) protect the quality and quantity of subsurface water including water in the Nation's aquifers,

(2) enable property owners to reduce their vulnerability to flood hazards that also may affect water resources, and

(3) control the salinity in the Nation's agricultural water resources.

(b) The Secretary shall submit by February 15, 1987, and the fifteenth day of February each year thereafter, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate reports evaluating the plans and technical assistance authorized in subsection (a). Each such report shall include any recommendations as to whether the plan and assistance should be extended, and, if so, how they could be improved, and any other relevant information and data relating to costs and other elements of the plan or assistance that would be helpful to such Committees.

Subtitle C—Soil and Water Resources Conservation Act of 1977

SHORT TITLE

SEC. 1221. This subtitle may be cited as the "Soil and Water Resources Conservation Act Amendments of 1985".

EXTENSION OF THE ACT

SEC. 1222. The Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001 et seq.) is amended by—

(1) amending section 5(d) to read as follows:

"(d) The Secretary shall conduct four comprehensive appraisals under this section, to be completed by December 31, 1979, December 31, 1985, December 31, 1995, and December 31, 2005, respectively. The Secretary may make such additional interim appraisals as the Secretary deems appropriate.";

(2) amending section 6(b) to read as follows:

"(b) The initial program shall be completed not later than December 31, 1979, and program updates shall be completed by December 31, 1987, December 31, 1997, and December 31, 2007, respectively.";

(3) amending section 7(a) to read as follows:

"SEC. 7. (a) At the time Congress convenes in 1980, 1986, 1996, and 2006, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the appraisal developed under section 5 of this Act and completed prior to the end of the previous year. At the time Congress convenes in 1980, 1988, 1998, and 2008, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the initial program or updated program developed under section 6 of this Act and completed prior to the end of the previous year, together with a detailed statement of policy regarding soil and water conservation activities of the United States Department of Agriculture.";

(4) striking out section 7(b) and redesignating section 7(c) as section 7(b); and

(5) amending section 10 to read as follows:

"SEC. 10. The provisions of this Act shall terminate on December 31, 2008.".

TITLE XIII—CREDIT

JOINT OPERATIONS

SEC. 1301. (a) Sections 302 and 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941(a), respectively) are each amended by—

(1) striking out "and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof;

(2) striking out ", and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof; and

(3) striking out "members, stockholders, or partners, as applicable," each place it appears and inserting "individuals" in lieu thereof.

(b) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended by—

(1) striking out "and" before "(6)"; and

(2) inserting before the period at the end thereof the following: ", and (7) the term 'joint operation' means a joint farming operation in which two or more farmers work together sharing equally or unequally land, labor, equipment, expenses, and income".

WATER AND WASTE DISPOSAL FACILITIES

SEC. 1302. Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by—

(1) adding at the end of paragraph (2) the following:

"The Secretary shall fix the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates establishing higher rates for projects in communities that have lower community population and income levels, except that the grant rate shall be the maximum rate permitted under this paragraph for any project in a community that has—

"(A) a population of 1,500 or fewer inhabitants; and

"(B) a median household income level that does not exceed the higher of—

"(i) the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)); or

"(ii) 80 per centum of the statewide nonmetropolitan median household income."; and

(2) adding at the end thereof the following:

"(16)(A) In providing financial assistance for water and waste disposal facilities under this section, the Secretary shall use a project selection system to determine which of the applicants for assistance meeting the basic requirements of this section shall be selected to receive assistance. The project selection system shall provide for the objective and uniform comparison of requests for assistance (in the form of preapplications) on the basis of relative need as reflected by factors to be determined by the Secretary.

"(B) The factors referred to in subparagraph (A) shall include—

"(i) low community median income;

"(ii) low population; and

"(iii) severity of health hazards resulting from inadequate provision for the reliable supply of potable water or from inadequate means of disposing of waste.

"(C) The three factors set forth in subparagraph (B) shall—

"(i) be weighted equally; and

"(ii) account for not less than 75 per centum of the total rating points in the project selection system.

"(17)(A) The Secretary may make grants to private nonprofit organizations for the purpose of enabling them to provide to associations described in paragraph (1) of this subsection technical assistance and training to—

"(i) identify, and evaluate alternative solutions to, problems relating to the obtaining, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

"(ii) prepare applications to receive financial assistance for any purpose specified in paragraph (2) of this subsection from any public or private source; and

"(iii) improve the operation and maintenance practices at any existing works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

"(B) In selecting recipients of grants to be made under subparagraph (A), the Secretary shall give priority to private nonprofit organizations that have experience in providing the technical assistance and training described in subparagraph (A) to associations serving rural areas in which residents have low income and in which water supply systems or waste facilities are unhealthful.

"(C) Not less than 2 per centum of any funds provided in appropriations acts to carry out paragraph (2) of this subsection for any fiscal year shall be reserved for grants under subparagraph (A) unless the applications, qualifying for grants, received by the Secretary from eligible nonprofit organizations for the fiscal year total less than 2 per centum of those funds.

"(18) In the case of water and waste disposal facility projects serving more than one separate rural community, the Secretary shall use the median population level and the community income level of all the separate communities to be served in applying the standards specified in paragraphs (2) and (16) of this subsection and section 307(a)(3)(A).

"(19) The Secretary may make grants, aggregating not to exceed $10,000,000 in any fiscal year, to associations described in paragraph (1) of this subsection to test cost-effective methods of meeting the basic needs of rural residents who do not have and cannot afford safe drinking water services. Such grants may include, but are not limited to, financing for—

"(A) costs associated with the development or improvement of individual or small, multiuser drinking water facilities;

"(B) costs associated with enabling such rural residents to connect to community water supply systems, such as the payment of connection fees;

"(C) costs associated with improving the operation, maintenance, or management of small community water systems that are currently unable to provide safe drinking water at affordable rates to such rural residents; or

"(D) costs associated with implementing other alternatives to meeting the basic drinking water needs of such rural residents.

"(20) Notwithstanding any other provision of law, grants under paragraph (2) of this subsection may be used to pay the local share requirements of another Federal grant-in-aid program.".

INTEREST RATES—WATER AND WASTE DISPOSAL FACILITY AND COMMUNITY FACILITY LOANS

SEC. 1303. Section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) is amended by—

(1) striking out "where the median family income of the persons to be served by such facility is below the poverty line prescribed by the Office of Management and Budget, as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971d)" and inserting in lieu thereof "where the median household income of the persons to be served by such facility is below the higher of 80 per centum of the statewide nonmetropolitan median household income or the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))";

(2) inserting before the period at the end thereof the following: "; and not in excess of 7 per centum per annum on loans for such facilities that do not qualify for the 5 per centum per annum interest rate but are located in areas where the median household income of the persons to be served by the facility does not exceed 100 per centum of the statewide nonmetropolitan median household income"; and

(3) adding at the end thereof the following: "The interest rate on loans for water and waste disposal facilities and loans for essential community facilities shall be the lower of (i) the rate in effect at the time of the loan approval, or (ii) the rate in effect at the time of the loan closing.".

EFFECTIVE DATE OF SECTIONS 1302 AND 1303

SEC. 1304. The amendments made by sections 1302 and 1303 shall become effective on October 1, 1985, and shall apply to any association described in section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) without regard to whether the application for the loan or grant involved was made by the association before that date.

MINERAL RIGHTS AS COLLATERAL

SEC. 1305. Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end thereof the following:

"(d) With respect to a farm ownership loan made after the date of the enactment of this subsection, unless appraised values of the rights to oil, gas, or other minerals are specifically included as part of the appraised value of collateral securing the loan, the rights to oil, gas, or other minerals located under the property shall not be considered part of the collateral securing the loan. Nothing in this subsection shall preclude including, as part of the collateral securing the loan, any payment or other compensation the borrower may receive for damages to the surface of the collateral real estate resulting from the exploration for or recovery of minerals.".

RURAL INDUSTRIAL ASSISTANCE

SEC. 1306. Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by—

(1) adding at the end of subsection (a) the following: "No loan may be made, insured, or guaranteed under this subsection that exceeds $25,000,000 in principal amount."; and

(2) effective on October 1, 1986, adding at the end thereof the following:

"(f)(1) The Secretary may make grants under this subsection to public and nonprofit private institutions for the purpose of enabling them to establish and operate centers of rural technology development that have, as a primary objective, the improvement of the economic condition of rural areas by promoting the development (through technological innovation and adaptation of existing technology) and commercialization of (A) new products that can be produced in rural areas, and (B) new processes that can be used in such production.

"(2) Grants under this subsection shall be made on a competitive basis. In making grants, the Secretary shall give preference to applicants that will establish centers for rural technology in areas that have (A) few industries and agribusinesses, (B) high levels of unemployment, (C) high rates of out-migration of people, business, and industries, and (D) low levels of per capita income.

"(3) The Secretary shall issue regulations implementing this subsection that shall include provisions for the monitoring and evaluation of the rural technology development activities carried out by institutions that receive grants under this subsection.".

ELIGIBILITY FOR EMERGENCY LOANS

SEC. 1307. (a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by—

(1) inserting after "United States" in clause (1) of the first sentence "and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms";

(2) in clause (2) of the first sentence, striking out "farm cooperatives or private domestic corporations or partnerships in which a majority interest is held by members, stockholders, or partners who are citizens of the United States if the cooperative, corporation, or partnership is engaged primarily in farming, ranching, or aquaculture," and inserting in lieu thereof the following: "farm cooperatives, private domestic corporations, partnerships, or joint operations (A) that are engaged primarily in farming, ranching, or aquaculture, and (B) in which a majority interest is held by individuals who are citizens of the United States and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms (or in the case of such cooperatives, corporations, partnerships, or joint operations in which a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary, such individuals must be either owners or operators of not larger than a family farm and at least one such individual must be an operator of not larger than a family farm),"; and

(3) inserting after the first sentence the following: "In addition to the foregoing requirements of this subsection, in the case of farm cooperatives, private domestic corporations, partnerships, and joint operations, the family farm requirement of the preceding sentence shall apply as well to all farms in which the entity has an ownership and operator interest (in the case of loans for a purpose under subtitle A) or an operator interest (in the case of loans for a purpose under subtitle B).".

(b) Effective with respect to disasters occurring after September 30, 1985, section 329 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1970) is amended by adding at the end thereof the following: "Notwithstanding the third sentence of section 321(a) of this subtitle, eligibility of an applicant for assistance under this subtitle based on production losses shall be determined solely on the basis of the factors designated in this section without regard to the Secretary's failure to designate a county or counties for emergency loan purposes.".

COUNTY COMMITTEES

SEC. 1308. Section 332(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is amended to read as follows:

"(a) In each county or area in which activities are carried out under this title, there shall be a county committee composed of three members. Two members shall be elected, from among their number, by farmers deriving the principal part of their income from farming who reside within the county or area, and one member, who shall reside within the county or area, shall be appointed by the Secretary for a term of three years. At the first election of county committee members under this subsection, one member shall be elected for a term of one year and one member shall be elected for a term of two years. Thereafter, elected members of the county committee shall be elected for a term of three years. The Secretary, in selecting the appointed member of the county committee, shall ensure that, to the greatest extent practicable, the committee is fairly representative of the farmers in the county or area. The Secretary may appoint an alternate for each member of the county committee. Appointed and alternate members of the county committee shall be removable by the Secretary for cause. The Secretary shall issue such regulations as are necessary relating to the election and appointment of members and alternate members of the county committees.".

USE OF PROCEEDS FROM MINERAL SALES OR LEASES

SEC. 1309. Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by—

(1) in subsection (d), striking out "and" following the semicolon;

(2) in subsection (e), striking out the period and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(f) with respect to loans made after the date of enactment of this subsection, unless the appraised value of rights to oil, gas, and other minerals is specifically included as part of the appraised value of collateral securing a loan, that a borrower having an outstanding loan made, insured, or held by the Secretary for farm ownership purposes under subtitle A, farm operating purposes under subtitle B, disaster emergency purposes under subtitle C, or economic emergency purposes under the Emergency Agricultural Credit Adjustment Act of 1978, be permitted to use the royalties generated from and any other proceeds under the sale or lease of rights to oil, gas, or other minerals located under the property securing the loan to make prospective scheduled payments on the loan.".

ADMINISTRATION OF FARM REAL ESTATE ACQUIRED BY THE SECRETARY

SEC. 1310. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding at the end thereof the following:

"(e)(1) Notwithstanding any other provision of this title, the Secretary shall administer any real property that is farmland and that is acquired under this title or under the Emergency Agricultural Credit Adjustment Act of 1978 in conformity with the following provisions:

"(A) The Secretary shall not offer for sale or sell any such real property—

"(i) if placing the property on the market will have a detrimental effect on the value of farmland in the area; or

"(ii) in any State or portion of a State identified by the Secretary as having suffered substantial reduction in the average value of farmland since 1980, until such time as such State or portion of the State experiences a period of 12 consecutive months for which the average farmland value therein, at the end of the 12-month period, equals or exceeds the value of the farmland at the beginning of such period.

"(B) The Secretary shall, with respect to any such real property that is offered for sale, make the property available, to the maximum extent practicable, in tracts not larger than those that can be operated efficiently as a family farm, and offer the property on a priority basis to the previous owner and to beginning farmers.

"(C) The Secretary shall, with respect to leasing and operating such real property—

"(i) not lease or operate the real property for the production of agricultural commodities that the Secretary has determined to be in surplus supply and shall devote such real estate to conserving uses; and

"(ii) if the real property is highly erodible cropland, devote that property to conserving uses.

"(D) To the extent the Secretary may lease or operate real property under this subsection, the Secretary shall—

"(i) offer to lease such real property on a competitive bid basis, giving priority in making awards to the previous owner, family farmers, and beginning farmers; and

"(ii) if the Secretary determines to administer such property through management contracts, offer the contracts on a competitive bid basis, giving preference to persons who will live in, and own and operate qualified small businesses in, the area where the property is located.

"(E) The Secretary may lease the property to the previous operator regardless of the restrictions in this paragraph (1), and priority in leasing shall be to the previous owner.

"(2) Notwithstanding any other provisions of law, compliance by the Secretary with this subsection shall not cause any acreage allotment, marketing quota, or acreage base assigned to such property to lapse, terminate, be reduced, or otherwise be adversely affected.".

FARM DEBT RESTRUCTURE AND CONSERVATION SET-ASIDE

SEC. 1311. (a) The last sentence of section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended by striking out "all of the interest of the United States, including mineral rights" and inserting in lieu thereof "all the interests of the United States (including mineral rights) other than easements acquired under subsection (f)".

(b) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding after the subsection added by section 1310 of this Act the following:

"(f)(1) The Secretary may acquire and retain easements for conservation, recreational, and wildlife purposes for a term of not less than 50 years, in real property that is wetlands, upland, highly erodible land, or any other land determined by the Secretary to be marginal for use as cropland if such real property—

"(A) is determined by the Secretary to be suitable for the purpose involved; and

"(B)(i) is administered under this title by the Secretary; or

"(ii)(I) secures any loan made under any law administered by the Farmers Home Administration and held by the Secretary, and the borrower involved is unable, as determined by the Secretary, to repay such loan in a timely manner; and

"(II) was row cropped in each year of the 3-year period ending on the effective date of this subsection.

"(2) The terms and conditions specified in the easement shall—

"(A) specify the uses to which the real property will be put by the owner of the real property (including such borrower and any successor in interest of such borrower);

"(B) identify the conservation measures to be taken, and the recreational and wildlife uses to be allowed, with respect to the real property; and

"(C) require the owner to allow the Secretary, and any person or governmental entity designated by the Secretary, to have access to the real property for the purpose of monitoring compliance with the easement.

"(3) Any easement acquired by the Secretary under this subsection shall be purchased from the borrower involved by cancelling that part of the aggregate amount of the borrower's outstanding loans held by the Secretary under laws administered by the Farmers Home Administration that bears the same ratio to the aggregate amount of the borrower's outstanding loans held by the Secretary under all such laws as the number of acres of the borrower's real property that are subject to the easement bears to the aggregate number of acres securing such loans.

"(4) The Secretary shall consult with the Director of the Fish and Wildlife Service of the Department of the Interior for purposes of—

"(A) selecting real property in which the Secretary shall acquire easements under this subsection;

"(B) formulating the terms and conditions of those easements; and

"(C) enforcing those easements.

"(5) The Secretary, and any governmental entity or person designated by the Secretary, may enforce an easement acquired under this subsection by the Secretary.

"(6) For purposes of this subsection—

"(A) the term 'governmental entity' means any agency of the United States, of a State, or of a unit of local government of a State; and

"(B) the term 'highly erodible land' means land classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the effective date of this subsection.

"(E) the term 'wildlife' means fish or wildlife as defined in section 2(a) of the Lacey Act Amendments of 1981.

"(7) This subsection shall not apply with respect to the cancellation of any part of any loan made after the date of enactment of this subsection.".

(c) The second sentence of section 1001 of the Agricultural Act of 1970 (16 U.S.C. 1501) is amended by—

(1) striking out "perpetual"; and

(2) inserting "for a term of not less than 50 years" after "easements".

REAUTHORIZATION

SEC. 1312. Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended by adding at the end thereof the following:

"(f) Notwithstanding the provisions of subsection (a)—

"(1) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Agricultural Credit Insurance Fund as follows:

"(A)(i) for fiscal year 1986, real estate loans, $700,000,000, of which $650,000,000 shall be for insured loans and $50,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories;

"(ii) for each of the fiscal years 1987 and 1988, real estate loans, $700,000,000, of which not more than $650,000,000 shall be for insured loans (to the extent so provided in advance in appropriation Acts) and not less than $50,000,000 for guaranteed loans (as so provided in such Acts);

"(B) operating loans, $3,150,000,000, of which $2,500,000,000 shall be for insured loans and $650,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories; and

"(C) insured or guaranteed emergency loans, $1,300,000,000 for fiscal year 1986, $700,000,000 for fiscal year 1987, and $600,000,000 for fiscal year 1988.

Not less than 25 per centum of the funds that may be used for insured loans for farm ownership purposes and not less than 25 per centum of the funds that may be used for insured loans for farm operating purposes shall be made available for loans to low-income, limited-resource applicants to the extent needed to meet applications filed by such farmers who are eligible for such loans. The Secretary shall inform in writing all applicants for loans for farm ownership and farm operating purposes of the availability of the loan program for low-income, limited-resource borrowers and the general nature of the program; and

"(2) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Rural Development Insurance Fund as follows:

"(A) Insured water and waste disposal facility loans, $340,000,000.

"(B) Industrial development loans, $250,000,000.

"(C) Insured community facility loans, $115,000,000.".

ADMINISTRATION OF GUARANTEED FARM LOAN PROGRAMS; USE OF TALENTS OF OLDER AMERICANS

SEC. 1313. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following:

"SEC. 349. Notwithstanding any other provision of this title, the Secretary shall ensure that farm loan guarantee programs carried out under this title are designed so as to be responsive to borrower and lender needs and to include provision under reasonable terms and conditions for advances, before completion of the liquidation process, of guarantee proceeds on loans in default.

"SEC. 350. (a) Notwithstanding any other provision of law, the Secretary may make grants to, or enter into cooperative agreements with, private nonprofit organizations designated by the Secretary of Labor under title V of the Older Americans Act of 1965 to use the talents of older Americans in programs authorized by other provisions of this title. Funding for such grants or agreements may be made available from such programs.

"(b) Before awarding any grant or entering into any agreement under subsection (a) of this section, the Secretary shall certify that the grant or agreement will not—

"(1) result in the displacement of individuals currently employed by the agency concerned, including partial displacement through reduction of nonovertime hours, wages, or employment benefits;

"(2) result in the employment of any individual when any other individual is in a layoff status from the same or substantially equivalent job within the jurisdiction of the agency concerned; or

"(3) affect existing contracts for services.

"(c) The Secretary may not award a grant or enter into an agreement under this section unless funding for that grant or agreement is provided in advance in an appropriations Act.".

PROTECTION FOR PURCHASERS OF FARM PRODUCTS

SEC. 1314. (a) Congress finds that—

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the product, lacks any practical method for discovering the existence of the security interest, and has no reasonable means to ensure that the seller uses the sales proceeds to repay the lender;

(2) these laws subject the purchaser of farm products to double payment for the products, once at the time of purchase, and again when the seller fails to repay the lender;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to interstate commerce in farm products.

(b) The purpose of this section is to remove such burden on and obstruction to interstate commerce in farm products.

(c) For the purposes of this section—

(1) the term "buyer in the ordinary course of business" means a person who—

(A) in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products; and

(B) buys the products in good faith and without knowledge that the sale is in violation of the ownership rights or security interest of a third party in the products;

(2) the term "farm products" means crops or livestock used or produced in farming operations or products of crops or livestock in their unmanufactured states (such as ginned cotton, wool-clip, maple syrup, milk, and eggs) that are in the possession of a person engaged in farming operations;

(3) the term "security interest" means an interest in farm products that secures payment or performance of an obligation; and

(4) the term "knows" or "knowledge" means actually knows or actual knowledge.

(d) Notwithstanding any other provision of Federal, State, or local law, a buyer in the ordinary course of business who buys farm products from a seller engaged in farming operations shall take free of a security interest created by the seller even though the security interest is perfected and even though the buyer knows of its existence, except that a buyer of farm products takes subject to a security interest created by the seller if—

(1) within one year before the sale of the farm products the buyer has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the buyer by the secured party as conditions for waiver and release of the security interest; and

(2) the buyer has failed to perform those obligations.

(e) Notwithstanding any other provisions of Federal, State, or local law, a commission merchant or selling agent who sells farm products for others shall not be subject to a security interest created by the seller in such farm products even though the security interest is perfected and even though the commission merchant or selling agent knows of its existence, if the sale is made in the ordinary course of business, except that a commission merchant or selling agent who sells farm products for others shall be subject to a security interest created by the seller in such farm products if—

(1) within one year before the sale of the farm products the commission merchant or selling agent has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the commission merchant or selling agent by the secured party as conditions for waiver or release of the security interest; and

(2) the commission merchant or selling agent has failed to perform those obligations.

(f) A security agreement in which a seller of farm products creates a security interest in another may provide that the seller is obligated to furnish the secured party a list of the persons to whom the seller will sell the products. If a security agreement contains such a provision, the seller shall be subject to the provisions of subsection (g) if the seller sells the farm products collateral to a buyer not included on such a list unless the seller has—

(1) notified the secured party (in writing) of the identity of the buyer at least 7 days before the sale; or

(2) has accounted to the secured party for the proceeds of that sale within 10 days after the sale.

(g) A person violating subsection (f) shall be fined not more than $5,000.

(h) This section shall become effective 30 days after enactment, except that security interests created before the effective date shall be exempt for a period of one year from the provisions of this section.

PROHIBITING COORDINATED FINANCIAL STATEMENT

SEC. 1315. The Secretary of Agriculture shall not use or require the submission of, in connection with an application submitted on or after the date of the enactment of this Act for any initial or subsequent farmer-type loan under any program of the Department of Agriculture carried out by the Farmers Home Administration, the coordinated financial statement referred to in the proposed regulations of the Farmers Home Administration published in the Federal Register of November 8, 1983 (48 F.R. 51312-

51317), or any other form or document in a format substantially similar to the coordinated financial statement.

REGULATORY RESTRAINT

SEC. 1316. (a) Congress finds and declares that—

(1) high production costs and low commodity prices have combined to reduce farm income to the lowest levels since the depths of the Depression in the 1930's, to subject many agricultural producers, through no fault of their own, to severe economic hardship, and in many cases temporarily but seriously to impair producers' ability to meet loan repayment schedules in a timely fashion; and

(2) a policy of adverse classification of agricultural loans by bank examiners under these circumstances will trigger a wave of foreclosures and similar actions on the part of banks, thereby depressing land values and prices for agricultural facilities and equipment and having a devastating effect on farmers and the banking industry, and upon rural areas of the United States in general.

(b) It is therefore the sense of Congress that the Federal bank regulatory agencies should ensure, in their examination procedures, that examiners exercise caution and restraint and give due consideration not only to the current cash flow of agricultural borrowers under financial stress, but to factors such as their loan collateral and ultimate ability to repay as well, for so long as the adverse economic effects of the cost-price squeeze of recent years continue to impair the ability of these borrowers to meet scheduled repayments on their loans.

CONTINUATION OF SMALL FARMER TRAINING AND TECHNICAL ASSISTANCE PROGRAM

SEC. 1319. The Secretary of Agriculture shall maintain at substantially current levels the small farmer training and technical assistance program in the office of the Administrator of the Farmers' Home Administration.

"FARM CREDIT REPORT

"SEC. 1320. The President shall, prior to November 1, 1985, prepare and submit to the Congress his findings and recommendations concerning the continued sound and efficient operation of the Farm Credit System."

NONSUPERVISED ACCOUNTS

SEC. 1321. Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended by adding at the end the following:

"(e) Notwithstanding any other provision of this title, the Secretary shall reserve at least 10 percent of any loan made under this subtitle to be placed in a nonsupervised bank account which may be used at the discretion of the borrower for necessary family living needs or purposes not inconsistent with previously agreed upon farming or ranching plans. If the borrower exhausts this reserve, the Secretary may review and adjust the farm plan with the borrower and consider rescheduling the loan, extending additional credit, the use of income proceeds to pay necessary farm, and home and other expenses, or additional available loan servicing.".

FARM PROGRAM APPEALS

SEC. 1322. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 1317(a) of this Act) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan or loan guarantee under this title who has been directly and adversely affected by a decision of the Secretary taken under this Act (hereinafter in the section referred to as the 'appellant') with the right to written notice, an opportunity for an informal meeting, and an opportunity for a hearing on the record, with respect to such decision, in accordance with regulations promulgated by the Secretary consistent with this section.

"(b) Within ten days of such adverse decision, the Secretary shall provide the appellant with written notice of the decision, the opportunity for an informal meeting and formal hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(c)(1) An appellant shall have the right to—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers Home Administration located in the area of the appellant; and

"(B) representation by an attorney or nonattorney at an inspection and reproduction of files under clause (A), an informal meeting under subsection (d), and a formal hearing under subsection (e).

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).

"(d)(1) In order to provide an opportunity for parties to reconsider and resolve differences over decisions referred to in subsection (a) and to minimize the need for formal appeals of such decisions, the Secretary shall establish procedures for informal meetings between appellants and officials of the Farmers Home Administration to discuss such decisions.

"(2) In establishing procedures for an informal meeting between an appellant and official concerning a decision of the Secretary, the Secretary shall—

"(A) require the appellant and official to conduct an informal meeting, or to waive such meeting in accordance with clause (E), before a formal hearing may be conducted under subsection (e) on such decision;

"(B) preserve the rights of the appellant to further review under this section;

"(C) require completion of the informal meeting process (including notice of any reconsidered decision required under clause (F)) within thirty days after notice of the original adverse decision provided to the appellant under subsection (b);

"(D) provide for the direct involvement in the informal meeting of the official who originally made the decision and, if such official is a county supervisor of an office, the district director of the office;

"(E) permit a waiver of the informal meeting if the appellant and official agree that such process would likely not avoid a formal appeal under subsection (e); and

"(F) require the Secretary to provide the appellant with written notice of any reconsidered decision of the Secretary reached after such informal meeting or waiver and, in the case of an adverse reconsidered decision, the reasons therefore.

"(3) If an appellant and official agree to waive an informal meeting under paragraph (2)(E) with respect to a decision of the Secretary, the Secretary shall notify the appellant of the right of the appellant to a formal hearing on the decision under subsection (e).

"(4) For the purpose of an appeal, a reconsidered decision reached by the Secretary under paragraph (2)(E) shall become the record of the Secretary with respect to the original decision made by the Secretary.

"(e)(1) If an informal meeting is conducted or waived under subsection (d) with respect to the decision of the Secretary under this title and the reconsidered decision reached under subsection (d)(2)(E) remains adverse to the appellant, the appellant may request a hearing on such reconsidered decision before an administrative law judge appointed under section 3105 of title 5, United States Code, by filing a complaint with the Secretary with twenty days of notice of such reconsidered decision.

"(2) The Secretary may submit an answer to a complaint filed under paragraph (1).

"(3)(A) A hearing under this subsection shall take place within thirty days of the filing of the complaint of the appellant.

"(B) Such hearing shall be held at a Farmers Home Administration Office located in—

"(i) the State in which the appellant resides or in which the farmland of the appellant is located; or

"(ii) an adjacent State if the office in the adjacent State is no more than five hundred miles from the location at which the appellant resides or the farmland of the appellant is located.

"(C) Evidence at such hearing may include the complaint of the appellant, the answer of the Secretary, the notice of any reconsidered decision, and any testimony by any official of the Farmers Home Administration, the appellant, and any relevant expert, except that affidavits by such official, appellant, and expert may be substituted for direct testimony when agreed to by the parties or allowed by the administrative law judge.

"(D) Such hearing shall be tape recorded and a transcript of such hearing shall be made available at cost upon the request of any party to the proceeding.

"(4)(A) The administrative law judge shall decide all questions of fact and law in a proceeding brought under the subsection and shall uphold, reverse, or modify the reconsidered decision of the Secretary.

"(B) The decision of the administrative law judge shall be final unless appealed pursuant to subsection (f).

"(5) Within ten days of the hearing, both parties to the proceeding shall be provided with a copy of the decision of the administrative law judge setting forth all findings of fact and reasons for the decision.

"(6) The Secretary shall report and make available to the public—

"(A) a decision of an administrative law judge reached under this subsection; and

"(B) a description of any subsequent action taken by the Secretary pursuant to subsection (f).

"(f)(1) If a party is aggrieved by the decision of an administrative law judge under subsection (e), such aggrieved party may request a review of the decision within ten days of the issuance of such decision.

"(2) Upon such request, the Secretary shall review the decision of the administrative law judge and make a determination on the record to modify, uphold, or reverse such decision.

"(3) The Secretary shall make such review and determination within twenty days of the request for review.

"(4) Such determination shall be the final administrative determination subject to judicial review.".

PROMPT APPROVAL OF LOANS AND LOAN GUARANTEES

SEC. 1323. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove the application for a loan or loan guarantee made under this title, and notify the applicant of such action, within forty-five days after the Secretary has received a completed application for such loan or guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete within five days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b) If an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant within five days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary, except that, if the Secretary is unable to provide the loan proceeds to the applicant within such five-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event five days unless the applicant agrees to a longer period) after sufficient funds for that purpose become available to the Secretary.

"(c) If an application for a loan or loan gaurantee under this title is disapproved by the Secretary, but such action is subsequently reversed or revised as the result of an appeal within the department of Agriculture or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secretary shall act on the application and provide the applicant with notice of the action within five days after return of the application to the Secretary.

"(d) If the Secretary fails to comply with subsection (a), (b), or (c) on an application for a loan or loan guarantee that is approved by the Secretary, the Secretary shall—

"(1) for insured loans, reduce the interest payments due on the loan, or

"(2) for loan guarantees, make payments on behalf of the borrower to cover interest due to the lender on the loan,

in an amount calculated by multiplying the outstanding principal of the loan by that part of the annual rate of interest being charged for the loan that bears the same proportion to the full annual rate of interest as the period during which the Secretary was not in compliance with such subsection bears to a full year.

"(e) Upon receipt of an application for a loan or loan guarantee under this title, the Secretary shall inform the applicant of the requirements of this section.".

(b) The amendment made by subsection (a) shall be effective with respect to applications for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act.

FMHA LOAN APPEAL STUDY

SEC. 1324 (a)(1) The Secretary of Agriculture shall conduct a study concerning the administrative appeals procedure used under the farm loan programs of the Farmers Home Administration.

(2) In conducting such study, the Secretary shall examine—

(A) the number and type of appeals initiated by loan applicants and borrowers;

(B) the extent to which initial administrative actions are reversed on appeal;

(C) the reasons that administrative actions are reversed modified or sustained on appeal;

(D) the number and disposition of appeals in which the loan applicant or borrower is represented by legal counsel;

(E) the quantity of time required to complete action on appeals and the reasons for delays;

(F) the feasibility of the use of administrative law judges in the appeals process; and

(G) the desirability of electing members of county committees established under section 332 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982).

(b) Not later than September 1, 1986, the Secretary shall submit a report describing the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

PROMPT APPROVAL OF LOANS AND LOAN GUARANTEES

SEC. 1325. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove the application for a loan or loan guarantee made under this title, and notify the applicant of such action, within forty-five days after the Secretary has received a completed application for such loan or guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete within five days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b) If an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant within five days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary, except that, if the Secretary is unable to provide the loan proceeds to the applicant within such five-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event five days unless the applicant agrees to a longer period) after sufficient funds for that purpose become available to the Secretary.

"(c) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, but such action is subsequently reversed or revised as the result of an appeal within the Department of Agriculture or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secretary shall act on the application and provide the applicant with notice of the action with five days after return of the application to the Secretary.

"(d) If the Secretary fails to comply with subsection (a), (b), or (c) on an application for a loan or loan guarantee that is approved by the Secretary, the Secretary shall—

"(1) for insured loans, reduce the interest payments due on the loan, or

"(2) for loan guarantees, make payments on behalf of the borrower to cover interest due to the lender on the loan,

in an amount caluclated by multiplying the outstanding principal of the loan by that part of the annual rate of interest being charged for the loan that bears the same proportion to the full annual rate of interest as the period during which the Sectretary was not in compliance with such subsection bears to a full year.

"(e) Upon receipt of an application for a loan or loan guarantee under this title, the Secretary shall inform the applicant of the requirements of this section.".

(b) The amendment made by subsection for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act.

CONTINUATION OF SMALL FARMER TRAINING AND TECHNICAL ASSISTANCE PROGRAM

SEC. 1326. The Secretary of Agriculture shall maintain at substantially current levels the small farmer training and technical assistance program in the office of the Administrator of the Farmers' Home Administration.

NONSUPERVISED ACCOUNTS

SEC. 1327. Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended by adding at the end the following:

"(e) Notwithstanding any other provision of this title, the Secretary shall reserve at least 10 percent of any loan made under this subtitle to be placed in a nonsupervised bank account which may be used at the discretion of the borrower for necessary family living needs or purposes not inconsistent with previously agreed upon farming or ranching plans. If the borrower exhausts this reserve, the Secretary may review and adjust the farm plan with the borrower and consider rescheduling the loan, extending additional credit, the use of income proceeds to pay necessary farm, and home and other expenses, or additional available loan servicing.".

FARM PROGRAM APPEALS

SEC. 1328. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 1317(a) of this Act) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan or loan guarantee under this title who has been directly and adversely affected by a decision of the Secretary taken under this Act (hereinafter in the section referred to as the 'appellant') with the right to written notice, an opportunity for an informal meeting, and an opportunity for a hearing on the record, with respect to such decision, in accordance with regulations promulgated by the Secretary consistent with this section.

"(b) Within ten days of such adverse decision, the Secretary shall provide the appellant with written notice of the decision, the opportunity for an informal meeting and formal hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(c)(1) An appellant shall have the right to—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers Home Administration located in the area of the appellant; and

"(B) representation by an attorney or nonattorney at an inspection and reproduction of files under clause (A), an informal meeting under subsection (d), and a formal hearing under subsection (e).

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).

"(d)(1) In order to provide an opportunity for parties to reconsider and resolve differences over decisions referred to in subsection (a) and to minimize the need for formal appeals of such decisions, the Secretary shall establish producers for informal meetings between appellants and officials of the Farmers Home Administration to discuss such decisions.

"(2) In establishing procedures for an informal meeting between an appellant and official concerning a decision of the Secretary, the Secretary shall—

"(A) require the appellant and official to conduct an informal meeting, or to waive such meeting in accordance with clause (E), before a formal hearing may be conducted under subsection (e) on such decision;

"(B) preserve the rights of the appellant to further review under this section;

"(C) require completion of the informal meeting process (including notice of any reconsidered decision required under clause (F)) within thirty days after notice of the original adverse decision provided to the appellant under subsection (b);

"(D) provide for the direct involvement in the informal meeting of the official who originally made the decision and, if such offical is a country supervisor of an office, the district director of the office;

"(E) permit a waiver of the informal meeting if the appellant and official agree that such process would likely not avoid a formal appeal under subsection (e); and

"(F) require the Secretary to provide the appellant with written notice of any reconsidered decision of the Secretary reached after such informal meeting or waiver and, in the case of an adverse reconsidered decision, the reasons therefor.

"(3) If an appellant and official agree to waive an informal meeting under paragraph (2)(E) with respect to a decision of the Secretary, the Secretary shall notify the appellant of the right of the appellant to a formal hearing on the decision under subsection (e).

"(4) For the purpose of an appeal, a reconsidered decision reached by the Secretary under paragraph (2)(E) shall become the record of the Secretary with respect to the original decision made by the Secretary.

"(e)(1) If an informal meeting is conducted or waived under subsection (d) with respect to the decision of the Secretary under this title and the reconsidered decision reached under subsection (d)(2)(E) remains adverse to the appellant, the appellant may request a hearing on such reconsidered decision before an administrative law judge appointed under section 3105 of title 5, United States Code, by filing a complaint with the Secretary with twenty days of notice of such reconsidered decision.

"(2) The Secretary may submit an answer to a complaint filed under paragraph (1).

"(3)(A) A hearing under this subsection shall take place within thirty days of the filing of the complaint of the appellant.

"(B) Such hearing shall be held at a Farmers Home Administration Office located in—

"(i) the state in which the appellant resides or in which the farmland of the appellant is located; or

"(ii) an adjacent State if the office in the adjacent State is no more than five hundred miles from the location at which the appellant resides or the farmland of the appellant is located.

"(C) Evidence at such hearing may include the complaint of the appellant, the answer of the Secretary, the notice of any reconsidered decision, and any testimony by any official of the Farmers Home Administration, the appellant, and any relevant, expert, except that affidavits by such official, appellant, and expert may be substituted for direct testimony when agreed to by the parties or allowed by the administrative law judge.

"(D) Such hearing shall be tape recorded and a transcript of such hearing shall be made available at cost upon the request of any party to the proceeding.

"(4)(A) The administrative law judge shall decide all questions of fact and law in proceeding brought under the subsection and shall uphold, reverse, or modify the reconsidered decision of the Secretary.

"(B) the decision of the administrative law judge shall be final unless appealed pursuant to subsection (f).

"(5) Within ten days of the hearing, both parties to the proceeding shall be provided with a copy of the decision of the administrative law judge setting forth all findings of fact and reasons for the decision.

"(6) The Secretary shall report and make available to the public—

"(A) a decision of an administrative law judge reached under this subsection; and

"(B) a description of any subsequent action taken by the Secretary pursuant to subsection (f).

"(f)(1) If a party is aggrieved by the decision of an administrative law judge under subsection (e), such aggrieved party may request a review of the decision within ten days of the issuance of such decision.

"(2) Upon such request, the Secretary shall review the decision of the administrative law judge and make a determination on the record to modify, uphold, or reverse such decision.

"(3) The Secretary shall make such review and determination within twenty days of the request for review.

"(4) Such determination shall be the final administrative determination subject to judicial review."

Sec. 1329. Sections 302 and 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941) are amended by adding, at the end of the parenthetical provision in clause (3) of the second sentence, the following: "or, in the case of holders of the entire interest who are related by blood or marriage and all of whom are or will become farm operators, the ownership interest of each such holder separately constitutes not larger than a family farm, even if their interests collectively constitute larger than a family farm, as defined by the Secretary.".

Division C—Research, Extension, and Teaching

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985

SHORT TITLE

Sec. 1401. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985".

FINDINGS

Sec. 1402. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended by—

(1) in paragraph (8)—

(A) striking out "and" at the end of subparagraph (N);

(B) inserting "and" at the end of subparagraph (O); and

(C) adding, at the end thereof, the following:

"(P) research on new or improved food processing (such as food irradiation) or value-added food technologies;";

(2) in paragraph (10)—

(A) striking out "The research" and all that follows through the colon in the matter preceding the subparagraphs, and inserting in lieu thereof the following: "The research, extension, and teaching programs must be maintained and constantly adjusted to meet ever-changing challenges. National support of cooperative research, extension, and teaching efforts must be reaffirmed and strengthened to meet major needs and challenges in the following areas:";

(B) redesignating subparagraphs (B), (C), (D), (E), (F), and (G) as subparagraphs (C), (D), (F), (G), (H), and (I), respectively;

(C) inserting after subparagraph (A) the following:

"(B) AGRICULTURAL POLICY.—The effects of technological, economic, sociological, and environmental developments on our agricultural structure are strong and continuous. It is critical that emerging agricultural-related technologies, economic changes, and sociological and environmental developments, both national and international, be analyzed on a continuing basis in an interdisciplinary fashion to determine the effect of those forces on the structure of agriculture and to improve agricultural policy decisionmaking.";

(D) inserting after subparagraph (D), as redesignated by subparagraph (B) of this paragraph, the following:

"(E) COORDINATION OF THE REGULATORY RESPONSIBILITIES OF THE FEDERAL GOVERNMENT RELATING TO BIOTECHNOLOGY.—Biotechnology guidelines and regulations must be made consistent throughout the Federal Government so they may promote scientific development and protect the public. The biotechnology risk assessment processes used by various Federal agencies must be standardized.";

(E) amending subparagraph (F), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(F) NATURAL RESOURCES.—Improved management of soil, water, forest, and range resources is vital to maintain the resource base for food, fiber, and wood production. An expanded research program in the areas of soil and water conservation and forest and range production practices is needed to develop more economical and effective management systems. Key objectives of this research are—

"(i) incorporating water and soil-saving technologies into current and evolving production practices;

"(ii) developing more cost-effective and practical conservation technologies;

"(iii) managing water in stressed environments;

"(iv) protecting the quality of the Nation's surface water and groundwater resources;

"(v) establishing integrated multidisciplinary organic farming research projects, including research on alternative farming systems, that will identify options from which individual farmers may select the production components that are most appropriate for their individual situations;

"(vi) developing better targeted pest management systems; and

"(vii) improving forest and range management technologies that meet demands more efficiently, better protect multi-resource options, and enhance quality of output.";

(F) in subparagraph (G), as redesignated by subparagraph (B) of this paragraph, striking out "to" before "the economy" and striking out "owner-operated" before "family farms"; and

(G) amending subparagraph (I), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(I) INTERNATIONAL FOOD AND AGRICULTURE.—United States agricultural production has proven its ability to produce abundant quantities of food for an expanding world population. Despite rising expectation for improved diets in the world today, there are instances of drought, civil unrest, economic crisis, or other conditions that preclude the local production or distribution of food. There are instances where localized problems impede the ability of farmers to produce needed food products. It is also recognized that many nations have progressive and effective agricultural research programs that produce results of interest and applicability to United States agriculture. The exchange of knowledge and information between nations is essential to the well-being of all nations. A dedicated effort involving the Federal Government, the State cooperative institutions, and other colleges and universities is needed to expand international food and agricultural research, extension, and teaching programs. Improved cooperation and communication by the Department of Agriculture and the cooperators with international agricultural research centers, counterpart agencies, and universities in other nations are necessary to improve food and agricultural progress throughout the world.";

(3) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(4) adding at the end thereof the following:

"(12) the Nation's agricultural system is increasingly dependent on science and technology to maintain and improve productivity levels, manage the resource base, provide high quality products, and protect the environment. A constant source of food and agricultural scientific expertise is imperative to maintain this dynamic system.".

DEFINITIONS

SEC. 1403. Section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)) is amended by—

(1) striking out "and" at the end of subparagraph (H);

(2) adding "and" at the end of subparagraph (I); and

(3) adding at the end thereof the following:

"(J) international food and agricultural issues such as agricultural development, institution development, germ plasm collection and preservation, information exchange and storage, and scientific exchanges;".

COORDINATION OF EFFORTS FOR EFFECTIVE TRANSFER OF NEW TECHNOLOGIES

SEC. 1404. Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended by—

(1) striking out "and" at the end of paragraph (10);

(2) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(12) coordinate the efforts of States, State cooperative institutions, State extension services, the Joint Council, the Advisory Board, and other appropriate institutions in assessing the current status of, and developing a plan for, the effective transfer of new technologies, including biotechnology, to the farming community, with particular emphasis on addressing the unique problems of small- and medium-sized farms in gaining information about those technologies.".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1405. (a) Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1407(d)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(d)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (F);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(H) coordinate with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD

SEC. 1406. (a) Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1408(f)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(f)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (E);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(G) coordinating with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

PROJECT TERMINATION

SEC. 1407. Section 1409 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124) is amended by—

(1) inserting "(a)" after "SEC. 1409."; and

(2) adding at the end thereof the following:

"(b) In the event that a research project being conducted by the Agricultural Research Service is proposed to be terminated, notice in writing of such intended action shall be given to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least fifteen days prior to the date of the proposed termination of the project.".

FEDERAL-STATE PARTNERSHIP AND COORDINATION

SEC. 1408. Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a) is amended by—

(1) in the first sentence of subsection (a)—

(A) striking out "and" at the end of paragraph (2);

(B) striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(C) adding at the end thereof the following:

"(4) international agricultural programs under sections 296 through 300 of the Foreign Assistance Act of 1961 (22 U.S.C. 2220a-2220e)."; and

(2) adding at the end thereof the following:

"(d) To promote research for purposes of developing agricultural policy alternatives, the Secretary shall designate at least one State cooperative institution to conduct research in an interdisciplinary fashion and to report on a regular basis with respect to the effect of emerging technological, economic, sociological, and environmental developments on the structure of agriculture. Support for this effort should include grants to examine the role of various food production, processing, and distribution systems that may primarily benefit small- and medium-sized family farms, such as diversified farm plans, energy, water, and soil conservation technologies, direct and cooperative marketing, production and processing cooperatives, and rural community resource management.

"(e) To address more effectively the critical need for reducing farm input costs, improving soil, water, and energy conservation on farms and in rural areas, using sustainable agricultural methods, adopting alternative processing and marketing systems, and encouraging rural resources management, the Secretary shall designate at least one State agricultural experiment station and one Agricultural Research Service facility to examine these issues in an integrated and comprehensive manner, while conducting ongoing pilot projects contributing additional research through the Federal-State partnership.".

SECRETARY'S REPORT

SEC. 1409. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125) is amended by—

(1) adding "and" after the semicolon at the end of paragraph (2);

(2) striking out the semicolon and "and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) striking out paragraph (4).

COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS

SEC. 1410. (a) Section 2 of the Act entitled "An Act to facilitate the work of the Department of Agriculture, and for other purposes", approved August 4, 1965 (7 U.S.C. 450i), is amended by—

(1) in the third sentence of subsection (b)—

(A) in paragraph (2), inserting ", with emphasis on biotechnology," after "(2) research";

(B) striking out "and" at the end of paragraph (5);

(C) striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon; and

(D) adding at the end thereof the following:

"(7) interdisciplinary agricultural policy research on the effect of emerging technologies, economic changes, and sociological and environmental developments on the structure of agriculture; and

"(8) research to reduce farm input costs through the collection of national and inter-

national data and the transfer of appropriate technology relating to sustainable agricultural systems, soil, energy, and water conservation technologies, rural and farm resource management, and the diversification of farm product processing and marketing systems.";

(2) effective on the later of the date of the enactment of this Act or October 1, 1985, after the fourth sentence of subsection (b), inserting the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.";

(3) effective October 1, 1985, striking out the last sentence in subsection (b) and inserting in lieu thereof the following:

"There are hereby authorized to be appropriated annually, for the purpose of carrying out the provisions of this subsection, such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990. Four per centum of the amount appropriated for each of such fiscal years to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection.";

(4) effective on the later of the date of the enactment of this Act or October 1, 1985, in subsection (c) by adding after the first sentence the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.";

(5) effective October 1, 1985, adding at the end of subsection (c) the following:

"Four per centum of the amount appropriated for any fiscal year to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection."; and

(6) adding at the end thereof the following:

"(i) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281-2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

RESEARCH FACILITIES ACT

SEC. 1411. (a) Section 1 of the Act entitled "An Act to assist the States to provide additional facilities for research at the State agricultural experiment stations", approved July 22, 1963 (hereinafter in this section referred to as the "Act of July 22, 1963) (7 U.S.C. 390), is amended by—

(1) inserting "and equipment" after "finance physical facilities"; and

(2) striking out "an adequate research program" and inserting in lieu thereof "agricultural research and related academic programs".

(b) Section 2 of the Act of July 22, 1963 (7 U.S.C. 390a), is amended by striking out "which are to become a part of such buildings".

(c) Section 3 of the Act of July 22, 1963 (7 U.S.C. 390b), is amended by—

(1) amending paragraph (1) to read as follows:

"(1) the term 'State' means any one of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands of the United States;"; and

(2) inserting ", forestry, or veterinary medicine" after "to conduct agricultural" in paragraph (2).

(d) Section 4 of the Act of July 22, 1963 (7 U.S.C. 390c), is amended by—

(1) effective October 1, 1985, amending subsection (a) to read as follows:

"(a) There are hereby authorized to be appropriated, for grants to eligible institutions under this Act to be used for the purpose set out in section 2 of this Act, $20,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990."; and

(2) amending subsection (b) to read as follows:

"(b) No grant may be made under section 2 of this Act for an amount exceeding 50 per centum of the cost of the project for which such grant is made. The remaining cost of such project shall be paid with funds from non-Federal sources.".

(e) Section 5 of the Act of July 22, 1963 (7 U.S.C. 390d), is amended by—

(1) striking out "apportioned" and inserting in lieu thereof "appropriated"; and

(2) striking out ", which are to become part of such buildings".

(f) Section 6 of the Act of July 22, 1963 (7 U.S.C. 390e), is repealed.

(g) Section 7 of the Act of July 22, 1963 (7 U.S.C. 390f), is amended by—

(1) inserting "equipment and" after "multiple-purpose"; and

(2) inserting "and related programs, including forestry and veterinary medicine," after "food and agricultural research".

(h) Section 8 of the Act of July 22, 1963 (7 U.S.C. 390g), is repealed.

(i)(1) Section 9(a) of the Act of July 22, 1963 (7 U.S.C. 390h(a)), is amended by—

(A) striking out "authorized to receive" and inserting in lieu thereof "that receives";

(B) striking out "section 4" and inserting in lieu thereof "section 2"; and

(C) striking out "section 4(b)" and inserting in lieu thereof "section 3(2)".

(2) Section 9(b) of the Act of July 22, 1963 (7 U.S.C. 390h(b)), is amended by—

(A) striking out "allotted funds received" and inserting in lieu thereof "funds received under this Act"; and

(B) striking out "allocated or".

(j) Clause (3) of section 10 of the Act of July 22, 1963 (7 U.S.C. 390i), is amended to read as follows: "(3) those eligible institutions, if any, that were prevented, because of failure to repay funds as required by section 7(b) of this Act, from receiving any grant under this Act".

(k) Sections 7, 9, 10, and 11 of the Act of July 22, 1963 (7 U.S.C. 390f, 390h, 390i, 390j), are redesignated as sections 6, 7, 8, and 9, respectively.

(l) The Act of July 22, 1963 (7 U.S.C. 390 et seq.), is amended by adding at the end thereof the following:

"SEC. 10. This Act may be cited as the 'Research Facilities Act'.".

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

SEC. 1412. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended by—

(1) striking out "Such grants shall be made without regard to matching funds, but each" in the last sentence of paragraph (2) and inserting in lieu thereof "Each"; and

(2) striking out the last sentence in paragraph (3) and inserting in lieu thereof: "Each recipient institution shall have a significant ongoing commitment to the food and agricultural sciences generally and to the specific subject area for which such a grant is to be used.".

(b) Effective October 1, 1985, section 1417(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(d)) is amended by striking out all after "provisions of this section" and inserting in lieu thereof "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990.".

(c) Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended by adding at the end thereof the following new subsection:

"(e) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281-2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

STUDY

SEC. 1413. (a) Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1424. Study."

and inserting in lieu thereof

"Sec. 1424. Repealed.".

HUMAN NUTRITION RESEARCH AND INFORMATION MANAGEMENT SYSTEM

SEC. 1414. (a) Section 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3177) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1427. Report to Congress."

and inserting in lieu thereof

"Sec. 1427. Repealed.".

ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD

SEC. 1415. The first sentence of section 1432(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS

SEC. 1416. The first sentence of section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking out "1985" and all that follows through the end of the sentence and inserting in lieu thereof "1990.".

APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS

SEC. 1417. Subsection (a) of section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking out "1985" and all that follows through the end of the subsection and inserting in lieu thereof "1990.".

EXTENSION AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1418. The third sentence of section 1444(a) of the National Agricultural Re-

search, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by—

(1) striking out ", through the fiscal year ending September 30, 1985,"; and

(2) inserting before the period at the end thereof the following: ", and related acts pertaining to cooperative extension work at the land-grant institutions identified in the Act of May 8, 1914".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES

SEC. 1419. (a) It is hereby declared to be the intent of Congress to assist the institutions eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute (hereinafter referred to in this section as "eligible institutions"), in the acquisition and improvement of extension facilities and equipment so that eligible institutions may participate fully with the State cooperative extension services in a balanced way in meeting the extension needs of the people of their respective States.

(b) There are authorized to be appropriated for the purpose of carrying out this section $10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, such sums to remain available until expended.

(c) Four per centum of the sums appropriated under this section shall be available to the Secretary of Agriculture for administration of the grants program under this section. The remaining funds shall be made available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings, to provide adequate facilities to conduct extension work in their respective States.

(d) Grants awarded under this section shall be made in such amounts and under such terms and conditions as the Secretary of Agriculture shall determine necessary for carrying out the purposes of this section.

(e) Federal funds provided under this section may not be used for the payment of any overhead costs of the eligible institutions.

(f) The Secretary of Agriculture may promulgate such rules and regulations as the Secretary deems necessary to carry out the provisions of this section.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1420. Section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) is amended by—

(1) adding at the end of subsection (a) the following: "No more than 5 per centum of the funds received by an institution in any fiscal year, under this section, may be carried forward to the succeeding fiscal year."; and

(2) amending subsection (g)(2) to read as follows:

"(2) Whenever it shall appear to the Secretary from the annual statement of receipts and expenditures of funds by any eligible institution that an amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution under this section remains unexpended, such amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution shall be deducted from the next succeeding annual allotment to the institution.".

INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

SEC. 1421. Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended by—

(1) striking out "the training" in paragraph (3) and inserting in lieu thereof "technical assistance and the training and advising"; and

(2) inserting "through the development of highly qualified scientists with specialization in international development" in paragraph (4) after "countries".

INTERNATIONAL TRADE DEVELOPMENT CENTERS

SEC. 1422. (a) Effective October 1, 1985, the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting, after section 1458, the following:

"GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

"SEC. 1458A. (a) The Secretary shall establish and carry out a program to make grants to States for the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of agricultural products and related products. Such grants shall be based on a matching formula of 50 per centum Federal and 50 per centum State funding (including funds received by the State from private sources and from units of local government).

"(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to use, as sites for international trade development centers, land-grant colleges and universities (as defined in section 1404(10) of this Act) that—

"(1) operate agricultural programs;

"(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

"(3) have an effective and progressive communications system that might be linked on an international basis to conduct conferences or trade negotiations.

"(c) Such centers may—

"(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

"(2) be used to house permanent or temporary exhibits that will stimulate and educate trade delegations from foreign nations with respect to agricultural products and related products produced in the United States and be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

"(3) carry out such other activities relating to the exportation of agricultural products and related products as the Secretary may approve.

"(d) There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this section.".

(b) Effective October 1, 1985, the table of contents of the Food and Agriculture Act of 1977 is amended by inserting a new item:

"Sec. 1458A. Grants to States for international trade development centers."

after the item

"Sec. 1458. International agricultural research and extension.".

AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND

SEC. 1423. The Secretary of Agriculture shall undertake discussions with representatives of the Government of Ireland that may lead to an agreement that will provide for the development of a program between the United States and Ireland whereby there will be a greater exchange of agricultural scientific and educational information, techniques, and data; agricultural marketing information, techniques, and data; and agricultural producer, student, teacher, agribusiness (private and cooperative) personnel; and the fostering of joint investment ventures, cooperative research, and the expansion of United States trade with Ireland. The Secretary shall periodically report to the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate to keep such committees apprised of the progress and accomplishments, and such other information as the Secretary deems appropriate, with regard to the development of such program.

EVALUATION OF THE EXTENSION SERVICE AND THE COOPERATIVE EXTENSION SERVICES

SEC. 1424. (a) Section 1459 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3301) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1459. Evaluation of the Extension Service and the Cooperative Extension Services."

and inserting in lieu thereof

"Sec. 1459. Repealed.".

WEATHER AND WATER ALLOCATION STUDY

SEC. 1425. (a) Section 1460 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3302) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1460. Weather and water allocation study."

and inserting in lieu thereof

"Sec. 1460. Repealed.".

ORGANIC FARMING STUDY

SEC. 1426. (a) Section 1461 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3303) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1461. Organic farming study."

and inserting in lieu thereof

"Sec. 1461. Repealed.".

AGRICULTURAL RESEARCH FACILITIES STUDY

SEC. 1427. (a) Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3304) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1462. Agricultural research facilities study."

and inserting in lieu thereof

"Sec. 1462. Repealed.".

AUTHORIZATION OF APPROPRIATIONS FOR AGRICULTURAL RESEARCH PROGRAMS

SEC. 1428. (a) Effective October 1, 1985, section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking out "$505,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$600,000,000 for the fiscal year ending September 30, 1986, $610,000,000 for the fiscal year ending September 30, 1987, $620,000,000 for the fiscal year ending September 30, 1988, $630,000,000 for the fiscal year ending September 30, 1989, and $640,000,000 for the fiscal year ending September 30, 1990".

(b) Effective October 1, 1985, section 1463(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(b)) is amended by striking out "$120,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$270,000,000 for the fiscal year ending September 30, 1986, $280,000,000 for the fiscal year ending September 30, 1987, $290,000,000 for the fiscal year ending September 30, 1988, $300,000,000 for the fiscal year ending September 30, 1989, and $310,000,000 for the fiscal year ending September 30, 1990".

AUTHORIZATION OF APPROPRIATIONS FOR EXTENSION EDUCATION

SEC. 1429. Effective October 1, 1985, section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking out "$260,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$350,000,000 for the fiscal year ending September 30, 1986, $360,000,000 for the fiscal year ending September 30, 1987, $380,000,000 for the fiscal year ending September 30, 1988, $400,000,000 for the fiscal year ending September 30, 1989, and $420,000,000 for the fiscal year ending September 30, 1990".

GENERAL AUTHORITY TO ENTER INTO CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

SEC. 1430. Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318) is amended by—

(1) redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) inserting after subsection (a) the following:

"(b) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may use a cooperative agreement as the legal instrument reflecting a relationship between the Department of Agriculture and State cooperative institutions, as defined in section 1404(16) of this Act, State departments of agriculture, colleges and universities, other research or educational institutions and organizations, Federal and private agencies and organizations, individuals, or any other party, when the Secretary determines that the objectives of the agreement will serve a mutual interest of the parties to the agreement in agricultural research, extension, and teaching activities, including statistical reporting, and that all parties will contribute resources to the accomplishment of those objectives. Notwithstanding any other provision of law, any Federal agency may participate in any such cooperative agreement by contributing funds through the appropriate agency of the Department of Agriculture or otherwise when it is mutually agreed that the objectives of the agreement will further the authorized programs of the contributing agency.".

RESTRICTION ON TREATMENT OF INDIRECT COSTS AND TUITION REMISSION

SEC. 1431. Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319) is amended by inserting at the end thereof the following: "The prohibition on the use of funds for the reimbursement of indirect costs shall not apply to funds transferred, advanced, or reimbursed to the Department of Agriculture under the provisions of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.). For agreements involving the use of such funds, the amount of indirect costs to be reimbursed shall be negotiated on a case-by-case basis.".

DIRECTION OF TECHNOLOGY DEVELOPMENT

SEC. 1432. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting after section 1473 the following new sections 1473A and 1473B:

"TECHNOLOGY DEVELOPMENT FOR SMALL- AND MEDIUM-SIZED FARMING OPERATIONS

"SEC. 1473A. It is the sense of Congress that the agricultural research, extension, and teaching activities conducted by the Department of Agriculture relating to the development, application, transfer, or delivery of agricultural technology, and, to the greatest extent practicable, any funding that is received by the Department of Agriculture for such activities, should be directed to technology that can be used effectively by small- and medium-sized farming operations.

"SPECIAL TECHNOLOGY DEVELOPMENT RESEARCH PROGRAM

"SEC. 1473B. (a) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may enter into cooperative agreements with private agencies, organizations, and individuals to share the cost of research projects, or to allow the use of Federal facilities and services on a cost-sharing or cost-reimbursable basis, to develop new agricultural technology to further the research programs of the Department of Agriculture.

"(b) Any funds received by the Secretary under cooperative agreements made under subsection (a) shall be deposited in a separate account or accounts, to be available until expended. Such funds may be used to pay directly the cost of such research projects or to supplement appropriations of funds that do or will bear all or part of such cost.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by inserting new items:

"Sec. 1473A. Technology development for small- and medium-sized farming operations.

"Sec. 1473B. Special technology development research program."

after the item

"Sec. 1473. Restriction on treatment of indirect costs and tuition remission.".

SUPPLEMENTAL AND ALTERNATIVE CROPS

SEC. 1433. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.), as amended by section 1432 of this Act, is amended by inserting after section 1473B the following new section:

"PILOT PROGRAM AND TECHNICAL ASSISTANCE TO ESTABLISH SUPPLEMENTAL AND ALTERNATIVE CROPS

"SEC. 1473C. Notwithstanding any other provision of law, during the period beginning October 1, 1986, and ending September 30, 1989, the Secretary shall develop and implement a research and pilot project program for the development of supplemental and alternative crops, using such funds as are appropriated to the Secretary each fiscal year under this title. The development of supplemental and alternative crops is of critical importance to producers of agricultural commodities whose livelihood is threatened by the decline in demand experienced with respect to certain of their crops due to changes in consumption patterns or other related causes. The Secretary shall use such research funding, special or competitive grants, or other means, as the Secretary determines, to further the purposes of this section in the implementation of a comprehensive and integrated program. The program developed and implemented by the Secretary shall include—

"(1) an examination of the adaptation of supplemental and alternative crops;

"(2) the establishment and extension of various methods of planting, cultivating, harvesting, and processing supplemental and alternative crops at pilot sites in areas adversely affected by declining demand for crops grown in the area;

"(3) the transfer of such applied research from pilot sites to on-farm practice as soon as practicable;

"(4) the establishment through grants, cooperative agreements, or other means of such processing, storage, and transportation facilities near such pilot sites for supplemental and alternative crops as the Secretary determines will facilitate the achievement of a successful pilot program; and

"(5) the application of such other resources and expertise as the Secretary deems appropriate to support the program.

The pilot program may include, but shall not be limited to, agreements, grants, and other arrangements to conduct comprehensive resource and infrastructure assessments, to develop and introduce supplemental and alternative income-producing crops, to develop and expand domestic and export markets for such crops, and to provide technical assistance to farm owners and operators, marketing cooperatives, and others. The Secretary shall use the expertise and resources of the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, and the land-grant colleges and universities for the purpose of carrying out this section.".

(b) The table of contents of the Food and Agriculture Act of 1977, as amended by section 1432 of this Act, is amended by inserting after the item relating to section 1473B the following new item:

"Sec. 1473C. Pilot program and technical assistance to establish supplemental and alternate crops.".

AQUACULTURE ASSISTANCE PROGRAMS

SEC. 1434. Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended by—

(1) in the first sentence of subsection (b)—

(A) striking out "and" at the end of paragraph (2);

(B) inserting "and" at the end of paragraph (3); and

(C) inserting after paragraph (3) the following:

"(4) nonprofit private research institutions;";

(2) in the last sentence of subsection (b), inserting "(of which amount an in-kind contribution may not exceed 50 percent)" after "matching grant";

(3) in the first sentence of subsection (d), striking out "State agencies" and all that follows through "universities,", and inserting in lieu thereof "any of the non-Federal entities specified in subsection (b)"; and

(4) amending the last sentence of subsection (d) to read as follows:

"Funds made available for the operation of such regional centers may be used for the acquisition or rehabilitation of existing buildings or facilities, or the construction of new buildings or facilities, to house such centers, except that not more than $250,000 may be used for the acquisition, rehabilitation, or construction of any single building or facility.".

AQUACULTURE ADVISORY BOARD

SEC. 1435. The first sentence of section 1476(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3323(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS—AQUACULTURE RESEARCH

SEC. 1436. (a) Section 1477(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

(b) Section 1477(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(b)) is amended by—

(1) striking out the first sentence; and

(2) in the second sentence, striking out "these funds" and inserting in lieu thereof "funds appropriated under subsection (a)".

RANGELAND RESEARCH ADVISORY BOARD

SEC. 1437. The first sentence of section 1482(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS—RANGELAND RESEARCH

SEC. 1438. Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL AGRICULTURAL RESEARCH FACILITIES

SEC. 1439. (a) There are authorized to be appropriated for fiscal year 1988 and for each succeeding fiscal year such sums as may be necessary for the planning, construction, acquisition, alteration, and repair of buildings and other public improvements, including the cost of acquiring or obtaining rights to use land, of or used by the Agricultural Research Service, except that the cost of planning any one facility shall not exceed $500,000, and the total cost of any one facility shall not exceed $5,000,000.

(b) Not later than 60 days after the end of each of the fiscal years 1986 through 1990, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report specifying—

(1) the location of each building, laboratory, research facility, and other public improvement of or to be used by the Agricultural Research Service that is planned, constructed, acquired, repaired, or remodeled, with funds appropriated under subsection (a), in the fiscal year involved; and

(2) with respect to each such building, laboratory, research facility, and improvement—

(A) the amount of such funds obligated in the fiscal year; and

(B) the amount of such funds expended in the fiscal year for such item.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1440. Effective October 1, 1985, section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3222 note) is amended by striking out "September" the first place it appears and all that follows through "1985", and inserting in lieu thereof "September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1441. (a) Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(a)) is amended by inserting ", including agricultural libraries," after "research facilities and equipment".

(b) Section 1433(b) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(b)) is amended by—

(1) striking out "and" before "September 30, 1986"; and

(2) inserting "and September 30, 1987," after "1986,".

SOYBEAN RESEARCH ADVISORY INSTITUTE

SEC. 1442. (a) Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 2281 note) is repealed.

(b) The table of contents of the Agriculture and Food Act of 1981 is amended by striking out

"Sec. 1446. Soybean Research Advisory Institute."

and inserting in lieu thereof

"Sec. 1446. Repealed.".

SMITH-LEVER ACT

SEC. 1443. (a) Section 2 of the Act entitled "An Act to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an Act of Congress approved July second, eighteen hundred and sixty-two, and Acts supplementary thereto, and the United States Department of Agriculture", approved May 8, 1914 (hereinafter in this section referred to as the Smith-Lever Act) (7 U.S.C. 342) is amended by—

(1) inserting "development of practical applications of research knowledge and" after "consist of the"; and

(2) inserting "of existing or improved practices or technologies" after "practical demonstrations".

(b) Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by adding at the end thereof the following:

"(f)(1) The Secretary of Agriculture may conduct educational, instructional, demonstration, and publication distribution programs through the Federal Extension Service and may enter into cooperative agreements with private nonprofit and profit organizations and individuals to share the cost of such programs through contributions from private sources as provided in this subsection.

"(2) The Secretary may receive contributions under this subsection from private sources for the purposes described in paragraph (1) and may provide matching funds in an amount not greater than 50 per centum of such contributions.

"(3) Notwithstanding any other provision of law, beginning with the fiscal year ending September 30, 1986, and for each fiscal year thereafter through the fiscal year ending September 30, 1991, not more than one-half of one per centum of the funds appropriated to the Federal Extension Service for such fiscal year may be used to provide matching funds in accordance with paragraph (2).

"(4) Not later than one year after the date of the enactment of the Food Security Act of 1985, the Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the progress of such programs and shall make recommendations to the committees regarding how other similar private sector initiatives could be used by the Federal Extension Service.".

(c) The Secretary of Agriculture shall conduct a study to determine whether any funds that are—

(1) appropriated after the date of the enactment of this Act to carry out the Smith-Lever Act (7 U.S.C. 341 et seq.), other than section 8 of such Act; and

(2) in excess of the aggregate amount appropriated to carry out the Smith-Lever Act (other than section 8 of such Act) in fiscal year 1985;

can be allocated more effectively among the States. Not later than one year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report summarizing the results of such study and containing the recommendations of the Secretary regarding the allocation of such funds.

(d) This section and the amendments made by this section shall take effect on October 1, 1985.

PESTICIDE RESISTANCE STUDY

SEC. 1444. The Secretary of Agriculture shall conduct a study on the detection and management of pesticide resistance and, within one year after the date of enactment of this Act, submit to the President and Congress a report on this study. The study shall include—

(1) a review of existing efforts to examine and identify the mechanisms, genetics, and ecological dynamics of target populations of insect and plant pests developing resistance to pesticides;

(2) a review of existing efforts to monitor current and historical patterns of pesticide resistance; and

(3) a strategy for the establishment of a national pesticide resistance monitoring program, involving Federal, State, and local agencies, as well as the private sector.

DIETARY ASSESSMENT AND STUDIES

SEC. 1445. (a) The Secretary of Agriculture and the Secretary of Health and Human Services shall jointly conduct an assessment of existing scientific literature and research, respecting—

(1) the relationship between dietary cholesterol and blood cholesterol and human nutrition, and

(2) dietary calcium and its importance in human health and nutrition.

In conducting the assessments under this subsection, the Secretaries shall consult with agencies of the Federal Government involved in related research. Upon completion of such assessments the Secretaries shall each recommend such further studies as the Secretaries consider useful.

(b) The Secretary of Agriculture and the Secretary of Health and Human Services shall each submit to the House Committees on Agriculture and Energy and Commerce and the Senate Committees on Agriculture, Nutrition, and Forestry and Labor and Human Resources a report on the results of the assessment conducted under subsection (a) and any recommendations made under such subsection, including a protocol, feasibility assessment, budget estimates and a timetable for such research as each Secretary shall deem appropriate.

NUTRITION RESEARCH

SEC. 1446. (a) Congress, by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, (1) in section 1421 of such Act, found that nutrition and health considerations are important factors in the agricultural policy of the United States; (2) in section 1405 of such Act, designated the Department of Agriculture as the lead agency of the Federal Government for human nutrition research, except with respect to the biomedical aspects of nutrition research concerned with diagnosis for treatment of disease; and (3) in section 1423 of such Act, required the Secretary of Agriculture to establish research in food and human nutrition as a separate and distinct mission of the Department of Agriculture.

(b) Congress acknowledges that the Secretary of Agriculture has established a nutrition education program and reaffirms its belief that nutrition research continues to have a vital role in agricultural production.

(c) Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the appropriate committees of Congress a comprehensive plan for implementing a national food and human nutrition research program. The plan shall include, but not be limited to, recommendations relating to research directions, educational activities, and funding levels necessary to carry out such plan. The Secretary shall thereafter submit an annual report to the Congress on the human nutrition research activities of the Department of Agriculture.

SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS

SEC. 1447. (a) Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by inserting at the end thereof the following:

"(f) SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS.—(1) The Secretary shall provide special grants for programs to develop income alternatives for farmers who have been adversely affected by the current farm and rural economic crisis and those displaced from farming. Such programs shall consist of educational and counseling services to farmers to assess human and nonhuman resources, assess income earning alternatives, identify resources and opportunities available to the farmer in the local community, county, and State, implement financial planning and management strategies, and provide linkages to specific resources and opportunities that are available to the farmer, such as reentering agriculture, new business opportunities, other off-farm jobs, job search programs, and retraining skills. The Secretary also may provide support to mental health officials in developing outreach programs in rural areas.

"(2) Grants may be made under paragraph (1) during the period beginning on the date of enactment of the Food Security Act of 1985 and ending three years thereafter.".

(b) Section 503(c) of the Rural Development Act of 1972 (7 U.S.C. 2663(c)) is amended by inserting "and section 502(f)" after "section 502(e)" both times it appears therein.

ANNUAL REPORT ON FAMILY FARMS

SEC. 1448. Section 102(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2266) is amended by—

(1) redesignating clause (3) as clause (7); and

(2) in clause (2), striking out "Federal" and all that follows through the end of the clause, and inserting in lieu thereof the following: "current Federal income, excise, estate, and other tax laws, and proposed changes in such laws, may affect the structure and organization of, returns to, and investment opportunities by family and nonfamily farm owners and operators, both foreign and domestic, (3) identification and analysis of new food and agricultural production and processing technological developments, especially in the area of biotechnology, and evaluation of the potential effect of such developments on (A) the economic structure of the family farm system, (B) the competitive status of domestically-produced agricultural commodities and foods in foreign markets, and (C) the achievement of Federal agricultural program objectives, (4) an assessment of the credit needs of family farms and the extent to which those needs are being met, and an analysis of the effects of the farm credit situation on the economic structure of the family farm system, "(5) an assessment of how economic policies and trade policies of the United States affect the financial operation of, and prospects for, family farm operations, (6) an assessment of the effect of Federal farm programs and policies on family farms and nonfamily farms which (A) derive the majority of their income from non-farm sources, and (B) derive the majority of their income from farming operations,". and".

Division D—Food Assistance Programs

TITLE XV—FOOD STAMP AND RELATED PROVISIONS

ELIGIBILITY OF THE HOMELESS

SEC. 1501. (a) The first sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by—

(1) in clause (1), after "consumption", inserting "(or in the case of an individual who does not reside in a permanent dwelling or who has no fixed address, for such individual's consumption)"; and

(2) in clause (2), after "consumption" both places it appears, inserting "(or in the case of individuals who do not reside in permanent dwellings or who have no fixed addresses, for such individuals' consumption)".

(b) Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended by—

(1) striking out the semicolon at the end and inserting a period in lieu thereof; and

(2) adding at the end thereof the following: "The State agency shall provide a method of certifying and issuing coupons to eligible households who do not reside in permanent dwellings or who have no fixed addresses, and shall take steps to ensure that such method limits participation in the food stamp program to eligible households.".

DETERMINATION OF FOOD SALES VOLUME

SEC. 1502. Section 3(k) of the Food Stamp Act of 1977 (7 U.S.C. 2012(k)) is amended by inserting after "food sales volume" in clause (1) the following: ", as determined by visual inspection, sales records, purchase records, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry,".

THRIFTY FOOD PLAN

SEC. 1503. Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by—

(1) striking out "fifty-four" in the first sentence and inserting in lieu thereof "fifty";

(2) striking out "and" at the end of clause (7) of the second sentence;

(3) in clause (8) of the second sentence—

(A) striking out "and each October 1 thereafter,"; and

(B) inserting after "June 30" the following: "and, on February 1, 1986, further adjust the cost of such diet to reflect the Secretary's best estimate of the changes in the cost of the thrifty food plan occurring during the three-month period following June 30,"; and

(4) inserting before the proviso at the end of the second sentence the following: ", and (9) on October 1, 1986, and each October 1 thereafter, using the actual cost of the thrifty food plan as of September 30 of the previous calendar year as the base, adjust the cost of such diet to reflect changes in the cost of the thrifty food plan for the nine months ending the preceding June 30 and the Secretary's best estimate as to further changes in such cost occurring during the three-month period following June 30, and round the result to the nearest lower dollar increment for each household size".

DEFINITIONS OF THE DISABLED

SEC. 1504. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended by—

(1) inserting before the semicolon at the end of paragraph (2) the following: ", federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act if the Secretary determines that such benefits are conditioned on meeting the disability or blindness criteria used under title XVI of the Social Security Act, or federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note)";

(2) inserting before the semicolon at the end of paragraph (3) the following: "or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i))";

(3) inserting "or non-service-connected" after "service-connected" in paragraph (4)(A);

(4) striking out "or" at the end of paragraph (5);

(5) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; or"; and

(6) adding at the end thereof the following:

"(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act, and if an application for disability benefits had been filed.".

STATE AND LOCAL SALES TAXES

SEC. 1505. Effective October 1, 1987, section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended by inserting before the period at the end of the first sentence the following: ", except that a State may not participate in the food stamp program if the Secretary determines that State or local sales taxes are collected within that State on purchases of food made with coupons issued under this Act".

RELATION OF FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

SEC. 1506. Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by—

(1) striking out the first sentence; and

(2) striking out "also" in the second sentence.

CATEGORICAL ELIGIBILITY

SEC. 1507. (a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by—

(1) inserting after the first sentence in subsection (a) the following: "Notwithstanding any other provisions of this Act, except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(i), households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act, supplemental security income benefits under title XVI of the Social Security Act, or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act, shall be eligible to participate in the food stamp program." and

(2) striking out subsection (j).

(b) Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by adding at the end thereof the following: "No household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the statutes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program.".

EXCLUDED INCOME

SEC. 1508. (a) Effective February 1, 1986, section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by—

(1) inserting "except as provided in subsection (j)," after the comma at the end of clause (1);

(2) in clause (3)—

(A) striking out "higher education" and inserting in lieu thereof "post-secondary education"; and

(B) adding at the end thereof "and to the extent loans include any origination fees and insurance premiums,";

(3) inserting "and no portion of any Federal educational grant, to the extent it provides income assistance beyond that used for tuition and mandatory school fees," before "shall be considered such reimbursement" in the proviso of clause (5);

(4) inserting ", but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment" before the comma in clause (9);

(5) inserting "except as otherwise provided in subsection (k) of this section" after "food stamp program" in clause (10).

(b) Effective October 1, 1985, section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end thereof the following:

"(j) Assistance provided to a third party on behalf of a household for living expenses by a State or local government in place of a regular benefit payable directly to the household under title IV of the Social Security Act or a State or local general assistance program (but excluding medical, child care, energy, and emergency or special assistance) shall be treated as money payable directly to the household.

"(k) Notwithstanding the provisions of section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 205(5) of the Job Training Partnership Act shall be considered earned income for purposes of the food stamp prgram, except in the case of any individual who is a youth, as defined in section 203(c)(1) of the Job Training Partnership Act, participating in any such program for a period not to exceed 6 months.".

INCOME FROM SELF-EMPLOYMENT

SEC. 1508a Section 5(f)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)(A)) is amended by adding at the end thereof the following: "Notwithstanding the preceding sentence, if the averaged amount does not accurately reflect the household's actual monthly circumstances because the household has experienced a substantial increase or decrease in business, the State agency shall calculate the self-employment income based on anticipated earnings,".

DEDUCTIONS FROM INCOME

SEC. 1509. (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by—

(1) in the second sentence, striking out "homeownership component" and inserting in lieu thereof "homeowners' costs and maintenance and repair component";

(2) effective February 1, 1986, in the third sentence, striking out "18" and inserting in lieu thereof "20";

(3) amending the fourth sentence by—

(A) effective February 1, 1986—

(i) amending the proviso to clause (2) to read as follows: ": Provided, That the amount of such excess shelter expense deduction shall not exceed $155 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $260, $215, $180, and $110 a month, respectively, adjusted on October 1, 1986, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter (exclusive of homeowners' costs and maintenance and repair component), fuel, and utilities components of housing costs in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the twelve months ending the preceding June 30,"; and

(ii) amending clause (3) to read as follows: "(3) a deduction combining the dependent care and excess shelter expense deductions under clauses (1) and (2), the maximum allowable level of which shall not exceed the maximum allowable deduction under clause (2)";

(B) effective October 1, 1986—

(i) in clause (1), striking out "the same as" and all that follows through "clause (2) of this subsection", and inserting in lieu thereof "$160";

(ii) striking out ", or (2)" and inserting in lieu thereof "and (2)"; and

(iii) striking out ", or (3)" and all that follows down to the period at the end thereof; and

(4) after the seventh sentence, inserting the following: "A State agency may use one or more standard utility allowances for households on behalf of which a payment is made under the Low Income Home Energy Assistance Act (42 U.S.C. 8621, et seq.) but who also incur out-of-pocket heating or cooling expenses. A State agency shall allow a household to switch between any standard utility allowance and a deduction based on its actual utility costs at the end of any certification period and up to two additional times during each twelve-month period."; and

(5) effective February 1, 1986, in clause (A) of the last sentence, striking out "$35 a month" and inserting in lieu thereof "the lesser of $35 a month or 5 per centum of monthly household income after any exclusions and before any deductions provided for in this section".

RETROSPECTIVE BUDGETING AND MONTHLY REPORTING SIMPLIFICATION

SEC. 1510. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended by—

(1) amending subparagraph (A) to read as follows:

"(A) Household income for—

"(i) migrant farmworker households, and

"(ii) households—

"(I) that have no earned income, and

"(II) in which all adult members are elderly or disabled members,

shall be calculated on a prospective basis, as provided in paragraph (3)(A).";

(2) in subparagraph (B)—

(A) striking out "(i)";

(B) inserting "the first sentence of" after "under" the first place it appears; and

(C) striking out "(ii)" and all that follows through "this Act,"; and

(3) striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income and for households that include any member who has recent work history shall be calculated on a retrospective basis as provided in paragraph (3)(B).

"(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B).".

(b) Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended by—

(1) amending the first sentence to read as follows: "State agencies shall require households with respect to which household income is determined on a retrospective basis under section 5(f)(2)(C) of this Act to file periodic reports of household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may, with the prior approval of the Secretary, select categories of households (including all such households) that may report at specified less frequent intervals on a showing by the State agency, which is satisfactory to the Secretary, that to require households in such categories to report monthly would result in unwarranted expenditures for administration of this subsection."; and

(2) inserting after the second sentence the following: "State agencies may require households, other than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance

with the standards prescribed by the Secretary under the preceding provisions of this paragraph.".

RESOURCES LIMITATION

Sec. 1511. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by—

(1) effective October 1, 1986, in the first sentence, striking out "$1,500, or, in the case of a household consisting of two or more persons, one of whom is age 60 or over, if its resources exceed $3,000" and inserting in lieu thereof "$2,250, or, in the case of a household which consists of or includes a member who is 60 years of age or older, if its resources exceed $3,500"; and

(2) in the second sentence—

(A) inserting "and inaccessible resources" after "relating to licensed vehicles";

(B) after "physically disabled household member" inserting "and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle"; and

(C) inserting after "$4,500," the following: "except that the Secretary shall, on October 1, 1986, and on each October 1 thereafter, adjust such amount to reflect changes in the Consumer Price Index for All Urban Consumers, United States city average, for used cars (base year 1967=100), published by the Bureau of Labor Statistics, for the twelve months ending the preceding June 30, and round the result to the nearest $100 increment, but such amount, as adjusted, may not exceed $5,500,".

DISASTER TASK FORCE

Sec. 1512. Section 5(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(2)) is amended to read as follows:

"(2) The Secretary shall—

"(A) establish a Food Stamp Disaster Task Force to assist States in implementing and operating the disaster program and the regular food stamp program in the disaster area; and

"(B) send members of the Task Force to the disaster area as soon as possible after the disaster occurs to provide direct assistance to State and local officials.".

ELIGIBILITY DISQUALIFICATIONS

Sec. 1513. Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by—

(1) in the first sentence of subsection (d)(1)—

(A) striking out "no household shall be eligible for assistance under this Act if it includes a" and inserting in lieu thereof "(A) no person shall be eligible to participate in the food stamp program who is";

(B) striking out all that follows "(iii)" through "days; or (iv)"; and

(C) inserting before the period at the end thereof the following: "; and (B) no household shall be eligible to participate in the food stamp program (i) if the head of the household is a physically and mentally fit person between the ages of eighteen and sixty and such individual refuses to do any of those acts described in clause (A) of this sentence, or (ii) if the head of the household voluntarily quits any job without good cause, but, in such case, the period of ineligibility shall be ninety days";

(2) adding at the end of subsection (d)(1) the following: "Any period of ineligibility for violations under this paragraph shall end when the household member who committed the violation complies with the requirement that has been violated. If the household member who committed the violation leaves the household during the period of ineligibility, such household shall no longer be subject to sanction for such violation and, if it is otherwise eligible, may resume participation in the food stamp program, but any other household of which such person thereafter becomes the head of the household shall be ineligible for the balance of the period of ineligibility.";

(3) inserting at the end of clause (2) of subsection (e) the following: "except for individuals who are assigned to or placed in an institution of higher learning through a program under the Job Training Partnership Act,";

(4) striking out subclause (C) of clause (3) of subsection (e) and redesignating subclauses (D) and (E) thereof as subclauses (C) and (D), respectively; and

(5) in clause (2) of subsection (f)—

(A) striking out "section 203(a)(7)" and "(8 U.S.C. 1153(a)(7))" in subclause (D) and inserting in lieu thereof "sections 207 and 208" and "(8 U.S.C. 1157 and 1158)", respectively;

(B) striking out "because of persecution" and all that follows through "natural calamity" in subclause (D); and

(C) striking out "because of the judgment of the Attorney General" and all that follows in subclause (F) through "political opinion".

EMPLOYMENT AND TRAINING PROGRAM

Sec. 1514. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)), as amended by section 1513(1) of this Act, is amended by—

(1) amending clause (A)(ii) of paragraph (1) to read as follows:

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements as are prescribed by the State agency in accordance with paragraph (4), and the period of ineligibility shall be two months;"; and

(2) adding at the end thereof the following:

"(4)(A) Each State agency shall implement an employment and training program designed by the State agency for the purpose of assisting members of households participating in the food stamp program in gaining skills, training, or experience that will increase their ability to obtain regular employment. For purposes of this Act, an 'employment and training program' means a program that contains, at the option of the State agency, one or more of the following components:

"(i) Job search programs with terms and conditions comparable to those prescribed in subparagraphs (A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act, except that a State agency shall have no obligation to incur costs exceeding $25 per participant per month, as provided in subparagraph (B)(vi), and the State agency shall retain the option to apply employment requirements prescribed under this clause to program applicants at the time of application.

"(ii) Job search training programs that include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including educational programs, determined by the State agency to expand the job search abilities or employability of those subject to the program.

"(iii) Programs designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed under such programs to move promptly into regular public or private employment. The facilities of the State public employment offices and agencies operating programs under the Job Training Partnership Act may be used to find employment and training opportunities for household members under the programs. Employment or training experience assignments shall be limited to projects that serve a useful public purpose in fields such as health, social services, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of the participating member shall be used in making appropriate employment experience assignments. An employment or training experience program established under this clause shall—

"(I) not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program;

"(II) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours; and

"(III) reimburse participants for actual costs of transportation and other actual costs that are reasonably necessary and directly related to participation in the program, but not to exceed $25 in the aggregate per month.

"(iv) As approved by the Secretary, other programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program.

"(B)(i) The State agency may provide that participation in an employment and training program may supplement or supplant other requirements imposed on those subject to the program.

"(ii) Each State agency shall exempt from any requirement for participation in any program under this paragraph categories of household members to which the State agency determines that the application of such participation requirement is impracticable as applied to such categories due to factors such as, but not limited to, the availability of work opportunities and the cost-effectiveness of the employment requirements. In making such a determination, the State agency may designate a category consisting of all such household members residing in a specified area of the State. The State agency shall also exempt or suspend from such participation requirement individual household members not included in any such category but with respect to whom it determines that such participation is impracticable because of personal circumstances such as, but not limited to, lack of job readiness and employability, the remote location of work opportunities, and unavailability of dependent care. The State agency shall determine the extent to which any individual must fulfill the requirements of this paragraph.

"(iii) The total hours of work in an employment and training program carried out under this paragraph required of members of a household, together with the hours of work of such members in any other program carried out under section 20, in any month collectively may not exceed a number of hours equal to the household's allotment for such month divided by the higher of the applicable State minimum wage or Federal minimum hourly rate under the Fair Labor

Standards Act of 1938. The total hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in another program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, shall not exceed one hundred and twenty hours per month.

"(iv) Each State agency shall establish requirements, determined by the State agency to be appropriate, for participation by individuals not exempt under clause (ii) in one or more employment and training programs under this paragraph (which requirements may vary among participants), but may operate programs under this paragraph in which individuals elect to participate. The State agency shall permit individuals not subject to the requirements described in the preceding sentence or who have complied, or are in the process of complying, with such requirements to participate in any progam under this paragraph.

"(v) The Secretary shall promulgate guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program under this paragraph that is compatible and consistent with similar programs operated within the State.

"(vi) A State agency shall reimburse participants for transportation costs and other expenses incurred by participants in the employment and training program, except that the State agency may limit such reimbursement to each participant to $25 per month.".

(b) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by—

(1) striking out "and" at the end of paragraph (20);

(2) striking out the period at the end of paragraph (21) and inserting in lieu thereof "; and "; and

(3) adding at the end thereof the following:

"(22) the manner in which the State agency will carry out the employment and training program under section 6(d)(4).".

(c) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end thereof the following:

"(h)(1) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1), the amount of $40,000,000 for the fiscal year ending September 30, 1986, $50,000,000 for the fiscal year ending September 30, 1987, $60,000,000 for the fiscal year ending September 30, 1988, and $75,000,000 for each of the fiscal years ending September 30, 1989, and September 30, 1990, to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during such fiscal year.

"(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the limitation in paragraph (3).

"(3) The Secretary shall reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably incurred by participants in the employment and training program, except that such total amount shall not exceed an amount representing $25 per participant per month.

"(4) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs. The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs.".

STAGGERING OF COUPON ISSUANCE

SEC. 1515. Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end thereof the following:

"(h)(1) The State agency may implement a procedure for staggering the issuance of coupons to eligible households throughout the entire month: Provided, That the procedure ensures that, in the transition period from other issuance procedures, no eligible household experiences an interval between coupon issuances of more than thirty-five days, either through regular issuances by the State agency or through supplemental issuances.

"(2) For any eligible household that applies for participation in the food stamp program during the last fifteen days of a month and is issued benefits within that period, coupons shall be issued for the first full month of participation by the later of five working days after the beginning of the following month or five working days after verification procedures are completed.".

DISCLOSURE OF INFORMATION SUBMITTED BY RETAIL STORES

SEC. 1516. Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended by inserting before the period at the end of the second sentence the following: ", except that such information may be disclosed to and used by State agencies that administer the special supplemental food program for women, infants and children, authorized under section 17 of the Child Nutrition Act of 1966, for purposes of administering the provisions of that Act and the regulations issued under that Act".

CREDIT UNIONS

SEC. 1517. Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by—

(1) inserting ", or which are insured under the Federal Credit Union Act and have retail food stores or wholesale food concerns in their field of membership" after "Federal Savings and Loan Insurance Corporation" the first place it appears; and

(2) inserting "or the Federal Credit Union Act" after "Federal Savings and Loan Insurance Corporation" the second place it appears.

CHARGES FOR REDEMPTION OF COUPONS

SEC. 1518. (a) Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019), as amended by section 1517 of this Act, is amended by adding at the end thereof the following: "No financial institution may impose on or collect from a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in a manner consistent with the requirements, other than any requirements relating to cancellation of coupons, for the presentation of coupons by financial institutions to the Federal Reserve banks.".

(b) The Secretary of Agriculture, in consultation with the Board of Governors of the Federal Reserve System, shall issue regulations implementing the amendment made by subsection (a).

PUBLIC INFORMATION

SEC. 1519. (a) Section 11(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)) is amended by inserting, after "funds provided under this Act", the following: "except for activities, implemented at the discretion of the State agency, that provide program information (including program eligibility and benefit guidelines) to unemployed, disabled, or elderly persons who apply, or may be eligible, for participation in the program".

(b) The first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "and (4) fair hearings" and inserting in lieu thereof "(4) fair hearings, and (5) activities providing program information to unemployed, disabled, or elderly persons".

OFFICE HOURS

SEC. 1520. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)), as amended by section 1501(c) of this Act, is amended by adding at the end thereof the following: "The State agency shall assess, from time to time, the need for operating food stamp offices within the State during evening and weekend hours;".

EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM

SEC. 1521. Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by adding at the end thereof the following: "State agencies shall encourage food stamp program participants to participate in the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), commonly known as the Smith-Lever Act. At the request of personnel of such education program, State agencies, wherever practicable, shall allow personnel and information materials of such education program to be placed in food stamp offices.".

FOOD STAMP PROGRAM INFORMATION AND SIMPLIFIED APPLICATION AT SOCIAL SECURITY ADMINISTRATION OFFICES

SEC. 1522. (a) Clause (2) of the first sentence of section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by—

(1) inserting "applicants for or" after "members are";

(2) striking out "permitted" and all that follows through "office", and inserting in lieu thereof "informed of the availability of benefits under the food stamp program and be assisted in making a simple application to participate in such program at the social security office".

(b) Section 11(j) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)) is amended to read as follows:

"(j)(1) Any individual who is an applicant for or recipient of social security benefits (under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services) shall be informed of the availability of benefits under the food stamp program and shall be provided with a simple application to participate in such program at the social security office.

"(2) The Secretary and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Food Security Act of 1985, regarding services to be provided in social security offices under this subsection and subsection (i), in a manner to ensure that—

"(A) applicants for and recipients of social security benefits are adequately noti-

fied in social security offices that assistance may be available to them under this Act;

"(B) applications for assistance under this Act from households in which all members are applicants for or recipients of supplemental security income will be forwarded immediately to the State agency in an efficient and timely manner; and

"(C) the Secretary of Health and Human Services receives from the Secretary reimbursement for costs incurred to provide such services.".

(c) Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit a report, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, describing the nature and extent of the costs being incurred by the Secretary of Health and Human Services to comply with subsections (i) and (j) of section 11 of the Food Stamp Act of 1977, as amended by subsections (a) and (b).

RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

Sec. 1523. Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end thereof the following:

"(e)(1) In the event any retail food store or wholesale food concern that has been disqualified under subsection (a) is sold or the ownership thereof is otherwise transferred to a bona fide purchaser or transferee, the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern shall be subjected to a civil money penalty in an amount established by the Secretary through regulations to reflect that portion of the disqualification period that has not yet expired. If the retail food store or wholesale food concern has been disqualified permanently, the civil money penalty shall be double the penalty for a ten-year disqualification period, as calculated under regulations issued by the Secretary. The disqualification period imposed under subsection (b) shall continue in effect as to the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern notwithstanding the imposition of a civil money penalty under this subsection.

"(2) At any time after a civil money penalty imposed under paragraph (1) has become final under the provisions of section 14(a), the Secretary may request the Attorney General to institute a civil action against the person or persons subject to the penalty in a district court of the United States for any district in which such person or persons are found, reside, or transact business to collect the penalty and such court shall have jurisdiction to hear and decide such action. In such action, the validity and amount of such penalty shall not be subject to review.".

STATE AGENCY LIABILITY, QUALITY CONTROL, AND AUTOMATIC DATA PROCESSING

Sec. 1524. (a) Effective with respect to the fiscal year beginning October 1, 1985, and each fiscal year thereafter, section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by—

(1) in paragraph (2)(A) of subsection (d), inserting before the period at the end thereof the following: "less any amount the payment of which is waived under paragraph (6) and less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency"; and

(2) adding, at the end of subsection (d), the following:

"(6)(A) The Secretary, at the request of a State agency, shall waive the payment of a portion—not more than 15 per centum—of a claim, asserted against the State for a fiscal year under paragraphs (2) and (3), equal to the amount that the State agency shows it will devote to the planning, design, development, installation, or expansion of automatic data processing, computerized information, or related systems, or to other administrative efforts, designed to reduce payment error rates and approved by the Secretary. To obtain such waiver, the State agency must show, to the satisfaction of the Secretary, that (i) the systems or administrative efforts on which the request for a waiver is based are in addition to systems or administrative efforts that are already in place or part of an existing plan for the State agency, and (ii) such systems or administrative efforts can reasonably be expected to improve the management, integrity, or efficiency of the food stamp program operated by the State agency.

"(B) Amounts used for systems or administrative efforts as a result of a waiver of a claim under this paragraph may not be credited by the State agency as its share of the costs incurred for data and information systems under the cost-sharing programs provided for in subsections (a) and (g).

"(C) If a proposed system or administrative effort on which a waiver of a claim under this paragraph is based is not implemented within six months after a target date for implementation agreed on by the Secretary and the State agency, the Secretary shall terminate the waiver unless the Secretary determines that there is good cause for the State agency's failure to implement the system or administrative effort (including good faith efforts to implement the system or administrative effort) in a timely manner, and, on such termination, the State agency shall again become liable for full payment of the claim under paragraphs (2) and (3).

"(7) To facilitate the implementation of paragraphs (2) and (3), each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount for which the State agency will be liable for such fiscal year under paragraphs (2) and (3). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraphs (2) and (3) for a fiscal year, except with respect to the portion of such payment that is waived under paragraph (6), and, as applicable, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 14 (as provided for in paragraph (5)), before the end of the fiscal year following such fiscal year."; and

(3) in subsection (g), inserting "(or in the case of State agencies that submit plans that satisfy the elements of the model automation and computerization plan under section 11(o), as determined by the Secretary, 90 per centum)" after "75 per centum".

(b) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following:

"(o)(1) The Secretary shall develop, after consultation with and with the assistance of an advisory group of State agencies appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act, a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program. The plan shall be developed and made available for public comment through publication of the proposed plan in the Federal Register not later than October 1, 1986. The Secretary shall complete the plan, taking into consideration public comments received, not later than December 1, 1986. The elements of the plan shall include, but not be limited to, intake procedures, eligibility determinations and calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, program reporting, and system security and privacy.

"(2) Not later than April 1, 1987, the Secretary shall prepare and submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems for the administration of the food stamp program. Such report shall include, for each State, an analysis of additional steps needed for the State to achieve effective and cost-efficient data processing and information systems. The Secretary, thereafter, shall periodically update such report.

"(3) Based on the Secretary's findings in any of the reports submitted under paragraph (2), the Secretary may require a State agency, as necessary to rectify identified shortcomings in the administration of the food stamp program in the State, to take specified steps to automate data processing systems or computerize information systems for the administration of the food stamp program in the State if the Secretary finds that, in the absence of such systems, there will be program accountability or integrity problems that will substantially affect the administration of the food stamp program in the State.".

(c) The first sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by inserting "the automation or computerization requirements imposed on the State agency under subsection (o)(3) of this section," after "pursuant to subsection (d) of this section,".

PILOT PROJECTS

Sec. 1525. (a) Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "October 1, 1985" the last place it appears and inserting in lieu thereof "October 1, 1990".

(b) Section 17(d) of the Food Stamp Act of 1977 (7 U.S.C. 2026(d)) is amended by adding at the end thereof the following: "On the request of a State or political subdivision in which a pilot project is conducted under this subsection, the Secretary shall continue the project beyond any initial term established by the Secretary if the Secretary finds that the project has a beneficial effect on program administrative costs and error rates and the continuation of the project will not result in undue added program costs.".

AUTHORIZATION CEILING; AUTHORITY TO REDUCE BENEFITS

Sec. 1526. Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by—

(1) inserting, after the first sentence of subsection (a)(1), the following:

"To carry out the provisions of this Act, there are hereby authorized to be appropri-

ated not in excess of $13,584,000,000 for the fiscal year ending September 30, 1986; not in excess of $14,369,000,000 for the fiscal year ending September 30, 1987; not in excess of $15,276,000,000 for the fiscal year ending September 30, 1988; not in excess of $16,142,000,000 for the fiscal year ending September 30, 1989; and not in excess of $16,985,000,000 for the fiscal year ending September 30, 1990."; and

(2) in the second sentence of subsection (b), striking out "the limitation set herein," and inserting in lieu thereof "the appropriation amount authorized in subsection (a)(1),".

PUERTO RICO BLOCK GRANT

Sec. 1527. Effective October 1, 1985, section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended by—

(1) striking out "for each fiscal year" in subsection (a)(1)(A) and inserting in lieu thereof "for the fiscal year ending September 30, 1986, $862,000,000 for the fiscal year ending September 30, 1987, $898,000,000 for the fiscal year ending September 30, 1988, $936,000,000 for the fiscal year ending September 30, 1989, and $974,000,000 for the fiscal year ending September 30, 1990,";

(2) striking out "noncash" in subsection (a)(1)(A);

(3) striking out the comma after "needy persons" and all that follows in subsection (a)(1)(A), and inserting in lieu thereof a period;

(4) striking out "and 50 per centum of the related administrative expenses" in subsection (a)(1)(B) and inserting in lieu thereof "and related administrative expenses"; and

(5) striking out "a single agency which shall be" in clause (i) of subsection (b)(1)(A) and inserting in lieu thereof "the agency or agencies directly."

FEASIBILITY STUDY

Sec. 1528. The Secretary of Agriculture shall conduct a study to determine the feasibility of extending the food stamp program under the Food Stamp Act of 1977 to American Samoa. The Secretary shall complete the study and submit a report of the study to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than April 1, 1986. In conducting the study, the Secretary shall—

(1) determine the various demographic and economic circumstances of the people of American Samoa; and

(2) analyze the features of the food stamp program under the Food Stamp Act of 1977, and the regulations issued thereunder, including benefit, eligibility, and administrative rules, that would have to be revised, with respect to American Samoa, to ensure that the program would operate efficiently and effectively in light of circumstances peculiar to American Samoa.

COMMODITY DISTRIBUTION PROGRAMS

Sec. 1529. (a) Effective October 1, 1985, section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out "1982, 1983, 1984, and 1985" in the first sentence of subsection (a) and inserting in lieu thereof "1986, 1987, 1988, 1989, and 1990"; and

(2) in subsection (b), striking out "under 18 years of age" and inserting in lieu thereof "18 years of age and under".

(b) Effective October 1, 1985, section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out ", which projects shall operate no longer than two years, and" in clause (1) and inserting in lieu thereof a semicolon;

(2) striking out "1982 through 1985" in clause (2) and inserting in lieu thereof "1986 through 1990";

(3) redesignating clause (2) as clause (5); and

(4) inserting after clause (1) the following: "(2) shall permit local agencies administering the commodity supplemental food program, at their option, to provide supplemental commodities, furnished under the program, to low-income elderly persons under terms and conditions that the Secretary by regulation shall prescribe to ensure that (A) the provision of assistance under this clause does not serve to restrict the provision of assistance under the program to women, infants, and children eligible for such assistance, and (B) local agencies do not terminate or reduce commodity assistance to women, infants, and children to provide assistance to the elderly; (3) shall, in any fiscal year, approve applications of additional sites for the program in areas in which the program currently does not operate to the full extent that this can be done within the appropriations available for the program for that fiscal year and without reducing actual participation levels (including participation of elderly persons under clause (2)) in areas in which the program is in effect; (4) shall provide information on the program and its application procedures to agencies that could operate the program and that are located in areas covered neither by the program nor by the special supplemental food program for women, infants, and children authorized under section 17 of the Child Nutrition Act of 1966;".

(c) Notwithstanding any other provision of law, in implementing the commodity supplemental food program under section 4 of the Agriculture and Consumer Protection Act of 1973, the Secretary of Agriculture shall allow agencies distributing agricultural commodities to low-income elderly people under such programs on the date of enactment of this Act to continue such distribution at levels no lower than existing caseloads.

(d) Effective October 1, 1985—

(1) section 209 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is repealed; and

(2) clause (5) of section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note), as so redesignated by subsection (b)(3), is amended by striking out "amount appropriated for the provision of commodities to State agencies" and inserting in lieu thereof "sum of (A) the amount appropriated for the commodity supplemental food program and (B) the value of all additional commodities donated by the Secretary to State and local agencies that are provided without charge or credit for distribution to program participants".

TITLE XVI—AMENDMENTS TO THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 AND OTHER COMMODITY DISTRIBUTION PROVISIONS

Subtitle A—Amendments to the Temporary Emergency Food Assistance Act of 1983

EMERGENCY FEEDING ORGANIZATIONS—DEFINITIONS

Sec. 1601. Section 201A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by inserting, before the semicolon at the end of paragraph (1), the following: "(including the activities and projects of charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit eligible recipient agencies) hereinafter in this title referred to as 'emergency feeding organizations'".

REPEAL OF PROVISIONS RELATING TO THE FOOD SECURITY WHEAT RESERVE

Sec. 1602. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) striking out the subsection designation for subsection (a); and

(2) striking out subsection (b).

(b) The second sentence of section 203A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out ", except that wheat from the Food Security Wheat Reserve may not be used to pay such costs".

REPEAL OF PROVISIONS RELATING TO PROCESSING AGREEMENTS

Sec. 1603. (a) Section 203 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note), is repealed.

(b) Section 203B(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "and to private companies that process such commodities for eligible recipient agencies under sections 203 and 203A of this Act".

STATE COOPERATION

Sec. 1604. Section 203B of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following:

"(d) Each State agency receiving commodities under this title may—

"(1) enter into cooperative agreements with State agencies of other States for joint provision of such commodities to an emergency feeding organization that serves needy persons in a single geographical area part of which is situated in each of such States; or

"(2) transfer such commodities to any such emergency feeding organization in the other State under such agreement.".

REPORT ON COMMODITY DISPLACEMENT

Sec. 1605. Section 203C(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following: "The Secretary shall submit to Congress each year a report as to whether and to what extent such displacements or substitutions are occurring.".

AUTHORIZATION FOR FUNDING AND RELATED PROVISIONS

Sec. 1606. Section 204 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) redesignating subsection (c) as subsection (d); and

(2) after subsection (b), inserting the following:

"(c)(1) There are authorized to be appropriated $50,000,000 for each of the fiscal years ending September 30, 1986, and September 30, 1987, for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by emergency feeding organizations under this title. Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis, dividing such funds among the States in the same proportions as the commodities distributed under this title for such fiscal year are divided among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States in the same manner as the original allocations were made.

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"(2) Each State shall make available to emergency feeding organizations in the State not less than 20 per centum of the funds provided as authorized in paragraph (1) that it has been allocated for a fiscal year, as necessary to pay for, or provide advance payments to cover, the direct expenses of the emergency feeding organizations for distributing commodities to needy persons. As used in this paragraph, the term 'direct expenses' includes costs of transporting, storing, handling, and distributing commodities incurred after they are received by the organization; costs associated with determinations of eligibility, verification, and documentation; costs involved in publishing announcements of times and locations of distribution; and costs of recordkeeping, auditing, and other administrative procedures required for participation in the program under this title. If a State makes a payment, using State funds, to cover direct expenses of emergency feeding organizations, the amount of such payment shall be counted toward the amount a State must make available for direct expenses of emergency feeding organizations under this paragraph.

"(3) States to which funds are allocated for a fiscal year under this subsection shall submit financial reports to the Secretary, on a regular basis, as to the use of such funds. No such funds may be used by States or emergency feeding organizations for costs other than those involved in covering the expenses related to the distribution of commodities by emergency feeding organizations.

"(4) It is the sense of the Congress that, if there is appropriated to carry out this subsection for a fiscal year an amount to excess of the amount authorized to be appropriated for such fiscal year, no part of such excess amount should be made available to a State unless the aggregate value of the inkind contributions and services provided, and the funds appropriated, by the State and units of local government of the State for such fiscal year for the distribution of such commodities is not less than the amount of funds made available under this subsection to the State for such fiscal year.".

REAUTHORIZATIONS

SEC. 1607. Section 210 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) in subsection (c)—

(A) striking out "the fiscal years ending September 30, 1984, and September 30, 1985" and inserting in lieu thereof "the period beginning October 1, 1983, and ending September 30, 1987";

(B) striking out "prior to the beginning of the fiscal year ending September 30, 1985" and inserting in lieu thereof "as early as feasible but not later than the beginning of each of the fiscal years ending September 30, 1985, September 30, 1986, and September 30, 1987"; and

(C) striking out "second twelve months" and inserting in lieu thereof "such fiscal year"; and

(2) adding at the end thereof the following:

"(d) The regulations issued by the Secretary under this section shall include provisions that set standards with respect to liability for commodity losses under the program under this title in situations in which there is no evidence of negligence or fraud, and conditions for payment to cover such losses. Such provisions shall take into consideration the special needs and circumstances of emergency feeding organizations, including use of volunteers, limited financial resources, and the effect that sanctions could have on the ability of such organizations to meet the food needs of low-income populations.".

PROGRAM TERMINATION

SEC. 1608. Section 212 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1987".

REPORT

SEC. 1609. Not later than April 1, 1987, the Secretary of Agriculture shall report to Congress on the activities of the program conducted under the Temporary Emergency Food Assistance Act of 1983. Such report shall include information on—

(1) the volume and types of commodities distributed under the program;

(2) the types of State and local agencies receiving commodities for distribution under the program;

(3) the populations served under the program and their characteristics;

(4) the Federal, State, and local costs of commodity distribution operations under the program (including transportation, storage, refrigeration, handling, distribution, and administrative costs); and

(5) the amount of Federal funds provided to cover State and local costs under the program.

Subtitle B—Commodity Distribution Amendments

DISTRIBUTION OF SURPLUS COMMODITIES; PROCESSING AGREEMENTS

SEC. 1611. Effective October 1, 1985, section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by—

(1) inserting "(1)" after "(a)";

(2) in the first sentence, inserting "(including, but not limited to, cheese, nonfat dry milk, and wheat)" after "commodities" the first place it appears; and

(3) adding, at the end thereof, the following:

"(2)(A) Effective through September 30, 1987, whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary of Agriculture, the Secretary shall encourage consumption of such commodity through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies. The expense of reprocessing shall be paid by such eligible recipient agencies.

"(B) To maintain eligibility to enter into, and to continue, any agreement with the Secretary of Agriculture under subparagraph (A), a private company shall annually settle all accounts with the Secretary and any appropriate State agency regarding commodities processed under such agreements.".

TITLE XVII—NUTRITION PROGRAMS

Subtitle A—Food, Nutrition, and Consumer Education

FINDINGS

SEC. 1701. Congress finds that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should have greater access to nutrition and consumer education to enable them to use their food budgets, including food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

PURPOSE

SEC. 1702. The purpose of the program provided for under section 1703 is to expand effective food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, including those participating in or eligible to participate in the programs under the Food Stamp Act of 1977, to assist them to—

(1) increase their ability to manage their food budgets, including food stamps and other food assistance;

(2) increase their ability to buy food that satisfies nutritional needs and promotes good health; and

(3) improve their food preparation, storage, safety, preservation, and sanitation practices.

PROGRAM

SEC. 1703. The cooperative extension services of the States shall, with funds made available under this subtitle, carry out an expanded program of food, nutrition, and consumer education for low-income individuals in a manner designed to achieve the purpose set forth in section 1702. In operating the program, the cooperative extension services may use the expanded food and nutrition education program, and other food, nutrition, and consumer education activities of the cooperative extension services or similar activities carried out by them in collaboration with other public or private nonprofit agencies or organizations. In carrying out their responsibilities under the program, the cooperative extension services are encouraged to—

(1) provide effective and meaningful food, nutrition, and consumer education services to as many low-income individuals as possible;

(2) employ educational methodologies, including innovative approaches, that accomplish the purpose set forth in section 1702; and

(3) to the extent practicable, coordinate activities carried out under the program with the delivery to low-income individuals of benefits under food assistance programs.

ADMINISTRATION

SEC. 1704. (a) The program provided for under section 1703 shall be administered by the Secretary of Agriculture through the Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service. The Secretary shall ensure that the Extension Service coordinates activities carried out under this subtitle with the ongoing food, nutrition, and consumer education activities of other agencies of the Department of Agriculture.

(b) The Secretary of Agriculture, not later than April 1, 1989, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the effectiveness of the program provided for under section 1703.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1705. (a) There are hereby authorized to be appropriated to carry out this subtitle $5,000,000 for the fiscal year ending September 30, 1986; $6,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for each of the fiscal years ending September 30, 1988, September 30, 1989, and September 30, 1990.

(b) Any funds appropriated under this section for a fiscal year shall be allocated in the manner specified in subparagraphs (A) and (B) of section 1425(c)(2) of the National

Agricultural Research, Extension, and Teaching Policy Act of 1977.

(c) Any funds appropriated to carry out this subtitle shall supplement any other funds appropriated to the Department of Agriculture for use by the Department and the cooperative extension services of the States for food, nutrition, and consumer education for low-income households.

Subtitle B—Nutrition Monitoring

SURVEY BY THE DEPARTMENT OF AGRICULTURE

SEC. 1711. The Secretary of Agriculture shall—

(1) in conducting the Department of Agriculture's continuing survey of food intakes of individuals and any nationwide food consumption survey, include a sample that is representative of low-income individuals and, to the extent practicable, the collection of information on food purchases and other household expenditures by such individuals;

(2) to the extent practicable, continue to maintain the nutrient data base established by the Department of Agriculture; and

(3) encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of the nutritional and dietary status of individuals.

Division E—Miscellaneous

TITLE XVIII—MISCELLANEOUS

Subtitle A—Processing, Inspection, and Labelling

POTATO INSPECTION

SEC. 1801. The Secretary of Agriculture, in order to achieve a significant reduction in the volume of substandard imported Canadian potatoes entering through ports of entry in the northeastern United States, shall require the Agricultural Marketing Service to perform random spot checks in accordance with other law and on a continuing basis on a significant portion of potatoes entering through those ports of entry. The Secretary of Agriculture shall periodically report to the public and to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives the results of such spot checks and increase their frequency or take other actions as necessary to achieve and maintain the significant reduction of such substandard imported potatoes.

INSPECTION AND OTHER STANDARDS FOR IMPORTED POULTRY PRODUCTS

SEC. 1802. (a) Section 18 of the Poultry Products Inspection Act (21 U.S.C. 467) is amended by adding at the end thereof the following:

"(d) Notwithstanding any other provision of law, all poultry or poultry products capable of use as human food, offered for importation into the United States, shall be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any such imported poultry articles that do not meet such standards shall not be permitted entry into the United States. The Secretary shall enforce this provision through (1) the imposition of random inspections for such species verification and for residues, and (2) random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country in accordance with methods approved by the Secretary.".

(b) This section shall take effect six months after the date of enactment of this Act.

INSPECTION AND OTHER STANDARDS FOR IMPORTED MEAT AND MEAT FOOD PRODUCTS

SEC. 1803. (a) Section 20(f) of the Federal Meat Inspection Act (21 U.S.C. 620(f)) is amended by striking out the last sentence and inserting in lieu thereof the following: "Each foreign country from which such meat articles are offered for importation into the United States shall obtain a certification issued by the Secretary stating that the country maintains a program using reliable analytical methods to ensure compliance with the United States standards for residues in such meat articles. No such meat articles shall be permitted entry into the United States from a country for which the Secretary has not issued such certification. The Secretary shall periodically review such certifications and shall revoke any certification if the Secretary determines that the country involved is not maintaining a program that uses reliable analytical methods to ensure compliance with United States standards for residues in such meat articles. The consideration of any application for a certification under this subsection and the review of any such certification, by the Secretary, shall include the inspection of individual establishments to ensure that the inspection program of the foreign country involved is meeting such United States standards.".

(b) Section 20(f) of the Federal Meat Inspection Act (21 U.S.C. 620(f)) is amended by adding at the end thereof the following:

"(g) The Secretary may prescribe terms and conditions under which cattle, sheep, swine, goats, horses, mules, and other equines that may have been administered an animal drug or antibiotic not approved for use in the United States may be imported for slaughter and human consumption. If the Secretary determines that the use of an animal drug or antibiotic in any of such livestock is harmful to the health of man and that it is impossible to determine the livestock being imported do not harbor any residue of such animal drug or antibiotic, the Secretary may issue an order forbidding the entry into the United States of such kind of livestock from any country that allows the use of such animal drug or antibiotic in the production of such livestock in such country. No person shall enter cattle, sheep, swine, goats, horses, mules, and other equines into the United States in violation of any order issued under this subsection by the Secretary.".

EXAMINATION AND REPORT OF LABELING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

SEC. 1804. (a)(1) The Comptroller General of the United States shall conduct a study of Department of Health and Human Services and Department of Agriculture product purity and inspection requirements and regulations currently in effect for imported food products and agricultural commodities. The study shall evaluate the effectiveness of Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form.

(2) The study shall include a review of Federal regulations and inspection procedures currently in effect to detect in imported live animals chemical and chemical residues the use of which is prohibited in the production of domestic live animals.

(3) The study shall include recommendations regarding the feasibility of requiring that quality control reports relating to product purity and inspection procedures be submitted from processing plants certified by the Secretary of Agriculture as eligible to export meat and meat food products to the United States.

(4) The study shall include recommendations on the adequacy of the Department of Health and Human Services and the Department of Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and food products.

(e) The study also shall evaluate the feasibility of requiring all imported meat and meat food products, agricultural commodities, and products of such commodities to bear a label stating the country of origin of such commodities and products. The study shall include an evaluation of the feasibility of requiring any person owning or operating an eating establishment that serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 7(c) of the Federal Meat Inspection Act (21 U.S.C. 607(c)) to inform individuals purchasing food from such establishment that meat or meat food products served at the establishment may be imported articles—

(1) by displaying a sign indicating that imported meat is served in such establishment; or

(2) by providing the information specified in paragraph (1) of such section 7(c) on the menus offered to such individuals.

(c) The Secretary shall submit the results of the study conducted under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than one year after the date of enactment of this Act.

Subtitle B—Beef Promotion and Research Act of 1985

AMENDMENT TO BEEF RESEARCH AND INFORMATION ACT

SEC. 1811. (a) This section may be cited as the "Beef Promotion and Research Act of 1985".

(b) Sections 2 through 20 of the Beef Research and Information Act (7 U.S.C. 2901-2918) are amended to read as follows:

"CONGRESSIONAL FINDINGS AND DECLARATION OF POLICY

"SEC.. 2. (a) Congress finds that—

"(1) beef and beef products are basic foods that are a valuable part of human diet;

"(2) the production of beef and beef products plays a significant role in the Nation's economy, beef and beef products are produced by thousands of beef producers and processed by numerous processing entities, and beef and beef products are consumed by millions of people throughout the United States and foreign countries;

"(3) beef and beef products should be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

"(4) the maintenance and expansion of existing markets for beef and beef products are vital to the welfare of beef producers and those concerned with marketing, using, and producing beef products, as well as to the general economy of the Nation;

"(5) there exist established State and national organizations conducting beef promotion, research, and consumer education programs that are invaluable to the efforts of promoting the consumption of beef and beef products; and

"(6) beef and beef products move in interstate and foreign commerce, and beef and beef products that do not move in such channels of commerce directly burden or affect interstate commerce of beef and beef products.

"(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided herein, of an orderly procedure for financing (through assessments on all cattle sold in the United States and on cattle, beef, and beef products imported into the United States) and carrying out a coordinated program of promotion and research designed to strengthen the beef industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for beef and beef products. Nothing in this Act shall be construed to limit the right of individual producers to raise cattle.

"DEFINITIONS

"SEC. 3. For purposes of this Act—

"(1) the term 'promotion' means any action, including paid advertising, to advance the image and desirability of beef and beef products with the express intent of improving the competitive position and stimulating sales of beef and beef products in the marketplace;

"(2) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of beef and beef products, other related food science research, and new product development;

"(3) the term 'consumer information' means nutritional data and other information that will assist consumers and other persons in making evaluations and decisions regarding the purchasing, preparing, and use of beef and beef products;

"(4) the term 'industry information' means information and programs that will lead to the development of new markets, marketing strategies, increased efficiency, and activities to enhance the image of the cattle industry;

"(5) the term 'Board' means the Cattlemen's Beef Promotion and Research Board established under section 5(1);

"(6) the term 'Committee' means the Beef Promotion Operating Committee established under section 5(4);

"(7) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(8) the term 'cattle' means live domesticated bovine animals regardless of age;

"(9) the term 'beef' means flesh of cattle;

"(10) the term 'beef products' means edible products produced in whole or in part from beef, exclusive of milk and products made therefrom;

"(11) the term 'producer' means any person who owns or acquires ownership of cattle, except that a person shall not be considered to be a producer if the person's only share in the proceeds of a sale of cattle or beef is a sales commission, handling fee, or other service fee;

"(12) the term 'importer' means any person who imports cattle, beef, or beef products from outside the United States;

"(13) the term 'United States' means the several States and the District of Columbia;

"(14) the term 'qualified State beef council' means a beef promotion entity that is authorized by State statute or is organized and operating within a State, that receives voluntary contributions and conducts beef promotion, research, and consumer information programs, and that is recognized by the Board as the beef promotion entity within such State;

"(15) the term 'Secretary' means the Secretary of Agriculture; and

"(16) the term 'Department' means the Department of Agriculture.

"ISSUANCE OF ORDERS

"SEC. 4. (a) During the period beginning on the effective date of this section and ending thirty days after receipt of a proposal for a beef promotion and research order, the Secretary shall publish such proposed order and give due notice and opportunity for public comment on such proposed order. Such proposal may be submitted by any organization meeting the requirements for certification under section 6 or any interested person, including the Secretary.

"(b) After notice and opportunity for public comment are given, as provided for in subsection (a), the Secretary shall issue a beef promotion and research order. The order shall become effective not later than one hundred and twenty days following publication of the proposed order.

"REQUIRED TERMS IN ORDERS

"SEC. 5. An order issued under section 4(b) shall contain the following terms and conditions:

"(1) The order shall provide for the establishment and selection of a Cattlemen's Beef Promotion and Research Board. Members of the Board shall be cattle producers and importers appointed by the Secretary from (A) nominations submitted by eligible State organizations certified under section 6 (or, if the Secretary determines that there is no eligible State organization in a State, the Secretary may provide for nominations from such State to be made in a different manner), and (B) nominations submitted by importers under such procedures as the Secretary determines appropriate. In determining geographic representation for cattle producers on the Board, whole States shall be considered as a unit. Each unit that includes a total cattle inventory greater than five hundred thousand head shall be entitled to at least one representative on the Board. If there are units that do not have total cattle inventories equal to or greater than five hundred thousand head, such units shall be combined and provided collective representation on the Board. A unit may be represented on the Board by more than one member. For each additional million head of cattle within a unit, such unit shall be entitled to an additional member on the Board. The Board may recommend a change in the level of inventory per unit necessary for representation on the Board and, on such recommendation, the Secretary may change the level necessary for representation on the Board. The number of members on the Board that represent importers shall be determined by the Secretary on a proportional basis, by converting the volume of imported beef and beef products into live animal equivalencies.

"(2) The order shall define the powers and duties of the Board, which shall be exercised at an annual meeting, and shall include only the following powers:

"(A) To administer the order in accordance with its terms and provisions.

"(B) To make rules and regulations to effectuate the terms and provisions of the order.

"(C) To elect members of the Board to serve on the Committee.

"(D) To approve or disapprove budgets submitted by the Committee.

"(E) To receive, investigate, and report to the Secretary complaints of violations of the order.

"(F) To recommend to the Secretary amendments to the order.

In addition, the order shall determine the circumstances under which special meetings of the Board may be held.

"(3) The order shall provide that the term of appointment to the Board shall be three years with no member serving more than two consecutive terms, except that initial appointments shall be proportionately for one-year, two-year, and three-year terms; and that Board members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

"(4) The order shall provide that the Board shall elect from its membership ten members to serve on the Beef Promotion Operating Committee, which shall be composed of ten members of the Board and ten producers elected by a federation that includes as members the qualified State beef councils. The producers elected by the federation shall be certified by the Secretary as producers that are directors of a qualified State beef council. The Secretary also shall certify that such directors are duly elected by the federation as representatives to the Committee. The Committee shall develop plans or projects of promotion and advertising, research, consumer information, and industry information, which shall be paid for with assessments collected by the Board. The Committee shall be responsible for developing and submitting to the Board, for its approval, budgets on a fiscal year basis of its anticipated expenses and disbursements, including probable costs of advertising and promotion, research, consumer information, and industry information projects. The Board shall approve or disapprove such budgets and, if approved, shall submit such budget to the Secretary for the Secretary's approval. The total costs of collection of assessments and administrative staff incurred by the Board during any fiscal year shall not exceed 5 per centum of the projected total assessments to be collected by the Board for such fiscal year. The Board shall use, to the extent possible, the resources, staffs, and facilities of existing organizations.

"(5) The order shall provide that terms of appointment to the Committee shall be one year, and that no person may serve on the Committee for more than six consecutive terms. Committee members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee. The Committee shall use staff and facilities of the Board and of industry organizations to prevent duplication and inefficient use of funds, except that staff of industry organizations may not receive compensation from the Board, but shall be reimbursed for their reasonable expenses incurred in performing their duties on behalf of the Committee.

"(6) The order shall provide that, to ensure coordination and efficient use of funds, the Committee shall enter into contracts or agreements for implementing and carrying out the activities authorized by this Act with established national nonprofit industry-governed organizations, including the federation referred to in paragraph (4), to implement programs of promotion, research, consumer information, and industry infor-

mation. Any such contract or agreement shall provide that—

"(A) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shows estimated costs to be incurred for the plan or project;

"(B) the plan or project shall become effective on the approval of the Secretary; and

"(C) the person entering the contract or agreement shall keep accurte records of all of its transactions, account for funds received and expended, and make periodic reports to the Committee of activities conducted, and such other reports as the Secretary, the Board, or the Committee may require.

"(7) The order shall require the Board and the Committee to—

"(A) maintain such books and records, which shall be available to the Secretary for inspection and audit, as the Secretary may prescribe;

"(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(C) account for the receipt and disbursement of all funds entrusted to them.

"(8) The order shall provide that each person making payment to a producer for cattle purchased from the producer shall, in the manner prescribed by the order, collect an assessment and remit the assessment to the Board. The Board shall use qualified State beef councils to collect such assessments. The order also shall provide that each importer of cattle, beef, or beef products shall pay an assessment, in the manner prescribed by the order, to the Board. The assessments shall be used for payment of the costs of plans and projects, as provided for in paragraph (4), and expenses in administering the order, including more administrative costs incurred by the Secretary after the order has been promulgated under this Act, and to establish a reasonable reserve. The rate of assessment prescribed by the order shall be one dollar per head of cattle, or the equivalent thereof in the case of imported beef and beef products. A producer who can establish that the producer is participating in a program of an established qualified State beef council shall receive credit, in determining the assessment due from such producer, for contributions to such program of up to 50 cents per head of cattle or the equivalent thereof. There shall be only one qualified State beef council in each State. Any person marketing from beef from cattle of the person's own production shall remit the assessment to the Board in the manner prescribed by the order.

"(9) The order shall provide that the Board, with the approval of the Secretary, may invest, pending disbursement, funds collected through assessments only in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

"(10) The order shall prohibit any funds collected by the Board under the order from being used in any manner for the purpose of influencing governmental action or policy, with the exception of recommending amendments to the order.

"(11) The order shall require that each person making payment to a producer, any person marketing beef from cattle of the person's own production directly to consumers, and any importer of cattle, beef, or beef products maintain and make available for inspection such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order. Such information shall be made available to the Secretary as is appropriate to the administration or enforcement of this Act, the order, or any regulation issued under this Act. In addition, the Secretary shall authorize the use of information regarding persons paying producers that is accumulated under a law or regulation other than this Act or regulations under this Act.

"All information so obtained shall be kept confidential by all officers and employees of the Department, and only such information so obtained as the Secretary deems relevent may be disclosed by them and then only in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the order. Nothing in this paragraph may be deemed to prohibit—

"(A) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

"(B) the publication, by direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"No information obtained under the authority of this Act may be made available to any agency or officer of the United States for any purpose other than the implementation of this Act and any investigatory or enforcement act necessary for the implementation of this Act. Any person violating the provisions of this paragraph shall, on conviction, be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and if an officer or employee of the Board or the Department, shall be removed from office.

"(12) The order shall contain terms and conditions, not inconsistent with the provisions of this Act, as necessary to effectuate the provisions of the order.

"CERTIFICATION OF ORGANIZATIONS TO NOMINATE

"SEC. 6. (a) The eligibility of any State organization to represent producers and to participate in the making of nominations under section 5(1) shall be certified by the Secretary. The Secretary shall certify any State organization that the Secretary determines meets the eligibility criteria established under subsection (b) and such determinations as to eligibility shall be final.

"(b) A State cattle association or State general farm organization may be certified as described in subsection (a) if such association or organization meet all of the following eligibility criteria:

"(1) The association or organization's total paid membership is comprised of at least a majority of cattle producers or the association or organization's total paid membership represents at least a majority of the cattle producers in the State.

"(2) The association or organization represents a substantial number of producers that produce a substantial number of cattle in the State.

"(3) The association or organization has a history of stability and permanency.

"(4) A primary or overriding purpose of the association or organization is to promote the economic welfare of cattle producers.

"(c) Certification of State cattle associations and State general farm organizations shall be based on a factual report submitted by the association or organization involved.

"(d) If more than one State organization is certified in a State (or in a unit referred to in section 5(1)), such organizations may caucus to determine any of such State's (or such unit's) nominations under section 5(1).

"REQUIREMENT OF REFERENDUM

"SEC. 7. (a) During the twenty-fourth month following implementation of the order issued under this Act, unless the Board recommends an earlier date, in which event such earlier date shall be used, the Secretary shall conduct a referendum among cattle producers who, during a representative period as determined by the Secretary, have been engaged in the production of cattle for the purpose of ascertaining whether the order shall be continued. The order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle. If continuation of the order is not approved by a majority of those voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months after the Secretary determines that continuation of the order is not favored by a majority voting in the referendum and shall terminate the order in an orderly manner as soon as practicable after such determination.

"(b) After the initial referendum, the Secretary may conduct a referendum on the request of a representative group comprising 10 per centum or more of the number of cattle producers to determine whether cattle producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

"(c) The Department shall be reimbursed from assessments collected by the Board for any expenses incurred by the Department in connection with conducting any referendum under this section, except for the salaries of Government employees. Any referendum conducted under this section shall be conducted on a date established by the Secretary, whereby producers shall certify that they were engaged in the production of cattle during the representative period and, on the same day, shall be provided an opportunity to vote in the referendum. Each referendum shall be conducted at county extension offices, and there shall be provision for an absentee mail ballot on request.

"ENFORCEMENT

"SEC. 8. The Secretary may issue orders to restrain or prevent any person from violating the order issued under section 4(b), or regulation issued thereunder, and may assess a civil penalty of not more than $1,000 for violation of the order issued under section 4(b), following an opportunity for an administrative hearing on the record, whenever the Secretary believes that the ad-

ministration and enforcement of this Act and the order would be adequately served by such procedure. The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the order or any regulation made or issued under this Act. Any civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

"INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

"SEC. 9. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this Act or to determine whether any person subject to this Act has engaged or is about to engage in any act that constitutes or will constitute a violation of this Act, the order, or any rule or regulation issued under this Act. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony regarding the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

ADMINISTRATIVE PROVISIONS

"Sec. 10. (a) Nothing in this Act may be construed to preempt or supersede any other program relating to beef promotion organized and operated under the laws of the United States or any State.

"(b) The provisions of this Act applicable to the order shall be applicable to amendments to the order.

AUTHORIZATION OF APPROPRIATIONS

"SEC. 11. There are authorized to be appropriated such sums as may be necessary to carry out this Act. Sums appropriated to carry out this Act shall not be available for payment of the expenses or expenditures of the Board or the Committee in administering any provisions of the order issued under section 4(b) of this Act.".

(c) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C—Pork Promotion, Research, and Consumer Information Act of 1985

FINDINGS AND DECLARATION OF PURPOSE

SHORT TITLE

SEC. 1821. This subtitle may be cited as the "Pork Promotion, Research, and Consumer Information Act of 1985".

SEC. 1822 (a) Congress finds that—

(1) pork and pork products are basic foods that are a valuable and healthy part of the human diet;

(2) the production of pork and pork products plays a significant role in the economy of the United States, because pork and pork products are produced by thousands of producers, organized in a federation by county, State, and national associations that include many small and medium-sized producers, and because pork and pork products are consumed by millions of people throughout the United States on a daily basis;

(3) pork and pork products must be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

(4) the maintenance and expansion of existing markets and development of new markets for pork and pork products are vital to the welfare of pork producers and those concerned with producing and marketing pork and pork products, as well as to the general economy of the United States;

(5) pork and pork products move in interstate and foreign commerce, and pork and pork products that do not move in such channels of commerce directly burden or affect interstate commerce in pork and pork products; and

(6) in recent years, increasing quantities of low-cost, imported pork and pork products have been brought into the United States, replacing domestic pork and pork products in normal channels of trade.

(b)(1) It is, therefore, the purpose of this subtitle to authorize the establishment of an orderly procedure for financing, through an adequate assessment, an effective and coordinated program of promotion, research, and consumer information designed to strengthen the position of the pork industry in the marketplace and to maintain, develop, and expand markets for pork and pork products. Such procedure shall be implemented and such program shall be conducted at no cost to the Government of the United States.

(2) Nothing in this subtitle may be construed to—

(A) permit or require the imposition of quality standards for pork or pork products;

(B) provide for control of the production of pork or pork products, or

(C) otherwise limit the right of the individual pork producer to produce pork and pork products.

DEFINITIONS

SEC. 1823. For purposes of this subtitle—

(1) the term "porcine animals" means swine raised for slaughter, feeder pigs, or seedstock;

(2) the term "pork" means the flesh of porcine animals;

(3) the term "pork products" means products produced or processed in whole or in part from pork;

(4) the term "Secretary" means the Secretary of Agriculture;

(5) the term "person" means any individual, group of individuals, partnership, corporation, association, organization, cooperative, or any other entity;

(6) the term "pork producer" means any person who produces porcine animals in the United States for sale in commerce;

(7) the term "importer" means any person who imports porcine animals, pork, or pork products into the United States;

(8) the term "promotion" means any action, including paid advertising, to present a favorable image for porcine animals, pork, or pork products to the public with the express intent of improving the competitive position and stimulating sales of porcine animals, pork, or pork products;

(9) the term "research" means any type of research designed to advance, expand, or improve the image, desirability, nutritional values, usage, marketability, production, or quality of porcine animals, pork, or pork products as well as any dissemination to any person of the results of such research;

(10) the term "consumer information" means activities intended to broaden the understanding of sound nutritional principles as they relate to pork and pork products, including the role of pork and pork products in a balanced, healthy diet;

(11) the term "marketing" means the sale or other disposition in commerce of pork and pork products;

(12) the term "Delegate Body" means the National Pork Producers Delegate Body provided for under section 1827(b) of this subtitle;

(13) the term "Board" means the National Pork Producers Board of Directors provided for under section 1827(c) of this subtitle;

(14) the term "Committee" means the National Pork Producers Executive Committee provided for under section 1827(d) of this subtitle;

(15) the term "order" means a pork and pork products promotion, research, and consumer information order issued under section 1826;

(16) the term "State association" means the organization of pork producers in a State that is generally recognized as representing the pork producers of that State;

(17) the term "State" means any of the 50 States; and

(18) the term "gross amount of checkoff" means the total amount of assessment collected throughout the United States under section 1827(g) in any applicable period of time.

PORK AND PORK PRODUCTS ORDER

SEC. 1824. To effectuate the declared policy of this subtitle, the Secretary shall, in accordance with this subtitle, issue and, from time to time, may amend orders applicable to persons engaged in the production and sale of pork and pork products in the United States. Not more than one order shall be in effect at any given time. Each order issued under this section shall become effective not more than 90 days following the publication of such order.

NOTICE AND HEARING

SEC. 1825. During the period ending 30 days after receipt of a proposal for an order submitted by any person who might be affected by this subtitle, the Secretary shall publish the proposed order and give due notice of and opportunity for a hearing on the proposed order.

FINDINGS AND ISSUANCE OF AN ORDER

SEC. 1826. After notice of and opportunity for a hearing has been provided in accordance with section 1825, the Secretary shall issue and publish an order if the Secretary finds, and sets forth in such order, that, on the evidence introduced at such hearing, the issuance of the order and all the terms and conditions thereof will assist in carrying out the purpose of this subtitle.

REQUIRED TERMS AND CONDITIONS IN ORDERS

SEC. 1827. (a) Any order issued by the Secretary under this subtitle shall contain the terms and conditions described in this section and, except as provided in section 1828, no others.

(b)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days of the effective date of the order, of a National Pork Producers Delegate Body, which shall consist of one or more members from each State. Nominations of members of the Delegate Body shall be submitted by each State association. Each State entitled to only one Delegate

Body member may nominate an alternate who may attend Delegate Body meetings, but who shall serve only when the member is absent from a meeting. If a State association does not submit nominations, or there is no State association in a State, the Secretary may provide for nominations from that State to be made in a different manner.

(2) Members of the Delegate Body shall serve for a term of one year.

(3) At the first annual meeting, the Delegate Body shall select a Chairman by a majority vote. At every annual meeting thereafter, the Chairman of the Delegate Body shall be the President of the Committee provided for in subsection (d).

(4) The members of the Delegate Body shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Delegate Body.

(5) The Delegate Body shall nominate 11 pork producer members for appointment to the Committee from among the members of the Board provided for in subsection (c) and shall submit such nominations to the Secretary. The Delegate Body shall meet annually to make such nominations. A majority of the Delegate Body shall vote in person to nominate members to the Committee.

(c)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days after the effective date of the order, of a National Pork Producers Board of Directors whose primary function shall be to serve as liaison between the State associations and the Committee and to counsel with and advise the Committee on policy matters. The Board shall consist of one member from each State who is also a member of the Delegate Body and who is appointed from nominations submitted by each State association or, if a State association does not submit nominations or if there is no association in a State, from nominations submitted in a manner provided for by the Secretary.

(2) Members of the Board shall serve for 3-year terms, with no member serving more than two consecutive 3-years terms, except that initial appointments to the Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Chairman of the Board shall be the President of the Committee provided for in subsection (d)(3).

(4) The members of the Board shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

(d)(1) The order shall provide for the establishment and appointment by the Secretary of an 11-member National Pork Producers Executive Committee consisting of pork producers from among the members of the Board from nominations submitted to the Secretary by the Delegate Body in accordance with subsection (b)(5).

(2) Members of the Committee shall serve for 3-year terms with no member serving more than two consecutive 3-year terms, except that initial appointments to the Committee shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Committee shall select its President by a majority vote.

(4) A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, and a majority of votes cast at any meeting at which a quorum is present shall determine any motion or election.

(5) Members of the Committee shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee.

(6) The powers and duties of the Committee shall be to—

(A) develop on its own initiative, as well as to receive from other persons, proposals for promotion, research, and consumer information plans for projects and submit to the Secretary for approval any such plans or projects. Each plan or project must be approved by the Secretary before becoming effective;

(B) administer the order in accordance with its terms and provisions and consistent with the provision of this subtitle;

(C) prescribe rules and regulations to effectuate the terms and provisions of the order;

(D) receive, investigate, and report to the Secretary, complaints of violations of the order;

(E) make recommendations to the Secretary with respect to amendments that should be made to the order; and

(F) employ a staff and conduct routine business.

(e) The order shall provide that the Committee shall prepare and submit to the Secretary, for the Secretary's approval, budgets (on a fiscal period basis) of its anticipated expenses and disbursements in the administration of the order, including projected costs of pork and pork products promotion, research, and consumer information plans or projects.

(f) The order shall provide that the Committee, with the approval of the Secretary, may enter into contracts or agreements with any person for the development and conduct of the activities authorized under the order and for the payment of the cost thereof with funds collected through assessments under the order. Any such contract or agreement shall provide that—

(1) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shall show the estimated costs to be incurred from the plan or project;

(2) any such plan or project shall become effective on the approval of the Secretary; and

(3) the person entering the contract or agreement shall keep accurate records of all of its transactions and make periodic reports to the Committee of the activities it has conducted and accounting for funds received and expended, and such other reports as the Secretary or the Committee may require.

(g) The order shall provide that, in the manner prescribed by the order—

(1) each person who makes payment to a pork producer for porcine animals, pork, or pork products produced in the United States; and

(2) each importer with respect to imported porcine animals, pork, and pork products;

shall pay an assessment to the Committee, unless such person or importer proves that an assessment was previously paid under this subtitle by any person with respect to such porcine animals, pork, or pork products. The rate of assessment prescribed by the initial order shall be three-tenths of one per centum of the market value of the porcine animals, pork, or pork products involved in the sale or of the imported porcine animals, pork, or pork products. In orders issued after the initial order, the rate of assessment may be increased pursuant to a majority vote of the Delegate Body. No such increase may exceed one-tenth of one per centum of the market value and the rate of assessment may not exceed five-tenths of one per centum unless the Delegate Body, after the initial referendum called for in section 1829(a), recommends additional increases in the rate of assessment in any amount it determines and such additional increases are approved in a mandatory referendum conducted under section 1830(b).

(h) The order shall provide that funds collected by the Committee from the assessments shall be distributed in the following manner:

(1) Each State association that is operating a State pork promotion program under State law or on a voluntary basis as of the date of enactment of this Act shall receive an amount equal to the product of the gross amount of checkoff and the percentage applicable to such State association determined by the Delegate Body, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of such association.

(2) The National Pork Producers Council, a nonprofit corporation of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 and incorporated in the State of Iowa, shall receive an amount equal to 60 per centum of the gross amount of checkoff, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of that organization.

(3) The Committee shall retain the remaining funds for use in—

(A) financing promotion, research, and consumer information plans or projects in accordance with this section;

(B) expenses for the administration, maintenance, and functioning of the Committee as may be authorized by the Secretary;

(C) accumulation of reasonable reserve funds to permit an effective promotion, research, and consumer information program to continue in years when the assessment income may be reduced; and

(D) administrative costs incurred by the Secretary to carry out this subtitle after an order has been promulgated under this subtitle, including any expenses incurred for the conduct of referenda under this subtitle.

(i) The order shall provide that no promotion funded with assessments collected under this subtitle may make any false or misleading claims on behalf of pork or pork products or false or misleading statements with respect to the attributes or use of any competing product.

(j) The order shall provide that no funds collected through assessments may be used, in any manner, for the purpose of influencing legislation as defined in subsections (d) and (e)(2) of section 4911 of the Internal Revenue Code of 1954.

(k) The order shall provide that the Committee shall maintain books and records and prepare and submit to the Secretary such reports from time to time as may be required by the Secretary for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and shall cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

(l) The order shall provide that the Committee, with the approval of the Secretary, may invest, pending disbursement under a plan or project, funds collected through assessments only in obligations of the United

States, or of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

PERMISSIVE PROVISIONS

SEC. 1828. (a) On the recommendation of the Delegate Body or Committee, and with the approval of the Secretary, any order issued by the Secretary under this subtitle may contain one or more of the provisions described in this section.

(b)(1) The order may provide that each person purchasing porcine animals from pork producers for commercial use and each importer shall maintain and make available for inspection such books and records as may be specified by the order and file reports at the time, in the manner, and having the content prescribed by the order, including documentation of the State of origin of the porcine animals being purchased or the place of origin of the porcine animals, pork, or pork products being imported. Such information shall be made available to the Secretrary and the Committee as is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any order issued under this subtitle.

(2) All information obtained under paragraph (1) shall be kept confidential by all employees of the Secretary and of the Committee. Only such information as the Secretary deems relevant shall be disclosed and only in a suit or administrative hearing brought at the direction or on the request of the Secretary, or to which the Secretary or any officer of the United States is a party, involving the order with reference to which the information was furnished or acquired. Nothing in this paragraph shall prohibit—

(A) issuance of general statements based on the reports of a number of persons subject to any order or statistical data collected therefrom if such statements or data do not identify the information furnished by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating any order issued under this subtitle, together with a statement of the particular provisions of the order violated by such person.

Any person willfully violating this paragraph shall, upon conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and, if an employee of the Committee or the Secretary, shall be removed from office.

(c) The order may contain terms and conditions incidental to, and not inconsistent with, the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the order.

REQUIREMENT OF REFERENDUM

SEC. 1829. (a) The Secretary shall conduct a referendum during a period not earlier than two years, and not later than three years, after the date of the enactment of this Act, among pork producers who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, for the purpose of ascertaining whether the order then in effect shall be continued. Such order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the pork producers voting in the referendum. If continuation of the order is not approved by a majority of the pork producers voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months and shall terminate the order in an orderly manner as soon as practicable after such determination.

(b) The Secretary shall be reimbursed from assessments collected by the Committee for any expenses (other than compensation payable to officers and employees of the United States) incurred in connection with conducting any referendum under this section and section 1830.

SUSPENSION AND TERMINATION OF ORDERS; ADDITIONAL REFERENDA

SEC. 1830. (a) After the initial referendum provided for in section 1829(a), the Secretary shall, whenever the Secretary finds that any order issued under this subtitle or any provision of the order obstructs or does not tend to effectuate the declared policy of this subtitle, terminate or suspend the operation of such order or such provisions.

(b) After the initial referendum provided for in section 1829(a), the Secretary shall, on request of a number of pork producers who, during a representative period (as determined by the Secretary) have marketed the equivalent of at least 50 porcine animals and compromise 15 per centum or more of the number of pork producers subject to the order, conduct a referendum to determine whether the producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the pork producers voting in the referendum who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

(c) The termination or suspension of any order, or any provision of the order, shall not be considered an order within the meaning of this subtitle.

PETITION AND REVIEW

SEC. 1831. (a) Any person subject to any order issued under this subtitle may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and requesting a modification of the order or an exemption from the order. Such person shall thereupon be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary. After the hearing, the Secretary shall make a determination granting or denying the petition.

(b) The district courts of the United States in any district in which the person is an inhabitant or does business are hereby vested with jurisdiction to review such determination, if a complaint for that purpose is filed within 20 days after the date the person receives notice of such determination. Service of process in such proceedings may be had on the Secretary by delivering a copy of the complaint to the Secretary. If the court determines that the determination is not in accordance with law, the court shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires.

ENFORCEMENT

SEC. 1832. (a) The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order, rule, or regulation issued under this subtitle. Any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of this subtitle would be adequately served by suitable written notice or warning to any person committing such violation or by administrative action under subsection (b).

(b)(1) Any person who willfully violates any provision of any order, rule, or regulation issued by the Secretary under this subtitle may be assessed a civil penalty by the Secretary of not more than $1,000 for each such violation and, in the case of a willful failure to pay, collect, or remit any assessment as required by any order, in addition to the amount due, a penalty equal to the amount of the assessment payable with respect to porcine animals, pork, or pork products with respect to which the failure applies. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from violating such order, rule, or regulation. No penalty shall be assessed, nor cease and desist order issued, unless the Secretary gives such person notice and opportunity for a hearing on the record with respect to such violation. Any order issued under this paragraph by the Secretary shall be final and conclusive unless such person files an appeal from such order with the appropriate United States court of appeals not later than 30 days after such person receives notice of such order.

(2) Any person against whom an order is issued under paragraph (1) may obtain review of such order in the court of appeals of the United States for the circuit in which such person resides or does business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a valid cease and desist order issued under paragraph (1) by the Secretary shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing on the record, of not more than $5,000 for each offense. Each day during which such failure continues shall be deemed a separate violation of such order.

(4) If any person fails to pay a valid civil penalty imposed under this subsection by the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the order imposing such civil penalty shall not be subject to review.

(c) The remedies provided in subsections (a) and (b) shall be in addition to, and not exclusive of, other remedies that may be available.

INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

Sec. 1833. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this subtitle or to determine whether any person subject to the provisions of this subtitle has engaged or is about to engage in any act that constitutes or will constitute a violation of any provision of this subtitle or of any order, rule, or regulation issued under this subtitle. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or does business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony touching the matter under investigation. Any failure to obey an order issued under this section by the court may be punished by the court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

ADMINISTRATIVE PROVISION

Sec. 1834. The provisions of this subtitle applicable to orders shall be applicable to amendments to orders.

AUTHORIZATION OF APPROPRIATIONS

Sec. 1835. There are authorized to be appropriated such sums as may be necessary for the Secretary to carry out this subtitle, subject to reimbursement from the Committee under section 1827(h)(3)(D). Any sums appropriated to carry out this subtitle shall not be available for payment of the expenses or expenditures of the Committee in administering any provisions of any order issued under this subtitle.

PREEMPTION

Sec. 1836. This subtitle is intended to occupy the field of promotion, research, and consumer education involving pork and pork products and the obtaining of funds therefor from pork producers. Any regulation of such activities or requirements with respect to the promotion, research, and consumer education involving pork (other than any regulation or requirement relating to matters of public health) that is in addition to or different from those made under this subtitle may not be imposed by any State.

Subtitle D—Watermelon Research and Promotion Act

SHORT TITLE

Sec. 1841. This subtitle may be cited as the "Watermelon Research and Promotion Act".

FINDINGS AND DECLARATION OF POLICY

Sec. 1842. (a) Congress finds that—

(1) the per capita consumption of watermelons in the United States has declined steadily in recent years;

(2) watermelons are an important cash crop to many farmers in the United States and are an economical, enjoyable, and healthful food for consumers;

(3) approximately 2,607,600,000 pounds of watermelons with a farm value of \$158,923,000 were produced in 1981 in the United States;

(4) watermelons move in the channels of interstate commerce, and watermelons that do not move in such channels directly affect interstate commerce;

(5) the maintenance and expansion of existing markets and the establishment of new or improved markets and uses for watermelons are vital to the welfare of watermelon growers and those concerned with marketing, using, and handling watermelons, as well as the general economic welfare of the Nation; and

(6) the development and implementation of coordinated programs of research, development, advertising, and promotion are necessary to maintain and expand existing markets and establish new or improved markets and uses for watermelons.

(b) It is declared to be the policy of Congress that it is essential in the public interest, through the exercise of the powers provided herein, to authorize the establishment of an orderly procedure for the development, financing (through adequate assessments on watermelons harvested in the United States for commercial use), and carrying out of an effective continuous, and coordinated program of research, development, advertising, and promotion designed to strengthen the watermelon's competitive position in the marketplace, and establish, maintain, and expand domestic and foreign markets for watermelons produced in the United States. The purpose of this subtitle is to so authorize the establishment of such procedure and the development, financing, and carrying out of such program. Nothing in this subtitle may be construed to dictate quality standards nor provide for the control of production or otherwise limit the right of individual watermelon producers to produce watermelons.

DEFINITIONS

Sec. 1843. As used in this subtitle—

(1) the term "Secretary" means the Secretary of Agriculture;

(2) the term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other entity;

(3) the term "watermelon" means all varieties of watermelon grown by producers in the forty-eight contiguous States of the United States;

(4) the term "handler" means any person (except a common or contract carrier of watermelons owned by another person) who handles watermelons in a manner specified in a plan issued under this subtitle or in regulations promulgated thereunder;

(5) the term "producer" means any person engaged in the growing of five or more acres of watermelons;

(6) the term "promotion" means any action taken by the Board, under this subtitle, to present a favorable image for watermelons to the public with the express intent of improving the competitive position of watermelons in the marketplace and stimulating sales of watermelons, and shall include, but not be limited to, paid advertising; and

(7) the term "Board" means the National Watermelon Promotion Board provided for in section 1847.

ISSUANCE OF PLANS

Sec. 1844. To effectuate the declared policy of this subtitle, the Secretary shall, under the provisions of this subtitle, issue, and from time to time may amend, orders (applicable to producers and handlers of watermelons) authorizing the collection of assessments on watermelons under this subtitle and the use of such funds to cover the costs of research, development, advertising, and promotion with respect to watermelons under this subtitle. Any order issued by the Secretary under this subtitle shall hereinafter in this subtitle be referred to as a "plan". Any plan shall be applicable to watermelons produced in the forty-eight contiguous States of the United States.

NOTICE AND HEARINGS

Sec. 1845. (a) When sufficient evidence, as determined by the Secretary, is presented to the Secretary by watermelon producers and handlers, or whenever the Secretary has reason to believe that a plan will tend to effectuate the declared policy of this subtitle, the Secretary shall give due notice and opportunity for a hearing on a proposed plan. Such hearing may be requested by watermelon producers or handlers or by any other interested person, including the Secretary, when the request for such hearing is accompanied by a proposal for a plan.

(b) After notice and opportunity for hearing as provided in subsection (a) of this section, the Secretary shall issue a plan if the Secretary finds, and sets forth in such plan, on the evidence introduced at the hearing that the issuance of the plan and all the terms and conditions thereof will tend to effectuate the declared policy of this subtitle.

REGULATIONS

Sec. 1846. The Secretary may issue such regulations as may be necessary to carry out the provisions of this subtitle and the powers vested in the Secretary under this subtitle.

REQUIRED TERMS IN PLANS

Sec. 1847. (a) Any plan issued under this subtitle shall contain the terms and provisions described in this section.

(b) The plan shall provide for the establishment by the Secretary of the National Watermelon Promotion Board and for defining its powers and duties, which shall include the powers to—

(1) administer the plan in accordance with its terms and conditions;

(2) make rules and regulations to effectuate the terms and conditions of the plan;

(3) receive, investigate, and report to the Secretary complaints of violations of the plan; and

(4) recommend to the Secretary amendments to the plan.

(c) The plan shall provide that the Board shall be composed of representatives of producers and handlers, and one representative of the public, appointed by the Secretary from nominations submitted in accordance with this subsection. An equal number of representatives of producers and handlers shall be nominated by producers and handlers, and the representative of the public shall be nominated by the producer and handler members of the Board, in such manner as may be prescribed by the Secretary. If producers and handlers fail to select nominees for appointment to the Board, the Secretary may appoint persons on the basis of representation as provided for in the plan. If the Board fails to nominate a public representative, the Secretary shall choose such representative for appointment.

(d) The plan shall provide that all Board members shall serve without compensation, but shall be reimbursed for reasonable expenses incurred in performing their duties as members of the Board.

(e) The plan shall provide that the Board shall prepare and submit to the Secretary for the Secretary's approval a budget, on a fiscal period basis, of its anticipated expenses and disbursements in the administration of the plan, including probable costs of research, development, advertising, and promotion.

(f) The plan shall provide for the fixing by the Secretary of assessments to cover costs incurred under the budgets provided for in subsection (e), and under section 1848(f), based on the Board's recommendation as to the appropriate rate of assessment, and for the collection of the assessments by the Board.

(g) The plan shall provide that—

(1) funds collected by the Board shall be used for research, development, advertising, or promotion of watermelons and such other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any referendum and administrative costs incurred by the Department of Agriculture under this subtitle;

(2) no advertising or sales promotion program under this subtitle shall make any reference to private brand names nor use false or unwarranted claims in behalf of watermelons or their products or false or unwarranted statements with respect to attributes or use of any competing products;

(3) no funds collected by the Board shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsections (b)(4) and (f); and

(4) assessments shall be made on watermelons produced by producers and watermelons handled by handlers, and the rate of such assessments shall be the same, on a per-unit basis, for producers and handlers. If a person performs both producing and handling functions, both assessments shall be paid by such person.

(h) The plan shall provide that, notwithstanding any other provisions of this subtitle, any watermelon producer or handler against whose watermelons an assessment is made and collected under this subtitle and who is not in favor of supporting the research, development, advertising, and promotion program provided for under this subtitle shall have the right to demand a refund of the assessment from the Board, under regulations, and on a form and within a time period (not less than 90 days), prescribed by the Board and approved by the Secretary. A producer or handler who timely makes demand in accord with the regulations, on submission of proof satisfactory to the Board that the producer or handler paid the assessment for which the refund is sought, shall receive such refund within 60 days after demand therefor.

(i) The plan shall provide that the Board, subject to the provisions of subsections (e), (f), and (g), shall develop and submit to the Secretary, for the Secretary's approval, any research, development, advertising, or promotion program or project, and that a program or project must be approved by the Secretary before becoming effective.

(j) The plan shall provide the Board with authority to enter into contracts or agreements, with the approval of the Secretary, for the development and carrying out of research, development, advertising, or promotion programs or projects, and the payment of the cost thereof with funds collected under this subtitle.

(k) The plan shall provide that the Board shall (1) maintain books and records, (2) prepare and submit to the Secretary such reports from time to time as may be prescribed for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and (3) cause a complete audit report to be submitted to the Secretary at the end of each fiscal period.

PERMISSIVE TERMS IN PLANS

SEC. 1848. (a) Any plan issued under this subtitle may contain one or more of the terms and provisions described in this section, but except as provided in section 1847 no others.

(b) The plan may provide for the exemption, from the provisions of the plan, of watermelons used for nonfood uses, and authority for the Board to establish satisfactory safeguards against improper use of such exemption.

(c) The plan may provide for the designation of different handler payment and reporting schedules with respect to assessments, as provided for in sections 1847 and 1849, to recognize differences in marketing practices and procedures used in different production areas.

(d) The plan may provide for the establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertising and other sales promotion of watermelons and for the disbursement of necessary funds for such purposes. Any such program or project shall be directed toward increasing the general demand for watermelons, and promotional activities shall comply with the provisions of section 1847(g).

(e) The plan may provide for establishing and carrying out research and development projects and studies to the end that the marketing and use of watermelons may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(f) The plan may provide authority for the accumulation of reserve funds from assessments collected under this subtitle, to permit an effective and continuous coordinated program of research, development, advertising, and promotion in years when watermelon production and assessment income may be reduced, except that the total reserve fund may not exceed the amount budgeted for two years operation.

(g) The plan may provide for the use of funds from assessments collected under this subtitle, with the approval of the Secretary, for the development and expansion of sales of watermelons in foreign markets.

(h) The plan may contain terms and conditions incidental to and not inconsistent with the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the plan.

ASSESSMENT PROCEDURES

SEC. 1849. (a) Each handler required to pay assessments under a plan, as provided for under section 1847(f), shall be responsible for payment to the Board, as it may direct, of the assessments. A handler also shall collect from any producer, or shall deduct from the proceeds paid to any producer, on whose watermelons a producer assessment is made, the assessments required to be paid by the producer. The handler shall remit producer assessments to the Board as the Board directs. Such handler shall maintain a separate record with respect to each producer for whom watermelons were handled. Such records shall indicate the total quantity of watermelons handled by the handler, including those handled for producers and for the handler, the total quantity of watermelons handled by the handler that are included under the terms of the plan, as well as those that are exempt under the plan, and such other information as may be prescribed by the Board. To facilitate the collection and payment of assessments, the Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures used in any State or area. The handler shall be assessed an equal amount as the producer. No more than one assessment on a producer nor more than one assessment on a handler shall be made on any watermelons.

(b) Handlers responsible for payment of assessments under subsection (a) shall maintain and make available for inspection by the Secretary such books and records as required by the plan and file reports at the times, in the manner, and having the content prescribed by the plan, to the end that information and data shall be made available to the Board and to the Secretary that is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or any plan or regulation issued under this subtitle.

(c) All information obtained under subsections (a) and (b) shall be kept confidential by all officers and employees of the Department of Agriculture and of the Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or on the request, of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the plan with reference to which the information to be disclosed was furnished or acquired. Nothing in this subsection shall be deemed to prohibit—

(1) the issuance of general statements based on the reports of a number of handlers subject to a plan if such statements do not identify the information furnished by any person; or

(2) the publication by direction of the Secretary of the name of any person violating any plan together with a statement of the particular provisions of the plan violated by such person.

Any such officer or employee violating the provisions of this subsection shall on conviction be subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both, and shall be removed from office.

PETITION AND REVIEW

SEC. 1850. (a) Any person subject to a plan may file a written petition with the Secretary, stating that the plan or any provision of the plan, or any obligation imposed in connection therewith, is not in accordance with law and praying for a modification thereof or to be exempted thereform. The person shall be given an opportunity for a hearing on the petition, in accordance with regulations prescribed by the Secretary. After the hearing, the Secretary shall make a ruling on the petition, which shall be final if in accordance with the law.

(b) The district courts of the United States in any district in which the person is an inhabitant, or in which the person's principal place of business is located, are hereby vested with jurisdiction to review such ruling, provided that a complaint for that purpose is filed within twenty days from the date of the entry of the ruling. Service of process in such proceedings may be had on the Secretary by delivering to the Secretary a copy of the complaint. If the court deter-

mines that the ruling is not in accordance with law, it shall remand the proceedings to the Secretary with directions either to (1) make such ruling as the court shall determine to be in accordance with law, or (2) take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted under subsection (a) shall not impede or delay the United States or the Secretary from obtaining relief under section 1851(a).

ENFORCEMENT

SEC. 1851. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any plan or regulation made or issued under this subtitle. The facts relating to any civil action that may be brought under this subsection shall be referred to the Attorney General for appropriate action, except that nothing in this subtitle shall be construed as requiring the Secretary to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of the plan or regulation would be adequately served by administrative action under subsection (b) or suitable written notice or warning to any person committing the violations.

(b)(1) Any person who violates any provision of any plan or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit any assessment or fee required of the person thereunder, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring the person to cease and desist from continuing the violation. No penalty shall be assessed nor cease and desist order issued unless the person is given notice and opportunity for a hearing before the Secretary with respect to the violation. The order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the person affected by the order files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under paragraph (1) may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days after the date of the order and by simultaneously sending a copy of the notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which the violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in paragraphs (1) and (2), of not more than $500 for each offense. Each day during which the failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

INVESTIGATION AND POWER TO SUBPOENA

SEC. 1852. (a) The Secretary may make such investigations as the Secretary deems necessary to carry out effectively the Secretary's responsibilities under this subtitle or to determine whether a handler or any other person has engaged or is engaging in any acts or practices that constitute a violation of any provision of this subtitle, or of any plan or regulation issued under this subtitle. For the purpose of an investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring the person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by the court as contempt thereof. All process in any such case may be served in the judicial district in which the person is an inhabitant or wherever the person may be found. The site of any hearing held under this subsection shall be within the judicial district in which the handler or other person is an inhabitant or in which the person's principal place of business is located.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpoena of the Secretary, or in any cause or proceeding, criminal or otherwise, based on, or growing out of, any alleged violation of this subtitle, or of any plan or regulation issued thereunder, on the grounds that the testimony or evidence, documentary or otherwise, required of the person may tend to incriminate the person or subject the person to a penalty or forfeiture. However, no person shall be prosecuted or subjected to any penalty or forfeiture on account of any transaction, matter, or thing concerning which the person is compelled, after having claimed the person's privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

REQUIREMENT OF REFERENDUM

SEC. 1853. The Secretary shall conduct a referendum among producers and handlers not exempt under sections 1843(5) and 1848(b) who, during a representative period determined by the Secretary, have been engaged in the production or handling of watermelons, for the purpose of ascertaining whether the issuance of a plan is approved or favored by producers and handlers. The referendum shall be conducted at the county extension offices. No plan issued under this subtitle shall be effective unless the Secretary determines that the issuance of the plan is approved or favored by not less than two-thirds of the producers and handlers voting in such referendum, or by the producers and handlers of not less than two-thirds of the watermelons produced and handled during the representative period by producers and handlers voting in such referendum, and by not less than a majority of the producers and a majority of the handlers voting in the referendum. The ballots and other information or reports that reveal or tend to reveal the vote of any producer or handler or the person's volume of watermelons produced or handled shall be held strictly confidential and shall not be disclosed. Any officer or employee of the Department of Agriculture violating the provisions hereof shall on conviction be subject to the penalties provided in section 1849(c) of this subtitle.

SUSPENSION OR TERMINATION OF PLANS

SEC. 1854. (a) Whenever the Secretary finds that a plan or any provision thereof obstructs or does not tend to effectuate the declared policy of this subtitle, the Secretary shall terminate or suspend the operation of the plan or provision.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of the Board or 10 per centum or more of the watermelon producers and handlers eligible to vote in a referendum, to determine if watermelon producers and handlers favor the termination or suspension of the plan. The Secretary shall terminate or suspend the plan at the end of the marketing year whenever the Secretary determines that the termination or suspension is favored by a majority of those voting in the referendum, and who produce or handle more than 50 per centum of the volume of the watermelons produced by the producers or handled by the handlers voting in the referendum. Any such referendum shall be conducted at county extension offices.

AMENDMENT PROCEDURE

SEC. 1855. The provisions of this subtitle applicable to plans shall be applicable to amendments to plans.

SEPARABILITY

SEC. 1856. If any provision of this subtitle or the application thereof to any person or circumstances is held invalid, the validity of the remainder of this subtitle and the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1857. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle, except that the funds so appropriated shall not be available for the payment of any expenses or expenditures of the Board in administering any provision of any plan issued under authority of this subtitle.

Subtitle E—Marketing Orders

MAXIMUM PENALTY FOR ORDER VIOLATIONS

SEC. 1861. (a) Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "$500" and inserting in lieu thereof "$5,000".

(b) The amendment made by subsection (a) shall not apply with respect to any violation described in section 8c(14) of the Agricultural Adjustment Act occurring before the date of the enactment of this Act.

LIMITATION ON AUTHORITY TO TERMINATE MARKETING ORDERS

Sec. 1862. (a) Section 8c(16) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) in subparagraph (A)—

(A) striking out "The Secretary" and inserting in lieu thereof "(i) Except as provided in clause (ii), the Secretary"; and

(B) adding at the end thereof the following:

"(ii) The Secretary may not terminate any order issued under this section for a commodity for which there is no Federal program established to support the price of such commodity unless the Secretary finds that termination is favored by a majority of the producers referred to in subparagraph (B). The Secretary may make such finding with respect to termination only in the manner specified in subparagraph (B)."; and

(2) in subparagraph (C), striking out "The termination" and inserting in lieu thereof "Except as otherwise provided in this subsection with respect to the termination of an order issued under this section, the termination".

(b) The amendment made by subsection (a) shall apply with respect to the termination of any order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, and in effect on or after July 10, 1985.

CONFIDENTIALITY OF INFORMATION

Sec. 1863. Section 8d(2) of the Agricultural Adjustment Act (7 U.S.C. 608d(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) inserting in the first sentence ", or provided by a producer or handler under section 8c," after "pursuant to this section"; and

(2) in clause (A) of the second sentence, striking out "the information furnished by any person", and inserting in lieu thereof "or disclose any specific item of information furnished by any person, or reveal the identity of such person".

Subtitle F—Grain Inspection

GRAIN STANDARDS

Sec. 1871. Section 4 of the United States Grain Standards Act (7 U.S.C. 76) is amended by adding at the end thereof the following:

"(c) If the Government of any country requests that moisture content remain a criterion in the official grade designations of grain, such criterion shall be included in determining the official grade designation of grain shipped to such country.

"(d) The Administrator shall issue regulations establishing a new grade for each type of grain that exceeds the standards in effect on September 30, 1985, for United States No. 1 grade of such grain.".

IMPROVED QUALITY STANDARDS FOR EXPORTED GRAIN

Sec. 1872. Section 6 of the United States Grain Standards Act (7 U.S.C. 78) is amended by adding at the end thereof the following:

"(c)(1) To protect the quality of grain exported from the United States, no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain when there is a possibility that the recombined product may be exported from the United States; and no dockage or foreign material of any origin may be added to any grain that may be exported when the result will be to reduce the grade or quality of the grain or to reduce its ability to resist spoilage.

"(2) Nothing in paragraph (1) shall be construed to prohibit—

"(A) the treatment of grain to suppress, destroy, or prevent insects and fungi injurious to stored grain;

"(B) the export of dockage or foreign material removed from grain when such dockage or foreign material is pelletized or a part of a processed ration for livestock, poultry, or fish and is exported separately and uncombined with any whole grain;

"(C) the blending of grain with similar grain of a different grade to adjust the quality of the resulting mixture;

"(D) the addition to grain of confetti, or any other material that serves the same purpose, in an amount necessary to facilitate identification of ownership or origin of a particular lot of grain; and

"(E) the addition of any other foreign material that may be determined by the Secretary to be in the interest of grain producers and to be neutral or constructive in achieving the goal of protecting the quality of grain exported from the United States.

"(3) Adjustment of the moisture content of grain that may be exported is permitted by the blending of such grain with a similar grain of different moisture content if the difference between the moisture contents of the grains being blended does not exceed 4 per centum, but the addition of water to grain that may be exported is prohibited except by aeration of such grain with natural air.".

"NEW GRAIN CLASSIFICATIONS

"Sec. 1873. The Secretary shall direct the Federal Grain Inspection Service and the Agricultural Research Service to cooperate in developing new means of establishing grain classifications taking into account characteristics other than those visually-evident and shall report to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry not later than December 31, 1985, on the status of those cooperative efforts as they relate to more accurately classifying types of wheat and other grains now in use."

Subtitle G—Agricultural Stabilization and Conservation Committees

ASC COMMITTEE REFORM

Sec. 1881. (a)(1) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by striking out the first through the seventh sentences and inserting in lieu thereof:

"In carrying out the provisions of this section, the Secretary shall use the services of local and State committees selected as hereinafter provided. The Secretary shall designate local administrative areas as units for administration of programs. There shall be three local administrative areas in each county, except that, in counties with less than one hundred and fifty farmers, the county committee selected as hereinafter provided may reduce the number of local administrative areas to one, and except that the Secretary may include more than one county or parts of different countries in a local administrative area when the Secretary determines that there are insufficient farmers in an area to establish a slate of candidates for a community committee and hold an election. Each local administrative area shall have one community committee consisting of at least three members elected to three-year terms in a community election to be held every third year, except that there may be more than one community committee per administrative area in counties that, as of the date of enactment of the Food Security Act of 1985, have more than three community committees. Only one local administrative area shall hold an election in any given year in each county. Community committee members shall serve without pay. Community committees shall meet at least twice annually. Only farmers within a local administrative area who are producers who participate or cooperate in programs administered within their area shall be eligible for nomination and election to the community committee for that area. Only farmers who are participating or cooperating producers within an area shall be eligible to vote in the election in that area. Each county shall have a county committee which shall consist of three members, who shall be elected on a rotating basis—one each year from within one of the three administrative areas. The community committee candidate receiving the greatest number of votes shall be the county committee member and shall serve a three-year term. In an administrative area with more than one community committee, the one community committee candidate receiving the greatest number of votes shall be the county committee member. Should the candidate receiving the greatest number of votes decline to serve on the county committee, the candidate receiving the greatest number of votes and who is willing to serve shall become the county committee member. In counties with only one community and in administrative areas containing more than one county or parts of different counties, community and county committee members shall be elected for three-year terms in accordance with regulations to be issued by the Secretary. The Secretary, by regulation, may set levels of, and provide, pay for county committees.".

(2) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by striking out the 13th sentence.

(b) To ensure continuity of the farmer-elected committee system, the Secretary shall provide by regulation for the orderly implementation of the amendments made by subsection (a) by authorizing members of local and county committees duly elected on or before the effective date of this Act to serve out their unexpired terms.

Subtitle H—Miscellaneous

COMMODITY CREDIT CORPORATION STORAGE CONTRACTS

Sec. 1891. Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended by inserting, after the colon at the end of the second proviso, the following: "And provided further, That any contract entered into by the Corporation for the use of a storage facility shall provide at least that (1) the rental rate charged for an extended term in excess of one year shall be at an annual rate less than that which is charged for a one-year contract, (2) any obligation of the Corporation to pay for the use of any space in a facility shall be relieved to the extent that the Corporation does not use the space and payment is made by another *person for the use of such space, and (3) if the Corporation determines that it no longer needs the space reserved in the facility, the Corporation may be relieved, for the remaining term of the contract, of its obligations to an extent and in a manner that will provide significant savings to the Corporation while permitting the owner of the facility reasonable time to lease such space to another person:".*

WEATHER AND CLIMATE INFORMATION IN AGRICULTURE

SEC. 1892. (a) Congress finds that—

(1) agricultural and silvicultural operations are vulnerable to damage from atmospheric conditions that accurate and timely reporting of weather information can help prevent;

(2) the maintenance of current weather and climate analysis and information dissemination systems, and Federal, State, and private efforts to improve these systems, is essential if agriculture and silviculture are to mitigate damage from atmospheric conditions;

(3) agricultural and silvicultural weather services at the Federal level should be maintained with joint planning between the National Oceanic and Atmospheric Administration and the Department of Agriculture; and

(4) efforts should be made, involving user groups, weather and climate information providers, and Federal and State governments, to expand the use of weather and climate information in agriculture and silviculture.

(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to maintain an active Federal involvement in providing agricultural and silvicultural weather and climate information and that efforts should be made, among users of this information and among private providers of this information, to improve use of this information.

EMERGENCY FEED PROGRAM

SEC. 1893. Clause (2) of section 1105(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2267(b)) is amended by striking out "feed for such person's livestock" and inserting in lieu thereof "feed that has adequate nutritive value and is suitable for each of such person's respective particular types of livestock".

ILLEGAL ACTIVITIES

SEC. 1894. Notwithstanding any other provisions of law, any person, corporation, or other legal entity convicted under Federal or State law of planting, growing, cultivating, producing, storing, or harvesting cannabis (marihuana) or other prohibited drug-producing plant on any part of the lands owned or controlled by such person or entity, or of permitting any such activity on lands owned or controlled by the person or entity, shall be ineligible for the year (or years) in which the illegal activity occurs to receive any benefits under any loan, purchase, payment, indemnity, land diversion, conservation, or other program administered by the Department of Agriculture for the benefits of agricultural producers.

DEPARTMENT OF DEFENSE LAND

SEC. 1895. Notwithstanding any other provision of law, land owned by or under control of the Department of Defense or any agency thereof, that is leased for the production of agricultural commodities, shall not be eligible for participation in any program administered by the Department of Agriculture.

SEC. 1896. STUDY OF LEADED FUEL IN AGRICULTURAL MACHINERY.

(a) STUDY.—The Secretary of Agriculture shall conduct a study of the use of fuel containing lead additives in gasoline engines which—

(1) are used in agricultural machinery, and

(2) are designed to combust fuel containing such additives.

The study shall analyze any mechanical problems (including but not limited to value recession) which may be associated with the use of other fuels in such engines.

(b) CONTRACTS AND OTHER ARRANGEMENTS.—For purposes of the study under this Act, the Secretary of Agriculture is authorized to enter into such contracts and other arrangements as may be appropriate to obtain the necessary technical information. All testing of engines carried out for purposes of such study shall be reflective of actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(c) FINDINGS AND REPORT.—The Secretary of Agriculture shall publish in the Federal Register not later than January 1, 1987, his proposed findings pursuant to such study. After notice and opportunity for hearing, but not later than January 1, 1986, the Secretary shall submit to Congress a final report containing the results of the study under this section, together with any public comments received and recommendations on the need for lead additives in gasoline to be used by agricultural machinery.

(d) AGRICULTURAL MACHINERY.—The Secretary of Agriculture shall specify the types and items of agricultural machinery to be covered by the study under this Act.

(e) REGULATION OF LEAD ADDITIVES DURING STUDY.—No regulation under any provision of law regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon which is less than 0.1 gram per gallon until the date 3 months after the report required by subsection (c) has been submitted to Congress.

SEC. 1897. AUTHORIZATION OF APPROPRIATIONS.

For fiscal years beginning after September 30, 1985, there is authorized to be appropriated $250,000 to carry out section 1 of this Act.

LEAD ADDITIVES IN FARM FUEL

SEC. 1897. (a) Except as provided in subsection (f), any regulation issues under any provision of law before or after the date of enactment of this section regarding the control or prohibition of lead additives in gasoline shall be amended to provide that the average lead content per gallon of gasoline distributed and sold for use on a farm for farming purposes shall not be less than 0.5 grams per gallon. The purpose of such amendment shall be to ensure that adequate supplies of gasoline containing sufficient lead additives to protect and maintain farm machinery will be available in all States for use on farms for farming purposes. Nothing in this section shall affect the control of lead or lead additives in gasoline distributed and sold for other uses. For purposes of this section, the term "gasoline used on a farm for farming purposes" has the same meaning as when used in section 6420 of the Internal Revenue Code of 1954.

(b) The President, acting through the Secretary of Agriculture and the Administrator of the Environment Protection Agency, shall promptly initiate a study of the use of fuel containing lead additives in gasoline engines which—

(1) are used in agricultural machinery and

(2) are designed to combust fuel containing such additives.

The study shall analyze any mechanical problems (including, but not limited to value recession) which may be associated with the use of other fuels, including fuels without lead additives in such engines.

(c) For purposes of the study, the appropriate lead agency designated by the President is authorized to enter into such contracts under applicable law and other arrangements as may be appropriate to obtain the necessary technical and other information. All testing of engines carried out for purposes of such study shall be reflective of actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(d) The results of the study shall be published in the Federal Register not later than January 1, 1987 for written comments, and shall be submitted to Congress within 90 days after such publication. The report shall contain the results of the study under this section, together with a summary of any public comments received, and recommendation on the need for lead additives in gasoline to be used by agricultural machinery. The report shall also be transmitted to the Committees on Agriculture of the House and Senate and the Committee on Energy and Commerce of the House and the Committee on the Environment and Public Works of the Senate. Such report shall be submitted only while both Houses are in session.

(e) The Secretary of Agriculture shall specify the types of items of agricultural machinery to be covered by the study under this Act.

(f) Effective not earlier than 4 months after the date on which the report is submitted to Congress under subsection (d), in

HONEY LOAN MAXIMUM

SEC. 1898. Notwithstanding any other provision of law, the Secretary of Agriculture may declare that, with respect to nonrecourse loans a person may receive for honey under a program under the Agricultural Act of 1949 for a crop year, the outstanding principal balance of such loan shall not exceed $250,000, and that any outstanding balance exceeding that amount shall be a recourse loan in nature. The Secretary shall make rules to carry out this section and such rules shall conform as nearly as practicable to the rules made to carry out section 405(b) of the Agricultural Act of 1949. The Secretary shall not make a declaration under this first sentence of this section if the Secretary determines that the application of this section upon such declaration would have an undue ill effect on the structure of the honey industry or on agricultural interests that depend on commercial bee colonies for pollination.

FARMLAND PROTECTION

SEC. 1989. (a) Section 1546 of the Farmland Protection Policy Act (7 U.S.C. 4207) is amended by striking out the words "Within one year after the enactment of this subtitle," and substituting therefore "On January 1, 1987, and at the beginning of each subsequent calendar year,".

(b) Section 1548 of the Farmland Protection Policy Act (7 U.S.C. 4209) is amended by striking the words "any State, local unit of government, or" and inserting before the period at the end of the sentence ": Provided, That the Governor of an affected state where a state policy or program exists to protect

farmland may bring an action in the Federal District Court of the district where a federal program is proposed to enforce the requirements of section 1541 of ths subtitle and regulations issued pursuant thereto".

STRATEGIC STOCKPILE AUTHORITY

SEC. 1899. (a) Of the commodities in the Commodity Credit Corporation or otherwise under the Department of Agriculture stores, one-half thereof as of January 1, 1986, shall be available for sale or barter with the proceeds to be used to furnish materials for the Strategic Stockpile without further appropriations therefor. Such sales or barter can be made within the United States or abroad and may be undertaken between the United States and other sovereign countries. To the extent that the assets of the Commodity Credit Corporation are reduced by this process, the full faith and credit of the United States shall be substituted therefor. The Commodity Credit Corporation shall take appropriate action to protect fully the assets of the Commodity Credit Corporation on the basis of the established value at the time of transfer of the assets for sale or barter. In such sales or barter the commodities need not be sold or bartered at a profit and no such sale or barter shall be effected which in the judgment of the Commodity Credit Corporation will seriously adversely affect production or prices in the United States or elsewhere.

Page 509, after line 13, insert the following:

POTATO ADVISORY COMMISSION

SEC. 1896. It is the sense of Congress that—

(1) the Secretary of Agriculture should take actions based on the recommendations of the potato advisory committee established by the Secretary on an ad hoc basis:

(2) such actions should address industry concerns including trade, quality inspections, and pesticide use;

(3) such committee should meet biannually; and

(4) the recommendations and actions of such committee should be reported to the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives, and to the public.

TITLE XIX—NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

SEC. 1901. This title may be cited as the "National Agricultural Policy Commission Act of 1985".

DEFINITIONS

SEC. 1902. As used in this title—

(1) the term "commission" means the National Commission on Agricultural Policy established under section 1903;

(2) the term "Governor" means the chief executive officer of a State; and

(3) the term "State" means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, or the Trust Territory of the Pacific Islands.

ESTABLISHMENT OF COMMISSION

SEC. 1903. (a) There is established a National Commission on Agricultural Policy to conduct a study of the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States.

(b) In addition to the members specified in subsection (c), the Commission shall be composed of fifteen members appointed or designated by the President and selected as follows:

(1) The President shall request Governors of States to nominate members representing individuals and industries directly affected by agricultural policies, including—

(A) producers of major agricultural commodities in the United States;

(B) processors or refiners of United States agricultural commodities;

(C) exporters, transporters, or shippers of United States agricultural commodities;

(D) suppliers of production equipment or materials to United States farmers;

(E) providers of financing or credit for agricultural purposes; and

(F) consumers of United States agricultural commodities.

(2) The Governor of a State may submit to the President a list of not less than two, not more than four, nominees to serve on the Commission who represent individuals and industries referred to in paragraph (1).

(3)(A) Except as provided in subparagraphs (B) and (C), the President shall appoint 15 individuals from a total of, to the extent practicable, not less than sixty individuals nominated by States under paragraph (2) to serve on the Commission.

(B) The President may appoint to the Commission not more than—

(i) one individual nominated by a particular State; and

(ii) eight individuals of the same political party.

(C) If the President determines that the individuals nominated by States under paragraph (2) are not broadly representative of the individuals and industries referred to in paragraph (1), the President may substitute no more than three other individuals to serve on the Commission who represent such individuals and industries.

(c)(1) The chairmen and ranking minority members of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate shall—

(A) serve as ex officio members of the Commission; and

(B) have the same voting rights as the members of the Commission selected and appointed under subsection (b).

(2) The chairmen and ranking minority members may designate other members of the respective committees to serve in their stead as members of the Commission.

(d) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) The Commission shall elect a chairman from among the members of the Commission who are selected and appointed under the provisions of subsection (b).

(f) The Commission shall meet at the call of the chairman or a majority of the Commission.

CONDUCT OF STUDY

SEC. 1904. The Commission shall study the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States, including—

(1) the effectiveness of existing agricultural programs in improving farm income;

(2) the manner in which the programs may be improved to retain a family-farm system of agricultural production;

(3) the effect of legislative and administrative changes in agricultural policy on planning and long-term profitability of farmers;

(4) the effect on farmers of the existing system and structure of formulating and implementing agriculture policy;

(5) the effect of national and international economic trends on United States agricultural production;

(6) the means of adjusting the agricultural policies, programs, and practices of the United States to meet changing economic conditions;

(7) potential areas of conflict and compatibility between the structure of making agricultural policy and long-term stability in policy and practices;

(8) changing demographic trends and the way they affect agriculture and agricultural policy consistency; and

(9) the role of State and local governments in future agricultural policy.

REPORTS

SEC. 1905. Not later than twelve months after the date of the enactment of the Act, and each twelve months thereafter during the existence of the Commission, the Commission shall submit an annual report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1904. The Commission shall not comment on legislation pending before Congress unless specifically requested to do so by the Chairman of an appropriate committee.

ADMINISTRATION

SEC. 1906. (a) The heads of executive agencies, the General Accounting Office, the International Trade Commission, and the Congressional Budget Office, to the extent permitted by law, shall provide the Commission with such information as the Commission may require in carrying out duties and functions of the Commission.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Members who are private citizens of the United States may be allowed travel expenses, including a per diem in lieu of a subsistence expense, as authorized by law for persons serving intermittently in the Government service under sections 5701 through 5707 of title 5 of the United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5 of United States Code governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish the Commission with such personnel and support services as are necessary to assist the Commission in carrying out duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or Office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or the Office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act, the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be at the disposal of the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for the purpose of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committees Act and sections 4301 through 4308 of title 5 of the United States Code.

AUTHORIZATION OF APPROPRIATIONS

Sec. 1907. (a) There are authorized to be appropriated such sums as are necessary to carry out this title.

(b) To the maximum extent practicable, expenses of the Commission shall be carried out using funds available to the Secretary of Agriculture.

TERMINATION

Sec. 1908. This title and the Commission shall terminate five years after the date of enactment of this Act.

TITLE XX—PROCEDURAL MATTERS

AUTHORITY RELATING TO ENTITLEMENTS

Sec. 2001. Notwithstanding any other provision of this Act and the amendments made by this Act, no provision of this Act or any amendment made by this Act shall provide for or result in making loans, grants, or payments of the type described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 in any of the fiscal years 1987 through 1990 at levels that exceed the levels at which loans, grants, and payments of such type are authorized to be made under this Act or such amendment for fiscal year 1986.

LIMITATION ON DISCRETIONARY AUTHORITY

Sec. 2002. Discretionary and mandatory authority to enter into contracts or cooperative agreements, to incur obligations, or to make payments under this Act and the amendments made by this Act shall be effective only to the extent, and in such amounts, as are provided in advance in appropriation Acts.

Mr. STANGELAND (during the reading). Mr. Chairman, I ask unanimous consent that the substitute amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. MARLENEE. I object, Mr. Chairman.

The CHAIRMAN. Objection is heard.

The Clerk will continue to read.

The Clerk continued the reading of the amendment.

Mr. MADIGAN (during the reading). Mr. Chairman, I reserve all points of order against the amendment.

The CHAIRMAN. The Clerk will continue to read.

The Clerk continued the reading of the amendment.

Mr. STANGELAND (during the reading). Mr. Chairman, I ask unanimous consent that the substitute amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. HUCKABY. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Louisiana [Mr. Huckaby] was on his feet, and he objects.

Objection is heard.

The Clerk will continue to read.

The Clerk continued the reading of the amendment.

Mr. STANGELAND (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record, and that I be allowed to make my statement and advise the body what is in the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. de la GARZA. Mr. Chairman, reserving the right to object, I take this time to make an inquiry of the author of the amendment.

We do not know what is in it, and I doubt that we are going to know by 5 o'clock, but I would be willing to let the House decide. If we would yield back the balance of our time and vote on the gentleman's amendment, I would be ready to proceed and not waste the Members' time because we are not going to find out in 3 days what is in this amendment.

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Mr. MADIGAN. Mr. Chairman, will the gentleman from Texas yield under his reservation?

Mr. de la GARZA. I yield.

Mr. MADIGAN. Mr. Chairman, I thank the gentleman for yielding under this reservation.

I just have asked the gentleman to yield to tell him that we have just looked at the last pages of the substitute. The amendment offered and adopted on the floor by the gentleman from California [Mr. Miller] is not in the substitute.

The amendment to that amendment, offered by the gentleman from Massachusetts [Mr. Frank] and adopted in the House, is not in the substitute.

It appears that the substitute has stricken the effective dates of the dairy program. Just in 30 seconds we discovered that.

Now, that is the kind of thing we are being asked to vote here.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. de la GARZA. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, we also seem to be missing a whole title and we wonder or not if that is by design. It appears that the entire title XXI has been left out of the bill and we are wondering whether that was by design.

Mr. de la GARZA. Well, continuing my reservation of objection, Mr. Chairman, I feel that I owe the gentleman a good-faith obligation for a vote on his amendment. I probably could raise a point of order under every rule, that it is one big mess. I think we owe him a vote, but I would not want to waste the Members' time anymore.

If the gentleman is prepared for a vote and can close debate at this point, I would not have any objection and proceed to a vote on the gentleman's amendment.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. de la GARZA. I yield to the gentleman from Minnesota.

Mr. STANGELAND. Mr. Chairman, I appreciate the gentleman yielding.

I think that I should be entitled to a 5-minute statement, because I think some things have been said here and I would like to set the record somewhat straight here. I think I can do that in 5 minutes.

Mr. de la GARZA. Continuing under my reservation, Mr. Chairman, I do not know if the gentleman can explain it in 5 minutes. It could take 5 days, but I would be willing to reach an agreement with the gentleman that he have 5 minutes and that the gentleman from Illinois [Mr. Madigan] and I have the rest of the time and vote at 5 o'clock.

Mr. STANGELAND. Mr. Chairman, if the gentleman will yield, I do not quarrel with that.

Mr. de la GARZA. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. Stangeland] that the amendment be considered as read and printed in the Record?

There was no objection.

Mr. de la GARZA. Mr. Chairman, I ask unanimous consent that the gentleman from Minnesota [Mr. Stangeland] may have 5 minutes, beginning right now, and that the balance of the time until 5 o'clock be divided equally between the gentleman from Illinois [Mr. Madigan] and myself.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Does the gentleman from Illinois [Mr. Madigan] continue to reserve his points of order?

Mr. MADIGAN. No, I withdraw the points of order, Mr. Chairman.

The CHAIRMAN. Under the agreement, the gentleman from Minnesota [Mr. Stangeland] will be recognized for 5 minutes, and the gentleman from Illinois [Mr. Madigan] and the gentleman from Texas [Mr. de la Garza] will be recognized for the remaining time, which will be approximately 7 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. Stangeland].

Mr. STANGELAND. Mr. Chairman, first, I would like to begin by requesting of my dear colleague, the gentleman from Michigan [Mr. Conyers] that when the gentleman corrects his statement in the Record today that he spell my last name properly. I get a lot of mispronunciations of that name and I get a lot of fun poked at it and I guess I can take it, but I hope that in the Record it will show the name correct.

Then I would like to just say this to my very distinguished Chairman, to my colleagues who have talked about the legislative process and the strange circumstances with which we find ourselves at this point in time, I respect what these gentlemen have said and I certainly share their concern. I spent 9 years in this body. I spent 8 years in the Minnesota Legislature. I greatly respect the legislative process and I am going to stand here today and say that I apologize for taking this kind of route and this kind of avenue. I can understand why these gentlemen are exercised at what is going on; but let me say that these are what I think extremely unique and difficult times with our Nation's agriculture and perhaps sometimes we ought to depart from tradition and do some things that normally we would not do.

I am offering a substitute to the Alexander amendment. My substitute essentially accepts the features contained in the Alexander amendment, with some changes. It incorporates the amendments adopted to date on the House floor, and I think if there is a concern about some of the amendments that were adopted in today's proceedings, those can be added by unanimous consent, and they should be.

It also uses my "marketing loan" amendment with "targeted" deficiency payments as the "base bill" provisions in the event the referendum for wheat and feed grain producers is defeated.

In offering this amendment, first let me say that there is no Member more committed to achieving higher farm prices than I am.

In the past, as the gentleman from Illinois has pointed out, I have opposed efforts to impose mandatory Government controls, because I have always had some honest, sincere reservations regarding the long-term implications for American agriculture. While I think it is crucial that we do everything in our power to address the immediate problem of disastrously low farm prices, I do not think we ought to make the mistake of pursuing some shortsighted policies which would destroy any hope for future generations who may wish to farm the land; but with the incorporation of my earlier amendment, which was narrowly defeated by a vote of 228 to 200, I feel that a viable alternative to the mandatory controls approach is now being offered to those farm families who dream of being able to pass on the legacy of a family farm to their children and their children's children.

Let me say as well that if we are going to have mandatory controls and if we are going to have to have a reduction in the usage of acreage in the future, I think it is essential that we adopt a proposal that puts real income into agriculture.

The other mandatory programs just did not do that, and this one does.

As the bill now stands, there is no assurance of a marketing loan, that is the present bill. We have no targeting of deficiency payments to family-sized farms, and the producer referendum previously contained in the Bedell amendment was overwhelmingly defeated by a vote of 251 to 174.

In other words, I think this is our last chance to offer farmers something other than a "warmed over" 1981 farm bill.

Imposing mandatory government controls, withdrawing from the export market, and restricting future generations of farmers to a stagant domestic marketplace, is not the answer; but I remain convinced that the existing depression-era farm programs must be improved and that new innovative approaches are necessary to meet the needs of American agriculture in the 1980's.

It is no secret that of the two paths offered in this substitute amendment, I believe that my marketing loan amendment with deficiency payments being targeted to family-size farms offers the best hope for moving us in a new, more desirable direction.

But I say, let us give the farmers the opportunity to choose. I urge an "aye" vote on the substitute to the Alexander amendment.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. STANGELAND. I am happy to yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I would accept the gentleman's amendment as a substitute for my amendment and urge my colleagues on the Democratic side to support the Stangeland amendment.

Mr. PENNY. Mr. Chairman, will the gentleman yield,

Mr. STANGELAND. I am happy to yield to my friend, the gentleman from Minnesota.

Mr. PENNY. Mr. Chairman, I have simply three questions. First of all, is it fair to describe the gentleman's amendment as an amendment which leaves all the provisions of this farm bill in place, with the exception of wheat, corn, feed grains, and the referendum section?

Mr. STANGLELAND. That is right.

Mr. PENNY. And in the area of wheat, corn, and feed grains, the gentleman provides a marketing loan alternative?

Mr. STANGLELAND. That is right.

Mr. PENNY. If the referendum does not pass then in other commodities, what is in the bill now would prevail?

Mr. STANGLELAND. That is correct.

Mr. PENNY. And in the area of wheat, corn, and feed grains, if the referendum does not pass, then the marketing loan would prevail?

Mr. STANGLELAND. That is correct.

Mr. PENNY. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. Stangeland] has expired.

The gentleman from Illinois [Mr. Madigan] is recognized for 3½ minutes.

Mr. MADIGAN. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the concept of the marketing loan is a deception as it is being presented to us here, because what we have is a marketing loan and a mandatory referendum in tandem. If the mandatory referendum is passed here and adopted by the agriculture producers next year, it strikes the marketing loan provision, so you do not have a marketing loan, for those of you who want it. If you vote for it here in tandem with the referendum and the referendum is successful, the marketing loan is knocked out. You are being deceived, not intentionally I hope, but you are being deceived about that.

The Agriculture Committee defeated the marketing loan and three times defeated mandatory referendums.

The House rejected the marketing loan and also defeated the idea of a referendum with mandatory controls.

Now, the will of the Members of the House is clear on both those things. Now we are being told that if we put two things together that have been defeated in the committee and defeated in the House, that somehow that is good.

Well, the agricultural organizations do not think so, because the wheat growers, the corn growers, the Soybean Association, Cotton Council, National Grain, farm bureau, cattlemen, American feed industry, egg producers, Broiler Council, and the Grain and Feed Association, all are asking us today to vote against Stangeland-Alexander and then to vote against Alexander, the next vote that follows this one.

The farmers and ranchers of America do not want this. This thing is in such terrible shape, nobody really knows what is in it and I do not think anything more than that needs to be said.

Mr. Chairman, I yield the balance of my time to the gentleman from Texas [Mr. de la Garza], the chairman of the Agriculture Committee.

The CHAIRMAN. The gentleman from Texas [Mr. de la Garza] is recognized for 5 minutes.

Mr. DE LA GARZA. Mr. Chairman, I yield to the gentleman from Texas [Mr. BRYANT].

Mr. BRYANT. Mr. Chairman, I rise in support of the Alexander amendment.

Mr. Chairman. The American people want American farmers to survive. And the American people need to know that, at a time when American farmers are going belly-up faster than at any time since the Great Depression, the best the administration and this Congress seem willing to do is to maintain farm prices at their current level or to even lower them.

If farmers, producing as much as they possibly can in an effort to make up in volume what they can't get in price, can't cover their costs now, how are they going to make it if we lower their prices even further?

Let me reduce the administration's farm philosophy to one simple sentence: We need to lower our farmers' prices so we can sell more on the world market, because only by selling more on the world market can we get our farmers' prices up.

Just like the dog that chased its tail, the first part of this theory will never connect with the second part.

You can talk about exports or high interest rates or a shrinking world market or rising costs or embargoes all you want, and nobody will disagree with you. But all that talk is just a way of dodging the point. The point is that U.S. farm prices today don't cover our farmers' production costs. And it's not their fault.

Price is the point, and if we're serious about saving America's family farm system, let's get to the point.

We need to raise farmers' prices.

The farmer's share of the consumer food dollar was 30 cents in 1980. Today, it's just 26 cents. If all we do is raise prices enough to give our farmers back that 4 cents they've lost over the last 5 years, the farm crisis will work itself out.

If we don't raise their prices, on the other hand, we're condemning hundreds of thousands of farm families and literally thousands of rural communities to economic extinction. And we'll all pay the price.

It's that simple, and Congress needs to know it, and the American people need to know it.

Those who argue here for lower prices are saying to our farmers: "You've got to bankrupt yourselves so we can sell grain cheaper to Russia!"

They're telling Argentina and Brazil: "Forget about trying to pay off your world debts with export earnings. We're going to get our world market share back by undercutting your prices, no matter how low we have to go and no matter what it does to our own economy!"

And they're telling the dozens of hungry and underdeveloped nations of the world: "We need your market, so don't even think about trying to develop your own agricultural production. We'll keep our prices so low that your own farmers can't even get started. And so what if a few million of them end up starving to death?!"

Now, all this is being done in some sort of blind allegiance to the so-called "free market."

There is no free world market! Other countries subsidize their exports and drain their treasuries. They throw up barriers to our products. Most international grain transactions are made between governments. And the overvalued dollar in effect slaps an export tax on our own producers.

At the same time, the world market is shrinking. China is exporting products it used to buy from us. So are Thailand and a number of other countries. The IMF is forcing our competitors to increase their export production. And lower prices won't turn these trends around.

We cannot export our way to heaven. Sure, we could ask American farm families to live in mud huts and plow behind oxen, and we might export a little more. But who in this Chamber is willing to ask them to do that?

Yet, that's the option we're giving them if we don't raise their prices to a level where they can at least cover their production costs.

Mr. Chairman, our entire Nation is paying the price of this folly.

The real wealth of this Nation—and of every other nation—is injected into the world economy directly from the ground, whether its' food or fiber or timber or oil or other minerals. If you pay the producer a fair price for his production, then that new wealth multiplies several times over as it percolates up through the economy of a Brazil or a Saudi Arabia or America.

But if you undervalue those resources and underpay the producer, you not only rob that producer of purchasing power, but you reduce the multiplier effect and you forfeit growth.

And, if you underpay that producer enough, you force him to take on debt as a substitute for earned income. And, as we're starting to realize with the collapse of rural banks and the crisis in the farm credit system, that scenario threatens all of us.

The Food and Agricultural Policy Research Institute and Wharton Econometrics say this: No matter what the budgetary cost of our farm policy, if it doesn't signficantly raise net farm income from current levels, we'll need an additional annual outlay of at least $4.5 billion just to keep the rural debt crisis from dragging the rest of the economy down with it. That's $4.5 billion annually over and above the cost of the farm program itself.

So don't be deceived into thinking these nonmandatory programs are within the budget.

And the budgetary requirements are not the only costs of failing to address the problem. These same economists say that if we fail to raise farm income, the effects will ripple through the economy, driving interest rates up, costing hundreds of thousands of jobs, and cutting GNP by billions of dollars.

Do you know what else they say? The United States is the dominant player in the world export market, and the other major exporting nations peg their prices to right below ours. If we lower our export prices, our competitors will drop theirs to maintain their market share. We might gain a little export volume, but the value of our exports would drop. If we raise our export prices, on the other hand, we might lose a little in the volume of our sales, but the overall value of them would go up! In fact, at the end of 5 years, even though our export volume might continue to decline, our export value would still be higher than current levels.

Some say that we can't afford to give up any more of our share of the world market. I say we can't afford to lower our prices enough to hold that share. And if we do, we'll not only bankrupt ourselves but the other major exporters in the world, many of whom are among the best customers for other American products.

Our farmers need higher prices, and our Nation needs for our farmers to make a profit. The only way to do that is with a referendum program that limits both production and budget exposure.

We hear arguments that farmers don't want a referendum program. If that's true, then why is anyone afraid to submit it to them for a vote?

This is not a minor vote affecting just a small segment of our Nation. I'm convinced it's one of the most important votes I may ever have to cast in Congress, and I plead with you to give American farmers a ray of hope.

I urge you to support the Alexander amendment.

Mr. DE LA GARZA. Mr. Chairman, I yield to the distinguished gentleman form Montana [Mr. MARLENEE].

Mr. MARLENEE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise to remind this Congress that two no's don't make a yes and two wrongs don't make a right. Last week this Chamber defeated both the marketing loan concept and the referendum. I have referred to these proposals as Trojan horses; both cruel hoaxes intended to exploit the fears and depression in rural America. And now what's being drug out of the stable a Trojan camel—and it smells like one.

The proponents of this amendment are selling it on the floor as something for every Congressman. I don't care how it's packaged, Mr. Chairman, but those who voted against a marketing loan are now being asked to vote for it. And those that voted against the referendum last week are now being asked to vote for it.

The drafters of this amendment want the majority of this House to believe that they've worked the miracle of food science—that they've combined two unpalatable substances and created an apple pie. Putting a cow pie in the oven doesn't turn it into apple. Reject the amendment.

Mr. DE LA GARZA. Mr. Chairman, I yield to the gentleman from Indiana [Mr. COATS].

Mr. COATS. Mr. Chairman, I rise in opposition to the amendment.

As debate on the 1985 farm bill draws to a close, it is a good time to take a moment and reflect upon the process many of us have been through in an attempt to understand the needs of American agriculture. American agriculture is as vast and complex as anything we can study and act upon in this body. It is a giant industry and the quality of life and standard of living for our citizens is at stake. All of us who took the time to understand the problems of agriculture were awed by its vastness and by the seamless web of interrelationships between the farmer, the agri-businessman and the consumer. In our attempts to learn more about agriculture and its impact on our lives, many of us spent considerable time meeting with farmers in meetings throughout our districts. Through my district office I sponsored a series of meetings in all 10 counties of my district. I have over 11,000 farms in my district and have major grain elevators playing a vital role in exporting our grain throughout the world.

Yet, in learning to appreciate the contribution agriculture makes in our lives, I also began to appreciate the need to address those macroeconomic factors that influence agriculture which cannot be addressed within the four corners of the document presently before us. Our vote today on the farm bill will not end the debate for me and I implore this body to remember what you have learned about agriculture as you continue to consider the budget deficit, tax reform and trade. We must not believe that our bill today ends the problem for farmers tomorrow. The problems with agricultural credit will rear its head almost before the farm bill becomes law. There remain many forces at work outside this farm bill that have not yet been addressed that we must eventually face. Our farmers deserve better for they have been hard at work providing millions with an abundance of good food and jobs.

I learned many things from the meetings I sponsored with my district farmers. I learned that Government has been a partner with farmers for more than 5 decades and that Government has not always been a consistent, reliable partner. I learned that agricultural policy has become so complex that the average consumer could not hope to truly understand what we do in shaping a farm bill. I learned that Government encouraged the farmer to feed the world only to turn an abrupt about face and restrict the sale of farm commodities through embargoes. I learned that Government, as a partner, should not be allowed to harm the farmer and then leave him to fend for himself. I learned that it is time to focus research on the cost of production and not upon the amout of production an acre can yield. I learned that some of our young farmers entered production agriculture at a time when success was nearly impossible and that success became mere survival. I learned that although the original thrust of farm legislation was to provide stability in the marketplace, Government has provided anything but stability. Finally, I learned a keen respect for the self-sufficiency and pride of our farmers.

I vote today, on a farm bill that leaves me frustrated that we could not do more, yet hopeful that my colleagues will not soon forget that we have not done enough. I vote with mixed feelings too that we did not find a way for Government to become a less harmful silent partner in the business of agriculture. Although I learned from my farmers that some income stability was needed for at least the next 2 years, this bill does nothing to lessen the role of government in the latter years of the farm bill.

I am saddened too that agriculture has become so fragmented. That the difference of opinion among farmers about what ought to be done by Government to help the farmer is great. That fragmentation may also be attributed to the past role of Government as a partner with farmers. This farm bill is a compromise, but whether it is a compromise in the best interests of our farmers remains to be seen. It is a compromise because it occupies a middle ground between those who wanted strict, mandatory controls for production with high support prices versus those who wanted less Government involvement in terms of production controls and price support levels.

Despite those items of which I express disappointment, I remain optimistic for those of our young who wish to take up the challenge of agriculture. Perhaps we have all learned enough over these past months so that we do not revisit historical mistakes that so negatively affect the farmer. If we have learned that crucial lesson we have it within our means to nurture those who will enter the marketplace as farmers tomorrow.

Mr. DE LA GARZA. Mr. Chairman, I yield to the gentleman from South Dakota [Mr. DASCHLE].

Mr. DASCHLE. Mr. Chairman, I thank the gentleman for yielding. I rise in strong support of the Stangeland-Alexander amendment.

Mr. Chairman, today we have another chance. The amendment before us might well be called the "last chance amendment", because this will be our last opportunity to support a farm program that will accomplish what each and every one of us wants: Saving the family farmer, and guaranteeing a cheap, reliable supply of food.

Last week, this body voted to eliminate a key portion of this farm bill that would have established a voluntary marketing procedure for our family farmers.

Let there be no mistake about last week's vote. It was a vote that gave John Block a farm bill much like the farm bill the administration originally proposed. And that was a bill that almost everyone called a disaster.

Today, we can fix that disaster. We have before us now a proposal that will once again make this a bill that truly addresses the needs of our farm families. We have a chance to once again make this a bill that we who represent those family farmers can support.

This substitute by the gentleman from Arkansas [Mr. ALEXANDER] will give farmers a choice. It will give them the opportunity to establish a fair price for their commodities. If 60 percent of the producers of wheat, feed grains, cotton, rice, and soybeans vote in separate referendums for this program, minimum support levels of 70 percent of parity would be established for the 1986 crop. That means price support loans of $4.89 for wheat, $3.57 for corn, $13.65 for rice, $0.86 for cotton, and $8.89 for soybeans. Support levels would be increased by 2 percent of parity in subsequent years.

If this program is adopted, producers would agree to set aside at least 20 percent of their normal acreage.

This amendment by the gentleman from Arkansas is good, but we can make it even better by adopting the substitute offered by the gentleman from Minnesota [Mr. STANGELAND]. His proposal would maintain the basic provisions of the Alexander amendment, but would also apply a targeting formula to the amount of the set-aside. It would require that farmers making $200,000 or less in farm income idle 20 percent of their land. The USDA would have the discretion to set higher set-aside levels for farms with incomes over $200,000.

In addition, the Stangeland amendment incorporates the concept of the marketing loan. This too is a good idea, and a worthy improvement. If the referendum fails, the fallback program would consist of deficiency payments based on farm size.

Target prices for wheat would be set at $4.50 per bushel for the initial 15,000 bushels, with $4 for production over the amount. Corn payments are similarly structured, with a $3.25 target price for the first 30,000 bushels, and $2.75 per bushel thereafter.

Under the marketing loan, producers would be permitted to secure a crop loan, to be paid back at the market price of the loan rate, whichever is lower.

Mr. Chairman, this is a farm policy farmers can live with. This is a farm policy that will give our farmers the price they must have.

It is not enough. We will not solve all their problems until we eliminate the budget deficits, and take real action against unfair trade practices that prevent our farmers and other producers from exporting their goods overseas and getting fair prices at home.

But we must do what we can now. These amendments are the best we can do. Farmers need a price. Farmers need income. Farmers deserve no less.

Mr. DE LA GARZA. Mr. Chairman, I yield to the gentleman from Illinois [Mr. EVANS].

Mr. EVANS of Illinois. Mr. Chairman, I thank the gentleman for yielding, and I rise in strong support of the Stangeland-Alexander amendment.

Our Nation has the most productive and efficient agricultural sector in the world. Despite this accomplishment, American agriculture is currently caught in a vicious cycle.

Farmers are unable to obtain a decent price for their goods; as a result many have lost their farms or are on the verge of doing so. This in turn affects our rural lending institutions. As farm loans lose money, banks raise their interest rates. This places more pressure on our struggling farmers, and forces more liquidations and foreclosures.

It doesn't end there. Those individuals and businesses who rely on a healthy farm economy, such as the main street merchants in our rural communities and John Deere, respectively, are unable to sell products to our farmers. This strains the resources of our small towns and large urban areas, as the number of people without work increases.

And perhaps the greatest irony of all is that, although year-after-year we produce much more than we need, hunger in our Nation and abroad still persists. In light of these conditions, we have no choice but to take a new look at federal farm policy, not only to see where it has gone wrong, but to see how we can work to improve the role of the federal government in agriculture.

Regardless of the wealth of rhetoric we have heard regarding the need to make American agricultural products more market competitive, in other words lowering farm income, the only real solution to our farm crisis is the infusion of income to our producers. A better price will cure the ills: Farmers will be able to pay back their loans, rural lending institutions will once again be on solid ground, and our agriculture-related businesses will see renewed sales.

The amendment offered by Mr. ALEXANDER of Arkansas will give farmers that price. I want to commend Mr. ALEXANDER for offering this populist proposal, and urge my colleagues not to forgo this opportunity to reverse the precipitous decline in our Farmbelt.

If farmers receive a decent price for their time and investment, they will be more than happy to put some of this money back into our economy. As it stands now, however, many of our farmers are not certain that they will be farming a year from now, or whether they will be able to provide the basic necessities for their family. Farmers are a proud group. Unfortunately, they are fighting a losing battle.

Harry Truman once said that depressions are "farm led and farm fed." Much of the Midwest and the Northeast is already in a severely depressed condition, and the deterioration of our agricultural sector is compounding this problem. In fact, the continuation of low prices in our Farm Belt will ensure that many of our rural communities and urban areas dependent on farm sales will not recover in the near future.

This is not simply a cyclical change in the Farm Belt. The last 4 years of low income for our farmers has resulted in the beginnings of drastic structural changes in our farm economy. Individuals who have farmed their land for years are now being forced off. Large producers and corporate farmers who have been able to ride out the storm will have their relative position in the Farm Belt strengthened, as their opportunity to buy up greater amounts of land is greatly enhanced. The possible end result is a farm sector that resembles more a feudal system than a broadbased and diverse effort on the part of many independent agricultural producers.

The Alexander amendment, by infusing needed income into the Farm Belt, will halt this decline and regression. Moreover, by providing adequate mechanisms to control production, this amendment will allow prices to stay up, and drastically reduce the costs to the Federal Government of storing surplus commodities. By eliminating the target price mechanism, this proposal saves billions of dollars over the committee bill and current law, and eliminates incentives for farmers to overproduce solely to reap Government income supports.

Many of my colleagues have voiced their desire to do something to help our farmers; now is your chance to do it. President Kennedy once made the insightful comment, that the best social program is a sound economy. The Alexander amendment is the vehicle for the sound economy that is so desperately needed in our Farm Belt. I urge my colleagues to support this proposal.

Mr. DE LA GARZA. Mr. Chairman, this is the culmination of 1 year and 9 months of work. I say this now because when the Committee rises there will be no opportunity to mention this.

I think the way we end probably should be indicative to the farmers of America that all of us are trying, that all of us are trying to do as God gives us the ability to do as best we can.

I want the farmers of America out there to know that we care, that we care so much that we are willing to argue amongst ourselves for an amendment at the last minute, but yet I think that is because we care. But, the process and the system, Mr. Chairman, that we have to avail ourselves of, is consensus. I always say that legislation is the art of the possible: What is possible this date, this hour, this minute?

I think that what the committee has brought together and brought to us and you have been very cooperative during the deliberations you have sustained the committee, except in two instances and one of them was a half-instance. So, I would hope that our colleagues stay with us and let us vote. Then, when we go to the House from the Committee of the Whole we should have 400-plus votes ready and available to vote on final passage. That is the message we need to send to the farmers of America, that we care. There should be not one person voting against the final version, the product arrived at by consensus.

Not everyone is happy, not everyone can be happy, no one is ever happy in the legislative process in a democracy, but it works. Democracy works.

We will go to conference. We will see what the Senate comes up with; but on the final vote I hope there are green yes lights all over that board so that the farmers of America know that we are behind them, that we stand up for them, that we will stand with them. And although our end result may not be perfect, although our end result may not be what all of us wanted, it would have been the consensus of this House. Then on this, my friends, will be the last time that we have to vote purely in this House. The next product is going to be a combination of the House and the Senate versions of the farm bill. This will be the last vote by which we can show the farmers of America that we know their problems, that we tried to address their problems, that we stand with them, that we stand with them no matter what and that regardless of philosophical differences, of regional differences, we have come together at the end. Let us forget individual or special interests, such as just wheat or grains, but think of the entire bill.

We have sugar, dairy, wool, wheat, feed grains, cotton, rice, soybeans, peanuts, general commodities, trade, conservation, credit, research, food stamps, temporary food assistance [TEFAP], nutrition programs, miscellaneous—13 different topics, the National Agricultural Commission and aquaculture. That is what is in the final bill. That is what you will be voting on in final passage. That is why we need an "aye" vote.

I hope there are 400-plus votes, beginning with our Speaker, who earlier today said that I could mention his name, that he would lead the way to let the farmers of America know that we stand with them and the way that we stand with them is to stay with the committee. Vote "no" on this amendment, for we do not know what is in it, but in the final passage, vote "yes" on the committee bill and let rural America and the American farmer know that we stand with them.

□ 1700

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. STANGELAND] as a substitute for the amendment in the nature of a substitute offered by the gentleman from Arkansas [Mr. ALEXANDER].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. STANGELAND. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Those in favor of a recorded vote will stand and remain standing.

Mr. ALEXANDER. Mr. Chairman, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 343]

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bates
Bedell
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Boxer
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Crockett
Daniel
Dannemeyer
Darden
Daschle
Daub
Davis
de la Garza
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fawell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mitchell
Moakley
Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Rudd
Russo
Sabo
Savage
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

☐ 1720

The CHAIRMAN. Four hundred twenty-three Members have answered to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Minnesota [Mr. STANGELAND] for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. The Chair will remind Members that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 52, noes 371, not voting 11, as follows:

[Roll No. 344]

AYES—52

Alexander
Anthony
Bedell
Bereuter
Bosco
Boxer
Bryant
Coleman (MO)
Conyers
Crockett
Daschle
Dellums
Dorgan (ND)
Dowdy
Dymally
Eckart (OH)
Evans (IL)
Ford (TN)
Frenzel
Gephardt
Hall (OH)
Hall, Ralph
Hayes
Hubbard
Kastenmeier
Leath (TX)
Leland
Lipinski
Mrazek
Oberstar
Obey
Owens
Penny
Rahall
Robinson
Sabo
Savage
Seiberling
Sikorski
Smith (NE)
Stangeland
Stark
Torres
Towns
Traficant
Vento
Weaver
Weber
Wheat
Williams
Wirth
Wright

NOES—371

Ackerman
Akaka
Anderson
Andrews
Annunzio
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bates
Beilenson
Bennett
Bentley
Berman
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Boucher
Boulter
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (TX)
Collins
Combest
Conte
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
Davis
de la Garza
DeLay
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dornan (CA)
Downey
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Fascell
Fawell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Fowler
Frank
Franklin
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kaptur
Kasich
Kemp
Kennelly
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Lehman (CA)
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mitchell
Moakley

Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Olin
Ortiz
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Pepper
Perkins
Petri
Pickle
Porter
Price
Pursell
Quillen
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Rodino
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Rudd
Russo
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Spence
Spratt
St Germain
Staggers
Stallings
Stenholm
Stokes
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torricelli
Traxler
Udall
Valentine
Vander Jagt
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weiss
Whitehurst
Whitley
Whittaker
Whitten
Wilson
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

NOT VOTING—11

Addabbo
Burton (IN)
Kanjorski
Kildee
Lewis (CA)
McCandless
Michel
Mineta
Roe
Roybal
Solomon

So the amendment offered as a substitute for the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Arkansas [Mr. ALEXANDER].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. THOMAS of California. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 59, noes 368, answered "present" 1, not voting 6, as follows:

[Roll No. 345]

AYES—59

Alexander
Anthony
Bates
Bedell
Bosco
Boxer
Bryant
Chapman
Collins
Conyers
Crockett
Daschle
Dellums
Dorgan (ND)
Dowdy
Dymally
Edwards (CA)
English
Evans (IL)
Ford (TN)
Garcia
Gephardt
Hall, Ralph
Hayes
Hubbard
Jones (OK)
Kastenmeier
Leath (TX)
Leland
Lipinski
Martinez
McCurdy
Miller (CA)
Mitchell
Mrazek
Oberstar
Obey
Owens
Penny
Perkins
Rahall
Sabo
Savage
Seiberling
Sikorski
Stangeland
Stark
Synar
Torres
Towns
Traficant
Vento
Volkmer
Watkins
Weaver
Weber
Wheat
Williams
Wright

NOES—368

Ackerman
Akaka
Anderson
Andrews
Annunzio
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Boucher
Boulter
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chappell
Chapple
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Combest
Conte
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
Davis
de la Garza
DeLay
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dornan (CA)
Downey
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (OK)
Emerson
Erdreich
Evans (IA)
Fascell
Fawell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Gallo
Gaydos
Gejdenson
Gekas
Gibbons
Gilman
Gingrich
Glickman
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kemp
Kennelly
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Lehman (CA)
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McCain
McCloskey
McCollum
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Michel
Mikulski
Miller (OH)
Miller (WA)
Moakley
Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Olin
Ortiz
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Pepper
Petri
Pickle
Porter
Price
Pursell
Quillen
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Rudd
Russo
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stenholm
Stokes
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torricelli
Traxler
Udall
Valentine
Vander Jagt
Visclosky
Vucanovich
Walgren
Walker
Waxman
Weiss
Whitehurst
Whitley
Whittaker
Whitten
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—6

Addabbo
Burton (IN)
Kildee
Lewis (CA)
McCandless
Mineta

☐ 1745

Mr. YOUNG of Missouri changed his vote from "aye" to "no."

Mr. MILLER of California and Mr. CHAPMAN changed their votes from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. DE LA GARZA

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent to offer at this time a technical amendment not previously printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. DE LA GARZA: On page 65, strike out lines 12 through 15.

On page 65, strike out "(2)" in line 16 and insert in lieu thereof "(a)(1)".

On page 65, strike out "(3)" in line 17 and insert in lieu thereof "(2)".

On page 67, line 12, strike out "(3)" and insert in lieu thereof "(2)".

On page 69, strike out "for which" in line 3 and all that follows down through "shall be" on line 5.

On page 70, in line 17, strike out "(2)" and insert in lieu thereof "(1)".

On page 71, in line 23, strike out "(2)" and insert in lieu thereof "(1)".

On page 87, strike out lines 17 through 20.

On page 87, in line 21, strike out "(2)" and insert in lieu thereof "(a)(1)".

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On page 87, in line 22, strike out "(3)" and insert in lieu thereof "(2)".

On page 89, in line 18, strike out "(3)" and insert in lieu thereof "(2)".

On page 90, in line 3, strike out "(3)" and insert in lieu thereof "(2)".

On page 92, strike out "for which" in line 7 and all that follows through "shall be" on line 10.

On page 93, in line 22, strike out "(2)" and insert in lieu thereof "(1)".

On page 95, in line 4, strike out "(2)" and insert in lieu thereof "(1)".

On page 259, strike out "(1)" in line 24 and run together lines 23 and 24.

On page 188, strike out "title V" on line 11 and all that follows through "Act" on line 12, and insert in lieu thereof "title IV".

On page 260, strike out lines 3 through 10.

Mr. DE LA GARZA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DE LA GARZA. Mr. Chairman, this amendment is a technical amendment to allow the bill to comply with a section that was stricken out.

I yield to the gentleman from Illinois [Mr. MADIGAN].

Mr. MADIGAN. I thank the gentleman for yielding.

Mr. Chairman, it is a technical amendment. It does need to be adopted to make the bill conform to what we have done in the House. It is only technical, and I would urge adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. DE LA GARZA].

The amendment was agreed to.

Mr. MCCURDY. Mr. Chairman, I reluctantly rise in opposition to this bill. Over the next 5 years wheat and field grain farmers are offered no chance under this bill to see an increase in commodity prices or profits. This bill unfortunately continues the status quo for agriculture which is continued stagnation and failure.

I offer the following remarks of an Oklahoma State legislator as an eloquent statement of what is happening to American agriculture and what this bill will fail to address.

Mr. Chairman, the Oklahoma Legislature adjourned late in July. In the closing days, State Representative Lloyd L. Benson of Frederick, OK, who serves the people of Tillman and Comanche Counties, drew a standing ovation because of the following remarks:

> A few weeks ago this legislative body adopted legislation that dealt with endangered animal species. Today I want to share with you about an endangered human species.
>
> I am referring to the Oklahoma "family farmer," the family that toils the land on a full-time basis, 18 hours a day to produce the food and fiber for this entire nation. It should be evident to every person in Oklahoma and the United States that the American family farmer is the most productive and efficient production unit in American history.
>
> The problem exists, not from a standpoint of diligence, management skills and effort, but from a variety of external influences over which the family farmer has no control.
>
> These include extremely high interest rates, Federal policies that encourage the family farmer to plant fence row to fence row and then national policies that close off international markets in which to sell the products he produces. It exists from Federal policies that encourage the farmer to expand his operation to make it more profitable and then policies by the Federal farm credit system that change their credit rules in mid-stream when land prices began to decrease.
>
> It is affected by a national policy that has increased the value of the dollar on the international market to a point where all American exporters have difficulty in meeting the challenge of other exporting countries. It stems from the fact that the European Common Market, Argentina, Canada and Australia all subsidize their agricultural production to the extent that those countries are concerned that their farm sector will remain a healthy competitor in the international market and can guarantee that it will be able to produce food and fiber for their nation. In the European Common Market those nations know what it means for each nation to be food self sufficient because of World War II. While in Argentina they will meet the cheapest price solely because they need cash dollars, irregardless of the cost of production. These are several of the problems that affect the American family farmer.
>
> If in fact the Oklahoma family farmer is an endangered species, what are the consequences if we in fact lose that quality of life that we refer to as rural America?
>
> I think that there is a possibility of a regional collapse in the Midwest. With the failure of banks, farmers and businesses, we could easily see the complete economic breakdown of public services like schools, hospitals and local government due to the erosion of the tax base. There simply won't be enough people left to pay taxes if no one is going to make any money and everyone else is going broke.
>
> If current trends continue unchecked, I envisage a rural America that will still produce food, but otherwise be vastly changed. Some of these changes will include separation of people from the land, city investors owning the land and making the decisions for how it will be used. A much smaller rural population mostly made up of a hired work force who will function as corporate employees for absentee owners. Fewer farm communities with trade centers of at least a hundred miles apart. Far fewer job opportunities, fewer stores and services. The loss of Rural America we have known will have far reaching ramifications for the nation.
>
> From the pioneer days forward, rural America has been a haven of self reliance and self improvement through agricultural enterprise. Every person had the opportunity to be, to a great degree, master of his or her own fate through ownership and cultivation of the land. Rural America captured the Jeffersonian idea of a homogenious democracy, of a Nation of individual entrepreneurs. I fear that my urban friends do not understand that we are creating a rural ghetto. The only difference between a rural ghetto and an urban ghetto is that urban ghettos are within the view of millions, but for most people a rural ghetto is far flung and far away.
>
> And then we look at what the government says. They say that the land is going to be farmed, we don't care who does it or what that means to Rural America. But we are dealing with peoples' lives. It saddens me so much that we don't count, that we can be cast aside like used rubbish.
>
> I believe it's important that the Federal Government recognize its responsibility to assist in correcting the damage caused by its own policies. Those like David Stockman who would say that the agricultural crisis is caused by farmers who deserve to fail, do not understand what has happened. Everywhere we look we see farmers who have put 20 or 30 years of hard productive work into the land and all they have to show for it now are piles of old calendars. When you see tears in the eyes of a 58-year old farmer who has been forced to sell his family farm, who has been a steward to that land and contributor to society all his life, it tears at your heart and soul like nothing I have ever experienced.
>
> While the rest of the Nation enjoys a recovery of sorts from the recession of 1981 and 1982, farmers are being squeezed at home by record high interest rates and tumbling land values and hammered abroad by a skyrocketing dollar and a sinking commodity price. More than a decade of Federal jerking on the reins of farm policy, of "go" and "whoa" economics has brought the farm belt economy to its knees. It is a fact of life today that Federal monetary, fiscal and exchange rate policies are more important to agriculture than commodity prices. For the Federal Government to reject its responsibility in the farm crisis is to court calamity.
>
> Principally because of the productivity of the American farmer, the cost to the Americans as consumers of food from these raw commodities is more reasonable than any other country in the world. Americans spend 12.2 percent of their disposable income on food consumed at home, while in West Germany and Japan, that figure approaches 24 percent and in countries behind the Iron Curtain that figure approaches 35 percent.
>
> I bristle every time that I hear the statement that we are tired of subsidizing the American farmer. Let me state emphatically to you that these figures point out the fact that it has been the American farmer that has been subsidizing the consumer, not the consumer subsidizing the American farmer. If the American farmer does become extinct, if rural America and "small town" America do become extinct and the food production of this country is centered in the hands of a few multiinternational corporations, let me assure you that you no longer will spend 12.2 percent of your disposable income on food. You will spend whatever those multinational corporations dictate that you spend, because they will control the market place.
>
> I believe that Government by design is encouraging an internationalist free market system. What it really means is that if Argentina can produce wheat cheaper than Oklahoma farmers, the Oklahoma farmers should get out of the business or do something else and we ought to buy our wheat from Argentina. If you go broke in the meantime, that is just part of the system. We see the same thinking in the automobile market where Japan has overtaken the American-made car market and because

they can be sold cheaper we are going to export those jobs as well. This is international economic disarmament where you drop trade barriers without any agreement from other nations to do likewise. This will break the farm credit system, it will bankrupt communities and it will destroy rural America and the family farm, and result in America becoming dependent upon foreign nations to feed the American people.

In Oklahoma alone, the percent of State income from the farm sector has decreased by 47.1 percent from 1978 through 1983.

In my community of Frederick, OK., in the past 2½ years we've seen almost 25,000 acres of land that has been sold through bankruptcy, foreclosure or other involuntary type sales and in just the past 18 months, I have documented 10,454 acres that have been sold under duress. Land values in my county have decreased by 55 percent from what they were in 1981. Over 9,000 acres of Tillman County land have been conveyed back to Federal loan agencies with 4,000 acres having remained off of the county tax rolls the past 3 years. These are all indicators of what the crisis in agriculture is doing to "small town" Oklahoma.

It was William Jennings Bryan who said "burn down your cities and leave your farms and your cities will spring up as if by magic, but destroy our farms and the grass will grow in the main streets of every city in the country."

Oklahoma cannot afford just to shrug off the crisis in American agriculture. The family farmer deserves and needs the support of all urban dwellers, and I challenge each member here to become informed and become involved."

Mr. MICHEL. Mr. Chairman, before we conclude action on this legislation I think we should apply some perspective to the debate we have had.

First, we should all remind ourselves that we have two critical goals—dealing with our fiscal crisis and the farm crisis.

The agriculture community is a community struggling to survive against the harsh realities of low prices, sagging exports, and constant Government intrusion.

Our Nation is facing a very grave fiscal crisis. Deficits are dangerously high and if we don't do something about them no one, especially our family farmers, will be able to escape the consequences.

We haven't always kept those crises in our sights. There has been a lot of political ground plowed during consideration of this bill, and what seeds have been sown on that ground won't grow much for family farmers.

Our farmers need help. They don't need handouts. I don't believe we have served them well. I am concerned that we have sacrificed the American farmer on the altar of business as usual in this body. I'm concerned that we've done nothing more than string them out for another few years, with little hope of them getting what they want: a market for their products, a chance to compete, and the freedom to farm the way they know best.

On the fiscal side of the coin, we are pouring billions upon billions of dollars down that dark hole we call the deficit.

The committee bill with one major exception, which was the defeat of the referendum provisions, has been sustained throughout. I applaud the defeat of the referendum and certificate language. What is left, however, is:

Almost $16 billion over the congressional budget resolution, by some counts.

An inducement to overproduce with the insulation from market prices you get from target prices too far above market prices.

A continuation of one of the most wasteful diversion programs on record.

Failed policy in most other commodity programs.

Too little, too late for America's family farms.

Too costly and too bureaucratic in its approach to humanitarian relief and exports.

I know that the committee has used different numbers and different bases to score the cost of the new programs, but the fact remains, the costs of this bill will cause our deficits to explode.

The bill is out of fiscal focus.

As important to me, however, is whether we are really doing something here which benefits American agriculture or simply perpetuates the status quo. I fear the latter is the case. I fear that we aren't saving family farms, but only staving off their demise.

I have a feeling that the farmers in my district won't think much of this bill. I share that sentiment.

Mr. DASCHLE. Mr. Chairman, with a great deal of satisfaction, the House Agriculture Committee can look with pride to the soil conservation title of the 1985 farm bill. I make this observation because of the effective components this legislation contains: the conservation reserve, and the sodbuster and swampbuster sanctions.

The leadership of the House Agriculture Subcommittee on Conservation, Credit, and Rural Development deserve a great deal of the credit for the package we have before us today, a conservation effort that is one of the most impressive I have seen in the years I have been a Member of this body. Our Chairman ED JONES, and ranking member TOM COLEMAN, joined with the other members of our subcommittee in advancing this legislation, one of the truly bipartisan titles of this farm bill.

The same crisis cutting into the very economic fabric of our agricultural economy has also had its ramifications on the escalating levels of soil erosion. In many cases, farmers seeking to produce enough agricultural products to insure their survival, turn to production on highly erodible land. The Soil Conservation Service estimates that 421 million acres of cropland existed in 1982. Within this amount, 49 million acres are classified as erodible. An indicator of the erosion problem facing our agricultural sector is the fact that 40 million of these erodible acres have been cultivated into cropland.

The committee found that 153 million acres not currently in crop production have the potential for conversion, 32 million of which are extremely highly erosion prone. These startling statistics make an unmistakenly clear case for immediate action to prevent further deterioration in soil erosion.

There are three very important provisions in this legislation:

CONSERVATION RESERVE

As a result of legislation approved by this Congress, the Department of Agriculture established three Conservation Reserve demonstration projects, one of which was located in Stanley County, SD. The goal of this project was to remove highly erodible land from production and into grass seeding. In this respect, this project, like the other two, received the strong support of local producers and local conservation districts.

Under the Conservation Reserve Program, long-term contracts between the producer and USDA for removal of erodible land from production could result in a reduction of 20 tons per acre in soil erosion on the land entered in the reserve program. This proposal would establish a bidding process for long term contracts into which 25 million acres of highly erodible land would be removed from production, and planted into trees, legumes, or grass. The contracts would call for an annual rental payment, with a $50,000 per year limit on the amount of payments a producer would be eligible to receive.

This legislation urges the Secretary to account for a number of factors when judging the eligibility of producer contract bids. These factors should include the productive value of the land as well as the extent of the erosion. Shelterbelts, windbreaks, and other similar structures would be encouraged. Cost-sharing payments are permitted to help producers establish permanent land cover.

In formulating this proposal, the Agriculture Committee was sensitive to the criticisms directed at earlier soil conserving programs. For that reason, this legislation stipulates that the amount of reserve's cropland in any one county could not exceed 25 percent of the county's total cropland acres. This obviously inhibits entire farms from indiscriminately being entered into the program. Second, this program would not permit commercial use of the conserving land—haying or grazing—except in cases of natural disaster. Finally, the bill gives clear authority to the Secretary to prevent overnight land purchases, transactions executed simply to permit the purchaser to bid for the conservation reserve.

SODBUSTER AND SWAMPBUSTER

Conversion of highly erodible land, whether it is fragile or wetland, is obviously a serious problem facing our agricultural sector. The problem has become so severe that many agricultural producers have given their strong support to sanctions for those individuals who choose to convert these fragile lands into agricultural production. These sanctions are direct and to the point: If you want to convert fragile land to agricultural production, go ahead. Just don't expect the Federal Treasury to pick up the tab. In short, these sanctions, sodbuster for fragile land and swampbuster for wetlands, would deny all farm program benefits to any producer who chooses to convert these lands to agricultural production, outside normal soil conservation plans.

In the case of sodbuster, the legislation allows fragile land put into production during 1981 to 1985 to remain planted. I intend to support an amendment offered by my colleague from Kansas, Mr. GLICKMAN, which would require these producers to restore this erodible land to conserving uses by 1990.

Of the original 215 million acres of wetlands, only 99 million acres currently exist. This conversion is clearly occurring at a rate that is environmentally detrimental, the reason for which I offered the swampbuster provisions in this legislation.

From the date of enactment of this legislation, producers would no longer be subsidized for draining wetlands, for conversion to agricultural production. This provision recognizes the need for local participation, and directs the Secretary to encourage the participation of local conservation districts in the formulation of the producer's wetlands conservation plan, taking into account unique, local agricultural practices.

Some might say that these programs are too dramatic for the times. To that I say they are wrong. We have reached a stage in the State of our soil conservation measures that bold steps are necessary. The legislation before us today clearly recognizes this need, and outlines positive solutions aimed at halting the environmental consequences of unchecked soil erosion. I would urge the unqualified support of each member of this body.

Mr. KOSTMAYER. Mr. Chairman, I rise today in support of the soil conservation compliance amendment to title XII of the 1985 farm bill offered by our colleague from Kansas, Mr. GLICKMAN. This amendment sets a deadline by which farmers who wish to retain full eligibility for agricultural price and income supports would have to implement conservation measures on all highly erodible croplands. It would strengthen an already solid conservation section in the farm bill, and it should be adopted by the full House.

The conservation section of the 1985 farm bill is probably one of the strongest provisions of this legislation. It is a result of constructive bipartisan efforts by the House Agriculture Committee to end the intensive cultivation of highly erodible land. In the last decade, millions of acres of erodible land have been brought into production, adding to our current surpluses of commodity crops, and diminishing the productivity of this fragile land.

To prevent further cultivation of this erodible land, the bill's "sodbuster" and "swampbuster" provisions provide that farmers who produce agricultural commodities on highly erodible soils or converted wetlands will be ineligible for the various agriculture subsidy programs. The bill also directs the USDA to sign contracts with farmers to remove up to 25 million acres of erosion-prone land out of crop production for as long as 10 years. Farmers would be required to convert these lands to hay, pasture, forest, or wildlife.

The Glickman amendment strengthens the bill in two ways. The bill, as reported to the full House, exempts from the "sodbuster" provision highly erodible land that was cultivated between 1981 and 1985. The amendment brings all highly erodible lands, including the land cultivated between 1981 and 1985, under the "sodbuster" provision's sanctions. It also sets a definite target date of 1990 by which farmers will have to implement their conservation measures to retain full support eligibility.

I believe the benefits of title XII, as amended by the gentleman from Kansas, will be significant. Since soil erosion is highly concentrated on a fraction of the Nation's 421 million acres of cropland, the 25-million-acre reserve could cut excessive cropland erosion by 30 percent within a few years. Also, after 1990, conservation compliance will reward rather than handicap those farmers who adopt soil conservation practices. At present, because program benefits are directly related to the amount of land planted, conservation-minded farmers have been penalized for keeping their erodible acres in grass or trees.

While I applaud the efforts of the House Agriculture Committee regarding the conservation section, I am less enthusiastic about the rest of the bill. The current farm crisis, especially in the Nation's midsection, clearly shows that agriculture policies and programs are in need of drastic reform. But, Mr. Chairman, they need to be reformed to better serve the interests not only of farmers but of society as a whole. Unfortunately, the present bill fails to serve either farmers, consumers, or taxpayers.

First, agriculture programs should not subsidize the overproduction of agricultural commodities, including dairy production. We have enormous surpluses of wheat, corn, soybeans, and dairy products. Technological changes in the near future are likely to boost the productivity of U.S. agriculture, making it even more difficult to balance supply with demand over the next decade and a half. The costs of farm programs, as a result, have exploded in the past decade and will remain high due to the technologically induced overproduction. This bill will hike production costs still higher.

The most straightforward way to stabilize and then reduce production is to gradually reduce the broad range of direct price and income supports. I supported the dairy substitute offered by Mr. OLIN of Virginia and Mr. MICHEL, the minority leader, and the amendment offered by Mr. DOWNEY of New York to cut, quite modestly, sugar price supports, because I believe support levels should be reduced to create disincentives to overproduction. Unfortunately, the farm bill by raising price supports will do just the opposite—create incentives not to decrease production but to increase it.

Second, agriculture programs should assure a fair income to the family farmer. However, the present subsidy program, its basic structure retained in this year's bill, fails to provide direct financial assistance to those who need it the most. The farmers who are in serious financial trouble are among the 600,000 medium-sized family farmers who contribute about 40 percent of total farm sales. These are the farmers who borrowed heavily to expand in the mid-to-late 1970's, and who are now being battered by high interest rates and low export sales—sales which, incidently Mr. Chairman, may be further reduced as a result of foreign retaliation against congressional-mandated protectionist measures. But, according to Kenneth Cook, an agricultural specialist with the Office of Technological Assessment, due to their medium-sized operations, the support levels these farmers receive through Government programs average just a few thousand dollars per farm. This is scarcely enough to make much difference on their ledger sheets. Instead, these dollars are going to the very large commercial farms that sell more than $500,000 annually and account for 30 percent of all farm product sales.

A better way to provide financial assistance to these financially stricken farmers would be to institute a new set of farm subsidy programs that would target farm income support to medium-sized family farms. I supported the wheat substitute offered by Mr. STANGELAND of Minnesota because it would have increased income support for the medium-sized family farms and scaled back support for the larger superfarms. I supported it because it would have created disincentives for wheat overproduction by decreasing support levels after the first 15,000 bushels of wheat. And I supported it because it more wisely allocated limited budget resources than does the existing subsidy system. Unfortunately, the House disagreed and rejected the Stangeland wheat substitute, adding another bad feature to an already bad bill.

Lastly, agriculture programs have a responsibility to protect U.S. consumers from undue increases in food costs. The House has failed that responsibility. The House, faced with the very real need to cut the Federal deficit and deal with falling farm income, has adopted programs which will force consumers to pay more for food. It unwisely approved a dairy diversion program that will raise milk and cheese prices by $10 billion over the next 4 years and a sugar program that will cost consumers $140 million to $160 million a year.

It probably is not suprising that, in a time of huge budget deficits, a farm financial crisis, and relatively stable food prices, the House would adopt farm program provisions that shift the costs from the citizen as taxpayer to the citizen as consumer. This shift, however, falls disporportionately on the poor. While the Tax Code may be progressive, the supermarket assuredly is not. All consumers will pay the same increased prices for food, but low-income Americans who spend 40 percent of their income for food will feel the increase more.

Even more harshly affected will be recipients of food packages under the WIC [Women-Infants-Children] Feeding Program. This program operates under a fixed budget ceiling. It cannot expand to meet increased food prices and will simply serve fewer women and children. The dairy diversion program will raise the cost of milk by 5 percent in 1986; the WIC food package cost will go up too; the program's funding will serve 54,000 fewer women in any given month.

Higher prices will also drive up the cost of food assistance programs and add to the deficit. The dairy provision of the House bill will raise the cost of the Food Stamp Program by $1.5 billion and the School Lunch Program by $462 million over the next 5 years. That is, unless Congress decides that food assistance costs are too high and renews the process begun in 1981 of reducing food assistance programs by cutting both eligibility and benefit levels.

I rise today in support of the Glickman amendment because I believe the Federal Government should not indefinitely subsidize farming practices that lead to a disproportionate share of the Nation's soil erosion. I also believe, however, that the Federal Government should not indefinitely support a farm subsidy program which keeps prices so artificially high that it encourages overproduction, that rewards the large superfarms and fails to assist the medium-sized family farmer in his time of need, and which unduly raises counsumer food prices for all of us, but most especially for the poor among America's women and children.

Mr. AuCOIN. Mr. Chairman, I have reluctantly decided to vote against the farm bill, H.R. 2100.

Farmers in my district, as across the country, have been waiting for months for Congress to vote on this legislation. Wheat farmers have been forced to put their crops in the ground without knowing the parameters of the Wheat Program. Bankers, already feeling the pressures of a weakening farm economy, are being forced to make financing decisions without adequate information. Dairymen, equipment dealers, exporters, and others whose businesses hinge on the decisions we make today have been operating for too long under a cloud of uncertainty.

Passage of H.R. 2100 would help to end the present ambiguity, but would do little to improve the long-term outlook.

Mr. Chairman, agriculture is my State's No. 1 revenue producer, employing 1 in 4 Oregonians. While over 100 different crops are produced in the State, wheat is Oregon's major export commodity—and my State is one of a handful still chalking up a trade surplus. The health of Oregon's economy depends directly on the health of agriculture. With the stakes this high, I cannot vote for a farm bill that will continue a number of expensive, ineffective commodity programs—but offers no real solution to the problems confronting farmers across the country.

In 1983 the Commodity Credit Corporation, which finances price and income support programs, reported a record $18.8 billion in expenditures, nearly six times the annual average between 1971 and 1981. These high costs will continue under H.R. 2100. Based on the most recent crop estimates, H.R. 2100 is well above the spending level allowed in the fiscal year 1986 budget resolution. According to some experts, the bill could be as much as $12 billion in the red over the next 3 years.

As long as Congress refuses to practice budget restraint, Oregon agricultural products will be at a disadvantage in the world market. Deficits fuel the strong dollar which, in combination with other factors, has served to pare the U.S. share of worldwide wheat exports from 49 percent in 1980 to 32 percent this year. Oregon has worked for 20 years to open up overseas markets. The inability of Congress to deal with the deficit is slowly unraveling these efforts.

At the same time, these record expenditures will do little to help farmers who produce for the domestic market. Let's look at a couple of examples.

The House refused to modify provisions in the bill which continue the Dairy Diversion Program. Under the diversion program, the Federal Government taxes all dairymen to pay a small minority not to produce. A 15-month diversion program ended in April, and while production declined during the program, it's now approaching record highs.

Over the past 2 years, the majority of dairymen in my district—in meetings, through letters and phone calls, have expressed their opposition to this program. I share their concern and see little evidence that instituting another diversion program will solve the problem of chronic oversupply.

Tobacco is another good example. Even as the Federal Government continues to spend millions of dollars to warn Americans of the hazards of smoking, it is paying to store $3.5 billion worth of tobacco that will never be redeemed at the price at which it was purchased. It is estimated that the Government spends nearly $100 million a year to continue the "no-cost" Tobacco Program.

American taxpayers shouldn't have to bear the costs of these programs.

While opposing the bill overall, I applaud the Agriculture Committee for its work in several important areas. The legislation initiates an innovative program to take 25 million acres of highly erodible land out of production, an action that will reap benefits for years to come. H.R. 2100 continues agricultural research and extension programs which have been invaluable in assisting farmers throughout my district to utilize more efficient soil conservation and planting techniques.

The farm bill provides new export incentives to help mitigate the effects of the high dollar, making us more competitive in world markets. And, taking a page from the report of the President's Task Force on Food Assistance, H.R. 2100 also strengthens the Food Stamp and Temporary Emergency Feeding programs which serve tens of thousands of Oregonians every year.

These new programs are important, without a doubt. But they are overshadowed by the enormous cost and ineffectiveness of too many other provisions of the legislation.

I fully recognize the tremendous problems confronting American agriculture at this time. I would like nothing better than to vote for a farm bill that will provide certainty and hope to those who depend on Federal farm programs. The bill before us, however, does not provide a sufficient measure of either.

The CHAIRMAN. Are there further amendments to the bill? If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BONIOR of Michigan, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, pursuant to House Resolution 267, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole?

Mr. BROWN of Colorado. Mr. Speaker, I demand a separate vote on the Gunderson amendment to title II, page 17, line 18 of the bill, which caps the dairy assessment.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. WALKER. Mr. Speaker, I demand a separate vote on the Miller of California amendment creating a new title XXI providing for field sanitation for farm workers.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. MADIGAN. Mr. Speaker, I ask unanimous consent that following the vote on the demand by the gentleman from Colorado [Mr. BROWN], the vote on the demand of the gentleman from Pennsylvania [Mr. WALKER] be reduced to 5 minutes, and that following that, the vote on final passage be reduced to 5 minutes.

The SPEAKER. Does the gentleman from Illinois [Mr. MADIGAN] include the motion to recommit in his unanimous-consent request?

Mr. MADIGAN. Mr. Speaker, I include the motion to recommit.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The Clerk will report the first amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: Page 17, line 18, strike out the period and insert in lieu thereof a semicolon.

Page 17, after line 18 insert the following: but not to exceed 50 cents per hundredweight.

Page 47, beginning on line 23, strike out "equal" and all that follows through line 2 on page 48, and insert in lieu thereof the following: "equal to $50,000,000 divided by the number of hundredweights of milk estimated by the Secretary to be produced in the United States in the fiscal year involved.".

Mr. BROWN of Colorado (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was on objection.

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. GUNDERSON. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: At the end of the bill, add a new Title XXI:

LIMITATION ON PARTICIPATION IN CERTAIN COMMODITY PRICE SUPPORT AND PAYMENT PROGRAMS

SEC. 21 (a) Any person who violates subsection (b), (c), or (d) shall be ineligible, as to any commodity produced by that person during the crop year which follows the crop year in which such violation occurs, for any type of price support, payment or any other program or activity described in any of paragraphs 1 through 5 of section 1202(a).

(b) Any agricultural employer shall provide the following to agricultural employees engaged in hand-labor operations in the field, without cost to such employees:

(1) Potable drinking water—

(A) provided and placed in locations readily accessible to the employees;

(B) suitably cool and in sufficient amounts to meet employees' needs, taking into account air temperature, humidity, and the nature of the work performed; and

(C) dispensed in single use drinking cups or by fountains, but not in common drinking cups or in dippers.

(2) With respect to toilets and handwashing facilities—

(A) one toilet and one handwashing facility provided for each group of 20 employees, or any fraction thereof;

(B) toilet facilities with doors which can be closed and latched from the inside and constructed to ensure privacy;

(C) toilet facilities supplied with toilet paper adequate to meet employee needs; and

(D) toilet and handwashing facilities accessibly located in close proximity to each other and within one quarter mile (0.4 kilometers) from each employee's workplace in the field, except that where it is not feasible to locate facilities so accessible and within the required distance due to the terrain, the toilet and handwashing facilities shall be located at the point of closest vehicular access:

except that, notwithstanding subparagraph (A), toilet and handwashing facilities are not required for employees who perform field work for a period of 3 hours or less (including transportation time to and from the field) during any given day.

(c) Any agricultural employer shall provide potable drinking water, and toilet and handwashing facilities maintained in accordance with appropriate public health sanitation practices including—

(1) drinking water containers which are covered, cleaned, and refilled daily;

(2) toilet facilities which are operational and maintained in clean and sanitary condition;

(3) handwashing facilities which are operational and maintained in clean and sanitary condition; and

(4) waste disposal in a manner which does not cause unsanitary conditions.

(d) Any agricultural employer shall allow employees reasonable opportunities to use the facilities during the workday.

(e) The Secretary of Agriculture shall delegate the making of rules to carry out this section and the investigation of allegations of violations of this section to the Secretary of Labor. The Secretary of Labor shall issue rules to carry out this section not later than 90 days after the date of the enactment of this section.

(f) For purposes of this section—

(1) the term "agricultural employer" means—

(A) any person, corporation, association, or other legal entity which owns or operates an agricultural establishment or on whose premises or in whose interest an agricultural establishment is operated; and

(B) any person, corporation, association, or other legal entity which is responsible for the management and condition of an agricultural establishment or which acts with direct or indirect involvement in the interest of an employer in relation to any employee;

(2) the term "agricultural establishment" means any business operation which uses paid employees in the production of food, fiber, or other materials such as seed, seedlings, plants, or parts of plants;

(3) the term "hand-labor operations"—

(A) means agricultural activities or operations performed by hand or with hand tools, including (i) the hand harvesting of vegetables, nuts, and fruits, and (ii) the hand planting of seedlings; and

(B) does not include (i) logging operations, (ii) the care or feeding of livestock, or (iii) hand-labor operations in permanent structures, including canning facilities and packing houses;

(4) the term "hand-washing" facility means any facility providing either a basin, a container, or an outlet with an adequate supply of potable water, soap, and single-use towels;

(5) the term "potable water" means water which meets the standards for drinking purposes by the state or local authority having jurisdiction or water which meets the quality standards prescribed by the United States Environmental Protection Agency's National Interim Primary Drinking Water Regulations (published in 40 C.F.R. 141); and

(6) the term "toilet facility" means any fixed or portable facility designed for the purpose of defecation and urination, including biological or chemical toilets, combustion toilets, and sanitary privies.

Mr. WALKER (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PARLIAMENTARY INQUIRIES

Mr. RUSSO. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RUSSO. Mr. Speaker, considering the fact that we have not passed the Gunderson amendment, is the Miller of California amendment now given a 15-minute vote or a 5-minute vote?

The SPEAKER. The Miller of California amendment will be entitled to a 15-minute vote.

Mr. MARLENEE. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARLENEE. Mr. Speaker, does the Walker demand for a separate vote go to the Miller of California amendment dealing with OSHA on farms?

The SPEAKER. The answer is in the affirmative.

For what purpose does the gentleman from Minnesota [Mr. STANGELAND] rise?

Mr. STANGELAND. Mr. Speaker, I ask unanimous consent that the vote on the Walker demand be restricted to 5 minutes.

The SPEAKER. The Chair does not believe that the Members who are not present would have sufficient time; and, consequently, the Chair will not recognize the gentleman for that purpose.

The question is on the amendment.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. WALKER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 199, noes 227, not voting 8, as follows:

[Roll No. 346]

AYES—199

Ackerman
Akaka
Anderson
Annunzio
Anthony
Aspin
Atkins
AuCoin
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Biaggi
Boland
Bonior (MI)
Bonker

Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Brown (CA)
Bruce
Bryant
Burton (CA)
Bustamante
Carper
Chappell
Clay
Coelho
Coleman (TX)
Collins
Conte
Conyers
Coughlin
Coyne
Crockett
Daschle
de la Garza
Dellums
Dicks
Dingell
Dixon
Donnelly
Downey
Durbin
Dwyer
Dymally
Early
Eckart (OH)
Edgar
Edwards (CA)
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gray (IL)
Gray (PA)
Green
Guarini
Hall (OH)
Hamilton
Hawkins
Hayes
Hefner
Heftel
Hertel
Howard
Hoyer
Huckaby
Hughes
Hyde
Jacobs
Jones (NC)
Kastenmeier
Kennelly
Kleczka
Kostmayer
LaFalce
Lantos
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Long
Lowry (WA)
Luken
Lundine
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mitchell
Moakley
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Neal
Nelson
Nowak
Oakar
Oberstar
Obey
Ortiz
Owens
Panetta
Pease
Pepper
Perkins
Pickle
Porter
Price
Rangel
Reid
Richardson
Rinaldo
Rodino
Roe
Roemer
Rose
Rostenkowski
Roybal
Russo
Sabo
Savage
Scheuer
Schroeder
Schumer
Seiberling
Sharp
Sikorski
Slattery
Smith (FL)
Smith (NJ)
Solarz
St Germain
Staggers
Stark
Stenholm
Stokes
Studds
Swift
Synar
Tauzin
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Vento
Visclosky
Walgren
Waxman
Weaver
Weiss
Wheat
Williams
Wilson
Wirth
Wise
Wolpe
Wright
Wyden
Yates

NOES—227

Alexander
Andrews
Applegate
Archer
Armey
Badham
Barnard
Bartlett
Barton
Bateman
Bentley
Bereuter
Bevill
Bilirakis
Bliley
Boehlert
Boner (TN)
Boulter
Broomfield
Brown (CO)
Broyhill
Byron
Callahan
Campbell
Carney
Carr
Chandler
Chapman
Chappie
Cheney
Clinger
Coats
Cobey
Coble
Coleman (MO)
Combest
Cooper
Courter
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
Davis
DeLay
Derrick
DeWine
Dickinson
DioGuardi
Dorgan (ND)
Dornan (CA)
Dowdy
Dreier
Duncan
Dyson
Eckert (NY)
Edwards (OK)
Emerson
English
Evans (IA)
Fawell
Fiedler
Fields
Fowler
Franklin
Frenzel
Gallo
Gekas
Gingrich
Goodling
Gordon
Gradison
Gregg
Grotberg
Gunderson
Hall, Ralph
Hammerschmidt
Hansen
Hartnett
Hatcher
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Horton
Hubbard
Hunter
Hutto
Ireland
Jeffords
Jenkins
Johnson
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kemp
Kindness
Kolbe
Kolter
Kramer
Lagomarsino
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lent
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
McCain
McCollum
McCurdy
McEwen
McGrath
McKernan
McMillan
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Mollohan
Monson
Montgomery
Moore
Moorhead
Morrison (WA)
Myers
Natcher
Nichols
Nielson
O'Brien
Olin
Oxley
Packard
Parris
Pashayan
Penny
Petri
Pursell
Quillen
Rahall
Ray
Regula
Ridge
Ritter
Roberts
Robinson
Rogers
Roth
Roukema
Rowland (CT)
Rowland (GA)
Rudd
Saxton
Schaefer
Schneider
Schuette
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Sisisky
Skeen
Skelton
Slaughter
Smith (IA)
Smith (NE)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solomon
Spence
Spratt
Stallings
Stangeland
Strang
Stratton
Stump
Sundquist
Sweeney
Swindall
Tallon
Tauke
Taylor
Thomas (CA)
Thomas (GA)
Valentine
Vander Jagt
Volkmer
Vucanovich
Walker
Watkins
Weber
Whitehurst
Whitley
Whittaker
Whitten
Wolf
Wortley
Wylie
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

NOT VOTING—8

Addabbo
Boggs
Burton (IN)
Kildee
Lewis (CA)
McCandless
McDade
Mineta

□ 1800

Messrs. DARDEN, YOUNG of Missouri, HUNTER, and WHITLEY changed their votes from "aye" to "no."

Messrs. CHAPPELL, TRAXLER, and HUGHES changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WALKER. I am, in its present form, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Walker moves to recommit the bill, H.R. 2100, to the Committee on Agriculture.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. WALKER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER. The Chair will remind Members that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 282, noes 141, not voting 11, as follows:

[Roll No. 347]

AYES—282

Ackerman
Akaka
Andrews
Annunzio
Anthony
Applegate
Aspin
Barnard
Barton
Bateman
Bennett
Bentley
Bevill
Biaggi
Boehlert
Boggs
Boner (TN)
Bonior (MI)
Bonker
Borski
Boucher
Boulter
Breaux
Brooks
Brown (CA)
Brown (CO)
Broyhill
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carper
Carr
Chapman
Chappell
Chappie
Clay
Coats
Cobey
Coble
Coelho
Coleman (TX)
Collins
Combest
Cooper
Courter
Coyne
Craig
Crockett
Darden
Davis
de la Garza
Derrick
DeWine
Dickinson
Dicks
Dingell
Dixon
Dowdy
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
Erdreich
Evans (IA)
Fascell
Fazio
Feighan
Fiedler
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Franklin
Frenzel
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gilman
Glickman
Gonzalez
Gordon
Gray (IL)
Gray (PA)
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Jeffords
Jenkins
Jones (NC)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennelly
Kindness
Kleczka
Kolter
Kramer
Lantos
Latta
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lloyd
Loeffler
Long
Lott
Lundine
MacKay
Madigan
Manton
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McEwen
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Mikulski
Miller (OH)
Mitchell
Moakley
Mollohan
Montgomery
Moody
Moore
Morrison (WA)
Murphy
Murtha

Myers
Natcher
Neal
Nichols
O'Brien
Oakar
Ortiz
Owens
Oxley
Panetta
Parris
Pashayan
Pease
Pepper
Perkins
Pickle
Price
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose

Rostenkowski
Roth
Rowland (GA)
Roybal
Savage
Saxton
Schuette
Sharp
Shelby
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Robert (OR)
Snowe
Solarz
Solomon
Spence
Spratt
Staggers
Stallings
Stangeland
Stenholm
Stokes
Strang
Stratton
Sundquist

Sweeney
Swift
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Visclosky
Walgren
Wheat
Whitley
Whittaker
Whitten
Wilson
Wirth
Wise
Wolpe
Wortley
Wright
Wylie
Yatron
Young (MO)

NOES—141

Alexander
Anderson
Archer
Armey
Atkins
AuCoin
Badham
Barnes
Bartlett
Bates
Bedell
Beilenson
Bereuter
Berman
Bilirakis
Bliley
Boland
Bosco
Boxer
Broomfield
Carney
Chandler
Cheney
Clinger
Coleman (MO)
Conte
Conyers
Coughlin
Crane
Daniel
Dannemeyer
Daschle
Daub
DeLay
Dellums
DioGuardi
Donnelly
Dorgan (ND)
Dornan (CA)
Downey
Dreier
Eckert (NY)
English
Evans (IL)
Fawell
Fields
Frank
Gibbons

Gingrich
Goodling
Gradison
Green
Gregg
Hansen
Hertel
Hunter
Hyde
Ireland
Jacobs
Johnson
Jones (OK)
Kemp
Kolbe
Kostmayer
LaFalce
Lagomarsino
Leath (TX)
Lent
Levine (CA)
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lungren
Mack
Markey
McCain
McCollum
McCurdy
McGrath
Michel
Miller (CA)
Miller (WA)
Molinari
Monson
Moorhead
Morrison (CT)
Mrazek
Nelson
Nielson
Nowak
Oberstar
Obey
Olin
Packard
Penny

Petri
Porter
Ritter
Roukema
Rowland (CT)
Rudd
Russo
Sabo
Schaefer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shaw
Shumway
Shuster
Sikorski
Smith, Denny (OR)
Smith, Robert (NH)
Snyder
St Germain
Stark
Studds
Stump
Swindall
Synar
Volkmer
Vucanovich
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Whitehurst
Williams
Wolf
Wyden
Yates
Young (AK)
Young (FL)
Zschau

NOT VOTING—11

Addabbo
Burton (IN)
Heftel
Kildee

Lewis (CA)
McCandless
McDade
Mineta

Rinaldo
Smith (FL)
Vento

☐ 1810

The Clerk announced the following pair:

On this vote:

Mr. Kildee for, with Mr. Rinaldo against.

Mr. MARKEY and Mr. DELLUMS changed their votes from "aye" to "no."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 2100, FOOD SECURITY ACT OF 1985

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 2100, the Clerk be authorized to correct section numbers, punctuation, cross references, and the table of contents, and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in amending the bill.

The SPEAKER pro tempore (Mr. ECKART of Ohio). Is there objection to the request of the gentleman from Texas?

There was no objection.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2100, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

ELECTION AS MEMBER OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Mr. MICHEL. Mr. Speaker, by direction of the Republican conference, I offer a privileged resolution (H. Res. 291), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 291

Resolved, That Representative Rowland of Connecticut be and is hereby elected to the Committee on Public Works and Transportation.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REQUEST FOR PERMISSION FOR REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1562

Mr. RUDD. Mr. Speaker, I ask unanimous consent that my name be removed as cosponsor of the bill, H.R. 1562, the Textile and Apparel Trade Enforcement Act.

The SPEAKER pro tempore. The Chair is advised that the gentleman may not remove his name from the bill, H.R. 1562. The bill has been reported by the Committee on Ways and Means, and the time for having done that has expired.

Mr. RUDD. Mr. Speaker, I ask unanimous consent that my statement on this subject be inserted in the RECORD at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. RUDD. Mr. Speaker, earlier this year, I cosponsored H.R. 1562, the Textile and Apparel Trade Enforcement Act. I have today withdrawn my support of that measure. That is not because I believe the problems facing the textile industry have been resolved or that the problems are any less serious than before, but because of the tremendous costs involved and its impact on the labor market.

Administration estimates put the bill's cost to consumers at a staggering $28 billion annually.

A study by the International Business & Economic Research Corp. [IBERC] estimates that consumer prices for imported apparel and textile products would rise 16 percent and 33 percent respectively. Weighted average apparel and textile prices would increase at least 3 percent for foreign as well as domestic.

The costs might be worth it if the 200,000 jobs lost in the textile industry over the last few years could be reinstated. But more realistic assumptions by the IBERC—with similar findings by the Congressional Budget Office—suggest that the proposed import restraints will preseve only 36,000 jobs in the apparel industry at a cost to consumers as high as $66,000 per job, and 35,000 jobs in the textile industry at a cost of $27,000 per job. While some 71,000 jobs are saved in the textile and related industries at this high cost, another 62,000 jobs are expected to be lost in retail-related sectors, for a net job gain of only 9,000. I have received estimates that my own State of Arizona would suffer a net loss of 709 jobs. That is only considering retail/related jobs.

The textile and apparel industries are already the most protected of U.S. manufacturing industries. In addition to quotas, which cover more than 100 product categories with more than 80 percent of U.S. imports from low-wage countries subject to restraint, there are tariffs averaging 22 percent. Tariffs for other manufacturing sectors average less than 5 percent.

An even more restricitive textile trade policy, beside displacing retail-related employees, would provoke retaliation by our trading partners, harming many more industries. If the Smoot-Hawley Tariff Act of 1930 is any indiction of what would happen as a result of this bill's and related legislation's passage, we would be in serious trouble. The 1930 act provided retaliation by 25 of our trading partners, and U.S. exports

fell by two-thirds in just 2 years. It was a prime cause of the Great Depression.

Enacting restrictive trade barriers of our own would furthermore give little incentive for other countries to negotiate more open markets. The 12 major textile-producing nations targeted by the bill imported $33 billion worth of U.S. goods last year, including large quantities of American soybeans, wheat, aircraft, cotton, and tobacco. We could lose the inroads made by these industries if retaliation occurs.

Finally, the bill assumes that imports are the sole cause of the economic difficulties facing the industry. In reality, the situation is much more complex. Jobs are also being lost because of automation and the shutdown of outmoded plants.

The multifiber arrangement will come up for renewal next year. We have an opportunity to seek concessions during negotiations, rather than abbrogate our international commitments by passing this far-reaching legislation today.

For these reasons, I am withdrawing my support of H.R. 1562 and adding my voice to those in opposition to the bill.

APPOINTMENT OF CONFEREES ON H.R. 3036, TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 1986

Mr. ROYBAL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3036) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1986, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none, and, without objection, appoints the following conferees: Messrs. ROYBAL, ADDABBO, AKAKA, HOYER, COLEMAN of Texas, YATES, WHITTEN, SKEEN, LOWERY of California, WOLF, and CONTE.

There was no objection.

□ 1820

APPOINTMENT OF CONFEREES ON H.R. 2942, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1986

Mr. FAZIO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2942) making appropriations for the legislative branch for the fiscal year ending September 30, 1986, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none and, without objection, appoints the following conferees: Messrs. FAZIO, OBEY, ALEXANDER, MURTHA, and TRAXLER, Mrs. BOGGS, and Messrs. WHITTEN, LEWIS of California, CONTE, MYERS of Indiana, and PORTER.

There was no objection.

PERSONAL EXPLANATION

Mr. HEFTEL of Hawaii. Mr. Speaker, on the vote on H.R. 2100, the farm bill, it was a 5-minute vote, which is unusual for final passage of a major bill. My beeper did not function and when I came to the floor the vote had already been closed and I missed the vote on final passage by perhaps 10 or 12 seconds.

Had I been present, I would have voted "aye" in support of the farm bill.

PERSONAL EXPLANATION

Mr. RINALDO. Mr. Speaker, on the vote on final passage of the farm bill, I was at an official meeting off the floor and did not realize that it was a 5-minute vote.

Had I been present, I would have voted "no."

THE MADNESS OF TERRORISM STRIKES AGAIN

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, by land, by air, and now by sea. The madness of terrorism strikes again. Yesterday, in a brazen act of piracy, the Italian cruise ship—the *Achille Lauro*—was seized by a group of Palestinian terrorists off the coast of Egypt.

Reports indicate that as many as 400 passengers may be on board, including some Americans. One or two hostages have reportedly been killed.

Another report indicates the terrorists gained entry to the ship as passengers. This entire episode points to one conclusion—improved security on cruise ships is a national and international concern that demands immediate attention.

As chairman of the House Merchant Marine Subcommittee, I will hold a hearing on October 22 to focus on ways to improve security on cruise ships. More than 1.5 million Americans use cruise ships each year. They should expect at least the same type and quality of security as airline passengers. We must improve radio communication between ships and the Navy and the merchant marine for quicker response to distress calls caused by hijacking. Finally, we must form an international response to hijacking by sea where international waters are used as a haven by terrorists. A hijacking is a hostile act and must be responded to with appropriate intervention. These and other issues will be raised at the October 22 hearing.

THE UNITED STATES AS AN INTERNATIONAL DEBTOR: WHAT IT MEANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. PEASE] is recognized for 5 minutes.

Mr. PEASE. Mr. Speaker, America's return to debtor status after 70 years is a manifestation of the major impediment to continued domestic and international economic growth and stability: Irresponsibly large Federal budget deficits. As Congress is forced to raise the debt ceiling this week, my concerns about these budget deficits and their relationship to our Nation's debtor status are resurrected.

We have been put on notice by press reports, editorials, and congressional testimony that the United States will become the single largest international debtor nation by the end of this year. The United States is accumulating debt so fast, we are told, that it will have gone from being the world's largest creditor to the world's largest debtor in only 3 years.

Is this cause for alarm? Is the United States courting a second international debt crisis which could result in international monetary crisis reminiscent of the collapse of the Bretton Woods system in the early 1970's? Or, have the warnings been overstated since, unlike other nations, the United States borrows in its own currency and therefore does not have to generate foreign exchange to repay its loans by transferring resources into export-related production at the expense of imports and domestic consumption?

No one can predict with certainty how serious the problem will become, since no one can predict at this stage how large the foreign indebtedness of the United States will become. However, we do have a clue—the size and duration of the Federal budget deficit.

In 1982-83, the Reagan administration "jump-started" the American—and world—economic recovery with large personal and business tax cuts that amounted to a classic Keynesian fiscal stimulus marked by large budget deficits. The refusal of the inflation-conscious Fed to monetize these deficits resulted in high real rates of interest which, in turn, attracted investors from around the world.

For the time being, this has been a bonanza for investors, foreign exporters, and much of the United States economy. Foreign and domestic investors alike have been earning high real rates of return on virtually riskless assets, while the domestic consumption boom—stimulated by the tax cuts and financed in part by the U.S. Government out of imported capital—has propelled the world economic recovery. In the absence of these foreign funds, Federal borrowing to finance the deficit would have pushed interest rates to the point where the recovery would have been stymied.

At the same time that foreign capital has been flowing into the United States to finance up to one-quarter of the budget deficit and an indeterminate amount of private investment and consumption, international lending by U.S. banks has declined dramatically in reaction to the restructuring of loans to many Third World countries. As a result, the U.S. capital account—the net amount we owe to and are owed by the rest of the world—has moved into deficit at an unprecedented pace.

In effect, America has borrowed large amounts of foreigners' savings to finance its role as the locomotive of a global economic recovery. In this respect, the inflow of foreign capital and accompanying erosion of our international creditor position has been a boon. However, it posed several very real risks now that the recovery has matured.

First, this borrowing has caused and is perpetuating the dollar's overevaluation. In an ERA of high international capital mobility, financial flows—as opposed to trade in goods and services—account for the overwhelming majority of foreign exchange transactions. Accordingly, the combined effect of foreigners purchasing dollar-denominated securities and U.S. bankers lending less abroad has created a sustained net demand for dollars in the currency markets, resulting in the nearly 70 percent appreciation of the dollar since 1980. The strong dollar is, in turn, the single greatest cause of our colossal trade deficts. Hence, the rising international indebtedness of the United States is inextricably linked to our glaring trade problems—i.e., an eroding manufacturing base and the threat to the international trading system posed by the protectionist measures now before the Congress.

Second, our continued accumulation of foreign debt increases the chances that the inevitable correction of the dollar misalignment will take the form of a free fall rather than a steady adjustment. At some point foreign creditors may not only reach the limit of their appetitie for dollar-based securities, but also lose faith in America's ability to pay off its mounting debt service obligations without printing money, curtailing domestic demand and economic growth, or both. In view of the recent, volatile behavior of world currency and credit markets, it is likely such a growing uneasiness in the markets would feed upon itself until it became a self-fulfilling prophecy.

Third, our continued dependence upon foreign capital handcuffs macroeconomic policymakers. If a lack of confidence in the dollar along the lines described above coincides with an economic downturn, monetary authorities would face a no-win situation. If they allowed interest rates to fall, they would run the risk that a resulting flight of capital would cause an offsetting rise in interest rates, since the Federal Government would be forced to compete for a larger share of domestic credit to finance the deficit. Fiscal expansion would not be an option either, since the increased Government deficits it implies would also place increased demands upon the credit markets and lead to a rise in interest rates.

Fourth, to the extent that foreign countries must defend their currencies and domestic supply of capital by keeping interest rates high, our continued dependence upon foreign capital undermines the prospects for sustained, broadbased economic growth abroad. For example, British interest rates are in the 13- to 14-percent range, while growth is 2 to 3 percent, inflation is 7 percent, and unemployment is over 13 percent. Two years into the recovery, average Western European unemployment is 10.3 percent. The reversal of high interest rates and conservative fiscal policies abroad—with all that this would mean for U.S. exporters and the trade deficit—is in large part blocked by a persisting American appetite for foreign capital.

Fifth, being a debtor nation means that the United States can no longer offset in its current account a perennial merchandise trade deficit with continued net interest payments from foreigners on U.S. overseas investments. In the future, we will owe interest to foreigners. In other words, if our foreign borrowing continues, the only way we will be able to balance our current account deficit will be to run a trade surplus. However, this would appear impossible in the context of a strong dollar that is caused largely by this very foreign borrowing. And even if the dollar depreciated to the point where large trade surpluses were possible, these surpluses would subject the international trading and financial systems to potentially insupportable strain. Many of our trading partners, notably several large Third World debtors, depend on bilateral trade surpluses with the United States to enable them to service their own foreign debts.

Finally, failure to reverse or at least to contain our foreign indebtedness would mean that, other things being equal, U.S. economic vitality would slip to the extent that future debt service payments to foreigners were not reinvested in the U.S. economy. In other words, part of the future wealth of the country will be transferred abroad to pay for our current refusal to live within our means.

Thus, the shift to net debtor status is really a side effect of the medicine administered by the Reagan administration—in the form of a massive fiscal stimulus—to a severely depressed economy. The economy has responded. Now, however, this side effect—mounting U.S. foreign indebtedness—threatens to become a debilitating illness in its own right if it remains untreated.

□ 1830

EFFECT OF SUPREME COURT DECISION IN GARCIA VERSUS SAN ANTONIO MASS TRANSIT AUTHORITY

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Oklahoma [Mr. JONES] is recognized for 5 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, I requested this time tonight to address an issue of great concern to the State of Oklahoma, and to a vast number of our colleagues: The effect on State and local governments of the Supreme Court's decision in Garcia versus San Antonio Mass Transit Authority.

Last week, joined by the entire Oklahoma congressional delegation, I introduced legislation to balance the rights of State and local government employees with the very real fiscal restraints on their employers, the government bodies.

We realize that full implementation of the Garcia ruling would be disastrous to Oklahoma. It would harm not only the State, county, and municipal governments and taxpayers, but also the employees themselves.

Our alternative provides a reasonable, responsible, balanced alternative to full Garcia implementation.

Beginning shortly after I introduced my legislation last week, continuing throughout the weekend, and culminating in meetings yesterday with the relevant committees in the House and the other body, representatives of labor and management met to work out their differences on an approach to the Garcia decision.

I was very pleased to learn that most of the stumbling blocks have been overcome, and both sides are united in their support for a solution.

That solution tracks very closely my bill, and it is heartening to know that our legislation provided a framework for the negotiations.

In a conversation yesterday with Labor Secretary Bill Brock, he told me he would endorse the plan reached by the negotiators. Administration support for our approach should help secure swift action in this and the other body.

I have spoken with the distinguished chairman of the Subcommittee on Labor Standards, Mr. MURPHY, and he concurs with the need to act as quickly as possible on this measure.

I urge my colleagues to join us in pressing for a swift resolution to the many questions arising from the Court's Garcia decision.

The needs of municipal governments, taxpayers, and public employees in Oklahoma and every other State require our immediate attention to the problem.

REAUTHORIZATION OF SUPERFUND LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. ECKART] is recognized for 5 minutes.

Mr. ECKART of Ohio. Mr. Speaker, we are fast approaching the day when the House must finally consider and pass legislation to reauthorize the Superfund law for cleanup of hazardous wastes. Toward that end, I'd like to address an issue today that has been the subject of much discussion in recent weeks—the relative merits of H.R. 5640, last year's House-passed Superfund reauthorization bill, and H.R. 2817, the bill approved in July by the Energy and Commerce Committee. Not only is H.R. 2817 as good a piece of legislation as was H.R. 5640; in several respects, it is even better.

CLEANUP STANDARDS

First, let's look at the issue of cleanup standards. Both H.R. 5640 and H.R. 2817 contain the same fundamental standard—protection of human health and the environment. In addition, H.R. 5640 required that the Superfund sites be cleaned up to levels equivalent to those required under other Federal environmental laws, such as the Safe Drinking Water Act, if the standards set by those laws are both applicable to the hazardous substance and relevant and appropriate under the circumstances.

H.R. 2817, on the other hand, requires that cleanups shall, at the minimum, meet the standards of the other laws which are applicable or relevant and appropriate. This means that, even if a cleanup standard is not necessarily legally applicable, EPA must still apply the standard in a Superfund cleanup where it makes sense to do so, in view of the paramount goal of protecting human health and the environment.

This facet of H.R. 2817, Mr. Speaker, means that standards set under other environmental laws will be more broadly applied in Superfund cleanups than they would have been under H.R. 5640 and so will result in greater protection of human health and the environment.

In addition, the cleanup standards section of H.R. 2817 contains a provision not found in H.R. 5640—a new standard for the destruction of dioxin, perhaps the deadliest chemical yet found at any Superfund site. H.R. 2817 requires that dioxin be destroyed, in an environmentally safe manner, to a level known as "six 9's" or 99.9999 percent destruction. This provision represents an important new legislated safeguard against the dangers posed by poisons in the environment.

PUBLIC HEALTH ASSESSMENTS

Another factor making this year's Energy and Commerce bill a superior piece of legislation to last year's is H.R. 2817's expansion of the Superfund program's public health protection and assessment authorities. H.R. 5640 contained provisions requiring the development of toxicological profiles on a wide range of substances commonly found at Superfund sites, allowing citizens to petition EPA to perform assessments of the health risks associated with releases of hazardous substances, and requiring performance of more detailed health surveillance studies around sites where significant potential health risks are indicated. H.R. 2817 also contains these provisions, but adds several new, important elements which form the basis of a more comprehensive health protection program than is found in any previous piece of Superfund legislation.

H.R. 2817 requires EPA and the Agency for Toxic Substances and Disease Registry [ATSDR] at HHS to work together in performing health assessments not only when requested to do so by a citizen petition, but on a consistent basis at virtually every NPL site. Under this program, health assessments will finally become part of the cleanup planning process. In addition to health assessments and site specific health surveillance projects, H.R. 2817 establishes a new full-scale health effects research program to ATSDR, which will focus where possible on developing new scientific methods for determining the health risks posed by several toxic chemicals reacting together. This program will help us understand the synergistic effects of these chemicals better than ever before, and so help us combat the disease and injury they can cause.

Other provisions of H.R. 2817 require ATSDR to develop and distribute educational materials to States, medical schools, and health professionals, and allow EPA and ATSDR to enter into cooperative agreements with States for the performance of health assessments and research, thus broadening the scope of our data gathering efforts so we can come up with more answers faster.

COMMUNITY RIGHT TO KNOW

H.R. 2817 contains a "community right to know" title which will make sure that the public gets more answers faster, too. These provisions, which H.R. 5640 did not contain at all, require chemical producers to disseminate critical information to the public and to local governments and health professionals on the properties and health risks of chemicals, and to cooperate with State and local governments to develop programs for emergency response to chemical accidents.

Mr. Speaker, H.R. 2817 contains many more elements which combine to make it a better bill than last year's. Among these: a requirement that Federal agencies make cleanup of Federal hazardous waste sites a priority in their annual budget requests, an enforceable cleanup schedule for Federal facilities, a requirement that EPA hold public meetings to allow citizen participation in selection of cleanup plans at all Superfund sites, and a landmark research, development, and demonstration program for new hazardous waste permanent treatment technologies.

In short, Mr. Speaker, H.R. 2817, a $10 billion bipartisan Superfund reauthorization bill is just the shot in the arm this anemic program needs. It is a superior piece of legislation, in many ways more so than the bill we passed last year. So I say it's time to stop debating about what we did last year, and get down to the business of this year—reauthorizing Superfund.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. MOAKLEY] is recognized for 5 minutes.

Mr. MOAKLEY. Mr. Speaker, on Monday, October 7, I was necessarily absent and missed certain rollcall votes.

On rollcall No. 338, the Committee of the Whole rejected an amendment by the gentleman from Missouri [Mr. EMERSON] to the bill H.R. 2100 by a vote of 171 to 238. Had I been present and voting, I would have voted "nay."

On rollcall No. 339, the Committee of the Whole rejected an amendment by the gentleman from Georgia [Mr. GINGRICH] to the bill H.R. 2100 by a vote of 183 to 227. Had I been present and voting, I would have voted "nay."

On rollcall No. 340, the Committee of the Whole rejected an amendment by the gentleman from Massachusetts [Mr. FRANK] to the bill H.R. 2100 by a vote of 340 to 65. Had I been present and voting, I would have voted "yea."

On rollcall No. 341, the House voted to suspend the rules and pass the bill (H.R. 3174), military medical malpractice, by a vote of 317 to 90. I am a cosponsor of the bill and, had I been present and voting, I would have voted "yea."

INTERNATIONAL CRIMINALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. MAVROULES] is recognized for 5 minutes.

Mr. MAVROULES. Mr. Speaker, headline after headline, incident after incident, point out that terrorist forces have declared war against innocent and defenseless people.

Whether it is our diplomat, Mr. William Buckley, or vacationers on a Mediterranean cruise, a web of meditated crime now threatens all free and peaceful people.

How may times must history repeat itself?

How many statements of outrage must we make before the Western community joins collectively and emphatically to proclaim: enough!

It is time for the Western nations and the Soviet Union, too, to stand and draw the line against these international criminals.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized for 5 minutes.

Mr. NELSON of Florida. Mr. Speaker, due to official business in my district on Monday, October 7, 1985, I was unable to be present to cast my vote during Rollcall No. 338. Had I been present, I would have voted "no."

CRUISELINER HIJACKING SHOWS NEED FOR UNIFIED ACTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. FASCELL] is recognized for 5 minutes.

Mr. FASCELL. Mr. Speaker, the hijacking of an Italian cruiseliner with over 400 people on board demonstrates the urgency for coordinated action among the civilized nations of the world to halt the spread of international terrorism.

Only yesterday, in light of the recent events in Lebanon where both American and Soviet diplomats are now held hostage by terrorists, I wrote the President urging that he place this critical issue high on the agenda for the upcoming summit meeting in Geneva.

Hours after my letter was sent, the terrorists struck again.

While this latest incident shocks the sensibilities of people throughout the world, I think the time has come not to express condemnation but to take prompt and effective action as well.

This latest escalation of terrorism raises the entire issue of maritime security and the protection of Americans traveling abroad on U.S. or foreign ships. Just as we have done with airport security, in consultation with other appropriate committees, the Committee on Foreign Affairs, on an urgent basis, plans to review the adequacy of international treaties and other cooperative measures to combat terrorism at sea.

In addition, I have today urged the President to take two immediate steps to assure the safety of most Americans traveling by sea. The first is to form an interagency task force to assess and assure the adequacy of security at U.S. ports. The second is to immediately take all possible diplomatic steps to assure stepped up security at all ports visited by large numbers of Americans—especially ports visited by cruise ships arriving or departing from the United States.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. KILDEE] is recognized for 5 minutes.

Mr. KILDEE. Mr. Speaker, I was unavoidably absent during the House of Representatives' consideration of H.R. 2100, the Food Security Act of 1985 due to reasons of health. Had I been present I would have voted in the following manner on amendments to H.R. 2100: "Aye" on rollcall No. 342, on approval of the Petri amendment; "no" on rollcall No. 343, on approval of the Alexander amendment; "no" on rollcall No. 344, on approval of the Stangeland amendment; "no" on rollcall No. 345, on approval of the Alexander substitute amendment; "aye" on rollcall No. 346, on approval of the Miller amendment. Finally, I would have voted "aye" on rollcall No. 347, on approval of final passage of H.R. 2100.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. KOSTMAYER] is recognized for 5 minutes

Mr. KOSTMAYER. Mr. Speaker, last evening, October 7, 1985, I was unavoidably absent because I was meeting with my constituents in a town meeting held in Huntingdon Valley, Montgomery County, PA.

Had I been present I would have voted "yea" on rollcall No. 340, the Frank amendment to the honey support program.

Also, I would have voted "yea" on rollcall No. 341, H.R. 3174, the medical malpractice suits by members of armed services legislation.

KELWYNN GROUP LEADING THE WAY FOR EDUCATION IMPROVEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi [Mr. MONTGOMERY] is recognized for 5 minutes.

Mr. MONTGOMERY. Mr. Speaker, I am proud of the work being done by a Mississippi company to help schools all across the country improve their educational programs and create conditions that allow students to learn more effectively.

The KELWYNN Group of Jackson, MS, has been a leader in efforts to improve the quality of education. It has developed a series of programs which work cooperatively with educational researchers and practitioners. This is a great example of public/private sector partnership.

The KELWYNN Group has made a commitment to what is called the effective school movement and has embraced the concept that "all children can learn." KELWYNN has worked for the past 3 years with school officials and practitioners to develop this program.

In addition, the company publishes a newsletter entitled, "The Effective School Report," which is read by over 100,000 educators in the United States, Canada, Japan, and Australia.

In our State of Mississippi, KELWYNN has been very active. It has helped 23 school districts pool their financial resources to develop staff training programs based on its effective school research program. It used state-of-the-art video equipment and techniques, teaching materials and other training methods.

KELWYNN has worked with more than 6,000 educators and its programs have achieved great results. Test scores have increased at schools using the programs and student attendance has improved.

KELWYNN has recently developed a measurement instrument to validate effective schools. The KELWYNN Index will be used to indicate the areas in which a school needs to improve and how the school can make improvements.

Mr. Speaker, the accomplishments of this company are helping to improve the quality of education in school systems all across the country. I wanted to share their efforts with my colleagues.

SOCIAL SECURITY REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. PANETTA] is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, the recent celebration of the 50th anniversary of Social Security has provided us with a welcome opportunity to recognize its great accomplishments. I join millions of Americans in honoring this successful program which has protected our families from misfortune due to death, disability or old age.

However, the system has not been flawless, and I believe certain changes must be made if we are to continue to enjoy the protection it affords us. Today I am introducing the Social Security Reform Act of 1985 to make the structural changes in the system's financing which I believe are absolutely essential to ensure its sound financial footing in the long run.

As you know, in 1983 the Congress passed the Social Security Act Amendments in response to the severe financial crisis then threatening the system's future. The amendments sought to remedy the situation through a combination of measures including a 6-month delay in the 1983 cost of living adjustment, taxation of benefits for higher-income recipients, increases in the payroll tax, expansion of coverage to new Federal employees, and a gradual increase in the retirement age. In my view, this package, while temporarily relieving the immediate financial threats to the system, ignored the need for structural, reforms to guarantee its long-term solvency. Congress has asked the American people to make tough sacrifices without itself summoning up the political will to reform the system's structure on a permanent basis. As legislators, we have the responsibility to insure not only that Social Security's month-to-month obligations are met, but also that the system is stabilized, its fiscal integrity guaranteed, and current and future beneficiaries protected against the recurrence of the funding crises that led to the previous reforms.

The system was originally established in 1935 to pay pensions to retired workers and their dependents, and to protect families against the untimely death of their wage-earners. Americans now count on Social Security for many different kinds of assistance, but I think most taxpayers would agree that its primary purpose should remain the payment of retirement and related benefits. If the American people are to continue to have faith in the future of the system, I believe that we must return it to this original conception.

The legislation I am introducing today would accomplish such a goal. The bill will transfer the nonretirement components of Social Security—disability and Medicare—to general revenue financing. Because these programs serve broader public needs, they are more appropriately funded through a broader source of revenue. At the same time, by restoring Social Security's role as a retirement insurance program, the retirement fund would be guaranteed to remain solvent, stable, and self-sustaining well into the future.

Specifically, the Social Security Reform Act will repeal the future off-budget treatment for Social Security trust funds provided for in the 1983 amendments. Under current law, the old age and survivor's insurance trust fund [OASI], the Federal disability insurance fund [DI], and the Federal Health Insurance Fund [HI] will be treated as separate trust funds beginning October 1, 1992. My bill will instead establish a new trust fund, the Federal disability and health insurance trust fund [DHI], which is a combination of DI and HI. This fund would be transferred to general revenue financing as of October 1, 1986. OASI will remain a separate functional category of the budget, and would continue to be financed through payroll taxes. The immediate needs of the retirement programs will be met by crediting the OASI trust fund with whatever surplus remains in the DI and HI funds and by forgiving all loans between the funds.

The amount of funding appropriated to the DHI fund would be determined by the Secretary of the Treasury, based on recommendations from the Secretary of Health and Human Services, and would be targeted toward the specific needs of these programs. The rationale for such a move is simple: Since all Social Security taxpayers do not receive Medicare benefits, the funding for such programs should not come out of tax revenues.

Social Security taxpayers will contribute directly to OASI through a 5.1-percent payroll tax. According to actuarial estimates, this tax rate is sufficient to guarantee the system's solvency well into the 21st century. Furthermore, to guard against additional burdens on the already overextended general budget, my plan will provide for additional revenue to cover the costs of the DHI fund between now and the year 1994. During this period, a tax of 2.05 percent would be paid into the consolidated trust fund to cover its expenses. Taken together, this 7.15-percent tax rate is equal to or less than the rates under current laws, which are scheduled to increase to 7.65 percent by the year 1990.

Any shortfall in DHI during this period will be made up out of general revenues, and any surplus merged into the general fund. As a result, Federal outlays will increase in some years and decrease in others. However, the net effect on the Federal budget over the 1986–92 time span will be minimal. Furthermore, the Government's commitment to the ill and the disabled would not be weakened in any way.

Finally, my bill will repeal the 1983 provisions that base the COLA's on the Consumer Price Index, and would instead index such raises to the percentage increase in average wages minus 1.5 percent. Use of the wage index will provide a better reflection of the price increases actually experienced by Social Security recipients, and will help to stabilize the system by making outgoing benefits subject to the same economic conditions as incoming revenues. Social Security beneficiaries will be protected against inflation, yet without receiving better protection than the workers who support the system through their payroll taxes.

I believe Americans are willing to sacrifice in order to guarantee that stability, but at the same time they expect and deserve a comprehensive, humane, and responsible approach to the system's problems. We have dealt with the immediate shortfalls of the system. Now it is time to address the long-term structural deficiencies in order to guarantee that hard-earned benefits will continue to be available to our children and our grandchildren. My proposal meets this challenge, without placing too heavy a burden on any one sector of society. I urge my colleagues to join me in enacting this comprehensive and essential reform.

H.R. 3528

A bill to amend titles II and XVIII of the Social Security Act and the Internal Revenue Code of 1954 to establish as a permanent requirement that disbursements and receipts of the social security trust funds be set out as separate functional categories in the budget, to provide for financing from general revenues for the disability and hospital insurance programs and to consolidate the trust funds established for such programs, to adjust accordingly the employment and self-employment taxes, and to provide that social security cost-of-living adjustments be consistently based on a wage index

Be it enacted by the Senate and House of Representatives of the United States of America in Congress,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Social Security Reform Act of 1985".

SEC. 2. REPEAL OF FUTURE OFF-BUDGET TREATMENT FOR THE SOCIAL SECURITY TRUST FUNDS AND MAINTENANCE OF TREATMENT AS SEPARATE FUNCTIONAL CATEGORIES.

(a) In General.—Subsection (a)(2) of section 346 of the Social Security Amendments of 1983 (Public Law 98–21; 97 Stat. 137) is amended by striking out "and ending on or before September 30, 1992,".

(b) Repeal.—Subsection (b) of such section 346 (including the amendment made thereby) is repealed.

SEC. 3. GENERAL REVENUE FINANCING FOR THE DISABILITY AND HEALTH INSURANCE PROGRAMS; CONSOLIDATION OF DISABILITY AND HEALTH INSURANCE TRUST FUNDS.

(a) OASDI Provisions.—

(1) Establishment of federal disability and health insurance trust fund; elimination of federal disability insurance trust fund; appropriations.—

(A) In general.—Section 201(b) of the Social Security Act is amended to read as follows:

"(b)(1) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'Federal Disability and Health Insurance Trust Fund'. The Federal Disability and Health Insurance Trust Fund shall consist of such gifts and bequests as may be made as provided in subsection (i)(1), and such amounts as may be appropriated to, or deposited in, such fund as provided in this section and section 3(d)(4) of the Social Security Reform Act of 1985.

"(2) There are hereby appropriated to the Federal Disability and Health Insurance Trust Fund for the fiscal year ending September 30, 1987, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 percent of—

"(A) the taxes imposed by sections 3101(b) and 3111(b) of the Internal Revenue Code of 1954 with respect to wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of such Code after December 31, 1986, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such chapter 21 (other than sections 3101(a) and 3111(a)) to such wages, which wages shall be certified by the Secretary of Health and Human Services on the basis of the records of wages established and maintained by the Secretary of Health and Human Services in accordance with such reports; and

"(B) these taxes imposed by section 1401(b) of the Internal Revenue Code of 1954 with respect to self-employment income reported to the Secretary of the

Treasury or his delegate on tax returns under subtitle F of such Code for taxable years beginning after December 31, 1986, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such section to such self-employment income, which self-employment income shall be certified by the Secretary of Health and Human Services on the basis of the records of self-employment established and maintained by the Secretary of Health and Human Services in accordance with such returns.

The amounts appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the Federal Disability and Health Insurance Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in the preceding sentence, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such sentence.

"(3) There are hereby appropriated to the Federal Disability and Health Insurance Trust Fund such sums, as determined by the Secretary of Health and Human Services and certified to the Secretary of the Treasury, as may be necessary from time to time to ensure that the payments described in subsection (h) are promptly made, to ensure the prompt payment of the administrative expenses incurred in connection therewith, and to provide (with respect to such benefits) an adequate contingency reserve.".

(B) Payment of benefits from trust fund.—Section 201(h) of such Act is amended to read as follows:

"(h) Benefit payments required to be made under section 223, benefit payments required to be made under subsection (b), (c), or (d) of section 202 to individuals entitled to benefits on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits, and payments for hospital insurance benefits under part A of title XVIII shall be made only from the Federal Disability and Health Insurance Trust Fund.".

(2) Conforming amendments.—

(A) The heading of section 201 of such Act is amended by striking out "FEDERAL DISABILITY INSURANCE TRUST FUND" and inserting in lieu thereof "FEDERAL DISABILITY AND HEALTH INSURANCE TRUST FUND".

(B) Section 201(a)(3) of such Act is amended by striking out ", less the amounts specified in clause (1) of subsection (b) of this section".

(C) Section 201(a)(4) of such Act is amended by striking out ", less the amounts specified in clause (2) of subsection (b) of this section".

(D) The last sentence of section 201(a) of such Act is amended by striking out "and the amounts appropriated by clauses (1) and (2) of subsection (b) shall be transferred from time to time from the general fund in the Treasury to the Federal Disability Insurance Trust Fund,".

(E) The first sentence of section 201(c) of such Act is amended by inserting "and Health" after "Disability".

(F) Section 201(f) of such Act is amended by inserting "and Health" after "Disability" each place it appears.

(G) Section 221(e) of such Act is amended by inserting "and Health" after "Disability" each place it appears.

(H) Section 222(d)(1) of such Act is amended by inserting "and Health" after "Disability".

(I) Section 222(d)(4) of such Act is amended by inserting "and Health" after "Disability".

(b) Hospital Insurance Provisions.—

(1) Elimination of federal hospital insurance trust fund.—Section 1817 of the Social Security Act is amended to read as follows:

"CERTIFICATION OF PAYMENTS FOR BENEFITS

"Sec. 1817. The Managing Trustee of the Federal Disability and Health Insurance Trust Fund shall pay from time to time from the Trust Fund such amounts as the Secretary of Health and Human Services certifies are necessary to make the payments provided for by this part, and the payments with respect to administrative expenses in accordance with section 201(g)(1).".

(2) Payment of transportation expenses.—Section 201 of such Act is amended by striking out all of subsection (j) down through "The amount available" and inserting in lieu thereof the following:

"(j) There are authorized to be made available for expenditure, out of the Federal Old-Age and Survivors Insurance Trade Fund, or the Federal Disability and Health Insurance Trust Fund (as determined appropriate by the Secretary), such amounts as are required to pay travel expenses, either on an actual cost or commuted basis, to—

"(1) individuals for travel incident to medical examinations requested by the Secretary in connection with disability determinations under this title, and to parties, their representatives, and all reasonably necessary witnesses for travel within the United States (as defined in section 210(i)) to attend reconsideration interviews and proceedings before administrative law judges with respect to any determination under this title, and

"(2) parties, their representatives, and all reasonably necessary witnesses for travel within the United States (as defined in section 210(i)) to attend reconsideration interviews and proceedings before administrative law judges with respect to any determination under title XVIII.

The amount available".

(3) Conforming amendments.—Section 1128A(e)(2) of such Act is amended by striking out "under section 1817" and inserting in lieu thereof "under section 201(b)".

(4) Section 1870 of such Act is amended by adding at the end thereof the following new subsection:

"(h) There shall be transferred periodically (but not less often than once each fiscal year) to the Federal Disability and Health Insurance Trust Fund from the Federal Old-Age and Survivors Insurance Trust Fund amounts equivalent to the amounts not previously so transferred which the Secretary of Health and Human Services shall have certified as overpayments (other than amounts so certified to the Railroad Retirement Board) pursuant to subsection (b). There shall be transferred periodically (but not less often than once each fiscal year) to the Federal Disability and Health Insurance Trust Fund from the Railroad Retirement Account amounts equivalent to the amounts not previously so transferred which the Secretary of Health and Human Services shall have certified as overpayments to the Railroad Retirement Board pursuant to subsection (b).".

(5) Section 1885(c) of such Act is amended by striking out "under section 1817" and inserting in lieu thereof "under section 201(b)".

(6) Section 1914(e) of such Act is amended by striking out "under section 1817" and inserting in lieu thereof "under sections 201(b)".

(c) Additional Conforming Amendments.—

(1)(A) Section 201(g)(1)(A) of such Act is amended, in the matter preceding clause (i), by striking out "the Federal Hospital Insurance Trust Fund and".

(B) Section 201(g)(2) of such Act is amended, in the last sentence, by inserting "and Health" after "Disability".

(2) Section 201(i)(1) of such Act is amended by striking out "the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund," and inserting in lieu thereof "the Federal Disability and Health Insurance Trust Fund".

(3) Section 201(1) of such Act (as in effect immediately before the effective date of this section) is repealed.

(4) Section 217(g) of such Act is amended by striking out "and the Federal Hospital Insurance Trust Fund" each place it appears.

(5) Section 218(h)(1) of such Act is amended—

(A) by striking out "and the Federal Hospital Insurance Trust Fund"; and

(B) by striking out ", subsection (b)(1) of such section, and subsection (a)(1) of section 1817" and inserting in lieu thereof "and subsection (b)(1) of such section".

(6) Section 229(b) of such Act is amended by striking out ", the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund" and inserting in lieu thereof "and the Federal Disability and Health Insurance Trust Fund".

(7) Sections 706(a) and 710 of such Act are each amended by striking out "the Federal Disability Insurance Trust Fund, the Federal Hosptial Insurance Trust Fund," and inserting in lieu thereof "the Federal Disability and Health Insurance Trust Fund,".

(8) Section 1106(b) of such Act is amended by striking out "the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund," and inserting in lieu thereof "the Federal Disability and Health Insurance Trust Fund,".

(d) Transfers From Terminated Trust Funds.—

(1) Transfer from federal DI trust fund to federal OASI trust fund.—

(A) In general.—There is hereby appropriated to the Federal Old-Age and Survivors Insurance Trust Fund (and merged with any funds appropriated under section 201(a) of the Social Security Act) any balance remaining in the Federal Disability Insurance Trust Fund on the effective date of this subsection. The Federal Old-Age and survivors Insurance Trust Fund shall succeed to all title and interest in any obligations of the Federal Disability Insurance Trust Fund acquired under section 210(d) of the Social Security Act which are outstanding as of such effective date.

(B) Treatment of loaned amounts.—Any loan under section 201(1) of such Act (as in effect immediately before the effective date of this subsection)—

(i) from the Federal Old-Age and Survivors Insurance Trust Fund to the Federal Disability Insurance Trust Fund, or

(ii) from the Federal Disability Insurance Trust Fund to the Federal Old-Age and Survivors Insurance Trust Fund, remaining unpaid (as of such date) shall be treated as paid in full, with any unpaid amount of such loan remaining as part of the balance of the borrowing trust fund.

(2) TRANSFER FROM FEDERAL HI TRUST FUND TO FEDERAL OASI TRUST FUND.—

(A) IN GENERAL.—There is hereby further appropriated to the Federal Old-Age and Survivors Insurance Trust Fund (and merged with any funds appropriated under section 201(a) of the Social Security Act) any balance remaining in the Federal Hospital Insurance Trust Fund on the effective date of this subsection. The Federal Old-Age and Survivors Insurance Trust Fund shall succeed to all title and interest in any obligations of the Federal Hospital Insurance Trust Fund acquired under section 1817(c) of the Social Security Act which are outstanding as of such effective date.

(B) TREATMENT OF LOANED AMOUNTS.—Any loan under section 201(1) of such Act (as in effect immediately before the effective date of this subsection from the Federal Hospital Insurance Trust Fund to the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund remaining unpaid as of such date shall be treated as paid in full, with any unpaid amount of such loan remaining as part of the balance of the borrowing trust fund.

(e) INTERIM TRANSFERS.—For the period beginning October 1, 1986, and ending December 31, 1986, of the amounts appropriated to the Federal Old-Age and Survivors Insurance Trust Fund under section 201(a) of the Social Security Act (as amended by this Act), the Secretary of the Treasury shall immediately transfer from such Trust Fund to the Federal Disability and Health Insurance Trust Fund amounts which would be appropriated to the Federal Disability Insurance Trust Fund under section 201(b) of such Act but for the amendments made by this Act.

(f) EXPEDITED TRANSFERS.—The Secretary of the Treasury shall take such actions as are practicable to ensure that transfers from the general fund of the Treasury to the Federal Disability and Health Insurance Trust Fund pursuant to the appropriations under section 201(b) of the Social Security Act (as amended by this Act), transfers from the Federal Disability Insurance Trust Fund and the Federal Health Insurance Trust Fund to the Federal Old-Age and Survivors Insurance Trust Fund pursuant to subsection (d) of this section, and transfers from the Federal Old-Age and Survivors Insurance Trust Fund to the Federal Disability and Health Insurance Trust Fund pursuant to subsection (e) of this section are made in such manner as to provide for the timely payment of benefits and administrative expenses from the Trust Funds receiving such transfers.

(g) EFFECTIVE DATE.—The amendments made by this section shall take effect October 1, 1986, and shall apply with respect to periods after September 30, 1986.

SEC. 4. ADJUSTMENTS TO EMPLOYMENT AND SELF-EMPLOYMENT TAXES.

(a) TAX ON EMPLOYEES.—Subsections (a) and (b) of section 3101 of the Internal Revenue Code of 1954 (relating to rate of tax on employees under Federal Insurance Contributions Act) are amended to read as follows:

"(a) OLD-AGE AND SURVIVORS INSURANCE.—In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to 5.1 percent of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b)).

"(b) DISABILITY AND HOSPITAL INSURANCE.—In addition to the tax imposed by subsection (a), there is hereby imposed on the income of every individual a tax, with respect to wages (as defined in section 3121(a)) received by him before calendar year 1994 with respect to employment (as defined in section 3121(b)), equal to 2.05 percent of such wages.".

(b) TAX ON EMPLOYERS.—Subsections (a) and (b) of section 3111 of such Code (relating to rate of tax on employers under Federal Insurance Contributions Act) are amended to read as follows:

"(a) OLD-AGE AND SURVIVORS INSURANCE.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to 5.1 percent of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b)).

"(b) DISABILITY AND HOSPITAL INSURANCE.—In addition to the tax imposed by subsection (a), there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, and with respect to wages (as defined in section 3121(a)) paid by him and received by such individuals before calendar year 1994 with respect to employment (as defined in section 3121(b)), equal to 2.05 percent of such wages.".

(c) SELF-EMPLOYMENT TAX.—Subsections (a) and (b) of section 1401 of such Code (relating to rate on tax on self-employment income) are amended to read as follows:

"(a) OLD-AGE AND SURVIVORS INSURANCE.—In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual a tax equal to 10.2 percent of the amount of the self-employment income for such taxable year.

"(b) DISABILITY AND HOSPITAL INSURANCE.—In addition to the tax imposed by subsection (a), there shall be imposed for each taxable year beginning before January 1, 1994, on the self-employment income of every individual, a tax equal to 4.1 percent of the amount of the self-employment income for such taxable year.".

(d) EFFECTIVE DATES.—

(1) The amendments made by subsections (a) and (b) shall apply with respect to wages received after December 31, 1986.

(2) The amendment made by subsection (c) shall apply with respect to taxable years beginning after December 31, 1986.

SEC. 5. WAGE-BASED COST-OF-LIVING INCREASES IN BENEFITS.

(a) RESTORATION OF FORMER COLA PROVISIONS.—Section 215(i) of the Social Security Act is amended to read as such section read immediately before the date of the enactment of the Social Security Amendments of 1983.

(b) AMENDMENTS.—

(1) Section 215(i)(1)(C) of the Social Security Act (as amended by subsection (a)) is amended to read as follows:

"(C) the term 'adjusted wage increase percentage' means the excess (if any) of—

"(i) the percentage (rounded to the nearest one-tenth of 1 percent) by which the average hourly earnings index for total private nonfarm workers, prepared by the Department of Labor, for the calendar quarter immediately preceding such cost-of-living computation quarter, exceeds such index for the calendar quarter immediately preceding the most recent prior calendar quarter which was a base quarter under subparagraph (A)(ii) or, if later, the calendar quarter immediately preceding the most recent prior cost-of-living computation quarter under subparagraph (B), over

"(ii) 1.5 percent."

(2) Section 215(i)(2)(A)(ii) of such Act (as so amended) is amended by striking out "by the same percentage" and all that follows down through the semicolon, in the sentence immediately following subdivision (III), and inserting in lieu thereof "by the adjusted wage increase percentage;".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after November 1986.

HEALTH CARE SAVINGS ACCOUNT ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia [Mr. SLAUGHTER] is recognized for 60 minutes.

Mr. SLAUGHTER. Mr. Speaker, I have introduced, along with three of my distinguished colleagues, H.R. 3505, the Health Care Savings Account Act of 1985. I am joined in this introduction by the gentleman from Illinois [Mr. CRANE], the gentleman from California [Mr. DREIER], and the gentleman from Michigan [Mr. SILJANDER].

This bill would allow workers to establish health care savings accounts which are analogous to today's regular individual retirement accounts, the IRA's. The maximum contribution for health care savings accounts would be equal to the amount of hospital insurance taxes paid into that Medicare portion of Social Security by the worker; that is, that the worker will be entitled to contribute into his account each year an amount equal to 2.9 percent of income up to $39,800.

□ 1840

Workers would receive a 60-percent income tax credit for these contributions to health care savings accounts. An employer would be allowed to contribute to an employee's health care savings account in lieu of or in conjunction with the workers, so long as the annual limit is not exceeded, and to receive a 60-percent income tax credit for those contributions.

Sixty percent of the contributions and investment returns representing the proportion of contributions, offset by the credit, could not be withdrawn from the health care savings account before retirement or disability. The remaining 40 percent could only be withdrawn subject to a 10-percent penalty imposed on early withdrawals from IRA's.

Workers who exercise a health care savings account option to specified minimum levels, at least the one-third of the maximum over their careers, and at least 50 percent of the maximum over 10 years, would also receive catastrophic coverage under Medicare.

With today's limits and increasing coinsurance fees under Medicare eliminated, and the supplemental medical insurance, coinsurance fee kept, Medicare will begin to run into the red in the 1990's. The trustees for the Medicare trust fund, in their 1985 annual report, stated that current workers who retire in the next century will not only have to compensate for the shortfall due to the high current outlays, but will also derive significantly fewer benefits from their contributions. That is to say, they will have to pay higher Medicare taxes and receive less benefits if the system is to remain solvent beyond the 1990's.

Rather than pass new tax increases to cover a system destined for hard times, or to freeze Medicare fees indefinitely, or to cut benefits to Medicare recipients, we offer a new alternative, the development of health care savings accounts.

Mr. DREIER of California. Mr. Speaker, will the gentleman yield?

Mr. SLAUGHTER. I yield to the gentleman from California.

Mr. DREIER of California. I thank my friend for yielding. He has just given a very good explanation of this proposal, and I am pleased and honored to join him as a cosponsor of H.R. 3505.

What I would like to do at the outset is congratulate the gentleman in the well, a new Member, been here just a few months, and he has done a superb job of demonstrating leadership on this issue. It is one which obviously is very important and near and dear to all of us.

Mr. Speaker, what my colleagues—Mr. SLAUGHTER, Mr. CRANE, Mr. SILJANDER—and I are offering with H.R. 3505, the Health Care Savings Account Act of 1985, is more than a short-term quick-fix solution to Medicare's long-term financing troubles. It is a proposal based on sound economic judgment, using a proven vehicle—individual retirement accounts.

Currently, there is upward pressure on Medicare and Medicaid to provide greater benefits to meet the growing health care needs of the elderly. According to a July 1985 report of the Select Committee on Aging, entitled "America's Elderly at Risk," our Nation's elderly will spend an average of $1,660 in 1985 for health and long-term care. That's over 15 percent of their incomes—more than the elderly spent on health care when Medicare and Medicaid were enacted. By 1990, the Aging Committee projects that elderly out-of-pocket expenses for health care will grow to $2,583, or 18.9 percent of their income.

Along with this increased financial burden, the elderly are more vulnerable to the severe financial risks of catastrophic illness. According to the Aging Committee report:

> Our current public and private insurance programs offer little, if any, coverage for long-term care, with the exception of Medicaid. The existing insurance systems are designed primarily to cover hospital care for acute illness and do little to protect the elderly from the costs of chronic illness.

These troubling trends have brought about demands for enhanced protection under Medicare and Medicaid. But at the same time, both programs face serious financial trouble.

According to the 1985 annual report of the Medicare trust fund's board of directors, the hospital insurance portion of Medicare is projected to incur massive deficits in the next 15 years which can only be solved by drastic cuts in benefits or massive payroll tax increases on today's workers. At the same time, the Office of Management and Budget projects that expenditures of the other part of Medicare, supplemental medical insurance, will double from $14.1 billion in 1983 to $27.1 billion in 1990.

Medicaid faces similar problems. Today, there are approximately 1.2 million elderly persons in nursing homes. That number is expected to increase to 2.2 million by the end of the century. At the same time, nursing home costs under Medicaid are expected to climb from $13 billion in 1982 to $45 billion in 1990. The Aging Committee report states that as many as two-thirds of nursing home patients who enter as private paying patients subsequently deplete their resources and have to turn to Medicaid. The thought of being so financially devastated has forced many of today's elderly to turn their assets over to family members in an effort to qualify for long-term coverage under Medicaid.

Mr. Speaker, what we have is a situation where, on one hand, out-of-pocket expenses for health care are becoming a serious financial hardship for our Nation's elderly. On the other hand, we have a public "insurance" system which is not only incapable of meeting the growing medical needs of the elderly, but faces insolvency in the near future without tremendous Government subsidies and/or forcing massive payroll tax increases on today's workers.

My colleagues and I have introduced a unique and challenging proposal that could free both working and retired Americans from these major deficiencies in our public health care programs. Essentially, or health care savings account proposal would allow workers to establish tax-free savings accounts, modeled after the popular individual retirement accounts, specifically for the purpose of providing for medical expenses upon retirement. The maximum contribution would be equal to the annual Medicare HI payroll taxes paid by the worker and his employer. As an incentive to invest in a health care savings account, the worker would receive a 60-percent income tax credit for contributions made to the account.

Workers would then use the funds accumulated in their health care savings accounts for medical expenses during retirement. In turn, their Medicare deductible in retirement would be increased under a proportional formula. That formula would be based on the amount of private medical insurance the retiree can be expected to buy each year with an annuity from accumulated funds. Also, workers who contribute a set minimum would be eligible for catastrophic benefits through Medicare.

Like regular individual retirement accounts, health care savings accounts are specifically designed to attract low-income workers. And the overwhelming success of IRA's since they were liberalized in 1982 is a clear indication of the potential willingness of workers to invest in a similar program to provide adequate health care coverage upon retirement. By the end of 1984, nearly 23 million households, or 28 percent, owned an IRA. Of that, nearly two-thirds have household incomes of less than $40,000 per year.

Beyond their important retirement benefits, diversified IRA options provide a significant benefit to the national economy through increased savings and investment, resulting in greater economic growth and increased Federal revenues. Since 1982, IRA's have helped to expand our Nation's pool of capital by over $135 billion.

Mr. Speaker, providing Americans with expanded opportunities to become self-sufficient upon retirement is a policy this Congress should continue to pursue vigorously. The health care savings account option should be an integral part of this policy. As I have said, and my colleagues before and after me will tell you, health care savings accounts could drastically improve the health and standard-of-living among the elderly, without a massive drain on the earnings of today's workers. It would sharply reduce and potentially eliminate altogether the long-term financing problems of Medicare. In addition, it will help to increase competition and consumer choice in the health care market. This can only result in reduced medical costs for consumers, and greater savings in our public insurance programs.

□ 1850

Mr. SILJANDER: Will the gentleman yield?

Mr. SLAUGHTER. I am happy to yield to the gentleman from Michigan [Mr. SILJANDER].

Mr. SILJANDER. I would like to thank the gentleman for yielding, and my friend and colleague Congressman DREIER, for your leadership with an inspiring new idea, a new concept, to bring a new dynamic to the crises that we are inevitably facing in Medicare, is reassuring to some Members of this body who feel there are some new ideas that can come out of Congress.

Medicare does face staggering financial problems. Right now, Medicare seems solvent enough; that is only for the moment. There is a slight surplus for now, but when one projects beyond the present, there is an obvious, inevitable crisis that is before us.

Those revenues, the surpluses, could vanish within a very short time. What are the options? They could be—a friend of mine on the Budget Committee had a remarkable experience. He was ascended into heaven, and God was there and said "I want to show you a little bit of what heaven looks like, but you are not dead; I am not taking you yet; I want you to go back down and implement this idea, this kingdom of heaven idea back on earth."

So here he was up in heaven and God is showing him around the heavenly realms, and he was quite impressed. He said, "By the way, I have always wondered, God, what is time like in heaven versus on earth? Because we are always late for meetings in Congress and have these problems with punctuality." God said, "Well, one minute on earth is like 1,000 years in heaven." He said, "That's amazing. One minute on earth is as a thousand years in heaven."

Well, they continued showing the differences back and forth, and just upon his readiness for his departure back to Earth, the member of the Budget Committee thought, "Now wait a minute. If a minute is worth 1,000 in heaven, I wonder what a dollar is worth?"

So he said, "God, what is a dollar from earth worth in heaven?" "Well," God said, "it's worth a million."

He thought to himself, "What a great deal." God said just before he left, "Is there anything you want before you leave?"

He said, "I'm glad you offered, God, because I would like to take about, oh, $50 or $60 home with me."

God said, "Absolutely no problem; just wait 1 minute, and you'll have it."

The moral of the story is, it is not very likely, not very likely at all that anyone on the Committee on Aging that I serve on, or other committees in Congress, will have such a supernatural opportunity to bring home the bacon; and Medicare is in serious crisis both in the long term and short term.

So our options, of course, beyond the experiences of my friend on the Budget Committee, would be to raise taxes; which many in this body as well as the American people find an unacceptable option; continue to freeze hospital and doctors' fees, which has been the result of serious controversies, not only for the doctors and hospitals involved, but for the quality of care of the patients.

Of course the third and final option, the final option beyond what we are considering on the floor would be to cut benefits to Medicare recipients, and that is unacceptable to this gentleman and so many others.

This new option, the fourth concept, has now arisen, and I am so thankful for it. It is a very simple idea of having health care savings accounts as has been outlined clearly by the two gentlemen.

They are much like the IRA accounts. They would be tax-free savings; they would earn investments, as any other account; unlike the pay-as-you-go Medicare system, however, one could take up to 2.9 percent of income up to $39,600 and put it into the tax-free account and receive a tax credit for up to 60 percent of that amount, that 2.9 percent of the $29,600.

An employer would be allowed to contribute in lieu or in conjunction with that of an employee's account, but in no case could it be higher than this 2.9 percent.

Now the funds, of course, would be used in retirement years to purchase private medical insurance and/or to pay for health expense during retirement years.

Now of course if there are catastrophic problems prior to the retirement years, some of those funds may be released in a certain formula to assist in that way.

Is not it logical for those who can afford and need tax dodges and tax help to place money in a private sector bank account to be used in their retirement years?

Now obviously, some of the Medicare funds would be deducted if they were not necessary later on in retirement. In other words, if the health savings account were drawn off of during an illness, there would not be Medicare coverage up to the point of the establishment of the account, or when the account is finally depleted.

So the idea is it saves in Medicare funding but those who can better afford it and for those who need those types of tax advantages, it saves the Medicare system for those who are truly poor, truly needy, and helps make the system far more solvent.

Mr. DREIER of California. Will the gentleman yield?

Mr. SLAUGHTER. I yield to the gentleman.

Mr. DREIER of California. I think that we have also seen, as I was saying earlier, that there is a tremendous benefit accrued to those who are not necessarily poor, but those who are on the lower income level because of the fact that we saw two-thirds of the individual retirement accounts which have been initiated since 1982, going to those who are earning less than $40,000.

If the gentleman would continue to yield, I would like to ask him a question: In one of our planning meetings we were discussing this legislation he told us how he had tested out the idea of a health-based individual retirement account in some of his town meetings in Michigan, and I wondered if he might share some of the response from those town meetings with us.

Mr. SILJANDER. I would be thrilled. I have held a series of town hall meetings across the district; provided every constituent in my district through the postcards we are allowed to send—we had tremendous participation.

I asked the question: Who would be interested and willing to participate? And almost every person raised their hand. There were a few that did not, and I asked why. They said, "Well, I don't have the extra revenues to participate," but, they said, this makes it 100 percent—"I think it's a great idea, because that means there will be more money left in the future for me."

□ 1900

So they were thrilled with the idea, as of course were so many of the others in the audience.

Mr. DREIER of California. One of the other attractive aspects of the proposal is that that benefit can also be passed on to heirs, which obviously cannot now take place with the present Medicare system.

Mr. SILJANDER. That is an excellent point to be made. I do not know how many of the Members have town hall meetings, but if you do, I encourage you strongly to throw out the question to your constituents, see what they feel about the health care savings account concept. See what they think about it, and I am certain you will find that whether it is New York, California, Michigan, or Virginia, I think one would find clearly that the majority of Americans, the vast majority, would support an alternative. One last point that I would like to make that I think is paramount: This does not in any way affect the present Medicare system. It does not draw off of it, does not deplete it, does not change the criteria at all. What it does is to supplement, is a supplemental idea to help make the system more solvent for those the system is truly directed to help.

I think that is an important point. We are not attempting to disrupt Social Security or Medicare in any way whatsoever. This is a totally voluntary supplemental extra added bonus.

Mr. DREIER of California. I would like to ask my friend from Michigan, who is well aware of the fact that we are faced with a real crisis for Medicare, and I know he is aware of the fact that the present Medicare that we now have in a major way discriminates against minorities. We have found that if—and this came out in the study that I referred to earlier from the National Center for Policy Analysis—that the average life expectancy for a black male is 64.8 years of age. The average life expentancy for a Hispanic is 66.6 years. The average age of a white male is 71 years.

Yet, there is absolutely no consideration for that lifespan taken into account when the fee is paid and when the benefits are actually accrued.

So based on that 64.8 years you can see that it is unbelievable that the average black male American is, unfortunately, in a situation where he will not benefit at all from Medicare. So while he is required to pay the exact same amount and his employer is required to pay the exact same amount into the system, he is less likely to receive the benefits that white male Americans are.

I believe that that is one of the reasons we have to provide equitable alternatives to this crisis because it is a crisis. While the gentleman said that is does not in any way tamper with the present system, it is incumbent upon us and many other people around the country in those town hall meetings and here on the floor of the Congress to point out the fact that while Social Security was supposedly addressed nearly 3 years ago, we did in fact see at that time that the Medicare system is faced toward a crisis into the next decade which will make the Social Security crisis look miniscule. That is why it is very important that we work together to try to address this problem.

I thank the gentleman for his contribution, and I thank the gentleman from Virginia for yielding me this time.

Mr. SLAUGHTER. I thank the gentleman from Michigan, and I also thank the gentleman from California.

Certainly this legislation is a product of the work and thoughts of all of us who are sponsoring this bill, the gentleman from Michigan [Mr. SILJANDER], the gentleman from California [Mr. DREIER], and the gentleman from Illinois [Mr. CRANE]. They and all of our staffs have worked on this legislation, and we have a workable concept embodied in this legislation.

It will save the Medicare system as it now exists, because, as the gentleman from California and the gentleman from Michigan have pointed out, Medicare is now running in the black, but the Board of Trustees of the system and all who have studied and who are familiar with the system say that it will run out of funds in the 1990's. The result; there can only be two things or a combination of these two things: One is to increase the Medicare taxes; the other is to reduce benefits; or do both.

This bill offers a way out, because Medicare will continue to receive all of the revenue it receives under present law. The contributions that an individual makes into his Health Care Savings Act will give him a credit against his Federal income taxes. But the Medicare taxes that he pays as a part of the overall, along with the Social Security taxes, the 2.9 percent that it will be next year, will continue to be paid. They are payroll taxes that will continue to be paid into the Medicare fund.

As the years go on, because of the people who will exercise the option to have the health savings account, there will be fewer people putting in claims for Medicare benefits. They will be using the funds from their own private savings account, and Medicare will continue to receive the revenue it now receives and will be paying out less in benefits because of the number of people who have chosen to use the health care savings account.

Certainly today most young people who pay their Medicare taxes will receive less in Medicare benefits than they pay into the Medicaid fund.

In the instance of the user of the health care savings account, those young people will have an income tax incentive to invest in the health care savings account, and they will be able to accumulate more money than they could possibly receive in Medicare benefits.

If they do not use the money in the health care savings account for medical expenses in retirement, the money passes on to their estate in the event of their deaths.

Now there are a number of interesting figures on Medicare, not only dealing with the revenues expected and the benefits expected to be paid out but some other things affecting the individual taxpayers who are now paying the Medicare taxes.

About 40 percent of those people, 40 percent of all the beneficiaries under Medicare, do not receive any benefits. That is, fortunately, they do not have the illness or the hospitalization that requires them to call upon Medicare benefits during their retirement years.

This is all to the good in the sense that they are healthy and do not need to spend that money, the Medicare benefits, for health care.

But, again, they have paid these taxes over many years, have received no benefits, and with the health care savings account at least they would have received interest on their investments which can be used and spent so long as they do not expend funds that they had used a tax credit for in their account.

They must maintain that much in the account, that which is equal to the taxes they have taken credit for will remain in the account. But at the time of the death of such person who has selected the health care savings account, those funds will pass on to his heirs.

The health care savings accounts enable the workers to develop their own resources to meet their retirement medical expenses. Now for those who do not choose to use the health care savings account, and it can be opened at any time, does not have to be contributed to every year, in the same manner as the individual retirement accounts, but for those who do not exercise that option there are no changes in the Medicare benefits for any of the people who do not take the option of the health care savings account. And if they choose not to, their Medicare benefits continue, as is the case now. In addition, as I say, in future years it is unquestionably true that the Medicare fund will grow stronger and sounder under this bill and will accumulate funds to pay the benefits, and something has got to be done, and this alternative is far preferable in every way to reducing the Medicare benefits in the 1990's or increasing Medicare taxes at that time.

☐ 1910

The funds that are put into the health care savings account can be invested as the participant may decide to purchase private medical insurance or to make investments and the interest can accumulate on those investments and the account will grow until retirement years.

Now, we have some figures that assume a certain rate of interest on money that is put into an account. If you assume it at 8 percent, a person 55 years old putting in the maximum contribution to the health savings account for 10 years would accumulate over $22,000. A person who is 40 years of age and earning $7,000 annually, putting in one-third of the maximum, would contribute over $8,000 at the end of 25 years. That same person 40 years of age, if earning approximately $17,000 and putting in one-third of the maximum contribution, which would have a tax advantage under this legislation, and, accumulated until retirement at age 55, would have $20,000 in the account. A person 40 years old puting in the maximum for 25 years would have a value at the end of 25 years in that account of $140,000.

So the accumulation and growth of the health care savings account tax free, it will be of great advantage to those who choose the health care savings account. But if a person chooses not to, then his Medicare benefits continue as is the case now. His Medicare taxes continue, as is the case now. But he will have a much sounder Medicare fund to look forward to paying his medical benefits in retirement.

The health care savings account legislation is drafted so as to encourage Americans to save funds for use on health care and retirement, part of which could certainly go toward the purchase of long-term-care insurance.

The legislation allows for tax-free withdrawal of health care savings account funds so long as these funds go toward the purchase of medical care either directly or indirectly through private medical insurance.

Again, to refer to the financial condition of the Medicare fund, the most widely cited assumption, which does not predict any recessions but predicts that the economy will continue at its present level, that is, on a static basis, in order to pay all of the promised benefits to people, to young workers now employed, the total employer-employee tax rate would have to be raised to 7.4 percent, which is almost three times today's rate, that is, in 1985, of 2.7 percent. This is an almost triple 7.4 percent as compared to 2.7 percent. The cost burden of health care, as we all know, is increasing; so certainly we cannot expect any decrease in the cost of medical care and hospitalization. This legislation gives the opportunity, and the tax incentive, and encouragement for Americans to save for their own health care costs in retirement. In return, they will be given a tax incentive, but they will also be contributing to the soundness of the Medicare financial system, financial resources, and enable Medicare in the 1990's to pay the obligations, to pay the benefits to the beneficiaries of medical care who are paying in their benefits today and will not be able to look forward to a fund which is able to pay their benefits in the 1990's unless something is done to relieve the situation for medical care.

This legislation does not increase taxes, it will not increase taxes, it does not reduce benefits and will not reduce benefits, but it will make Medicare sounder because the payroll taxes for Medicare will continue to be collected as is now the case by the Federal Government, and there will be lesser numbers of people, Medicare beneficiaries, and, therefore, there will be a lesser number of people who will be putting in claims for medical benefits.

Mr. Speaker, I urge that all of my colleagues carefully consider this legislation and their support and suggestions are indeed welcome.

THE FEDERAL DEFICIT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. MACK] is recognized for 60 minutes.

GENERAL LEAVE

Mr. MACK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject of my special order today.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. MACK. Mr. Speaker, it is my intention during my special order to discuss legislation that has been introduced into the House that begins to deal with the deficit and deal with it in a very specific way, in a method which has teeth in the proposal to in fact get something done, instead of to continue with the process of where we have just literally talked about the problem every day since I have been here, which is now completing my third year.

There are many reasons that one could argue why we need to deal with the deficit. There is the debate that we just concluded today on the agriculture bill. Many people said we had to do that in order to solve the problem, the crisis, that is in existence today in our farms. Others say that we have to deal with the issue of trade.

I was rather surprised, I guess, when I came back from the recess, to hear so many people running around talking about the trade issue, the trade issue, the trade issue, and, at the same time, saying that there was a concern about the deficit.

I also heard people, but not with the same degree of enthusiasm or the same degree of concern, talking about what was happening with the Third World debt, what was happening in our banking communities, the problems that were in existence as a result of the problems on our farms, the problems created by our trade imbalance, all relating, in my opinion, to the deficit.

The surprise that I had was that people kept coming back and talking about trade, when we were trying to bring the tax issue to the American people, to the attention of the American people. I think most Members were surprised, frankly, because, if you will recall, we passed the so-called deficit reduction plan just before we took that break, and everybody went home with the feeling that they were going to be able to say to the American people, "We have done something of significance, something serious about reducing the size of the deficit. We have set the course in a downward direction. We are going to save, we are going to reduce the deficit this first year by $52 billion to $54 billion."

And before they could even get settled into that speech at home, the Congressional Budget Office was already telling the country that, no, it was not $52 billion or $53 billion or $54 billion, it was, at best, $39 billion.

Now, that did not include the supplemental that we passed, if you recall. There was a supplemental of about $15 billion. So already we began to eat away at those so-called savings.

I want to, I guess, move on to a little bit more of a personal message as to why I think we have to do something and do it now. I want to tell a couple of stories as to how they related to my entry into the U.S. Congress, and I am going to start with the very first vote that I cast in 1983. It was not a vote that was going to change the direction of the country, it was not a major issue of any kind; it was a very simple question. Some of you may recall that. You may recall that first vote in 1983 was really a question of whether we were going to establish another committee in Congress. Again, I was a brandnew Member, had never been involved in politics before, so, therefore, I was not in the State legislature, and I was not so sure about how this was going to work, what might be entailed in that vote, and so I asked other Members on both sides of the aisle what their attitudes were about whether we should establish a new committee in the Congress. And the reaction I got was, "We don't need another committee, we already have too many committees." Some people said, "we write too much legislation." Others said, "We spend too much money on staffs, therefore, we really didn't need it."

□ 1920

I was convinced that I was going to cast my first vote in the Congress with a great majority of others. So I walked over, placed my voting card in the machine, and voted "no."

Then I looked up on the board behind us, and what a shock it was to me to find that I was one of 35 that had voted against the establishment of this new committee. There are two bits of information that I failed to give you. The first was the name of the committee. The name of the committee was the Committee on Families and Children. The second bit of advice that I got was "Connie, you do not go back home after you voted against families and children and run for reelection.

To me, that was a fairly impressive memory that I have of that first vote. It really established in my mind this misconception of pressure that is on the Members of the Congress to vote for different things. Imagine now, people basically voted for that particular committee because of the name: The Committee on Families and Children.

Well, the second set of hearings that I attended was with the Budget Committee. I come from a banking background, and that is where I wanted to end up, on the Budget Committee. By the way, I happen to know Congressman SILJANDER. I am a good friend of his, I am on the Budget Committee, but I am not the individual that he referred to a little earlier as making quite a junket.

During that first set of hearings on the Budget Committee, I listened to David Stockman, Martin Feldstein, Donald Regan and others talking about what was going to happen in 1984 and 1985 and 1986 and 1987 if we did not do something; if we did not change the spending pattern of this country. If we did not really begin to reduce the scope of government and begin to make decisions about which program should be included and which one should be deleted.

They estimated in February of 1983 that in fact there were going to be $200 billion worth of deficits for the years to come. There should be no surprise in this House, each year as we vote on this budget deficit question because the information was given to us in February of 1983. We were also told that if we did not do anything in 1984 that 94 percent of the net private savings of this country were going to be consumed by the Federal Government, and over that 4 or 5-year period, basically 50 percent of the net private savings of this country would be consumed by the Federal Government.

What does that mean? Well, net private savings are the dollars that you and I save, put into an investment, whatever, so that they can be used by others to purchase automobiles, to mortgage homes, to invest in businesses, to create new businesses and create jobs. If the Government is consuming all of those, then there is not anything left for you and I and for business in this country to establish and create those new enterprises and those new jobs.

So there again, those two points. One was the first vote, the perception that was created about the political pressure about why you had to vote for something. The second was the establishment of the criteria of what we were going to be looking at for the years to come if we did not act, and clearly we did not act, because now we are facing the third year of where the deficits are going to be approximately $200 billion.

So the time has come for us to act, but let me add another point of view as to why the time has come for us to act now. When I was in the banking business, when people would come in with a problem, whether that was dealing with their family or whether it was a crisis in a business, and they would make a request that I should, through the bank, provide them with working capital or assistance for their family crisis, the very first thing I wanted to know was what created the problem, and what they were going to do to change the situation so that they would be able to take the capital that they were able to get from the bank, solve the problem and pay it back. Very straightforward; very simple. What is the problem out there; what are the corrective measures that you have taken.

We would ask for financial statements; we would ask for operating statements. We would look at credit reports. We also looked at, did the people in the past in essence do what they said they were going to do in dealing with those financial problems. If the answer was yes, the credit was available. If the answer was no, the credit was not. Here is the point.

If you look back at the history of the follow-through of the things that we have said in this Congress and in the years past, the answer is pretty clear that we say one thing and we do another. Again, I think the time has come that we act and act now.

Mr. PURSELL. Mr. Speaker, will the gentleman yield?

Mr. MACK. I yield to the gentleman.

Mr. PURSELL. It is very fitting tonight, on the eve of the baseball playoffs, that we have a discussion with CONNIE MACK of Florida. Is the gentleman suggesting that maybe if we took our budget with our great deficit and our past historical track record of borrowing almost 20 percent of our revenue, that if we took that to the average banker today that we would be denied any additional credit, like the small businessman is denied his because historically he has not been responsible fiscally?

Are we any different than the family or the small businessman or corporation?

Mr. MACK. I think you are making my point for me. I do not think that we are, but the interesting thing is that we are not even asked today really what is the plan to create a change, to bring about a change that we can solve the problem. We just go on year after year. That is what is being asked over in the Senate; that is what is being asked in the House today. That we just increase the debt ceiling, no strings attached they say. Just increase that debt ceiling and we will solve the problem.

I promise you next time, when we have an opportunity in the Budget Committee we are going to solve that problem; we are going to get that budget out here to the floor; we are going to reduce spending; we are going to reduce the deficit; we are going to solve the problem.

But we do not even really ask the tough questions about how are you going to change it. I remember listening to Peter Grace making a presentation to the Republican Study Committee, and his conclusion really brought to my attention the relationship of the similarity between the situation of a corporate or a family borrower who has a problem, and he is not going to get the money unless he has come up with the solution about how he is going to change things.

The analogy is correct. I think probably if most bankers were to look at the spending patterns of this Government and were asked to borrow additional money, they ought to be turned down.

Mr. PURSELL. If the gentleman will yield further, I was looking at recent adjustments in the CBO report in respect to your earlier comment that were hoping that the Senate Budget House Conference Committee would achieve a $55 billion or a $56 billion or a $51 billion deficit savings this year in our agreement with the Senate. You alluded to the fact that it came down to about $39 billion. The estimate was correct that evening and I reported that in the House when we voted for that limited budget savings.

I understand subsequent to that that there has been an adjustment further by CBO, that it is now down to $37 billion. So it is going the wrong way, and I appreciate the gentleman's leadership for tonight suggesting a way out of this for both the leadership in the House and Senate in your proposal that you are offering this evening.

Mr. MACK. I thank the gentleman for his comments, and believe it or not, we will get into a description of the plan here briefly. But I thought it was important to set the stage as to why we need to begin to act now and why we need to be doing something different than we have done in the past.

Mr. BARTON of Texas. Mr. Speaker, will the gentleman yield?

Mr. MACK. I yield to the gentleman.

Mr. BARTON of Texas. I thank my distinguished colleague from Florida. I want to commend the gentleman for taking out this special order to bring to the other Members of this body the most primary and important need to finally begin to address the deficit problem.

I am a freshman Member of this body and in my campaign I promised that if elected I would come to Washington and do everything possible to bring the deficit under control. My congressional district is shaped like the great State of Florida, it is long and skinny. It is bounded on one side by the Trinity River, and on the other side by the Brazos River. There is a book out by James Michener called Texas that most of the action in that book takes place, a large part of it in my congressional district.

□ 1930

The people in my district, some are native Texans but some are also people that have chosen to come to Texas and to lead their lives there. There are small-town farmers, there are small-town businessmen, there are oil and gas people and there are educators, a broad cross section.

And once I got elected and once I began to go back and report on what is happening here in Washington, the questions at my town meetings began to come up, "Well, why can't you do something about the deficit? Why can't you get things under control?" I really did not have an answer for them until this package the gentleman is the sponsor of in the House and Senator GRAMM and Senator RUDMAN in the other body are the sponsors of came along.

Mr. MACK. If I could reclaim my time for just a minute, because I do want to touch on the point about the town meetings. I think my experience was the same as the gentleman's.

As I alluded to a minute ago, going back home right after the passage of that budget, and basically the people in my district were saying, "We don't think you did enough. We don't think you did anything. You really need to go back there and attempt to solve that problem and seriously attempt to solve that problem."

The reason I wanted to interrupt you there for a moment was because I want to thank the gentleman for giving me that message when the gentleman got back. It was part of that stimulus that said we have to work together. That is how we found ourselves over with Senator GRAMM and working on this particular issue. So I just wanted to take this moment to thank the gentleman's input and encouragement.

Mr. BARTON of Texas. I thank the gentleman.

Anyway, people just cannot comprehend what seems to be the beltway mentality here in our Nation's Capital. When they look at the facts and they see that in the last 20 to 25 years, we have had 1 year that we actually have had a balanced budget, and I believe that was in fiscal year 1969; when we see a need to reduce the spending and yet the budget resolution that this body passed increases spending. And as our colleague just mentioned, we said that we had a deficit reduction package of $55 billion. Now they are talking about $37 billion. And I think before it is all said and done, under the reconciliation procedure in the House, we may come up with the $17 billion to $18 billion worth of savings over some phantom baseline.

So the people, at least in my district, are fed up. They do not have a lot of faith in what we are doing here in Washington, DC.

And now the proposal that you brought forth and introduced is a balanced budget, the Emergency Deficit Control Act of 1985 here on the House side, very specifically says next year the deficit will be no larger than $180 billion; the year after that, $144 billion; the year after that, $108; the year after that $72 billion; the year after that, $36 billion; and finally, zero. And it gives the President and the Congress the power to make these across-the-board cuts that we seem incapable of doing collectively as a body on an individual basis. It gives us the discipline to make these decisions.

I, as the gentleman has, have been speaking with other Members in the last week to gather support for this. There are some technical questions about it and there are some concerns about how it impacts defense and how it impacts other spending programs, but it does protect totally Social Security so our senior citizens do not have to worry about their Social Security checks, and it gives us a framework.

If we cannot come together as a body on something as simple and equitable and doable as this bill, then I am not sure that we will ever be able to get a handle on spending. With the debt right now right at $1.7 trillion, $1.8 trillion, our national debt and the need to raise that debt to $2 trillion in the next week or so, I think it is imperative that we seriously address this, act upon it expeditiously and then work with the President and the other body to make the decision and to make the cuts that need to be made.

I commend you for taking the leadership position and hope that we can get our colleagues involved and pass this in a bipartisan fashion in the very near future.

Mr. MACK. I thank the gentleman for his comments.

Let me just expand just one thought. I believe the real significance of the legislation really has to do with changing the focus and changing the focus in this manner. Right now if the three of us became involved in a debate about how to solve the problem and then we got involved in the debate with our colleagues on the other side of the aisle, and then we finally agreed that we ought to get into debate with the folks at the other end of the building, and months and months and months go by and eventually we come to some agreement something like what we passed just several months ago that really does not do anything to send us in that direction that we want to go in reducing deficits, what has happened is nothing has been accomplished. But the change that happens in this particular legislation says, "While you guys are arguing, while you are debating from side to side, while you are debating from here down to the other body, guess what happens, spending is automatically reduced."

It is interesting how we have in the past allowed spending to automatically increase, how we have allowed tax revenues to automatically increase, and it is about time we changed the pattern that we put ourselves into an automatic reduction in spending.

Mr. BARTON of Texas. Mr. Speaker, will the gentleman yield for a question?

Mr. MACK. I would be glad to yield.

Mr. BARTON of Texas. As someone who has seniority in this body, is it or is it not true that in most cases the compromise in the various conferences when spending is under consideration, is the compromise on the higher spending number or in some cases to split the difference, but very rarely, if ever, is a compromise agreed to to spend the lesser of the amounts in the discussion between the two bodies?

Mr. MACK. I think that is a pretty fair statement, that probably most of the time it is split the difference, some of the time it is an increase, but very rarely is the conclusion reached that the reduction should be made in that lower figure.

Mr. PURSELL. Mr. Speaker, will the gentleman yield?

Mr. MACK. I would be glad to yield.

Mr. PURSELL. On the gentleman's earlier comment here, Warren T. Brooks today said in a syndicated column, he is an economist, that:

> Americans should already know that tax increases won't cut the deficit, only spending cuts will. The best proof is what has happened during this fiscal year just ended. Through the last 11 months of fiscal year 1985, Federal revenues have risen 10.4 percent, one of the strongest rises in our country. Our economic recovery because of our reduction of tax rates have started to stimulate the job market and new growth. But Federal spending also soared by 9.2 percent, nearly double the fiscal year 1984, which was the rate of 5.4 percent.

I am just suggesting the gentleman is absolutely right that spending levels are still on the increase.

I come from the auto industry center, and we build cars and trucks. I think we got to get tough now. The gentleman from Florida is going to be my leader in this leadership effort and the fight in the next few weeks. I think the gentleman's name is appropriate.

I think we are going to need a Mack truck to move this to the top of the agenda fiscally so that everyone here ought to be scared regardless of party to lead a bipartisan effort on your leadership and others and on the Democratic side to take this No. 1 agenda item that is facing this Nation and our international markets—and your earlier comments are appropriate—and face this squarely and take this proposal, tie it to the debt ceiling amendment and address this up front honestly, and hope that we can salvage something out of this fiscal year, because we have not been well up to this point in addressing that No. 1 issue.

So I really congratulate the gentleman outlining how that Mack truck is going to roll here. Maybe your comments on what those key provisions

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are would be appropriate for our audience.

Mr. MACK. Let me just, if I could, build on the one point that the gentleman made about taxes. I just have one other comment that I want to make before I get into the specifics of it.

What the gentleman basically said was if we reduce the tax burden on both individuals and business, that that is a stimulus to economic activity. People feel that they can keep more of what they have earned, that they can either save it or invest it. And it is through those savings and investments that we create the capital necessary to build this great Nation that we have been building for all these years.

□ 1940

What is going to happen if we do not become forceful, if we do not develop this Mack truck approach that the gentleman referred to is that at some point, whether that is the end of this year or early next year or the year following that, those who want to get out here and talk about raising taxes as the solution will eventually win, and that is what my real motivation is, to take away their incentive to raise taxes.

Let me just give you some information that I picked up again at a hearing that was held by the Republican Study Committee that Peter Graves testified before. It basically tells what happens to a family of four. This family of four had a $16,000 income in 1971. What it shows is how taxes increased from 1971 to 1976 to 1981. It shows it as a percentage of spending, OK?

During that period of time, in 1971 that family paid taxes to the tune of 19.1 percent of their spending; in 1976, that increased to 23 percent; in 1981, that increased to 29.8 percent.

Even if you did not get upset with that fact that you were having to pay those higher taxes relative to what you had to spend, here is the bottom line: What is its effect on the other end? That is, how do you spend your money? I think people ought to be interested in this. It is a decrease in the amount of funds spent for food; it is a 3.5-percent decrease. Housing, 11.6-percent reduction in the funds available for housing. Personal care, 17.4 percent less money available for personal care. For clothing, 40 percent.

So the point is this. Some people always ask that question, why should we be concerned about the deficit? Well, as I indicated when I first started into this discussion, there is the question of trade, there is the question of agriculture, there is the question of the Third World debt, there is the question of banking as it relates to agriculture and to trade, and you can go on and on and on. But to put it right where it makes a difference, what it means is as your Government spends more and taxes more, you have less to spend on the things that you want to do. I think that is really where it all comes down.

Well, let us get to the proposal. What are we talking about? Well, basically again what we have said as if we are going to be asked to raise the debt ceiling of this country, we are saying we are going to do it on one condition, and that is we can put certain specific spending limitations on the expenditures of the Federal Government. We are saying, as the gentleman from Texas indicated a minute ago, that we are going to establish targets for the deficit. We are going to take that deficit starting in 1986, fiscal year 1986, which we have just started, and reduce it from $180 billion down to zero. We are going to reduce it by $36 billion a year.

Now, having set the target at $180 billion and these other targets over the next 6 years, which gets us to a balanced budget, the second thing we say is that the President and the House and the Senate must submit budgets that do not reach those targets, and while we are working on putting those proposals together and eventually coming up with a budget resolution that is within those targets, the next step that would occur is that the Office of Management and Budget, known as the OMB, and the Congressional Budget Office, the CBO, would make projections as of October 1.

In this particular case it would be November 1 for the first year. They would make projections about what those budget resolutions would do relative to the proposed deficit. They would make an estimate of what the deficit would be under those budget proposals. If the proposal as passed for 1986 were to breach the upper $180 billion figure, then the enforcement mechanism goes into effect.

Let me just kind of stop for a moment. A number of people say, "Well, what is different about this legislative proposal to balance the budget? We have done this plenty of times in the past."

Well, the difference is that this particular piece of legislation, first, has an enforcement mechanism in it. It says that something is going to happen, in effect, in relation to what you do with the budget resolution.

Second, it does something a little bit different than what we have done in the past. Right now the Budget Act really has its power from the rules of the House, and as each of us know, we come out here almost daily to see the rules of the House waived, you know, just waive them, so the Budget Act really does not mean anything.

This is a separate piece of legislation that sets targets and would require that if this target is broken that the President would sequester funds sufficient to bring the deficit number back down to the target that we have established.

Mr. BARTON of Texas. Mr. Speaker, will the gentleman yield for a question?

Mr. MACK. I am glad to yield.

Mr. BARTON of Texas. To clarify that point, as I understand it, whereas now we can waive the Budget Act by getting a rule or a simple majority for a waiver of the rule on the House floor, under the legislation of which the gentleman is the chief sponsor in the House, it would take an act of Congress in both bodies, sustained by the President not vetoing it in order to override the budget; is that correct?

Mr. MACK. Well, let me clarify it, because I think there may be some confusion. I do not mean to imply that the House will not be able to find a way that it could waive some particular point set up by this particular act.

For example, let us use 1987, $144 billion target established for fiscal year 1987. It is possible that this House may decide to waive that particular target. Now, that may come as a shock, but let me make the gentleman feel comfortable by saying they can only get away with it temporarily. If they waive that target of $144 billion and say, "No, we can't live with that. We are going to establish a budget that will produce $164 billion in deficits."

Now, they will get away with it until October 1 and that is when the Congressional Budget Office and the Office of Management and Budget will make its projections for the upcoming year.

Let us assume for a minute that they are on target with their projection and it shows $164 billion. Fourteen days later the President has to sequester $20 billion in spending in order to get back down to the target. They can waive it as far as the rules of the House are concerned, but they cannot waive it as far as the law is concerned.

Mr. BARTON of Texas. Unless they actually pass a repeal of the law, is that correct or incorrect?

Mr. MACK. In essence, it would require the passage of a separate piece of legislation by both Houses and signed by the President.

Mr. BARTON of Texas. That is different than the procedure we operate under today, is that not correct?

Mr. MACK. The gentleman is correct.

Mr. BARTON of Texas. I thank the gentleman. Would that go into effect for the fiscal year that we are currently in, that is fiscal year 1986?

Mr. MACK. That is correct.

Mr. BARTON of Texas. The gentleman's legislation would be binding for fiscal year 1986?

Mr. MACK. Right. There is one slight modification. It is binding, yes, but the target, we use a trigger of 5 percent for all the out years. We use a trigger of 7 percent for the first year.

What we are saying is that there ought to be some leeway in requiring the bill to be in force. In other words, if we made a $180 billion projection for the deficit and we were off by 6 percent this first year, it would not trigger the mechanism. If it is off by 8 percent, the answer is yes, it would.

The second, third, fourth, fifth, and sixth years, we have narrowed it down to 5 percent and anything greater than 5 percent would automatically require the triggering mechanism, but the act goes into effect in fiscal year 1986.

Mr. PURSELL. A further question to the sponsor. Some say that this is a shift of power to the executive branch. Personally, as a cosponsor, I do not see that, but the gentleman might like to outline the arguments that defeat that idea, that it is not a major shift of power. It is a balance and it is a moderating force between the two major branches.

Mr. MACK. Well, I thank the gentleman for raising that point. That is an issue that others are saying what we are doing here is we are shifting power from the legislative branch to the executive branch. I would say to the gentleman that I do not see that that is the case at all. In fact, we have been very careful to maintain the balance between the legislative and the executive branch, and unlike the arguments that are made for line-item veto, for example, where people say we have shifted too much responsibility, too much authority to the President, that is not the case here.

Notice the words, at least I hope I used the words a little bit earlier, that the President in essence has no discretion with the sequester order. Fourteen days after OMB and CBO have given their report indicating the breaching of the target on the deficit, the President must sign the sequester order.

The second point I would make is that the President does not have a choice about where to make the reduction. It is across the board. Let me explain how that works.

We basically have divided Federal spending into two categories, the one category being those that increase automatically, that are tied to some kind of formula for automatic increase, and we say that 50 percent of the savings that we have to come up with will come out of that category, but not below the COLA. In other words, if you had to go down say from the 3-percent COLA down to zero, that is as far as you would go. It would not eat into any of the established programs.

□ 1950

On the other side, the other 50 percent would be taken out of basically what is called controllable accounts, which would include defense, so everything is included with the exception of two items. One is Social Security, and the second, we have said those areas where we have contractual obligations, multiyear contracts, that we should not just arbitrarily reduce those by a percentage; that those would be left intact but everything else would be included.

Mr. PURSELL. If the gentleman would yield, one of the comments concerns me historically here, that this year our deadlines were October 1 in the Budget Act, to get the appropriation bills through the House, through the Senate, and to the President. Any sitting President ought to have the opportunity to look at that set of appropriation bills, 13 in number, to look at the spending levels, high, low, satisfactory, whether he or she should not veto any bills that are too high.

In all the years I have been here, I cannot recall a single year of the 9 years in which all of the spending appropriation bills, only 13, have been to the President by October 1. Tonight, at this point in time and history this year, irrespective of the deficit, the House I understand has passed 10 of the 13 bills. Our colleagues in the other body have passed 3 that have gone to conference committees, but not a single appropriation bill of the 13 has reached the President's desk, and they have passed the October 1 fiscal year.

So I am only pointing that out to my colleagues to suggest that it is a crisis. Whether it is a Mack truck, whatever vehicle we have, it is not perfect, it needs fine tuning, probably needs some appropriate compromises with our colleagues on the other side of the aisle, but I think the genesis of this proposal is such that this period of history tells us very clearly that, yes, this is the No. 1 agenda item in this Nation, in the free world; and two, that we have got to come up with constructive solutions to the problem as soon as possible.

So I hope that our colleagues who are here, and those who are not here this evening, will join with us and cosponsor your proposal and take this issue to the floor, along with the Senate, and with your leadership I think the Nation deserves this attention and this constructive proposal to resolve the single greatest domestic problem of this young Nation, which is only 200 years old, with a deficit of $2 trillion. Personally, I have trouble sleeping nights as a family man, to think my children and my children's children are paying one of the highest costs of the interest on the national debt, something like $130 billion out of our general fund this budget year, coming up in 1986, just to pay the interest on the national debt. That is almost 13 cents of every dollar going for the interest on the national debt. That is one of the fastest growing programs in our general fund expenditures that is mandatory, that we take right off the top of our spending levels and appropriations.

So I really welcome the gentleman's leadersip on a proposal that is timely and historically needed in this country.

Mr. MACK. I thank the gentleman for his remarks.

Let me make some additional points. It is interesting how you begin to work on a piece of legislation and you find that there are other benefits that come out of it as you are trying to solve a given problem. What I am referring to is that I have supported a constitutional amendment for a balanced budget and feel very strongly, especially in light of that story that I told about the first vote, again, that if Members are going to feel that kind of pressure on that small issue, imagine what it is like on a big issue, and what that says to me is that there really is no way to solve the question of balancing spending and revenues without some kind of an outside constraint.

The point that I am making here is that one of the things that would always be said to us when we raised the idea of a balanced budget amendment, one of two things, was: "How are you ever going to get there? Here we are with these deficits. How in the world would you ever get there?" they would say. Clearly, I think that this particular proposal, the Balanced Budget Deficit Reduction Act, basically lays out how we would get from where we are today to a balanced budget.

The second point that comes out of it is the other question that they ask, and that is, "If you had a balanced budget, how would you operate with it? Suppose you make these projections about growth and suppose you make these projections about what a particular program is going to cost and you make an error, you grow less, your revenues are less and you spend more, and all of a sudden you have a deficit where you have not anticipated one under the balanced budget constitutional amendment."

Well, the answer is right here. What we basically have done is, we have tried to structure something that most of the States in this great Nation of ours do. Forty-three States have a proposal, a working document basically like this, that says in essence that if you spend more than you had anticipated, if in fact there is that deficit out there, there is that automatic sequestering of funds that brings you back down into the target that you have established. So I think clearly it not only begins to solve the problem about how we get there; it also begins to answer the question about, in essence, about "What would you do if you really got there?"

So again, I think we are getting things out of this proposal more than we had thought in the beginning.

I would just like to make a couple of additional remarks. The question has come up, "What about supplementals? What would you do about supplementals?" I guess there are a couple kinds of reactions. One is that maybe we would not see supplementals any more. What this act would require is what many of us are referring to as truth in budgeting, not just truth in the assumptions that we make about economic activity dealing with GNP and unemployment and interest rates and inflation, but truth in the assumptions about what things are going to cost, what the spending programs would be. The truth in budgeting program is exactly what we have put together here.

Mr. PURSELL. If the gentleman would yield on that point about supplementals, I am intrigued with the whole historical development of supplementals. It is a way around the basic appropriation process of putting those 13 appropriation bills together with final base numbers based on our budget proposal, and then passing them on over to the Senate. Then we come back later with supplementals.

What has really happened here is that all the agencies know that, so the appropriations have less meaning in those early appropriation bills because the department heads can come back and say, "Well, we need additional money." So the responsibility for supplementals historically has grown over the years so we have put a task force together this fall to study that for the upcoming budget process next year, a bipartisan group, Democrats and Republicans, and we are looking at the history and development of supplementals and how a few people, in all honesty, can sit here later in the fall and plug in spending projects and programs throughout all those appropriations bills process through the mechanism called supplementals.

I think every taxpayer should be aware that the supplemental process is a second tier track of going through the appropriation bills, passing those, and then lo and behold we come back and appropriate more money through the vehicle entitled supplementals. It is a cycle that needs to be checked and, as the gentleman says, truth in spending may emerge as a way to avoid this.

I understand supplementals for emergency purposes, wartime or some emergency crisis. I think Ethiopia might have been a classical example of that. Those are appropriate, but not the common, everyday patterns that are developing historically in the process called the new supplementals.

Mr. MACK. The interesting thing is that this proposal really does not say that an individual cannot come forward with a supplemental, but what it does say is that, in essence, if you are going to come forward with that supplemental, you either have to show how you are going to pay for it with revenues, or you are going to have to reduce expenditures someplace else.

So again, I think that there should be a process to handle emergency situations, but not just come in and say, "We have an emergency and, therefore, we are going to spend several billion dollars more." This says supplementals can be done. It just says that if you are going to bring those supplementals forward, you have to show how they are going to be paid for or where you are going to reduce spending elsewhere to take care of it.

Two other points, I guess, should be made, again with some of the specifics of the act. As with the balanced budget amendment proposal, there is a provision that says in the case of war that there would be the option for the President to suspend the provisions of the act; for example to take care of the additional defense build-up, if necessary.

The second area where we decided to make an exception is in the area of a negative GNP growth. In other words, if OMB and CBO were to project a negative growth in GNP for the upcoming year, a recession, then the President has the option of suspending the act in case there are other emergency types of spending that he thinks need to be taken care of. We have attempted to allow some leeway in there for those kinds of emergency situations.

□ 2000

I think that I have covered most of the details, but let me just kind of run through the proposal one more time.

Basically what we are saying is under this act we are going to establish targets for the deficit, $180 billion the first year, $144 billion the second year, $108 billion in the third year, $72 billion the fourth year, $36 billion the fifth year and zero the sixth year, 1991.

After we have set those targets, we then say to the President and to the Congress that they must submit budget resolutions that are within those targets. After that, and after the budget resolution has been enacted, the OMB and the CBO may make projections as to what the deficit would be in that next fiscal year as impacted by the budgets that had been adopted. And if, in fact, they see that the targets have been broken, there would be an automatic sequestering of funds across the board to reduce spending down to that target.

One of the things I failed to mention a little bit earlier is that there is also a provision in here that says, in essence, if the House or the other body, the Democrats or the Republicans, or the President for that matter, says I do not like the way that this has been established, this automatic sequestering of funds, the President can come back with an alternative. He can say here is my idea about how I think we ought to reduce the amount that the deficit has been or the target has been breached. And the other body and this House can come back and do the same thing. The Budget Committees can pass additional legislation requiring different spending or taxing plans, for that matter.

But again, the kicker in this is while we are arguing about which one of those plans we ought to approve, or some modification of all three, some compromise position, the sequestering portion of the act has taken place, spending is reduced down to the level necessary to reach the target. I think that is the real significant difference.

Again, we have made two exceptions dealing one with Social Security, and two, with saying that any contracts, multiyear contracts ought to be exempted from the program. And we have also provided a provision for supplementals. But if you are going to offer supplementals, one must in fact say either where you are going to reduce spending in order to allow the new spending, or where you are going to bring in the tax revenues to take care of the new program.

Finally, we have established the two areas where in the case of say an emergency or a recession, we have the option of the President suspending the act and offering a different alternative within a 30-day period after he does that.

So that, in essence, is the plan. It is really not that complicated. Yes; the details of having to work it out and to make sure that it functions properly could be somewhat difficult. But the basic thrust of the plan is, in my opinion, relatively simple.

Mr. PURSELL. Will the gentleman yield?

Mr. MACK. I will be glad to yield to the gentleman from Michigan.

Mr. PURSELL. I know the hour is late. I think it is appropriate to suggest that there are some very talented legislators, key responsible Members who have served a long-time in this body who are cosponsors. I was just looking at the list. I have a list of about 120 here in front of me, and I will not read all of the names.

But I was looking at people like JIM BROYHILL, who has been here a long time, a senior Member.

Mr. MACK. And a very active Member in helping us along with this.

Mr. PURSELL. Dan Burton of Indiana and Carroll Campbell of Ways and Means, Rod Chandler of Washington, Dick Cheney, one of our leaders, Larry Coughlin, a colleague of mine on the Appropriations Committee, Larry Craig, Hal Daub. I could go through the whole list. Bill Frenzel of Minnesota, a long-time veteran here. Bill Gradison, a very mature leader of the Ways and Means Committee. Henry Hyde, an outstanding leader from Illinios. Jack Kemp, Tom Kindness.

And just a few others that are in our group 92 I see here, John Rowland, Marge Roukema from New Jersey, Claudine Schneider of Connecticut, Bill Schuette from Michigan, Mark Siljander from Michigan, Olympia Snowe from Maine. I am just going to suggest that these are not hardline, extreme people. They are concerned about the direction of this Nation, and I think they have felt concern enough to cosponsor your proposal and help lead this effort. I know we need to reach out for concerned Members on the other side of the aisle. I believe and I have always believed in the principle of bipartisan efforts to develop good public policy.

This is not a partisan issue, but a development of public policy for the good of this Nation that is in the best interests of every family and every taxpayer in the United States, whether they be Democrats, Republicans, Independents, or from every race, color or creed.

So I think you have a proposal that is moderate; $36 billion a year is all we are asking here. My gosh, I might even be a little bit disappointed personally because I think it ought to be more.

Mr. MACK. It is about 3.6 percent of the spending we currently have on an annual basis.

Mr. PURSELL. I think people should not get too excited that this is the kind of proposal that anybody is going to try to ram down anybody's throat. We have time. The other body is going to take some time. We can fine-tune it.

But I call on all of my colleagues on both sides of the aisle to join with us in supporting your great leadership on this proposal to improve the budget process and get our country back onto a balanced budget.

Mr. MACK. I thank the gentleman from Michigan for his support. I thank you for participating in this special order this evening.

I would also add that in addition to the group, the 92 Group, that the COS group, the Conservative Opportunity Society, is active. I think what we have done, frankly, Carl, is we have touched all of the different groups in the Republican Party, and as you read through that list, clearly you know we have many, many people from many different groups that are supporting this particular initiative.

I might also add we have begun reaching across the aisle to get the support of the Democrats. We have not made a great headway, but we have gotten several, three of their members to date to sign on this with us, and we are going to be working with others to try to expand that.

Another point I would like to make is I think we certainly did not make this a partisan railing of either the cause, who was responsible for it or who created the problem. You know, we could probably spend another hour just doing that, but that is not the important thing. The important thing is we do have a problem today, it has to be dealt with, and there is no sense getting too involved in partisan statements. And as a matter of fact, as you have indicated, we do want to reach out, we do want to get the support from our colleagues on the other side of the aisle.

Mr. PURSELL. I also understand there are organizations throughout the country that are starting to call their Congressmen and legislators. I would encourage that if they are concerned about the future of this country, to get in contact with their congressional staffs back home and talk, or have lunch or breakfast or whatever. I think it is so critical that the personal attention of every American is brought to this issue, and it is important at this time to generate public support, as well as colleague-to-colleague support so that we can develop a constructive resolution of this natinal dilemma.

Mr. MACK. As the gentleman has mentioned, there are a lot of outside groups that are assisting us, the Chamber of Commerce, the National Association of Manufacturers, NFIB, and many others, and I just cannot think of all of them off the top of my head. But as you know, we had at the meeting today quite a few prople that were involved, committed to go out and make those contacts and let the people back home know of the importance and of the need of their input in order to make a difference here.

If I could, let me just close with this: In 1981, this was before I became involved, in 1981, there were some commitments made by the President and the Republican Party. We basically said that if you elect us, we are going to bring down interest rates, and did. We said if you elect us, we are going to bring down the unemployment rate, and we did. We said if you elect us, we are going to strengthen national defense, and we did. And we said if you elect us, we are going to get this country moving again and we are going to create jobs and opportunity, and we created over 8 million new jobs.

The last thing we have to do is that commitment to balance the budget. This is a reasonable, calculated, well-done proposal that will get us exactly where we should be. I think with your help of a number of others that have already started participating in this, we are going to get this job done, and I thank the gentleman for participating.

Mr. PURSELL. I also suggest that "Mack Truck" has room for additional riders, so I welcome every colleague to climb aboard. Rather than being in the front of the truck, be with us, and join with us, and we can see some light ahead of us in our national future.

Mr. MACK. I thank the gentleman very much.

Mr. MICHEL. Mr. Speaker, I welcome this opportunity to join with Connie Mack and other colleagues in discussing the Gramm-Rudman-Mack amendment for a balanced budget.

I know that my colleagues will speak of the specific measures called for by this proposal. I just want to discuss briefly what this initiative can mean for the Congress and for the country.

Someone once said that human beings cannot avoid discipline—either it is going to come from within the person himself or else it will be imposed upon him.

It is a law of nature—no person and no institution can survive and prosper unless there is a willingness to curb appetites and live within means.

We in the Congress have for too many years failed to impose budgetary self-discipline on our selves the result has been larger deficits and a loss of respect by the people for this great institution.

Historians can debate the degree of blame that must be shared by various administrations—including this present one—for large deficits. There can be no doubt that administrations of both parties have shared our unwillingness to make tough budgetary decisions.

But the fact remains that in balancing the budget—the major area in which the Congress has responsibility for self-discipline—we have failed—and failed repeatedly.

This failure has been the major cause of those public opinion surveys that show Congress held in such low esteem by the American people.

Time after time I have had an experience I know many of you have shared. I return to my district, eager to discuss some topic of great concern—but I find that all the people want to talk about is the unbalanced budget.

Central America, arms reduction talks, tax, reform—so far as most people in my district are concerned, these are secondary issues.

What they want to know is: Why can't you guys balance the budget? What's the matter in Congress?

And when you attempt to answer the question, no matter how complicated the answer may be, no matter how many sophisticated economic theories you use, the ultimate answer is always the same.

We in Congress don't have the discipline to curb the appetites of special interests. We don't have the discipline to make our budget process work. We don't have the discipline to make reconciliation work.

And so here we are, subject to that same natural law of human development—we have not disciplined ourselves, so now we are forced to take measures to impose discipline upon our budget process by stringent measures.

The President of the United States will also be required to join with us in this new lesson in self-discipline. The Gramm-Rudman-Mack approach makes it clear: If the Congress doesn't live up to its responsibilities, the President is required to sequester funds in order to meet budget targets.

He can't select the funds he'd like to sequester. Everything except Social Security is subject to this process.

When I first saw that word "sequester", I wondered if it was one of those weasel words we often use in Washington, a word that really didn't mean much but sounded nice.

But don't let the gentle-sounding word fool you. It has teeth and claws. The above-budget funds will be set apart, seized for the purpose of keeping them out of the hands of all concerned.

Someone once said that nothing so concentrates a man's mind than the knowledge that he is to be hanged in the morning.

And nothing will so concentrate the minds of those of us in Congress than the knowledge that the funds we vote for above the rigid budget figures are going to be seized and set aside. That knowledge should make all of us think twice before we revert to bad habits.

There is a marvelous simplicity at the heart of this proposal, a simplicity that is refreshing and much needed in the House. It is not the simplicity of irresponsibility or simple mindedness. It is, to the contrary, the kind of simplicity we associate with such elegantly simple scientific formulas as E-MC squared. It gets to the heart of the matter, directly and swiftly.

Under this amendment, if you want to add spending proposals over and above the budget limit, you are going to have to show corresponding reductions.

Only in Washington could such a commonsense proposal be seen as a radical reform.

The proposed deficit limitation process will take place over a 6-year period. During that time, working within the requirements of law, we in Congress will learn the value of self-discipline once again.

The American people will once again begin to respect a Congress that shows itself ready and willing to curb its appetite and brave enough to curb the appetites of special interests.

This respect will give all of us a better image of ourselves and of the legislative process through which we seek to meet the Nation's needs. And, in turn, this new self-respect, earned through the rigorous trials of budget discipline, will make us better public servants.

There are certain technical mechanics in this act that make it less rigid than I have perhaps suggested.

The Gramm-Rudman-Mack amendment is something more than tinkering with the legislative machinery. It is a reminder to us that this institution needs the stern, unflinching will to do what's right. That willpower can be developed only through the discipline this approach promises to impose.

Mr. GOODLING. Mr. Speaker, Congress is in the midst of raising the federal debt ceiling from the current level of $1,823 trillion to $2,079 trillion. Many of my colleagues on the other side of the aisle have been faulting the President for this amount. They accuse him of increasing the defense budget and thereby raising the national debt. We all know, however, no matter what side of the aisle, that it is the U.S. Congress that has the voting power to spend money.

Now we all have the opportunity to bring in the reins, and harness the runaway horse. The legislation which provides the solution is called "The Balanced Budget and Emergency Deficit Control Act of 1985." The budget process would be altered in order to correct its weaknesses by adopting deficit limits for the next 6 fiscal years. The bill is no less a blueprint than any well-organized private organization would follow by passing a budget and having to live up to it or the President has the power to cut spending across-the-board, including defense, except for Social Security recipients.

There is a very funny twist to this measure. After presentation to the Congress, who are the voices raised in opposition? They are the self-proclaimed protectors of the underdog, they are the real big spenders in the Congress. I am sure a check of their voting record would show their votes adding up to more dollars than most other members. The irony is that when we vote for these huge spending bills, whether it is defense or domestic spending, the deficit is increased and interest rates go higher and competing on the foreign market for U.S. goods becomes even more difficult, and our economy suffers. Who is hurt the most by instability in the economy? The very poor that they claim to be protecting, rather than try to streamline and make programs more effective, these big spenders want to increase Federal taxes so they can throw more money into their own special interests. Well I represent a rather well-rounded district and I believe all my constituents deserve my utmost on their behalf. I will not and can not face the voters and tell them, "Sorry but we have too many selfish people in the Congress * * * nobody wants their programs reduced or eliminated, whether they are necessary or not * * * so cough up some more money for the children in Congress to play more games, and buy more toys." My voters are too smart for that and I certainly hope the rest of the Nation can see through any nonsensical rhetoric which is trying to tell constituents that this legislation to balance the Federal budget by 1991 is a trick by some of the people in Congress. Come on, stand up, be counted, stop grandstanding and vote for what you know in your heart is right. Try to take a step beyond politics, and if I may paraphrase a famous quote which seems to fit the occasion, and "a step for mankind."

Mr. LOEFFLER. Mr. Speaker, I thank my colleagues for scheduling this special order to allow Members of the House to discuss a matter of critical importance to our Nation—legislation which will establish the framework and rules requiring the Congress and the President to balance the Federal budget by 1991.

Our colleagues in the other body have been debating this legislation for the past 5 days. During this time we have been deluged with protests from both our own House majority leadership and the Senate minority leadership that there has not been sufficient time to fully assess the impact of this legislation. The impact of this legislation is quite clear: it results in a balanced budget by 1991.

The legislation under discussion is titled the "Balanced Budget and Emergency Deficit Control Act of 1985"—quite a mouthful which can be boiled down to two words: "fiscal discipline." This measure sets out in law a specific and steady reduction in the budget deficit, and it imposes virtually ironclad procedures and requirements on the Congress and the President to ensure that these deficit reductions actually take place.

It has become more and more apparent that the current budget process is totally inadequate to deal with the fiscal crisis facing this Nation. After almost 7 months of debate, the Congress adopted a budget resolution for fiscal year 1986 which still leaves a deficit of over $100 billion in 1990. We have still not passed a reconciliation bill, not one appropriation bill has been signed into law and we are 8 days into the new fiscal year. The Budget Resolution called for a deficit of $172 billion for fiscal year 1986; CBO has reestimated the budget resolution deficit at closer to $175 billion, while the OMB has estimated that the actual deficit may be $187 billion, or even higher. It seems to me that under the existing process we are going in the wrong direction. I believe we have reached the limits of what the current budget process can accomplish. We need a process with some teeth in it and with some truth in it, and this legislation has both in abundance.

A balanced budget in the near future is not outside our grasp; it depends on the collective will of the Congress. If Congress cannot summon the will to balance the budget, then it must enact stringent rules forcing it to do so. Congress needs some good tough budget rules that can't be bent, broken, or simply ignored as they are now. Both parties must agree to dispense with partisan objections and institutional jealousies and act in the national interest.

Up to this point, we have heard nothing but carping from the perpetual critics of effective budget reform in the House and in the other body. They object to a constitutional amendment for a balanced budget as being too radical. They object to line-item veto authority as too radical. They object to this proposal as too radical. We can argue from here until the year 2000 about potential biases or impacts on various programs, but it would be a waste of valuable time because we would be dealing in a set of hypotheticals that are really outside the scope of what this proposal is all about. This proposal, with the exception of Social Security, provides for no special treatment among Federal spending programs. The legislation mandates a balanced budget, by means of a stick, and the stick is the sequestering of certain accounts by the President. But how the balanced budget outcome is achieved is still left to Congress. The Congress can enact legislation to supersede the sequestering of accounts. It is the threat of automatic sequestering of funds which is central to the self-enforcing aspect of this proposal. If that sequestering is unacceptable to a majority of the Congress and to the President, other ways will be found to achieve the required deficit reduction. If sequestering is the most palatable solution, then it will remain in effect. The opportunity will be there for Congress to work its will but the deficit will be reduced nevertheless.

Yes; we need radical surgery because the congressional budget process is in a coma and fading fast. Federal budget deficits will just as certainly kill our economy and our hopes for future economic growth and prosperity. If we do not resolve the deficit crisis, there will no longer be moneys with which to legitimately fund the essential responsibilities of Government. Instead, more and more revenues will go toward servicing our monstrous national debt. In fiscal year 1986, one-half of all taxes paid by individuals will go to pay the interest costs of servicing a $2 trillion debt.

We must not allow delaying tactics by the perpetual critics of responsible fiscal policy to weaken this vital legislation. Otherwise, this effective, action-forcing mechanism to lock us into a balanced budget will be diluted into a meaningless document. For the sake of all Americans—for ourselves and for generations to come—Congress must take a stand, pass these tough budget rules and balance the budget.

Mr. FRENZEL. Mr. Speaker, I am pleased to be an original cosponsor of H.R. 3520, the Balanced Budget and Emergency Deficit Control Act of 1985.

This legislation is a sensible and straightforward approach to what is truly a fiscal emergency. Profligate spending has doubled the national debt in the last 5 years, and despite an increase in budget rhetoric, we have yet to accomplish anything of substance to correct the situation.

Again this year we enacted a creampuff budget. Again we seem likely to fail to meet its lenient provisions. Congress has succumbed to fiscal inebriation. We need to get dried out.

The legislation which we now have before us simply mandates that we do our job. It provides a tight but feasible schedule of deficit reduction. It is not perfect, but it will help impose fiscal discipline and it insists that we live up to that schedule.

If we miss our deficit target, the President can "sequester" funds except for Social Security. The closest comparison to this new power is the Presidental impoundment power repealed in 1974. That is strong medicine, but that medicine is necessary to wean us from our addiction to limitless spending. And, the sequestering power cannot be used at all if the Congress meets the deficit targets.

Lately Congress has treated the Budget and Appropriations process as a shell game in which to hide excessive spending, while making a lot of noise about fiscal responsibility and deficit reduction. This bill is controversial because it reveals that nonsense as nonsense, and requires real performance from Congress.

We owe that kind of performance to our constituents. I, we continue to spend irresponsibly, this bill will help us to correct our behavior automatically. I wish that this measure was not necessary. Sadly, I must say that it is necessary. It is critical. Given the urgency of the fiscal crisis, I congratulate the creators of this proposal and I enthusiastically support their agenda for fiscal sobriety.

Mr. HAMMERSCHMIDT. Mr. Speaker, once again Congress is struggling to raise the debt ceiling, this time to over $2 trillion. It is for this reason that I am an original cosponsor of H.R. 3520, an initiative which mandates annual reductions in the Federal deficit to produce a balanced budget by fiscal 1991.

Although many have called for large tax increases as the way to reduce our huge deficit, I have always believed that true deficit reduction can only be achieved by reducing Federal spending. Obviously, the budget process under which we now operate has not imposed the necessary fiscal discipline on Members of Congress. If it had, the other body would not be debating the Gramm amendment and the House would not have before it the Balanced Budget and Emergency Deficit Control Act.

H.R. 3520 would establish maximum deficit ceilings by law while simultaneously providing a mechanism for automatic spending reductions if the ceilings are breached. Critics say this approach is radical. I say it is a necessary action considering the emergency facing us. In my view, Congress must act decisively now to bring spending under control. The Balanced Budget and Emergency Deficit Control Act is a reasonable and realistic approach to eliminating the deficit over 5 years.

Mr. Speaker, as a long-time supporter of legislation to balance the budget, I truly believe that H.R. 3520 gives us the opportunity to finally achieve that goal. Therefore, I urge my colleagues to support this vital legislation.

Mr. MACK. I yield back the balance of my time.

DEMOCRATS ON TRADE: CONGRESSMAN DAN BONKER RESPONDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas [Mr. ALEXANDER] is recognized for 15 minutes.

Mr. ALEXANDER. Mr. Speaker, next week the Democratic Trade Task Force, chaired by our colleague from Washington State [Mr. BONKER], will announce the trade program for the majority in the House. I believe the Members and the public will see that the Democratic Party has not abandoned its traditional support of international trade and indeed, offers an effective and practical alternative to President Reagan's failed policies.

In a series of speeches to Democratic groups this week, Representative BONKER has attempted to portray our party's position on the key trades that face Congress.

Still it offers a keen insight to the perceptions and realities of how Democratic leaders are relating to one of todays most challenging issues.

SPEECH BY HON. DON L. BONKER

DEMOCRATS ON TRADE: A TIME FOR SELF-APPRAISAL

In a recent Outlook section of the Washington Post, Michael Barone laid a heavy one on the Democrats: What gives? Why have the Democrats switched from free trade to protectionism?

Since many reporters and editorial writers share Mr. Barone's view, it should give pause to any Democrats concerned about the long-term best interests of the party. The title itself is an indictment: "Democrats' Protectionism: It Won't Win Elections or Help the Economy".

In my view, this is not a fair assessment of where the Democratic Party stands today on trade issues, but there is enough evidence to make a case.

So it is time for self appraisal as we Democrats prepare an alternative to Ronald Reagan's failed policies on one of the most critical issues in the 1980s.

I don't believe we are ready to abandon our historical commitment to international trade. As Mr. Barone noted, for more than 100 years the one issue that distinguished the two parties more consistently than any other has been trade, and it has been the Republicans—not Democrats—who have persisted in erecting protectionist barriers over the years.

The infamous Smoot-Hawley Tariff Act of 1930 was pushed through Congress by Republicans and promptly signed by Herbert Hoover, despite the warnings of America's most prominent economists and FDR's prediction that it would be ruinous.

Within one year, 26 nations retaliated, which precipitated the collapse of the world trading system. It took a newly-elected Democratic President to dismantle the GOP handiwork and restore normal trade relations based on reciprocal agreements.

Now the Democrats are being called protectionists, but the label does not fit our party's tradition nor where a majority of Democrats stand on the issue today.

Congressmen in both parties have been guilty of playing to the protectionist sentiments in their constituencies. But it is the GOP leaders in the Senate, such as Senators Thurmond, Danforth, and Gorton, who are notable for Japan-bashing and advancing protectionists bills. While President Reagan appears blindly commited to free trade, it is due more to the supply-siders in his Administration who have guided his policies than to his party's philosophy about international trade.

I think it is fair to say that trade is something of a non-partisan issue. Both parties have their share of free traders and protectionists and there are a number of members in-between. The 300 plus trade bills pending in Congress carry sponsors that run across the political spectrum.

However, the trade issue is decidedly political in the sense that Ronald Reagan's virtual neglect of this issue has given us the greatest trade deficit in our history, put the United States in the unlikely category of a debtor nation and, if you are to believe the Department of Commerce statistics, has undermined our industrial base and cost our nation 3.7 million manufacturing jobs.

Even Republicans are alarmed and extremely critical of this Administration, which chooses to ignore this impending plague upon our domestic economy and our competitive position in the world.

There has been, of course, a damaging impact in our domestic economy. Despite all the positive indicators and good news flowing out of Federal departments and bureaus, our economy is in serious trouble and everybody except the supply-siders knows it.

However you view the economic landscape in this nation, our industrial base is declining, vital manufacturing jobs are being lost, capital and plant investment is stalled (despite the generous tax breaks of the President's 1981 tax bill), people are out of work in many key manufacturing sectors, our overall tax base is contracting, and people everywhere are concerned.

To quote Gary Hart from a speech on the Senate floor last month: "From the assembly lines in Illinois, to the farms in Iowa, to the laboratories in New England, Americans feel that our ability to compete has disappeared." One could add: from the machine tool and auto plants in the Midwest, to the wood products mills in the Pacific Northwest, millions more Americans share these fears.

Trade is a political issue that gives Democrats not only an opportunity but indeed the obligation to develop alternatives. However, putting forth bad policies is no substitute for failed ones, so Democrats must approach this task cautiously and responsibly.

One of the greatest ironies of this political era is that the Reagan Administration has become responsible for such huge deficits. He came in 1981 complaining about Jimmy Carter's $30 billion budget deficit and now Reagan has given us a $200 billion tide of red ink for as far as the eye can see.

And there is the merchandise trade deficit, now projected to be $150 billion this year, and the accompanying external debt projected at a trillion dollars by 1990.

However the President gets away blaming Democrats and past Congresses for the budget deficit, he must shoulder the lion's share of the responsibility for the gloomy trade picture.

Here is how the Reagan Administration has allowed the United States to get into our worst trade crisis in half a century.

The Overvalued Dollar, according to private analysts, accounts for roughly three-fourths of the problem (former USTR Bill Brock said 80% is caused by the strong dollar). Yet President Reagan has continually extolled the high flying dollar as though it were a godsend to our domestic economy. Just two weeks ago, the Administration finally acknowledged that something should be done, but this action comes too late and there is little likelihood that one meeting of the IMF Group of Five will bring the dollar into proper alignment with other currencies.

Unfair Trade Practices of other countries have sharply curtailed our export potential. Since 1974, Congress has systematically given the Executive Branch more authority to act, but this President has consistently ignored these new powers, encouraging other countries to maintain trade barriers. Representative Gephardt says we need "a stick in the closet". But the fact is that there are already many sticks in Ronald Reagan's closet, but he refuses to even open the door.

Export Control Policies under this Administration have handicapped our high tech export position. Once considered the bright light in an otherwise gloomy industrial base, U.S. technology firms themselves will post a sizeable trade deficit this year. Also, economic sanctions on the Soviet Union, Nicaragua, and other Eastern Bloc countries are costly to our business community, with little effect upon the intended targets. All together, these policies are responsible for $12 billion in lost sales last year, according to the President's Commission on Industrial Competitiveness.

The absence of a trade policy has exacerbated our trade problem. Until very recently, the issue of trade has languished low on the White House policy agenda. Mixed signals and lack of coordination add to the confusion. First, the Secretary of Commerce, Baldrige was responsible for trade policy; then USTR Bill Brock asserted the natural authority of his office; now apparently the Treasury Department under James Baker is calling the shots yet everyone knows that in the end it's Secretary Shultz who weighs in on highly sensitive matters; regrettably it is usually in favor of our trading partners.

Let's be honest: Ronald Reagan is not responsible for all or our current difficulties. First, fundamental, if not inevitable, changes are greatly altering the character and direction of our national economy. We are moving from a labor-intensive, heavy manufacturing emphasis to an information and service economy. As someone who represents a district with unemployment double the national average, I know that this adjustment is painful for many regions of the country.

Second, the Third World debt problem has strangled growth and demand in many less-developed nations, trimming about $15 billion from what the U.S. export total otherwise would have been. Incidentally, the meeting of IMF and World Bank officials in Seoul underscores the seriousness of the issue. Latin America's $360 billion debt poses severe constraint on their growth and future development.

Third, while the stronger economic growth rate in this country compared with the rest of the world is not, as the Administration has maintained, the only problem, it does account for another $20 billion of the trade deficit.

Finally, the phenomenal growth of the emerging industrial nations (notably in the Pacific Rim) has caught everyone off balance and challenged our competitive position. With their cheap labor and advanced technological bases, these countries have enhanced their exports with targeting and dumping activities.

Again, we cannot blame President Reagan for all of this, but much of it has occurred during his "watch," and for years many in the private sector and Congress have been sounding the alarm.

Several years ago the House Democrats, under the co-chairmanship of Stan Lundine and Les AuCoin, prepared an excellent report with specific recommendations on how to restore America's competitive position.

Both the Senate and House Democratic leadership have set up special trade units to study the issue and make recommendations to the standing committees.

Rep. Steve Neal and Sen. Bradley long ago recognized the currency problem and have pushed for international negotiations to stabilize exchange rates.

Since before trade was fashionable, Rep. Sam Gibbons and his Subcommittee have been working to strengthen trade laws. Rep. Frank Guarini has introduced the so-called LICIT (Labor-Industry Coalition for International Trade) bill to respond to unfair trade practices. Rep. John Murtha has a similar proposal to make the application of existing trade laws against predatory trade activities more effective.

Reps. John LaFalce and Tim Wirth have taken the longer look by promoting an industrial policy for our country.

Others, including myself, have concentrated on export promotion (ETCs, Mixed Credits, etc.) and removing unnecessary controls on technology transfers.

Rep. Don Pease has been pushing to help workers displaced by imports, including a proposal to collect a small ad valorem import fee to fund trade adjustment assistance.

The Democratic Leadership Council last week pointed to other causes of the trade imbalance, by noting America's dramatic decline in productivity growth, and inadequate spending on research and development, and education.

These are not protectionists measures. They are fully within GATT guidelines and generally compatible with international trade law. These Democrats have advanced a number of thoughtful and constructive proposals to deal with a very complex problem.

That is why it's distressing to see the media single out one proposal to label the Democrats protectionists.

Sen. Bentsen and Reps. Rostenkowski and Gephardt are leaders in Congress, but their surcharge proposal was not endorsed by the Trade Task Force, the Caucus or leadership, nor does it carry the sponsorship of all their Democratic colleagues who are prominent on trade issues.

Moreover, the bill was not as bad as made out to be by the press. The proposal would raise tariffs by 25% or less only if other countries did not open their markets, stop subsidizing exports, or end other unfair trading practices. It reminds me of what Mark Twain once said about the music of Richard Wagner: "It's not as bad as it sounds."

Finally, the Democratic Trade Task Force, set up by Speaker Tip O'Neill and Majority Leader Jim Wright, which I chair, will be releasing its trade package shortly. This report, more than anything else to date, will represent where the House Democrats stand—as a party—on international trade.

While I cannot reveal all the specifics at this time, I can give you an idea of what will be in the report:

The Dollar: The President and his administration have repeatedly embraced the "strong" dollar as a validation of their economic policies, and until recently they have refused to seriously discuss reform for the outdated and inadequate international monetary system.

To deal with the overvalued dollar, our report will call for firmly linking President Reagan's request to Congress for a new round of talks at the GATT with the convening of a mulilateral conference to discuss international monetary reform. Our recommendations will also include several options like target zones and a foreign currency reserve to help bring the dollar back down to earth.

Unfair Trade Practices: Mr. Reagan has had ample authority and plenty of time to right the wrongs in America's floundering trade policy. Instead, he has steadfastly a posture of indifference, while America's trade deficit soars to new heights.

We will attempt to be more explicit in our trade remedy laws so that the Executive Branch will be compelled to deal with foreign industrial targeting, natural resource subsidies, and counterfeiting. As part of this package we will recommend substituting the President's discretionary powers with mandated authority to the International Trade Commission and the USTR so that rulings can be made on their merits.

Export Promotion: Throughout its tenure in office, the Reagan Administration has vigorously opposed a strong export promotion program. In this year's budget request, the President called for the elimination of the Export-Import Bank's direct loan window and severe reductions in the Commodity Credit Corporation's export financing program. While attacking the federal government's export promotion efforts, the Reagan Administration has also added to the burdens of American's exporters by improperly expanding the scope of U.S. export controls.

To promote exports we will recommend an expansion of financing assistance through the Eximbank and beefing up the mixed credit program that Congress set up in 1983. We will present a detailed plan to enhance agricultural exports, and will suggest ways to reduce the Reagan Administration's unfair and unnecessary impediments to our high-technology exports.

Adjustment to a Global Economy: In its first term the Reagan Administration decimated the Trade Adjustment Assistance Program, the most effective means at our disposal for facilitating economic adjustment without import protection.

We will propose reviving Trade Adjustment Assistance by expanding its coverage, improving its retraining program for displaced workers, and applying a nominal import fee to provide a long-term source of adequate funding. We will also reaffirm the Democratic Party's support for the creation of an economic cooperation council to focus the attention of business, labor, and government on the vital issues of industrial competitiveness.

CONCLUSION

These recommendations simply complement what Democratic leaders have been saying an attempting to put into a legislative program. They represent sound policy and a responsible approach to our trade problems.

There is nothing that could be termed "protectionist" in the package. It may even be notable for what it doesn't recommend.

Importantly, our trade agenda is entirely consistent with the Democratic Party's tradition and values. True, we are attempting to deal with complex and illusive problems in this fiercely competitive global economy, but Democrats are not about to betray our historical perspective on this issue.

During a 1932 campaign stop in Seattle, Washington, Presidential candidate Franklin Delano Roosevelt stressed the importance of international trade:

"In this whole matter of restoration of export trade. . . I am absolutely determined that our nation take the initiative and the leadership. That constitutes the application of the rules of common sense. It constitutes what I conceive to be a new deal in the restoration of foreign trade; and with it goes a partial restoration in our own country. It is the way to economic peace and stability; it is the way to a reasonable and sound prosperity. My friends, it is the way of fairness and justice, too—fairness to our customers abroad, justice to our own citizens who have suffered so bitterly because of the loss of this export trade."

FDR's words are an eloquent testimony to the long-standing commitment of the Democratic Party to encouraging global prosperity through world trade.

We must again commit ourselves to a course of promoting fair and open trade worldwide, while taking swift action to eliminate unfair trade barriers wherever they exist.

This is an enduring legacy of our Party and must remain one of its fundamental tenets—not only for our country's economic well-being, but for the political well-being of the party as well.

□ 2010

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. McCain) to revise and extend their remarks and include extraneous material:)

Mr. Pashayan, for 60 minutes, on October 9.

Mrs. Bentley, for 10 minutes, on October 9.

Mr. Eckert of New York, for 20 minutes, on October 10.

(The following Members (at the request of Mr. Bruce) to revise and extend their remarks and include extraneous material:)

Mr. Jones of Oklahoma, for 5 minutes, today.

Mr. Eckart of Ohio, for 5 minutes, today.

Mr. Moakley, for 5 minutes, today.

Mr. Mavroules, for 5 minutes, today.

Mr. Nelson of Florida, for 5 minutes, today.

Mr. Fascell, for 5 minutes, today.

Mr. Kildee, for 5 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Kostmayer, for 5 minutes, today.

Mr. Montgomery, for 5 minutes, today.

Mr. Panetta, for 5 minutes, today.

Mr. Alexander, for 15 minutes, today.

Mr. Neal, for 60 minutes, today.

Mr. Neal, for 60 minutes, on October 9.

Mr. Hoyer, for 60 minutes, on October 17.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Alexander, following the remarks of Mr. Leach of Iowa on the Leach of Iowa amendment in the Committee of the Whole, today.

Mr. McCurdy, prior to final passage of H.R. 2100, in the Committee of the Whole, today.

Mr. Michel, on H.R. 2100, prior to the Committee of the Whole rising, today.

(The following Members (at the request of Mr. McCain) and to include extraneous matter:)

Mr. Vander Jagt.
Mr. Courter.
Mr. Gekas.
Mr. Cobey.
Mr. Schulze.
Mr. Hyde.
Mr. Evans of Iowa.
Mrs. Schneider.
Ms. Fiedler.
Mr. Coats.
Mr. Lewis of Florida.
Mr. O'Brien.
Mrs. Holt.
Mr. Stump.
Mr. Frenzel in three instances.
Mr. Porter.

(The following Members (at the request of Mr. Bruce) and to include extraneous matter:)

Mrs. Burton of California.
Mr. Smith of Florida.
Mr. Wheat.
Mr. Studds.
Mr. Markey.
Mr. Lipinski in two instances.
Mr. Dorgan of North Dakota.
Mr. Pease.
Mr. Lantos.
Mr. Waxman.
Mr. Stokes.
Mr. Hawkins.
Mr. Garcia.
Mr. Torres.
Mr. Stark.
Mr. Morrison of Connecticut.
Mr. Moody.
Mr. Edgar.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did not on the following day present to the President, for his approval, a joint resolution of the House of the following title:

On October 7, 1985:

H.J. Res. 393. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

ADJOURNMENT

Mr. MACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 10 minutes p.m.), the House adjourned until tomorrow, Wednesday, October 9, 1985, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2111. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report of political contributions for Fred L. Hartley, of California, for the rank of Ambassador during the tenure of his service as Commissioner General of the United States Exhibition for the International Exposition, Vancouver, British Columbia, Canada, 1986, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

2112. A letter from the Assistant Attorney General for Administration, transmitting notice of a new system of records entitled, "Office of Special Investigations Displaced Persons Listing, JUSTICE/CRM-027", pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2113. A letter from the Assistant Secretary of the Treasury for Management, transmitting notice of a new system of records entitled, "Debtor Master File (DMF)", pursuant to 5 U.S.C 552a(o); to the Committee on Government Operations.

2114. A letter from the Deputy Associate Director for Royalty Management Operations, Department of the Interior, transmitting proposed refunds of excess royalty payments in OCS areas, pursuant to the Act of August 7, 1953, chapter 345, section 10(b); to the Committee on Interior and Insular Affairs.

2115. A letter from the Deputy Associate Director for Royalty Management Operations, Department of the Interior, transmitting proposed refunds of excess royalty payments in OCS areas, pursuant to the act of August 7, 1953, chapter 345, section 10(b); to the Committee on Interior and Insular Affairs.

2116. A letter from the Clerk, U.S. Claims Court, transmitting a copy of the court's judgment ordered in the case of the Minnesota Chippewa Tribe, et al. versus United States, docket No. 188, pursuant to 28 U.S.C. 2509; to the Committee on Interior and Insular Affairs.

2117. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to require the licensing of operators of vessels that tow disabled vessels for consideration; to the Committee on Merchant Marine and Fisheries.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOUCHER (for himself and Mr. Hyde):

H.R. 3521. A bill to amend title 17, United States Code, to prohibit the conveyance of the right to perform publicly syndicated television programs without conveying the right to perform accompanying music; to the Committee on the Judiciary.

By Mr. MICHEL (for himself, Mr. Lott, Mr. Kemp, Mr. Cheney, Mr. Lewis of California, Mrs. Martin of Illinois, Mr. Lagomarsino, Mr. Vander Jagt, Mr. Latta, Mr. Duncan, Mr. Crane, Mr. Archer, Mr. Frenzel, Mr. Badham, Mr. Bartlett, Mr. Barton of Texas, Mr. Bereuter, Mr. Bliley, Mr. Boehlert, Mr. Boulter, Mr. Brown of Colorado, Mr. Broyhill, Mr. Chandler, Mr. Clinger, Mr. Coble, Mr. Conte, Mr. Coleman of Missouri, Mr. Combest, Mr. Courter, Mr. Daub, Mr. DeWine, Mr. Dickinson, Mr. Dreier of California, Mr. Eckert of New York, Mr. Edwards of Oklahoma, Mr. Emerson, Mr. Evans of Iowa, Mr. Franklin, Mr. Gallo, Mr. Gekas, Mr. Goodling, Mr. Gradison, Mr. Green, Mr. Grotberg, Mr. Gunderson, Mr. Hartnett, Mr. Henry, Mr. Hiler, Mr. Hillis, Mrs. Holt, Mr. Horton, Mr. Hyde, Mr. Ireland, Mrs. Johnson, Mr. Kindness, Mr. Kolbe, Mr. Kramer, Mr. Leach of Iowa, Mr. Lewis of Florida, Mr. Lightfoot, Mr. Loeffler, Mr. Lowery of California, Mr. Lujan, Mr. Lungren, Mr. McCollum, Mr. McEwen, Mr. McKernan, Mr. McMillan, Mr. Miller of Ohio, Mr. Monson, Mr. Moore, Mr. Moorhead, Mr. Morrison of Washington, Mr. Nielson of Utah, Mr. Oxley, Mr. Pashayan, Mr. Porter, Mr. Roberts, Mr. Rogers, Mr. Rowland of Connecticut, Mr. Schaefer, Mrs. Schneider, Mr. Schuette, Mr. Sensenbrenner, Mr. Shaw, Mr. Shumway, Mr. Siljander, Mr. Denny Smith, Mr. Solomon, Mr. Stangeland, Mr. Strang, Mr. Sundquist, Mr. Tauke, Mr. Thomas of California, Mrs. Vucanovich, Mr. Whitehurst, Mr. Wylie, Mr. Young of Alaska, and Mr. Zschau):

H.R. 3522. A bill entitled: "The Trade Partnership Act of 1985"; jointly, to the Committees on Ways and Means, Banking, Finance and Urban Affairs, the Judiciary, and Energy and Commerce.

By Mr. CONTE (for himself, Ms. Snowe, and Mr. Lewis of Florida):

H.R. 3523. A bill to amend the Internal Revenue Code of 1954 to allow a credit against income tax for expenses incurred in the care of certain family members with Alzheimer's disease or related organic brain disorders; to the Committee on Ways and Means.

By Mr. FIELDS:

H.R. 3524. A bill to remedy violations of bilateral steel products trade agreements with the European Communities; to the Committee on Ways and Means.

By Mr. SWIFT (for himself, and Mr. Thomas of California):

H.R. 3525. A bill to amend title 3, United States Code, to establish uniform regional poll closing times in the continental United States for Presidential general elections; to the Committee on House Administration.

By Mr. McCAIN (for himself, Mr. Udall, and Mr. Rudd):

H.R. 3526. A bill to provide for the settlement of certain claims respecting the San Carlos Apache Tribe of Arizona; to the Committee on Interior and Insular Affairs.

By Mr. PANETTA:

H.R. 3527. A bill to amend title II of the Social Security Act to provide that a child's insurance benefit shall not be payable to an insured individual's stepchild or stepgrandchild, after such child's parents are divorced, for any period during which such child is receiving support from another source; to the Committee on Ways and Means.

H.R. 3528. A bill to amend titles II and XVIII of the Social Security Act and the Internal Revenue Code of 1954 to establish as a permanent requirements that disbursements and receipts of the social security trust funds be set out as separate functional categories in the budget, to provide for financing from general revenues for the disability and hospital insurance programs and to consolidate the trust funds established for such programs, to adjust accordingly the employment and self-employment taxes, and to provide that social security cost-of-living adjustments be consistently based on a wage index; to the Committee on Ways and Means.

By Mr. STUDDS (for himself, and Mr. Young of Alaska):

H.R. 3529. A bill to permit vessels forfeited to the United States to be transferred to educational institutions with commercial fishing programs for use in Coast Guard-approved vessel safety and seamanship courses; to the Committee on Merchant Marine and Fisheries.

By Mr. LEACH of Iowa:

H.J. Res. 417. Joint resolution to establish a U.S. Commission on Improving the Effectiveness of the United Nations; to the Committee on Foreign Affairs.

By Mr. MURPHY:

H.J. Res. 418. Joint resolution to provide for the designation of a congressional flag; to the Committee on House Administration.

By Mr. COURTER (for himself, Mr. Bateman, Mr. Boland, Mr. Annunzio, Mr. Conte, Mrs. Collins, Mr. Nowak, Mr. Saxton, Mr. Lagomarsino, Mr. Kleczka, Mr. DioGuardi, Mr. Morrison of Connecticut, Mr. Hunter, Mr. Walker, Mr. Gingrich, Mr. Roe, Mr. Wortley, Mr. Weiss, Mr. Frank, Mr. Smith of Florida, Mr. Porter, Mrs. Bentley, Mr. Berman, Mr. Whittaker, Mr. Volkmer, Mr. Eckart of Ohio, Mr. DeLay, Mr. Weber, Mr. Burton of Indiana, and Mr. Armey):

H. Con. Res. 209. Concurrent resolution asking that the President bring the rights of the Polish people to the attention of the Soviet Government; to the Committee on Foreign Affairs.

By Mr. MICHEL:

H. Res. 291. Resolution electing Representative Rowland of Connecticut to the Committee on Public Works and Transportation; considered and agreed to.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 44: Mr. Coleman of Texas and Mr. Armey.

H.R. 235: Mr. Ford of Michigan and Mr. Whitley.

H.R. 512: Mr. Roe.

H.R. 524: Mr. Ackerman, Mr. Addabbo, Mr. Applegate, Mr. Barnard, Mr. Barnes, Mr. Bates, Mrs. Bentley, Mr. Berman, Mr. Bevill, Mr. Biaggi, Mrs. Boggs, Mr. Bonior of Michigan, Mr. Bonker, Mr. Borski, Mr. Brown of California, Mrs. Burton of California, Mr. Bustamante, Mrs. Byron, Mr. Carr, Mr. Clay, Mr. Clinger, Mr. Coleman of Texas, Mrs. Collins, Mr. Conyers, Mr. Crockett, Mr. Darden, Mr. de la Garza, Mr. Dellums, Mr. de Lugo, Mr. Dixon, Mr. Dymally, Mr. Edgar, Mr. Fascell, Mr. Fauntroy, Mr. Fazio, Mr. Feighan, Mr. Fish, Mr. Florio, Mr. Foglietta, Mr. Ford of Michigan, Mr. Frank, Mr. Frost, Mr. Gejdenson, Mr. Beilenson, Mr. Gonzalez, Mr. Hammerschmidt, Mr. Hawkins, Mr. Heftel of Hawaii, Mr. Hertel of Michigan, Mr. Hutto, Mr. Jacobs, Mr. Jeffords, Mr. Kanjorski, Ms. Kaptur, Mr. LaFalce, Mr. Lagomarsino, Mr. Lantos, Mr. Lehman of Florida, Mr. Leland, Mr. Levine of California, Mr. Lipinski, Mrs. Lloyd, Mrs. Long, Mr. Mack, Mr. Madigan, Mr. Matsui, Mr. Mavroules, Ms. Mikulski, Mr. Mitchell, Mr. Moakley, Mr. Mollohan, Mr. Mrazek, Mr. Murphy, Mr. Nelson of Florida, Ms. Oakar, Mr. Owens, Mr. Panetta, Mr. Perkins, Mr. Price, Mr. Quillen, Mr. Rahall, Mr. Rangel, Mr. Regula, Mr. Reid, Mr. Richardson, Mr. Ridge, Mr. Rinaldo, Mr. Robinson, Mr. Rodino, Mr. Roe, Mr. Rowland of Georgia, Mr. Roybal, Mr. Scheuer, Mr. Sisisky, Mr. Skelton, Mr. Smith of Florida, Mr. Solarz, Mr. Stangeland, Mr. Stark, Mr. Stokes, Mr. Synar, Mr. Swindall, Mr. Tallon, Mr. Torricelli, Mr. Towns, Mr. Valentine, Mr. Vento, Mr. Waxman, Mr. Weaver, Mr. Wirth, Mr. Yates, Mr. Young of Alaska, Mr. Wortley, Mr. Coelho, Mr. Edwards of California, Mr. Traxler, and Mr. Oberstar.

H.R. 585: Mr. Dornan of California.

H.R. 692: Mr. Stump, Mr. Price, Mr. Nielson of Utah, Mr. Gunderson, Mr. Andrews, Mr. Lagomarsino, Mr. Mrazek, Mr. Henry, Mr. Hendon, Mr. Berman, Mr. Watkins, Mr. Hyde, Mr. Foglietta, Mrs. Bentley, and Mr. Studds.

H.R. 1017: Mr. Evans of Illinois.

H.R. 1019: Mr. Saxton.

H.R. 1145: Mr. Rose.

H.R. 1197: Mr. Moakley, Mr. Hawkins, Mr. Bosco, Mrs. Boxer, Mr. Traficant, and Mr. Addabbo.

H.R. 1613: Mr. Wise.

H.R. 1616: Mr. Gray of Pennsylvania and Mr. Carper.

H.R. 1917: Mr. Gaydos, Mr. Latta, Mr. Kindness, and Mr. Kildee.

H.R. 1918: Mr. Fuster, Mr. Gray of Illinois, Mr. Lightfoot, and Mr. Olin.

H.R. 2684: Mr. McCollum, Mr. Coelho, Mr. Carney, Mrs. Lloyd, Mr. McGrath, Mr. Walker, Mrs. Vucanovich, Mr. Chandler, Mr. Mrazek, Mr. Dwyer of New Jersey, Mr. Foglietta, Mr. Williams, Mr. Aspin, Mrs. Bentley, Mr. Slattery, Mr. Manton, Mr. Craig, and Mr. Denny Smith.

H.R. 2748: Mr. Kanjorski.

H.R. 2814: Mrs. Martin of Illinois.

H.R. 2907: Mr. Bonior of Michigan, Mr. Bevill, and Mrs. Boggs.

H.R. 2943: Mr. Glickman, Mr. Synar, Mr. Staggers, Mr. Sabo, Mr. Archer, Mr. DioGuardi, and Mr. Shaw.

H.R. 2999: Mr. Bryant, Mr. Gejdenson, Mr. Darden, Mr. Bustamante, Mr. Horton, Mr. Scheuer, Mr. Heftel of Hawaii, Mr. Nelson of Florida, Mr. Badham, Mr. Morrison of Washington, and Mr. Bartlett.

H.R. 3040: Mr. Evans of Illinois.

H.R. 3102: Mr. Rowland of Connecticut, Mr. Gunderson, Mr. Martinez, Mr. Horton, Mrs. Burton of California, Mr. Jones of North Carolina, and Mr. Reid.

H.R. 3109: Mr. Valentine, Mr. Kindness, Mr. Barton of Texas, Mr. Nielson of Utah, and Mrs. Martin of Illinois.

H.R. 3195: Ms. Mikulski.

H.R. 3259: Mr. Beilenson, Mr. Berman, Mr. DeWine, Mrs. Bentley, Mr. Conyers, and Mr. Weiss.

H.R. 3268: Mr. Mrazek, Mr. Burton of Indiana, Mr. Gunderson, Mr. Nielson of Utah, Mr. Gingrich, Mr. Olin, and Mr. Bliley.

H.R. 3339: Mrs. Schneider.

H.R. 3379: Mr. Lagomarsino, Mr. Wortley, Mrs. Smith of Nebraska, Mr. DioGuardi, Mrs. Johnson, Mr. Fuster, Mr. Sensenbrenner, Mrs. Bentley, Mr. Porter, and Mr. Gingrich.

H.R. 3492: Mr. Luken, Mr. Sikorski, Mr. Conyers, and Mr. Aspin.

H.R. 3502: Mr. Rahall, Mr. Kanjorski, and Mrs. Byron.

H.J. Res. 1: Mr. Sunia.

H.J. Res. 17: Mr. Heftel of Hawaii.

H.J. Res. 172: Mr. Sharp and Mr. Montgomery.

H.J. Res. 284: Mr. Barton of Texas, and Mr. Reid.

H.J. Res. 314: Mr. Nelson of Florida, Mr. Synar, Mr. Hamilton, Mr. Kramer, Mrs. Meyers of Kansas, Mr. Frank, Mr. Pickle, Mr. Skelton, Mr. Slaughter, Mr. Schaefer, Mr. Rinaldo, Mr. Gregg, Mr. Russo, Mr. Staggers, Mr. Savage, Mr. Strang, Mr. Coleman of Missouri, Mr. McEwen, Mr. Levin of Michigan, Mr. Wise, Mr. Bennett, Mr. Frenzel, Mr. Wheat, Mr. Hawkins, and Mr. Weber.

H.J. Res. 369: Mr. Matsui, Mr. Levin of Michigan, Mr. Darden, Mr. Tallon, Mr. Gilman, Mr. Lagomarsino, and Mr. Ortiz.

H.J. Res. 381: Mr. Gilman.

H.J. Res. 386: Mr. Price, Mr. Weaver, Mr. Kanjorski, Mr. Rose, Mr. Leach of Iowa, Mr. Stangeland, Mr. Hillis, Mr. Madigan, Mr. Henry, Mr. Bereuter, Mr. Bedell, Mr. Parris, Mr. Glickman, Mr. Frank, Mr. Smith of Florida, Mr. Thomas of Georgia, Mr. Rowland of Georgia, Ms. Mikulski, Mrs. Kennelly, Mr. Skelton, Mr. McCollum, Mr. Dyson, Mr. Wilson, Mr. Regula, Mr. Lent, Mr. Leland, Mr. Kolter, Mr. Wheat, Mr. Mollohan, Mr. Breaux, Mr. Anthony, Mr. Jones of Oklahoma, Mr. Ray, Mr. de la Garza, Mr. Bosco, Mr. Gilman, and Mr. Miller of California.

H.J. Res. 400: Mr. Livingston, Mr. Thomas of California, Mr. Whitehurst, Mr. DeWine, Mr. Kasich, and Mr. Armey.

H. Con. Res. 69: Mr. Gray of Pennsylvania.

H. Con. Res. 173: Mr. Rahall, Mr. Chappell, Mr. Boucher, Mrs. Bentley, Mr. Lightfoot, Mr. DioGuardi, Mr. Young of Florida, Mr. Mavroules, Mr. McEwen, Mr. Kramer, Mr. Tauzin, Mr. Shumway, Mr. Bevill, Mr. Evans of Illinois, Mr. Weiss, Mr. Torricelli, and Mr. Smith of New Hampshire.

H. Res. 132: Mr. Saxton.

H. Res. 219: Mrs. Lloyd, Mr. Gejdenson, Mr. Borski, Mr. Robinson, Mr. Garcia, Mr. Schuette, Mr. Ortiz, Mr. Downey of New York, Mr. Mrazek, Mr. Bonker, Mr. Coleman of Texas, Mr. Rangel, Mr. LaFalce, and Mr. McHugh.

H. Res. 264: Mr. Dorgan of North Dakota, Mr. Rahall, Mr. Horton, Mr. Synar, Mr. Bates, Mr. Wolpe, Mr. Hughes, Mr. Whittaker, Mr. Roe, Mr. Nowak, Mr. Stenholm, Ms. Kaptur, Mr. Eckart of Ohio, Mr. Jeffords, Mr. Bilirakis, Mr. Evans of Illinois, and Mr. Bedell.

H. Res. 268: Mr. Owens, Mr. Berman, Mrs. Meyers of Kansas, Mr. Levine of California, Mr. Cobey, Mr. Cooper, Mr. Skeen, Mr. Denny Smith, Mr. Coleman of Missouri, Mr. Slattery, Mr. Rowland of Georgia, Mr. Glickman, Mr. Heftel of Hawaii, Mr. Durbin, Mr. Loeffler, Mr. Stratton, Mr. Fowler, Mr. Schuette, Mr. Mineta, Mr. De Lugo, Mr. Gekas, Mr. Carney, Mr. Chapman, and Mr. Hartnett.

PETITIONS, ETC.

Under clause 1 of rule XXII,

0230. The SPEAKER presented a petition of Pennington County, Thief River Falls, MN, relative to the farm crisis; to the Committee on Agriculture.

SENATE—*Tuesday, October 8, 1985*

(Legislative day of Monday, September 30, 1985)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

For my thoughts are not your thoughts, neither are your ways my ways, saith the Lord. For as the heavens are higher than the earth, so are my ways higher than your ways, and my thoughts than your thoughts.—Isaiah 55:8,9.

Eternal God of infinite power and peace, some oft-quoted thoughts have come to mind these last 2 days as frustration intensified: "Man's extremity is God's opportunity." "We are coming to Jesus Christ by the process of elimination—nothing else works." "When all else fails, try prayer." Help us to hear their truths, their relevance, their merit in light of the present struggle and stalemate. Something is wrong, Lord, when this powerful body is powerless to work its will.

Forgive us, gracious God, for proud and pragmatic spirits which are indifferent to Thee and prayer as a serious alternative—especially when all other options fail. Turn our hearts to Thee that we may think Thy thoughts and find Thy way. To Thy glory and honor. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each. I have reserved any time I do not use, plus the full 10 minutes of the distinguished minority leader's time. Following that, we have special orders by Senators GOLDWATER, NUNN, and PROXMIRE for not to exceed 15 minutes each, and routine morning business not to extend beyond the hour of 12 noon with statements therein limited to 5 minutes each.

It is my hope that perhaps between 12 and 12:30, even though we have an order for a recess during that time, if, perhaps, we can get an agreement, the majority and minority leaders might be able to propound that agreement so that we would come back at 2 o'clock prepared to act and debate amendments and complete action on at least the leadership amendment from the Democratic side and the major amendment from this side and, hopefully, have a very brief extension of the debt ceiling today.

We are advised by the Treasury "tremble letter" today that tomorrow noon, they have a $5-billion auction, but that will be canceled unless the debt ceiling is extended. They are at a zero cash balance today, they will be at negative cash balance tomorrow, which means that they have a problem.

I also understand the Attorney General's Office will be meeting with Treasury and other organizations to see just what legal limitations there are and what rights there are.

I think it is imperative that we take some action on the extension today. I delivered a copy of the counterproposal to the distinguished minority leader that I shall discuss with him. It is pretty much fine tuning of what he suggested yesterday, so I hope we have the possibility of getting an agreement.

I must say I think there are far too many amendments. There is no reason to have 16 amendments to deal with. I understand some see an opportunity for a little leverage to toss some amendment in. But I hope Members will restrain themselves from offering amendments that are not particularly relevant to the issue.

We would like to complete action today on the Gramm-Rudman-Hollings amendment and then take up a brief extension of the debt limit, maybe through next Wednesday, send it to the House, and then alert the House to be there this evening when the extension comes over. This would allow the T-bill auction to continue tomorrow so that the Government can honor its obligations.

In any event, we shall have more details on that as soon as Senator BYRD is able to see me.

Under the present order, the Senate will be in recess from 12 noon until 2 p.m. If we do not get some agreement, we are faced with another vote this afternoon. This seems to me to be a waste of time if in fact we can reach an agreement.

That is more or less the program for today. I assume we shall be in rather late this evening. I hope we can complete action tomorrow by 5 p.m. because I know there are official commitments, maybe on both sides of the aisle, tomorrow night, rather important commitments. So I would like to say by 5 or 6 o'clock tomorrow night, we will be able to complete action.

Then on Thursday, if we can work all this out, we can take up the reconciliation bill. We are about 10 days behind schedule, so if we could take up the reconciliation bill, then we could continue with our plans to have a number of Members on each side attend a very important interparliamentary function in San Francisco on Friday and Monday and would resume work on reconciliation on next Tuesday.

Mr. President, I reserve the remainder of my time.

Mr. DIXON. Will the majority leader yield?

Mr. DOLE. Yes.

Mr. DIXON. Do I understand correctly from what the majority leader said that we will have a vote on the Gramm-Rudman-Hollings amendment today? Has the conversation between the majority leader and the minority leader and others involved advanced to where he thinks that might take place?

Mr. DOLE. I am only suggesting what is in a counterproposal the minority leader has been presented. He is now busy meeting with an official delegation from Japan and I hope he can complete that. We would like to do it today, first because I think we can do it and, second, based upon a Treasury letter we received about an hour ago, because we are up against the wall.

Mr. DIXON. But the majority leader feels rather confident that the talks have advanced to the stage where we will dispose of all this by the end of tomorrow?

Mr. DOLE. Again, I hope so. I do not see any reason to extend it through Thursday, but again, that depends on reaching some agreement. Obviously, the distinguished minority leader is a key player. I cannot reach an agreement if there are problems on that side and he cannot reach agreement if there are problems on this side. I must say there are a few on each side.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER (Mr. HEINZ). Under the previous order, the Democratic leader is recognized.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Mr. DOLE. I reserve the time of the distinguished minority leader, Mr. President.

RECOGNITION OF SENATOR GOLDWATER

The PRESIDING OFFICER. Under the previous order, the Senator from Arizona [Mr. GOLDWATER] is recognized for 15 minutes.

Mr. GOLDWATER. Mr. President, I yield to the distinguished Senator from Georgia.

RECOGNITION OF SENATOR NUNN

The PRESIDING OFFICER. Under the previous order, the Senator from Georgia [Mr. NUNN] is recognized.

DOD REORGANIZATION: SUMMARY OF THE PROBLEMS

Mr. NUNN. Mr. President, this morning Senator GOLDWATER and I give the sixth statement in a series on organizational problems in the Department of Defense and Congress. Today I will speak first and summarize the serious problem areas and our major concerns as we wrap up this initial series, and as we prepare to have public hearings, hopefully early next week, on the staff report in this very, very important area.

After my remarks, Senator GOLDWATER will describe the work of the Armed Services Committee's Task Force on Defense Organization and how the task force proposes to address these problems.

PROBLEMS THROUGH HISTORY

In our statements, we have reviewed the organizational problems that have plagued the Department of Defense throughout this Nation's history.

We have also revealed that these problems are not simply relegated to history but continue today. We have seen how the Army and the Navy refused to speak to each other during the Spanish-American War, how lack of a truly unified command proved disastrous at Pearl Harbor and nearly so at the Battle of Leyte Gulf.

Congress sought to solve these problems in the National Security Act of 1947 and in the 1958 amendments. But, as we have pointed out, recent operations prove that we still have a long way to go. For example, the command situation in Vietnam was extremely complicated. Each service ran its own air war with only loose coordination. Unclear and confused command lines prevented a timely response when the *Pueblo* was captured and our sailors were held captive for a period of 11 months by North Korea. Organizational shortcomings contributed to the failure of the Iranian rescue mission and the tragic bombing of our marines in Beirut, and particularly, in the aftermath of that, the medical evacuation. We learned that the immediate military medical personnel in Beirut performed heroically, but if there had been 200 casualties requiring treatment, according to the Department of Defense special report, our medical system might well have failed. When 200 casualties bring down the medical system, imagine what a Persian Gulf war would do.

In Grenada, Navy ships could not talk to Army forces ashore and only good luck preserved a large number of the American students from harm. And this is to in no way denigrate the very courageous and in many cases very, very effective action of individual units and individual service men and women involved in Grenada, but the organization was sadly lacking.

Within the last several weeks, the Armed Services Committee has received testimony that in the event of war in Europe, American servicemen and women may die unnecessarily because the Army and the Air Force have not developed adequate joint medical plans. That these type of situations still exist is outrageous and obviously we cannot continue to tolerate them.

WHAT IS THE ROLE OF CONGRESS?

We began our floor statements with a discussion of the Congress because we are a major part of the problem and must be part of the solution. In our view, Congress spends far too much time focused on the inputs—how much—and not enough on outputs—why, what for, and how well. We are focusing on the grains of sand on the beach while we should be looking over the broad ocean and beyond the horizon. We are not fulfilling our responsibilities to serve as the board of directors for the Department of Defense. Instead, Congress has become 535 individual program managers that are micromanagering the Department at an alarming rate.

Last year Congress made adjustments to over 1,800 separate defense programs and required 458 reports. And these are not short, one-page reports. They are very comprehensive reports. We even changed the number of muzzle borsights in the Army, parachute flares in the Navy, and scoop loaders in the Air Force. I am not convinced that all of the changes we have made are positive. For example, we have imposed countless requirements in the procurement process which have resulted in huge lists of things that contracting officers must check off before they can approve a project. If these contracting officers check all of those boxes, they feel they have done their job. Unfortunately, nowhere on the list is a box marked "common sense and accountability." It is no wonder then that significant acquisition problems continue to exist.

There is a great duplication of effort and overlapping responsibilities among the three Committees, Budget, Armed Services and Appropriations, that have primary jurisdiction over the Defense budget. Many other committees and subcommittees are also involved. Top defense officials would be millionaires if they were paid by the hour for congressional testimony.

The budget process occupies the entire legislative year. Despite the fact that we essentially debate the same issues three times each year, we often wind up with a continuing resolution that does not provide adequate guidance or authority to the Department of Defense as they begin the fiscal year. As a result, they are not able to operate as efficiently as they could and as they should. Programs cost more when they are produced at inefficient rates.

The current congressional review of the Defense Program would make a fitting version of the popular game "Trivial Pursuit." Clearly, changes must be made in the way Congress oversees the Department of Defense.

THE JOINT CHIEFS OF STAFF

Mr. NUNN. We have also learned, Mr. President, how the Joint Chiefs of Staff fail to consistently provide useful and timely military advice to the senior civilian leadership. Speaking about the Joint Chiefs' written advice in resource allocation, former Secretary of Defense James Schlesinger said, "the proffered advice is generally irrelevant, normally unread and almost always disregarded." Why is that so? Is it because we do not have good individuals in those positions? No, emphatically no. We have excellent people in those positions. One of the reasons is because the Joint Chiefs are dual hatted. The JCS also have a primary responsibility for running their individual services. As such, there is an inherent tension and conflict with their joint responsibilities. The system requires them to do an almost impossible task: to represent their service viewpoint and at the same time to sacrifice that viewpoint to joint considerations. Moreover, the Joint Chiefs generally operate under an informal rule requiring unanimous agreement prior to the rendering of advice. As a result, their advice is often muddled and tends to protect the service interests.

We have to operate around here like that. Unanimous consent is a normal procedure and sometimes we get very frustrated. But I think the last thing we would want, as Senators who participate in this process, is for our military, responsible for our national security, to have the same kind of chain of command or lack thereof that we do in the Congress. They are totally different procedures. One is to safeguard the democratic process; the other is to defend our national security.

The staff supporting the Joint Chiefs needs substantial improvements, and the complicated staffing procedures for making decisions should be streamlined.

The Joint Chiefs also do not play a useful role in the allocation of resources. There is no strong voice advocating joint interests in budgetary matters. All too frequently, the JCS merely endorses the service requests and does not provide useful joint assistance to the Secretary of Defense as he attempts to establish priorities in the defense budget.

In fact, the Chiefs' usual role in budgetary matters is primarily to argue for their own service programs. That is perfectly natural under the system we now have. So clearly changes must be made in the way the organization of Joint Chiefs of Staff is structured and operates.

THE UNIFIED COMMANDERS

We have also seen how the forces under the unified commanders—the commanders in the field who would actually fight the wars—suffer from the same conflict between service and joint interests. The services dominate the unified commands. We have unified commanders but divided commands. The unified commands are composed of component commands which are single service commands, that is, Army, Navy, Air Force, and Marines. The unified commander has no authority over the administrative or logistical decisions of his component commands. In some cases, he cannot even tell the service commanders where to store the ammunition so as to support the unified war plans. And he has only a limited role in the decisions taken in Washington by the services who have retained for themselves the authority to recruit, train, and set their forces. It means that the unified commander must fight a war with what the services give him and where they put it. I guess we can only hope the enemy will conform to this troubling arrangement.

This conflict between service and joint interests also affects the choices between modernization and readiness. The tendency of the services is always to buy fancy new weapons instead of less glamorous items like ammunition or spare parts. The key is to have a balanced approach. The unified commanders favor readiness but have insufficient influence over resource decisions. The services proceed from the viewpoint of what's needed years down the road while the field commanders want to be ready to fight today and tomorrow. Of course, that is their job. As a result, we are always chasing a new, more expensive weapon and giving short shrift to maintaining what we have and preparing to fight. There are also problems with the chain of command; there are problems with joint planning. There are way too many layers of bureaucracy in and among various commands.

Clearly, changes are needed in the organization of the unified commands.

OFFICE OF THE SECRETARY OF DEFENSE

In the Office of the Secretary of Defense, the Under Secretaries and Assistant Secretaries are responsible for particular functions, such as manpower and research and engineering. Except for the Secretary of Defense and his deputy, there are really no other civilians in the Department of Defense whose primary job and authority it is to integrate all elements of the defense community for the key single missions, such as nuclear deterrence on the defense of Europe. Inadequate attention is paid to the need to integrate the major missions of the DOD. Decisions about how to fight a war in Europe, for example, are fragmented among several different Assistant Secretaries, many of whom report directly to the Secretary. This creates inefficiencies and encourages the individual services to buy and equip their forces with little regard for joint operations and interoperability with each other and our allies.

I have often said that it is always a puzzle to me how we expect the United States to coordinate and communicate with our allies in wartime, when we have a very difficult job doing that even among our own services.

The imbalance between the mission focus and the functional perspectives by OSD is not the only problem. There are problems with the Secretary of Defense's span of control; OSD is focused too heavily on inputs instead of outputs. OSD tends to micromanage the services the same way Congress micromanages the Department. Despite this micromanagement, OSD has problems in coordinating service programs.

Again I emphasize that this is not aimed at the last 4 years. This is not aimed at this administration. These statements apply to many, many years in the past.

If the Army and the Navy do not talk to each other before they buy radios, it should come as no surprise that they cannot talk to each other in the field, after they have bought radios. We saw that very clearly in Grenada.

Clearly, changes are needed in the organization of the Office of the Secretary of Defense.

THE PLANNING, PROGRAMMING AND BUDGET SYSTEM

Yesterday, we discussed how the preoccupation with the budget has put the DOD on a treadmill in constant pursuit of more dollars. They are drowning in budget detail. They are substituting budget policy for defense policy. The Department of Defense measures success by input, not output; by how much money they have been able to get out of Congress, not by successful preparation for war.

The Department of Defense does not make its long-term plans based on realistic assumptions. They always assume that future budgets will be higher and, as a result, start new programs which they know they will not be able to afford in the future. The Department must then "stretch out" the procurement of other systems, which causes many to be produced at terribly inefficient rates. The Department stretched out 22 programs in fiscal 1985, driving up the costs of those systems by $3 billion, and Congress has stretched out many more.

We have many weapons in production at inefficient rates. The resource treadmill is also biased toward investment—weapons, research, and construction—at the expense of combat readiness. The system is turning more and more of the officer corps into business managers instead of warriors.

Clearly, changes must be made in the DOD planning, program, and budget system.

WHY CONGRESS MUST MAKE THE CHANGES

Mr. President, I have summarized major areas where changes are needed; these are not the only areas. The staff study identified 36 major problem areas that need to be addressed.

I want to make it clear that neither Senator GOLDWATER nor I have anything but praise for the men and women in our armed services. As we said yesterday, our military is more capable than they were a few years ago. Our men and women in uniform are the finest they have ever been. When called upon, they have served us well. They have fought bravely and with determination and conviction. They have demonstrated time and time again that the citizen soldier of a democracy is the finest in the world.

However, there are very serious organizational problems which must be fixed. These brave Americans must not die because of organizational failures. If we change these organizational weaknesses, we will strengthen our military. That is what this effort is all about. We owe this to the men and women in uniform and their families.

In the past, we have had the luxury of time. In World Wars I and II and in Korea, we had the time to marshall our forces and attempt to straighten out organizational confusion. We had time to bring our industry to bear, and it is this great strength that has proved decisive, thank God, in previous wars.

If, God forbid, we have to fight another war, we shall not have time for these adjustments. We must be prepared to fight at the outset. Future conflicts will essentially be, come as you are parties. This means that we must be organized properly in peacetime but we are not.

There has recently been a great deal of attention paid to organizational problems of the Department of Defense. A number of recent studies and former senior DOD civilian and military officials have urged reform, including almost every living former Secretary of Defense. Others have said that things are fine, the status quo is OK, and that change would only make things worse. The leadership of the Department of Defense believes that things are working fine; that it "ain't broke" and does not need fixing. We believe they are wrong. As Chairman GOLDWATER and I have said: The system is broke and it needs fixing.

As these floor statements have demonstrated and as the staff study will document, there is a need for major change. I suppose it should come as no surprise that the Pentagon has a longtime record of being resistant to change. Each of the services has an honorable tradition extending back to the founding of our Nation and each will jealously guard its own prerogatives. I understand these traditions and we intend to preserve them, to the extent that they are in our national interests. They are important but we all need to be flexible in order to make the necessary adjustments. And we need military officers who will have the courage to recognize the problems and assist in correcting them. But let us not underestimate the challenge. As the distinguished British military historian, Basil H. Liddell Hart, said:

> The only thing harder than getting a new idea into the military mind is to get an old one out.

The Pentagon has no mechanism for real change. The status quo has evolved over years of negotiation, conflict, and logrolling among the services and between the services and OSD. The system protects each services' roles and missions and therefore the services will fight to preserve the status quo.

As we explained in our earlier statements, the basic command structure of our Armed Forces and the roles and missions assigned to each service were established long ago in agreements that are now virtually off-limits to change. These agreements preserve the services as the dominant forces in the Department of Defense. It is therefore understandable that the services will wish to protect this role. But they preserve this dominant power at the expense of the unified commanders in the field who will actually fight the war and, to some extent, at the expense of the Secretary of Defense. They preserve this dominant power and, at the same time, permit the many serious problems we have identified to persist.

The question is really whether we want to give the people in the field, who have to fight the war, more authority in peacetime, so that they will be better prepared to fight the war. Anyone who says that we are calling for centralization of the military is dead wrong. In some cases, we are talking about more authority in the Secretary of Defense, because he does provide a joint perspective. But the primary thrust of our effort will be to give the people out in the field more authority to call the shots before they go to war, so that we can fight better if we go to war. That capability, of course, means that we will have less probability of fighting, because deterrence will be more likely to work.

If we leave it up to the Pentagon, there will be no change. The Constitution gives Congress the power—and the duty—to "make rules for the Government and Regulation of the land and naval Forces." We must exercise that power and that duty.

But, as we said at the outset, Congress is not faultless. Indeed, we are part of the problem. Therefore, we must make changes not only in the Department of Defense, but also our own activities here in Congress.

It is for these reasons, Mr. President, that my distinguished chairman, Senator GOLDWATER, established a task force to address these problems. It is fitting that he now provide the concluding remarks to these statements and that he inform the Senate of the plans of the task force.

But before he does, Mr. President, I wish to pay special tribute to a unique and a very dedicated American. Senator GOLDWATER has served this Nation for over 40 years as a soldier, a statesman, a Senator, and a scholar. On national security issues, he is one of the most experienced and knowledgeable men of our time. He has announced that he will not seek reelection. He will be sorely missed in this body. But before he leaves us, we will have the benefit of his leadership in this terribly important undertaking, probably the most important legislative undertaking regarding national security in the last 30 or 40 years and perhaps longer.

I know he feels very keenly that he wants to leave as a major legacy a Department of Defense that is better organized to defend this country that he loves and that we all love.

I say to my distinguished friend from Arizona that I will devote my energies to helping him accomplish that task. There could be no more fitting tribute to Senator GOLDWATER's outstanding career than to leave the military services better capable of defending the national security of this Nation.

Mr. President, it is a privilege for me to yield the floor to the distinguished chairman of the Armed Services Committee.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. GOLDWATER. Mr. President, there is no way that I can thank the Senator from Georgia for his very kind and generous remarks. I will treasure them all the rest of my life.

CONCLUSION AND COMMITTEE PLANS

I do believe that this is a terribly important subject. The reorganization of the Department of Defense may be the most important thing that Congress does in my lifetime. It will be the most important thing that I tried to do in mine. It is vital to our national security that the job be done, done well, done soon and I welcome the continuing support and wise counsel of my friend from Georgia. Changes are essential, they are overdue, and we must begin the task of correcting the serious organizational deficiencies now.

THE DUTY OF CONGRESS

As Senator NUNN said, Congress has the constitutional duty and responsibility to oversee the Armed Forces of our Nation. Along with Senator NUNN, I believe we have failed in that duty. The last time we really did anything significant was almost 30 years ago in the Defense Reorganization Act of 1958. That act sought to correct the organizational deficiencies which were disclosed by World War II and first addressed by the National Security Act of 1947. In enacting the 1947 act, Congress stated its purposes as:

> To provide for the establishment of integrated policies and procedures for the departments, agencies, and functions of the Government relating to the national security; to provide for their authoritative coordination and unified direction under civilian control of the Secretary of Defense but not to merge them: . . . to provide for the effective strategic direction of the armed forces and for their operation under unified control and for their integration into an efficient team of land, naval, and air forces.

Unfortunately, in our view, that purpose has not been fully carried out. During our many speeches, we have seen the severe problems in the organization of the Joint Chiefs of Staff, the unified commands, and the Office of the Secretary of Defense. It is past time for us to act again. As I said the other day: "The system is broke and it must be fixed."

Our committee has recognized this for some time. Two of our most distinguished and knowledgeable former leaders, Senators John Tower and Scoop Jackson, first suggested that the committee examine this problem in June 1983. In the fall of that year, a series of hearings were held and the staff of the committee was directed to prepare a comprehensive staff study. Senator NUNN and I redoubled this entire effort earlier this year.

TASK FORCE ON DEFENSE ORGANIZATION

In addition to assigning some of our committee staff to work full time on the study, Senator NUNN and I established a task force consisting of Senator NUNN and myself as cochairmen and Senators COHEN, QUAYLE, WILSON, GRAMM, BINGAMAN, LEVIN, and KENNEDY as members. It has been a very active group.

The task force has held a series of meetings to discuss these issues as well as the staff study as it was progressing. The staff study in its final form will be approximately 600 pages but that is condensed down from over 9 volumes the task force received.

In addition, we asked a group of outside experts that include former Secretaries of Defense, former Chairmen of the Joint Chiefs and Service Chiefs, former unified commanders, members of all the services, former Defense officials and several noted national scholars in the field to advise us and to review the staff study with us. In my opinion, it is the most prestigious and knowledgeable group of experts in this area that has been assembled.

As I mentioned yesterday, our task force and other members of the committees, nine Senators in all, met the entire weekend at Fort A.P. Hill in Virginia with this distinguished group of outside experts to review the staff study and to discuss the problem areas and potential solutions. It was an extremely productive session. There was not agreement on every point and there were some excellent suggestions for improvements to the staff analysis. However, the basic consensus of the group was there are serious problems that need to be solved and that the staff study's analysis of the problems was sound and essentially correct. Some revisions are underway but the study will be ready for release I hope early next week. When it is released, I heartily recommend it to my colleagues and others interested in improving our national security. It will make a series of recommendations for major changes in the organization of the Department of Defense and Congress. The recommendations in that study will be those of the staff only, and I must stress again that our committee has reached no conclusions as to what possible changes in the Department need to be enacted. The staff study will be a starting point. Let there be no mistake, however, we have concluded that changes should be enacted.

We have met with Congressmen LES ASPIN and BILL DICKINSON, the chairman and ranking minority member of the House Armed Services Committee, as well as Congressman BILL NICHOLS who is the chairman of the Subcommittee on Investigations which has done a great deal of important work on the organization of the JCS. We are working with them to assure that the House of Representatives and Senate will be moving forward together as much as possible. We intend to keep this effort on a truly bipartisan basis.

For example, just this morning, Senator NUNN and I met with the President's Blue Ribbon Commission on Defense Management, headed by David Packard, which is also addressing the question of defense organization. We briefed them on the results of the study and we want to stay in close touch with them as we each proceed. This afternoon we will meet with Secretary Weinberger and Admiral Crowe, the new Chairman of the Joint Chiefs, to present the same report to them. Also, over the course of the upcoming weeks, we will be providing our thoughts to other key individuals in the Government.

Throughout this fall, our committee will hold a series of public hearings which will address the staff study and its recommendations. We will hear again from our outside experts, from other experts, and from governmental witnesses. We will proceed in an open and deliberative manner. There is no attempt to make fundamental changes in such a complex area in the dark of night. The Armed Services Committee has as its goal the drafting and introduction of needed legislation early next year. It is our intent to enact this legislation by the end of this Congress. I am committed to this purpose and goal as nothing else I have undertaken in my enter career in the Senate. I will join with Senator NUNN and the members of our task force and our committee to leave no stone unturned to accomplish this goal.

As this process unfolds, we ask that all members of the Senate keep an open mind on the question of defense organization as we have. We recognize that there are very strong forces suggesting that no change is needed. We recognize that each of the services has a great and honored tradition. Many of us are proud to be part of those traditions and we have no intent of harming them. However, we should not let tradition blind us to the need to make changes. I would also urge the Pentagon to work with us in a spirit of cooperation, not confrontation. We need their input and counsel.

We do not yet know what changes we will recommend to the Senate, but we can say that we must make no change which will diminish civilian control over the military. And, as painful as that has been in the immediate past, with oversupervision, in my opinion, during the Korean war and the Vietnam war—both wars we lost; the only two wars we have ever lost in our history—the long-established, constitutional principle that the civilian will remain superior to the man in uniform, is going to be upheld.

That has been one of the fundamental precepts of the American system. And, although, like many other principles, it is not clearly defined, but it is firmly ingrained in the U.S. Armed Forces—probably more ingrained in the minds of the man in uniform than the man in civilian clothes. However, we must make sure that any organizational changes will preserve the ability of the civilian leadership of our Government, both in the executive branch and the Congress, to exercise complete control over our Armed Forces.

CONCLUSION

Mr. President, that concludes this series of floor statements. I hope our colleagues will take the time to read the RECORD as well as the staff study when it is published and to follow the progress of our hearings in the Armed Services Committee. I also urge them to be receptive in the early part of next year to the legislation we will introduce.

It is imperative that we make organizational changes in the Department of Defense. As we face an era of declining defense resources and increasing threats, we must reorganize the Department of Defense to produce as President Eisenhower used to say, "the most bang for the buck." This is vital to our national security and the preservation of our freedoms. If we are to fight a war, whether one starts tomorrow, 10 years from now or 50 years in the future, we must have the organizations in place to defend this country. We owe this to the men and women in uniform who are the finest our country has ever produced. The principal duty of our Armed Forces is to deter war. But if deterrence fails, they must be able to fight—and win.

It is Congress' duty to make sure that the organizational arrangements support them in that goal. They deserve a better system than we have now. This is our duty and we must do it. By reorganizing the Department of Defense, we will strengthen the military and will better enable them to meet that goal of protecting our Nation's vital interests. Congress must, and I am confident will, make the needed changes.

Mr. President, I yield the floor.

Mr. EXON. Mr. President, I ask unanimous consent that I might be permitted to speak as if in morning business but that my remarks immediately follow the statement just given by the distinguished chairman of the Armed Services Committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, let me associate myself with the detailed and well thought out remarks by the distinguished chairman of the Armed Services Committee and the ranking member thereof that were made both yesterday and today on the floor of the U.S. Senate. And since my dear friend and colleague, the chairman of the Armed Services Committee, is on the floor, I wish to say to him that I thank him, as a Member of the Senate and I thank him, as a citizen of the United States, for calling the tremendously interesting and important conference that was held over this last weekend. I thank my friend and colleague from Georgia, Senator NUNN, for his part in arranging that conference of real defense experts and several members of the Armed Services Committee. I thought it was the best balanced group of people, pro and con, on this issue that anyone could have possibly brought together. I, as one Senator, and I think all of us there, learned a great deal about the situation at hand.

I think it has been very clearly enunciated by the two Senators that I have mentioned that we have no crisis, per se, in the organization of the Pentagon and the higher echelons of our defense structure today. But saying that we do not have a crisis does not imply that we do not have a problem.

As a result of that conference and previous experiences that I have had on serving on committees that have studied this problem, I have come to recognize that, while there is no crisis, there are problems of wide scope. And the challenge that faces us is whether or not we can find a solution with enough scope to fit these problems. I am sure that, as we move forward on the legislation that will be coming before the U.S. Senate, we will have many of the nay-sayers that will say, "Leave well enough alone." If we do, then we do so at our own peril for the future.

Because, especially in peacetime, I am convinced that not by design but by accident and sometimes by lack of attention of the top military experts, much of it diverted by sometimes inappropriate micromanagement by the Congress itself, we lose sight of what that organization is all about. That organization is not just for maintaining a peacetime force, but we must also have the organizational structure to move, and move swiftly, if this Nation is ever challenged anyplace in this world.

Therefore, I think that, from the information I have at hand, we must make some changes. And we must make some changes even if we have to knock over some strong opposition that is likely to be mounted. The only crisis that we have in this regard, Mr. President, is to move swiftly on this so that we can get this passed and signed by the President during this Congress.

Unfortunately, as I have said before, my dear friend and colleague, Senator GOLDWATER, by his own action will not return to the U.S. Senate after this Congress. I suggest that unless we have the strong leadership of Senator GOLDWATER on that side of the aisle, working in conjunction with Senator NUNN on this side of the aisle, those two individuals being recognized as true experts on defense, with the confidence and support of their colleagues on both sides of the aisle, that unless we can accomplish this while Senator GOLDWATER is here and under his strong leadership, it may be a long, long time, if ever, that we build a solution with enough scope to fit the problems at hand.

So I wish to thank Senator GOLDWATER and Senator NUNN for the most informative conference that we held. Thanks for inviting other members of the Armed Services Committee to attend. I think that conference, above everything else, is going to allow us to make giant strides to the early introduction of a meaningful bill that, as best we can, will meet any legitimate complaints that are lodged against it, but get to the business of streamlining, and streamlining as we must, the higher echelons of our defense structure in the United States, while maintaining, above everything else, as Senator GOLDWATER has said, civilian control.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin, Senator PROXMIRE, is recognized for not to exceed 15 minutes.

WHAT VINCE LOMBARDI MEANT BY "WINNING IS THE ONLY THING"

Mr. PROXMIRE. Mr. President, I am going to depart from the usual discussion this morning and talk about something few people talk about, what many people may think is very trivial, even childish. But I think it is appropriate that it be brought up because I think, as I will indicate, it has a profound effect on our lives.

Mr. President, many of us Americans are sports buffs. In our childhood we played baseball, football, basketball. Throughout our lives we read about, argue about, and even dream about sports. The moral values we learn in sports of spending long hours in careful, meticulous preparation, painstaking discipline, and a constant striving for excellence carries over into our endeavors in government, business, and elsewhere. Many Americans read and think about sports more than about any other activity outside of their immediate jobs. The slogans we have heard from the great sports figures we admire become part of our own values. Often that effect on our values is greater than we realize. Take one remarkable example.

Vince Lombardi of the Green Bay Packers may be the most widely admired professional football coach ever. What are his best remembered words? It is the statement: "Winning is not everything. It's the only thing." That is a great statement. But it is a statement that some will see as justifying the most seductive and vicious kind of conduct for anyone who wants to prevail. That Lombardi statement seems to give verve and class to that grossly immoral standard that the end justifies the means. Did Lombardi mean that whatever you have to do to win, you do? Did he mean that if you have to lie to win, you lie? Did he mean that if you have to cheat to win, you cheat? Do you bribe to win? Obviously if we apply that interpretation of what Vince Lombardi said to our endeavors in life, we may win more, or at least win more easily, but our victories mock us. They are empty. They are hollow.

Is this what Lombardi meant when he said that "winning is the only thing"? Anyone who followed Lombardi's life and the life of the players he so profoundly affected, knows that there is no way Lombardi could have meant this misinterpretation of winning at all costs.

One of the great players that Lombardi coached was Jerry Kramer. In 1969, Kramer was voted the outstanding guard in the first half century of professional football. Kramer has recently written a remarkable article about what Lombardi really meant by his "winning is the only thing" quotation. Kramer writes:

> Lombardi meant winning fairly, squarely and decently—within the rules, the written ones and the unwritten. He would rather have lost than cheated.

But Lombardi hated the idea of losing. He said: "I will demand a commitment to excellence and to victory. That is what life is all about." To Lombardi, winning was a habit. You learned it. How did you learn it?

Listen to Lombardi:

> Winning is not a sometime thing. It is an all time thing. You don't win once in a while. You don't do things right once in a while. You do them right all the time.

Think about that philosophy, Mr. President. You do not do things right once in a while you do things right all the time. "Sure some people will say," Knock it off. Lombardi and Kramer were engaged in a sport for kids, including, of course, adults who suffer from arrested development and never grew up after high school football. On the other hand, rightly or wrongly, there is probably no line of endeavor in this country where the level of competition in excellence is pursued with more relentless vigor, energy, and intelligence than professional football, baseball, and basketball. That may be a sad commentary on the state of our values. On the other hand, there are worse pursuits than bringing diversion and entertainment to millions of our fellow citizens. And we can learn greatly from what Lombardi taught Kramer and his other great players. In Kramer's New York Times article, the real contribution of Lombardi comes through in the players he coached. I do not mean just because they were superb football players. They were. I mean they were remarkable people, citizens that make all of us proud. Kramer gives a brief glimpse of three of these products of Lombardi's coaching. First, Willie Davis who may have been the greatest defensive end ever.

But Davis is far more than a former great football player. What is Willie Davis today, many years after he stopped playing football? Just listen. Willie Davis is a smashing success in business. And that is not all. He has given endless time, talent, and energy to the Urban League, the University of Chicago, the Boy Scouts of America.

And there was Bob Skoronski, captain of the offensive Green Bay Packers under Lombardi. Skoronski has achieved the ambitions most of us treasure above all. His grandparents were immigrants. His parents were factory workers. How about his children? How are they doing? His sons are highly successful American businessman.

Then there was Red Mack, a superstar of the special teams. Mack grew up in an orphanage. His son is a brilliant scholar, graduating near the top of his class from Notre Dame.

Vince Lombardi believed in winners, the kind of winners all of us should believe in. The players he coached have shown in their lives the kind of winning Lombardi believed in and brilliantly taught.

Mr. President, I ask unanimous consent that the article to which I have referred from the Sunday, October 6, 1985, New York Times be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 6, 1985]

LOMBARDI'S GREAT LESSON: WINNING IS A STATE OF MIND

(By Jerry Kramer)

Precisely a quarter of a century ago, Vincent Thomas Lombardi—of Brooklyn and Fordham University, of St. Cecilia High School in Englewood, N.J., and the United States Military Academy at West Point—won his first professional title, the 1960 championship of the Western Conference of the National Football League.

In the following seven years, Vince Lombardi's team, the Green Bay Packers—my team—won five N.F.L. championships, an unparalleled achievement. The Packers of the 1960's came as close to being a dynasty as any team in football history.

But Lombardi's reign over pro football lasted barely a decade. He died 15 years ago last month, in 1970 at the age of 57. Yet a year ago, when 29 members of the team that won the first Super Bowl game gathered in Green Bay for our first full-scale reunion in 18 years, Lombardi was there. He was there in every player's mind and in every player's heart.

Lombardi lives—for his feats and for his words.

The words that are best remembered, probably, are these: Winning is not everything. It is the only thing.

I love those words.

I hate the way they have been abused.

Little League coaches quote Lombardi to justify screaming at 10-year-olds.

High school coaches quote Lombardi to justify driving injured teen-agers to play.

Doctors and trainers quote Lombardi to justify feeding steroids to young bodies.

College coaches quote Lombardi to justify slipping money under the table to recruits.

Certainly not the majority of coaches or doctors or trainers. A minority. But enough of them to make Lombardi spin in his grave, and to make us, his players, the middle-age men whose lives he shaped, strike back on his behalf.

Lombardi may have been a despot at times, but he was always an enlightened despot.

In the first place, Lombardi meant winning fairly, squarely and decently—within the rules, the written ones and the unwritten. He would rather have lost than cheated.

In the second, Lombardi's definition of winning was not related directly to victory and defeat. He would rather have lost a well-played game than won a poorly played one. That may be mild exaggeration, but this is not: He gave us more credit, and less grief, after a well-played defeat than after a poorly played victory.

So many times, after games decisively won, we came into our locker room filled with self-satisfaction, only to remember Lombardi's wrath, to have our skills assailed and our character questioned, to have our egos abruptly deflated. A stranger would have thought he had strayed into the losers' locker room.

But in 1966, when we lost to San Francisco, 21-20, after having won our first four games of the season, Lombardi did not say one harsh word. He knew how much we'd wanted to win. He knew how hard we'd played. I was standing next to him at the San Francisco airport after the game, and he had a rule we were not allowed to go into the bar at the airport or at any hotel we stayed in. He turned to me and said, "What do you think of everybody having a beer?"

I said, "Coach, I think it's a hell of an idea."

We won our next three games.

Lombardi didn't hate losing. He hated the idea of losing.

Conversely, he loved the idea of winning. To him, winning was an attitude, a state of mind. And it was that attitude that he emphasized, that he demanded. "I will demand a commitment to excellence and to victory," he said, "and that is what life is all about."

That was the essence of Lombardi—the pursuit of excellence, the striving for excellence. "Run to daylight," he said. "Run to win," he quoted St. Paul as saying. He and St. Paul both meant the same thing: Give your best. Always.

"Winning is not a sometime thing here," he once told us. "It is an all-the-time thing. You don't win once in a while. You don't do things right once in a while. You do them right all the time."

You don't do things right once in a while. You do them right all the time.

Of all the lessons I learned from Lombardi, from all his sermons on commitment and integrity and the work ethic, that one hit home the hardest. I've found in business, in my life after football, that only 15 or 20 percent of the people do things right all the time. The other 80 or 85 percent are taking short cuts, looking for the easy way, either stealing from others or cheating themselves. I've got an edge on them because whenever I'm tempted to cut corners, I hear that raspy voice saying: "This is the right way to do it. Which way are you going to do it, mister?"

I don't have any choice. I have to play to win.

"When Lombardi said, 'Winning is the only thing,'" my old roommate, the defensive end Willie Davis, likes to point out, "he meant: 'You always prepare for victory. You always expect victory. Losing should always be unexpected.'"

We used to feel that we never lost. Sometimes the clock ran out on us when the other team had more points, but we never lost.

Willie Davis certainly never lost. Nobody worked harder on the football field than he did. Nobody pursued excellence with greater determination. Willie Davis was the personification of Lombardi's principles.

And now Willie Davis is the epitome of a winner. He has been elected to the Professional Football Hall of Fame and to the board of directors of M-G-M/United Artists. He sits with Bronko Nagurski and Red Grange in one and with Cary Grant and Alexander Haig on the other.

He owns five radio stations and a flourishing beer-and-wine distributorship. He gives his time and talent to an endless list of civic and educational institutions, from the Urban League to the University of Chicago, from the Boy Scouts of America to the National Collegiate Athletic Association. His secretary says Willie is a slow learner. "He never learned to say no," she says.

Willie's success is striking, but it is not atypical among Lombardi's Packers. Eight are in the Pro Football Hall of Fame, many more are millionaires and almost all are, by anyone's standards, winners.

Lombardi would be fiercely proud of all of them, but he would be especially proud of two:

Bob Skoronski, captain of the defensive team, the grandson of immigrants, the son of factory workers, has a son who went to Yale and is a stockbroker and a son who went to Indiana University and is a lawyer.

Red Mack, a fearless tackler on the suicide teams, who spent his childhood years in an orphanage, has a son who achieved a 3.8 average at Notre Dame and is considering a diplomatic career.

Those are the kind of victories Lombardi cared about.

That is the legacy of the man.

THE REAGAN CHALLENGE TO ARMS CONTROL

Mr. PROXMIRE. Mr. President, Jerome Wiesner is one of the wisest and best informed experts in this country in the area of science and the application of American technology to the arms race. Mr. Wiesner has served as the president of the most respected technological university in America—MIT. He has also extensive experience as a scientific adviser to President Kennedy and President Johnson. So it is highly disturbing when this brilliant scientist writes that in his expert judgment President Reagan, unlike Presidents Eisenhower, Kennedy, Johnson, and Ford, not only has not resisted pressure from the military-industrial complex but has become "its most articulate spokesman," and has made "a shambles of arms control efforts." Let me repeat that Dr. Wiesner accuses President Reagan of having made "a shambles of arms control efforts." Those are Wiesner's exact words. In a recent article in the Bulletin of the Atomic Scientists, Wiesner writes a compelling plea for common citizens to have the confidence to assert their own judgment on the nuclear arms race. Keep in mind that Wiesner writes—not as a scientific ignoramus. He is not an ideologue. Wiesner writes as president emeritus of MIT. This is what he advises all of us as Americans:

> It is often suggested that secret information exists that would argue against a nuclear freeze or a test ban or some other logical arms-limitation measure. But there are no secrets on the vital issues that determine the course of the arms race. Each citizen should realize that on such critical issues as what constitutes a deterrent and how many nuclear weapons are enough, his or her judgments are as good as those of a President or Secretary of Defense, perhaps even better since the lay person is not subject to all of the confusing pressures that influence people in official positions. It is important for citizens to realize that their Government has no monopoly on wisdom or special knowledge that changes the commonsense conclusion that nuclear weapons have only one purpose—to prevent their use—and that can be accomplished with a small number of weapons on each side.

Mr. President, this is why the Congress and the President should give special attention to the results of statewide referenda and polls that have consistently shown an overwhelming majority of the American people in favor of a comprehensive, mutual, verifiable freeze on nuclear weapons testing, production, and development. Mr. Wiesner writes that it is the responsibility of all of us as Americans to recognize that the fears of Soviet nuclear power by Americans combined with the fact that our country has overwhelming technical and economic strength have combined to cause "our country to be the leading forces in the arms race."

Mr. President, let us stop and dwell for a long minute on the immensity of that charge. Mr. President, this is a very serious charge by Dr. Wiesner. Dr. Wiesner is saying that this America of ours, not Russia, but our own America, is the leading force in the arms race. How about that? Is that possible? Can it be possible that not the Soviet Union but America is in fact the leading force in the arms race? The leading force? We love our country. We are proud of America. We know that above all the American people have one, single, absolutely dominant desire for American foreign relations that dwarfs all others. And that is for a peaceful world. That has always been the predominant foreign policy purpose in the heart of the American people. Today that desire is more fervent than ever before. Our people realize that if this country ever again engages in a truly major war, it will almost certainly become a nuclear war. We know that this America we love would in that event certainly perish. And why do American people with such remarkable unanimity want to end the arms race? Because they know that peace was never more important than it is today. And now one of our country's most brilliant scientists and university leaders tells us that America's fears and its massive power "have caused our country to be the leading force in the arms race."

And what does Dr. Wiesner propose we do about it? He asks that we find a way in America's great strengths and energies to take the lead in ending the arms race. Will it be easy? Under the circumstances, it will be very difficult. In fact, this Senator cannot think of a politically more difficult course than to try to persuade his colleagues and constituents that our course is wrong. As Wiesner says:

> Doing this, as difficult and unpopular as it may be, represents the ultimate test of dedication to American ideals.

Why is it difficult and unpopular to argue for a cause supported by the overwhelming majority of Americans in public opinion poll after public opinion poll? Why is it so difficult to contend that the President's flat turndown of Gorbachev's proposal to negotiate an end to nuclear weapons testing is a tragic mistake? Well, let's face it, in any argument between the President of the United States and the head of the Soviet Union, any American obviously has two strikes against him if he is an elected American official and comes down on the side of the Soviets.

That is especially true with this President. President Reagan has just won an overwhelming landslide reelection victory. He is riding a 65-percent favorable approval rating. It is one thing to take on the President on a domestic issue like the farm problem or the deductibility of State and local taxes from income in computing the Federal income tax. It is something quite different to oppose the President when he is disputing the head of Communist Russia on a strictly military matter. But this is precisely what those Americans who believe in peace must find the will to do.

Mr. President, I ask unanimous consent that the August 1985, 40th anniversary issue of the Bulletin of the Atomic Scientists by Jerome Wiesner entitled: "A Militarized Society," be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

A MILITARIZED SOCIETY

(By Jerome B. Wiesner)

In his famous message to Congress on December 1, 1862, Abraham Lincoln wrote: "The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew and act anew. We must disenthrall ourselves."

Lincoln's advice is relevant today, when nuclear weapons have the same desperate meaning for our times as the issues of slavery and freedom had for his. Disenthrall ourselves we must, from the dogmas that account for our fatalistic acceptance of the arms race. In doing so, we must recognize the extent to which the United States has been running an arms race with itself and in the process has become a military culture.

Despite President Dwight Eisenhower's 1961 warning about the growing influence of the military-industrial complex in our society, it has grown even more powerful in the years since. Eisenhower's message reflected his frustration with his inability to control the combined pressures from the military, industry, Congress, journalists, and veterans' organizations for procuring more weapons and against his efforts to seek accommodations with the Soviets.

As a member of Eisenhower's Science Advisory Committee, I saw firsthand how individuals from government and military industries collaborated with members of Congress to defeat the president's efforts. They killed the nuclear-test-ban negotiations with arguments ranging from the need for the neutron bomb and peaceful nuclear explosions to the possibility of Soviet cheating by testing behind the moon or even the sun. Eisenhower cancelled the B-70 bomber and then reinstated it after being subjected to enormous pressure by the political leaders of the Republican Party. Exaggerated estimates of the Soviet nuclear bomb stockpile and delivery system strength were also used several times to justify unneeded U.S. strategic forces.

President John Kennedy had to contend with similar opposition when he continued Eisenhower's efforts to achieve a halt to nuclear testing. In fact, opposition to his efforts was much more intense than that faced by Eisenhower, because it appeared that Kennedy's effort just might succeed. As Kennedy's special assistant for science and technology, I also saw how pressure from Congress, the Defense Department, and outside groups caused Kennedy to build a much larger Minuteman missile force than was necessary, even after reconnaissance made it clear that the suspected missile gap did not exist.

The pressures continued on subsequent presidents. For example, President Lyndon Johnson decided in 1967 to buy a modest-sized anti-ballistic-missile system to protect the country from a Chinese military attack and, incidentally, himself from an increasing attack by Republicans during the 1968 presidential election. I attended a meeting of a special group appointed by Johnson to advise him on the deployment of the Nike Zeus ABM defense system. The group's overwhelming verdict was that the system would not provide much protection and therefore would be a waste of money. Johnson accepted that advice but decided to build the cheaper anti-Chinese system to blunt political attacks on the earlier decision.

President Gerald Ford and his secretary of defense, James Schlesinger, proposed, because of military pressures, to produce what they called a "limited, strategic, war-fighting capability" that Schlesinger ultimately admitted to Congress was planned for "a highly unlikely contingency." President Jimmy Carter gave up his opposition to the MX missile in the hope of getting the SALT II Treaty through Congress.

Such pressure groups no longer need to operate on the president. President Ronald Reagan not only accepts the ideas of the groups that Eisenhower warned against, he has become their most articulate spokesman, espousing an enormous buildup in U.S. military power—especially nuclear fighting power—while making a shambles of arms control efforts. Reagan's reelection is an indication that the militarization of U.S. society is proceeding with the complicity, if not the overt support, of ordinary citizens.

The history of the B-1 bomber is another case in point. After the project was shut off by the Carter Administration, funds from the space shuttle and other government projects were fraudulently diverted to keep the B-1 alive. A story in the April 7, 1984, *San Francisco Examiner* details how the manufacturer then scattered contracts so widely that almost every state and hamlet in the country had a stake in the B-1's future. Even though it is generally agreed that the B-1 is unnecessary, the campaign succeeded.

The contracts were worth an average of $700 million per state. The states of the 20 senators who lobbied hardest for the aircraft were scheduled to get sums ranging from $1 to $9 billion. Even more disturbing is the fact that labor unions and chambers of commerce lobbied vigorously for this marginally useful aircraft at a time when budget deficits were destroying the U.S. economy and the infrastructure of American society. This irrational behavior is only possible because we, the citizens of the nation, permit it. It is no longer a question of controlling a military-industrial complex, but rather, of keeping the United States from becoming a totally military culture.

More than 35 years of Cold War language and politics have created a situation in which it is difficult to talk rationally about how we arrived at the present impasse. A combination of Newspeak words, false information, half-baked ideas about successful preemptive attacks and winning nuclear wars, and clairvoyant projections of Soviet forces and objectives have obscured rational alternatives to the arms race. In particular, the use of worst-case analysis, supported by controlled leaks of secret information, has manipulated Americans into denying responsibility for the arms race and believing that the Soviets are relentless and reckless aggressors. As a result, ordinary citizens conclude that they can do nothing to stop the catastrophe they see coming.

A classic case is the "bomber gap" of the 1950s. Shortly after the United States adopted Secretary of State John Foster Dulles's 1954 policy of massive retaliation, the U.S. intelligence community began to suspect that the Soviet Union was building a large intercontinental bomber force, and it sounded an alert. It predicted that the Soviet Union would have several hundred intercontinental and shorter-range bombers, a force that could easily reach overseas U.S. bases and possibly even the continental United States in one-way missions. In response to this, the United States began producing a truly intercontinental bomber, the B-52.

In fact, however, while the Soviet Union did have a substantial force of TU4 medium-range bombers, it lacked an overseas base-complex from which to stage them. Its nuclear bomb supply was also small. In addition, it became evident in the mid-1950s that the Soviet Union was not creating a long-range bomber force on the scale previously feared, and the estimates of its threat began to shrink. By 1958 more sophisticated U.S. reconnaissance showed the Soviet force to be very small, about 100.

I used to believe that this missestimate of Soviet bomber capability was the result of faulty intelligence. Careful examination of the facts now makes it seem more likely a case of deliberate deception. In 1950, a report to President Harry Truman by his Air Policy Commission, headed by Thomas Finletter, concluded that the aircraft industry would have to produce 13 million pounds more aircraft than it had in 1948 and 30 million pounds more than in 1949 in order to maintain adequate military production readiness. Shortly thereafter, in April 1951, Air Force Secretary Stuart Symington introduced the supposed Soviet threat in testimony to Congress. "The Russians possess air equipment capable of delivering a surprise attack against any part of the United States," he said, "and this country has no adequate defense against such an assault." He testified that the Soviet Union "has an air force whose strength in nearly all categories is now the largest in the world and growing larger month by month." Such statements mobilized many scientists to work on U.S. defenses.

On July 14 of that year, a Senate Appropriations subcommittee was urged to drive toward a 150-group Air Force in three years, instead of the 87 groups it had already approved. These numbers required precisely the aircraft-production capacity recommended by the Finletter Commission. Finletter, now the new Air Force secretary, not only supported the buildup but urged a major increase in the production of fissionable material, which the United States did undertake.

Of these subcommittee hearings, the Congressional Record reported: "The testimony of all witnesses except those speaking for the Department of the Navy was uniformly of a classified nature that it does not lend itself to publication in any form." Yet somehow most of the testimony on the Soviet threat quickly found its way into the *New York Times* and *Washington Post.*

Interestingly, at no time after the truth was discovered did the creators of those distorted predictions show any concern about the unnecessary buildup they had stimulated or propose that the United States revise its objections. Recently I spoke to an individual about the bomber gap and asked him why he had not revised his view of the Soviet threat when the facts became known. He answered that he had always been certain that they would eventually present a nuclear threat to the United States, and he didn't want to make it too easy for them. Even now he is not willing to admit that our enormous buildup caused the Soviets to follow suit.

A more recent example of this kind of duplicity and distortion is the "window of vulnerability" scare which served as the Reagan Administration's first rationale for building the MX missile. The concept was put forth by the Committee on the Present Danger, a private group organized to defeat the SALT II Treaty and to press for a U.S. military buildup. The Committee's scenario was faulty in many ways. For one thing, its members concerned themselves only with the vulnerability of the land-based portions of the U.S. strategic triad. Furthermore, they assumed that a massive Soviet first strike involving the accurate coordination of hundreds of missiles and thousands of warheads in an attack that had never been practiced would work as predicted. Anyone who conducts experiments knows how unlikely that would be.

But the crowning absurdity of the scenario is that the Soviets would actually lose more than they would gain by such an attack. The Committee presumed that two Soviet warheads would be required to destroy each of the U.S. land-based missile sites, or 2,200 warheads for 1,100 sites. If the attack were entirely successful, only about 2,000 U.S. weapons would be destroyed. Aside from the fact that some 7,000 U.S. weapons on aircraft and at sea would be available for retaliation, the Soviets would have set themselves back in the weapons balance.

The nuclear bomb stubbornly remains the terror weapon wise men saw it to be at its birth. The default solution of the so-called experts has been to continue the arms race in the futile hope that a magic solution will appear. Einstein once said that God would not play dice with the universe. Humankind should not play such games either. That is why we need so desperately to rethink our premises, why we need to stop amassing nuclear destructive power.

Our truly democratic nation has been overtaken by a social cancer from which only mass understanding and action can save it. Only through the continuing involvement of great numbers of informed and dedicated individuals do we have any hope of rescuing ourselves and the rest of humanity from ultimate destruction.

I am often told that this subject is too complicated for average people to understand, and so even though they are frightened by what they see and hear, they have no choice but to accept what the "experts" say. These people are wrong. These issues can indeed be understood by anyone who is willing to make a sustained effort to do so. Just a few hours of study and discussion a week can make a person knowledgeable, if not expert, and a truly knowledgeable citizenry will lead to sounder national policies.

It is even more important to realize that there are no experts on nuclear war. No one knows how to use nuclear weapons. While there are thousands of experts on technical matters and on military hardware, on the critical issues of strategy, tactics, deterrence, and war-winning there are truly no experts. None! No one knows for sure about the actual field-performance of missiles, their reliability, or their accuracy. Because it is impossible to test nuclear weapons in realistic conditions, the uncertainty about their performance in combat is even greater than the uncertainty about the performance of their individual components.

There has never been a war, even a tiny one, in which tactical or strategic weapons were used by both sides. Planners are, therefore, completely dependent on theory to support their strategies. Analysts and military officers who plan for the use of conventional weapons can draw on experience. They can conduct more or less realistic field exercises to test their ideas about the use of new weapons or tactics. But because there has never been a nuclear war, or even one nuclear weapon fired at another, all scenarios discussed with such solemnity by so-called experts are based entirely on speculation.

To be sure, the analysts use computer models as a substitute for real experience, but the predictions from such models are totally dependent on the assumptions—guesses—put into the models by the analysts. There are many unknowable factors, such as the reliability of missiles when operated by soldiers instead of trained technicians and fired by the hundreds or thousands instead of singly, the reliability of the command and control system, the accuracy of guidance systems, the precise locations of targets, and exact estimates of target vulnerability.

Even when computers are used to design comparatively simply physical systems such as power systems or aircraft, a certain amount of trial and error is necessary to correct for unanticipated deficiencies. But how can this technique be applied to modeling a massive nuclear war? I doubt that anyone would agree to re-run a nuclear war in order to take advantage of the lessons learned the first time.

It is often suggested that secret information exists that would argue against a nuclear freeze or a test ban or some other logical arms-limitation measure. But there are no secrets on the vital issues that determine the course of the arms race. Each citizen should realize that on such critical issues as what constitutes a deterrent and how many nuclear weapons are enough his or her judgments are as good as those of a president or secretary of defense, perhaps even better since the layperson is not subject to all of the confusing pressures that influence people in official positions. It is important for citizens to realize that their government has no monopoly on wisdom or special knowledge that changes the common-sense conclusion that nuclear weapons have only one purpose—to prevent their use—and that can be accomplished with a small number of secure weapons on each side.

But realization is not enough. It must become informed conviction based on personal study. It is encouraging to see that a large number of people recognize this. In recent years there has been a growing involvement of people in all walks of life in the efforts to find alternate national security measures. There is an explosion of antinuclear groups whose strength flows from an inner conviction that the present course is wrong and dangerous. Perhaps most important of all, we are witnessing the emergence, as dissenters, of increasing numbers of former insiders and experts whose professional loyalty to the Establishment has, until recently, made them reluctant to speak out against policies that worried them. More and more civilian and military officials of the past are expressing disagreement with current national defense policies. This development is very important. Concerned citizens need the information and intellectual support for their own common sense and intuitions that such insiders provide.

Survival is not at all a primarily technological story, even though we recognize that the problems began with technological challenges, the nuclear bomb, and intercontinental delivery systems. If we are going to get out of the appalling situation which we and the Soviets have created for ourselves and all of our companions on the globe, we must change our mode of thinking to include issues that lie at the root of human behavior and are bascially social, cultural, historic, moral, ethical, economic, and psychological.

It is the responsibility of Americans in particular to disenthrall ourselves of our false innocence and realize the extent to which our combination of fears and overwhelming technical and economic strength have caused our country to be the leading force in the arms race. And we must find ways of using these same strengths and energies to take the lead in ending it. Doing this, as difficult and unpopular as it may be, represents the ultimate test of dedication to American ideals.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, in the previous Senate session, I began a discussion of the myth that we have "turned the corner" on health care inflation thanks to DRG's, Medicare's new reimbursement system, and the emergence of competition in the health care field.

It is true that the rate of increase in health care costs has lessened—and that is good news—but health care costs not only continue to increase but they are continuing to increase much faster than overall inflation and far faster than the growth of the gross national product.

And the implications of continued inflation in health care costs are frightening.

First, let's look at the historical picture.

When Social Security began, health care costs comprised only 4 percent of the gross national product in 1935, a mere $2.9 billion. Thirty years later, when Congress adopted Medicare and Medicaid, health care costs still comprised only 6.1 percent of the GNP. So in those 30 years, health care only increased from 4 percent of total GNP to 6.1 percent.

But since the inception of Medicare and Medicaid, the proportion of GNP devoted to health care expenditures has grown by leaps and bounds.

In the next 10 years, from 1965 to 1975, health care grew from 6.1 percent of GNP to 8.6 percent and, by 1980, totaled a whopping $248 billion. And by 1983—3 short years later—health care costs jumped to 10.8 percent of GNP. That translates into an increase of over $100 billion in current dollars going to health care, from $248 billion to $355 billion.

What can we look forward to in the years ahead, if this pace continues?

In a recent working paper for the Urban Institute, Stanford University health economist Victor Fuchs examined this very question. Adjusting for inflation and population growth, Fuchs found that the rate of growth of the GNP dropped to less than 1 percent in the late seventies and early eighties while health care expenditures rose at a yearly 4 percent—or four times as fast.

As Fuchs points out, it is only natural that there will be a reaction to such unrestrained growth and we are now seeing it: tougher bargaining over health care premiums and prices by business and labor and cost containment efforts by Medicare and Medicaid. So a small drop in the rate of increase in 1984 is not very surprising.

But while we can expect a somewhat slower rate of growth, there is an inevitability to further increases in health care spending. Even if we drop to the historical rate growth, health care will consume 20 percent of GNP 30 years from now. If we cut that rate of health care growth by nearly a third, we are still looking at 17 percent of the GNP going to health care.

With health care costs consuming more and more of our total spending, we are clearly on a collision course. It is a cruel hoax on the American public to foster the myth that we are out of the woods on health care inflation. We are far from it. The tough cost containment and competition measures we have seen so far are, unfortunately, must only be a beginning.

The challenge we will face is to balance equity, access, and quality considerations as we force the health care delivery system to become more efficient. And the task will not be easy.

AMNESTY INTERNATIONAL'S REPORT ON TORTURE IN TURKEY

Mr. PROXMIRE. Mr. President, Amnesty International recently released a report entitled, "Turkey: Testimony on Torture", which describes Turkey's abominable human rights record.

Reports of torture are both appalling and disturbing, yet it is vitally important that we are fully aware of their existence. It is only through complete awareness of human rights violations that we can work against them.

The United States should always keep human rights as one of the foremost goals in its foreign policy. Mr. President, the Genocide Convention is one of the most basic international agreements protecting human rights, yet the United States has repeatedly failed to ratify it. The United States lacks credibility in protesting the human rights violations of nations such as Turkey when it has not even approved the Genocide Convention.

The level of human rights violations in Turkey is very high, yet the United States appears hypocritical in criticizing Turkey for these actions when it stands as the only major nation not to ratify the Genocide Convention.

According to the Amnesty report, under the government of President

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Kenan Evren, the torture of political detainees in Turkey continues to be widespread and systematic. General Evren has been in power since he seized the Presidency in a 1980 military coup.

The record of torture, however, dates back much farther than the ascension of President Evren. Amnesty International reported that the methods and tools used by the police have been consistently practiced on thousands of prisoners held under all administrations since the early 1970's.

The report cited Turkish press reports last year suggesting that nearly 180,000 political prisoners had been held at some stage since 1980.

Included in the report are the accounts of seven women and six men who alleged that they were tortured in Turkey. The methods detailed are indeed gruesome. They include electric shocks, beating of the soles of the feet, burning with cigarettes, hanging from the ceiling for prolonged periods, punching, kicking, and beatings with truncheons, sticks, and iron rods on all parts of the body.

The report claimed that the level of torture in Turkey increases as the number of people detained increases. In the last 5 years, Amnesty International has submitted the names of more than 100 people reported to have died in custody.

The findings in the report were based on thousands of reports from prisoners held from the early 1970's to the time of the report's writing in May of this year. The group studied accounts of courtroom statements by prisoners who said they had been tortured, and it examined press photographs that showed the physical conditions of prisoners.

Despite Amnesty International's assertions, the Turkish Government denies that systematic torture is occurring. The claim that complaints of torture are investigated and that when torture has occurred, those responsible are prosecuted.

The report, however, challenges this statement, claiming that it knows of hundreds of allegations of torture that have not been investigated. In October 1984, a Turkish Government Minister made serious allegations of torture by the police, telling Parliament he had documents proving that the allegations were well-founded.

The report said that in view of the solid evidence of torture over the years, the Turkish Government should act now to stop it and called on the authorities to implement measures to combat the use of torture.

Among these, the report said, should be safeguards to ensure that incommunicado detention does not lead to opportunities for torture. The report added that relatives should also be informed properly of the whereabouts of detainees. There should also be regular inspections by an independent body to places of detention to ensure that torture does not take place.

Mr. President, it is only through complete awareness of these despicable acts of torture that we can work against their existence in the future. Similarly, it is only through the recognition of genocide that we can successfully combat its existence.

Only a strong statement proclaiming our resolve against those committing genocide will serve as a warning against perpetrators of this heinous crime. The Genocide Convention would be just such a statement.

Mr. President, I urge the Senate to ratify the Genocide Convention and formally pledge America's commitment to this most basic assertion of human rights.

Mr. President, I yield the floor.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond the hour of 12 noon.

MARTIAL ARTS WEAPONS

Mr. KENNEDY. Mr. President, next week the Senate Judiciary Committee has scheduled hearings on S. 1363, a bill to prohibit the use of the U.S. mails to send dangerous martial arts weapons into States where they are illegal. I introduced this legislation together with the chairman of the committee, Senator Thurmond, and nine other Senators from both parties. In the House of Representatives, Congresswoman Snowe and a bipartisan group of 16 other House Members introduced a companion bill.

The sale and distribution by mail of dangerous martial arts weapons that are outlawed or regulated by many States is a growing problem affecting the health and safety of citizens throughout the country, especially young people. For example, many States have recently enacted laws that specifically prohibit manufacturing, carrying, selling, or possessing certain martial arts weapons. However, razor-sharp throwing stars, kung fu killing sticks, and fighting chains—which are all designed to maim or kill other human beings and which are often available for as little as $10 or less—continue to be shipped through the U.S. mail, frustrating police efforts to enforce applicable State laws.

The distribution of these illegal devices goes on because existing Federal postal regulations—which prohibit the mailing of certain firearms, explosives, switchblades, and other dangerous articles—do not yet specifically prohibit sending martial arts weapons through the mail. Legislation is needed to provide the U.S. Postal Service with explicit authority to stop mail-order sales of these weapons to States which outlaw or regulate their use.

Recent editorials and articles in the Boston Globe, the Boston Herald, the New York Times, the Christian Science Monitor, the Sunday Republican, the Hartford Courant, and the Tae Kwon Do Times, a national martial arts magazine, explore the reasons why this legislation deserves support. I ask that the text of these materials be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Boston Globe, July 21, 1985]

Mail-Order Weapons for Kids

The mail-order sale of martial arts weapons to children has become such a problem that eight US senators are sponsoring a bill to prohibit distribution of the weapons through the Postal Service. The bill, before the Senate Judiciary Committee, deserves immediate attention and support.

Massachusetts and several other states have enacted laws that prohibit the manufacture, sale and possession of certain martial arts weapons. The state laws are easily thwarted by mail-order sales because federal postal regulations do not specifically prohibit sending such weapons through the mail.

The result is that the weapons get into the hands of children, who imagine that they can use them with the same skill as their movie hero Bruce Lee. The youngsters—or their victims—often end up in the hospital.

The Consumer Product Safety Commission estimates that in the last five years more than 100,000 such injuries were treated in hospital emergency rooms, and that more than 60 percent of the victims were between five and 24.

Congress must close the loophole in the federal law that makes it possible for children to have access to dangerous weapons.

The bill in the Senate is largely due to the efforts of Larry Kelley, an Amherst karate instructor who has waged a 10-month campaign against mail-order martial arts weapons. Kelley estimates that the 40-50 companies in the industry gross about $75 million annually. The weapons vary in price, with some costing as little as $1.

Kelley's campaign has brought together such unlikely allies as Sens. Strom Thurmond and Edward Kennedy as architects of the proposed legislation.

The legislation would simply amend a Postal Service law which already prohibits the mailing of other dangerous weapons, such as switchblade knives, explosives, and certain firearms. The need for the bill is one issue upon which all of Congress should be easily able to agree.

[From the Boston Herald, Aug. 3, 1985]

Ninja's Revenge

The current ninja craze is not kid stuff. And neither, certainly, are the weapons touted as indispensible to those learning to be authentic ninja warriors.

A mail order martial arts supply house out of Los Angeles offers for sale:

"A Ninja Blow Gun—for use with either steel-tip or Velero-style darts. The rugged 25-inch plastic tube has a comfortable rubber mouthpiece and molded-in safety stops so you don't inhale your dart."

"Throwing Knives—for the accomplished professional."

A 44-inch steel ninja fighting chain.

"Beautifully detailed ninja swords"

Cute, huh? Just the sort of thing to occupy the kids on a rainy day.

Well, the Massachusetts Legislature rather wisely passed a bill several years back outlawing these deadly little toys that had given gang warfare a whole new meaning. No store in the state can sell them, and people caught carrying such weapons are subject to arrest.

However, the bozos who want to make a profit by continuing to sell this junk can do so with impunity by advertising in national magazines and sending the stuff through the mails.

An effort is underway in Congress to close this gapping loophole. A bill filed by Sens. Edward M. Kennedy and Strom Thurmond—yes, you did read that correctly—would prohibit the mailing of such weapons into states which prohibit them. The U.S. Postal Service would be charged with helping enforce that.

Anytime Kennedy and Thurmond can find common ground, you can bet that here's an issue that no one can dispute. This is certainly one on those, and Congress ought to recognize that and give it speedy passage this fall.

[From the New York Times, Oct. 4, 1985]

LIKE LITTLE BUZZ SAWS

In the 50's movies like "Blackboard Jungle" made the switchblade knife an object of such adolescent fascination that localities banned its sale and Washington forbade sending it through the mails.

In the 1980's, the fascination has shifted to martial-arts weapons featured in kung-fu and ninja movies. As a result 13 states, including New York, already ban their possession. For the same reason, a bill by Senators Edward Kennedy and Strom Thurmond to bar such devices from the mails deserves wide support.

These are dangerous toys: Nunchaku sticks—two heavy wooden rods joined by a short length of chain—work as flails or nutcrackers to bruise flesh and break bones. Shurikens—palm-sized throwing stars with razor points—spin through the air like little buzz saws. Manrikigusaris—lengthy chains with weighted ends—rend flesh and entangle limbs. Each may cost less than a movie or a hamburger and fries.

The police report confiscating more and more of them from criminals, and Federal officials estimate they have caused young people thousands of injuries. States are paying increasing attention to sales in stores, but mail-order sales are thriving.

Senator Thurmond, not normally a booster of weapons control, supports the bill because he believes Washington should not permit use of the mails to circumvent state laws. He's right about that, certainly, and so are all the police and parents who don't like the idea of youngsters sending away for toys that kill.

[From the Hartford Courant, Sept. 21, 1985]

DEADLY WEAPONS BY MAIL

A dozen or so states—but not Connecticut—have taken the prudent step of explicitly regulating martial arts weapons. Those laws, however, are easily and legally bypassed by mail-order companies using the U.S. Postal Service.

A bill to stop that circumvention has been introduced by an unlikely pair of U.S. senators, liberal Democrat Edward M. Kennedy of Massachusetts and conservative Republican Strom Thurmond of South Carolina. Their alliance says a lot about the common sense behind the idea.

The bill would apply to three weapons—nunchaku (also called "kung fu sticks"), shurikens ("throwing stars") and manrikigusaris ("fighting chains"). These potentially lethal devices are glamorized in movies that appeal mainly to teenage and preadolescent boys, and are priced well within their means. They are said to be prized by street gangs the way switchblade knives were in the 1950s.

Knives, swords and ceremonial or collector's weapons that were otherwise mailable wouldn't be covered by the bill. Nor would the receipt of such items by mail be affected in any state where they are legal. The bill would simply ban use of the mail to get around state laws forbidding their manufacture, sale, transfer or possession. A violation could bring a year's imprisonment and a $1,000 fine.

One obvious flaw is restricting only the use of the postal service. Sellers could sidestep that by using other delivery services. The fine may be too small to deter operators of high-volume mail-order firms. But these and other matters can be dealt with before the bill reaches the Senate floor.

The basic idea is certainly sound. Children have no business acquiring deadly toys like these, and any step to control them is welcome. By using federal law to reinforce state laws, Congress might encourage states that don't regulate martial arts weapons to start doing so.

Connecticut probably would have restrictions now had a bill sponsored by Sen. George L. "Doc" Gunther gotten beyond Senate passage in the last legislative session. With a renewed effort next year, that troupling vacuum can be filled.

[From the Christian Science Monitor, Sept. 10, 1985]

MAIL-ORDER ARSENAL

Over the years Sens. Edward M. Kennedy and Strom Thurmond seem to have disagreed on practically everything. When the two of them agree to sponsor jointly a bill in Congress, one might think that the measure seeks wide support.

Indeed it does. And it deserves it.

The Kennedy-Thurmond proposal, backed by several other senators, is an attempt to deal with a new problem cropping up among America's youth: exceptionally dangerous martial arts weapons that are inexpensive and can be mailed, apparently legally, throughout the United States.

Most are in fact exotic knives or other small and easily concealable weapons, with virtually no peaceful use; police say they are beginning to show up in the streets as weapons wielded by the lawbreaking young.

The problem is sufficiently serious that 12 states have banned or restricted the possession or use of these weapons, and several other states are considering similar steps.

A loophole exists, however, which enables youths to obtain the weapons anyway: It is legal to ship the weapons through the mail. Further, some martial arts magazines advertise their mail-order sale.

The Kennedy-Thurmond measure would make it illegal for these weapons to be shipped into states that ban them. The proposal is strongly supported by many responsible martials arts instructors and organizations, as well as by an increasing number of police chiefs.

Some parents, also backers of the measure, have sent the senators order forms for the martial arts weapons that their youngsters had filled out and planned to mail.

The weapons are not only potentially lethal but extremely inexpensive. Most sell for well under $10, and one for less than $1: Thus they are affordable by youngsters.

The Senate should approve this bill without delay; so, too, should the House and White House.

Further, those states in which possession of such weaponry is still legal should make it illegal.

[From the Springfield [MA] Sunday Republican, Sept. 8, 1985]

INDUSTRY OPPOSES WEAPONS LEGISLATION

(By George R. Delisle)

We've reported several times in the past few months on the efforts of Amherst-based karate instructor Larry Kelley to win passage of a federal law which would stop out-of-state mail order firms from shipping illegal martial arts weapons into Massachusetts.

Kelley, who operates Karate Health Fitness Center in Amherst, says he first became concerned about the easy mail-order availability of so-called "ninja" weapons after discovering some of his own young karate students in possession of shuriken and nunchakus, also known as throwing stars and karate sticks.

Massachusetts has had a law on the books for several years now making the possession of either of those weapons a felony offense. But, Kelley soon learned, out-of-state weapons dealers and manufacturers can legally mail the banned weapons into Massachusetts and other states with similar laws, thanks to a loophole in U.S. Postal Service regulations.

After months of lobbying various public officials, Kelley scored his first major success last spring when U.S. Sens. Edward M. Kennedy (D-Mass.) and Strom Thurmond (R-S. Carolina) agreed to cosponsor S. 1363, which would make it illegal to use the U.S. Postal Service to ship nunchakus, shurikens or manrikigusaris ("fighting chains") into states where the weapons are prohibited.

Unfortunately, S. 1363 remains mired in committee, and the delay has given the weapons manufacturers and merchandisers the opportunity to gear up a well-funded lobbying effort against the legislation.

Black Belt magazine, popular among teenagers and one of the main financial beneficiaries of "ninja" weapon advertising, took up a full page last month with an editorial denouncing S. 1363 and alleging that Sens. Kennedy and Thurmond ". . . have been misled."

Black Belt's Publisher, Michael James, who wrote the editorial, went to some lengths in his effort to represent his opposition to S. 1363 as based on Second Amendment grounds. Said James, "Our founding fathers, when drafting the Constitution, considered the right to bear arms and defend ourselves as one of our major freedoms."

"When was the last time you heard of a law, since the Second Amendment was drafted," James said, "that has promoted self-defense rather than restricted it?"

James' editorial portrayed S. 1363 as the first step toward outlawing the use of the martial arts in self-defense. "It is just one more blow against self-defense and more ammunition for the criminals who prey upon law abiding citizens."

Unfortunately, Black Belt's editorial neglected to note that S. 1363 outlaws nothing. It merely requires the U.S. Postal Service to respect applicable state laws with regard to the mailing of what can only be considered contraband. Only 10 of the 50 states have laws prohibiting or restricting the sale of the weapons named in S. 1363.

Black Belt's editorial also neglects the core issue involved here—the indisputable fact that the bulk of these mail order weapons are being sold not to legitimate martial arts students, but to children and teenagers influenced by "ninja" movies and magazines.

Both the Union/Republican and The Daily News have editorially endorsed S. 1363. It's up to the public, however, to tell our elected representatives that this bill should be passed.

[From the Tae Kwon Do Times, November 1985]

MARTIAL ART WEAPONS AND THE LAW

(By James D. Brewer)

A high school student is enjoying a party at a friend's house on Friday night. After heated remarks are exchanged, an altercation develops and the young man is "jumped" by another man. Receiving the worst of the affair, the youth leaves the party only to return later, armed with a deadly weapon.

In a matter of moments, the young man sends his assailant of earlier that evening to the hospital with a concussion and a wound requiring fourteen stitches. He accomplishes this task by wielding a set of homemade nunchakus. He is soon arrested and charged with "assault with a deadly weapon."

"You can just about predict what you're going to see on the street by knowing what TV shows and movies are popular at the time," observed Arthur N. Sapp, an instructor with the Police Training Academy in Colorado Springs, Colorado. Officer Sapp related the incident above while discussing the proliferation of "karate weapons" and their involvement in street crime and assault.

Art Sapp has the awesome responsibility of making sure that the police officers of Colorado Springs are trained in self-defense and police tactics. A black belt in Tae Kwon Do, Art is very concerned with certain circumstances developing with weapons normally associated with the martial arts.

"After the Bruce Lee movies came out, we saw a lot of nunchakus. They were very popular, especially among young people. For a while, we were taking up to thirty sets of nunchakus from suspects each month," said Sapp.

In Colorado, the nunchaku is one of several objects considered to be a "deadly weapon." Officer Sapp says the emphasis upon using nunchakus and other martial arts weapons changes with times.

"After the TV series, 'The Master', was televised, shurikens (throwing stars) started appearing on the streets in large numbers. Now we are beginning to see a lot of blowguns, the type associated with the Ninja craze. It tends to run like a fad. Still, we are talking about serious weapons that can really be quite deadly."

The use of martial arts paraphernalia in the commission of crimes is not limited to weapons alone.

"We caught a guy the other night in a Ninja suit," said Sapp. "He was caught climbing around on a rooftop in an attempted burglary."

Art Sapp, who himself is familiar and proficient with many types of weapons, is the Colorado Springs Police Department expert on the subject of weapons and assaults involving weapons. A frequent speaker on the subject of weapons, Art maintains a display kit containing some of the more exotic "street weapons" that he and other officers have removed from suspects during arrests. A large percentage of the items in this collection are martial arts weapons.

Colorado is among numerous states that have enacted laws governing the possession and use of marital arts weapons. The law in Colorado is tough and very explicit in its description and delineation of martial arts weapons and law enforcement authorities put up with no nonsense. The law in Colorado is quite similar to the law in many other states. Walking around with a set of nunchaku in your back pocket, no matter how glamorous is may seem, will get you jailed. In spite of the law and the potential of prosecution for the possession of a deadly weapon, police officers in Colorado Springs and all around the country still remove tremendous numbers of martial arts weapons from the suspects they arrest.

Much of the equipment classified by the Colorado law as "deadly weapons" is readily available both through local purchase and by mail order. The law has sought to strike a balance between protecting citizens from meeting these weapons on the street, and allowing responsible martial artists to train with the weapons in the controlled environment of a school. The problem is—the weapons don't stay in the school, if they ever even get to the schools. Officer Sapp says that while the availability of these weapons contributes to the large numbers turning up on the streets, the situation is improving somewhat.

"With the strengthening of the law regarding nunchakus and throwing stars, we are beginning to see a lot of the stores paying attention to whom they sell the weapons," said Sapp. "Most of the local store owners around here say that they do not sell to minors, and they often have a copy of the law to explain the legal ramifications to the customer."

Even with the efforts by some businesses to control the sale of nunchakus to minors, it is young people that are most frequently the possessor of these deadly weapons.

"We apprehended a large number of junior high and high school kids who are carrying around nunchakus. Most of them are of commercial manufacture, but we find a lot of homemade pairs as well. Some students have even produced the weapons in shop class and gotten credit for the effort," explains Sapp.

Art Sapp credits much of the popularity of nunchakus to the ease with which they are learned. He has seen children aged twelve and up who have become amazingly proficient in the use of nunchakus. Once they are arrested, most of the people carrying illegal martial arts weapons claim they possess them "for their own protection." Art Sapp doesn't quite buy that.

"These people are standing around downtown at 10:00 p.m. on a payday, surrounded by twelve of their friends. Do you really believe they are in danger," asks Officer Sapp.

Not only do nunchakus, shuriken and butterfly knives (yes, they too are illegal since they fall under the category of a "gravity knife") threaten the safety of citizens, they also give the criminal a distinct advantage over the police. While the police must guard their responses with respect to possible charges of brutality, the criminal is under no such restriction. He is likely to use his weapons with no restraint at all.

"These weapons, used against a police officer who is empty handed, would probably defeat him," said Sapp. "Just because an assailant is not trained with a weapon, doesn't mean he is not deadly with it."

Trained martial artists at the black or brown belt level are rarely the individuals that officer Sapp and the Colorado Springs Police Department encounter with illegal martial arts weapons.

"What we are seeing are people that I call 'TV martial artists,'" Sapp explains. "They watch a few karate shows and then rush out to buy a set of knives or nunchakus or some other flashy weapon. These people may have trained somewhere for three or four months and earned a yellow or green belt. They figure they've learned enough."

Officer Sapp is adamant about one point.

"It is very rare that we would find a black belt involved in these criminal activities. It does happen, but not very often."

As a martial artist. Art Sapp is concerned about where the proliferation of martial arts weapons is leading. He does not believe the solution to the problem is to pass laws against the sale of the weapons. They are just too easy to manufacture or sell by their component parts, i.e., two sticks and a string. The answer according to Sapp is more complicated. There is little that serious martial artists can do to influence renegades who buy these weapons and are never affiliated with any dojo.

"The weapons are always going to be there," said Sapp. "But the martial arts community must realize that it has a responsibility to instruct its students in the proper use of weapons as well as the legal ramifications." Art Sapp would put some expectations on the behavior of instructors.

"It is not unreasonable for a black belt instructor to question his students on their intended use and interest in martial arts weapons. Ask the student, 'Why do you want this weapon?' 'Why carry it on the streets?' 'If you are going to places where you need nunchakus, knives or spears to protect yourself, what are you doing there in the first place?'"

Sapp believes that the instructor must not hesitate to question a student's behavior.

"If one of your students is wearing a belt buckle with a push-button device that releases two or three shuriken, what do you suppose he's going to be doing with a device like that?" asks Sapp.

It is critically important to teach philosophy along with technique in the martial arts. Instead of emphasizing the use of dangerous, illegal weapons like nunchakus and butterfly knives, the time might be better spent insuring students know that the best defense is when you don't have to fight at all. If you are presently training in a system that utilizes weapons, be sure to check into the laws of your state that govern the use and possession of martial arts weapons. If you are caught on the street with a deadly weapon, it is going to be very difficult to practice your art from inside a cell.

CAPTIONS FROM ILLUSTRATIONS

The law protects the responsible use of weapons in an organized training hall—but not on the street.

This pool cue secured to a chain which mounts three sharkhooks would definitely challenge any empty-handed defender.

Throwing stars are illegal in many states, whether carried in the pocket or warn as a necklace.

This variation of the jutte is springloaded and expands to full length by depressing the button on the handle. The weapon is illegal in Colorado.

Walking around with a set of nunchaku in your back pocket, no matter how glamourous it may seem, will get you jailed.

Officer Sap displays an aluminum baton which quickly separates into a nunchaka—an illegal weapon.

SENATOR GOLDWATER—FINEST PHOTOGRAPHER

Mr. LEAHY. Mr. President, recently the Washington Post published an article entitled "Snapshots of a Senator." The article spoke eloquently of Senator Barry Goldwater and his superb photography abilities.

I have had a lifelong interest in photography and have had the advantage of meeting many excellent photographers in the Congress. Barry Goldwater is, without a doubt, the finest photographer in the Congress. He is a man who could easily be one of the Nation's renowned professional photographers had he chosen that for a life rather than his lifetime service to his country.

It is with pride that I ask unanimous consent to include in the Record this article about a good friend and colleague, Barry Goldwater.

There being no objection, the article was ordered to be printed in the Record, as follows:

Snapshots of a Senator

(By Sarah Booth Conroy)

The staff of Sen. Barry Goldwater is trying desperately to find a place to hang the citation he will receive from the Photographic Society of America this morning.

The honorary PSA membership, to be presented by society president Paul T. Luebke, will compete for space with an uncountable number of black-and-white and color photographs of Navajo Indians, the Grand Canyon, Spain and John Wayne by the Arizona Repubiican and a good many other photographers; several dozen kachina dolls left over from the collection Goldwater and his wife gave to the Heard Museum in Phoenix; more than 75 model airplanes, built by the senator, who claims to have flown every airplane the Air Force flies; autographed photographs from near (the White House) and far (the Moon); and several hundred (give or take) citations and awards (serious and otherwise).

Goldwater likes making pictures, he says, because "in the Senate, you have to work with 99 other people. In the darkroom, it's all in your own hands."

Goldwater the photographer received this evaluation from his friend, the last master photographer Ansel Adams, in a foreward to a book of Goldwater photographs, "Barry Goldwater and the Southwest": "Barry Goldwater is, in my opinion, a fine and eager amateur. Some of the best photographers in the history of the art have been amateurs, in the sense that they did not live by their avocation. Yet they worked as hard as any competitive photographer in the professional field."

In between his hobbies and Senate activities (he is chairman of the Senate Armed Services Committee and of the Commerce subcommittee on communications), Goldwater found a minute to talk by phone about his photography, which competes with ham radio, aviation and a half-dozen other hobbies.

"I've been doing it all my life, at least for 55 years," he says.

In "Barry Goldwater and the Southwest," one of his six books, Goldwater writes: "My introduction to photography was the gift of a camera from my wife on our first Christmas together. Then one day, I was asked to describe Peach Springs [Ariz.] by a student from what is now Arizona State University. Rather than try to describe it, I felt a photograph would be far more effective."

Goldwater said he was surprised to find that libraries had few pictures of Arizona. "I could find no pictures back then of the small towns, little roads, out-of-the-way places or the Indians. So I started photographing Arizona."

Since then, he has accumulated 15,000 negatives (and unnumbered prints), 3,000 "lantern" slides and 20 miles of 16mm film. He's now finishing cataloguing the lot, to be given to the University of Arizona.

"I like black better than color," he says. "I have a darkroom at home in Arizona where I print my own when the water's cool enough. In Washington I use a friend's darkroom."

He likes to photograph people—especially Indians and Mexicans—and landscapes, particularly the Grand Canyon and other Arizona scenes, but also the North and South poles. He takes only one picture of a subject, he says. "I don't chase it. When I find one I like, I take it." His favorites are one of a Navajo chief called Charlie Potato, and a street sweeper in Espcorial, Spain, with the sun shining through a cloud of dust. He's also recorded "a good record" of his four children and his 10 grandchildren, "from birth to the present time."

"I started taking pictures in Washington, but I gave up. I couldn't compete with the other photographers." He and former senator Howard Baker, a shutter-snapping colleagues who has published his own photographs of Congress and Washington, often swap f-stops.

"I used to do photographic salon exhibitions," Goldwater says. "I was one of the leading exhibitors before World War II. I've shown photographs in 300 salons, in almost every country."

Advising other photographers, he tells them the same thing an Arizona master, Tom Bates, told him: "Stick to one camera, one kind of film, one type of developer and method of development and one paper."

He stretches the advice to include a 4-by-5-inch Graflex, a 2¼-inch Rolliflex, and a 35 mm Nikon. He has a movie camera, "and I'm looking into video."

It's hard to see the photographs for looking at his shortwave radio, a rain gauge, an Atlas radio and various other devices. "He loves electronics—his American Motors 1969 Javelin also has a ham and aircraft radio," confides Jim Ferguson, his press aide. "He even builds television and radio sets."

The new PSA plaque will join several brass bulldogs from the Watchdogs of the Treasury Inc.; a bronze citing Goldwater as the guardian of small business; a hunk of rock topped with a sterling silver airplane; the Brewer Trophy for Contributions to Aeronautics; the Quarter Century Wireless Association Hall of Fame citation to K7UGA (his shortwave radio designation); the Stansfield Turner Memorial Award for the Worst Intelligence Estimate of the Month; a huge bronze elephant from the South Carolina Republican Party; a set of three winged pilot insignias from the Republic of China Air Force; and 19 other Air Force and other military awards and decorations on his wall. And what his aide, Jim Ferguson, calls "a ton of medals littering the place" beginning with the China Defense and Battle Star and the China Hump Pilots Medal.

You'd need a panoramic lens to get them all in.

BRUCE WEITZ

Mr. LEAHY. Mr. President, my wife and I had the opportunity to meet one of the most talented actors appearing on television today. The man we met is Bruce Weitz, who stars as the unforgettable Mick Belker on "Hill Street Blues."

In real life, this sensitive talented person is entirely different than the tough cop portrayed in this award-winning series.

I would like my colleagues to have an opportunity to see an article written about him in the Washington Post, and I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, Aug. 8, 1985]

Going for the Growl—Bruce Weitz of "Hill Street" Is Putting on an Act—Sometimes

[By Jane Leavy]

GRrrrrrr.

Bruce Weitz is growling. But it's a discreet, embarrassed, coffee-shop sort of growl, in keeping with the naugahyde setting and the predictable request.

People ask him to growl all the time. They come up to him on the street and call him "Dogbreath" and "Hairbreath." And then they say, "Growl."

"Some of them say please, Weitz says.

He always tries to oblige. Still, sometimes he wonders.

"Is this a thing for a 42-year-old man to be doing? Growling at people? I ask you!"

Bruce Weitz has been growling for a living for five years now. Recently he began shooting his sixth season on "Hill Street Blues" as Mick Belker, the grungy, grumpy, nose-biting undercover cop with a heart of gold.

In person Weitz is a bit of a shock, because he's so clean. The man is meticulous.

"If I'm wrestling a pig or having a picnic, I like to be dirty," he says. "I like to eat with my hands. Tear chicken apart. But in general I don't like to be dirty."

Which may explain why Grant Tinker, chairman of the board of NBC, couldn't see him in the part. But Steven Bochco, Weitz's college friend and executive producer of the show until this year, knew better. He arranged for an audition.

Weitz didn't shave for two weeks. He arrived chewing on a fetid cigar and wearing an outfit best described as haute Salvation Army. "However the character has evolved, Bruce took it 100 percent further," Bochco says. "He just looked like an animal."

And acted like one, too.'

"They were all late," says Weitz. "I had an appointment and it was 1:30, I think, and there was nobody in the room when I arrived. So I just sort of went down the halls banging on the doors of different executives trying to rouse them."

GRrrrrr.

The scene involved "a speech about biting off someone's nose," he says, and growling was "just a natural extension . . . I said, 'If I ever play this role, this guy is going to growl all the time.' It was real uncomfortable to do for a while."

"There was a speech in the pilot," Bochco says, "where Belker had just been in a brawl and [Capt. Frank] Furillo says, 'No biting, Mick, no biting.' And Belker says, 'You think I don't know what they call me? Belker the biter?' And he leaped onto the desk and he's doing this mad dog stuff, which quite honestly I thought was rather terrible."

"I don't know if it was a flying leap, but it was higher than the ground, so I guess you have to call it a leap," Weitz says. "I sort of jumped very close to Grant Tinker, though. In his face? Almost in his lap. I say a couple of beads of sweat broke out on his upper lip."

"And when he was done," Bochco says, "he snarled and growled and stormed out of the office. The room was deadly sillent. Then Grant Tinker said, 'I'm not going to be the one to tell him he can't have the part.'"

After awhile, the part becomes the man. Bruce Weitz may well know the differences, but that doesn't mean everyone else does. They see him on TV for Burger King—gnawing his way through the box. And they saw him on TV in Chicago asking kids to "Write Bruce" about their experiences with drugs, part of a pilot program for the National PTA, which is what brought him to Washington.

"They know much more who Mick Belker is than Bruce Weitz," he says with a shrug.

Both have changed. Mellowed, as they say. This may be a very good thing for Weitz, but he isn't sure how good it is for Belker, whose bite has lost, well, some of its bite.

"I did not think they would go quite as far," Weitz says. "I think it takes a little credibility away from who the character is to make him completely soft and sentimental all the time . . .

"I can't imagine where he can go and still keep some semblance of the character. I don't think there's too much room left for exploration. I hope I'm wrong. I hope they come in with something."

Maybe Belker and his girlfriend Robin will get hitched.

"Maybe," he says. "Maybe she'll have a baby and we won't be married. It would be more interesting."

Ed Marinaro, who plays Officer Joe Coffey and who is Weitz's best friend in the cast, says, "I think the characters, his character, have lost some of their edge. They've all been made to be likeable. When they saw Belker was so popular they were afraid to make him anything but a wonderful person, and I think it got a little boring. It's become a little like 'Father Knows Best.'"

Still, Weitz says, the funny part is that sentimentality is probably the quality he and Mick have most in common. "I'm a pretty easy touch, the way he is."

Belker masks his mushiness with three days' growth and an equal amount of gruffness. Weitz masks his with wariness and a tart sense of humor.

"I think what you're observing is Bruce's shyness and embarrassment," Bochco says. "Bruce is an enormously sentimental man. He feels things very deeply. He's loath to express his real feelings about things in any kind of a public way."

"I try to be nice to people," Weitz says. "I'm glad they get that impression. But I'm not nice all the time. When I'm not nice, I try to be not nice in private. Sometimes I can be tremendously not nice. If there's someone around that I can be not nice with, then I try not to keep it to myself because it's better to get it out."

"He has mellowed," says Marinaro. "I like to think it's because of me. I don't think I'm 'a mellow kind of guy,' but I know how to relax and how not to worry about things that shouldn't be worried about.

"Bruce worries about everything. You try to travel with him. . . . We were going to the Bahamas once and he said, 'I bet it's going to rain when we get there.' He used to drive me crazy. I said, 'Bruce, why would you even think such a thing?'"

Belker wouldn't be caught dead in the Bahamas. And he certainly didn't go to boarding school in Florida. Or clothes shopping in Rome.

"I love clothes," Weitz says.

Also: Weitz does not call his mother "Ma."

"He calls me Mom," says his mother, Sybil Rubel. "I had one interviewer ask me if I was like Mrs. Belker. I said, 'I hope not.'"

"My mother is a very good friend," Weitz says. "And she doesn't call me . . . often."

He was a chubby child.

"He was fat," his mother says. "As a matter of fact, I had a terrible time, finding him a decent suit for his bar mitzvah."

"I always went to the husky department," he says.

"I was not happy with myself. I don't know all the reasons why. I think one of the reasons why was I was not happy with the way I was physically. I wanted to be thinner and taller and have straight hair, all the things I didn't have . . .

"Was I a tough kid? I pretended to be a tough kid. I had a lot of anger. I don't like to think I was neglected as a child. I can't really remember being neglected, but I always had something to prove."

He was an athlete, a scrapper. "I used to fight a lot," he says. "I only lost about 70 percent of the time, which was a respectable percentage."

He was a high school All-American in baseball and football. He was 5 feet 8 inches and weighed more than 200 pounds. He had a low center of gravity. He was a natural at catcher and halfback. Thus Belker's ferocious tackles.

Weitz credits his high school drama teacher, Dan Bowden, with having diverted that energy into the theater. Bowden remembers how angry Weitz was in his first play, "Twleve Angry Men."

"Even then he had his sense of timing, the ability to get inside a character, to feel and know what that characer was feeling," Bowden says. "We told him we want you to go to drama school."

Weitz graduated from Carnegie Tech, where he received a BA and a master of fine arts in drama.

"In college he was like a little block of concrete and a bit of a brawler," Bochco says. "I've never seen Bruce lose his temper. I have a hunch he kept it very much reigned in, and then periodically he would go looking for trouble.

"Then he lost 50 pounds, which is a profound change. It's not just a weight loss. There are profound implications about the way one perceives oneself and the need for armory and losing that armory. That was an enormous change. He went through a lot of things."

Weitz was 19 when his father died of a massive coronary. That loss resonated through his performance when Belker's father died. "That episode, that was all Bruce," says his mother. "I think he's still a little angry at his dad for dying."

He moved to Los Angeles in 1977. Before that, he spent many summers performing in Central Park as part of the New York Shakespeare Festival, a year at the Long Wharf Repertory Theater in New Haven, two years at the Tyrone Guthrie Theatre in Minneapolis and four at the Arena Stage in Washington, where one night he was picked up by the police for having done nothing in particular.

"I was out very, very late and a cop stopped me and asked for I.D. and I didn't have my wallet so he took me in and put me in jail," he says, adding that he's still mad.

That was the first and last time he saw a cell until he went to "Hill Street," which airs Thursday nights at 10. "I spent 10 days—two weeks, five days a week—with two undercover narcotics detectives, all over Los Angeles," he says. "I went on a lot of busts, did the paperwork with them, rode with them and did surveillance with them. I did almost everything they do."

Now when he meets cops, they say the same thing everyone else does: "Growl."

Weitz figures he's got another two years to exercise his vocabulary. His contract stipulates that he will appear in every episode. "I think we'll probably get one more year out of it [after this] unless everything falls apart at the seams," he says.

And then?

"I think it's a very real possibility that people will see me only in that role. That may be the case, but it's not going to trap me because the money I've made from this show enables me to do whatever I want to do . . .

"I have a business in Hawaii I can do full time, a fishing business. Charter boats. Two out of Maui, three out of Kona."

"He always says that," Marinaro says. "We all think we'd like to take a long vacation. but it's also going to be kind of scary. When Bruce says he's going to Hawaii, he's setting himself up. He's saying, 'I don't want to deal with unemployment.'"

He lives in the Hollywood Hills with his girlfriend, a general contractor specializing in tennis courts. He plays racquetball, but, he says, "My work has made me sane."

Bochco says, "Bruce as much as if not more than anybody on the show has flowered with his success. Success has made his life better and easier instead of harder. As Bruce has become successful, he has become a more accessible man on every level."

No wonder he's so fond of Belker. Even if he does catch himself growling once in a while.

GRrrrrrr.

He'd still take Mick home for holidays.

"I'd take him home for Passover," Weitz says. "And I do on occasion."

CATAMOUNT ARTS CENTER

Mr. LEAHY. Mr. President, the northeast kingdom of Vermont provides many of the attributes that make Vermont the special place it is. Its scenery, sense of family and community and talented individuals make it a microcosm of what is the best of our State.

One who epitomizes so much of what is best in Vermont is Jay Craven. Jay has helped us in Vermont realize not only our own potential but has brought to our State beauty and art available to all Vermonters. Recently the Boston Globe printed an article about this extraordinary person, and I ask unanimous consent that the article entitled "Flexibility, Tenacity Join to Bring Arts to the People" be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Globe, June 9, 1985]

FLEXIBILITY, TENACITY JOIN TO BRING ARTS, TO THE PEOPLE

(By Douglas Wilhelm)

ST. JOHNSBURY, VT.—Old brick buildings anchor this city of under 9000 people, the market town of Vermont's Northeast Kingdom. Mostly Victorian, the solid structures include the Athenaeum, a history library and art gallery; the Fairbanks Museum, also a landmark; and the county courthouse, the fire station, the restored rail depot. It is a handsome, well-cared-for town in the center of Vermont's poorst area.

One exception has been the brick post office. Over the last decade residents have watched it, abandoned by the government, slip into decrepitude. Through the same years they observed, mostly with skepticism, a young arts promoter from New York City struggle to keep alive a shoestring operation he called Catamount Film and Arts.

Now the old building, the young promoter and the city have discovered each other, and the relationship is blooming.

The new Catamount Arts Center opened in April after seven months of careful conversion of the old post office, much of it done by more than 100 volunteers. It is Vermont's only full-scale arts center, with a theater, gallery, cafe, even a film-editing room. The Summer Showcase events to be sponsored by it, in halls around the area, include Emmy Lou Harris, the Persuasions, Wynton Marsalis, Peter Paul and Mary, the New Amsterdam Ballet.

These are acts the Northeast Kingdom has never seen, and St. Johnsbury, it appears, couldn't be more pleased.

HEALTHY APPETITE FOR ARTS

To Alan Erdossy, director of the Vermont Council on the Arts and a board member of the New England Foundation for the Arts, broad-based local efforts like Catamount's are what must be done to keep satisfying Vermont's healthy appetite for the arts. The state's arts organizers have long been supported by a small "upper tier" of donors. Erdossy said. But to meet a growing demand, "we have to have an across-the-board, grass-roots effort.

"I think Catamount is a real fine example of the possibilities of that," said Erdossy.

At least two of the state's roughly 54 local arts organizations are struggling to put together their own arts center, Erdossy said, and are watching Catamount. What Catamount is portraying, he said, is in part "the economic impact on a community of having these kinds of programs."

Fifty local families cosigned the $150,000 bank loan that Catamount's director, Jay Craven, needed to bring off the renovation. The local newspaper, which bought the building from the government, rented it to Craven at a bargain rate, suspending plans to tear it down. More than 80 people, from junior-high-school students to architects, brainstormed the new design at a weeklong open workshop in the moldering, leaking building last fall.

Residents of central Vermont and western New Hampshire now drive regularly to St. Johnsbury for shows, as do people from all over the Northeast Kingdom, who once went to Burlington for entertainment if they went at all.

The organization's 22-member board has been consciously expanded from an early base of metropolitan transplants like Craven to include natives from across the community. Catamount energetically promotes local artists, an effort that has been much appreciated around the region.

Most of the acclaim for Catamount Arts has focused on Craven, profiled by novelist Ann Beattie in Esquire magazine last December as one of the "The Best of the New Generation: Men and Women Under Forty Who are Changing America." Locally, Craven's low-key charm and dogged mix of idealism and effort have, in spite of his Woodstock-era politics, gradually earned even staunch Vermonters' admiration.

"I've always felt that the thing people most admire in this community, and even in most of New England, is tenacity," said Carolyn DeMayo, owner of Northern Lights Books and Catamount director since the beginning. Craven persisted and "has done a lot. That's really the bottom line for people here."

Over the years, people say, Craven changed: he learned to reach for a broader audience. His first ventures 10 years ago were showings of foreign films, with subsidies and, said Ellie Dixson, editor of the local Caledonian Record, "you knew exactly who the eight or 10 people were who would show up, in sandals."

Now, she said, the center's films draw "almost a full house."

There seems to be a general good feeling for Craven and for Catamount. On a crystal June day last week, a window-washer said he was going to look in on the new center. "It's good for the town," he said. A library assistant said it has taken "a special kind of person" to win over northern Vermonters the way Craven has. Said a secretary, "I guess people are realizing he's here to stay, and he's really going to do something."

A filmmaker, Craven hopes the arts center will be able to produce films and television programs. He sees a chance to stage a biweekly TV program—performance, lecture, discussion, Catamount, whose staff grew this year from two to eight, is building on a real base of nonsubsidy income.

"Just in the last couple of weeks, for the first time, we've begun to meet a large part of our payroll through earned income," Craven says. He rattles off the expenses that Catamount, with no cash reserve and no endowment, must meet.

"It's not easy, but it has worked," Craven says. Where the town gives applause to him, he gives it back.

"I think St. Johnsbury is a town that's really coming into its own," Craven says. "And I think Catamount is part of that."

AMERICAN LIBRARY ASSOCIATION BIRTHDAY

Mr. DOLE. Mr. President, October 6 marked the anniversary of the founding of the American Library Association, an organization boasting more than 40,000 members nationwide who recognize the vital role our libraries play in promoting the education and pleasure of the citizens of this country.

130 YEARS OF GROWTH

It is obvious that the ALA has come a long way from that first meeting of 120 in Philadelphia in 1876. Along with its tremendous growth in membership, it has grown in scope and influence to represent a profession that enjoys our deep admiration and respect for the important work that is accomplished for the public good. The ALA has also, no doubt, had a hand in guiding and shaping the growth of the profession itself and perfecting the many and varied services that are available at libraries of every size, in cities large and small.

AN ORGANIZATION THAT WORKS

Mr. President, I do not remember having ever met a librarian who was not one of the most efficient, organized people around. It must be the nature of the business—and I cannot imagine that it is an easy job to keep millions of documents, books, and records in a reasonable order—but I am impressed, if not surprised, that the ALA has organized itself in such a way as to serve almost any particular need of its diverse membership. The college library has an altogether different clientele from that of the grade school library, the technical library, or the institutional library. The ALA manages to serve them all and provide for valuable exchanges of information between librarians through a top-notch organization and a dedicated professional staff.

THE CHALLENGES AHEAD

Mr. President, in a time when education is one of our most valued resources, it is an appropriate time to recognize that libraries have always been the first to contribute their very best to furthering education in all areas of study. I am confident that the challenges that lie ahead for library professionals, as true information specialists, will be met with an equal amount of enthusiasm and commitment.

The ALA and its many members are to be applauded and encouraged for their past efforts, their continuing success, and their determination to reach ever higher to achieve our mutual goals for the benefit of the American public. I congratulate them on their 109th birthday.

THE INSPECTOR GENERAL ACT IN THE FEDERAL GOVERNMENT: A NEW APPROACH TO ACCOUNTABILITY

Mr. HEFLIN. Mr. President, I rise to call the attention of the Members of the U.S. Senate to an excellent Law Review article written by Margaret J. Gates and Marjorie Fine Knowles on the Inspector General Act in the Federal Government. This article appears in the winter 1985 edition of the Alabama Law Review.

Marjorie Fine Knowles is a professor of law at the University of Alabama and has been a friend of mine for a number of years. She also served as the first Statutory Inspector General of the Department of Labor.

Margaret J. Gates is now the national executive director of Girls Clubs of America and served as the first Statutory Deputy Inspector General of the Department of Agriculture.

I ask unanimous consent that the attached Law Review article appear in the RECORD in full, but that the footnotes and the footnote numbers be committed from the reproduction in the CONGRESSIONAL RECORD.

I want to thank the authors for giving their permission to the entrance of this article in the CONGRESSIONAL RECORD since they hold a copyright on the article.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE INSPECTOR GENERAL ACT IN THE FEDERAL GOVERNMENT: A NEW APPROACH TO ACCOUNTABILITY

(By Margaret J. Gates, Marjorie Fine Knowles)

I. INTRODUCTION

The creation of statutory, independent inspectors general in the executive branch of the federal government represents a significant new approach to the problem of government accountability. The Inspector General Act of 1978 created twelve positions of inspector general, one in each of the major federal civilian agencies. The Act reflects strong public and congressional concern for the management of enormously complex and expensive federal programs. Each inspector general is charged with ensuring accountability by preventing and detecting fraud, abuse, and waste in the operation of his agency's programs. These new offices of inspector general have far-reaching powers and significant responsibilities. Their establishment was surrounded by considerable debate within the legislative branch, the executive branch, and the public administration community. Because the creation of these offices of inspector general is an important experiment in government accountability, a review of the legislative history and an analysis of the concept are important. The objective of this Article is to examine the history of these offices and to explore some of the issues presented by the broad range of their powers and responsibilities.

The Inspector General Act of 1978 created twelve statutory inspectors general to join the two already in existence at the Department of Health, Education and Welfare and the Department of Energy. The Act affected six Cabinet-level agencies (the Departments of Agriculture, Commerce, Housing and Urban Development, Interior, Labor, and Transportation) and six sub-Cabinet agencies (the Community Services Agency, the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, the Small Business Administration, and the Veterans' Administration). When the new Department of Education was created, an office of inspector general also was included in that legislation, which brought the total of statutory inspectors general in the federal government to fifteen.

In establishing these new, powerful, executive offices, Congress described their mission as three-fold: first, to recommend policies to prevent and detect fraud, abuse, and waste in agency programs and operations and to increase the economy and efficiency of these functions; second, to conduct, supervise, and coordinate all audits and investigations relating to the agencies' programs and operations; and third, to keep Congress and the heads of the agencies informed about problems and remedies in the administration of these programs and operations.

Two factors make the office of inspector general unique in our federal government: the attempt to coordinate audit and investigative techniques and resources; and the statutory guarantee of independence for the inspector general, coupled with his responsibility to report directly to Congress. The inspector general is a Presidential appointee who reports directly to the secretary or agency head *and* to Congress. The inspector general is the *only* executive branch Presidential appointee who speaks directly to Congress without clearance from the Office of Management and Budget (OMB). The other officers of the executive branch must clear with the OMB their testimony at congressional oversight hearings, at which the officers report on government operations to the appropriate congressional committee. Furthermore, the semiannual report that the Act mandates similarly is transmitted from the inspector general to Congress without any changes in its content. This ability to speak directly to Congress provides a potential source of substantial clout for an active inspector general.

To accomplish its broad statutory purposes, the Act gives the inspector general both substantial powers and significant responsibilities. These powers include the right of access to all audit and investigative resources in the department or agency, the use of the administrative subpoena, the right of access to all books and records concerning department operations, and a direct channel to the legislative branch through the required semiannual report to Congress. In addition, the "7-day provision" directs that, when the inspector general finds a particularly serious problem, he must bring it to the attention of the agency head, who has 7 days in which to correct the problem and report thereon to Congress.

The significant responsibilities given to the inspector general include directing and coordinating all audit and investigative activities within the agency; reviewing proposed and existing legislation and regulations for their impact on fraud abuse, and waste, maintaining liaison on these matters with state and local governments; recommending policies for preventing fraud, abuse, and waste; identifying and prosecuting participants in fraud or abuse; and keeping the secretary and the Congress fully informed in all these areas.

This recital of the responsibilities and powers of the inspector general discloses that a new and powerful force has been established within the executive branch. The establishment of the office presented a response to public and congressional concern about misuse of the federal dollar in the administration of a vast and complex federal government. The creation of such a structure and the blending of disciplines to attack the problems of fraud, abuse, and waste represent a significant attempt to deal with this widespread concern about the management of government programs.

This Article first will review the legislative history of the Inspector General Act, documenting the arguments made for and against the concept. In addition, the Article will analyze the Act to determine how it addresses the problems that its sponsors sought to resolve.

II. LEGISLATIVE HISTORY OF THE INSPECTOR GENERAL ACT OF 1978

The Inspector General Act of 1978 is a creature of the House Government Operations Committee. More specifically, the Act is conceptually a creation of Jack Brooks, the Committee's Chairman, and L.H. Fountain, the Chairman of the Subcommittee on Intergovernmental Relations and Human Resources, although James Naughton, Counsel to the Subcommittee, generally is recognized as the author of the legislation.

Inspectors general (IG's) served in other government agencies, including the military, prior to the 1978 Act. The first IG to resemble those established by the 1978 Act was the one that the United States Department of Agriculture (USDA) established in 1962 following the Billie Sol Estes scandal. That Office of Inspector General received good reviews from the General Accounting Office (GAO) in 1968 and became the prototype for IG's positions that the statutes created in 1976 for the Department of Health, Education and Welfare (HEW) and the new Department of Energy (DOE).

Shortly, Representative Fountain's Subcommittee proposed to set up IG's offices in twelve other departments and agencies, and the Secretary and the IG of HEW testified that the IG was proving very beneficial to HEW. Nevertheless, the White House heard negative opinions from the agencies to be affected and from the Department of Justice (DOJ), which "argued that a 'serious constitutional problem' was raised by certain provisions of the bill." Although the Administration itself initially opposed the measure, the President saw clear evidence of overwhelming congressional support for the bill in the summer of 1978. He asked for a few amendments and then heralded the legislation as a milestone in his attack on fraud, waste, and abuse in the government.

The following discussion summarizes the congressional investigations, hearings, reports, bills, and legislation that directly related to the enactment of the Inspector General Act of 1978. The review does not attempt to cover all congressional activity relating to fraud, abuse, and waste in the federal government, but only that from which the concept of inspector general arose as a solution to these problems. The material marks the sequence of legislative events and traces the development of the major issues culminating in the Act. The discussion's apparent focus on fraud and other illegal activity, rather than waste, results from more frequent expressions of congressional concern about inadequate law enforcement and crime prevention than about other matters, such as improved efficiency and effectiveness of government. Nevertheless, these latter concerns found their way into the legislative mandate to the IG's.

A. Billie Sol Estes and the Department of Agriculture

In 1962 two congressional committees held hearings on the operations of Billie Sol Estes, a Texas multimillionaire with governmental ties who had parlayed fraudulent warehouse receipts, tank mortgages, and financial statements into a fortune. Three different USDA audit and investigative units had knowledge or suspicion about these activities, but the units failed to communicate with each other or the Secretary about the case and further embarrassed the government.

This scandal appears to have pushed Agriculture Secretary Orville Freeman to consider consolidating with the investigative staffs the audit agencies located in the ten major programs and elsewhere in the Department. At first, however, he stopped short of this major change and, instead, created an Office of Internal Audit and Inspection, combining the investigative unit of the Personnel Office and the five-person Division of Internal Audit of the Office of Budget and Finance. Two months later, in August 1962, he changed the name of the unit to Office of Inspector General (OIG). Its initial mission was to coordinate and supervise the decentralized units; however, after 7 hours of testimony in September before the Subcommittee investigating Billie Sol Estes, the Secretary took several steps that in December 1962 culminated in giving the IG direct authority over all department audit and investigative resources. His *rationale* of this move, unpopular among agency heads, was that the Secretary as well as the agency heads would receive "an independent and objective review and appraisal service."

In 1968 the GAO conducted a review of the organization and operations of the OIG at USDA. The GAO reported favorably on many aspects of the OIG, including the direct responsibility of the OIG to the Secretary and the report by the OIG to top management of only the most "significant disclosures." Furthermore, the OIG information retrieval system, self-inspection program, and staff training all were heralded as positive aspects of the 5-year-old office. In addition to this praise, the GAO recommended that the IG continue the attempts to direct audit resources toward broader based reviews and that the Secretary define the role of the OIG in improving the accounting systems of the Department.

Essentially, the GAO found that, in its approximately 5 years of operation, the OIG had not fulfilled completely the audit needs of *both* the Secretary and the agencies within the Department, which had been the stated purpose of the reorganization. The OIG's timely reporting of significant problems met the Secretary's audit needs. Some agency heads were "persistent" in requesting single-entity cycle audits. Furthermore, GAO complained that, despite a vigorous training program, USDA had not evolved far enough from the simple, single-entity audit being done in each agency before the reorganization to the broader program review *or* system analysis that GAO itself does. The GAO evaluation, therefore, led to a conclusion that the OIG resolved the problem of coordinating the decentralized units and improved the flow of information to the Secretary, but the quality of the information gathered and developed by the IG failed to meet the GAO standards for information useful to line management, that is, the agency heads.

The IG concept born at USDA was reproduced in 1972 at the Department of Housing and Urban Development (HUD) by Lester Condon, the first IG at USDA, who had gone to HUD as an Assistant Secretary in 1969. The OIG at USDA continued to function until 1974, when Secretary Earl Butz dismantled the office, assigned the audit function to the newly created position of Assistant Secretary for Administration, and left the investigators to report to his office. Secretary Bob Bergland reestablished the USDA OIG in 1977. The 1978 Act subsumed both the USDA OIG and the nonstatutory OIG at HUD.

B. Fraud and Abuse in the Department of Health, Education and Welfare

In 1974 public attention and indignation were aroused by press reports of widespread cheating in the Medicare and Guaranteed Student Loan programs. The Intergovernmental Relations and Human Resources Subcommittee of the House Governmental Operations Committee late that year began an inquiry into HEW procedures and resources to combat fraud and program abuse.

In March 1975 Representative Benjamin Rosenthal introduced H.R. 5302, a bill to establish an OIG in HEW. This bill proposed an IG to be appointed by the President and to be confirmed by the Senate for a nonrenewable term of 10 years. Basically a law enforcement officer, this IG would investigate programs to determine whether they were administered in compliance with laws and regulations and to recommend improvements in the organization, plans, or procedures of the programs. The IG annually would report directly to Congress (without the approval of the Secretary) concerning complaints, investigations, and recommendations. To carry out these investigations, the IG would have the power to subpoena both records and witnesses, as well as the power to hold hearings.

Hearings on the bill did not take place for over a year, but in the meantime, the Subcommittee held hearings in April, May, and June of 1975 to determine the nature and extent of the fraud and abuse problem at HEW and the procedures already in place to address the problem. The investigation continued throughout that year, the Subcommittee issued its report in January 1976.

In the fiscal year in which the report was published (1976), HEW controlled the expenditure of $118 billion (roughly a third of the federal budget), employed 129,000 full-time permanent employees, and administered about 300 programs. Published reports estimated that fraud and abuse losses in the Medicare and Medicaid programs alone might total $3 billion annually. HEW officials were unable to refute or even to discuss these allegations because the officials had no reliable data from which to project the possible magnitude of the fraud and abuse problem in any of the HEW programs.

Based on its inquiry into the effectiveness of HEW's detection and prevention of fraud and abuse, the Subcommittee's report found many problems with the structure and operation of the units charged with the responsibility of detecting fraud and abuse. Among these problems were the lack of a centralized unit with the power and resources to assure meeting the program's goals. In addition, the existing, decentralized units had no "coherent pattern" of organization "designed to meet the overall needs of the Department." The report also identified as a shortcoming the lack of independence of the units. This dependence stemmed from two factors: first, the need for specific approval of the Secretary or Under-Secretary before the Office of Investigations could initiate an investigation; and second, from the framework that required "[p]ersonnel of most HEW fraud and abuse units . . . [to] report to officials who [were] directly responsible" for the programs under investigation. Additionally, employees had not been told "of their obligation to call information indicating possible fraud or abuse to the attention of appropriate officials." Finally, the slowness of change also was identified as a weakness by the report, which cited instances in which HEW waited as long as 5 years after deficiencies became known before taking corrective action.

The Subcommittee, based on the findings of its report, concluded that HEW organizational arrangements at that time provided "little assurance that the Secretary [would] be kept informed of serious fraud and abuse problems, or that action necessary to correct such problems [would] be taken." The Subcommittee reasoned that program managers were less willing than the Secretary would be to recognize fraud and abuse in their programs and to take effective action to stop the problems because corrective action might entail "public laundering of their own dirty linen."

The Subcommittee recommended that the Secretary of HEW place the HEW Audit Agency, the Office of Investigations and Security, and the Social Security Administration Investigation Branch under the overall direction of a single official who reported directly to the Secretary and had no program responsibilities. The Subcommittee also requested that the Secretary prepare a report on HEW fraud and abuse programs and on the personnel and resources being used to combat those problems.

When the Subcommittee published its report, its agenda included for consideration Mr. Rosenthal's proposed legislation, H.R. 5302, to create an Office of Inspector General for HEW. On May 25, 1976, hearings on the bill began with a statement by its sponsor. He made clear that his proposal was influenced heavily by the positive evaluation which GAO had given the USDA OIG. Despite GAO's good report, Secretary Earl Butz had recently had dismantled the USDA position. Mr. Rosenthal felt the need for a statutory IG whose position could not be abolished and who could not be fired. He also wanted an office "fully independent and equally responsible to the Congress and the Secretary." To support the need for independence, he cited the Rockefeller Commission's report on illegal CIA activities. According to the Commission, the IG in that Agency should have "had the authority to alert sources other than the Director of the CIA of the improprieties festering within the Agency." Mr. Rosenthal's comparison of HEW with the CIA suggested his concern that the political leadership or the staff of HEW was engaging intentionally in illegal or improper activities. However, neither the Subcommittee report nor the subsequent hearings on H.R. 5302 revealed any indication of such activity. On the contrary, the criminal intent appeared to have been perpetrated entirely by nongovernmental entities; Mr. Rosenthal himself testified that, after the IG's investigation, investigating and prosecuting criminal cases was the responsibility of another agency, the DOJ.

Later, under questioning by his colleague Mr. Levitas concerning the role of an IG, Mr. Rosenthal explained that the IG would investigate the same matters as would a congressional oversight committee, specifically, whether "funds are being spent in accordance with the mandate and will of Congress." As an example of program abuse that neither state nor federal governments had investigated, but that would come under the purview of an IG, he pointed to "storefront Medicare operations," the notorious subject of a recent television show. However, Mr. Rosenthal also later agreed that the IG would look at "not only fraud, but program abuse or mismanagement, duplication, sloth, and a whole range of things." The Subcommittee did not attempt to clarify or narrow the categories of problems that an IG would be required to address. Moreover, the Subcommittee did not concern itself with the possibility of creating overlapping or conflicting jurisdiction between the IG and the DOJ, generally, or the FBI, specifically, in their criminal investigation and prosecution function.

Witnesses from the executive branch became hostile sounding boards for the Subcommittee's reorganization proposal. The most radical aspect of the Subcommittee's emerging plan was the so-called "independence" of the IG. A first glance showed that the IG would work independently of the manager of operations and programs and, accordingly, would report directly to the head of the agency. A second look clarified that the IG also would be independent of the head of the agency, himself—an idea that HEW found altogether unacceptable.

The principal administration witness at the hearing was Under-Secretary of HEW, Marjorie Lynch, who testified that the proposed legislation would "seriously hamper the Secretary's ability to manage the Department." Specifically, Ms. Lynch argued that this plan would divorce the Secretary from the investigative responsibilities and also would deprive the Secretary of the control necessary to guarantee "the integrity of the Department's program funds." She also expressed concern that the IG would not be clearly accountable to anyone in the executive branch. She felt that another counterproductive aspect of the bill lay in its "potential for duplication and overlap between the functions of the IG, the General Accounting Office, and existing Department of HEW operating units," especially "in the areas of program evaluation, monitoring and financial management."

Ms. Lynch then described the changes recently made in HEW management, alterations which she believed addressed the Subcommittee's concerns and recommendations. The thrust of the organizational modifications had been to place in her hands responsibility for the direction and coordination of all the Department's efforts against fraud and program abuse. In her view, HEW had made great strides in establishing the strength and independence in the audit and investigations offices. She expressed concern that, if the bill were enacted, "not only would a serious loss of momentum result, but the likely confusion and conflict over the role of the IG could set [HEW] back substantially."

The organizational changes made at HEW still did not address the Subcommittee's concern over the need for an independent IG to prevent the possibility of the Secretary's quashing a potentially embarrassing investigation. Ms. Lynch did suggest that the Subcommittee's oversight sufficiently safeguarded against such a result. Similarly, the head of the HEW Office of Investigation, Mr. Walsh, expressed little concern over whether he cleared an investigation through an independent IG or through an under-secretary; rather, he believed that the personal relationship between the investigator and his superior was the most important factor to ensure effective investigation. Representative Levitas questioned whether the effectiveness of the investigations was a "question of political independence of the investigative office." The issue, in Levitas' view, was more appropriately a matter of whether the oversight committees were functioning properly and whether "the Secretary and Under-Secretary hold [the investigative officers] accountable, and have the means to do something about it."

The discussion of investigative resources revealed that, until 1973, HEW had no Office of Investigation and, probably, only one investigator. When Subcommittee members pressed HEW witnesses about why the Department had failed to request investigative resources from Congress, they were reminded that former Under-Secretary Frank Carlucci had tried. His attempts, however, were thwarted by members of Congress who feared, in the aftermath of Watergate revelations, that an investigative office might be politicized.

Subcommittee Counsel extensively questioned Ms. Lynch about the amount of time that she and her staff spent coordinating investigative activity. She made it clear that no one on her staff had responsibility for this and that her own role was limited to coordination. Moreover, she argued that decentralized authority in this area was perfectly appropriate.

On the second day of hearings, Representative Wydler professed considerable skepticism about the IG proposal: "Although I cannot think of very many good reasons against having an IG, my problem is that I cannot think of many good reasons to have one, either." Mr. Wydler also expressed doubt about the usefulness of IG reports. He felt that an IG's natural inclination would be to claim responsibility for all fraud uncovered.

Counsel for the Subcommittee established that, although the Director of the Audit Agency at HEW was selected by the Secretary and had direct access to him when needed, the Director's budget was controlled by the Assistant Secretary/Comptroller. The Counsel also ascertained that no one except, perhaps, the Under-Secretary had overall responsibility for coordination of auditing and investigative activities. However, the HEW witness argued that the heads of audit and investigation could coordinate their own activities and could look to the Under-Secretary to resolve disputes between them.

The report accompanying a new bill, H.R. 15390, enumerated several deficiencies disclosed by the Subcommittee investigations. The HEW units responsible for investigating fraud and abuse suffered from a fragmented organizational structure. A dearth of coordination characterized the activity of the 1963 audit, investigative, and compliance units. Moreover, the units lacked independence, which stemmed from their reporting to program officials. The new report also criticized the lack of any central source of data about fraud and abuse, symtomatic of the general lack of "information needed by both HEW and Congress for effective action against fraud and abuse." Although H.R. 15390 failed to address the problem, the report did note in graphic detail the "ridiculously inadequate" investigative resources available to HEW. Finally the report relayed the Subcommittee's dissatisfaction with HEW's failure to take prompt corrective action. In fact, the Subcommittee discovered that, "even when serious deficiencies did become known to responsible HEW officials, corrective action was sometimes not taken until literally years alter [sic], if taken at all."

H.R. 15390 was approved by the Subcommittee and the Government Operations Committee and was committed to the floor in September 1976. The bill contained the major provisions that Congress later incorporated into the IG Act of 1978.

Meanwhile, two Senate Committees were dealing with the problem of fraud in the Medicare and Medicaid programs. The staff of the Long-Term Care Subcommittee of the Special Committee on Aging, under the direction of Chairman Frank E. Moss, had posed as patients in "Medicaid Mills" (clinics formed for the purpose of taking advantage of the Medicaid program). They reported poor or unnecessary treatment, fraudulent, billings, and elaborate kickback schemes.

On September 10, 1976, Senator Herman E. Talmadge introduced in the Senate a measure that would have required, among other things an Office of Central Fraud and Abuse Control to monitor Medicare and Medicaid. The measure also would have made fraudulent actions in these programs felonies subject to a maximum $10,000 fine, a maximum 5-year term of imprisonment, or both. However, the Senate did not approve any of these proposed antifraud measures during that term.

Instead, the Senate Committee on Government Operations, citing examples of guaranteed, student loan fraud and Medicare and Medicaid fraud uncovered by its own Permanent Subcommittee on Investigations to show the need for the bill, was responsible for the passage of H.R. 15390, the HEW IG Act. The bill passed the House Government Operations Committee, but lost in the legislative backlog on the House floor, then was amended and incorporated by the Senate Committee as title II of a minor, House-passed bill (H.R. 11347). The Senate passed the bill without discussion, and the House cleared the measure on September 29, 1976, and, thus, authorized the establishment of the first statutory IG.

The following year Congress also enacted the Medicare/Medicaid Anti-Fraud and Abuse Act of 1977 requiring health care providers to disclose financial and ownership information, raising the penalty for fraud from a misdemeanor to a felony, and authorizing fines of $25,000 and imprisonment of up to 5 years.

C. The Inspector General Act of 1978

1. Subcommittee Hearings.—On the first of February, 1977, Representative Fountain introduced a bill (H.R. 2819) to establish OIG's in eleven agencies and departments. The offices were proposed to be virtually identical to the office that had been created in HEW the year before.

The IG and the Deputy IG for each agency were to be appointed by the President, confirmed by the Senate, and supervised by the head of the agency. They could be removed by the President, who was required to give reasons for this action to Congress. The bill mandated Assistant IG's for Investigation and Audit. The IG's principal duties were to supervise audit and investigative functions; to coordinate other activities to promote economy and efficiency and to prevent and detect fraud and abuse; to coordinate relationships with other federal agencies, state and local governments, and nongovernmental entities; to keep Congress and the head of the establishment fully informed of problems; and to suggest and monitor corrective action. The bill called for annual reports to Congress and the head of the agency, as well as quarterly reports on corrective action not taken and immediate reports on serious or flagrant abuse. The bill gave the IG direct access to the head of the agency, access to records at all levels of government, and the power to subpoena documentary evidence. The IG also was authorized to report to Congress any cuts in his own budget that would be detrimental to his mission.

Mr. Fountain held hearings on the bill from mid-May through July. The first witness was John C. White, Deputy Secretary of USDA. Mr. White testified that USDA Secretary Bob Bergland recently had established the OIG that former Secretary Earl Butz previously had dismantled. Speaking for USDA, Mr. White took the position that an IG could be helpful to the Secretary but should not be mandated by statute. Especially troubled by the reporting requirements of the bill (quarterly, annually, and immediately), he feared that the Act would involve congressional committee staff in the day-to-day administration of the executive departments. In USDA's view, the involvement would violate the doctrine of separation of powers.

The USDA also objected to the requirement that the IG, "without delay," report reduction of his budget requests. In its view, the demand would interfere with the President's right to submit "his" budget and would create an adversary relationship between the IG and the Secretary, which would make it difficult for the IG to be a part of the management team. He also believed that the IG should be appointed by the Secretary.

Representative Wydler asked the USDA head of audit and head of investigation why the grain inspection scandals that surfaced in 1974 had not been detected long before by the IG and brought to the attention of the Secretary or Congress. Mr. White replied that the OIG was aware of a pattern of these violations but never was able to interest a United States attorney in investigating a case. Both of these department heads were powerless to act without access to a grand jury or without a witness who would step forward and would go public (which was how these offenses eventually came to light). Ironically, these grain inspection cases impugned the integrity of USDA employees and, allegedly, included members of the staff of the OIG.

Another example of the helplessness of the IG in pursuing criminal prosecution was identified by Subcommittee Counsel. At one time a special attorney had to be sent to Puerto Rico to prosecute food stamp fraud cases because the United States attorney refused to take a single case. This situation illustrated an important issue—the possibility that investigations either could be thwarted or could be assisted by decisions of the United States attorneys and the DOJ. A 1972 case of apparent bribery of USDA officials by a rice exporter was used to show how the USDA General Counsel also effectively stopped an investigation for lack of evidence without first referring it to the DOJ for the decision on whether to proceed.

The implication that an independent IG should be able to refer criminal matters directly to the DOJ without review by the General Counsel underlay much of the testimony. The concern, which the Criminal Division of the DOJ echoed in its testimony, gave rise to a new provision in the bill giving the IG the right to deal directly with DOJ. However, the unwillingness of United States attorneys to prosecute IG cases could not be addressed by the legislation and may remain a serious problem. Furthermore, the General Services Administration (GSA), which also had been under fire because of exposure of corruption in its operations, strongly argued that an IG should not be a Presidential appointee. Two factors supported the position: first, as a general principle, "it is really putting top investigative activity on a political basis;" and second, it placed the audit and investigative functions above the administration of the major services in the GSA hierarchy. In response, Representative Fountain, Chairman of the Subcommittee, acknowledged:

> It was the intent of those of us making the legislation to take politics out of it. I realize it is very difficult to do that whenever you have a Presidential appointment. I have not seen any President yet who did not take political considerations into account, notwithstanding what [he] might have said.

All of the agencies affected by the bill consistently expressed the same reservations in their testimony. From the first day of the hearings, the Administration grouped its forces to develop a uniform response to the bill. For example, Representative Fountain, to make the point that oversight committees cannot get timely responses from the agencies, asked why the Departments had taken over 2 months to comment on this bill. The reply indicated that the OMB was reviewing all agency responses to establish a uniform position for the Administration.

In contrast, the DOJ, represented by both Benjamin Civiletti, the Assistant Attorney General, Criminal Division, and the leadership of the Fraud Section of that Division, appeared to be very positive about the proposed legislation. They reported that white collar crime ranked as one of the top four priorities of their office and that a January 1977 report of the Attorney General's White Collar Crime Committee had suggested establishing IG offices within departments and agencies. They also testified about the importance of the DOJ's maintaining a close working relationship with federal departments and agencies to help prevent, detect, and prosecute fraud against the government. They added that "the FBI does not have the manpower to handle exclusively all of the problems of program fraud and abuse."

Assistant Attorney General Civiletti described the ideal working relationship between the DOJ and another federal agency:

> First of all, it would include education on both sides. . . .
>
> Second, it would include . . . competent auditors to insure the financial security of the program. . . .
>
> . . . [I]t should include . . . investigators who would follow up disclosures in an auditing program [to] ferret out those cases . . . subject to potential court action, whether that court action, in effect, be an administrative action within the agency; be a civil action in the civil courts—with the cooperation of the Civil Division; or be it the harshest and most severe action which can be taken, which is substantial criminal prosecution.
>
> . . . [T]here should be an understanding between an agency or department and the Justice Department as to . . . guidelines [for] civil action . . . or . . . prosecutive action. . . . There would also be a clear understanding as to direct referral to the U.S. attorney's offices or intermediate referral to the Justice Department.
>
> Next, it would include a compatible system of review or statistical analyses in which we could utilize . . . acceptable computer programs [to] highlight aggravated cases of abuse. . . .
>
> Next, it would include . . . remedial administrative action [to] insure that cases, although not meeting the threshold [for prosecution], would not be ignored. . . .
>
> Lastly, . . . it would [need] a complementary review process periodically . . . by the agency and the Department of Justice cooperatively. . . .

When asked whether any such relationship approaching this ideal then existed, the DOJ witnesses pointed to DOJ's work with HUD, HEW, and USDA, all of which either then or previously had IG's. While the DOJ representatives were not asked directly their opinion on the pending bill and they did not volunteer their assessment, their testimony was supportive of the effort to achieve more resources, clearer lines of authority, and better interagency coordination.

Mark M. Richard, Chief of the Fraud Section of the DOJ, personally recommended going beyond the traditional reactive modes of dealing with fraud, in which the Department is called in only after the fraud or abuse has taken place. He testified about his analysis of cases being prosecuted by DOJ. His discoveries of weaknesses and vulnerabilities in the programs involved then were reported to the agency "to afford them an opportunity to take corrective action and suggest possible remedial changes." Mr. Richard admitted that this type of analysis would be most beneficial prior to the final drafting of the legislation and regulations rather than after they had become law.

The Subcommittee members took the opportunity to inquire into the general operations of the DOJ in fraud investigations. Specifically they asked whether early referral of fraud cases to United States attorneys was the best policy. Mr. Richard pointed out that, indeed, DOJ had been promoting such a policy. The DOJ reasoned that this gave the prosecutor the opportunity to direct the investigation and, thereby to help ensure its success. Further, resources could be conserved through the prevention of wasted efforts by providing guidance early on. Additionally, this early notification allowed the United States attorney to include investigators from outside the agency involved. This rationale strongly suggested that the FBI might be brought into cases that the assistant United States attorney deemed to be important.

Mr. Rothman, representing the FBI, then was asked about the Bureau's reputation for not wanting to join in team efforts with other investigative agencies. He claimed that, while this reticence had existed in the past, the situation completely had changed, and he named four agencies with which the FBI then was conducting joint investigations.

The DOJ also clarified its need for a single contact point within each agency with which to coordinate audit, investigation, and program expertise. Furthermore, the Department much preferred that, in the interest of time, cases be referred directly from that contact point to United States attorneys or the Criminal Division, rather than through the General Counsel's office.

The final set of government witnesses came from HEW. While these witnesses did not directly endorse the Bill, they did reinforce its support with their testimony. The newly appointed IG of the Department, Thomas Morris, appeared and testified that, to his knowledge, he had not been regarded as politicized, even though he was a presidential appointee. He also assured the Subcommittee that his office did not intend to take any actions that would weaken the power of the program officials. Maintaining the power level of those officials reduced the risk that they would become complacent about preventing fraud, waste, and abuse because of the establishment of an IG with that narrow and specific responsibility. Mr. Morris explained about that, despite early concerns about the structure of the new statutory IG, an adversarial relationship had not been developed between him and Secretary Califano. Similarly, he found that no duplication of effort had occurred between his office and the GAO. Finally, Morris relayed his view that, despite the extensive reporting requirements, compliance did not place an undue burden on him or his office.

Secretary Califano appeared next and testified that, although he did not mean to suggest the same mandate for all agencies, he believed that the IG concept would improve operations in his Department. He quoted himself as saying, when he announced the establishment of the new IG office at HEW: "The Office of the Inspector General is of critical importance to the proper functioning of HEW." Moreover, he reiterated this endorsement and testified that "[t]he concept of the Office—combining under a common manager the audit capacities of the Department and its professional investigative staff—is one of the most important ideas in years for strengthening the management of complex Government programs."

When questioned on the proper interface between an agency IG and General Counsel, the Secretary responded that he had arranged for lawyers with the General Counsel's Office to be assigned exclusively to the IG to assist in the preparation of cases, to assure that individuals' rights were preserved, and to ensure that mistakes were not made that would jeopardize prosecution or other legal action. One member of the Subcommittee objected to the arrangement on the grounds that the IG should have his own lawyers to safeguard the preservation of his "independence."

On the whole, however, HEW delivered a very positive report and bolstered the legislative proposal.

2. Debate in the Senate.—The House bill, now H.R. 8588, was referred to the Senate Committee on Governmental Affairs in April 1978 and hearings were held in June and July of that year. Senator Eagleton, Chairman of the Subcommittee on Governmental Efficiency and the District of Columbia, opened the hearings by citing several examples of how fraud and waste had reached "epidemic proportions." For instance, he relayed a *Washignton Post* report "that high-ranking officials in GSA ha[d] urged their employees to spend all available funds regardless of need in order to strengthen the case for next year's budget request." In addition, Eagleton claimed that, as of July 1977, 344,000 borrowers had defaulted on over $5 billion of federally insured principal and interest. The problem of fraud and waste also was identified by the HEW IG, who, the Senator stated, had estimated the annual HEW misappropriations at between $6.3 and $7.4 billion. Similarly, a GAO estimate of the "cost of fraud alone ranged from $12 to $15 billion annually, and perhaps as high as $25 billion."

As might be expected, coming a year after House action on the Bill, the Senate hearings were highly focused, particularly on such matters as exploring the need to include the Department of Defense (DOD) in the Bill. Besides DOD, the only other executive branch agencies consulted were DOJ, HEW, and GSA.

The Criminal Division of the DOJ again enthusiastically supported the IG concept from its law enforcement perspective. The DOJ representatives were able to be more specific about the advantages of the Act. They relied heavily on their experiences in working closely with the IG at HUD since 1972. During this time the numbers of both indictments and convictions had increased dramatically.

John Keeney, Acting Assistant Attorney General of the Criminal Division, testified on behalf of the DOJ. He outlined how the FBI and the IG would work together in a successful division of labor. On the one hand, the IG would be primarily responsible for detection of fraud and abuse. On the other hand, the FBI's special agents and accountants usually do not get involved in a case until after the problem has been identified. Therefore, the two offices would not be duplicative but, rather, complementary. Similarly, after an investigation had begun, the IG's would be indispensible because they would be "intimately familiar with the internal organization of their agency [and] they also [would] understand the structure of the program." Furthermore, these "programwide audits and investigations" would yield synergistic benefits measured in terms of increased prosecutions. The IG also should aid in preventing systemic abuse by providing feedback to program managers. Keeney also predicted that the IG concept should provide a means of taking advantage of important administrative actions. These include "debarment, suspension, dismissal, [and] setoff," all of which he felt could "achieve a substantial deterrent effect" in controlling fraud and abuse. Finally, he stressed that the Bureau already had shown its commitment to dealing with white-collar crime by "reallocat[ing] and direct[ing] manpower to this priority." He also explained "that white-collar crime is one of the four major priority programs of the Attorney General in the Criminal Division."

According to Mark Richard, Chief of the Fraud Section, one-third of the forty-five-attorney Fraud Section was working on program fraud. In addition to the Fraud Section, both the Public Integrity Section and the Organized Crime Section had responsibility in this area. The Public Integrity Section deals with corruption in government agencies, and the Organized Crime Section deals with "organized crime infiltration in the administration of government-funded programs." While unable to testify to how many cases that the Criminal Division had brought based on evidence gathered by the new IG at HEW, Mr. Richard did elaborate on the operating procedure that had been established between DOJ and HEW. The standard approach, especially in larger, more complex cases, was to set up "investigative teams consisting of personnel from the Inspector General's Office coupled with FBI agents, coupled with the assistant U.S. attorneys."

These "extremely cooperative" relations between HEW and DOJ later were corroborated by Thomas Morris, HEW IG, and Charles Ruff, Morris' Deputy IG. Specifically, they mentioned that "[t]he Criminal Fraud Section ha[d] appointed an attorney to serve as principal liaison with the I.G.'s Office." Further, the IG's had worked with that section on special investigations and projects. They also had worked with the Civil Division Fraud Section on the civil aspects of Medicare and Medicaid fraud. Finally, their statements reaffirmed the lack of conflict between the respective investigative functions of DOJ and the OIG's, perhaps because of the OIG's acknowledgment that "[p]rincipal responsibility for assigning an investigation to a particular agency rests with the United States' Attorney . . . as does the responsibility for coordinating the work of multi-agency task forces."

The scandal-ridden GSA was the only other executive agency besides DOD whose representatives testified before the Senate Committee. The GSA Administrator, Jay Solomon, brought along his newly appointed temporary special counsel, Vincent Alto, who outlined his strategy for attacking fraud and abuse at GSA. A former prosecutor himself, Alto, nevertheless, left current investigations to the FBI and United States attorneys. Alto turned his attention to analyzing the nature of the problems at the agency and to commandeering experienced GSA administrators to develop plans for corrective action. He also requested and received the assignment of FBI accountants to set up inspection systems and to train GSA auditors and investigators.

The Committee's report to the Senate acknowledged that the federal government had failed to make effective efforts to control fraud, abuse, waste, and mismanagement and largely blamed the failure on "certain basic organizational deficiencies in the way executive establishments ha[d] approached their audit and investigative responsibilities." The report specifically cited a lack of resources and a need to make the audit and investigative functions accountable only to the Secretary or agency head. The latter concern is part of what usually is characterized as the "independence issue," that is, the inherent conflict that arises when the investigator and auditor are subject to the control of the head of the program being investigated or audited.

The report contained a section that described how the IG concept would respond to perceived problems. "First, it [would provide] a single focal point in each major agency for the effort to deal with fraud, abuse and waste"; thus, the concept effectively would link auditing and investigating and would facilitate cooperation with the DOJ. Second, it would "upgrade the auditing and investigative functions . . . by making it clear that Congress takes the problem and responsibilities seriously." Additionally, the Act precludes any conflict between policy or program responsibilities and the duty to spearhead all waste and abuse detection and prevention in the agency.

The report also emphasized that the usefulness of the IG function was not purely theoretical because it had been implemented with success in three departments, USDA, HUD, and HEW. The Committee especially was impressed by two HEW IG innovations: using computer screening to identify probable cases of fraud or abuse in the Medicaid program (Project Integrity); and reviewing existing laws and proposed regulations to determine their impact on fraud, abuse, and waste. The second activity apparently inspired the Senate to add one of its few amendments to the House bill. The change specifically directed the IG to review existing and proposed legislation and regulations relating to his agency's programs and operations, and to make recommendations to his agency head and the Congress concerning the impact of such legislation and regulations on the economy and efficiency in the administration of programs and operations administered or financed by such agency, or the prevention and detection of fraud and abuse therein.

The Committee also carefully noted its admiration for the candor of the HEW IG, Thomas Morris, in announcing in his annual report his "best estimates" that his department had "misspent" $6.3 to $7.4 billion. Thus, in his first year in office, the first statutory IG indeed had exposed the management of his Department to criticism in much the way that both the Ford and Carter Administrations feared. The disclosure appeared to strengthen the resolve of Congress that it should guarantee the "independence" of the IG. In this context, the IG necessarily should be independent from the Secretary or agency head. Yet, at the same time, the Committee emphasized its belief that the IG's "efforts will be significantly impaired if he does not have a smooth working relationship with the department head."

The Senate Committee referred to H.R. 8588 as a "carefully-crafted piece of legislation," but tried to amend it in several ways. Perhaps influenced by testimony from GAO, the Senate attempted to change the name of the position to "Inspector and Auditor General" to assure the proper balance between auditing and investigating responsibilities. Although this change failed in conference, an amendment requiring compliance with GAO audit standards succeeded in both houses. The Senate was also able to remove from H.R. 8588 the exemption of IG activity from the constraints of the Privacy Act, but was unable to persuade House conferees to include DOD among the agencies covered by the Act.

3. Administration Position.—Within a month of his inauguration, President Carter learned about the proposed legislation at a Cabinet meeting. Attorney General Bell also forwarded to the President a memorandum that had been prepared by the Office of Legal Counsel, DOJ. The memorandum concluded that several provisions of H.R. 2819 violated the doctrine of separation of powers—that the bill would be constitutionally invalid. The requirement that the IG report directly to Congress and the limitations on the President's power to appoint and remove the IG were particularly objectionable provisions.

The DOJ emphasized that it "ha[d] repeatedly taken the position that continuous oversight of the functioning of Executive agencies . . . is not a proper legislative function." However, it acknowledged that numerous statutes with this defect were currently in force. Second, the Attorney General contended that the IG would be "subject to divided and possibly inconsistent obligations to the Executive and Legislative Branch, in violation of the doctrine of separation of powers." Also, the unrestricted access of the IG to executive branch information, coupled with the unqualified obligation to provide that material to Congress, compromises the recognized privilege of the executive office in investigations. Finally, the memo took exception to requiring the President to notify Congress of his reasons for removing an IG who, as an executive officer, should be distinguished from quasi-judicial or quasi-legislative officers.

The memo referred to the IG as "neither fish nor fowl" and insisted that constitutional informity could be remedied only by showing clearly that the IG is "an Executive Officer subject to the supervision of the agency head and subject to the ultimate control of the Chief Executive Officer." Specifically, the memo suggested that this objective could be obtained with three structural changes. First, reports to Congress must come from the agency head, who accordingly would reserve his usual control over them. Second, the requirement that "flagrant abuses or deficiencies" be reported to Congress within 7 days of discovery either must be subordinated to claims of executive privilege or must be deleted entirely. Last, the President must retain his power to remove the IG as a lower executive officer without stating his reasons to the Congress.

The Objections of the Administration had not been satisfied when the bill was unanimously reported out by the House Committee on Government Operations on August 5, 1977. "It was ready for floor action on September 27, when the Speaker pulled it from the calendar at" the request of the White House. Discussions and negotiations between the House Committee and the White House during the fall and winter culminated in a compromise. The most important provisions of the compromise were to require that IG's report to Congress through the Secretary, who could not change the content of the report but who could respond to it, and to eliminate the limits on the President's authority to remove an IG.

With these changes, the Administration completely reversed its opposition to the bill. This change of posture was due to three factors: first, the realization that the legislation would pass despite White House opposition; second, the political impossibility of sustaining a veto of a major antifraud, waste, and abuse initiative; and third, the insistence of the Chairman of the House Government Operations Committee, Jack Brooks, whose assistance would be needed in accomplishing major Carter Administration reorganization efforts, including Civil Service reform. Although the Senate restored to the bill some of the provisions deleted in the compromise with Brooks, President Carter signed the Inspector General Act of 1978 into law on October 12, 1978.

At the signing ceremony, the President observed: "[T]he American people are fed up with the treatment of American tax money in a way that involves fraud and mismanagement and embarrassment to the Government." Unquestionably, fraud, waste, and abuse had become an acute embarrassment to the government, both the legislative and executive branches. Passage of the IG act seemed to give the President and Congress the sense that they had taken a significant step toward resolving the problem.

III. ANALYSIS OF THE ACT

Congressional concern about fraud against government programs goes back at least as far as the early sixties. By the mid-seventies, the public felt a deep concern about "fraud and abuse," particularly in government benefit programs. At the same time, public confidence in federal officials had suffered considerable trauma as a result of the Watergate revelations. Of course, these two phenomena are dissimilar in many ways, including the distinction between the types of people implicated: the fraud and abuse culprits were largely private institutions and individuals; but the Watergate offenders were high public officials. Nevertheless, in the eyes of the public, they merged to create a negative image of the federal government.

Presidential candidate Jimmy Carter promised to restore honesty to the White House and to improve government through "reorganization." He was, thus, in a poor political position to resist the congressional effort to address the same problems using the same approach—reorganization. Therefore, after arguing futilely that the restructuring of executive branch functions should be the President's prerogative, he signed and implemented the IG Act incorporating the congressional design.

The most important and the most obvious aspect of the IG Act is its articulation of a commitment to improve many (perhaps too many) phases of government operations. Apart from this general proposition, analysis of the purposes and provisions of the Act together with their history yields several other observations about the legislation. In the first place, the Act's underlying premise assumes that many of the ills of government (fraud, abuse, waste, mismanagement) can be cured by strategically reorganizing both resources and lines of authority and communication. Consistent with this reasoning, witnesses at legislative hearings presented this strategy as an appropriate means for accomplishing one of the purposes for which the IG was created—"to prevent and detect fraud and abuse." Moreover, the equally important mandate of the Act, "to promote economy, efficiency and effectiveness," is both broad and vague. The relationship of the Act's mandates, reorganization and reallocation of resources, to the achievement of this goal is not explored adequately in the record. The correlation remains unclear and, possibly, unrealistic. Each of these points will be developed separately below.

A. Reorganization as a Strategy

Two of the three purposes of the IG Act, as stated in the legislation, could not be realized without major changes in the way information is developed and reported, not only within each agency, but between branches of government. One of those purposes is "to conduct and supervise audits and investigations relating to programs and operations of [the twelve agencies covered]."

This purpose requires bringing together under the IG two functions already being carried out in each agency but located in different parts of the organizational structure. Combining them under one manager strongly suggests that they should interact in a significant way so that the whole of the effort is greater than the sum of its parts. However, the Act specifically states that the functions should remain in separate units, each headed by an assistant IG. Each IG has had to decide how to utilize these major resources to maximize their effect but to maintain organizational integrity. For many this coordination has presented serious problems that may or may not be of a transitional nature.

The second purpose that implies organizational change appears, on its face, to be a simple reporting requirement—to keep Congress and the head of the establishment fully informed about problems and the necessity for and progress of corrective action. Nevertheless, this seemingly innocuous mandate is fortified by specific provisions which illustrate that Congress intended a radical departure from traditional executive branch lines of authority and communication.

First, the Act commands the IG to report directly to the secretary of the department to which he is assigned. This mandate was the only provision of the new Act that had been used previously; it appeared in the structure of the prior nonstatutory IG's at USDA and HUD, as well as the statutory IG at HEW. The advantage of this provision is that it brings problems in program operations directly to the attention of the agency head for action. This arrangement has a related result almost certainly intended by Congress: it clearly places ultimate responsibility for taking action to correct problems emerging from audits and investigations at the level of Cabinet officers.

Another effect of this provision is that audit and investigation no longer are required to respond to the needs and desires of program managers. This achieves the independence of these functions from management, which Congress thought necessary to assure that managers could not interfere with the process of detecting and preventing fraud, abuse, waste, and mismanagement within the program for which they are responsible. Because audit services traditionally have been considered an important management tool, many managers were very reluctant to lose control of them. The control of these functions remains an important issue among career managers in some agencies affected by the IG Act.

In addition to this already-tested provision requiring the IG to report directly to the Secretary, the IG legislation introduced two new concepts, both of which were deemed unconstitutional by the Office of Legal Counsel, DOJ. First, the IG was required to report directly to Congress as well as to the agency head. The concept served the dual purpose of helping to keep the Secretary honest and delivering more information to the Congress for use in performing its oversight function. The latter use was noted by members of Congress and was the crux of the debate about constitutionality launched by the Ford Administration and continued by the Carter Administration.

The second innovation was making the IG a presidential appointee, subject to confirmation by the Senate. To remove an IG, the President must communicate his reasons to Congress. Clearly, Congress intended this concept to upgrade the IG function to assure that it received the attention and resources needed. The requirement also protected the IG from retribution. Naturally, the executive branch took exception to both this interference in its domain and the further unprecedented requirement that the IG be appointed without regard to political affiliation. President Reagan proved the latter provision to be unworkable when, as one of his first acts in office, he fired all the IG's and explained to Congress that he lacked confidence that the legislators could carry out his policies. The right of an incoming President to appoint his own IG's seems to have been established by the failure of Congress to protest this action in a significant way.

Despite this clear undercutting of one of the Act's provisions, the reorganization strategy embodied in the Act is well designed. As a result, the Act should achieve its goal: the prompt reporting of problems and progresses of the agencies to both the agency head and to Congress. The assurance of prompt *and* truthful reporting of fraud, abuse, and waste comes from the guarantees of independence and freedom from retaliation from the executive branch that Congress gave to the IG. The congressional testimony and written reports of all executive branch officials routinely must be "cleared" by the OMB to ensure that the "Administration" speaks with one voice. Oversight testimony about program operations by the IG and the Semiannual Report mandated by the Act are not submitted for such screening, however, which ensures that Congress hears what the IG has to say about the IG's agency.

B. Prevention and Detection of Fraud and Abuse

The legislation is weighted heavily toward reorganization of the process and structure through which problems are brought to the attention of high level officials. Nevertheless, the third and final purpose of the Act speaks to the nature of the problem and the method for the IG to address in solving them. The Act directs the IG "to provide leadership and coordination and recommend policies" designed to achieve two different goals; first, "to promote economy, efficiency, and effectiveness in the administration of [departmental] operations"; and, second, "to prevent and detect fraud and abuse in such programs and operations."

A number of provisions of the legislation set out the major operational authorities, standards, and constraints on the IG offices in pursuing these purposes. Congress heard testimony concerning particular problems in dealing with fraud and abuse cases. Much of the Act responds to these problems. Certain provisions streamline the functions of the Act. For example, the IG must coordinate relationships with other federal agencies, state and local agencies and governments, and nongovernmental organizations in the detection and prosecution of fraud and abuse cases. Congress designed this procedure to allow the DOJ to work with only one office in each department, rather than with as many as three or four. In addition, the IG must report criminal violations "to the Attorney General." The provision mandates that the IG report criminal violations directly to the DOJ (FBI, United States attorney, or Criminal Division) without review by the general counsel of the IG's agency.

Other provisions demonstate an obvious congressional design to assist the IG in detecting problems. For example, Congress gave the IG power to issue subpoenas to witnesses and suspected wrong-doers and access to agency records and information from state and local governments. Further, the Act charges the IG with the responsibility of receiving and investigating complaints by agency employees, yet provides him with the authority to keep those employees' identities secret and to protect against possible reprisals. The IG also must "review existing and proposed legislation and regulations . . . to make recommendations in the semiannual reports concerning the impact . . . on the economy and efficiency [of government operations] or the prevention and detection of fraud and abuse in such programs and operations." The legislation added this provision to the 1978 Act because the HEW IG had developed that function to carry out the mandate to prevent fraud, waste, and abuse. An auditor or investigator familiar with the program in question presumably could identify potential problems in legislation and regulations, and DOJ had testified about the usefulness of the technique.

Finally, the Act also requires that auditors in the IG office comply with Comptroller General standards, develop guidelines for the agency's use of nonfederal auditors, and coordinate efforts with the Comptroller General to avoid duplication.

The hearings records and committee reports amply describe the law enforcement problems, usually involving the defrauding of a government program. The IG's should contend with the problems and should suggest some plan to interact with DOJ in dealing with violations. The record shows that witnesses expressed concern about a wide range of illegal or "abusive" behavior, including corruption of federal officials, official coverups of illegal acts, bribery and kickbacks in procurement contracting, abuse of programs by beneficiaries, and fraud in and abuse of programs by vendors and service providers.

Although the Office of Legal Counsel, DOJ, opposed the Bill as unconstitutional, the Criminal Division supported it from the beginning as a way to enhance law enforcement. From the Division's point of view, establishing an OIG would give the Criminal Division and the United States attorneys a specific and authoritative contact point in each agency through which to obtain investigative leads and program expertise. Apparently members of the Division expected IG auditors and investigators to receive criminal allegations or detect probable violations of law that would be turned over to the Attorney General (FBI, Criminal Division, United States attorney), with IG personnel then participating as needed in the investigations. This model probably grew out of the Division's past experience with the IG at HUD and ongoing dealings with the new IG at HEW. No questions were asked or information was volunteered about the impact that the addition of a dozen or more IGs, requiring the simultaneous development of similar cooperative arrangements, probably would have on DOJ resources.

C. Promotion of Economy, Efficiency, and Effectiveness

The prior section suggests that Congress clearly designed the IG Act to improve the detection and prevention of fraud and abuse. The truth of this assertion is supported, at least in part, by the congressional intent in designing the Act. It was designed to address specific obstacles to successful investigation and prosecution reported to the House Subcommittee during inquiries into actual instances of fraud and abuse. However, the language of the Act implies that its provisions are equally applicable to promoting economy, efficiency, and effectiveness.

As the legislative histroy indicates, congressional concern began with "fraud" in the Billie Sol Estes case and expanded to "abuse" when actual practice clearly showed that serious exploitation of government programs sometimes occurred even in the absence of behaviour that constituted fraud or other illegal acts. The history, however, is not clear on two other matters: when the phase "fraud, abuse, and waste" was coined; and what prompted the addition of waste to the list of grievances. Eventually, "mismanagement" joined the roster. This almost imperceptible enlargement of the scope of the mission of the IG creates a noticeable incongruity between the early hearings records and the strategy relating to fraud and abuse that developed from those records on the one hand, and the mandate to promote economy, efficiency, and effectiveness that is included in the Act on the other.

The Senate Committee on Governmental Affairs acknowledged this disparity in its Report on H.R. 8588. After giving examples drawn from the hearing record of the need for the legislation, the Report observed: "Most of these examples involve fraud. Waste and mismanagement of federal funds and expenditures are less attractive topics and more difficult to pin down." That difficulty may mean that waste and mismanagement are not as amenable to detection, correction, or prevention as fraud and abuse.

Nevertheless, for years there has been ample evidence that waste and mismanagement in Federal spending is of extraordinary magnitude, Senator Proxmire . . . reported that the transportation bills alone for Government officials now total $2.7 billion. The House Government Operations Committee has estimated that at least $375 million may be wasted on trips of little or no value.

Is this problem of the magnitude of transportation bills for government officials one that needs to be "detected" by auditors and investigators? The matter hardly would seem to warrant detecting which is what investigators and auditors do, because these facts appear on the public record. Could the problem be "prevented" in any way that could or should be devised by auditors or investigators working for a Presidentially appointed IG? Within the executive branch, who should be making the kind of value judgment (which the House Government Operations Committee made) about which of those trips had "little or no value"?

The appropriateness of IG involvement in determining whether waste or mismanagement has occurred depends on a number of factors. These include whether the target of the charges is a federal government entity or a government grantee or contractor; whether clear criteria by which to measure waste or mismanagement exist; and whether the target is a high, policy-making level. If, using the example from the Senate Report regarding the federal travel budget, the problem is so pervasive or at such a high level that it needs no detection or investigation, the role of the IG is not clear. Presumably, the Assistant Secretary for Administration in each department knows how much his agency spends on transportation. The OMB and the relevant appropriations committees also have this information. Each has certain responsibilities about these expenditures. If policy makers in both branches of government have the requisite facts and do not challenge the expenditure as waste or mismanagement, should an IG challenge their decisions? To complicate the picture further, what if Congress does not have the information that the executive branch has acted upon in making a policy decision with which the IG disagrees? Must the IG present this difference of opinion to Congress? The dispute might be a bona fide disagreement about how best to manage a particular program given agreed upon goals. Does that present an issue of mismanagement worthy of drawing to the attention of the Secretary and Congress under the 7-day provision? Should the IG mention it in the semiannual report?

Adding further confusion, suppose that, when closely examined, the program in question reveals internally inconsistent goals or shows that the executive and the legislative branches have different goals for the program. Against this background, the lack of an agreed upon standard of good management presents great difficulty in deciding whether a particular expenditure constituted waste or mismanagement. Allegations showed that many federal programs have competing, and sometimes hidden, agenda. For instance, the summer youth employment program has the stated purpose of training young people during the summer vacation; some describe the program as a payoff to ghetto youth to keep the cities cool. Depending on which goal one ascribes to the program, one may label the expenditures either as proper or as wasteful.

While issues such as these concerning the IG's responsibility to prevent waste and mismanagement pose difficult questions, the legislative mandate to promote economy, efficiency, and effectiveness presents even harder ones, for two related reasons. First, these latter responsibilities properly belong to management; indeed, they are the essence of the manager's job. Second, the resources given the IG through which he must operate (audit and investigative personnel) are reactive by nature: they respond to activity by detecting, investigating, and reporting it. Waste or mismanagement arguably can be detected, investigated, and reported in these traditional ways. In this process, IG staff members may discover ways to prevent the reoccurrence of waste or mismanagement, and to that extent, they can promote economy, efficiency, and effectiveness. Otherwise, the nature of audits and investigations is to promote accountability and, thus, to allow managers to achieve the other goals of their program.

To fulfill the congressional mandate to promote economy, efficiency, and effectiveness, some IG's have attempted to develop within their organizations professional capabilities that would enable them to use their audit and investigative personnel to undertake reviews of programs to anticipate problems with waste and mismanagement and, thereby, to promote economy efficiency, and effectiveness. Program evaluation skills, computer science, and law have been brought into play. However, an inquiry about IG accomplishments in this area may not reveal significant activity because of some confusion about congressional intent and an understandable reluctance to duplicate managerial efforts.

Whether this new force in the executive branch can make the significant changes in the accountability of government programs that its creators envisioned remains to be seen. The powers exist, but so do the very significant obstacles noted above.

CANADIAN LUMBER IMPORTS

Mr. HEFLIN. Mr. President, many times during our tenure here in the Senate, we have all seen evidence of the fact that numbers do not tell the whole story. I rise today to share with my colleagues a specific example of this, and to stress the importance of addressing this issue.

Today, the U.S. timber business should have reason to celebrate. In 1984 lumber consumption in the United States reached an all-time high. Housing starts totaled a seemingly encouraging 1.75 million. But this figure is misleading. In actuality, the U.S. timber industry has little reason to feel optimistic.

In 1984, U.S. lumber mills operated at a mere 80 percent of capacity, they sustained an estimated pre-tax loss exceeding $300 million. Extensive plant shutdowns occurred and U.S. wood product manufacturers took writeoffs totaling more than $600 million. Naturally, with all of these problems, over 30,000 timber employees have lost their jobs since 1978.

The clear reason for these problems is the increase in Canadian lumber imports. Thousands of homes in the United States are being built daily with lumber that has crossed the border. Canadian lumber rose to 32 percent of the U.S. market last year and it appears that it will increase to 35 percent in 1985. That, Mr. President, is overdoing the generosity of the American market.

But why would a construction camp as far south as Miami or located next door to a lumber mill prefer to build with Canadian rather than with domestic timber? It is simple Mr. President, Canadian lumber is priced cheaper. The reasons for this are many, and they are no secret.

The timber that crosses the U.S. border is generally harvested from vast acreage of timberland that is leased directly from the Canadian Government. In fact, more than 90 percent of Canadian lumber production comes from Federal or Provincial government lands. Stumpage prices on these lands are then arbitrarily set at levels that will ensure employment in Canada and undercut prices in the United States of America.

For fiscal year 1983–84, the British Columbia Ministry of Forests reported total revenues of $197.5 million, total forest expenses of $278.3 million, a deficit of $80.8 million, evidence of the failure of stumpage receipts to cover just the basic cost. The lumber mills in this same Province paid an average stumpage price of $4.65 per thousand board feet last year.

Mr. President, we all know the situation in our country is drastically different. Timber purchasers must bid for the right to cut federally owned timber. Environmental costs drive up the price of timber to be cut, and escalation prices in the marketplace are shared with the Government. This leads to much higher rates in the United States, particularly where competition for Government timber is intense.

The average stumpage price for the Southern region of the United States was $119 per thousand board feet last year regardless of Government or private ownership. The result of these differences in appraisal and selling methods, Canadian stumpage prices are $114 less than Southern United States. This, Mr. President, is a subsidy in its rawest form. That is the story—$4.65 versus $119 in stumpage prices.

Furthermore, strict environmental requirements in the United States contribute to the increased stumpage prices. Before the U.S. Forest Service can offer any timber for sale, our laws require that they conduct a battery of studies. Fish and wildlife biologists, hydrologists, landscape architects, soil scientists, civil and forest engineers, recreational specialists, and range managers as well as professional foresters, entomologists, and forest pathologists must each review a sale proposal to make certain that it will meet all of the applicable State and Federal regulations.

After all of the various studies have been completed, the sale must then be prepared. Property and sale boundaries must be located and marked, contracts must be drawn, and then an environmental assessment or an environmental impact statement must be prepared. The additional costs attributable to these activities must be recovered through increased stumpage prices.

On the other hand, Canadian companies do not have to meet such strict environmental standards. They are allowed, under their leases, to operate as they see fit. They alone decide when, where, what, and how to cut.

Of course, I am wholeheartedly in favor of the high standards necessary to protect our environment. We should feel proud to live in an environmentally aware nation, and we must do our best to protect our forests. Nevertheless, the difference between these two countries pertaining to environmental regulation does contribute to the difference in prices.

On top of these regulatory differences between the United States and Canada, the strong U.S. dollar has driven the rate of exchange from a difference of about 10 to 12 percent a few years ago to as much as 30 percent last year, thus providing some advantages, even when all other costs are equal.

Canadian firms operate the most modern and efficient computerized and laser guided sawmills in the world. And contrary to the private investment required in such plants in the United States, many of these mills were built using guaranteed loans from the Provincial or crown governments.

Mr. President, I would emphasize that this space age technology is another reason for cheaper lumber. According to the International Woodworkers in Vancouver, British Columbia, the productivity per man hour for Canada mills in 1984 averaged 378 MBF per employee. This is identical to the productivity of our own mills. The advanced technology was necessary to bring Canadian mills up to the United States productivity standards.

There are also the Canadian reload yards strategically located throughout the best marketing areas of the United States and the operators of these reload yards are not required to tie up a single cent for their inventory when markets are tight. They don't pay for anything unless it is sold. This is quite a contrast to the cash-flow requirements of our own free market producers, this further helps the Canadians.

These factors have naturally caused the United States to be inundated with Canadian lumber. The Canadian timber industry has increased its share of the United States market from 19 percent to 32 percent and this number is rapidly growing. In the past 5 years an estimated 22,000 U.S. jobs have been lost nationwide and this number is increasing daily as more and more plants are being shutdown.

Unless Congress passes legislation to address this problem quickly, more loggers, truckdrivers, and thousands of sawmill workers will soon be in the unemployment line. And of course this will effect all of American society.

Many of America's agricultural States, such as Alabama, are dependent on a strong forest products industry for their tax base. If Canadian lumber imports continue to infringe on the American market, funds for education and schools, for local government and county road construction that come from the sales of federally owned timber will soon be gone. Something must be done.

I have personally contacted the White House to express my concern in this matter. The President, however, failed to include the lumber import problem on his agenda with Prime Minister Mulroney at a recent summit meeting. I later contacted Secretary of Agriculture, John Block, after being informed of his plans to meet with Canada's Minister of State for Forestry, Gerald Merrithew, to urge him to seriously discuss this problem. Again there were no discussions.

Mr. President, I am a believer in free trade. I feel it is the backbone of the American system. but free trade is dependent upon fair play by all; the rules must not discriminate between the players. In this matter such is not the case.

So until Canadian timber merchants are willing to play by the rules on their own volition, we must take necessary measures to protect the timber industry that is so vital to our great Nation.

GORMAN HOUSTON JOINS THE ALABAMA SUPREME COURT

Mr. HEFLIN. Mr. President, I rise today to make a statement that is very important to me in that it concerns not only a close friend, but also an institution very close to my heart.

As my colleagues know, from 1971 to 1977 I served my home State as chief justice of the Alabama Supreme Court. Last month, on September 12, my friend J. Gorman Houston, of Eufaula, AL, was appointed to complete an unexpired term as an associate justice of that same court. I do not believe a better choice could have been made.

Judge Houston's connection with the court on which he now serves began in August 1956, when, after graduation from the University of Alabama School of Law, he was chosen to serve as law clerk to my predecessor as chief justice, Ed Livingston. After 1 year in that post, Houston served 3 years as an officer in the U.S. Air Force Office of the Judge Advocate General. In 1960, he began the private practice of law in his hometown of Eufaula, which he continued until his recent appointment.

During his legal career, Gorman Houston has establish a reputation as an outstanding attorney, blessed with an analytical mind, a gift for research, and a love of the law. His fellow attorneys have recognized these talents in a variety of ways. He is a past president of the Barbour County Bar Association, and, at the time of his appointment, was serving as a commissioner of the State bar and as one of three members of the State Bar Disciplinary Commission.

From 1979 through 1982, he was a State bar examiner, writing and grading questions in the areas of "Wills and Trusts" and "Business Organizations." I understand from young Alabama attorneys, who had to answer those questions to gain their license, that Houston's questions were always most challenging.

Outside of the legal field, Gorman Houston has always been active in community and civic affairs. From 1964 to 1970, he served as a member of the Eufaula City Council, and as mayor pro tem. He is a member of the Barbour County Hospital Association, former director of the Eufaula Water Works and Sewer Board, and was a member of the Governor's Committee on Renovation of the Alabama State Capitol, among the many posts he has held.

In 1979, Gorman was named "Eufaula Citizen of the Year." He is past president of the Eufaula Heritage Association, the Eufaula Chamber of Commerce, the Eufaula Kiwanis Club, the Eufaula Rotary Club, the Advisory Council of the Retired Senior Volunteer Program, and the Eufaula Quarterback Club. Among the charities he has served as county chairman are the American Red Cross, the March of Dimes, and the Boy Scouts.

Clearly, Mr. President, Gorman Houston has been a model citizen. I am just as positive, however, that his wife, the former Marthur Martin, and his two children, Mildred Houston Sasser and James Gorman Houston III, would testify that he has also been a model husband and father.

Mr. President, from my years of legal practice in Alabama, along with my term as chief justice, I can personally attest to the abilities and talents of Gorman Houston. In fact, I can also testify to his political skills, since he served as the Barbour County chairman of my reelection effort last year.

As I stated earlier, I do not believe a more deserving attorney could have been chosen to serve on the court. I would like to commend Governor Wallace for the quality of his selection, and Gorman Houston on his most deserved honor.

I ask unanimous consent that two newspaper articles and a letter to the editor, all from the Eufaula Tribune, be printed in full in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

HOUSTON NAMED JUSTICE

(By Allen Culpepper)

Eufaula lawyer J. Gorman Houston Jr. assumed his duties as associate justice of the Alabama Supreme Court Monday.

Gov. George C. Wallace appointed Houston to the post Sept. 12, four days before Justice T. Eric Embry was scheduled to step down.

Houston said he was in Atlanta on business when he learned of the appointment and was surprised completely. Houston has pledged to be the best justice he can be and to always "do that which is just, to be merciful" and to give God the thanks and glory for the opportunity to serve on the court.

"I think the governor made a good choice in picking him (Houston)," Eufaula attorney and former state Supreme Court Justice Preston C. Clayton said Monday."He's well qualified for the place."

Clayton said he and Houston are the only justices from the Eufaula area "in my lifetime."

Houston, the first state Supreme Court justice appointed during Wallace's current term, said serving on the court has been a goal for him since he worked as a clerk for then-Chief Justice Ed Livingston after graduation from law school.

A native of Eufaula and a partner in the firm of Houston and Martin, Houston has practiced law in Eufaula for 25 years.

Houston, 52, is a member of the American, Alabama and Barbour County bar associations, past president of the Barbour County association, former state bar examiner, state bar commissioner for the Third Judicial Circuit and a member of the state Bar Disciplinary Commission.

He is admitted to practice in all courts in Alabama and in the United States Supreme Court and federal district and circuit courts, a member of the American Trial Lawyers Association and Defense Research Institute and a member of the Law Institute Committee on Recordation of Conveyances.

Houston received his post-secondary education at Auburn University and the University of Alabama School of Law. Before that he attended Eufaula High School, where he played varsity football. As a teenager he achieved the rank of Eagle Scout.

Active in civic affairs, he is president of the Barbour County Hospital Association, 1979 Eufaula Citizen of the Year, and is a past president of the Eufaula Heritage Association, the Chamber of Commerce, Kiwanis and Rotary clubs.

He was chairman of the Eufaula Sesquicentennial in 1973 and has served as county chairman for the Red Cross, March of Dimes and Boy Scouts. He also served as a library board trustee for 10 years.

Houston was attorney for the Barbour County Commission for 17 years, vice chairman of the Eufuala Water Works and Sewer Board, and city councilman and mayor pro tempore from 1964 to 1967.

He is an active lay leader at the First United Methodist Church, where he has served as chairman of the administrative board and presently serves on the finance and stewardship committees. He has taught Sunday School for 20 years.

Houston is the son of Mrs. Gorman Houston Sr. and the late Mr. Houston and is married to the former Marthur Martin. The Houstons have two children, James Gorman Houston III and Mildred Sasser.

HOUSTON WILL BRING HONOR TO HOMETOWN

Eufaulians are enthusiastic over the appointment of Gorman Houston to the Alabama Supreme Court. Gov. George Wallace's surprise announcement was well received in Eufaula, where Mr. Houston has built a successful law practice and made continuous contributions to the town's civic, religious and social life.

While the appointment was a surprise, both to Mr. Houston and the community, Eufaulians concur in Gov. Wallace's appointment to this important position. They feel he is eminently qualified and will make an outstanding justice. Likewise, The Tribune believes Mr. Houston will become a distinguished Supreme Court justice. He has the intellect, the desire and the dedication such a position needs.

A serious student of the law, Mr. Houston is a scholarly man who understands and likes research. He has the qualifications needed to serve on the high court.

The Rev. Bill Wallis, minister of Mr. Houston's church, First United Methodist Church, perhaps summed up the feelings of Eufaulians on the unexpected appointment: "Gorman Houston will do us great honor serving in that capacity."

One enthusiastic friend of the newly sworn-in justice quickly checked with Emily Post to determine the correct way to address the new justice of the Alabama Supreme Court. "Mr. Justice," by the way, is correct. However, don't expect Eufaulians to address their lifelong friend as Mr. Justice outside the courtroom. After all, they still call the governor George, not Gov. Wallace.

Nevertheless, Eufaulians are elated over the appointment, while taking it in stride. They know their fellow townsman is fully capable of handling the demanding position.

Eufaula and Barbour County have long provided more than this relatively small geographic area's share of state and national leaders. Mr. Houston is but the latest in a long list of notable Barbour Countians singled out to serve the best interests of Alabama and America. Another distinguished Eufaula attorney, Preston Clayton Sr., also served on the Alabama Supreme Court.

Mr. Houston's appointment should also be well received among the members of the legal profession around Alabama. A past president of the Barbour County Bar Association, he has served as state bar examiner and is now state bar commissioner for the Third Judicial Circuit. He was also one of three members of the State Bar Disciplinary Commissions.

After graduating first or second in the 1956 class at the University of Alabama School of Law, and serving as president of the class his senior year, Mr. Houston hung out his shingle in his hometown of Eufaula. He immediately became involved in community affairs. In 1979, he was honored for his contributions to the community in being named Eufaula Citizen of the Year. He has served as president or head of practically every organization or group in town.

The Tribune commends Gov. Wallace on making such an outstanding appointment to the Alabama Supreme Court. We also congratulate Mr. Houston, on behalf of the community, on this deserved recognition. We feel he will have little trouble in being elected to the position for a full term. We know he will serve with distinction, bringing honor to his hometown.

HOUSTON PROMISES TO MAKE BEST EFFORT

I am so honored to have been appointed to the Alabama Supreme Court by Governor Wallace. I have thanked him and will continue to thank him for this. I pledged to Gov. Wallace, and I pledge to the citizens of my native and beloved City, that, with God's help, I will be the very best Supreme Court Justice that I am capable of becoming—mentally, physically, spiritually and morally.

I was in Atlanta when I received notice of my appointment, and it was necessary for me to charter a plane to Montgomery. As I was flying above the clouds and thinking of what was ahead, Micah's verse kept coming to my mind: "He hath shown thee, O man, what is good. And what doth the Lord require of thee but to do justly, to love mercy, and to walk humbly with thy God?"

I also pledge to my fellow Eufaulians, as I have pledged to Gov. Wallace that I will endeavor to always do that which is just, to be merciful, and to give God the thanks and to give God the glory for making everything possible.

Your friend,

GORMAN HOUSTON.

RECESS UNTIL 2 P.M.

The **PRESIDING OFFICER.** The hour of 12 noon having now arrived, the Senate will stand in recess until 2 p.m.

Thereupon, at 12:02 p.m., the Senate recessed until 2 p.m.; whereupon, it reassembled when called to order by the Presiding Officer [Mr. COHEN].

The **PRESIDING OFFICER.** The majority leader is recognized.

DEBT LIMIT INCREASE—BALANCED BUDGET AMENDMENTS

Mr. **DOLE.** Mr. President, I am advised that the distinguished minority leader and some members of the Democratic Party are still in their policy luncheon discussing what we may be able to agree upon. Therefore, I shall suggest in a moment that we stand in recess until 2:30.

Mr. President, I wish to indicate, as I did earlier this morning, that we need to do something. We are advised by Treasury that today there is going to be a zero balance and tomorrow there is going to be a negative balance.

Treasury has tentatively scheduled an auction for tomorrow. If that does not occur, as I understand it, the Federal Reserve Board will be notified and they will notify 41,000 banks not to honor any more Federal checks.

So it is getting to the point that we ought to be doing something, hopefully passing the Gramm-Rudman proposal today; then, after that and only after that, doing a short extension of the debt ceiling and completing action on the entire bill tomorrow. I hope that we can reach an agreement.

The proposal presented to me by the distinguished minority leader was only slightly modified. I still think there were too many amendments included. I hope some of those can be eliminated.

We would like to complete action today on the so-called leadership amendment, the Gramm-Rudman amendment, and then a very short extension with a time agreement that certain amendments and only those amendments be in order tomorrow, and I am hopeful that final passage would come by 5 o'clock.

Mr. SYMMS. Will the distinguished majority leader yield?

Mr. DOLE. I am happy to yield.

Mr. SYMMS. As the leader knows, I am sympathetic with what he is trying to do. But I believe that, in this instance, the Treasury Department is trying to pull the chain of the Congress a little bit. It is absolutely irresponsible of the Treasury Department to say all these checks are not going to be good, because what the bill before the Senate calls for is to raise the Federal debt ceiling to $2 trillion for fiscal year 1988. That is spread out over a period of 12 months.

There is no calamity, there is no problem. I said on this floor a few days ago, what happened in Mexico City is a calamity. If the U.S. Government were put in a position where it had to go on a cash basis and the Secretary of the Treasury had to start establishing priorities, he does not have to bounce the checks, he can only withhold some funds, operate on a cash basis, and get along quite nicely. As a matter of fact, the U.S. citizens would have $750 billion over the next few months if they did it on a cash basis.

That is a lot more money than people outside the beltway want, I remind the leader. I think, as far as I am concerned, it would be the best thing that could happen if we never raised the debt ceiling again and let the Treasury Department start withholding some funds and run the fiscal affairs of the Government until Congress comes in and gets some responsibility. If we did withhold over a few years, I agree it would be a much more moderate way to do it. We continue to put it off and put it off and as one person here, I would not feel a little bit bad if we did put it off now.

We should not stand by and let Treasury put the word out that they are going to have to default all these checks. They do not have to default on all of them. They are not that much in debt. The Government has a big revenue coming in every day, and it is scare tactics on their part to say that we absolutely are going to default all the checks that come out of the U.S. Treasury. That is just not a fact. It is a lot of poppycock.

Mr. DOLE. I thank my colleague from Idaho. I believe the Treasury Department has never been this close to default. But obviously there would continue to be receipts.

As I understand it, they just do not have a plan to dispense the funds if not all checks could be honored. However, if forced to, they could certainly develop a plan and, as the Senator from Idaho indicates, honor some of the obligations.

Mr. President, I move that we stand in recess until 2:30.

Mr. MELCHER. Mr. President, will the majority leader withhold that until I can respond?

Mr. DOLE. Yes, Mr. President.

Mr. MELCHER. I thank the majority leader.

Would it be possible to consider, since there is no way to offer an amendment at this time to the basic bill, the debt ceiling bill, would there be any way, while we are deliberating how we are going to dispose of the Gramm-Rudman-Hollings amendment, to offer amendments to the debt ceiling bill itself that will be offered in any case after we have disposed of the Gramm-Rudman-Hollings amendment? In other words, would there be any way the majority leader might see to allow that to happen? Because we have been here 5 days and these amendments are here. They are going to be offered. I do not think any of us wants excessive amounts of time.

Mr. DOLE. Allow what to happen, Mr. President?

Mr. MELCHER. Allow amendments to be offered to the debt ceiling bill. It has been 5 days that we have not been able to offer an amendment.

For instance, a minimum tax on corporations that are not paying any tax now. We know that amendment will be offered. I am asking whether there is any way that the majority leader could see to set aside this nightmare long enough to take up amendments we are going to be considering anyway before we are all done?

Mr. DOLE. Oh, no, as far as the majority leader is concerned, Mr. President, we are going to consider the leadership proposal from the other side and the Gramm-Rudman amendment. Then we hope to have a short extension of the debt ceiling and then other amendments. We are not going to set aside the pending amendments to start taking up other amendments. If we do not adopt the underlying Gramm-Rudman-Hollings amendment, there will not be a short-term extension of the debt limit agreed to by this side. There will, however, be an opportunity for amendments after we have done that.

I think that is the reason we are asking for the recess. It is my understanding that the Senator's leader wanted an additional 30 minutes to discuss some kind of agreement. I do not think we ought to argue about it on the floor.

Mr. MELCHER. But remember that while a lot of us wish to make modifications of the Gramm amendment that I understand the drafters have agreed to, a lot of us are ready to go at any time. But that still does not get the bill out of here, whether it is the short form or whatever.

Mr. DOLE. I am hopeful that we can complete action by tomorrow evening and that we will have had time to consider the Senator's amendment which I believe calls for a minimum tax.

Mr. MELCHER. I thank the majority leader for yielding. I make this inquiry because I know that, come tomorrow, everybody is going to be saying, why offer another amendment? There is some basic reason for offering an amendment to reduce this deficit to be effective now. If we are crowded into a situation where there are 10 minutes on a side, it does not really allow a debate.

Mr. DOLE. We will have the tax reform bill up maybe later this year. That might be a good time to offer tax amendments.

Mr. MELCHER. I have been hearing that we are going to have a vote on this correction of minimum taxes for corporations which are profitable and pay absolutely no Federal income taxes for a little over a year, so I think there would be a chance to solve that on this particular bill.

EXECUTIVE CALENDAR BACKLOG

Mr. GOLDWATER. Will the Senator yield?

Mr. DOLE. Yes.

Mr. GOLDWATER. Mr. President, I wish to ask my leader if he would talk to the minority leader about allowing us to approve thousands of promotions in the military. A great number of people want to retire, but they cannot retire in the ranks that they now hold because the minority leader is objecting to any approvals of matters on the Executive Calendar.

I do not think it is fair. If he wants to object to the appointment of judges or other appointments, I will not quarrel with him. When a man has served his country for 30 or 35 years and wants to retire in his grade but cannot, and therefore has to retire at a grade lower, it is not so much the money; it is a feeling of being let down by his country that he has served for so long.

I have talked to the Senator from West Virginia about this on about three different occasions. I do not blame him for being upset about the President making appointments when we are not here. But that has been going on for a long, long time. I wish the majority leader would use the influence he obviously has with the minority leader and get some of these approved.

Did the majority leader hear me?

Mr. DOLE. Yes. I am about ready to respond.

We have a problem. I have also discussed this with the distinguished minority leader. He has a problem with the White House on recess appointments. I will put in the RECORD the statement just received from the White House which takes strong exception to the action by the distinguished minority leader, pointing out that this is the largest backlog of Presidential appointments in modern history. We are holding up 5,750 nominations in the Air Force, Army, Navy, Marine Corps, and Coast Guard which have been reported out and placed on the Secretary's desk. We have asked the Defense Department to give us the States those people are from who are being denied their promotions so that people can notify Senators and Congressmen who may be interested in helping us get these people promoted. It seems to me there is no reason to hold up those particular nominations or even, say, the judges. The judges are not necessarily White House appointments.

I have discussed this with the distinguished minority leader, and I do hope that by failure to act we are not in effect reducing benefits for anybody who may be retiring. We are reducing benefits for those who should have had pay raises a month ago. They have been denied that pay raise for that much time.

Mr. GOLDWATER. I think the Senator can understand the dilemma in which a man finds himself when he has given his life service to the country and he wants to retire, but he does not like the people back home to think, well, someplace I goofed off because I lost a star, or I went from a colonel to a lieutenant colonel or a captain to a first lieutenant and when I have done nothing wrong at all; it is just the minority leader mad at the White House. Well, I am, too, once in a while, but I do not hold up things.

Mr. DOLE. We are holding up 16 district and circuit judges. We are holding up Senator PELL's cousin. Maybe he could speak to the minority leader about that. There are a number of nominations being held. We have been trying to bring the White House together with the distinguished minority leader to discuss his concerns and have not been able to do so.

I ask unanimous consent to have printed in the RECORD at this point the White House statement which has just been released.

The President points out through the statement that George Washington even made some recess appointments and that President Carter made recess appointments.

Mr. GOLDWATER. So did Lyndon Johnson.

Mr. DOLE. I assume they all did. But they did not cite all of them in here.

Mr. GOLDWATER. I thank my leader.

Mr. DOLE. The Senator called that to my attention at noon. I certainly will take it up with the distinguished minority leader.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE PRINCIPAL DEPUTY PRESS SECRETARY

The President is deeply displeased that 70 key appointments touching virtually every area of the Executive Branch are being deliberately held up by Senate Democratic Leader Robert Byrd. These are Assistant Secretaries, Ambassadors, Federal Circuit and District Judges, and members of important agencies, commissions and boards. Over 5,000 mid-level career military personnel alone are being denied promotions and pay raises. It is the largest backlog of Presidential appointments in modern history.

Senator Byrd has decided to block these and other nominations because of what he terms his "deep concern" about the seven recess appointments made last August.

The President's power to make recess appointment is grounded in the Constitution, and this issue was decided long ago. George Washington made three recess appointments between the sessions of the First Congress. President Carter made 17 direct appointments during temporary Senate breaks, including a Cabinet member. Fifteen recess appointments have been made to the United States Supreme Court, including one sitting Justice.

President Reagan did not evade the Senate's power to confirm. The individuals he appointed had already been nominated before the recent Senate recess—the Senate just hadn't acted on the nominations. And those appointees were renominated when the Senate returned.

The Constitution speaks without equivocation on the power and right of the President to make recess appointments. The courts have held the President has the power. And history dating to the First President confirms it. These individuals stand ready to serve.

The President respectfully requests Senator Byrd's cooperation in freeing up his nominations without further delay.

RECESS UNTIL 2:30

Mr. DOLE. Mr. President, I move the Senate stand in recess until 2:30 p.m.

The motion was agreed to, and at 2:14 p.m., the Senate recessed until 2:30 p.m.; whereupon, the Senate reassembled, when called to order by the Presiding Officer [Mr. COHEN].

Mr. DOLE. Mr. President, the distinguished minority leader is still in caucus. I think in deference to what we hope may be progress, I ask unanimous consent that the quorum call be deferred until 2:45 p.m. under rule XXII.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. If the Senator will hold a minute, there was an order in existence that required calling of the quorum at 2:45 p.m.

Mr. DOLE. Mr. President, I ask unanimous consent that that be delayed until 3 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from New York.

THE GRAMM-RUDMAN-HOLLINGS AMENDMENT

Mr. MOYNIHAN. Mr. President, I wish to take the occasion of the continued discussion of the proposal of Mr. GRAMM and others to make a simple and explicit explanation—as simple as I can imagine, and it does not seem to me to be complex—of the essential facts.

Although presented to us as a proposal for reducing the deficit of the coming year, this proposal will do nothing of the kind for the next 2 years. Indeed, this proposal perpetuates a practice in which we continually vow to bring about some great change in the public finances, 2, 3, or 4 years hence, but not next year. In the case of Mr. GRAMM's proposal, the distinguished and learned Senator from Texas, not only do we increase the deficit allowed in fiscal year 1986, but we make no reduction of any kind in fiscal year 1987.

Here is the simple arithmetic of this proposal: In the present proposal by the Senator from Texas on page 11, line 9 and line 10, we learn that the proposal would establish a deficit ceiling for this fiscal year of $180 billion. On page 23 we are told that the deficit will be considered "statistically significant" only if the average deficit projection by CBO and OMB for fiscal year 1986 exceeds $180 billion by 7 percent. The "trigger" deficit for fiscal year 1986 under the Gramm proposal is therefore $193 billion.

It so happens that the budget resolution we have just adopted calls for a deficit of about $172 billion for fiscal year 1986. So the Gramm proposal would actually allow us to increase the deficit for fiscal year 1986 by some $21 billion—$21 billion more than we have already resolved to permit.

That is rather striking, and it does raise questions of good faith or competence. I do not know which.

Now let us look at what would happen in fiscal year 1987, which begins 5 weeks before the 1986 congressional election.

First, the amendment calls for deficit ceiling of $144 billion. The margin of "statistical significance," using the proposal's own terms, would be 5 percent. That means that spending reductions would be triggered only if the OMB and CBO directors forecast a deficit greater than $144 billion plus 5 percent, which comes to $151.2 billion.

But the present average of the Congressional Budget Office and the OMB deficit projection for fiscal year 1987—and the amendment instructs us to take such an average on lines 6-11 of page 24—that comes to exactly $151 billion. So, no cuts would be required in fiscal year 1987. This is surely more than accident. No cuts in fiscal year 1986, and none in fiscal year 1987. These numbers are known and there is no reason they would not be known to the authors of the amendment.

Let me cite the sources for these projections.

On August 15, 1985, the Congressional Budget Office, in its "Economic and Budget Outlook: An Update," forecast a $163 billion deficit for fiscal year 1987. On August 30, the Office of Management and Budget forecast a deficit of $139 billion for the same year, in the "Mid-Session Review of the 1986 Budget."

If you add $163 to $139 billion and divide by 2—to average the figures—you come up with $151 billion, which is to say exactly the permitted deficit under this deficit reduction package.

Mr. President, I do not know that in the present level of discussion of this subject anyone will much note such, but I think we should care if we do not note that we are talking about some massively important changes in the mechanics of Government, and they will have massive consequences when the time comes.

But it is being very carefully arranged that such time does not come for 2 full years hence.

That strikes me as a political judgment that belies the stated concerns of the authors of the amendment and their sponsors on both sides of the aisle. If you want to reduce a deficit and you go out of your way to make it possible to increase the deficit in the fiscal year just begun, and require nothing to be reduced—according to present projections—in the fiscal year to follow, what have you done? You have arranged for reductions to take place after an election, cuts that will be received with a measure of horror in some parts of this Government. Not in the domestic programs that have been so much under assault in recent years; they have been assaulted about as much as a body and soul will take, as Mr. Stockman observed last week on ABC television.

To the contrary, the great reductions in the outyears will come in national defense and foreign relations.

You will find that the capacity of the United States to act convincingly in the world will have been sharply reduced. All of the central rhetoric of this administration about American strength and American purposes will have been debilitated by a fundamental fact. You cannot reduce to near inconsequence the size and resources of the American Government at home without affecting its position abroad. Not be able to see that, not to understand and care about that does not, it seems to me, add distinction to the deliberations in this Chamber.

Mr. President, I really do wonder why we cannot see that we have before us a measure which is threatening to do two things: One is to help bring about the continuation of a political majority in this Chamber. That is a perfectly legitimate and natural function of a legislative body. But to do so by a form of near misrepresentation seems to be unworthy of any electoral ambitions. If there was any desire to reduce the deficit, why not begin now? Why not begin this year? Why allow the deficit to actually increase this year?

If not this year, why not next year?

Once you have seen there is no deficit reduction at all required by this measure for this fiscal year and the following one, you recognize that there is something either not serious or seriously deceptive in this measure.

Second, look at what will be required in the outyears when we divide the budget outlays between the relatively uncontrollable and the relatively controllable. We provide only that one-half of the cuts come from the automatic adjustments in the first category, which is roughly 75 percent of total outlays, and that an equal reduction must come out of the remaining quarter of the budget, the great portion of which is defense. With respect to domestic matters there are domestic matters which are hardly optional. You can abolish the Immigration and Naturalization Service and save a little money. You can abolish the Federal Aviation Administration and let airports work those things out on their own. You can abolish the FBI. You can put an end to the Drug Enforcement Administration. And there are other optional matters of that kind which in fact are not optional.

We are not going to abolish the Immigration and Naturalization Service. We are not going to get rid of the FBI.

Funding for programs which make up our policy of foreign relations will take very awful whacks. These programs are going to encounter the kind of shocks that will be felt around the world when it is understood that the United States has decided to commence once again a long decline in defense outlays. Otherwise we would surely be entering the nineties as the world's largest debtor. We have to pay our contractors. We will wonder what happened to that vaunted and strong America which was to have commenced at the outset of this decade.

It is with a sense of destiny, as if we are tainted, that I observe our behavior in this regard. It is possible for a rational, reasoning person to look at what is proposed and say, "I see there will be no cut in expenses this fiscal year, though there may be increases in spending to worsen the situation; there will be no cuts in defense in the next fiscal year, but thereafter there will be very sharp cuts which fall almost entirely in the field of national defense and foreign relations."

Think of the diplomatic achievements of the United States in the past decade or so, there are not that many—save that the rough maintenance of world peace is an achievement, and it is, a continuing achievement. We did have the very large achievement of the Camp David accords when President Carter and Secretary of State Vance successfully brought about an agreement between Egypt and Israel which effectively put an end to the possibility of a major war in the Middle East. That was an enormous achievement. It is continuously under pressure, but, nevertheless, it holds.

Part of that agreement was that the United States would contribute very heavily to the economies and to the military capacity of both those nations, and we do. Of the foreign assistance the United States gives to other countries, about two-thirds goes to Egypt and Israel alone. The rest is largely used up by rental agreements for foreign bases in places such as the Philippines.

When you start making sharp and mandated reductions in this small area of the budget, being one-quarter of four quarters—and the domestic areas are just things that you will not eliminate—you simply will not put an end to the Immigration and Naturalization Service—you are going to find yourself cutting programs for conducting foreign affairs. You will find yourself retreating from the world. You are going to find yourself being driven from places in the world by virtue of a self-inflicted weakness which will originate in decisions being made in this Chamber in the next few days.

We know where the votes are. Votes, in effect, have been cast. On this side of the aisle, we have only asked for just a few days to discuss a major piece of legislation which was only printed as of Sunday; a piece of legislation on which there have been no hearings, and which changes every hour so we do not know precisely what it calls for.

We will pass the bill. We know that. It will have no effect this year. It will be pleasing this year because expenditures will rise, if we should choose. Next year it will have no impact on what we have already agreed to.

But out there in the 1990's, you will see a decline of the American Republic, and then think back and remember that it began on this floor in the month of October 1985.

I see my distinguished friend from Tennessee in on the floor.

Mr. GORE. Will the Senator yield for a question?

Mr. MOYNIHAN. I am happy to.

Mr. GORE. The reason I ask this question is because I find the numbers used by my colleague from New York rather startling. The American people have been given the impression that the Gramm-Rudman-Hollings amendment calls for immediate sacrifices and deep cuts in the budget deficit to take us down to a zero deficit in a few short years.

But according to the figures which I just heard quoted by the Senator from New York, the pending amendment would require no cuts in the deficit this year and no cuts in the deficit next year. In fact, no cuts of any kind until the elections are over with in November of 1986. So the result would be loud proclamations of deep cuts in the deficit but no pain, no sacrifice, and no real effect on the deficit until after the election in November 1986. Is that what the Senator from New York concludes from looking at the analysis of the actual effect of this amendment?

Mr. MOYNIHAN. I thank my distinguished, learned friend from Tennessee. It is worse perhaps than he described. It allows the budget deficit to grow by $21 billion this fiscal year and does not cut it a penny in the fiscal year that follows.

The majority leader has arrived on the floor just in time to see this colloquy come to an end and I do not really blame him.

Mr. DOLE. No. Mr. President, I arrived just in time to ask unanimous consent that the quorum call which was ordered for 2:30 be postponed now until 3:15 p.m. I understand the minority leader has arrived from his conference and we may be able to discuss when we can get a vote. If not, we shall have a quorum call.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. I thank the distinguished majority leader. Would he like to join the discussion?

Mr. DOLE. I would rather not, Mr. President.

Mr. MOYNIHAN. I understand he would not like to join. As he said, there comes a time when people will read this amendment. Mr. Leader, I have to tell you, as you predicted on Saturday, something awful has happened: We have begun to read the amendment.

Mr. DOLE. It is a big mistake.

Mr. MOYNIHAN. Let us give the majority leader the numbers, Mr. President.

Mr. GORE. Will the Senator yield before the majority leader leaves the floor, because I want to give him an opportunity to respond? These are startling disclosures. The majority leader was not on the floor when the Senator from New York described the pending amendment. I think the majority leader ought to have the opportunity to rebut these assertions if indeed they are not correct as shown by the analysis.

The pending amendment would require no cuts at all in the deficit either this year or next year, or until after elections in November 1986. If that is not the case, then I believe we ought to hear from the majority leader and give him an opportunity to rebut that—if it is not the case.

I thank my colleague for yielding.

Mr. MOYNIHAN. There will be a moment of silence while we await the response of our good friend.

Mr. DOLE. Mr. President, unfortunately, I missed most of the debate. I say unfortunately, I missed much of it—I am not certain.

I would be happy to review the record which has been made by my colleagues.

Mr. MOYNIHAN. Will the majority leader allow me to encapsulate?

Mr. DOLE. I would rather deal with the minority leader since we have been waiting about 24 hours to understand what we are going to do here.

Mr. MOYNIHAN. This will take about 30 seconds.

Mr. DOLE. I think I shall defer.

Mr. MOYNIHAN. That is a characteristically good natured and open response, but let us say, it is time it was known by the American public and reported to the American public that this proposal provides for a means to increase the allowable deficit in this fiscal year just begun, 8 days ago, by $21 billion. Our budget resolution, adopted in August, calls for a maximum deficit of $172 billion for this fiscal year. The Gramm amendment allows it to rise to $193 billion. That is $21 billion more.

Mr. GORE. Will the Senator yield further?

Mr. MOYNIHAN. Surely.

Mr. GORE. If the Senator were standing for reelection in November 1986 and had participated in designing the fiscal policies which have created the current disaster that this Nation is facing—$200 billion deficits year after year after year—and he saw on the political horizon the necessity of explaining his actions, which had created this fiscal catastrophe, would he find it attractive to be able to say to his constituents, "Do not worry about that. I voted for a plan that is going to solve this whole problem?" And then to have that plan not have any effect whatsoever on the deficit until after the voters went to the polls; would that not be an attractive political prospect to have a sham, as it were?

Mr. MOYNIHAN. I have to say to my friend from Tennessee, if it is not that, what is it? We have stood on this floor several days now, since we got the bill printed, since we looked at it. We find it allows a $21 billion increase in the deficit this year and, just by a most happy circumstance of arithmetic, it does not reduce it a penny in the fiscal year 1987 to follow. And we get silence from the other side. We get no answer, because there is no answer. Because the answer, I say, is the obvious one, which the Senator from Tennessee cannot have taken any pleasure in expounding, but which is clearly the case: This gets you through the 1986 election, without doing anything but being able to say you did your best, and one day, something will happen.

Mr. GORE. Will the Senator from New York yield further?

Mr. MOYNIHAN. I am happy to yield.

Mr. GORE. On the procedure questions which are facing the Senate, would my colleague not agree that it is eminently reasonable for this side of the aisle to propose an amendment of its own which, far from being a sham, actually reduces the deficit this year——

Mr. MOYNIHAN. Start now.

Mr. GORE. Start now. So that the American people realize that there are going to be some sacrifices associated with getting this fiscal crisis under control, have cuts that start now and get to a zero deficit earlier than the purported reduction offered by the other side, and then propose that we vote on that and set a time certain to vote on the Gramm-Rudman-Hollings amendment which does nothing for the next 2 years. Would that not strike my colleague as a reasonable proposal?

Mr. MOYNIHAN. It would strike me as an honest one.

Mr. DOLE. Mr. President, will the Senator from New York yield so I may make a unanimous consent request?

Mr. MOYNIHAN. Of course.

Mr. DOLE. I ask unanimous consent the quorum call which was to start at 10 after 3 be delayed until 3:30 p.m. I am now advised that the minority leader will like to visit with me about what may happen the rest of the night.

The PRESIDING OFFICER (Mr. ANDREWS). Without objection, it is so ordered.

BEST COPY AVAILABLE

Mr. MOYNIHAN. Mr. President, I do not wish to keep the floor if there are other Senators who wish to speak, but the Senator from Tennessee made a very good point: If we are going to start doing something on the deficit, why not start now? Why have a provision which allows the deficit to increase now and do nothing the next year?

I have to point out to the Senators who have come to the floor more recently of the happy circumstance of the arithmetic for fiscal year 1987. As they know, this amendment describes a deficit as being "statistically significant" if it is more than 5 percent above the deficit ceiling established in the amendment. The words "statistically significant" have a meaning in statistics, but, in this legislation, it means big, and we shall leave it there. For 1987, the permitted budget deficit is $144 billion plus 5 percent, which comes to $151.2 billion.

Mr. PRYOR. Mr. President, may we have order in the Senate? We need to listen to the remarks of the Senator.

The PRESIDING OFFICER. The Senate is not in order. Those Senators who desire to converse will retire to the Cloakroom. The Senator from New York has a point he feels is very important which he wishes to make.

The Senator is recognized.

Mr. MOYNIHAN. I thank the distinguished Chair and I thank my distinguished friend from Arkansas.

If I may report, the amendment permits a $144 billion deficit in 1987 plus 5 percent, which comes to $151.2 billion. It just happens that CBO forecast a $163 billion deficit for fiscal 1987, on August 15. On August 30, OMB forecast $139 billion.

We all have to watch this, because this arithmetic is pretty complicated. If you go through, you have to add $163 billion to $139 billion and that gets you $302 billion. Then you have to divide $302 billion by 2 and that gets you to $151 billion and, surprise, that is exactly what you are allowed.

Mr. GORE. Will my colleague yield?

Mr. MOYNIHAN. I am happy to yield.

Mr. GORE. Surely, that must be a coincidence.

Mr. MOYNIHAN. The mind of man reels in amazement at the fortuitous circumstance that when you take the two estimates and you divide them by 2, the result turns out to be precisely equal to the number which requires no extra at all.

Mr. GORE. If my colleague will yield further, let me be clear on the results of this happy coincidence. The results are that there need not be any reduction in the deficit.

Mr. MOYNIHAN. None. None.

Mr. GORE. Then what we have is more smoke and mirrors.

Mr. MOYNIHAN. No cuts would be necessary in fiscal year 1987.

Mr. GORE. Does my colleague believe that this is intentional; that when you put the two numbers together and divide by 2, it happens to come out to be exactly the same number that is below the trigger for requiring cuts in the deficit? Is that an accident?

Mr. MOYNIHAN. I have heard people say down in Tennessee that if it walks like a duck and it quacks like a duck, it probably is a duck. These things do not just happen. You work back from the desired results that you do nothing until after the 1986 election—whilst saying you have done something extraordinary—and then as a matter of fact down in the distance you do real damage.

Mr. GORE. If my colleague will yield, it might have one real tangible effect. One could pretend that one had reduced the deficit and defend oneself against charges that the fiscal policies followed by this administration and supported by a majority in this Chamber have created a fiscal disaster for America. That would be a benefit of this proposal which does nothing until after the election.

Mr. MOYNIHAN. Oh, this disassociates the majority in this Chamber from the policies that brought about the results they are now facing. The United States has become a debtor nation. It will shortly become the world's largest debtor nation and they are putting in place a sharp and continuous decline in defense outlays starting in the late 1980's. What a legacy to leave. And I do not know why they even want to be a majority party in the circumstances that the next two Congresses are going to inherit.

Mr. GORE. Perhaps they will not. But if my colleague would allow me to briefly conclude, I believe this body is greatly indebted to the Senator from New York for pointing out these coincidences in the statistics, because if we had stampeded to a vote yesterday, as was proposed, or last week as was proposed, we might never have known—and the country might never have known—that the pending amendment does not cut the deficit until possibly after the elections are safely past. So I am personally indebted to my colleague, and I think this body should be indebted to him also.

Mr. MOYNIHAN. I thank my friend.

Mr. EXON. Will the Senator yield for a question?

Mr. MOYNIHAN. Surely. I am happy to yield to my distinguished friend from Nebraska.

Mr. EXON. I am almost shocked and surprised that the Senator from Tennessee and the Senator from New York are confusing us with facts on the matter before us. I think that is a very serious thing to do.

Mr. MOYNIHAN. It does not happen often, the Senator must agree in this regard.

Mr. EXON. In reading the bill, as I have—and I wonder how many of my colleagues have read this bill—I noticed that there was some strange scratching and figuring going on as it is printed at least. The charge has been made that this bill is going to reduce the deficit and it is going to start action immediately. I have known for some time that that is not the case, unless we ratchet this up some way. And I have had some conversations with my friends from New York, and Tennessee, and others along the way. A pig in a poke is being sold and I cannot and I will not vote for it—although I know it is politically popular—until we make some changes so that the American people will realize that they are being fooled, and unless we can make some amendments to this bill there is no chance of it being workable.

I have a question of the Senator from New York. I do not think it has been discussed on the floor, at least in any detail whatever, to get on this magic boat to Oz in fiscal responsibility we, as the Senator will remember, were going to set some guidelines, and one of the guidelines was that we ratchet this down by causing certain triggers to be placed into effect at certain times. It has been clearly and correctly demonstrated on the floor of the Senate that under no circumstances could this happen until after the election sometime and very likely from the figure of the Senator from New York probably not until 1 year after.

But in any event, I notice that as part of the original proposal the proponents of this measure said that they were going to allow a rise in the anticipated deficit for the fiscal year 1986 from, in round figures, $171 billion up to $180 billion, and then they said they would apply a 5-percent statistically significant factor. But then I notice that on the first date, November 1, 1985, for the report from the CBO and OMB they had fudged that figure up to 7 percent and it was for that one particular reporting period only. Thereafter, they would all go down to 5 percent.

Mr. GRAMM. Will the distinguished Senator yield so that I might respond to that?

Mr. EXON. I am asking my friend from New York, and he has the floor. Then he can certainly yield to the Senator from Texas.

Mr. MOYNIHAN. And I certainly will yield to the Senator from Texas for the question. It is the fact that the margin of what is called statistically, significant, which means big, or too big, if you wish, for the fiscal year 1986, which we have just entered, is 7 percent whereas thereafter it is always 5 percent. And that means it is possible to increase the deficit $21 billion above that deficit level we resolved to maintain in August of this year in our budget resolution?

I see my learned and distinguished friend is on the floor. If he has a question, I will be happy to try to respond. I will be responding to a question about his legislation.

Mr. GRAMM. I will just wait, Mr. President, until the Senator finishes and then I will ask my own time to respond.

Mr. MOYNIHAN. I would have hoped for a more gracious attitude about the debate. But why do I not keep talking awhile so the Senator can run out and change the bill yet again. I have a first edition of this bill.

Mr. GRAMM. If the distinguished Senator from New York will yield, if he is interested in why a different trigger for the first year, I would be happy to answer that. On the other hand, I cannot very well answer in a question, so my response was that I will wait until the distinguished Senator is through and then to the best of my abilities I will try to respond to the concerns that have been raised because I think there is a good response.

Mr. MOYNIHAN. Might I just say we have been talking on this side. In that time the other side has not spoken. We were wondering where people were not long ago, and we welcome them here now. I would like to say that the question is twofold. First, is it not the case that the 7-percent margin and the $180 billion ceiling permits a deficit that would in fact be $21 billion above that of the current budget resolution? And, second, given the present projections of OMB and CBO and the proposal by the learned Senator from Texas, that those projections minus the allowed ceiling for fiscal year 1987 plus 5 percent equals zero, with the net consequence that the measure requires no reduction in deficits in this and the following year?

Mr. GRAMM. If the distinguished Senator will yield——

Mr. MOYNIHAN. Mr. President, I yield.

Mr. GRAMM [continuing]. Let me first say that the Senator is correct.

Mr. MOYNIHAN. I say to the Senator that I yield the floor, but I believe he has to be recognized.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. I thank the Senator for yielding the floor to me. Let me first say that we adopted a budget on the floor of the Senate at 2:30 in the morning; that had that budget been adopted since we were in that budget dealing with real reductions in program levels of the Federal Government and reforming the fundamental relationship between the Federal Government and the people, we would have had a solid number to use.

As it was, as my colleagues will remember, the House adopted a budget that claimed $10 billion of savings by contracting in or having the Government hire more people and do more work. It claims $2 billion in deficit reduction by taking $5 billion out of the bank on the so-called 8-A program and giving $3 billion to the States and counting that as a $2 billion reduction.

We also had in that budget some very optimistic contract assumptions. Stated very simply, when we adopted the conference report which came from the compromise with the House, we adopted a budget which many Members of this body stood up and said was full of phony savings and that only marginally was better than doing nothing. No one on this floor believed that we were saving $55 billion when we voted on that conference report. In fact, my distinguished coauthor of this amendment voted "no" on that proposal because he was convinced that it was worse than no budget at all.

Our situation is this: When we adopted that budget, we did not know that anybody was going to impose binding constraints that were going to reduce spending across the board. In short, people in Congress did not know at that time that we were shooting with real bullets. I assure my colleagues from New York that if we adopted this proposal, the Balanced Budget and Emergency Deficit Control Act, Congress will know in the future that we are shooting with real bullets.

The reality is that the deficit we have set out as a target, $180 billion, with a 7-percent trigger, will be excruciatingly painful to enforce.

In fact, I am willing to say here, since we will address these issues within 30 days, that I hope my colleagues who are concerned about our raising the maximum allowable deficit from $179 to $180 billion are willing to put their vote where their mouth is in sustaining vetoes to hold us within that 180.

In fact, as I look at the figures, the President will have to veto any appropriation bill that is a nickle over and any authorization bill that does not reform entitlements contained in it, and will probably have to look very hard at new authorizations in areas that are sacred cow programs.

So I say to my colleague, in response to his concern that we have been overly generous in this first year, that the truth is that with a $180 billion cap and a 7-percent trigger, we will, between now and November 1, go through an excruciatingly painful process that will involve more vetoes than Ronald Reagan has used in the last 5 years combined, to try to prevent this trigger from being pulled.

Quite frankly, I think it would be the height of folly to set up a trigger that would pull, no matter what the President did, and therefore produce the potential that we could be irresponsible, knowing the automatic cutback was coming.

Mr. MOYNIHAN. Mr. President, will the Senator yield?

Mr. GRAMM. I will be glad to yield when I have finished.

I would like to see us set up a target that is going to be difficult to attain but not impossible. Quite frankly, I believe that if we adopt this proposal and if we work with the President on every spending bill, every authorization bill, and on the continuing resolution—is we have one, and I think it is clear that we will—it will take our complete effort to prevent pulling the trigger in November. But I think it should be possible to prevent the trigger from being pulled by being responsible; and I for one, intend to do everything within my power to see that we live within this limit.

So I am asking us, as are my cosponsors, to put on a new coat in this budget process. It will be a coat a lot tighter than the one we wore in the past. A lot of the flair we carried will not be in this coat. I thought it was important that we get it fully unbuttoned and get it on; because in the first year it will be difficult to go from a period where we spent as if there were no tomorrow to where we are forced to reduce the deficit by $36 billion a year.

I yield to the Senator.

Mr. MOYNIHAN. I thank the Senator from Texas.

First of all, slightly outside the rules for a question, I do not disagree with what he has just said in terms of the difficulty we will have with a deficit of $171 billion in the current fiscal year. But I correctly understand that he agrees with the following proposition: that the budget resolution calls for a deficit of $172 billion. The Gramm-Rudman amendment sets a goal of $180 billion but allows——

Mr. GRAMM. If the Senator will yield, it does not set a goal of $180 billion. It does not change the goal. It sets a maximum allowable amount of $180 billion.

Mr. MOYNIHAN. That is right. Plus a margin of 7 percent.

Mr. GRAMM. But I remind my colleague that if OMB and CBO jointly project, on the basis of what we have done to that point, on November 1 of this year, that the projected deficit is $192 billion and 1 cent, we will sequester $12 billion and 1 cent, to move us back to 1980.

Mr. MOYNIHAN. Then, may I ask my colleague this: Did he not just use the figure $192 billion?

Mr. GRAMM. The $192 billion would trigger the sequester. The trigger of 7 percent is a measure of statistical significance above $180 billion. This is the first year in trying to make the thing work, and perhaps my colleague would like to join me in trying to do better in the process. I voted for this different budget on the floor, and my colleague voted against it. So if someone would like to help me control spending more, I am willing.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. MOYNIHAN. I should like to respond.

Mr. GRAMM. I yield.

Mr. MOYNIHAN. I did vote against it. I thought there were no revenues, and, absent that, I saw no possibility of even meeting this goal.

I do not disagree with my learned and distinguished friend that getting to $192 billion—I think we come out with $193 billion; it is a matter of arithmetic—will be difficult in itself. But the Senator has allowed that under the provisions of the Gramm-Rudman amendment, the budget deficit for fiscal 1986, which we have just entered, the allowable deficit rises from $172 billion to $192 billion or, as I calculate, $193 billion, a difference of $20 billion to $21 billion in the allowable deficit under the deficit reduction proposal.

Mr. GRAMM. Mr. President, reclaiming my time, let me make it clear to my distinguished colleague that I have not allowed it through this bill to do anything. What I have said, however, is that across-the-board sequesters shall go into effect if, in fact, it is more than 7 percent above $180 billion.

Under the Budget Act, spending bills will not be in order in the aggregate above $171.9 billion. So if this budget which we developed with the House—which I called phony and which my colleague voted against—is worth the paper it is written on, which in reality it is not, we will never approach $180 billion.

The truth is that we are already sitting on an almost $190 billion deficit under that budget, because that budget was full of phony savings. If we are going to go from phony budgeting to realistic budgeting, you have to look at things as they are, not as you wish they were.

Mr. President, I suggest the absence of a quorum.

Mr. EXON. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. The Senate will be in order.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MOYNIHAN addressed the Chair.

Mr. GRAMM. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MOYNIHAN. Mr. President, since no request was made, I do not know what he is objecting to.

The PRESIDING OFFICER. The quorum call. The Chair will announce the quorum call is in progress. Perhaps the Senator anticipated unanimous consent would be made.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

THE FISCAL YEAR 1986 DEFICIT UNDER THE GRAMM-RUDMAN AMENDMENT

Mr. MOYNIHAN. Mr. President, in my exchange this afternoon with Senator GRAMM, I asserted that the Balanced Budget and Emergency Deficit Control Act of 1985 proposed by the junior Senators from Texas and New Hampshire would permit an increase in the deficit for the current fiscal year, fiscal year 1986, of $21 billion.

Senator GRAMM spoke of a $20 billion gap between the deficit permitted under the budget resolution passed by the Congress last August 1, and the deficit level which would trigger the automatic spending cuts of the Gramm-Rudman proposal.

We agree; the seeming inconsistency arises from rounding.

The Gramm-Rudman amendment establishes a deficit ceiling of $180 billion for fiscal year 1986;

The Gramm-Rudman amendment declares that automatic spending cuts will be triggered only if the deficit is expected to exceed the ceiling by at least 7 percent;

Seven percent of $180 billion is $12.6 billion;

The trigger deficit level for fiscal year 1986, therefore would be $180 billion plus $12.6 billion, or $192.6 billion;

The budget resolution contained a maximum deficit for fiscal year 1986 of $171.9 billion;

The trigger deficit level under the Gramm-Rudman proposal, therefore, exceeds the maximum deficit approved by the Congress in the budget resolution by $20.7 billion: $192.6 billion minus $171.9 billion equals $20.7 billion.

I rounded $20.7 billion to $21 billion.

I thank Senator GRAMM for his courteous agreement to my earlier exposition.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

BALANCED BUDGET AMENDMENTS

Mr. DOLE. Mr. President, while we are waiting for the distinguished minority leader, let me indicate to my colleagues we are going to be here quite a while tonight. We have not done anything for 2 days. We ought to decide whether we are going to do something or do nothing. There will not be any extensions of the debt ceiling even for 1 day until we start moving on the major amendments.

I have a couple of options. One is to table the motion to recommit, which would take with it the cloture petition. Then we start voting because of the request made by the Senator from Connecticut to have 19 votes, one on each division of the Gramm-Rudman-Hollings amendment. As I understand it there are about 19 divisions on which we could have rollcall votes—or those who oppose the Gramm-Rudman-Hollings amendment will have to talk. We have had about 2½ days of filibuster.

It seems to me we have reached that point.

We have also checked with Treasury in the past hour. They are getting a little nervous, particularly when nothing is happening in the Congress.

We understand that the House is waiting for the Senate to send them a short extension. We believe we have a vehicle upon which to put a short extension, but I could not get unanimous consent, even if I wanted to get unanimous consent, to do that without acting on the Gramm-Rudman-Hollings proposal.

I would hope that we could agree that we would dispose of the four or five amendments. I have looked at the counter proposal of the distinguished minority leader, in which Members on that side would like to lay down the so-called leadership amendment on that side, and then have a vote tomorrow morning or whenever the time for debate is expended. I guess it is one-half hour each on that side. Hopefully, we would dispose of that amendment and then immediately turn to the Gramm-Rudman-Hollings amendment. We should be able to finish that no later than 1 o'clock.

When we turn to the Gramm-Rudman-Hollings amendment we will not use much time on this side. Then there are five or six other amendments which Members would like to offer, some on each side, following disposition of the Gramm-Rudman-Hollings amendment. Hopefully we could conclude action on that by early tomorrow evening, maybe 5 or 6 o'clock.

At that time, or even before, after disposition of the Gramm-Rudman-Hollings amendment, I believe I can then obtain consent to at least take up a short extension of the debt ceiling, maybe until the 17th of October. The Senate and House could act on it tomorrow night and get it to the President before midnight. Otherwise, I understand there is real trouble. Again, I do not know who finally decides they are in real trouble, but somebody must decide those things. So we are in real trouble.

My point is we have not concentrated here in the last couple of days. If there is any trouble, I think we have to accept part of the blame in the Congress.

I would hope that we might now——

Mr. BOREN. Will the distinguished majority leader yield for a question?

Mr. DOLE. Yes.

Mr. BOREN. I have a very brief amendment on minimal tax. I am prepared to offer it at this time. It is one of those that has been under negotiation. We might be able to begin to get some action. I agree with the majority leader, I would like to get on with all of this, if we can. I offer that to try to move on.

Mr. BUMPERS. Will the majority leader yield for a question?

Mr. DOLE. Yes.

Mr. BUMPERS. I am not clear on the parliamentary situation or the procedure. Is it the leader's intention to proceed with amendments to the Gramm-Rudman-Hollings amendment and then at some later time allow the Chiles-Byrd-Johnston proposal to be offered and voted on tomorrow?

Mr. DOLE. That is not my request. That was the request of the distinguished minority leader, that we would take up the Gramm-Rudman-Hollings amendment now, then lay down the leadership amendment, and then to vote on the so-called Democratic leadership amendment tomorrow. It was then further suggested that we vote on the Gramm-Rudman-Hollings amendment on Thursday. But it would seem to me that we could get that by 6 o'clock tomorrow evening and move on to reconciliation on Thursday.

There is another reason why I urge my colleagues, if they can, to cooperate. We would like to appoint conferees tomorrow. They will come from the Finance Committee, the Budget Committee, and maybe others on this side. We would like to have the conferees appointed while the House is still in session. They may be going out Thursday. Then they are going to say, "Well, the Senate did not complete its work and we could not go to conference."

Then we will be right up against it sometime next week when the extension runs out.

We want to, in fairness, give the Speaker and the Republican leader in the House a fair opportunity for a short conference. We would like to go to conference this week.

Mr. RUDMAN. Will the majority leader yield for a question?

Mr. DOLE. The minority leader has a question.

Mr. BYRD. Mr. President, the distinguished majority leader has made every effort, I am convinced, to try to reach an agreement which will let us complete action on the few amendments which we want to call up on this side, and I think even fewer amendments on the other side.

Mr. DOLE. Two.

Mr. BYRD. And then act on the Gramm amendment.

In the meantime, we would extend this debt ceiling until the 18th.

We talked with the Speaker, I believe yesterday—anyhow, I talked to him again today—at which time he talked about sending over a short-term debt limit extension. "I personally prefer," he said, "to have the following Wednesday. But at the minimum, we would like to have it ready the 18th."

The House would come back Wednesday, the 16th, and the short-term extension would put us through until Friday.

But all this clamor downtown about money running out, the checks are going to bounce, all of that, all of that could be taken care of by a short-term debt limit extension. That is what I have been urging since last week.

The majority leader has problems, I know. I have problems, too. I can very much appreciate the problems that the majority leader has. If he could say, "Well, we will do it this way," that would resolve it. If I could say, "We will do it this way," that would resolve it.

But we do have to represent our respective conferences.

The Government cannot borrow, that is correct—the Government cannot borrow.

It has been going along on cash reserves. But we do not have to continue to work with a cocked gun at our temples. Let us get a short-term debt limit extension adopted. That can be done in 30 seconds, as far as I am concerned, if we get unanimous consent. I know therein hangs a tale, as Shakespeare would say. But I hope that Senators on both sides would be willing to extend the debt limit until the 18th, so that we do away with people lying on their pillows at night unable to go to sleep for fear their checks are going to bounce. We can alleviate all of that right now.

Why do we not do that? Or is there some political reasons for not wanting to give a short-term debt limit extension?

We had two Democratic leadership proposals yesterday. We have agreed to drop one of them, so we only have one left. If we could get that laid down tomorrow and vote sometime tomorrow on it and, in the meantime, we will lay down—Senator Boren is ready to call up one of his amendments. Then we have other amendments which are in the package which we propose; then on Thursday, vote on the Gramm proposition. And there may be some amendments following that.

In any event, we have offered to complete action on the House resolution, House Joint Resolution 372, before the close of business on Thursday, so the whole thing is finished.

Reference has been made to the House appointing conferees. If we send it over there tomorrow, Mr. President, does any Senator believe that the House is going to appoint conferees tomorrow before they go out? Why, of course they won't.

But we can send the package over there on Thursday and they can approve the short-term extension and then they can later go to work on the long-term measure.

I want to work with the distinguished majority leader. I realize the problem and he is doing the very best he can with it. But we do not have to continue to go through this scenario of scaring people who are afraid they are not going to get checks, making the people in the Federal agencies believe the doors are going to be locked, the agency is going to be shut down. All we have to do is give a short-term extension until the 18th and that fear is out of the way.

I hope we can go ahead with the Boren amendment, get the short-term extension, get the Democratic leadership package, I shall use the same words as the majority leader, the "so-called Democratic leadership package," and get the debate going. Nobody knows what is in it yet. [Laughter.]

I have heard those kinds of giggles before. I have been around here listening to them for a long time. The reason is, the Gramm amendment is a second-degree amendment and the only way an amendment can be offered is by unanimous consent. That is the only way we can do it, as the majority leader and I know. So heh, heh, heh, OK? Good! [Laughter.]

I thank the distinguished majority leader for yielding.

Mr. DOLE. Mr. President, I thank the minority leader.

Well, therein lies the problem. [Laughter.]

Mr. BOREN. Mr. President, while everybody is in such a good mood, I suggest we act on my amendment.

Mr. DOLE. Does the Senator need to offer it? We can just take it.

TIME LIMITATION AGREEMENT

Mr. DOLE. Mr. President, I ask unanimous consent that we may proceed to the Boren amendment under a time agreement not to exceed 40 minutes—20 minutes on a side—the time to be equally divided between the distinguished author of the amendment, Mr. Boren, and the distinguished chairman of the Finance Committee, Mr. Packwood.

Is there objection to that request?

Mr. BYRD. Mr. President, reserving the right to object, will the distinguished Senator, for his own protection as well as others, add that there would be no amendment in order to that, which there will not be without unanimous consent anyhow, but for our own protection, I do not think it will hurt to say it again.

Mr. DOLE. Right. And that there be no amendment in order to that amendment.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

(Mr. PRESSLER assumed the chair.)

Mr. DOLE. Mr. President, let me indicate this: There are about five amendments in this category. The distinguished Senator from Michigan has an amendment which we can accept. It is going to appear in the modification, as I understand it, that they have been working on. The distinguished Senator from Florida [Mrs. Hawkins] has a similar amendment. The distinguished Presiding Officer [Mr. Pressler], has a similar amendment. There may be an inclination to accept the proposed amendment by Senator Dodd, Senator Kerry, and others, which I have discussed with the distinguished Senator from Connecticut.

That would leave an amendment by the distinguished Senator from Montana [Mr. Melcher], a tax amendment. That would also leave the Exon amendment, which would change the trigger. As far as I know, at least in the last proposal I received from the distinguished minority leader, that would take care of all the amendments with the exception of the leadership amendment. What I hope to do is take care of all the amendments except the leadership amendment to be offered at this time. There would be other amendments to be offered after we have acted on Gramm-Rudman.

It seems to me in rather quick order, we ought to be able to dispose of those amendments and lay down the Democratic leadership amendment—I previously used the reference "so-called" only because I knew there were some Democrats supporting the other package. But it is a Democratic leadership amendment. We can dispose of that tomorrow and when we have disposed of it, there would be no reason we could not go to the Gramm-Rudman-Hollings amendment. There is nothing left. Depending on what happens to Gramm-Rudman-Hollings, there would be some amendments to that.

Mr. President, I ask unanimous consent that none of this time come out of the time of the distinguished Senator from Oklahoma.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RUDMAN. Will the Senator yield for a question?

Mr. DOLE. Yes, Mr. President.

Mr. RUDMAN. Because the procedural situation is as complex as it is, I want to say this so all those involved may understand precisely what is going on. Because, as the Democratic leader referred to, of the way the amendment is, we should be correct in our understanding that what we are about to do is act upon a series of amendments to the bill managed by the Senator from Oregon [Mr. Packwood], the chairman of the Finance Committee. They are not amendments to the so-called Gramm-Rudman-Hollings amendment. Is my understanding correct, I ask the majority leader?

Mr. DOLE. This is correct. It could be done the other way, but then if something happened and there were a modification, it would disappear.

Mr. BOREN. Mr. President, I have this phrase "notwithstanding any other provision of this act," so it would be to the bill.

Mr. KERRY. Mr. President, do I understand correctly from the leader—perhaps Senator Gramm can help answer this—that my amendment with respect to the CBO compliance study is included in that request?

Mr. DOLE. That is my understanding. Your amendment is a CBO study on tax compliance. Whatever it takes, we will preserve your right to offer it.

Mr. KERRY. I thank the leader.

Mr. MATTINGLY. Will the majority leader yield for a question?

Mr. DOLE. First, I yield to the Senator from Connecticut [Mr. Dodd].

Mr. DODD. Mr. President, I did not raise any objection to the unanimous-consent request, but is my understanding correct that on any of these amendments, there would be no tabling motion; they would be voted up or down?

Mr. DOLE. I am not prepared to do that. I think I have to use some judgment. We have a time agreement. I am not certain it makes that much difference. Sooner or later, we have to face up to the issue. Some people would rather vote on a motion to table. I will try to work it out on most of the amendments.

Mr. MATTINGLY. Will the majority leader yield?

Mr. DOLE. Yes, I yield.

Mr. MATTINGLY. Let me ask a question: Could the majority leader try to compound some kind of agreement between himself and the minority leader to get all these out that are on the bill and then the Gramm amendment and try to have passage by 5 or 6 tomorrow afternoon?

Mr. DOLE. That is what I am going to suggest to the distinguished minority leader. He made an offer which I appreciate very much. He got the ball rolling. We came back with a counterproposal. He in turn is giving me a little fine tuning of that.

I want to try to find tune it a bit more, but we are not talking about any vast differences. We are talking about whether we complete action tomorrow or Thursday and very honestly we would like to at least move to the reconciliation bill on Thursday. And, also, I would say to the distinguished minority leader that if I ask unanimous consent to bring up a bill to attach a temporary debt ceiling extension, it would be objected to on this side. I have been advised not to make any move of that kind without notifiying at least three Members. They think this current situation is the best thing that has happened since sliced bread—that we will have a balanced budget if we do not do anything.

Mr. BYRD. They are right about that, we will have a balanced budget fast. We will be operating on the basis of the estimated $770 billion in revenues. We can spend that.

AMENDMENT NO. 739

Mr. BOREN. Mr. President, on behalf of myself, Mr. Exon, Mr. Bentsen, Mr. Pryor, Mr. Bumpers, and Mr. Levin, I send an amedment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oklahoma [Mr. Boren], for himself and Mr. Exon, Mr. Bentsen, Mr. Pryor, Mr. Bumpers, and Mr. Levin, proposes an amendment numbered 739.

Mr. BOREN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the joint resolution, insert a new section as follows:

Sec. . Notwithstanding any other provision of the Act, the Senate Committee on Finance is directed to report to the Senate by July 1, 1986 legislation providing for payment of an alternative minimum corporate tax by corporations on the broadest feasible definition of income to assure that all of those with economic income pay their fair share of taxes provided further that said alternative minimum corporate tax shall take effect for corporate tax years commencing on or after October 1, 1986. The revenue raised by this tax shall be applied to reduce the federal deficit.

Mr. BOREN. Mr. President, this particular amendment which is to the bill directs the Finance Committee to report an alternative corporate minimum tax no later than July 1, 1986. This tax would take effect on October 1, 1986 and it would apply to corporate taxpayers beginning on or after October 1, 1986. It also provides further that revenues raised from the alternative corporate minimum tax would be applied toward reduction of the deficit.

Mr. President, I think all of us are aware that we are dealing with a very important proposal to reduce the deficit. It is a proposal which I embrace enthusiastically. It is time for us to have across-the-board sacrifice to bring down the deficits which are facing this country.

Mr. President, while there is a sufficient number of Senators on the floor, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BOREN. Mr. President, it is important that all of us do our part to bring down these budget deficits. I will not repeat remarks I made last week on the Senate floor, but I am convinced that our economy stands on the edge of a cliff. Massive damage has already been done to the economy by the huge Federal budget deficits.

We are acutely aware of it in areas like my home State where agriculture has been decimated by the overvalued dollar brought about by our high budget deficits. Our manufacturing sectors, which depend upon exports, have had to lay off hundreds of thousands of workers already across the country. And sadly, many of these companies may find themselves in a situation where they can never recover to again be an important factor in terms of international competition to contribute to the standard of living of the American people.

So it is fair for us to ask an across-the-board sacrifice in order to reduce these deficits. The main thrust of the amendment that has been referred to as the Gramm amendment, which I am proud to cosponsor, does exactly that. However, we should ask ourselves this question: When we have some of the largest corporations in this Nation with huge profits paying no taxes at all, how can we justify setting in place a mechanism which will require across-the-board cuts of other programs and benefits for those who in many cases are least able to absorb those cuts, when we allow to stand in place a tax system which imposes no tax burden at all on some of those who are most able to pay?

I quote from an article which appeared in the Washington Post on August 30 of this year by Dale Russakoff. It is headed, "Fifty Major Firms Paid No Income Tax From 1980 to 1984." The subheading says, "Forty-eight had refunds totaling nearly $2.4 billion, the study showed."

I read for the benefit of my colleagues—and I think these are facts and figures that are well known by the Members of this body and they are well known by the American people. That is why, when those on both sides of the aisle go out to the public and talk about the unfairness of the Tax Code and the need to make changes in it, there is the positive response on the part of the people, because the average working men and women in this country, who struggle to pay their fair share of the taxes due, at great personal sacrifice, are well aware that some of the most profitable corporations in the country are paying nothing at all.

Let me read the first couple of paragraphs. "Fifty of the Nation's largest corporations with combined profits of more than $56 billion paid no net Federal tax from 1981 to 1984 and 48 had enough extra tax breaks to receive refunds totaling almost $2.4 billion, according to a new study. The study by Citizens for Tax Justice found that among major corporations those most often escaping tax liability included large defense corporations, Boeing Co., General Dynamics, Northrop Corp.," and others.

I will go down the list from a chart that appeared in the Washington Post at that same time and cite a few examples. And again I am citing the figures that were presented in the Washington Post using the Citizens for Tax Justice as the source of that newspaper article.

The Boeing Co., from 1981 to 1984, had $2.99 billion in profits. They paid no tax. They received $285 million in refunds; the Dow Chemical Co., $972 million in profits, a tax refund, not a tax paid but a tax refund, of $180 million; ITT, $815 million in profits, $177.7 million in refunds; General Electric Corp.—and this is indeed staggering—$9.577 billion in profits, no taxes paid—in fact, a refund of $98 million. We could go down the list and name others—General Dynamics, $1,579.5 billion; $5 million in profits, a refund of $103.8 million. There are others.

Mr. President, how in the world can we ask others in the American public to make sacrifice, the sacrifices that will be required of all of us, to reduce these budget deficits until we make sure that all are making a fair contribution? I am not against tax incentives. As a member of the Finance Committee, having looked at the Tax Code since I came to this body 7 years ago, I realize that tax incentives, tax credits, tax deductions can be valuable tools for bringing about a desired result.

We want to encourage domestic energy production, for example, and energy independence. There are incentives that are necessary if we do that. Those incentives are good and they are valid. We want to encourage people to make charitable contributions and support worthwhile public endeavors, and it is good that we have deductions that encourage people to make those charitable contributions. We want to see the cities of this country rebuilt so that they are more livable with adequate housing for all of our people, and I for one am glad that we put incentives in the Tax Code for the private sector to do that, for the private sector to rehabilitate historic buildings, for example, instead of creating huge bureaucracies at HUD or someplace else to do the job at greater cost and far less effective than can be done by the private sector.

So I am not among those who believe it is wrong to have incentives in the Tax Code. In fact, I am very disturbed by some of the proposals made by the Treasury Department and the administration to remove some of the most valuable incentives in the Tax Code with the kinds of economic activities that we need. We need savings. We need capital formation. We need investment. Those things should be encouraged by the tax credit.

On the other hand, while there is a legitimate place for deductions and incentives and tax credits, we must also be careful that we maintain fairness and balance in the tax system; that when, through some odd combination of forces, these incentives and credits and deductions come together in a way that allows a very profitable corporation to avoid paying any tax whatsoever, that strikes at the very basic concept of fairness in our Tax Code.

It also undermines the support of the public for the Tax Code which brings about voluntary compliance. We must have a Tax Code that is fair and it is perceived as being fair by the American people, so that they will continue to comply with it voluntarily. If the code is viewed by the public as being unfair to the degree that they no longer voluntarily comply with it, there are not enough inspectors, auditors, or law-enforcement personnel to make certain that the taxes due and owing will be paid.

When he introduced a proposal for a minimum tax earlier this year, Senator BENTSEN said that we cannot have a situation in which a person who waxes the floors at large corporate offices pays more tax to support the vital services, national defense, education, and other programs of this country than does the corporation for which that person works, at perhaps a meager salary, a corporation that may be reaping billions of dollars of profit without paying any tax at all.

So I believe that the time has come for us to act on the deficit. The time has come for us to adopt a proposal like the Gramm proposal, which will require an across-the-board sacrifice.

At the same time, I believe that the American people will be much more willing to make that sacrifice if they know that those who have made billions of dollars of profit, while escaping paying any tax at all, are going to be asked to step up to the plate first.

I think this is a fair way to move forward on this proposal. I hope we will have an overwhelming vote for it, so that the Finance Committee will receive this instruction by an overwhelming vote. I hope it will be a unanimous vote, or nearly unanimous, so that we can get on with the work.

This is a reasonable time to vote. I have consulted with the chairman of the committee, and I think he agrees that we should be able to complete work on some kind of minimum tax proposal by the first of July. I could have said the first of January or the first of February, but I want to be realistic, because I want to see the Finance Committee approve a good bill, one which will be enacted by the Senate. So I want the committee to have time to deliberate on its contents.

Then I think it is imperative that, before we do anything else, we use the funds that are raised by this corporate minimum tax to apply to reduce the deficit in this country. That is why I have it targeted to take effect on the 1st of October 1986. That is when we will have the first deficit reduction automatic trigger under the Gramm amendment, if it is adopted.

The revenues we raise from the corporate minimum tax, we could say, would be applied at the front end of any deficit reduction, so that before we reduce deficits on the part of others—before we reduce vital programs in other areas, before we reduce the national defense effort—we will make certain that those corporations that are paying no tax will have paid their fair share.

I believe it is a balanced proposal. I hope my colleagues will join me in supporting it, and I hope the Senate, by an overwhelming majority, will go on record in instructing the Finance Committee to act on it with all deliberate speed.

Mr. President, I reserve the remainder of my time.

Mr. **PACKWOOD**. Mr. President, I congratulate my good friend from Oklahoma on offering the minimum tax amendment. It is one that I support.

About 2 months ago, when we were considering the budget resolution, we adopted a sense-of-the-Senate resolution calling upon the enactment of a minimum tax, both corporate and individual.

The minimum tax amendment of the Senator from Oklahoma applies only to corporations, and I hope we will adopt one.

I hope we will also adopt a minimum tax on individuals, so that not only corporations but also individuals who have profits or are wealthy will be paying some tax. We cannot have a situation any longer in which wealthy individuals or profitable corporations—through legal deductions, I might add—pay no tax.

When those stories come out about General Electric or General Dynamics paying no taxes, or millionaires paying no taxes, the public is convinced that the tax code is unfair.

So we will pass a minimum tax, but let everyone understand some of the problems we may face in doing it, in terms of what some people might call fairness.

Let us take General Electric—although I know that since we have abolished safe harbor leasing, they are paying taxes. How did General Electric get to a place where it paid no tax? What it did was to take advantage of the laws that Congress had enacted—legally. They basically did it through the investment of tax credits in the following manner:

We passed a law in 1981 that said that you may buy a machine and get a 10-percent tax credit. The business pays $1,000 for a machine and gets a $100 tax credit.

That tax credit is money that you can offset against taxes that you owe. So you buy the machine for $1,000 and get a 10-percent tax credit. If you owe $400 in taxes, you pay only $300. That tax credit, however, is for a company that makes no profit, and therefore owes no taxes, because the tax credit can only be deducted from taxes owed.

Let us assume that corporation X buys a machine for $1,000. It has its $100, 10 percent tax credit. It has done what we wanted the company to do. We wanted them to purchase machines, to invest, to become more productive. But, for whatever reason, company X is losing money and pays no tax; and the tax credit, therefore, is worthless to the company.

Along comes General Electric and says to company X: "We will make a deal. We will buy from you the machine for which you have paid $1,000." In the purchasing of it from the company, General Electric gets the 10-percent tax credit that goes with the machine. In essence they have bought the credit. There is nothing illegal about that.

General Electric then leases the machine back to company X. The machine never leaves the property of company X. It is a paper transaction. They buy the machine for slightly less than the machine was worth, but they give company X money which that company would otherwise not have, and General Electric now has a $100 tax credit, which it would not have had, and they offset it against taxes they owe.

What they simply did was to buy enough of these machines from enough companies and leased them back, all over this country, so that they had more credits that they owed tax, and they deducted the credits from the tax, along with other deductions they had, unrelated to this. Not only did they not pay taxes; they got money back.

The same thing could happen with individuals. We think that all wealthy individuals should pay some tax. But one of the provisions in the law is that if you buy municipal bonds, school district bonds, Oklahoma bonds, Butte, MT, bonds, the interest on those bonds is not taxable to the individual who buy them. We do this so that school districts, highway districts, park districts, and other municipal governments can sell their bonds for a slightly lower rate of interest than they would have to sell them if those who purchased the bonds had to be taxed on the interest.

They can sell their bonds perhaps on the average at 3 percent or 2.5 percent less than they would otherwise have to pay if the bond interest were taxed.

Now the higher the interest the higher the real property taxes are to pay off the bonds of local school districts.

We have thought for years it was a good policy to not tax the interest on municipal bonds, local schools bonds, city bonds, so they could be sold for this lower rate of interest. But what that does mean, however, is that some wealthy individuals in this country get most or all of their income by purchasing municipal bonds and the interest is not taxable, so they may be very, very wealthy, they may have hundreds of thousands of dollars in interest income from municipal bonds but by law it is tax exempt because we thought the policy was a good policy to make it tax exempt so the bonds brought a lower rate of interest and the property taxes stayed down.

If we are going to require that General Electric and the wealthy individuals pay tax—and I think we should—what we are going to have to say is no matter what deductions you take, no matter what credits you take, no matter that you got interest from municipal bonds that is tax free, no matter what kind of a gift you have given to Yale University, no matter what charities you donated to, no matter all these deductions add up to having no taxable income and you have done good civic things that we want to encourage, no matter that you bought machines from a failing company and have given them cash so they can keep going and take their credit against your income tax, no matter that you did what the law said we wanted you to do, we are still going to tax you. It does not matter that all your credits add up to more than your tax, we are still going to tax you.

That is the dilemma we face. We encourage people to do things. They go out and do things and we say, "Just because you did the things we wanted you to do, we are now going to tax you," even though the things that they did led to no tax.

But I come back again to the perception of fairness. If the public does not perceive the Tax Code as fair, then that does not bode well for this country or for this Congress. Consequently, we will enact a minimum tax taxing corporations, taxing wealthy individuals, and somehow requiring that they must pay some tax, no matter how legitimate their deductions, no matter how worthy the social purposes that they support, because we cannot have those stories appear somehow they have evaded, avoided taxation because the impression given is that they have done it immorally, unethically, illegally. They have not. They have undertaken deliberate actions which the tax law encouraged them to undertake.

So there is a down side. But I think on balance it is more important that they pay some tax no matter how honest, legitimate, decent their deductions may be than they pay no tax and the public thinks that the Tax Code is unfair or immoral or unethical.

I am delighted to support the Senator from Oklahoma. I hope that he will get a unanimous vote when we have the yeas and nays on his amendment.

Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, will the distinguished chairman yield for a question?

Mr. PACKWOOD. I will.

First, may I ask what the time situation is?

The PRESIDING OFFICER. The Senator from Oregon has 11 minutes and 17 seconds.

Mr. PACKWOOD. And the Senator from Oklahoma has how much?

The PRESIDING OFFICER. The Senator from Oklahoma has 6½ minutes.

Mr. PACKWOOD. I have how much?

The PRESIDING OFFICER. Eleven and a half minutes.

Mr. PACKWOOD. I am happy to yield to the Senator from New York.

Mr. MOYNIHAN. Mr. President, just for the record, the distinguished chairman of the Finance Committee is aware that in April I introduced for myself and Mr. Chafee a minimum tax for both individuals and corporations. This minimum tax bill is conceptually different from the current law minimum tax for individuals where you start with adjusted gross income and add back so-called tax preference items.

I understand that the chairman expects to hold hearings on this legislation.

Mr. PACKWOOD. I expect to hold hearings on this whether or not we have a tax reform bill this year. I hope we have one. But I do not know if we are going to have one. But I think frankly we should have a minimum tax whether or not we have an overall tax reform bill.

Mr. MOYNIHAN. The Senator does recall that in the previous Congress I had a comparable measure which lost by only a vote of 10 to 9 in our committee. Our committee has shown itself disposed to adopt something like this.

Mr. PACKWOOD. I might say to my good friend from New York there is a hearing in the Finance Committee, and the subject of a minimum tax is one of the items for the hearing.

Mr. MOYNIHAN. As usual, the chairman is well up on the calendar and I shall be there. I thank him for his comments.

Mr. PACKWOOD. I thank my good friend from New York.

I yield the floor.

Mr. MELCHER. Mr. President, will the Senator from Oklahoma yield to me?

Mr. BOREN. I will yield to the Senator. But the Senator from Arkansas asked that I yield. I only have 6 minutes remaining.

Mr. MOYNIHAN. Mr. President, will the Senator yield 1 minute to the Senator from New York?

Mr. BOREN. Mr. President, I yield 2 minutes to the Senator from Montana, 1 minute to the Senator from New York, 2 minutes to the Senator from Arkansas, and then I reserve 1 minute at the end.

Mr. MELCHER. I thank my good friend from Oklahoma for yielding to me.

Mr. President, naturally, this amendment should pass by unanimous vote. Instructing the committee is a fine idea. But perhaps a more pertinent point can be addressed later.

I wish to offer an amendment that would just tax corporations that are profitable, making good money, and start collecting the revenue.

I guess I could read from the Record of the past several days describing how serious the situation is and how necessary it is to start getting some money in the till to start offsetting the deficit.

This is one area where I do not think we should be hung up on. We should start collection of that revenue immediately.

I do not want to impose a burden on those basic industries that are already hampered by going close to liquidation. But I do want to address the problem of those corporations that are in the black, making outstanding profits, and do escape paying any Federal income tax. Mostly it is in accelerated depreciation allowances and in the investment tax credit.

My amendment later on, if I am recognized and would be able to offer it, would place that minimum tax on those exemptions immediately. If they are going to take the exemption, they are still going to have to pay the 20-percent tax. I think that is reasonable.

I agree with what is going on here. I do not think it really addresses the problem of the immediate deficit reduction.

The PRESIDING OFFICER. The Senator has used his 2 minutes.

Mr. MOYNIHAN. Mr. President, in the 1 minute I have, I wish to ask a question of my distinguished friend from Oklahoma and fellow member of the Finance Committee. His amendment here calls for "legislation providing for payment of an alternative minimum corporate tax by corporations on the broadest feasible definition of income.". . .

Could I ask him, does his term "broadest feasible definition of income" extend to intangible drilling costs in the petroleum industry?

Mr. BOREN. Yes.

Mr. President, the Senator from New York read the proposal I filed on last week and had printed in the Record which was at my suggestion the kind of proposal that we might adopt and it did include, indeed, that particular item of preference, and I propose treating it the same way that we do under the minimum tax on individuals which is now in effect. It is very similar to the way that the Senator from Texas [Mr. Bentsen] treated it and others. So it would include all of those.

Mr. MOYNIHAN. And for individuals as well?

Mr. BOREN. Yes.

Mr. MOYNIHAN. I thank the Senator.

Mr. BUMPERS. Mr. President, let me quote now from a study of the citizens for Tax Justice entitled "Corporate Taxpayers and Corporate Freeloaders." On page 2 it says:

> "According to the federal corporate tax code, large corporations supposedly are subject to a 46 percent tax rate on their pretax profits. For most of the 275 major, profitable corporations whose annual reports we examined, however, this was decidely not the case. In fact, 129 of the companies—or almost half—managed to pay absolutely nothing in federal income taxes, or to receive outright tax rebates, in at least one of the four years from 1981 to 1984.
>
> These 129 companies earned $66.5 billion in pretax domestic profits in the years they did not pay federal income taxes. But instead of paying $30.6 billion in income taxes, as the 46% statutory corporate tax rate supposedly requires, they received $6.4 billion in tax rebates—for a "negative" tax rate of 9.6%."

Mr. President, there are many interesting statistics in this study.

I ask unanimous consent to have printed in the Record pages 2 down through the top of page 9.

There being no objection, the material was ordered to be printed in the Record, as follows:

Corporate Taxpayers and Corporate Freeloaders (Citizens For Tax Justice (August 1985))

I. COMPANIES THAT DON'T PAY TAXES—AND SOME THAT DO

According to the federal corporate tax code, large corporations supposedly are subject to a 46 percent tax rate on their pretax profits. For most of the 275 major, profitable corporations whose annual reports we examined, however, this was decidedly not the case. In fact, 129 of the companies—or almost half—managed to pay absolutely nothing in federal income taxes, or to receive outright tax rebates, in at least one of the four years from 1981 to 1984.

These 129 companies earned $66.5 billion in pretax domestic profits in the years they did not pay federal income taxes. But instead of paying $30.6 billion in income taxes, as the 46% statutory corporate tax rate supposedly requires, they received $6.4 billion in tax rebates—for a "negative" tax rate of −9.6%.

Of this group of 129 companies:

74 companies had at least two years of paying nothing or less in federal income taxes;

26 companies paid nothing or less in at least three of the four years; and

9 particularly imaginative and aggressive corporate tax avoiders—Boeing Co., ITT, General Dynamics, Transamerica Corp., First Executive Corp., Mitchell Energy & Development Corp., Greyhound Corp., Grumman Corp., and Lockheed—successfully zeroed-out or received outright tax rebates in every single one of the four years we examined.

PROFITS AND TAX REFUNDS FOR COMPANIES PAYING ZERO OR LESS IN FEDERAL INCOME TAXES IN AT LEAST ONE YEAR, 1981 THROUGH 1984

[Based on a sample of 275 major corporations]

[Dollars in millions]

Year	No.	Percent of cos.	Profits	Refunds	Rate (percent)
1984	40	14.5	$10,422.6	($657.4)	−6.3
1983	60	21.8	14,219.7	(1,099.6)	−7.7
1982	84	30.5	27,361.5	(2,784.3)	−10.2
1981	53	19.3	14,490.2	(1,859.0)	−12.8
Totals [1]	129	46.9	66,494.0	(6,400.3)	−9.6

[1] Not counting repeats.

The economic rebound—and sharp rise in corporate profits—in 1984 did not curtail this widespread corporate tax avoidance. In 1984 alone, 40 of the 275 highly profitable corporations either received federal income tax rebates or paid no federal income tax.

In 1984, despite profits totalling more than $10 billion, these 40 companies received net federal income tax rebates of $657 million. AT&T led the way in 1984, with an amazing $241.6 million in tax refunds, on top of its $1.9 billion in pretax profits in the United States.

COMPANIES PAYING NO TAXES—OR LESS—OVER THE FULL FOUR YEAR PERIOD

Totalling up taxes and rebates for the full four years, we found that fifty of the 275 companies paid an overall total of nothing or less in federal income taxes over the entire 1981-84 period. Despite $56.8 billion in pretax domestic profits, these 50 companies received net tax rebates totalling $2.4 billion.

This select group of 50 highly profitable corporations, includes seven companies that enjoyed net tax rebates over the four year period in excess of $100 million each. Sitting at the top of the heap—the champion at making money off the tax system over the past four years—is Boeing Co. Despite profits in excess of $2 billion. Boeing managed to generate income tax refunds from the federal government totalling $285 million between 1981 and 1984.

Joining Boeing in receiving net tax rebates of more than $100 million over the 1981-84 period were: Dow Chemical Co. ($180 million in net refunds); ITT ($177 million in net refunds); Tenneco ($166 million in net refunds); Pepsico ($135.8 million in net refunds); Santa Fe Southern Pacific Corp. ($133.4 million in net refunds and proceeds from selling tax breaks); and General Dynamics ($103.8 million in net refunds and sales of tax credits).

General Electric, the refund champion from 1981 through 1983, actually paid a small amount in federal income taxes in 1984. For the first time in four years, GE sent a check to the federal Treasury, rather than the other way around. On 1984 profits of more than $3 billion, GE paid 1984 federal income taxes of $185 million. That works out to an effective tax rate of 6.1% in 1984—or just about half the federal income tax rate paid by the average American family.

For the full 1981-84 period, however, GE maintained its net position as a non-taxpayer. For the four years, GE's total refunds—net of the amount it paid in taxes in 1984—amounted to $98 million—despite pretax domestic profits of $9.5 billion.

Thus, GE remains King of the Hill in one important respect: From 1981 to 1984, no other corporation managed to avoid paying any net federal income taxes on so large a pretax profit.

Altogether, the ten companies with the largest net tax rebates over the 1981-84 period earned $25.1 billion before federal income taxes, and another $1.4 billion after-tax!

TEN CORPORATIONS WITH THE LARGEST TOTAL TAX REBATES, FROM 1981 THROUGH 1984

[Dollars in millions]

Company	1981-84		
	Profit	Tax rebate	Rate (percent)
Boeing Co	$2099.0	($285.0)	−13.6
Dow Chemical Co	972.0	(180.0)	−18.5
ITT	815.0	(177.7)	−21.8
Tenneco	3,401.0	(166.0)	−4.9
Pepsico	1,798.7	(135.8)	−7.6
Santa Fe Southern Pacific Corp,	2,309.0	(133.4)	−5.8
General Dynamics	1,579.5	(103.8)	−6.6
General Electric	9,577.0	(98.0)	−1.0
Transamerica Corp	748.6	(93.6)	−12.5
Totals, 10 biggest rebates	$25,118.8	($1,441.3)	−5.7

EFFECTIVE TAX RATES FOR ALL 275 COMPANIES

For all 275 companies studied, the overall four-year effective was only 15 percent, less than one-third of the 46 percent tax rate that the tax code purportedly requires major corporations to pay. Had these 275 companies paid the full 46% rate on their $400.6 billion in 1981-84 profits, their taxes would have totalled $184.3 billion—or $124 billion more than they actually paid.

- In 1984, the most recent year, the overall effective rate for the 275 companies was just 16.6 percent. In that year alone, the 275 corporations voided a total of $31.8 billion in federal income taxes through various special tax preferences.

1981-84 Overall effective tax rates for 275 major corporations

Year	*Effective Rate (percent)*
1981	16.5
1982	11.8
1983	14.9
1984	16.6
Total	15.0

A full 126 of the 275 companies we surveyed paid an effective tax rate of less than 12 percent during President Reagan's first term in office—a percentage that is less than the effective tax rate paid by the average individual taxpayer.

275 MAJOR CORPORATIONS BY EFFECTIVE TAX RATE CLASS, 1981-84

[Dollars in millions]

1981-84 effective tax rate class	No. of cos.	Percent of total	Pretax profits	Fed. income taxes	Effective tax rate (percent)
Zero or less percent:	50	18.2	$56,789.7	($2,392.4)	−4.2
0.1 to 12	76	27.6	119,623.4	4,733.1	4.0
12.1 to 20	44	16.0	53,771.9	8,371.7	15.6
20.1 to 30	52	18.9	102,565.3	25,367.2	24.7
30.1 to 40	44	16.0	60,054.9	20,948.6	34.9
Over 40	9	3.3	7,740.9	3,237.6	41.8
Total:	275	100.0	400,546.1	60,265.7	15.0

MAJOR DEFENSE CONTRACTORS

Americans rightfully complain when they see their tax dollars going to pay for what appear to be rip-offs by the defense industry. But the tax avoidance engaged in by most of the country's largest defense contractors imposes similar costs on average taxpayers. The nation's top 12 defense contractors [1]—whose profits have boomed as a result of the rapid arms build-up over the past four years—paid a total of only 6.3% of their profits in federal income taxes over the 1981-84 period—on domestic profits totalling $27.7 billion.

Five of these companies—General Dynamics, General Electric, Lockheed, Boeing, and Grumman—paid nothing at all or received outright refunds. Another three—McDonnell Douglas Corp., Martin Marietta, and Westinghouse Electric Corp.—enjoyed effective tax rates of less than one percent.

TAXES PAID BY THE NATION'S TOP TWELVE DEFENSE CONTRACTORS 1981-84

Company	1981-84		
	Profit	Tax	Rate (percent)
Rockwell International	$2,346.9	$423.5	18.0
McDonnell Douglas Corp	1,424.2	5.1	0.4
General Dynamics	1,579.5	(103.8)	−6.6
General Electric	9,577.0	(98.0)	−1.0
Lockheed Corp	1,670.9	0.0	0.0
Boeing Co	2,099.0	(285.0)	−13.6
Martin Marietta Corp	791.1	4.6	0.6
United Technologies	2,117.3	532.4	25.1
Raytheon Co	1,908.2	781.7	41.0
Westinghouse Electric Corp	1,989.2	10.3	0.5
Grumman Corp	653.4	0.0	0.0
Litton Industries	1,583.9	476.9	30.1
Totals	27,740.6	1,747.7	6.3

W.R. GRACE & CO.

One of the low tax companies in our study was W.R. Grace & Co., whose $14.3 million in income taxes in 1984 brought its total payments over the four years—net of the $53.2 million the company received in 1982 in a sale of tax benefits—to $1.6 million, or 0.2% of Grace's $802.7 million in domestic profits.

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[1] Actually, the top 8 defense contractors, plus those ranked 10 through 13. Hughes Aircraft, the number nine defense contractor, was privately held during the 1981-84 period. (Hughes was recently acquired by General Motors Corp.) The companies in the table are listed by the size of their defense contracting in fiscal 1984.

Some may wonder how W.R. Grace & Co. can justify such tax-avoidance activities, in light of the "Grace Commission's" much-publicized concerns about the federal budget deficit. The answer, according to J. Peter Grace, Chairman of W.R. Grace & Co. and head of the Grace Commission, is quite straight-forward: The company's nationwide advertisements in which Grace complains about "annual federal deficits approaching $200 billion" and the burden they will create for our children,[2] simply are not an accurate reflection of Grace's position. "We are not concerned about the deficit," wrote J. Peter Grace in response to an inquiry about the company's low tax bills. "We are concerned about the level of spending."

THE GROWTH IN CORPORATE "TAX EXPENDITURES"

The statistics summarized above and the tables that follow later in this report document how widespread and massive corporate tax avoidance has become. Corporate "tax expenditures"—the federal government's official euphemism for loopholes—have grown from a mere $8.3 billion in 1970 to an estimated $119.9 billion in the upcoming fiscal year.

That $119.9 billion in corporate tax subsidies represents well over half the estimated federal budget deficit for fiscal 1986.

In fact, the corporate income tax is now more loophole than tax. The estimated cost of corporate tax breaks in fiscal 1986 amounts to $1.69 for every dollar corporations are expected to pay in federal income taxes.

The $119.9 billion cost of the loopholes adds up to $1,512 for every tax-paying family and single individual in America.

HIGH-TAX CORPORATIONS

Not all companies are good at the corporate tax avoidance game, however. One of the unfair aspects of our current tax system is the way it rewards some companies and penalizes others. While many companies get off scot-free, a few pay a great deal of tax. The shining array of tax breaks, credits, and preferences are not available to—or at least are not utilized by—all corporations.

Our survey found nine companies that paid 1981-84 effective tax rates of 40% or more on the earnings they reported to their shareholders in 1984. On profits of $7.7 billion over the four years, these nine companies paid taxes of more than $3.2 billion.

These nine patriotic corporations paid *more* in total federal income taxes on their $7.7 billion in profits over the four years than did the 126 companies paying less than 12 percent—despite the fact that the 126 low-tax companies earned $176.4 billion pretax profits!

The highest-taxed companies over the four years were VF Corporation and INTERCO, two textile firms that paid 44.7% and 43.7% of their profits in taxes, respectively, followed by Whirlpool Corp. (42.4%) and Ralston Purina Co. (42.1%).

The five other coporations in our study that paid more than 40 percent of the profits in taxes were: PACCAR (42%); Raytheon Co. (41%), Super Valu Stores (40.6%), McGraw-Hill (40.4%), and Brown-Forman Distillers Corp. (40.1%).

It is not at all clear, however, that these highly-taxed companies will remain so patriotic if current policy continues. Many highly-taxed corporations are in the process of revamping their tax strategies to join in the quest for loopholes.

For example, in CTJ's corporate tax study last year, we found that Whirlpool Corp. was the highest taxed corporation we examined over the 1981-83 period. Although Whirlpool remained one of the three highest taxed corporations over the 1981-84 period, it is moving energetically to change its high-tax status. In 1984, it cut its tax rate to 34.9%—down from 45.6% in 1981-83—by purchasing Michigan National Leasing Corp. and setting up a leasing subsidiary, Whirlpool Leasing Services, Inc. Leasing subsidiaries such as Whirlpool's are rapidly becoming a standard practice whereby corporations with a shortage of tax credits and write-offs acquire them from other firms that have an excess.

Whirlpool's entry into the tax shelter market was a direct—and discouraging—response to last year's CTJ corporate tax study. Whirlpool's management has admitted to being embarrassed by the company's "excessive" patriotism compared to competitors such as General Electric (which has been heavily involved in leasing tax shelters). "You'll see an increasing amount of leasing activity," Whirlpool's tax counsel told Craig Stock of Knight-Ridder Newspapers. "It's part of our strategic plan in terms of getting greater tax deferrals."

Similarly, from 1981 to 1983, Coca Cola Co. was—by current standards—a relatively high-tax company, paying 27.9% of its domestic profits in federal income taxes.

In comparison, over the same three years, its competitor, Pepsico, aggressively sought after tax shelters, and enjoyed $147.4 million in tax *refunds*—for a "negative" 1981-83 tax rate of −11.2%. But, unfortunately, in 1984 Coke became more like Pepsi—a change that may leave a flat taste in the mouths of taxpaying Coke drinkers. Last year, Coca Cola Co. managed to cut its tax rate to just 10.5% (while Pepsico's tax rate rose to 2.4%).

And still another example: In 1981, Sara Lee Corp. (then known as Consolidated Foods) paid 42.6% of its profits in federal income taxes. But then the company entered the tax leasing business, and cut its rate for 1982 through 1984 to a mere 5.1%.

Even as companies like Whirlpool and Sara Lee join in the tax-avoidance game, however, they concede that it is not particularly happy about it. "A lot of effort is being put into these special tax subsidies—a lot of wasted time and wasted administrative effort," says a Whirlpool executive.[3] And Sara Lee's Chairman, John H. Bryan Jr., despite his company's currently low taxes, has argued forcefully that the present system of corporate tax loopholes is "indefensible."

Mr. DECONCINI. Mr. President, the condition of the American tax system is critical. Our present system of preferences, deductions, allowances, and exemptions has gotten us to the point where many major American corporations pay no income tax. This is one of the many reasons why I have proposed a flat tax bill. However, I am a realist and am aware that my flat tax bill is not going to pass in the next few weeks or even the next few months. Therefore, I believe that we need to pass a minimum corporate tax, and this is the time and place to do that.

I recently did some research on the issue of those who pay no corporate income tax. Of the top 10 Department of Defense [DOD] contractors for whom data is available for tax year 1983, 5 paid no corporate income tax.

In 1983 General Dynamics received DOD contracts totaling $6.6 billion; they showed a profit that same year of $492.5 million but paid no dollars in corporate income tax to the Federal Government.

General Electric had $4.5 billion of DOD contracts in 1983; they had a profit of $2.4 billion, yet paid no dollars in corporate income tax.

Also in 1983, the Boeing Corp. received $4.4 billion in DOD contracts; their annual statement showed a profit of $475 million; they, too, paid no tax.

A pattern has begun to develop.

In 1983, Lockheed had DOD contracts totaling $4 billion, profits of $461.8 million, and paid no Federal corporate income tax.

And Grumman, receiving $2.3 billion in DOD contracts, showing profits of $182.7 million; also paid no corporate income tax.

Mr. President, this is incredible. Many of the same corporations that are building the systems to defend this country are not paying a cent to contribute to that defense.

But it is not just defense contractors who are getting away scot-free. According to the report prepared by Citizens for Tax Justice, 66 major American corporations paid no tax in 1983. In addition, many of these received a refund check from the Government. Additionally, according to a 1983 study by the Joint Committee on Taxation, certain industries pay an incredibly disproportionate share of their corporate income in Federal taxes. For example, in 1982 the computers and office equipment industry as an industry paid 26.4 percent income tax on U.S. income. At the same time according to study, the aerospace industry had a U.S. tax rate of −0.6 percent. This does not create a fair market atmosphere. Rather, it discriminates in favor of certain industries at the expense of others. This simply is not fair and needs to be corrected.

It is not fair to the rest of corporate America, most of whom do pay their fair share of taxes. It is not fair to the average American citizen who is paying a good bit of his income in taxes, and does not have and cannot afford fancy means of sheltering that income. It is not fair that some industries in America pay little or no tax while others pay extremely high taxes. Mr. President, all these things are not fair and I think the time has come to inject a little equity into the tax system.

I could continue a litany of the outrages present in the corporate income tax system, but I will not take the Senate's time reciting more facts. Suffice it to say that a minimum corporate tax is long overdue and I urge my colleagues to support this amendment.

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[2] See, e.g., *Harper's*, June 1985.

[3] *See* C. Stock, "Whirlpool fights to shed high-tax tradition," *Detroit Free Press*, May 26, 1985, p. 13A.

Mr. BOREN. Mr. President, how much time is remaining to the Senator from Oklahoma?

The PRESIDING OFFICER. One minute and 10 seconds.

Mr. BOREN. Mr. President, let me just conclude briefly. I think all of us know the arguments that are here to be made. This will give us a chance, prior to the first triggering under the Gramm amendment on October 1, 1986, to put a minimum corporate tax in place and to make sure that before we ask the rest of the American people to make the sacrifices necessary to bring down the budget deficits that, among others, we will have those 50 of the Nation's largest corporations who paid no tax at all on $56 billion worth of profits over the period from 1981 through 1984, we will make sure that they pay their fair share before we ask the rest of the American people, most of whom are already paying their share of taxes, to join in an effort to get the budget deficits reduced.

The PRESIDING OFFICER. Who yields time?

Mr. METZENBAUM. Mr. President, what is the time and who has how much time left?

The PRESIDING OFFICER. The Senator from Oklahoma has 10 seconds.

Mr. BOREN. I am happy to yield to the Senator from Ohio.

Mr. METZENBAUM. I just rise to say I support the concept of a minimum tax and I appreciate what my colleague is attempting to do. But, in all honesty, this is not a minimum tax. It will not go into effect this year and it does not provide the amount that should be provided. So I respect him for his efforts, but, having said that, I think if we pass it, it will indeed be nothing more than a nullity.

Mr. BUMPERS. Mr. President, does the Senator from Oregon have additional time?

The PRESIDING OFFICER. The Senator from Oregon has 9 minutes and 15 seconds.

Mr. BUMPERS. Will the Senator from Oregon yield 30 seconds to me?

Mr. PACKWOOD. I am happy to yield to my colleague from Arkansas.

Mr. BUMPERS. Mr. President, I just want to emphasize that every one of these corporations is not only legitimate, they are an indispensible part of the economy of this country. They are not doing anything illegal in claiming tax preferences. They are simply taking advantage of all the deductions and tax credits and loopholes that are available to them under the tax laws.

In 1981, when we cut corporate and personal taxes by $653 billion over a 5-year period, I said two things: No. 1, we are going to create deficits that will choke a mule, which we have done. I was one of the 11 Senators who voted "no" and immediately I received 500 hostile letters a day from then on. No. 2, in addition to creating huge deficits, I said any corporation in this country that pays taxes after 1981 ought to fire its accountant.

Mr. PACKWOOD. Mr. President, I am prepared to yield back the time on this side. I understand the time on the other side is gone. We are ready to vote.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. BOREN]. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Maryland [Mr. MATHIAS] is necessarily absent.

The PRESIDING OFFICER [Mr. GORTON]. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 88, nays 11, as follows:

[Rollcall Vote No. 205 Leg.]

YEAS—88

Abdnor
Andrews
Armstrong
Baucus
Bentsen
Biden
Bingaman
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
Evans
Exon
Ford
Garn
Glenn
Goldwater
Gore
Gorton
Grassley
Harkin
Hart
Hatch
Hatfield
Hawkins
Heinz
Helms
Hollings
Inouye
Johnston
Kassebaum
Kasten
Kennedy
Kerry
Lautenberg
Leahy
Levin
Long
Matsunaga
Mattingly
McClure
McConnell
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Pressler
Proxmire
Pryor
Quayle
Riegle
Rockefeller
Rudman
Sarbanes
Sasser
Simon
Simpson
Specter
Stafford
Stennis
Stevens
Thurmond
Trible
Warner
Weicker
Wilson
Zorinsky

NAYS—11

Denton
East
Gramm
Hecht
Heflin
Humphrey
Laxalt
Lugar
Roth
Symms
Wallop

NOT VOTING—1

Mathias

So the amendment (No. 739) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BOREN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, first, let me yield to the distinguished senior Senator from North Carolina.

Mr. HELMS. Mr. President, I thank the distinguished majority leader.

Mr. President, I simply want to note the presence in the Chamber of the finest colleague a Senator could ever have, my colleague from North Carolina, Senator EAST.

[Applause, Senators rising.]

Mr. HELMS. Mr. President, that applause says it all. I thank the leader.

Mr. DOLE. Mr. President, I thank the distinguished Senator from North Carolina. Obviously, we are pleased to have Senator EAST back.

We have a number of votes, JOHN, that you can participate in.

Mr. DOLE. Mr. President, let me indicate to my colleagues what we would like to do this evening. We have an amendment now, a Pressler amendment, which I understand is a sense-of-the-Senate amendment to the Gramm-Rudman-Hollings amendment. It is my understanding that the authors have cleared the Pressler amendment. The Senator from Michigan has an amendment which has been cleared, and the Senator from Florida [Mrs. HAWKINS]. We can complete action on those in short order. Then the Exon amendment, which will require a rollcall. It will take a full hour, I guess. So there will be a little bit of an opportunity for people to do whatever they have a commitment for away from the Capitol.

The next order of business would be the Dodd-Kerry amendment if that is to be offered. Then, according to the wishes of the distinguished minority leader, if he could lay down the Democratic leadership amendment, we could have some debate on that.

I think we can dispose of all these amendments that are pending. There is also a Melcher amendment on the minimum tax. I assume that will take a rollcall. So there are probably a couple of rollcalls out of these six, then lay down the leadership amendment and, hopefully, dispose of that tomorrow morning or not later than 1 p.m.

Then there are a number of other amendments that would come after disposition of the Gramm-Rudman-Hollings amendment.

I hope we can reduce the number of amendments. There may be another minimum tax amendment. We just had one, we are going to have another. It seems that two ought to be enough. I hope at that point we would be able to table all the amendments that are duplications.

Mr. President, if there is no objection, I ask unanimous consent as I did earlier that the distinguished Senator from South Dakota [Mr. PRESSLER] be recognized to offer an amendment, that there be 40 minutes of debate equally divided, and that no amendment be in order.

Mr. HART. If the distinguished majority leader will permit me, I am sure the majority leader did not mean duplicitous.

Mr. DOLE. Duplicative, yes. We will table the others.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 741

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. PRESSLER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. PRESSLER] proposes an amendment numbered 741:

It is the sense of the Senate that any funding reductions or sequestering of controllable expenditures implemented by the various Federal agencies as a result of this act shall be made uniformly and shall not disproportionately be made in the funding of programs targeted for rural and less populated areas.

Mr. PRESSLER. Mr. President, I shall very briefly explain this amendment. I shall not seek a rollcall vote, since both sides appear to have agreed to it.

I am introducing this amendment today which will help to insure that any funding reductions or sequestering of controllable expenditures implemented as a result of the act shall not force programs serving rural and less populated areas of our country to absorb an unfair amount of these cuts.

This is not to say that I do not support attempts to balance the Federal budget. I most certainly do.

I add, Mr. President, that I have kept my voting within a balanced budget during my time in the Congress. I am also not saying that rural and less populated areas should receive more than their fair share. Almost without exception, individuals in my State with whom I have spoken are not looking for special treatment. They are perfectly willing to accept cuts as long as everyone in every economic category and every geographic area share equally in the burden.

Under the deficit reduction plans being discussed, any budget cuts will likely be made by a uniform percentage in an across-the-board fashion. However, this simply applies to each major line item of the budget. After the uniform cuts are made, it will be the responsibility of the various Federal agencies to decide how the mandated savings will be achieved within their particular programs.

Certainly we hope that these agency level cuts would also be made uniformly and fairly. I think that is part of the intent of this body. I think that most Members, on both sides of the aisle, desire this end. However, after 11 years in Congress, I have seen too many instances where agencies miss the intent of Congress in the implementation of legislation unless it is clearly defined.

I am greatly concerned that while the line-item cuts made by the President and Congress will be made uniformly across the board, the bureaucrats who decide where the program cuts are to be made within each line item may have the propensity to find an easy target in the funding of programs which benefit the less populated areas with less voting power.

My amendment is designed to establish a legislative history which will prevent this from happening. I support efforts to bring an end to our budget deficit. However, it must be done in a fair manner. My amendment does not change the scope of our efforts. It merely extends our intent throughout the entire process.

Mr. GRAMM. Will the distinguished Senator yield?

The PRESIDING OFFICER. The Senate is not in order.

Mr. GRAMM. Mr. President, let me say to my distinguished colleague——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Texas?

Mr. PRESSLER. I yield to my colleague from Texas.

Mr. GRAMM. Let me say on behalf of the cosponsors of this amendment, the amendment that is currently the vehicle of debate, that we are happy to accept this amendment. I think it sets out as the sense of the Senate what is the intention of this bill. That is that reductions be across the board within the accounts set out in the appropriations process in the Congress.

I think this amendment is helpful in clarifying the intent of the bill and as the sense of the Senate, I strongly support it. I thank my colleague for yielding and for the amendment.

Mr. PRESSLER. Mr. President, I move the adoption of my amendment.

The PRESIDING OFFICER. Is there further debate on the amendment?

If not, the question is on agreeing to the amendment of the Senator from South Dakota.

The amendment (No. 741) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. PRESSLER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, under my rotation plan, the next amendment would be on the Democratic side. I have discussed this with the distinguished Senator from Michigan. The authors of the Gramm-Rudman-Hollings amendment are ready to accept it, but it is my understanding that the amendment is not drafted.

Mr. LEVIN. There is one additional question we are trying to resolve. I also promised Senator RUDMAN that he could be on the floor, that he would have enough notice. He is off the floor at the moment. I also promised Senator GRAMM some kind of notice so he could be here.

The technical change we are working on, Mr. President, we think can be done in 4 or 5 minutes, so I hope, if Senator GRAMM and Senator RUDMAN hear us at this point, they will have that alert. I shall be ready to go as soon as the technical changes are made.

Mr. DOLE. I am ready, if it is satisfactory with the distinguished Senator from Michigan, to move on to other amendments that we think are acceptable to the authors of the Gramm-Rudman-Hollings amendment. They are the ones who would be most involved. That is the amendment of the distinguished Senator from Florida [Mrs. HAWKINS]. Then we shall come back to Senator LEVIN's amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senator from Florida (Mrs. HAWKINS) be permitted to offer an amendment, that there be 40 minutes on the amendment, 20 minutes to a side, and that no amendments to it be in order.

The PRESIDING OFFICER. Is there objection?

Mr. CHILES. I object, Mr. President. I not only object to the time agreement; I have not seen the amendment.

Mr. DOLE. It is an amendment to the Gramm amendment.

Mr. CHILES. A time agreement binds all of us, does it not, Mr. President? It has been modified a number of times and I guess it can be modified again. It seems if we are to enter into time agreements, we should have a chance to look at the amendments. I thought that was our deal yesterday.

Mr. DOLE. As I understand it, we agreed to accept a number of modifications offered primarily by Senators on that side; by modification, instead of modifying them, they wanted to offer them on the floor. That was the agreement with the distinguished Senator from Michigan.

Mr. CHILES. It was made very clear to Senator DOMENICI and others that we wanted to look at any agreement before we agreed on a time limitation.

Mr. DOLE. Mr. President, I shall not make the unanimous-consent request on time, but I ask unanimous consent that the Senator be permitted to offer the amendment.

Mr. CHILES. I object to that. I have not seen the amendment.

Mr. DOLE. Mr. President, while the distinguished Budget chairman is on the floor, there is some question about the amendment that was to be offered by the distinguished Senator from Florida (Mrs. HAWKINS).

Mr. CHILES. I withdraw my objection to the introduction. We have had a chance to look at it. Some people over here might want—I do not know about a time agreement. I will leave that to my colleagues, but I withdraw my objection.

Mr. DOLE. Let me then get consent that the amendment may be offered without a time agreement and there be no amendment in order to the amendment.

The PRESIDING OFFICER. Is there objection? The Chairman hears none, and it is so ordered.

Mr. DOLE. Mr. President, let me address a question to the distinguished chairman of the Budget Committee. I am not fully conversant with the amendment. As I understand, it was in the original Gramm-Rudman-Hollings proposal, and then in the modification it was removed. What this amendment will do is put it back. It is an amendment in the third degree to the pending Gramm-Rudman-Hollings-Boren proposal. Is that correct?

Mr. DOMENICI. The leader is correct. This amendment would with specificity say that any reconciliation bill containing provisions with respect to Social Security would be subject to a point of order. That is what this amendment does. The pending amendment does not have this point of order language. It has all the other language—that it is not on budget, not subject to sequestering. All this says is that inclusion in reconciliation is subject to a point of order.

Mr. METZENBAUM. Will the chairman of the Budget Committee yield for a question?

Mr. DOMENICI. Of course.

Mr. METZENBAUM. Am I not correct in my understanding that the Gramm-Rudman amendment now provides that it shall not be applicable to Social Security benefits and that Social Security benefits are excluded from the Gramm-Rudman amendment?

Mr. DOMENICI. That is correct.

Mr. DOLE. That is correct.

Mr. METZENBAUM. So that this amendment is in the nature of a bookkeeping entry or parliamentary procedure having to do with the raising of a parliamentary point of order. But on the substantive issue, on the matter of protecting the rights of Social Security recipients, that is already provided for as an exception to the Gramm-Rudman amendment.

Mr. DOMENICI. The Senator is absolutely correct.

Mr. METZENBAUM. I thank the Senator.

Mr. SARBANES. Mr. President, will the chairman of the committee yield for a question?

Mr. DOMENICI. I yield.

Mr. SARBANES. Was this provision included in an earlier version of the proposal of the distinguished Senator from New Hampshire and the Senator from Texas?

Mr. DOMENICI. The Senator is correct, it was.

Mr. SARBANES. And then it was removed, do I correctly understand?

Mr. DOMENICI. I do not know if it is removed or if it just is not in it. The point is that there is confusion about the point of order. That has been worked out, with the amendment to be offered by the distinguished junior Senator from Florida, making any reconciliation bill containing Social Security specifically subject to a point of order.

Mr. SARBANES. We have been assured by the sponsors of the Gramm-Rudman proposal that Social Security was exempted.

Mr. DOMENICI. It has always been exempted.

Mr. SARBANES. Is it exempted from the amendment now before us, to which this amendment is being added?

Mr. DOMENICI. It is. Indeed, the amendment to that extent is the same as is pending. All that is added here is that reconciliation is made subject specifically to a point of order.

Mr. SARBANES. So that this is not really an amendment of substance?

Mr. GRAMM. Mr. President, if the Senator will yield, it is an amendment of substance in the following sense: that we have put in the bill that Social Security is permanently taken off the budget and therefore cannot be part of any accounting so far as the budget is concerned in the President's submission and in the action of the Budget Committee.

However, the Senator from Florida wants to add an additional protection, an extraordinary protection, which would basically impose a point of order against any effort to use Social Security as part of the budget process. So it simply is an addition which adds an extra degree of protection by strengthening the rule.

It is substantive in that point of view, in that it carries out the will of the initial bill but does it with an initial hurdle.

Mr. SARBANES. As I understood it from the response earlier, a provision of this sort was included in the original proposal of the distinguished Senator from Texas. Is that correct?

Mr. GRAMM. I am sorry, I did not hear the Senator.

Mr. SARBANES. As I understood from a response given earlier, a proposition of this sort was included in the original proposal of the distinguished Senator from Texas. Is that correct?

Mr. GRAMM. The proposition was included in a draft. The proposition was not included in the amended version that is currently before this body.

Mr. SARBANES. I understand that. But in the prior version—

Mr. GRAMM. It has been discussed. It was discussed with the Senator from Florida. It was felt at one point that that was not necessary. She felt that it was, and her amendment, in essence, puts it in the bill.

Mr. SARBANES. The distinguished Senator from Texas has provided blanket assurances in discussing his amendment about Social Security, at the point when the distinguished Senator from Texas omitted this provision——

Mr. GRAMM. If the Senator will excuse me, we changed the amendment as part of the ongoing consideration. The amendment was modified.

We have had discussion of this bill over a 10-day period, and we have solicited opinions of majority and minority Members.

We have excluded Social Security from the budget process permanently and from sequester and from reconciliation. We have discussed with the distinguished Senator from Florida, on a continuing basis, the Social Security concern.

In fact, she was the first Member of this body to introduce a bill to take Social Security off budget, and she has been a continuing conscience of this body in addressing the issue of Social Security, in removing it from the budget, so that that freestanding trust fund can be dealt with separately.

With respect to the modification and the point of order which was discussed earlier, we felt that once we had complied with her wishes to take it off budget, it was not important to have the specific point of order. The distinguished Senator from Florida feels strongly that it is, and that is the purpose of her amendment, and I support the amendment.

Mr. SARBANES. I am not getting so much at the purpose of the distinguished Senator from Florida as I am about the constant assurances which have been given us by the sponsors of the amendment to which this amendment is being offered that Social Security is not affected.

I think it is another example, another instance, about representations being made about what is in the Gramm-Rudman proposal. We have constantly heard assurances, as proposed by the distinguished Senator from Texas and others, that it does not affect Social Security. Now we are being told that you need this amendment in order to be sure about that. Assurances have been given repeatedly on that issue.

Mr. GRAMM. Mr. President, will the Senator yield?

Mr. SARBANES. I yield.

Mr. GRAMM. The commitment made in the bill, as described by its cosponsors, was to take Social Security off budget and out of the whole process of sequester. The distinguished Senator from Florida wants to insert in the bill a requirement that a specific point of order lie against any effort to bring a bill to the floor that deals with Social Security. She believes that is an important element to be added to the bill. I support it, and I intend to vote for it.

Mr. SARBANES. The only point I want to make is that this provision was in the previous proposal of the distinguished Senator from Texas and either was thought superfluous and was removed or was taken out for some other reason. Yet, assurances have constantly been given that Social Security is going to be protected fully, by the sponsors of the Gramm-Rudman amendment.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader has the floor.

Mr. BYRD. No. I understood——

The PRESIDING OFFICER. The majority leader has had the floor throughout this entire discussion.

Mr. BYRD. I just inquired of the Parliamentarian, and he said that the Senator from Maryland had the floor.

The PRESIDING OFFICER. The Senator from Maryland was never recognized by the Chair, except to ask questions of the Senator from Texas, who in turn had yielded for questions by the majority leader.

Mr. SARBANES. How could he be yielded time? Who has the floor?

The PRESIDING OFFICER. The majority leader has the floor.

Mr. DOLE. Mr. President, all I would like to do is get the amendment before us and move on to other amendments. We have a number of amendments to dispose of. If we are going to play the old 86 game—we know that is happening here—we may start the same process. We may move to table what is up there now and start voting on the Gramm-Rudman amendment. We are not going to extend the debt ceiling until we have a vote on the Gramm-Rudman amendment.

If Members on the other side want to delay, we will delay; but we are going to be here all night delaying and all day tomorrow delaying.

These amendments have been agreed to. We agreed to the Pressler amendment, the Levin amendment, the Hawkins amendment. We are ready to take up the Exon amendment, the Melcher amendment, the Dodd-Kerry amendments. I understood that we could do those this evening.

I just hope we could let the distinguished Senator offer the amendment and then if there is some debate over the amendment we could debate the amendment. If there is a question of someone's integrity we can debate that.

Mr. RIEGLE. Mr. President, will the Senator yield?

Mr. SARBANES. Mr. President, will the Senator yield on that point?

Mr. DOLE. I yield on that point.

Mr. SARBANES. Mr. President, there is no question with respect to anyone's integrity, and I do not know on what basis the majority leader introduces that element into the conversation.

Mr. DOLE. Because I made repeated references how they have been shuffling around the papers and——

Mr. BYRD. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The regular order is the majority leader has the floor.

Mr. BYRD. The regular order also is that other Senators not be addressed in the second person.

Mr. DOLE. Mr. President, I ask for the yeas and nays on the amendment. It has not been offered yet.

Mr. BYRD. We would like to see the amendment.

Mrs. HAWKINS. The Senator has not offered the amendment.

The PRESIDING OFFICER. The amendment has not been presented.

Mr. SARBANES. We agreed earlier to the offering of the amendment, I say to the Senator.

Mr. DOLE. It is all right if she offers it. Let her offer it.

Mr. SARBANES. Fine.

AMENDMENT NO. 742

(Purpose: To prohibit reconciliation with respect to the old-age, survivors, and disability insurance programs)

Mrs. HAWKINS. Mr. President, I ask unanimous consent that it be in order for me to offer an amendment to the pending amendment in the second degree, Amendment No. 730.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Florida [Mrs. HAWKINS] proposes an amendment numbered 742.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. BYRD. Mr. President, I object. It is a short amendment. I wish to hear it.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the appropriate place, insert the following:

( ) POINT OF ORDER.—Notwithstanding any other provision of law, it shall not be in order in the Senate or House of Representatives to consider any reconciliation bill or reconciliation resolution reported pursuant to a concurrent resolution on the budget agreed to under section 301 or 304 of the Congressional Budget Act of 1974, or any amendment thereto, or conference report thereon that contains any provision with respect to the Federal Old-Age Survivors Trust Fund or the Federal Disability Insurance Trust Fund, with respect to revenues attributable to the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, or with respect to the old-age, survivors, and disabilty insurance progam established under title II of the Social Security Act.

Mrs. HAWKINS. Mr. President, the amendment I am introducing is very interesting obviously to many people in the Chamber and is one that I feel is crucial to complete the picture of removing Social Security from the unified budget.

This amendment states that changes in Social Security cannot be made in reconciliation.

Mr. President, unless we include removal of Social Security from the reconciliation process, removal of Social Security in the Gramm amendment is merely cosmetic. The whole idea behind removing Social Security from the unified budget is to make changes in the program based on the needs and constraints of the program itself and not for short-term budgetary reasons. Social Security is self-financed and has long-term goals. It should not be subject to the same constraints of programs competing for scarce general revenue funds.

If my amendment is not adopted, it does not mean that changes in Social Security could never be made. It merely means that if and when changes are made to Social Security, it would not be in the context of the budget.

This amendment is necessary because if this body decides that it does not want Social Security to be tampered with in the budget process, then we ought to carry that out in a meaningful way.

Without my amendment, Members could support the idea of separating Social Security from the unified budget and go home to their States and tell all their elderly people that they no longer need to fear the budget process and its effects on their Social Security payment because we have separated the two. But, then what would happen if we passed a budget resolution with no mention of Social Security, only to find that the Finance Committee had made a substantial cut in Social Security in its reconciliation bill? Would we then have really taken Social Security away from the budget ax? Of course not. We simply would have made an empty promise to our elderly at home. They would still have reason to fear the budget process.

Mr. President, I consider this to be one of the most crucial issues to ever come before this body, an issue of such gravity that it demands immediate action. Each year, our elderly are terrorized during the budget process as funding for the Social Security Program is kicked about like the proverbial political football of partisan gameplayers. This annual reoccurrence of planned, premeditated terrorism is unconscionable and should be ended immediately.

I urge this body to take action today out of respect for our senior citizens to put their minds at ease, and I urge my colleagues to join me in this effort.

Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. RIEGLE. Mr. President, I have concern that is very strong in this area and I have been involved in a number of actions to protect Social Security in the Budget Committee and in the Chamber over a period of years. So this is of very particular interest to me, and I just want to observe that in the exchange of questions and answers between the Senator from Maryland and the sponsor of the overall package, the Senator from Texas, I do not think we got a straight answer to the question that was being posed, and that was this:

Was this provision in the original Gramm proposal, and was it represented in the discussions which have been very numerous on the floor as being in there in the original proposal so that there was an ironclad protection for Social Security that could not be tampered with. That we could not have back door cuts in Social Security and in some way the Finance Committee or anyone else could not come in and somehow raid the Social Security Fund?

As I understand it, this protection was in the original version and assurances were given over the last several days that that was the case, that there was absolutely no way, shape or form that anyone could take and somehow raid Social Security.

When the Senator from Texas was asked by the Senator from Maryland if in fact somewhere along the way it was dropped out, he really, I felt, got an evasive answer and not a straight answer.

The question in my mind and the reason I will explain why I want the answer, the question that I am asking is this: If it was in the original version why was it dropped out, and if it was dropped out what else has been dropped out? Are there other things where assurances were given and where we were led to understand that certain provisions would work in certain ways that between Gramm I and Gramm II or the subsequent versions of Gramm that there have been other deletions, mysterious or otherwise, that have happened that would in a sense nullify assurances that were given earlier about the protection of certain items. That is the issue.

I am familiar with this language because it is not new or unusual language. But the point is if the assurances were given before on the basis that this was part of the original package and it somehow got lost along the way, dropped out, what else has been dropped out? Was it dropped out and if so why was it dropped out and what else has been dropped out?

That is a question that I think has to be answered, and it was put by the Senator from Maryland and I am putting it myself, and I do not think we got a straight answer from the Senator from Texas.

So if he is within the sound of my voice I would hope that at some point he would return to the Chamber and give us an answer, a direct answer, on that. Was it in the original version? If so why was it dropped out? Second, what other provisions of this kind have also been dropped out that we may not yet know about?

I yield the floor.

Mr. RUDMAN. Mr. President, will the Senator from Michigan yield?

The PRESIDING OFFICER. The Senator from Michigan yielded the floor.

The Senator from New Hampshire is recognized.

Mr. RUDMAN. Mr. President, let me say to the Senator from Michigan, first, the only assurance that was ever given from the beginning was that Social Security COLA's would not be subject to the sequestering. That was true from the beginning and it is true now.

There was never any representation made as to what method might be adopted to make it more difficult for someone at a subsequent date to include those COLA's back in.

As a matter of fact, in an original draft that was not submitted to the Senate there was provision to that effect and during discussions the cosponsors themselves removed it. Senator HAWKINS and others have thought it should be in.

That is the answer to the Senator's second question.

His third question, let me tell him that there has been no representation as to any major substantive part of the operation of this bill that has been changed. As a matter of fact, the only change that will be coming that I will consider to be significant, significant in a sense that the Senator from Michigan, who is a superb lawyer, spotted language which he felt could be improved upon, and we agree with—I am talking about the other Senator from Michigan, although I am sure this Senator from Michigan is a superb lawyer also—that what we have decided was to improve it in that way.

But in terms of the question of the Senator from Michigan as to whether or not there have been other major parts of this bill that we have represented that have been moved in any way, the answer is clearly no. The copy is here for everyone to inspect. And we have not done that.

Mr. RIEGLE. Mr. President, let me say to the Senator from New Hampshire that I did not see him in the Chamber, so I apologize to him, because I would have addressed the question to him.

I appreciate the courtesy of his response.

If I may just ask one other question, and that is, as I understand it, this was in the original draft, it was in the original draft, not in what the Senator said he submitted officially, but the original draft of the proposition that the Senator is a leader in developing. Is that correct?

Mr. RUDMAN. In order to answer the Senator's question precisely—and I try to be kind of careful how I answer questions around here—there was so much negotiations going on, there was a procedure in the original draft that would have made it more difficult for subsequent Congresses to tamper with this COLA exception to the sequestering order. Whether or not it was precisely as the Senator from Florida is now offering, frankly, I do not remember. That was 2 weeks ago.

Mr. RIEGLE. Fair enough.

Mr. RUDMAN. And the Senator from Michigan will agree with former Justice Frankfurter, who said that lawyers become great experts in many things for extraordinarily brief periods of time.

Quite frankly, I had forgotten all about what the draft said.

Mr. HEINZ. Will the Senator yield?

Mr. RIEGLE. I will be happy to yield to the Senator from Pennsylvania in just a moment.

But I just want to say two things first. So there was a protective device in the original draft. It may have been somewhat different than this, but there was a way to tighten it down, to give it an additional measure of protection, and for some reason that was removed.

It would be interesting to me to know why that was removed. Was it removed for reasons of a belief it was not needed? Because if the judgment was that it was not needed then, why is it needed now? That is part of the question I guess I am asking.

Mr. RUDMAN. The answer to the first question is, yes, there was protection; maybe not precisely, but, yes, there was. Was it removed for a reason? Yes, it was removed for a reason. What was the reason? Some people felt that it was unnecessary to further constrict the bill with procedural inhibitions, which it already had some. The Senator from Florida, obviously, feels differently.

Mr. RIEGLE. I will just say one thing further. In the illustration the Senator from Florida used, she spoke about the possibility of the Finance Committee, in a sense, trying to violate the whole sense of this document; namely, the Finance Committee would somehow, in the hypothetical, propose a cut in Social Security benefits. And I gather that what we are doing here, the thrust of the package and its written language is such that that could not and would not happen; that if the Finance Committee somehow could get loose and, in effect, come back in here and propose cuts in Social Security, that would somehow be protected by this particular amendment.

I gather that that is really a false fear, going to the issue of whether or not we want to alarm people. The Finance Committee would not be in a position where they could do that. Am I wrong in that?

Mr. RUDMAN. Quite frankly, if I could answer that question, I would. I am not on the Finance Committee. I do not know what they can do.

Mr. HEINZ. If the Senator will allow me to answer, without losing his right to the floor.

Mr. RUDMAN. The Senator from Michigan has the floor.

Mr. RIEGLE. I have the floor.

Mr. RUDMAN. I will sit down and you may ask that question.

Mr. HEINZ. Will the Senator yield to a member of the Finance Committee?

Mr. RIEGLE. It is like a tag team wrestling match. Here comes the other half of the team.

Yes, I yield to the Senator from Pennsylvania to respond to the question.

Mr. HEINZ. I will do the best I can.

First, I wish to make a disclaimer to my friend from Michigan that I do not pose as a parliamentary expert who is steeped in 30 years of experience and precedents of the Senate, or an expert in all the intricacies of the Budget Act, which has been with us for some 10 to 11 years.

First, I think we first do agree that the legislation needs language that does what the Senator from Florida suggests this does; namely, to put an extra lock on the door so no one can say that Social Security is going to end up in reconciliation. That is the intent.

This language, whether or not it is identical to some draft that was circulated at some other point in time, as I look at it, it is not identical to some of the other drafts I have seen. But, nonetheless, it does a very important job by making a point of order in order against any reconciliation bill that comes to the floor with Social Security cuts in it.

Now, I take the thrust of the Senator's other question to be what rights and privileges are there remaining to the Finance Committee. We have dealt with the Budget Committee. The Budget Committee cannot do anything to Social Security in reconciliation.

My understanding would be that—and if someone wants to correct me, please do so—the Finance Committee retains jurisdiction over the programs involving the Social Security Act. And were it required, for reasons having to do with the solvency of Social Security, reasons of equity, having to do with either the taxes or the benefits involving Social Security, or any other reason having to do with it that we might see fit, but not having to do with reconciliation and the budget process, we could work our will, as we have in the past, on the Social Security Program. But not as part of the reconciliation.

Mr. RIEGLE. This is an important point and I want to be sure I understand it. Impressions were given, if we pass the Gramm proposition in its present form, that there could be no cuts in Social Security, and that there could be no cuts in the COLA's in Social Security; that there is an absolute protection to be provided by the Gramm package and that no matter what device anybody uses there is no way for somebody to reach in and, basically, take those things away; and that, in fact, you would not need a second or a third or a fourth or a fifth lock on the door. If the Gramm proposition is as it is represented to be, then that money is absolutely safe and beyond reach.

What I am saying is, is that assurance that we have been given then not so? Is it, in fact, such that Social Security can be tampered with and the COLA's could be invaded?

Mr. HEINZ. At this point, you get into a question of judgment. It is my judgment that the original amendment of Senators RUDMAN and GRAMM did a good job that removed Social Security from the budget. It said that on its face and nobody quarreled with that. It comported, therefore, with the spirit of the sense-of-the-Senate resolution that I myself offered and we all voted against.

Mr. RIEGLE. And many of us cosponsored with the Senator.

Mr. HEINZ. And the Senator from Michigan cosponsored that.

I can only say—and I do not wish to prolong the Senator's kindness in yielding to me—that this could only help. This is a positive step forward. I suspect we all could sit down and come up with an even longer version of this amendment, which might or might not be a better version of it. But I am convinced that this is worth doing and we should do it.

Mr. RIEGLE. Let me ask the Senator this: If we did not do this or if this had not been offered, is it fair for me to assume, then, that the Finance Committee would still have the latitude, under the Gramm proposition that is now before us, to go in and make cuts in Social Security or to in any way tamper with the COLA's?

Mr. HEINZ. Well, the Finance Committee always has the latitude, because it is the committee of jurisdiction, to report a bill having to do with Social Security. The key question is, What happens to Social Security in the budget process. It is this Senator's judgment that the language in the bill prior to the Hawkins amendment is clearly indicative of the intent of the authors not to touch Social Security.

The amendment of the Senator from Florida, Senator HAWKINS, in my judgment puts a second lock on the door and makes it in order for anybody to make a point of order against a reconciliation bill. Whether or not that is an extra bonus that other Members of the Senate think is worth having, I cannot speak for other Members of the Senate. I can say for this Senator that I am glad that this amendment does that job.

Mr. RIEGLE. Let me just say two things. One is, if you have the second lock on the door on the assurances that are being made—namely, the Gramm proposition—then that raises a whole new issue, because there are a lot of areas where we may need second locks on the door.

But that leads to a more important point. I thought that what we had here was a proposition that was being put forward as giving an absolute assurance that nobody could reach into and somehow steal away any of this money, not the Finance Committee or anybody else. If what the Senator is saying is that, despite the wording of the Gramm proposition, the Finance Committee could, nevertheless, bring forward cuts in Social Security or reductions in COLA's, then I think that stands very much at odds with all of the assurances that have been given thus far. That is really the heart of my concern.

I yield the floor.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. I ask the Senator from Pennsylvania before he leaves the floor—perhaps the Senator from New Hampshire will assist me on this. There are some of us on this side of the aisle who made a condition of our participation as sponsors on this bill the fact that Social Security was totally protected.

I would like to ask for my benefit as somebody who has been on this bill for these 10 days—someone who has had private conversations with the

Senator from Texas, private conversations with the Senator from South Carolina who is aware of the extent of the private conversations the Senator from South Carolina had with other sponsors of the bill regarding Social Security—and I would like to know whether or not in fact the language that we jointly put into this bill at that point in time did or did not protect Social Security. Perhaps I can get an answer to that. I have the language in front of me. I can certainly assist by reading it.

Mr. RUDMAN. I can say in reply to the Senator from Massachusetts that I am not on the Finance Committee but I have had an opportunity to talk to the staff to understand more fully what I think now is being asked. I think I can answer it. The Senator from Massachusetts is absolutely correct. From the very beginning when he became a cosponsor of this at the time that we offered it publicly, the automatic cost-of-living increases were in fact protected. There is no question about that. That is the only thing that the sequestering pertains to on the first half. It pertains to automatic cost-of-living increases of various kinds. And we exempted Social Security.

The larger question arises which is not addressed by Gramm-Rudman in any particular way. If the unthinkable were to happen, and in a reconciliation action the Finance Committee decided to take a look at some other areas within Social Security—benefit levels and so forth, nothing to do with COLA increases, which is what the Senator from Massachusetts and the Senator from New Hampshire were talking about in the very beginning. This offer by the Senator from Florida would make it more difficult, although I find it inconceivable that the Finance Committee would ever attempt that, but if they ever did the Senator from Florida has been here long enough to know that the inconceivable sometimes happens. If they tried to work at some other base of Social Security, then the procedure set forth in this amendment would make it more difficult. So I guess my answer to the Senator from Massachusetts is his impression and my impression have been exactly and precisely the same since the beginning.

We were talking about the half of Social Security which was included within the so-called COLA's. Social Security is exempt, and will continue to be exempt. And this amendment bears on a different aspect; that is, the base level, if you will, of the Social Security Program.

Mr. KERRY. Again, I would like to come back to the language. On page 35 of the bill, it says pretty clearly, line 20:

> The receipts and disbursements of the Federal Old Age and Survivors Insurance Trust Fund, and the Disability Insurance Trust Fund, and the taxes imposed under sections 1401(a),"—and other sections cited—of the Internal Revenue Code of 1954

That is the enabling legislation raising those taxes.

> shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending of the United States Government.

Does the language mean what it says or does it not?

Mr. RUDMAN. The language means precisely what it says; that is, the language applies to the budget process itself, and that is exactly what is in there. That is what the Senator from Massachusetts and the Senator from New Hampshire wanted. The additional language refers in fact to subsequent reconciliation action, and this would make it prohibitive for the Finance Committee to get involved in that which that language does not touch nor does it touch any other entitlement whatsoever. This Congress is still free to do anything it wants to with the base program. This does not address those.

Mr. KERRY. The subsequent language in here I think does address that. I would reference page 36, where it continues to say:

> No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, or for payments from any such Trust Fund to the general fund of the Treasury.".

That seems to make very clear that there can be no touching of those funds at any point in time subsequent—at any point in time subsequent. I would like to know why that language, which I was part of and others were part of, is not adequate to do this.

Mr. RUDMAN. Let me say to the Senator from Massachusetts the language says exactly what it means relating to transfers. I will repeat. I will say the Senator from New Hampshire does not serve on the Finance Committee. I must say this is somewhat uncharted ground. But I am advised—with all of the language that is in the bill—that the language offered by the Senator from Florida has one single effect. That effect is that any reconciliation taken by the Senate Finance Committee would have to survive a point of order if it dealt with anything that had to do with old age assistance. That is my understanding. That is the only purpose of the language. The other language does precisely what it says. From there on, I guess it is a judgment call.

Let us put it this way: From the point of view of the Senator from New Hampshire, if in fact someone believes the present language already does it, is that all this does is reinforce it. I am not so sure the present language does it. If it does not and we accept this language, then certainly we have taken care of the problem.

Mr. KERRY. I thank the Senator for his answer. I have no quarrel with the Senator from New Hampshire. I think he knows that. My concern is that there are those of us who have been convinced since the beginning of this process that the language we have crafted was adequate, that we have been operating on clear assurances that was well spoken for, and in fact I think the language here is very clear. I think it is clear what this current amendment is, and why it is being put in at this point in time.

I want to clarify one other thing very much for the Record.

On the morning of the press conference that was held to announce this, I had personal conversations with Senator Gramm at which time I talked about taking Social Security off the budget. I came to that press conference. I think you will recall that. At the end of that press conference, a question was asked by Mr. Tom Squitieri, "Is Social Security off the budget?" The answer was given not only that it would be off COLA's should the sequester process take place, but the answer was given at that time that it is off the budget. And there was a document issued at that time. I have a copy of that document which clearly says it was off the budget. Later in that afternoon on the subsequent draft it appeared that language had been changed. I personally got on the telephone to a number of people, sponsors of this bill, and we went around the horn on it. That was changed back to make it clear it was off budget. I constantly refused to sign off until I had assurance that we in fact had not only protected the COLA piece of it but we had taken it off budget. For this Senator's recollection, for this Senator's judgment as an attorney, and for this Senator's judgment on the basis of what other Senator's have said to him in the course of this deliberation, I believe the language in this bill today says what it means, which is that Social Security is protected, has been protected, was intended to be protected, and I personally do not believe this is more than a minor piece of frosting on the cake which is not even necessary to give the protection which has been there all along.

I yield, Mr. President.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER (Mr. Grassley). The distinguished majority leader.

Mr. DOLE. Again, it is judgmental. I am not privy to the original conversation. I am wondering if there is any objection to vitiating the yeas and nays on the amendment. There are a number of our colleagues on both sides of the aisle who hoped they might have a small window of opportunity. I know the distinguished Senator from Nebraska is prepared to offer his amendment which will take about an hour which would give our colleagues at least until 8:15 or 8:20.

I ask unanimous consent that the yeas and nays may be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Is the question on the amendment?

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Florida.

The amendment (No. 742) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mrs. HAWKINS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, is the distinguished Senator from Michigan now prepared to go forward?

The PRESIDING OFFICER. There is a pending cloture motion. Unless the majority leader asks unanimous consent that it be temporarily laid aside.

Mr. DOLE. I ask unanimous consent that it be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. If the majority leader will yield, our friend from Texas is here now. I know Senator Rudman has signed off on this technical change to accomplish what the intent of this amendment is, but I do not know that Senator Gramm has had the opportunity to see this. If he has had the chance, I will send it to the desk. If he has not, I will withhold for a moment.

Mr. GRAMM. If the distinguished Senator will withhold for a moment, I would appreciate it.

Mr. RUDMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I understand the Senator from Massachusetts has an amendment which can be quickly disposed of, a CBO amendment on compliance. Maybe we can dispose of his amendment while Senator Gramm is conferring.

Mr. BYRD. Mr. President, reserving the right to object, I think we should have some understanding as to whether or not we are going to have a vote on cloture today.

Mr. DOLE. I would hope we would not have a vote on cloture today. If we can proceed with the amendments as we are, I will ask unanimous consent at the appropriate time that the vote on cloture be vitiated.

Mr. BYRD. That would be fine with me, but I think we ought to know whether or not there will be a vote on cloture.

Mr. DOLE. There will be votes on amendments.

Mr. SARBANES. Will there be a vote on the cloture motion today? I gather the cloture motion has been temporarily set aside.

Mr. DOLE. I hope that will not be necessary. I am prepared to go ahead with the amendments, lay down the leadership amendment and vitiate the cloture motion.

Mr. BYRD. Mr. President, may I say to the distinguished majority leader I do not want to make his problems more difficult, but we ought to know whether or not we are going to vote on cloture today. If the majority leader wishes to vitiate the order on cloture, that is fine with me, but I do not want it hanging over our heads as we go from amendment to amendment.

By the way, I think when we ask unanimous consent that an amendment may be called up, notwithstanding the fact that the Rudman amendment is in the second degree, I think we ought to make perfectly clear that included in that request is that rule XXII will be held in abeyance as to the cloture motion. If we are just going to ask that it be in order to call up an amendment, that is not enough, in my judgment, because rule XXII requires that 1 hour after the Senate comes in, on the day after the interim day, the Senate shall proceed to establish a quorum and shall vote on cloture.

The distinguished majority leader has been very understanding all afternoon. He knew that we on our side were meeting, trying to develop some kind of a unanimous-consent agreement. He did not allow the cloture to come down, and we are appreciative of his patience. But I think Senators are entitled to know at this hour of the night whether there is any danger that we may still have to vote on cloture before the day is over.

It could, otherwise, occur at 12:30 in the morning.

Mr. DOLE. Mr. President, what I hope we can do, and again I do not have any strong feelings on whether we take care of that now or later, I think if we can get a unanimous-consent request right now that we would take up the amendments recommended by the distinguished minority leader to be taken up and lay down the leadership package tonight, I would be very pleased to do whatever I need to do to get rid of the cloture motion.

Mr. BYRD. I think we can lay down the leadership amendment any time Mr. Chiles is here.

Mr. DOLE. But there are other amendments. There are Senator Exon's amendment, Senator Kerry's amendment, and Senator Levin's amendment. Also, Senator Melcher has an amendment. We have no amendments. There are four amendments. Two will be accepted and two will require rollcalls. Then it would be my hope that we would lay down the leadership amendment. It seems we could complete all of that by 9 o'clock.

Mr. BYRD. That may be true. I do not know. I will have to object to calling up any other amendments at this point without knowing precisely what is in those amendments.

Mr. DOLE. They are on your side.

Mr. BYRD. I was going to say that on some of the amendments that the distinguished majority leader talked about we know what is in them. But we have just seen an example of an amendment called up by the distinguished junior Senator from Florida, and we gave unanimous consent without really knowing what was in the amendment. I do not think we should operate like that. If we know what the amendment is we might give consent or might not.

I am going to insist that we be told whether we will have a cloture vote this evening or not. It is entirely up to the distinguished majority leader.

Mr. DOLE. As I understand the suggestion is that we not take up any of these amendments until we make a judgment?

Mr. BYRD. Yes.

Mr. DOLE. Than I suggest we have the cloture vote.

CLOTURE MOTION

The PRESIDING OFFICER. The clerk will report the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the pending amendment in the second degree to the motion to recommit with instructions.

Bob Dole, Phil Gramm, Al Simpson, Bill Cohen, Mack Mattingly, Paul Trible, Warren B. Rudman, Slade Gorton, Mark Andrews, Strom Thurmond, Pete Domenici, Daniel J. Evans, Bob Kasten, Steve Symms, Jesse Helms, Ernest F. Hollings, and Jake Garn.

CALL OF THE ROLL

The PRESIDING OFFICER. Pursuant to rule XXII, the Chair now directs the clerk to call the roll to ascertain the presence of a quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

[Quorum No. 18 Leg.]

Byrd
Chiles
Dodd
Dole
Domenici
Garn
Goldwater
Gore
Grassley
Hawkins
Hollings
Kassebaum
Kennedy
Levin
Long
Rudman
Sarbanes
Sasser

The PRESIDING OFFICER. A quorum is not present. The clerk will call the names of the absentees.

The legislative clerk resumed the call of the roll and the following Senators entered the Chamber and answered to their names.

[Quorum No. 18 Leg.]

Abdnor
Andrews
Armstrong
Baucus
Bentsen
Biden
Bingaman
Boren
Boschwitz
Bradley
Bumpers
Burdick
Chafee
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Durenberger
Eagleton
Evans
Exon
Ford
Glenn
Gorton
Gramm
Harkin
Hart
Hatch
Hatfield
Hecht
Heflin
Heinz
Helms
Humphrey
Inouye
Johnston
Kasten
Kerry
Lautenberg
Laxalt
Leahy
Lugar
Matsunaga
Mattingly
McClure
McConnell
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Pressler
Proxmire
Pryor
Quayle
Riegle
Rockefeller
Roth
Simon
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Weicker
Wilson
Zorinsky

The PRESIDING OFFICER. A quorum is not present.

Mr. DOMENICI. Mr. President, I move that the Sergeant at Arms be instructed to request the attendance of absent Senators. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. East] and the Senator from Maryland [Mr. Mathias] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 92, nays 6, as follows:

[Rollcall Vote No. 206 Leg.]

YEAS—92

Abdnor
Andrews
Armstrong
Baucus
Bentsen
Biden
Bingaman
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
Evans
Exon
Ford
Garn
Glenn
Gore
Gorton
Gramm
Grassley
Harkin
Hart
Hatch
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Inouye
Kassebaum
Kasten
Kennedy
Kerry
Lautenberg
Laxalt
Leahy
Levin
Long
Lugar
Matsunaga
Mattingly
McClure
McConnell
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Pressler
Proxmire
Pryor
Riegle
Rockefeller
Roth
Rudman
Sarbanes
Sasser
Simon
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Wilson
Zorinsky

NAYS—6

Denton
Goldwater
Hatfield
Johnston
Quayle
Weicker

NOT VOTING—2

East
Mathias

So the motion was agreed to.

The PRESIDING OFFICER. A quorum is present.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

Mr. DOLE. Mr. President, I have been asked by a number of my colleagues what we can anticipate for the remainder of the evening.

Let me indicate, as I have tried earlier, that I should like to get unanimous consent to move ahead with the Levin amendments next, because I understand they will be accepted.

Then an amendment by the Senator from Massachusetts, Senator Kerry, which I understand is going to be accepted. I am not privy to everything in the bill. Then the Senator from Nebraska, Senator Exon, has an amendment which will require a rollcall vote; and then I understand there is another minimum tax amendment to be offered by the Senator from Montana which will require a rollcall vote. Then perhaps we would be in a position to lay down the Democratic leadership amendment.

Mr. President, what I would hope we could do is get unanimous consent at this point to vitiate the vote on cloture and to proceed to these amendments and to lay down the Democratic amendment, debate it for a while tonight, go out and come in fairly early in the morning and try to complete action on that amendment by very early afternoon and then move the Gramm-Rudman proposal, vote on that, and then at that point I will be able on this side to get consent for a short extension and then we can finish.

There are approximately seven or eight other amendments, two on this side and six on that side. I might say that some that were suggested are not relevant. There are some trade amendments which we hope would not be offered, but if they are, then there may be nonrelevant amendments to be offered by this side.

So, I would make this request. I would like to propound the following unanimous consent-request: That the vote on cloture be vitiated; that the amendment by the distinguished Senator from Michigan, Senator Levin, then be in order; that there be 40 minutes on the amendment equally divided; there be no amendment to the amendment; that that be followed by the amendment of the distinguished Senator from Massachusetts, Senator Kerry; that there be 20 minutes equally divided, 10 minutes per side, and no amendment to the amendment; that to be followed by the amendment of the distinguished Senator from Nebraska, Senator Exon, and that there be 1 hour equally divided on that amendment with no amendment to the amendment; and that be followed by an amendment by the distinguished Senator from Montana, Senator Melcher, and that there be a time agreement of 1 hour to be equally divided, with no amendment to the amendment.

Following disposition of those amendments that the Democratic leadership amendment be laid down and we have some brief debate this evening and that would be the pending business tomorrow morning.

Mr. DODD. Mr. President, will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. DODD. Is that unanimous consent propounded?

Mr. DOLE. No, I have not propounded it.

Mr. DODD. I have not made a firm decision whether or not to offer that amendment I raised earlier. I wish to be at least protected if I could.

Mr. DOLE. The Senator would like to be protected if he could.

Mr. DODD. If I could.

Mr. DOLE. I think with reference to the amendment, I might say to my friend from Connecticut, as I understood, he was not prepared or was not certain. We can protect him at a later time if that is satisfactory or I can include it in this request.

Mr. DODD. I prefer to include it in this request if I could.

Mr. DOLE. I ask unanimous consent there be 1 hour on an amendment to be offered by Senators Dodd and Kerry to be equally divided, with no amendment to the amendment.

Mr. LONG. Mr. President, reserving the right to object, may I ask what it is?

Mr. DOLE. That is to remove the means-tested programs. That will require a vote.

Mr. GLENN. Mr. President, a final question: This would not in any way freeze out amendments? I have one that is not in the lineup. That would not freeze it out?

Mr. DOLE. What I am doing, in essence, is following the suggestion of the distinguished minority leader that we take care of these amendments before we vote on the Gramm-Rudman amendment and following the disposition of the Gramm-Rudman amendment that there be an amendment from the Senator from Ohio, the Senator from New Jersey, and I think there would be a third minimum tax amendment of the Senator from New York, an amendment from the Senator from Vermont, and there may be others. But so the answer is——

Mr. GLENN. This would preclude, though, any amendment coming in before the vote on the leadership amendment on this side of Gramm; is that right? Any other amendments besides the one the majority leader mentioned would have to come after the vote on the Gramm amendment?

Mr. DOLE. That is correct.

There are amendments on both sides that come after—Senator DURENBERGER, Senator ARMSTRONG, Senator GLENN, Senator SYMMS, Senator BOREN, Senator MATTINGLY, Senator BRADLEY. But again there is no agreement on any of those amendments. What we would like to do is complete action on Gramm-Rudman some time tomorrow. At that point, as I indicated, I would be able to get unanimous consent on this side for a brief extension of the debt ceiling.

Mr. ARMSTRONG. Mr. President, will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. ARMSTRONG. As I understand it, it would be the plan of the leader to take up this list of amendments prior to laying down the Democratic leadership amendment. I would have no objection to that. But I inquired, whether or not since all of those amendments that would come from that side of the aisle, whether or not it would be agreeable that after the adoption of the Gramm-Rudman amendment the next five or six amendments would come from our side so it sort of evens out.

Mr. DOLE. I would have no objection to that. We have been rotating amendments all evening. It just happens that more amendments come from that side. But certainly I think I believe both sides will agree there should be some balance. We will try to work that out.

Mr. GLENN. Mr. President, I have one question here. I would disagree with that though, because if they want to get it in balance, if Gramm-Rudman passes someone on our side wants to get something in, are we frozen out with six amendments on the other side?

Mr. DOLE. As I count the amendments, there are about three on this side and seven or eight on the other side, even after we dispose of the four pending amendments.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. DOLE. I am happy to yield.

Mr. MOYNIHAN. Do I understand I will have an opportunity to offer an amendment to Gramm-Rudman before it is moved?

Mr. DOLE. Yes; that is correct.

Mr. BYRD. Will the distinguished majority leader yield?

Mr. DOLE. I yield.

Mr. BYRD. The majority leader is following suggestions that had been made by the minority leader. My suggestions were contained in the overall unanimous-consent agreement proposal that I gave to the distinguished majority leader this afternoon. Those suggestions, however, were all part of the overall unanimous-consent agreement that we proposed.

Some will recall that we discussed these amendments in our conference today. I put the proposal in the hands of the majority leader, and I have not heard anything back as to whether or not the proposal is going to be rejected or accepted.

So, I did not make this suggestion, I do not think, outside the context of the unanmous-consent agreement that I proposed.

I would hope the distinguished majority leader would vitiate the cloture vote so Senators will know that is not going to be brought down on our heads at 11 o'clock or 11:30 p.m. or 12 or 12:30 in the morning. When will the distinguished majority leader propose the unanimous-consent agreement with respect to the matters that are in the agreement?

Mr. DOLE. This would be a portion of it right here. As I read the Democratic counter to the Republican counteroffer, it suggests a vote on the Democratic leadership proposal would take place on Wednesday at 11 a.m. or after a minimum of 5 hours' debate, equally divided, whichever comes later. The vote on the Gramm-Hollings amendment—this is the minority leader's suggestion—would come on Thursday. In my view should do that tomorrow afternoon. The Democratic counter offer proposes to include certain amendments which we plan to do. We have no quarrel with that. In fact, we plan to include the amendment Senator KERRY wishes to offer now in the modified Gramm-Hollings-Boren-Rudman proposal.

Then it was suggested in paragraph 4 that these amendments had to be voted on before the vote on Gramm-Rudman-Hollings. I am trying to suggest that we are prepared to grant that request.

Mr. BYRD. What about the rest of the request?

Mr. LONG. Mr. President, reserving the right to object, I know what some of these proposed amendments would be, but as one of the managers of the bill, I am well aware of the fact that anything other than a constitutional amendment can be offered on this measure.

I would like to know specifically what all those amendments are before I give consent because I do not want to be caught napping. I have the responsibility both to the Finance Committee as well as to myself, and I would like to have some indication of what those amendments are. Some of them I think I do know. Some of them I do not.

Mr. DOLE. Could I indicate that the Melcher amendment is a minimum tax amendment?

Mr. LONG. I know what that is.

Mr. DOLE. The Dodd-Kerry amendment would remove means tested programs, and there is another Kerry amendment which would require a study by CBO on tax compliance; the Exon amendment would move the trigger in the Gramm-Rudman-Hollings-Boren amendment, move it forward as I understand; and the Levin amendments are simply changes that have been worked out that I do not think have any—the distinguished Senator from Michigan is there. Maybe he can explain it.

Mr. LEVIN. Mr. President, we are still working on that very, very hard. There is an important change in this. I think we can work it out but we will know in a few minutes.

Mr. LONG. May I have an indication of what that is?

Mr. DOLE. Can the Senator give us some indication?

Mr. LEVIN. Yes. The bill as it now stands talks about expenditures having to be uniformly cut in the event we do not meet the target. There are literally thousands of programs and activities that under that definition could be moved up and down drastically by the President.

To avoid that vast new authority to the President, we are going to define much more carefully what cannot be cut, or to put it more accurately, what must be cut uniformly.

We are going to make sure that, where we have specific appropriations for programs and activities and projects, they will be uniformly dealt with and that we do not add a whole new power to the President to move one project down 90 percent while he does not touch another project.

Mr. LONG. I have no objection to that. What else do you have?

Mr. DOLE. That would be it. Then as I noted the Dodd-Kerry amend-

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ment, which would remove means tested programs from the sequesting process, if I have explained it correctly.

Mr. LONG. I have no objection to voting on that. Is there something else?

Mr. DOLE. The next would be to lay down the Democratic leadership amendment and have some debate this evening and vote on that tomorrow sometime.

Mr. LONG. The Democratic leadership amendment?

Mr. DOLE. Yes.

Mr. LONG. I know what that this is. I thank the majority leader.

Mr. GLENN. Could you get me on that list prior to the vote on the leadership amendment?

Mr. DOLE. What is the amendment of the Senator from Ohio?

Mr. GLENN. It is being prepared right now.

Mr. LONG. Could we have an idea what it is?

Mr. GLENN. Basically, it would be the one I talked about in the caucus today. It would change section 1105(c) of title 31 of the United States Code to require that when the President submits a budget to us he has to submit his plan for a balanced budget and cannot just use a debt increase or increased loans as a method of meeting any deficiencies under the budget.

Mr. LONG. I have no objection to that.

Mr. DOLE. I am following the little outline that was given me by someone in the distinguished minority leader's office and the Glenn amendment was at a later time. We can start playing checkers here. I am going to protect the Senator from Ohio. I am going to give him every opportunity to offer the amendment, because I am not certain that it is not a good amendment.

Mr. GLENN. I think it would be more appropriate that one like this would come up before the vote on Gramm-Rudman than afterward. That is the reason I made the request.

Mr. MELCHER. Would the majority leader yield?

Mr. DOLE. The Senator's amendment is included.

Mr. MELCHER. I heard that. But I did not hear how many we were considering yet tonight.

Mr. DOLE. Hopefully five, two of which would be disposed of very quickly, could have been disposed of earlier.

Mr. MOYNIHAN. Mr. Leader, for purposes of clarification, my amendment would go to the Commodity Credit Corporation, not a minimum tax.

Mr. DOLE. I understand the Senator from Michigan has one that affects the Commodity Credit Corporation, too. He says he does not.

Mr. WALLOP. Will the majority leader yield?

Mr. DOLE. Yes.

Mr. WALLOP. Mr. President, reserving the right to object, and I shall not object, I just find it surprisingly strange that we listened for a couple of days to complaints from the minority side that they did not know what was in this bill, and they are now asking us to reserve time to devote to a minority substitute which is not yet drafted. It is just one of those curious things that happens in the Senate from time ot time.

Mr. DOLE. Mr. President, let me indicate that all I want to do is move this debt ceiling, with an amendment. And I want to assure my colleagues, who have been supportive of what we have been trying to do, that I am prepared to move on amendments all from that side of the aisle and lay down the Democratic leadership amendment. But for those who have another view, I am just making that request and if there is an objection we will do something else.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Reserving the right to object, may we see the request in writing?

Mr. DOLE. I did not write it out. Could we read it back?

Mr. BYRD. If the distinguished majority leader will yield, what will we do about cloture?

Mr. DOLE. That is vitiated, if this request is granted.

Mr. BYRD. May I say to my colleagues, it is perfectly all right with me if we go ahead and vote on amendments late into the night. I think we are entitled to know whether or not the majority leader is prepared to reject the proposal that we made today to him, or whether he is prepared to accept it. If he is not in a position to do that—and he may very well not be—I think we are also justified in asking, in that case, how long will we be here this evening. And if the distinguished leader wishes to keep us in until midnight, personally, that is all right with me. But I do feel we ought to be told whether or not our proposal, which was offered in good faith, is still under consideration, whether it is likely to be accepted, or whether it will be rejected.

Perhaps the majority leader cannot answer the question right now, but we ought to be told how far we are going into the evening.

We have proposed, I believe, 5 hours for the Democratic leadership amendment. That 5 hours is in the event that the whole proposal, the entire agreement, is accepted. We did not propose to take up the amendments piecemeal. If we get the leadership amendment pending, and then the distinguished majority leader may say, "All right, we have handled the amendments up to that time, now we are willing to give you an agreement on your leadership proposal. You proposed 5 hours. We are willing to give you that now."

And if the other side yields back 2½ hours, how much time will Mr. CHILES have had to explain the Democratic leadership proposal? He is not going to have much time to explain it tonight because Senators are going to go home once we stop voting. We all know that. And if we come in, in the morning, at 9 o'clock or 10 o'clock or whatever, then the distinguished majority leader will say, "OK, we have agreed to your proposal on the leadership amendment and you have got 2½ hours to explain it," because I merely want my colleagues to understand that the other side might yield time back, thereby reducing time on the amendment by half.

And I want the majority leader to understand that if we are not going to have the overall time agreement and he wishes to go ahead with the amendments, that is his privilege and his right. He is the leader and he should set the schedule as much as possible. But at least, I will say to the majority leader, that unless this overall proposal is agreed to, with the short-term debt limit extension, then we cannot be faced tomorrow morning with the prospect of taking 5 hours, half of which would be ours and the other half which could be yielded back, on the leadership proposal.

The Democratic leadership proposal is complex and it ought to be debated—everybody ought to know what is in it. That is what we have been saying about the Gramm amendment. So it is all right with me if we want to take it up in the morning. It just may take a little longer to explain. I thank the majority leader.

Mr. DOLE. Mr President, I ask unanimous consent that we move to the Democratic leadership proposal now and take care of the other amendments later and probably dispose of it this evening.

Mr. FORD. It will be a long night.

Mr. DOLE. It is all right with me. We have waited 2 days for this. You all understand the Democratic proposal. You have been working on it for 2 days. We do not need to know a great deal more about what is in it. [Laughter.]

Mr. CHILES. Would the majority leader tell us in what form we would be presenting this, just so we would know how to structure our amendment?

Mr. DOLE. It would be an amendment to the bill. At the appropriate place the amendment would add a new section. Would that be correct, Parliamentarian?

The PRESIDING OFFICER. By unanimous consent?

Mr. DOLE. Yes; I ask unanimous consent that it may be in order.

The PRESIDING OFFICER. The cloture vote will also have to be postponed.

Mr. DOLE. I ask unanimous consent to vitiate the cloture motion.

The PRESIDING OFFICER. Is there objection?

Mr. CHILES. Reserving the right to object——

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. As part of our proposal, the Democratic leadership amendment was to have an up and down vote.

Mr. DOLE. That is correct.

Mr. BYRD. We would want to be assured that it would be an up and down vote.

Mr. DOLE. That is correct.

Mr. GORE. Mr. President, will the majority leader yield for a question?

Mr. DOLE. I yield for that purpose.

Mr. GORE. First of all, so that the record is clear on what offer is outstanding, if I can have the attention of the minority leader, is it not true that the Democratic Conference offered to have a vote on final action with respect to the Gramm-Rudman-Hollings amendment and all amendments thereto by the close of business on Thursday so that there is no delay, no dilatory tactics of any kind, and that as part of the same offer we requested a very short extension of the temporary ceiling so that the other body would not have to vote on a moments notice on a matter that has not been before them so that the procedure can go forward in an orderly way without delay, without dilatory tactic? Is it not true that the officer propounded by the minority leader contained those elements?

Mr. BYRD. The distinguished Senator is correct.

Mr. GORE. If I may ask a further question——

Mr. DOLE. Let me respond. I cannot get that consent on my side for the short delay unless we have first disposed of Gramm-Rudman-Hollings.

Mr. GORE. I thank the RECORD ought to reflect that the reason why we cannot act on the debt limit extension is because the majority leader is unable to get the consent from Members of the majority to go ahead in a reasonable way, have to vote on final action on the Gramm-Rudman-Hollings amendment, avoid this train wreck, let this body work its will, and let the other body consider it in a deliberate and orderly way so that if we are going to make this change in policy, it is at least considered and examined carefully over a short period of time.

If I may ask the majority leader, what is unreasonable——

Mr. DOLE. Mr. President, I yielded for a question. If we are going to debate the bill, let us get on the bill.

Mr. GORE. What is unreasonable about that proposal?

Mr. DOLE. Not very much. But we also have a reasonable proposal. I think it is a question of whether we are going to vote Wednesday or Thursday. We are advised by Treasury—it happens to be our administration—that they have a real problem tomorrow at noon. If we can do it by tomorrow afternoon, the short extension, send it to the House, they might be able to squeak through the day. I do not know if we should take their word for it. Maybe they can squeak through 2 days. I do not know what the magic is about Thursday. We would hope not to keep you here tomorrow evening. We know you have an official conflict. So do some of us on this side.

Mr. GORE. If the majority leader will yield——

Mr. DOLE. We have been out here 8 days trying to vote on Gramm-Rudman. That has been pretty unreasonable. There has been a lot of restraint placed on this side of the aisle.

Mr. GORE. Will the majority leader yield?

Mr. DOLE. I yield for a question.

Mr. GORE. As a premise to the question, let me say——

Mr. DOLE. If the Senator wants to object to the request——

Mr. GORE. The question is——

Mr. DOLE. Mr. President, I renew my request.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD addressed the Chair.

Mr. GORE addressed the Chair.

Mr. METZENBAUM addressed the Chair.

Mr. RUDMAN. Mr. President, regular order.

Mr. KASTEN. Regular order.

The PRESIDING OFFICER. Regular order has been called for. Is there objection?

Mr. BYRD. Mr. President, what is the request?

Mr. METZENBAUM. Mr. President, reserving the right to object, I want to know what the request is.

The PRESIDING OFFICER. The request is to vitiate cloture, and proceed to the Democratic amendment.

Mr. BYRD. Mr. President, there is no objection to that as far as I am concerned.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSTON. Mr. President, reserving the right to object——

Mr. GLENN. Mr. President, reserving the right to object——

Mr. KASTEN. Regular order.

The PRESIDING OFFICER. Regular order has been called for.

Mr. DOLE. Mr. President, let me reserve the right to object so I can respond to legitimate questions.

Mr. JOHNSTON. Mr. President, did the leader have in mind voting tonight on the Democratic proposal or just laying it down?

Mr. DOLE. No. We want to debate it. We talked about not having the chance to debate, and going until 10 or 11 o'clock on other amendments. Let us sweep aside the other amendments, and debate the leadership amendment.

Mr. JOHNSTON. Is that under a time agreement?

Mr. DOLE. I would like to get a time agreement. That request would be after this one is approved, if it is not objected to.

Mr. GLENN. Mr. President, will the leader yield for a question?

Mr. DOLE. I yield for a question.

Mr. GLENN. Mr. President, the way I heard the Chair propound that was the agreement was moved by the leadership here out of consideration of other amendments. Was that the intent of the majority leader? That is the way it was stated by the Chair.

Mr. DOLE. Mr. President, after disposition of the leadership amendment, I would go back as I have indicated before, and try to accommodate my colleagues on that side of the aisle. There are five amendments.

Mr. GLENN. Would it be possible to have what we are going to agree to restated?

Mr. DOLE. All it amounts to is vitiating the vote on cloture, and moving to the leadership amendment—the Democratic leadership amendment—laying it down, debating it this evening, and hopefully disposing of it with no time agreement.

Mr. BYRD. That is right.

Mr. CHILES. Up or down vote.

Mr. DOLE. Up or down vote. Why not give me one on the time agreement? I will give you an up and down vote. Maybe we can get a time agreement.

Mr. BYRD. Mr. President, we are ready to proceed with an understanding that there will be an up or down vote at such time as both sides are ready to vote on the amendment, and with cloture vitiated.

The PRESIDING OFFICER. Is there objection to the agreement? Without objection, it is so ordered.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, let me indicate to my colleagues that the dye is cast now. We have the Democratic leadership amendment before us. It deserves to be discussed. It is a serious amendment. It ought to be discussed. It was recommended in the minority leader's proposal that we have a time agreement of 5 hours which I assume would be equally divided. I hope that by 10:30 or so we will be able—unless there is considerable debate on this side—to have some disposition of the amendment.

If that were done tonight, tomorrow morning we can go back, and consider the other amendments. We can take the Levin amendment, the Kerry amendment, and then consider the other amendments we have referred to. Then we can move to the Gramm-Hollings-Rudman-Boren amendment, and hopefully dispose of that tomorrow; then vote the short extension.

I hope we are going to have to complete action on this bill on Wednesday in any event. We would like to have a vote on our major amendment tomorrow.

Mr. STEVENS. Mr. President, will the leader yield? Does the leader intend to try to get a time limit now on the leadership amendment from the other side?

Mr. DOLE. I will try. I do not know how much success I will have.

Mr. President, I ask unanimous consent that that there be a period of 5 hours on the amendment to be equally divided with no amendments to the amendment.

The PRESIDING OFFICER. Is there objection?

Mr. CHILES. Mr. President, reserving the right to object, I think we could work out some time agreement. Five hours, I think, is sufficient time.

I think it would be a good idea if we had some of the debate tonight, and then we can go over to tomorrow and set a time for a vote if we are going to agree to a 5-hour time limit.

Mr. DOLE. We have a debt ceiling crisis. Why do we not do it tonight? We have been here 8 days trying to get something to happen. We cannot get any movement from the other side. Maybe you want to cause the hardship with the widows, orphans, the people that you have accused us of causing——

[Laughter and applause.]

Mr. CHILES. Mr. President, I did not hear that.

Mr. DOLE. I hope we can make an agreement and dispose of the Democratic leadership proposal tonight or agree to vote at 9:30 tomorrow morning. I think that in and of itself would be an indication that we are serious about the crisis.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. The 5-hour agreement is part of the overall proposal that we presented. We have agreed to proceed with the amendment with the understanding that there be an up-or-down vote on it. As to a time limit, let us wait and see how things go. Perhaps the distinguished majority leader will be able to report back to us tomorrow morning that the other side of the aisle is willing to accept the agreement, in which case the 5 hours would be a part of that agreement. Unless it can be a part of the overall agreement. I do not think that at this hour of the night we ought to agree to 5 hours on the leadership proposal. After all, they have had 5 days—Friday, Saturday, Sunday, Monday, and Tuesday—on the Gramm amendment. Now we are going to limit ourselves to 5 hours on this amendment, half of which can be turned back without an overall agreement on all amendments.

Mr. DOLE. Mr. President, if the minority leader will yield, I have a proposal that I would be very happy to submit. It was being typed when we were discussing this subject earlier. We would take a very short time on the Gramm-Rudman-Hollings amendment, a couple of hours at most, then pass a short-term debt ceiling and then consider only the following relevant amendments: Armstrong, Glenn, Durenberger, Leahy, Symms, Armstrong, Boren, Mattingly-Bradley, Bradley, and Moynihan.

We would complete final action on the bill by 6 o'clock Wednesday evening. That is tomorrow.

I think there is a larger question here than how much time we have. I am serious about it. I do not want to get into a quarrel with my friends on the other side. But if, in fact, we have a problem, we ought to try to address it. If we want to simply play games, we can put the vote off until Thursday or even Friday. If we are going to vote Thursday—I am inclined to vote on Friday of this week. Friday is a pretty good day to vote. If it has to be Thursday, maybe it ought to be Friday. However, the amendment is up and I hope we can dispose of it this evening.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. Mr. President, nobody wants to play games. We are interested in getting a serious agreement. We want to see action completed on this measure no later than Thursday evening at the close of business. I hope we all understand that. We have made every effort in good faith to reach a conclusion on this legislation. It is not our fault that it was not brought up until last Thursday. We do not schedule the program here. This was brought up last Thursday. It could have been brought up earlier.

I would hope that we would get on with business with an understanding that the Democratic leadership proposal is a serious proposal. It is entitled to whatever debate is required for a complete understanding of it by Members on both sides. We would want it understood that it is entitled to careful scrutiny. We have been saying all the time, "What is in the Gramm amendment? What is in it? We do not understand what is in it?"

Now we are talking about calling up this amendment and debating it for 5 hours when the other amendment has had 5 days.

Mr. GORE. Will the minority leader yield for a request?

Mr. BYRD. I yield.

Mr. GORE. Is it true that if the unanimous-consent request you proposed to the majority leader was agreed to, then there would not only be final action on the Gramm-Rudman-Hollings amendment on Thursday, but there would also be no ill consequences from the Government running out of money between now and the close of business on Thursday because of the 10-day temporary extension of the debt limit? So we would accomplish both of our objectives: We would have expeditious action on the Gramm-Rudman-Hollings-Boren amendment, and we would avoid any ill effects of this crisis that we are careening toward because of the inability to get consent on the other side. Is that not the effect of the unanimous-consent request?

Mr. BYRD. The Senator is correct.

Mr. GORE. I thank the minority leader.

Mr. DOLE. Mr. President, I ask unanimous consent that at not later than 3 p.m. tomorrow we vote on the Gramm-Rudman-Hollings amendment.

Mr. LEVIN. Reserving the right to object, would the majority leader protect the other amendments prior to that as well as setting forth a time for the leadership amendment so that the leadership can identify when that time will be and then determine whether or not he wants to object?

Mr. DOLE. I will indicate that we are going to protect those who indicated they wanted protection, including the Senator from New Jersey. His amendment would follow a vote on Gramm-Rudman. We are prepared to accept the amendment of Senator LEVIN prior to that vote.

Mr. METZENBAUM. What is the request?

The PRESIDING OFFICER (Mr. BOSCHWITZ). That was a unanimous-consent request——

Mr. METZENBAUM. I cannot hear the Presiding Officer.

The PRESIDING OFFICER. First, there are two unanimous-consent requests before the Senate. First that there be 5 hours of debate equally divided to debate the Democratic leadership package. A second unanimous-consent request is to vote on the Gramm-Rudman package at 3 p.m. tomorrow.

Mr. DOLE. I will withdraw the last half of that request for the time being until we have a ruling on the first half.

The PRESIDING OFFICER. Is there objection?

Mr. RIEGLE. Reserving the right to object, may I pose a question to the majority leader? In order to resolve the problem, getting final disposition of the Democratic package and the

Gramm package, would the majority leader be willing to have as part of the vote on the Gramm package an amendment to it that would at the same time carry with it short-term deficits so that we solve both of those problems simultaneously? Can we do it that way? Frankly, what I am concerned about is that I do not want to see a situation arise where we dispose of all the amendments on this side and send it over to the House where maybe they have a matter of a few hours before the Government runs out of money and they do not have any chance for an orderly consideration.

Could we solve the problem with the short-term debt extension not affecting the final vote on Gramm and, in a sense, having a fairer arrangement which would protect everybody?

Mr. DOLE. Let me indicate to my colleague from Michigan that it would be my intention, and I have just given the distinguished minority leader the Republican counterproposal, that as soon as we complete action on the Gramm-Rudman amendment we would immediately move to the short-term debt extension through October 17, through next Thursday. That can be disposed of subsequently. I do not see why you would have to have it at the same time. It would be immediately following the vote on Gramm-Rudman. It would go to the House tomorrow afternoon. If they are in session tomorrow they could act on the extension. It would take the pressure off around the country. The Federal Reserve would not go to all the banks tomorrow concerning Government checks. I think it would be helpful to all of us.

Mr. RIEGLE. May I ask one more question? Suppose there were not the votes here to pass the short-term extension? There is no guarantee. Why not draft onto the proposal that it is the intent to accomplish both things simultaneously? Why not make that in addition to the Gramm proposition so that when we vote on one we take care of both problems?

Mr. DOLE. It is my own view that that is a distinction I do not totally understand. Let me think about it.

What we have to do is get the extension over there at the earliest possible time. Even if we were to act on Gramm-Rudman at 3 o'clock, there are still nine amendments on the list. We will be lucky to finish tomorrow evening because of previous conflicts. That means finishing it on Thursday morning. In the meantime, we could have sent the short-term extension to the House and they could complete action on it. We would be able to complete action on this final package and move on to reconciliation and probably complete our work for the week on Thursday afternoon.

Mr. President, I will withdraw my second request, but I would like to renew the request that we have some time agreement on the pending amendment. If the minority leader rather I not make that request at this time, I will withhold.

So there is no request pending. Let us get on with the amendment. Let us not filibuster the amendment before it comes up.

The PRESIDING OFFICER. The request is withdrawn.

Mr. EXON. Will the majority leader yield for a very short question?

Mr. DOLE. Yes, Mr. President.

Mr. EXON. Two-and-a-half hours ago, the majority leader asked me if I were prepared to offer my amendment. I have been here for 2½ hours. I have not delayed anything. I hope he would include this Senator's request that I be protected. If not, I shall be here to protect myself.

Mr. DOLE. The Senator from Nebraska can be assured that he will be protected if I have missed something. I compliment him for his demeanor and for having been here all evening.

Mr. EXON. I thank the Senator.

AMENDMENT NO. 743

Purpose: To require a graduated reduction of the Federal budget deficit, to establish emergency procedures to avoid unanticipated deficits, and for other purposes

Mr. CHILES. Mr. President, I send an amendment to the desk on behalf of myself and Senator BYRD, Senator JOHNSTON, Senator EXON, Senator LEVIN, Senator BENTSEN, Senator DIXON, Senator CRANSTON, and others, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. CHILES] for himself and Mr. BYRD, Mr. JOHNSTON, Mr. EXON, Mr. LEVIN, Mr. BENTSEN, Mr. CRANSTON, and Mr. DIXON, proposes an amendment numbered 743.

Mr. SIMPSON. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment is as follows:

In lieu of the pending amendment to the motion to commit, insert the following new section:

SEC. . DEFICIT REDUCTION PROCEDURES.

(a) CONGRESSIONAL BUDGET PROCESS.—

(1) One concurrent resolution on the budget required annually.—

(A) IN GENERAL.—Section 310 of the Congressional Budget Act of 1974 is amended—

(i) by striking out all beginning with "Sec. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"SEC. 310. (a) IN GENERAL.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary—"; and

(ii) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(B) CONFORMING CHANGES.—

(i) The table of contents in subsection (b) of subsection 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(I) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(II) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(III) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(ii) Paragraph (4) of section 3 of such Act is amended—

(I) by adding "and" after the semicolon at the end of subparagraph (A);

(II) by striking out subparagraph (B); and

(III) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(iii) Section 300 of the Congressional Budget Act of 1974 is amended—

(I) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(II) by striking out the items relating to September 15 and September 25.

(iv)(I) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(II) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(III) Section 301(b) of such Act is amended—

(aa) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(bb) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(IV) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(V) Section 301(e) of such Act is amended—

(aa) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(bb) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(v) Section 302(c) of such Act is amended by striking out "or 310".

(vi)(I) The heading of section 303 of such Act is amended by striking out "First".

(II) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(vii) Section 304 of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(II) by striking out "pursuant to section 301".

(viii)(I) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(II) Section 305(b) of such Act is amended—

(aa) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(bb) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ix) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(x) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(xi) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(xii) Section 311(a) of such Act is amended—

(I) by striking out "310(a)" the first place it appears and inserting in lieu thereof "301(a)"; and

(II) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(xiii) Clause 1. of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(2) Maximum deficit amounts.—

(A) Annual concurrent resolution on the budget.—

(i) Point of order.—Section 301 of the Congressional Budget Act of 1974 is amended by redesignating subsection (c), (d), and (e) as subsections (d), (e), and (f), respectively, and inserting after subsection (b) the following new subsection:

"(c) Maximum Deficit Amount May Not Be Exceeded—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) The provisions of paragraph (1) shall not apply in any fiscal year in which—

"(A) a declaration of war is in effect;

"(B) the Armed Forces of the United States are engaged in combat; or

"(C) the Congressional Budget Office projects there will be a recession.

For purposes of this paragraph, the term 'recession' means a decline in the gross national product or increase in the unemployment rate during any two consecutive fiscal quarters.".

(ii) Conforming change.—Section 301(e) of such Act, as redesignated by clause (i) of this subparagraph, is amended by inserting "; and when so reported such concurrent resolution shall comply with the requirement described in paragraph (1) of subsection (c), unless such paragraph does not apply to such fiscal year by reason of paragraph (2) of such subsection" after "October 1 of such year" in the second sentence thereof.

(B) Permissible revisions of concurrent resolutions on the budget.—Section 304 of such Act is amended—

(i) by inserting "(a) In General.—" after "Sec. 304."; and

(ii) by adding at the end thereof the following new subsection:

"(b) Maximum Deficit Amount May Not Be Exceeded.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) The provisions of paragraph (1) shall not apply in any fiscal year in which—

"(A) a declaration of war is in effect;

"(B) the Armed Forces of the United States are engaged in combat; or

"(C) the Congressional Budget Office projects there will be a recession.

For purposes of this paragraph, the term 'recession' means a decline in the gross national product or increase in the unemployment rate during any two consecutive fiscal quarters.".

(C) Definitions.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985. $170,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $134,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $96,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $52,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $000,000,000,000; and

"(F) with respect to the fiscal year beginning October 1, 1990, $000,000,000,000.".

(3) Reconciliation.—

(A) Annual concurrent resolution on the budget.—

(i) Directions to committees.—Section 301(b) of the Congressional Budget Act of 1974 (as amendment by paragraph (1)(B)(iv)(III) of this subsection) is further amended—

(I) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(II) by inserting "require" after the paragraph designation in paragraph (1);

(III) by inserting "require" after the paragraph designation in paragraph (2); and

(IV) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(ii) Conforming changes.—

(I) Section 310(a) of such Act is amended—

(aa) by inserting "or" at the end of paragraph (2);

(bb) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(cc) by striking out paragraph (4).

(II) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than May 30 of each year".

(III) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(IV) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"May 30 .... Congress completes action on reconciliation bill or resolution, or both, implementing first required concurrent resolution.".

(B) Permissible revisions of concurrent resolutions on the budget.—

(i) In general.—Section 304(a) of such Act (as redesignated by paragraph (2)(B)(i) of this subsection) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(ii) Conforming change.—Section 310(d) of such Act (as amended by subparagraph (A)(ii)(II) of this paragraph) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(4) Enforcement.—

(A) Maximum deficit amount may not be exceeded.—Section 311(b) of such Act is amended by inserting before the period at the end thereof the following: ", or would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of subsection (b) of section 310 does not apply by reason of paragraph (2) of such subsection)".

(B) Reporting requirement extended to conference reports.—Section 308(a) of such Act is amended by striking out "the report accompanying that bill or resolution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "or whenever a conference report is filed in either House, the report accompanying that bill or resolution or the statement of managers accompanying that conference report".

(b) Budget Submitted by the President.—

(1) Maximum deficit amount may not be exceeded.— Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) Subject to paragraph (2) of this subsection, the deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible.

"(2) The provisions of this subsection shall not apply in any fiscal year in which—

"(A) a declaration of war is in effect;

"(B) the Armed Forces of the United States are engaged in combat; or

"(C) the Congressional Budget Office projects there will be a recession.

For purposes of this paragraph, the term 'recession' means a decline in the gross national product or increase in the unemployment rate during any two consecutive fiscal quarters.".

(2) Revisions and supplemental summaries.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

(c) Deficit Reduction Procedures.—

(1) Current services submission by president.—With the estimated budget outlays and proposed budget authority submitted under section 1109 of title 31, United States Code, the President shall include—

(A) a separate statement specifying—

(i) an estimate of outlays and revenues for the current fiscal year; and

(ii) an estimate of whether the deficit for the current fiscal year will exceed the maximum deficit amount for such fiscal year, the amount of any such excess, and a determination of whether such excess is statistically significant; and

(B) in any case in which the President estimates pursuant to clause (ii) of subparagraph (A) that the deficit for the current fiscal year will exceed the maximum deficit amount for such fiscal year by a statistically significant amount, a deficit control message which complies with paragraph (2).

(2) Deficit control message.—A deficit control message for a fiscal year shall—

(A) specify the amount by which the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year; and

(B) contain proposals by the President for increases in revenues and decreases in budget authority and outlays which will result in the reduction of the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(d) Budget Submission by President.— With the budget submitted to the Congress under section 1105 of title 31, United States Code, for a fiscal year, the President shall include—

(1) a separate statement which—

(A) specifies the matters specified in subparagraph (A) of subsection (c)(1) with respect to the current fiscal year;

(B) specifies an estimate of whether the deficit for the fiscal year for which the budget is submitted will exceed the maximum deficit amount for such fiscal year; and

(2) in any case in which the President estimates that the deficit for the current fiscal year will exceed the maximum deficit amount for such fiscal year, a deficit control message for such fiscal year which complies with paragraph (2) of subsection (c).

(e) Independent Estimates.—

(1) Report required.—Not later than 14 days after the President submits estimates pursuant to section 1109 of title 31, United States Code, and not later than 14 days after the President submits a budget pursuant to section 1105 of such title, the Director of the Congressional Budget Office shall submit a report to the Committees on the Budget of the Senate and the House of Representatives. Each such report shall include—

(A) a statement of the amount (if any) by which the deficits for the current and following fiscal years will exceed the maximum deficit amounts for such fiscal years;

(B) a statement of the amount by which the deficit for the most recently completed fiscal year was reduced under the provisions of this section;

(C) a statement of the amounts by which the budget authority for national defense for the current fiscal year shall be reduced in order to reduce, by a proportionate share, the excess set forth pursuant to subparagraph (A) with respect to such fiscal year;

(D) a statement of the amounts by which—

(i) the budget authority and outlays for inflation adjustments including an identification and quantification of implicit inflation adjustments for non-means-tested nondefense entitlements (other than Social Security) and budget authority for non-means-tested nondefense discretionary programs; and

(ii) amounts made available for a fiscal year to the Secretary of Agriculture or the Commodity Credit Corporation to carry out a program to provide price support to producers of an agricultural commodity (including any program under which payments are made to producers as target price payments or for participation in a reduced acreage, acreage set-aside, or acreage diversion program);

shall be reduced across-the-board for the current fiscal year in order to reduce, by their proportionate share, the amount of the excess set forth in such report pursuant to subparagraph (A) with respect to such fiscal year;

(E) a statement of the extent to which the proposals set forth in the most recent deficit control message submitted by the President pursuant to subsection (c) or (d) would, if enacted, eliminate the amount of the excess for the current fiscal year set forth in such report pursuant to subparagraph (A).

(2) Treatment of existing contracts.— For purposes of subparagraphs (A) through (F) of paragraph (1), funds for existing contracts shall be included in any reduction unless—

(A) penalty provisions in such contract would produce a net loss to the Government;

(B) reduction of the contract violates legal obligations of the Government; or

(C) reduction would cause a program, project, or activity to be terminated or render such program, project, or activity infeasible.

(3) Congressional actions taken into account.—In determining the amounts by which budget authority and outlays shall be reduced under subparagraphs (C) and (D) of paragraph (1) for a fiscal year, the Director shall take into account actions already taken by the Congress with respect to that fiscal year.

(4) Details required.—Any report submitted under this subsection shall specify an equal percentage reduction in budget authority for each appropriation account and for each program, project, or activity within each such account. If it is not administratively feasible to continue any such program, project, or activity at the reduced level, the report shall specify such lesser reduction as will make such program, project, or activity feasible, and shall reduce other programs, projects, or activities in the same amount to compensate for such adjustment.

(f) Deficit Reduction Resolution.—

(1) In general.—Within 30 days after the Congress receives a deficit control message under subsection (c) or (d), the Committee on the Budget of the House and the Committee on the Budget of the Senate shall report to their respective Houses a deficit reduction resolution. A deficit reduction resolution shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) of the Congressional Budget Act of 1974 in a manner which will result in the reduction of the deficit for the current fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(2) Complete action.—The Congress shall complete action on a deficit reduction resolution with respect to a deficit control message within 40 days after receiving such message under subsection (c) or (d).

(3) Report to budget committees.—If a deficit reduction resolution is agreed to in accordance with paragraph (2) containing directions to one or more committees to determine and recommend changes in laws, bills, or resolutions, and—

(A) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and shall, within 50 days after the deficit reduction message with which such resolution is concerned was received by the Congress under subsection (c) or (d), report to its House a deficit reduction bill containing such recommendations; or

(B) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations, and shall within 50 days after the deficit reduction message with which such resolution is concerned was received by the Congress under subsection (c) or (d), report such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report immediately to its House a deficit reduction bill, with such committee amendments as are necessary to eliminate any recommendations not directly related to reducing the excess deficit.

(4) Complete action.—Congress shall complete action on any deficit reduction bill reported under this subsection not later than 60 days after the date on which the deficit reduction message with which such bill is concerned was received by the Congress under subsection (c) or (d).

(5) Procedure.—

(A) Except as provided in subparagraph (B), the provisions of subsections (b) and (c) of section 305 of the Congressional Budget Act of 1974 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of deficit reduction bills and deficit reduction resolutions reported under this subsection and conference reports thereon.

(B) Debate in the Senate on any deficit reduction bill or deficit reduction resolution reported under this subsection, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

(g) Automatic Deficit Reduction.—

(1) Failure to complete action.—If the Congress does not complete action on a deficit reduction bill for a fiscal year within 60 days after the Congress receives a deficit reduction message for such fiscal year under subsection (c) or (d), the President shall issue an order which implements the reductions in budget authority and outlays contained in the most recent report of the Director of the Congressional Budget Office under subsection (e). An order of the President under this paragraph shall not provide for the reduction of budget authority and outlays, in any manner which differs from the manner specified by the Director of the Congressional Budget Office in such report. Notwithstanding any other provision of law, amounts made available for a fiscal year to the Secretary of Agriculture or the Commodity Credit Corporation to carry out a program to provide price support to producers of an agricultural commodity (including any program under which payments are made to producers as target price payments or for participation in a reduced acreage, acreage set-aside, or acreage diversion program) shall be reduced by the amounts specified in such report.

(2) Insufficient deficit reduction.—

(A) Report by the Director of the Congressional Budget Office.—If the Congress completes action on a deficit reduction bill for a fiscal year within 60 days after the Congress receives a deficit reduction message for such fiscal year, the Director of the Congressional Budget Office shall, within 5 days after such action is completed, prepare and transmit to the President and the Congress a report which determines whether such bill contains sufficient reductions in budget authority and outlays to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(B) Determination by Director.—If, in preparing the report required by subparagraph (A), the Director of the Congressional Budget Office determines that a deficit reduction bill for a fiscal year does not make sufficient reductions in budget authority and outlays to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year, the Director shall include in such report—

(i) a specification of the amount by which the deficit must be reduced for such fiscal year (in addition to the reduction in the deficit that will result from the implementation of such bill) in order to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year; and

(ii) a statement which revises the most recently completed report under subsection (e) with respect to such fiscal year in order to specify the reductions in budget authority and outlays which are necessary (after the implementation of such bill) to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(3) Implementation.—If the Director includes in the report required under paragraph (1)(A) the statement described in paragraph (2)(B)(ii), the President shall issue an order implementing the reductions on budget authority and outlays contained in such statement. An order of the President under this paragraph shall not provide for the reduction of budget authority and outlays in any manner which differs from the manner prescribed by the Director in such statement.

(4) Automatic reductions not triggered by veto.—The President shall not issue any order under this subsection if the Congress completes action on a deficit reduction bill (that will reduce the deficit to not greater than the maximum deficit amount) within the 60-day period specified in paragraph (1) or paragraph (2)(A) but the President does not approve, or disapproves such bill.

(5) Request for supplemental appropriations.—

(A) If the President determines that the amount of the reductions in budget authority required for national defense for a fiscal year under paragraph (1) or (3) will endanger national security, the President may submit to the Congress a request for supplemental appropriations in an amount not to exceed the amount of such reduction.

(B) Amounts appropriated pursuant to a request under subparagraph (A) may be used only for—

(i) programs, projects, and activities that are within functional category 050 on the date of the enactment of this Act; and

(ii) programs, projects, and activities that the President determines are vital to the national security.

(C) For the 30-day period beginning with the day on which the President submits a request under subparagraph (A), the President is not required to reduce budget authority for national defense by the amount of budget authority requested.

(h) Presidential Proposals for Deficit Reduction.—

(1) In general.—If the President disapproves, or does not approve, a deficit reduction bill for a fiscal year, the President shall submit to the Congress, within 15 days after the Congress completes action on such bill, proposals for legislation to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(2) Reconciliation instructions.—If the President submits proposals for legislation under paragraph (1), the concurrent resolution on the budget required to be reported under section 301(a) of the Congressional Budget Act of 1974 on May 15 of the fiscal year in which such proposals are submitted shall contain specifications and directions described in section 310(a) of such Act which will result in the reduction of the deficit for the current fiscal year to an amount which is equal to or less than the maximum deficit amount for such fiscal year.

(3) Automatic deficit reduction.—If a concurrent resolution on the budget contains specifications and directions in accordance with paragraph (2), and the Congress does not complete action on a reconciliation bill which implements such specifications amd directions in a manner which will result in the reduction of the deficit for the current fiscal year to an amount which is less than the maximum deficit amount for such fiscal year, the President shall issue an order which implements the most recently completed report of the Director of the Congressional Budget Office under subsection (e) for such fiscal year. An order of the President under this paragraph shall not provide for the reduction of budget authority and outlays in any manner which differs from the manner prescribed by the Director in such report.

(i) Funding Priorities.—

(1) Presidential proposals.—In developing proposals to be included in a deficit control message under subsection (c) or (d), the President shall give priority to funding those programs that constitute an investment in future economic growth, including programs for—

(A) education and job training;

(B) scientific research and development; and

(C) export promotion.

(2) Congressional proposals.—In developing proposals to be included in a deficit control bill or deficit control resolution under subsection (f), the Congress shall give priority to funding those programs that constitute an investment in future economic growth, including programs for—

(A) education and job training;

(B) scientific research and development; and

(C) export promotion.

(j) Application.—

(1) In general.—The provisions of subsections (c) through (i) shall not apply in any fiscal year in which—

(A) a declaration of war is in effect;

(B) the Armed Forces of the United States are engaged in combat; or

(C) the Congressional Budget Office projects there will be a recession.

For purposes of this subsection, the term "recession" means a decline in the gross national product or increase in the unemployment rate during any two consecutive fiscal quarters.

(2) Payback of excess.—

(A) In general.—If pursuant to paragraph (1), the provisions of subsections (c) through (i) are not in effect for a fiscal year, and the deficit for such fiscal year exceeds the maximum deficit amount for such fiscal year, the maximum deficit amount specified in section 3(7) of the Congressional Budget Act of 1974 for each of the succeeding three fiscal years shall be reduced by an amount equal to the sum of—

(i) one-third of the amount by which the deficit exceeded the maximum deficit amount in such preceding fiscal year; and

(ii) the amount of any interest which will be payable on the public debt as a result of the amount described in subparagraph (A), except as provided in subparagraph (B).

(B) Exception.—If, pursuant to subparagraph (A), the maximum deficit amount for a fiscal year is required to be reduced, and if the maximum deficit amount specified in section 3(7) of the Congressional Budget Act of 1974 for such fiscal year is zero, the concurrent resolution on the budget under section 301 of the Congressional Budget Act of 1974 for such fiscal year shall set forth, in the aggregate, a recommended level of Federal revenues which exceeds the appropriate level of total budget outlays set forth in such concurrent resolution for such fiscal year by an amount which is at least equal to the amount by which such maximum deficit amount would have been required to be reduced for such fiscal year pursuant to subparagraph (a) but for the operation of this subparagraph.

(k) DEFINITIONS.—For purposes of subsections (c) through (j) of this section:

(1) The term "budget outlays" has the meaning given to such term in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974.

(2) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(3) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(4) The term "maximum deficit amount" has the meaning given to such term in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(5) The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount.

(6) The term "non-means-tested nondefense entitlement" shall be defined by the Director of the Director of the Congressional Budget Office, and shall include the following programs: Guaranteed Student Loans, Adoption Assistance, Foster Care, Medicaid, Child Nutrition, Special Milk, Food Stamps, Nutrition Assistance for Puerto Rico, Earned Tax Credit, Aid to Families with Dependent Children, Supplemental Security, Income, Veterans' Pensions, Veterans' Compensation.

(7) The term "non-means-tested nondefense discretionary program" shall be defined by the Director of the Congressional Budget Office, and shall include the following programs: Section 202 Handicapped and Elderly Housing, Chapter 1 of the Education Consolidation and Improvement Act, Head Start, Pell Grants, Education of the Handicapped, Supplemental Feeding (WIC), Subsidized Housing, Low-Income Energy Assistance.

(8) The term "inflation adjustments for non-means-tested entitlements" includes a quantification and identification of implicit inflation adjustments requiring, by law, increased federal expenditures.

(9) The term "proportionate share" means, with respect to defense and nondefense programs for a fiscal year, the ratio (expressed as a percentage) of outlays for defense and nondefense programs, respectively, for the prior fiscal year to all outlays taken into account for purposes of making reductions under this section for such prior fiscal year.

(l) The provisions of subsections (a), (e), (f), (g)(2), and (g)(3) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

(m) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective on the date of the enactment of this section and shall apply with respect to fiscal years beginning after September 30, 1985, and before October 1, 1990.

Mr. SIMPSON. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Let there be order in the Senate.

Mr. CHILES. Mr. President, the Gramm-Rudman plan was introduced 5 days ago and already the President has accused some in the Senate of dragging their feet on deficit reduction. It seems to me, Mr. President, the President should be a little embarrassed to say something like that. When you compare 5 days to the past 5 years during which the President has submitted budgets adding $1 trillion to the national debt, it is a little bit hard for him to complain.

Already we see that the Gramm-Rudman plan has been modified to suit the extra military spending desires of the President. Already the allowable deficit figures have been raised to accommodate the White House. And already the goal of a balanced budget has been pushed back a year until 1991.

If the President really wants action, it seems to me we should act now. No more down payments. No more excuses about last year, this year, or next year being a political year. No more layaways for next year. Let us get moving right away, this year.

Along with a number of my colleagues, I have prepared a modification of the Democratic leadership amendment. It would become effective almost at once. It calls for a $10 billion cut in the deficit right now, compared to the $20 billion increase in Gramm-Rudman. It would cut the deficit to zero by 1990. And that is exactly the goal set by the budget plan Senator HOLLINGS joined me in sponsoring this year.

The revised plan would forego revenues as a mandated feature of the automatic reductions in the event the deficit targets are not met. Yet the basic constitutional balance would remain "as is," with the Congress and the President sharing the responsibility for an assault on deficits.

The Democratic leadership plan would not rule out revenues as a means of reaching deficit reduction goals. Congress could still include them. So what we would have is a two-part test of our intentions.

First, if we adopt this modification, we could see who is really serious about deficit reduction. With a $10 billion cut this year we would be on the move rather than stalled in the waiting room. And, second, if Congress chose to add some revenues by asking payment from those who pay nothing now, it would give the President a chance to show how serious he is about cutting deficits.

The President has finally been persuaded by Congress that it is time to cut the deficit. The congressional sentiment for action is strong. The President has been a little late to the service, but we welcome him to the flock. And we all have a strong sense of the choice between salvation and perdition. There is no time like the present to get on with the good works.

Mr. President, it is fitting that we should review a little history tonight. Earlier this year, there was a Democratic proposal. In fact, there were several of them. The majority leader had a proposal. There was a proposal by myself and Senator HOLLINGS. They would have called for balancing the budget by the year 1990. I think six Republicans voted for our proposal. We did not quite have the kind of interest for this 1990 timeframe budget we now are experiencing. But thank goodness, there is progress.

If we explore further the evolution of that plan, we will find that when the Budget Committee went to conference with the House, there was a proposal by Senator GORTON, myself, and others that would have balanced the budget in the year 1990 or 1991. That was a bipartisan proposal.

We no longer had just Democrats on the proposal. Senator HOLLINGS was not out there by himself anymore. SLADE GORTON was on board. I was on it. We had Senator HOLLINGS and others on it. It was a bipartisan plan designed to do the job.

What happened with that plan? We have short memories around here these days; the President is finally talking about all he wants to do on deficit reduction. But earlier this year when he had the chance, the President blinked. The President said he would not go along with our plan. Even though we went to the White House and said, "Mr. President, we know there are some revenues in this plan and you do not like revenues. You said at one time there was a group of Republicans who came down here and you said they bamboozled you because you said they claimed they were going to do more on the spending cut side than on the revenue side."

I reminded him that that was a group of Republicans, because we Democrats did not get invited to that meeting. Anyway, he felt he should have had $3 of spending cuts for every $2 of tax cuts. And he did not make it.

We said, "The offer we are making in the Gorton-Chiles-Hollings proposal is that we will lock in the spending cuts. We will lock them in by law before the revenues go into effect so you will not have to trouble yourself.

We will just make those proposals a part of the law."

Well, the President said no, he would not buy that. He would not accept any revenues.

You know what happened next Mr. President. The President excluded revenues and Speaker O'NEILL excluded COLA restraints. We ended up trying to cut the deficit by focusing on about one-third of the programs.

So we got what amounted to a one-third budget proposal. Yet, with what we had to work on, we got more cuts than anybody imagined we could, some $55 billion in reconciliation spending. It looks like that is on track. We hoped the Appropriations Committee would make about $8 billion in savings. That is not exactly on track, but we hope it will get back on track before this is over. But with what we had to work on, we felt we did pretty well.

Everybody said it would take some sort of outside event to get us moving along. It looks like Gramm-Rudman is that event.

I think that is fine, because Gramm-Rudman forces us to go further. But as we begin to examine it, it has become something of a moving target. It has changed. In the beginning we were supposed to start working on the deficit right away. But the authors of Gramm-Rudman changed their minds. In fact, if you look at the OMB growth numbers—and they are high growth projections—it looks like we will not do anything in 1986 and we will not do anything in 1987. I would rather see CBO numbers. The interesting thing is that the plan we have before us uses CBO numbers.

We know that the Congressional Budget Office is the nonpartisan group. We also know that OMB has never been nonpartisan, whether there was a Democrat as President or a Republican. It has always been an arm and an instrument of the administration. And there is no change during this administration.

So if we are going into some impartial plan that is going to have any automatic cuts, should we not provide that those cuts are achieved in an impartial way and have CBO be the arbiter? We thought so and so we put that into our proposition.

But back to OMB. If you use their high growth numbers, then we know we are looking for numbers in 1987 which means it probably will not go into effect any time prior to the 1986 elections. I suppose that is a happy thought if you are running for office in 1986. You can go out on the stump and say, "I supported a proposition that is going to bring us down to a balance. I have been faithful and I have been true." Yet you can go around to these groups and say, "You notice that none of you have been cut so you know I am protecting and looking after you." You sort of get to have your cake and eat it, too.

Mr. GRAMM. Will the Senator yield?

Mr. CHILES. When I finish my statement.

We on the Democratic side are serious about deficit reduction. We have a history of searching for more deficit cuts. We want the American people to know we are serious. We believe we should start now and not put this off until future years. Let us do this by 1990. Unfortunately, I am afraid that Gramm-Rudman makes the playing field 1 year longer and $23 billion wider. Our amendment is a drive for the goal line and we are serious about it.

I yield to my distinguished colleague from Texas.

Mr. GRAMM. The distinguished Senator from Florida makes reference to the Gramm-Rudman-Hollings amendment and makes the statement that under our amendment there would be no cuts before the 1986 election, but let me remind my colleague that under our path to achieve a zero balanced budget in fiscal 1991, that would require the President to submit a budget with no greater than a $144 billion deficit this year. In turn, it would not be in order to bring a budget to the floor of the Senate that had a deficit greater than $144 billion. Reconciliation mandated by June 15, and the sequester, if we fail to achieve our goal or went 5 percent over it, would be by October 1, and in fact there would be a substantial reduction in the deficit prior to the November election.

Mr. CHILES. I say to my good friend from Texas that I am not quite as sanguine, I guess, or trusting about this administration. I have seen it happen in other administrations as well, even in my party; that we will not get some phony projections when that budget comes up here, and with OMB being the projector, we will not get some phony numbers, and that budget will come in within that. And if you look and see what we have had in past years and how that budget has changed from 1 month to the next or from the time it was talked about until it moved on up in future years, you see that there have been many changes. And I might well think that there could be some changes at this time, too.

I yield the floor.

Mr. JOHNSTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, in a sense this debate is rather beside the point, it seems, because the Senate has decided what it is going to do, and that is it is going to enact the Gramm-Rudman-Hollings amendment. It seems that the Senate is not terribly interested in what is in the Chiles-Johnston-Bentsen-Byrd amendment or, indeed, what details are in the Gramm amendment. It is unfortunate that this whole thing has broken down into a partisan wrangle in which the suggestion is that looking at the details of legislation is somehow being against a balanced budget and somehow being for the Gramm-Rudman amendment is somehow being for the balanced budget. That is the question. Yea or nay, pick your side. That is the mood of the Senate.

I think that is very unfortunate, Mr. President, because what we are about here tonight and, indeed, what the House may get stampeded into is enacting what could be the most far-reaching piece of legislation that the Senate has ever passed.

Now, if it is that far reaching, then I hope and pray that it has the salutary results that its authors profess. But, Mr. President, I frankly fear that it will not.

A day or so ago, Mr. President, in the fine autumn sunshine as I walked to the Senate from the Hart Senate Office Building I came upon one of the chief supporters of this measure, whose name I will not state at this time, but I have since heard the same thing from another. We engaged in conversation about the Gramm-Rudman amendment. I said to that supporter, "Are you really serious about this amendment? Is this a serious piece of legislation or is it, rather, a posturing to put the Democrats on the spot and try to draw a difference between those who are for or against?" And he said, "Well, it is serious, indeed it is very serious, but," he said, "We don't seriously expect that it would ever come about because its results are so bad that both the President and the Congress would have to avoid it."

Now, therein, Mr. President, I think lies the whole case for Gramm-Rudman; that is, that if its results were ever triggered they would be so bad, so terrible for the country, that both the President and the Congress would recognize the folly of proceeding down that road and therefore they would avoid it. In other words, it is like the annual debt extension resolution; we always talk about not doing it and somehow it is avoided. Well, maybe what we would end up with, Mr. President, to some extent is another hoop we have to jump through like the annual debt extension, full of sound and fury, eventually and usually signifying nothing because the Congress goes along realizing that the bills have already been incurred, that they have to be paid and we proceed to pay them.

I suggest, though, Mr. President, that the potential for mischief in this measure is considerably more than just another hoop to jump through, because it seems we are setting the scene for a train wreck without providing the means to avoid that wreck, or at least not providing any ready means to do so.

If I may just indicate what my research has shown, I think we can set the scene for what may well happen on the opening day, on New Year's Day, fiscal 1987.

Now, there is a present $17 billion difference between the $163 billion deficit in the budget resolution and the $80 billion target outlined in the amendment for fiscal 1986—$17 billion, which happens to be below the mark for requiring action.

However, Mr. President, the farm bill as reported by the House, according to OMB, contains an additional $10 billion in deficit. The Senate, according to OMB, has reported legislation which has as much as a $20 billion deficit.

In addition, we have what would probably be, according to our estimates, about an $8 billion appropriation shortfall, $2 billion that we are already over, and additional money which we will need for firefighting in the West. That is probably $500 to $600 million.

FEMA accounts will be used up by the storm on the gulf coast. There will probably need to be a supplemental for defense.

So that by the time you are finished, you will have an outlay shortfall, I believe, on New Year's Day for the fiscal year 1986 of $30 to $40 billion.

It is quite true that if CBO is correct in their estimates and if Congress comes in, for example, on the farm bill under the figures or at the figures the budget resolution projects, in that event, if all those happy things occur, we will not kick in this procrustean bed that would be required in 1986. I think that is very unlikely.

What has been the record of OMB and CBO in projecting deficits and of this Congress in doing so? How well can we make the system respond when we make cuts in terms of getting cuts in outlays? The answer is, not very well.

In fiscal year 1981, we, in Congress, recall how deep and painful—and I think unfair—in many respects those cuts were. We cut every program that the eye could see, from food stamps to school lunches to legal services to the Corps of Engineers—to everything except entitlements and national defense, which of course went up in that year.

However, Mr. President, between fiscal years 1981 and 1982, with all those cuts, we actually increased outlays by $53 billion. Between fiscal years 1984 and 1985, an additional $24 billion was added to outlays.

The point is that when you are trying to cut outlays, as opposed to budget authority, it is very difficult, it is virtually impossible, to get an immediate response, particularly in your big-ticket items such as national defense, where contracts are involved and the contracts spend out over a long period of time. You cannot get a response in outlays. The only way you can get a response in outlays, by and large, is to cut salaries, to cut entitlements, to cut those payments to individuals. The ability to get that done is very limited.

So here we are, Mr. President, with a history of big cuts in budget authority, big cuts in the budget which caused a lot of pain to a lot of people, turning around and finding that the last year we did not cut outlays but increased outlays, and increased the size of the deficit in terms of outlays.

So on New Year's Day for fiscal year 1987, we are going to find ourselves, I believe, having to cut some $30 to $40 billion in outlays; and if that is so, we will have to have an across-the-board cut in pay, to start with, of between 5.5 and 7.3 percent. That would assume a 100-percent spend-out in pay. Actually, the rate is only about 90 percent, so you can up that to about 6.5 to 8.5 percent, which would be required for an immediate pay cut under this legislation. In budget authority, it would require twice that amount.

Again, it is easy to say that is bad. I mean, to cut military pay by 7 or 8 percent across the board would be immediately harmful to the national defense. To bring back a cruiser from the Mediterranean because you do not have the training time would be harmful to the national defense. To cut training time for the new B-1 bomber would be harmful. We cannot do all those things. It is very well and good to say we cannot do those things, but this legislation sets the scene for doing it.

Mr. President, another thing that is a little-noticed detail against the very far-reaching provisions of this bill: I do not guess it is really important to talk about a detail such as this, but this bill, in effect, makes impossible the granting of supplemental appropriations, in my view, because it says this on page 16:

> After the Congress has enacted a joint resolution, it will not be in order to consider any bill or resolution, or any amendment to a bill or resolution, that provides for budget outlay or new budget authority in excess of the appropriate allocation of such outlays or authorities reported in section 302(b).

We have that same kind of provision in the Budget Act now, but the difference is that this bill does not allow you to waive points of order. It is out of order to do that, and you cannot waive the point of order.

For example, with respect to a supplemental for firefighting, which is a direct outlay—and we will have exceeded the fund for firefighting in the West this year by several hundred millions of dollars—in order to be able to have a supplemental appropriation for firefighting, you would have to take an equal amount from some other accounts, not in budget authority but in outlays.

The same is true for any other supplemental, whether it be for the FEMA account, which will have been exhausted completely—I understand by the hurricane which hit in the Mississippi and Florida areas—or for any other subject.

Mr. President, there are a couple of good points about the Gramm-Rudman amendment, and I sum them up as follows:

First, it requires the President to be a part of the process, to submit a budget which meets the targets. That, I must say, is a very great accomplishment, because we all know, at least inside the beltway, that it is the President's tax cuts and the President's defense buildup which are the driving force of this deficit. The President, who goes out on the front steps of the Capitol, and says, "Let's have a balanced budget amendment," never fails to submit a budget which not only fails to balance the budget or have any hope of balancing the budget, but also has deficits which are even larger than that of the so-called spendthrift Congress.

So this does have that advantage, and I compliment the authors at least on making the President a part of the action.

Second, it does ensure action by Congress. While action is obtained by Congress at the present time, under the Budget Act, Congress sometimes is slow to act.

So it does have those two strong points. But its problems far outweigh its strong points—those problems being that it deals with outlays instead of budget authority; there is no flexibility for those programs which provide for slow outlays; there is no provision made for revenue slowdowns, other than an actual recession, tightly defined.

In the final analysis, Mr. President, we set the scene for a showdown between the President and Congress, and I guess the question is whose head is hardest and I think I can tell this body that the head that is hardest will be the President's. He is not going to yield, in my judgment, on matters like national defense or on matters like an additional tax. I think we will set the scene for chaos.

Another relatively small point as far as the people around the country are concerned, but I think a very important one as far as this Constitution is concerned, has to do with the power of appropriations. In the final analysis this is the power to decide how we are going to spend the money.

There is an elaborate procedure set up under this bill which purports to say that a line item identified in a certain OMB publication must be cut on a pro rata basis, with a further provision that no project, activity, or program, if I recall the words, can be completely eliminated.

There is no statement as to duration or depth. Indeed, I was unable to get an answer the other day on the question whether that meant you could suspend for a year or 2 as long as you did not eliminate a project—I suppose you can do that. I suppose you could also give $1 to a project and that would be sufficient under this language. Of course, those who know the appropriations process know that some of the largest accounts of all are stated in one line item. For example, the Corps of Engineers construction general account is one line item under which there are literally hundreds of projects. The Bureau of Reclamation construction account is one line time containing literally hundreds of projects. Some of the Department of the Interior line-item programs contain literally hundreds of projects.

So we are giving to the President more than a line-item veto power, because if he had the line-item veto power he would have to kill all of the Bureau of Reclamation construction, or all of the Corps of Engineers construction program. Now he can pick and choose as he wishes, so long as he does not eliminate the project, whatever that means—I mean really what does it mean to eliminate the project? Some would say eliminating the project means wiping out the authorization. Others would say it means completely stopping the project over such a period of time as it is eliminated. I do not know what it means.

But I can tell this body that it means that the President has an incredible amount of discretion. We are massively transferring by this action to the President the power to pick and choose among these various projects.

Mr. President, it is not necessary in order to achieve the good parts of this amendment to take with it all of these Constitution bashing, precedent setting, unwise, provisions that are contained in this bill. So that is why the Chiles-Byrd-Johnston, so-called Democratic leadership amendment, is a much better alternative.

First of all, Mr. President, we ensure Presidential action in the same way and to the same extent that the Gramm-Rudman amendment provides.

We also provide that the President must submit his budget and must submit it meeting targets just as their provision does. We also ensure congressional action, but there are at least three things, Mr. President, that we do that are decidedly superior to the Gramm-Rudman amendment.

First, Mr. President, we take care of the problem of slow outlays because we provide that in those accounts which have slow outlays, again Department of Defense kind of programs, where budget authority or appropriations voted in a given year do not spend out at all for 3 or 4 years sometimes and do not reach their peak until perhaps 5 or more years after an appropriation is made. We provide that those shall be treated equally and across the board, that the Congressional Budget Office shall be required to determine an average rate of budget authority to outlays and all programs would, therefore, have to bear that proportionate share of budget authority cuts.

This would avoid the situation, Mr. President, where, for example, EPA sewer grants which outlay very slowly would be completely savaged, almost wiped off the map by Gramm-Rudman. Our provision provides a fair and realistic treatment of budget authority and outlays.

Mr. President, I know that our colleagues here in the Senate understand the significance of this change. But I hope that people outside understand the difference because it is a reason for total rejection of the Gramm-Rudman amendment.

Second, Mr. President, our targets take into consideration the gross national product and its growth rate and require a reduction in the deficit as a percent and as a proportion to the gross national product, which means that our targets conform to what the health of the economy is going to be. Balance the budget within the same time, but do so in a rate that is more achievable because it is consistent with the health of the economy.

Third, Mr. President, and perhaps most important, it provides for a way to avoid the train wreck. It provides that if Congress passes legislation that meets the targets and the President vetoes that legislation, the President cannot thereby invoke his own orders, his own priorities of spending, but rather must then resubmit another plan which Congress must consider again under expedited procedures. Of course, upon failure to act a reduction plan would come in but it provides, in effect, that the President cannot by his veto invoke Presidential appropriations in this country.

The one provision, Mr. President, is the essence of the difference between the Gramm-Rudman amendment and our amendment because it pays due respect to the separation of powers and does not as I say permit the President through the exercise of a veto to invoke his own provisions.

It allows Congress, Mr. President, to set the priorities for spending, subject to a Presidential veto as the Constitution provides.

Mr. President, I believe our proposal is designed to cut the deficit as effectively, indeed more effectively than is the Gramm-Rudman amendment without doing violence to the Constitution, without doing violence to the separation of power, without giving to the President the authority to set spending priorities, without setting the scene for an economic and constitutional crisis of such dimensions that it would be almost unthinkable.

Mr. President, I urge our colleagues in considering the difference between these two proposals to give due regard to the Constitution, to give due regard to our ability to avoid the crisis.

I yield the floor.

(Mr. TRIBLE assumed the chair)

Mr. GORE. Mr. President, the amendment now pending is, in my judgment, superior to the Gramm-Rudman-Hollings amendment in several respects which I would like to discuss. But before going to those points, I would like to discuss briefly the procedural tangle in which we find ourselves.

The essence of the procedural dispute now confronting the Senate is whether or not to have a temporary extension of the debt limit while we move to final action at a time certain on the Gramm-Rudman-Hollings amendment. The majority refuses to allow a unanimous consent request proposed by the minority leader because some Senators, whose identity I do not know, not the majority leader, but some Senators on the majority side refuse to allow a temporary extension of the debt limit, even though we propose final action at a time certain this week on the Gramm-Rudman-Hollings amendment.

Now, why do they refuse that reasonable request? The answer is very simple, in my opinion. In my opinion, there is a desire to force the other body to act without considering the substance of the Gramm-Rudman-Hollings amendment. I believe that is a mistake for several reasons. First of all, I think it does harm to the kind of legislative process which the American people would like to think occurs in this building. There should be at least a few days for the other body to look at and examine a proposal that is sent from here to the other body.

Second, I believe the tactic preferred by the majority does violence to the relationship between the two bodies intended in Jefferson's Manual. One principle running all through Jefferson's Manual is the necessity for both Houses of Congress to avoid actions which lead to antagonism, ill-feeling, or hostility between the two Houses of Congress. For Members of this body to craft a procedure which has the effect of forcing a quick, hasty, ill-considered action on the part of the other body is an unwise course of action that, in the opinion of this Senator, while it does not violate Jefferson's Manual in any way, nevertheless, runs counter to the spirit of Jefferson's Manual and it is a course of action which we should not pursue.

But, make no mistake about it, the reason for this impasse is very simple. Members of the majority do not want the other body to have any hearings, to give any scrutiny, or any close consideration of any sort to the Gramm-Rudman-Hollings amendment. That is the reason we are here.

The unanimous-consent request propounded by the minority leader, by contrast, fixes a timetable for expeditious action, both in this body and in the other body, but gives a few days for the other body to at least read and examine the Gramm-Rudman-Hollings amendment.

In the opinion of this Senator, that approach is preferable. And, under the terms of the unanimous-consent request proposed by the minority leader, there would be no train wreck, the checks would be honored, and the payments would be made, because the temporary extension would go into effect immediately upon action, assuming that the Senate acted favorably upon it. And that temporary extension would continue for 10 days.

If the House chose to stay in, they would have 10 days to consider it. If they chose to go forward with the current legislative calendar, go for the very short recess at the end of the week, they would have 3 days—Tuesday, Wednesday, and Thursday. And, under the same unanimous consent request, this body would act this week early on Thursday on the Gramm-Rudman-Hollings amendment and all amendments thereto.

In a colloquy only 1 hour ago, the majority leader was asked, "What is unreasonable about the proposal from the minority leader as to procedure?" His response was, "Not much." He then made it clear that the reason for our current impasse is purely and simply the unwillingness of some Senators on the majority side to allow this reasonable procedure to go forward.

Now, I would like to look at the provisions of the Democratic leadership amendment now pending and compare those provisions to the provisions of the Gramm-Rudman-Hollings amendment.

First of all, the cuts in the deficit would begin 1 year earlier and be completed 1 year earlier under this amendment as compared to the schedule outlined in the Gramm-Rudman-Hollings amendment.

The schedule outlined in the Gramm-Rudman-Hollings amendment, as has been abundantly noted, would require no cuts in the deficit this year whatsoever. It is highly questionable whether it would require any cuts at all next year. Because if one believes that the budget resolution number contained in this year's resolution, or the second year covered by that resolution, is a real number, and if one assumes that we make those cuts, as we did this year, then the Gramm-Rudman-Hollings amendment would require no cuts other than those already required in the budget resolution. And even if those assumptions were wrong, and some small cuts were required, they would not come until a few days before the election, and the implementation of those cuts would not come until well after the election.

The pending amendment by contrast says in effect no more smoke and mirrors, no more plans that look good on paper but when all is said and done do nothing, no more promises to reduce the deficit after the next election but real action now to reduce the deficit and set up a real timetable to get it down to zero a year earlier than proposed in the Gramm-Rudman-Hollings amendment.

I believe this is a question of candor. It is a question of credibility. I noticed one of the stock market analysts on the news last night saying the financial markets are weary of vague plans and promises that suggest that at some future time way off in the future we may have some reductions in the deficit. Just wait until the election is over. That is essentially what the Gramm-Rudman-Hollings plan says. This financial analyst said what the markets are waiting for—and I might interject in my own words what any serious student of our current fiscal crisis is waiting for—is an indication now that we are serious, we are ready to go forward with meaningful cuts in the deficit right now, and map out a plan starting now that actually gets the job done.

The Democratic leadership amendment meets that test. Second, the Democratic leadership amendment avoids a very serious flaw in the design of the Gramm-Rudman-Hollings amendment with respect to the difference between budget outlays and budget authority. Some programs that have slow spendout authority would be affected in a very serious and unfair way by the operation, the mechanistic operation of the Gramm-Rudman-Hollings amendment. After the November elections next year when the Gramm-Rudman-Hollings amendment would first begin to take effect it would require uniform cuts in budget outlays. A slow spendout program would have its budget authority slashed very drastically in order to achieve very small reductions in budget outlays.

Programs like veterans' hospital construction, community development block grants, and other programs of that description would be hurt very badly 2 years from now. The Democratic leadership amendment by contrast recognizes the uneven application of the formula contained in the Gramm-Rudman-Hollings amendment, and applies the uniform reductions to budget authority instead. It is a question of fairness. It is a question of practicality. On this point as well the Democratic leadership amendment is superior in the judgment of this Senator.

There is yet another difference that illustrates why many will prefer the Democratic leadership amendment. Means tested programs, those which form the basis of the so-called safety net, are exempted from the Democratic leadership amendment's cut mechanism. Such is not the case with respect to the Gramm-Rudman-Hollings amendment. The issue of fairness in budgeting is one which the Democratic Party has made repeatedly over the last 5 years—indeed, throughout its history but with particular force and clarity during the last 5 years. That issue is raised once again by the distinction between these two amendments in how they affect means tested entitlements. And once again, in the judgment of this Senator, the Democratic leadership amendment is clearly preferable because it preserves our commitment to basic fairness for those who threaten to fall through that so-called and much flaunted safety net.

Let me move to yet another reason why I think the Democratic leadership amendment is perferable. It preserves the institutional integrity of the legislative branch of Government. Here is what I mean by that, Mr. President. Let us suppose that the Gramm-Rudman-Hollings amendment is adopted, as it may well be. Let us suppose that so-called gun is put to the head of the legislative branch, and let us suppose that in response the legislative branch passed a reconciliation bill that meets all of the targets in a real way, and it comes up with a formula which keeps us on the so-called glidepath, discharges our responsibility to the American people, and moves us inexorably toward the zero deficit that most of us want to see reached. But the President at this point decides that he does not like the particular way in which the legislative branch went about its business. What alternative then does he have?

He can veto the reconciliation bill, of course, and he could do that under either of the amendments that are under discussion. But under the Gramm-Rudman-Hollings amendment if the Congress meets its responsibilities, stayed on the glidepath, and came up with a budget reconciliation package that reduced the deficit by the sufficient amount, and the President vetoed that reconciliation bill, then automatically the uniform cuts would go into effect. Even if the Congress did what the Gramm-Rudman-

Hollings amendment purports to force it to do, if the Congress meets its responsibilities, discharges its obligations, comes up with an adequate reduction in the deficit for that year, then this could still be triggered by the President simply with a veto of that reconciliation package which met all the targets.

I think that reduces the constitutional role of the legislative branch. The Democratic leadership amendment addresses this problem and corrects it. It says that if the Congress does not meet the goals outlined in this amendment, then the trigger would be pulled, and the uniform cuts would take place.

But if the Congress does legitimately discharge its responsibility and makes the requisite cuts in the deficit, then the President could not automatically void all of that action by the Congress and trigger the uniform cuts simply by vetoing the reconciliation bill. He can still veto the reconciliation bill, but at that point it would come back to the Congress and the process of give and take between the legislative and executive branches would take place. The President would make a proposal; the Congress would consider it.

I believe that is preferable.

There is another problem with the Gramm-Rudman-Hollings amendment which has to do with defense contracts. I understand that most Members of this body do clearly understand that the Congress cannot welsh on contracts entered into in prior years. It would be very hard to get bidders on a new ship or plane if we set that precedent, and the courts would have a say in it as well. But we have all seen, in the news media and in speeches on this floor, some of the outrageous waste in defense contracts signed in prior years.

Surely, we do want to exempt that waste from the operations of our deficit reduction plan. In fact, if you asked the American people as a whole, "Where do you want to start the spending reductions; where do you want to start?" The vast majority would say, "Well, what about that $7,000 coffeepot? That is a good place to start. What about that $1,017 plastic cap on the bottom of the chair the navigator sits on in the B-52? That is a good place to start. What about the $600 ladder? That is a good place to start."

Under the Gramm-Rudman-Hollings amendment, hands off those items, at least with respect to that amendment. That is a prior year contract. Do not look there for your cuts. Look at the means-tested entitlement programs. Look at Medicare. Look at the health programs for the poor and the elderly, but do not look at the coffeepot, the hammer, or the plastic cap.

Again, the Democratic leadershiip amendment corrects this flaw while recognizing the legal and perhaps constitutional problems of going back and voiding contracts. It puts the pressure on the Defense Department to go in and eliminate wasteful procurement practices and make the cuts first where the American people want to see them made first. Do not exempt this part of the Defense Department.

Yet another part of the Gramm-Rudman-Hollings amendment which is corrected by the Democratic leadership amendment has to do with the level of detail at which the President loses his discretion between different items. Some will say, "Wait a minute. The authors of the Gramm-Rudman-Hollings amendment were convinced yesterday that, yes, that is a serious defect in their amendment and they are willing to correct that."

Fine, I think that is good.

The Democratic leadership corrects it right in the body of the amendment, and this distinction shows how useful it has been to have this discussion and examination, short as it is, of the details and workings of the Gramm-Rudman-Hollings amendment.

Some who wanted to vote last Friday on an amendment they had not read most probably did not consider the improvements that could be made as a result of sustained examination and scrutiny.

I suggest that there may very well be other improvements that can be made, such as the ones I have been outlining, such as the ones that are corrected in the Democratic leadership amendment, and there may be yet others that we in this body do not clearly recognize.

There is a natural tendency in human nature to get wrapped up in the deliberations of whatever group you are a member of and lose sight of other possibilities. It is partly for that reason that those who wrote the Constitution required that both Houses of Congress take an independent and careful look at any law before it is passed. If, in the short time we have been able to find this amendment we have found such serious flaws, some of which they are willing now to correct, consider the very real possibility that if the other body has a few days to look at this Gramm-Rudman-Hollings amendment they may find some other very serious problems that we have not seen. We have seen enough and we have tried to correct them in the Democratic leadership amendment.

So, Mr. President, I think that the preference is clear. If you want to put off any real deficit reduction until after the election and yet say that we are on the glidepath, then support the Gramm-Rudman-Hollings amendment.

If you want real deficit reduction now, if you want to get on with the unpleasant task that we all know is necessary and start real reductions, then vote for the Democratic leadership amendment now pending.

In closing, Mr. President, let me say that one other thing is clear as well. If you want the procedure which respects the ability of both Houses of Congress to consider legislation in a reasonable yet expeditious way, then you would accept the unanimous-consent request propounded by the minority leader to fix a time certain this week for final action—indeed, Thursday of this week for final action—on the Gramm-Rudman-Hollings amendment and all amendments thereto and simultaneously avoid the train wreck of no money in the till with a 10-day temporary extension of the debt limit.

I yield back my time, Mr. President.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, I am here before the Senate to talk about a tremendously important matter. Unfortunately, there are few, if any, of my colleagues on either side of the aisle here. I think it is a strange way to do business, but maybe there is some merit in all of this.

I look around the room and I see almost a few people watching the deliberations as there are on the floor. The press galleries are packed; we could not get more than 90 or 100 people up there if we tried very hard. I see the hardy souls up in the galleries there listening to this tremendously fascinating discussion as I talk about what is, I think, a tremendously important proposition.

None of it will ever be reported and few will hear what we say here at this late hour. For something interesting, I would like to report that the Toronto Blue Jays are ahead 5 to 0. The baseball game is being played in Toronto. Meanwhile, we drone on on something here I do not wish to make light of. I do wish to make light, Mr. President, of the fact that few, if any, are listening. But I suspect that a great many care.

The question has been asked of the Senator from Nebraska where the baseball game can be found. I direct my colleague to either the Democratic or Republican cloakroom. I think that vital information is being piped into those rooms just off the floor of the U.S. Senate.

Mr. President, I certainly hope, although I started out with some levity here—sometimes we take ourselves too seriously in this body, but this is one of those occasions when I think we had better take ourselves seriously.

I have been here now, this is the seventh year. I suspect the deliberations going on here now, with the Democratic leadership alternative being offered as the only major alternative to the Gramm-Rudman amendments, that that is probably something that could go down in history sometime as a tremendously important event.

I think it is the obligation of all Senators on both sides of the aisle to be as thoroughly familiar as possible with this proposition.

Mr. President, I wish to ask for order in the Senate. There are hardly enough people on the floor of the U.S. Senate to cause any furor, but if I cannot have the attention of at least the few colleagues on the floor and if we cannot have quiet from the staff sitting back on the seats behind us here, I would suggest that maybe we should clear this matter up entirely.

I know none of you want to hear me talk and I am not particularly thrilled about standing here trying to make some intelligent remarks myself, if that is possible at this hour. But I do want to say, Mr. President, that unless the Senate as a whole on both sides of the aisle is interested enough to at least take a look at what I consider to be a quite well-thought-out alternative to the Gramm-Rudman proposal, then there may be some time down the line a few weeks or months or years when people will say, maybe we should have listened; maybe we should have taken a look at the alternative.

I think one thing is certainly clear, that this is going to have an effect, good or bad, on the future decisions of this body with regard to fiscal responsibility, budgetary procedure, and last, but not least, driving up the national debt.

I compliment my friend from Texas, Mr. **Gramm**, who, I think, came up with a tremendously interesting proposal and also his colleague and cosponsor, Mr. **Rudman**. I think Senator **Rudman** and Senator **Gramm** have done a great service to the Senate in maybe focusing attention on a problem that we have been wrestling with now for the 7 years I have been here. At least they have come up with a proposal that has gotten the attention of this body and has gotten the attention of the people of America. That is good.

It is not good, I suggest, for us to assume necessarily that just because it has gotten people's attention, it is the best possible proposal we could enact. But act we must, Mr. President, as this body well knows.

This Senator has been on the floor on many occasions offering proposal after proposal with a whole series of colleagues on both sides of the aisle to try to do something about the crisis that faces us in fiscal policy today since way back when. Way back when—was a little over 4 years ago, maybe 5 years now, when we were below—we were below, Mr. President—the $1 trillion debt ceiling limit in the United States. I remember when we broke through the $1 trillion figure for the first time.

What that really means is that it took 203 or 204 years for the United States of America, during all of that period of time, to accumulate enough debt that we went through the $1 trillion debt ceiling limit. Here we are, 4½ or 5 years later, and we have doubled it; 203 and 204 years to get to a trillion dollars, and 4 or 5 years to double that to $2 trillion. And there are dire predictions that unless we sharply correct our course, we are going to be busting through the $3 trillion debt ceiling limit yet in the 1980's. I am very fearful that will come to pass.

Among the other problems that I see along with many of the good things that are offered in the Gramm-Rudman proposal is the fact that they have not ratcheted up the main targeting mechanism that is the heart and soul and the best part, in my opinion, of the measure offered from that side of the aisle. I will be offering an amendment at some appropriate time when we have nothing else to do that would move up that ratchet. Because if the Gramm-Rudman proposal is as good as many people think it to be and since it has swept through America grabbing the attention of all Americans who have been led to believe, I think to some extent incorrectly, that this is a measure that, at long last, is going to get hold of the deficit and straighten us up, I point out what I think is a fatal flaw in the proposal that has been offered, which is the real reason that we had that meeting of the Senate last Sunday, highly unusual. We were here late last night, we are here late again tonight.

The fact is that that proposal, with all of its good features, basically is fatally flawed with a mechanism that essentially is likely to mark time for a year while the deficit climbs and the national debt keeps on going up.

Oh, it will be argued when I offer the amendment to ratchet that up to make the teeth sharper and put them into effect promptly that is not necessary because of the protections in this bill. But as I shall argue at that time, Mr. President, originally, as I understand it, the proposal by Senator **Rudman** and his coauthor, Mr. **Gramm** had an early ratchet that would start almost immediately.

Yes, there is a provision in there that says that on November 1, about 3 weeks from now, CBO and the Office of Management and Budget are required to come forth with projections as to where we are right now. That is supposed to trigger something. Unfortunately, I am very fearful that by design—by design, Mr. President—that was altered for reasons best known to the authors. I suppose that they will have some reasonable explanation of why that took place. But, you see, Mr. President, the major proposal on which these amendments are being offered calls for the fact that we are going to start ratcheting this down and if Congress does not act, then a triggering mechanism takes over and we go to sequestering under the authority of the President of the United States.

I think that is a pretty good proposal, and once again I salute those on that side of the aisle who came up with the suggestion.

The problem is, Mr. President, the first thing we did was raise by $20 billion the deficit figure that would trigger this, from roughly $170 billion to $190 billion. And also for that first reporting period on November 1, this year, the statistical information could be raised to 7 percent rather than 5 percent over a certain figure that followed in the rest of the bill.

I believe that could very well allow us, Mr. President, to take time out for a whole year, until October next year, when the next report is called for, and if the crisis is as great as I and other people believe it to be, then I suggest we cannot, we should not, we dare not take time out for 1 year in an effort to try to do something about the fiscal calamity that may be, Mr. President, much closer than many of us care to face at this particular period.

Meanwhile, back at the ranch, Mr. President, out in my State of Nebraska we have a depression on our hands, and that is really not understood very well in many parts of the country. That farm depression spreads not only across Nebraska but our neighboring States as well, brought on, Mr. President, by a total crashing of commodity prices, brought on by tremendously high interest rates that have already added to the nearly unbearable costs to the farmers and ranchers of this country who produce the food that we all eat and enjoy, brought on, Mr. President, by irresponsible fiscal policy under Democratic and Republican administrations. There is plenty of blame to spread around to all. The fact is that we have not followed the right course of action over the last several years when we should have stepped up to the table, looked the problem in the eye and properly called the shots.

The problem in Nebraska and the other agricultural States is a true depression while the good times are rolling to a considerable degree in other parts of the United States.

I saw a story in the paper the other day where Maryland has one of the lowest unemployment rates in its history. That is not true in Nebraska and other agricultural States. So I can tell you, Mr. President, that it is our inability to attack the deficit problem which has caused the high interest rates that I referred to, which has caused also the high valuation of the dollar, which has been a major problem as far as agriculture is concerned because our agricultural products along with all of our manufactured products are literally priced out of the international marketplace. I only say this because that shows how important, Mr. President, this matter is to a State like Nebraska. But we are not only Senators from our own States but we are U.S. Senators. Sometimes we have to stand up and make some votes that might not be popular back home but are for the overall good of this Nation.

So I simply want to focus attention this evening with these brief remarks, Mr. President. I think this is a tremendously important matter. I think we should have the attention of the Senate if we possibly can, even the authors of the bill themselves might listen just a little bit instead of talking all the time others are trying to get their attention.

But that is not the way it works in the Senate, unfortunately. I am afraid we are ready to rush into a bill and pass it overwhelmingly. We may learn to regret that sometime in the future. I hope not. I hope I am wrong. But unless we can make some amendments to the Gramm-Hollings-Rudman amendment which I think are very much necessary, it might well be a keen disappointment, Mr. President, as have other major pieces of legislation in the last few years which have borne the names of some of the leading sponsors of this particular bill.

I say caution. I say warning, Mr. President. I hope that my colleagues will read this bill and see if they agree with some of the key points in it and whether or not there should be some amendments before we adopt it.

If it is amended, as I would hope, or if we consider the Democratic leadership plan, which I believe is the better thought out and more sure course to success, I think it is a foregone conclusion by and large that the Democratic leadership proposal is going to be defeated in the Senate. That is the eventuality that I see. I hope it is not the case.

There are good features in both of these bills. I have looked at both of them. I believe that the Democratic leadership bill is the superior bill, the better thought out bill, the better balanced bill, the bill that will get us quicker and faster to the goal which we all want. Mr. President, I urge caution.

I yield the floor.

Mr. CHILES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRAMM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAMM. Mr. President, I should like to make note of the fact that I do not have anyone on my side of the aisle who has requested to have the right to speak on this amendment protected. On this side of the aisle, therefore, we are prepared to vote.

I know that a great deal of concern has been expressed on both sides of the aisle about the debt ceiling; and since no one is here who has asked to speak on this amendment, we on this side are prepared to vote.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, as I understand it, we have had some debate on the amendment. I apologize for being absent, but I was hosting a distinguished Japanese delegation, belatedly.

As I understand it, there has been debate on the leadership amendment; is that correct?

Mr. CHILES. Not exactly debate.

Mr. BYRD. There has been a little talk. There has not been any debate.

Mr. DOLE. Is the distinguished Senator from Nebraska prepared to offer his amendment at this time? If there is no more discussion on the leadership amendment, maybe we can agree to set that aside and take up the amendment of the patient Senator from Nebraska.

Mr. EXON. Mr. President, may I answer the distinguished majority leader? I think probably not. I have waited about 6 hours now. I can wait another 6 or 8 hours and probably take it up in the morning. I do not want to disrupt the Senate any more than it has been disrupted.

But I suspect that there is a majority feeling on this side of the aisle, at least, that we should pursue this matter until it is resolved.

Mr. DOLE. Then we ought to pursue this matter.

Mr. EXON. I would have been ready to bring this matter up if it had been brought up ahead of the amendment when I was scheduled to bring it up. I really think it would be best if we put it off until the morning, if that can be worked out.

Mr. DOLE. Mr. President, let me renew my plea to Members on both sides. I would like to complete action on the debt ceiling matter and, in addition to that, a temporary extension of a few days. But we have not accomplished anything. All day yesterday we had discussions, all day today we had discussions, and then tonight, when we were in session, nobody wants to discuss anything. Everybody wants to discuss it in someone's office, but not on the floor.

I do not know what a leader is to do, except to try to push ahead.

Is Senator LEVIN available? There is an amendment we can accept. If he was here, we could accept that amendment. I understand Senator KERRY has an amendment that we could probably accept.

Mr. CHILES. We can find out if they are around.

Mr. DOLE. The distinguished Senator from Florida indicated earlier that maybe he would discuss his amendment a while and take up a couple of other amendments. That is certainly satisfactory. I do not fault anyone for that.

I must say we are going to be here tomorrow morning quite early and that no one is going to want to do it then, because it is too early. Now it is too late. Then it will be something else at noon and then we will stall around until 3 or 4 o'clock and say, "Let's go to work, but we don't want to work beyond 5." And that has happened the last 2 days.

I believe in trying to get along here with everyone. I would like to do something if we can get an agreement. We want to vote on the Gramm-Rudman-Hollings-Boren amendment tomorrow. We want to pass an extension tomorrow for a few days and satisfy the concerns not only of the American people and the Treasury, but the Speaker of the House and the Republican leader.

I have had at least a half dozen calls today from Congressman MICHEL, the Republican leader. I am sure the Speaker has called the distinguished minority leader that many times.

I believe Senator Baker once said that when the Senate does not want to move, it is like a wet noodle.

We ought to do something, either that or just stay in session all night and do nothing so the American people know we did not do anything while their checks were being dishonored. I am prepared to do that. If nobody wants to talk, we will just stay here and every hour or so we will remind the American people that nothing has happened—we cannot get an agreement; we cannot get an amendment. We have a filibuster by silence and inaction; no amendments.

It seems to me that we have some obligation, if not to accommodate each other, to accommodate those who are going to be wondering why their checks were not honored at the various 41,000 banks.

Is the Senator from South Carolina prepared to move his amendment?

Mr. HOLLINGS. Yes; the Gramm-Rudman-Hollings amendment, we are prepared to move that. We have been trying to vote on it since last Thursday. We had a "Dear Colleague" letter sent out 2 weeks ago to let the Members know of our plans.

If the majority leader wishes, I do not mind spending a few minutes now on my views on this particular amendment while he tries to arrange to get a vote. Is that what we are trying to do now?

Mr. DOLE. I would like to get something, or get unanimous consent to move the Gramm-Rudman-Hollings amendment right now.

Mr. HOLLINGS. We are prepared to vote.

Mr. DOLE. I think there would be some modifications there, because Senator LEVIN and others suggested changes. I think they are reasonable. Senator GLENN, I believe, has a change, and others have changes that were suggested.

But if everybody is going on strike, we cannot work. I know the labor lobby has been here, but I did not know we were on strike.

It seems to me that we ought to do something, or announce we are not going to let this bill pass so the American people understand.

Mr. President, I ask unanimous consent that we may turn to the consideration of the Gramm-Rudman-Hollings amendment and that we may modify the amendment to incorporate changes suggested by Senator LEVIN, Senator KERRY——

Mr. FORD. Mr. President, has the Senator checked this with Senator LEVIN? He wanted his time, in all seriousness. I know what the Senator is doing and everybody else knows.

Mr. DOLE. We are trying to get a vote.

Mr. FORD. I understand what the Senator is trying to do. Nobody has been hoodwinked.

Mr. DOLE. The American people are.

Mr. FORD. Well, that is what you say, and I cannot get the television you can. So they are getting that message.

But I want to protect Senator LEVIN and if you are going to include Senator LEVIN in that unanimous-consent request, I will have to object.

The PRESIDING OFFICER. Objection is heard.

Mr. DOLE. Mr. President, I ask unanimous consent that the time on the pending amendment be limited to 5 hours, equally divided, and that the time consumed be charged equally to both sides since the amendment has been pending.

The PRESIDING OFFICER. Is there objection?

Mr. CHILES. I object to that. We do not have the time to vote.

Mr. DOLE. We would, if we had a time agreement.

Mr. President, I ask unanimous consent that we vote on the pending amendment at 10:30 a.m.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BYRD. Mr. President, will the Senator yield the floor?

Mr. DOLE. I am happy to yield. If the Senator wants to debate the amendment, I want to hear all about it.

Mr. BYRD. No; I am going to make a unanimous consent request.

Mr. President, I ask unanimous consent that the Senate vote tomorrow at 3 o'clock in the afternoon on the pending Democratic leadership amendment, and that immediately thereafter the Senate proceed to the consideration of the short-term debt limit extension.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. I object.

The PRESIDING OFFICER. Objection is heard.

CLOTURE MOTION

Mr. BYRD. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on H.J. Res. 372.

Robert C. Byrd, Alan Cranston, George Mitchell, Lawton Chiles, Jim Sasser, John Melcher, John Glenn, John C. Stennis, Paul Sarbanes, Tom Eagleton, Gary Hart, William Proxmire, David Pryor, Carl Levin, Don Riegle, and Wendell H. Ford.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

BALANCED BUDGET AMENDMENTS

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I ask unanimous consent that the vote occur tomorrow afternoon on the Democratic leadership amendment, and that a vote occur on the Gramm-Rudman-Hollings amendment at 10 o'clock a.m. on Thursday with a vote to occur at 11 a.m. Thursday on the short-term debt limit extension to October 18, and that a final vote—I will not ask for a vote on the resolution itself because we do not know what is in some of the amendments that might be offered. I make that request.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BOSCHWITZ. Regular order.

The PRESIDING OFFICER. The question is on amendment No. 743.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I will be very brief with my comments. I believe we should debate this proposal while the distinguished leader sees exactly where we are going from here through the rest of the evening. Necessarily, Mr. President, it would be the propensity and disposition of the Senator from South Carolina to vote for the Democratic leadership amendment. So it is with sincere misgivings that I find I could not possibly support this very weak approach to the deficit problem. I have tried from the very beginning to act in a bipartisan fashion and take the budget that the Congress has passed and impartially apply the truth in budgeting to it.

I realized after 5 years of steadily trying with colleagues on both sides that I was not going to pass a budget freeze or any plans with revenues or some of the other things. So now the leadership comes forward with the deficit soaring. Everyone knows the catastrophe that we face. So necessarily when the Senator from Texas came to me, I looked very carefully at what he was proposing, as I have done the very same thing before as a Governor—right to the point. With respect to the Hollings' participation in this, I wanted to make absolutely certain that it was impartial. On that basis we changed it around, and gave the split between the controllables and the uncontrollables including the entitlements with the COLA's and the rest of the budget including defense.

I wanted to make certain that it was not only impartial with respect to programs, but it was impartial with respect to the President and the Congress. I did not want to give the President any advantage. On the contrary, I wanted to give him a ministerial task at the bidding of the Congress to perform on equal percentages across the board.

We agreed on that.

I wanted to make sure there were revenues. I can understand the sensitivity about spelling it all out, but I wanted to make it possible because I am of a different school of thought from the Senator from Texas, who thinks that balancing the budget could be done without revenues. I thought it had to require revenues to really get it done.

But with that difference in mind, we included revenues—as an option in the alternative proposal open to the President and the Congress.

I wanted it to be practical, workable, doable, and in that sense, in order to get to all parts of the budget, I got the Senator from Texas to turn around the dates and times he was proposing. His original approaches similar to the Chiles-Byrd amendment that all the fix-it mechanisms come in the wrong part of the year.

It was I who insisted that we start right at the beginning of the year. And thereby starting at the beginning of the year, we play with real bullets, and say that we have the discipline to carry out the budget we adopted. So that we don't catch anybody off base we necessarily began to increase the deficit amounts because the intent is to institute a process.

It would be this Senator's intent that we never have to use the trigger mechanism under this particular budget process revision. Specifically, we ran the deficit from $171.9 billion to $180 billion and we tried to apply that after getting all the measurments from CBO and the Office of Management and Budget and we added on the 7 percent trigger. That came to the $192 billion figure. That was intentional. We have been criticized for that, saying that nothing is going to happen. I hope nothing will happen.

I hope we can get something like this and that in November when we get the reports nothing happens with respect to the trigger and, therefore, the President takes over under the requirement of the budget to be submitted in January conforming to the $144 billion deficit level we propose for the next ensuing fiscal year, 1987.

So, in reality, I realized the first one to get hit if I had anything to do with it and the mechanism worked would be the President of the United States.

I wanted to make sure that we did not have the Social Security argument. That just brings headlines and stories and everything else, and no one can talk sense. It is a trust fund and on that basis the Senator from Texas and the Senator from New Hampshire agreed that we would take it off budget. We had some arguments about that. Many in the Budget Committee and in this Senate wanted to keep it on for various reasons. But we have forgone that particular argument and set it aside in specific language at three places in our amendment.

Now along comes the Chiles-Byrd proposal and it does not have that particular intent. It wants to write a new budget.

You can see on page 28 under proposals:

> In developing proposals for deficit control, the President should include programs in education, job training, scientific research, and export promotion.

Therein we have fallen back into the trap of rewriting the budget. We did not want to do that.

We are not trying to get my budget passed or highlight a particular need or anything else. There was to be neutrality, impartiality, with respect to the programs, entitlements, and everything else.

But they have the bit in their teeth on this side trying to get up a particular budget and go to the special interest groups and say, "You see in our amendment we looked out for education. We looked out for scientific research. We looked out for exports. Gramm-Rudman-Hollings did not even think of those things."

It is not that at all. We intentionally did not list those things because we were looking for a process to put us all in a box, including this Senator, all Senators, and including the President.

I think we have TIP O'NEILL in a box when we get rid of Social Security, and I think we got our House colleagues in a box. We can all talk sense to each other.

I can tell you here and now under this particular proposal the President is out of the box in several ways. In one part on defense—if he finds the security of the country is endangered, he does not have to do anything about defense cuts. Otherwise, the actual working of this amendment really plays with politics on one hand and relieves the President because he is bound to veto any congressional action, and if I were him I would veto it, when we come in the middle of October and say by November 1 he shall raise revenues.

It is on page 16:

> Deficit control message. A deficit control message for a fiscal year shall (a) specify the amount by which the deficit for such fiscal year shall exceed the maximum deficit; (b) contain proposals by the President—shall contain proposals by the President for increases in revenues and decreases in budget authority.

And so forth and so on down the line.

So they are still aiming at the revenues there.

You see, they are trying to catch Senator GRAMM—and I am trying to catch President Reagan.

You may recall the story about the Japanese and the American out on that hunting trip and they came by surprise upon this big grizzly bear.

Our Japanese friends, who we are entertaining, will enjoy this.

The Japanese dropped to the ground and started putting on his Nike track shoes. The American said, "My Heavens, you are not going to outrun that bear."

The Japanese said, "Honorable sir, I don't have to outrun the honorable bear. I have to outrun you."

I know what they are trying to do. They are trying to get Senator GRAMM. I am trying to get the President of the United States. But when you tell the President he has to do the revenues and come from a $200 billion deficit down to $170 billion in the next 2 or 3 weeks, that is a $30 billion drop.

I had to listen to Senator CHILES all weekend. On Saturday, he said:

> That still leaves us with a deficit for next year of $200 billion.

He was referring to the lousy budget resolution passed on August 1.

Now he comes on Tuesday and wants to reduce it to $170 billion and says:

> We are puny, we are weak, we have not done the thing. We want to show the President who is really for deficit reduction.

All Friday, Saturday, and Sunday, the opponents of Hollings-Gramm said we would salvage all programs, we would ruin labor, education, women-infant's and children's feeding, the poor and hungry people.

These are the people I have worked with for 25 years. They say, "What are you doing now?" I said, "I just gave you $20 billion. I have raised you $20 billion. I raised you to $192 billion from $172 billion."

They say, "No, you are cutting it."

I am not cutting it. But now with all that talk about savaging, they come in on Tuesday and say, "You have not cut enough. We want to have a bigger Armageddon. We want to have more and real savaging."

That is a political game. It is sad that we could not get a bipartisan move going on a serious problem of this kind just to have what they call a Democratic alternative.

That has been the trouble on this side of the aisle. I speak seriously to all colleagues. I do not speak seriously with any inhibitions about the other side of the aisle.

There is the Wall Street Journal for last Thursday morning quoting that the Republican Senatorial Campaign Committee has targeted me for defeat. Well, we will see who can beat the Republicans in South Carolina. I have heard that talk before and it really does not work, to tell you the truth.

On this side of the aisle, we will continue to beat ourselves. Why? You have passed the budget, Democratic colleagues, that calls for a 3-percent real growth in defense next year, that's $25 billion, with entitlement COLA's another $15 billion, or a total of $40 billion; interest costs of $30 billion, to bring it to $70 billion; health costs increase $15 billion, to $85 billion, with an election year and no revenues.

So you are presently at what you call a bypass, we are talking about here, on the budget. A majority of Democrats voting for the budget that we passed in August have said, "Next year, let us make sure we have to find $85 billion with no revenues," and where do they find it except savaging urban renewal, the UDAG Program, Economic Development Administration, Small Business, Export-Import Bank, women-infants and children's feeding, school lunches, higher education loans, and otherwise.

So we keep cutting each year our own programs through our own blindness, and then bog down here tonight in a political charade. You want us to give you a vote on the Democratic alternative. No, you do not want to vote, filibustering your own amendment. And in reality, it ought to be filibustered.

You can go down the steps on this particular amendment and see that it makes the Director of the Congressional Budget Office prepare a report that runs the fiscal affairs of this Government—nobody elected him to office. The Director of CBO is king. You ought to run for that particular job. He is not an elected official. I do not think it is constitutional. And our friends say Hollings-Gramm stretches the constitutional line.

In any event, it says he reports and the President shall do it and if he does not like that, he shall do this and he shall do the other thing.

Read this nonsense. They have gone completely overboard to get together a bunch of pages called the Democratic alternative. This is not a Democratic alternative, it is an atrocity. You can go right through Democratic Presidents from Harry Truman, down the line to Lyndon Baines Johnson, who balanced the budget in fiscal 1968 and 1969. We used to be fiscally responsible. Now we are all parliamentary whiz kids here at 11 o'clock at night. We do not want to move, we do not want to go back, we do not want to go forward. We just do not like this particular procedure.

That is what the truth is. You know it and I know it. We have truth in budgeting. It is impossible. It is going to be tough on everybody, but it gives us time.

We said that for this particular year, 1985, for the fiscal year 1986 budget, we would provide for a deficit of $180 billion plus a 7-percent leeway for statistical insignificance to make the trigger at $192 billion. Our opponents argued the whole weekend—over 20 hours—about what a horrible thing our amendment was. It was Armageddon, the whole world was going to end, now they are back here saying it is not enough.

I would be ashamed to participate in that kind of shenanigan. That is exactly what it is. You know it and I know it on this side of the aisle. It is who can outmaneuver and who knows the most rules and who can file the most cloture motions and all that kind of thing.

They have no idea on this side. They worry about the House—my other colleague is not here who was worried about the House a while ago. I can tell you, the House Members are serious about this. Their leadership over there is serious about it. They are ready to do something. They are not worried about the House, they are worried about themselves, because they know the House Members are running. They are going to have to explain this $2 trillion debt; they are going to have to explain this $200 billion deficit. They have a responsibility that they have to immediately face up to. So the House is ready to move on this. They have been ready to move on something as long as Social Security was protected.

We have not done anything to anybody's budget on any of these particular programs. We have added $20 billion to all of them. But to come now to this leadership amendment—I could go down step by step and show the inconsistencies that it contains. I was trying all last weekend to get a copy of it. You could not get one.

But all of its action occurs next year when the President submits his budget, and then there is 30 days here and then 50 days there. It all happens around, let us say, April, give or take, it might be May, might be March or whatever.

Therein was one of the things I insisted on with Senator GRAMM. Why? To forgo one of the basic problems with this Democratic thing.

"Defense contracts are included in deficit reductions. They have been excluded in Gramm-Rudman-Hollings, allowing savings from cutting wasteful procurement instead of cutting combat readiness." Whoopee for them who are so strong for defense. Ha-ha.

We said, let us make it effective immediately at the beginning of the year because that is exactly what happens. You have $300 billion in budget authority, new budget authority in the 1986 budget that is subject to cuts.

Under the Chiles amendment, Cap Weinberger is going to be down there letting his contracts as fast as he can. I was the one who said, "Don't wait until next April." Why? So you could get to the contracts no later than early November and you would not have to cut readiness. Yet the Democratic leadership has critically and falsely reported in their worksheet how brave they are and how sensible they are about defense and how wrong we are because we want to cut readiness.

Nobody wants to cut readiness. You cannot cut anything but readiness if you wait until next April. Contracts are let by that time and you cannot avoid the obligation of a contract.

Second, if you are going to get to COLA's, you have already paid out the January COLA, you have already paid out the February COLA, you have already paid out the March COLA. You are not going to start taking COLA's back. Your fiscal year is gone. This leadership amendment puts deficit reduction into the time when it makes it impossible to be done.

I am looking for the art of the possible. I happen to be a professional politician and public servant. I think Government can work. I have seen Government work at the very lowest local level. I have seen it work in the statehouses and in the city halls. But this Washington thing is a cancer. It keeps on and on out; maneuvering each other and we do not want to do anything about it.

Fortunately, to those who were worrying about the other side of the Capitol, they do want to do something about it. I hope a majority will want to do something about this over here and yes, improve it. There is nothing sacrosanct about Gramm-Hollings-Rudman. Senator LEVIN came up with a good amendment and I have seen others. They will improve our product.

I am glad we got off that OMB package, that thing from OMB that all of us had a heck of a time getting a copy of. Now we can use this description from the Budget Committee.

But that was the best we had so we had to design this and it is an improvement. Maybe we will get some on the House side. Put in a better bill, but do not put in a charade like this and call it Democratic. I would hate to have to go home and explain that or to anyplace else. I would hate to go to Illinois and say that is the best we could put up as Democrats, the best we could come up with—the President shall raise revenues and we go back to tax and tax and spend and spend, and by the way, it was not a big enough effort, so we made an impossible effort. How can they do $30 billion between now and November 10 this year? No way to do it.

Here is what the leadership sheet says:

> Require immediate action to reduce the deficit now in fiscal year 1986. Cuts $10 billion below Gramm-Rudman-Hollings this year. Effective November 10, 1985.

Well, you are looking for $30 billion based on Senator CHILES' comments on Saturday and nobody is trying to forcefeed taxes. The U.S. Senate just voted overwhelmingly, on the matter of a minimum corporate tax, and said do not make it effective before October 1986. Now they want to call this an alternative.

Look at how the Senators on this side of the aisle voted on October 1986 for a tax, just a few hours ago. Now they want us all to come and vote for a bunch of taxes to pick up $30 billion because you cannot cut enough programs. You really will ravage all the programs trying to cut $30 billion. And they say that is what I recommended.

That is not. I had recommended taxes. We had $15 billion in revenues in Chiles-Hollings. But no one will agree to revenues.

I am not trying to repass my own plan, I am trying to move on now that I have lost on that particular score. I am trying to move on to a process and I hope we in the Senate can and will.

We are looking for a mechanism or process to give truth in budgeting and in actuality, we will probably not trigger anything this fall. But it certainly starts taking effect soon as the President gets his experts around him in November and December to submit his January budget. As he does that and he sees what has to be done, then there is going to be trauma all over the Hill and there is going to be trauma with us and it is going to be tough with us as committee chairmen and ranking members to get those zero sum amendments.

It is not going to be easy, no one contends it is. But let us not stay in the box and do all this parliamentary maneuvering around here and play charades with the budget process. If you read this amendment carefully, you see it goes all over the lot with the Congressional Budget Office Director as a king. He is to submit a report and he starts programming everything. There you go. That is not workable. The President is bound to veto it. If I were President, I would veto it. Therefore, we do not have anything to do. We have gone through a daze, gotten a lot of headlines, gotten a lot of stories. That is what we have done for 5 years.

I hope we can get serious on this, vote on it, reject it, get all the others up, give us a chance to debate their merits. You can tell by the descriptions here that they are not accurate at all. There is no intent to have a deficit reduction bill. There is an intent to have a parliamentary collision with the White House and above everything else, not have a vote.

It is actually impossible to get done, and everybody else knows it. They say, "Well, we can't beat Gramm-Rudman-Hollings by a vote so we beat them by maneuvering.

I thank the distinguished Chair.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, I know how much it strained my friend from South Carolina to have to make those brief critical remarks on this amendment. I know his conscience bothered him, but he felt he had to do it. I appreciate the great restraint in his manner. He is always a gentleman. He is always temperate. He is always restrained. I am so very glad that he spoke so concisely, without exaggeration or hyperbole, and in such a calm, sober, thoughtful, restrained, and scholarly way. My, how I appreciate that. It is good that he did it in that way.

I am reminded of an old southern saying that if you take the lady to the dance, you better be prepared to dance with her. I appreciate that, too, and I understand it. I did not elect to take the other lady to the dance. I have my own lady, and so I am prepared to dance with her. But I understand that you need to be prepared to dance with the lady you agreed to take to the dance.

I listened to just a few of his remarks. And one of those was that Gramm-Rudman is equal between the President and the Congress.

Now, that is interesting because I think one of the things we have been talking about since we were able to get a copy of Gramm-Rudman last Wednesday is whether it is equitable or not; or are there some biases that need to be changed. As I listened to the Senator from South Carolina, I heard the personal pronoun used sometimes in terms of changes he had been able to make. That's nice, I am glad he was able to make some changes. I wish he had been able to make a few more.

I am glad he has been able to read our proposal as carefully and thoroughly as he has. I wish that he would read the Gramm-Rudman-Hollings proposal with that same kind of care because I think he would find a few things in there that are not entirely equal. As an example let me mention the power the President would have to veto a congressional plan. Even if it meets the criteria of being on the glidepath, to a balanced budget, the President can still veto it, and if either House sustains that veto, then he triggers the sequestering of funds. It does not seem to me that is exactly equal.

He also talks about equality in the cuts. Well, when you say you are dealing with outlays as well as dealing with budget authority, to me somehow it does not come out equal. We know if you fool around with these budgets they spend out at different rates in different programs.

If you pay a percentage out of outlays and budget authority or you put it on outlays, which this really does—it is just on outlays, not budget authority, but just on outlays—then when you go after a program that spends out slowly on outlays to get 5 percent or 7 percent you have to take tremendous sums out of the budget authority.

If it is a water and sewer grant proposal, you take 40 or 50 percent of the budget authority to get the small amount of outlays. In fact, EPA and sewer treatment grants, Veterans' Administration hospital construction, to get the outlays there you are going to have to go after it. I would not want to use as indelicate a word as "savagely." I think I heard it a few minutes ago, but I must be wrong.

Subsidized housing, including our section 202 housing for the elderly and handicapped, could be devastated.

Now, that is one of the things I think needs to be cleaned up in Gramm-Rudman. It is one of the things we attempted to do in this terrible, terrible proposal which we have before us. And it is one of the things that I think the Senator from South Carolina missed. I applaud his good work, but I think he missed that.

In community development block grants, we find the same kind of thing—a 55-percent reduction in urban development action grants.

Well, maybe we ought to cut them. Let us say we are going to cut them. Let us not use the device of saying we are going to use outlays.

The same thing goes with the problems of SSI, and pension programs for the VA people. You are going to have to go after tremendous sums of money because you are talking about outlay numbers.

But my friend from South Carolina said that this Gramm-Rudman proposal is an equal proposal. I am not sure that I can really consider it to be equal when, if the President says that we have not met the goals and his order goes into effect immediately Congress can change that order if within 10 days both Houses pass a reconciliation and that goes to the President and he signs it.

Now, the Senator from South Carolina has been around here a long time. He has seen us try to operate around here a long time. Is it equal to say that the President's order goes into effect and the only way you say it is if within 10 days you can move those things? Maybe under the Gramm-Rudman time scale, when you are supposed to get something on Wednesday and vote on it on friday, 10 days is a long time. I do not know. But to me I hardly consider that to be equal.

Mr. RIEGLE. Will the Senator yield for a question at that point?

Mr. CHILES. I will yield.

Mr. RIEGLE. Or would the Senator rather continue with his remarks?

Mr. CHILES. I would like to continue a little bit longer, and then I will be happy to yield to my friend.

We are now talking about doing something great—we are going to accept Senator LEVIN's provisions on recession. That is good. That shows there have been some changes brought up by some of the "terrible people" on this side of the aisle. But what does that do? The change that has been agreed on says that you can have two quarters in an estimate of a recession. But the change does not say anything about the President's discretionary authority. Remember we are talking about whether this is equal.

What happens if there are two-quarters of a recession under Gramm-Rudman? It says the President may send an order saying that we have a recession. It does not say he has to. So you can be in the middle of a recession and if the President decides he does not want to do anything, he does not have to do it. But this is supposed to be an equal proposal. It is "equal" all right. Some equality.

We talk about the CBO king, I think I heard mentioned.

The question I guess really is what kind of king do you want? I have heard the Senator from South Carolina talk about OMB a long time, about their estimates, how they are inflated. But this plan would basically make OMB a king, and we are talking about whether it should be a CBO king. I do not know.

I have seen Republican and Democratic administrations, and I have never known OMB to be impartial. I have always seen it to be a captive of the administration in power.

With respect to the estimates as to whether there is going to be a recession, the estimates as to what the spending is going to be, remember that under this plan, which is supposed to be "equal," CBO has an estimate and OMB has an estimate, and if they disagree, you take the midpoint.

If somebody has his own dog in the fight and he gets a chance to fight his dog, and the other dog cannot fight because he has two pulling him, I do not think that is going to be a fair fight. The CBO has two chains around the dog's neck, the Democrats and Republicans pulling at that chain. OMB has only one master, and you know what will come out of that fight. Yet we are told that this is an "equal" proposal and anything else is just a piece of garbage.

As I heard the scholarly remarks of the Senator from South Carolina, I heard him say that we are talking about a box and that Gramm-Rudman is to put everybody in a box—put Congress in a box, put the President in a box. Well, we are trying to build a box, too. We are trying to build a better box. We are trying to say that if we are going to have a box, let us make it a real one. Let us make it a trap, in effect. Let us say that if we are going to talk about this and one piece is supposed to be garbage and the other piece is fair and impartial, no flaws in one but lots of flaws in the other, our box says that you have to do something before the election. It says some of the drastic things that are going to happen under these proposals, and unless Congress and the President get their acts together, it will happen sooner.

I probably did not hear it right, but I thought I heard something about the Democratic leadership alternative being a bunch of shenanigans and we ought to be ashamed of it. I thought I heard something about this being an atrocity. My word, I probably did not hear that right, that sort of intemperance would be unexpected.

I just want to say to my good friend from South Carolina that I learned what I know about budgeting at his knee.

And I learned something about shenanigans at his knee.

I guess I watched too well and learned too well on some of these matters, and maybe I plead guilty, trying to be a fellow who observed my betters and trying to learn something from them.

With respect to defense, let us talk about contractors. I have heard a lot about the fact that you cannot change any of these contracts. I just read in the paper the other day where the Defense Department canceled DIVAD and said they are not going to do anything with DIVAD. I wonder why somebody did not say it is against the Constitution, that you cannot impair the right of a contractor under the Constitution? I have not heard anybody say that yet. I have not heard anybody raise the Constitution. But when we say we are concerned about readiness and we think we ought to be more careful because some of them duplicate two or three ways to knock out a tank—why, we determine whether we should look at those contracts, too.

Oh, no, you cannot do that. It is impairing the right of a contractor, and that is against the Constitution.

There may be a lot of things we are doing in both plans that are against the Constitution. We are making drastic changes. We are taking what have been prerogatives of Congress, and maybe both plans will be tested.

How interesting it is to hear that one plan is balanced and fair and perfect, and now that the sponsors have cleaned it up. Maybe it was not clean to start with, but they say they have cleaned it up

But the other plan is supposed to be an atrocity, a sham, shenanigans, and we "ought to be ashamed." Now is that just something.

I think it is good that we have the Senator from South Carolina raising these points. We have been looking for an opportunity to debate. We spent a couple of hours on it and nobody on that side stood on the floor. They just left us and covered the floor.

I think that is what we need to do with this plan. In Gramm-Rudman, we are talking about something that is very important for the country.

As far as delaying things is concerned, I think we have been ready, and we do stand ready, to say that we will make sure that nobody has to worry about their checks. So if we want to extend the debt ceiling for a short period of time or pass a clean bill in order to debate this, we should do it. I think we are ready to vote on Thursday, to clean up this whole matter. That should be done.

The Senator from South Carolina has mentioned that the House wants to work on that. I think that is fine. I think we should give them a few days to work on it and not roll this down there tomorrow and say, "Hey, you have to do this or the world comes to an end."

I cannot understand why we cannot get a simple extension of the debt ceiling for a short period of time, 7 or 10 days, or whatever would be reasonable. We could do that for a short period of time and agree to a final vote on Gramm-Rudman. We indicated that we are ready to do that. I certainly will push for that.

I know our plan probably lends itself to some discussion and debate. We have not had it out quite as long as Gramm-Rudman, and we welcome comments, especially those that are scholarly and learned and thoughtful and done in the spirit of trying to improve the plan, rather than just to light fireworks.

I thank the Senator from South Carolina for his fine statement.

Several Senators addressed the Chair.

CLOTURE MOTION

Mr. BYRD. Mr. President, I send a motion to the desk.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kansas.

Mr. BYRD. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion will be stated.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on H.J. Res. 372.

Robert C. Byrd, Alan Cranston, Wendell Ford, John Melcher, Daniel K. Inouye, Edward Zorinsky, J. James Exon, Don Riegle, Patrick Leahy, John D. Rockefeller, John F. Kerry, Dale Bumpers, Howard M. Metzenbaum, Tom Eagleton, Frank R. Lautenberg, and Quentin Burdick.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

The Senate continued with the consideration of the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt.

BEST COPY AVAILABLE

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, it is obvious to me that we have a filibuster going on here. Probably agreement has been made with the House Speaker, who does not want to get this legislation until they get back from their 5-day recess.

We always plead for extra time, and I think it is finally starting to dawn on some of us. There is no reason we cannot finish in the Senate. We are protecting the House of Representatives. That is all it is.

I know a number of House Members in both parties have plans to depart here early Thursday and, of course, if we hang around until Thursday and do not send the bill over to the House until Thursday, obviously it is too late. They are out of town. They will be all over the world by Friday and they are going to stay out there Friday, Saturday, Sunday, Monday, Tuesday and they will not be back until Wednesday.

I am not going to be a party to that. There is no reason we cannot complete action on the amendment that is pending right now.

We have had the debate. Members are ready to vote. We are ready to accommodate other Members who have amendments and complete action on this bill tomorrow. It can be done early afternoon.

But it seems—I hope I am mistaken—but it appears to me now what we are really doing is trying to protect the House of Representatives.

There is no reason the Senate cannot vote. We have been here 7 or 8 days. Obviously I cannot bring it to a conclusion because there are some who do not want it brought to a conclusion. They are willing to stay all night to protect the House of Representatives. I think it is time we start worrying about the taxpayers and the people who are going to be impacted.

There is no doubt in my mind, and I do not think many Americans will disagree, that we are facing a delay. That is all we have had—a big delay tactic for the last 6 days.

We have had one excuse after another, and here we are at 11:20 p.m. in the evening on a Tuesday evening trying to figure out some way we can delay it 2 more days so that the Speaker of the House and the others will not have to face up to it until a week from tomorrow.

It seems to me that our obligation is to get it out of the Senate. I think we made a reasonable proposition to the distinguished leader, made one this morning at 11 a.m.; we heard nothing until 4:30 p.m. Another day has gone. We made a counterproposal this evening, and all the amendments, I might add, with one or two exceptions, are coming from the other side of the aisle, so it is not that there is any reluctance to deal with the amendments.

But it seems to me that we have to make a judgment. Either we are going to stay here and not do anything. It seems to me that is one thing we can do. We have had some debate on the leadership amendment. We are ready to vote on this side. We are prepared to vote without further debate.

It seems we should vote and go on to the other amendments. Senator LEVIN has an amendment. Senator KERRY has an amendment. Senator EXON has an amendment. Senator MELCHER has an amendment.

Early on this evening, everyone was anxious to offer those amendments. Two of them we are willing to accept. It will take about 5 minutes.

But it is obvious the freeze is on, and the freeze probably is going to last.

I do not have any quarrel about how long it lasts. It can last until those who are holding it up on the other side decide to let us proceed.

MOTION TO PROCEED TO MOTION TO RECONSIDER VOTE BY WHICH MOTION TO INVOKE CLOTURE WAS REJECTED

Mr. DOLE. Mr. President, it seems to me that in an effort to indicate again that we are willing and ready to do work, I move to proceed to the motion to reconsider which is at the desk, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas to proceed to the motion to reconsider the vote by which the motion to invoke cloture was rejected.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Nevada [Mr. LAXALT], the Senator from Maryland [Mr. MATHIAS], the Senator from South Dakota [Mr. PRESSLER], the Senator from Vermont [Mr. STAFFORD], the Senator from Idaho [Mr. SYMMS], and the Senator from Virginia [Mr. TRIBLE] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii [Mr. INOUYE], the Senator from Louisiana [Mr. LONG], and the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 56, nays 33, as follows:

[Rollcall Vote No. 207 Leg.]

YEAS—56

Abdnor
Andrews
Armstrong
Bingaman
Boren
Boschwitz
Chafee
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dixon
Dole
Domenici
Durenberger
Evans
Garn
Gorton
Gramm
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Kassebaum
Kasten
Kerry
Leahy
Lugar
Mattingly
McClure
McConnell
Murkowski
Nickles
Nunn
Packwood
Pell
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Stevens
Thurmond
Wallop
Warner
Wilson
Zorinsky

NAYS—33

Baucus
Bentsen
Biden
Bradley
Bumpers
Burdick
Byrd
Chiles
Cranston
Dodd
Eagleton
Exon
Ford
Glenn
Gore
Harkin
Hart
Johnston
Kennedy
Lautenberg
Levin
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Pryor
Riegle
Rockefeller
Sarbanes
Sasser
Simon
Weicker

NOT VOTING—11

East
Goldwater
Inouye
Laxalt
Long
Mathias
Pressler
Stafford
Stennis
Symms
Trible

So the motion to reconsider was agreed to.

CLOTURE MOTION

Mr. DOLE. Mr. President, I sent a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The bill clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on amendment No. 743 to House Joint Resolution 372, a joint resolution increasing the statutory limit on the public debt.

Bob Dole, John H. Chafee, Don Nickles, Mack Mattingly, Bob Packwood, Rudy Boschwitz, James Abdnor, Phil Gramm, Bill Cohen, Al Simpson, Frank Murkowski, Bob Kasten, Daniel J. Evans, Mitch McConnell, Warren B. Rudman, Arlen Specter, Alfonse D'Amato, Chuck Grassley, Ted Stevens, James A. McClure, and John Danforth.

MOTION TO RECONSIDER VOTE BY WHICH MOTION TO INVOKE CLOTURE WAS REJECTED

The PRESIDING OFFICER. The question is on the motion to reconsider.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The question in on agreeing to the motion to reconsider. The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. **SIMPSON**. I announce that the Senator from North Carolina [Mr. East], the Senator from Arizona [Mr. Goldwater], The Senator from Nevada [Mr. Laxalt], the Senator from Maryland [Mr. Mathias], the Senator from South Dakota [Mr. Pressler], the Senator from Vermont [Mr. Stafford], the Senator from Idaho [Mr. Symms] and the Senator from Virginia [Mr. Trible] are necessarily absent.

Mr. **CRANSTON**. I announce that the Senator from Mississippi [Mr. Stennis] is necessarily absent.

The **PRESIDING OFFICER** (Mr. Mattingly). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 56, nays 35, as follows:

[Rollcall Vote No. 208 Leg.]

YEAS—56

Abdnor
Andrews
Armstrong
Bingaman
Boren
Boschwitz
Chafee
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dixon
Dole
Domenici
Durenberger
Evans
Garn
Gorton
Gramm
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Kassebaum
Kasten
Kerry
Leahy
Lugar
Mattingly
McClure
McConnell
Murkowski
Nickles
Nunn
Packwood
Pell
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Stevens
Thurmond
Wallop
Warner
Wilson
Zorinsky

NAYS—35

Baucus
Bentsen
Biden
Bradley
Bumpers
Burdick
Byrd
Chiles
Cranston
Dodd
Eagleton
Exon
Ford
Glenn
Gore
Harkin
Hart
Inouye
Johnston
Kennedy
Lautenberg
Levin
Long
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Pryor
Riegle
Rockefeller
Sarbanes
Sasser
Simon
Weicker

NOT VOTING—9

East
Goldwater
Laxalt
Mathias
Pressler
Stafford
Stennis
Symms
Trible

So the motion to reconsider was agreed to.

[The following proceedings occurred after midnight.]

The **PRESIDING OFFICER**. The clerk will report the motion to invoke cloture.

Mr. **DOLE**. Mr. President, I ask unanimous consent that there may be 10 minutes, equally divided between the distinguished minority leader and the majority leader, to discuss the balance of the program.

The **PRESIDING OFFICER**. Is there objection? The Chair hears none, and it is so ordered.

SCHEDULE

Mr. **DOLE**. Mr. President, the next vote, if there is one, will be on cloture, and I doubt that we can invoke cloture.

Then I would hope to move to table the motion to recommit, which would take with it everything else, and we would go back on the Gramm-Rudman-Hollings amendment. Since the distinguished Senator from Connecticut divided it, we would then have 19 different sections to vote on; but without cloture, each one would be debatable. I am prepared to try to do that. I may not have the votes to do that, but it seems to me that we have to do something to indicate that we are prepared to act.

Apparently, there is some reluctance to vote on the Gramm-Rudman-Hollings amendment tomorrow, because there is at least a suspicion that we would not then extend the short-term debt limit. Maybe it is my fault because I have not made it clear, but I have been suggesting all day that that would not only be possible but also that I hope it would be done without a rollcall vote. I do not think I want to do it, but even if I wanted to suggest that we extend the debt ceiling right now for 10 days, by unanimous consent, I could not get it; and I could not get unanimous consent after a vote on the leadership amendment.

I can get consent after a vote on the Gramm-Rudman-Hollings amendment, and I would intend to do that immediately and hope to dispose of it in 30 seconds, certainly not more than 20 minutes. Then we would still have a couple of other amendments that are relevant to the subject matter, which would be considered after that, and I hope we could complete that tomorrow; but if not, by noon on Thursday, so that we could then turn to the reconciliation bill.

If there is any doubt about that, I would propound a unanimous-consent request that would include disposition of the leadership amendment, which would include disposition of the modified Gramm-Rudman-Hollings amendment, because it needs to be modified to include a number of amendments we have agreed to, including amendments by the Senator from Michigan, the Senator from Florida, the Senator from Massachusetts, the Senator from Oklahoma, and others.

Then I would include in that unanimous-consent request that we next move to the short-term debt limit extension through October 17, with a 30-minute time agreement—and hope not to need that—and following that, we would consider only the following relevant amendments. We have a list of those, at least the ones I believe are relevant, and it is hoped that some of those can be eliminated.

However, if there is some doubt about our willingness to furnish votes or to bring up the brief debt extension, I apologize that I have not made that clear. That is my intention. You have my word that that will happen, and we will furnish nearly every vote on this side and hope to have some on that side.

That is a statement I wish to make before we get into any additional votes tonight.

If we can reach some agreement tonight, then it would not be necessary to have the cloture vote or to have a vote on the motion to table, and we could come in early in the morning and proceed to the leadership amendment, to be followed by the other amendments that we tried to dispose of earlier, followed by the Gramm-Rudman-Hollings amendment, followed by short-term debt limit extension, followed by the other relevant amendments.

So if there is any interest in that, I would certainly be willing to pursue it. Otherwise, I do not know of anything to do but to vote on the cloture motion, which will fail, but which will indicate that we are making an effort to resolve the impasse.

Mr. **BYRD**. Mr. President, the distinguished majority leader has made a proposal which I think is certainly worthy of our careful consideration. I would like to have a few minutes to talk with my colleagues on this side.

So, inasmuch as our Members have been called back from their homes, expecting to vote on cloture—with the two votes that preceded it—I suggest that we go ahead and have the cloture vote. That is what we told them to come back for.

Then, during the vote I will certainly make a good faith effort to agree to the proposal or something very closely related to it.

I tried to follow the distinguished majority leader's remarks. It was quite a lengthy proposal. I would like to see it in writing, if the distinguished majority leader will, or I will be happy to make a proposal immediately after the cloture vote which I think would be pleasing to the majority leader. I have one in mind.

In any event, I think we can resolve this within the next 15 minutes hopefully, and that is about what it would take on a cloture vote.

So let us proceed with that, and the majority leader will be assured that I am very interested in bringing this matter to an end. We have made several proposals over here that have been good faith proposals, and I want to see it brought to a conclusion, and I think we can do that.

CLOTURE MOTION ON AMENDMENT NO. 730, AS MODIFIED

The **PRESIDING OFFICER**. The clerk will report the motion to invoke cloture.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisons of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on amendment No. 730, as modified, to H.J. Res. 372, a joint resolution increasing the statutory limit on the public debt.

Bob Dole, Al Simpson, Bob Packwood, Phil Gramm, Rudy Boschwitz, Chic Hecht, Jake Garn, Malcolm Wallop, Ernest F. Hollings, Orrin Hatch, Steve Symms, David Boren, Thad Cochran, Warren B. Rudman, John Danforth, Slade Gorton, Mark Andrews, Gordon Humphrey, Strom Thurmond, Mitch McConnell, Bill Cohen, Edward Zorinsky, Richard G. Lugar, John Warner, Frank Murkowski, Alphonse D'Amato, Ted Stevens, Chuck Grassley, Daniel J. Evans, Jesse Helms, Barry Goldwater, Bob Kasten, James A. McClure, Paul Laxalt, Don Nickles, James Abdnor, Paul Trible, Pete Wilson, and Pete Domenici.

VOTE

The **PRESIDING OFFICER**. The question is, Is it the sense of the Senate that debate on amendment No. 730, as modified, to House Joint Resolution 372, a joint resolution increasing the statutory limit on the public debt, shall be brought to a close? The yeas and nays are automatic under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. **SIMPSON**. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Nevada [Mr. LAXALT], the Senator from Maryland [Mr. MATHIAS], the Senator from South Dakota [Mr. PRESSLER], the Senator from Vermont [Mr. STAFFORD] and the Senator from Idaho [Mr. SYMMS] are necessarily absent.

Mr. **CRANSTON**. I announce that the Senator from Mississippi [Mr. STENNIS] is necessarily absent.

The **PRESIDING OFFICER**. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 53, nays 39, as follows:

[Rollcall Vote No. 209 Leg.]

YEAS—53

Abdnor
Andrews
Armstrong
Bingaman
Boschwitz
Chafee
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dixon
Dole
Domenici
Durenberger
Evans
Garn
Gorton
Gramm
Grassley
Hatch
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Kassebaum
Kasten
Leahy
Lugar
Mattingly
McClure
McConnell
Murkowski
Nickles
Packwood
Pell
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Stevens
Thurmond
Trible
Wallop
Warner
Wilson
Zorinsky

NAYS—39

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd
Chiles
Cranston
Dodd
Eagleton
Exon
Ford
Glenn
Gore
Harkin
Hart
Hatfield
Inouye
Johnston
Kennedy
Kerry
Lautenberg
Levin
Long
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pryor
Riegle
Rockefeller
Sarbanes
Sasser
Simon
Weicker

NOT VOTING—8

East
Goldwater
Laxalt
Mathias
Pressler
Stafford
Stennis
Symms

The **PRESIDING OFFICER**. On this vote the yeas are 53, the nays are 39. Two-thirds of the Senators present and voting not having voted in the affirmative, the motion is rejected.

Mr. **DOLE**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **DOLE**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mr. CHAFEE). Without objection, it is so ordered.

The majority leader is recognized.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVALS

A message from the President of the United States announced that, on October 7, 1985, he had approved and signed the following enrolled bill and joint resolution:

S. 1689. An act to amend various provisions of the Public Health Service Act; 2nd S.J.Res. 115, Joint Resolution to designate 1985 as the "Oil Heat Centennial Year".

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1855. A communication from the Under Secretary of Agriculture (International Affairs and Commodity Programs), transmitting, pursuant to law, the initial commodity and country allocation table showing current programming plans for food assistance under PL-480 for fiscal year 1986; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1856. A communication from the Clerk of the United States Claims Court, transmitting, pursuant to law, a certified copy of the Court's judgement in the Minnesota Chippewa Tribe et al. v. the United States; to the Committee on Appropriations.

EC-1857. A communication from the Principal Deputy Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a listing of contract award dates for the period November 1 through December 31, 1985; to the Committee on Armed Services.

EC-1858. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Army's proposed letter of offer to Turkey for defense articles estimated to cost in excess of $50 million; to the Committee on Armed Services.

EC-1859. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Reviews of the Audits of the Financial Statements of the National Credit Union Administration's Operating and Share Insurance Funds for the Year Ended September 30, 1983; to the Committee on Banking, Housing, and Urban Affairs.

EC-1860. A communication from the Chairman of the Consumer Product Safety Commission, transmitting, pursuant to law, a report on safety activities under the Cigarette Safety Act of 1984; to the Committee on Commerce, Science, and Transportation.

EC-1861. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to require the licensing of operators of vessels that tow disabled vessels for consideration; to the Committee on Commerce, Science, and Transportation.

EC-1862. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Strategic Petroleum Reserve: An Overview of Its Development and Use in the Event of An Oil Supply Disruption"; to the Committee on Energy and Natural Resources.

EC-1863. A communication from the Assistant Secretary of the Interior (Water and Science), transmitting, pursuant to law, a report on a proposed contract with the Wellton-Mohawk Irrigation and Drainage District, Gila Project, Arizona; to the Committee on Energy and Natural Resources.

EC-1864. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-1865. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-1866. A communication from the General Counsel of the Treasury, transmitting a draft of proposed legislation to amend the Internal Revenue Code of 1954 to provide for the collection of fees for certain services; to the Committee on Finance.

EC-1867. A communication from the United States Trade Representative, transmitting, pursuant to law, the annual report on the operation of the International Coffee Agreement for coffee year 1984/1985; to the Committee on Finance.

EC-1868. A communication from the Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the sixty day period prior to October 4, 1985; to the Committee on Foreign Relations.

EC-1869. A communication from the Assistant Attorney General (Administration), transmitting, pursuant to law, notice of a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-1870. A communication from the Assistant Secretary of the Treasury (Management), transmitting, pursuant to law, notice of a new Privacy Act system of records; to the Committee on Governmental Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-463. A petition from a citizen of Concord, NH, relating to firearms; to the Committee on the Judiciary.

POM-464. A petition from a citizen of Concord, NH, relating to the "Gay Rights Bill"; to the Committee on the Judiciary.

POM-465. A petition from a citizen of Newcastle, WY, relating to the income tax amendment; to the Committee on the Judiciary.

POM-466. A petition from a citizen of Carmichael, CA, relating to the income tax amendment; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 1002. A bill to amend the Lanham Act to improve certain provisions relating to concurrent registrations (Rept. No. 99-153).

By Mr. THURMOND, from the Committee on the Judiciary:

Report to accompany the bill (S. 1262) to amend the Immigration and Nationality Act to extend for 2 years the authorization of appropriations for refugee assistance and for other purposes (Rept. 99-154).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources:

Roger Dale Semerad, of Maryland, to be an Assistant Secretary of Labor; and

James M. Stephens, of Virginia, to be a member of the National Labor Relations Board for the term of 5 years.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. KENNEDY:

S. 1743. A bill to amend section 810 of the Housing and Community Development Act of 1974, section 202 of the Housing Act of 1959, and section 8 of the United States Housing Act of 1937, to establish a special program for housing for the chronically mentally ill; to the Committee on Banking, Housing, and Urban Affairs.

S. 1744. A bill to require States to develop, establish, and implement State comprehensive mental health plans; to the Committee on Labor and Human Resources.

S. 1745. A bill to amend titles XVI, XVIII, and XIX of the Social Security Act with respect to services and benefits for chronically mentally ill individuals; to the Committee on Finance.

By Mr. CHILES:

S. 1746. A bill to direct the Attorney General to study and recommend methods to control the diversion of legitimate precursor and essential chemicals to the production of illegal drugs; to the Committee on the Judiciary.

By Mr. ROTH (for himself, Mr. PELL, Mr. CRANSTON, Mr. CHAFEE, and Mr. STAFFORD):

S. 1747. A bill to amend the Foreign Assistance Act of 1961 to protect tropical forests in developing countries; to the Committee on Foreign Relations.

S. 1748. A bill to amend the Foreign Assistance Act of 1961 to protect biological diversity in developing countries; to the Committee on Foreign Relations.

By Mr. BOSCHWITZ:

S. 1749. A bill for the relief of Fransisco Roman and Rosalba Roman; to the Committee on the Judiciary.

By Mrs. KASSEBAUM:

S. 1750. A bill to amend the Federal Aviation Act of 1958, as amended, to increase civil penalty limits for safety violations by persons engaged in commercial aircraft operations, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HEINZ:

S.J. Res. 217. Joint resolution to designate the week of December 2, 1985, to December 8, 1985, as "National Emergency Medical Air Transport Week"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. HUMPHREY:

S. Res. 237. Resolution supporting the intent of the President to discuss with leaders of the Soviet Union American concerns with the Soviet Union presence in Afghanistan, and for other purposes; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KENNEDY:

S. 1743. A bill to amend section 810 of the Housing and Community Development Act of 1974, section 202 of the Housing Act of 1959, and section 8 of the U.S. Housing Act of 1937, to establish a special program for housing for the chronically mentally ill; to the Committee on Banking, Housing, and Urban Affairs.

S. 1744. A bill to require States to develop, establish, and implement State comprehensive mental health plans; to the Committee on Labor and Human Resources.

S. 1745. A bill to amend titles XVI, XVIII, and XIX of the Social Security Act with respect to services and benefits for chronically mentally ill individuals; to the Committee on Finance.

IMPROVED SERVICES FOR THE CHRONICALLY MENTALLY ILL

Mr. KENNEDY. Mr. President, I rise to offer a legislative initiative to improve services to one of the most mistreated and neglected groups in American society, the chronically mentally ill. Because an effective response to the problems of the chronically mentally ill requires action that falls into the jurisdiction of a number of committees, I have divided this initiative into three bills so that each piece of this program may be appropriately referred.

The last three decades have witnessed both great hope and cruel disappointment for the chronically mentally ill. Beginning in the early fifties, the development of psychotropic drugs produced a true revolution in the treatment of this population. For the first time, medicine could significantly improve the ability of the chronically mentally ill to function in society and could reduce the pain, anguish, and delusions produced by psychoses.

With these new developments, there was widespread awareness that long-term confinement of the mentally ill in large institutions should be replaced by a system of community care. Hospitalization should, by and large, be restricted to acute episodes of illness. As President Kennedy stated in his 1963 State of the Union Message, "The abandonment of the mentally ill to the grim mercy of custodial institutions too often inflicts on them a needless cruelty which this Nation should not endure."

The advancements in psychotropic medications did lead to a remarkable decline in the number of mental patients confined to mental hospitals. Between 1955 and today, the number of patients resident in public mental institutions declined from over half a million to 120,000.

But the removal of patients from mental hospitals was not matched by the growth of the community-based system of care President Kennedy envisioned in his 1963 address. Instead, the deinstitutionalized mentally ill too often faced a future of isolation, abandonment, and despair. Many of the chronically mentally ill live in single room occupancy hotels or board and care homes. With no services, no treatment, and no integration into the larger society, they spend their days staring at walls or wandering the streets.

And they are not the most unfortunate members of this population. On an average day in this great country of ours, there are between 125,000 and 250,000 chronically mentally ill individuals without any home at all. It is a sad commentary on our society that one can walk a block from the White House and find confused, hallucinating, mentally ill people, talking to themselves, dressed in rags, and sleeping on grates on the coldest days of Washington's winters.

This situation would be heartrending if it were unavoidable. But the sad state of so many chronically ill Americans is not unavoidable: it is disgraceful.

We know how to care for the mentally ill in the community. We know how to assure that each mentally ill individual can live in humane conditions. We know how to provide the care and treatment that will allow each mentally ill individual to come closer to his or her full potential.

But far too many States and communities have failed to provide the care for the chronically mentally ill that constitutes simply justice. And the Federal Government has not only failed to provide the leadership that is its responsibility; key Federal policies have actually contributed to the mistreatment of chronically mentally ill Americans.

The key features of an effective, community-based program for the chronically mentally ill include:

Case management, so that someone is responsible for the care and support services he needs;

A program of habilitation and rehabilitation, which would provide services to the chronically mentally ill appropriate for their level of functioning and responsive to their individual needs. Needed activities can range from regular social contact to assist with reintegration in the community to vocational training, supervised work, or assistance in obtaining and keeping competitive employment.

Medical treatment, which would provide treatment ranging in intensity from day hospitalization to a periodic appointment with a psychiatrist to check on and adjust medication;

Assistance to families, who often provide the front-line care for the mentally ill in the community and have too often been left to cope with the severe strains of mental illness without any assistance from the society at large; and

Housing services, ranging from halfway houses with staff in residence providing continuous supervision to largely independent living.

A program of this type is not particularly costly—especially when compared with the expenditures for the expensive institutionalization that it would largely replace. The Community Support Program demonstrations funded on a modest scale by the Federal Government and other activities at the State level have shown how effective and humane this approach can be. Indeed, evaluations of the Community Support Program have shown that it can reduce days of hospitalization among the chronically mentally ill by 50 percent. States like Colorado and Wisconsin, that have well-developed community-based programs have also been able to reduce the number of days of hospital care per capita as much as 50 percent below the national average.

But despite the progress that has been made by individual States and communities, the gap between good practice and typical practice still remains shamefully wide. Some States and communities have simply failed to live up to their responsibilities to this population, and Federal policies have too often been inadequate or even counterproductive.

The initiative I am introducing today is designed to cure those failings. It says that we as a nation have a responsibility to the chronically mentally ill. It says that the Federal Government must exercise leadership by insisting that States and communities live up to their responsibilities as the price of receiving Federal funds. And it says that the Federal Government must put its own house in order by correcting policies which hinder the achievement of the comprehensive system of care the chronically mentally ill need.

I know that there are some who will say that the care and treatment of the chronically mentally ill is appropriately a State and local responsibility. I agree that actual delivery and organization of services must remain primarily a State and local role. But to assert that there is no important responsibility for the Federal Government is to say that Washington should ignore both fiscal facts and simple morality.

From the fiscal point of view, the Department of Health and Human Services estimated that 1983 expenditures for the chronically mentally ill totaled $8.7 billion. Of this amount, $3.9 billion, or 45 percent came from the Federal Government. So the Federal Government has a large financial stake in this population, even if the Federal investment is too frequently spent neither wisely nor well.

But the moral argument for Federal leadership is even more compelling. To argue that the Federal Government has no responsibility to see that justice is done is to argue that it should remain as indifferent to the sufferings of its chronically mentally ill citizens as it was to the sufferings of our black citizens for far too many years of our country's history.

As Dorothea Dix told the U.S. Congress in 1848:

> May it not be demonstrated as the soundest policy of the Federal Government to assist in the accomplishment of great moral obligations by diminishing and arresting wide-spread miseries which mar the face of society, and weaken the strength of communities? I confide to you the cause and the claims of the destitute and desolate who, through the providence of God, are wards of the nation, claimants on the sympathy and care of the public, through the miseries and disqualifications brought upon them by the sorest afflictions with which humanity can be visited.

The key features of the initiative I am introducing today include:

ALCHOHOL, DRUG ABUSE AND MENTAL HEALTH [ADAMHA] BLOCK GRANT CHANGES

To qualify for ADAMHA block grant funds, a State must develop and implement a comprehensive mental health plan for the chronically mentally ill. The plan must cover all mental health funding sources in the State—including Medicaid, State and local funds, and private insurance funds, not just the relatively small PHS funding sources.

The plan must provide for the establishment and implementation of an organized, community-based system of care for the chronically mentally ill as defined by the Secretary of HHS in regulations. The plan must include provision of case management services for all chronically mentally ill individuals receiving public funds. The plan must include a program of outreach to the homeless mentally ill. Once the plan is accepted by the Secretary, progress toward achieving plan goals and objectives is a condition for continued ADAMHA block grant funding.

The plan must be developed with the assistance of a broad-based advisory board including advocates for the mentally ill as well as public and private agencies dealing with the mentally ill.

An additional $10 million is provided in the first year after adoption of the legislation to assist States in developing their comprehensive plan. An additional $50 million per year is provided in subsequent years to assist in plan implementation.

A demonstration program of project grants to agencies developing and implementing methods of serving the homeless chronically mentally ill is established.

MEDICAID CHANGES

Under current law, Medicaid is not clearly available—except through a waiver process that only a few States have applied for—to fund the social services, habilitative, and rehabilitation services the chronically mentally ill need in the community. By contrast, Medicaid support is fully available for care in State mental institutions for chronically mentally ill individuals who are 21 or younger or 65 or older. Medicaid is available without any age limit for chronically mentally ill individuals in skilled nursing facilities or intermediate care facilities, so long as those facilities are not institutions primarily for the treatment of mental illness. And Medicaid is also available without any Federal limits for care in the psychiatric ward of a general hospital. The institutional bias in current Medicaid rules has been an important factor in inhibiting State development of a true continuum of care for the chronically mentally ill.

The initiative would make the following changes to improve Medicaid's contribution to the community care of the chronically mentally ill and to reduce the unnecessary institutionalization that Medicaid often pays for.

States would be required to provide case management services under Medicaid for the chronically mentally ill.

States would be required to provide community and home-based care under Medicaid for Medicaid-eligible chronically mentally ill. Community and home-based care would include the essential elements of a service system for the chronically mentally ill, such as day activities, habilitation and rehabilitation services, staff and service costs of supervised living arrangements, foster care, vocational and prevocational services, respite care, day care and day hospitalization, mental health clinic services, crisis intervention services, and counseling and assistance for families of the chronically mentally ill.

To assure that services would be provided cost-effectively, States would be allowed to waive normal Medicaid rules and arrange for the provision of care on a contractual or capitated basis.

The Secretary of HHS would be required to provide technical assistance to States in fulfilling these Medicaid plan requirements.

Skilled nursing facilities and intermediate care facilities treating chronically mentally ill patients would be required to provide appropriate services. Currently, States place Medicaid-eligible chronically mentally ill patients in these facilities to get Medicaid reimbursement, but, because Medicaid will not reimburse care provided in an institution for the treatment of mental disease, appropriate staffing and services are not required.

The Secretary would be authorized to fund demonstrations in up to five States or regions within States of the delivery of services on a capitated basis with a single entry point.

Hospitals receiving Medicaid reimbursement would be required to have a written discharge planning arrangement to assure that any chronically mentally ill patients discharged after a spell of illness would have a program in place assuring receipt of case-management and appropriate community services.

A maintenance of effort requirement would be established to assure that States did not simply replace current State funded services in the community with Medicaid-funded services.

SSI CHANGES

Many chronically mentally ill individuals are eligible for supplemental security income because of their disability. SSI eligibility also normally assures Medicaid eligibility. Some features of the current SSI Program, however, need to be changed in order to provide appropriate service to the chronically mentally ill, who differ from other disabled populations in that their disability is often episodic.

Institutionalization for more than 30 days normally means the loss of SSI payments. In situations where the chronically mentally ill person relies on SSI income to maintain a residence, a short-term spell of illness can thus mean that the patient will be homeless when he is discharged. This legislation would continue enough of the SSI income to maintain a residence when the period of institutionalization is expected to be for less than 6 months.

Delay in SSI eligibility can often be disastrous for a chronically mentally ill individual. This legislation would provide for presumptive SSI eligibility—including Medicaid eligibility—for chronically mentally ill individuals who are about to be discharged from an institution, who are at imminent risk of institutionalization, or who are homeless and willing to participate in a plan of care.

Persons resident in public institutions are not eligible for SSI under current rules. This limits State flexibility to establish half-way houses and other transitional living facilities. This proposal would allow SSI eligibility in such facilities.

Persons who exceed a certain level of earnings—called the SGA test—are no longer eligible for SSI, no matter how disabled they remain from the medical point of view. This is not an important problem from the income support standpoint, but, since Medicaid eligibility and SSI eligibility are linked, a chronically mentally ill individual who has been able to work may lose the very medical and support services that have made his working possible. This legislation would remove the disincentive to work inherent in this rule by allowing continuance of Medicaid coverage for 3 years after the SGA test is exceeded by a chronically mentally ill person.

Permanent liberalization of the SGA test. To remove a disincentive to enter the work force on the part of SSI eligible individuals, the SGA standard was liberalized in 1980 for a 3-year period. The liberalization was recently extended until 1987. This legislation would make the change permanent.

HOUSING LAW CHANGES

One of the major problems facing the chronically mentally ill and agencies serving them is achieving decent housing, particularly housing that can be used for transitional living facilities. Changes made by this legislation to assist with this problem include:

Revise the Urban Housing Program to allow State mental health authorities or other private nonprofit or public agencies designated by the State to claim vacant HUD properties for use for transitional living. An authorization of $5 million the first year would be established and of $15 million in each of the 2 subsequent years.

Establish a set-aside of section 202 subsidizing housing as provided in H.R. 1 to make it easier to develop housing for the handicapped, including the chronically mentally ill.

Establish a new program of housing vouchers tailored especially for the chronically mentally ill. Costs would be shared on a 50-50 basis between the State and Federal Governments. The authorization would be $5 million in the first year, $15 million in the second year, and $25 million in the third year.

Enactment of these proposals will mean a major improvement in the care and treatment of the chronically mentally ill—an improvement that is long overdue.

In evaluating proposals for significant changes in social programs, it is always important to be conscious of the fiscal costs involved. This is particularly true today in view of the disastrous budget deficits this administration's failed fiscal and economic policies have created.

I believe the total cost of this package will be modest, because the new services offered can largely be financed through reorientation of existing funds. To the extent that elements of the package do require major expansions of Federal expenditures, I anticipate that there will be revision of these proposals as they work their way through the legislative process. But I offer them in the firm conviction that the time is now to begin to offer the chronically mentally ill and their families the opportunities for humane and effective treatment that is the obligation of a civilized society.

The great artist Vincent Van Gogh was a victim of chronic mental illness and suffered terribly from his episodes of psychosis. In a letter to his brother composed shortly before his suicide at the age of 37, he wrote, "Oh, if I could have worked without this cursed disease, what things I might have done."

Passage of the legislation I am offering today will be a small step toward the prevention of the tragic waste of human potential that chronic mental illness represents.

I ask that the text of the legislation be printed in the Record.

There being no objection, the bills were ordered to be printed in the Record, as follows:

S. 1743

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing for the Chronically Mentally Ill Act of 1985".

SEC. 2. URBAN HOMESTEADING.

Section 810 of the Housing and Community Development Act of 1974 is amended—

(1) by redesignating subsection (k) as subsection (l); and

(2) by inserting after subsection (j) the following:

"(k)(1) In addition to a program which meets the requirements of subsection (b), the Secretary shall approve an urban homestead program carried out by a unit of general local government or a State or a public agency of a unit designated by unit of general local government or a State which provides for—

"(A) the conditional conveyance of unoccupied residential property by the responsible administrative entity to a State mental health authority or other public authority or private nonprofit agency certified by the State mental health authority without any substantial consideration for the purpose of providing supervised living for the chronically mentally ill;

"(B) an agreement whereby the transferee agrees to utilize such property solely for the purpose for which the property was transferred, and to make such repairs and improvements to the property as may be necessary to meet applicable local standards for decent safe and sanitary housing within three years after the date of initial conveyance; or

"(C) the revocation of any such conveyance upon a material breach of any condition thereof or any agreement entered into under subparagraph (B).

"(2) The Secretary shall include in the program under this subsection property which meets the requirements of subsection (a) and which has a value as of the date of conveyance of not to exceed $40,000, except that this limit may be waived by the Secretary.

"(3) To the extent practicable, properties to be conveyed for the purpose of this subsection shall be made available on a Statewide basis.

"(4) There are authorized to be appropriated for the purposes of this subsection not to exceed $5,000,000 for the fiscal year ending September 30, 1986, and not to exceed $15,000,000 for each fiscal year thereafter.".

SEC. 3. SECTION 202 HOUSING FOR THE HANDICAPPED.

(a) Findings and Purpose.—

(1) The Congress hereby finds that—

(A) housing for nonelderly handicapped families is assisted under section 202 of the Housing Act of 1959 and section 8 of the United States Housing Act of 1937;

(B) the housing programs under such sections are designed and implemented primarily to assist rental housing for elderly and nonelderly families and are often inappropriate for dealing with the specialized needs of the physically impaired, the developmentally disabled, and the chronically mentally ill;

(C) the development of housing for nonelderly handicapped families under such programs is often more expensive than necessary, thereby reducing the number of such families that can be assisted with available funds;

(D) the program under section 202 of the Housing Act of 1959 can continue to provide direct loans to finance group residences and independent apartments for nonelderly handicapped families, but can be made more efficient and less costly by the adoption of standards and procedures applicable only to housing for such families;

(E) the use of the program under section 8 of the United States Housing Act of 1937 to assist rentals for housing for nonelderly handicapped families is time consuming and unnecessarily costly and, in some areas of the Nation, prevents the development of such housing;

(F) the use of the program under section 8 of the United States Housing Act of 1937 to assist rentals for housing for nonelderly handicapped families should be replaced by a more appropriate subsidy mechanism;

(G) both elderly and handicapped housing projects assisted under section 202 of the Housing Act of 1959 will benefit from an increased emphasis on supportive services and a greater use of State and local funds; and

(H) an improved program for nonelderly handicapped families will assist in providing shelter and supportive services for mentally ill persons who might otherwise be homeless.

(2) The purpose of this section is to improve the direct loan program under section 202 of the Housing Act of 1959 to ensure that such program meets the special housing and related needs of nonelderly handicapped families.

(b) Housing for Handicapped Families.—

(1) Section 202(h) of the Housing Act of 1959 is amended to read as follows:

"(h)(1) Of the amounts made available in appropriation Acts for loans under subsection (a)(4)(C) for any fiscal year commencing after September 30, 1985, not less than 15 percent or $100,000,000, whichever amount is greater, shall be available for loans for the development costs of housing for handicapped families. If the amount required for any such fiscal year for approvable applications for loans under this subsection is less than the amount available under this paragraph, the balance shall be made available for loans under other provisions of this section.

"(2) The Secretary shall take such actions as may be necessary to ensure that—

"(A) funds made available under this subsection will be used to support a variety of methods of meeting the needs primarily of nonelderly handicapped families by providing a variety of housing options, ranging from small group homes to independent living complexes; and

"(B) housing for handicapped families assisted under this subsection will provide families occupying units in such housing with an assured range of services specified in subsection (f), will provide such families with opportunities for optimal independent living and participation in normal daily activities, and will facilitate access by such families to the community at large and to suitable employment opportunities within such community.

"(3)(A) In allocating funds under this subsection, and in processing applications for loans under this section and assistance payments under paragraph (4), the Secretary shall adopt such distinct standards and procedures as the Secretary determines appropriate due to differences between housing for handicapped families and other housing assisted under this section.

"(B) The Secretary may, on a demonstration basis, determine the feasibility and desirability of reducing processing time and costs for housing for handicapped families by limiting project design to a small number of prototype designs. Any such demonstration shall be limited to the 3-year period following the date of the enactment of the Housing Act of 1985, may only involve projects whose sponsors consent to participation in such demonstration, and shall be described in a report submitted by the Secretary to the Congress following completion of such demonstration.

"(4)(A) The Secretary shall, to the extent approved in appropriation Acts, enter into contracts with owners of housing for handicapped families receiving loans under, or meeting the requirements of, this section to make monthly payments to cover any part of the costs attributed to units occupied (or, as approved by the Secretary, held for occupancy) by lower income families that is not met from project income. The annual contract amount for any project shall not exceed the sum of the initial annual project rentals for all units and any initial utility and services allowances for such units, as approved by the Secretary. Any contract amounts not used by a project in any year shall remain available to the project until the expiration of the contract. The term of a contract entered into under this subparagraph shall be 240 months. The annual contract amount may be adjusted by the Secretary if the sum of the project income and the amount of assistance payments available under this subparagraph are inadequate to provide for reasonable project costs. In the case of an intermediate care facility in which there reside families assisted under title XIX of the Social Security Act, project income under this subparagraph shall include the same amount as if such families were being assisted under title XVI of the Social Security Act.

"(B) The Secretary shall approve initial project rentals for any project assisted under this subsection based on the determination of the Secretary of the total actual necessary and reasonable costs of developing and operating the project, taking into consideration the need to contain costs to the extent practicable and consistent with the purposes of the project and this section.

"(C) The Secretary shall require that, during the term of each contract entered into under subparagraph (A), all units in a project assisted under this subsection shall be made available for occupancy by lower income families, as such term is defined in section 3(b)(2) of the United States Housing Act of 1937. The rent payment required of a lower income family shall be determined in accordance with section 3(a) of such Act, except that the gross income of a family occupying an intermediate care facility assisted under title XIX of the Social Security Act shall be the same amount as if the family were being assisted under title XVI of the Social Security Act.

"(D) The Secretary shall coordinate the processing of an application for a loan housing for handicapped families under this section and the processing of an application for assistance payments under this paragraph for such housing.".

(2) Section 202(d) of the Housing Act of 1959 is amended by adding at the end thereof the following new paragraphs:

"(9) The term 'housing for handicapped families' means housing and related facilities to be occupied by handicapped families who are primarily nonelderly handicapped families.

"(10) The term 'nonelderly handicapped familes' means elderly or handicapped families, the head families' means elderly or handicapped families, the head of which (and spouse, if any) is less than 62 years of age at the time of initial occupany of a project assisted under the section.".

(3) Section 202(c)(3) of the Housing Act of 1959 is amended by inserting after "section" the following: "and designed for dwelling use by 12 or more elderly or handicapped families".

(c) SUPPORTIVE SERVICES FOR ELDERLY AND HANDICAPPED FAMILIES.—Section 202(f) of the Housing Act of 1959 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Each applicant for a loan under this section for housing and related facilities shall submit with the application a supportive services plan describing—

"(A) the category or categories of families such housing and facilities are intended to serve;

"(B) the range of necessary services to be provided to the families occupying such housing;

"(C) the manner in which such services will be provided to such families; and

"(D) the extent of State and local funds available to assist in the provision of such services.".

(d) TERMINATION OF SECTION 8 ASSISTANCE.—On and after the first date that amounts approved in an appropriation Act for any fiscal year become available for contracts under section 202(h)(4)(A) of the Housing Act of 1959, as amended by subsection (b) of this section, no project for handicapped (primarily nonelderly) families approved for such fiscal year pursuant to section 202 of such Act shall be provided assistance payments under section 8 of the United States Housing Act of 1937, except pursuant to a reservation for a contract to make such assistance payments that was made before the first date that amounts for contracts under such section 202(h)(4)(A) became available.

(e) IMPLEMENTATION.—Not later than the expiration of the 120-day period following the date of the enactment of this Act, the Secretary of Housing and Urban Development shall, to the extent amounts are approved in an appropriation Act for use under section 202(h)(4)(A) of the Housing Act of 1959 for fiscal year 1986, publish in the Federal Register a notice of fund availability to implement the provisions of, and amendments made by, this section. The Secretary shall issue such rules as may be necessary to carry out such provisions and amendments for fiscal year 1987 and thereafter.

(f) EFFECTIVE DATE AND APPLICABILITY.—

(1) The provisions of, and amendments made by, this section shall become effective on October 1, 1985.

(2)(A) Except as otherwise provided in this section, the provisions of, and amendments made by, this section shall not apply with respect to projects with loans or loan reservations under section 202 of the Housing Act of 1959 using authority approved in appropriation Acts for fiscal years beginning before October 1, 1985.

(B) Notwithstanding subparagraph (A), the Secretary may apply the provisions of, and amendments made by, this section to any project in order to facilitate the development of such project in a timely manner.

SEC. 4. HOUSING VOUCHER PROGRAM.

Section 8(o) of the United States Housing Act of 1937 is amended by adding at the end thereof the following:

"(9)(A) The Secretary is authorized to carry out a separate program to provide assistance payment authority in accordance with this subsection to provide housing for the chronically mentally ill through State mental health agencies who shall make such contracts available in connection with programs of supervised housing for the chronically mentally ill as defined by such agencies. Assistance may be provided under this paragraph for housing in half-way houses, group houses, or ordinary multifamily housing, subject to the receipt by the Secretary of an appropriate State certification that the recipient is participating in an appropriate plan of care and will receive a level of supervision appropriate to the recipient's needs.

"(B) Assistance contracts may be available under this paragraph—

"(i) only in those States which agree to furnish 50 per centum of the housing costs associated with the program under this paragraph; and

"(ii) only for assistance under contracts with landlords for periods of not to exceed 60 months.

"(C) The Secretary shall distribute housing assistance authorized under this paragraph among the States on the basis of applications by the appropriate State agencies. If the amount of funds for which applications are received exceeds the amount of funds for which applications are received exceeds the amount of funds available, the available assistance shall be allocated on the basis of State population and the need for assistance in order to enable the chronically mentally ill to receive housing assistance.

"(D) For the purpose of carrying out this paragraph, there are authorized to be appropriated not to exceed $5,000,000 for fiscal year 1986, not to exceed $15,000,000 for fiscal year 1987, and not to exceed $25,000,00 for fiscal year 1988.".

S. 1744

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "State Comprehensive Mental Health Services Plan Act of 1985".

STATE COMPREHENSIVE MENTAL HEALTH SERVICES PLAN

SEC. 2. (a) Part B of title XIX of the Public Health Service Act is amended—

(1) by inserting before the heading for section 1911 the following: "Subpart 1—Block Grant"; and

(2) by adding at the end thereof the following: "Subpart 2—State Comprehensive Mental Health Services Plan

"DEVELOPMENT GRANTS

"SEC. 1920B. (a) The Secretary shall make grants to States for the development of State comprehensive mental health services plans which comply with section 1920C. In order to receive a grant under this section, a State shall submit an application to the Secretary. Each such application shall—

"(1) contain a description of the activities the State will conduct in order to develop a State comprehensive mental health plan which complies with section 1920C;

"(2) contain a certification that the State will develop such plan with the assistance of the State Advisory Council established under section 1920D; and

"(3) be in such form, and contain such additional information, as the Secretary may by regulation prescribe.

"(b)(1) Except as provided in paragraph (2), the amount of a grant to a State under this section shall be the amount which bears the same ratio to the amount appropriated to carry out this section as the population of the State bears to the total of the population of all States which submit applications under this section.

"(2) Notwithstanding paragraph (1), the amount of a grant to any State under this section shall not be less than $150,000.

"(c) To carry out this section, there are authorized to be appropriated $10,000,000 for fiscal year 1987.

"STATE COMPREHENSIVE MENTAL HEALTH SERVICES PLANS

"SEC. 1920C. (a) In order to receive an allotment under section 1913—

"(1) for fiscal year 1988, a State shall have a State plan approved by the Governor of the State and submitted to and approved by the Secretary;

"(2) for any fiscal year beginning after September 30, 1988—

"(A) have a State plan, or revisions of a State plan which has been approved for a prior fiscal year, submitted to and approved by the Secretary; and

"(B) be certified by the Secretary under subsection (d) as having made adequate progress in the implementation of the State plan during the preceding fiscal year; and

"(3) for any fiscal year beginning after September 30, 1987, have established and have in effect the State Advisory Council required under section 1920D.

"(b) In order to be approved by the Secretary under this section, a State comprehensive mental health services plan shall meet the following requirements:

"(1) The State plan shall establish objectives for the provision of mental health prevention and treatment services in the State during the fiscal year for which an allotment is requested under section 1913 and each of the two succeeding fiscal years.

"(2) The State plan shall describe, in a form and manner which complies with standards promulgated by the Secretary, the resources devoted to and the activities to be carried out under the plan during each such fiscal year, including—

"(A) a description of mental health activities funded or supported under this Act;

"(B) a description of mental health activities funded or supported by State appropriations;

"(C) a description of mental health and related support activities funded under or supported through title XIX of the Social Security Act and other programs of Federal assistance; and

"(D) a description of mental health activities reimbursed or provided in the State by private third party insurers.

"(3) For each such fiscal year, the State plan shall—

"(A) provide for the establishment and of implementation of an organized community-based system of care for chronically mentally ill individuals;

"(B) contain quantitative targets to be achieved in the implementation of such system, including numbers of chronically mentally ill individuals residing in the areas to be served under such system;

"(C) describe services to be provided to chronically mentally ill individuals to enable such individuals to gain access to essential mental health services;

"(D) describe medical and dental care and rehabilitation services and employment, housing, and other support services to be provided to chronically mentally ill individuals in order to enable such individuals to function outside of inpatient institutions to the maximum extent of their capabilities; and

"(E) provide for activities to reduce the rate of hospitalization of chronically mentally ill individuals.

"(4) Except as provided in paragraph (5), the State plan shall require the provision, in each such fiscal year, of case management services to each chronically mentally ill individual in the State who—

"(A) receives substantial amounts of public funds or services pursuant to—

"(i) the aid to families with dependent children program under a State plan under title IV-A of the Social Security Act;

"(ii) the supplemental security income program under title XVI of such Act;

"(iii) any State program of public assistance;

"(iv) a State plan for medical assistance under title XIX of such Act; or

"(v) the program of old-age, survivors, and disability insurance benefits under title II of such Act; or

"(vi) mental health services funded by the State.

"(5) The State plan may provide for the implementation of the requirements of paragraph (4) in a manner which phase in during fiscal years 1987, 1988, and 1989, the provision to all chronically mentally ill individuals to which such paragraph applies the case management services required to be provided under such paragraph.

"(6) The State plan shall provide for the establishment and implementation (during the fiscal year for which the plan is submitted and each of the two succeeding fiscal years) of a program of outreach to, and services for, chronically mentally ill individuals who are homeless.

"(7)(A) Except as provided in subparagraph (B), the State plan shall provide, to the maximum extent feasible, for the delivery of services under the State plan through community mental health centers.

"(B) With respect to services provided under the State plan with payments under this title, the State plan shall require that such services be provided in an area through any community mental health center existing in such area to the extent feasible.

"(c)(1) A State shall to the extent feasible provide services under the State plan in accordance with subsection (b)(7) through a community health center which—

"(A) complies with the provisions of section 1916(c)(4);

"(B) provides assurances to the State that—

"(i) the mental health care of each patient of the center will be provided under the supervision of a member of the professional staff of the center; and

"(ii) any medical services provided to a patient of the center shall be provided under the supervision of a physician unless otherwise permitted by State law, and to the maximum extent feasible, that such physician shall be a psychiatrist.

"(d)(1) By July 1 of each fiscal year, each State which receives an allotment under section 1913 for such fiscal year shall prepare and transmit to the Secretary a report which—

"(A) describes the progress made by the State in implementing the State plan during such fiscal year and during previous fiscal years; and

"(B) contains such revisions of the State plan as the State considers appropriate.

"(2) The Secretary shall review each report of a State under paragraph (1) and determine whether the State has made adequate progress, during the fiscal year in which the report is submitted and in previous fiscal years, in implementing the State plan and any revisions thereof which have been approved by the Secretary. If the Secretary determines that a State has not made adequate progress in implementing the State plan in any fiscal year, the Secretary shall not make an allotment to such State under section 1913 for any fiscal year after such fiscal year until the State takes such corrective action as the Secretary may require to ensure that adequate progress is made by the State in implementing such State plan.

"(e) The Secretary shall provide technical assistance to States directly or big contract in the development and implementation of State plans which comply with this section. Such technical assistance shall include the development and publication by the Secretary of model elements for State plans and model data systems for the collection of data concerning the implementation of the State plan.

"ADVISORY COUNCIL

"SEC. 1920D. (a) Each State shall establish an Advisory Council on Mental Health Planning. A State Advisory Council shall—

"(1) assist the State in the development and establishment of the State plan; and

"(2) monitor the implementation of the State plan.

"(b) Each State Advisory Council shall be composed of—

"(1) the director of the State mental health agency;

"(2) the director of the State agency which administers or supervises the administration of the State plan submitted under title XIX of the Social Security Act;

"(3) two individuals who represent advocacy groups for chronically mentally ill individuals;

"(4) two individuals who represent advocacy groups for the provision of mental health services;

"(5) one individual who represents the organization of community mental health centers;

"(6) one individual who is a psychiatrist or other type of mental health professional and who is not employed by the Federal, State, or local governments;

"(7) a member of the committee of each House of the State legislature which has jurisdiction over State mental health activities;

"(8) one individual who is a physician representing academic medical centers in the State; and

"(9) such other members representing public and private agencies providing services to mentally ill individuals as the Secretary may prescribe by regulation or as may be selected by the Governor of the State.

"(c) Members of a State Advisory Council described in paragraphs (3) through (9) of subsection (a) shall be appointed by the Governor of the State.

"NATIONAL STANDARDS

"SEC. 1920E. (a) The Secretary shall establish national goals and objectives for a community-based system of care for chronically mentally ill individuals.

"(b) At least once every three years, the Secretary shall conduct a review in each State of the State's programs for the care of chronically mentally ill individuals to determine if such programs are in accordance with such national goals and objectives.

"(c) In conducting any such review, the Secretary may hold public hearings in the State. The Secretary shall provide the results of any such review conducted under subsection (b) to the State and to the State Advisory Council, including such recommendations for the improvement of State programs for the care of chronically mentally ill individuals as the Secretary considers appropriate. The Secretary shall request the State and the State Advisory Council to provide the Secretary with comments on such review. After receiving and evaluation any such comments, the Secretary shall publish a report concerning such review and recommendations.

"DEFINITIONS

"SEC. 1920F. For purposes of this subpart:

"(1) The term 'State Advisory Council' means a State Advisory Council on Mental Health Planning established under section 1920D.

"(2) The term 'State plan' means a state comprehensive mental health services plan described in section 1920C(b).".

(b) Section 1911 of such Act is amended by striking out "and $576,000,000 for fiscal year 1987" and inserting in lieu thereof "$596,000,000 for fiscal year 1987, and $656,000,000 for fiscal year 1988".

(c)(1) Section 1913(a)(4) of such Act is amended—

(A) by striking out "or" after the semicolon in subparagaph (B);

(B) by inserting "or" after the semicolon in subparagaph (C); and

(C) by inserting after subparagraph (C) the following new subparagaph:

"(D) one or more States have not complied with subpart 2 of this part;".

(2) Section 1916(a) of such Act is amended to read as follows:

"(a)(1) In order to receive an allotment for a fiscal year under section 1913(b), each State shall—

"(A) submit an application to the Secretary which complies with paragraph (2); and

"(B) comply with subpart 2 of this part.

"(2) Each such application submitted under paragraph (1)(A) shall be in such form and submitted by such date as the Secretary shall require. Each such application shall contain assurances that the legislature of the State has complied with the provisions of subsection (b) and that the State will meet the requirements of subsection (c).".

(3)(A) Subsections (e) and (f) of section 1916 are repealed.

(B) The repeal made by subparagraph (A) shall take effect on October 1, 1987.

DEMONSTRATION PROJECTS FOR SERVICES FOR HOMELESS CHRONICALLY MENTALLY ILL INDIVIDUALS

SEC. 3. Section 303 of the Public Health Service Act is amended by adding at the end thereof the following new subsection:

"(e)(1) The Secretary is authorized to make grants to States or private nonprofit entities for demonstration projects to provide services for homeless chronically mentally ill individuals. No grant may be made under this subsection unless an application therefor is submitted to the Secretary in such form and containing such information as the Secretary may prescribe.

"(2) To carry out this subsection, there are authorized to be appropriated $5,000,000 for fiscal year 1987, $10,000,000 for fiscal year 1988, and $10,000,000 for fiscal year 1989.".

S. 1745

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Social Security Act Mental Health Amendments of 1985".

SEC. 2. SERVICES UNDER THE MEDICAID PROGRAM.

(a) STATE PLAN REQUIREMENTS.—Section 1902(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (45);

(2) by striking out the period at the end of paragraph (46) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (46) the following new paragraph:

"(47) provide services for chronically mentally ill individuals (as defined by the Secretary in regulations) in accordance with section 1919.".

(b) REQUIRED SERVICES.—Title XIX of such Act is amended by adding at the end thereof the following new section:

"SERVICES FOR CHRONICALLY MENTALLY ILL INDIVIDUALS

"SEC. 1919. (a) CASE MANAGEMENT.—(1) The State plan shall provide for inclusion of case management services for chronically mentally ill individuals who are eligible under the plan.

"(2) For purposes of this subsection, the term 'case management services' means—

"(A) the development of a plan of care which shall be reviewed not less often than every 3 months;

"(B) coordination of, and assistance in obtaining, social and maintenance services, such as assistance with daily activities, transportation, habilitation, rehabilitation, provocational and vocational services, and housing;

"(C) coordination of medical services, including crisis intervention services, and follow-through to see that necessary services are received:

"(D) assistance in obtaining income support services, such as housing assistance, food stamps, and supplemental security income benefits;

"(E) an organized system, including discharge planning services, to ensure that individuals discharged from institutions receive necessary outpatient and community services without delay;

"(F) consultation with and assistance to families of chronically mentally ill individuals.

"(G) outreach activities, particularly for the homeless; and

"(H) such other services as the Secretary may specify in regulations.

"(b) HOME AND COMMUNITY-BASED SERVICES.—(1) The State plan shall provide for inclusion of home and community-based services for chronically mentally ill individuals eligible under the plan.

"(2) For purposes of this subsection, the term 'home and community-based services' means—

"(A) day treatment activities;

"(B) habilitation and rehabilitation services;

"(C) staff and service costs of supervised living arrangements, but not including the cost of shelter and food;

"(D) foster care;

"(E) vocational and prevocational services;

"(F) respite care;

"(G) counseling of and assistance to families of the chronically mentally ill;

"(H) day care and day hospitalization;

"(I) mental health clinic services;

"(J) crisis-intervention services; and

"(K) outpatient medical mental health services, including psychotherapy and drugs for the treatment of mental illness.

"(L) such other services as the Secretary may prescribe in regulations as necessary to achieve a continuum of home and community-based services.

"(3) No State may reduce or limit the amount of non-Medicaid expenditures made by the State for any fiscal year after fiscal year 1986 for home and community-based services for chronically mentally ill individuals, below the amount of non-Medicaid expenditures made by such State in fiscal year 1985, increased by the percentage increase in the Consumer Price Index for All Urban Consumers (United States city average) from the beginning of fiscal year 1985 to the beginning of such later fiscal year. For purposes of this paragraph, 'non-Medicaid expenditures' means expenditures made by the State for which no Federal matching payments are made under this title. However, for services previously provided without Federal matching which become eligible for Medicaid matching as the result of enactment of this legislation, this requirement may be fulfilled by reducing the Federal matching amount that would otherwise be available for such services.

"(4) The Secretary shall provide technical assistance to help States in designing and implementing programs of home and community-based services for chronically mentally ill individuals.

"(c) LONG-TERM CARE.—No payment shall be made under this title for expenditures made for skilled nursing facility services or intermediate care facility services provided under this title unless the facility providing such services meets standards established by the Secretary in regulations for the appropriate care and treatment of chronically mentally ill individuals if the facility provides care for chronically mentally ill individuals financed by this title.

"(d) METHODS FOR PROVIDING SERVICES.—Case management services and home and community-based services required by this subsection may be provided directly by the State, or on a contractual or capitated basis, without regard to section 1902(a)(23) and section 1903(m).".

(c) NONAPPLICABILITY OF REQUIREMENT FOR EQUAL SERVICES.—Section 1902(a)(10) of such Act is amended in the matter following subparagraph (D) by striking out "and" before "(IV)" and by inserting before the semicolon at the end thereof the following: ", and (V) the making available of case management services and home and community-based services to chronically mentally ill individuals as required under section 1919 shall not require the making available of any such services, or the making available of such services of the same amount, duration, and scope, to individuals who are not chronically mentally ill".

(d) DEMONSTRATION PROJECTS.—(1) The Secretary of Health and Human Services shall enter into agreements with up to 5 States under which the State shall conduct demonstration projects to provide mental health services on a prepaid capitation basis to chronically mentally ill individuals who are eligible under the State's plan approved under title XIX of the Social Security Act. Under such demonstration projects, mental health services shall be provided by a private nonprofit or governmental entity which shall assume direct responsibility for assessment of all such individuals and for the provision of multidisciplinary case management services, and shall provide directly or by contract all necessary mental health services. States may conduct the demonstration projects statewide or within regions of the State.

(2) Federal funding for demonstration projects under this subsection shall be made at the same matching rate as under title XIX of the Social Security Act.

(e) EFFECTIVE DATES.—(1) Except as provided in paragraph (2), the amendments made by this section shall apply to calendar quarters beginning more than 90 days after the date of the enactment of this Act.

(2) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet the requirements imposed by the amendments made by this section before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.

SEC. 3. HOSPITAL REQUIREMENTS UNDER MEDICARE AND MEDICAID.

(a) CONTINUITY OF CARE.—(1) Section 1861(e) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (8);

(B) by striking out the period at the end of paragraph (9) and inserting "; and"; and

(C) by adding at the end thereof the following new paragraph:

"(10) has a discharge planning agreement, approved by the State agency administering the State plan under title XIX of this Act in the State where such institution is located, with the State or local agency responsible for case management services for chronically mentally ill individuals eligible under such State plan, which assures that all such individuals will have a case plan established and a case manager assigned prior to discharge.".

(2) Section 1919 of the Social Security Act (added by section 2 of this Act) is amended by adding at the end thereof the following new subsection:

"(e) HOSPITAL SERVICES.—No payment shall be made under this title for expenditures for inpatient or outpatient hospital services provided by an institution which does not meet the requirements of section 1861(e)(10).".

(b) Conforming Amendment.—Section 1861(f)(2) of such Act is amended by striking out "(9)" and inserting in lieu thereof "(10)".

(c) Effective Date.—The amendments made by this section shall become effective 90 days after the date of the enactment of this Act.

SEC. 4. SUPPLEMENTAL SECURITY INCOME PROVISIONS.

(a) Extended Eligibility Period for Institutionalized Individual Who May Return Home.—(1) Section 1611(e)(1) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(E) Notwithstanding subparagraph (B), the amount of the benefit payable under this title shall be payable to an eligible individual or eligible spouse (if any) described in such subparagraph (B) for the first 6 months in which such individual or spouse is in such facility if such individual—

"(i) is chronically mentally ill individual (as defined by the Secretary in regulations);

"(ii) is reasonably expected to be a patient at such a facility for a period of 6 months or less, as certified by a physician; and

"(iii) has a residence to which he is expected to return upon discharge from such facility.".

(2) Section 1611(e)(1)(A) of such Act is amended by striking out "and (D)" and inserting in lieu thereof "(D), and (E)".

(3) Section 1611(e)(1)(B) of such Act is amended by striking out "In any case" and inserting in lieu thereof "Except as provided in subparagraph (E), in any case".

(b) Presumptive Disability.—Section 1614(a)(3) of such Act is amended by adding at the end thereof the following new subparagraph:

"(I) Any individual shall be presumed to be disabled for purposes of this title if such individual does not have earnings which exceed the level established pursuant to subparagraph (D), and is certified by a State mental health agency as being—

"(i) a chronically mentally ill individual (as defined by the Secretary in regulations);

"(ii) about to be discharged from an institution, at imminent risk of being institutionalized, or homeless; and

"(iii) willing to participate in a plan of care pursuant to regulations of the Secretary.".

(c) Extended Medicaid Eligiblity.—Section 1619 of such Act is amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) the following new subsection:

"(c) For purposes of title XIX, any individual who was entitled to a supplemental security income benefit under this title within the prior 36-month period shall be considered to be a disabled individual receiving supplemental security income benefits for so long as the Secretary determines under regulations that such individual is a chronically mentally ill individual and would be at substantial risk of being institutionalized if he were not eligible for medical assistance under the State plan under such title XIX.".

"(d) Eligibility of Individuals in Transitional Living Facilties.—Section 1611(e)(1)(D) of such Act is amended—

(1) by striking out "A person" and inserting in lieu thereof "(i) Except as otherwise provided in clause (ii), a person"; and

(2) by adding at the end thereof the following new clause:

"(ii) A chronically mentally ill individual may be an eligible individual or eligible spouse for purposes of this title with respect to any month throughout which he is a resident of a public emergency shelter for the homeless or halfway house (as those terms are defined by the Secretary in regulations).".

(e) Permanent Extension of Section 1619.—Section 201(d) of the Social Security Disability Amendments of 1980 (as amended by section 14(a) of the Social Security Disability Benefits Reform Act of 1984) is amended by striking out ", but shall remain in effect only through June 30, 1987".

(f) Effective Date.—The amendments made by this section shall apply to benefits payable for months beginning more than 90 days after the date of the enactment of this Act.

SEC. 5. MEDICARE PART B COVERAGE OF SERVICES RELATING TO MENTAL INLLNESS.

(a) Repeal of Limitation.— Subsection (c) of section 1833 of the Social Security Act is repealed.

(b) Conforming Amendment.—Section 1866(a)(2)(A) of such Act is amended by striking out the second sentence.

(c) Effective Date.—The amendments made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

By Mr. CHILES:

S. 1746. A bill to direct the Attorney General to study and recommend methods to control the diversion of legitimate precursor and essential chemicals to the production of illegal drugs; to the Committee on the Judiciary.

PRECURSOR AND ESSENTIAL CHEMICAL REVIEW ACT

● Mr. CHILES. Mr. President, one of the gaps in our current enforcement strategy against illegal narcotics is the lack of regulation of certain chemicals which are essential in the processing of drugs such as cocaine, LSD, methaqualone, and PCP. Some of these chemicals are precursors, or forerunners, of the illegal narcotics. Some are necessary in the processing stages of various drugs of abuse. These chemicals are found in normal commercial channels but can be diverted to illicit, clandestine labs throughout the United States where they are used to make dangerous drugs.

Two such chemicals are ethyl ether and acetone. These are unregulated chemicals with many legitimate industrial, commercial, and private uses. Ether is used as a solvent in the processing of dyes, waxes, and other substances. It is also used in the production of diesel fuel, in dry cleaning, and in medicine as an anesthetic. Acetone is a common cleaner. But in addition to these uses, both are chemicals of choice in the processing of cocaine. And while we don't want to impede the legitimate uses of these and other similar chemicals, we must address the fact that they are abused in the clandestine manufacture of narcotic and dangerous drugs.

Clandestine manufacture has recently become a major source for narcotic and dangerous drugs on the illicit market. Over the last 5 years, the number of clandestine lab seizures in the United States increased 85 percent. In these underground labs, chemists are processing the drugs which threaten the very fabric of our society.

The problem is getting worse. The number of cocaine labs seized in the United States has skyrocketed beyond other clandestine lab seizures; 24 cocaine labs were seized in fiscal year 1984—a 120-percent increase over the number seized in fiscal year 1983. Of those 24 labs seized, 18 were in the district which includes my State of Florida.

Beyond the obvious need to control the accessibility to these precursor and essential chemicals by clandestine chemists, we need to focus on the danger factor of the chemicals themselves. Both ether and acetone, for example, are highly combustible. An explosion of 1 gallon of ether is roughly equivalent to 10 sticks of dynamite. In March of this year, 330 gallons of ether were discovered inadvertently by a landlord in Miami, FL, who was checking on a tenant's warehouse. Some of the ether was in a very volatile state. Had it exploded, it would have caused many deaths and much property damage. The potential exists for one clandestine cocaine lab to devastate an entire neighborhood through an ether explosion.

Situations like this cannot go unaddressed. I know that the Florida State Legislature is considering proposals to regulate the production and distribution of both ether and acetone. I commend their efforts. I also recognize the work of the Drug Enforcement Administration in both controling some of the more abused of these chemicals, like P2P, a precursor chemical used in the production of amphetamines and methamphetamines, and in establishing voluntary systems of cooperation in the chemical industry to report suspicious purchases of precursor and essential chemicals.

I think, though, that this is an area in which the Federal Government should exert more leadership. My discussions with law enforcement officials in Florida indicate that regulations on some of these chemicals would be extremely helpful to them in their fight against drug traffickers. The legislation I am introducing today puts the Federal Government in an active position in determining how we can best control the diversion of these chemicals to illegal production of drugs of abuse.

This bill requires the Attorney General to examine the problem of precursor chemicals and those chemicals which are necessary in the production of narcotic and dangerous substances. I would encourage him to look not only at ether and acetone, the examples I have presented today, but at all such chemicals. Some of the other chemicals DEA has targeted are ergotamine tartrate, a precursor of LSD; antranillic acid, a precursor of methaqualone; and piperidine, a precursor to PCP. I urge him to act expeditiously in proposing legislation, regulations, or alternative methods for preventing the diversion of such legitimate precursor and essential chemicals to the production of illegal drugs.●

By Mr. ROTH (for himself, Mr. Pell, Mr. Cranston, Mr. Chafee, and Mr. Stafford):

S. 1747. A bill to amend the Foreign Assistance Act of 1961 to protect tropical forests in developing countries; to the Committee on Foreign Relations.

S. 1748. A bill to amend the Foreign Assistance Act of 1961 to protect biological diversity in developing countries; to the Committee on Foreign Relations.

TROPICAL DEFORESTATION AND BIOLOGICAL DIVERSITY

Mr. ROTH. Mr. President, I offer these bills to address two critical international environmental problems: tropical deforestation and biological diversity.

Tropical forests now cover only 8 percent (3.5 million square miles) (for reference the United States has an area of about 3 million square miles) of the Earth's land surfaces, yet they contain at least two-fifths of the Earth's plant and animal species. These forests are this world's richest source of raw materials.

Tropical forests are rapidly being cleared for agriculture, cattle production, firewood, timber, and pressures on tropical forests are increasing. The loss of these forests affects many people in a variety of ways, such as increased flooding, soil erosion, silting of waterways, droughts and shortages of firewood and timber. In addition, the losses of tropical forests cause the extinction of many plant and animal species and may even alter regional and global climate.

Rain forests are an important source of raw materials for agriculture, industry, commerce and medicine. For example, they have supplied the origins of, mice, millet, yams, bananas, pineapple, sugarcane, and many more await investigation. The wild relatives of modern food crops provide genetic resources to increase productivity, nutritive content, to resist new diseases, pests and environmental stresses.

By the end of the 20th century it is anticipated that we could loose at least 1 million species due to habit at destruction.

Plants and animals are vital to human survival. They produce foods, medicines, and raw materials. They also provide services such as pests and flood control and degradation of waste. Therefore, the conservation of biological diversity is vital to human survival and well being if for no other reason than that a species of plants and animals provide people with important products.

Forty percent of prescription drugs sold in the United States contain chemicals derived from wild species. Twenty-five percent of these drugs come from plants, another twelve percent from fungi, and bacteria, and six percent from complex animals. Marine animals are considered by scientists to be a still untapped source of new chemicals.

To protect critical habitats and to prevent loss of wildlife, we must conserve and maintain the Earth's basic life-support systems, including climate, the water cycle, the soils and genetic diversity. We must set forth the efforts to provide for a livelihood without destroying crop lands, forests and water supplies, that are essential for meeting human needs as well as supporting the diversity of other life on our planet.

The bills we are introducing today do not authorize new spending, but seek to strengthen existing provisions of the Foreign Assistance Act of 1961, pertaining to tropical deforestation and biological diversity.

Components of the tropical deforestation bill include:

First. Information exchanges with developing countries which stress the importance of the conservation of our forest resources, for the long-term benefit of our global environment.

Second. Support for projects that identify and implement alternatives to settling forested areas.

Third. Support training and education programs which improve forest policies and land use planning.

Fourth. Support stable and productive farming practices in areas already cleared or degraded, especially those practices that demonstrate small-scale, affordable, low-risk resource conserving projects.

Fifth. Improve production of already cleared lands to help conserve forests which have not yet been degraded.

Sixth. Support research to identify alternatives to forest destruction.

Seventh. Help developing countries to identify tropical forest ecosystems and species in need of protection, in order to conserve biological diversity in forest areas. In addition, make the setting aside of protected areas a condition of support for activities involving forest clearing.

Eighth. Any assistance under these activities would be denied if the activity would result in the conversion of forest land to the rearing of livestock, the colonization of forest lands, the construction of dams, unless the activity is the least harmful way to improve the likelihood of the rural poor.

The components of the biological diversity bill include:

First. An allocation of not less than $10 million in assistance funding for biological diversity protection.

Second. The AID must include in each country development strategy statement a plan to assist that country in the conservation of biological diversity.

Third. In addition, AID must cooperate with appropriate international organizations, exchange information with recipient countries support training and education efforts to prevent loss of biological diversity, and enter into long-term agreements on biological diversity protection.

Mr. President, I ask unanimous consent that these bills be printed in the Record.

There being no objection, the bills were ordered to be printed in the Record, as follows:

S. 1747

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 1 of part I of the Foreign Assistance Act of 1961 is amended—

(1) by redesignating section 118 (22 U.S.C. 2151p) as section 117;

(2) by striking out subsection (d) of that section; and

(3) by inserting after that section the following new section 118:

Sec. 118. Tropical Forests.—(a) In enacting section 103(b)(3) of this Act the Congress recognized the importance of forests and tree cover to the developing countries. The Congress is particularly concerned about the continuing and accelerating alteration, destruction, and loss of tropical forests in developing countries, which pose a serious threat to development and the environment. Tropical forest destruction and loss—

"(1) result in shortages of wood (especially wood for fuel), loss of biologically productive wetlands, siltation of lakes, reservoirs, and irrigation systems, floods, destruction of indigenous peoples, extinction of plant and animal species, reduced capacity for food production, and loss of genetic resources; and

"(2) can result in desertification and destabilization of the earth's climate.

Properly managed tropical forests provide a sustained flow of resources essential to the economic growth of developing countries, as well as genetic resources of value to developed and developing countries alike.

"(b) The concerns expressed in subsection (a) and the recommendations of the United States Interagency Task Force on Tropical Forests shall be given high priority by the President—

"(1) in formulating and carrying out programs and policies with respect to developing countries, including those relating to bilateral and multilateral assistance and those relating to private sector activities; and

"(2) in seeking opportunities to coordinate public and private development and investment activities which affect forests in developing countries.

"(c) In providing assistance to developing countries, the President shall place a high priority on conservation and sustainable management of tropical forests and shall—

"(1) engage in dialogues and exchanges of information with recipient countries—

"(A) which stress the importance of conserving and sustainably managing forest resources for the long-term economic benefit of those countries, and avoiding the irreversible losses associated with forest destruction; and

"(B) which identify and focus on policies of those countries which directly or indirectly contribute to deforestation;

"(2) support projects and activities—

"(A) which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests; and

"(B) which help developing countries identify and implement alternatives to colonizing forested areas;

"(3) support training programs, educational efforts, and the establishment or strengthening of institutions which increase the capacity of developing countries to formulate forest policies, engage in relevant land-use planning, and otherwise improve the management of their forests;

"(4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices in areas already cleared or degraded and on lands which inevitably will be settled, with special emphasis on demonstrating the feasibility of agroforestry techniques and on other kinds of small-scale, affordable, resource-conserving, low-risk, local projects which use technologies and methods suited to the local environment and traditional agricultural techniques and feature close consultation with and involvement of local people at all stages of project design and implementation;

"(5) help conserve forests which have not yet been degraded, by helping to increase production on lands already cleared or degraded through support of reforestation, fuelwood, and other sustainable forestry projects and practices, making sure that local people are involved at all stages of project design and implementation;

"(6) support projects and other activities to conserve forested watersheds and rehabilitate those which have been deforested, making sure that local people are involved at all stages of project design and implementation;

"(7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing, including reforestation, soil conservation, and other activities to rehabilitate degraded forest lands;

"(8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation, including research in agroforestry, sustainable management of natural forests, small-scale farms and gardens, small-scale animal husbandry, wider application of traditional practices, and suitable crops and crop combinations;

"(9) conserve biological diversity in forest areas by—

"(A) supporting and cooperating with the International Union for Conservation of Nature and Natural Resources, the World Wildlife Fund, United States Government agencies, other donors (both bilateral and multilateral), and other appropriate governmental, intergovernmental, and nongovernmental institutions in efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis;

"(B) whenever appropriate, making the setting aside of protected areas a condition of support for activities involving forest clearance or degradation; and

"(C) helping developing countries identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas;

"(10) engage in efforts to increase the awareness of United States Government agencies and other donors, both bilateral and multilateral, of the immediate and long-term value of tropical forests;

"(11) require that any program or project under this chapter significantly affecting tropical forests (including projects involving the planning of exotic plant species) be based upon careful analysis of the best sustainable use of the land and take full account of the impacts of the proposed activities on biological diversity;

"(12) deny any direct or indirect assistance under this chapter for—

"(A) activities which would result in the conversion of forest lands to the rearing of livestock, unless it has been demonstrated that the proposed activity will contribute significantly and directly to improving the livelihood of the rural poor and is the least harmful way of doing so;

"(B) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands, unless it has been demonstrated that there exist adequate safeguards to prevent unplanned forest destruction and that the proposed activity will contribute significantly and directly to improving the livelihood of the rural poor and is the least harmful way of doing so;

"(C) the colonization of forest lands, unless it has been demonstrated that the soils in the area are capable of sustained agriculture, that there exist adequate safeguards to prevent unplanned forest destruction, and that the proposed activity will contribute significantly and directly to improving the livelihood of the rural poor and is the least harmful way of doing so;

"(D) the construction of dams or other water control structures which flood relatively undegraded forest lands, unless it has been demonstrated that the proposed activity will contribute significantly and directly to improving the livelihood of the rural poor and is the least harmful way of doing so;

"(E) the procurement or use of logging or timber processing equipment, unless it has been demonstrated that all timber harvesting operations involved will be conducted in an environmentally sound manner which minimizes forest destruction and that the proposed activity will contribute significantly and directly to improving the livelihood of the rural poor and is the least harmful way of doing so; and

"(F) actions which (i) invade or significantly degrade national parks or similar protected areas which contain tropical forests, or (ii) introduce exotic plants or animals into such areas; and

"(13) utilize the resources and abilities of all relevant governmental agencies.

"(d) Whenever feasible, the President shall accomplish the objectives of this section through projects managed by private and voluntary organizations or international, national, or regional nongovernmental organizations active in the region or country where the project is located.

"(e) Each country development strategy statement or other country plan prepared by the Agency for International Development shall include an analysis of the actions necessary in that country to achieve the goals of this section and of the extent to which the actions proposed for support by the Agency meet the needs thus identified.

"(f) Each annual report required by section 634(a) of this Act shall include a report on the implementation of this section.".

S. 1748

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 119 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151q) is amended—

(1) by redesignating subsection (b) as subsection (b)(1);

(2) by adding at the end of subsection (b)(1) the following new paragraphs:

"(2) For each fiscal year beginning with fiscal year 1987, not less than $10,000,000 under this part shall be allocated for purposes of new activities under this subsection which commence in or after fiscal year 1987 (and subsection which commence in or after fiscal year 1987 (and are not continuations of any activity commenced prior to such fiscal year).

"(3) To the fullest extent possible, the Agency for International Development shall continue and expand activities under this subsection which commenced prior to fiscal year 1987."; and

(3) by striking out subsections (c) and (d) and inserting in lieu thereof the following:

"(c) Each country development strategy statement or other country plan prepared by the Agency for International Development shall include a detailed plan to assist that country in the conservation of biological diversity. Each such plan shall include, as appropriate, assistance in carrying out all the types of efforts specified in subsection (b).

"(d) To the fullest extent possible, projects supported under this section shall include close consultation with and involvement of local people at all stages of design and implementation.

"(e) Whenever feasible, the objectives of this section shall be accomplished through projects managed by appropriate private and voluntary organizations, or international or regional or national nongovernmental organizations, which are active in the region or country where the project is located. For each fiscal year beginning with fiscal year 1987, the Agency for International Development shall allocate not less than $3,000,000 under this part for projects managed by such organizations.

"(f) The Administrator of the Agency for International Development shall—

"(1) cooperate with appropriate international organizations, both governmental and nongovernmental, and recognize the coordinating role played by the International Union for Conservation of Nature and Natural Resources and the World Wildlife Fund;

"(2) look to the World Conservation Strategy (which was prepared by the International Union for Conservation of Nature and Natural Resources, the World Wildlife Fund, and the United Nations Environment Program, and is now widely accepted) as an overall guide for actions to conserve biological diversity;

"(3) engage in dialogues and exchanges of information with recipient countries which stress the importance of conserving biological diversity for the long-term economic benefit of those countries and which identify and focus on policies of those countries which directly or indirectly contribute to loss of biological diversity;

"(4) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity;

"(5) whenever possible, enter into long-term agreements in which the recipient country agrees to protect ecosystems or other wildlife habitats recommended for protection by the International Union for Conservation of Nature and Natural Resources or as a result of activities undertaken pursuant to paragraph (6), and the United States agrees to provide additional assistance necessary for the establishment and maintenance of such protected areas;

"(6) support programs to identify critical ecosystems in developing countries and make surveys of national parks and proposed protected areas where such surveys will enhance the protection of endangered species or the protection of critical ecosystems;

"(7) review the Agency's environmental regulations and revise them as necessary to ensure that ongoing and proposed actions by the Agency do not inadvertently endanger wildlife species or their critical habitats, harm protected areas, or have other adverse impacts on biological diversity, and shall report to the Congress within one year after the date of enactment of this paragraph on the actions taken pursuant to this paragraph;

"(8) ensure that environmental profiles sponsored by the Agency include information needed for conservation of biological diversity; and

"(9) deny any direct or indirect assistance under this chapter for actions which invade or significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas.

"(g) Each annual report required by section 634(a) of this Act shall include, in a separate volume, a report on the implementation of this section.".

Mr. PELL. Mr. President, I am delighted to join Senator ROTH in introducing legislation on biological diversity and tropical forests. This legislation will significantly enhance protection of the ecosystems that are richest in their variety of living things.

I have a particular interest in the legislation to protect biological diversity. The legislation Senator ROTH and I are introducing on this is a direct outgrowth of my 1983 legislation, title VII of Public Law 98-164, to create a new program to assist countries in the protection of endangered species. The 1983 law makes the protection of endangered species an important objective of U.S. assistance and authorizes the Administrator of AID to assist countries in the protection of wildlife habitats, in the setting up of national parks and reserves, in the enforcement of antipoaching laws and in the effort to halt the pollution of ecosystems.

This year's biological diversity legislation builds on that effort. The proposed bill allocates $10,000,000 in each fiscal year, beginning in fiscal year 1987, to new projects to protect biological diversity. The bill also incorporates the protection of endangered species into each AID country plan, encourages training to improve the capacity of recipient countries to prevent the loss of species and provides concrete technical assistance, such as surveys of proposed parks and reserves, to developing countries.

This bill is similar to an amendment I tabled earlier this year to the Foreign Assistance Act. At the time of my amendment, the distinguished chairman of the Foreign Relations Committee, Senator RICHARD LUGAR, agreed to hold a hearing and markup of biological diversity legislation. It is my hope to complete the committee's action on these bills before the end of this year.

Mr. President, it is estimated that more than 1,000 plant and animal species will become extinct each year and that if present rates of tropical deforestation and ecosystem disruption continue into the next century, 20 percent of all species on Earth may become extinct within the next human generation.

The extinctions projected in the coming decades will be largely due to human activities. They will occur on a scale that render natural biological extinction trivial by comparison. This loss of species and ecosystems due to human activities is resulting in the progressive impoverishment of the Earth's biological systems. This, in turn, reduces the ability of natural systems to support human populations.

For example, the center of origin of many food plants are in the tropics. As tropical areas are converted, ancestral stocks of these plants are jeopardized or lost. Only three species—corn, wheat, and rice—produce two-thirds of the total world grain crop. The food supply of the entire world now depends on maintaining a balance between the genetic systems of these and a few additional crops, and their pests and diseases. In the future, new sources of food may need to be developed from as yet undiscovered germ plasm.

The U.S. Government is in a unique position of world leadership to help conserve biological diversity. Most of the areas that need to be protected are in developing countries. There is a clear and close relationship between the poverty of the people of those countries and biological impoverishment—and this will intensify if current trends are not altered. Through its own aid programs and through the multilateral assistance programs it can influence, the U.S. Government can play a major role in reversing these negative trends which affect our economic and security interests as surely as they affect the well-being of people in the developing world.

Mr. President, the pending legislation on biological diversity, and the companion bill on tropical forests, can make a contribution to halting the loss of thousands of species. Once a species has become extinct, it is lost to mankind for all time.

I hope, therefore, we can move forward on these bills as expeditiously as possible.

Mr. CHAFEE. Mr. President, today I am introducing with my colleague from Delaware [Mr. ROTH], two bills reflecting the fact that environmental protection is an international issue. The failure to protect tropical forests or to preserve biological diversity in countries around the world can have profound effects in this country. As a world leader in the area of environmental protection and as a country with an immediate and real stake in such protection and preservation, it is a responsibility of the United States to help protect our global environment.

These bills would require additional U.S. actions to prevent destruction of tropical forests and would require additional actions to prevent extinction of animal and plant species in developing nations.

Tropical deforestation in developing nations is a result of rapid population growth and development pressures. Recent studies have taught us that an area the size of Pennsylvania is being deforested every year. Only in relatively recent years have researchers learned more about the environmental effects of deforestation.

Clearing of rain forests increases the carbon dioxide in the atmosphere; the carbon dioxide absorbs solar radiation and leads to climatic warming, the so-called "greenhouse effect."

Tropical deforestation is expected to combine with fossil fuel burning to cause temperatures around the world to increase beginning in the 1990's. Some melting of the polar ice caps may occur, resulting in a rise in the sea level.

Tropical deforestation also is thought to change global rainfall as bare soil reflects increased solar radiation and air circulation is altered.

Population pressures are leading to attempts to turn tropical forests into farmland. There is also a problem called by some the hamburger connection, the conversion of tropical forests to grazing land to produce beef, which is primarily for U.S. fast-food restaurants.

Rain-forest soils are poor; most of the nutrients are in the foliage. After the nutrients from the burnt trees have washed away, silting rivers, crops fail, and pasturelands must be abandoned.

Though tropical forests cover only about 6 percent of the Earth's land surface, they are thought to contain more than 40 percent of its plants and animal species. It is believed that as forests are cut down species that have not yet been identified are becoming extinct. It has been estimated that by the year 2000 or up to 2 million species may be extinct.

These bills will strengthen existing provisions of the Foreign Assistance Act. They build upon what Congress has already done to establish as priorities the preservation of tropical forests and biological diversity while helping developing nations to resolve their economic problems. The bills call on the administration to accelerate efforts to incorporate protective measures into foreign development assistance, design new projects and programs, and to ensure that ongoing activities do not destroy these critical resources.

Mr. President, these are important bills. Companion measures have been introduced in the House and are being supported by the Natural Resources Defense Council, World Wildlife Fund-United States, National Audubon Society, National Wildlife Federation, Sierra Club, and Environmental Policy Institute. I urge my colleagues in the Senate to review these measures and to join us as cosponsors. Prompt attention and hearings before the Senate Foreign Relations Committee would be extremely helpful.

Mr. CRANSTON. Mr. President, today I join Senators Roth and Pell in introducing two measures critically important to the environment: A bill to assist in developing countries in the conservation of biological diversity and a bill to conserve tropical forests. Each bill amends the Foreign Assistance Act, as administered by the Agency for International Development [AID] to assure that U.S. development policy will not endanger wildlife species or their critical habitat and that U.S. assistance programs support projects which place high priority on conservation and sustainable management of tropical forests, including support for the designation and maintenance of protected forest areas.

These measures command our urgent attention.

Sheer human activity costs us more than 1,000 plant and animal species each year. Accelerated by the decimation of tropical forests, we could lose 20 percent of all species on Earth within the next human generation. This is of far more than historic or academic interest: What we are experiencing is the impoverishment of the Earth's biological systems, which in turn reduces the ability of natural systems to support human populations.

As much as 40 percent of all the Earth's plants and animals exist in tropical forests.

All over Asia, Africa, South and Central America, tropical forests are being rapidly destroyed through ranching, road building and hydroelectric projects, and cutting for firewood. In the last century, over a half of the world's tropical forest area has been destroyed, and at the present cutting rate, another 1.2 billion acres will be gone by the end of this century. Deforestation of this magnitude is a kind of biological Armageddon: We lose complex and diverse ecosystems. We see the siltation of lakes, reservoirs, and irrigation systems, a reduction of good production capacity, the destruction of indigenous peoples, and a loss of genetic resources, upon some of which many may be directly dependent. On a global scale, such massive destruction of forests brings desertification and a significant change in the Earth's climate: Tropical deforestation is expected to combine with fossil fuel burning to cause temperatures around the world to increase beginning in the 1990's. Some melting of the polar ice caps may occur, resulting in a rise in the sea level.

Mr. President, these global environment issues are appropriately addressed through U.S. policy for several reasons;

First, our political interests include a commitment to maintain the Earth's basic life-support systems. Our public institutions and private firms carry on worldwide activities that directly and indirectly affect the environmental policies of other countries.

Second, the humanitarian base of our democratic society compels us to take heed of peoples whose cultures and very lives are threatened by tropical forest destruction.

Third, U.S. economic growth is affected by the adverse domestic natural resource conditions of developing countries, which purchase just about a third of all U.S. exports, and who contribute to our economic growth by giving us a sustained supply of wood and wood products at reasonable prices.

Fourth, we are committed to helping preserve the world's ecosystems both by domestic legislation and national policies, and being party to a host of international conventions and agreements—including the Endangered Species Act of 1973, the Convention on International Trade in Endangered Species of Wild Flora and Fauna, and the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere; and

Fifth, U.S. educational and scientific interests are well-served by our long-term study of the influence of tropical forest ecosystems on global physical, biological, and geochemical processes. Tropical forests are a rich and living laboratory for flora and fauna that exist nowhere else in the world.

The biological diversity measure we introduce today includes an allocation of not less than $10 million in assistance funding for biological diversity protection. It directs AID to include in each country's development strategy a plan to assist the Nation in biological diversity conservation. The bill further directs AID to exchange information, support training, and enter into long-term agreements on biological diversity protection. The tropical forest bill directs AID to place a high priority on tropical forest conservation. It requires the Agency to move away from supporting large-scale development activities that destroy vast amounts of prime tropical moist forests.

Mr. President, I am pleased to be associated with these measures as cosponsor. I am a member of the Senate Foreign Relations Committee that will review the bills, and I look forward to expeditious action.

By Mrs. KASSEBAUM:

S. 1750. A bill to amend the Federal Aviation Act of 1958, as amended, to increase civil penalty limits for safety violations by persons engaged in commercial aircraft operations, and for other purposes; to the Committee on Commerce, Science, and Transportation.

CIVIL PENALTY LIMITS FOR PERSONS ENGAGED IN COMMERCIAL AIRCRAFT OPERATIONS

● Mrs. KASSEBAUM. Mr. President, today I am introducing legislation prepared by the administration which would increase civil penalty limits for safety violations by commercial aircraft operators. The legislation is described in detail in the Secretary of Transportation's letter of transmittal.

Mr. President, I ask unanimous consent that the bill and the accompanying letter of transmittal be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 1750

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 901(a)(1)(A) of the Federal Aviation Act of 1958, as amended (49 United States Code 1471(a)(1)(A)), is amended by inserting "1101," immediately after the word "section" where it first appears.

Sec. 2. Section 901(a)(1) of the Federal Aviation Act of 1958, as amended (49 United States Code 1471(a)(1)), is amended by inserting the following words immediately after "violation," where it first appears: "except that the amount of such civil penalty shall not exceed $10,000 for each such violation of title III, VI, or XII of this Act, or any rule, regulation, or order issued thereunder, by a person who operates aircraft for the carriage of persons or property for compensation or hire, and".

Sec. 3. Section 901(a)(2) of the Federal Aviation Act of 1958, as amended (49 United States Code 1471(a)(2)), is amended by inserting the phrase ", or of section 1101, 1114, or 1115(e)(2)(B)" immediately after "XII".

The Secretary of Transportation,
Washington, DC, September 5, 1985.

Hon. George Bush,
President of the Senate, Washington, DC.

Dear Mr. President: Enclosed for introduction and referral to the appropriate Committee is a draft bill "To amend the

Federal Aviation Act of 1958, as amended, to increase civil penalty limits for safety violations by persons engaged in commercial aircraft operations, and for other purposes."

The primary intent of the Department of Transportation in proposing this legislation amending section 901 of the Federal Aviation Act of 1958, as amended, (FAAct), is to combat safety violations of the FAAct and regulations and orders issued thereunder. We are proposing this legislation which stiffens existing civil penalty authority for safety violations as a means of deterring future violations.

Specifically, the bill would increase the maximum civil penalty in section 901 of the FAAct from $1,000 to $10,000 for safety violations of the FAAct or regulations issued thereunder by persons who operate aircraft for the carriage of persons or property for compensation or hire. The present civil penalty authority of $1,000 per violation has been in effect since 1938. The economic effect of that level of civil penalty has eroded substantially in the nearly five decades which have passed since that time.

While we believe that a $1,000 maximum civil penalty is fully adequate for the vast majority of safety violations by the general aviation community, there are cases involving commercial operations where that level of civil penalty is simply not adequate to deter future safety violations. Accordingly, our proposal would permit us to seek civil penalties up to $10,000 for each violation of title III, VI, or XII of the FAAct or the Federal Aviation Regulations issued thereunder by persons engaged in the carriage of persons or property for compensation or hire. The present maximum civil penalty of $1,000 for a violation would remain in effect for others in the aviation community.

Further, the bill provides for a civil penalty of $1,000 for a violation of section 1101 of the FAAct, relating to notification of proposed construction of structures which could pose a hazard to air navigation, and authorizes the Federal Aviation Administrator to compromise such civil penalties as may be imposed under that authority. At the present time, only criminal sanctions may be sought for violations of section 1101. In most cases, civil penalties would represent a more reasonable way to deal with such violations and would provide an added and oftentimes more effective approach for the Government to use in assuring compliance with the construction notification requirements of the FAAct.

We believe the increase in civil penalty authority will assist in providing greatest deterrence to safety violations of the FAAct or regulations issued thereunder and, to that extent, will enhance aviation safety. Moreover, enactment of these provisions will have no budgetary impact on the Federal Aviation Administration programs.

The Office of Management and Budget advises that there is no objection, from the standpoint of the Administration's program, to the enactment of this legislative proposal.

Sincerely,

ELIZABETH HANFORD DOLE.●

By Mr. HEINZ:

S.J. Res. 217. A joint resolution to designate the week of December 2, 1985, to December 8, 1985, as "National Emergency Medical Air Transport Week"; to the Committee on the Judiciary.

NATIONAL EMERGENCY MEDICAL AIR TRANSPORT WEEK

● Mr. HEINZ. Mr. President, today it gives me great pleasure to introduce a joint resolution requesting the President to designate the week of December 2, 1985 as "National Emergency Medical Air Transport Week." This resolution commemorates the vital role of hospital based helicopters in providing critical access to health services to Americans living in both urban and rural areas of the United States.

The hospital based helicopter concept was originally developed by the military in Korea and Vietnam. The growth of these programs, from less than one dozen in 1978 to over 100 today, demonstrates the growing role of air transport in linking Americans to appropriate health care services. Last year, over 48,000 persons experiencing critical, life-threatening situations were flown to needed medical care by helicopters or fixed-wing aircraft.

The American Society of Hospital Based Emergency Air Medical Services will celebrate it's 5th anniversary during the week of December 2, 1985. It is most appropriate, therefore that the Congress and the President recognize the vital role of this organizations' members in providing access to advanced medical services and technology.

Mr. President, I ask unanimous consent that the text of this joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 217

Whereas, emergency air transport vehicles provide vital access to health services for Americans living in both urban and rural communities twenty-four hours per day, three-hundred-sixty-five days per year;

Whereas, the number of air transport programs in the United States has grown from less than one dozen in 1978 to over one-hundred today;

Whereas, thirty-eight states and the District of Columbia host at least one air transport program to serve their populations;

Whereas, over 63,000 patients were flown in 1984 alone and of these, 43,631 patients were in critical, life-threatening situations;

Whereas, December 1985, marks the fifth anniversary of the American Society of Hospital Based Emergency Air Medical Services: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to designate the week of December 2, 1985, to December 8, 1985, as "National-Emergency Medical Air Transport Week" and call upon the Federal, State, and local government agencies and the people of the United States to observe such week with the appropriate programs, ceremonies and activities.●

ADDITIONAL COSPONSORS

S. 122

At the request of Mr. PRYOR, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 122, a bill to reorganize the Department of Health and Human Services by establishing an independent agency, governed by a bipartisan board, to administer the Old Age, Survivors, and Disability Insurance Program and the Supplemental Security Income Program under titles II and XVI of the Social Security Act, to provide appropriate delegations of authority to such agency from the General Services Administration and the Office of Personnel Management, and for other purposes.

S. 637

At the request of Mr. ZORINSKY, the name of the Senator from Arkansas [Mr. PRYOR], and the Senator from Tennessee [Mr. GORE] were added as cosponsors of S. 637, a bill to amend the Railroad Retirement Act of 1974 to allow a worker to be employed in any nonrailroad employment and still qualify for an annuity, subject to current deductions in the tier 1 benefit on account of work and new deductions in the tier 2 benefit if the employment is for his last nonrailroad employer.

S. 723

At the request of Mr. MATSUNAGA, the name of the Senator from Maine [Mr. MITCHELL] was added as a cosponsor of S. 723, a bill to amend title XVIII of the Social Security Act to authorize payment for occupational therapy services under part B of the Medicare Program.

S. 778

At the request of Mr. HEINZ, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 778, a bill to amend title XVIII of the Social Security Act to allow Medicare coverage for home health services provided on a daily basis.

S. 1382

At the request of Mr. CHAFEE, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 1382, a bill to amend the Securities Exchange Act of 1934 with respect to insider trading.

S. 1393

At the request of Mr. ABDNOR, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of S. 1393, a bill to provide for a study of the use of unleaded fuel in agricultural machinery, and for other purposes.

S. 1470

At the request of Mr. HUMPHREY, the name of the Senator from North Carolina [Mr. EAST] was added as a cosponsor of S. 1470, a bill to require the Secretary of Health and Human Services to establish the National Adoption Information Clearinghouse.

S. 1570

At the request of Mr. NICKLES, the name of the Senator from Arizona [Mr. GOLDWATER] was added as a cosponsor of S. 1570, a bill to amend the Fair Labor Standards Act of 1938 to exclude the employees of States and political subdivisions of States from the provisions of that act relating to maximum hours, to clarify the application of that act to volunteers, and for other purposes.

S. 1624

At the request of Mr. DECONCINI, the names of the Senator from North Dakota [Mr. ANDREWS], the Senator from Iowa [Mr. GRASSLEY], the Senator from South Carolina [Mr. HOLLINGS], the Senator from South Dakota [Mr. ABDNOR], the Senator from Nebraska [Mr. EXON], and the Senator from Colorado [Mr. ARMSTRONG] were added as cosponsors of S. 1624, a bill to make ineligible for certain agricultural program benefits persons who are convicted under Federal or State law of planting, cultivation, growing, or harvesting of controlled substances.

S. 1639

At the request of Mr. EXON, the name of the Senator from Idaho [Mr. SYMMS] was added as a cosponsor of S. 1639, a bill to authorize the minting of gold bullion coins.

S. 1679

At the request of Mr. GRASSLEY, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 1679, a bill to strengthen provisions of the law that provide safeguards when imports threaten to impair the national security.

S. 1710

At the request of Mr. HOLLINGS, the name of the Senator from Hawaii [Mr. INOUYE] was added as a cosponsor of S. 1710, a bill to establish a motor carrier administration in the Department of Transportation, and for other purposes.

SENATE JOINT RESOLUTION 74

At the request of Mr. THURMOND, the names of the Senator from Arkansas [Mr. BUMPERS], the Senator from Ohio [Mr. GLENN], and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of Senate Joint Resolution 74, a joint resolution to provide for the designation of the month of February 1986 as "National Black (Afro-American) History Month."

SENATE JOINT RESOLUTION 193

At the request of Mr. SYMMS, the names of the Senator from North Carolina [Mr. HELMS], and the Senator from Oklahoma [Mr. BOREN] were added as cosponsors of Senate Joint Resolution 193, a joint resolution to authorize the President to issue a proclamation designating the week beginning October 20, 1985, as "The Lessons of Grenada Week."

SENATE JOINT RESOLUTION 195

At the request of Mr. KASTEN, the names of the Senator from Texas [Mr. BENTSEN], the Senator from Maine [Mr. COHEN], and the Senator from Alaska [Mr. MURKOWSKI] were added as cosponsors of Senate Joint Resolution 195, a joint resolution to designate the week of October 20, 1985, through October 26, 1985, as "National Temporary Services Week."

SENATE JOINT RESOLUTION 196

At the request of Mrs. HAWKINS, the names of the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Mississippi [Mr. COCHRAN], the Senator from Kansas [Mr. DOLE], the Senator from Utah [Mr. HATCH], the Senator from Wisconsin [Mr. KASTEN], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Oklahoma [Mr. NICKLES], the Senator from Virginia [Mr. TRIBLE], the Senator from California [Mr. WILSON], the Senator from Arkansas [Mr. BUMPERS], the Senator from Illinois [Mr. DIXON], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Massachusetts [Mr. KERRY], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Georgia [Mr. NUNN], the Senator from Illinois [Mr. SIMON], the Senator from Mississippi [Mr. STENNIS], and the Senator from Maine [Mr. MITCHELL] were added as cosponsors of Senate Joint Resolution 196, a joint resolution designating September 22, 1986, as "American Business Women's Day."

SENATE JOINT RESOLUTION 199

At the request of Mr. MURKOWSKI, the names of the Senator from South Carolina [Mr. HOLLINGS], the Senator from West Virginia [Mr. ROCKEFELLER], and the Senator from Georgia [Mr. NUNN] were added as cosponsors of Senate Joint Resolution 199, a joint resolution to designate the month of November 1985 as "National Elks Veterans Rememberance Month."

SENATE JOINT RESOLUTION 209

At the request of Mr. D'AMATO, the names of the Senator from Maryland [Mr. MATHIAS], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Hawaii [Mr. INOUYE], the Senator from New Jersey [Mr. BRADLEY], the Senator from Nevada [Mr. LAXALT], and the Senator from Michigan [Mr. RIEGLE] were added as cosponsors of Senate Joint Resolution 209, a joint resolution to designate the period from October 28, 1985, through October 28, 1986, as the "Centennial Year of Liberty in the United States."

SENATE JOINT RESOLUTION 211

At the request of Mr. DURENBERGER, the names of the Senator from Montana [Mr. BAUCUS], the Senator from Michigan [Mr. LEVIN], the Senator from Missouri [Mr. DANFORTH], and the Senator form California [Mr. CRANSTON] were added as cosponsors of Senate Joint Resolution 211, a joint resolution to provide for the designation of the week of October 6, 1985, as "National Sudden Death Syndrome Awareness Week."

SENATE JOINT RESOLUTION 213

At the request of Mr. FORD, the names of the Senator from Rhode Island [Mr. CHAFEE], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Georgia [Mr. NUNN], the Senator from Michigan [Mr. LEVIN], the Senator from Nebraska [Mr. ZORINSKY], and the Senator from North Dakota [Mr. BURDICK] were added as cosponsors of Senate Joint Resolution 213, a joint resolution to designate January 19-25, 1986, "National Jaycee Week."

SENATE CONCURRENT RESOLUTION 68

At the request of Mr. DURENBERGER, the names of the Senator from Maine [Mr. COHEN], and the Senator from New Jersey [Mr. BRADLEY] were added as cosponsors of Senate Concurrent Resolution 68, a concurrent resolution expressing support for Chile's national accord for the transition to full democracy.

SENATE CONCURRENT RESOLUTION 71

At the request of Mr. WEICKER, the names of the Senator from North Dakota [Mr. ANDREWS], the Senator from Washington [Mr. GORTON], the Senator from Oregon [Mr. HATFIELD], and the Senator from Indiana [Mr. LUGAR] were added as cosponsors of Senate Concurrent Resolution 71, a concurrent resolution to commemorate the accomplishments of Public Law 94-142, the Education for All Handicapped Children Act on the 10th anniversary of its enactment.

AMENDMENT NO. 724

At the request of Mr. THURMOND, the name of the Senator from Nevada [Mr. LAXALT] was withdrawn as a cosponsor of amendment No. 724 proposed to Senate Joint Resolution 77, a joint resolution to approve the Compact of Free Association, and for other purposes.

SENATE RESOLUTION 237—SUPPORTING DISCUSSIONS ABOUT THE SOVIET PRESENCE IN AFGHANISTAN

Mr. HUMPHREY submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 237

Whereas military forces of the Union of Soviet Socialist Republics invaded Afghanistan in December 1979;

Whereas there are at present more than 115,000 Soviet troops engaged in the systematic destruction of Afghanistan through a scorched earth policy which includes the destruction of crops, water and food supplies, the agricultural infrastructure, and villages, and includes the widespread killing of innocent civilians;

Whereas Soviet tactics in Afghanistan have directly caused the following: a refugee population in Iran and Pakistan of more than three million, the largest refugee population in the world; hundreds of thousands of war-related casualties; deprivation and suffering for most Afghan citizens; and the possibility of large-scale famine;

Whereas Soviet troops and their Afghan proxies have employed the use of chemical weapons against innocent Afghans;

Whereas the human rights abuses perpetrated by Soviet troops against the Afghan population, including women, children, and the elderly, have been thoroughly documented by the report from Helsinki Watch entitled "Tears Blood and Cries" and by the report on the situation of human rights in Afghanistan prepared for the Economic and Social Council of the United Nations;

Whereas both the United States and the United Nations have repeatedly called for a peaceful, negotiated settlement of the conflict, including the immediate withdrawal of all foreign troops from Afghanistan; and

Whereas no President of the United States has met directly with the head of the Soviet Union since the invasion of Afghanistan in December 1979: Now, therefore, be it

Resolved, That the Senate, in an effort to bring about an end to the massive human rights abuses and murderous policies which the Soviet Union is perpetrating against the population of Afghanistan—

(1) strongly supports President Reagan's intent to discuss directly with Soviet leaders American concerns with the Soviet presence in Afghanistan; and

(2) calls upon the President to reiterate the desire of the United States to achieve a negotiated political settlement agreeable to all interested parties in Afghanistan, which settlement should include—

(A) the complete withdrawal of all foreign troops;

(B) the restoration of the independent and nonaligned status of Afghanistan;

(C) self-determination for the Afghan people; and

(D) the return of Afghan refugees with safety and honor.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

● Mr. HUMPHREY. Mr. President, the sixth anniversary of the Soviet invasion of Afghanistan is less than 3 months away. These 6 years have been disastrous for the people of Afghanistan who have suffered enormous losses at the hands of 115,000 Soviet troops. Today I am introducing a resolution which expresses the Senate's abhorrence of the situation in Afghanistan and supports the intent of the President to directly address these issues with Soviet leaders.

On November 19, President Reagan will meet with Soviet leader Mikhail Gorbachev in Geneva. This will be the first meeting between an American President and a head of the Soviet Union since Soviet troops invaded Afghanistan in December of 1979. Both the United States and the United Nations have asserted that the only acceptable solution to the Afghan tragedy would include: The complete withdrawal of all foreign troops, the restoration of the independent and nonaligned status of Afghanistan, self determination for the Afghan people, and the return of Afghan refugees with safety and honor.

Despite international condemnation for their murderous policies in Afghanistan, the Soviets have pursued a "business as usual" approach which includes the use of chemical weapons against civilian populations, dropping toy bombs manufactured specifically to maim children, burning families alive, destroying crops, kidnapping children, and carpet bombing of villages. Although these atrocities have been widely documented, the Soviet Union has successfully carried out their policies without the scrutiny of the Western Press. The barbarous murder of Arizona Republic Journalist Charles Thornton underscores how far the Soviets will go to keep the world from knowing the truth in Afghanistan.

Mr. President, former National Security Advisor Zbigniew Brzezinski testified last June that the Afghan problem is the "moral issue of the time." He noted that this point must be registered at "every opportune moment" so that the indifference of the West toward the fate of the Jews is not "repeated with passivism toward the potential genocide of the Afghans." The November summit is the most opportune time since the invasion for an American President to directly express our abhorrence of the repugnant polices which the Soviets have employed over the past 6 years. American and Soviet leaders have met at many critical times in the past 40 years. However, an American President has never met with a Soviet leader while the Soviets were occupying and destroying the population of a foreign country on a scale similar to that in Afghanistan. We know too well the history of Soviet expansion since the conclusion of the Second World War. However, in Afghanistan the Soviet Union is engaged in more than the subjugation of a foreign nation, they are engaged in the physical annihilation of a nation.

Mr. President, in these weeks before the coming summit, it is important for this body to send a clear message to the President that we support the four major tenets of U.S. policy toward the Afghan conflict and that we support efforts by the President to discuss this issue directly with Soviet leaders, at every opportune moment. It is also important for this body to send a clear message to the people of Afghanistan that we will not support a settlement of the Afghan conflict that does not take into account the concerns of the Afghan resistance. The United States speaks with one voice on Afghanistan—and there is no better individual to carry our message to the Soviets than President Reagan, and no more opportune moment than the November summit in Geneva.●

AMENDMENTS SUBMITTED

INCREASE IN PUBLIC DEBT LIMIT

BOREN (AND OTHERS) AMENDMENT NO. 739

Mr. BOREN (for himself, Mr. EXON, Mr. BENTSEN, Mr. PRYOR, Mr. BUMPERS, and Mr. LEVIN) proposed an amendment to the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt; as follows:

At the appropriate place in the joint resolution, insert a new section as follows:

SEC. . Notwithstanding any other provision of this Act, the Senate Committee on Finance is directed to report to the Senate by July 1, 1986, legislation providing for payment of an alternative minimum corporate tax by corporations on the broadest feasible definition of income to assure that all of those with economic income pay their fair share of taxes provided further that said alternative minimum corporate tax shall take effect for corporate tax years commencing on or after October 1, 1986. The revenue raised by this tax shall be applied to reduce the Federal deficit.

STATE, JUSTICE, COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION, 1986

HOLLINGS AMENDMENT NO. 740

(Ordered to lie on the table.)

Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes; as follows:

On page 69 after line 24, insert:

SEC. 607. Funds appropriated by this Act shall be expended for travel and transportation of persons and things only by the most direct and economical mode and route practicable: *Provided*, That this section may be waived only when certified to be in the Government's interest by the head of an agency: *Provided* further, That nothing in this section shall be construed as changing current Government policies with regard to utilizing United States flag carriers.

Mr. HOLLINGS. Mr. President, recently Jack Anderson revealed in his column that State Department and USIA employees have been abusing their travel privileges by booking passage on the *Queen Elizabeth II*. According to the article, the total costs of the trips on the *Queen Elizabeth II* amounted to $289,305, while airfare for the same trips would approximate $81,000.

One imaginative USIA employee—being transferred from Uruguay to Washington—included a ride up the Mississippi for his family on the *Delta Queen* as part of his taxpayer-supported itinerary. On February 14, 1984, the Comptroller General decided that such travel "was not performed on a usually traveled route as required by regulation." The decision called for repayment of $12,760, but when USIA tried to collect, the employee appealed to the Foreign Service Grievance Board, which ruled that he didn't have to pay. I did not know that there are any higher authorities in these matters than the GAO, but the result is that USIA has now filed suit in the Federal courts to recoup the money. Have you ever heard of anything more absurd.

For the last 9 years I have served as either chairman or ranking minority member of the Appropriations Subcommittee that controls the funding of the Department of State and the U.S. Information Agency. Last week, Senator Rudman and I sweated out $68,000,000 in additional cuts order to get the fiscal 1986 bill within our allocation under the first concurrent budget resolution. It is absolutely dismaying to me that some luxury-loving bureaucrats are taking unnecessary trips aboard luxury liners, while we are struggling to find enough money to adequately maintain and secure our posts overseas.

Mr. President, it is bad enought to foist upon our citizens an awful national debt of $2 trillion, but they should not have to pay outrageous expenditures such as those exposed by the article. Over the years I have worked to ensure a safe environment for the dedicated people we have in the Foreign Service of our Nation. However, a report such as this undermines all that we have worked for.

Apparently the Department of State and U.S. Information Agency are unwilling to correct these abuses. Our colleague, Congressman Jack Brooks, will hold a hearing in the House Government Operations Committee later this month. In the interim, since the agencies won't act, we must, and I am introducing an amendment today to the Commerce, Justice, State, and the Judiciary Appropriations Act (H.R. 2965) to eliminate this abuse of official travel.

Mr. President, I ask unanimous consent that the article by Jack Anderson, appear at the end of my remarks. I invite the cosponsorship of my colleagues on this amendment and will have more to say about this when the bill is before the Senate.

There being no objection, the article was ordered to be printed in the Record, as follows:

Luxury-Loving Bureaucrats Bend Rules

Washington.—Some luxury-loving State Department and U.S. Information Agency employees have been taking advantage of permissive travel regulations to book passage on posh cruise ships when they take their families on home leave between assignments.

The taxpayers foot the bill for these vacations, which cost several times what the airfare would be.

Travel records of the two agencies show that in fiscal years 1962 to 1964, a total of 260 employees and dependents elected to travel by sea, as the rules allow. The cost was $556,232—more than $400,000 higher than airline tickets would have been.

The public first heard about this abuse of federal travel regulations last year, when the General Accounting Office reported to Rep. Jack Brooks, D-Texas, that one USIA employee being transferred to Washington from Uruguay included a $14,440 ride up the Mississippi on the riverboat Delta Queen as part of his family's travel arrangements.

Brooks was so outraged that he asked the auditors to do some more research. They found that the Delta Queen wasn't the only floating royalty favored by Foreign Service and USIA employees. Out of the 260 seafaring travelers, 120 chose to go-first-class all the way—on the pride of the British passenger fleet, the Queen Elizabeth II.

The total cost for the QEII trips was $239,305. Airfare would have been roughly $81,000.

Our associate Tony Capaccio found these examples among the records of the Queen's travelers:

One State Department employe with six dependents flew from India to Spokane, Wash., for home leave. Then the family completed their circumnavigation of the globe by flying to New York, taking the QEII to Southampton and continuing on to India by air. The five-day cruise across the Atlantic cost the taxpayers $18,407; airfare from New York to London would have been $4,732.

A State Department employee and his wife headed home to Los Angeles from Pakistan by flying to Bangkok and embarking on a 19-day cruise aboard the Queen Elizabeth to Hawaii, where they took a plane the rest of the way home. The cruise aboard the luxury liner alone set the taxpayers back $15,050; the couple could have flown from Pakistan to Los Angeles for less than $3,000.

A State Department employee going on home leave from Bombay took his three dependents to London by air. They caught the QEII at Southampton, arriving five days later in New York. The Atlantic crossing cost the taxpayers $10,718, instead of the $2,704 it would have cost to fly.

A group of six USIA employees and dependents being transferred to Washington from posts in Pakistan and India sailed on the Queen Elizabeth for $16,576, or $12,520 more than airfare would have cost.

The official Foreign Affairs Manual encourages employees to take the most direct and economical routes to and from their foreign posts. But the regulations don't prohibit traveling by sea, and many employees evidently assume that a leisurely cruise on a luxury liner is just one of the perquisites of serving abroad. While USIA employees may go by ship only one way, the State Department lets its people travel by sea both homeward and outward bound.

State Department Comptroller Roger Feldman did not return our calls. A USIA spokesman declined comment on grounds that a legal case on the matter is pending.

INCREASE IN PUBLIC DEBT LIMIT

PRESSLER AMENDMENT NO. 741

Mr. PRESSLER proposed an amendment to the joint resolution (H.J. Res. 372), supra; as follows:

It is the sense of the Senate that any funding reductions or sequestering of controllable expenditures implemented by the various federal agencies as a result of this Act shall be made uniformly and shall not disproportionately be made in the funding of programs targeted for rural and lesser populated areas.

HAWKINS AMENDMENT NO. 742

Mrs. HAWKINS proposed an amendment to the joint resolution (H.J. Res. 372), supra; as follows:

At the appropriate place, insert the following:

( ) Point of Order.—Notwithstanding any other provision of law, it shall not be in order in the Senate or House of Representatives to consider any reconciliation bill or reconciliation resolution reported pursuant to a concurrent resolution on the budget agreed to under section 301 or 304 of the Congressional Budget Act of 1974, or any amendment thereto, or conference report thereon that contains any provision with respect to the Federal Old-Age Survivors Trust Fund or the Federal Disability Insurance Trust Fund, with respect to revenues attributable to the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, or with respect to the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

CHILES (AND OTHERS) AMENDMENT NO. 743

Mr. CHILES (for himself, Mr. Byrd, Mr. Johnston, Mr. Exon, Mr. Levin, Mr. Bentsen, and Mr. Cranston) proposed an amendment to amendment No. 738 proposed by Mr. Dole (for Mr. Gramm and others) to the motion to commit the joint resolution (H.J. Res. 372), supra; as follows:

In lieu of the pending amendment to the motion to commit, insert the following new section:

SEC. . DEFICIT REDUCTION PROCEDURES.

(a) Congressional Budget Process.—

(1) One concurrent resolution on the budget required annually.—

(A) In general.—Section 310 of the Congressional Budget Act of 1974 is amended—

(i) by striking out all beginning with "Sec. 310. (a)" through "necessary—" in the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"Sec. 310. (a) In General.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary—"; and

(ii) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(B) Conforming changes.—

(i) The table of contents in subsection (b) of subsection 1 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(I) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(II) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(III) by striking out "Second required concurrent resolution and reconciliation" in the item relating to section 310 and inserting in lieu thereof "Reconciliation".

(ii) Paragraph (4) of section 3 of such Act is amended—

(I) by adding "and" after the semicolon at the end of subparagraph (A);

(II) by striking out subparagraph (B); and

(III) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(iii) Section 300 of the Congressional Budget Act of 1974 is amended—

(I) by striking out "first" in the item relating to April 15 and in the second item relating to May 15; and

(II) by striking out the items relating to September 15 and September 25.

(iv)(I) The heading of section 301 of the Congressional Budget Act of 1974 is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(II) Section 301(a) of such Act is amended by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget".

(III) Section 301(b) of such Act is amended—

(aa) by striking out "first concurrent resolution on the budget" in the matter preceding paragraph (1) and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(bb) in paragraph (1) by striking out all beginning with "the concurrent resolution" through "both" the second place it appears and inserting in lieu thereof "the Congress has completed action on any reconciliation bill or reconciliation resolution, or both, required by such concurrent resolution to be reported in accordance with section 310(b)".

(IV) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(V) Section 301(e) of such Act is amended—

(aa) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(bb) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(v) Section 302(c) of such Act is amended by striking out "or 310".

(vi)(I) The heading of section 303 of such Act is amended by striking out "First".

(II) Section 303(a) of such Act is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(vii) Section 304 of such Act is amended—

(I) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(II) by striking out "pursuant to section 301".

(viii)(I) Section 305(a)(3) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(II) Section 305(b) of such Act is amended—

(aa) in paragraph (1) by striking out ", except that" and all that follows through "15 hours"; and

(bb) in paragraph (3) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(ix) Section 308(a)(2)(A) of such Act is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(x) Paragraph (1) of section 309 of such Act is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(xi) Section 310(f) of such Act is amended by striking out "subsection (a)" and inserting in lieu thereof "301(a)".

(xii) Section 311(a) of such Act is amended—

(I) by striking out "310(a)" the first place it appears and inserting in lieu thereof "301(a)"; and

(II) by striking out "310(c)" and inserting in lieu thereof "310(b)".

(xiii) Clause 1 of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

(2) MAXIMUM DEFICIT AMOUNTS.—

(A) ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

(i) POINT OF ORDER.—Section 301 of the Congressional Budget Act of 1974 is amended by redesignating subsection (c), (d), and (e) as subsections (d), (e), and (f), respectively, and inserting after subsection (b) the following new subsection:

"(c) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) The provisions of paragraph (1) shall not apply in any fiscal year in which—

"(A) a declaration of war is in effect;

"(B) the Armed Forces of the United States are engaged in combat; or

"(C) the Congressional Budget Office projects there will be a recession.

For purposes of this paragraph, the term 'recession' means a decline in the gross national product or increase in the unemployment rate during any two consecutive fiscal quarters.".

(ii) CONFORMING CHANGE.—Section 301(e) of such Act, as redesignated by clause (i) of this subparagraph, is amended by inserting "; and when so reported such concurrent resolution shall comply with the requirement described in paragraph (1) of subsection (c), unless such paragraph does not apply to such fiscal year by reason of paragraph (2) of such subsection" after "October 1 of such year" in the second sentence thereof.

(B) PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET.—Section 304 of such Act is amended—

(i) by inserting "(a) IN GENERAL.—" after "Sec. 304."; and

(ii) by adding at the end thereof the following new subsection:

"(b) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—

"(1) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider or adopt any concurrent resolution on the budget for a fiscal year under this section, or to consider or adopt any amendment to such a concurrent resolution, or to adopt a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report (or that would result from the adoption of such amendment), exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount specified for such fiscal year in section 3(7).

"(2) The provisions of paragraph (1) shall not apply in any fiscal year in which—

"(A) a declaration of war is in effect;

"(B) the Armed Forces of the United States are engaged in combat; or

"(C) the Congressional Budget Office projects there will be a recession.

For purposes of this paragraph, the term 'recession' means a decline in the gross national product or increase in the unemployment rate during any two consecutive fiscal quarters.".

(C) DEFINITIONS.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985. $170,000,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $134,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $96,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $52,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $000,000,000,000; and

"(F) with respect to the fiscal year beginning October 1, 1990, $000,000,000,000.".

(3) RECONCILIATION.—

(A) ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.—

(i) DIRECTIONS TO COMMITTEES.—Section 301(b) of the Congressional Budget Act of 1974 (as amendment by paragraph (1)(B)(iv)(III) of this subsection) is further amended—

(I) by striking out "may also require" in the matter preceding paragraph (1) and inserting in lieu thereof "shall also, to the extent necessary to comply with subsection (c)";

(II) by inserting "require" after the paragraph designation in paragraph (1);

(III) by inserting "require" after the paragraph designation in paragraph (2); and

(IV) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively,

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and inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a);".

(ii) CONFORMING CHANGES.—

(I) Section 310(a) of such Act is amended—

(aa) by inserting "or" at the end of paragraph (2);

(bb) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(cc) by striking out paragraph (4).

(II) Section 310(d) of such Act is amended by striking out "subsection (c)" and all that follows through "year" and inserting in lieu thereof "subsection (b) with respect to a concurrent resolution on the budget adopted under section 301(a) not later than May 30 of each year".

(III) Subsections (e) and (f) of section 310 of such Act are amended by striking out "subsection (c)" each place it appears and inserting in lieu thereof "subsection (b)".

(IV) Section 300 of such Act is amended by inserting immediately after the second item relating to May 15 the following new item:

"May 30 .... Congress completes action on reconciliation bill or resolution, or both, implementing first required concurrent resolution.".

(B) PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET.—

(i) IN GENERAL.—Section 304(a) of such Act (as redesignated by paragraph (2)(B)(i) of this subsection) is amended by adding after the period the following new sentence: "Any concurrent resolution adopted under this section shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) to the extent necessary to comply with subsection (b).".

(ii) CONFORMING CHANGE.—Section 310(d) of such Act (as amended by subparagraph (A)(ii)(II) of this paragraph) is further amended by adding at the end thereof the following new sentence: "Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) with respect to a concurrent resolution on the budget adopted under section 304(a) not later than 30 days after the adoption of the concurrent resolution.".

(4) ENFORCEMENT.—

(A) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—Section 311(b) of such Act is amended by inserting before the period at the end thereof the following: ", or would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of subsection (b) of section 310 does not apply by reason of paragraph (2) of such subsection)".

(B) REPORTING REQUIREMENT EXTENDED TO CONFERENCE REPORTS.—Section 308(a) of such Act is amended by striking out "the report accompanying that bill or resolution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "or whenever a conference report is filed in either House, the report accompanying that bill or resolution or the statement of managers accompanying that conference report".

(b) BUDGET SUBMITTED BY THE PRESIDENT.—

(1) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.— Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) Subject to paragraph (2) of this subsection, the deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount specified for such fiscal year in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible.

"(2) The provisions of this subsection shall not apply in any fiscal year in which—

"(A) a declaration of war is in effect;

"(B) the Armed Forces of the United States are engaged in combat; or

"(C) the Congressional Budget Office projects there will be a recession.

For purposes of this paragraph, the term 'recession' means a decline in the gross national product or increase in the unemployment rate during any two consecutive fiscal quarters.".

(2) REVISIONS AND SUPPLEMENTAL SUMMARIES.—Section 1106 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

(c) DEFICIT REDUCTION PROCEDURES.—

(1) CURRENT SERVICES SUBMISSION BY PRESIDENT.—With the estimated budget outlays and proposed budget authority submitted under section 1109 of title 31, United States Code, the President shall include—

(A) a separate statement specifying—

(i) an estimate of outlays and revenues for the current fiscal year; and

(ii) an estimate of whether the deficit for the current fiscal year will exceed the maximum deficit amount for such fiscal year, the amount of any such excess, and a determination of whether such excess is statistically significant; and

(B) in any case in which the President estimates pursuant to clause (ii) of subparagraph (A) that the deficit for the current fiscal year will exceed the maximum deficit amount for such fiscal year by a statistically significant amount, a deficit control message which complies with paragraph (2).

(2) DEFICIT CONTROL MESSAGE.—A deficit control message for a fiscal year shall—

(A) specify the amount by which the deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year; and

(B) contain proposals by the President for increases in revenues and decreases in budget authority and outlays which will result in the reduction of the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(d) BUDGET SUBMISSION BY PRESIDENT.— With the budget submitted to the Congress under section 1105 of title 31, United States Code, for a fiscal year, the President shall include—

(1) a separate statement which—

(A) specifies the matters specified in subparagraph (A) of subsection (c)(1) with respect to the current fiscal year;

(B) specifies an estimate of whether the deficit for the fiscal year for which the budget is submitted will exceed the maximum deficit amount for such fiscal year; and

(2) in any case in which the President estimates that the deficit for the current fiscal year will exceed the maximum deficit amount for such fiscal year, a deficit control message for such fiscal year which complies with paragraph (2) of subsection (c).

(e) INDEPENDENT ESTIMATES.—

(1) REPORT REQUIRED.—Not later than 14 days after the President submits estimates pursuant to section 1109 of title 31, United States Code, and not later than 14 days after the President submits a budget pursuant to section 1105 of such title, the Director of the Congressional Budget Office shall submit a report to the Committees on the Budget of the Senate and the House of Representatives. Each such report shall include—

(A) a statement of the amount (if any) by which the deficits for the current and following fiscal years will exceed the maximum deficit amounts for such fiscal years;

(B) a statement of the amount by which the deficit for the most recently completed fiscal year was reduced under the provisions of this section;

(C) a statement of the amounts by which the budget authority for national defense for the current fiscal year shall be reduced in order to reduce, by a proportionate share, the excess set forth pursuant to subparagraph (A) with respect to such fiscal year;

(D) a statement of the amounts by which—

(i) the budget authority and outlays for inflation adjustments including an identification and quantification of implicit inflation adjustments for non-means-tested nondefense entitlements (other than Social Security) and budget authority for non-means-tested nondefense discretionary programs; and

(ii) amounts made available for a fiscal year to the Secretary of Agriculture or the Commodity Credit Corporation to carry out a program to provide price support to producers of an agricultural commodity (including any program under which payments are made to producers as target price payments or for participation in a reduced acreage, acreage set-aside, or acreage diversion program);

shall be reduced across-the-board for the current fiscal year in order to reduce, by their proportionate share, the amount of the excess set forth in such report pursuant to subparagraph (A) with respect to such fiscal year;

(E) a statement of the extent to which the proposals set forth in the most recent deficit control message submitted by the President pursuant to subsection (c) or (d) would, if enacted, eliminate the amount of the excess for the current fiscal year set forth in such report pursuant to subparagraph (A).

(2) TREATMENT OF EXISTING CONTRACTS.— For purposes of subparagraphs (A) through (F) of paragraph (1), funds for existing contracts shall be included in any reduction unless—

(A) penalty provisions in such contract would produce a net loss to the Government;

(B) reduction of the contract violates legal obligations of the Government; or

(C) reduction would cause a program, project, or activity to be terminated or render such program, project, or activity infeasible.

(3) CONGRESSIONAL ACTIONS TAKEN INTO ACCOUNT.—In determining the amounts by which budget authority and outlays shall be reduced under subparagraphs (C) and (D) of paragraph (1) for a fiscal year, the Director

shall take into account actions already taken by the Congress with respect to that fiscal year.

(4) Details required.—Any report submitted under this subsection shall specify an equal percentage reduction in budget authority for each appropriation account and for each program, project, or activity within each such account. If it is not administratively feasible to continue any such program, project, or activity at the reduced level, the report shall specify such lesser reduction as will make such program, project, or activity feasible, and shall reduce other programs, projects, or activities in the same amount to compensate for such adjustment.

(f) Deficit Reduction Resolution.—

(1) In general.—Within 30 days after the Congress receives a deficit control message under subsection (c) or (d), the Committee on the Budget of the House and the Committee on the Budget of the Senate shall report to their respective Houses a deficit reduction resolution. A deficit reduction resolution shall specify and direct any combination of the matters described in paragraphs (1), (2), and (3) of section 310(a) of the Congressional Budget Act of 1974 in a manner which will result in the reduction of the deficit for the current fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(2) Complete action.—The Congress shall complete action on a deficit reduction resolution with respect to a deficit control message within 40 days after receiving such message under subsection (c) or (d).

(3) Report to budget committees.—If a deficit reduction resolution is agreed to in accordance with paragraph (2) containing directions to one or more committees to determine and recommend changes in laws, bills, or resolutions, and—

(A) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and shall, within 50 days after the deficit reduction message with which such resolution is concerned was received by the Congress under subsection (c) or (d), report to its House a deficit reduction bill containing such recommendations; or

(B) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations, and shall within 50 days after the deficit reduction message with which such resolution is concerned was received by the Congress under subsection (c) or (d), report such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report immediately to its House a deficit reduction bill, with such committee amendments as are necessary to eliminate any recommendations not directly related to reducing the excess deficit.

(4) Complete action.—Congress shall complete action on any deficit reduction bill reported under this subsection not later than 60 days after the date on which the deficit reduction message with which such bill is concerned was received by the Congress under subsection (c) or (d).

(5) Procedure.—

(A) Except as provided in subparagraph (B), the provisions of subsections (b) and (c) of section 305 of the Congressional Budget Act of 1974 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of deficit reduction bills and deficit reduction resolutions reported under this subsection and conference reports thereon.

(B) Debate in the Senate on any deficit reduction bill or deficit reduction resolution reported under this subsection, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

(g) Automatic Deficit Reduction.—

(1) Failure to complete action.—If the Congress does not complete action on a deficit reduction bill for a fiscal year within 60 days after the Congress receives a deficit reduction message for such fiscal year under subsection (c) or (d), the President shall issue an order which implements the reductions in budget authority and outlays contained in the most recent report of the Director of the Congressional Budget Office under subsection (e). An order of the President under this paragraph shall not provide for the reduction of budget authority and outlays, in any manner which differs from the manner specified by the Director of the Congressional Budget Office in such report. Notwithstanding any other provision of law, amounts made available for a fiscal year to the Secretary of Agriculture or the Commodity Credit Corporation to carry out a program to provide price support to producers of an agricultural commodity (including any program under which payments are made to producers as target price payments or for participation in a reduced acreage, acreage set-aside, or acreage diversion program) shall be reduced by the amounts specified in such report.

(2) Insufficient deficit reduction.—

(A) Report by the director of the congressional budget office.—If the Congress completes action on a deficit reduction bill for a fiscal year within 60 days after the Congress receives a deficit reduction message for such fiscal year, the Director of the Congressional Budget Office shall, within 5 days after such action is completed, prepare and transmit to the President and the Congress a report which determines whether such bill contains sufficient reductions in budget authority and outlays to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(B) Determination by director.—If, in preparing the report required by subparagaph (A), the Director of the Congressional Budget Office determines that a deficit reduction bill for a fiscal year does not make sufficient reductions in budget authority and outlays to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year, the Director shall include in such report—

(i) a specification of the amount by which the deficit must be reduced for such fiscal year (in addition to the reduction in the deficit that will result from the implementation of such bill) in order to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year; and

(ii) a statement which revises the most recently completed report under subsection (e) with respect to such fiscal year in order to specify the reductions in budget authority and outlays which are necessary (after the implementation of such bill) to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(3) Implementation.—If the Director includes in the report required under paragraph (1)(A) the statement described in paragraph (2)(B)(ii), the President shall issue an order implementing the reductions on budget authority and outlays contained in such statement. An order of the President under this paragraph shall not provide for the reduction of budget authority and outlays in any manner which differs from the manner prescribed by the Director in such statement.

(4) Automatic reductions not triggered by veto.—The President shall not issue any order under this subsection if the Congress completes action on a deficit reduction bill (that will reduce the deficit to not greater than the maximum deficit amount) within the 60-day period specified in paragraph (1) or paragraph (2)(A) but the President does not approve, or disapproves such bill.

(5) Request for supplemental appropriations.—

(A) If the President determines that the amount of the reductions in budget authority required for national defense for a fiscal year under paragraph (1) or (3) will endanger national security, the President may submit to the Congress a request for supplemental appropriations in an amount not to exceed the amount of such reduction.

(B) Amounts appropriated pursuant to a request under subparagraph (A) may be used only for—

(i) programs, projects, and activities that are within functional category 050 on the date of the enactment of this Act; and

(ii) programs, projects, and activities that the President determines are vital to the national security.

(C) For the 30-day period beginning with the day on which the President submits a request under subparagraph (A), the President is not required to reduce budget authority for national defense by the amount of budget authority requested.

(h) Presidential Proposals for Deficit Reduction.—

(1) In general.—If the President disapproves, or does not approve, a deficit reduction bill for a fiscal year, the President shall submit to the Congress, within 15 days after the Congress completes action on such bill, proposals for legislation to reduce the deficit for such fiscal year to an amount which is less than or equal to the maximum deficit amount for such fiscal year.

(2) Reconciliation instructions.—If the President submits proposals for legislation under paragraph (1), the concurrent resolution on the budget required to be reported under section 301(a) of the Congressional Budget Act of 1974 on May 15 of the fiscal year in which such proposals are submitted shall contain specifications and directions described in section 310(a) of such Act which will result in the reduction of the deficit for the current fiscal year to an amount which is equal to or less than the maximum deficit amount for such fiscal year.

(3) Automatic deficit reduction.—If a concurrent resolution on the budget contains specifications and directions in accordance with paragraph (2), and the Congress does not complete action on a reconciliation bill which implements such specifications amd directions in a manner which will result in the reduction of the deficit for the current fiscal year to an amount which is less than the maximum deficit amount for such fiscal year, the President shall issue an order which implements the most recently completed report of the Director of the Congressional Budget Office under subsec-

tion (e) for such fiscal year. An order of the President under this paragraph shall not provide for the reduction of budget authority and outlays in any manner which differs from the manner prescribed by the Director in such report.

(i) Funding Priorities.—

(1) Presidential proposals.—In developing proposals to be included in a deficit control message under subsection (c) or (d), the President shall give priority to funding those programs that constitute an investment in future economic growth, including programs for—

(A) education and job training;

(B) scientific research and development; and

(C) export promotion.

(2) Congressional proposals.—In developing proposals to be included in a deficit control bill or deficit control resolution under subsection (f), the Congress shall give priority to funding those programs that constitute an investment in future economic growth, including programs for—

(A) education and job training;

(B) scientific research and development; and

(C) export promotion.

(j) Application.—

(1) In general.—The provisions of subsections (c) through (i) shall not apply in any fiscal year in which—

(A) a declaration of war is in effect;

(B) the Armed Forces of the United States are engaged in combat; or

(C) the Congressional Budget Office projects there will be a recession.

For purposes of this subsection, the term "recession" means a decline in the gross national product or increase in the unemployment rate during any two consecutive fiscal quarters.

(2) Payback of excess.—

(A) In general.—If pursuant to paragraph (1), the provisions of subsections (c) through (i) are not in effect for a fiscal year, and the deficit for such fiscal year exceeds the maximum deficit amount for such fiscal year, the maximum deficit amount specified in section 3(7) of the Congressional Budget Act of 1974 for each of the succeeding three fiscal years shall be reduced by an amount equal to the sum of—

(i) one-third of the amount by which the deficit exceeded the maximum deficit amount in such preceding fiscal year; and

(ii) the amount of any interest which will be payable on the public debt as a result of the amount described in subparagraph (A),

except as provided in subparagraph (B).

(B) Exception.—If, pursuant to subparagraph (A), the maximum deficit amount for a fiscal year is required to be reduced, and if the maximum deficit amount specified in section 3(7) of the Congressional Budget Act of 1974 for such fiscal year is zero, the concurrent resolution on the budget under section 301 of the Congressional Budget Act of 1974 for such fiscal year shall set forth, in the aggregate, a recommended level of Federal revenues which exceeds the appropriate level of total budget outlays set forth in such concurrent resolution for such fiscal year by an amount which is at least equal to the amount by which such maximum deficit amount would have been required to be reduced for such fiscal year pursuant to subparagraph (a) but for the operation of this subparagraph.

(k) Definitions.—For purposes of subsections (c) through (j) of this section:

(1) The term "budget outlays" has the meaning given to such term in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974.

(2) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(3) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(4) The term "maximum deficit amount" has the meaning given to such term in section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(5) The amount by which the deficit for a fiscal year exceeds the maximum deficit amount for such fiscal year shall be treated as "statistically significant" if the amount of such excess is greater than 5 percent of such maximum deficit amount.

(6) The term "non-means-tested nondefense entitlement" shall be defined by the Director of the Director of the Congressional Budget Office, and shall include the following programs: Guaranteed Student Loans, Adoption Assistance, Foster Care, Medicaid, Child Nutrition, Special Milk, Food Stamps, Nutrition Assistance for Puerto Rico, Earned Tax Credit, Aid to Families with Dependent Children, Supplemental Security, Income, Veterans' Pensions, Veterans' Compensation.

(7) The term "non-means-tested nondefense discretionary program" shall be defined by the Director of the Congressional Budget Office, and shall include the following programs: Section 202 Handicapped and Elderly Housing, Chapter 1 of the Education Consolidation and Improvement Act, Head Start, Pell Grants, Education of the Handicapped, Supplemental Feeding (WIC), Subsidized Housing, Low-Income Energy Assistance

(8) The term "inflation adjustments for non-means-tested entitlements" includes a quantification and identification of implicit inflation adjustments requiring, by law, increased federal expenditures.

(9) The term "proportionate share" means, with respect to defense and nondefense programs for a fiscal year, the ratio (expressed as a percentage) of outlays for defense and nondefense programs, respectively, for the prior fiscal year to all outlays taken into account for purposes of making reductions under this section for such prior fiscal year.

(l) The provisions of subsections (a), (e), (f), (g)(2), and (g)(3) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

(m) Effective Date.—This section and the amendments made by this section shall become effective on the date of the enactment of this section and shall apply with respect to fiscal years beginning after September 30, 1985, and before October 1, 1990.

DECONCINI AMENDMENT NO. 744

(Ordered to lie on the table.)

Mr. DECONCINI submitted an amendment intended to be proposed by him to the joint resolution (H.J. Res. 372), supra, as follows:

At the end of the joint resolution, add the following:

Sec. . The President, acting through the United States Trade Representative, shall immediately take action to initiate negotiations with the governments of the principal foreign copper-producing countries to conclude voluntary restraint agreements with those governments for the purpose of effecting a balanced reduction of total annual foreign copper production for a period of between 3 and 5 years in order to—

(1) allow the price of copper on international markets to rise modestly to levels which will permit the remaining copper operations located in the United States to attract needed capital, and

(2) achieve a secure domestic supply of copper.

NOTICES OF HEARINGS

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. ANDREWS. Mr. President, I would like to announce for the information of the public that the Select Committee on Indian Affairs will be holding a confirmation hearing on October 16, 1985, in Senate Russell 325, beginning at 10 a.m., on the nomination of Ross O. Swimmer, of Oklahoma, to be Assistant Secretary of Indian Affairs at the Department of the Interior. Those wishing additional information should contact Peter Taylor, staff director of the committee, at 224-2251.

AUTHORITY FOR COMMITTEES TO MEET

SELECT COMMITTEE ON INTELLIGENCE

Mr. DOLE. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Tuesday, October 8, 1985, in closed executive session in order to receive a briefing on Central America.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT AND SUBCOMMITTEE ON NUCLEAR REGULATION

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Energy Research and Development of the Committee on Energy and Natural Resources, and the Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works, be authorized to meet during the session of the Senate on Tuesday, October 8, to hold a joint hearing to consider S. 1517, a bill to amend the Low-Level Radioactive Waste Management Policy Act of 1980 to authorize continued financial and technical assistance of the Department of Energy to the regional low-level radioactive waste compact regions, and to revise the guidelines and procedures for the establishment and use of regional disposal facilities for low-level radioactive waste, and for other purposes; and S. 1578, a bill to amend the Low-Level Radioactive Waste Policy Act to improve procedures for the implementation of compacts providing for the establishment and operation of regional disposal facilities for low-level radioactive waste, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Tuesday, October 8, in order to receive testimony concerning S. 238, to reform procedures for collateral review of criminal judgments, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON MANPOWER AND PERSONNEL

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Manpower and Personnel of the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, October 8, to hold a hearing on peacetime military medical care.

The PRESIDING OFFICER. Without objection, it is ordered.

ADDITIONAL STATEMENTS

CALL TO CONSCIENCE FOR SOVIET JEWRY

● Mr. GORTON. Mr. President, if Americans ever need reminding of the oppressive nature of the Soviet Government, all they have to do is take a look at the plight of Soviet Jewry. Do not let the slick style of the new Soviet leadership fool you. Not only does the oppression continue, it is getting worse.

From 1968 to 1983, over 262,500 persons left the Soviet Union with Israeli visas. The peak year was 1979, when 51,320 emigrated. As recently as 1981, nearly 9,500 emigrated, but last year the number dwindled to 896.

There are still at least 1.8 million Jews left in the Soviet Union, although some Western specialists estimate the number may be as high as 2.8 million. As many as 400,000 have shown an interest in emigrating. For those who have applied for an exit visa and been denied permission, life can be unbearable.

Ask Dr. Fred Ehrlich, from Lynnwood, WA. Recently, Dr. Ehrlich wrote to me and offered some of the evidence—the tip of the iceberg, as he called it. There is nothing like real human stories to give meaning to the tragedy of Soviet anti-Semitism. As Dr. Ehrlich explains:

> Leave it to the Soviets to come out with something new in anti-Semitism! It's urgent that we speak out for Yuli Edelstein of Moscow, a Hebrew teacher arrested in September when authorities suddenly "found" hashish in his possession.
>
> It's urgent that we speak out for Michael Tzivin of Leningrad who was arrested outside a trial of a fellow Jew while reading King David's psalms. He's not been heard of since.
>
> It's urgent that we speak out for Dimitri Shapiro of Moscow, another (persecuted) Hebrew teacher, whose mother was roughed up as the KGB desecreted a holy Mezuzah and confiscated his Tefillin (Phylacteries) on the pretext of looking for illegal drugs.
>
> It's urgent that we don't forsake Yakov Levin and Yakov Mesh of Odessa, Yakov Gordetsky of Leningrad, . . . who along with countless other Jews, daily pay the price. . . .
>
> Twenty-one year old Anatole Virshuvsky of Moscow was recently accused and convicted of grand larceny in Kiev, and is currently serving a two-year sentence in a labor camp. The true details are that Virshuvsky, who was visiting in-laws in Kiev, was detained by the KGB as he rode on a bus, studying from two Hebrew books which he had borrowed from the Kiev Synagogue. Apparently, the KGB had managed to get an official of the Synagogue to corroborate that Virshuvsky had "stolen" the holy books from the unused library dating back to czarist times. (No Jewish Bible has been published in Russia since before the 1917 communist revolution.) Virshuvsky, his wife, and infant child (born while he awaited trial in prison) need your help. Please!
>
> Let us try to help Iosef Berenstein who applied for an exit visa in 1979. Since that time he has been arrested, charged with malicious hooliganism, and sentenced to prison where he was harassed, beaten, and partically blinded upon arrival!

Mr. President, Dr. Ehrlich would undoubtedly want me to repeat a point made earlier: these are but a few examples. The tragedy is enormous. All Americans and, indeed, all those throughout the world who treasure freedom must speak out against anti-Semitism in the Soviet Union.●

THE FARM CREDIT CRISIS

● Mr. BOREN. Mr. President, I recently received a letter from the Federal Land Bank Association of Anadarko that clearly spells out exactly why it is so important to give our undivided attention to addressing the current farm credit crisis. Since the farm credit system was originally created by this body, it is our charge to ensure not just survival, but a progressive survival of the system. But one way or another, the farm credit system will survive; farmers may not. Therefore, it is imperative that we rebuild this program by firming the foundation: increasing farm income so that the farmers can pay off the debts that they have incurred, the debts that they want to be able to honor. Farmers do not want to be bailed out, they only want a fair chance to plant and harvest with a market before them.

I can only say a loud "Amen" to the points made by Mr. McComas of the Federal Land Bank Association of Anadarko. My work on the Senate Agriculture Committee and my public statements echo this agreement. It is the farmers, in the truest sense of the term, who have been subsidizing the rest of us for years. They must have at least a 10- to 20-percent improvement in income now or we face disaster. More income now is so much better than a massive bailout later on. Anything that we may invest now or have invested in the past assures us of a worthwhile return from this agricultural way of life that contributes to the wealth of our Nation.

I commend Mr. McComas for the honesty of his letter to me, and I request that its full text be printed in the RECORD.

The text follows:

FEDERAL LAND BANK
ASSOCIATION OF ANADARKO,
Anadarko, OK, September 11, 1985.

Hon. DAVID L. BOREN,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR: I am appalled by the fact that our system has first suggested a government bail out in 18 to 24 months. If things are not righted by the Congress and the Administration, then a bail out of our system is inevitable. The Farm Credit System, a creation of the government many decades ago, will survive and each of you will see to it; but more important, will the farmer survive? Our system has one-third of all farm debt and it is needed, so I think it goes without saying that it will survive and the government will see to that, be they Democrat or Republican.

The Congress and the Administration are wrestling with a farm bill and its cost to the taxpayer in the budget.

Facts:

(1) The American farmer is the only part of our economic system today that can compete world wide.

(2) American agriculture has been the backbone of our industrial and military might by the few feeding the many.

(3) The American public is the cheapest fed people on earth—about 15 cents of every dollar spent on food.

(4) Agriculture has been used as a whipping boy in our foreign policy with embargos in the previous three administrations.

(5) Whether you want to believe or admit it, the American farmer has not been in a net profit position except for about five years of the last 20 years. (This can best be seen by the increase in the agriculture debt load during this period.)

(6) A truth was stated many decades ago by a great leader: "As agriculture goes, so goes our nation." This is just as true today as then.

(7) There are two large creators of new dollars in our economic system and their origin is the earth—agriculture and petroleum. We seem to be hell bent on destroying both.

(8) The American farmer has been forced to over-produce creating a large surplus that is costly to the taxpayer due to ineffective farm programs and our cheap food poli-

cies that has kept the profit margin low, if any, so low that he had to produce too much to survive.

(9) I feel our government is following the same path with the farmer that we did with petroleum. Through bad government policies, we kept the price of oil low, until a few could organize and highjack the many.

I do not believe anyone, business, individuals or government, improves its position by weakening or destroying its strengths. The American farmer has been a God-given blessing to our country. Because of his efficiency and ability to produce, our country has been able to maintain world leadership. He has been used to feeding the masses, helping set and enforce foreign policy, free up labor, which insures military and technological strengths, having a nation of people that are the best fed and clothed in the world and stood as the only giant in our economic system that competes in the world markets thereby providing some balance to our trade deficit.

The administration, the Congress and the public now say that the farmer must be on a free market. This is a noble statement, however, the farmer has not been on a free market for the past 50 years and because of his strength and contribution to our economic system will never be allowed this privilege.

According to what I read, there is a farm debt nationwide of some $220 billion. It does not take a very smart cookie to figure out how much net profit it takes to service this kind of debt at 12 percent interest.

Whatever the government spends now on the farmer or has spent in the past is damn cheap for the government and for the people as compared to his past, present and future contribution to our nation's strength.

You, our leaders, are faced with the following facts if you do nothing or too little.

(1) A bail out of the Farm Credit System in 12 to 24 months that will cost the government untold billions.

(2) Horrendous losses written off by government agencies doing business with agriculture such as FmHA, CC and SBA to name a few.

(3) Country bank failures to the point that money must be pumped into the FDIC, another untold billions.

(4) Growing unemployment in agriculture supported industries because without a reasonable profit the farmer cannot buy or pay.

(5) Large losses by suppliers of farmers due to his inabiliity to pay (no net profit). I have stated all of the above to make the following points.

(1) The American farmer must have a reasonable net profit. This can only be accomplished with a good bi-partisan farm program that will insure profit and reduce costly surpluses over a 5-year program. Mr. President, if given a choice between guns and butter, the masses will take butter every time.

(2) The Farm Credit System may need a bail out in the future. However, the users of this system need relief now through reduced cost. This can be accomplished by the Congress and the administration allowing all of the system bonds to be tax free and government guaranteed for the next five years.

(3) The Conservancy Act that has been proposed by the Farm Credit Council passed.

Mr. President, the Congress and Mr. and Mrs. Household USA, the people I deal with are not numbers or statistics; they are flesh and blood, tanned by the sun, and stooped by hard work. The national farm debt of more than $220 Billion may be 20 percent to 50 percent bad paper called non-performing and non-accrual loans in banking circles but the people we serve are 95 percent plus good people in a Catch 21 that they did not create.

The bottom line is that bail outs don't pay taxes but profitable farmers and the other 20 percent to 30 percent of the workforce that he creates do pay taxes. It is time to fish or cut bait; pay now or pray later.

Thank you for any consideration given to these thoughts.

Sincerely,

PAT L. MCCOMAS.●

NRC'S RESEARCH PROGRAM

● Mr. McCLURE. Mr. President, I would like to take a moment today to bring attention to a program that has contributed a great deal to the furtherance of safety in our nuclear industry, and yet this program has received little or no credit—in fact, to the contrary, it has unfairly borne the brunt of attacks made against its parent organization of late.

The program of which I speak is the Nuclear Safety Research Division of the Nuclear Regulatory Commission [NRC]. This particular portion of the NRC has too often been the punching bag for much of the criticisms voiced against the NRC. By this I do not mean that the safety research program per se is openly criticized for poor performance, but rather, the problem has a much more subtle synergism: As NRC comes under increasing attacks from all directions, the safety research program is inevitably thrown to the lions first, in order to absorb the blows of continued NRC budget cuts. Witness the fact that NRC's overall budget request this year is 10 percent less than it was 2 years ago. Yet during this same period, the research portion of this budget has declined by almost 30 percent. I am not at all sure how much more the research program can be taxed before it no longer will be able to serve the function for which it was created; that is, to provide a sound, technical basis for NRC's regulatory process in the promotion of safety in the nuclear industry.

Mr. President, before we get too far into the 1986 budget cycle, and before we let another year pass where NRC's research program again goes to the chopping block, I ask that we first take the time to look carefully into the impact that further cuts would have on the nuclear industry, and more importantly, on public safety in general.

Chairman Palladino's recent testimony before the Senate Appropriations Committee highlights the problems to which I refer. In his testimony, Chairman Palladino stated that:

> * * * to stay current with our day-to-day regulatory responsibilities, research has had to absorb the major portion of our cutbacks.

Yet Palladino went on to say that:

> A stable, continuing program of research is essential for the Commission to carry out its responsibilities. Our research program provides us with the kind of sound technical information we need to deal effectively with emerging complex technical issues. When information developed by our research program is lacking, we often have to require factors of safety to compensate for our lack of knowledge. If, as is often the case, such factors are overly conservative, an unnecessary burden may be placed on the industry and the public.

I would like to point out here that "conservatism" in NRC licensing decisions does not always translate into added public safety, as many conservative operating requirements actually add unnecessarily to the complexity of a plant, and thereby reduce its overall safety.

Chairman Palladino is not alone in appreciating the role of NRC safety research, while recognizing its vulnerability to budget cuts. I quote from the Commission's December 19, 1984 meeting during which time the NRC budget was discussed:

Bill Dircks, Executive Director of NRC:

> Research, as you know * * * is always more of the difficult items to sell and it becomes the swing factor.

Commissioner Lando Zech:

> It certainly looks to me like the research cut is absolutely devasting. The research budget is, the way I look at it, and absolutely direct contribution to the health and safety of the public. It contributes to the safe operation of the plants * * * and the research program is something that goes hand in hand with regulation, and hand in hand with the other areas that contribute directly to the safe operation of our plants.

Bob Minogue, Director, Office of Nuclear Regulatory Research:

> After the severe cuts that we took in the 1985 budget, this further cut would simply continue a trend to dismantling the NRC's research program * * * I think we have gone as far as we can go * * *
>
> I think the net effect of this kind of program reduction in the Research Office, on top of what has gone on in previous years and in view of the absence of a DOE light water reactor research program, would reduce the United States to the status of about a third-rate nuclear power in terms of research capability and understanding of the technology.

Commissioner Jim Asselstine:

> Bob, it sounds like many of * * * the programs, including the ones that would be reduced or eliminated, are what you call the safety-net function of research; that is, on going programs that give us the information to allow us to respond in a timely way to problems when they come up, and to understand what the uncertainties are and then enable us to make decisions * * *

Mr. President, I could go on to describe the detailed contributions that NRC's research provides in areas such as severe accident analysis, seismic design, human factors, plant aging, fission product source-term, advanced reactors evaluation, and nuclear waste programs, just to name a few. But instead, I would just like to leave you with my bottom-line message: NRC's research programs serve a vital function that Congress simply cannot let go and still claim to be a responsible arm of the Federal Government.●

MINORITY ENTERPRISE DEVELOPMENT WEEK

● Mr. DOMENICI. Mr. President, there are over 600,000 minority-owned businesses in our Nation. Minority enterprises form a significant percentage of all of this country's businesses, and their number continues to grow. These firms are a vital part of the economic and technological success of the United States. They develop innovative goods and services for the marketplace. They provide jobs for hundreds of thousands of workers. They enliven the economies of their communities. In short, they are a dynamic force in our Nation's marketplace.

Minority enterprises are no different from the overwhelming majority of American businesses. They seek to earn an honest dollar by providing a quality product at a reasonable price. What sets them apart are the obstacles that they have had to overcome in order to participate in our free enterprise system. Many of the owners of these businesses have had to surmount the barriers of language, education, and discrimination in order just to have a chance to succeed. That they have met these challenges and conquered them is a testament to their faith, their diligence, and their abilities. It also speaks well of our country, which has supported their endeavors and created a climate whereby any individual with the determination and the ability to succeed can succeed.

President Reagan has declared this week to be Minority Enterprise Development Week in recognition of the achievements of this Nation's minority-owned enterprises. I join him in applauding the accomplishments of America's minority businesses. Recognition of these firms gives me special pleasure because one of New Mexico's businessmen has been singled out for special recognition. Dave Bradley of Albuquerque has been selected as the Minority Small Business Person of the Year for the Albuquerque District of the Small Business Administration. Mr. Bradley, a native American, is president of Bradley Construction, Inc. Bradley Construction, in business since 1973, employs 50 individuals and had over $8 million in sales last year. Dave Bradley epitomizes the hard work, talent, and determination which so many minority business owners possess.

Mr. President, minority enterprises are an integral part of the American economy today. They exemplify the continued vitality of the free market system. These firms have enriched our Nation and stand as proof that the American dream is alive and well and attainable in 1985.●

PROPOSED ARMS SALES

● Mr. LUGAR. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $50 million or, in the case of major defense equipment as defined in the act, those in excess of $14 million. Upon such notification, the Congress has 30 calendar days during which the sale may be reviewed. The provision stipulates that, in the Senate, the notification of proposed sales be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is available to the full Senate, I ask to have printed in the RECORD at this point the notification I have received.

The material follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, DC, October 7, 1985.

Hon. RICHARD C. LUGAR,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 86-02, concerning the Department of the Army's proposed letter of Offer to Turkey for defense articles and services estimated to cost $71 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C(b) of that statute.

Sincerely,

PHILIP C. GAST,
Director.

[Transmittal No. 86-02]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b)

(i) Prospective Purchaser: Turkey.

(ii) Total Estimated Value: Major defense equipment,[1] $0 million; other, $71 million; total, $71 million.

(iii) Description of Articles or Services Offered: Five hundred ninety conversion kits each consisting of 13 subkits and support items necessary to convert M48A1 tanks to the M48A5 configuration.

(iv) Military Department: Army (USQ).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold:

(vii) Section 28 Report: Case not included in Section 28 report.

(viii) Date Report Delivered to Congress: October 7, 1985.

POLICY JUSTIFICATION

TURKEY—TANK CONVERSION KITS

The Government of Turkey (GOT) has requested the purchase of 590 conversion kits each consisting of 13 subkits and support items necessary to convert M48A1 tanks to the M48A5 configuration. The estimated cost is $71 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Turkey; furthering NATO rationalization, standardization, and interoperability; and enhancing the defense of the Western Alliance.

The conversion kits will be used by the Government of Turkey in their Tank Conversion Programs. This conversion changes a tank from gasoline to diesel power and upgrades the cannon from 90mm to 105mm. The GOT will have no difficulty in absorbing and maintaining the converted tanks since the end item, parts, tools and test equipment and trained personnel are already available in the country. The tank conversion kits will be provided in accordance with, and subject to the limitations on use and transfer provided for under the Arms Export Control Act, as embodied in the terms of sale. This sale will not adversely affect either the military balance in the region or U.S. efforts to encourage a negotiated settlement of the Cyprus question.

There is no prime contractor; various contractors would be involved in supplying these items.

Implementation of this sale will not require the assignment of any additional U.S. Government personnel or contractor representatives to Turkey.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

U.S. DEPARTMENT OF STATE, UNDER SECRETARY OF STATE FOR SECURITY ASSISTANCE, SCIENCE AND TECHNOLOGY,
Washington, DC, October 4, 1985.

Pursuant to Section 620c(d) of the Foreign Assistance Act of 1961, as amended (the Act), and the authority vested in me by Department of State Delegation of Authority No. 145, I hereby certify that the provision to Turkey of 590 M48A1 tank conversion kits at an estimated cost of $71 million is consistent with principles contained in Section 620c(b) of the Act.

This certification will be made part of the certification to the Congress under Section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

WILLIAM SCHNEIDER, Jr.●

THE NELSON BARNETT FAMILY OF BATESVILLE, AR

● Mr. PRYOR. Mr. President, I want to pay special recognition today to a family and a town and a way of life. The family is the Nelson Barnetts, and the town is Batesville, AR, and the way of life is one that many in this country would say is fast disappearing. I don't think it is, though, Mr. President—not as long as people like the Barnetts are alive and thriving in my home State.

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[1] As defined in Section 47(6) of the Arms Export Control Act.

Batesville is a beautiful town in the foothills of the Ozarks. It is blessed with natural resources and is rich in historical significance. Each year the White River Water Carnival Parade makes its way down Main Street with thousands lining up to watch in front of beautiful homes, churches, and businesses along the route.

At 267 Main Street the parade passes a living tradition, and that is Barnett Brothers Department Store.

This year, Mr. President, Barnett Brothers is celebrating its 100th anniversary, and recently members of the Barnett family came from all over the country to take part in the festivities. Let me add that members of the Barnett family include hundreds who are not related by blood but who feel themselves part of this clan.

Throughout the years, members of the immediate Barnett family have played significant roles in developing Batesville and White County. And their department store has been a vital partner in economic development.

The people who work at Barnett's are especially friendly and hospitable. They are the old-fashioned kind who come out from behind the counter and talk to you and ask about the family. Their warmth is genuine. I have campaigned there many times, and it's a wonderful place where you can find anything under the Sun and have it gift-wrapped.

Mr. President, on this special occasion for the people of Batesville, I want to wish the Barnetts and their store a happy century and many years of progress ahead. It's encouraging to know that their way of life is still a part of America.

DOREL CATARAMA, PRISONER IN ROMANIA

● Mr. SIMON. Mr. President, there are times when we have seen success by quietly talking. Times when silence and caution and reservation are the best courses of action. There are times when we are able to bridge ideological and philosophical differences by mutual respect and understanding, when humanity transcends politics.

There does come a time, however, after communication and patience and perseverance, when we must stop for a moment to consider the progress we have made on such a course. And we must then respond accordingly.

I particularly feel this necessity on behalf of Dorel Catarama, a prisoner in Romania, whose brother, Viorel, continues to plead for the release of his loved one. Viorel and his father, Valeriu, live in Chicago.

After a great deal of correspondence, Senator DIXON and I met with Ambassador Gavrilescu in mid-June. We spoke in detail of the charges against Dorel, of Amnesty International's belief that those charges are perhaps fraudulent and of the real concern that Dorel is being persecuted because of his religion. He is a Seventh-day Adventist. Ambassador Gavrilescu was to communicate our concerns to his government and we were to hear back within 2 or 3 weeks.

Since that time, we have written three letters and made numerous telephone calls—none of which have elicted a response from the Government of Romania. Four months have passed and we have made no visible progress on behalf of Dorel Catarama.

In July, Viorel Catarama wrote a statement to be used as testimony in Senator DANFORTH's hearings on most-favored-nation status. He refrained from submitting the statement for a variety of reasons, one of which was genuine hope that we would soon be hearing from Romanian officials.

At this time, I ask that the contents of his statement be printed in the RECORD.

The statement follows:

STATEMENT OF VIOREL CATARAMA

Mr. David Funderburk—the former U.S. Ambassador to Bucharest—has said recently that Romania's abysmal record on human rights and its lack of reforms are a mockery of declared U.S. policies. I know the truth of this statement. I am Viorel Catarama. My father and I left Romania in February, 1982 and were granted political asylum in the United States. When news of our leaving reached Romania, fifty militiamen and secret police stormed into my brother's home. They ransacked his house for over 13 hours, digging up the foundation, pulling up the floorboards, and breaking through the walls. They found ten dozen eggs, two pounds of meat, 75 pounds of cornmeal, and 3 boxes of soda—enough to arrest my brother for food overstocking. Significantly, the secret police confiscated all my brother's religious materials, Bibles, hymnals and the like. Dorel was forced to sign a statement that he was in possession of $3000 which had been brought illegally in to Romania. They also claimed that he had embezzled from two of his former employers.

Ample proof exists that Dorel did none of these things. Nevertheless, he was sentenced to ten years in prison. After an appeal hearing, the sentence was increased by four years. The Romanian authorities have confiscated all of Dorel's possessions, leaving his wife with only the bare essentials: some furnishings and cookware.

Amnesty International and my family have been in touch with people who have seen Dorel in jail. According to these eyewitnesses, Dorel is beaten and tortured regularly. He rarely gets to eat anything except bread and water. They do not allow him to practice his religion—he is a Seventh-Day Adventist. One year ago, the Romanian authorities found a Bible in Dorel's possession. Without informing us, they put my brother into an unheated railroad car, sending him to a jail with worse living conditions. The trip took six days—six days in freezing temperatures and without food. This treatment for the possession of the Bible is reminiscent of the treatment afforded the Jews in the Holocaust.

My brother's wife repeatedly sends him packages, but each one fails to reach him. The authorities have told her in private that they will release Dorel if my father and I return to Romania. The two of us will never go back there. We want to see Dorel, but not from the adjoining prison cell. Meanwhile, my sister-in-law continues to be harassed daily. We have encouraged her to leave Romania before they find a reason to imprison her. She has applied weekly for the past 3 years for a passport. Each week is turned down. The secret police have told her many times that they have a very long reach, implying that they can somehow harm me and my father here in the U.S. and they tell her to watch her step.

I present these facts to you because I cannot believe that the United States would consider continuing to give most-favored-nation status to Romania, a country that favors most imprisonment, injustice, and religious persecution. In approximately ten years of giving MFN to Romania there has been no noticeable improvement in their overall attitude towards human rights and religious liberty. We cannot hope for Romania to change its ways without changing our ways towards it. Stripping Romania of its most-favored-nation status would be a signal to its government. It would be a signal to all nations that the United States disapproves of trading with those who disapprove of the rights of man.

My brother, his fellow prisoners, and I thank you.●

TRIBUTE TO PATRICIA WILBUR

● Mr. HATFIELD. Mr. President, in the past few days we have become well aware of the fact that the Federal Treasury is not a bottomless well from which we can draw resources without limit. Such is the nature of most treasures—no matter how great, ultimately they are spent.

Today, however, I want to bring to the attention of my colleagues a treasure that cannot be spent: the loyalty and support of a friend. For the past 12 years, I have had the benefit of such support from a superlative member of my staff, a gifted secretary and dear friend, Patricia Wilbur. Today marks the 12th anniversary of Pat's employment in the U.S. Senate as a part of my staff, and it is my sincere pleasure to offer to her my heartiest congratulations and deep gratitude.

Pat epitomizes the best in a Senate employee: skill, dedication, sensitivity to the constituency for whom she works and genuine interest in all those around her. I know that my ability to serve the people of Oregon has been greatly enhanced by Pat's tireless and selfless work.

One of Pat's greatest delights and sources of justifiable pride is her family. Several of them have served the Senate in various capacities and it is a pleasure to join her husband Perry, her sons Mark and Wade, and her daughter Valerie, in offering to Pat my very best wishes for the future. I look forward to continuing to work with Patricia Wilbur in the service of Oregon and the Nation.●

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

UNANIMOUS-CONSENT AGREEMENT

Mr. DOLE. Mr. President, I think we are quite close to an overall agreement. We have a little snag on the wording of the amendment on the temporary extension. I hope we could resolve that by tomorrow, but it would seem to me that in the interest of time—and the loss of time—we might go at least that far. I have discussed it with the distinguished minority leader, and let me make the following request. It will be considered after I recite all of it.

I ask unanimous consent that all pending motions on amendments to House Joint Resolution 372 be laid aside. Following that, I ask unanimous consent that the Senate convene at 9 a.m. on today; that there be a special order in favor of the distinguished Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes; the leaders under the standing order have 10 minutes each, to be followed by disposition and final action on the Levin amendment, by voice vote, and the Kerry amendment, the CBO study, by voice vote, followed by the modified trigger to be offered by the distinguished Senator from Nebraska [Mr. EXON], which would require a rollcall, and then the Senate would recess from 10:15 to 11:15 for a joint meeting of Congress and, upon returning, would move to the leadership amendment, and there be a vote on the leadership amendment at 12:30 p.m. on Wednesday, October 9; that to be followed by consideration of the Melcher minimum tax amendment under a time agreement of 40 minutes, 30 minutes to the distinguished Senator from Montana, 10 minutes on the other side, and then the amendment of Senator DODD and Senator KERRY, exempted means-tested programs, 30 minutes, divided 20 minutes to the proponents and 10 minutes to the opponents of the amendment. The Levin amendment, I failed to mention, would be 5 minutes on a side, 10 minutes equally divided; the Kerry amendment 10 minutes equally divided; the Exon amendment 40 minutes, 30 minutes to the distinguished Senator from Nebraska, and 10 minutes to the opponents of the amendment. Following disposition then of the Melcher and Dodd amendments, we would move to the consideration of the modified Gramm-Rudman-Hollings amendment, as modified, and it be considered original text for the purpose of further amendment and hopefully to be able to vote up or down on that amendment not later than 3 p.m.

Now, at that point we would need to pass the temporary extension, get it to the House early afternoon, and we need to work out that language with the distinguished chairman of the Finance Committee. We will be hoping to meet with the Senator from Colorado and the Senator from Louisiana, and we will try to have some Treasury people here, to see if we can work out language satisfactory to all parties.

Is there objection to that much?

Mr. GLENN. Mr. President, reserving the right to object, I have a question.

Mr. BYRD. Mr. President, will the distinguished majority leader yield? I would be happy to give 5 minutes of my time under the leader's order for morning business so that Senators might be able to introduce bills.

Mr. GLENN. I thank the distinguished minority leader.

Mr. KERRY. Will the majority leader yield?

Mr. DOLE. Yes, I will be happy to yield.

Mr. KERRY. Mr. President, I just wanted to check: The votes on those agreed-upon amendments will be rollcalls and they will be up-and-down. Is that correct?

Mr. DOLE. The agreed-upon amendments on CBO will not require a rollcall vote.

Mr. KERRY. No, but the distinguished Senator from Nebraska [Mr. EXON] asked me to protect his interests. In addition, on my amendment with the Senator from Connecticut, we would like to have an up-and-down vote.

Mr. DOLE. That is a judgment I am not prepared to make. I think I have to have some flexibility if we are going to finish the bill. That is not part of the agreement.

Mr. KERRY. Mr. President, reserving the right to object——

Mr. DOLE. Mr. President, I indicated earlier that the Levin amendment would be accepted, that the Kerry CBO study amendment would be accepted, that there would be an up-and-down vote on the Melcher tax amendment, and an up-and-down vote on the Exon trigger.

I have gone as far as I can because of the problem with the wording of the temporary extension.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. I am only asking the majority leader to yield.

Mr. President, I want to be sure that we have a clear understanding of the phrase "as modified."

I believe the distinguished majority leader asked that at 3 p.m. on Wednesday, October 9, the Senate proceed to vote on the Gramm-Rudman-Hollings amendment as modified. With respect to my understanding of "as modified," the last modification that I know of in connection with that amendment was on Friday afternoon of last week. Is that correct?

The PRESIDING OFFICER. The minority leader is correct.

Mr. BYRD. There would be no further modification of that. But we could say the Gramm-Rudman-Hollings amendment as modified and as amended, is amended.

Mr. DOLE. Mr. President, the Budget Committee has been working on modifications all week, including one on the rules, one on committee jurisdiction, a number of amendments that were raised in the original Democratic proposal. That is what we meant as modified—in other words, the Gramm-Rudman-Hollings amendment as modified.

I ask the distinguished Senator from New Mexico to indicate just what they have done. I think it is what we have talked about.

Mr. DOMENICI. Mr. President, I say to the minority leader that a number of amendments that have been offered on the floor would be included in this modification. The proposed Levin amendment, which has not yet been offered on the floor, but which we are aware of, would be included in the modification. The CCC amendment that the distinguished Senator from New York had intended to offer would be included.

With reference to one of your concerns, which had to do with the point of order, a modification providing for 60 votes for the waiver, the so-called super majority, is drafted.

There has been an ongoing discussion with reference to jurisdiction among the committees versus the Budget Committee on a reconciliation that could occur after the President's sequester because the way it is drawn in the bill that is pending the Budget Committee could have jurisdiction to draw the legislative legislation. That has been worked out with various authorizing committees, and in particular the Finance Committee, so that the final modification would include a very similar process through reconciliation, I say to my distinguished friend, the minority leader, where the committees would do the work and report it back to the Budget Committee. There may be another. That is seven or eight. But there are no others that I am aware of that are substantial other than the ones I have described as those that have been already accepted at the desk.

I think that is what we intend by "modified" because we would have to modify it in some way to include those and we intended to.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER (Mr. RUDMAN). The Democratic leader.

Mr. BYRD. Mr. President, this would be the first time I ever remember doing something like that. When we say "the Rudman amendment as modified," we all know what the modification was on Friday. We have been able to read it. That amendment was modified. That was before the yeas and nays were ordered on it. It could be modified without unanimous consent.

Now, if I understand what we are about to do here, we are going to proceed to vote on the Gramm-Rudman-Hollings amendment as modified further with some package we have never seen.

Mr. LONG. Mr. President, may I suggest that we agree to vote on what they have here now and then when we see the amendment change, we can agree to modify it.

Mr. BYRD. I say to the distinguished majority leader, we would have to see what we mean by "modification." What are we doing to the amendment?

Mr. LONG. In other words, my thought is if someone wants to see what the changes are, why do we not agree to vote on what is printed here and then bring the modifications in tomorrow and we can give unanimous consent to modify it.

Mr. GRAMM. What if we do not get it?

Mr. BYRD. Mr. President, we just cannot start down this road. I apologize to the majority leader. I did not know that was what we were going to do. Understand that if we were going to agree to something now to vote on the amendment as modified, we have not seen what the modification is. In that modification I am sure there will not be line item veto, Davis-Bacon, or whatever. But we have not seen that package. We cannot agree to it sight unseen.

I thought "as modified" meant as modified by the modification that was made on Friday afternoon, which we all know and have read. We know what it is. But that is "as modified" or amended, if amended, because we see the amendments. We vote on them by voice or by unanimous consent or by rollcall or by division. But now to come and say that we will agree to vote at a certain hour on that amendment as modified and we go beyond what modification really is, we cannot do that.

Mr. DOLE. If the Senator will yield at that point, I think there may be a misunderstanding. What we have done is what was requested or suggested in the Democratic offer and Republican counteroffer. It has the Republican counteroffer proposed to include Byrd-Chiles Senate rules changes which is the one that Senator DOMENICI just referred to, that adjustment; the Bentsen committee jurisdiction adjustment, which they have been working on for 2 days bipartisan, everyone has been in there; the Kerry CBO study which was to be a part of that. He now wants to offer it separately.

If any of these changes are not acceptable to the Democratic cosponsors they must be allowed to offer their amendments. Then, as I understand, Senator MOYNIHAN has been around to visit about the CCC amendment. All these suggestions came from that side of the aisle.

Mr. GRAMM. That is exactly right.

Mr. BYRD. I hope the majority leader will not misunderstand me. Let us take the Byrd amendment, which has to deal with the waiver provision which would require that we pass a law by way of a joint resolution, which the President could veto, rather than be able to waive a particular provision, let us say, of the Budget Act through current rules. I must say to the majority leader, I would not dream of putting this Byrd change into a package that Senators have not seen.

May I say that if a Senator offers an amendment and the chairman says, "I am willing to accept the amendment," and the ranking minority member says, "I am willing to accept the amendment," that does not get it in the bill. It still has to be voted on by the Senate. It still has to be a Senate action, not the action of just two managers who may be willing to accept it.

We talk about modification here. We all may agree on a package, but we still have to vote on that package one way or anther. We cannot agree by unanimous consent to a modification that we have not seen.

I do not know what is in that modification. It is for the protection of the majority leader and others on that side of the aisle, as well as for those on this side of the aisle, that I raise this issue.

Mr. DOMENICI. Mr. President, will the distinguished minority leader yield?

Mr. BYRD. I yield.

Mr. DOMENICI. Let me say to my friend from West Virginia, I have regularly told our leader that if he is going to enter into a unanimous-consent agreement, he ought to use these words "as modified" because I have been asked by him, by many Senators here to work on the Bentsen proposal, to work with RUSSELL LONG, to work with BOB PACKWOOD, and I have been doing that. When the leader put in his unanimous-consent request as modified, I want the distinguished Senator to know that was at my request. The Senator may quite properly perceive that "as modified" meant to him as modified last Friday. Frankly, it has been further modified on the floor. I think that is further possibility that that is a modification to a modification.

Mr. BYRD. That is an amendment if it is done on the floor.

Mr. DOMENICI. But it is now part of that modified bill. I clearly said we have to sit down here in the morning and look at those four or five that we have drawn as we have just described it and that is what I intended by the word "modified," and I clearly understand what it means. I mean I really greatly appreciate the Senator who has been here for a lot longer than I have telling me what amendments mean and what happens on the floor when two managers agree. I understand all that. I do not want to mislead the Senator and I did not intend to mislead the leader when I say you must put "as modified" in. It means to me what I have just described.

I do not have the draftsmen here. They are still up there drafting very complicated references. It may be done by now. They may be asleep up there in their rooms. It is 3 o'clock in the morning. But I cannot tell what they are in detail until the morning. I can tell the Senator, with few exceptions, they are about what we have discussed here. However the Senator wants to resolve that issue so we can vote on it. I merely tell him what I asked the leader to do.

Mr. BYRD. I thank the distinguished Senator. Let me say this: I am sure that the Senator would not want this to happen. Let us say that Mr. CRANSTON and I and Mr. MELCHER, Mr. ZORINSKY, Mr. DODD, and Mr. KERRY agree on three or four changes we will make and then we turn to Mr. DOLE and say, "This is our package. We have all agreed on it." Then that is taken to the desk as a modification. The Senator from New Mexico has not seen it. The Senator from Texas has not seen it. That is just not the way we do business in the Senate.

Mr. MELCHER. Will the leader yield?

Mr. TRIBLE assumed the Chair.

Mr. BYRD. I do not impugn anyone's motives, but the only modification I have ever heard of is an action that the Senate agrees to. A Senator offers a bill, or an amendment. If he offers an amendment and he wishes to modify it, if no action has been taken on it, the yeas and nays have not been ordered, he can modify it. He does not have to ask unanimous consent. But that action is right out in the open, in front of everyone. That is a modification.

If Mr. DOLE offers an amendment and he wants to modify it, he can modify it until he gets the yeas and nays on it. After that, he can only modify his own amendment by unanimous consent.

Otherwise, he can offer an amendment, he can amend his own amendment, but he cannot modify his own amendment if any action has been taken on it.

But for a group of Senators, with the best of intentions, to get together and say, "We have worked out a modification; BYRD's waiver provision is taken care of," that cannot be a modification.

And when the Senator says, "The amendment, as modified," well, I am thinking it is that modification that took place last Friday which I read in the RECORD. I knew about it. I knew what they were doing.

We cannot just have among a group of Senators an agreement that they will modify the Rudman amendment, take it to the majority leader and have it become a modification at the desk—with no Senate action. I am sorry, I must say to the majority leader, I can only agree to the amendment as it was officially modified.

Mr. RUDMAN. Will the minority leader yield?

Mr. BYRD. If you want to ask unanimous consent——

Mr. RUDMAN. I just want to ask a question.

Mr. BYRD. No; I am saying if any Senator wishes to ask unanimous consent that this modification be included, then I would say, "Reserving the right to object, what is in it? What is in the modification?"

We do that all the time. But we cannot agree to that modification if we have not seen it; I have not seen it.

Mr. RUDMAN. Will the Democratic leader yield for a question and a comment?

Mr. BYRD. Yes.

Mr. RUDMAN. I understand precisely what the Democratic leader is saying. And what he is saying is correct in the sense that it would be difficult to agree, not having seen the final document.

Thus, I would like to pose a possible solution in the form of a question to the leader, to both leaders. We do have pending at the desk a modified amendment which is what the Democratic leader thought we were referring to. Why not simply have this unanimous-consent agreement tonight, which is referring to these things, refer to that modified amendment, as is the understanding of the Democratic leader, knowing full well that when we arrive here in the morning, the very things contained in the modification that the chairman of the Budget Committee has been working on, and many people on the other side of the aisles, have all been agreed to.

Mr. BYRD. By whom?

Mr. RUDMAN. By those individuals.

Mr. BYRD. Yes.

Mr. RUDMAN. If, after looking at those, there is disagreement, then obviously we would want to retain the right at that point not to vote on that particular amendment until we worked that out. Because it is my belief that when morning comes and when the Democratic leader and the people on his side and this side see what those modifications are, they will quickly agree.

Mr. BYRD. Mr. President, whatever the Senate wishes to agree to is fine. But we cannot say tonight that we will agree to that modification. We cannot agree to that. Certainly, whatever the Senators have agreed upon as modifications, what they would like to have included, should be examined. We would like to take a look at them. Then the Senate could act on them. They could ask unanimous consent in the morning for whatever changes they would like. That is fine. It is still the Senate that has to act upon it, to ask unanimous consent that such-and-such be changed. Any Senator could reserve the right to object. He might want to see for himself what the changes are. He could object or not.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BYRD. I have the floor. I will yield to the majority leader. I will yield the floor.

Mr. DOLE. No; that is fine.

But in looking at the sheet that the distinguished minority leader gave me earlier—and this is what I was reading from—the amendment as modified be considered original text for the purpose of further amendment. If that is the case, then I do not see any problem. We will consider the amendment at the desk. There can be further amendments if there is no objection. And I think most of the amendments to be offered are all from that side of the aisle.

But I certainly agree with the distinguished minority leader; he has a right to look at the one specific amendment that he was interested in and that is the rule amendment. He may not agree with an agreement somebody else worked out.

So why can we not agree, then, to do as suggested here, that the Senate proceed to vote on the Gramm-Rudman-Hollings amendment, as modified, and that the amendment at the desk be considered original text for the purpose of further amendment. And then when the distinguished chairman of the Budget Committee meets with the same group he has met with—I do not know if everybody has to approve every amendment. I have not seen any of the amendments on that side. But we are willing to proceed. But I should think, particularly in the case of rules change which you have raised, you have not agreed to that and you should not be expected to.

Mr. BYRD. May I say to the distinguished majority leader, the majority leader does not see every amendment. That is true. No Member here can vouch for every amendment. But we should all have the opportunity to see the amendments or have an understanding of them. Of course, we also trust the managers of the bill to do what is right.

But, if I understand the distinguished majority leader now, we are talking about the Rudman amendment, as modified on last Friday and as shown in the RECORD, the modification, whoever modified it—I believe it was the Senator who modified it.

Mr. DOLE. It was modified and there will be amendments tomorrow morning. It will be further amended. Senator LEVIN has an amendment, Senator KERRY has two amendments, Senator EXON has an amendment. There will be a lot of attempts to amend it. Senator MELCHER has an amendment.

Mr. BYRD. An amendment, as amended.

Mr. DOLE. Yes.

Mr. MELCHER. Will the minority leader yield for a question?

Mr. BYRD. Will the majority leader allow me to yield?

Mr. DOLE. Yes.

Mr. MELCHER. Mention has been made of a modification of the Gramm-Rudman-Hollings amendment in relationship to the Credit Commodity Corporation. And while several of us have stated that we assumed that what this amendment, this proposal, was attempting to do would be to spread equally any cut in the Department of Agriculture in those various sections covered by the Budget Act, spread it evenly, and that such an amendment or modification, whatever term you wish to use, would be drafted. However, I have not seen it. The distinguished ranking member of the Agriculture Committee has not seen it. We know what the intentions are. However, I feel very hesitant to agree to something without having looked at the language and analyzing it to see whether or not it does do exactly that; spread it evenly.

We could have, if it is left to the discretion of this particular administration, they would probably wipe out most of the dairy programs, or a good chuck of it. But this is permanent law if it is enacted. The next time we might want to wipe out the wheat program, which I would have a great concern about and I assume some others would.

So I do not want to see any piecemeal arrangement where we just say, "Well, we will take everything as modified except the particular point the distinguished leader is interested in." I am also interested in the CCC part of it. I would like to see the language, like to have it analyzed, and like to see that it does exactly as all of us have been talking about, spreading it evenly across the board.

Mr. BYRD. I thank the distinguished Senator.

Mr. MELCHER. I thank the distinguished leader for yielding.

Mr. DOLE. Can we agree—I did not draft this. It was handed to me.

Mr. BYRD. As written, Mr. Majority Leader.

Mr. DOLE. You have no problem.

Mr. BYRD. That is all right if we have a clear understanding as to what the phrase "as modified" means. It has always to my knowledge had the meaning that I have given to it, and the definition that I have given to it. It has never, to my knowledge, meant that a group of Senators, no matter how well intentioned, could agree among themselves that they would make certain changes, then take them to the desk, and put them in that measure without the Senate's having acted thereon. Action has already been taken on the Gramm-Rudman-Hollings amendment. It could not even be modified now by the offerer without unanimous consent because action has been taken on it. We just cannot do what, as I understand it, was about to be done.

I do not ascribe any motives to anyone. I think Senators probably felt that it was appropriate, and all right to do it that way. But to do that would be to legislate by less than the full Senate. It would be an action in the form of enacting a law by virtue of three Senators, or 6 or 8 or 10 getting together, agreeing among themselves and just putting an extra package at the desk, and say this is our modification. Then we come along, and we agree to the Gramm-Rudman-Hollings amendment, as modified. And in that modification is not only the action that was taken on Friday by the offerer of the amendment, which was appropriate, but also a lot of other language that could have who knows what in it—Davis-Bacon, you name it, farm price supports, whatever. That would be a modification. But the Senate would be acting without knowledge as to what is being modified.

Mr. DOLE. As I understand we are willing to limit that amendment at the desk as modified, and it be considered as original text for the purpose of further amendment. There will be amendments starting at 9 something tomorrow if we get this amendment on Melcher-Kerry-Dodd on the other side, and there will be additional amendments after disposition of that amendment.

Mr. BYRD. If the distinguished majority leader will yield, I will say this and no more. It is a little bit like agreeing to technical amendments. But instead of just technical amendments, there are also substantive amendments. So we agree to technical amendments, and some one or more Senators or staff people could with the very best of intentions, I guess, put something in as a substitute, and the Senate would have agreed to it.

Mr. DOLE. Mr. President, I would amend that request to ask unanimous consent that it be considered en bloc because there was a previous motion to divide the amendment by the distinguished Senator from Connecticut.

The PRESIDING OFFICER. Is there objection to that request? Without objection, it is so ordered.

Mr. DOLE. As I understand, we come in at 8:30 in the morning. We will have a special order by the distinguished Senator from Wisconsin. There will be leaders' time, 5 minutes for Senator GLENN, and I will reserve my time. Then we will take up the Levin amendment, the Kerry CBO study, and we will have a vote on the Exon trigger before we recess at 10:15 for the joint session of Congress. We will come back, and have disposition of the Melcher-Dodd-Kerry amendment. Then we will come back and move to the leadership amendment.

Following that, we will dispose of the Melcher-Dodd-Kerry amendment, and then move to the Gramm-Rudman amendment, as modified. Hopefully, at that time, we will be able to work out something where the distinguished Senators from Louisiana, Colorado, and Oregon can work out the extension. Hopefully, that would occur at about 3:30. We could dispose of that by voice vote.

Then in the meantime, we will try to wrap up the balance of our agreement. As I understand, the distinguished minority leader would agree that we need something to amend.

I ask unanimous consent that immediately following the Proxmire special order, the Gramm-Hollings-Rudman amendment be laid down.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ZORINSKY. Mr. President, will the balance of the list of amendments be concluded?

Mr. DOLE. Yes. We have been trying to work out where we would have final passage at say 4 or 5 o'clock on Thursday but we sort of got hung up on the debt ceiling matter. We hope to resolve that tomorrow, and then conclude the agreement.

Mr. ZORINSKY. Thank you.

Mr. DOLE. Mr. President, I ask unanimous consent that the unanimous-consent request that has been approved by the distinguished minority leader by both sides be considered en bloc and appear separately in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS

Mr. DOLE. Mr. President, earlier I had indicated we would convene at 9 o'clock. If we are to have a vote on the Exon amendment, prior to the recess, I ask unanimous consent that the Senate convene at 8:45 a.m.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

RECESS UNTIL 8:45 A.M.

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move that the Senate stand in recess until 8:45 a.m. today.

The motion was agreed to; and, at 3:19 a.m., the Senate recessed until Wednesday, October 9, 1985, at 8:45 a.m.

NOMINATIONS

Executive nominations received by the Senate October 8, 1985:

THE JUDICIARY

Carolyn Miller Parr, of Maryland, to be a judge of the U.S. Tax Court for a term expiring 15 years after she takes office, vice William M. Fay.

B. John Williams, Jr., of Virginia, to be a judge of the U.S. Tax Court for a term expiring 15 years after he takes office, vice Howard A. Dawson, Jr.

IN THE COAST GUARD

The following Regular officers of the U.S. Coast Guard for promotion to the grade of captain:

Peter K. Valade
Carl R. Mockler
Andrew F. Hobson
David H. Amos III
Rene N. Roussel
Frank M. Chliszczyk, Jr.
Laurence J. Murphy, Jr.
Theodore M. Nutting
Leon K. Thomas, Jr.
Kenneth J. Morris
Garran C. Grow
William M. Simpson, Jr.
Thomas E. Yentsch
Cecil W. Allison
Arcangelo V. Arecchi
Frederick M. Hamilton
Douglas Teeson II
Laurence H. Somers
Glenn E. Serotsky
Paul M. Blayney
Carl H. Helman III
Howard A. Newhoff
Randall D. Peterson
Thomas E. Omri
Richard B. Chapman
Sperry C. Storm
Joseph P. Coleman
Carl H. Pearce
Robert W. Scobie
Wallace S. Worthington
Eugene K. Johnson
Ronald E. Fritz
Holmes M. Dillian
Patrick A. Wendt
Cullis L. Holub
Frank M. Readinger, Jr.
Peter E. Prindle
John E. Shkor
Michael K. Cain
Robert T. Dailey
Walter F. Bodner, Jr
Jimmie H. Hobaugh
Grant W. Risinger
Roland W. Breault, Jr.
William N. Rohrer
Donald C. Hibbard
Ross Bell
Clarence C. Martin, Jr.
Charles S. Park III
Wayne W. Becker
J. David Spade
John A. Pierson, Jr.
Robert W. Mason
William H. Norris
Samuel J. Dennis
Carl Josephson
Jerry M. Payne
Richard D. Manning
Donald S. Jensen
Joseph R. Offutt, Jr.
Ralph E. Anderson
Walter S. Viglienzone
John E. Schwartz
Delgene O. Phillips
James H. Ferguson
Joseph M. Rogers
Robert L. Storch, Jr.
Thomas H. Robinson
Robbin F. Krause
Raymond V. Cicirelli
Anthony J. Pettit
Michael D. Hendrickson
N. Edward King
William S. Griswold
Larry J. Balok
Terry D. Beacham
Robert J. Philpott

The following Regular and Reserve officers of the U.S. Coast Guard for promotion to the grade of commander:

Charles J. Hermann
Mark J. Costello
Fred A. Dickey
David J. Reichl
Kenneth A. Rock
James S. Brown
William A. McDonough, Jr.
James J. Rao, Jr.
Wayne T. Shipman

Charles K. Bell
Michael J. Donohoe
Stephen T. Helvig
Christopher M. Stone
Richard C. Barlow
Robert J. Weaver
Carl D. Main
David R. Moore
John E. Quill
Donald B. Parsons, Jr.
William F. Meininger
Kelly S. Callision
George B. Brinson
Laurence P. Minott, Jr.
Laurence M. Jasmann
Theron A. Patrick
Joseph A. Steen
Alfred P. Howland
Thomas F. Weber
David L. Olsen
Richard W. Harbert
Brian W. Hadler
James G. Force III
Stephen J. Wehner
Robert D. Arnett
Barry C. Capelli
John C. Dusch
Paul J. Larson
Harvey J. Langholtz
Max R. Miller, Jr.
Robert B. Ellard
Richard C. Wigger
Charles E. Sibre
Kenneth P. Rothhaar
James T. Clarke
Ronald H. Frazier
Joseph F. Tucker III
William R. Phillips, Jr.
Charles C. Beck
John T. Orchard
Stewart I. Marsh, Jr.
Ronald F. Silva
Jay E. Taylor
Wayne E. Verry
Laurance H. Howell
Edward F. Murphy
Larry H. Gibson
James R. Riesz
Steven W. Vacts
William E. Willis
Tom R. Wilson, Jr.
Ralph D. Lewis
Jonathan K. Waldron
Charles S. Harris
Tony E. Hart
Thad W. Allen
James A. Sylvester
Albert F. Sganga
F. Sutter Fox
Steven J. Cornell
Richard C. Sasse, Jr.
Henry R. Przelomski
Charles E. Bills
Robin A. Wendt
Donald E. Estes
Marion T. Woodward, Jr.
Ronald D. Reck
James W. Underwood
John P. Barnstein
Michael R. Adams
Timothy A. Thompson
William M. Dozier
Robert S. Maas
William S. Chubb
Richard J. Davison
John A. Unzicker, Jr.
Robert G. Ramsay
Jeffrey T. Peck
William J. Chang
John R. McElwain
Henry W. Motekaitis
Philip K. Chase
Thomas H. Walsh
Anthony Regalbuto
John H. Johnson III
Joseph G. Milo
Alan S. Gracewski
Charles D. Wurster
Thomas M. Gemmell III
Roger W. Coursey
Lane I. McClelland
John P. Wiese
Gordon D. Marsh
Michael A. Leone, Jr.
Daniel E. Kalletta
Larry M. Wilson
Stanley J. Norman
John G. Hersh
Gregory S. Cope
David E. Henrickson
Samuel R. Hardman, Jr.
Carl A. Swedberg
Richard E. Cox
Patrick A. Turlo
Robert C. Foley
Michael A. Conway
Wynn O. Harper
Thomas J. Marhevko
Dennis W. Cleaveland
James A. Brokenik
Paul D. Barlow
Richard X. Engdahl
Donald T. Wetters
Bradley R. Troth
James B. Willis
Alan R. Dujenski
James R. McGuiness, Jr.
Donald P. Montoro
William J. Wilkinson III
Craig P. Coy

IN THE AIR FORCE

The following-named officers for permanent promotion in the U.S. Air Force, under the appropriate provisions of section 624, title 10, United States Code, as amended, with dates of rank to be determined by the Secretary of the Air Force:

LINE OF THE AIR FORCE

To be colonel

Aarni, John C., Jr., 526-66-5983
Abbott, Frank D., Jr., 023-32-7887
Abela, Alexander A., 051-36-6232
Abrams, Fredric L., 497-44-1853
Adler, John W., 310-44-9700
Ahearn, Francis W., 125-36-5358
Alexander, Roger A., 258-66-7240
Alison, Thomas M., 517-44-0083
Allen, Lewis H., III., 107-34-3737
Almquist, Tommy B., 410-68-3587
Anderson, Ruth M., 542-50-7651
Angell, John E., Jr., 036-28-8199
Anno, Stephen E., 566-62-5680
Arceneaux, Ronald J., 435-60-0321
Ardillo, Nick P., Jr., 418-58-5285
Ardis, Wesley R., 269-40-6396
Armstrong, John E., 479-50-5731
Arnold, John E., 561-64-5969
Arrison, John R., 158-32-9363
Ash, Robert K., Jr., 040-32-8016
Ashbaugh, Dennis M., 495-48-4317
Astor, Wally G., 474-36-3995
Atkins, William D., Jr., 464-56-6890
Atwood, Argyle P., Jr., 256-66-6548
Bailey, Edward L., Jr., 113-38-2132
Baker, Vincent T., 481-56-0760
Ball, James A., 162-34-4094
Barbeau, Jack W., 514-34-1778
Barnes, Albert M., 425-86-8889
Bash, Donald C., 508-56-5017
Bash, James C., 223-60-8350
Bashant, Ronald W., 565-60-8958
Beard, Preston S., 459-58-7845
Beasley, John T., 083-34-4255
Bednarz, Michael H., 271-46-2924
Begert, William J., 003-32-2790
Beggs, Paul L., 420-52-4440
Bender, William C., 577-56-9819
Benham, Clarence, Jr., 255-64-8810
Benson, David E., 517-44-0639
Bergeman, Gerald M., 524-44-3054
Bergren, Scott C., 268-48-1312
Beu, Norman J., 325-34-6425
Beverly, Gerald M., 570-62-7247
Billones, Louis R., 565-56-8197
Bishop, Donald W., 416-48-3275
Blair, James D., 440-44-8408
Blanks, Randolph M., 231-56-6833
Block, William H., 339-36-8208
Bolz, Larry F., 539-36-8722
Bondaruk, Henry A., Jr., 378-38-3863
Borah, Steve B., 271-42-9040
Boston, William E., III, 343-34-5889
Bowen, Ronald S., 234-66-3558
Bower, Robert C., 525-98-7315
Bowers, John V., Jr., 174-34-0064
Brantner, John A., 261-72-3348
Braswell, Nancy S., 090-40-1172
Brauer, Richard F., Jr., 020-32-3800
Bridges, Mark E., 46-66-9422
Britan, Joseph K., 305-44-1698
Brower, Stephen A., 574-18-3198
Brown, Kenneth N., Jr., 217-40-9276
Brown, Richard J., 097-34-1564
Buchanan, Timothy G., 514-44-4246
Buck, Donald L., 456-66-1148
Bump, David G., 007-38-3754
Bunger, Allen D., 430-80-3653
Burrows, William E., 453-64-7551
Byers, Norman P., 515-42-0049
Cahill, Lawrence J., Jr., 226-56-8837
Callens, Pierre A., 438-58-9771
Cantrell, Ronald L., 328-36-7591
Capps, Thomas E., 241-64-6761
Carpenter, Newton I., Jr., 579-56-8390
Carr, Philip T., 474-46-6651
Carr, Virgil J., Jr., 410-78-0361
Case, Thomas R., 543-48-2013
Cathey, William H., 467-68-4981
Charlton, Hugh J., 521-56-8049
Cherry, Charles E., 223-56-1592
Chojnacki, Raymond, 046-32-6836
Cirino, Alan B., 557-62-5251
Clapper, John R., 391-38-0522
Clark, Howard A., 539-34-0495
Clark, James C., 419-54-9973
Clark, Richard D., 312-42-248
Clarke, Sidney H., 533-40-7742
Cleland, Thomas E., Jr., 029-32-3967
Cobb, William P., 227-58-8840
Cochoy, Robert E., 300-36-9414
Cochran, James E., 294-42-0882
Cockerham, Warren E., 437-56-6341
Cole, Richard T., 365-42-9813
Cole, Robert A., 506-54-3486
Colestock, Harry E., III, 365-44-6932
Collins, Orville M., 448-42-6200
Condit, Dale O., 287-38-4482
Cone Wallis D., Jr., 249-68-5681
Conlan, George I., 564-60-1978
Conn, Richard D., 286-36-1448
Connor, Michael A., 523-50-3762
Conques, Duane L., 223-56-9077
Contreras, Raymond T., 262-72-6895
Coolidge, Charles H., Jr., 411-78-6287
Cope, Robert S., 239-72-1117
Corbett, James D., 520-44-4350
Corley, William D., Jr., 524-50-9513
Cossa, Anthony J., Jr., 188-34-4995
Courington, Felix N., 441-38-5654
Covey, Richard O., 262-74-0107
Cowan, George M., 462-62-9188
Cox, George W., 261-56-3740
Cox, Ronald Q., 537-40-1035
Crosby, Paul S., 513-44-4263
Cross, Jack P., 457-66-5971
Crossett, David C., 001-34-3929
Crumley, James P., Jr., 032-34-8781
Cummings, Allan V., 209-32-7147
Daack, Martin T., 483-50-1596
Daniel, Terry A., 416-58-5644
Daschbach, Thomas M., 493-48-1689
Davenport, Michael R., 548-62-3811
Davidson, William A., Jr., 267-78-5720
Debellevue, Charles B., 434-66-5676
Deberg Oak H., 464-70-2742
Dederick, Arthur, III, 576-38-8294
Deen, William K., 260-68-1550
Degrande, Joe, Jr., 542-48-7131
Dekok, Roger G., 394-44-6795
Dellermann, Frank J., 124-34-3547
Dement, Larry D., 458-66-0561
Denny, John R., 209-36-3291
Desantis, Dom A., Jr., 162-34-7487
Dierksen, Larry A., 514-38-2231
Dill, David C., 197-36-7076
Donnelly, John J., 127-32-7208
Douglas, Donald M., 320-36-3405
Douglas, William A., 155-30-2309
Douglass, Bruce S., 291-36-7320
Downey, Clyde J., II, 225-68-1388
Draham, Joseph J., Jr., 207-36-1186
Drennan, William M., Jr., 345-36-8789
Dumbroski, John R., 201-34-4173
Duncan, Stewart S., 396-38-8195
Dunkelberg, George H., Jr., 249-70-2189
Durham, George R., Jr., 521-60-2592
Durocher, Edmond N., 365-42-3609
East, James R., 276-40-7526
Eastman, Herbert C., Jr., 264-62-7115
Edmondson, Hobdy J., 267-64-8701
Ehrie, William J., 059-36-7611
Emerson, Robert H., 219-38-1931
Emmons, Richard D., 272-38-1900
Ennis, Carl A., 049-32-9630
Esmond, Marvin R., 444-44-6588
Evans, Richard T., 524-48-9744
Ewart, Robert F., 181-34-0736
Faith, Larry E., 417-58-1132
Farley, Daniel P., 086-34-3122
Farrell, Edward P., 048-32-2825
Feddes, Robert G., 516-52-7287
Feingold, Robert S., 310-44-6270
Felts, Mary F., 317-40-2766
Ferguson, Jackson R., Jr., 462-64-3472
Fetzer, Daniel K., 209-32-2116
Fiebig, Robert R., Jr., 322-36-9114
Figel, Walter Jr., 137-32-0513
Fillare, Joseph P., 140-32-2844
Findley, Keith G., 226-56-4113
Fisher, Wayne C., 223-64-6062
Fitch, Russell W., Jr., 128-34-3719
Flock, George, 506-50-8713
Flournoy, Daniel B., Jr., 416-54-5899

Foglesong, Robert H., 234-72-8617
Foley, Jack O., 414-68-4170
Fortner, William F., 417-56-1650
Fowler, John F., 078-34-5828
Fowler, Raymond D., 446-44-6493
Frady, Robert E.M., 108-36-2573
Freeman, William B., Jr., 415-62-0578
Frette, Richard D., 313-44-9126
Frey, Kenneth A., 270-38-2359
Fulaytar, Gerald W., 303-44-9386
Fuller, Charles T., 557-58-6419
Furlong, Daniel J., Jr., 503-48-3801
Gaffney, Michael W., 219-40-5704
Gagnon, Donald J., 509-42-7408
Gamble, Billy R., 463-62-2281
Garcia, Alfred R., Jr., 449-66-3812
Garrison, Chester P., 145-34-8498
Gay, Eugene P., 065-36-2284
Geiger, Keith W., 086-34-2722
Gennin, George S., 428-88-5486
Gerhart, John F., 272-36-6366
Gill, Luke J., 172-32-3307
Gill, Paul F., 174-34-3646
Gillenwaters, Harold R., 445-42-6340
Gobien, Jurgen O., 144-34-2437
Gogosha, Orest R., 124-34-5974
Goodrich, William R., 267-52-6812
Gordon, Ronald E., 212-44-3503
Gordon, Wayne C., 459-60-9543
Gorecki, Joseph D., 444-42-7654
Gorges, Thomas W., 514-44-7802
Gossick, Roger V., 223-56-7513
Gower, William N., 483-48-9958
Graham, James R., 315-44-3701
Gramm, Robert W., 359-34-4981
Grant, Robert R., 267-60-0970
Graser, John C., 282-40-5984
Grieshaber, Alfred W., Jr., 469-46-7105
Griffin John B., Jr., 577-56-5104
Grime, Jeffrey R., 415-78-5551
Gross, John B., 501-44-4574
Grossetta, Bruce D., 526-66-3478
Grover, Melvin G., Jr., 043-34-5268
Gunderson, Edwin G., 390-42-1376
Gutheinz, Lee M., 292-36-3023
Haakenson, Terrence E., 502-42-3427
Hager, Robert J., 501-50-5503
Hagerhjelm, Charles R., 533-42-6162
Hall, Gary W., 516-44-7488
Hall, Marilon D., 463-68-5665
Hall, Ronald K., 501-46-5113
Hamilton, Albert T., 234-64-0140
Hammond, Robert E., 070-34-4776
Hanchey, Jerry L., 430-78-5572
Handy, Walter R., Jr., 229-54-0602
Hane, James L., 306-44-7392
Hanson, Raymond M., 561-56-9461
Harbison, Paul W., Jr., 202-32-1463
Harden, Michael A., 258-66-7115
Harlacher, Donald S., 174-36-6493
Harms, Thomas E., 216-42-3548
Harrington, Jeffrey M., 482-50-6962
Harris, Cassius A., IV, 066-34-5410
Harris, Warren L., 216-42-7608
Hart, Albert R., 297-36-0233
Harwood, William R., Jr., 046-32-2426
Hatch, Timothy H., 506-52-0290
Hawkins, Grady H., 241-66-3317
Hawley, John W., 520-50-8795
Healy, Michael J., 087-28-0480
Hebinck, Robert V., 461-60-8672
Heenan, Michael E., 199-34-2565
Heidler, Clare D., III, 254-64-9288
Heinze, Dieter H., 058-34-3163
Helt, Harold C., Jr., 159-36-4549
Heltsley, Charles M., Jr., 262-64-0960
Hennessy, Robert D., 226-56-3569
Henry, Lawrence B., Jr., 166-32-4918
Hepler, William C., 307-48-0321
Hess, Leon E., 185-34-8370
Hester, Ira L., 249-70-8252
Heubusch, Charles J., 126-36-8133
Higgins, Charles C., 326-36-3154
High, Lynn O., 505-58-0295
Hill, Howard J., 525-90-8409
Hillstrom, Douglas V., 517-44-2207
Hinton, William S., Jr., 079-36-8189
Hoffmann, Robert A., 025-36-9849
Hogan, Bart C., 529-62-1470
Hohn, Theodore A., 153-34-9453
Holladay, Cecil A., 263-66-9475
Holoviak, Daniel R. J., 221-28-4474
Hooghkirk, William G., 056-36-9624
Hoover, Ronald C., 514-42-7222
Horn, Clinton V., 432-78-5907
Horn, Grat H. Jr., 224-60-8427
Hough, Claude F., III, 542-44-7075
Hovastak, Michael W., 157-32-7543
Howard, Danny D., 538-36-2121
Howells, Richard K., 528-50-1184
Hubbard, William C., 247-70-8451
Huber, Terrence J., 480-50-0583
Hudson, Morris R., 314-40-8039
Huebner, Carl R., III, 143-32-7895
Huff, Byron L., 526-50-6509
Huneke, Bruce V., 568-48-9427
Huot, Raymond P., 003-34-2907
Hurst, Joseph C., 095-36-0172
Hurwitz, Steven, 157-32-4695
Hutchings, Michael W., 512-40-5225
Ingalsbe, Gerald E., 528-56-8149
Ingersoll, Howard J., 530-28-9643
Iskra, Thomas M., 188-40-4103
Jaeger, Richard L., 307-44-4956
Jahn, John W., II, 183-34-1807
Jameson, David M. Jr., 262-62-6883
Janson, Stephen P., 561-60-8599
Jefferies, Chris L., 569-50-0899
Jeffery, Monte M., 311-42-3262
Jendrek, John P., Jr., 216-38-3542
Jenkins, William A., III, 238-66-5219
Johnson, Charles F., 377-42-7582
Johnson, Robert W., 517-48-4013
Johnston, Richard L., 291-38-9318
Jones, Charles D., 119-24-8308
Jones, Donald S., 554-56-3287
Jones, Harold O., 288-36-6811
Jordan, Marcelite C., 457-72-9847
Judd, John A., 304-44-8589
Justice, John A., 523-56-3048
Kampe, Arnold J., 462-64-4696
Kater, Martin L., 579-54-5025
Keck, Thomas J., 001-34-7294
Keefe, Michael J., 483-50-0112
Keese, Henry B., 231-52-6340
Kelleher, Daniel E., 521-50-3456
Kelley, Richard D., 571-56-0606
Kendrick, Glen A., 416-52-0701
Kersey, Lesley L., 450-68-5572
Keys, Ronald E., 514-48-5357
Killebrew, Kerry E., 413-76-0552
Killeen, John E., 149-30-9701
Kindle, James T., 151-32-4782
King, Ira E., 526-64-5565
Kirby, David P., 585-12-9088
Kirschbaum, Klaus R.K., 040-34-6326
Klaurens, Rex L., 512-44-5930
Klause, Klaus J., 209-32-5236
Klein, Edward A., 538-38-8245
Klimas, Thomas A., 098-38-8192
Kline, Donald F., 195-34-3224
Klusman, James E., 501-42-0318
Kluter, Eugene E., 555-62-3783
Knowling, Edgar C., 227-56-6585
Knox, Michael R., 005-40-7953
Knudsen, William P., 099-34-9955
Kohut, Orest L., 384-48-5046
Korotky, Eugene., 081-34-6636
Kostelnik, Michael C., 464-72-0294
Kotzun, John J., 142-34-0109
Krause, Kenneth E., 374-40-5955
Krausse, Daniel A., 445-42-4226
Kumashiro, Thomas Y., 576-42-2617
Kwiatkowski, Leonard F., 110-36-5977
Ladd, David C., 005-42-0845
Lafoy, Joe C. Jr., 456-68-8398
Laird, James L., 551-58-4600
Lancaster, Robert, A. Jr., 213-46-5410
Lane, Dennis M., 281-38-0601
Langston, Michael J., 482-52-7900
Lanum, Thomas R., 463-66-0912
Larkin, Patrick J., 081-32-5869
Larned, Robert E., 539-42-3336
Lauher, John D., 147-34-5440
Lavender, Elmer C. II, 248-66-3104
Leahy, James T., 067-34-6930
Lee, John L., 461-58-2299
Leete, Edward M., 008-30-6232
Leftwich, George E. III, 223-54-4493
Lennox, John E., 144-34-3202
Lentz, James E., 431-72-2854
Lenz, John O., 395-44-9924
Leonard, Percy D., Jr., 244-64-0004
Lewis, Roosevelt J., Jr., 418-56-3430
Lilly, Robert C., 100-34-5443
Lindsay, William E., Jr., 183-34-9739
Lipcsey, Michael J., 272-36-7384
Livingston, Robert D., 230-54-9301
Lock, Michael A., 462-62-7075
Lombardi, Richard A., 151-36-2521
Look, Horace H., 403-54-6201
Love, John J. III, 460-68-2456
Lovelace, Merline A., 031-34-4413
Lukens, Robert P., 184-34-4066
Lunsford, George F., Jr., 265-66-2492
Mabry, Everett L., 256-64-7541
Macaluso, Donald L., 532-38-6762
Madia, John A., 232-68-9535
Madsen, Ronald W., 478-40-6970
Maginel, Robert H., 462-70-0434
Magnusson, Gary J., 084-34-8221
Mahler, Michael E., 135-36-5351
Malandrino, Joseph P., Jr., 022-32-5248
Mallett, William F., Jr., 100-34-8375
Malvaso, Patrick J., 126-32-0636
Mannen, James T., 578-54-1945
Markle, Terry A., 215-42-6363
Marosko, Max M., Jr., 455-66-6455
Martin, Gregory S., 575-50-6337
Masilko, Gary E., 506-52-0765
Massie, Jerry N., 347-32-1502
Masters, Charles W., 277-38-6149
Matheson, Alva L., 528-54-2047
Mathis, Joseph F., 259-58-4044
Matsuyama, Garey T., 575-40-0542
Maxwell, James A., Jr., 242-72-4448
May, Richard M., Jr., 046-34-5411
Mazzarella, Leslie R., 285-36-0694
McArdle, James E., Jr., 395-40-5114
McCann, Francis X., 016-30-6517
McCants, Walter O., 248-70-3905
McCarthy, Michael J., 392-46-5201
McConnell, Bernd, 413-68-8838
McConnell, John M., 518-46-8990
McCoy, Neil R., 473-50-7244
McCracken, Lawrence L., 150-34-5469
McCrea, Van A., 258-74-8347
McCulley, George G. II, 263-68-5772
McDaniel, Larry D., 267-74-4968
McGregor, Lorne L., Jr., 368-36-5281
McKenzie, Terry M., 448-42-2528
McLawhorn, David W., 239-66-0226
McLeod, Raymond W., 249-70-8679
McPherson, Carl L., 302-34-0237
McVay, Lawrence T., Jr., 024-32-1478
Melson, Douglas M., 065-34-7236
Meschko, Edward T., 400-58-6116
Messett, Thomas M., 549-52-3444
Messick, Kenneth E., 523-54-3890
Metzger, Richard P., 287-32-8418
Meyer, Thomas W., 520-46-5205
Mikolajcik, Thomas R., 041-38-1883
Milam, James R., 456-66-4696
Miller, Ray D., 518-48-8957
Miller, Robert C., Jr., 524-48-7396
Mills, James E., Jr., 239-66-0632
Miner, Peter S., 001-34-0249
Mingle, Norman A., 092-34-8114
Mitchell, James U., Jr., 248-70-8380
Mitchell, Thomas J., 093-34-3916
Mitchell, William A., 467-54-0321
Moelmann, John B., 368-40-7755

Moody, Donald J., 438-62-3983
Moore, Evans W., Jr., 070-34-1605
Moore, William F., 425-94-9750
Moore, William P., 537-42-2153
Morgan, Frederick W., 537-40-1436
Morgenstern, Frederic L., III, 161-36-6597
Moriarty, Thomas E., 049-32-6992
Morris, John H., 107-34-2255
Morrissey, Donald E., 012-34-7036
Mosbey, James S., 255-70-9123
Moseley, Roger A., 510-46-4240
Mosely, Wendell R., Jr., 458-74-8879
Mras, Anthony E., 139-32-4664
Mueh, David C., 557-56-1292
Muldoon, Patrick W., 518-46-7430
Murchison, Alexander H., III, 522-50-6008
Murphy, Dennis P., 274-40-7841
Murphy, Justin J., 053-34-1243
Murray, Calvin M., Jr., 509-26-9119
Mynar, James D., 538-40-2186
Neal, Robert F., 243-66-6247
Nebb, Peter J., 536-38-9229
Negley, Robert M., Jr., 150-32-8013
Nelson, Curtis D., 518-48-7160
Nichols, Matthew A., 226-58-7345
Niggemeyer, Charles M., 270-38-6753
Null, Robert L., 218-32-3639
Nystrom, John L., Jr., 354-38-5503
Oconnell, Thomas W., 163-34-8701
Oconnor, William F., 230-54-3587
Ohara, Joseph III., 194-32-4573
Olinger, Preston R., 154-30-8826
Ondrasek, Michael J., 268-38-6051
Opperman, Larry D., 303-44-6946
Osborne, Vincent H., 523-54-4542
Osterhout, Robert C., 018-32-9106
Ott, Edgar A., 211-36-5647
Pagano, Vito J., 101-36-1899
Pahls, George A., 182-34-3209
Paldino, Nicholas A., 193-28-0649
Pardini, Edward A., 550-54-5807
Parris, Howard L., Jr., 286-42-8871
Parsons, Rick N., 080-34-4409
Patterson, Jock P., 524-54-5414
Paxson, Ronald L., 275-38-5281
Peacock, Steven S., 462-56-3207
Peacock, Walter R., Jr., 252-66-3703
Pecoul, William E., 439-60-4571
Perrizo, Jerry J., 573-54-2550
Petersdorf, Paul K., 531-44-7981
Petersen, Edward A., 482-38-7061
Peterson, Dwight G., 115-36-1949
Phillips, Michael A., 426-88-8578
Pichon, Allen A., Jr., 522-60-3975
Pickard, Donald S., 239-62-8108
Pickering, Herbert T., Jr., 547-52-1192
Pilonetti, Dennis M., 453-60-7253
Pine, William S., 573-54-5867
Pinkerton, James, Jr., 138-36-4697
Poast, John E., II, 226-56-9986
Poch, Keith F., 506-58-4275
Posey, James N., 491-46-0887
Post, Richard E., 181-34-8840
Powers, Russell J., 011-34-8634
Press, Michael C., 567-58-8388
Price, Robert H., Jr., 515-44-0073
Puype, Maurice W., 468-46-8715
Quinn, Patrick M., 129-32-3673
Raby, John M., 249-72-2042
Rademacher, John T., 068-34-4850
Rakestraw, Pat W., 430-80-4829
Ramroth, Albert M., 063-34-2313
Rankin, Karen S., 551-60-7066
Rathje, Norman F., 228-54-4406
Ratledge, John R., 245-64-2143
Reavey, Michael F., 036-28-8314
Redifer, Eric L., 232-70-9985
Reinholt, Jerome J., 309-46-0789
Reynolds, Charles L., 164-34-7614
Reynolds, Duane B., 019-32-9611
Reynolds, Kenneth R., 299-40-3201
Rhode, Storm C., III, 029-32-2861
Rickert, David E., 295-36-4013
Ridnouer, Dennis M., 485-50-0454
Riggar, Larry E., 272-36-0687
Rinklin, Russell A., Jr., 496-44-7720
Ritchard, Leonard H., Jr., 377-44-0431
Ritenour, John J., Jr., 277-38-9534
Robbins, Robert R., 106-32-7538
Robertson, Hallie E., 301-36-1602
Rogers, Charles W., 099-32-6905
Rogers, David P., 559-72-3912
Rogers, Donald W., 462-62-8951
Rosenmeier, Harvey O., 303-44-5485
Ross, John W., 422-56-5496
Ross, Keith C., 022-32-0695
Rowland, Howard C., 251-74-1873
Runkle, Marty T., 225-56-8191
Russell, John J., 293-36-7841
Russo, Christopher F., 138-34-9313
Rutyna, Aldis P., 195-32-0531
Rybak, Richard J., 074-34-0461
Sakaldasis, George J., 550-60-6448
Sams, John B., Jr., 252-70-6470
Sanborn, Larry K., 511-40-8228
Sanders, Van C., Jr., 425-74-4411
Sanderson, Gary F., 287-36-4770
Savage, William C.G., Jr., 200-34-9865
Scheibel, Robert L., 520-46-8595
Schenkel, James F., 148-36-5179
Schlachter, David C., 270-38-9312
Schnee, Walter L., 278-38-3041
Schoegler, Thomas D., 230-54-2943
Schultz, Robert F., 029-32-3504
Schwarz, Frederick W., 526-64-6221
Schweizer, Alvin C., II, 104-34-4270
Scott, Byron W., 521-54-0964
Scott, Rodney G. , 490-38-9352
Segars, Robert J., 316-42-3801
Seifert, Charles W., 097-36-6800
Selheimer, Howard E., 194-32-2731
Seniawski, Charles D., 067-34-4036
Senter, Douglas M., 257-60-5069
Serrill, James D., 534-42-1495
Sharer, Bruce W., 523-56-8605
Sharpe, Ervin C., Jr., 263-58-4119
Shaw, Brewster H., Jr., 382-44-1182
Shealy, Phillip T., 247-64-4463
Sheehan, Stephen D., 402-58-8289
Sherman, Frank V., 317-42-7477
Siefert, Mark C., 193-34-0442
Silence, Gary H., 490-46-6989
Silva, Albert M., 043-34-0914
Sippial, Charles A., 422-68-3988
Sloan, William T., 544-48-0621
Smith, Ardie K., 565-54-5529
Smith, Michael W., 479-44-8588
Smith, Ross L., 458-66-2892
Snodgrass, Charles G., 235-66-4096
Soden, James P., 429-76-3753
Somers, Christopher A., 084-32-8852
Sonoda, Howard K., 575-42-1389
Souza, George, II, 031-30-3742
Spinks, Robert I., 235-64-8121
Stafford, Harry A., III, 486-48-5406
Stanfill, William E., 406-56-1816
Stauder, Peter G., 080-32-6855
Stecklein, Bernard, 509-50-8743
Steele, Stephen B., 118-34-0294
Steere, George C., 453-56-8593
Steger, Clifford, 409-58-9537
Stellmon, Lawrence E., 516-56-2317
Stephenson, John R., 198-32-2315
Stetz, George A., 558-62-9191
Stevenson, Harry C., 455-70-0960
Stewart, Charles F., Jr., 064-32-1206
Stewart, Dorothy L., 523-52-7917
St. John, James B., 479-44-9933
Stoops, Carl E., 548-62-0642
Storer, Harold S., Jr., 477-46-6163
Strider, Samuel F., 236-68-3311
Strock, Vibert L., Jr., 256-66-5742
Stutts, Charles B., Jr., 267-70-5914
Suchy, Russell J., 284-38-0305
Sumner, Hayward G., 388-42-8944
Swenka, Ronald A., 480-52-1804
Sykes, Ronald D., 191-34-3605
Tafares, Robert E., 053-34-3181
Taffet, Morris R., 137-34-1910
Talley, John S., 223-56-8068
Tanaka, Milton K., 575-46-1119
Tatum, Charles T., 450-66-7386
Taylor, Donald W., 542-50-2386
Taylor, Wendell H., 263-70-3749
Tepfer, Daniel, 317-42-5576
Thompsen, Gary B., 563-58-7990
Thompson, Terry L., 430-84-0815
Thompson, William S., 408-72-8863
Ticktin, Thomas L., 247-74-5321
Titus, Timothy L., 447-40-6030
Tooley, Edward S., 349-34-9432
Torgler, Ronald R., 479-48-4733
Tripp, Alfred D., Jr., 579-54-2253
Trodden, Michael J., 035-26-1661
Turner, Melvin L., 537-40-2580
Turner, Thomas M., 248-72-7540
Ulmer, Charles H., 452-58-3690
Valentine, John J., Jr., 515-36-3942
Vesely, David L., 366-44-0433
Villarreal, Lorenzo II., 556-60-6464
Visinsky, Walter L., Jr., 459-68-3970
Voss, Charles B., 393-38-4197
Vrettos, John D., 320-36-7015
Wagner, Gordon F., Jr., 212-48-6446
Walker, Fred W., 275-38-8455
Wallace, Bruce A., 150-34-8758
Wallace, Geary W., 564-62-7677
Wallrapp, Michael F., 113-34-5906
Walsh, Robert E., 016-32-5323
Walton, William H., 426-80-6046
Wanner, Thomas D., 154-30-9199
Ward, Floyd E., Jr., 412-68-4627
Ware, Gary R., 261-56-5612
Warner, George R., 445-42-9010
Warren, Joe B., Jr., 242-62-5898
Watts, Barry D., 562-62-0515
Weis, Erhard G., Jr., 227-46-1963
Welch, Paul T., 120-34-7688
White, Phillip W., 234-66-4656
Whitley, Alton C., Jr., 251-78-5115
Wick, James R., 537-38-8048
Widmayer, Karl C., III, 556-56-1026
Wiggins, Ellsworth E., 577-50-6928
Wilde, Robert R., 360-30-9647
Wiles, James K., 540-44-8504
Wiley, John, III, 226-60-7244
Williams, Paul L., 479-40-9994
Williams, Richard M., 524-58-4159
Williams, Ronald W., 223-54-9744
Willis, Albert H., 523-52-4446
Wilson, Bennie J., III, 565-60-5541
Winchester, Robert O., 498-40-3747
Windham, James E., Jr., 429-74-7587
Winsett, Joseph C., 420-50-2180
Witt, Buford R., 413-70-2104
Witty, Bruce A., 460-70-6561
Woelz, Karl J., 223-56-3090
Wood, Dennis D., 446-38-7436
Wood, Wendell B., 443-38-7491
Woodward, John L., Jr., 086-36-3961
Woodworth, Donald A., Jr., 047-34-2020
Woody, John W., 245-58-8374
Wozniak, David W., 115-34-4659
Wright, James R., 519-44-9994
Wright, Karen S., 445-42-6161
Wright, Michael J., 473-46-6829
Wyman, William A., 303-44-0302
Yates, David L., 585-10-0925
Yeager, Rodney A., 488-48-4808
Zalocusky, Michael N., 426-86-2431
Zartman, James L., 545-50-7902
Zody, James G., 517-48-7619

CHAPLAIN CORPS

Andrews, Francis G., 047-46-0558
Ashley, Michael D., 304-44-5162
Bienvenu, Kenneth A., 439-42-6445
Boyles, Lemuel M., 550-44-6544
Carter, Wilton C., 426-68-7625
Colohan, Edward A., 049-24-1913
Hockaday, Albert A. L., 243-50-4630
Jensen, Harold M., 023-30-3207

Mahon, John J., 115-22-8663
Reynolds, Marion S., Jr., 404-48-2575
Thomas, Arthur S., 477-26-9715

JUDGE ADVOCATE

Christie, William J. II, 249-70-2182
Egeland, Andrew, M., Jr., 231-56-1475
Elliott, William R, Jr., 565-64-7084
Emerson, Michael R., 226-58-5395
Finley, Gordon B., Jr., 407-60-1450
Hoppe, Allen B., 478-50-5571
Hornbrook, Edwin F., 264-60-6132
Jahnke, Lawrence E., 501-44-1734
Johnson, Phillip A., 478-50-6777
Laedlein, Charles E. III, 230-56-3208
Lahendro, Albert L., 224-54-4774
Leonard, Robert H., 384-42-5365
Miller, James E., 541-50-3585
Moran, Francis S., Jr., 017-32-2399
Puett, Jimmy D., 456-64-9120
Purdon, Richard L., 488-46-3856
Rasher, Donald C., 101-38-7798
Rothenburg, Richard F., 226-46-9644
Schlechter, Alvin E., 263-30-8325
Shockley, Larry G., 490-48-5970
Silliman, Scott L., 015-36-4741
Sweeney, Howard P., 556-60-7633
Warren, Stephen A., 314-42-9604
Wheeler, Jon S., 261-68-3669
Wickham, Richard J., 033-32-1278

NURSE CORPS

Davis, Dian J., 562-46-2228
Meier, Karen A., 446-40-9629
Moore, Terry R., 461-60-7492
Porter, Patricia A., 090-36-0714
Reichenbach, Georgianna, 166-32-1941
Reilly, Joanna D., 161-34-3622
Schafer, Leah L., 229-54-0253
Taylor, Carol A., 538-34-0370
Wilder, Barbara E., 399-42-0957

MEDICAL SERVICE CORPS

Avants, Mervin T., Jr., 023-32-7584
Beaty, John R., 256-54-1664
Blansett, Randy S., 449-68-0720
Burchfield, Larry R., 456-66-8996
Ciminelli, Lawrence W., 072-30-5924
Degroot, Edward B., III, 575-40-0472
Dick, William W., 537-40-5773
Emigh, John L., 512-42-8838
Forister, Thomas C., 520-46-2860
Jacobson, Philip E., Jr., 470-44-9186
Langenberg, Stephen L., 540-44-8723
Meyer, Alvin F., III, 505-54-6825
Moran, Frank E., 163-34-8111
Oatley, Theodore W., 385-32-7607
Ortmann, Fred W., III, 249-70-5947
Powers, William J., 154-34-6800
Solesbee, Billy R., 247-72-3725
Trezza, Anthony, Jr., 153-28-8100
Vorpahl, Thomas E., 475-44-7028

BIOMEDICAL SCIENCES CORPS

Banner, Edwin C., III, 225-54-7648
Chambers, Mildred J., 539-36-4514
Hammond, John M., 267-60-1669
Heading, Thomas D., 272-40-0553
Leftwich, Marion W., Jr., 466-70-2805
Murray, Joseph D., 321-30-1837
Patterson, William E., 251-62-6436
Pettit, Robert A., 150-32-2397
Shafer, Richard L., 448-44-2440
Thelen, Terry J., 479-46-5190
Valder, Stephen M., 505-50-4339
Wansky, Michael A., 293-36-0123

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform duties indicated with grades and dates of rank to be determined by the Secretary of the Air Force provided that in no case shall any of the following officers be appointed in a grade higher than that indicated:

CHAPLAIN

To be colonel

Andrews, Francis G., 047-46-0558
Bienvenu, Kenneth A., 439-42-6445
Colohan, Edward A., 049-24-1913
Mahon, John J., 115-22-8663

NURSE CORPS

Davis, Dian J., 562-46-2228

IN THE AIR FORCE

The following-named officers for permanent promotion in the U.S. Air Force, under the provisions of section 628, title 10, United States Code, as amended, with dates of rank to be determined by the Secretary of the Air Force:

LINE OF THE AIR FORCE

To be lieutenant colonel

Gray, Willie W., Jr., 224-44-6027

To be major

Bradley, Donald O., Jr., 427-84-3144

JUDGE ADVOCATE

To be major

Parker-Hotchkiss, Susan, 565-88-6644

IN THE AIR FORCE

The following officer for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, provided that in no case shall she be appointed in a grade higher than major:

JUDGE ADVOCATE

Parker-Hotchkiss, Susan, 565-88-6644

IN THE AIR FORCE

The following officer for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform duties indicated with grade and date of rank to be determined by the Secretary of the Air Force provided that in no case shall he be appointed in a grade higher than major:

BIOMEDICAL SCIENCES CORPS

Ferguson, Robert A., 467-84-0951

IN THE AIR FORCE

The following-named officer for permanent promotion in the U.S. Air Force, under the provisions of section 628, title 10, United States Code, as amended, with dates of rank to be determined by the Secretary of the Air Force:

BIOMEDICAL SCIENCES CORPS

To be major

Ferguson, Robert A., 467-84-0951

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with grade and date of rank to be determined by the Secretary of the Air Force provided that in no case shall the officer be appointed in a grade higher than that indicated:

LINE OF THE AIR FORCE

To be captain

Abt, Paul E., 118-42-4741
Ackerman, Bruce S., 106-44-6611
Acosta, Fernando L., 584-30-5624
Adamski, Vincent P., 043-40-2446
Ainsley, Johnnie D., 244-82-3319
Airis, John M., 218-54-9626
Alday, Mithell S., 335-50-9186
Alfred, Kim J., 527-21-7065
Allds, Douglas E., Jr., 394-58-0519
Allen, Charles A., IV, 200-48-2488
Allen, David W., 585-80-8496
Allen, Linda M., 492-58-4572
Allen, Mark J., 076-44-1636
Allen, Michael L., 264-15-1610
Allen, Michael M., 523-66-7212
Allen, Sheila F., 070-44-8858
Allen, Tracy L., 460-06-2586
Allred, Doyle E., 519-52-9922
Allshouse, Steven W., 281-58-0097
Altiere, Frederick J., II, 212-66-5629
Avarez, Gary M., 551-02-9156
Andel, James 059-42-8909
Anderson, David W., 028-50-1574
Anderson, Gary L. 472-80-5281
Anderson, Jeffrey M., 468-58-5431
Anderson, Kenneth J., 087-50-6825
Anderson, Paul J., 387-72-9626
Anderson, Ross B., 555-86-2397
Anderson, Thomas A., 522-76-7981
Andolina, Anthony 068-40-9964
Andrews, Cheryl R., 158-50-4050
Andrews, Gregory C., 258-98-4758
Ante, Alexander J.S., 346-54-2685
Arin, John A., 170-46-8218
Armstrong, Alisa J., 457-98-6611
Armstrong, Patrick M., 187-42-1849
Arnold, Gary L., 491-56-5585
Arnold, Howard K., 436-74-1560
Arrant, Robert G., 461-70-8360
Arroyo, Nelson E., 584-76-7164
Asercion, Jonathan P., 548-15-5746
Ash, Edward V., 456-02-7605
Aufdemorte, Audrey J., 247-06-5214
Austin, Kathleen M., 507-68-4016
Ayers, Charles E., 345-48-4297
Azzato, Joseph M., Jr., 102-42-7010
Baciak, Mark G., 206-42-0062
Bahler, Audrey A., 165-48-5743
Bailey, Jeffrey, 162-40-4716
Bailey, Karla S., 526-06-4158
Bakewell, Denise L., 188-46-1617
Balchus, Michael J., 046-36-3468
Baldemor, Cesar, X.V., 557-13-4241
Ball, Leslie B., 212-56-4285
Ballard, Thomas P., 013-48-6803
Ballester, Luis R., 583-92-2296
Banks, Harold L., Jr., 165-40-5376
Barbee, Glenwood M., 252-04-7308
Barbee, Phillip W., 585-32-4567
Barker, Benjamin B., 244-04-1809
Barrett, Bruce S., 224-78-8366
Barrie, Bruce W., 025-42-1124
Barsalou, Norman, 038-34-1398
Bartley, Ronald K., 401-84-6674
Bates, Robert S., 151-40-2600
Bauml, Paul A., 466-80-0329
Baysinger, Stephen M., 523-84-2701
Bayton, R. Scott, 073-38-6121
Beach, Ruth S., 431-88-3247
Beal, Daniel J., 274-48-1343
Beal, Harry F., Jr., 240-72-1780
Beam, Wesley A., Jr., 431-06-5894
Beard, Michael N., 436-02-2453
Beard, Phillip H., 574-30-7168
Beck, Diane D., 360-52-3652
Beck, Steven M., 550-04-2710
Bedgood, Lorenza M., 421-80-2733
Beidleman, Richard C., 416-74-3599
Bell, Keith R., 467-11-6988
Bell, Kevin A., 467-11-7202
Bell, Ralph N., 526-15-6711
Bell, Sondra C., 128-48-5429
Bender, Waymon A., 421-76-0727
Bennett, Kristen K., 246-98-0235
Bennett, William C., Jr., 360-46-8446
Bentz, John M., 082-52-7934
Bergquist, Brian P., 544-52-8830
Berke, James F., 321-44-5088
Bermingham, Daniel G., 231-92-5312
Bernitt, Dwayne L., 270-52-6737

Best Charles K., 246-70-0668
Best George W., 314-50-7487
Bezdziecki Edward R., 200-36-9845
Biankini Elfie M., 058-46-2804
Bicknell, David A., 508-72-5355
Billups, Jim Jr., 587-22-2064
Bippus, Richard M., 306-50-0645
Bitzinger, Robin B., 299-50-4396
Black, Jimmy F., Jr., 465-94-1700
Blackburn, Edward D., 219-64-4854
Blair, Roger C., 459-82-4928
Blakeslee, Christopher P., 261-35-7505
Blocker, Ronald, O., 464-98-6911
Blumenthal, Dennis F., 127-42-9552
Boardman, James H., Jr., 050-50-5301
Bochicchio, Richard, 149-36-6075
Bocquin, James V., 451-08-5210
Boeckman, John G., 506-80-2573
Bogart, Frank R., 293-40-2287
Bolling, Robert H., III, 043-54-4504
Bolton, Gordon D., 429-92-0579
Bond, Joseph E., 025-46-9381
Bonelli, Richard J., 468-60-9897
Boneparte, Thomas, 247-02-3321
Booz, David O., 160-52-1404
Borbet, Brian K., 110-48-5333
Borden, Brian J., 475-70-6968
Borger Terry L., 009-42-0718
Boring, John E., 585-66-3047
Borrelli, Glenn M., 169-48-7377
Boscia, Paul A., 096-38-7179
Bosick, Deborah D., 553-84-1608
Bostelman, Forrester, 456-90-9895
Bothern, Lawrence R., 503-56-6309
Boulware, Keith E., 213-64-4388
Bounds, Jolene K., 322-46-5786
Bowen, Kevin B., 283-60-3887
Bowen, Thomas W., Jr., 520-80-2112
Bowers, Donald B., 371-42-9578
Bowers, Zachariah R.G., 265-25-4996
Bowser, Ellery Q., 143-36-0140
Box, Lynn E., 225-96-4627
Boxwell, David A., 214-86-6322
Boyd, Reinheard, 297-54-0400
Boydston, James P., 495-58-7704
Boyer, Kenneth G., 429-88-2173
Boynton, James B., 381-70-7438
Bradley, Diana L., 386-56-9133
Bradley, Lance P., 015-46-4548
Brandt, Danny D., 205-46-2177
Brandt, Ronald D., 482-68-7976
Brantley, Stephen N., 281-46-9041
Brashares, Delbert C., 293-54-8574
Brazwell, David M., 265-23-0413
Brazwell, Mark A., 400-68-6770
Brengard, Richard J., 429-88-9747
Brennan, Matthew L., 034-46-7407
Brinkman, Henry D., 482-58-5947
Briscolino, Meredith D., 224-86-4035
Britton, David B., 385-54-9716
Britton, Robert F., II, 207-58-8374
Brockman, Randy L., 500-50-9846
Brody, Allen H., 065-40-6498
Brooks, Eric J., 254-11-2863
Brooks, Joseph D., 090-36-7393
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The following officers for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform duties indicated with grades and dates of rank to be determined by the Secretary of the Air Force provided that in no case shall the officers be appointed in a grade higher than captain:

CHAPLAIN CORPS

Anderson, Derrick K., 527-02-7877
Frick, Stephen L., 154-46-4723
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Janner, Robert T., 465-70-7254
Johnson, Gregory M., 416-70-4154
Koser, Rudolph J., Jr., 165-38-0425
Kurzak, John F., 478-62-2411
Lamby, Robert James, 068-40-6420
Matusiewicz, Daniel E., 157-38-2863
Monty, Raymond P., 011-34-7980
Passamonte, Francesco, 024-38-5058
Pickett, Lanelle, Sr., 251-11-6590
Ray, Harold, 420-62-0372
Rice, William L., 479-64-4910
Sanders, John S., 249-94-7897
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Tandy, Benjamin, F., 315-46-2794
Walling, Lawrence E., 481-50-9677
Williams, Doc R., 255-62-1193

JUDGE ADVOCATE

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Anderson, Lucy L., 365-62-1413
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Blank, Cynthia E., 467-76-7122
Blankenbecler, Elizabeth A., 507-78-0315
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Braunpolintan, Diana A., 065-44-1628
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Martin, Roy C. III 419-74-0257
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Bullock, John W., 115-38-0823
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Depersia, Lee R., 064-40-3787
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Esdorn, Henry D., 250-11-6535
Espinosa, Bryan V., 459-82-1669
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EXTENSIONS OF REMARKS

IMPORT RESTRAINTS DON'T HELP INDUSTRY

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. SCHULZE. Mr. Speaker, I want to call to the attention of every Member of the House an excellent article from the New York Times that appeared on October 1. The article, written by W.R. Wilson, president and CEO of Lukens, Inc., demonstrates precisely why the President's Voluntary Steel Import Program isn't working.

As Bob Wilson points out so clearly, a major problem with the program is "category-switching." This practice allows exporters to substitute higher-valued steel for lower-valued steel, without violating their voluntary quotas. Lukens and other steel companies have been hit particularly hard by this practice. For example, imports of high-valued alloy plate steel from East bloc countries have skyrocketed under the President's program, up nearly 10 times over the level of just a year ago.

Bob Wilson's article shows why much more needs to be done. Either the administration must take more vigorous action or Congress will have to act on its own.

Mr. Speaker, I ask that the article from the New York Times of October 1, 1985, be printed in the RECORD.

IMPORT RESTRAINTS DON'T HELP INDUSTRY

(By W.R. Wilson)

COATESVILLE, PA.—To understand the frustration that fuels the protectionist fervor in Congress, it is instructive to examine why voluntary restraints on imports favored by President Reagan do not help American industry. The case of steel producers is a good lesson.

Charles Blum, a United States trade negotiator, said this month that the 14 voluntary restraint agreements negotiated this year with foreign steel makers gave "the American steel industry a chance—probably its last chance—to put its house in order." He said: "The monkey is now on the back of the domestic industry."

The truth, however, is that the ballyhooed voluntary restraints have offered more monkey business than real relief, even where modernized and restructured steel companies—those that have already put their houses in order—are concerned.

One year ago, the President derailed an attempt by Congress to impose quotas on steel imports. Mr. Reagan pressed for voluntary restraints on imports that would reduce imports to 18.5 percent of the domestic market. In response, the steel industry agreed to drop its legal efforts to end unfair trade despite a finding by the International Trade Commission that domestic steel makers had, in fact, been injured by imports.

Nevertheless, the President's trade enforcers, through a complex array of exceptions, delays and compromises, have managed to snatch failure from the jaws of success. The Administration's program is not working, for the following reasons:

First, overall import levels have not declined in the way the Administration promised. Through the middle of 1985, steel imports were still skimming 26 percent of our domestic market, some 7.5 percentage points above the level the President targeted last year. Each percentage point represents roughly a million tons of steel, and, according to the Congressional Research Service, for every million tons that are imported, 9,400 American jobs in steel and related industries are lost.

The chief culprit is the so-called front-end loading process. In anticipation of the import restrictions, foreign producers saturated their order books. United States negotiators let them fill these last-minute orders by loading exports in the first years of the five-year arrangements.

A second reason the program has not worked is that every time an unfair exporter is brought under control, another abuser takes its place. The Administration has negotiated arrangements with 14 steel-producing countries, but imports in the first half of this year came from 76 countries including 18 without steel mills.

By far the largest increase has come from Eastern bloc countries. With respect to steel plate, for example, Rumania, East Germany, Poland, Hungary, Czechoslovakia and Yugoslavia accounted for 35.6 percent of total imports through June 1985, up from 2.6 percent in the same period in 1984.

Even people who argue that trade relationships with our European and Japanese allies justify some sacrifice of American jobs find it difficult to explain why Eastern bloc nations should be allowed to profit so handsomely at our expense.

Perhaps the program's greatest deficiency is that it undermines a guiding principle of steel stabilization—that import relief would enable American industry to modernize in order to compete more effectively with foreign steel makers. The President's program has the opposite effect: Companies that have already paid the price of modernization are being hurt the most.

Consider the Lukens Steel Company, a Pennsylvania corporation with annual sales of $300 million. Since 1979, Lukens has streamlined its operations by cutting the salaried workforce in half, increasing furnace productivity by 150 percent, reducing energy use by 24 percent and improving worker productivity by more than 23 percent. It uses the most modern electric furnaces.

Lukens's chief products are carbon-plate steel and a higher valued alloy-plate steel. When President Reagan restricted exports, his trade negotiators did not differentiate between carbon and alloy plates, thus allowing foreign mills to fill their import allotments with a greater percentage of high-value, alloy-plate products. The effect on the domestic alloy-plate market has been dramatic: Import penetration of alloy-plate steel has risen from 7.9 percent in 1983 to the current annualized level of 32 percent, thereby completely undermining the intent of the negotiated steel arrangements.

These imports threaten to knock the legs from under even modernized American companies just as they begin to recover from the recession. Demand for steel, which perked up in the recent recovery, is beginning to fade. By permitting foreign competitors to import these high-value steel products, all in the early years of the five-year contracts, the Administration has allowed foreign mills to skim the cream off the recovery.

Modernized American steel companies such as Lukens can compete on equal terms with foreign mills that sell their products at prices that cover production and marketing costs. Domestic companies cannot hope to compete with subsidized and government-controlled steel industries. And they certainly cannot justify additional capital expenditures if subsidized imports depress prices below costs for even the most efficient American manufacturers.

Unless voluntary restraints can truly reduce imports and in a way that is fair to producers in the United States, it is likely that the clamor for protectionism will grow even louder.

PERSONAL EXPLANATION

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. BARNES. Mr. Speaker, I was absent from the House on Monday, October 7, and would like to indicate my positions on votes taken on that day.

On rollcall No. 338, the Emerson amendment to H.R. 2100, the farm bill, making cuts in the Food Stamp Program, I was paired against the amendment and would have voted "no."

On rollcall No. 339, the Gingrich amendment, I would have voted "no."

On rollcall No. 340, the Frank amendment, I would have voted "aye."

On rollcall No. 341, a motion to suspend the rules and pass the bill H.R. 3174, relating to military malpractice insurance, I would have voted "yea."

THE STARTING PLACE

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. SMITH of Florida. Mr. Speaker, it is with great pleasure and pride that I announce the opening of the newly expanded residential building at the Starting Place in

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.
Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

Hollywood, FL, on October 13, 1985. This new facility houses 40 adolescent clients who are dedicating the next several months of their lives to this highly commendable program. It also signifies a genuine commitment to the rehabilitation of those young people who have fallen under the influence of drugs and alcohol and implements a much needed effort to make them productive, honest members of our community.

The Starting Place is one of the largest, most comprehensive mental health facilities of its kind in the State of Florida. It is presently celebrating 15 years of helping clients and families throughout Broward, Dade, and Palm Beach Counties. I am proud to announce that the recovery rate is at 79 percent, a number that far exceeds the national figure. Developed and brought to conception in 1970, the Starting Place began as a volunteer-staffed drop-in center for people needing to talk about their problems. Over the years, the Starting Place, as a mental health facility specializing in drug and alcohol rehabilitation, has helped thousands of individuals turn their lives around.

The Starting Place has five units, three of which focus on adolescents aged 12 to 18 who are involved in substance abuse. In these programs, the therapeutic process takes place in group, individual, and family counseling sessions. Parental involvement is an integral part of this process. It is incorporated through multifamily and parent groups that provide the acquisition of parenting skills and insight into family conflicts and solutions. All units are highly structured and include classroom time with certified Broward County schoolteachers. Upon graduation, credits are transferable. All programs are geared toward teaching clients the skills necessary to gain confidence, to feel pride, to function academically, and to cope effectively with the stresses of everyday life.

The Daycare Adolescent Program provides for intensive therapeutic intervention while maintaining family stability. Young people attend sessions Monday through Friday, 10 hours each day, for a minimum of 6 months. Structure is provided for the youth, while the family is given the opportunity to work on problems in a therapeutic environment. This process aids in regaining familial cohesion and individual direction.

The most recent addition to the Starting Place is the innovative PLUS [practical living and usable skills] procedure. This 9 to 12 week model residential program offers vocational training in the areas of data calculating and recording, computer skills, office skills, auto maintenance, building maintenance, food management, and water safety and first aid. This unique setting gives clients the opportunity to learn the practical life skills necessary to cope in the everyday world.

The centralized intake and referral unit processes almost all of the mental health needs of the whole community, regardless of the specific program a person's needs require. Notably, this unit is used for the entire drug abuse network in Broward County.

Outpatient care is designed to allow the adult and school-aged client to continue with normal, everyday activities while receiving counseling for what may or may not be the result of substance abuse. Outpatient services include individual, family, and group counseling.

Mr. Speaker, drug and alcohol abuse is one of the most serious epidemics this country has ever known. It is a threat which pervades all classes of society. At one time in our history, the high price of drugs made it a problem of only the upper class. Then, it was thought that the rich were merely recreational users and that the real problem lay in the depths of the impoverished who resorted to crime to support their drug habits. The truth is, with the plummeting price of drugs, everybody can now afford to get high, to get sick, to lose their grip on reality, and eventually to become addicted.

Millions of this country's youth are users of alcohol and illicit drugs. They invariably suffer severe consequences which destroy not only their lives, but their families as well. In the long run, it is the community as a whole which suffers, since without healthy, sober youth, there is no worthwhile future. If we allow the seduction of a generation into the drug culture, we will be experiencing the after effects for decades.

There is really only one thing which will have a real impact on the situation: new, creative, innovative rehabilitation and prevention programs such as the Starting Place. In its purest sense, it is a program which takes young people with drug, school, and family problems and gets them straight.

But the cost of getting straight is not cheap. In reality, it can be truly prohibitive, and the bottom line is that current Federal resources are not enough. The success of any drug rehabilitation program ultimately depends on the dedication and the commitment of public organizations, private businesses and, of course, individual citizens.

So far there has been a consolidation of these efforts and progress has been made. The Starting Place is living proof of that. The drug rehabilitation network in the United States has grown significantly in recent years. In 1968, just 183 programs existed. By April 1984, almost 3,000 rehabilitation programs received some Government assistance. Reported financing for these programs in fiscal year 1984 exceeded $1.4 billion: 21 percent of which was provided by the Federal Government; 57 percent was provided by the State and local governments; and 22 percent by the generous donations of the private sector. But, as significant as this growth in rehabilitation funding may be, it is still disturbing because it indicates that a large segment of society, especially the young, continues to abuse drugs.

In 1984, Congress approved and the President signed into law a measure that extended the alcohol, drug abuse and mental health block grant for 3 years. Appropriations for fiscal year 1985 were $515 million. Fiscal year 1986 should see appropriations increase to $545 million. By fiscal year 1987, the Federal Government will be appropriating $576 million for this grant.

The numbers may seem high, but we all know how thinly this money is spread. Sheldon Shaffer, the able and dedicated director of the Starting Place, will attest to that. It was no small feat to raise the money needed to carry out his plans and build this facility. But perseverance and commitment by all involved has certainly prevailed. October 13 will be, without a doubt, a very important milestone. It is after all, a new starting place for the Starting Place.

I hope that this will result in increased public awareness of the problem, an understanding of what needs to be done, and a willingness to do something about it. Unfortunately, the problems of drug and alcohol addiction often seem distant and insignificant until they happen to someone you care about. It is imperative that this attitude be changed.

We all must recognize that it is our collective responsibility to support this cause. I urge my colleagues in Congress to support increased financial backing for programs, such as the Starting Place, that are dedicated to rehabilitating drug abusers. If we shirk this responsibility, the impact will affect all of our families, our communities, and the future of our Nation.

I sincerely applaud the efforts and accomplishments of the Starting Place and especially the young people who have worked so hard to build better lives for themselves. I wish them the best of luck in their new facility and pledge my continued support.

WHY THE REAGAN DOLLAR INITIATIVE WON'T DO THE TRICK

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. PEASE. Mr. Speaker, on Sunday, September 22, the administration reversed course and acknowledged indeed that the dollar is our paramount trade problem. In a five nation economic summit in New York City, the following was purportedly agreed to:

Coordinated foreign exchange market intervention to push the dollar down, and

A vague commitment by Japan, France, Germany and the United Kingdom to expand their domestic economies.

The following day, the dollar dropped nearly 5 percent as the markets panicked and the various central banks intervened. On that same day, the finance ministers from some of these countries publicly disavowed any specific commitment to stimulate their economies.

Since then, the dollar has declined several more percentage points in mixed trading.

Will intervention in the foreign exchange markets cure the dollar problem—this is, bring the dollar down another 20 percent to 25 percent?

Yes, at the cost of significantly higher inflation a year or two down the road. The reason for this is that foreign exchange intervention means the central banks around the world sell (or increase the supply of) dollars in order to depress their price in world currency markets. Currency markets are essentially like any other market. They are governed by rules of supply and demand. When these central banks sell dollars, they are increasing the dollar-denominated money supply. They are effectively printing money. But this is exactly what the Federal Reserve has refused to do all along with regard to the budget deficit. Interest rates have remained high in this country because Chairman Volcker has thus far refused to pay for the budget deficit by printing money for fear of reigniting inflation.

Normally, central banks have the option to neutralize the inflationary side-effects of foreign exchange intervention by tightening credit domestically. This is called sterilization. When sterilizing foreign exchange intervention, central banks sell dollars (increase their supply) in the international currency markets at the same time that they mop up the resulting excess liquidity by tightening the money supply at home.

Sterilization is clearly not an option for the Fed these days. With the economy not growing very much, tightening the money supply in the presence of undiminished borrowing by the Treasury (on account of the budget deficit) would mean higher interest rates. These higher rates might not only throw the economy into a recession, but also defeat the original purpose of the foreign exchange intervention: lowering the dollar. Hence, relying exclusively on foreign exchange intervention to bring the dollar back into alignment could be profoundly counterproductive.

The fundamental reason for severe currency misalignments is divergent national macroeconomic policies. Foreign exchange intervention merely treats the symptoms of the problem. The only real cure is the coordination or harmonization of the economic policies of the major trading nations. The higher the share of foreign trade in our GNP, the more important this coordination becomes. Accordingly, as the major source of international economic divergence today, the U.S. budget deficit stands in the way of the dollar's realignment.

In the absence of a reduction in the budget deficit, the administration's request to Japan, the United Kingdom, France and Germany to stimulate their domestic economies is more a plea to compensate for rather than coordinate with U.S. economic policy. The only option available to these countries is to expand their budget deficits, since lowering their interest rates would only lead to a weakening of their currency (the opposite of what is sought). But France and the United Kingdom have been fighting for years to lower their public sector deficits and Germany is acutely sensitive to any policy that could be construed as inflationary.

It is no wonder their finance ministers disavowed a commitment to the Reagan administration to stimulate their economies. The type of international economic coordination that is needed is a worldwide reduction in interest rates. This is plainly impossible without a reduction in the U.S. budget deficit, since it is the attendant borrowing by the U.S. Treasury which has caused the high rates in the first place.

The budget deficit is currently nearly $200 billion per year. If one subtracts defense, Social Security/Medicare and interest on the national debt from the current budget, one is left with approximately $250 billion. Clearly, the President's emphasis on spending reduction to reduce the deficit is empty rhetoric. Either some sort of revenue increase is needed or nearly all domestic programs will have to be slashed. The only other option is to do nothing. In this case, not only would interest rates and the dollar remain high but interest on the national debt would quickly get out of hand. Interest is presently roughly $150 billion per year. Without a reduction in budget deficits, interest could be $300 billion to $400 billion on a national debt of $3 trillion to $4 trillion by the early 1990's. This is a sure recipe for economic disaster in the form of either hyperinflation or an unacceptable contraction of private credit leading to recession/depression.

Accordingly, our trade deficit and rapidly growing foreign indebtedness are only the first visible installment of the costs accompanying continuing excessive fiscal deficits. These deficits were caused by the failure of Mr. Reagan's "supply side" tax cuts to pay for themselves as promised in the 1980 campaign. For the past 3 years, they have effectively provided foreign exports with a 25 percent to 40-percent price advantage over American goods. As a result, many Americans in import-competing industries are losing their jobs largely for reasons having nothing to do with productivity, competitiveness or the unfair trading practices of foreign countries. Their government is indirectly subsidizing the foreign competition by a large margin. As the father of this subsidy, Mr. Reagan bears much responsibility for their plight and for the protectionist sentiment sweeping the country.

However, the President has refused to assume this responsibility and thereby face up to an honest mistake. He spurns and threatens to politically exploit even moderate attempts by congressional Republicans and Democrats alike to responsibly address the problem. Meanwhile, factories continue to close and workers continue to be laid off.

Something needs to be done to force the President to become part of rather than an obstacle to the solution to our budget and trade deficit problems. I will be introducing legislation on Thursday, October 10, to do just that.

THE LEGACY OF FEDERAL INDIAN POLICY

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. DORGAN of North Dakota. Mr. Speaker, we will soon celebrate Columbus Day to honor a brave, 15th century explorer, who thought he had found a sea route to Asia. What Columbus unwittingly discovered was the Western Hemisphere, with its multitude of native tribes and nations, numbering perhaps 10 million people.

In the 500 hundred years since the European discovery of the Western Hemisphere, we have seen a checkered history of policy toward Indian peoples. Since Congress holds the constitutional responsibility for Federal Indian policy, I believe that we should understand how past policies affect our current trust responsibilities.

Recently, the National Congress on American Indians testified before the House Select Committee on Children, Youth, and Families and presented a useful survey of the highlights of Federal Indian policy. I would like to commend to my colleagues excerpts of this broad overview, in the hope that it can help us to shape more constructive policies in the future.

The excerpts follow:

STATEMENT OF SUZAN SHOWN HARJO, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS BEFORE THE HOUSE SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES, SEPTEMBER 26, 1985

Mr. Chairman and Members of the Committee, I am pleased to appear before this Committee to discuss the experiences of Indian people in the United States. At the outset I would like to point out that we have been referred to as "Indians" for only 500 years. Prior to that we were, and remain, Tsististas, Lakota, Dine, Muscogee, Ojibway and several hundred other nations. We still maintain 300 separate languages and dialects. The Indian population today is about two million. The population at the time Columbus landed in what is now Cuba in 1492 is under dispute, but many estimates put it at 10 million.

THE LEGACY OF FEDERAL INDIAN POLICY

Today Indian people have the highest birthrate in the nation and also the highest mortality rate. The average age of death for Indian people is 45 and the median age is only 18. In terms of age, we are the demographic reverse of the United States as a whole.

The experience of most minorities in the United States has been one of a struggle to gain a place in the melting-pot—social acceptance, economic power and equal rights. The experience of Indian people is just the opposite. Our struggle is one to avoid being subjugated in the melting-pot, and to preserve our land, our water, our traditions, our unique legal rights. Indian nations are inherently sovereign, and have negotiated approximately 600 treaties with the U.S. government. In this, we are different from racial and ethnic minorities. we ceded billions of acres of land and untold natural resources in return for a protected land base; water, hunting, gathering and fish rights;

and educational and health services. While many provisions of treaties have been broken unilaterally by the U.S., treaties are still the "Supreme Law of the Land", as they are characterized in the U.S. Constitution. Nothing is more doomed to failure than an effort to toss Indian people into the general melting-pot or to deal with Indian people on a strictly racial basis. Our legal status requires that we be dealt with on a government-to-government basis.

TREATY AND TRADE PERIODS

During the Colonial Period, the British Crown entered into numerous treaties with Indian Nations, but did not formulate any coordinated policy. The lines established by the Crown in 1768, beyond which no European settlements were to occur, were routinely violated. Relations between colonists and Indians were often cordial, with Indians providing food, meat and skills necessary for the immigrants to adjust to their new habitat.

Following the Revolutionary War, the Ordinance for the Regulation of Indian Affairs and the 1787 Northwest Ordinance were passed, promising no taking of Indian lands without Indian consent and requiring laws for the preservation of peace and friendship with the Indians. The first Indian law passed by the First Congress of the United States, the first of the Indian Nonintercourse acts in 1790, stated that only Indian land transaction without Congessional approval would be void, and President Washington interpreted this to the Seneca Nation as assurance that "in future, you cannot be defrauded of your lands."

INDIAN REMOVAL AND INDIAN WARS

Indian nations east of the Mississippi, however, were under constant pressure to give up their lands. The infant U.S. general govenment did not enforce its favorable Indian laws against the powerful colonies-turned-states. During this period, most of the Indian lands in the East were stolen. Following the Indian Removal Act of 1830, most of the Indian population in the Southeastern United States was forced to move to Oklahoma. The West at that time was not considered habitable by white people.

The mid-19th century brought a great influx of European settlers to the West, lured by land and gold. And the coming of the railroad brought both accelerated migration and the destruction of the buffalo herds. The U.S. government, reflecting the pressure for Indian land and gold, began an aggressive policy of military action against Indians followed by negotiation of treaties. Between 1853 and 1856, fifty two treaties were signed.

ASSIMILATION POLICY

Assimilation, always an element of U.S. policy with regard to Indians, has dominated U.S. Indian policy in the late 19th century and through part of the 20th century. Assimilation for Indian people meant cultural genocide—a concerted effort to destroy Indian languages, traditions, customary laws, dress, religions and occupations. Assimilation also has meant the abrogation of treaties and the demand that we give up land, water, forests, minerals and other natural resources.

Three major ways in which the goals of assimilation were to have been accomplished were 1) through federal franchising on Indian nations given to anxious Christian denominations; 2) through a culturally unravelling imposed educational system designed to separate child from family and instill non-Indian values; and 3) through federal efforts to break up tribal landholdings, turn Indians into individual landowners and impose taxes on their lands.

CHANGES IN INDIAN EDUCATION

The U.S. education efforts directed at Indians, until recently, have been based on the premise that Indian people are inferior to white people. The first Congressional appropriation for Indian education funds was in 1819, when $10,000 was set aside in a "Civilization Fund." Indian people were to cast aside their traditions and be educated into the culture and religion of the dominant population. In 1871, President Grant delegated to churches the responsibility of nominating Indian agents and directing the education efforts on reservations. In fact, churches were assigned to specific reservations, and others were not allowed entry into it. The aim of government-sponsored church-directed education was to strip Indian people of their religious views, practices and languages.

By the end of the 19th century there were many off-reservation boarding schools and day schools on reservations. The establishment of boarding schools for children was a deliberate attempt to disrupt traditional child rearing practices. Children were forcibly removed from their homes for up to twelve years, and parents and other relatives were not allowed to visit the children during the school year.

There have been major efforts in the past couple decades to recoup from these past experiences and to re-establish traditional Indian family values. Those values often include an extended family with sharing of child care among relatives. Extended family identification is central to citizens of Indian nations. The Indian Child Welfare Act of 1978 broke the chain of wholesale expatriation of Indian children when it recognized the traditional kinship system and the non-parental rights of extended family members.

Education today, fortunately, is coming under increasing tribal control, primarily as a result of important education reform acts of the 1970's. The result is culturally relevant curricula which includes an emphasis on tribal history, Indian languages and increased self-esteem. Indian education is the most decentralized of Indian programs, and the one in which the government has the least hold. While Indian tribes and parents are finally gaining control over Indian schools and have made the few remaining boarding schools into institutions which are administered by Indian boards and serve children with special needs, the federal government under this Administration is attempting to lessen the commitment to Indian education.

Fortunately, there are a number of Members of Congress who are vigilant where Indian education is involved, and some of these practices have been held in check.

While curricula for Indian-controlled schools is vastly improved, the same is not true for the history texts used by most students in grade schools, high schools and colleges around this country. Most history courses relegate Indian matters to a few pages or at best a chapter. A recent study of thirteen newly-issued college history textbooks by Fred Hoxie of the Newberry Library in Chicago, revealed that most of the new books still persist in treating Indian history with ignorance, misrepresentation and apathy. Most of the textbooks reviewed by Hoxie did not include new scholarship work on native population at the time of Columbus. It makes a big difference in your view of history whether there was one million or ten million tribal people here at the time of European immigration to North America. We have many problems with textbooks which refer to the Battle of the Little Big Horn as a "massacre," while the deaths of 300 unarmed and sleeping Indian men, women and children at Wounded Knee is referred to as an "incident."

ALLOTMENT PERIOD

The Indian land base has gone from 138 million acres in 1887 to approximately 50 million acres today. There are many reasons for land loss, including flooding for Corps of Engineers projects, creation of national monuments, taking of land for tax defaults and welfare payments, invalidation of wills and BIA forced sales on the open market. The 1887 Allotment Act or Dawes Act alone resulted in the loss of over half of the Indian land. Of the 48 million acres left after the Allotment Act had taken its toll, 20 million acres were desert or semiarid and not suitable for cultivation. The federal government promised to irrigate these lands and "to make the desert bloom." For most of these arid reservations, this promise remains unfulfilled.

The Allotment Act allocated land on reservations which had been guaranteed by treaties. Every family head was to receive 160 acres and a single person 80 acres. The idea was that Indians should become farmers and thereby become more civilized. Any land outside the allotted acreage was declared to be "excess" and sold to non-Indian settlers. Sometimes in western movies you see white settlers lining up and at the shot of a gun will all go running to claim land. Often this was Indian land declared excess by an act of Congress.

Much of the remaining land has been lost through the inheritance system managed by the federal government. Under this system, a nightmare of fractionated land has developed. Land is passed on to every member of a family to be held jointly, with escalating numbers of landowners through the generations. This has made management and land title issues most difficult, as consent of the landowners had to be gained for transactions to occur.

Several years ago Congress passed the Indian Land Consolidation Act to provide authority to tribes and individuals to consolidate and better use land holdings. However, it will take many years before any real improvement will be realized, and the method of separating the fractionated interests from the Indian heirs in one of the Act's provisions has been determined to be unconstitutional in one federal circuit.

During the allotment period U.S. citizenship was conferred on Indian people, whether they wanted it or not, if their land was held in fee status. In 1919, a law was passed making Indians who had served in World War I U.S. citizens, and in 1924 the Indian Citizenship Act was passed. The federal definition of Indian is one who is a citizen of an Indian nation, and courts have held that the Indian definition is political, rather than racial.

A NEW DEAL FOR INDIANS WANES

The Indian Reorganization Act (IRA), passed in 1936, finally put a formal end to the allotment policy, and the Indian land base has remained relatively constant since that time. The IRA also contained provisions for the establishment of a revolving credit fund to foster economic development and mechanisms for chartering and organizing Indian governments. This interest in tribal self-government was short-lived.

During the period from World War II to 1961, there occurred a series of disruptive assimilation efforts to force Indians into the melting-pot. This era is referred to as the "Termination Period." During the 1950s, federal Indian policy involved the termination of tribal-federal relationship with certain Indian governments, the liquidation of their estates, the transfer of federal responsibility and jurisdiction to states and the physical relocation of Indian people from reservation to urban areas. Termination legislation affected more than 100 tribes, bands and rancherias; some 12,000 individual Indians were disenfranchised and 2.5 million acres of Indian land was removed from trust status. Today, many of these tribes are attempting, via federal legislation, to be restored to their former status. In recognition of the disastrous effects of this policy, Congress already has restored several Indian tribes in Wisconsin, Oregon, Oklahoma and Utah.

SELF DETERMINATION POLICY

Since the 1960s, U.S. policy has placed more emphasis on tribal self-determination. A number of important laws directed at this goal have been enacted, but none in its implementation has met the expectations for reform. Among these laws are the Indian Self-Determination and Education Assistance Act of 1975, the Indian Child Welfare Act of 1978 and the American Indian Religious Freedom Act of 1978.

The Indian Self-Determination and Education Assistance Act directed the Secretary of Interior, upon the request of any Indian tribe, to contract with the tribe to "place, conduct and administer programs." This was a radical departure from the system of undisguised paternalistic government-run programs on reservations. This is, however, far from a completed process. While there are now schools and health and law enforcement programs administered by tribes, the BIA and the Indian Health Service (IHS) still have veto power over contracts the tribes wish to negotiate. Often there are massive bureaucratic and financial obstacles to tribal government efforts to contract to administer their own services. And, important training, technical assistance and funding aspects have yet to be implemented as mandated.

The Indian Child Welfare Act of 1978 was designed to strengthen Indian families by stopping the practice of removal of Indian children from their homes and placing them with non-Indian families off the reservation. From 1969 to 1974, 25-35% of Indian children were separated from their families and placed in foster care, adoptions or institutions.

The Indian Child Welfare Act recognized tribal jurisdictional authority regarding custody proceedings, and the practice of non-Indian adoption over the objection of the extended families has been halted in great part.

Another indication of Congressional and Administration concern for preservation of Indian culture was exhibited in the passage in 1978 of the American Indian Religious Freedom Act. That Act states, "it shall be the policy of the United States to protect and preserve for American Indians their inherent right of freedom to believe, express and exercise the traditional religions of the American Indian, Eskimo, Aleut and Native Hawaiians, including but not limited to access to sites, use and possession of sacred objects, and the freeedom to worship through ceremonies and traditional rites."

The hoped-for protection of and access to sacred sites and areas has not been made possible by the American Indian Religious Freedom Act (AIRFA). Governments and courts in the U.S. seem to have no trouble accepting the fact that there are holy places in Jerusalem, Bethlehem and Mecca, but do not give the same credence to areas of spiritual significance to American Indians. Most tribal religions have a center at a particular place, be it a river, mountain, plateau, valley or other natural feature. The problem of lack of access is exacerbated by the increased development on federal lands in the West, where many Indian religious sites are located. Access to sacred areas are needed for spiritual renewal and communication, and many feel that development of certain areas threaten their religions with extinction.

Nearly all of the human remains unearthed in this country are Indian. There are many thousands of Indian human remains in museums and universities all over the country. The Smithsonian, by its own account, has 12,000 Indian bodies in its collection. This is a matter that the National Congress of American Indians and others are currently discussing with the Smithsonian Institution, and may be a matter which will need Congressional attention if these remains cannot be returned to tribes for reburial.

FEDERAL POLICIES HARM INDIAN FAMILIES

This Committee is particularly involved with family issues, and the issues described above—the taking of land, forced relocation, an institutionally racist educational system, removal of Indian children from their homes, U.S. government paternalism, obstacles to self-governance, stripping of tribal recognition and denial of religious freedom—continue to place great stress on Indian families. Symptoms of these policies are, not surprisingly, high unemployment and alcohol and drug abuse. Indian unemployment stands at about 65% and in some tribes as high as 90%.

Alcoholism has greatly increased since World War II among Indian people, and it would be difficult to find an Indian family not directly affected by it. The 1980 Census shows the alcoholism rate for Indians to be 451% higher than the rest of the U.S. population. Even though alcohol and drug abuse is the number one social problem among Indian people and alcohol-related diseases and deaths are the biggest killers of Indians, the Bureau of Indian Affairs and the Indian Health Service has never made the prevention and treatment of this abuse as a priority.

Thank you for asking me to appear before your Committee. The National Congress of American Indians particularly welcomes opportunities such as this because it represents an audience which does not routinely consider Indian policy. I will be happy to answer any questions you may have.

PREPARING FOR LESSONS OF GRENADA WEEK

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. BARTON of Texas. Mr. Speaker, as we prepare to observe the lessons of Grenada Week in Congress and throughout the country, my colleague, NEWT GINGRICH of Georgia, is doing his part to raise public awareness of the reality of that event.

I want to share with you a column that recently appeared in the Orlando Sentinel and which documents some of his efforts.

The article follows:

[From the Orlando Sentinel, Sept. 25, 1985]

LESSONS OF GRENADA WEEK: LEARN ABOUT COMMUNISM THE EASY WAY

Rep. Newt Gingrich, who probably has the most fertile mind in the U.S. Congress, has joined forces with Democratic Rep. Ike Skelton of Missouri to coordinate a Lessons of Grenada Week.

You might expect this from the Georgia Republican, who is a historian by profession. It is a part of his earlier, published plan for survival of the nation, which includes a grass-roots education campaign. Gingrich is 100 percent right on this business of the need to educate the public about the realities of the world.

Unfortunately, when those realities conflict with liberal dogma and cherished fantasies, they get slim-to-none attention from those whose specialties are conducting prolonged pathological studies of flaws in the conservative psyche.

And the lessons of Grenada conflict like heck with liberal dogma and cherished fantasies. One of those lessons is, to quote Gingrich:

"The pro-Marxist tendency of a small but vocal segment of our society which was exposed as a result of Grenada. The left wing of our own Democratic Party, the media, leftist clergy and academics have defended communist Grenada and criticized the liberation. This group has denied reality much like the neo-Nazis and other hate groups deny the reality of the Nazi Holocaust."

One of the neat side benefits of the liberation of Grenada from its Marxist thugs was that for the first time the complete archives of a communist government were captured intact. The 35,000 pounds of documents are now in the U.S. Archives and open to inspection by any interested citizen. A selection of them were published by the departments of Defense and State. Grenada Documents: An Overview and Selection can be ordered from the U.S. Government Printing Office (1984-421-0528:4) for $19.

Among the things revealed in these documents was how the communists on Grenada sought to deceive and dupe others, pretending to be social democrats. The documents reveal what callous liars communists are, including the late Maurice Bishop. They reveal how the Soviets and the Grenadan communists schemed to hide their real intentions. And they reveal how much help they received from American left-wingers.

TransAfrica, the organization that is spearheading the protests against South Africa, invited Bishop to the United States. Dessima Williams, Grenada's ambassador to the Organization of American States, discussed this trip in an April 20, 1983, memorandum to Bishop.

"According to Mr. Randall Robinson, the executive director of TransAfrica, their invitation to you is to say to the Reagan administration: 'Maurice Bishop is our man, a black man. You mess with him, you mess with all black Americans. And we are bringing him here to show you that we are friends with him.' "

There are some really interesting documents from aides to Democratic Rep. Ron

Dellums of California. One of them, Carlottia A. Scott, addressed Bishop as "My Dear Comrade Leader" and she said it was imperative that Grenada's revolution succeed in order to give "those of us in the U.S. a bright ray of light at the end of the long, dark tunnel of our oppressed existence under this ludicrous system."

Gingrich and Skelton are hoping Americans will observe Lessons of Grenada Week Oct. 20-26 by taking a hard look at the reality of communism in the Western Hemisphere and how it is connected with the strategic goals of the Soviet Union.

A major conference at the Center for Strategic and International Studies in Washington on Oct. 9 will kick things off. Town hall meetings, rallies on college campuses and other events are scheduled around the country during the week itself.

It will be interesting to see if the truth about a communist regime can generate as much interest as propaganda from a communist regime. It will be interesting to see if Americans are really interested in learning about reality the easy way rather than the hard way.

Gingrich and Skelton deserve thanks for making the effort.

THE CHALLENGE OF MILITARY REFORM IN THE PHILIPPINES

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. COURTER. Mr. Speaker, the unfortunate situation in the Philippines is well known. Within the past few years, and more importantly since the assassination of Benigno Aquino, unpopularity and resistance to the Marcos government has increased. While much of this unrest is a result of certain Government policies, the problems have been exacerbated by greed and ineptness within the military, which today is charged with a larger internal role than ever before due to the mounting resistance in that country. Indeed, concern regarding the stability and permanency of not only the present Government but that of the U.S. installations at Subic Bay and Clark Air Base are rising. Our relations with this historically close and strategically important ally are at stake.

Gen. T.R. Milton, USAF (retired), has recently published in the Air Force magazine an insightful analysis addressing the past trends and current problems facing this country. Specifically, he argues that a major catalyst for unrest is corruption in the military ranks which not only impedes its effectiveness, but tends to widen the rift between the population on the one side and the Armed Forces and the Government on the other.

Excerpts from the Milton article, including proposals for an effective Philippine military, follow:

THE QUESTIONABLE FUTURE OF THE PHILIPPINES

(By Gen. T.R. Milton)

VER AND HIS ALLIES

General Fabian Ver, Chief of Staff of the armed forces and thus the senior military officer, came to power as a presidential favorite. A Marcos cousin, Ver's military career has been spent in direct service to the President; he has risen from aide, chauffeur, and bodyguard to his present eminence. As might be expected, all the current service chiefs owe their promotions, and presumably their allegiance, to General Ver. Therefore, when the commission investigating the Aquino murder decided that the trail led to the military and, by inference, to General Ver, there was consternation in the armed forces headquarters at Camp General Emilio Aguinaldo. Ver, Brig. Gen. Luther Custodio, and various enlisted men were directly implicated.

The enlisted men charged with complicity in the Aquino murder are housed in a temporary stockade, which, as it happens, is across the street from the Philippine Air Force Golf Club, where they are treated to the occasional meal. General Custodio is in quarters arrest; General Ver has taken leave of absence during the trial. In my casual lunchtime meeting with him, Ver appeared unconcerned, even jovial, and, as it turned out a few days later, with reason. The prosecution has been denied use of most of the critical evidence, and President Marcos has declared he will reinstate General Ver to his former position if he is found innocent. As this is written, that action seems a foregone conclusion.

Meanwhile, Lt. Gen. Fidel Ramos, Ver's deputy, a West Point graduate and a highly respected officer, is Acting Chief of Staff. It is not an enviable position. All retirements of senior officers have been postponed for the duration of the trial, so Ramos must deal with the same old crowd. If there were any doubts as to where the loyalties lie, they were dispelled by a full-page newspaper advertisement supporting General Ver and signed by eighty percent of the Philippine generals. A notable exception was General Ramos.

The armed forces are badly in need of a major overhaul, of that there can be no question. Training is spotty and, in the case of ground troops, sometimes nonexistent. There are severe shortages of communications equipment, rolling stock, and medevac helicopters. Bullet wounds are thus often fatal for lack of medical care, a sure cause of low morale. Military pay is grossly inadequate, leading to poverty and thievery in the lower ranks and corruption at the senior level. The Air Force is chronically short of fuel and spare parts, and the Navy has most of its ships riding at anchor for the same reasons.

All in all, Philippine armed forces are in poor shape to deal with a rising insurgency, one that appears to be taking to heart military tactics found in U.S. Army manuals. One rare encouraging sign has been the demand made recently by a substantial number of junior and middle grade officers, Philippine Military Academy graduates, for military reform. Perhaps someone will listen.

The Philippine armed forces, with a total strength of 155,000, are large enough to contain and defeat 10,000 guerrillas, especially when the guerrillas are without outside help. Being large enough, however, is meaningless without the leadership, training, and morale necessary for successful military action.

Back in 1950, when Ramon Magsaysay became defense minister, he found himself head of a barracks bound military with no great urge to fight. The Huks, accordingly, were on the move, and Magsaysay began to make unannounced visits at odd hours to military units. Sometimes these lightning visits resulted in the summary relief of a commander. At other times, Magsaysay found what he was looking for, and a promotion was forthcoming. The overall effect of this dynamic man's campaign was a restoration of morale, self-esteem, and combat leadership. That, combined with imaginative social reform, was responsible for the defeat of the Huks.

Now, thirty-five years later, the armed forces are once more in need of rejuvenation. Somehow, and for whatever reason, the image of the Philippine military has become badly tarnished. Fine young officers are still being turned out at the Military Academy in Baguio, there are capable, even outstanding, leaders at every level, and no one has ever doubted the fighting qualities of the Filipino military man. The trouble lies deeper, and the solution will require major changes in the structure. How and when or even if, this will come about is a matter of conjecture.

The Republic of the Philippines will have a presidential election in 1987. President Marcos has put a damper on speculation about the election by announcing, last spring, that he will run again, health problems or not. In fact, he has looked more like his old self in recent appearances, but the rumors do persist of occasional setbacks in what appears to be a chronic kidney disease.

The real speculation has to do with the office of vice president, at the moment, unoccupied. It seems doubtful that Mrs. Marcos will be in line for the job, in view of the country's present unrest, although she remains a possibility. Over the years of the Marcos dynasty, Imelda Marcos has become far more than the President's wife. She is, in many ways, almost a coequal of the President himself, one whose picture shares official walls with that of her husband.

If President Marcos succeeds himself for another six-year term, the dynasty will have become a fixture. More to the point, negotiations on the future of Clark and Subic will be under his aegis, and there is no reason to believe he would not favor a new lease.

His likely opponent in the 1987 election is Salvador Laurel, a man who has a slightly jaundiced view of the continued American presence. He has stated that he would retain the bases until 1991, then hold a plebiscite. Since plebiscites are sensitive as to how the question is worded, and Filipinos an emotional and unpredictable lot, we might not wish to wait around in the face of an uncertain future. Certainly, it will be difficult to get major congressional funding for bases of doubtful tenure.

CHOICES FOR MARCOS

The old quarters at Clark have stood there a long time, dating back to the turn of the century when Clark was known as Fort Stotsenberg. They have housed the horse cavalry, the Japanese briefly, and the Air Force these past forty years. When 1991 comes around, it will be just twelve years short of a century that the United States has been established at Clark. For old times' sake does not qualify as a military reason to stay on, but there are other valid ones. The Philippines are going through troubled times, but they have been through troubled times before. Beyond that, the relationship between the United States and the Republic of the Philippines is far closer than that of allies. It is one of old and trusted friends, or at least, it has been up until now.

The next few years will determine the future of that friendship. Without question, the Marcos regime is an unpopular one among a great many Filipinos. The seedy reputation of the armed forces is a major contributor to that unpopularity. For better or worse, we are associated with the Marcos regime. The United States thus finds itself in a delicate position. Clearly, there is rising opposition to the Marcos family rule and, with it, a rise in anti-Americanism. How deep this anti-Americanism really goes is hard to determine, but, as an educated guess, it is not very deep just now. Whether it grows from here on will depend to a very great extent on the behavior of the Philippine government.

If President Marcos will face up to the fact that his military forces are held in low esteem and widely viewed as both corrupt and inept, he will know what to do. A reformed military, adequately paid, trained, and disciplined, could deal with the NPA in short order. Anti-Americanism would then recede to the radical fringe. But if nothing is done to repair the military's image and effectiveness, the next few years could see our long association come to an end. Manila is not even close to going the way of Saigon, but neither was Saigon in 1960.

SOUTH DAKOTA'S JOE FLOYD

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. DASCHLE. Mr. Speaker, "Joe Floyd is a Helluva Salesman,"—the headline in an article which recently appeared in the Sioux Falls Argus Leader—just about says it all. Joe Floyd, board chairman of KELO-Land stations in South Dakota and president of Midcontinent Corp., is a walking success story.

What the headline doesn't say is that Joe Floyd is also a "helluva friend." In the years I have known him, he has gone to unusual lengths to accommodate the needs of his friends and his fellow citizens. On many occasions we have been the recipients of his good will.

South Dakotans are extremely fortunate to have such an innovative thinker who so ably represents them and the communications industry. He is a rare leader, a rare businessman and a unique American. I would like to submit the text of the Argus Leader article which appeared Thursday, October 3, and depicts the talent and insight of a man who has been synonymous with our State for over 60 years.

[From the Sioux Falls (SD) Argus Leader, Oct. 3, 1985]

A Helluva Salesman—KELO's Joe Floyd: From Usher to Head of Entertainment Empire

(By Frederic J. Hron)

Joe L. Floyd *is* a helluva salesman. His friends and business associates nationwide attest to that. They are sold on the charm and chutzpah, the vigor and vision of Floyd, the man who introduced South Dakotans to television and has helped build a multimillion-dollar entertainment and communications company called Midcontinent Corp.

During his almost 60 years in the entertainment business, people always have been willing to buy whatever Folyd has had to sell, from vaudeville folly to video cassettes.

"He has always had a promotion up his sleeve," Evans Nord, the president of KELO-TV, says. Nord met Floyd, who is 74 today, in the 1940s when he was selling radio advertising and Floyd was managing theaters in Sioux Falls.

"He'd dream something up, then head to the radio stations. He'd say, 'I've got a couple who are going to be married in an airplane 5,000 feet over the city. Why don't you broadcast it?' Or, he'd have a guy sitting on top of the marquee at the Hollywood Theater for umpteen days."

This hucksterism developed early in life.

For a time during the Great Depression the teen-age Floyd made his living auctioning clothes off a live model. The auction stopped when the model was down to her bathing suit—but the audience didn't know that.

Perhaps Floyd's greatest promotion was the game show *GI Blind Date* that he developed in the early 1940s to draw theatergoers into the Hollywood and Granada theaters.

The show allowed young soldiers, who were in Sioux Falls to attend the U.S. Army's communications school, to get dates with local girls. The girls would sit on one side of a partition and ask questions of the soldiers on the other side, then make a date based on their answers.

'They' meet each other, get a kiss, and off the stage they'd go. The audience loved it." Floyd says.

GI Blind Date was so popular that Floyd promoted it all the way to New York City and a four-year stint on the NBC radio network, with Arlene Francis as host. Today, the show has been reincarnated for television as *The Dating Game.*

At the height of *GI Blind Date,* Floyd was earning $4,000 a week and traveling between New York City, where he worked on the show's script during the week, and Sioux Falls, where on he managed the theaters of his future partner, Eddie Ruben, and his own Sport Bowl on weekends.

A RARE FAILURE

Since the day in 1928 that he first donned an usher's uniform at the Minnesota Theatre in downtown Minneapolis, Floyd had been smitten by the stage, so the outlet for his newfound fortune came in backing Broadway shows. For one of the few times in his life, success eluded Floyd.

"I put my money into bum shows and lost every dime," he says today. "I came back (to Sioux Falls, at the end of *GI Blind Date's* four-year run) as broke as when I went out." His last stab at big-time theater had been the forgettable musical *Ramshackle Inn* with Zazu Pitts. "It opened in Boston and closed in Boston, all in the same week."

Upon his return to Sioux Falls, Floyd received a call from showman Herman Levin, who had produced *Ramshackle Inn.* "He calls and wants a fast ten grand," Floyd says. "I said no. So he said, 'How about five grand . . . or one grand?'

"I told him I was never going to get into that business again." A year later, Levin's next musical opened. It was called *My Fair Lady.* "That's the one I turned down!" Floyd growls with disgust.

The turn of events probably was fortuitous for Sioux Falls and South Dakota. Had Broadway success lured Floyd back to the Big Apple, the history of television in the Sioux Empire would have been different.

Floyd was made a partner in his movie theater business in 1946, ostensibly to keep him in Sioux Falls, concentrating on the theater business.

"Eddie recognized that Joe had a very rare talent for promotion, and at the same time Eddie was expanding the theater operation," Larry Bentson, Ruben's son-in-law, says. "He cut Joe in on a piece of them because Joe was a very perceptive guy. When you've got somebody who's real good, sometimes you make them a partner."

It didn't work.

Soon, a new entertainment medium, television, commanded Floyd's attention. Television could ruin the movie business, he reasoned. If he and Ruben were to survive, they'd better get into television.

Floyd wanted Midcontinent Broadcasting Co. in Sioux Falls, which owned KELO radio and a television license it hadn't activated.

Floyd wanted to buy it, but Ruben was apprehensive. "Eddie was very cautious," Floyd has said. "I don't think there's ever been a venture that we've ever gotten into that Eddie didn't object to, and didn't want to go into it, and that I didn't push him into it.

"By the time I got him to go, brother I had all the negatives that there were ever to have, which was very good, because sometimes I would realize through this maneuvering where I was exposed."

THE FLOYD IMAGE

Floyd, who'd enlisted Bentson, as an ally in the television proposal, said his conviction was so great, he'd go it alone, if necessary. Bentson sided with Floyd, and reluctantly, Ruben gave his consent.

After the acquisition in 1952, "we immediately started to work on how we'd run a television station," Nord says. He was KELO's general manager then. "At that time, there was no question if we'd do it, but how we'd do it and how we could afford it."

Floyd, whom the partners put in charge of the Sioux Falls station, faced the greatest selling job of his life.

He also faced a paradox: There were fewer than a dozen television sets in all of Sioux Falls, those bought by enthusiasts who erected lofty towers to attract signals from Minneapolis and Omaha. Without viewers, Floyd didn't have anything to sell advertisers or the networks. And South Dakotans weren't likely to buy television sets to pick up a station that had no programming or advertising.

Locally, Floyd arranged a deal with the television distributors in town. If they'd commit to buying advertising on his station, he'd give South Dakotans a signal worth buying a television set to receive.

His challenge in selling the networks and national advertising accounts was much more difficult. Floyd camped out in New York City for months before KELO's airing in May 1953. And although he put in 16-hour days calling on ad agencies and making social contacts, he had little to show for his efforts until friend Clifford Gill created "the Floyd image."

Gill had been a friend from Floyd's 1920s days in the movie houses in Minneapolis. By 1953, Gill had established a career in advertising. He felt Floyd could make an impact on Madison Avenue if he advertised in a local trade publication, *Advertising News of New York,* using a layout Gill had put together. It featured a picture of Floyd, a big cigar jutting arrogantly from his mouth, under a headline that boasted: "I'm Joe Floyd. I consider myself a helluva salesman."

Floyd was reluctant to go with the ad because he thought it was too egotistical, Nord says. "I thought, it's like saying I'm a helluva guy," Floyd says. "But Gill insisted."

The ads did the trick, and Floyd's fortunes began to change. He became a celebrity in advertising circles. Everyone wanted to meet the fellow with the big cigar.

"It was the most successful ad campaign of any television station in the country," Nord says, and the station used it for almost two decades. "We merchandised his face with the cigar on cigarette lighters, money clips and tie clasps. We'd give those to advertising executives instead of a business card."

Floyd once said, "People would say, 'Let me see that crazy guy with the cigar.' It was the greatest door opener in the world." The most important door it opened was to the office of George Laboda, the advertising manager for Colgate-Palmolive Co. The company's *Colgate Hour* was one of the most popular shows on television at that time, and Floyd thought that if he could get Colgate to buy time on his station, it would legitimize KELO-TV in the eyes of many other programmers and advertisers.

Intense lobbying by Floyd convinced Laboda to buy KELO—and provide his program on film, a precedent for Colgate. KELO needed film because it was the first station to go on the air without a hook-up to the network, in those days achieved via telephone line.

BOMB TIME

Floyd spent the better part of the next four years in New York, promoting KELO and his developing network to KELO-Land stations, KDLO in Garden City and KPLO in Reliance. He promoted from sunup to sundown, Nord says, making sales calls during the days and attending social functions at night.

Floyd refused to consider that KELO might fail; he willed its success, says Nord, who often teamed with Floyd in New York.

Ford is an engaging companion, his many close friends say, and he used cocktail parties and social events to meet influential people in the television industry informally. The World Series parties KELO hosted at New York's Warwick Hotel are legend: Hundreds of advertising and television executives eating, drinking and cheering their favorite team on Floyd's tab. They were grand affairs. The last bash set Floyd back $30,000.

"He loved it, He loved every minute of it," Nord says. "He was very good at it. But those parties also had a purpose." That was to sell KELO-Land stations. "It was fun for him, but it also was business for him."

Floyd's reputation survives today on Madison Avenue, although he curtailed his activities there in the 1960s.

Floyd still loves to socialize; the 5 p.m. cocktail hour is a daily ritual.

George McGovern, a Floyd traveling companion and confidant for more than 20 years, says Joe was always good for morale on trips. "He liked to drink and he had a saying about the cocktail hour," the former U.S. Senator and Democratic presidential nominee says. "He'd call it 'bomb time.' At 5 p.m., he'd say, 'It's bomb time.'

"One time he said that while we were walking through the Los Angeles airport. A security guard heard it and grabbed him and told him it was against the law to talk about bombs in airports." Floyd didn't get arrested, McGovern says, but he did get a stern lecture.

Friend and Sioux Falls businessman Max Pasley says he sees Floyd almost daily when both are in town, often to swap stories over a scotch at the end of the day.

Even when travels keep them apart, they share the cocktail hour. "When Joe's down in Ocean Reef (his vacation home in Florida) and he gets lonely, he'll call me up." The two will pour drinks and have a long-distance cocktail hour.

But Floyd's friends say he's more than just a good drinking buddy. "He's always there if you need anything," Pasley says. "If you have him for a friend, you have a true friend. Anything you want, he'd be there to help you."

STILL ON THE MOVE

Floyd's enthusiasm and positive attitude infect the people around him, friends say, and his travels and hobbies give him a wealth of stories to entertain with. He's easily drawn into telling stories from his early days in the theater business in Minneapolis.

The first time he met Will Rogers, the humorist asked Floyd how many shows he'd have to perform. "I said, four a day and on Saturday and Sunday, five. Then he asked me how many newspapers we had. I say four.

"He says, 'Where am I going to get a fifth paper?' I tell him I can get one in St. Paul. So he says, 'Here's what I want you to do. Stand in the wings and hand me a newspaper when I go on stage.'"

Floyd did. "He'd walk out on stage and open up the paper and say, 'I see by the headlines . . .' He'd go on for 30 minutes, and he never saw the paper before I handed it to him. Each show was a new show; he'd have the audience in stitches. And all I had to do was give him a paper."

Bing Crosby, Bob Hope, Howard Hughes and other celebrities are the stars of other Floyd stories.

Consistent with his involvement in movies and television, Floyd is a camera bug. He's taken news footage and stills when accompaning McGovern and Sen. Larry Pressler on Congressional trips around the world. He loves deep sea fishing, and until last year, he and Pasley co-owned a 50-foot fishing boat at Ocean Reef. During the 1950s and 60s, Floyd hopped between Midcontinent's properties in a company plane he took delight in piloting. "He's the one who got the company involved in airplanes," partner Larry Bentson says. "He's also the one who got us into boats."

Although bad knees and a serious stroke he suffered four years ago have slowed his pace. Floyd is alert, in charge at Midcontinent's Sioux Falls offices—and usually on the go.

"He's just a warm, stimulating friend." McGovern says. "I've had more laughs and more good cheer with Joe Floyd than any other single person. . . . You're never bored when you're around Joe. He's enthusiastic about life and his friends."

Floyd's success stems from his ability to know what people want. "Joe always had an intuitive knowledge about what the public would respond to" Bentson says. "He's a real grassroots thinker."

Floyd is observant and perceptive, McGovern says. He cites two examples of Floyd's foresight.

The first involves a briefing with a U.S. general midway through the first of two trips to Vietnam that Floyd made with McGovern. The general was explaining how many South Vietnamese soldiers were helping the U.S. fight the Viet Cong.

"Joe kept saying, 'Where are they? I haven't seen any of them. All I've seen is American boys,'" McGovern recalls. The general stuck by his figures. "When we got off the plane (on our return) there was a small item in the Argus about a study by the Rand Corp, which said the South Vietnamese troop strength was much lower than was being reported by the military. Joe saw that, and he was willing to tell a high-ranking U.S. officer that he was full of baloney."

The second occurred during a 1978 tour of Africa. Floyd and McGovern met with Bishop Desmond Tutu and South African Prime Minister P.W. Botha. Again Floyd displayed his ability to see beyond the surface. "He was appalled by the lack of spirit of compromise" in South Africa, McGovern says. "It was perfectly clear to Joe then that something was going to blow if the government didn't compromise. He couldn't understand why the government wouldn't meet with Tutu and work something out. That's the way he'd have handled it if it was a business deal. He said within 10 years, this place was going to be in flames."

Floyd credits his success to his friends: "Most of it has come through our acquaintances."

He prides himself in being a man who keeps his word. "When I tell someone something, I mean it," he says. He expects the same in return.

"The key is being in the right place at the right time, and recognizing you're there."

EUROPEAN COMMUNITY VIOLATION OF STEEL PIPE AND TUBE AGREEMENT

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. FIELDS. Mr. Speaker, a clear violation by the European Community of a commitment made to our Government is threatening to shut down a plant in Baytown, TX, employing almost 200 people. The Hoesch Tubular Products Co., otherwise known as HTP, finishes heat-treated steel tubular products, known as oil country tubular goods or OCTG, at its Baytown plant. The only possible source of supply for this plant is HTP's German parent company, Hoesch AG. HTP cannot utilize heat-treated unfinished OCTG in the United States to be finished at Baytown.

Both the U.S. Trade Representative and the EC recognized HTP's requirements in negotiating the pipe and tube arrangement which went into effect last January. The U.S.T.R. agreed to new higher quota limits of 7.6 percent of U.S. consumption for EC pipe and tube, and 10 percent for the OCTG subcategory, in large part to allow specifically for an allocation by the EC of an additional 42,000 tons of OCTG to Hoesch in Germany, for the purpose of supplying the HTP Baytown plant. The U.S. Trade Representative, at that time, Ambassador Brock, obtained a commitment from the EC negotiators to make this special allocation, within the overall quota limit, so that HTP could get the rew material it needs to keep operating in Texas and employing Ameri-

can labor. It was understood that this special allocation would supply half of HTP's minimum needs and the rest could be provided from regular quota allocations to Hoesch by the EC. The quota ceilings would have been lower in the absence of this understanding.

Mr. Speaker, the EC has not fulfilled its commitment to our Government. The EC failed to make the agreed special allocation. Instead, they gave permission to ship finished OCTG to other European producers who do not have any facility here in the United States and who employ European labor to do the job that U.S. labor is doing in Baytown. And unless HTP can obtain the full amount they are entitled to, they will have to close their doors in Texas. Already, HTP has been forced to lay off many of its workers for lack of raw material.

The U.S. Government agreed to the current quotas on European steel pipe and tube as the result of an expressed commitment from the EC that they would allocate a specific part of that quota to keep an American steel facility running. It is outrageous that the EC has violated this commitment, and has redistributed this amount to others. The United States cannot permit its interests to be jeopardized by the violation of agreements such as this. I do not advocate raising the quota celings by even 1 ton. Instead, I am introducing legislation aimed at correcting this problem without further raising the quota ceiling. My bill would require the United States to reduce the pipe and tube quotas by any amount which the EC has failed to allocate as agreed and allocate that amount so as to conform to the terms of the agreement. Mr. Speaker, we cannot continue to allow our interests to be jeopardized by the violation of our trade agreements. I urge prompt consideration of my legislation in order to save the jobs of 200 Baytown workers.

TRAILS CENTER IN INDEPENDENCE WILL REFLECT PIONEER EXPANSION

HON. ALAN WHEAT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. WHEAT. Mr. Speaker, the pioneers who settled the West embodied the very best of the American spirit. I want to congratulate the city of Independence, MO, for its efforts to preserve the heritage and adventures of the American pioneer.

Mr. Speaker, the city of Independence has embarked on a vigorous development project. Plans are underway to build the Oregon-California-Sante Fe Trails Interpretive Center in the heart of Independence. The center will preserve for future generations the indomitable spirit and courage of the American Pioneer. The Missouri General Assembly has appropriated $2.1 million for the initial development of the project.

The new interpretive center will further the recognition of Independence's role in American expansion and enhance the cultural and educational value of historic Old Town Independence. The center will become an integral part of the town's historic loop that the city has established in cooperation with the National Park Service. On this 5-mile loop, people are able to visit the home of former President Harry S. Truman, the Truman Museum, the Harry S. Truman Railroad Station, the Joseph Smith—Mormon Visitor's Center, and a pre-Civil War jail museum. The Three Trails Interpretive Center will also work in conjunction with other facilities across the Nation, such as the Gateway Arch in St. Louis and the Trails Center in Oregon City, OR, to generate a national network of centers to increase the understanding of the pioneer experience and spirit.

The role of Independence in westward expansion began as early as 1827, when the city was founded. First finding prosperity in supplying fur traders and trappers, Independence soon took the leading role as the final stop for explorers who blazed the trails that would later lead the brave settlers to the promise of fertile land and gold. Independence was described as the "point of embarkation" for every part of the great "private ocean."

Independence grew as the rush to settle the West picked up momentum. Along with neighboring communities such as Kansas City and Westport, Independence was a leader in outfitting wagon trains for the long Journey over the Great Plains and the Rocky Mountains. It was necessary for the pioneer family to buy all of the provisions and supplies they would need for the entire journey because hostile Indian tribes were the only inhabitants in the Great Plains. Thus, those outfitters located further west held an advantage over their competitors. Independence prospered because it held a 200-mile advantage over St. Louis, Kansas City, and Omaha would later prosper because they brought the pioneers a little nearer the western frontier.

Today, Independence is a beautiful and thriving community of more than 100,000 people. The Three Trails Interpretive Center will enhance the understanding of the pioneer experience and the role of the city of Independence in the westward expansion of our country. The city of Independence, its elected officials, and all those involved in this development project should be commended.

A TRIBUTE TO "CASEY" CASEBOLT

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. BARTON of Texas. Mr. Speaker, in small cities and towns across the country our daily and weekly newspapers play a very important role in keeping our citizens informed about government and how it affects them.

No one recognizes this more than a candidate for public office.

Residents of Ellis County, TX, have long recognized Mr. and Mrs. Casebolt for their very active role as journalists and historians. Casey and his wife, Fay, worked long hours in writing and editing newspapers—devoting more than 40 years of their lives to newspapers in Ellis County.

I was saddened earlier this month to learn of the death of Floyd W. "Casey" Casebolt, who as editor of my hometown newspaper, the Ennis Daily News, played a very significant role in the life of our community.

Casey always had time to talk about my activities as a candidate and later as a Member of Congress. Each day he shared humorous and interesting glimpses of life in town in his "Ennis Echoes" column. Readers looked forward to reading it for both its entertainment and information.

Shortly after graduating from William Jewell College in Missouri, Casey decided he wanted to adopt Texas as his native State. He accepted a reporting job with the Waxahachie Daily Light in Ellis County and worked there for 28 years, including 17 years as editor.

He left that position to serve as an executive with several New Mexico newspapers, but his fondness for Ellis County prompted Casey and Fay to return there in 1959.

Over the years, community groups have honored him and his wife for the unselfish way they have given of their time and helped promote worthwhile community events.

As editor, Casey always made it a point to stress news coverage of churches, schools, and other educational groups, service and charitable organizations. Those who showed promise as writers, he encouraged to become working journalists.

Mr. Speaker, I just wanted to take a moment to recognize Casey's work and contributions to the betterment of Ellis County. We will all miss him very much.

LEGISLATION TO PERMIT VESSELS FORFEITED TO THE UNITED STATES TO BE TRANSFERRED TO EDUCATIONAL INSTITUTIONS WITH COMMERCIAL FISHING PROGRAMS

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. STUDDS. Mr. Speaker, today, I am introducing legislation that will authorize the Secretary of Transportation to transfer vessels which have been forfeited to the Federal Government to be donated to qualified educational institutions for use in commercial fishing vessel safety programs.

The commercial fishing industry has a safety record as bad as any industry in the United States. Human error is a contributing cause to the majority of fishing vessel casualties, and is most often related to poor watchkeeping procedures, lack of preventive maintenance, navigational errors, and rules of the road violations.

The Commandant of the Coast Guard has recommended a fishing vessel initiative which has been endorsed by the Secretary of Transportation. The establishment of a safety education program is a large component of this initiative.

There currently exist vocational schools and community college programs that offer courses in fishing vessel safety, which already serve the aim of the Coast Guard's initiative. The purpose of this legislation is to help these schools obtain suitable vessels, so that students will be able to receive "hands on" experience in operating a fishing vessel.

Recent increases in maritime drug interdiction operations by the Coast Guard have generated a comparable increase in the number of suitable vessels obtained through forfeiture to the United States. The legislation we are introducing today will help put these forfeited resources to constructive use. We look forward to prompt and favorable action on this legislation by the Congress.

A GREAT SUCCESS STORY BECAUSE OF GREAT TEAMWORK BY GOVERNMENT AND THE PRIVATE SECTOR

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. VANDER JAGT. Mr. Speaker, I would like to share with my colleagues a real success story updated recently by the Muskegon Chronicle of Muskegon, MI, that concerns a new business and the partnership possible between Government and the private sector. My involvement with this story began back in March 1984 when I learned of a grant application being made by Laboratory Furniture, Inc., to acquire, a building, machinery, and equipment necessary to operate a manufacturing facility for laboratory furniture in the Muskegon Heights area, which is part of the Ninth Congressional District of Michigan.

Knowing of the great need for employment opportunities in the Muskegon Heights area, I was privileged to lend my support to this application for $700,000 under the Urban and Rural Economic Development Program of the Department of Health and Human Services. This grant request was matched by $2.5 million of private investment, better than a 3 to 1 ratio, and was designed to provide approximately 200 jobs. When I first contacted Secretary of Health and Human Services, Margaret Heckler last year, I stated that I could not think of an area in greater need of new employment opportunities than Muskegon Heights. I met with the entire city council of Muskegon, Heights and received their total and complete commitment to this project. I also worked closely with John J. Lindale, executive director of the Economic Development Corp. of Muskegon County, a leading force in the effort. At the time of the grant application Muskegon Heights had over 20 percent unemployment and qualified as a distressed area.

With the approval of the grant and the increased private investment in Muskegon Heights, new revenue for a hard-pressed city government has been provided, the rennovation of a vacant, old industrial building has been accomplished, the Central Business District has been revitalized and most importantly, new workers have and will continue to have a chance to be trained and to increase their standard of living. I am indeed proud to have been a small part of this success story and recommend the following article for my colleagues' review.

OLD FACTORY GAINS NEW LIFE WITH NEW FIRM

It was bad news all around, another depressing failure story for a Muskegon manufacturing plant.

Less than two years ago, the long-troubled Browne-Morse Corp. was liquidated for nonpayment of taxes. For months its factory at the corner of Sixth and Broadway, which had manufactured laboratory furniture and equipment for a nationwide market, sat silent and locked. Dozens of employees—as many as 75 in 1981, before the final slide—were out of work.

That was two years ago.

Today, the old factory building, just barely out of the Muskegon Heights downtown business district, is humming again, under new ownership and with a growing roster that now stands at about 50 employees and is expected to reach 200 before many more months. Laboratory Furniture Midwest, Inc., with heaping helpings of government aid, has set up shop.

That shop is expected to grow quickly, according to company President Wayne W. Hills. The Muskegon Heights operation is a wholly owned subsidiary of the Long Island-based Laboratory Furniture Inc., and a large share of the national firm's production is supposed to come to Muskegon Heights before long.

"It will be the long-term goal of this company to move manufacturing here," Hills said in a recent interview. "Within two years, this will be the main manufacturing plant."

Hills predicts employment will reach 65-75 by the end of 1985. And, he says, "by the end of next year, I would be disappointed if we were not between 150 and 200."

Nationwide, Laboratory Furniture Inc., employs between 800 and 1,200 people, Hills estimates. Corporate headquarters and one plant are in Carle Place, New York, headed by President Edward R. Fiance, other manufacturing facilities are in Elkins, W. Va.; Newbury Park, Calif.; and McDermott, Ohio. The national firm, which Hills describes as a "closely held family corporation," was founded in 1947.

The midwest subsidiary was created just last year, specifically to run the Muskegon Heights plant. Opportunity tapped when corporate managers learned that Browne-Morse—which manufactured basically the same products as Lab Furniture—was in receivership and up for sale.

"The president (Fiance) heard that, and it fit the company's long-term goals," Hills says. Lab Furniture submitted the low bid, and in February 1984 it bought Browne-Morse's assets.

Purchase and occupancy of the building came later that year, with the crucial help of a $700,000 grant from the U.S. Department of Health and Human Services directly to the company. Aided by that grant, a $1 million bond issue floated by the Muskegon Heights and Muskegon County Economic Development Corp., and a 100 percent property tax abatement on the work granted by the Muskegon Heights City Council. Lab Furniture bought and renovated the 77-year-old building and started up production early this year. Hills himself, who formerly worked for a rival firm, was hired last November to head the new subsidiary.

Further reconstruction is under way again, and again with taxpayers' help. A $100,000 loan from the U.S. Department of Housing and Urban Development, funneled through the city of Muskegon Heights, is helping the company renovate the building's decaying exterior while freeing capital to be spent on new tooling.

Already the Muskegon Heights plant makes all the company's drawer and case runners and some other components of the hospital and laboratory furniture that are its sole product. Soon the local factory will be making fume hoods, a sort of sophisticated version of a stovetop ventilator fan. Eventually, "we'll be the parts fabrication center for the company," Hills says.

Topping earlier contracts totalling $3 million, the plant recently won two more equalling about $2 million: one for "flexible laboratory systems," or adjustable lab furniture, for the Laurence-Livermore labs in Livermore, Calif.; the second for the Clorox Technical Center of Pleasanton, Calif., according to Hills.

All this means growing employment, a large proportion of the workers being Muskegon Heights residents. According to a company fact sheet, employment on July 1 stood at 43, of whom 22 where Heights residents and 16 were black. Hills says most are "entry-level" employees. He declines to state the wage scale at the non-union plant but admits it's lower than at the old Browne-Morse operation, whose workers were organized into Local 693 of the Allied Industrial Workers union.

Although Laboratory Furniture Midwest employs a small nucleus of long-time Browne-Morse workers, most are young people working at their first full-time jobs, Hills says, learning skills in welding, press operation and other trades.

The firm's payroll and fringes from July 30, 1984, through last June 30 equalled $496,360, the company's fact sheet states. Total spending, most of it local, totalled about $2.2 million by that date, and the company anticipates spending $3 million by year's end. Browne-Morse's delinquent taxes of $108,920 have been paid.

So far, at least, the new company has been welcomed. Heights city officials, who tour the plant regularly, profess themselves delighted with their new resident.

YURI TARNOPOLSKY AND RELIGIOUS PERSECUTION IN THE SOVIET UNION

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. SMITH of Florida. Mr. Speaker, the policies that the United States has pursued to encourage human rights have not been as effective as we would like them to be or as they should be. In the late 1970's, Soviet officials first crippled the Soviet Jewish emigration movement when the numbers of Jews allowed to emigrate began to decline. In 1984, Soviet authorities strove to paralyze the Jewish emigration movement further. Soviet Jewish emigration dropped to an all time low of 896.

My adopted refusenik, Dr. Yuri Tarnopolsky's plight is similar to the Soviet Jewish refuseniks who were unlucky enough to be included in the "896". Dr. Yuri Tarnopolsky of Kharkow, Ukranian SSR, is an example of the Soviet Jew caught in this emigration quagmire. He is unable to leave the Soviet Union to practice religious freedom and can not stay and continue his life as an organic chemist. He was sentenced on June 30, 1983, to a 3-year term on Chita labor camp for slandering the Soviet state. Since the time of his original application for an emigration visa in 1976, he has been refused work in his profession. Both he and his family have been subjected to great hardship and harassment.

A new stepped-up campaign to erase Jewish culture has begun. Disruption of their lives and harassment by authorities are not new to the tens of thousands of refuseniks waiting to emigrate such as my adopted refusenik, Dr. Yuri Tarnopolsky. The latest attempt to eradicate Jewish culture from Soviet society, however, is new. Hebrew teachers and the most active political activists were singled out, arrested, and imprisoned on trumped-up charges.

The leadership of the Soviet Jewish emigration movement may disappear if these Hebrew teachers and activists are eliminated. Soviet television recently aired a crude documentary on Jews in the Soviet Union mentioning their anti-Soviet tendencies and association with Zionists. This film represents not only an upsurge in anti-Semitism, but also a continuation of the Stalinist mentality of equating any allegiance to Judaism or Israel as an act of treason possibly punishable by death. If refusenik leaders are to weather this new Soviet storm, they will need our support and commitment to their cause.

The Soviets need to realize that Soviet Jewish emigration is a priority and commitment of the United States. We should require that all future U.S. delegations make no economic agreements without first obtaining significant human rights improvements. To do this, we must institute guidelines so that our negotiations do not deteriorate into the buying and selling of human beings.

I suggest the following guidelines for U.S. delegations to improve Soviet human rights practices:

First. A substantial release of prisoners of conscience and refuseniks prior to any negotiations as an honorable gesture.

Second. The inclusion in all emigration arrangements of the principles of repatriation to Israel or family reunification elsewhere.

Third. The end of the harassment of all Jewish study groups, and Hebrew teachers, including restrictions on their ability to obtain and prepare educational materials.

Fourth. An end to the inflammatory Soviet media campaign that utilizes anti-Semitic stereotypes, portraying a United States-Zionist world conspiracy to subvert the U.S.S.R.

Beyond that, Soviet Jewish emigration and all human rights issues should be considered an essential component of any negotiating agenda whether it involves trade, economics, or arms. When human rights are included as a nonessential part of any negotiation, the subject is too easily raised, then dropped. The problem should be elevated above the realm of humanitarian appeals, to an integral nondismissable part of any negotiation.

It is my hope that the Soviet Union will comply with the family reunification provisions of the Helsinki Final Act and the International Convenants on Human Rights. It is my sincere hope that Dr. Yuri Tarnopolsky, his wife Olga, and daughter Irina will receive favorable consideration of their applications for exit visas in the near future. I address this appeal to General Secretary Mikhail Gorbachev on the eve of the November summit in the spirit of hope, justice, humanity, and peace.

INDEPENDENCE FOR CYPRUS

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 1, 1985

Ms. FIEDLER. Mr. Speaker, I would like to commend my distinguished colleague from Ohio [Mr. FEIGHAN] for holding this special order this evening. The purpose of this special order is to commemorate the 25th anniversary of independence for the Republic of Cyprus, and I am pleased to participate.

Todays anniversary only underscores the tragedy of the current situation in Cyprus. The country is divided and occupied by 30,000 Turkish troops supporting the outlaw state, the Turkish Republic of Northern Cyprus. For the Creek Cypriots who comprise 82 percent of the population of Cyprus and for the 200,000 Greek Cypriots who were displaced by the Turkish invasion in 1974, the situation is intolerable.

A negotiated diplomatic settlement promises to provide the quickest remedy to the needless suffering of the Greek Cypriots. This settlement should encompass the goal of removing all foreign troops from Cyprus and should reaffirm the principle of respect for independence, sovereignty and territorial integrity as it applies to Cyprus. Within these diplomatic parameters, the U.S. State Department should work actively for a just and peaceful solution to this tragic situation. Resolutions passed by the United Nations and the recent negotiations started by the Secretary General of the United Nations Perez de Cuellar also show potential for an equitable diplomatic solution.

Once again I am pleased to participate in this special order and I hope that continuing congressional attention to Cyprus will contribute to a just and equitable solution to the Cyprus issue.

ECONOMIC IMPACTS OF OFFICE BUILDINGS

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mrs. SCHNEIDER. Mr. Speaker, I would like to share with my colleagues today a statement prepared by the Building Owners and Managers Association International. I think that this paper brings to our attention an enormous contribution made to the economy by a sector we tend to take for granted, the little noticed office building. The well-managed office building is an enormous boon to the local and regional economy as this paper describes. I commend it to my colleagues.

BEYOND BRICKS AND MORTAR: DOLLAR IMPACTS OF OFFICE BUILDINGS

(By Dr. Alton Penz, Research Analyst, BOMA International)

The casual observer studies an office building's physical presence and architecture; local government officials welcome the expected infusion of tax dollars; and local businesses look forward to increased sales.

In the U.S., about 40 percent of the entire workforce holds jobs that require an office environment to work in. In 1982, their efforts accounted for approximately $640 billion of the Gross National Product, which was almost $3.1 trillion that year.

The public underestimates how much office buildings contribute to national productivity because the office building industry is so incredibly dispersed. There are over 650,000 buildings in the U.S. alone in which three-quarters of the space is dedicated to office activities, according to a recent multimillion dollar survey by the U.S. Department of Energy.

Pinning a single label on that space presents a challenge because no two buildings are alike. BOMA International's Experience Exchange Report (EER) reflects this diversity in its size and extensive tables.

ECONOMIC IMPACT OF A 200,000 SQUARE FOOT BUILDING

A look at a hypothetical but statistically typical 200,000 square foot multi-tenant building will help illustrate the magnitude of an office building's effect on the surrounding community's economy. Statistics on its tenancy and operation are drawn from the EER.

Although many office buildings are only the size of small apartment buildings, this example building is the average size building reporting in the EER and is representative of the stock of large office building space in North America. The EER shows that the average office building tenant occupies around 6,647 square feet. So, a typical 200,000 square foot multi-tenant building, of which there are many in metropolitan areas, would have about 30 different tenants.

The operating budget for a 200,000 square foot building, including the cost of cleaning, repairs/maintenance, utilities, property taxes, insurance and administration is approximately $1.3 million a year. If this is extrapolated to the approximately nine billion square feet of office space in the U.S., then the total expenditure for office space operation is approximately $60 billion a year.

In 1984, office property managers spent an average of 22.5 cents per square foot of office building space for roads and grounds maintenance, and an additional 13.5 cents for security services. (Office properties in downtown locations spent more, on average, for security, and suburban properties incurred higher landscaping costs, on average.)

For a 200,000 square foot building, the total roads/grounds maintenance bill exceeded $45,000, about 70% of which was paid to outside contracting firms.

In addition, the 200,000 square foot example building will generate almost $100,000 a year in revenue to a leasing agent to secure tenants for the building as space becomes available.

EMPLOYMENT AND EXPENDITURE PATTERNS

In terms of employment, a 200,000 square foot building would create approximately 24 new jobs, with 15 people on the building managment's payroll, and another nine positions that would be filled through building service contractors, who provide the building with services on a contractual basis. This estimate is derived from wage rate data supplied to BOMA International by several of its local associations.

Tenant employer payrolls for work accomplished within a office building are substantial. If the typical office worker occupies 226 square feet, a 200,000 square foot building will house about 750 workers. The total payroll for that many employees, based on current income and wage statistics, is about $13 million a year.

According to 1984 EER averages, a U.S. building tenant employer was paying $13.53 annually per square foot for space while spending $75 a square foot for office labor (direct wages). All together, an employer pays over $100 a square foot for office labor (direct wages, fringe benefits and office space). This relationship emphasizes how important it is for an office building to provide a supportive environment for workers to function productively.

LOCAL ECONOMIC IMPACT

The occupants of a building interact with the surrounding community on a variety of levels. Although the total local exenditure level for office workers is not readily available, rough calculations suggest that the total impact is much greater than one might expect. For example, in the 200,000 square foot building with a wage payroll of $13 million, about $6.6 million annually is spent by the office worker's household on food, beverages, tobacco, clothing, jewelry and accessories.

If just 10 percent of this budget is spent by office workers while they are at work, the personal consumption impact of these workers on the office building's neighborhood is three-quarters of a million dollars a year.

The importance of a developer's decision to construct a new office building is magnified in those instances where the tenants represent basic (versus support) industries. A business in a basic industry provides a net monetary gain to a community because its revenues come almost exclusively from outside the community but most of the expenses of the business are purchases of local labor and materials. This monetary inflow further stimulates the community economically because the influx of new employees generates the need for additional stores, restaurants and specialty shops.

A support industry business, in contrast, sells its products locally. It generates a net (although usually small) monetary outflow from the community because some of its purchases are for materials or goods produced outside of the community.

Numerous researches in the last decade have explored the total long-term effect on a community of basic industry. They have sought empirical verification for the long-term income and employment effects that result from each additional dollar of income, or job position created by a new basic industry business. They refer to the ratio of long-term to immediate effect as a multiplier.

Very rough rules of thumb at this time are that each new dollar of basic industry income stimulates one and a half additional dollars of local business, and each new basic industry job stimulates the need for approximately 0.5 to 1.5 workers, depending upon local labor conditions. The resulting multipliers are thus 2.5 and 1.5-2.5 for income and employment, respectively.

BENEFITS TO MUNICIPAL BUDGETS

In general, the net benefits of office buildings on municipal budgets are substantial. Each community situation will be different, of course, because the nature of the building and its proposed occupants, the nature of the facilities that it replaces, the current availability of municipal services and local taxing procedures all vary tremendously from city to city.

The following example will illustrate some of the issues involved. In this instance, all of the numbers except for the size of the building are derived directly from a study that addressed an actual situation.

A major U.S. city was debating the merits of permitting high rise office building development in a region of the municipality that had previously not experienced such development. Extrapolating from that process to the level of a single building, the debate was whether to allow the construction of 400,000 square feet of office space which would replace 66,000 square feet of commercial retail space.

A study was made to examine how the municipality's revenues would be affected by the demolition of retail space and addition of office space for each source of additional revenue. Different types of space are taxed differently. The results were that the total revenues accruing from the new office building via property taxes, sales taxes, business taxes, utility taxes and miscellaneous other taxes would be $2.22 per square foot of net additional space.

Similarly, the municipality's service operations were studied to see how police and fire services, public transportation, public utilities, legal services and general administration services would be affected by the new building. The conclusion of these studies was that the additional costs attributable to the net additional office building space would be $0.24 per square foot.

This particular study revealed that the net fiscal impact on the municipality's budget would be a net gain of $1.98 per net additional square foot of office space. For the typical 200,000 square foot building, the annual net income would be $396,000.

The size of the net gain, $1.98 per net additional square foot, as compared with the absolute increase in costs of $0.24 per net additional square foot, suggests that the additional office space in a community can be a beneficial one. Numerous cities have experienced the benefit of surges in municipal revenues (relative to costs) as their office markets have grown.

An office building contributes much more to a community than fiscal analysis can recognize. These other issues, many of which fall in the realm of physical planning, cannot be ignored in a real decision context. However, the economic contribution of office buildings to a city's financial welfare can be substantial.

TRIBUTE TO ADOLPH SCHUMAN

HON. SALA BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mrs. BURTON of California. Mr. Speaker, Adolph Schuman, a dear friend and a dedicated and generous supporter of the Democratic Party passed away last week.

He was a highly successful businessman, but did not confine himself to that pursuit. He was deeply involved in efforts to aid the state of Israel from its founding in 1948. Locally, he was a major supporter of St. Anthony's Dining Room, which serves food to the homeless and needy, and other charities in his hometown of San Francisco.

Adolph Schuman was a long-time supporter of Democrats, most prominently the Kennedys. He was a close friend and supporter of my husband Phillip. The cause of progressive politics was served well by Mr. Schuman.

He was a man who enjoyed life and gave of himself to everyone around him. Lilli Ann, the clothing company he founded and built into international prominence in the world of fashion, is well-known as a business that cares deeply about its employees. In an industry that too often has exploited its workers and fought against unions, his company was a union shop. Adolph Schuman certainly had no aversion to making a profit, but he did not hesitate to share the success of his business with those who worked for him.

My heartfelt sympathy goes out to his wife Jo and his daughter Cynthia. Adolph's many friends will miss this remarkable man.

TAXATION OF STATE AND LOCAL DEDUCTIONS

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. DASCHLE. Mr. Speaker, we have a shared concern about the inequity in our present tax system which favors the rich and which increasingly burdens the middle-income wage earner. From this concern about a Tax Code laden with loopholes for the wealthy has come a national interest in simplifying our tax system.

If our goal is one of restoring fairness in the Tax Code so that we are not asking the average taxpayer in this country to pay more than his or her fair share, while the wealthy are able to abuse the system, then eliminating the deductability of State and local taxes is folly. The vast majority of taxpayers take the deduction for State and local taxes. Those State and local taxes are paying for important services like our schools, libraries, health care, roads, police and fire protection. In recent years, the Federal role in many areas has been trimmed back or eliminated increasing the burden on States and municipalities to pick up costs once assumed by the Federal Government. To modify or eliminate the deduction for State and local taxes on Federal income tax returns poses a direct threat on services which primarily affect low- and middle-income citizens.

What outrages the American public most is abuse of the tax system. They fume, rightly so, at the fact that large corporations can get by year after year paying no Federal income tax, some actually getting millions of dollars in tax refunds. If we are going to clean up the Tax Code, let's get rid of the loopholes and shelters which promote unfairness in our tax system. The deduction for State and local taxes is not an abuse of the tax system and should be left as is.

GEORGE F. CICOTTE TO RECEIVE EAGLE SCOUT AWARD

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. GEKAS. Mr. Speaker, today I would like to recognize the achievement of Mr. George F. Cicotte, a constituent of mine from Middletown, PA. On Sunday, October 20, 1985, family and friends will gather at the Church of Jesus Christ of Latter-Day Saints to witness the presentation of the highest achievement in Boy Scouting—the coveted Eagle Scout Award—to Mr. Cicotte.

As a young citizen, Mr. Cicotte has displayed energetic capabilities by participating in many different projects and community services which have won him special merits of honor.

I am proud to congratulate Mr. Cicotte for his outstanding contributions to his community. His unselfish attitude toward others has set an example for the rest of us to follow. I am honored to have an individual like him in my district.

DAYLIGHT SAVING TIME EXTENSION ACT DRAWS EDITORIAL SUPPORT

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. MARKEY. Mr. Speaker, the House will soon be considering H.R. 2095, the Daylight Saving Time Extension Act of 1985. The bill adds a total of 1 month to the current period, by beginning daylight saving time on the first Sunday in April—compared to the current starting date of the last Sunday in April—and ending on the first Sunday in November—compared to the current ending date of the last Sunday in October.

The choice of dates was a compromise reached after discussions between the bill's sponsors and its former critics. As a result of these compromises, the bill was reported from the Committee on Energy and Commerce without dissenting views. The decision to begin daylight saving time at the start of April rather than the start of March, as proposed in previous bills, ensures that mornings will not be cold and dark for schoolchildren and farmers. Mornings in April, even under daylight saving time, will be brighter and warmer than mornings in any winter month under standard time.

The benefits of the bill, including energy conservation, traffic safety, and crime prevention, have been cited in numerous editorials across the country. The following editorials in support of the bill are from USA Today, the Washington Post, the Boston Globe, and the Los Angeles Times:

[From USA Today, Apr. 26, 1985]

LET DAYLIGHT TIME LIGHT OUR LIVES LONGER

In just a second, an hour goes by.

At 2 a.m. Sunday, most of the USA goes on daylight-saving time. By moving the clock's hands forward, we gain an extra hour of daylight, every day, for the next six months, until we go back on standard time on the last Sunday in October.

What good is that extra hour of daylight?

The businessmen in California will have enough light left to spend some extra time on the beach.

The lawyer in Massachusetts will be able to weed there garden in daylight after work.

The Cubs fans at lightless Wrigley Field in Chicago will be able to watch the whole game, even if it goes into extra innings.

Whoever you are and whatever you do, extending daylight-saving time will let the light last longer for you.

One more hour of daylight for two more months of the year is time enough for people to play 19 million more rounds of golf. It adds time to picnic in the park, jog, play softball, or walk in the woods.

For young families, more daylight time brings a bonus. The child who was waking up with the sun at 6 will sleep until 7. And in the evening, families have more time to spend together outside while it is still light.

But if six months of daylight-saving time is so good, why don't we have more of it? Why not eight months?

We can, if Congress approves.

Bills have been introduced to start daylight time in March and end it as late as November. Adding two months of extra daylight could save lives, money, and energy.

More daylight driving time will mean fewer car accidents. Two months of extra light could save 100 lives a year, and $52 million in accident damages.

When the natural light lasts longer, we turn on artificial lights later. In just two months, we could save the equivalent of 6 million barrels of oil.

Adding two months of daylight time could even cut crime. When the USA was on daylight time for most of 1974 and 1975, a government study found violent crime in Washington, D.C. fell by 10 to 13 percent.

Despite all the obvious adavantages to choosing light over darkness, some still say no. They argue that daylight time hurts the lifestyles and livelihoods of farmers and ranchers.

But for farm states where that is a real problem, there is an option: They can stay on daylight time the year around, just as Arizona, Hawaii, and parts of Indiana do now. Or they can ask the government to change their time zone.

We are wasting sunlight and wasting energy in springtime now because daylight starts at 5 a.m., when most people are still asleep.

Congress has the power to say, "Let there be light."

It should act now to let the sun shine on.

[From the Washington Post, Apr. 28, 1985]

DAYLIGHT ON CAPITOL HILL

Like clockwork, Congress takes a look every year at some version of legislation to extend Daylight Saving Time beyond the current period that runs from the last Sunday in April to the last Sunday in October. But this year, supporters of a new effort believe their latest proposal has a better chance than those pressed in recent years. Already it has picked up considerable support from a variety of organizations as well as from the Department of Transportation, which estimates that the proposed change could save oil and reduce traffic fatalities.

Without going into all the ancient history surrounding this issue, this year's proposal would stretch daylight time from the third Sunday in March to the first Sunday in November. That's one more week in the fall. In mid-March, sunrise would occur at about 7 a.m. in the middle of a time zone, which, supporters note, would mean that schoolchildren would not be in the dark on their morning trips.

Why not try it? According to Congressional Quarterly, groups supporting this bill include the Barbecue Industry Association (looking at millions of additional charcoal briquettes that would be used); the American Association of Nurserymen; the Amateur Softball Association; and the National Association of Convenience Stores. With groups like these, how can the proposal miss? Easily, because farmers don't like starting their chores earlier and cows don't know ho to tell time. Nevertheless, Congress at least could allow a one-year experiment that would give everyone a chance to mark time and weigh the difference.

[From the Boston Globe, Apr. 27, 1985]

SEEING THE LIGHT ON DAYLIGHT SAVING

Tonight is the night to turn clocks ahead an hour; daylight saving time comes not a moment too soon. If Congress acts with common sense this session, in future years Americans will enjoy daylight saving's benefits for six additional weeks each spring, starting on the third Sunday in March rather than the fourth Sunday in April.

As structured now, daylight saving is a lopsided affair. It begins more than four months after winter solstice each year, but lasts until a bit less than two months before the following winter solstice.

A bill filed by Reps. Edward Markey (D-Mass.) and Carlos Moorhead (R-Calif.) proposes the change. It should be enacted.

Most objections to the change, which has died several times in Congress in recent sessions, come from rural areas and the western sides of time zones. The two major objections are that the change would interfere with standard agriculture patterns and that it would make children go to school in the dark.

In reality, the change would do nothing more each spring than imitate in reverse the fall pattern of sunrises and sunsets. No area in the country would experience later sunrises each spring morning than it now does each fall. Furthermore, no sunrise would come as late as it does during each winter—on standard time.

On the plus side, springtime daylight saving would expand recreational opportunities and make life more pleasant each afternoon. April needs all the help it can get. The hour of sunlight displaced each spring morning is often lost anyway, coming well before many people have risen.

This change, a trivial matter in the panoply of public policy issues plaguing the nation today, is nevertheless one that can be achieved solely bny Congress. It is one of those projects that would improve the quality of life for most, perhaps all, Americans—provided only that Congress sees the light.

[From the Los Angeles Times, Sept. 2, 1985]

Will Congress See the Light?

When Congress gets back to work, it will have before it a bill sponsored by Reps. Edward J. Markey (D-Mass.) and Carlos J. Moorhead (R-Glendale) to give the country another month of daylight-saving time. Let's hear it for the Ayes.

Daylight-saving time currently stretches from the last Sunday in April to the last Sunday in October. Under the bill, clocks would be set an hour ahead on the first Sunday in April, and back an hour on the first Sunday in November.

The potential nationwide benefits of 30 more hours of evening daylight far outweigh the potential disadvantages of 30 more hours of morning darkness. During daylight-saving time there are fewer crimes and traffic accidents, less energy is consumed and more leisurely walks are taken at sunset than during the same hours of standard time. Another month of those conditions couldn't hurt. It might even stimulate the economy, because people would have an extra hour of daylight for shopping.

The American Farm Bureau Federation leads the opposition to the bill, claiming that later sunrises make the work of farmers more difficult and endanger children waiting for school buses or walking to school in rural areas.

These concerns are legitimate, but for children they are exaggerated. Because April has the earliest sunrises, schoolchildren would not face mornings that are darker or colder than those during any other part of daylight-saving time, and a study by the Department of Transportation has shown that the risk of accidents would not increase with an extension of daylight-saving time.

Rita Walters, president of the Los Angeles school board, says that she has never heard any opposition to daylight-saving time from concerned parents or school officials here. She said that her schools would be ready for daylight-saving time at the beginning of April, and that an extra week in the fall would do no harm. Several school officials around the country commented that many schools now operate in the dark during standard time. Additional daylight-saving time would help in those situations.

For us, the clincher is that Halloween would come during daylight-saving time, giving children an extra hour of light for going door to door. How can Congress pass up the chance to hand everybody a treat like that?

PROPOSALS TO TAX EMPLOYEE BENEFITS

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. HAWKINS. Mr. Speaker, I today filed a supplementary list of cosponsors for House Resolution 268. This list is filed pursuant to clause 4 of rule XXII of the Rules of the House of Representatives. It brings to 253 the number of Members who have cosponsored House Resolution 268, expressing the sense of the House that employee support systems not be taxed.

The list of cosponsors is broadly bipartisan. It contains the names of liberals and conservatives, committee chairman and new Members. All sections of the country are represented and all committees of the House.

There are 253 Members of the House of Representatives who support a continuation of the present tax treatment of employee pension and benefit plans. Their names are as follows:

Mr. Gary L. Ackerman, Mr. Joseph P. Addabbo, Mr. Daniel K. Akaka, Mr. Glenn M. Anderson, Mr. Frank Annunzio,, Mr. Douglas Applegate, Mr. Les Aspin, Mr. Chester G. Atkins, Mr. Les AuCoin, Mr. Doug Barnard, Jr., Mr. Michael D. Barnes, Mr. Herbert H. Bateman, Mr. Jim Bates, Mr. Berkley Bedell, Mrs. Helen Delich Bentley, Mr. Howard L. Berman, Mr. Tom Bevill, and Mr. Mario Biaggi.

Mr. Michael Bilirakis, Mr. Ben Garrido Blaz, Mr. Sherwood L. Boehlert, Mr. William Hill Boner, Mr. Robert A. Borski, Mr. Douglas H. Bosco, Mr. Frederick C. Boucher, Mrs. Barbara Boxer, Mr. John B. Breaux, Mr. Jack Brooks, Mr. George E. Brown, Jr., Mr. Hank Brown, Mr. Terry L. Bruce, Mr. John Bryant, Mrs. Sala Burton, Mr. Albert G. Bustamante, Mrs. Beverly B. Byron, and Mr. William Carney.

Mr. Bob Carr, Mr. Jim Chapman, Mr. Gene Chappie, Mr. William Clay, Mr. William F. Clinger, Jr., Mr. William W. Cobey, Jr., Mr. Howard Coble, Mr. Tony Coelho, Mr. E. Thomas Coleman, Mr. Ronald D. Coleman, Mrs. Cardiss Collins, Mr. Silvio O. Conte, Mr. John Conyers, Jr., Mr. Jim Cooper, Mr. Lawrence Coughlin, Mr. James A. Courter, Mr. William J. Coyne, and Mr. Larry E. Craig.

Mr. George W. Crockett, Jr., Mr. Dan Daniel, Mr. William E. Dannemeyer, Mr. George Darden, Mr. Thomas A. Daschle, Mr. Robert W. Davis, Mr. E de la Garza, Mr. Thomas D. DeLay, Mr. Ronald V. Dellums, Mr. Ron de Lugo, Mr. Norman D. Dicks, Mr. Joseph J. DioGuardi, Mr. Julian C. Dixon, Mr. Wayne Dowdy, Mr. Richard J. Durbin, Mr. Bernard J. Dwyer, Mr. Mervyn M. Dymally, and Mr. Roy Dyson.

Mr. Dennis E. Eckart, Mr. Bob Edgar, Mr. Don Edwards, Mr. Mickey Edwards, Mr. Glenn English, Mr. Ben Erdreich, Mr. Lane Evans, Mr. Dante B. Fascell, Mr. Vic Fazio, Mr. Edward F. Feighan, Mr. Hamilton Fish, Jr., Mr. James J. Florio, Mr. Thomas M. Foglietta, Mr. William D. Ford, Mr. Wyche Fowler, Jr., Mr. Martin Frost, Mr. Don Fuqua, and Mr. Dean A. Gallo.

Mr. Robert Garcia, Mr. Joseph M. Gaydos, Mr. Sam Gejdenson, Mr. George W. Gekas, Mr. Benjamin A. Gilman, Mr. Newt Gingrich, Mr. Dan Glickman, Mr. Henry B. Gonzalez, Mr. Bart Gordon, Mr. Kenneth J. Gray, Mr. Ralph M. Hall, Mr. Tony P. Hall, Mr. John Paul Hammerschmidt, Mr. Thomas F. Hartnett, Mr. Charles Hatcher, Mr. Augustus F. Hawkins, Mr. Charles A. Hayes, and Mr. W. G. Hefner.

Mr. Cecil Heftel, Mr. Dennis M. Hertel, Mr. John Hiler, Mr. Frank Horton, Mr. James J. Howard, Mr. Carroll Hubbard, Jr., Mr. William J. Hughes, Mr. Duncan Hunter, Mr. Henry J. Hyde, Mr. Andrew Jacobs, Jr., Mrs. Nancy L. Johnson, Mr. Ed Jones, Mr. Walter B. Jones, Mr. Paul E. Kanjorski, Ms. Marcy Kaptur, Mr. Robert W. Kastenmeier, Mr. Jack F. Kemp, and Mr. Dale E. Kildee.

Mr. Thomas N. Kindness, Mr. Gerald D. Kleczka, Mr. Joe Kolter, Mr. Peter H. Kostmayer, Mr. Ken Kramer, Mr. Tom Lantos, Mr. Jim Leach, Mr. Richard H. Lehman, Mr. William Lehman, Mr. Mickey Leland, Mr. Norman F. Lent, Mr. Sander M. Levin, Mr. Mel Levine, Mr. Jerry Lewis, Mr. Jim Ross Lightfoot, Mrs. Marilyn Lloyd, Mr. Tom Loeffler, and Mrs. Cathy Long.

Mr. Trent Lott, Mr. Mike Lowry, Mr. Thomas A. Luken, Mr. Frank McCloskey, Mr. Joseph M. McDade, Mr. Bob McEwen, Mr. Stewart B. McKinney, Mr. Edward R. Madigan, Mr. Thomas J. Manton, Mr. Edward J. Markey, Mr. Ron Marlenee, Mr. Matthew G. Martinez, Mr. Nicholas Mavroules, Mr. Romano L. Mazzoli, Mrs. Jan Meyers, Mr. Dan Mica, Ms. Barbara A. Mikulski, and Mr. Norman Y. Mineta.

Mr. Parren J. Mitchell, Mr. Joe Moakley, Mr. Alan B. Mollohan, Mr. G.V. Montgomery, Mr. Jim Moody, Mr. Robert J. Mrazek, Mr. Austin J. Murphy, Mr. William H. Natcher, Mr. Bill Nichols, Mr. Henry J. Nowak, Mr. James L. Oberstar, Mr. Major R. Owens, Mr. Charles Pashayan, Jr., Mr. Timothy J. Penny, Mr. Claude Pepper, Mr. Carl C. Perkins, Mr. Melvin Price, and Mr. James H. Quillen.

Mr. Nick Joe Rahall II, Mr. Charles B. Rangel, Mr. Harry M. Reid, Mr. Bill Richardson, Mr. Thomas J. Ridge, Mr. Matthew J. Rinaldo, Mr. Don Ritter, Mr. Pat Roberts, Mr. Tommy F. Robinson, Mr. Peter W. Rodino, Jr., Mr. Robert A. Roe, Mr. Charles Rose, Mr. J. Roy Rowland, Mr. John G. Rowland, Mr. Gus Savage, Mr. H. James Saxton, Mr. James H. Scheuer, and Mrs. Claudine Schneider.

Mrs. Patricia Schroeder, Mr. Bill Schuette, Mr. Charles E. Schumer, Mr. John F. Seiberling, Mr. Philip R. Sharp, Mr. Richard C. Shelby, Mr. Bud Shuster, Mr. Gerry Sikorski, Mr. Mark D. Siljander, Mr. Norman Sisisky, Mr. Joe Skeen, Mr. Ike Skelton, Mr. Jim Slattery, Mr. Denny Smith, Mr. Lawrence J. Smith, Mr. Robert C. Smith, Mr. Stephen J. Solarz, and Mr. Harley O. Staggers, Jr.

Mr. Richard H. Stallings, Mr. Arlan Stangeland, Mr. Louis Stokes, Mr. Samuel S. Stratton, Mr. Gerry E. Studds, Mr. Al Swift, Mr. Robin Tallon, Mr. W. J. Tauzin, Mr. Gene Taylor, Mr. Esteban Edward Torres, Mr. Robert G. Torricelli, Mr. Edolphus Towns, Mr. James A. Traficant, Jr., Mr. Bob Traxler, Mr. Bruce F. Vento, Mr. Peter J. Visclosky, Mr. Harold L. Volkmer, and Mrs. Barbara F. Vucanovich.

Mr. Doug Walgren, Mr. Henry A. Waxman, Mr. James Weaver, Mr. Ted Weiss, Mr. Alan Wheat, Mr. G. William Whitehurst, Mr. Charles Whitley, Mr. Bob

Whittaker, Mr. Charles Wilson, Mr. Timothy E. Wirth, Mr. Robert E. Wise, Jr., Mr. Frank R. Wolf, Mr. George C. Wortley, Mr. Jim Wright, Mr. Ron Wyden, Mr. Sidney R. Yates, Mr. Gus Yatron, Mr. Don Young, and Mr. Robert A. Young.

SOVIET ACTIVE MEASURES, PART III

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. HYDE. Mr. Speaker, the following is the final section of a study on Soviet active measures and techniques used in a quiet war against the West. Active measures are effectively used by the Kremlin on a daily basis to subvert, deceive, and disinform the public opinion upon which Western democracies are built.

I recommend the following excerpts from Active Measures, Quiet War and Two Socialist Revolutions to my colleagues in the House.

It is important for all Americans to know the capabilities of the Soviets. They are, indeed, formidable adversaries.

FORGERY

The story of active measures would be woefully incomplete without mention of Soviet forgery operations. They too are an aspect of disinformation and deception. Forgeries, of course, are documents which, although false, are crafted by the KGB to appear genuine. They are often falsified or altered versions of U.S. official publications or communications; on occasion, they are totally fabricated.

Forgeries are usually intended for specific targets, such as a particular foreign government but often are directed at the people of an entire country or region. Forgeries, as with other classes of clandestine political warfare operations, are conducted by Service A, the First Chief Directorate of the KGB.

Fortunately, much of the effect of many Soviet forgeries has been neutralized by quick and efficient response by the CIA and FBI in informing the audience of the results of their analysis of the motivation for the operation and the errors of the forgery itself. Unfortunately, as with many Soviet operations, the truth has difficulty reaching all the recesses where the original Communist untruth has penetrated. The lie often outruns the truth.

Primary targets of Soviet forgeries are the North Atlantic Treaty Organization (NATO) and the U.S. itself. Third World countries are also targetted by the Soviets. The usual propaganda themes are the basis of the forgery motive: the United States is racist, a war monger, imperialist, and manipulative of Third World and NATO governments. The forgery is often accepted—although often, to their credit, not—by the target audiences, publicized locally and picked up and replayed by the Soviet media.

Although many Soviet forgeries show an increasing level of sophistication some forgery operations are poorly—or hastily—assembled and show carelessness. Nonetheless, forgeries are an especially pernicious and virulent form of Soviet active measures.

THE TWO SUPERPOWERS THEORY

Soviet active measrues, according to Lenczowski, follow the open propaganda theme of "the two superpowers." Lenczowski is one of a number of observers of Soviet behavior to see a hidden meaning behind "the two superpowers" concept. This theme, in the terms of Soviet strategic deception, promotes the idea that the U.S. and the USSR are both "superpowers," the Soviet union being placed at once on the same level of development as the United States, a primary goal of Soviet propaganda. This idea at the same time promotes the "mirror image" view of East-West relations (sometimes called the "Samantha" concept) that we, the people and leaders of the two countries, are really just the same after all. Logically if we find nuclear war "unthinkable," this theory holds, the Soviets also find it so when in fact the Soviets have developed over the years a complex doctrine on nuclear warfare including extensive and expensive civil defense planning. Plainly, rather than finding it unthinkable, they have given nuclear war a great deal of thought. Finally, the "two superpowers" idea morally equates the two countries and their systems, a perception which Jeane Kirkpatrick, U.S. Ambassador to the United Nations, finds so pernicious and the errors of which she has struggled against so tirelessly at the U.N. and elsewhere.

GAINING CREDIBILITY

Other observers see similar Soviet basic themes gaining credibility among analysts in the West. Although there may be some substance in these themes, these observers suspect they are the "product of a deliberate and persistent Soviet disinformation campaign," according to Joseph D. Douglass, Jr., a specialist on the subject of Soviet deception. Prominent among these themes are:

The Soviet Union will change.

There are "differences" among Soviet leaders.

U.S.-Soviet "convergence" is possible.

No attention should be paid to official Communist ideology in the Soviet Union.—it is not relevant.

The Soviet Union is defense oriented and threatens no one; it does not seek strategic superiority nor does it want first strike capability.

In an Interagency Intelligence Study the Executive Branch has identified the objectives of Soviet policy in promoting these themes as follows:

To confuse world public opinion regarding the aggressive nature of certain Soviet policies.

To create a favorable environment for the execution of Soviet foreign policy.

To influence both world and American public opinions against U.S. military and political policies and programs which are perceived as threatening by the Soviet Union.

DANGEROUS REEFS

No stranger to deception operations, himself, on April 5, 1940, Joseph Goebbels, Minister of Propaganda of Nazi Germany, gave a secret briefing to selected German journalists during which he is quoted as saying:

> Up to now we have succeeded in leaving the enemy in the dark concerning Germany's real goal, just as before 1932 our domestic foes never saw where we were going or that our oath of legality was just a trick. We wanted to come to power legally, but we did not want to use power legally. . . . They could have suppressed us. They could have arrested a couple of us in 1925 and that would have been that, the end. No, they let us through the danger zone. That's exactly how it was in foreign policy too. . . . In 1933 a French premier ought to have said (and if I had been the French premier I would have said it): "The new Reich Chancellor is the man who wrote Mein Kampf, which says this and that. This man cannot be tolerated in our vicinity. Either he disappears or we march!" But they didn't do it. They left us alone and let us slip through the risky zone, and we were able to sail around all dangerous reefs. And when we were done, and well armed better than they, then they started the war.

The valuable lesson, learned from World War II about the Nazis, unfortunately was lost with respect to the Soviets. The "risky zone" is long since past.

"MASKIROVKA"

Very little has been written about deception operations because they are among the most closely guarded secrets of intelligence services and general staffs. Since World War II the Soviets have, unheralded, developed a sophisticated and well coordinated system of military and political deception. The Russian word maskirovka includes not only military "camouflage and covert maneuvers, but also political deception designed to protect the secrecy of military operations . . ." Jiri Valenta, a student of Soviet affairs, makes an interesting point with a certain irony when he writes that, "In the case of [the Soviet invasion of] Czechoslovakia, [Prime Minister Alexander] Dubcek admitted to being surprised and deceived. But this may have been due more to his, and some of his colleagues', political naivete and self-deception than to skillful Soviet strategem." This observation could well apply to many cases of "successful" Soviet deception operations; naivete and self-deception play a very large role in Soviet schemes.

"DEZINFORMATSIA"

As Lenin told Felix Dzerzhinsky, head of the Cheka, the then KGB, "Tell them what they want to hear." Within the scope of strategic deception and important aspects of active measures are Soviet disinformation (dezinformatsia) operations. One of the many purposes of disinformation, of course, is to hide Soviet strategic intentions.

Paul B. Henze, a former high government official and a longtime student of Soviet behavior has this to say about disinformation:

> It is impossible to draw a clear boundary between misinformation and disinformation. The two categories are part of a continuum which in Soviet practice extends from distortion to total falsification, misrepresentation and forgery. All parts of this spectrum are interconnected and consciously manipulated to achieve desired results. Thus false information planted abroad and seemingly originating from sources that have no connection with the USSR or Eastern Europe is fed back iinto the Soviet propaganda system, cited in the Soviet press as authoritative confirmation of views which the CPSU propagandists want to spread, and then it is disgorged by TASS and Novosti in their international services. Thus spewed out again into international information channels, it becomes self-confirming. Sometimes the process goes through several cycles. Not only current news, but even scholarly research and intelligence are influenced.

To those familiar with Soviet techniques and objectives, such operations are relatively easy to identify, but often difficult to prove. To accomplish their purposes, Soviet propagandists and KGB operatives do not rely only on the credulity and predisposition to believe of Western and Third World journalists, writers and intellectuals. They exploit the readiness of reporters to accept cash or other favours in return for doing their bidding. In Soviet usage, dezinformatsia means deliberately concocted, falsely attributed or distorted information brought to the surface through ostensibly non-Soviet channels or outlets. Of course, the more legitimate (and unwitting) these are, the better.

CULTURAL WARFARE

Soviet propaganda themes appear at increasing frequency in Western media, including those of the U.S., in print and on the screens of motion picture theaters and home television sets. This realm of activity is called by the Soviets "cultural warfare."

According to Michael Miklaucic, of the Woodrow Wilson International Center for Scholars, the Soviets have by means of active measures gained the "higher moral ground" in the global ideological struggle.

The semantics question, which some even call the "semantics war," and which is closely related to the disinformation issue, encompasses the problem of the misuse of words and terms by the Western media, often spontaneously, often in response to Soviet guidance. "Peace" and "democracy" are words misappropriated by the Communists long ago. More recently, Afghan freedom fighters are termed "rebels," and terrorists are called members of "liberation movements." Murders are perpetrated by "right wing death squads" never by left-wing death squads, although sometimes by "guerrillas," and so forth. Some of these semantic twists are Soviet inspired, some possibly not but serve Soviet objectives nonetheless.

It is known that the Soviet intelligence services and their surrogate services in Communist countries devote considerable resources to the penetration of foreign media. Foreign nationals are recruited as "agents of influence," working clandestinely under Bloc direction or to serve as collaborators with Bloc guidance, to make things happen as the Soviets want them to hapen.

In the last few years, such Soviet operations have surfaced in the press in a number of countries from Scandinavia, France and the Netherlands to Southeast Asia. It is presumed that others have not been publicized. The practice is widespread even if publicity of the practice is not. Nevertheless, numerous representatives of the American media have said publicly that for various reasons their own profession in the United States is free from such penetration. It is truly remarkable that the U.S. armed forces and intelligence services (again, based on public records) have been penetrated as have American high technology firms and other KGB/GRU targets, yet, although a target almost everywhere in the world and of unquestioned importance especially on the American scene, the media in this country have not been targetted by the Soviets. One can only ask why?

FOREIGN BROADCASTING

While the IID directs Soviet overt propaganda abroad, including overt radio as well as press activities, the ID manages Soviet clandestine radio programming.

To complement their overt foreign language international radio broadcasts, the Soviets maintain a significant clandestine broadcasting capability as well, still another aspect of active measures. For example, the National Voice of Iran, ostensibly broadcasting from within that country, is the official voice of the Tudeh, or Communist, Party of Iran and actually transmits from Radio Baku in the Soviet Caucasus. The same transmitters also broadcast official Soviet programs in Iranian languages. During the 1979-81 hostage crisis in Teheran, this clandestine Soviet radio station transmitted false information and inflammatory rhetoric in contrast to official Radio Moscow which was on occasion cautious in its coverage. The National Voice of Iran even replayed Soviet KGB-inspired disinformation from other countries.

EVEN SPORTS

The combined Olympic team fielded by the Soviet Union, when it attends the Olympics, is largely made up of professional sports organizations, the Dinamo Sporting Club and the Central Army Sports Club (ZSKA). The former belongs to the KGB. The latter, the ZSKA, is part of Soviet military intelligence (GRU), the military counterpart of the KGB. These two sports organizations are in strong competition, as indeed are their parent organizations, the KGB and GRU, themselves.

In the Soviet Union, sports and athletes are dedicated to the enhancement of the party and the state. Moreover, the special services of athletes and sportsmen are put to use extensively by the intelligence organizations, the KGB and GRU. The Spetsnaz, Soviet military special forces—the Soviet "Green Berets," if you will—provide the athletes for the ZSKA. The KGB has its own special forces, a counterpart to the Spetsnaz, which supplies athletes for the Dinamo Sporting Club.

These troops, the Spetsnaz and the KGB's own version, are an elite fighting force devoted in wartime to operations behind enemy lines, diversionary tactics and the assassination of foreign leaders. Their mission also embraces intelligence collection (including reconnaissance), deception, sabotage, terrorism and guerrilla warfare. The mission of the GRU is essentially military, while that of the KGB is political and economic. It is from these special forces that the Dinamo and ZSKA sports competitors come.

Personnel of these Soviet unconventional forces receive familiarization tours abroad as members of Soviet sports teams. Soviet athletes are not merely winning medals when competing abroad; they are preparing for clandestine activities or unconventional warfare roles; in effect, "casting" their target. It might be added that Soviet strategic plans include the employment of elements of "underground" Communist parties in the West in support of Soviet unconventional units in time of conflict.

Regarding athletes in the Spetsnaz, a former professional Soviet army officer had this to say:

> The Soviet Union needs prestige, and one way of providing this is by winning Olympic medals. The country needs an organization with draconian discipline to squeeze the maximum effort out of the athletes. At the same time, the Spetsnaz needs athletes of the highest caliber who have the opportunity to visit areas in which they may have to operate in time of war.
>
> The athletes, for their part, need opportunities for training and need to belong to an organization that can reward them lavishly for athletic achievement, give them apartments and cars, award commissioned ranks in the forces and arrange trips outside the Soviet Union.
>
> The Spetsnaz thus provides a focal point for the interests of state prestige, military intelligence and individuals who have dedicated themselves to sports.
>
> The ZSKA sends its athletes all over the world, and the fact that these athletes have military ranks is not hidden. The KGB, which also has the role of assassinating enemy VIPs, has its own similar organization. . . They are ordinary but carefully selected and trained soldiers, top-grade athletes, foreigners and, at the head of all of these, the professional intelligence men.

Soviet athletes are thus carefully selected and very well cared for. In a word, they are "special;" members of an elite service. Athletes too are elements in the overall scheme of Soviet active measures.

THE WESTERN RESPONSE

THE ULTIMATE WEAPON

(According to Sidney Hook, the philosopher)

> (T)he ultimate weapon of the West is not the hydrogen bomb or any other super weapon but the passion for freedom and the willingness to die for it if necessary. Once the Kremlin is convinced that we will use this weapon to prevent it from subjugating the world to its will, we will have the best assurance of peace. Once the Kremlin believes that this willingness to fight for freedom at all costs is absent, that it has been eroded by neutralist fears and pacifist wishful thinking, it will blackmail the free countries of the world into capitulation and succeed where Hitler failed.

Our inability to comprehend Soviet strategy is connected to our misunderstanding of Soviet objectives. Sir James Goldsmith cites the Carthaginians of old who, although good warriors, were essentially a trading people. "They never understood the Romans," he says, "who were military and imperial." We too are a mercantile people, like the ancient Carthaginians, Sir James says, and we seem incapable of understanding the Soviets. To combat Soviet strategy, the disinformation content of Soviet active measures, according to Sir James, rather than restrictions and controls, "we need more information, more facts. We need better journalism," he says. The light of truth, once again, is the best defense.

To quote Brian Crozier again, "The security of a nation-State or of an alliance is concerned with territorial integrity, national sovereignty and the defense of a way of life." He goes on to say:

> It is not enough to know and understand: it is also necessary to act. In a world war fought largely by means other than military, the search for security cannot be confined to an anlaysis of military and weapons capabilities, useful though these may be in themselves. Nor is a purely defensive posture enough. Containment has brought us to the brink of defeat in World War Three. A more active policy is required if we are to survive.

How can the West, especially the United States, deal with the Soviet active measures offensive? Our system is such that we cannot respond in like terms.

According to Rett Ludwikowski: Moscow has not attempted to abolish the Catholic Church or the relics of private ownership in Poland, aware of the Poles' strong attachment to these institutions. It is characteristic of Soviet Policy that (in both foreign and internal affairs) Russians try to insinuate themselves into places they find weak. But when they encounter strong opponents and the prospect of swift victory seems uncertain, they will withdraw.

Accordingly, the Russians will never attempt to attack the United States directly except in some tremendous crisis. Rather, they will endeavor to weaken America's international position, to assist America's opponents, to incite unrest among America's neighbors, and to spread communist ideas among Third World countries.

THE BEST HOPE

"The best hope that the free world remains free," according to M.R.D. Foot of the University of Manchester, "Lies in an efficient, constitutional freedom-loving—but adequately secret—CIA and FBI. Our intelligence and counterintelligence capabilities must be strengthened. Another important part of the answer is to continue to illuminate Soviet and Bloc activities in the West, to subject to the light of day the realm of Soviet active measures. In the East, again the prescription is the light of truth: to continue to reinforce the Voice of America, Radio Free Europe and Radio Liberty—and for Cuba, Radio Marti—to carry to the peoples of the Soviet system the facts of the world as it really is and the hope of eventual freedom.

TO PRIZE PRECAUTION—TO KNOW

In the words of an ancient Chinese sage: "Now the way to make the country secure is to prize precaution. Now that you are aware of the dangers, misfortune is left at a distance." For first we must know. Then we must muster the will. And then we must act. But first we must know.

One final quotation: "The history of failure in war can be summed up in two words: Too late. Too late in comprehending the deadly purpose of a potential enemy; too late in realizing the mortal danger; too late in preparedness; to late in uniting all possible forces for resistance; too late in standing with one's friends."—General Douglas MacArthur.

VFW HERBERT W. BEST POST NO. 928—50 YEARS OF ACHIEVEMENT

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985920

Mr. EDGAR. Mr. Speaker, on October 12, 1985, the Herbert W. Best Post No. 928 of the Veterans of Foreign Wars of the United States, Folsom, Delaware County, PA, will celebrate its 50th anniversary.

The golden anniversary event represents 50 years of outstanding service to the United States on the part of the thousands of VFW post members who served in defense of this country. It also represents 50 years of dedicated achievement on the part of the post membership itself in supporting and maintaining a visible image of the best America has to offer at the community and local level.

As a member of the House Veterans' Affairs Committee for the past 12 years and chairman of its Subcommittee on Hospitals and Health Care I greatly appreciate the strong contribution all of our veterans organizations have made in expressing such a clear voice in behalf of all those who have served and sacrificed so much in defense of this Nation. However, it is important for all of us to realize that the strength of the veterans voice here in Washington is only a reflection of concern and interest of millions of veterans at the local and grassroots level who have contributed so much to their local friends and communities.

The members of the Herbert W. Best Post No. 928 can be truly proud of their 50 years of progress and achievement. I salute them, and wish them well for another half century of community involvement on behalf of the veterans of this country.

For the benefit of my colleagues I would like to introduce for the record a summary of the history and achievement of the post.

HERBERT W. BEST POST NO. 928

Herbert W. Best Post No. 928, Veterans of Foreign Wars of the United States, Folsom, Delaware County, Pennsylvania—one hundred thirty-three (133) charter members installed at installation ceremonies held in the auditorium of the Ridley Township High School on June 8, 1935, charter signed by James E. VanZandt, National Commander-in-Chief.

Prior to installation, a meeting was held on April 19, 1935 at the Emertz-Mullen Post, Chester, Pa. for charter application. Frank Clayton, Commissioner of the Kedron District of Ridley Township, presided at the meeting. The acting Adjutant was Charles E. Rigby of Holmes, Pa. Nominations and elections of officers took place at Memorial Hall, Folsom, Pa. at a post meeting held on June 6, 1935. Charles B. Merritt was elected Commander, Oscar Jacobs, Sr. Vice Commander; Joseph Jackson, Jr. Vice Commander; Harry Bowe, Quartermaster; Harry McCune, Chaplain; John Hill, Officer of the Day; Jesse Wood, Oscar Jacobs, George L. Moore, Trustees. Appointed as Post Adjutant was Charles E. Rigby.

The newly organized post was named in honor of Herbert W. Best who formerly resided with his uncle, Samuel R. Linville, at Brighton Terrace, Holmes, Pa. Sergeant Best was killed in action at Chateau-Thierry, France on July 12, 1918, while serving as a member of Company B, 111th Infantry. Sergeant Best is buried in Arlington National Cemetery, Virginia.

Post No. 928 has been extremely active for over 50 years in providing service to veterans and their families. The Post Service Officers are very knowledgeable in all situations involving veterans rights.

All National Holidays are observed by Post No. 928. Proper ceremonies are adequately provided by Americanism Chairman, Past District Commander, Charles Way. Most emphasis is placed on Loyalty Day and Memorial Day Services.

Citizens, Policemen and Firemen are cited for their outstanding contributions, such as heroism and bravery over and beyond the call of duty. V.F.W. citations are presented to recipients at Loyalty Day services.

Our departed comrades, both those killed in action, and all deceased members of Post No. 928 are remembered at our post Memorial Day services held on the mound in front of the post home.

Post No. 928, in conjunction with V.F.W. National and State, conducts a Voice of Democracy Scholarship Program. This a national broadcast script-writing program designed to give high school students the opportunity to elucidate their opinions on a patriotic theme and to convey their thoughts via the broadcasting media to all America. Our chairman for this most important program is Arthur Colwell.

Community services and activities have been provided for a half century to Ridley Township and all surrounding boroughs. Post No. 928 has provided honor guards and color guards for any and all special occasions. Our services are available, upon request, to the families of our members or any veteran for funeral services. Community activities has been the key to successful relationship in our home town environment.

The post has sponsored Girl Scout and Boy Scout troops, boy's clubs, had fund raisers for charitable causes, made flag presentations and gave a meeting place for many organizations including a school for retarded children. Safety programs are provided from time to time, such as Lite-a-Bike. This program is supported by personnel from the Township Police Department. A child identificaton program is being planned for the future. Christmas parties, Easter egg hunts and Halloween parties are also provided for children in and around our community.

Our members and post auxiliary are dedicated in providing service to the community in time of peace just as they have done in time of war.

The officers for 1985-1986 are as follows: John J. Adams, Commander; Joseph Friel, Sr. Vice Commander; David Burns, Jr. Vice Commander; William Kelly, Quartermaster; Charles Way, Post Advocate; Helmut Witzel, Chaplain; Allan Jameson, Surgeon; George Lincoln, Daniel Collins, Edward Semecheski, Trustees; Joseph Palumbo, Adjutant; George Lincoln, Service Officer; Alfred Mattera, Legislative Officer; Matthew Baldwin, Guard; Daniel Collins, Officer of the Day; Harry Buzan, 7th District Commander and Lawrence Doyle, Past Commander Advisor.

Fifty (50) years of service to our veterans and community will be celebrated October 12, 1985 at the Knights of Columbus, Crum Lynne, Pa.

TRIBUTE TO MR. FRANCIS VERN KRAUSE

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. LIPINSKI. Mr. Speaker, as the saying goes, "No man stands so tall as when he stoops to help a child." This statement indeed describes Mr. Francis Vern Krause, a 40-year employee of the Chicago Park District's Department of Recreation.

Beginning as a physical instructor in July, 1946, Mr. Krause rose through the ranks of the recreation department eventually becoming the assistant general supervisor of physical activities in 1980.

During his 40 years of working with the youth of Chicago, Mr. Krause's first priority has always been to build character in the athletes he coached, trained, and counseled. His dedication to this philosophy has re-

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sulted in numerous athletes achieving scholarships at the high school and college levels. Today many of his former athletes are coaches themselves and they continue to follow and use that philosophy of character building.

Mr. Speaker, I ask this august body to join with me in thanking Mr. Krause for his dedication to the youth of America and to wish him well in his retirement years. His achievements truly place him head and shoulders above his fellow man.

ETHEL MEARS—CONGRESSIONAL PUBLIC SERVICE AWARD RECIPIENT FOR REDWOOD CITY

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. LANTOS. Mr. Speaker, I call to the attention of my colleagues in the Congress the outstanding accomplishments of one of my constituents. Ethel Mears—described by one of her neighbors as "a 90-year-old dynamo"—has been named to receive the Congressional Public Service Award for Redwood City, CA.

Mr. Speaker, Mrs. Mears' contributions to Redwood City and San Mateo County through the years have been numerous and significant, but they have often gone unrecognized because of the quiet and efficient way she has pursued them. She seeks out people who are in particular need of emotional and financial support, and then—without fanfare or attention—provides that help.

Ethel Mears provided much of the original impetus for the establishment of the Fun-After-Fifty Club some 28 years ago, and she has continued to be a strong force within the group since its foundation. She was an early president and did much to encourage the development of its orchestra and choral group. She and her husband Walter furnished much of the music and costumes used by the group for special programs.

Casa de Redwood, the first senior housing development in Redwood City, was another project which benefited from her enthusiastic support. She helped initiate the study of senior transportation which resulted in Redi Wheels and Escort Service Programs for seniors.

As a member of the Senior Center Advisory Committee, she was instrumental in bringing about the renovation of the Veterans' Memorial Building and developing it as a senior center. In cooperation with the San Mateo Community College District, Mrs. Mears helped design and implement the "Better Living for Later Years" Program. This extremely popular and worthwhile program has been conducted at several senior centers in recent years.

For 12 years, Mrs. Mears served on the San Mateo County Commission on Aging, and she was one of the founders of the San Mateo County Senior Forum. Recently she was appointed by the Redwood City Council to serve on the Redwood City Senior Affairs Commission. She has also served as a member of the board of directors of the Salvation Army.

Mr. Speaker, Ethel Mears exemplifies the concept behind the Congressional Public Service Awards—her life and commitment demonstrate the difference that one concerned individual can make in the life of her community.

PERSONAL EXPLANATION

HON. JIM MOODY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. MOODY. Mr. Speaker, during the vote on the Wylie amendment to the appropriations bill for the legislative branch on July 18, I am recorded as voting "present" instead of the "no" I intended to vote. I believe this was the result of a voting card malfunction. I adamantly opposed this amendment, which deleted funding for the printing of Playboy magazine in braille.

The supporters of the amendment repeatedly claimed that this was nothing more than a deficit reduction measure; this action, however, has far greater implications. In effect, Congress is now undertaking the "duty" of acting as a censor for the blind.

The Library of Congress has provided free reading material for the blind since 1931. Until the passage of the Wylie amendment in July, a committee composed of representatives of consumer groups, such as the American Council of the Blind, the Blinded Veterans Association, and the National Federation of the Blind, selected, without restraint, the material to reproduce in braille and recorded format. I firmly believe that this committee should retain full autonomy and not be shackled by others' opinion of what material is worthy of reproduction for the blind.

If this is simply a matter of "deficit reduction," I question why Playboy was the only magazine out of the 36 reproduced whose funds were eliminated. By what standard does Congress declare the articles (pictorial material is never reproduced) unsuitable for funding? What rationale have we to make the eighth most popular magazine among the blind inaccessible?

I urge my colleagues to reconsider their vote for this unprecedented censorship. I only hope that this issue will be reversed in the future.

UNITED STATES-JAPAN TRADE: HENRY SEES THE LIGHT

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. STARK. Mr. Speaker, in today's Washington Post, Henry Kissinger finally said, in his own baroque way, what many of us have been saying about trade policy for years. Wittingly or not, he has supported a proposal if mine that has been largely ignored in this year's trade debate. I'd like to summarize some of his main points because I think they're good ones, and I don't want to force everyone to plow through his entire essay to find them.

First, we need some stability in our trading system. Working in a global market where currency prices fluctuate dramatically, markets open and close capriciously and the rules of doing business change frequently inspires arbitrage and effectively precludes the formulation of long-run business strategies. Markets do not adjust freely; there are huge transition costs associated with opening and closing businesses and moving workers among different sectors.

Second, the underlying causes of our trade imbalance are macro in size and cannot be solved with microapproahes. Eliminating all the unfair trading practices of the Japanese would only reduce our trade deficit with them by about a third. That doesn't mean we shouldn't confront those problems—we certainly should—but it's a little like trying to balance the Federal budget by eliminating Amtrak. Currency intervention will help at the margins and will reduce pressures in the short run, but we need to solve the underlying causes of the currency imbalance to effect long-run stability.

Third, we need to respect the culture and traditions of our trading partners, especially the Japanese, before we negotiate with them. We have a long-standing inclination to try to force-feed the American way all over the world and we usually get our hands bitten off. Previously we saw this failing in our military overseas; now it's with our trade neogitators. It would be nice if someone in the administration would read some history.

Fourth, we need to inspire the Japanese to become more responsible members of the trading system. In the short run, a country can earn an advantage by piling up a trade surplus at the expense of its partners. In the long run, though, other countries will react fiercely to protect the jobs and industry they are losing, and the amicable cooperation on which trade is based will disappear. What we need to do as a first step is to limit the size of the trade surplus that the Japanese can hold with us. We should not haggle with them over how to do it, merely mandate that they do it or suffer penalties imposed by us. The methods they use could then be determined internally, through their own process, with their own priorities. It would be an easy rule to enforce and would tie our countries more closely together.

Dr. Kissinger's proposal is identical to a resolution, House Joint Resolution 238, that I introduced nearly 3 years ago and reintroduced on April 4, 1985. When I did so, people said it was a crazy idea. Is Henry Kissinger crazy? Fifteen years ago, I thought he was, but now I think he finally might have acquired some sense. Perhaps his distinguished support will encourage some action on my resolution.

There is a global trade problem that is much more complex and widespread than the United States-Japanese imbalance. It involves stagnant industries and huge foreign debts in South America, grinding, hopeless poverty in Africa and single-product economies in the Middle East that have been unable to diversity and are now left potentially vulnerable as the price of their single product slides downward. America neither can nor should shoulder the burden for these problems on its own. The Japanese have a vital interest in economic and political stability and they should do more to preserve it. Unfortunately, the petty squabbling match we are in with them is not doing much to inspire their cooperation. We are not challenging the Japanese to show us their best side, we are goading them into exhibiting their most obstinate side. They have the ability to dramatically help develop the non-OECD world and to galvanize the international trading system. We should encourage them to do so.

Mr. Speaker, it's good to have Dr. Kissinger on board. He's a little late in reaching the conclusions that Lester Thurow at MIT and others have been preaching, but perhaps the oracular nature of his pronouncements will prod others to start thinking of trade in these commonsense terms. If so, we will all be grateful.

THE HISTORY OF GUESTWORKERS IN THE UNITED STATES

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. TORRES. Mr. Speaker, I rise today to call to the attention of my colleagues an article published on October 2, 1985, in the Los Angeles Times. The article, entitled "Growers Still Addicted to Foreign Workers," provides an important historical perspective to the current debate over the guestworker provisions of pending immigration reform legislation.

Mr. Speaker, I oppose expanded guestworker programs. These programs have never worked; they stimulate increased illegal migration and increase agricultural growers' dependence on foreign labor. They inevitably lead to massive abuse and exploitation. Finally, such programs are inconsistent with the purpose of immigration reform. If the purpose of immigration reform is to minimize unfair competition for domestic jobs, the importation of hundreds of thousands of foreign workers is obviously inimical to the goals of the legislation.

As many of my colleagues know, the immigration bill recently passed by the other body includes a massive new guestworker program. The so-called Wilson amendment to S. 1200 would allow growers to import as many as 350,000 temporary agricultural workers into the United States every year. In addition, the bill includes three other temporary worker programs for agriculture: The so-called transition program, a significantly streamlined H-2 program; and an agricultural commission to study and make recommendations on the needs of agricultural growers. Together, these provisions could allow as many as 500,000 guestworkers into the United States annually to compete for domestic jobs.

Mr. Speaker, I would hope that my colleagues will follow a different course. The need for massive new guestworker programs is unproven. The record of such programs is filled with countless examples of abuse and policy failure. It is anticipated that this body will soon consider immigration legislation, and there is little doubt that agricultural growers will lobby heavily for massive guestworker programs. I urge my colleagues to resist these efforts.

At a time when domestic farmworkers suffer from double-digit unemployment, it would be the ultimate irony for this body to enact legislation that would create massive guestworker programs in the name of saving American jobs. I ask that the full text of the referenced article be printed in the RECORD.

[From the Los Angeles Times, Oct. 2, 1985]

GROWERS STILL ADDICTED TO FOREIGN WORKERS

Congress appears closer than ever to passing a law that will punish—by fines or, ultimately, imprisonment—employers who knowingly hire millions of illegal aliens who are usually willing to accept low wages and harsh working conditions.

However, regardless of any legislation, chances are that many growers, who rely heavily on illegal aliens, will be given an "escape clause" so that they can legally continue the hiring practices that they have been using for more than 100 years.

In fact, on Monday the Reagan Administration gave its general blessing to a Senate-approved proposal by Sen. Pete Wilson (R-Calif.) to create a new "guest worker" plan that would allow growers of certain crops to continue bringing in hundreds of thousands of foreign workers for harvesting crops.

Wilson insists that, without the help of foreign workers, crops will rot in the fields, growers will go out of business or move their farms to Mexico, food prices will skyrocket and, in general, the nation's entire economy will be badly hurt.

Not everyone agrees. There is strong opposition to the idea of giving special treatment to growers from many quarters. Former Labor Secretary W. Willard Wirtz calls the plan "a sad but perhaps not surprising example of the cynicism and greed that has characterized the actions of so many growers for so many years."

Twenty years ago, Wirtz was bitterly denounced by growers for the crucial role that he played in ending the old bracero program, which helped growers legally get 1 million or more foreign nationals as fieldworkers from 1941 to 1964.

Wirtz, now in retirement, said in a telephone interview from his home in Washington that "it all sounds so similar to growers' cries of outrage when Congress allowed the old bracero program to die on Dec. 31, 1964, in large part because so many workers then in this country legally were without jobs."

"At that time, the U.S. unemployment rate of about 5% was considered too high, and Congress decided we didn't need the foreign workers. Now the jobless rate is well over 7%—and more than double that in the rural areas—yet once again we are hearing the cries that 'crops will rot in the fields' unless growers get foreign workers."

There are differences between the bracero program and the proposed "guest worker" plan that Wilson and others insist will provide adequate protection of foreign workers from abuses by employers. In addition, they say, the new plan will reduce, if not eliminate, the competition for farm jobs between the foreign nationals and U.S. domestic workers.

But it is going to be difficult to reassure domestic workers that they will be protected by the new law when, for instance, one of those involved in enforcing the proposed "guest worker" plan will be Deputy Labor Secretary John Norton, who testified in Congress on Monday in favor of the plan.

That's because Norton's family farm, J.R. Norton Co., has been found guilty by the California Agricultural Labor Relations Board of numerous state farm labor law violations ranging from firing workers for union activities to refusing to bargain in good faith with the United Farm Workers. Norton's workers chose the UFW as their bargaining agent in a state-conducted, secret-ballot election in 1977.

The company so far has lost court appeals and faces penalties that could range up to $1 million or more.

An aide to Wilson said that it is unfair to believe that Norton might not properly help enforce the proposed "guest worker" plan. After all, he said, Norton's company is "just one of many California growers who were unfairly prosecuted by a state agency that was biased in favor of Cesar Chavez and his union."

The national AFL-CIO has long backed laws designed to punish employers who knowingly hire illegal aliens, and it opposes making an exception for growers. However, Dolores Huerta, UFW vice president, says that no law designed to halt the flow of illegal aliens will work—except one that would help Mexico and other nations make their own economies so strong that their workers would not want to come to the United States. That is her way of saying that the UFW does not support penalties against employers who hire illegal aliens.

One of the more iroinic aspects of the efforts by conservatives such as President Reagan, Wilson and others to create another government-sponsored plan to help growers import foreign workers is that they are also among the nation's strongest advocates of a free-market, free-enterprise economy.

Normally, under the free-market concept, growers would have to raise wages and improve working conditions enough to attract U.S. workers to the jobs.

In fact, when the bracero program was killed by Congress in 1964, Wirtz said that "growers must now compete in the marketplace with other elements of the nation's economy for their workers. Americans can do the job, and there are enough of them."

But it didn't work that way. An estimated half of the present farm labor work force (variously estimated in California at between 200,000 and 300,000) is made up of illegal aliens, and, while farm labor wages have gone up somewhat (in part to keep out the UFW), growers insist that there are still not enough domestic workers to harvest their crops.

Even when the old bracero program was being used to bring in thousands of workers—mostly Mexicans—each year to harvest crops, illegal aliens were also coming here in record numbers. This year, the Immigration and Naturalization Service says the flow of illegal aliens is escalating. An estimated 1 million foreigners—about one-third of those who actually entered the country illegally—were apprehended last year by the INS.

Some of those who backed an end to the bracero program said in the early 1960s that growers should, however, be given a chance to phase out their dependence on foreign workers. Even former Democratic California Gov. Edmund G. (Pat) Brown urged Wirtz to "give the growers time to find domestic workers for farm jobs."

But the use of foreign labor is obviously a difficult habit for growers to break, and not even advocates of the proposed "guest worker" plan claim the plan will ever mean that growers will do without foreign laborers.

The habit is one of very long standing. Most observers refer to May 10, 1869, as the start of the foreign farm labor story in California. That was the day when a golden spike was driven into the last rail linking the Union Pacific with the Central Pacific railroad, opening an easy route from East to West. Thus, California farmers were able to start shipping food eastward in great quantities. And completion of the railroad also signaled layoffs for the thousands of Chinese who were brought to this country to work on the railroads. Their labor was cheap, compared to the wages expected by U.S. workers, and so the Chinese went to work for growers.

Heavy unemployment in the 1880s ignited the racist Chinese Exclusion Act in 1882, abruptly cutting off the major source of foreign farm labor at that time. Nevertheless, the pattern of growers relying heavily on cheap foreign labor had been established. The Chinese were followed by workers imported from Japan, the Philippines, Hawaii, the Caribbean and other foreign areas.

But the closest source for such workers was Mexico, and for many years Mexicans crossed into the United States, at times legally and at most other times illegally. Thus, that nation became the major supplier of cheap foreign labor.

The Great Depression brought Western growers the labor of poor whites from Oklahoma, Arkansas and other Southern and Southwestern states. (They became the subjects of John Steinbeck's famed "Grapes of Wrath.") But as the Depression eased, nonfarm employers began once again competing for their labor, and illegal aliens, or foreigners brought in by the U.S. government, replaced the "Okies," and growers' reliance on foreign workers resumed.

The trend has grown, and today employers in the garment, restaurant and other industries also make extensive use of illegal aliens for cheap labor. The proposed immigration reform law may stop much, if not all of that, which could mean a substantial increase in the number of jobs for domestic workers.

But unless the "guest worker" plan for growers includes tough, rigidly enforced prohibitions against unfair competition with U.S. workers, growers are likely to continue their 130-year-old tradition of relying on foreign workers as the mainstay of their work force.

TRIBUTE TO RICK REUSCHEL

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. LIPINSKI. Mr. Speaker, with the excitement of the major league baseball playoffs upon us, I would like to take a few moments to recognize and honor Rick Reuschel, an outstanding right-handed starting pitcher for the Pittsburgh Pirates and the odds-on favorite to receive the 1985 "Come Back Player of the Year" Award.

Rick Reuschel pitched for the Chicago Cubs from 1972 to 1981 and again in 1984. While with the Cubs, Rick posted double-figure victories in nine straight seasons. After pitching for 10 magnificent years with the Cubs and a World Series starter with the 1981 New York Yankees, no team would sign Rick Reuschel. Most teams were concerned with the shoulder surgery Rick underwent in 1982. They thought his pitching years were over. Finally, in September 1983 the Cubs signed Rick again. But after going 5–5 with a 5.17 ERA in 1984, Rick left the Cubs at the end of the season and announced for free agency.

Again, there was not much interest shown in Rick by any of the major league clubs until the Pittsburgh Pirates signed him to a minor league contract before the start of the 1985 season. Toward the end of May, Rick joined the Pirates and went on to win 8 of his first 10 starts. Rick finished up the 1985 season with a 14–8 record and the fourth best ERA in the National League at 2.27. Taking into consideration his 1985 minor league record of 6–2, Rick unofficially had over 20 victories this year. Recognizing Rick's continued ability to be an effective starting pitcher and his influence on the younger pitchers, the Pirates recently signed him to a 3-year contract.

Mr. Speaker, I want to congratulate Rick Reuschel on his refusal to give up when things were not going his way. His determination on and off the playing field is an inspiration to all of us. I wish him continued success in Pittsburgh.

MEMORIAL TRIBUTE TO DR. FRANKLIN L. ASHLEY

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. WAXMAN. Mr. Speaker, in February 1985, one of the most noted surgeons and humanitarians of the century passed away in St. Petersburg, FL—the city in which he was born. Though his work took him to the far corners of the globe, Los Angeles became his home. Many of the people who loved and admired Dr. Ashley have sought to pay public tribute to him. He will be honored posthumously by the Music and Performing Arts Angels with the Angel Victory Award.

Orphaned at an early age, Franklin Ashley worked his way first through law school and later, after the tragic death of his only sister, through Northwestern University Medical School. He furthered his studies with a year at Cornell and another at Columbia.

One of the great heroes of World War II, Dr. Ashley served as a commander aboard the aircraft carrier U.S.S. *Hornet* during the 1945 sea battle at Okinawa and Kyushu. He is credited with saving hundreds of lives and received the Presidential Citation and other honors. It was during this experience on midseas, putting back together badly broken and burned bodies, faces, teeth, and eyes that Franklin Ashley began his lifelong mission of healing through plastic surgery. In Hiroshima and Vietnam and in the street ghettos of Los Angeles, Dr. Ashley performed his miracles, at his own expense and without any publicity. At the University of California, Los Angeles, he founded the plastic surgery department and trained over 100 doctors—those who could meet his stringent professional requirements.

Dr. Ashley's renowned skills were in great demand by the stars of Hollywood and the social elite. At the time of his death, there were over 200 on the waiting list for his services.

In spite of his demanding schedule, Franklin Ashley went back time and time again to the work he found most gratifying—saving helpless children. His love for children brought about the founding of Garissa's Boy Town in Kenya. During a trip to Africa, he saw orphaned cripples, many of them lepers, abandoned as unfit by their parents, according to tribal custom. Dr. Ashley founded a home for these outcast children, gave them food, medical care and even improvised "crutches" out of tree limbs until he could return with proper artificial limbs. In many succeeding trips, he brought them books, clothes, and other supplies with his own funds. He even enabled them to become self-supporting by diverting water from a nearby river so that they could grow and sell fruits and vegetables. Many of them leave the settlement to attend high school in the city and then return to help with the younger boys. It is little wonder that to these boys he was known as the "White God."

Dr. Franklin Ashley was a legend. Legends never die but their presence is missed. The work of Dr. Franklin Ashley, hopefully, will be carried on by others who will be inspired by his story.

I ask the Members to join me in remembering Dr. Franklin Ashley as a great American and as an outstanding human being.

THE FARMER'S FRIEND: WAYNE ROTHGEB

HON. DAN COATS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. COATS. Mr. Speaker, I rise today to note the retirement of a man who has helped forge understanding between the farmer and the farmer's city cousin over the past several decades in the tristate region of Indiana, Michigan, and Ohio. The retirement of this man, Wayne Rothgeb, a nationally recognized broadcast journalist, leaves a gap that I believe will not soon be filled in our part of the Nation.

Wayne Rothgeb is an important spokesman for the agricultural community in the part of the Nation that I represent. The Allen County native was born on a farm near New Haven, IN, and spent 4 years as an Air Corps pilot during World War II. He saw extensive action in South Pacific battle zones. After the war, he received his B.S. in agriculture from Purdue University. For the last 34 years, Wayne was host of his own show on WKJG-TV in Fort Wayne, an NBC affiliate. He has also served as assistant Jay County agricultural agent.

While Wayne's stories and features are of particular interest to the farm community, they have also provided a tremendous service in explaining the problems and challenges of agriculture to our city friends. The educational efforts are particularly important and rewarding in light of the recent agricultural slump. The seeds of understanding that Wayne has sown for 34 years are bearing great fruit today in building a consensus and unity between two diverse segments of the population. That consensus is that farm success is everyones success and farm problems are everyone's problem.

For his high degree of professsionalism, integrity, and wit, Wayne recently received a national award, "Farm Broadcaster of the Year."

But such recognition, and a large following, have not changed this advocate for the farm community. Wayne Rothgeb remains a down to earth, folksy, sensitive individual who works hard to serve the needs of the community. Such selfless dedication earns him the title of "The Farmer's Friend." Wayne, on behalf of myself, residents of the Fourth District, and farmers all over the tristate area, we salute you. Thank you for all you have done.

GREATER NEW HAVEN BUSINESS AND PROFESSIONAL ASSOCIATION

HON. BRUCE A. MORRISON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. MORRISON of Connecticut. Mr. Speaker, it is with great pleasure that I rise today to recognize the achievements of the Greater New Haven Business and Professional Association in encouraging the development of minority businesses in Connecticut's Third Congressional District.

The Business and Professional Association has been helping minorities start up and expand small businesses in the Greater New Haven area for the past 20 years. Largely run by members who volunteer their professional skills, this nonprofit organization offers a wide variety of services important to business development, including business planning assistance, referrals to financial sources, and development of marketing strategies and loan proposals. So far this year alone, over 75 management and technical assistance advocate tasks have been completed.

In addition to directly advising minority businesses, the association has also been very active as an advocate for minority business participation in both private and government contracting bids. In particular, the association has assisted general contractors in the Greater New Haven area in identifying and hiring minority subcontractors.

The Business and Professional Association will be celebrating its 20th annual awards dinner on Friday, October 11. This year's theme will be encouraging minority youth to become aware of and take advantage of available business opportunities. The guest speaker will be Iris W. Randall, president of the successful New Beginnings Consulting Firm based in New York City.

Several local business and community leaders will be honored at the dinner for their high achievements in their chosen professions and for their outstanding contributions to the local community.

Mr. Speaker, I am pleased to bring to the attention of my colleagues the four remarkable people who will be honored on Friday.

I know it is with great pride that the association presents the President's Cup Award to Mr. Willie A. Holmes, president of Barkley Associates in New Haven and an active member of many local, State, and national organizations. Mr. Holmes has provided the Greater New Haven Business and Professional Association with his strong and resourceful leadership as their president since 1983, and I join his colleagues in wishing him many more years of success.

The association's Community Service Award is being presented to two remarkable individuals, Hon. William Riley Dyson and Mrs. Mayola Riddick. First elected to the State legislature in 1977, Representative Dyson has done an outstanding job of representing Connecticut's 94th District. A respected teacher and administrator with both national and international experience, Representative Dyson has been actively involved in numerous civil activities throughout New Haven since moving to New Haven in 1970.

Mrs. Mayola Riddick, the second Community Service Award recipient this year, is the director of the New Haven Education Support Program which is designed to provide programs for high-risk children and juveniles. In addition, she also directs the Free Butter and Cheese Program provided by the Federal Government, which services over 4,000 New Haven people.

The deserving recipient of the Outstanding Business Award is Mr. Ernest Jones, a past officer and board member of the association, as well as president of the Dixwell Plaza Merchants Association and chairman of the city employees' retirement fund.

Mr. Speaker, the Business and Professional Association has clearly made a difference in many lives in the Greater New Haven community and is deserving of our praise and admiration. The men and woman whom they have chosen to honor this year typify the outstanding achievement and community service that this organization encourages. I know that my colleagues join me in congratulating the Greater New Haven Business and Professional Association and this year's outstanding awards recipients for their dedication to the pursuit of excellence in both professional and community service.

WHERE IS THE BALANCE COMING FROM?

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. GARCIA. Mr. Speaker, a balanced budget, or a manageable deficit is a desirable if not easily achieved goal. But how do we do it? We must decrease spending, obviously, but we should decrease funding for programs, such as defense, that are already heavily inflated.

Who will vote for a balanced-budget amendment? Those in Congress who are unwilling to vote for decreases in spending, particularly this close to the beginning of another election year. Many who vote for this amendment will do so in all sincerity, because they believe, as I am sure we all do, that we should not leave future generations of Americans, our children and grandchildren, with staggering deficits. But many will also vote for this amendment because it is an easy way out. It is a way to say we are for a balanced budget, without doing the actual dirty work required. It is an example of legislative buck passing, requiring the President to do what we have been unable or unwilling to do.

The Gramm-Rudman proposal was offered in a good faith effort to reduce this debt that threatens to strangle our economy. However, this balanced budget effort will reduce the deficit in an unbalanced manner. The proposal exempts so many programs that the center on Budget and Policy Priorities states that programs for the poor will shoulder most of the reduction burden.

Is there balance when the needy is this country must pay, when the most needed social programs face unceasing funding cuts while the defense budget balloons? Defense is necessary, but not at the expense of the hungry, the homeless and the helpless of our Nation.

Under Gramm-Rudman, defense contracts are exempt from reductions because they are considered uncontrollable funds. This is certainly one occasion on which I agree with my colleagues from the other side—in this instance they have appropriately described the administration's policy on defense spending—uncontrollable.

"INCOME AND JOBS ACTION DAY" IN SEATTLE, WASHINGTON

HON. CHARLES A. HAYES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. HAYES. Mr. Speaker, I want to draw the attention of my colleagues to the occasion of my recent visit to Seattle, WA. I was invited by the United Food and Commercial Workers [UFCW] local 1105 to be a speaker at a jobs rally. The Income and Jobs Action Act, H.R. 1398, a bill I introduced which now has 29 cosponsors in the House, was the subject of the jobs rally.

Mr. Speaker, the Honorable Charles Royer, mayor of Seattle, WA, issued a proclamation making October 5, 1985, "Income and Jobs Action Day." The proclamation eloquently recognizes the right of all Americans to a decent job or an adequate income for those adults unable to find employment.

Mr. Speaker, according to a February 5, 1985, Congressional Budget Office report, a 1-percent reduction in the unemployment rate will reduce the deficit by $40 billion in fiscal year 1986. A 3-percent reduction in the unemployment rate would reduce the deficit by $120 billion in fiscal year 1986. What could have a more positive impact on our American society than reducing the deficit by putting people back to work.

Mr. Speaker, I believe you and the rest of my colleagues will find the proclamation I received, to make H.R. 1398 a law, very interesting.

The proclamation from the city of Seattle, WA, which calls on Congress to pass H.R. 1398 follows:

PROCLAMATION

Whereas, all Americans have a right to earn a decent living to support themselves and their families; and

Whereas, our nation's economic policy must recognize this right and also provide an adequate income for those adults who are unable to earn their living through paid employment; and

Whereas, U.S. Representative Charles Hayes of Illinois, along with other distinguished members of Congress, has introduced the Income and Jobs Action Act of 1985 to establish such a policy and mandate a coordinated program of implementation; and

Whereas, the City of Seattle supports this effort to ensure the right to a secure economic future for Americans;

Now, therefore, I, Charles Royer, Mayor of the City of Seattle, do hereby proclaim October 5, 1985, as income and jobs action day in Seattle, and urge the people of our city to support this important federal legislation.

CHARLES ROYER,
Mayor.

HEALTH CARE COSTS ARE OUT OF CONTROL

HON. TOM LEWIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. LEWIS of Florida. Mr. Speaker, the Ways and Means Committee is currently considering an issue that is a concern to all Americans—tax reform. Several proposals to alter our Tax Code are being discussed; however, I believe one issue that needs attention is health care.

Health care costs are out of control. Congress must address this concern. Therefore, I have joined my colleagues, Hon. SILVIO CONTE and Hon. OLYMPIA SNOWE, in introducing legislation which I feel provides an excellent start in helping middle-class Americans who care for family members that suffer from Alzheimer's disease and related disorders. This legislation would provide a nonrefundable tax credit for individuals who care for a relative that has one of these diseases. The tax credit is designed to assist individuals who earn under $60,000 and would be phased out as income rises above this figure. The maximum credit of 30 percent would be granted for persons earning under $25,000.

Caring for victims of Alzheimer's disease is just a start. As Members of Congress, we must pursue methods to keep health care costs down and to help those middle-class individuals who are most burdened by these costs. For example, the cost of institutionalizing an Alzheimer victim in Florida routinely costs approximately $2,500 per month. It is my hope that the Ways and Means Committee and all interested members will get involved in addressing this vital issue.

ACHIEVING SAVINGS IN THE SOCIAL SECURITY SYSTEM THROUGH ELIMINATION OF UNNECESSARY BENEFITS

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. PANETTA. Mr. Speaker, I would like to take this opportunity to reintroduce legislation that I sponsored in previous Congresses to make a small but significant change in the Social Security laws. The proposed change would eliminate a benefit that is contrary to the intent of the Social Security system, and is not needed by the recipient. By making such a change, we could save needed dollars in outlays, thereby strengthening the system as a whole.

Currently, the system treats a stepchild as a natural child for purposes of eligibility for family benefits. The child is entitled to receive survivor's, retirement and disability benefits through age 19, if he or she remains in school.

Clearly this provision is unobjectionable. An individual who has married the natural parent of a child and has adopted the child takes on the financial responsibility for his or her support. Thus, if the stepparent becomes disabled, dies, or retires, the stepchild is, and should be, treated as the natural child.

My bill is directed toward the situation in which the stepparent and natural parent become divorced and the child receives support from another source. Under current law, the child still receives benefits from the stepparent even though he or she now has a new source of support. For example, the following situation actually occurred in my district in California. A man married a divorced woman with two children and soon thereafter became disabled. The two children, as dependents, were eligible for and received family benefits. Subsequently, however, the couple was divorced and the woman remarried another time. Yet the children continued to receive benefits on the original man's disability, despite the fact that the children were being adequately supported by the woman's new husband and by child support payments received from the natural father. Such a situation is clearly unnecessary, and should be changed.

Not only does this loophole place an additional burden on the Social Security fund, but it unfairly penalizes the natural children of the disabled individual. Since the law places a cap on total benefits a family may receive from Social Security, the sums available to the natural children—who may not have another source of support—must be shared with the stepchildren who do not need it.

My bill amends title II of the Social Security Act to eliminate benefits for any individual who qualifies only as a stepchild, when the natural parent and the insured individual are divorced and the child is receiving support from a source other than that natural parent. The bill also applies to stepgrandchildren under comparable circumstances.

Mr. Speaker, I firmly believe that this legislation would achieve exactly the kind of reform we should be looking at in all spending programs in these days of budget conscious cost cutting. The savings would be realized not through reduction of benefits or raising of taxes. In no way does it betray the original intent of the Social Security Program. It is merely a fiscally responsible correction of a previously unrecognized loophole in the laws. I urge my colleagues to lend their support to this reform.

H.R. 3537

A bill to amend title II of the Social Security Act to provide that a child's insurance benefit shall not be payable to an insured individual's stepchild or stepgrandchild, after such child's parents are divorced, for any period during which such child is receiving support from another source

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SUSPENSION OF CHILD'S INSURANCE BENEFITS IN THE CASE OF A STEPCHILD OR STEPGRANDCHILD FOR MONTHS AFTER A DIVORCE OF THE CHILD'S PARENTS DURING WHICH THE CHILD RECEIVES OUTSIDE SUPPORT.

Section 202(d) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(10) A benefit for any month under this subsection which would (but for this paragraph) be payable, on the basis of the wages and self-employment income of an insured individual, to any person solely as the stepchild or stepgrandchild of the insured individual shall not be payable if—

"(A) such person is the insured individual's stepchild, the insured individual and such person's other natural parent or stepparent were divorced prior to that month, and such person is receiving support, as determined under regulations of the Secretary, from any source other than such other natural parent or stepparent and the insured individual during that month, or

"(B) such person is the insured individual's stepgrandchild, the insured individual's son, daughter, stepson, or stepdaughter who is a natural parent or stepparent of such person and the other natural parent or stepparent of such person were divorced prior to such month, and such person is receiving support, as determined under regulations of the Secretary, from any source other than such son, daughter, stepson, or stepdaughter and the insured individual during that month.".

SEC. 2. EFFECTIVE DATE.

The amendment made by section 1 shall apply with respect to monthly insurance benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted.

A TRIBUTE TO CECIL W. WOOD

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. DYSON. Mr. Speaker, I would like to take this opportunity to honor a man whose untiring and unselfish commitment to community and country has long been a source of great pride for the citizens of Maryland. Beginning in 1947 with a 4-year tour of duty in the U.S. Marine Corps, and most recently as an engineering technician for the U.S. Army Chemical Research and Development Center at Aberdeen Proving Ground, Mr. Cecil W. Wood has served his country with valor and distinction.

As you know, Mr. Speaker, the award program for the outstanding handicapped Federal employees of the year for 1985 is scheduled to be held on October 10, during National Employ the Handicapped Week. Mr. Wood, who hails from Harford County in Maryland's First Congressional District, has been accorded by act of the U.S. Army the high honor of nomination for this distinguished award.

Since suffering an injury that resulted in paraplegia 30 years ago, Mr. Wood has shown himself to be a man of courage and compassion. Just as Mr. Wood is committed to excellence in the work that he does at Aberdeen Proving Ground, he is dogged in his efforts to ensure Federal, State, and county compliance with building regulations involving accessibility for the handicapped. Volunteering his own time, Mr. Wood searches out public buildings for code violations and takes appropriate action to see that these violations are corrected. Because of his knowledge of this aspect of building construction, Mr. Wood is often called upon as a consultant on handicapped access issues by local school boards, and town, county, and State officials. Mr. Wood also devotes his time and energy to providing free transportation to many handicapped people in his community.

Mr. Wood's strong commitment to civic and humanitarian achievement is well known in the State of Maryland. Among his many accomplishments, Mr. Wood is chairman of the Harford County Governor's Committee on the Employment of the Handicapped; a member of the Governor's Committee for Employment of the Handicapped; secretary and treasurer of the Edgewood Christian Fellowship; chairman of the Edgewood Elk's Most Valuable Student Scholarship Program; chairman of the Northeast District Elks Tri-State Association Scholarship Program; past president of the Independent Handicapped Club of Harford County; member of the Aberdeen Proving Ground Committee for the Disabled; member of the Harford County Human Relations Commission; member of Chapter 30 of the Disabled American Veterans; and last year, recipient of the Department of the Army Handicapped Employee of the Year Award.

In so many ways, Mr. Wood exemplifies that which has made our country great—a spirit of giving, a belief that each of us, in our own way, can make a difference. Cecil Wood is a man who knows that actions speak louder than words. That if we strive in the face of adversity, that if we dare to challenge the limits of our abilities, not only do we grow stronger, but we also give hope and inspiration to others. So on this occasion, Mr. Speaker, it is with a sense of deep pride that I honor a great American, Mr. Cecil W. Wood.

AMERICAN HOSTAGE CRISIS IN 571ST DAY

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. O'BRIEN. Mr. Speaker, today is the 571st day Americans have been held hostage in Lebanon.

William Buckley was kidnapped on the streets of Beirut on March 16, 1984, 571 days ago today.

Today marks the beginning of the ninth month of captivity for Father Lawrence Jenco, a priest from Joliet, IL.

Terry Anderson, the Associated Press bureau chief in Beirut, was taken hostage in Lebanon 206 days ago today.

David Jacobsen, director of the American University hospital in Beirut, was kidnapped 133 days ago.

Thomas Sutherland, dean of the American University school of agriculture, was taken hostage in Lebanon 121 days ago.

Today also marks the 308th day since the kidnaping of Peter Kilburn, the American University librarian.

Mr. Speaker, the American hostage crisis is now in its 571st day. The crisis didn't begin with the hijacking of the Italian cruise ship. It won't end until the Americans held hostages in Lebanon are returned to the United States safe and sound.

THE RED CROSS TO THE RESCUE

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. COURTER. Mr. Speaker, the following article by Dale Taylor of the Trenton Times provides a solid and comprehensive history of one of our most important service organization, the American Red Cross. As with every tragic event since the American Civil War, the Red Cross is again coming to the aid of those in need. In this instance, it is the victims of the earthquake in Mexico who desperately need the services of this humanitarian organization. I commend this article to the attention of all of my colleagues who wish to know more about the background of the American Red Cross.

[From the Trenton (NJ) Times, Sept. 28, 1985]

THE RED CROSS: A TRADITION OF SERVICE

(By Dale T. Taylor)

The recent earthquakes that have devastated Mexico have, once again, confirmed the untold amount of human suffering that can come without warning anytime, anywhere. For many, the shock of such disasters is hard to overcome.

But, for Red Cross chapters around the world and particularly in the U.S., such tragedies are a call to action. And action is what the Red Cross is all about.

The American Red Cross story actually begins with one of America's fondest heroines: Clara Barton. Miss Barton came to the public's attention during the American Civil War when she cared for the wounded of both the Union and Confederate armies.

Because of her unselfish dedication, a dedication that still marks the Red Cross of today, she was called "The Angel of the Battlefield." While later visiting Europe in 1869, Miss Barton first heard of the Red Cross. And while assisting the Red Cross during the Franco-Prussian War of 1870-71, she became convinced that the need for a similar organization in America was at hand.

Along with a group of friends and supporters, Miss Barton helped to establish the American Association of the Red Cross in Washington, D.C. in 1881. (The organization was later reincorporated in 1893 as the American National Red Cross).

For more than 100 years afterward, first through Clara Barton's leadership and then through the vision and dedication of countless others, the American Red Cross has responded to the natural and human disasters that have inflicted great pain and suffering on millions.

In 1881 Miss Barton directed disaster relief operations on behalf of forest fire victims in Michigan. She was there to aid those who suffered from the great floods of 1882-84 on the Ohio and Mississippi Rivers.

Once again, in 1889, the Red Cross stood tall in assisting the flood-stricken community of Johnstown, Pa. Internationally, the American Red Cross was there to offer the hand of assistance across the great stretches of ocean that separate America from those who suffer in foreign lands.

The Red Cross administered a relief program in Turkey following the Armenian massacres of 1896, and provided nursing care, medical supplies and food to ill and wounded soldiers in Cuba during the Spanish-American War period of 1898-99.

The American Red Cross was granted its first and second charters by Congress in 1900 and 1905, and Red Cross responsibilities for disaster relief and assistance to the Armed Forces were reaffirmed by the Congress.

The early 1900s saw the Red Cross expand its nursing services (1905-1912), establish nationwide first aid instruction (1910) and water safety instruction (1914). In 1909, the Central Committee of the Red Cross authorized the establishment of local chapters, a move that saw some 3,800 chapters spring up across the country during World War I.

During World War I, and at the request of the U.S. surgeon general, the Red Cross organized, equipped, and staffed 58 base hospitals, including 54 which were located overseas. Twenty thousand Red Cross nurses served at home and abroad, and services to meet emergencies arising in the families of servicemen were established.

Working through the Geneva-based international Red Cross, supplies were sent to 3,600 Americans being held as prisoners of war in Austria and Germany. And after World War I, the organization distributed almost a quarter of a billion dollars in relief supplies to Europe.

Between the first and second world wars, the Red Cross was busy once more with aiding the victims of natural disasters. The Japanese earthquake of 1923, floods and hurricanes both in the U.S. and the West Indies in 1926-28 and the great 23-state drought of 1930, all resulted in the Red Cross responding with aid and assistance.

In 1937, the first recruitment of blood donors was under way. During World War II, more than 13,000 Red Cross career workers were trained and served in some 5,600 camps and over 5,000 hospitals. By 1945, there were 212,000 nurses on the Red Cross roster.

The 1950's saw the Red Cross put out perhaps its most intense and sustained effort. Service with respect to the Korean War was augmented by service during some of the worst disasters to hit the United States and beyond. The devastating floods in the Midwest in 1951, the 1955 floods that hit both Eastern and Western states, and the Chilean earthquake of 1960 all brought out an extraordinary effort by the Red Cross.

And in Vietnam, the most difficult war, the American Red Cross was there displaying the same efforts to the wounded and other servicemen, as well as to their families, that have been its hallmark since its beginning.

Today, through its thousands of chapters nationwide, the American Red Cross continues with its support to the armed forces and veterans, disaster relief programs, blood donor services, nursing services and education programs, safety training and international relief cooperation. Become a part of the Red Cross story.

If you would like to donate toward the Mexican relief effort, or serve as a Red Cross volunteer, contact your local Red Cross chapter.

IN DEFENSE OF DEFENSE

HON. MAJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mrs. HOLT. Mr. Speaker, I would like to call attention to a column by William F. Buckley that appeared in the papers in late August when most of my colleagues were home in their districts and might have missed this most enlightening piece.

I believe this article provides some very important balance on the subject of defense procurement at a time when one of Washington's favorite sports is Pentagon-bashing.

[From the Washington Post, Aug. 20, 1985]

(By William F. Buckley Jr.)

The Navy Department has announced that the General Dynamics Corp. is no longer in Coventry. Last May Navy Secretary John Lehman suspended General Dynamics from further work for the Navy in response to revelations of smelly episodes that included turning over to the Navy bills to pay for public lobbying and, in one celebrated case, kennel fees for a dog.

It is the finding of the Navy, at this point, that where General Dynamics clearly erred, restitution is being made; that where there was ambiguity, there will be a code of ethics adopted on the basis of which government costs and contractors' costs will be strictly separated. That line, by the way, is not as clear as, say, the line that tell us where the equator is. Do you consider it a legitimate cost of developing a submarine the money you paid a lobbist to demonstrate your submarine's advantages to the admirals who make the final decision? Not so easy that one, is it?

But there is no question that great deposits of indignation have accumulated over the hilarious charges tracked down, charges made by some defense contractors for apparently simple items.

And who is going to doubt the venality of some businessmen? Not any informed capitalist I know of: it was Adam Smith, so to speak the father of capitalism, who observed that no group of businessmen ever met except to devise means of restraining trade. The only generality a believer in capitalism would resist is that the incidence of venality among businessmen tends to exceed the incidence of venality among politicians.

Which brings us to the question: What is it that some politicians are up to in yelling and screaming about the melodramatic charges?

Economy?

Saving the taxpayers unnecessary expenses?

We all know in detail about the $435 claw hammer, the $640 toilet seat cover, the $659 ashtray, the $3,046 coffee maker. Concerning all of which, a few observations:

It has been investigators of the Defense Department who have uncovered most of these unsavory episodes—not congressional investigators or agents of the Government Accounting Office. While not excusing the delinquencies, it is reassuring to know that the armed services, which have been the objects of so much scorn, are policing their own activities and bringing public attention to their own extravagances.

Upon discovery of clearly indefensible expenses (e.g., the $435 hammer), it is characteristic that counter-claims are made, and where the blame is clearly attributable to the contractor, restitution is forthcoming. The Navy was repaid the ridiculous cost of the ridiculous hammer. Last year the Defense Department didn't order a single hammer, but more than 80,000. They cost about seven bucks each.

Sometimes the story gets more complicated when you look into it. The $640 toilet seat cover wasn't the kind of thing thee and I use. It was a heavy molded plastic cover usable for the entire toilet system of a P-3 aircraft. The toilet seats themselves cost only $9.37.

Ah, the ashtrays. $659. For the E2C aircraft. But investigation reveals that some automobile ashtrays cost $100, even though manufactured in great quantity. Grumman had to make the custom-made ashtrays and was in fact losing money on them. The Navy, attempting to make its own ashtrays in its own shops, was paying $900 for them.

And then the famous coffee maker for $3,046. It was designed for a C5 that carriers up to 365 troops. Delta and TWA buy similar coffee makers for—$3,107. Exist a horror story?

A wise observer of the whole scene comments that in the zeal a clamp down on excessive costs, what is paradoxically happening is that costs are rising. The reason for this is the paper work: the investigations, classification, inspection, all the constraints that continue to add to the cost of doing business. A perfect bill that scrutinizes the cost of every screwdriver is going to add greatly to the cost of that screwdriver.

There are people about who have expensive Navy hammers not because they mind expensive hammers, but because they mind the Navy. Their perfect world would be one in which defense hammers cost nothing, because the armed services don't need hammers, the armed services having become historical relics, with perhaps a truck or two left over to escort our leaders to Appomattox.

IN DEFENSE OF DEFENSE

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. STUMP. Mr. Speaker, I would like to call to the attention of my colleagues an

article from the Heritage Foundation's National Security Record dated July 1985.

I am convinced my colleagues will find this article on defense procurement most enlightening. It provides some very important balance on a critical subject at a time when one of Washington's favorite sports seems to be "Pentagon-bashing."

[The article follows:]

IN DEFENSE OF DEFENSE PROCUREMENT

During the past four and a half years Secretary of Defense Caspar Weinberger has directed the largest peacetime modernization of U.S. defenses in history. Complacency in the wake of the SALT and ABM agreements of 1972, the antidefense attitude in Congress after Vienam, and major defense reductions in the early Carter years led to a neardisastrous deterioration of U.S military forces. Restoring U.S. defenses was one of the highest priorities of candidate Ronald Reagan in 1980. In fulfilling that promise, he has fought for a major, multi-year military modernization program. Secretary Weinberger, in carrying out the President's program, has sought and presided over five consecutive annual increases in the defense budget. But at the same time, this former director of the Office of Management and Budget has led an intensive campaign against wasteful spending.

You would never know it from press accounts or comments from Capitol Hill. Bashing the Secretary of Defense for defense spending has become a favorite Washington sport. The challenge facing Weinberger, President Reagan recently said, was akin to the old saying, "Don't clean the skeletons out of the closet, or they'll accuse you of murder."

Weinberger's job is both formidable and thankless. This year the Pentagon will spend about $70 billion for the acquisition of weapons out of an estimated $253 billion in total defense outlays. These figures translate into a huge number of purchases of a dizzying array of weapons, parts, supplies and equipment. Some 13 million contracts are let each year to over 300,000 contractors by over 1,000 defense purchasing offices. Within this huge volume of purchases that are needed to keep the U.S. defense establishment functioning, critics can always find something that appears to be overpriced. Still, the attacks on Weinberger are puzzling.

After all, this is the same Caspar Weinberger who earned the nickname "Cap the Knife" for his willingness to slash spending while serving as budget director in the Nixon Administration. At Defense he has initiated improvements in the Pentagon's vast procurement system that would win praise in the business world. But few seem to notice the large number of efficient purchases made by the Pentagon; stories of $400 hammers are a lot more newsworthy.

THE INSPECTOR GENERAL

It is ironic that most of those reports of costly toilet seats, coffee pots and ashtrays announced by congressmen or appearing in the press originally were uncovered by Weinberger's own investigators. When the Defense Department's auditors and inspectors submit reports of waste they have found and corrected, the juiciest examples often are picked out and made public—without mentioning that they were discovered by the Pentagon's own investigators.

Some charges that appear excessive often can be explained. Still, when buying millions of items abuses are bound to occur. Weinberger's Office of Inspector General, created in 1982, has uncovered thousands of discrepancies. Ferreting out cases of excessive or improper overhead charges, padded accounts and other improprieties, the Inspector General has forced the suspension or debarment of hundreds of defense contractors. Last year 454 formal actions were taken by the Defense Department against contractors. Of these, 188 were suspensions for up to 18 months, while 266 contractors suffered the more serious penalty of being barred for up to three years from doing business with the government. The 1984 total of suspensions and debarments was a record; up six-fold since 1980.

The Pentagon currently is investigating 45 of the 100 largest defense contractors for a variety of contract violations and other wrongdoing. Chairman David S. Lewis of General Dynamics retired just as his company, a multi-billion dollar defense contractor, resolved a threat of suspension by the Navy for "improper and possible illegal conduct" in its handling of government contracts. While the Navy settled the case, it was symptomatic of the problems the Defense Department has had with even the biggest contractors. In May, General Electric's Space Systems Division pleaded guilty in federal court to a charge of padding labor costs for the production of nuclear missile warheads and paid a fine in excess of one million dollars.

The Inspector General's energetic pursuit of both the wasteful and the illegal is having a salutary effect down the line. Service inspectors, procurement officers and others are getting the message that the Secretary is serious about overcharges. Navy Secretary John Lehman, whose service has a large share of the modernization money to build toward the 600 ship Mavy, has been conducting his own campaign to cut costs. He recently reduced his command structure by eliminating the 450 man Naval Materiel Command that operated out of high-rise buildings near the Pentagon in Crystal City, Virginia. Lehman found that the Materiel Command was just another bureaucratic layer between the weapons developers and the Navy staff, so he did the unheardof—he abolished one of his own commands.

One of Secretary Weinberger's most successful innovations has been the Defense hotline that he established in 1981. Widely advertised throughout the Defense Department, the hotline can be called toll free from anywhere in the United States to report any evidence of waste, fraud or abuse. Last year the Defense Department reported that between June 1981 and September 1984 there were 23,410 calls or letters to the hotline. Of that number, 7,635 warranted further inquiry. At last report over 1,100 cases were under investigation as a result of hotline calls. These have included everything from reports of overcharging, abuse of authority by purchasing officers, improper contracting practices, waste of government supplies or funds, favoritism, nepotism, false or altered claims, and in a few cases, even bribery.

STREAMLINING ACQUISITIONS

Weinberger has been given little credit for a major reorganization that is expected to streamline and improve the Pentagon's purchasing process. The centerpiece of the reorganization is a new job, Assistant Secretary of Defense for Acquisition and Logistics, commonly known as the "acquisitions czar." The Secretary took the logistics function from the position of Assistant Secretary for Manpower, Reserve Affairs and Logistics and added to it the major responsibility of managing weapons procurement. This merges under a single manager the acquisition of new weapons with the control of supplies and facilities. With the new assistant secretary reporting directly to Weinberger, the Secretary's ability to coordinate the status of existing supplies with the purchase of new weapons will be greatly improved.

This structure also enables the Department's principal acquisition official to concentrate on procurement without having to worry about the research and development process. Weinberger has said the main task of his new procurement director will be to obtain the best quality and price he can get on everything the Defense Department buys. Weinberger's choice for the new job, James P. Wade, Jr., is a highly regarded defense procurement expect who has been Deputy Under Secretary of Defense for Research and Engineering during the past four years.

Another new position, this one mandated by Congress, is director of operational test and evaluation, also reporting to the Secretary of Defense. As a member of the Defense Resources Board, the director of operational test and evaluation will be able to bring first hand knowledge of the effectiveness and capabilities of new weapons systems to the Department's decision-making level.

Also part of the effort to cut costs and improve purchasing is the DOD Acquisition Streamlining Initiative. Deputy Secretary of Defense Taft announced just last month that acquisition streamlining, which has been used successfully on a trial basis, will be applied to all DOD systems acquisition programs beginning on October 1, 1985. The goal is to reduce the excess requirements, or so-called goldplating, often included in requests for bids prepared by the military, which raise the cost of new weapons. Future contracts are expected to emphasize the end-product desired rather than extensive "how to" procedures that become a major burden on contractors and raise costs.

Successful programs can be used as examples for future procurement. The B-1 bomber program, despite the serious handicap of being stretched-out, delayed and then killed by the Carter Administration, is a procurement success story. Since its revival early in the Reagan Administration, the B-1 has been below cost and ahead of schedule. Pursuing a multi-year procurement procedure, using available standard components whenever possible and operating on a fixed-price incentive program, the Air Force and Rockwell have made the B-1 a model for the development of large weapons systems. Under the fixed-price incentive program, the government splits the savings with the contractor when an item comes in on time and under budget. This gives the contractor a strong incentive to hold down costs and stay on schedule. As a result, hundreds of millions of dollars, if not billions, have been saved for the taxpayer on the B-1 program.

All of these efforts should improve the purchasing process. An example of the savings that can be realized is the Defense Department decision to buy a single new helicopter for all the services. The new chopper will perform anti-submarine duty for the Navy, provide combat transport for the Army, and search and rescue for the Air Force. Instead of allowing each of the three services to issue separate specifications for a new helicopter designed from the ground up to perform a designated service role, DOD directed them to order different versions of the same basic helicopter that was already under development by Sikorsky. Similar decisions in favor of the joint purchase of other weapons and equipment could save billions.

CONTROLLING OVERHEAD

One of the biggest problems in defense contracting is the control of overhead. Most federal contracts include a provision covering the legitimate cost of doing business of the company selling the product. But problems have arisen from misunderstandings between contractors and federal agencies on what constitutes proper overhead charges.

The Federal Acquisition Regulations which became effective for DOD purchasing in April 1984 specifically disallow entertainment costs as part of overhead. But the regulations provide for reimbursement to contractors for "employee morale, health and welfare," which can lead to misunderstandings about what may properly be billed to the government. The Department's auditors and inspectors are on the lookout for charges for "employee morale" that include such items as golf outings for executives, kennel fees for their dogs and the like. The challenge for the Defense Department is to monitor contracts closely enough to catch such improper charges without hiring platoons of unneeded auditors or generating so much red tape and delays that the oversight effort itself impedes prompt and efficient purchasing.

Secretary Weinberger has tightened DOD regulations to exclude from reimbursable overhead the contractor's expenses for most public relations, legal fees, lobbying and advertising. The new policy is to place the burden on the contractor to certify, under penalty of perjury, that his submitted costs are proper. Defense is trying to avoid a knee-jerk reaction to criticism that could increase government red tape, slow the purchasing process and add further costs for contractors—which would just be passed back to the government. Weinberger has stated a clear bottom line, "We will not pay overhead charges that do not directly contribute to our national security."

INCREASING COMPETITION

Critics have charged that DOD competes only five percent of its contract dollars. This has led to proposals in Congress that would require Defense to increase competitive purchasing to as much as 70 percent. What sounds like a good suggestion warrants a second look. The five percent figure refers only to contracts that are formally advertised. In addition to those, Defense awarded 37 percent of its contract dollars last year on a "negotiated competitive" basis, and another 29 percent as add-ons to previously competed contracts. Only 28 percent of defense contract funds were committed on a sole-source basis.

Formal advertising is a one-time, sealed bid process, which a feasible only for items that can be described fully and accurately in writing, when time is not a major factor and when price is the only consideration. It is not a practical way to contract for highly sophisticated weaponry that requires a manufacturer with special skills, experience and a qualified workforce. High-tech systems cannot be purchased with assurance at the lowest price any company will bid.

Yet in those cases where increased competition is feasible a serious effort is being made to see that it is used. For example, from 1980 to 1984 the Navy increased its shipbuilding competition from 16 percent to over 84 percent. This is significant because of the increase in ship construction needed to build the 600 ship Navy. Another example of increased competition was the Air Force decision last year to divide a huge jet engine contract between General Electric and Pratt & Whitney. The competition between the two manufacturers, together with inclusion in the contracts of a warranty system that shifts some of the cost of material failures back to the contractor are producing substantial cost savings.

The Air Force is now giving serious consideration to the purchase of the Northrop F-20 in competition with General Dynamics' F-16 in the next multi-year cycle of purchases of a high performance tactical fighter. General Dynamics has had the sole contract for such aircraft in recent years, but several months ago Northrop offered to sell an improved model of the F-20, which the company developed by spending $800 million of its own money, on a fixed-price contract that would save the Air Force more than a billion dollars over a twenty year period. In the view of many in Congress and DOD, Northrop's offer is just too good to pass up.

SPARE PARTS HORROR STORIES

Most of the recent horror stories about very high prices being paid by DOD have been overcharges for a small number of spare parts or other minor pieces of equipment. The overcharges invariably were uncovered by the Defense Department itself. Last year DOD's spare parts management program saved or avoided costs approaching $1.2 billion through careful oversight. Some 500 initiatives currently are under way to improve spare parts purchasing by the Defense Logistics Agency and other purchasing offices throughout the Armed Services. Last year, over 211,000 items were screened to determine if they could be obtained through competitive purchasing. As a result, 48,000 were purchased competitively and another 57,000 were bought directly from the manufacturer, at considerable savings, instead of from the prime contractor. Major increases in the automation of acquisition, storage and retrieval of spare parts is paying dividends in improved productivity.

Secretary Weinberger has given the spare parts management program top priority to establish permanent improvements in spare parts purchasing. The Secretary has made the following points concerning some of the more prominent stories about over-pricing of spare parts or small items:

DOD did pay $110 each for two common diodes. But the error was discovered by government auditors, it was one item out of hundreds in a support package, and the contractor refunded the price. The same year DOD bought 122,429 diodes for four cents each.

DOD did pay $435 for a claw hammer. But the charge was discovered by a Navy employee, it was one of several hundred items in a support package, and the contractor refunded the price. Last year DOD bought 87,244 hammers for between $6 and $8 each.

A cost proposal submitted for support equipment included $9,600 for a special wrench. The charge was discovered by a DCAA audit. As a result, DOD never bought the wrench, but had it manufactured at a local machine shop.

DOD did buy ten large coffee makers for C-5 aircraft last year for $3,046 each. When configured for troop carrying, the C-5 can carry up to 365 people. Similar coffee makers used by TWA and Delta cost $3.107 each.

The famous toilet seat covers for P-3 aircraft that cost $640 each actually are not toilet seat covers. They are molded plastic covers for the entire toilet system, made especially for that purpose. Nevertheless, DOD stopped the purchase and the former supplier refunded $29,000 of $34,000 paid for 54 units in 1983. The price DOD pays for regular toilet seat covers for the P-3 is $9.37 each.

Reports of spectacular overcharges receive wide media coverage while the less interesting complete facts rarely catch up with the original story.

CONGRESSIONAL PROCEDURES

A serious deficiency in U.S. Government procurement is the effect of the annual appropriations process on the cost of government purchases. When Congress makes changes annually in the authorization and appropriation levels of long-term weapons development programs, the resulting stops and starts cause planning and production adjustments that increase the overall cost of the program. Operating on a system of annual appropriations. Congress usually has been unwilling to provide funding for more than one year at a time. Congress can correct this weakness in the system by authorizing more multi-year funding of major defense projects. Under multi-year contracts, cost overruns can be controlled more effectively and responsibility determined more readily. With fluctuating annual appropriations, it is often difficult to tell whether the contractor or the fluctuation in the flow of funds is responsible for cost overruns.

Congress also makes it difficult for any secretary of defense to cut costs where they will least affect national security. Even while calling for defense cuts, many Members of Congress insist on maintaining unnecessary bases in their states or districts, and sometimes force through legislation requiring the purchase of marginal weapons or equipment produced by a home district manufacturer. The Grace Commission report on waste in government estimated that congressional opposition to the closing or reduction of unneeded facilities cost taxpayers $2 billion every year.

CONCLUSION

On June 17 President Reagan announced the formation of an independent, bipartisan, blue-ribbon Commission on Defense Management under the chairmanship of David Packard. The commission will review efforts already undertaken to improve management and procurement practices, consider the organization and decision-making procedures at Defense, study the congressional oversight of the department, and submit a blueprint for further action.

This is a move in the right direction, and David Packard is a most appropriate choice to head such a study. Co-founder and longtime Chairman of the Board of the Hewlett-Packard Company, he combines top-level defense-related business experience with service as Deputy Secretary of Defense from 1969 to 1971. While at Defense, Packard introduced some notable improvements in management and procurement. For example, it was he who insisted on competition in the development of new fighter aircraft by having two companies build prototypes and then fly them off against each other for the production contract.

Congress and the media should give the Packard Commission an opportunity to review the record and make its recommendations without further sniping. If Congress wants to do something positive in the interim, it could give the President the line item veto authority he is requesting. With a line item veto, the President could cut unneeded or marginal defense programs on a case by case basis and make meaningful reductions in the defense budget. Otherwise, the cries of waste at Defense will be seen as nothing more than cynical attempts to play politics with the defense budget.

JACK LEVAND—MAN OF THE YEAR OF THE GATEWAYS HOSPITAL MEN'S CLUB

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. WAXMAN. Mr. Speaker, on Sunday, October 27, 1985, Jack Levand will be honored by the Gateways Hospital Men's Club as "Man of the Year" in recognition of his 15 years of service to helping others.

The citation he will receive reads in part: For total commitment to the welfare and needs of community charitable endeavors and for exemplary leadership and major contributions of Gateways Hospital that have helped to assure that the emotionally disturbed have an opportunity to fulfill their potential as human beings * * *."

Before coming to Los Angeles in 1957, Jack Levand had already established himself as an achiever in his native Cleveland. He was a winning track man and captain of the cross country team at Ohio State before entering the business world. His success in business never interfered with his interest and devotion to the less fortunate. He actively participates in more than 84 charities, research, and community service organizations. Among them are the American Heart Association, U.S. Olympic Committee, Los Angeles World Affairs Council, Scripps Clinic, American Lung Society, Big 10 Club of California, Ohio State University Development Funds, and St. Judes, to mention only a few. In addition, he is an active member of the United Jewish Welfare Committee, a member of the board of governors of Sinai Temple, a fellow of the University of Judaism, a member of the Fraternity of the Music Center, American Red Cross, B'nai B'rith, Anti-Defamation League, Cedars-Sinai Medical Center, the Guardians, and many more.

In all of his endeavors, Jack has had the assistance and encouragement of his wife, the former Gloria Lee. They have celebrated 53 years of marriage and have been blessed with a close and happy family of three children and nine grandchildren. Gloria's talent and interest in dancing has been passed on to her grandchildren, two of whom are members of the New York City Ballet Co. and School of American Ballet.

I ask the Members to join me in congratulating Jack Levand on this special occasion and to wish him and the Levand family many more years of success and personal fulfillment.

A SALUTE TO THE ASSOCIATION FOR THE STUDY OF AFRO-AMERICAN LIFE AND HISTORY

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1985

Mr. STOKES. Mr. Speaker, I would like to bring to the attention of my colleagues the 70th Annual Convention of the Association for the Study of Afro-American Life and History scheduled for October 9 through 13 in Cleveland, OH. The 70th annual convention marks only the second time the association has met in the city of Cleveland. On behalf of the members of the Cleveland chapter and the entire community, I welcome the convention delegates to the city of Cleveland.

Established by Dr. Carter G. Woodson in 1915, the association, through its many programs and activities, attempts to foster an appreciation for the numerous cultural and historical contributions of black Americans to this great Nation. It was through Dr. Woodson and the association that the Nation began to recognize the immense historical contributions of black Americans through Negro History Week and now Black History Month. Not only did Dr. Woodson conceive this annual observance but also began to develop the programs of the association with this same goal in mind.

The association meets this goal through the publication of the "Journal of Negro History" and the "Negro History Bulletin." Additionally, the association promotes historical research and writing. Each year, the association sponsors the H. Council Trenholm Memorial Writing Contest for high school students.

The 5-day meeting in Cleveland will feature 40 major research presentations and 70 educational and publishers exhibits. Major speakers will include noted scholar and historian, Dr. John Hope Franklin, Senior Ebony Magazine Editor Lerone Bennett, Jr., historian Dr. Benjamin Quarles, and visting professor at the Massachussetts Institute of Technology, Dr. Helen Edmonds.

Mr. Speaker, one of the highlights of the 5-day national conference will be the awards night banquet scheduled for Friday, October 11. Three Clevelanders will receive the prestigious Dr. Carter G. Woodson Award at the banquet. The recipients are: Mrs. Myrtle Wiggins, Mr. George Edwards, and Mrs. Rowena Jelliffe. At this time, Mr. Speaker, I would like to share some information about the award recipients with my colleagues.

The first honoree is noted soprano and community activist, Mrs. Myrtle Wiggins. Mrs. Wiggins has been affiliated with the Cleveland chapter of the association for over 50 years. She was a participant in the 1930 national convention held in Cleveland. Through the years. Mrs. Wiggins has remained active with the national organization.

In the Cleveland metropolitan area, Mrs. Wiggins is regarded as one of the leading musical artists. She has made numerous contributions to the music program at her church, the Antioch Baptist Church where she serves on the music committee.

Mrs. Wiggins majored in music at Fisk University and performed for U.S. troops during World War II as one of the world renown Fisk Jubilee Singers.

Mrs. Wiggins recently retired from the Cuyahoga County Welfare Department.

The second Dr. Carter G. Woodson Award recipient is Mrs. Rowena Jelliffe. Mrs. Jelliffe along with her late husband, Russell, were the founders of Karamu House, the internationally acclaimed performance theatre in 1915. Karamu House has been a cultural pillar of strength in the Cleveland metropolitan area. Not only has it been a forum for outstanding stage and dramatic presentations, but also the various programs and activities sponsored by Karamu House have made an indelible mark on the community.

In addition to her long affiliation with Karamu House, Mrs. Jelliffe and her husband were also members of the planning committee of the 1930 association convention in Cleveland. During the 1930 convention, Mr. Jelliffe presided over the roundtable discussion of local black history.

Mr. Speaker, the last awardee is Mr. George Edwards. Like Mrs. Jelliffe and Mrs. Wiggins, Mr. Edwards played an integral role in the 1930 association convention in Cleveland.

Again, like the other awardees, Mr. Edwards is a noted artist and has given unselfishly of his time and talents in the Cleveland metropolitan area. Mr. Edwards, known throughout Cleveland for his violin performances, served as the violinist at the Carter G. Woodson Festival of Music held during the 1930 convention.

He is an active member of the Mt. Zion Congregational Church and served as the chairman of the church's music committee.

A graduate of Oberlin College, George Edwards has received rave reviews for his performances. Currently, Mr. Edwards performs with the Pro-Art Trio.

Mr. Speaker, the 70th National Convention of the Association for the Study of Afro-American Life and History will be both beneficial and interesting to the convention delegates and the members of the Cleveland community. It will be a very significant occasion for the honorees—Mrs. Myrtle Wiggins, Mrs. Rowena Jelliffe, and Mr. George Edwards. At this time, I ask my colleagues to join with me in saluting the association and this year's honorees on the occasion of the 70th convention in Cleveland, OH.

SENATE—*Wednesday, October 9, 1985*

(Legislative day of Monday, September 30, 1985)

The Senate met at 8:45 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

THE PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Gracious God of Peace and Reconciliation, we praise and thank Thee for this day of repentence, mourning, and prayer in South Africa which is drawing people from every part of the nation, every racial group and every church, from government and the private sector. We thank Thee that business men and women have agreed to close their shops today so that their employees are free to participate. Loving Father, do in South Africa what no individual, no organization, no government can do. As the people gather in reconciliation, mourning and prayer, heal and reconcile and change the nation.

As we pray for South Africa we pray for ourselves. We have come a long way in race relations but we have such a long, long way to go. Help us, Lord, to consolidate all the gains and not lose ground in this struggle. Help us to take more seriously than ever our relationships with our sisters and brothers, whatever their race, remembering that we are one family under God who "hath made of one blood all nations of men for to dwell on all the face of the Earth * * *." (Acts 17:26) Give us grace to appreciate, respect, and honor our differences and to work for unity. Remove from our hearts every trace of prejudice and give us love for one another. We pray for ourselves and the whole human family in the name of Him whose perfect love was unconditional and universal. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The **PRESIDENT** pro tempore. The distinguished acting majority leader is recognized.

SCHEDULE

Mr. **ANDREWS**. Mr. President, the two leaders will be recognized under a reduced time of 5 minutes each.

There is a special order in favor of the Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes.

Immediately following the Proxmire special order, the Gramm-Rudman-Hollings amendment will be laid down and by a previous order of the Senate, three amendments to the Gramm amendment will be debated and voted on. Therefore, rollcall votes can be expected prior to 10 a.m.

At 10:15 a.m., the Senate will stand in recess until 11:15 a.m. to hear an address by the Prime Minister of Singapore. Senators are asked to assemble in the Senate Chamber by 10:10 a.m. in order to proceed as a body to the Hall of the House of Representatives for the joint meeting.

When the Senate reconvenes at 11:15, it will resume consideration of the debt limit extension.

By a previous unanimous consent, at 12:30 today, the Senate will vote on the Democratic leadership amendment.

Also by a previous unanimous consent, at no later than 3 p.m. today, the Senate will vote on the Gramm-Rudman-Hollings amendment as modified. Votes expected throughout the day, and the majority leader is still working with the minority leader to reach an agreement that will provide for the passage of a short debt limit and final passage of House Joint Resolution 372, as amended.

Mr. President, I ask unanimous consent that authority be granted for the appointment of a committee of Senators on the part of the Senate to join with a like committee on the part of the House of Representatives to escort the Prime Minister of Singapore into the House Chamber for the joint meeting to be held at 10:30 a.m. on Wednesday, October 9, 1985.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **ANDREWS**. Mr. President, I reserve the remainder of the leader's time.

RECOGNITION OF THE MINORITY LEADER

The **PRESIDING OFFICER**. The acting Democratic leader is recognized.

Mr. **PROXMIRE**. Mr. President, I ask unanimous consent that the time of the distinguished Democratic leader be reserved for his use later today.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

The **PRESIDING OFFICER**. Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] will be recognized for not to exceed 15 minutes.

Mr. **PROXMIRE**. I thank the Chair.

PAINSTAKING RESTRAINT REQUIRED OF BOTH SUPER POWERS FOR ARMS CONTROL

Mr. **PROXMIRE**. Mr. President, in the summer 1985 issue of Foreign Affairs, John Steinbruner offers a highly persuasive analysis of the military and arms control policies this country should pursue. The author is the director of foreign policy studies at the Brookings Institution. Mr. Steinbruner foresees an extraordinarily rocky and difficult road for arms control negotiations between the two superpowers. He points out very sharp conflicts in objectives. Both powers push for advantages which are perceived by their adversary as serious disadvantages. To achieve an agreement, both the Soviet Union and the United States will, as he sees it, have to change their views.

Steinbruner contends that arms control agreements can progress that would serve the security interest of both sides. The U.S. current purpose in arms control negotiations is to reduce the level of strategic force deployments to ease the threat to U.S. strategic forces and also to lessen the nuclear threat to Western Europe. The Soviet Union, on the other hand, wants to stop or at least restrict the serious threat they see from technical improvement in U.S. strategic weapons. That sweeping American technologic advance could greatly weaken Soviet deterrence. Steinbruner sees the strategic defense initiative or star wars and the Soviet's reaction to it as the gateway to all other current arms control problems.

Now how about all this? Would not the restriction of our country's new star wars defense constitute a conspicuously onesided surrender by the United States of its technological advantage? Is not the determination by the Reagan administration to push ahead vigorously with star wars the very issue that rushed the Soviets back to the bargaining table in Geneva? How can it be in the United States' interest to restrict the effort to build an antimissile defense when that could benefit so greatly from the United States massive advantage in scientific technology over the Soviet Union?

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Mr. Steinbruner provides a very emphatic answer. First he says the agreement restricting the direct use of weapons in space is "of overriding mutual interest for both countries." Steinbruner argues that both countries can and will move toward the technological capacity to knock out the other's intelligence and communications activities in space. What would be the result?

> (The) consequences for the stability of international security (would be) far greater than those posed by any of the weapons issues that are more prominently discussed.

Steinbruner foresees the potential destruction of the satellite capability that is essential to arms control. But that is not all. At the very heart of the military capability of both superpowers is the command system. On both sides, they are quintessential to deterrence. Are they vulnerable? Here is what Steinbruner observes:

> Current strategic command systems could not withstand even a small fraction of the offensive firepower that could be directed against them by existing forces, and this fact creates pressures on both sides for rapid and large-scale reaction to the perceptions of an impending attack. Since the interaction of these pressures under conditions of intense crisis could produce a sudden catastrophic breakdown of deterrence, diminishing them should be a major objective of arms control.

Steinbruner sees arms control negotiations as the only way to security. He calls the two superpowers "locked together," unable to secure "any enduring net advantage by unilateral efforts."

Mr. President, it is very hard for us to break ourselves of the habits and customs and history of all the generations of mankind until this time. This is precisely what we have to do. Why? Because we live in the nuclear age. War is entirely different than it has ever been before. It does us absolutely no good to secure a strategic military advantage over the Soviet Union offensively or defensively. We cannot win a nuclear war, no matter how much of our powerful economy or our marvelous scientific genius we pour into the power and capability of our nuclear forces. And that goes for nuclear defense as well as offense. Our one hope is restraint, mutual restraint. That means the restraint for us to take the wholly unnatural course of resisting the ability to build a nuclear war capability superior to our potential adversary. Even if we know we can build it, our one hope is to restrain that capability and to negotiate an effective arms control restraint on the adversary's part at the same time.

It is true that mankind has never done this before. Throughout all previous history, countries won or lost their wars. We will not. The Soviet Union will lose any nuclear war. So will the United States. There's no doubt about that. It's a lead pipe certainly. Once we accept that fact, the absolute imperative necessity for an arms control agreement that will preserve deterrence on both sides becomes obvious. Right now, that starts with forgoing our clear technological advantage in space with an agreement that will allow both superpower satellite systems, both intelligence systems, both command systems to endure. We have no choice. Neither does the Soviet Union.

Mr. President, I ask unanimous consent that the conclusion of the Steinbruner article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ARMS CONTROL: CRISIS OR COMPROMISE

(By John Steinbruner)

The issues of strategic arms control are complex in their technical details, but they nonetheless revolve around a reasonably simple central problem. The United States is primarily interested in reducing the level of strategic force deployments in order to alleviate a perceived threat to the U.S. intercontinental ballistic missile forces and a politically sensitive imbalance in weapons deployed in Europe. The Soviet Union is primarily interested in restricting the process of technical improvement in order to alleviate what it perceives as an emerging threat to Soviet ICBMs and ultimately to the entire structure of Soviet military forces. With the United States committed to revising the past and the Soviet Union to shaping the future, viable compromise requires arrangements that do both. The issues are too extensive and the underlying hostility too great to allow an immediate, comprehensive solution. Thus, compromise must be achieved through a series of partial measures, each of which balances force reductions and modernization restrictions.

Recent arms control negotiations have not focused on a balanced but limited combination of force reductions and weapons modernization restrictions, and that fact has virtually precluded their success. The proposals the U.S. and Soviet governments have advanced could be supplemented or combined in a variety of ways to embody such a balance, but in the context of related events the practical opportunities are limited. The Strategic Defense Initiative announced by the United States and the Soviet reaction to that announcement have made the issue of weapons in space a necessary element of any immediate compromise. Both in the substance of security and in the politics of adversarial diplomacy, that issue has become the gate to all others.

II

To the extent that an objective perspective is possible on matters so dominated by national sentiment, it appears that an agreement restricting the direct use of weapons in space is of overriding mutual interest for both countries. The reasons are quite fundamental. Over the past 20 years, space has been accepted as a sanctuary for gathering and communicating information necessary for the safe and stable management of worldwide military operations. The satellites that support these purposes depend upon mutual tolerance that has been established in practice, though not legally defined. They are susceptible to disruption and are highly vulnerable to deliberate attack. Both the United States and the Soviet Union have long been able to improvise indiscriminate attacks in space that would damage their own satellites as well as the opponent's, but neither has fully developed the weapons and organizations dedicated to precise and systematic destruction of the opponent's assets. Both are now in the early stages of doing so. If not established by formal agreement, the informal tolerance that now protects intelligence and communication activities in space is likely to be degraded very severely, with consequences for the stability of international security far greater than those posed by any of the weapons issues that are more prominently discussed.

With apparently compelling mutual interests at stake, an agreement restricting weapons in space should in principle emerge from the Geneva negotiations. In broad outline the plausible content of such an agreement is reasonably apparent. A distinction would be drawn between military research in space, which would be allowed, and weapons development, which would be prohibited. At the same time, reductions in ICBM deployments would be undertaken, affecting particularly the Soviet SS-18 as the largest and potentially most destructive member of that class.

In actual practice, however, such an outcome does not appear likely. Thus far, the two governments have taken starkly opposing positions. The Soviet Union insists on banning what they refer to as "strike weapons" in space as a necessary condition for any other measure of strategic arms control, and has proposed a 25-percent reduction in total force deployments to accompnay such a ban. The Soviets have not as yet suggested reductions focused on the specific weapons that are of primary American concern. The United States rejects any additional restrictions on weapons testing in space in order to protect plans for developing what we refer to as defensive technologies, and in general has not offered any meaningful restraint on the process of weapons modernization. The compromise necessary to avert a collision on these questions will require a degree of change in prevailing attitudes that rarely occurs. It is still plausible to hope for a constructive outcome, but it is not realistic to expect it.

III

The primary reasons for this situation extend well beyond the politics of the moment—the personalities of the current leaders, for example, or their putative bargaining maneuvers. The problem emerges from very basic differences in the security positions of the two countries, in their political systems, in their dominant perceptions, and in their respective policies. Some of these many enduring differences have immediate practical importance.

As has been true for much of the past 40 years, the timing of major decisions in the United States and in the Soviet Union is out of phase. In each country the size and technical character of its strategic establishment has been determined historically by a few fundamental decisions that, once made, have required a decade or more for full implementation. The fact that the two countries have made their critical decisions at different times has encouraged a sequential interaction between their respective weapons programs and has compounded the difficulties of achieving arms control. The preferred moment for compromise has been different for each country.

This problem of timing is quite acute at the moment. The United States is currently in a phase of implementing recently established commitments to a series of technical modernization programs and to two significant additions to the structure of its strategic forces (the deployment of submarine-based cruise missiles and of intermediate-range missiles in Europe). The surge of investment associated with this effort is highly unusual, and currently authorized programs will require several more years to be completed. The Soviet Union is emerging from a decade during which the top leadership did not authorize any major new strategic weapons deployment programs (as distinct from research and development efforts). As the Soviets completed previously authorized programs during the 1970s (notably the SS-17, SS-18 and SS-19 ICBMs, and the SS-20 intermediate-range missile system), overall Soviet investment in military forces remained essentially constant, and that portion allocated to strategic forces declined.[1] The Soviet leaders appear now to be contemplating a series of new strategic weapons deployment initiatives and associated adjustments in security policy. More than they were during the 1970s and more than the United States at the moment, the Soviet Union is in a reactive phase.

In addition to the disparity in timing of decisions, there are also fundamental differences in the way the two political systems make decisions. The Soviet Union initiates major decisions by establishing general military doctrines and by adopting planning assumptions; the implications are then imposed reasonably systematically on the details of weapons acquisition, operational posture and diplomatic positions. The system operates, as it were, deductively. In contrast, the United States requires widespread political consensus in order to make authoritative decisions and does not readily achieve this regarding doctrinal abstractions. The U.S. system makes very specific decisions and leaves open their broader implications for subsequent interpretation and political discussion. The U.S. decision-making process operates inductively and at any given time displays substantial internal inconsistencies representing unresolved political issues.

This difference in style has affected perspectives on strategic arms control. The Soviet Union understood the arrangements embodied in the SALT (Strategic Arms Limitations Talks) treaties as a fundamental political bargain focused on the principle of conferring "equal security" on both countries. Since equality could not be precisely defined—given the wide differences in established force deployments, geographic position, alliance arrangements and economic potential—the Soviets believed that the aggregate positions of the two countries had been arbitrarily but not unreasonably declared to be equal: advantages enjoyed by one side were assumed to be balanced by those of the other. Specifically, Soviet advantages in ICBMs, theater forces and numbers of weapons carriers were assumed to balance U.S. advantages in total weapons, submarine and bomber operations, overall force quality, geographic position and economic capacity. Moreover, with a baseline condition established, the Soviets believed that rules of evolution were to be followed preventing either side from securing any additional advantage that was not offset by the other side.

The U.S. political system is not equipped to make a bargain of that scope and did not do so. Actual decisions in the United States focused narrowly on the specifics of the formal treaties, and the broader implications of the arrangements were subjected to an as yet unresolved internal political debate. A well-organized group of security specialists has objected to the concession of Soviet advantage in any important dimension of military power, most notably in the payload capacity of the respective ICBM forces. Disputes over compliance with technical details of the treaties have been generalized into sweeping charges of Soviet cheating that resonate with general American distrust of the Soviet Union. The idea of a limited compromise that did not include a settlement of major political disputes has been opposed by constituencies in the United States that have strong grievances over human rights in the Soviet Union, political repression in Poland, military intervention in Afghanistan and many other matters. The United States has not formed the domestic consensus necessary even to ratify the SALT II agreement, let alone establish an enduring political bargain.

These different levels of conception and of political commitment have combined with the long-standing animosity between the two countries to produce sharp recriminations. The United States now accuses the Soviet Union of numerous treaty violations, the most prominent of which is a radar installation whose function is acknowledged to be legitimate but whose location is believed to be illegal under the Anti-Ballistic Missile (ABM) Treaty of 1972. The Soviet Union staunchly defends its own compliance record and accuses the United States of reneging on the basic political understanding, most notably by introducing new missile deployments in Europe which "circumvent" the SALT agreements and by announcing the intent to develop defensive weapons. With both sides now projecting weapons programs that would collapse the entire structure of existing arms control arrangements, each profoundly doubts and fears the basic intentions of the other.

IV

The current surge in U.S. strategic force investment is being interpreted by Soviet military planners as an offensive threat representing, potentially, a significantly enhanced capacity for a preemptive attack on Soviet forces. This underlying intention is imputed primarily on the basis of U.S. weapons modernization programs and additions to the force structure: the MX, the Trident II missile, the Pershing II in Europe, and cruise missiles with stealth technology. All in combination appear to establish the potential for precise attacks on the Soviet military infrastructure with tactical warning that would be too short to allow protective reaction. Moreover, as the Soviets view them, U.S. arms control proposals appear to have been designed to support such a preemptive strategy: if accepted, U.S. proposals would reduce deployed forces but they would not inhibit weapons modernization and would thus render successful preemption easier to accomplish.

The U.S. Strategic Defense Initiative is also assimilated into this pattern. In Soviet estimation, the technical prospects for a successful defense against an offensive attack designed to penetrate defenses are too remote to be a rational basis for a security policy. In this view, the only serious aspiration is for a defense against an offense already severely diminished by a preemptive attack. So interpreted and fully credited, this overall pattern presents a security threat to the Soviet Union of the gravest proportions.

Even if practical-minded Soviet leaders doubt that the United States can in fact achieve an effective capacity for strategic preemption, there are secondary implications of the U.S. effort that eventually are also very threatening. At its core, the U.S. strategic investment program is based on information gathering and processing technologies that represent the area of greatest U.S. advantage relative to the Soviet Union. These technologies have strong implications across the full range of U.S. military effort—conventional as well as nuclear weapons, offensive as well as defensive missions. Despite U.S. rhetorical emphasis on defense, it is reasonable for the Soviets to expect the most immediate and most dramatic results to involve offensive weapons. Indeed, it has become technically conceivable that precision navigation, rapid collection and dissemination of target information, automated battle management and related developments will eventually enable attacks on the Soviet military infrastructure by conventional munitions that are comparable to nuclear weapons in range, destructive effectiveness and even timing.[2] Beyond that, the underlying technologies are also likely to have very significant implications for general economic productivity. In effect, the United States appears to be marshaling its strongest comparative advantage for an extended competition in general military and technical positions. If that process is not restrained and if equal security is not conceded, then eventually the Soviet security position is likely to be severely degraded even if the ultimate destruction of nuclear war can be prevented.

Cast in these terms, the implicit American threat to the Soviet Union is sufficient to motivate a very extensive Soviet response and to force very difficult internal choices. If Soviet leaders cannot achieve acceptable restraints on the process of weapons modernization by normal diplomatic means, they will confront the apparent necessity of military reactions that are demanding enough to impose significant new burdens in the allocation of economic resources. Moreover, they face immediate deadlines for these choices. A new five-year plan (for 1986-1991) is nearing the point of final approval, to be accompanied, in all probability, by an unusually far-reaching policy review under the new political leadership.

V

The United States, of course, generally rejects the validity of Soviet fears and the legitimacy of any reaction to current U.S. programs. In the prevailing U.S. perspective, the MX and Trident II programs are justified responses to the perceived threat to U.S. ICBM installations emanating from the Soviet SS-18 and SS-19 programs that have already been completed. Similarly, the Pershing II and cruise missile deployments are accepted as necessary ripostes to the earlier

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[1] Richard Kaufman, "Causes in the Slowdown in Soviet Defense," Soviet Economy, Vol. 1 (January-March 1985), pp. 9-32.

[2] The chief of the Soviet General Staff, Nikolai V. Ogarkov, bluntly pointed out this emerging threat shortly before he was "reassigned." Interview with Marshal of the Soviet Union N.V. Ogarkov, "The Defense of Socialism: Experience of History and the Present Day," *Krasnaya Zvezda*, May 9, 1984, first ed., pp. 2-3.

Soviet SS-20 program. They have been reconciled with legal requirements strictly construed, and the thought that they might contradict a broader political understanding would be summarily dismissed by most Americans.

With a limited qualification for the purpose of bolstering the conventional defense of Europe, the United States has consistently declared its only strategic intention to be that of deterring nuclear war by threat of appropriate retaliation. The explicit acquisition of a reliable preemptive attack capability against Soviet forces rather clearly would not receive broad support in the United States. To be sure, there is a possibility that U.S. forces facing the apparent inevitability of war might feel compelled to attempt a preemptive attack as the only conceivable route to victory and at any rate the most effective means of limiting damage.[3] This tendency might be enhanced as a greater capacity for preemption is in fact acquired. These possibilities, however, have not yet been sufficiently absorbed to have immediate influence on security policy. In short, an inclination to compromise in the arms control negotiations is not likely to emerge in the United States from any sympathy for the substance of Soviet arguments.

Moreover, prevailing opinion in the United States discounts even the subjective sincerity of the Soviet position. The central purpose of Soviet diplomacy is presumed to be the political division of NATO, and Soviet objections to American weapons programs are interpreted as tactical measures designed to promote dissent in Western Europe. A display of alliance resolve, it is believed, will eventually force the Soviets to accept what they cannot prevent. This assessment was strongly reinforced when the Soviets allowed negotiations on intermediate-range missiles to be reestablished after many stark warnings that they would not do so unless U.S. Pershing II and cruise missile deployments were first removed. The same logic is now being applied to the Soviet position on space weapons.

Given these attitudes and the state of its strategic weapons programs, the United States at the moment both enjoys the virtues and suffers the defects of a fortified position. There are no internal deadlines to force diplomatic actions. Extensive modernization of the U.S. strategic weapons arsenal has already been authorized by recent defense budgets, and the fact of active negotiations provides political accompaniment adequate to deal with domestic and even allied sentiment for arms control. President Reagan's vision of a transition to a posture of protective defense rather than retaliatory offense dominates the discussion of security policy. The vision has inspired a strong technical critique, but as yet no effective political opposition has crystallized. In the process of negotiation the United States is playing a waiting game and has thereby imposed on the Soviet Union both the burden of initiative and the associated opportunity.

VI

Aside from ideological rhetoric, the Soviets have been very cautious and conservative in recent history and they are unlikely to abandon that pattern suddenly, even under more vigorous political leadership. Though the greatest resolve must prudently be assumed, the Soviets are likely to maintain a rational preference for diplomatic solutions and to adjust that preference only in discrete stages. Some of those stages have undoubtedly already passed, but it is a reasonable assumption that an acceptable agreement with the United States remains the primary Soviet objective, as they themselves assert. Romantic Western ideas about hard bargaining notwithstanding, direct military pressure on the Soviet Union works to increase its terms for an acceptable agreement rather than to diminish them. As in any political system with internal integrity, the Soviet Union cannot be expected to collapse under pressure if it has other options; it will quite predictably seek to react in kind.

In making the issue of weapons in space the centerpiece of their diplomatic position, the Soviets are using it as both the symbol and the primary immediate instance of the broader issue of weapons modernization. This is a logical choice. Restrictions on weapons testing in space would in fact inhibit any short-term "demonstration" of missile defense technology beyond the limited purposes allowed under the ABM treaty.[4] Such restrictions offer a practical means of reducing the American defense initiative to its minimum and most legitimate claim—exploratory research on the fundamentals of defensive technology. To accomplish that in the area currently proclaimed by the United States as being of highest priority would establish the heretofore missing element in the U.S. arms control position: the principle of balancing force reductions with restraints on weapons modernization.

The choice of space as the central topic also conveys an implicit warning that antisatellite weapons will be an element of Soviet reaction if arms control efforts fail, and unfortunately that is also a logical choice. The Soviets can ill afford a comprehensive and sustained reaction to the perceived threat of American strategic investment. Before they commit themselves to broad weapons programs of the scope and magnitude required, they will very likely attempt a focused reaction designed to provide enough countervailing leverage to force an American compromise. If adroitly managed, a Soviet antisatellite weapons program could provide leverage that would be quite effective both in military and in political terms.

It is well within Soviet technical capability to develop and deploy advanced antisatellite weapons that will threaten critical assets of the U.S. command system—by far the most vulnerable and most important element of U.S. strategic forces. Though they already possess a rudimentary capability of this sort, the Soviets have not yet developed the dedicated, discriminating antisatellite weapons that they could produce if they chose to do so. Such weapons might effectively preclude the coordination required to organize a U.S. preemptive strike even if the raw firepower required for such a strike could not be denied. Moreover, by challenging the legitimacy of current space activities and creating controlled interference with military support systems, the Soviet Union could also introduce issues that would be enormously divisive both within the American political system and within the NATO alliance. In effect, the Soviet Union can create an immediate conflict between the continuation of military support activities and the developmental testing of new space weapons.

Beyond that, there are two areas of strategic weapons deployments where the Soviets can compete with relative advantage despite underlying technical inferiority. First, the large-scale deployment of submarine-based cruise missiles will be to the Soviet Union's advantage even if its versions are not as effective as ours. The reason is that the United States and its allies are exposed to threats from the oceans, have many critical targets near coast areas, have no significant air defense systems, and have strategic command arrangements that can readily be disrupted by attacks that develop with little warning. Second, the Soviets also have advantages in any competitive deployment of land-mobile ICBMs: notably, large empty land areas, authoritarian political control and internal secrecy that allow effective concealment, a ready system (the SS-25) that has already been designed and tested, and established experience with mobile missile operations on land.

Systematic exploitation of these advantages would bring the U.S. forces under significantly greater threat of preemption than they now experience and hence would increase our own incentive to initiate strategic operations under the pressure of crisis circumstances. Though this exploitation would be subtle and not very visible politically, in term of military realities it would be profoundly destabilizing. Moreover, such a development would be accompanied by a highly visible increase in the forward positioning of Soviet naval assets; over time this would register politically as a major change in security circumstances. Finally, concealed deployment of land-mobile ICBMs combined with extensive submarine cruise missile deployments could readily deny any accurate counting of total Soviet strategic assets. That would also be likely to register politically as a major and unfavorable change in security circumstances.

The short of it is that the Soviet Union, even though competing at a considerable technical disadvantage, can degrade the current U.S. and allied security position very significantly. In the absence of effective mutual restraints, it will probably do so.

VII

Given these circumstances, the diplomatic component of current U.S. security policy does not appear adequate to deal with emerging strategic conditions and is in need of substantial revision. In particular, its objectives have been misspecified. The virtually exclusive focus on achieving reductions in Soviet force levels and the consequent sacrifice of opportunities to impose restraints on future weapons deployments distort the priorities of actual American security interests. Force reductions, though desirable, are not as important as preventing new Soviet weapons programs. Restraint on new weapons is, at any rate, a necessary concomitant to reductions.

The further development of dedicated Soviet antisatellite systems represents the most serious immediate threat to the integrity and operational capability of U.S. military forces, particularly when combined with forward deployments of submarines and other measures designed to enhance a preemptive threat to the central U.S. command system. Though absolute protection against this threat is not possible, very significant restrictions could be achieved by a prohibition on further testing and deployment of antisatellite systems. In any reasonable assessment, that should be the diplomatic objective of highest immediate priority. Categorical rejection of both the technical feasibility and inherent desirabiliy of this objective has dominated recent American policy,[5] this is an error of judgment serious enough eventually to force a major political correction. Whether this can be accomplished before irreversible consequences have been triggered is perhaps the single most important security question confronting the United States at the moment.

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[3] Bruce G. Blair, *Strategic Command and Control: Redefining the Nuclear Threat*, Washington, D.C.: Brookings, 1985; and Daniel Ford, "U.S. Command and Control," *The New Yorker*, April 1, 1985; April 8, 1985.

[4] In National Security Decision Directive No. 119 establishing the Strategic Defense Initiative, President Reagan mandated the Department of Defense to "demonstrate" defensive weapons technology. The Washington Post, January 26, 1984, p. 1. Under standard U.S. military practice, demonstration entails activities that go well beyond the stages of research and clearly involve the display of weapons prototypes.

The deployment of submarine-based cruise missiles is an issue somewhat similar in character but different in implication. The U.S. commitment to unilateral deployment of these systems without any serious attempt to achieve negotiated restraints is also a major mistake but one that has already been made. The consequences probably have already become irreversible, though they might conceivably be mitigated by eventual limitations on the scale and positioning of these deployments. The issue is largely whether the United States can learn from this experience to diagnose a significant flaw in its security planning: weapons acquisition and diplomacy are being separately managed, and the integration of them that circumstances require is not being achieved.

Regarding theater weapons, the threat to European and Asian allies posed by the SS-20 is less significant than the potential represented by the new SS-25. The characteristics of this system have not yet been fully displayed, and an assessment of it requires a degree of imagination. The problem is not so obscure, however, that security planners should be excused from anticipating it. The SS-20 is a system improvised from the cancelled SS-16 ICBM program, and there are reasons to believe that the Soviets considered its deployment to be a transitional arrangement. It is prudent to suppose that substantial improvements have been embodied in the SS-25, and that the new system provides a significantly better basis for a large-scale mobile deployment, one that is capable of covering targets throughout the entire U.S. alliance network in Europe and east Asia. If the Soviets choose fully to exploit their advantages in concealed mobile operations with a better system, the NATO missile deployment—so inherently visible that it is exposed to preemptive destruction by conventional Soviet forces—is not likely to be considered an adequate response indefinitely. Anyone worried about the SS-20 should be distinctly more worried about the SS-25 and relatively more interested in arms control arrangements that would prevent its deployment. No effort of this sort appears to have been made in Geneva, however, and U.S. officials at the moment appear to be conceding the inevitability of an impending surge in this category of weapons.

Beyond these more familiar issues lies the problem of the integrity of the command system. It has yet to emerge into clear public focus as the central strategic security problem of the age but is ultimately destined to do so. Current strategic command systems could not withstand even a small fraction of the offensive firepower that could be directed against them by existing forces, and this fact creates pressures on both sides for rapid and large-scale reaction to the perceptions of an impending attack. Since the interaction of these pressures under conditions of intense crisis could produce a sudden catastrophic breakdown of deterrence, diminishing them should be a major objective of arms control.

The problem is a difficult one in that it requires a combination of measures, no single one of which is likely to be decisive, or even effective, by itself. To be successful, the controls must dominate each country's overall assessment of the opponent's entire strategic posture. The most compelling method would be to remove the offensive capacity for an effective attack against the command system. But the force reductions required to accomplish that are too extensive to be a realistic immediate aspiration. Practical controls, therefore, must deal with the more ambiguous matter of intentions, largely through measures designed to prevent either side from optimizing a rapid, highly coordinated preemptive attack. A number of such measures can be identified to control the timing, precision and operational coordination of offensive forces: for example, the elimination of short-range systems and the disengagement of all systems from forward deployments; the design of deeply buried weapons and other means of protection that do not require and do not allow rapid responsiveness; the protective dispersion of command system assets; and the introduction of operational doctrines based on reconstitution after attack. These measures and the objectives they serve need much more development than they have yet received.

VIII

In sum, then, the familiar tragedy of avoidable and mutually damaging weapons deployments appears again to be emerging from the interaction of U.S. and Soviet strategic security policies. The situation is not yet irremediable. Effective statesmanship could still prevent misfortune, but many opportunities have been squandered. It has become difficult to believe that such statesmanship will suddenly emerge to master current trends. As indicated at the beginning of this article, designs for necessary compromises are certainly available, the most promising of which combines a prohibition on weapons development tests in space with reductions in large multiple-warhead missiles. It is prudent to acknowledge, however, that such arguments are being rapidly overtaken by events.

Let us repeat, then, some of the pieties of the nuclear age that have yet to become driving principles of policy. The securities of the United States and the Soviet Union have been locked together; it is extremely unlikely that either power can obtain any enduring net advantage by unilateral efforts. The age of technical virtuosity and dramatic weapons development has largely run its course. It has produced a dangerous situation which cannot be transformed by more weapons development, inevitable and even desirable as the individual projects may be. The cause of security primarily requires the establishment of a structure of political understanding and formalized restraint between the United States and the Soviet Union. For this to occur both political systems will have to undergo very substantial shifts in their prevailing attitudes and perceptions of security.

The most important threat to each country does not arise from weaknesses in political resolve, technical capacity, organizational competence or destructive firepower. The gravest threat is the inability to impose reasonable restraint, a mutally acknowledged problem for which each prefers to blame the other. There is in fact plenty of blame to be shared and, simply on practical grounds, each country would be well advised to begin at home. In the case of the United States, that requires adjustments in our strategic arms control policy.

FORTY YEARS LATER THE WORLD PRESS REVIEWS THE HOLOCAUST

Mr. PROXMIRE. Mr. President, the July issue of World Press Review has devoted its special World Press Report section to the legacies World War II has left behind.

Even now, 40 years later, stories are being written in papers such as the Financial Times of London, Le Monde of Paris, and many others that remind us of the horrors of that war.

This collection of articles addresses a variety of subjects, from the uneasy alliances that still plague us today to the growth of two superpowers which has fostered so much international tension.

Yet these articles also bring to mind another problem facing the world today—genocide.

Hitler left behind a trail of death and destruction of which few people could even have conceived before his crimes were revealed.

The authors of these articles treat Hitler and the Nazis almost as an aberration of history—an aberration whose aftermath still lingers in world problems today.

Some of the authors never mention the Holocaust specifically—but they do allude to the subject when discussing German guilt or the possibility that a terror like this could occur again.

Mr. President, it is imperative that genocide should never occur again.

And it is obvious that we should do everything in our power to help ensure that genocide remain something that reporters will only have to write about in the past tense.

Every one of our Presidents in the last 35 years has asked the Senate to ratify the Genocide Treaty.

Mr. President, this treaty represents a chance to banish genocide from our future. Only the Senate has to act. No action is required by the House of Representatives, there will be no conference. Once we act, that is it. We can and should act now. This represents a chance, the sixth in 30 years that the Foreign Relations Committee has reported the treaty to the floor of the Senate and passed by a majority, this time by only one dissenting vote, and asked the Senate to ratify it. The sixth chance for the United States to join with the 96 other nations, which includes every other developed nation in the world, that have ratified the convention.

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[5] This position was officially articulated in the Department of Defense Report to the Congress on U.S. Policy on ASAT Arms Control, March 31, 1984.

No more bodies should be buried because of genocide, only genocide itself should be buried.

Forty years after the Holocaust the memories of the horrors persist in world thought.

But thoughts and memories are not enough—we must take action.

We must ratify the Genocide Treaty.

MYTH OF THE DAY—WELFARE SPENDING IS BEHIND THE DEFICIT

Mr. PROXMIRE. Mr. President, how many times have we heard people say that if we could only get all those freeloaders off the Federal dole, we would not have a deficit. Many people believe the Federal Government spends far more on welfare than it really does. This myth contributes to public frustration at our struggles over balancing the budget.

In 1984, the Federal Government spent about $852 billion and had a deficit of $185 billion, counting off-budget spending. All Federal spending for welfare, or public assistance related programs came to about $140 billion or 16 percent of total spending. This total includes money for such programs as Medicaid, low-income housing assistance, food stamps, and aid to dependent children. We could have completely eliminated these programs in 1984, and we would have still had a deficit of about $45 billion.

Furthermore, this total includes assistance which many people would not classify as welfare, such as medical care for veterans. Subtract this type of spending, and the total for welfare is closer to $120 billion.

But even using the broader definition of what constitutes welfare does not change the fact that it is a small part of the budget. It is also not growing as fast as many other parts of the budget. Between 1980 and 1984 Federal spending went from $590 billion to $852 billion, an increase of $262 billion. Welfare spending during this period increased from $95 to $140 billion—$45 billion—or 17 percent of the total increase. In contrast, defense spending went from $134 billion to $227 billion—$93 billion—or 35 percent of the total. Spending on defense grew twice as fast as that welfare. And if you want to apportion blame for the deficit, defense should receive twice as much as that for welfare.

Mr. President, cutting the deficit is difficult not because so much is being spent on the poor, who are relatively powerless, but because so little is being spent for them. Most Federal spending goes to those who have some power and who are able to make their displeasure at cuts heard. That is why the deficit is so large and so difficult to reduce.

Mr. President, I yield the floor.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

BALANCED BUDGET AMENDMENTS

The PRESIDING OFFICER. Under the previous order, the Senate will now resume the consideration of the pending business, which the clerk will state.

The legislative clerk read as follows:

A House joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt.

The Senate resumed consideration of the joint resolution.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, it will be recalled that last night we said we were prepared to accept certain amendments. The Senator from Michigan has one, and I will yield the floor now so that he may present it, and I will accept it.

AMENDMENT NO. 745

(Purpose: To provide that controllable expenditures shall be sequestered from programs, projects and activities as defined in the most recently enacted appropriations acts and committee reports, or from each affected account if not so defined, so as to reduce the outlays by a uniform percentage)

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN), for himself, Mr. GRAMM, Mr. RUDMAN, and Mr. DODD, proposes an amendment numbered 745.

Mr. LEVIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. HATFIELD). Without objection, it is so ordered.

The amendment is as follows:

On page 25, strike lines 12 through 21, and insert in lieu thereof: "(II) subject to clauses (ii), (iii), and (iv) of this subparagraph, eliminates one-half of such excess by sequestering from each affected program, project, or activity as defined in the most recently enacted relevant appropriations Acts and accompanying committee reports, or from each affected account if not so defined, for funds provided in annual appropriations Acts or, otherwise from each budget account, such amounts of budget authority, obligation limitation, other budgetary resources, and loan limitation, and by adjusting payments provided by the Federal Government not required by existing contractual agreements, to the extent necessary to reduce the outlays for each controllable expenditure by a uniform percentage;"

Mr. LEVIN. Mr. President, there is a major flaw in the proposal before us. The Gramm proposal, as it stands, would give the President unprecedented power. It would give the President tremendous new discretion to cut programs, activities, and projects for which funds are specifically appropriated by Congress. The President could protect his pet projects and drastically cut ones he did not like.

How can this be, when expenditure cuts needed to meet deficit-reduction targets were supposed to be uniform? Very simply, because the Gramm amendment defines "expenditures" in a such a way that the President could totally distort and undermine the priorities set by Congress.

Let us take just one example among hundreds—the research, development, test, and evaluation expenditure for the Army. The Gramm language requiring uniformity applies, of course, to that expenditure. That is a $4.8 billion expenditure. But there are 253 programs, projects, and activities inside that expenditure which have been specifically funded by the Congress. In granting the President authority to cut spending to meet deficit-reduction targets—cut, let us say, 10 percent from this $4.8 billion Army research expenditure—the Gramm language allows the President to pick and choose what funded programs would be cut and to what extent. The President would not have to uniformly cut each of those 253 specifically funded items, only the one item that they add up to—even though Congress has already exercised its discretion and prioritized spending by appropriating specific amounts for each of the 253 programs, projects, or activities within that budget account.

This means that the President could undo the will of the Congress, undo the Congress' priorities, undo careful action Congress has taken relative to the President's annual budget request, because of the way the Gramm amendment defines the word "expenditures."

Expenditures, as the OMB document referred to in the Gramm amendment defines them, are in many instances vastly different from appropriated accounts, vastly different from the programs, projects, and activities for which we carefully and precisely appropriated funds in bills and committee reports.

That would be a vast new grant of power to the President. We should not permit it. Everybody's pet project should be treated the same way—everybody's ox should be gored. Everybody should share in the sacrifice.

Over the last weekend, we debated this issue at length. That is one of the reasons we needed to take at least a few days to deliberate on this important piece of legislation—to address this kind of problem. I have met repeatedly with Senators Gramm, Rudman, and Dodd, who have now agreed to this amendment which makes sure that the specific programs and projects and activities funded by the Congress—be it in a bill or a committee report, or whatever way we do it—will be treated uniformly.

My amendment, thus, makes a critical change to avoid an unprecedented shift of power over the budget to the President. When this amendment is adopted, we will then preserve the historic balance of power between the President and Congress.

I reserve the remainder of my time.

Mr. PACKWOOD. Mr. President, I thank the distinguished Senator from Michigan. As usual, he has done yeoman work on this bill. He has indeed caught what might be called a flaw in this bill, and in bringing this to our attention has improved the bill and greatly enhances its chances of adoption.

Mr. LEVIN. I thank the Senator.

Mr. GRAMM. Mr. President, I congratulate our colleague from Michigan. Senator Rudman and Senator Hollings and I have worked with him on this amendment.

We believe that the amendment carries out the intent of the bill. It moves from OMB line-item accounts to line-item accounts as they exist in the most recently adopted improved bill. It allows the specificity set out in terms of the definition of accounts in the relevant accompanying committee reports to be specified as guidelines.

It is not our objective here to specifically say that in each individual project we have to have an across-the-board reduction. We do not want to have 100 dams that are 99 percent complete. We do not want to pave highways that have 98 percent of the required asphalt on each one. Our objective is to the extent it is practical, to carry out public policy and to maximize the public welfare. But we want, within the sequester process, to preserve the priorities of Congress.

I thank our colleague for this amendment. I make note of the fact that this is a change that was made in concert with the Democratic side of the aisle that has given rise to changes which I believe improve the bill, expand its base of support, but which were objected to by the distinguished minority leader last night.

Mr. RUDMAN. Mr. President, let me simply say, in reiterating what the distinguished chairman of the Finance Committee has just stated, that the Senator from Michigan, as usual, has made a contribution that greatly improves the original draft.

As the Senator from Michigan knows well from our discussions here on the floor, the intention of the drafters originally was to give the President no more power or no less power than he presently has.

The problem with the bill as originally drafted in its reference as the Senator from Michigan correctly pointed out was that the categories as listed within the line items in the OMB circular tended to be too broad.

As the distinguished Presiding Officer is well aware as chairman of the Appropriations Committee, the Appropriations Committee in fact does a finite amount of breakdown in our bills. Thus by referencing them and with the additional language that the Senator from Michigan has drafted we in fact achieve our original intent.

I might add parenthetically that for those including those in the morning press who make the statement that this gives rise to an unwarranted, unprecedented amount of increase in Presidential power, I do not believe that was true before, and it certainly is not true now with the excellent amendment offered by the Senator from Michigan.

Mr. LEVIN. I thank my friends from Oregon, New Hampshire, and Texas.

Let me reiterate one thing for the history of this which is really critical because there was unintentionally or otherwise, and I presume unintentionally on the assurance of our friend from New Hampshire, there was unprecedented shift of power to the President in this bill and I have just given one example. The President could pick and choose among 253 items in but one expenditure line, the way this bill was written. There are hundreds of expenditure lines, but there are thousands and maybe tens of thousands of specified projects, activities and programs.

The language in the amendment speaks for itself. It is intended that it have its full broad meaning and not limited by anything that any of us might say here and that is—and I am quoting the amendments which were adopted—"that each affected program and project or activity as defined in the most recently enacted relevant appropriation acts and accompanying committee reports or from each affected account if not so defined," must be uniformly treated.

That is what I mean. And I mean it to have its full flower.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. RUDMAN. Mr. President, let me simply say the remarks just concluded by the Senator from Michigan are accurate. They are precise. They are precisely what the drafters of their amendment intend and the plain language speaks for itself.

I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back or expired.

The question is now on the amendment offered by the Senator from Michigan.

Without objection, the amendment (No. 745) is adopted.

Mr. LEVIN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RUDMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. RUDMAN. Mr. President, I believe the Presiding Officer could advise the Senator from New Hampshire that we currently are in a process of handling a number of amendments. I believe there is an amendment on that list by the Senator from Massachusetts. Is the Senator from New Hampshire correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. RUDMAN. I see the Senator from Massachusetts is here. So I expect if he seeks recognition we could then proceed.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, thank you.

AMENDMENT NO. 746

(Purpose: To provide for an annual report analyzing the effect of increased and improved tax enforcement and collection on tax compliance and revenue generation)

Mr. KERRY. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts [Mr. Kerry] for himself and Mr. Leahy, proposes an amendment numbered 746.

At the end of amendment 730 (modified and amended), add the following new section:

Sec. . The Directors of the Office of Management and Budget and the Congressional Budget Office and the Secretary of Treasury shall jointly report to the President and the Committees on Finance and Ways and Means on the projected level of revenues which would be raised by increased and improved tax enforcement and collection through audits, examinations, and other methods designed to eliminate tax cheating and increase revenue collections from individuals and corporations evading Federal taxation. The report shall include an analysis of measures which can be implemented to increase voluntary compliance with tax laws, including increased staff for taxpayer assistance, speedier processing of returns, improved information processing and collection, and public education designed to increase public trust and understanding of the Internal Revenue Service enforcement efforts. The report shall also include an estimate of the level of increased expenditures for Internal Revenue Service enforcement and compliance efforts at which additional expenditures would not yield additional revenues of at least $2 of revenue for every $1 in expenditures. The report shall be issued on an annual basis no later than the date on which the President submits a proposed budget for each fiscal year to the Congress.

Mr. KERRY. Mr. President, I would like to be very clear about my purpose in submitting this amendment and what I am trying to achieve here.

Next winter, and possibly before that in the course of this fall, we are going to be confronting some of the toughest choices we have been faced with in a long time, and I welcome that. That is precisely why I am supporting this measure. I think Congress ought to be making those choices.

When we do make those choices, when we get into a zero sum budgeting process next winter, I want to make certain that the whole pie is on the table and every available source of revenue is being considered.

It is not only my anticipation but it is my hope that we are going to avoid the sequestration process. How are we going to do that? We are going to have to become more creative in where we look for available revenue.

The sad fact is that since 1975 there has been created in this country a 300-percent gap in tax compliance. If we were merely collecting taxes at the level that we collected them 10 years ago, not a whole new concept, but merely at the level of 10 years ago, we would have an additional $17 billion in revenue today. The revenue department, IRS, receives an increase of some 17 percent in forms and yet over those last years they have only received a 2-percent increase in personnel.

The stories of lost and even shredded letters from taxpayers, the diminution of a tax base that people have any credibility in, is exorbitant and the consequences of that, Mr. President, is that Americans by and large are losing their faith in the credibility of the tax structure itself.

Daniel Yankovitch did a study for IRS and that study for IRS showed that 41 percent of Americans believed that the majority of other Americans are not paying their fair share of taxes. Indeed, when the IRS submitted this year its request for personnel, they requested 95,000 personnel and they were cut back by the administration to 86,000 personnel and for a savings of $300 million, the administration showed a concomitant reduction in anticipated revenues from $36-some billion to $34 billion. So we lost $2.4 billion in revenue for a savings of some $300 million. It does not make sense.

The American people understand and want fairness in their tax structure. This is not a fluff study that I am asking for. I am asking for a comprehensive full review of what each and every State in this country has done from Massachusetts to Illinois to California. A host of States, some 14 to 16, already have implemented this kind of program and have increased their revenues significantly and it is high time that the Federal Government begin to take that kind of fairness and that kind of equity and that kind of approach seriously.

Mr. President, I believe if we were to have that kind of comprehensive review of all those options that are open to us to be able to increase enforcement and bring it down to a level where for every $1 expended, $2 are returned, we will have done the taxpayers of this Nation a great service.

The IRS will tell you, Mr. President, and tell all of us, that right now for every $1 expended, $23 can be returned to the coffers in some programs and a minimum, a minimum of $6 can be returned in others.

Mr. President, when I first submitted this concept last year in the budget process, and I am pleased to see we put it in there at least in a sense of what Congress ought to do, those reported income tax returns on which there was a failure to report or an ability to produce additional income amounted to a sum, according to the IRS, of $94 billion.

The PRESIDING OFFICER (Mr. PRESSLER). The Senator's time has expired.

Mr. KERRY. Mr. President, I ask unanimous consent for an additional minute from my colleague.

Mr. RUDMAN. I yield an additional 2 minutes of our time to my friend from Massachusetts.

Mr. KERRY. I thank the Senator very much. I hope I will not need it all and I thank my colleague.

When we first considered this during this winter, the IRS reported that there would be $92 billion in collectible items were they able to audit them. The sad fact is that corporate audits in this country have gone down 46 percent in the last few years; individual audits have gone down 26 percent. And just the other day in the space of these few months from when we first considered the budget until now, the IRS says that gap is in fact not $92 billion but $106 billion and there is an additional $30 billion of reported assessed but uncollected taxes of which they are only trying to get some $8 billion.

The National Governors Association unanimously passed a resolution in which they stated that they thought there was $20 billion out there if we were only to genuinely go after it.

Mr. President, one of the reasons I support the measure I support—and I congratulate my colleague on his efforts on it, because I think they have been important to the resolution of a major problem—is that I know there is additional revenue out there which would enhance people's faith in fairness in the process, which would give people a sense that we mean business and that we are going to be fair about it.

Right now there are hundreds of Americans who are being required to pay for police, fire, streets, all the services in their communities, while other citizens are not even paying their fair share. And I think that is the foundation of what we are all about.

So I want this study to be serious. When we sit down next winter, I want us to look at what is available to us, so we can avoid drastic cuts and so that we have other options, and I think this will help us to achieve that.

Mr. RUDMAN. Mr. President, let me say to my friend from Massachusetts that this is an excellent amendment. It is really very timely and it is quite pertinent, because here we are with the Gramm-Hollings-Rudman-Kerry, et al., amendment which we are going to act on today at 3 o'clock. The President referred to it as historic. It is historic in the sense that it will finally put some compulsion into the system. But it is also historic in another way, it seems to me, and that is if you take the figures of the Senate Finance Committee, which were well publicized last year, we understand there is up to $100 billion a year lost in revenue from both legal and illegal activities, at least half of that from legal activities, the so-called underground economy. Imagine how much easier our job would be, I say to my friend from Massachusetts, come this year when we have to involve ourselves in the budget process, let us say, for fiscal 1987, if we actually had that $100 billion. We would have a very simple task, indeed.

So it is an excellent amendment. We are delighted it was offered. I certainly commend the Senator from Massachusetts for offering it and hope that we get more than lip service from those who ought to look into this, and that we try to find real and meaningful ways to make all Americans pay their fair share so that some Americans do not have to pay their unfair share.

I yield back the balance of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Massachusets [Mr. KERRY].

The amendment (No. 746) was agreed to.

Mr. KERRY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RUDMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERRY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, my understanding is we are now to be on the amendment of the distinguished Senator from Nebraska, Senator EXON. We need to leave the Chamber by 10:15 a.m. for the joint session to hear an address by the Prime Minister of Singapore. I hope the distinguished Senator from Nebraska could follow the unanimous-consent agreement, offer his amendment, and we might vote.

Mr. President, I assume it has been reviewed earlier but we do hope to lay down the Exon amendment, have the debate, and perhaps postpone the vote until after the joint session. That would not change anything else in the order. But not later than 12:30 p.m. today the Senate will vote on the Democratic leadership amendment, then we have a couple of other amendments, and then there will be a vote on the Gramm-Rudman amendment as modified. Then hopefully we will have passage of a short-term debt limit—all before 3 p.m. Then we would go on to other amendments, attempt final passage of the bill by not later than 4 o'clock tomorrow, then lay down the reconciliation bill, and hopefully at least start on that today or tomorrow. Then next week we will try to catch up by coming in at 8 o'clock each morning on appropriation bills, and then shifting to the reconciliation at noon on each day.

So we need to double up, and catch up because the calendar is running out of days.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. RUDMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RUDMAN. Mr. President, I ask unanimous consent that when the Senate reconvenes following the joint session, the pending business be the Exon amendment.

Mr. CHILES. Reserving the right to object, Mr. President, I would like to know how much time the Senator from Nebraska is going to have. I assume we are talking about opening the debate now and going until 10:15, then having a brief time after we get back before the rollcall vote.

Can the Chair tell us how much time each side will have?

The PRESIDING OFFICER. Under the original agreement, the Senator from Nebraska was given 30 minutes and the other side was given 10 minutes.

Mr. RUDMAN. How much time is remaining for the Senator from Nebraska at this time under the previous agreement? His time has expired, is that correct?

The PRESIDING OFFICER. His time has expired.

Mr. RUDMAN. If the Senator from Nebraska would yield for a moment, under these circumstances, what would the Senator from Nebraska think might be reasonable? If he started debate now for the next, say, 12 minutes, how much time would the Senator from Nebraska like when he comes back?

Mr. EXON. In answer to the question from my friend, I shall simply start by saying that this Senator never agreed and I am surprised that those on this side of the aisle did not protect this Senator with the information that he was entitled to. I think it is a serious breach of senatorial ethics and I do not like it.

I understand the position that my friend is in. I shall shorten my time if we lay this down now and if I could have 20 minutes when we get back for my side and whatever is necessary on that side, we can wind it up at that time.

Mr. RUDMAN. Mr. President, let me say to my friend from Nebraska that certainly no one on this side, nor did he say so, intended to impinge on the Senator's rights. Having been here until 4 o'clock in the morning myself and observing what went on, let me assure the Senator from Nebraska that if something happened without his permission, it was highly unintended.

Mr. CHILES. Mr. President, I say to the Senator from Nebraska that my ethics are questioned daily now, but I only took this chair 1 minute ago. So I am not responsible.

Mr. EXON. Mr. President, I would ask in rhetorical fashion who was in charge, but may we go ahead with the pending business?

Mr. RUDMAN. We may.

Mr. President, I ask unanimous consent that in addition to the Exon amendment being the pending business when we return, the Senator from Nebraska now be allowed a total of 20 minutes——

Mr. EXON. With the understanding that I have a minimum of 15 minutes when we return.

Mr. RUDMAN. With a minimum of 15 minutes when the Senate reconvenes at 11:15. The managers on this side would require 10 minutes, followed by a rollcall vote.

Mr. EXON. Mr. President, reserving the right to object, as I understand the original agreement, it was a half hour for the Senator from Nebraska and my cosponsors and there was to be 10 minutes on that side of the aisle. Is that correct?

Mr. RUDMAN. If that is the request, I amend my request to 5 minutes.

Mr. EXON. I agree. I have no objection.

Mr. RUDMAN. Mr. President, has the request been granted?

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 747

(Purpose: To require reports by the Directors three times each year and to revise the definition of statistical significance for fiscal year 1986)

Mr. EXON. Mr. President, I send an amendment to the desk in behalf of Senator KERRY and myself and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON], for himself and Mr. KERRY, proposes an amendment numbered 747.

Mr. EXON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment, add the following:

( ) PERIODIC REPORTING REQUIRED.—Notwithstanding the second sentence of subsection (d)(1) of this section, the Directors shall jointly report to the President and the Congress the matters described in such subsection on October 1, February 15, and May 1 of each fiscal year, except that with respect to fiscal year 1986, the Directors shall jointly report to the President and the Congress the matters described in such subsection on November 1, February 15, and May 1 of such fiscal year.

( ) STATISTICAL SIGNIFICANCE OF DEFICIT.—Notwithstanding the second sentence of subsection (d)(4)(H) of this section, if, in any report submitted with respect to fiscal year 1986 by the Directors under subsection (d)(1) of subsection ( ) after November 1, 1985, the Directors state that the deficit for fiscal year 1986 exceeds the maximum deficit amount for such fiscal year by an amount which is greater than 5 percent of such maximum deficit amount, such excess shall be treated as "statistically significant" for purposes of this section.

Mr. EXON. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is sufficient second.

The yeas and nays were ordered.

Mr. EXON. I thank the Chair and I thank my colleagues.

Mr. President, this amendment is a very simple, very straightforward one. Frankly, the Senator from Nebraska is surprised that the managers on that side of the aisle have not agreed unanimously to accept the amendment, because it is a significant step forward in attempting to carry out what has been billed and designed, as I understand it, to put the wrench on the spending of the Federal Government and bring us back into line on deficits and the uncontrollable national debt. Therefore, I do not understand why there is opposition to this measure unless the facts of the matter are that this is not a serious amendment, this is not designed to do what it is billed to do. Unless we can adopt an amendment such as this, I think the main proposal before us is so fraught with inconsistencies that it falls, frankly, of its own weight.

Therefore, I say, Mr. President, that this is a test vote in the U.S. Senate as to whether or not we believe in the basic tenets of the Gramm amendment or whether we are trying to fool the American public with less than a realistic approach to face the fiscal difficulties and the national debt calamity that faces this country. I think the RECORD is very clear from a number of votes on the Senate floor, sponsored and approved by this Senator, that it is time to get serious.

Mr. President, would it be possible that we have a little order in the Chamber? This is a very serious proposal. I know there are a lot of important things going on, but they are no more important, I suggest, to the people of America, than the amendment that I have just proposed, along with Senator KERRY.

The PRESIDING OFFICER. The Senate will be in order.

Mr. CHILES. May we have order, Mr President.

The PRESIDING OFFICER. The Senate will be in order.

Mr. EXON. Mr President, this is a simple amendment to put teeth in the Gramm-Rudman proposal, put teeth in it, put teeth in it, put teeth in it. That is the basic tenet of the amendment that I have just offered. As drafted, the Gramm-Rudman proposal sets a first review period for November 1, 1985. Given the targets, nothing will happen in all reality, I suspect, this November. Our first real test will then be put off, Mr. President. We will go into recess. We will have a delay. It will be put off until October 1986, a full year from now. Congress must not delay its task of deficit reduction. My proposal would simply add to the reporting period as designated in the bill, February 15 and May 1. It would also make the margin for statistical significance for the February 15 and May 1 periods of 5 percent rather than the 7 percent as written into the Gramm proposal for the first reporting period.

Mr. President, we have a deficit crisis right now. Let us start deficit reduction and the clock ticking right now, not a year from now.

Mr. President, there may be a successful explanation from those on the Gramm amendment side of this measure as to why this is not feasible, why it is not workable and why it does not make the bill that they are advertising as the salvation for the fiscal sanity of America not stronger and not better.

I reserve the remainder of my time.

Mr. RUDMAN. Mr President, I believe that we have approximately 2 minutes until we must proceed to the House Chamber. Is the Senator correct?

The PRESIDING OFFICER. The Senator is absolutely correct.

Mr. RUDMAN. Let me then speak for 2 minutes. There is one basic flaw—there are several basic flaws but one I would address now—in the amendment offered by the Senator from Nebraska. The debate in this Chamber for the past week and a half has concentrated on obviously the most interesting part, if not the most effective part, of the plan. The Gramm-Rudman-Hollings plan has two parts. The first part is a compulsory process with teeth in it and the second part is the sequestering, and all we have been talking about is the sequestering. The fact is that the first imposes a requirement on the President as to the level of deficits contained in his budget. That is A. B is that time poses new requirements on the Congress. And C, if that does not happen, it then has an enforcing mechanism.

Now, the Senator from Nebraska does not have a bad idea except that it is now October of 1985, and the Congress thought it was playing with not real money during our budget resolution. Everybody thought we were playing with monopoly money. That is why we sat here in all solemnity just 8 weeks ago and said we are passing a budget with a $170.9-billion deficit and then just 8 weeks later somebody made a mistake with the adding machine and we find it is $192 billion, and some people say maybe more.

So let me say to my friend from Nebraska that I would like to do what he wants to do but the hardship on the American people when we set a set of priorities, when we thought we were playing with fake money—I did not but some people did—when we were playing with real money would be very unfair. That is why the Senator from Texas, the Senator from New Hampshire, and the Senator from South Carolina agreed, although we originally had it that way, that it would be unfair and that we would have the trigger November 1.

I understand, Mr. President, it is now 10:15 and I would just have the Chair restate that the Exon amendment is the pending business when we return. Am I correct?

The PRESIDING OFFICER. The Senator is absolutely correct.

RECESS UNTIL 11:15 A.M.

Mr. RUDMAN. Then under the previous order, I ask unanimous consent that the Senate go into recess for the purpose of attending a joint meeting of the Congress.

There being no objection, the Senate, at 10:14 a.m., recessed until 11:15 a.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. KASTEN].

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

AMENDMENT NO. 747

The Senate continued the consideration of the joint resolution.

Mr. RUDMAN. Mr. President, is the parliamentary situation that we are now on the Exon amendment and there are 15 minutes remaining to the Senator from Nebraska and 2½ or 3 minutes for the Senator from New Hampshire?

The PRESIDING OFFICER. There are 5 minutes for the Senator from New Hampshire. The Senator is correct, there are 15 minutes for the Senator from Nebraska.

Mr. RUDMAN. I thank the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. I thank my friend from New Hampshire. I thank the Chair.

Mr. President, the Exon-Kerry amendment will likely be the key amendment that tests the validity or lack thereof of the Gramm-Rudman amendment. Is the Gramm-Rudman amendment a fact or is it fiction? The Exon-Kerry amendment puts up-front teeth in the Gramm proposal. Without it, Gramm is essentially a toothless fraud on the American people that to date have been misled to a considerable extent that the Gramm amendment assuredly leads us to the promised land of Oz and the fiscal stability that we all seek.

The question that begs for an answer is whether the Gramm amendment is real or did it come from the wizards smoke machine? The analogy, of course, Mr. President, is facetious, but the true grit of the Gramm amendment and its pretension for a balanced budget is here before us in the U.S. Senate and we have the obligation to dispose of it.

The question is how do we best assure that it will work as advertised or whether it will go down in history as the great brain robbery?

Just before the break to attend the function in the House, the principal sponsors of the Gramm proposal stated that if we take seriously the deficit reduction action, there would be great hardship on the American people. Exactly. That should be clearly understood. There is no easy answer to our dilemma. That being a given, why is it not reasonable to begin the

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hardship now and prescribe smaller and more evenhanded doses of the bitter-tasting herb, rather than taking a recess for a year until after the 1986 election?

All that this straightforward amendment of ours does is strengthen—I emphasize the word "strengthen"—the Gramm procedures for treatment of what most ails America's economy. Of course, that is the runaway deficit and the out-of-control national debt.

Mr. President, all that the Exon-Kerry amendment does, with no further change in the Gramm program, is insert two additional reporting dates on the status of the economy to the President of the Congress from the Congressional Budget Office and the Office of Management and Budget—on February 15 and May 1 of each year. I cannot imagine what is wrong with that.

I cannot imagine what is wrong with that.

Now, why is this necessary? Because after admittedly conceding that they wanted teeth in their proposal, the Gramm proponents backed away and formulated a plan as presented that sounds good but eventually puts off for a year the triggering mechanism to force compliance.

It will be claimed, Mr. President, that this required report from CBO and the Office of Management and Budget in just 20 days from now, on November 1, may, and I emphasize may, trigger something. But it is clear that the authors of the Gramm amendment, by their finagling with the arbitrarily raised deficit figure and the 7-percent increase in the significant statistic figure, have gone all out to get around this and delay significant action for at least 1 year. It may be that we will trigger the must-do penalties in 20 years but the weight of the evidence is that it will do otherwise, and it would be significantly put off for 1 year.

Mr. President, I strongly urge the adoption of the Exon-Kerry amendment because I believe it more than anything else will give the Rudman-Gramm proposal a chance, if you will, Mr. President, to do something about the deficit and the national debt.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time? The question is on agreeing to the amendment.

Mr. GRAMM. Mr. President, I do not need to take a long time on this amendment. The truth is we adopted a budget after we were unable to take the real reductions that were built into the Senate version and come to an effective conference with the House. So before we started this process we had a budget which Members on both sides of the aisle said was full of phony savings, was full of optimistic assumptions. So while in reality we claim to be talking about $171.9 billion, we are looking at $190 billion under any kind of realistic assumptions under that budget.

We thought it was important to get into the process, to recognize the reality of where we are, noting that everybody thought we were playing, as my colleague said, with play money in the first budget and everybody knows we are shooting with real bullets now. So what we are trying to do is to get into the process.

Now, let me explain to my colleague from Nebraska and others that in order not to be forced to sequester on November 1, the President is going to have to veto every appropriation bill that is a nickel over budget, and I hope those who support this amendment are ready to sustain those vetoes. I am. The President may well have to veto the farm bill if we adopt this program and enforce it if Congress is not fiscally responsible in that bill. I am ready to sustain those vetoes. I hope the authors of this amendment are also ready.

Finally, it may well be that the Superfund bill would be vetoed under this legislation. I think we can look at a broad range of possibilities. None of that has to happen, but it all depends on what we do on Superfund, what we do on the farm bill, what we do on appropriations. The truth is we are shooting with real bullets but we are recognizing where we are today.

I oppose this amendment. I am confident we are going to vote it down, but I remind my colleagues that when it comes to sustaining vetoes, I hope those who are so eager to get started are going to be there with me to sustain those vetoes.

The PRESIDING OFFICER. The question is on agreeing to the amendment. Who yields time?

Mr. EXON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Nebraska has 9 minutes and 30 seconds.

Mr. EXON. I yield 3 minutes to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, many of us on this side have said repeatedly that we think the Gramm-Rudman-Hollings proposal has a lot of merit. Procedurally, it is a mechanism that will probably force some discipline on the Senate that we have not had before. Most of the Members on this side are going to vote for it.

Last Thursday when it was presented to us as a fait accompli, however, it was said, "Don't look at it, don't try to amend it, don't do anything with it because if you don't vote for it right now, the Government is going to come to a halt."

This is a terrible way to legislate. Happily, some people over here have taken a lot of political heat in order to try to dress this bill up and make it work the way its sponsors told us it was going to work. Since last Thursday, because some people over here have analyzed this proposition and seen what it really does, there have been at least 100 technical and substantive changes made in that bill, the same bill we were told last Thursday was closely akin to the second coming. And I suspect there are a lot of things in this bill right now that a year from now we will wish he had thought of.

Now, the Exon amendment simply says that if you pass the amendment in its present form, you ought to call it the national deficit reduction postponement bill. He is simply saying that there is no great courage in voting for this bill if it is not going to do anything until everybody is safely reelected in 1986.

The Gramm-Rudman deficit reduction target for fiscal 1986 is $193 billion, and the CBO estimate for budget outlays in fiscal 1986 is $172 billion. Now, what kind of courage does it take to set a target of $193 billion for the fiscal year we are now in when everybody knows we are probably going to come in $20 billion under that target?

In 1987, the bill's target is $151 billion, and if you average the estimates right now of OMB and CBO, which the bill does, the deficit is projected to be $151 billion. What courage does it take to vote for a bill that sets a deficit target that is already precisely what CBO and OMB says the deficit will be? Not until fiscal 1988, not until 1988—even a year after the election—is anybody going to have to play with so-called real bullets. I keep hearing that term used around the Chamber.

So what the Senator from Nebraska has very thoughtfully done is say if you really believe in deficit reduction, and if you think this is a suitable mechanism and a suitable procedure for achieving it, which most of us do, then let us get on with the show.

So, Mr. President, I am happy to support this amendment by Senator EXON and tell the American people that Senators on this side of the aisle are also interested in deficit reduction and we are interested in it now, not in 1988.

Mr. RUDMAN. Mr. President, I want to respond very briefly to only one comment made by the Senator from Arkansas. I will represent to him now as I had on Friday and Saturday that there have been no substantive changes made on this side to the bill. The fact is that Senator LEVIN had a very good suggestion which was in the spirit of the bill which we all jointly accepted today. Senator BYRD, the Democratic leader, had a very interesting thought on the constitutionality of one of the rules changes devices. We agreed with that.

But let me say to the Senator from Arkansas that the bill we put at every one's office door on the 24th of September in terms of the front end and the back end philosophically has not changed. On Friday last and on Saturday all day on this floor Senator Gramm, Senator Hollings, and the Senator from New Hampshire told everyone here, if we could improve the bill, we wanted to do that. Senator Byrd has helped to do that and it was delightful. Senator Levin gives us a suggestion that we think improves the bill. But to claim that the basic philosophy of this bill has changed just is not accurate.

Mr. BUMPERS. Will the Senator yield?

Mr. RUDMAN. I do not have any other comment.

Mr. BUMPERS. The Senators also changed the definition of what constitutes a recession. They changed it from four quarters to two.

The PRESIDING OFFICER. Who yields time?

(Several Senators addressed the Chair.)

Mr. EXON. Mr. President, how much time remains on my side?

The PRESIDING OFFICER. The Senator from Nebraska has 6 minutes remaining.

Mr. EXON. And the other side?

The PRESIDING OFFICER. The Senator from New Hampshire has 1 minute and 20 seconds.

Mr. EXON. I yield to the minority leader.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. BYRD. Mr. President, I was listening over the squawk box, and I heard the distinguished Senator from New Hampshire say that I was concerned about a rules matter and "we have agreed on that."

Mr. RUDMAN. If I said it inaccurately, what I intended to say was the Democratic leader had a problem with Congress giving some of its constitutional authority and rulemaking authority to the President, and my understanding is that has been worked out or, if it has not been worked out, it will be today.

Mr. BYRD. That has not been worked out. I have not discussed that change with any Senator. I am talking about looking at it like this and saying, "Here is what we will do." I do not know what has been done.

Mr. EXON. Mr. President, if I might reclaim my time, if the discussion has finished——

Mr. RUDMAN. Mr. President, I ask unanimous consent that the Democratic leader be allowed a couple more minutes to state his position.

The PRESIDING OFFICER. Is there objection?

Mr. GRAMM. Mr. President, reserving the right to object, we are under strict time constraint. The Senator from Nebraska has substantial time. If we let this thing slip, I am concerned that we are not going to meet our deadline.

So I hope the Senator from Nebraska will yield to the distinguished minority leader. On our side, we have a minute and a half remaining, and we will yield that to him.

Mr. EXON. Mr. President, I have a cosponsor who wants to be heard on this. I am going to insist, above everything else, that he be heard. I yield 3 minutes at this time to the distinguished cosponsor of this measure, the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. I appreciate that, and I wish I did have a little more time.

Mr. President, as a cosponsor also of the Gramm-Rudman amendment, I am a cosponsor in this effort to try to commence this process sooner, and I will state quickly my reasons for doing so.

There is not a business in the country, nor even a Governor of the 43 States, that is required to balance its budget on an annual basis, that does not look for periodic reports on a more regular basis.

I am concerned that after this November 1, there will not be an annual report that will trigger any action whatsoever or require us to adhere to a rigorous standard, or to the bullets we have heard so much about, until almost a year has passed.

That is not a way to absolutely guarantee that we are going to be toeing a realistic line—not just a line that is midway between OMB and CBO, but a line that we know is holding us, by virtue of their appraisal, to what we should be doing in terms of reduction.

I do not think it is unreasonable for us to be looking for some guideline during that process. We are not changing the percent from the 7 percent on the first report this November. We are looking, as of February 15, to the 5 percent. At that point, Congress will be in session, and we will be responding to the budget message. We will be in the middle of the appropriations process, and we will have the ability to hold ourselves accountable at that point to take the action that is necessary to do as the Senator from Nebraska has said, put teeth into this process.

I think this is a reasonable approach. I do not know of a business in the United States that does not have quarterly reports or even monthly reports on sales and assets and where it is going.

I think we should show that we are really serious, that we are not tying this to the 1986 election, that we are being bipartisan about it and serious about it, and that we are willing to make those choices in January and February 1986.

So I urge Members to recognize that this does not change the process. It is my hope, as it is the hope of the distinguished Senator from Texas and the distinguished Senator from New Hampshire, that we will never have to sequester. It is my hope that we will make the choices we should make in January. But to help us do that and to toe the line that CBO and OMB are going to give us, we should know we are there. To ask them to submit that kind of report to us in January and again later in May seems to me the height of common sense and basically responsible, and I urge adoption of the amendment.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Who yields time?

Mr. EXON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Nebraska has 55 seconds remaining.

Mr. EXON. Mr. President, if we are ever to control the deficit, there must and should be all kinds of courageous action by Congress and by the President.

There are corporations paying no taxes, defense contractors ripping off Uncle Sam, a social program which include some waste in spending, and yes, farm programs which pay Government subsidies to wealthy corporate millionaires. There should be a hardship for the freeloaders and big spenders.

I suspect that opposition to the Exon-Kerry amendment is based on the fact that, if adopted by Congress, Congress and the President would immediately have to turn their attention to deficit reduction now. Let us put some teeth in the measure.

The PRESIDING OFFICER. The Senator's time has expired.

The majority leader is recognized.

Mr. DOLE. Mr. President, when we turn to the Gramm-Levin amendment this afternoon, it is my hope that we can have a vote on that by 3 o'clock. It may be that there will be a little time between the last vote and the Gramm-Levin amendment vote, and I ask unanimous consent that if there is any time, that time be used for debate and that there be no motions or amendments offered during that period.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object—and I will not object—the majority leader and I have discussed this matter.

When the distinguished majority leader says "between the last vote and the vote on the Gramm amendment," he means the last vote on the amendments we have already specified.

Mr. DOLE. That would be the Kerry-Dodd amendment.

Mr. BYRD. Whatever amendments are in order as per our agreement last night.

Mr. DOLE. That is correct.

Mr. BYRD. I thank the majority leader.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. RUDMAN. Mr. President, we yield back the remainder of our time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Nevada [Mr. LAXALT] is necessarily absent.

I also announce that the Senator from Maryland [Mr. MATHIAS] is absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 46, nays 52, as follows:

[Rollcall Vote No. 210 Leg.]

YEAS—46

Baucus
Bentsen
Biden
Bingaman
Boren
Bumpers
Burdick
Byrd
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Gore
Harkin
Hart
Heflin
Inouye
Johnston
Kennedy
Kerry
Lautenberg
Leahy
Levin
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nickles
Nunn
Pell
Proxmire
Pryor
Riegle
Rockefeller
Sarbanes
Sasser
Simon
Stennis
Weicker
Zorinsky

NAYS—52

Abdnor
Andrews
Armstrong
Boschwitz
Bradley
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Evans
Garn
Goldwater
Gorton
Gramm
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heinz
Helms
Hollings
Humphrey
Kassebaum
Kasten
Long
Lugar
Mattingly
McClure
McConnell
Murkowski
Packwood
Pressler
Quayle
Roth
Rudman
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Wilson

NOT VOTING—2

Laxalt
Mathias

So amendment No. 747 was rejected.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. CHILES. Mr. President, at 12:30 the Senate will have an opportunity to vote on the proposal offered by Senator BYRD, Senator JOHNSTON, myself and a number of others on our side. We believe it is a proposal that will set the standard on whether we are ready to face up to this deficit problem, and put it behind us. Mr. President, I notice we had a very narrow vote on the Exon amendment—52 to 46; 46 Senators said that they thought we should start this process sooner. I think that is a very significant vote. In fact, there were a few votes that came from the other side—a surprise—that said we should start it sooner. Well, if we can build on the vote of 46 Senators we will not only be able to start the job sooner; we will be able to finish it sooner.

We have an opportunity to tell the American people that we consider this problem to be very serious. Those of us that have worked on it for a number of years can say we finally have a mechanism that does the job, and, Mr. President, it does it in a fair way. It does it in an impartial way, allowing the President and the Congress to participate in sequestering process in an equal way.

Mr. President, among the main features of our plan is that it allows us to start sooner. And we will finish it 1 year sooner. We will not fall victim to the worries of a political year.

We will also have a fairer process because the figures will be more honest figures. We are going to use the impartial CBO. We will not be ruled by OMB which we know has always been a captive of the President. The process will focus on budget authority while the Gramm proposal would cut outlays on the percentage, and we know what that would do to programs that spend out their outlay money a little slower. It means sewer and water projects would be devastated. It means housing programs would be devastated. If we are interested in deficit reduction we can do it through budget authority. If we are interested in dismantling government, then we will go the other process, and then say we will do away with the 202 elderly housing program, we will do away with programs like water and sewer grants, and programs that people want and work fairly well. Let us cut those programs—their proportionate amount, if we need to—but let us not say we are going to knock those programs out.

Mr. President, we would allow the portion of defense having to do with weapons systems to be considered the same way we consider readiness. Why should we take all the money from the readiness side of defense? If you are really concerned about whether this country is going to be prepared, then you ought to be able to see these matters clearly. If the Defense Department can cancel the DIVAD contract because they think it is not working, should we not be able to take part of the savings from that side? Certainly we should, and this amendment will allow us to do that.

Mr. President, a major difference is that while the Gramm-Rudman plan exempts Social Security, it does not do anything about any of the other means-tested programs. I have a higher percentage of senior citizens, 17.4 percent, than any State in the Nation. And I think it is fine to consider Social Security recipients, and say we are going to exempt their cost-of-living increases. But I have a hard time in good conscience saying I am going to do that, but women's and infants' and children's programs are not going to be exempt in their cost of living and their means tested programs. Veterans pensioners, people that are below the poverty line who have protected this country are not going to get their COLA. We are going to cut them out. I have a hard time with that, Mr. President.

So I think we can make these cuts but we can make them on a fairer basis.

Mr. President, our amendment is much fairer in the way it preserves the constitutional powers of both the President and the Congress.

The Gramm-Rudman plan is just stacked right now. It favors the White House in every instance. I think there should be simple fairness.

Mr. President, let us look at the recession provision. There will be some modification, I understand. They are going to allow two quarters. If there is a recession for two quarters, the President may say it looks like a recession is imminent, so he would like to send up another message.

Mr. President, we all know around here what happens when you have a recession. Your revenues go down. You find yourself in a situation where deficits increase. To exacerbate that recession by going into some of these automatic cuts does not make sense.

We say that where you have those two quarters and you are in a recession, you suspend the plan. But you do not do that willy-nilly. After the recession is over, you come back and you have to make up the revenue.

Mr. President, in regard to process, we see that under the Gramm-Rudman plan if the President says we are in default, if he issues his Executive order with the effect of law, Congress has 10 days to move a reconciliation process through both Houses.

Mr. President, if this thing is supposed to be fair and is supposed to give the Congress an opportunity to act, you would not write into language that you allow just 10 days in which to act in both Houses. The President still has the ability to veto that plan even if they try to act in 10 days.

Mr. GRAMM. Will the Senator yield?

Mr. CHILES. I am happy to yield.

Mr. GRAMM. The bill simply says 10 days for the Budget Committee to initiate a reconciliation process. So it is not true that it has to be completed within 10 days. I wanted to be sure that that was corrected.

Mr. CHILES. But the bill does say that the Executive order takes force if the Congress has not acted in those 10 days.

Mr. GRAMM. I correct the Senator again. The bill says the sequester order, which is a ministerial function, goes into force immediately.

Mr. CHILES. That is right, and you only get it out of force if you do something in 10 days.

Mr. GRAMM. No. You have to initiate in 10 days, but whenever action is completed saving an equivalent amount of money, at that point, the across-the-board sequester would be replaced with a corresponding package to save the same amount.

Mr. CHILES. The Senator and I differ on that.

I think it is pretty clear if you look at this you will see on the one hand we have a proposition that starts sooner and finishes sooner, which deals with it in a balanced way and tries to treat the programs in a more balanced way as to where the cuts would take effect.

On the other hand, we say the Rudman amendment will simply give the President the authority and take away entirely the constitutional authority of the Congress, allowing the President in every instance be the initiator.

I yield to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I thank the distinguished Senator from Florida for yielding.

Mr. President, there is a saying, act in haste, repent in leisure. I feel that the rush to judgment on this bill is going to result in a long season of repentance on the part of Members of Congress if it passes.

Indeed, it will pass the Senate. That much is clear. Indeed, the House may well be stampeded into accepting it also.

Debate on this measure has, as some would say, produced more heat than light. Clearly the Democrats have been accused of being obstructionists and having delaying tactics.

But, Mr. President, I would like to point out the many changes which have been made in this amendment since it was originally offered on this floor, I think only as a result of the fact that Democrats had been willing to stand on this floor and indeed suffer some of the slings and arrows not just of debate but indeed of the press countrywide, which made this appear as a fight between the forces of darkness and of light, of those who wanted to balance the budget and those who did not.

Those changes, Mr. President, are more than significant. Some of them are very far reaching. I will put into the RECORD at a later time a detail of those changes. Suffice it to say they are very far reaching.

Social Security has been exempted. I guess agriculture has been exempted. The powers of the President have been rapidly and tremendously circumscribed from the time it was first offered.

I say that, Mr. President, to point out that debate and delay on a measure this far reaching does indeed produce a better piece of legislation.

Mr. President, there is much in the Gramm amendment that is still, in my judgment, totally unacceptable and is going to require us to repent over a long period of time.

A huge transfer of prerogatives from the Congress to the President; problems with the rules, Mr. President, that I think are going to be mischievous in future years.

For example, the provision on page 16, that you may not have any measure, in case you were below the deficit target, which would tend to increase that target. That is going to make it very difficult indeed to ever have a supplemental. We need supplementals this year, as I mentioned last night, for fire fighting in the West, for the tremendous added emergency additional expenses which were added on that, all of which is in outlays; for the FEMA account, which has been depleted because of the storm down in Mississippi.

The problem, Mr. President, is that when you run up against a rule like that, this provision in the Gramm amendment provides that it may be waived only by joint resolution, only by a law of the land.

It is unlike the Budget Act where you can come in, by action of one House in the event of an emergency, and waive the provisions of that act. This may be waived only by joint resolution, by joint action of both Houses, signed by the President, and, if necessary, overriding a Presidential veto.

Mr. President, it seems to me that we are setting the scene here for a real national emergency if the trigger is pulled. I do not know how that emergency will be resolved. I fear that there is not machinery here which can smoothly get the country out of that emergency. I have seen Presidents be hardheaded. I have seen the Congress be either unable to act or be unduly hardheaded.

And considering the structures of this legislation, it seems to me that it is very bad legislation. Compare that, Mr. President, with the provision that Senator CHILES, Senator BYRD, and I have introduced. I believe we have a piece of legislation that is not only more workable but one that preserves the prerogatives of Congress to appropriate money subject, of course, to the power of the President to propose and, upon our failing to produce legislation which meets the targets, then, indeed, to invoke the Presidential plan.

We preserve what I believe is the constitutional right of either House to make its own rules, unlike the piece of legislation, the so-called Gramm amendment, which makes it possible to waive those rules or amend those rules by joint resolution.

Mr. President, the train, I guess, is ready to leave the station and the Senate will undoubtedly turn down this amendment, the pending Chiles-Byrd-Johnston amendment and, later today, will enact the Gramm amendment. I have no doubt that many of my colleagues who, indeed, share the same misgivings that I share about the Gramm amendment, will vote for it simply because they do not want to be tagged as being against a balanced budget. Mr. President, for my part, I think over a period of years, I have shown that I have supported the balanced budget and have shown that with a series of votes which would actually have done the job. But whatever anyone's record shows, Mr. President, this, in my view, is not the way to balance the budget. I think it can produce a whole raft of unintended results.

I think there may be problems lurking in this legislation beyond what we have identified. Because, indeed, we have been shooting at a moving target, trying to study and debate in a period of great haste, late at night, with cloture motions, without the opportunity to have any hearings on this matter.

I think, Mr. President, that it is a great mistake. I think that the Chiles-Byrd-Johnston amendment is a much better piece of legislation, a much more workable piece of legislation. I commend it not only to my colleagues but to the House.

Mr. BUMPERS. Mr. President, the debate we have had here for the past 6 days has helped all of us understand the potential impact and the special procedures in the Gramm-Rudman-Hollings proposal.

If we had voted on this proposal last Thursday, very few of us would have understood the issues it raises or been ready to offer constructive amendments to it.

Now, we have before us a substitute proposal, which in many ways is stronger and less ambiguous than the Gramm-Rudman-Hollings proposal.

It is stronger because it requires that the Congress make deficit savings this fiscal year and next fiscal year, not starting in fiscal 1988. Under the Gramm-Rudman-Hollings, all the deficit cuts will come after next year's election; this would be very convenient for Members running for reelection but it does not demonstrate the urgency that the sponsors seem to profess about the deficits.

The proposal is less subject to mischief because the CBO Director, not the OMB Director, ensures that any automatic budget cuts are made across-the-board.

The Chiles-Byrd-Johnston proposal gives the President an incentive to cooperate with Congress in making budget cuts. Under Gramm-Rudman-Hollings, the President would have every incentive to frustrate Congress in making budget cuts because then he would have more power to make these cuts by himself.

The Chiles-Byrd-Johnston proposal would not deepen any recession into which we slide. Budget cuts would be temporarily suspended during any recession. Under Gramm-Rudman-Hollings the President can direct that all the cuts be made, even if this would deepen the recession.

Finally, Chiles-Byrd-Johnston would protect programs for the poor from automatic budget cuts and would ensure that Defense spending is subject to the same across-the-board cuts as other domestic spending programs.

This is a responsible proposal that builds on the basic concepts in the Gramm-Rudman-Hollings proposal but avoids many of its pitfalls. If we had not fully debated this issue, we never would have had the opportunity to consider such a constructive alternative.

Mr. GRAMM. Mr. President, I wish to speak very briefly on the Chiles amendment. I wish to do it by way of contrast.

Back in July, a number of our colleagues and I started working together on a proposal to deal with the runaway deficit. In fact, I had started work on this proposal in earnest back in 1982, when it became clear to me that the Reagan program was going to deliver on every promise that it made except balance the budget. We put 8 million people to work, we stopped inflation, we rebuilt defense, we cut taxes, we saved Social Security. We promised all those things; we did them all. But we did not balance the budget.

I took that old work and in working with our colleague, FRITZ HOLLINGS and our colleague, WARREN RUDMAN, started putting together this proposal that is before us as the Gramm-Rudman-Hollings amendment. Our idea was to come up with a program that was workable and that was fair.

We recognized early on that Social Security was a freestanding trust fund and had to be taken out or else the first amendment was going to take it out; all of those who opposed it would use the Social Security red flag to try to destroy the political base for this proposal. But other than that, we tried to make the whole process a neutral process. We have worked with colleagues on both sides of the aisle. I heard charges earlier today that we came out with a proposal that basically said take it or leave it. The facts are exactly the opposite. We have worked long and consistently with our colleagues to try to improve the idea.

We never claimed that we had any monopoly on wisdom or truth. What we have tried to do is develop a vehicle to deal with the crisis. What we have before us in the way of an amendment, the Chiles amendment, is not a vehicle to deal with the crisis. It is not a concrete proposal to deal with the Nation's problems. It is a political proposal that is aimed at derailing an effort that was meant to try to deal with the problem.

If you want to find a reason to vote against the Gramm-Rudman-Hollings proposal, you can find one. But the point is that we have worked now with over 60 Members of the Senate in refining and adjusting and perfecting a vehicle that I believe is a good vehicle. It is not a perfect vehicle. But an advantage of doing this in law rather than by amending the Constitution is that we can learn from experience. We can adjust.

People have talked about this railroad. Let me make it clear, this is not a marriage of love that we are talking about here between this amendment and the U.S. Congress. Most Members of Congress, conservative and liberal, Democrat and Republican, would rather not deal with this problem. Oh, they want to get credit back home, but they do not really want to deal with it. And there are a lot of people at the White House who do not want to deal with it, either.

And it is not a marriage of convenience. There is nothing convenient about forcing the Government to live on a budget. There is nothing convenient about having the President probably vetoing appropriations bills this year. There is nothing convenient about bringing the budget down to $134 billion next year and there is nothing convenient about the decisions we are going to have to make when we have only the option of simply saddling our children and grandchildren with debt.

It is not a marriage of love, it is not a marriage of convenience; it is a marriage of necessity. We are raising the debt ceiling in this bill to over $2 trillion. That is about as clear a way of defining failure as I can imagine. Yet, despite the fact that the budget process has clearly failed, there are still those who say not now; do not make us deal with it now; this is not the time. There are those who say not this vehicle; this is not the way.

Well, let me say to my colleagues, I ask them to look at the proposal that I have put forward with the Senator from South Carolina and the Senator from New Hampshire and ask themselves, "Is this an effort that is clearly intended to be workable and practical?" Ask themselves if there is any alternative that is available to this Congress that would have any better chance of working. I submit the answer is there is not.

I ask my colleagues, therefore, not only to vote for the Gramm-Rudman-Hollings amendment, not only to vote down the Chiles amendment, but, as we have efforts later today in individual amendments to exempt one sacred cow or another, help us preserve a balance. It is a balance that says that if we do not do our job, then we are going to have an across-the-board cut in defense and the President is not going to like it and he is going to do everything he can to avoid it. If we do not do our job, the social programs will be cut across the board and there will be many Members of Congress who will not like it. But it will force them to do their job.

The truth is this proposal, the Gramm-Rudman-Hollings amendment, is truth in budgeting and it is a binding process. It does not dictate that my view, which is that we need to control spending, will prevail. It does not dictate that the view of others who support this who want to raise taxes will prevail. But it does require that a solution occur.

It is that solution, Mr. President, that the Nation cries out for. Why is there such support for this proposal? It is because, for the first time in a long time, we have brought America's agenda to the floor of the Senate. The President has been trying to talk about tax reform. Members of this body have been trying to talk about protectionism. The American people are concerned about the deficit. So where our base of support came from here is not a series of special interest groups that are churning up support. Our support is coming from the people who do the work and pay the taxes and pull the wagon and make America work.

VOTE ON AMENDMENT NO. 743

The **PRESIDING OFFICER.** The time of 12:30 has arrived. The question is on agreeing to the amendment of the Senator from Florida. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Maryland [Mr. MATHIAS] is absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 40, nays 59, as follows:

[Rollcall Vote No. 211 Leg.]

YEAS—40

Baucus
Bentsen
Biden
Bingaman
Bumpers
Burdick
Byrd
Chiles
Cranston
DeConcini
Dixon
Eagleton
Exon
Ford
Glenn
Gore
Harkin
Hart
Inouye
Johnston
Kennedy
Kerry
Lautenberg
Leahy
Levin
Matsunaga
Melcher
Metzenbaum
Mitchell
Nunn
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NAYS—59

Abdnor
Andrews
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Chafee
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D'Amato
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Stafford
Stevens
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Thurmond
Trible
Wallop
Warner
Weicker
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NOT VOTING—1

Mathias

So the amendment (No. 743) was rejected.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GOLDWATER. Mr. President, will the Senator yield for a brief moment?

Mr. PACKWOOD. I am happy to yield.

MILITARY PROMOTIONS ON HOLD

Mr. GOLDWATER. Mr. President, at the other briefing I called attention to the fact that there are over 5,000 promotions in the military being held up by the minority leader because of an argument with the White House on interim appointments, and I agree with him. But, Mr. President, I looked in yesterday's RECORD and there are almost 1,000 more.

These are not interim appointments. These are men who have devoted their lives to the defense of our country, and I think it is time the minority leader allowed these people to be promoted.

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

Mr. MELCHER. Mr. President, am I correct that my amendment would be called for next under the unanimous-consent agreement?

The PRESIDING OFFICER. The Senator is correct.

Mr. MELCHER. I thank the Chair.

AMENDMENT NO. 748

Mr. MELCHER. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. MELCHER] proposes amendment numbered 748.

Mr. MELCHER. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the Resolution add the following new section:

SEC. 1. IMPOSITION OF CORPORATE MINIMUM TAX.

(a) IN GENERAL.—Section 56 of the Internal Revenue Code of 1954 (relating to corporate minimum tax) is amended to read as follows:

"SEC. 56. ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

"(a) TAX IMPOSED.—

"(1) IN GENERAL.—A tax is hereby imposed (in addition to any other tax imposed by this subtitle) on each corporation in an amount equal to the excess (if any) of—

"(A) 20 percent of so much of the corporate alternative minimum taxable income of the taxpayer for the taxable year as exceeds $100,000, over

"(B) the regular tax for the taxable year.

"(b) CORPORATE ALTERNATIVE MINIMUM TAXABLE INCOME.—For purposes of this title, the term 'corporate alternative minimum taxable income' means the taxable income (determined without regard to the deduction allowed by section 172) of the taxpayer for the taxable year—

"(1) reduced by the corporate alternative minimum tax net operating loss deduction provided by subsection (d), and

"(2) increased by an amount equal to the corporate alternative minimum tax preference items.

"(c) CORPORATE ALTERNATIVE MINIMUM TAX PREFERENCE ITEMS.—For purposes of this section, the corporate alternative minimum tax preferences items are those items applying to corporations under Section 57(a).

The flush language at the end of Section 57(a), stating what preferences do not apply to corporations, is amended by striking the reference to paragraphs 3, 6, and 12(A); and by adding a reference to paragraph 8. Further, paragraph (9) of section 57(a) (relating to capital gains as items of tax preference) is amended by adding at the end thereof the following new subparagraph:

"(E) SPECIAL RULE FOR CERTAIN INSOLVENT TAXPAYERS.—

"(i) IN GENERAL.—The amount of the tax preference under subparagraph (A) shall be reduced (but not below zero) by the excess (if any) of—

"(I) the applicable percentage of gain from any insolvency transaction, over

"(II) the applicable percentage of any loss from any insolvency transaction which offsets such gain.

"(ii) REDUCTION LIMITED TO AMOUNT OF INSOLVENCY.—The amount of the reduction determined under clause (i) shall not exceed the amount by which the taxpayer is insolvent immediately before the transaction (reduced by any portion of such amount previously taken into account under this clause).

"(iii) INSOLVENCY TRANSACTION.—For purposes of this subparagraph, the term 'insolvency transaction' means—

"(I) the transfer by a taxpayer of real property used by the taxpayer in the active conduct of a trade or business of the taxpayer to a creditor in cancellation of indebtedness, or

"(II) the sale or exchange by the taxpayer of property described in subclause (I) under the threat of foreclosure,

but only if the taxpayer is insolvent immediately before such transaction.

"(iv) INSOLVENT.—For purposes of this subparagraph, the term 'insolvent' means the excess of liabilities over the fair market value of assets.

"(v) APPLICABLE PERCENTAGE—For purposes of this subparagraph, the term 'applicable percentage' means that percentage of net capital gain with respect to which a deduction is allowed under section 1202(a).".

"(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transfers or sales or exchanges made after December 31, 1981, in taxable years ending after such date.

"(d) CORPORATE ALTERNATIVE MINIMUM TAX NET OPERATING LOSS DEDUCTION.—For purposes of this section—

"(1) IN GENERAL.—The term 'corporate alternative minimum tax net operating loss deduction' means the net operating loss deduction under section 172 for the taxable year for purposes of the regular tax, except that in determining the amount of such deduction—

"(A) in the case of taxable years beginning after December 31, 1985, section 172(b)(2) shall be applied by substituting 'corporate alternative minimum taxable income' for 'taxable income' each place it appears, and

"(B) the net operating loss (within the meaning of section 172(c)) for any loss year shall be adjusted as provided in paragraph (2).

"(2) ADJUSTMENTS TO NET OPERATING LOSS COMPUTATION.—

"(A) POST-1986 LOSS YEARS.—In the case of a loss year beginning after December 31, 1985, the net operating loss for such year under section 172(c) shall be reduced by the amount of corporate alternative minimum tax preference items arising in such year.

"(B) PRE-1986 YEARS.—In the case of loss years beginning before January 1, 1986, the amount of the net operating loss which may be carried over to taxable years beginning after December 31, 1985, for purposes of paragraph (1) shall be equal to the amount which may be carried from the loss year to the first taxable year of the taxpayer beginning after December 31, 1985.

"(e) SPECIAL RULES RELATING TO CREDITS.—For purposes of this section—

"(1) CREDITS NOT ALLOWABLE.—For purposes of determining any credit allowable under subpart A, B, or D of part IV of this subchapter (other than the foreign tax credit allowed under section 27(a))—

"(A) the tax imposed by this section shall not be treated as a tax imposed by this chapter, and

"(B) the amount of the foreign tax credit allowed under section 27(a) shall be determined without regard to this section.

"(2) Foreign tax credit allowed against alternative minimum tax.—

"(A) Determination of foreign tax credit.—The total amount of the foreign tax credit which can be taken against the tax imposed by subsection (a) the amount determined under subpart A of part III of subchapter N (section 901 and following).

"(B) Increase in amount of foreign taxes taken into account.—For purposes of the determination provided by subparagraph (A), the amount of the taxes paid or accrued to foreign countries or possessions of the United States during the taxable year shall be increased by an amount equal to the lesser of—

"(i) the foreign tax credit allowable under section 27(a) in computing the regular tax for the taxable year, or

"(ii) the tax imposed by subsection (a).

"(C) Section 904(a) limitation.—For purposes of the determination provided by subparagraph (A), the limitation of section 904(a) shall be an amount equal to the same proportion of the sum of the tax imposed by subsection (a) against which such credit is taken and the regular tax as—

"(i) the taxpayer's corporate alternative minimum taxable income from sources without the United States (but not in excess of the taxpayer's entire corporate alternative minimum taxable income), bears to

"(ii) the taxpayer's entire corporate alternative minimum taxable income.

For such purposes, the amount of the limitation of section 904(a) shall not exceed the tax imposed by subsection (a).

"(D) Definition of corporate alternative minimum taxable income from sources without the United States.—For purposes of subparagraph (C), the term 'corporate alternative minimum taxable income from sources without the United States' means taxable income from sources without the United States, adjusted as provided in paragraphs (1) and (2) of subsection (b) (taking into account in such adjustment only items described in such paragraphs which are properly attributable to items of gross income from sources without the United States).

"(E) Special rule for applying section 904(c).—In determining the amount of foreign taxes paid or accrued during the taxable year which may be deemed to be paid or accrued in a preceding or succeeding taxable year under section 904(c)—

"(i) the limitation of section 904(a) shall be deemed to be the amount of foreign tax credit allowable under section 27(a) in computing the regular tax for the taxable year increased by the amount of the limitation determined under subparagraph (C), and

"(ii) any increase under subparagraph (B) shall be taken into account.

"(3) Carryover and carryback of certain credit.—In the case of any taxable year for which a tax is imposed by this section, for purposes of determining the amount of any carryover or carryback to any other taxable year of any credit allowable under section 30 or 38, the amount of the limitation under section 30(g) or 38(c) (as the case may be) shall be deemed to be—

"(A) the amount of such credit allowable for such taxable year (determined without regard to this paragraph), reduced (but not below zero) by

"(B) the amount of the tax imposed by this section for the taxable year, reduced by—

"(i) the amount of the credit allowable under section 27(a), and

"(ii) in the case of the limitation under section 38(c), the amount of such tax taken into account under this subparagraph with respect to limitations under section 30(g).

"(f) Definitions and Special Rules.—For purposes of this section—

"(1) Regular tax.—The term 'regular tax' means the taxes imposed by this chapter for the taxable year (computed without regard to this section and without regard to the taxes imposed by sections 47(a), 531, and 541).

"(2) Taxable year in which item arises.—In the case of any amount which is taken into account for regular tax purposes in more than 1 taxable year, such amount shall be treated as an item arising in the first such taxable year.".

(b) Estimated Tax.—Sections 6154(c)(1) (defining estimated tax) and 6655(f)(1) (defining tax) are each amended by inserting ", 56," after "section 11".

(c) Conforming Amendments.

(1) Section 26 (relating to definition of tax liability) is amended—

(A) by striking out subparagraph (A) of section (b)(2) and by redesignating subparagraphs (B) through (H) of subsection (b)(2) as subparagraphs (A) through (G), respectively, and

(B) in subsection (c)—

(i) by striking "(1)" before "For" and by adding at the end thereof the following new paragraph:

"(2) For treatment of tax imposed by section 56 as tax not imposed by this chapter, see section 56(c).", and

(ii) by striking out the heading and inserting in lieu thereof:

"(c) Special Rules for Minimum Taxes.—

".

(2) Section 57 (relating to items of tax preference) is amended—

(A) by striking out the last sentence of subsection (a),

(B) by striking out subsection (b), and

(C) by striking out subsection (e).

(3) Section 58 (relating to rules for application of past) is amended—

(A) by striking out "$10,000" in subsection (b) and inserting in lieu thereof "$100,000",

(B) by striking out "respective regular tax deductions (within the meaning of section 56(c))" and inserting in lieu thereof "respective corporate alternative minimum taxable incomes (within the meaning of section 56(b))",

(C) by striking out subsection (d),

(1) by striking out paragraph (1) of subsection (f) and

(2) by striking out "the item of tax preference set forth in section 57(a)(9) and" in paragaph (2) of subsection (f).

(4) Section 882(a) (relating to tax on foreign corporations connected with United States business) is amended by striking "section 11 or 1201(a)" in paragraph (1) and inserting in lieu thereof "section 11, 56, or 1201(a)".

(5) The table of sections for part VI of subchapter A of chapter 1 is amended by striking out the item relating to section 56 and inserting in lieu thereof the following new items:

"Sec. 56. Additional minimum tax on corporations.".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1985.

Mr. MELCHER. Mr. President, this is a 20-percent corporate minimum tax. Very briefly, the amendment creates an alternative 20 percent corporate minimum tax on an expanded income base, over $100,000, that includes these preferences:

First, accelerated depreciation; the same as for individual taxpayers.

Second, capital gains would be in the base with the Grassley language to help insolvent taxpayers.

Third, various other items that are in the minimum for individuals would apply to corporations.

Fourth, just as for individuals, the investment tax credits would not be allowed against a corporate minimum tax.

The revenue gained from the amendment is $3 billion to $5 billion per year.

Mr. President, there are several basic industries already in serious recession. For that reason, the amendment does not add their preferences to the minimum tax. These preferences are not included in the amendment and would leave the following industries under present law: agriculture, energy, mining and minerals, and forest products.

Mr. President, we have had several days of discussion on what we are going to do about curbing the deficit. All the discussion we have had is in the future as to what we are going to do about curbing the deficit.

While I commend the debate that we have had and commend the opportunity to address these problems in the nature of an amendment to the debt ceiling bill and will support it, Mr. President, there is nothing done immediately. This is all prospective. This all says that sometime within the coming year we are going to do something to start alleviating these huge Federal deficits.

I am offering this amendment, Mr. President, because the subject matter has been around for several years. Surely, during the last 2 years, the American taxpayers, when told that profitable corporations, highly profitable corporations are not paying any Federal income tax, have said, "Why do we have to pay? What is the matter? What has gone haywire?"

The minimum corporate tax, in various forms, has been considered as a prospective mechanism, but it has never been adopted.

So this amendment puts it into effect immediately, this coming taxable year. It says we are going to reduce the deficit by $3 billion to $5 billion in this particular fiscal year—this one right now that we are already in—and then in the succeeding fiscal years. It closes some gaping loopholes that were placed in the Tax Code with the idea that we want to have business incentives and, by a combination of business incentives, people are alarmed that highly profitable corporations are allowed to escape paying anything in Federal income taxes.

Well, it is time to correct that. I think the case has been well made. The American people have decided, "Yes, indeed, we want it changed. We want it changed immediately." But nothing has been done about it.

Earlier, the Senate adopted another prospective instruction to the Finance Committee that they come up with a proposal that would have the effect of applying a minimum tax to profitable corporations. That, Mr. President, is good thinking, but does nothing for now.

And so, what I am proposing will do something now and will start the job of doing what we—in other words, put our mouth where our money is. We have been talking about doing something, now is the time to start.

Mr. President, despite the obvious advantages of $3 billion to $5 billion in revenue gains, I have to again emphasize that my amendment allows the continuation of present law for these basic industries that are already in such desperate straits economically and already suffering a serious recession.

Mr. President, I reserve the balance of my time.

Mr. DOLE. Mr. President, we do not have any requests for time. We are prepared to yield back our time.

Mr. MELCHER. Mr. President, might I tell the distinguished majority leader that because of the time constraints we have, our side is in a conference right now. And, as conferences go, they will drag out for awhile, I am sure. There is no way, it seems, to have a short conference, like, say, 5 or 10 minutes.

But I will accommodate the distinguished majority leader by giving more discussion that I would have later on. I am just allowing myself the opportunity to listen to somebody else.

Mr. DOLE. Mr. President, I understand the distinguished chairman of the Finance Committee will oppose the amendment. He is now conferring with the chairman of the House Ways and Means Committee. We adopted a minimum tax amendment just yesterday. So I will let the distinguished chairman make the argument.

I would say, while I have the floor, we are grateful that we are moving ahead on this bill. I have had the indication from the House side that if we can send the temporary debt extension over by 3 or 3:30 they could act on it fairly quickly this afternoon. That would avoid the necessity of any Federal Financing Bank funding, and that bank was never intended to fund the debt ceiling extension.

I hope that if, the distinguished Senator from Montana does not use all of his time that he would yield it back and we could vote and move on to the Kerry-Dodd amendment, and following that we could even move up the time for a vote on the so-called Gramm-Rudman-Hollings amendment, as modified, at the desk. So if we can pick up 20, 30 minutes, or 40 minutes, it would be very helpful to our colleagues in the House.

Should I suggest the absence of a quorum?

Mr. MELCHER. No, Mr. President.

Mr. President, the distinguished majority leader mentioned the amendment was adopted regarding the minimum tax. That is a fine amendment and I voted for it, as did almost everybody in the Chamber, almost universal.

The fault of that amendment is simply that it is an instruction to the Finance Committee to work on a minimum tax for corporations. That instruction is certainly fine, but it does nothing about enacting into law the necessary requirement that the loopholes be changed enough so that highly profitable corporations will start having to pay a tax to the Federal Government on those profits.

Now there were about 40 very large corporations during 1984 that paid nothing in Federal income taxes, or actually got a rebate.

These are corporations that everybody recognizes: AT&T, Hutton, Morgan, General Dynamics, Harris Corp., Boeing, Westinghouse, Pacific Lighting Corp., Great Northern, Nekoosa, Pacific Gas & Electric Co., ITT, Allied Corp., Coors. I will not go on listing or telling you any more. But the information is available and can be examined. But the point is that while we are talking about all this we are losing revenue that the Treasury desperately needs.

Last May for instance, the second day of May, we voted on the first budget resolution. What we said there was this: the proponents explained that a minimum tax on corporate profits should be enacted. It calls on the Finance Committee to ensure that everyone pay some tax regardless of their source of income, after allowable deductions and preferences. Despite those, everybody should pay a minimum tax. The amendment is revenue neutral because any money raised will be used to either lower individual tax rates or exempt from taxation those at the lower end of the income scale.

That was in May. Here we are in October. Nothing has happened yet. So we adopt another instruction that says we ought to do something next year. It is all too true that the deficits of $200 billion per year in public debt that we are seeking to allow to increase to well over $2 trillion must say to us what are the steps we are taking to correct it? This is one of the steps. That is the reason that I bring this amendment up at this time.

The question is since ordinary taxpayers feel that they are being taxed significantly, why do these loopholes exist? Why do these corporations that are very highly profitable not pay income tax? Well, I believe when Congress enacted the 1981 Tax Act most Members of Congress were unaware that because of the legislation some of our most profitable corporations were going to be able to reduce their Federal income tax bills to zero. But this is the partial effect of the 1981 Tax Act. The amendment addresses corrections to those past mistakes. In all fairness to all taxpayers, all of us that are reviewing what we pay ourselves and what our constituents pay, they say to us correct it, stop it. It is not equitable. It is unjust. Beyond that, it is crazy because we need the money in the Treasury.

There is no corporation, or no company, or no individual citizen of these United States, that under our Tax Code is expected to pay more than the law requires. We do not expect that. So for these corporations who are using the tax laws to their advantage to escape paying Federal income taxes, we have allowed it. For instance, Mr. Grace, chief executive officer, chairman of W.R. Grace, when asked the question on one of the television early morning news shows why the Grace Commission found so many ways of helping to close the gap in the deficit, why did not he address those problems? He said that was a little bit beyond the scope of what they were asked to do. They were asked to look at Government functions to find out where savings were. The inquiry was made by the television reporter, does your company pay any taxes or very little Federal income taxes? The answer to that was a very candid, yes. That is true. Grace and company pays very little in Federal income taxes because there are certain advantages in the tax law that they use. Therefore, their tax obligations on profits is not exceedingly high regarding Federal income taxes.

The television reporter further inquired, well, do you think that is right? The very candid answer of Peter Grace was, no, it does not make much good common sense. It does not make much business sense for the Government. But after all, it is a law. And I have to satisfy my board, the stockholders, and if we start giving more money to the Government than is required under the law, they are going to have serious complaint about our judgment. So the situation exists.

I say, Mr. President, that it is time to change that situation. For that reason, the amendment is before us. I hope the amendment will be adopted.

There will be sent along with this package of increasing the Federal debt some minimal effort to reduce the deficit. This is the only minimal effort that will take effect to reduce the deficit that will be in this package. That is why I believe it is so necessary to address the problem now, to address the amendment now, and to vote for it. There will be an up-or-down vote on the amendment. I hope the Senate will agree to it with a good majority.

Mr. President, I reserve the balance of my time.

The PRESIDING OFFICER. Who yields time?

If neither side yields time, time will run equally against both sides.

Mr. GRAMM. Mr. President, the majority side wants to protect its time. I understand the clock is running against both sides. So I would like to suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, the quorum call has gone on for some time and has been charged against the opponents who may want to speak in opposition. I also lost some of my own time during the quorum call.

But I want to use these last 8½ or 9 minutes to say, Mr. President, that we have held this thing hostage, correcting this lack of gaining income tax from taxpayers who obviously should be paying it, highly profitable corporations. We have held this thing hostage during the past 2 years while somebody has palavered in one little group, in this committee, in the White House, has argued, "Do not do anything about that; yes, it needs correcting. It should be corrected. Do not do anything about that. Wait until we have our big revenue package, our revising of the income tax laws, and the code, after we have had some equitable consideration to become revenue neutral but improve the efficiency of collecting taxes."

There are two things wrong with that argument. First of all, we need the money now. We need it right away. These are taxpayers who, because we have created huge loopholes for them, these corporations make huge profits and pay no taxes.

You can ask any one of them if they do not agree with Will Rogers, that this is a very fine country but it does cost something to live in it.

Their answer will be, "By all means, we do agree with that and we know that the present loopholes which are there for us not to pay any income taxes is nonsense. But that is allowed."

That is why they do not pay taxes. Peter Grace said, "Yes, indeed, it does not make any sense for us not to pay taxes, but I have a board of directors and I have stockholders and if I just volunteer to take some of the profit and send it to the Treasury they would think I was nuts."

That is a pretty candid answer. He went on to say, "And they probably wouldn't want me in the job, and I like the job I have."

I want to end this situation where we hold hostage doing the right thing, doing the equitable thing, doing the very vital thing that is necessary to help get some money in the Treasury to help reduce the deficit and be fair to the rest of the taxpayers of this country and make common sense out of the tax laws of the United States. I want to do it and do it now. I hope there are other Senators who also feel that way so we have a good vote and a clear majority carries. I do not happen to believe that we are going to get a tax bill out of the House Ways and Means Committee very soon. If it did come trotting out of there, from what I have heard, most people want to vote against it. When it gets over here and goes to the Finance Committee, the hassle starts anew. And then when it gets to the Senate floor, who is going to be happy with it? By that time the basic industries of the United States will be in such doldrums that our emphasis will have to be on revenue. This is justified revenue, this is needed revenue, and, by golly, it is time we got it.

So I hope no one will fall for the argument of delay; the House Ways and Means Committee and the Finance Committee can do it better.

I will not argue that, but let us certainly not fall for the argument they are going to do it, because we do not know when that will happen. And given the fact that the House Ways and Means Committee cannot even get their bill out, it has more enemies than friends at this time from what they have done so far, and given the fact that the Finance Committee is going to have to take up that bill and try to do something with it—and they are going to have difficulty—and given that the Senate is going to have some trouble with it, that puts us well into next year. Then it will go into conference and the good Lord knows when it will ever come out. If there is so much wrong with this that the Finance Committee can correct it, great. I would be delighted if it happened.

The simple truth is, Mr. President, that we need the revenue and we need it now. We, above all, need to show a positive step with the package that we are passing today, so that there will be some action and there will be some hope that the deficits are going to start coming down. It does precious little good to start talking about what a brilliant concept everybody has in this addition to the new budget process via the Gramm-Rudman-Hollings proposal, when we do adopt it, if we do not know when it will start reducing the deficit.

We have goals in it that we say will reduce the deficit, but we are not proving to the American public, the American taxpayers in particular, that we are doing something about correcting the deficit by being equitable, using common sense, by closing the very loopholes that have created this disastrous situation where corporations using all those advantages end up being highly profitable but not contributing to the Federal Treasury by paying income taxes.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Six minutes, forty seconds.

Mr. MELCHER. Mr. President, I will now yield. I know all time has expired——

Mr. PACKWOOD. Mr. President, I was going to ask, is the Senator going to ask for the yeas and nays?

Mr. MELCHER. Yes. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PACKWOOD. As the Senator from Montana knows, I am going to oppose this amendment.

Mr. MELCHER. Mr. President, I yield 1 or 2 minutes, whatever the distinguished chairman needs.

Mr. PACKWOOD. One of the difficulties in trying to write legislation on the floor of the Senate and just literally present it, and do it in relative haste, is the fact that you can make inadvertent errors, and that is what they are. I think this has to be an inadvertent error. This amendment has two effective dates. One is December 31, 1981:

> The amendments made by this section shall apply to transfers or sales or exchanges made after December 31, 1981.

And the other is:

> The amendments made by this section shall apply to taxable years beginning after December 31, 1985.

If the court were to interpret it, I am not sure which version they would take. They are in the same bill and passed at the same time. I do not know if there are other inadvertent errors like that, but it is a good reason why this should be defeated, because I do not know what else may be in there unintentionally. But clearly you have two effective dates 4 years apart.

Mr. MELCHER. Mr. President, I thank the distinguished chairman for his comments, but what he has pointed out—and I would like to have his attention—is the first date applies to the Grassley amendment, which the Finance Committee has indicated they are going to accept. The second date applies to the enactment of the basic provisions in the act. The Grassley proposal dealing with taxpayers that are in deep trouble and going into insolvency, that application of capital gains is a very limited one. That is the only thing the date applies to. The second one is the correct date. So I hope the distinguished chairman will recognize that.

Mr. PACKWOOD. I might say to my good friend, I know that is the intention of the Senator, but that is not the way it is drafted. And there is a genuine drafting error, surely no malevolent intent. I know what my good friend from Montana intends. That is not the way it is drafted, and I do not know what a court will do when it gets this with two effective dates, both applicable 4 years apart.

Mr. MELCHER. Mr. President, the situation is as I described, nevertheless. The first applies to the so-called Grassley provisions and has limited application. The second one applies, as the distinguished chairman has indicated, and it does not in any way create a sort of bogeyman to say here is a big flaw.

Mr. President, I well recall when there were 40 pounds of technical amendments dragged over to the desk in the 1984 tax bill, and those were technical amendments to straighten out what the Finance Committee and the Ways and Means Committee had drafted.

So, Mr. President, let me assure the Senate that the date reference the distinguished chairman made is not one that would impinge upon the collection of the taxes on a minimum basis from the profitable corporations, which, after all, is what we are after.

Mr. President, might I inquire if I have any time remaining?

The PRESIDING OFFICER. Two minutes, fifty seconds.

Mr. MELCHER. Mr. President, I will only conclude then by saying the day of reckoning is here. It is obvious that some minimum corporate taxes should be paid by profitable corporations. I will repeat that the changes I am makng in the amendment apply to accelerated depreciation, the same as for individual taxpayers, and the capital gains would be in the base with the Grassley amendment to help insolvent taxpayers. The same minimum for individuals would apply to corporations. That is fair. Nothing could be fairer about this approach. And just as for individuals, the investment tax credits would not be allowed against the corporate minimum tax.

Now, Mr. President, in closing, the revenue gained from the amendment is $3 to $5 billion per year, that the amendment places these provisions into law now, effective January 1. It is high time we do it.

Mr. President, I also want to make it clear, and I will defend this very emphatically, that the basic industries already in serious recession are not affected by this. The preferences they have are not included in the amendment and would leave the following under the present law: agriculture, energy, mining and minerals, and forest products.

Mr. President, the reason they are not included in here, that their preferences are allowed is, simply put, they are already going broke. They are already in recession. Whatever the present tax law is, we leave them alone, but we go after the highly profitable corporations and require them, make it the law that they contribute through corporate taxes to the Treasury of the United States to help reduce this deficit. Those who want to reduce the deficit have been making quite a case on how necessary it is, and I am among that group. I ask all Senators to take this seriously, vote now to put it in place, vote to make something happen so we can have the advantage of showing in this entire package that we are reducing the deficit.

Mr. BENTSEN. Mr. President, is there any time remaining at all?

The PRESIDING OFFICER. Fifteen seconds.

Mr. BENTSEN. Then, I will state my support of the chairman of the committee in his opposition to the amendment. I think that if we are going to have credible and responsible legislation, something as highly technical as this should not be written on the floor of the Senate.

We heard witnesses this morning in the Finance Committee talking about line of business items, and talking about limited partnerships in very technical fields.

I strongly oppose the amendment, although I am one of the authors of such an amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MELCHER. Mr. President, I ask unanimous consent that I may have 30 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, I only want to say that the best place to write this is in the two committees. I do not argue with that. But the fact is that it has not been written in the two committees, and it is not before us. Therefore, I argue that this is good, this is what they have been considering. Let us vote on it now and not delay another year. We have already waited 2 years. Another year would make it 3 years.

If we can ever get another tax bill out, let the two committees make improvements, but let us not wait any longer.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Montana [Mr. MELCHER]. The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Nevada [Mr. LAXALT] is necessarily absent.

I also announce that the Senator from Maryland [Mr. MATHIAS] is absent on official business.

The PRESIDING OFFICER (Mr. EVANS). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 10, nays 88, as follows:

[Rollcall Vote No. 212 Leg.]

YEAS—10

Baucus
Boren
Burdick
Exon
Johnston
Kennedy
Levin
Matsunaga
Melcher
Pell

NAYS—88

Abdnor
Andrews
Armstrong
Bentsen
Biden
Bingaman
Boschwitz
Bradley
Bumpers
Byrd
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
East
Evans
Ford
Garn
Glenn
Goldwater
Gore
Gorton
Gramm
Grassley
Harkin
Hart
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Inouye
Kassebaum
Kasten
Kerry
Lautenberg
Leahy
Long
Lugar
Mattingly
McClure
McConnell
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pressler
Proxmire
Pryor
Quayle
Riegle
Rockefeller
Roth
Rudman
Sarbanes
Sasser
Simon
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Weicker
Wilson
Zorinsky

NOT VOTING—2

Laxalt
Mathias

So the amendment (No. 748) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. PACKWOOD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

AMENDMENT NO. 754 TO AMENDMENT NO. 730, AS MODIFIED

Mr. DODD. Mr. President, I send an amendment to the desk and ask for its immediate consideration. I offer this amendment on behalf of myself and Senators KERRY, GRAMM, LEVIN, HOLLINGS, BOREN, RUDMAN, and LEAHY.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Connecticut [Mr. DODD], for himself and Mr. KERRY, Mr. GRAMM, Mr. LEVIN, Mr. HOLLINGS, Mr. BOREN, Mr. LEAHY, and Mr. RUDMAN, proposes an amendment numbered 754.

Mr. DODD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following new section: "During the time in which a sequester order is in effect, any cost of living adjustment for Social Security shall not count as income for purposes of determining Supplemental Security Income payments or payments from any other programs which are offset as a consequence of cost of living adjustments for Social Security."

Mr. DODD. Mr. President, this amendment which I am offering on behalf of a broad cross section of Senators is intended to protect, very simply, the cost-of-living adjustments for lower income recipients of Social Security. Under this amendment, Mr. President, the Social Security COLA would not count as income for purposes of determining SSI payments or payments from any other programs which are offset as a consequence of Social Security COLA's.

Mr. President, it was assumed that the Social Security COLA's would be protected under this legislation when it was offered. However, due to the interplay between Social Security and SSI Programs, the real effect of the Gramm-Rudman amendment in its present form would be to ensure very full COLA's for middle or upper income Social Security beneficiaries but to deny the benefits of the cost-of-living adjustment to our neediest citizens on Social Security.

This would come about, Mr. President, as a result of the fact that SSI assistance for recipients of Social Security is determined as the difference between the level of Social Security benefits and a Federal standard benefit level. Hence, if one were to receive the full Social Security COLA but lose the cost-of-living adjustment under the SSI Program, under the workings of the amendment as it presently reads every dollar lost under SSI would cut into any increase realized under the Social Security COLA.

So this amendment is designed to close that glitch, which I believe was not intended, so as to not cause great harm to the people who do collect SSI and disability payments for veterans. I think those are the two programs that would be affected.

Mr. RIEGLE. Will the Senator yield for a question?

Mr. DODD. I am happy to yield.

Mr. RIEGLE. As I understand, the SSI benefit comes as a supplement to the regular Social Security payment to those persons who receive it. As I understand the amendment, the COLA is protected for the basic Social Security part of it. But if I am not mistaken, I think the way it is drafted, the supplemental portion, which also normally receives the COLA adjustments so there is no erosion of the buying power of the money, that COLA on the supplemental part, in fact, would disappear. That would be the area where it has not been protected.

Mr. DODD. It could. It could be affected by budget decisions we make down the line. It does not protect that line.

Mr. RIEGLE. It seems to me that the case which the Senator has made, and with which I agree—these are the lowest income people, the people who are in the most severe circumstances—is to protect the basic Social Security COLA as well as the supplemental income COLA. Otherwise, we in fact are going to see them sliding backward in terms of their living standard.

Mr. DODD. As my good friend from Michigan knows, he and I do not have any substantive disagreements on that kind of debate. What I am really trying to do is to protect that SSI recipient against the double whammy, the double whack that they would get without this amendment. I am not protecting them against the single whack that they could get in the budgetary decisions that we will make if this amendment is adopted.

Mr. RIEGLE. I am with the Senator. We do not want them to get the double whammy, but I do not think we want them to get the single whammy either. It seems to me this ought to be modified, and I would join in it if it is modified to cover both parts, the Social Security part and the SSI part, because this is the one group that we do not want sliding backward. This is the group that is self-identified as needing the supplemental income. You do not want the inflation eating away the buying power of those dollars. If you only protect part of it and you do not protect the supplemental income, you really have not achieved what you are after. I think it is a drafting flaw, frankly, and it ought to be fixed.

Mr. DODD. We have a limited amount of time. I do not disagree with the substance of what my colleague is saying, but under the process we are trying to deal with here the question of whether or not we would actually impose the double whack I believe is unintended even by the authors of the amendment. It was not my intention, even though substantively I agree with my colleague from Michigan, to eliminate that person from the single whack they could be receiving. I understand what I am doing in that particular circumstance. I will more than likely join my colleague from Michigan at some later date when we get into the budgetary priorities and will be agreeing with him on that. But as far as the process goes here today dealing with this amendment, I am merely trying to close up, along with my colleague from Massachusetts and others who are cosponsors here, the glitch that created the double whack that an SSI recipient would be getting or a veteran's disability under the veterans' pension programs that would also be tied to the cost-of-living adjustment on Social Security and thus reducing overall that person's income.

Mr. GRAMM. Will the distinguished Senator from Connecticut yield?

Mr. DODD. I will be glad to yield.

Mr. GRAMM. I begin, Mr. President, by thanking my distinguished colleague from Connecticut and my distinguished colleague from Massachusetts for working with me to iron out this potential difficulty. The purpose of the bill is to assure that Social Security as a freestanding trust fund, self-contained, is off budget and out of the process. However, because the payment for SSI is a supplement to Social Security, while we bring the SSI COLA within the sequester process because of a reciprocity relationship, we have the potential that SSI being frozen would assure that people would not get the Social Security COLA.

Because of the diligent analysis and effort of our two colleagues, we are here with a joint amendment which I support and accept on behalf of the majority which will guarantee that the sequester will apply to all COLA's on budget across the board but will assure that people on Social Security get their full COLA and that that is not offset in any other program.

I thank my colleague from Massachusetts and my colleague from Connecticut for improving the process and making the language very clear to assure that we achieve exactly what we want in terms of people getting the COLA for Social Security, and that it is not offset against any other benefit.

I thank my colleague and, on behalf of the majority, we accept this amendment.

Mr. DODD. Mr. President, I appreciate the comments of the Senator from Texas.

In conclusion, because I want to make sure my colleague from Massachusetts is also given a chance to respond, I would have preferred, as my colleague from Texas knows, that we deal with the means-tested entitlement programs across the board because those are the people at the very lowest level of our society. That would have been a rather large group, and I realize that once that opened up, an argument could be made that we ought to start opening it up on other fronts.

It is I think highly that, as we move with this into conference with the House, something along the lines of means-tested entitlement programs would probably end up being a part of this package for the very reasons that my colleague from Michigan has outlined.

But for the sake of this debate today, I think closing up this particular hole that would have been a double burden on these people at least takes care of part of that problem.

Mr. BINGAMAN. Will the Senator from Connecticut yield for a question?

Mr. DODD. I will be glad to yield.

Mr. BINGAMAN. I applaud the action of the Senator, but I want to make it clear in my own mind. The unanimous-consent agreement, or the description I have before me, talks about the Dodd-Kerry amendment to exempt means-tested programs from sequestering. That is not what is being done here. This is to avoid, as the Senator phrased it, the double whammy, but clearly the SSI and any other means-tested program would still be subject to sequestering even with this amendment in place?

Mr. DODD. My colleague from New Mexico is absolutely correct. This will not do what would be listed on that sheet of paper, and, quite frankly, it is conceivable we would have lost everything in trying to make this improvement, and so we moved in this way.

Mr. President, I ask unanimous consent that the distinguished Senator from Vermont [Mr. LEAHY] be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. RIEGLE. Mr. President, I would like to seek time from the Senator, but if the Senator from Massachusetts wishes, I will wait.

Mr. KERRY. Mr. President, how much is remaining, please?

The PRESIDING OFFICER. The Senator has 14 minutes remaining.

Mr. KERRY. Mr. President, I ask the Senator how much time he needs?

Mr. RIEGLE. I am wondering if the Senator will yield 2 minutes to the Senator from Michigan.

Mr. KERRY. Mr. President, I yield 2 minutes to the Senator.

Mr. RIEGLE. I thank my colleague.

The PRESIDING OFFICER. The Senator is recognized for 2 minutes.

Mr. RIEGLE. Mr. President, I think it is very important we understand what is happening, because important things are being lost in the rush, the corner cutting. Whether it is deliberate or accidental is to some extent beside the point. What is proposed is in the name of protecting the poorest of the poor who receive this income supplement—and they get the supplement only because of how dire their circumstances are—the way this whole procedure is drafted they are pushed under this particular budget-cutting knife. This amendment is basically cosmetic in the sense that it does not deal with the problem. It appears to deal with the problem in the sense of protecting the Social Security COLA, but these people get the supplemental income because their income is so meager that we have decided as a matter of national policy we need to provide the extra amount just so they can survive. The COLA catches them up a year later for the inflation increase that has taken place so they are not sliding further into poverty.

I just do not want the RECORD to show that in the name of us having a social conscience and being decent that we are coming in here and correcting I think a deliberate flaw in this package when in fact it is not being done. This amendment is deficient, and it ought to be fixed now. To do half the job is to not do the job. I feel very strongly about it. This is part of the problem when we are being ramrodded here with insufficient time, no hearings, or anything else.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIEGLE. It is no wonder people are going to get butchered by this thing.

I thank my colleagues for the time.

The PRESIDING OFFICER. Who yields time?

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, I do not disagree with the distinguished Senator from Michigan that this does not do the whole job. Doing the whole job is not always possible at one moment in time necessarily, but I have talked, as I know my distinguished colleague from Connecticut has, with the chairman of the Budget Committee and with others who will be part of this process. There is nothing in this bill as it is currently contructed which states that those people in need, and about whom we all share a concern, are going to lose their COLA. It does not provide an absolute protection, nor does it say in any way that they will be deprived of that COLA. What we have, however, is a potential problem in this legislation—and I suggest inadvertently—because there is an offsetting of the SSI benefit to the Social Security system. For each gain in the COLA in Social Security, there would have been an inadvertent reduction in what was given under SSI to those who are most needy.

What we are seeking to do here, within the limits of our ability at this point, is to be able to eliminate at least that problem. So, while these people may not gain as much as they might have, they still gain. There is still a protection. It may not be a protection that we would all deem adequate, but it is a protection. Needless to say, my hope is that further protection can be provided when and if this legislation reaches the other side of the Capitol.

Mr. RIEGLE. Mr. President, will the Senator yield for a question?

Mr. KERRY. I yield.

Mr. RIEGLE. I appreciate the Senator yielding.

I have no question about his motive, because I know that he wants to try to do what is right and necessary here.

The way the budget cutting knife comes down when that discipline kicks in, it has to eat into the COLA pot first. There is about $9 billion there. Once that has been exhausted, it flips on into the controllable area, and I am using numbers applicable to fiscal 1986. So it is virtually certain that that full COLA amount gets stripped away.

These people do not even come up to the poverty line with the supplemental security increment. They are below the poverty line even with that addition. Taking away that COLA puts them first in line for mandatory spending cuts. You are literally putting them first in line, the way this process works, in that their cost-of-living protection for the supplemental income part is stripped away before we get into any of the controllable accounts.

If we are going to have a war on deficits, do we want to take the people we have identified as the poorest of the poor and put them in the front of the line? I think some people do. I do not think the Senator from Massachusetts wants to, but this amendment is defective, and the time to fix it is now.

We can send a modification to the desk, if the intent is to protect these people. I do not aim the strength of my feeling at the Senator from Massachusetts. But let us do it; let us not just say we are doing it. That is part of the charade here. If we are willing to do it, let us do it.

I am not willing to sit around and hear people say we are concerned about the poor but we are not going to fix this problem and in fact make them poorer.

I thank the Senator for yielding.

Mr. KERRY. Mr. President, I yield to the Senator from Connecticut.

Mr. DODD. Mr. President, we are having two different debates, a process debate and a substance debate.

Even the Democratic alternative talked about the reduction in the budget of $30 billion by December 10. I hope there is no illusion that if we had done that, we would reach many categories that are near and dear to many Members. That is not the point.

We are trying to set up a process that is going to hit and be felt by a number of constituencies which are important to us, including SSI recipients. I know that the Senator from Michigan knows that, the Senator from Massachusetts knows that, and I presume that the Senator from Texas knows that. We are trying to take care of a situation that was an unwarranted burden on those people; and we still have the opportunity, if we are able to reach those tragets, that we will not have to get into this. If we are not able to, then there is going to be a burden sharing. Anyone who suggests otherwise has not been in this Chamber the last 2½ days. There is that problem, and I recognize it as well as anyone else.

I read an article today entitled "Congress at Its Worst." That has been the last 5 years, starting, with all due respect, with the Gramm-Latta proposition in 1981 and then the tax cut of 1981. That is where the problem began. That is Congress at its worst, and not having the collective courage over the last 5 years to do anything about it. That is Congress at its worst.

What we are trying to do here is to put something in there that takes care of SSI recipients and protects them, both at 1600 Pennsylvania Avenue and Capitol Hill.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. LONG. I ask the Senator if he agrees with this: If the proposal works the way we hope it would work, the automatic cut provision would never go into effect, because the committees would look at the problem and look at the manner of economizing that was necessary, and even the possibility of raising taxes, if that should be a better answer. The Senate and the House of Representatives would exercise their judgment to frame a measure that would be far better than anybody could hope to do without knowing the problems at the particular moment.

When the time comes for action, the Appropriations Committee should look at its items and the Commerce Committee should look at its items, and the other committees as well, and then bring out a measure to reduce spending rather than have the across-the-board cuts take effect. Obviously, when you are shooting in the dark, you have to do the best you can with what you know at the moment.

If the automatic cut provision triggers next year, it will be much better to say what our approach should be at that time.

Mr. DODD. Mr. President, the Senator from Louisiana is always far more clear than I could be. I agree with him.

I will be the first one to join the Senator from Michigan when such effort is made in this area, but I believe that is a separate debate. That is not the debate before us today. That is all the Senator from Connecticut is trying to accomplish with this particular amendment.

Mr. RIEGLE. Mr. President, will the Senator yield for a question?

Mr. DODD. I yield.

Mr. RIEGLE. Mr. President, is the Senator aware that at the present time—and these are the accurate numbers; I have just checked them—there are 1,800,000 people who receive SSI and who get no regular Social Security benefit? In other words, their entire income is only in the second category. It is just the SSI.

So what you are providing in terms of the COLA protection on the regular Social Security aspect does not affect them. So you are stripping them. That group is being left bare. Those are the poorest of the poorest of the poor. Those are the people who are getting by on literally a minimal subsistence amount of money.

By the way, that is 50 percent of all the SSI recipients. Fifty percent of them do not receive a regular Social Security benefit. I do not expect that these facts are necessarily known, because we do not dive into this area very often.

I do not want anybody to be misled in terms of what this is actually going to do, because the amendment, I am afraid, has been crafted to leave these people out—not by the Senator from Connecticut, or not with any intent on his part, but I think that is what happened here. The way to fix it is to stop for 2 or 3 minutes now and do it. Why do we want to protect the people who are better off and get the SSI and leave naked to the knife the people who are less well off?

Mr. DODD. If you want to make an argument, you can argue Social Security, because there are a lot of people under Social Security who would be getting the COLA and who are driving Cadillacs. That is a legitimate debate. That was a decision made for obvious political reasons.

I think the Senator is talking about a budget debate, and I agree with him on that. But we are talking about a process debate that is going to put some discipline into a process that will force us to make some decisions. It does not automatically reach the conclusion the Senator from Michigan has suggested.

We may never have to get to that. If we do, the committees are here, and it will allow the committees and this body to make a determination as to whether or not those people should be affected in the way the Senator has described.

Mr. RIEGLE. So the Senator, I gather, is unwilling to make that modification. I ask if he would do so, and I would be happy to work with him to draft it. I think it is the thing to do.

Mr. DODD. I realize that; but I think that if we were to engage in such an effort, I have a question about it, and I think we would lose both processes.

Mr. President, how much time do I have?

The PRESIDING OFFICER. Twenty seconds.

Mr. DODD. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRAMM. Mr. President, I yield back the remainder of my time.

Mr. DODD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment (No. 754) was agreed to.

Mr. DODD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAMM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRAMM. Mr. President, I wish to review a couple of matters because under the current agreed-to procedure we will proceed to a vote on the Gramm-Rudman-Hollings amendment at 3 p.m. I shall review very briefly something that has been much discussed so there is no confusion and then I will yield to our distinguished colleague from Massachusetts, Senator KENNEDY, to speak on behalf of this amendment.

Mr. President, concerns have been raised in the last few days about technical factors within the bill and suggestions have been made by Senator LONG, Senator BENTSEN, Senator BYRD, and others, that improvement could be made and the problems could be dealt with.

I remind my colleagues that we have the bill at the desk that has been there since Friday. We all know what is in that bill, whether we like it or do not like it. There have been a series of amendments to that bill adopted. So we will be voting at 3 p.m. under the current order on a known commodity.

There will be amendments which I would consider technical amendments—others may not—that will be presented, discussed, debated to deal with concerns that Senator LONG and Senator BENTSEN have suggested, concerning the process for reconciliation in a post-sequester time period.

There will be a correcting amendment, though it has not been cleared with the distinguished minority leader, that tries to deal with a problem of setting out procedures in the Senate and House of Representatives in statue that instead does it within rules, which is clearly more acceptable as an approach, though the distinguished minority leader has not signed off on it.

There will be a series of other technical amendments that basically bring in the changes that have been made by Senator LEVIN that move to House and Senate authorizing accounts rather than OMB accounts. These will be discussed, presented, debated, and voted on separately.

We are voting here on a bill that has been at the desk since Friday. I want people to understand that.

So these other changes, technical improvements, will be voted on later. They are not being voted on now.

I am happy to yield to the distinguished Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I understand we have a vote at 3 p.m. but there is no time limitation; am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. I just want recognition on my own, Mr. President, and I ask the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I prefer the Democratic leadership alternative and I have voted for it. But with its defeat it is also clear to me that we could argue endlessly about how and when we will balance the budget without making any real progress.

The Gramm-Rudman-Hollings approach has its problems and I hope and expect the House of Representatives will amend it to begin the process of deficit reduction now and to finish it earlier. But we can hardly say that we oppose balancing the budget later because we cannot pass a bill to balance the budget sooner. In candor, I must also say to my colleagues that Congress itself seems to lack any will or strategy to limit and then eliminate the deficit under present procedures.

In August the Senate voted for a budget that promised a deficit of $172 billion. It was a fraud then and there were those who said it was. Now the deficit has risen about $20 billion in just 2 months.

The only thing in recent years equal to the record Federal deficits is the fervent rhetoric heard in this Chamber about the urgency of a balanced budget. I would reach the goal faster and in a different way, but I believe we must reach it.

I would rather restrain spending by picking the weakest or most wasteful programs not by across-the-board cuts. But I also believe we must have cuts.

We can no longer do nothing. We can no longer afford a deadlock in which Congress stands its grounds and the President refuses to meet us even halfway. At least the Gramm-Rudman-Hollings approach does impose some of the sacrifice in the military budget where the White House has replaced fiscal responsibility with the biggest spending spree in Federal history.

Gramm-Rudman-Hollings is the only bill that can pass the Senate. I will vote for it now and I believe the House and the Senate will pass a final version with important modification.

In closing, let me emphasize my essential points. We are all crying fire in the overcrowded theater of the Federal deficit. We cannot continue to debate endlessly which fire extinguisher to use while the fire itself rages on.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. EXON. Mr. President, will the Senator yield?

Mr. RUDMAN. I yield.

Mr. EXON. Mr. President, it is evident that this Senator has followed closely and read in detail the Gramm-Rudman proposal to lead us to a balanced budget. There are many worthy ideas advanced, as I have said earlier in debate. There are also, in my studied opinion, many shortcomings.

The No. 1 problem, it appears to this Senator, is that the proposal is strong on well intentions but short on timely enforcement provisions. The net effect, I fear, is that it lacks balance and, therefore, less than a 50-50 chance for its success. I hope it is not a resounding disappointment if not disillusionment to all who support fiscal responsibility.

I am fearful that at its bottom line it comes up as a convenient "cover" to eliminate the "sting" of the irresponsible action of busting through the $2 trillion debt ceiling, after we broke through the then historic $1 trillion limit only shortly over 4 years ago.

It takes the public attention off the irresponsible action of crashing ever onward to debt this Nation cannot afford or tolerate.

We have let pass another milestone to potential economic disaster without demonstrating the courage to do some meaningful correction now.

I, therefore, must oppose both the Gramm-Rudman amendment and the further increase in the debt ceiling.

I thank my friend from New Hampshire.

Mr. RUDMAN. Mr President, I will be brief. We have debated this matter on this floor for now greater than a week.

In the words of a Senator who has been here for more than 30 years, it is probably the most exhaustive debate in recent years that he can remember. In fact, this Senate has set the agenda for what the country has been looking at this week, for the first time in a long time. And with all of the problems that people perceive in this proposal, the reason we are standing here today and the reason it will pass with an overwhelming amount of support is because people have finally come to the recognition that we can no longer point fingers, we can no longer say, well, the Congress could do it but will not; we can no longer say that the President can do it but will not; but we must put into the system some institutional discipline, if you will, a backbone transplant so that Congress lives up to its responsibility.

I have heard a lot of interesting talk about how bad this proposal is and it reminds me of the saying in a New Hampshire courtroom: If you do not have the facts, pound the law. If you do not have the law, pound the facts. And if you have neither then pound the table.

And we have heard a lot of table-pounding in this Chamber.

The fact is that the reason we are here and the reason we are voting for this is the American people are saying enough, $2 trillion is enough.

And I am pleased to have worked with people on both sides of this aisle to finally come up with a proposal that gives this country at least some opportunity to not be voting for the $3 trillion debt ceiling 6 years from now.

I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, this is not a perfect plan but it is the best plan that has been presented. The time has come for the idea of putting the Federal Government on a budget like everyone else. The time has come to set out binding constraints and make Congress make hard decisions, to force the President and Congress to come to grips with a problem that the American people want to see someone come to grips with.

I thank my colleagues who may have worked on this ideal long and hard, who have helped us perfect the bill. I thank those who have supported it who are known as liberals and I thank those who are known as conservatives. But what we share in common is a commitment that we are not going to continue to let the debt ceiling rise without doing something about the problem.

We here today on this amendment will call in the credit cards and reform the process and put the Nation on the long path to a balanced budget. It will force tough decisions, but that is what elective office ought to be about.

I am proud of this amendment. I am proud of the support we have and I am proud of the fact that it is going to be supported across the philosophical spectrum and it is going to be supported across the aisle.

I say to those in the House of Representatives, because we are going to have a temporary debt ceiling, do not think you can run away from this issue. The American people want the problem dealt with and they are going to hold the leadership of the House of Representatives accountable for making the issue that the American people are concerned about the issue that the people's House is concerned about.

The **PRESIDING OFFICER** (Mr. McCONNELL). The Senator from Colorado.

Mr. **HART**. Mr. President, 3 days ago, the bishops of the Catholic Church of America said that poverty in this Nation was morally unacceptable—the rate of unemployment, the rate of hunger, the rate of deprivation.

The action about to be taken by the Senate flies in the face of that declaration.

This amendment is a tribute to the failure of Reaganomics and is going to take the failure of Reaganomics out on the people who can afford it the least. I think it is tragic and a travesty that those who visited that failure upon us are those who are coming back now to say to those people who are the victims of that failure, "You are going to bear the rest of the burden."

This is not a balanced budget amendment. The hard choices are not going to be made because three-quarters of the budget has been taken off the table. If people in this Chamber want to make hard choices, let us go to the people of this country with a tax increase. The people who have propounded this amendment do not have that kind of courage.

Mr. **DOLE**. Mr. President, I ask unanimous consent that I may proceed for 1 minute to advise my colleagues of what will follow after this vote.

Mr. **STENNIS**. Will the Senator yield to me?

Mr. **DOLE**. I am happy to yield.

Mr. **STENNIS**. Do we have controlled time?

Mr. **DOLE**. Yes; the vote is to occur at 3 o'clock.

Mr. **STENNIS**. Is that an agreement? I want just 3 or 4 minutes.

Mr. **DOLE**. I ask unanimous consent that the Senator from Mississippi may be allotted 3 minutes.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **STENNIS**. Mr. President, I did not realize that the vote was coming at 3 o'clock.

Mr. President, I have attended the debate here. We had a good debate. I was really proud to see the quality of it.

Mr. President, we have a problem here that I think that this amendment does not meet. But that does not mean that I am going to advocate that we just drop it or quit or defeat it. I have felt—and I am not knowledgeable in this field; I am not an economist, but I have tried to use common sense. I think it is just eighth-grade commonsense and arithmetic to be able to see that our country is in a financial condition that some across-the-board raising of money is necessary in order to bring our income and outgo in balance. And I mean by that everyone must contribute something, everyone contributes something toward paying the national debt.

Personally, I think we must have more revenue if we are going to balance our budget. I do not believe anything short of such an effort will really do the work.

I think further—and I am not trying to blame anyone—I think further that this amendment is dangerously near being unconstitutional. The prerogatives and powers and responsibilities of the legislative branch of our Government are spelled out in the U.S. Constitution. These provisions are virtually ignored by the amendment now proposed.

That is clear as a bell. We have not actually had a formal hearing. There is no real report that I know of; just some released figures. There is no available competent witness capable of depth and learning and experience that has been brought in here and put on the witness stand to have a chance to tell what they know and be examined by both sides. We just have not done that.

I am afraid it is the gravest matter that I have ever had to pass on in the years that I have been here. And it is deeper and makes a midget out of the Great Depression of the 1930's. I remember those years. I was already practicing law in those days.

So I think we have a problem here. I do not approve of this measure as it is written. But I know it is all we are going to get out of this proposal now. I would like to see this bill go on over to the House and let them take their best effort on it and see what they say, and what they recommend, what reasons they give.

I am concerned greatly about the augmentation of this problem by the world trade situation. It may be, after all, that the most difficult problem we are facing in our economy is the restoration and a better chance in world trade. So I think that those things must be exhaustively gone into by highly competent people and then have the debate here, where we can do a better job.

I voted for what I thought was the better amendment, the Chiles amendment. I am going to cast my vote now for this amendment, not that I approve it, but to keep this thing alive and keep it going and see if we can come up with a far better bill that comes nearer filling the purposes of our need, including the enormous problem of world trade. I think we will suffer serious consequences if we do not tackle that one in depth.

So, with that explanation, I am going to cast my vote for the bill. I appreciate all of the effort that has been made by all the Senators on all sides; no criticism at all in that way, not any. I thank the leader for granting me the time.

Mr. **DOLE**. I thank the distinguished Senator from Mississippi.

Mr. President, I ask unanimous consent that the distinguished minority leader be permitted to speak for 3 minutes and the majority leader be permitted to speak for 3 minutes.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

GRAMM-RUDMAN-HOLLINGS AMENDMENT NO. 730, AS MODIFIED

Mr. **DANFORTH**. Mr. President, the Gramm-Rudman amendment is long and complex, but the question before us is very simple: Are we going to take decisive action to eliminate the enormous Federal deficits that threaten the strength and stability of the Nation's economy?

At the beginning of this year we all agreed that the times could not be more propitious for a major reduction in the Federal deficit. The American people had just reelected—by a landslide—a President identified with spending cuts. The economy, while not robust, was strong enough to make reductions in Government spending possible. The effect of the deficit on interest rates and on the value of the dollar was creating serious difficulties for American agriculture and other sectors of the economy that are sensitive to international trade. Congress could consider the budget free from election-year politics. The Republicans in the Senate committed themselves to setting the budget on a course toward balance in 1990.

And yet, with the confluence of all of these favorable factors, we labored mightily and brought forth a mouse. We made some progress against the deficit, but we fell far short of the targets we set for ourselves. The truth is that we let the country down.

I am a cosponsor of the proposed constitutional amendment to require a balanced Federal budget. I am a cosponsor of legislation to provide the President with temporary line-item veto authority. And I am a cosponsor of the Gramm-Rudman amendment before us today.

I cannot say that any of these proposals represents my first choice for reducing the deficit. My first choice would be responsible congressional action. But Congress has not shown itself to be willing and able to take such action, and it is for that reason that I support the institutional constraints that have been proposed.

I refuse to accept the notion that we should carry on with business as usual. I refuse to pretend that $200 billion deficits don't matter. I refuse to bequeath to my children and to future generations a burden of debt that will handicap their ability to grow and to prosper. I believe that we should take action today to ensure a sound and prudent fiscal policy for the Nation, and I urge adoption of the amendment.

Mr. EAGLETON. Mr. President, I am ready to cast the difficult votes that will be necessary to reduce this Nation's disastrous budget deficits, but I am not prepared to buy a magic elixir that doesn't list its ingredients on the label from salesmen who can't or won't answer straightforward questions.

That is exactly what the sponsors of this legislation are holding out to the Members of this body. From all outward appearances the amendment looks like a tough, new approach to our deficit problem, but on closer inspection it begins to resemble the same tired, old prescription the administration has been peddling for 5 years now—spare the rich and sock it to those in need.

The amendment does nothing about tax expenditures which are a large part of the deficit but which overwhelmingly benefit wealthy individuals and corporations. It does nothing about the $143 billion interest payment on the national debt, or Social Security cost of living, or our $40 to $50 billion farm programs. If you listen to President Reagan, who would be empowered to make the budget cuts, this amendment won't significantly affect defense spending because the President deems that to be relatively uncontrollable.

Mr. President, in two words I am voting against the Gramm-Rudman amendment because it is unfair and it is a sham. I ask that an editorial and news article from the Washington Post of October 9, 1985, and editorials from the New York Times of October 4 and October 9, 1985, be printed in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 9, 1985]

THE DEFICIT AMENDMENT

Its sponsors and the president keep chipping at the deficit-reduction amendment on the Senate floor to take important shares of the pain out of it. The more they rework it, the more it comes to resemble either (1) a showy effort on the part of those who brought us the deficit to demonstrate now how much they deplore it, and/or (2) a selective effort not so much to reduce the deficit as to use it as a lever to attain assorted lesser policy objectives.

The difficulty for the last five years has been that the deficit has been a residual element in policymaking. The president and the parties in Congress have had various programmatic or distributional goals—cut taxes, increase defense spending, show themselves to be the stoutest possible protectors of the seventh of the population that receives Social Security benefits. The choice, particularly as framed by the president, has come down to letting the deficit rise or cutting an enormous swath through all other domestic programs. Not even the president has been able or willing to propose the requisite cuts, and the deficit has risen.

The amendment in the Senate was meant to reenergize this stale debate by requiring that deficit-reduction come first and by confronting the president and Congress with a much more difficult set of choices. In its original form it set deficit targets declining to zero over the next five years and decreed that if Congress failed to hit a target, the president would have to make spending cuts, in defense and Social Security as well as the domestic remainder of the government. It made no mention of tax increases, but the idea was that, rather than cut defense and Social Security, the president would likely agree to one. There was a hammer at everyone's head.

But the terms keep changing. To pick up support on the floor, the sponsors agreed that none of the burden would fall on Social Security; it would be exempt. Partly to ease the pressure on defense and partly to avoid deep spending cuts just before next year's elections, they have also stretched out the deficit-reduction schedule; the amendment now would probably have no effect for a year. Meanwhile, the president, in professing "enthusiastic suport" for "what might well become historic legislation," has served oblique notice that he would not expect it to affect defense. In "a personal caveat" in his radio speech on Saturday he reminded listeners that Congress has already agreed (in this year's budget resolution) to defense spending increases of 3 percent per year after inflation over the next several years. "And next year I will propose those amounts already accepted as necessary for keeping the peace," he said.

The sponsors say that defense remains subject to the terms of the amendment, but that is clearly not the way the president understands or intends it. The stakes are too high not to have agreement on the rules. The amendment would have some seriously uneven effects within the Defense Department. The theory is that, to avoid these, the president would agree to a more rational budget. But to the extent that defense became exempt along with Social Security, there would be no pressure on him to agree to anything. The amendment would then only seriously affect the domestic programs that have been in the balance against the deficit all along. It would be a stronger license to dismantle them. It sounded a week ago like a good idea. It begins to sound increasingly like a bad one.

[From the Washington Post; Oct. 9, 1985]

BALANCED FISCAL PLAN REASSESSED

The rush by President Reagan and Congress to mandate a balanced budget in six years is running into increasing skepticism as both the White House and key lawmakers confront the painful realities of a proposal that was quickly embraced last week.

The plan, in theory, would legally require Reagan and Congress to make difficult political choices on spending, taxes and the military that they have been unwilling to confront. It would set deficit targets that both Reagan and Congress have demonstrated they cannot meet on a year-to-year basis.

While the Senate is expected to approve the bill and send it on to negotiations with a less-enthusiastic House, there are increasing questions about whether it will work as advertised—what Sen. Warren B. Rudman (R-N.H.), a chief sponsor, calls "a mechanism to force action" by the President and Congress.

For example, administration officials said yesterday that the White House was attempting to back away from the deficit target of $144 billion for next year in the plan, out of concern that Reagan might not be able to achieve it.

Sources also said that national security affairs adviser Robert C. McFarlane and Defense Secretary Caspar W. Weinberger expressed serious misgivings last week about the legislation because of the prospect it could lead to sharp cuts in Reagan's military expansion.

Although Reagan has insisted Congress keep "previous commitments" to increase defense spending, "it's hard to see how" that is possible under the existing plan, one senior, administration official commented.

Their concern is focused on legislation pending in the Senate, which Reagan endorsed last Thursday, that would set targets in law leading to a balanced budget in six years.

No agreement on the plan was reached yesterday, despite a day of political struggle.

Sponsored by Rudman, Sen. Phil Gramm (R-Tex.) and Ernest F. Hollings (D-S.C.), among others, the legislation is attached to a bill extending the federal debt ceiling to more than $2 trillion.

While not final, and subject to widely varying interpretations, the legislation has been touted by its sponsors and by Reagan as an automatic process that would resolve the years-long deadlock over annual deficits now in the $180 billion range.

If anything like the proposal now being debated in the Senate becomes law, it would have major ramifications for the way the president and Congress set the government's priorities:

It would provide a powerful impetus to Reagan and Congress to come to grips with the deficit issue each year, perhaps overcoming the stalemate that has characterized the debate over rising red ink. By outlining a set of stringent targets for reducing the $180 billion deficit to zero, the law would create an automatic process for decisions that are not battled out year-by-year. Just the threat of such targets, and the process that is triggered if they are exceeded, could force action on the deficit.

If the deficit targets are not met, the legislation would place additional new authority in the hands of the president to impose budget cuts. This would be a major shift away from Congress and toward the White House in the balance of power over federal spending that was established in budget reform legislation enacted in 1974.

Both Congress and Reagan would probably face unpleasant choices they have sought to avoid in the past for a host of political reasons. For example, Reagan might be faced with the prospect of unwanted cuts in defense spending along with sought-after cuts in domestic spending.

If he rejected that, Reagan might confront a tax increase offered by Congress instead. Congress might have to accept deep cuts in domestic programs it has refused to enact in the past.

If the targets are not met, the budget ax may fall on a relatively narrow portion of the federal budget.

The way the legislation is now written, only about one-third of the budget, or about $300 billion, would be subject to reductions if the targets are not met. Social Security, interest on the national debt, some defense procurement and a host of other programs deemed "relatively uncontrollable" by the Office of Management and Budget would be off-limits.

An unforeseen slowdown in the economy could throw the balanced-budget plan off track.

Although Congress and Reagan may achieve one year's deficit target, a sudden recession could depress revenues, raise government social spending and create a difficult problem the next year when the targets are further away than was expected. "No one will go to jail," said a White House official, but it would throw a wrench into the target machinery.

Reagan has not shrunk overall government spending as a share of the economy, but one of the hallmarks of his presidency has been a marked shift in priorities from domestic to defense spending. Under the new system, if the deficit targets are exceeded, Reagan would have to impose across-the-board budget cuts hitting both defense and domestic spending. Even so, some Pentagon spending, for contracts signed in prior years, is protected from cuts.

Rep. Leon E. Panetta (D-Calif.), reflecting the unease of some Democrats at what appears to be a major grant of new presidential authority, said Gramm and Rudman "have essentially fashioned a club" and "handed the club to the president."

House Speaker Thomas P. (Tip) O'Neill Jr. (D-Mass.) yesterday was sharply critical of Gramm, saying he "is more responsible for the mess the nation is in than any other person than Mr. Reagan." O'Neill also criticized the Gramm-Rudman proposal as a "disgraceful maneuver to subvert the Constitution."

Rudman has denied a shift in the balance of power is contained in the plan. If the targets are not met, he said last week, the president "cannot pick and choose" what to cut and decide by how much. Rather, he said, the president's action "would be purely ministerial."

Although details are still being negotiated, the proposal works like this: a series of deficit targets, starting from $180 billion in fiscal 1986 and declining each year to zero in fiscal 1991, are written into law.

Each year, the president would be required to propose, and Congress adopt, a budget that falls within the specified target.

Each year, the Office of Management and Budget and the Congressional Budget Office would be required to report jointly to the president on the projected deficit, the amount it exceeds the target—if it does—and the percentage spending reductions needed to bring it within the target.

If the target is exceeded, the president would be required within 14 days to impose the budget cuts.

A number of areas in the budget would not be affected, however, including Social Security, interest on the national debt, some Pentagon spending and programs deemed by OMB to be "relatively uncontrollable."

This is a major point of contention since it would be left to the Executive Branch, and not Congress, to decide which programs fit this description of "relatively uncontrollable."

Half the spending cuts would come from automatic spending increases for inflation in entitlement programs, such as food stamps, Medicare and Medicaid, and others. The programs could not be cut, just the inflation adjustments.

The other half would come through an across-the-board cut in remaining discretionary spending. About 60 percent of the military budget would be subject to such cuts.

"There is no way to avoid a fairly heavy hit on defense," said a White house official. Once these cuts are imposed, the president and Congress can then both come up with alternatives.

[From the New York Times, Oct. 4, 1985]

The Balanced Baloney Act of 1985

Frustrated by the failure to reduce the breath-taking Federal deficit, Congress and the President are ready to fasten onto a fantasy. Dreamed up by Senators Rudman of New Hampshire and Gramm of Texas, both Republicans, it promises to balance the budget by 1991. The idea is appealing but this approach is perilously unbalanced.

Congress' frustration is easy to understand. This year, again, it has struggled to cut one program after another only to wind up with yet another huge deficit. The plan responds handsomely to the prevailing mood of desperation.

Here is how it's supposed to work: The deficit for fiscal 1986 is assumed to be $180 billion. Deficits in following years would be reduced to zero in equal yearly steps. If the President and Congress failed to agree on how to achieve the goals, the bill would require across-the-board spending cuts—with important exceptions.

The first flaw is the starting point. The official estimate for this year's deficit is low, maybe $20 billion too low. Second, aiming at zero is arbitrary, perhaps dangerously so. Big cuts in the deficit are essential. But perfect balance isn't necessary by a given date. Forcing its achievement could, depending on economic conditions, start a recession or stifle a healthy recovery.

Third, the approach is unbalanced and unfair. The trigger mechanism would affect only spending, and not all of that. It would not cut interest on the debt or Social Security and would leave vague leeway for increases in other "uncontrollable" costs. No tax increases are involved and no controls would apply to rising "tax expenditures"—revenues lost to deductions and exemptions that add to deficits just as spending does.

The final flaw concerns credibility. Congress may solemnly demonstrate its firm resolve with legislation—but everyone knows Congress can act even faster in the opposite direction. The 95th Congress passed a law requiring a balanced budget by 1981. The 96th repealed it.

Senators Rudman and Gramm, now joined by Senator Hollings, give their scheme the title "Balanced Budget and Emergency Deficit Control Act of 1985." Beware. The only way to balance the budget and control the deficit is to cut spending equitably, which neither the President nor Congress seems able to do; or raise taxes, which the President refuses to do; or both. No wonder everyone's rushing to embrace this choice bit of balanced baloney.

[From the New York Times, Oct. 9, 1985]

Congress Rushes to Unfairness

Melodrama surrounds Congress, where members are plenty touchy about approving a new borrowing limit of two trillion dollars. Will the Government grind to a halt while legislators dawdle? Would the Treasury really dare tell banks to bounce Federal checks? Will a so-called balanced-budget bill emerge as law?

The first two questions are the melodrama, lacking honest suspense. If Government stops at all, the interruption will be token, a nuisance and not a disaster. Washington may be technically obliged to stop writing checks for a few minutes; but not for one minute does anyone think that Federal checks will turn worthless.

The danger of truly lasting damage arises in question three. The Senate and House have suddenly been seized by the notion that they must now—right now! hurry! —do something about the deficit. And some members think the way out is a bill ordering it to stop. The bill is as unfair as it is unexamined.

The huge Reagan deficits remain an urgent concern. But this hasty proposal for controlling them is foliage. Connecticut's Republican Senator, Lowell Weicker, one of the opponents, properly calls it a "legislative substitute for the guts we don't have to do what needs to be done."

What's the rush? The deficit problem has been around for five years as both President and Congress have ducked their responsibility to adjust spending fairly, while refusing to provide enough revenue to pay the bills. Finally embarrassed by the inevitable consequences, they're running for the bushes, including the new one sponsored by Senators Gramm, Rudman and Hollings.

It would require the President to submit budgets that reduce the deficit $36 billion each year, until it drops to zero in 1991. In event of a deadlock with Congress, automatic spending cuts would come into play. But only some people would bear the burden.

Less than half the budget would be subject to cuts. Interest, Social Security, two-thirds of the defense budget and all other programs with contract commitments would be exempt. Meanwhile, the possibility of raising adequate revenues would not even be considered.

What kind of fair sacrifice is it to do a lion's share of the chopping out of school lunches, Supplementary Social Insurance and Federal pensions? Where is the justice in disproportionately starving the safety-net programs for the poor, like food stamps, Head Start and community health? Where is the common sense in chopping from military readiness, job training, the National Institutes of Health and agencies like the F.B.I. and the F.A.A.?

The impact would be so punitive that the next Congress and the next President would be hard pressed to repeal it. There's an easier way to fight the deficit battle fairly: Avoid both the pretense and the punishment and kill this bill now.

Mr. GRASSLEY. Mr. President, I support the stated purpose of the amendment offered by Senators Gramm, Rudman, and Hollings: That future spending must be reined in, and that the Federal budget must be balanced in the forseeable future.

However, Mr. President, I have reservations about this legislation, not only in terms of its ability to balance the budget, but also in the way it has evolved over the last 2 weeks.

First, in terms of its effectiveness: The changes outlined in this amendment are not ineffective in and of themselves. For me, it is a case of being "once bit, twice skeptical." In 1978, Congress passed a law known as the Byrd-Grassley law which mandated that no deficit spending could occur beginning in fiscal year 1981. That is now a public law.

Well, obviously, we have not only deficit spend every year thereafter, but since 1981, we merely doubled the trillion dollar debt.

Mr. President, for the past 5 years, Congress has willfully ignored a statute mandating a balanced budget. What makes us think Congress will balance its budget as a result of this amendment? Or any other bill? The problem doesn't require new legislation because the law is not the problem.

We do not need legislation with teeth in it. Congress would still do what it wills, with or without teeth. The problem is the will: It's the unwillingness of Congress to commit to self-discipline.

There are two activities involved in self-discipline. The first involves realism, which requires us to recognize how bad the current crisis is. The second involves hard decisions to limit spending. If we do not first recognize the size of the problem, the decisions for cutting spending will be inadequate.

Congress chooses optimism over reality precisely so that our decisions will be less disciplined. This has been the pathology of our failure to control deficits.

If there is one truism that supersedes all others where the Federal budget is concerned, it is this: the results of our decisions never match up with what we planned. It is this fundamental precept which compels us to view this amendment with a strong dose of realism.

There is no need for me to burden this Chamber with the now-legendary charts showing the mismatch between our fiscal plans and fiscal reality. Like the one showing projected deficits falling off the chart, but actual deficits rising off the chart. Or the one in which projected GNP is always rising, when in fact it behaves like a roller coaster. And on and on.

The charts clearly show our obsession with optimism, and our inability to plan in the same ballpark with reality.

This narcotic of optimism is crucial, Mr. President, to understanding what we are doing here today. Under this amendment, the very next budget submitted by the President must show a deficit of $144 billion for fiscal year 1987. The current fiscal deficit is projected at $180 billion in this amendment. In other words, the deficit must shrink from $180 billion to $144 billion, or by $36 billion in absolute terms. If you use the baseline instead for fiscal year 1987, which is $163 billion, then only a $19 billion cut is needed next year. No sweat, right?

The problem, Mr. President, is not quite that surmountable. This recent year's deficit is about $210 billion. Two years ago, however, we projected it would be only $175 billion. Even 1 year ago we projected it would be $176 billion. We missed the projection by $35 billion in the course of just 1 year!

Now, if we really think the fiscal year 1986 deficit will only be $180 billion as projected in this amendment, we'd better give ourselves a cold slap in the face. OMB has already bumped its fiscal year 1986 deficit projection up to $200 billion, and we still have a year to go.

Enough said about the short term. The outyear numbers in this amendment are just as suspect, perhaps more. Using the new CBO Update, the outyear deficit projections in this amendment are somewhere between the CBO estimates and its high-growth alternative. In other words, there is an underlying assumption that the economy will perform at a real rate of 4.2 percent in each of the next 5 years. The narcotic of optimism has struck again, Mr. President. Is it realistic to assume that after 34 consecutive quarters of real growth, the economy will do 20 more quarters of high growth?

More than anything else, Mr. President, I fear we will be totally unprepared when reality sets in 2, 3, 5 years down the road when the baseline deficits are much more inflated, and the amount we must cut to reach the goals of this amendment is so much greater.

When the real magnitude of the deficit problem surfaces, and it comes time to cut not the $19 billion that we anticipate right now cutting out of next year's budget, but the $60 billion that actually occurs, what are we going to do? Are we really setting ourselves up for a whopping big tax increase?

And so we do not mistake the cure to be simply some new-found courage by Congress, there is a further hurdle which must be surmounted. It is a mathematical hurdle. While the savings target will surely rise as our projections are matched against reality, the pot from which those savings must come is shrinking, since we have taken the Social Security trust fund offbudget. This point does not argue one way or another for doing that. It is merely a fact that we have a quarter of a loaf less with which to work. And that makes the task so much more formidable.

Because Social Security has been taken offbudget, there is a constant risk that other trust funds will apply for and receive similar status. And perhaps other programs after that. Soon we have a growing savings requirement with a shrinking pot of resources from which to achieve the savings. It is a microcosm of the current budget crisis in which a shrinking tax base coupled with overspending is resulting in expanding deficits.

The final reservation I have involves the defense budget. Last weekend I woke up and read in the Des Moines Register that the President supports this amendment because he was given assurances we would not lower defense spending as projected over the next 3 years.

This is news to me, Mr. President. There were certainly no such assurances contained in the original drafting of this amendment.

Now, that means either the baseline for defense will have to be increased next year in order to provide its share of savings in any across-the-board sequestering of funds, or nondefense programs would be cut in much greater proportions than defense, or we would have to raise taxes to meet the savings target, none of which I can support at this time.

It seems to me, Mr. President, that we're right back where we started in the budget process—three-quarters of the budget is put offbounds, and so nothing will get done.

Mr. **DURENBERGER**. Mr. President, I rise in support of the pending amendment to the debt limit bill. I do so after coming, with some reluctance, to the conclusion that this proposal is the best available answer to our national deficit crisis.

During the past week, the Senate has witnessed an extraordinary series of events, as the Gramm-Rudman proposal proceeded from seed to full flower in a very short time. I believe its progress can be attributed to the fact that there is nothing like the sight of the gallows to focus the mind. We are facing the gallows of a looming economic catastrophe in this country if we do not immediately and forcefully address the deficit. The Gramm-Rudman amendment, for all its difficulties and ambiguities, does just that.

Thomas Jefferson once said,

> The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves.

Mr. President, my first vote to raise the ante on Federal borrowing was on a temporary debt ceiling of $879 billion in 1979. Today I vote for a more than $2 trillion ceiling and the word "temporary" has been dropped. Unless we take action immediately, I will be forced to vote for a $3 trillion debt in only 5 years. Every $1 we borrow today will cost future generations $24 to repay. The average young worker today will pay $10,000 in taxes over his or her lifetime to finance the budget deficit for 1985 alone. If we are to escape the moral condemnation of future generations, for having mortgaged their rights for our political expedience, we must find a new path. Hopefully, the Gramm-Rudman proposal points us in that direction.

In a recent speech I made in Texas, I used the illustration that the reason that there were so many heroes at the Alamo was that there was no back door. In the budgetary Alamo, we have not been so fortunate. As the politicians of this Government have been driven into an Alamo by a national consensus for reducing deficits, some have found the back door, leaving others the privilege of bleeding and dying for the cause.

The President of the United States, who is supposed to be our Davey Crocket in this Alamo, has not fully lived up to the confidence we on this side of the aisle and the American people have placed in him. Despite heading into the second half of his administration with a 49-1 lead over the opposition, his first plan in 1985 to help us fight our way out the front door of the Alamo gave us a $145 billion deficit in 1988. We Senate Republicans said that was not good enough and put together a 5-year budget resolution to balance the budget in 1990. The President effectively vetoed that plan and any other which raised revenues of any kind. That has left us without leadership and without a plan for addressing this looming national crisis.

The wisdom of the Gramm-Rudman proposal is that it tries to force into service those areas of the budget that heretofore have been conscientious objectors in the battle of the budget. Gramm-Rudman is the first serious proposal that I have seen on this floor which attempts to solve our deficit problems by a means of cutting anything but discretionary domestic spending. That is where most of the casualties have been in the last 4 years and they cannot give anymore. It will force the Congress and hopefully the administration to realize that reducing the deficit requires control of spending, yes, but it also requires an increase in Government revenues.

Unfortunately, Mr. President, the Alamo as redesigned by Gramm-Rudman does have its back doors, which could be its undoing as a genuine budgetary tool. Social Security has been exempted. The Department of Defense is claiming that one-third of its huge annual budget is exempted as well. What this means is that the burden falls more heavily on those who are not favored with such an exemption.

I am talking about the Medicare Program, which has contributed $42 billion in spending reduction over the last 5 years. I am talking about farm programs which will be called upon in the short term and for years to come to prevent the extinction of family farms. I am talking about programs like general revenue sharing and others which allow State and local units of governments to take responsibility for clean air and water, safe workplaces, and economic development. On behalf of the people who rely on those programs, I commit myself to fight to protect their place in the Nation's priorities when the budget crunch, created by Gramm-Rudman, comes.

Mr. President, our former colleague Nicholas Brady, included in his maiden speech to this body a description of a historical event which is relevant to this debate. In 1869, Maj. John Wesley Powell led the first expedition down the Colorado River. Powell's diary entry for August 28 of that year reads as follows:

> We come to a place which seems worse than any yet; to run the rapids would be sure destruction. After supper Captain Howland asked to talk to me. He, his brother, and William Dunn have determined to go no farther. All night I pace up and down. Is it wise to go on? At last daylight comes; breakfast is as solemn as a funeral. Two rifles and a shotgun are given to the men who are going out. I asked them to help themselves to rations. They refused * * * some tears are shed: Each party thinks the other is taking the dangerous course. The three men watch us off.

There is a plaque now on the wall of the Grand Canyon which reads:

> Here on August 28, 1869, Seneca Howland, O.G. Howland, and William H. Dunn, separated from the original Powell party, climbed to the north rim and were killed by Indians.

The following day, Powell and his remaining crew rowed out safely into quiet waters.

I share this story with my colleagues because it says a lot about danger, real and perceived. It suggests that our safest course at difficult times is to tackle our problems head on.

In the final analysis, Mr. President, I reach the conclusion that the proposal before us stands the best chance of forcing the President and the Congress to tackle the deficit problem head on. That course is not without its dangers, but at this point in time, Mr. President, we have no other choice.

Mr. HATFIELD. Mr. President, I oppose this proposal. No matter how we dress it up with modifications and fine tunings to meet the specific objections or interests of one Member or another, it remains a fundamental unsound proposal that again represents a congressional abdication of its fiscal responsibilities. It will snarl the Congress in additional procedural complexities that will make present conditions seem simple and straightforward by comparison. It will almost certainly create an avalanche of litigation as to the authority of the President to withhold cost-of-living adjustments on entitlements.

And, it will keep hordes of numbers crunchers with green eyeshades busy year round, just keeping track of percentage reductions, congressional priorities, outlay streams, scorekeeping adjustments, and myriad other details. The elected representatives of the people will be further removed from the decisions that affect the people. Anonymous bureaucrats in the executive branch and here in Congress will run the show more than they do now, to the people's loss.

Mr. President, it is not easy to defend the status quo. There is not much worth defending. But I am convinced that our current predicament lies not so much with the present congressional budget process as with our will to make it work, and no new system, no matter how cleverly contrived, will work unless we summon the will and courage to make it work. I do not yet discern that change of will. We are only fooling ourselves, and worse, fooling the people, if we believe this proposal will bring order out of chaos and put us on a sure path to deficit reduction.

Mr. KASTEN. Mr. President, as an original cosponsor of the Gramm-Rudman Balanced Budget and Emergency Deficit Control Act of 1985, I rise in support of the Gramm-Rudman amendment. I believe that this legislation will set the stage for true fiscal discipline in Congress. It's about time.

There is no question that the large deficits we are facing today require significant action by Congress. We can only get deficits under control by addressing the spending that causes them, and by allowing economic growth to narrow the gap between revenues and outlays.

With this legislation, we are finally taking action to get our fiscal house in order. The Senate has decided that this deficit spending must stop. It would allow Federal budgeting to be like the budgeting each family does. It allows day-by-day and week-by-week corrections so that spending doesn't get out of control.

It's like your family. When you realize you are over spending, you take serious steps toward getting spending under control. You have to pay the bills, so you have to make some sacrifices. But, first you have to gather up your credit cards and cut them in half. Well, Gramm-Rudman cuts the Federal credit cards in half.

Mr. President, Federal spending is out of control. The national debt is now over $2 trillion. This is roughly equal to a stack of $1,000 bills more than 250 miles high. Unless Congress gets spending under control, it will only grow. And, as the national debt has grown, so has the cost of maintaining it.

This amendment will put some teeth in the budget process, give us a way to really get control over Federal spending, and lead to a balanced budget by 1991. Briefly, it sets declining deficit targets for each of the next 5 years. In each year, if Congress does not come up with a budget that meets the deficit target, then the President must send Congress across-the-board spending reductions so that the deficit comes in line with the target.

All programs except Social Security will be subject to reductions. Social Security is excluded for two reasons. First, it's a special case. It has its own separate trust fund, and is not financed through general revenues the way other programs are. Second, Social Security is currently scheduled to be removed from the budget in 1990. This measure just speeds that up to 1986.

Some opponents of Gramm-Rudman say that this is just another way to give the President more power. This isn't true. The President and Congress should be partners in controlling Federal spending. This legislation calls upon the President to send an across-the-board spending reduction to Congress. The President has no authority to choose which programs are cut. And, this only takes effect if Congress has failed to reduce the deficit. It also gives Congress the right to disapprove the across-the-board cut. Essentially it retains veto authority for Congress.

Others are concerned that this measure might lead to a massive tax increase. I do not agree. There are no built-in biases for or against tax increase. And, in fact, the emphasis on spending restraint in this plan means that chances are better for reducing the deficit through spending cuts, rather than tax increases.

Like the sponsors of this amendment, Senators GRAMM and RUDMAN, I believe that this is the best approach toward reducing the deficits. Tax inicreases just do not work. In the past, we have assumed increases in taxes as part of the deficit reduction effort, and they have not worked. In fact, we have seen that they only fuel more spending. Spending for 1986 will be about 25 percent of GNP. In 1980, it was about 23 percent. Revenues over the period have been a constant 19 percent. Clearly, we do not have high deficits because the American people are undertaxed; we have high deficits because Congress spends too much.

Mr. President, the Gramm-Rudman amendment is a positive step toward serious deficit reduction. It is a collective bipartisan effort that mandates a balanced budget in the year 1991. This amendment calls for real reductions in spending, and demonstrates that Congress is serious about reducing deficits. I am proud to be a cosponsor of this amendment, and I urge my colleagues to lend it their support as well.

Mr. NICKLES. Mr. President, the time has come to enact changes in the way we implement our Federal budget. This amendment to the debt ceiling is the best medicine for this problem.

The amendment, known as the Balanced Budget and Emergency Deficit Control Act of 1985, would put into place a realistic path toward a balanced Federal budget. First, it would set declining deficit levels over the next 5 years, beginning with $180-billion in fiscal year 1986 and $0 in fiscal year 1991. Second, it would require both the Congress and the President to comply with these deficit levels when they formulate their respective budgets. Next, it would enforce these deficit levels by providing emergency sequestering authority for the President in the event the projected deficit would exceed the maximum allowable. The President may also propose an alternative plan to the Congress to bring the deficit within the allowable range.

There are also several safeguards in the bill worth mentioning. In the event of a recession, where the real growth in the gross national product is negative, the President would be given 30 days, as opposed to 14, in which to issue his sequester order or send an alternative proposal to Congress. Also, the provisions of the act would be ineffective in a formal declaration of war. Finally, it allows for a leeway of 7 percent first year and a 5-percent overage in the deficit levels as well as exempt Social Security from the sequestering process.

Mr. President, on occasion I like to analyze the Federal debt and Federal spending. Each Senator receives on a monthly basis publications entitled the "Monthly Statement of the Public Debt of the United States and the Monthly Treasury Statement of Receipts and Outlays of the U.S. Government." These are periodic reminders of the painful reality that our fiscal situation in this country is worsening. For the benefit of my colleagues, I would like to briefly summarize these statements.

For the month ending August 31, 1985, total public debt outstanding was $1,818 billion. This compares to $1,561 billion for the same period in 1984. This represents a 16.5-percent increase of total debt over last year and a 375-percent increase over 1970. For the latest census data, this equals $7,853 per person and $21,286 per household.

At our current rate of spending, we will have accumulated $2,079 billion in total public debt by the end of fiscal year 1986. This is a staggering figure when compared to the total debt of $383 billion for 1970 and $914 billion in 1980. The estimate of borrowing from the public to finance the Federal debt for fiscal year 1985 is $203 billion. Total capital available in U.S. markets is $748 billion, of which Government borrowing takes a 27-percent share.

For the month of August, we amassed $57.8 billion in receipts and $83.6 billion in outlays, leaving a deficit for the month of $27.8 billion. Fiscal year to date amounts are $660.2 billion for receipts and $863.6 billion for outlays for a deficit of $203.4 billion. According to the Treasury Department, there will be $736.0 billion in receipts, $947.3 billion in outlays, and a deficit of $211.3 billion for fiscal year 1985. For the entire year this translates into $3,179 per person and $8,618 per household for receipts, $4,092 per person and $11,091 per household for outlays, and $913 per person and $2,474 per household for the annual deficit.

May I say that these figures put into perspective the magnitude of our fiscal problem. When we consider various deficit reduction measures, we must now look toward savings which are much larger and more painful than we have ever made before in this country's recent history. Some have argued that we must look to taxes to fill this void. However, we are taking a reasonable level in taxes from the public at 19.0 percent of the gross national product [GNP]. On the other hand, spending has increased to 24.8 percent of GNP, the second highest level since 1945.

I encourage my colleagues to take a hard look into making the types of spending cuts necessary to bring down the deficit when they consider this change in the budget process. The amendment we have before us is not a panacea but rather a starting point to bring our Federal deficit under control over a gradual period of time. I urge my colleagues to adopt the proposal.

Mr. WILSON. Mr. President, I rise today in support of the Balanced Budget and Emergency Deficit Control Act of 1985, and I want to commend its distinguished authors Senators GRAMM, RUDMAN, and HOLLINGS. When our task is to raise the debt ceiling to over $2 trillion, the potential for financial disaster in this Nation is self-evident. I speak today not only as a U.S. Senator but also as a citizen deeply concerned with the continued economic strength and prosperity of America.

Since I have been a Member of this body, no issue has caused me greater concern or greater frustration than Congress' inability to control the Federal deficits that have mounted and that will continue to mount, unless some major institutional changes are made in the way our Government manages the Federal budget.

I am pleased to join as a cosponsor of this legislation which will establish a maximum allowable deficit ceiling

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beginning with the $180 billion deficit set out in the 1986 budget and reducing the allowable deficit in four equal steps to zero in 1990. And, the automatic budget correction process contained in the legislation will ensure that we stay on our path to fiscal solvency. Specifically, if, after a review by the Congressional Budget Office and Office of Management and Budget, it is established that projected deficits will exceed the maximum deficit ceiling for that year, this excess deficit will be eliminated by sequestering automatic increases and controllable expenditures across-the-board by a uniform percentage, with the notable express exception that Social Security benefits and cost-of-living payments are exempted. Congress may initiate a different deficit reduction proposal as long as it eliminates the excess deficits.

The provisions of this bill are waived during a declaration of war. Also, the provisions of this emergency legislation may be modified if economic factors indicate that the United States is in a recession. However, any modifications in this legislation would have to be adopted by both Houses of Congress and signed by the President.

Admonitions against running our Government in the red are as old as this Nation. Thomas Jefferson, this country's greatest political scientist, stated that "If we can prevent the government from wasting the labors of the people under the pretense of caring for them, they will be happy." Unfortunately, President Jefferson's wise insights have not been heeded, and the people are not happy. American taxpayers believe that their labors are being wasted when their elected representatives continue wasteful, unbridled Federal spending. Of the nearly 15,000 letters that I receive each week, nearly half of those constituents are demanding that Congress stop mortgaging the future of this Nation.

In fact, nearly all Americans passionately want us in Congress to balance the Federal budget. Yet, even with this clear bipartisan, grassroots message from young Americans who are just starting their families to older Americans in the twilight of their lives, Congress has not had the collective courage to give them the fiscal security that they want so very badly.

Not that the public should doubt the good intentions of the Members of Congress, but, good intentions are not enough if—in our efforts to provide for our constituents—we neglect the greater, even more urgent obligation to all Americans to legislate with fiscal discipline.

I have reservations about this legislation. Some good programs may have to be cut and some wasteful programs may not be cut enough. However, these economic times require that we make drastic changes in our Federal budget process to ensure that America maintains its place as the world's economic leader.

One potential danger associated with this legislation is that certain Members of Congress may try to bloat the appropriations for Federal programs to force the President to make the difficult spending cuts. Furthermore, because this legislation requires equal across-the-board cuts, rather than merit testing of Federal programs, unnecessary and wasteful programs could still flourish. That is why I am hopeful that this body will once again consider line-item veto legislation, which can be an important means for attacking unwise Federal spending.

Additionally, we need a constitutional amendment requiring a balanced Federal budget. This would impose a permanent mandate on our Federal Government to act with fiscal integrity. As the Senate chairman of Congressional Leaders United to Balance the Budget [CLUBB], I am pleased to say that we now have nearly 120 Members of Congress who are committed to enacting this responsible and critical budget reducing vehicle. And, even if the provisions of the Balanced Budget and Emergency Deficit Control Act are effective—and I believe they can be—I still support the balanced budget amendment because fiscal integrity does not come easily to Congress in the collective exercise of the spending power, and the absolute legal compulsion to achieve it should be embedded in our Constitution.

The requirement for a balanced Federal budget needs to be protected against future congressional faintheartedness and back-sliding. The requirement should be placed beyond the reach of all too easy statutory repeal.

The authors of the Balanced Budget and Emergency Deficit Control Act of 1985 carefully drafted this legislation to call for a timely solution to our deficit crisis. This solution, I am pleased to say, will be implemented in an equitable fashion. Because Social Security will not be part of the deficit reduction equation, present and future recipients are assured by Gramm-Rudman-Hollings that they will enjoy their full Social Security benefits during their later years. These Americans have paid their dues, and their benefits are expressly exempted from the cuts required by the amendment.

No doubt, this sobering legislation will cause Congress great pain as it recovers from years of stuporous, runaway Federal spending. Nevertheless, I hope my colleagues will endure the pain that must come from deficit reduction and accept the noble challenge that this legislation presents to us.

As the 99th Congress debates this critical legislation, the National and world watch anxiously and hope that we will find a way to calm the tidal wave of uncontrolled Federal spending. Our $2 trillion debt has focused all Americans and all the world on this body and on this vote, and we have an opportunity to reshape the future of this Nation, from the stock exchanges of Wall Street through the wheat fields of Kansas to the Silicon Valley of California. Let us seize upon this unique opportunity for the benefit of all Americans and for the benefit of all future Americans.

Mr. TRIBLE. Mr. President, I rise in support of the Gramm-Rudman amendment. The Congress is being asked to increase the debt ceiling or borrowing power of the Federal Government to over $2 trillion. Well, I am unwilling to do that, to impose that kind of burden on our children—unless we adopt a no-nonsense deficit reduction plan as part of the process.

This $2 trillion is obviously a lot of money, but it is really hard to fathom what it means.

We all can understand hundreds and thousands. We have some sense of millions and billions, but trillions are almost beyond comprehension.

Let me share two useful examples of what a trillion means.

If you take $1,000 bills and stack them up until you get $1 million, you will have a stack of $1,000 bills 4 inches high.

But if you stack $1,000 bills until you get $1 trillion, then your stack of $1,000 bills will reach 67 miles high. Let me give you another example: 1 trillion seconds equals 318 centuries or 31,800 years.

Suffice it to say that $1 trillion is a staggering sum. A $2 trillion plus national debt threatens to destroy our hopes for future generations, so that we can live beyond our means.

That's why the deficit reduction plan envisioned by this amendment is essential. The amendment will require the Congress to zero our $200 billion deficit over 5 years. That will be done not by increasing taxes on working people. But by restraining spending by $40 billion each year over the next 5 years.

The President will be required to submit a budget to the Congress that meets those targets and the Congress will be prevented from appropriating more money than permitted by those budgets.

This plan will impose disciplines on the spending process and will require the Congress to make the tough and politically unpopular decisions that are necessary to move toward a balanced budget and ensure continued economic growth and jobs for our people. Let's vote for this amendment and begin that all important task.

Mr. LAUTENBERG. Mr. President, the Gramm-Rudman plan is supposed to force action. That is what its authors say. Force action on the deficit. Force action on our rising national debt, that we are asked to raise to more than $2 trillion. Force action on our Nation's No. 1 economic problem.

And action we need. We need to cut that deficit. We need to cut spending. We need to get our budget balanced. And we need strong medicine to do it.

The question is not whether to cut the deficit; the question is how to cut the deficit.

The Gramm-Rudman plan is not the way. It would transfer power from the Congress to the President. It would give unprecedented power to the same President who has sent to Congress four budgets that have hurt my State. It would strengthen the hand of a President who proposed less than what is needed for Superfund cleanup of toxic waste dumps, less for mass transit and education, and more money for the Pentagon than the generals can wisely spend. It would strengthen the hand of a President who has presided over a doubling of the national debt.

The Gramm-Rudman plan would set targets for lower and lower deficits, until we reached a balanced budget in fiscal year 1991. But let's say Congress met those targets. Let us say Congress was on track to a balanced budget. But let us say the President did not like the way Congress did its job. The President could veto our plan. In so doing, he could trigger indiscriminate, across-the-board cuts in selected portions of the budget. Social Security would be exempt, but also exempt would be billions in defense contracts. So would billions in farm programs. But, virtually the rest of the Government would be cut, across the board.

The sponsors of Gramm-Rudman tell us, let us agree to cut the Coast Guard. Let us dry dock some cutters. So what if we are outgunned already in the fight against drug traffic? So what if drugs are the scourge of our cities? We have to live with it. We have to cut.

They are telling us, let us cut the FAA. Let us cut the number of controllers. Let us cut air safety research. So what if planes fall out of the sky? So what if people die? We have to get by. We have to cut.

They are telling us let us cut Customs. Let us cut the Immigration Service. So what if our borders are a sieve? So what if more illegal aliens flood our Nation? We have to cut spending.

They're telling us, get those outlay savings where you can. If it means you have to cut slow-spending programs to the bone, so be it.

To get a 3-percent cut in outlays, they're telling us, cut 40 percent budget authority in compensatory education. So what if 2 million children do not learn how to read or to add? Our society will have to bear a little ignorance.

Cut 55 percent of spending authority for urban development action grants. So what if our cities die? Cut in half the spending authority for job training. So what if 330,000 people do not get training? So what if people hang out on street corners?

Mr. President, I ride each day from my apartment to the Capitol. And everyday, I pass people sleeping in the street, huddled over gratings. But, Gramm-Rudman says, we can't stop to help. This Nation has to drive by the homeless. We have no spare change. We have to cut spending.

Cut broadly. But force action.

Cut ruthlessly. But force action.

Cut indiscriminately. But force action.

I refuse. Inaction is unacceptable, Mr. President. But so is blind action.

We aren't here to sit on our hands. Nor are we here to flail at the deficit neither.

Voters told us to stop driving this Nation into hock. But they didn't tell us to sell our souls to get even.

We are here to make decisions. Not to avoid them.

We are here to guide budget policy. Not to put it on automatic pilot.

The problem with the so-called action forcing mechanism before us, is that it forces blind action.

It is about time we started to make the tough decisions around here. It is about time the administration started making them with us. It is about time that we bellied up to the bar, and paid for the Government our people need. It is about time we started cutting spending, where spending can be cut. And we have to realize that we cannot cut everywhere. But where we can cut we should.

The proposal gives us targets. That's fine. We need them.

But it forces action that I cannot accept. It yields authority to a President who has been less willing than even this Congress, to face up to the problem. Under his watch, the debt doubled in 4 years.

Congress can make the tough decisions. It can cut spending, how and where spending can be cut. It can raise taxes, to pay for spending we can and must have. But under the plan before us, Congress could do all that, and then the President could veto that package that Congress might pass, and trigger automatic spending cuts, and spending cuts alone. So, the plan gives away to the President powers placed by our Founding Fathers in the hands of the Congress.

I cannot accept that. And before we accept anything so far reaching, so damaging to our structure, we should stop and think about what we are doing.

That is why I voted for the Chiles alternative. It was a preferable alternative that would not abandon our power and our responsibility to the President. An alternative that would reach balanced budgets more wisely—spreading the burden fairly, by calling for contributions from defense, and from domestic programs that can best bear the cuts.

We need to get on the road to balanced budgets. We need to do it now. But, Gramm-Rudman is not the answer.

Mr. PELL. Mr. President, the Congress, I believe, can and should take strong and prompt action to reduce the huge Federal Government deficits that have developed during the 5 years of the Reagan administration.

For that reason I have voted in favor of the proposal by Senators CHILES and BYRD that would require elimination of the Federal budget deficit in stages over the next 5 years resulting in a balanced budget in 1991.

The continuing Federal deficits are sapping the economic strength of our Nation and threatening ultimately an economic collapse. The Chiles-Byrd plan is strong medicine. It would impose strict fiscal discipline. It would lead to elimination of the threatening Federal Government deficits.

The Chiles-Byrd plan, moreover, would effectively cure our deficit disease in a fair and balanced way, and without granting the office of the President broad new powers. This proposal would protect Social Security from any automatic cuts in either benefits or in cost-of-living adjustments. It would require that defense spending, which has increased so rapidly, share in any required spending cuts, and it would assure that revenue increases as well as spending cuts be considered as part of the effort to reduce the deficit.

Finally, the Chiles-Byrd plan would achieve effective deficit reduction without giving the Office of the President broad new powers. This proposal would retain in the Congress its constitutional power and responsibility for the Nation's fiscal policy and for national spending priorities.

While voting for the Chiles-Byrd plan I oppose the deficit reduction plan proposed by Senators GRAMM and RUDMAN. Although similar to the Chiles-Byrd plan, the Gramm-Rudman proposal has serious flaws. It would provide an unprecedented transfer of power from the Congress to the executive branch, and it relies entirely on spending cuts to reduce any excess deficit with no provision for revenue increases.

The Gramm-Rudman proposal would have virtually no impact on budget deficits for the next 2 years. When it finally did become effective, the Gramm-Rudman plan would give the Office of the President excessive powers and stack the deck against fair and balanced deficit reduction and in favor of excessive and very steep cuts in high priority programs for health and education, and for the poor. For these reasons, I regretfully must oppose the Gramm-Rudman proposal.

Mr. KERRY. Mr. President, I want to be sure that when we consider programs for cuts, both in the regular budget process and in sequestering, everything will be considered equally—that the full budget, in all functions, including 050, will be weighed for reductions. In other words, all expenditures of the Department of Defense are within the definition of "relatively controllable" expenditures as used in this amendment. So, I ask my good friend from South Carolina for some points of clarification here.

Is the term "relatively controllable expenditures" as it is referenced, "to current OMB controllability reports" meant to convey that some elements of the defense budget are off the ledger and therefore not a part of the consideration for across-the-board reductions by a uniform percentage with other programs in sequestering.

Mr. HOLLINGS. Mr. President, I appreciate the interest of the Senator from Massachusetts on this. As he undoubtedly knows for purposes of congressional consideration in budget matters dealing with defense, the Congress normally looks at function 050 costs, that is, for all defense items not just for the DOD. Now a portion of the outlays in the national defense function for any fiscal year are tied to prior year budget authority, sometimes as far back as 10 years. The Congress does not spend a great deal of time reanalyzing the past history—though it does do that and often uses funds appropriated in the past for new programs and actions.

Mr. KERRY. Mr. President, if the Senator would clarify a point here, what would that mean for commitments on prior year contracts and obligations?

Mr. HOLLINGS. Mr. President, it means that prior year funding is often available for new purposes because it is no longer needed for many reasons, and I think the DOD is aware of this, and such funds will be subject to review and revision in this process. The Divad is a perfect example. I anticipate some of the Divad's funds to be available as I do the funds from DOD's inflation surplus identified by the GAO. These are examples, of some of the types of funds included in the prior year category. To make this point as clear as possible, the following language has been inserted into the amendment, the term "budgetary resources" means unobligated balances, reimbursements, receipts credited to an account, and recoveries of prior year obligations.

Mr. KERRY. Mr. President, and one final question, if the Senator would, will it be possible to consider Department of Defense unexpended balances as a way of meeting the defense reductions rather than annual budget authorizations?

Mr. HOLLINGS. Mr. President, I anticipate two things to be involved. First, go to the $300 billion in fiscal year 1986 that Congress has authorized which is the approximate total we will appropriate. I believe when the Congress looks at these new budget authority requests, it will for sure look in detail not only at the justifications for them but also at the unobligated balances of the DOD and prior year funds no longer needed.

Mr. KERRY. Mr. President, I thank the Senator for these clarifications, and I commend him for the leadership he has consistently taken to move this body to adopt a balanced budget.

Mr. HOLLINGS. Mr. President, I thank the Senator and commend him for his diligence in grasping the details of the budget process in such a short period of time.

Mr. MITCHELL. Mr. President, it is appropriate that the Senate is finally treating the Federal budget deficit with the urgency it demands. But although the end is desirable—indeed, necessary—the means originally sought to obtain it were highly inappropriate.

In order to understand fully the substance of the two amendments now before the Senate, it is necessary and important to understand the procedure used—and attempted—to reach this point.

Last Thursday, 7 days ago, the Gramm-Rudman proposal was laid down as an amendment to the debt limit bill. That proposal ostensibly provided for automatic deficit reductions over the next 5 years to reach a balanced budget in 1991.

No hearings had ever been held on it; no committee had ever examined it; no reliable information was available as to the economic assumptions on which it was based, the programs it would reach, or the discretion granted to either Congress or the President to make spending cuts. There was not even a printed version of the proposal for any Senator to read.

Yet shortly after the proposal was first introduced, before debate had even begun, the majority leader moved to cut off debate by filing a cloture petition. And on the same day, the majority leader demanded that the proposal be voted on within 24 hours.

A printed copy of the proposal was not made available until Sunday, 2 days after the majority leader had demanded a vote on it. The resulting confusion included, indeed was especially noticeable, among the sponsors of the proposal.

During the debate, the sponsors were questioned about the meaning of their proposal. They disagreed among themselves about several provisions of the proposal, including some major ones.

One maintained that the President was only given authority to cut spending across the board, not discretionary authority to pick and choose which programs to cut.

Another said that the President would have discretion to decide where and what to cut.

One sponsor said farm programs were included among the programs to be cut. Another said they were not.

The proposal provided for automatic reductions in spending programs and defines them by incorporating, by reference, a document published by the Office of Management and Budget [OMB]. That document—a 400-page computer printout—was not made available to Senators until Monday, 3 days after the majority leader had demanded a vote on the proposal.

The OMB document divides Federal programs into two categories: One, entitlements, which are programs that automatically spend out provided an individual or locality qualifies by virtue of statutory conditions; and two, nonentitlements, which are programs for which Congress decides the spending limit each year.

Under the Gramm-Rudman proposal, cuts would be automatically made only in the inflation adjustments—the so-called cost of living increases—of entitlement programs, not in the basic programs themselves. But in the second category of programs, the nonentitlement programs—also known as discretionary programs—the cuts would be made across the board in the programs themselves.

Thus, the proposal would reduce a program like food stamps only by the amount of the cost-of-living adjustment. On the other hand, it would require a flat percentage cut in programs such as education aid for the disadvantaged.

But, because farm programs are an entitlement with no inflation adjustor built into them, they would be exempt from any cuts under the Gramm-Rudman proposal.

The Gramm-Rudman proposal also exempts about 40 percent of the defense budget, on the basis that prior-year contracts cannot be subsequently cut. But since the other 60 percent of defense spending is not exempted, the proposal virtually dictates the strategic path the Nation must follow for 5 years.

That is the most irresponsible and unacceptable way to deal with our Nation's security. It means that large-scale weapons systems, built under long-term contracts, will continue unabated, while the immediate needs of our Armed Forces—spending for ammunition, maintenance, repair, and all the other activities that sustain readiness and conventional force strength—will be cut.

That would be the culmination of a process already well underway, as more and more of our defense dollars are put into the nuclear basket, and the readiness of our conventional forces continues to be steadily and drastically undermined.

The Gramm-Rudman proposal places the national security and the defenses of this Nation on automatic pilot. It is something we should not do.

The Senate, because of these and other shortcomings in the proposal, refused to be stampeded into a vote with less than a day's consideration.

And subsequently, over 100 modifications have been made in the proposal. Some are improvements, such as the language which clarified the limits of the President's spending authority. But other shortcomings have not been corrected: Farm programs apparently remain exempt; 40 percent of the defense budget remains untouchable.

But one of the changes the sponsors made has more to do with politics than with deficit reduction. That is the provision that allows this year's deficit to rise and which delays any real cuts until after the November 1986 elections.

This is not the first time the Senate has been asked to vote immediately for a proposal which delays painful spending cuts for a future Congress or a future President.

The Gramm-Rudman proposal not only requires no action this year, it effectively delays action until after the 1986 elections. It permits an actual increase in spending of $21 billion for 1986, which is to say a deficit increase of $21 billion in 1986. It does this by providing that for this year—and this year alone—the deficit may be exceeded by 7 percent without triggering any spending cuts. Next year, a 5 percent leeway is permitted.

What that means is that the deficit for the fiscal year which began 8 days ago can rise to $193 billion, rather than being held at the $171 billion level contained in the budget resolution already approved by the Senate. It means that next year's projected deficit of $144 billion can actually go up to $151 billion without triggering any automatic cuts.

It is hard to see how a measure that permits increased deficits can be seriously offered as urgent deficit-cutting legislation for which normal legislative routine must be suspended.

I bow to no one in my concern about the deficit. But as the details of the Gramm-Rudman proposal become known, it is clear that there is much less there than meets the eye.

Not only does it permit a deficit increase in the current fiscal year—a questionable basis on which to begin cutting any budget—its definitions of spending programs allow up to $710 billion of this year's total spending of about $1 trillion to be exempted from cuts.

Under the proposal, for instance, no spending savings could come from prior-year defense contracts, even though Congress has made savings, and large savings, in such spending in recent years. For example, in the 1984 defense bill, Congress managed to find a total of $785 million in savings from prior-year contracts. In 1985, Congress found $771 million in such savings. In the current year's defense budget, Congress has already discovered and will make savings of $212 million in such spending.

These are not ephemeral spending cuts in estimates of future costs; these are hard savings in actual payable defense contracts.

Under the Gramm-Rudman proposal, such savings could not be made.

The proposal predicates spending cuts on the assumption that all programs spend their allocated funds at an even rate. But that is manifestly not the case.

Programs spend their allocated funds at different rates depending entirely on the nature of the program. The minority staff of the Senate Budget Committee has estimated that under the Gramm-Rudman so-called across the board cut, some programs would be slashed by a third and more; others would be virtually exempted altogether. And the cuts would not be across the board; they would be wildly erratic.

A Congressional Budget Office review, for example, estimates that the proposal would require almost total elimination of the water treatment funds provided by the Environmental Protection Agency, as well as Veterans' Administration hospital construction.

At the same time, programs such as farm price supports would remain untouched. Farm programs are important. But the Gramm-Rudman proposal apparently would exempt almost all of them from cuts while virtually eliminating programs of equal importance to others in our society, such as veterans.

If there is one thing that has become clear in the past year, it is that reducing the deficit will require all sectors of the economy to bear a fair share of the burden. We cannot and should not adopt a proposal that indiscriminately preserves some spending and slashes other spending without reason. That is not Government. It is an abdication of responsibility.

The President, who has endorsed the proposal, on Saturday made it clear that he does not expect it to affect the defense budget. The President allowed himself something he called a personal caveat on defense spending, and pledged that next year he would propose defense spending higher than this year's figure, regardless of the Gramm-Rudman proposal.

Yet that is not what the sponsors of the Gramm-Rudman proposal say. They insist that 60 percent of the defense budget would be cut along with domestic programs.

Who is right?

More importantly, next year, when the President's budget comes to us, will it include the cuts in defense that are essential, along with domestic cuts, if we are serious about reducing the deficit?

I agree with the goal of reducing spending. Two years ago, and last year, I voted for budget freezes that would have sharply curtailed spending in all categories. This year I voted for a budget package that would have made a greater cut than that which was finally approved.

And I remain willing and ready to vote for a realistic proposal that will help reduce spending in the future. But a proposal which rests entirely on the promise of drastic cuts in the future, after November 1986, after yet another election has taken place, is neither serious nor defensible.

The budget problem we face is a problem now. It will be a greater problem after next November unless we are willing to act now. That was a prediction made last year, when a sizable majority of us sought to freeze all spending. That prediction has come true for this year, and the prediction I am now making will be no less true in 1987.

It is misleading to make the claim that this highly complex and unpredictable proposal holds the only key to reducing the deficit. That is simply not the case.

The proposal offered by Senator CHILES would balance the budget within a shorter time frame, eliminating the election-year failure of will so obvious in the Gramm-Rudman approach, and it does so without the questionable loopholes of that approach.

The Chiles proposal would not exempt 40 percent of defense spending from all scrutiny. It would spread the potential for cuts across the entire scope of defense spending, leaving room for rational strategic management of our defenses and permitting room for a safety valve for critical programs.

The Chiles approach would require about half the amount of spending reductions in domestic programs. It would permit the reductions in those programs to be concentrated in the cost of living adjustments rather than forcing both those and actual programs themselves to be slashed.

Most important, because it would apply to the total budget authority for all domestic programs—not just to the rate at which program funds are spent—it would not force the kind of erratic hit-and-miss slash-and-save cuts that Gramm-Rudman virtually requires. We would not face a choice between eliminating all our veterans hospital construction and making a smaller reduction in the Drug Enforcement Agency. If cuts were needed, it would reduce both equally.

Not only would the Chiles approach make for more rational management of Government operations, it would bring us to a balanced budget a full year earlier. That is because it does not contain the phony statistically substantial trigger in the Gramm-Rudman proposal.

Gramm-Rudman, like so many other future budget cuts, promises real pain and real sacrifice—down the road. It masquerades under a veneer of tough-minded objectivity, but there is a lot less there than meets the eye. Because the fine print permits a deficit increase so long as it is not statistically significant, this fiscal year's deficit of $171 billion can rise by up to 7 percent, to $193 billion, without triggering any automatic cuts.

Next year's statistically significant increase would allow next year's projected $144 billion deficit to rise to $151 billion before any cuts are triggered. That may take us safely through the November elections, as it is clearly designed to do. But it is not tough-minded. It is not budget cutting.

It cannot be too often repeated that reducing an existing deficit can only be done by reducing it now, not sometime down the road when it suits everyone better. Making choices means making real choices, not implying that in the future no really hard choices will have to be faced.

The Chiles alternative is not an easy approach. It would require hard and unpleasant choices among competing priorities. It would force difficult decisions. But it would not permit enormous areas of the budget to remain off-limits to reductions.

We cannot put off the difficult choices for yet another 15 months. We cannot rule large segments of the budget off-limits.

I believe the Chiles approach is both more sensible and more workable than the Gramm approach, and I am, accordingly, going to vote for it.

Mr. HEINZ. Mr. President, today the Senate is considering legislation which would raise our debt ceiling above $2 trillion dollars. That $2 trillion represents the total debt that the Government of the United States has accumulated since its birth more than 200 years ago. The most frightening aspect of our $2 trillion debt, however, is that fully half of it has been accumulated in the last 5 years.

The source of our burgeoning debt is no mystery, Mr. President. It is the direct result of our failure to reduce $200 billion annual budget deficits.

I take the floor today to put my colleagues on notice that I will not support legislation to increase the debt ceiling unless it is coupled with a program which will require us to restore fiscal discipline to our budgetary process and which will require us to get deficits down to zero by the end of this decade. I am adamant on this point, Mr. President, because I am convinced that this is our last clear chance to restore some semblance of balance to the Federal budget and escape from an ever-tightening noose of debt, a noose which, once fully tightened, will choke off growth and opportunity for the next generation of Americans.

I want to take a few minutes to explain why I find the current fiscal emergency so deeply troubling. We are living on borrowed money and borrowed time. The interest we pay to service our debt is the fastest growing element of the budget—by far. It is a shocking fact that more than half of the income taxes we collect from individuals go to interest payments. It is clear to anyone who has ever run a business or kept a family budget that this state of affairs cannot continue indefinitely.

There are some who argue that deficits do not matter and that adding $1 trillion to our national debt every 5 years is not cause for concern. They support their argument by pointing to current economic conditions—the economy has been performing remarkably well since the latter part of 1982. What this blindly optimistic view of fiscal unreality fails to account for is the inevitability of the consequences of living beyond our means: recession or runaway inflation. Throughout our history, American's economy has gone through relatively predictable expansion and retraction cycles, and there is no reason to expect this cyclical behavior to change. The current economic expansion has already exceeded the average postwar recovery period. It may go on for another year or even two—and I hope it does—but the hard truth is that a recession will come. If we go into a recession with deficits as high as they are now, it is not unrealistic to anticipate that Federal deficits would climb as high as $400 to $600 billion a year, carrying with them the risk of a total financial collapse.

The signs of the damage already inflicted upon our economy by high deficits are visible to anyone who cares to look. Financing our huge debt requires that Government compete with the private sector for available capital. The competition drives up the price of capital, as reflected by continued high real interest rates. As investment capital becomes more expensive and more scarce, there are disastrous consequences for the modernization of America's industrial base and for the support of entreprenurial ventures that will form the basis of our future economic strength and security. The replacement, now underway, of high value added industry by low valued added industry necessarily undermines U.S. economic strength. The wealth and power of this Nation or any nation ultimately rests on the power of production, not on consumption.

High interest rates contribute to the extraordinary and artificial strength of the U.S. dollar. An artificially high dollar makes U.S. goods relatively more expensive than foreign goods. Therefore, the Federal deficit is directly responsible for a substantial portion of our colossal—and growing—trade deficit.

Ultimately, Mr. President, we will address the deficit. My concern is that failure to do it now will lead us to do it in a way which, together with a recession, could cause hyperinflation.

Just recently, the five major industrial nations met to address the economic dislocations caused by the dollar's artificial strength. The short run solution agreed upon was to "intervene" in the international monetary market—a euphemism for flooding the market with dollars. Such flooding is designed to reduce the strength of the dollar, not by addressing the underlying problems which prop it up—namely, strong demand caused by the high interest rates generated by massive Federal deficits—but rather by meeting that demand with an increased supply of dollars. In the short term this may be a justifiable expedient, but in the long term it can mean only one thing, and that is inflation.

Absent significant, coordinated efforts to improve the health of other developed economies, I urge my colleagues to recognize the fact that this move is a harbinger of desperate future efforts to monetize the debt. If a new recession causes deficits to double or triple—and I think that scenario is probable—we could well face irresistible pressure to monetize the debt, to meet the soaring demand for debt capital by printing dollars. Once we start down that road, Mr. President, it will be nearly impossible to turn back.

One example should suffice to demonstrate the damage that massive economic dislocation can cause, and that is the example of Germany in the 1920's and 1930's where hyperinflation coupled with depression destroyed the Weimar Republic with catastrophic consequences. I do not intend to compare our current situation with the situation that existed in post-World War I Germany, but I do think it is instructive to look at the possible consequences of serious economic upheaval.

Earlier this year, as my colleagues well know, the Senate passed a budget package which would have substantially reduced deficits. I supported that package, not because I thought it was perfect, indeed it has serious flaws, but because I believe that politics involves practicing the art of the possible. And the plan the Senate initially adopted was the best one possible under the circumstances. Ultimately, it became clear that the Senate plan was doomed due to opposition in the House of Representatives and in the White House. So the Senate tried again with a plan which would have frozen Defense spending and entitlement programs, cut discretionary spending and raised some revenue. It did an even better job on reducing the deficit. Again, the plan was shot down. Finally, the Senate, with palpable frustration, agreed to a watered down version of its original plan. It became clear to many of us, at that point, that the process had broken down and that significant institutional reform was necessary if we were ever to address our Nation's number one domestic problem.

It should be a matter of profound concern to all of us that a failure of political will has brought us to the point where we must reform the budget process in order to force ourselves to act. It is like the killer saying, "Stop me before I kill again." Although this is not the preferred method of legislating, the fact is that we have run out of options.

Several Senators, and I am one of them, have decided that the debt ceiling extension will not pass without significant budget reform, reform that will give us a balanced budget by the end of the decade. In the end we will extend the debt ceiling because we must honor the debts we have authorized. But before we extend it, we should call in all the government issued credit cards.

As we work toward agreement on a major reform package, I want to note that I am pleased with the general consensus that Social Security should be removed from the budget process. Historically, Social Security has not been part of the budget. It was brought into the budget by President Johnson so that surpluses in the Social Security trust fund could mask spending on the Vietnam War. Today, Social Security surpluses continue to mask the true size of the Federal deficit. It is time we took that mask off.

Social Security pays for itself, and since the Government invests trust fund surpluses in Government debt securities, any reductions in cost-of-living benefits increase not only the size of the Social Security surplus but also the long term liability of the Federal Government to the Social Security trust fund. Any deficit reduction claimed as a result of Social Security COLA freezes is purely illusory.

In sum, Mr. President, I will not vote to increase the debt ceiling unless we couple that increase with a budget reform package which will force us to act and which recognizes that Social Security is not part of the problem. Nor will I support extraneous amendments to the debt ceiling which do not address the central issue of the Federal deficit. We simply cannot stand idly by and allow a crushing debt to wreck the greatest economy the world has ever seen. Any action we take to eliminate deficits will necessarily inflict some pain—and we have a responsibility to make sure that the burden is distributed as fairly as possible—but failure to act will cause economic disaster before this decade is out. I urge my colleagues to join me in this commitment to all Americans and to America's posterity.

Mr. CHILES. Mr. President, in the face of a $2 trillion national debt, Congress has taken the initiative again to get the White House to reduce Federal deficits. Every time we offered stronger plans in the past to reduce the flow of red-ink, the White House resisted.

The Gramm-Rudman plan is a clear statement of congressional impatience with the administration. But while the plan is built on good intentions, it is seriously flawed.

A recent editorial in the Baltimore Sun described the most troubling features of Gramm-Rudman. The article quotes Senator J. Bennett Johnston calling the proposal "legislative Armageddon."

It is a legitimate warning. As Senator Johnston has correctly observed, it involves an enormous displacement of constitutional power, shifting it away from the Congress and over to the President.

That bothers me on two counts. First, the Constitution gave Congress financial powers, and we have no business giving them away. Second, Gramm-Rudman would be giving still more power to a President who has run up deficits doubling the national debt to $2 trillion in just 5 years.

Mr. President, Senator Johnston is one of the Nation's stalwart champions of a strong national defense. And as a member of the Senate Budget Committee he has been tireless and demanding in the pressure he has applied to get the White House to accept deeper cuts in the deficit. While Gramm-Rudman got headlines, Senator Johnston was a principal architect of a deficit-reduction plan that would have balanced the budget 1 year sooner. And the plan would have reduced the deficit $10 billion this year, while Gramm-Rudman raised it by $23 billion.

I commend the Baltimore Sun editorial to my colleagues and ask unanimous consent to have it printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Baltimore Sun, Oct. 8, 1985]

Budget Balancing Act

As the fiscal new year begins under the gun of an inescapable need to raise the national debt limit past the $2 trillion mark, Congress and the Reagan White House are in a state of contrived political panic and in search of a panacea.

The panacea of the moment—a proposal to mandate a balancing of the federal budget by fiscal 1991—has been described by Senator J. Bennett Johnston of Louisiana as a "legislative Armageddon." Norman J. Ornstein, a political scientist at the American Enterprise Institute, says it would have Congress concede a substantial share of its power to the presidency and alter the relationship between the branches of government.

Yet Congress is so transfixed by fear of the voters' wrath that it is rushing to do just what President Reagan wants, even though Mr. Reagan bears great responsibility for sky-high deficits. If the plan is passed in anything near its present form, Senator Johnston thinks it would give the president "total power over appropriations"—what gets funded and what does not. He doubts it could pass constitutional muster. So do we.

The budget-balancing plan sponsored by Senators Phil Gramm, Warren Rudman and Ernest Hollings supposedly would have federal budget ceilings set on a declining line to reach zero by fiscal 1991. The president and Congress would be expected to stay under these ceilings. But if Congress fails to do so, the president could "sequester" funds and cut spending "across the board." If, for example, Medicare has to be reduced 7 percent, a president presumably would have the power to say which parts of Medicare would be cut and if any specific programs are to be terminated.

Then there is the problem of exemptions. Payments on the national debt are excluded, as they must be. But so is Social Security, even though rising cost-of-living adjustments are bleeding the Treasury. Draconian cuts would have to be made in the remaining 60 percent of the budget.

Another troubling feature is the authority that would be conferred on the Office of Management and Budget, a creature of the White House. It could go high or low, depending on which economists it chooses to listen to, and therefore could position a president to work his will on Congress.

It is easy for politicians who have had a hand in doubling the national debt to give lip service to the idea of a balanced budget. It is quite another thing for them to inflict pain by raising taxes or crunching federal activities. There is just no assurance that a bid to solve these sensitive political problems by a mechanical formula will work.

The budget process is in such a mess, at both ends of Pennsylvania Avenue, that attention to the deficit is an appropriate start for the new fiscal year. Congress ought to know what it is doing, however, before it cedes to the executive branch its constitutional power of the purse.

Mr. CHAFEE. Mr. President, shortly the Senate will vote on whether or not to increase the public debt limit from

$1.8 trillion to over $2 trillion. Every time we vote to raise the debt limit by another staggering amount, we are acknowledging our failure to set this Nation on a path toward fiscal balance. We are failing the American people unless we come to grips with this problem.

Total debt in the American economy has risen by over 20 percent each year for the past 3 years—twice the rate during past recoveries. Every sector of the economy is contributing to the debt, with the growth of Federal borrowing leading the way. Our Nation is borrowing 1 out of every 4 dollars we spend. We are now spending $143 billion—13 percent of total Federal expenditures—just to pay for the interest—not the principal, just the interest—on the national debt. Unless we do something, in 1988 interest will require 20 percent of our taxes, and upward if the deficits—currently at $200 billion—continue.

This is not the legacy we should leave our children. But the Federal deficit is not simply a matter for our children to deal with. It threatens each American, here and now. Large deficits threaten our economic recovery. They make it difficult for manufacturers to compete in world markets. They hinder industrial expansion. And, most importantly, they mean fewer jobs for American workers.

The deficit crisis compels action—strong, immediate action—by the President and Congress to bring Federal spending under control. Despite our attempts to resolve the deficit problem during this year's budget process, it is clear that a new framework is needed to assure that measures will be taken to set the deficit on a downward path.

There is no formula for reducing Federal spending which would please everyone. But it we continue to delay taking action, every American stands to lose. If the deficit continues, inflation will surely rise, interest rates will go up and the essentials of life—food, clothing, and shelter—will increase in cost beyond what any government program could protect. This would be a bleak future indeed.

I support the bipartisan Gramm-Rudman-Hollings amendment because it establishes a clear and balanced blueprint for resolving the deficit problem. It will set binding targets for the President and Congress to reduce Federal spending over the next 5 years. As we endeavor to meet these targets, it is my hope that savings will not be made at the expense of high priority domestic programs. I intend to work diligently, as I did during this year's budget process, to assure that programs serving needy Americans, such as Medicaid; maternal and child health; the Women, Infants, and Children's Nutrition Program; Head Start; chapter 1; education of the handicapped; and others—do not bear the brunt of efforts to reduce the deficit.

If the deficit reduction targets are not achieved, an automatic sequestering procedure is set forth which requires across-the-board spending reductions for all programs, except for social security. Both military and domestic spending must contribute to these savings.

It is my hope that such a sequestering process will not be necessary. But the deficit crisis is an extraordinary situation, with deeply troubling consequences for our economy. It requires an extraordinary solution. This amendment offers us a solution, and I believe it would be irresponsible for us to ignore it today.

The passage of this bipartisan amendment offers us a magnificent opportunity to assure that our children and future generations will continue to find productive jobs; and buy homes. It will help to assure that small businesses will be able to expand and remain competitive, and that the purchasing power of American families will not be eroded by inflation.

Mr. RIEGLE. Mr. President, the Gramm proposal is seriously flawed and poses grave dangers to vital areas of the fundamental constitutional separation of powers between the legislative and executive branches.

This proposal came to the Senate floor without committee hearings or any detailed analysis of its intended and likely effects. It was presented in such a way as to stampede the Senate into acting without sufficient deliberation, and unfortunately, that is exactly what has happened.

I believe it is inherently unworkable in its present form and poses serious dangers to the economy and the American people if implemented as designed.

The Democratic leadership deficit reduction alternative, which I helped design and supported, would have corrected many of the defects in the Gramm proposal and would have given our Nation a fairer and stronger deficit reduction discipline.

It is my hope that the House of Representatives will have the time and strength to substanitially overhaul the Gramm proposal. That is not an easy task given the way this sweeping proposal has been wedged into the emergency debt limit extention legislation.

Few measures, if passed, are so vast that they completely reorganize fundamental balance of power relationships at the Federal level. This legislation does so in ways that are both known and unknown.

If this legislation eventually becomes law in its present form, I predict that our Nation will eventually come to view the passage of this proposal as a monumental error that we will long regret.

I ask unanimous consent to have printed an important analysis of the Gramm proposal prepared by the Democratic Study Group of the House of Representatives.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

(Special Report of the Democratic Study Group of the House of Representatives, October 6, 1985)

THE GRAMM-RUDMAN PROPOSAL

This Special Report deals with the Gramm-Rudman "Emergency Deficit Control Act" which is being offered as an amendment to the debt limit increase now pending in the Senate. The Gramm-Rudman proposal would make more sweeping changes in federal budget procedures than were made by the Budget Act of 1974 which created the current system.

Analysis of the proposal indicates that it has major problems and shortcomings. For example, the proposal could cause severe damage to the economy, disrupt vital government services, and encourage political brinkmanship. It also would increase powers of the President and congressional budget committees, and is riddled with inequities and ambiguities.

Despite these problems and despite assurances by Democratic leaders that the measure would be given prompt consideration, Republicans have refused to consider a short-term increase in the debt ceiling to provide time for proper consideration of Gramm-Rudman and correction of its deficiencies.

SECTION I—BACKGROUND AND SUMMARY

The preceding page is a reproduction of the cover of the Congressional Quarterly Weekly Report published immediately following House approval of the Gramm-Latta II budget reconciliation measure in 1981. The Congressional Quarterly cover—a sampling of actual pages from the 860-page document passed by the House—was designed to dramatize the reckless haste in which the measure was rammed through the House virtually sight unseen by a coalition consisting of all but two Republicans and 29 conservative Democrats.

The parallels between Gramm-Latta II and the Gramm-Rudman proposal are striking:

Like Gramm-Latta II, Gramm-Rudman has been sprung out of nowhere at the last minute;

Like Gramm-Latta II, Gramm-Rudman has not been subject to committee scrutiny in either the House or Senate;

Like Gramm-Latta II, Gramm-Rudman is a sweeping measure with far-reaching ramifications, both intended and unintended;

Like Gramm-Latta II, Gramm-Rudman appears to be riddled with problems;

Like Gramm-Latta II which Congress has spent the last four years straightening out, enactment of Gramm-Rudman in its present state will keep Congress and the federal courts busy for the next four years; and

Like Gramm-Latta II, the Republicans are adamantly refusing to allow time for Members and committees to study Gramm-Rudman, insisting instead that it be enacted immediately as is—even through this time the problems are apparent in advance.

With respect to the last point, Democrats have suggested enactment of a short-term extension in the debt limit to allow time to study Gramm-Rudman and correct some of its shortcomings. Senate Republican Leader Dole has rejected such a course of action with a revealing comment:

"The longer something hangs around here, the staler it gets . . . People start reading it."

SUMMARY

Following are some of the main findings of DSG's analysis of the Gramm-Rudman proposal:

If the state of the economy deteriorates, the Gramm-Rudman measure could require deficit reductions which would be virtually impossible to achieve without creating economic and budgetary havoc.

The plan makes little allowance for deficit increases resulting from adverse economic conditions, and could set off a vicious cycle whereby an economic downturn leads to a deficit increase which must be eliminated through spending cuts or tax increases which, in turn, make the economic downturn worse.

Gramm-Rudman would clearly require massive spending cuts or tax increases in the first year of a recovery, probably sending the economy back into recession.

If the automatic spending cuts go into effect, they could seriously disrupt basic government functions such as law enforcement, courts and prisons, the IRS, and air traffic control. The cuts could also seriously disrupt; military readiness, by making large reductions in spending for personnel and operations and maintenance.

The measure as presently drafted is riddled with ambiguities and unanswered questions—for example, which programs would be subject to the automatic COLA cuts, how much latitude would the President have in discretionary spending, and does the measure actually create points of order which may only be waived by joint resolution passed by both chambers and signed by the President.

The proposal increases the powers of the President over budgetary matters. In practice the Administration would have broad discretion to determine whether or not the automatic spending cuts would be triggered, and would also probably have considerable discretion in determining what specific items would be cut.

The bill also strengthens the powers of the Budget Committee, and reduces the flexibility of other committees in meeting the budget resolution targets. Among other things, the bill seems to give the Budget Committees jurisdiction to report substantive tax and spending legislation under certain conditions.

SECTION II—DESCRIPTION OF THE PROPOSAL

[Note: The Gramm-Rudman proposal contains a number of ambiguities, and key provisions of the proposal make use of terms which do not have any precise meaning. Analysis of this legislation is made even more difficult by the fact that the measure has not been considered by any committee, and hence there is neither a hearing record nor a committee report available for guidance. The discussion in this section is based on what seems to be a reasonable interpretation of the proposal, and is generally consistent with the statements made by its sponsors.]

This section describes the basic provisions of the Gramm-Rudman "Balanced Budget and Emergency Deficit Control Act" which has been offered in the Senate as an amendment to the debt limit extension measure (H.J. Res. 372).

The Gramm-Rudman plan establishes maximum limits on the budget deficit for each of the next several years, ending with a balanced budget in FY 1991. Under the plan, neither the President's budget nor the congressional budget resolution would be permitted to exceed the maximum deficit limits, and strengthened enforcement procedures would be established to make sure that the budget resolution targets are followed in detail.

In addition, the plan requires the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) to make an estimate of the deficit at the start of each fiscal year, based on congressional action and economic conditions. If the estimated deficit exceeds the maximum permissible level, the President would be required to make proportional reductions in spending for certain categories of programs in order to eliminate any "excess" deficit.

The Gramm-Rudman proposal has undergone several revisions since it was first introduced 10 days ago. The following description is based on the modified version of the measure printed in the Congressional Record of Friday, October 4 (amendment number 730, as modified, offered by Senator Dole on behalf of Senators Gramm and Rudman and others—see pages S 12622-12626.)

MAXIMUM DEFICIT LIMITS

The limits on the maximum amount of the federal budget deficit established by the Gramm-Rudman proposal start at $180 billion for fiscal year 1986 (an amount roughly $8 billion above the target specified in the fiscal year 1986 budget resolution) and gradually decline in equal increments of $36 billion per year until a balanced budget is reached in fiscal year 1991. The annual limits are as follows:

[In billions]

Fiscal year:	
1986	$180
1987	144
1988	108
1989	72
1990	36
1991	0

PRESIDENTIAL BUDGET

Under the Gramm-Rudman plan, the President would be required to adhere to the maximum deficit limits in formulating his annual budget proposal to Congress, and would be prohibited from sending Congress a budget which calls for deficits that exceed these limits.

CONGRESSIONAL BUDGET PROCESS

The Gramm-Rudman plan makes a number of changes in the congressional budget process designed to ensure that the budget resolutions meet the maximum deficit limits and to make the spending and revenue targets in these budget resolutions binding. Generally, these changes in the budget process would be effective for the period fiscal year 1986 through fiscal year 1990.

Budget Resolutions

The Gramm-Rudman deficit control plan stipulates that it would not be in order for the House or the Senate to consider any budget resolution which provides for a deficit in excess of the maximum limits. The plan further specifies that it would not be in order to consider any amendment to a budget resolution which would increase the deficit. Thus, any amendments to a budget resolution would have to be "deficit neutral," providing sufficient spending cuts or revenue increases to offset any spending increases or revenue reductions. As under present law, the House and Senate Budget Committees would be required to report their budget resolutions no later than April 15, and Congress would be required to complete action on a conference report on the budget resolution no later than May 15.

In addition to the matters normally included in budget resolutions, Gramm-Rudman requires the Budget Committee to use their authority under the so-called "elastic clause" of the Budget Act to include "any other procedure" which is appropriate to carry out the purposes of the Budget Act (as amended by Gramm-Rudman).

Reconciliation

The Gramm-Rudman plan also requires the budget resolution to include any reconciliation instructions necessary to ensure that the spending and revenue targets in the resolution are met. The plan also adds a new requirement that the House and Senate complete action on reconciliation legislation within 30 days of the adoption of the conference report on the budget resolution (i.e., by June 15), creating a very ambitious timetable for the reconciliation process. It would not be in order to offer any amendments to the reconciliation bill which would increase the deficit.

Binding Subcommittee Allocations

Further, the Gramm-Rudman plan makes the budget resolution targets binding down to the subcommittee level. As under present procedures, the conference report on the budget resolution would allocate the spending totals in the resolution among the various House and Senate committees. The committees would then be required to subdivide these allocations among their various subcommittees, as they are presently required to do. The Gramm-Rudman measure adds a requirement that these subdivisions (known as "302(b) allocations" after the relevant section of the 1974 Budget Act) must be reported within 10 days after adoption of the conference report on the resolution.

Moreover, Gramm-Rudman makes these subcommittee allocations binding, specifying that it would not be in order to consider any spending bills which violate these allocations in terms of budget authority or outlays. At present, the "302(b)" allocations are not binding (except in very limited circumstances) and serve primarily as yardsticks for measuring whether or not spending bills are consistent with the budget.

Making the 302(b) allocations binding in terms of both budget authority and outlays greatly increases the weight given to the various programmatic assumptions in the budget resolution and reduces the flexibility of the Appropriations Committees and other committees to make decisions regarding spending for particular programs.

Deferred Enrollment

Gramm-Rudman requires deferred enrollment of appropriations bills and all other spending bills until the reconciliation bill required by the budget resolution has been enacted. This deferred enrollment procedure means that such bills would be "held at the desk" after passage by the House and the Senate, rather than being sent on to the President for signature, until the reconciliation measure has been enacted.

Binding Aggregate Targets

The Gramm-Rudman plan also makes the aggregate figures for spending, revenues, and deficits in a budget resolution binding on Congress as soon as the conference report on the budget resolution has been adopted. Under this provision, it would not be in order to consider any spending measure which would cause the aggregate target for spending or deficits to be breached, regardless of whether or not the particular spending measure in question was within its individual spending allocation. Under present procedures, the aggregate targets in the budget resolution do not become binding until October 1, and points of order may only be raised against measures which breach both the aggregate ceilings and their individual allocations.

No Second Budget Resolution

Finally, the Gramm-Rudman plan abolishes the requirement for a second budget resolution. In recent years, Congress has not formally adopted such second resolutions, but has instead operated under automatic procedures which allow the first budget resolution to serve as a second budget resolution as well.

Prohibition on Waiving Points of Order

It should also be noted that the Gramm-Rudman legislation attempts to create extraordinary obstacles to waivers of the various restrictions it would impose by specifying that its provisions may only be waived, amended, or modified by a joint resolution addressed solely to that subject.

This language suggests that the points of order created by Gramm-Rudman (against consideration of appropriations bills which breach the 302(b) allocations for either budget authority or outlays, for example) cannot be waived through normal procedures such as unanimous consent, a two-thirds majority vote to suspend the rules, or adoption of a rule reported by the House Rules Committee, but instead may only be waived through specific legislation passed by both the House and Senate and approved by the President. The practical effect of this provision is unclear, however, since it may not be legally possible (or constitutionally permissible) to enact legislation which supersedes the constitutional authority of each House of Congress to make its own rules.

AUTOMATIC SPENDING REDUCTIONS

The Gramm-Rudman plan also establishes a new procedure requiring automatic spending reductions if it appears likely that the projected budget deficit for that year will exceed the maximum permissible amounts specified by the budget resolution.

This procedure is triggered by estimates of the deficit made by OMB and CBO. Specifically, the two agencies would be required to report on October 1 of each year (November 1 in the case of 1985) on their projections for economic growth and budget deficits for the fiscal year just begun. If OMB and CBO disagree on their projections, an average of the two would be used.

If the projected deficits exceed the maximum permissible levels by more than 5% (7% in the case of FY 1986), the President would be required to issue an order, within 14 days of receiving the OMB-CBO report, reducing spending by an amount sufficient to bring the deficit under the specified ceiling. In making these reductions, the President would be required to follow the formula set forth in the Gramm-Rudman plan. Under this formula, half of the necessary reductions would come from reduction or elimination of "automatic spending increases" and the other half would come from proportional reductions in discretionary spending (through a process referred to as "sequestering" in the proposal). The Gramm-Rudman proposal explicitly exempts Social Security (including retirement, survivors, and disability benefits) from these cutbacks.

Reductions in "Automatic Spending Increases"

It is not entirely clear what programs would be subject to the curtailment of "automatic spending increases." The legislation indicates that the cutbacks would apply to "all federal programs indexed directly or indirectly," but the meaning of this term is ambiguous. Clearly, all programs with formal cost-of-living adjustments (COLAs) would be subject to these reductions (excepting Social Security, which is specifically exempted). Programs with COLAs include civilian and military retirement, Railroad Retirement, Supplemental Security Income, Veterans Pensions, and child nutrition. Other programs which might or might not be covered, depending on how the legislation is interpreted, include Food Stamps, Veterans Compensation, Medicare, and Black Lung disability benefits, among others. (See Section IV for a more complete description of questions regarding coverage of this provision.)

Under Gramm-Rudman, cutbacks in these programs would be limited to curtailment or elimination of COLAs and other automatic spending increases. It would not be permissible to reduce the current level of benefits or to reduce increases in spending which result from increases in the number of eligible beneficiaries. If the savings resulting from elimination of automatic increases are insufficient to meet the goal of reducing one half of the excess deficit, then the remaining deficit reduction required would be achieved through additional cutbacks in discretionary spending.

REDUCTIONS IN DISCRETIONARY SPENDING

The requirement for reductions ("sequestering") in discretionary spending would be applied to all expenditures which OMB classifies as "relatively controllable." This category essentially represents expenditures which can be controlled through the appropriations process, and excludes spending mandated by permanent law (i.e., entitlements) or outlays resulting from the spending of appropriations enacted in prior years. The Gramm-Rudman legislation appears to require across-the-board, proportional reductions in all such "controllable" outlays sufficient to reduce the deficit by the required amount. In practice, these outlay reductions would presumably be achieved by making corresponding proportional cuts in new budget authority (appropriations).

The proposal requires that all such spending reductions be proportional. It is not clear, however, at what level of detail these proportional cuts would be applied, and how much discretion the President would have to reallocate spending within particular categories. The Gramm-Rudman proposal itself refers only to reducing "each relatively controllable expenditure by a uniform percentage." The term "expenditure" does not have any precise meaning. It could refer to anything from an agency or department to a specific project.

Sponsors of Gramm-Rudman have stated that the equal percentage reductions would be made at the level of individual appropriations accounts. It should be understood, however, that these accounts often encompass a broad range of items and activities, and may encompass expenditures totaling several billions of dollars. Examples of broad appropriations accounts include "Operations and Maintenance—Army;" Military Construction—Navy;" "Bureau of Reclamation—Construction Program;" and "Training and Employment Services" (encompassing all programs under the Job Training Partnership Act.). It seems likely that the President would have broad powers to alter spending within these accounts—increasing some items and reducing others—as long as the proper percentage reduction was made in the account as a whole. The Gramm-Rudman proposal does stipulate, however, that the President could not use his new authority to eliminate any program, project, or activity.

ALTERNATIVE PLANS

The Gramm-Rudman measure permits the President to propose an alternative plan for reducing the deficit down to the maximum permissible level, but he still must issue his automatic spending reduction order, pending congressional action on this alternative.

Under Gramm-Rudman, the House and Senate budget committees would be permitted to report legislation superseding the President's automatic spending reduction order and reducing the deficit to the maximum permissible level through alternate means. Such legislation would have to be reported by the Budget Committee within 10 days after the President issues his automatic spending reduction order, and would have to be adequate to eliminate any deficit in excess of the ceiling.

This provision of Gramm-Rudman appears to give the Budget Committees authority to report substantive tax, appropriations, and entitlement legislation in order to meet the deficit reduction targets. This legislation would be privileged, and thus could be brought to the Floor without a rule. No amendments would be in order which would increase the deficit above the maximum permissible levels. The proposal does not specify a firm deadline for passage of this legislation, as long as it is reported in a timely manner.

Special Procedures in Recession Years

Gramm-Rudman provides for special procedures for recession years, which would be defined as any fiscal year for which OMB and CBO project negative economic growth. Under such conditions, the President would have 30 days to issue any automatic spending reduction order which might be required to bring the deficit under the maximum limits. During this period, the President would be permitted to propose legislation achieving the required deficit reductions through alternate means or suspending the requirements of the Gramm-Rudman legislation in whole or in part. Such an alternative would then be considered by Congress under expedited procedures.

If no such alternative is proposed by the President, or if the alternative has not been enacted within the 30-day period, the President would be required to issue his automatic spending reduction order no later than 30 days after receiving the deficit estimate from OMB and CBO. The President would be free to issue such an order sooner, despite the existence of a recession.

No Adjustments For Subsequent Changes

The Gramm-Rudman plan does not appear to provide for the suspension of the automatic spending reduction provisions in situations where the deficit might subsequently prove to be lower than the amounts initially projected by OMB and CBO.

The plan also does not provide for imposition of automatic spending reductions at a later point in the fiscal year, if the deficit rises above the permissible levels. Rather, under Gramm-Rudman the test would be applied only at the beginning of the year, based on the budgetary policies and economic conditions then in effect.

TREATMENT OF SOCIAL SECURITY

The Gramm-Rudman measure makes several changes in the budgetary treatment of the Social Security trust funds. First, the proposal removes the two Social Security trust funds from the budget totals, for the purposes of the budget submitted to Congress by the President and the congressional budget resolution. This change would be effective with FY 1986.

At the same time, however, the proposal requires that the trust funds be counted for purposes of determining whether or not the deficit falls within the maximum permissible levels. Thus, the operations of the trust funds would be added back into the President's budget and the congressional budget resolutions for the purposes of determining whether or not they are in compliance with the deficit limits.

The proposal specifically exempts Social Security from the automatic spending reductions which would be triggered by a deficit in excess of the maximum level, and also generally exempts this program from any other limits on spending and revenues that might be adopted.

Finally, Gramm-Rudman prohibits the adoption of any future legislation making transfers from the general fund of the Treasury to the Social Security trust funds, or vice versa. This prohibition would be permanent, but enactment of this legislation cannot prevent Congress from subsequently enacting legislation that makes such transfers.

SECTION III—MAJOR PROBLEMS AND CONCERNS

This section analyzes the likely impact of the Gramm-Rudman proposal, focusing on some of the major problems and concerns which have been raised.

IMPOSSIBLE TARGETS

Unless the economy performs much better than most people expect, it will be virtually impossible to meet the deficit targets set forth by Gramm-Rudman. Even if the economy grows steadily over the next five years, the task of meeting the deficit targets will be difficult (especially toward the end of the period). But if the economy deteriorates, reaching the specified deficit levels may well be impossible—requiring deficit reductions upwards of $100 BILLION in the space of a single year.

Some indication of the deficit reductions that might be required under two different economic scenarios is provided in the table on page 12. This table shows CBO's projections of the deficits likely to result under the budget resolution recently adopted by Congress (S. Con. Res. 32). Two separate sets of projections are shown—one prepared using CBO's principal set of economic assumptions (which call for continued steady economic growth averaging 3.5% per year) and the other prepared using alternative "low growth" assumptions (which assume a recession beginning in mid-1986). As the table clearly shows, while the deficit declines steadily under the "steady growth" CBO assumptions, it grows rapidly in FY 1987 and FY 1988 under the "low growth" alternative.

The table also shows the additional deficit reductions (above and beyond those already assumed in the budget resolution) which would be needed to meet the Gramm-Rudman targets. Under the "steady growth" projections, no further deficit cuts would be needed in FY 1986 (assuming that all of the cuts already mandated by the budget resolution are actually made) and only relatively modest cuts would be needed in FY 1987 ($19 BILLION).

The new deficit reductions which would be needed in subsequent years would be rather large, however—$35 BILLION in FY 1988 and $84 BILLION in FY 1990. To put these in perspective, the budget resolution just adopted is expected to produce first-year deficit reductions of $37 BILLION (according to CBO's method of measurement). Considering that Congress would have some lead time to make these deficit reductions, these targets do not appear unachievable, although many would question how much more can be cut from domestic spending above and beyond the cuts already made.

ADDITIONAL DEFICIT REDUCTIONS NEEDED UNDER ALTERNATIVE ECONOMIC SCENARIOS

[In billions of dollars]

	1986	1987	1988	1989	1990
Gramm-Rudman deficit targets	180	144	108	72	36
Deficits under current budget resolutions:					
Using "steady-growth" assumptions	175	163	143	132	120
Using "low-growth" assumptions	200	259	272	256	252
Extra reductions needed to meet targets:					
Using "steady-growth" assumptions		19	35	60	84
Using "low-growth" assumptions	20	115	164	184	216

The real problems will arise if the economy does not continue to grow steadily. If the economy instead follows the path assumed in the "low growth" projections, Congress would be faced with the task of reducing the deficit by $115 billion in FY 1987, $164 billion in FY 1988, and $216 billion in FY 1990. These deficit reductions are so large as to completely dwarf anything that has been achieved to date, and would clearly require both drastic spending cuts and major tax increases.

It is possible that the Gramm-Rudman targets could be waived in FY 1987, since the economy would be in a recession under this scenario. A similar waiver would not be permitted for FY 1988, however. Rather, under Gramm-Rudman, achievement of a $164 billion deficit reduction in that year would be absolutely mandatory.

Of the two scenarios, the "low growth" path seems far more realistic. While there might not be a recession as early as next year, most economists believe that a recession is likely in the next five years—and probably sooner rather than later. Economic expansions in the United States during the postwar period have averaged 45 months in length. We are already in the 35th month of the current expansion. If the economy manages to get through until FY 1991 without a recession, it would be an almost unprecedented economic performance—equaling the sustained growth which occurred during the 1960s. Given all of the current problems of the economy—trade deficit, interest rates, and the budget deficit itself—such a near record performance hardly seems likely.

Thus, there is at least a good chance that something similar to the economic downturn assumed in the "low growth" projections of the table above will actually occur. If Gramm-Rudman is enacted, Congress will have absolutely committed itself to making deficit reductions of a truly staggering magnitude in the aftermath of such a recession.

DAMAGE TO THE ECONOMY

Although the Gramm-Rudman plan is supposed to help the economy by reducing the budget deficit, it is quite possible that enactment of this plan could end up causing severe economic damage. The basic problem is that Gramm-Rudman would force Congress to respond to economic downturns—and the deficit increases they cause—by cutting spending or raising taxes. These spending cuts and tax increases, in turn, are likely to make the downturn worse, thereby triggering a further round of tax increases and more drastic spending cuts, and so on in a downward spiral.

It is widely recognized that the state of the economy has a major influence on the size of the budget deficit. When economic growth slows and unemployment rises, the deficit rises as well, partially because of reduced tax revenues and partially because of increases in spending for programs such as unemployment insurance. For example, a one percentage point increase in the unemployment rate would be sufficient to produce a roughly $40 billion increase in the deficit.

The Gramm-Rudman plan draws no distinction between deficits resulting from economic conditions and deficits resulting from tax and spending policies. Rather, the measure would require rigid adherence to the maximum deficit limits, even in many situations where the deficit is rising solely because of adverse developments in the economy.

The Recession "Escape Clause"

It is true that the Gramm-Rudman plan includes an "escape clause" that allows suspension of the deficit limits during a recession. However, this escape clause is likely to be of little use for a number of reasons.

First, all this provision does is to give the President 30 days, instead of 14 days, to issue his automatic spending reduction order. During this period, the President would be allowed to propose—and Congress would be allowed to pass—legislation suspending the targets. If the President chooses not to delay issuing his order, or if the President and Congress are unable to agree within 30 days on an alternate course of action, the automatic spending cuts would go into effect, despite the recession.

Second, the special recession provision only applies when OMB and CBO predict that economic growth will be negative for the coming fiscal year. In other words, they apply only to recessions which are expected to occur in the future (or to current recessions which are expected to continue well into the future). Recessions are quite hard to predict, and neither OMB nor CBO has a record of accurately making such projections. Both completely failed to anticipate or even recognize the deep recession of 1981–1982 until it was well underway. (In fact, as late as September 1981 CBO was predicting that 1982 would be a year of strong economic growth.)

Further, even if the recession clause is triggered by an OMB/CBO projection of a recession, this clause applies only to the fiscal year in which the Gross National Product is actually falling, and not to any subsequent fiscal year if the economy has begun growing again, no matter how slowly. The effects of a recession linger for some time, however. While unemployment may begin to decline once the trough of the recession has been passed, it is likely to remain high for some time. The budget effects of a recession tend to last even longer, since it takes time for incomes and profits—and thus federal revenues—to regain their precession levels, and even longer for the economy to catch up to where it otherwise would have been. Despite these factors, Gramm-Rudman would require a return to the rigid deficit targets as soon as the recession's trough has passed, no matter how high the unemployment rate might be and how large a recession-induced increase in the budget deficit might have occurred.

The disastrous effects which Gramm-Rudman might have during an economic downturn can be illustrated by the "low growth" projections in the previous table. These projections assume that a recession begins in mid 1986, and ends in the latter part of 1987. This recession would cause the deficit to grow from $200 BILLION in FY 1986 to $259 BILLION in FY 1987 and $272 BILLION in FY 1988.

The Gramm-Rudman targets might be waived in FY 1987—if OMB and CBO accurately predict the length of the downturn and if the President and Congress can agree on such a waiver. These targets could not be waived for FY 1988, however, since economic growth would have resumed by then under this scenario.

Thus, although this hypothetical 1986–1987 recession would send the deficit up to $272 BILLION in FY 1988, the Congress would be absolutely required to cut this deficit down to the maximum permissible level of $108 BILLION in that year. A $164 BILLION cut in federal expenditures would send the economy into a tailspin, assuming that such a monumental cut in the deficit could somehow be achieved in the space of one year. If Congress fails to enact the required deficit reduction, however, the automatic spending reduction provisions would take effect, thereby creating havoc with the operations of the Federal government as well as with the economy.

Economic Slowdowns

Finally, the rigid deficit reduction targets of Gramm-Rudman could cause problems not only in times of actual recession but also at any time when adverse economic conditions lead to an increase in the budget deficit. For example, any significant slowdown in economic growth is likely to produce a substantial deficit increase. Gramm-Rudman would require Congress to respond to this deficit increase by cutting spending or raising taxes (or allowing automatic spending cuts to take effect). This in turn, could cause a further slowdown in the economy.

DISRUPTIVE SPENDING CUTS

If the automatic spending reduction provisions of the measure are triggered, the result could be drastic spending cuts for many programs, leading to major disruptions of vital government services.

Elimination of COLAs

First of all, it seems very likely that all COLAs will be wiped out in any year when the spending reductions are triggered. The Gramm-Rudman formula requires that half of the required deficit reduction be made by reducing or eliminating cost-of-living adjustments and other "automatic spending increases." (If full elimination of these increases is not sufficient to produce half of the required deficit reduction, then the shortfall to produce half of the required deficit reduction, then the shortfall would be made up through additional cuts in discretionary programs.)

Although there is some uncertainty as to just which programs would be affected by these automatic COLA cutbacks, it is clear that the amounts available for cutting are not large, particularly since the Social Security COLAs are specifically exempted from cuts. The total cost of COLAs and other automatic increases (other than Social Security) amounts to somewhere between $2 BILLION and $5 BILLION in the current fiscal year. Obviously, if the required deficit reduction is more than a few billion dollars, the automatic spending cut formula of Gramm-Rudman will result in elimination of all COLAs for that year.

The programs which would be subject to the COLA cut include some means-tested programs such as Supplemental Security Income and Veterans Pensions. Elimination of these COLAs could cause serious hardships—particularly if the COLAs were eliminated for several years in a row (as could easily occur under Gramm-Rudman). In addition, it is possible that the Gramm-Rudman formula could be interpreted to require reduction or elimination of increases in payments to hospitals and physicians under Medicare. While these increases have been reduced or frozen in the past, it is not clear how long such a freeze could be maintained before hospitals and doctors start turning away Medicare patients.

Large Cuts in Discretionary Programs

The cuts which would be required in discretionary programs could be much more drastic. For example, suppose a total deficit reduction of $50 BILLION was needed. Assuming that $5 BILLION of this could be achieved through elimination of COLAs and other automatic increases, the remaining $45 BILLION would have to come from discretionary programs. "Controllable" outlays total roughly $261 BILLION in FY 1986 (under the budget resolution adopted by Congress). If such a $45 BILLION reduction had to be made this year, it would require a 17% across-the-board cut. In dollar terms, this would involve defense spending reductions of roughly $51 BILLION in budget authority and $28 BILLION in outlays, and nondefense spending reductions of roughly $28 BILLION in budget authority and $16 BILLION in outlays. All of these cuts would come on top of the cuts already mandated by the budget resolution.

Disruptive Effects

These cutbacks would be particularly disruptive because they would fall heavily on spending categories such as personnel and maintenance, since these are the types of spending which are easiest to control on short notice. Most spending for procurement, construction, and similar long term projects is very difficult to alter in the short-run, due to the difficulties of altering binding contracts which have previously been entered into.

In defense, the cuts would probably have to be made through large reductions in civilian and military personnel costs (through layoffs, shortened work schedules, or pay cuts, for example), reductions in maintenance and training operations, and curtailed purchases of small items such as spare parts and ammunition. Major procurement projects would not escape entirely, however. Although relatively small savings could be made in these items in the short-run, the Gramm-Rudman formula would probably require large cuts in new appropriations for these projects, possibly causing a major disruption in planned research, development, and procurement.

Nondefense agencies would probably also have to make large cuts in personnel costs through layoffs, short workweeks, or pay cuts. These cuts would probably be very disruptive to many essential functions, including law enforcement, the courts, air traffic control, management of public lands, tax collection, processing of Social Security and other benefit checks, and operation of VA hospitals. Similar disruptions would probably also occur in a wide variety of other activities, ranging from biomedical research to federal aid to local school districts.

INEQUITY

In addition to the drastic effects which might result from triggering of the automatic deficit reduction provisions, there are serious questions about the fairness of the formulas which would be used in making these reductions.

Revenues

The most prominent criticism is that very large portions of the federal budget would be entirely exempt from the mandatory cutbacks. Perhaps the largest single omission in revenues. The deficit reductions made under the automatic formula specified in Gramm-Rudman would come entirely on the spending side, and would not involve any increase in revenues whatsoever.

Many regard the omission of revenues as grossly unfair, especially in view of the fact that the revenue loss from the 1981 Reagan tax legislation is a major cause of the current deficit crisis. In addition, tax expenditures—that is, the revenue loss associated with various tax preferences and special tax breaks—are one of the fastest growing items in the federal budget. According to the Joint Tax Committee, total tax expenditures are projected to rise from $425 BILLION in FY 1986 to $598 BILLION in FY 1990—an increase of 41% in just four years. The Gramm-Rudman formula would allow this increase to continue unabated, while concentrating on additional spending cuts.

"Uncontrollable Funds"

Secondly, expenditures under binding contracts and other prior commitments would also be exempted from the Gramm-Rudman spending reductions. While such expenditures would be difficult to reduce, the effect of this is to cut a relatively small proportion of total outlays in some categories, while cutting a large proportion of outlays in others.

For example, close to 40% of outlays for defense are classified as "uncontrollable" (because they result from previously—made obligations and commitments) and would therefore be exempted from any across-the-board cuts imposed under the Gramm-Rudman plan. These uncontrollable defense outlays will go primarily for procurement of weapons, research and develoment, military construction, and similar long-term projects. It should be noted that large portions of outlays for many nondefense programs are also considered uncontrollable for similar reasons.

Like revenues, the omission of nearly half of the defense budget is a gross inequity since the huge defense buildup over the past five years is the other major cause of the deficit crisis.

Social Security and Other Entitlements

Third, some consider the exemption of Social Security from the COLA cuts required under Gramm-Rudman to be unfair. According to this view, Social Security represents such a large portion of federal spending that to exempt it from deficit reduction efforts just places an excessive burden on other federal programs. In addition, the fact that no other COLAs would be exempt may create some anomalous situations. For example, low-income aged, blind, and disabled persons receiving Supplemental Security Income and low-income veterans receiving Veterans Pensions would have their COLAs eliminated under the Gramm-Rudman formula, while middle-income Social Security recipients would receive their full adjustment.

Fourth, some consider the treatment of entitlements under the Gramm-Rudman plan to be excessively generous relative to the treatment of discretionary programs. Cuts in indexed entitlements with COLAs would be limited to eliminating the COLAs, while entitlements without COLAs (farm programs, for example) would probably be completely exempted from cutbacks. On the other hand, cuts in discretionary programs (such as defense, education, research, transportation, and basic government operations) would be limited only by the size of the deficit to be eliminated.

INCREASED PRESIDENTIAL POWER

Several provisions of the Gramm-Rudman legislation could serve to greatly increase the powers of the President in budgetary matters.

In practice, the President would have wide power to determine whether or not the automatic spending reduction provisions of Gramm-Rudman would be triggered for any given fiscal year. Under the proposal, these provisions would be triggered by deficit projections prepared by CBO and OMB. CBO is subject to bipartisan control and can therefore be expected to be non-partisan in its projections. OMB, on the other hand, is an integral part of the Executive Office of the President and can be expected to tilt its projections to accommodate the President's policies and preferences. Indeed, OMB budgetary projections have already been notoriously politicized under the Reagan Administration, with 1981 the most egregious example of manipulation.

Thus, if a President wanted the spending reductions triggered, OMB could simply forecast a large deficit. Similarly, if the President did not want the projections triggered, OMB could project a small deficit. Although the OMB projections would be averaged with those of the non-partisan CBO, OMB would just have to make sure that its figures were high enough or low enough to make the average come out at the desired level. While this manipulation might not work—or might appear too transparent—at times when the deficit is obviously either below or above the maximum level set by Gramm-Rudman, it would be quite easy at times when the deficit is anywhere close to the maximum.

Second, the Gramm-Rudman plan appears to give the President wide discretion in allocating the spending cuts which would be required under the automatic reduction formula. While the President would apparently be required to make proportional across-the-board cutbacks at the appropriations account level, he would probably be free to make any adjustments he desires below this level, subject only to the limitation that he could not completely eliminate any program or activity. A President might use this discretion to greatly reduce funding for particular construction projects, military installations, weapons contracts, or any other specific programs or projects which he dislikes or which are located in the districts of Members of the opposition party, while barely touching those he likes or which are located in districts represented by Members of his party.

Finally, the Gramm-Rudman measure at least attempts to prevent waiver of any of its provisions—apparently including the various procedural requirements it imposes on the House and Senate—except through enactment of formal legislation with the President's signature (or with the President's veto overridden). If this provision is found to be constitutional, it would effectively give the President a veto power over routine waivers of points of order in the House or Senate which are now handled by simple resolution or by unanimous consent.

INCREASED BUDGET COMMITTEE POWER

The Gramm-Rudman plan would also strengthen the powers of the budget committees and further centralize budgetary decision making in Congress.

For example, the Gramm-Rudman legislation appears to give the House and Senate budget committees jurisdiction under certain circumstances to report substantive legislation covering taxes, appropriations, entitlements, and similar matters. Specifically, the measure permits the budget committees to report such legislation within 10 days after a presidential order has been issued making automatic spending reductions. The purpose of such legislation proposed by the budget committees would be to supersede the automatic spending reductions by providing an alternative means of reaching the maximum deficit limits. This would give the budget committee truly extraordinary power to propose sweeping legislative changes, power which would be particularly significant in light of the crisis atmosphere which would prevail at such a time.

In addition, the Gramm-Rudman plan would increase the importance of the detailed programmatic assumptions contained in the congressional budget resolutions. At present, these resolutions provide only a general guide for congressional action on substantive spending legislation. Committees receive overall spending allocations, and exercise fairly wide discretion over spending for particular programs within these general allocations.

The Gramm-Rudman plan would reduce this discretion, however, by requiring the various committees to rigidly adhere to the allocations of total spending authority among their subcommittees (the so-called "302(b) allocations"). Presently, these allocations among subcommittees are only advisory. Further, these allocations would be made binding in terms of both budget authority and outlays. This is significant because the relationship between budget authority and outlays varies from program to program. Thus, while committees would continue to have the power to make their own allocations among subcommittees, and to change these allocations at will, in practice it would often be difficult to make allocations which differ substantially from those assumed in the budget resolution while still complying simultaneously with the targets for both budget authority and outlays.

POLITICAL BRINKMANSHIP

Finally, the Gramm-Rudman plan will be an open invitation to political brinkmanship. Basically, this is because the proposal creates the threat of some very unappealling events—the triggering of the automatic spending reductions—which require the cooperation of the President and both parties in the House and in the Senate to prevent. While the threat created by Gramm-Rudman might serve to increase bipartisan cooperation, it might also encourage various participants to withhold their support for such solutions until the very last moment, in order to use the threat of the Gramm-Rudman spending cuts to extract the maximum concessions from their adversaries.

For example, Gramm-Rudman might create an incentive for cooperation among the White House and both chambers of Congress to enact revenue raising legislation in order to prevent massive automatic spending cuts. On the other hand, it might encourage the President to withhold his approval for such legislation until the very last minute, using the threat of the across-the-board spending cuts to force maximum concessions from the House on cutbacks in particular domestic programs. Conversely, Congress might use the threat of major automatic reductions in defense spending as a lever to force concessions from the President on taxes.

The likelihood of such brinkmanship is underscored by the fact that the Republicans are engaging in exactly that tactic right now—by threatening to close down the government in order to force Congress into enacting Gramm-Rudman with virtually no advance scrutiny.

It seems clear that if Gramm-Rudman is enacted as presently proposed, it will have to be repealed, waived, or modified before it expires in 1991. Unless one believes that the business cycle has been abolished, it is virtually certain that economic events will occur at some point during the next five years which will make attainment of the Gramm-Rudman limits completely impossible. When such an event occurs, the cooperation of both chambers and the President will be needed to undo the restrictions imposed by Gramm-Rudman. Attaining such cooperation may be quite difficult. Any group—including the President, one of the parties in Congress, or simply a group of Senators willing to filibuster—which believes it has little to lose by failing to act will have a powerful weapon for extracting concessions from those who have more to lose as a result of inaction.

SECTION IV—AMBIGUITIES, AND TECHNICAL PROBLEMS

This section provides examples of some of the many ambiguities and unanswered questions which remain with respect to the Gramm-Rudman proposal. Like its predecessor, Gramm-Latta II, appears to have been put together in great haste, and is being rushed through Congress with little time for careful examination.

As presently drafted, Gramm-Rudman contains so many ambiguous provisions and imprecise terms that it would be impossible for anyone to say with confidence just what the legislation does. If Gramm-Rudman is enacted in its present form, the inevitable result will be a great mass of litigation over the proper interpretation of various provisions.

WHICH PROGRAMS ARE SUBJECT TO COLA CUTS?

One major set of unanswered questions involves precisely which programs would be subject to the mandatory reductions in cost-of-living adjustments (COLAs) which would be triggered if the budget deficit exceeds the maximum permissible level. Gramm-Rudman specifies that the President must achieve half of the necessary deficit reductions (if possible) by reducing or eliminating "automatic spending increases" in the program which are "indexed directly or indirectly." (The other half of the necessary deficit reductions would be made through across-the-board reductions in "controllable expenditures"—essentially outlays for discretionary programs.) Unfortunately, the terms "automatic spending increases" and "indexed directly or indirectly" have no precise meaning. While it is clear that certain programs would be subject to the COLA cuts, its impossible to tell whether or not several other large programs would be covered. Examples include the following:

Food Stamps—These benefits clearly have a COLA, but they are also technically not entitlements and therefore are included by OMB in its listing of "controllable expenditures." Apparently, Food Stamps would be subject to both halves of the deficit reduction formula. Would these benefits first have their COLA eliminated and then be subjected to an across-the-board percentage reduction? Or would they just get a COLA cut? Or just a percentage reduction?

Veterans Compensation—These entitlement benefits do not have an automatic COLA. In practice, however, every year Congress enacts legislation providing an increase in these benefits, generally equal to the expected amount of the Social Security COLA. On the one hand, these benefits would not appear to have "automatic spending increases" and thus would not be subject to the COLA cut. On the other hand, they do appear to be "indexed" in some sense of the word, so perhaps they would be covered after all. Then again, the annual ad hoc increase in benefits is technically a controllable expenditure, so perhaps these benefits would actually be subject to the other provisions, which call for across-the-board reduction in such "controllables."

Medicare—There benefits to the elderly are not directly indexed, but doctor and hospital reimbursement rates are adjusted annually based on inflation in medical services. This *probably* qualifies as "indirectly indexed", and so the reimbursement rates (through nothing else in Medicare) are *probably* subject to the COLA cap.

Federal Pay—By law, Civil Service pay is automatically indexed to comparable private sector wages, and military pay raises are linked to Civil Service pay raises. However, the President is also allowed to set "alternative" pay rates by proclamation, subject to a one-House veto. If an automatic pay raise takes place on October 1, is it then subject to the mandatory COLA cap? If the October 1 increase were lower than comparability because the President set an "alternative" raise, is that *not* automatic and therefore *not* subject to the COLA cap? Does the fact that all federal pay comes from budget accounts that are classified as "relatively controllable" mean that pay *rates* are covered under the provision requiring proportional reductions in controllable expenditures? That is, if a 10% cutback is made in a military personnel account does this empower a 10% cut in pay rates, or does it completely protect the rates (including raises) but force a 10% cutback in personnel?

Black Lung—These entitlement benefits are automatically indexed to federal civil service pay raises. If you conclude that federal pay rates are covered under "relatively controllable" sequestering, does that mean that these entitlement "COLAs", through linkage, can also be cut below zero?

HOW WOULD CUTS IN DISCRETIONARY PROGRAMS BE MADE?

How Much Presidential Discretion?

The language of Gramm-Rudman is very vague with respect to the question of how much discretion the President has to pick and chose among discretionary programs when issuing his order making across-the-board cuts.

The proposal specifically requires the sequestering order to cut "each expenditure," but this term has not defined meaning. Does it mean each agency, each bureau, each appropriation account, or each "activity" within an individual appropriation account? If it means each appropriation account, for example, then the President would still retain flexibility to choose among activities. Within the "Training and Employment Service" account, could he choose to cut the Jobs Corps 80%, Summer Youth Employment 10%, and the Block Grant, and Native Americans programs not at all? Within "Aircraft Procurement, Air Force", could he choose between planes and spare parts, or between combat and airlift planes, or even between F-16's and B-1's?

Can the President Reduce Funding to Zero?

The bill states that no action taken by the President under his authority to make across-the-board spending cuts can have the effect of "eliminating any program, project, or activity of the Federal Government." The meaning of this, too, is unclear. It certainly implies that the President has the authority to make drastic cuts in spending for particular programs and activities. May he cut funding down to just $1 for an item—therefore not technically violating the ban on eliminated things? Or can he cut funding down to zero? If a program or project has not been deauthorized, has it been eliminated simply because all of its funding has been withdrawn?

What happens to "Sequestered" Funds?

The deficit reduction plan is silent on the status on funds that are "sequestered" by the President under his spending reduction authority, leaving a number of unanswered questions: Are sequestered funds automatically rescinded? Do they remain in limbo, and lapse at the end of the fiscal year? If they had been appropriated for a multiyear period, do they become available for spending when the next fiscal year begins?

How is Non-Tax Income Affected?

Non-tax income from fees, licenses, rents, royalties, etc. shows up as "negative spending," and is classified by OMB as "relatively controllable," and thus would be subject to the across-the-board reductions required under the Gramm-Rudman proposal. For example, federal revenues from oil leases on the outer continental shelf (rents, royalties, and bonuses) are considered non-tax receipts. If the President is required to make proportional reductions in "controllable spending," does he have to increase these receipts by speeding up the auctioning of oil leases.

ARE OFF-BUDGET PROGRAMS AFFECTED?

Several large agencies and programs are considered off-budget under current law, including the Rural Electrification Administration, the Strategic Petroleum Reserve, the U.S. Postal Service, and the Federal Financing Bank. It is not clear whether the expenditures of such agencies would be counted towards the deficit in the presidential and congressional budgets which must meet the deficit targets of Gramm-Rudman, or if their spending would figure in the projection of the deficit by OMB and CBO that could trigger automatic spending reductions.

Social Security, on the other hand is explicitly excluded from the figures in the presidential and congressional budgets in one section of Gramm-Rudman, but explicitly included in the definition of "deficit" in a different section of the proposal. Are these two sections at cross purposes? Or is Social Security out of the totals in the budget resolution, but in the total when the parliamentarian, CBO, and OMB make their various determinations?

HOUSE RULES AND WAIVERS

The proposal states that, notwithstanding the Budget Act, any other provision law, or any rule of the House or Senate, no provision of Gramm-Rudman may be waived or modified except by joint resolution. Is this constitutional? If the House considered an appropriation bill under a rule (or unanimous consent) that waives the new point of order enforcing 302(b) allocations for outlays, is that waiver illegal and the bill thus void?

WHAT HAPPENS TO THE BUDGET COMMITTEE'S JOINT RESOLUTION?

When a presidential order capping COLAs and sequestering appropriations is issued, the budget committees may draft and report a joint resolution that would supersede the President's action. This provision of Gramm-Rudman is very vague. Could the Budget Committee's joint resolution be sequentially referred to other committees of jurisdiction, and may they amend it in ways that are not deficit neutral? If the joint resolution is enacted, must the President release the sequestered amounts? Does he have a choice? The Gramm-Rudman plan is silent on these issues.

Mr. BUMPERS. Mr. President, my staff has prepared an extended study on the debt, together with several CBO and CRS studies. I ask unanimous consent that the fact memo on the debt and financing costs and four exhibits be printed in the RECORD.

There being no objection, the fact memo was ordered to be printed in the RECORD, as follows:

FACT MEMO ON NATIONAL DEBT

Following is background information regarding the current status of the national debt and debt financing costs:

1. Basic Facts on Debt Level and Growth.

a. Debt subject to Statutory Limit.

(1) The current level of the debt subject to statutory limit is $1,823 billion, the same amount as the current statutory debt ceiling.

(2) The debt level on January 20, 1981, was $932 billion, so we are just short of doubling the debt President Reagan inherited from all of his predecessors. It is not clear when we will reach the exact doubling date; the delay in enacting the debt ceiling legislation has built up substantial borrowing needs for the Treasury Department, so the doubling date will be hit very soon after the debt ceiling is lifted.

(3) C.B.O. projected in its February Economic Report that the debt level rise to $2,119 billion at the end of Fiscal 1986, $2,414 billion in Fiscal 1987, $2,743 billion in Fiscal 1988, $3,104 billion in Fiscal 1989, and $3,505 billion in Fiscal 1990. Thus, the debt level over three trillion dollars during the term of President Reagan, more than tripling in just eight years.

(4) In its August "update," C.B.O. projects that the Congressional Budget Resolution—if it is fully implemented—will reduce the deficits between now and 1990 by nearly $500 billion, or 41% of the $1,233 trillion in deficits it projects we would run under current policies absent the budget resolution. This means the debt level could be held to around $3 trillion in 1990, instead of $3.5 trillion, still more than triple the debt figure President Reagan inherited.

b. Debt Held By The Public:

(1) The debt held by the pubic (a figure which excludes Treasury borrowing from various U.S. government trust funds) stood at $1,503 billion at the end of August, 1985. The official figure for the end of the fiscal year is not yet available, but C.B.O. projected the total to reach $1,526 billion by September 30, 1985.

(2) The debt held by the public stood at $749.5 billion at the end of January, 1981, so this measure of the debt already has doubled during President Reagan's term in office. Treasury statements on debt held by the public are issued monthly, so precise figures for January 20, 1981 are not available, and the exact date the figure doubled also is unavailable.

(3) C.B.O. projected in its February report that the debt held by the public would hit $1,526 by the end of Fiscal 1986, $1,740 in Fiscal 1987, $1,972 in Fiscal 1988, $2,220 in Fiscal 1989, and $2,786 in Fiscal 1990. In short, this measure of the debt also will more than triple during Ronald Reagan's terms in office.

(4) In its August "update" C.B.O. projected that the debt held by the public would rise less if the budget resolution is fully implemented. It projects the public debt to rise to $2,252 billion by Fiscal 1990, reflecting C.B.O.'s estimate that the budget resolution will reduce spending by $500 billion by that date. Even with C.B.O.'s optimistic reestimate of the budget resolution, the public debt would stand at $2,133 at the end of fiscal 1989, almost tripling during Ronald Reagan's term in office.

2. Basic Facts on Interest Costs to Finance National Debt.

a. An unbelievable amount of money is being spent to finance the accumulated debt. There are two measures of this cost, the net interest costs of the government and the interest costs for all borrowing to finance the debt. The second figure, total borrowing costs, includes Treasury borrowing from the public and Treasury borrowing of the surpluses of various trust funds, like Social Security. The first figure, net interest, counts as income all interest payments to the government for loans (e.g. student loans) and all Treasury interest payments to trust funds. Thus, when Treasury borrows from a trust fund, the transaction appears as a wash on the net interest figure in the unified budget—it's a cost of borrowing to Treasury, but it's interest income to the Social Security Trust Fund. But, clearly, if Treasury couldn't borrow these trust fund surpluses or if there were no surpluses to borrow, it would have to borrow these amounts from the public. So, the real total cost of financing the national debt includes Treasury borrowing from the trust funds. The net interest figure does not reflect these borrowings and, in addition, it discounts the borrowing costs to the extent of any interest income to the Treasury—income that has nothing to do with debt financing.

b. For Fiscal 1985, the net interest costs are projected to be about $130 billion. But, if one includes borrowing from trust funds and does not offset this figure with interest income from loans that have nothing to do with the national debt (e.g. student loans), the total borrowing to finance the national debt actually is $181 billion this year, $50 billion more than the net interest figures would indicate.

c. C.B.O. in its February report projected that net interest payments would rise to $146 billion in Fiscal 1986, $163 billion in Fiscal 1987, $186 billion in Fiscal 1988, $206 billion in Fiscal 1989, $230 billion in Fiscal 1990. If this projection holds true, we will have spent $1,018 trillion during Ronald Reagan's term in office just to finance the national debt. Remember, that this money doesn't buy us anything—not one bomb, not one Peace Corps Volunteer, not one Head Start worker, not one flag to fly over the Capitol, nothing. It just buys the use of someone elses money to pay for programs that we aren't willing to pay for directly.

d. In its August "update" C.B.O. lowered its estimates of net interest costs. Assuming that the budget resolution is fully implemented, it estimates that the net interest costs will be $137 billion in Fiscal 1986, $149 billion in 1987, $161 billion in 1988, $169 billion in 1989, and $178 billion in 1990. This is $67 billion less the baseline estimate, but it still has us spending $951 billion on interest payments during President Reagan's eight years as President—and these are net interest figures.

e. Between 1981 and 1985, total Treasury borrowing to finance the debt was $132 billion more than the net interest figure for a total of $476 billion in borrowing to finance the debt. There are no projections available on the total borrowing which will be required to finance the debt for the next three years, but it surely will exceed the net interest figure by more than $132 billion; this is true in part because the annual surpluses in the trust funds are projected to double during this time, reducing the net interest figure. The difference between the net and total interest figure this year is $50 billion. So, at a minimum the total borrowing costs will exceed the net interest figure by $150 billion; more likely it will exceed it by $250 billion. Thus, our total borrowing costs for President Reagan's term in office will be over $1.3 trillion ($1.390 using the February C.B.O. estimate and $1.333 using the August C.B.O. estimate).

3. Compound Interest:

a. The concept of compound interest is familiar to most people. When we put money in a savings account and leave it there, we earn interest on the interest payments previously left in the account. This happens because these previous interest payments add to the balance in the account, meaning we earn more in interest payments in all subsequent years.

b. Whenever the government borrows money to pay interest costs on money it previously borrowed, we have compound interest on the national debt as well. When we borrow the money needed to pay our interest costs, we add to the debt, increasing the amount of debt that must be financed. We then are forced to pay interest on interest, compounding the debt. In fact, we currently are borrowing even more than our total interest costs, which accelerates the process of compounding. We are not only adding to the debt by borrowing to pay interest, we are adding to the debt directly above this amount.

c. In a special study (Exhibit A), the Congressional Research Service has estimated the compound interest costs we are incurring. It estimates that in 1982 the government interest payment bill included $5 billion in compound interest. In 1986, it estimates this figure will be $52 billion, more than a 500% increase in just four years. As long as we continue to borrow funds to pay current interest costs, this compounding process will continue and grow.

d. In addition to compound interest, the fact that the government borrowing needs are so large holds interest rates higher than they would otherwise be. This increases the costs of borrowing. A special study done for you by C.R.S. shows that the average interest rate paid by the government for its borrowing has grown dramatically in recent years. From 1930 to 1979, the interest rate paid by the government only once exceeded 6% (in 1974). Since 1978, the interest rate paid by the government has risen to 8–9%. It never exceeded 8% before 1981. In 1981 it reached 8.6%, in 1982 it was 9.1%, in 1983 it dipped to 7.9%, in 1984, it rose back to 8.5%, and in 1985 it dipped to 8.5% again. This increase in the interest rate paid by the government to borrow money—as well as the dramatically larger amounts that are being borrowed—both add to compounding of the debt and interest costs.

4. Debt to G.N.P. Ratio:

a. If we had an economy that was growing even faster than the growth in the debt and interest costs, the problem would not be quite as serious, but we don't. In fact, the ratio of the national debt to the Gross National Product is growing at an alarming rate.

b. in another special study (Exhibit B), the Congressional Research Service has created the debt/GNP ratio since 1930 when it stood at 15.8%. On the eve of the Second World War the debt/GNP ratio had risen to just over 40%. During the War it grew to over 100%. Between 1946 and 1974 this ratio dropped steadily, reaching a low of 25.1% in 1974. At the end of 1980 it had increased slightly to 27.8%. Since then it has risen to 39.6% at the end of Fiscal 1985, a 42% increase in the ratio in just four years. This increase is particularly startling when one recalls that it took this country 35 years to cut the debt/GNP from its high during the War to 27.8%. We are reversing a trend which has been underway for nearly forty years.

c. In this same study, C.R.S. has calculated the number of years it has taken since 1930 for the debt to double. Taking the debt in 1946, it took our country 31 years to double its debt. This figure has been dropping steadily since then, we now are talking about tripling the debt in just eight years.

d. C.B.O. projects in its February Economic Report that the debt/GNP ratio would rise from 39.6% at the end of 1985 to 49.7% in 1990, for a total increase in the ratio during Reagan's term of 78%. In this February report C.B.O. warns that the "most insidious danger of persistent large deficits is that they may result in a runaway accumulation of debt." (Report at 88). Such a process "could occur if the economy performed much worse then projected, or if spending was raised or taxes lowered beyond levels implied by current policy." (Id) When debt grows faster than the Gross National Product "an even smaller share of available resources would be left for private capital formation" and "net private investments could cease entirely and even become negative—the latter implying gradual depletion of the existing stock of physical capital." (Id.) Although C.B.O. did not then predict a runaway debt, it said the "projected situation is obviously precarious. . . ." (Report at 91) It warns that "(s)hould the rate of nominal GNP growth turn out to be lower than projected by C.B.O. in its baseline case, or nominal interest rates higher, or both, the deficit-to-GNP ratio would be a rising one and the debt accumulation process could eventually become explosive." (Report at 92–93: emphasis supplied) It concludes by stating that—even assuming a higher rate of growth than C.B.O. projected—the fact that the debt/GNP ratio "does not come close to approaching a stable value . . . is evidence of the severe imbalance in U.S. fiscal policy." (Report at 93)

e. In its August "update" C.B.O. projects that the debt/GNP ratio might stabilize after 1987 and might fall slightly in 1988-1990. It projects the ratio to rise from 39.6% at the end of 1985 to 41.7% in Fiscal 1987 and fall to 40.2% in Fiscal 1990. This projection is based on C.B.O.'s assumption that the budget resolution will be fully implemented and that its economic assumptions are correct. Remember that if the debt/GNP stabilizes at roughly 40%, this still represents a huge increase in the ratio since 1981 when it stood at 27.8%. The last time we had a debt/GNP ratio this high was 1964 when it stood at 41.7%

5. Low Growth Scenario:

a. All of the C.B.O. budget projections quoted in this Fact Memo are based on C.B.O.'s projections on the economic outlook. In both its February and August reports, C.B.O. projects steady economic growth over the coming years, averaging 3.4%–3.5% until 1990, with low inflation (averaging 4.2%), declining unemployment (dropping to 6.3% or 6.2%), and lower interest rates (7.2% to 8.2% Treasury Bill rate). (Reports at pages xxii and xviii, respectively). These projections do not "rule out" the possibility of a recession during this period if such a recession does not lower the average growth rates for the period. (February Report at 39). But, C.B.O. states that there is "more than the usual element of uncertainty, partly because the economy has become more susceptible for foreign influences." (August Report at 4) Given this uncertainty, C.B.O. has made projections based on economic assumptions both more and less favorable than its baseline assumptions. The "low growth scenario" would project economic growth of 1% less than the baseline projections (of 3.4% to 3.5%) coming from a "recession in mid-1986, equal in length (five quarters) and depth (a real GNP decline of 4.9 percent) to the 1973–1975 recession." (August Report at 73) Under this "low growth scenario," inflation and interest rates would be lower but the budget deficit grows sharply. In terms of the deficit, such a low growth scenario would increase the baseline deficits by nearly $500 billion between 1983 and 1990, increasing the total deficits for these years from $1.265 trillion to $1.751 trillion. (February Report at 71) C.B.O.'s August Report projects that if the budget resolution is fully implemented deficits during this period will total $732 billion, but if the "low growth" scenario applies that these deficits will be $1.236 trillion, more than $500 billion more. (These figures come from another special C.B.O. study: Exhibit C.) In terms of the interest payments on the debt, the "low growth" scenario would add $59 billion to the total interest bill from 1986 to 1990, raising it from $794 billion to $853 billion. In terms of the debt/GNP ratio even more frightening results occur; C.B.O. projects that it would rise from 39.6% at the end of Fiscal 1985, 42.1% in 1986, 48.0% in 1987, 52.0% in 1988, 54.2% in 1989, and 56.2% in 1990. This 1990 debt/GNP ratio takes the U.S. back to where we were in 1955 and more than doubles the ratio we had as recently as 1981! This "low growth scenario would bring us close to the "exploding debt" that C.B.O. warned about in its February report.

b. There are economists who are less optimistic about the future than is C.B.O. On September 30 the National Association of Business Economists released a survey of 350 association members which showed that they expect only a modest pickup in the economy before a recession begins either in the latter part of 1986 or early 1987. A majority feel that the recession will come in 1986 and three-fourths say it will hit by the middle of 1987. (Exhibit D)

EXHIBIT A

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, DC, July 31, 1985.

To: Honorable Dale Bumpers. Attention: Chuck Lundlam.

From: Thomas Woodward, Analyst in Public Finance, Economics Division.

Subject: The Nature of Compound Interest and Its Effect on Federal Spending Since 1981.

This memorandum is in response to your request for a definition of compound interest and estimates of the magnitude of its effect on total interest outlays since 1981.

Interest compounding refers simply to the concept of interest on interest. If one has a savings account, for example, that pays a simple interest rate of 10 percent on the amount of money in the account, and if the interest earned on the saving remains in the account, then the accumulated interest itself will accrue interest. Consequently, if interest is posted to the account at the end of each year, then in two years, interest will not be equal to 20 percent of the initial deposit (10 percent each year), but 21 percent (10 percent in the first year, plus 10 percent and 10 percent of the first 10 percent, in the second).[1]

The principle works much the same for a loan. If one borrows a sum of money, promising to pay 10 percent per year interest, and rather than paying the annual interest charge, borrows it (by, say, increasing the debt by 10 percent), then at the end of two years, the interest owed will not be the sum of 10 percent of the original amount from two years, but a total of 21 percent, due to the interest on the interest accumulated from the first year. Consequently, failure to pay interest on a loan will compound the interest ultimately owed. This additional interest can be regarded as the cost of borrowing to pay interest on past borrowing.

For the last few years, the Federal Government has run deficits larger than the amount of net interest it has paid on its accumulated debt. Consequently, it has in all essentials been borrowing to pay the interest on past borrowing. Table 1 contains estimates of the effects of this compounding on interest paid by the Government.

Lines (1) and (2) of the table show the size of the Government's debt held by the public and how much the Government borrowed anew in each year. Line (3) indicates how much of this borrowing has resulted from changes in tax and expenditure policies from those in effect in 1981. Lines (4), (5), and (6) show how much interest was paid due to each of these, respectively. In line (4), total net interest paid on outstanding debt is given. In line (5), just the interest that would have to be paid on borrowing since 1981 is shown. The figures in line (6) show interest due to policy changes only. Finally, the amounts due to compounding are given in lines (7), (8), and (9).

Essentially, line (7) shows how much more the Government has had to spend on interest as a consequence of borrowing to pay interest since 1981. The extra interest cost due to borrowing to pay interest on debt accumulated only since 1981 is shown in line (8). Line (9) represents how much it has cost to borrow to pay interest on debt accumulated as a consequence of budget policy changes since 1981.

Considerable caution should be taken in the use of these figures. First, all computations are approximate. Second, no estimates take into account the fact that different budget policies would result in different interest rates and income levels, on which total borrowing and interest payments depend. Finally, one must be careful in assigning responsibility for these costs. Much borrowing since 1981 has been due to economic conditions—not policy—and (and as is apparent from line [1]) a large debt preceded the years covered in these estimates.

TABLE 1.—EFFECTS OF COMPOUNDING ON INTEREST PAYMENTS FISCAL YEARS 1982–86

[In billions of dollars]

	1982	1983	1984	1985 [1]	1986 [1]
(1) Total debt held by the public [2]	929	1,142	1,313	1,526	1,740
(2) Total deficit [3]	128	208	185	214	215
(3) Deficit due to changes in tax and spending	5	45	81	129	143
(4) Net interest paid	85	90	111	129	146
(5) Net interest due to borrowing since 1981	7	25	47	67	89
(6) Net interest due to changes in tax and spending	(4)	3	10	21	35
(7) Interest due to compounding on total debt	5	14	25	38	52
(8) Interest due to compounding on debt accrued since 1981	(4)	2	6	12	20
(9) Interest due to compounding on debt accrued due to policy changes from 1981	(4)	(4)	1	3	6

[1] Projected.
[2] End of year.
[3] Includes off-budget borrowing.
[4] Less than $500,000,000.

Sources: (1), (2), (3), (4), and (6) from Congressional Budget Office; (5), (7), (8), and (9) computed by CRS.

EXHIBIT B

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, D.C., September 12, 1985.

MEMORANDUM

To: Charles Ludlam, Senate Committee on Small Business, Russell Senate Office Building, Room 438.

From: William A Cox, Senior Specialist in Economic Policy.

Subject: Relationships Between Federal Debt, Interest Payments and GNP, 1930 and 1990.

In response to your request, I am transmitting a table and associated charts showing the average interest rates on publically held federal debt, the debt as a percent of GNP and interest payments as a percent of GNP from 1930 through 1984 and projected through 1990. The projections through 1990 represent the Congressional Budget Office's calculations based on the Concurrent Resolution on the 1986 Budget and economic assumptions as reported in CBO's The Economic and Budget Outlook: An Update, August 1985. The table also shows the number of years it took for each year's outstanding debt to double; however, this cannot be calculated after 1982, for the projections through 1990 show no further doublings.

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[1] Compounding does not take place only in the context of holding the account more than 1 year. If interest is posted twice a year, for example, in the second half of the year, interest will be earned on the interest from the first. The more frequent the posting (or "compounding") of interest, the more total interest will be earned in a given period from a given simple interest rate. When compounding is continuous (i.e., computed every instant) a 10 percent simple rate per year becomes approximately 10½ percent.

The data is the attached tables for 1940 through 1990 refer to GNP and interest payments by fiscal year and publically held debt outstanding at the end of each fiscal year. Fiscal years ended on June 30 through 1976 and subsequently on September 30. I have not located GNP for fiscal years 1930 through 1939. Therefore data in the table for those years refer to calendar-year GNP, fiscal-year interest payments and so-called "privately held U.S. Government debt" at the end of June in each year. "Privately held" debt in the 1930's corresponds closely to what we now refer t as "federal debt held by the public," i.e. that outside of Federal agencies, trust funds and Federal Reserve Banks. The lack of GNP by fiscal years for the 1930s gives rise to a minor inconsistency between the relationships of debt and interest payments to GNP for those early years and the relationships for 1940 and after. I do not believe this inconsistency to be of significance for your purposes

While CBO's economic assumptions represent an objective benchmark for this exercise, CBO also has published two alternative scenarios. One involves slow growth in 1986 and recession in 1987, which would yield considerably gloomier looking numbers for the late 1980s. The other is a fast-growth scenario, which permits the economy to grow out of its fiscal problems.

RELATIONSHIPS BETWEEN FEDERAL DEBT, INTEREST PAYMENTS AND GNP, 1930–90

[In billions of dollars]

Year	GNP	Debt	Interest payments	Average interest rate (percent)	Debt per GNP (percent)	Interest per GNP (percent)	Years to double
1930	$90.4	$14.3	$0.7	4.9	15.8	0.8	6
1931	75.8	15.4	.6	3.9	20.3	.8	5
1932	58.0	16.8	.6	3.6	29.0	1.0	5
1933	55.6	19.5	.7	3.6	35.1	1.3	7
1934	65.1	23.3	.8	3.4	35.8	1.2	7
1935	72.2	27.3	.8	2.9	37.8	1.1	7
1936	82.5	33.5	.7	2.1	40.6	.8	6
1937	90.4	34.5	.9	2.6	38.2	1.0	6
1938	84.7	36.0	.9	2.5	42.5	1.1	5
1939	90.9	38.1	.9	2.4	41.9	1.0	4
1940	95.0	42.8	.9	2.1	45.1	.9	3
1941	109.0	48.2	.9	1.9	44.2	.8	2
1942	139.0	67.8	1.1	1.6	48.8	.8	2
1943	177.0	127.8	1.5	1.2	72.2	.8	21
1944	202.0	184.8	2.2	1.2	91.5	1.1	31
1945	217.0	235.2	3.1	1.3	108.4	1.4	31
1946	202.0	241.9	4.1	1.7	119.8	2.0	31
1947	221.3	224.3	4.2	1.9	101.4	1.9	29
1948	245.5	216.3	4.3	2.0	88.1	1.8	28
1949	261.8	214.3	4.5	2.1	81.9	1.7	27
1950	265.1	219.0	4.8	2.2	82.6	1.8	26
1951	312.8	214.3	4.7	2.2	68.5	1.5	25
1952	339.3	214.8	4.7	2.2	63.3	1.4	24
1953	361.3	218.4	5.2	2.4	60.4	1.4	23
1954	364.2	224.5	4.8	2.1	61.6	1.3	22
1955	380.6	226.6	4.9	2.2	59.5	1.3	21
1956	441.8	222.2	5.1	2.3	50.3	1.2	20
1957	433.9	219.4	5.4	2.5	50.6	1.2	19
1958	443.1	226.4	5.6	2.5	51.1	1.3	18
1959	474.4	235.0	5.8	2.5	49.5	1.2	17
1960	497.9	237.2	6.9	2.9	47.6	1.4	16
1961	509.3	238.6	6.7	2.8	46.8	1.3	15
1962	548.2	248.4	6.9	2.8	45.3	1.3	15
1963	578.0	254.3	7.7	3.0	44.0	1.3	15
1964	618.2	257.6	8.2	3.2	41.7	1.3	14
1965	659.5	261.6	8.6	3.3	39.7	1.3	13
1966	724.1	264.7	9.4	3.6	36.6	1.3	12
1967	777.3	267.5	10.3	3.9	34.4	1.3	11
1968	831.3	290.6	11.1	3.8	35.0	1.3	11
1969	910.6	279.5	12.7	4.5	30.7	1.4	10
1970	968.8	284.9	14.4	5.1	29.4	1.5	9
1971	1,031.5	304.3	14.8	4.9	29.5	1.4	8
1972	1,128.8	323.8	15.5	4.8	28.7	1.4	9
1973	1,252.0	343.0	17.3	5.0	27.4	1.4	8
1974	1,379.4	346.1	21.4	6.2	25.1	1.6	7
1975	1,479.9	396.9	23.2	5.8	26.8	1.6	7
1976	1,640.1	480.3	26.7	5.6	29.3	1.6	8
TQ	1,728.8	498.3	27.6	5.5	28.8	1.6	7
1977	1,862.8	551.8	29.9	5.4	29.6	1.6	6
1978	2,091.3	610.9	35.4	5.8	29.2	1.7	6
1979	2,367.7	644.6	42.6	6.6	27.2	1.8	5
1980	2,575.8	715.1	52.5	7.3	27.8	2.0	5
1981	2,885.9	794.4	68.7	8.6	27.5	2.4	5
1982	3,046.0	929.4	85.0	9.1	30.5	2.8	5
1983	3,221.4	1,141.8	89.8	7.9	35.4	2.8	n.a.
1984	3,581.1	1,312.6	111.1	8.5	36.7	3.1	n.a.
1985	3,840	1,522	129	8.5	39.6	3.4	n.a.
1986	4,138	1,701	137	8.1	41.1	3.3	n.a.
1987	4,462	1,861	149	8.0	41.7	3.3	n.a.
1988	4,813	2,002	161	8.0	41.6	3.3	n.a.
1989	5,190	2,133	169	7.9	41.1	3.3	n.a.
1990	5,597	2,252	178	7.9	40.2	3.2	n.a.

SOURCES AND DEFINITIONS

Data for 1940 through 1984 for fiscal year GNP, federal debt held by the public at the end of the fiscal year, and net interest payments are drawn from Office of Management and Budget, Budget of the United States Government, Fiscal Year 1986, Historical Tables, Tables 1.1, 1.2 and 6.1. Projections for 1985 through 1990 are drawn from Congressional Budget Office, The Economic and Budget Outlook: An Update, August 1985, Tables I-3, II-1 and II-3. Data for 1930 through 1939 are for calendar-year GNP and are drawn from the Economic Report of the President, January 1972, Table B-1. Data for 1930 through 1939 for "privately held" U.S. Government debt (excluding that held by Federal agencies and trust funds and the Federal Reserve Banks) at the end of June for each year and for interest payments on the debt are drawn from Board of Governors of the Federal Reserve System, Banking and Monetary Statistics, 1914 though 1941, November 1943, Table Nos. 149 and 150 (p. 513).

Average interest rates on Federal debt are calculated as net interest payments divided by the end-of-year debt outstanding.

"Years to double" (right-hand column) refers to the number of subsequent years until the outstanding debt reached more than twice the amount outstanding at the end of each fiscal year. After 1982 it is not projected by CBO to double again by 1990.

EXHIBIT C.—SPECIAL CBO CALCULATIONS; SEPT. 17, 1985

	1985	1986	1987	1988	1989	1990
Budget resolution:						
Revenues	736.5	795.7	869.4	960.1	NA	NA
Outlays	946.3	967.6	1,024.1	1,073.0	NA	NA
Deficit	209.8	171.9	154.7	112.9	NA	NA
Net interest	129.2	142.3	152.5	155.0	NA	NA
Debt held by the public	1,521.4	1,697.8	1,849.0	1,958.7	NA	NA
Debt as a percent of GNP	39.3	40.4	40.6	39.8	NA	NA
Memo, GNP	3,868.5	4,198.5	4,550.9	4,921.7	NA	NA
Budget resolution as reestimated by CBO:						
Revenues	736.5	790.3	858.0	938.7	1,012.9	1,094.1
Outlays	946.3	965.3	1,021.4	1,082.1	1,144.8	1,214.4
Deficit	209.8	175.0	163.5	143.4	131.8	120.3
Net interest	129.2	137.4	149.5	160.7	168.6	177.6
Debt held by the public	1,521.4	1,700.9	1,861.3	2,002.3	2,133.1	2,252.4
Debt as a percent of GNP	39.6	41.1	41.7	41.6	41.1	40.2
Memo, GNP	3,839.7	4,138.4	4,462.5	4,813.0	5,190.4	5,597.3
Budget resolution as reestimated by CBO:						
High growth path:						
Revenues	736.5	804.7	899.7	1,023.7	1,167.3	1,355.6
Outlays	946.3	959.3	1,016.5	1,090.5	1,177.3	1,283.2
Deficit	209.8	154.6	116.8	66.8	10.0	−72.4
Net interest	129.2	132.2	144.3	161.7	176.0	187.3
Debt held by the public	1,521.4	1,680.5	1,794.2	1,858.7	1,867.6	1,794.2
Debt as a percent of GNP	39.6	40.0	38.9	36.3	32.5	27.5
Memo, GNP	3,839.7	4,196.7	4,614.9	5,115.9	5,742.5	6,533.4
Low growth path:						
Revenues	736.5	772.7	776.7	819.4	881.5	948.8
Outlays	946.3	972.5	1,035.4	1,091.6	1,137.3	1,200.9
Deficit	209.8	199.8	258.7	272.2	255.8	252.1
Net interest	129.2	143.3	156.8	170.7	182.4	202.3
Debt held by the public	1,521.4	1,725.7	1,981.3	2,251.2	2,505.9	2,757.0
Debt as a percent of GNP	39.6	42.1	48.0	52.0	54.2	56.2
Memo, GNP	3,839.7	4,101.6	4,130.3	4,330.2	4,621.4	4,903.2

EXHIBIT D

[From the Washington Post, Oct. 1, 1985]

ECONOMISTS EXPECT MODEST PICKUP BEFORE RECESSION

(By John M. Berry)

DENVER, Sept. 30.—A survey of nearly 350 members of the National Association of Business Economists shows that they expect only a modest pickup in the economy before a recession begins either in the latter part of 1986 or early 1987.

Kathleen M. Cooper of Security Pacific National Bank, a vice president of NABE, said the survey also showed the members expect small increases in both inflation and unemployment in coming quarters. Cooper released the survey results at the NABE's annual meeting here.

For the current quarter, 44 percent of those responding said demand for their companies' goods and services was rising, with 33 percent reporting no change and 23 percent declining demand. Those figures were only slightly better than in the second quarter of this year, and otherwise the worst shown by the quarterly survey since the beginning of 1983.

Only 16 percent of the companies increased their employment this quarter, compared with 30 percent that reduced it, Cooper said.

Underscoring the weakness, nearly half the respondents reported falling profit margins and only 22 percent said their profits were rising. Almost twice as many of the companies' prices were falling as were going up.

"One result," Cooper said, "is that capital investment is beginning to suffer. The percentage of our overall membership reflecting rising capital outlays has fallen from 50 percent a year ago to 31 percent today. For goods-producing industries the decline has been even more dramatic—from 59 percent to 30 percent.

"Being bombarded with all of this negativism, our sights are not set very high for 1986—no matter what industry we represent," Cooper continued. "We anticipate real growth of only 2.7 percent from this year's fourth quarter to next year's, profit expansion of less than 4 percent, and a slight uptick in the unemployment rate."

The slow pace for the economy over the past year or so has caused many of the NABE members to push later the date at which they think a recession will begin. Nevertheless, a majority still expects a downturn to occur before the end of 1986 and three-fourths say it will hit by the middle of 1987.

At the same session at which Cooper presented the survey results, two other speakers differed with the median results of the survey and with each other.

One of them, James Annable, chief economist of the First National Bank of Chicago, agreed with the consensus that real economic growth would be modest next year. But he challenged the prediction of a recession beginning in 1986.

Annable argued that recessions usually follow either of two developments—a significant unintended inventory buildup, correction of which can lead to a sharp drop in production, or a rapid inflation.

Business has been so badly burned by unexpected inventory buildups in the past that production now tends to adjust very quickly to any drop in purchases, Annable said. And, therefore, this is not likely to be a contributing cause to a recession in 1986.

"In the circumstances of the U.S. economy today, inflation is the key to the timing of the next recession," Annable continued. "As long as it continues moderate, the odds are against a downturn. And the best bet . . . is that inflation stays well-behaved next year.

"It all adds up to no recession through 1986," he said.

The third speaker, Lief Olsen, an economic consultant formerly with Citibank, said that the rapid rate of money supply growth so far this year means "that right now, we are well-advanced toward higher growth in a short cycle.

"These short cycles are produced by compensatory adjustments in monetary policy in response to evidence that the economy is running too rapidly, as in early 1984, or too slowly, as in the past 12 months," Olsen said.

Mr. LEVIN. Mr. President, the current deficit situation is one of stalemate and deadlock. There is a dangerous game being played as to who will blink first. The President will not raise revenues even with a minimum tax on profitable corporations and wealthy individuals who are currently getting away with paying no tax by sheltering all their income. The President wants continuing large increases in the Defense budget. The House will not vote for any revenues unless the President goes first.

Neither side has blinked. Deficits persist. Our national debt has doubled to $2 trillion in 5 years. It took 205 years for the first trillion to be run up.

We must change the status quo.

Some propose to do that with a constitutional amendment requiring a balanced budget. That is a dangerous course. It would write into the Constitution a mechanism which may well be too inflexible to protect the economic and physical security of this country.

Some propose a line-item veto which would not solve the problem and would give dangerous new power to Presidents to achieve Presidential goals unrelated to deficit reduction.

We must try something which will get us on a path to a balanced budget in a reasonable amount of time while preserving the delicate balance of powers in the Constitution which have been so critical to our well-being.

If there is a fear of doing what is necessary because of the political consequences, then we must try a mechanism which will make cuts in a fair way consistent with congressionally determined priorities. Such an approach will also probably force us to add revenues which, again, we can do without a general tax increase.

If the stalemate continues and the automatic mechanism takes over, I believe that some of the cuts will be so unacceptable as to force the President and the Congress to consider additional revenues such as a minimum tax on profitable corporations and wealthy individuals, continuation of the tobacco tax, and indexing income tax rates on a biannual basis instead of an annual basis.

We just cannot go on this way spending 20 percent more than we take in. The average American family is now paying $1,500 a year in interest on the Federal debt, and each year that amount is rising.

There is no substitute for consensus and courage as ingredients in the process of deficit reduction. In the absence of enough of either, I see no better alternative than a process which will provide fair, across-the-board cuts in spending based on congressional priorities, will not shift new power to the President and will probably force us to raise additional revenues—again, without a general tax increase.

The Gramm-Rudman-Hollings amendment we are about to vote on provides such a process. It has already been modified by my amendment to prevent a wholesale transfer of additional budgetary powers to the President, and I am confident that additional amendments will be passed by the Senate to broaden the coverage of the automatic spending reduction process and to increase the process' flexibility in times of recession. I also expect this proposal to be modified to protect the Senate's constitutional right to change its own rules.

Hopefully, the House of Representatives will pass a version of this proposal that is closer to that offered by Senator CHILES earlier today, which I preferred to this version. But the Gramm amendment is preferable to no action, to continuing stalemate. That is why I am voting for it.

Mr. ROCKEFELLER. Mr. President, having listened to much of the debate over the last 9 days, I have some significant concerns about the Gramm-Rudman-Hollings amendment. Obviously, indepth consideration by the relevant committees would have been desirable; the Senate is still each hour uncovering features of the amendment which have been little explained and less understood. Grafting this complex amendment on the extraordinary complexity of the Budget Act will inevitably lead to unforeseen consequences with which Congress will have to deal if this amendment is enacted into law.

But these concerns pale, in my estimation, compared to the overriding significance of coming to grips with the Federal budget deficit. We are facing a crisis. The Federal budget deficits pose a clear and present danger to our country's economic well-being. I will support this amendment because it represents strong medicine for dealing with the future deficits, and because I think that we need this framework to help force action to respond.

It has become commonplace to say that the deficits threaten our economic future—and they do. But the damage has already started. The deficits projected for the next few years are almost universally recognized as the root cause of our current high interest rates and the distorted value of the dollar, which is destroying the ability of our industries, workers, and farmers to compete—producing our soaring trade deficit. While my State of West Virginia has never fully recovered from the 1981-82 recession, all over the country, the overvalued dollar is undermining American industry, forcing jobs and future opportunities abroad. Many astute business people are calculating whether they can manufacture in this country and concluding they must take their plants and jobs overseas. And while I represent a State which has traditionally relied on basic industry, particularly coal and steel, the damage is being done across the board; Hewlett-Packard and IBM cannot afford to manufacture here either.

So we must deal with the deficits. Both the Chiles-Byrd amendment, which I supported, and the Gramm-Rudman amendment require the budget deficit to be reduced to zero over 5 years. Under Gramm-Rudman, if Congress does not act to achieve those reductions, the President would have authority to make the cuts needed to reach the deficit-reduction target.

This is strong medicine, and a major change in the way we do business here in Washington. But we face what is unquestionably a crisis, and the way we do business, in my judgment, is not equal to the challenge of getting us out of it.

The most serious argument against Gramm-Rudman, in my estimation, is that it represents an unprecedented grant of authority to the President, and that this President will use that grant of authority to continue his assault on the domestic side of the budget, which has already taken the lion's share of budget cuts during his terms of office.

I am philosophically opposed to many of the cuts Ronald Reagan and David Stockman have sought to make since 1981. I fought many of the cuts in my first year in the Senate, and I fought them when I was Governor. I continue to believe that a country that scrimps on education, training, child nutrition, research and development, and a host of other things that don't matter at all to Ronald Reagan is selling its future short. In dealing with the deficit, we shouldn't throw our priorities overboard, and we can't stop investing in the things that matter for our country's future.

But we must deal with the deficit.

Perhaps because of my experience as Governor, I see some link between Executive authority and the ability to keep budgets in balance. When the responsibility is clearly assigned, and when the Executive is accountable, I think the chance of making the hard decisions needed for fiscal responsibility is improved. The 535 Members of Congress, each of us committed to the programs and projects needed and desired by our States, are not a natural group of budget cutters.

But while Gramm-Rudman provides the framework for making hard decisions, adopting it does not mean trading our system for one-man rule. We cannot overlook the reality that this President—and any President—will be influenced by the will of Congress and a clear reflection of public opinion. Since his election in 1981, Ronald Reagan has sought to reduce the domestic side of the Federal Government. Since 1981, Congress, his own political party, and public opinion have checked his worst excesses. Some cuts have been made; others have been rebuffed. While Gramm-Rudman would give the President more leverage, it does not remove him from the multiple pressures of American politics, including his own party's desire for political survival.

If we enact a mechanism like Gramm-Rudman-Hollings into law, I predict that we will still be debating the proper set of policies—what cuts are wise and which are disastrous; whether we need new taxes as well. In all likelihood, the Deficit Reduction Program that emerges from the Gramm-Rudman-Hollings framework would represent the consensus of what the American public would tolerate at a given point in time. But having put a balanced budget mechanism in place, we will have heightened the urgency of deficit reduction and provided a means of forcing action to deal with this intolerable deficit in the next few years.

Let me be crystal clear about one thing. The root cause of the deficits we face is the 1981 Reagan tax cut, which eviscerated the revenue base of the country. That tax cut, coupled with a massive peacetime defense buildup, created the structural deficits with which we are now burdened. In supporting Gramm-Rudman-Hollings, I am not accepting the bankrupt argument that Congress caused the deficit, or that Jimmy Carter caused the deficit, or that we have always had deficits. Deficits of this magnitude are new; they are fundamentally different from any peacetime deficits in history; and they are first, last, and always Ronald Reagan's deficits.

But that doesn't mean we can sit back, do nothing, and assign blame. I think the deficits are the No. 1 problem facing the country, and business as usual will not suffice for dealing with them. For that reason, I support the Gramm-Rudman-Hollings amendment.

Mr. BYRD. Mr. President, in 1981, I voted for a massive tax cut—$749 billion over 5 years. I did it because the people said, "The President should have a chance. Let him have his chance."

And so I voted in accordance with what I thought was the overwhelming sentiment in West Virginia and elsewhere, particularly West Virginia. I have since regretted that vote many times.

I believe, in this instance that those who vote for this amendment—and I try to remember always that I am not infallible—but I believe that those who vote for this amendment today are, in the future, if it becomes law, going to regret it. I think it will come back to haunt them.

I am foursquare in favor of balancing the budget, but I don't think the amendment before the Senate is the best way to do it.

The Gramm-Rudman amendment puts a straitjacket on Federal fiscal policy, preventing it from responding to change in the economy, international situations, and national security requirements. It also delays the day of reckoning on the deficit.

The amendment that I coauthored with Senator Chiles and others earlier today differs in at least three major respects from the Gramm-Rudman proposal, including:

The Chiles-Byrd amendment would have started the deficit reduction process a year sooner and placed it on a faster track than the Gramm-Rudman amendment;

The Chiles-Byrd amendment automatically protected necessary spending for national security requirements during times of undeclared war. The Gramm-Rudman amendment suspends its budget constraints only during times of declared war. The difference is crucial, because, for example, the United States has been involved in a declared war only once in 40 years, while there was no declaration of war in two of the heaviest and most costly recent conflicts—Korea and Vietnam; and

Unlike the Gramm-Rudman amendment, the Chiles-Byrd package provided an escape hatch to guard against excessive unemployment during an economic recession. The unemployment provision is essential—particularly to States like West Virginia, which have suffered high unemployment since 1981—because estimates have shown that unemployment under balanced budget spending restrictions contained in the Gramm-Rudman proposal could rise as much as 15 percent during a recession.

The Federal deficit is an enormous drain on the economic vitality of the United States. We need to eliminate the deficit, but we need a serious, effective, and responsible plan of attack. I do not think the Gramm-Rudman amendment meets that test, and I fear it may cause more harm than good.

I ask unanimous consent, Mr. President, that pertinent editorials from the Washington Post of today, the New York Times of today, and today's Washington Post op-ed article by our colleague, Senator Bradley, be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Washington Post, Oct. 9, 1985]

THE DEFICIT AMENDMENT

Its sponsors and the president keep chippng at the deficit-reduction amendment on the Senate floor to take important shares of the pain out of it. The more they rework it, the more it comes to resemble either 1) a showy effort on the part of those who brought us the deficit to demonstrate now how much they deplore it, and/or 2) a selective effort not so much to reduce the deficit as to use it as a lever to attain assorted lesser policy objectives.

The difficulty for the last five years has been that the deficit has been a residual element in policy-making. The president and the parties in Congress have had various programmatic or distributional goals—cut taxes, increase defense spending, show themselves to be the stoutest possible protectors of the seventh of the population that receives Social Security benefits. The choice, particularly as framed by the president, has come down to letting the deficit rise or cutting an enormous swath through all other domestic programs. Not even the president has been able or willing to propose the requisite cuts, and the deficit has risen.

The amendment in the Senate was meant to reenergize this stale debate by requiring that deficit-reduction come first and by confronting the president and Congress with a much more difficult set of choices. In its original form it set deficit targets declining to zero over the next five years and decreed that if Congress failed to hit a target, the president would have to make spending cuts, in defense and Social Security as well as the domestic remainder of the government. It made no mention of tax increases, but the idea was that, rather than cut defense and Social Security, the president would likely agree to one. There was a hammer at everyone's head.

But the terms keep changing. To pick up support on the floor, the sponsors agreed that none of the burden would fall on Social Security; it would be exempt. Partly to ease the pressure on defense and partly to avoid deep spending cuts just before next year's elections, they have also stretched out the deficit-reduction schedule; the amendment now would probably have no effect for a year. Meanwhile, the president, in professing "enthusiastic support" for "what might well become historic legislation," has served oblique notice that he would not expect it to affect defense. In "a personal caveat" in his radio speech on Saturday he reminded listeners that Congress has already agreed (in this year's budget resolution) to defense spending increases of 3 percent per year after inflation over the next several years. "And next year I will propose those amounts already accepted as necessary for keeping the peace," he said.

The sponsors say that defense remains subject to the terms of the amendment, but that is clearly not the way the president understands or intends it. The stakes are too high not to have agreement on the rules. The amendment would have some seriously uneven effects within the Defense Department. The theory is that, to avoid these, the president would agree to a more rational budget. But to the extent that defense became exempt along with Social Security, there would be no pressure on him to agree to anything. The amendment would then only seriously affect the domestic programs that have been in the balance against the deficit all along. It would be a stronger license to dismantle them. It sounded a week ago like a good idea. It begins to sound increasingly like a bad one.

[From the New York Times, Oct. 9, 1985]

CONGRESS RUSHES TO UNFAIRNESS

Melodrama surrounds Congress, where members are plenty touchy about approving a new borrowing limit of two trillion dollars. Will the Government grind to a halt while legislators dawdle? Would the Treasury really dare tell banks to bounce Federal checks? Will a so-called balanced-budget bill emerge as law?

The first two questions are the melodrama, lacking honest suspense. If Government stops at all, the interruption will be taken, a nuisance and not a disaster. Washington may be technically obliged to stop writing checks for a few minutes; but not for one minute does anyone think that Federal checks will turn worthless.

The danger of truly lasting damage arises in question three. The Senate and House have suddenly been seized by the notion that they must now—right now! hurry!—do something about the deficit. And some members think the way out is a bill ordering it to stop. The bill is as unfair as it is unexamined.

The huge Reagan deficits remain an urgent concern. But this hasty proposal for controlling them is foliage. Connecticut's Republican Senator, Lowell Weicker, one of the opponents, properly calls it a "legislative substitute for the guts we don't have to do what needs to be done."

What's the rush? The deficit problem has been around for five years as both President and Congress have ducked their responsibility to adjust spending fairly, while refusing to provide enough revenue to pay the bills. Finally embarrassed by the inevitable consequences, they're running for the bushes, including the new one sponsored by Senators Gramm, Rudman and Hollings.

It would require the President to submit budgets that reduce the deficit $36 billion each year, until it drops to zero in 1991. In event of a deadlock with Congress, automatic spending cuts would come into play. But only some people would bear the burden.

Less than half the budget would be subject to cuts. Interest, Social Security, two-thirds of the defense budget and all other programs with contract commitments would be exempt. Meanwhile, the possibility of raising adequate revenues would not even be considered.

What kind of fair sacrifice is it to do a lion's share of the chopping out of school lunches, Supplementary Social Insurance and Federal pensions? Where is the justice in disproportionately starving the safety-net programs for the poor, like food stamps, Head Start and community health? Where is the common sense in chopping from military readiness, job training, the National Institutes of Health and agencies like the F.B.I. and the F.A.A.?

The Impact would be so punitive that the next Congress and the next President would be hard pressed to repeal it. There's an easier way to fight the deficit battle fairly: Avoid both the pretense and the punishment and kill this bill now.

THE GRAMM/RUDMAN PLAN: CONGRESS AT ITS WORST

(By Bill Bradley)

Congress is about to vote on the Gramm/Rudman mandatory balanced budget plan. This plan would require the budget deficit to be reduced to increasingly lower levels over a five-year period until the budget is in balance. If Congress does not act to achieve those reductions, then the president would have authority to "sequester" or eliminate unilaterally automatic increases in entitlements, except Social Security, and to make across-the-board cuts in defense and nondefense programs in order to reach the deficit-reduction target. Before Congress is stampeded, let us stop and think what's wrong with this proposal.

First, Gramm/Rudman is an unprecedented and probably unconstitutional shift of power from the legislative to the executive branch. But as one supporter sheepishly explained, "It's only for five years." With this additional power, Ronald Reagan, if he plays hard ball (and who thinks he will not?), could effectively dismantle the nondefense portion of the budget and wreak havoc with America's poor.

Under Gramm/Rudman in October of next year, when Congress would have to comply with this measure, we would have to come up with anywhere from $20 billion to $50 billion in additional annual deficit reductions, according to the Congressional Budget Office. Since the president has consistently ruled out any tax increase or defense cuts and wants Social Security to be a separate fund, he is likely to veto any congressional action to meet the target by raising taxes or cutting defense. Unless Congress musters a two-thirds majority on a veto override to raise taxes, the president would be required to cut across the board in the controllable portion of the defense and nondefense budget. That would mean a minimum of a 5 percent real cut in defense.

With each additional year as the deficit gap became larger and Congress could not get a two-thirds vote for tax increases, a bigger cut would be required for defense under Gramm/Rudman. This threatens to gut our readiness, to foreclose the option of building up our conventional strength, and to force us to rely more heavily than ever on offensive nuclear weapons.

Moreover, it stretches the imagination to believe that Ronald Reagan would actually preside over this defense cut at a time when the nation is entering serious arms control negotiations with the Soviet Union. Instead, shortly after Gramm/Rudman is passed, and at a moment of heightened tension somewhere in the world, the president will send Congress a message. That message will call upon a Congress to exempt defense from across-the-board cuts in the name of national security. With a simple majority, Congress will then veto to exempt defense.

Once this is done, the entire burden of the budget deficit reduction will come from cutting the nondefense programs and from eliminating cost-of-living adjustments for the middle class and the poor. Nearly all of the reductions would have to come out of the $100 billion that pays for education, the environment, children and other controllable nondefense programs. Even a brief recession in 1987 or 1988 could cause the deficit to mushroom over night, and we would need close to $75 billion to meet the targets of this proposal.

So, within three years, the entire nondefense discretionary budget of the U.S. government would be nearly wiped out by presidential fiat. With Gramm/Rudman attached to the debt limit in the legislative equivalent of the gun fight at the O.K. Corral, Congress will have ceded the authority vested in it by the Constitution and relegated the federal government to the status it held under Herbert Hoover.

Second, this legislation shows Congress at its worst. Gramm/Rudman burst upon the scene little more than eight days ago. The authors and supporters of the amendment continue to modify its provisons daily. One day they say that the entire defense budget is subject to an across-the-board cut. The next day, they say one-third of the defense budget is excluded from the proposal. One day, they say the farm program are subjected to cuts. The next day the CBO states quite explicitly that farm programs are not covered by this bill. One day Social Security is subjected to cuts. the next day it is sacrosanct. One day the proposal uses CBO numbers. The next day the numbers come from the Office of Management and Budget.

All of this confusion is understandable because no hearings have been held. The bill wasn't even printed until two days after the majority leader insisted we had to vote on it. Gramm/Rudman could very well be an unconstitutional delegation of power, but no constitutional scholar will be able to offer an opinion before it is enacted. It is all too likely that the deliberative branch of Congress may act unwisely in a nine-day rush to judgment.

Third, Gramm/Rudman is a mindless pursuit of a dubious economic objective. It requires the budget to be balanced in 1991. Why 1991? Why not 1994? Why not 1989? Why a balanced budget? The people of this country want spending restraint and defict reduction. Reducing the deficit is essential, balancing the budget is not. Contrary to the sponsors' favorite analogy, the national government is similar to a household. Nor is it similar to a state government. The national government has national economic responsibilities that mandate money be spent under certain economic conditions. That is the price of humane government in the 20th century.

The national government also has the responsibility of world leadership. The $9 billion in increased spending on the World Bank that Treasury Secretary James Baker says is essential to resolving the world financial crisis would be impossible under Gramm/Rudman, which would require the president to cut our existing contribution, absent congressional action. Yet unless we take on a leadership role in tackling the mountain of debt now casting a shadow across our economic future, balancing our budget could prove to be an exercise in futility. How could we support Israel and protect our vital interests in the Mideast if we have to make across-the-board budget reductions? There are some things worth spending money on, even if that leaves the budget somewhat unbalanced.

Finally, Gramm/Rudman is posturing at its worst. It is procedural answer to a substantive problem. But the Senate now has all the procedures it needs to reduce the deficit. What it lacks is the will. A legislator will not cut one dollar from the deficit with a yes vote on Gramm/Rudman. If we truly want to see defense cut 5 percent in real terms, we should vote now to do so. Why must we, in the name of congressional leadership, abdicate to the president our responsibility for setting the nation's priorities? If we believe more revenues are necessary, we should vote a tax bill now. Why must we comfort ourselves with the fiction that, at some point in the distant future, the president will change his mind and accept tax increases or that 66 Senators will ram them down his throat then, when they won't now?

The present deficit occurred on Ronald Reagan's watch. The deficits have been predestined since August 1981 when the tax bill was enacted. Congress has cut nondefense spending by $250 billion in the reconciliation acts of 1981 through 1985. Additionally, Congress has reduced the deficit $200 billion with the tax increases of 1982 through 1985. Had Congress not acted, our deficits would be $200 billion larger today.

Instead of once again grappling on a bipartisan basis with the tough decisions, particularly on taxes, Congress appears poised in a moment of irrationality and timidity to give Ronald Reagan the sole power to reorder the priorities of the national government. It will be an action that we will all live to regret.

Mr. BYRD. Mr. President, I make a parliamentary inquiry. What are we voting on—the Gramm amendment, as modified, and as amended?

The PRESIDING OFFICER. That is correct.

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Mr. BYRD. Do I properly understand that the appropriate construction for the phrase "as modified" in this instance would be the modification only that was sent to the desk last Friday?

The PRESIDING OFFICER. That is correct.

Mr. BYRD. Then we are voting on the amendment, as modified only by the modification that was appropriately sent to the desk last Friday, and in addition thereto the amendments—I believe about four in number—that have been adopted by the Senate since.

The PRESIDING OFFICER. There have been a total of five amendments adopted.

Mr. BYRD. Very well. There have been no substitute modifications—I am not talking about amendments—there have been no substitute modifications to the text of the Gramm amendment as of last Friday, including the modification that was made last Friday, other than the amendments, five in number?

The PRESIDING OFFICER. None would be in order, the yeas and nays having been ordered. There have been no modifications since then.

Mr. BYRD. I thank the Chair.

Mr. DOLE. Mr. President, following the vote on this amendment, which I hope will be approved, I will ask my colleagues to remain in the Chamber after the vote because the distinguished chairman of the Budget Committee, Senator DOMENICI, will then discuss a number of modifications, primarily from that side of the aisle, that we would like to offer without objection. There seems to be a bit of suspicion that we are trying to pull something over on someone and that is not the case.

There has been nothing, as the distinguished minority leader just determined, in this amendment except the amendment that has been pending as modified plus the amendments adopted this morning. The distinguished chairman of the Budget Committee will go into detail as much as it is necessary into some of these areas. Again I indicate these new amendments are mostly raised by Members on that side of the aisle. I think one was raised by a number of committee chairmen and the ranking members on both sides of the aisle. Then, I think the distinguished minority leader had some questions about the rules change matter. So that will be the next step.

Mr. President, let me also caution that we need to take action rather quickly on the temporary debt ceiling extension. I had a chance to visit with the Speaker briefly this morning. Also I know the distinguished chairman of the Finance Committee has visited with the chairman of the Ways and Means Committee. They would like to receive this little document—the temporary extension—as quickly as possible. I hope we can take maybe 20 or 30 minutes after the vote to have Senator DOMENICI or others explain modifications. I hope we can agree to them. But I would not want to spend a great deal of time before we go on to the debt ceiling extension.

Following that, there are still 13 amendments. We would then propound a unanimous consent request, and about three or four of those amendments will disappear if Gramm-Hollings-Rudman is adopted.

Mr. CHILES. Mr. President, I will say to the majority leader that we have just received a written list, I think, of the modifications that you are talking about that are going to be proposed. If the Senator is talking about handling that before we go to the debt ceiling extension, I do not know. I think we are going to need some time to look at those, and study them. I certainly do not want to sit here and indicate that I can be done in 2 minutes, 5 minutes, or 10 minutes, when we have not had a chance to study them yet.

The distinguished chairman of the Rules Committee mentioned a couple of things to me this morning.

Mr. DOLE. We will do it as late as it takes this evening.

I ask for regular order.

The PRESIDING OFFICER. Under the previous order, the hour of 3 p.m. having arrived, the question is on agreeing to the amendment proposed by the majority leader, Mr. GRAMM, Mr. RUDMAN, Mr. HOLLINGS, and others. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Maryland [Mr. MATHIAS] is absent on official business.

The PRESIDING OFFICER (Mr. GOLDWATER). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 75, nays 24, as follows:

[Rollcall Vote No. 213 Leg.]

YEAS—75

Abdnor
Andrews
Armstrong
Baucus
Bentsen
Biden
Boren
Boschwitz
Bumpers
Burdick
Chafee
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
East
Evans
Ford
Garn
Goldwater
Gore
Gorton
Gramm
Grassley
Hatch
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Kasten
Kennedy
Kerry
Laxalt
Leahy
Levin
Long
Lugar
Mattingly
McClure
McConnell
Melcher
Murkowski
Nickles
Nunn
Packwood
Pressler
Proxmire
Pryor
Quayle
Rockefeller
Roth
Rudman
Sasser
Simon
Simpson
Specter
Stennis
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Wilson
Zorinsky

NAYS—24

Bingaman
Bradley
Byrd
Chiles
Cranston
Eagleton
Exon
Glenn
Harkin
Hart
Hatfield
Inouye
Johnston
Kassebaum
Lautenberg
Matsunaga
Metzenbaum
Mitchell
Moynihan
Pell
Riegle
Sarbanes
Stafford
Weicker

NOT VOTING—1

Mathias

So the amendment (No. 730), as modified, was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. HATFIELD). The majority leader is recognized.

Mr. DOLE. Mr. President, we would like to take until 4 o'clock for the distinguished chairman of the Budget Committee to explain a number of changes that we would like to make in the Gramm-Hollings-Rudman amendment that have been brought to his attention again primarily from Members on the Democratic side of the aisle. If I could turn it over to Senator DOMENICI, I think he could go through those amendments. If there are objections or corrections, we would like to resolve any areas of doubt so we could get on to voting on the temporary extension so we can send it to the House. I have been advised they would like to have it as quickly as possible because they have some interest in it.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I will be happy to yield.

Mr. BYRD. Mr. President, I hope that Senators will stay around and listen, especially those who have voted already for the Gramm, et al., amendment.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. CHILES. I was wondering if I could ask the majority leader a question. I thought our understanding was that after we voted on Gramm-Rudman, which we have done, we were going to proceed immediately to do the debt extension and send that over. We are still trying to analyze some of these changes. There are some of them which I think are far-reaching; that are going to take some time, and it seems to me that is different from what we talked about last night. We did not hear anything about this last night, that there was going to be intervening business that had to be transacted, was to be transacted prior to the time we set this down. If the House needs to get this and act on it, I do not see why we do not send this down there.

Mr. DOLE. If I can get a unanimous-consent agreement. The problem was last night I could not get a unanimous-consent agreement, because the distinguished Senator from Louisiana had a problem with the language in the temporary extension. But I would not want to send the temporary extension to the House until we have an agreement to vote on final passage of the pending measure.

There may be some who may not take a great deal of time, and we could move it to the bottom. I know that the Senator from New Jersey has amendments he is willing to offer.

Mr. CHILES. Is there some reason you cannot get that unanimous-consent agreement now? Does this have anything to do with the unanimous-consent agreement?

Mr. DOLE. It might, if somebody objected, saying, "I don't think that's a good idea," and it is not on the list, and then it could not be offered. I think we probably could work that out.

Why not, in the next 10 or 15 minutes, let the Senator from New Mexico take a shot at it, and I will figure out a time agreement and show it to the distinguished minority leader.

Mr. BYRD. What the distinguished majority leader is saying is accurate. We had various amendments lined up in an overall agreement, but we had first after the Gramm-Rudman amendment the short-term extension. The majority leader did have a problem with the language of that, and we had to move ahead.

Mr. DOLE. Let me try to figure out a reasonable agreement on this effort, and I will be back to the minority leader.

Mr. BRADLEY. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. BRADLEY. In the interim, would it be possible for us to proceed with the amendment I am prepared to offer on the defense portion of Gramm-Rudman? I know that the majority leader has assured me that I will have an opportunity to offer the amendment, and I would like to do so as soon as possible, so that we can begin to enact provisions of the Gramm-Rudman amendment.

Mr. DOLE. I felt we could propound a unanimous-consent agreement; that at this time the distinguished chairman of the Budget Committee could go over some of the technical changes he would like to make. I have the Senator from New Jersey at nearly the top of the list, and I will try to get that agreement in a few moments.

Mr. SARBANES. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. Mr. President——

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I wonder if we could have order.

The PRESIDING OFFICER (Mr. GOLDWATER). Will the majority leader yield for a question?

Mr. DOLE. I yield.

Mr. SARBANES. Is the RECORD to be available to us for last night's deliberations—the CONGRESSIONAL RECORD?

Mr. DOLE. I assume it will be. I did not work on it.

Mr. BYRD. Unfortunately, the RECORD will not be available to us, has not been available to us. It was cut off at some point about midmorning, right after midnight, or perhaps a little before that. The RECORD is still outstanding.

Mr. SARBANES. I understand that. It is 3:45, and there were some representations made last night in the course of debate which it seems to me are relevant now, as to how we are going to proceed—in particular, assurances that were given about how we were going to go after we had this vote on Gramm-Rudman, as I recall, with respect to the temporary increase in the debt ceiling.

Mr. DOLE. We could not reach agreement on that. I tried. We would have reached an agreement, but I could not get unanimous consent on that provision, so it stopped right after the vote on the Gramm-Rudman amendment.

Mr. SARBANES. Earlier, the majority leader made a rather flat statement, as I recall. That is why I was looking for the RECORD.

Mr. DOLE. What I would like to do now is proceed, and we can argue about last night's RECORD. We know that some of you want to defeat the bill, even though we have come this far, but we are not going to let that happen if we can avoid it.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. Yes.

Mr. BYRD. I hope we could proceed very soon with the extension of the debt limit, the short-term extension.

As I recall, the only problem that occurred last night to intervene between the actions and discussions we were having and a final wrapup of an agreement was language that was in that short-term extension. I believe it was Senator LONG who had some problems with that.

I wonder if someone could take a look at the problem and the language, so that we probably enact the short-term extension earlier.

I think this is going to take a while, I say to the distinguished majority leader.

Mr. DOLE. I think it is fair to point out for the RECORD—I know reference has been made by the Senator from Maryland—that after that discussion, there was a big discussion about what is meant by "as modified." That was about 3 o'clock in the morning.

We felt that "as modified" was not the interpretation the distinguished minority leader had, and we yielded to the minority leader, and that is why we have this problem. So the RECORD will not reflect that, unless you read the entire RECORD.

My view was that "as modified" meant that we voted on the leadership amendment. We did not go behind it or question it. We felt that we could do the same with the Gramm-Rudman-Hollings amendment. But we were restricted to what was at the desk, and they had a big discussion on that. On that basis, coupled with the problem with the short-term debt extension, we recessed about 3:15 a.m.

Mr. CHILES. Mr. President, if the Senator will yield, I know there was a problem that came up as to modification. But I recall that when we were first talking about whether we were going to be able to get a unanimous-consent agreement, the majority leader said he understood that there was a problem of perception on his part, that people over here were concerned about whether we would send it down.

I thought the majority leader said not once but twice, "You have my word that when we have a vote on the Gramm-Rudman amendment, the next order of business," or, "We will send it down and it will be by voice vote," and you will furnish votes on your side.

Mr. DOLE. That is right. Just give me a time for final passage.

I have been here a few days, and I am not going to fall into that trap. We will work out a time agreement. If you give me a time for final passage, we will send it to the House.

You have lost fairly soundly here, and let us keep the faith we have with the Members of this body. If you want to start another filibuster on that side, I am prepared to go into the evening.

Mr. CRANSTON. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. CRANSTON. The majority leader stated that there are Members on this side of the aisle who want to defeat this measure. I should like to say that I do not know of any Member on this side who wants to defeat this measure. Some of us do not like the Gramm-Rudman amendment. We know that we have to pass this and we are not going to block it in this bill.

I presume that the majority leader will try to work out an understanding on what amendments will be brought up. We do not know what amendments there will be. At the moment that is done, we can agree on a time certain tomorrow.

Mr. DOLE. That is what I attempted to do a few moments ago, but somebody wanted to give me the third-degree.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, first, let me thank the majority leader for giving me some time.

I am not sending an amendment to the desk at this time. Anyone who wants a copy of the amendment as I contemplate it either has it or it is available.

What I would propose to do is this. Obviously, the leader wants a time certain for adoption of the bill, and I will spend a little time telling you what this amendment would do if I offer it.

I would like you to know that Senators BOREN, BENTSEN, and LONG, on your side, have worked with us on a number of the provisions, as has Senator HOLLINGS. Senator PACKWOOD has worked with us on this side in detail on it. It contains the amendments that Senator DODD wanted. It contains the amendment of Senator LEVIN which was adopted.

I have not asked him if he supports the entire measure, but so the Senator will know, those amendments are in the perfected amendment.

Senator BOREN worked with us at length on CCC and other programs. I say to Senator BOREN, however, it does not include his language about including Social Security COLA's. So no one ought to be concerned about that.

The amendment includes PAULA HAWKINS's amendment which makes reconciliation bills which include Social Security provisions subject to a point of order.

Mr. KERRY. Mr. President, will the distinguished chairman yield for a question?

Mr. DOMENICI. I am pleased to yield.

Mr. KERRY. Mr. President, I simply would like to say many of us can facilitate this process if we could somehow have a copy of the proposed modifications and of the bill as modified. I think we have a staff request for one but we have had some difficulty getting it. I certainly for one would like that and I think my colleagues will appreciate that.

Mr. DOMENICI. I said to my friend from Massachusetts I announced they are here. I think I brought 50 down. If that is not adequate we will get some more. Anyone who wants one will have one.

Mr. KERRY. I thank the Senator.

Mr. HART. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. I am pleased to yield to my friend from Colorado.

Mr. HART. I thank the Senator.

Is it the intention of the distinguished chairman of the Budget Committee to describe the package of amendments contained and then move their adoption in whole, or in part or what process does the Senator envision?

Mr. DOMENICI. Mr. President, let me say to the Senator from Colorado what I am presently going to do is explain as best I can this amendment. I am going to discuss it in depth, and describe how it varies from what is at the table.

I have no present plans for how to consider the amendment. I was hopeful that we could send it to the desk on behalf of a number of sponsors. The leader desires that we discuss it first, and I understand his desire. We may indeed, after the discussion, send it on behalf of 15 or so cosponsors to the desk as an amendment.

The purpose of this has been to see if we could iron out any difficulties that anyone has with the legislation. Obviously, everyone is not going to agree, but we can at least make sure everyone understands it.

Mr. HART. Will the Senator yield further?

Mr. DOMENICI. Let me say this: I only need a little bit of time because I am only going to speak for 15 or 20 minutes, but I will be glad to answer a question.

Mr. HART. Then that leads to another question. Why does the Senator have only 15 or 20 minutes.

Mr. DOMENICI. I understand the leader sought that amount of time for me. He is out working with others on the other business of the Senate including a proposed unanimous consent to adopt the short-term extension.

Mr. HART. With due respect to all of those on this side of the aisle, the Senators named he has been working with, or someone has been working with, and enormous respect for each of them, they do not represent me and they do not represent the State of Colorado.

I am in this body as a representative of a sovereign State, and the normal course of proceedings in the Senate is if you want to change a measure you offer an amendment.

Mr. DOMENICI. That is correct.

Mr. HART. What it seems to me is being proposed here is an extraordinary process, that suggests that some members of the Democratic Party speak for all the Democratic Party or for all the representatives of each sovereign State. That is not the case. I do not know what arrangements have been made or deals have been cut. But I will do what I can to prevent action on a package that I have not seen, that may represent some modification that a group of Senators want, but that I do not know what it is.

Mr. BENTSEN. Mr. President, if the Senator will yield on that, let me say there is no intent on the part of those of us who worked to try to represent all Democrats, or all Senators, or the Senator from Colorado. We were trying to represent things that concern us, in my instance the jurisdiction of the Finance Committee.

I would certainly agree that now that the amendment has been proposed as an amendment, it is one which will be discussed. The Senator should be given the evidence so that he can study the need for this amendment. I do not see anything unusual in that process.

Mr. HART. Is there a group of them that run some pages that we are going to pass in 15 minutes? Is that correct?

Mr. BENTSEN. I was not making that point.

Mr. DOMENICI. I did not suggest that. I said the leader suggested that I take 15 or 20 minutes now. That is what I am trying to do.

I yield to the distinguished Senator.

(Mr. COHEN assumed the chair.)

Mr. PACKWOOD. Mr. President, I want to assure the Senator from Colorado of something because I had a hand in these amendments. I know what he is thinking and the Senator from New Mexico could turn them in and talk for an hour on them now. There is no intention here to sneak something substantively through.

I will tell the Senator very frankly what a number of us were worried about. As this was initially drafted, there was an extraordinary power in the Budget Committee to supercede the substantive jurisdiction of the authorizing committees. There are a number of amendments in here that correct that and make sure that the substantive committees are not gone around in either the initial budget process or subsequent sequestering or reconciliation or anything else. That is the thrust of the bulk of the amendments that the Senator will talk about, and I think he is perfectly right to ask what are they about but to the extent he can take my word for the general tenor of them, that is the bulk of what they are about.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. I yield.

Mr. MOYNIHAN. I have been on this floor for 5 days saying I will offer an amendment to include the Commodity Credit Corporation in that category of expenditures that are considered relatively controllable. But now I learn there is a new provision in this amendment. As my distinguished chairman knows, when some of these discussions were taking place I was chairing a hearing in the Finance Committee. But what is this business of the Commodity Credit Corporation?

Mr. PACKWOOD. I think if he goes through it he will explain.

Mr. DOMENICI. I say to my friend, the Senator had an arrangement or on the floor he was going to offer it and the Senator said he was going to accept it. We put it in this amendment. We tell the Senator that.

Mr. MOYNIHAN. No. That is not what I said. I never for a moment said I would accept what was proposed.

Mr. DOMENICI. No; I did not say that. I said what the Senator proposed, as we understand it, is in this amendment. We are not trying to take his amendment right away.

Mr. MOYNIHAN. Could the Senator say that again?

Mr. DOMENICI. We are not trying to preclude his right to have a CCC amendment.

Mr. MOYNIHAN. If the Senator has my amendment in there, I do not care how it gets to the legislation.

Mr. DOMENICI. I say if it is not what he likes, the matter should be discussed further.

Mr. MOYNIHAN. Perhaps we could get a copy.

Mr. DOMENICI. The copies are here. We will get them to the Senator.

Mr. MOYNIHAN. That does tend to advance well. On the other hand, the majority leader observed last Saturday, "when people start reading these things"—I will leave that be.

Mr. DOMENICI. All right.

I will be pleased to answer questions as I proceed through. I just would like to get started.

The amendments as I understand them——

Mr. METZENBAUM. Mr. Pesident, without intending to make a long speech, is there a simple Domenici amendment that we may read?

I am told that all I can read is the whole Gramm-Rudman matter and that I have to define what changes. But is there a simple amendment that speaks just to this point he makes?

Mr. DOMENICI. There is just one amendment, the one the Senator is getting, that contains all of the changes. If the Senator reads it, he will find the amendments which were adopted yesterday and today along with everything I propose on behalf of the Senators I enumerated.

Mr. METZENBAUM. Let me ask a simple question. Does this amendment include all the langauge of Gramm-Rudman-Hollings or is this just an amendment to Gramm-Rudman-Hollings?

Mr. DOMENICI. It includes all the language in the Gramm-Rudman-Hollings unless otherwise amended, but almost all of it is what they originally sent to the desk as modified, amended, and voted in just a while ago.

Mr. METZENBAUM. As the Senator well knows, this is 44 pages, which totally encompasses the Gramm-Rudman-Hollings proposal. How are we going to understand exactly what the Domenici amendment is without taking the hours it would require in order to compare Gramm-Rudman as against this? And it is certainly not our usual way of proceeding, and that is what I do not understand why the Senator who is a skilled legislator would expect us to be able to proceed on the basis of this all encompassing amendment which is really in the nature of a substitute, as a matter of fact.

Mr. DOMENICI. I will give the Senator a typewritten summary of the changes. I just sent it out to be Xeroxed and it will be in a form that is perfectly referenced between the pending amendment and this new version, so he can read it and he will know exactly what is in it.

Mr. METZENBAUM. That sounds helpful and we will start from there.

I will yield to the Senator from New Mexico until we study this.

Mr. DOMENICI. I thank the Senator.

Let me state first that there are no longer any amendments to the Standing Rules of the Senate.

Second, the amendment now has a point of order against legislation until the committee of jurisdiction files its 302(b) allocations. This adds to the point of order in the amendment we adopted which enforces the 302(b) allocations. This amendment ensures your right to know what the 302(b)'s are since they are enforceable by point of order.

Third, you will now get quarterly estimates of economic growth.

Fourth, some people thought that maybe in the original language the mandate to the President that he must sequester the full amount of the overage might not have been firm enough. To the best of everybody's ability, this amendment now makes it absolutely mandatory that the full amount of the deficit overage as prescribed be sequestered.

The language that Senator LEVIN proposed here on the floor——

Mr. BRADLEY. Will the Senator yield at that point just to clarify something?

The full amount of overage would be sequestered according to the percentages in the bill, is that right, in the controllable nondefense and defense areas?

Mr. DOMENICI. That is right. No change in the makeup, merely additional words to satisfy everyone that wanted to look at it that the President cannot sequester half the overage and say, "I have done the job." It has to be the whole deficit overage.

Mr. CHILES. I wonder if, as the Senator describes this, he could tell us the page number. That will help us to follow this.

Mr. DOMENICI. I say to Senator CHILES, we are sending him a summary with the page references.

Mr. JOHNSTON. Mr. President, is it in order for the Senator to yield for a question?

Mr. DOMENICI. Let me first talk a moment on the floor here with Senator CHILES.

As the Senator goes through those, if he finds something that he would like to discuss, we would be pleased to do that. I did not mean to indicate that I did not want to discuss them with him. I just wanted to make sure he had a summary. As we move through and discuss them, he can see how urgent they are to him.

Mr. CHILES. That would be fine. It would be helpful, as the Senator is talking, if he could identify, if he has it there, what page he is on on the original text. We look at this and we are still trying to fight to get back to the page and it just takes us longer to try to follow it.

Mr. DOMENICI. The documentation the Senator received is a very detailed effort on our part to do the best kind of illustrating. And we referred to sections, if you will notice. And if you look up the section, you will find the section that I am alluding to.

There is a section of the bill that deals with payments required by existing contracts, and it is made clear that you cannot break existing contracts.

There is a section with reference to controllable expenditures. There has been discussion on controllability. The section that we now suggest is known as broadened controllability, which everybody has been talking about here on the floor, meaning that we have brought as much into that sequester category or that sequester pot, other than Social Security, as you could. Everything is sequesterable, except interest payments, Social Security COLA's, and clearly no one's existing entitlement benefits can be changed. If somebody is entitled to benefits, it cannot be changed.

Mr. CHILES. Can the Senator tell me what page he is on now?

Mr. DOMENICI. I say to Senator CHILES we will get him the referenced section in just a moment.

Mr. HART. Will the Senator yield for a question?

Mr. DOMENICI. Yes.

Mr. HART. Did I understand the Senator from New Mexico to say that the amendment we have enacted would be modified by this proposal to include or exclude existing contracts? What was the language there; about three pages ago, three sections ago?

Mr. DOMENICI. Prior year contracts that are executed and in existence cannot be broken as part of an automatic sequestration.

(At this point, Mr. SYMMS assumed the Chair.)

Mr. HART. Then that clarifies the question that was raised in the past 3 or 4 days as to whether long-term military procurement contracts are or are not subject to Presidential impoundment.

Mr. DOMENICI. To Presidential sequestration?

Mr. HART. Impoundment.

Mr. DOMENICI. Is the Senator speaking of sequestering?

Mr. HART. Sequestering means instead of legislative impoundment.

Mr. DOMENICI. Let me say if they are in existence at the time of the sequestration, and they are binding contracts, they cannot be impounded.

Mr. HART. Cannot be?

Mr. DOMENICI. Cannot.

Mr. HART. Then I beg the Senator to elaborate. The sponsor of the amendment said that the entire Defense Department budget was subject to impoundment or sequestration, whatever phrase you want to use. The Senator is now saying the long-term hardware procurement contracts are not subject to impoundment.

Mr. DOMENICI. All I am telling the Senator is that prior year contracts cannot be automatically sequestered. The same applies for CCC.

Mr. HART. Can be or cannot?

Mr. DOMENICI. Existing prior year contracts for CCC cannot be sequestered.

Mr. HART. Cannot. So the issue of $109.2 billion of multiyear military procurement is now clarified by this modification and taken completely off the table.

Mr. DOMENICI. I do not know that $109 is the number, I say to the Senator.

Mr. HART. That is the number contained in the budget documents that we have here, "Budget of the United States Government, fiscal year 1986," page 9-44, outlays for prior year contracts and obligations, national defense, $109.2 billion. The modification, once and for all, takes that $109 billion off the table. Is that correct?

Mr. DOMENICI. I really do not think that there is any reference in this amendment to that table. I will cite the section. Page 37 of the amendment before the Senator that the Senator asked before—I hope the Senator received it. If the Senator has not, I will send somebody with another one.

Mr. HART. I have not seen it.

Mr. DOMENICI. Page 17, is the definition, item (g).

Mr. HART. You will have to read it to me. Would the Senator mind reading it to me?

Mr. DOMENICI. I will send it over.

Mr. HART. Let me say while the Senator is looking if there is any thought on the part of the leadership of the Senate that we are going to enact this document any time in the very near future, they might as well forget about it. Because here is one Senator that is not going to let that happen so long as we cannot get answers. We are right back where we were last Thursday. What is going on in the U.S. Senate, Mr. President? We are being asked to enact a package of modifications, and I have just received it at 4:12 in the afternoon, and answers cannot be given that we have been asked since last Thursday.

Now we are told $109.2 billion of military contracts are not on the table, and are not subject to Presidential impoundment. Would it not have been nice to know that 15 minutes ago?

Mr. MELCHER. Will the Senator yield?

Mr. DOMENICI. I don't believe that all military contracts are off the table.

Mr. HART. The sponsors said on the floor of the U.S. Senate on Sunday that they were.

Mr. DOMENICI. The sponsors are here.

Mr. HART. I am glad to see it.

Mr. GRAMM. If the Senator will pose his question I would be happy to try to answer it.

Mr. HART. The Senator from New Mexico kindly in response to a question from the Senator from Colorado elaborated on the issue of military contracts that he says are covered by this document which has no title but is a proposed substitute. The issue is this: Are those the multiyear contracts contained in page 9-44 of the Budget of the United States Government for fiscal year 1986 as outlays for prior-year contracts and obligations for national defense?

Mr. GRAMM. If the Senator will allow me, let me say that in this proposal every element of the budget as it is currently defined except Social Security, which we have taken off budget, is now part of the sequester process. Those entitlements that have cost-of-living increases that are driven by eligibility are sequestered only so far as the cost-of-living increase is concerned. All other elements of the budget are subject to sequestering. We cannot invalidate a contract. We have heard discussion early today about doing it. We heard discussion about the DIVAD. The DIVAD contract was not invalidated because we simply came in and said we are not going to pay for it. It was invalidated because we had a clause in the contract that said unless it met performance standards, we would not accept it.

Mr. MELCHER. Will the Senator yield?

Mr. GRAMM. There has been concern expressed that defense was getting off the hook because defense was under contracts. The truth is if you break the budget down, we are still doing relatively little multiyear contracting, and relative to many other areas of the budget defense will be affected. The effect will come wherever we are in the fiscal year, where a sequester would be in order when the contract terminates. The same would be true for a person who had a contract to repair plumbing in HUD—under CCC, for example, when the contract expires, then the sequester goes into effect—but the constraint we face is the existing contract which we cannot invalidate. It would be nice to do it, but people would haul us into claims court, they would collect the money, and we would pay damages.

Mr. HART. What is the difference between this specific issue between the so-called modification and the amendment we just passed?

Mr. GRAMM. On this issue, we are attempting to respond to a concern raised by the Senator from New York, and by others that no part of the budget be excluded. The Senator from New York was concerned about agriculture because of the CCC. And so we simply brought in CCC and other programs such as guaranteed student loans, and said on these programs that we cannot invalidate a contract but we can have the sequester order become effective when the crop year ends, or when the student loan ends. That basically is the language.

Mr. HART. In the first year that this amendment takes effect will $109 billion of multiyear defense procurement be subject to Presidential impoundment or not?

Mr. GRAMM. It will depend on what kind of contract the procurement is under relative to other parts of the budget. Defense will be less protected than many other areas of the budget that have multiyear contracts. And the language that the Senator is challenging, some of which is in an amendment that will be offered today by the Senator from New York is language that was aimed at trying to deal with concerns that were raised on the Senator's side of the aisle to be sure that nothing was protected beyond the limits of the existing law. But I have to repeat to my colleague from Colorado that we cannot invalidate contracts.

Mr. HART. Senator, I am not suggesting we should. I am not advocating nor attacking anything. I am trying to get a straight answer which I still have not gotten.

Mr. GRAMM. The straight answer is that the changes we are discussing here, as in the case of CCC for example, were raised by the Senator from New York. I thought it was important to respond to those concerns. And the response was to try to assure we had broad language with the idea that except for Social Security and except for the fact we are not going to deny people eligibility, and except for the fact that we are not going to bring COLA's below zero, that to the maximum extent legal everything be covered. That is the effort of this language change.

Mr. HART. The Senator from New Mexico said prior to the arrival of the Senator from Texas that the language contained in the so-called modification exempts in the first year of the impoundment authorization of this amendment $109.2 billion multiyear defense procurement. Does the Senator from Texas agree or disagree with that statement?

Mr. GRAMM. I cannot give you the precise figure since it has never been a relative factor in the budget before—what contracts were in place. Nobody really can give you that exact breakdown. But I come back to the point, and I want to make it clear, if you are looking for a reason to say you are against this, that is great. There are plenty of them. But the language that you are questioning, the changes that are being made here, represent no sinister plot on our part. They represent an effort on our part to respond to concerns that were raised by the Senator from New York, the Senator from Louisiana, and the Senator from Texas.

Mr. HART. I am not impugning anyone's motives. I am asking straightforward questions which the U.S. Senate and the people of this country are entitled to have answers to. If the Senator as the principal sponsor of this measure as modified cannot answer them, the people of the United States deserve to know that.

Mr. GRAMM. Let me say that I have answered them.

Mr. HART. The Senator has not answered them.

Mr. GRAMM. The point I am making again, I go back to it, is that to this point it has not been a matter of any moment what part of outlays were contractual and what were not. When we bring in the sequester, it becomes important. But may I remind people of two additional things that I think may allay some concerns. First of all, by line items in the appropriation account, the cuts are made across the board. So for cuts to be make does not require that everything in the category not be under contract. It just means that proportion not be under contract. Second, these across-the-board sequesters never occur, never occur, if we do our job, which I intend to try to do.

Mr. MELCHER. Will the Senator yield for a question?

Mr. GRAMM. I do not have the floor.

Mr. MELCHER. Will the chairman yield for a question on the Commodity Credit Corporation?

The PRESIDING OFFICER. Is the Senator from New Mexico seeking recognition?

Mr. DOMENICI. I thought I had the floor. The Senator from Colorado asked me a question. I did not yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico has the floor.

Mr. MELCHER. Will the Senator yield for a question concerning the Commodity Credit Corporation?

Mr. DOMENICI. I would be pleased to.

Mr. MELCHER. I thank the chairman.

My question is simply this, and it follows directly what the Senator from Texas was just speaking about. It deals in part with the budgeting and the appropriations process. The Senator was speaking about effects. I want to address the Commodity Credit Corporation on this question. As I understand, it says each contract entered into after the sequester order, et cetera, and covers the Commodity Credit Corporation. I think I am correct on that; am I not?

Mr. DOMENICI. Yes, the Senator is correct.

Mr. MELCHER. In that, in the process on this discussion of cutting across the board, the Commodity Credit Corporation involves the farm programs, so what language is there in this proposal that says that the President, or whoever is doing this for the President, will cut each program so much rather than pick and choose?

In other words, if they wish to take more out of dairy or more out of wheat. What is there in the package that says——

Mr. DOMENICI. Can I give a citation on it?

Mr. MELCHER. If you will give me a citation, it would help immensely on a question we have had hanging over us since last night.

Mr. DOMENICI. Let me just say with reference to the CCC, the Senator has the language and he knows how it applies. There was an intent to exclude very little from that sequestering and to make the cuts in outlays uniform, to the extent that the dollars were necessary to reach the deficit reduction title. There was no intention that CCC be treated differently. We will get the language in just a moment.

Mr. MELCHER. We understand that. But the question is, when there is a cut, what prevents taking more out of this particular program than out of the other programs?

Mr. DOMENICI. Page 24, line 20, I am told. The words are "uniform percentage." Page 37, the definition of the term controllable expenditures makes reference to the same kind of uniform percentage language.

SEVERAL SENATORS. Will the Senator yield?

Mr. MELCHER. Let me clear up another question first.

This does not seem to show in the RECORD. Is there somebody who can explain this? I am sure the intentions of the Senator from Texas are to do that, but I do not know how——

Mr. GRAMM. If the Senator will yield, I will explain.

The PRESIDING OFFICER. The Senator from New Mexico has the floor.

Mr. DOMENICI. Mr. President, I do not know how much time I have here. I do want to have these questions answered. Where Senator GRAMM wants to answer them, I want him to answer them.

If the Senator will let me, I want to talk about one other section that I think everyone is concerned about. I will get back to this.

Perhaps in the meantime, the extra language could be shown to the distinguished Senator.

For those who have the modified bill, I refer to page 30, line 5, through page 35, line 22. I would like to talk about that entire section.

Let me just tell you how the original language, which we adopted just a while ago, deals with the U.S. Congress.

Mr. HART. Mr. President, could we have order?

The PRESIDING OFFICER. The Senator is correct. The Senator from New Mexico will suspend.

Will those Senators conversing in the aisle please retire to the cloakrooms or remain silent so we can hear the debate?

The Senator from New Mexico.

Mr. DOMENICI. The chairman of the Finance Committee alluded to the point awhile ago, to the fact that a substantial portion of this work was done in order to make sure that the Finance Committee and all the authorizing committees were not denied their rightful jurisdiction as part of any of these procedures, however accelerated we wanted to make it.

Well, there was a provision that we were seeking to amend whereby the Budget Committee, all by itself, in each House, would issue a joint resolution altering the sequestering order.

Mr. HART. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senator is correct. Will those Senators in the back of the Chamber retire to the cloakrooms so Senators can hear the debate?

Mr. DOMENICI. In that language that was in the original draft, which is presently at the desk and adopted by the Senate, the joint resolution of sequestering would have given the Budget Committee the sole jurisdiction, as we interpret it, to draft an alternative to a President's sequester order.

I did not draw that language. I have enough difficulty from time to time making sure that I do not have too much jurisdiction, much less putting some more in.

Mr. LONG. Will the Senator yield?

Mr. DOMENICI. I am pleased to yield.

Mr. LONG. For my part, I just want to make clear that the changes the Senator is talking about, so far as this Senator knows, are almost entirely in response to requests for changes that were made by Senators, mainly on this side of the aisle, having to do with some criticisms that were made of the original proposal.

We looked at the criticisms and we came up with proposals like that of Mr. Levin, who wanted greater specificity on how the cut was to be made if it was an automatic cut.

Some of us on the Finance Committee also looked at it and said, with regard to the programs in our jurisdiction, that if we do not want the automatic cut to go into effect, we want the opportunity to write how we think the cut ought to take place in the area that we think we understand the best, the programs in the Finance Committee's jurisdiction.

We would also like to have more flexibility by being able to at least recommend a tax, subject to whether the Senate would go along with us or not.

In good faith negotiations, the managers of the bill, the principal sponsors, the chairman of the Budget Committee and others met with us and we did the best we could to work out the modifications that we thought would make this a proper, workable proposal and meet some of the objections that we heard here on the floor.

We studied the document and our staff studied the document. Where we could find something that we thought ought to be changed, we suggested that it ought to be changed.

May I say that the chairman of the Budget Committee and the principal sponsor of the bill in our judgment have been considerate, when they had the votes to pass their amendment anyway, in saying that they were willing to propose changes in their own amendment in order to accommodate what those in the various committees who have responsibility in connection with much of this had sought, because we thought it would help to make it more workable and more fair.

Mr. JOHNSTON. Will the Senator yield?

Mr. DOMENICI. Let me finish my thought and I will then yield.

What you will find on the pages I alluded to was an effort, even under accelerated reconciliation at the end of this process, to delegate to the respective committees of the Senate their portion of the mandatory reconciliation that would be the alternative to the President's sequestration, or even the ratification of it in whole or in part.

The only thing we have left with the Budget Committee is what we now have, I say to my friend from Louisiana, the ministerial function and one other. If a committee fails to respond at all, does literally nothing, the Senate Budget Committee can recommend what should have been offered but only within the jurisdiction of that committee that did not offer anything. If they do not come up with enough, we can only take it to the floor and tell the Senate they did not do it. So I believe that the Senator from Louisiana is right. From the standpoint of using the committees, making sure they are involved, that whole section is an effort to do a better job of making sure we do not keep it all in one committee, which we did not want.

Now I would be pleaded to answer the question of the Senator from Louisiana.

Mr. JOHNSTON. I thank the Senator.

May I first say the summary of changes put out by the staff is helpful, but if I may suggest overnight you index those to the page in the bill. It is rather hard to find (b)(4)(A)(i)(II), (ii)(II) and (B) in the bill. If you can do that overnight, that would be helpful. Second, if you could take this bill and do it as they do, as we do amendments from the House, strike through that which has been stricken from the original bill and put in italics that which is new and been added, that way we would know what is new and what is not new. Because it is uncommonly difficult to tell what has been changed and what has not been changed.

Now, if I may ask a question about something which I believe has been changed and ask about the meaning of it, the word, "sequester" is defined on page 37 to mean, "the permanent cancellation of budget authority, obligation limitations, other budgetary resources, or loan limitations, to the extent necessary to reduce each controllable expenditure by a uniform percentage."

Now, Mr. President, my question is, suppose it is a slow spendout program and in order to get the outlay reduction, we have to reduce more in budget authority than in outlays. Is that permitted by the President?

Mr. DOMENICI. Mr. President, this may happen many times.

Mr. JOHNSTON. I say, is it permitted?

Mr. DOMENICI. Yes.

Mr. JOHNSTON. Is it required?

Mr. DOMENICI. Let me say that I do not think budget authority and outlays would be the same on very many. The President would have to sequester sufficient budget authority to produce required outlay savings.

Mr. JOHNSTON. Let me give an example. Let us say you have a line item appropriation for the Stealth bomber and let us say it is $10 billion in budget authority, which is going to spend out at the rate of $500 million the first year, which I would guess would be the way it would work, and let us say that you have a 5-percent reduction required, which means you have to save $500 million in budget authority. Is the President permitted to permanently cancel $10 billion in budget authority in order to get the requisite $500 million in outlays?

Mr. DOMENICI. Well, Mr. President, he has to sequester. Under the Senator's hypothetical, if the line item that he has described is a sequesterable item within this budget and if in order to get $500—and he is charged with getting $500 million in savings, all of that being hypothetical now, because I am not saying that would ever occur; it may only be $50 million of it that he has to get, I assume that the budget authority would be canceled provided it fits the line-item description within this bill.

Mr. JOHNSTON. Can he cancel budget authority temporarily, say, for 1 year in order to get the outlay effect or must it be permanent?

Mr. DOMENICI. Let me say he would have to be reducing outlays by 100 percent. And I assume that is the question of the Senator—that there is some circumstance when he is reducing outlays by 100 percent.

Mr. JOHNSTON. I guess some line items may spend out—I do not know about at 100.

If I may repeat the question, I think there are some accounts that would spend out at close to 100 percent. Certainly most personnel costs spend out at about 90 percent at least. But there are many, many others that spend out very slowly and most of your military procurement accounts are of that kind.

Mr. DOMENICI. Yes, but the reason I keep saying hypothetical, for there to be a 100-percent reduction in outlays, the sequester order would have to be cutting controllable outlays across the board 100 percent.

Mr. JOHNSTON. No. No. My question is this: Your even cut is in outlays. There is no requirement of an even cut in budget authority, is there?

Mr. DOMENICI. That is correct.

Mr. JOHNSTON. Very well. So my question has to do with those situations where you must cut $2 or $3 or maybe $5 in budget authority in order to get a $1 cut in outlays. My question is: Must the President cut the $5 in budget authority permanently in order to get the $1 required in outlays?

Mr. DOMENICI. Mr. President, I answered that early on. If that is one of those items that is sequesterable, he has to reduce outlays by a percent. And if it takes five times as much budget authority to get that percent in outlays, he must do it. But the Senator then posed another one saying if he had to cut all the outlays in the program, would he have to terminate because there is no budget authority.

Mr. JOHNSTON. No, no, I did not ask that question.

Mr. DOMENICI. And that cannot happen——

Mr. JOHNSTON. I did not ask that question. I said if he had to cut all the budget authority.

Mr. DOMENICI. You will never cut all the budget authority unless you cut 100-percent outlays. There will be some budget authority left because no program, project, or activity can be eliminated.

Mr. JOHNSTON. Some of that outlay may very well be from prior years and may not be reachable. In fact, it usually is in most of the defense contracts.

Mr. DOMENICI. You cannot cut prior year outlays. That is not in this.

Mr. JOHNSTON. It is only new outlay the Senator is talking about?

Mr. DOMINICI. Yes.

Mr. JOHNSTON. No prior year outlays are involved in that?

Mr. DOMENICI. The Senator said outlays or prior——

Mr. JOHNSTON. I say no outlays for prior years are involved?

Mr. DOMINICI. That is correct.

Mr. JOHNSTON. Very well. Now, if the President cancels BA, must he cancel it permanently or may he cancel it temporarily if that is all that is necessary in order to get the outlay result?

Mr. DOMENICI. Mr. President, the way I interpret it, the amount that is canceled is canceled permanently. I am not suggesting that that means he can terminate a program, but the BA is terminated in the sequester order.

Mr. JOHNSTON. BA would be permanently canceled. Now, the term sequester means, "permanent cancellation of budget authority, obligation limitations, other budgetary resources or loan limitations." My second question is, does he have the choice of either permanently canceling budget authority or obligation limitations? In other words, if he can achieve the same result by limiting obligations, for example, maybe by putting off the program for a year, may he do that?

Mr. DOMENICI. Mr. President, he has to reduce outlays. Whatever outlays are being cut, the source of it is reduced sufficiently to cut the outlays.

Mr. JOHNSTON. Just one more question, if I may, because I know this question is going to come up time and time again.

I guess my third question is this: Where the President has a number of tools, I guess he can reduce budget obligational limitations, whatever that is, and he can reduce budget authority. Does he have a choice as to which one he will take? May he postpone a program rather than permanently——

Mr. DOMENICI. Let us take one. I am not there doing an appropriation bill with all these line items, but I am told that in very few cases we know of, that the staff knows of, would there be a choice, because it would be flowing from one to the other.

What is the other part of the question?

Mr. JOHNSTON. Could he put off the program? If you are going to cancel budget authority for a reference program, that means you are not going to have enough budget authority to fund fully the weapons program. So that would seem to be a requirement to cancel it.

Mr. DOMENICI. That amount would have to be reduced, and in his sequester order he would have to do it and tell us what he had done. Obviously, he can make alternative recommendations to us, and we have that accelerated process on the tail of this with the reconciliation we have described. It would go back to the committees, and they could make decisions.

Mr. JOHNSTON. That is the alternative determination at the early part of the process. Once you get the order, he has no choice, but he sends a choice if he wants to. He has to sequester it. He says: "Here is what I have done, because you ordered me to do it under the law. Here is what I prefer to do." That has no effect, other than he sends it to us at that point. We have to decide, as Congress, what we want to do about the sequestration and the alternative. But, in all events, absent this law, we have to wind up with something that puts you back into the budget.

In one iteration of this, it said that no program, project, or activity, I believe, could be canceled by this section. Is that still in the bill?

Mr. DOMENICI. Yes, it is. I referred to it early on as part of Senator LEVIN's amendment which was adopted here and incorporated in the same language. It refers to the committee report, too.

Mr. JOHNSTON. I hope the Senator lists the amendment as I suggested, in italics, so that we know what has been changed, between now and tomorrow.

Mr. DOMENICI. We will try the latter suggestion, if it is still important to the Senate. I do not know that we can accomplish the Senator's first suggestion. To go through this and try to strike as he suggested, we will try to do it. It is difficult, but we will try overnight, if it is still important overnight.

Mr. GRAMM. Mr. President, if the Senator will yield, let me get the Senator from Louisiana to take note that we also added additional language to strengthen the priorities of Congress, and it is on page 28, line 6:

> Nothing in subclause . . . shall be construed to give the President new authority to alter the relative priorities in the Federal budget that are established by law.

Then it says:

> And no person who is, or becomes, eligible for benefits under any provision of law shall be denied eligibility by reason of this section.

In other words, we specifically say in here that nothing contained in the provisions of this bill dealing with sequestering can be construed as giving the President any new discretionary power, nor can any of these provisions in any way, under any circumstances, deny anybody eligibility for a program.

Mr. HART. Mr. President, will the Senator from New Mexico yield for a question?

Mr. DOMENICI. I yield.

Mr. HART. Mr. President, the Senator from Colorado has a sense that the majority leader is going to appear on the floor and talk about filibusters and people who do not want to pass this bill. Other opponents are going to suggest that if you raise a question about this modification, you are looking for a reason to be against it. I voted against it. I am not looking for a reason. I think the reasons are apparent on the face. I think it is important, by asking this question, to let our colleagues and the American people know what is going on here.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct.

Will all those staff personnel and Senators who are speaking in the Chamber please retire to the Cloakroom?

Mr. HART. Mr. President, I should like to ask a question to try to figure out where we are.

We just adopted an amendment that comprehensively rearranges authority in the Federal Government.

Immediately upon adopting that amendment, we have been offered a document untitled, but a copy of which I have in handwriting, the final copy of the proposed substitute, with somebody's initial on it. That document is 44 pages long.

We do not know, on a line-by-line basis, how this document relates to the one we just enacted, except for an accompanying four-page document entitled "Summary of Changes to the Pending Gramm Amendment." Certainly this does not mean the pending Gramm amendment. It means the Gramm amendment just adopted.

The 4-page document contains 25 items of difference between the proposed modification and the amendment we have just adopted, one of which has 4 separate parts.

I ask the Senator from New Mexico this question: In reading this document called Summary of Changes, he got to subpart 2 of No. 6, which says, "To make it clear that reduction"—whatever that is—"does not apply to payments required by existing contractual agreements."

At that point, the Senator from Colorado rose to ask a question. The question was whether that proposed change meant that the President could impound funds of multiyear military contracts or not. The Senator from New Mexico said he cannot and the Senator from Texas appeared to say, "We don't know."

I reiterate my question, either to the Senator from New Mexico or the Senator from South Carolina or the Senator from Oregon, the chairman of the Finance Committee, or anyone else who can answer the question.

Mr. DOMENICI. The Senator from Colorado kept asking me whether I said "can" or "cannot." I am saying "cannot."

Mr. HART. Am I correct in understanding that the Senator from Texas said "perhaps?"

Mr. DOMEINICI. I cannot recall what he said. He is here. I think the Senator is referring to a book that has 109 billion dollars' worth of contracts, and he was asking whether those were the same as I was saying "cannot."

Mr. HART. The book I am referring to is the Budget of the U.S. Government.

Mr. DOMENICI. I understand.

I am not going to tell the Senator that the $109 billion "can" or "cannot." I am going to tell him that, under his question, they cannot. I am not familiar with that list.

Mr. HART. It is not a list. I referred to it. It is the Budget of the United States.

Mr. DOMENICI. I understand.

Mr. HART. It is table 18, Controllability of Budget Outlays 9-44, outlays for prior contracts and obligations, national defense, $109.2 billion.

The Senator from Texas says he does not know or "perhaps," or something. It depends on the contract, he says.

I wonder if the Senator from South Carolina can answer the question.

Mr. HOLLINGS. Mr. President, what is the question exactly?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from South Carolina?

Mr. DOMENICI. I am pleased to yield.

Mr. HART. The question is whether either under the document called modification or under the Gramm amendment as enacted the item in the Budget of the United States called outlays for prior-year contracts and obligations, national defense, is included under what the President can impound or not?

Mr. HOLLINGS. The answer is yes.

Mr. HART. He can?

Mr. HOLLINGS. Yes. Does the Senator have a copy of the bill?

Mr. HART. I finally got it.

Mr. HOLLINGS. All right. Turn to page 24.

Mr. HART. Yes.

Mr. HOLLINGS. Permit me to read the following provision:

> Subject to clauses (ii), (iii), and (iv) of this subparagraph, eliminates one-half of such excess by sequestering from each affected program, project, or activity (as defined in the most recently enacted relevant appropriations Acts and accompanying committee reports) or from each affected account if not so defined, for funds provided in annual appropriations Acts or, otherwise from each budget account, such amounts of budget authority, obligation limitation, other budgetary resources . . .

If you read on down the rest of that page, you will read that the President must cut "by a uniform percentage."

To find out what the "other budgetary resources" in that passage means, jump from page 24 to page 37. On page 37 you will find at the bottom of the page that "other budgetary resources" means "unobligated balances, reimbursements, receipts credited to an account, and recoveries of prior-year obligations."

We have tried to make it as understandable as possible in that definition. The best example I can think of for the moment is the Divad.

Mr. HART. May we have order in the Senate?

Mr. MOYNIHAN. I regret to interrupt the Senator from South Carolina, but we want to hear him.

The PRESIDING OFFICER. Will those Senators in the Chamber who are busy please retire from the Chamber? We have Senators here engaged in a very important debate.

Mr. HOLLINGS. I thank the Chair.

The PRESIDING OFFICER. The Senator will please suspend until we can get some more order.

Mr. HOLLINGS. Yes.

The PRESIDING OFFICER. Those Senators in the back of the room please retire from the Chamber.

Mr. HOLLINGS. Mr. President, I thank my distinguished colleagues from New York and Colorado.

I will try my best to explain by using the example of the Divad. We asked President Reagan and Secretary Weinberger about the status of Divad, and as of August 15, they would not touch the programs on October 15 we asked the same distinguished officers about Divad and all of a sudden, the answer was yes. That becomes a prior-year obligation and can be subjected to recovery.

I hope the answer I have given does not make the process seem nebulous. If there is a better way to specify what the procedure would be, I am open to it. But we have tried our best to make it clear in the present language.

Mr. HART. Mr President, will the Senator yield for one further question?

Mr. HOLLINGS. Yes.

Mr. HART. Is the language contained on page 44 that the Senator read of the modification the same as its equivalent section in the amendment we just passed?

Mr. HOLLINGS. No, I do not think so. I think that is one of the amendments that the Senator from New Mexico will include as an elaboration of "other budgetary resources." The sheet has been given out by the Senator from New Mexico.

Mr. HART. It is item 62.

Mr. HOLLINGS. The Senator from Colorado is ahead of me.

Mr. HART. How does it differ?

Mr. GRAMM. Will the Senator yield on that question?

Mr. HOLLINGS. You see a new subsection (d)(4)(i) has been added to define the term "other budgetary resources" as unobligated balances, reimbursements, receipts credited to an account, and recoveries of prior-year obligations.

Mr. HART. This is not one of those changes designed to clarify the relationship of committees.

Mr. GRAMM. Mr. President, if the Senator will yield, I think I can clarify this. His question was the language on page 24 new language.

Mr. HART. No. In what respect does it differ from the language in the amendment we just passed?

Mr. GRAMM. It is the language of the Levin amendment which was offered to the bill which has just passed. So this language is the same.

Mr. HART. The same as Gramm?

Mr. GRAMM. The same as the bill which has been adopted as an amendment to the debt ceiling.

Mr. HOLLINGS. That was one of the big reasons, as the distinguished Senator from Colorado suggests, that since last Saturday we have been trying to clarify it the best we can. That is why we agreed to that particular amendment—to be able to give the distinguished Senator a definite answer, or as definite as possible.

Mr. MOYNIHAN. Mr. President, I have a number of remarks, which will be basically in the form of questions to the distinguished chairman from New Mexico, and my learned Senator from Colorado and the Senator from South Carolina.

It is the fact that this legislation—this extraordinary document, this change in procedures came to us very suddenly unprinted—is ill-understood by those who had not been its author and, indeed, is sometimes ill-understood or differently understood by those who are cosponsoring it.

I wonder if the Senator from Colorado and the Senator from South Carolina will recall the occasion last Friday when I suggested that as the amendment then read, it excluded from the category of relatively controllable expenditures the whole of the farm price support programs.

The PRESIDING OFFICER. The Senator will suspend. Will those Senators in the Chamber who are visiting retire to the cloakroom? It is hard to hear the speaker.

The Senator from New York has the floor.

Mr. MOYNIHAN. I made clear I was not speaking in any invidious way about farm programs, but simply to say it was only one of the many programs, and to ask why it should be put over into the category of entitlements as against the ordinary controllable outlays.

At that time we went round this floor and I asked if the farm price support programs were in the category of relatively uncontrollable expenditures? And some said yes, and some said no.

On Saturday, October 5, in the New York Times Mr. Jonathan Fuerbringer, who has been reporting this debate, had this statement in his story. He said,

> Senator Daniel Patrick Moynihan of New York argued that farm price supports would not be subject to the President's across-the-board cut because of the way the proposal was designed. Senator Gramm disagreed but several other Senators suggested that Mr. Moynihan might be right.

In the course of several days it turned out I was right and I approached my learned and distinguished friend from Texas and said that I would like to offer an amendment that would specifically include farm price support programs among the other relatively controllable programs. I was then told that this was most agreeable to the sponsors and that they would draft language on this matter.

We saw that language last night and it did not strike us as at all what we intended.

That language is here in what Senator Hart has suggested is the final form of the amendment on page 27, section 2, and it is also referred to in the "Summary of Changes to Pending Gramm Amendment" under item No. 10.

Let me tell you what has been done in response to my suggestion that we might include farm price support programs along with other relatively controllable programs. Item 10 of the "Summary." New subsections (d)(2)(A)(v) (I) and (II) have been added to make clear that Medicaid, Aid to Families with Dependent Children, Commodity Credit Corporation programs, and guaranteed student loans are now in the area that may be reduced in the across-the-board manner from which they had been protected previously.

Now, Mr. President, I would have thought it not beyond our ability as drafters to write a simple amendment, which I will offer later and which it is understood that I will have the opportunity to do, that simply says:

Notwithstanding any other provision of law, amounts made available for a fiscal year to the Secretary of Agriculture or the Commodity Credit Corporation to carry out a program to provide price support to producers of an agricultural commodity (including any program under which payments are made to producers as target price payments or for participation in a reduced acreage, acreage set-aside, or acreage diversion program) shall be reduced by the same percentage as relatively controllable expenditures are reduced under subsection (d)(2)(A)(i)(II) of this section for such fiscal year.

That is straightforward language, not complicated.

Mr. President, it is not within the powers of this residual group of 24 Senators to change the will of this body. But do I understand it to be the will of this body that across-the-board cuts will now be made in the following programs? Well, I would like to read two things in particular.

We have inquired of this matter from the general counsel of the Congressional Budget Office and asked what programs would the language in the amendment to be offered by the Senator from New Mexico affect.

He offers, for example, "the guarantee of student loans."

Now, if Senators will listen for just one moment. No one asks too much. The general counsel of the Congressional Budget Office reports that the guarantee of the student loans, and Treasury borrowings, which involve a contract to pay interest and to repay principal at a stated date, might be affected by the pending amendment.

I mean, we have from the general counsel of the Congressional Budget Office the proposition that we have now put Treasury bonds into the category of those matters that the President and Congress together can reduce by across-the-board percentage rates.

You know, that might solve the deficit problem.

Mr. BRADLEY. Will the Senator yield for a question?

Mr MOYNIHAN. I am happy to yield for a question.

Mr. BRADLEY. If that is true, does the Senator hope that at least that is kept quiet in the fragility of the world financial markets?

Mr. MOYNIHAN. No, I do not. I think it is time to balance the budget by seeing the credit of the United States disappear overnight and, perforce, we will be living on what we could get. It could be a pretty tumultuous day in Tokyo, I grant the Senator from New Jersey.

But we are about to declare, if need by, that we reduce the face value of a $1,000 Treasury bond by 8 percent across the board, and that will show the Saudis, I guess.

This is a bit astounding. This is astounding.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the letter from the general counsel, Mr. Alfred B. Fitt, with his list of possibly affected programs.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 9, 1985.

Hon. LAWTON CHILES,
Ranking Minority Member, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR SENATOR: This is in response to your question as to what accounts would be affected and how by a proposed amendment to the pending amendment entitled as "Balanced Budget and Emergency Deficit Control Act of 1985." The language proposed to be inserted is:

"Any contract entered into after the sequester order has been promulgated for the applicable fiscal year by which any federal department or agency shall agree to make payments out of an entitlement account to any person, lender or guarantee entity shall be deemed controllable expenditures and shall be subject to reduction under the Presidential order, and any such contract shall explicitly provide for such reduction for the entire contractual period."

We assume that the word "entitlement" in the proposed amendment has the meaning contained in Section 401(C)(2)(c) of the Congressional Budget Act of 1974, namely, the "authority to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriations acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law."

The Congressional Budget Office over the years has worked with the Senate Budget Committee to develop a list of accounts falling under the defintion of Section 401(C)(2)(c). I enclose a copy of that list, which ranges from military retired pay to Medicaid grants to veterans pensions to interest on the public debt.

The proposed amendment is directed to contracts to make entitlement payments. Most entitlements result not from contract, but from an application and approval thereof. At this juncture there is insufficient time to determine exactly which of the accounts on the enclosed list involve the making of contracts, but some clearly do so, for example, the guarantee of student loans, and Treasury borrowings (which involve a contract to pay interest and to repay principal at a stated date).

To the extent that an entitlement payment is made pursuant to a contract, the proposed amendment would bring the payment within the definition of controllable expenditure subject to being sequestered. Literally read, this would mean that if the applicable percentage to be sequestered were 5 percent, then the government's obligation on a guaranteed student loan issued after a sequester order would be 95 percent rather than 100 percent, thus effecting a substantive change in the underlying law. The issues affecting government borrowings are considerably more complex; the amendment would appear to raise the possibility of altering agreed interest rates downward, with consequent adverse effects on the government's borrowing costs in the first instance.

There are other uncertainties posed by the language of the amendment, but time does not permit their exploration.

Sincerely,

ALFRED B. FITT,
General Counsel.

Accounts considered to be entitlements by the Senate Budget Committee

Account title	Account No.
Defense retired pay [1]	97 0030 01 051.
Defense claims [1]	97 0102 01 051.
Payment where energy credit exceeds liability for tax [1].	20 0907 01 271.
National forest system (starting in FY 1986)[1],[2].	12 1106 01 302.
Oregon and California grant lands (through FY 1985 only) [1].	14 1116 01 302.
Commodity Credit Corporation: price support and related programs [2].	12 4336 03 351.
National Wool Act	12 5210 02 351.
Settlement of railroad litigation.	69 0708 01 401.
Coast Guard retired pay [1].	69 0241 01 403.
Guaranteed student loans (GSL) [1].	91 0230 01 502.
Social services block grants [1].	75 1634 01 506.
Family social services (foster care and adoption assistance) [1],[3].	75 1645 01 506.
PHS Commissioned officers' retirement pay and medical benefits [1].	75 0379 01 551.
Grants to states to Medicaid [1].	75 0512 01 551.
Supplementary medical insurance trust fund (Medicare).	20 8004 07 570.
Hospital insurance trust fund (Medicare) [4].	20 8005 07 570.
Premiums and collections, FHI, and FSMI.	20 9991 87 570.
Special benefits (general retirement disability insurance [1].	16 1521 01 601.
Special workers' compensation expenses.	16 9971 07 601.
Black lung disability trust fund [1].	20 8144 07 601.
Offsetting receipts—RR retirement receipts from OASI.	20 9992 87 601.
Railroad social security equivalent benefit account.	60 8010 07 601.
Rail Industry Pension Fund [4].	60 8011 07 601.
Special benefits for disabled coal miners [1].	75 0409 01 601.
Judicial survivors' annuities fund.	10 8110 07 602.
Special benefits (Federal employee retirement and disability) [1].	16 1521 01 602.
Foreign Service retirement and disability fund.	19 8186 07 602.
Tax Court judges survivors annuity fund.	23 8115 07 602.
Civil service retirement and disability fund [4].	24 8135 07 602.
Military retirement fund	97 8097 07 602.
Federal unemployment benefits and allowances [1].	16 0326 01 603.
Advances to the unemployment trust fund [1].	16 0327 01 603.
Unemployment trust fund [4].	20 8042 07 603.
Offsetting receipt—unemployment trust fund, repayable advances [1].	20 9990 87 603.
Conrail labor protection [1].	69 0707 01 603.
Special milk program [1]	12 3502 01 605.
Child nutrition programs (Summer feeding program only) [1],[3].	12 3539 01 605.
Payment where credit exceeds liability for tax.	20 0906 01 609.
Supplemental security income program [1].	75 0406 01 609.
Assistance payments program (AFDC) [1].	75 0412 01 609.
Child support enforcement [1].	75 0430 01 609.
Payments to states from receipts for child support.	75 5734 02 609.
Old-age and survivors insurance trust fund [4].	20 8006 07 650.
Disability insurance trust fund.	20 8007 07 650.
Veterans insurance and indemnities [1].	36 0120 07 701.
Veterans compensation [1]	36 0153 01 701.
Veterans pensions [1]	36 0154 01 701.
Veterans burial benefits and miscellaneous assistance [1].	36 0155 01 701.
National service life insurance fund.	36 8132 07 701.
United States government life insurance fund.	36 8150 07 701.
Veterans readjustment benefits [1].	36 0137 01 702.
Post-Vietnam era veterans education account.	36 8133 07 702.
Education benefits fund.	97 8098 07 702.
Soldier's and airmen's home claims.	84 8930 07 705.
Secret service annuity benefits.	20 1407 01 751.
Salaries of judges [1]	10 0200 01 752.
Compensation of the President [1].	11 0001 01 802.
Claims, judgments, and relief acts.	20 1895 01 806.
Presidential election campaign fund.	20 5081 02 806.
State and local government fiscal assistance trust fund.	20 8111 07 851.
Forest Service permanent appropriations.	12 9921 02 852.
Payments to U.S. territories, fiscal assistance.	14 0418 01 852.
Payments to states from receipts under Mineral Leasing Act.	14 5003 02 852.
National Wildlife refuge fund [5].	14 5091 02 852.
Bureau of Land Management miscellaneous permanent appropriations.	14 9921 02 852.
Bureau of Reclamation miscellaneous permanent appropriations.	14 9922 02 852.
Internal revenue collections for Puerto Rico.	20 5737 02 852.
Customs Service miscellaneous permanent appropriations.	20 9922 02 852.
Payments to states under the Federal Power Act.	89 5105 02 852.
Corps of Engineers permanent appropriations.	96 9921 02 852.
Net interest (including interest on the public debt, interest received by trust funds, and other interest).	All function 900 accounts.

[1] Annually appropriated by Congress.

[2] Part of account annually appropriated by Congress through fiscal year 1985 but not thereafter.

[3] Split account; only part of account considered entitlement.

[4] Excludes limitation on administrative expenses.

[5] Part of account annually appropriated by Congress.

Mr. MOYNIHAN. Mr. President, let me give you some other programs that might be affected. I think Senators might want to know this. Guaranteed student loans, I have mentioned; the black lung disability trust fund; advances to the unemployment trust fund; the Supplemental Security Income Program; the assistance payments program under AFDC; the old age survivors insurance trust fund, which is another way of saying Social Security; veterans' burial benefits; and salaries of judges.

It has been remarked on the floor that this legislation may take years of litigation to clear up. I suggest that it won't, at least, not if we stop paying the judges. They might stop coming to work, then it will never be cleared up. Now, that is a thought. That is a strategy.

I am not here to be playful. I am here to say one thing: I ask that I be allowed to offer an amendment—I have a right to offer that amendment; I indicated I would—that would transfer the farm program to that category of relatively controllable expenditures, in which all other general Government programs are to be found.

In response to that, I was told that language would be included and has been included. Now we learn that the chosen language extends to Social Security, guaranteed student loans, and the debt of the United States.

I mean, what is going on here? Somebody tell me. What is going on here? This is not the way we normally behave.

Mr. GRAMM. If the Senator will yield, I would be happy to say what is going on here.

Mr. MOYNIHAN. Of course, I do.

Mr. GRAMM. The Senator posed a question concerning whether or not the Farm Program was covered in sequestering. The Senator from Texas sought to determine exactly to what degree it was covered. And so the Senator went through the whole agricultural program and found that Federal crop insurance, water bank program, watershed planning, marketing service, forest fire service, Office of the Secretary, Foreign Assistance Program, rural housing, rural development, agriculture credit insurance fund, National Forest System, Perishable Agricultural Commodities Act fund, packers and stockyard programs were directly covered, leaving CCC.

Mr. MOYNIHAN. May I just ask: In the category of relatively uncontrollable spending?

Mr. GRAMM. Under the bill that is currently——

Mr. MOYNIHAN. Could I ask that question: Leaving CCC in that category of relatively uncontrollable expenditures?

Mr. GRAMM. Leaving CCC in the questionable category, to which I am about to move.

Now under the bill that is pending at the desk that has been affixed to the debt ceiling by a vote of 75 to 24, these entitlement programs which are not indexed are part of the sequester. In trying to assure the Senator from New York that farm programs were not getting a bye in this whole process, they were not getting off the hook, I sought the advice and help of Senator BOREN in coming up with language that would make it clear that, first of all, in a CCC contract people get their money and under others—I am not trying to give Senator BOREN the credit or the blame—people get their money up front in a CCC contract. And it is a contract. So you cannot change it during the middle of the year. You can change it at the end of the year.

So we thought, in trying to respond to the Senator from New York, we would do something which assures that no part gets off and that is we assure that if we are sequestered during this year and we are under contract in that year, that, for all of these nonindexed entitlements, the sequester would apply the next year. In other words, nobody escapes sequester. We do not deny them eligibility. If they are getting a COLA, we reduce the COLA proportionally. But, in essence, what we did in CCC is this: If I am a farmer and I am under a contract, the Government has already paid me my money, and we cannot go get the money back. The farmer probably does not have any. But what will happen is when the contract expires, the sequester will go into effect on the next contract. So that CCC now, subject to contract, will be included, just as guaranteed student loan programs will be.

If I am going to college and I got my loan in September, I cannot very well go and catch the guy at Texas A&M or New York University and shake his jeans down and try to get the money back. But at the beginning of the next year, I can reduce, as part of sequester, if we do not do our job, I can reduce the overall loan amount.

And that is exactly what we do here in terms of the clear intent of the bill that is before us. What we have done is added an extra power to broaden the sequestering to assure that CCC is included. Being a rural Senator, I want to make it clear to people that our intention is to have it as applicable as possible. Because there are only two ways of getting fairness: No. 1, include nobody, or, No. 2, include everybody. And our objective, within the constraints we faced with Social Security on budget and the constraints we faced with existing contracts, was to include everybody to the maximum extent possible.

I do not know how to be more fair than that.

Mr. MOYNIHAN. I believe the Senator from Iowa——

Mr. HARKIN. I thank the distinguished Senator for yielding to me.

Mr. MOYNIHAN. Mr. President, I do not believe I had the floor. If I have the floor, I would like to yield for a question. I thank the Senator from Texas.

Mr. HARKIN. I thank the distinguished Senator for yielding. I do have a question. It is prompted by this last discussion between the Senator from New York and the Senator from Texas. On page 27 of this new package we have, modification, it says any contract entered into after a sequester order has been issued, et cetera, is deemed to be controllable, and, therefore, would be in the category that would be cut. The distinguished Senator from Texas said that these contracts are entered into up front and therefore they could not be cut afterward. My question really is this: sequestering, if I am not mistaken, takes place on October 1.

Mr. MOYNIHAN. Yes, as I understand it.

Mr. HARKIN. Take the case of soybeans. You have a low trade on soybeans of whatever, let us say $5 a bushel. Those farmers who harvest their crop of soybeans before October 1, let us say they happen to live in the warmer climates of our country and are able to harvest their soybeans prior to October 1. They will get the low rate of $5 per bushel. Farmers who happen to live in a little bit colder climates up north, in Illinois, Iowa, who may harvest them after October 1 would get a loan rate of much less. I ask what could be fair about that? We are dividing up the farmers of this country, and pitting one section and one region against another.

Mr. MOYNIHAN. I would like to quote the Secretary of the Treasury at the time he introduced the Treasury tax plan. He said "Vote with your feet." Why live up there in the cold country?

Mr. HARKIN. Does this sound like that would happen in this?

Mr. MOYNIHAN. It sounds exactly like what would happen—that the October 1 date intervenes between the harvest time in one-half of the country and harvest time in the other half of the country.

The Senator from Oklahoma may be able to help.

Mr. HARKIN. I think this needs to be cleaned up.

Mr. MOYNIHAN. Are we jeopardizing the credit of the United States of America? Let us not forget this other matter. Are we going to separate the farmers in the Sun Belt from farmers in the frozen belt?

Mr. HARKIN. This looks like what is happening.

Mr. MOYNIHAN. It would be the same with winter wheat.

Mr. HARKIN. The same thing. I thank the Senator for yielding. I hope this is cleared up because this seems to be a glaring defect.

Mr. BRADLEY. Will the Senator from Texas yield?

Mr. MOYNIHAN. I believe I have the floor. The Senator cannot yield to the Senator. I yield the floor.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. I would like to ask the Senator from Texas several questions about the summary of changes. If I can have the attention of the Senator from Texas, No. 3 of the changes in the sheet given us, in subsection B(5)(a) has been modified to include a point of order against consideration of the committee's legislation unless and until that committee files section 302(b) suballocation. Could the Senator please explain his interpretation of that paragraph?

Mr. GRAMM. Let me begin by asking the Senator to clarify. Someone had asked me a question. As I heard the question, it had to do with the allocation of the 302 allocation.

Mr. BRADLEY. In the document that was handed out by the distinguished chairman of the Budget Committee, the third item on the list states: "Subsection B(5)(a) has been modified to include point of order against consideration of the committee's legislation."

Mr. GRAMM. I am with the Senator now. I can answer it.

Mr. BRADLEY. What is your interpretation of that paragraph?

Mr. GRAMM. My interpretation of that paragraph is that it is a straightforward paragraph, that once the budget is adopted by the Congress it should be based on the committee report allocation down to the 302(b) level. That basically is down to the subcommittee level. At that point, if any bill comes to the floor that makes appropriation, authorization, or entitlement and if that bill violates the 302(b) allocations, that bill shall be upon challenge ruled out of order and only by simple majority can that bill be brought to the floor because it is in violation of the budget.

Mr. BRADLEY. That a point of order lies against that bill?

Mr. GRAMM. That is correct.

Mr. BRADLEY. Would the 302(b) suballocations in this case track the budget targets in Gramm-Rudman?

Mr. GRAMM. There are no budget targets in Gramm-Rudman. They are only maximum allowable deficits. It would track the budget adopted by Congress.

Mr. BRADLEY. May I ask you one last question? That is, how that third paragraph interacts with the 20th paragraph. That is the simple majority required. Is it the Senator's understanding that if an appeal is made to the ruling of the Chair under point of order that it would take 60 votes to override?

Mr. GRAMM. If I may remind the Senator, our distinguished colleague from West Virginia, a student of the rules of the Senate, raised questions about setting out this procedure in law which made the rules of the Senate subject to law. The distinguished Senator from West Virginia has not in any way signed off on this. In attempting to respond to the Senator, we took the restrictions out of law, and brought them into the Senate and to the House so that the point of order would require a three-fifths vote of those duly chosen and sworn to be overcome. That is the vote required for cloture.

Mr. BRADLEY. So the answer to the question that I pose is that we need 60 votes to sustain?

Mr. GRAMM. That is correct. If you bring a bill to the floor that is in violation of a budget adopted under this procedure, it will be out of order and can be brought to the floor against the rules of the Senate only by three-fifths vote of those duly chosen and sworn. That is the binding element of this budget that means we are going to be moving toward budgets that have meaning.

Mr. BRADLEY. A second question: As I look at this list, No. 12 on the list, define negative real economic growth for the purpose of this amendment to be when such negative growth occurs from two consecutive calendar quarters of the entire fiscal year. In the original bill, I understand it was four quarters. Is that not correct?

Mr. GRAMM. No. In the original bill it was the projection of negative real GNP growth. That could have been only one quarter that was a real downturn and three flat quarters. What we have done to try to deal with the concern that was raised by numerous Members on your side of the aisle was we put this trigger in so it would pull either way. If you had a negative real growth, it is pulled, even though you may not have technically a recession. Under the current definition, recession is two continuous quarters of negative real GNP growth. Or even if you have a positive real GNP growth for the year, if you have two consecutive quarters, then it is a recession.

Mr. BRADLEY. May I follow with one last question?

Mr. DOLE. Mr. President, I would like to file a unanimous consent request.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, about 1½ hours ago I indicated we ought to discuss the Domenici amendment for 15 minutes. I know there are still a number of questions with reference to it. I have been trying to determine whether there is still an effort to kill the bill or not. But I think with the vote we have there should be some indication of the majority of Members on both sides supporting the legislation. So I am going to propound a unanimous consent request that we include everything except the Domenici amendment, and the time for final passage. There is cloture filed on the bill already. So I will not need to file another cloture petition. But these are all things we agreed to yesterday. So I hope when I propound this request we will not have to go through the whole litany again.

Mr. President, I say that I am advised by Members of both parties of the House that they would like to have the temporary extension by 6 o'clock because they have, I think, some function to attend.

So I ask unanimous consent that the Senate now turn to the consideration of H.R. 3453, the vehicle to which a short-debt limit extension will be offered; that one amendment be in order, and one amendment only to be offered by Senator PACKWOOD to increase the debt limit through October 18, 1985; and, that there be 30 minutes of debate total to be equally divided. Further, I ask unanimous consent that following amendments be the only amendments in order to House Joint Resolution 372, and that they be limited to the following time agreements in the usual form. These are the same time agreements we agreed on last night. Bradley, defense cuts, 30 minutes, 20 and 10; Glenn, balanced budget, 30 and 10; Leahy, budget surpluses, 30 and 10; Boren, Social Security, 30 and 10; Bradley, gas tax, 20 and 10; Moynihan, CCC, 20 and 10; Zorinsky-Mattingly, 2½ and 2½.

That would leave, when we finish at that point, the Domenici amendment. We have not agreed on any time for final passage. Then I think that should satisfy anyone who has a concern about having more time to review.

Mr. METZENBAUM. Mr. President, the majority leader did not tell us what Zorinsky-Mattingly is. What is it?

Mr. DOLE. No tax increase.

Mr. METZENBAUM. It is not line item.

Mr. DOLE. No, unless you would like to have it.

Mr. METZENBAUM. No. I do not think so this afternoon.

[Laughter.]

Mr. CRANSTON. Reserving the right to object, is there no Armstrong amendment?

Mr. DOLE. There is no Armstrong amendment, nor a Cranston amendment. In fact, we have dropped five amendments. We made progress by not doing anything.

Mr. CRANSTON. I accept that arrangement.

Mr. METZENBAUM. As I understand the request, there will be a time certain for final passage?

Mr. DOLE. No.

Mr. METZENBAUM. On the Domenici amendment, I have no objection to it, but I do not know what it is. I think we are entitled as Members of this body to be able to deal with it as an actual amendment so we know what we are being called upon to vote on. I have no desire to slow the action of the Senate.

Mr. DOLE. I have requested the Senator from New Mexico that he and the distinguished ranking member on the Budget Committee, and others who have been involved in these amendments, ought to be around talking to people who seem to have some concerns. If they are major concerns, just forget about it.

There are areas of the Domenici that I think there are no objections to. The important thing is to get this show on the road and get on to other business.

Mr. CHILES. Mr. President, what this is, in effect, is right now we are trying to sit down with our staffs and see which of the changes are what we would call procedural changes to either make the Budget Act conform to some of the other changes that have already been made in the bill or some that look like there is a general agreement upon. That would be one list.

Others would be substantive changes as opposed to procedural.

We are talking about putting this time agreement in to give time to see if even though it is a substantive change, is it something where there is a general agreement on this side about and on that side about. If so, it could be made a part of it.

If there is not a general understanding on it, what I would do is say that it is something that should be dropped.

Mr. METZENBAUM. I think Senators understand I am not now addressing myself to the substantive issue. I am addressing myself to the procedural question that every Senator is entitled to at least have the opportunity to try to understand.

Mr. CHILES. I understand. I was going to say that there is no way right now that I can tell him what would be in the amendment because I do not know what would be agreeable.

Mr. DOLE. Mr. President, I have propounded the unanimous-consent request. We agreed to all of this yesterday with the one exception that Senator LONG had a question about. We resolved that question. I do not know why we have to start through the entire exercise again. If you want to object, object, and we will stay here tonight.

Mr. HART. Reserving the right to object, might I ask the leader might it be proper to offer a 20-minute amendment on the underlying amendment?

Mr. DOLE. As I understand, we have agreed to amendments listed yesterday and they would be the only amendments in order.

I know you are trying to kill the bill.

Mr. HART. No. As much as you would like to suggest that, it is not true.

Could I have an answer? If you are not on the list, you are out; is that it?

Mr. DOLE. No. After these amendments are disposed of, the bill would be open to amendment. There is no agreement on time. I hope we do not hold it up or we will be here all weekend. I promise that.

Mr. BUMPERS. That is not an exclusive list.

Mr. DOLE. It is an exclusive list. If we start getting amendments from all over the place, I will withdraw the request and we will work on them.

Mr. MELCHER. Reserving the right to object, I think I understand that this is not an exclusive list and that further amendments will be in order to Gramm-Rudman-Hollings.

Mr. DOLE. You have already had two amendments and we have taken care of them.

Mr. MELCHER. I am not trying to delay things.

Mr. DOLE. You are trying to delay it. You are obviously trying to delay it.

Mr. MELCHER. Reserving the right to object, did I understand the answer is no?

Mr. DOLE. The answer is it is open to further amendment. We are going to try to complete it tonight.

Mr. MELCHER. I thank the majority leader.

The **PRESIDING OFFICER.** The unanimous-consent request was that the following amendments be the only amendments to House Joint Resolution 372 and may be limited to the following time agreements in the usual form, and then the rest.

Mr. MELCHER. Reserving the right to object. I will ask a parliamentary inquiry. Did I understand the Chair to say that these would be the only amendments in order and that the bill would be closed to further amendment?

The **PRESIDING OFFICER.** That was the agreement.

Mr. MELCHER. Reserving the right to object, and I will mention to the majority leader, that does not seem to leave the bill open for further amendment. Is that correct?

Mr. DOLE. Let me modify it by excluding the word "only."

"The following amendments be in order."

The **PRESIDING OFFICER.** Is there objection?

Mr. GRAMM. Reserving the right to object, Mr. President, I am going to have to reserve the right to object. I would like to pose a question to the distinguished majority leader.

The question is, If we accept this unanimous-consent request, other than the amendments which we have agreed to basically on and off for the last 3 days, will any other amendments be in order?

Mr. DOLE. Other amendments will be in order, including the amendment of the distinguished Senator from New Mexico. I hope there are no other amendments offered, but they would be in order. If people want to offer amendments, I am not going anywhere this weekend. We can talk about them.

Mr. MELCHER. Reserving the right to object, Mr. President, I want to simply state that it appears that under the Gramm-Rudman-Hollings amendment as it now stands that the farm bill be $400 million out of budget according to the Gramm-Rudman, not budgeted in here. Although complying with the budget reconciliation process, it appears as if right now that the Gramm-Rudman-Hollings would say that the entire farm bill was out of order and there could be a budget waiver. Therefore, we cannot consider it.

This may be very serious. If I understand the majority leader correctly, that is, that if there needs to be an amendment of that nature or some nature like that, there will be no further amendment.

Mr. DOLE. The Senator will have the opportunity to offer an amendment.

Mr. LONG. Will the Senator yield?

Mr. DOLE. Yes.

Mr. LONG. I honestly do not believe we are going to accomplish anything by staying here until 3:30 tomorrow morning the way we did last night. I would hope that the Senator would seek an agreement. Those who want to offer amendments should let him know the nature of their amendments so he can know what we are talking about. We should try to get some agreement where we can see the light at the end of the tunnel, where we can say, "If you want to offer an amendment having to do with the farm bill, okay," and reserve the right to offer an amendment on the farm bill. See if we cannot get a limit to amendments so that if we have to take several more amendments being offered in addition to those that people have typed up. But I urge the Senator to see if he cannot get an agreement that we have at least some specified number of amendments to vote on before we finally vote on the bill.

Mr. DOLE. I am trying to get the same agreement we almost had last night. The same people who wanted the agreement last night are objecting to it.

Mr. LONG. Not necessarily.

Mr. DOLE. Not the Senator from Louisiana, because he had a legitimate objection. We have satisfied that. I think if we can get an agreement on these, we can go ahead and start working on them tonight. And then, if people want to offer amendments tomorrow, we will be open for business tomorrow.

Mr. BUMPERS. Will the Senator yield?

Mr. DOLE. Most of these amendments will not take 15, 20, or 30 minutes.

Mr. BUMPERS. Mr. President, reserving the right to object—and I do not object; I have no quarrel with the agreement at all—on this list that has been furnished us of the proposed modifications by the Senator from New Mexico, I would hope that the Budget Committee, the Senator from New Mexico, would furnish the body a considerably more detailed explanation of those modifications, what the intent is and the effect of them.

But what we have before us now is pretty arcane. It is impossible to tell. In certain instances where we have debated here, some of us know what the Senator is trying to accomplish, but if we could get a more thorough explanation of what those modifications are, it would be very helpful to us.

Mr. DOMENICI. Let me say to my friend——

Mr. BUMPERS. There are 25 of them.

Mr. DOMENICI [continuing]. We have just decided here that even though 90 percent of that amendment that I have before the body you have already adopted by 79 votes—was that the vote? How many affirmative votes were there?

Mr. DOLE. Seventy-five.

Mr. DOMENICI. Seventy-five. About 90 percent has remained the same.

Now we are getting questions about it. I was trying to offer some amendments that I thought people would like more than what they have already voted. Now I am not going to do that right now.

We could try another deal. We could offer one amendment or a series of amendments that are mutually satisfactory to LAWTON CHILES and PETE DOMENICI. And that could take care of this. We do not intend to offer this right now.

We have tried to clear up procedural shortcomings, committee jurisdictions, and those kinds of things that many people have talked to us about, and that is what that language means.

If we did not have that kind of amendment, we would not offer it.

Mr. BUMPERS. Mr. President, if those are modifications in accordance with the agreement that was made as modified—we have heard a lot about that term here—how were those in the bill that we just adopted? The Senator says we have already adopted 90 percent of them. None of those things, as I understood it, were in the bill. Nothing could be put in the bill since it was introduced last Friday.

Mr. DOMENICI. Mr. President, the Gramm-Rudman amendment, as modified and amended on the floor in its entirety, is in that amendment that I offered, as well as some amendments to it that we thought were in order. Now it is very confused because Senators are asking questions about the amendment we just adopted.

We could offer straight amendment to the pending legislation that the Senate already adopted by 75 votes. It could be one simple amendment, it could be two. It could be along the lines I have described and mutually acceptable to Senator CHILES and Senator DOMENICI. And we do not have a time limit on that.

Mr. BUMPERS. Mr. President, let me say one other thing. All of us here have the utmost respect for Senator CHILES, but just because it meets his approval does not mean it is going to meet the approval of another 46 Senators.

Mr. DOMENICI. That is correct, and Senators do not have to vote for it and there is no time agreement on it.

Mr. BUMPERS. Mr. President, let me ask the Senator, what does this mean—and I will not take up the majority leader's time on this consent agreement, but we have here on the note handed out, "Changes described below are relative to the pending Gramm amendment, as modified, as it appeared in the CONGRESSIONAL RECORD of October 4"?

Mr. DOLE. Will the Senator yield to me on that?

Mr. BUMPERS. Yes.

Mr. DOLE. That is the reason we have tried to set that amendment aside, give everybody time to discuss it. What I am attempting to do now is get to the House before 6 p.m. the temporary debt extension so that Treasury will not have to go into the Federal Financing Bank, and agree to the amendments we agreed to yesterday. Then, if we cannot agree to the Domenici amendment, it probably will not come up.

Mr. BUMPERS. To satisfy the majority leader, I will not debate that now. I understand he is under a time constraint. I do want to pursue it later, but I will pursue it with the Senator privately.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object, I want to be sure that the language of the request, which as far as I am concerned can be granted, is in accordance with what the distinguished majority leader has just said. I understood him to say that other amendments would be in order?

Mr. DOLE. Right. I revised it. It now reads: "The following amendments be in order." I have taken out "only" and hopefully clarified the record. Hopefully it will not encourage any.

Mr. BYRD. And the Senator agreed to it being in the usual form?

Mr. DOLE. Yes.

Mr. BYRD. Which takes care of germaneness, division, and control of the time. I have no objection to this.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF SUPERFUND TAXES

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 3453) to amend the Internal Revenue Code of 1954 to extend the Superfund taxes for 46 days.

The Senate proceeded to consider the bill.

AMENDMENT NO. 756

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon [Mr. PACKWOOD] proposes an amendment numbered 756.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. BRADLEY. I object.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk continued reading as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. Section 9(a) of the Federal Financing Bank Act of 1973 is amended by substituting "$5,000,010,000" for "$15,000,000,000."

SEC. 2. (a) Section 3101 of title 31, United States Code, is amended by adding at the end thereof the following:

"(d) the face amount of obligations issued by the Federal Financing Bank under Section 9(a) of the Federal Financing Bank Act of 1973 that are outstanding shall be included in the amount taken into account in determining whether the limitation imposed by subsection (b) has been exceeded."

(b) The amendment made by subsection (a) shall take effect on October 18, 1985.

Mr. PACKWOOD. The Senator has now heard the amendment. Does he have any questions?

Mr. BRADLEY. Yes; I wish to ask the distinguished chairman of the committee a question. This I understand is the temporary debt limit extension?

Mr. PACKWOOD. That is correct.

Mr. BRADLEY. Where does it say, "an extension of the debt limit"?

Mr. PACKWOOD. We are at that debt limit now. What this bill does is authorize the Government between now and October 18 to borrow up to $5 billion from the Federal Financing Bank. They can under present law borrow up to $15 billion. So this limits it to $5 billion, which is roughly what we estimate is needed to get us to October 18, roughly.

But just to make sure, when we get to October 18, that is as far as we are going, what we have said in this is that whatever amount they have borrowed up to $5 billion—they cannot go more than that—on October 18, whatever amount they have borrowed up to that time, the debt ceiling goes up that much. And so on that date whatever they have borrowed is the debt ceiling and they cannot borrow any more.

Mr. BRADLEY. Up to this point they have not borrowed from the Federal Financing Bank?

Mr. PACKWOOD. That is correct. And we limit them in this amendment to borrowing $5 billion.

Mr. BRADLEY. I was reading in the paper that that is how we are paying our bills.

Mr. PACKWOOD. They have not done that yet.

Mr. BRADLEY. They have not done that yet?

Mr. DOLE. Not yet.

Mr. BRADLEY. So this would authorize borrowing up to $5 billion from the Federal Financing Bank, and it would allow this to cover debt?

Mr. PACKWOOD. Let me make one correction. This is what they borrowed today, and this is what we limit them to for the week.

Mr. ARMSTRONG addressed the Chair.

Mr. PACKWOOD. I yield to the Senator from Colorado.

Mr. ARMSTRONG. Mr. President, if the Senator will yield, I am going to have to back up on something I asked him privately. I understood that this was a measure to temporarily increase the borrowing authority of the Government, and on that basis I asked who was going to manage the time in opposition and volunteered to do so, but I cannot oppose this. I think this is a good idea. In fact, I must really congratulate the Senator from Oregon and the majority leader for coming up with this particular formulation. It is ingenuous and truly a restriction on existing borrowing power, and yet it gets us off the hook.

Mr. PACKWOOD. As a matter of fact, it reduces their borrowing power $10 billion.

Mr. ARMSTRONG. Exactly so.

Mr. President, if the Senator will yield to me for a brief moment more, I cannot resist the sweet temptation to say, "I told you so," because for days—indeed, for weeks—we were promised that when we got to the "drop-dead" date, as it was termed, when we got to doomsday, the sky was going to fall; and there were at least some of us in the Chamber who said, "Oh, no, it's not going to be as bad as they are making out. They have greatly exaggerated the seriousness of the problem."

In fact, it turns out that that was true. If they want to exercise their full legal borrowing authority they now have, they could probably go on for quite some time. The effect of the measure proposed now by the chairman of the Finance Committee is to clip their wings a little, and I endorse that.

I predict this: I may not be on a roll, but having had one successful prediction, I will hazard one more. Once this is passed, I will predict that there are still some avenues of cash management, accounting practice, and inherent powers of the Presidency which can be used in an emergency.

Mr. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order. Will Senators conversing please retire to the cloakroom?

Mr. ARMSTRONG. I thank the minority leader.

Mr. President, I think I have made the point I wanted to make, other than the next time the administration or the Treasury Department comes around here crying wolf, just remember tonight. It is not true now, it was not true the last time when we went through this drill, and it will not be true the next time we go through this exercise.

Mr. PACKWOOD. As a matter of fact, there is a certain degree of humor to it. We have been getting letters from the Treasury Department indicating when the end of the world is coming, and it has been coming for about 10 days, and it came last Monday. The Senator missed it. [Laughter.]

Mr. ARMSTRONG. I notice that the Sun still came up this morning. I was up when it started to rise.

Mr. PACKWOOD. It came up, and we got to Wednesday.

The Senator is correct: it turns out that they had the authority to borrow $15 billion if they wanted. Now they will only have authority to borrow $5 billion, so they will not be able to go as far as they would but for this amendment.

Mr. ARMSTRONG. I compliment the Senator, and I appreciate his explanation.

Mr. DOLE. Mr. President, the amendment to H.R. 3453 is the so-called short-debt authority extension which makes clear that Treasury has the authority to issue $5 billion more in U.S. securities. I am advised by the Treasury Department that they intend to close a Treasury bill activity today for $5 billion in new borrowing.

The amendment provides that the borrowing authority under the authority of the Federal Financing Bank would be limited to approximately $5 billion to be issued today. This provision is intended to remove any doubt that the Treasury may use the FFB as source of direct or indirect national debt funding.

But it also provides that after October 18, any FFB debts will become subject to the normal debt limit incorporated in the Second Liberty Bond Loan Act. Thus, any authority to use the FFB to provide debt authority subject to limit will terminate on October 18.

With the passage of this bill it will relieve any doubt, at least on a temporary basis, about the ability for Treasury to issue an additional $5 billion in debt through October 18.

Mr. HART. Will the Senator yield for a question?

Mr. PACKWOOD. I yield.

Mr. HART. I wonder why the Senator from Oregon did not do what we always have done, and that is simply raise the debt ceiling? Does not this amendment authorize the practice which was authorized before?

Mr. PACKWOOD. We did not do it because we had an objection from a Member on the other side of the aisle.

Mr. HART. Since when does that matter?

Mr. DOLE. It was an incentive.

Mr. PACKWOOD. I will not indicate who it is, but we anticipated a filibuster on that issue.

Mr. HART. I thank the Senator.

Mr. PACKWOOD. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 756) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RIEGLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, I say to the distinguished majority leader that when I suggested a little while ago that the word "only" be stricken, what I was doing was trying to protect the majority leader so that he would not be ruling out the Domenici amendment.

Mr. DOLE. Yes.

Mr. BYRD. I am concerned that with the word "only" out in that respect, and without other protecting language, some other amendment could come in and be offered to any one of the list of eight amendments there, and there would be no time limitation.

Mr. DOLE. Mr. President, I ask unanimous consent that there be no amendments.

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOLE. Mr. President, I think the distinguished minority leader raises a good point. I ask unanimous consent that no amendments to amendments be in order.

The PRESIDING OFFICER. Is there objection?

Mr. HART. Mr. President, reserving the right to object——

Mr. BYRD. To any of the amendments listed, seven—Bradley through Zorinsky-Mattingly.

Mr. DOLE. Would not be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I thank the majority leader.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. HART. Mr. President, a parliamentary inquiry. Third reading of the temporary extension of the debt ceiling as amended by Gramm?

Mr. DOLE. No. We have taken the Superfund vehicle and stricken it all out.

Mr. PACKWOOD. This is by itself a temporary extension. We have an extension of the Superfund bill here for 45 days and struck the 45 days and put in the short extension, and Gramm is not part of it.

The PRESIDING OFFICER. The question is on final passage.

Mr. METZENBAUM. Mr. President, are we talking about final passage of the Packwood bill?

Mr. PACKWOOD. Yes.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 3453) as amended, was passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PACKWOOD. Mr. President, I send a title amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

Amend the title so as to read "An Act to temporarily increase the public debt limit."

The PRESIDING OFFICER. Without objection, the title is so amended.

INCREASE IN PERMANENT PUBLIC DEBT LIMIT

The PRESIDING OFFICER. The question recurs on House Joint Resolution 372.

Mr. BYRD. Mr. President, what is the question?

The PRESIDING OFFICER. The question is on House Joint Resolution 372.

Mr. BYRD. On what?

The PRESIDING OFFICER. House Joint Resolution 372.

Mr. BYRD. Mr. President, what is the question the Chair is putting? I am getting so many noises I cannot hear.

The PRESIDING OFFICER. The Senate will be in order. The Senator from West Virginia is correct. Senators who wish to converse should retire to the cloakroom.

The question is on House Joint Resolution 372.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, what is the pending question before the Senate?

The PRESIDING OFFICER. House Joint Resolution 372.

Mr. BYRD. This is open to amendment?

The PRESIDING OFFICER. It is open to amendment.

Mr. BYRD. Mr. President, I take the floor at this time to ask the distinguished majority leader what the program is for the remainder of the day and for tomorrow.

PROGRAM

Mr. DOLE. Mr. President, if the Senator will yield, there will be no more votes today. I think we made good progress. We have a number of amendments lined up tomorrow. We wish to come in about 9:30 tomorrow.

We have a special order and maybe get on the bill at 10 or 10:15 a.m.

The first amendment will be the Bradley amendment under a time agreement, and we have about seven amendments that we have agreed to take up all under time constraints.

I would be willing, if there is a disposition, since amendments are coming from that side, to stack the votes on amendments if that were something desirable so the first vote might come as late as 12 o'clock.

There will be no more votes this evening, and we will come in at 9:30 a.m. There could be a vote as early as 10:30 a.m., but I am perfectly willing, if the offerer of the amendment is willing, to stack the votes until some time around noon or 1 p.m.

Mr. BYRD. Mr. President, I thank the distinguished majority leader.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 6:15 p.m. with statements limited therein to 5 minutes each

The PRESIDING OFFICER. Without objection, it is so ordered.

MILITARY PREPAREDNESS

Mr. GOLDWATER. Mr. President, Senator Sam Nunn and I have been speaking every morning now for over a week relative to some mistakes we have found through our dedicated task force and study group working on the subject relative to the Pentagon.

In reading the excellent magazine, Military History, the other evening, I came across what I think is a pretty good example of what we have been talking about, and I would like to pass it along to my colleagues. This applies to the Inchon landing, probably one of the most successful and brilliant of any action ever taken by an American military organization.

Alexander Cochran, Jr., was interviewing Maj. Edwin H. Simmons, a World War II veteran, and who was, at the time of the invasion, a company commander. He has since gone on to a successful career, both as a line officer and historian of amphibious operations. He retired as a brigadier general and served as a Director of the U.S. Marine Corps Historical Center.

General MacArthur had asked for a marine division, but what he was actually going to get, was quite a bit different. Major Simmons said, in answer to the question relative to the Marine division:

> In California, we began to fill up to wartime strength with reserves that had been called to active duty and regulars drawn from post and stations. For example, we had only two rifle companies in the battalion, each with about 100 men. We activated a third rifle company, and doubled the size of the battalion. In my weapons company, I had 90 men, no heavy machine-gun platoon, two sections of an anti-tank assault platoon, two sections of an 81-mm mortar platoon. Going on to wartime tables, I had to create a heavy machine-gun platoon, add sections of anti-tank assault and mortars. We were only at Camp Pendleton for 10 days, coming up to strength, drawing our war reserves. We had been promised good equipment, but it didn't turn out that way. This stuff had been packed up hurriedly at the end of World War II, and, when you opened up a box marked "bayonets," you would find gas masks. It has been said by others that Korea was fought with World War II surplus, and that is essentially accurate.

Simmons went on to say after further questioning, particularly, that amphibious doctrine specified 90 days for training, rehearsals, and like preparation for a complex operation. His answer was

> This was all telescoped together. We didn't do systematically the things that you needed to do for an amphibious operation. We did not have a rehearsal, which is considered the "sine qua non" of an amphibious operation. We did not even have any regimental-sized maneuver or exercise. We did not have a battalion exercise. All we were able to do after we got up to our wartime strength in California was to have conditioning marches in Japan. We only had ten days there, and we were trying to make up for last-minute deficiencies, such as additional canteens, because we liked to land with two canteens and we only had one. We went to the Army Quartermaster Depot, and everything was chaotic there, as the 25th Division had cleaned it out before they went to Korea. So we had all kinds of problems trying to get topped-off on our last-minute requirements.

I have used these quotations from the article to show that the man in uniform is not the target of our reorganization study. The civilians responsible for planning and equipping our forces, for setting up the requirements, et cetera, are the guilty parties. While I must admit there are men in uniform who also perform those duties, I thought this was rather typical of how, in such a short time, we can become so unprepared to fight a war.

THE BENEFITS OF TAX REFORM FOR THE NATION

Mr. DeCONCINI. Mr. President, I want to share with my colleagues, the lead editorial that appeared in the September 12, Wall Street Journal. The article begins "What's good for America * * * is good for General Motors." More generally, it is saying that what is good for America is good for American business. The article takes issue with some leaders of the business community whom the Journal feels have not properly understood the net benefits of tax simplification and reform. The article goes on to praise other leaders of the business community such as Finn M. Casperson, chairman of Beneficial Corp. The article points out that Casperson supports tax reform not out of a namby-pamby sense of sacrifice, but because he feels that reform will benefit his customers—thereby benefit his company.

Mr. Casperson is quoted as saying:

> Beneficial supports tax reform even though its corporate income-tax payments will increase in the aggregate by $100 million over the next 5 years. . . . Our reason for supporting tax reform in the form submitted by the president is very simple. We believe it will benefit our customers. Most of our customers will pay less taxes and, therefore, have more disposable income to save and invest.

I am pleased to see this enlightened view of corporate self-interest being expressed by Mr. Casperson and other business leaders such as Jack Albertine of the American Business Council and companies such as GM, IBM, and General Mills.

I might add that I am not surprised by the position taken by Mr. Casperson. I have come to know him and his energetic, forward-looking style well in the past few years as we have served together on the board of the National Water Alliance. He is a most impressive corporate leader and I can only hope that the vision and altruism he brings to corporate America can become more pervasive.

I also want to reiterate my support for some form of meaningful tax reform that will have the result of liberating the entrepreneurial energy that the present Tax Code is so successful in diverting and suffocating. A number of tax reform proposals have been introduced in recent months and I believe they probably all are better than our present system. Included in those bills, is S. 529, which I authored and which is based on the indepth and creative work of Drs. Rabushka and Hall of the Hoover Institute. I continue to think that the approach of that bill—a straight 19-percent tax on all business and individual income above a generous exclusion level—is the simplest, fairest, and most liberating path we can take to assuring increased productivity and acceptance of the tax burdens.

As discussions of tax reform progress, it is my hope that further attention and support for S. 529 will evolve as the problems associated with the half fixes of the other reform proposals are understood. If individuals and corporate America became aware of the simplicity and merits of S. 529, I believe they would overwhelmingly endorse it and urge its support. I ask unanimous consent that the editorial referred to appear in the CONGRESSIONAL RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHAT'S GOOD FOR AMERICA * * *

* * * is good for General Motors. General Motors builds cars; a growing U.S. economy will buy more of them. Yet from much lobbying on the Treasury II tax proposal, this general truth has been forgotten by too many people, from major corporations to the National Education Association.

This is an old problem. As Machiavelli wrote, the general interest in a given reform, like a tax cut to expand the economy generally, always runs into the concerted interests of losers. These losers are organized, vehement, and better able to recognize their stake than are the dispersed "winners" from a given change. Then, too, many winners fail to perceive that they stand to gain—or, out of a general, healthy mistrust of government, worry that what seems a gain could be twisted into a loss by, say, the House Ways and Means Committee.

All of which makes the following development impressive: Large numbers of U.S. businesses favor the Reagan tax plan—even though they are losers if its provisions are considered in a superficial sense. Consider, for example, the following House testimony by Finn M. Casperson, chairman of Beneficial Corp.:

"Beneficial supports tax reform even though its corporate income-tax payments will increase in the aggregate by $100 million over the next five years. * * * Our reason for supporting tax reform in the form submitted by the president is very simple. We believe it will benefit our customers. Most of our customers will pay less taxes and, therefore, have more disposable income to save and invest."

In other words, Mr. Casperson supports tax reform not out of a namby-pamby sense of sacrifice but because he sees that reform will benefit Beneficial. Such thinking may be spreading. A broad group of companies, organized by Jack Albertine of the American Business Council, now takes the same stand as Mr. Casperson. The companies include such giants as GM, IBM and General Mills. With some American companies pleading for trade barriers and other special treatment, it is a pleasure to see so many taking a broad view of corporate self-interest.

One of the main concerns business leaders had about the Reagan plan was that its curbs on depreciation allowances and other forms of business saving would damage capital formation. But often those concerns took insufficient note of the offsetting benefit to capital formation of lower personal rates, which could be expected to expand personal savings. Moreover, savings in the hands of individuals often are applied more efficiently than business savings, since each individual is seeking the best possible return. This instinct liberates the entrepreneurial energy that serves so well to develop new production methods, new products, new markets, and hence greater economic efficiency.

Of course, not everyone has balanced, broad interests against narrow considerations. The teacher lobby led by Mary Hatwood Futrell of the NEA and the state spending lobby mobilized by New York Gov. Mario Cuomo fear that with more income, and more discretion over how it's spent, Americans will help the poor less and cut funding for schools. Yet Mr. Cuomo is the beneficiary of a state budget surplus that can be traced to cuts in both state and federal tax rates that were made before he took office. These low estimates of American generosity are not borne out by figures on charitable giving or the longstanding support for public education and other programs with clearly defined social benefits.

The main special-interest threat to tax reform is from those politicians who have made a career out of pretending that favors for the poor and the middle class can somehow be paid for by "The Rich." Ways and Means Chairman Dan Rostenkowski now hints he will retain Mario Cuomo's favored loophole, the state and local tax deduction, and pay for it by increasing tax rates on the wealthy. Yet experience clearly shows that if the rich don't want to be soaked, they can usually find ways to avoid it. Higher rates produce less. Lower top rates since 1981 have brought in a gush of revenue from the rich. Cutting top rates to 35% would expand that effect; leaving them at 40% or more, as Mr. Rostenkowski now hints, would bring in relatively less.

Like too many corporations in the past, these Democrats may misunderstand their own interests. Perhaps they need to lose several more presidential landslides, and control of the House, to scuttle class warfare and achieve the same understanding folks like Finn Casperson have: What's good for America is good for General Motors—and for the poor, the middle class and the Democratic Party.

MINORITY ENTERPRISE DEVELOPMENT WEEK

Mr. DOLE. Mr. President, this week is Minority Enterprise Development Week—the week we pay tribute to the dramatic strides made by minority entrepreneurs—men and women who have defied the odds, and broken down longstanding barriers to establish their own businesses—businesses which represent an increasingly important source of goods, services, and jobs in our economy.

In observance of this important week, the Department of Commerce and the Small Business Administration are sponsoring a series of special activities, including speeches by top administration officials and industry leaders, seminars on a number of business topics, and a trade fair. In addition, the Departments of Commerce and Energy and the SBA are holding special ceremonies to honor over two dozen minority business men and women for their contributions and achievements.

Mr. PRESIDENT, I ask unanimous consent that the names of each of these outstanding individuals and their background be printed in the CONGRESSIONAL RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL MINORITY ENTREPRENEUR OF THE YEAR

(John Mariotta, Wedtech, Bronx, NY)

Wedtech specializes in the manufacturing of high-tech defense systems. This $50 million a year company is located in a devastated area of the Bronx, where Wedtech is training low income residents in high technology jobs.

In ten years, Mr. Mariotta has taken Wedtech from a 50 employee-$150,000 company to 750 employees and $50 million dollars in gross sales. Last year the company went public and is now being traded on the American Stock Exchange (AMEX).

Wedtech builds major tank components for TACOM, military standard engines for TSARCOM, and their most recent project is powered and non-powered engines for the Rapid Deployment Force.

NATIONAL MINORITY ENTREPRENEUR OF THE YEAR

(Jolyn Robichaux, Baldwin Ice Cream Co., Chicago, IL)

Baldwin Ice Cream Company was originally founded in 1922 by seven black postal service workers. In 1961, Joseph and Jolyn Robichaux acquired the firm. Ten years later Mrs. Robichaux was widowed with two children and vowed "I will become the damnedest CEO this company has ever seen." In 1985 Baldwin anticipates $4.8 million in gross sales. Major customers include Jewel Food Stores, Independent Certified Stores, Dominick's, Buddy Bear, White Hen Pantry, hospitals, cafeterias, restaurants, government/military installations, and Baldwin also has two retail stores while serving over 400 accounts.

Baldwin became the first black-owned concessionaire at O'Hare International Airport. Three of those concessions are open with two more due for completion in 1986.

NATIONAL MINORITY MANUFACTURER OF THE YEAR

(Dr. Albert Wey, Advanced Fiberoptics Corp., Tempe, AR)

Advanced Fiberoptics (AFO) is a rapidly growing company specializing in the development and manufacturing of fiberoptic systems, subsystems, and components. Within three years of the company's inception, Dr. Wey has multi-million dollar contracts. Staff for the 1986 year is anticipated at over 90 employees, AFO's products are used in hospitals, universities, banking, communications, military applications and numerous other industries.

NATIONAL MINORITY RETAIL FIRM OF THE YEAR

(Gilberto Gonzalez, International Wholesalers/Retailers Corp., Washington, DC)

Gilberto Gonzalez opened his first store, a small grocery store, in Baltimore back in 1964. The following year he sold the store to open a slightly larger one in Washington, D.C. In subsequent years after opening stores in Maryland and Virginia, he founded the International Wholesalers Corporation. Today, Mr. Gonzalez and his family own a chain of five stores in the District of Columbia, Maryland, and Virginia with an estimated annual gross sales of $11,000,000.

NATIONAL MINORITY SERVICE INDUSTRY OF THE YEAR

(Frank Flores, Marsden Reproductions, New York, NY)

Marsden is a diversified communications service firm with current revenues in excess of $25 million. Mr. Frank Flores purchased the firm in 1972 and began an extensive diversification. This came by adding a full range of reproduction services including audio and video tape production.

Today, Marsden is a 300 employee operation which ranks 64th among the top 100 Hispanic-owned firms. Clients include AT&T, Pepsi, Metropolitan Life, Citicorp and Shearson-American Express.

NATIONAL MINORITY CONSTRUCTION COMPANY OF THE YEAR

(Mat Lucero, Mat Lucero Construction, Los Lunas, NM)

Mat Lucero is from the Isleta Indian Reservation located in New Mexico. After many years of working in the construction trade, Mr. Lucero began his own company. His determination to improve the quality of workmanship in the construction business has helped his sales go from $27,000 in 1982 to a projected $2 million for 1985.

Mr. Lucero's company performs road construction and general building services. His company's employment consists of 26 employees at peak business times, 95 percent from Indian Reservations.

NATIONAL MINORITY SUPPLIER OF THE YEAR

(William Davis, Eagle Steel Products, Inc., Louisville, KY)

Eagle Steel Products is a steel processing plant that was incorporated in 1982. The corporation produces strip steel to a variety of industries including automotive, appliances, and office products.

In 1983, employment stood at 3, (2 of which were minority). Today Eagle has 12 employees, nine of which are minority. Eagle went from $400,000 in sales in 1983 to projected sales of $7,000,000 in 1985. The only obstacle holding Eagle back from becoming even larger is their own plant facility, which is at capacity. Plans are under way for a new larger facility.

Some of Eagle's customers include General Motors, General Electric, and General Tire & Rubber Co.

MINORITY TRADE ASSOCIATION OF THE YEAR

(Ibero-American Chamber of Commerce)

The Ibero-American Chamber of Commerce was founded by Washington's leading Hispanic business persons in 1976. Today, its members cover the spectrum of Hispanic business, from major corporations to family-owned and operated firms.

Over the years the Chamber has earned an outstanding reputation as a "connector of opportunities" for the Hispanic business community.

The Chamber has become an economic development vehicle, and have helped to establish more than 100 Washington area Hispanic firms. In addition, it has channeled millions of dollars in loans and contracts to Hispanic business.

NATIONAL ADVOCATE OF THE YEAR

(Frito-Lay, Inc., Dallas, TX)

In 1983, Frito-Lay, Inc. established an in-house Minority Business Development Task Force, headed by Senior Vice President James O'Neal. This task force included senior managers of all functions within the company. What began as an effort to involve more local minority businesses, ended up expanding well beyond Dallas to the entire country. Frito-Lay expects to spend approximately $100 million with minority businesses in the next five years.

MINORITY GOVERNMENT CONTRACTOR OF THE YEAR

(Joshua I. Smith, Maxima Corp., Bethesda, MD)

This award is presented to Maxima for their outstanding service to the U.S. Department of Energy. For both 1983 and 1984, they were ranked within the top 100 contractors for the Department.

Maxima is a seven-year-old information technology services company. In May of 1985, Maxima was named the fastest growing black-owned company in the country by Black Enterprise magazine.

Maxima was also listed number 98 on INC. Magazine's 1984 roster of the 500 fastest growing, privately held companies in the United States.

DIRECTOR'S AWARD OF EXCELLENCE

(Thomas F. Gilbane, Jr., Gilbane Building Co., Landover, MD)

The Director's Award of Excellence is being presented to Gilbane because of their unequaled support of minority enterprise. Over 75 percent of Gilbane's employees are minorities.

SBA REGION I WINNER

(John B. Cruz Construction Co., Inc., Boston, MA, John B. Cruz III, President)

John B. Cruz Construction Co., Inc. was started 36 years ago with three employees. It is a family-owned and operated business. The company is noted for the design and construction of housing developments in Massachusetts. Cruz Construction served as the contractor on the renovation and development of two buildings in Boston that have been placed on the National Register of Historic Places: the Cox Building and the Sarah Jane Baker School. The Cox Building, which consists of nine adjacent buildings, six are historically designated, was developed into a commercial and residential complex. Cruz Construction is located in the complex. The Sarah Jane Baker School now serves as housing for the elderly. The firm now employs between 50–60 full-time employees, of which 85 percent are minorities. On the average, more than 50 percent of the contracts on their projects are with minority firms. Total sales for the fiscal year which ended April 30 were $20.7 million.

SBA REGION II WINNER

(Laminaire Corp., Rahway, NJ, Charles J. Garay, President)

Charles J. Garay started Laminaire in 1964 following four years in the U.S. Air Force. He began with three employees designing and manufacturing clean room equipment. In 1974, Garay expanded his company to include an electronics division. Today, the firm designs and fabricates ultra-clean laminar flow work stations and modules using the latest technology developed in the micro-electronics, aerospace and biological industries. Laminaire also manufactures components such as receiving antennas, power supplies, printed circuit boards and harness assemblies. There are now 113 employees, of which 40 are disadvantaged. Through an agreement with the local government, the company provides on-the-job training to prospective young people interested in learning about the field of electronics and clean room operation. Several minority employees were hired from this program and have now moved into management positions in the firm. Laminaire Corporation had sales worth more than $5.9 million in 1984.

SBA REGION III WINNER

(Creative Associates, Inc., Washington, DC, M. Charito Kruvant, President; Diane Dodge, Vice President; Cheryl Jones, Vice President; Mimi Tse, Vice President-Treasurer)

Creative Associates, Inc., a women-owned firm, provides consulting expertise in Third World development and cross-cultural education in three major areas: (1) education and social sciences, (2) information management and systems, and (3) private enterprise development. Charito Kruvant, Diane Dodge, Cheryl Jones and Mimi Tse started the firm in 1977 in Kruvant's basement. Among the first projects performed by the firm was the production of six manuals on family education for children. Current projects include running a Peace Corps farm school in Guatemala to teach its volunteers Spanish, animal husbandry, nutrition and agriculture and evaluating the contribution of the Agency for International Development (AID) to Egypt's basic-education program. In addition to its headquarters in Washington, D.C., there are offices in Guatemala, Rwanda, Botswana, Egypt and Cameroon. Creative Associates has won several awards including being named the fifth fastest growing Hispanic firm by Hispanic Business Magazine in 1984 and the Bronze Award from the Information Film Producers of America, Inc., for its audio-visual production on Family Violence. The staff of Creative Associates reflects the ethnic diversity of the owners and is multilingual. The company maintains a commitment to employ refugees and hires staff from agencies that work with special needs populations. Sales volume in 1984 was more than $4 million.

SBA Region IV Winner

Bamsi, Inc., Titusville, FL, Hugh M. Brown, President

Bamsi, Inc. provides management support services to several federal government agencies and private sector companies. Hugh M. Brown started the company in 1979 and in the same year was certified under the SBA 8(a) program. The firm is scheduled to be graduated from the program in March 1986. During fiscal year 1984, the firm had 83.4 percent ($3.5 million) of its contracts through non-8(a) sources such as Boeing, Lockheed and Raytheon Services Corporation. Bamsi, Inc. is the first firm to obtain a superior rating by the Marshall Space Flight Center in Huntsville, Alabama. During the past three years, the company has grown from less than 100 employees to a current full-time workforce of 500, of which approximately 26 percent are minorities. Bamsi, Inc. also is involved in the summer youth employment programs.

SBA Region V Winner

General Railroad Equipment and Services, Inc. (GRES), East St. Louis, IL, Donald L. Thompson, President

General Railroad Equipment & Services, Inc. (GRES), a manufacturer of railroad cars and metal fabrication, began operations in 1980. Just six months after opening its doors, the company had to overcome a significant decline in the market for railcar repairs. Sales volume fell 33 percent, but the company was able to survive by repositioning its productive capability into manufacturing products for new markets. Despite its limited experience, the company received acclaim for the high quality of its manufactured products. The firm has been awarded a contract with the Coast Guard to produce telescopic helicopter hangars, making it the first American manufacturer of these hangars for the Department of Transportation. The firm also is one of two companies manufacturing sea sheds for the U.S. Navy. In addition, GRES has obtained competitive contract awards from the Military Traffic Management Command, Amoco, Illinois Power Company and the Trailer Train Company. Sales during the first 11 months of FY 1985 were worth $8 million, a 67 percent increase over last year's sales. Employment in the firm has increased from five in 1980 to its present level of 160. GRES was named Manufacturer of the Year by the St. Louis, Missouri, Minority Business Forum in 1983 and received the Subcontractor of the Year Award from McDonnell Douglas Company, 1982-83.

SBA Region VI Winner

Desco Steel Products, Inc., Houston, TX, Jose Edward deSantiago, President

Jose Edward deSantiago became a U.S. citizen in 1976. His first job was making doughnuts at a bakery in Donna, Texas. Moving to Houston, he got work as a welder's helper which helped him gain expertise as a top welder. In 1979 at the urging of a friend, he started Desco Steel Products, Inc. His first jobs were erecting buildings for that same friend; later jobs came from asking his former employer for work. He then decided to manufacture and sell his own buildings. He applied for and received a $100,000 loan from SBA which was used to purchase some land and equipment and build a fabricating plant. From that modest beginning (sales were $250,000 the first year), deSantiago had sales in 1984 worth more than $1.5 million. He employs 12 full-time employees of whom 10 are Hispanic. Desco Steel Products, Inc. was listed among the 50 fastest-growing companies by Hispanic Business Magazine.

SBA Region VII Winner

Midwest Maintenance Co., Inc., Omaha, NE, Paul Gutierrez, President

Paul Gutierrez started the Midwest Maintenance Company in 1965. He was 22 and had completed four years in the U.S. Air Force. When his military service was completed, he purchased a portion of the accounts and some equipment and Midwest Maintenance was born. He struggled for about 12 years providing building maintenance to very small office buildings. In 1979, he became involved in the SBA set-aside program, whereby a percentage of government contracts are allotted to small firms. The contracts resulting from the set-aside program enabled the firm to hire additional people and initiate a sales and marketing program. Now the company provides building maintenance for large corporate buildings, but has not ignored the smaller clients. Last year the firm doubled its sales volume. Gutierrez operated the business from his home until 1973, when he purchased the building where the company is now located. It is near the freeway making it accessible to any part of Omaha. The firm has won two awards this year: Minority Business of the Year Award from the Omaha Chamber of Commerce Small Business Council and Goodwill Industries Employer of the year for employing seven Goodwill-trained maintenance employees. The company has a special program to identify employees for upward mobility positions. Currently, out of eight lead positions, three are filled by women.

SBA Region VIII Winner

(Joe's Smoke Ring, Arlee, MT, Dorothy Clinkenbeard, President)

With the help of an SBA loan, Dorothy Clinkenbeard was able to become sole owner of Joe's Smoke Ring in 1980. The firm has developed a wholesale business with three retail locations on the Flathead Indian Reservation which sell groceries and gasoline. Through aggressive marketing, the firm has developed highway and transient trade in the area. Sales in 1980 amounted to $1.9 million and have increased to its present level of $8.9 million. In addition, Clinkenbeard, along with her husband, Larry, raises mules which are sold to outfitters, guides, packers and the U.S. Forest Service. The Clinkenbeards have sponsored a mule race for several years which draws regional competitors and attention and has been a major attraction for the area. There were 12 full-time employees when Clinkenbeard took over the firm. Now there are 31—all of whom are Native Americans.

SBA Region IX Winner

(Jaykim Engineering, Inc., Brea, CA, Jay C. Kim, President)

Jay C. Kim, president of Jaykim Engineering, Inc., started the firm in 1977 with two employees. Through determination and dedication, Kim has developed his firm to one that had sales of $20.7 million at the end of the firm's fiscal year (April 30, 1985). Jaykim Engineering offers a variety of engineering services including project management, project planning, engineering design and surveying. In addition to headquarters in Brea, California, the firm has offices in San Diego and San Francisco. A loan from SBA in the amount of $100,000 provided much needed capital for the firm. Jaykim Engineers has completed over 200 public works projects. Among its clients are municipalities, federal, state and county agencies and private corporations. Kim was named Asian Businessman of the Year, 1984, by the Asian Business Association of Los Angeles; his firm received an Engineering Excellence Award for Design by the Portland Cement Association in 1983 and the "Caballero de Distinction" award by the Mexican and American Foundation in 1985. The firm now has 50 employees—22 are minorities and 13 women. The award of two contracts under SBA's 8(a) program assisted in gaining access to the federal market for the firm. However, 97 percent of its sales are from non-8(a) sources.

SBA Region X Winner

(Dirt & Aggregate Interchange, Inc., Troutdale, OR, Henry Hookaaku Pelfrey, President; Baltazar Flores Ortex, Vice President)

In its nine years in business, Dirt & Aggregate Interchange, Inc. has grown from a one division paving contractor to a multiple division general contractor including heavy excavation, guardrial, median barrier, underground utilities and crack sealing. The Contractors Management Association, Inc. presented the company the First Quality Award for Outstanding Performance in Minority Business Enterprise from 1977-80. The company donated time and equipment to building a barrier-free park for handicapped children. Henry Pelfrey, president, was recognized as a major inspiration for the motivation of underprivileged young people to excel in private business enterprise. At the end of the firm's fiscal year in February 1985, sales exceeded $7 million. Dirt & Aggregate has 80 full-time employees and is working hard to increase the number of women in the company.

Director's Special Recognition Award

(C.J. Patterson)

Mr. C.J. Patterson has dedicated over 25 years in assisting minority entrepreneurs in their efforts to establish viable businesses. Mr. Patterson's involvement as the Chairman of the National Business League, the Golden State Business League, the California Black Republican Council, and a member of the Small Business Advisory Council illustrates many of his achievements.

One of Mr. Patterson's biggest achievements is his contribution to bringing about an active private sector involvement in minority enterprise development.

Mr. President, it should also be mentioned that Augusta, GA, has received this year's State or local government award from the Department of Commerce, and the University of Pittsburgh has received a special recognition award for its comprehensive program to involve minority students in business. Finally, those corporations which have been honored for their commitment to minority enterprise should also be mentioned and I ask unanimous consent that their names also be printed in the Record.

BEST COPY AVAILABLE

Minority Business Development Agency Corporate Awards

Industrials: The Boeing Co., Borden Inc., Ford Motor Co., General Motors Corp. (Packard Division), Motorola, Inc., The Procter & Gamble Co., Standard Oil Co., The Upjohn Co., Westinghouse Electric Corp. (Defense Group).

Insurance: Metropolitan Life Insurance Co.

Commercial banking: Citibank, N.A.

Utilities: NYNEX (New York Telephone Co.), Pacific Gas & Electric Co.

Construction: Turner Construction Corp.

Trade associations: Edison Electric Institute.

Companies honored for outstanding performance in supporting minority enterprise: AT&T Technologies, Aluminum Company of America, E. I. du Pont de Nemours & Co., General Motors Corp., J.C. Penney, Inc.

U.S. Small Business Administration Corporate Awards

Boeing Military Airplane Co., Wichita, KS, parent company: The Boeing Co, Seattle, WA.

Boeing Vertol Co., Philadelphia, PA, parent company: The Boeing Co., Seattle, WA.

Bulova Systems and Instruments Corp., Valley Stream, NY, parent company: Bulova Watch Co., Flushing, NY.

The Coca-Cola Co., Atlanta, GA.

J. E. Dunn Construction Co., Kansas City, MO.

General Electric Co., Military Electronic Systems Operation, Syracuse, NY, parent company: General Electric Co., Fairfield, CT.

Indiana Bell Telephone Co., Indianapolis, IN, parent company: Ameritech, Chicago, IL.

InterFirst Bank Fort Worth, N.A., Fort Worth, TX.

Martin Marietta Aerospace, Denver, CO, parent company: Martin Marietta Corp., Bethesda, MD.

McDonald's Corp., Oak Brook, IL.

McDonnell Aircraft Co., McDonnell Douglas Corp., St. Louis, MO.

Michigan Consolidated Gas Co., Detroit, MI, parent company: Primark, McLean, VA.

Pro-Line Corp., Dallas, TX.

Rockwell Hanford Operations, Richland, WA, parent company: Rockwell International Corp., Pittsburgh, PA.

Sargent Industries, Huntington Park, CA, parent company: Dever Corp., New York, NY.

Teledyne McCormick Selph, Hollister, CA.

Westinghouse Hanford Co., Richland, WA, parent company: Westinghouse Electric Co., Pittsburgh, PA.

NATIONAL 4-H WEEK

Mr. DOLE. Mr. President, the week of October 6 has been designated as National 4-H Week and I would like to take this opportunity to commend both the leaders and participants of these clubs for their numerous achievements.

For over 75 years, 4-H clubs have been providing educational training and guidance for our Nation's youth. The participants of these programs contribute to an array of areas, including community service, agriculture, energy conservation, ecology, health and nutrition. Through active participation in community and family based projects, youth between the ages of 9 and 19 have an opportunity to develop skills and acquire knowledge which will make them productive members of society.

This year's theme, "4-H for Youth for America" shows the breadth of their mission. By influencing the direction and attitude of our youth, 4-H clubs contribute to the shape of America, as the youth of today will lead us into the future of tomorrow.

Mr. President, I salute all those who participate in this educational program, including the 600,000 volunteer leaders, 5 million boys and girls and the cooperative extension system of the U.S. Department of Agriculture which administers 4-H clubs.

NATIONAL EMPLOY THE HANDICAPPED WEEK

Mr. DOLE. Mr. President, on August 11, 1945, the Congress, by joint resolution, designated the first full week in October of each year as the "National Employ the Handicapped Week." Since then, this week has served as a time for us to recognize the vast employment capabilities of the 36 million Americans we refer to as disabled.

THE KEY TO SELF-RELIANCE

Persons with disabilities can become either dependent or independent; lacking in confidence, or possessing self-esteem. They can become tax users or taxpayers; self-supporting or supported by others. What becomes of persons with disabilities will depend on whether they have the opportunity to use their skills and talents. A job can be the single most important factor in determining the direction of a disabled person's life.

While we have made great progress as a nation in bringing disabled workers into the economic mainstream, we still have a long way to go. Too often, disabled persons are denied employment because their disabilities are perceived as a limitation, when in fact, they are fully capable of doing the job. This type of attitudinal barrier can prevent a disabled person from achieving and living up to his full potential far more effectively than the physical or mental impairment itself.

CONTINUED RESOLVE

Mr. President, of the more than 36 million disabled persons living in America, approximately 15 million are of working age. Of that 15 million, 10 million have been unemployed for so long that the Department of Labor no longer includes them in its monthly unemployment report. This week, and every week, we must be mindful of the many obstacles that remain in the path of economic opportunity for Americans with disabilities. Progress must continue, for disabled Americans deserve a fair chance to be judged by their abilities, not their disabilities, to achieve meaningful employment and lead productive lives.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting a nomination, which was referred to the Committee on the Judiciary.

(The nominations received today are printed at the end of the Senate proceedings.)

ANNUAL REPORT OF THE RAILROAD RETIREMENT BOARD—MESSAGE FROM THE PRESIDENT—PM 87

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

I hereby submit to the Congress the Annual Report of the Railroad Retirement Board for Fiscal Year 1984, pursuant to the provisions of Section 7(b)6 of the Railroad Retirement Act, enacted October 16, 1974, and Section 12(1) of the Railroad Unemployment Insurance Act, enacted June 25, 1938.

Railroad Retirement Board actuaries inform me that, while the Railroad Retirement Solvency Act of 1983 has removed immediate cash-flow problems threatening the rail pension fund, "the long-term stability of the railroad retirement system is still questionable." Despite the 1983 legislation, the rail sector unemployment fund is insolvent and currently owes some $700 million to the rail pension fund. Extending Federal/State unemployment insurance coverage to rail employment, as proposed, would provide comprehensive, soundly financed unemployment insurance coverage for rail workers, and would ensure that rail pensioners' assets are protected and all debts to the rail pension are repaid.

RONALD REAGAN.

THE WHITE HOUSE, *October 9, 1985.*

MESSAGES FROM THE HOUSE

At 10:30 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1483. An act to authorize the Smithsonian Institution to plan and construct facilities for certain science activities of the Institution, and for other purposes;

H.R. 1904. An act to provide for the use and distribution of funds appropriated in satisfaction of judgements awarded to the Chippewas of the Mississippi in Docket Numbered 18-S before the Indian Claims Commission, and for other purposes;

H.R. 2698. An act to designate the United States Courthouse in Tucson, Arizona, as the "James A. Walsh United States Courthouse"; and

H.R. 3174. An act to amend chapter 171 of title 28, United States Code, to allow members of the Armed Forces to sue the United States for damages for certain injuries caused by improper medical care.

At 3:51 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 2942) making appropriations for the legislative branch for the fiscal year ending September 30, 1986, and for other purposes; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. FAZIO, Mr. OBEY, Mr. ALEXANDER, Mr. MURTHA, Mr. TRAXLER, Mrs. BOGGS, Mr. WHITTEN, Mr. LEWIS of California, Mr. CONTE, Mr. MYERS of Indiana, and Mr. PORTER as managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 3036) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain independent agencies for the fiscal year ending September 30, 1986, and for other purposes; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. ROYBAL, Mr. ADDABBO, Mr. AKAKA, Mr. HOYER, Mr. COLEMAN of Texas, Mr. YATES, Mr. WHITTEN, Mr. SKEEN, Mr. LOWERY of California, Mr. WOLF, AND Mr. CONTE as managers of the conference on the part of the House.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1903. An act to provide for the use and distribution of funds appropriated in satisfaction of judgements awarded to the Chippewas of Lake Superior in Dockets Numbered 18-S, 18-U, 18-C, and 18-T before the Indian Claims Commission; and

H.R. 2174. An act to provide for the transfer to the Colville Business Council of any undistributed portion of amounts appropriated in satisfaction of certain judgements awarded in the Confederated Tribes of the Colville Reservation before the Indian Claims Commission.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 1483. An act to authorize the Smithsonian Institution to plan and construct facilities for certain science activities of the Institution, and for other purposes; to the Committee on Rules and Administration.

H.R. 1904. An act to provide for the use and distribution of funds appropriated in satisfaction of judgements awarded to the Chippewas of the Mississippi in Docket Numbered 18S before the Indian Claims Commissions, and for other purposes; to the Select Committee on Indian Affairs.

H.R. 3174. An act to amend chapter 171 of title 28, United States Code, to allow members of the Armed Forces to sue the United States for damages for certain injuries caused by improper medical care; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATFIELD, from the Committee on Appropriations:

Special Report on Allocation to Subcommittees of Budget Totals from the First Concurrent Resolution for Fiscal Year 1986 (Rept. No. 99-155).

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, without amendment:

S. 1752: An original bill to authorize the mining of gold bullion coins, and to award special congressional gold medals to Jan Scruggs, Robert Doubek, and Jack Wheeler.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. STAFFORD, from the Committee on Environment and Public Works:

Jennifer Joy Manson, of Virginia, to be an Assistant Administrator of the Environmental Protection Agency.

Lawrence J. Jensen, of Virginia, to be an Assistant Administrator of the Environmental Protection Agency.

(The above nominations from the Committee on Environment and Public Works were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Roger William Jepsen, of Iowa, to be a Member of the National Credit Union Administration Board for the remainder of the term expiring August 2, 1987

(The above nomination from the Committee on Banking, Housing, and Urban Affairs was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. HATCH, from the Committee on Labor and Human Resources:

Craig C. Black, of California, to be a Member of the National Science Board, National Science Foundation, for a term expiring May 10, 1990;

William J. Merrell, Jr., of Texas, to be an Assistant Director of the National Science Foundation;

Charles L. Hosler, of Pennsylvania, to be a Member of the National Science Board, National Science Foundation, for the remainder of the term expiring May 10, 1988.

(The above nominations from the Committee on Labor and Human Resources were reported with the recommendation that they be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. WILSON:

S. 1751. A bill to authorize the Secretary of the Interior and the Secretary of Energy to enter into an agreement with the city of Redding, CA, regarding the Lake Reddin power project; to the Committee on Energy and Natural Resources.

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

S. 1752. An original bill to authorize the minting of gold bullion coins, and to award special congressional gold medals to Jan Scruggs, Robert Doubek, and Jack Wheeler; placed on the calendar.

By Mr. DOMENICI (for himself and Mr. DECONCINI):

S. 1753. A bill to amend title II of the Trade Act of 1974 to eliminate the discretion of the President to grant import relief, and for other purposes; to the Committee on Finance.

By Mr. GLENN (for himself and Mr. ROTH):

S. 1754. A bill to ensure adequate verification of peaceful uses of nuclear exports from the United States to the People's Repubic of China, and for other purposes; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WILSON.

S. 1751. A bill to authorize the Secretary of the Interior and the Secretary of Energy to enter into an agreement with the city of Redding, CA, regarding the Lake Redding power project; to the Committee on Energy and Natural Resources.

REGARDING THE LAKE REDDING POWER PROJECT

Mr. WILSON. Mr. President, today I am introducing legislation designed to facilitate the construction of a proposed hydroelectric facility known as the Lake Redding power project. This project involves the construction by the city of Redding, CA, of a new 27-foot-high dam and powerplant capable of generating 15 megawatts of power.

Located on the Sacramento River in north/central California, this proposed project does not involve any Federal lands and does not require any Federal financing. The city of Redding is prepared to proceed on its own without Federal help and—in addition to the matter addressed by the bill I am introducting today—needs only the blessing of the Federal Energy Regulatory Commission in order to proceed to construction.

The one matter that does need to be addressed by Congress has to do with a Bureau of Reclamation project located upstream of the city of Redding's proposed dam. It has been determined that once the Lake Redding project comes online, its forebay will likely back up the Sacramento River all the way to the upstream Bureau project known as the Keswick Dam. This dam has a generating capacity of 75 megawatts which is marketed by the Western Area Power Administration.

The problem with the proposed Lake Redding project is that its forebay, which will reach all the way upstream to the Keswick Dam, will raise the tailwater elevation of the Keswick Powerplant and result in a loss of Keswick power generation. The city is prepared to compensate the Western Area Power Administration with replacement in kind of any losses in power generation at the Keswick Dam and has, in fact, successfully negotiated a draft agreement to this end with WAPA and the Bureau of Reclamation. However, congressional authorization is required before the Federal Government can formally become a part of this proposal agreement.

The bill I am introducing today authorizes the Secretaries of Interior and Energy to enter into this agreement conditioned upon the Federal Government being fully compensated for any reduction of electric energy generated at the Keswick facility.

I commend this bill to my colleagues for its favorable consideration and ask unanimous consent that it be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1751

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior and the Secretary of Energy are authorized to enter into an agreement with the City of Redding, California, regarding the non-Federal Lake Redding Power Project—

(1) to allow the combined operation of the Keswick hydroelectric facility operated by the Bureau of Reclamation and the Lake Redding Power Project; and

(2) to provide that the United States is fully compensated, either monetarily or in energy as determined by the Administrator of the Western Area Power Administration, for any reduction of electric energy generated at the Keswick facility caused by the combined operation of the Keswick facility and the Lake Redding Power Project pursuant to the agreement.

By Mr. DOMENICI (for himself and Mr. DECONCINI):

S. 1753. A bill to amend title II of the Trade Act of 1974 to eliminate the discretion of the President to grant import relief, and for other purposes; to the Committee on Finance.

IMPORT RELIEF

Mr. DOMENICI. Mr. President, the bill I am introducing today is an overdue reform of a very important part of our trade laws. I have thought for a long time that section 201 does not work. The lack of a viable 201 has contributed to dismantling American industry. This is a trend we cannot allow to continue. The standard of proof is very difficult to meet. In fact, the standard is so high that many industries will not file a case, even when it is the only cause of action they have. In New Mexico, the potash industry and the uranium industry both continue to suffer losses, to mothball workers and to padlock the entrance to mines, but they won't bring a 201 case because of the tough standard.

Added to that burden is the uncertainty of any relief even if the industry prevails. The President has elected to give the industry relief substantially similar to what the ITC recommended, only once. The message is a clear, "Don't even bother."

If our criminal justice system worked like our section 201 law has been working, we would have the prosecutor file cases, call witnesses, have the jury find guilt, and then let the judge turn the convicted criminals loose. Fortunately, our criminal justice system does not work that way. Unfortunately, our 201 law has been letting imports run wild. Instead of turning criminals loose during a crimewave, we are turning our backs on U.S. industry during a relentless import wave. It doesn't make sense. The problem is the law and it needs to be reformed.

I am convinced that 201 needs to be totally redone because justice requires it; otherwise we will experience the perils of deindustrialization. I think this poses a very serious threat.

Given the surge of imports, especially in the mining and manufacturing sectors, there is a need for a strong and workable section 201 if this country is going to save the remnants of many American sectors of our economy.

Grants, NM, was the Pittsburgh of uranium, producing one-third of the U.S. uranium. Today, every mine but one is closed. Carlsbad was the Detroit of potash because New Mexico produced 97 percent of our domestic potash. Today, New Mexico's potash industry plunges toward extinction. It doesn't take a Ph.D. economist with an econometric model to figure out that these industries are being hurt by imports, but the industry representatives tell me that filing a 201 case is just a waste of money.

The original purpose for a section 201 case is to prove that an industry is being injured by imports and then to provide a remedy in the form of a breathing space from the imports. There are three parts to such a case. They are filed before the International Trade Commission which takes evidence on two issues. First, whether the industry has been injured and, if so, whether the substantial cause of the injury has been imports. If the substantial cause is found to be imports, then the ITC takes evidence on what would be the best remedy. They can recommend quotas, tariffs, or orderly marketing agreements. The Commissioners make their recommendations, but the decision is ultimately with the President. He has the option to do nothing.

Section 201 has a history of being a long shot. However, as the copper case, and recently decided shoe case clearly illustrate, petitioning for 201 relief is presently an exercise in futility.

There are three things wrong with section 201. First, the standard is too high; second, the choice of remedies is too limited; and third, the present law gives the President too much discretion. The result is too much of nothing getting accomplished.

The "substantial cause" standard was implemented when the United States had a competitive edge over everyone. The United States made a decision to make it very difficult for an industry to prove the cause of its problems is imports. If there is a general recession, industries have lost cases, if it is because of the strong dollar, they have lost. I don't think good trade policy requires us to have such a difficult standard.

GATT only requires that imports be a "cause," not a substantial cause. This bill would make our 201 standard GATT consistent, and would make it easier for industries to win their case.

Another section of the bill would eliminate the President's discretion to do nothing. Right now, the law gives him four choices: Quotas, tariffs, open marketing agreements, or no relief. That is the way the law is written; the way it is applied is a de facto, no relief.

My bill would expand the list of remedies to include negotiations for voluntary restraint agreements as well as other types of negotiations. This is necessary because oftentimes the best remedies are those that can be negotiated either bilaterally or multilaterally to meet the conditions in the marketplace.

In addition to expanding the list of remedies, my bill also eliminates the possibility of no relief because it eliminates the President's alternative of granting no relief.

Since the law hasn't been working, I think industries that have unanimously won their cases before the ITC should be given a second chance to receive a remedy. The bill provides for a fast track, mini-201 for cases filed after January 1, 1984, if the petitioner received a unanimous finding of injury before the ITC. After a hearing to prove that the injury is still continuing, the case would go to the President. He would have to choose from the menu of remedies. Under this new section 201, he would have to give the industry some relief.

This fast track would provide an opportunity for the shoe industry and the copper industry to repetition without duplicating the evidence that was submitted in their unsuccessful 201 cases. The fast track would conclude the process—from filing date to final resolution within 3 months.

Lowering the standard would make section 201 an important tool in dealing with our trade deficit. It would mean that more industries could file and win. We would be making our trade laws work better, and would be restoring legitimacy to this important part of our trade statutory scheme.

Thank you Mr. President.

By Mr. GLENN (for himself and Mr. ROTH):

S. 1754. A bill to ensure adequate verification of peaceful uses of nuclear exports from the United States to the People's Republic of China, and for other purposes; to the Committee on Foreign Relations.

SINO-AMERICAN NUCLEAR VERIFICATION ACT

● Mr. GLENN. Mr. President, I rise to introduce the Sino-American Nuclear Verification Act of 1985.

Mr. President, the Senate has before it a proposed nuclear Agreement for Cooperation between the United States and the People's Republic of China [PRC] that is of potentially far reaching consequence. The Congress has 90 days of continuous session to review it and possibly act on it before the agreement goes into effect. This 90-day period began on July 24, 1985.

Mr. President, this agreement has been marked by controversy from the very beginning. Negotiations over the agreement were reportedly lengthy and difficult, and appeared on the surface to be stalemated more than once. Suddenly, just prior to Mr. Reagan's visit to Beijing, a breakthrough was announced, and an agreement initialed. During this period, there were briefings by the State Department that Chinese nuclear behavior had become almost exemplary; that China's previous policy of supporting the proliferation of nuclear weapons had changed; that China's entry into the IAEA—accomplished by Taiwan's expulsion—was the sign of a new day; that no longer would we see China send unsafeguarded nuclear materials to countries such as South Africa or Argentina, or possibly provide Pakistan with bomb design information, as has been alleged. And do you know on what this was based? It was based on a one line statement in a toast made by Mr. Zhao at a White House dinner.

We all know what happened next. Reports surfaced that there were Chinese technical personnel at Kahuta, the site where the Pakistanis are clandestinely building a gas centrifuge nuclear enrichment plant whose ultimate purpose is patently evident—to produce highly enriched uranium for nuclear weapons.

Since two administrations, including this one, had been struggling for a period of 5 years to try to stop or at least slow down the Pakistani march to the bomb, the administration was more than a little upset by this apparent inconsistency between word and deed by the Chinese. So the signing of the agreement by the President was postponed for more than a year while additional clarification was sought on Chinese nonproliferation policy.

Once again, fortuitously, on the eve of a visit by Vice Premier Li Peng to the United States, the stalemate was resolved to the State Department's satisfaction, and President Reagan signed the agreement—a 30-year agreement on nuclear trade with a country that has gone through two major internal upheavals over the past 36 years, whose change of heart on nonproliferation matters has yet to be tested, and who has already, in the case of the Shanghai communique on the Taiwan question, provided us with an example of a situation where what we thought was understood was not.

Now, Mr. President, I am not about to argue that there should be no United States nuclear agreement with China. There are, however, those who believe that even though China is a nuclear weapon state, the transfer of United States nuclear technology for power generation will make a contribution to China's military capability; and that a country that has experienced such severe internal political instability may move in the future in unpredictable ways, including ways that could threaten United States national security. But I am not one of those who believe that trade agreements with potential adversaries ought to be avoided in every case. There are benefits to be obtained, both economic and political.

But, Mr. President, these trade benefits will be illusory if they are purchased at the expense of clarity of understanding of the conditions under which such trade is to proceed. We need only recall the difficulties we have had with India over disputed interpretations of nuclear trade agreements, and these disputes have not ended yet. Do we want to repeat that unhappy story with the Chinese? I think not.

Now, just what are the problems with this agreement? There are four problem areas:

1. VERIFICATION OF PEACEFUL USES

The agreement provides for no specific verification of peaceful uses of U.S.-exported nuclear equipment, materials, or technology. Instead, there are to be diplomatic discussions for the purpose of agreeing on visits to the exported facilities and for exchanges of information. There are no goals or standards regarding what would constitute an acceptable arrangement to the United States. Since the diplomatic discussions will not begin until after the agreement goes into effect, the Congress, in essence, is being asked to accept an agreement which still requires further negotiation on one of its most important provisions. This is, indeed, the proverbial pig in a poke. But it is salvageable. Since the Chinese have already announced that they will make a voluntary offer to the IAEA to allow safeguards on some of their nuclear facilities, there is no reason for the U.S. position on verification of peaceful uses of U.S.-exported nuclear items to be so vague.

2. U.S. CONSENT RIGHTS

The U.S. consent rights over reprocessing and enrichment required under the Nuclear Nonproliferation Act of 1978 are contained in the agreement, although the language is unusual, unorthodox, and convoluted.

Of particular concern, however, is the possible interpretation of this language in article 5 to the effect that although the United States possesses the required consent rights, the United States is obligated to exercise them in a manner favorable toward the reprocessing of spent fuel. Although the State Department has issued a legal brief claiming the U.S. rights are completely unfettered, the question is, Do the Chinese agree? If not, we are setting ourselves up for a potential future confrontation that will do nothing good for Sino-American relations or nonproliferation policy.

3. THE RELATIONSHIP OF THE AGREEMENT TO FUTURE U.S. EXPORT LAWS AND REGULATIONS

The last sentence of article 2(1) refers to the attitudes of both countries toward treaties and the relationship of internal legislation to the latter. In essence, the statement says that neither party can use internal legislation as a justification for abrogation of a treaty. There are two things to be said about this. First, agreements for cooperation are not treaties, although it might not be a bad idea to give them treaty status in the future so the Senate would have to approve them before they went into effect. Second, the United States is not obligated to transfer anything under the agreement, so any U.S. laws concerning, say, export license requirements cannot legitimately be viewed as abrogating the treaty. But, the insertion of this language into the agreement is troubling, because it resonates with complaints leveled at the United States in years past that changing nuclear export licensing requirements or the rules on exercise of U.S. consent rights during the life of an agreement is somehow unfair or not in keeping with standard legal practice. Despite the presence of language in article 2(1) that the agreement will be implemented by each party in accordance with its respective applicable national laws, regulations, and license requirements, the last sentence of article 2(1) is a potential source of trouble without further clarification. In particular, it should be understood by the Chinese that any future export laws or rules enacted by Congress or promulgated by a future administration will be applicable to any nuclear transfer or retransfer requests made by or on behalf of the Chinese at the time. And, that such change in export or retransfer requirements do not constitute a violation of the agreement by the United States.

4. CHINA'S NONPROLIFERATION POLICIES

The last item of concern I have about the agreement involves not the actual provisions of the latter, but the supplementry documentation describing China's nonproliferation policies. The State Department has provided, on a classified basis, a summary of discussions between Ambassador Richard T. Kennedy and Chinese officials concerning China's nonproliferation policies. The Chinese did not sign this document, but have made oral statements to the effect that the document basically reflects their position. Now, Mr. President, if the State Department document truly reflects China's nonproliferation policy, then, looking at the history of both Chinese nuclear involvement with other nations and Chinese nonproliferation philosophy, one can only conclude that an almost complete about-face has occurred in China over the past year or two in this area.

I would like to spend a few moments indicating the dimensions of this turnabout, if that is what it is. For example, on August 16, 1963, in the Peking Review, an official statement contained the following passages:

> Whether or not nuclear weapons help peace depends on who possesses them. It is detrimental to peace if they are in the hands of imperialist countries; it helps peace if they are in the hands of socialist countries. It must not be said indiscriminately that the danger of nuclear war increases along with the increase in nuclear powers. . . . Nuclear weapons in the possession of a socialist country are always a means of defense against nuclear blackmail and nuclear war. So long as the imperialists refuse to ban nuclear weapons, the greater the number of socialist countries possessing them, the better the guarantee of world peace.

Please note that in this timeframe we had concluded the Partial Test Ban Treaty with the Soviets, a treaty that was criticized severely by the Chinese and which they have not signed to this day.

Now, of course, the statement I quoted from was made before China became a nuclear power herself in 1964. Did that event change her attitude about proliferation of weapons? No, it did not.

In 1966, Chou En-Lai stated that the draft Nuclear Nonproliferation Treaty [NPT] was a great conspiracy against all peace-loving countries and peoples. In 1977, the Chinese News Agency Xinhua described a Comprehensive Test Ban [CTB] as a new starting point for another round of the nuclear race. The hegemonic practice of prohibiting the small- and medium-sized countries from developing their own nuclear weapons can deceive nobody. In 1981, a Chinese delegate declared to the United Nations Commission on Disarmament that a CTB can only tie the hands of those countries with weaker defense capabilities.

Well, Mr. President, we have seen many newspaper reports in recent years that the Chinese proproliferation stance was backed up by more than words. China was reported as helping Pakistan with the latter's nuclear weapons program, and China was reported to have sent heavy water to Argentina and enriched uranium to South Africa without requiring safeguards.

Now we are told that times have changed, and so have Chinese policies. Last year, as I mentioned at the beginning of my statement, a public declaration was made by Premier Zhao Ziyang that "* * * we by no means favor nuclear proliferation, nor do we engage in such proliferation by helping other countries to develop nuclear weapons." The problem with this statement—besides the fact that it was preceded by criticism of the NPT and a reiteration of China's refusal to accede to it—was that not long after it was made, Chinese scientists were discovered at the Kahuta site in Pakistan which, as I said earlier, is the site where a clandestine nuclear enrichment plant is being built—a plant that will have the capability of producing weapons-grade high enriched uranium. It was that discovery that put this agreement on hold for over a year.

Now we are asked to accept, as a definitive description of Chinese nonproliferation policies, a summary of discussions on the subject prepared by U.S. negotiators, and not signed by the Chinese.

Mr. President, over the past year we have observed Chinese entry into the IAEA, its voluntary offer to allow safeguards on some of its nuclear power exports to nonweapon states. These acts do suggest that the Chinese see value in behaving more responsibly on nuclear matters. But the Pakistani incident took place during the period when it was believed by our negotiators that Chinese policy had changed significantly. Given this history, should we depend on a written summary of subsequent discussions that the Chinese have not formally subscribed to as a basis for judging the adequacy of present Chinese nonproliferation policy? I say no. We need a comprehensive description prepared by the Chinese themselves so we see whether what they say is consistent with what the State Department believes and, also, so we have a formal basis for comparing future Chinese actions to Chinese words in the area of nuclear nonproliferation.

Mr. President, the four areas of concern I have outlined can be dealt with without rejecting this agreement and without any special reopening of negotiations on the agreement.

Article 5 of the agreement requires the United States and China to engage in diplomatic discussions for the purpose of settling the issue of visits for verifying peaceful uses of projected United States nuclear transfers to China. During this period, all the issues I have raised can be settled with the Chinese.

The bill I am introducing says simply that there will be no nuclear transfers or retransfers to China under the agreement until these issues are settled satisfactorily. Moreover, the bill is precise in describing what constitutes a satisfactory resolution of these issues.

PROVISION ON VERIFICATION

In the case of verification of peaceful uses, the bill requires that verification be equivalent to that provided under so-called INFCIRC/66/Rev. 2 safeguards of the IAEA. These are the safeguards arrangements that the IAEA enters into with nations that have unsafeguarded as well as safeguarded facilities. Now that China has made a voluntary offer to the IAEA to accept safeguards on some of its facilities, this provision is appropriate and is in keeping with the Chinese voluntary offer.

I should point out, Mr. President, that the Chinese have signed nuclear trade agreements with Japan, Argentina, and Brazil in which IAEA safeguards on all exported items are provided for. I am sorry that our negotiators failed to achieve a similar provision before deciding to initial and before the President signed the proposed agreement, but I believe that we can salvage the situation through enactment of this legislation.

PROVISION ON CONSENT RIGHTS

The second area of concern, U.S. consent rights, simply requires that we redress an imbalance of language in the agreement in order to avoid any misunderstanding on the part of the Chinese. Thus, while the agreement does say "the parties undertake the obligation to consider such activities—that is reprocessing, et cetera—favorably," the State Department has stated in an explanatory brief that "the United States has the right to withhold its agreement to any activity that is proposed," and claims that this is sufficient to satisfy the requirements of U.S. law. But, Mr. President, it is evident to any person, even lawyers, that a right that is circumscribed in some way cannot be freely exercised. If I tell someone he cannot enter my home without my permission, but guaranty that I will give my permission at 7 p.m. on Saturday night, the State Department might claim I still retain my consent right because my home cannot be entered until my permission is given. But having tendered a guaranty, I have—if I am an honorable person—effectively circumscribed that right and, some might argue that I have effectively given it up. Certainly, at the least, the other party could feel rather aggrieved if the guaranty were not honored. I do not believe it was the intent, nor would it be wise, for the Chinese to be given the impression that the United States was biased in favor of allowing the reprocessing of any spent fuel covered by this agreement. Accordingly, my bill would simply restore some balance to this area by requiring the President to elicit from the Chinese their recognition that the language of article 5 does not favorably or unfavorably dispose the United States to approve any reprocessing or enrichment of spent fuel or other alterations in form or content of fuel covered by the agreement. In other words, the language of the agreement should be seen as completely neutral in terms of any predisposition by the United States toward approvals of future Chinese requests for reprocessing or other activities governed by U.S. consent rights.

PROVISION ON FUTURE EXPORT CONTROLS

Similarly, it is important to clarify the status of the agreement with respect to future legislation on U.S. export controls, and to have Chinese recognition of such status.

My legislation would require the President to elicit recognition from the Chinese Government that any future Chinese requests for transfers or retransfers of nuclear equipment, materials, or technology will be subject to all the rules and regulations mandated by domestic law and policy at that time, regardless of whether such laws and policies were implemented before or after this agreement went into effect.

The purpose of this provision is to emphasize that the agreement is only a framework for engaging in nuclear trade, but that the detailed structure within this framework is variable and at any given time is determined by all the export laws and regulations in existence at that given time. If the United States, for example, decided to require an additional export criterion in 5 years, then any Chinese export license request 5 years from now would be subject to that criterion. We must be sure that the inappropriate language in the agreement referring to treaties and domestic legislation is not interpreted by the Chinese to mean that our requirements for nuclear transfers or retransfers to China will be unchanged once this agreement goes into effect.

PROVISION ON CHINESE NONPROLIFERATION POLICIES

Finally, Mr. President, my legislation would require that, prior to initiating any trade under this agreement, the United States have a public detailed description of Chinese nonproliferation policies written by the Chinese themselves, and that this description correspond in all essential details with the summary of United States/China discussions on Chinese nonproliferation policies provided to the Congress by the State Department on a classified basis. This will ensure that we have a clear and unambiguous Chinese commitment to those policies.

Mr. President, as I said earlier, this agreement provides for diplomatic discussions to work out the details of visits for purposes of establishing verification of peaceful uses of future U.S. nuclear exports to China. These diplomatic discussions allow an opportunity for the United States to engage the Chinese in discussions that would lead to clarifying the agreement in accordance with the requirements laid down in the legislation I have introduced.

I believe that with these clarifications, including the publication of Chinese nonproliferation policies and the establishment of an appropriate system of verification of peaceful uses in accordance with IAEA Document INFCIRC/66/Rev. 2, we will have a framework for nuclear trade with the People's Republic of China that most of us in the Senate can support and be comfortable with.

But let us make no mistake about what may await us down the road if these clarifications and verification conditions are not issued or adopted. We will have a situation similar to that which occurred and is still occurring with the Indians; we will risk having thorny diplomatic problems that will prevent the advances in the United States/China relations that this agreement is supposed to bring; we will have provided another example of how to undermine one's own nonproliferation policy, with an attendant loss of our credibility on the issue; and we may even end up putting our national security in jeopardy.

I urge my colleagues to support this legislation, and ask unanimous consent that the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1754

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Sino-American Nuclear Verification Act of 1985".

FINDINGS

SEC. 2. The Congress finds that—

(1) the international nuclear nonproliferation regime, including the safeguards system of the International Atomic Energy Agency (IAEA), and the domestic laws of the United States controlling nuclear exports, are important elements in the struggle against the spread of nuclear weapons;

(2) nuclear trade involving nonsensitive safeguarded equipment, materials, and technology can be a useful component in an effective nuclear nonproliferation policy, is of economic value to the United States, and helps to fulfill the obligations of the United States under the Treaty on the Non-Proliferation of Nuclear Weapons, done on July 1, 1968;

(3) nuclear agreements for cooperation between the United States and other nations should be without ambiguity as to meaning or implementation and should be in keeping with the letter and spirit of the Nuclear Proliferation Act of 1978 and the Atomic Energy Act of 1954;

(4) agreements for cooperation, including the agreement between the United States and the People's Republic of China, signed on July 23, 1985, do not constrain the United States from applying all laws and regulations regarding nuclear exports which are in effect at the time of the export or the licensing thereof;

(5) the national security of the United States may be put at risk by nuclear trade with nations whose nuclear nonproliferation policies are either unsatisfactory or are not sufficiently specific or detailed to judge whether they are satisfactory;

(6) the transfer or retransfer of nuclear equipment, materials, or technology to any nation without adequate verification of their peaceful uses undermines the international nuclear nonproliferation regime and is inimical to the common defense and security of the United States; and

(7) the Agreement for Cooperation Between the United States and the People's Republic of China Concerning Peaceful Uses of Nuclear Energy, signed on July 23, 1985 (hereafter in this Act referred to as the "Agreement for Cooperation"), together with the Department of State document entitled "United States Summary of Discussions" (relating to China's nuclear nonproliferation policy), do not provide a sound basis for nuclear trade between the two countries without further clarification of—

(A) the verification of peaceful uses covering exported items;

(B) the rights of consent and the exercise thereof by the United States over the enrichment of United States supplied fuel, the reprocessing of United States-origin spent fuel, or the reprocessing of other spent fuel arising from a United States supplied reactor;

(C) Chinese nuclear nonproliferation policies; and

(D) the relationship of the Agreement for Cooperation to future United States export control laws.

PURPOSES

SEC. 3. The purposes of this Act are to—

(1) provide for the clarification of understandings regarding the implementation of the Agreement for Cooperation;

(2) strengthen the nuclear nonproliferation regime by providing an example of United States leadership in fostering more equal treatment of nuclear-weapon states and nonnuclear-weapon states regarding conditions of nuclear trade;

(3) encourage commitments by nuclear-weapon states to formal or tacit adherence to the principle of safeguards for nuclear materials, equipment, and technology used for peaceful purposes; and

(4) protect United States national security interests through strict verification of peaceful uses and full retention of United States rights of consent concerning transfers or retransfers of United States nuclear equipment, materials and technology as well as materials derived from United States facilities.

SEC. 4. (a) Notwithstanding any other provision of law, including any international agreement, no license may be issued for the export to the People's Republic of China of any nuclear equipment, materials, or technology, and no approvals for the transfer or retransfer to the People's Republic of China of any nuclear equipment, materials, or technology may be given by the United States until the expiration of a period of 30 days of continuous session of Congress after the President has certified to the chairman of the Foreign Relations Committee of the Senate and to the chairman of the Foreign Affairs Committee of the House of Representatives that—

(1) the verification of peaceful uses on exported items covered by the Agreement for Cooperation will be essentially equivalent to that provided by the materials accounting and inspection standards normally applied by the International Atomic Energy Agency in accordance with its document INFCIRC-66-Rev. 2 entitled "The Agency's Safeguard System (1965, as provisionally extended in 1966 and 1968)";

(2) the Government of the People's Republic of China has communicated its recognition that the Agreement for Cooperation neither favorably nor unfavorably disposes the United States toward approving or agreeing to any enrichment, reprocessing, or alteration in form or content of material transferred pursuant to the Agreement for Cooperation or material used in or produced through the use of any material or facility transferred pursuant to the Agreement for Cooperation;

(3) the Government of the People's Republic of China has provided a public, written, detailed statement of its nuclear nonproliferation policies, and those policies correspond in all essential elements and details to the description of such policies contained in the Department of State document entitled "United States Summary of Discussions" (relating to China's nuclear nonproliferation policy); and

(4) the Government of the People's Republic of China has communicated its recognition that all proposed exports of nuclear materials, equipment, or technology under the Agreement for Cooperation are subject to such laws and regulations of the United States which are in effect at the time of each such export or the licensing thereof.

(b) For purposes of subsection (a), the continuity of a session of Congress is broken only by adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the period indicated.●

ADDITIONAL COSPONSORS

S. 524

At the request of Mr. **ARMSTRONG**, the name of the Senator from South Dakota [Mr. **ABDNOR**] was added as a cosponsor of S. 524, a bill to recognize the organization known as the "Retired Enlisted Association, Inc."

S. 925

At the request of Mr. **HUMPHREY**, the names of the Senator from Florida [Mrs. **HAWKINS**] and the Senator from Michigan [Mr. **RIEGLE**] were added as cosponsors of S. 925, a bill to deny most-favored-nation trading status to Afghanistan.

S. 1233

At the request of Mr. **DOLE**, the name of the Senator from California [Mr. **WILSON**] was added as a cosponsor of S. 1233, a bill to amend the Animal Welfare Act to ensure the proper treatment of laboratory animals.

S. 1382

At the request of Mr. **CHAFEE**, the name of the Senator from North Dakota [Mr. **ANDREWS**] was added as a cosponsor of S. 1382, a bill to amend the Securities Exchange Act of 1934 with respect to insider trading.

S. 1544

At the request of Mr. **MOYNIHAN**, the name of the Senator from Massachusetts [Mr. **KENNEDY**] was added as a cosponsor of S. 1544, a bill to extend the Trade Adjustment Assistance Program to place such program on a sound financial basis and to reform such program to emphasize the retraining of workers.

S. 1570

At the request of Mr. **NICKLES**, the name of the Senator from Vermont [Mr. **STAFFORD**] was added as a cosponsor of S. 1570, a bill to amend the Fair Labor Standards Act of 1938 to exclude the employees of States and political subdivisions of States from the provisions of that act relating to maximum hours, to clarify the application of that act to volunteers, and for other purposes.

S. 1629

At the request of Mr. **GRASSLEY**, the names of the Senator from Arkansas [Mr. **PRYOR**] and the Senator from Arkansas [Mr. **BUMPERS**] were added as cosponsors of S. 1629, a bill to amend the Tariff Act of 1930 to treat certain agricultural products as like products for purposes of antidumping and countervailing duty investigations.

S. 1645

At the request of Mr. **STEVENS**, the name of the Senator from Alabama [Mr. **HEFLIN**] was added as cosponsor of S. 1645, a bill to delay a postal rate increase for subscription publications.

S. 1680

At the request of Mr. **QUAYLE**, the names of the Senator from Rhode Island [Mr. **PELL**] and the Senator from Rhode Island [Mr. **CHAFEE**] were added as cosponsors of S. 1680, a bill to phase out the Honey Price Support Program.

S. 1722

At the request of Mr. **ARMSTRONG**, the names of the Senator from Iowa [Mr. **GRASSLEY**] and the Senator from South Carolina [Mr. **HOLLINGS**] were added as cosponsors of S. 1722, a bill to amend the Internal Revenue Code of 1954 to eliminate the separate mailing requirement for statements relating to interest, dividends, and patronage dividends, and for other purposes.

SENATE JOINT RESOLUTION 74

At the request of Mr. **THURMOND**, the name of the Senator from Nevada [Mr. **LAXALT**] was added as a cosponsor of Senate Joint Resolution 74, a joint resolution to provide for the designation of the month of February 1986 as "National Black (Afro-American) History Month."

SENATE JOINT RESOLUTION 193

At the request of Mr. **SYMMS**, the name of the Senator from Alabama [Mr. **DENTON**] was added as a cosponsor of Senate Joint Resolution 193, a joint resolution to authorize the President to issue a proclamation designating the week beginning October 20, 1985, as "The Lessons of Grenada Week."

SENATE JOINT RESOLUTION 199

At the request of Mr. **MURKOWSKI**, the names of the Senator from South Dakota [Mr. **PRESSLER**] and the Senator from Georgia [Mr. **MATTINGLY**] were added as cosponsors of Senate Joint Resolution 199, a joint resolution to designate the month of November 1985 as "National Elks Veterans Remembrance Month."

SENATE JOINT RESOLUTION 213

At the request of Mr. **FORD**, the names of the Senator from Utah [Mr. **HATCH**], the Senator from North Dakota [Mr. **ANDREWS**], the Senator from Hawaii [Mr. **MATSUNAGA**], the Senator from South Dakota [Mr. **ABDNOR**], and the Senator from Minnesota [Mr. **BOSCHWITZ**] were added as cosponsors of Senate Joint Resolution 213, a joint resolution to designate January 19-25, 1986, "National Jaycee Week."

SENATE CONCURRENT RESOLUTION 68

At the request of Mr. **DURENBERGER**, the names of the Senator from New

Mexico [Mr. Domenici], the Senator from Iowa [Mr. Harkin], the Senator from South Carolina [Mr. Hollings], and the Senator from Missouri [Mr. Danforth] were added as cosponsors of Senate Concurrent Resolution 68, a concurrent resolution expressing support for Chile's National Accord for the Transition to Full Democracy.

SENATE CONCURRENT RESOLUTION 77

At the request of Mr. Cranston, his name was added as a cosponsor of Senate Concurrent Resolution 77, a concurrent resolution deploring the intention of the United States to withdraw from the compulsory jurisdiction of the International Court of Justice.

AMENDMENTS SUBMITTED

INCREASE IN PUBLIC DEBT LIMIT

LEVIN (AND OTHERS) AMENDMENT NO. 745

Mr LEVIN (for himself, Mr. Gramm, Mr. Rudman, and Mr. Dodd) proposed an amendment to amendment No. 730 proposed by Mr. Dole (for Mr. Gramm and others) as modified and amended to the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt; as follows:

On page 25, strike lines 12 through 21, and insert in lieu thereof: "(II) subject to clauses (ii), (iii), and (iv) of this subparagraph, eliminates one-half of such excess by sequestering from each affected program, project, or activity as defined in the most recently enacted relevant appropriations Acts and accompanying committee reports, or from each affected account if not so defined, for funds provided in annual appropriations Acts or, otherwise from each budget account, such amounts of budget authority, obligation limitation, other budgetary resources, and loan limitation, and by adjusting payments provided by the Federal Government not required by existing contractual agreements, to the extent necessary to reduce the outlays for each controlable expenditure by a uniform percentage;"

KERRY (AND LEAHY) AMENDMENT NO. 746

Mr. KERRY (for himself and Mr. Leahy) proposed an amendment to amendment No. 730 proposed by Mr. Dole (for Mr. Gramm and others), as modified and amended, to the joint resolution (H.J. Res. 372), supra; as follows:

At the end of amendment No. 730 (modified and amended), add the following new section:

Sec. . The Directors of the Office of Management and Budget and the Congressional Budget Office and the Secretary of the Treasury shall jointly report to the President and the Committees on Finance and Ways and Means on the projected level of revenues which would be raised by increased and improved tax enforcement and collection through audits, examinations, and other methods designed to eliminate tax cheating and increase revenue collections from individuals and corporations evading Federal taxation. The report shall include an analysis of measures which can be implemented to increase voluntary compliance with tax laws, including increased staff for taxpayer assistance, speedier processing of returns, improved information processing and collection, and public education designed to increase public trust and understanding of the Internal Revenue Service enforcement efforts. The report shall also include an estimate of the level of increased expenditures for Internal Revenue Service enforcement and compliance efforts at which additional expenditures would not yield additional revenues of at least $2 of revenue for every $1 in expenditures. The report shall be issued on an annual basis no later than the date on which the President submits a proposed budget for each fiscal year to the Congress.

EXON (AND KERRY) AMENDMENT NO. 747

Mr. EXON (for himself and Mr. Kerry) submitted an amendment to amendment No. 730 proposed by Mr. Dole (for Mr. Gramm and others) as modified and amended, to the joint resolution (H.J. Res. 372), supra; as follows:

At the end of the amendment, add the following:

( ) Periodic Reporting Required.—Notwithstanding the second sentence of subsection (d)(1) of this section, the Directors shall jointly report to the President and the Congress the matters described in such subsection on October 1, February 15, and May 1 of each fiscal year, except that with respect to fiscal year 1986, the Directors shall jointly report to the President and the Congress the matters described in such subsection on November 1, February 15, and May 1 of such fiscal year.

( ) Statistical Significance of Deficit.—Notwithstanding the second sentence of subsection (d)(4)(H) of this section, if, in any report submitted with respect to fiscal year 1986 by the Directors under subsection (d)(1) and subsection ( ) after November 1, 1985, the Directors state that the deficit for fiscal year 1986 exceeds the maximum deficit amount for such fiscal year by an amount which is greater than 5 percent of such maximum deficit amount, such excess shall be treated as "statistically significant" for purposes of this section.

MELCHER AMENDMENT NO. 748

Mr. MELCHER proposed an amendment to amendment No. 730 proposed by Mr. Dole (for Mr. Gramm and others) as modified and amended, to the joint resolution (H.J. Res. 372), supra; as follows:

At the end of the Resolution add the following new section:

SEC. 1. IMPOSITION OF CORPORATE MINIMUM TAX.

(a) In General.—Section 56 of the Internal Revenue Code of 1954 (relating to corporate minimum tax) is amended to read as follows:

"SEC. 56. ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

"(a) Tax Imposed—

"(1) In general.—A tax is hereby imposed (in addition to any other tax imposed by this subtitle) on each corporation in an amount equal to the excess (if any) of—

"(A) 20 percent of so much of the corporate alternative minimum taxable income of the taxpayer for the taxable year as exceeds $100,000, over

"(B) the regular tax for the taxable year.

"(b) Corporate Alternative Minimum Taxable Income.—For purposes of this title, the term 'corporate alternative minimum taxable income' means the taxable income (determined without regard to the deduction allowed by section 172) of the taxpayer for the taxable year—

"(1) reduced by the corporate alternative minimum tax net operating loss deduction provided by subsection (d), and

"(2) increased by an amount equal to the corporate alternative minimum tax preference items.

"(c) Corporate Alternative Minimum Tax Preference Items.—For purposes of this section, the corporate alternative minimum tax preference items are those items applying to corporations under section 57(a).

The flush language at the end of section 57(a), stating what preferences do not apply to corporations, is amended by striking the reference to paragraphs 3, 6, and 12(A); and by adding a reference to paragraph 8.

Further, paragraph (9) of section 57(a) (relating to capital gains as items of tax preference) is amended by adding at the end thereof the following new subparagraph:

"(E) Special rule for certain insolvent taxpayers.—

"(i) In general.—The amount of the tax preference under subparagraph (A) shall be reduced (but not below zero) by the excess (if any) of—

"(I) the applicable percentage of gain from any insolvency transaction, over

"(II) the applicable percentage of any loss from any insolvency transaction which offsets such gain.

"(ii) Reduction limited to amount of insolvency.—The amount of the reduction determined under clause (i) shall not exceed the amount by which the taxpayer is insolvent immediately before the transaction (reduced by any portion of such amount previously taken into account under this clause).

"(iii) Insolvency transaction.—For purposes of this subparagraph, the term 'insolvency transaction' means—

"(I) the transfer by a taxpayer of real property used by the taxpayer in the active conduct of a trade or business of the taxpayer to a creditor in cancellation of indebtedness, or

"(II) the sale or exchange by the taxpayer of property described in subclause (I) under the threat of foreclosure,

but only if the taxpayer is insolvent immediately before such transaction.

"(iv) Insolvent.—For purposes of this subparagraph, the term 'insolvent' means the excess of liabilities over the fair market value of assets.

"(v) Applicable percentage.—For purposes of this subparagraph, the term 'applicable percentage' means that percentage of net capital gain with respect to which a deduction is allowed under section 1202(a).".

(b) Effective Date.—The amendment made by this section shall apply to transfers or sales or exchanges made after December 31, 1981, in taxable years ending after such date.

"(d) Corporate Alternative Minimum Tax Net Operating Loss Deduction.—For purposes of this section—

"(1) In general.—The term 'corporate alternative minimum tax net operating loss deduction' means the net operating loss deduction under section 172 for the taxable year for purposes of the regular tax, except that in determining the amount of such deduction—

"(A) in the case of taxable years beginning after December 31, 1985, section 172(b)(2) shall be applied by substituting 'corporate alternative minimum taxable income' for 'taxable income' each place it appears, and

"(B) the net operating loss (within the meaning of section 172(c)) for any loss year shall be adjusted as provided in paragraph (2).

"(2) Adjustments to net operating loss computation.—

"(A) Post-1985 loss years.—In the case of a loss year beginning after December 31, 1985, the net operating loss for such year under section 172(c) shall be reduced by the amount of corporate alternative minimum tax preference items arising in such year.

"(B) Pre-1986 loss years.—In the case of loss years beginning before January 1, 1986, the amount of the net operating loss which may be carried over to taxable years beginning after December 31, 1985, for purposes of paragraph (1) shall be equal to the amount which may be carried from the loss year to the first taxable year of the taxpayer beginning after December 31, 1985.

"(e) Special Rules Relating to Credits.—For purposes of this section—

"(1) Credits not allowable.—For purposes of determining any credit allowable under subpart A, B, or D of part IV of this subchapter (other than the foreign tax credit allowed under section 27(a))—

"(A) the tax imposed by this section shall not be treated as a tax imposed by this chapter, and

"(B) the amount of the foreign tax credit allowed under section 27(a) shall be determined without regard to this section.

"(2) Foreign tax credit allowed against alternative minimum tax.—

"(A) Determination of foreign tax credit.—The total amount of the foreign tax credit which can be taken against the tax imposed by subsection (a) is the amount determined under subpart A of part III of subchapter N (section 901 and following).

"(B) Increase in amount of foreign taxes taken into account.—For purposes of the determination provided by subparagraph (A), the amount of the taxes paid or accrued to foreign countries or possessions of the United States during the taxable year shall be increased by an amount equal to the lesser of—

"(i) the foreign tax credit allowable under section 27(a) in computing the regular tax for the taxable year, or

"(ii) the tax imposed by subsection (a).

"(C) Section 904(a) limitation.—For purposes of the determination provided by subparagraph (A), the limitation of section 904(a), shall be an amount equal to the same proportion of the sum of the tax imposed by subsection (a) against which such credit is taken and the regular tax as—

"(i) the taxpayer's corporate alternative minimum taxable income from sources without the United States (but not in excess of the taxpayer's entire corporate alternative minimum taxable income), bears to

"(ii) the taxpayer's entire corporate alternative minimum taxable income.

For such purposes, the amount of the limitation of section 904(a) shall not exceed the tax imposed by subsection (a).

"(D) Definition of corporate alternative minimum taxable income from sources without the United States.—For purposes of subparagraph (C), the term 'corporate alternative minimum taxable income from sources without the United States' means taxable income from sources without the United States, adjusted as provided in paragraphs (1) and (2) of subsection (b) (taking into account in such adjustment only items described in such paragraphs which are properly attributable to items of gross income from sources without the United States).

"(E) Special rule for applying section 904(c).—In determining the amount of foreign taxes paid or accrued during the taxable year which may be deemed to be paid or accrued in a preceding or succeeding taxable year under section 904(c)—

"(i) the limitation of section 904(a) shall be deemed to be the amount of foreign tax credit allowable under section 27(a) in computing the regular tax for the taxable year increased by the amount of the limitation determined under subparagraph (C), and

"(ii) any increase under subparagraph (B) shall be taken into account.

"(3) Carryover and carryback of certain credits.—In the case of any taxable year for which a tax is imposed by this section, for purposes of determining the amount of any carryover or carryback to any other taxable year of any credit allowable under section 30 or 38, the amount of the limitation under section 30(g) or 38(c) (as the case may be) shall be deemed to be—

"(A) the amount of such credit allowable for such taxable year (determined without regard to this paragraph), reduced (but not below zero) by

"(B) the amount of the tax imposed by this section for the taxable year, reduced by—

"(i) the amount of the credit allowable under section 27(a), and

"(ii) in the case of the limitation under section 38(c), the amount of such tax taken into account under this subparagraph with respect to limitations under section 30(g).

"(f) Definitions and Special Rules.—For purposes of this section—

"(1) Regular tax.—The term 'regular tax' means the taxes imposed by this chapter for the taxable year (computed without regard to this section and without regard to the taxes imposed by sections 47(a), 531, and 541).

"(2) Taxable year in which item arises.—In the case of any amount which is taken into account for regular tax purposes in more than 1 taxable year, such amount shall be treated as an item arising in the first such taxable year.".

(b) Estimated Tax.—Sections 6154(c)(1) (defining estimated tax) and 6655(f)(1) (defining tax) are each amended by inserting ", 56," after "section 11".

(c) Conforming Amendments.—

(1) Section 26 (relating to definition of tax liability) is amended—

(A) by striking out subparagraph (A) of subsection (b)(2) and by redesignating subparagraphs (B) through (H) of subsection (b)(2) as subparagraphs (A) through (G), respectively, and

(B) in subsection (c)—

(i) by striking "(1)" before "For" and by adding at the end thereof the following new paragraph:

"(2) For treatment of tax imposed by section 56 as tax not imposed by this chapter, see section 56(e).",

and

(ii) by striking out the heading and inserting in lieu thereof:

"(c) Special Rules for Minimum Taxes.—".

(2) Section 57 (relating to items of tax preference) is amended—

(A) by striking out the last sentence of subsection (a),

(B) by striking out subsection (b), and

(C) by striking out subsection (e).

(3) Section 58 (relating to rules for application of past) is amended—

(A) by striking out "$10,000" in subsection (b) and inserting in lieu thereof "$100,000",

(B) by striking out "respective regular tax deductions (within the meaning of section 56(c))" and inserting in lieu thereof "respective corporate alternative minimum taxable incomes (within the meaning of section 56(b))",

(C) by striking out subsection (d),

(1) by striking out paragraph (1) of subsection (f) and

(2) by striking out "the item of tax preference set forth in section 57(a)(9) and" in paragraph (2) of subsection f.

(4) Section 882(a) (relating to tax on foreign corporations connected with United States business) is amended by striking "section 11 or 1201(a)" in paragraph (1) and inserting in lieu thereof "section 11, 56, or 1201(a)".

(5) The table of sections for part VI of subchapter A of chapter 1 is amended by striking out the item relating to section 56 and inserting in lieu thereof the following new item:

"Sec. 56. Additional minimum tax on corporations.".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1985.

BRADLEY AMENDMENTS NOS. 749 THROUGH 753

(Ordered to lie on the table.)

Mr. BRADLEY submitted five amendments intended to be proposed by him to the joint resolution (H.J. Res. 372), supra; as follows:

Amendment No. 749

At the end of the amendment, add the following:

( ) National Defense.—Notwithstanding any other provision of this Act or of law or any provision of the Standing Rules of the Senate or the Rules of the House of Representatives, the total amount appropriated for programs, projects, and activities under the functional category National Defense (050) for fiscal year 1987 may not exceed $298.8 billion.

Amendment No. 750

At the end, add the following:

( ) National Defense.—Notwithstanding any other provision of this Act or of law or any provision of the Standing Rules of the Senate or the Rules of the House of Representatives, the total amount appropriated for programs, projects, and activities under the functional category National Defense (050) for fiscal year 1987 may not exceed $298.8 billion.

Amendment No. 751

At the end of the joint resolution add the following:

( ) National Defense.—Notwithstanding any other provision of this Act or of law or any provision of the Standing Rules of the

Senate or the Rules of the House of Representatives, the total amount appropriated for programs, projects, and activities under the functional category National Defense (050) for fiscal year 1987 may not exceed $298.8 billion.

AMENDMENT No. 752

At the end of the pending question, add the following:

( ) NATIONAL DEFENSE.—Notwithstanding any other provision of this Act or of law or any provision of the Standing Rules of the Senate or the Rules of the House of Representatives, the total amount appropriated for programs, projects, and activities under the functional category National Defense (050) for fiscal year 1987 may not exceed $298.8 billion

AMENDMENT No. 753

At the end of the resolution add the following new section:

SEC. —. TAX ON MOTOR FUELS INCREASED 18 CENTS A GALLON.

(a) TAXES ON GASOLINE, DIESEL FUEL, AND SPECIAL MOTOR FUELS INCREASED 18 CENTS A GALLON.—

(1) GASOLINE.—Subsection (a) of section 4081 of the Internal Revenue Code of 1954 (relating to tax on gasoline) is amended by striking out "9 cents a gallon" and inserting in lieu thereof "27 cents a gallon".

(2) DIESEL FUEL AND SPECIAL MOTOR FUELS.—Section 4041(a) of such Code (relating to tax on diesel fuel and special motor fuels) is amended—

(A) by striking out "15 cents" in paragraph (1) and inserting in lieu thereof "33 cents", and

(B) by striking out "9 cents" in paragraph (2) and inserting in lieu thereof "27 cents".

(3) NONCOMMERCIAL AVIATION.—Paragraph (1) of section 4041(c) of such Code (relating to noncommercial aviation) is amended by striking out "14 cents" and inserting in lieu thereof "32 cents".

(b) RATES OF TAX FOR GASOHOL.—

(1) AMENDMENTS OF SECTION 4081.—Section 4081(c) of such Code is amended—

(A) by striking out "9 cents" each place it appears and inserting in lieu thereof "27 cents",

(b) by striking out "3 cents" each place it appears and inserting in lieu thereof "21 cents",

(C) by striking out "3⅓ cents" and inserting in lieu thereof "10 cents", and

(D) by striking out "5⅔ cents" and inserting in lieu thereof "17 cents".

(2) AMENDMENTS OF SECTION 4041.—Paragraph (1) of section 4041(k) of such Code (relating to fuels containing alcohol) is amended—

(A) by striking out "9 cents" and "15 cents" in subparagraph (A) and inserting in lieu thereof "27 cents" and "33 cents", respectively, and

(B) by striking out "3 cents" and "9 cents" in subparagraph (B) and inserting in lieu thereof "21 cents" and "27 cents", respectively.

(3) GASOLINE USED TO PRODUCE CERTAIN ALCOHOL FUELS.—Paragraph (1) of section 6427(f) of such Code (relating to gasoline used to produce certain gasoline fuels) is amended

(A) by striking out "9 cents" and inserting in lieu thereof "27 cents", and

(B) by striking out "5⅔ cents" and inserting in lieu thereof "17 cents".

(c) PARTIALLY EXEMPT METHANOL OR ETHANOL FUEL.—Paragraph (1)(A) of section 4041(m) of such Code (relating to certain alcohol fuels) is amended by striking out "4½ cents" and "9 cents" and inserting in lieu thereof "22½ cents" and "27 cents", respectively.

(d) USE IN CERTAIN TAXICABS.—Paragraph (1) of section 6427(e) of such Code is amended by striking out "4 cents" and inserting in lieu thereof "22 cents".

(e) FLOOR STOCK TAX ON GASOLINE.—

(1) IN GENERAL.—On gasoline subject to tax under section 4081 of such Code which, on January 1, 1986, is held by a dealer for sale there is hereby imposed a floor stocks tax at the rate of 18 cents a gallon.

(2) OVERPAYMENTS OF FLOOR STOCKS TAX.—Section 6416 of such Code shall apply in respect to the floor stock tax imposed by this subsection, so as to entitle, subject to all provisions of section 6416 of such Code, any person paying such floor stocks tax to a credit or refund thereof for any of the reasons specified in section 6416 of such Code.

(3) DUE DATE ON TAX.—The tax imposed by this subsection shall be paid at such time after February 15, 1986, as may be prescribed by the Secretary of the Treasury or the delegate of the Secretary.

(4) TRANSFER OF FLOOR STOCKS TAX TO HIGHWAY TRUST FUND.—For purposes of determining the amount transferred to the Highway Trust Fund for any period, the tax imposed by this section shall be treated as if such tax was imposed by section 4081 of such Code.

(5) DEFINITIONS.—For purposes of this subsection.—

(A) The term "dealer" includes a wholesaler, jobber, distributor, or retailer.

(B) An article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to such dealer has been made) and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1986.

DODD (AND OTHERS) AMENDMENT NO. 754

Mr. DODD (for himself, Mr. KERRY, Mr. GRAMM, Mr. LEVIN, Mr. HOLLINGS, Mr. RUDMAN, and Mr. LEAHY) proposed an amendment to amendment No. 730 proposed by Mr. DOLE (for Mr. GRAMM and others) as modified and amended; as follows:

At the end of the pending amendment, add the following new section: "During the time in which a sequester order is in effect, any cost of living adjustment for Social Security shall not count as income for purposes of determining Supplemental Security Income payments or payments from any other program, which are offset as a consequence of cost of living adjustments for Social Security."

ZORINSKY-MATTINGLY AMENDMENT NO. 755

(Ordered to lie on the table.)

Mr. ZORINSKY (for himself and Mr. MATTINGLY) submitted an amendment intended to be proposed by him to the joint resolution House Joint Resolution 372, supra; as follows:

At the appropriate place in the joint resolution, insert the following new section:

SEC. . (a)(1) Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to consider any concurrent resolution on the budget for any fiscal year beginning after September 30, 1986, or any amendment thereto or any conference report thereon if—

(A) the adoption of such concurrent resolution as reported;

(B) the adoption of such amendment; or

(C) the adoption of the concurrent resolution in the form recommended in such conference report, would cause—

(i) the appropriate level of total budget outlays set forth in such concurrent resolution for such fiscal year to exceed the appropriate level of total budget outlays set forth for the preceding fiscal year in the most recently agreed to concurrent resolution on the budget for that preceding fiscal year;

(ii) the appropriate amount of the deficit set forth in such concurrent resolution for such fiscal year to exceed the appropriate amount of the deficit set forth for the preceding fiscal year in the most recently agreed to concurrent resolution on the budget for that preceding fiscal year.

(2) Notwithstanding section 904(b) of the Congressional Budget Act of 1974, or any other provision of law, paragraph (1) of this subsection may be waived only by a two-thirds vote of the Members of each House of Congress, duly chosen and sworn.

(b) Notwithstanding any other provision of law, the budget transmitted pursuant to section 1105 of title 31, United States Code, for the following fiscal year shall not contain—

(1) an estimate of total budget outlays for such following fiscal year that exceeds the appropriate level of total budget outlays for the current fiscal year set forth in the most recently agreed to concurrent resolution on the budget for the current fiscal year;

(2) an estimate of total revenues for such following fiscal year that exceeds the recommended level of revenues for the current fiscal year set forth in the most recently agreed to concurrent resolution on the budget for the current fiscal year; or

(3) an estimate of the deficit for such following fiscal year that exceeds the appropriate amount of the deficit set forth for the current fiscal year in the most recently agreed to concurrent resolution on the budget for the current fiscal year.

(c) For purposes of this section, no cost-of-living adjustment under any provision of Federal law shall be taken into account.

(d) For purposes of this section—

(1) the term "budget outlays" has the same meaning as in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974;

(2) the term "concurrent resolution on the budget" has the same meaning as in section 3(4) of such Act; and

(3) the term "deficit" means, with respect to any concurrent resolution on the budget for a fiscal year, the amount by which the appropriate level of total budget outlays set forth for such fiscal year in such concurrent resolution exceeds the recommended level of Federal revenues set forth for such fiscal year in such concurrent resolution.

SUPERFUND TAX EXTENSION

PACKWOOD AMENDMENT NO. 756

Mr. PACKWOOD proposed an amendment to the bill (H.R. 3453) to amend the Internal Revenue Code of 1954 to extend the Superfund taxes for 45 days; as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. Section 9(a) of the Federal Financing Bank Act of 1973 is amended by substituting "$5,000,010,000" for "$15,000,000,000."

SEC. 2. (a) Section 3101 of title 31, United States Code, is amended by adding at the end thereof the following:

"(d) The face amount of obligations issued by the Federal Financing Bank under Section 9(a) of the Federal Financing Bank Act of 1973 that are outstanding shall be included in the amount taken into account in determining whether the limitation imposed by subsection (b) has been exceeded."

(b) The amendment made by subsection (a) shall take effect on October 18, 1985.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, October 9, 1985, in order to conduct a hearing on United States/China Nuclear Agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, October 9, in closed executive session in order to conduct a hearing on phase II of the development of National Intelligence Strategy.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, October 9, in order to receive testimony concerning S. 1140, Motor Fuel Sales Competition.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on Wednesday, October 9, to conduct a meeting on the nominations of Karen Pryor and Robert Elsner to members of the Marine Mammal Commission, to be followed by a meeting on Oversight of the Pelagic Driftnets.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FINANCE

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Wednesday, October 9, to hold a hearing to consider the nomination of Ronald Robertson to be general counsel at the Department of Health and Human Services.

The PRESIDING OFFICER. without objection, it is so ordered.

ADDITIONAL STATEMENTS

TIME FOR NEW STEEL LEGISLATION?

● Mr. HEINZ. Mr. President, W.R. Wilson, president and chief executive officer of Lukens Steel, in a recent article in the New York Times laid out in some detail the impact of the President's program on the domestic steel industry. In a word, that impact has been inadequate. While imports have declined, they have not gone down far enough fast enough to have the intended impact. With current import penetration over 25 percent, the President's target of 18.5 percent remains a remote possibility. Mr. Wilson's article explains why the President's program is not working and what the likely consequences for the industry will be.

The question the article arouses in my mind, Mr. President, is whether it might be time for legislation to ensure the President's objectives are met. Clearly they are not being met as the program is currently being administered, and the likely intransigence of the European Community in reaching agreement on an extension of its restraint program makes the case for legislation even stronger.

Mr. President, I ask that Mr. Wilson's article be printed in the RECORD, and I urge all Senators to begin to consider the likelihood that additional legislation will be needed soon.

The article follows:

[From the New York Times, Oct. 1, 1985]

IMPORT RESTRAINTS DON'T HELP INDUSTRY

(By W.R. Wilson)

COATESVILLE, PA.—To understand the frustration that fuels the protectionist fervor in Congress, it is instructive to examine why voluntary restraints on imports favored by President Reagan do not help American industry. The case of steel producers is a good lesson.

Charles Blum, a United States trade negotiator, said this month that the 14 voluntary restraint agreements negotiated this year with foreign steel makers gave "the American steel industry a chance—probably its last chance—to put its house in order." He said: "The monkey is now on the back of the domestic industry."

The truth, however, is that the ballyhooed voluntary restraints have offered more monkey business than real relief, even where modernized and restructured steel companies—those that have already put their houses in order—are concerned.

One year ago, the President derailed an attempt by Congress to impose quotas on steel imports. Mr. Reagan pressed for voluntary restraints on imports that would reduce imports to 18.5 percent of the domestic market. In response, the steel industry agreed to drop its legal efforts to end unfair trade despite a finding by International Trade Commission that domestic steel makers had, in fact, been injured by imports.

Nevertheless, the President's trade enforcers, through a complex array of exceptions, delays and compromises, have managed to snatch failure from the jaws of success. The Administration's program is not working, for the following reasons:

First, overall import levels have not declined in the way the Administration promised. Through the middle of 1985, steel imports were still skimming 26 percent of our domestic market, some 7.5 percentage points above the level the President targeted last year. Each percentage point represents roughly a million tons of steel, and, according to the Congressional Research Service, for every million tons that are imported, 9,400 American jobs in steel and related industries are lost.

The chief culprit is the so-called front-end loading process. In anticipation of the import restrictions, foreign producers saturated their order books. United States negotiators let them fill these last-minute orders by loading exports in the first years of the five-year arrangements.

A second reason the program has not worked is that every time an unfair exporter is brought under control, another abuser takes its place. The Administration has negotiated arrangements with 14 steel-producing countries, but imports in the first half of this year came from 76 countries, including 18 without steel mills.

By far the largest increase has come from Eastern bloc countries. With respect to steel plate, for example, Rumania, East Germany, Poland, Hungary, Czechoslovakia and Yugoslavia accounted for 35.6 percent of total imports through June 1985, up from 2.6 percent in the same period in 1984.

Even people who argue that trade relationships with our European and Japanese allies justify some sacrifice of American jobs find it difficult to explain why Eastern bloc nations should be allowed to profit so handsomely at our expense.

Perhaps the program's greatest deficiency is that it undermines a guding principle of steel stabilization—that import relief would enable American industry to modernize in order to compete more effectively with foreign steel makers. The President's program has the opposite effect: Companies that have already paid the price of modernization are being hurt the most.

Consider the Lukens Steel Company, a Pennsylvania corporation with annual sales of $300 million. Since 1979, Lukens has streamlined its operations by cutting the salaried workforce in half, increasing furnace productivity by 150 percent, reducing energy use by 24 percent and improving worker productivity by more than 23 percent. It uses the most modern electric furnaces.

Luken's chief products are carbon-plate steel and a higher valued alloy-plate steel. When President Reagan restricted exports, his trade negotiators did not differentiate between carbon and alloy plates, thus allowing foreign mills to fill their import allotments with a greater percentage of high-value, alloy-plate products. The effect on the domestic alloy-plate market has been dramatic: Import penetration of alloy-plate steel has risen from 7.9 percent in 1983 to the current annualized level of 32 percent, thereby completely undermining the intent of the negotiated steel arrangements.

These imports threaten to knock the legs from under even modernized American companies just as they begin to recover from the recession. Demand for steel, which perked up in the recent recovery, is beginning to fade. By permitting foreign competitors to import these high-value steel products, all in the early years of the five-year contracts, the Administration has allowed foreign mills to skim the cream off the recovery.

Modernized American steel companies such as Lukens can compete on equal terms with foreign mills that sell their products at prices that cover production and marketing costs. Domestic companies cannot hope to compete with subsidized and government-controlled steel industries. And they certainly cannot justify additional capital expenditures if subsidized imports depress prices below costs for even the most efficient American manufacturers.

Unless voluntary restraints can truly reduce imports and in a way that is fair to producers in the United States, it is likely that the clamor for protectionism will grow even louder.●

LESTER THUROW AND THE U.S. DEBT

● Mr. SIMON. Mr. President, one of the most thoughtful writers on the American economic scene is Lester Thurow, a professor of economics at Massachusetts Institute of Technology.

Recently in the New York Times he had an article in which he talks about our plunge into indebtedness. Among other things he tells us that:

> America is plunging into debt at a rate that makes the Brazils of the world seem positively prudent by comparison.

At another point he says this:

> American industry is being crushed by the high-valued dollar. The companies being driven out of business are not the dregs of American industry but some of its finest specimens, such as the Caterpillar Corporation and those in the semiconductor industry.
>
> What is America doing about this twin disaster? Nothing. What will Monday morning economic quarterbacks say about America? Exactly what they said about Third World indebtedness and Britain's industrial demise.

And then later in the article he says:

> Unless one believes that a country can go on forever running up a debt, the overvalued dollar problem will eventually cure itself. But there are substantial costs to simply letting the process run its normal course.

Clearly we have to get hold of our situation.

I am putting into the RECORD his complete article.

I hope we have the courage to act during this congressional session.

The article follows:

[From the New York Times, Sept. 3, 1985]

AMERICA'S PLUNGE INTO THE DEBT ABYSS

(By Lester Thurow)

CAMBRIDGE, MASS.—What does a Monday morning economic quarterback say about the indebtedness of third world countries? They should have seen that they were borrowing more than they could repay and should have taken actions to prevent themselves from sinking ever deeper into debt.

What does a Monday morning economic quarterback say about Britain's 75-year slippage from one of the richest to one of the poorest of industrial countries? It should have taken actions to prevent the high-valued pound from crushing British industry.

America is plunging into debt at a rate that makes the Brazils of the world seem positively prudent by comparison. At the end of 1982, the United States had net foreign assets of $147 billion. Sometime in April 1985, it became a net debtor nation for the first time since World War I. Early in 1986, it will pass Brazil to become the world's largest net debtor.

American industry is being crushed by the high-valued dollar. The companies being driven out of business are not the dregs of American industry but some of its finest specimens, such as the Caterpillar Corporation and those in the semiconductor industry.

What is America doing about this twin disaster? Nothing. What will Monday morning economic quarterbacks say about America? Exactly what they said about third world indebtedness and Britain's industrial demise.

Why isn't America following the advice that it so easily gives to others? The answer is to be found in a conflict between what theoretically should be happening and what empirically is happening.

Theoretically, the value of the dollar, or any other currency, is supposed to adjust to maintain an approximate balance between exports and imports. As a result, governments do not need to have explicit adjustment policies. But empirically this hasn't happened. The value of the dollar rose consistently from 1980 until early 1985 despite the fact that the United States was generating ever larger trade deficits.

To explain this conflict between theory and reality, economists point to the development of world capital markets. In today's integrated capital markets, the value of the dollar is determined by capital flows, not trade flows. If people want to move their money into the United States because of high interest rates, the value of the dollar will rise no matter how large the trade deficits.

If one believes the proposition that currencies no longer adjust to trade imbalances, then some other mechanism must be used to adjust trade flows. If a country does not want to fall even deeper into debt, it must develop alternative public policies for maintaining a balance between exports and imports.

Theoretically, one should not worry about the demise of American companies and industries caused by the high-valued dollar. In the standard economic models used to analyze world trade, there are no "transition costs" (it costs nothing to go in or out of business) and everything is "reversible" (if a company goes out of business because the value of the dollar is too high, it will come back into business when the value of the dollar falls).

But reality is marked by very large transition costs and lots of irreversibilities. Given severance pay, early retirements and low prices for used machinery, the costs of going out of business can be enormous. Given the need to acquire and train a labor force and to develop distribution and marketing networks, the costs of getting back into business are even larger. Once a market position is lost and customers have developed relationships with foreign suppliers, it can be virtually impossible to get back into business.

As a result, countries have to worry about the long-run industrial costs of intermediate-run overvaluations of their currency. Unless one believes that a country can go on forever running up a debt, the overvalued dollar problem will eventually cure itself. But there are sustantial costs to simply letting the process run its normal course.

What does a Monday morning economic quarterback say about the process of bringing imports and exports into balance? Most of the pressure for adjustment should fall on countries with surpluses in their balances of payments. If surplus countries adjust by raising their imports, the volume of world trade expands and the world economy grows. If deficit countries must adjust, they can do so only by reducing their imports, and this leads to a contraction in world trade and a stagnant world economy.

Put all of these considerations together, and America needs something like the recent propoal, by Senator Lloyd Bentsen of Texas, Representative Dan Rostenkowski of Illinois and Representative Richard A. Gephardt of Missouri, for a 25 percent import surcharge on the exports of those countries where exports exceed imports by 55 percent. This proposal has been widely condemned as simple protection, but it is in fact a trade expansion act.

Surplus countries are to be forced to expand their imports to avoid having to pay a 25 percent surtax in the American market. The purpose of the bill is not to impose a 25 percent surtax but to force countries to reduce their surpluses. If the act worked perfectly, the tax would not be levied on anyone, since each surplus country would take effective measures to eliminate its surplus by expanding its imports.

To describe this proposal as simple protectionism would be to describe drunken driving laws as bills for simply putting people in jail. The purpose is not to put people in jail but to encourage—or force—good behavior. Those who do not drink and do not run large truck surpluses are not put in jail and do not have to pay 25 percent import surcharges.

One can argue about the details of the Bentsen-Rostenkowski-Gephardt proposal, but something like it is needed if the United States is not to sink ever deeper into debt, if it is to preserve its industrial base and if the world economy is to expand rather than contract.●

A TRIBUTE TO JACK BUELL

● Mr. SYMMS. Mr. President, today I should like to call attention to problems facing my State's No. 2 industry, some of the reasons for those problems, and recognize one of the special people that gives us reason to hope that the problems will be overcome.

On July 27, one of Idaho's major firms, Potlatch Corp., announced the indefinite closing of a sawmill, a plywood plant, and an end to the supporting logging operations. It means, in the aggregate, the loss of about 1,250 jobs. This is only the latest manifestation of erosion of one of our basic industries.

Basically, it seems that the timber industry faces both a short-term and a long-term threat of major proportions. The short-term threat is a flood of imported lumber coming in from Canada aided by supportive Canadian policies, the long-term threat—which makes the short-term threat a reality—continues as a result of American economic and environmental policies that unreasonably increase the cost of public timber in this country. With all the handicaps besetting them, our industry simply can't compete.

Our best hope for a short-term solution is either a highly unlikely voluntary restraint by our northern neighbors, or U.S. legislation forcing that restraint. Along with this we must, of course, pressure the forest service to adopt more realistic policies and programs for marketing forest service timber.

That's only the temporary band aid. For the long term, the solution is to lower the deficit and ever-increasing government spending which will lower interest rates and in turn aid in revitalizing our economy.

This is a tall order and it won't be accomplished overnight. Challenging days are ahead for the lumber industry. fortunately, Idaho and the industry have people equal to the challenge.

One of the best examples is Jack Buell, the proverbial self-made man. Some 31 years ago Jack graduated from St. Marie's High School in a small northern Idaho lumber town and saved enough money to buy a used logging truck. It is easy to make money on paper with a logging truck. Real life is something else. Keeping the truck running, making the payments, and having enough left over to live on is a big order. It involves continual long hours, driving skill, the creative genius to make major repairs out of baling wire, and the financial touch of a Rothschild. It also requires unbounded optimism and unlimited faith in the future.

Jack Buell must have these qualifications. Today, some 30 years after a shaky start with a used truck, Jack operates 85 trucks, employs 100 people, and is, by all odds, the biggest log hauler in Idaho. His life is a replay of the American success story. He must be a happy man. Recently he told a newspaper interviewer "I've always wanted to drive a truck—that's all I ever wanted to do."

With his energy and ability Jack hasn't, of course, limited himself to his own business. He has served as Benewah County commissioner for 11 years and is currently chairman of the board. In 1977 Jack took on another challenge, accepting a position on the State scaling board. He was selected by his peers to be one of two representatives of the logging industry. It's not a simple task. It is the board's responsibility to determine acceptable methods of measuring forest products. Since logs come in all shapes, kinds, and sizes, and the measurement methods affect every operator's bottom line, the pressures on the board are tremendous.

Jack tends to spot problems early and take quick action to correct them. As an example, he recognized the importance of the Forest Service planning process to the economy of the area and the average logger's disinterest in letter writing, public input is a vital ingredient of the Forest Service planning process. The simple solution—Jack hired three secretaries and persuaded his crew members, plus a few extra people, to get their views on paper. As a result the public input process was strengthened significantly.

The Buell philosophy for business success is simple: "Its all just a day's work for a day's pay; we all try to do the best job possible." Jack will continue to follow that philosophy and the trucks—every one the distinctive yellow-green color and looking for a showroom model—will keep going up and down the road until his three sons eventually grow into taking over the business.

In the meantime it is a little easier to remain optimistic about a sorely troubled business—one of my State's economic mainstays—with people like Jack Buell involved.●

THE DEFICIT

● Mr. SIMON. Mr. President, debate over the Federal deficit has taken center stage in Congress. Industry, agriculture, and other sectors of the economy have much to gain if Congress shows discipline and makes significant cuts in the deficit. While distortion of the dollar's value is one obvious impact of our failure to balance revenue with spending, other effects are more elusive and not as easily understood. In a weekly column I write for newspapers in my State, I have examined two adverse results of our huge Federal budget imbalance—a massive redistribution of wealth and high real interest rates. I ask consent to have it printed in the RECORD.

The column follows:

DIGGING FOR OIL AT THE STOCK EXCHANGE

(By Senator Paul Simon of Illinois)

The dangerous tentacles of the huge federal budget imbalance reach into our lives in a host of ways not immediately obvious.

I will discuss these dangers from time to time in this column. Two I will mention today.

First, there is a massive redistribution of wealth that is taking place, almost unnoticed by the media. It is the largest redistribution of wealth in modern history, taking from middle- and low-income Americans and giving to those who can afford Treasury bills.

In the days of feudal lords the reverse Robin Hood characteristics were more blatant, but the results were similar. The serfs in those days did not choose their government; we do.

But to pay $181 billion for interest this next fiscal year, we will take primarily from people of limited income and give to those with substantial income, a government-sanctioned redistribution of such immensity that no feudal lord of the Middle Ages could have dreaded anything like it.

Until we stop the deficit-hemorrhaging, there is no way to halt this inequity.

The second adverse result I mention today is that the high real interest rates are causing a depressed stock market, and that encourages corporate mergers that are taking jobs away from American citizens and harming this nation's ability to compete in international markets.

Real interest rates are what economists call the difference between inflation and interest rates. Historically that difference is between 2 and 3 percent. So if we have about 3 percent inflation, interest rates should be around 5 or 6 percent. I don't need to tell you how far we are from that.

The major reason for these historically high real interest rates is the government deficit. The government is creating too much demand for money.

Those high interest rates cause investment in government bonds rather than common stocks.

The result is a depressed stock market. If the Dow Jones Industrial Average were at its 1966 level today, allowing for inflation it would be over 3,000 points, rather than around 1,300.

And when stocks are too low they are attractive to the merger kings. Stocks as a whole now sell for about 80 percent of the breakup value of their corporations, some for considerably less.

Since 1981 there have been more than 40 takeovers of huge businesses with market values of over $1 billion each and thousands of smaller takeovers.

Instead of investing in research and development and expansion, too many businesses find it more profitable to gobble up other businesses.

It pays more to explore for oil on the floor of the New York Stock Exchange than in the fields of Illinois or Indiana.

When U.S. Steel spent $6.5 billion to buy Marathon Oil, that did not help the much-too-archaic steel industry; it did not create one new job; it did not dig one new oil well. It created tax write-offs that all of us pay for and it concentrated economic power unnecessarily.

I am willing to give tax breaks to companies that invent, that improve their productivity, that explore new ways to build and trade and improve our standard of living.

But the present path of huge investments in mergers is bad for the country.

Part of the cause for our merger mania is lack of strong enforcement of anti-trust laws.

But the biggest culprit is the $200 billion government deficit that has depressed stock prices and made huge profits on takeovers uncomfortably simple.

These are only two of many reasons for curbing the deficit. I'll examine other reasons on another occasion.●

PHILEMON TUTIAKOFF

● Mr. MURKOWSKI. Mr. President, I would like to take a few minutes to honor the memory of a distinguished Alaskan who recently passed away. Mr. Philemon Tutiakoff of Unalaska, AK, contributed many years of untiring effort and dedicated service to the community of Unalaska.

His service exemplifies the values which we all admire and strive to attain. His concern and care for others will be well remembered by all who knew him.

I ask that the resolution from the city of Unalaska honoring Phil be printed in the Record.

The resolution follows:

Resolution 85-30: A Resolution Honoring Philemon Tutiakoff

Whereas: Philemon Tutiakoff has, through his foresight, zeal, hard work, dedication and caring for this community, earned the affection and respect of the people in the City of Unalaska, and

Whereas: The stature he attained in this community by his contributions and achievements was recognized during his lifetime;

Now therefore be it resolved, That the Mayor and City Council of the City of Unalaska, Alaska, does by this resolution and public record, recognize the many important contributions that Philemon Tutiakoff contributed to our community, recognizing further that his death is a distinct loss to the community in which he lived.

Be it further resolved, That this resolution be spread upon the minutes of the Council and a copy thereof be presented to his wife, Flora Tutiakoff, in recognition of Philemon's respected place in this community.●

TOM PUGH AND THE COMMISSION ON CIVIL RIGHTS

● Mr. SIMON. Mr. President, Tom Pugh, a long-time editorial writer for the Peoria Journal Star and more recently a lecturer and journalist at the University of Illinois, has written an article for the National Catholic Reporter suggesting that we do away with the Commission on Civil Rights.

While I do not agree with that conclusion, there is a great deal in the article by Tom Pugh that we ought to be paying attention to.

It is clear that in the area of civil rights, whether it is the Civil Rights Commission or the Department of Justice or whichever agency of the Federal Government, there has been a decided step backward.

That is not good for the Nation.

I believe my colleagues will find the Tom Pugh article of interest.

The article follows:

[From the National Catholic Reporter, Sept. 6, 1985]

Civil Rights as PR Rites for the Right

(By Tom Pugh)

The politicization of the United States Commission on Civil Rights is now so complete there is no point in trying to salvage the agency.

President Reagan has taken a useful force for equal rights and turned it into a public relations operation to defend his administration against the chorus of complaints that it is anti-black, anti-Hispanic and anti-woman. It took Reagan four years, but he now has a commission that says what he and other conservation want to hear. It has become silent on school desegregation and has concentrated its publications on the theme that no special employment breaks should be given to minorities or women.

Three summers ago, when Reagan's actions were exasperating civil rights leaders across the nation, the chairpersons of 33 of the commission's 50 state advisory committees sent a letter to the president, asking him to meet with us and discuss "our conclusion that the integrity, indeed the future, of the basic civil agencies of the federal government (were) in grave doubt." When we disclosed that the president had refused to meet with us the *New York Times* made it front-page news. Reagan's commission chairman, Clarence Pendleton, perhaps stung by the letter's implication that his appointment was "distressing," stormed that the critics ought to quit if they didn't like the new direction in which the commission was going. Some did, but most stayed for a fight that has lasted three years.

By the summer of 1984, the Reagan commission found itself facing not 33, but 49 unhappy state chairpersons at a conference in Nashville, Tenn. Original complaints had dealt with the mediocrity and incompetence of some Reagan appointees to the Civil Rights Commission, the Equal Rights Opportunity Commission and the Civil Rights Division of the Department of Justice. But the Nashville meeting turned into an argument about the Civil Rights Commission staff's suppression of state reports and the commission's redefinition of "civil rights" so that no studies of "social problems" would be carried on.

The "reconstituted commission"—that's what it has called itself since Reagan destroyed the independence of the commission by stacking it with conservative—waited until after Reagan's reelection to sack its disagreeable state committee leaders. The May 26 *New York Times* added up the carnage. An astounding 46 of the new leaders were men and 36 were white, compared to the 31 men and 15 whites who headed the deposed panels. The numbers of women, black and Hispanic leaders had been slashed in half. In Illinois, where the problems of Hispanics had been a priority, all Hispanics were eliminated from the committee.

Linda Chavez, the staff director of the "reconstituted commission," who has just gone to the White House as Reagan's deputy assistant for public liaison, defended the changes with the observation that "many of those white males were Jews who have been active in the civil rights movement." In Michigan, five of that state's 11-member committee are Jews. Some of them, like U.S. commission Vice Chairman Morris Abrams, may pass the litmus test of Reagan conservatism because they oppose the use of "goals, quotas and timetables" as tools to achieve results in efforts to increase fair employment opportunity. They remember when reverse "quotas" were used to exclude Jews from schools and jobs.

Abrams, who had little success convincing the state leaders at Nashville they should give Reagan's new policies a chance, had 50 new chairpersons, many perhaps of his own choosing, to set on course for Reagan when they met June 26 and 27. Abrams, who is said to want a Supreme Court seat, may have acquired enough power with Reagan to displace Pendleton as commission chairman, a job that would look good on Abrams' vita. Pendleton has been an embarrassment to Reagan as well as black leaders. Pendleton has made more headlines insulting other blacks than he has made urging black advancement. Columnist Carl T. Rown recently urged Congress to abolish the commission, which, he said, under Pendleton's leadership has "become an arrogant enemy of the most abused, most miserable, most hopeless people in the land."

Now, it seems that Reagan has a choice. He can stay with his "game plan" and use the substitute team he has put on the floor to produce propaganda for his new perspectives on civil rights in America—*New Perspectives* is the title of the "reconstituted" commission's right-leaning magazine. On the other hand, he might decide that he has already won the game and realize that most Americans don't know or care whether he changed the rules and cheated in the process. He could move to abolish the commission itself and use its paltry $12.1 million budget to cut future federal deficits. Few civil rights leaders would object.

It is possible that the liberal leadership in Congress will make another attempt during Reagan's declining days to restore the commission to the nonpolitical status it had before Reagan decided that a "photo opportunity" in a ghetto school was more important than listening to the leaders of America's minority people. But Congress committed such a botch of the effort last year to limit Reagan's power over the commission—Reagan tricked Congress by appointing conservative Democrats such as Abrams to do his demolition work—that it will proabably wait until after the 1986 election to try again. But that time, however, Reagan may have found other jobs for Pendleton and Abrams and put the commission to sleep.●

COACH EDDIE ROBINSON THE WINNINGEST COACH

● Mr. JOHNSTON. Mr. President, with the victory of the Grambling State University Tigers over the weekend, my dear friend and constitutent, Coach Eddie Robinson, became the winningest coach in the history of college football.

This milestone documents, for the record books, what Coach Robinson's many friends and admirers have known all along. He is a winner, on the playing field and off.

Not content to merely teach the skills of the sport and lead his team to victory after victory, year after year, he has pursued an even higher goal. He has instilled in those around him an ambition to excel in all aspects of life, to strive for personal best, to acknowledge that potential for greatness that lies within each of us and to reach for it.

Now, with 324 career victories, his talents as a football coach have earned Coach Eddie Robinson a place in the record books.

Along the way, his qualities as a teacher, a leader, and a friend of young people, have earned an even more special place in the hearts of all who know him.

Mr. President, for the information of my colleagues I ask that a profile of Coach Robinson, written by O.K. "Buddy" Davis, sports editor for the Ruston Daily Leader, be printed in the Record.

The profile follows:

About Coach Eddie Robinson

(By O.K. "Buddy" Davis)

During the summer of 1941, then-known Louisiana Negro Normal College hired itself a football coach for the grand sum of $63.75 per month.

The coach was a young man by the name of Edward Gay Robinson.

There were no assistants, a non-existent budget to acquire equipment and not much to look back on. And, apparently, very little to look ahead to. The best high school players in the state and south weren't exactly rushing to this little-known North Louisiana institution to suit up.

But today, 45 years after the one-time quarterback at now defunct Leland College arrived on the Lincoln Parish campus, both Robinson and the school are synonymous with success. More appropriately, they are legends in their own right.

The ever-youthful Robinson, among those inducted into the Louisiana Sports Hall of Fame in June, is on the brink of becoming college football's all-time winningest coach. With 320 victories, he lacks only three to equal and four to break the long standing mark set by the late "Bear" Bryant.

By the time the 1985 campaign is half over, Robinson should own that distinction. He is 320-106-15 in 44 years, all at Grambling, where he has produced one of the most successful collegiate football programs in history.

More than 200 ex-Tigers have gone on to the professional ranks. Two have wound up in the Pro Football Hall of Fame and more than 60 different players have received all-Southwestern Athletic Conference or all-America honors.

The first player from a predominantly black school to sign a standard National Football League contract played at Grambling—bruising fullback Paul "Tank" Younger, who went on to stardom with the Los Angeles Rams.

Grambling has had 25 consecutive winning seasons, most among the NCAA's Division 1-AA members.

And the man behind the incredible success—this small school is located five miles west of Ruston and 60 miles east of Shreveport and has an enrollment of just over 4,000—is Eddie Gay Robinson.

He has been honored, re-honored and praised by an unending list of dignitaries, from President Reagan to Jake Gaither, the former coaching wizard from Florida A&M, and opposing SWAC coach Marino Casem and from ex-Grambling players such as Willie Davis and Willie Brown, who went on to their own heroics in the pro ranks.

"Any success that Eddie Robinson has enjoyed has been only because of the support I have received from Grambling fans, administrators, friends, players, assistant coaches and others," he said. "Eddie Robinson sure hasn't done it alone. If there's been anything I've regretted through my long association in this great sport is that there isn't enough plaques and awards and other ways of recognition to go around to all of the many people who have helped me."

Among other notable awards that Robinson has received include induction into the NAIA Hall of Fame, Pop Warner Hall of Fame and the Sugar Bowl Hall of Fame. He was recognized in 1966 by the Football Writers Association of America as "the man who has done the most for college football in the last 25 years." He also is a recipient of the coveted Amos Alonzo Stagg Memorial Award.

Robinson has served as president of the American Football Coaches Association and the NAIA.

The trophy cases in the Grambling Athletic Department have long been overcrowded because of this famous coach's achievements.

Robinson has come a long ways to enjoy such recognition.

Prior to being hired as the school's football coach in 1941, he was working in a Baton Rouge feed mill.

"I had a wife (former Doris Mott) to support and a child was on the way," he recalled. "To get extra income, I also delivered ice and worked on a coal truck."

But coaching football was his ambition. From the third grade on, that's all he dreamed about.

He played at McKinley High in Baton Rouge, then went on to play for four years at quarterback for Leland College, near his hometown of Baker.

His last coach at Leland was Rubin S. Turner, who was a Baptist preacher on Sundays after coaching his team on Saturdays. He had the greatest influence on Robinson's desire to go into coaching, letting his young pupil call most of his own plays and even making suggestions on various strategic moves during the course of a game.

Robinson's aunt, Grace Jackson, knew about his long-range hopes of getting into coaching and had attended the little college in Grambling. While there, the previous coach left and she began mentioning her nephew's name to President Ralph Waldo Emerson Jones as a possible replacement.

"Dr. Jones never had a chance," laughed Robinson, recalling how his aunt constantly threw his name out to the Grambling president. "She kept pressure on him all the time. Before I knew it, he showed up at the feed mill and said he wanted to interview me for the job.

"Well, the first thing we talked about was how much 'Prez' loved baseball. He let me know right off that baseball was the main sport, but that he wanted to start building a good football team."

The day President Jones hired Eddie Robinson as his new football coach, both got into an argument as to who was the best baseball player.

"There we were, out on the Grambling practice field, and 'Prez' said he was the best pitcher around," remembered Robinson. "I told him I could hit anything he threw me. But I got to thinking when we started, that if I wanted the job, I had better let him strike me out a few times. I went down swinging, but I signed the contract and I was Grambling's football coach."

Robinson struggled through his first year, however. The Tigers were 3-5. "I began to have serious doubts if coaching was really for me," he said. "But the players we had were enthusiastic and willing to sacrifice and we had a winning record the next year. And then things just kept getting better and better."

Traditionally, Grambling has ranked among the most prolific producers of professional football talent in the country. They have been the Notre Dame of black colleges, perennially ranking near the top with the larger schools for most players sent on to the play-for-pay ranks.

"Our players in the pros probably give us more publicity and recognition than anything else," said Robinson. "Every weekend during the season, you can turn on the television and see a lot of our players performing. And so many of them return to Grambling during the off-season to complete their studies or obtain additional degrees or talk to our younger players."

Robinson requires his players, coaches and managers to wear coats and ties on road trips, jeans, glittering jewelry and horseplay are no no's.

When the National Anthem is being played, he demands strict attention and reverence toward the flag.

"I'm proud to be an American," said Robinson, who's been recognized for his patriotism by the American Legion, VFW and other veteran organizations. "There's no greater country in the world. The things that have happened to me couldn't have happened in any other country than America.

"Nobody is going to give you anything here, but you receive a lot when you work for it. Only in America is an athlete able to play a sport and be so well paid for it and recognized for it. Coaches and players are revered. Because of it, we have an obligation to the youth of our country to present the right image."

Robinson is strictly a clean living, churchgoing gentleman who encourages and expects his players and assistants to be in the pew every Sunday, too.

"When Coach Robinson told my mom that he was going to see that I would be in church every Sunday morning," recalled Pro Football and Louisiana Sports Hall of Fame inductee Davis, "then she was convinced that Grambling was the place for me to play my college football."

Despite his success, Robinson has never had a yearning to leave Grambling for larger and more lucrative jobs.

"Grambling is my home and always will be," he said. "I've never cared to seek other jobs. I enjoy being able to render a service to people in our community and area. I am of the belief that a man doesn't always have to go on to supposedly bigger and more enticing jobs to be successful. If a man finds his place in this world, he should pursue it with all the talent the good Lord has given to him, no matter where it might be."

This year, of course, will be the most publicized in Robinson's coaching career. Because of his pursuit of "The Bear" and his 324 victory total, there will be constant attention focused on him and the Grambling program.

"It's going to be pretty much of a fishbowl atmosphere, I guess," he said. "It could get pretty hectic, but the way I look at it, it's recognition for this fine institution and the people have made it successful over the years. I have an obligation to the media of our state and the nation to be available and am ready to talk about our programs, our administration, our players. My duty is one of making Grambling the best possible football program in the nation. But anything that furthers the pride and recognition of our school is an honor, certainly not a duty."

And certainly, Eddie Gay Robinson has done more than his duty in helping make Grambling one of the most successful football teams in college history.

VERY PARTIAL GRAMBLING PRO LIST SINCE 1959

"You've got to be an achiever, I mean be someone (for me) to stop practice," says Robinson, who will stop football practice when a professional player shows up to talk to the Grambling players. "You'll hear people say now and again, 'I'm going to come back someday and stop practice.' "

Paul 'Tank' Younger, L.A. Rams (first from black college in the pros); James Harris, Chargers; Doug Williams, Tampa Bay; Willie Davis, Packers (member of Hall of Fame); Everson Walls, Cowboys; Ernest Sterling, Cowboys; Fred Collins, Chargers; Ernie Ladd, Chargers; Charlie Joiner, Chargers; Dwight Scales, Chargers; Buck Buchanan, Chiefs; Alphonse Dotson, Oakland; Billy Newsome, Bears; James Hunter, Lions; Guy Praither, Packers; Sammie White, Vikings; Frank Lewis, Bills; Woody Peoples, Eagles; Mike St. Clair, Bengals; Mike Smith, Falcons; Robert Pennywell, Falcons; Carlos Pennywell, Patriots.

Richard Harris, Eagles, Bears, and Seahawks; Essex Johnson, Bengals and Tampa Bay; Gary Johnson, Chargers; Willie Brown, Raiders; Steve Dennis, Toronto; Charles Smith, Eagles; John MendenHall, Giants; William Bryant, Giants; Bobby Simon, Oilers; Ron Singleton, Chargers; Jesse O'Neal, Saskatchewan; Matt Reed, Calgary; Vernon Robinson, Dolphins; Sam Holden, Saints and Saskatchewan; Orville Walton, Edmonton; Mike Williams, Toronto; Ezill Bibbs, Giants; Robert Barber, Packers; Willie Zimmerman, Giants; Mike Harris, Steelers; Clifford Martin, Patriots; Solomon Freelon, Houston; Bruce Radford, Broncos.

Kerry Parker, Raiders; Troy Thomas, Packers; Reggie Irving, Raiders; Greg Fields, Colts; Frank Cornish, Bears; Lane Howell, Englands; Al Dennis, Browns; Norman Davis, Colts; Roger Williams, Rams; Rosey Taylor, Bears; Willie Williams, Giants; Goldie Sellers, Broncos; Charles Johnson, 49ers; Sammie Taylor, Chargers; Henry Dyer, Rams; Peterson Mathews, Giants; J.D. Garrett, Patriots; James Cale, Browns; Mike Howell, Browns; Delles Howell, Saints; Virgil Robinson, Packers and Saints; Henry Davis, Steelers and Giants.

Robert Atkins, St. Louis and Houston; Garland Boyett, Houston; Willie Young, Giants; Nehemiah Wilson, Raiders; Stone Johnson, Chiefs; Clifton McNeil, Giants and Browns; Ed Watson, Houston; Glen Alexander, Bills; Lee Fobbs, Ottawa; Richard Stebbins, Giants and Oilers; Scott Lewis, Houston; Robert Smith, Minnesota; Mike Williams, Saskatchewan Roughriders; Trumaine Johnson, Chargers; Albert Lewis, Chiefs; Garrett Chase, Breakers; Kevin McCowan, Roughriders; Mitch Montgomery, Invaders; Reginald Pugh, Chargers; Joe Scobey, Atlanta; Edward Scott, Express; Rufus Stevens, Chiefs; Ronnie James, Express.●

TRIBUTE TO SISTER MARY DEPAUL

● Mr. EAGLETON. Mr. President, Sister Mary DePaul Gluns of Independence, MO, will soon receive special recognition by her friends at St. Mary's High School for over 58 years of service to the academic and christian community. I know that my colleagues in the U.S. Senate join me in extending my best wishes for her health and happiness.

Sister Mary DePaul Gluns was born in 1910 in Oklahoma, and then moved to St. Louis with her family. She graduated from the convent in 1927, and has since dedicated her life to teaching and community work. Sister Mary has received outstanding recognition for her work with the poor and elderly.

A classroom of Sister Mary's is easily distinguished by her hard work and an abundance of enthusiasm. Students learn more than just the bookwork from Sister Mary; they learn practical lessons about life and the world outside the classroom. Sister Mary's students leave St. Mary's better prepared for the challenges they face.

Fifty-eight years is indeed a significant milestone and I am glad to share Sister Mary's recognition with the Senate.●

HIJACKING OF THE OCEAN LINER

● Mr. CHAFEE. Mr. President, terrorism is a disease that has reached epidemic proportions around the world. It is a contagion that all people of the world are equally susceptible to. It is not merely that there has been a steep annual increase in international or domestic attacks, nor is it simply a question of terrorism spreading into Third World countries that were previously free of this plaque—but that terrorism has become commonplace and far more lethal.

In the recent past, terrorism has taken a large toll including: 3 vacations at Frankfort airport, 13 people at a cafe in San Salvador, 75 bystanders in Tripoli, 1 murdered marine in the Beirut hijacking, a Soviet diplomat executed in Beirut and now an Italian ocean liner taken over by pirates.

I am pleased to announce to you, however, that this afternoon the pirates surrendered to a joint group of PLO and Egyptian forces on the ocean liner, when it was 8 kilometers out of Port Said. The captured terrorists, along with the PLO and Egyptian forces, are no longer on the ship. Their current location is unknown. Presently, there are no confirmed deaths or injuries. An American passenger, Mr. Leon Klinghoffer, is yet unaccounted for. The liner is headed for Ashtaad, Israel, the ship's next stop on its scheduled Mediterranean pleasure cruise, per the request of the liner's owners.

The motives behind these acts of barbarism may have differed, but their consequences were identical. The victims have little or no connection with the causes the killers espoused.

Terrorism remains effective, as classical reactions to the recent plethora of massacres attest to. Outrage and disgust give way to a feeling of helplessness. Only the victims are visible; the faceless killer vanishes either in the international underground or under cover provided by a cooperating government.

A quest for sense and punishment soon follows. As members of a social state governed by the rule of law, we begin to wonder what the true reasons for terrorism are. Accustomed to seeking motives for more mundane crimes, some grow prepared to show understanding to the murderer with ostensibly political motives.

The quest always follows the same pattern. When people resort to violence we believe it might be a cry for help from people who are oppressed and otherwise unable to gain a hearing.

At first glance the logic of this argument seems striking. Yet it carries no weight because it merges guilt with innocence. We have almost absolved of blame that which is inexcusable. Worse still, this argument brings us dangerously close to the logic of the terrorists themselves.

We may feel political sympathy with one group or another and sound out the root causes of violence, but we must never fall into the moral trap terrorists set. The injustice cannot be offset by understanding—and by fresh injustice, nor is terrorism a stroke of fate that must be borne like an earthquake or flood.

Terrorism need not be understood. The pirating of this ship need not be understood. I join my colleagues in denouncing this latest act of terrorism. Our hearts go out to the family of Mr. Leon Klinghoffer who has yet to be accounted for. Perhaps this latest act will start a dialog between all countries to find a strategy for combating terrorism. The fight must be persistent and backed by international cooperation.●

SECRETARY HERRINGTON'S VIEWS ON THE FUTURE OF THE SYNFUELS CORPORATION

● Mr. HUMPHREY. Mr. President, for the last several days, this body has been debating a proposal to balance the budget by 1991.

Today, in the Wall Street Journal, the Secretary of Energy, Mr. John Herrington, offered us what he calls "a unique opportunity to make an early downpayment on deficit reduction."

As Secretary Herrington points out, next Wednesday, on October 16, the Board of Directors of the Synthetic Fuels Corporation "plans to lock up more than $1 billion in taxpayer supported subsidies for two uneconomical and unneeded oil-shale demonstration projects."

The Secretary appropriately asks if Congress will put a halt to these projects before the SFC allocates the money for them next year.

Mr. President, it is my hope that the Senate will act within the week to put a stop to the Synthetic Fuels Corporation and its projects. The House of Representatives has overwhelmingly voted to end the Synthetic Fuels Corporation. The Synthetic Fuels Corporation has responded with impunity to this mandate. It is time for the Senate to act and give more credence to our efforts to balance the budget than just the rhetoric of the past week.

I commend Secretary Herrington's byline in the Wall Street Journal to my colleagues and ask to have the full text of his article printed in the RECORD immediately following my remarks.

The article follows:

[From the Wall Street Journal, Oct. 9, 1985]

THE SYNFUELS ENERGY DINOSAUR

(By John S. Herrington)

This week, Congress is struggling to agree on a plan to reduce the deficit. Regardless of the outcome, in the next few days members of both houses will have a unique opportunity to make an early downpayment on deficit reduction. Next Wednesday, the Synthetic Fuels Corporation's board plans to lock up more than $1 billion in taxpayer-supported subsidies for two uneconomical and unneeded oil-shale demonstration projects.

These projects are telling examples of why the SFC was, this July, targeted for extinction by a 312-111 vote in the House. The question now is: Will Congress as a whole put a halt to these projects before the SFC allocates the money for them next week?

The projects in question—$900 million in price supports and guarantees for a Union Oil project in Parachute Creek, Colo., and $184 million in like guarantees for Seep Ridge's Vernal, Utah, project—reflect more than their dollar amounts. They are a microcosm of what is wrong with the SFC. In an era when everyone is striving to reduce the deficit, the SFC could not have picked two more wrongheaded projects to pilot, nor could it be championing them at a more pivotal time in its short lived history.

Parachute Creek has major technological weaknesses. Both Parachute Creek and Seep Ridge have technologies applicable to only a small portion of U.S. oil-shale resources. Both would have guaranteed price supports at a level several times the market price. Neither would make a lasting contribution to U.S. energy security.

I am opposed to these projects, and these circumstances have raised strong reservations about continued funding of the SFC. Terminating these projects would salvage at least $1 billion—and perhaps more, since the SFC will soon consider additional projects totaling $2.5 billion.

Congressional opponents of these projects need only to look to Union Oil's Parachute Creek operation for ammunition.

Union Oil first began acquiring oil-shale lands in Western Colorado in 1920. Sixty-five years later, its Parachute Creek project still has not been operated successfully beyond a period of a few days, despite the investment of $800 million by the company over the past six years.

Parachute Creek's problems are enormous. The price per barrel of the hoped-for 10,000 barrel-per-day plant is pegged at $72, in an economy where our Strategic Petroleum Reserve is buying oil at about $25 a barrel. Parachute Creek's retort scraper system—a mechanism that ejects spent shale—failed and still hasn't continuously worked as advertised. When it does work, the spent shale is coming out at a too-high temperature (900 degrees Fahrenheit) with an excessively high carbon content, a sign of inefficiency. Its fluid bed combustor, a component that would burn the carbon in the spent shale, is only in conceptual design, both unproved and untested.

The financial terms of the SFC agreement are such that six to 10 years from now, when subsidies are exhausted, Union could walk away from the project.

Union has failed to produce the oil that would allow it ultimately to earn $400 million in price supports. Nonetheless, the SFC plans to reward Union with an additional $500 million in loan and price guarantees to support the development of a combustor—and wants to extend Union's right to earn the $400 million in price supports. The total cost to taxpayers: $900 million.

Hand in hand with the Parachute Creek project, the SFC plans to provide $184 million in loan and price guaranteeing for Seep Ridge. SFC is guaranteeing its price per barrel at $55, more than twice the market rate.

Why the SFC is so ardently interested in Seep Ridge is something of a mystery. The project will offer no technological advance for synfuels development; the technology is already developed, and at full production Seep Ridge will produce only 1,000 barrels per day.

Supporters of these projects will no doubt weave their defense into the cloth of our energy future and national security through energy security.

The fact is that national-security and energy-security arguments do little to justify the Parachute Creeks and the Seep Ridges. When Congress established the Synthetic Fuels Corporation in 1980, oil prices were projected to reach $75 to $125 per barrel by 1990. Since oil prices peaked in 1981 following President Reagan's decontrol of oil prices, the world energy outlook has improved substantially: In nominal terms oil prices are down more than 30% from the 1980 levels.

As a result of these fundamental changes in the energy marketplace, virtually no projects pending before the SFC are likely to become economical in the foreseeable future. Thus, the development of a commercial synthetic-fuels industry at a pace envisioned by Congress in 1980 would require huge expenditures of federal tax dollars that would not be offset by economic benefits.

There is little point in building demonstration projects when the fuel costs are two, three or four times that of current and anticipated market prices. There is no compelling reason to subsidize construction of model synfuels plants when advanced technology, now under research and development by industry and the Department of Energy, will ultimately surpass these plants, existing technologies. Finally, there is little merit to the national-security argument advanced by supporters of synfuels. Were all the SFC projects currently planned ulitmately able to produce at their maximum capacity, they would only supply substantially less than 0.5% of U.S. energy requirements over the next 10 years.

The sensible approach for U.S. energy development is to let the free market work its way up to the next band of energy opportunities. And in this respect, the synthetic-fuels industry is several decades away from practicality. Synthetic fuels are not competitive with the next generation of fuels or expected energy gains through conservation and efficiency. Moreover, more exotic techniques such as enhanced oil recovery and the potential application of coal in slurries, advanced clean-burning combustors and high-efficiency turbines are today closer to the realities of the marketplace.

When the Synthetic Fuels Corporation was created in the late 1970s, its founders were acting with vision and patriotism during a time of rising oil prices and limited supplies. But times have changed and so have the circumstances that gave rise to these projects. Now we must adjust to the new realities. The proposed SFC projects offer Congress an opportunity to make meaningful budget savings with little acrimony and without compromising the public trust, national security or our energy future.●

RETIREMENT OF MAJ. GEN. DANIEL W. FRENCH

● Mr. LUGAR. Mr. President, in June of this year, Maj. Gen. Daniel W. French retired from his post at Fort Benjamin Harrison. General French has provided indefatigable service to the people of Indianapolis and the Department of the Army during his time at Fort Benjamin Harrison.

General French came into the Army as a second lieutenant in 1950. His extraordinary military career included service in Korea and Vietnam. Among his many decorations and badges are the Silver Star and the Legion of Merit.

In June 1981, General French assumed command of the U.S. Army Soldier Support Center and Fort Benjamin Harrison. From the very beginning General French worked to maintain and strengthen the relationship between the military command and the surrounding Indianapolis and Marion County communities. He also concentrated on improving conditions for those who live and work at Fort Benjamin Harrison.

Other achievements of General French's at Fort Benjamin Harrison included accreditation of the Hawley Army Hospital, the conversion of Delaware Lake into a swimming and camping area, the remodeling of building 31 to house the post library, the opening of a child care center, the timely construction and opening of the new post commissary, the construction of a new physical fitness center and a network of running trails and many other projects which are either under construction or completed.

General French initiated programs in combat development, including a

TRADOC coordination center for the military application of artificial intelligence and robotics. He has also directed efforts to improve personnel service support, training opportunities, and reorganization of the command structure.

I want to commend and honor General French for the dedicated and selfless service he has provided over the years to our community. He is moving on to a position in which he will serve the people of Indiana and the Nation—executive vice president of the Pan American Games. I am pleased that he will be continually dedicated to his country and his community.●

NATIONAL 4-H WEEK

● Mr. COCHRAN. Mr. President, I rise today to commend all 4-H members, volunteer leaders and cooperative extension service staff across the country on the occasion of the observance of this week, October 6-12, 1985, as "National 4-H Week."

As a former 4-H club member, I remember, with pleasure, working with other 4-H club members on our projects and the pride we share in their successful completion.

I know of no organization that does more to promote good citizenship and to help equip our Nation's young citizens for a productive life than 4-H.

This nationwide program has also been an important economic asset for our country. For more than 75 years, 4-H achievements have influenced U.S. food production and marketing, promoted conservation of our natural resources, and improved our nutrition habits.

Today's 4-H program has expanded far beyond the days when it was nothing more than corn, cows, and cooking. In 1985, 4-H is filled with very ambitious projects and activities. And, while thousands of youngsters in rural communities across our Nation are continuing to enjoy programs similar to those in which their parents participated, there also are many young people in our large cities who are enrolled in 4-H programs designed especially for their life styles.

The theme of this year's National 4-H Week is "4-H for Youth for America." This theme depicts the broad outreach of 4-H to youth and reflects the positive impact of the program on American society.

Because we must look to our youth to provide for a safe and prosperous future for this country, I think it is appropriate for the Congress to salute the outstanding role 4-H is playing in making our future better; 4-H members spend time learning skills that will help them throughout their lives. In this way, 4-H teaches them a most valuable lesson: How to be contributing members of society.

In this country, there are over 4½ million 4-H'ers, and almost 5 million worldwide. I think we can truly say there is nationwide respect for 4-H and that the impact of the program is being felt throughout the world.

I would like to add a special world of thanks to the more than 600,000 volunteer leaders who serve countless hours and who share their talents for the development of our youth.

Mr. President, I salute the members of 4-H and the volunteer leaders, and I congratulate 4-H on its many fine achievements.●

THE MEXICAN ECONOMY

● Mr. SIMON. Mr. President, Cathryn Thorup is the director of the United States-Mexico Project for the Overseas Development Council.

She has been one of the more thoughtful observers of the Mexican-American Scene and recently had a story in the New York Times that we would do well to heed.

I urge my colleagues to read the Thorup observation on the Mexican situation.

I ask that the Cathryn Thorup article be printed in the RECORD.

The article follows:

[From the New York Times, Sept. 30, 1985]

PLAY IT SMART WITH MEXICO

(By Cathryn Thorup)

WASHINGTON—The devastating earthquakes that rocked Mexico earlier this month were a severe blow to that country's effort to put its house in order economically and financially. But the natural disaster also served as a sobering reminder of the depth and breadth of United States ties to its troubled neighbor. Both factors argue for a new United States approach to Mexico.

The first of the quakes occurred on Sept. 19, just as the Senate passed a new immigration bill that will further tax the Mexican Government's dwindling economic resources. The next day, the press reported that the International Monetary Fund might cut off lending to Mexico. Against this background, the natural disaster could easily be the coup de grace that sends the Mexican economy into a tailspin.

Its impact will be felt in falling tourist revenues and higher unemployment. The damage to the country's infrastructure and the need to divert scarce resources to reconstruction will also make for a fall in productivity. Added to declining oil prices, a debt burden of overwhelming proportions, the specter of renewed United States protectionism and the physical and mental exhaustion of a people whose standard of living has fallen more than 30 percent since 1982, this unexpected challenge is indeed staggering.

The Mexican Government will be hard pressed to deal with the new crisis. Even before the disaster, it was having difficulty meeting accumulated pressure from a populace weary of austerity, a hostile international economic environment and a demanding neighbor to the north. The current Government looks more favorably on the United States and the private sector than any Mexican administration in the last 15 years, and since 1982 it has gone to great lengths to reduce friction with Washington. Yet relations between the two countries have deteriorated significantly.

Why? The blame lies in large part with the United States. The Reagan Administration has seemed dissatisfied with Mexico's traditional role as a reliable ally of last resort and has pressed instead for a more pliable and acquiescent partner. Neither public nor private sector in the United States has fully recognized Mexico's great effort to honor its debt and open its economy: On the contrary, many bankers and officials have continued to raise the hoops through which they require the Mexicans to jump.

Beyond this, few people in the United States seem to understand Mexico very well, despite our long and close relationship. Officials are baffled and frustrated by the complexities of a political system that has been ruled for more than 50 years by one party. They find it difficult to deal with the Mexican bureaucracy and make little effort to look beyond superficial press reports about Mexico's problems. As a result, the United States has tended increasingly to lose sight of its broader objectives—political stability and economic development—in Mexico.

The debt question is a case in point. If United States creditors, both public and private, continue to press Mexico as they have been doing, the Mexicans may well decide that the political costs of trying to play by the rules outweigh the costs of abandoning the international financial system. The result could be a temporary suspension of payments or a moratorium—with obvious catastrophic consequences.

To avoid this, Mexico's determination to honor its financial obligations must be met by an equal effort by the international financial community. Cosmetic solutions and repeated rescheduling will not solve the problem. What's needed is a far-ranging redistribution of the costs of adjustment among debtors and creditors alike.

The Mexican people are facing their natural disaster with unity and determination, and the effort to rebuild the capital city may do much to mend the national spirit. Drawing on international relief assistance and a deep well of national strength, Mexico can be expected to meet the immediate demands of this catastrophe. In the meantime, however, the United States should be rethinking its response to Mexico's long-term development plans. We have played hard over the last three years. It is time to play it smart.●

EXTENSION OF VETERAN'S HEALTH BENEFITS

● Mr. CHAFEE. Mr. President, today I am pleased to join Senator ANDREWS in cosponsoring S. 1446. This bill will improve and extend veteran's health benefits for those men who were taken as prisoners of war while serving our Nation.

This past September, I had the pleasure of hosting the Rhode Island Veteran's Forum, which I created to advise me on issues of concern to the veterans community. Among the issues raised was the need to expand the scope of illnesses, for which POW's may be treated under the Veteran's

Health Care Program. This bill does exactly that.

American veterans deserve the finest and most comprehensive medical care available, and with this bill, their coverage will be extended to include care for injuries associated with the pains and illnesses that POW's often suffer as a result of extended incarceration at enemy hands. This legislation helps compensate our former POW's for the sacrifices they have made while defending democratic institutions abroad.

I urge all of my colleagues in the Senate to join Senator ANDREWS and myself in helping American POW's by supporting this bill.

IN HONOR OF ALFRED KIRCHHOFER

● Mr. D'AMATO. Mr. President, it is with great sadness that I call the attention of this body to the recent death of one of the Nation's most distinguished newspapermen, Alfred Kirchhofer.

Some in this town may remember his as the first in a series of fine Washington correspondents for the Buffalo Evening News. Others may remember his work as top editor of that publication for almost four decades. His contributions to American journalism were vast and varied.

As Washington correspondent for the Buffalo Evening News, Alfred Kirchhofer and two other reporters instituted the format of Presidential press conferences. That format remains in place today.

Members of the National Press Club may remember Kirchhofer as a past president of the club and one of the people who made construction of the National Press Building a reality. He was also an active member of the Gridiron Club.

Eventually Mr. Kirchhofer returned to Buffalo to take over the paper as managing editor. He stayed with the paper until 1966 when he retired as editor and executive vice president.

There can be no better description of Alfred Kirchhofer's work than the one offered by the current editor and senior vice president of the Buffalo News, Murray B. Light:

> AHK was without doubt the most dominant figure in the Buffalo area media in the twentieth century. His foresight was remarkable. As an editor, his demand levels were so great they produced fine journalism and spawned hundreds of fine journalists over the years. * * * The legend of AHK will always remain here at The News. We who have succeeded him and who have inherited his love for this newspaper and what it stands for will remain in his debt.

There can be no doubt that Kirchhofer strove to raise the standards of newspapers by fostering communication between national media organizations and schools of journalism. Prior to the 1920's, most big city periodicals were often devoted to sensationalism, and seemingly biased reporting. As editor of the News, Kirchhofer settled for nothing less than factual, objective reporting. He demanded that every fact in a story be personally checked and double checked by the reporter.

In addition to his work on the print side of the news business, Mr. Kirchhofer played a major role in founding and managing the radio and television holdings of the Buffalo News: WBEN-FM and WBEN-TV, now WIVB-TV.

Mr. Kirchhofer was always available to serve charitable, civic and health causes. Among his activities were a devotion to cancer research and the Roswell Park Memorial Institute. In 1944 Gov. Thomas E. Dewey appointed him to the Board of Visitors of the State Institute for the Study of Malignant Diseases, where he helped draft programs to facilitate research on a cure for cancer. He also served as secretary of the board for a number of years.

Mr. Kirchhofer has been awarded numerous honorary degrees and has received many civic awards and his reputation reached far beyond the city of Buffalo and western New York. He was revered and respected by all who knew him.

I would like this body to remember Alfred Kirchhofer, for all his contributions to American journalism and to the city he loved so well, Buffalo, NY. Though he is gone, his contributions still remain, a constant reminder of this remarkable man.●

ORDERS FOR THURSDAY, OCTOBER 10, 1985

RECESS

Mr. PACKWOOD. Mr. President, I ask unanimous consent that once the Senate completes it business today it stand in recess until the hour of 9:30 a.m. on Thursday, October 10.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF CERTAIN SENATORS

Mr. PACKWOOD. Mr. President, following the recognition of the two leaders under the standing order I ask unanimous consent that the following Senators be recognized for not to exceed 15 minutes each: Senators CHAFEE, BAUCUS, LEAHY, and PROXMIRE.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. PACKWOOD. Mr. President, there is still scheduled at 10:30 a.m. tomorrow a live quorum. Following the live quorum, there is a cloture vote due on the bill. That is still in the standing order so far.

Following morning business, the Senate will resume consideration of House Joint Resolution 372, the debt limit bill. We will have rollcall votes throughout the day.

RECESS UNTIL 9:30 A.M.

Mr. PACKWOOD. Mr. President, I move that the Senate stand in recess in accordance with the previous order.

The motion was agreed to; and, at 6 p.m., the Senate recessed until Thursday, October 10, 1985, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate October 9, 1985:

THE JUDICIARY

William J. Zloch, of Florida, to be U.S. district judge for the southern district of Florida vice a new position created by Public Law 98-353, approved July 10, 1984.

DEPARTMENT OF LABOR

Dennis Eugene Whitfield, of Virginia, to be Under Secretary of Labor, vice Ford Barney Ford.

HOUSE OF REPRESENTATIVES—*Wednesday, October 9, 1985*

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. FOLEY].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
October 8, 1985.

I hereby designate the Honorable THOMAS S. FOLEY to act as Speaker pro tempore on Wednesday, October 9, 1985.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Make a joyful noise to the Lord, all the lands!

Serve the Lord with gladness! Come into his presence with singing!

Know that the Lord is God! It is He that made us, and we are His; we are His people, and the sheep of his pasture.

Enter His gates with thanksgiving, and His courts with praise! Give thanks to Him, bless His name.

For the Lord is good; His steadfast love endures forever, and His faithfulness to all generations.—Psalm 100.

Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

RECESS

The SPEAKER pro tempore. Pursuant to the order of the House of October 3, 1985, the House will stand in recess, subject to the call of the Chair.

Accordingly (at 10 o'clock and 2 minutes a.m.), the House stood in recess subject to the call of the Chair.

During the recess, beginning at about 10:15 o'clock a.m., the following proceedings were held:

JOINT MEETING OF THE HOUSE AND SENATE TO HEAR AN ADDRESS BY THE RIGHT HONORABLE LEE KUAN YEW, PRIME MINISTER OF THE REPUBLIC OF SINGAPORE

The SPEAKER of the House presided.

The Doorkeeper, the Honorable James T. Malloy, announced the Vice President and Members of the U.S. Senate who entered the Hall of the House of Representatives, the Vice President taking the chair at the right of the Speaker, and the Members of the Senate the seats reserved for them.

The SPEAKER. On the part of the House, the Chair appoints as members of the committee to escort the Prime Minister of the Republic of Singapore into the Chamber: The gentleman from Washington, Mr. FOLEY; the gentleman from Florida, Mr. FASCELL; the gentleman from Arkansas, Mr. ALEXANDER; the gentlewoman from Ohio, Ms. OAKAR; the gentleman from Illinois, Mr. MICHEL; the gentleman from Mississippi, Mr. LOTT; and the gentleman from Michigan, Mr. BROOMFIELD.

The VICE PRESIDENT. On the part of the Senate, the Chair appoints as members of the committee of escort, the Senator from Kansas, Mr. DOLE; the Senator from Wyoming, Mr. SIMPSON; the Senator from South Carolina, Mr. THURMOND; the Senator from Indiana, Mr. LUGAR; the Senator from Rhode Island, Mr. CHAFEE; the Senator from Georgia, Mr. NUNN; and the Senator from New York, Mr. MOYNIHAN.

The Doorkeeper announced the ambassadors, ministers, and charges d'affaires of foreign governments.

The ambassadors, ministers, and charges d'affaires of foreign governments entered the Hall of the House of Representatives and took the seats reserved for them.

The Doorkeeper announced the Cabinet of the President of the United States.

The members of the Cabinet of the President of the United States entered the Hall of the House of Representatives and took the seats reserved for them in front of the Speaker's rostrum.

At 10 o'clock and 33 minutes a.m., the Doorkeeper announced the Prime Minister of the Republic of Singapore.

The Prime Minister of the Republic of Singapore, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives, and stood at the Clerk's desk.

[Applause, the Members rising.]

The SPEAKER. Members of the Congress, it is my great privilege and I deem it a high honor and personal pleasure to present to you the Right Honorable Lee Kuan Yew, Prime Minister of the Republic of Singapore.

[Applause, the Members rising.]

ADDRESS BY THE RIGHT HONORABLE LEE KUAN YEW, PRIME MINISTER OF THE REPUBLIC OF SINGAPORE

Prime Minister LEE. Mr. Speaker, Mr. President of the Senate, distinguished Members of the U.S. Senate and House of Representatives, I am greatly honored by your invitation to address this joint meeting of the U.S. Congress. It cannot be often that someone representing 2½ million people, coming from a small country in the Third World, is offered the opportunity to address the representatives of 240 million people who form the world's most wealthy, and most advanced nation. America is a great nation not just because of its power and wealth, but mainly because it is a nation moved by high ideals. Only the elevating power of her idealism can explain the benign manner in which she has exercised her enormous power since the end of World War II and with magnanimity and generosity has shared her wealth to rebuild a more prosperous world. This idealism which inspired the Founding Fathers of this Nation has, down the ages, also affected and inspired free men and women throughout the world.

The decisions made in this august Chamber, especially in the decades since the 8th of December 1941, have determined the course of human history and settled the shape of the contemporary world. If the era after the war has seen a world relatively at peace, much of the credit must go to American leadership.

At a time of domestic disquiet over large imports and possible loss of jobs, the attention of America's legislators has been drawn away from the fundamentals. These fundamentals, which successive administrations and congresses have successfully pursued for four decades from 1945 are: A world in which all peoples can seek to fulfill themselves without having to conquer or to dominate or to exploit other people.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.
Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

BEST COPY AVAILABLE

America has encouraged a world which respects the sovereignty and the dignity of all, the great and the small, the mighty and the weak—a world which enables all to work and to be rewarded for their efforts because what they produce is desired by others willing to pay for such goods and services under fair rules of exchange.

For many months now troubled voices come from the U.S. Congress.

I want to refocus your attention, distracted by the problems of trade imbalance, job loss, high value of the U.S. dollar and budget deficits, back to the basic issues of war and peace.

Since World War II, the United States has been involved in two major wars, both in the Western Pacific: Korea, 1950-53, Vietnam, 1965-73. This was not accidental. East Asian societies are on the move, seeking to transform their ancient civilizations into modern industrial societies. All are seething with restless energy. Their people want to catch up with the rest of the world and have the better life. If Japan can do it, they believe they, too, can.

In the 1950's and 1960's, trade with the United States of all countries in the Western Pacific, except Communist China, North Korea and North Vietnam, increased. Many received U.S. investments. By the late 1960's, Japan had emerged as a second dynamo. The countries of East Asia, the Association of Southeast Nations, ASEAN, Australia and New Zealand list the United States and Japan as either their first or their second single most important trading partner with between 10 to 45 percent of their total trade.

Mr. Speaker and Mr. President, I suggest that the 40 years of relative peace the world has enjoyed since World War II is not just because of the atomic bomb. It is because the United States had learned the lessons of World War I and II, understood the desire for the better life through industrialization and trade that had caused the squabbles over markets and expansion of empires in order to build up larger markets and acquire resources. So at the end of World War II and the emergence of the Cold War, the United States put determined pressures on the European empires to decolonize.

More pertinent, when the war ended in 1945, the United States set out, with her European allies, to establish an open and fair trading system under the General Agreement on Tariffs and Trade [GATT] in force since the first of January 1948. With it was a stable system of currency exchange under the original IMF agreement at Bretton Woods. These agreements led to a huge growth in trade, banking and finance throughout the world.

Indeed, political leaders in the former colonial territories watched in wonderment as the British, French, Belgian, and Dutch Governments dismantled their empires from 1945-65, and saw these peoples grow more prosperous in the 1960's and 1970's. Their former subject peoples had expected them to decline into relative poverty after they lost their empires, as Spain and Portugal. The secret lay in GATT and the IMF which ensured that trade and investments continued and expanded after decolonization.

Mr. Speaker, Mr. President, the East Asian phenomenon of high growth is well reported. Japan took off; the South Koreans, the Taiwanese, and then Hong Kong followed in her trail, picking up steam in her wake. They supplemented the Japanese economy, and followed the Japanese into the American and European markets. With investments both from the United States and Japan, they exported their manufactures to Europe. By the early 1970's, the countries of Southeast Asia in ASEAN also joined in this fast-growth group.

These developments have had a most profound impact on the leaders of China after Mao. After nearly three decades of Maoist seclusion and self-sufficiency, Deng Xiaoping decided that closing China's doors on the world was the cause of stagnation. China needs and wants to modernize. China has opened her doors to trade, investments, technology, and tourism. She wants to get the same economic uplift that Japan, South Korea, Taiwan, Hong Kong and the ASEAN countries have had from the free market economies of the West by plugging into their trading and investments power grid. In the few years since this decision, China's trade with the United States and Japan has gone up many times, 13 times with the United States from half a billion in 1975 to $6.4 billion in 1984; and three times with Japan from nearly $4 billion in 1975 to nearly $14 billion in 1984. China is seeking growth through trade, not territorial aggrandisement. Her quest for a better life for her people is through peaceful cooperation in trade, investments, transfer of technology and knowhow, not the use of force for territorial conquests and the carving out of a sphere of influence or a trading bloc.

Now, the North Koreans too have been impressed by the market economies of the West. They want to emulate what they see of the transformation of the South Korean economy. They have borrowed an estimated $1.4 billion from Japanese/Western banks in the 1970's. Unfortunately, the investments were not successful and their debts had to be rescheduled.

But China's decision is a most significant factor for peace, stability and growth in Asia. For nearly 30 years, from 1949 when the Communists took power until Mao died in 1976, an ideologically fervent China was a ceaseless spoiler of other countries' economic plans as she undermined their stability. She was an exporter, a proud exporter, of revolution. She provided the arms, the ideology, and the radio support to guerrilla insurgencies throughout Southeast Asia. But now China has, for the present, discontinued such support.

Every Chinese schoolboy knows how China's civilization began: Through the Emperor Qin Shihuang unifying the seven warring states by conquest and diplomacy. The Chinese know from their own history that the time-proven method for a dynamic, vigorous people to achieve greater economic power is to carve out a larger territory with a larger population to form a greater base on which peace and order in the Empire are established. Then with a wide range of soil, climates, and peoples, there will be more wealth from a greater diversity of goods and services for exchange.

The Vietnamese also know this. Fortunately for Asia, Vietnam's attempt to carve out an empire for itself, Cambodia, and Laos has resulted in her economic stagnation. Vietnam gets no investments or trade from the West. She is bogged down in a guerrilla war in Cambodia and will be worn down in a clash of wills on the Sino-Vietnamese border with an immensely larger neighbor.

A younger generation of Americans may not know that it was the carving out of empire that Japan undertook when in 1931 she set up the state of Manchukuo in Manchuria. In fact, Japan had embarked on a modern empire earlier in 1895 when she annexed Taiwan, and in 1905 when she annexed Korea.

The success of the countries in East and Southeast Asia has caused much of the Third World to rethink their policies. Once infatuated with socialist economic policies of nationalization and autarchy, Third World nations and their leaders know and have come to see that stagnation and decay have followed these policies. More and more Third World leaders are seeking a better life for their peoples by opening up their doors to trade and investments.

Putting up barriers to America's markets would halt the economic advancement of the free market-oriented developing countries. It would send a signal that the model provided by the countries of East and Southeast Asia is no longer available as an option. It would set off a chain reaction which would result in a downward spiral of the world economy.

China was a founder member of GATT, the China of 1948. The present Government of the PRC abandoned its membership in 1950, a year after they took over in 1949. Recently, she has sent out feelers for re-admission as a developing country member of GATT. If the United States cuts down China's growing trade with her, then China has to rethink her economic strategy. Shutting out China's products, especially textiles, which is the one commodity she produces in abundance from America's markets, has far-reaching implications for she must then look for other ways of getting foreign exchange to pay for modernization. If, as is likely, she cannot get enough alternative markets to make up for the loss of her American markets her modernization will slow down. She will become restive.

And Japan squeezed in such a protectionist trap, has few attractive options. After thrashing around looking for market extensions in Latin America, Africa, West Asia, Japan will turn back to her two major options: Closer links with the Soviet Union, or closer ties with China. She could try to do both and reconcile or postpone the conflicts inherent in such a policy. In the end, she will have to choose one of the two. Either choice conjures up disquieting consequences for the rest of Asia, and for the world.

Mr. Speaker, Mr. President, Singapore has been an independent country for only 20 years. Whether it will be allowed to remain so, to work, to thrive and prosper, to pay its way in this world depends on the rules under which big and small states are allowed to compete and to cooperate in trade and finance. Forty-three years ago in 1942 the British could not prevent the Japanese from capturing us and our neighbors in the ASEAN countries. We were incorporated as part of Japan's "Greater East Asia Co-prosperity Sphere." I suggest the present multilateral economic cooperation offers so much more to all of us, to Singapore, to ASEAN, to Japan, and for the rest of the world.

The irony is that is was the United States and Europe that forced a reluctant China and a hermit-like Japan to open up their countries to trade with the West. They were two oriental societies happy to be self-sufficient and to keep out the outside world. It seems preposterous that because America has temporary difficulties with her balance of trade, due in part to an overvalued dollar, resulting from high interest rates and a budget deficit, that the United States should begin to close her markets. And that now it is the Japanese and the Chinese instead who may have to come knocking at America's door to get in to trade. What a bitter-sweet irony of role-reversals.

Whatever might have been the position today had American policies been different since 1945, the rapid changes in the trade in the Western Pacific will not stop. It is the result of the resurgence of dynamism in these societies as they recover their balance and forge their will to compete and to get on the move. They are societies capable of organizing themselves, of implementing and achieving high standards of universal education, of mastering the skills and the knowledge of industrial societies, of acquiring new technology, of improving product design and marketing, and of carrying out research and development. They have strong cultural bases to build modern technological societies upon.

Mr. Speaker, Mr. President, there are two scenarios for the 21st century. The first is bleak: If, because of domestic problems, the United States loses the will to maintain open and fair trade—there are I understand over 300 bills in Congress dedicated to the protection of the U.S. market—protectionism and retaliation will shrink trade and so reduce jobs. Is America willing to write off the peaceful and constructive developments of the last 40 years that she has made possible? Does America wish to abandon this contest between democracy and the free market on the one hand versus communism and the controlled economy on the other, and this at a time when she has very nearly won this contest for the hearts and minds of people in the Third World? Never in the history of this world have peoples enjoyed such high standards of living. For 40 years the maintenance of the political boundaries that have emerged after the war has been made possible because trusting, and usually aggressive, peoples have been able to fulfill their drive to better their lot through trade. If this method for adjustment and accommodation between societies moving at different speeds is no longer possible, then a return to traditional ways of conquest and spheres of influence is most likely.

Therefore America will find that the putting up of trade barriers alone is not enough. She will have to go one step further: She will have to be the policeman, to enforce order over her sphere of influence of the world outside the Soviet bloc.

After World War I, the United States left the League of Nations and withdrew into isolationism. Nevertheless, inexorably, she was drawn into the vortex of war by December 1941.

The Soviet Union, since 1948, has a different philosophy. She dominates her allies as satellites in Comecon. It is a simpler structured order. The Soviets maintain the balance between them and other aspiring Communist societies like Cuba, Vietnam, and Ethiopia. In like manner, without adjustments through open and fair trade, the United States must enforce some kind of dominance over her own allies in Europe and Japan. And America and Europe must together police and keep the peace between the jostling and contending societies in Asia, Africa, and Latin America. The more dynamic societies, prevented from thriving through trade, must also be prevented from rechannelling their energies toward expansion of their territories or of their spheres of influence to get assured markets. Unfortunately, or perhaps fortunately for the rest of the world, the American Constitution enshrines a system of open government which does not allow its leaders to exercise such dominion over other countries and governments in the same way that leaders of totalitarian states can.

Let us then not forget, Mr. Speaker and Mr. President, that protectionism and less trade means less growth for the developing countries. This also means that debt burdens cannot be discharged. Defaults may be inevitable, with incalculable consequences for the international banking system. Even if the banks survive these upheavals, these developing countries will have to abandon all thoughts of liberalization toward plurality and more democratic freedoms. For severe and repressive government is the other side of austere or negative economic growth.

An over-strong dollar has caused the huge deficits. A volatile and speculative foreign exchange market has exaggerated the factors working toward a strong dollar. The recent meeting in New York of the G5, Finance Ministers of five largest industrial nations, has given grounds for optimism that over-valued dollar can be brought down by concerted actions of the G5 Finance Ministers and their Central Bankers. Congress may wish to stay their hand and allow these efforts time to work.

Mr. Speaker, Mr. President, in case lobbyists for Japanese interests believe that they are going to be joined by some one from Singapore who ought to register his interests, let me add that I do not suggest that the Japanese should not be cajoled, and if necessary coerced, with all the powers at America's command, to open up their markets. America can legitimately and justly use all means to knock down Japanese barriers and obstacles to imports. There was a time in the 1950's and 1960's when Americans looked with amusement and tolerance at the ingeniousness of Japanese obstacles to imports. But, after Japan has become the second largest economic power, as a result of open and fair trade, it is right that she should be made to abide by the rules that have brought her to such unprecedented prosperity.

The rest of Asia will cheer with joy, for then their goods will also get into Japan without going through an obstacle course. Let me add and declare my position that 96 percent of United States goods enter Singapore duty free and quota free. And for 14 out of the last 15 years, the United States has enjoyed trade surpluses with Singapore and we are not complaining. But for America to put up tariffs and barriers to Japanese goods, instead of tearing down Japanese barriers to American exports, will hurt the rest of Asia twice over. First, by having these same tariffs and barriers to overcome in America, and second, by not being able to sell to Japan because the Japanese will be selling less to America.

It is right to compel not only the Japanese, but also the others, to help the system function better. And if threatening retaliation for unequal access to markets is part of this process toward open and fair trade, then so be it. America has the right to ask that those who have benefited from America's markets open up their own. Some countries, like those in the Association of Southeast Nations, have supported the U.S. initiative to have GATT begin a new round of discussions for lowering barriers to trade in goods and perhaps also to regularize trade in services. The answer to job losses is more, not less trade.

America can upgrade her declining low value-added industries or they will continue to decline whether America goes protectionist or not, just as the ancient agricultural societies of pre-industrial China and Japan, with their self-sufficient, subsistence economies based on buffalo and manpower, had to change with the advent of steam and the industrial age. Rapid and profound change is the kind of world Americans have created by their inventiveness. American legislators now have the awesome responsibility of deciding under what rules the peoples of so many different countries should undergo rapid changes in their ways of making a living, and yet avoid violent conflicts.

In every age, the leading power has to carry the burden of encouraging the peaceful acceptance of the status quo. This is done by punishing aggression and rewarding peaceful cooperation. The British carried this burden for over 100 years after they had pioneered the industrial revolution. This responsibility passed to America after the second World War.

It is inherent in America's position as the preeminent economic, political and military power to have to settle and to uphold the rules for orderly change and progress. Americans are still leaders in a marathon for technological change and product innovation. American enterprise is blazing the trail into the microchip and computerized world of tomorrow. It is in the interests of peace and security that America upholds the rules of international conduct which rewards peaceful cooperative behavior and punishes trangressions of the peace. A replay of the depression of the 1930's which led to World War II would be ruinous for all. All major powers in the West share this responsibility for not repeating this mistake. But America has the primary responsibility, for she is the anchor economy of the free market economies of the world. In your hands, therefore, lie the future of the world. Thank you.

[Applause, the Members rising.]

At 11 o'clock and 15 minutes a.m., the Prime Minister of the Republic of Singapore, accompanied by the committee of escort, retired from the Hall of the House of Representatives.

The Doorkeeper escorted the invited guests from the Chamber in the following order:

The members of the President's Cabinet.

The ambassadors, ministers, and charges d'affaires of foreign governments.

JOINT MEETING DISSOLVED

The **SPEAKER**. The purpose of the joint meeting having been completed, the Chair declares the joint meeting of the two Houses now dissolved.

Accordingly, at 11 o'clock and 16 minutes a.m., the joint meeting of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

ANNOUNCEMENT BY THE SPEAKER

The **SPEAKER**. The House will continue in recess until the hour of 12 o'clock noon.

☐ 1200

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mr. FOLEY] at 12 o'clock noon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on the following dates, the President approved and signed bills and joint resolutions of the House of the following titles:

On September 23, 1985:

H.J. Res. 128. Joint resolution designating the month of October 1985 as "National High-Tech Month."

On September 27, 1985:

H.J. Res. 218. Joint resolution to designate the week beginning September 15, 1985, as "National Dental Hygiene Week"; and

H.J. Res. 229. Joint resolution designating the week beginning September 22, 1985, as "National Adult Day Care Center Week."

On September 30, 1985:

H.J. Res. 388. Joint resolution making continuing appropriations for the fiscal year 1986, and for other purposes;

H.R. 3414. An act to provide that the authority to establish and administer flexible and compressed work schedules for Federal Government employees be extended through October 31, 1985; and

H.R. 3452. An act to extend for 45 days the application of tobacco excise taxes, trade adjustment assistance, certain medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program.

On October 1, 1985:

H.J. Res. 299. Joint resolution recognizing the accomplishments over the past 50 years resulting from the passage of the Historic Sites Act of 1935, one of this Nation's landmark preservation laws;

H.J. Res. 305. Joint resolution to recognize both Peace Corps volunteers and the Peace Corps on the Agency's 25th anniversary, 1985-86; and

H.R. 3454. An act to extend temporarily certain provisions of law.

On October 4, 1985:

H.J. Res. 287. Joint resolution to designate October 1985 as "Learning Disabilities Awareness Month"; and

H.J. Res. 394. Joint resolution reaffirming our historic solidarity with the people of Mexico following the devastating earthquake of September 19, 1985.

On October 7, 1985:

H.R. 1042. An act to grant a Federal charter to the Pearl Harbor Survivors Association.

On October 8, 1985:

H.J. Res. 393. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The **SPEAKER** pro tempore. The Chair will receive 1-minute speeches at this time.

CONTINUING RECORD TRADE DEFICITS HURT AMERICAN ECONOMY

(Ms. KAPTUR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. **KAPTUR**. Mr. Speaker, continuing record trade deficits mean the American economy is not running on all cylinders. Last month's unemployment numbers were as loud as bad engine knock. In September, we lost another 110,000 manufacturing jobs—30,000 just in the automobile industry. This is the worst 1-month drop since the 1982 recession. The total job loss in manufacturing for 1985 stands now at 340,000. A total of 1½ million jobs have been lost since 1980. No question about it, the manufacturing engine in America is stalling.

The President and the Secretary of Labor are ecstatic about the increase in service sector jobs. Well, we need service sector jobs too, but not as a replacement for manufacturing jobs. One is not a substitute for the other. In the long run, service sector jobs depend on manufacturing jobs. When will this administration wake up and recognize what is happening to our manufacturing base so our economy hums once again?

PARLIAMENTARY INQUIRY

Mr. **WALKER**. Mr. Speaker, I have a parliamentary inquiry.

The **SPEAKER** pro tempore. The gentleman will state it.

Mr. WALKER. Mr. Speaker, would it be in order at this moment to request a call of the House?

The SPEAKER pro tempore. The Chair would advise the gentleman that we have 1-minutes which have been requested, and perhaps after that time the gentleman would like to make such a motion.

Mr. WALKER. At the end of the 1-minute requests, at that point it would be in order to move a call of the House?

The SPEAKER pro tempore. The gentleman is correct.

Mr. WALKER. I thank the Chair.

A TRIBUTE TO E.B. WHITE

(Ms. SNOWE asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. SNOWE. Mr. Speaker, on October 1, E.B. White died of Alzheimer's disease in North Brooklin, ME, his principal residence for almost 50 years. He was 86, but for those who loved his work, he was ageless. For the millions of us who alternately smiled and wept over the life and death of a spider in "Charlotte's Web" and who struggled with the complexities of the English language in "The Elements of Style," his is a loss we will all mourn.

Some literary critics have called him the best American essayist of this century. For most of us, he was a friend who wove images with words. Thus, it was the greatest of ironies that this man would die from a disease that robs the words and thoughts from its victims. Fortunately, it could not steal from us that which is etched in our hearts and minds. It is with deep regret that we say goodbye to a dear friend.

THE ADMINISTRATION SHOULD COME CLEAN ON AID TO THE CONTRAS

(Mr. LEVINE of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVINE of California. Mr. Speaker, yesterday's Washington Post carried a story alleging that, when he was faced with a cutoff of military aid to the Contras, President Reagan approved a secret plan to replace CIA funds with assistance from American citizens and U.S. allies. According to the article, administration officials maintain that the White House role in establishing an aid network ended by October 1, 1984, when the Boland amendment went into effect.

I do not know whether the story's allegations are true. But I do know that Congress and the American people have the right to know the facts. The Subcommittee on Western Hemisphere has requested the National Security Council to supply all materials relating to this matter so Congress can determine the truth. Unfortunately, the administration has refused to comply.

I call upon the administration to provide the documents Congress has requested. Administration denials are simply not good enough.

The administration should come clean on aid to the Contras.

COMPARABLE WORTH AND PAY EQUITY—BAD LEGISLATION

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARMEY. Mr. Speaker, shortly we will be addressing H.R. 3008 which has been variously called by its proponents comparable worth and pay equity. There seems to be a good deal of confusion about this bill and what it may or may not do.

Let me clear up two points. First, what is this legislation? It is bad legislation, and it is bad economics that runs the risk of throwing this Nation into a lawsuit that would enforce wage administration by a Government organization or agency that would disrupt our labor markets and result in a new inflationary spiral in America.

What is it not? It is not just a harmless study. That story has been fought before by at least 11 State legislatures that have franchised the study, and once the study has been completed, with a biased methodology and generally a loaded commission, as is the case in this legislation, the study has resulted in automatic lawsuits being brought as a followup, at enormous expense and risk to the States.

This body ought to study the deliberations today very, very carefully, and I know it will then act in a responsible manner and defeat this legislation which threatens only cost to the Government and disruption to America's labor markets.

IT IS TIME TO MOVE FORWARD WITH THE PAY EQUITY ACT

(Mr. TORRES asked and was given permission to address the House for 1 minute.)

Mr. TORRES. Mr. Speaker, I am happy to note today that this body will be taking under consideration the Pay Equity Act. I think it is a time in America when the Congress of the United States must move forward on what I think is precedent setting legislation for this Nation; to the benefit and to the positive aspects of this Nation.

Moreover, I am happy to note that that study will also include the treatment of Hispanics, blacks, and women, and their treatment as Government workers.

I think this bodes well for the American Government. I think this bodes well for the American people so that we can begin to move out and move into the 20th century and see to it that there is equity across the board.

I thank the Speaker.

WE SHOULD BALANCE OUR BUDGET BY 1991

(Mr. BARTON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTON of Texas. Mr. Speaker, as we meet today in this body, our Government is in danger of running out of funds to meet its financial obligations.

The other body in our Nation's Capitol is expected to vote this afternoon to provide for a temporary deficit extension, and hopefully next week when we come back from the Columbus Day recess this body will have the opportunity to seriously address and permanently end the deficits that have been plaguing our Nation for many years. You see, in the other body there has been an amendment attached to the debt ceiling legislation that would require that we balance our budget by 1991. This is serious legislation. It has been introduced in this House by Congressman CONNIE MACK of Florida. One hundred and fifteen Members have cosponsored this legislation.

Mr. Speaker, I would hope that when we come back from the Columbus Day recess the House of Representatives will have the opportunity to vote up or down on whether we want once and for all to end the deficits that have plagued our country and get back to a balanced budget.

Mr. Speaker, I urge the other Members of this body who have not cosponsored this legislation to do so, and to come back to the Capitol next week prepared to vote in a positive fashion on this legislation.

PRINTING OF PROCEEDINGS HAD DURING THE RECESS

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent that the proceedings had during the recess be printed in RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

BALANCED BALONEY ACT OF 1985, A QUAGMIRE OF BUDGET DEFICITS

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, as we have heard today during the 1-minute period, the Nation is bogged down in a quagmire of budget deficits, trade deficits, fiscal confusion, and lack of direction by our Nation on the future that we should take economically, which includes trade. Many quick-fix schemes have been proposed; one from the other body which has been referred to as the Balanced Baloney Act of 1985. But today we were privileged in this Congress to receive an address by the Prime Minister of Singapore, Lee Kuan Yew, who gave us a direction which had not heretofore been stated.

I urge my colleagues who were not in attendance to hear this address to read it, because it states that the fundamental problem that we have in our economy today is an overvalued dollar which prevents us from trading and also prevents us from balancing our budget.

I urge my colleagues to consider that address and for all who have immediate answers to these problems I would ask of you only the indulgence to consider the point of view of an enlightened man.

Mr. Speaker, I yield back the balance of my time.

WE ARE TIRED OF STUDIES AND WAITING FOR CONGRESS TO ACT ON THE DEFICIT

(Mr. DioGUARDI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DioGUARDI. Mr. Speaker, the time of reckoning has finally arrived and we now have the opportunity to act on the deficit. Unfortunately, some of our colleagues as well as the New York Times and Washington Post are saying that the Balanced Budget and Emergency Deficit Control Act is a gimmick and that we need more time to study the deficit issue.

My constituents are tired of studies and tired of waiting for Congress to act on the deficit. The time to act is now and it is unconscionable that some are dragging their feet.

The balanced budget legislation is a clear blueprint and plan to achieve deficit reduction by fiscal year 1991. It will send a signal to the financial markets and the American people that we mean business.

The effect of the Mack-Cheney balanced budget legislation is that it will finally place an institutional bias on saving, not spending. It will force Government bureaucracies to be more efficient and productive. There's nothing wrong with this—businesses do this every day and I believe its time for Government to clean house. No one can argue that over the years public sector bureaucracies have grown with little apparent benefit to what should be their bottom-line concern: Accountability to the taxpayer.

The Mack-Cheney House version of the Balanced Budget and Emergency Deficit Control Act will bring some fiscal discipline to Government and I urge my colleagues to support this legislation.

TRICKLE-DOWN ECONOMICS RESULT IN DEVASTATION OF THE AMERICAN ECONOMY

(Mr. WILLIAMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILLIAMS. Mr. Speaker and my colleagues, 5 years ago some Republicans here in the Congress developed an economic plan which they said would balance the Federal budget within 5 years.

Well, here we are. It's 5 years later. We quickly accepted their plan, their half-baked notion which has been called a lot of things but which is best called trickle-down economics. The result is devastation of America's primary industries, an unemployment rate that is apparently stuck at far too high, 7 percent, a trade deficit that is out of control, and a Federal deficit, which they promised would not exist, is now the greatest in history.

□ 1215

We have stacked up more deficits in these last 4½ years than were created under all previous Presidents, George Washington through Jimmy Carter, combined.

The same people who brought you that now have a new budget plan to balance the Federal budget within the next 5 years. Their plan again is simple, their plan again appears to be popular, and once again they are dead wrong, and this Congress should have none of it because the American people cannot afford gimmicks that do not work, are politically sound in the short run and economically disastrous in the long run.

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT

(Mr. McMILLAN asked and was given permission to address the House for 1 minute.)

Mr. McMILLAN. Mr. Speaker, nothing is more important to this Nation than the compelling necessity for this Congress to forcefully express its commitment to bring this budget into balance in a specified time under a plan that convinces this Nation, the administration, and even ourselves that we mean business.

While crossing Independence at New Jersey, yesterday, my light was green, but one policeman was motioning cars to move ahead on Independence while the other was directing traffic through on New Jersey. Fortunately they got together before we had a disaster.

The confusion on Independence matched that of this House. Congress is at a vital intersection on Federal spending. Too many Congressmen with fiscal schizophrenia are advocating a balanced budget with one hand and voting ongoing spending increases with the other. You can't have traffic flowing on both streets at the same time.

Like the policemen at Independence and New Jersey, we are directing a fiscal collision.

There is an answer. If we really are willing to put the taxpayers' money where our mouths are, I urge your support of the Balanced Budget and Emergency Control Act.

ADMINISTRATION SHOULD PRESENT FACTS REGARDING CONTRA FORCES IN NICARAGUA

(Mr. MRAZEK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MRAZEK. Mr. Speaker, I rise today to express the outrage of Americans who are appalled at the alleged attempt by this administration to cover up its role in illegally supporting the Contra forces now attempting to overthrow the Government of Nicaragua.

This administration's active recruitment of rightwing zealots to finance the Contras would be an intentional subversion of the laws of this Nation, which at that time banned direct or indirect U.S. military aid to the rebels. We are a Nation of law. This is what separates us from the closed societies we often condemn.

If, as this administration claims, they did not violate any U.S. law, I would question why National Security Adviser Robert C. McFarlane has continually refused to respond to a congressional request for documents on the National Security Council's contacts with the Contra forces.

Mr. Speaker, the disillusionment of the people of this Nation after our defeat in Vietnam rested in large part on our discovery that our leaders had consistently lied to us. We must require that this administration present us with the facts, to clear itself from blame if that may be the result. But most important, we must compel the leaders of our Nation to respect the laws of a moral society whose ideals we are attempting to export to countries where democratic institutions do not exist.

PALAUNI M. TUIASOSOPO ELECTED SECRETARY GENERAL OF THE SOUTH PACIFIC COMMISSION

(Mr. SUNIA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SUNIA. Mr. Speaker, the South Pacific Commission is an international organization which is made up of 27 countries and territories in the Pacific. The United States, France, Great Britain, Australia, and New Zealand were the founding members. Today, all of the new independent nations of the Pacific are members as well as all of their territories. It is a mini-United Nations.

Last week, this organization unanimously elected an American Samoan, Mr. Palauni M. Tuiasosopo, to the top post, the Secretary General.

I believe this is an achievement worth noting, both for Mr. Tuiasosopo and to our country. This marks the first time a national of the United States, from any of its territories, has been elected to head the SPC.

I applaud Mr. Tuiasosopo's achievement and commend the countries and territories of the Pacific plus France and Great Britain for making such a wise choice. I am confident Mr. Tuiasosopo, a constituent and a dear friend, will give a good account of himself and his country.

"Browine", as he is known both in American Samoa and amongst members of the South Pacific Commission, is a graduate of the Samoana High School, the Puhahou School of Hawaii, and the University of Oregon. He has held several important posts in the American Samoa government and was a special assistant to the Governor for several years.

He is identified with the territory's efforts in the development and preservation of arts and culture.

As the Secretariat General of the South Pacific Commission is located in Noumea, New Caledonia, Mr. Tuiasosopo, his wife, Tupu, and family will live there for the 3-year term.

Congratulations and Malo Lava!

ANTICOMPETITIVE ASSUMPTIONS ABOUT RAILROADS AND ELECTRIC UTILITIES

(Mr. SHUSTER asked and was given permission to address the House for 1 minute.)

(Mr. SHUSTER. Mr. Speaker, I was surprised to learn that there is transportation related legislation being considered by the Judiciary Committee, H.R. 1140, which would place into law the sweeping assumption that any railroad line that does not have a competitive railroad nearby is in violation of the antitrust laws and must offer the use of its trackage to a competitor.

I understand that it is the big electric utilities who are pushing this legislation. Now, what's good for the goose is good for the gander, so if this legislation comes to the floor, it is my intention to offer an amendment to extend this sweeping antitrust assumption to include electric utilities. If forced competition is the appropriate way to control rail rates, then the same method should be used to control utility rates. Let the utilities open up their transmission lines to their competitors. In the last 4 years the price of electricity to consumers rose 38 percent, while the rail transportation costs to electric utilities rose only 27 percent. Moreover, all fossil fuel costs (oil, gas, and coal) accounted for only 5 percent of the utilities' increased operating costs in those years. If we want to start legislating anticompetitive assumptions about any industry, the electric utility industry is a good place to start.

Mr. Speaker, I'm inserting a more detailed statement in today's extensions of remarks.

UNITED STATES FOREIGN POLICY TOWARD NICARAGUA

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, yesterday, I read with great distress a report in the Washington Post indicating President Reagan's direct participation in approving a secret plan to supplant CIA funding of Contra operations with private financing. White House officials appear confident that this latest stratagem against the Sandinista government remains within the confines of existent law. While this may be true, I believe these actions are in clear violation of at least the spirit and intent on congressional actions barring continued U.S. military assistance to the Contras.

It seems to me that we are once again faced with the question of executive branch disregard of congressional participation in the formulation of United States foreign policy toward Nicaragua. National Security Adviser Robert McFarland denies that his staff has violated the Boland amendment yet ignores our requests for documentation on National Security Council contact with the Contras. I believe it is up to the Congress to determine whether or not such violations have occurred and would urge my colleagues on the appropriate investigating committees to insist upon receipt of all relevant documents pertaining to this particular episode, especially the logs of Lt. Col. Oliver L. North.

LEGISLATION BROUGHT TO HOUSE FLOOR WITHOUT NOTICE

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, the American people wonder why we get such lousy legislation out of this House. Well, one of the reasons we do is because we do not do what the American people want. And if you listened to some of my colleagues on the other side of the aisle here this morning, you will hear them saying we should not be trying to balance the budget right now, we ought to be doing other things. Evidently, they have a better plan, and from what I gather from what they are saying is, their plan is to spend us into oblivion. And maybe we have no better example than the bill that we are going to have before us today. It is going to be paraded out here as an innocent study, a little bit of a study of something that ought to be done in the future. However, it has the potential for becoming a multibillion-dollar add-on to the deficits of this country.

How did it get here? Well, it got here with 15 minutes notice. We pulled the bill that was supposed to be on the schedule today and then finally came up with this bill. And why did we come up with this bill? Well, because evidently they want to sneak it past the House. It is brought to the floor without notice, and we are supposed to take it up here without much preparation.

We should be embarrassed, Mr. Speaker, to bring legislation to the House of this type, and particularly embarrassed to bring it before us under these kinds of circumstances.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO SIT TOMORROW DURING 5-MINUTE RULE

Mr. BOSCO. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation may be permitted to sit on Thursday, October 10, 1985, during the 5-minute rule of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

FAIR TRADE

(Mr. JENKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JENKINS. Mr. Speaker and my colleagues, do you believe it is the responsibility of this great Nation to lead and defend the free world? If your answer is yes—and I believe and assume that it is—can we accomplish this without an industrial base? For the past several months, I have traveled in your States, in many of your districts. I have heard your people, I have seen your press releases, I have read reports of your speeches. You say that what we want is fair trade, you say what we want is a level playing field. Well, at some point within the next week you are going to get the opportunity in the textile bill that is coming up to put your words into action. It will probably be the only trade bill that will come up this year.

I serve on the Trade Committee. I know how difficult it is. And when this bill comes up I would hope that all of the heads of state and all of the people involved would get in the room at one time because I would like to talk to them about the third worlds of this Nation, the 2 million people who are employed in this industry. But there will be no place to hide when this comes up. You have expressed your support for fair trade, a level playing field. I expect you to measure up when you have the opportunity to vote.

IF EGYPT WANTS OUR CASH, EGYPT SHOULD BUY OUR GOODS AND USE OUR SHIPS

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BENTLEY. Mr. Speaker, for fiscal 1985 and 1986, Congress has authorized $601 million in cash transfers to Egypt. Now the Agency for International Development [AID] is disbursing this cash without a guarantee to buy and ship American.

In 1979, when the first cash transfers were made to Israel, Congress legislated that the President was to ensure exports to Israel would not decline below what had occurred under its commodity imports program [CIP] arrangement. As a result, Israel has given the United States a side letter each year guaranteeing that Israel would continue to buy manufactured products and grains in the same proportions it did when using credits, and half the grain shipments would be on American vessels. Israel is expected to sign a similar letter for 1986.

We should expect no less from Egypt, even though the Congress failed to include the requirement when it approved the cash transfers.

For Egypt's first cash transfer in 1984, Egypt only agreed to try to buy grain from the United States. No commitment was made for manufactured goods nor for U.S. shipping. Since there is no accounting, no United States Government agency knows whether Egypt did or did not.

There must be more than an understanding that Egypt or any country receiving cash transfers will continue to buy and ship American. As it stands, the United States has provided cash funds to be spent anywhere in the world.

Let us put this agreement in writing, like we did for Israel, so there will be no mistakes on how the cash will be used.

□ 1230

HEARING ON CRUISE SHIP SECURITY

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, it appears that the hijacking and hostage taking aboard the *Achille Lauro* is now over. It also appears that the passengers aboard, including the Americans, are safe and unharmed. Though under very strange circumstances.

There must be a lesson learned from this incident. It is imperative that we tighten security aboard cruise ships—which can now be best described as inadequate if not nonexistent.

As chairman of the House Merchant Marine Subcommittee the subject of cruise ship security will be the primary focus of a hearing I have scheduled for October 22.

I remain concerned about the copycat syndrome which we have seen practiced so often by terrorists. It is, therefore, vital that steps be taken now to improve security before another vessel is seized.

For the good of the millions of passengers who use these ships as well as for the good of the industry, which can only suffer if people are apprehensive about security, let us move forward and improve security. I hope my hearing can make a positive contribution toward an early solution to this new but highly dangerous problem.

AMERICAN HOSTAGE CRISIS IN 571ST DAY

(Mr. O'BRIEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'BRIEN. Mr. Speaker, today is the 571st day Americans have been held hostage in Lebanon.

William Buckley was kidnaped on the streets of Beirut on March 16, 1984, 571 days ago today.

Today marks the beginning of the 9th month of captivity for Father Lawrence Jenco, a priest from Joliet, IL.

Two hundred and six days ago today, Terry Anderson, the Associated Press bureau chief in Beirut, was taken hostage in Lebanon.

David Jacobsen, director of the American University Hospital in Beirut, was kidnaped 133 days ago.

Thomas Sutherland, dean of the American University School of Agriculture, was taken hostage in Lebanon 121 days ago.

Today also marks the 308th day since the kidnaping of Peter Kilburn, the American University librarian.

Mr. Speaker, the American hostage crisis is now in its 571st day. The crisis didn't begin with the hijacking of the Italian cruise ship. It won't end until the Americans held hostage in Lebanon are returned to the United States safe and sound. It won't end until every last one of them is secure, alive, and well, free of all constraints. With Jeremy Levin and Ben Weir home, we are still two down, six to go.

LET US HAVE COMMON SENSE BEFORE WE FURLOUGH EVERY JOB WE HAVE

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, during the election, the President continued to say that if we flood the country with cheap imports, it will bring the price down for the American consumer. Even if these foreign entities are in fact subsidizing their industry, that is money in the pocket for Americans.

No one has yet to say that the American consumer is the American worker. If the American worker does not have a job, who is going to consume over here?

Many people believe that it is impossible for America to fall into the throes of financial collapse. I am not quite so sure that is true. The Americans are starting to speak up and there is a Member here that said he was speaking on behalf of all Americans. If he was speaking on behalf of all Americans, what Americans are saying is, "Protect my job; quit letting my job go overseas with these crazy types of trade policies."

It is true that Americans are concerned about tax reform, but they are really concerned about trade reform. It is true America is concerned about the budget deficits, but America is critically concerned about the trade deficit and their jobs. So all these free traders who continue to say that protectionism is a dirty word, I might like to say it is a little bit of common sense that should be practiced by our administration before we furlough every job that we have.

SUPPORT URGED FOR THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

(Mr. KOLBE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOLBE. Mr. Speaker, as a new Member of Congress, I am constantly dismayed as the budget process collapses into a mire of partisan spending feuds. Many of us are committed to reducing the Federal deficit, yet it would seem that Congress as a whole has abandoned the single most important goal for which we were sent to Washington last November. We are now facing a public debt limit in excess of $2 trillion. Irresponsible spending is swiftly and tirelessly rotting the fabric of the American economy.

Mr. Speaker, both national polls and visits with constituents show deficit reduction to be a high priority. We in Congress now have an opportunity to show our constituents that we, too, are concerned and that we are going to do something about this problem. In the Balanced Budget and Emergency Deficit Control Act of 1985, we have a proposal that—at last—puts teeth to our bark about deficits.

The legislation mandates annual reductions in the Federal deficit to produce a balanced budget by fiscal 1991. If Congress and the President fail to make the mandated reductions, automatic, across-the-board spending cuts would go into effect, with the exceptions of Social Security and payments on the national debt. Adoption of this bill will indicate to the American people—our constituents—that Congress is serious about ending our deficit problems. I urge my colleagues to support the Balanced Budget and Emergency Deficit Control Act of 1985.

MR. ARAFAT OWES THE WORLD SOME EXPLANATIONS

(Mr. SCHUMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, Americans in the world are overjoyed at the reports that the hostages aboard the *Achille Lauro* have been released unharmed. But the incident raises many questions that must be answered. Indeed, it seems that there is something fishy in the Mediterranean this morning. How did Yassir Arafat negotiate so quickly with the same terrorists he was yesterday calling his most dire enemies. When the terrorists stated, as they released the hostages, that they were releasing them because world opinion had come out so quickly about the Israeli raid and the bombing of Tunis, they ignore the fact that the mission was planned weeks before that bombing and world opinion had actually congealed days before the terrorists started their action.

It seems indeed, Mr. Arafat, there is certainly more, or should I say less, than meets the eye. Your already minuscule credibility in the world is on the verge of disappearing. Mr. Arafat, you owe the world, the hostages, and their families some explanations.

EMERGENCY DEFICIT CONTROL ACT OF 1985

(Mr. SCHAEFER asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. SCHAEFER. Mr. Speaker, throughout this Coangress we have heard countless pledges, from both sides of the aisle, to reduce our enormous deficit and eventually balance the Federal budget. Fellow members, talk is cheap. The time has come to show the American people that these discussions are not merely political rhetoric, but express our genuine concern and commitment to fiscal responsibility. The Emergency Deficit Control Act of 1985 does just that.

I am pleased to have the opportunity to place my name on this bill as an original cosponsor. Through the establishment of gradually decreasing budget deficit limits, the Emergency Deficit Control Act offers a realistic approach to achieving a balanced budget by 1991. It has become apparent that only through passage of such legislation will Congress match expenditures with revenue and finally make significant strides in reducing our deficit.

Supporting this measure is not taking a partisan stance; it's taking a responsible one. While searching for solutions to our economic woes on an international front, let's not overlook those in our own backyard. I strongly urge my colleages to join me as a cosponsor of the Emergency Deficit Control Act and make a balanced Federal budget a reality.

COMPARABLE WORTH

(Mr. DELAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DELAY. Mr. Speaker, in just a few moments, we will take up the bill, H.R. 3008, the so-called pay equity bill. Now, the proponents of this bill will tell you that this is not comparable worth. Mr. Speaker, let me read from section 6(a) of the bill.

> The Commission shall provide, by contract with the consultant selected under section 5(b) for the conduct of a study under which job-content analysis and economic analysis shall be applied with respect to a representative sample of occupations in which either sex is numerically predominant.

Mr. Speaker, that is comparable worth.

□ 1240

REPUBLICAN'S "OPERATION OPEN DOOR" FLOPS IN HAWAII

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AKAKA. Mr. Speaker, my fellow colleagues may have seen a story that appeared in the Washington Post this Saturday concerning the recall election of three Honolulu City councilmen who switched their affiliation from the Democratic to the Republican Party.

The Honolulu recall has attracted nationwide attention. That attention was due to the White House and Republican National Committee efforts to defeat the recall attempt and to spotlight the defection of our Honolulu city councilmen as part of their "Operation Open Door"—a program to convert Democratic elected officials. If the situation in Hawaii is any indication, "Operation Open Door" must be considered a flop.

Despite a last-ditch media blitz involving an Oval Office address by President Reagan, Saturday's recall was conclusive—all three Honolulu city councilmen who switched parties in the middle of their terms were recalled by their constituents. Many voters in Hawaii felt betrayed because these officials ran for office and were elected as Democrats but switched their party affiliation after the mandate the voters gave them in their election.

While I have been and remain good friends with these three individuals, their recall demonstrates that every elected official must heed the demands of their constituency or suffer the consequences.

RECIPROCITY IS BASIS OF TRADE PARTNERSHIP ACT

(Mrs. JOHNSON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. JOHNSON. Mr. Speaker, the Trade Partnership Act introduced yesterday is based on the bipartisan idea of reciprocity—that we should demand equity in the treatment of American goods and services.

This comprehensive legislation does that in part by strengthening the USTR's authority in 301 cases and by shortening the timeframe by half. The Trade Partnership Equity Act allows the President only 15 days to override the USTR's decision, and it provides for a fast-track procedure by which the Congress can overturn the President's decision.

Perhaps the most important aspect of this bill is that it requires that an overall reciprocity test be included for the first time in determining our trade relationships.

Mr. Speaker, I urge my colleagues, particularly those on the other side of the aisle with whom I have worked on trade issues and whose interest in those issues goes well back before they were so popular, to join in cosponsoring the Trade Partnership Equity Act. Trade policy must be bipartisan. America must speak with one voice to our trading partners.

OPEN AND FAIR TRADE IS GOAL OF HOUSE MAJORITY

(Mr. LEVIN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, we were honored this morning by the presence of the Prime Minister of Singapore. He called for the end or for the avoidance of protectionism, and we welcome that call.

He also said, and I quote: "If threatening retaliation for unequal access to markets is part of this process toward open and fair trade, then so be it." That has been the major purpose of legislation introduced by the majority in this House.

Then he went on to say: "The answer to job loss is more, not less, trade."

But the question is, what if more trade leads to a further imbalance between the United States and our trading competitors? And what if more trade leads to the further erosion of this country's industrial base? Up until now the administration's position has been not so benign neglect.

Mr. Speaker, we are glad the minority is now joining in this effort, and we on the majority side in the House intend to persevere until there is a policy that protects America's basic economic interests.

COMPARABLE WORTH BACK ON THE AGENDA

(Mr. MONSON asked and was given permission to address the House for 1 minute.)

Mr. MONSON. Mr. Speaker, the comparable worth concept keeps creeping its way back into this Chamber and many of our respectable colleagues are buying off on this idea of recasting pay practices and offering equal pay for different work.

I've accused Congress before of wasting valuable time on worthless issues, but with so many critical matters before us, we should not be delving into the nonsense of comparable worth. Those who examine it with any degree of seriousness and apply even a small dose of common sense, will find it to be one of the most preposterous ideas floating around Washington.

Too many people have bought off on the rhetoric characterizing it as a vehicle for correcting unfair pay practices. As the U.S. Court of Appeals in San Fransico recently confirmed: This bill is not a pay equity issue, it is not a civil rights issue. It is a guise for expanding an already bloated bureaucracy. It will not equalize pay, it will complicate the labor market and keep the courts of this country forever tangled in its web of confusion. I suggest we act on the important issues of the day and recognize comparable worth for what it's worth and it's not worth our time.

UNITED STATES POLICY IN NICARAGUA

(Mr. AuCOIN asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. AuCOIN. Mr. Speaker, we all know how good the Republican Party is at fundraising. It can raise funds for virtually anything and everything except perhaps for balancing the Federal budget. Now we have learned that this vaunted fundraising machine has been put to a deceitful and illegal use by the White House, namely, to raise money to support a mercenary army in Nicaragua, despite a clear ban imposed by the people's Congress.

In the President's view, this is a "voluntary program." In my view, that is Orwellian doubletalk.

With the consent of the President, members of the National Security Council have formed a Contra booster club. Most booster clubs hold bake sales or car washes to finance their activities, but not this one. No, this one solicits so-called "charitable" contributions to feed and arm a mercenary army fighting a war the American people do not support.

This is a clear violation of the law of the land. Congress has been trying to formulate a firm but responsible and reasonable policy toward Nicaragua, but the President, by going behind our backs, shows that he would rather play an underhanded game of hide-and-seek. I think he is wrong.

SUPERFUND LEGISLATION PREEMPTED BY COMPARABLE WORTH

(Mr. SMITH of New Hampshire asked and was given permission to address the House for 1 minute.)

Mr. SMITH of New Hampshire. Mr. Speaker, if rhetoric could balance the budget around here, we would have a $2 trillion surplus.

This Congress talks about bureaucrats causing problems. Who created the bureaucrats?

This Congress talks about taxes being too high. Who created the high taxes?

This Congress talks about deficits being too high. Who created the deficits?

We talk about a trade deficit. Who created that?

Mr. Speaker, we were supposed to debate a textile bill this morning. Now we are going to take up comparable worth. We were supposed to reauthorize Superfund. Even though hazardous waste contamination is the most serious health and environmental threat facing the United States today, with the United States generating 650 million metric tons of it per year, even though there may be 10,000 hazardous waste sites nationwide, we did not reauthorize Superfund; we gave it a 45-day extension.

Mr. Speaker, we were supposed to deal with a balanced budget. We are trying to deal with a balanced-budget proposal that is to come over here, but we want to have more study, even though we have a national debt now approaching $2 trillion and deficits approaching $150 billion annually.

Mr. Speaker, a frustrated constituent said to me on my last trip home that "The difference between the Congress and the Boy Scouts is that the Boy Scouts have adult leadership."

TRACKING THE GROWTH OF THE DEFICIT

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute, and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, the President came to power promising a major increase in defense spending. He was also promising that he would balance the budget and he would cut taxes. Now, the average 10-year-old in America knew that did not add up. Even with new math, it did not work.

Now the President professes that he has no idea where this deficit came from, this deficit that has escalated to an all-time high, this deficit that is causing us all sorts of trouble in trade negotiations and leading to a trade imbalance, this deficit that really clouds our children's future, because if we ever have any kind of a downturn in this economy, this deficit impairs our ability to act at all.

□ 1250

I think now we need a thoughtful approach to trying to cure this whole deficit problem and not theatrics. Unfortunately, we are seeing theatrics, and we are seeing promises that they will balance the budget by 1991. The promises are not new. We have had them before, but we have never done it.

I think all the rhetoric needs to be turned down. I think the President has to stop pretending like he is so surprised by this deficit that everybody else could have predicted was going to happen, and try to come to the table with some real meaningful solutions rather than just trying to blame other people.

COME LISTEN TO ALVARO JOSE BALDIZON AVILES IN 2200 RAYBURN BUILDING TODAY

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, I have taken note of the last few 1-minute speeches where colleagues are concerned about the manner in which the White House is trying to prevent the establishment of yet another Communist bastion in this hemisphere, this time in Nicaragua upon our own continent of North America.

One of the saddest things that I have witnessed on Capitol Hill over 9 years, is the refusal of some people to get educated to the hard facts about Communist expansionism and oppression. If we had ever had a chief investigator of the Soviet KGB defect while Mr. Andropov was head of that agency, and was involved in such evils as plotting to kill the Pope, we would, obviously, have had a human treasure trove of priceless intelligence information.

Well we have testifying on Capitol Hill this afternoon the Nicaraguan equivilant. An intelligence treasure trove—a chief investigator of Tomas Borge's Ministry of Interior. The intelligence officer who sought asylum July 1 is Alvaro Jose Baldizon Aviles. I beg my colleagues on the other side of the aisle, before they continue their policy of ripping apart our President's Central American policy, go to the Foreign Affairs subcommittee room in the Rayburn Building, 2200, and listen carefully to Mr. Baldizon. Put your toughest questions to him. He says there are seven times the political prisoners under the Sandinistas as was imprisoned under the Dictator Samoza. He says the torture is worse and capital punishment is institutionalized.

I beg you to get smart. Smart about communism and terror. I hope you will be there, Mr. Speaker.

CALL OF THE HOUSE

Mr. WALKER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 348]

ANSWERED "PRESENT"—389

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Armey
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bates
Bedell
Beilenson
Bennett
Bentley
Bereuter
Bevill
Biaggi
Bilirakis
Boehlert
Boggs
Boland
Boner (TN)
Bonker
Borski
Boucher
Boulter
Boxer
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Burton (CA)
Burton (IN)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Daniel
Dannemeyer
Darden
Daschle
Davis
de la Garza
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
DioGuardi
Dixon
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fawell
Fazio
Feighan
Fiedler
Flippo
Florio
Foglietta
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Glickman
Gonzales
Gordon
Gradison
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennelly
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
McCain
McCandless
McCloskey
McCollum
McDade
McEwen
McGrath
McHugh
McKernan
McMillan
Meyers
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Moakley
Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Oxley
Packard
Panetta
Pashayan
Pease
Penny
Perkins
Petri
Pickle
Porter
Price
Pursell
Quillen
Rahall
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Rudd
Russo
Savage
Saxton
Schaefer
Schneider
Schroeder
Schuette
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Sikorski
Siljander
Sisisky
Skeen
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stenholm
Stokes
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Wheat
Whitley
Whittaker
Whitten
Wirth
Wise
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (MO)
Zschau

☐ 1305

The SPEAKER pro tempore (Mr. HEFNER). On this rollcall, 389 Members recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call were dispensed with.

☐ 1315

PERSONAL EXPLANATION

Mr. BURTON of Indiana. Mr. Speaker, yesterday, I was not in Washington, DC, and so I was unable to cast some votes on H.R. 2100, the Food Security Act of 1985. If I had been here I would have voted:

For the Petri amendment;

Against the Stangeland amendment;

Against the Alexander substitute;

Against the Miller amendment; and

Against final passage of the H.R. 2100.

PERSONAL EXPLANATION

Mr. SMITH of Florida. Mr. Speaker, yesterday, I missed the vote on the farm bill, H.R. 2100. I was coming into the door of the Chamber when the machine was closed. Had I been present, I would have voted "aye."

ANNUAL REPORT OF THE RAILROAD RETIREMENT BOARD FOR FISCAL YEAR 1984—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce and the Committee on Ways and Means:

(For message, see proceedings of the Senate of today, Wednesday, October 9, 1985.)

FEDERAL EQUITABLE PAY PRACTICES ACT OF 1985

The SPEAKER pro tempore. Pursuant to House Resolution 241 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3008.

□ 1316

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3008) to promote equitable pay practices and to eliminate discrimination within the Federal civil service, with Mr. TORRES, (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole House rose on Thursday, August 1, 1985, section 1 was open for amendment at any point.

Are there any amendments to section 1?

Ms. OAKAR. Mr. Chairman, I move to strike the requisite number of words.

I yield to the distinguished chairman of the Black Caucus, the gentleman from Texas [Mr. LELAND].

Mr. LELAND. I thank the gentlewoman for yielding, and I want to commend the gentlewoman form Ohio [Ms. OAKAR] for her outstanding leadership as she has displayed in carrying forth this issue of pay equity for not only women, but also minorities.

I think that there is something awry in this House. If I am not mistaken, and the gentlewoman may correct me if I am wrong, just last year there was a vote on this very issue except in the expanded version including minorities now, of 413 Members of the House voting in the affirmative for this very same study, and only 6 Members voting against this issue. Is that not correct?

Ms. OAKAR. That is correct.

Mr. LELAND. If the gentlewoman will yield further, through the committee process and the reintroduction of this legislation, if I am not again mistaken, the gentlewoman from Ohio [Ms. OAKAR] further expanded the issue to include minorities and not just women in this study. Is that not correct?

Ms. OAKAR. That is correct.

Mr. LELAND. Then can one assume that in this body that after this body had voted 413 to 6 last year when only women were included, and now that minorities are included, that this matter tends to smack of some kind of racial overtones?

I do not necessarily want the gentlewoman to respond, but I am very disturbed, because we in the Congressional Black Caucus, and I know my brothers in the Hispanic Caucus and those minorities who are in the Federal work force today and those who would want to work in the Federal work force have arrived at certain conclusions at this time in our history.

I know for a fact, through the Congressional Black Caucus Foundation's findings as well as other statistics that have been made available to us that things have not changed drastically for either women or minorities in 1 year.

It seems to me that it ought to be, in this body, a favorable consideration as it was last year, at least in the same proportion; that the Members of this body should support the legislation as they had last year. I do not understand what is going on in this House. Have the Members of this body lost compassion for women and minorities in 1 year?

Ms. OAKAR. I yield to the gentleman from New York [Mr. GARCIA].

Mr. GARCIA. I will be brief, Mr. Chairman.

I would like very much to associate myself with the remarks of the gentleman from Texas [Mr. LELAND], also chairperson on the Congressional Black Caucus.

I think, having said what he said, what I would like to now say to my colleague from Ohio [Ms. OAKAR] is that we are all deeply appreciative for the work that the gentlewoman has put into this pay equity.

There is no question in my mind that it is long overdue, and necessary. I am just sorry that the debate has taken the form and shape that it has this year, when in reality last year we really did not have a problem with it.

On behalf of those persons that I represent, we are deeply grateful to the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman from New York [Mr. GARCIA] for his input and for pointing out to the Chair of the subcommittee that there was a necessity to include Hispanics in the study, since we have not done a study of this kind since 1923 when less than 5 percent of the work force were minorities and women.

It seems reasonable, as the work force has changed so dramatically, that we do a study and include Hispanics and blacks and other minorities in the study. The gentleman is a distinguished member of the committee, and I am deeply grateful.

I now yield to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. I thank the gentlewoman from Ohio [Ms. OAKAR] for yielding and I associate myself with the remarks of the gentlewoman and congratulate her on her leadership to bring about a study in an area that has long been neglected, as reported.

The CHAIRMAN. The time of the gentlewoman has expired.

(By unanimous consent, Ms. OAKAR was allowed to proceed for 5 additional minutes.)

Ms. OAKAR. I yield to the gentleman.

Mr. ALEXANDER. The last time a study of this type was conducted was 1923.

Mr. Chairman, I believe the confusion that has arisen that is associated with the legislation pending stems from the fact that allegations have been made that the bill would do more than conduct a study. For the purpose of those who are confused by those allegations, would the gentlewoman from Ohio [Ms. OAKAR] state clearly and succinctly the scope and impact of the legislation that is pending, when enacted?

Ms. OAKAR. As the gentleman knows, I chair a subcommittee related to employee benefits and compensation for Federal workers; no one else. It is those Federal employees who are under the classification system, GS-18 to 1.

Now, many Members are not quite as familiar with that, not being on that committee. We believe very strongly that the Federal work force has changed. As a result, members of the committee on both sides of the aisle voted overwhelmingly last year and again this year, to conduct a study on the classification system of Federal employees.

That is what it is; it does not relate in any way, shape or form to the private sector. I would not want a study on Federal classified employees be applied to the private sector just as when AT&T did their study on their employees, I would not want their study to apply to our classified Federal employees.

□ 1325

We have a responsibility in this Congress because we do in fact set the wages and the benefits of classified Federal employees. We vote on this all the time. We are, indeed, the employers. So we have an obligation, just as every good corporation. Forty-five States have done studies on their State employees, corporations, fine corporations, have done studies on their employees. We have an obligation to do a study on our employees. That is simply what it is, no more, no less.

I hear outrageous assumptions about costs and so forth. The Chair does not think or presume to know the results of the study, and I think there has been an awful lot of exaggeration, an awful lot of misleading on the issue, and I think it is very, very unfortunate.

More essentially, it is unfair to Government employees.

Mr. ALEXANDER. Mr. Chairman, will the gentlewoman yield further?

Ms. OAKAR. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. I thank the gentlewoman for yielding further.

Mr. Chairman, I congratulate the gentlewoman on her leadership, and I appreciate her explanation.

Mr. Chairman, it is clear to me that in no way what we are debating today applies to the private sector.

I thank the gentlewoman for yielding.

Mr. FAZIO. Mr. Chairman, will the gentlewoman yield to me?

Ms. OAKAR. I yield to the gentleman from California.

Mr. FAZIO. I thank the gentlewoman for yielding.

Mr. Chairman, I was very impressed by the arguments made momentarily by Mr. GARCIA of New York and the gentleman from Texas [Mr. LELAND], and the concern that they have for the major change, apparently, in the thinking that the body seems to be exhibiting on the issue of pay equity for women.

I am reminded of an experience I had just several weeks ago when I was driving in my district and saw on the highways a young woman driving in an automobile with a bumper strip, a Reagan-Bush official campaign bumper strip, that said, "Women's equality is pay equity. Reagan-Bush."

It seems to me perhaps some of the people who campaigned on this issue, who tried to tell the American public, if women who may even characterize themselves as feminists, that it was possible for women to support the Reagan-Bush team, because even though there may be some questions about ERA there was no question about where the administration and the Republican Party stood on the issue of equality for women in terms of their compensation.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. FAZIO. I would be happy to yield.

Mr. BURTON of Indiana. I thank the gentleman for yielding.

I think the attitude of the administration was very well stated by the President, and he stated on a number of occasions that he was for equal pay for equal work. Pay equity, as you call it, is comparable worth, comparing eggs with apples, and nobody is for that.

Mr. FAZIO. I would reclaim my time.

The bumper strip was very clear. I think probably it deluded some people into thinking that we would find the same kind of support from the Republican Party now that we found before the election on an issue that is so basic to women of all economic brackets.

The CHAIRMAN pro tempore. The time of the gentlewoman from Ohio has expired.

(By unanimous consent, Ms. OKAR was allowed to proceed for 30 additional seconds.)

Mr. FAZIO. Mr. Chairman, will the gentlewoman continue to yield?

Ms. OAKAR. I yield further to the gentleman from California.

Mr. FAZIO. I thank the gentlewoman for yielding.

Mr. Chairman, this issue is so basic to women who may have some questions about the other implications of ERA, never had any doubt about the benefits to them, to their children, their families that pay equity would bring about. So I think it is very disturbing that we see this marked change in the views, I think, of Members of the other body and of the other party in this instance on an issue that is so basic to the future of women in this country.

I hope that we would see more than the projected 20 or 30 votes from the other side of the aisle that the gentlewoman estimates to be all we can count on at this time. It would seem to me that without a sizable vote from the Republican Party, we have seen people going back on their political commitments from the last election.

The CHAIRMAN pro tempore. The time of the gentlewoman from Ohio has again expired.

Mr. GILMAN. Mr. Chairman, I ask unanimous consent that the gentlewoman from Ohio be given an additional 2 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

Mr. LUNGREN. Mr. Chairman, reserving the right to object, I shall not object, but certain comments were made by Members on the other side of the aisle close to characterizing the motivations of Members on this side of the aisle as to the way they are going to vote. Reference has been made three times now, and I think a timely response would be appropriate. I have been waiting here for that. I will not object at this time, but I will object to any further requests for time so that we might have some equality of debate here.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN pro tempore. The gentleman from Ohio is recognized for 2 additional minutes.

Mr. GILMAN. Mr. Chairman, will the gentlewoman continue to yield to me?

Ms. OAKAR. I yield to the gentleman, my distinguished minority member of the Post Office and Civil Service Committee, the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. I thank the gentlewoman for yielding.

Mr. Chairman, I commend the gentlewoman for undertaking her extensive work on the pay equity issue and for bringing this measure to the floor. I understand the gentlewoman has been trying to meet many of the objections that have been raised to this bill.

So that we are all quite clear, would the gentlewoman state if the fundamental objectives of this bill are to promote equitable pay practices and to eliminate discrimination within the Federal service? And that this bill does not apply to the private sector, is that correct?

Ms. OAKAR. The gentleman is correct. This study in no way, shape, or form applies to the private sector. And I would oppose the bill if it did.

Mr. GILMAN. And as I understand it, the gentlewoman is about to revise the measure on the floor today to meet some of the further objections that have been raised with regard to the bill?

Ms. OAKAR. The gentleman is correct. As a matter of fact, with the gentleman's help, along with the distinguished minority member of the committee, the leader of the committee on your side of the aisle, Mr. MYERS of Indiana, we have changed the bill initially meeting the objections that were raised during some of our hearings.

For example, we put an economic analysis into H.R. 3008, which is the marketplace factors that some individuals wanted. We revised the membership of the commission to truly make it a bipartisan commission. This was done with the able assistance of Mr. MYERS and other members of the committee like the gentleman from New York.

Mr. GILMAN. If the gentlewoman would yield further, it is our understanding from what the gentlewoman reports that there are some 46 States at the present time studying pay equity and that the Federal Government is yet to undertake its first study.

Ms. OAKAR. Forty-five States have either completed or are in the process of doing studies on their State employees only, and a number of others.

The CHAIRMAN pro tempore. The time of the gentlewoman from Ohio has again expired.

(On request of Mr. GILMAN and by unanimous consent, Ms. OAKAR was allowed to proceed for 1 additional minute.)

Ms. OAKAR. Forty-five States have either completed or are in the process of completing their studies along with many other fine municipalities. Again, their studies are limited to their own employees, just as our study is limited to classified employees, classified Federal employees, something that we have a responsibility to take a look at.

Mr. GILMAN. Mr. Chairman, if the gentlewoman would yield further, I urge my colleagues to support H.R. 3008. This bill promotes pay equity and seems to eliminate certain discriminatory wage-setting practices within the Federal civil service. I feel confident that the legislation addresses the Federal Government's role in providing fair and equitable pay and classification systems for women and men in the Federal work force. Incorporated in H.R. 3008 are the best possible elements required to identify discrimination, if it exists, in the Federal Government. Fair treatment and equality at the worksite are goals every employer and employee should strive to attain. It is as vital today to eliminate discrimination as it was over 20 years ago when the Civil Rights Act of 1964 was adopted by this body.

The State of New York and 45 other States have already undertaken action to address the issue of pay equity. Sixteen have initiated or completed studies of their pay systems. The Federal Government's role in pay equity has been far less progressive than the States. It is time for the largest employer in the Nation—our Federal Government—to examine any discrimination practices in its own structure.

H.R. 3008 maintains a high level of objectivity. I believe that the legislation will result in a thorough study of the Federal pay and classification system to determine if they are influenced by discriminatory practices. Such a study has never been conducted in the 60-year history of the classification program. Our Federal workers are entitled to know that they are being treated fairly and that their pay is not subject to discrimination.

Accordingly, in the interests of promoting equitable pay practices and to eliminate discrimination within the Federal civil service I therefore urge my colleagues to support H.R. 3008, and I thank the gentlewoman for yielding.

Ms. OAKAR. I thank the gentleman. He is a very valuable member of the committee, and I thank him for his questions and his remarks.

Mr. LUNGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, comment was made on this floor a moment ago that because we had such an overwhelming vote a year ago and since there are some new elements to this bill that perhaps the reason now for people changing their minds is related to the racial inclusion or the minority inclusion.

I am sorry that that was injected into the debate here on the floor. I am sorry that this is what the general debate evidently is going to be, to create the atmoshpere for the discussion of this bill.

By the very admission of the chairman of the relevant committee that we have before us bringing this bill, there were things wrong with the bill that we voted for overwhelmingly. I am astonished. If the bill was go good last time that anybody who would now vote against a version of the bill after last year's edition, if that is the reason why we should not even consider a reconsideration of our vote, why they would change one word, one sentence, one phrase. By their very admission, last year's bill was seriously flawed. Some of us believed that there are other flaws existing, and maybe or maybe not those flaws would be taken care of with the amendments.

But to somehow come here and characterize those of us who want to rethink our position, those of us who may have more knowledge now, those of us who may have paid attention to a ninth circuit ruling on the case in the State of Washington, is astonishing.

What we are talking about here is whether the Federal Government will venture into a new area for the Federal Government, whether it will now attempt to devise some sort of subjective system which says that by these criteria which we establish we will determine the ultimate worth of a particular job.

In fact, in this country the marketplace establishes that and has established that. Where we cannot show specific discrimination with respect to a particular job, where people who are of different sexes are being treated differently within the confines of a specific job, where we are not talking about that particular area, we have never tried to determine how you compare one to the other.

I mean, I may think that football players and basketball players are outrageously paid. I once suggested to someone that when I voted for a pay increase for Members of Congress that there was nothing wrong with Members of Congress being paid one-third of what the average person in the NBA is paid.

I told that to a player who happened to be related to a Member of Congress, and he assured me that that was no longer the case because in the ensuing 6 months we were then paid one-fourth of what the average NBA player was paid.

I mentioned that to someone in my district, and the response of the person in the district was, "Yes, but those people are highly talented."

So what I am suggesting here is that it is in the eye of the beholder.

I went home to my son one day, and I said to him, "Did you see what Moses Malone got paid? Two millon dollars a year." And he said, "Yeah, Dad, but he plays 48 minutes a game."

What I am saying is, we have all sorts of quote/unquote disparities from one job to another that I do not think any subjective panel can go out and therefore decide how you make the comparison if what you do is take out the idea of the marketplace making certain decisions.

So let us not have this debate be in terms of rhetoric about Members or against minorities, Members are against women because they don't adopt the plan that the committee has come forward with.

If I had the truth, if I saw the light, I would present it to you here on this floor. I do not see the truth, I do not have the light in all things.

I try to do the best I can with the issues that are before me.

So let us not characterize this as so black and white that if anybody now changes his or her mind from last year they are doing it and activated by some racial motivation or some ill concern for minorities.

That ill serves this House.

I already thought we had the general debate on this issue some time ago. Evidently that general debate created a construct in which the proponents of the bill do not think they can be successful. So now we have a new atmosphere being created here.

I am very sorry to see it. I hope that we will not see it from now on. Let us look at the amendments as they come forward. Let us look at the substance of the bill, let us do what we are paid to do, even though we are not paid as much as people in the NBA or the NFL or the NHL, we are paid for what we do, make well-reasoned judgments on the facts before us as we see them, and let us not use scare tactics on one side or the other.

I thank the Chairman.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. If I have any time left I will be happy to yield.

Mr. Chairman, I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. I thank the gentleman for yielding.

Mr. Chairman, I would like to make just one quick observation here, and that is, the gentlewoman in her discussion a while ago indicated that this study was kind of an innocuous thing that we should not be concerned about.

A very similar study was alluded to by my colleague from California.

The CHAIRMAN pro tempore. The time of the gentleman from California has expired.

(On request of Mr. Burton of Indiana and by unanimous consent, Mr. Lungren was allowed to proceed for 2 additional minutes.)

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman continue to yield?

Mr. LUNGREN. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. I thank the gentleman for yielding further.

Mr. Chairman, a similar study was conducted in the State of Washington, and because of that study a suit was filed and a $1.1 billion judgment was made, and it was subsequently repealed in a higher court. Now I talked to people at the Justice Department, and they told me that there is absolutely no doubt if this legislation passes that a suit will be filed immediately. And we have 30 times the number of employees that they have in the State of Washington.

Mr. LUNGREN. If I can reclaim my time, can the gentleman tell me who was to pay that $1.1 billion? Was it not the taxpayers of the State of Washington?

Mr. BURTON of Indiana. It was the taxpayers of the State of Washington.

Mr. LUNGREN. So if we are going to talk about something much larger than that, we must presume it is very important and it may very well have severe impact on that person rarely talked about here, the lowly taxpayer.

Mr. BURTON of Indiana. Exactly.

Mr. LUNGREN. I thank the gentleman, and I yield back the balance of my time.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

□ 1340

Mr. FORD of Michigan. Mr. Chairman, I rise to support H.R. 3008, the Federal Pay Practices Act of 1985.

There are many misconceptions about this bill that I would like to clear up once and for all.

First, it provides only for a study and nothing more. It does not mandate any new pay system. All we are doing here is taking a long overdue look at the pay classification system, something that has not been done for decades, in an attempt to determine if it discriminates on the basis of sex, race, or Hispanic origin. This is all it does, despite some rather reckless allegations to the contrary.

Earlier this year the Committee on Post Office and Civil Service, by a recorded vote of 18 to 4, ordered the bill reported with an amendment, requiring a Commission on Equitable Pay Practices to include in its report a determination as to whether any portion of any differential in pay between or among occupations may be discriminatory.

The legislation establishes an 11-member bipartisan Commission consisting of representatives of the administration, the Congress, the Federal employee unions, women's organizations, and civil rights groups.

The Commission, in turn, would hire a consultant to conduct a job content analysis of the Federal pay and classification system.

With the Commission acting as overseer, it is contemplated that the study would take 18 months and would determine whether, or to what extent, the classification and wage systems are affected by discrimination based on sex, race, and Hispanic origin. It will include information on pay differentials between male- and female-dominated occupations.

After completing the study, the Commission will submit it to the President and the Congress, along with recommendations for changes. The Commission will cease to exist within 90 days after submitting its report.

So this bill in no way creates a national pay policy or creates a bureaucracy on pay. It does not set down any policy. All it does is say that we should look into pay practices, with professional help, to determine if there is discrimination.

Frankly, I don't see how anyone can object to this, unless there is something that we are trying to hide.

There is no doubt in my mind that the Federal Government has an obligation to determine whether there is discrimination in its pay practices and what can be done to make the system more responsive to the exigencies of our times.

To oppose this measure is to deny even a professional look into pay practices—to deny an enlightened examination of how we as a government determine whether we are treating people fairly when it comes to how we pay them.

I cannot stress enough that this bill is not going to tell anyone how people will be paid. It does not make any changes in pay. It will provide us with nothing more than a guide on which to base later decisions.

It affects only executive branch employees of the Federal Government, not State and local entities or the private sector. It does not create a pay czar to mandate wages for all American workers. It does not establish a stacked commission that will rubber-stamp findings of a study. It will not set off a wave of lawsuits against the Federal Government.

It will do only one simple thing—allow us to take a hard, cold look at what is going on so that we in this body can determine if we want to make any changes.

To me, that objective seems both fair and necessary.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. I thank the chairman of the committee and also the author of the amendment for yielding me this time.

For purposes of this discussion, I have two or three what I consider to be friendly questions.

The CHAIRMAN pro tempore. The time of the gentleman from Michigan [Mr. FORD] has expired.

(On request of Mrs. ROUKEMA and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 3 additional minutes.)

Mr. FORD of Michigan. If the gentlewoman will permit me to let the gentlewoman from Ohio tell me how to answer them, I will be glad to answer them.

Mrs. ROUKEMA. Then I will address them to my good friend from Ohio, and she is my good friend, but she also may know that I have some lingering questions. I listened with interest to your response to Mr. ALEXANDER on the subject of the confusion that has arisen over this bill because of the definition of what is comparable worth and what is pay equity.

So I would like to ask the gentlewoman from Ohio: How do you explain the differences between the two concepts? I ask because I think it is the crux of confusion of many Members of this Congress. Is this comparable worth? If not, what is pay equity, as defined in this piece of legislation? What is the charge of the Commission?

Mr. FORD of Michigan. I yield to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. First of all, comparable worth is not in the legislation.

Mrs. ROUKEMA. I understand that.

Ms. OAKAR. And, second, if I wanted to do a comparable worth bill, it would not be done in the way the Civil Rights Commission defined comparable worth.

Part of the misinformation, even about that concept, which I heard on the floor today in a 1-minute speech, is that if you take the disparity between a man's wages and a woman's wages, then it is comparable worth, and it is all due to sex-based wage discrimination. Nobody, not even the most zealous advocate of comparable worth, says that, although the Commission on Civil Rights defined the concept in that way.

But the point is, we are talking about a classification system the highest of Federal employees—not basketball players, football players or corporate people, just our classification system—the highest level is a person who is at a GS-18 level, who makes $67,800. The lowest level is a person at the GS-1 level, making $9,000.

We have to take a look at the classification system because we know that certain categories, for example—and this has nothing to do with comparable worth, by the way—are capped. A nurse, for example, who has a doctorate in immunology working at NIH has a cap level of her salary. She can work 40 years for the Federal Government and never make more than $18,000 a year, and because she is classified as a nurse and not an immunologist, she makes $22,000 less.

Mrs. ROUKEMA. If the gentleman from Michigan will yield further, I appreciate what the gentlewoman is saying, and it is for that purpose, I think, that the gentlewoman put in a job content analysis definition.

Ms. OAKAR. Right.

Mrs. ROUKEMA. It is, as I understand it, to take into consideration marketplace pressures.

Ms. OAKAR. That is right. We have two factors. We have the marketplace factor, which is the economic analysis. And, by the way, most of the studies done around the country do not include the marketplace factor we do.

Mrs. ROUKEMA. Now, I have another question.

The CHAIRMAN pro tempore. The time of the gentleman from Michigan [Mr. FORD] has again expired.

Mrs. ROUKEMA. Mr. Chairman, I ask unanimous consent that the gentleman may be allowed to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

Mr. ARMEY. Reserving the right to object, Mr. Chairman, I will not object now, but I would like to make the point, Mr. Chairman, that I, too, like others, did not come here today to repeat the general debate on this bill. But since it has begun, I have, I think, been fairly patient awaiting my turn to be recognized. I would hope I will be recognized very soon after this.

Mrs. ROUKEMA. Mr. Chairman, in light of that, I ask unanimous consent that the gentleman from Michigan [Mr. FORD] be allowed to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. ROUKEMA. Mr. Chairman, I think it is perfectly legitimate to reopen this discussion because there has been a change of circumstances since we had this original debate. For example, the court of appeals decision has come up, and that is a significant difference, and that is to the point of my second question.

It appeared to me, when the appeals court made its decision, that this would negate or open to further question, in my mind, whether or not it was wise to have such legislation, and I want to hear the gentlewoman's response to this, because the appeals court has now reversed the decision of Washington State, and therefore it is my understanding that the issue will be appealed to the Supreme Court. Pending a Supreme Court decision, it seems to me that we do not yet know whether the study per se will be used as an avenue for further litigation or prima facie evidence in further litigation. So I would like to hear a response to that.

Mr. FORD of Michigan. If I could reclaim my time, let me comment on that.

The study in Washington, or anyplace else, does not create a new cause of action for anybody. The study was simply cited in evidence during the trial. You may know that United Airlines was successfully sued by its female flight attendents a couple years ago and had to pay several million dollars in back pay. Michigan Bell Telephone Co. a few years ago had a similar problem because of discrimination against female telephone operators.

The cause of action is already there for people. All that the study was used for in Washington was evidence of the fact that in some classifications in Washington certain circumstances exist from which the court in evaluating the evidence drew the conclusion that it constituted a violation of their constitutional rights.

Ms. OAKAR. If the chairman will let me quote from the decision—and you should be relieved by the decision—it says:

> A study which indicates a particular wage structure might be more equitable should not categorically bind the employer who commissioned it.

If anything, that court case should relieve you. But the point is, nobody wants to abdicate a Member of Congress responsibility. We have the responsibility to deal with classified Federal employees, not the courts, and it is not my intention in any way, shape or form to see this study be used as a court case; but, if anything, that court case should relieve you.

Mrs. ROUKEMA. If the gentleman will yield further, I understand the court of appeals decision. My concern was with the appeal to the Supreme Court and the pending Supreme Court decision and its application to the results of this study.

Ms. OAKAR. First of all, the whole case had a lot more to do with other things than a study.

Mrs. ROUKEMA. I thank the gentlewoman for her comments, and I thank the gentleman from Michigan for yielding.

Mr. ARMEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ARMEY. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. I thank the gentleman from Texas for yielding.

Mr. Chairman, I just want to make a comment about the comment of my distinguished chairman, the gentleman from Michigan [Mr. FORD], that this would not precipitate additional litigation.

The Justice Department told me at one of our hearings, committee meetings, that it is very likely that if we pass the comparable worth or pay equity bill, or whatever you want to call it, that there will be immediate litigation. As a matter of fact, I have here from Mr. William Bradford Reynolds, Assistant Attorney General for the Civil Rights Division of the U.S. Department of Justice, a statement concerning information about this legislation. And on page 5, there are 2 paragraphs I would like to read into the RECORD. It says:

> By mandating a "comparable worth" study of the federal pay structure dependent neither on proof of equal work nor on proof of intentional discrimination, such a bill disregards the long-established principles of pay discrimination under the Equal Pay Act, and goes well beyond the Supreme Court's interpretation of the reach of Title VII in Gunther. In so doing, such a bill gives rise to the very problem Congress sought to avoid in imposing an equal (rather than "comparable") work requirement in the Equal Pay Act.

Then he goes on to say;

> Any such study could be the basis for class-action litigation seeking a judicially mandated restructuring of the Federal Government's pay and classification system.

So litigation is very likely to occur. We have 30 times the number of employees as the State of Washington, and we could conceivably be involved in a $30 billion lawsuit and the taxpayers will bear the brunt of this suit if one should occur, and it very likely will, according to the Justice Department.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

I will get the gentleman some more time.

Mr. ARMEY. I appreciate that, and I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Did the gentleman say Mr. Reynolds signed that opinion?

Mr. BURTON of Indiana. Yes.

Mr. FORD of Michigan. I am puzzled by the suggestion that he thinks, as an Attorney General and in a very high position over there, that a citizen can bring suit to force the Congress to do anything. Nobody in the Federal Government in the executive branch has the authority to establish pay, grades, or classifications. We do that by statute. And in the absence of congressional action, you cannot change them.

□ 1355

You can bring action against a member of the Government who was applying them improperly, and that has been done from time to time; as a matter of fact, it happens quite frequently. But you cannot bring a suit against the President and tell him to change it.

Mr. ARMEY. If the gentleman would allow me to reclaim my time before it runs out.

Mr. FORD of Michigan. Mr. Chairman, I ask unanimous consent that the gentleman may have an additional 2 minutes.

The CHAIRMAN pro tempore. Without objection, the gentleman from Texas [Mr. ARMEY] is granted an additional 2 minutes.

Mr. BURTON of Indiana. May I just respond?

I would be very happy to give my distinguished colleague, the chairman of the committee, a copy of this statement and he can read it. I would assume that the U.S. Department of Justice knows a little bit about this problem since they——

Mr. ARMEY. If the gentleman would please allow me to reclaim my time. You know, I am a patient fellow.

Mr. Chairman, I ask unanimous consent that I be restored to my original 5 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARMEY. I thank the Chair. I appreciate that.

Mr. Chairman, I listened with a great deal of interest. As you may know, I am interested in this bill. I first became interested in this bill when I was not a Member of this body during the 98th Congress, and I have followed it with a great deal of interest and I might add, a professional interest, since I still indeed consider myself a practicing economist.

In any event, I think there was a very interesting and important question that was raised in the early moments of this cryptogeneral debate that we have gotten ourselves into. The question is what has changed from the 98th Congress, when indeed there were only six dissenting votes, to this Congress, where there is some concern that perhaps there may not even be enough votes in favor of this proposition to pass it.

Let me address this question of what has changed. Three things have changed, Mr. Chairman. One, time. If you review the experience of this legislation in the 98th Congress, it came and it went like a fleeting dart. The Members scarcely knew what it was they were voting on. They did not understand the proposition, and they saw it as an issue of social policy and never really had the time to understand it as an economic policy issue.

The second thing that has happened, and I might add, by the way, with respect to that, that time has worked on our side in this case, those of us who are concerned about it as an economic issue. Even when I came back from the July recess and we began to debate and work on this issue, most of the Members saw it as only a harmless study designed to promote social policy, and it was only after hours and hours of persuasion that we were able to get them to understand that this is a very serious economic issue that we are dealing with here. Now that is understood.

Second, experience. Will there be lawsuits? Will there not be lawsuits? The fact is, experience tells us there have been lawsuits. Every time a State legislature has passed a study and received that study, there has been a lawsuit.

Ms. OAKAR. Would the gentleman yield?

Would the gentleman name me the 45 State lawsuits that there are——

Mr. ARMEY. If the gentlewoman would—Mr. Chairman, I do not believe I have yielded.

The CHAIRMAN pro tempore. The gentleman from Texas [Mr. ARMEY] controls the time.

Mr. ARMEY. If the gentlewoman would please allow me, because I suffered through a good deal of smoke earlier. If indeed I am creating smoke, let it be my own.

Now, at this point, I am suggesting to the Members look at the experience we have observed. What has it cost the State of Washington already to just find their way back after the lawsuit? How about the State of Illinois where female workers and nontraditional employments had to incur the expense of filing a counterlawsuit to protect the rights to wage increases they had won through normal, collective bargaining practices from the imposition of this kind of bill in Illinois.

So, yes, indeed, our experiences have told us this is a dangerous business we are up to here.

The third thing, of course, is understanding. With the passage of time and the observation of what is really happening in that real world out there, where this kind of a comparable-worth concept is taken too lightly by State legislatures. We understand that it imposes a risk and an expense to the taxpayers, where indeed, even the State will have to incur an enormous expense of taxpayers' money just to prove that they should not be brought under the jurisdiction of such legislation by the courts irrespective of any enacting legislation by the governing bodies of that State. That is the risk that we put the entire government in if we pass this legislation. That is an expense that not only we cannot afford in dollars and sense, but we cannot afford in terms of disruption and discrimination unhappily, against the most courageous and least traditional, most innovative women in the working force today.

The CHAIRMAN pro tempore. Are there further amendments to section 1?

If not, the Clerk will designate section 2.

The text of section 2 is as follows:

SEC. 2. STATEMENT OF PURPOSE.

(a) PURPOSE.—It is the purpose of this Act to determine whether the Government's position-classification system under chapter 51 of title 5, United States Code, and prevailing-rate system under subchapter IV of chapter 53 of such title, are designed and administered in a manner consistent with the general policy, as expressed in title VII of the Civil Rights Act of 1964 and section 6(d) of the Fair Labor Standards Act of 1938, that sex, race, and ethnicity should not be among the factors considered in determining the rate of pay payable to any individual or for any position.

(b) LINKAGE WITH GENERAL SCHEDULE.—In the performance of any comparisons or analyses pursuant to this Act, subchapter III of chapter 53 of title 5, United States Code, under which General Schedule pay rates are established, shall be considered to be part of the position-classification system referred to in subsection (a).

AMENDMENTS OFFERED BY MR. SIKORSKI

Mr. SIKORSKI. Mr. Chairman, I offer several amendments.

The Clerk read as follows.

Amendments offered by Mr. SIKORSKI: Page 2, line 8, insert "(1)" before "whether".

Page 2, line 16, strike out "position." and insert in lieu thereof "position; and (2) whether the Government's appointment and promotion practices with respect to individuals applying for or occupying positions covered by either of the systems referred to in paragraph (1) are generally consistent with applicable provisions of law prohibiting discrimination on the basis of sex, race, or national origin.".

Page 3, line 3, strike out "(a)" and insert in lieu thereof "(a)(1)".

Page 4, line 11, strike out "(2)" and insert in lieu thereof "2(a)(1)".

Page 5, line 17, strike out "(2)" and insert in lieu thereof "2(a)(1)".

Page 10, line 20, strike out "of this Act," and insert in lieu thereof "set forth in section 2(a)(1),".

Page 11, line 6, strike out "2(a)" and insert in lieu thereof "2(a)(1)".

Page 11, after line 9, add the following:

(c) APPOINTMENTS AND PROMOTIONS.—Under the contract, the consultant shall also be required to perform a separate study to carry out the purpose set forth in section 2(a)(2).

Page 12, after line 12, add the following:

The consultant shall also report any findings and conclusions of its study relating to appointment and promotion practices of the Government.

Page 13, line 15, strike out "2(a)" and insert in lieu thereof "2(a)(1)".

Mr. SIKORSKI (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD, and that they be considered en bloc. I do so because the first amendment goes to section 2, but there are additional technical amendments.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SIKORSKI. Mr. Chairman, the amendment would expand the scope of H.R. 3008 to include a separate study of hiring and promotion practices in the Federal Government to determine whether discrimination exists based upon sex, race, or national origin.

My colleague from Indiana has a substitute amendment which would replace the study set forth in H.R. 3008 with a study of hiring and promotion practices. I disagree with the hiring and promotion study for job content and economic analysis. I do believe, however, that performing a hiring and promotion study is a worthwhile undertaking and would afford the most comprehensive review of possible discrimination in the Federal work force ever undertaken.

It is my intention that the hiring and promotion study should be performed separately from the job content and economic analysis and that the results of the study should be reported separately by the consultant to the Commission on Equitable Pay Practices. The Commission should also set forth any recommendations based upon this part of the study distinct from those which may result from the job content and economic analysis. It is important that the studies proceed independently, since they are designed to review areas of possible discriminatory practices. I have been advised that the same consultant who performs the job content and economic analysis could also undertake the hiring and promotion study without incurring additional costs or requiring a more lengthy study period.

It is also important to note that the hiring and promotion study would include national origin, as well as sex and race. National origin should be interpreted to include those of Hispanic origin and other ethnic groups who may have historically suffered discrimination. In deciding which ethnic groups should be included in the study, the Commission should pay particular attention to applicable court rulings defining the term "national origin." It is my intention that this term be construed as broadly as possible within the limitations of title VII of the Civil Rights Act of 1964.

By adopting this amendment, we will make certain that H.R. 3008 will result in the most exhaustive analysis of possible discriminatory practices within the Federal civil service ever initiated. The current classification and wage systems have not been the subject of a thorough analysis since they were established in 1923, nor has there been a study of hiring and promotion practices of the magnitude set forth in my amendment. For these reasons, this amendment should be adopted and I urge my colleagues to vote for it.

□ 1405

Mr. LIPINSKI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise for the purpose of entering into a brief colloquy with the floor manager of the bill, the gentlewoman from Ohio [Ms. OAKAR].

Is it the understanding of the chairwoman that the meaning of the term "national origin" in this amendment includes individuals of all ethnic backgrounds that have been historically discriminated against, such as Italian, Polish, German, Irish, Lithuanian, Ukrainian, Yugoslavian, Czechoslovakian, or other ethnic backgrounds?

Ms. OAKAR. Mr. Chairman, will the gentleman yield?

Mr. LIPINSKI. I yield to the gentlewoman from Ohio.

Ms. OAKAR. Yes; that is my understanding.

Mr. LIPINSKI. Is it also the understanding of the chairwoman that the consultant selected by the Commission will use this meaning of "national origin" while conducting the study mandated under this amendment?

Ms. OAKAR. That is my understanding, yes.

Mr. LIPINSKI. Mr. Chairman, I thank the gentlewoman from Ohio [Ms. OAKAR]. I stand in strong support of the Sikorski amendment, and ask all my colleagues to support it.

Ms. OAKAR. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I simply want to commend the gentleman from Minnesota [Mr. SIKORSKI], and the gentleman from Illinois, [Mr. LIPINSKI] as well, for the amendment.

Basically the amendment is a two-part amendment. It includes the amendment that the gentleman from Indiana [Mr. BURTON] has filed in the RECORD which is a review of hiring and promotion practices so that it be an integral part of the study. We think that ought not be a substitute for the study but that is important and we accept that.

Second, there are many other individuals besides those mentioned in the legislation that have come before our committee like custom workers, for example, most of whom are men of various origins, that we ought to take a look at, and I want to commend Mr. SIKORSKI and Mr. LIPINSKI for including that area. We really should do an in-depth analysis with respect to the whole issue of national origin.

So, Mr. Chairman, I accept the amendment. I think it is a good one, and I hope that the members of the minority will agree to accept it.

Mr. ARMEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am trying to make sure that I understand this amendment. I have just recently had it placed in my hands.

As I understand it, what we will do, then, is we will divide the study into two parts. One part will deal with the traditional kind of study that I at least tend to associate with comparable worth—the question, as I think is defined very nicely on page 10 of the bill, that we would examine occupations that have numerical predominance of either sex in juxtaposition to one another, and the second part being the part that returns to existing civil rights legislation that addresses the question of equal access to employment opportunity and equal pay for equal work.

May I ask the framer of the amendment, Is my understanding correct?

Mr. SIKORSKI. Mr. Chairman, will the gentleman yield?

Mr. ARMEY. I yield to the gentleman from Minnesota.

Mr. SIKORSKI. Mr. Chairman, if I understand the gentleman's question, yes, it is a two-part study. It is presumed to be done by the same consultant, with no additional cost and no requirement for time, and so that the results of the hiring promotion study be reported back to the Commission independently and distinct from the economic analysis or the pay equity portion.

In response to the second thrust of the gentleman's question, the study embraces, as set out in the amendment, the goal of looking at whether the Government's appointment or promotion practices with respect to individuals applying for or occupying positions covered by either of the systems, the civil service systems, is generally consistent with applicable provisions of law prohibiting discrimination on the basis of race, sex, or national origin.

Mr. ARMEY. Mr. Chairman, I thank the gentleman for that clarification.

Mr. Chairman, it does appear, then, that we have, I think, the appearance that there is some change here. But we fall back on a problem, at least to me, with the fact that we would still have the study carried out by that one single consultant who would be employed or chosen by that one single Commission comprised primarily of a biased group of people who are already biased themselves in favor of comparable worth. So we still end up ignoring the numerous studies that have been done, and indeed we still ignore the one that is currently under review within the OPM.

I think the intent of the amendment is a very good intent, and might I suggest that given that you have this concern and have expressed this intent, perhaps this would be an excellent time for us to withdraw this bill from consideration and have the committee return to consideration of that study that is currently on the desk of the Office of Personnel Management rather than to have all of that work that has been undertaken in the 30-some-odd studies totally ignored in this process. Perhaps we do intend to move a little too hastily in this area.

Mr. SIKORSKI. Mr. Chairman, will the gentleman yield to me?

Mr. ARMEY. I yield to the gentleman from Minnesota.

Mr. SIKORSKI. If we did that, we would not have the benefit of the gentleman's counsel.

Mr. FORD of Michigan. I would just like to observe that I would be happy to get right on with it.

Mr. ARMEY. Mr. Chairman, a point of order. I understand that I had yielded to the framer of the amendment.

Mr. FORD of Michigan. Mr. Chairman, would the gentleman yield to me?

Mr. ARMEY. I yield to the chairman of the committee.

Mr. FORD of Michigan. Mr. Chairman, if this bill does not pass, I would be left with no alternative than to do what I am being pressed, and have been for 2 years, to do, and that is to begin legislating on the issue. I felt that we ought to have this bipartisan commission give us a basis upon which we might do that legislating.

If you want to have a chance to vote here on legislation on classifications, with the women's groups and the chambers of commerce and everybody else fighting in your office and mine about which amendment they want and which one they do not, we can bring you a bill like that, and that would be the alternative to undertaking this 2-year study. We have that kind of legislation pending before the committee, and I have promised the sponsors of the legislation that if we do not have the study, we will take it up.

Mr. ARMEY. Mr. Chairman, reclaiming my time, neither of us would want to engage in such a disastrous and urgent action.

If I may return to another point, yes, on my part I would like to make this offer. If indeed you did decide to withdraw this bill and go back into the subcommittee and study all of these things, I would be more than happy to come before the committee and provide you with my testimony and give you the benefit of my considerable expertise in the field.

The **CHAIRMAN** pro tempore. The time of the gentleman from Texas [Mr. ARMEY] has expired.

The question is on the amendments offered by the gentleman from Minnesota [Mr. SIKORSKI].

The amendments were agreed to.

The **CHAIRMAN** pro tempore. Are there amendments to section 2?

Mr. ERDREICH. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to engage the gentlewoman from Ohio [Ms. OAKAR] in a colloquy on the bill.

Some of the earlier colloquy I have heard answers some of the concerns I have had about the impact of what this study would do, and I appreciate those earlier comments. You have made it quite clear that this study would have no impact or is not intended to have impact upon the private sector. I would like to ask a further question, and the question is this:

Does H.R. 3008 create a new standard of discrimination or expand the current civil rights law in any way?

Ms. OAKAR. Mr. Chairman, if the gentleman will yield, again the answer is no. The purpose of the study is to determine whether the Federal Government's pay and classification systems are being administered in a manner consistent with current laws, which prohibit discrimination on the basis of race, sex, and ethnicity. Any new standard would have to be authorized separately by law. This bill does not authorize any corrective action, should the study show that discrimination in the Federal civil service does exist. I would emphasize to the gentleman that this bill authorizes a study, and a study only of the classified employees of the U.S. Government.

Mr. ERDREICH. Mr. Chairman, I thank the gentleman for that response, and I have a final question, if the gentlewoman will continue to respond. On page 15 of the bill, section 10(2)(c) mentions that other factors which are unnamed may be included in an economic analysis of the Federal pay and classification system. Might "other" be considered to include an examination of prevailing market rates as a factor for comparison with Federal wage scales, recognizing that market forces, the competitive market, may be the reason for pay differences?

Ms. OAKAR. I think, yes, that prevailing market rates of pay would be a factor included in the study, as would supply and demand. It is my expectation that these factors would be analyzed by the consultant. Pay scales can reflect the market and be nondiscriminatory.

Mr. ERDREICH. Mr. Chairman, I thank the gentlewoman from Ohio for her clarification.

□ 1415

Mrs. JOHNSON. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the bill.

I thought it might be helpful if early in this discussion, I shared with my colleagues the experience that I had as a State senator and have continued to have as a resident of the State of Connecticut with regard to this matter.

We did some years ago pass a bill entitled "the Objective Job Evaluation Bill," precisely the same study that we are considering passing here today, and I hope we will pass with very broad and overwhelming support as we did in the last session of Congress.

We passed that bill in Connecticut and, as a result of its passage, those people who sat at the collective bargaining table representing the State employees in Connecticut had at their fingertips the data that indicated that there was indeed a discrepancy between the compensation offered to certain categories of employees and the skills required to qualify for those jobs and the responsibilities required of those employees.

Now, it is not difficult to understand why there are such discrepancies. Indeed, my colleague from Texas comments about the influence of the market explain why there were discrepancies. Many years ago when women only had the option of applying for two or three jobs out there in the public and the private sector, there was indeed an oversupply for the limited numbers of opportunities that were available for women. Consequently, the base salary in the 1800's and the 1900's started low. Thereafter, and particularly in States where there has been collective bargaining, salary increases were generally granted on an across-the-board percent increase basis. So you started with an unreasonably low base because the market set that low base, because there was discrimination in our society as to what jobs women could apply for. You started from that base, and then a more enlightened society that finally even gave women the remarkable right to vote did allow them all to apply for other jobs. But by this time, you were stuck with pay traditions that reflected a different attitude and outlook many decades ago in our history.

So what we are seeking through this kind of setting is to gain the information that we need to identify those compensation discrepancies that are the result, in fact, of historic bias in our hiring system which allowed the market indeed to distort the established wage practices. Those of us who have been the recipients of that system are well aware of the disadvantage that it put us at.

What happened in Connecticut is even more important than what you believe were the causes of the original situation. What happened in Connecticut was very simply that instead of agreeing to collective bargaining agreements that provided across-the-board wage increases of 2 percent or 3 percent or 4 percent, the negotiators agreed to across-the-board increases of 2 percent, set aside the rest of the money in what they called in "equity pot," and used the "equity pot" to address the identified disparity between compensation and responsibility that resulted from the information brought to life by the study. In the course of about 6 years now, we have rectified the problems that we identified.

It has been rational process, a fair process. It has dealt with very real problems, and it promises a healthier future for all the employees in Connecticut.

What we are trying to do in this study is merely to study the Federal employees, classification system and to look at those issues, including market education, merit, seniority and all those other things and how they have influenced and do influence current compensation, and to provide ourselves with the information that we need to evaluate whether or not some factors that historically had influenced compensation schedules continue to influence those schedules at this time in our history.

Mr. ARMEY. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON. I yield to the gentleman from Texas.

Mr. ARMEY. Mr. Chairman, I appreciate the gentlewoman's point of view and I think she has expressed it very well.

There is no question about it, we do look at and understand the tradition and the history of occupational choice and the impact that that has had, giving us the often-cited pay differential.

One of the things that I would admonish the gentlewoman to understand is that, for example, even today as we look at the statistics, that differential if we look at it long enough is diminishing.

The CHAIRMAN pro tempore. The time of the gentlewoman from Connecticut [Mrs. JOHNSON] has expired.

(At the request of Mr. ARMEY, and by unanimous consent, Mrs. JOHNSON was allowed to proceed for 2 additional minutes.)

Mr. ARMEY. Mr. Chairman, will the gentlewoman yield further?

Mrs. JOHNSON. I yield to the gentleman from Texas.

Mr. ARMEY. I just wanted to point out that the younger and the unmarried woman worker in America is diminishing this differential to practically nothing.

What I am suggesting as I respond to this is that change is taking place in an orderly fashion, thanks largely to the civil rights legislation we have had earlier. We do have now, as Newsweek pointed out 2 weeks ago, women moving into nontraditional occupations in droves. We see this.

My concern is if we move to the implementation of the recommendations of a study of this nature that we will remove the pay differential that is now the existing incentive for women to make that jump into the nontraditional occupations and we will thwart this movement and it will have the result of more than ever before locking women into traditional female-dominated occupations, but even under more serious circumstances where they suffer even more competition from men for those jobs. Indeed, you would have a risk then of a de facto compromise of their equal access to work which is guaranteed to them under civil rights legislation.

My point is that I certainly do not want to have anyone suppose that I am indifferent to this historical experience. I am very much aware of it, but this legislation cannot resolve history. It can only affect the future and the future impact on all workers in general, but women workers in particular is indeed a very important concern that I have as I address this legislation.

Ms. SNOWE. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON. Yes, I yield to the gentleman from Maine.

Ms. SNOWE. Mr. Chairman, I thank the gentlewoman for yielding. I want to congratulate her on her statement, because I think she raises an important point here today with respect to this debate and that is what has taken place in the State of Connecticut and 44 other States throughout this country in addition to many, many local governments, who have initiated and implemented pay equity studies.

The CHAIRMAN pro tempore. The time of the gentlewoman from Connecticut [Mrs. JOHNSON] has again expired.

(At the request of Ms. SNOWE, and by unanimous consent, Mrs. JOHNSON was allowed to proceed for 2 additional minutes.)

Ms. SNOWE. Mr. Chairman, if the gentlewoman will continue to yield, it is difficult to understand here today why we have complicated this issue with respect to a job evaluation study of the Federal wage scale, when women are concentrated in lower grades and in some of the lowest salaries offered by the Federal Government.

The fact of the matter is that even the Court of Appeals' decision that was rendered in the AFSCME versus State of Washington, they applauded using job evaluation studies as a diagnostic tool. They applauded employers for using that as a way of evaluating the salaries that are given to employees.

Mrs. JOHNSON. Mr. Chairman, the gentlewoman from Maine is clarifying that this tool has been used in both the public and private sectors fruitfully; is that correct?

Ms. SNOWE. Absolutely. My understanding, in fact, is that it is predominantly in the private sector as a tool for evaluating.

We compare jobs every day. I do not understand why we have decided to complicate this issue on a study of the Federal wage system. We need to know if discrimination does exist. There is no presumption that it does.

The fact is, I think the court case that was rendered with respect to AFSCME versus Washington made some very important points in our favor.

So I thank the gentlewoman for pointing out to us here today what has taken place in the State of Connecticut. I do not understand why we are so afraid to act when 100 State and local governments have taken such actions. There are no adverse consequences to knowing what is there and what we need to address in future years.

Mrs. JOHNSON. Mr. Chairman, I thank the gentlewoman from Maine. I appreciate her point.

The purpose of this whole bill is to develop information and certainly a democracy is based on the fundamental belief that education will lead to enlightened decisions.

I think for us to fear the development of information is for us to contradict our own most basic traditions and beliefs.

I would also like to comment, though, on the earlier statement made by the gentleman from Texas.

The CHAIRMAN pro tempore. The time of the gentlewoman from Connecticut has again expired.

(By unanimous consent, Mrs. JOHNSON was allowed to proceed for 2 additional minutes.)

Mrs. JOHNSON. The comment made by my colleague, the gentleman from Texas, earlier that this might interfere with the motivation of women to move into nontraditional jobs is a complicated one.

First of all, I am delighted with the progress women are making, moving into the nontraditional jobs, and I would not for a moment do anything that would undercut their motivation for doing so; however, I do not want them to make that decision because they are underpaid in a job in which they are assuming a great deal of responsibility and that required them to get a lot of education to get that job.

The gentleman also alluded to the fact that in the private sector adjustments are going on and, indeed, they are. One of the problems in the public sector is that we have classification systems that are more rigid, and it is more difficult for those classifications to respond to change in the contemporary world than in the private sector. That is one of the reasons why it is very important that we do this study in order to reflect contemporary knowledge and information and use it to change the classification system, which is more rigid than the compensation system that most companies in the private sector use to determine compensation for their employees.

Mr. ARMEY. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON. Yes, I yield to the gentleman.

Mr. ARMEY. Mr. Chairman, I appreciate the gentlewoman's point. Indeed, we do want to be very careful about all these things.

I think perhaps the gentlewoman from Ohio used a rather unfortunate example of the kind of problems the gentlewoman is trying to correct. She talked about a Ph.D. who found herself stuck in an $18,000 a year job.

Now, the normal thing that we would expect anybody with the credentials of a Ph.D. to do if they did not like their $18,000-paying job would be to use those credentials to move on to another one.

I would hate to think that we would study the possibility or the feasibility of reworking the entire Federal system in order to relieve Ph.D.'s from the burden of taking their credentials and seeking out another job, perhaps in the private sector. This is indeed the problem that I have encountered many times in the university.

The CHAIRMAN pro tempore. The time of the gentlewoman from Connecticut has again expired.

(By unanimous consent, Mrs. JOHNSON was allowed to proceed for 2 additional minutes.)

Mrs. JOHNSON. I yield to the gentleman to complete his statement.

Mr. ARMEY. I might also point out that indeed where we have seen this methodology employed, for example, the Willis methodology employed in Washington, we have seen the bias in favor of white-collar workers with as it were paper credentials, as opposed to blue-collar workers with the credentials that one gets in the school of hard knocks or on-the-job training; so we do have risks here of hurting the very people we are most concerned to try to help.

Ms. OAKAR. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON. I yield to the gentlewoman from Ohio.

Ms. OAKAR. Mr. Chairman, first of all, I want to commend the gentlewoman from Connecticut and the gentlewoman from Maine [Ms. SNOWE] and my minority leader, the gentleman from Indiana [Mr. MYERS], the gentlewoman from Rhode Island, CLAUDINE SCHNEIDER, and others. This is truly a bipartisan bill and we always intended it to be that. I really appreciate the work that they have done on the bill.

I wanted to comment about the gentleman's remarks relative to having women have opportunities in so-called nontraditional jobs. The fact of it is that we have had testimony from a number of States who have implemented their study, like the State of Minnesota. They found that it cost the State payroll less than 1 percent per year phased in over a 4-year period.

One of the interesting things they found was that 15 percent of those individuals who had their salaries adjusted did in fact move into the so-called nontraditional jobs. That was an incentive for them, once their morale and productivity was picked up, because they were treated more fairly. They in fact pursued nontraditional jobs; so in no way does this factor to correct inequities limit the opportunities for women and minorities, and men, for that matter.

Mrs. JOHNSON. Mr. Chairman, I thank the gentlewoman from Ohio.

I think it is absolutely true that we cannot shrink from our responsibility to develop information and to develop a fair compensation system because someone might not be motivated to get a different job. We must do what is right and just for our employees.

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The CHAIRMAN pro tempore. The time of the gentlewoman from Connecticut [Mrs. JOHNSON] has again expired.

(On request of Mr. ARMEY, and by unanimous consent, Mrs. JOHNSON was allowed to proceed for 2 additional minutes.)

Mr. ARMEY. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON. I yield to the gentleman from Texas.

Mr. ARMEY. I thank the gentlewoman for yielding.

Mr. Chairman, I believe that is an important observation, but yet there is a larger observation because, as we know, as the price of anything goes up there will be less of it purchased, the law of downward sloping demand, one of the first things we generally learn in our economics courses.

Indeed, even in San Francisco, as we know, the mayor of San Francisco had to veto the legislation because she foresaw that the $76 million deficit that would come as a consequence of that to her city would result in a possible layoff of 800 employees. If, indeed, we raise costs, cause inflation, lay off workers, then indeed we reduce employment opportunities for all people, and especially within a rigid system such as ours, the first-in/first-out would probably damage a good many people.

Ms. OAKAR. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON. I yield to the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentlewoman for yielding.

Mr. Chairman, the gentleman mentioned San Francisco and what the mayor vetoed. What she vetoed was not a pay equity study or changing salaries. She vetoed a meal program. They apparently wanted meals paid and she said no, that was asking a little too much, and that is pretty much what she vetoed.

Ms. SNOWE. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON. I yield to the gentlewoman from Maine.

Ms. SNOWE. I thank the gentlewoman for yielding.

Mr. Chairman, I would like to make a further point here, because I know the issue has been raised with respect to what the consequences are of implementing a study of the Federal wage system.

I might suggest that we do not need a study to sue the Federal Government. We do not need a study to sue others. Individuals can initiate those actions on their own, irrespective of any study that might be conducted. So that is the issue here today.

One thing further: I think we are overlooking the major objective, and that is to undertake a study that will analyze why women are concentrated in the lowest grades and in the lowest salary positions in the Federal Government. I think that is a respectable objective that this Congress could support.

The CHAIRMAN pro tempore. Are there further amendments to section 2? If not, the Clerk will designate section 3.

The text of section 3 is as follows:

SEC. 3. COMMISSION.

(a) ESTABLISHMENT.—There shall be established a commission to be known as the Commission on Equitable Pay Practices.

(b) COMPOSITION.—The Commission shall be composed of—

(1) the Comptroller General of the United States;

(2) the Director of the Office of Personnel Management:

(3) 5 members appointed by the President, of whom—

(A) 2 shall be appointed upon the recommendation of the Speaker of the House of Representatives in consultation with the minority leader of the House of Representatives; and

(B) 2 shall be appointed upon the recommendation of the majority leader of the Senate in consultation with the minority leader of the Senate; and

(4) 4 members appointed by the Director of the Office of Personnel Management, of whom—

(A) 2 shall be appointed to represent the respective labor organizations representing (as exclusive representatives) the largest and the second largest numbers of individuals in Government service;

(B) 1 shall be appointed to represent employee organizations having as a purpose promoting the interests of women in Government service and composed primarily of women holding positions covered by either of the systems referred to in section 2(a); and

(C) 1 shall be appointed to represent employee organizations having as a purpose promoting the civil rights of individuals in Government service and composed primarily of minority group members holding positions covered by either of the systems referred to in section 2(a).

To the extent practicable, appointments under this section shall be made with a view toward maintaining a fair balance in the interests represented and the functions to be performed by the Commission.

(c) CONDITIONS FOR MEMBERSHIP.—(1)(A) Members of the Commission appointed under paragraph (3) or (4) of subsection (b) shall not be officers or employees of the United States.

(B) If any member of the Commission referred to in subparagraph (A) becomes an officer or employee of the United States, that individual may continue as such a

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member for not longer than the 15-day period beginning on the date that such individual becomes such an officer or employee.

(2)(A) A member of the Commission appointed under subsection (b)(4) shall be the highest elected official (other than an officer or employee of the United States)—

(i) of the organization (or 1 of the organizations, if that individual represents 2 or more organizations) which that individual represents;

(ii) who agrees to serve.

(B) If any member of the Commission referred to in subparagraph (A) ceases to be the highest elected official from an organization who is eligible to serve on the Commission, that individual may continue as such a member for not longer than the 15-day period beginning on the first day that such individual ceases to be so eligible.

(3) An individual on leave without pay from the Government shall not, for purposes of this subsection, be considered an officer or employee of the United States.

(d) COMPENSATION.—(1) Members of the Commission shall receive no pay on account of their service on the Commission (except as provided in paragraph (2)), but while away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service under section 5703 of title 5, United States Code.

(2)(A) Subject to subparagraph (B), a member of the Commission appointed under subsection (b)(3) may be paid at a rate not to exceed the daily equivalent of the rate of basic pay payable for level IV of the Executive Schedule for each day (including travel time) the member is engaged in the performance of services for the Commission.

(B) A member of the Commission appointed under subsection (b)(3) shall receive no additional pay by reason of service on the Commission for any period during which that individual continues to serve after becoming an officer or employee of the United States.

(e) TIMING OF APPOINTMENTS; QUALIFICATIONS.—All appointments under paragraphs (3) and (4) of subsection (b) shall be made within 20 days after the effective date of this Act and shall be made from among individuals who are especially qualified to serve on the Commission by virtue of their expertise and experience.

(f) VACANCIES.—A vacancy in the Commission shall be filled in the manner in which the original appointment was made and shall be subject to any conditions which applied with respect to the original appointment.

(g) CHAIR AND VICE CHAIR.—The Chair and Vice Chair of the Commission shall be elected by the members of the Commission.

(h) QUORUM.—Six members of the Commission shall constitute a quorum.

(i) MEETINGS.—The Commission shall meet at the call of the Chair or a majority of its members, but at least once every 2 months.

(j) NONAPPLICABILITY OF LIMITATION.—Appointments under this section shall not be considered for purposes of section 5311(b) of title 5, United States Code.

(k) TERMINATION OF COMMISSION.—The Commission shall cease to exist 90 days after completing the applicable requirements of section 7.

The CHAIRMAN pro tempore. Are there any amendments to section 3?

AMENDMENT OFFERED BY MR. BURTON OF INDIANA

Mr. BURTON of Indiana. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURTON of Indiana: In section 3, strike out subsections (b), (c) and (d) and insert in lieu thereof the following:

(b) COMPOSITION.—The Commission shall be composed of 14 members, of whom—

(1) 7 shall be appointed by the President in consultation with the majority leader of the Senate and the minority leader of the House of Representatives; and

(2) 7 shall be appointed by the President upon the joint recommendation of the Speaker of the House of Representatives and the minority leader of the Senate.

To the extent practicable, appointments under this section shall be made with a view toward maintaining a fair balance in the interests represented and the functions to be performed by the Commission.

(c) CONDITION FOR MEMBERSHIP.—(1) Members of the Commission shall not be officers or employees of the United States.

(2) If any member of the Commission becomes an officer or employee of the United States, that individual may continue as such a member for not longer than the 15-day period beginning on the date that such individual becomes such an officer or employee.

(3) An individual on leave without pay from the Government shall not, for purposes of this subsection, be considered an officer or employee of the United States.

(d) COMPENSATION.—Members of the Commission shall receive no pay on account of their service on the Commission, but while away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service under section 5703 of title 5, United States Code.

In section 3(e), strike out "paragraphs (3) and (4) of".

In section 3(h), strike out "Six" and insert in lieu thereof "Eight".

Mr. BURTON of Indiana (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BURTON of Indiana. Mr. Chairman, I would like to introduce an amendment to H.R. 3008. My amendment would eliminate the Commission bias, in the bill. The present Commission is obviously stacked in favor of those who would use the comparable worth standard to ratify their current presumption of discrimination. Instead of having a Commission tilted toward one side, I propose that Democrats appoint seven members, and that Republicans appoint seven members.

In H.R. 3008 the President and the Director of the Office of Personnel Management must appoint people from specified groups. The result of this is to set up a loaded Commission. We should have an open-minded Commission. The appointment of seven members by each party is as fair as possible. How can either party honestly justify more than an equal share for themselves? I hope that all of us can support this evenhanded approach.

This amendment takes an already political process and makes it reasonable. The goal of this amendment is "A fair balance in the interests represented." We should all be in favor of that goal and this amendment.

Mrs. BOGGS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Indiana because I think that with the exception of committee amendments, we should oppose the various amendments to this bill.

The gentlewoman from Ohio has worked very hard within the committee to make certain that the bill that has come out is a simple, well-balanced bill that is very bipartisan in its approach. The Commission that has been authorized by the bill is a bipartisan Commission with an independent consultant who will, indeed, offer the findings of the Commission to the Congress and to the President in a very unbiased manner.

I feel that we have gone a little astray from what this legislation truly does, and I think the time has come, before we consider any other amendments, to have a pithy explanation of the essential elements of this bill.

Mr. Chairman, I would like to yield to my colleague, the gentlewoman from Louisiana [Mrs. LONG] for an explanation of what H.R. 3008 portends to do.

Mrs. LONG. I thank my colleague for yielding.

Mr. Chairman, I do think we are getting a little off the track and I would like to go back and review exactly what it is we are talking about.

Today, the House will be completing its consideration of H.R. 3008, the Federal Equitable Pay Practices Act of 1985. This bill is an amended version of legislation which passed in the last Congress by an overwhelming vote of 413 to 6.

H.R. 3008 calls for a study of the Federal pay and classification systems to determine whether discrimination based on sex, race, or Hispanic origin is present. The language contained in H.R. 3008 is consistent with civil rights policies enacted 20 years ago which prohibit sex and race-based wage discrimination. The bill is designed to provide information and guidance to policymakers on pay practices within the Government. As a study of the Federal Government, it will have no effect on any private corporation or any State or local government. The study will use both job content analysis and economic analysis methods of job evaluation as was recommended by the General Accounting Office.

I think the bipartisan Commission established in the bill is a very fair one. It is responsible for reporting to the President and Congress on findings made by an independent consultant. It is a fair Commission and I think, too, that we are forgetting that this bill is a result of a need demonstrated by the fact that extensive hearings were held on it. We would not be here today working so hard for this were it not for the fact that the need has been demonstrated.

I think that a study is in order. It has been a long time in coming and I certainly commend the staff and the gentlewoman from Ohio for the very hard work she has put into this effort.

Mrs. BOGGS. I thank the gentlewoman for her comments and I would like, Mr. Chairman, to say that the bipartisan aspect of this bill was certainly demonstrated by the 18-to-4 vote by which it was reported out of committee.

When we consider that 45 States, including our own State of Louisiana, have indeed undertaken this kind of study that the bill urges, the overwhelming show of support is not surprising. I might say that the gentlewoman from Connecticut and the gentlewoman from Maine represent the north and northeastern part of the United States, and my colleague, the gentlewoman from Louisiana and I perhaps represent the southern axis, so we know the bill has nationwide support. It is not surprising that it has this support.

What is surprising is the campaign of distortion that has been waged against the Federal Equitable Pay Practices Act. The reaction from the bill's opponents is way out of proportion to what this simple, straightforward and just legislation aims to accomplish—a study to ensure that our civil service wage and classification systems are free of bias.

I urge my colleagues to defeat any amendments that are not committee amendments to this bill.

Mr. ARMEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to thank the gentleman from Indiana [Mr. BURTON] for his amendment. I know he has worked very hard on this legislation and, of course, I realize that the committee has worked very hard in drafting that bill which will give them exactly what they want. Indeed, that begins in this section of the bill with exactly that Commission they want. One does not have to have a Ph.D. in anything to read this bill and to realize that when we get done with this Commission, we will have six members of the Commission who are already on record as being proponents of the concept of comparable worth and five who may or may not be.

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Obviously, there is no desire for a fair commission.

But I was distressed about another thing I heard just a moment ago, the recommendation that we reject all of the amendments that might be offered. It seems to me fairness, which is something obviously we are all clamoring for here, begins with an open mind, a consideration.

Is it possible we do not have the perfect bill? We did not have it in the 98th Congress. We did not have it in the committee and some changes were made. There have been changes brought to the floor by the committee today to make further changes.

Is it conceivable, is it conceivable that some of us who have taken so much of our time and our interests and our expertise to study this bill with respect to its alleged objectives, is it conceivable that some of us might have a better idea, and perhaps those ideas, having been heard, might be acceptable to this body. Or should we just at the outset, before we hear them, draw a conclusion that we will accept none of them?

Let me talk about a couple of other points. Will this be confined to the Federal sector or not? Eleanor Smeal does not think so. Eleanor Smeal said at a press conference called by the distinguished gentlewoman from Ohio, Ms. OAKAR, Eleanor Smeal said first the Federal Government, then we will move on the private sector.

And in yesterday's New York Times, the distinguished gentlewoman is quoted as saying that she believes the Federal Government should be a bellweather for the private sector. I understand that there is legislation regarding the private sector that has already been submitted to this body.

Yes; we have real concerns about the extent to which this idea spreads. You know, I have been a student of the behavior of the private sector, and going back at least to World War II, one of the things we can see is every bad habit you see, every bad business practice you see in the private sector is an idea they have gained from the public sector, from the Government. And this looks like the genesis of another bad idea for the private sector.

Is there widespread support? In a poll taken just last July, we find that over 80 percent of the women that were polled favor enforcement of existing civil rights legislation and only 18 percent would choose the passage of additional laws.

I am suggesting to you that not only do the Members of this body have a better understanding of this legislation, but the public at large understands this legislation and in particular, the working women of America understand this legislation, and they do not want this legislation.

But if indeed the legislation should be passed, let us at least examine the amendments and see if it is possible that we might find a way to make it less pernicious to the public interest.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ARMEY. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. Mr. Chairman, I want to follow up on one comment you made, and that is that this is going to be the catalyst for legislation involving the private sector on the comparable-worth issue. I just wanted to get your opinion on what that would do, as an economist, to the entire private sector, and whether or not this would end up in socializing the private sector to a degree?

Mr. ARMEY. Well, yes, as a matter of fact, and it is because I am an economist that I have been concerned over this legislation. One, it will be inflationary, irrespective of any testimony to the contrary. One of the best definitions is paying people more money for the same or less work. This will do that. And two, it will be disruptive.

But more than anything else, it will give an agency or an organization of the Federal Government the authority to set wages by job classification, and that is a dangerous precedent for us to set in the public sector.

The CHAIRMAN pro tempore. The time of the gentleman from Texas [Mr. ARMEY] has expired.

Mr. BURTON of Indiana. Mr. Chairman, I ask unanimous consent that the gentleman have 30 additional seconds.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Indiana.

Mr. ROBINSON. Mr. Chairman, I object.

Ms. OAKAR. Mr. Chairman, in fairness, I would ask my friend not to object at this point.

Mr. ROBINSON. With all due respect, I have heard enough. I object.

The CHAIRMAN pro tempore. Objection is heard.

Ms. OAKAR. Mr. Chairman, I move to strike the requisite number of words.

I yield to the gentleman from Indiana [Mr. BURTON] for 30 seconds.

Mr. BURTON of Indiana. I thank the gentlewoman for yielding. I do not understand the gentleman's concern about this, but he has the right to object.

My concern is that we are heading in a direction where we are going into uncharted waters, and nobody in this country wants to see socialism. When you start putting a Government agency or commission in charge of deciding what different jobs are worth, I think you are treading in very precarious waters, and I think this is a mistake. That is one of the reasons I pursued this with the previous speaker.

Ms. OAKAR. Mr. Chairman, I rise in opposition to the amendment, as a capitalist Member of Congress.

Let me just say that one of the things we did was work out a compromise with my friend from Indiana.

In the original bill last year, which was passed overwhelmingly, the makeup of the Commission was comprised of five labor organizations representing Government workers and OPM.

This year, with the help of the minority leader of the committee, we changed the makeup of the Commission. The Commission's current composition ensures that it is a balanced group representing all interests. As outlined in the bill, the Commission would consist of the Comptroller General of the United States, who, by the way, is appointed by the President; the Director of the Office of Personnel and Management, who, by the way, is appointed by the President; five members appointed by the President, two upon recommendation from the Speaker, two upon recommendation from the majority leader of the Senate. After consulting with the minority leaders of both bodies, four members appointed by the Director of OPM, again appointed by the President, representing Federal labor groups, women's groups, representing federally employed women and civil rights organizations with an interest in Federal employees.

The bill also stipulates that the members of the Commission should have expertise and experience in Federal compensation practices.

The amendment offered by the gentleman from Indiana [Mr. Burton], my friend, would base the selection of the Commission on party affiliation, ensuring that the Commission would be partisan. We do not want to do that.

In addition, the Commission proposed by my friend from Indiana would preclude participation by the Director of the Office of Personnel Management and the Comptroller General of the United States. OPM has responsibility for Federal personnel practices and policies and should be represented on the Commission. The GAO has the experience and expertise because of its prior work in this area to facilitate the study.

Furthermore, the amendment of my friend, the gentleman from Indiana [Mr. Burton] does not require or recommend that the Commission members be experienced in conducting studies of this nature. So the gentleman's amendment, which was previously rejected by the Committee on Post Office and Civil Service, and disrupts the nonpartisan balance of the present composition of the Commission, is unacceptable.

I therefore urge the rejection of the amendment offered by the gentleman from Indiana [Mr. Burton] because frankly we changed the makeup of the Commission in compliance with my friend from Indiana, Mr. Myers.

Mrs. SCHNEIDER. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I yield to the gentlewoman from Rhode Island [Mrs. Schneider].

Mrs. SCHNEIDER. I thank my colleague for yielding. I would like to commend her on her reasonable approach and her analytical and thorough assessment of the makeup of this Commission, because I think it has been a point of some confusion.

I also want to congratulate the gentlewoman for her willingness to compromise and to come forward with what I believe to be one of the most fair and equitable approaches to structurally providing a mechanism whereby we can accomplish the ultimate goal, and that is of doing a study. So I commend my colleague, and I likewise urge the defeat of this amendment.

Ms. OAKAR. I thank my friend.

Mr. MYERS of Indiana. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I am happy to yield to the minority leader of the subcommittee.

Mr. MYERS of Indiana. I thank my Chair for yielding. To confirm what she has said, the original bill that you did introduce was unsatisfactory as far as I was concerned in composition. I must admit, if I had sole responsibility of appointing a commission, this would not be the composition of a commission that I would appoint. However, this was a compromise. It is not what you would have liked, either. The authors of this legislation did not like this, either.

But since legislation is an art, if that is what it is, of compromise, it is the best that either side could come out with.

I thank the gentlewoman for yielding.

The CHAIRMAN pro tempore. The time of the gentlewoman from Ohio [Ms. Oakar] has expired.

Mr. ARMEY. Mr. Chairman, I ask unanimous consent that the gentlewoman from Ohio [Ms. Oakar] be given 2 more minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. ROBINSON. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MYERS of Indiana. Mr. Chairman, I move to strike the requisite number of words.

I yield to the gentleman from Texas [Mr. Armey].

Mr. ARMEY. I appreciate the gentleman yielding.

I suppose I may border on the facetious here, and I certainly do not mean to. I take this as a very serious subject. But we have heard so much talk about compromise, and we combine that talk with fairness and, of course, we all like compromise, and we all like fairness. But look at what we are talking about here.

First of all, we have a committee that has a disproportionate number of members on your side of the aisle to the membership in the House, and so in effect you outnumber us. And we have a committee that has a sense of unified position with a minority of members of that committee taking that position, which is generally the case.

So in effect, what we have done is to obtain a majority compromise with a minority to create a commission that has a majority of membership that represents the point of view of the majority of the committee, and that, in my estimation, is hardly a fair compromise.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MYERS of Indiana. I yield to the chairman of the Committee on Post Office and Civil Service, the gentleman from Michigan [Mr. Ford].

Mr. FORD of Michigan. I would like to correct one thing on the record. I believe that the ratio of the Committee on Post Office and Civil Service is below the ratio in the House. We have one more Republican to Democrat than we should have, but as the chairman, I have no objection to it because I have full confidence in the Republican Members of that Committee. And nobody on my side has complained that the Republicans are theoretically overrepresented on the committee.

Ms. OAKAR. Mr. Chairman, will the gentleman yield?

Mr. MYERS of Indiana. I yield to the gentlewoman from Ohio.

Ms. OAKAR. I just wanted to say one of the things that we attempted to do in working closely with the minority Members was to have witnesses who opposed the bill and those who are for the bill appeal at our hearings, and we tried to be eminently fair about it. Frankly, it is true that I had the votes to work my will through the committee, but I do not think we should operate that way. That is why we worked out this compromise, and I think the Commission is not drafted the way I would have wanted. But it is a compromise. It was equally compromised in this case, and I appreciate my distinguished minority leader yielding on that.

Mr. ARMEY. Mr. Chairman, will the gentleman yield?

Mr. MYERS of Indiana. I yield to the gentleman from Texas.

Mr. ARMEY. If you would please, I would like to at least reclaim my face a little bit. I think the distinguished chairman of the committee made a very good point and I commend him for his failure to raise an objection to that. This is indeed one of the few committees, and I did not realize there were any committees where such ratios existed. And I have to say in all fairness, you did get me on that one.

But, in fact, on the committee, the majority of the members do, indeed, support the comparable-worth concept, and a compromise worked out by the committee membership, as evidenced by the number of Republicans speaking on behalf of the bill. We are still a little edgy and I appreciate it.

I do want to be sure that we do not make too big a thing of a compromise with the odds stacked in that favor.

Mr. MYERS of Indiana. Reclaiming my time, I do not think necessarily because you have a majority and a minority party, that there must be differences of opinion. There need not be an adversary and a proponent in every case.

There are going to be some areas here, and as I researched it, there are some areas that I do not agree with in the legislation and we have talked about it. But again, this legislation was a compromise. It is not the ideal.

But I am going to talk about this later. This is certainly not the dangerous bill that some have portrayed it to be, and I am concerned and alarmed by the misrepresentation by some organizations throughout the country and some from within this body.

Ms. OAKAR. Mr. Chairman, will the gentleman yield?

Mr. MYERS of Indiana. I yield to the gentlewoman from Ohio.

Ms. OAKAR. Mr. Chairman, I will submit for the RECORD, as long as one organization has been mentioned, a list of 31 different women's organizations from the League of Women Voters, to the American University Professors and the National Commission on Working Women, which endorse H.R. 3008. The list shows a real cross section of women across this country who suport this bill.

Mr. Chairman, I submit that for the RECORD:

The Congressional Caucus for Women's Issues.
The Congressional Black Caucus.
The Congressional Hispanic Caucus.
AFL-CIO.
The National Federation of Business and Professional Women.
National Education Association.
American Nurses Association.
League of United Latin American Citizens.
National Political Congress of Black Women.
Amercian Federation of Government Employees, AFL-CIO.
American Association of University Women.
Communication Workers of America, AFL-CIO.
Service Employees International Union, AFL-CIO.
Leadership Conference on Civil Rights.
Federally Employed Women.
National Federation of Federal Employees.
National Women's Political Caucus.
League of Women Voters.
National Commission on Working Women.
Mexican American Women's National Association.
American Federation of State, County, and Municipal Employees, AFL-CIO.
Public Employees Department, AFL-CIO.
Industrial Union Division, AFL-CIO.
Women's Equity Action League.
National Organization for Women.
National Treasury Employees Union.
Americans for Democratic Action.
American Civil Liberties Union.
International Ladies Garment Workers Union, AFL-CIO.
National Committee on Pay Equity.
Federal Managers Association.
National Association of Social Workers.

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Mr. MYERS of Indiana. And I do not belong to a single one of those organizations, but I still support the legislation.

Mr. BARTON of Texas. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong support of the Burton amendment. I had not intended to speak on its behalf, but due to the debate that has just transpired, I thought it might be educational for the Members of this body to see just what this Commission is composed of.

Remember that there are going to be a total of 11 members. Two of those members are going to be appointed upon the recommendation of the Speaker of the House; one would assume that those two members would be predisposed to voting in favor of the gentlewoman from Ohio's idea about what comparable worth is.

Four are going to be appointed by the Director of the Office of Personnel Management. On the surface, one would think that they might be open minded and fair; but when we look at the four that the Office of Personnel Management director must appoint, we see a different story. We find out that two of those members must represent the respective labor organizations representing, the largest and the second largest number of individuals in Government labor unions. One shall be appointed to represent the employee organization, having as a purpose promoting the interests of women in Government service, and composed primarily of women holding positions covered by either of the systems referred to. One shall be appointed to represent employee organizations having as a purpose promoting the civil rights of individuals in government service, and composed primarily of minority group members.

Now, these four members that the Director of OPM is going to appoint are honest individuals; they are individuals of highest integrity; but the very fact that they represent labor organizations and organizations of this type indicate they are going to be predisposed to make recommendations that may not be nonbiased in the truest sense of the word.

Therefore, I think that Mr. BURTON's amendment to appoint a more equitable and fairer Commission should be supported and we should vote in favor of it.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I find an interesting sort of an anomaly involved in me constantly defending the Republicans here today, but the implication of what is being said is that if you have seven Democrats and seven Republicans appointed by some test that establishes that fact, that the Republicans would not appoint anyone who is a representative of a labor organization, representing Government employees, and the Republicans would not appoint anybody from an employee organization promoting the interests of women, and the Republicans would not appoint anybody representing employee organization promoting civil rights.

Now I submit that that is not what the experience we have had with Republican nominations to commissions of this kind is, and I think it is unfair to suggest as some have that the makeup of the commission indicates that these would be more Democrats than Republicans.

For that reason, I rise to the defense of the Grand Old Party, which is having enough trouble these days.

Mr. BURTON of Indiana. Will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman.

Mr. BURTON of Indiana. I think the point that my colleagues were trying to make was that because the selections by OPM and by the President would be limited to certain categories, that the Commission would be stacked; and my amendment says seven Republicans and seven Democrats, and gives the President a lot more latitude in who he can pick.

Now I have a great deal of confidence in the President's judgment, and I am sure that the people he picks are going to have expertise in this area; he is not going to just pick somebody off the street.

So seven Republicans and seven Democrats would give us a fair Commission, I feel confident.

Mr. FORD of Michigan. The gentleman does not believe that he can find a Republican woman associated with women's rights or a member of a minority group associated with civil rights who is a Republican?

Phyllis Schlafly would not take very kindly to what the gentleman is saying.

Mr. **BURTON** of Indiana. Do not put words in my mouth.

Will the gentleman yield further?

Mr. **FORD** of Michigan. One of the groups involved is the National Federation of Business and Professional Women. When last checked, that was a woman president, a Republican woman. Open and overt. Practices it in public.

Mr. **BURTON** of Indiana. If the gentleman will yield further.

Mr. **FORD** of Michigan. I yield to the gentleman.

Mr. **BURTON** of Indiana. I am sure that there are going to be some competent people picked for that Commission, as it is currently preceived.

What I am saying is, as the gentleman from Texas [Mr. BARTON] said earlier, that the selections are so limited that it is bound to be stacked if we follow the proposed legislation.

Mr. **MYERS** of Indiana. Will the gentleman yield?

Mr. **FORD** of Michigan. I yield to the gentleman.

Mr. **MYERS** of Indiana. I hesitate to prolong this, Mr. Chairman, but I think if you had seven and seven you would have a deadlock and probably not accomplish anything; maybe that is what is wanting to be done here, but in fairness, if you want anything at all you almost have to have one over a balance; one way or the other. I do not know which way this will roll out; I will suspect it will roll out the way that the proponent of this amendment is suggesting.

Nevertheless, the minority members, if they are unsatisfied or dissatisfied with the report, can always write minority views as we do in committee. My goodness, we get rolled here all the time as minority Members, but we have every right to still write minority views; and then we, after the report comes back to us, we as individual Members of this Congress, if we ever have to act on the suggestions from this report, then we can side with the minority if we want, or you in the majority can side with the minority, or we can side with the majority; but at least every view will be expressed, and we are not precluded from doing so.

Mr. **FORD** of Michigan. I thank the gentleman for those comments, and I would simply like to observe that this Commission's final product, it seems to me, will have more credibility if it is on its face made up of people selected by the President because of the positions of presumed knowledge and background that they have than because of their particular party preference.

In the one case the gentleman has them branded right off the bat as people who got their jobs because they could be identified with one of the two major political parties, as distinguished from people who were selected because they run the Office of Personnel Management or they run the GAO or anything else.

It just does not seem rigth to denigrate this kind of a Commission, which we are trying to give the outline of and the structure of a group that would have credibility when you look at the report, that they know what they are talking about; that they know how to develop something like this that will mean something.

I would not like to legislate and have somebody, say by a 7-to-5 vote, the Democrats decided that this recommendation ought to be done with this class, and by a 7-to-5 vote the Republicans decided something else.

The **CHAIRMAN** pro tempore. The time of the gentleman from Michigan [Mr. FORD] has expired.

(On request of Mr. BURTON of Indiana, Mr. FORD of Michigan was allowed to proceed for 1 additional minute.)

Mr. **BURTON** of Indiana. Will the gentleman yield?

Mr. **FORD** of Michigan. I yield to the gentleman.

Mr. **BURTON** of Indiana. The gentleman brought up one interesting point in your comments just now, Mr. Chairman, and you mentioned the GAO. There is going to be a member of the GAO possibly serving on the Commission.

My question is, if you have a member of the GAO serving on the Commission, how can they be expected to audit the Commission if requested to do so by Congress? Is not that a conflict of interest?

Mr. **FORD** of Michigan. If I said that, I misspoke. I am not talking about a member of GAO or an employee of GAO sitting on the Commission.

Mr. **BURTON** of Indiana. If the gentleman will continue to yield, I think the bill provides that a member of the GAO can be appointed to the Commission. Is that not correct?

Mr. **FORD** of Michigan. Well, the Comptroller General will designate a person, and presumably somebody he knows.

Mr. **BURTON** of Indiana. If the chairman will yield further, I am not trying to raise a red herring here. I feel there would be a possible conflict of interest if there was somebody from GAO on that Commission and we wanted to have an audit. How would it be done?

Mr. **FORD** of Michigan. Well, the President appoints the Comptroller General, and I am sure that if he thought there was any conflict of interest going on, he would take care of it.

The **CHAIRMAN** pro tempore. Is there further discussion?

The question is on the amendment offered by the gentleman from Indiana [Mr. BURTON].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. **BURTON** of Indiana. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 150, noes 272, not voting 12, as follows:

[Roll No. 349]

AYES—150

Archer
Armey
Badham
Bartlett
Barton
Bateman
Bentley
Bereuter
Biaggi
Bilirakis
Bliley
Boulter
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Callahan
Campbell
Carney
Chandler
Chappie
Cheney
Coats
Cobey
Coble
Coleman (MO)
Combest
Courter
Craig
Crane
Dannemeyer
Daub
DeLay
DeWine
DioGuardi
Dornan (CA)
Dreier
Duncan
Eckert (NY)
Edwards (OK)
Emerson
Evans (IA)
Fawell
Fiedler
Fields
Franklin
Frenzel
Gallo
Gekas
Goodling
Gradison
Gregg
Grotberg
Hammerschmidt
Hansen
Hartnett
Hendon
Henry
Hiler
Holt
Hopkins
Hubbard
Huckaby
Hunter
Hyde
Ireland
Kasich
Kemp
Kindness
Kolbe
Kramer
LaFalce
Lagomarsino
Latta
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Mack
Madigan
Martin (IL)
Martin (NY)
McCain
McCandless
McCollum
McEwen
McGrath
McMillan
Michel
Miller (OH)
Miller (WA)
Molinari
Monson
Moorhead
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Porter
Quillen
Ridge
Ritter
Roberts
Rogers
Roth
Rowland (CT)
Rudd
Saxton
Schaefer
Schuette
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Slaughter
Smith (NE)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snyder
Solomon
Spence
Stangeland
Strang
Stump
Sundquist
Sweeney
Swindall
Taylor
Thomas (CA)
Vander Jagt
Vucanovich
Walker
Weber
Whitehurst
Whitley
Whittaker
Wortley
Young (FL)
Zschau

NOES—272

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Aspin
Atkins
AuCoin
Barnard
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Bevill
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Carper
Carr
Chapman
Chappell
Clay
Clinger
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coughlin
Coyne
Crockett
Daniel
Darden
Daschle
Davis
de la Garza
Dellums
Derrick
Dicks
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer

Dymally
Dyson
Eckart (OH)
Edgar
Edwards (CA)
English
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gordon
Gray (IL)
Gray (PA)
Green
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Hillis
Horton
Howard
Hoyer
Hughes
Hutto
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kleczka
Kolter
Kostmayer
Lantos
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Lloyd
Long
Lowry (WA)
Luken
Lundine
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McHugh
McKernan
McKinney
Meyers
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Moakley
Mollohan
Montgomery
Moody
Moore
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Panetta
Pease
Penny
Pepper
Perkins
Petri
Pickle
Price
Pursell
Rahall
Rangel
Ray
Regula
Reid
Richardson
Rinaldo
Robinson
Rodino
Roe
Roemer
Rose
Rostenkowski
Roukema
Rowland (GA)
Roybal
Russo
Sabo
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sharp
Shelby
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NJ)
Snowe
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tallon
Tauke
Tauzin
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitten
Williams
Wilson
Wirth
Wise
Wolf
Wolpe
Wylie
Yates
Yatron
Young (AK)
Young (MO)

NOT VOTING—12

Addabbo
Brown (CA)
Dickinson
Dingell
Early
Gingrich
Kildee
Lungren
Marlenee
Savage
Wright
Wyden

☐ 1520

Mr. COMBEST changed his vote from "no" to "aye."

Mr. ERDREICH changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. Are there further amendments to section 3? If not, the Clerk will designate section 4.

The text of section 4 is as follows:

SEC. 4. POWERS OF THE COMMISSION.

(a) DIRECTOR; TECHNICAL ADVISORS; DETAILS FROM OTHER AGENCIES.—(1) The Commission—

(A) may appoint and fix the pay of a director without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, except that the rate of basic pay payable to the director may not be equal to or exceed the rate payable for GS-18 of the General Schedule; and

(B) shall procure the services of not less than 3 and not more than 5 experts under section 3109 of title 5, United States Code, to serve as a source of technical advice for the Commission.

(2) Upon request of the Commission, the head of an agency may detail, on a nonreimbursable basis, any of the personnel of such agency to the Commission to assist the Commission in carrying out its responsibilities under this Act.

(b) HEARINGS; OBTAINING INFORMATION; SUBPOENA POWER; MAIL; SUPPORT SERVICES.—(1) The Commission may, for the purpose of carrying out this Act, hold such hearings and sit and act at such times and places, take such testimony, and receive such evidence, as the Commission considers appropriate. The Commission may administer oaths or affirmations to witnesses appearing before it.

(2) The Commission may secure directly from any agency any information necessary to enable it to carry out this Act. Upon request of the Commission, the head of such an agency shall, to the extent permitted by law, furnish such information to the Commission.

(3)(A) The Commission may issue subpoenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter under investigation by the Commission. Such attendance of witnesses and the production of such evidence may be required from any place within the United States at any designated place of hearing within the United States.

(B) If a person issued a subpoena under subparagraph (A) refuses to obey such subpena or is guilty of contumacy, any court of the United States within the judicial district within which the hearing is conducted or within the judicial district within which such person is found or resides or transacts business may (upon application by the Commission) order such person to appear before the Commission to produce evidence or to give testimony relating to the matter under investigation. Any failure to obey such order of the court may be punished by such court as contempt thereof.

(C) The subpoenas of the Commission shall be served in the manner provided for subpoenas issued by a United States district court under the Federal Rules of Civil Procedures for the United States district courts.

(D) All process of any court to which application may be made under this section may be served in the judicial district in which the person required to be served resides or may be found.

(4) The Commission may use the United States mails, and receive administrative support services from the administrator of General Services, in the same manner and under the same conditions as other agencies.

(5) Any member of the Commission may, if so authorized by the Commission, take any action which the Commission is authorized to take under this subsection.

Mr. BONER of Tennessee. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong support of H.R. 3008, the equitable pay practices in the civil service.

I commend Representative MARY ROSE OAKAR for sponsoring this important measure and I would like the record to show that I was a cosponsor of Representative OAKAR's original measure this session, H.R. 27. Unfortunately, I missed the chance to have my name listed as a cosponsor of H.R. 3008.

Mr. Chairman, according to the Census Bureau, the average earnings for year-round, full-time female workers were only 66 percent of the earnings of men. Women employed by the Federal Government earn an average of 62.8 percent of the wages of their male counterparts. In addition, Office of Personnel Management data indicate that women working in the Federal Government are concentrated in fewer occupations than are men, and that these positions are ranked at lower grade and pay levels. This data are quite startling.

We cannot merely assume away the possibility that these wage gaps are the result of discrimination. Certainly we owe it to our Federal employees to explore this issue. There has never been a full and complete study of the Federal pay and classification system since its inception and, like many of my colleagues, I believe it is time we had such a study.

H.R. 3008 mandates such a study—a study to determine whether Federal employees are affected by discrimination on the basis of sex, race, or ethnic origin.

Only Federal job classifications will be studied and the recommendations will be limited to the Federal civil service. The study will be conducted by an 11-member bipartisan Commission which, after 18 months, will report its findings and recommendations. I do not believe that this study will be an easy one to conduct. The issue of discrimination and the ways by which it can be measured are admittedly difficult. But we should not shrink from a challenge to explore what is clearly evidenced by the Census and Office of Personnel Management data.

With the Commission's report, Congress will be provided with a complete and accurate review of the wage gap which exists between men and women in the Federal civil service and whether that gap is the result of factors of sex, race, or ethnicity. If the Commission finds that the Federal civil service is marked by discrimination, Congress should move quickly to end it. As already stated by many of the proponents of this measure, equity and fairness must continue to be our goal.

I again commend Representative OAKAR and the other members of the Post Office and Civil Service Committee for bringing this important measure to the floor.

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS: On page 8, line 23, strike the language beginning with the word "that" through to "Commission" on line 24, and insert in lieu thereof: "to which the Commission is entitled under subsection (b)(2)"

Mr. KINDNESS. Mr. Chairman, this will not take very long. If I may just take a moment to focus on it, I appear before the committee at this point as a watchdog from the Committee on the Judiciary.

Mr. Chairman, the purpose of this amendment is simply to limit the materials that can be required to be produced pursuant to a subpoena issued by the Commission to that kind of information to which the Commission is entitled under existing law under the preceding paragraph under which they are authorized to request information.

I think it is questionable whether a temporary commission should have subpoena power, to begin with; and as a member of the Committee on the Judiciary I do concern myself with such things, but I am satisfied that the Commission does have, under the terms of this bill, to go to court in order to enforce a subpoena, and there is an opportunity at that point for anyone questioning the scope of the subpoena to have a hearing. Therefore, I do not feel that the subpoena power is excessive here. I would only have questioned initially whether a temporary commission should have such subpoena power at all.

This amendment, however, Mr. Chairman, does not go so far as to question that subpoena power, but only to limit it to that information to which the Commission is entitled under existing law. I believe it is important for the amendment to be offered and for the bill to be corrected in this respect because we are dealing essentially with personnel records here. The Privacy Act comes into play, the Freedom of Information Act interplays with the Privacy Act, and we want to be assured that personnel records of Government employees are sufficiently protected in accordance with existing law and that we do not create an exception here.

I have discussed the amendment with the gentlewoman from Ohio and the gentleman from Indiana on each side of the aisle, and I would yield to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Chairman, I would like to just say to the gentleman that I agree with his analysis. It was never the intent of the legislation to in any way go beyond the existing law. So I am certainly willing to accept the amendment. It is a reasonable amendment. I would be happy to accept it.

Mr. KINDNESS. I thank the gentlewoman.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. I thank the gentleman from Ohio for yielding. The minority does accept the amendment. As the gentlewoman from Ohio has said, it was never the intent of the committee to ever give any extra authority to the Commission, and what the gentleman is doing here was the intent of the committee but the gentleman clarifies and certainly limits that authority to subpoena, and we support it.

Mr. KINDNESS. I thank the gentleman for that support.

I yield to the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. I thank the gentleman for yielding.

Mr. Chairman, if I might inquire of the gentleman, when he limits the Commission to subpoena authority to information they are entitled to under law, does that prohibit them, then, from making a subpoena to obtain information from the private sector, from private-sector employers?

Mr. KINDNESS. The Commission is authorized under subsection (b)(2) to request information from any agency to enable it to carry out this act, so it is limited to the purposes of this act and information that is in the possession of any agency of the U.S. Government; therefore, it does not reach the private sector.

Mr. ARMEY. Is the gentleman satisfied that that limits it to the Federal Government, as opposed to State and local governments?

Mr. KINDNESS. I understand the meaning of "agency" to be codified in title 5 of the United States Code, whereas it is defined very specifically to include the agencies of the U.S. Government and does not include State or local government agencies or any private entity.

Mr. ARMEY. I thank the gentleman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Ohio [Mr. KINDNESS].

The amendment was agreed to.

The CHAIRMAN pro tempore. Are there further amendments to section 4? If not, the Clerk will designate section 5.

The text of section 5 is as follows:

SEC. 5. CONSULTANT.

(a) LIST OF QUALIFIED CONSULTANTS.—The Comptroller General of the United States shall prepare and, as soon as practicable after the Commission is established, submit to the Commission a list of at least 5 consultants which, on the basis of their impartiality, expertise, and experience, the Comptroller General considers appropriate to conduct the study under this Act. Selections under this subsection shall be made in accordance with the laws and regulations governing procurements by agencies generally.

(b) FINAL SELECTION.—The selection of a consultant to conduct the study under this Act shall be made by the Commission from among the consultants included on the list prepared under subsection (a).

AMENDMENTS OFFERED BY MR. ARMEY

Mr. ARMEY. Mr. Chairman, I offer two amendments, one of which is to section 6, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN pro tempore. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. ARMEY: Page 10, strike out lines 4 through 21, and insert in lieu thereof the following:

SEC. 5. CONSULTANTS.

(a) LISTS OF QUALIFIED CONSULTANTS.—(1) The President, the Comptroller General of the United States, and the committee of employee representatives under paragraph (2) shall each prepare and, as soon as practicable after the Commission is established, shall each submit to the Commission a list of at least 5 consultants which, on the basis of their impartiality, expertise, and experience, are considered by the authority involved to be appropriate to conduct a study under this Act. Selections by each authority under this subsection shall be made in accordance with the laws and regulations governing procurements by agencies generally and shall be made by each such authority acting independently of the others.

(2) In order to prepare one of the lists under this subsection, there shall be established by the Director of the Office of Personnel Management a committee consisting of 3 individuals, each of whom shall be the highest elected official (agreeing to serve) from the employee organization representing (under exclusive recognition of the Government) the first, second, and third highest numbers of Federal employees, respectively. An individual shall not be deemed to be an employee of the Government, and shall not receive pay, by reason of being a member of the committee.

(b) SELECTION OF 3 CONSULTANTS TO PERFORM INDEPENDENT STUDIES.—(1) The Commission shall select 3 consultants under this subsection, with 1 consultant being selected from each of the lists prepared under subsection (a). Each consultant so selected shall (acting independently of the other 2 consultants) conduct a study in accordance with the requirements of section 6 of this Act.

SEC. 6. STUDY REQUIREMENTS.

(a) METHODOLOGY.—In order to carry out the purpose of this Act, the Commission shall provide, by contract with each of the consultants selected under section 5(b), for the conduct of

Page 11, strike out lines 14 through 20, and insert in lieu thereof the following:

(1) a copy of the report prepared by each of the consultants selected to perform a study under this Act; and

(2) comments of the Commission relating to each such report.

(b) INFORMATION TO BE PROVIDED IN EACH CONSULTANT'S REPORT.—Included in each report referred to in subsection

Page 13, line 19, strike out "the" and insert in lieu thereof "each".

Page 13, line 20, insert "accompanying" before "comments,".

Mr. ARMEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Ms. OAKAR. Mr. Chairman, I reserve a point of order, because I want to make sure I have all copies of the amendments we are talking about here.

The CHAIRMAN pro tempore. The gentlewoman from Ohio [Ms. OAKAR] reserves a point of order on the amendments.

Mr. ARMEY. Mr. Chairman, the gentlewoman's concern is that she has both amendments. They are here. The amendment to section 5 relates to the consultants, and the other relates to the study requirements. I believe the gentlewoman should have them together. They should be attached to one another.

Mr. Chairman, my problem here is with respect to the use of only one consultant and the methodology that would be applied. Instead of using only one consultant, this amendment would use three consultants acting independently. The President, the Controller General and a group of employee representatives chosen from the three largest Federal employee unions will each prepare a list of five consultants based upon experience and expertise. From those three groups of five, the Commission will choose one from each group. Each consultant acting independently will conduct a study in accordance with the requirements of section 6.

Now, the reason I offer these amendments is that, indeed, as a professional economist who has done considerable research in this area, I realize how subjective such work must necessarily be. Indeed, it is very difficult to come up with a scientific methodology by which we could conduct such studies. I think, if nothing else, the Willis methodology employed in Washington State demonstrates the dangers of such subjectivity and the extent to which even the criteria employed by a single consultant might have a substantial bias in favor of one work classification as opposed to another. In this case, blue-collar workers were considerably disadvantaged by the methodology of this single consultant. In this case, we would have three studies. As we employed these three studies, we could use various methodologies and various forms of empirical data bases. I am very concerned about the extent to which the data itself can be objectively obtained. But to the extent that we are able, we should have every possible effort.

☐ 1535

Now, as I looked at the Commission's makeup and the amendment we just passed, I am concerned that we would still have a Commission that has a membership that has a bias in favor of the comparable worth concept. Who would they select for that one consultant? I am deeply concerned that indeed they may select, for example, Mr. Willis.

If Mr. Willis, whose name has gotten around and who is probably the most well known consultant in this area were to be selected, he would carry that bias that he displayed in his methodology in Washington State against blue-collar workers into the Federal level. I think this would be a terrible disadvantage for large numbers of workers, and end up with difficulties like we have seen for example in the Illinois case, where female employees were compelled to file a countersuit to assure that their rights would not be overridden by the methodology.

The empirical base is extremely important. Where does it come from? As we consider this bill and review the hearings that have been before it, I am concerned about the large quantities of research and study that have been done largely from the academic community with respect to such things as time use analysis and so forth, that have been overlooked already. I see no evidence of a great deal of research that has been carried out in this whole area from across the Nation, having been presented in the Willis methodology.

Indeed, what bothers me most about the Willis methodology is that it seems that Mr. Willis is more of a practitioner of scenario than he is of science. We run that risk.

In this case, we have three alternative consultants from whom we could compare results and come up with some kind of an analysis, one even regarding the feasibility and the possibility of achieving any degree of science in this whole area. We would avoid the possibility of the procedures necessarily locking us into a consultant and a methodology that would automatically come to a conclusion. These are the kinds of things I think we need to do.

The CHAIRMAN pro tempore. The time of the gentleman from Texas [Mr. ARMEY] has expired.

(By unanimous consent, Mr. ARMEY was allowed to proceed for 30 additional seconds.)

Mr. ARMEY. The proponents have emphasized that they want only a study. What I am suggesting then is let us get the maximum opportunity for science to be involved in that study. I am afraid this bill does not present that opportunity.

The CHAIRMAN pro tempore. Does the gentlewoman from Ohio [Ms. OAKAR] insist on her point of order?

Ms. OAKAR. Mr. Chairman, just to make sure, are we speaking of the Armey amendment No. 38?

The CHAIRMAN pro tempore. The Chairman understands that is the one the Clerk read; yes.

Ms. OAKAR. Mr. Chairman, I withdraw my point of order.

Mr. FORD of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have heard the gentleman in our committees and elsewhere indicate that he considers himself to be the most fiscally conservative Member of this body. I think I have heard him say that with some sense of pride, and he has been rapidly, since the first of the year, convincing me that that is true. I am somewhat shocked.

Here we authorize people to go out and spend money to hire a consultant. Now that means a consulting firm. I do not know how many people it is going to be, what it is going to cost, but we have been hiring consultants with my committees and I want to tell you, they do not come cheap.

Here the gentleman wants us to hire three companies to do this for the Commission. There is no committee around here that has the gall to try to hire three sets of consultants at one time. We just never would get that through the House Administration Committee. So what he does is literally triple the cost, because that is the most costly part of the conduct of this study; the professional assistance that the consultant will have.

Why is it necessary to have this kind of check and balance of conflicting or at least contrary potential results from the studies? Where does the Commission get its consultant? If you look at page 10 of the bill, you will see section 5, "Consultant." The Comptroller General of the United States shall prepare, and, as soon as practicable after the Commission is established, submit to the Commission a list of at least five consultants which, on the basis of their impartiality, expertise, and experience, the Comptroller General considers appropriate to conduct the study under this Act."

We do not even let the Commission decide who is an appropriate person to do the study. The Comptroller General will give them a list of people that he will qualify by their expertise and experience and lack of bias, and from that list, they will select their consultant.

Now, that seems to me to provide all the protections that the gentleman thinks or seems to think he would get by having three competing consultants working at the same time. A few moments ago the gentleman expressed a notice of concern about the possibility of having subpoenas bothering people. Well, how would you like to be an agency head that has on Monday, consultant "A" coming into your agency saying I want 10 people to give me all your personnel records and go over them with me. On Wednesday, consultant "B" comes in, and then the following Monday consultant "C" comes in and you have to go over the same ground three times. That is like having the Internal Revenue visit your place of business three times. That then becomes also cumbersome because we are going to have three sets of consultants taking up time necessarily with the Federal agencies that they are going to get the information from their personnel records.

I think that at best, amendment adds nothing but expense and would be, I suppose, characterized as being good in the sense that it spreads more wealth around amongst the kind of people who sell this consulting, and at worst, it is mischievious.

Final Selection. The selection of a consultant to conduct the study under this Act shall be made by the Commission from among the consultants included on the list prepared under subsection (a).

They cannot appoint anybody except someone who is on the list prepared by the Comptroller General. I can think of no more responsible agency in the Government to give that authority to and no agency that is more highly trusted, regardless of what administration is in, no one has ever questioned the integrity of the Comptroller General in handling matters of this kind. I think that the committee has wisely reposed that authority in the Comptroller General to make those determinations. They are particularly well equipped professionally to do this better than any of the members of a commission perhaps, individually or collectively might do it on their own. It is a reasonable protection; I think that it is adequate. Therefore I urge the body to vote down the amendment.

Mr. Chairman, I yield the balance of my time to the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. I thank the gentleman for yielding to me.

Mr. Chairman, I would first like to address the gentleman's point about my fiscal conservatism. No doubt about it. There are two costs we incur here; up front, the study costs, and then later the implementation costs. If we come up with the wrong study, we can make that implementation cost several times over what it can be with a better study. We need to guard against the possibility of unnecessary and grossly inflated implementation costs.

The second point is the gentleman's remarks regarding the Comptroller General. I suppose the Comptroller General and his agency is as highly regarded, respected, and trusted by the American people as any agency of the Federal Government.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has expired.

(On request of Mr. ARMEY and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 30 additional seconds.)

Mr. FORD of Michigan. I continue to yield to the gentleman.

Mr. ARMEY. Mine allows the President, at least, who is clearly much more highly trusted by the American people to offer up one of the consultants. Where I come from, we just do not trust Federal agencies too much to either be competent or dependable.

□ 1545

Ms. OAKAR. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment offered by the gentleman from Texas [Mr. ARMEY], and I associate myself with the chairman's remarks.

Mr. Chairman, I believe that it would be contradictory to have competing consultants. The consultant, as outlined in the bill, is going to be chosen by the Commission. I am not going to be part of the Commission, nor is the gentleman, but we do not tell the Commission what consultants to choose. The gentleman mentioned a couple of consultants that I have never heard of, and frankly it would not be the decision of this body as to who the consultants would be.

The gentleman may not trust Federal agencies, but Dr. Donald Devine headed up OPM. I am assuming the gentleman had some confidence in the former OPM Director and has some confidence in the current OPM Director, who would be part of the makeup of that group which would choose the consultant.

So I think what the gentleman is really doing is adding on a triple layer of bureaucracy that is unnecessary. I think the gentleman is really adding to the cost, of the study. The cost by the way, would be folded in on OPM's budget.

Furthermore, we do have a provision in the bill for technical assistance, three to five people are included. So I really think that this is being expensive. The gentleman's amendment would cost a lot of money in adding three as opposed to one consultant by this bipartisan Commission.

Mr. Chairman, I certainly hope we defeat this. I think it adds to the bureaucracy and certainly adds a lot to the cost.

Mr. HORTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have served on two Commissions, one the Procurement Commission, and then I served on the Paperwork Commission, and I was elected the Chairman of the Paperwork Commission, which completed its work in 1977.

In most instances Commissions appointed by the Congress do not have this restriction on them, namely, the restriction that the Comptroller General, who is the head of the General Accounting Office, which is an arm of the Congress, is to make a list, and as was said by the chairman of the committee, the gentleman from Michigan [Mr. FORD], the statutes specifically provide that the Comptroller General shall select five, based on their impartiality, expertise, and experience, and that is a very important requirement that the legislation has provided. Then they make that list, and it is from that list there is selected a consultant. And so I think that this is an unusual requirement, taking it away from the Commission but leaving the selection to the Commission from a list made up by the Comptroller General.

Then the other point is that it does duplicate, and I think it would be very counterproductive to have three groups of people trying to act in this capacity.

Mr. Chairman, I oppose the amendment, and urge its defeat.

Mr. Chairman, today we are considering legislation that would require a study of the Federal work force to determine if discrimination exists, and to what degree, within the Federal work force. Stronger legislation passed this body last year by a vote of 413 to 6. But a court decision in Washington State has caused many to distort both the intention and the implications of H.R. 3008.

This legislation has been criticized as being everything from "unnecessary" to "the first step toward socialism." It isn't either of these. It is a study. It is a study designed to examine what may be a problem within the Federal work force. Quite honestly, I am surprised at the campaign being waged against its enactment. We in this body and in this country should not be afraid to study an issue, an issue that may point out some very serious problems. And then, again, it may not. I have heard criticism of the Commission, of definitions in the bill, and the like. I worked with Congresswoman OAKAR in revamping areas where criticisms were leveled. Many of these were addressed, which is why we are today considering H.R. 3008 instead of the

earlier version of this legislation, H.R. 27. H.R. 3008 incorporates improvements that were suggested and then accepted by proponents of this bill.

And on the issue of Washington State, many people contend that this State's "comparable worth" study was implemented by the courts. That decision was appealed. It was overturned. It isn't valid anymore. But that isn't the point. If we refuse to study this or any area out of fear over possible court action, the implications extend far beyond a study of discrimination in the Federal work force. Perhaps we shouldn't study or investigate anything. If we do, a court somewhere may implement its findings, or may use the information as a basis for all or part of its decision, or the study may be used as a basis for litigation.

Litigation is a fact of life in this country, and I am thankful that it is. Regardless of what we do, discrimination will continue to be the focus of attention in the courts. And it should be. Maybe there is a problem in the Federal work force. Maybe we should do something to correct the problem. Maybe there isn't, and maybe we shouldn't. We won't know for sure, or to what extent, unless and until we examine this area. Such a study of the Federal work force hasn't been conducted in decades. I'm not afraid of a study, and I'm voting for the bill. I hope my colleagues will do the same.

Mr. ARMEY. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I am glad to yield to the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. One of the things that I am confident you will find if you have three different studies is that you will have three different conclusions.

Mr. HORTON. Well, that may be.

Mr. ARMEY. In scientific inquiry, whenever you have that result, you have a measure of the degree to which you are not dealing with a scientific subject. This is a subjective process. The final decision under this bill concerning who will carry out the process of study is biased in favor of final selection by an already existing biased Commission, and I can almost guarantee you that we are going to end up in this case with a study that recommends the implementation of a very, very costly program of Government wage administration.

Mr. HORTON. Mr. Chairman, reclaiming my time, the point I am making is that the Commission makes the decision, not the consultant. All the consultant is going to do is make recommendations to the Commission, and for us to require the Commission to have three consultants is, I think, very expensive and not necessary. I think it is counterproductive, and I urge the defeat of the amendment.

Mr. ARMEY. Mr. Chairman, if the gentleman will yield for one further point, he is exactly right, and my point, too, is that the Commission, which is loaded six to five in favor of comparable worth, will make the decision.

Mr. MYERS of Indiana. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Years ago, when I first came here, one of the senior Members of Congress, one that we all remember, told me that if you want to kill an issue, if you really want to kill an issue, provide for a study. I guess this study might kill the issue, I do not know.

It has been said here by many people that it is a bad idea to have this study, that it is not good. If that is true, then if three consulting firms make three studies, it would be three times as bad.

We are all concerned about the cost of this study or any other study. I do not know how many consulting firms there are in the country, but for the life of me, I do not know how in the world we can come up and say that three studies by consulting firms are better than one if one is already bad.

If there is nothing else, the direct cost of three studies by three consulting firms is going to be tremendous. But there is an indirect cost, and that is the cost by the agencies that will have to testify before the consulting firms or at least provide information, as the committee chairman, the gentleman from Michigan, has provided here. Those of us who serve on committees are often told by agencies that have to come before us as committees of this Congress of the tremendous number of hours that it takes them in preparing for their testimony to come before our subcommittees and our committees, of the number of hours it takes to appear before several committees in this body, and then they have to duplicate it to go to the other body. They tell us of the preparation time as well as the time to come down here. Now we are asking those agencies that are going to have to present their criteria and their information to these consulting firms to do it three times. I think it is unreasonable, and I do not think we should vote yes for this amendment.

I am not trying to criticize the gentleman from Texas. I am sure he means well, and possibly he has more experience than any of us here. He has advised us that he is the most senior Member here as an economist. But I would have to question this. I am not an economist. I am just an old country farmer, but I would not want to plow a field three times, I am telling you that. Once it has been plowed, it has been plowed, and I am not going to waste my fuel plowing it three times. That is what we are asking here, for them to plow it three times.

Mr. BARTON of Texas. Mr. Chairman, will the gentleman yield?

Mr. MYERS of Indiana. I yield to gentleman from Texas.

Mr. BARTON of Texas. Mr. Chairman, I am not an old country farmer, but my grandparents were, and it has been my experience that sometimes my grandfather had to plow more than once to get the weeds out.

Mr. MYERS of Indiana. Well, we have other systems here to get the weeds out if you find them out there, and that is what this committee is all about, to find where the weeds are. If you cannot see them, you cannot plow them out. That is what this Commission and this consulting firm is doing. It identifies where the weeds are, if they are there. That is all we are asking. Let us find the weeds.

The CHAIRMAN pro tempore. The question is on the amendments offered by the gentleman from Texas [Mr. ARMEY].

The amendments were rejected.

The CHAIRMAN pro tempore. Are there further amendments to section 5?

If not, the Clerk will designate section 6.

The text of section 6 is as follows:

SEC. 6. STUDY REQUIREMENTS.

(a) METHODOLOGY.—In order to carry out the purpose of this Act, the Commission shall provide, by contract with the consultant selected under section 5(b), for the conduct of a study under which job-content analysis and economic analysis shall be applied with respect to a representative sample of occupations in which either sex is numerically predominant, any race is disproportionately represented, or either ethnic group is disproportionately represented.

(b) COMPARISONS.—In performing the study, comparisons shall be made—

(1) both within the same system (as referred to in section (2)(a)) and between the respective systems (as so referred to); and

(2) both on an intra-agency and on an interagency basis.

The CHAIRMAN pro tempore. Are there any amendments to section 6?

If not, the Clerk will designate section 7.

The text of section 7 is as follows:

SEC. 7. REPORTING REQUIREMENTS.

(a) DEADLINE.—The Commission shall, not later than 18 months after the date of its establishment, submit to the President and each House of Congress—

(1) a copy of a report which shall be prepared by the consultant selected to perform the study under this Act; and

(2) comments of the Commission relating to such report.

(b) INFORMATION TO BE PROVIDED IN CONSULTANT'S REPORT.—Included in the report referred to in subsection (a)(1) shall be a detailed statement of the findings and conclusions of the consultant, pursuant to its study, with respect to differentials in rates of basic pay between or among occupations compared on the basis of sex, race, and ethnicity, including—

(1) a list of any groups of occupations with respect to which differentials were found although the work performed in the respective occupations comprising any such group involved skills, effort, responsibilities, qualification requirements, and working

conditions which, while not identical, were equivalent in totality;

(2) the extent to which any differentials identified under paragraph (1) can be accounted for by the application of job-content and economic analyses; and

(3) the extent to which any differentials identified under paragraph (1) cannot be accounted for by the application of job-content and economic analyses.

Any portion of a differential identified under paragraph (1) which cannot be accounted for by the application of job content and economic analyses is inconsistent with the general policy expressed in section 2(a) that sex, race, and ethnicity should not be among the factors considered in determining any rate of pay.

(c) COMMISSION COMMENTS.—(1) Included under subsection (a)(2) shall be recommendations by the Commission concerning appropriate measures for eliminating any differentials under subsection (b) if, and to the extent that, such differentials cannot be accounted for by the application of job-content and economic analyses.

The Commission shall identify which (if any) of the measures under paragraph (1) may be carried out pursuant to any authority available under existing law, and shall make recommendations for any legislation or administrative action needed to carry out the other measures under such paragraph.

(3) The Commission may not make any recommendation under this Act which involves a reduction in any rate of pay or grade.

(d) ADDITIONAL REQUIREMENT.—The Commission shall furnish a copy of the consultant's report, together with the Commission's comments, to each appointing authority in the legislative branch of the Government.

COMMITTEE AMENDMENTS

The CHAIRMAN pro tempore. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 12, strike out line 13 and all that follows through line 18.

The CHAIRMAN pro tempore. Does the gentlewoman from Ohio [Ms. OAKAR] seek recognition on the committee amendment?

Ms. OAKAR. Mr. Chairman, I ask unanimous consent that the reading of the committee amendments be dispensed with, and that they be considered en bloc and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

The text of the remaining committee amendment to section 7 is as follows:

Committee amendment: Page 13, after line 9, add the following:

(4) Also included under subsection (a)(2) shall be the Commission's determination as to whether any portion of any differential identified under subsection (b)(1) which cannot be accounted for by the application of job-content and economic analyses may be inconsistent with the general policy expressed in section 2(a) that sex, race, and ethnicity should not be among the factors considered in determining any rate of pay.

The CHAIRMAN pro tempore. Does the gentlewoman from Ohio [Ms. OAKAR] seek recognition on the committee amendments?

Ms. OAKAR. Yes; Mr. Chairman, I do.

The CHAIRMAN pro tempore. The gentlewoman from Ohio [Ms. OAKAR] is recognized for 5 minutes.

Ms. OAKAR. Mr. Chairman, the amendment to page 12 strikes out language which provides that any differential in rates of basic pay between or among occupations which cannot be accounted for by the application of job content or economic analysis is inconsistent with the policy that sex, race, and ethnicity should not be among the factors considered in determining any rate of pay.

The second committee amendment to page 13 requires the Commission on Equitable Pay Practices to include in its report its determination as to whether any portion of any differential in rates of basic pay between or among occupations not accounted for by the application of job content or economic analysis may be inconsistent with the policy that sex, race, and ethnicity should not be among the factors in determining any rate of pay.

□ 1555

Mr. Chairman, these were amendments that we had in committee and hopefully they are not too controversial.

As a matter of fact, I think that these amendments will relieve some of the concerns expressed by Members.

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: In section 7, page 12, after line 6, insert the following new subsection and renumber succeeding sections accordingly:

"(b)(2) Such study shall include and measure the impact on wages in similar jobs negotiated under collective bargaining agreements."

Mr. WALKER. Mr. Chairman, I do not think there should be very much controversy about this amendment. We have a longstanding tradition and policy in this country that collective bargaining agreements once entered into should be held as sacrosanct within the employment process. In this particular instance all I am suggesting is that the study ought to include the impact upon the wages of the people involved as it relates to their collective bargaining agreements. I do not think that we ought to allow this study to go forward without some kind of an understanding of how it is going to impact upon the collective bargaining process and upon the collective bargaining agreements.

I do not think it is the intent of the committee, I do not think it should be such certainly the intent of this House to have a study that would have the potential effect of negating what has been won in collective bargaining agreements.

All I am suggesting in this particular amendment is that the study ought to include some indication of what the impact is upon the collective bargaining arrangements within the Government and that we ought to have some feel for that overall impact within the process.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Chairman, what does the gentleman mean in his amendment when it says, "shall include and measure the impact on wages in similar jobs?" What is a similar job? Could the gentleman define what he means by a similar job?

Mr. WALKER. It is my understanding that what you are attempting to do is evaluate the similarity of jobs, or at least the equity between jobs. All I am saying is that as you establish those equities that we ought not to allow that kind of equity to impact upon the collective-bargaining process.

Let us say we find that there is equity between one type of job and another particular type of job, within the structure we ought not to allow that determination to be made as opposed to collective-bargaining agreements, at least without defining what the impact would be.

All I am suggesting is that when you have that kind of situation that arises, I think we ought to know the impact as a part of this study.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield further?

Mr. WALKER. Certainly, I am glad to yield.

Mr. MYERS of Indiana. The thing that bothers me with "similar jobs," the concept or the ideal of what the gentleman is talking about here sounds like it is something I could support; but what bothers me is that we have taken out comparable worth in this bill, tried to take everything out related to comparable worth, because I think that would be an impossible thing. If we start comparing jobs here, we handle this tool here and somebody else down the line still handles it, it is still the same job. Obviously, it is not.

Comparable worth is so difficult to define and to enforce, so we have taken comparable worth out, which I think would make it absolutely unworkable; but I am afraid "similar jobs" is bringing back in that old comparable worth thing.

Mr. WALKER. Mr. Chairman, the gentleman from Indiana, of course, interprets the bill somewhat differently than I do. I do not think we have abandoned comparable worth. That is one of this gentleman's concerns about the bill.

We are, in fact, staying with the pay equity concept. Pay equity implies throughout this bill that we are in fact evaluating different jobs in different locations in the Government.

The fact is that in different jobs in different locations in the Government, they may well be covered by different collective bargaining agreements.

I think we ought to know what the impact is on those collective bargaining agreements as a part of this study. That is all the amendment does. It says that as you evaluate all this, that we ought not to have a study that does not include an analysis of the impact on those collective bargaining agreements.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield one more time?

Mr. WALKER. Certainly, I am glad to yield.

Mr. MYERS of Indiana. What about similar jobs, one is negotiated, contracted, the other is not. Would the gentleman bring both of them in under the same wage that was negotiated?

Mr. WALKER. The amendment directly refers to collective bargaining agreements. It is my intent to simply assure that the study could not at some point in the future be used to break a collective bargaining agreement without us at least having some idea of what the impact would be. That is the only intent behind the amendment.

Mr. MYERS of Indiana. Mr. Chairman, if the gentleman will yield one more time, I think that would be understandable; but when it gets into similar jobs is the part that bothers me.

Mr. WALKER. But it also relates directly to the whole collective bargaining arrangement. It seems to me to turn this down is to say that what we are doing is having a study which in fact could have an adverse impact on collective bargaining arrangements, and I cannot imagine that is what the committee wants to do.

POINT OF ORDER

Ms. OAKAR. Mr. Chairman, I raise a point of order on the amendment.

The CHAIRMAN pro tempore. The gentlewoman from from Ohio will state her point of order.

Ms. OAKAR. Mr. Chairman, the amendment offered by the gentleman from Pennsylvania [Mr. WALKER] proposes to expand greatly the scope of the bill under consideration. As such, the amendment violates clause 7 of House Rule XVI and is nongermane.

Mr. Chairman, the bill before us is very limited in scope. It relates only to employees of executive agencies, as defined in 5 U.S.C. 105. The bill is further limited in scope in that the study it mandates is limited to salaries and wages of executive agency employees in positions under the Government's position classification system under chapter 51 of title 5, and the prevailing rate system under subchapter IV of chapter 53 of title 5. Clearly the bill relates only to certain employees in the executive branch and their salaries and wages. It in no way concerns salaries or wages of private-sector employees.

Mr. Chairman, I am frankly surprised that the gentleman would want to expand this study to private-sector employees, which we are not trying to do. Maybe this Chamber ought to get after the gentleman from Pennsylvania.

The amendment offered by the gentleman from Pennsylvania [Mr. WALKER] on the other hand would expand the scope of the study mandated by the bill to "include and measure the impact on wages in similar jobs negotiated under collective bargaining agreements." This obviously would expand the study to cover Government agencies not presently covered, such as the Postal Service and the Tennessee Valley Authority. It also apparently expands the study to cover private-sector wages, which unlike most wages in the executive branch are negotiated under collective bargaining agreements. Thus, the amendment greatly expands the scope of the study and the bill. As such, it is nongermane.

Mr. Chairman, I insist on my point of order.

The CHAIRMAN pro tempore. Does the gentleman from Pennsylvania wish to be heard on the point of order?

Mr. WALKER. I certainly do, Mr. Chairman.

Mr. Chairman, I am a little at a loss to understand to what part of the bill the gentlewoman from Ohio thinks I am amending, because the part of the bill that I am amending refers directly to the consultant's report. In that particular language, it is very, very broad in its coverage as to what the consultant should report about. He is to report on basic pays between or among occupations compared on the basis of sex, race, ethnicity. That is a fairly broad definition.

Then we go over to the section that I am directly amending and we find out that it is going to have a list of groups of occupations, occupations comprising any such group involved in skills, efforts, responsibilities, qualification requirements, working conditions, all kinds of broad categories.

The only thing that my amendment does suggest is that another one of the determinants within that ought to be the existence of a collective bargaining agreement. It has absolutely nothing to do with the private sector, unless this bill involves the private sector, because it refers back to the study that the bill requires be done; so therefore, if we are going to have something in this amendment that refers to the private sector, then we have suddenly learned something new about this bill that it includes the private sector, because my amendment speaks directly to information to be provided in the consultant's report, and so therefore the only way that the private sector could get involved in this would be if that is the intent of the committee to have that consultant's report refer to private sector activities. This language goes directly to that particular aspect of the bill. That particular aspect of the bill is very broad and this would simply be additional language that relates to collective bargaining agreements.

The CHAIRMAN pro tempore. Does the gentlewoman from Ohio wish to be heard further?

Ms. OAKAR. Yes; Mr. Chairman.

Mr. Chairman, on page of the bill, so that there is no confusion about the purpose of the bill, even though there has been a deliberate attempt to distort it, it says in section (3), "occupation" means any grouping of positions within an agency, as identified or defined under chapter 51 of title 5, United States Code, or subchapter IV of chapter 53 of such title.

It is very clear which employees we are referring to. It is a very, very specific group.

The CHAIRMAN pro tempore. Does the gentleman from Pennsylvania wish to be heard further on the point of order?

Mr. WALKER. Yes; Mr. Chairman.

Mr. Chairman, it is very clear in my amendment which employees I am referring to. I am referring to those included under collective bargaining agreements and it therefore is within the scope of the bill, because those specific employees that would be covered under chapter 51, title 5, United States Code, include employees who are in fact covered under collective bargaining arrangements; so we are in fact talking about the same people.

So if that is the gentlewoman's point, then she has just the case for my amendment.

Ms. OAKAR. Mr. Chairman, I insist on my point of order.

The CHAIRMAN (Mr. TORRES). The Chair is prepared to rule.

The Chair believes that the amendment as drafted may be interpreted to apply to a different category of employees from those covered by the bill. If the Chair may cite from the precedents of the House on the germanness rule, the Chair cites as such:

To a bill dealing with a certain class of Federal employees (the U.S. civil service in this case), an amendment to bring other classes of employees within the scope of the bill is not germane.

Therefore, the Chair sustains the point of order in this case.

Are there further amendments to section 7?

AMENDMENT OFFERED BY MR. BARTON OF TEXAS

Mr. BARTON of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTON of Texas: Page 13, strike out lines 7 through 9 and insert in lieu thereof the following:

(3) The Commission shall include a cost estimate for each measure under paragraph (1).

Mr. BARTON of Texas. Mr. Chairman, we have a saying in Texas and I am told that it is prevalent throughout the United States, that "when something is not broken, you don't fix it."

Well, we have in my opinion a pay equity system in the Federal Government that is not broken and does not need to be fixed, but since we do have a bill before us that proposes to redo this system and make some changes, I think it is important that we fix the bill, and in my opinion the bill is definitely broken and it is broken for one very important reason.

Currently, under the bill, under section (7), which is titled "Reporting Requirements," most of section (7) is fairly straightforward until it gets to the provision that says: "The Commission may not make any recommendation under this Act which involves a reduction in any rate of pay or grade."

Now, think about that for a minute. We are saying that we are going to have a study to review the Federal pay system, but we cannot make any recommendation that would lower a pay rate or a pay grade. Now, that is not a study. If you think about that for a minute, what that is telling us is that the commission is going to go in and it is going to hire these consultants, whether it is one, five, three or whatever, they are going to make this study, but if they find an inequity where somebody in the Federal Government is being paid too much, they cannot make a recommendation that that grade be lower or that that pay rate be changed.

Now, what you are saying there is that everybody in the Federal Government is either being paid exactly the right amount or they are not being paid enough. I do not think that is right. If we are going to have a study, it ought to really be a study and if it finds something that is too low, let us recommend that it go higher. If it finds a pay rate or a pay grade that is too high, let us make the recommendation that it go lower.

Now, the second point, if we allow this study to take place and to make these recommendations, whether they are to go higher or to go lower, I think we also desperately need to know what these recommendations would cost us if they were to be implemented.

□ 1610

There have been several estimates of what this bill that is before us would cost if the recommendations were made, as we expect they would be, and the changes would have to be made. They range just for Federal employees alone in the neighborhood of from $5 billion to $8 billion. That is per year for the Federal Government.

When we are trying to do everything we can to reduce the deficit and to get Government spending under control, it does not make sense to me to come in and pass a bill where we do not even refer to what it might cost. We at least ought to have the recommendations to know what it would cost if we wanted to implement these recommendations.

Ms. OAKAR. Mr. Chairman, will the gentleman yield?

Mr. BARTON of Texas. I would be happy to yield to my distinguished colleague, the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding.

Mr. Chairman, that part of the gentleman's amendment I do not have any problem with in terms of indicating if, in fact, there are to be some changes to be made and how much it would cost. I think that would be a natural thing to do.

The part that the gentleman wants to cut, though, is in compliance with title VII, which says that if there is any form of discrimination that you cannot remedy it by lowering anybody's wages. That is what we were trying to do, so that we did not build up this confrontation between men and women.

What the gentleman is trying to do is have me take off that section. I would be happy to compromise with the gentleman about the cost factor. I do not have a problem with that. But when the gentleman says that we cannot comply with title VII, which is the law of the land, then I have a problem with that because we cannot mandate that we automatically lower wages, and so on. No State has ever done that when they implemented their studies, and I do not think we want to get into a confrontation between men and women. I have a feeling that is not the gentlemen's intent, but that is what I think this amendment would do.

So if the gentleman wants to take the portion of it that relates to the cost factor, I would certainly go along with the gentleman asking unanimous consent and I would accept that, but if it includes the whole thing, rather than build up this confrontation between men and women I would oppose the amendment strongly.

Mr. BARTON of Texas. I appreciate the gentlewoman informing me of her objection to the first part of my amendment. I would agree with her that I do not want to mandate that anybody's pay rate be lowered or their pay grade be lowered, but as the gentlewoman has said herself in the debate today and in previous days on this bill, we are trying, in her opinion, to actually do a study.

The CHAIRMAN pro tempore. The time of the gentleman from Texas [Mr. BARTON] has expired.

(By unanimous consent, Mr. BARTON of Texas was allowed to proceed for 1 additional minute.)

Mr. BARTON of Texas. If, in fact, we actually want to do this study, the study should do the best it can to find the truth, and in my opinion the truth is going to be that there are some recommendations that would be made that pay rates and pay grades should be lowered, just as there would be some recommendations that pay rates and pay grades be higher.

Ms. OAKAR. If the gentleman will yield further, the gentleman is aware of the President's commission's report that the President signs that says that the average government worker makes about 19.1 percent lower than the private sector. A GAO report confirmed a very similar thing. We have been working on the retirement system led by the chairman, and so forth. Furthermore, this would conflict with title VII of the Civil Rights Act, to mandate that we look at that.

So that is why we reinforced that and that is why that portion was in the bill.

Mr. BARTON of Texas. Mr. Chairman, I urge my colleagues to vote "aye" on my amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Texas [Mr. BARTON].

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. BARTON of Texas. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 148, noes 276, not voting 10, as follows:

[Roll No. 350]

AYES—148

Archer
Armey
Badham
Bartlett
Barton
Bateman
Bedell
Bennett
Bilirakis
Bliley
Boulter
Brown (CO)
Burton (IN)
Callahan
Campbell
Carper
Chandler
Chappie
Cheney
Coats
Cobey
Coble
Combest
Coughlin
Craig
Crane
Dannemeyer
Daub
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Duncan
Eckert (NY)
Edwards (OK)
English
Evans (IA)
Fawell
Fiedler
Fields
Franklin
Frenzel
Gekas

Gibbons
Gingrich
Goodling
Gradison
Gregg
Grotberg
Gunderson
Hall, Ralph
Hamilton
Hansen
Hartnett
Hendon
Henry
Hiler
Hillis
Hopkins
Hubbard
Hughes
Hunter
Hutto
Hyde
Ireland
Kasich
Kemp
Kindness
Kolbe
Kramer
LaFalce
Lagomarsino
Latta
Leath (TX)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Loeffler
Lott
Lowery (CA)
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
McCain
McCandless
McCollum
McEwen
McGrath
McMillan
Michel
Miller (OH)
Miller (WA)
Monson
Moorhead
Morrison (WA)
Nielson
O'Brien
Oxley
Packard
Porter
Quillen
Ridge
Ritter
Roberts
Rogers
Roth
Rudd
Schaefer
Schuette
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Slaughter
Smith (IA)
Smith (NE)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snyder
Solomon
Spence
Stangeland
Stenholm
Strang
Stump
Sundquist
Sweeney
Swindall
Thomas (CA)
Vander Jagt
Visclosky
Vucanovich
Walker
Weber
Whittaker
Wortley
Young (FL)
Zschau

NOES—276

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Aspin
Atkins
AuCoin
Barnard
Barnes
Bates
Beilenson
Bentley
Bereuter
Berman
Bevill
Biaggi
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Broyhill
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Carr
Chapman
Chappell
Clay
Clinger
Coelho
Coleman (MO)
Coleman (TX)
Collins
Conte
Conyers
Cooper
Courter
Coyne
Crockett
Daniel
Darden
Daschle
Davis
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer
Dymally
Dyson
Eckart (OH)
Edgar
Edwards (CA)
Emerson
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gephardt
Gilman
Glickman
Gonzalez
Gordon
Gray (IL)
Gray (PA)
Green
Guarini
Hall (OH)
Hammerschmidt
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Holt
Horton
Howard
Hoyer
Huckaby
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kleczka
Kolter
Kostmayer
Lantos
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Lloyd
Long
Lowry (WA)
Lujan
Luken
Lundine
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McHugh
McKernan
McKinney
Meyers
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Montgomery
Moody
Moore
Morrison (CT)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Panetta
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Pickle
Price
Pursell
Rahall
Rangel
Ray
Regula
Reid
Richardson
Rinaldo
Robinson
Rodino
Roe
Roemer
Rose
Rostenkowski
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Savage
Saxton
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sharp
Shelby
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (NJ)
Snowe
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stokes
Stratton
Studds
Swift
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitehurst
Whitley
Whitten
Williams
Wilson
Wirth
Wise
Wolf
Wolpe
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (MO)

NOT VOTING—10

Addabbo
Bonker
Broomfield
Brown (CA)
Carney
Early
Kildee
Lungren
Parris
Wright

□ 1620

The Clerk announced the following pair:

On this vote:

Mr. Lungren for, with Mr. Kildee against.

Messrs. WIRTH, TAYLOR, SAXTON, MOLINARI, and HAMMERSCHMIDT, Mrs. BENTLEY, and Messrs. ROWLAND of Connecticut, GALLO, and FISH changed their votes from "aye" to "no."

Mr. MOORHEAD and Mr. ENGLISH changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. DASCHLE. Mr. Chairman, today the House is considering H.R. 3008, the Federal Equitable Pay Practices Act of 1985, which authorizes a study of the Federal pay and classification systems to determine whether they are operated and administered in a manner consistent with current antidiscrimination law.

This measure has generated a certain degree of controversy based largely on misunderstanding of its content. I think it would be valuable as the House begins debate to step back and separate fact from fiction as to what the measure actually does.

I understand the concerns raised by the opponents of this legislation. However, a dispassionate assessment of the bill should dispel those concerns.

The opponents of the Federal pay equity study contend that, no matter how well intentioned, the authority contained in H.R. 3008 extends far beyond fair and legitimate economic practices and would interfere with private sector management decisions. This fear is unfounded.

Any misunderstanding about the Federal Equitable Pay Practices Act can be cleared up by an accurate reading of its provisions. Nowhere in the bill are the words "comparable worth" mentioned. Nowhere in the bill is authorization granted to implement or act upon in any way the recommendations of the Commission study. Nowhere in the bill is the Commission empowered to subpoena or prosecute any person or party in the Federal pay and classification system. The bill will have no effect on the private sector.

H.R. 3008 simply authorizes a nonbinding study of Federal pay and job classification practices to determine if the Federal Government, our country's largest employer, is upholding current laws prohibiting discrimination on the basis of sex, race, or ethnicity. When its work is done, the Commission which oversees the study will disband and its findings will be transmitted to the administration and Congress. No further action is mandated or allowed by the bill.

This examination of Federal practices is much needed and long overdue. I urge my colleagues to support this measure.

□ 1635

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: In Section 7, on page 12, after line 6, insert the following new subsection and renumber succeeding sections accordingly:

"(b)(2) Such study shall include and measure the impact on wages in occupations as defined in SEC. 10(3) which have been negotiated under collective bargaining agreements."

Mr. WALKER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALKER. Mr. Chairman, this is essentially the same amendment that I had brought to the floor just a few minutes ago. It has been modified to meet the questions raised in the point of order of the gentlewoman from Ohio [Ms. OAKAR], and I would be glad to yield to the gentlewoman at this point.

Ms. OAKAR. I thank the gentleman for yielding.

Mr. Chairman, as redrafted, I have no problem with the amendment offered by the gentleman from Pennsylvania [Mr. WALKER]. I am happy to accept it.

Mr. WALKER. I thank the gentlewoman, and I yield to the gentleman from Indiana [Mr. MYERS].

Mr. MYERS of Indiana. I thank the gentleman for yielding and for modifying the language, to carry out the intent that he originally had, and we accept it.

Mr. WALKER. Mr. Chairman, I thank the gentleman, and I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. WALKER].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments of section 7?

AMENDMENT OFFERED BY MR. STENHOLM

Mr. STENHOLM. Mr. Chairman, I offered an amendment.

The Clerk read as follows:

Amendment offered by Mr. STENHOLM: In section 7(c), strike out paragraph (4).

Ms. OAKAR. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN pro tempore. The gentlewoman from Ohio [Ms. OAKAR] reserves a point of order on the amendment.

Mr. STENHOLM. Mr. Chairman, the amendment that I offer continues in what I believe a constructive way what the committee has already done with a committee amendment.

Might I say in the beginning that I regret very much that Members of this House have chosen to interject racism or some other inferences on those of us who have had a change of mind regarding this legislation since the last time it was voted upon.

I would remind my colleagues that when this particular issue was voted upon before, it was a part of another bill. This is the first time that we have had opportunity to focus purely and simply on this particular legislation.

When we voted on this issue before, it was a part of a much bigger legislative package. It is always easy for we Members of Congress to vote for a study; that is easy. What has created problems for many of us with the legislation that was originally proposed is that it was going much further than the proponents were saying that they intended to.

Like most Members of Congress, I certainly believe that equal work should receive equal pay. When a man and a woman or individuals of different races or ethnic background perform the same work—I strongly agree that they should be paid fairly and we already have laws that deal with that particular issue.

My concern, and the gentlewoman from Ohio [Ms. OAKAR] has met the first part of this concern by striking, on page 12 from the bill, line 13 through line 18; that met a large part of the concerns that this individual Member has.

My amendment strikes the rest of the concern that we have, and it is my understanding the gentlewoman will also agree to striking from report language that same language that is in the bill that has created problems for many of us. If she agrees to do that, that too removes a large part of the opposition that this individual has had with the legislation before us.

I would remind my colleagues that there is one other thing that has occurred since we last voted upon this issue; the courts have gotten involved in this particular issue; and there are those and not the chairwoman from Ohio [Ms. OAKAR]; certainly she has convinced me in our private conversations and I have been on the floor most of the day listening to the debate; that it is not her intent to utilize this legislation for comparable worth purposes. That is a step in the right direction.

My concern, and why I offer this particular amendment at this time to complete doing that which I believe the gentlewoman has agreed to do with what she has already done, is to completely and totally do that which we have all agreed; and that is remove the possibilities of legal challenge as a result of this Commission. Remove the possibilities of legal challenge as a result of this Commission on the comparable worth issue.

That is the reason behind my offering this amendment. Might I further say, in conclusion, the difficulty that I have with a commission doing what has been suggested we need to do is the experience that I have had as a manager of a rural electric cooperative with 30 employees, and a Member of Congress with 20 employees; of dealing fairly with pay equity, of making those decisions on a day-to-day basis that fairly define the worth of an individual and of determining the pay scale of that individual and seeing that fairness in fact is prevalent.

It is extremely difficult to do, and I personally believe that a much better way to do it is the way that I had thought and hoped that we were already doing it within Government, and that is to allow individual branches of Government to deal with that particular question in their own area, as we Members of Congress have the right to do on a daily basis.

I have been told that that is not quite the way it is, so if a study to help in the setting of the pay qualifications and the pay standards and the differentiations is in need today, and it would be something that would be in addition to those 20 studies that we have already had, the last of which occurring in 1985, this year.

If there is additional study needed in order to more fairly treat our Federal employees in handling this difficult job, quite possibly, with the adoption of this amendment that I am proposing, this is what would be done and what should be done.

Ms. MIKULSKI. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentlewoman from Maryland.

Ms. MIKULSKI. Mr. Chairman, I disagree with the thrust of the gentleman's amendment.

Mr. Chairman, women are making progress. We can see it in some of our "superstars" like Sally Ride and Geraldine Ferraro. One took us into the far reaches of outer space. The other took us higher than we've ever gone in politics.

We've also made legislative gains. We've reformed our pension system. We've enacted tough child support enforcement programs.

Best ideas that have become legislative victories came from the grassroots. Trickle Down doesn't work economically and it doesn't work to bring about change.

The best ideas come from the bottom up.

The ERA must continue to be the keystone of our movement. It must be the number one goal of our political action.

As I told Rev. Jerry Falwell on "Nightline," what if John Adams had told Abigail that he was going to have independence without the declaration. Suppose Abe Lincoln had told Harriet Taubman, we're going to emancipate the slaves but we're going to do it one plantation at a time.

If we have to get our equal rights one issue at a time, we're prepared to do it. The first issue we're going to deal with is the wage gap that exists between men and women.

We want equal pay for work of equal value. We want that money in our checkbooks and in the lawbooks. Working women today earn 63 cents for every dollar a man makes. But when we go to the grocery store or the shoe store, we don't get to pay only 63 cents of the prices.

We must move head on issues of economic equity for women. We must do so not because it's chic or trendy. We must do so because it is a matter of survival.

Women remain concentrated in low-paying jobs, not because we are afraid of pressure—as any nurse can tell you.

Not because we fear responsibility—as any teacher can tell you.

And not because we dread new technology—as any computer programmer can demonstrate to you.

Our salaries remain low because sexism still exists. One of our first targets for eliminating this sexism is the Federal Government.

As the largest employer in the Nation, the Federal Government has an obligation to set an example. It shoud take immediate steps to ensure that it's pay system is free of bias.

I am one of the Members of Congress who has introduced the "Federal Equitable Pay Practices Act of 1985." This bill will establish a bipartisan commisison that will study the Federal Government's pay and classification systems.

One of the most important ways to lead women out of poverty is to pay them. Money is the secret to ending poverty for women who've been abandoned by their husbands and abandoned in the marketplace.

Joining us in the fight for pay equity has been our good friends at organized labor. Especially the folks at AFSCME. They have been the collective bargaining agents for women in the private sector who need help.

We in Congress have to, now, be the collective bargainers with our own Federal Government, on behalf of our own Federal employees. We have to set the benchmark legislation, for all those women who don't have the opportunity to be represented by the American labor movement.

The steps we're taking are small steps. They are modest steps. But at least they are first steps. And they're steps in the right direction.

The CHAIRMAN pro tempore. The time of the gentleman from Texas [Mr. Stenholm] has expired.

(On request of Mr. Burton of Indiana, and by unanimous consent, Mr. Stenholm was allowed to proceed for 2 additional minutes.)

Mr. STENHOLM. Mr. Chairman, I will yield to the gentlewoman from Ohio is she wishes me to yield.

The CHAIRMAN pro tempore. The Chair would inquire of the gentleman from Texas if he desires to conclude in his 2 minutes.

Mr. STENHOLM. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The gentlewoman from Ohio [Ms. Oakar] will state her point of order.

POINT OF ORDER

Ms. OAKAR. Mr. Chairman, I raise a point of order at this time. I appreciate the work that the gentleman and I have done together on this issue, and we were happy to meet some of his concerns, but the amendment offered by the gentleman from Texas [Mr. Stenholm] proposed to amend the committee amendment to section 7 previously agreed to.

Accordingly, it is not in order. I call to the Chair's attention section 27.1 of chapter 27 of Deschler's Procedure which provides, quote:

"It is fundamental that it is not in order to amend an amendment already agreed to."

Mr. Chairman, at this time, although I do look forward to working with the gentleman before we have final passage, I insist on my point of order.

The CHAIRMAN pro tempore. Does the gentleman from Texas [Mr. Stenholm] desire to be heard on the point of order?

Mr. STENHOLM. Mr. Chairman, it is obvious that when I was out of the Chamber working on some budget matters, the committee revised their original committee amendment, and I was instructed as to this fact just prior to the offering of my amendment.

□ 1645

I assume that the gentleman cites the correct rules, and if that is the case we have been effectively shut out from offering what I believe to be some very helpful and constructive words on this issue.

Other than that, I can make no further comment.

The CHAIRMAN pro tempore. The Chair then would be prepared to rule.

According to precedents, chapter 27, section 28.1 it is not in order to offer an amendment merely striking out an amendment previously agreed to.

Therefore the Chair would rule that the amendment of the gentleman is out of order.

Are there further amendments to section 7?

The Clerk will designate section 8.

The text of section 8 is as follows:

SEC. 8. CONSTRUCTION

Nothing in this Act shall be construed to limit any of the rights or remedies provided under the Civil Rights Act of 1964, section 6(d) of the Fair Labor Standards Act of 1938, or any other provision of law relating to discrimination on the basis of race, color, religion, sex, national origin, handicap, or age.

The CHAIRMAN pro tempore. Are there any amendments to section 8?

AMENDMENT OFFERED BY MR. SIKORSKI

Mr. SIKORSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment Offered By Mr. Sikorski: Page 13, strike out line 22 and insert in lieu thereof the following:

SEC. 8. CONSTRUCTION: ADVISORY NATURE OF STUDY.

Page 13, line 23, insert "(a)" before "Nothing".

Page 14, after line 3, add the following:

(b) Advisory Nature.—The consultant's study and any findings, conclusions, recommendations, or comments by the consultant or the Commission under this Act with respect to such study shall be considered to be of an advisory nature only.

Mr. SIKORSKI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SIKORSKI. This amendment simply reaffirms the intent of the legislation by stating that the consultant's study and any findings, conclusion, recommendations, or comments by the consultant or the commission shall be considered to be of an advisory nature only.

There has been much discussion even a little bit indirectly relevant on the possibility that this study would subject the Government to potential litigation, in fact, an avalanche of litigation and liability under the current civil rights laws of this country.

In fact, the study will have the opposite effect, demonstrating to the courts that the Government is acting in good faith to examine its own policies and practices for discrimination.

It is absolutely the intention of the sponsors of the bill that the President and the Congress have sufficient time to review the consultant's study and the Commission's recommendations in order to formulate appropriate policy if, in fact, discrimination is found to exist.

Mr. Chairman, my own State of Minnesota conducted a similar study a number of years ago. The Governor and the legislature reviewed the study, agreed upon implementation policies and changes in the State personnel program, and, with a great deal of support, these changes have been implemented without litigation, without lowering the wages of any men, in fact, some men's wages were raised; without great cost, and in the collective bargaining structure without all the hypothetical horribles that we hear about.

Mr. Chairman, I urge support of the amendment.

Ms. OAKAR. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. Chairman, this is an amendment, and I hope my colleagues are really paying attention to this one, because what we are trying to do is relieve anyone's anxiety about a possible lawsuit, or that the intent is to create lawsuits. I feel we have a responsibility as Members of Congress who have jurisdiction over the classification system of our employees that we deal with it. I would never abrogate my responsibility to the courts and never have.

So to reaffirm that that is not our intent, in case there is any misunderstanding, the intent of the Sikorski amendment is that the legislation be a study that is advisory, and advisory only, in nature.

It simply sets forth the recommendations for the President and the Congress to serve as a basis for whatever action we may or may not deem necessary.

Mr. Chairman, it is my hope that we would act responsibly, and that is all we are trying to do with this study. So I hope we support Congressman Sikorski's amendment. It is meant specifically to reaffirm the fact that this is only advisory, nothing is binding, and we are the ones that will be called upon to act or not act, and that is all there is to the study. It was never intended to be pursued by courts and all that other business. So I hope we can accept this on both sides.

Mr. ARMEY. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I would be happy to yield to the gentleman from Texas.

Mr. ARMEY. I thank the gentlewoman for yielding.

Mr. Chairman, I had a similar amendment drafted and decided not to offer it. The reason I did not was that I really do not, I am not confident that the amendment will achieve what it sets out to achieve. Nevertheless, I think it is a good amendment, and I would be happy to accept it.

Mr. MYERS of Indiana. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I would be happy to yield to the distinguished minority Member.

Mr. MYERS of Indiana. I thank the gentlewoman for yielding.

Mr. Chairman, we on the minority side accept this amendment. The intent, of course, of the amendment is to preclude any lawsuits, which really you cannot do. There is no way possible this Congress or anyone else, short of absolute prohibition, can stop someone from litigation if they feel they have a case. However, the intent here of the author is that anything in the report itself should not be the basis of a lawsuit. They can bring action under title VII of the Civil Rights Act, any individual who feels aggrieved. We cannot touch that, nor should we. Certainly the intent here is an admirable one, one that is desirable, I think we all support, and that is that nothing in this report shall be used as a basis for a lawsuit, and it is to advise the Congress of any need for future legislation, if there is a problem.

Mr. Chairman, I do support the amendment.

Ms. OAKAR. Mr. Chairman, I support the amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Minnesota [Mr. SIKORSKI].

The amendment was agreed to.

the CHAIRMAN pro tempore. Are there further amendments to section 8?

Mr. STENHOLM. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time to finish the point that I was trying to make on the amendment that I was offering and would announce to the House that it is my intent when we go into the House that I will ask for a separate amendment on the committee amendment to achieve the purpose which I was attempting to do with the amendment before we were effectively precluded from doing that through a legitimate parliamentary move.

I will do that when we go into the House.

The CHAIRMAN pro tempore. Are there any other amendments to section 8? If not, the Clerk will designate section 9.

The text of section 9 is as follows:

SEC. 9. FUNDING.

Sums appropriated to the Office of Personnel Management for general operating expenses shall be available to carry out this Act.

The CHAIRMAN pro tempore. Are there any amendments to section 9?

If not, the Clerk will designate section 10.

The text of section 10 is as follows:

SEC. 10. DEFINITIONS.

For the purpose of this Act—

(1) "job-content analysis", as applied with respect to occupations, means an objective, quantitative method of rating representative entry-level positions within such occupations in order that—

(A) composite values may be established with respect to such occupations based on factors such as the skill, effort, responsibilities, qualification requirements, and working conditions involved; and

(B) comparisons may be made with respect to the positions and occupations involved;

(2) "economic analysis", as applied with respect to 2 or more occupations, means an objective method for analyzing differentials in pay between or among those occupations in order to determine if, and the extent to which, those differentials are attributable to—

(A) job-related factors such as seniority, merit, productivity, education, work experience, or veteran status;

(B) geographic factors; and

(C) other factors, exclusive of sec, race, and ethnicity;

(3) "occupation" means any grouping of positions within an agency, as identified or defined under chapter 51 of title 5, United States Code, or subchapter IV of chapter 53 of such title;

(4) "position" means the work, consisting of the duties and responsibilities, assignable to an individual;

(5) "ethnicity" refers to the quality of being, or not being, of Hispanic origin;

(6) "ethnic group" refers to a grouping based on ethnicity;

(7) an individual shall be considered to be of Hispanic origin if such individual is of Mexican, Puerto Rican, Cuban, Central American, South American, or other Spanish orign;

(8) "consultant" includes an organization which provides consultant services;

(9) "Commission" means the Commission on Equitable Pay Practices established under section 3;

(10) "labor organization" has the meaning provided by section 7103(a)(4) of title 5, United States Codes;

(11) "exclusive representative" has the meaning provided by section 7103(a)(16) of title 5, United States Code;

(12) "agency" means an executive agency within the meaning of section 105 of title 5, United States Code (other than the General Accounting Office); and

(13) "Government" means the Government of the United States.

The CHAIRMAN pro tempore. Are there any amendments to section 10?

AMENDMENT OFFERED BY MR. GEKAS

Mr. GEKAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered By Mr. GEKAS: Page 15, strike out lines 13 and 14 and insert in lieu thereof the following:

(5) "ethnicity" refers to the country where a person was born or the country from which his or her ancestors came;

Mr. GEKAS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GEKAS. For purposes of this amendment I would ask the gentlewoman from Ohio to engage in a colloquy so that I may place certain remarks in the RECORD.

I had intended, and want to make it clear, that this amendment goes to the definition of ethnicity which I wanted to make sure was broader than just to include those of Hispanic origin. In my judgment, that constituted an insult to the Hispanic community and did not cater to the requirements of all the other people who can say that they have ethnicity as part of their work theme.

So I have been informed by the gentlewoman from Ohio that in the previous actions on the floor through an amendment and through a colloquy that was placed in the RECORD that my concerns have been met. To that end, I now yield to the gentlewoman from Ohio so that she can explain to me how that was accomplished. And, Mr. Chairman, if I am satisfied I will withdraw the amendment.

Ms. OAKAR. Mr. Chairman, will the gentleman yield?

Mr. GEKAS. I yield to the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding.

Mr. Chairman, I would be happy to try to satisfy the gentleman's concerns. There was an amendment offered by Mr. SIKORSKI that dealt with the applicable provisions of the law prohibiting discrimination on the basis of sex, race, or national origin.

Mr. LIPINSKI and I engaged in a colloquy, and here is what he said, and here is my response:

> It is the understanding of the chairwoman that the meaning of the term "national origin" in this amendment includes individuals of all ethnic backgrounds that have historically suffered discrimination such as Italians, Poles, Germans, Irish, Lithuanians, Ukranians, Yugoslavians, Czechoslovakians and so forth, of ethnic background.

My answer was, "Yes."

Then we proceeded to go into a further discussion of that.

So that I think the gentleman's concern has been met by the Sikorski amendment as reaffirmed by the Chair that indeed all origins will be looked at because, the gentleman is right, there are some custom workers and other workers who are classified, they believe, indiscriminately, and they are not classified properly, and they would not necessarily be female, minority, or Hispanic.

Mr. GEKAS. Is the gentlewoman from Ohio telling me that that amendment was adopted?

Ms. OAKAR. Yes, yes, it was adopted.

Mr. GEKAS. It was a voice vote?

Ms. OAKAR. Yes, that is right.

Mr. Chairman, I applaud the gentleman's concern, and I think his concern has been met.

Mr. GEKAS. I will recapture my time and say that, based on the colloquy that I have now conducted with the gentlewoman from Ohio, I am satisfied my concerns have been met.

Mr. Chairman, I ask unanimous consent that my amendment be withdrawn.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN pro tempore. The amendment is withdrawn.

Are there further amendments to section 10?

The Clerk will designate section 11.

The text of section 11 is as follows:

SEC. 11. EFFECTIVE DATE.

This Act shall take effect 30 days after the date of the enactment of this Act.

The CHAIRMAN pro tempore. Are there any amendments to section 11?

Are there any further amendments to the bill?

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. BURTON OF INDIANA

Mr. BURTON of Indiana. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. Burton of Indiana: Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Anti-Discrimination Act of 1985".

SEC. 2. ESTABLISHMENT OF COMMISSION.

(a) Establishment.—There shall be established a commission to be known as the Commission on Equitable Pay Practices.

(b) Composition.—The Commission shall be composed of—

(1) the Director of the Office of Personnel Management;

(2) the Chairman of the Equal Employment Opportunity Commission;

(3) 8 members appointed by the President, of whom—

(A) 1 shall be appointed upon the recommendation of the Speaker of the House of Representatives;

(B) 1 shall be appointed upon the recommendation of the minority leader of the House of Representatives;

(C) 1 shall be appointed upon the recommendation of the majority leader of the Senate;

(D) 1 shall be appointed upon the recommendation of the minority leader of the Senate; and

(E) 2 shall be appointed to represent the interests of taxpayers; and

(4) 5 members appointed by the Director of the Office of Personnel Management, of whom—

(A) 2 shall be appointed to represent the respective labor organizations representing (as exclusive representatives) the largest and the second largest numbers of individuals in Government service;

(B) 1 shall be appointed to represent employee organizations having as a purpose promoting the interests of women in Government service and composed primarily of women holding positions covered by the provisions of chapter 51, or subchapter IV of chapter 53, of title 5, United States Code;

(C) 1 shall be appointed to represent employee organizations having as a purpose promoting the civil rights of individuals in Government service and composed primarily of minority group members holding positions covered by any of the provisions referred to in subparagraph (B); and

(D) 1 shall be appointed from among individuals with expertise in Federal personnel management. To the extent practicable, appointments under this section shall be made with a view towards maintaining a fair balance in the interests represented and the functions to be performed by the Commission.

(c) Timing of Appointments; Qualifications.—All appointments under paragraphs (3) and (4) of subsection (b) shall be made within 20 days after the effective date of this Act and shall be made from among individuals who are especially qualified to serve on the Commission by virtue of their expertise and experience.

(d) Vacancies.—A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) Chair and Vice Chair.—The Chair and Vice Chair of the Commission shall be elected by the members of the Commission.

(f) Quorum.—Eight members of the Commission shall constitute a quorum.

(g) Meetings.—The Commission shall meet at the call of the Chair or a majority of its members.

(h) Nonapplicability of Limitation.—Appointments under this section shall not be considered for purposes of section 5311(b) of title 5, United States Code.

SEC. 3. CONDUCT OF STUDY.

(a) Study.—The Commission shall provide for the conduct of a study under which the following shall be examined:

(1) Whether the Government's position-classification system under chapter 51 of title 5, United States Code, and compensation systems under subchapters III and IV of chapter 53 of such title, are in compliance with section 6(d) of the Fair Labor Standards Act of 1938., relating to equal pay for substantially equal work.

(2) Whether the Government is in compliance with title VII of the Civil Rights Act of 1964 in matters relating to hirings and promotions of Federal employees.

(3) The effectiveness of any policies or programs of the Government (including those involving education or the dissemination of information) designed to encourage—

(A) the integration of individuals into occupations in which persons of a particular sex, race, or ethnic group have been traditionally underrepresented; or

(B) the promotion or other advancement of such individuals in Federal employment.

(4) Any trends or patterns relating to promotions or other advancement in Federal employment with respect to individuals belonging to any underrepresented group referred to in paragraph (3).

(b) Methodology.—In carrying out the study under this Act—

(1) the methodology to be used shall be subject to Commission determination or approval, as the case may be; and

(2) particular consideration shall be given to matters relating to women in Government.

SEC. 4. RECOMMENDATIONS AND REPORT.

(a) Recommendations.—The Commission shall develop recommendations (including proposals for legislation or administrative action) for enhancing Government efforts to achieve equality of opportunity in Federal employment with respect to sex, race, and ethnicity and to improve the efficiency of Government compensation practices under subchapters III and IV of chapter 53 of title 5, United States Code. Included with such recommendations shall be an estimate of the cost anticipated in carrying out those recommendations.

(b) Report.—The Commission shall submit its report and recommendations under this Act to Congress not later than 18 months after the date of the establishment of the Commission.

SEC. 5. ADMINISTRATIVE PROVISIONS.

(a) Compensation.—Members of the Commission shall receive no pay on account of their service on the Commission, but while away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service under section 5703 of title 5, United States Code.

(b) Details From Other Agencies.—Upon request of the Commission, the head of an agency may detail, on a nonreimbursable basis, any of the personnel of such agency to the Commission to assist the Commission in carrying out its responsibilities under this Act.

(c) Obtaining Information.—The Commission may secure directly from any agency any information necessary to enable it to carry out this Act. Upon request of the Commission, the head of such an agency shall, to the extent permitted by law, furnish the information requested by the Commission.

(d) Experts and Consultants.—The Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) Mail and Support Services.—The Commission may use the United States mails, and receive administrative support services from the Administrator of General Services, in the same manner and under the same conditions as other agencies.

SEC. 6. TERMINATION OF COMMISSION.

The Commission shall cease to exist 90 days after submitting its report under section 4(b).

SEC. 7. CONSTRUCTION.

Nothing in this Act shall be construed to limit or expand any of the rights or remedies provided under title VII of the Civil Rights Act of 1964, section 6(d) of the Fair Labor Standards Act of 1938, or any other provision of law relating to discrimination on the basis of race, color, religion, sex, national origin, handicap, or age.

SEC. 8. FUNDING.

Sums appropriated to the Office of Personnel Management for general operating expenses shall be available to carry out this Act.

SEC. 9. DEFINITIONS.

(1) "agency" means an executive agency within the meaning of section 105 of title 5, United States Code (other than the General Accounting Office);

(2) "employee" and "Federal employee" each means an individual employed in or under an agency;

(3) "ethnicity" refers to the quality of being, or not being, of Hispanic origin;

(4) "ethnic group" refers to a grouping based on ethnicity;

(5) an individual shall be considered to be of Hispanic origin if such individual is of Mexican, Puerto Rican, Cuban, Central American, South American, of other Spanish origin;

(6) "Commission" means the Commission on Equitable Pay Practices established under section 2;

(7) "occupation" means any grouping of positions within an agency, as identified or defined under chapter 51 of title 5, United States Code, or subchapter IV of chapter 53 of such title;

(8) "position" means the work, consisting of the duties and responsibilities, assignable to an individual;

(9) "labor organization" has the meaning provided by section 7103(a)(4) of title 5, United States Code;

(10) "exclusive representative" has the meaning provided by section 7103(a)(16) of title 5, United States Code; and

(11) "Government" means the Government of the United States.

SEC. 10. EFFECTIVE DATE.

This Act shall take effect 30 days after the date of the enactment of this Act.

Amend the title so as to read: "A bill to promote equitable personnel practices and to eliminate discrimination within the Federal civil service.".

Mr. BURTON of Indiana (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BURTON of Indiana. Mr. Chairman, I yield to the gentlewoman from Nevada.

Mrs. VUCANOVICH. I thank the gentleman from Indiana for yielding.

Mr. Chairman, I rise in support of this substitute.

As many of you already know, I do not support the comparable worth theory which holds that wage disparities between male and female workers and the heavy concentration of women in certain jobs is proof of discrimination. I do support equal pay for equal work, and this substitute sets up a study based on that theory. We want a Society that is gender-blind for employment purposes, not gender-conscious. Comparable worth is a direct attack on an economic system which values individual opportunity and individual liberty. This substitute will focus on employment and pay discrimination in a manner which is consistent with current law.

This substitute has the objective of eliminating discrimination, and promoting fair personnel practices for women, blacks, and Hispanics in the Federal Government. This substitute is similar to H.R. 3008 in that it would establish a study commission known as the commission on equitable pay practices. And, as with H.R. 3008, the purpose of the study is to determine whether Federal practices are in compliance with existing law. However, this substitute uses a methodology which is completely in line with existing law. Thus the substitute does not seek to discover discrimination by using the comparable worth methodology which, as numerous courts have observed, is not a formula for proving discrimination.

The study in H.R. 3008 is one which asks a consultant to make subjective assessments of the relative worth of different jobs, and to then compare the wage rates paid for these different jobs. Regardless on one's personal view of the usefulness of such comparisons, the fact is that such comparisons do not provide a means for determining whether a particular pay system is in compliance with existing law. Existing law—that is title VII of the Civil Rights Act of 1964 and the Equal Pay Act of 1963—does not require an employer to pay equal wages to different jobs. Courts have made this clear in a variety of decisions, including the case of Spaulding versus University of Washington and the recent and much publicized case of AFSCME v. State of Washington, decided by the Ninth Circuit Court of Appeals on September 4, 1985.

What needs to be understood about comparable worth studies of the type done in Washington State and of the type being proposed by H.R. 3008 is that, as the ninth circuit court recognized in the State of Washington decision, the results of such studies "will vary depending on the number and types of factors measured and the maximum number of points alloted to each factor." Thus, even in ideal circumstances, such studies can be of only limited use in determining whether a particular wage structure is discriminatory or not.

This substitute, however, is directed at precisly those practices which can produce discrimination under existing law, and those practices which can result in women being treated differently from men in the Federal workforce. The results of the study set forth in this substitute will give us a meaningful picture of Federal employment and compensation practices and whether those practices are fully in line with the requirements of existing law. Such a study will indeed be more useful than the H.R. 3008 proposal in assuring us that the Federal Government is a leader in eliminating discriminatory employment practices.

In conclusion, if we have to do a study of wages in the Federal workforce, I believe this substitute is the best means to ensure that current law is upheld. I do not believe comparable worth is the answer to alleviating the problem of discrimination in the Federal Government. The Equal Pay Act and title VII of the Civil Rights Act currently provides broad and effective remedies to gender-based discrimination occurring in the labor market. Advocates of comparable worth, and H.R. 3008, would change all that and impose a radical new definition of discrimination which would have far-reaching ramifications for public and private sector employers alike.

I, therefore, urge my colleagues to support this substitute.

□ 1700

Mr. ROBINSON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Indiana [Mr. BURTON].

I have sat very patiently today and listened to all of the debate on both sides. I would be remiss if I did not say that I am disappointed not only in the way that we have presented our communications on the floor today but disappointed in the way this whole issue has evolved, starting with the many misrepresentations, even starting back in Little Rock, AR, with one of my newspapers, the Arkansas Gazette, the oldest newspaper west of the Mississippi, that wrote an article that this was comparable worth. This is not comparable worth. But going on from there, I have had numerous "Dear Colleague" letters misquoting the Washington State case. I even had a letter from the National Association of Manufacturers, which really disappoints me, in that this is more than a study.

Earlier on today, when I objected to the unanimous consent request of the gentleman from Texas [Mr. ARMEY] for more time, I objected in a symbolic way because I think 62 years is long enough in not looking at the way we treat our Federal employees. Yes; it has been 62 years since we studied pay equity. Yes; we have passed other bills that some thought would look at that; for example, the Fair Labor Standards Act of 1938, and subsequently the Civil Rights Act of 1964. But none of these studies called for a real pay equity study.

Now, in the Burton amendment, he and others would have you believe that he is adding to this. Well, the gentleman from Minnesota [Mr. SIKORSKI] has already added what the gentleman from Indiana wants in this amendment.

The truth of the matter is simply this: The gentleman is attempting to gut this bill.

Aside from my responsibilities as a legislator for the Second District of Arkansas, representing Federal employees, females and minorities who are not being paid the same as some of their male counterparts, I am also a father. I have three daughters and three sons. I can unequivocally tell you today that my three daughters will not be treated the same as my three sons if they go to work for my Government, the one government worldwide that is supposedly setting the proper example for all others to follow.

I could go on and on and on about the debate. I am sorry that I do not have a Ph.D. I only went as high as the Masters level. But I am beginning to understand what a Ph.D. stands for. It is piled higher and deeper as we debate this issue.

I would just like to close by saying this: We owe it to our females who work for the Federal Government, we owe it to our blacks, we owe it to our Hispanics, we owe it to all workers who are employed by the U.S. Federal Government to treat them fairly. And that is what this issue is all about. It is not about Democratic versus Republican ideals and concepts. It is not being a conservative versus a liberal. It is about fairness. It is about justice.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON. I will yield in just a minute.

Mr. BURTON of Indiana. It was brought to my attention some time ago that the Democrat-controlled House of Representatives pays their employees on an improper basis.

The CHAIRMAN pro tempore. Does the gentleman from Arkansas [Mr. Robinson] wish to yield time?

Mr. ROBINSON. I yield to my colleague.

Mr. BURTON of Indiana. There is discrimination in employment in this Chamber by the Democrat majority. And for somebody to stand here and say that we are talking about fairness and equality, I think the gentleman ought to start in this Chamber, in his majority party and deal with the problem of fairness.

Mr. ROBINSON. I will reclaim my time. I know the females in my office are watching. Louise, I pay you $47,000 a year. I do not discriminate in my office. I do not know about the rest of my Democratic colleagues. But I pay my employees based on their ability to do the job.

The CHAIRMAN pro tempore. The gentleman will suspend for a moment.

In accordance with the procedure of the House, the gentleman should not refer to any television audience.

Mr. ROBINSON. I was referring to the in-house audience, Mr. Chairman, and not the larger audience. Just the in-house audience.

The CHAIRMAN pro tempore. The gentleman may proceed in order.

Mr. ROBINSON. All of you know that I am a conservative, and some have questioned why I would be down here today talking for such a liberal concept. Let me just say this: I am proud to be a conservative. I am also proud to be an American. I am proud to be a father. But most importantly, I have enough sense to realize that we have to treat people fairly. I can look you in the eye and tell you: I treat my employees fairly, I always have.

Something was mentioned today by my colleague from Texas saying that he once supervised 30 employees. Well, I was in Governor Clinton's first administration in Arkansas, as his director of public safety, and I had 1,100 employees under my control, and I can tell you that when you have an operation as large as a State agency and/or as large as the Federal Government, we need a study to determine whether or not we are paying our employees fairly. There is no way that I can decide whether or not we are doing that. I can do it in my own office. There is no way any of us have the ability, whether we have a Ph. D. or not, to make that determination.

I urge the Members to vote down the Burton amendment.

The CHAIRMAN pro tempore. The time of the gentleman from Arkansas [Mr. Robinson] has expired.

Ms. OAKAR. Mr. Chairman, I ask unanimous consent that the gentleman be given additional time.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from Ohio?

Mr. BURTON of Indiana. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Ms. OAKAR. Mr. Chairman, I move to strike the requisite number of words, and I yield to the gentleman from Arkansas [Mr. Robinson] for his eloquent words.

Mr. ROBINSON. Mr. Chairman, I would just like to say to my colleagues—with no disrespect to my colleague, the gentleman from Indiana [Mr. Burton]—I like you, I respect you—I think the gentleman is wrong. I think the gentlewoman from Ohio [Ms. Oakar] and the committee are right. I ask the Members to vote your conscience, vote your convictions, do what is right for our working females and working minorities who, in my opinion—and I do not know what the study will show—are not being treated fairly.

Ms. OAKAR. Mr. Chairman, I vigorously oppose this amendment.

Essentially, what the gentleman from Indiana [Mr. Burton]—not the gentleman from Indiana [Mr. Myers], but the gentleman from Indiana [Mr. Burton]—is attempting to do is gut the bill. Part of what he is trying to do we already included in the bill by the amendment of my friend, the gentleman from Minnesota [Mr. Sikorski].

Let me just go over what we are trying to do. I chair a subcommittee that relates to Federal employees' compensation and benefits. We have jurisdiction over their benefits, their retirement plan, their health benefits. It is a classification system that has people in classifications from GS-18 to GS-1, the GS-1 being the person who makes about $9,000 a year as a minimum.

The problem that we have is that we have not looked at the classification system with respect to the issues in this bill since 1923. What the gentleman would have us do is remain at the status quo, do not look at the classification system, do not do what 45 States are doing with respect to their own State employees, what many fine corporations have done, like United States Steel and AT&T and J. Byron and Son, in conducting their own study.

We are told by the gentleman from Indiana [Mr. Burton] that, no, we have jurisdiction, but leave the system the way it is, because what was right in 1923 is right in 1985.

Now, I say that is wrong, that is negating our responsibilities. We are trying to take the responsible approach. The responsible approach is to not implement a new pay system. The responsible approach is to take a look at the system comprehensively and study it over an 18-month period by objective individuals in a bipartisan spirit, and that is the spirit in which we are trying to pass this legislation.

There has been absolutely, positively gross misrepresentation of this legislation. I think it has been very, very unfortunate, because the groups that oppose it, in my judgment, do a great disservice to the business community. I want to submit for the Record some letters that I have received from various corporations who do not want to associate with the misinformation that has been given out by members of the national organizations that are supposed to be worrying about the trade deficit; they are supposed to be worrying about the deficit of this country and enhancing our great businesses, and instead, they have focused on misrepresenting what this bill does.

This bill only relates to classified Federal employees. It relates to a study that we have not done since 1923 when less than 5 percent of the Federal work force were minorities and women.

Now, my friends, if we cannot support a study that we have a handle on—they have to advise Congress, and my chairman, the gentleman from Michigan [Mr. Ford], can choose

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whether to hear the recommendations of the study or not to hear the recommendations of the study—we dealt with this issue, we have had countless hearings for 4 years, and I want to tell the Members of this Congress something, because I feel deeply about it: If we cannot pass a simple study on how we treat classified Federal employees, then we will never do anything that relates to fairness in this Congress because that is an easy step to undertake.

I think it is extraordinarily unfortunate that this has been made into a huge political issue that it was not last year when we passed this bill, with only six people voting against it. I personally think it is unfortunate that it has been so distorted and that it has caused Members on both sides of the aisle the kind of anguish that some people who do not know what is in this study and do not know what we are trying to do and in good faith have written to them, I think it is very, very unfortunate that Members have had to explain what this is in simple English, when in fact the issue has been terribly distorted.

The CHAIRMAN pro tempore. The time of the gentlewoman from Ohio [Ms. OAKAR] has expired.

(By unanimous consent, Ms. OAKAR was allowed to proceed for 2 additional minutes.)

Ms. OAKAR. Frankly, I think the National Chamber of Commerce ought to be absolutely ashamed of itself for distorting this issue. That is what they have chosen to do in a fundraising effort. I think it is a shame.

My business community, I am proud to say, in Cleveland, OH, took great issue with what they were trying to do, and, in a letter from the director of my chamber, said, "Congresswoman OAKAR, I think you not only should do a study; you have an obligation to do a study, because we have jurisdiction over these employees."

So I hope we can pass this bill and I hope we can go on to bigger and better things, frankly. I always believe, as my mother said, that the truth will win out. I think it will win out today.

Mr. SEIBERLING. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I yield to my friend, the gentleman from Akron, OH.

□ 1715

Mr. SEIBERLING. I thank the gentlewoman for yielding.

Mr. Chairman, I think the gentlewoman has made a very fine statement. When I started hearing some of the rhetoric that we have heard on this bill, I did what is a good rule: When all else fails, read the bill. It just blows my mind that anybody would even oppose this bill. This is an extremely modest, reasonable effort to find out if indeed there are some areas where there is no rational basis for differentials in pay. It does not require any action, but merely factfinding. I cannot imagine anybody opposing such a study.

Ms. OAKAR. I thank the gentleman.

Mr. Chairman, I just want to conclude by thanking the minority leader of the subcommittee, Mr. MYERS of Indiana. We worked together in a spirit of compromise. That was the way I wanted the bill to come out, and I think it did come out as a bill that had some compromises, and I want to thank my friend from Indiana, Mr. MYERS, for hanging tight. It showed a lot of courage.

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in favor of the substitute. I must say I have listened to most of this debate, too, and for people who are on the floor propounding a point of view, the proponents of this bill have been the most defensive group I have ever heard. The entire case has been defensive and negative out here today with very little positive said about their bill.

I have got to guess that there must be something awfully wrong in a bill that they simply pound upon the opponents who have raised points of view. It seems to me that all of this talk that the opponents are somehow engaging in distortion and so on is simply an attempt to raise a smokescreen about this bill. What we have is we have an honest difference of opinion about the potential impact of this legislation. It seems to me that that is entirely legitimate for people to have a difference of opinion about legislation that encompasses this kind of scope. That is precisely what we have here.

We have heard an awful lot of talk here today that somehow there is something rather sinister about people who may have changed their mind in the last year about this particular approach. Well, I would suggest that there is nothing sinister in it; there is just a little bit of education that has taken place in the last year or so.

There have been three separate events since we last voted that some of us focused on a little bit. For example, there was the court of appeals that said that comparable worth is an invalid concept. It seemed to some of us, having looked at that particular opinion, that that made some sense and we ought to look at that in terms of what we were doing in the House of Representatives.

You had the Civil Rights Commission that did a study of the comparable worth, and they came to the conclusion, and they said, that this is the looniest idea since "Looney Tunes." That made somewhat of an impression at least on this gentleman that maybe we ought to take a look at what we are doing in this House.

We also have, I would say to the people who tell us that we have had no studies in the last 62 years, we have had a study by the Office of Personnel Management. Right here is the study. It evidently cost us a lot of money because there is an awful lot of paper there, and you can bet that bureaucrats that generate that kind of paper cost us a little bit of money to do this study. What is the study called? It is called "Equal Worth, Comparable Worth, and the Market Worth of Federal Jobs." It is precisely what we are talking about here has already been done by the Office of Personnel Management. They came to the conclusion that the comparable worth idea is illogical, imprudent, and injust.

In other words, there are some people who have studied this thing and studied it within the last year since we last voted, that have come to the conclusion that this is a pretty whacko scheme that we are dealing with here. Some of us think that maybe that is not what we ought to be voting for in this House.

Now, it seems to me what we have is that kind of opposition that is distorted through a compaign of negativism here on the floor. As far as I am concerned, this is a bill that says something in particular to young people. It says to young people who are about to graduate from high school and college, young people, both young men and young women, that the politicians and the bureaucrats are now going to decide their worth in the job market. Their talent, their education, their skills, their enthusiasm and their dreams all become secondary because what we have is the politicians and the bureaucrats determining their worth.

I do not think that is the way we want to go in the future. I do not think that we ought to be endorsing that even in a study in this particular House of Representatives.

The substitute by the gentleman from Indiana gets us to a concept that I think we can all endorse. The substitute gets us to the concept of equal pay for equal work for everyone. It seems to me that if we are going to have a study, that is what we ought to be doing; we ought not be doing what the bill purports to do.

I ask for a vote "yes" on the substitute.

Mrs. VUCANOVICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. BURTON of Indiana. Mr. Chairman, will the gentlewoman yield?

Mrs. VUCANOVICH. I yield to the gentleman.

Mr. BURTON of Indiana. I thank the gentlewoman for yielding.

Mr. Chairman, we are for equal pay for equal work. Make no mistake about that. That is what my substitute is all about. The bottom line in this argument is do you want comparable worth? Do you want some commission established that will sit down and compare one job with another and decide whether or not they should be paid the same?

You are talking about, that is the argument. The legislation that was passed, the study that was passed in the State of Washington resulted in a $1.1 billion lawsuit. We have 30 times the number of employees as the State of Washington. The Justice Department has told me personally that there is no doubt in their minds there will be a lawsuit filed if we pass this study as it is written right now. That could result in a $30 billion lawsuit and the taxpayers of the United States are going to have to pay for the legal expenses in that suit, and may end up having to pay $30 billion. I do not think they will, because I think the same conclusion will be reached on an appeal that was reached in the appeal in the Washington suit. Nevertheless, this mischief is going to end up in the courts.

Now, my substitute really studies whether or not there are inequities as far as equal pay for equal work is involved in the U.S. Government and the Federal Government. Now, I think the one thing that has not been stated clearly enough here today is something that we should state right now and that is this is going to be the catalyst for going into the private sector. The people who want this study at the Federal level in the Federal Government want the same principles to apply in the private sector of our economy. My friends, make no mistake about it, that heads us in the direction of socialism.

Are we going to have bureaucrats, commissions deciding who get paid what salary and what jobs are equal to other jobs? That will end up in endless litigation in the private sector as well, and that is why the National Chamber of Commerce opposes this legislation as well as probably 200 or 300 other national organizations.

They have studied this issue, they have studied this legislation and they think it is bad. Now, if you really want to look at the Federal pay system to make sure there is equal pay for equal work, then I submit to you support my substitute because that is exactly what it is intended to do.

Mrs. VUCANOVICH. Mr. Chairman, I thank the gentleman, and I yield back the balance of my time.

Mr. HYDE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the substitute offered by the gentleman from Indiana. The bill in chief offered by my dear friend from Ohio, the gentlewoman, is labeled a pay equity bill. My admiration for the gentlewoman is increased as I stand in awe of her ability to coin euphemisms, because what we are talking about is comparable worth. Calling it pay equity does not change the reality. It is something that we indulge in these euphemisms a lot. We call illegal aliens "undocumented workers," and I often have thought that was like calling a drug peddler an "unlicensed pharmacist," or a bank robber a "holder not in due course."

We are talking about comparable worth so let us not indulge in any self-deception.

□ 1725

I also think it is important to remember that the history of freedom is the history of resisting excessive governmental intrusion. That is what freedom is all about. It is resisting the leviathan government which is so intrusive in so many aspects of our lives where it really does not belong. And I think if comparable worth ever gets a foothold in the economy and the politics of this country, you will have a massive intrusion in what was once a successful, albeit not perfect, free enterprise system.

The courts are already clogged. They will be congealed once this becomes the law, and there will not be such a thing as a poor lawyer left in this land. You may search far and wide, you may ransack the poorhouses, you will never find a lawyer who is this side of being considerably wealthy once this enforcement mechanism takes effect. And that will be something to behold. I suggest that Monty Python draw up the plans for the enforcement mechanism for comparable worth.

Now, I do not want to suggest that there is not discrimination. I do not know, there probably is. Wherever human nature exists, discrimination is going to be a part of it. And should we avert our eyes from this discrimination? Absolutely not. The gentlewoman from Ohio has raised our consciousness on this issue, and I applaud her for that. But having gone that far with her, I beg to take another direction as we search for ways to educate ourselves on this issue.

I suggest that the substitute offered by the gentleman from Indiana is a far more workmanlike and sensible, if I may use such a word, approach to this problem. It establishes a commission that is, in my judgment, much more likely to be objective than the Commission that the gentlewoman suggests in her bill.

And, by the way, I want to throw this in parenthetically. Since male longevity is much shorter than female longevity, if this Commission ever looks at this problem, I hope the stress factor that we males have to undergo on jobs can be cranked into whatever marvelous formula emerges so that the fact that men die a lot sooner than women on the average will give us a few more points in this comparable pay schedule.

The gentleman from Indiana has a study that seems to me to be much more objective. It does not require a list of occupations demanding equivalent skills and responsibilities, because those are subjective and different people will have different approaches on this. But the approach of the gentleman from Indiana wants to know whether the Federal pay and classification systems are in compliance with the existing law, the Fair Labor Standards Act of 1938, and title 7 of the Civil Rights Act of 1964.

And not as an afterthought, I am sure, what about an estimate of the cost of these recommendations in their implementation? There is such a thing as voluntary ignorance, somebody saying, "I don't want to know what this will cost." It seems to me that the gentlewoman, I am sure through an omission, has neglected that in her study.

What will the recommendations cost this poor taxpayer that we bleed through every pore about every day in 1-minute speeches?

So, Mr. Chairman, I suggest that wisdom, prudence, and common sense dictate that we support the substitute offered by the gentleman from Indiana, which I intend to do enthusiastically.

Mr. MONSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not want to belabor this subject, but I do think that a few more points need to be made.

I have listened to the complete proceedings today, and it has been very educational, but it has also been disappointing at times. To be accused of being a racist when I oppose this bill is something that I have never been accused of before, and I do not appreciate that accusation. But I think there are some things that still need to be brought out, so I choose to take this time now.

I think I can best bring these things out by reading from an article by Robert J. Samuelson that appeared in Newsweek magazine on April 22, 1985.

He said in this article:

> Comparable worth's illusion is that the relative worth of different skills, working conditions and responsibilities can be distilled into formula. They can't. So comparable worth leads to the wrong questions about jobs. In Wisconsin state government, where the ideas is being studied, a legal secretary is paid $14,800 and a public-defender investigator (level 3) $20,600. The experimental job-evaluation system rates the jobs almost equal; 92 percent of the investigators are men and 100 percent of the secretaries are women. To eliminate "sex bias," the recommendation is to raise the legal secretary 33 percent to $19,600.

Mr. Chairman, continuing the quote:

> If I lived in Wisconsin, I would want to know whether the legal secretaries are competent. If so, why isn't $14,800 adequate? If not, I would not reward them with a $4,800 raise without first assuring their competence. I would ask the same question of investigators. The right question is not: do we pay women's (or men's) jobs enough? But do we pay enough for specific jobs—say teachers, men or women—to get qualified workers. And, if not what combination of higher salaries and qualifications is needed?

Mr. Chairman, I think that is what the issue boils down to. We need to make sure that we are asking the right questions. When we approach this based totally on our assumption that if there is a difference in pay between a job that is normally occupied by women and a job that is normally occupied by men, that is based strictly on discrimination, then we are asking the wrong questions. We need to ask the right questions.

Mr. Chairman, I hope we will adopt this substitute, because I believe that better asks the right questions than the bill before us.

Mr. ARMEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will be brief, because I know we are all anxious to complete this matter. The gentleman from Utah did raise a good point, and indeed I had my name raised by the gentleman from Arkansas. I understand that folks in Arkansas are not always crazy about folks from Texas, and I understood, when I decided after the July recess that I would have to come into this body and work very hard and provide a great deal of information, that that information may be characterized, as it has been so often today, as misinformation.

I understood that the question of race might be raised, and that a finger might be pointed either directly or indirectly. I suspected that maybe some of us might be called "sexist," and yesterday in the New York Times I was referred to by one of the Members of this body as a sexist operating outside the fringe.

It is for that reason that I perhaps did the deplorable thing and emphasized that I am an economist and even indeed that I have a Ph.D. in economics, not that I am so proud of my Ph.D. but because from the outset I realized that I had to make it clear that as a professional economist I was addressing an economic issue, not an issue of race or not an issue of sex, and that I was trying to get information out.

Yes, we are concerned. We are not unrealistic in our concerns. We do not have a free-floating anxiety. Our concerns are reality based. Take the Washington State case or the Illinois State case, take any case, the lawsuits follow when these things are passed. We are concerned about those things. We tried today to offer amendments, and by rejection of our amendments the majority has demonstrated that they do not want a fair commission. They want one stacked 6 to 5. They do not want a fair study. They want a single consultant with a single methodology that has been proven faulty already.

There is a question of fairness. Will we stamp out discrimination? Some of us honestly believe implementing this kind of study, with the policy changes that could be recommended, will create more discrimination, and particularly discrimination toward blue-collar workers. Numerous studies have been done, and they have been discounted. It is not a question so much of misinformation—and indeed, if there were a question of misinformation, that is on both sides—but what information has never been taken into consideration, that has been left totally out of the hearings, out of the study, and out of the discussion.

□ 1735

The bill still risks judicial implementation. We have seen it in every case where a study has been authorized by a legislative body, before that body could act to legislate implementation suits have been filed and countersuits have been filed by those people against whom discrimination is found by the implementation of these kinds of procedures.

I think it is only fair that there be some recognition of the fact that those of us on this side of the issue are serious in our consideration of the impact of this on the American economy, on the American working man and the American working woman, in the interest of fairness and in the interest of trying to save this Nation's governing body from moving in the direction of a Government administered system of wages in this country. That has been characterized by the gentleman from Indiana [Mr. BURTON] as socialism. I know of no other way to characterize the government administration of prices in any nation.

Ms. OAKAR. Mr. Chairman, in accordance with an agreement we had with the minority and the desire to rise at 6 o'clock, I ask unanimous consent that we conclude debate, after the minority Member, the gentleman from Indiana [Mr. MYERS] speaks, in 10 minutes.

The CHAIRMAN pro tempore. Is the gentlewoman requesting that on the amendment of the gentleman from Indiana [Mr. BURTON] and all amendments thereto?

Ms. OAKAR. All amendments thereto, yes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from Ohio [Ms. OAKAR]?

Mr. BURTON of Indiana. Reserving the right to object, Mr. Chairman, I have a question that I would like to ask.

Ms. OAKAR. Mr. Chairman, I was speaking specifically of the Burton amendment.

The CHAIRMAN pro tempore. The gentleman from Indiana has reserved the right to object.

Mr. BURTON of Indiana. Reserving the right to object, Mr. Chairman, my question is if we limit the time on this amendment and all subsequent amendments thereto, after the Committee rises, does the gentlewoman not have a substitute or an amendment? Will this affect that?

Ms. OAKAR. No; if the gentleman will yield, I was not really referring to anything else.

Mr. BURTON of Indiana. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from Ohio [Ms. OAKAR]?

Mr. MYERS of Indiana. Reserving the right to object, Mr. Chairman, it is my understanding that there shall be 5 minutes on this side and then 10 minutes on that side; in effect, we are talking about 15 minutes from now the Committee will rise. Is that correct?

Ms. OAKAR. Mr. Chairman, if the gentleman will yield, I will say yes to my minority Member.

Mr. MYERS of Indiana. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from Ohio [Ms. OAKAR]

There was no objection.

The CHAIRMAN pro tempore. The gentleman from Indiana [Mr. MYERS] will be recognized for 5 minutes.

Members standing at the time of the request by the gentlewoman from Ohio will be recognized for 2 minutes each. The Chair recognizes the gentleman from Indiana [Mr. MYERS].

Mr. MYERS of Indiana. Mr. Chairman, I regret taking this 5 minutes at this late hour for a number of reasons. First, we have an agreement that we will be out of here by 6 o'clock and I think everyone has heard enough about this; but I am concerned about this issue because there have been so many misstatements made about what is in this act.

I have been around here for a number of years and I do not remember any legislation, even major legislation, and I do not consider this major legislation, that has been as poorly talked about, as poorly presented throughout the country.

I know I have been threatened. I have been intimidated. I have been impugned by I guess some serious people back home.

I asked them, "Have you read the bill?"

And they say, "Well, no, but we have heard about it and we have heard it is comparable worth."

Now, my name is not on here as a cosponsor to the bill. You may wonder why I am up here. I do not have to take my credentials as a conservative second to anyone here, but I am in support of this legislation for several reasons.

First, I thank my chairperson for making concessions. I say concessions, because the gentlewoman did not have to. She had the votes in the committee and probably on this floor to come forth with a comparable worth bill, but it did cause me problems, as it did many of you, so we have taken out the comparable worth concept in this bill.

Now, I was at a point a few years ago when I did not call a coin by its first name. It was a lot more popular calling it high tax. I always referred to it as a high tax because it got more votes.

Calling this comparable worth, it gets some opposition, but that does not change the bill or the concept here.

What we are talking about, is there gender-based wage discrimination within the Federal Government, is there? Can anyone today say there is or is not a wage discrimination because a person happens to be a female instead of a male? I do not know, but that is all this bill does is to cause a study.

Now, we have an amendment here in the form of a substitute that is another study. I regret to have to oppose my friend, the gentleman from Indiana. He and I most often vote together, but I think the gentleman is ill-advised on this and I do not agree with him.

Now, some of the opponents here today have brought up a number of ideals or suggestions, talking about this is a new area, and then the same people come back later in the debate and say, "Well, we have studied this for years in the Federal Government." Is it or is it not a new idea? I do not know, not until we examine it further.

Others have said it is a cause of litigation. They have been advised, my friend says he has been advised by the Justice Department that this for certain will cause lawsuits.

There is nothing, nothing in this bill that would give any sanction, any reason whatsoever for a lawsuit. Lawsuits can be brought now, and are, under title 7 of the Civil Rights Act, but nothing in this act provides for any lawsuit, not in the least.

Then they talk about the cost to the taxpayers. It may be, but what is the cost to the taxpayer who happens to be a female today, and there are female taxpayers, too, because they do not get paid as much for doing the same job? How about the single parent?

I talked to one just today who is looking for a better job. She said she has three children to support. She is looking for a better job, but if she cannot get the same pay, she is not paying Federal taxes. She is not supporting her children.

This is what we are talking about here. It is not the issue of liberal versus conservative or sexist, racist, and all the other suggestions that have been thrown around here. It is too bad to give that kind of a tag to this needed legislation.

Now, title 7 of the Civil Rights Act provides that the private sector of our country, the business out there, cannot discriminate because of a number of things, including because of the gender of the employee.

Should we in the Federal Government not live within the same rules? We passed title 7.

This is what this says. Is the Federal Government living within the same rules and laws that every taxpayer out there has to live with? This is what we are saying here. It does not write new legislation. It is an examination if the Federal Government, the one that we run here, is doing the same thing that it is requiring everyone else in this country to live with. Should they not be held to that?

Last and most importantly, I am supporting this legislation because I believe in justice. To use a personal experience, my wife came to our little town in Indiana a number of years ago as a teacher. That little town hired four new teachers that year, two women and two men, both of equal education, both first-year teachers, both men made more than either one of the women made. Each of them made more money.

Do you say that is justice?

My wife and I have two daughters. Because they were born female, should they go through life not earning as much because they were born female? They are both professionals now. I do not think so.

We are not talking about racist or sexism or anything else. We are talking about justice and you have a chance to vote for it today.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, first of all, I want to commend the gentlewoman from Ohio [Ms. OAKAR] on the stand the gentlewoman has taken here and brought forward, the legislation that would produce the justice that people are concerned about.

Mr. Chairman, we have had talk of economics. This is not an economic matter. The greatest work of free men was the Constitution and in 1964 it had to be updated to provide in fact rights for people in America, the greatest nation of all.

We are in a constant state of flux and there are changes that have to be made. This is certainly one of those particular changes.

I want to talk just a minute about the economic discussions that seem to abound on the floor. Are we saying here today that cost and dollars should preclude fairness and justice? If in fact, what are we afraid of with this study?

I think the comments of the gentleman from Ohio, Mr. JOHN SEIBERLING, were right to the point. He said all you need to do is read the bill and it will allay those particular fears.

But do we have fears that in fact this study will document that sex discrimination, yes; does exist, and if it does, that there may in fact be lawsuits that may cause an economic situation in our country? Yes; that is true; but are we to say because of that factor that we should leave matters as they are, with possible discrimination still in existence? Do economics and cost preclude justice?

I think the Founding Fathers would turn over in their graves if they would in fact hear the discussion that has taken place here on the House floor here today. We have belabored this for many hours. This is a matter of justice.

Mr. Chairman, I commend the commitment of the previous speakers to that particular concept. I think all Members of the House should vote their conscience on justice today, not economics and dollar costs.

So again, I commend the gentlewoman from Ohio [Ms. OAKAR] for her stand, and to all the Members of the House who look at it as it exists, a consideration of justice.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman, I rise in support of the amendment. I speak because I am from a State that has had some experience with this, Washington State.

Because of the lack of time, however, I have asked to revise and extend my remarks.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Chairman, I want to again make the point that I have been trying to make and I want to ask the gentlewoman from Ohio if she would respond to my question.

In light of the committee amendment that was stricken at the urging of those of us who are concerned about the comparable worth issue, does the gentlewoman also agree to strike all references in the committee report that refer to that same problem?

I yield to the gentlewoman.

Ms. OAKAR. I do not have a problem with that, as I told the gentleman.

Mr. STENHOLM. Well, it is very important to those of us who are concerned about the wording of this legislation. I do not, and I want to make it clear, I do not intend to vote for the substitute, because I felt that we were getting extremely close to settling the comparable worth issue. Unfortunately, we were not able to resolve it yet, but we will attempt to do it when we go into the House, when we rise.

To complete what I had hoped to do, and that is to strike all references to that which some of us believe refer to comparable worth, all the other speeches, and I certainly would like to associate myself with the gentlewoman's fine remarks as far as the intent of what the gentlewoman has consistently said to me and I have heard the gentlewoman say in the floor of the House today. I do not believe we are that far apart.

What we are talking about is what some of us believe is extremely important wording of the intent because of the court case that has arisen and that is creating some enormous economic problems and potential future problems; so it is very important to me, and I understand the gentlewoman's reluctance to answer, but the committee report language is extremely specific in doing that which the gentlewoman has contended and has stricken with the committee amendment.

Ms. OAKAR. Mr. Chairman, if the gentleman will yield, as the gentleman knows, we struck that section out through an amendment that I offered, in effect. It was a committee amendment, and that is what is really binding; but I said that I would take out the report language that refers to that section.

Mr. STENHOLM. The report language, that is what I wanted, the report language that deals with that section, and I would encourage support for my amendment to strike the remaining one-third of this issue and that takes comparable worth completely out of the debate and will make this particular bill worthy of support.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Mr. Chairman, I think I will just sum up by saying we are all for equal pay for equal work. I think my substitute will provide a study mechanism to make sure that equal pay for equal work prevails throughout the Federal employment system of the United States and I hope everybody will see fit to support it.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Missouri [Mr. GEPHARDT].

Mr. GEPHARDT. Mr. Chairman, I urge Members to vote against the substitute. The reason is that the substitute effectively guts this study and the reason for passing this bill. It calls for a completely different kind of study. That study may be worth doing at another time and another place, but it is not a real substitute for what is being asked for in this bill. It is a study of affirmative action. It is not a substitute for a study of pay practices.

□ 1750

If Members are concerned about the basic facts, if they are concerned about whether or not there is discrimination and they do not know, listen to these facts:

While women comprise 46 percent of the Federal work force, 85.5 percent of women are concentrated in just the lower civil service job classes and make 63 percent of what their male counterparts make. My colleagues may not accept those facts, the facts may not be right, but the point is that we need this study. We need to know what the facts are, and if the facts are anything like that, we need to take action.

I was interested that the gentleman from Illinois [Mr. HYDE] said that the Government should not be involved. That same gentleman makes eloquent arguments about why the Government should be involved in the question of abortion, but yet he makes the argument today that it is not appropriate for the Government to be involved in standing for and worrying about this basic, basic human right, the right of all people in this country to be able to participate in this economy in an equal way.

It is time for this commission, it is time not to vote for a substitute that guts it, and I hope Members will stand strong against the substitute and for the bill for equal rights.

The CHAIRMAN pro tempore. The question is on the amendment in the nature of a substitute offered by the gentleman from Indiana [Mr. BURTON].

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. BURTON of Indiana. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 142, noes 277, not voting 15, as follows:

[Roll No. 351]

AYES—142

Archer
Armey
Badham
Bartlett
Barton
Bateman
Bentley
Bereuter
Bilirakis
Bliley
Boulter
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Callahan
Campbell
Chandler
Chappie
Cheney
Coats
Cobey
Coble
Coleman (MO)
Coughlin
Courter
Craig
Crane
Daniel
Dannemeyer
Daub
Davis
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Eckert (NY)
Edwards (OK)
Emerson
Fawell
Fiedler
Fields
Franklin
Gallo
Gekas
Gingrich
Goodling
Gradison
Gregg
Grotberg
Hammerschmidt
Hansen
Hartnett
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Hunter
Hyde
Ireland
Kasich
Kemp
Kindness
Kolbe
Kramer
Lagomarsino
Latta
Leath (TX)
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Mack
Marlenee
Martin (NY)
McCain
McCandless
McCollum
McEwen
McMillan
Michel
Miller (OH)
Miller (WA)
Monson
Moore
Moorhead
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Porter
Ridge
Ritter
Roberts
Rogers
Roth
Rowland (CT)
Saxton
Schaefer
Schuette
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Slaughter
Smith (NE)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snyder
Solomon
Spence
Stangeland
Stump
Sundquist
Sweeney
Swindall
Taylor
Thomas (CA)
Vander Jagt
Vucanovich
Walker
Weber
Whittaker
Wolf
Wortley
Wylie
Young (FL)
Zschau

NOES—277

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Aspin
Atkins
AuCoin
Barnard
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Bevill
Biaggi
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Carper
Carr
Chapman
Chappell
Clay
Clinger
Coelho
Coleman (TX)
Collins
Combest
Conte
Cooper
Coyne
Crockett
Darden
Daschle
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Duncan
Durbin
Dwyer
Dymally
Dyson
Eckart (OH)
Edgar
Edwards (CA)
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gordon
Gray (PA)
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Horton
Howard
Hoyer
Hubbard,
Huckaby
Hughes
Hutto
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kleczka
Kolter
Kostmayer
LaFalce
Lantos
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lipinski
Lloyd
Long
Lowry (WA)
Luken
Lundine
MacKay
Madigan
Markey
Martin (IL)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McGrath
McHugh
McKernan
Meyers
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Moakley
Molinari

Mollohan
Montgomery
Moody
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Panetta
Pease
Penny
Pepper
Perkins
Petri
Pickle
Price
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Rinaldo
Robinson
Rodino
Roe
Roemer
Rose
Rostenkowski
Roukema
Rowland (GA)
Roybal
Russo
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sharp
Shelby
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NJ)
Snowe
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Strang
Stratton
Studds
Swift
Synar
Tallon
Tauke
Tauzin
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitehurst
Whitley
Whitten
Wilson
Wirth
Wise
Wolpe
Wyden
Yates
Yatron
Young (AK)
Young (MO)

NOT VOTING—15

Addabbo
Brown (CA)
Carney
Conyers
Early
Fowler
Gray (IL)
Green
Kildee
Lungren
Manton
McKinney
Rudd
Williams
Wright

☐ 1800

The Clerk announced the following pairs:

On this vote:

Mr. Lungren for, with Mr. Kildee against.
Mr. Carney for, with Mr. Green against.

Messrs. JENKINS, FRENZEL, and LENT changed their votes from "aye" to "no."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mr. HAWKINS. Mr. Chairman, I rise in strong support of H.R. 3008; legislation which calls for a study of the Federal pay and classification systems to determine whether discrimination based on sex, race, or national origin exists.

Title VII of the Civil Rights Act of 1964, as amended, specifically prohibits wage discrimination. Section 703 of that act (42 U.S.C. Section 2000e–2(a)(1)) states that "It shall be an unlawful employment practice for an employer (1) to discriminate against any individual with respect to his compensation * * * because of such individual's race, color, religion, sex, or national origin * * *."

The discrimination which we seek to eradicate through this proposed study is a direct by-product of occupational segregation. The issue raised concerns whether work done primarily by women and minorities is systematically undervalued primarily, if not solely, because that work continues to be done for the most part by women and minorities. There is strong evidence that wages paid to women and men engaged in historically female or minority work are artificially depressed relative to what those wages would be if the jobs were being performed by white males.

Data which describes and, indeed, supports the fact of job segregation is compelling. For example, 80 percent of all women work in 25 of the 420 census occupational categories. Women constituted 44 percent of all workers in 1980, but filled 81 percent of clerical jobs, 97 percent of private household jobs, and 61 percent of other service jobs. 59.5 percent of black women and 53 percent of white women are concentrated in only 2 of the 12 major occupations.

Of equal importance is the combined presence of a significant wage gap within occupations. In sales jobs, for example, women earned 42 percent of men's salaries. In general, while the proportion of women in managerial positions has increased since 1960, their earnings relative to men declined from 58 to 55 percent. To ignore the role of discrimination in producing these disparities is to ignore reality.

During hearings held in 1980, the Equal Employment Opportunity Commission explored the issue of whether wages for jobs historically segregated on racial, sex or other unlawful basis have been discriminatorily depressed because those jobs were held by minorities and women. This remains one of the most significant and most difficult issues left unresolved under title VII today. While a constructive dialog has ensued for several years, little progress has been made toward any meaningful conclusions. The most often cited reason for this lack of progress is the complexity of the issue. We must ensure that this valid concern does not become an excuse for unwarranted and unwise delay. For notwithstanding the complexity of the issue, its resolution has major ramifications for millions of individuals throughout the American work force. H.R. 3008 constructs a forum in which to conduct a study, assess the available evidence and proceed in a prudent and deliberate manner to understand the scope and character of the problem and, subsequently, to fashion an appropriate and effective response. It is that all important first step. For these reasons, I applaud and support the introduction of this important legislation and urge your support for its passage and enactment.

Mr. SENSENBRENNER. Mr. Chairman, recently, allegations have been made that H.R. 3008, the Federal Equitable Pay Practices Act, is fully consistent with the Ninth Circuit decision in AFSCME versus State of Washington, on the issue of comparable worth. These allegations place little importance on the appellate court's decision to reverse Judge Tanner's original decision. I call your attention to an analysis of the case and its effect upon H.R. 3008 conducted by the U.S. Commission on Civil Rights. Mr. Pendleton, the Chairman of the Commission, states that H.R. 3008 is "fundamentally inconsistent with AFSCME." Chairman Pendleton further notes that the Ninth circuit's reversal of AFSCME invalidates "the only decision to give support to the job evaluation methodology that H.R. 3008 would employ to prove discrimination." The Commission analysis centers on the inconsistency in finding that AFSCME and H.R. 3008 are in accord by noting that the bill purports to authorize "a study to determine whether the Federal Government's wage setting and position-classification practices are consistent with title VII and the Equal Pay Act." However, such a study would "authorize use as a standard which is legally insufficient as a means of proving discrimination."

Below is a copy of the Commission's analysis. I hope that it will help enlighten my colleagues as to the apparent inconsistencies between AFSCME and the proposed legislation, H.R. 3008.

U.S. Commission on Civil Rights,
Washington, DC, October 7, 1985.

Hon. F. James Sensenbrenner, Jr.,
House of Representatives, Rayburn House Office Building, Washington, DC.

Dear Congressman Sensenbrenner: This will respond to your request for a staff analysis of the claim that the Ninth Circuit decision in *AFSCME* v. *State of Washington* is consistent with H.R. 3008, the Federal Equitable Pay Practices Act of 1985. The opinion expressed herein is that H.R. 3008 is fundamentally inconsistent with *AFSCME*, and that claims to the contrary serve only to draw attention from the many legitimate objections to the bill.

H.R. 3008 would employ a comparable worth job evaluation for purposes of determining whether the Government's wage setting and position-classification systems are designed and administered in a manner consistent with Title VII and the Equal Pay Act, that is, whether they are discriminatory within the meaning of these statutes. *AFSCME* clearly indicates that such an inquiry is not within the scope of these statutes.

In reversing Judge Tanner's decision upholding job evaluation as a means of determining compliance with Title VII, the Ninth Circuit invalidated the only decision to give support to the job evaluation methodology that H.R. 3008 would employ to prove discrimination.

The Ninth Circuit held in that case that comparable worth theory did not afford AFSCME a basis for recovery under Title VII of the Civil Rights Act of 1964. AFSCME had argued that discriminatory intent could be inferred from the Willis study, which found that the State's practice of setting wages in reliance on the market created wage disparities among jobs of comparable worth disproportionately represented in terms of gender. This argument fails, said the Court:

"Neither law nor logic deems the free market system a suspect enterprise. Economic reality is that the value of a particular job to an employer is but one factor influencing the rate of compensation for that job. Other considerations may include the availability of workers willing to do the job and the effectiveness of collective bargaining in a particular industry."

Citing its own precedent in *Spaulding* v. *University of Washington*, the Court noted that employers may be constrained by market forces to set salaries under prevailing wage rates for different job classifications. "We find nothing," said the Court, "in the language of Title VII or its legislative history to indicate Congress intended to abrogate fundamental economic principles such as the laws of supply and demand or to prevent employers from competing in the labor market."

H.R. 3008 is thus in conflict with itself. It purports to authorize a study to determine whether the Federal Government's wage setting and position-classification practices are consistent with Title VII and the Equal Pay Act, but in doing so would authorize use of a standard which is legally insufficient as a means of proving discrimination.

The claim that the Ninth Circuit decision is consistent with H.R. 3008 is usually expressed by drawing out of context language from the Court's opinion to the effect that a comparable worth job evaluation, "like other job evaluation studies, . . . may be useful as a diagnostic tool." This language is dicta, and as such is not important to the Court's holding. The missing context, moreover, supplies its true meaning. The Court did not say that a comparable worth job evaluation is a useful diagnostic tool, but rather, *"[a]ssuming"* that it is, an employer should not be bound by its results. The Court gave reasons for this, stating:

"The results of comparable worth studies will vary depending on the number and types of factors measured and the maximum number of points allotted to each factor. A study which indicates a particular wage structure might be more equitable should not categorically bind the employer who commissioned it. The employer should also be able to take into account market conditions, bargaining demands, and the possibility that another study will yield different results."

The Ninth Circuit's reasoning reinforces the argument of opponents of H.R. 3008 that job evaluation is highly subjective. In fact, it is significant in this regard that the trial court in *AFSCME* had refused to hear testimony concerning the Jeanneret job evaluation, which arrived at findings opposite those of the Willis job evaluation even though Jeanneret used the same data and job descriptions.

The Ninth Circuit's view of the merits of a comparable worth job evaluation were similarly expressed by U.S. District Court Judge Kocoras last April in *American Nurses' Association* v. *State of Illinois.* Wrote Judge Kocoras:

"Aside from the problems inherent in the implementation and administration of a comparable worth standard by the courts, any criteria of pay equity ultimately rests on value judgments. Although some correlation between sex-segregated jobs and lower wages no doubt exists, the job characterization factor is undeniably only one among many of the determinatives of pay scales. Because jobs do not have an intrinsic value that can be scientifically measured, the limitations inherent in job evaluation techniques prohibit the proposed extension of Title VII."

The Ninth Circuit decision in *AFSCME* casts light on the question of how job evaluation studies may be done. While they may not be done to prove discrimination, as is the intent of H.R. 3008, they may of course be conducted as a means of arranging pay scales within an organization consistent with the labor market. This has been the practice of the Office of Personnel Management, and it is there that the responsibility to conduct job evaluations of Federal wage-setting and position-classification practices should remain.

Sincerely,

Clarence M. Pendleton, Jr.,
Chairman.

Mr FEIGHAN. Mr. Chairman, in New York City, police dispatchers are paid $4,000 to $6,000 more than their counterparts in the fire department. In Montgomery County, MD, liquor clerks, who need not possess a college degree, earn the same amount as schoolteachers. In Denver, nurses make less than hospital maintenance men and gardeners.

What unites these examples of seemingly irrational variations in pay? In each case, the occupation dominated by women receives lower pay than that held largely by men. The reason for much of the disparity is not hard to identify. Historically, women have been largely segregated into a narrow band of the occupational spectrum, and the jobs where they have been concentrated have been relatively lower paying—regardless of the skills, training, or knowledge required. These jobs have been deemed by society to be "women's work" and thus the rewards attached to them have been lower than those accorded to occupations dominated by men.

Which particular jobs are identified as women's work may vary from culture to culture. But the placement of a higher value on the work of men seems to be a nearly universal phenomenon. "There are villages in which men fish and women weave and in which women fish and men weave," the anthropologist Margaret Mead observed, "but in either type of village, the work done by the men is valued higher than work done by women."

In an effort to redress the sex discrimination imbedded in occupational and wage classifications, four States and more than 15 cities have negotiated pay adjustments with their employees. Another 25 States have established commissions to determine whether this sort of discrimination persists in their civil service compensation scales.

The bill before us today, of which I am proud to be a cosponsor, would bring the Federal Government into line with a majority of the States by mandating a study of lingering sex discrimination in the Federal civil service pay system.

Hardly the radical measure that its opponents depict, this bill would require a bipartisan commission to study the problem of pay equity in the Federal civil service, not dictate a particular result for that study nor specify a particular remedy.

The Federal Government is our Nation's largest employer, yet its pay structure has not been reviewed for more than 60 years. This bill would take an important first step toward the elimination of the historic inequities that plague that structure and deprive women who work for the Federal Government of a fair return for their labors.

Mrs. COLLINS. Mr. Chairman, I rise today in strong support of H.R. 3008, the Federal Equitable Pay Practices Act of 1985.

H.R. 3008 would provide for a study of the Federal pay and classification systems to determine whether they are marred by wage discrimination, based on race, sex, and ethnicity. I am an original cosponsor of this bill, as I feel it contains the most-needed ingredients to find discrimination in the Federal work force, should it exist.

Let me say loud and clear that in recent months there has been a gross misrepresentation of this legislation on the part of a number of people. We are not doing anything radical here. Keep in mind that what we are talking about is a study of where we stand in the Federal sector; what we must do to ensure equal employment treatment under the law. Alternatives have been suggested. They have not been effective. In fact, the full committee has rejected one alternative proposal that would have cut back on the Commission's effectiveness.

Let me share some facts which you—facts about the measure we are considering.

H.R. 3008 does not mention the words "comparable worth."

The study applies only to classified employees of the Federal civil service. It does not apply to any other employer in the private sector or States.

The bill does not create a new definition of discrimination. It mandates a study of all compensable factors, including, job content and market factors, to determine if Federal pay practices are consistent with title VII and the Civil Rights Act of 1964 and section 6(d) of the Fair Labor Standards Act of 1938.

H.R. 3008 prohibits the Commission from recommending pay or grade reductions for Federal classified employees.

H.R. 3008 does not encourage multimillion-dollar lawsuits against the Federal Government.

Women in the Federal work force earn an average of 62.8 cents for every dollar a federally employed man does. Furthermore, black women in the Federal Government earn only an average of 62.2 cents when compared to a man. In looking at all sectors—Federal, State, and local governments, as well as private—white women bring in 59.2 cents for every dollar paid to a man: black women earn 54.7, and Hispanic women earn 51.2 cents.

Despite the fact that almost half of the people in the Federal work force are women, about 70 percent of the female employees are grouped in grades 1 to 6. A full 85 percent are in grades 10 to 15.

Mr. Chairman, let me stress that opponents of this legislation have repeatedly alleged that it would presume any wage gap would be called discrimination. It would not.

Mr. Chairman, pay equity is a concrete, solid practice taking place all over this great Nation. Pay equity plans are being initiated in moderate terms at very minimal costs to State and local governments. The Federal Government should follow the example taken by these governments. This bill seeks to demonstrate that the Federal Government, as an employer, is acting responsibly in examining its own personnel policies for discrimination.

Mr. Chairman, if H.R. 3008 does not pass here today, we are putting ourselves on record in denying our daughters, granddaughter, nieces, and the women in our constituencies a chance at equal opportunity. There are certain organizations in the last few days who shout that we are already saying there is rampant discrimination in the Federal work force. This is not true. All we are trying to do is study whether it does exist. The Federal Government cannot operate by shutting its doors to such a study. We owe it to the women and minorities of this country to find out if they are getting a fair shake. America is the land of the free and the brave and much opportunity. We must not close doors when they have not even been opened yet.

Mr. Chairman, I urge my colleagues to support H.R. 3008 without substantive amendments.

Mr. DORNAN of California. Mr. Chairman, today it seems certain that consideration of comparable worth legislation will be completed. Therefore, at this time I would like to commend the gentleman from Texas, DICK ARMEY for his leadership in mounting the opposition to this impossible bill.

Throughout all the debate and all the speeches on this issue, I have heard many fine technical and theoretical arguments raised in opposition to the concept of comparable worth. But in my view, the issue boils down to a simple case of arrogance on the part of the supporters of comparable worth.

What could be more arrogant than the belief that a commission of Government bureaucrats knows more than, and can outguess, the marketplace? If these people are as smart as all that, perhaps we should send them to the negotiating table in Geneva to outguess the Russians.

I have a little free advice for all my colleagues still determined to support this ill-advised measure. I suggest they leave Congress and take full-time jobs on Wall Street, where the ability to outguess the marketplace can result in untold fortunes. But let me also warn my colleagues who decide to take that advice that the poor house is full of people who thought they could outguess the market.

In closing, why don't we put an end to this attitude of "we know better than the people do" that so permeates this Chamber. The American people are not children and don't deserve to be treated like them. In fact, many even go so far as to enter into business arrangements—without asking Washington's permission first! I know to many of you enamored with comparable worth this is a staggering revelation, and an infuriating one at that.

So let's do the right thing and defeat the arrogant comparable worth legislation, H.R. 3008.

Mr. RICHARDSON. Mr. Chairman, I rise in firm support of H.R. 3008, the Equitable Pay Practices Act of 1985. This bill provides for a study of Federal pay and classification systems to determine whether they discriminate according to sex, race, or hispantic origin.

Three generations of Americans have entered the Federal work force under a wage plan implemented in 1923. The system has yet to be reviewed. It is undeniable that the composition of our Nation's work force has changed drastically since 1923. Not only has the number of women wage earners increased by 600 percent but the percentage of minorities in the work force has also increased significantly during the past 63 years. Census Bureau statistics show that the earning capacity of households headed by women and minorities has been severely restricted. Certainly careful scrutiny of the pay and classification practices of our Nation's largest employer, the Federal Government, is in order, Now.

The general schedule divides Federal positions according to difficulty, responsibility, and the qualifications necessary to perform them. H.R. 3008 would establish a bipartisan commission to determine whether pay equity is a reality in the Federal Government or whether occupations in which women and minorities are concentrated have been undervalued.

It would study only policies appecting the Federal Government's civil service: Local and private sector hiring and payment practices are not provided for in H.R. 3008 nor is a national wage scale created.

Job content and economic analysis will be carefully reviewed with full recognition of seniority and merit factors; market factors are an essential consideration in an accurate study of this nature.

Lastly, H.R. 3008 does not presume that any existing wage gap is due to discriminatory practices; it merely seeks an explanation for the wage differential evident in the income of men and women Federal employees.

The Federal Government should take a leadership role in investigating its wage setting process. Pay equity for women and minority employees in the Federal work force deserves the full support of Congress. I urge my colleagues to vote in favor of H.R. 3008.

Mr. BEDELL. Mr. Chairman, I rise today in support of H.R. 3008, the Federal Equitable Pay Practices Act of 1985.

H.R. 3008 is an important effort which certainly warrants our strong support. We cannot deny that there is a definite gap between the average earnings of women and the average earnings of men in the Federal civil service pay classification system. As we cannot continue to ignore this, H.R. 3008 mandates that we look more closely at the factors that contribute to this gap seen too often in the lower salaries of women and minorities. It is the purpose of this study to determine whether or not discriminatory wage practices, based on gender or racial/ethnic origins, exist in Federal Government. As the Federal Government is the Nation's largest employer, I firmly believe that its wage and classification systems should not remain outside our scrutiny. This legislation simply calls for a study of this matter. What can possibly be wrong with studying an issue.

Pay equity simply means that wages and classifications are based on skill, effort, responsibility, and the working conditions of an occupation. It requires that jobs not be evaluated on the basis of sex or race. This study will address the presence or absence of pay equity in our Federal wage and classification system. It is only fair to our Federal employees that such a study be conducted.

It is clear that this legislation is an important step toward a better understanding of the wage gap in our Federal civil service pay classification system, and what we might do to correct it.

Mr. MARTINEZ. Mr. Chairman, I rise today to encourage my colleagues on both sides of the aisle to support H.R. 3008, the Equitable Pay Practices Act of 1985. As you may recall, on August 1, H.R. 3008 was briefly debated, and an open rule was adopted.

I am concerned about the barrage of misinformation that had surrounded the pay equity study during the 2 weeks prior to the debate. Some of my colleagues, in an attempt to scare away supporters of this vital piece of legislation, sought to distort the pay equity issue by calling it a national comparable worth program. The notion that authorizing a study to examine discrimination in the Civil Service System will automatically lead to the implementation of a national comparable worth classification scheme, is as ridiculous as the notion that passing an equal rights amendment will automatically lead to coed public restrooms. Unfortunately, those who spread such misinformation are effective in their job, and the unfounded fears of comparable worth and a pay czar seem very real among certain sectors of our business community.

May we set the record straight? H.R. 3008 is not a comparable worth classification scheme, nor does it create any new legislation. Simply put, the Federal Equitable Pay Practices Act mandates a study of the Federal pay and classification systems to determine whether they are affected by discrimination based on sex, race, or Hispanic origin. H.R. 3008 only applies to the Federal Government. Only Federal, classified jobs and salaries will be examined, and any resulting recommendations will be confined solely to the Federal Civil Service System.

As I have stated to you before, the Federal Government should not be afraid to examine its hiring practices to determine whether or not discrimination exists. Shunning this social responsibility indicates that the Federal Government is not truly serious in its commitment to civil rights. I would like to remind my colleagues that the Federal Government is not above the law, and should be subject to those very laws it passes to govern the rest of our society.

For the past 20 years the Federal Government has been one of the driving forces behind the advancement of civil rights in this Nation. The Supreme Court took a leading role in 1954 with its decision in Brown versus the Board of Education which ruled that segregation was unconstitutional. With this landmark ruling came a commitment on the part of the Federal Government to protect the rights of all its citizens, regardless of sex, race, or ethnicity. The Pay Equity Act of 1963 and the Civil Rights Act of 1964 are tangible examples of this commitment, and illustrate the pivotal role the Federal Government can play in eliminating discrimination from our society.

In closing let me state that as legislators, we are responsible for the rights of all our fellow citizens, regardless of their sex, race, or ethnicity. Defeating H.R. 3008 would represent an abandonment of our commitment to the civil rights, and to the trust our constituents put in us to see that they are all treated fairly and equally.

Mr. LANTOS. Mr. Chairman, today's working women are concentrated in low paying, unskilled to semiskilled clerical and service positions. This is true despite the fact that women have entered the work force in record numbers in recent decades and more than half of the women in the United States are now employed. The consequences of this are shocking. The 1980 census showed that women working full-time, year-round earn an average of only 59 cents for every dollar earned by men.

Furthermore, Mr. Chairman, this injustice continues despite the fact that for two decades now the Equal Pay Act has been the law of the land. This act prohibits employers from paying female workers less than male workers performing the same job. Clearly, however, this legislation has not been successful. Clearly, enormous and unacceptable differences remain between the compensation received by male and female workers. Clearly, action to reduce those differences is essential.

Although the Federal Government has made great strides in some areas of assuring equal treatment of women, pay equity is not one. The Federal Government is the largest employer in our Nation with 2.8 million workers on its payroll. Of that number, 46 percent are women. As in so many other areas, the majority of these women held the lowest-paying positions. Last year, women employed by the Federal Government earned an average annual salary of $17,000, while male workers earned an average annual salary of $28,000—a gap of $9,000.

Mr. Chairman, I fully and enthusiastically support the Federal Equitable Pay Practices Act (H.R. 3008) being considered by the House. This legislation is an essential first step toward remedying pay inequity. The bill mandates study and review to identify discriminatory wage setting practices and discriminatory wage differentials. The study will determine to what extent discrimination on the basis of sex, race, and ethnicity is present in the Federal pay and classification systems.

Women employed by the Federal Government are paid less than men because of a classification system which is biased against the skill, responsibilities, and duties of predominantly female jobs. This trend must be reversed. The Federal Government must take the lead in establishing gender-neutral compensation.

In approving this bill, however, the Congress is doing more than mandating a study. It is also making a moral commitment to take action to deal with the inequities that are found. This bill puts the Federal Government on record in favor of action on pay equity, both the Federal Government and elsewhere throughout our economy.

Mr. Chairman, the massive increase in the number of women in the labor force over the past two decades has made the continuation of sex-based discrimination untenable. The Federal Government has the responsibility to set the pace in achieving pay equity. The Federal Government must lead the way to reduce and eliminate this unacceptable gap. I urge support of this bill.

The CHAIRMAN. Are there further amendments?

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker, having resumed the Chair, Mr. TORRES, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3008) to promote equitable pay practices and to eliminate discrimination within the Federal civil service, pursuant to House Resolution 241, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

DEBT CEILING EXTENSION

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. MICHEL. Mr. Speaker, reserving the right to object, I do so because I understand the distinguished chairman of the Ways and Means Committee, the gentleman from Illinois [Mr. ROSTENKOWSKI], has asked for unanimous consent to explain some action having to do, I am sure, with the extension of the debt ceiling and what action may or may not have taken place in the other body that would affect us, and only for the purposes of having the distinguished chairman explain to us what he has in mind would I make this reservation at this time.

Mr. ROSTENKOWSKI. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Speaker, I wish to explain the thinking behind our decision not to agree to the limitation on the authority of Treasury to use Federal Financing Bank Act borrowings. Members should be aware that what the other body has done does not, in our opinion, amount to an extension of the Federal debt limit.

However, it does limit the authority the Treasury Department has to borrow from the FFB.

H.R. 3453, as passed by the House of Representatives, provided a short 45-day extension of the Superfund taxes the Congress enacted in 1980. Those taxes expired on September 30, 1985. H.R. 3453 would have continued the taxes through November 14, 1985, so that the Congress would have adequate time to act on a long-term reauthorization of the Superfund Hazardous Waste Cleanup Program.

The Senate amendment deletes the Superfund tax extension and puts in its place an amendment to the Federal Financing Bank Act of 1975. The amendment decreases the authority of the FFB to borrow from $15 billion to $5,000,010,000. Earlier today, the Treasury used this authority to increase FFB borrowings by $5 billion in order to prevent default on U.S. Government obligations.

□ 1815

The Senate amendment would require that beginning October 18, all FFB borrowings be counted toward the public debt subject to limit. The effect of this amendment then is to retain the current debt limit of $1,823.8 billion but require action to increase that limit by October 18. The $5 billion borrowed by the Treasury today using the FFB authority is expected to provide the Treasury with sufficient cash only through October 17.

The present debt crisis has resulted from the failure of the other body to pass House Joint Resolution 372, the debt ceiling bill passed by this House in August when the final budget resolution was agreed to. Failure to extend the debt ceiling has denied interest earnings to various trust funds and will result in higher future interest payments when the Treasury eventually goes back into the market with larger than anticipated issues. The securities sold today undoubtedly carry a higher interest rate because of the unprecedented use of FFB authority and the uncertainties created by the current crisis.

The effect of the Senate's action in sending H.R. 3453 back to this body is to shorten the time period before a default must occur. That is because as amended H.R. 3453 would restrict the availability of FFB borrowing authority by roughly two-thirds of its current account. It would virtually insure that on or very shortly after October 18, we would face an absolute up or down decision on extending the debt. For those advocating the so-called Gramm-Rudman amendment as passed by the Senate, without much or any significant review by this body, that is a desirable end. For those in this Chamber, however, who feel that this body should have sufficient time to carefully scrutinize this major change in our budget process, it could truly mean a disaster.

By not agreeing to restricting Treasury's access to FFB authority, we effectively lengthen the time available to this body to consider the Gramm-Rudman amendment in conference until approximately the end of this month. that is not an unreasonable amount of time given the face that Gramm-Rudman amounts to a fundamental restructuring of the Budget Act. In short, this is why the decision has been made not to accept the other body's action in this matter.

The long and short of it is that what the amendment offered by the Senate did was restrict the time available to the House on Gramm-Rudman and give us more time constraints. Effectively this shortens the opportunity for us to look into what actualy Gramm-Rudman means.

Mr. MICHEL. If I might inquire of the distinguished chairman, the chairman is saying that at this time at least, the majority side would not want to accept the proposal of the other side that we authorize the financing of further obligations under that Federal Financing Bank by some $5 billion. Is that correct?

Mr. ROSTENKOWSKI. Well, what I understand the amendment to do is to restrict to $5 billion all the amounts that the Treasury could borrow.

What the gentleman from Illinois is suggesting is that there is now $15 billion in FFB authority, and that money should be available for the Treasury to continue to operate until approximately the 1st of November.

I have discussed this with the Secretary, and he has agreed that there is $15 billion there.

Mr. MICHEL. Would the gentleman be able to wager a guess as to what additional amount this is going to cost us in interest, then, to do what the gentleman suggests as distinguished from what the other body has proposed that we do?

Mr. ROSTENKOWSKI. I do not know exactly what in interest payments the increase would mean. I do know, however, that it would cost more; and then again when, after October 1, the Treasury was to go to the market, there will be the increased debt of $15 billion plus a higher market rates for the Treasury notes due to heavier borrowing.

Mr. MICHEL. Now, for Members' education here with respect to timing, here we are on Wednesday and we will be in session tomorrow, but we had earlier agreed that we would be off Friday, we would be off Monday and Tuesday. What does this suggest for the Members of the timing of when we would enjoin this isue?

Mr. ROSTENKOWSKI. Well, it is actually, Mr. Leader, up to the Senate. When the Senate gets to us the measure that we will consider, I am sure that this body will go to conference as fast as possible.

Mr. MICHEL. If the gentleman could hypothesize for a moment, if what the other body has done is at odds with what this body would do, and there would be a necessity for going to conference, when would the gentleman suggest that there might be a conference on the difference between what this body might do as against what the other body might do expectedly tomorrow?

The SPEAKER. Can the Chair intervene at this time? As I understand it, the Senate is still debating the legislation and will be doing so until tomorrow; we do not know a time certain.

Mr. MICHEL. I understand.

The SPEAKER. Until the matter comes to the House, you are asking something out of the question.

Mr. MICHEL. Mr. Speaker, I was just attempting to try to give Members a sense of what the timing might be beyond tomorrow.

Let me pose this question, then: Is there any possibility or prospect of the Members having to be here Friday?

The SPEAKER. The Chair would hope that if and when the bill gets here, at a reasonable hour tomorrow, that the gentleman from Ways and Means would come to the floor and ask for a conference on the matter; we would go forth with naming the conferees.

Mr. ROSTENKOWSKI. And the conference would meet, Mr. Speaker, as soon as possible; but we cannot make a judgment until such time as we receive the document from the other body.

Mr. MICHEL. Let me pose just one other question to the distinguished chairman.

Does the distinguished chairman agree that it is appropriate for the Treasury to borrow from the Federal Financing Bank without our formalization?

Mr. ROSTENKOWSKI: As I understand the Treasury's position, it has an obligation to borrow, to meet the Treasury's warrants, and this is an unusual situation, and certainly they prefer not to, but they have an obligation.

Mr. MICHEL. Well, from what little this gentleman knows about the subject, having discussed it somewhat during the course of the past week in some degree, it was not altogether clear that there was authorizing authority for the Treasury to do that. There was some question on the part of those downtown that they really had that authority, and then would run afoul of what legislative intent and authority was.

Mr. ROSTENKOWSKI. Well, evidently that has been resolved, because the Treasury did borrow $5 billion today.

Mr. MICHEL. But I would like to have the gentleman's expression as to whether or not he thinks that is appropriate.

Mr. ROSTENKOWSKI. Whether it is or not, the other body has postured the Treasury Department into this position, and the Treasury has borrowed.

Mr. MICHEL. Well, I will not press the case any further other than that the Federal Financing Bank, of course, is under the gentleman's authority or jurisdiction in the Committee on Ways and Means, and I want to make absolutely sure that we were not running afoul of the law in doing that, and that we were on good, sound grounds if that is what the Treasury has decided to do; and the question certainly would not come after the fact that you went ahead and did something that was counter to what this Congress would like to have you do.

Mr. ROSTENKOWSKI. Well, the Treasury Department, on Thursday of last week made the observation that they had the authority; and the gentleman from Illinois would have to accept what has happened today because the Treasury went out and borrowed, of the $15 billion, $5 billion today.

Mr. MICHEL. Well, Mr. Speaker, I assume we are going to be here tomorrow and then we will probably—overnight with what takes place in the other body, probably have a little better picture on exactly where we go from there, and undoubtedly we will require another dialog at that time between whomever, the majority leader or the Speaker himself, that we might know to better advise our Members, then, what to expect in the next week or so.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. The minority leader withdraws his reservation of objection.

Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. STENHOLM. Mr. Speaker, I demand a separate vote on the Committee amendment inserting in section 7(c), paragraph 4.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: Page 13, after line 9, add the following:

(4) Also included under subsection (a)(2) shall be the Commission's determination as to whether any portion of any differential identified under subsection (b)(1) which cannot be accounted for by the application of job-content and economic analyses may be inconsistent with the general policy expressed in section 2(a) that sex, race, and ethnicity should not be among the factors considered in determining any rate of pay.

The SPEAKER. The question is on the amendment.

☐ 1825

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that if a rollcall vote is ordered on this amendment, it be a 15-minute vote to be followed by a 5-minute vote on final passage.

The SPEAKER. The Chair does not think it is necessary.

Mr. FORD of Michigan. Excuse me, Mr. Speaker. I am informed that the gentleman will not ask for a rollcall. Mr. Speaker, I ask unanimous consent to withdraw my request.

The SPEAKER. The question is on the amendment.

The question was taken, and on a division (demanded by Mr. STENHOLM) there were—ayes 181, noes 141.

So the amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ARMEY. Mr. Speaker, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 259, noes 162, not voting 13, as follows:

[Roll No. 352]

AYES—259

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Aspin
Atkins
AuCoin
Barnard
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Biaggi
Bilirakis
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Brown (CO)
Bruce
Bryant
Burton (CA)
Bustamante
Carper
Carr
Chappell
Chappie
Clay
Clinger
Coelho
Coleman (MO)
Coleman (TX)
Collins
Conte
Cooper
Coyne
Crockett
Daschle
Davis
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer
Dymally
Eckart (OH)
Edgar
Edwards (CA)
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gordon
Gray (IL)
Gray (PA)
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Horton
Howard
Hoyer
Hughes
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kindness
Kleczka
Kolter
Kostmayer
LaFalce
Lantos
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Lloyd
Long
Lowry (WA)
Luken
Lundine
Manton
Markey
Martin (IL)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McGrath
McHugh
McKernan
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Moody
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nowak
Oakar
Oberstar
Obey
Ortiz
Owens
Panetta
Pease
Penny
Pepper
Perkins
Petri
Pickle
Price
Pursell
Rahall
Rangel
Ray
Regula
Richardson
Rinaldo
Robinson
Rodino
Roe
Rose
Rostenkowski
Roukema
Rowland (GA)
Roybal
Russo
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sharp
Shelby
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Snowe
Solarz
Spratt
St Germain
Staggers
Stark
Stokes
Stratton
Studds
Swift
Synar
Tauke
Tauzin
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitehurst
Whitten
Williams
Wirth
Wise
Wolpe
Wyden
Yates
Yatron
Young (AK)
Young (MO)
Smith, Robert (NH)
Smith, Robert (OR)
Snyder
Spence
Stallings
Stangeland
Stenholm
Strang
Stump
Sundquist
Sweeney
Swindall
Tallon
Taylor
Thomas (CA)
Valentine
Vander Jagt
Vucanovich
Walker
Weber
Whitley
Whittaker
Wilson
Wolf
Wortley
Wylie
Young (FL)
Zschau

NOES—162

Archer
Armey
Badham
Bartlett
Barton
Bateman
Bentley
Bereuter
Bevill
Bliley
Boulter
Broomfield
Broyhill
Burton (IN)
Byron
Callahan
Campbell
Chandler
Chapman
Cheney
Coats
Cobey
Coble
Combest
Coughlin
Courter
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Duncan
Dyson
Eckert (NY)
Edwards (OK)
Emerson
English
Fawell
Fiedler
Fields
Franklin
Gallo
Gekas
Gingrich
Goodling
Gradison
Gregg
Grotberg
Hammerschmidt
Hansen
Hartnett
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Hubbard
Huckaby
Hunter
Hutto
Hyde
Ireland
Kasich
Kemp
Kolbe
Kramer
Lagomarsino
Latta
Leath (TX)
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Mack
MacKay
Madigan
Marlenee
Martin (NY)
McCain
McCandless
McCollum
McEwen
McMillan
Meyers
Michel
Miller (OH)
Miller (WA)
Monson
Montgomery
Moore
Moorhead
Nichols
Nielson
O'Brien
Olin
Oxley
Packard
Parris
Pashayan
Porter
Quillen
Reid
Ridge
Ritter
Roberts
Roemer
Rogers
Roth
Rowland (CT)
Rudd
Saxton
Schaefer
Schuette
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Slaughter
Smith, Denny (OR)

NOT VOTING—13

Addabbo
Brown (CA)
Carney
Conyers
Early
Fowler
Green
Kildee
Lent
Lungren
McKinney
Solomon
Wright

☐ 1840

The Clerk announced the following pairs:

On this vote:

Mr. Kildee for, with Mr. Lungren against.

Mr. Green for, with Mr. Carney against.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Ms. OAKAR. Mr. speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on H.R. 3008, the bill just passed.

The SPEAKER pro tempore (Mr. BRUCE). Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3453. An act to amend the Internal Revenue Code of 1954 to extend the Superfund taxes for 45 days.

DESIGNATING A CHANNEL IN COLORADO AS THE "FRANKLIN EDDY CANAL"

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 3443) to designate the Closed Basin Conveyance Channel of the Closed Basin Division, San Luis Valley Project, Colorado, as the "Franklin Eddy Canal."

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. STRANG. Mr. Speaker, reserving the right to object, I will not object, but I take this action to ask the gentleman to explain what is involved.

Mr. SEIBERLING. Mr. Speaker, if the gentleman will yield, this measure simply dedicates a portion of the

Closed Basin Division of the San Luis Valley Project in Colorado to Franklin Eddy, a man who dedicated many years of his life in helping to bring this project into reality. It involves no expense to the Federal Government.

Mr. STRANG. Mr. Speaker, I want to compliment and commend the chairman of the committee, the distinguished gentleman from Arizona [Mr. UDALL], and the distinguished chairman of the Subcommittee on Water and Power Resources, the gentleman from California [Mr. MILLER], for their courtesy in recognizing this great public citizen of this country.

(Mr. STRANG asked and was given permission to revise and extend his remarks.)

Mr. STRANG. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the bill, as follows:

The bill ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

H.R. 3443

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF CLOSED BASIN CONVEYANCE CHANNEL AS THE "FRANKLIN EDDY CANAL."

The Closed Basin Conveyance Channel of the Closed Basin Division, San Luis Valley Project, Colorado, constructed, operated, and maintained under Public Law 92-514, as amended, hereafter shall be known and designated as the "Franklin Eddy Canal.".

SEC. 2. REFERENCES TO CHANNEL.

Any reference in any law, regulation, document, record, map, or other paper of the United States to the channel referred to in Section 1 is hereby deemed to be a reference to the "Franklin Eddy Canal.".

USE AND DISTRIBUTION OF FUNDS AWARDED TO MDEWAKANTON AND WAHPEKUTE EASTERN OR MISSISSIPPI SIOUX

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate bill (S. 1349) to provide for the use and distribution of funds awarded in docket 363 to the Mdewakanton and Wahpekute Eastern or Mississippi Sioux before the U.S. Court of Claims and Claims Court.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. STRANG. Mr. Speaker, reserving the right to object, will the gentleman explain what is involved?

Mr. SEIBERLING. If the gentleman will yield, Mr. Speaker, S. 1349 authorizes the distribution of certain funds awarded to the Mississippi or Eastern Sioux Indians by the Court of Claims in docket No. 363.

The total amount of the award in this docket exceeds $4,800,000. Funds to satisfy the award have already been appropriated by Congress and only await enactment of this legislation for their distribution.

The successors-in-interest to the historical Mississippi Sioux Tribes involved are the Santee Sioux of Nebraska, the Flandreau Santee Sioux of South Dakota, the Lower Sioux Indian Community of Minnesota, the Prairie Island Sioux of Minnesota, and the Shakopee Sioux of Minnesota.

All relevant parties support enactment of this legislation. The administration supports this bill as amended by the Senate.

Mr. STRANG. Mr. Speaker, I support the legislation.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1349

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) That notwithstanding any other law, except as provided in subsection (b) of this section, the funds for awards to the Mdewakanton and Wahpekute Sioux appropriated on January 30, 1981 ($800,000), on October 15, 1982 ($591,058), and one-half of the funds appropriated on March 2, 1981 ($7,500), all in docket numbered 363 before the United States Court of Claims, and the funds appropriated on August 1, 1983 ($3,468,246.48), in docket numbered 363 before the United States Claims Court, less attorney fees and litigation expenses, and including all interest and investment income accrued, shall be divided by the Secretary of the Interior (hereinafter the "Secretary") as follows:

	Percent
(1) Santee Sioux Tribe of Nebraska...	58.69
(2) Flandreau Santee Sioux Tribe......	15.84
(3) Prairie Island Sioux, Lower Sioux, and Shakopee Mdewakanton Sioux Communities of Minnesota to be divided on the basis of the respective members of each of the three communities, born on or prior to and living on the date of this Act....................................	25.47

(b) To the share of the Santee Sioux Tribe of Nebraska in subsection (a) of this section shall be added $172,363.20, and to the share of the Flandreau Santee Sioux Tribe $135,244.32, both sums appropriated on August 1, 1983, in docket numbered 363, less attorney fees and litigation expenses, and including all interest and investment income accrued.

SEC. 2. The share of the Santee Sioux Tribe of Nebraska shall be used and distributed as follows:

(a) Eighty per centum of the funds appropriated shall be used and distributed as follows:

(1) the Secretary shall make a per capita distribution of $300 to each tribal member born on or prior to and living on the date of this Act, except that those members at least sixty years of age on that date shall be paid $900.

(2) the balance of the 80 per centum portion of the funds shall be invested by the Secretary for a tribal investment fund designed to yield periodic dividend payments to all tribal members born on or prior to and living on the dates such dividend payments are declared. Only the interest and investment income accrued shall be available for dividend payments. The amounts and payment dates shall be determined by the tribal governing body with the approval of the Secretary, and the first of such payments shall not be made earlier than five years from the date of the per capita payment in paragraph (1) of this subsection.

(b)(1) Twenty per centum of the funds shall be utilized for tribal social and economic development purposes, and for the establishment of a tribal burial fund; $200,000 of such program funds shall be invested by the Secretary for the purpose of establishing a burial fund utilizing the interest and investment income accrued. Such funds shall not be available for burial services until two years after the date of initial investment. The tribal governing body, with the approval of the Secretary, shall develop criteria for the implementation of tribal burial services.

(2) The balance of the 20 per centum portion shall be invested by the Secretary and the interest and investment income accrued shall be utilized by the tribal governing body on a budgetary basis, with the approval of the Secretary, for programs designed to enhance the social and economic development of the tribe. None of the 20 per centum programming portion of the funds shall be available for per capita or dividend payments.

SEC. 3. The share of the Flandreau Santee Sioux Tribe shall be used and distributed as follows:

(a) Twenty-five per centum of the funds shall be distributed in the form of per capita payments to each tribal member born on or prior to and living on the date of the enactment of this Act, except that those members at least sixty years of age as of that date shall be paid twice the amount of other per capita recipients.

(b) Seventy-five per centum of the funds (which includes funds previously advanced to the tribal governing body) shall be used by the tribal governing body on a budgetary basis, with approval of the Secretary, for programs designed to enhance the social and economic development of the tribe. None of the 75 per centum programming portion of the funds shall be available for per capita payments.

SEC. 4. The share of the Prairie Island Sioux Community shall be used and distributed as follows:

(a) Eighty per centum of the funds shall be invested by the Secretary for a Tribal Investment Fund designed to yield periodic dividend payments to all tribal members born on or prior to and living on the dates such dividend payments are declared. Only the interest and investment income accrued shall be available for dividend payments. The amounts and payments dates shall be determined by the tribal governing body with the approval of the Secretary.

(b) Twenty per centum of the funds shall be utilized by the tribal governing body on a budgetary basis, with the approval of the Secretary, for programs designed to enhance the social and economic development of the tribe. None of the 20 per centum programming portion of the funds shall be available for per capita or dividend payments.

Sec. 5. The share of the Lower Sioux Indian Community shall be used and distributed as follows:

(a) Eighty per centum of the funds apportioned shall be used and distributed as follows:

(1) the Secretary shall make a per capita distribution of $300 to each tribal member born on or prior to and living on the date of the enactment of this Act;

(2) one year from the date that the per capita payments in paragraph (1) of this subsection are made, an additional per capita payment of $300 shall be made to each tribal member who is at least sixty years of age living on such date;

(3) the balance of the 80 per centum portion of the funds shall be invested by the Secretary for a Tribal Investment Fund designed to yield periodic dividend payments to all tribal members born on or prior to and living on the dates such dividend payments are declared. Only the interest and investment income accrued shall be available for dividend payments. The amounts and payment dates shall be determined by the tribal governing body with the approval of the Secretary, and the first of such payments shall not be made earlier than five years from the date of the per capita payment in paragraph (1) of this subsection.

(b) Twenty per centum of the funds shall be invested by the Secretary and the interest and investment income accrued shall be utilized by the tribal governing body on a budgetary basis, with the approval of the Secretary, for programs designed to enhance the social and economic development of the tribe. None of the 20 per centum programming portion of the funds shall be available for per capita or dividend payments.

Sec. 6. The share of the Shakopee Mdewakanton Sioux Community shall be used and distributed as follows:

(a) Eighty per centum of the funds shall be invested by the Secretary for a Tribal Investment Fund designed to yield periodic dividend payments to all tribal members born on or prior to and living on the dates such dividend payments are declared. Only the interest and investment income accrued thereon shall be available for dividend payments. The amounts and payment dates shall be determined by the tribal governing body with the approval of the Secretary.

(b) Twenty per centum of the funds shall be invested by the Secretary and the interest and investment income accrued shall be utilized by the tribal governing body on a budgetary basis, with the approval of the Secretary, for programs designed to enhance the social and economic development of the tribe. None of the 20 per centum programming portion of the funds shall be available for per capita or dividend payments.

GENERAL PROVISION

Sec. 7. (a) No person shall receive benefit payments as a member of more than one of the tribes under this Act. An individual who is a member of more than one of the tribes under this Act must designate the tribe from which he or she will receive per capita or dividend payments prior to receiving a per capita or dividend payment under this Act.

(b) The per capita shares or dividend payments of living, competent adults shall be paid directly to them. The shares or payments of deceased individuals, legal incompetents and minors, shall be determined and distributed under regulations prescribed by the Secretary pursuant to the Act of October 19, 1973 (87 Stat. 466), as amended (96 Stat. 2512; 25 U.S.C. 1401 et seq.).

Sec. 8. Per capita and dividend payment distributions made pursuant to this Act shall be subject to the provisions of section 7 of the Act of October 19, 1973 (87 Stat. 466), as amended, (96 Stat. 2515; 25 U.S.C. 1407).

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the two bills just passed, H.R. 3443 and S. 1349.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

WORLD FOOD DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 72) to designate October 16, 1985, as "World Food Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but I would simply like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation, I yield to the gentleman from New York [Mr. Gilman], who is the chief sponsor of Senate Joint Resolution 172, World Food Day.

Mr. GILMAN. I thank the gentleman for yielding.

Mr. Speaker, I want to commend the gentleman from New York [Mr. Garcia] and the gentleman from Utah [Mr. Hansen] for bringing this measure to the floor at this time.

Mr. Speaker, recent events such as the "Live Aid" Concert and the U.S.A. for Africa production of "We are the World" only in part document the incredible contribution thousands of Americans are making toward ending world hunger.

Since 1979, the National Committee for World Food Day under the leadership of its chairwoman, Patricia Young, has undertaken hundreds of projects and programs related to the world's hunger problem. Without "World Food Day" and the organizations involved with its celebration, the ground swell needed that made the recent media events possible would never have existed.

Americans can be proud of the fact that one-half of all the food committed this year to Africa has been donated by the United States. Individuals have sent over $120 million to private voluntary organizations such as "CARE" and "Save the Children."

Additionally, the U.S. Government has sent a total of $125 billion for the drought since the emergency first came to national attention last October. This is in addition to $1 billion the U.S. Government is spending on nonemergency projects in Africa this year.

Yet, despite this impressive outpouring of support, the problem of world hunger persists. Some 17 countries in Africa are still being impacted by drought—150 million people. And 13 million are at immediate risk of dying. Every 24 hours, 42,000 children under the age of 5 die as a result of hunger and related diseases.

These grim statistics make a strong case for a continued commitment of private and Government funds to ending hunger. But emergency relief aid is not enough. A concerted effort must be made to improve the deteriorating conditions that result in tragedy after tragedy—the same conditions that allow famine and starvation to persist and remain a reality in a world with more than enough resources to feed its population. It is time to work to prevent disasters from occurring—to solve the problems which face Africa now.

Recently, I introduced H.R. 2782, legislation to prevent famine in Africa. H.R. 2782 responds to the root of the problem that faces a continent whose population is growing at the fastest rate in the world—3 percent per year—while at the same time the productivity of the land is declining rapidly. Since 1967, Africa's grain output per person has dropped by nearly one-third and 40 percent of the continent's people live in countries where grain yields are lower than a generation ago.

In order to help Africa become self-sufficient and economically independent, there must be a global effort made to restore and preserve its own productive resources.

Reversing Africa's decline will involve immediate response to the crisis of desertification—that is, degeneration of land's productivity—which results from overly intensive and exploitative use of land in response to the needs of the growing population. At this point in time, 77.2 percent of the 4,500 million hectares of dryland in the world are already affected by desertification and 21 million of these per year are reduced to near or total uselessness. If this trend is not reversed, there will be no end to Africa's dependency on more developed countries for food and economic assistance.

A major cause of Africa's current problems is the lack of a renewable energy supply. Firewood, the most widely used source of fuel, is becoming increasingly scarce due to the overharvesting of trees. Forests in coastal west Africa were being cleared at a rate of 5 percent per year in the early 1980's; at that rate, in 13 years those forests will be half of their original size. The scarcity of trees also has implications for soil and crop quality. Trees help to prevent soil erosion caused by damaging winds and floods. Without any protection, soil ceases to be fertile enough to produce significant quantities for food.

Simply to maintain Africa's present per capita food consumption, agricultural output will have to grow 50 to 60 percent between the years 1980-2000. Considering the monumental suffering that exists with the present level of food consumption, it is clear that drastic measures must be undertaken to revive Africa's capacity to produce.

The time has come to begin to turn back the tide of the degradation of Africa's agricultural resource base that should be providing food for that continent's people. The desertification and deforestation which have played a major role in causing the present catastrophe in Africa needs our immediate attention if we are to put an end to this cycle of famine.

□ 1855

Mr. HANSEN. Mr. Speaker, under my reservation I yield to the gentleman from Texas [Mr. LELAND].

Mr. LELAND. I thank the gentleman for yielding to me.

Mr. Speaker, I would like to associate myself with the remarks made by the gentleman from New York [Mr. GILMAN]. I would also like to thank the gentleman from New York [Mr. GARCIA] for his expediting this legislation in the manner in which he did.

Mr. Speaker, I am pleased to rise in support of House Joint Resolution 172, a resolution to designate October 16 as World Food Day. I have worked for many years with the sponsor of this resolution, my esteemed colleague from New York, Representative BEN GILMAN. Together we supported the establishment of the House Select Committee on Hunger to provide a congressional forum for the important issues of world food and world hunger. This resolution, by calling attention to these critically important matters every year on October 16, serves as a unique opportunity to join hundreds of organizations around the world in focusing attention on world food and hunger issues.

There are already over 240 cosponsors of this resolution. I appreciate the leadership and support of Representative BEN GILMAN in this effort, and encourage all of my colleagues to join in support of designating October 16 as World Food Day. Together we can be effective in the struggle to provide food and alleviate hunger in our world.

Mr. Speaker, I associate myself with the remarks of the gentleman from New York [Mr. GILMAN].

Mr. HANSEN. Mr. Speaker, under my reservation, I yield to the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. I thank the gentleman for yielding.

Mr. Speaker, I want to associate myself with Mr. LELAND and Mr. GILMAN. I have worked with Mr. LELAND many, many times on this hunger problem around the world. I want to commend the gentleman.

Mr. LELAND. I thank the gentleman.

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 72

Whereas hunger and chronic malnutrition remain daily facts of life for hundreds of millions of people thoughout the world and famine is again afflicting so many of the countries of Africa;

Whereas the children of the world suffer the most serious effects of hunger and malnutrition, with millions of children dying each year from hunger-related illness and disease, and many others suffering permanent physical or mental impairment, including blindness, because of vitamin and protein deficiencies;

Whereas Congress is particularly concerned by the rise of hunger, recurring natural catastrophes, and inadequate food production and distribution now affecting a large number of African countries and the need for an appropriate United States response to emergency and long-term food needs of that continent;

Whereas there is growing recognition that improved agricultural policies, including farmer incentives, are necessary in many developing countries to increase food production and national economic growth;

Whereas there is a need to increase the involvement of the private voluntary and business sectors, working with governments and the international community, in the search for solutions to food and hunger problems;

Whereas although progress has been made in reducing the incidence of hunger and malnutrition in the United States, certain groups, notably Native, Americans, migrant workers, the elderly, and children, remain vulnerable to malnutrition and related diseases;

Whereas national policies concerning food, farmland, and nutrition require continuing evaluation and should consider and strive for the well-being and protection of all residents of the United States and particularly those most at health risk;

Whereas there is widespread concern that the use and conservation of land and water resources required for food production throughout the United States ensure care for the national patrimony we bequeath to future generations;

Whereas the United States has always supported the principle that the health of a nation depends on a strong agriculture based on private enterprise and the primacy of the independent family farm;

Whereas the United States, as the world's largest producer and trader of food, has a key role to play in efforts to assist countries and people to improve their ability to feed themselves;

Whereas the United States has a long tradition of demonstrating its humanitarian concern for helping the hungry and malnourished;

Whereas efforts to resolve the world hunger problem are critical to the maintenance of world peace and therefore to the security of the United States;

Whereas Congress is acutely aware of the paradox of immense farm surpluses and rising farm foreclosures in the United States despite the desperate need for food by hundreds of millions of people around the world;

Whereas a key recommendation contained in the 1980 report of the Presidential Commission on World Hunger is that efforts be undertaken to increase public awareness of the world hunger problem;

Whereas the member nations of the Food and Agriculture Organization of the United Nations designated October 16 of each year as World Food Day because of the need to alert the public to the increasingly dangerous world food situation;

Whereas the Food and Agriculture Organization was conceived at a conference in Hot Springs, Virginia, with a goal of freedom from hunger and 1985 marks the fortieth anniversary of the organization's existence;

Whereas past observances of World Food Day have been supported by proclamations of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States, by resolutions of Congress, by Presidential proclamations, by programs of the United States Department of Agriculture and other Government departments and agencies, and by the governments and peoples of many other nations; and

Whereas more than three hundred and thirty private and voluntary organizations and many thousands of community leaders are participating in the planning of World Food Day observances for 1985: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That October 16, 1985, is hereby designated as "World Food Day", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe that day with appropriate activities to explore ways in which our Nation can further contribute to the elimination of hunger in the world.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL HOSPICE MONTH

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 155), to designate the month of November 1985, as "National Hospice Month," and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but I would simply like to inform the House the minority has no objection to the legislation now being considered.

Mr. GILMAN. Mr. Speaker, I rise in support of House Joint Resolution 288, designating November 1985, as "National Hospice Month." As a cosponsor of this bill, I would like to commend the gentleman from Ohio [Mr. GRADISON], and the gentleman from California [Mr. PANETTA], for bringing this bill before us today. November is a particularly appropriate month to be "National Hospice Month" since November 1, 1985, marks the second anniversary of the creation of the Medicare hospice option. Adoption of this bill will also provide deserved recognition to the increasing role of hospices in the care of our Nation's elderly and terminally ill.

As you may know, the percentage of our population over the age of 65 is steadily growing. The average age to which Americans are living is also growing. Most of the credit for these encouraging trends is owed to our medical professions. I would like especially to draw your attention to the credit and praise due the medical professions for their increased attention and sympathy toward the plight of the dying. Despite all of the advances made in prolonging life, it is only relatively recently that we have fully appreciated the importance of treating death with concern and dignity. Hospices have evolved and rapidly increased in numbers because the medical community has become more acutely aware of the need to give specialized care to the terminally ill.

Hospice care allows the dying to spend the remainder of their lives at home with loved ones, or at least in comfortable inpatient facilities which are not nearly as sterile or forlorn as hospital settings. Hospices allow our elderly and terminally ill to be attended to by a staff that is specially trained to meet their unique emotional and physical needs.

Yet hospices not only console the dying, but they also provide immeasurable emotional relief to the families and friends of the hospice patients. There are roughly 1,400 hospices in our Nation, and each one is staffed with a skilled team of professionals and dedicated volunteers trained to help the dying and their loved ones cope with the traumatic experience of death.

Clearly, hospices are offering valuable and needed services, and the Medicare hospice option permits people who previously could not afford treatment in a hospice to receive those services. Both the concept of the hospice and the able people who staff them have greatly advanced medical care for the dying, and these contributions truly deserve our recognition. Accordingly, in order to better educate the American public and draw national attention to the merits of hospices, I urge my colleagues to adopt House Joint Resolution 288, designating the month of November, 1985, as "National Hospice Month."

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 155

Whereas hospice care has been demonstrated to be a humanitarian way for terminally ill patients to approach the end of their lives in comfort with appropriate, competent, and compassionate care in an environment of personal individuality and dignity;

Whereas the hospice concept of care advocates care of the patient and family by attending to their physical, emotional, and spiritual needs, and specifically the pain and grief they experience;

Whereas hospice care is provided by an interdisciplinary team of physicians, nurses, social workers, pharmacists, psychological and spiritual counselors, and other community volunteers trained in the hospice concept of care;

Whereas hospice care is rapidly becoming a full partner in the Nation's health care system;

Whereas the recent enactment of the medicare hospice benefit makes it possible for many more elderly Americans to have the opportunity to elect to receive hospice care;

Whereas private insurance carriers and employers have recognized the value of hospice care by the inclusion of hospice benefits in health care coverage packages; and

Whereas there remains a great need to increase public awareness of the benefits of hospice care: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the month of November 1985 is designated "National Hospice Month".

SEC. 2. The President is requested to issue a proclamation calling upon all Government agencies, the health care community, appropriate private organizations, and the people of the United States to observe such month with appropriate forums, programs, and activities designed to encourage national recognition of and support for hospice care as a humane response to the needs of the terminally ill and a viable component of the health care system in this country.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL SUDDEN INFANT DEATH SYNDROME AWARENESS WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 322) to provide for the designation of the week beginning October 6, 1985, as "National Sudden Infant Death Syndrome Awareness Week," and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. GARCIA. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from New York.

Mr. GARCIA. I thank the gentleman for yielding.

Mr. Speaker, sudden infant death syndrome [SIDS] is the leading killer of infants between 1 week and 1 year in this country. This devastating disease comes on suddenly, without warning, striking its victims indiscriminately—whether they are black, white, Hispanic, or Asian. I know because last December I lost a grandson to SIDS.

There is nothing more tragic than to see an otherwise healthy, happy baby die. An increased awareness of SIDS will stimulate interest and support for research on its causes and eventually its cure. Hopefully, this resolution will bring attention to SIDS and its victims.

I want to thank my colleague from California for his efforts in introducing this resolution and seeing that this terrible disease is brought to the attention of the public. I would like to add that on November 14 at 10 a.m. in room 304 Cannon, my subcommittee, the Subcommittee on Census and Population, and GEORGE MILLER's Select Committee on Children, Youth, and Families will be holding a joint hearing on SIDS. I hope some of you will have the time to attend.

As part of my statement, I would like to include an essay from the May 20, 1985, edition of People magazine by another grandfather, Mr. Jess Birnabaum, who also lost a grandson to SIDS.

The article follows:

[From People magazine, May 20, 1985]

ELEGY FOR A LOST BABY

(By Jesse Barnbaum)

I had intended to write a humorous piece about first grandfatherhood. My son David and his wife, Nancy, had just produced a healthy baby boy, and suddenly I was embarked on a rite of passage. I imagined myself a kindly sage, baiting a hook for a freckle-faced tyke—but I didn't know anything about fishing. Perhaps he could watch me whittle a stick—but I couldn't whittle, either. I'd go on in this vein, striking just the right self-deprecating tone, peppering my conceits with sly satire. Finally I'd conclude that these Norman Rockwell images were out of character. I'd be myself, take my grandson to the zoo, buy him Cracker Jacks. I'd bring him to the office, where he'd make paper-clip chains and send silly messages through the pneumatic tubes. I'd build him a darkroom and teach him to make pictures.

My funny piece would also tease the new grandmothers, who were seriously engaged in a ritual of their own, trying to find suitable names for themselves—Nana, Nanny, Mimi, Mumu, Baba, Mama, anything but Grandma—but, by gosh, I'd stick to good old Gramps, or Grandpa. No big deal. Twenty years from now my grandson would read this piece, and maybe he'd say, "Good old Gramps, rest his soul. He didn't know anything about fishing or whittling, but we sure had some fine times."

I was still ruminating when the news came. This little baby was gone, dead at 46 days of age. Sudden infant Death Syndrome—SIDS—crib death. No cry, no gasp. He lay asleep one moment, stopped breathing the next. Born on St. Valentine's Day, died on April Fool's Day, buried on Good Friday. A precious promise wiped out by a wanton prank. In America, as many as 8,000 babies die of SIDS every year, and nobody really knows why.

He was called Benjamin after my dad, William after Nancy's, and he was nicknamed Jamie. I'd seen the red, funny little thing in his first week, looking grumpy, like a tiny Churchill. Seen him again the fifth week, showing a bit of personality, the hint of a smile. Watched the happy, hovering parents delighting in the new nursery, the little electric swing, the high-tech car seat, all the latest in the best equipment, all the best in a sturdy strong-lunged baby. Born, mind you, on the 14th of February! Such timing, such a blessing! Such fun we were going to have, making paper-clip chains, going to the zoo.

Such devastation, now, such tears. Friends and family descending into the gloom. The clergyman appearing swiftly, serious and consoling, helping the bereft parents find their courage. The flowers, the calls, the gifts of food, the wordless embraces. The mourners shifting to and fro, angry and helpless, dabbing eyes, trying to understand. We prepare for the death of contemporaries and parents; even a sickly child sends us a red alert. But how can you accept the death of a sleeping infant? There are parents who wired the nursery and carried a receiver into the garden, their nerves and ears engaged, ready to spring at a cry. How can a child be denied his life? One afflicted parent tells me you never get over it. It's easy to believe.

There would be an autopsy, then cremation. David and Nancy, grieving all the while, make the "arrangements," choosing a burial place beneath a live oak tree in the children's graveyard at the cemetery. The gravediggers are on strike; supervisors will dig the hole. Not a major job, after all; a small hole, perhaps two feet deep, for a canister, scarcely bigger than a flowerpot, that will hold a plain, little paper box with a few ounces of ashes.

We drive through the cemetery gate, ignoring the glum faces of the picketers. At the graveside David kneels and places the ashes in the canister, the clergyman leads the prayers and reads a few lines from Blake. We set flowers in fresh water. Retreating, we pause to read the markers at graves nearby. This baby, 1 day old. That one, 2 weeks old. Here, a baby a month old. There, siblings, born two years apart, each living only a few days. Another baby, gone 20 years, has fresh flowers on his marker. On and on, you study the stones, intoxicated by the sorrow of parents who wept here, wondering for an instant if you aren't witnessing the end of the whole world. All those babies, those lives, all those infants' graveyards.

At the memorial service we hear spare, comforting words from the minister. He reads from the Old Testament and the New. He finds thoughtful passages from Thoreau, William James, John Muir, and we are lofted mercifully beyond mundane concerns, but only briefly. The organist plays Sheep May Safely Graze.

At the house later, when the visitors have gone, we pass photographs among ourselves. A strange little thing, at the moment of delivery. Here he is at 2 days, 5 days of life. Look: There he is, his eyes focused at last, at 5 weeks or so. Smiling, would you believe, at 6 weeks! A person at 6½ weeks. A chronicle complete in 46 days.

Next day the two grandmothers, an uncle and the parents go to work in the garden, planting flowers everywhere, igniting life into the soil, hope to the heart. David and Nancy, strong and determined, will join a group of other parents who have lost babies, sharing their sadness, consoling one another. Like those parents, they will return to their jobs, pick up their lives and start soon to have another baby. This time, we know, things will be better. Nancy's widowed mother and my wife and I will be grandparents again, making all our plans afresh—the zoo, the Cracker Jacks, everything once more, only more so. It will be my second grandchild, by gosh.

You know how a melody sometimes gets stuck in your head? A bit of a jingle, a pop tune, a snatch of a symphony,—and you can't get rid of it? Sheep May Safely Graze has that sort of tune, a simple, repetitive melody. Try as you will, you can't get it out of your mind.

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Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objections to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. Res. 322

Whereas Sudden Infant Death Syndrome is a recognized disease entity which kills thousands of infants each year in the United States;

Whereas Sudden Infant Death Syndrome is the leading killer of infants between the age of one week and one year.

Whereas Sudden Infant Death Syndrome knows no boundaries of race, ethnic group, region, class, or country;

Whereas the victims of Infant Sudden Death Syndrome are babies who appear healthy but who nonetheless die without warning during sleep and nap time;

Whereas the parents and siblings of Sudden Infant Death Syndrome often suffer anguish because many people are unaware of the existence of the pernicious killer;

Whereas research is underway throughout the world to identify the causes and process of the syndrome and to treat infants who can be identified as potential victims; and

Whereas an increase in the national awareness of the problem of Sudden Infant Death Syndrome may ease the burden of the families of victims and may stimulate interest in increased research into the causes and the cure of Sudden Infant Death Syndrome: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning October 6, 1985, is designated as "National Sudden Infant Death Syndrome Awareness Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe this week with appropriate activities.

AMENDMENT OFFERED BY MR. GARCIA

Mr. GARCIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GARCIA: Amend line 3 so as to read: "That the month of October 1985 is designated as".

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. GARCIA].

The amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

TITLE AMENDMENT OFFERED BY MR. GARCIA

Mr. GARCIA. Mr. Speaker, I offer an amendment to the title.

The Clerk read as follows:

Title amendment offered by Mr. GARCIA: Amend title so as to read: Joint resolution to provide for the designation of October 1985 as "National Sudden Infant Death Syndrome Awareness Month"."

The title amendment was agreed to.

A motion to reconsider was laid on the table.

NATIONAL CHILDREN'S WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 79) to designate the week beginning October 6, 1985, as "National Children's Week," and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 79

Whereas there are approximately 65 million children in the Nation;

Whereas the children of the Nation are its most precious resource and its greatest hope for the future; and

Whereas a week designated for the purpose of focusing on the needs of children and the community services available to them will be beneficial both to children and to the future of the Nation: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning October 6, 1985, hereby is designated "National Children's Week", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL HOUSING WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 197) to designate the week of October 6, 1985, through October 13, 1985, as "National Housing Week," and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. GILMAN. Mr. Speaker, I rise in support of Senate Joint Resolution 197, designating the week of October 6, 1985, as "National Housing Week." As a cosponsor of the House companion bill, House Joint Resolution 350, I thank the gentleman from Oregon, [Mr. AUCOIN] for bringing this bill before us today. Adoption of this resolution will help bring the housing industry, which is the backbone of both the American economy and the American dream, the recognition it justly deserves.

The desire for a comfortable yet affordable home is at the core of the American dream—a home to raise a family in, a home to be proud of, a home in a strong and caring community. The housing industry provides the homes Americans strive for, it helps to build the communities which together form this great Nation, and it helps millions to realize the American dream.

For most Americans, purchasing a home is the single biggest and most important investment of their lives. Even for those who never actually own their own homes, housing costs represent a significant portion of their income. These investments and expenditures are a proven stimulus of the economy. Indeed, the housing industry is a major driving force of the economy and is vital to our national economic health. Since World War II, the housing industry has lead the recovery from each economic recession we have suffered. Housing industry growth produces tremendous benefits for the lumber and construction industries, and it creates demands in many markets, such as the furniture, appliance and real estate markets, to name but a few.

This year's figures for the housing industry are illustrative of this very point; and 1.7 million houses and apartments are expected to be started this year. These figures translate into 2.4 million jobs, $95.2 billion in wages, and $20.7 billion in Federal, State, and local tax revenues. Clearly, the housing industry is a leading and essential component to our continued economic recovery and growth.

During my 13 years in the House of Representatives, and previously as a New York State assemblyman, I have paid special attention to the housing needs of my constituents. Just recently I was able to secure a rental rehabilitation grant from the Department of Housing and Urban Development for my constituents in Westchester County. These funds will be used to make much needed improvements in housing units that have, with the passage of time, deteriorated and are in substandard conditions. These funds will also be used to make the housing accessible to the handicapped and will create jobs. The housing industry plays an integral role in our communities as well as in the national economy.

A week of recognition is a fitting appreciation for an industry that so positively affects both the economy and the quality of life in America. Accordingly, I urge my colleagues to adopt Senate Joint Resolution 197, establishing the week of October 5, 1985, as "National Housing Week."

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 197

Whereas the combined commitment of the Federal Government with the strength and ingenuity of private enterprise has brought decent housing to an overwhelming majority of all Americans;

Whereas the opportunity to own a home and live on decent housing strengthens the family, the community, and the Nation, giving individual Americans a stake in the local community and stimulating political involvement;

Whereas the housing industry has led the Nation to economic recovery following every recession since World War II by creating millions of productive jobs for the unemployed, generating billions of dollars worth of tax revenue, and creating demand for goods and services;

Whereas shelter is one of the basic needs for all individuals, and the production of affordable housing is an important concern at all levels of government; and

Whereas it is appropriate to reaffirm the national historical commitment to housing and homeownership and to recognize the economic opportunities created by the present housing recovery: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled. That the week of October 6, 1985, through October 13, 1985, is designated as "National Housing Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MYASTHENIA GRAVIS AWARENESS WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 183) to provide for the designation of the week of October 6 through October 12, 1985, as "Myasthenia Gravis Awareness Week," and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I would simply like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation, I yield to the gentleman from Massachusetts [Mr. CONTE], who is the chief sponsor of the resolution.

Mr. CONTE. Mr. Speaker, I want to thank Mr. GARCIA and Mr. HANSON from the Post Office and Civil Service Committee for bringing this bill to the floor today.

Mr. Speaker, this resolution designates the week of October 6–12 as Myasthenia Gravis Awareness Week. This disease—also known as Erb-Goldflam disease—is a neuromuscular disease affecting men and women of all ages and races. Currently there are over 100,000 victims in America.

The disease weakens the victim to the extent that some have to use both hands just to brush their teeth. MG can strike any area of the body at any time—and because of the small amount that is known about this disease, it is often mistakenly diagnosed as chronic fatigue. Until very recently, the disease has been fatal for 85 percent of its victims. There is still no prevention or cure, but there has been progress.

This resolution, in the past, has played a major role in alerting the public to the symptoms and the problems connected with the disease. This increased awareness has not only made potential victims more sensitive to the dangers, but has served to further research in a quest for the cure.

Resolutions such as these play an important role in the search for a solution to the problems of many debilitating diseases. I have been proud—over the years—to have been the sponsor of this commemorative resolution to focus increased awarness on Myasthenia Gravis. I urge my colleagues' support for the resolution.

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Mr. HANSEN. Mr. Speaker, I thank the gentleman from Massachusetts [Mr. CONTE] for his comments.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 183

Whereas the incidence and prevalence of myasthenia gravis present a significant health problem in the United States;

Whereas myasthenia gravis is a severe neuromuscular disorder, characterized by weakness of the voluntary muscles of the body;

Whereas an estimated one hundred thousand to two hundred thousand diagnosed, and over one hundred thousand undiagnosed, Americans of both sexes, and all races and ages, are afflicted with the disease;

Whereas the Nation faces a continuing need to support innovative research into the causes, treatment, and cure of myasthenia gravis; and

Whereas it is appropriate to focus the Nation's attention upon the problem of myasthenia gravis; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of October 6 through October 12, 1985, is designated as "Myasthenia Gravis Awareness Week" and the President of the United States is authorized and requested to issue a proclamation calling upon all government agencies and the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMMEMORATING THE 50TH ANNIVERSARY OF THE CONGRESSIONAL STAFF CLUB

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the concurrent resolution (H. Con. Res. 195) commemorating the 50th anniversary of the Congressional Staff Club, and ask for it immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I would simply like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, I withdraw my reservation of objection.

Mr. MICHEL. Mr. Speaker, I am pleased to rise in support of this resolution commending the Congressional Staff Club for a half century of service to the U.S. Congress, its Members, and its staff.

It is a particular pleasure for me because during my service as an administrative assistant to Representative Velde of Illinois, I was a member of this great organization, then called the Congressional Secretaries Club.

Through the past 50 years the club has provided many services and benefits to us all. The Daily Digest in the CONGRESSIONAL RECORD, for example was an innovation by the club. So was the development of staff ID cards and better bus service to the Hill.

The club, of course, is bipartisan in nature and its executive board is always closely balanced between staffers of each party. The club president must rotate each year between the two parties.

The club also engaged in many social and charitable activities which include parties, trips, sports activities, and blood and charity drives.

All in all, I would say the club has done real well for its first half century, so it is indeed my pleasure today to wish the CSC a happy birthday.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 195

Whereas the effective, efficient, and constructive operation of the offices of Members of Congress, Committees of the Congress and related offices relies heavily upon their able and dedicated employees;

Whereas the Congressional Staff Club encourages and promotes high ideals in Government and individual self-improvement, professionalism, and responsibility among all employees of the United States Congress;

Whereas the Congressional Staff Club fosters and promotes educational opportunities, charitable programs, and social events for employees of the Congress; and

Whereas the Congressional Staff Club is a nonpartisan, nonprofit organization which is composed of active and retired employees of the United States Congress and which for fifty years has been dedicated to improving the quality of life for all those persons who are, and who have been, employed by the Congress: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That—

(1) the Congress of the United States recognizes the special contributions of the Congressional Staff Club to cooperation, professionalism, and community spirit among employees of the Congress; and

(2) the Congress of the United States commends the Congressional Staff Club for fifty years of dedicated service to the legislative branch of the Government of the United States and encourages and supports the continued contributions of the Congressional Staff Club as a nonpartisan, nonprofit charitable organization created by and for the benefit of, the employees of the Congress.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

NATIONAL BUY AMERICAN WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 194) to designate the week of October 1, 1985, as "National Buy American Week," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York.

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I would simply like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 194

Whereas the Nation accumulated record merchandise trade deficits in 1982, 1983, and 1984, and a record deficit is predicted for 1985;

Whereas we have become a debtor nation for the first time since the onset of World War I;

Whereas in many cases the prices of imported goods are artificially low because of illegal subsidies by foreign governments; and

Whereas record merchandise trade deficits cause loss of jobs, loss of productivity, loss of tax revenues, and a decline in the

American standard of living: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning October 1, 1985, hereby is designated "National Buy American Week", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE LESSONS OF GRENADA WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged for further consideration of the joint resolution (H.J. Res. 313) to authorize the President to issue a proclamation designating the week beginning October 20, 1985, as "The Lessons of Grenada Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation of objection, I yield to the gentleman from Georgia [Mr. GINGRICH], who is the chief sponsor of House Joint Resolution 313.

Mr. GINGRICH. Mr. Speaker, I just want to thank the gentleman from New York [Mr. GARCIA] and the gentleman from Utah [Mr. HANSEN] and say that the gentleman from Missouri [Mr. SKELTON] and I are very appreciative of their action in bringing this legislation to the floor. We think that taking this third week of October and studying "The Lessons of Grenada" document and looking at the lessons Americans can learn about the nature of Leninism and of Communism will be very helpful to the country. We appreciate the efforts of these gentlemen in bringing it to the floor.

Mr. HANSEN. Mr. Speaker, I appreciate the comments of the gentleman from Georgia [Mr. GINGRICH].

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 313

Whereas following the October 1983 invasion of the island of Grenada, the United States captured 35,000 pounds of documents relating to the Communist Party and the Communist government of Grenada and to Grenada's relations with Cuba, the Soviet Union, and Nicaragua;

Whereas it is appropriate for the American people to learn the lessons of actual Communist behavior as revealed in the Grenadian documents;

Whereas the Department of State has published a collection of key documents entitled "Grenada Documents: An Overview and Selection"; and

Whereas the week of the anniversary of the events in Grenada is an appropriate time for the American people to focus on the dangers of Leninism and the lessons of Communist behavior; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the week beginning October 20, 1985, as "The Lessons of Grenada Week" and to urge the Governors of the several States and the people of the United States to observe such week with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL MARK TWAIN DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 259) to designate November 30, 1985, as "National Mark Twain Day," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation, I yield to the gentleman from Missouri [Mr. VOLKMER], who is the chief sponsor of House Joint Resolution 259, National Mark Twain Day.

Mr. VOLKMER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, first I wish to thank the gentleman from New York [Mr. GARCIA], the gentleman from Utah [Mr. HANSEN], and all the members of the Committee on Post Office and Civil Service for bringing this joint resolution before the House.

As we all know, Mark Twain, also known by many by his original name of Sam Clemens, had his boyhood home in my hometown of Hannibal, MO. Many of his writings which are read throughout the world were based upon his boyhood experiences and the things he learned while being raised in Hannibal, MO. This joint resolution will bring the attention of the people of the United States to the fact that this is the 150th anniversary of the birth of Samuel Clemens, better known as Mark Twain, who has brought enjoyment not only to this country but throughout the world with his writings.

Mr. HANSEN. Mr. Speaker, I thank the gentleman from Missouri [Mr. VOLKMER] for his excellent remarks.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 259

Whereas American journalist and author Mark Twain was born Samuel Langhorne Clemens in Florida, Missouri, and Hannibal, Missouri, was his boyhood home;

Whereas Mark Twain is recognized as one of America's greatest authors;

Whereas Mark Twain achieved international fame and his works have been translated into more than fifty languages;

Whereas Mark Twain is also widely recognized as a humorist of extraordinary wit and as a social critic of rare perception;

Whereas the experiences of Mark Twain in Hannibal became the basis of two novels, The Adventures of Tom Sawyer and The Adventures of Huckleberry Finn;

Whereas Mark Twain's travels and experiences in other regions of the United States became the basis of many of his other works, including The Celebrated Jumping Frog of Calaveras County, A Connecticut Yankee in King Arthur's Court, Life on the Mississippi, and Roughing It;

Whereas Mark Twain succeeded in portraying the American spirit in a way which no other author has been able to duplicate;

Whereas the city of Hannibal maintains the Mark Twain Home and Museum as a historic site;

Whereas the city of Hannibal will be the site of special events and entertainment, beginning in May 1985 and culminating in November 1985, to celebrate the one hundred and fiftieth anniversary of the birth of Mark Twain; and

Whereas November 30, 1985, is the one hundred and fiftieth anniversary of the birth of Mark Twain: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That November 30, 1985, hereby is designated "National Mark Twain Day", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL COMMUNITY COLLEGE MONTH

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 158) designating February 1986 as "National Community College Month," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. Res. 158

Whereas, in the fall of 1981, there were over one thousand two hundred and nineteen community, technical, and junior college students in which 40 per centum of all undergraduate college students in the United States were enrolled;

Whereas such colleges prepare people for employment in over one thousand four hundred different occupations or for transfer to four-year colleges and universities;

Whereas such colleges are within reasonable commuting distance for more than 90 per centum of all Americans;

Whereas such colleges provide an opportunity to obtain a post-secondary education at low cost for many people who could not otherwise afford one; and

Whereas such colleges are community-based institutions which provide flexible and diverse programs and services tailored to fit the needs of their local populations and industries: Now, therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That February 1986 is designated as "National Community College Month", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such month with appropriate ceremonies and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CENTENNIAL YEAR OF LIBERTY IN THE UNITED STATES

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 407) designating the 12-month period ending on October 28, 1986, as the "Centennial Year of Liberty in the United States," and ask for its immediate consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I simple would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. Res. 407

Whereas the Statue of Liberty (originally called "Liberty Enlightening the World") was a generous gift from the people of France to the people of the United States;

Whereas the Statue of Liberty has, since its dedication on October 26, 1886, held high the beacon of freedom, hope and opportunity to welcome millions of immigrants and visitors from foreign lands;

Whereas the Statue of Liberty and Ellis Island are in the process of being restored from the ravages of time and weather by the Statue of Liberty-Ellis Island Centennial Foundation, Incorporated; and

Whereas this Nation will celebrate the Statue of Liberty's one hundredth anniversary through commemorative events scheduled to take place during the Fourth of July weekend in 1986 and on October 28, 1986: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the twelve-month period ending on October 28, 1986, is designated as the "Centennial Year of Liberty in the United States", and the President is requested to issue a proclamation calling upon the people of the United States to observe that year with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table

NATIONAL CPR AWARENESS WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 175) to designate the week of October 20, 1985, through October 26, 1985, as "National CPR Awareness Week," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. Res. 175

Whereas, heart attacks are the leading cause of death in the United States;

Whereas as many as 1,500,000 Americans may be stricken by a heart attack during 1985;

Whereas cardio-pulmonary resuscitation, commonly referred to as CPR, is a first aid procedure which significantly reduces the incidence of sudden death due to a heart attack; and

Whereas the death rate due to heart attacks would be reduced if more Americans received training in CPR: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of October 20, 1985, through October 26, 1985, is designated as "National CPR Awareness Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate programs and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL DAY OF FASTING TO RAISE FUNDS TO COMBAT HUNGER

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 386) to designate November 24, 1985, as "National Day of Fasting to Raise Funds to Combat Hunger," and ask for its immdiate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation of objection, I yield to the distinguished gentleman from California [Mr. Packard], who is the chief sponsor of this very worthy piece of legislation, H.J. Res. 386, National Day of Fasting to Raise Funds to Combat Hunger.

BEST COPY AVAILABLE

Mr. PACKARD. Mr. Speaker, I thank the gentleman from Utah for yielding.

Mr. Speaker, I would simply like to use this time to thank the chairman of the committee, the gentleman from New York [Mr. GARCIA], for expediting this piece of legislation. Certainly I also thank my colleague, the gentleman from Utah [Mr. HANSEN], and the 219 cosponsors who have joined with me in moving this piece of legislation through.

I am excited about the possibilities offered in this bipartisan joint resolution which will call upon the President to declare the Sunday before Thanksgiving of this year, the 24th of November, as a national day of fasting to raise funds to combat hunger. It encourages the people of the United States to skip one or more meals on that day and to contribute the value of those meals to hunger programs and hunger relief organizations of their own choice.

What better way do we have to celebrate the Thanksgiving period of time than to celebrate our own blessings by going without a meal or two and contributing to someone in the world who is going without food?

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I hope that the Members of this House will unanimously join me in passing this resolution and declare November 24 as a national day of fasting for the purpose of raising funds to combat hunger.

I'd like to take this opportunity to thank Chairman GARCIA, my colleague Mr. HANSEN, the 219 Members who cosponsored this resolution, and others who so expeditiously moved House Joint Resolution 386 through the House and to the floor for consideration. I am excited about the possibilities offered in this bipartisan resolution which requests the President to issue a proclamation delcaring November 24, the Sunday before Thanksgiving 1985, as the "National Day of Fasting to Raise Funds to Combat Hunger." It encourages the people of the United States to skip one or more meals—if they can—on that day, and to contribute the money saved from those meals to a hunger relief organization of their choice.

This resolution is designed to encourage people from all income levels to give, since the money contributed to feed the victims of famine would have been spent on meals for the giver's own table. The idea is "Skip a meal, give a meal." If each American gives an average of $1, over $250 million will be raised to combat hunger. I fully anticipate that many people will give more than is saved from the forfeited meals—generosity has proven to be "the American way."

What better way is there to celebrate our blessings in the season of Thanksgiving than to voluntarily share with those less fortunate? I hope the Members of this House will join me in unanimously passing the resolution to declare November 24 the "National Day of Fasting to Raise Funds to Combat Hunger."

Mr. HANSEN. Mr. Chairman, if I may say to the gentleman from California, do I understand this correctly that the people called upon would actually take the cost of those two meals that it would cost them and their families and fast and donate that money to these worthy causes?

Mr. PACKARD. The whole purpose is to ask people to first experience the feeling of going without food. That will certainly give them a feeling of what people in the world experience who are starving.

Second, it should not cost them anything, unless they choose to pay more, because they are already foregoing the cost of the meal. They are simply contributing the cost of that meal or two for hunger throughout the world. That is a very simple way of assisting people that go without food.

Now, we hope that there will be many people who will contribute far and above the cost of two meals; but it does allow us to get to those small contributors in this country that would like to join with all of us in helping the hungry around the world, but at the same time feel that it is left to the big contributors. The cost of the two meals may be only $10 or $15 and if every citizen in this country would do that, you can imagine how many hundreds of millions of dollars we could raise toward hunger programs.

It is a worthy cause and at the same time allows the American people to experience hunger that might let them empathize with some of the starving in the world.

Mr. HANSEN. It seems like an excellent principle. I appreciate the gentleman's remarks.

Mr. Speaker, I yield to the gentleman from New York.

Mr. GARCIA. Mr. Speaker, I just would like to take 30 seconds to say that my colleague, the gentleman from California [Mr. PACKARD] has been so gosh darn persistent on this matter, getting this resolution to the floor, that I think the gentleman deserves a round of appreciation from all of us, because this is a very important item. I think that gentleman deserves that consideration.

Mr. PACKARD. Well, again, if the gentleman from Utah will yield just so I may respond, I want the chairman to know how grateful I am that they have expedited this, because it will now allow us enough time to get the message out through the media and the President and others to give emphasis to this special day of fasting. It is not just a commemorative day. It is a day to raise money for hunger around the world and it will give us a chance to do the appropriate advertising.

Again, I thank the gentleman from Utah.

Mr. HANSEN. Mr. Speaker, I would like to asscciate myself with the excellent remarks of the chairman and also the gentleman from California [Mr. PACKARD].

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 386

Whereas the famine in Africa has caused the death of hundreds of thousands of people and has endangered the lives of millions;

Whereas the solution to such famine involves not only rushing emergency food and medical supplies to the areas stricken, but also improving agricultural policies and instituting more sophisticated famine prevention practices in such areas;

Whereas people from all walks of life and every part of the United States have responded quickly and effectively to every famine which has occurred since World War II and have already raised more than $120,000,000 for emergency relief of the famine in Africa;

Whereas the generosity and compassion of the people of the United States should be recognized and commended;

Whereas in Africa, 24 people die of starvation each minute;

Whereas more remains to be done to fight starvation in Africa and in other parts of the world;

Whereas our Nation has enough resources to save many lives;

Whereas hunger in the United States is a pressing domestic problem that must be addressed through food relief and economic development for those in need; and

Whereas fasting is one of the strongest symbolic acts by which solidarity with the plight of fellow human beings may be demonstrated: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That November 24, 1985, is designated as "National Day of Fasting to Raise Funds to Combat Hunger", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to fast, to contribute generously to relief organizations fighting hunger, and to observe such day with appropriate ceremonies and other activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VACATING THIRD READING AND PASSAGE OF HOUSE JOINT RESOLUTION 313, THE LESSONS OF GRENADA WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent to vacate the third reading and passage of the joint resolution (H.J. Res. 313) to authorize the President to issue a proclamation designating the week beginning October 20, 1985, as "The Lessons of Grenada Week."

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. GARCIA

Mr. GARCIA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Garcia: Page 2, amend the first clause of the preamble to read as follows:

Whereas, following the October 1983 liberation of the island of Grenada, the United States and six Caribbean nations (Antiqua, Barbados, Dominica, Jamaica, Saint Lucia and Saint Vincent and the Grenadines) captured 35,000 pounds of documents relating to the Communist government of Grenada and to Grenada's relations with Cuba, the Soviet Union, and Nicaragua;

The **SPEAKER** pro tempore. The question is on the amendment offered by the gentleman from New York [Mr. Garcia].

The amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise their remarks on the various resolutions just considered and passed.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

COMMUNICATION FROM THE HONORABLE NORMAN D. SHUMWAY, MEMBER OF CONGRESS

The **SPEAKER** pro tempore laid before the House the following communication from the Honorable Norman D. Shumway, Member of Congress:

Hon. Thomas P. O'Neill, Jr.,
Speaker of the House, Washington, DC.

Dear Mr. Speaker: Pursuant to Rule L(50) of the Rules of the House, I am notifying you of the receipt of a subpoena issued by the Municipal Court of California, County of San Joaquin, to Mr. Jack Sieglock of my district office staff and myself. After consultation with the General Counsel to the Clerk of the House, I will reach the determinations required by Rule L(50) and will notify you of those determinations.

Sincerely,

Norman D. Shumway,
Member of Congress.

DRILLING FOR OIL MONEY IN CONGRESS

(Mr. McCAIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. McCAIN. Mr. Speaker, I would like to call to the attention of my colleagues yesterday's lead editorial in the New York Times. It is entitled "Drilling for Oil Money in Congress." Recent action in the House Interior and Merchant Marine Committees indicates some coastal State Members believe they have found a "gusher." The budget reconciliation package we will be considering shortly contains one of the worst distortions of the budget process I have witnessed. In the name of deficit reduction and budget savings, we transfer $4 to $6 billion from the Federal Treasury to those of seven relatively well off coastal States. This is money derived from activity in Federal waters, water belonging to all the people of this Nation, which should go to benefit all the people. Instead, if the reconciliation package is not changed, it will go to benefit only those of our citizens fortunate enough to live in one of the seven priviledged States. I am joining with my colleagues Mr. Udall and Mr. Sharp in an attempt to prevent this mockery of the budget process. I hope the Members of the House will take the time to read this editorial and join us in our efforts. I have included a copy of it for your review.

Drilling for Oil Money in Congress

Congress: Please reduce the deficit by raising it. That's the solemn urging of a handful of states with offshore oil wells. They greedily propose an accounting trick that would credit the Treasury with $4 billion it has already received in return for a commitment to give away as much as $6 billion. They should be quickly rebuffed by the House.

In 1953 Congress assigned to the states all the royalties earned from oil and gas production within three miles of the coast. Then came complaints that producers were draining oil and gas from reservoirs beneath the state-Federal boundary. So in 1978 Congress created another three-mile band as a buffer, the royalties to be held in escrow till a distribution formula could be devised.

About $6 billion has now accumulated in this fund. According to the Interior Department, about 4 percent of that, at most, represents earnings from state properties. But as long as the fair division is in dispute, the Federal share cannot legally be counted as belonging to Washington.

This year, in their haste to raise revenue to narrow the budget deficit, the Administration and Senate and House budget committees agreed to give the states involved a whopping 27 percent of the $6 billion—about $1.6 billion, instead of $240 million. That would allow applying about $4.4 billion against the Federal deficit.

But only on paper. Since the money is already in the Treasury, the transaction would not reduce private purchasing power or Federal borrowing needs by even a nickel. The only money to change hands is the $1.6 billion the Treasury would have to hand over to the states. That would actually increase Government spending—precisely the opposite of the advertised effect.

There is apparently no hope of reversing the initial deal. Dumb as it is, Congress bought it and that would have been the end of the story—but for the exceptional greed of the oil-producing states. They persuaded the House Interior Committee and the Senate Energy Committee to sweeten the deal further by adding $500 million more to the promised $1.6 billion, and obligating the Treasury to pay them 27 percent of all future royalties from the buffer zone. According to Interior, the total cost to the Treasury would exceed $6 billion.

Democrats Morris Udall of Arizona and Philip Sharp of Indiana are asking the House to limit the loss to the original $1.6 billion. A sense of decency should be their strongest ally against giving away any more.

WE FROM MINNESOTA ARE PROUD OF SENATOR HUBERT HUMPHREY

(Mr. PENNY asked and was given permission to address the House for 1 minute and to revise and extend his remarks, and include extraneous material.)

Mr. PENNY. Mr. Speaker, I was pleased this morning to read in the Washington Post an editorial commemorating the 25th anniversary of the Peace Corps. In that editorial, they gave mention and credit to Minnesota's Senator Hubert Humphrey.

In part, the editorial reads:

The late Democratic Senator from Minnesota introduced the Kennedy administration Peace Corps bill in the Senate in 1961 because President Kennedy asked him to. President Kennedy asked him to because Mr. Humphrey had in fact proposed the Peace Corps idea 3 years before JFK espoused it in the 1960 campaign speech whose silver anniversary is now being commemorated.

We think JFK would not mind us calling this to your attention or even sharing the credit with his friend Hubert.

On the wall here in the House Chamber is a quote from Daniel Webster:

Let us develop the resources of our land, call forth its power, build up its institutions, promote all its great interests, and see whether we also in our day and generation may not perform something worthy to be remembered.

Mr. Speaker, the Peace Corps is just one contribution to this Nation for which we remember Senator Hubert Humphrey. We from Minnesota are proud that he was our Senator. We miss him, just as this Nation misses his leadership.

Mr. Speaker, I include, for the Members' attention, this editorial:

Remembering

We have something to add to the celebrations now under way of the 25th anniversary of John F. Kennedy's proposal to establish the Peace Corps. A great deal has been said and done in recent days to honor the extraordinary—and sometimes heroic—

achievements of Peace Corps volunteers all over the world in the decades since the agency came into being.

To all of this we say amen, and we also join in commending President Kennedy himself for having espoused the idea and helped push it into law. The Peace Corps, with its youthfulness, its energy and excitement and commitment, became a kind of symbol of the Kennedy administration at its early best, and this was fitting. The agency got its momentum and its enduring personality in those years, and it reflected what was most innovative and idealistic about the Kennedy administration.

But something is missing here. The something is Hubert Humphrey. It is always a wise idea, when celebrating a proposal of this kind, to check out the Humphrey record. The late Democratic senator (and vice president) from Minnesota introduced the Kennedy administration Peace Corps bill in the Senate in 1961 because President Kennedy asked him to. President Kennedy asked him to because Mr. Humphrey had in fact proposed the Peace Corps idea three years before JFK espoused it in the 1960 campaign speech whose silver anniversary is now being commemorated. We think JFK wouldn't mind our calling this to your attention or even sharing the credit with his friend Hubert—and to this end we will let Mr. Humphrey have what he always loved best: the last couple of hundred words. They are from his memoir, "The Education of a Public Man":

"I introduced the first Peace Corps bill in 1957. It did not meet with much enthusiasm. Some traditional diplomats quaked at the thought of thousands of young Americans scattered across their world. Many senators, including liberal ones, thought it a silly and unworkable idea. Now, with a young President urging its passage, it became possible and we pushed it rapidly through the Senate. It is fashionable now to suggest that Peace Corps volunteers gained as much, or more, from their experience as the countries where they worked. That may be true, but it ought not to demean their work. They touched many lives and made them better. Critics ask what visible, lasting effects there are, as if care, concern, love, help can be measured in concrete and steel or dollars or ergs. Education, whether in mathematics, language, health, nutrition, farm techniques, or peaceful coexistence may not always be visible, but the effects endure."

Again, amen.

WE NEED THE BOLAND AMENDMENT

(Mr. MINETA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MINETA. Mr. Speaker, today I would like to bring to everyone's attention a story written by Robert Parry, the award-winning reporter for the Associated Press. The AP story reports that last year, when the Boland amendment was U.S. law, the President approved a secret fund to replace CIA funds with assistance from U.S. citizens and U.S. allies.

Mr. Speaker, what this story means is that the President of the United States apparently OK'd nothing less than an international plumbers group. With a wink and a nod, he turned over U.S. Central American policy to a group of extremist right wing organizations, and apparently encouraged U.S. allies to become their arms merchants.

This is why we need the Boland amendment, and this is why we need a similar provision again to become a part of U.S. law. I hope the story of this duplicitous action on behalf of the White House will awaken our colleagues in the House to the need for strong laws in this area.

Mr. Speaker, I am including with my remarks the AP story to be inserted in the Record.

[From the Associated Press, Oct. 8, 1985]

President Linked to Secret Aid—Plan to Help Contras Reported Approved

(By Robert Parry)

Facing a congressional cutoff of military aid to Nicaraguan rebels early last year, President Reagan approved a secret plan to replace CIA funds with assistance from American citizens and U.S. allies, according to current and former administration officials.

White House officials picked retired Army Maj. Gen. John K. Singlaub as the chief fund-raising contact and advised him how to structure the campaign within the confines of neutrality and other laws that bar U.S. citizens from supporting foreign wars, said the sources who insisted on anonymity.

White House spokesman Edward P. Djerejian refused to comment on Reagan's reported approval of the plan to go outside U.S. government channels to continue supplying the rebels fighting to overthrow Nicaragua's leftist government.

In the past, the White House has insisted that it "neither encourages nor discourages" the private fund-raising that sprang up after Congress, angered by the mining of Nicaragua's harbors by the Central Intelligence Agency, refused to continue military aid to the contras, or counterrevolutionaries, in the spring of 1984.

But government sources, including one senior administration official, described the behind-the-scenes White House role in organizing and advising the aid network as much more extensive than has been acknowledged.

The aid network, particularly a recent surge of arms and money from allied countries, has allowed the rebels to continue operations during the 15-month cutoff of direct U.S. aid and, thus, circumvent congressional efforts to shut down the CIA-sponsored war. Rebel leaders now say they have enough weapons to arm a 30,000-man force, roughly double their current number.

Three congressional committees are reviewing whether White House National Security Council (NSC) officials violated a year-old ban against "directly or indirectly" aiding the rebels militarily.

But officials interviewed by The Associated Press maintained that the White House role in establishing the aid network had ended by Oct. 1, 1984, when that ban was enacted. Last July, Congress voted $27 million in nonlethal aid to the rebels but maintained the ban on lethal U.S. assistance.

One source, familiar with the earlier program, said the "big three" countries that were expected to help the rebels were Israel, South Korea and Taiwan.

Representatives of those governments denied they helped the rebels. Other U.S. sources said Israel ultimately agreed only to sell the rebels captured Palestine Liberation Organization weapons, and aid from South Korea and Taiwan came from private businessmen and an anticommunist organization with close ties to those governments.

National security affairs adviser Robert C. McFarlane has denied that his staff violated the ban but has ignored a congressional request for documents on NSC contacts with the rebels. As for White House actions before October 1984, McFarlane said, "We did not solicit funds or other support for military or paramilitary activities either from Americans or third parties."

Several sources said McFarlane's statement is technically correct because private citizens in this country and "third parties" in allied countries "volunteered" help supply the rebels.

One source who was close to the program said the plan for accepting the offers was prepared by Lt. Col. Oliver L. North, a deputy director for political-military affairs on the NSC staff. The cource said North presented a brief memo that was backed by related correspondence and biographies of some private individuals.

According to this account, which was supported by two administration officials:

McFarlane reviewed the plan with top NSC officers and White House legal counsel who concluded that creation of the outside aid network violated no laws, if done carefully.

But fearing the plan's disclosure, McFarlane chose to outline it to the president orally at a regular morning briefing. Reagan approved the plan. North was to implement it.

All three sources said creation of the aid network came at about the time of congressional protest in April 1984 over the CIA's mining of Nicaragua's harbors. They did not offer precise dates.

Singlaub, who resigned from the Army in 1978, was selected as the chief "authorized" contract for private fund-raising because of his military background and international connections, the sources said.

THE GOOD NEWS ABOUT CRIME IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. Ireland] is recognized for 5 minutes.

Mr. IRELAND. Mr. Speaker, I don't think I have to remind any of my colleagues here in Congress that we live in a great nation—blessed with an abundance of resources and destined to serve as an example for the rest of the world. But, unfortunately, too often we hear reports that the quality of life in America is declining—that our economy is stagnant—our values are eroding—and our political process is for sale to the highest bidder.

Sure, there are plenty of bad news stories on any given day—but at the same time there are bigger—more prominent—more important good news stories that are having a far greater impact in our daily lives. I would like to take a few moments to examine some of this good news.

Let's talk about crime in America.

The crime rate explosion of the 1960's and 1970's has often been attributed to an erosion of public values. It has been said that there is a cause and effect relationship—eroding public values yield eroding public behavior.

But what do we really know about crime in America and its connection to our system of values?

As the first step in addressing this question, I offer you the evidence released by the Justice Department this week in its National Crime Survey. According to these statistics, crime in America is down 4.1 percent from 1984.

And that's not all—this year we have achieved the lowest level of crime since 1973—the year the survey was begun. By category the statistics are even more promising—violent crime is down 12 percent since its high peak in 1981—personal theft is down 7 percent last year and 26 percent from its peak in 1974—burglaries have dropped 8 percent from 1984 and an incredible 31 percent since their peak in 1974.

I think it is obvious that the 1980's reflect a declining trend in crime rates in America. But again—how does this relate to change in our personal and private values as American citizens facing the 1980's?

Why then is crime declining?

The most immediate answer is one of demographics—crime in America is age and sex specific. Crimes are most commonly committed by young males. As the baby boom generation of the 1950's and 1960's matures, the percentage of criminal-age males declines.

But there is more to it than just demographics. Society has responded.

While soft public attitudes toward crime and criminals triggered the crime wave of the 1970's, the tougher public values of the 1980's have played a major role in curbing crime.

And the statistics are there to prove it.

More money is being spent to combat crime, both public and private; neighborhood crime watch associations are on the increase; more individuals are employed in the criminal justice system; convictions are at an all time high; and more Americans than ever before favor the death penalty for murder.

Public attitude is a great deterrent. As the American people get tougher on crime, the risk-reward ratio changes—making the crime business less profitable.

In addition, with more individuals in jail there are fewer criminals and repeat offenders on the street—fewer crimes are committed.

What we have is evidence that our public law enforcement institutions have responded to tougher public values triggered by the soft on crime attitudes of the 1960's and 1970's. When the public responds, local, State, and Federal officials also respond.

Last year we passed the most comprehensive anticrime package since 1968—we increased penalties for drug offenders—placed restrictions on the insanity plea—reduced disparities in punishments for similar crimes—and approved grants for State anticrime projects.

Tougher legal penalties—reflecting tougher public attitudes.

Although the perception of high crime may continue no matter what the statistics reveal and must continue to take note of them—there is a bright side. Increased public perception of crime toughens public attitudes toward criminals—and this leads to results.

Yes, Mr. Speaker, we can feel good about America.

We have renewed our commitment to traditional American values—I commend my constituents in the 10th District of Florida and Americans across our Nation for bringing about these changes.

CHICAGO'S 1985 COLUMBUS DAY PARADE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. ANNUNZIO] is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, on Monday, October 14, Chicagoans will celebrate the discovery of America by Christopher Columbus 493 years ago with a gigantic parade through the city sponsored by the Joint Civic Committee of Italian Americans.

The voyage of Christopher Columbus marked one of history's most challenging and rewarding explorations in the history of mankind, and this parade commemorates this daring accomplishment, as well as the numerous achievements of those courageous men and women who followed Columbus to the New World. Italians who emigrated to America helped make our Nation the strongest and greatest the world has ever known.

This year, leading the proud parade processional will be my good friend, Jack Valenti, president of the Motion Picture Association of America and former assistant to President Lyndon B. Johnson, who has worked tirelessly on behalf of the Italian American community. Other participants in the parade will include Mayor Harold Washington; Gov. James Thompson; Charles Porcelli, president of the Joint Civic Committee of Italian Americans; Congressman Martin Russo; Dr. Claudio Ferrari, Consul General of Italy; and many other civic and political dignitaries, as well as myself.

The President of the United States, the Honorable Ronald Reagan; the Governor of the State of Illinois, the Honorable James R. Thompson; and the mayor of the City of Chicago, the Honorable Harold Washington, have issued proclamations commemorating the discovery of America by Columbus, and copies of these proclamations follow:

COLUMBUS DAY, 1985—A PROCLAMATION BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

We are privileged each year to pay honor to the great explorer whose epic voyages of discovery led to the development of the Western Hemisphere. Christopher Columbus won an imperishable place in history and in the hearts of all Americans by challenging the unknown and defying the doubters. In doing so he set in motion a chain of events which transformed the world and led to the birth of the great country in which we live.

Columbus' achievement lies not only in his daring navigational exploits but also in the practical outgrowth of his efforts. More than a great seaman, he was a man of vision who could see the opportunities that lay beyond the horizon. Indeed, the results of his quest were far grander than he could have envisioned. Those who followed in the path he had opened built a new world whose economic, political, and social development have been marvels of human energy and ingenuity. People from across the globe have come to America to find freedom, justice, and economic opportunity.

Columbus exemplified a spirit which still inspires all Americans—a spirit of reaching out, expanding the frontiers of knowledge, a spirit of undaunted hope. In the words of Joaquin Miller, "He gained a world; he gave that world its grandest lesson: 'On! Sail on!'" Like Columbus, we Americans are ready to take risks in pursuit of our goals. We understand that boundless opportunities await those who dare to strive.

Our tribute to Columbus has special meaning to Americans of Italian descent. This son of Genoa was the first of many great Italian travelers to the New World. Millions of his countrymen would later settle in the new land, adding their precious contribution to the developments that stemmed from Columbus' voyages. Columbus was the first link in a chain which today binds the United States to Italy in a special relationship.

This remembrance is also particularly important for those of Spanish descent. Columbus' achievement depended on the vision and energy of a newly united Spain. This was only the first of Spain's many cultural and economic contributions to the New World. We share with our Spanish-speaking neighbors this heritage and our debt of gratitude to Spain.

In the coming years this commemoration of the voyage of 1492 will take on heightened significance, because we are approaching the 500th anniversary of that great event. The Christopher Columbus Quincentenary Jubilee Commission, a distinguished group of Americans assisted by representatives from Spain and Italy, will plan, encourage, and carry forward the commemoration of Columbus' great voyages of discovery. The Committee held its initial meeting on September 12, and will report within two years its recommendations for observance of the celebration.

In tribute to Columbus' achievement, the Congress of the United States, by joint resolution approved April 30, 1934 (48 Stat. 657), as modified by the Act of June 28, 1968 (82 Stat. 250), has requested the President to proclaim the second Monday in October of each year as Columbus Day.

Now, therefore, I, Ronald Reagan, President of the United States of America, do hereby proclaim Monday, October 14, as Columbus Day. I invite the people of this Nation to observe that day in schools, churches, and other suitable places with appropriate ceremonies in honor of this great explorer. I also direct that the flag of the United States be displayed on all public buildings on the appointed day in honor of Christopher Columbus.

In witness whereof, I have hereunto set my hand this fourth day of October, in the year of our Lord nineteen hundred and eighty-five, and of the Independence of the United States of America the two hundred and tenth.

RONALD REAGAN.

STATE OF ILLINOIS: PROCLAMATION

Every American knows what historic event occurred in 1492, for in that year the history of the world took a dramatic leap. The voyage of Columbus, which spurred further exploration of the New World, is celebrated annually throughout the land.

Columbus and many other distinguished Italians have contributed to the growth of civilization. The Italian community is joined by Americans of every ethnic background in recognizing Columbus Day.

Italian-American residents in Illinois will be sponsoring their 29th annual Columbus Day Parade to honor their native hero.

Therefore, I, James R. Thompson, Governor of the State of Illinois, proclaim October 14, 1985, as Columbus Day in Illinois.

James R. Thompson.

CITY OF CHICAGO: PROCLAMATION

Whereas, the Joint Civic Committee of Italian-Americans (JCCIA), is sponsoring its annual Columbus Day Parade on October 14, 1985; and

Whereas, the courage and visionary wisdom displayed by Christopher Columbus in his intrepid voyage of discovery is exemplary of the Italian-American community; and

Whereas, those qualities of our Italian-American brothers and sisters are evident in the many contributions to the arts, politics, sports and socio-economic life of Chicago; and

Whereas, this year's parade honoring the great navigator is dedicated to Italian-American sports heroes:

Now, therefore, I, Harold Washington, Mayor of the City of Chicago, do hereby proclaim October 14, 1985, to be Columbus Day in Chicago and urge citizens to be cognizant of the events held in connection with this historical observance in honor of the great navigator, Christopher Columbus.

Dated this 8th day of October, 1985.

HAROLD WASHINGTON,
Mayor.

Mr. Speaker, Chicago's Columbus Day celebration begins with a concelebrated Mass at Our Lady of Pompeii Church at 9 a.m. Before the Mass begins, an introduction will be given by Theresa Petrone, theme coordinator of this year's parade. Anthony Pope will serve as commentator, and the lectors will include Jeannine Riotto and Libby Hannigan. Norman Boccio will offer the prayer of the faithful, and members of the Offertory Procession will be Lisa Ann Taranto, queen of the Columbus Day Parade; Fred Serpe, Christopher Columbus in this year's parade; Marie Palello, JCCIA secretary; and Ann Sorrentino, costume chairperson. Music will be provided by the Italian Cultural Center Choir with Josephine LiPuma as director; and the organists will be Lawrence Salvador and Frank Pugno. Nick Bianco, John DeBella, Anthony Lanzito, Michael Palello, Anthony Pilas, and Lawrence Spallitta will serve as ushers.

The principal celebrant will be the Most Rev. Nevin W. Hayes, auxiliary bishop of Chicago. The homily will be given by Rev. Angelo Garbin and Rev. Angelo Carbone, pastor of Our Lady of Pompeii Church, will host the Mass. Other concelebrants will include Rev. John Bonelli, Deacon Giulio Camerini, Rev. Don Craig, Deacon Frank De Vita, Rev. Charles Fanelli, Rev. Nicholas Marro, Rev. Lawrence Cozzi, Rev. Leonard Mattei, Rev. Pat Murphy, Rev. Ronald Scarlata, and Rev. Kenneth Velo, who recently was elevated to the position of administrative assistant to His Excellency, Joseph Cardinal Bernardin.

As in past years, the Fourth Degree Knights of Columbus will serve as the colorful honor guard, and following the Mass, breakfast will be prepared and served by the Mothers Club of Our Lady of Pompeii Church, with Josephine Messina as chairperson.

Following the Mass, there will be a wreath-laying ceremony at the Columbus statue in Arrigo Park. Thomas Baratta and Sam Garnello of the Order Sons of Italy in America will coordinate this event, aided by the color guard of the Italian American War Veterans.

The parade will step off from the corner of Dearborn and Wacker Drive at 1 p.m. and will include over 200 floats, bands, and marching units depiciting the theme of this year's parade, "Italian American Sports Heroes," as well as demonstrating the many contributions of Italian Americans to our country's greatness. Dr. Franco Colombo, who has the title of "Mr. World," will be riding on the float of the National Italian American Sports Hall of Fame, whose executive director is George Randazzo. This year, the Gruppo Folklorico "Marsala Antica" from Marsala, Sicily, a group of 25 young men and women sponsored by the Sicilian government dressed in historic costumes, will sing and play in the parade. Also, the Gruppo Storico Fizizzano from the city of Tuscana, will display their musical talents, as well as demonstrate their unique skills of flag-throwing and twirling. Fred Serpe of Elmwood Park will portray Christopher Columbus in this year's event. In addition, colorful floats especially designed for the occasion will carry members of the Italian American community wearing authentic costumes from the 19 regions of Italy.

The parade will be televised locally by WGN-TV in Chicago from 1 p.m. to 3 p.m., and with its cable capabilities, reaching more than 30 States, millions of people are expected to watch this year's event. The sponsors for this year's parade include Dominick DiMatteo of Dominick's Finer Foods, Anthony Fornelli of Festa Italiana, Nello Ferrara of Ferrara Pan Candy Co., the Chicagoland Chrysler Dealers Association, Statistical Tabulating Co., Alitalia Airlines, Contadina Foods, True Value Hardware Stores, and Anheuser Busch.

One of the highlights of Chicago's Columbus Day celebration is the selection of the queen of the parade. This year, judged on her beauty, poise, and personality, Lisa Ann Taranto, of Lockport, IL, and a student at Northern Illinois University, was chosen to reign as queen of the parade. She won $1,000 from the Joint Civic Committee of Italian Americans; $100 from Dr. Claudio Ferrari, Consul General of Italy; two dinners at the Como Inn Restaurant, courtesy of Joseph Marchetti; two dinners at Sicily Restaurant courtesy of John Incandela; and two dinners at Stefani's Restaurant, courtesy of Phil Stefani.

The members of the queen's court include Donna M. Varzino, 7836 West Farragut, Chicago, IL; Gina Marie Forcucci, 1616 North Sayre, Chicago, IL; Melissa M. Esposito, 2125 North 74th Avenue, Elmwood Park, IL; and Rosemarie Andolino, 1444 James Court, Elk Grove, IL.

The chairman of the Queen's Contest was Fred Mazzei; the cochairperson was Josephine Bianco, and the judges for the contest included Joseph M. Caliendo, fur fashion coordinator and co-owner of Bruno & Joseph Furs; Gilbert J. Cataldo, executive director of the Chicago Regional Port District; John T. Coli, vice president of Teamsters Local 727; State Representative James A. DeLeo; Paul A. Fosco, executive vice president of Consultants & Administrators, Inc.; James M. Hogan, recording secretary for Teamsters Local 714; Joseph Lizzadro, chairman of Meade Electric Co.; Laura Spingola, president of Trade Resources Ltd.; Dr. Carl Tintari, specialist in cosmetic dentistry; Rose Farina, manager of Daley Center Events in the Chicago Office of Fine Arts; and Dr, John Drammis, cosmetic surgeon and owner of Cosmetic Surgery Center of Chicago, Inc.

The Joint Civic Committee of Italian Americans, comprised of more than 40 Italo-American civic organizations in the Chicagoland area, sponsors the Columbus Day parade and other related activities. Many local groups are cooperating with the Joint Civic Committee of Italian Americans in this community-wide tribute to Columbus, and Anthony Sorrentino, consultant for the Joint Civic Committee of Italian Americans, is again helping to coordinate the various activities of the parade as he has done so energetically over the years.

Our grand Columbus Day celebration will close with a reception at 3:30 p.m. at the Como Inn Restaurant, 546 North Milwaukee Avenue, in Chicago, in honor of our guests, all officers, subcommittee chairmen, and members who are participating in making the 1985 Columbus Day Parade a memorable event. Leaders of the Italo-American organization from Illinois will also be present as well as officials from our State and city government.

As honorary cochairman of this 16th celebration of Columbus Day as a national holiday, I commend the members and officers of the Joint Civic Committee of Italian

Americans for their dedication, careful planning, and hard work that goes into the creation of this annual grand event. Our city and our people are proud of these outstanding citizens and their untiring efforts to make this special occasion another great success.

Mr. Speaker, the officers and members of the 1985 Chicago Columbus Day Parade Committee are as follows:

LIST OF OFFICERS AND MEMBERS OF CHICAGO'S COLUMBUS DAY PARADE

COLUMBUS DAY PARADE COMMITTEE

James Coli, General Chairman 1985.
Joseph Tolitano, Grand Marshall.

HONORARY CHAIRMEN

Congressman Frank Annunzio.
Congressman Martin Russo.
Dr. Claudio Ferrari, Consul General of Italy.

JCCIA OFFICERS

Charles C. Porcelli, President.
Carl De Moon, 1st Vice President.
Leonard Giampietro, 2nd Vice President.
Anthony Terlato, 3rd Vice President.
Fred Bartoli, 4th Vice President.
Fred Mazzei, 5th Vice President.
John de Bella, Treasurer.
Josephine L. Ortale, Secretary.
Joseph Mollica, Sgt.-at-Arms.
Jerome N. Zurla, Special Counselor.
Anthony Sorrentino, Executive Director.

BOARD OF TRUSTEES

Richard Parrillo, Chairman.

Congressman Frank Annunzio, Vice Chairman.

Michael Annecca, Fred Bartoli, Anthony Bertuca, Victor Cacciatore, Jerry Campagna, Representative Ralph Capparelli, Micheal Cardilli, Gilbert Cataldo, Michael Coccia, James L. Coli, Senator John D'Arco, Jr., Representative James De Leo, Pat De Leo, Dominick Di Matteo, Representative Marco Domico, Nello Ferrara, Anthony J. Fornelli, Paul Fosco.

Fire Commissioner Louis Galante, Leonard Giampietro, Dr. James F. Greco, Ernie Kumerow, Joseph Lizzardro, Jr., Steve Lombardo, Charles LoVerde, Joseph Mazza, Joseph Marchetti, Pat Marcy, Jr., Michael R. Notaro, Charles C. Porcelli, Mayor John C. Porcelli, Nunzio Raimondi, Ciro Rossini, Dr. Salvatore Rotella, Dr. Mario O. Rubinelli, John Serpico, Dr. Raffaele Suriano, Anthony Terlato, Joseph Tolitano, Lester Trilla, Phillip Zinni, Jerome N. Zurla, Anthonly Fratto.

CHAPLAIN

Rev. Armando Pierini, C.S.

THEME COORDINATION

Theresa Petrone.

RELIGIOUS PROGRAM & ORGANIZATIONS

Rev. Lawrence Cozzi, C.S., Chairman.
Rev. Leonard Mattei, Co-Chairman.
Rev. Armando Pierini, C.S., Advisor.

Nick Bianco, John De Bella, Michael Fortino, Michael Palello, Elvira Panarese, Chief Anthony Pilas, Anthony Pope, Lawrence Spallitta.

AUTHENTIC ITALIAN COSTUMES

Ann Sorrentino, Chairperson; Elena Frigoletti, Mary Spallitta, Pauline Jo Cusimano.

FINANCE AND SOUVENIR BOOK

Leonard Giampietro, Chairman; Ann Sorrentino, Angeline Annunzio.

LABOR COMMITTEE

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PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota [Mr. OBERSTAR] is recognized for 5 minutes.

Mr. OBERSTAR. Mr. Speaker, I was unavoidably detained on official business on Tuesday, October 8, and missed rollcall vote No. 342 on the amendment offered to H.R. 2100 by Mr. PETRI.

Had I been present I would have voted "aye" on this amendment to terminate the tobacco price support program.

THE BALANCED BUDGET AMENDMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Idaho [Mr. CRAIG] is recognized for 60 minutes.

Mr. CRAIG. Mr. Speaker, I have again taken out a special order this evening to talk about an issue that has in just the last several weeks had totally new life bred into it and, of course, that is the issue of a balanced budget for our U.S. Government. For some time a good many Members in this body and the body across the Rotunda have worked very hard to achieve through the constitutional method a balanced-budget amendment that we could send forth to the American public for ratification, that would say to this body that in their budgeting process on an annual basis that they would have to bring receipts and revenues into balance and that the Government could not in fact spend out of balance.

Of course, the American public time and time again has said in polls for the last 10 years that I know of, some 80 percent of them have said that, of course, the Congress of the United States should balance the Government's budget and it should be forced to live within its means, much like every American household, every American business, certainly every American must do or they find themselves at some point in their lives in ultimate bankruptcy.

Over the years, we have tried a variety of methods to force this Congress to be fiscally responsible and in almost all instances those methods have failed. It was for that reason that several years ago I and now nearly 190 Members of this body came together to organize a group called Club Congressional Leaders United for a Balanced Budget in a Bipartisan Way, to issue forth to this Congress a resolution, this year's resolution, House Joint Resolution 27, which is a constitutional amendment to balance the Federal budget.

☐ 1930

We now, today, have well over 200 cosponsors. But as our effort worked to bring about the necessary support so that the Committee on the Judiciary here in the House would recognize and hold the proper hearings and allow that legislation to come to the floor for fair and open debate that the American public could witness, and then to send forth the resolution to the American public for its consideration and ratification, on every occasion we have been stopped. We have been stopped in large part because of a faction in this body who simply will not recognize nor do they support nor do they in fact believe in the need for this Government to balance its budget, to respond in a fiscal way that will send our country the kinds of economic signals that a balanced budget could ultimately send.

So what do we find today? We find ourselves in a situation of attempting to be able to deal with a $200 billion deficit. But more importantly than that, as it has its impact on our economy, we here in this body now and the body across the Rotunda are having to consider something that none of us like, and that is to raise the debt ceiling of our Nation; in other words, its ability to borrow and to spend money to the $2 trillion level.

Throughout the history of this country, since we were a Union, it has taken all of that time except for the last 7 years to arrive at a national debt of $1 trillion, and just in the last 7 years we have now been put in a situation where we must ask the American public to allow us to raise the debt ceiling to $2 trillion.

As a result of that, Members of the Senate and Members here in the House, having been blocked by leadership in the House, because the Senate just 2 years ago sent forth a constitutional amendment to balance the budget which failed in this House, both Members of good will, Republican and Democrat alike, have said if we cannot pass the balanced-budget amendment we must at least try in some way to bring forth an issue, and in this case a form of law, a statute, tied to the debt ceiling that would put into process a system by which we could move toward a balanced budget in a systematic way over a period of years to get to a point of a balanced budget without major disruption in our economy.

The Senate is now deadlocked in trying to debate and vote on an issue that has become known as the Gramm-Rudman amendment, the Emergency Deficit Control Act, or a Balanced Budget Act. To my disappointment, the news media of this country has called it the Balanced Budget Act. Although it would arrive at a balanced budget by 1991, it is not a constitutional amendment to our Constitution which would, in fact, by constitutional law, mandate a balanced budget.

Mr. LOTT. Mr. Speaker, will the gentleman yield?

Mr. CRAIG. I have with me some of my colleagues who have been directly involved in this issue, and I would certainly be happy to yield to my colleague, the gentleman from Mississippi [Mr. LOTT], and in doing so I would like to wish him "happy birthday."

Mr. LOTT. I thank the gentleman for that, I guess.

I thank the gentleman for yielding and for those good wishes on my birthday, but I rise to extend my congratulations and appreciation, and I think the appreciation of the American people, for his efforts in support of getting a vote here in the House of Representatives on a balanced budget constitutional amendment. I think it is absolutely essential that we do it. I am convinced that we will succeed in getting that issue forced to a vote in a timely fashion, and hopefully very soon, and I hope that the House of Representatives will show the courage to provide the necessary two-thirds vote when it comes up for a vote here in the House.

I doubt that it is going to happen, based on the record that the House of Representatives has over the years of not voting for this constitutional amendment for a balanced budget and not voting to get spending under control, but it is a very important effort that the gentleman is working on and I join with him in that. I have signed the necessary discharge petition and I urge the gentleman to continue doing that.

Regardless if that happens, in our other effort for our statutory process to set up a procedure to move toward a balanced budget by fiscal year 1991, we need this constitutional amendment. We need this binding process that would force us to have a balanced budget and stick with it, like so many of the States have. I know the gentleman will go into some details about how that works, but I wanted to congratulate him and urge our colleagues here in the House of Representatives to join him in that effort to get a vote on that most important issue of a constitutional amendment for a balanced budget.

But I also want to rise to speak for a moment about what I refer to as the Gramm-Mack amendment to the debt ceiling that is being considered now by the other body and hopefully will be here in the House for a straight up-or-down vote very soon. We each year have these continuing votes that come up to raise the debt ceiling, a very difficult vote for a lot of Members to cast and it will be again this year.

One of the reasons why Members on this side of the aisle and why I am hesitant to vote for this rise in the debt ceiling is because I see no end out there in the future to having to vote to raise it again and again and again. We must have a process to move toward a more balanced budget. It is fraud to say that we are going to balance the budget next week or next month or next year. There must be some orderly process to move in that direction, to force us to do it.

The Budget and Impoundment Act that we now have to work with here in the House of Representatives that was passed in 1974 is in shambles. The House makes a mockery of the process by its own reconciliation bill that will be coming to the floor of the House of Representatives soon. In a bill that is supposed to cut spending, that is supposed to make us comply with our own budget resolution, our friends on the other side of the aisle use it to authorize other bills and, in fact, to raise spending. They are absolutely making a mockery of the process and seem to be saying, "We just cannot get spending under control."

This Gramm-Mack proposal is an orderly process. It will force the President to produce these budget recommendations on a declining basis to a balanced budget in 1991. The Congress must then act, perhaps with a different set of priorities, but to comply with this systematic reduction.

If, though, at the end of the fiscal year in October, the Congress has not lived up to its commitments and the President and the Congress cannot fulfill that commitment of the $35 or $36 billion reduction each year over this period up to fiscal year 1991, then there would be the action-forcing mechanism, a fair mechanism, across the board, equal percentage, 50-50 between the appropriated and nonappropriated accounts.

We need it desperately. I believe the American people are excited about the prospect that we would establish some system to move toward a more balanced budget, and yet our friends, the Democrats, in the Senate and in the House, delay. They say, "We need more time." They start asking questions. They even make the point that we took 15 months to pass the Budget and Impoundment Act. Yes, we did, and maybe that is what is wrong with it and why it is in a heap of ashes now on the floor of this Chamber, because we nickeled and dimed it and picked it to death. We found every possible little loophole that we could dream of so that we could slither through it and avoid facing the issue of cutting spending.

So I think the Gramm-Mack proposal, known in the other body as the Gramm-Rudman proposal, is the most exciting thing we have going right now for the American people, for the taxpayer, for those who pay attention to what we do in spending the people's money here in Washington, DC.

So I would urge my colleagues to look at it closely. Approach it from a positive standpoint. Do not start saying, "What if? What if?" It is a statute that sets up just a procedure to move toward a balanced budget. It does not say how we are going to do it, but it just says that over a period of these years we will have to rein ourselves in.

I am supporting it, and I have a question for the leaders on the other side of the aisle who today refused to take up the issue, even in a minor way, by bringing up the proposal that was passed by the Senate to cap the use of the Federal Financing Bank. They do not want a vote on this issue.

It is clear that the Republicans here in the House of Representatives want a straight up or-down vote on this issue of the Gramm-Rudman-Mack balanced budget procedure. I believe the American people want that effort, that opportunity, and we are going to get it one way or the other here in the House of Representatives and then we can have this type of fiscal responsibility we really should have.

I thank the gentleman for his efforts. I do not think that the two conflict at all; they complement each other. Let us set up a process, but let us also put it in the Constitution. That is where it should be, and then hopefully in future generations they will not be going through this chaos and this mockery that we have now of the budget process.

Mr. CRAIG. I thank the gentleman for those comments.

Let me ask the gentleman a question. I find it unique that in the number of States which by constitution are required to balance their budgets that they have a mechanism in place that monitors the spending of the different agencies of their States so that if at a point during the fiscal year they find themselves spending beyond their limitation that there is a mechanism by which they can cut back and level their spending to maintain a balance with their revenues.

I am told that the Gramm-Mack proposal, the proposal that is currently being debated in the Senate, is in some part not unlike the kind of mechanisms that literally a number of States have across this country, well over 30.

Is that true?

□ 1940

Mr. LOTT. It is true. In fact, my own State right now is going through that very process. It is a painful one.

But the revenue coming into the State of Mississippi is below what was anticipated and the State must take action now to begin to make sure that they can have a balanced budget. Here it is, the poorest State in the Nation, and yet our State legislators and our leaders have faced the issue year in and year out, and they have a balanced budget. And yet they look to us and they see our inability to control our insatiable appetite to spend more of the peoples' tax dollars, dollars frankly that should be staying in my own State so that my State of Mississippi and my own hometown would have that opportunity for revenue themselves.

But in the Gramm/Rudman package, there is a requirement that there must be a report to Congress about how the process is working, and the President must also report to Congress what he is doing to carry out his ministerial role, not his role of impoundment in complying with the automatic sequestering if that is forced by Congress' inability to act, but even before that there is the requirement that the Office of Management and Budget and the Congressional Budget Office report to the Congress about what is being done to comply with our own budget resolution while the process is going on.

Mr. CRAIG. Would the gentleman say that his State of Mississippi would be complying or working to comply at this moment if, in fact, they did not have a constitutional amendment that required a balanced budget and had the ability to borrow, in other words, kind of nonstop ad infinitum?

Mr. LOTT. If we had that credit card, and people seem to think the chickens will never come home to roost, then I am sure we would spend much more money trying to provide more things that the people need, trying to create jobs in the State sector, or in the Government sector, which are not the kind of jobs that they need. There is no question that if they could just print the money and continue to raise the debt ceiling without paying any attention to where this money really is going to eventually come from—from our children as a matter of fact—why I think the States would do that.

But the people are closer sometimes to those State legislatures and the government and they would not tolerate it, and they have had the foresight to put that requirement in their State constitutions. There is no question that it keeps the pressure on them.

I think there are only, what, four or five States in the Nation that did not have a balanced budget or a surplus during the past fiscal year, and I think maybe only a couple that actually went into the red. I think there is no question of the fact that having these constitutional amendments that required them to have a balanced budget forces them to do that.

Mr. CRAIG. I certainly thank my colleague for his insight. He took time away from his family tonight to be with us. He must rush home, I am told, to a birthday dinner, and I certainly once again wish you a happy birthday.

Mr. LOTT. I thank the gentleman for yielding me this time.

Mr. CRAIG. I think the point my colleague from Mississippi has just brought up dramatizes why we are here, why we consistently work toward a balanced budget amendment to our Constitution, and why we have looked at the Gramm-Mack proposal as a tool, a device, a mechanism, if you will, to begin to move the Congress of the United States, in other words, the budget of our Government, toward a balance by the year 1991.

My colleague from Mississippi made a very, very important point. Today in the other body, they are debating lifting the debt ceiling, the ability of our Government to spend into debt to the point of some $2 trillion.

Now what does that really mean? My colleague from Mississippi mentioned that it is an unwillingness to be fiscally responsible. In other words, to go ahead and spend now and pass that expense for that debt forward into the future generations.

At our current rate of deficit spending that ultimately becomes part of the national debt what we are really telling the young people of this country is that we are now willingly, without their permission, at least, us here in the U.S. Congress are willingly extending to them a responsibility of an increased debt of nearly $1,000 a year at these kinds of expenditure levels. In other words, this Congress, this Government is saying we do not want to pay for it now, we do not want to take the responsibility to have to pay for the kinds of services that we want to offer to the American people, so we will simply extend that debt forward, and we will say to all of the young people of this country, we are just going to saddle you with the burden, and somewhere down the road, as is typical of all debts, you ultimately will have the responsibility of paying for it. And, of course, as we do that, we constantly add to the budget a requirement to service the debt.

In the 1986 budget as proposed, I know that that debt service, or interest to be paid on the debt is now well over $140 billion annually. It is becoming one of the single largest items in the Federal budget. And of course, that is why so many of us here have worked for so long to bring about a constitutional requirement through the Constitution, through the amendment process to force a balanced budget, and then put into motion the kind of mechanism that is devised and proposed in the Gramm-Mack proposal that will bring us in a progressive way, over a period of time, to that balanced budget.

I am pleased to have my colleague from Pennsylvania [Mr. WALKER] join with me this evening in this special order. He has been a stalwart here on the floor reminding us of our fiscal responsibility, a strong advocate of a constitutional amendment to balance the Federal budget, a cosponsor of House Joint Resolution 27, the Constitutional Amendment Resolution, and a member of the CLUBB organization.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. CRAIG. I am pleased to yield to my colleague from Pennsylvania.

Mr. WALKER. I thank the gentleman. I, too, join with the gentleman from Mississippi [Mr. LOTT], our minority whip, in congratulating the gentleman for all of his work and for helping to drive home the point of how badly we need to move on this balanced-budget approach. Because the gentleman has been in the forefront, I know that he understands that what we get on this issue is a lot of rhetoric. There is an intuitive understanding among politicians here that the American people have had it with our spending, that they want something done about deficits, they want something done about our budget overspending, and they are demanding that action be taken.

So as a result, we have Members of Congress parading out to the country telling their constituents exactly what they think their constituents want to hear, that I am down in Washington fighting budget deficits, that I am out there working for you. The fact is that what we have is a lot of flim, and a lot of flam, and a lot of smoke, and a lot of mirrors, but very little action.

The gentleman has been one of those who has been subjected to that process in his work to try to get a balanced-budget amendment out to this floor and passed. We hear all of these people who want to talk about balanced-budget amendments, but when it comes time to actually move toward the vote, move it out of committee, get it to the floor, do something real, well, all of a sudden all of those people fade. They run to the cloakrooms, they run to their offices, they run home, they do something, but let us not vote on it.

Now all of a sudden they are presented with a very, very tough dilemma. There is something moving in the other body that has a chance of coming here that might actually force them to vote on something with teeth in it to balance the budget. And what is happening? We are seeing the flim and we are seeing the flam and we are seeing the smoke and we are seeing the mirrors. We saw it out here on the floor this evening.

The other body sent the bill over here, a House-passed bill in which what they were attempting to do was to put a deadline on the amount of money or the amount of time in which we can borrow from the Federal Financing Bank. In other words, put us up against the wall as of next Friday that we would have to meet. And what did we hear? Well, we heard then, we heard them say, well, no, they did not want that process to go forward. They did not want that kind of deadline. They want more time to study this proposal.

Why do they want more time to study? They want more time to round up all of the special-interest groups out in the country to come pounding on the doors saying, oh, no, do not touch the Federal budget, do not touch the process that keeps these $200 billion deficits in place. Do not do anything that is real. They want a couple of weeks in order to bring those people to this town yelling and screaming again so that they hope that they can avoid a vote. They do not want a vote on that. They do not want to go back to the American people and explain why they voted against a constitutional amendment.

They are even now trying to come up with alternatives, those that are trying to squirm out from underneath, and I was fascinated, I would say to the gentleman, by a "Dear Colleague" letter. I will not mention the name of the colleague. I have not informed him that I was going to mention this. But I happened to come across it as I was reading today.

We have a "Dear Colleague" letter that is headlined "Alternative to Gramm-Rudman," and guess what it is proposing, I would say? A constitutional amendment to balance the budget.

Now where has he heard that before? You know, all of a sudden now we have this constitutional amendment, and I would say to him, having worked on the language for years, it is very, very interesting. This constitutional amendment says, and I read, "Expenditures of the United States Government in any fiscal year shall not exceed its revenues for that fiscal year."

Now where have we heard that before? I will tell you where we have heard that before. That is now the law of the land. We passed that into law almost 10 years ago. That is exactly what the law now says, and we violate it all of the time.

Mr. CRAIG. If my colleague will yield back for a moment, he mentioned the law of the land. We actually have laws now on the books of the Federal Government that mandate a balanced budget.

Let me cite those laws because you bring up a very, very interesting point, and I would like to have you expand on it.

In October 1978, we passed Public Law 95-435 which said that beginning with fiscal year 1981, the total budget outlays of the Federal Government shall not exceed receipts.

Is that not what that "Dear Colleague" letter says?

Mr. WALKER. Yes, it is. It is almost precisely the same language that we are now hearing that is the alternative to Gramm-Rudman that is already the law of the land. We violate it every day and we do it knowingly.

Mr. CRAIG. And again I understand that in April 1979, Public Law 96-5 provided that Congress shall balance the Federal budget. "Pursuant to this mandate, the Budget Committees shall report by April 15, 1979, a fiscal-year budget for 1981 that shall be in balance, and also a fiscal-year budget for 1982 that shall be in balance, and that by April 15, 1980, the fiscal-year budget for 1981 shall be in balance. And the Budget Committee shall show the consequences of each budget on each budget function and on the economy, setting forth its effects on revenues, spending, employment, inflation and national security."

That is the law of the land, and I think I just heard the gentleman say that in reflection to this law of the land that we have consistently violated that. That is obvious or we would not have a $200 billion debt.

Mr. WALKER. That is right, or we would not have a $200 billion debt.

But let me tell the gentleman what has happened out here a couple of times, and he is well familiar with it too. On a couple of occasions I personally have carried amendments to the floor suggesting some new spending program we are putting in place ought not go forward in violation of that public law, and I have brought it out a number of times. Do you know that every single time, when confronted with the reality of the law of the land that required a balanced budget, and confronted with the reality of a new spending program, every single time Congress has voted in favor of the new spending program and against implementing the law of the land, which is the balanced budget, every single time. On one occasion, it was even we were going to build a new memorial here in the city. I felt that was a low-enough priority that maybe we ought to at least obey the balanced-budget law when it came to building a new memorial in the city. No. By about 100 votes, this body decided it was more important to build the memorial than to enforce the balance-budget law.

And so, this kind of language that our colleagues now suggest as an alternative to Gramm/Rudman is no alternative. We have already tried it.

You know, you can put that language into the Constitution, but the fact is that we still need an enforcement mechanism, and that is what the gentleman has been working on.

If these people want to go the constitutional amendment route, all they have to do is join the gentleman in cosponsoring H.R. 27, and go up and sign the discharge petition, because his balanced-budget amendment accomplishes the same thing, except it has teeth. Instead of being a toothless-tiger approach to a balanced budget, which so many on that side want, they want to vote for budget acts like we had in 1974, they want to vote for balanced-budget amendments to the Constitution that are meaningless, they want to vote for language around here that is meaningless because it has no real discipline in it, and they are toothless tigers when it comes to balanced budgets. The only time they want to become real tigers is when it comes to spending, and then they run down onto this floor, roaring like the devil about the spending that they want to do.

I think that it is clear that what happened on the floor here today is one more example of the Democratic leadership making a conscious decision to try to delay, to try to negate, to try to undercut, to try in some way to subterfuge the whole policy of moving toward a balanced budget, and we are going to see more of that in the next several days, and we are going to see the Democratic majority of this body support their leadership. And we are going to see them line up time and time again trying to tell the American people, well, look, we are really for balanced budgets, but this is simply the wrong approach.

Everything to them is the wrong approach. There is no right approach. Every time you bring up something that has any kind of discipline involved in it at all, they figure out a way to get around it.

□ 1955

They figured out a way around the Budget Act; we waive the Budget Act all the time out here; there is always some reason for getting around the idea that we ought to save money rather than spend money.

I thank the gentleman for taking this special order. I hope the American people are finally becoming aware that it is the Republican Party that is the party of balanced budgets; it is the Democratic Party that is the party of spending, and that until they rid themselves, in this body, of big spenders, we are going to continue to have a balanced budget problem in this country; we are going to continue to have a deficit problem in this country, and we are going to continue to pass the bill, as the gentleman has said earlier, along to our children, our grandchildren, and our great-grandchildren.

That is the shame of this; we are spending the money today; we are enjoying the benefits of deficits, and we are passing the bill on to people who did not even have a chance to vote on paying that bill.

Mr. CRAIG. I thank my colleague for joining me in this special order, and pointing out some of the problems that we currently face; some of the problems we have faced in the past; and the tremendous reluctance that we see on almost a daily basis on this floor for our colleagues to respond to what the American public has now said is the number one issue in this Nation, and that is the Federal deficit.

That we must control it; they have told us in almost every possible way they can, and yet, here, on this floor on a day-to-day basis we deny them that response. We do so in a variety of ways including failure to bring out a constitutional amendment to balance the budget, and failure to respond, as my colleague from Pennsylvania mentioned, to respond as we should have responded this evening.

To not only authorize and react, allow the Federal Government to have some flexibility while we continue to debate what is now in my opinion one of the most critical issues, one of the most important issues to come before this session of the United States Congress.

What is that? Well, we have talked about it briefly, and I am now pleased to see my colleague from Florida [Mr. Mack] who has done a yeoman's job in working with Senator Gramm in putting together the Gramm-Mack proposal that is probably No. 1 in the minds of most legislators at this moment, both here in the House and the other body—some of us in strong support of it, others trying to find out how to get around it, and that of course is that particular piece of legislation that has become known as the Emergency Deficit Control Act, the Balanced Budget Emergency Deficit Control Act.

That would put in motion the very kind of thing that we think is necessary is a responsible, kind of sequential move that brings about the process that would bring us to a balanced budget by the year 1991 and would allow the American public to see that you can balance the budget; that the constitutional amendment mandating a balanced budget is a responsible act; that you do not create some strange, crazy gyration in the Government; that you do not somehow overnight have to be forced to raise taxes by $200 billion or to cut programs by $200 billion, but in a responsible, programmed way, over a period of several years you can arrive at it in large part without changing much of the method by which the Government spends or many of the priorities that the Government has.

I would like to now yield some time to my colleague from Florida [Mr. Mack].

Mr. MACK. I appreciate the gentleman yielding.

Several points came to my mind as the gentleman was talking. One of the things I think we need to concentrate on before we get into maybe the specifics of the proposal is that, why are we talking about it now, and what are the questions that we should be asking.

To put that into context, what I am saying is that the Congress, both the Senate and the House, are being asked to, at some point, deal with the debt ceiling of this Nation; that is, the ability of our Government to borrow funds to pay for the programs that have been authorized in the 1986 budget.

Here we have a situation where we are being asked to go out and borrow additional funds, and I am going to put this, as I did last evening in a special order, in the context of having come from 16 years in the banking business.

Typically, if a family or a business, or for that matter a government, whether that was a city or State, came to a lending institution to borrow funds, depending on what the circumstances were, we would want to find out from them what they were going to do to correct the situation that had caused the problems of that particular business.

If, for example, they wanted to borrow let us say $100,000 for the purpose of working capital for several weeks, I would want to know what it was that happened to create the necessity for borrowing that money. Was there something wrong with the management of the company? Just exactly what was going on?

Once I determined what the problem was, what created the need for the borrowing, I then asked them, "What changes were you going to make in order to put yourself back on the proper direction? In other words, how are your going to be able to repay the loan?"

Very straightforward. I mean, I think if even those of you who have not been in the banking business probably would ask those kinds of questions. In fact, I am sure we have all had the opportunity to have someone come up to us and ask if they could borrow a certain amount of money for a short period of time, and the natural question is: How are you going to pay it back?

All I am saying here is that it seems that we ought to have the same common sense, that when we are being asked to increase the debt ceiling to allow the Government to go out and borrow more money, we ought to be saying, "Under what conditions are you going to provide us with to make us feel comfortable that you have the ability to handle this credit and to be able to eventually reduce and repay that loan?"

So I think that what we are doing with the Mack-Gramm or the Gramm-Mack proposal is we are basically saying, all right, we will increase the debt ceiling of this Nation, but we are going to do it under these conditions, and the conditions are very simple:

You do not borrow any more than $180 billion in the first year; no more than $144 billion in the second year; and right on down until it is zero in 1991. What we are saying is that if you do not put budget proposals together that live within those targets, that there is an automatic sequestering of funds that takes place, that brings the amount of the deficit back down to those targets.

So for the first time what we have really done is we have shifted the emphasis. What we have said is that in the past, why you fellows were arguing whether that was this side of the aisle arguing with that side of the aisle, or this body arguing with that body, or we were in debate with the executive branch, spending just kept right on growing, requiring more and more taxes.

Mr. CRAIG. Just a moment ago, our colleague from Pennsylvania [Mr. WALKER] and I were talking about passed law; that this body and the other body made public law, that said that this Government would have to balance its expenditures and its receipts by a given year; in other words, a balanced budget.

Now, in the Gramm-Mack proposal, you are saying that from now through 1991 there would be a reduction in deficit to a point that at that time the budget would come into balance.

In 1979, Public Law 96-5 said that, that by 1981 we would have to have a balanced budget.

What is uniquely different about what you are proposing today that has not already been proposed and is in fact now residing in the law of this land?

Mr. MACK. If the gentleman will yield further, there are several points that I would make here. One very specifically is that this legislation has within it an enforcement mechanism that in essence, that cannot be waived by the Congress; waived in the same manner that we waive things out here on the floor of the House on a day-to-day basis.

Second is the power of the Budget Act really is in the rules of the House; and because the power is in the rules of the House, we can come out here—and we see it happen every day, probably every appropriations bill that we have dealt with, many of the authorization bills that we have dealt with, have asked for waivers in the Budget Act—we waive the Budget Act, just the thing that we said we put together to protect ourselves; we waive that, and off we go. Spend more money, send it over to the Senate, have an agreement, and the spending goes on up.

In this particular piece of legislation that we are putting forward, we are saying if those targets are broken, there is an automatic feature that takes place that you and I cannot stop unless there is separate legislation that is passed that changes the targets or changes the sequestering law and allows for the increase.

It would have to be passed by the House, passed by the other body, and signed by the President. Now that is quite a different situation than the previous law that just basically mandated a balanced budget but had no enforcement mechanism in those previous laws.

Mr. CRAIG. In other words, you are saying that you are unique in your approach in that you would require a separate act of Congress to change the process, and that there is an enforcement mechanism?

Mr. MACK. That is correct.

Mr. CRAIG. In other words, you are telling me that all of the consternation that the other body has gone through that we see now building here in reaction to your proposal is over a law or a bill that could become law, an amendment that could become law, that is going to make this body act budgetarily at least responsible, and I guess what the gentleman might also be telling me is that if you had merely proposed as an amendment to the debt ceiling legislation that the budget of the United States or the Government be in balance by 1991, we probably would not be having the battle.

□ 2005

Because there would not be any teeth in it and this body would know, as they have known from at least 1979 and before, in 1978, that you can pass the laws and tell the people that you are going to balance the budget, but knowingly, knowingly at the time you are telling the American public, that you can also break the law and you can break it by getting around it with House rules, by waiving the Budget Act, as the gentleman mentioned, and simply going right on down the road of spending while being able to go home and say, "I voted for a balanced budget amendment, and I am all for fiscal responsibility."

In other words, the bill of the gentleman, his amendment is uniquely different.

Mr. MACK. That is right. The gentleman is right on the point. Again, let me run through some examples, if I could. Let us say that this proposal is passed and becomes law, signed by the President, and in 1987, the next fiscal year budget that we are going to be working on, which will have a target of $144 billion, and let us say that once again the Congress says, "We cannot live with those targets, we are going to waive this provision, and we are going to come out with a budget that is $164 billion." This might shock you. The Congress could do that. They could end up passing a budget for $164 billion even though the law required $144 billion. But you see, there is one mechanism that they cannot change, and that is on October 1 when the Office of Management and Budget and the Congressional Budget Office make their projections for what the deficit is going to be for the forthcoming fiscal year and they state that it is going to be $164 billion, guess what? There is a $20 billion breach of the target. The President has no choice. The law says that he must sign and order sequestering funds across the board. So while the Congress may find a way to waive it in their internal operations, come October 1 when the report is handed out by OMB and CBO, the President will have no choice but to sign this sequester order. That is why people are concerned because it has real teeth in it. It cannot be, other than by passing a piece of legislation to suspend or void or change those targets, passed by both Houses and signed by the President, and that is the kicker, the President could veto that piece of legislation to again mandate those targets.

Mr. CRAIG. Let me get this clear in my mind. Under the current law, two laws on the books of this land, right now, statutes that say that this Congress, this body, must balance its budget on an annual basis, this House, the body on the other side, can amend the Budget Act or by waiving the Budget Act get around it. They bypass the process, in other words, and the President can do literally nothing about it or does nothing, practically, about it simply because it is within the House rules at least in this body. But the gentleman is saying that under Mack-Gramm or Gramm-Mack that the President would have to act by agreeing or concurring with both the House and the Senate in legislation that would, in other words, change the law or a new law that would bypass the law or the amendment that the gentleman is proposing. That is one of the real unique differences.

Mr. MACK. That is right. Again, the President would have a veto over any provision that would change the law that we are talking about passing.

Mr. CRAIG. So that would be a safety net or a check process that currently does not exist in the law.

Mr. MACK. That is right.

Mr. CRAIG. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

It seems to me what the important thing about that mechanism is that Congress would have to affirmatively stand up and say, "We are willing to change the law in order to spend the money." In other words, instead of having some procedural vote out on the floor that people would go back home and say, "Oh, that waiver of the Budget Act, that was just a procedural kind of thing, it didn't mean anything, you can't really say I am a big spender because I voted for that." They would have to define themselves as big spenders who were willing to violate the budget targets in order to spend the money. In other words, they would have to literally enact a law that says we are going to go ahead and spend the money.

Mr. CRAIG. In other words, the gentleman is saying that on an up or down vote you would be able to say, "Yes, I am a budget buster," or, "No, I am not."

Mr. WALKER. Surely. At that point it becomes a budget buster act, and it becomes then something that you can be held accountable for. And accountability is the clear thing here. Nobody, nobody around here who has been spending money like a drunken sailor over all these years, wants to be held accountable for it. That is the reason why they are scared to death of the proposal.

Mr. CRAIG. Yes, I am beginning to understand why all the violent opposition from some of our liberal colleagues then.

You mean that for the first time they are going to have to be on record by voting "yes" or "no" as to whether they are willing to break the budget, spend more money than the Congress through this law had agreed was a judicious and responsible way to bring the budget under control. That is why all the reaction.

I yield to my colleague.

Mr. MACK. Let me, if I could, move this to another aspect of this particular proposal because I think there is more to it than just the merit of being able to get spending under control.

Again, my motivation for this is that I do feel that it is something that will mandate the reduction in spending that takes the pressure off of those of us who want to keep revenues at a low level but do not want to see increases in tax rates that usually become higher marginal tax rates that destroy incentive and so forth.

So I think, again, the motivation is to be able to control spending and to take the pressure off of revenues and taxes.

But on the other side, I think there is something of value, especially to those of us who have been in support of the concept of a balanced budget constitutional amendment.

I have heard the argument raised many times, in essence, people say, "Well, that balanced budget idea is a great one, but, you know, how would you get there? You don't have any plan for getting there. You just want to wish that in. Suppose it was passed, what would you do?"

Well, I think what we have here is a very systematic approach to get there. I guess there is also—I ought to make another point here—we all of us, as we get into the discussion about this particular proposal, seem to spend a lot of time on the enforcement mechanism, or the triggering mechanism, or the sequestering order. Let me remind you that that only takes place, that only is triggered, if Congress fails to take its responsibility. I mean, it is not that it is taking any authority away from the House or the other body. We still are going to be coming forward with a budget resolution each year. The President will have a budget proposal to make. All of them will have to live within the targets. But you and I will get involved in the discussion about what the priorities are going to be. That is an interesting point. Won't it be fun to finally talk about priorities around here? I mean to really have to make decisions about what priorities are instead of basically allowing every special interest group in the country to get some form of financial assistance from the Federal Government.

Mr. CRAIG. On that point, I have heard the last several days from several of my friends on the other side of the aisle that this just gives massive powers to the Presidency and that for some reason it is taking away from the Congress their constitutional responsibility to budget for this country, to appropriate moneys, and that is not the responsibility of a President, and that, by voting for the Gramm-Mack amendment, you would give all of these. And yet the gentleman is saying something entirely different. The gentleman is the author of the bill, I trust he knows what he is talking about. He spent a good amount of time crafting this and putting it together. I would like to have the gentleman explain in more detail, if he can, just exactly what he means.

Mr. MACK. There are several other factors that maintain the balance between the legislative and executive branches. That is an issue that all of us are interested in. It is certainly an issue that is raised every time we talk about the line item veto, where people say, "No, we can't have that, it gives too much authority to the President." So we were trying to come up with a way to keep the balance between the executive and legislative branches. I already mentioned to you that even if the sequester order—in fact, I did not mention it. So let me start at the beginning again. Under this proposal, the President and the Congress are required to submit budgets just as we are now, with one difference. Those budgets cannot break the targets. It does not say we are giving our right away to someone else to do that. We are still going to submit the budget within the targets and make the decisions about how those dollars should be allocated. But if we should, if we should fail and the OMB and CBO make the projections that indicate a breaching of the targets significant enough to require the President to sign a sequester order, there is another point; the President has no choice. He must sign it, and he has no discretion. He cannot pick and choose which particular programs are going to be hit and which ones are not.

Defense is going to be treated just like any other program. And I must say that that does cause some problem with some of our colleagues. But our feeling was that what we really ought to try to do, as closely as possible mirror the policy decisions that have been made over the last several years. While many of us disagree with those policy decisions, our feeling was to maintain that balance, that we ought to, in essence, whatever reductions that were going to take place would be even and across the board.

So the second point is that the President has no discretion in that sequestering order. The third point I would make is, even after the sequestering order takes place, if the President or the House or the Senate disagree with what happens as a result of that sequestering order, guess what? We can offer different alternatives, different solutions. We can come back with a different proposal. But, again, the key thing in this is, while we are arguing and debating, spending will be reduced. The sequester order stays in place until we come up with another plan, until there is another idea about how to solve the problem.

If I could, I want to move to one other subject, and then I am also going to be leaving for the evening.

The subject I want to touch on, as it relates to the second question that I think is most often asked, that is the question of, "If you had a balanced budget, how would you keep it?" I mean, once you are there, this idea of having a balanced budget, suppose you made an error in your economic assumptions and all of a sudden you were projecting a deficit, or suppose you miscalculated the spend-out rate on some particular spending program, and all of a sudden you had a larger expenditure than you anticipated, and you have a deficit. This, again, gives you a mechanism to get back down into the range of targets that were set up.

Last point: You said, "Unique," or something like that, "You have a unique idea." This is not a unique idea. Guess where it came from? Roughly 43 States in the country have mechanisms just exactly like this, to deal with a question of how do you live with a balanced budget?

So there are a lot of other things that we get out of this particular piece of legislation other than just setting targets and getting spending down.

Mr. Speaker, I thank the gentleman [Mr. CRAIG] for allowing me to participate in his special order.

Mr. CRAIG. Mr. Speaker, I would like to thank my colleague from Florida [Mr. MACK] not for just the phenomenal work that he has done on this particular amendment now pending in the Senate because I used the word "unique" a minute ago; it is unique to this body, without question. We have tried time and time again over the years, through the passage of law, to mandate a balanced budget only to find that every time we passed it we would violate it by the mechanism of the rules of the House. What my colleague from Florida, Mr. MACK, has done in the crafting of this legislation with his colleague from the Senate, Senator GRAMM of Texas, is to build a mechanism that does not allow in an automatic way Members of this House to violate the targets that are involved.

One of the reasons I, as a major author of the constitutional amendment to balance the budget, and others have become cosponsors in the Gramm-Mack approach is because it does just exactly what Mr. Mack said a few minutes ago. It provides us with the tool, the process by which we can show and demonstrate to the American public that you can, in fact, move toward a balanced budget, and therefore it makes the constitutional amendment to balance the budget even more real in the mind of those who wish for it to be true.

As I say, it makes it more real because when that question is asked, "How do you get there? How do you move a Government that is now $200 billion in deficit to balance?" Well, of course, I have said time and time again that it could not be done overnight, that it could not be done in the course of 1 year or 2, but it would take a concerned, programmed effort on the part of the U.S. Congress, following a plan, following a procedure that in an orderly fashion could move us toward a balanced budget without major cuts or shifts in Government priorities, the kinds of programs that serve people, the kinds of programs that defend us, the kinds of programs that in large part help the American people to achieve that which they have asked of their Government.

I believe that the Mack-Gramm proposal has done just that. It has said that over a period of years from 1986 to 1991 we would move in that fashion; we would move in 1986 in the budget to reduce the deficit to $180 billion.

□ 2020

By 1987, we would ask that that reduction drop from $180 to $144 billion; in the 1988 budget, that reduction would drop from the $144 to the $108 billion; and so on, until 1991, when we would arrive at balance.

Of course, that, also does not even address the question of while that is going on, it does not mean that the Government's budget would get progressively smaller. Our economy is expanding, and as our economy expands, new revenues come into the Government based on the current tax laws of this land, and what it is only talking about is a reduction in deficit, not a reduction in overall spending per se, because as we reduce the deficit, many of us, including a lot of America's fine economists, say you begin to get a corresponding growth in the American economy that offsets, in a large part, the kind of deficit reductions that we are talking about.

So those of us who support the balanced budget amendment to the Constitution believe that this is not an alternative approach, that the Gramm-Mack approach is not the alternative to a constitutional amendment, but it is in fact the mechanism that can bring us to a balanced budget, and then with a constitutional amendment, ratified by the citizens of this country and placed into the Constitution of this great Nation, we will be at a point where never again, except in those unique cases of war, or in less dire need of this country, we would choose to bring our budget in an unbalanced way for a short period of time, but that we would in fact have a balanced budget, that we would continue to take less and less of the gross national product of this country, that we would continue to indebt in a less way the people of this country to the ever growing Federal debt and the ever growing Federal deficit.

This is what the American people have asked for time and time again. This is what many of us in the House in a bipartisan sense are trying to do at this moment, is to not only put in place the mechanism by which to arrive at a balanced budget but a constitutional mandate in the form of a constitutional amendment that would require a balanced budget on an annual basis and then be able to say, for once and for all, that we are acting fiscally responsible, that it is the responsibility of this Congress to determine what the priorities of government are and in which direction we ought to be spending for the good of the country, but that at no time, except for those unique and special cases, could we go off spending in the mad way we have for the some 20 years that we have been building this phenomenal deficit, to now arrive at historic levels of a nearly $2 trillion national debt and a $200 billion deficit and a Congress that simply wrings their hands and say, in a large part on a day-to-day basis, "We don't know how to control it. The only thing we know how to do is spend money, but we don't know how to cut money or to save money."

That is really the issue that is before this session of Congress. It is the issue that the American public have demanded of us, and I hope we are responsible in our will and in our willingness to address it.

THE UNWISE TEXTILE QUOTA BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota [Mr. Frenzel] is recognized for 60 minutes.

Mr. FRENZEL. Mr. Speaker, I urge my colleagues to oppose H.R. 1562, a bill to institute drastic, unilateral rollbacks in imports of textile and apparel products. Contrary to the claims of the bill's proponents, H.R. 1562 does not enforce the Multifiber Arrangement [MFA]. Instead, this legislation strikes at the fundamental principles of multilateral cooperation and agreement which allow us to do business and expand our markets the world over.

Supporting this bill means agreeing that the most protected industry in America, textiles and apparel, deserves further protection at the expense of a wide range of other U.S. industries as well as our national economic and strategic interests.

Proponents of H.R. 1562 say that dramatic rollbacks in the current textile import quota program are necessary to forestall further job losses which they blame entirely on import competition. A closer look indicates that economic conditions in this sector, while severe, are neither critical nor unusual. The proponents of the bill, and their constituents, are undeniably distressed, but imports are neither the only, nor the most important problem.

First of all, the 1982–84 import surge was not limited to the textile sector. Many U.S. industries faced rising import levels due to the strong dollar and recessions abroad. Furthermore, during the latter half of 1983 and first half of 1984, the textile and apparel industry participated in the overall U.S. economic recovery with consumption of textiles rising 18 percent over 1982 levels. This brought higher employment and increased profitability. While imports increased in 1983, domestic manufacturers garnered 80 percent of the increase in aggregate consumption.

Textile imports rose again in 1984 but much of this increase, ironically, was due to a general panic in the retailing industry incited by some of the draconian measures taken by the Commerce Department during 1983–84 to control imports. Over 100 "calls" were made in 1984 alone, most of which resulted in further import restraints. Importers and retailers rushed to step up overseas purchases in order to avoid the quotas they knew were forthcoming as a result of administrative directives issued by the Commerce Department. Now that overly high inventories have been drawn down, import levels for 1985 are moderating significantly.

Recent ups and downs in the domestic demand for textile products camouflages the fact that domestic production has steadily increased during the past 10 years. Producers' shipments of apparel and textile mill products have increased from $6.3 billion in 1974 to $109 billion in 1984, even though the ratio of imports to consumption rose from 6 to 14 percent over the same period. Textile mill products and apparel imports in 1984 were still only about 14 percent of domestic consumption. For the first 6 months of 1985, the total was 15 percent. The following tables demonstrate this trend over the last 10 years.

TABLE 1.—APPAREL AND TEXTILE MILL PRODUCTS: U.S. PRODUCERS' SHIPMENTS, EXPORTS, GENERAL IMPORTS, AND APPARENT CONSUMPTION, 1974–84 and JANUARY-JUNE 1985

[In millions of dollars]

Year	Producers' shipments	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
	Apparel (SIC 23) [1]				
1974	30,632	593	2,465	32,504	7.6
1975	31,430	603	2,775	33,602	8.3
1976	34,759	740	3,912	37,931	10.3
1977	40,245	859	4,393	47,779	10.0
1978	42,742	1,035	5,722	47,429	12.1
1979	43,030	1,387	5,902	47,545	12.4
1980	45,782	1,604	6,543	50,721	12.9
1981	49,823	1,628	7,750	55,945	13.9
1982	49,830	1,236	8,432	57,026	14.8
1983	55,179	1,049	9.897	64,027	15.5
1984	54,933	1,099	14,000	67,834	20.6
Jan.—June 1985	26,839	498	7,224	33,565	21.5
	Textile mill products (SIC 22) [2]				
1974	32,789	1,284	1,407	32,912	4.3
1975	31,064	1,157	1,107	31,014	3.6
1976	36,389	1,399	1,392	36,382	3.8
1977	40,550	1,345	1,489	40,694	3.7
1978	42,281	1,466	1,855	42,670	4.3
1979	45,053	2,130	1,834	44,757	4.1
1980	47,160	2,488	2,034	46,706	4.4
1981	50,120	2,326	2,482	50,276	4.9
1982	47,217	1,766	2,225	47,676	4.7
1983	52,203	1,560	2,557	53,200	4.8
1984	55,054	1,583	3,519	56,990	6.2
Jan.—June 1985	25,625	736	1,795	26,684	6.7
	Total, apparel and textile mill products				
1974	63,421	1,877	3,872	65,416	5.9
1975	62,494	1,760	3,882	64,616	6.0
1976	71,148	2,139	5,304	74,313	7.1
1977	80,795	2,204	5,882	84,473	7.0
1978	85,023	2,501	7,577	90,099	8.4
1979	88,083	3,517	7,736	92,302	8.4
1980	92,942	4,092	8.577	97,427	8.8
1981	99,943	3,954	10,232	106,221	9.6
1982	97,047	3,002	10,657	104,702	10.2
1983	107,382	2,609	12,454	117,227	10.6
1984	109,987	2,682	17,519	124,824	14.0
Jan.—June 1985	52,464	1,234	9,019	60,249	15.0

[1] Apparel as reported in SIC 23 includes home furnishings other than floor coverings, and some miscellaneous fabricated textile products.

[2] Textile mill products as reported in SIC 22 includes some underwear, hosiery, sweaters, and other garments wholly manufactured in knitting mills.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Employment of production workers since 1974 has dropped about 17 percent not a dramatic job loss over a 10-year period, especially for an industry in a modernization and consolidation phase. It must be pointed out that declines in employment during this time are more fairly attributed to painful, but very necessary, technological improvements and gains in productivity, than to imports. For example, industry management suffered a much higher percentage job loss than production workers over the past decade.

More adjustment is ahead, however, since only 30 percent of the looms in America are of the modern shuttleless variety. It is certainly unfortunate, but probably accurate, to predict further job loss, whether or not imports rise or fall, as the industry continues its modernization.

In my view, if imports were the fundamental problem in the textile and apparel industry, a turnaround in its fortunes would have been witnessed some time ago. For the past 30 years this sector has been amassing an expansive bulwark of protection, culminating in a system of bilateral quotas which today covers two-thirds of U.S. imports.

Furthermore, duties on these goods are generally between two and three times those levied on any other manufactured products. U.S. textiles and apparel tariffs average about 20 percent. All U.S. tariffs average under 4 percent. The United States has the highest textile quotas in the industrialized world. Under the MFA, however, the United States can restrict textile imports to extraordinary levels without suffering retaliation in our export markets.

Designed as a temporary trade measure, and vigorously promoted by the textile and apparel industry, the MFA entered into force in 1974 for 4 years. For this transitional period, the MFA established a balanced framework for managed trade in textiles and apparel which: First, ensures continued trade expansion and the gradual removal of trade restrictions; second, promotes the economic development of textile and apparel industries, and third, affords industries in developed nations the time to restructure and adjust on a gradual basis to the competitive realities in the world marketplace.

The MFA has been extended twice, each time with new provisions that have allowed importing nations to impose ever-increasing restraints. Through its extension, interpretation, and administration the MFA has evolved into a permanent system of expanded protection for the textile and apparel industries of developed nations. Far from achieving its objectives, the MFA and its myriad of quotas have impeded both orderly growth of textile trade and economic development and the process of economic adjustment leading to an open international market for textile and apparel products.

The sponsors of this bill say its intent is to make MFA work. My judgment is that its intent is to subvert the operation of MFA by establishing new stricter quotas which repudiate the provisions of MFA. As we concentrate our attention on H.R. 1562, a bill that provides expanded protection for the domestic textile and apparel industry, a little historical perspective on the Mult-Fiber Agreement may prove helpful. I do not think we fully appreciate the long history of protection already given to this industry and the costly subsidy we will be perpetuating if we pass this bill. The crutch will just become more extensively used. If we don't revise our policies soon, we may never see a textile industry that is a tough international competitor rather than a severe drain on our Nation's economic resources.

Notwithstanding their espoused commitment to free trade principles, successive administrations have agreed to restrictions on international trade in textiles and apparel. Those principles were memorialized in 1947, when the United States and other

major trading nations entered into the General Agreement on Tariffs and Trade [GATT], a multilateral agreement designed to liberalize and govern world trade.

Since then, international trading under the GATT has been governed by two basic principles: First, the imposition of tariffs as well as extension of trade concessions must be made on a most-favored-nation basis; that is, nations must treat all of their trading partners in the same nondiscriminatory manner. Second, contracting nations may impose only temporary quotas to limit trade, and only in cases where increased imports of a particular item are causing or threatening to cause serious injury to a contracting nation's domestic industry. Unfortunately, the regulation of world trade in textiles and apparel—though accomplished under GATT auspices—is inconsistent with these guiding principles.

The initial departure from GATT principles was prompted by a belief that trade in textiles and apparel was a special case and thus deserved preferential treatment. There no longer exists any feature unique to world textile and apparel trade which warrants continuation of discriminatory treatment. In fact, it may now be said that the textile and apparel industries are not unique in their structure or in their foreign competition—only in the unprecedented protection they continue to enjoy.

The origins of the existing U.S. regulatory framework limiting trade in textiles and apparel can be traced to the 1930's when Japan, in response to protectionist sentiments in the United States, began to limit its exports to the United States. In the mid-1950's, calls for new policies to deal with foreign competition increased. In 1956, Japan, once again under pressure, agreed to "voluntarily" restrain exports to the United States. In that same year, Congress gave the President the authority to negotiate limits with exporting countries, as well as to take unilateral action, in order to limit textile and apparel imports.

Early in 1961, the United States proposed that a conference between exporters and importers of cotton textiles and products be convened to find a way to encourage trade without causing undue disruption to the established industries of the importing countries. As a result of this initiative, premised on the assumption that these industries should be accorded special treatment, two forerunners to the MFA were negotiated: the Short-Term Arrangement Regarding International Trade in Cotton Textiles (STA) in 1961 and the Long-Term Arrangement Regarding International Trade in Cotton Textiles (LTA) in 1962. These two arrangements established the right of importing countries to negotiate restrictions on low-cost cotton textile imports. Under the LTA, the United States negotiated bilateral cotton textile and apparel restraint agreements with 31 leading export countries and unilaterally imposed limits on imports from countries with which it had not negotiated such comprehensive agreements.

In 1968, presidential candidate Richard Nixon made a campaign promise to "promptly take the steps necessary to extend the concept of international agreements to all other textile articles involving wool, man-made fibers, and blends." By October 1971, the United States had concluded bilateral agreements covering trade in wool and man-made fiber textile and apparel products with the four largest exporters—Japan, Hong Kong, Taiwan, and South Korea—and also Malaysia, a small supplier. The U.S. Government then sought international acceptance for these new agreements. In July 1972, the GATT Working Party on Textiles called for a new international arrangement covering cotton, man-made fibers, and wool textile and apparel products. This led to the negotiation of the Multifiber Arrangement (MFA), which went into effect on January 1, 1974.

The original purpose of the MFA was to give developing countries guaranteed and growing access to markets in Western Europe and North America but to arrange the growth so as not to disrupt the established textile industries in those markets. Exporting countries were assured of at least a 6 percent annual growth rate. However, exceptions to the 6 percent limit provided a means of restricting particular categories in extraordinary cases, for example, wool.

The special treatment of textiles and apparel initiated earlier—in particular the concept of "market disruption"—was further emphasized in the first MFA. The effects of this concept were far-reaching because it introduced fundamental changes to generally accepted trade principles. Imports from a particular country could be singled out as the source of market disruption, which, in effect, provided a basis for applying additional restrictions in a discriminatory manner. Moreover, price differentials between particular imports and goods of comparable quality sold domestically could be invoked as a cause of market disruption. Having been given the right to invoke the market disruption mechanism, importing countries in return were obligated to pursue appropriate policies to encourage structural adjustment.

After more than a year of difficult negotiations, the MFA was extended in late December 1977 with certain "understandings" included in the protocol of extension. The protocol of the second MFA contained a "reasonable departures" provision, allowing for "jointly agreed reasonable departures from particular elements [of the Arrangement] in particular cases." In essence, the provision allowed the European Community to discriminate between suppliers and to renegotiate downward the basic 6 percent quota level through separate bilateral agreements. The United States did not formally invoke this provision, but nevertheless, held growth below 6 percent for some overseas suppliers. The second MFA resulted in a significant tightening of restrictions on imports from developing countries.

Notwithstanding the additional restrictions, successful efforts were undertaken to further restrict imports into the United States. In 1978, when the Carter administration was prepared to make tariff concessions on textiles and apparel as part of the Tokyo Round of Mutilateral Trade Negotiations, Congress was persuaded to enact legislation that not only would have blocked implementation of these proposed concessions, but threatened the status of the negotiations as they were moving toward a successful conclusion. President Carter vetoed the legislation, but agreed to provide relief administratively in the form of aggressive controls over import surges and tighter controls under bilateral agreements overall. Moreover, the MTN implementing legislation included a "snapback" clause, which provided for the restoration of pre-Tokyo Round textile and apparel tariffs in the event the MFA was not renewed.

Nine days before the second MFA was to expire, negotiators reached agreement on the protocol further extending the arrangement to July 31, 1986. The basic agreement remained unchanged, but the new protocol eliminated the "reasonable departures" provisions, while acknowledging "the good will" expressed by large exporters in bilaterally solving problems related to "particularly large restraint levels." The new protocol provided among other things, for latitude in negotiating bilateral textile agreements to set lower growth rates for the largest suppliers.

Notwithstanding the substantial regulatory mechanisms that continued to be erected under the MFA, the Reagan administration was encouraged to further tighten restrictions on import growth. On December 16, 1983, the Reagan administration expanded the "call" mechanism to take effect if there existed a presumption—rather than proof—of market disruption. A "call" is a governmental action to restrict imports on a category not already under quota restraints. Under these new provisions, calls can be made when total growth in imports in a specific category is greater than 30 percent in the most recent year or the import/domestic production ratio is 20 percent or greater in a specific category, as well as when imports from a supplier equal 1 percent or more of the total U.S. production in that category. By establishing these arbitrary percentage guidelines, the Reagan administration further expanded the scope of protection available to the textile and apparel industries.

In the most recent imposition of restrictions designed to impede trade in textiles and apparel, the Reagan administration issued new country-of-origin regulations on March 5, 1985. The rules changed long-standing regulations governing the standards for determining the country of origin of textile and apparel imports, and were purportedly designed to prevent evasion of existing quotas. In application, however, they will effectively hamper all trade in imported textiles and apparel and further protect the domestic industries from foreign competition.

As is apparent from the foregoing discussion, successive administrations have agreed to further restrictions beyond those initially contemplated by the first negotiated temporary set of ground rules governing trade in textile products. Although originally intended to help the less developed countries, the MFA has been used to place the greatest relative burden on their exports. Under the MFA, the U.S. Government has imposed quotas on imports of textiles and apparel on a selective, bilateral basis. In addition, the U.S. Government has imposed and negotiated quotas on imports of cotton, wool, and man-made fiber textiles and apparel without proof that imports of these products have caused or threaten to cause serious injury or market disruption to the Nation's domestic producers of textiles and apparel.

Successive administrations have used the MFA to constrain trade in textiles and apparel to the significant detriment of retailers and their customers. Rather than help domestic producing industries to adjust to worldwide competition, however, the MFA and other trade restrictions have merely perpetuated protectionism and distorted investment and consumer spending in the United States.

We must reverse this downward spiral that has layered subsidy upon subsidy for the textile industry at a tremendous cost to consumers and other American producers.

Because this bill is in flagrant violation of the MFA due to its unilateral, discriminatory import restrictions and expanded coverage, all benefits our exporters receive under the MFA will be forfeited if H.R. 1562 becomes law. The 12 major textile exporting nations last year bought $33 billion in U.S. goods, including American soybeans, wheat, aircraft, semiconductor and aircraft parts, cotton, and tobacco. That is three times as much as the value of the textiles they sold us. The following table clearly demonstrates the adverse effects of this bill on U.S. exports.

MAJOR EXPORTING COUNTRIES UNDER H.R. 1562

Country	Percent of total U.S. imports of MFA products	Percent exports currently controlled [1]	1984 MFA exports to United States		Percent reduction under H.R. 1562	1984 purchases of U.S. exports (millions of dollars)
			Millions of dollars [2]	Millions SYE		
Taiwan	13.64	89.80	$2,583	1,335	47.9	$4,658
Korea	11.16	82.39	2,553	1,092	35.1	5,786
Hong Kong	10.55	91.10	3,132	1,033	14.7	2,407
PRC	9.88	84.00	1,272	967	59.1	2,988
Japan	7.53	38.09	1,147	737	20.1	22,692
Pakistan	3.11	91.55	(120T)	305	41.3	666
Indonesia	2.74	74.11	216	268	89.7	1,187
India	2.59	52.82	462	253	22.2	1,544
Philippines	2.47	100.00	435	242	21.1	1,696
Thailand	2.16	75.02	272	211	64.4	1,036
Brazil	1.99	25.44	241	195	80.5	2,585
Singapore	1.43	100.00	300	140	3.2	3,559

[1] (DOC data).
[2] (ITC data).

At the very least, this bill would cripple efforts by many debt-ridden LDC's to increase export earnings and purchase farm and manufactured goods from the United States. On a broader level, we will be compromising our efforts to foster stability and free-market policies in many Asian and South American countries with a direct impact on our national security.

Four special cases stand out. Hong Kong, which has no restrictions on imports, would have a 15-percent rollback. China, with which we have a positive balance, which has already retaliated against us in the past, and which has no other way to earn money to buy our products, takes a 60-percent hit. Thailand, a front-line state and ally in three wars, takes a 65-percent hit. Brazil, a fiscal basket case, takes an 80-percent cut. There is no equity and no sense in these cuts.

Ninety percent of the bill's impact falls on a dozen Asian countries, most of whom have little else to sell us except textiles. It is no wonder that Asians believe the bill is discriminatory. Canada and the European Community, both exempt from H.R. 1562, had textile increases into the United States in 1984 of 85 and 71 percent. The big three Asian exporters, Hong Kong, Korea, and Taiwan, increased only 11 percent. The bill is discriminatory on its face.

Such costs of MFA import restrictions for the U.S. economy are not offset by the small number of low-salaried textile and apparel jobs saved by the textile relief program. In this regard, the evidence shows that the costs of saving these jobs are astronomical. According to a recent Federal Trade Commission study, quotas on nine apparel categories from Hong Kong saved approximately 8,891 United States textile and apparel jobs at a cost of $34,500 per job a year. The jobs which were protected paid, on average, slightly less than $10,000.

The administration has estimated the overall cost per job, if H.R. 1562 were enacted, to be $140,000 per job. That means American consumers, who are already paying $25 billion for textile protection, will, according to the Council of Economic Advisors, pay $28 billion more if this bill is passed. Consumers will then be paying $50 billion more than the normal market value for textiles and apparel in order to protect a few thousand jobs.

Seldom have so many been compelled to sacrifice so much for so few. Also, the domestic industry seeks to expand coverage to currently unregulated products, including silk, linen, and ramie. Since domestic industries do not generally manufacture products with these fibers, there are no U.S. companies, factories, or jobs to protect from extinction. To keep goods which America does not even produce out of the country is a reckless exercise of Federal power that most Americans have regularly and vigorously opposed. It has no legitimate place in American law.

The fact that this outrageous legislation has actually reached the floor, with the MFA up for renegotiation only months from now, reflects the ability of this body to concentrate on any issue except the budget deficit, which should be its highest priority. H.R. 1562 is scapegoating in its worst form. It should be defeated.

H.R. 1562 cannot be justified in terms of the health of the industry, our economic interests, our export interests or our foreign policy interests. It is a further crutch for an industry that has had intensive physical therapy and should by now be learning to walk on its own. I urge my colleagues to resist enacting this additional, unjustified protection for the most protected industry in America. H.R. 1562 richly deserves a "no" vote.

CONFERENCE REPORT ON H.R. 2959

Mr. BEVILL submitted the following conference report and statement on the bill (H.R. 2959) making appropriations for energy and water development for the fiscal year ending September 30, 1986, and for other purposes:

CONFERENCE REPORT (H. REPT. 99-307)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2959) making appropriations for energy and water development for the fiscal year ending September 30, 1986, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 7, 9, 10, 28, 29, 30, 39, and 45.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 5, 6, 14, 19, 21, 27, 33, 36, 37, and 38, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$128,972,000*; and the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$795,865,000*; and the Senate agree to the same.

Amendment numbered 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$314,760,000*; and the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,319,973,000*; and the Senate agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$34,035,000*; and the Senate agree to the same.

Amendment numbered 17:

That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$521,700,000*; and the Senate agree to the same.

Amendment numbered 18:

That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$144,950,000;* and the Senate agree to the same.

Amendment numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,989,671,000*; and the Senate agree to the same.

Amendment numbered 26:

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following:

of which $200,000,000 shall be derived by transfer from Uranium Supply and Enrichment Activities provided in prior years, and of which $17,400,000 shall be derived by transfer from Operation and Maintenance, Southeastern Power Administration; and of which $25,000,000 shall be available only for construction of the Advanced Science Center, the Center for Science and Technology, the Center for Energy and Biomedical Technology, the Energy and Mineral Research Center, and the Demonstration Center for Information Technologies as described in the report accompanying this Act; together with not to exceed $6,000,000, to be derived from revenues from activities of the Technical Information Services, which shall be credited to this account and used for necessary expenses and shall remain available until expended

And the Senate agree to the same.

Amendment numbered 31:

That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$7,604,615,000*; and the Senate agree to the same.

Amendment numbered 35:

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *$95,568,000,*; and the Senate agree to the same.

Amendment numbered 40:

That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$130,000,000*; and the Senate agree to the same.

Amendment numbered 41:

That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$85,000,000*; and the Senate agree to the same.

Amendment numbered 42:

That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$2,200,000*; and the Senate agree to the same.

Amendment numbered 43:

That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$418,000,000*; and the Senate agree to the same.

Amendment numbered 44:

That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$113,000,000*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 8, 13, 15, 20, 22, 23, 24, 32, 34, and 46.

Tom Bevill,
Lindy (Mrs. Hale) Boggs,
Bill Chappell Jr.,
Vic Fazio,
Wes Watkins,
Bill Boner,
Jamie L. Whitten,
John T. Myers,
Virginia Smith,
Eldon Rudd,
Silvio O. Conte,
Managers on the Part of the House.
Mark O. Hatfield,
James A. McClure,
Thad Cochran,
Jake Garn,
James Abdnor,
Robert W. Kasten, Jr.,
Mack Mattingly,
Pete V. Domenici,
J. Bennett Johnston,
John C. Stennis,
Robert C. Byrd,
Ernest F. Hollings,
Quentin N. Burdick,
Jim Sasser,
Dennis DeConcini,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2959) making appropriations for energy and water development for fiscal year ending September 30, 1986, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effects of the action agreed upon by the managers and recommended in the accompanying conference report.

Report language included by the House which is not changed by the report of the Senate, and Senate report language which is not changed by the conference is approved by the committee of conference. The statement of the managers, while repeating some report language for emphasis, does not intend to negate the language referred to above unless expressly provided herein.

TITLE I—DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

Corps of Engineers—Civil

GENERAL INVESTIGATIONS

Amendment No. 1: Appropriates $128,972,000 for general investigations instead of $133,189,000 as proposed by the House and $120,697,000 as proposed by the Senate.

As part of the ongoing Osage River Basin Study, the conferees direct the Corps of Engineers to study the feasibility of a potential crossing of the lake of the Ozarks in the vicinity of Osage Beach, Missouri.

The conferees have provided the funding to continue detailed design activities in fiscal year 1986 on all elements of the Santa Ana River flood control project, and direct the Corps to include the locally acceptable upstream project element upon submittal of the Upper Santa Ana River Flood Storage Alternatives Study to the South Pacific Division, leading to completion of the Phase II design memorandum. The conferees urge the Corps to expedite that report consistent with procedural requirements so that all components of this project proceed in carefully coordinated fashion.

The conferees share concerns that this project be designed and operated in ways to maximize its contribution to water conservation. They also note the stipulated judgement of the Superior Court of Orange County in the case of the Orange County Water District v. the City of Chino, et al, 1969, and that the Orange County (Ca.) Water District has signed agreements to reimburse the Counties of San Bernardino and Riverside and the City of Corona for any costs associated with operating the Prado Dam at elevation 514, all to facilitate the conservation of water with the project in its present configuration. In furtherance of these efforts, the conferees direct the Corps on its ongoing operation and maintenance of Prado Dam to achieve a reasonable level of water conservation consistent with the flood control purposes of the Dam, provided that any incidental costs of such water conservation storage over and above the ordinary operation and maintenance of Prado Dam shall be reimbursed to the Corps by the Orange County Water District.

The conferees agree with the allocations contained in the House and Senate reports for Coordination Studies with other Agencies except that the allocation for the State of New Mexico for Section 22 technical assistance to States is $5,000, the same as the budget request.

The conferees direct the Corps of Engineers to continue planning and engineering studies for the Atlantic Coast of Maryland and Assateague Island, Virginia, hurricane protection project. The studies are to be accomplished within available funds.

The conferees have provided sufficient funds from the Chesapeake Bay Shoreline Erosion Study, Maryland and Virginia, for the Corps of Engineers to begin low-cost erosion control work incorporating the techniques gathered from section 54 of the 1976 Water Resource Development Act.

The conference agreement includes $500,000 for continued planning and engineering design of a replacement facility for Locks and Dam 52 and 53 on the Ohio River and to advance such critical activities as geotechnical investigations and hydraulic modeling.

The conferees understand that the Wabash River is shifting at Grayville, Illinois, and threatens the City's water supply and sanitary facilities. Therefore, within the amount recommended for General Investigations, funds are provided under the authority of the Wabash River Comprehensive study to investigate the serious problems at Grayville, Illinois.

The conferees direct that the $300,000 included for the Chesapeake Bay-Susquehanna River Drought Management and Low Fresh Water Inflow Study, be used to study all major tributaries entering the Bay due to their potential impact and importance to the Bay ecosystem.

The conference agreement includes $250,000 under Research and Development for technology transfer to allow the Corps of Engineers to continue and extend its existing demonstration program, and $150,000 to continue the demonstration of economic development planning technology in Southeastern Oklahoma.

The funds are to be allocated as shown in the following table:

Type of project	General investigations—State and project	Budget estimates		Conference allowance	
		Investigations	Planning	Investigations	Planning
	ALABAMA				
(N)	Bayou La Batre	66,000		104,000	
(FDP)	Valley Creek, Warrior River and tributaries	200,000		200,000	
(N)	William Bacon Oliver lock and dam (CP&E)	600,000		600,000	
	ALASKA				
(FC)	Bethel bank stabilization (CP&E)	215,000		215,000	
(FDP)	Galena bank stabilization	100,000		100,000	
(FDP)	Homer spit erosion	150,000		150,000	
(FDP)	Rivers and harbors	1,096,000		1,096,000	
(N)	Southcentral deep-draft navigation	200,000		200,000	
	ARIZONA				
(FDP)	Gila River and tributaries, AZ&NM	225,000		375,000	
(FDP)	Gila River and tributaries, Nogales Wash	235,000		235,000	
(FDP)	Phoenix metro area (Old Cross Cut Canal)	175,000		175,000	
	ARKANSAS				
(FDP)	Arkansas River Basin, AR&OK	200,000		200,000	
(FDP)	Clarksville	267,000		267,000	
(FC)	Fourche Bayou in the vicinity of Little Rock (CP&E)	314,000		314,000	
(FDP)	Ouachita River Basin, AR&LA	736,000		736,000	
(COMP)	White River Basin authorization report, AR&MO	250,000		250,000	
	CALIFORNIA				
(FDP)	Antelope Valley	140,000		260,000	
(FC)	Cache Creek Basin (CP&E)	600,000		600,000	
(FDP)	Caliente Creek stream group	140,000		200,000	
(FDP)	Calleguas Creek	240,000		240,000	
(SPEC)	Coast of California, storm and tidal waves	750,000		1,350,000	
(FC)	Guadalupe River and adjacent streams (CP&E)	135,000		400,000	
(FDP)	Los Angeles County drainage area review	370,000		370,000	
(N)	Los Angeles-Long Beach Harbors (including San Pedro Model) (CP&E)			500,000	
(FC)	Mojave River Dam (CP&E)			200,000	
(FDP)	Northern California streams, dry creek	150,000		150,000	
(N)	Oakland Inner Harbor (CP&E)	380,000		380,000	
(N)	Oakland Outer Harbor (CP&E)	155,000		155,000	
(FD)	Redbank and Fancher Creeks (CP&E)	700,000		700,000	
(N)	Redondo Beach (King Harbor)			200,000	
(N)	Richmond Harbor (CP&E)	525,000		525,000	
(N)	San Francisco Bay area (indepth)	132,000		132,000	
(FDP)	San Francisco Bay shoreline	520,000		520,000	
(FDP)	San Joaquin River Basin (comp.)	110,000			
(FDP)	San Joaquin River Basin, Kaweah River Basin			200,000	
(FDP)	San Joaquin River Basin, Tule River Basin			250,000	
(FDP)	San Luis Obispo County	255,000		255,000	
(FDP)	Santa Ana River Basin and Orange County	350,000		650,000	
(FC)	Santa Ana River (phase 1) (CP&E)	4,000,000		4,000,000	
(SP)	Santa Barbara County (Beach Erosion)			79,000	
(N)	Sunset Harbor			250,000	
(N)	Ventura Marina	100,000		100,000	
(FDP)	Walnut Creek Basin	185,000		185,000	
	COLORADO				
(FDP)	Arkansas River above John Martin Dam	450,000		450,000	
(FDP)	Fountain Creek and tribs.—North of Pueblo	185,000		185,000	
(FDP)	Platte River Basin, CO, NE, WY			200,000	
(FC)	Westerly Creek (CP&E)			250,000	
	COMM N. MARIANAS				
(N)	Northern Marianas Islands (comprehensive)	250,000		250,000	
	CONNECTICUT				
(COMP)	Conn RVR BSN, auth reports, CT, MA, NH, and VT	200,000		200,000	
(COMP)	Long Island Sound—Authorization reports, CT & RI	150,000		150,000	
	DIST OF COLUMBIA				
(FC)	Washington, DC and vicinity (AE&D)				180,000
	FLORIDA				
(FDP)	Central and Southern Florida water supply	200,000		200,000	
(N)	Clearwater spoil disposal			100,000	
(FDP)	Coast of Florida erosion and storm effects study	550,000		550,000	
(N)	Escambia River	83,000		83,000	
(N)	Ft. Pierce Harbor (CP&E)			90,000	
(N)	Hudson River (Review of Deferred project)			75,000	
(N)	Jacksonville Harbor, St. Johns River, and intracoastal waterway mod			70,000	
(N)	Miami Harbor channel, FL	179,000		179,000	
(N)	Miami Harbor			200,000	
(N)	Port Everglades			45,000	
(BE)	Monroe County beaches			100,000	
(FDP)	St. John's river			220,000	
(FDP)	St. Marys River Basin, FL and GA	100,000		100,000	
(N)	Tampa Harbor Branch Channels (AE&D)		465,000		465,000
	GEORGIA				
(COMP)	Metro Altanta water resources mgt. (CP&E)			650,000	
(N)	Apalachicola, Chattahoochee, Flint Rivers, GA, AL & FL	479,000		479,000	
(N)	Brunswick Harbor	210,000		305,000	
(FDP)	Dalton Lake (phase I)	500,000		500,000	
(FDP)	Northeast Georgia region	250,000		250,000	
(N)	Savannah Harbor Comprehensive	200,000		300,000	
(FDP)	Savannah River Basin, GA, SC & NC	100,000		100,000	
(FC)	Savannah River Basin at Dates Creek (CP&E)	250,000		250,000	
(FDP)	South Metropolitan Atlanta Region	157,000		157,000	
(FDP)	Turkey Creek			150,000	

Type of project	General investigations—State and project	Budget estimates		Conference allowance	
		Investigations	Planning	Investigations	Planning
	GUAM				
(N)	Harbors and rivers in territory of Guam	196,000		196,000	
	HAWAII				
(FDP)	Harbors and rivers in Hawaii—So. Kohala water supply	73,000		73,000	
(FDP)	Harbors and rivers in Hawaii	98,000		98,000	
(FDP)	Wailuku—Honolii Hydro	75,000		75,000	
	IDAHO				
(FDP)	Columbia River and tributaries, ID, MT, OR, WA & WY	1,752,000		1,752,000	
(FDP)	Upper Snake River and tributaries, ID & WY	1,147,000		1,147,000	
	ILLINOIS				
(FDP)	Chicago—South end of Lake Michigan IN & IL	120,000		120,000	
(FDP)	Chicagoland underflow plan, phase 1 GDM	371,000		371,000	
(FDP)	Illinois River between Henry and Naples	140,000		140,000	
(SP)	Illinois shoreline erosion	200,000		200,000	
(FC)	Loves Park (CP&E)	325,000		325,000	
(FDP)	Mackinaw River	100,000		100,000	
(FC)	North branch Chicago River, phase I (CP&E)	380,000		380,000	
(FC)	South Quincy (CP&E)	320,000		320,000	
(FDP)	Vermilion River	75,000		75,000	
	INDIANA				
(FDP)	Fort Wayne Metropolitan Area	220,000		220,000	
(FC)	Little Calumet River, phase I (CP&E)	450,000		450,000	
(COMP)	Wasbash River Basin comprehensive			150,000	
	IOWA				
(FC)	Perry Creek (CP&E)	135,000		135,000	
	KANSAS				
(FDP)	Ark River and tributaries, Great Bend, Kansas to Tulsa (remaining)	535,000		535,000	
(FDP)	Blue River Basin, KS & MO	250,000		250,000	
(FC)	Douglass Lake (AE&D)		250,000		250,000
(FDP)	Grand Neosho River, KS & OK	276,000		276,000	
(FDP)	Great Bend, KS				500,000
(FDP)	Kansas and Osage Rivers	285,000		285,000	
(FDP)	Verdigris River, KS & OK (remaining)	70,000		70,000	
(FDP)	Winfield (review)	200,000		200,000	
	KENTUCKY				
(N)	Big Sandy River, KY, WV & VA	325,000		325,000	
(N)	Cumberland-Tennessee Rivers, KY, GA, AL, MS, NC, TN & VA	800,000		800,000	
(FDP)	Kentucky River and tributaries	300,000		300,000	
(N)	Locks and Dams 52 and 53			500,000	
(FDP)	Ohio River main stem, PA, IL, IN, OH, & WV	2,575,000		2,575,000	
(FDP)	Tradewater River Basin	250,000		250,000	
(FDP)	Upper Cumberland River Basin, KY & TN	150,000		150,000	
	LOUISIANA				
(FDP)	Amite River and tributaries	300,000		300,000	
(N)	Bayou Lafourche and Lafourche—Jump waterway	80,000		80,000	
(N)	Gulf Intracoastal Waterway, LA & TX section	550,000		550,000	
(FDP)	Lake Pontchartrain—West shore	250,000		250,000	
(SPEC)	Louisiana coastal area—water supply	262,000		262,000	
(SP)	Louisiana coastal area shore and barrier island erosion	200,000		200,000	
(FDP)	Louisiana coastal area—land loss and marsh creation	150,000		150,000	
(FC)	Merm, Verm and Calcasieu Rivers and Bayou Teche	160,000		280,000	
(N)	Mississippi River ship channel, gulf to Baton Rouge (CP&E)	1,255,000		1,255,000	
(FC)	Pearl River, Slidell (CP&E)			1,470,000	
(COMP)	Red River below Denison Dam, LA, AR, OK & TX (auth RPTS)	221,000		221,000	
	MAINE				
(N)	Fore River channel, Portland Harbor	73,000		73,000	
(FDP)	Saint John River	200,000		200,000	
	MARYLAND				
(SP)	Chesapeake Bay (shoreline erosion) MD & VA	300,000		600,000	
(FDP)	Monongahela-Youghiogheny River Basin, MD, PA & WV	250,000		250,000	
	MASSACHUSETTS				
(N)	Boston Harbor	150,000		150,000	
(FC)	Massachusetts coastal, Roughans Point, Revere (CP&E)	400,000		400,000	
(COMP)	Southeastern New England Auth. Reports, MA, RI, and CT	228,000		228,000	
	MICHIGAN				
(FDP)	Great Lakes particularly Lake Ontario and Lake Erie	320,000		320,000	
(N)	Monroe Harbor (CP&E)	800,000		800,000	
(FDP)	Saginaw River	158,000		218,000	
(FC)	Saginaw River, Vasser Unit (AE&D)				150,000
	MINNESOTA				
(FC)	East Grand Forks (AE&D)		300,000		300,000
(FDP)	Minnesota River Valley	450,000		450,000	
(FDP)	Red River of the North, MN and ND	560,000		560,000	
(FDP)	St. Croix River, MN and WI	199,000		199,000	
(FC)	Twin Valley Lake, Wild Rice River (AE&D)		100,000		100,000
	MISSISSIPPI				
(FDP)	Mississippi Gulf Coastal areas	200,000		200,000	
(FDP)	Pearl River Basin, MS and LA	1,170,000		1,920,000	
(SPEC)	Tennessee-Tombigbee Waterway special study, MS, AL, TN, and KY			250,000	
(FDP)	Tombigbee River and tributaries, MS and AL	200,000		200,000	
(N)	Yazoo River (AE&D)		100,000		100,000
	MISSOURI				
(FC)	Brush Creek, Kansas City (CP&E)			350,000	
(FDP)	Creve Coeur Creek (interim—St. Louis Metro)			200,000	
(FC)	Hannibal (AE&D)		130,000		130,000
(FC)	Maline Creek (CP&E)	250,000		325,000	
(SPEC)	Meramec River Basin, MO—Water supply study			100,000	
(FDP)	Osage River Basin above Harry S Truman Dam	325,000		325,000	
(FDP)	St. Louis Metropolitan Area, MO and IL	864,000		864,000	
(N)	St. Louis Harbor, MO and IL (CP&E)	250,000		425,000	

Type of project	General investigations—State and project	Budget estimates		Conference allowance	
		Investigations	Planning	Investigations	Planning
	NEBRASKA				
(FDP)	Republican River, Harlan County Dam to Milford Lake, NE and KS	100,000		200,000	
	NEVADA				
(FDP)	Las Vegas Wash and tributaries	375,000		375,000	
(FDP)	Virgin River and tributaries (Moapa Valley)	200,000		200,000	
	NEW JERSEY				
(N)	Delaware River comprehensive navigation study, NJ, PA, and DE	950,000		950,000	
(N)	New York Harbor and adjacent channels, NJ & NY	400,000		400,000	
(FDP)	Passaic River Basin study, NJ & NY (Phase 1)	1,700,000		1,700,000	
(FC)	Rahway River Basin, Robinson's branch, at Rahway, (CP&E)	260,000		260,000	
(FC)	Ramapo and Mahwah Rivers at Mahwah, NJ and Suffern, NY (PH–1) (CP&E)	250,000		250,000	
(FC)	Raritan River Basin, Green Brook subbasin (CP&E)	445,000		445,000	
	NEW MEXICO				
(FC)	Alamogordo, NM				450,000
(FC)	Mid Rio Grande Bernalillo to Belen (CP&E)	450,000		450,000	
(FDP)	Pecos River and tribs—Carlsbad	220,000		220,000	
(FC)	Puerco River and tribs, Gallup (CP&E)	260,000		260,000	
(FDP)	Rio Grande and tributaries, NM & CO	450,000		450,000	
(FC)	Rio Grande Floodway—Truth or Consequences Unit (AE&D)		383,000		383,000
	NEW YORK				
(N)	Arthur Kill channel, Howland Hook Marine Terminal (CP&E)			200,000	
(BE)	Atlantic coast of New York City, Rockaway Inlet to Norton Point (CP&E)			250,000	
(FDP)	Cattaraugus Creek	180,000		180,000	
(COMP)	Genesee River Basin Auth report	200,000		200,000	
(N)	Kill Van Kull and Newark Bay channel (deepening), NY & NJ (CP&E)	600,000		600,000	
(N)	Reynolds Channel, Jamaica Bay to NY			150,000	
(FC)	Saw Mill River at Elmsford and Greenburgh (AE&D)		200,000		200,000
(N)	Shinnecock Inlet (AE&D)		200.000		200.000
(N)	St. Lawrence Seaway additional locks	375,000		375,000	
(FC)	Westchester Co. streams—Mamaronick and Sheldrake Rivers (CP&E)	600,000		800,000	
	NORTH CAROLINA				
(FDP)	Eastern North Carolina above Cape Lookout	355,000		355,000	
(FDP)	Little Pee Dee and Pee Dee Rivers, NC & SC	450,000		450,000	
(N)	Morehead City Harbor			100,000	
(FDP)	Neuse River NC	225,000		225,000	
(FDP)	Roanoke River South Boston and Vicinity, NC & VA	255,000		255,000	
(SP)	West Onslow Beach and New River Inlet			100,000	
	NORTH DAKOTA				
(FC)	Mott, ND			55,000	
(FC)	Sheyenne River flood control project (AE&D)		800,000		800,000
(FDP)	Souris River Basin	150,000		300,000	
	OHIO				
(SPEC)	Central Ohio comprehensive			200,000	
(FDP)	Central Ohio survey, Grandview Heights interim	200,000		200,000	
(FDP)	Central Ohio survey	375,000		375,000	
(FC)	Central Ohio survey at Nelsonville (CP&E)	120,000		120,000	
(FDP)	Cuyahoga River Basin	99,000		99,000	
(FC)	Fairfield (CP&E)	250,000		250,000	
(FC)	Holes Creek at W. Carrollton and Moraine (CP&E)	150,000		150,000	
(FDP)	Miami River, Little Miami River and Mill Cr Basins	300,000		300,000	
(FDP)	Muskingum River (Wolf Cr and Tuscarawas Rv interim study)	200,000		200,000	
(SPEC)	Ohio River between river miles 40–491 (waterfront improvement)			150,000	
(FDP)	Vermilion River	180,000		180,000	
	OKLAHOMA				
(COMP)	Ark Riv and tribs, South Central and Southeast areas of OK (comp)	300,000		450,000	
(FDP)	Canadian River and tribs, OK, TX, and NM (remaining)	250,000		400,000	
(N)	Central Oklahoma project	90,000		90,000	
(FDP)	Hugo Lake (hydropower study) (review)	100,000		100,000	
(FDP)	Lukfata Lake (hydropower study) (review)			50,000	
(FC)	Mingo Creek (CP&E)	500,000		900,000	
(FC)	Parker Lake (CP&E)	600,000		600,000	
(SPEC)	Pine Creek Lake (hydropower study) (review)			40,000	
(COMP)	Red River Basin, OK, AR, LA and TX (comprehensive study)	350,000		350,000	
	OREGON				
(N)	Columbia River coal export channel, Astoria	508,000		508,000	
(FDP)	Malheur Lake	165,000		330,000	
(FDP)	Umpqua River and tribs	480,000		480,000	
(COMP)	Willamette River Basin	475,000		475,000	
	PENNSYLVANIA				
(FDP)	Chesapeake Bay-Susquehanna River drought management, PA, NY, and MD			300,000	
(FC)	Francis E. Walter Dam (modification) (AE&D)		1,556,000		1,556,000
(FDP)	Kiskiminetas River Basin	300,000		300,000	
(FDP)	Lehigh River Basin study	200,000		200,000	
(FC)	Lock Haven, PA (PH–I) (CP&E)	725,000		725,000	
(N)	Locks and dams 7 and 8, Monongahela River, PA and WV (CP&E)	1,300,000		1,300,000	
(BE)	Presque Isle phase II (CP&E)	115,000		115,000	
(FC)	Prompton Lake (modification) (AE&D)				400,000
(FC)	Susquehanna Basin at Harrisburg (CP&E)	550,000		550,000	
(FC)	Wyoming Valley (levee rasing) (PH–1) (CP&E)	500,000		500,000	
	PUERTO RICO				
(FDP)	Guanajibo River	185,000		185,000	
(FDP)	Rio Grande de Loiza	160,000		160,000	
	RHODE ISLAND				
(N)	Bristol Harbor (AE&D)		170,000		170,000
(FDP)	Pawcatuck River and Narragansett Bay	150,000		150,000	
	SOUTH CAROLINA				
(N)	Charleston Harbor (phase 1) (CP&E)	300,000		300,000	
(FDP)	Gills Creek	410,000		410,000	
	SOUTH DAKOTA				
(FDP)	Eastern SD and Upper Big Sioux River SD and IA	182,000		182,000	
(FDP)	Missouri River, SD, NE, ND & MT	648,000		648,000	

BEST COPY AVAILABLE

Type of project	General investigations—State and project	Budget estimates		Conference allowance	
		Investigations	Planning	Investigations	Planning
(FDP)	Western Dakotas region of SD	400,000		400,000	
	TENNESSEE				
(FDP)	Metropolitan Region of Nashville	415,000		415,000	
	TEXAS				
(FDP)	Buffalo Bayou and tributaries	900,000		900,000	
(FDP)	Colorado River and tributaries	300,000		300,000	
(FDP)	Denison Dam—Lake Exoma Red River, TX & OK	207,000		207,000	
(FDP)	Dickinson Bayou	250,000		250,000	
(N)	Galveston Bay area navigation study	230,000		230,000	
(FDP)	Hillebrandt Bayou and tributaries			200,000	
(FDP)	Johnson Creek, Arlington	202,000		202,000	
(FDP)	Little Cypress Creek, TX & LA	165,000		165,000	
(FDP)	Red River and tribs above Denison Dam, TX, OK & NM (remaining)	210,000		210,000	
(MP)	Rockland Lake (AE&D)		250,000		250,000
(FDP)	San Jacinto River and tributaries	350,000		350,000	
(FC)	Sims Bayou at Houston (CP&E)	400,000		400,000	
(N)	Texas City channel			300,000	
(MP)	Trinity River, channel to Liberty (AE&D)		500,000		500,000
(FC)	Upper White Oak Bayou and tribs, vicinity of Houston (CP&E)	700,000		700,000	
	UTAH				
(FDP)	Colorado River and tribs, above Lee Ferry, UT, AZ, CO, NM and WY	237,000		237,000	
(FDP)	Jordan River Basin	225,000		225,000	
	VIRGINIA				
(FC)	Gathright Dam and Lake Moomaw (review)	100,000		100,000	
(N)	Norfolk Harbor and Channels (deepening) (CP&E)	2,800,000		2,800,000	
(FC)	Richmond (phase I) (CP&E) (local protection)	1,240,000		1,240,000	
(FDP)	Roanoke River Upper Basin	130,000		130,000	
	WASHINGTON				
(FDP)	Chehalis River and tributaries	160,000		160,000	
(FC)	Chehalis River at South Aberdeen and Cosmopolis (CP&E)	450,000		450,000	
(FC)	Cowlitz River and tributaries (CP&E)	500,000		500,000	
(N)	East West and Duwamish WW Seattle Harbor (CP&E)	600,000		600,000	
(N)	Grays Harbor Chehalis and Hoquiam Rivers (CP&E)	950,000		950,000	
(FDP)	Mill Creek Basin	220,000		220,000	
(COMP)	Puget Sound and adjacent waters	362,000		362,000	
(N)	Seattle Harbor—Duwamish Waterway	178,000		178,000	
(FC)	Yakima River at Union GAP (CP&E)	316,000		316,000	
	WEST VIRGINIA				
(FDP)	Guyandotte River Basin, Vic Logan and Mullens	100,000		100,000	
(COMP)	Kanawha Basin comprehensive (authorization reports), WV, VA and NC	225,000		225,000	
(N)	Kanawha River navigation	400,000		400,000	
	REVIEW OF AUTHORIZED PROJECTS				
	Review for deauthorization	200,000		200,000	
	Coordination studies with other agencies	5,600,000		6,045,000	
	COLLECTION AND STUDY OF BASIC DATA				
	Stream gaging (U.S. Geological Survey)	500,000		500,000	
	Precipitation studies (National Weather Service)	300,000		300,000	
	International water studies	100,000		100,000	
	Flood plain management services	8,300,000		7,300,000	
	Hydrologic studies	250,000		235,000	
	Scientific and technical information centers	130,000		120,000	
	Coastal data collection	1,800,000		1,800,000	
	Transportation systems	500,000		500,000	
	Environmental data studies	200,000		200,000	
	Total	12,080,000		11,055,000	
	Research and development	21,500,000		19,000,000	
	Subtotal, general investigations	116,596,000	5,404,000	126,873,000	7,084,000
	Reduction for anticipated savings and slippage	−3,000,000		−4,985,000	
	Pay amendment	2,660,000			
	Total, general investigations		121,660,000		128,972,000

Type of project: (N) Navigation; (FC) Flood Control; (BE) Beach Erosion Control; (MP) Multiple-Purpose, Including Power; (FDP) Flood Damage Prevention; (SP) Shoreline Protection; (SPEC) Special; (COMP) Comprehensive; (Phase I) Authorized for Phase I Stage of Advance Engineering and Design in the Water Resources Development Act of 1974 or 1976; (CP&E) Continuation of Planning and Engineering; (AE&D) Advance Engineering and Design; (REVIEW) Review of Authorized Project.

Amendment No. 2: Deletes language proposed by the House and stricken by the Senate relating to the Wabash River Basin Comprehensive study.

CONSTRUCTION, GENERAL

Amendment No. 3: Appropriates $795,865,000 for construction, general instead of $846,958,000 as proposed by the House and $715,881,000 as proposed by the Senate.

The conference agreement includes funding for the following projects in the Continuing Authorities Program:

Section 107—Small Navigation Projects.—Mekoryuk, Alaska, $1,200,000; Sturgeon Point Marina, New York, $220,000; Lorain Harbor, Ohio, $1,880,000; Laupahoehoe Point, Hawaii, $540,000; and Larkspur Ferry navigation channel, California, $1,750,000. Within available funds, the Corps of Engineers is directed to expedite the completion of planning and the initiation of construction of the Morgan County Port, Tennessee River, Decatur, Alabama, project.

Section 205—Small Flood Control Projects.—Salyersville, Kentucky, $300,000; Upper Gordons Creek, Mississippi, $50,000; Puerco River and tributaries at Gallup, New Mexico, $4,000,000; and Passaic River Basin Flood Warning System, New Jersey, $500,000.

Section 14—Emergency Streambank and Shoreline Protection.—Nazline Wash, Chinle, Arizona, $200,000; Amado Bridge, Tubac, Arizona, $150,000.

Section 111—Mitigation of Shore Damages Attributable to navigation projects.—Herring Creek, Tall Timbers, St. Mary's County, Maryland, $850,000.

The Corps of Engineers has completed an Appraisal Report on the serious erosion problem that is occurring along North Sheridan Road in an area known as Burger Park. The Corps has identified an erosion problem that threatens public facilities and is recommending implementation of a revetment alternative to correct the situation. The conferees, therefore, direct the Corps of Engineers to proceed with implementation of an erosion control project for Burger Park, Chicago, Illinois, within available funds, under the authority of Section 14 of the Flood Control Act of 1946, as amended.

Serious erosion is also occurring at Jarvis Avenue, Fargo Alley, North Shore Avenue and Rosemont Avenue in Chicago, Illinois. This erosion situation has and will continue to threaten both public and privately owned property and cause sink holes to develop in some streets. The conferees, therefore, direct the Corps of Engineers to proceed with an erosion control project to halt the erosion along the above named streets, using available funds.

The conference agreement includes $2,500,000 for the Baltimore Harbor and Channels, Maryland (Connecting Channel to the Chesapeake and Delaware Canal) project. It is understood that a new study is being forwarded to the Office of the Chief of Engineers and expenditure of these funds is subject to a favorable decision by the Chief of Engineers on the new report.

Recognizing the need to limit federal expenditures in the interest of the Nation's overall economic condition, the Conference Committee has deferred $660,000 of the $14,000,000 budget request for the Chief Joseph Additional Units project. This Committee action is not a reflection on the merits of the project and should not be construed to prejudice the right of the Government to collect whatever monies may be due because of the failure of the existing turbines to meet contractual requirements.

The conference agreement includes $2,800,000 to modify the existing breakwater at the Port Austin Harbor of Refuge, Michigan. The total cost of construction and maintenance shall be at full Federal expense since the entire local cash contribution was provided in previous work on the existing project.

The conferees are aware that the Tennessee-Tombigbee Waterway project in Alabama and Mississippi is open for navigation. The remaining navigation related funding, anticipated settlement of contract claims, anticipated real estate judgments and expenses, erosion control measures, tow mooring facilities, and other authorized navigation related work must be performed to assure the integrity and proper operation of the project. In addition, the FY 1985 Supplemental Appropriations Act (P.L. 99-88) directed completion, within available funds, of the remaining recreation facilities for the Tennessee-Tombigbee Waterway project under the same terms and conditions as those recreation facilities initiated prior to FY 1983. These needs are within the previously established cost estimate for the Tennessee-Tombigbee Waterway and consist of necessary work needed to achieve the full range of benefits anticipated from the project. Sufficient funds are available for these authorized activities from within funds available to the Corps.

Funds are available to continue construction of the new starts included in P.L. 99-88 if the criteria set forth in that Public Law are met.

Amendment No. 4: Appropriates $1,500,000 for construction of the Sandy Hook to Barnegat Inlet, New Jersey, project and appropriates $6,000,000 for construction of the Yatesville Lake construction project as proposed by the House.

Amendment No. 5: Earmarks $5,700,000 for construction of Lock and Dam No. 3, Red River Waterway, Louisiana, project authorized by the River and Harbor Act of 1968, as amended (P.L. 90-483), as proposed by the Senate.

Amendment No. 6: Appropriates $18,000,000 for construction of the Elk Creek Lake, Oregon, project as proposed by the Senate.

Amendment No. 7: Appropriates $1,880,000 for construction of the Lorain Small Boat Harbor, Lorain, Ohio, project and appropriates $400,000 for construction of project deficiencies in the First Ward Area Front Street Levee in Binghamton, New York, as proposed by the House.

Amendment No. 8: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate providing for the construction of recreation and management facilities at the Ouachita and Black Rivers, Arkansas and Louisiana, project in the vicinity of the Felsenthal National Wildlife Refuge at full Federal expense.

Amendment No. 9: Deletes language proposed by the Senate relating to the Clarence Cannon and Mark Twain Lake, Missouri, project.

The funds are to be allocated as shown in the following table:

Type of project	Construction, general—State and project	Budget estimate	Conference allowance
	ALASKA		
(FC)	Chena River Lakes	5,000,000	5,000,000
(MP)	Snettisham	20,000,000	20,000,000
	ARIZONA		
(FC)	Phoenix Arizona and vicinity (stage 2).	18,000,000	18,000,000
	ARKANSAS		
(N)	McClellan-Kerr Ark River Nav System locks and dams, AR & OK.	1,000,000	1,000,000
(N)	Ouachita and Black Rivers, AR & LA.	1,200,000	4,700,000
(N)	Red River Emergency Bank Protection AR, LA, OK, & TX.		1,500,000
	CALIFORNIA		
(FC)	Corte Madera Creek	600,000	600,000
(FC)	Dry Creek (Warm Springs) Lake	14,800,000	11,800,000
(FC)	Fairfield vicinity streams	1,200,000	
(N)	Fisherman's Wharf area	5,000,000	5,000,000
(FC)	Los Angeles County Drainage area (Rehab).	11,800,000	11,800,000
(FC)	Lower San Joaquin River		2,900,000
(FC)	Lytle and Warm Creeks	2,354,000	2,354,000
(FC)	Merced County streams	4,000,000	
(MP)	New Melones Lake	1,200,000	4,200,000
(FC)	Pajaro River	500,000	
(FC)	Sacramento River bank protection project.	3,500,000	3,500,000
(FC)	Sacramento River flood control project.	250,000	250,000
(FC)	Sacramento River, Chico landing to Red Bluff.	2,500,000	2,500,000
(FC)	Sacramento River and major and minor tributaries.	200,000	200,000
(N)	Sacramento River Deepwater ship channel.	1,300,000	
(N)	San Francisco Bay to Stockton	21,000,000	21,000,000
(FC)	San Luis Rey River	1,400,000	
(N)	Santa Cruz Harbor	2,230,000	2,230,000
(FC)	Sweetwater River	7,200,000	6,000,000
(FC)	Walnut Creek	6,000,000	6,000,000
(FC)	Wildcat and San Pablo Creeks	100,000	1,700,000
	COLORADO		
(FC)	Chatfield Lake	2,700,000	2,700,000
(FC)	Fountain Creek at Pueblo	1,360,000	
	DELAWARE		
(FC)	Delaware coast protection	575,000	575,000
	FLORIDA		
(N)	Canaveral Harbor	2,300,000	2,300,000
(FC)	Central & southern Florida	13,000,000	13,000,000
(FC)	Dade County	2,300,000	2,300,000
(BE)	Duval County	1,500,000	1,500,000
(FC)	Four River Basins	2,500,000	2,500,000
(BE)	Pinellas County	1,300,000	1,300,000
(N)	Tampa Harbor—Main Channel	7,923,000	7,923,000
	GEORGIA		
(MP)	Richard B. Russell Dam and Lake, GA & SC.	23,000,000	23,000,000
(N)	Savannah Harbor widening	2,500,000	
(BE)	Tybee Island	1,100,000	1,100,000
	HAWAII		
(FC)	Kahoma stream	3,000,000	
	ILLINOIS		
(N)	Brandon Road lock and dam, Illinois River (Rehab).	4,800,000	4,800,000
(FC)	East St. Louis and vicinity	930,000	930,000
(FC)	Kaskaskia Island drainage and levee district.	2,900,000	2,900,000
(N)	Kasaskia River navigation	7,900,000	7,900,000
(N)	Lock and dam 26, Mississippi River, Alton, IL & MO.	75,500,000	75,500,000
(N)	Locks and dam 53, IL & KY (rehab).	935,000	935,000
(FC)	Milan	1,762,000	1,762,000
(FC)	Moline	1,880,000	
(FC)	Rockford	1,600,000	1,600,000
(N)	Smithland locks and dam, Ohio River, IL, IN & KY.	2,700,000	2,700,000
	INDIANA		
(FC)	Evansville	2,800,000	2,800,000
	IOWA		
(FC)	Ames Lake	150,000	150,000
(FC)	Bettendorf	2,400,000	2,400,000
(FC)	Missouri River levee system, IA, NE, KS & MO.	850,000	850,000
(FC)	Saylorville Lake, Iowa		4,300,000
	KENTUCKY		
(MP)	Barkley Dam and Barkley, KY & TN (dam safety assurance).	1,200,000	1,200,000
(FC)	Big South Fork National River and recreation area, KY & TN.	10,000,000	10,000,000
(FC)	Southwestern Jefferson County	6,000,000	6,000,000
(FC)	Yatesville Lake		6,000,000
	LOUISIANA		
(FC)	Lake Pontchartrain and vicinity (hurricane protection).	25,000,000	25,000,000
(FC)	Larose to Golden Meadow (hurricane protection).	3,000,000	3,000,000
(N)	Miss River, Baton Rouge to the Gulf of Mexico.	8,800,000	10,800,000
(N)	Miss River—Gulf outlet	7,200,000	7,200,000
(FC)	Morgan City and vicinity (hurricane protection).	120,000	120,000
(FC)	New Orleans to Venice (hurricane protection).	3,500,000	3,500,000
(N)	Red River Waterway, Mississippi River to Shreveport.	90,000,000	95,700,000
	MARYLAND		
(N)	Baltimore Harbor (connecting channel to the Chesapeake and Delaware Canal).		2,500,000
	MASSACHUSETTS		
(BE)	Revere Beach	700,000	
(FC)	Town Brook, Quincy	1,500,000	
	MICHIGAN		
(N)	Muskegon Harbor (rehab)	2,600,000	2,600,000
(N)	Port Austin Harbor		2,800,000
	MINNESOTA		
(FC)	Bassett Creek	2,500,000	
(FC)	Chaska	1,600,000	
(FC)	Mankato and North Mankato	13,100,000	13,100,000
	MISSISSIPPI		
(FC)	Tombigbee River and tributaries, MS & AL.	3,300,000	3,300,000
	MISSOURI		
(FC)	Blue River channel	5,500,000	5,500,000
(MP)	Clarence Cannon Dam and Mark Twain Lake.		1,000,000
(MP)	Harry S Truman Dam and Reservoir	5,700,000	5,700,000
(FC)	Little Blue River Lakes	9,400,000	9,400,000
(FC)	Little Blue River channel	717,000	717,000
(FC)	Meramec River Basin flood warning system.		470,000
(N)	Miss River btwn Ohio and Mo Rivers (reg works), MO & IL.	3,700,000	3,700,000
	NEBRASKA		
(FC)	Papillion Creek and tributaries lakes	1,700,000	1,700,000
	NEW JERSEY		
(N)	Barnegat Inlet	1,000,000	1,000,000
(FC)	Seabright to Ocean Township		1,500,000
	NEW MEXICO		
(FC)	Jemez Canyon Dam (dam safety assurance).	1,000,000	1,000,000
	NEW YORK		
(FC)	Ardsley	480,000	
(FC)	Binghamton (def corr)		400,000
(BE)	East Rockaway Inlet to Rockaway Inlet and Jamaica Bay.	3,600,000	3,600,000
(FC)	Ellicott Creek	1,000,000	
(N)	NY Harbor collection and removal of drift, NY & NJ.	3,700,000	3,700,000
	NORTH CAROLINA		
(N)	Aiww, replacement of Federal highway bridges.	2,176,000	2,176,000
(FC)	B. Everett Jordan Dam and Lake	7,500,000	7,500,000
(FC)	Falls Lake	6,500,000	6,500,000
(FC)	Randleman Lake	2,700,000	
	NORTH DAKOTA		
(FC)	Lake Darling, Souris River	3,400,000	3,400,000
	OHIO		
(FC)	Mill Creek	11,000,000	11,000,000
(FC)	Muskingum River lakes (rehab)	2,200,000	2,200,000
(FC)	Newark	1,100,000	1,100,000
(FC)	Point Place	971,000	971,000

Type of project	Construction, general—State and project	Budget estimate	Conference allowance
	OKLAHOMA		
(FC)	Arcadia Lake	8,000,000	8,000,000
(FC)	Copan Lake		1,250,000
(MP)	Eufaula Lake (bridge replacement)		500,000
(FC)	Sardis Lake		5,000,000
	OREGON		
(MP)	Bonneville Power units, OR & WA	500,000	
(MP)	Bonneville second powerhouse, OR & WA.	7,300,000	7,300,000
(FC)	Elk Creek Lake	4,000,000	18,000,000
(MP)	John Day Lock and Dam, Lake Umatilla, OR & WA.	6,358,000	6,358,000
(FC)	Lower Columbia River Basin Bank Protection, OR & WA.	1,500,000	1,500,000
(N)	Siuslaw River and Bar	4,275,000	4,275,000
(MP)	Strube Lake and Cougar additional unit.	400,000	
(FC)	Willamette River Basin bank protection.	1,500,000	1,500,000
	PENNSYLVANIA		
(FC)	Cowanesque Lake (modification)	500,000	
(N)	Montgomery locks and dam, Ohio River (rehab).	9,000,000	9,000,000
(BE)	Presque Isle peninsula	1,160,,00	1,160,000
(FC)	Tamaqua	2,120,000	
(FC)	Wyoming Valley (def corr)	2,395,000	2,395,000
	PUERTO RICO		
(N)	Ponce Harbor	350,000	
(FC)	Portugues and Bucana Rivers	25,000,000	25,000,000
	SOUTH CAROLINA		
(N)	Cooper River seismic modification		8,200,000
	TEXAS		
(FC)	Buffalo Bayou and tribs, TX—Addicks and Barker Dams (dam safety).	3,000,000	2,000,000
(FC)	Clear Creek	2,000,000	
(FC)	Cooper Lake and channels	3,000,000	3,000,000
(N)	Corpus Christi ship channel (1968 Act).	9,600,000	9,600,000
(FC)	El Paso	3,700,000	3,700,000
(N)	Freeport Harbor (1970 Act)	2,000,000	
(N)	Freeport Harbor, TX (1970 Act) (reloc of north jetty).	2,400,000	
(FC)	Joe Pool lake	7,800,000	7,800,000
(FC)	Lake Wichita, Holliday Creek at Wichita Falls.	1,500,000	
(N)	Mouth of Colorado River	6,000,000	6,000,000
(FC)	Ray Roberts Lake	52,000,000	52,000,000
(FC)	Red River levees and bank stab below Denison Dam, TX, AR, & LA.	1,000,000	1,000,000
(FC)	San Antonio Channel improvement	2,000,000	2,000,000
(FC)	San Gabriel River	200,000	200,000
(FC)	Taylors Bayou	4,800,000	4,800,000
(FC)	Vince and Little Vince Bayou	4,000,000	4,000,000
(N)	Wallisville Lake		100,000
	UTAH		
(FC)	Little Dell Lake	3,000,000	
	VIRGINIA		
(FC)	Haysi Lake		500,000
(FC)	Virginia Beach streams, canal No. Two.	1,000,000	
(BE)	Virginia Beach (reimb)	480,000	480,000
	WASHINGTON		
(MP)	Chief Joseph additional units	14,000,000	13,340,000
(MP)	Lower Snake River fish and wildlife compensation, WA, OR & ID.	12,000,000	12,000,000
(FC)	Mill Creek Lake (rehab)	2,502,000	2,502,000
(FC)	Mt. St. Helens and vicinity	10,000,000	10,000,000
(FC)	Mud Mountain Dam (dam safety assurance).	1,300,000	1,300,000
	WEST VIRGINIA		
(FC)	Beech Fork Lake	508,000	508,000
(N)	Gallipolis locks and dam, WV & OH	1,350,000	
(FC)	Levisa/tug forks of Big Sandy and Upper Cumberland Rvrs, WV, VA.	17,000,000	17,000,000
(FC)	Stonewall Jackson Lake	26,700,000	26,700,000
	MISCELLANEOUS		
	Small navigation projects (section 107).	4,850,000	9,365,000
	Small beach erosion control projects (section 103).	2,150,000	2,150,000
	Small projects for flood control and related purposes (section 205).	27,600,000	32,100,000
	Emergency streambank and shoreline protection (section 14).	7,200,000	7,400,000
	Mitigation of shore damages attributable to navigation projects (section 111).		850,000
	Small snagging and clearing projects (section 208).	1,200,000	1,200,000
	Aquatic plant control (1965 Act)	8,000,000	10,000,000
	Employees compensation	11,200,000	11,200,000
	Dam safety assurance program	4,000,000	4,000,000
	Reduction for anticipated savings and slippage.	−53,061,000	−6,901,000
	Pay amendment	6,530,000	
	Total, construction, general	848,530,000	919,345,000

Type of project: (N) navigation; (FC) flood control; (BE) beach erosion control; and (MP) multiple-purpose, including power.

FLOOD CONTROL AND COASTAL EMERGENCIES

Amendment No. 10: Appropriates $25,000,000 for flood control and coastal emergencies as proposed by the House instead of $10,000,000 as proposed by the Senate.

FLOOD CONTROL, MISSISSIPPI RIVER AND TRIBUTARIES, ARKANSAS, ILLINOIS, KENTUCKY, LOUISIANA, MISSISSIPPI, MISSOURI AND TENNESSEE

Amendment No. 11: Appropriates $314,760,000 for flood control, Mississippi River and tributaries, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee instead of $321,685,000 as proposed by the House and $285,735,000 as proposed by the Senate.

The conferees concur in and strongly support the House report language relating to the Yazoo Basin, Mississippi, Demonstration Erosion Control, a joint program of the Corps of Engineers and the Soil Conservation Service.

The funds are to be allocated as shown in the following table:

Type of project	Flood control, Mississippi River and Tributaries	Budget estimate	Conference allowance
	GENERAL INVESTIGATIONS		
	Surveys:		
	General studies:		
(FDP)	Boeuf-Tensas Basin, AR and LA.	500,000	800,000
(FC)	Bushley Bayou Area LA (CP&E).		350,000
(FDP)	St. Francis River Basin below Wappapello Lake, AR and MO.	270,000	270,000
(FDP)	Bayou Du Chien, KY	210,000	210,000
(FDP)	Larto Lake-Saline Lake Area, LA.		300,000
(FDP)	Atchafalaya Basin (water and land resources), LA.	311,000	311,000
(FC)	Mississippi and Louisiana Estuarine Areas, LA and MS (CP&E).	140,000	1,000,000
(FDP)	Southwest Mississippi Tributaries Basin, MS.	400,000	400,000
(FDP)	Yazoo River Basin, MS	360,000	360,000
(FDP)	Eastern Arkansas Region Comprehensive Study, AR.	300,000	300,000
(FC)	St. Johns Bayou and New Madrid Floodway (CP&E).	564,000	564,000
(FC)	Nonconnah Cr, TN and MS (CP&E).	500,000	500,000
(FDP)	Obon and Forked Deer Rivers and Tribs., TN & KY.	300,000	
(FDP)	Reelfoot Lake, TN		400,000
(FDP)	Tipionville		225,000
(FDP)	Collection and study of basic data.	270,000	270,000
	Advance engineering and design:		
(FC)	Eastern Rapides and South Central Avoyelles, LA.	130,000	130,000
(FC)	L'Anguille River Basin, AR	370,000	370,000
(FC)	Mississippi Delta Region Salinity Control Structure, LA.	845,000	845,000
	Subtotal, general investigations.	5,470,000	7,605,000
	CONSTRUCTION		
(FC)	Channel improvement, AR, IL, KY, LA, MS, MO and IN.	68,000,000	68,000,000
(FC)	Mississippi River Levees, AR, LI, KY, LA, MS, MO and TN.	28,600,000	28,600,000
(FC)	St. Francis Basin, AR and MO	7,200,000	7,200,000
(FC)	Tensas Basin, AR and LA:	(9,300,000)	(7,810,000)
	Boeuf and Tensas Rivers, except Lake Chicot Pumping Plant.	650,000	650,000
	Boeuf and Tensas Rivers, Lake Chicot Pumping Plant.	100,000	100,000
	Red River Backwater Area, except Tensas Cocodrie Pumping Plant.	1,965,000	475,000
	Red River Backwater Area, Tensas Cocodrie Pumping Plant.	6,585,000	6,585,000
(FC)	Atchafalaya Basin, LA	26,300,000	26,300,000
(FC)	Bayou Cocodrie and Tributaries, LA.	150,000	150,000
(FC)	Old River, LA	46,000,000	46,000,000
(FC)	Sardis Lake, MS (dam safety assurance.	3,500,000	3,500,0000
(FC)	Yazoo Basin, MS:	(20,000,000)	(36,500,000)
	Big Sunflower River	3,100,000	3,100,000
	Main stem	1,300,000	5,300,000
	Tributaries:		
	Except Ascalmore-Tiepo and Oppossum Bayous.	3,700,000	3,700,000
	Upper Yazoo projects (formerly auxiliary channel).	9,200,000	9,200,000
	Yazoo backwater	2,700,000	7,700,000
	Demonstration erosion control.		7,500,000
(FC)	West Tennessee Tributaries, TN	3,100,000	3,100,000
	Funding derived from proposed inland waterways trust fund.	−18,500,000	
	Subtotal, construction	193,650,000	227,160,000
	MAINTENANCE		
(FC)	Boeuf-Tensas Basin, AR and LA	1,408,000	1,408,000
(FC)	White River Backwater, AR	703,000	703,000
(FC)	Mapping, AR, IL, KY, LA, MS, MO and IN.	603,000	603,000
(FC)	Mississippi River Levees, AR, IL, KY, LA, MS, MO and TN.	10,373,000	10,373,000
(FC)	North Bank, Arkansas River, AR	304,000	304,000
(FC)	South Bank, Arkansas River, AR	139,000	139,000
(FC)	St. Francis River and Tributaries, AR and MO.	4,565,000	4,565,000
(FC)	Atchafalaya Basin, LA	7,615,000	7,615,000
(FC)	Bayou Cocodrie and Tributaries, LA.	113,000	113,000
(FC)	Bonnet Carre Spillway, LA	342,000	342,000
(FC)	Lower Red River, South Bank Levees, LA.	14,000	14,000
(FC)	Old River, LA	5,360,000	5,360,000
(FC)	Red River Backwater Area, LA	733,000	733,000
(FC)	Arkabutla Lake, MS	2,362,000	2,362,000
(FC)	Big Sunflower River, MS	198,000	198,000
(FC)	Enid Lake, MS	2,445,000	2,445,000
(FC)	Greenwood, MS	566,000	566,000
(FC)	Grenada Lake, MS	3,463,000	3,463,000
(FC)	Yazoo Basin, Main Stem, MS	1,244,000	1,244,000
(FC)	Sardis Lake, MS	2,858,000	2,858,000
(FC)	Yazoo Basin, tributaries, MS	2,786,000	2,786,000
(FC)	Whittington Auxiliary Channel, MS.	1,237,000	1,237,000
(FC)	Yazoo Backwater, MS	3,776,000	3,776,000
(FC)	Yazoo City, MS	1,217,000	1,217,000
(FC)	Wappapello Lake, MO	2,779,000	2,779,000
(FC)	Revetment and dikes	28,752,000	28,752,000
(FC)	Dredging	18,000,000	18,000,000
(FC)	Inspection of completed works	1,040,000	1,040,000
	Funding derived from proposed inland waterways trust fund.	−14,500,000	
	Subtotal, maintenance	90,495,000	104,995,000
	Reduction for anticipated savings, slippage, and prior year unobligated balances.	−20,615,000	−25,000,000
	Pay amendment	2,440,000	
	Total, flood control, Mississippi River and tributaries.	271,440,000	314,760,000

Type of study or project: (FC) Flood control; (FDP) Flood damage prevention.

OPERATION AND MAINTENANCE, GENERAL

Amendment No. 12: Appropriates $1,319,973,000 for operation and maintenance, general instead of $1,325,195,000 as proposed by the House and $1,302,800,000 as proposed by the Senate.

The conferees are aware of the serious shoaling problem which has developed at Marina del Rey, California. The Corps of Engineers is directed to perform the necessary maintenance dredging to provide access in and out of the harbor.

The conferees agree with the House report language relating to the Columbia River Fish Passage Facilities.

The conferees are aware of a heavy shoaling condition which exists in the navigation channel to the turning basin at Port Orford, Oregon, and direct the Corps of Engineers to use available funds to provide additional dredging for the existing port and marine facilities.

The conference agreement includes $3,000,000 for the Racine Harbor, Wisconsin, project. These funds are to be utilized by the Chief of Engineers to dredge the proposed harbor/marina area and entrance channel.

The funds are to be allocated as shown in the following table:

Type of project	Operation and maintenance—State and project	Budget estimate	Conference allowance
	ALABAMA		
(N)	Alabama-Coosa Rivers	5,204,000	5,171,000
(N)	Bayou Labatre	11,000	11,000
(N)	Black Warrior and Tombigbee Rivers.	8,449,000	12,400,000
(N)	Dauphim Island Bay	35,000	35,000
(N)	Dog and Fowl Rivers	119,000	119,000
(N)	Gulf Intracoastal Waterway (Mobile district).	3,514,000	3,514,000
(MP)	Jim Woodruft Lock and Dam, Lake Seminole, FL, AL & GA.	3,513,000	3,513,000
(MP)	Millers Ferry Lock and Dam—William "Bill" Darnelly Lake.	3,257,000	3,257,000
(N)	Mobile Harbor	1,927,000	1,927,000
(N)	Perbido Pass Channel	17,000	17,000
(MP)	Robert F. Henry Lock and Dam	2,511,000	2,511,000
(N)	Tennessee Tombigbee Waterway, AL & MS.	12,632,000	13,000,000
(MP)	Walter F. George Lock and Dam, AL & GA.	4,253,000	4,253,000
	ALASKA		
(N)	Anchorage Harbor	1,265,000	1,265,000
(FC)	Chena River Lake	898,000	898,000
(N)	Dillingham Small Boat Harbor	385,000	385,000
(N)	Homer Harbor	279,000	279,000
(N)	Ninilchik Small Boat Harbor	244,000	244,000
(N)	Nome Harbor	702,000	702,000
	ARIZONA		
(FC)	Alamo Lake	661,000	661,000
(FC)	Painted Rock Dam	651,000	651,000
(FC)	Whitlow Ranch Dam	112,000	112,000
	ARKANSAS		
(MP)	Beaver Lake	2,357,000	2,357,000
(MP)	Blakely Mountain Dam, Lake Ouachita.	3,065,000	3,065,000
(FC)	Blue Mountain Lake	698,000	698,000
(MP)	Bull Shoals Lake	3,539,000	3,539,000
(MP)	Dardanelle Lock and Dam	3,629,000	3,629,000
(MP)	Degray Lake	2,497,000	2,497,000
(FC)	DeQueen Lake	629,000	629,000
(FC)	Dierks Lake	714,000	714,000
(FC)	Gillham Lake	573,000	573,000
(MP)	Greers Ferry Lake	3,252,000	3,252,000
(N)	Helena Harbor	388,000	388,000
(N)	McClellan-Kerr Arkansas River nav system locks and dams.	15,680,000	15,680,000
(FC)	Millwood Lake	1,420,000	1,420,000
(MP)	Narrows Dam (Lake Greeson)	2,415,000	2,415,000
(FC)	Nimrod Lake	814,000	814,000
(MP)	Norfork Lake	2,405,000	2,405,000
(N)	Oscella Harbor	508,000	508,000
(N)	Ouachita and Black Rivers, AR & LA.	4,817,000	4,817,000
(MP)	Ozark-Jeta Taylor Lock and Dam	2,660,000	2,660,000
(N)	White River	1,785,000	1,785,000
	CALIFORNIA		
(FC)	Black Butte Lake	1,141,000	1,141,000
(FC)	Buchanan Dam—H. V. Eastman Lake.	1,023,000	1,023,000
(FC)	Coyote Valley Dam (Lake Mendocino).	3,742,000	3,742,000
(N)	Crescent City Harbor	2,138,000	2,138,000
(N)	Drift removal (SF Harbor and Bay.	1,330,000	1,330,000
(FC)	Dry Creek (Warm Springs) lake and channel.	1,772,000	1,772,000
(FC)	Farmington Dam	129,000	129,000
(FC)	Hidden Dam—Hensley Lake	999,000	999,000
(N)	Humboldt Harbor and Bay	4,625,000	4,625,000
(FC)	Isabella Lake	2,856,000	2,856,000
(N)	Los Angeles—Long Beach Harbor model.	135,000	1,268,000
(FC)	Los Angeles County drainage area.	2,881,000	2,881,000
(FC)	Merced County stream group	126,000	126,000
(FC)	Mojave River Dam	171,000	171,000
(FC)	New Hogan Lake	1,120,000	1,120,000
(MP)	New Melones Lake	569,000	569,000
(N)	Noyo River and Harbor	460,000	460,000
(N)	Oakland Harbor	1,240,000	1,240,000
(N)	Oceanside experimental sand bypass.	2,700,000	2,700,000
(N)	Oceanside Harbor	660,000	660,000
(FC)	Pine Flat Lake	1,692,000	1,692,000
(N)	Richmond Harbor	1,780,000	1,780,000
(N)	Sacramento River shallow draft channel.	84,000	84,000
(N)	Sacramento River and tribs (debris control).	674,000	674,000
(N)	Sacremento River and tribs (30 foot project).	2,037,000	2,037,000
(N)	San Francisco Bay—Delta model structure.	1,190,000	1,190,000
(N)	San Francisco Harbor	1,353,000	1,353,000
(N)	San Joaquin River	2,011,000	2,011,000
(N)	San Pablo Bay and Mare Island Strait.	6,790,000	6,790,000
(N)	San Rafael Creek		1,000,000
(FC)	Santa Ana River Basin	2,024,000	2,024,000
(N)	Santa Barbara Harbor	792,000	792,000
(N)	Santa Cruz Harbor	709,000	1,200,000
(FC)	Success Lake	1,321,000	1,321,000
(N)	Suisun Bay Channel	725,000	725,000
(FC)	Terminus Dam (Lake Kaweah)	1,087,000	1,087,000
(N)	Ventura Marina	1,640,000	1,640,000
(N)	Yuba River	24,000	24,000
	COLORADO		
(FC)	Bear Creek Lake	302,000	302,000
(FC)	Chatfield Lake	556,000	556,000
(FC)	Cherry Creek Lake	919,000	919,000
(FC)	John Martin Reservoir	1,092,000	1,092,000
(FC)	Trinidad Lake	484,000	484,000
	CONNECTICUT		
(FC)	Black Rock Lake	236,000	236,000
(FC)	Colebrook River Lake	245,000	245,000
(N)	Connecticut River below Hartford.	1,012,000	1,012,000
(FC)	Hancock Brook Lake	156,000	156,000
(FC)	Hop Brook Lake	540,000	540,000
(FC)	Mansfield Hollow Lake	385,000	385,000
(N)	New Haven Harbor	1,396,000	1,396,000
(N)	New London Harbor	699,000	699,000
(FC)	Northfield Brook Lake	264,000	264,000
(FC)	Stamford Hurricane Barrier	138,000	138,000
(FC)	Thomaston Dam	514,000	514,000
(FC)	West Thompson Lake	658,000	658,000
	DELAWARE		
(N)	Intracoastal waterway, Delaware River to Chesapeake Bay, DE & MD.	12,331,000	12,331,000
(N)	IWW Rehoboth Bay to Delaware Bay.	470,000	470,000
(N)	Wilmington Harbor	4,634,000	4,634,000
	DISTRICT OF COLUMBIA		
(N)	Potomac and Anacostia River (drift removal).	470,000	470,000
(N)	Washington Harbor	29,000	29,000
	FLORIDA		
(N)	Apalachicola Bay	17,000	17,000
(N)	Blackwater River	38,000	38,000
(N)	Canaveral Harbor	2,192,000	2,192,000
(FC)	Central and Southern Florida	4,701,000	4,701,000
(N)	Charlotte Harbor	1,260,000	1,260,000
(N)	Cross-Florida Barge Canal	1,303,000	1,645,000
(N)	East Pass Channel	375,000	375,000
(N)	Fernandina Harbor	1,312,000	1,312,000
(N)	Intracoastal water, Caloosahatchee River to Anclote River.	80,000	80,000
(N)	Intracoastal waterway, Jacksonville to Miami.	1,930,000	1,930,000
(N)	Jacksonville Harbor	4,335,000	4,335,000
(N)	La Grange Bayou	22,000	22,000
(N)	Miami Harbor	1,010,000	1,010,000
(N)	Okeechobee Waterway	1,692,000	1,692,000
(N)	Oklawaha River	4,000	4,000
(N)	Palm Beach Harbor	600,000	600,000
(N)	Panama City Harbor	1,608,000	1,608,000
(N)	Pensacola Harbor	1,025,000	1,025,000
(N)	Port Everglades Harbor	549,000	549,000
(N)	Removal of aquatic growth	2,474,000	2,474,000
(N)	St. Lucie Inlet	500,000	500,000
(N)	Tampa Harbor	4,465,000	4,465,000
	GEORGIA		
(MP)	Allatoona Lake	4,132,000	4,132,000
(N)	Apalachicola, Chatahoochee, Flint Rivers, GA, AL & FL.	2,996,000	3,500,000
(N)	Atlantic Intracoastal Waterway (Savannah district).	896,000	896,000
(N)	Brunswick Harbor	3,693,000	3,393,000
(MP)	Buford Dan and Lake Sidney Lanier.	5,012,000	5,012,000
(MP)	Carters Lake	2,442,000	2,442,000
(MP)	Clarks Hill Lake, GA & SC	5,629,000	5,629,000
(MP)	Hartwell Lake, GA & SC	5,281,000	5,281,000
(MP)	Richard B. Russell Dam and Lake, GA & SC.	3,410,000	3,110,000
(N)	Savannah Harbor	8,113,000	8,063,000
(N)	Savannah River below Augusta	309,000	309,000
(MP)	West Point Lake, GA & AL	3,570,000	3,570,000
	HAWAII		
(N)	Barbers Point Harbor, Oahu	65,000	65,000
(N)	Nawiliwili Harbor	2,000,000	2,000,000
	IDAHO		
(MP)	Albeni Falls Dam	2,470,000	2,470,000
(MP)	Dworshak Dam and Reservoir	5,529,000	5,529,000
(FC)	Lucky Peak Lake	666,000	666,000
	ILLINOIS		
(N)	Calumet Harbor and River, IL & IN.	295,000	295,000
(FC)	Carlyle Lake	2,882,000	2,882,000
(N)	Chicago Harbor	890,000	890,000
(N)	Chicago River (diked disposal)	205,000	205,000
(N)	Chicago River	2,328,000	2,328,000
(FC)	Farm Creek reservoirs	113,000	113,000
(N)	Illinois Waterway (LMVD portion).	1,079,000	1,079,000
(N)	Illinois Waterway	19,354,000	19,354,000
(N)	Kaskaskia River navigation	1,366,000	1,366,000
(FC)	Lake Shelbyville	3,684,000	3,684,000
(N)	Mill Creek and South Slough	25,000	25,000
(N)	Miss Riv Btwn Missouri Riv and Minneapolis, IL, MN, WI, & IA (NCD).	48,935,000	48,935,000
(N)	Mississippi River between MO River and Minneapolis (LMVD).	8,117,000	8,117,000
(FC)	Mouth of Sangamon River	12,000	12,000
(FC)	North Branch Chicago River		150,000
(FC)	Rend Lake	2,652,000	2,652,000
(S)	Waukegan Harbor (diked disposal).	900,000	900,000
(N)	Waukegan Harbor	409,000	409,000
	INDIANA		
(FC)	Brookville Lake	439,000	439,000
(FC)	Burns Waterway, Harbor	425,000	425,000
(FC)	Cagles Mill Lake	393,000	393,000
(FC)	Cecil M. Harden Lake	459,000	459,000
(FC)	Huntington Lake	447,000	447,000
(N)	Indiana Hbr	2,000,000	2,000,000
(FC)	Mississinewa Lake	424,000	424,000
(FC)	Monroe Lake	364,000	364,000
(FC)	Patoka Lake	376,000	376,000
(FC)	Salamonie Lake	359,000	359,000
	IOWA		
(FC)	Coralville Lake	2,072,000	2,072,000
(N)	Missouri River—Sioux City to mouth, IA & NE.	8,950,000	8,950,000
(FC)	Rathbun Lake	1,868,000	1,868,000
(FC)	Red Rock Dam—Lake Red Rock.	2,313,000	2,313,000
(FC)	Saylorville Lake	2,805,000	2,805,000
	KANSAS		
(FC)	Clinton Lake	1,257,000	1,257,000
(FC)	Council Grove Lake	653,000	653,000
(FC)	El Dorado Lake	380,000	380,000
(FC)	Elk City Lake	554,000	554,000
(FC)	Fall River Lake	601,000	601,000
(FC)	Hillsdale Lake	532,000	532,000
(FC)	John Redmond Dam and Reservoir.	680,000	680,000
(FC)	Kanopolis Lake	1,299,000	1,299,000
(FC)	Marion Lake	668,000	668,000
(FC)	Melvern Lake	1,321,000	1,321,000
(FC)	Milford Lake	1,175,000	1,175,000
(FC)	Pearson—Skubitz Big Hill Lake	586,000	586,000
(FC)	Perry Lake	1,883,000	1,883,000
(FC)	Pomona Lake	985,000	985,000
(FC)	Toronto Lake	237,000	237,000
(FC)	Tuttle Creek Lake	1,821,000	1,821,000
(FC)	Wilson Lake	1,027,000	1,027,000
	KENTUCKY		
(MP)	Barkley Dam—Lake Barkley, KY & TN.	4,427,000	4,427,000
(FC)	Barren River Lake	1,054,000	1,054,000
(FC)	Buckhorn Lake	689,000	689,000
(FC)	Carr Fork Lake	727,000	727,000
(FC)	Cave Run Lake	498,000	498,000
(FC)	Dewey Lake	668,000	668,000
(FC)	Fishtrap Lake	684,000	684,000
(FC)	Grayson Lake	516,000	516,000
(N)	Green and Barren Rivers	1,591,000	1,591,000
(FC)	Green River Lake	976,000	976,000
(N)	Hickman Harbor	422,000	422,000
(N)	Kentucky River	1,294,000	1,294,000
(MP)	Laurel River Lake	777,000	777,000
(FC)	Martins Fork Lake	454,000	454,000
(FC)	Middlesboro	39,000	39,000
(FC)	Nolin Lake	989,000	989,000
(N)	Ohio River locks and dams, KY, PA, WV, OH, IN, & IL.	32,942,000	32,942,000
(N)	Ohio River open channel work, KY, PA, WV, OH, IN, & IL.	6,899,000	6,899,000
(FC)	Paintsville Lake	452,000	452,000
(FC)	Rough River Lake	1,103,000	1,103,000
(FC)	Taylorsville Lake	535,000	535,000
(MP)	Wolf Creek Dam—Lake Cumberland.	2,873,000	2,873,000
	LOUISIANA		
(N)	Atchafalaya River and Bayous Chene, Boeuf, Black.	4,120,000	4,120,000
(N)	Baratavia Bay waterway	3,180,000	3,180,000
(FC)	Bayou Bodcau Reservoir	371,000	371,000
(FC)	Bayou Pierre	38,000	38,000
(FC)	Bayou Rigolette	10,000	10,000
(N)	Bayou Teche	618,000	618,000
(FC)	Caddo Lake	143,000	143,000

Type of project	Operation and maintenance—State and project	Budget estimate	Conference allowance
(N)	Calcasieu River and pass	10,390,000	11,180,000
(N)	Freshwater Bayou	729,000	729,000
(N)	Gulf Intracoastal waterway	10,420,000	10,420,000
(N)	Houma navigational canal	4,865,000	4,865,000
(N)	Lake Providence Harbor	385,000	385,000
(N)	Madison Parish Part	227,000	227,000
(N)	Mermentau River	705,000	705,000
(N)	Miss River outlets at Venice	1,240,000	1,240,000
(N)	Miss River Baton Rouge to the Gulf of Mexico.	29,330,000	30,300,000
(N)	Miss River—Gulf outlet	4,440,000	5,880,000
(N)	Red River Waterway, Mississippi River to Shreveport.	1,640,000	1,640,000
(N)	Removal of aquatic growth	1,323,000	1,323,000
(FC)	Wallace Lake	124,000	124,000
	MAINE		
(N)	Kennebec River	606,000	606,000
	MARYLAND		
(N)	Baltimore Harbor and channels	14,234,000	14,234,000
(N)	Baltimore Harbor (drift removal).	225,000	225,000
(N)	Baltimore Harbor (prevention of obstructive deposits).	81,000	81,000
(FC)	Bloomington Lake, MD & WV	981,000	981,000
(N)	Claiborne Harbor	117,000	117,000
(FC)	Cumberland, MD and Ridgeley, WV, MD & WV.	63,000	63,000
(N)	Fishing Creek	958,000	958,000
(N)	Ocean City Harbor and inlet Sinepuxent Bay.	435,000	435,000
(N)	Rhodes Point to Tylerton	690,000	690,000
(N)	Wicomico River	1,090,000	1,090,000
	MASSACHUSETTS		
(FC)	Barre Falls Dam	404,000	404,000
(FC)	Birch Hill Dam	259,000	259,000
(FC)	Buffumville Lake	339,000	339,000
(N)	Cape Cod Canal	4,766,000	4,766,000
(FC)	Charles River Natural valley storage areas.	339,000	339,000
(FC)	Conant Brook Lake	191,000	191,000
(FC)	East Brimfield Lake	257,000	257,000
(N)	Green Harbor	320,000	320,000
(FC)	Hodges Village Dam	349,000	349,000
(FC)	Knightville Dam	363,000	363,000
(FC)	Littleville Lake	431,000	431,000
(FC)	New Bedford, Fairhaven and Acushnet hurricane barrier.	130,000	130,000
(FC)	Tully Lake	383,000	383,000
(FC)	West Hill Dam	483,000	483,000
(FC)	Westville Lake	430,000	430,000
	MICHIGAN		
(N)	Channels in Lake St. Clair	1,001,000	1,001,000
(N)	Charlevoix Harbor	182,000	182,000
(N)	Detroit River	7,581,000	7,581,000
(N)	Frankfort Harbor	201,000	201,000
(N)	Grand Haven Harbor and Grand River.	915,000	915,000
(N)	Hammond Bay Harbor	30,000	30,000
(N)	Harbor Beach Harbor		300,000
(N)	Harrisville Harbor	107,000	107,000
(N)	Holland Harbor	823,000	823,000
(N)	Inland Route	41,000	101,000
(N)	Keweenaw Waterway (Diked disposal).	600,000	600,000
(N)	Keweenaw Waterway	741,000	741,000
(N)	Lexington Harbor	208,000	208,000
(N)	Ludington Harbor	268,000	268,000
(N)	Manistee Harbor	1,221,000	1,221,000
(N)	Marquette Harbor	279,000	279,000
(N)	Menominee Harbor River, MI & WI (diked disposal).	105,000	105,000
(N)	Monroe Harbor	2,625,000	2,675,000
(N)	Muskegon Harbor	304,000	304,000
(N)	Rouge River	1,198,000	1,198,000
(N)	Saginaw River (diked disposal)	1,900,000	1,900,000
(N)	Saginaw River	2,683,000	2,683,000
(FC)	Sebewaing River	24,000	24,000
(N)	South Haven Harbor	228,000	228,000
(N)	St. Clair River	1,514,000	1,514,000
(N)	St. Joseph Harbor	786,000	786,000
(N)	St. Joseph Harbor (diked disposal).	1,710,000	1,710,000
(MP)	St. Mary's River	11,416,000	11,416,000
	MINNESOTA		
(FC)	Big Stone Lake and Whetstone River, MN & SD.	135,000	135,000
(N)	Duluth—Superior Harbor, MN & WI.	8,620,000	8,620,000
(FC)	Lac Qui Parle Lake	453,000	453,000
(N)	Minnesota River	500,000	500,000
(FC)	Orwell Lake	202,000	202,000
(FC)	Red Lake River	131,000	131,000
(N)	Reservoirs at Headwaters of Mississippi River.	1,784,000	1,784,000
(N)	St. Croix River, MN & WI	157,000	157,000
	MISSISSIPPI		
(FC)	Arkabutla Lake	70,000	70,000
(N)	Biloxi Harbor	1,072,000	1,072,000
(N)	Cadet Bayou	28,000	28,000
(N)	Clairborne County Port	8,000	8,000
(FC)	East Fork, Tombigbee River	529,000	529,000
(FC)	Enid Lake	147,000	147,000
(FC)	Grenada Lake	71,000	71,000
(N)	Gulfport Harbor	2,448,000	2,448,000
(FC)	Okatibbee Lake	906,000	906,000
(N)	Pascagoula Harbor	3,684,000	3,684,000
(N)	Pass Christian Harbor	126,000	126,000
(N)	Pearl River	257,000	257,000
(N)	Rosedale Harbor	261,000	261,000
(FC)	Sardis Lake	71,000	71,000
(N)	Yazoo River	77,000	77,000
	MISSOURI		
(N)	Caruthersville Harbor	310,000	310,000
(MP)	Clarence Cannon Dan and Reservoir.	3,917,000	3,917,000
(FC)	Clearwater Lake	1,327,000	1,327,000
(MP)	Harry S Truman Dam and Reservoir.	4,732,000	4,732,000
(FC)	Long Branch Lake	478,000	478,000
(FC)	Meramec Park Lake	613,000	613,000
(N)	Miss. River btn Ohio and MO Rivers, MO & IL.	12,203,000	12,203,000
(FC)	Pomme de Terre Lake	1,242,000	1,242,000
(FC)	Smithville Lake	738,000	738,000
(MP)	Stockton Lake	1,816,000	1,816,000
(MP)	Table Rock Lake	3,081,000	3,081,000
(FC)	Wappapello Lake	59,000	59,000
	MONTANA		
(MP)	Fort Peck Lake	3,627,000	3,627,000
(MP)	Libby Dam, Lake Koocanusa	3,654,000	3,654,000
	NEBRASKA		
(MP)	Gavins Point Dam Lewis and Clark Lake, NE and SD.	4,365,000	4,365,000
(FC)	Harlan County Lake	1,393,000	1,393,000
(FC)	Missouri National Recreational River.		200,000
(FC)	Missouri River, Kenslers Bend, NE to Sioux City, NE and IA.	45,000	45,000
(FC)	Papillion Creek and tributaries lakes.	318,000	318,000
(FC)	Salt Creek and tributaries lakes	476,000	476,000
	NEVADA		
(FC)	Martis Creek Lake, NV & CA	277,000	277,000
(FC)	Pine and Mathews Canyons Lakes.	135,000	135,000
	NEW HAMPSHIRE		
(FC)	Blackwater Dam	344,000	344,000
(FC)	Edward MacDowell Lake	549,000	549,000
(FC)	Franklin Falls Dam	628,000	628,000
(FC)	Hopkinton-Everett Lakes	986,000	986,000
(FC)	Otter Brook Lake	363,000	363,000
(FC)	Surry Mountain Lake	328,000	328,000
	NEW JERSEY		
(N)	Absecon Inlet	150,000	150,000
(N)	Barnegat Inlet	550,000	550,000
(FC)	Cold Spring Inlet		590,000
(N)	Delaware River between Philadelphia and Trenton, NJ and PA.	4,052,000	4,052,000
(N)	Manasquan River	255,000	255,000
(N)	New Jersey Intracoastal Waterway.	2,865,000	2,865,000
(N)	Newark Bay, Hackensack and Passaic Rivers.	2,500,000	2,500,000
	NEW MEXICO		
(FC)	Abiquiu Dam	662,000	662,000
(FC)	Cochiti Lake	1,033,000	1,033,000
(FC)	Conchas Lake	823,000	823,000
(FC)	Galisteo Dam	118,000	118,000
(FC)	Jemez Canyon Dam	209,000	209,000
(FC)	Santa Rosa Dam and Lake	451,000	451,000
(FC)	Two Rivers Dam	374,000	374,000
	NEW YORK		
(FC)	Almond Lake	225,000	225,000
(FC)	Arkport Dam	121,000	121,000
(N)	Bay Ridge and Red Hook channels.	1,100,000	1,100,000
(N)	Black Rock Channel and Tonawanda Harbor.	1,835,000	1,835,000
(N)	Bronx River	1,425,000	1,425,000
(N)	Buffalo Harbor	1,329,000	1,329,000
(N)	Dunkirk Harbor	58,000	58,000
(N)	East Rockaway Inlet	1,500,000	1,500,000
(FC)	East Sidney Lake	213,000	213,000
(N)	Great Sodus Bay Harbor	26,000	26,000
(N)	Hudson River	3,143,000	3,143,000
(N)	Jamaica Bay	1,000,000	1,000,000
(N)	Little Sodus Bay Harbor	27,000	27,000
(N)	Long Island Intracoastal Waterway.	1,000,000	1,000,000
(FC)	Mt. Morris Lake	1,034,000	1,034,000
(N)	Narrows of Lake Champlain, NY & VT.	1,135,000	1,135,000
(N)	New York and New Jersey channels, NY & NJ.	4,602,000	4,602,000
(N)	New York Harbor (drift removal).	3,056,000	3,056,000
(N)	New York Harbor (prevention of obstructive deposits).	540,000	540,000
(N)	New York Harbor	6,454,000	6,454,000
(N)	Newtown Creek	1,500,000	1,500,000
(N)	Oak Orchard Harbor	26,000	26,000
(N)	Ogdensburg Harbor	50,000	50,000
(N)	Olcott Harbor	10,000	10,000
(N)	Rochester Harbor	960,000	960,000
(N)	Rondout Harbor	1,250,000	1,250,000
(FC)	Southern New York flood control projects.	472,000	472,000
(N)	Westchester Creek	1,000,000	1,000,000
(FC)	Whitney Point Lake	398,000	398,000
(N)	Wilson Harbor	10,000	10,000
	NORTH CAROLINA		
(N)	Atlantic Intracoastal Waterway (Wilmington district).	5,721,000	5,721,000
(FC)	B. Everett Jordan Dam and Lake.	785,000	785,000
(N)	Beaufort Harbor	340,000	340,000
(N)	Cape Fear River above Wilmington.	451,000	451,000
(N)	Channel from Back Sound to Lookout Bight.	292,000	292,000
(FC)	Falls Lake	877,000	877,000
(N)	Lockwoods Folly River	466,000	466,000
(N)	Manteo (Shallowbag) Bay	5,289,000	5,289,000
(N)	Morehead City Harbor	6,889,000	6,889,000
(N)	Ocracoke Inlet	122,000	122,000
(N)	Silver Lake Harbor	80,000	80,000
(FC)	W. Kerr Scott Dam & Reservoir	1,114,000	1,114,000
(N)	Wilmington Harbor	3,748,000	3,748,000
	NORTH DAKOTA		
(FC)	Bowman—Haley Lake	152,000	152,000
(MP)	Garrison Dam, Lake Sakakwea	7,602,000	7,602,000
(FC)	Homme Lake and Dam	54,000	54,000
(FC)	Lake Ashiabula & Baldhill Dam	1,730,000	1,730,000
(FC)	Pipesteam Lake	270,000	270,000
	OHIO		
(FC)	Alum Creek Lake	459,000	459,000
(N)	Ashiabula Harbor	11,566,000	11,566,000
(FC)	Berlin Lake	1,183,000	1,183,000
(FC)	Caesar Creek Lake	577,000	577,000
(FC)	Clarence J. Brown Dam	387,000	387,000
(N)	Cleveland Harbor	9,901,000	9,901,000
(N)	Conneaut Harbor	430,000	430,000
(FC)	Deer Creek Lake	397,000	397,000
(FC)	Delaware Lake	334,000	334,000
(FC)	Dillon Lake	265,000	265,000
(N)	Fairfort Harbor	506,000	506,000
(N)	Huron Harbor	797,000	797,000
(N)	Lorain Harbor	1,165,000.	1,165,000
(FC)	Massillon	15,000	15,000
(FC)	Michael J. Kirwan Dam & Reservoir.	535,000	535,000
(FC)	Mosquito Creek Lake	568,000	568,000
(FC)	Muskingum River Reservoirs	4,399,000	4,399,000
(FC)	Newark	15,000	15,000
(FC)	North Branch of Kokosing River Lake.	166,000	166,000
(FC)	Paint Creek Lake	476,000	476,000
(FC)	Roseville	15,000	15,000
(N)	Sandusky Harbor	751,000	751,000
(N)	Toledo Harbor	4,594,000	4,594,000
(FC)	Tom Jerkins Dam	238,000	238,000
(N)	Vermilion Harbor	14,000	14,000
(FC)	West Fork Mill Creek Lake	281,000	281,000
(FC)	William H. Harsha Lake	496,000	496,000
	OKLAHOMA		
(FC)	Arcadia Lake	99,000	99,000
(FC)	Birch Lake	551,000	551,000
(MP)	Broken Bow Lake	1,200,000	1,200,000
(FC)	Canton Lake	1,870,000	1,870,000
(FC)	Copan Lake	524,000	524,000
(MP)	Eufaula Lake	3,432,000	3,532,000
(MP)	Fort Gibson Lake	3,365,000	3,365,000
(FC)	Fort Supply Lake	601,000	601,000
(FC)	Great Salt Plains Lake	407,000	407,000
(FC)	Heyburn Lake	532,000	532,000
(FC)	Hugo Lake (Hydropower Study)	1,076,000	1,076,000
(FC)	Hulah Lake	557,000	557,000
(FC)	Kaw Lake	1,640,000	1,640,000
(MP)	Keystone Lake	2,383,000	2,383,000
(FC)	Oologah Lake	1,139,000	1,139,000
(FC)	Optima Lake	573,000	573,000
(FC)	Pensacola Reservoir—Lake of the Cherokees.	7,000	7,000
(FC)	Pine Creek Lake	713,000	713,000
(MP)	Robert S. Kerr Lock, Dam and Reservoir.	2,330,000	2,330,000
(FC)	Sardis Lake	498,000	798,000
(FC)	Skiatook Lake	690,000	690,000
(MP)	Tenkiller Ferry Lake	2,414,000	2,414,000
(FC)	Waurika Lake	859,000	859,000
(MP)	Webbers Falls lock and dam	1,834,000	1,834,000
(FC)	Wister Lake	536,000	536,000
	OREGON		
(FC)	Applegate Lake	455,000	455,000
(FC)	Blue River Lake	166,000	166,000
(MP)	Bonneville lock and dam, Lake Bonneville, OR and WA.	13,422,000	13,422,000
(N)	Chetko River	602,000	602,000
(N)	Columbia and lwr Willamette Rivs below Vancur and Port, OR and WA.	14,263,000	14,263,000

Type of project	Operation and maintenance—State and project	Budget estimate	Conference allowance
(N)	Columbia River at the mouth, OR and WA.	5,295,000	5,295,000
(N)	Columbia River between Vancouver, WA and the Dalles.	429,000	429,000
(N)	Coos and Millicoma Rivers	114,000	114,000
(N)	Coos Bay	3,382,000	3,382,000
(N)	Coquille River	442,000	442,000
(FC)	Cottage Grove Lake	638,000	638,000
(MP)	Cougar Lake	1,178,000	1,178,000
(N)	Depoe Bay	27,000	27,000
(MP)	Detroit Lake	1,534,000	1,534,000
(FC)	Dorena Lake	347,000	347,000
(FC)	Fall Creek Lake	259,000	259,000
(FC)	Fern Ridge Dam and Lake	905,000	905,000
(MP)	Green Peter-Foster Lakes	2,050,000	2,050,000
(MP)	Hills Creek Lake	607,000	607,000
(MP)	John Day lock and dam, OR and WA.	13,741,000	13,741,000
(MP)	Lookout Point Lake	2,161,000	2,161,000
(MP)	Lost Creek Lake	2,104,000	2,104,000
(MP)	Menary lock and dam, Lake Wallula, OR and WA.	11,916,000	11,916,000
(N)	Port Orford	218,000	218,000
(N)	Rogue River Harbor at Gold Beach.	490,000	490,000
(N)	Siuslaw River	536,000	536,000
(N)	Skipanon Channel	332,000	332,000
(N)	Tillamook Bay and Bar	59,000	59,000
(N)	Umpqua River	865,000	865,000
(N)	Willamette River at Willamette Falls.	486,000	486,000
(FC)	Willamette River and Willamette Falls.	176,000	176,000
(FC)	Willow Creek Lake	95,000	95,000
(N)	Yaquina Bay & Harbor	757,000	757,000
	PENNSYLVANIA		
(N)	Allegheny River	4,980,000	4,980,000
(FC)	Alvin R. Bush Dam	305,000	305,000
(FC)	Aylesworth Creek Lake	104,000	104,000
(FC)	Beltzville Lake	582,000	582,000
(FC)	Blue Marsh Lake	1,086,000	1,086,000
(FC)	Conemaugh River Lake	800,000	800,000
(FC)	Cowanesque Lake	893,000	893,000
(FC)	Crooked Creek Lake	750,000	750,000
(FC)	Curwensville Lake	379,000	379,000
(N)	Delaware River, Philadelphia to the sea, PA, NJ, & DE.	19,592,000	19,592,000
(FC)	East Branch, Clarion River Lake	512,000	512,000
(N)	Erie Harbor	415,000	415,000
(FC)	Foster Joseph Sayers Dam	386,000	386,000
(FC)	Francis E. Walter Dam	468,000	468,000
(FC)	General Edgar Jadwin Dam	294,000	294,000
(FC)	Johnstown	7,000	7,000
(FC)	Kinzua Dam & Allegheny Reservoir, PA & NY.	937,000	937,000
(FC)	Loyalhanna Lake	800,000	800,000
(FC)	Mahoning Creek Lake	449,000	449,000
(N)	Monongahela River, PA & WV	13,225,000	13,225,000
(FC)	Prompton Lake	286,000	286,000
(FC)	Punxsutawney	7,000	7,000
(FC)	Raystown Lake	2,025,000	2,025,000
(N)	Schuylkill River	2,015,000	2,015,000
(FC)	Shenango River Lake, PA & OH	1,447,000	1,447,000
(FC)	Stillwater Lake	176,000	176,000
(FC)	Tioga-Hammond Lakes	1,342,000	1,342,000
(FC)	Tionesta Lake	870,000	870,000
(FC)	Union City Lake	304,000	304,000
(FC)	Woodcock Creek Lake	561,000	561,000
(FC)	York, Indian Rock Dam	296,000	296,000
(FC)	Youghiogheny River Lake, PA & MD.	1,373,000	1,373,000
	SOUTH CAROLINA		
(N)	Atlantic Intracoastal Waterway (Charleston District).	477,000	477,000
(N)	Charleston Harbor	4,795,000	4,795,000
(N)	Cooper River, Charleston Harbor	3,548,000	3,548,000
(N)	Folly River	236,000	236,000
(N)	Georgetown Harbor	2,501,000	2,501,000
(N)	Little River Inlet, SC & NC	23,000	23,000
(N)	Murrells Inlet	27,000	27,000
(N)	Port Royal Harbor	614,000	614,000
(N)	Shipyard River	632,000	632,000
(N)	Town Creek	288,000	288,000
	SOUTH DAKOTA		
(MP)	Big Bend Dam—Lake Sharpe	4,607,000	4,607,000
(FC)	Cold Brook Lake	150,000	150,000
(FC)	Cottonwood Springs Lake	144,000	144,000
(MP)	Fort Randall Dam, Lake Francis Case.	6,114,000	6,114,000
(FC)	Lake Traverse and Bois de Sioux River, SD & MN.	245,000	245,000
(MP)	Oahe Dam, Lake Oahe, SD & ND.	7,286,000	7,286,000
	TENNESSEE		
(MP)	Center Hill Lake	2,163,000	2,163,000
(MP)	Cheatham Lock & Dam	3,152,000	3,152,000
(MP)	Cordell Hull Dam & Reservoir	2,213,000	2,213,000
(MP)	Dale Hollow Lake, TN & KY	2,593,000	2,593,000
(MP)	J. Percy Priest Dam & Reservoir	1,839,000	1,839,000
(MP)	Old Hickory Lock & Dam	3,042,000	3,042,000
(N)	Tennessee River, TN, AL, & KY	9,714,000	9,714,000
(N)	Wolf River Harbor	574,000	574,000
	TEXAS		
(FC)	Aquilla Lake	469,000	469,000
(FC)	Arkansas-Red River Basins chloride control (Area B).	383,000	383,000
(FC)	Bardwell Lake	873,000	873,000
(FC)	Belton Lake	1,378,000	1,378,000
(FC)	Benbrook Lake	1,263,000	1,263,000
(N)	Brazos Island Harbor	1,440,000	1,440,000
(FC)	Buffalo Bayou & tributaries	729,000	729,000
(FC)	Canyon Lake	1,073,000	1,073,000
(N)	Corpus Christi ship channel (1968 act).	4,880,000	4,880,000
(MP)	Denison Dam—Lake Texoma, TX & OK.	4,044,000	4,044,000
(FC)	Ferrells Bridge Dam—Lake O' the Pines.	1,975,000	1,975,000
(N)	Freeport Harbor	2,210,000	2,210,000
(N)	Galveston Harbor & channel	6,365,000	6,365,000
(FC)	Granger Dan and Lake	708,000	708,000
(FC)	Grapevine Lake	1,372,000	1,372,000
(N)	Gulf Intracoastal Waterway	12,380,000	12,380,000
(FC)	Hords Creek Lake	879,000	879,000
(N)	Houston Ship Channel	6,330,000	6,330,000
(FC)	Joe Pool Lake	268,000	268,000
(FC)	Lake Kemp	154,000	154,000
(FC)	Lavon Lake	1,861,000	1,861,000
(FC)	Lewisville Dam	2,001,000	2,001,000
(N)	Matagorda ship channel	2,730,000	2,730,000
(FC)	Navarro Mills Lake	936,000	936,000
(FC)	North San Gabriel Dam and Lake Georgetown.	852,000	852,000
(FC)	D.C. Fisher Dam & Lake	584,000	584,000
(FC)	Pat Mayse Lake	642,000	642,000
(FC)	Proctor Lake	925,000	925,000
(FC)	Ray Roberts Lake	96,000	96,000
(N)	Sabine-Neches Waterway	6,900,000	7,850,000
(MP)	San Rayburn Dam & Reservoir	2,547,000	2,547,000
(FC)	Somerville Lake	1,675,000	1,675,000
(FC)	Stillhouse Hollow Dam	1,072,000	1,072,000
(N)	Texas City Channel	2,480,000	2,480,000
(MP)	Town Bluff Dam & B.A. Steinhagen Lake.	811,000	811,000
(FC)	Waco Lake	1,673,000	1,673,000
(FC)	Wallisville project—Trinity River	245,000	245,000
(MP)	Whitney Lake	2,918,000	2,918,000
(FC)	Wright Patman Dam & Lake	1,608,000	1,608,000
	VERMONT		
(FC)	Ball Mountain Lake	329,000	329,000
(FC)	North Hartand Lake	398,000	398,000
(FC)	North Springfield Lake	437,000	437,000
(FC)	Townshend Lake	478,000	478,000
(FC)	Union Village Dam	306,000	306,000
	VIRGINIA		
(N)	Atlantic Intracoastal Waterway	2,245,000	2,585,000
(N)	Channel to Newport News	1,625,000	1,625,000
(N)	Chincoteague Inlet	1,243,000	1,243,000
(FC)	Gathright Dam and Lake Moomaw.	965,000	965,000
(N)	Hampton Roads, Norfolk & Newport News Harbor (drift removal).	190,000	190,000
(N)	James River	2,186,000	2,186,000
(MP)	John H. Kerr Dam & Reservoir, VA & NC.	5,009,000	5,009,000
(FC)	John W. Flannagan Dam & Reservoir.	633,000	633,000
(N)	Norfolk Harbor	6,525,000	6,525,000
(N)	Norfolk Harbor (prevention of obstructive deposits).	270,000	270,000
(FC)	North Fork of Pound Lake	258,000	258,000
(MP)	Philpott Lake	1,367,000	1,367,000
(N)	Waterway on the coast of Virginia.	1,138,000	1,138,000
(N)	York River	300,000	300,000
	WASHINGTON		
(N)	Anacortes Harbor	160,000	160,000
(MP)	Chief Joseph Dam	6,533,000	6,533,000
(N)	Columbia River at Baker Bay, WA & OR.	325,000	325,000
(N)	Columbia River between Chinook, WA. and head of Sand Island.	233,000	233,000
(N)	Ediz Hook	10,000	10,000
(N)	Everett Harbor and Snohomish River.	625,000	625,000
(N)	Grays Harbor and Chehalis River	4,490,000	4,490,000
(FC)	Howard A. Hanson Reservoir	677,000	677,000
(MP)	Ice Harbor Lock and Dam	5,248,000	6,348,000
(N)	Kenmore Navigation Channel	205,000	205,000
(N)	Lake Washington Ship Canal	3,247,000	3,247,000
(N)	Lewis River	64,000	64,000
(MP)	Little Goose Lock and Dam, Lake Bryan.	3,997,000	4,122,000
(MP)	Lower Granite Lock and Dam, WA & ID.	7,256,000	7,316,000
(MP)	Lower Monumental Lock and Dam.	3,884,000	5,134,000
(FC)	Mill Creek Lake	515,000	515,000
(FC)	Mud Mountain Dam	1,299,000	1,299,000
(N)	Puget Sound and its tributary waters.	765,000	765,000
(N)	Seattle Harbor	515,000	515,000
(FC)	Stillaguamish River	110,000	110,000
(N)	Swinomish Channel	335,000	335,000
(FC)	Tacoma—Puyallup River	40,000	40,000
(MP)	The Dalles Lock and Dam, Lake Celilo, WA & OR.	6,307,000	6,762,000
(FC)	Wynoochee Lake	1,007,000	1,007,000
	WEST VIRGINIA		
(FC)	Beech Fork Lake	545,000	545,000
(FC)	Bluestone Lake	734,000	734,000
(FC)	Burnsville Lake	815,000	815,000
(FC)	East Lynn Lake	755,000	755,000
(FC)	Elkins	6,000	6,000
(N)	Kanawha River	8,242,000	8,242,000
(FC)	R. D. Bailey Lake	929,000	929,000
(FC)	Summersville Lake	1,295,000	1,295,000
(FC)	Sutton Lake	1,398,000	1,398,000
(N)	Tygart River Lake	893,000	893,000
	WISCONSIN		
(N)	Ashland Harbor	349,000	349,000
(FC)	Eau Galle River	347,000	347,000
(N)	Fox River	1,008,000	1,008,000
(N)	Green Bay Harbor	1,744,000	1,744,000
(N)	Green Bay Harbor (diked disposal).	8,000,000	8,000,000
(N)	Kenosha Harbor	434,000	434,000
(N)	Kewaunee Harbor	1,613,000	1,613,000
(FC)	Lafarge Lake	203,000	203,000
(N)	Manitowoc Harbor	156,000	156,000
(N)	Milwaukee Harbor	5,772,000	5,772,000
(N)	Racine Harbor	178,000	3,178,000
(N)	Sheboygan Harbor	538,000	538,000
(N)	Sheboygan Harbor (diked disposal).	270,000	270,000
(N)	Sturgeon Bay and Lake Michigan ship canal.	638,000	638,000
(N)	Sturgeon Bay and Lake Michigan ship canal (diked disposal).	190,000	190,000
	MISCELLANEOUS		
	Inspection of completed works	5,291,000	5,291,000
	Inspection of non-Federal levees	910,000	910,000
	Scheduling flood control reservoir operations.	2,019,000	2,019,000
	Monitor completed coastal projects.	1,200,000	1,000,000
	River ice management	4,000,000	3,000,000
	Repair, evaluation, maintenance, and rehabilitation research (remr).	8,195,000	7,500,000
	PROTECTION OF NAVIGATION		
	Removal of sunken vessels and obstructions.	2,307,000	2,307,000
	Protection, clearing, and straightening channels (section 3).	200,000	100,000
	General regulatory functions	51,000,000	49,500,000
	Project condition surveys	7,682,000	7,682,000
	Surveillance of northern boundary waters.	2,568,000	2,000,000
	Commercial statistics	2,890,000	2,890,000
	Mobilization planning	13,300,000	9,900,000
	Reduction for anticipated savings and slippage.	−9,000,000	−17,850,000
	Funding derived from proposed inland waterways and river and harbors trust funds.	−355,000,000	
	Pay amendment	15,560,000	
	Total, operation and maintenance.	976,560,000	1,319,973,000

Type of project: (N) Navigation; (FC) Flood control; and (MP) Multiple-purpose, including power.

Amendment No. 13: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate permitting advance maintenance of the Charleston Harbor navigation channel.

GENERAL PROVISIONS, CORPS OF ENGINEERS

Amendment No. 14: Deletes language proposed by the House and stricken by the Senate relating to a Corps of Engineers learning facility.

Amendment No. 15: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate permitting the Secretary of the Army to remove obstructions and ease bends at the Jacksonville Harbor navigation channel in the vicinity of Blount Island to allow for the free and safe movement of vessels.

TITLE II—DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

GENERAL INVESTIGATIONS

Amendment No. 16: Appropriates $34,035,000 for general investigations instead of $34,085,000 as proposed by the House and $32,150,000 as proposed by the Senate.

The conference agreement includes $100,000 for the Pima County Santa Cruz River Groundwater study to develop detailed plans and a specific project recommendation.

The conferees are aware that subsidence of ground surface is occurring in areas of Arizona and are equally concerned about the need to conserve water in the State. They are also aware of the successful multipurpose Indian Bend Wash Project and the 1981 Phoenix Urban Study which found that "artificial groundwater recharge appears to be a feasible method of achieving water conservation," and are interested in determining the impact of artificial groundwater recharge on ground subsidence. Therefore, the conferees direct that the Bureau of Reclamation, in cooperation with the U.S. Corps of Engineers as builders of the Indian Bend Wash Flood Control Project, include the Scottsdale, Maricopa County, Arizona area as part of its evaluation under the Phase I provisions of the Groundwater Recharge Demonstration Program authorized by Public Law 98-434, and that funds be made available for such evaluation from the General Investigations account.

The funds are to be allocated as shown in the following table:

Project title	Budget estimate	Conference allowance
GENERAL INVESTIGATIONS		
ARIZONA		
Pima County/Santa Cruz ground water project		100,000
Spring Canyon pumped storage project	240,000	240,000
CALIFORNIA		
All American Canal relocation	300,000	300,000
Cental Valley:		
Delta Division, Kellogg Unit reformulation	68,000	68,000
Fish and wildlife management study	487,000	487,000
San Joaquin Valley conveyance study	743,000	743,000
Cross delta constriction investigation	250,000	250,000
Delta support studies	322,000	322,000
Imperial Irrigation District canal lining and system improvement	200,000	200,000
Lower Colorado water supply project	160,000	160,000
Offstream storage	150,000	150,000
Refuge water supply	80,000	80.,000
COLORADO		
Colorado-Big Thompson Powerplant	140,000	140,000
CRWQIP, Lower Gunnison Basin Unit	220,000	220,000
High Mountain aquifer study	100,000	100,000
Mesa-Delta M&I groundwater study	515,000	515,000
Program related engineering and scientific studies	4,900,000	4,900,000
IDAHO		
Oakley FAN groundwater & recharge investigation	150,000	150,000
Minidoka project, North Side Pumping Division exten	50,000	50,000
Minidoka project, North Side Pumping Division exten	225,000	225,000
KANSAS		
Kansas River basin water operations study	115,000	115,000
MONTANA		
Milk River Water Supply Unit (P-SMBP) (formerly Marias-MILK Unit) (P-SMBP)	140,000	140,000
NEBRASKA		
Loup River Basin study		100,000
Platte River water use options (P-SMBP)	77,000	77,000
Prairie Bend Unit (P-SMBP)	245,000	245,000
NEVADA		
Deep-carbonate aquifer	750,000	750,000
NEW MEXICO		
Alamogordo M&I water supply study	200,000	200,000
Gallup-Navajo Indian water supply project		200,000
Pojoaque Valley conjunctive ground water/surface water management study		150,000
Taos community ditch evaluation	30,000	30,000
OKLAHOMA		
East Central Oklahoma water supply study	200,000	300,000
Kiamichi hydropower study	225,000	300,000
Northwest Oklahoma water supply study	185,000	185,000
Southeast Oklahoma water supply study	240,000	300,000
OREGON		
Umatilla Basin project	125,000	250,000
Umpqua River Basin water resources management invest	170,000	170,000
SOUTH DAKOTA		
Central South Dakota water supply system (CENDAK)	1,775,000	1,775,000
South Dakota water deliveries study (P-SMBP)	50,000	50,000
TEXAS		
Texas Basin, Bedias project	395,000	395,000
Texas Basin, Texas Big Sandy project	320,000	320,000
Texas Basin, Colorado coastal plains project	600,000	600,000
Texas Basin, San Jacinto project	275,000	275,000
UTAH		
CRSP power peaking capacity	50,000	50,000
Wasatch Front total water management	240,000	240,000
WASHINGTON		
Yakima River Basin water enhancement project	277,000	277,000
WYOMING		
Blue Holes Reservoir	150,000	150,000
CRWQIP, Big Sandy River Unit	1,000,000	1,000,000
Westside irrigation project	100,000	100,000
VARIOUS		
Colorado River water quality improvement program	4,195,000	4,195,000
CRWQIP, San Juan River Unit	223,000	223,000
General engineering and research: Atmospheric water resources management program	5,000,000	6,100,000
Groundwater recharge demonstration program	325,000	500,000
Special investigations:		
Environmental and interagency coord. activities	3,635,000	3,435,000
General planning studies	420,000	420,000
Investigations of existing projects	158,000	158,000
Minor work in connection with completed proj. invest	535,000	535,000
Technical assistance to States	1,500,000	1,500,000
Undistributed reduction based on anticipated delays	−1,175,000	−1,175,000
Pay amendment	593,000	
Total, general investigations	32,643,000	34,035,000

CONSTRUCTION PROGRAM

Amendment No. 17: Appropriates $521,700,000 for construction program instead of $541,074,000 as proposed by the House and $512,730,000 as proposed by the Senate.

The conferees note that legislation to authorize the study program for long-term solutions to the drainage problems in the Central Valley of California for fiscal year 1986 is still awaiting enactment by the Congress. In addition, the California State Water Resources Control Board and the Secretary of the Interior have mandated strict schedules for the closure of Kesterson Reservoir. In order to respond to this immediate problem and to insure program continuity, the conferees urge that funds available to the Bureau of Reclamation be used for two purposes.

First, the Secretary, acting through the Bureau of Reclamation, is urged under the authority of the Act of October 15, 1966 (42 U.S.C. 1900), to execute a contract to loan up to $3,700,000 to a local government agency for the preparation of feasibility studies for alternative solutions to improve the quality of agricultural wastewater in the Central Valley of California. Such funds shall be repaid under such terms and conditions as prescribed by the Secretary of the Interior. The studies should include: economic feasibility studies (including water trading and marketing opportunities); technical feasibility studies; pilot testing of selenium removal; and, economic feasibility studies and pilot testing of deep well injection and solar pond brine management. Second, funds are made available to the Bureau of Reclamation for the continuation of existing studies under the San Joaquin Valley Drainage Program at the present level (FY 1985) of effort. New study initiatives are to be deferred pending enactment of necessary authorizing legislation.

Funds are available to continue construction of the new starts included in P.L. 99-88 if the criteria set forth in that Public Law are met.

The conferees recognize the extraordinary efforts made by the State of Arizona to develop an upfront cost-sharing proposal for Plan 6 of the Central Arizona Project. The Arizona proposal represents one of the largest cost-sharing plans for a major water development project under the jurisdiction of the Bureau of Reclamation to date. The conferees applaud the Arizona initiative and would encourage the department to carefully review the proposal and render a decision on the proposal as quickly as possible.

Safety problems associated with existing Federal dams in Arizona have continued for much too long. The conference agreement includes funds in the bill to initiate construction activities on two Salt River Dams and the conferees urge the Department to move as quickly as possible to correct safety deficiencies on these structures.

Last year the Secretary of the Interior was directed to proceed expeditiously with safety modifications to dams on the Salt River in Arizona. The conferees understand that the U.S. Bureau of Reclamation has the capability to perform these essential preconstruction activities pursuant to the Federal Reclamation Safety of Dams Act, Public Law 98-404, and have provided funding for this purpose. The conferees further direct that the Secretary of the Interior give priority in reprogramming funds to bring the funding levels for dam safety up to the Bureau of Reclamation's full capability in 1986.

Amendment No. 18: Provides that $144,950,000 shall be available for transfers to the Lower Colorado River Basin Development Fund instead of $147,200,000 as proposed by the House and $141,200,000 as proposed by the Senate.

Amendment No. 19: Deletes language proposed by the House and stricken by the Senate relating to the Animas-LaPlata Participating Project, Colorado and New Mexico.

Amendment No. 20: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that not to exceed $20,000 shall be available to initiate a rehabilitation and betterment program with the Twin Falls Canal Company.

The funds are to be allocated as shown in the following table:

Project title	Budget estimate	Conference allowance
CONSTRUCTION PROGRAM		
CONSTRUCTION AND REHABILITATION AND COLORADO RIVER BASIN SALINITY CONTROL PROJECTS		
ARIZONA		
Headgate Rock hydroelectric project (BIA)	1,000,000	
CALIFORNIA		
Central Valley project:		
Sacrmento River Division	5,362,000	5,362,000
San Luis Unit	12,490,000	12,490,000
Auburn-Folson South Unit	3,500,000	3,500,000
Miscellaneous project programs	1,063,000	1,063,000

Project title	Budget estimate	Conference allowance
San Felipe Division	37,597,000	37,597,000
Trinity River Division		500,000
COLORADO		
Narrows Unit (P-SMBP)	500,000	500,000
Grand Valley Unit, title II, CRBSCP	3,505,000	3,505,000
Paradox Valley Unit, title II, CRBSCP	1,782,000	1,782,000
San Luis Valley project, closed basin division	9,785,000	9,785,000
NEBRASKA		
North Loop Division, P-SMBP	21,749,000	24,249,000
O'Neill Unit, P-SMBP	240,000	240,000
NEVADA		
Las Vegas Wash Unit, title II, CRBSCP	75,000	75,000
NEW MEXICO		
Brantley project	29,536,000	29,536,000
Velarde community ditch project	3,400,000	3,400,000
NORTH DAKOTA		
Garrison Diversion Unit, P-SMBP	41,300,000	41,300,000
OKLAHOMA		
Mcgee Creek project	6,645,000	6,645,000
SOUTH DAKOTA		
Web rural water development project	18,525,000	18,525,000
TEXAS		
Nueces River project	4,834,000	4,834,000
WASHINGTON		
Chief Joseph Dam project, Oroville-Tonasket Unit	7,225,000	7,225,000
Columbia Basin project:		
Irrigation facilities	6,535,000	7,035,000
Third powerplant	12,894,000	12,894,000
Yakima fish passage & protective facilities	4,353,000	4,353,000
WYOMING		
Buffalo Bill Dam modification, P-SMBP	10,000,000	
VARIOUS		
Boulder Canyon project	1,430,000	1,430,000
Measures below Imperial Dam, title I, CRBSCP	22,000,000	22,000,000
Drainage and minor construction:		
Arbuckle project, Oklahoma	230,000	430,000
Boise project, Arrowrock Division, Idaho	300,000	300,000
Boise project, Payette Division, Idaho	230,000	230,000
Chief Joseph Dam, Manson Unit, WA	15,000	15,000
Colorado River Front Work Levee System, AR., CO., NV	17,371,000	17,371,000
Cultural resources activities	327,000	327,000
Fryingpan Arkansas project, Colorado	6,034,000	6,034,000
Gila project, Arizona-Califronia	1,997,000	1,977,000
Klamath project, Oregon-California	1,822,000	1,822,000
Miscellaneous engineering services, Colorado	10,000	10,000
Mountain Park project, Oklahoma	200,000	200,000
Newlands project, Nevada	553,000	553,000
Palmetto Bend project, Texas	500,000	500,000
Units or divisions, Pick-Sloan Missouri Basin program:		
Bostwick Division, Nebraska	40,000	40,000
Canyon Ferry Unit, Montana	1,770,000	1,770,000
East Bench Unit, Montana	50,000	50,000
Farwell Unit, Nebraska	230,000	230,000
Oahe Unit, South Dakota	65,000	65,000
Owl Creek Unit, Wyoming	50,000	50,000
Riverton Unit, Wyoming	270,000	270,000
Recreation facilities at existing reservoirs	172,000	172,000
Robert B. Griffith water project, Nevada	350,000	350,000
Washta Basin project, Foss Dam, Oklahoma	100,000	100,000
Washoe project, California-Nevada	407,000	407,000
Subtotal, drainage and minor construction	33,093,000	33,293,000
Safety of dams programs:		
Fruitgrowers dam project, Colorado	1,325,000	1,325,000
Heart Butte Unit, Heart Buttie Dam, N. Dakota (P-SMBP)	960,000	960,000
Lewiston Orchards, Soldiers Meadow, Idaho	600,000	600,000
Minidona project, Jackson Lake Dam, Idaho-Wyoming	8,200,000	8,200,000
Navajo Unit, CRSP, Colorado-New Mexico	3,536,000	3,536,000
Rapid Valley Unit, Pactola Dam, South Dakota (P-SMBP)	5,300,000	5,300,000
Salt River project, Stewart Mtn, Dam, Arizona	600,000	600,000
Salt River project, Theodore Roosevelt Dam, Arizona		4,000,000
Seedskadee, Frontenelle Dam, CRSP, Wyoming	500,000	500,000
W.C. Austin project, Altus Dam, Oklahoma	400,000	400,000
Department dam safety program	450,000	450,000
Modification reports and reconsideration activity	6,164,000	6,164,000
Subtotal, safety of dams	28,035,000	32,035,000
Rehabilitation and betterment:		
Crooked River, Ochoco Irrig. District, Oregon	100,000	100,000
Okanogan project, Okanogan Irrigation District, WA	1,357,000	1,357,000
Salt River project, Roosevelt Wir, Consv. Dist., AR	100,000	100,000
Shoshone project, Heart Mountain Division, Wyoming	1,000,000	1,000,000
Strawberry Valley project, Utah	2,243,000	2,243,000
Sun River project, Ft. Shaw Divison, Montana	290,000	290,000
Uncompangre project, Colorado	660,000	660,000
Yakima project, Yakima-Tieton Irrgi. Dist., WA	1,160,000	1,160,000
Subtotal, rehabilitation and betterment of existing projects	6,910,000	6,910,000
Total, construction and rehabilitation	335,363,000	3322,063,000
COLORADO RIVER STORAGE PROJECT		
UPPER COLORADO RIVER BASIN FUND		
PARTICIPATING PROJECTS		
COLORADO		
Dallas Creek project	5,604,000	5,604,000
Dolores project	24,440,000	24,440,000
UTAH		
Central Utah project, Bonneville Unit	62,304,000	62,304,000
Central Utah project, Jensen Unit	1,516,000	1,516,000
Central Utah project, Uintah Unit	250,000	250,000
Central Utah project, Upalco Unit	2,612,000	2,612,000
VARIOUS		
Drainage and minor construction: Units: Modifications & additions to completed facilities	686,000	686,000
Recreational and fish and wildlife facilities:		
Recreational facilities	4,570,000	4,570,000
Fish and wildlife facilities	1,155	1,155
Total, Colorado River storage project	103,137,000	103,137,000
COLORADO RIVER BASIN PROJECT		
CENTRAL ARIZONA PROJECT		
ARIZONA		
Central Arizona project, non-Indian distr. systems	38,800,000	45,050,000
Central Arizona-water development (LCRBDF)	134,700,000	144,950,000
VARIOUS		
Undistributed reduction based on anticipated delays	−79,570,000	−89,500,000
Application of unobligated funds from Teton Dam claims		−14,000,000
Pay amendment	3,684,000	
Total, construction program	536,114,000	521,700,000

LOAN PROGRAM

Amendment No. 21: Appropriates $39,315,000 for the loan program as proposed by the Senate instead of $42,515,000 as proposed by the House.

Amendment No. 22: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate amended to read as follows:

In lieu of the sum stricken and inserted by said amendment, insert the following: *$48,315,000*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

ADMINISTRATIVE PROVISIONS

Amendment No. 23: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that not to exceed $6,000,000 may be used for alterations to existing building No. 53 at the Denver Federal Center, Lakewood, Colorado.

GENERAL PROVISIONS

Amendment No. 24: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which establishes a Working Capital Fund for the Bureau of Reclamation.

TITLE III—DEPARTMENT OF ENERGY

The summary table at the end of this section sets forth the conference agreement with respect to the individual appropriations, programs and activities of the Department of Energy. Additional items of conference agreement are discussed below.

ENERGY SUPPLY, RESEARCH AND DEVELOPMENT ACTIVITIES

Amendment No. 25: Appropriates $1,989,671,000 for Energy Supply, Research and Development Activities, instead of $1,947,836,000 as proposed by the House and $1,989,721,000 as proposed by the Senate.

SOLAR AND RENEWABLE ENERGY

Solar Building Energy Systems.—The conferees agree to provide $3,500,000 for solar building energy systems. No funds are available for technology transfer activities, as proposed by the Senate.

Photovoltaic Energy Systems.—The conferees agree to provide $47,800,000 as proposed by the Senate. Funds are to be used to continue operation of the residential experiment stations. Of the amounts provided, $2,000,000 is to be used for the Austin, Texas, project and $1,000,000 is for the Massachusetts Photovoltaic Center.

Ocean Energy Systems.—The conference agreement makes sufficient funds available for the Department to conduct two simultaneous 50 kW apparatus tests under the PICHTR open-cycle project.

ELECTRIC ENERGY SYSTEMS AND STORAGE

Of the funds provided, a total of $1,700,000 is available for the zinc bromine battery research program. The conferees agree to include additional funding for electrochemistry research which is proposed by the Senate.

NUCLEAR ENERGY RESEARCH

CIVILIAN NUCLEAR RESEARCH PROGRAM

The conferees direct the Department of Energy to submit a plan to the Committees on Appropriations of the House of Representatives and the Senate identifying within two years an approach to future civilian nuclear reactor research which identifies research priorities, establishes a process for identifying the appropriate future reactor concepts and indicates funding requirements and objectives for the civilian nuclear reactor program.

Improved LWR Development.—The conferees agree to provide $3,000,000 for the extended burn-up program to close out the Federal involvement in the program.

Advanced Light Water Reactors.—The conferees include $4,750,000 for the Department to utilize in support of the EPRI/Industry Advanced Light Water Reactor Program. This amount is available to the Department to be matched by industry on a 50% cost-shared basis for specific technical studies and component verification and analysis relating to the ALWR program.

High Temperature Gas Reactors.—The conferees agree to provide $31,000,000 for high temperature gas reactor research.

Advanced Breeder Reactor Technology.—The conferees agree to provide $159,800,000 for advanced breeder reactor technology, as follows: $6,000,000 additional for reactor operations at Hanford and $6,000,000 additional at Idaho.

Funds are provided for continuation of the test program for the integral fast reactor, including pre-prototype irradiation test bundles and exploration of reprocessing technology. Not less than 50% of additional funds are to be made available only to Argonne National Laboratory in Illinois.

Advanced Nuclear Systems.—The conferees agree to provide $23,000,000 for advanced nuclear systems, to include: $1,900,000 for thermionics research;

$3,100,000 for other RTG research. Additional funds may be available for the Secure Military Power Project, contingent upon commitment by the Air Force to offset full research and development costs should a decision be made to produce SMPP units.

Defense Nuclear Energy Program.—The conferees agree to provide the budget request for the SP-100 program.

Civilian By-Products and Beneficial Uses.—The conferees agree to provide $5,000,000 as provided by the House. In addition, the Department shall continue initial planning for pork irradiation demonstration in conjunction with Iowa State University.

Remedial Actions.—The conferees agree to provide $95,000,000 for uranium mill tailings remedial action. Full funding at the requested level is included for sites and vicinity properties with completed remedial action plans including Cannonsburg, Salt Lake City, Shiprock and Lakeview.

MAGNETIC FUSION

The conferees agree to provide $383,000,000 for the magnetic fusion program. A panel reporting to the Magnetic Fusion Advisory Committee recently found that "... increased emphasis should be given to improving the mass power density in the various concept lines, aiming at a target of 100 kWe/Tonne." In accepting this finding, the Magnetic Fusion Advisory Committee noted that mass power density is a useful index of progress toward a practical application of fusion when combined with plasma confinement efficiency, safety and environmental considerations, and the projected cost of electricity. The conferees request the Department to provide, in conjunction with the FY 1987 budget request, a report showing the progress and potential of the major elements of the current research programs as measured by these factors. No funds are available for development of a generic test facility for compact high-density devices.

SUPPORTING RESEARCH AND TECHNICAL ANALYSIS

Cooperative Programs.—The Department is directed to allocate not less than $1,500,000 to maintain and support the relationship between the Lawrence Berkeley Laboratory, the Ana G. Mendez Foundation and Jackson State University, as identified in the House and Senate reports.

Materials Sciences.—The conferees agree to provide $5,000,000 for preconstruction R&D activities for both 2 GeV and 6 GeV synchrotron radiation facilities. The conferees agree that the addition of these funds does not represent a commitment to construct these facilities.

Chemical Sciences.—The conferees agree to provide an additional $3,000,000 for chemical sciences with the understanding that these funds are not available to establish a center for chemical sciences.

University Research Support.—The conferees agree with the Senate report language and provide $2,900,000 for LEU fuel assistance to universities.

USE OF AVAILABLE BALANCES

Both the House and the Senate provided for the use of prior year balances to offset the requirement for new obligational authority. The conferees agree that $17,822,000 of available funds should be applied to offset pay increases provided for by budget amendment.

The Administration's original FY 1986 budget request assumed a five percent reduction in salary expenses. As contained in House Document 99-89, the Administration has amended the FY 1986 request and increased the budget for the Department of Energy accounts contained in this bill by $17,892,000.

Of this request, $17,822,000 is included in the Energy Supply, Research and Development Activities appropriation. Using the provisions of Section 302 of this bill, the Department of Energy is directed to transfer without further notification to the Congress these funds to the following Department of energy appropriations:

Atomic Energy Defense Activities	$5,500,000
General Science and Research Activities	79,000
Federal Energy Regulatory Commission	3,284,000
Alaska Power Administration	40,000
Southwestern Power Administration	246,000
Western Area Power Administration	1,412,000
Departmental Administration	5,415,000
Geothermal Resources Development Fund	4,000

The $70,000 required by the Southeastern Power Administration should be financed from available prior year unobligated appropriations.

Amendment No. 26: Restores House language amended by the Senate, amended to provide that $200,000,000 shall be derived by transfer from prior year balances in Uranium Supply and Enrichment Activities as proposed by the House instead of $92,600,000 as proposed by the Senate and transfers $17,400,000 from Operation and Maintenance, Southeastern Power Administration as proposed by the House and Senate. In addition, the following scientific research facilities are to be funded from within the Energy Supply, Research, and Development Activities account, as follows:

Center for Science and Technology	$4,500,000
Center for Energy and Biomedical Technology	6,000,000
Energy and Mineral Research Center	8,000,000
Demonstration Center for Information Technologies	5,000,000
Advanced Science Center	8,500,000

URANIUM SUPPLY AND ENRICHMENT ACTIVITIES

Amendment No. 27: Inserts language proposed by the Senate changing the designation of statutory limitation as a technical correction to the House language.

The conferees agree that the Department should proceed as expeditiously as possible to demonstrate the economic and technical feasibility of the AVLIS uranium enrichment technology. The table that appears at the end of this section allocates funds in a manner that will permit prototype development deployment and testing in a manner that would permit early deployment of the advanced technology at such time as it has satisfactorily demonstrated its economic, scientific and technical viability.

Neither the House nor the Senate addressed the Administration proposal to repay appropriations made to the uranium enrichment program in prior years because the authorizing committees had not considered the proposal at the time the bills were considered by the respective bodies. However, sufficient funds are available within the $1,612,700,000 in budget authority provided in this Act to meet the estimated $110,000,000 first-year repayment if necessary authorization action is completed. The conferees have no obligation to the use of these funds for this purpose.

GENERAL SCIENCE AND RESEARCH ACTIVITIES

Amendment No. 28: Appropriates $691,400,000 as proposed by the House instead of $685,400,000 as proposed by the Senate.

The conferees agree that $2,000,000 is provided from within the total General Science and Research Activities appropriation for project 86-R-105, AGS proton-heavy ion booster, Brookhaven National Laboratory, to upgrade the alternating gradient synchrotron facility. The conferees agree that the addition of these funds does not represent a commitment to a larger high energy physics facility at the Brookhaven National Laboratory.

NUCLEAR WASTE DISPOSAL FUND

Amendment No. 29: Appropriates $521,460,000 as proposed by the House instead of $552,460,000 as proposed by the Senate.

The conferees are aware that the States of Washington and Oregon are interested in a joint review of the proposed Hanford high level nuclear waste facility. Because the proposed Hanford site is on the Columbia River, which borders the State of Oregon for such a long distance and has such an important impact on commerce and industry of the State, the conferees support this joint approach. The conferees support the State request for funds to contract with Oregon to study those issues which relate to the Columbia River.

ATOMIC ENERGY DEFENSE ACTIVITIES

Amendment No. 30: Deletes language proposed by the Senate requiring preparation of a report on recent development in the United States' capabilities to monitor a comprehensive nuclear test ban agreement.

Amendment No. 31: Appropriates $7,604,615,000 for Atomic Energy Defense Activities instead of $7,593,415,000 as proposed by the House and $7,647,800,000 as proposed by the Senate.

RESEARCH AND DEVELOPMENT

From within the funds provided, $1,000,000 is available for engineering design of the experimental halls for the weapons neutron research-proton storage ring at Los Alamos. Any future requests for funding of this activity should be included in the Energy Supply, Research and Development appropriation.

INERTIAL CONFINEMENT FUSION

The conferees recommend funding the Inertial Confinement Fusion program as a separate category with $145,000,000 for operating expenses and $10,000,000 for capital equipment.

From within the allowance, the conferees agree with the House and Senate position that $13,800,000 should be available for the KMS Fusion program and $7,800,000 for the program at the University of Rochester. Pending the completion of an ongoing review of the ICF program by the Technical Review Panel, the conferees have not provided an allocation of the remaining operating expenses among the major subprograms. The Secretary of Energy is directed to provide his plan, rationale and distribution of the ICF funds within 30 days of enactment of this legislation.

The conferees request the Technical Review Panel on ICF to review the chroma laser upgrade proposed for the KMS Fusion Facility and provide their findings to the

Department of Energy by January 1986. If this review concludes that the chroma laser upgrade is cost effective, then the conferees recommend that the Secretary of Energy fund the proposal from funds available in the Atomic Energy Defense Activities appropriation.

PRODUCTION AND SURVEILLANCE

The conferees agree to provide $5,000,000 for Project 86-D-130, Tritium loading facility. The recommendation would defer initiation of construction pending the completion of the design to provide a better estimate of scope and total cost of the facility.

The conferees agree to provide the $15,000,000 requested in the budget for facilities to produce the non-ER warhead, W82, for the 155 mm nuclear projectile in strict conformance with the restrictions imposed by Section 1635 of Public Law 98-525.

MATERIALS PRODUCTION

The conferees agree to $4,000,000 for design and engineering for project 86-D-148. However, prior to the obligation of funds for this project the Department should conduct a 120-day process readiness review of the competing Special Isotope Separation (SIS) processes. The process readiness review should be conducted by a competent panel of experts in the fields of production plant operations and engineering design. The process selected should be the most likely for technical success and have the lowest operating and capital costs. If upon completion of the review, the panel agrees that a technology is ready for plant scale implementation, design of the project shall commence utilizing the selected technology.

OTHER DEFENSE ACTIVITIES

The FY 1986 funding for byproducts and beneficial use activities and Defense Nuclear Energy programs are provided in the Energy Supply, Research and Development appropriation.

Amendment No. 32: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment to read as follows:

In lieu of the matter inserted by said amendment, insert the following: *, of which $97,325,000 shall be available for verification and control technology*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

BONNEVILLE POWER ADMINISTRATION

Amendment No. 33: Deletes language proposed by the House and stricken by the Senate approving expenditures for the White River Falls Fish Passage Facilities.

Conservation Program.—The conferees agree to the funding and direction of the BPA conservation program as proposed by the Senate.

Borrowing authority.—In addition to the cumulative $2,003,000,000 available to BPA through fiscal year 1985, the conferees recommend an additional increment of $301,000,000 in borrowing authority in fiscal year 1986 for the construction, conservation, and fish and wildlife programs for a total of $2,304,000,000, including any unused portion from prior years.

Transmission system.—The conferees understand that scheduling difficulties may occur in relation to timely completion of the dc terminal expansion project. It may not be possible for BPA and the participating utilities to complete all fiscal year 1985 procurement actions as originally scheduled. The conferees are highly supportive of this project and wish it to proceed expeditiously.

Amendment No. 34: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows:

Notwithstanding provisions of Title 5, U.S.C., except for Sec. 5308, no funds approved for Western Area Power Administration shall be used to pay the rates of basic pay and premium pay for power system dispatchers unless such rates are based on those prevailing for similar occupations in the electric power industry.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference language restricts the House proposed language by maintaining the existing Federal salary ceiling and limiting the proposal to the Western Area Power Administration.

FEDERAL ENERGY REGULATORY COMMISSION

SALARIES AND EXPENSES

Amendment No. 35: Appropriates $95,568,000 for the Federal Energy Regulatory Commission, Salaries and Expenses, as proposed by the Senate, instead of $93,068,000, as proposed by the House, and deletes earmarking of $2,750,000 for cumulative impact assessment studies, as proposed by the Senate.

Amendment No. 36: Provides $29,491,000 as a final net appropriation as proposed by the Senate instead of $26,991,000 as proposed by the House.

An additional $3,284,000 related to the pay amendment is provided for and discussed in an earlier section of this Joint Explanatory Statement and shall be made available to the Federal Energy Regulatory Commission.

Amendment No. 37: Deletes language proposed by the House and stricken by the Senate relating to technology transfer activities.

Amendment No. 38: Deletes language proposed by the House and stricken by the Senate relating to purchase of extra high voltage electrical equipment.

	Budget estimate	Conference allowance
Energy supply research and development		
Solar Energy		
I. Solar applications:		
A. Solar building energy systems:		
Operating expenses	9,000,000	8,000,000
Capital equipment	500,000	500,000
Subtotal, solar building energy systems	9,500,000	8,500,000
B. Photovoltaic energy systems:		
Operating expenses	43,600,000	47,800,000
Capital equipment	1,200,000	1,200,000
Subtotal, Photovoltaic energy systems	44,800,000	49,000,000
C. Solar thermal energy systems:		
Operating expenses	28,100,000	26,600,000
Capital equipment	300,000	300,000
Subtotal, Solar thermal energy system	28,400,000	26,900,000
D. Biofuels energy systems:		
Operating expenses	27,800,000	27,800,000
Capital equipment	600,000	600,000
Subtotal, Biofuels energy systems	28,400,000	28,400,000
E. Wind energy systems:		
Operating expenses	20,000,000	13,000,000
MOD-5		12,000,000
Capital equipment	800,000	800,000
Subtotal, Wind energy systems	20,800,000	25,800,000
F. Ocean energy systems:		
Operating expenses	3,500,000	5,000,000
Subtotal, Solar applications	135,400,000	143,600,000
(Operating expenses)	(132,000,000)	(140,200,000)
(Plant and capital)	(3,400,000)	(3,400,000)
11. Other solar energy:		
A. International solar energy program—OE		1,000,000
B. Solar technology transfer:		
Operating expenses	3,100,000	3,100,000
D. Solar Energy Research Institute:		
Capital equipment	261,000	261,000
Construction: General plant projects	2,071,000	2,071,000
Subtotal: Solar Energy Research Institute	2,332,000	2,332,000
F. Resource assessment:		
Operating expenses	950,000	950,000
Capital equipment	50,000	50,000
Subtotal: Resource assessment	1,000,000	1,000,000
G. Program support—OE	1,300,000	1,300,000
H. Program direction—OE	4,900,000	4,900,000
Subtotal: other solar energy	12,632,000	13,632,000
Total, solar energy	148,032,000	157,232,000
(Operating expenses)	(142,250,000)	(151,450,000)
(Plant and capital)	(5,782,000)	(5,782,000)
GEOTHERMAL		
I. Hydrothermal industrialization:		
Operating expenses		2,000,000
II. Geopressured resources:		
Operating expenses	3,600,000	4,600,000
III. Geothermal technology development:		
Operating expenses	20,300,000	20,300,000
Capital equipment	500,000	500,000
Subtotal, Geothermal technology development	20,800,000	20,800,000
V. Program direction—OE	800,000	800,000
Total, geothermal	25,200,000	28,200,000
(Operating expenses)	(24,700,000)	(27,700,000)
(Plant and capital)	(500,000)	(500,000)
HYDROPOWER		
I. Small scale hydropower development—OE	453,000	453,000
III. Program direction—OE	47,000	47,000
Total, hydropower	500,000	500,000
Electric Energy Systems and Storage		
I. Electric energy systems:		
A. Electric field effects research: Operating expenses	3,000,000	3,000,000
B. Reliability research: Operating expenses	3,000,000	3,000,000
C. System technology: Operating expenses	3,630,000	5,630,000
D. Program direction—OE	370,000	370,000
Subtotal, electric energy systems	10,000,000	12,000,000
II. Energy Storage Systems:		
A. Battery storage		
Operating expenses	12,500,000	14,500,000
Capital equipment	200,000	200,000
Subtotal: Battery storage	12,700,000	14,700,000
B. Thermal and mechanical storage: Operating expenses	3,060,000	3,060,000
C. Program direction—OE	340,000	340,000
Subtotal, Energy storage systems	16,100,000	18,100,000
Total, electric energy systems and storage	26,100,000	30,100,000
(Operating expenses)	(25,900,000)	(29,900,000)
(Plant and Capital)	(200,000)	(200,000)
Nuclear		
II. Improved light water reactor technology:		
A. Improved LWR Development	21,000,000	13,000,000

	Budget estimate	Conference allowance
B. Three Mile Island R&D: Operating expenses	32,300,000	32,300,000
Subtotal, Improved light water reactor tech	53,300,000	45,300,000
III. Advanced converter reactor technology:		
A. Advanced light water reactor (LWR)	8,000,000	4,750,000
B. Advanced high temperature gas reactor (HTGR):		
Operating expenses	25,000,000	31,000,000
Capital equipment	1,000,000	1,000,000
Subtotal, Advanced high temperature gas reactor	26,000,000	32,000,000
C. Liquid metal converter reactor:		
Operating expenses	70,000,000	70,000,000
Capital equipment	200,000	200,000
Construction, 86-N-101 Mods to reactors	1,000,000	1,000,000
Subtotal, liquid metal converter reactor	71,200,000	71,200,000
Subtotal, advanced converter reactor tech	105,200,000	107,950,000
IV. Advanced breeder reactor technology:		
A. Breeder component technology	6,700,000	6,700,000
B. Fuel performance and supply:		
Operating expense	15,900,000	22,900,000
Capital equipment	2,000,000	2,000,000
Subtotal, fuel performance and supply	17,900,000	24,900,000
C. Reactor core technology:		
Operating expenses	4,900,000	4,900,000
Capital equipment	2,320,000	2,320,000
Subtotal, reactor core technology	7,220,000	7,220,000
D. Test facilities:		
Operating expenses	86,200,000	98,200,000
Capital equipment	4,480,000	4,480,000
Construction: 86-N-102 GPP	1,800,000	1,800,000
Subtotal, test facilities	92,480,000	104,480,000
E. Nuclear fuel cycle: Operating expenses	17,000,000	16,500,000
Subtotal, advanced breeder reactor technology:	141,300,000	159,800,000
V. Water cooled breeder reactor technology:		
A. Defueling	5,100,000	5,100,000
B. Core evaluation	14,600,000	14,600,000
Subtotal: water cooled breeder reactor tech	19,700,000	19,700,000
VI. Civilian reactor development:		
A. Reactor development generic support	11,250,000	2,625,000
B. Safeguards and security:		
Operating expenses	5,750,000	5,750,000
Construction: 85-N-602 ANL-WEST Phys. security upgrade	900,000	900,000
Subtotal, safeguards and security	6,650,000	6,650,000
C. Reduced enrichment res. and test reactors	5,200,000	5,200,000
D. Program direction	7,400,000	7,400,000
Subtotal, civilian reactor development	30,500,000	21,875,000
VII. Advanced nuclear systems:		
A. Space and special applications:		
Operating expenses	17,455,000	20,455,000
Capital equipment	1,700,000	1,700,000
Subtotal, Space and special applications	19,155,000	22,155,000
B. Program direction—OE	845,000	845,000
Subtotal, Advanced nuclear systems	20,000,000	23,000,000
VIII. Defense nuclear energy program		
A. Space reactor project:		
Operating Expenses	12,610,000	12,610,000
Construction: 86-N-105 SP-100 facility modification, site undetermined	2,000,000	2,000,000
Subtotal, space reactor project	14,610,000	14,610,000
B. Terrestrial applications	2,500,000	2,500,000
C. Program direction	390,000	390,000
D. Capital equipment	2,000,000	2,000,000
Subtotal, Defense nuclear energy system	19,500,000	19,500,000
(Operating expenses)	(15,500,000)	(15,500,000)
(Plant and capital)	(4,000,000)	(4,000,000)
IX. Nuclear waste technology:		
1. Low level waste:		
Operating expenses	4,650,000	4,650,000
Capital equipment	100,000	100,000
Subtotal, Low level waste	4,750,000	4,750,000
2. Waste treatment technology:		
Operating expenses	6,000,000	6,000,000
Capital equipment	450,000	450,000
Subtotal, waste treatment technology	6,450,000	6,450,000
3. Civilian byproducts and beneficial uses		5,000,000
4. Program direction—OE	500,000	500,000
Subtotal, nuclear waste technology	11,700,000	16,700,000
X. Civilian waste R&D:		
A. Spent Fuel Storage R&D:		
Operating expenses	7,800,000	7,800,000
Capital equipment	1,100,000	1,100,000
Subtotal, spent fuel storage R&D	8,900,000	8,900,000
B. Alternative disposal concepts:		
Operating expenses	10,500,000	5,500,000
Capital equipment	2,000,000	2,000,000
Subtotal, alternative disposal concepts	12,500,000	7,500,000
C. Generic methods & supporting studies: Operating expenses	1,650,000	
E. Program direction	325,000	325,000
Subtotal, civilian waste R&D	23,375,000	16,725,000
XI. Remedial actions		
1. Management of surplus radioactivity contaminated DOE facilities:		
Operating expenses	38,850,000	41,350,000
Capital equipment	150,000	150,000
Subtotal, management, of surplus radioactivity contaminated DOE facilities	39,000,000	41,500,000
2. Formerly utilized sites remedial action program:		
Operating expenses	17,500,000	19,500,000
Capital Equipment	200,000	200,000
Subtotal, formerly utilized sites remedial action program	17,700,000	19,700,000
3. Grand Junction remedial action OE	900,000	900,000
4. Uranium program mill tailings remedial action program:		
Operating expenses	109,000,000	94,000,000
Capital equipment	1,000,000	1,000,000
Subtotal, uranium program mill tailings remedial action program	110,000,000	95,000,000
5. West Valley: Operating expenses	64,000,000	64,000,000
7. Program direction—OE	1,400,000	1,400,000
Subtotal, remedial actions	233,000,000	222,500,000
Total, Nuclear	657,575,000	653,050,000
(Operating expenses)	(633,175,000)	(628,650,000)
(Plant and capital)	(24,400,000)	(24,400,000)
ENVIRONMENT, SAFETY AND HEALTH		
I. Environment, safety and health:		
Operating expenses	39,866,000	39,866,000
Capital equipment	1,500,000	1,500,000
Total, Environment safety and health	41,366,000	41,366,000
ENVIRONMENT R&D		
I. Biological and environment research:		
Operating expenses	171,700,000	174,700,000
Capital equipment	7,750,000	7,750,000
Construction:		
86-R-120 GPP	3,250,000	3,250,000
General reduction		−1,000,000
Subtotal, biological and environ, research	182,700,000	184,700,000
II. Program direction—OE:		
A. Bio and env. research—PD	3,600,000	3,600,000
Total, Environment R&D	186,300,000	188,300,000
(Operating expenses)	(175,300,000)	(178,300,000)
(Plant and capital)	(11,000,000)	(10,000,000)
FUSION		
I. Magnetic fusion:		
A. Confinement systems:		
Operating expenses	184,900,000	184,900,000
Capital equipment	15,100,000	15,100,000
Subtotal, confinement systems	200,000,000	200,000,000
B. Development and technology:		
Operating expenses	62,500,000	62,500,000
Capital equipment	5,000,000	5,000,000
Subtotal, Development and technology	67,500,000	67,500,000
C. Applied plasma physics:		
Operating expenses	78,100,000	78,100,000
Capital equipment	6,400,000	6,400,000
Subtotal, Applied plasma physics	84,500,000	84,500,000
D. Planning and project:		
Operating expenses	16,900,000	16,900,000
Capital equipment	3,950,000	3,950,000
Construction:		
86-R-GPP	9,108,000	9,108,000
78-3-A Mirror fusion test facility	4,042,000	4,042,000
Subtotal, construction	13,150,000	13,150,000
Subtotal, planning and projects	34,000,000	34,000,000
F. Program direction—OE	4,000,000	4,000,000
General reduction		—8,000,000
Total, fusion	390,000,000	382,000,000
(Operating expenses)	(346,400,000)	(338,400,000)
(Plant and capital)	(43,600,000)	(43,600,000)
SUPPORTING RESEARCH AND TECHNICAL ANALYSIS		
1. Basic energy sciences:		
A. Nuclear sciences:		
Operating expenses	43,338,000	43,338,000
Capital equipment	2,754,000	2,754,000
Construction:		
86-R-401 A I P	1,200,000	1,200,000
86-R-400 GPP	100,000	100,000
Subtotal, nuclear sciences:	47,392,000	47,392,000
B. Materials sciences:		
Operating expenses	138,496,000	140,496,000
Capital equipment	15,450,000	12,450,000
Construction:		
86-R-300 Atlanta University Center for Science and Technology		4,500,000
86-R-401 GPP	1,795,000	1,795,000
85-ER-133 Advanced Science Center University of Oregon		8,500,000
84-ER-111 N S L S	7,200,000	7,200,000
84-ER-112 Center for advanced material	17,440,000	11,440,000
84-ER-113 SSRL enhancement	2,560,000	2,560,000
84-ER-115 Natl center for chemical research		8,000,000
Subtotal, construction	28,995,000	43,995,000
Subtotal, materials sciences	182,941,000	196,941,000
C. Chemical sciences:		
Operating expenses	79,495,000	81,495,000
Capital equipment	8,840,000	8,840,000
Construction:		
86-R-400 GPP	3,930,000	3,930,000
85-ER-403 Kansas State Univ	1,900,000	1,900,000
Subtotal, construction	5,830,000	5,830,000
Subtotal, chemical sciences	94,165,000	96,165,000

	Budget estimate	Conference allowance
D. Applied mathematical sciences;		
Operating expenses	28,020,000	39,520,000
Capital equipment	1,070,000	1,070,000
Construction: Information technologies		5,000,000
Subtotal, applied mathematical sciences	29,090,000	45,590,000
E. Engineering and geosciences:		
Operating expenses	26,675,000	26,675,000
Capital equipment	1,500,000	1,500,000
Construction: 86–R– Energy and mineral research center		8,000,000
Subtotal, engineering and geosciences	28,175,000	36,175,000
F. Advanced energy projects:		
Operating expenses	10,602,000	7,602,000
Capital equipment	320,000	320,000
Subtotal, advanced energy projects	10,922,000	7,922,000
G. Biological energy research:		
Operating expenses	12,455,000	12,455,000
Capital equipment	560,000	560,000
Construction: 86–R302 Center for Energy and Biomedical Technology		6,000,000
Subtotal, biological energy research	13,015,000	19,015,000
H. Program direction—OE	4,100,000	4,100,000
Subtotal, basic energy sciences	409,800,000	453,300,000
(Operating expenses)	(343,181,000)	(355,681,000)
(Plant and capital)	(66,619,000)	(97,619,000)
II. Energy oversight, research analy. and Univ support:		
A. Energy research analysis—OE: 1. Assessment projects	2,700,000	2,700,000
B. University research support—OE:		
2. University reactor fuel assistance	1,900,000	3,900,000
3. University laboratory coop. program	6,800,000	6,800,000
5. Energy manpower assessment program	450,000	450,000
6. Education and training	550,000	550,000
General reduction		−1,000,000
Subtotal, University research support—OE	9,700,000	10,700,000
C. Advisory and oversight—OE	2,900,000	2,900,000
D. University research instrumentation	4,500,000	6,500,000
Subtotal, energy oversight, res analy. and Univ sup	19,800,000	22,800,000
III. Multiprogram laboratories facilities support:		
A. Multiprogram general purpose facilities:		
Construction:		
86–R–726 Fire protection improvements (BNL)	500,000	500,000
85–R–701 Central chilled water facility (BNL)	7,100,000	7,100,000
85–R–702 Replace laboratory roofs (ANL)	3,100,000	3,100,000
85–R–703 Electrical dist. system restoration	1,400,000	
85–R–706 Medical facility (LLNL)	2,800,000	2,800,000
85–R–707 Hanford site fire alarm system upgrade	3,550,000	1,775,000
85–R–709 Central chilled water plant (ANL)	1,000,000	1,000,000
85–R–711 Upgrade envir. monitoring system (OR)	2,500,000	2,500,000
85–R–712 Central chilled water system restor	2,200,000	1,100,000
84–ER–103 Road repair (various locations)	4,400,000	3,400,000
80–ES–11 Idaho Lab Facility (INEL)	750,000	750,000
Subtotal, construction	29,300,000	24,025,000
B. Environmental compliance:		
Operation expenses	12,900,000	10,400,000
Capital equipment	1,000,000	1,000,000
Construction:		
86–R–800 GPP	5,000,000	4,000,000
86–R–801 Nonradiological process waste treat	3,000,000	3,000,000
Subtotal, construction	8,000,000	7,000,000
Subtotal, Environmental compliance	21,900,000	18,400,000
Subtotal, multiprogram lab facilities support	51,200,000	42,425,000
(Operating expenses)	(12,900,000)	(10,400,000)
(Plant and capital)	(38,300,000)	(32,025,000)
Total, Supporting research and tech. analysis	480,800,000	518,525,000
(Operating expenses)	(375,881,000)	(388,881,000)
(Plant and capital)	(104,919,000)	(129,644,000)
POLICY AND MANAGEMENT		
I. Policy and Management:		
A. Policy and management—OE—ER	500,000	500,000
B. Policy and management—OE–NE	1,800,000	1,800,000
D. Policy and management—CRE	1,800,000	1,800,000
E. Policy and management—PS&E	798,000	798,000
Subtotal, policy and management	4,898,000	4,898,000
ENERGY APPLICATION		
Technical Information & Management Program:		
Operating expenses	9,200,000	9,200,000
Capital equipment	800,000	800,000
Subtotal, Technical Information & Management Program	10,000,000	10,000,000
II. In-house energy management: Operating expenses	2,000,000	2,000,000
Construction:		
86–A–601 Modification for energy management	15,000,000	5,000,000
86–A–602 Solid waste fired boiler (LANCL)	1,800,000	1,800,000
86–A–603 Energy monitoring and control system	1,700,000	1,700,000
86–A–604 Waste heat recovery (INL)	900,000	900,000
85–A–602 Fuel storage facility, BNL	1,500,000	1,500,000
85–A–604 Combustion air preheaters, energy tech	1,900,000	1,900,000
85–A–606 Cogeneration facility, BNL	10,600,000	5,300,000
General reduction		−5,000,000
Subtotal, construction	33,400,000	13,100,000
Subtotal, in-house energy management	35,400,000	15,100,000
(Operating expenses)	(2,000,000)	(2,000,000)
(Plant and capital)	(33,400,000)	(13,100,000)
Subtotal, Energy applications	45,400,000	25,100,000
(Operating expenses)	(11,200,000)	(11,200,000)
(Plant and capital)	(34,200,000)	(13,900,000)
Subtotal, energy supply research and development	2,006,171,000	2,029,271,000
(Operating expenses)	(1,780,070,000)	(1,799,745,000)
(Plant and capital)	(226,101,000)	(229,526,000)
Adjustments:		
General reduction		−22,600,000
Savings from management initiatives	−17,000,000	−17,000,000
Use of prior year balances	−20,000,000	−217,400,000
Pay amendment	1,842,000	
Total, energy supply research and development	1,971,013,000	1,772,271,000
(Operating expenses)	(1,744,912,000)	(1,565,345,000)
(Plant and capital)	(226,101,000)	(229,526,000)
(General reduction)		(−22,600,000
URANIUM ENRICHMENT		
I. Uranium enrichment activities:		
A. Gaseous diffusion and operations support:		
Operating expenses	1,084,600,000	1,084,600,000
Capital equipment	14,500,000	14,500,000
Construction:		
86–N–501 General plant projects	14,000,000	14,000,000
84–N–404 Power systems protection impr	1,200,000	1,200,000
84–N–405 Utilities upgrading, Phase III	2,200,000	2,200,000
83–N–405 Utilities upgrading, Phase II, gas, dif. plant	1,800,000	1,800,000
Subtotal, Construction	19,200,000	19,200,000
Subtotal, Gaseous diffusion operations and support	1,118,300,000	1,118,300,000
B. Enrichment research and development:		
1. Gas centrifuge operations and support: Operating expenses	72,000,000	18,000,000
2. Atomic vapor laser isotope separation:		
Operating expenses	69,800,000	114,000,000
Capital equipment	7,700,000	15,000,000
Construction: 85–N–501 General plant projects, var. locs	500,000	3,000,000
Subtotal, Atomic vapor laser isotope separation	78,000,000	132,000,000
Subtotal, Enrichment R&D	150,000,000	150,000,000
C. Gas centrifuge enrichment plant:		
Operating expenses	340,000,000	
Construction: 76–8–G Enriched Uranium production facility, Portsmouth, OH		340,000,000
Subtotal, Gas centrifuge enrichment plant	340,000,000	340,000,000
D. Program direction—OE	4,400,000	4,400,000
Subtotal, Uranium enrichment activities	1,612,700,000	1,612,700,000
(Operating expenses)	(1,570,800,000)	(1,221,000,000)
(Plant and Capital)	(41,900,000)	(391,700,000)
III. Offsetting revenues:		
Operating expenses	−1,579,000,000	−1,579,000,000
Capital equipment	−14,500,000	−14,500,000
Construction	−19,200,000	−19,200,000
Subtotal, Total revenues	−1,612,700,000	−1,612,700,000
Total, uranium enrichment		
(Operating expenses)	(1,570,800,000)	(1,221,000,000)
(Plani and Capital)	(41,900,000)	(391,700,000)
(Gross revenues)	(−1,612,700,000)	(−1,612,700,000)
GENERAL SCIENCE AND RESEARCH		
I. High energy physics:		
A. Physics research: Operating expenses	111,300,000	111,300,000
B. Facility operations:		
Operating expenses	187,800,000	187,800,000
Capital equipment	59,200,000	69,200,000
Construction:		
86–R–102 AIP	10,500,000	10,500,000
86–R–103 GPP	10,400,000	10,400,000
86–R–104 Central computer (FERMI)	3,100,000	3,100,000
84–ER–133 SLAC linear collider (SLC)	22,900,000	22,900,000
81–E–218 Tevatron I	8,600,000	8,600,000
Subtotal, Construction	55,500,000	55,500,000
Subtotal, Facility operations	302,500,000	312,500,000
C. High energy technology: Operating expenses	92,400,000	92,400,000
D. Other capital equipment—CE	3,900,000	3,900,000
Subtotal, High energy physics	510,100,000	520,100,000
(Operating expenses)	(391,500,000)	(391,500,000)
(Plant and Capital)	(118,600,000)	(128,600,000)
II. Nuclear physics:		
A. Medium energy physics: Operating expense	76,450,000	76,450,000
B. Heavy ion physics: Operating expenses	52,650,000	52,650,000
C. Low energy nuclear physics: Operating expenses	13,400,000	13,400,000
D. Nuclear theory: Operating expenses	9,400,000	9,400,000
E. Capital equipment	13,200,000	13,200,000
F. Construction:		
86–R–AIP	3,500,000	3,500,000
86–R–GPP	3,500,000	3,500,000
Subtotal Construction	7,000,000	7,000,000
G. Other capital equipment—CE	800,000	800,000
Subtotal, Nuclear physics	172,900,000	172,900,000
(Operating expenses)	(151,900,000)	(151,900,000)

	Budget estimate	Conference allowance
(Plant and Capital)	(21,000,000)	(21,000,000)
III. General Science program direction—OE	2,400,000	2,400,000
Subtotal, general science and research	685,400,000	695,400,000
(Operating expenses)	(545,800,000)	(545,800,000)
(Plant and Capital)	(139,600,000)	(149,600,000)
Adjustments:		
Transfer of appropriation		−6,000,000
General reduction		−4,000,000
Pay amendment	79,000	
Total, Adjustments	79,000	−10,000,000
Total, general science and research	685,479,000	685,400,000
(Operating expenses)	(545,879,000)	(535,800,000)
(Plant and Capital)	(139,600,000)	(149,600,000)
ATOMIC ENERGY DEFENSE ACTIVITIES		
I. Weapons activities:		
A. Research and development:		
1. Research and development:		
Operating expenses	920,300,000	840,300,000
Capital equipment	91,450,000	86,450,000
Construction:		
86–D–101 general plant projects, various locations	22,200,000	20,200,000
86–D–103 decontamination and waste treatment facility, LLNL	1,000,000	3,700,000
86–D–104 strategic defenses facility, SNLA	8,000,000	2,000,000
86–D–105 instrumentation systems lab, SNLA		3,100,000
86–D–106 Laboratory Data Communications Center, LANL		1,000,000
85–D–102 nuclear weapons research, development, and testing facs revitalization, phase I, various locations	81,600,000	35,400,000
85–D–103 safeguards and security enhancements, LLNL and SNLL	27,900,000	16,400,000
85–D–106 hardened engineering test bldgs. LLNL	1,900,000	1,900,000
84–D–102 radiation-hardened integrated circuit lab, SNLA	15,500,000	15,500,000
84–D–104 nuclear materials storage facility, LANL, NM	12,100,000	12,100,000
84–D–105 safeguards and security upgrades, phase I, LANL, NM	7,500,000	7,500,000
84–D–106 security system upgrade, SNLA, NM	1,900,000	1,900,000
83–D–199 buffer land acquisition, LLNL and SNLL	10,000,000	10,000,000
82–D–144 simulation technology laboratory, SNLA	10,300,000	10,300,000
Subtotal, construction	199,900,000	141,000,000
Subtotal, research and development	1,211,650,000	1,067,750,000
2. Testing:		
Operating expenses	544,000,000	531,500,000
Capital equipment	50,000,000	45,000,000
Construction:		
86–D–101 general plant projects, various locations	7,700,000	7,700,000
85–D–105 combined device assembly fac, NTS, NV	40,000,000	7,000,000
84–D–107 nuclear testing facilities revitalization, various locations	14,900,000	12,900,000
Subtotal, construction	62,600,000	27,600,000
Subtotal, testing	656,600,000	604,100,000
Subtotal, research, development, and testing	1,868,250,000	1,671,850,000
B. Inertial confinement fusion:		
Operating expenses		145,000,000
Capital equipment		10,000,000
Subtotal, inertial confinement fusion		155,000,000
C. Production and surveillance:		
Operating expenses	1,942,400,000	1,858,000,000
Capital equipment	136,300,000	125,300,000
Construction:		
86–D–121 general plant projects, various locations	33,700,000	28,700,000
86–D–122 structural upgrade of existing plutonium facilities, Rocky Flats Plant, Golden, CO	3,000,000	3,000,000
86–D–123 environmental hazards eliminations, various locations	8,700,000	7,700,000
86–D–124 safeguards and site security upgrading, phase II, mound facility, Miamisburg, OH	3,000,000	2,000,000
86–D–125 safeguards and site security upgrade phase II, Pantex Plant, Amarillo, TX	1,500,000	1,500,000
86–D–130 tritius loading facility replacement Savannah River, Aiken, SC	5,000,000	5,000,000
85–D–112 enriched uranium recovery improvements, Y–12 plant, Oak Ridge, TN	15,300,000	13,300,000
85–D–113 plant power and steam dist system, Pantex plant, Amarillo, TX	18,500,000	13,500,000
85–D–115 renovate plutonium building utility systems, Rocky Flats, CO	17,700,000	17,700,000
85–D–121 air and water pollution control facs, Y–12 plant, Oak Ridge, TN	14,000,000	14,000,000
85–D–123 Safeguards and site security upgrade, Pantex plant, Amarillo, TX	4,000,000	3,000,000
85–D–124 Safeguards and site security upgrades, Rocky Flats plant, Golden, CO	2,400,000	2,400,000
85–D–125 tactical bomb production facilities, various locations	16,000,000	9,000,000
84–D–112 Trident II warhead production facilities, various locations	60,700,000	60,700,000
84–D–113 antisubmarine warfare/standoff weapon warhead prod facs, var locations	16,000,000	5,000,000
84–D–115 electrical system expansion, Pantex plant, Amarillo, TX	6,300,000	6,300,000
84–D–117 inert assembly & test facility, Pantex plant, Amarillo, TX	5,400,000	5,400,000
84–D–118 high explosive subassembly facility, Pantex plant, Amarillo, TX	40,000,000	33,000,000
84–D–120 explosive component test facility, Mound plant, Miamisburg, OH	9,200,000	9,200,000
84–D–124 Environmental improvements, Y–12 plant, Oak Ridge, TN	12,000,000	12,000,000
84–D–211 safeguards and site security upgrading, Y–12 plant, Oak Ridge, TN	15,000,000	13,000,000
84–D–212 safeguards and site security upgrade, Pinellas plant, FL	5,650,000	4,650,000
82–D–107 utilities & equip restoration, replace & upgrade, phase III, var locations	195,500,000	160,500,000
82–D–109 155mm artillery fired atomic projectile (AFAP) prod facs, var locations	15,000,000	15,000,000
82–D–111 interactive graphics system, various locations	8,500,000	4,500,000
79–7–0 universal pilot plant, Pantex plant, Amarillo, TX	15,600,000	
Subtotal: construction	547,650,000	450,050,000
Subtotal: production and surveillance	2,626,350,000	2,433,350,000
D. Program direction:		
Operating expenses:		
1. Weapons program	49,855,000	49,855,000
3. Community assistance	48,845,000	48,845,000
Subtotal: program direction	98,700,000	98,700,000
Subtotal: weapons activities	4,593,300,000	4,358,900,000
(Operating expenses)	(3,505,400,000)	(3,473,500,000)
(Plant and capital)	(1,087,900,000)	(885,400,000)
II. Materials production:		
A. reactor operations:		
Operating expenses	586,380,000	576,380,000
Construction:		
86–D–150 in-core neutron monitoring system N–Reactor, Richland, WA	5,460,000	5,460,000
86–D–152 reactor electrical distribution system, Savannah River, SC	4,000,000	3,000,000
85–D–145 fuel production facility, Savannah River, SC (TEC–TBD)	20,000,000	18,000,000
84–D–136 enriched uranium conversion facility modifications: Y–12 plant, Oak Ridge, TN	14,200,000	12,200,000
82–D–126 reactor safety and reliability: various locations	1,800,000	1,800,000
Subtotal: construction	45,460,000	40,460,000
Subtotal: reactor operations	631,840,000	616,840,000
B. Processing of nuclear materials:		
Operating expenses	493,145,000	483,145,000
Construction:		
86–D–148 special isotope separation plant (design only)		4,000,000
86–D–151 Purex electrical system upgrade, Richland, WA	3,500,000	2,500,000
86–D–153 additional line III tritium furnance, Savannah River, SC	2,000,000	2,000,000
86–D–154 effluent treatment facility, Savannah River, SC	2,500,000	2,500,000
86–D–157 hydrofluorination system, FB-Line, Savannah River, SC	2,200,000	2,200,000
85–D–137 vault safety SNM inventory system, Richland, WA	1,900,000	1,900,000
84–D–135 process facility modifications, Richland, WA	15,000,000	15,000,000
82–D–201 special plutonium recovery facs, JB Line, Savannah River, SC	4,400,000	4,400,000
Subtotal, construction	31,500,000	34,500,000
Subtotal, processing of nuclear materials	524,645,000	517,645,000
C. Supporting services:		
Operating expenses	256,575,000	256,575,000
Construction:		
86–D–146 general plant projects, various locations	34,800,000	32,650,000
86–D–149 productivity retention program, Phase I, various locations	27,200,000	20,700,000
86–D–156 plantwide safeguards systems, Savannah River, SC	3,000,000	3,000,000
85–D–139 fuel processing restoration, IFPF, INEL, ID	15,000,000	15,000,000
85–D–140 productivity and radiological improvements, FMPC Fernald, OH	15,000,000	15,000,000
84–D–134 safeguards and security improvements plant-wide, Savannah River, SC	7,000,000	7,000,000
84–D–137 facility security systems upgrade, IFPF, INEL, ID	5,000,000	5,000,000
83–D–148 non-radioactive hazardous waste management, Savannah River, SC	8,600,000	8,600,000

	Budget estimate	Conference allowance
82–D–124 restoratioin of production capabilities, Phase II, III, IV & V, various locations	44,900,000	43,900,000
Subtotal, construction	160,500,000	150,850,000
Subtotal, supporting services	417,075,000	407,425,000
D. Enriched material	258,900,000	184,000,000
E. Capital equipment	123,440,000	121,440,000
F. Program direction	21,300,000	21,300,000
Subtotal, materials production	1,977,200,000	1,868,650,000
(Operating expenses)	(1,616,300,000)	(1,521,400,000)
(Plant and capital)	(360,900,000)	(347,250,000)
III. Defense waste and byproducts management:		
A. Interim waste management:		
Operating expenses	281,085,000	271,000,000
Construction:		
86–D–171 general plant projects, various locations	26,451,000	24,451,000
86–D–172 b-plant f-filter, Richland, WA	1,000,000	1,000,000
86–D–173 central waste disposal facility, Oak Ridge, TN	1,000,000	1,000,000
86–D–174 low-level waste processing and shipping system, FMPC, Fernald, OH	2,500,000	2,500,000
86–D–175 security upgrade, ID	2,000,000	2,000,000
85–D–157 seventh calcined solids storage facility, INEL, ID	14,500,000	14,500,000
85–D–158 central warehouse upgrade, Richland, WA	5,000,000	5,000,000
85–D–159 new waste transfer facilities H-area, Savannah River, SC	9,000,000	9,000,000
85–D–160 TRA security system upgrade, INEL, ID	2,250,000	2,250,000
82–D–103 waste handling and isolation facs, Richland, WA	2,180,000	2,180,000
Subtotal, construction	65,881,000	63,881,000
Subtotal, interim waste management	346,966,000	334,881,000
B. Long-term waste management technology:		
Operating expenses	96,567,000	94,567,000
Construction: 81–T–105 defense waste processing facility, Savannah River, SC	205,000,000	165,000,000
Subtotal, long-term waste management technology	301,567,000	259,567,000
C. Terminal storage: Operating expenses	25,070,000	25,070,000
D. Capital equipment	38,997,000	35,997,000
E. Program direction	2,400,000	2,400,000
Subtotal, defense waste and byproducts management	715,000,000	657,915,000
(Operating expenses)	(405,122,000)	(393,037,000)
(Plant and capital)	(309,878,000)	(264,878,000)
ALL OTHER		
IV. Verification and control technology:		
A. Verification and control technology:		
Operating expenses	83,475,000	87,225,000
Capital equipment	5,600,000	5,600,000
Construction: 85–D–171 space science laboratory, LANL, NM	4,500,000	4,500,000
Subtotal, verification and control technology	93,575,000	97,325,000
(Operating expenses)	(83,475,000)	(87,225,000)
(Plant and capital)	(10,100,000)	(10,100,000)
V. Nuclear safeguards and security:		
A. Nuclear safeguards and security:		
Operating expenses	54,325,000	54,325,000
Capital equipment	4,600,000	4,600,000
Construction: 86–D–186 Nuclear safeguards technology labs, LANL, NM	1,000,000	
Subtotal nuclear safeguards and security	59,925,000	58,925,000
VI. Security investigations—OE	33,400,000	33,400,000
Subtotal, all other	186,900,000	189,650,000
(Operating expenses)	(171,200,000)	(174,950,000)
(Plant and capital)	(15,700,000)	(14,700,000)
VII. Naval reactors development:		
A. Plant development: Operating expenses	66,000,000	66,000,000
B. Reactor development:		
Operating expenses	261,300,000	261,300,000
Construction:		
86–N–101 general plant projects	7,500,000	4,000,000
86–N–104 reactor modifications, ATR, INEL, ID	4,500,000	4,500,000
82–N–111 materials facility, Savannah River, SC	11,000,000	11,000,000
81–T–112 mods, and additions to prototype facs, various locations	27,000,000	27,000,000
Subtotal, construction	50,000,000	46,500,000
Subtotal, reactor development	311,300,000	307,800,000
C. Reactor operation and evaluation: Operating expenses	150,000,000	150,000,000
E. Capital equipment	30,000,000	28,000,000
F. Program direction	11,700,000	11,700,000
Subtotal, Naval reactors development	569,000,000	563,500,000
(Operating expenses)	(489,000,000)	(489,000,000)
(Plant and capital)	(80,000,000)	(74,500,000)
Subtotal, atomic energy defense activities	8,041,400,000	7,638,615,000
(Operating expenses)	(6,187,022,000)	(6,051,887,000)
(Plant and capital)	(1,854,378,000)	(1,586,728,000)
Adjustments:		
Operating expenses		−20,000,000
Pay amendment	5,500,000	
Savings from management initiatives:		
Savings from management initiatives—AEDA (OE)	−14,000,000	−14,000,000
Total, adjustments	−8,500,000	−34,000,000
Total, atomic energy defense activities	8,032,900,000	7,604,615,000
(Operating expenses)	(6,178,522,000)	(6,017,887,000)
(Plant and capital)	(1,854,378,000)	(1,586,728,000)
DEPARTMENTAL ADMINISTRATION		
I. Office of the Secretary—Salaries and expenses:		
A. Office of the Secretary	1,146,000	1,146,000
B. Other expenses	497,000	497,000
Subtotal, Office of the Secretary	1,643,000	1,643,000
II. General management—salaries:		
A. Board of Contract Appeals	281,000	281,000
B. General Counsel	7,171,000	7,171,000
C. Inspector General	7,144,000	7,144,000
D. A/S Management & Administration	37,725,000	37,725,000
E. A/S Cong., Intergov. & Public Affairs	3,587,000	3,587,000
F. Operations Offices	53,917,000	53,917,000
G. Policy, Planning & Analysis	2,372,000	2,372,000
H. A/S International Affairs	2,484,000	2,484,000
I. Office of Minority Economic Impact	438,000	438,000
Subtotal, salaries	115,119,000	115,119,000
III. General management—other expenses:		
A. Other salary expenses	7,455,000	7,455,000
B. Benefits	13,153,000	13,153,000
C. Travel	4,821,000	4,821,000
D. Services	121,589,000	119,589,000
E. Workmens compensation	1,436,000	1,436,000
F. Capital equipment	10,327,000	10,327,000
Subtotal, other expenses	158,781,000	156,781,000
(Operating expenses)	(148,454,000)	(146,454,000)
(Plant and Capital)	(10,327,000)	(10,327,000)
IV. Program support:		
A. Policy analysis and system studies	4,500,000	4,500,000
B. Indian Affairs	300,000	300,000
C. Consumer Affairs	100,000	100,000
D. Public Affairs	450,000	450,000
E. Competition	100,000	100,000
F. International Policy Studies	1,500,000	1,000,000
G. Office of Minority Economic Impact	1,300,000	2,300,000
H. Cost of work for others	149,110,000	149,110,000
Subtotal Program support	157,360,000	157,860,000
V. Miscellaneous revenues	−244,228,000	−244,228,000
FTE General reduction	−3,750,000	−3,750,000
Savings from management initiatives—(MA)DA	−6,000,000	−6,000,000
Addback of proposed rescission		−2,786,000
Use of prior year balances	−8,501,000	−8,501,000
Pay amendment	5,415,000	
Total, departmental administration	175,839,000	166,138,000
(Operating expenses)	(409,740,000)	(400,039,000)
(Plant and capital)	(10,327,000)	(10,327,000)
(Miscellaneous revenue)	(−244,228,000)	(−244,228,000)
ALASKA POWER ADMINISTRATION—OPERATION AND MAINTENANCE		
I. Power marketing—Alaska Power Administration:		
A. Operating expenses	3,281,000	3,281,000
Pay amendment	40,000	
Total, Alaska Power Administration	3,321,000	3,281,000
BONNEVILLE POWER ADMINISTRATION		
(Limitation on direct loans)	(20,000,000)	(20,000,000)
SOUTHEASTERN POWER ADMINISTRATION—OPERATION AND MAINTENANCE		
Pay amendment	70,000	
SOUTHWESTERN POWER ADMINISTRATION—OPERATION AND MAINTENANCE		
I. Power marketing—Southwestern Power Administration:		
A. Operation and maintenance	10,974,000	10,974,000
B. Purchase power and wheeling	21,800,000	21,800,000
C. Construction	5,500,000	5,500,000
Use of prior year balances	−8,774,000	−8,774,000
Pay amendment	246,000	
Total, Southwest Power Administration	29,746,000	29,500,000
WESTERN AREA POWER ADMINISTRATION—CONSTRUCTION, REHABILITATION, OPERATION, AND MAINTENANCE		
I. Power marketing—Western Area Power Administration:		
A. Construction and rehabilitation	80,300,000	80,300,000
B. System operation and maintenance	75,000,000	75,000,000
C. Purchase power and wheeling	82,500,000	82,500,000
Unobligated balances	−30,300,000	−30,300,000
Transfer from other accounts, permanent authority	−890,000	−890,000
General reduction		−10,000,000
Pay amendment	1,412,000	
Total, Western Area Power Administration	208,022,000	196,610,000
FEDERAL ENERGY REGULATORY COMMISSION		
I. Oil pipeline regulation	4,113,000	4,113,000
II. Natural gas regulation:		
A. Pipeline certificate regulation	13,232,000	13,232,000
B. Pipeline rate regulation	16,684,000	16,684,000
C. Producer certificate regulation	2,080,000	2,080,000
D. Producer rate regulation	2,050,000	2,050,000
E. Wellhead pricing	6,090,000	6,090,000
Substotal, natural gas regulation	40,136,000	40,136,000
III. Hydropower regulation	30,705,000	30,705,000
IV. Electric power regulation	20,614,000	20,614,000
Subtotal, Federal Energy Regulatory Commission	95,568,000	95,568,000
Adjustments:		
Less offsetting revenues	−66,077,000	−66,077,000
Pay amendment	3,284,000	
Total, adjustments	−62,793,000	−66,077,000
Total, FERC after revenues	32,775,000	29,491,000
NUCLEAR WASTE DISPOSAL FUND		
I. Nuclear waste disposal fund	571,460,000	521,460,000
GEOTHERMAL RESOURCES DEVELOPMENT FUND		
II. Program direction	72,000	72,000
Pay amendment	4,000	
Total, Geothermal Resources Development Fund	76,000	72,000

TITLE IV—INDEPENDENT AGENCIES

APPALACHIAN REGIONAL COMMISSION

Amendment No. 39: Restores language proposed by the House and stricken by the Senate providing for "no-year availability" of funds for the Appalachian Regional Commission.

Amendment No. 40: Appropriates $130,000,000 for the Appalachian Regional Commission instead of $141,500,000 as proposed by the House and $80,000,000 as proposed by the Senate.

Amendment No. 41: Earmarks $85,000,000 for the Appalachian Development Highway System instead of $100,000,000 as proposed by the House and $50,000,000 as proposed by the Senate.

Amendment No. 42: Appropriates $2,200,000 for administrative expenses instead of $2,500,000 as proposed by the House and $1,800,000 as proposed by the Senate.

The conferees agree that of the funds provided for area development activities, $6,000,000 shall be available only for continuation and completion of critical economic development and educational projects that are at a stage where funding can be effectively utilized. An additional $9,000,000 shall be directed toward completion of ongoing port development projects. From the funds earmarked for the highway program $10,000,000 shall be available for continuation of Corridor X west of Jasper, $3,000,000 for continuation of Corridor V from Pontotoc to Oxford, and $7,000,000 is provided for Corridor G in West Virginia.

NUCLEAR REGULATORY COMMISSION

Amendment No. 43: Appropriates $418,000,000 for the Nuclear Regulatory Commission instead of $403,671,000 as proposed by the House and $429,000,000 as proposed by the Senate.

The conferees' recommendation includes $12,000,000 to implement and sustain the research program integration plan developed by NRC's Office of Research.

TENNESSEE VALLEY AUTHORITY

Amendment No. 44: Appropriates $113,000,000 for the Tennessee Valley Authority instead of $118,000,000 provided by the House and $90,861,000 provided by the Senate.

Amendment No. 45: Restores language providing for use of prior year unobligated balances of $9,000,000 as proposed by the House and stricken by the Senate.

The conferees agree that $250,000 from within Economic Technical Assistance is for economic and community assistance in a region of the country similar to the Tennessee Valley and the conferees agree that this is the last year of funding for this type of activity outside of the TVA region. The conferees also agree that a robotics center shall be funded at $1,300,000 in FY 1986.

In order to further refine the reporting procedures that have been followed by TVA in response to the Committees' 1984 reports as modified in 1985 regarding the transfer and reprogramming of funds, effective with the fiscal year 1986 appropriations, only transfers in excess of 20 percent or $500,000, whichever is less, need be reported to the Committees on Appropriations of the House and Senate.

The following table summarizes the conference agreement on the TVA program:

CONFERENCE AGREEMENT

[In thousands of dollars]

	1985	Conference level
CAPITAL INVESTMENT		
New lock at Pickwick Landing Dam	7,000	
Columbia Dam and Reservoir	2,210	
Dam safety modifications	2,900	[1] 2,145
Additions and improvements	4,266	3,559
Recreation facilities	232	250
Land Between The Lakes facilities	90	95
Local flood facilities	180	
Chemical facilities	7,971	5,050
Ammonia-from-coal facility	316	
North Alabama coal-to-methanol facility	4,069	
General facilities	1,907	2,052
Yellow Creek Port	28	
Total capital investment	31,169	13,151
EXPENSES		
Natural resources:		
Water resources	13,227	8,001
Reservoir system operations	21,593	23,081
Land and forest resources	5,052	4,800
Pesource managment and development support	4,371	4,805
Land Between The Lakes	7,160	6,900
Total natural resources	51,403	47,587
Economic and community resources:		
Economic resources	17,556	14,010
Community resources	2,144	
Total economic and community resources	23,150	14,010
Agricultural resources development	5,797	5,184
National Fertilizer development:		
Fertilizer research and development	14,760	15,700
Fertilizer technology introduction	12,969	13,037
Ammonia-from-coal process	6,417	
Hardwood fuels	4,060	3,600
Total national fertilizer development	38,206	32,337
	1985	1986
General services	876	731
Total expenses	115,982	99,849
Jobs bill (Public Law No. 98–8)	14	
Unallocated	2,689	
Total appropriations	149,854	113,000
Carryforward	−9,000	
Total	140,854	

[1] Excludes $2,100,000 carried forward from 1985 due to financing change.

Amendment No. 46: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate amended to read as follows:

In lieu of the matter stricken by said amendment, insert the following:

Sec. 506. No funds appropriated in this Act may be used to pay the salary of the Administrator of a Power Marketing Administration or the Board of Directors of the Tennessee Valley Authority unless they award contracts for the procurement of extra high voltage power equipment manufactured in the United States when such agency determines that there are one or more domestic manufacturers offering a product which meets the technical requirements of such agency at a price not exceeding 125 per centum of the bid or offering price of the most competitive foreign bidder. Such agency shall determine the incremental costs associated with implementing this section and defer or offset such incremental costs against otherwise existing repayment obligations. This section shall not apply to any procurement initiated before its effective date or to the acquisition of spare parts.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Language has been included regarding the procurement of extra high voltage (EHV) power equipment by the Power Marketing Administrations and the Tennessee Valley Authority. As defined by the Department of Commerce, the EHV power equipment industry includes, but is not limited to, transformers rated above 10,000 kVA; fuses rated 2,300 V and above; circuit breakers rated 345 kV and above; relays; capacitors; surge arrestors; AC/DC valves and controls; high voltage DC systems; and tapered tubular steel structures or structural units to support overhead electrical transmission lines.

The language adopted by the conferees would have the effect of increasing the so-called "Buy American" differential to twenty-five percent. That is, Power Marketing Administrations and the Tennessee Valley Authority would be required to purchase their EHV power equipment from domestic manufacturers if the domestic equipment meets the agency's technical requirements and the price of such equipment is not more than 25 percent greater than the price of the most competitive foreign bid. In addition, the provision, which would be effective for one year, would not apply to the acquisition of spare parts, or to any procurement initiated prior to the effective date of this Act.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1986 recommended by the Committee of Conference, with comparisons to the fiscal year 1985 amount, the 1986 budget estimates, and the House and Senate bills for 1986 follow:

New budget (obligational) authority, fiscal year 1985	15,602,777,000
Budget estimates of new (obligational) authority, fiscal year 1986	[1] 15,344,118,000
House bill, fiscal year 1986	15,272,935,000
Senate bill, fiscal year 1986	15,206,922,000
Conference agreement, fiscal year 1986	15,251,718,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1985	−351,059,000
Budget estimates of new (obligational) authority, fiscal year 1986	−92,400,000
House bill, fiscal year 1986	−21,217,000
Senate bill, fiscal year 1986	+44,796,000

[1] Includes $64,108,000 of budget estimates not considered by the House.

Tom Bevill,
Lindy (Mrs. Hale) Boggs,
Bill Chappell, Jr.,
Vic Fazio,
Wes Watkins,
Bill Boner,
Jamie L. Whitten,
John T. Myers,
Virginia Smith,
Eldon Rudd,
Silvio O. Conte,
Managers on the Part of the House.
Mark O. Hatfield,
James A. McClure,
Jake Garn,
Thad Cochran,
James Abdnor,
Robert W. Kasten, Jr.,
Mack Mattingly,
Pete V. Domenici,
J. Bennett Johnston,
John C. Stennis,
Robert C. Byrd,
Ernest F. Hollings,
Quentin N. Burdick,
Jim Sasser,

Dennis DeConcini,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Kildee (at the request of Mr. Wright), for today, October 9, and October 10, on account of medical reasons.

Mr. Hyde (at the request of Mr. Michel), for October 10, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Smith of New Hampshire) to revise and extend their remarks and include extraneous material:)

Mr. Walker, for 60 minutes, today.

Mrs. Bentley, for 15 minutes, today.

Mr. Frenzel, for 60 minutes, today.

Mr. Green, for 5 minutes, today.

Mr. McCollum, for 30 minutes, on October 10.

Mr. Pashayan, for 60 minutes, on October 16.

Mr. Pashayan, for 60 minutes, on October 17.

Mr. Dornan of California, for 60 minutes, October 16.

Mr. Dornan of California, for 60 minutes, October 17.

Mr. Dornan of California, for 60 minutes, October 23.

(The following Members (at the request of Mr. Garcia to revise and extend their remarks and include extraneous material:)

Mr. Annunzio, for 5 minutes, today.

Mr. Oberstar, for 5 minutes, today.

Mr. Boucher, for 10 minutes, today.

Mr. Obey, for 60 minutes, on October 11.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Sensenbrenner, and to include extraneous material, during debate on the bill (H.R. 3008) in the Committee of the Whole, today.

Mr. Gilman, prior to the passage of Senate Joint Resolution 155.

Mr. Gilman, prior to the passage of Senate Joint Resolution 197.

(The following Members (at the request of Mr. Smith of New Hampshire) and to include extraneous matter:)

Mr. Shuster.

Ms. Fiedler.

Mr. Hartnett.

Mr. Dornan of California.

Mr. Broomfield.

Mr. Gekas.

Mr. Hyde.

Mr. Shaw.

Mr. Nielson of Utah.

Mrs. Holt.

Mr. Gilman in four instances.

Mr. Lewis of Florida.

(The following Members (at the request of Mr. Garcia) and to include extraneous matter:)

Mr. Hamilton.

Mr. Rangel in two instances.

Mr. Frank.

Mr. Mavroules.

Mr. Levine of California.

Mr. O'Neill.

Mr. Kastenmeier.

Mr. Coelho.

Mr. Dyson.

Mr. Skelton.

Mrs. Schroeder.

Mr. Feighan in two instances.

Mr. Waxman.

Mr. Markey in two instances.

Mr. Oberstar.

Mr. Dicks.

Mr. Synar.

Mr. Towns in three instances.

Mr. Miller of California in two instances.

Mrs. Boxer in two instances.

Mr. Hayes.

Mr. Eckart of Ohio.

Mr. Mica.

Mr. Ackerman.

Mr. Wheat.

Mr. Torricelli in two instances.

Mr. Bedell.

Mr. Hubbard.

Mr. Murphy.

Mr. Weiss.

Mrs. Lloyd.

Mr. de la Garza.

Mr. Luken.

ENROLLED BILL SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2410. An act to amend the Public Health Service Act to revise and extend the programs under title VII of that act.

ADJOURNMENT

Mr. CRAIG. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 25 minutes p.m.), the House adjourned until tomorrow, Thursday, October 10, 1985, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2118. A letter from the Director, Defense Security Assistance Agency, transmitting the Department of the Army's proposed leases of defense articles to France, Federal Republic of Germany, Italy, Netherlands, and the United Kingdom for a cooperative research and development project (Transmittal Numbers 6-86 through 10-86), pursuant to 22 U.S.C. 2796(a); to the Committee on Foreign Affairs.

2119. A letter from the Acting Comptroller General, General Accounting Office, transmitting a list of GAO reports for the month of August 1985, pursuant to 31 U.S.C. 719(h); to the Committee on Government Operations.

2120. A letter from the Assistant Secretary of the Interior for Water and Science, transmitting notice of a proposed contract with the Wellton-Mohawk Irrigation and Drainage District, Gila Project, AZ, pursuant to the Act of June 13, 1956, chap. 382; to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL. Committee on Interior and Insular Affairs. H.R. 463. A bill to require the Secretary of the Interior to establish a program to insure the stockpiling and replacement of topsoil on public lands and other lands which are moved or covered by surface mining projects, reclamation projects, and other Federal and federally assisted projects, and for other purposes; with amendments (Rept. 99-306, Pt. 1). Ordered to be printed.

Mr. BEVILL. Committee of Conference. Conference report on H.R. 2959. (Rept. 99-307). Ordered to printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MURPHY (for himself, Mr. Hawkins, Mr. Jeffords, Mr. Petri, Mr. Bartlett, Mr. Clay, and Mr. Williams):

H.R. 3530. A bill to amend the Fair Labor Standards Act of 1938 to authorize the provision of compensatory time in lieu of overtime compensation for employees of States, political subdivisions of States, and interstate governmental agencies, to clarify the application of the Act to volunteers, and for other purposes; to the Committee on Education and Labor.

By Mr. LIPINSKI (for himself, and Mr. Rostenkowski):

H.R. 3531. A bill to amend section 103(e)(4) of title 23, United States Code, with respect to the determination of the increase of amounts available for substitute highway and transit projects resulting from increased construction costs; to the Committee on Public Works and Transportation.

By Mr. BATEMAN:

H.R. 3532. A bill to require emergency position indicating radio beacons on uninspected U.S. fishing, fish processing, and fish tender vessels; to the Committee on Merchant Marine and Fisheries.

By Mr. BILIRAKIS:

H.R. 3533. A bill to amend the the National Flood Insurance Act of 1968 to permit the provision of flood insurance for properties constructed in unintentional violation of State and local land used requirements, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DICKS (for himself, and Mr. Bonker):

H.R. 3534. A bill to provide for the disposition of funds appropriate to pay a judgment in favor of the Cowlitz Tribe of Indians in Indian Claims Commission docket numbered 218 and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DORNAN of California:

H.R. 3535. A bill to amend the Export Administration Act of 1979 to authorize controls on the export of capital from the United States; to the Committee on Foreign Affairs.

H.R. 3536. A bill to repeal the War Powers Resolution; to the Committee on Foreign Affairs.

By Mr. FEIGHAN (for himself, and Mr. Wolpe):

H.R. 3537. A bill to ensure adequate verification of peaceful uses of nuclear exports from the United States to the People's Republic of China, and for other purposes; to the Committee on Foreign Affairs.

By Mr. GRAY of Illinois:

H.R. 3538. A bill authorizing the City of Chester, Illinois, to reconstruct, repair, or improve an existing toll bridge across the Mississippi River at or near Chester, IL; to the Committee on Public Works and Transportation.

H.R. 3539. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income of an individual any discharge of indebtedness with respect to black lung benefits which are required to be repaid to the United States; to the Committee on Ways and Means.

By Mr. HAMILTON:

H.R. 3540. A bill to provide secure job opportunities to workers displaced by imports; to the Committee on Ways and Means.

By Mr. KASTENMEIER:

H.R. 3541. A bill to amend title 18, United States Code, and other laws, to make technical and other minor changes to provision[s] enacted by the Comprehensive Crime Control Act of 1984, and for other purposes; to the Committee on the Judiciary.

By Mr. NELSON of Florida:

H.R. 3542. A bill to provide for regional primary elections and caucuses for selection of delegates to political party presidential nominating conventions and for Federal funding of presidential primary elections; to the Committee on House Administration.

H.J. Res. 419. By Mr. UDALL (for himself, Mr. Young of Alaska, and Mr. Seiberling): Joint resolution to Approve Public Land Order No. 6607 of July 8, 1985; to the Committee on Interior and Insular Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

270. The SPEAKER presented a memorial of the Legislature of the Commonwealth of Pennsylvania, relative to Slovak-Americans; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BIAGGI:

H.R. 3543. A bill for the relief of Wilana Lerner; to the Committee on the Judiciary.

By Mr. LIVINGSTON:

H.R. 3544. A bill for the relief of Ernst B. Coumou; to the Committee on the Judiciary.

By Mr. SCHUMER:

H.R. 3545. A bill for the relief of Olga Sellares Barney and her children Christian Sellares Barney, Kevin Sellares Barney, and Charles Sellares Barney; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 26: Mr. McEwen, Mr. Nielson of Utah, Mr. Howard, Mr. Fuster, Mr. Goodling, Mr. Lagomarsino, Mr. Frost, Mr. Bonior of Michigan, and Mr. Bereuter.

H.R. 362: Mrs. Bentley, Mr. Gonzalez, Mr. Lantos, and Mr. Grotberg.

H.R. 380: Mr. Chappie, Mr. Fauntroy, Mr. Frost, Mr. Ralph M. Hall, Mr. Hughes, Mr. Savage, Mr. Wright, Mr. Coughlin, Mr. Mrazek, Mr. Eckart of Ohio, Mr. Kolter, and Mr. Matsui.

H.R. 585: Mr. Saxton.

H.R. 903: Mr. LaFalce, Mr. Weiss, and Mr. Smith of Florida.

H.R. 1140: Mr. Roberts.

H.R. 1156: Mr. Matsui.

H.R. 1219: Mr. Gunderson and Mr. Savage.

H.R. 1348: Mrs. Burton of California, Mr. Fuster, and Mr. Markey.

H.R. 1356: Mr. Rose, Mr. Rinaldo, Mr. Horton, Mr. Wolpe, Mr. Martinez, Mr. Foglietta, Mr. Gaydos, Mr. Pursell, Mr. Gingrich, Mr. Kildee, Mr. Hammerschmidt, Mr. Lightfoot, Mr. Stokes, Mr. Rahall, Mr. Traxler, Mr. Hefner, and Mr. Jones of Tennessee.

H.R. 1479: Mr. Saxton, Mr. Guarini, Mr. Bonior of Michigan, Mr. Towns, and Mr. Hyde.

H.R. 1659: Mr. Coleman of Texas, Mr. Guarini, and Mr. Sensenbrenner.

H.R. 1950: Mr. Quillen.

H.R. 2525: Mr. Ackerman, Mr. Bates, and Mr. Sabo.

H.R. 2527: Mr. Towns, Mr. Wortley, Mr. Gingrich, Mr. Frank, Mrs. Johnson, Mr. Traficant, Mr. Crockett, Mr. Hendon, and Mr. McKernan.

H.R. 2620: Mr. Savage and Mr. Weiss.

H.R. 2854: Mr. Florio.

H.R. 2907: Mrs. Long and Mr. Ralph M. Hall.

H.R. 2936: Mr. Rowland of Georgia.

H.R. 2973: Mr. Biaggi.

H.R. 3006: Mr. Whitley.

H.R. 3041: Mr. Feighan, Mr. Fish, Mr. Solomon, Mr. Roe, Mr. Waxman, Mr. Cooper, Mrs. Bentley, Mr. Hatcher, Mr. Lewis of California, Mr. Miller of Washington, Mr. Ackerman, Mrs. Boggs, Mr. Pashayan, Mr. Fauntroy, Mr. Price, Mr. Akaka, Mr. Frank, Mr. Savage, Mr. Rahall, Mr. Wilson, Mr. Gilman, Mr. Pepper, Mr. Richardson, Mr. Morrison of Connecticut, Mr. Darden, Mr. Coyne, Mr. Bateman, Mr. McHugh, Mr. Mrazek, Mr. Alexander, Mr. Lantos, Mr. Stark, Mr. Brown of California, Mr. Lehman of California, Mr. Roybal, Mr. Hawkins, Mr. Edwards of California, Mr. Dellums, Mr. AuCoin, Mr. Coleman of Texas, and Ms. Mikulski.

H.R. 3099: Mr. Eckart of Ohio and Mr. Sunia.

H.R. 3181: Mr. Robert F. Smith.

H.R. 3232: Mr. Miller of Washington, Mr. Strang, Mr. Gingrich, Mr. Zschau, Mr. Sensenbrenner, Mr. Morrison of Washington, Mrs. Martin of Illinois, Mr. Hyde, Mr. Kasich, Mr. Fish, Mrs. Johnson, Mr. Shumway, Mr. Armey, Mr. Campbell, Mr. Packard, Mr. Boehlert, Mr. Horton, Mr. Frost, Mr. Livingston, Mr. McCain, Mr. Gallo, Mr. Courter, Mr. Siljander, Mr. Quillen, Mr. Bartlett, Mr. Lagomarsino, Mr. Eckert of New York, Mr. Vander Jagt, Mr. Daub, Mr. Chandler, Mr. Grotberg, Mr. Oxley, Mr. Bilirakis, Mr. Solomon, Mrs. Holt, Mr. Hughes, Mr. Chappie, Mr. Latta, Mr. Stangeland, Mr. Smith of New Jersey, Mr. McEwen, Mr. Hiler, Mr. Ortiz, Mr. Boucher, Mr. Wortley, Mr. Whitehurst, Mr. Lent, Mr. Roemer, Mr. Roe, Mr. Young of Missouri, Mr. Nelson of Florida, Mr. Biaggi, Mr. Lott, Mrs. Lloyd, Mr. Cobey, Mr. Bateman, Mr. Towns, Mr. Dreier of California, Mr. Kleczka, Mr. Pashayan, Mr. Walker, Mr. Young of Florida, Mr. Coats, Mr. Weber, Mr. Dornan of California, Mrs. Vucanovich, Mr. Moorhead, and Mr. Bliley.

H.R. 3263: Mr. Traxler and Mr. Vander Jagt.

H.R. 3319: Mr. Sikorski, Mrs. Schroeder, Mr. Sensenbrenner, Mrs. Collins, Mr. Weaver, Mr. Conyers, Mr. Savage, and Mr. Weiss.

H.R. 3438: Mrs. Boxer, Mr. Nowak, Mr. Henry, and Mr. Gingrich.

H.R. 3448: Mr. Jacobs, Mr. Carper, and Mr. Olin.

H.R. 3457: Mr. Darden and Ms. Kaptur.

H.R. 3510: Mr. Owens, Mr. Ritter, and Mr. Lehman of Florida.

H.R. 3515: Mr. Annunzio, Mr. Mitchell, Mr. Kindness, Mr. Garcia, Mr. Hubbard, Mr. Schulze, Mr. Miller of Ohio, and Mr. Fuster.

H.R. 3520: Mr. Blaz, Mr. Broomfield, Mr. Callahan, Mr. Carney, Mr. Coats, Mr. Crane, Mr. Davis, Mr. Dreier of California, Mr. Duncan, Mr. Emerson, Mr. Gekas. Mr. Hartnett, Mr. Hendon, Mr. Hiler, Mr. Hillis, Mr. Ireland, Mr. Kramer, Mr. Leach of Iowa, Mrs. Meyers of Kansas, Mr. Porter, Mr. Ray, Mr. Roberts, Mr. Skeen, Mr. Slaughter, Mrs. Smith of Nebraska, Mr. Snyder, Mr. Solomon, Mr. Sweeney, Mr. Wolf, Mr. Young of Florida, Mr. Young of Alaska, Mr. Badham, Mr. Huckaby, Mr. Moore, Mr. Morrison of Washington, and Mr. Molinari.

H.J. Res. 126: Mr. Barnes, Mr. McKinney, Mr. Reid, Mr. Andrews, and Mr. Stark.

H.J. Res. 127: Mr. Stump, Mr. Duncan, Mr. Shumway, Mr. Rose, Mr. Schuette, and Mr. Levine of California.

H.J. Res. 183: Mr. Aspin, Mr. Atkins, Mr. Bereuter, Mr. Boucher, Mr. Bruce, Mr. Campbell, Mr. Carper, Mr. Dickinson, Mr. Durbin, Mr. Evans of Iowa, Mr. Florio, Mr. Foley, Mr. Franklin, Mr. Frenzel, Mr. Garcia, Mr. Gray of Illinois, Mr. Kramer, Mr. Manton, Mr. Mazzoli, Mr. Moody, Mr. Morrison of Washington, Mr. Saxton, Mr. Schumer, Mr. Solarz, Mr. Stallings, Mr. Strang, Mr. Weber, Mr. Wirth, and Mr. Young of Alaska.

H.J. Res. 221: Mrs. Boxer, Mr. Gray of Illinois, Mr. Jeffords, Mr. Jenkins, Mrs. Meyers of Kansas, Mr. Mineta, Mr. Mollohan, Mr. Ray, Mr. Schuette, Mr. Shaw, and Mr. Smith of New Hampshire.

H.J. Res. 267: Mr. Coble, Mr. Boulter, Mr. Miller of Washington, and Mr. Walker.

H.J. Res. 297: Mr. McEwen, Mr. Porter, Mr. Franklin, Mr. Smith of Iowa, Mr. Leland, Mr. Walker, Mr. Fazio, Mr. Edgar, Mr. Roe, Mr. Gregg, Mr. Horton, Mr. Morrison of Connecticut, Mrs. Collins, Mr. Spence, Mrs. Boxer, Mr. Tauzin, Mrs. Lloyd, Mr. Chappie, Mr. Young of Florida, Mr. Gray of Illinois, Mr. Pepper, Mr. Bliley, Mr. Morrison of Washington, Mr. Lewis of Florida, Mr. Kramer, Mr. Yatron, Mr. Erdreich, Mr. McCain, Mr. Badham, Mr. Dannemeyer, Mr. Gordon, Mr. Cobey, Mr. Sabo, Mr. Hutto, Mr. Brooks, Ms. Oakar, Mr. Carr, and Mr. Lehman of Florida.

H.J. Res. 308: Mr. Akaka, Mr. Archer, Mr. Bateman, Mr. Brown of California, Mr. Carper, Mr. Chapman, Mr. Coughlin, Mr. Craig, Mr. Dellums, Mr. Donnelly, Mr. Dymally, Mr. Erdreich, Mr. Fauntroy, Mr. Florio, Mr. Frost, Mr. Gray of Illinois, Mr. Green, Mr. Gregg, Mr. Hartnett, Mr. Hunter, Mr. Hyde, Mr. Jeffords, Mr. Kemp, Mr. Kindness, Mr. Levine of California, Mrs. Lloyd, Mr. Lowery of California, Mr. Lungren, Mr. Markey, Mr. McEwen, Mr. Moakley, Mr. Mollohan, Mr. Monson, Mr. Morrison of Washington, Mr. Neal, Mr. Perkins, Mr. Regula, Mr. Rinaldo, Mr. Stallings, Mr. Stenholm, Mr. Waxman, Mr. Whitten, Mr. Wyden, and Mr. Yates.

H.J. Res. 326: Mr. Saxton, Mr. Young of Florida, Mr. Kasich, Mr. Hughes, Mr. McHugh, Mr. Neal, Mr. Porter, Mr. Murtha, Mr. Conte, Mr. Livingston, Mr. Gray of Pennsylvania, Mr. Sabo, Mrs. Burton of California, Mr. Thomas of California, Mr. Weiss, Mr. Stratton, Mr. Yates, Mr. Garcia, Mr. Eckert of New York, Mr. Matsui, Mr. Gilman, Mr. Dymally, Mr. Foglietta, Mr. Lantos, Mr. Levin of Michigan, Mr. Brooks, and Mr. Leach of Iowa.

H.J. Res. 329: Mr. Valentine.

H.J. Res. 334: Mr. de Lugo, Mr. Berman, Mr. Davis, Mrs. Byron, Mr. Early, Mr. Fuqua, Mr. Pepper, Mrs. Martin of Illinois, Mr. Rowland of Connecticut, Mr. Spence, Mr. Sunia, Mr. Aspin, Mr. Young of Alaska, Mr. Bruce, Mr. Anderson, Mr. Duncan, Mr. Leath of Texas, and Mr. O'Brien.

H.J. Res. 357: Mr. Durbin, Mr. Evans of Illinois, Mr. Lantos, Mr. Owens, Mr. Richardson, and Mr. Vento.

H.J. Res. 376: Mr. Synar, Mr. Lagomarsino, Mr. Dwyer of New Jersey, Mr. Dyson, and Mr. Gingrich.

H. Con. Res. 126: Mr. Badham, Mr. Bateman, Mr. Bliley, Mr. Boulter, Mr. Burton of Indiana, Mr. Daub, Mrs. Holt, Mr. Hyde, Mr. Hartnett, Mr. Kemp, Mr. Lagomarsino, Mr. Lowery of California, Mr. Montgomery, Mr. Parris, and Mr. Wilson.

H. Con. Res. 193: Mr. Chappie, Mr. Armey, Mr. Walker, Mrs. Bentley, Mr. Craig, Mr. Cobey, Mr. Stangeland, Mr. Moorhead, Mr. Badham, Mr. Monson, Mr. McCain, Mr. Gingrich, Mr. Miller of Washington, Mr. Barton of Texas, Mr. Coble, Mr. Moore, Mr. Weber, Mr. Dreier of California, Mr. Packard, Mr. Hunter, Mr. Robert F. Smith, Mr. Kindness, and Mr. Eckert of New York.

H. Res. 190: Mr. Gregg.

H. Res. 245: Mr. Annunzio, Mr. Bustamante, Mr. DeLay, Mr. de la Garza, Mr. Gingrich, Mr. Gregg, Mr. Gray of Illinois, Mrs. Holt, Mr. Jeffords, Mr. Kanjorski, Mr. Lightfoot, Mr. Ortiz, Mr. Price, Mr. Rose, Mr. Stenholm, Mr. Stump, and Mr. Vander Jagt.

H. Res. 270: Mr. McKinney, Mr. Lehman of California, Mr. Dellums, Mr. Fazio, Mr. Dwyer of New Jersey, and Mr. Gejdenson.

H. Res. 271: Mr. Kanjorski, Mr. Russo, Mr. Rangel, Mr. Owens, and Mr. Torricelli.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

231. By the SPEAKER: Petition of the Supporters of the National Democratic Party of Liberia (USA), Brooklyn, NY, relative to friendship; to the Committee on Foreign Affairs.

232. Also, petition of Peter J. Cojanis, Washington, DC, relative to due process of law; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3248

By Mr. FRENZEL:

—On page 33, strike out line 5 and all that follows through 13.

—On page 33, strike out "$21,600,000" on line 10 and insert in lieu thereof "$10,800,000".

—On page 33, strike out "is amended—" in line 7 and all that follows through line 13, and insert in lieu thereof the following:

is amended by striking out "$25,000,000" and all that follows through "fiscal year 1985" and inserting in lieu thereof "$21,600,000 for fiscal year 1986".

—On page 33, strike out "$21,600,000" on line 10 and insert in lieu thereof "$292,000".

EXTENSIONS OF REMARKS

MINOR CRIMINAL LAW AMENDMENTS ACT OF 1985

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. KASTENMEIER. Mr. Speaker, today I am introducing a bill which makes largely technical amendments to the U.S. Criminal Code. These amendments were drafted by the U.S. Department of Justice. These amendments correct allegedly inadvertent errors in the Comprehensive Crime Control Act of 1984. This bill also makes a correction in the role of the United States as a participant in the Interstate Agreement on Detainers. I have appended to this statement a section-by-section analysis of these provisions prepared by the Department of Justice. Parties interested in these amendments should communicate their views to the Subcommittee on Courts, Civil Liberties and the Administration of Justice, 2137 B Rayburn HOB, Washington, DC 20515. Phone (202) 225-2926.

BAIL

Section 1 amends 18 U.S.C. 3142(f)(1), as enacted by section 203 of the Comprehensive Crime Control Act of 1984, to modify the category of prosecutions for which pretrial detention on grounds of dangerousness would be authorized so as to clearly include serious explosives and firearms violations. Chapter I of the Comprehensive Crime Control Act of 1984 revised the bail statutes—18 U.S.C. 3141 et seq.—to authorize pretrial detention on grounds of danger to the community in certain prescribed categories of offenses. The principal category of offenses, apart from those carrying a possible sentence of life imprisonment or death and certain controlled substances violations, is "a crime of violence"—18 U.S.C. 3142(f)(1)(A). The term "crime of violence" is defined to mean an offense that has as an element the use or threatened use of physical force against the person or property of another, or any other felony offense that by its nature involves a substantial risk that physical force against the person or property of another may be used "in the course of committing the offense," 18 U.S.C. 16—as enacted by section 1001 of the Comprehensive Crime Control Act of 1984.

While the definition of "crime of violence" would clearly encompass crimes in which a firearm or explosive is used as a means of committing an offense of broader definition, such as using an explosive to commit arson or to damage a Federal building, or using a firearm to commit a bank robbery, it may not reach other dangerous offenses involving the transfer or possession of firearms or explosives themselves.

For example, while a transfer of explosives and weapons to an organization which evidently intends to use the material in terrorist activities is clearly an offense that poses a danger to human life and property, the offense itself—that is, the transfer of the explosives and firearms from A to B—could be construed not to be an offense that by its nature involves a substantial risk that physical force will be used "in the course of committing the offense," but rather as one in which the risk is that force will be used upon future victims as a consequence of the offense. A similar example is possession of a firearm by a previously convicted felon under 18 U.S.C. App. 1202. The addition of felony firearms and explosives offenses to the categories of offenses listed in 18 U.S.C. 3142(f)(1) would clarify the intended scope of, and is consistent with the types of offenses currently included within, this provision—those underlying offenses that evidence a significant likelihood that the perpetrator pose a danger to the community.

Accordingly, the amendment add to section 31423(f) an enumeration of the felony provisions involving explosives and firearms offenses in the United States Code the perpetrators of which are liable to be dangerous, so that in appropriate cases, such as sales to terrorists or possession offenses involving career criminals, the public may be protected by the invocation of the pretrial detention statute.

Section 1(b) of the proposed bill amends 18 U.S.C. 3142(f)(1)(E), as amended by section 203 of the Comprehensive Crime Control Act of 1984 and as redesignated by subsection (a) of this section of the proposal, to provide that a pretrial detention hearing shall be held upon motion of the Government in a felony case if the defendant has been convicted of two or more offenses of the types described in subparagraphs (A) through (D) of section 3142, regardless of whether the felony in question was committed after the other convictions. Under the act as written, if a person were charged with, for example a felony committed before this commission and conviction of two other violent felonies, the pretrial detention provision would not be applicable.

This is, however, a clear anomalious result not in keeping with the evident congressional purpose, since the reason for permitting pretrial detention of a person with a prior record of violent or drug felonies is that such a person has already established a propensity to commit especially serious crime. The amendments also clarify that a combination of two or more prior Federal, State, and local offenses of the types described in subparagraphs (A) through (D) of section 3142(f)(1) warrants a pretrial detention hearing a felony prosecution.

Subsection (c) makes a purely technical amendment of 18 U.S.C. 3142(f)(2) to add the work or between subparagraphs (A) and (B).

The amendment in subsection (d), explicitly granting the court discretion to reopen the detention hearing, is to clarify that such power exists notwithstanding the time constraints set forth in subsection (f) which require that the hearing be held immediately upon the person's first appearance unless a brief continuance is sought. The overriding purpose of the pretrial detention provision is to determine whether there are conditions that will adequately assure the person's appearance at trial protect the public. If information not known at the time of the hearing that may have a material bearing on the determination becomes known to either the Government or the individual, then common sense dictates that the court should have the power to reopen the hearing to consider the information and to reverse of modify its initial order—if such order has been entered—accordingly. The clarification is needed inasmuch as some lower courts, in unreported orders, have held, that the structure of subsection (f) is such as to preclude the usual authority of a judicial officer to entertain a motion for reconsideration.

Nothing in the proposed amendment is designed to create an implication that a court lacks inherent detention authority to deal with a situation in which, although no detention hearing was initiated at the defendant's first appearance, there is subsequent information that the defendant has threatened or plans to injure or intimidate a juror or witness or plans to flee. Cases arising under the 1966 Bail Reform Act recognized an inherent right of the trial court to protect the integrity of the judicial process by ordering detention if necessary in such circumstances, *United States* v. *Wind*, 527 F.2d 672 (6th Cir. 1975); *United States* v. *Gilbert*, 425 F.2d 3 (D.C. Cir. 1969); *United States* v. *Abrahams*, 575 F.2d 3 (1st Cir. 1978), and nothing in the 1984 act should be deemed to limit that power. In fact, in *United States* v. *Resek*, 602 F. Supp. 1126, 1130 (S.D. N.Y. 1985), the court recognized that under the 1984 act—specifically, 18 U.S.C. 3142(c), which allow the amendment of a release order at—anytime the Government may seek a detention order after the defendant's first appearance if it has new information.

Section 3 amends section 212(a) of the act with regard to 18 U.S.C. 3672, as redesignated from 18 U.S.C. 3656, concerning duties of the Director of the Administrative Office of the U.S. Courts. The amendment authorizes the Director to contract with appropriate public or private agencies or person for the detection of and care in the community for offenders who are addicts or drug-dependent persons. This amend-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

ment is necessary because section 218(a)(6) of the act, which repealed the criminal provision of the Narcotic Addict Rehabilitation Act of 1966, 18 U.S.C. chapter 314, also repealed existing authority of the Director of the Administrative Office to contract for drug care in the community. The amendment also authorized the Director to pay for presentence studies and reports by qualified consultant had presentence examination and reports by psychiatric or psychological examiners ordered under 18 U.S.C. 3552 (b) or (c) except for studies conducted by the Bureau of Prisons.

Section 4(a) provides that the Parole Commission shall be abolished effective September 30, 1991, approximately 5 years after the effective date of chapter II as amended by this proposal—October 12, 1986. The September 30 date was chosen since it represents the end of the fiscal year. The amendments in paragraph (2) also provide that the Parole Commission shall have no jurisdiction over an offender who is sentenced after March 31, 1991, who violates a condition of parole after that date, or who is a prisoner transferred to the United States pursuant to chapter 306 of title 18, United States Code, after that date. Paragraph (2) further provides that by May 15, 1991, the Commission must set a presumptive release date for person who will be in its jurisdiction on its last day of business—September 30, 1991. The purpose of this requirement is to assure that the Commission has adequate time to complete its work with respect to those over whom it will have jurisdiction before its abolition. Paragraph (2) also provides that the Commission shall not revise its guidelines in effect on March 31, 1991.

These guidelines will provide substantive rights relative to the parole laws once the Parole Commission is abolished. However, while the Parole Commission's guidelines effective March 31, 1991, will establish the substantive rights to be accorded persons subject to the parole laws after that date, paragraph (3) provides that the same procedureal mechanisms as set forth in the guidelines to implement those rights need not be continued. Wherever this section provides that determinations shall be made in accord with applicable parole guidelines, it should be construed to mean that current practice in applying the guidelines shall continue. It is not meant to imply that all release dates must be within the applicable guideline ranges, as currently provided in section 235(b)(3) of the Comprehensive Act.

Paragraphs (3), (4), and (6) concern the treatment of persons previously within the Parole Commissions' jurisdiction once the Commission is abolished and persons who never come within its jurisdiction despite the fact that their offenses were committed prior to the effective date of chapter II. Certain duties with respect to such persons are to be carried out by the Bureau of Prisons, which will have the authority to issue regulations to implement section 235(b) of the act, and others are to be carried out by the court. The amendment in paragraph (5) provide a mechanism for revoking the parole of a defendant who violated a condition of parole after March 31, 1991.

Section 5 amends 18 U.S.C. sections 1791 and 1792, which were amended by the Comprehensive Crime Control Act of 1984—chapter XI, part H—to strengthen the provisions relating to the introduction or possession of contraband in prisons. At the time the act was enacted, the House had passed a separate bill (H.R. 5910) that contained certain later developed improvements to the provisions in the Comprehensive Act that were supported by the administration. These amendments implement those provisions and made other useful clarifications.

The first amendment made by this section adds specific reference to detention facilities, thus clarifying that such facilities are covered by the prohibitions against introduction or possession of contraband and rioting. The amendments made by subsection (b) (1) and (4) make clear that ammunition—(as defined in 18 U.S.C. 921(a)(17) is encompassed within the category of dangerous weapons or objects whose possession or introduction into a prison is prescribed at a 5-year felony level. This reflects the understanding of the Bureau of Prisons as to the intent of the current law. The amendment in subsection (b)(2) adds the drugs LSD and PCP to the subparagraph prescribing the introduction of narcotic drugs, thereby treating these substances equally for purposes of punishment in section 1791(b). This consistent with amendments made to the underlying drug offenses themselves, in chapter V of the Comprehensive Act, essentially equating the penalties for dealing in LSC and PCP to those applicable to narcotic drugs.

Section 6 amends 18 U.S.C. 3522, as enacted by section 1208 of the Comprehensive Crime Control Act of 1984, concerning probationers and parolees provided protection as witnesses under chapter 224 of title 18, United States Code. Subsection (a) of section 3522 provides that a probation officer may, upon the request of the Attorney General, supervise any person provided protection under chapter 224 who is on probation or parole under State law if the State consents. It further provides that a person so supervised shall be under Federal jurisdiction and subject to all Federal laws pertaining to parolees. The amendment provides that a person so supervised shall be subject to all Federal laws pertaining to probationers or parolees, as the case may be. Such laws would include, for example, provisions relating to the revocation of probation or parole, as well as any provisions applicable following revocation of probation or parole.

The amendment of 18 U.S.C. 3522 also affects subsection (b), which currently provides that the failure of a probationer or parolee to comply with the memorandum of understanding entered into by that person regarding his or her protection shall be grounds for revocation of probation or parole if the protected person is under supervision pursuant to section 3522(a), relating to State probation or parole. The amendment extends section 3522(b) to all probationers and parolees under the witness protection program, including those under strictly federal supervision as the result of a Federal conviction. In addition, the amendment clarifies that the revocation of probation or parole because of the failure to comply with the memorandum of understanding is discretionary.

Section 7 amends 28 U.S.C. 1921, which concerns the taxing as costs of fees of the U.S. Marshals Service. The amendment adds language authorizing the U.S. Marshals Service, to the extent provided in appropriation account all fees, commissions, and expenses collected for the service of civil process and seizures, levies, and sales associated judicial orders of execution by the Marshals Service and to use such credited amounts for the purpose of carrying out these activities. This provision was inadvertently deleted from the final verson of part F of chapter XII of the Comprehensive Crime Control Act of 1984.

Section 7—Clarification of Role of United States Under Interstate Agreement on Detainers Act

Section 2 of the Interstate Agreement on Detainers Act, 84 Stat. 1397, is amended by adding after the words "entered into by the United States on its own behalf" the words "as a Sending State only".

SECTION-BY-SECTION ANALYSIS

This Part would amend the Interstate Agreement on Detainers, codified at 18 U.S.C. Appendix, to limit the participation of the United States to that of a "sending" State, the role which the Department of Justice believes was intended for it by Congress in the original legislation making the United States a party to the Agreement.

The Interstate Agreement on Detainers Act was enacted in 1970 to facilitate the obtaining of defendants incarcerated in other jurisdictions for purposes of prosecution. The legislative history makes clear that the United States was made a party so that States could secure federal prisoners. See H. Rep. No. 91-10181, 91st Cong., 2d Sess. (1970); S. Rep. No. 91-1356, 91st Cong., 2d Sess. (1970). The United States has no need of the Agreement for obtaining State prisoners since, unlike a State which can issue no process or writ requiring obedience outside its borders, the United States still has available the federal writ of habeas corpus ad prosequendum to compel the appearance of a person incarcerated in a State institution for trial.

The Interstate Agreement on Detainers contains very stringent remedies for violation of the Agreement's terms. Thus, the Agreement *requires dismissal with prejudice* of an indictment whenever a prisoner is transferred from custody from the sending to the requesting State and returned to the sending State without being tried, or who is not tried within an enumerated period of time, generally 120 days. See Article IV(e) of the Agreement. This sanction is designed to prevent prisoners from being abused by the lodging of detainers and their transfer to a requesting State unaccompanied by an intent or ability to try the individual.

However neither the separate time-for-trial nor the "no return" requirement is appropriate when the United States is acting in the capacity of a "receiving" State. The provisions of the Agreement calling for trial within 120 days of the prisoner's demand are at variance with the Speedy Trial Act,

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18 U.S.C. 3161 et seq., enacted by Congress to implement the Sixth Amendment right to a speedy trial. The Act contains far more detailed provisions than does the Agreement for balancing the various rights and interests involved and represents a general congressional expression of policy in regard to time periods for federal prosecutions. There is no reason for the separate existence and application of a different set of rules for federal defendants procured for trial from State custody simply because of the prior lodging of a federal detainer, and the existence of such rules contributes to a situation in which, because of inadvertence or failure of communication between the United States Marshal and the federal prosecutor as to the existence of a detainer or a prisoner's demand for trial, the Agreement may be unwittingly violated and the federal charges cannot be tried. See, e.g., *United States* v. *Schrum,* 504 F. Supp. 23 (D. Kans. 1980), aff'd, 638 F.2d 214 (10th Cir. 1981). Similarly, the "no return" requirement of the Agreement, which requires disposition of all the outstanding charges against the prisoner prior to his return to the "sending" State, makes little sense when the United States acts as a "receiving" jurisdiction. Unlike the case with States, where a prisoner must be transferred interstate, the federal charges may require only that the prisoner be delivered in the same State, perhaps across the street, for trial. A "return" of the prisoner to State custody in such circumstances, for example following a brief arraignment proceeding, is an innocuous circumstance. It is clearly not harmful to the prisoner and ought not to lead to the drastic remedy of dismissal with prejudice of the federal indictment. See *United States* v. *Thompson,* 562 F.2d 232 (3d Cir. 1977) (en banc). Moreover, a "return" frequently is for the prisoner's benefit and may enable him or her to resume participation in State rehabilitative prison programs whereas, if retained in federal custody, the prisoner might have to be lodged in a federal jail-type institution for a protracted time without comparable treatment or facilities. See, e.g. *Burrus* v. *Turbo,* 743 F.2d 693 (9th Cir. 1984), holding that the Agreement was violated when federal authorities understandably returned a prisoner to the "sending" State following the district court's dismissal of the indictment pending the outcome of a government appeal; although the government won the appeal, the court held that the charges could not be pursued because of the breach of the Interstate Agreement.

In short, the Agreement serves no legitimate purpose insofar as the United States' role as a "receiving" State is concerned, and often operates as a trap for the unwary prosecutor which results in dismissal of federal charges without a trial on a basis unrelated to innocence or indeed to any substantial harm to the defendant.[1]

Because of the Agreement's evident purpose, so far as United States' participation is concerned, to assist States in securing federal prisoners, the Department of Justice for a number of years administratively interpreted it as including the Federal Government only in the capacity of a "sending" State, not a "receiving" State as defined in the Agreement.[2] The Supreme Court in 1978 rejected this contention in *United States* v. *Mauro,* 436 U.S. 340, however. Thus, amendment of the statute by which the United States became a party to the Agreement is necessary to make clear that the United States' role is as a "sending" State only. A similar proposal was included in the Criminal Code Reform legislation approved by the Senate Judiciary Committee in the 97th Congress (S. 1630, § 3201). The United States specifically reserved the right to amend the Agreement upon becoming a party thereto, see section 7 of Public Law 91-538, and the proposed amendment would not adversely affect the rights of the other participating States, which will continue to be able to obtain federal prisoners for trial pursuant to the Agreement.

ELIMINATION OF STATE AND LOCAL DEDUCTION UNFAIR

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. OBERSTAR. Mr. Speaker, in a "revenue-neutral" approach to tax reform, concessions will have to be, and should be, made by all interest groups. In my congressional district in northeastern Minnesota, the people have overwhelmingly expressed their willingness to pitch in and do their fair share to reduce the exorbitant $210 billion Federal budget deficit, provided others are willing to do the same.

Those who advocate the elimination of the State and local tax deduction seem to have taken my constituents up on their offer. Minnesotans will feel the loss of the State and local tax deduction considerably, while lower-tax States, which may not provide as many municipal services to their residents, will escape comparatively unaffected.

Taxpayers in energy producing, lower-tax States of the South and West will not notice the absence of the deduction because services provided to these States are generally paid for by severance taxes not available to States in the Northeast-Midwest region. Yet in a recent study sponsored by the Democratic Study Group in which 60 members participated, 74 percent polled opposed the repeal of this deduction.

If this deduction is eliminated, States and localities will feel tremendous pressure to reduce taxes and subsequently to reduce services. Minnesota is above the national average in services provided, a fact of which we are justifiably proud. While the Congressional Research Service estimates an average 25 percent, or 47 cents, in cutbacks for each dollar currently spent on services, Minnesota would lose nearly $292 million in services.

It is important to realize just what services would be sacrificed. Education would be hurt significantly—by as much as 18 percent per pupil nationally. In Minnesota we spent $3,408 per pupil last year. Without the revenues generated by the State and local tax deduction we will lost $671, or 20 percent student, next year.

State and local health services, on average, would be cut by as much as 10 percent. Again, Minnesota is above the average and would stand to lose $84 million.

Minnesota would lose $107 million in Medicaid services; $2.9 million in mental health services, and $1.6 billion in State and local bond revenues.

While taxpayers in my State will be forced to accept drastic reductions in services, people in other States will notice little or no change. For Minnesotans, the State and local tax deduction is a nonnegotiable issue. Eliminating this deduction is an injustice this body must not condone.

The adverse effects of eliminating the State and local tax deduction are not justified by any positive effect they may have in making the Reagan tax plan to reduce the top rates more affordable. When we make cuts and eliminations, let's make fairness our No. 1 priority.

THE SINO-AMERICAN NUCLEAR VERIFICATION ACT

HON. EDWARD F. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. FEIGHAN. Mr. Speaker, I rise today to introduce the Sino-American Nuclear Verification Act. I am honored to sponsor this bill in the House at the same time Senator GLENN of Ohio is introducing companion legislation in the other body.

This bill is designed to improve on the recent Agreement for Cooperation Between the United States and the People's Republic of China Concerning Peaceful Uses of Nuclear Energy. That agreement, which has been the subject of intense negotiations for well over 1 year, was signed by both the United States and the People's Republic of China [P.R.C.] on July 23. The Congress now has before it the option of acting on that agreement within 90 days of continuous legislative session.

The purpose of this legislation is not to disapprove the agreement, nor to alter its substance in any way. Indeed, the Agreement for Cooperation should be viewed as a positive step in relations between the United States and the People's Republic of China, but it is also one that can have dramatic consequences. The nature of nuclear technology is such that we have an obligation to national and international security

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[1] See *United States* v. *Schrum, supra,* 504 F. Supp. at 28 ("We are not pleased by this result, which imposes harsher sanctions upon the government for a trifling violation of a statute than follow from egregious violations of constitutional rights.").

[2] This Understanding of the Agreement is buttressed by its inclusion of a provision allowing the Governor of the "sending" State to refuse to honor the "receiving" State's demand for the prisoner. This provision has never been invoked against the United States, whose demanding writs by virtue of the Supremacy Clause must be honored by States. The presence of the provision confirms the fact that the Congress, in enacting the legislation by which the United States joined the Agreement, did not contemplate United States' participation other than in a "sending" capacity.

Moreover, the 1970 legislation by which the United States became a party was proposed by the Department of Justice and was enacted without opposition. As a number of judges have observed, it is inconceivable that there would have been no opposition if the obvious problems that result from United States' participation as a "receiving" State had been intended. See *United States* v. *Thompson, supra,* 562 F.2d, at 239 (dissenting opinion).

to insist on certain specific safeguards in such a trade agreement. As currently written, the Agreement for Cooperation falls seriously short of providing concrete assurances for the long-term safety of U.S. nuclear technology.

We are seeing a new attitude in China regarding nuclear nonproliferation. Until recently, China had maintained a disturbing nuclear proliferation policy, even encouraging proliferation, and sending nuclear materials to both Argentina and South Africa. Until recently, China refused to accept IAEA safeguards. Now we are told by the State Department that the People's Republic of China has turned completely around. They have seen China voluntarily accept some IAEA safeguards, subsequent to Taiwan's expulsion. But though these assurances may lead to the signing of an agreement of this nature, they are not the stuff of which nuclear agreements are made.

The legislation which I have introduced today calls simply for a verification from the President of the understandings between the United States and the People's Republic of China regarding the sale of our nuclear technology. On four counts in the Agreement for Cooperation, the President is asked to clarify the intent of the United States and the People's Republic of China. First, the President must certify to the Foreign Affairs Committees of the House and Senate that the People's Republic of China understands and agrees that restrictions on exported technology under this agreement follow IAEA safeguards on accounting and inspection. Second, the President must certify that the People's Republic of China has stated publicly in writing that it is committed to the nonproliferation policies described in the State Department's "U.S. Summary of Discussions" document. Third, the President must certify that the People's Republic of China understands that the agreement in no way binds the United States to respond positively or negatively to a request for enrichment or reprocessing of nuclear fuel. And finally, the President must certify that the People's Republic of China will accept the internal laws of the United States concerning nuclear exports that are in effect at the time of a request, regardless of whether the laws are enacted after the date of the Agreement for Cooperation.

This approach is specifically designed not to interfere with the enactment of the Agreement for Cooperation. I believe it is the only responsible action that can be taken, however, if the agreement is to reap the benefits which it promises. Nuclear proliferation is not a subject to be left to assurances and handshakes. To be effective and secure, this agreement needs the clarifications provided by the Sino-American Nuclear Verification Act.

I hope my colleagues in the House will join me in supporting this measure, and that we may contribute to a clearer understanding of this important new agreement.

AMERICA'S JOBLESS—A STORY OF FEAR AND FRUSTRATION

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. O'NEILL. Mr. Speaker, Steve P. Matz, of Magna, UT, wrote a moving story of what cheap foreign imports and a massive trade imbalance mean to America's working men and women. He and his wife, Karen, have experienced the fear and frustration that haunts those whose lives are governed by circumstances beyond their control and who feel, as Mr. Matz so eloquently writes, "that no one really cares unless they are directly affected."

I want to take this opportunity to share this fine article with my colleagues.

[From the Salt Lake Tribune, Sept. 1, 1985]

JOBLESS ARE ADRIFT ON A SEA OF FEAR

(By Steven P. Matz)

I, and many others like me, have watched it in the papers and seen it on the news for years, but until it happens to you, you can't really know how it feels. What am I talking about? Unemployment. Not the kind where you accept a job knowing full well that you'll be a member of the unemployed when the job is completed, but the kind that hits you like an electrical shock or a dream that you should be waking up from.

This type of unemployment happens to people who plan their life around a company knowing, or at least believing, it will operate until they retire and beyond. They make their jobs a way of life that locks them into a continuous cycle of familiarities. Their sons and daughters get tied into the company as were their fathers and mothers. Then in one violent swoop it's over. When you look into the faces of these men and women whose dreams have been crushed, it affects you. When you know them personally it hurts. When you're soon to be one of them it draws fear into your soul.

There are a lot of reasons why laboring men tie their dreams to a company. But faith in that company and the secure feeling that the faith gives them has got to be two reasons. The way they feel is that an entire way of life is vanishing. In these men's words, "It's the end of an era, the disappearance of a culture."

When you go to work five days a week for up to 40 years with the same people, you establish more than friendships and companions. Some say its like a second family, and it could be, but I think not. There is too much human emotion among certain individuals to tag it as a family—yet there's something.

The only way I can explain it is to compare it to a crew of a sunken ship. Only this crew and vessel have been together at sea for 40 years. They buried their dead, watched individuals drift away in life boats called retirement, and all this time fought the high seas together.

Close brotherly love among the crew? No, but together they fought against the sea and established a niche in a way of life that gave them a decent living and close relationship only they understand.

A miniculture is a sea for cultures? Maybe, but the end is devastating. The vessel is torpedoed and the crew is set adrift on leaky rafts. Each man to his own, alone. They drift apart, never to work, play or even argue with one another again. Some will sink quickly, others will last longer.

A few will be rescued by other vessels, but very few. You see, these men are branded and they know it. Even though their vessel has sunk, other ships fear it will resurface and steal its crew back. Therefore, the ships will not take them on board no matter what their skills. This misconception leaves the men adrift.

These craftsmen and laborers know all this as they go out the gate for the last time. This knowledge is what sets in the fear. It's bad enough to lose a job, but when you leave it a marked man, it's terrifying.

Most plan never to return, because they know even if the gates are open again the job will never be the same, others must return just to keep from going under. Those lucky enough to establish themselves in good jobs will look back at the hardships and sadness of the last days and know that to return would be madness. No one puts their head on the chopping block twice.

But for now they can't see that far into the future. The just fear the future and all its unknowns. It's not a false fear but a very real, gut-wrenching fear, you could only know by being there yourself.

In the midst of all their troubles they ask themselves what happened, but there is no single, clear answer. They give a lot of answers that they try to adjust around to a logical reason.

The first heard is that the labor unions refused to negotiate concessions. But that isn't a reason for a company's demise; concessions are a reaction to a problem that already exists—they are like patching holes in a sinking ship. The question is, and should always be, what made the holes? Rust? Maybe! Many years of continuous service without putting money back into the company could cause that kind of industrial rust. You can't keep taking profits out without updating, upgrading and overhauling. Not keeping the primary company updated is treacherous, if not suicidal, if it attempts to expand into other companies.

Foreign imports are probably the biggest contribution to a company's downfall, and yet it's not the imports themselves but the manner in which foreign countries are able to market their products so cheaply. If we can't compete with imports on an equal basis then we should shut down. But the problem is we are not equal.

The part that makes competition impossible is that in many cases we, as a country, subsidize their own businesses, who are competing with us. You can't take your profits from a product you're marketing and give them to someone else who makes the same product and expect to stay in business long.

There are more reasons for a company's collapse, the value of the dollar on the exchange market, bankers' loans to foreign countries, interest rates and inflation in our country. They all contribute to a business' downfall. But the sad thing about all of it, is that no one really cares unless they are directly affected. The people who are out of work must struggle on their own until the effects reach high enough for someone in power to take action. By then, for those who are affected now, it is too late. They have been crippled by an unknown assailant in a senseless fight that should never have happened.

ANTICOMPETITIVE ASSUMPTIONS ABOUT RAILROADS AND ELECTRIC UTILITIES

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. SHUSTER. Mr. Speaker, I am seriously considering offering an amendment to a bill, H.R. 1140, pending before the Judiciary Committee which amends the Sherman Act to require a rail carrier to provide competitive access to its customers over any rail facility on which a monopoly control or ownership situation exists. Under H.R. 1140, failure to open up a solely owned facility to a competing source of rail transportation or, in the alternative, to offer a fair rate, would subject the violator to the criminal and civil sanctions of the antitrust laws. My amendment would expand the bill's provisions to include electric utilities. Electricity consumers, for example, as well as railroad shippers, could seek treble damages and/or injunctive relief.

My amendment would be a logical complement to H.R. 1140, now before the Committee on the Judiciary. That bill deals only with the case of a rail facility which is solely owned or controlled by one railroad. Even though railroads are regulated under the provisions of the Interstate Commerce Act, H.R. 1140 opens up antitrust remedies in such captive shipper cases, since the railroad is perceived to enjoy an unfair advantage. The bill mandates that rail carriers either grant trackage rights to competing railroads or charge fair rates as determined by the courts on the theory that "rates and terms of service are best and most efficiently established in a competitive marketplace."

Most of the evidence in support of H.R. 1140 centers on captive shipments to coal-fired electric generating plants. Utilities expect to benefit from forced entry under H.R. 1140 through lower railroad rates on coal traffic. Presumably for that reason, the chairman of the Potomac Electric Power Co., appearing on behalf of the Edison Electric Institute, has testified that the electric utilities do not oppose H.R. 1140.

The same logic which prompted the introduction of H.R. 1140 applies equally if not greater to the electric utility industry. Each electric utility possesses an absolute monopoly within its service territory. Like the railroads, utilities are subject to regulation. It seems that if forced competition is the appropriate way to control rail rates, it is also the appropriate way to control retail electricity rates. As a result, my amendment extends the provisions of H.R. 1140 to that industry.

Isolated segments of traffic are alleged to be captive to the railroads; electric utilities face absolutely no competition for the service they provide. They sell power within precisely defined areas to the total exclusion of potential competitors. The utility customer is a true captive.

If the ultimate consumer is to be protected against monoply power in the provision of electric power, that protection should extend at all levels of the chain of distribution. Otherwise, whatever benefits might flow from H.R. 1140 could benefit utility stockholders rather than ratepayers.

There is every reason to believe that the provisions of my proposed amendment would bring real rather than speculative relief to the consumer. In the 4-year period 1981–84, increases in unit fuel costs—coal, oil, and gas—increased the utilities' operating expenses by about 5 percent. In the same period, the average price of electricity to the consumer rose 38 percent. In 1980, the electric utilities had revenues of $80.6 billion. Over the period 1981–84, their revenues rose steadily to $94.3, $101.7, $109.4, and $118.7 billion, respectively. This means that, in the aggregate, utility ratepayers were charged over those 4 years $101.7 billion in excess of the 1980 level. Looked at another way, the utilities received, on average, $25.4 billion more each year from their ratepayers than they received in 1980. Yet, the kilowatt hours of electricity sole in that 4-year period averaged only 1.6 percent more than the amount sold in 1980. The increase in returns to electric utility investors—dividends and retained earnings—during that 4-year period was $23 billion.

My proposed amendment would give ratepayers new options. By opening up the utility industry to competition, customers could obtain electricity from whatever utility is willing to provide the service at the lowest cost. Some might choose to enter into long term supply contracts with existing or new utilities, with all future rate increases pegged to a mutually agreed upon index. Local industries, which have greater market power to negotiate contracts, might become secondary suppliers, selling excess or cogenerated power at slightly more than their cost but at a lower price than a homeowner can negotiate with the utility. User cooperatives might be formed to negotiate with both electric utilities and local industries for the best deal.

My amendment would go significantly beyond the Supreme Court's 1973 decision on Otter Tail Power. In Otter Tail Power the Court required a utility which had abused its monopoly power in violation of the Sherman Act to either sell or transmit electric power to a would-be competitor. The rates to be assessed by the monopolist were to be subject to regulation by the Federal Power Commission. Railroads today are obligated under the Interstate Commerce Act to interchange traffic over through routes without any showing that they have abused their market power.

By bringing utilities under H.R. 1140, they, like railroads, first, will be required to offer use of their facilities to neighboring power companies to permit the through movement of electric power to consumers in their service area at rates set by the courts (and not a regulatory agency); and second, if no competing power company requests use of their facilities to transmit power to consumers in the utility's service area, the utility will be required to transmit electric power from another power company to any consumer requesting such service at rates set by the courts. Unlike Otter Tail Power and as would be the case for railroads under this bill, this relief will be available to competing power companies and to consumers without any showing that the utility has abused its market power in violation of section 2 of the Sherman Act.

If my amendment is passed, each electric utility will immediately face competition from neighboring utilities and new entrants. Utilities will be answerable to their customers and will have a new incentive to achieve and pass along the lowest-cost means of providing service.

The reasoning that would permit railroad shippers to obtain transportation at reduced rates through use of a railroad's sole facility demands that electric ratepayers be offered the same opportunity. Their need for such protection is at least as urgent as that of the utility investor.

RON PERON

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mrs. SCHROEDER. Mr. Speaker, the economic news from Argentina contrasts sharply with events in the United States.

Argentina has a fiscally responsible and courageous government. The United States is led by Ron Peron, whose idea of economic policy is a $2 trillion national debt leavened with some old movie stories.

Maybe Argentina could provide the United States with some foreign aid: Lend us the services of Mr. Sourrouille.

An article from the Wall Street Journal follows:

[From the Wall Street Journal, Oct. 9, 1985]

SUCCESSFUL ATTACK ON ARGENTINE INFLATION MAKES THE NEW ECONOMIC MINISTER A HERO

(By Everett G. Martin)

BUENOS AIRES, ARGENTINA.—A minor miracle has occurred in Argentina: For the month of September, prices increased by only 2%, the lowest monthly increase in 10 years.

Inflation-weary Argentines hardly can believe it, and local economic columnists are falling all over themselves to explain the magnitude of September's arithmetic. The 2% rate compounded works out to 26.8% for 12 months, which is less than the monthly increase of 30.5% in June alone, when Argentines were roaring along at a 2,340% annual inflation rate.

At that time, international bankers whom the Argentines owe $50 billion were in despair over the economic management of President Raul Alfonsin's government. Then in mid-June, the newly appointed economic minister, Juan Sourrouille, an unknown academic, came out with an anti-inflation scheme called the austral plan. The turnabout began.

Now, says an official of the International Monetary Fund, "Argentina is Camelot," and a U.S. banker stationed here says, "Sourrouille is the new hero of international finance."

TANGIBLE REWARDS

The IMF has rewarded Argentina with a new $1.4 billion agreement, and the bankers have delivered $2.2 billion in new loans since the austral plan began.

Why does the austral plan seem to be successful when so many other atttempts to halt Argentina's inflation have failed? For one thing, Argentines were desperate. "In June people sensed that there would be an absolute collapse if nothing was done," says a prominent economist.

At first glance, the austral plan didn't look like anything new. Prices, wages, and the official exchange rate were frozen. A new currency called the austral was created by lopping three zeros off the peso. The difference was that Mr. Alfonsin made a bold bid to change the country's inflation psychology by promising publicly to stop printing new money to balance the state budget.

Argentina had reached the stage where its astronomical inflation was fueled by public expectations that prices were going to continue to rise, explains Ricardo Mazzorin, a central bank director. "It was carried along by its own inertia. Businessmen raised prices every month, and workers automatically demanded salary increases," he says. "In the austral plan, we were mostly concerned about what people think causes inflation so we could give them the kind of signals they would believe. If they don't believe a program is going to work, it won't work."

SMART CITIZENRY

The economic team's studies showed that Argentines believe inflation is caused by printing new money to pay for government overspending. "They are really right," says Mr. Mazzorin, "so for the first time an Argentine inflationary policy contained a president's personal promise to balance the budget without printing money."

A U.S. banker stationed in Buenos Aires says, "The key element is their superior management of the situation, and the psychological management is even more important than the economic tactics. Alfonsin went to the balcony and said we are going into a war economy. Then he announced the austral plan and said, 'I'm not going to print any money,' and the people believed him."

To keep his promise, President Alfonsin doubled tax revenues, raised charges for public services and squeezed state spending. The result: Since August, the treasury has actually had a surplus.

Officials at the association of state suppliers say the army has cut purchases of supplies for draftees in half, public works projects have almost stopped and the state railways have cut back heavily on maintenance. The head of the state-owned television channel says he used to get $500,000 a month to balance his books and now he gets nothing. He has raised advertising rates, cut off two hours of broadcasting a day and buys more canned programs from abroad, which is cheaper than producing his own.

But such tactics to balance the budget aren't a permanent solution to budget deficits, critics warn. Newspapers already complain that the highways are deteriorating from a lack of maintenance. And a railroad union official declared, "We have got to make the service better or the public won't know when we are on strike."

But political observers don't expect the president to make any real cuts into the bloated government structure until after the Nov. 3 congressional elections, which, thanks to the surge of popularity for his economic leadership since June, Mr. Alfonsin's Radical Party seems sure of winning.

If he has a comfortable Radical majority in the congress, Mr. Alfonsin is expected to try to get rid of some 350 costly state companies ranging from the railroads and airlines to steel mills and mines. Manuel Tanoira, secretary for the promotion of growth, who has the task of finding ways to sell them, says he has 50 projects in the works such as turning the building of high-volume grain ports over to private developers. "You can't have the state running a grain port," he says. "It's like flying an airplane by decree."

THE UNTOUCHABLES

But other Argentine administrations that have tried to pare away state companies have been thwarted by the combined forces of the bureaucrats and unions at the companies and businessmen who make a comfortable living supplying them. Manuel Solanet managed to sell off some 120 state companies under the military government, but he says they accounted for less than 5% of the sales of public sector firms. "They block you when you try to touch the big companies. Everyone agrees in public that they should be made private, but then they found all kinds of ways to stop everything I tried to do," he says.

Mr. Alfonsin already has been thwarted by Entel, the state telephone company, which is notorious throughout Latin America for its inefficiency. The president announced that to shorten the years Argentines must wait for a telephone, private firms would be contracted to build new phone networks. The Entel bureaucracy somehow twisted the president's privatizing effort into a plan under which each private subscriber finances his own phone hookup by paying Entel the heavy installation costs in advance.

Critics also fear that the gains of the austral plan will blow up when the government lifts its temporary price and wage controls. The price controls have been managed carefully to avoid creating shortages, but wage controls have been strict.

EXTENSION OF THE MANUFACTURING CLAUSE OF THE COPYRIGHT ACT, H.R. 3465

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. FRANK. Mr. Speaker, I introduced H.R. 3465 with my colleagues, Mr. FISH, Mr. RUSSO, and Mr. GILMAN, legislation to make permanent the Manufacturing Clause of the Copyright Act. The legislation will ensure a strong U.S. printing industry, which will continue to be able to employ over a million workers across all 50 States. Many vital U.S. manufacturing industries have declined because of the combined effects of the overvalued dollar and the unfair trade practices of other nations. This bill will help keep our modern, competitive printing industry from suffering a similar fate.

Since 1891, the Copyright Act has contained a "Manufacturing Clause," which requires that material which is preponderantly of a nondramatic literary nature and is written in English by an American author or by an author domiciled in the United States must be printed in the United States or Canada in order to be entitled to the full and unqualified protection of U.S. copyright laws. The clause is currently due to expire on July 1, 1986.

The manufacturing clause has been crucial to the development and continued vitality of the U.S. printing industry. As the Nation's seventh largest industry, printing directly employs 1.2 million persons. Although U.S. printing is a vibrant, modern industry, the process remains highly labor intensive. In fact, 44 percent of all printing costs are directly attributable to wages. For this reason, the printing industry is highly sensitive to the fluctuating wage differential between the United States and the Pacific and Caribbean Basin nations. The present, extremely high wage differential is a destabilizing condition which could have permanent and deleterious consequences if the clause is not extended.

A 1981 Department of Labor study anticipated a loss of up to 172,000 job opportunities in the printing industry and a total loss of as many as 367,000 job opportunities throughout our economy as a result of foreign competition. A Book Manufacturers Institute study indicates that 60 percent of printing industry workers are either unskilled or semi-skilled workers. These workers would be the first victims of foreign competition. While some of them may find replacement jobs, the demand for these workers is declining. I have found, Mr. Speaker, that these job losses would be borne largely by those workers least able to recover.

The case of Australia may be instructive, as to the possible costs to the U.S. Government if the manufacturing clause expires. Over a decade ago, Australia opened its markets to competition from low-wage Pacific Basin competitors. The Australian printing industry sustained such heavy losses that the Australian Government now must provide a 33-percent subsidy for its printing industry. Clearly, the United States cannot afford to follow the Australian example.

The need for extending the manufacturing clause in 1986 is perhaps greater than at any previous point in the life of the clause. If the clause expires, we will see rising unemployment, the loss of an opportunity for an overall fair trade policy, and the destructive effects of the overvalued dollar on an industry which is a vital part of our economy and our culture. In addition, the economy and the Federal budget would be hard pressed to accommodate the projected 367,000 primarily unskilled and semi-skilled workers who may lose their jobs if the clause expires.

The Copyright Act is the only provision of our laws which effectively deals with trade issues as they relate to the printing industry. The Florence Agreement prohibits tariffs on books and other printed material of an educational or cultural nature. Un-

fortunately, foreign competitors have again taken circuitous routes to undermine the Florence Agreement. A maze of tariff and non-tariff barriers has kept American printing from successfully penetrating foreign markets. The expiration of the manufacturing clause would send the wrong signal to foreign nations. For the first time since World War I, America has become a debtor nation. At a time when our trade deficit is ballooning to record proportions, we cannot afford to grant an unreciprocated trade concession. The manufacturing clause remains the most important way to alleviate the destructive influence of these severe international economic conditions on U.S. printing.

The text of H.R. 3465 follows:

A bill to make permanent the requirements of the manufacturing clause of the copyright law

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 601(a) of title 17, United States Code, is amended by striking out "Prior to July 1, 1986, and except" and inserting in lieu thereof "Except".

THE DEBT

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, October 9, 1985, into the CONGRESSIONAL RECORD:

THE DEBT

Soon the Congress and the President will increase the ceiling on the national debt from $1.8 trillion to more than $2 trillion. The national debt will pass the $2 trillion mark in the middle of next year, and possibly could reach $3 trillion by 1990. The national debt is easily one of the strongest growth industries in America.

The debt, which is what the government owes, is a symbol of our inability to control government spending and our unwillingess to increase taxes. It should be distinguished from annual budget deficits. The debt is the sum of money the government has borrowed to finance all the annual budget deficits. Thus even if we miraculously balanced the 1986 budget tomorrow, we would still have almost $2 trillion in debt hanging over us built up by the previous unbalanced budgets.

It is not always easy to get people to focus on the national debt. Many who get worked up about the annual deficits express little concern about the national debt. Most of us simply cannot relate to a trillion dollars, because it is so far removed from our daily experiences. If you had a stack of $1,000 bills in your hand only 4 inches high, you would be a millionaire. A trillion dollars would be a stack of $1,000 bills 67 miles high. That symbolic stack of the national debt four years ago will soon be twice that size.

Yet our limited concern about the national debt may be changing, as more of us come to realize that it is the debt which is behind our high interest rates, the strength of the dollar and our declining exports, the sluggishness of the European economies, and the strains on the debtor nations of Latin America. Serious questions are now being raised about the debt: What is its economic impact? Does it shift the burden of financing government from one group to another? What is the effect of increasing foreign ownership of the debt? Several Hoosiers have spoken to me about the debt's moral dimension. The question for them is whether we can fairly ask our children to pay for government services we now enjoy.

The practice of government borrowing from the public to finance its activities has been controversial for decades. One view is that federal deficits can be productive during times of recession by generating income, satisfying demand for public investment, and using resources that would otherwise be idle. In this view, since public debt activates savings not being invested, it can serve a function by stabilizing the American economy. Another view is that government's role in the economy should be limited, that expenditures should be paid out of current receipts, and that public debt is unproductive and inflationary and imposes interest burdens on future generations.

It is not just the size of the debt that is disturbing. It is also that it has been growing faster than the economy. It took 189 years for the federal debt to reach $1 trillion, and only the last 4 years to double to $2 trillion. In 1974 the debt equalled 25% of gross national product, but it could reach 50% by 1990 if recent spending patterns continue.

Foremost among the problems caused by the mushrooming debt is the prospect of slower economic growth. Heavy federal credit demands drive up interest rates for all borrowers, putting a damper on business growth. The government, like any borrower, finances deficit spending by competing for available funds in the market by offering investors attractive interest rates for its securities. The government thus competes with private borrowers who need funds to invest in other things. In 1974, the federal debt was 17% of private debt; today it is 26%. That absorbs resources that should be going into private investment, and curbs productivity and future income.

Another problem with the debt is that it requires the government to make annual payments solely for interest. That is really the most useless kind of government spending. Half of the income tax revenues collected from individuals now goes to servicing the debt. Federal interest payments now consume 13.5% of the federal budget, costing $155 billion this year alone. That is more than ¾ the cost of the entire social security program. The interest the government must pay to borrowers limits what it can do for other spending or tax-reduction priorities.

Spending on interest to carry the national debt feeds upon itself. Each year we must borrow money to pay interest on the past national debt. That borrowing in turn adds to the next year's deficit and national debt, which means even more borrowing for interest payments, and the process repeats itself. Important federal programs may have to be sacrificed in the future simply to pay for the growing interest payments on the debt.

A large debt may also redistribute income. As the government pays interest on its obligations, income is transferred from U.S. taxpayers to bondholders, a shift of income from lower- to higher-income groups. Moreover, foreigners now hold more than 10% of the government's debt. If they stop investing in U.S. securities, the government would then have to take an even bigger share of domestic savings, bidding up interest rates even more. Still another problem is that the debt increases the risk that the Federal Reserve will increase the money supply to keep rising interest rates from choking off the sluggish recovery. That raises the prospect of more rapid inflation.

For many years there was little consensus on whether the national debt was a serious problem. That has now changed. Most of us have been persuaded that the size and growth of the current debt threatens our economic future. One promising recent step was Congressional passage of a budget mapping out long-range spending cuts that would level off the debt in the next few years. Also promising could be tying passage of the debt-ceiling increase to a plan forcing a balanced budget within 5 years. Congress simply must step up its efforts to check the inexorable growth of the national debt, and then to reduce it.

SECTION 936: A BOON FOR AMERICAN BUSINESS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. RANGEL. Mr. Speaker, the importance of section 936 of the Internal Revenue Code to the economy of Puerto Rico is a widely recognized fact. For more than 50 years, it has provided a tax credit for income earned in Puerto Rico, a credit which has encouraged mainland firms to locate on the island.

I was very gratified to learn that the Southern Governor's Association issued a policy statement in favor of section 936 at its annual meeting. The statement was proposed by Gov. Bob Graham of Florida, and was adopted by the association as an indication of the section's importance to the Nation as a whole, and to the South in particular.

I hope that my colleagues will read the Governors Association's statement, which I have submitted for inclusion in the CONGRESSIONAL RECORD.

The statement follows:

Proposed Policy Position Regarding

THE IMPORTANCE OF SECTION 936 TO THE SOUTH AND THE NATION

(Submitted by: Governor Bob Graham, Florida, August 9, 1985)

[For Consideration at the 1985 Annual Meeting of The Southern Governors' Association]

The U.S. has recognized that the Caribbean is an important area of the world by enacting the Caribbean Basin Initiative. Special trade and tax advantages have now become law in order to encourage the private sector, spur economic development, and to help insure political stability of eligible Caribbean countries.

That same idea has embodied in the nation's tax code for over fifty years for American citizens living in Puerto Rico. This provision, Section 936 of the Internal Revenue Code, which provides a tax credit for income earned in Puerto Rico, is responsible for encouraging U.S. firms to locate in Puerto Rico, spurring the island's economic development, and aiding in the continuance of political stability.

There are great parallels between the economic history of Puerto Rico and that of the South as a whole. The changes wrought over the past quarter century have turned both from rural, labor intensive agricultural areas into urban, high technology centers. Because of proximity, the two-way trade between Puerto Rico and the Southern states has resulted in jobs and income in both locations. Ultimately, this translates into benefits for the nation.

The current tax reform plan proposes to alter Section 936 in such a way as to discourage continued investment in Puerto Rico. Coming at a time of budget retrenchment, this proposal will further harm Puerto Rico, and by extension the South and the rest of the nation. It would present the perplexing problem of having the federal government extending benefits to Caribbean nations while reducing benefits to a part of America in the same geographic area. Finally, the proposed change would make difficult Puerto Rico's own initiative to use 936 monies as a special loan fund for CBI twin-plant manufacturing, with part of the work taking place in Puerto Rico and part in the individual beneficiary country.

Therefore, be it resolved that the Southern Governors' Association opposes any change in the current language of Section 936 of the federal tax code.

CONGRATULATIONS TO DR. ARTHUR G. HANSEN

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. BARTON of Texas. Mr. Speaker, I would like to offer my congratulations to Texas A&M University System Chancellor Dr. Arthur G. Hansen on the occasion of his receipt of the Texas National Guard Meritorious Service Award. This award was in honor of Dr. Hansen's service as chairman, Texas Committee for Employer Support of the Guard and Reserve, during the period of August 1982 through June 1985.

The citation for the award reads:

Dr. Hansen's leadership of the Committee was marked with accomplishments which enhanced the morale, well-being, public recognition and readiness of the Reserve Components of the U.S. Armed Forces. Beginning with commissioned service with the United States Marine Corps Reserve during World War II and the Korean War era, he has consistently made significant contributions to the national defense.

His appointment to the post of state chairman by Secretary Caspar Weinberger marked a capstone in a career spanning four decades of public service. In an academic career including presidencies of Georgia Tech, Purdue University, to the Chancellorship of the Texas A&M System, Dr. Hansen has remained a major advocate and supporter of campus-based officer procurement programs. He has been a major policymaker on defense-related programs at the Defense Science Board, Air University, and in senior advisory posts at the Department of Energy.

During his tenure as Chairman of the Texas Committee for Employer Support of the Guard and Reserve, Dr. Hansen has devoted countless hours resolving employer-related conflicts, developing active area subcommittees and promoting in the civilian community the value of the citizen-soldier concept. His exemplary accomplishments have greatly benefited the men and women of the Texas National Guard, the other Reserve Components and all of the citizens of Texas.

JANE'S FIGHTING SHIPS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. BIAGGI. Mr. Speaker, the U.S. merchant marine, as we all know, is rapidly diminishing. But ours is not the only fleet in the world suffering from the practices of Soviet bloc countries and invisible trade barriers erected by other nations. The foreword to the latest edition of Jane's Fighting Ships (1985–86) points out the equally diminishing strength of the United Kingdom's merchant fleet. It states concerns that the United Kingdom would not be capable of meeting its NATO commitments in time of emergency.

At a time when Congress has been debating the necessity of continuing support for our merchant marine, I think the following extract from the Jane's foreword is particularly timely. It should serve to remind us that not only is the U.S. Fleet finding it difficult to remain competitive in today's international shipping markets, but also that the role of the U.S. merchant marine—as a vital national security asset—cannot be forgotten. Our Allies may not be there to help us make up the shortfall in merchant ships when an emergency arises.

The article follows:

[From the 1985–86 Edition of Jane's Fighting Ships]

MERCHANT SHIPPING

Bombardment with figures is a wearisome experience for most readers but, in the matter of merchant shipping, a very necessary one. The fact that 98% by weight of the trade of the democracies is carried by sea has a corollary—any nation, no matter how large, that depends on the sea to exist is an island. If the ships that carry that 98% are not maintained, the state of that island will be diminished.

Under normal domestic conditions the problem is not apparent to the public who see goods from a multitude of countries in their shops and send the exports of their industry to many lands. But a visit to their ports will add a twist to what appears to be a simple tale. In case of a Briton the number of ships registered in the United Kingdom will have diminished greatly over the last few years. Between 1970 and 1982 Britain's share of the world's merchant fleet fell by 50%. From 1982 to 1984 her tanker fleet was reduced by 18%, and breakbulk/general cargo ships by 26%. Unless this trend is arrested the British-registered Merchant Navy will be dissipated completely by 1993 and reliance will have to be placed on foreign or flag-of-convenience ships. This situation has come about, despite a welter of warning cries, because of a number of factors. Eastern bloc shipping companies, owned and pillowed by their states, can undercut Western rates by as much as 40%. British ships' running costs are high, so their companies are susceptible to lower rates. In a number of countries throughout the world maritime protectionism is the norm—own goods in own ships, own oil rigs serviced by own vessels. Lastly British ships often suffer from the twin evils of overmanning and industrial disruption. Whatever the reasons, the stark fact is that in 1982-84 the British Merchant Navy lost one and a half times the gross tonnage that Japan lost by submarine attack in the period December 1941 to August 1945. During the latter crisis the Japanese Cabinet was desperately concerned, but the British Cabinet showed no sign of flinching until 1985.

In the British Statement on the Defense Estimates, 1985 (White Paper, 1985) there is a somewhat tardy reference to the potentially disastrous situation that has been building up at an ever-accelerating pace. "It is of concern that, if the decline continues for several more years at the present rate, it could become increasingly difficult for us to discharge at least some of our NATO obligations." As a result of this discovery consultants are "to undertake a major study into the future trends of availability in those parts of the merchant fleet for which there is a defence need." No mention here of the country's security, merely defence, presumably one of the antique lessons relearned as a result of the Falklands campaign. Just for a moment let history help—in March 1943 three major convoys left Canada for the United Kingdom carrying 600,000 tons of general cargo, 150,000 tons of frozen meat, and 170,000 tons of oil products—nearly a million tons in but three out of the huge number of convoys which sailed to Britain in that year. Thus was the population nurtured as well as the armed forces. Rudyard Kipling spoke truly for the Big Steamers, "If anyone hinders our coming you'll starve."

This is not to say that the defence commitment is not considerable. C-in-C Fleet acknowledged that, without the support of the Merchant Navy, the Falklands campaign would have been impossible. Larger amphibious operations have claimed even greater support. The American invasion of Leyte in 1944 required an initial supply of 1.5 million tons of general equipment, 200,000 tons of ammunition, the same amount of medical equipment, and 235,000 tons of vehicles. The re-storing rate was to be 332,000 tons per month and, meanwhile, there were 836 warships to support. A larger expedition, that over the Normandy beaches in 1944, required three times the monthly quota of supplies which Leyte absorbed but the journey was a very brief one. Even if 100 cargo ships can lift one million tons that is still an impressive number, about one in every 25 of Britain's current total which also includes bulk carriers, oil tankers, and containerships.

One type of vessel which, with the aid of British government grants, will soon be absent from this list is the large deep-water trawler. In five years the total has dropped from 37 to what is, effectively, zero. Britain's fish now comes from a rapidly decreasing inshore fishing fleet and foreign deep-water trawlers. Now that this area of Britain's Merchant Navy has been effectively killed off, the Ministry (White Paper, 1985) remarks that "this has caused a shortfall in the number of trawlers for MCM [mine countermeasures] purposes." What this means is that not only will Britain be hard pushed to meet her minimum MCM takes in a crisis, but also the country will become fish-less. The next time there won't be enough merchant ships to bring in snoek from South Africa even if the Civil Liberties lobby allowed such an import.

What has been said of the British mercantile fleet is equally true of those of the USA and Canada. The latter is conducting an investigation into (*inter alia*) the need for the government to encourage the expansion of the Canadian deep-sea fleet. As might be expected, such an expansion is opppsed by the shippers and exporters because of suspected higher costs and increased governmental control. On the other hand shipping companies and labour groups are in favour; it is hard to believe that altruism is their prime reason.

The other NATO countries are in much the same pickle, though it is of varying strength. The planners of the future will be wondering, if 50 years of European peace is achieved, not whether convoys are necessary but whether there are sufficient alliance merchant ships to form these convoys. Henry Kaiser did wonders with Liberty Ships in three years; a heightening of tension with a possibility of hostilities would give no such chance. All that will be left will be the people's bitterness towards those governments which failed to achieve any form of maritime policy.

HON B.F. SISK

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. COELHO. Mr. Speaker, I would like to take this opportunity to share with my colleagues an article which appeared in the Fresno Bee about my predecessor and mentor, the Honorable B.F. Sisk. He served in this body for over 24 years and I am sure you will enjoy reading some of the interesting observations he has to make.

[From the Fresno (CA) Bee, Sept. 22, 1985]

SISK'S CONGRESSIONAL EXPLOITS NO ACCIDENT

(By Jim Boren)

For a guy who claimed he was a political accident, B.F. Sisk played congressional politics at the highest levels for almost a quarter of a century.

The Sisk era began in 1954 and the congressman from Fresno became a force in the House of Representatives as the nation dealt with Sputnik, Vietnam, Watergate and providing water to Western farmers.

When he left Washington in 1978, Sisk had a reputation as a tireless legislator and a voice for reconciliation and moderation. He had worked intimately with six presidents and was a senior member of the House's most powerful committee.

But in early 1954, Sisk never suspected his professional career would take him on a path that included dealing with the nation's most serious problems. As the assistant manager of a tire company outlet, Sisk's biggest concern was getting the tire business of major San Joaquin Valley accounts.

But lawyer Kenneth Andreen and Charlie Clough, the editor of a labor paper, met with him one day to talk politics, not tires. They wanted a Democrat instead of a Republican representing Fresno in Congress.

"I just roared and about fell out of the chair," Sisk recalled. "I gave them the big haw haw."

A few months later, he gave Republican Oakley Hunter his congressional retirement papers.

"I was a political accident," said Sisk.

But it was no accident that Sisk stayed in Congress for 12 terms. The transplanted Texan started a winning streak on that cool election night in 1954 that would never end. Republican after Republican took him on, only to find him invincible.

Sisk was so tough that the Republicans made winners out of their losers, like Phillip Sanchez, former Fresno County administrative officer. Sisk beat him in 1970 so President Nixon made Sanchez director of the Office of Economic Opportunity and later an ambassador.

One of Sisk's major legacies is the San Luis Project, approved in 1960 to bring Northern California irrigation water to the arid west side of the San Joaquin Valley.

A survivor of the Dust Bowl with a Texas twang, Sisk acquired the name Tex almost as soon as he set foot in the San Joaquin Valley in 1937 and began working in the orchards around Cutler. Like the Okies and the Arkies, the Texans got less than a warm welcome from the natives.

"But we could be kind of brutal, too," said Sisk, recalling some of the gibes he hurled back in self defense.

He never will forget the first vote he cast, not on the floor of the House but as a young man in Texas. It was for Franklin D. Roosevelt.

His favorite president among the six he served with during his years in Congress was John F. Kennedy.

"I was a disciple of Camelot," he said. "I came to love that guy. I never felt more of a personal attachment for a president."

Sisk had gone to the 1960 Democratic National Convention in Los Angeles as a delegate committed to Lyndon B. Johnson.

"But once Kennedy was nominated, I did everything I could to help elect him," Sisk said.

With his fond memories, however, is the saddest one. He was at the airport in Washington the night of Nov. 22, 1963, when Air Force One flew in from Dallas with the body of the Assassinated president.

"That hurt me more then any one single thing I know of . . . when they brought him back and she had blood on her dress . . ."

Sisk also admired Johnson, not so much for his style, but for his accomplishments.

"In my opinion, he was a great president," Sisk said. "He did more for civil rights, education and for social programs than any other president in my 24 years."

But among House colleagues, Speaker Sam Rayburn of Texas stood out.

"He was my hero; always has been," Sisk said. "I guess blood was thicker than water. I was a naive freshman, a poor lost Texan. He did more for me than anyone."

Rayburn named Sisk to the select House committee on space, making him the junior Democrat on the body, along with junior Republican Gerald Ford. In 1961, Rayburn named Sisk to the Rules Committee, the most powerful body in the House.

Sisk made the best of every opportunity.

Unlike some colleagues, he knew when it was time to go home.

"You know, I never did get Potomac fever," the congressman said upon his retirement.

That may be the reason Sisk never had a serious re-election threat.

"The common people in his district will remember and love Bernie Sisk for his readiness to act as their ombudsman in dealing with gigantic government," says the Congressional Record, a book about Sisk's life.

MINORITY ENTERPRISE DEVELOPMENT WEEK

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. MAVROULES. Mr. Speaker, the land of opportunity has fulfilled its promise to several individuals being honored this week. Over two dozen minority entrepreneurs from across the Nation will be awarded for their achievements as part of Minority Enterprise Development Week. These people are proof that the American dream can still come true, and are a shining example to the 600,000 other small minority run businesses in the United States.

People of all nationalities are drawn to the United States by the promise of opportunities. Often, these promises are not met. Unfortunately, newcomers find they are at a disadvantage and cannot compete in the business world.

Our job, as legislators, is to ensure that everyone has equal access to opportunities in the marketplace. Although we cannot guarantee success to all ventures, we can guarantee a chance for each individual to prove his or her own capabilities. We are responsible for making this Nation truly the land of opportunity for everyone with a dream.

Being alert to the problems and difficulties that minority firms face is an ongoing process for us. We must do even more than that, however. We must take deliberate and gainful steps toward creating an environment that is favorable to small business and promotes their growth.

Set-asides and the 8(a) program of the SBA have made it possible to involve small and minority business in the Government procurement process. Of course these programs must be continually monitored and strengthened to ensure that they are accomplishing their intended objectives. Such programs allow minority firms to prove their capability through Government contracts, and then assist them to move successfully into the private sector.

I am pleased to be able to congratulate the award winners this week, and I extend a helping hand to all minority businesses in an effort to bridge the gap between the dream and the reality of economic success.

IN HONOR OF LOGAN R. COTTON, 1985 CITIZEN OF THE YEAR

HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. LEVINE of California. Mr. Speaker, I rise today on behalf of Logan R. Cotton, an exemplary member of the Redondo Beach community who will be named Citizen of the Year by the South Bay Cancer and Health Foundation on October 25, 1985.

Born in Pennsylvania, Logan has lived in southern California for 60 years. Logan and his wide Della have been married for 68 years and have one child, two grandchildren, and seven great grandchildren. A graduate of the University of Southern California, Logan is a life member of the Alumni Association. He has taught accounting and economics at Loyola University. Logan is a former mayor and city councilman for the city of Hermosa Beach. He is one of 48 executives in the United States chosen to make an inspection trip of Radio Free Europe in the Iron Curtain countries. Logan has been and is active in numerous organizations including the Kiwanis Club, Salvation Army Board, South Bay Shrine Club, Al Maliakah Temple of the Shrine, the Redondo Beach Elks Club, City of Hope, and many others too numerous to mention. In 1975, he received the South Bay Citizen of the Year Award; he has received the "Others" Award from the Salvation Army and is not only being honored by the South Bay Cancer and Health Care Foundation, but is an active member and has served as chairman. Logan is also on the advisory board for the University of California at Domingues Hills. He has traveled extensively throughout Europe and Southeast Asia. It is a pleasure to share the outstanding accomplishments of Logan R. Cotton with my colleagues in the U.S. House of Representatives. I ask that they join me in honoring him on this special occasion.

THE BALANCED BUDGET AND EMERGENCY DEFICIT ACT OF 1985

HON. THOMAS F. HARTNETT

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. HARTNETT. Mr. Speaker, the Congress of the United States is about to raise the national debt ceiling to over $2 trillion. To put this figure in perspective, if one possessed a 4-inch stack of $1,000 bills, he would be a millionaire; however, to pay off our $2 trillion national debt, one would need a stack of $1,000 bills approximately 130 miles high. Regardless of this fact, Congress has demonstrated its lack of fiscal responsibility by passing a budget for fiscal 1986 that will result in a $180 billion deficit. This effort clearly demonstrates that the majority of Congress, on its own initiative, is not capable of regulating Federal spending.

Inevitably, my colleagues will argue that each spending program is vital for the prosperity of a specific group in our society. However, as the United States economy approaches a debt of $2 trillion, Congress must address the reality of uncontrolled Federal spending and its economic implications for all American citizens. Furthermore, this is not the time to increase taxes in order to finance our fiscal irresponsibility. Indeed, it is time for my colleagues to stop making toothless political promises and take real steps toward balancing our Federal budget.

For this reason, I have cosponsored the Balanced Budget and Emergency Deficit Act of 1985. Basically, this legislation would require Congress to reduce the deficit by specific amounts each year, culminating in a balanced budget by fiscal year 1990. I am asking my colleagues to end the current dog-and-pony show of writing a Federal budget and then passing endless exceptions to bypass the budgeted spending levels. The American people are disgusted by the idea of paying over $140 billion in fiscal year 1986 merely for the interest on our national debt. This legislation is our chance to eliminate the Federal deficit by 1990 and take the first steps toward reducing this ominous economic burden. I think it's time to show the American citizens that Congress can discipline itself by ceasing to spend taxpayer's money on each Member's favorite program and beginning to work for the national good.

The Federal deficit is the most significant problem facing the American taxpayer this decade. Meaningful legislation must be passed that eliminates this construction to continued economic growth. That is why I urge my colleagues to unify for the benefit of all Americans and pass the Balanced Budget and Emergency Deficit Control Act of 1985.

THE JOB SECURITY BANK ACT OF 1985

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. HAMILTON. Mr. Speaker, today, I am introducing the Job Security Bank Act of 1985. The emphasis of the program is to give the large number of workers displaced by imports the skills they need for jobs with long-term promise. Senator BRADLEY has introduced a companion bill in the U.S. Senate. Much of the language of the bill was incorporated in the reconciliation language recently reported by the Senate Finance Committee.

Trade-related problems are not new, but current trade deficits are unprecedented in recent U.S. history. The $123 billion deficit in 1984 was almost twice the $69 billion deficit in 1983. The 1985 deficit is expected to reach $140 billion or more.

The American economy has generated several million jobs since the trough of the recession in November 1982, but the bulk of these jobs have been in services. The sector most pressured by trade shortfalls, manufacturing, has recovered less than two-thirds of the jobs lost during the recession. Since the first of the year, manufacturing employment has actually fallen. As a result, thousands of American workers have the wrong skills in the wrong place.

The Job Security Bank is designed to give workers who have lost jobs to imports an opportunity to acquire new skills. Participants in the Job Security Bank will get vouchers to pay for up to $3,000 of training. Workers could use the vouchers for training by a new employer or in a certified program while still in a job that is likely to disappear.

For workers who have already lost their jobs, the job security bank offers an additional 3 months of unemployment compensation beyond the basic 26-week program. Workers have the option of taking the additional 12 weeks as a 50 percent supplement to their basic benefits. In either case, the worker will be able to draw unemployment benefits while participating in a certified retraining program. In addition, the job security bank will help with relocation expenses for a worker who has successfully landed a job in another part of the country.

To fund the job security bank, a small tariff would be levied on all imports. About 15 percent of the funds are expected to come from contributions by workers who have benefited from the program. Worker contributions would be determined by their starting salaries and by the size of the benefits they received under the program. The contribution would not exceed 8 percent of the portion of the worker's salary that exceeded the poverty level. The initial import levy would be set at two-thirds of 1 percent. After 2 years, the President would be allowed to raise the levy to 1 percent or to lower it if program needs permit. The President has 1 year to negotiate an argreement under the aegis of the General Agreement on Tariffs and Trade. After the 1-year negotiating period, the President would impose the fee unilaterally.

The country as a whole has gained from the growth in international trade over the past four decades. But there are costs from trade as well. The Job Security Bank Act of 1985 will offer new opportunities to workers displaced by imports while imposing extremely modest costs on the direct beneficiaries of trade. I commend it to my colleagues.

A TRIBUTE TO JAMES CASTLE TURNER, JR.

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. DYSON. Mr. Speaker, I rise today to honor J.C. Turner, a man who has spent a lifetime of service to his fellowman, never wavering in his commitment to the principles of human dignity and equality. Mr. Turner, recently retired from the presidency of the 370,000-member International Union of Operating Engineers, has for 50 years challenged the powers that be to open the doors of opportunity to all Americans.

A true visionary, Mr. Turner has long been an eloquent and passionate voice in the American labor movement. Just as Mr. Turner has championed the cause of labor, he has also struggled to eradicate poverty and prejudice from our society. In his relentless quest to improve the human condition, Mr. Turner has opined that "the labor movement is a movement of ideals," and for Mr. Turner, no other ideal has been more of a motivating force than the ideal of justice.

As a nationally known labor leader, Mr. Turner has held many distinguished positions including AFL-CIO vice president; Democratic National Committee member; D.C. City Council member; and longtime head of the Washington Central Labor Council. Never content to rest on the laurels of past achievement, Mr. Turner has engaged his energies in a panopoly of public interest projects such as the Washington Housing Association, the Clearing House on Slum clearance, and the Criminal Justice Association. At present, Mr. Turner serves as treasurer of the National Leadership Conference on Civil Rights and as a trustee of the National Urban League.

In many ways, J.C. Turner exemplifies the hope and promise that has made our country great—a spirit of compassion; the belief that we should offer a hand to those less fortunate than ourselves simply because it is the right thing to do; that to stand idly by in the face of injustice, is to condone injustice; that people should be judged not by the color of their skin but by the content of their character; and most of all, that we should dare to dream.

TEXAS A&M UNIVERSITY'S PRO PATRIA AWARD

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. BARTON of Texas. Mr. Speaker, I would like to pay tribute to Texas A&M University as 1985 recipient of the Department of Defense PRO PATRIA Award. This prestigious award of the Assistant Secretary of Defense for Reserve Affairs is authorized one per State, annually. The PRO PATRIA is presented on behalf of the men and women of the Guard and Reserve for distinguished contributions through exceptional support of the Guard and Reserve. Its presentation recognizes the superior achievement of the recipient in contributing to service to the Nation.

Texas A&M University's civic achievement, union of civil and military tradition and dedication to the well-being of the Nation have been well recognized by the PRO PATRIA.

REWRITING THE ABM TREATY

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. MARKEY. Mr. Speaker, this morning's Washington Post reveals that the Reagan administration wants to revise the established legal interpretation of the ABM Treaty's restrictions on testing and development of space-based ballistic missile defense systems. Senior administration officials, including National Security Adviser Robert McFarlane, now claim that the treaty "authorized and approved" testing and deployment of star wars defenses.

But article V of the ABM Treaty clearly states that—

> Each party undertakes not to develop, test, or deploy AMB systems which are sea-based, air-based, space-based or mobile land-based.

Both the United States and the Soviet Union have interpreted this provision to mean just what it says—neither side can test, develop, or deploy anything but the fixed, land-based ABM systems provided for under article V of the treaty.

The Reagan administration agreed with the established interpretations of article V until just this week.

In its 1985 arms control impact statement, the administration reported that—

> The ABM treaty prohibition on development, testing and deployment of space-based ABM systems, or components for such systems, applies to directed energy technology (or any other technology) used for this purpose. Thus, when such directed energy programs enter the field testing phase they become constrained by these ABM Treaty obligations.

In its 1986 impact statement—released last April—the administration restated the standard interpretation, reporting that—

> The ABM Treaty prohibition on development, testing and deployment of sea-based, air-based, space-based, or mobile land-based ABM systems, or components for such systems, comes into effect when such ABM systems or ABM components enter the field testing stage.

Now the administration has changed its mind. Apparently, some officials within the administration have decided that they no longer want the United States to be bound by article V of the ABM Treaty. So what have they done? They have started to reinterpret the treaty, arguing that agreed statement D exempts star wars from article V's prohibitions.

This may be the most pernicious interpretation of a legal requirement since Plessy versus Ferguson—when the postreconstruction Supreme Court decided that Jim Crow laws were consistent with the 14th amendment to the Constitution. ABM Treaty Negotiator Gerard Smith notes:

> It is just impossible that an agreed statement supersedes a provision of the treaty.

Agreed statement D was never intended to exempt exotic space-based ABM technologies from the treaty's prohibitions. Just this morning, SALT I legal advisor John Rhinelander informed me that—

> Agreed statement D was explicitly understood by both negotiating partners to confirm that development and testing of fixed land-based exotics (i.e., ground-based lasers) was permitted, but deployment was not. This mirrored the treaty text in article III. It did not add to or detract from the obligations assumed under article V. The negotiating record is crystal clear on this point. Agreed statement D refers to and interprets only article III, not article V.

The kind of legal chicanery that McFarlane and others in the administration are resorting to can only hurt our credibility as an arms control negotiating partner. It is particularly disturbing that this kind of shenanigan is taking place when the United States is just a few weeks away from the Geneva summit, where limitations on star wars testing and development will be one of the main items up for discussion. I can only surmise that the purpose of rewriting the ABM Treaty is to take the issue of star wars testing off the table at Geneva. No doubt there are some irresponsible administration officials who would relish such an outcome, but cooler heads must be aware that completely insulating SDI from arms control is not worth the political and military price of no restraints on Soviet offensive arms and a swift disintegration of the ABM Treaty.

Mr. Speaker, I would like to call the attention of my colleagues to the aforementioned Washington Post article.

[From the Washington Post, Oct. 9, 1985]

WHITE HOUSE REVISES INTERPRETATION OF ABM TREATY

(By Don Oberdorfer)

The Reagan administration, reversing the legal interpretations of previous administrations and some of its own past statements, has decided that testing and development of exotic antiballistic missile systems such as those in the "Star Wars" program are permitted under the 1972 ABM treaty.

The administration's new interpretation of the treaty was confirmed yesterday by a senior White House official who briefed reporters on U.S. objections to the recent Soviet offer of a 50 percent cut in certain offensive missiles in return for a ban on Reagan's Strategic Defense Initiative, or Star Wars. The Soviet offer was described in the briefing as "a place to start" but in its present form one-sided and threatening to U.S. security.

White House national security affairs adviser Robert C. McFarlane volunteered a new interpretation of the 13-year-old Antiballistic Missile Treaty in a television program Sunday. Yesterday the senior White House official, who cannot be identified under the ground rules of the news briefing, confirmed that McFarlane's televised remarks reflected what is now the fixed policy of the administration.

Retired ambassador Gerard Smith, chief U.S. negotiator of the ABM treaty, said the administration's interpretation "makes a dead letter" of the treaty. Smith said he believes it would make possible almost unlimited testing and development under Star Wars, and probably also actual "building" of the space-based antimissile system "as long as you did not deploy."

Administration sources said a new interpretation of the treaty had been under discussion and, at times, intense debate since last summer within the administration's Senior Arms Control Group, or SAC-G.

The administration was moving in the direction indicated by McFarlane in recent weeks—though not to the point of claiming the treaty "authorized and approved" the testing, which were in words McFarlane used Sunday. In administration discussions, sources said, the issue was whether the treaty could be interpreted as permitting such activities. A final decision was "not completely clear" even after McFarlane made his remarks on "Meet the Press," an official said.

One official said the still-secret negotiating record of the ABM treaty is "ambiguous" on the point in question and subject to "a well justified disagreement" within the government. However, this view is disputed by Smith and John Rhinelander, legal counsel to the U.S. delegation that negotiated the ABM treaty.

The nub of the issue is whether an "agreed statement D" between the U.S. and Soviet delegations at the time of the treaty signing on May 26, 1972, gives a broad exemption from the restrictions of the treaty for future types of ABM systems "based on other physical principles" such as lasers and directed-energy weapons. Many elements of the administration's Star Wars research program are based on such exotic technology.

The purpose of agreed statement D, it said, was "to insure fulfillment of the obligation not to deploy ABM systems and their components except as provided in Article III of the treaty," which originally allowed both countries to maintain two conventional ABM systems, based on antimissile missiles.

The agreed statement said that if new ABM systems "based on the other physical principles" are created in the future, "specific limitations on such systems and their components would be subject to discussion . . . and agreement in accordance with Article XIV of the treaty"—the article explaining how the treaty could be formally amended.

Until the administration's recent change of mind, that had been interpreted to mean that testing and development of exotic technologies were not legal, except possibly for new versions of fixed, land-based systems that the treaty allowed. Article V of the treaty formally precluded any testing or deployment of "ABM systems or components which are sea-based, air-based, space-based or mobile land-based."

Previously the administration's plans for tests of elements of Star Wars have been justified as complying with the ABM treaty on completely different grounds: that these projects were of such low quality, power or reliability that they did not qualify as "components" of an ABM system, or that they could be modified so as not to appear to be part of an illegal system.

Smith and Rhinelander said it was wrong to interpret the "agreed statement" as sanctioning testing of ABM systems or components that are flatly ruled out elsewhere in the treaty. "It is just impossible that an agreed statement supersedes a provision of the treaty," Smith said.

The administration's 1983, 1984 and 1985 Arms Control Impact Statements submitted to Congress by the Arms Control and Disarmament Agency took the position that the ABM treaty does put restrictions on ABM programs based on "directed energy technology" or other exotic technology "when such DE programs enter the field testing stage." The 1986 Arms Control Impact Statement, submitted this April, omitted that statement.

The senior official who confirmed the administration's current position said the Soviet Union had never accepted an interpretation of the treaty that banned "research, testing, development of systems based on other physical principles."

The official said there had been "unilateral statements" made that the treaty ought to limit such exotic systems but he added that "never have the Soviets bought that."

The proposed cutbacks in the new Soviet arms control offer are "inappropriately linked" to the demand that the United States stop its Star Wars program, the senior official told reporters yesterday. "It's a precondition that must be dropped," he said.

That the Soviets have made an offer of deep cuts is "a very good development," and a sign that Reagan's policies have paid off, the official said. U.S. negotiators will pursue the details in Geneva, he added.

Most of the White House presentation, though, was centered on objections to the Soviet proposal, especially inclusion of U.S. Euromissiles and "forward based systems" among the strategic weapons to be cut by half. This would produce "highly unequal" forces with great advantages to Moscow, the official said.

Those two categories, described as support for U.S. allies, were said to consumer 1,149 of the U.S. entitlement of 1,680 strategic nuclear delivery systems under the Soviet plan. The United States would thus have only 531 missiles or bombers left for deterrence against Soviet nuclear attack, and these would be threatened by a much larger number of Soviet weapons.

The White House also said the Soviet proposal might unfairly hamper U.S. military modernization and could have serious verification problems. These aspects of the Soviet proposal have yet to be fully presented in Geneva it said.

TRIBUTE TO JOHN W. SNYDER

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. SKELTON. Mr. Speaker, it is with heavy heart today that I rise to pay tribute to a man who played a major role in the reconstruction of America and the world after World War II. That man is the Honorable John W. Snyder who died at his home yesterday at the age of 90.

Mr. Snyder, who served President Truman as Secretary of the Treasury and confidant, helped develop the Marshall plan and Truman doctrine assistance programs. He also served as a member of the North Atlantic Treaty Organization Council from 1949 through 1953.

Secretary Snyder's close relationship with President Truman began after World War I when he returned from fighting in Europe and remained in the Army Reserve. Later, he moved to St. Louis, became active in banking and became regional director of the Reconstruction Finance Administration. His career included becoming the executive vice president and director of the Defense Planning Corp. and joining the First National Bank of St. Louis. As an early supporter of President Truman's bid for the Senate, Snyder helped him develop a committee to investigate the awarding of defense contracts, gaining national prominence and which positioned President Truman to accept the Vice Presidential nomination in 1944.

Under President Truman, Secretary Snyder served as Federal Loan Administrator, Director of the Office of War Mobilization and Reconversion, and finally, without consultation, was named Secretary of the Treasury. John W. Snyder served America well with what many called "good financing," providing surplus revenues and, when necessary, acquiring cheap debt. He and President Truman felt that financing the Federal Government was little different than financing a county in Missouri.

The Honorable John W. Snyder also served as an active chairman of the Truman Scholarship Foundation which he helped develop until last fall, and only recently, I had the pleasure of serving with him on the Truman Centennial Committee to commemorate the 100th birthday of our President. John W. Snyder played an active role on that committee and often talked with great fondness about the days of serving for the President.

I was fortunate to have known this great man and I know my colleagues join me in sending our condolences to his family.

CONTINUING VIGIL FOR HUMAN RIGHTS IN THE SOVIET UNION

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. WAXMAN. Mr. Speaker, with the summit meeting in Geneva between President Reagan and Soviet Premier Gorbachev drawing near, I am joining many of my colleagues in calling attention to the plight of Soviet Prisoners of Conscience. I have a special connection to one—Mark Otcheretyansky of Moscow—because my wife Janet has adopted him and is corresponding with him regularly.

Mark Otcheretyansky is only one of tens of Prisoners of Conscience in the Soviet Union. Mark and his family—wife, Olga and son, Alexander—first applied for an exit visa in May 1979. At the end of September 1979, Mark and his family received permission to emigrate to Israel; they sold all their belongings and paid for their visas. However, 1 week before collecting the passes, Mark was accused of "stealing state property" at his former place of work, a construction site. After an 8-month detention, he was brought to trial and accused of "abusing his position." Mark was sentenced to 1 year of hard labor, but was released after 3 months.

On March 23, 1981, he again applied to emigrate at OVIR headquarters in Moscow, and received a final refusal. On April 30, 1984, Mark was again arrested, this time for "violation of passport laws" since he had refused to reclaim the passport submitted for his original emigration application. His refusal to reclaim the document appeared to be a symbolic renunciation of Soviet citizenship, made to stress his desire to leave.

The story of this second imprisonment, ends happily—and thus is quite unusual. Unlike so many other prisoners of Conscience, Mark was released 3 months after his arrest. While we cannot be sure that my wife's adoption of Mark played a part in his release, we do know that the Soviets notice which prisoners attract high-level attention abroad, and we presume that it affects their treatment.

The Final Act of the Helsinki conference, which the Soviet Union signed, says that "everyone has a right to leave any country, including his own, and return to it." If this in fact is the right of every person in the Soviet Union, why have only a tiny proportion of the 400,000 Jews that have asked to emigrate been allowed to leave? I believe the Soviet Government should adhere to its obligations and we should help hold them to it.

My wife Janet anxiously awaits a response from Mr. Otcheretyansky to her most recent letter. Once his safety and well-being and that of his family are confirmed, Janet plans to adopt another Prisoner of Conscience. She will continue as long as necessary to be a voice of hope for these prisoners.

VIRGIN ISLANDS ENACTS LEGISLATION CONDEMNING RACIST POLICIES OF GOVERNMENT OF SOUTH AFRICA

HON. RON de LUGO

OF VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. DE LUGO. Mr. Speaker, I would like to bring to the attention of my colleagues in the House of Representatives, Resolution No. 1227 (bill No. 16–0202), passed by the Virgin Islands Legislature.

Bill No. 16–0202, sponsored by Senator Eric Dawson, vice president of the legislature and cosponsored by Senators Allan Paul Shatkin, Ruby M. Rouss, Lorraine Berry and Iver Stridiron, "condemns the racist policies of the Government of South Africa; supports Senate bill No. 635 which expressed the opposition of the United States to the system of apartheid in South Africa; and supports House bill No. 1460 which, among other things, would prohibit the importation of South African Krugerrands into the United States."

As a part of the world community that advocates freedom and democracy, the people of the Virgin Islands abhor the racist policies of the South African Government, and have long felt a sense of camaraderie with and brotherly affection for the people of South Africa. This was the motivation that led the Legislature of the Virgin Islands to enact this resolution. The resolution that we have before us today expresses our support for the people of South Africa in their struggle against a racist regime and urges the United States Government to abolish its policy of "constructive engagement" and bring greater pressures upon the South African Government to abolish its apartheid policy.

I am proud to have been one of those arrested outside the South African Embassy in January of this year. Although the arrest of those individuals who feel the moral outrage of apartheid, continues on a daily basis, much remains to be done.

I therefore urge my colleagues in the United States Senate to pass Senate bill No. 635, and represent the will of the American people by informing the South African Government in no uncertain terms, that we abhor apartheid and its racist policies, and will not support such a system.

AMENDMENTS TO FARMLAND PROTECTION POLICY ACT

HON. JAMES M. JEFFORDS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. JEFFORDS. Mr. Speaker, I am offering today an amendment to the Farmland Protection Policy Act [FPPA], a provision of the 1981 farm bill.

With passage of the FPPA, Congress intended to direct Federal agencies to consider the adverse impacts that their various projects may have on prime farmland. USDA was given the lead role in developing the necessary guidelines and in monitoring their implementation. The need for this act was indicated by the results of the then recently completed National Agricultural Lands Study. NALS identified over 90 Federal programs whose actions caused the irreversible conversion of some of our Nation's most highly productive cropland to nonagricultural use.

The 1985 farm bill is attempting to address several important resource conservation issues involving agriculture. It proposes to place 25 million acres of highly erodible cropland into a long-term conservation reserve. It requires farmers who wish to continue to receive Federal Farm Program benefits to farm their land in such a fashion that soil erosion will be controled. In both cases, the committee is dealing with land that should never have been brought into production, but was plowed out because of the Farm Program benefits that could be had by owners who added this kind of poor quality land to their cropland base. At the same time, Federal projects and incentives have destroyed millions of acres of prime agricultural land—the type of land which is not erosive and will produce high yields indefinitely if managed properly. We have, in effect, been destroying highly productive land and replacing it with land of poor quality. My amendment will round out the committee's conservation effort by getting the Federal government out of the farmland busting business.

The FPPA was designed to get the Federal Government out of the business of subsidizing the destruction of our best farmland. It is a simple and straightforward law. Nonetheless, USDA has not enthusiastically sought to implement it. The Agriculture Department took almost 3 years to issue the rules for other Federal Agencies to follow in implementing the act. This is unfortunate in light of the interest shown by the State and local governments in conserving their farmland. When the NALS was completed in 1981, about one dozen State governments had farmland conservation programs or policies and about 270 local governments had their own programs. This has grown dramatically in the last 4 years as the attached chart demonstrates. Now over 20 States have policies or programs and almost 600 local units of government have developed their own conservation programs. The reason for this tremendous growth at the State and local level can be traced to a number of factors. First of all, farmland conservation is an important element in strengthening agriculture at the local level. All good farmland conservation programs are designed to keep agriculture economically sound through the use of lowered real estate taxes, tax credits, protection from actions by eminant domain, purchase and transfer of development rights, and many other approaches. Increasingly, many local governments are noting that agriculture is really a composite of many industries ranging from those which provide input supplies and services required by production agriculture, to those which process, distribute, and market farm commodities through the food chain. Many businesses are not classified agricultural, but do a significant amount of business with farmers and the agricultural sector: insurance companies, utilities, trucking firms, and lenders. These relationships define the term "rural communities." Their importance is indicated by the serious economic difficulties that many of our agricultural communities are facing because of the serious financial difficulties their farmers are experiencing.

The same rural communities are also recognizing the exorbitant cost of sprawled development. Recent studies in a number of counties have shown that transportation, water, sewer, police and fire protection are much more costly to provide when development is scattered throughtout the farming areas of a county.

All of this points up the fact that the Federal Government ought not run roughshod over States and local communities which wish to protect the economic base that their agriculture represents. USDA's less than enthusiastic effort to implement the FPPA has prompted me to offer this amendment in order to protect the interests of communities which are trying to conserve their farmland base.

The amendment will do two things. First, it will require USDA to submit a report annually to the Congress, beginning in 1987, on its progress in implementing the FPPA. This will give us the opportunity to see if the various Federal agencies are complying with the intent of the law.

Second, the amendment will allow Governors of States which have local farmland conservation policies and programs to intervene in Federal court in those instances where Federal actions threaten to contravene local farmland conservation policies. This will allow those States which are interested in conserving their farmland to get the Federal Government's attention in those cases where a Federal project will destroy what the State considers to be an important part of its agricultural base.

The adoption of this amendment will improve the implementation of the FPPA. There is no cost to it.

The conservation of our prime agricultural land by the States is a long-range resource goal that the Federal Government should not obstruct. In the last decade we have seen the wasteful results of crop production on fragile land. The soil erosion that it has created has cost the taxpayer billions of dollars. The least we can do is to make sure that the Federal Government is not putting our most productive land under concrete when reasonable alternatives exist.

INCREASE IN THE NUMBER OF STATE AND LOCAL FARMLAND PROTECTION PROGRAMS SINCE 1980

Type of program	Number of programs in 1980		Number of current programs—1985	
	State	County (municipal)	State	County (municipal)
Statewide farmland protection policies (similar to Federal FPPA)	1		13	
Right to farm laws (farmer protection against nuisance suits and operating restrictions)	17		45	
Property and income tax incentives to keep land in agriculture	45		49	
Agricultural districting	4		7	
Purchase of development rights	4	5	7	17
Transfer of development rights		12		23
Agricultural zoning (22 States authorize ag. zoning)		270		552

Note.—Farmland acreage protected under these various programs has increased from 25,000,000 acres in 1980 to almost 80,000,000 acres in 1985.

Source: NALS.

DEDICATION OF POINT REYES WILDERNESS TO PHIL BURTON

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. MILLER of California. Mr. Speaker, I recently had the pleasure of attending the dedication of the Point Reyes Wilderness area to the memory of our late colleague, Philip Burton.

I would like to share with the Members of the House the remarks that were delivered by former State Senator Peter Behr. I think that they truly captured the spirit, the courage, and the essence of Phil.

For his widow, Congresswoman SALA BURTON, for his brothers, John and Bob, the dedication of this great wilderness area to Phil's memory and achievements is a wonderful tribute.

THE MEANING OF THE OCCASION

There is an inscription in London's St. Paul's Cathedral to honor its great architect, Sir Christopher Wren; which reads: "If you would see his monument look around."

As you enter our national parks or wilderness areas this inscription becomes a fitting tribute to Phillip Burton, for he was their greatest champion and benefactor.

The 1978 Omnibus Parks Act, nicknamed "The Burton Bill" by friends and foes alike was one of the most sweeping pieces of environmental legislation ever to pass the Congress. It more than doubled wilderness acreage in the National Parks system, created or expanded thirty-four parks eight scenic rivers and four national trails, and was the unique product of a superb legislative craftsman. As the New Republic said about Phil Burton:

"He worked, laughed, drank, smoked, swore, and politicked to excess." He could close the unlikely deal, build the unusual coalition, promote the appropriate spokesman, badger and bully the leadership, and whip the votes into line for ends he believed to be in the national interest."

Just one example: When canvassing his colleagues for land in their districts they wanted included for parks under his 1978 Omnibus Parks Bill, Phil ran up against a hostile Oklahoma member of the House from an oil-rich area.

"You've got nothing for me here", he was told. "The last thing I want is land taken out of production." A quick reply salvaged his vote, "That's a promise—no parks in your district."

Phillip Burton died of a heart attack on April 10, 1983, at the age of 56. He successfully defended the 2.3 million-acre California Wilderness Bill, H.R. 1437 against weaking amendments. On April 13, three days after his death, it was passed overwhelmingly as a final tribute to him by his colleagues in the House of Representatives.

There is little doubt that the compromise bill, enacted on September 17, 1984, which added an additional 1.4 million acres to California's National Park wilderness acres, was due in good measure to Phil Burton's earlier efforts. And many of us believe it would have contained more acres if Phil had been with us. Even in the United States Senate he was an elemental force.

His list of accomplishments in conserving California's environmental heritage are to a considerable degree the conservation history of our state in the past two decades, beginning when he entered Congress in 1964: The Point Reyes National Seashore, the Golden Gate National Recreation Area, the Santa Monica Mountains National Recreation Area, expansion of the Redwood National Park and the Protection of the Channel Islands and Lake Tahoe, to name some of the major ones.

Phil Burton, during his long career in Congress, put all his immense energy and know-how into the achieving of results he cared deeply about. He never went out of his way to seek press coverage or public recognition. He never received his due in this regard—and that was all right with him.

This was never more evident than the part he played in one of the greatest and most complex pieces of environmental legislation to become law in our generation, the Alaska National Interest Lands Conservation Act, signed into law on December 2, 1980.

Phillip Burton was the inspiration, the mentor, and the Master Legislative Mechanic for Representative John Seiberling, who chaired the special Alaska House Subcommittee which drafted the legislation.

At every point in the three year battle, when crucial decisions were being made, Phil Burton was there. He was involved; he was needed, and his advice was needed.

So today we also offer our thanks for the 100 million acres of parks, wildlife refuges and wilderness created by the Alaska Act, and the involvement of Phillip Burton in the legislative strategy and tactics that made it possible.

Phil Burton was a consummate politician, but he used his skills, his energy, and his passion for the best reasons: not only for the environment, but for social justice and for peace. To people in need or at risk, of all colors, tendencies, and backgrounds, he would often say, "You are in your mother's arms." And so were we, in the good years when he was with us.

I will read now from the 1983 Ansel Adams Conservation Award, given posthumously to Phillip Burton on May 24, 1983 by the Wilderness Society:

"To Phillip Burton, the strong voice in the wilderness, the great bear with the golden heart, because future generations will find your magnificient legacy in the wilderness, parks, trails, and wild rivers you left for them; because you will live as long as the green meadows and hills that stretch out from the Golden Gate and as long as the redwoods stand; because you believed enough to live it, you loved enough to fight for it, and because you gave it your all."

Like a great tree which falls in the forest, Phil Burton's passing has left "a lonely place against the sky." This encompasses much of the meaning of this ceremony for it is, after all, a time to remember, and a time to be grateful.

LINDERO CANYON MIDDLE SCHOOL RECEIVES COMMENDATION

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Ms. FIEDLER. Mr. Speaker, I would like to take this opportunity to commend Lindero Canyon Middle School, located in Agoura Hills, CA, in my district, for receiving recognition in the Secondary School Recognition Program sponsored by the U.S. Department of Education. Out of a total of 42,000 public secondary schools nationwide, Lindero Canyon Middle School was one of only four middle schools in California to receive this commendation. The school has received a plaque and a special flag denoting "Excellence in Education."

The award program began 3 years ago, and its purpose is to recognize public and private secondary schools that have both achieved and maintained excellence in educational programming. Chief State school

officers nominated 509 schools from across the Nation. A portion of these schools were then recommended for 2 day site visits in order to see the educational programs in progress and get a feeling for the overall spirit of the school itself. Two 18 member panels then judged both the reports of the site visits and the written application based on several criteria.

Lindero Canyon Middle School was judged on several attributes and indicators of success set forth by the program. The attributes include rewards and incentives for both teachers and students; careful monitoring of student success; opportunities for student responsibility and participation; and community support and involvement. Lindero Canyon offers several programs to promote academic achievement, citizenship, and positive attitude. The school also promotes achievement in music, art, and drama. The faculty has had more teachers honored in the Teacher of the Month Program than any other school in the school district. Lindero Canyon has also been successful in monitoring the success of its students through written and oral reports, and by encouraging students who have mastered programs, to further challenge themselves. Students are also given the opportunity to participate in student government and school-related community activities.

Despite obstacles created by a decline in educational funds, Lindero Canyon Middle School, through the inspiration of its administration and professional dedication of the staff, has provided a high quality of instruction and constantly strives for professional growth and excellence.

Its success in the pursuit of a high quality of education has been clearly demonstrated by the fact that they have a 95-percent student attendance rate as well as a 96-percent teacher attendance rate; 95 percent of their students scored in the top two quartiles in math, 85 percent in reading, and 89 percent in languages on the C.T.B.S. tests.

Aside from indications of academic success, it has demonstrated success in its musical programs, received numerous music festival awards, and achieved a record number of students chosen to participate in the Southern California Honors Band. The faculty has proven their high standards through active involvement in school programs, and have received distinctions as outstanding educators. The students themselves have received numerous performance awards in math, spelling, and public speaking contests and honors in a wide variety of athletic events.

After having visited Lindero Canyon Middle School and having spoken to both students and educators during their trips to Washington, DC, I am convinced of the worthiness of this fine academic institution as a recipient of the Secondary School Recognition Program. I am happy to say that two graduates of Lindero Canyon Middle School are currently employed as members of my Washington staff. These two young women represent the high standard of excellence that Lindero Canyon Middle School has fostered and maintained.

COWLITZ TRIBE OF INDIANS COMPENSATION

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. BONKER. Mr. Speaker, I am today introducing legislation with my colleague, Congressman NORM DICKS, to provide for the disposition of funds appropriate to pay a judgment in favor of the Cowlitz Tribe of Indians in Indian Claims Commission Docket No. 218.

During the treaty-making period of our country, the United States entered into treaties with various Indian tribes whereby the tribes ceded their lands and certain attendant rights to the Government. In return, the Government generally agreed to make money payments to the tribes and set aside certain lands for their exclusive use (e.g., reservations). The Cowlitz Tribe of Indians never entered into a treaty with the United States and, thus, (1) never received money payments for their aboriginal lands, which nonetheless were taken by the Government, or (2) had lands set aside for their use.

On August 13, 1946, (25 U.S.C. 70, et seq., legislation was passed that established the Indian Claims Commission ["ICC"] which provided for the first time a systematic procedure whereby Indian tribes could seek monetary compensation for the taking of their aboriginal lands. The Cowlitz filed a claim pursuant to the act, which was docketed as ICC No. 218, Cowlitz Tribe of Indians versus United States.

The Cowlitz ICC litigation was conducted in two phases. The first was solely concerned with determining the data on which the Cowlitz aboriginal lands were taken, which date was fixed at March 20, 1863. The second phase dealt with valuing the lands as of the date of taking; phase II was concluded on April 12, 1973, with the execution of a compromise agreement fixing value at $1,550,000 for the taking of the Cowlitz aboriginal lands "without benefit of treaty or compensation." This sum of money was appropriated in the name of the Cowlitz Tribe by the act of July 1, 1973 (87 Stat. 99), and since that time the funds have remained on deposit with the U.S. Treasury. At this time, the judgment fund has grown to approximately $3,500,000.

Mr. Speaker, the bill we are now introducing would effect the release of these funds to the Cowlitz Tribe who have been waiting for over 12 years now. I am certain that the distribution plan contained herein has the full support of the Cowlitz Tribe and is and completely equitable to all concerned Cowlitz Tribe members.

THE ADMINISTRATION'S REDEFINITION OF ABM TREATY RESTRICTIONS UNDERMINE BOTH ARMS CONTROL AND OUR NATIONAL SECURITY

HON. NORMAN D. DICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. DICKS. Mr. Speaker, I rise to express my deepest concern with the action taken by the administration to unilaterally interpret the ABM Treaty out of existence. The recent statements by administration officials, designed to give a free rein to star wars testing are nothing short of irresponsible in my judgment.

The Reagan administration's new interpretation of the ABM Treaty undermines U.S. security. It accelerates erosion of the ABM Treaty instead of reversing it. It is contrary to assurances made by this administration to the Congress and our allies. It is contrary to the letter and the spirit of the ABM Treaty as explained by every previous administration—including this one. It enormously simplifies Soviet breakout from ABM Treaty constraints, and it destroys the United States case that the Soviets have violated the treaty by disingenuously interpreting its provisions.

The administration's report to the Congress on the strategic defense initiative, submitted in March of this year, clearly states that there are three basic types of activity that are permitted in compliance with the ABM Treaty.

The first of these is conceptual design or laboratory testing. In the March 1985 report, the administration cited the testimony of Gerard Smith, chief negotiator of the treaty stating:

> The prohibition on development contained in the ABM Treaty would start at that part of the development process where field testing is initiated on either a prototype or breadboard model. It was understood by both sides that the prohibition on "development" applies to activities involved after a component moves from the laboratory development and testing stage to field testing.

Smith went on to note in his cited testimony that the allowance of these early stages of the development process were the result of problems for verification by national technical means. These provisions apply to ABM systems or components based on other physical principles as well.

The second and third areas of permitted activity according to the earlier administration report were testing of devices that are not ABM components or prototypes of ABM components, and field testing of fixed land-based ABM components.

I strongly disagreed with the judgments made by the administration on whether particular planned tests would comply with these criteria, but at least they attempted to justify their program against the clear language and intent of the treaty. Now they are attempting to rewrite the treaty. The administration must have felt that because

such activities could not in fact be justified as ABM Treaty compliant on the merits, the only way they could go forward with them was to unilaterally redefine the treaty itself. We don't concede to the Soviets the right to redefine existing arms control agreements to their own liking and we should apply the same standards to our actions.

The conference report on the Fiscal Year 1986 Defense Authorization Act includes a provision expressing a sense of the Congress that funds approved for SDI do not express or imply an intention that the United States should abrogate, violate, or otherwise erode the ABM Treaty. It is increasingly clear that if congressional intent is to be preserved, we are going to have to be very specific in regard to how SDI funds can be used. If the administration thinks it can define the ABM Treaty out of existence it is going to be up to the Congress to make sure that the treaty's integrety is preserved and the previously stated policy of this and the last three administrations is continued.

ALIENAGE V. NATIONAL ORIGIN DISCRIMINATION: IS IT THE SAME?

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. TOWNS. Mr. Speaker, earlier in today's remarks I submitted the testimony of our colleague, ROBERT GARCIA on the employer sanctions provisions of the immigration bill, H.R. 3080. I believe that it is important that the House understand the difference between alienage discrimination and national origin discrimination. There is often a fine line between these two issues which could become a major civil rights issue if employer sanctions are enacted.

I found the testimony of the former Chairman of the U.S. Civil Rights Commission, Dr. Arthur Flemming, helpful in discussing the differences between the two kinds of discrimination and the protections against such discrimination which currently exist in the law. I want to stress that contrary to popular belief concerns about discrimination are not being offered merely as a means of opposing the bill. These concerns are real. For example, while legislation was not enacted last year, one State's EEOC office found that a company had asked only its Hispanic employees to verify that they were legal residents or U.S. citizens. This action was taken in anticipation of sanctions being enacted.

Consequently, I believe that we must seriously consider Dr. Flemming's warnings that the current provisions in the immigration bill are insufficient to protect against this kind of discrimination. He also indicates that current law is ineffective against employment discrimination which does not fit into the current limitations of EEOC coverage. Hopefully, his testimony, which I have submitted below, will serve as a further explanation of alienage versus national origin discrimination.

[The article follows:]

TESTIMONY OF DR. ARTHUR S. FLEMMING BEFORE THE HOUSE SUBCOMMITTEE ON IMMIGRATION, REFUGEES AND INTERNATIONAL LAW AND THE SENATE SUBCOMMITTEE ON IMMIGRATION AND REFUGEE POLICY, OCTOBER 9, 1985

Mr. Chairman, members of the Subcommittees, I am Arthur S. Flemming. I am pleased to testify before you today on the important issue of employer sanctions and employment discrimination against U.S. citizens, lawful permanent resident aliens, refugees and other persons authorized to reside and work in the United States. Accompanying me is Sonia Jarvis, Managing Attorney with the Center for National Policy Review.

The testimony I present today sets forth my personal views. These views are consistent with testimony I presented before the House Subcommittee in October, 1981 on behalf of the United States Commission on Civil Rights (the Commission), which I formerly chaired. That testimony is attached. As indicated in the attached letter to Representative Robert Garcia from Clarence M. Pendleton, Jr., in 1983 the Commission carefully reconsidered the implications of proposed employer sanctions, and reaffirmed the positions and recommendations contained in the Commission's report "The Tarnished Golden Door." As you may know, this report was prepared during my tenure as chairman and submitted to Congress and the President in September of 1980.

I. SUMMARY OF TESTIMONY

Today, as in the past, I recognize the seriousness of the overall problem of undocumented immigration which Congress seeks to address. I continue to stand by the Commission's strong recommendation, as set forth in "The Tarnished Golden Door," of a three-pronged approach to reduce the participation of undocumented workers in the domestic labor market, namely; 1) vigorous enforcement of the Fair Labor Standards Act and other labor laws; 2) strengthening the capacity of the Immigration and Naturalization Service (INS) to enforce current immigration law; and 3) vigorous efforts to foster bilateral or multi-lateral agreements with the major sending countries in order to reduce and regulate cross-border population flows.

Second, I continue to oppose employer sanctions proposals either with or without a compulsory system of verification of authorization to work. This position is consistent with that of a majority of the Commission which I chaired and which recommended against employer sanctions on the grounds that: (1) employer sanctions impose law enforcement duties on private persons and corporations with undesirable consequences for both the employer and job applicant; (2) employer sanctions would increase employment discrimination against United States citizens and lawful resident aliens who are racially or linguistically identifiable with major immigrant groups; and (3) proposals for the adoption of a compulsory work permit or other universal worker identifiers undermine civil liberties. As the majority of the Commission concluded in 1980, "the Commission does not believe that, serious as the adverse impact of the undocumented workers may be on the employment opportunities of some citizens and legal aliens, the nation is warranted in traveling a path which could result in depriving all citizens of civil liberties. The Commission does not believe that the ends that would be achieved justify the proposed means." ["Tarnished Golden Door," page 73.]

Third, if Congress should, however, adopt some form of employer sanctions, it is my judgment that it is essential to include provisions which provide all persons authorized to work in the United States strong and enforceable protection against employment discrimination based upon national origin or non-citizen status. To this end I strongly endorse the "Frank Amendment" which passed the House in 1984 by a vote of 404-9, and urge that those provisions be included in any immigration bill which includes employer sanctions. In this regard I am disappointed. S. 1200 does not include such protections, and HR. 3080 includes anti-discrimination provisions substantially weaker and less enforceable than the provisions of the House-passed "Frank Amendment". Employer sanctions will encourage discriminatory practices, which is why I oppose them. If they become law they must be countered by strong anti-discrimination provisions in the same law. That is why I favor a "Frank Amendment" that has not been weakened.

Fourth, given my deep concerns about the efficacy, discriminatory impact and threat to civil liberties which arise from employer sanctions, I endorse the concept of imposing a "sunset" provision on sanctions which would require Congress to reconsider the program in light of practical experience. Although I believe that the limited "sunset" which the Senate approve as an amendment to S. 1200 is a step in the right direction, I strongly recommend that an automatic termination be adopted which would eliminate employer sanctions from the laws of the United States at the end of three years unless Congress clearly and affirmatively reenacts them.

The balance of this testimony will focus on the ethical and constitutional basis for prohibiting employment discrimination based on non-citizen status, and the need for strong protection against this danger for all persons authorized to work in the United States.

II. THE ETHICAL AND CONSTITUTIONAL BASIS FOR PROTECTION AGAINST EMPLOYMENT DISCRIMINATION BASED ON NATIONAL ORIGIN AND NON-CITIZENS STATUS

Lawfully resident aliens have a constitutional right to work. They are "persons" entitled to the equal protection of the laws. In 1915, the United States Supreme Court recognized that lawfully resident aliens have a "right to work in the common occupations of the community," for such a right is the "very essence of personal freedom and opportunity that it was the purpose of [Fourteenth Amendment] to secure." *Truax* v. *Raich,* 239 U.S. 33, 42 (1915). Under a series of well known decisions, the Supreme Court has held that a State may not abridge a lawful non-citizen's right to work except on a showing that such abridgement is necessary to achieve a compelling State interest. This same standard applies to State laws that regulate employment in the private sector.*

These constitutional holdings establish as the law of the land the principle that all persons lawfully residing and authorized to work in the United States enjoy a fundamental right to work which cannot be abridged except for compelling reasons. The proposed employer sanctions included in S.

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*Under more recent Supreme Court decisions, a less stringent constitutional standard may apply to State jobs "imbued with sovereign authority" such as State police or public school teachers. See *Foley* v. *Conneite,* 435 U.S. 291 (1978).

1200 and H.R. 3080 pose a serious threat to this principle. Whereas other federal laws have made it unlawful for an employer to deny employment to pesons because of certain personal characteristics, sanctions represent a unique effort to make it unlawful to give employment to persons because of certain characteristics, namely their lack of legal status in the United States. As such, employer sanctions contemplate radical changes in employment practices.

III. THE DANGER OF EMPLOYMENT DISCRIMINATION ARISING FROM EMPLOYER SANCTIONS

I am convinced that employer sanctions will increase employment discrimination on several levels, and that non-citizens authorized to be and work in the United States are especially vulnerable. Indeed, as other witnesses have testified, it appears that the mere prospect of employer sanctions, and the substantial publicity which has surrounded the Congressional debate, already have led certain employers to fire or deny employment to persons lawfully here for fear they may be undocumented or otherwise subject the employer to INS enforcement activities.

Even if all parties to the debate can today only speculate about the extent to which sanctions will increase employment discrimination, it is my judgment that Congress should provide protection against the danger. If discrimination does increase, as I believe is inevitable, such new protections will provide an opportunity for protection and redress not available under current law.

If, as their proponents assert, sanctions do not prove discriminary, such protections will at a minimum affirm Congress's commitment to the principle that all persons lawfully residing in the United States, citizen and non-citizens alike, have a protected right to work.

Consistent with the conclusions of the Commission as set forth in the "The Tarnished Golden Door," there are several reasons why I believe that employer sanctions will increase the potential for discrimination on the basis of national origin, race and non-citizen status.

First, the danger of employment discrimination is inherent in the basic character of employer sanctions, which impose upon the employer the obligation to ascertain the right to work of all persons hired. Employers would be mandated to distinguish between job applicants who are lawfully here and authorized to work, and those who are not. This requires employers, under threat of civil and criminal prosecution, to make very difficult judgments about persons seeking employment.

Accordingly, I believe that employer sanctions will foster the creation of a de facto "suspect classification" of persons who look or sound foreign, especially Hispanics, Asians, and other persons, regardless of race or ethnicity, whose appearance, language skills or other characteristics may raise questions about their immigration status. Because the problem of illegal immigration is perceived by many, albeit incorrectly, as a "Mexican problem" or a problem of Central Americans and Caribbeans, millions of citizens and lawful resident aliens who share a common appearance with persons from these regions will become especially suspect in the minds of the employers.

In short, some employers, acting in good faith in an effort to comply with sanctions or minimize the risk of investigation and prosecution, may adopt the simplistic solution of discriminatorily denying jobs to "foreign looking or sounding" persons.

Second, employer sanctions will encourage those who are inclined to discriminate to perceive sanctions as a pretext or excuse for denying employment on invidious grounds.

Third, the "optional verification" requirements of S. 1200, and the "mandatory verification" provisions of H.R. 3080 will not adequately address this potential for discimination, may indeed exacerbate it, and will give rise to serious threats to privacy and other civil liberties. Under both bills, employers are required to make a subjective determination of the validity of proffered documents. Given the ease with which such documents are forged, and the possible difficulties in assuring that an individual matches the document's description or picture, the easiest way out for employers who wish to comply with sanctions will be to refuse to hire foreign looking or sounding persons, or subject them to much closer scrutiny than others.

Finally, I am concerned that the adoption of employer sanctions, particularly as structured in S. 1200 and H.R. 3080, will result in some employers requiring job applicants to produce a passport or other proof of citizenship. Such practices, authorized under both bills as a means of complying with the verification requirements, would amount to a "citizens only" hiring policy.

This would impose extraordinary hardship on the approximately 8 million permanent resident aliens and refugees who reside lawfully in the United States and are authorized to work. These millions of people face the greatest new danger of employment discrimination if employer sanctions are adopted. As discussed below, current civil rights laws do not provide adequate protection against a "citizens only" hiring practice. It is for these reasons that I think it essential that if employer sanctions are included in any immigration law, the provisions of the "Frank Amendment" in the form in which it passed the House by a vote of 404–9 in 1984 must also be included.

IV. EXISTING EMPLOYMENT LAWS DO NOT PROVIDE ADEQUATE PROTECTION FOR NEW FORMS OF DISCRIMINATION ARISING FROM EMPLOYER SANCTIONS

In *Espinoza vs. Fara Manufacturing Co.*, 414 U.S. 86 (1973), the Supreme Court held that Title VII of the Civil Rights Act of 1964 does not bar discrimination based solely on alienage or non-citizen status. The Court also stated clearly that discrimination based on alienage is not the equivalent of national origin discrimination, which Title VII does prohibit.

While in some instances the non-citizen lawfully authorized to work might be able to assert a claim of national origin discrimination under Title VII, the facts of *Espinoza* itself—a Mexican resident alien denied employment on the basis of non-citizen status by a company which predominantly employed Mexican-Americans—demonstrate that Title VII's national origin prohibition fails to address the heart of the problem with which I am concerned.

I recognize that some courts and commentators have argued that Section 1981 of the Civil Rights Act of 1866 prohibits both public and private employers from discriminating against non-citizens solely on the basis of their non-citizen status. It is my understanding, however, that the Federal Circuit Courts have split on this issue, and that the Supreme Court has not resolved the question. Accordingly, Congress cannot reliably determine that Section 1981 provides adequate protection against discrimination based on noncitizen status which sanctions may engender.

To those who argue that Section 1981 does provide adequate protection, I would respond with two points: (1) that implicit in such a conclusion is support for the principle which I urge Congress to uphold, that all persons lawfully in the country, citizens and non-citizens alike, should have their right to work protected regardless of their immigration status; and (2) that given the sweeping character of employer sanctions, gaps in the coverage of Title VII, and practical difficulties in enforcing both Title VII and Section 1981, it is necessary to adopt the provisions of the original "Frank Amendment" to ensure vindication of the principle of non-discrimination because of non-citizen status.

V. THE NEED FOR PROTECTIONS SUCH AS THE HOUSE OF REPRESENTATIVES APPROVED IN 1984

In order to vindicate the principle that in this society the right to work is accorded to citizens, lawfully admitted resident aliens, and refugees alike, should Congress adopt employer sanctions it is essential that it also prohibit the type of employment discrimination which sanctions will engender. S. 1200 is inadequate in this regard. H.R. 3080 is preferable to S. 1200 and I commend Representatives Rodino and Mazzoli for their efforts to address this serious problem. But for several reasons, in my judgment, the best approach is represented by the "Frank Amendment" which the House of Representatives approved in 1984 by a vote of 404-9.

First, H.R. 3080 limits the protection against discrimination based on national origin or citizenship status to citizens or "intending citizens." The definition of "intending citizen" is limited to persons who complete a declaration of intention to become a citizen, and apply for naturalization within six months of when they become eligible, or within six months of the date of enactment, whichever occurs first.

I respectfully disagree with the "intending citizen" restriction. Protection of the right to work should be accorded to all persons lawfully in the United States, not only those who seek or pursue citizenship. The fundamental character of the right to work is undermined by the restricted scope of the antidiscrimination provisions of H.R. 3080, and a new "second class" category of residents would be established.

Second, I understand that the "Frank Amendment" authorized class actions, whereas H.R. 3080 may not. I think class actions should be allowed consistent with the rules of Federal Civil Procedure.

Finally, I am concerned that H.R. 3080 would limit a private right of action to "knowing and intentional" or a "pattern or practice" of discriminatory activity. These standards are extremely difficult to satisfy, and are unduly burdensome. I recommend that the Committee reconsider these provisions of H.R. 3080, and return to the approach of the "Frank Amendment" which passed the House overwhelmingly last year.

I again thank both Subcommittees for affording me the opportunity to testify on these important matters.

NOVA RO-II DEDICATION

HON. BARBARA BOXER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mrs. BOXER. Mr. Speaker, it is my great pleasure to bring this special recognition to an outstanding project of the Novato Rotary Club in Novato, CA, which I am proud to say is part of my district.

This month, Novato Rotary will dedicate its second senior citizens housing complex, Nova-Ro II, a 56-unit development built by members of this community service organization without one penny of Government funding.

Recognizing the critical need for affordable housing for senior citizens, Novato Rotary put together an innovative plan which produced a quality project at less than two-thirds of the normal cost—thereby enabling rents to be set significantly below market rates.

Members of Novato Rotary donated their professional skills in architecture, engineering, contracting, legal services, and skilled labor. Other Rotarians contributed nonskilled labor on evenings and weekends to keep costs down. The county of Marin donated the land, and the city of Novato waived construction fees in recognition of the project's benefit to the community. Standard mortgage financing was augmented by a $500,000 grant from the Beryl Buck Trust through the San Francisco Foundation to further reduce costs and keep the units permanently affordable.

Like Nova-Ro I, which is celebrating its 10th year, Nova-Ro II is an attractive, well-built complex designed especially for senior citizens. It is a minineighborhood where residents can easily and comfortably socialize with one another, yet enjoy the sense of privacy and dignity that comes with having their own apartments and furnishings.

It is particularly gratifying to see this kind of private sector initiative, with members of a local organization taking responsibility for helping to meet community needs in such a commendable way. On behalf of all of us whose mothers and fathers are thus able to live out their lives in an atmosphere of independence and wellbeing, I thank the members of Novato Rotary for making it possible with Nova-Ro II, and I invite my colleagues in Congress to visit this model program..

JOE GALAYDA

HON. DANIEL A. MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. MICA. Mr. Speaker, it is with great pleasure today that I rise to note the retirement of a man who dedicated his working life to the fine art of assisting discovery—to the art of teaching. His departure leaves a gap in the hearts of his students and fellow teachers which I believe will not soon be filled.

I met Joe Galayda when, as a young teaching intern, I was assigned to his tutelage at Boca Raton Elementary School in Boca Raton, FL. Like everyone on the first day of school—even aspiring teachers—I was nervous. Joe Galayda was perceptive enough to notice my anxiety, and smart enough to make no attempt whatsoever to dispel it. He was a master disciplinarian. He knew when to be tough and he knew when to be gentle.

The result was that Joe Galayda became a father to two generations of students. For 26 years, he worked his magic in the classroom. It is a rare teacher and a rare individual who can still inspire affection over more than a quarter century, who can make those who knew him continue to seek him out. This is such a man, Mr. Speaker.

Joe's contributions were not limited to the classroom, although what he did there would stand alone as an admirable life's work. For 20 years, he has coached volleyball teams and instilled the will to win in people of all ages. His great joy is the ocean, and he has acquired vast knowledge of sea life and a love of this great force.

Mr. Speaker, it has been said that a teacher affects eternity, no one can tell where his influence stops. For those of us who know and admire Joe Galayda, who have had the privilege to work with him and under him, his influence will never stop. Nor, we hope, will he.

H.R. 3530, THE FAIR LABOR STANDARDS AMENDMENTS OF 1985

HON. AUSTIN J. MURPHY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. MURPHY. Mr. Speaker, I am pleased to announce that the members of the Subcommittee on Labor Standards have introduced legislation this afternoon amending the Fair Labor Standards Act [FLSA] as it affects local government employees in the aftermath of the Supreme Court's decision in Garcia versus San Antonio Metropolitan Transit Authority.

This bill is a compromise solution. We believe that these amendments provide necessary protections to local public employees yet allows public employers the flexibility necessary to administer their personnel practice as they choose.

This legislation represents the considerable efforts of all the members of the subcommittee who have urged local government employers and their employees to work toward a mutually acceptable solution to the issue of FLSA compliance.

For several months the subcommittee has advocated compromise rather than confrontation between the parties to this controversy. We are gratified that this recommendation finally bore fruit when the local governmental associations and the representatives of public employee unions were able to work out their differences.

The majority and minority subcommittee staff have spent the last week reviewing the recommendations of labor and management. After refining some of the suggestions offered to the committee and of course individual recommendations from the members themselves, we have drafted a bill which enjoys broad bipartisan support.

H.R. 3530 provides for either compensatory time off or cash compensation for public employees working overtime, releasing local governments from liability for FLSA overtime violations until April 15, 1986 and clarification of the status of volunteers. There are, of course, many aspects of this bill which I would direct my colleagues to review in the section-by-section analysis which follows.

The subcommittee intends to report this bill tomorrow, October 10, and I expect full committee action in the very near future.

DR. WILLIAM A. STREAT, JR.: 35 YEARS OF SERVICE

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. TOWNS. Mr. Speaker, I would like to take this opportunity to achnowledge the work and accomplishments of my good friend, Prof. William A. Streat, Jr. as he retires after over 35 years of service to North Carolina Agricultural and Technical State University.

Mr. Streat, son of the late Williams Alfred Streat, Sr., and Marie Green Streat, was born in Clover, VA. He spent his childhood years in Lawrenceville, VA, on the campus of what is now St. Paul's College, and where his father and later his mother were teachers.

Professor Streat received a B.S. degree in building construction from Hampton Institute and a B.S. degree in architectural engineering from the University of Illinois. He later received a master's degree from the Massachusetts Institute of Technology in 1949 and completed additional study at Duke University, the University of California, and Columbia University.

Professor Streat is registered to practice architecture in the States of South Carolina, North Carolina, and Virginia, and was the only full-time faculty member of North Carolina A&T State University with architectural registration.

He has served on the Accreditation Board of Engineering and Technology [ABET] and is a member of the American Institute of Architects, the American Society for Engineering Education, the Association of Collegiate Schools of Architecture, the National Technical Association, and the Beta Kappa Chi Scientific Honor Society, to name only a few.

In addition, Professor Streat was the only North Carolina A&T State Univeristy faculty member certified by the U.S. Department of Defense as qualified to design buildings protected against natural and nuclear disasters.

Finally, Professor Streat is a member of the Episcopal Church of the Redeemer. He has served our country during World War II in the Corps of Engineers and in the Army Air Corps as a B-25 twin engine bomber pilot.

He is married to the former Louise Guenveur of Charleston, SC, who was professor and chairperson of the department of home economics at Bennett College.

I am sure that my colleagues will want to join me in wishing Professor Streat best wishes as he retires after a long career of service and dedication to North Carolina A&T State University and the community around him.

DEFICIT REDUCTION PLAN

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. DASCHLE. Mr. Speaker, the Senate has sent us a deficit reduction plan that is flawed, but suggests a truly fair and effective route to a balanced budget. The Senate, however unintentionally, has realized that we will never balance the Federal budget unless we force the President, the Senate, and the House to do so.

I urge that we Democrats in the House take what the Senate has given us and improve it. The current plan has two flaws. First, during its first 3 years, it may actually increase, not reduce, the deficit. Second, it is structured in a way that places a disproportionate burden for deficit reduction on domestic spending, such as farm programs, education, and housing. Defense spending escapes relatively unscratched. Such an imbalance is fundamentally unfair.

The House should move quickly to adopt a deficit reduction plan that corrects these two flaws. Our plan should begin to reduce deficits immediately, not in 3 years. It should insure that Pentagon spending is cut as much as all other programs are cut. And, it should seek to reduce the deficit partly by imposition of a minimum corporate tax on profitable companies that now pay no taxes whatsoever.

Such a plan would not sacrifice our commitment to the elderly, the young, and the needy. It would force the President to finally propose a budget that reduces the deficit. And, most importantly, it would finally bring about a balanced budget.

LEGISLATION TO RESOLVE DISPUTE BETWEEN COWLITZ INDIAN TRIBE AND THE DEPARTMENT OF THE INTERIOR

HON. NORMAN D. DICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. DICKS. Mr. Speaker, today, Representative DON BONKER and I are introducing a bill which is intended to resolve a long-standing dispute between the Cowlitz Indian Tribe of Washington and the Department of the Interior.

In 1973, funds were appropriated to compensate the Cowlitz Tribe for lands taken by the United States over 100 years ago, without benefit of treaty or compensation. These funds were placed in a judgment account, where they remain to this day. The legislation we are introducing today would provide for the final distribution of these funds and the interest they have accumulated.

Our bill would require that 100 percent of the judgment fund be used for lawful purposes authorized by the Cowlitz Tribal Council and for the purchase of land for the Cowlitz Tribe, with none of the funding distributed to individual tribal members on a per capita basis. This is consistent with current law, which requires that a minimum of 20 percent of the total of judgment funds be distributed to Indian tribes, rather than to their individual members. We believe this type of distribution allows funds to be better utilized for the benefit of the entire tribe.

The Interior Department has maintained that only per capita distribution is appropriate for tribes such as the Cowlitz which are not federally recognized. We do not agree with this interpretation of congressional intent, and have introduced this bill to ensure that the funds in Indian Claims Commission docket numbered 218 are distributed in the most effective method possible.

THE FARM BILL

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. SYNAR. Mr. Speaker, we have heard a great deal in the last several months about the plight of the family farmer and the steady erosion of America's agricultural economy. I am seriously concerned about the future of U.S. agriculture.

The prices farmers are receiving for most commodities and livestock are at their lowest levels in several years. Worldwide overproduction and the high value of the dollar are expected to cause U.S. exports to drop to $30 billion this year. This will cause further reductions in farm income.

Despite the drop in income, the farmers' cost of production is rising through increases in seed, fertilizer, fuel, and equipment. It's not surprising that as much as half of the Nation's $214 billion farm debt may be uncollectable. In the Plains States, farm bankruptcies tripled from 1982 to 1984. Foreclosures and partial liquidations increased 30 percent in the same period. Land values have declined 12 percent in the last year. In Oklahoma, land values dropped 19 percent last year.

The elimination of family farmers would be devastating to our economy. Agriculture is the Nation's largest industry and the largest employer. Farming alone requires 3 million workers—more than the combined work forces of auto, steel, and transportation industries. Agriculture provides one out of every five jobs in the private sector. To quote William Jennings Bryant, "destroy our cities and they will spring up again as if by magic, but destroy our farms and the grass will grow over every city in the country."

Even though I had reservations over parts of the farm bill reported by the Agriculture Committee, I was prepared to support it because I felt it offered the best approach to deal with the problems facing agriculture today. It would have protected farmers' income, allowed them to repay their loans and remain on the farm. It also offered farmers a chance to decide if they wanted to institute a program of production controls in an attempt to bring up farm prices. At the same time the bill stayed within the budget targets and moved U.S. agriculture policy to a market-oriented approach.

It was not a perfect bill. But without the producer referendum and voluntary production control provisions and exemptions from cargo preference requirements for certain USDA export programs, the farm bill is a disaster. Consequently, I could not support it.

As it stands now, the farm bill will do nothing to end the problem of overproduction and as a result do nothing to increase farm prices. It provides little hope for today's family farmer who was counting on Congress to take bold new approaches to reverse the failed policies of the past.

It is true that controlling production may have caused an increase in the price of grain which would have been reflected in higher feed costs for the livestock industry and food for consumers. As a cattle rancher and a consumer I shared the concerns of those who opposed the production controls for this reason. However, I believe that these nominal increases would have been preferable to what will happen in farm country because we have not addressed the serious problem of overproduction and declining farm income.

Consumers and other sectors of the agriculture economy have benefitted from current farm policy which has encouraged overproduction and reduced prices. Food is cheaper in the United States. In fact, Americans spend less of their income on food than do consumers in any other country. Livestock producers now enjoy reduced feed prices. Implement dealers and other farm input industries have profited as planting has increased, However, all of these benefits have come at the expense of farmers who are the victims of a bad agriculture policy over which they have no control. A producer referendum to establish production controls is an idea whose time has come.

In addition, because attempts to restore the cargo preference exemption for certain USDA export programs were unsuccessful, the bill substantially undermines the effectiveness of the blended credit and intermediate credit programs. Both of these programs are intended to boost agriculture exports by providing interest free loans and credit guarantees which reduce the price of U.S. exports and make them more competitive on the world market. The fact that the administration has suspended these programs due to the cargo preference requirements cast serious doubts over whether these programs will ever work as they were intended.

I appreciate the intent of cargo preference requirements—to ensure there is a privately owned and operated merchant marine which can be used as a naval and military auxiliary in time of war or national emergency. However, I can't support subsidizing the shipping industry at the expense of American farmers. I don't buy the arguments that repeal of cargo preference requirements will threaten national security. Under the approach endorsed by the Agriculture Committee, cargo preference would have been required for all Food for Peace shipments.

Agriculture export trade has dropped from $43.8 billion in 1981 to an estimated $32 billion this year. U.S. farm product trade balances fell from $26.6 billion in 1981 to $12 billion this year. Agriculture trade was one of the brighter spots in an otherwise bleak American trade picture. Imposition of cargo preference requirements on all USDA export programs will add significantly to U.S. trade problems.

As I mentioned before, the bill was not perfect, but it was acceptable. The producer referendum was a positive step toward reducing the recordbreaking surpluses which have driven prices down. The cargo preference exemption would have ensured that USDA export programs would operate at their full potential to open up new markets for our farmers. Without these two provisions, the bill falls far short of what the Agriculture Committee set out to do in drafting farm legislation. I could not support the farm bill because I believe that Congress could have and should have done a better job to rewrite farm programs.

THE U.S. AND THE INTERNATIONAL COURT OF JUSTICE: WE MADE THE RIGHT DECISION

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. BROOMFIELD. Mr. Speaker, our Government made the correct decision to no longer accept the optional, compulsory jurisdiction of the International Court of Justice [ICJ]. Our country, however, will continue to respect our traditional commitment to international law and to the ICJ in carrying out its proper function.

Under the ICJ statutes, each state determines its relationship with the World Court. Each state can also either accept or reject the Court's compulsory jurisdiction on the principle of reciprocity.

After the founding of the World Court, the United States expected all countries to accept the optional compulsory jurisdiction of the Court. In fact, fewer than one-third of the world's nations have agreed to accept the Court's compulsory jurisdiction. The Soviet Union has never accepted the Court's compulsory jurisdiction, and in the judgment of our Government, neither has Nicaragua. One the other hand, the United Kingdom and the United States have, all along, accepted ICJ jurisdiction.

While the United States has never been able to bring other states before the Court, our country has been sued before that body on three occasions. Most nations are ignoring the Court's jurisdiction for obvious political ends. America's national interests are being threatened in the process. It is curious to note that the recent proceedings against the United States regarding Nicaragua are the first time that the Court has actually accepted jurisdiction over any political conflict involving ongoing hostilities.

I believe that our Nation's experience with optional, compulsory jurisdiction has been one sided, detrimental to our interests at best, and has not materially affected respect for the rule of law in the international community. For these reasons, is there any wonder that the President chose to do what he did?

It is obvious to me that the President made the right choice. I commend the following press statement and talking points on this decision to my colleagues.

PRESS STATEMENT

In accordance with the instructions of the President, on October 7, the Secretary of State deposited with the Secretary-General of the United Nations formal notice of termination of the United States declaration, deposited on August 26, 1946, accepting the optional compulsory jurisdiction of the International Court of Justice. This action will become effective 6 months after the deposit of that notice.

This decision is fully compatible with the Statute of the ICJ, which leaves it to the discretion of each state to determine its relationship with the World Court. That Statute also explicitly refers to the right to condition acceptance of the Court's compulsory jurisdiction on the principle of reciprocity.

When President Truman signed the U.S. declaration accepting the World Court's optional compulsory jurisdiction on August 14, 1946, this country expected that other states would soon act similarly. The essential underpinning of the U.N. system, of which the World Court is a part, is the principle of universality. Unfortunately, few other states have followed our example. Fewer than one-third of the world's states have accepted the Court's compulsory jurisdiction, and the Soviet Union and its allies have never been among them. Nor, in our judgment, has Nicaragua. Of the five Permanent Members of the U.N. Security Council only the U.S. and the United Kingdom have submitted to the Court's compulsory jurisdiction.

Our experience with compulsory jurisdiction has been deeply disappointing. We have never been able to use our acceptance of compulsory jurisdiction to bring other states before the Court, but have ourselves been sued three times. In 1946 we accepted the risks of our submitting to the Court's compulsory jurisdiction because we believed that the respect owed to the Court by other states and the Court's own appreciation of the need to adhere scrupulously to its proper judicial role, would prevent the Court's process from being abused for political ends. Those assumptions have now been proved wrong. As a result, the President has concluded that continuation of our acceptance of the Court's compulsory jurisdiction would be contrary to our commitment to the principle of the equal application of the law and would endanger our vital national interests.

On January 18 of this year we announced that the United States would no longer participate in the proceedings instituted against it by Nicaragua in the International Court of Justice. Neither the rule of law nor the search for peace in Central America would have been served by further United States participation. The objectives of the ICJ to which we subscribe—the peaceful adjudication of international disputes—were being subverted by the effort of Nicaragua and its Cuban and Soviet sponsors to use the Court as a political weapon. Indeed, the Court itself has never seen fit to accept jurisdiction over any other political conflict involving ongoing hostilities.

This action does not signify any diminution of our traditional commitment to international law and to the International Court of Justice in performing its proper functions. U.S. acceptance of the World Court's jurisdiction under article 36(1) of its Statute remains strong. We are committed to the proposition that the jurisdiction of the Court comprises all cases which the parties refer to it and all matters that are appropriate for the Court to handle pursuant to the United Nations Charter or treaties and conventions in force. We will continue to make use of the Court to resolve disputes whenever appropriate and will encourage others to do likewise. Indeed, as we have announced today, we have reached agreement in principle with Italy to take a longstanding dispute to the Court.

TALKING POINTS: COMPULSORY JURISDICTION OF THE ICJ

ICJ JURISDICTION

The Court's jurisdiction in all cases requires the consent of the states parties. There are two types of jurisdiction over cases. First, jurisdiction may exist when states accept the Court's optional, compulsory jurisdiction.

In accepting "compulsory jurisdiction," a state holds itself open to suits by any other state also accepting compulsory jurisdiction. Generally speaking, there is no way of knowing by whom, or on what issue, a suit may be filed.

Whether to accept compulsory jurisdiction is entirely optional.

When, in 1946, the U.S. accepted the Court's compulsory jurisdiction, it anticipated that most other states would do likewise. They did not and the Court has never enjoyed anything approaching universal acceptance as a vehicle for the peaceful resolution of disputes.

The number of states accepting compulsory jurisdiction has declined relatively and absolutely over the years. Only 45 of the 159 members of the U.N. accept the Court's compulsory jurisdiction. Only two Permanent Members of the Security Council—the U.S. and Britain—presently accept the Court's compulsory jurisdiction.

Termination of acceptance is not unusual and is fully compatible with the Statute of the ICJ, which leaves it to the discretion of each state to determine its relationship with the Court.

The second basis for the Court's jurisdiction is treaties or agreements providing for the Court's jurisdiction over a dispute involving just the parties to the agreement. Such agreements are common. The U.S. is party to over 60 such treaties or agreements providing for ICJ resolution of disputes arising under them.

Cases arising under treaties and specific agreements form by far the largest and most successful part of the Court's work. The President's decision has no effect in this area. The U.S. and Canada were involved in such a case last year and we have just reached agreement with Italy to have a long-standing dispute to the Court in the near future.

THE PRESIDENT'S DECISION

Our experience with compulsory jurisdiction has been deeply disappointing. Few states accept compulsory jurisdiction in any meaningful fashion. An accepting state can initiate proceedings only against another accepting state, yet can be sued without warning by any other state, which need only deposit an acceptance for the purpose of that single suit. The limited reservations that we attached to our acceptance in order precisely to define its scope have not protected us. Instead, they have been invoked on the basis of reciprocity to deprive the Court of jurisdiction over claims that we have sought to bring against other states. For these and other reasons, we have never been able to use our acceptance to bring other states before the Court, but have ourselves been sued twice.

We have hitherto accepted these risks because we believed that the respect owed the Court by other states, and the Court's own appreciation of its judicial function, would prevent the Court's process from being abused for political ends.

The Nicaragua case proved those assumptions wrong. For the first time, compulsory jurisdiction has been used as a springboard for the adjudication of political and security issues never before considered part of the Court's mandate. The effect has been to make our acceptance of compulsory jurisdiction a source of unacceptable risks.

THE ICJ'S PROPER FUNCTION AND THE IMPACT OF TERMINATION

Termination of the United States acceptance must also be seen in perspective. Compulsory jurisdiction has been the basis for only a minor part of the Court's work. Indeed, no compulsory jurisdiction case has been decided on the merits since 1962; the last such cases involving the United States ended in 1952. By far the larger, and overall more successful, portion of the Court's work has involved cases that the parties specially refer to it or matters otherwise assigned to the Court's jurisdiction by the U.N. Charter or treaties and conventions in force. Termination of our acceptance of compulsory jurisdiction has no legal effect on the Court's jurisdiction in any such case that may involve the United States.

The United States favors the Court's fulfilling its proper function. That is achieved where the parties specially consent to ICJ jurisdiction.

Our devotion to international law and the peaceful resolution of disputes, and the use of the ICJ in connection with this goal, is undiminished. Not only did the ICJ decide last year the U.S.-Canada boundary dispute, the U.S. has reached agreement with Italy to submit a dispute with another government to the Court.

WHY NOW

The U.S has terminated now in order to avoid future suits like the Nicaragua case. On April 6, 1984, the President amended our acceptance of compulsory jurisdiction to exclude for two years suits having to do with Central America. The 1946 Declaration accepting compulsory jurisdiction provides that termination takes effect six months from notice to the Secretary General. To avoid future Central American suits, termination has to become effective before the expiration of the two year exclusion of such suits on April 7, 1986.

Q: Why did the administration decide to submit its termination notice at this time?

A: Last January we announced the President's decision not to participate further in the proceedings brought by Nicaragua. We indicated at that time that the United States would be considering steps to address the concerns raised by the Court's unprecedented effort to extend its authority into areas of collective security and self-defense—subjects properly reserved by the UN Charter to resolution through political processes. That review has now been completed.

In addition, our 2-year suspension of jurisdiction for Central American disputes expires by its terms on April 6, 1986, 6 months from now. Because the notice of termination takes effect in 6 months, we thought it prudent to take action to avoid again being exposed to suits related to Central America.

Q: Why didn't the United States terminate its acceptance of the compulsory jurisdiction effective immediately?

A: We believe that under present law governing acceptances an immediate termination would be entitled to be given immediate effect. The Court's November 26 judgment in the Nicaragua case suggests that the Court would likely take another view, and we see no point in pushing the issue at this time.

Q: What effect do you think this decision will have on the Court's deliberations in the case of *Nicaragua* v. *U.S.*?

A: Our decision does not address the case before the Court and has no legal effect on that case. It is the Court's responsibility to not let it influence their decision. As we said in January, the Court lacks jurisdiction and competence over the case. Although we did not participate in the proceedings on the merits before the Court, we do not believe that Nicaragua has established its case before the Court. [If pressed: I would refer you to our Special Report of September 1985 " 'Revolution Beyond Our Borders', Sandinista Intervention in Central America," and to the admissions of Nicaragua's witnesses before the Court, admissions that directly contradict the sworn affidavits of Foreign Minister D'Escoto.]

Q: Why aren't you modifying the 1946 declaration rather than terminating it?

A: We have concluded after an exhaustive review that no modification of the terms of our 1946 declaration would adequately protect the United States against further politically motivated suits like the Nicaragua case, and that therefore the continuation in force of the declaration presents, under current conditions, unacceptable risks to the foreign policy interests of the United States.

Q: If Kampuchea and Israel can accept the compulsory jurisdiction of the ICJ, why cannot the United States do the same, with a reservation excluding, for example, disputes regarding the use of force?

A: We do not rule out the possibility of someday submitting a new declaration if conditions make it in our interests at the time to do so. Under present conditions, however, we believe that to accept the Court's jurisdiction with that and other qualifications would be putting form ahead of substance. We could conceive of a substantial number of reservations which might arguably meet our interests but then our acceptance would be essentially illusory. But let me note that the overwhelming proportion of the Court's work historically has been to decide cases submitted by special agreement or treaty referring disputes to the ICJ, e.g. United States-Canada Gulf of Maine case and the Iran Hostages case.

Q: Doesn't today's decision to withdraw from the compulsory jurisdiction show contempt for the World Court generally?

A: No; we continue to support the Court as a means for peaceful settlement of the kinds of disputes it was intended to handle, such as the recent Gulf of Maine case between the United States and Canada, submitted by agreement and decided by a five-member Chamber of the Court, and the recent agreement in principle to submit a longstanding expropriation dispute with Italy to such a Chamber. We will use the Court whenever appropriate on issues properly before it.

Q: How can the United States square this action with its long-standing profession of support for peaceful settlement of disputes in general, for increased resort to the ICJ in particular and for the rule of law?

A: Of course we still support as a matter of principle the peaceful settlement of disputes. We also support recourse to the ICJ in appropriate cases. But we do not believe that all disputes are appropriate for judicial resolution. The Central American dispute, for example, is one that is not. One could compare the situation to cases involving the political question doctrine in our courts. When we argue that our courts should not rule on a case because it presents a political question, that certainly does not imply that we are opposed to judicial determinations in appropriate cases.

One should not equate acceptance of the compulsory jurisdiction with adherence to the rule of law. Are the Federal Republic of Germany, Italy or Spain less committed to the rule of law because they do not accept the Court's compulsory jurisdiction?

Q: Has any other respondent state walked out on an ICJ proceeding?

A: Yes; France, Iceland, and Turkey, among others, have all refused to participate in a case in recent years. Also, the UK, Canada, Australia, and others have modified the terms of their acceptances of the Court's jurisdiction to avoid the filing of imminent cases.

A SALUTE TO DAVE BRODY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. GILMAN. Mr. Speaker, it is always a pleasure to see a friend receive public recognition for his accomplishments. Thus, I was happy to see a recent article in the highly respected National Journal in praise of my good friend, Dave Brody. Dave has gained the admiration and respect of hundreds of public officials and private citizens in his many years as the Washington

representative of the Anti-Defamation League of B'nai B'rith in Washington. The article pointed out one of Dave's most important characteristics—that he shares information on "who is doing what" here in Washington. Rather than holding such valuable information for himself, he trys to facilitate the work of his friends by sharing it with others.

So that my colleagues may be aware of the view of one reporter, after an extensive examination of Dave's special methods of operation and myriad accomplishments, I insert at this point in the RECORD the full text of the story to which I have referred:

[From the National Journal, Sept. 14, 1985]

MAKING MATCHES MEANS ACCESS

(By Dick Kirschten)

Most Washington lobbyists boast about having connections. David A. Brody takes pride in making them.

The veteran Washington representative of the B'nai B'rith Anti-Defamation League is an inveterate matchmaker who wends his way through the capital's power circles on the lookout for people who ought to know one another.

No sooner does his antennae pick up a nugget of conversational information about somebody's past or present interests than the next words out of his mouth are invariably, "I'd like to put you together with. . . ."

The very next day, if not later the same day, Brody will be on the telephone proposing a luncheon involving himself and the two people he wants to bring together. Invariably, they are people who would have gotten together on their own at some point but, as Brody said in an interview, he finds that it advances his long-term interests if he can be the "facilitator or catalytic force."

"I do it so that the two people will know each other, so they will not be strangers when they need to deal with one another. Both parties usually welcome it," he explained. Those involved may run the gamut from Members of Congress, White House aides and ambassadors to reporters, fund raisers and constituents.

Twenty years at his job has taught Brody that at some point, his gestures of good will are likely to be returned in some form. "It's not so much that people are beholden to me, as it's a matter of providing greater access for me," he said, stressing the golden word of the lobbyist's trade—access.

The autographed pictures on the wall of Brody's office attest to his success in gaining access at the very highest levels. They also attest to his skill at hearing what people say and sensing what makes them tick and what their current concerns are.

"In this town, so many people talk rather than listen," explained Brody, giving away a major secret of his success. It also helps to be quick-witted enough to put information to immediate use. "If I happen to be in a Member's office and a name comes up, we'll often set up a lunch right then."

Brody is constantly on the lookout for likely connections, two Members of Congress who haven't met each other yet, a reporter who is starting out on a project involving principals he hasn't met, new arrivals at the Israeli Embassy who need to meet the people they will be dealing with in Washington.

"It's just a matter of having almost an intuitive sense about people's needs," Brody said. "I guess it is just a matter of knowing how to relate to people. I will occasionally bring Members of Congress together whose views may be divergent. In bringing them together, they find that they are able to work together on other issues."

Those other issues, with luck, may turn out at some point to be the very ones upon which Brody is lobbying. And, even if their votes do not always go his way, Brody at least gets a chance to have his say. In 1981, when Congress approved the sale of military aircraft to Saudi Arabia, Brody recalled, "a number of good friends of mine voted for the sale, but I still had the opportunity to sit down and talk to the principal—to the man who cast the vote."

That statement is also revealing. In lobbying, as in matchmaking, the permanence of relationships is important. Accordingly, significance attaches to Brody's reference to "good friends" who voted against his position. They still are his good friends, and maybe next time they will be with him.

Besides putting his lunch hour to regular use, Brody and his wife, Bea, entertain at their home, throwing dinner parties that may bring anywhere from a dozen to three dozen Washington notables together to trade information and get to know one another better.

"From time to time, press people are invited to my parties at home as friends," Brody explained. What goes on is not intended for publication, Brody noted, but it is recognized "a reporter may pick something up at a party." But, he added, "the story won't be that I had that group of people to dinner."

Brody added that he has never hesitated to bring politicians and journalists together in a social setting. "I don't draw any lines," he said. "When I find it useful to play that catalytic role, I do it." With reference to the politicians, he observed, "I think they welcome the opportunity too, otherwise they wouldn't agree to it."

To the best of his recollection, Brody over the years has never become a matchmaker in the romantic sense. He says that he knows of no marriages that have resulted between people he has brought together and quickly adds in a businesslike tone that "if it has happened, that would not be the purpose that the meeting started out with."

There is more than a bit of a Horatio Alger aspect to Brody's career. The man who nows wines, dines and facilitates friendships among the high and mighty started out in life as the son of an immigrant garment worker who entered this country through Ellis Island. He grew up in Brooklyn, attended public schools and ended up studying law at Columbia University on a scholarship. He came to Washington in 1940 to work as a lawyer for the government and has been with the Anti-Defamation League since 1949.

Brody said he has developed his skills as a lobbyist-social connecter as he has gone along. "I like to say that the things I do, I never learned in law school." Nonetheless, the 69-year-old lobbyist makes it clear that he enjoys what he does. "I have no plans to retire," he said.

The matchmaker is obviously well matched to his calling.

EMPLOYER SANCTIONS: DISCRIMINATION STILL A CONCERN

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. TOWNS. Mr. Speaker, later this session we may have an opportunity to again consider the immigration reform legislation. While there are many issues which we must consider in this bill, none is more important than the possibility that employer sanctions may cause employment discrimination. Of particular concern, in this area, is whether alienage can be used as a defense by employers, as a cover for not hiring an employee, to avoid a charge of national origin discrimination. Alienage is currently not covered by any employment discrimination laws. Last year, the House adopted an amendment by BARNEY FRANK of Massachusetts to provide some legal protection for persons who might face this kind of discrimination as a result of employer sanctions. Certainly, one of the groups most concerned about this kind of discrimination is Hispanic Americans. Recently, our colleague Congressman ROBERT GARCIA of New York testified before the House Subcommittee on Immigration on this very issue. I believe that his testimony is illustrative of the concerns of Hispanics and others about the impact of employer sanctions. I have included his testimony for review by my colleagues; hopefully it will serve to help educate the House on this important civil righs concern.

The testimony follows:

TESTIMONY BEFORE THE IMMIGRATION, REFUGEES, AND INTERNATIONAL LAW SUBCOMMITTEE ON ANTIDISCRIMINATION PROVISIONS IN H.R. 3080

Congressman ROBERT GARCIA. Mr. Chairman, I want to thank you for the opportunity to testify before your subcommittee. I also want to commend you for holding these hearings on this most important legislation. It is my hope that during this Congress we will be able to come up with legislation that is both realistic and acceptable to all of us.

I have been asked to testify on the antidiscrimination provisions of H.R. 3080. I feel it is necessary, however, to state outright that I am against employer sanctions as a way to discourage undocumented immigration because sanctions would prove to be discriminatory, and I have doubts about their effectiveness.

That said, I hasten to add that since H.R. 3080 does have employer sanctions, its antidiscrimination provisions are absolutely necessary, and I commend the distinguished chairmen of the full committee and this subcommittee for living up to a commitment they made last year on the floor of the House during debate on H.R. 1510, the Simpson-Mazzoli Immigration Reform and Control Act. During the course of that debate both gentlemen stated that they would support the amendment offered by the gentleman from Massachusetts, Mr. Frank, which contained anti-discrimination provisions similar to those in H.R. 3080, in a House-Senate conference on H.R. 1510. They were true to their word.

BEST COPY AVAILABLE

Discrimination still exists in the United States, and that makes it necessary to protect those most often affected by discrimination: The Hispanic, black, and Asian people of this nation. Anyone of color is an easy mark for bigots, but there is really nothing we can do, here, to eliminate bigotry. What I am concerned about with employer sanctions is that we may be making employers who are not otherwise prone to such prejudice anxious about hiring someone who "looks a little different" or speaks with an "accent."

This fear of discrimination is not a figment of my imagination. It is very real, and while it is not my intention to offer a litany of cases concerning this discrimination, I would like to share with you a couple of examples that I think will help to emphasize my point.

A June 19, 1984 article by Laurie Beckland in the Los Angeles Times, published during the height of debate on H.R. 1510, discussed discrimination that was occurring in anticipation of the passage of the bill. I'd like to read to you an excerpt from Ms. Beckland's article, "Although it may be weeks before final congressional action on the Simpson-Mazzoli immigration bill, the proposed legislation is already prompting precautionary measures by some employers that, in some instances have aroused complaints of discrimination against Latinos in the Southwest." She goes on to say, "Some Latino leaders charge that confusion over the proposed bill already has led to cases of increased animosity toward Latinos in some areas of the Southwest."

Admittedly, throughout the article, Ms. Beckland, talks about prejudice against undocumented persons, but she also refers to other Hispanics, legally here; people like me, who are being lumped together with undocumented persons simply because of the way they look or talk. In addition, all of the uproar was, as I said, in anticipation of the passage of H.R. 1510. I have no doubt that the hysteria would be worse if such a bill were to pass.

I'm also certain that most of the employers in Ms. Beckland's article were not trying to be vindictive or discriminatory. They were simply trying to protect themselves. They aren't attorneys; they don't understand the details of the law. Many probably weren't even aware that the bill hadn't yet been put to a vote. These people have businesses to run, and their first instinct is not to worry about whether or not they are being discriminatory. They worry, instead, about fines that affect their profits.

That's why I am against sanctions. It's not the bigots that truly concern me; they will always find a way to discriminate. No, it's the ordinary small businesspersons who aren't going to want to take any chances. They can't afford to. But, if sanctions are to be, then the anti-discrimination provisions in this bill must remain. Those provisions at least offer some protection for members of my community who would, inevitably, be discriminated against if this bill becomes law.

I am going to cite one more example of the kind of almost unconscious prejudice that many people exhibit. I believe it will serve to underline my concern. This past March, the Texas House of Representatives Committee on Business and Commerce held hearings on legislation that would impose employer sanctions on employers who hire undocumented persons.

During the hearings, Mr. J.E. "Hank" Kastrop, a Texas businessman, testified before the committee in favor of sanctions. At one point Mr. Kastrop was questioned by State Rep. Hugo Berlanga (D-Corpus Christi) on whether or not he hired undocumented persons. Rep. Berlanga asked Mr. Kastrop how he determined whether or not an individual was undocumented. I'd like to read you an excerpt from the hearing transcript containing Mr. Kastrop's reply:

"Rep. Berlanga. How did you make that determination? (that an individual was undocumented)

"Mr. Kastrop. We have very few of them apply. We have had blacks. We have had everything else you can think of. But, we have not had any of the illegal aliens apply that I know of.

"Rep. Berlanga. How do you know that?

"Mr. Kastrop. We check the records. We check them out. Gentlemen, if you have a fellow come up to your office, and he can't speak English, and he is looking for a job, and he doesn't have many credit cards, and he lives with six other guys that are illegal aliens, you don't have to look twice to determine this guy shouldn't be in this country. And it gets me when they invade what we've built here and take advantage of what we've got, and I think that, if the State, can do something about it, they really ought to do it . . ."

You know my father spoke English with an accent, and he didn't have many credit cards. Yet, he was born a U.S. citizen. The real problem here is that Mr. Kastrop may not be a mean spirited person but neither is he atypical. I believe he is representative. There is a mounting fear that in this country that we are being invaded by hordes of "foreigners"—that is, those who are perceived to be foreign because of the way they look or speak. This fear is not based on reality or a clear assessment of the situation. It is, instead, a prejudice resulting largely from economic frustration. Our economic problems cannot be blamed on immigrants—undocumented or otherwise. That's scapegoating.

An editorial in the New York Times last year called Simpson Mazzoli "this generation's immigration bill." That may be so, but we—Hispanics—are this generation's immigrants, and despite the fact that many of us are citizens, we can't simply assume that we will not be discriminated against. We can't merely hope that employers will take time to distinguish between me and someone who may not be legally entitled to work. We, therefore, need the protection that this bill offers.

There is another very important reason that these protections are necessary. In order for the legalization program contained in this bill to work at all, those persons who are newly legalized must also be protected. They too must be given the opportunity to find employment and to become contributing members of society. Those individuals who take advantage of the legalization program, and are given "temporary residence status" will need the special protections provided by this bill. Many will come forward in good faith, believing that they have been offered an opportunity to work and become productive members of society. If we do not protect them, particularly in this interim status, the legislation program will not work. I'm certain that those who drafted this legislation want the legislation program to be as effective as possible. That will only be possible if adequate protection is offered to this newly legalized class of persons.

All of these reasons are the basis for my support for the anti-discrimination provision in this bill, but, and I seem to always have a but, I wish that this bill would have used the amendment that the gentleman from Massachusetts, Mr. Frank, introduced during House debate on H.R. 1510; incidentally, that amendment passed by an overwhelming margin of 404-9.

While I understand that the language contained in H.R. 3080 was written in much the same spirit as Mr. Frank's amendment, it, nonetheless, does not offer protection to long term legal permanent residents who do not apply or intend to apply to become citizens. Neither does it cover persons who are otherwize authorized to work by law but who may not fit, for one reason or another into the class on "intending citizens" as described in H.R. 3080.

I am not an attorney, and I am not here to debate the question of alienage discrimination and whether or not it should be covered in the framework of this legislation. My point is much simplier: Anyone who is here legally should be afforded the opportunity to work without fear of discriminating, whether or not that person is a citizen or permanent legal resident. If an individual pays taxes, obeys the law, and if called upon, serves in the U.S. armed forces, then in my mind, that individual should have every right to a job, and ought to be protected against possible or even probable discrimination.

I realize that not everyone sees this issue quite as simply as I do, but then maybe that's the problem. In any case, it is my hope that the subcommittee will adopt the Frank amendment in its "original" form as part of this bill.

One last point, the anti-discrimination provisions in this bill must be more than paper protections. These provisions must be actively and aggressively enforced. We need a special counsel that will look out for the thousands of individuals who will be discriminated against because of employer sanctions. We need to make certain that the protections provided by this bill will not become political pawns in a *Justice* v. *Congress* tug-of-war on civil rights.

The most distinguished chairman of this committee has stood as a symbol of civil rights since he first came to Congress in 1948. While I do not agree with him on employer sanctions, I am, nonetheless, certain that we both want to make sure that any discrimination that does occur as a result of sanctions will be minimized by the anti-discrimination provisions in this bill. I, therefore, ask that you send a message to the White House that this language is not for show. It is there, as I said, to be actively and aggressively enforced.

In conclusion, I would simply like to emphasize what I have said throughout my testimony: If employer sanctions must be a part of this bill, then there must be adequate protection against discrimination. The anti-discrimination provisions in H.R. 3080 come a long way toward addressing this problem, and at the very least, those provisions should be maintained. Thank you.

A TRIBUTE TO ELEANOR E. SEILING

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. TORRICELLI. Mr. Speaker, I rise today to honor Eleanor E. Seiling, founder and president of United Action for Animals, Inc., a national animal rights organization.

For more than 20 years Miss Seiling devoted her life to working for the replacement of live animals in research. Her pioneering work for the use of modern, sophisticated research and testing methods is known worldwide, and she was considered a leading authority on the subject.

Though her main work was on behalf of laboratory animals, she was very aware and concerned with all other abuses and exploitation of animals. She is credited with having inspired and influenced the entire spectrum of the humane movement. She will be missed.

Miss Seiling was 78 at the time of her death, August 7, 1985, in New York.

TEXTILE FORUM TO ADDRESS UNFAIR IMPORT COMPETITION

HON. MARILYN LLOYD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mrs. LLOYD. Mr. Speaker, On October 14, I am conducting an informal textile caucus forum in Chattanooga, TN, for the purpose of hearing textile/apparel employees and manufacturers alike tell how the textile import problem has harmfully affected their families, their friends, their communities and themselves. My colleagues from Georgia, Mr. JENKINS and Mr. DARDEN will be joining me.

Collectively we hope to send a clear signal to the President that we will not give up our uphill battle to gain fair treatment in our own marketplace.

It is no secret that the American fiber, textile, and apparel industry has been concerned for some time over the appalling rise of imports. These imports have doubled since 1980, averaging a 19-percent annual growth rate, and they now have a stranglehold on more than 50 percent of our market. For the first 8 months of 1985, the textile and apparel trade deficit has soared to a record $11.7 billion, and it is expected to peak at $20 billion for the entire year.

These numbers may sound like just a few unsettling Government statistics to some, but they are flesh-and-blood realities that boil down to 300,000 Americans losing their jobs to imports since 1980. So far in 1985 alone, some 66,000 hardworking American textile and apparel workers have stood by helplessly as their jobs got exported overseas.

If textile and apparel imports continue at their present unconstrained pace for a few more years, we won't have an American textile and apparel industry left. I can't believe our Government is allowing this to happen! Not only is the American textile industry absolutely essential to the efficient mobilization of our national defense in a crisis, but America's industrial base is the backbone of its economic strength.

As part of the congressional textile caucus, I have given my full support to passage and enactment of H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985, legislation designed to restore order and fairness to world textile and apparel trade. The President has indicated that regardless of the legislation's wide margin of success in Congress, he will veto it when it reaches his desk. We in the congressional textile caucus feel perplexed that such a rational solution to an increasingly complicated problem should get swept away in this fashion.

I have numbers to verify what the textile and apparel industry and its workers have proudly claimed for years—that it is indeed the most efficient, modern, competitive textile and apparel industry on Earth. It has increased its productivity by 4.5 percent annually since 1974, compared to a 2-percent annual productivity increase for all U.S. manufacturing. In terms of competitiveness, the U.S. textile and apparel industry spends close to $2 billion annually to modernize plants and specialize product lines in order to remain as efficient as possible. In spite of these extensive capital outlays, the American textile and apparel industry has kept rising prices on its goods down to a 90-percent growth rate since 1971, versus a 183-percent growth rate for all other U.S. manufacturing.

On the other hand, our trading partners are usually about half as efficient as we are. They get ahead through the help of their governments which allow and even encourage such tactics as direct subsidization, low- or no-interest loans and home market protection. These actions boost exports and slow or even prohibit imports. Top off these tactics with abysmally low third world labor wages of say, 18 cents an hour in the Peoples' Republic of China, and you have a severely unbalanced playing field where U.S. industry is penalized in more ways than one.

Sadly enough, the textile caucus has been criticized by opponents of H.R. 1562 who say Congress is not in the business of interfering in the area of trade except to ensure that our international trade laws are enforced properly. However, Congress has exhausted its resources trying to get these laws enforced in a meaningful way. It had to step in with a legislative remedy to unruly import growth as a last resort.

Our Nation must realize that it cannot be strong without its most vital and basic textile/apparel industry. Two million American workers' livelihoods depend upon our help.

ABA REVIEWS HALE INSTITUTE'S ACTIVE MEASURES STUDY

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. HYDE. Mr. Speaker, over the past week, I have been inserting in the RECORD excerpts of a book entitled "Active Measures, Quiet War and Two Socialist Revolutions" that was written by Laurence B. Sulc and published by the Nathan Hale Institute. Founded several years ago, the Hale Institute is an independent organization devoted to nonpartisan research in the area of domestic and foreign intelligence with particular emphasis on the role of intelligence operations in a free society.

Mr. Sulc is especially well qualified to discuss this subject as he served for more than 23 years as an intelligence operations officer for the Central Intelligence Agency, and more recently, as a Deputy Assistant Secretary in the Department of State's Bureau for Intelligence and Research.

With that as background, Mr. Speaker, I would like to call to my colleagues' attention a review of Mr. Sulc's timely work that appeared in a recent publication of the American Bar Association.

[From American Bar Association Intelligence Report, August 1985]

BOOK REVIEW: ACTIVE MEASURES, QUIET WAR AND TWO SOCIALIST REVOLUTIONS

Some time ago the chairman of the Standing Committee on Law and National Security, Professor John Norton Moore, addressed a letter to the author of the entitled book, Lawrence Sulc (deputy assistant secretary of state for departmental affairs), praising the content and requesting that your editor "give it a review." We do not take suggestions from our chairman lightly so we have not only read the book—we have studied it because it is a primer on Soviet aims, objectives, and practices.

It should be noted, first off, that the author is a professional intelligence officer turned diplomat (we need more such). He served for more than 23 years as an intelligence operations officer in the CIA and for six years on the staff of the Committee on Foreign Affairs in the House of Representatives (so he knows Capitol Hill too!) He is very modest in his preface to the work, disclaiming original research, but putting together a detailed definition and explanation of what he calls a "uniquely Soviet phenomenon, active measures, a kind of quiet war."

This small book (46 pages), full of meat, is really two books, the first one on "active measures" and the second one designed to dispel the Soviet-manufactured myth that there is a left/right dichotomy between communism and nazism.

The term "active measures" is a translation from the Russian "aktivnyye meropriyatiya." Would that some philologist, some phrase maker, could come up with a more descriptive term than "active measures" that would penetrate the consciousness of the average American audience. Without detailed and sometimes unbelievable (to them) explanation, the words go rattling incomprehensibly down the corridors of the mind. Perhaps the author's simple equivalent, "quiet war," should always be substituted.

Secretary Sulc relies on an interagency intelligence study to break down the elements of the Soviet "quiet war." Those elements "consist of a wide range of activities, both overt and covert, including:

1. Manipulation or control of the media.
2. Written or oral disinformation.
3. Use of foreign communist parties and front organizations.
4. Manipulation of mass organizations.
5. Clandestine radio broadcasting.
6. Economic activities.
7. Military operations.
8. Other political influence operations."

Before the author dissects each one of these eight categories into understandable parts, he goes back to Soviet basics—that is, to Lenin's explanation (circa 1921) to the Soviet Commissar for Foreign Affairs, Georgy Chicherin, how the "deaf mutes" of the capitalist world can be lied to in a convincing and believable manner—how in fact those deaf mutes, who Lenin says "are blind as well," can be led to "work hard in order to prepare their own suicide."

The author then turns to what he calls "a reaffirmation of Lenin's dogma"—the Manifesto produced by the Congress of 81 Communist Parties in November 1960 (the last time such a meeting has been held), and Mr. Khruschev's famous follow-on explanatory speech of January 6, 1961. It so happens that those two basic communist documents were printed by a predecessor committee to the Standing Committee on Law and National Security of the ABA (the Special Committee on Communist Tactics, Strategy and Objectives) in May 1961. President Kennedy, suffering from the disastrous debacle of the Bay of Pigs and getting ready to meet Mr. Khruschev in Vienna, was persuaded to read the ABA publication. So impressed was he with these basic documents, we are told he ordered all his cabinet officers to read them. Now, Mr. Sulc brings them to mind again and quotes the defector, Anatoli Golitsyn, as stating in his book," New Lies for Old," that "these two basic documents have continued to determine the course of communist policy to the present day." Were such an all-national Communist Party Congress to be held again, as it is rumored Mr. Gorbachev is contemplating, it is unlikely there would be much deviation from the 1960 document.

Your editor has recommended to Chairman Moore that the committee reprint that early ABA report entitled, "Peaceful Co-Existence—A Blueprint for Disruption." Maybe then we can get the Reagan cabinet to read it—with Mr. Sulc's help! It would be nice if all Americans read it. Then we wouldn't have to explain "active measures" or the "quiet war" the Soviets continue to conduct.

In the "second book" the author concludes, after quoting many scholars and even Hitler himself:

"There it is then—communism, the most successful variant of fascism. Of course, the Soviets would want to hide the fact . . . they have worked so hard to give fascism a bad name, and rightly so. They have worked even harder to plant the banner of fascism on the far right, but wrongly so. It doesn't belong there; it belongs on the far left of the political spectrum, next to communism itself. Allowing for their differences, they were variants of the same awful thing: totalitarian revolutionary socialism."

Our chairman was right when he called this little book "first rate." The Nathan Hale Institute is to be congratulated for publishing it.

It wouldn't hurt for intellectually curious lawyers to refresh their understanding of the basics of communist aims, objectives, and practices. A former chairman of our committee, Morry Leibman (now chairman of the Advisory Committee), used to joke in a self depreciatory manner that when he became chairman in the 1960s there were perhaps a dozen lawyers in the ABA who fully understood the tactics, strategy, and objectives of world communism. Justice Lewis Powell (also a former chairman) was among the dozen. But, Morry would add, when he left as chairman after 12 years, he had increased the number to 30!

HOLOCAUST MEMORIAL AT TEMPLE SHOLOM IN QUEENS

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. ACKERMAN. Mr. Speaker, I rise today to call the attention of my colleagues to the dedication of the Holocaust Memorial at Temple Sholom of Floral Park, NY, on October 12, 1985.

A Torah that survived Nazi Germany and was rescued from the town of Kolin, Czechoslovakia, will be placed in the lobby of Temple Sholom as an eternal reminder of the horrors of the Third Reich. The desecration of Torah scrolls, cemeteries, and synagogues was typical of the hatred and inhumanity of the Nazis.

Mr. Speaker, it is appropriate that Temple Sholom has chosen a Torah saved from Hitler for a Holocaust memorial. The Torah symbolizes the continuity of the Jewish tradition, while the Nazis sought to smash the Jews into oblivion. For Jews, the Torah is a tree of life, while the Holocaust brought death. The Torah teaches love and toleration, but the Nazis preached hate.

Mr. Speaker, this particular Torah was originally collected by the Nazis for exhibition in a planned "Museum of Extinct Races." Instead, it will become a permanent memorial so that we will never forget Hitler's mad dreams. The scroll was obtained from the Westminster Synagogue in England, a repository for Torah scrolls that were salvaged from the ruins of European Jewry.

Forty years ago, 12 million people of all faiths suffered from the silence of those who claimed they did not know. It is our generation that would commit a terrible crime by letting them rest in a disturbed peace. Their memory must burn in the conscience of the world forever.

All Americans, Jews and non-Jews alike, need to find ways to remember the past; only through remembering the terror that Hitler brought to Europe can we prevent it from ever happening again. This Torah will be a fitting Memorial for all of Queens to the millions who were butchered in the Nazi death camps, and it will be dedicated in the hope that the blight of anti-Semitism and all hatred and bigotry can be banished forever from the face of the Earth.

Mr. Speaker, Kurt and Hannah Wehle, Holocaust survivors who are members of Temple Sholom, will participate with other speakers in the dedication ceremony. I would like to publicly acknowledge the hard work and commitment of Selma Rosen, chairman of the Holocaust Memorial Committee; the members of the committee: Robert Printz, Uriel Flax, Florence Ginsberg, and Gerty Wolf; and Maxine Baden, president of Temple Sholom. It was their dedication that has made this important Holocaust memorial a reality.

Mr. Speaker, I call on all of my colleagues in the U.S. House of Representatives to join me now in solidarity with the dedicated members of Temple Sholom of Floral Park as they prepare to dedicate this deeply meaningful Holocaust memorial.

TAX REFORM SHOULD PRESERVE DEDUCTION FOR STATE AND LOCAL TAXES

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. BEDELL. Mr. Speaker, I rise in opposition to President Reagan's proposal to eliminate the deduction for State and local taxes. I support tax reform that simplifies the tax code and ensures that everyone pays his fair share. However, eliminating the deduction for State and local taxes would violate founding principle of our Federal income tax, fall most heavily on the moderate income households, and cripple the ability of our State and local governments to meet important needs.

Our Constitution reserves for the sovereign States the authority to raise their own revenues, and the Federal Government should not abridge that authority. For this reason, the Federal Government has always granted a deduction for State and local taxes. Indeed, the States might not have ratified the 16th amendment, which permitted Congress to enact a permanent Federal income tax in 1913, were it not understood that the new Federal income tax would be imposed only on income remaining after payment of State and local taxes. Under the President's proposal, tax dollars paid to State and local governments would also be subject to Federal taxation. This is "double taxation."

The State and local tax deduction benefits taxpayers of all income levels, and its elimination would hurt moderate- and middle-income taxpayers. It would be a major blow to homeowners, families who send their children to public schools and all Americans who rely on essential State and local services. This would violate the principle of fairness that should be the basis of tax reform. Fifty-one percent of Federal taxpayers nationwide, and a 49.9 percent in Iowa, will deduct their State and local taxes for 1985. According to Internal Revenue Service statistics, 63 percent of households in the $20,000 to $40,000 income range take the deduction. Moreover, over half—51 percent—of the 33 million households who use the deduction have incomes below $30,000. Only 13 percent of households that benefit from State and local tax deductibility have incomes above $50,000.

Finally, the Reagan administration has cut back on Federal assistance for many services and declared that those services are a State and local obligation. It is very unfair to propose at the same time to cripple the ability of State and local governments to raise revenues to meet these responsibilities. Repealing the deduction would generate enormous pressure on State and local governments to slash programs and services. According to the Congressional Research Service, eliminating the deduction for State and local taxes could cause those tax revenues to decline by as much as 15 percent. According to one estimate, revenues in the State of Iowa could decline by as much as $218 million. Revenues for Sioux City could decline by $4.3 million.

This would make it harder than ever for States and localities to meet critical needs: educating children, fighting crime, cleaning the environment, repairing roads, assisting the poor and elderly. This is why restrictions on deductibility would hurt nonitemizers as well as the many middle-class families who itemize. Furthermore, by hindering the revenue-raising ability of State and local governments, restrictions on deductibility would put downward pressure on bond credit ratings. This would increase the cost of State and local borrowing and curtail investment in infrastructure.

I do not support the compromise proposal that the Ways and Means Committee will use as its starting point for deliberations. For taxable years beginning after December 31, 1985, this proposal would disallow the deduction for sales taxes and personal property taxes—other than those incurred in a business or investment activity. It would allow partial deductibility for State and local income and real property taxes. For these two types of taxes, individuals would be permitted a deduction equal to the greater of $1,000—$500 for unmarried taxpayers—or the portion in excess of 5 percent of the individual's adjusted gross income.

Mr. Speaker, for all of these reasons, I believe that tax reform that is fair must preserve the deductibility of State and local taxes.

THE 30TH ANNIVERSARY OF FAIRLEIGH DICKINSON UNIVERSITY SCHOOL OF DENTISTRY

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. TORRICELLI. Mr. Speaker, I rise today to commemorate the 30th anniversary of the Fairleigh Dickinson University School of Dentistry in Hackensack, NJ. The university will be celebrating this milestone with a reception to be held on October 16, 1985. I could not allow this occassion to pass without officially going on record to honor the faculty, administrators and students associated with the School of Dentistry.

Since it opened with its first class in 1956, New Jersey's only private dental school has educated more than 1,500 students, many of whom practice in the State. Another 300 students, most of them State residents, have become specialists after earning postdoctoral degrees at the school.

Thousands of patients, including children, the handicapped and the elderly, have benefited from the school's clinical services. In addition to the 195 patient chairs that serve an urban school district, a prison, several hospitals and a physical and mental rehabilitation center.

On the occasion of the 30th anniversary of the school, I particularly wish to recognize the work of Dr. Ralph S. Kaslick, dean of the Dental School, Dr. Anthony Picozzi, director of Development and Professional Relations, and F.D.U. president, Robert H. Donaldson. I am proud to commend them for their many years of public service and am pleased to acknowledge their accomplishments on this special occasion.

It is important that we continue to support academic institutions such as the Fairleigh Dickinson University School of Dentistry in Hackensack. Their commitment to service and development should be an example to us all.

AGRICULTURAL CONCERNS ARE IMPORTANT

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. HUBBARD. Mr. Speaker, I have received hundreds of letters and telephone calls from my constituents in western Kentucky advising me about their concerns regarding the pending agricultural crisis that is confronting our Nation.

I have received an excellent letter from one of my constituents, Mr. Kenneth R. Rennison, manager of Crop Production Services in Fredonia, KY, which I would like to share with my colleagues.

Mr. Rennison highlights the conflicting signals the Federal Government has been sending to American farmers. It is precisely this mixed batch of signals that has led to confusion in one of the most efficient and effective American industries—agriculture.

I urge my colleagues to read Kenneth Rennison's timely and informative comments. His letter to me follows:

FREDONIA, KY,
August 16, 1985.

Hon. CARROLL HUBBARD, Jr.,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN HUBBARD: I am the manager of a small farm center (fertilizer plant) located in Western Kentucky. I am writing you concerning the upcoming new farm program. Since I work very closely with farmers and I feel that I know their needs and that of agricultural related businesses, I support a market-guided, full production, demand-oriented agricultural policy . . . one which ensures the lowest per-unit production costs for farmers. Congressional committees have adopted many efforts to expand farm product exports, but mounting commodity surpluses, low commodity prices, and unfair trading practices by our competitors may lead you to consider mandatory acreage reduction programs. That spells potential disaster for all agricultural input industries.

Agriculture cannot afford another acreage diversion PIK program! Congress must phase out acreage reduction programs which inhibit America's ability to compete internationally. In 1983, PIK idled 78 million acres while foreign nations increased plantings by 63 million acres!

Loan rates must be reduced to market-clearing levels. America's competitors benefit from an inflexible, high loan rate policy, because it prices U.S. farmers out of the world market. A reduced loan rate would help increase exports, reduce surpluses, and allow the market to guide the price . . . allowing a quicker return to a profitable agriculture.

Income protection should not be tied to commodity prices. If the U.S. adopts the above policy changes, temporary farmer income payments may be needed during this adjustment period. Temporarily lower domestic prices could result as supply and demand come into balance. As export markets are regained, prices should strengthen. Therefore, adjustment payments of cash or surplus commodities to farmers may be needed temporarily to protect their income.

I support a free market!

Sincerely,

KENNETH R. RENNISON,
Manager, Crop Production Services.

FARRAKHAN'S DOCTRINE PROFOUNDLY DISTURBING

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. WEISS. Mr. Speaker, on Monday night, October 7, in New York City, Louis Farrakhan ended a national speaking tour covering 14 cities with an address at Madison Square Garden. In the course of his speech, he threatened political figures who disagree with him with "disgraceful death," made reference to the "wickedness and sin" of Jews, and compared himself with Jesus.

Farrakhan's speech was not all venom—much of it dwelt on the economic concerns of the black community, an issue of great concern to many in his audience. With black unemployment nationwide at a staggering 15.3 percent—more than double the white unemployment rate of 6.1 percent—it is no surprise that Farrakhan has found people receptive to his message of black self-reliance and economic salvation.

Many black leaders preach a similar economic doctrine—one of self-help and greater independence from government assistance. In this regard, Farrakhan is not noteworthy. What differentiates Louis Farrakhan is that he has insidiously intertwined his message of hope and progress with another one of hate, animosity, and vengeance.

During the past 18 months, Farrakhan has ridden to prominence on the power of his own bitterness and racism. To the many Americans of varied racial, religious, and ethnic backgrounds who have fought so long for racial equality, it seems both bizarre and hypocritical that someone would preach hate as a cure for hate, fear as a solution for fear, and racism as a cure for racism.

Farrakhan's doctrine is profoundly disturbing, too, because it ignores the common interests of Jews and blacks, the common struggles and histories of two peoples both subject to violence, racism, and oppression. It ignores the many civil rights battles that blacks and Jews have fought side by side, the countless times when one of the groups has come to the other's aid.

Instead, Farrakhan depicts a world of struggle and animosity between Muslims, Christians, and Jews, and between blacks and whites. Rather than seek to mend these rifts, Farrakhan incites his followers to greater divisiveness, exaggerated racial fragmentation, and pointless antipathy. Where great leaders seek to heal, Farrakhan seeks to injure; where great leaders create, Farrakhan destroys.

Farrakhan's closest international ally is Col. Mu'ammar el-Qadhafi of Libya, who has given Farrakhan a $5 million loan, which has financed Farrakhan's recent speaking tour. Although Farrakhan says he plans to use the money to establish an independent black corporation to produce soap and personal-care items, accepting money from the world's biggest financier of terrorists raises serious questions about Farrakhan's political orientation. Farrakhan explained Colonel Qadhafi's interest-free, long-term loan as help from "a fellow struggler in the cause of liberation of our people." If Qadhafi's attempts to "liberate" the sovereign countries of Chad, the Sudan, and Israel are any guide, we should be very nervous about what Farrakhan means when he speaks of liberation. It should also be noted that Colonel Qadhafi has offered to supply weapons to American blacks if they abandon the U.S. Armed Forces, form their own army, and fight for a separate state. Few people suffer from the illusion that Colonel Qadhafi has peaceful intentions. Louis Farrakhan's association with Qadhafi raises serious questions about his own ends, and the means he will use to achieve them.

Louis Farrakhan cannot, alone, divide the black and Jewish communities, whose relationship is built on many years of common struggle. But his repudiation of our shared history demands a clear response that can refute Farrakhan's demented diatribes. I urge my colleagues and all public figures alike to use their right to free speech as vigorously as Louis Farrakhan has used his, to answer his racism with reason and meet his foolish words with wise ones.

H.R. 3530, THE FAIR LABOR STANDARDS AMENDMENTS OF 1985

HON. AUSTIN J. MURPHY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. MURPHY. Mr. Speaker, I am pleased to announce that the members of the Subcommittee on Labor Standards have introduced legislation this afternoon amending the Fair Labor Standards Act [FLSA] as it affects local government employees in the aftermath of the Supreme Court's decision in Garcia against San Antonio Metropolitan Transit Authority.

This bill is a compromise solution. We believe that these amendments provide necessary protections to local public employees yet allows public employers the flexibility necessary to administer their personnel practice as they choose.

This legislation represents the considerable efforts of all the members of the subcommittee who have urged local government employers and their employees to work toward a mutually acceptable solution to the issue of FLSA compliance.

For several months the subcommittee has advocated compromise rather than confrontation between the parties to this controversy. We are gratified that this recommendation finally bore fruit when the local governmental associations and the representatives of public employee unions were able to work out their differences.

The majority and minority subcommittee staff have spent the last week reviewing the recommendations of labor and management. After refining some of the suggestions offered to the committee and, of course, individual recommendations from the members themselves, we have drafted a bill which enjoys broad bipartisan support.

H.R. 3530 provides for either compensatory time off or cash compensation for public employees working overtime, releasing local governments from liability for FLSA overtime violations until April 15, 1986, and clarification of the status of volunteers. There are, of course, many aspects of this bill which I would direct my colleagues to review in the copy of the bill and section-by-section analysis which follow.

The subcommittee intends to report this bill tomorrow, October 10, and I expect full committee action in the very near future.

FAIR LABOR STANDARDS AMENDMENTS OF 1985 (H.R. 3530)

INTRODUCED BY REPRESENTATIVES MURPHY, HAWKINS, JEFFORDS, PETRI, BARTLETT, WILLIAMS AND CLAY

A bill to amend the Fair Labor Standards Act of 1938 to authorize the provision of compensatory time in lieu of overtime compensation for employees of States, political subdivisions of States, and interstate governmental agencies, to clarify the application of the Act to volunteers, and for other purposes.

I. COMPENSATORY TIME

As of April 15, 1986, a public employer will be authorized to pay overtime in compensatory time at a rate of one-and-a-half the regular rate provided it is offered pursuant to a collective bargaining or other agreement, and the employee has not accrued compensatory time hours in excess of the appropriate cap on accumulated compensatory time. For employees whose jobs include seasonal, public safety or emergency work, banked compensatory time hours will be capped at 480 hours. For other employees, the cap would be set at 180 hours.

As of April 15, 1986, existing collective bargaining and similar agreements offering compensatory time will continue to be honored, except that compensatory time will be paid at time-and-one-half. An employer's pattern or practice of providing compensatory time would also continue provided it is at time-and-one-half.

II. LIABILITY

Public employers will not be liable for overtime and related paperwork violations of the Fair Labor Standards Act until April 15, 1986, for those "traditional" public employees affected by the *Garcia* decision. The bill is neutral with respect to current litigation on the question of whether an employee should be considered a traditional or non-traditional employee.

Public employees may defer overtime payment, whether in cash or compensatory time, until August 1, 1986.

III. SPECIAL DETAIL, OCCASIONAL, MUTUAL AID AND SUBSTITUTE EMPLOYMENT

Special detail, occasional, and mutual aid employment for a second employer or in a second capacity will not be considered as hours worked for the purposes of calculating overtime pay.

Public safety employees, with the consent of their employer, may substitute for one another without that substitution counting as hours worked.

IV. VOLUNTEERS

A person who volunteers to work for a public employer shall not be considered an employee of that employer for the purposes of the Fair Labor Standards Act provided he or she is employed by a different employer, or in a different job for the same employer. A volunteer may be provided reasonable benefits, expenses, a nominal fee or any combination thereof.

V. STATE AND LOCAL LEGISLATIVE STAFF

State and local legislative staff, with the exception of libarary employees, will be exempt from the Fair Labor Standards Act.

VI. DISCRIMINATION

An employee who has been discriminated against by an employer because of asserted coverage under the overtime provisions of the Fair Labor Standards Act since the *Garcia* decision may seek relief under section 16 of the Act.

H.R. 3530

A bill to amend the Fair Labor Standards Act of 1938 to authorize the provision of compensation for employees of States, political subdivisions of States, and interstate governmental agencies, to clarify the application of the Act to volunteers, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCE TO ACT.

(a) SHORT TITLE.—This Act may be cited as the "Fair Labor Standards Amendments of 1985".

(b) Reference to Act.—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be a reference to a section or other provision of the Fair Labor Standards Act of 1938.

SEC. 2. COMPENSATORY TIME.

(a) Compensatory Time Authorized.—Section 7 (29 U.S.C. 207) is amended by adding at the end the following:

"(o)1) Any public agency which is a State, a political subdivision of a State, or an interstate governmental agency and which is required to pay overtime compensation by this section may in lieu of paying such compensation provide compensatory time in accordance with paragraph (2).

"(2) (A) A public agency may provide compensatory time under paragraph (1)—

"(i) if it is authorized by a collective bargaining agreement, memorandum of understanding, or other agreement or understanding entered into by the public agency and its employees or their recognized representatives before the work for which the compensatory time is to be provided,

"(ii) if it is one and one-half hours for each hour of employment for which overtime compensation is required under this section, and

"(iii) to any employee who has not accrued compensatory time in excess of the limit applicable to the employee prescribed by subparagraph (B).

"(B) If the work of an employee for which compensatory time may be provided included work in a public safety activity, an emergency response activity, or a seasonal activity, the employee engaged in such work may accrue not more than 480 hours of compensatory time. If such work was any other work, the employee engaged in such work may accrue not more than 180 hours of compensatory time.

"(3) An employee of a public agency which is a State, political subdivision of a State, or an interstate governmental agency—

"(A) who has accrued compensatory time authorized to be provided under paragraph (1), and

"(B) who has requested the use of such compensatory time,

shall be permitted by the employee's employer to use such time within a reasonable period after making the request if the use of the compensatory time does not unduly disrupt the operations of the public agency.

"(4) An employee who has accrued compensatory time authorized to be provided under paragraph (1) shall, upon termination of employment, be paid for the unused compensatory time at a rate not less than the average rate received by such employee during the last 3 years of the employees' employment.

"(5)(A) For purposes of this subsection—

"(i) the term 'overtime compensation' means the compensation required by subsection (a), and

"(ii) the term 'compensatory time' means time during which an employee is not working and during which the employee is compensated at the regular rate provided for the employee's employment.

"(B) If a public agency had in effect on April 15, 1986, a pattern or practice of providing its employees compensatory time off in lieu of overtime compensation, the pattern or practice shall constitute an agreement or understanding which meets the requirements of paragraph (2)(A)(i).".

(b) Existing Collective Bargaining Agreement.—A collective bargaining agreement which is in effect on April 15, 1986, and which permits overtime compensation in the form of compensatory time off at a rate of less than one and one-half hours for each hour of employment for which overtime compensation is required by section 7 of the Fair Labor Standards Act of 1938 shall remain in effect until its expiration date unless otherwise modified, except that compensatory time shall be provided after April 14, 1986 in accordance with section 7(o) of such Act (as added by subsection (a)).

(c) Liability and Deferred Payment.—

(1) No State, political subdivision of a State, or interstate governmental agency shall be liable under section 15(a)(5) or 16 of the Fair Labor Standards Act of 1938 for a violation of section 7 or 11(c) of such Act occurring before April 15, 1986, with respect to any employee of the State, political subdivision, or agency who would not have been covered by such Act under the Secretary of Labor's special enforcement policy which was in effect on January 1, 1985, and published in sections 775.2 and 775.4 of title 29 the Code of Federal Regulations.

(2) A State, political subdivision of a State, or interstate governmental agency may defer until August 1, 1986, the payment of overtime compensation under section 7 of the Fair Labor Standards Act of 1938 for hours of employment after April 14, 1986.

SEC. 3. SPECIAL DETAILS, OCCASIONAL EMPLOYMENT, MUTUAL AID, AND SUBSTITUTION.

(a) Special Detail Work for Fire Protection and Law Enforcement Employees.—Section 7 (29 U.S.C. 207) is amended by adding after subsection (o) (added by section 1) the following:

"(p)(1)(A) If a person who is employed by a State, political subdivision of a State, or an interstate governmental agency in fire protection or law enforcement activities (including activities of security personnel in correctional institutions) and who, solely at such person's option agrees to be employed, on a special detail, by a separate or independent employer in fire protection, law enforcement, or related activities, the hours such person was employed by such separate and independment employer shall be excluded by the public agency employing such person in the calculation of the hours for which the employer is entitled to overtime compensation under this section.

"(B) If a public agency which is a State, political subdivision of a State, or a interstate governmental agency—

"(i) requires that its personnel engaged in fire protection, law enforcement, or security activities be hired by a separate and independent employer to perform such activities.

"(ii) facilitates the employment of such personnel by a separate and independent employer, or

"(iii) otherwise affects the condition of employment of such personnel by a separate and independent employer,

such action by such public agency shall not prevent the application of subparagraph (A) to its fire protection, law enforcement, and security personnel if such personnel meet the requirements of subparagraph (A).".

(b) Occasional Employment.—

(1) Section 7(p) (29 U.S.C. 207), as added by subsection (a), is amended by adding at the end the following:

"(2) If an employee of a public agency which is a State, political subdivision of a State, or an interstate governmental agency undertakes, on an occasional or sporadic basis and solely at the employee's option, part-time employment for the public agency which is in a substantially different capacity from the capacity in which the employee is regularly employed on a full-time basis with the public agency, the hours such employee was employed in performing the different employment shall be excluded by the public agency in the calculation of the hours for which the employee is entitled to overtime compensation under this section.".

(2) Not later than March 15, 1986, the Secretary of Labor shall issue regulations under section 7(p)(2) (as added by paragraph (1))—

(A) defining when employment is done on an occasional or sporadic basis, and

(B) prescribing a standard for determining if employment is of a substantially different capacity than other employment.

(c) Mutual Aid.—Section 7(p) (29 U.S.C. 207), as amended by subsection (b), is amended by adding at the end the following:

"(3) An employee of a public agency which is a State, political subdivision of a State, or an interstate governmental agency may volunteer to perform services for any other State, political subdivision, or interstate governmental agency, including a State, political subdivision or agency with which the employing State, political subdivision, or agency has a mutual aid agreement.".

(d) Substitution.—

(1) Section 7(p) (29 U.S.C. 207), as amended by subsection (c), is amended by adding at the end the following:

"(4) A person who is employed by a public agency which is a State, political subdivision of a State, or an interstate governmental agency, who is employed in fire protection or law enforcement activities (including activities of security personnel in correctional institutions), and who, with the approval of the public agency and solely at the option of such person, agrees to substitute during scheduled work hours for another person who is employed by such agency in such activities, the hours such employee worked as a substitute shall be excluded by the public agency in the calculation of the hours for which the employee is entitled to overtime compensation under this section.".

(2) Section 11(c) (29 U.S.C. 211(c)) is amended by adding at the end the following: "The employer of an employee who performs substitute work described in section 7(p)(4) may not be required under this subsection to keep a record of the hours of the substitute work.".

SEC. 4. VOLUNTEERS.

(a) Definition.—Section 3(e) (29 U.S.C. 203(e)) is amended—

(1) by striking out "paragraphs (2) and (3)" in paragraph (1) and inserting in lieu thereof "paragraphs (2), (3), and (4), and

(2) by adding at the end the following:

"(4) The term 'employee' does not include any individual who volunteers (A) to perform services for a public agency which is a State, a political subdivision of a State, or an interstate governmental agency, and (B) to perform such services without compensation or for a nominal fee, expenses, or reasonable benefits or for any combination of such fee, expenses, or benefits. If a person who is employed by a public agency which is a State, political subdivision of a State, or an interstate governmental agency volunteers to perform for such agency the same type of service which the person is employed to perform for such public agency, such person shall be considered an employee for purposes of this Act.".

(b) Regulations.—Not later than March 15, 1986, the Secretary of Labor shall issue regulations under section 3(e)(4) (as amended by subsection (a)) to define nominal fees and reasonable benefits.

(c) Current Practice.—If before April 15, 1986, the practice of a public agency was to treat certain persons as volunteers, such person shall until April 15, 1986, be considered, for purposes of the Fair Labor Standards Act of 1938, as volunteers and not as employees.

(d) Liability.—No public agency which is a State, a political subdivision of a State, or an interstate governmental agency shall be liable for a violation of section 6 occuring before April 15, 1986, with respect to services performed for the public agency by any individual who performed such services as a volunteer.

SEC. 4. STATE AND LOCAL LEGISLATIVE EMPLOYEES.

Clause (ii) of section 3(e)(2)(C) (29 U.S.C. 203(e)(2)(C)) is amended—

(1) by striking out "or" at the end of subclause (III),

(2) by striking out "who" in subclause (IV),

(3) by striking out the period at the end of subclause (IV) and inserting in lieu thereof ", or", and

(4) by adding after subclause (IV) the following:

"(V) is an employee in the legislative branch of that State, political subdivision, or agency and is not an employee in a library of the legislative branch.".

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall take effect April 15, 1986, except that the Secretary of Labor may before such date promulgate such regulations as may be required to implement such amendments.

SEC. 6. EFFECT OF AMENDMENTS.

The amendments made by this Act are not to be construed to affect whether a public agency which is a State, political subdivision of a State, or an interstate governmental agency is liable under section 16 of the Fair Labor Standards Act for a violation of section 6, 7, or 11 of such Act occurring before April 15, 1986, with respect to any employee of such public agency who would have been covered by such Act under the Secretary of Labor's special enforcement policy which was in effect on January 1, 1985, and published in sections 775.2 and 775.4 of title 29 of the Code of Federal Regulations.

SEC. 7. DISCRIMINATION.

A public agency which is a State, political subdivision of a State, or an interstate governmental agency and which discriminates or has discriminated against an employee with respect to the employee's wages or other terms or conditions of employment because on or after February 19, 1985, the employee asserted coverage under section 7 of the Fair Labor Standards Act of 1938 shall be held to have violated section 15(a)(3) of such Act.

CONGRESSIONAL VIGIL FOR SOVIET JEWRY

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. LUKEN. Mr. Speaker, President Reagan's November summit meeting with Soviet Secretary General Mikhail Gorbachev is drawing near. But freedom for Jews in the Soviet Union remains as distant as ever as their plight continues to deteriorate.

I rise today to call on President Reagan to place the issue of human rights for Jews living in the Soviet Union high on his agenda for the summit.

Last year, only 896 Jews were permitted to leave the Soviet Union, a reduction of 30 percent over the number permitted to leave in 1983 and 98 percent fewer than the peak-year total of 51,000 in 1979.

We recently marked the 10th anniversary of the signing of the Helsinki Accords of 1975. As Americans, we recognize our moral and legal commitment to guarantee that basic human rights are respected. I believe the Soviets have a similar responsibility and, therefore, it is appropriate that President Reagan remind Mr. Gorbachev that the Soviets are obliged to keep their part of the bargain.

I would particularly like to raise the case of one refusenik, Dr. Yuri Tarnopolsky. In 1976, Dr. Tarnopolsky applied for an exit visa to Israel for his family. In 1979, his application was denied and he and his wife Olga were dismissed from their jobs. Yuri had been a linguist and researcher in organic chemistry. Olga was a teacher.

In Kharkov, where the family lives, Tarnopolsky was one of a small number of Jewish academics who organized an unofficial university for the sons and daughters of other refusenik families barred from continuing their formal education because they had applied to emigrate. In 1981, Soviet authorities clamped down on the university's activities.

In 1982, Tarnopolsky began a 40-day hunger strike to draw attention to the plight of Jewish refusenik families. He was arrested in March 1983 for allegedly slandering the Soviet State by writing letters about his ordeal to relatives abroad.

As a result of his alleged offense, Tarnopolsky was sentenced to 3 years in a labor camp near Chita, Siberia, more than 3,000 miles from the Tarnopolsky home in Kharkov. Earlier this year, he suffered a heart attack.

Yuri has now completed two-thirds of his sentence, and under Soviet law, is eligible for early release for health reasons. The Soviets should honor their own laws and release Yuri Tarnopolsky from prison now and permit the Tarnopolsky family to emigrate to Israel.

To draw attention to the plight of Yuri Tarnopolsky and his family, the Isaac M. Wise Temple in Cincinnati, OH, held an in-absentia Sabbath and Bat Mitzvah service several months ago for Irina Tarnopolsky, Yuri and Olga's 14-year-old daughter.

The service was arranged, composed, and directed by the Wise Temple Youth Group, which "adopted" Irina Tarnopolsky following a meeting with her mother in Moscow by Rabbi Alan Fuchs and Paul Ostand of Wise Temple during a visit to the Soviet Union a year ago last summer.

Members of the United States Congress must not stand idly by and bear witness to the persecution of Yuri Tarnopolsky and other Jews in the Soviet Union. We must raise our voices whenever we can to protest such gross violations of basic human rights.

President Reagan faces both a challenge and a unique opportunity next month at the Geneva summit. I urge him to utilize this opportunity to raise the plight of Soviet Jews, such as Yuri Tarnopolsky, with Mikhail Gorbachev and to convey to the Soviet leader that the plight of Soviet Jewry is a matter of international concern and specifically a matter of concern to all Americans.

Respect for the rights of Soviet Jews and relaxation of restrictions on their right to emigrate would go a long way toward improving the climate between our two countries, thereby enhancing peace and security throughout the world. I strongly urge President Reagan to convey that message to General Secretary Gorbachev at Geneva.

Prisoners of conscience in the Soviet Union look to us as their voice and seek out our help. We must not let them down.

FUND FOR MEXICAN SCHOOL AND HOSPITAL RECONSTRUCTION

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. DE LA GARZA. Mr. Speaker, my friend Jack Gavin, our Ambassador to Mexico, has advised me that he was writing the Governors of our 50 States on the matter of the recent earthquake tragedy in Mexico.

Having traveled quickly to that country last month, I cannot yet forget what I saw. I don't think I will ever forget. Sometimes we think that visions of human suffering never reach an end point as the media brings tragedy after tragedy to our attention. But surely if a limit were to be reached, the Mexico City earthquake might touch that imaginary boundary.

So I was heartened to hear from Ambassador Gavin that the United States has established a "Fund for Mexican School and Hospital Reconstruction" since those two areas are of prime importance to the country as it rebuilds from the quake. It is an effort I had recommended some weeks ago.

The Ambassador has advised all Governors that any donations collected from their respective State constituents and groups can be forwarded to his office in Mexico City for use in the school and hospital effort. Money is, as I've said, something Mexico needs in this effort.

The money will be administered by the American Chamber of Commerce in Mexico—and every rebuilt school and hospital will bear a plaque that identifies the U.S. State from which the generosity originated. I know my native Texas is among the list of benefactors.

All of us can contact our respective Governors about their State's participation in the rebuilding effort described in Ambassador Gavin's letter. I will tell my constituents in south Texas about it through my weekly letter back home.

Mexico's Ambassador to our country, the Honorable Jorge Espinosa de los Reyes, wrote me to express his profound appreciation for the United States House and Senate resolution of September 20 regarding the earthquake.

Ambassador de los Reyes said to me that the congressional resolution was an indication of the historic solidarity between our two nations, and that the United States Congress has enriched the bonds between us at a time when tragedy puts Mexico into mourning.

The words of Mr. de los Reyes ring warmly in this Chamber. I wanted to bring this to the attention of my colleagues because Mexico and its people, as neighbors, are friends. They don't live down the block from us—they live right across the street in the house we see from our own front porches. It is that kind of relationship that makes a neighbor special, and we in the United States have responded with outstanding generosity to the Mexican tragedy—as any good neighbor would.

I know this most recent school and hospital effort will be appreciated by our friends in that country. We have each taken one another into mutual care, and after going to Mexico City I can tell you there is not a voice in the streets that does not say, "Thank you, friends."

REASON WHY CONGRESS SHOULD REJECT H.R. 3008

HON. HOWARD C. NIELSON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. NIELSON of Utah. Mr. Speaker, I was hoping that after the Ninth Circuit Court of Appeals issued its greatly anticipated decision rejecting the theory of comparable worth, we would be finished with this legislation and could get on with the business at hand. Unfortunately, this is not the case.

Even without the benefit of the excellent arguments the court provided in rejecting comparable worth, there are more than enough reasons why Congress should reject H.R. 3008, the Federal Equitable Pay Practices Act of 1985. I already outlined one of these reasons during the previous debate; I would like to offer another.

Proponents claim this legislation would establish a bipartisan commission that would hire and supervise an "independent" consultant to conduct the study. I guess this is true, if we define bipartisan in its simplest terms. What it would not do is create a balanced, objective commission, one that would approach this study with a collective open mind.

Of the 11 commissioners to be appointed, four must be the highest elected officials of the largest labor or employment organizations that represent some of the various groups that would benefit the most if comparable worth becomes public policy. Now if I'm not mistaken, these organizations have gone on record as being strongly in favor of implementing comparable worth throughout the public and private sectors. Could we possibly expect these highest elected officials to suddenly alter their positions? Score four votes for comparable worth.

Two more of the commissioners would be appointed by the President upon the recommendation of the Speaker of the House and the Senate Minority Leader. Is it unreasonable to expect that these two gentleman would also recommend individuals who are procomparable worth? Score two more four comparable worth.

That gives proponents at least 6 votes out of 11, already a simple majority. The bill goes on to outline the powers of this commission, which among other things includes the power to hire a director and three to five so-called experts, to hold hearings, issue subpoenas, and even to elect its own chair and vice chair. Since H.R. 3008 does not spell out under what set of rules this commission would operate, is it not fair to assume that a majority vote will decide this as well? Talk about a stacked deck. How could such a commission possibly approach a study based on the theory of comparable worth in a fair and objective manner?

Mr. Speaker, again I urge my colleagues to reject this misguided theory. Vote no on comparable worth. Vote no on H.R. 3008.

ROLLAND M. TEEL, A MAN OF VISION

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mrs. HOLT. Mr. Speaker, the Severn School, which has a long and distinguished tradition as one of the finer private academies of our Nation, will celebrate November as Founder's Month to honor the 100th anniversary of the birth of Rolland M. Teel.

Mr. Teel and his young wife, Susan Ashley Teel, came to Boone, MD (now Severna Park) in 1914 and established a country boarding school committed to the intellectual and moral discipline necessary to prepare young men for entrance into the U.S. Naval Academy.

Graduates of Severn School served with great honor and valor during the Second World War. It is likely that no other Maryland high school suffered a greater loss of alumni. Two Medal of Honor winners are graduates of the school. They are Admirals Herbert Schonland and Bruce McCandless, who last June received the first Rolland M. Teel Distinguished Alumni Awards.

Mr. Teel served as headmaster of Severn School for 41 years and then was chairman of the board of trustees for another 10 years. Through more than half a century of dedicated service, he also taught classes.

This remarkable man was a superb educator. He died in 1978 at the age of 92. The school he founded is no longer a Naval Acadmey prep school, but continues to flourish as a coeducational day school with very high academic standards.

I believe it is very appropriate to honor Mr. Teel for creation of a school whose graduates have contributed much to our Nation in peace and war.

As a neighbor of the Severn School, I am pleased to honor the Founder, Mr. Teel.

VIOLENCE BEGETS VIOLENCE

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. MILLER of California. Mr. Speaker, the tragic kidnaping of Ines Guadalupe Duarte Duran, daughter of President of El Salvador Jose Napoleon Duarte, has still not been resolved. I know that the Members of this House join me in wishing President Duarte and the Government of El Salvador strength and perseverance in their efforts to secure Ms. Duarte's prompt, safe release.

On September 12, 1985, the House of Representatives approved House Concurrent Resolution 187, condemning the unjustified and reprehensive kidnaping of President Duarte's daughter. I supported that resolution, as did 401 of my colleagues. The violation of human rights and the laws of war by the guerrillas, including the kidnaping of civilian mayors, the murder of U.S. marines and other citizens, the kidnaping of Ms. Duarte, and the killing of innocent civilians at Santa Cruz Loma last April, are matters of concern to us all, as they reflect guerrilla attacks against noncombatants in an increasingly brutal civil war.

We should also heed the admonition made by El Salvador's Archbishop Arturo Rivera y Damas when he said in a June 23 homily that we must not condemn guerrilla abuses while failing to criticize the actions of the armed forces in their conduct of the war. "It would be hypocritical to cry out only when terrorism comes from the extreme left and not from the extreme right or the armed forces," he said. "I hope that those who are vehement about this massive assassination (the murder of the marines) will not keep silent when there are other equally serious violations whose victims are humble Salvadorans. The Archbishop criticized the "bombardments, destruction of crops, burnings of farms, and forced exoduses" that he said were caused by the army during a recent military operation.

What we are witnessing in El Salvador is that violence begets violence and brings us no closer to a solution that will bring to an end the suffering of the Salvadoran people. We must all redouble our efforts to find a peaceful solution to the tragic conflict there.

A TRIBUTE TO ROBERT L. POUST

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. GEKAS. Mr. Speaker, recently the U.S. Surgeon General, Dr. C. Everett Koop, noted that more than 3,000 people die from choking in the United States each year, mostly while eating. Koop also noted that "the best rescue technique in any choking situation is the Heimlich Maneuver."

Mr. Speaker, I am proud to announce to my colleagues in the U.S. Congress that a constituent of mine from Sunbury, PA, Mr. Robert L. Poust, performed the Heimlich Maneuver on Mr. Andrew Gavason while watching a softball game of the POW-MIA girls softball tournament.

Mr. Poust, a member of the Vietnam Veterans Chapter Post 201, observed Mr. Gavason having trouble breathing and grabbing at this throat. Mr. Poust displayed quick thinking and action by executing the Heimlich Maneuver in a perfect fashion, thus saving another man's life.

Mr. Speaker, we want to recognize Robert Poust of Sunbury, PA, for calmly executing the life-saving procedure called the Heimlich Maneuver, and we together as the House of Representatives issue our joint congratulations to him.

TRIBUTE TO A LEADER

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. SHAW. Mr. Speaker, I would like to take this opportunity to mark the loss of a great leader in my home district of Broward County, Florida, Mrs. Kathleen Wright.

Mrs. Wright was a deeply respected educator and public servant who earned the distinction of being the first black elected to a countywide office in Broward. She died after a long and brave battle to recover from injuries she suffered recently in the crash of Flight 191 in Dallas.

Mrs. Wright was an inspiration to all of us—black and white alike—in Broward. She was elected to the Broward County School Board and served as its chairman. She also served on the board of directors of the Broward Urban League and worked on the Minority Community Economic Development Corp.

She was valedictorian of Dillard High School in 1953, a bible school teacher, a teacher at Dillard High for 16 years, a professor of Nova University and the past regional director of Delta Theta Sorority, a national black public service sorority. She was on her way to a sorority convention when her plane crashed.

Mr. Speaker, the death of Kathleen Wright leaves a void for all of us in Broward and especially for her three children and her husband, Judge Zebedee Wright of the Broward County Court.

Her quiet strength and determination were an example for our community. Her life and the 135 other lives that were lost in that tragic crash can never be replaced. All of Broward is grieving for her and the other 40 Broward residents who died as a result of the Texas accident.

Mr. Speaker, it was an honor to have known Mrs. Wright. She will be deeply missed.

A TRIBUTE TO SISTER OLIVE LOUISE DALLAVIS

HON. ALAN WHEAT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. WHEAT. Mr. Speaker, an era is coming to an end this month at Avila College, a liberal arts school in my congressional district in Kansas City, MO. Sister Oliver Louise Dallavis is retiring after 25 years as the first and only president of the college.

To alumni, friends, and colleagues, Sister Olive Louise and Avila College share inseparable identities. Twenty-five years ago, cornfields dominated the landscape around 120th Street and Wornall Road. Today, a $16 million college campus accommodating 3,100 students stands in place of the cornfields as testimony to the tireless efforts and genuine talents of Sister Olive Louise.

A native of St. Louis, she had two childhood ambitions. One was to become a great actress and the other was to become a religious. At 17, she made her choice and entered the novitiate of the Sisters of St. Joseph of Carondelet in 1938. After completing her religious studies in 1941, she began teaching at a Catholic grade school in St. Louis. Eleven years later, she moved to Kansas City to teach music, Italian, and humanities courses at St. Teresa's Academy and the College of St. Teresa.

By 1961, Sister Olive Louise had become acting president of St. Teresa College and plans already were underway to expand the college and construct a new campus. Two years later, St. Teresa's was relocated and renamed Avila College in honor of the birthplace of St. Teresa. Sister Olive Louise was installed as president of the new college.

From the beginning, Sister Olive Louise has been a formidable fundraiser. Under her leadership, the college has remained almost free of debt while expanding its programs and constructing a nine-building campus in south Kansas City. She has steered the college through numerous changes and an era of upheaval in education. In 1969, Avila began admitting male students and currently the enrollment is about two-thirds women and one-third men. More than half the college's students are non-Catholic as the school has expanded its efforts to attract students in the highly competitive Kansas City area. A scholar and instructor of music, Italian and the humanities, Sister Olive Louise has helped define and shape the college's curriculum, which offers 41 bachelor's and 3 master's degrees in the professional and liberal arts.

Sister Olive Louise has received numerous awards and honors and two particular honors are noteworthy. She was the first woman religious to be named a Lady Commander of Merit, a title bestowed by Pope Paul VI and she was also honored as Kansas City Businesswoman of the Year.

Retirement will not slow down Sister Olive Louise. She will play an integral part in the college's 3-year development program started last year with the objective of raising $3 million. She plans to work on the fund drive until its completion, an example of her altrustic nature.

Mr. Speaker, Sister Olive Louise has touched the lives of the more than 7,000 students, including two members of my congressional staff, who have graduated from Avila College. As an educator, administrator, and friend, she has meant so much to so many young people. She will be missed, but she will not be forgotten. I join with her colleagues and friends and Avila College alumni in wishing Sister Olive Louise much success in her future endeavors.

FEDERAL PAY EQUITY

HON. TOM LEWIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1985

Mr. LEWIS of Florida. Mr. Speaker, today, the House of Representatives approved H.R. 3008, the Federal Pay Equity Study. I voted against this bill, not because I do not share with my colleagues their concerns regarding discrimination, but because I believe this bill leads us down the wrong avenue in eliminating this problem.

Currently, there are statutes and laws, which when properly enforced, provide the means to obtain due process. Rather than continuing to exhaust limited Federal funds, our efforts should be directed to enforcement of these existing laws.

Evidence available to us today indicates there may be discrimination in this Nation's work force. However, I believe these instances would be better addressed on their own merits, rather than expending our valuable resources in search of that which we already know.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, October 10, 1985, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

OCTOBER 15

10:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Credit and Rural Electrification Subcommittee
To hold hearings on farm credit.
SD-436

Judiciary
To resume hearings on S. 397, to modify the application of the Sherman and Clayton Acts to international commerce.
SD-226

OCTOBER 16

9:00 a.m.
Armed Services
To hold hearings to review a committee staff study on the Department of Defense organization.
SD-562

9:30 a.m.
Select on Intelligence
To resume closed hearings on the development of a national intelligence strategy (phase II).
SH-219

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Judiciary
Courts Subcommittee
Business meeting, to mark up S. 704, to establish an Intercircuit Panel of the U.S. Courts of Appeals to decide cases referred by the U.S. Supreme Court.
SD-628

Select on Indian Affairs
To hold hearings on the nomination of Ross O. Swimmer, of Oklahoma, to be an Assistant Secretary of the Interior.
SR-325

10:30 a.m.
Foreign Relations
To hold hearings to discuss certain trade barriers to U.S. exports.
SD-419

Judiciary
To hold hearings on S. 1363, to prohibit the use of the mails to send dangerous martial arts weapons.
SD-226

1:30 p.m.
Foreign Relations
To hold hearings on the nomination of Richard Schifter, of Maryland, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.
SD-419

2:00 p.m.
Judiciary
To hold hearings on pending nominations.
SD-226

Select on Intelligence
To hold closed hearings on international terrorism.
SH-219

OCTOBER 17

9:00 a.m.
Labor and Human Resources
Aging Subcommittee
To hold hearings on pension accrual and the older worker.
SD-628

9:30 a.m.
Agriculture, Nutrition, and Forestry
To hold oversight hearings on the farm credit system.
SR-328A

10:00 a.m.
Armed Services
Defense Acquisition Policy Subcommittee
To hold oversight hearings to review the status and impact of certain legislative provisions to reform the defense acquisition process.
SD-138

Commerce, Science, and Transportation
To hold hearings on the nominations of Edward V. Hickey, Jr., of Virginia, and Francis J. Ivancie, of Oregon, each to be a Federal Maritime Commissioner, and John A. Gaughan, of Maryland, to be Administrator of the Maritime Administration.
SR-253

Foreign Relations
To hold hearings on the nominations of Alan L. Keyes, of Maryland, to be an Assistant Secretary of State, Robert G. Houdek, of Illinois, to be Ambassador to the Republic of Uganda, and Natale H. Bellocchi, of New York, to be Ambassador to the Republic of Botswana.
SD-419

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold hearings to examine measures to discourage students from dropping out of high school.
SD-430

4:00 p.m.
Select on Intelligence
Closed briefing on Soviet strategic forces.
SH-219

OCTOBER 18

9:00 a.m.
Energy and Natural Resources
Energy Regulation and Conservation Subcommittee
To hold oversight hearings on innovative approaches in industrial energy efficiency.
SD-366

OCTOBER 21

9:30 a.m.
Commerce, Science, and Transportation
Surface, Transportation Subcommittee
To hold oversight hearings on the implementation of the Household Goods Transportation Act (P.L. 96-454), and the Bus Regulatory Reform Act (P.L. 97-261).
SR-253

OCTOBER 22

9:30 a.m.
Energy and Natural Resources
Natural Resources Development and Production Subcommittee
To hold hearings on S. 570, S. 372, and S. 946, bills to improve the administration of the Federal Coal Leasing Program, and other coal related issues.
SD-366

Environment and Public Works
Nuclear Regulation Subcommittee
To hold hearings on S. 445 and S. 1225, bills to revise certain provisions of the Atomic Energy Act of 1954 regarding liability for nuclear incidents.
SD-406

Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings on espionage activities in the United States.
SD-342

Labor and Human Resources
Employment and Productivity Subcommittee
To hold hearings on the impact of trade on employment and productivity.
SD-430

2:00 p.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings to review innovative State and local programs to expand student and parental choice in elementary and secondary education and on Federal policies to provide such innovation.
SD-342

OCTOBER 23

9:00 a.m.
Commerce, Science, and Transportation
To hold hearings on the nominations of Michael A. McManus, Jr., of New York, and Neal B. Freeman, of Virginia, each to be a Member of the Board of Directors of the Communications Satellite Corporation [COMSAT].
SR-253

9:30 a.m.
Environment and Public Works
Nuclear Regulation Subcommittee
To continue hearings on S. 445 and S. 1225, bills to revise certain provisions of the Atomic Energy Act of 1954 regarding liability for nuclear incidents.
SD-406

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Select on Intelligence
To resume closed hearings on the development of a national intelligence strategy (phase II).
SH-219

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

OCTOBER 24

9:00 a.m.
Veterans' Affairs
Business meeting, to mark up proposed legislation to provide a cost-of-living increase for fiscal year 1986 in the rates of veterans disability compensation and dependency and indemnity compensation for surviving spouses and children.
SR-418

9:30 a.m.
Energy and Natural Resources
Natural Resources Development and Production Subcommittee
To resume hearings on S. 570, S. 372, and S. 946, bills to improve the administration of the Federal coal leasings program, and other coal related issues.
SD-366

10:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings on the role of the entertainment industry in deglamorizing drug use.
SD-342

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Higher Education Act.
SD-430

4:00 p.m.
Select on Intelligence
Closed briefing on worldwide intelligence matters.
SH-219

4:30 p.m.
Select on Intelligence
Closed briefing on the Philippines.
SH-219

OCTOBER 28

9:30 a.m.
Finance
Health Subcommittee
To hold hearings on S. 1551, to provide for administrative appeals and judicial review under Part B of Medicare, and to review the beneficiary and provider appeals provisions under Part A and B of the Medicare program.
SD-215

9:30 a.m.
Commerce, Science, and Transportation
To hold oversight hearings on the implementation of the Motor Carrier Safety Act (P.L. 98-554).
SR-253

Labor and Human Resources
Handicapped Subcommittee
To hold hearings on the Tenth Anniversary of the Education for All Handicapped Children Act (P.L. 94-142).
SD-430

10:00 a.m.
Armed Services
Defense Acquisition Policy Subcommittee
To resume oversight hearings to review the status and impact of certain legislative provisions to reform the defense acquisition process.
SD-628

Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings on the Federal enforcement of the Bank Secrecy Act (title 31 of the U.S. Code).
SD-342

Judiciary
Constitution Subcommittee
To resume hearings on S. 1580, to revise federally mandated attorneys' fees applicable to civil, criminal, and administrative proceedings involving the United States and civil proceedings involving State and local governments.
SD-226

OCTOBER 30

9:30 a.m.
Labor and Human Resources
To resume hearings to examine certain barriers to health care.
SD-430

10:00 a.m.
Energy and Natural Resources
Business meetings, to consider pending calendar business.
SD-366

Labor and Human Resources
Children, Family, Drugs, and Alcoholism Subcommittee
To hold hearings on the effects of domestic violence.
SD-628

OCTOBER 31

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on S. 240, to start daylight savings time on the first Sunday of March, and S. 1433, to start daylight savings time on the first Sunday of April and to end it on the first Sunday of November.
SR-253

10:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings on S. 1209, to establish the National Commission to Prevent Infant Mortality.
SD-342

Labor and Human Resources
Employment and Productivity Subcommittee
To resume hearings on the impact of trade on employment and productivity.
SD-430

Small Business
To hold oversight hearings on activities of the Small Business Administration's Office of Veterans Affairs.
SD-428A

4:00 p.m.
Select on Intelligence
Closed briefing on U.S. intelligence monitoring capabilities.
SH-219

NOVEMBER 7

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on insurance and space commercialization.
SR-253

NOVEMBER 12

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on espionage activities in the United States.
SD-342

Labor and Human Resources
Employment and Productivity Subcommittee
To resume hearings on the impact of trade on employment and productivity.
SD-562

NOVEMBER 13

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold oversight hearings on Landsat commercialization.
SR-253

Labor and Human Resources
To hold hearings on nutrition and fitness in public health.
SD-430

NOVEMBER 14

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on espionage activities in the United States.
SD-342

10:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings on regulatory activities of the Office of Management and Budget.
SD-342

CANCELLATIONS

OCTOBER 10

10:30 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on the promotion of domestic tourism.
SR-253

OCTOBER 16

9:30 a.m.
Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430